MOODY'S
INDUSTRIAL MANUAL

AMERICAN and FOREIGN

FRANK J. ST. CLAIR, *Editor-in-Chief*

June
1965

ROBERT H. MESSNER, *Publisher*

MOODY'S INVESTORS SERVICE, INC.

99 CHURCH STREET, NEW YORK 7, N. Y.

PHILADELPHIA Suburban Station Bldg. — BOSTON 75 Federal St. — CHICAGO 135 So. La Salle St. — LOS ANGELES 510 W. 6th St. — WASHINGTON Woodward Bldg. — SAN FRANCISCO Russ Bldg.

LONDON: MOODY'S INVESTORS SERVICE, LTD.
King William Street House, London E.C. 4

On $1 par shares after 2-for-1 split.

1960	0.12	1961	0.78	1962	0.90
1963	1.02	1964	1.14	[3]1965	0.30

[1]Includes $1.50 paid before 3-for-1 split.
[2]Also are share of $50 par 4½% preferred A for each 20 common shares held.
[3]To Apr. 1.
. Note: Dividends payable on last day of each month to stock of record about the 20th of same month.

LISTED — On New York Stock Exchange; unlisted trading on Philadelphia-Baltimore-Washington Stock Exchange.

TRANSFER AGENT—Manufacturers Hanover Trust Co., New York, and Registrar & Transfer Co., Jersey City, N. J.

DIVIDEND DISBURSING AGENT— Company's office.

REGISTRAR—Corporation Trust Co., New York.

OFFERED—(210,000 shares) at $15 per share on Sept. 26, 1950 by Merrill Lynch, Pierce, Fenner & Beane, New York, and associates. Proceeds added to company's general funds.

(406,000 shares) incl. 350,000 shares at $27.5 a share on Dec. 15, 1960 by Merrill Lynch, Pierce, Fenner & Beane, New York and associates and 56,000 to key employees at $25.5 a share. Offerings did not represent company financing.

Stock Options held by certain officers and employees at June 27, 1964, on 24,000 common shares at prices from $22.55 to $27.37 a share and 3,000 common shares at $25.575 a share expire to June 30, 1970 and 1972, respectively.

ARMCO STEEL CORPORATION

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1964	Times Charges Earned 1963	Interest Dates	Call Price	Price Range 1964	Price Range 1963
1. Debenture 2¾s, series A, 1966	[3]--	$11,500,000			A&O 1	[2]-----	[3]-----	[3]-----
2. Debenture 3s, series B, 1968	[3]--	6,740,000			J&J 1	[2]-----	[3]-----	[3]-----
3. Debenture 4.35s, 1984	Aa	68,282,000	19.44	17.66	A&O 1	[5]103.30	100½- 98½	102¾- 99
4. Debenture 4½s, 1986	Aa	50,000,000			J&D 1	[5]103.20	102 -100	104 -101
5. Term loan 3⅛s, 1960-65	[3]--	1,500,000			--------	-----	[3]-----	[3]-----

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1964	Earned per Sh. 1963	Divs. per Sh. 1964	Divs. per Sh. 1963	Call Price	Price Range 1964	Price Range 1963
1. Common	$10	14,804,641 shs.	$5.43	[1]$4.45	$3.00	$3.00	------	76⅜- 64	67⅛-51½

[1]After spec. credits; before, $4.12. [2]See text. [3]Privately placed. [5]Subject to change and sinking fund call; see text.

HISTORY

Incorporated in Ohio, June 29, 1917 as The American Rolling Mill Co.; present name adopted in April, 1948, merging the properties and business of American Rolling Mill Co. (of New Jersey) and Columbus Iron & Steel Co., Columbus, Ohio. Subsequent acquisitions include Ashland Iron & Mining Co. in 1921; Norton Iron Works, Inc.; Forged Steel Wheel Co. and Columbia Steel Co. in 1927; Sheffield Steel Corp. in 1930; Belfont Iron & Steel Co. in 1934; Calco Iron Pipe, Ltd. in 1935; Hamilton Coke & Iron Co. (had had 50% interest since 1927) in 1936. (Complete details of acquisitions appear in Moody's 1939 Industrial Manual).

In 1937, acquired 47% interest in Rustless Iron & Steel Corp.; interest was later increased to 59.9% and as of Dec. 31, 1945, the corporation was merged through an exchange of remaining publicly-held stock on share for share basis.

On Dec. 2, 1941, Armco Drainage & Metal Products, Inc., was organized to fabricate and sell drainage structures and other metal products and to take over business interest and facilities of 22 wholly-owned subsidiary companies doing business throughout the U. S. upon dissolution during period 1942 to 1946, incl. (now Metal Products Division).

On Jan. 1, 1943, company purchased Colcord Coal Co. at Beckley, W. Va. including wholly-owned subsidiary Colcord Coal Sales Co. Both companies were dissolved and assets and liabilities thereafter merged.

On Sept. 1, 1948 acquired assets of Jackson Tube Co., Piqua, O., now operated as department of Middletown Works at Middletown, O.

On Mar. 31, 1954 acquired Southwest Steel Products Co., Houston, Tex. (merged July 1, 1960).

On July 1, 1954, Sheffield Steel Corp., a subsidiary, became a division of company. (now merged into Steel Division)

In Aug., 1954 acquired Princess Dorothy Coal Co., operator of Robinhood Mine in Boone County, W. Va., which was dissolved in 1956.

On Jan. 14, 1958, issued 264,000 common shares in exchange for business and assets of Union Wire Rope Corp. (one Armco share for each 2½ Union Wire shares); company dissolved and assets transferred to new wholly-owned subsidiary of same name (now a department of Kansas City Plant of Steel Division).

Company merged National Supply Co. (Pa.), Apr. 30, 1958, by exchange of approximately 2,501,271 common shares for 2,941,792 National common shares Feb. 17, 1958 (now a division).

SUBSIDIARIES

This is principally an operating company. Subsidiaries 100% of whose voting power was owned at Dec. 31, 1964, are as follows:

Name, place of incorporation and business:
Techbuilt Products, Inc., Ohio
Evans Coal Co., Del.
Armco Drainage & Metal Products of Canada, Ltd., (formerly Canada Ingot Iron Co., Ltd.), Canada, culvert and drainage structures.
Armco Tekko Co., Ohio
Bellefonte Insurance Co., Ky.—Insurance.
National Supply Co. Ltd. (Can.)

Also 22 other foreign subsidiaries (three 70-85% owned).

Associate Companies: Company owns an interest in following iron ore mining companies located in the Lake Superior district: Reserve Mining Co. (50%-$23,537,399) and Iron Ore Co. of Canada (5.13%-$5,776,666), Carol Pellet Co. (9.98%-$1,358,276). The company also owns 50% of the common stock of A. O. Smith Corp. of Texas, manufacturer of large diameter welded steel pipe for gas and oil transmission lines; Tenn-Tex Alloy & Chemical Corp. (20%); Iron Ore Transport Co. Ltd. (18%); Ore Transport, Inc. (18%); Oglebay Norton Co. (6.94%); eight foreign associated companies (20%-50%).

BUSINESS & PRODUCTS

Company, on consolidated basis, is approximately the sixth largest steel company in the country and had, at Jan. 1, 1960, rated annual steel making capacity (ingots and castings) of 6,800,000 net tons, or 4.58% of total U. S. rated capacity.

Parent company consists of Steel Division, National Supply Division, Armco International Division, and Metal Products Division. Steel division is one of the largest producers of iron and steel sheets and strip, and special purpose steels. Products include following:

Ingot iron and steel plates; hot rolled sheets, coils, and strip: cold rolled sheets, coils, and strip; long terne sheets and coils; "Zincgrip" (sheets and coils); "Aluminized" (steel sheets and coils); enameling iron sheets.
Electrical steel grades—sheets and coils.
Stainless steel—plates, sheets, strip, ingots, bars, sheet bars, billets, rods, tube rounds, and wire.
Wrought steel wheels.
Mechanical welded steel tubing.
Seamless tubing
Welded pipe
Rigid conduit

Above products are mainly sold to others for fabrication into a wide variety of products including automobile bodies and parts, refrigerators, stoves, washing machines, electrical equipment, etc.

Steel Division also serves Midwest and Southwest, manufacturing steel products which include plates, bolts and nuts, wire products, light structurals, merchant and reinforcing bars, track spikes, tie plates, grinding media, wire strand and wire rope. Major industries it serves are oil, agriculture, mining and manufacturing.

National Supply Division is one of world's largest manufacturers and distributors of oil field machinery and equipment. Products include rotary and other oil field drilling machinery, pumping machinery, pumps, heavy duty torque converters, and tubular products of the buttweld, lapweld and seamless types. It has over 100 field stores in major oil fields, serving as the main sales outlets and service points for its manufactured and purchased goods. About two-thirds of its sales come from products made in its own and other Armco plants, while the remaining one-third represent goods of other manufacturers.

Metal Products Division is world's largest manufacturer and distributor of fabricated steel drainage structures and provides an important outlet for company's sheet products in form of fabricated products. In addition to drainage structures, product line includes highway guard rails, retaining walls, foundation piling, oil and gas pipe lines, and prefabricated steel buildings for industrial, commercial and farm uses.

Armco International Division has representation in countries and territories around the world and operates plants in 17 countries and warehouses in 17 countries. Sells and distributes products of other divisions; distributes steel and other products for certain American and foreign firms; fabricates products in its own plants abroad; and furnishes technical services on a fee basis for development, construction, and operation of foreign steel plants.

Productive Capacity: Company's properties had estimated annual capacity at Jan. 1, 1960 of 1,444,000 net tons of coke, 3,056,000 net tons of pig iron and 6,800,000 net tons of open hearth and electric furnace ingots, together with rolling, forging and other finishing facilities capable of converting such steel into certain semi-finished and finished products.

Production (net tons of ingots and castings), years ended Dec. 31:

1955	5,099,905	1957	5,406,646
1956	5,220,147	1958	4,506,127
1959	5,128,907	1962	5,004,8
1960	4,964,200	1963	5,734,9
1961	5,359,205	1964	6,828,3

Products Shipped (net tons of finished and semi-finished products), years ended Dec. 31:

1955	4,003,532	1960	3,993,7
1956	3,936,105	1961	3,830,3
1957	3,807,723	1962	3,991,3
1958	3,640,620	1963	4,163,3
1959	4,103,143	1964	4,773,5

PRINCIPAL PLANTS & PROPERTIES

The productive capacity as of Jan. 1, 1960 of the company's properties is shown above under "Business & Products." Location of the properties are as follows:

Steel Division

Ashland Works—The plant is equipped with 3 blast furnaces, 8 open hearth furnaces and 2 basic oxygen furnaces and continuous mills for the production of sheet steel. Plant located at Ashland, Ky., along the Ohio River.

Middletown Works—This plant has three blast furnaces, 186 coke ovens, 13 open hearth furnaces and 2 electric furnaces. Finishing capacity includes continuous mills for the production of carbon steel sheets in various finishes and stainless steel. Also facilities for manufacture of spiral pipe and mechanical tubing. Plants located at Middletown and New Miami, Ohio.

Butler Works—This plant is equipped with 6 open hearth and one electric furnace. Most of the pig iron used is obtained from the Ashland Division and some is purchased from others. Finishing capacity includes continuous mills for production of strip, sheet, stainless steel sheets and forged steel car wheels. Plant located at Butler, Pa.

Zanesville Works—This plant produces finished sheet steel processed from semi-finished material furnished by other divisions of the company. A specialty of this division is silicon alloy sheets used by the electrical industry. Plant located at Zanesville, Ohio.

Ambridge Works—This plant is equipped with tube round roughing and finishing mills and mills to produce seamless tubing, continuous weld pipe and electric weld pipe. Plant located at Ambridge, Pa.

Baltimore Works—Plant, located on acres of land, at Baltimore, Md., includes melting department equipped with three-ton, two 15-ton and one 25-ton Heroult electric arc furnaces having an aggregate melting capacity of 108,000 tons of ingots per annum.

This plant is equipped with blooming, billet and bar mills, and wire drawing, processing and finishing equipment. Its products are stainless steel ingots, bars, sheet bars, billets, rods, tube rounds, and wire.

Kansas City Works—Plant is equipped with 4 open hearth furnaces and 3 electric furnaces. Scrap iron and steel are the principal raw materials used. This plant manufactures bolts and nuts, wire and wire products including wire strand and wire rope, merchant and reinforcing bars, track spikes, tie plates, and grinding media. The division also owns at Sand Springs, Okla., a plant with an electric furnace, for the production of merchant bars and concrete reinforcing bars and fence posts.

Houston Works—Plant now consits of blast furnace, 62 coke ovens, 8 open hearth and two electric furnaces and rolling facilities to produce plate, merchant bar, structural bar, rod and wire and wire products. Owns and leases coal and ore properties in Oklahoma and Texas.

National Supply Division

Plant at Torrance (near Los Angeles), located on about 38 acres of land and consisting of 31 principal buildings with 611,000 sq. ft. of floor space, is equipped for manufacture of rotary drilling machinery and equipment for use in the oil and gas industries; also manufactures electric furnace steel, forgings and castings and special machinery.

nt at Los Nietos, Cal. equipped to manu-re sub-surface pumps for oil industry. ant at Houston, Tex. is employed in the ufacture and repair of drilling and pro-tion equipment used in the oil and gas stries.

nt at Gainesville, Tex. manufactures ping units for oil wells.

dgewood Ordnance Plant, Cincinnati, is vernment-owned gun tube plant, main-ed in stand-by condition.

Plants: Metal Products Division op- 30 plants in the U. S., and Armco age & Metal Products of Canada, Ltd., tes 8 plants in Canada.

Mines—Company owns or leases coal in West Virginia with reserves of over ,000 tons of coal, and in Oklahoma with ves of 48,000,000 tons. Also additional re- in Oklahoma of 86,000,000 tons not oped for mining.

Ore—Company does not own or con- ny iron ore mining companies or ore other than those acquired in Texas , purchasing most of its requirements ch materials from others. As indicated under "Associate Companies," how- the company owns stock interest in a ny engaged in the mining of iron ore having interests in iron ore properties Lake Superior region which furnishes ion of the company's ore requirements. ny's iron ore requirements have been d by an ample supply of iron ore far future by participation in two major pment projects. In 1955, company re-d first shipments of iron ore from Labra-uebec Project of Iron Ore Co. of Canada eneral index) in which company has a wnership.

1963, company received first shipments newly-formed Carol Pellet Co. in which ny has a 9.98% interest. Carol Pellet rchases its raw ore from Iron Ore Co.

nite Plant: Reserve Mining Co. is 50% by company and 50% by Republic Corp. (see general index). Total of $285,- has been invested in a beneficiating production of high-grade iron ore gnetic taconite at Babbitt and Silver ion. The two shareholders are obli-until principal amount of first mort-onds of Reserve is paid in full) to take roduction of Reserve, and as to each er, to pay 50% of Reserve's operat-s and interest charges. If and to the that Reserve shall not have made y payments, each shareholder is gated to pay one-half of amounts Reserve for (a) fixed sinking fund ents and final maturity amount on ds; and (b) certain future capital nts.

At Dec. 31, 1964, Reserve had outstanding $168,001,000 Series A and $86,000,000 Series B first mortgage bonds.

Plant consists of a primary ore crushing plant at Babbitt, Minn., an interplant railroad, a secondary crushing plant, grinding, concentration and agglomeration plant, a harbor, docks, equipment for loading ore boats and a power plant at Silver Bay, on Lake Superior, 47 miles distant from Babbitt. Combined rated capacity of above two plants is about 9,000,000 tons of pellets annually.

The process takes taconite with an iron content of about 24% to 25% and by beneficiation produces an iron ore pellet with over 60% iron content. Plant was completed in 1956.

Taconite iron ore properties being developed by Reserve Mining were leased to it in 1939 by Mesabi Iron Co.

Under lease (as amended) Mesabi is to receive a fixed royalty of approximately $1 per gross ton of pellets. In addition, Mesabi Iron will also share in royalties that will be paid for its ownership of 20% in the fee title of the ore-bearing property. Remaining 80% of ownership in the fee title is held by others or their heirs.

Reserve Mining estimates that its holdings of 10,000 acres of taconite-bearing land in the Minnesota area, contain 1,500,000,000 tons of taconite, which should yield 500,000,000 tons of over 60% iron.

Expansion Program: Company and subsidiaries spent approximately $59,000,000 for buildings, machinery and equipment during 1964, as compared with $68,000,000 in 1963 on comparable basis.

Facilities completed in 1964 included a vacuum-arc melting furnace and a 2,000-ton forging press at Baltimore, Md. works; a pulverized coal injection system on Bellefonte blast furnace at Ashland, Ky. works; substantial blast furnace improvements, additional annealing furnaces and expanded finishing and shipping facilities at Middletown, O. works; and a vacuum stream degassing unit for ingot casting at Torrance, Calif.

In 1964 a new $600 million capital expenditures program was announced. This is most comprehensive expansion and improvement program in company history. This program includes a new cold reducing mill and zinc coating line at the Ashland, Ky. works; additional steel melting facilities, vacuum degassing equipment, processing facilities for electrical steels, and a new temper mill at Butler, Pa. works; additional steel melting facilities, vacuum degassing equipment, a new hot strip mill, a new cold reduction mill, a new continuous coating line and other processing and finishing facilities at Middletown, O. works; additional steel melting facilities and an expansion of wire and wire product capacity at Kansas City, Mo. works; and additional steel melting facilities, vacuum degassing equipment, a new wide-flange structural beam mill, and a new plate mill at Houston, Texas, works.

In 1965 items to be completed include a continuous casting machine at Sand Springs, Okla. works; a continuous casting machine and a vacuum degassing unit at Butler, Pa. works; soaking pit enlargement to increase plate capacity at Houston, Texas works; and installation of automatic gage control equipment on hot strip mill at Ashland, Ky. works.

MANAGEMENT

Officers:

L. T. Johnston, President
R. E. Reichelderfer, Exec. Vice-Pres.
E. A. Correa, Vice-Pres. & Sec.
B. D. Billman, Vice-Pres. (Pers. & Public Rel.)
W. C. Higdon, Vice-Pres. (Mfg.)
L. H. Juengling, Vice-Pres. (Purch. & Transp.)
T. F. Olt, Vice-Pres. (Research & Tech.)
R. F. Kuhnlein, Vice-Pres. (Oper. Steel Div.)
G. H. McClure, Vice-Pres. (Distribution)
W. S. Newell, Vice-Pres. (Sales—West Steel Div.)
M. B. Wilson, Vice-Pres.
W. O. Robertson, Vice-Pres. (Gen'l. Mgr. (Metal Div.)
C. W. Verity, Jr., Vice-President (Gen'l Mgr., Steel, Div.)
R. H. Etnyre, Vice-Pres. (Gen'l Mgr. Nat.'l Suppl. Div.)
J. W. Holton, Vice-Pres. (Mgr. Managing Dir. Armco Int'l. Div.)
F. D. Danford, Treasurer
C. W. Rowles, Controller

Directors:

G. R. Brown, Houston, Texas
E. A. Correa, Middletown, O.
J. C. Denton, Kansas City, Mo.
J. C. Donnell, II, Findlay, O.
J. B. Hall, Cincinnati, O.
L. T. Johnston, Middletown
G. P. MacNichol, Jr., Perrysburg, O.
J. A. Mayer, Pittsburgh
C. S. Payson, New York
D. E. Reichelderfer, Middletown, O.
T. S. Shore, Cincinnati
E. J. Thomas, Akron, O.

General Counsel: Breed, Abbott & Morgan, New York.

Auditors: Haskins & Sells.

Annual Meeting: Third Thursday in April at Middletown, O.

No. of Stockholders: Dec. 31, 1964, 67,626.

No. of Employees: Dec. 31, 1964, 37,242.

General Office: 703 Curtis St., Middletown, O.

ACCOUNTS

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

	1964	1963	1962	1961	1960	1959	1958
less returns, etc.	$1,063,520,485	$933,439,216	$918,561,213	$887,969,799	$937,998,519	$1,022,428,742	$867,390,908
oods sold	874,081,299	765,272,800	771,495,008	721,958,844	740,391,578	806,269,429	694,387,620
neral & admin. expense	80,920,443	77,513,976	76,417,927	75,243,680	76,727,455	75,963,981	69,741,666
r doubtful accounts	1,005,567	534,167	746,356	643,232	1,783,563	271,567	--------
profit	107,513,176	90,118,273	69,901,922	90,124,043	119,095,923	139,923,765	103,261,622
rom associated cos.	8,172,456	6,730,802	6,601,474	7,484,103	7,791,691	8,359,426	6,951,771
securities & receivables	5,284,424	5,256,761	4,373,681	5,697,237	7,984,697	6,180,831	3,761,221
joint ventures, etc., net	9,107,574	8,469,799	8,986,620	8,650,755	7,447,444	6,498,526	5,908,862
other income	582,977	3,623,465	274,654	1,232,115	2,393,538	461,009	410,327
	130,660,607	114,199,100	90,138,351	113,188,253	144,713,293	161,423,557	120,293,803
posal of fixed assets	--------	--------	--------	--------	--------	--------	1,308,577
income deductions	208,257	209,003	1,645,384	547,731	809,702	286,659	185,853
long-term debt	5,855,414	6,177,344	6,464,564	6,427,450	6,357,930	5,820,678	3,633,943
of bond discount & exp.	157,847	144,512	147,303	120,106	120,843	75,773	115,474
	698,517	133,792	40,283	775,353	289,678	58,824	113,873
	123,740,572	107,534,449	81,840,817	105,317,613	137,135,140	155,181,623	114,936,083
Federal income tax	39,323,056	42,682,538	33,724,804	44,837,490	63,346,166	74,070,128	54,333,195
state income taxes	2,315,416	1,871,747	1,270,869	1,574,972	1,803,648	2,255,259	1,563,752
foreign income taxes	1,715,217	2,045,315	952,359	1,388,395	1,526,045	1,791,987	1,526,985
year	80,386,886	60,934,849	45,892,785	57,516,756	70,459,281	77,064,249	57,512,151
	--------	4,928,709	--------	--------	--------	--------	--------
to surplus	80,386,886	65,863,558	45,892,785	57,516,756	70,459,281	77,064,249	57,512,151
beginning of year	478,886,961	457,434,368	455,952,346	442,831,240	416,759,109	384,072,277	[4]370,763,456
idends	44,410,990	44,410,965	44,410,763	44,395,650	44,387,150	44,377,417	44,203,330
plus, Dec. 31	$514,862,857	$478,886,961	$457,434,368	$455,952,346	$442,831,240	$416,759,109	$384,072,277
ARY P. & L. DATA							
& repairs	$102,402,041	$85,430,619	$81,802,697	$78,586,464	$83,318,099	$79,892,616	$70,307,736
depl. & amortiz.	62,531,068	61,387,182	57,382,960	43,916,239	40,162,979	36,937,862	34,456,960
than income	21,617,975	20,209,369	19,893,515	18,680,015	18,072,447	15,863,241	13,095,715
alties	6,852,524	6,170,341	5,678,642	5,997,835	5,528,973	5,083,991	4,235,000
ings of uncons. subs.	5,658,000	6,064,000	4,026,000	5,288,000	$7,466,000	$6,393,944	$6,308,037
uncons. subs.	4,758,000	4,264,000	3,119,000	4,814,000	4,150,000	4,900,944	3,051,344

approximately $329,000,000 under debenture and credit

payroll taxes (1964, $10,304,587).

of foreign subsidiary less tax.

this beginning of 1958 re-stated ,881 earned surplus of the Co.

portions of items shown approximately $322,000,000 ary P. & L. data" below

Note: (a) Wages, salaries and benefits (in $):

1964	340,114,719	1959	293,941,370
1963	308,796,082	1958	268,642,435
1962	300,414,355	1957	227,155,377
1961	293,970,805	1956	212,756,218
1960	292,871,724	1955	189,933,354

Source & Disposition of Funds: (in $1,000):

Source of Funds:	1964
Net earnings	80,387
Depr., amort., etc.	62,531
Def. income taxes	d8,357
Incr. in pay. to vendors, empl. etc.	21,246
Other, net	2,073
Total	157,880
Disposition of Funds:	
Capital expend.	59,100
Dividends paid	44,411
L. t. debt retired	7,838
Incr. in receiv.	28,304
Incr. in invent.	9,304
Incr. in invest.	2,586
Total	151,543
Incr. in cash & mkt ...	

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

Year	Net Sales	Cost and Expenses	Operating Profit	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes	Net Income	Common Dividends	Com. Shs. Outstand.	Earn. Per Com. Sh.
1945	220,144,648	197,620,737	22,523,911	1,293,025	23,816,936	10,424,740	13,392,196	2,295,003	3,241,315	3.96
1946	231,930,810	201,980,807	29,950,003	334,278	30,284,281	11,731,790	18,552,491	4,050,666	3,241,315	5.35
1947	311,685,322	269,875,924	41,809,398	57,867	41,867,265	16,865,054	25,002,211	6,481,046	3,241,276	7.44
1948	382,563,811	329,731,365	52,832,446	d 164,358	52,668,088	20,637,376	32,030,712	7,783,051	3,909,361	[1]7.96
1949	341,350,147	295,643,349	45,706,798	5,074,484	50,781,282	19,863,080	30,918,202	9,767,996	3,909,352	7.68
1950	439,296,931	345,645,244	93,651,687	2,586,006	96,237,693	49,237,188	47,000,505	15,701,546	3,954,333	11.66
1951	534,834,687	433,365,028	101,469,659	4,070,130	105,539,789	70,535,302	35,004,487	14,758,593	5,214,997	6.69
1952	518,575,218	445,498,507	73,076,711	2,318,245	75,394,596	44,057,095	31,337,861	15,640,669	5,214,997	6.01
1953	588,919,900	505,559,395	83,360,500	2,254,498	85,615,603	51,712,541	33,902,462	15,640,891	5,214,989	6.50
1954	532,045,314	453,272,737	78,772,577	5,861,529	84,634,106	43,533,840	41,100,266	15,645,892	5,229,573	7.88
1955	692,683,234	564,828,982	127,854,252	4,558,507	132,412,759	68,062,150	64,350,609	20,625,713	10,634,112	6.05
1956	761,800,102	645,212,907	116,587,175	9,733,560	126,320,735	63,706,924	62,613,811	27,709,798	10,879,827	5.75
1957	776,736,401	677,025,213	99,711,188	10,527,178	110,238,366	55,698,151	54,540,215	35,957,901	11,993,471	4.59
1958	867,390,908	764,129,286	103,261,622	11,674,461	114,936,083	57,423,932	57,512,151	44,203,330	14,783,537	3.89

[1]$8.00 based on 3,891,526 average number of shares outstanding during year.

BALANCE SHEETS

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

ASSETS	1964	1963	1962	1961	1960	1959	1958
Cash	$125,704,483	$106,574,525	$80,813,330	$86,533,368	$103,505,995	$125,589,048	$115,061,858
[5]Marketable securities (at cost)	53,288,141	66,081,814	80,867,599	71,111,007	114,341,907	58,718,045	20,157,388
[2]Trade notes & accounts receivable	114,955,080	88,390,024	89,883,765	100,251,014	86,822,830	114,382,616	95,280,395
Other notes & accounts receivable	7,231,251	5,492,535	5,805,163	6,231,336	7,911,538	5,569,215	6,861,839
[4]Inventories	241,220,348	231,916,049	210,624,372	255,776,915	237,810,923	229,692,673	230,519,927
Total current assets	$542,399,303	$498,454,947	$467,994,229	$519,903,640	$550,393,193	$533,951,597	$467,881,403
Cash & secur. for expansion	------	------	------	------	------	53,500,000	------
Investments:							
Investment in & adv. to subs.	8,455,621	9,308,866	12,017,743	9,504,048	6,757,879	9,212,241	9,740,171
Invest. & adv. assoc. cos.	33,881,675	34,631,249	35,159,657	35,061,157	29,553,309	29,718,492	29,572,267
Miscellaneous investments	1,800,174	7,022,731	4,741,833	3,605,146	4,720,032	5,030,737	2,706,063
Other receivables, etc., not curr.	9,411,853	------	3,568,058	3,574,774	6,483,335	6,983,089	4,717,508
Total	53,549,323	50,962,846	55,487,291	51,745,125	47,514,555	50,944,559	46,736,009
Less reserve for impairment	------	------	------	------	------	100,000	------
[1]Investments—net	53,549,323	50,962,846	55,487,291	51,745,125	47,514,555	50,844,559	46,736,009
[8]Property, plant & equipment	1,063,585,710	1,011,265,562	955,947,117	876,179,715	804,832,653	749,355,449	723,066,23
[8]Less: Depreciation reserves	599,775,118	543,027,719	491,593,415	442,788,135	406,401,342	372,596,952	345,624,88
Net property account	463,810,592	468,237,843	464,353,702	433,391,580	398,431,311	376,758,497	377,441,35
Prepaid expenses	4,257,323	5,276,646	7,126,909	5,027,578	7,329,382	6,626,424	4,877,64
Total	$1,064,016,541	$1,022,932,282	$994,962,131	$1,010,067,923	$1,003,668,441	$1,021,681,077	$896,936,40
LIABILITIES							
Notes payable	$480,111	$779,635	$299,070	$49,724	$124,719	$706,767	------
Accounts payable	46,341,752	31,374,267	30,188,439	40,574,934	38,205,316	49,772,551	$43,826,96
Reserve for income taxes	35,082,367	32,723,285	24,585,650	31,368,138	36,381,296	51,637,509	42,655,34
Other taxes accrued	6,837,478	6,727,418	6,429,887	5,788,463	4,662,864	4,467,962	4,173,16
Accrued liabilities	42,089,268	37,980,821	35,503,966	30,731,829	29,408,286	33,662,010	29,884,06
Long term debt, current	4,870,000	4,870,000	6,745,000	7,370,000	7,370,000	6,370,000	6,370,00
Total current liabilities	$135,700,976	$114,455,426	$103,752,012	$115,883,088	$116,152,481	$146,616,799	$126,909,5
Long-term debt	130,152,000	137,990,000	144,735,000	151,480,000	158,850,000	174,599,000	107,056,0
Deferred credits	20,547,731	28,820,337	27,472,784	25,279,200	24,544,399	22,908,995	18,782,6
Reserve for repairs, etc.	6,317,701	5,980,511	6,092,550	6,168,742	6,109,220	5,900,279	5,568,2
Insurance reserves	594,745	564,475	605,810	522,969	220,111	239,093	285,6
Miscellaneous reserves	1,720,045	2,114,071	749,029	716,433	1,164,993	928,754	918,0
Common stock ($10)	148,046,407	148,046,412	148,046,494	148,035,833	147,970,126	147,955,157	147,835,3
[6]Paid-in surplus	106,074,079	106,074,089	106,074,084	106,029,312	105,825,871	105,773,891	105,508,6
Earned surplus	514,862,857	478,886,961	457,434,368	455,952,346	442,831,240	416,759,109	384,072,2
Total stockholders' equity	768,983,343	733,007,462	711,554,946	710,017,491	696,627,237	670,488,157	637,162,2
Total	$1,064,016,541	$1,022,932,282	$994,962,131	$1,010,067,923	$1,003,668,441	$1,021,681,077	$896,936,
Net current assets	$406,698,327	$383,999,521	$364,242,217	$404,020,552	$434,240,712	$387,334,798	$340,971,8
PROPERTY ACCT.—ANALYSIS							
Additions at cost	$59,100,000	$67,996,000	$90,504,000	$76,034,297	$61,328,512	$37,116,458	$61,086,
Retirements or sales	6,780,000	12,677,000	10,737,000	8,055,187	8,210,097	13,889,051	9,131,
Other additions	------	------	------	3,367,952	2,358,789	3,061,812	10,879,
DEPREC. RESERVE—ANALYSIS							
Additions charged to income	$62,531,000	$61,387,000	$57,383,000	$43,916,239	$40,162,979	$36,937,862	$34,456,
Retirement & renew. chgd. to res.	5,784,000	9,952,000	8,578,000	7,529,446	6,358,589	9,965,790	7,642,
Other additions	------	------	------	------	------	------	2,621,

[1]1964: Equity per reports of associates, $83,812,399.

[2]After reserves (1964, $2,126,336).

[4]At Dec. 31, 1964, the major portion is carried at cost as determined on the lifo method:

method:	1964	1963
Raw mat. & suppl.	$85,282,420	$82,035,449
Fin. & semi-finish.	155,937,928	149,880,600
Total	$241,220,348	$231,916,049

[5]1964: Approximate market.

[6]Principal "paid-in surplus" changes follow:

1959: After crediting excess over par of stock issued for cash under option plans, $221,550; crediting treasury stock transactions, $43,696.

1958: After crediting excess over par of stock issued for net assets and business of Union Wire Rope Corp., $9,471,000; excess over par of stock issued for cash under option plans, $356,816; debiting expenses in connection with merger, $194,438; debiting treasury stock transactions, $18,510.

[8]1964:	Book Values	Related Reserves
Buildings	$135,181,000	$66,971,000
Machy & equip.	820,109,000	491,959,000
Other	80,147,000	40,845,000
Const. in progress	28,149,000	------
Total	$1,063,586,000	$599,775,000

Depreciation Policy: Depreciation is computed on the straight line basis for all assets acquired prior to Jan. 1, 1955 and on the declining balance method for assets acquired subsequent to that date.

Rates of depreciation (straight line basis) used were as follows: Building and structures, 2% to 10%; machinery and equipment, 3% to 20%; furniture and fixtures, 6.7% to 15%; automotive equipment, 16.7% to 33.3%; leaseholds, life of leasehold; emergency facilities, 4% to 4.25%; facilities certified for amortization over 5-year period, 20%.

Beginning with year 1962 depreciation charge is based on shorter guideline lives provided by revised U. S. Treasury Department regulations issued during 1962.

General Notes

(a) Consolidation basis: Statements include accounts of all domestic and Canadian operating subsidiaries; other foreign subsidiaries and a domestic insurance company are [illegible] included.

(b) Under restrictive provisions of ind[illegible]ture covering sinking fund debentures [illegible] bank credit agreements $329,000,000 was [illegible] restricted as to payment of dividends at D[illegible] 31, 1964.

(c) Results of operations of National Sup[illegible] Co. have been included from Jan. 1, 1958. [illegible] accounting purposes, merger has been tre[illegible] as a "pooling of interests". The excess ($[illegible] 299,352) of par value of Armco's shares is[illegible] over par of National Supply's shares so c[illegible] verted has been charged in part ($9,590,[illegible] to capital surplus and remainder ($708,[illegible] to capital contributed in excess of par va[illegible] of common stock. Income retained in b[illegible] ness of constituent companies has been c[illegible] bined.

(d) Company has guaranteed certain c[illegible] tingent liabilities of consolidated subsidia[illegible] an associated company, and certain obli[illegible] tions of foreign subsidiaries not consolid[illegible] amounting to approximately $10,300,000[illegible] Dec. 31, 1964. At that date, commitments [illegible] purchase of property, plant and equip[illegible] amounted to approximately $78,000,000.

FINANCIAL & OPERATING DATA

Statistical Record:	1964	1963	1962	1961	1960	1959	
Earned per share—common	$5.43	[8]$4.12	$3.10	$3.89	$4.76	$5.21	
Cash flow per share—common	$9.65	$8.26	$6.96	$6.86	$7.46	$7.71	
Dividends per share—common	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00	
Price range—common	76⅜-64	67⅛-51½	71¾-40	79⅜-67⅝	77½-57	80½-64⅛	67½
Net tangible assets per share—com.	$51.94	$49.51	$48.06	$47.96	$47.08	$45.32	
Times fixed charges earned:							
Before income taxes	19.44	17.66	13.30	15.39	21.26	27.06	
After income taxes	12.98	10.44	7.90	8.85	11.41	13.94	
Price range—4.35s, 1984	100½-98½	102¾-99	102⅜-98⅛	102¾-96	100¾-94¼	98⅜-94½	
—4½s, 1986	102-100	104-101¼	103½-100	101-98⅞	------	------	
Net tang. assets $1,000 lg. tm. debt	$6,908	$6,312	$5,916	$5,687	$5,385	$4,840	
Net curr. assets per $1,000 lg. tm. debt	$3,125	$2,783	$2,517	$2,667	$2,734	$2,218	
Number of shares—common	14,804,641	14,804,641	14,804,649	14,803,583	14,797,013	14,795,516	14,

...ial & Operating Ratios:	1964	1963	1962	1961	1960	1959	1958
...nt assets ÷ current liabilities	4.00	4.36	4.51	4.49	4.74	3.64	3.69
...h & securities to current assets	33.00	34.64	34.55	30.32	39.58	34.52	28.90
...ventory to current assets	44.47	46.53	45.01	49.20	43.21	43.02	49.27
...current assets to net worth	52.89	52.39	51.19	56.90	62.33	57.77	53.49
...operty depreciated	56.39	53.70	51.42	50.54	50.50	49.72	47.80
...n. depr., depl., etc. to gross prop.	5.88	6.07	6.00	5.01	4.99	4.93	4.77
...alization:							
...ong term debt	14.48	15.84	16.90	17.58	18.57	20.66	14.38
...common stk. & surplus	58.52	84.16	83.10	82.42	81.43	79.34	85.62
... ÷ inventory	4.41	4.02	4.36	3.47	3.94	4.45	3.76
... ÷ receivables	9.25	10.56	10.22	8.34	10.80	8.94	8.49
...es to net property	229.30	199.35	197.81	204.89	235.42	271.37	229.81
...es to total assets	99.95	91.25	92.40	87.91	93.45	100.07	96.71
...income to total assets	7.56	5.96	4.61	5.69	7.02	7.54	6.41
...income to net worth	10.45	8.31	6.45	8.10	10.11	11.49	9.02
...ysis of Operations:	%	%	%	%	%	%	%
...sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00
...of goods sold	82.19	81.98	83.99	81.30	78.93	78.86	80.05
...gen. & other exp.	7.70	8.37	8.40	8.55	8.37	7.46	8.04
...ating profit	10.11	9.65	7.61	10.15	12.70	13.68	11.91
... income	2.18	2.58	2.20	2.60	2.73	2.10	1.96
... income	12.29	12.23	9.81	12.75	15.43	15.78	13.87
... int., disc., & exp.	0.57	0.68	0.72	0.82	0.69	0.58	0.43
... deductions	0.09	0.03	0.18	0.07	0.12	0.02	0.19
...come before inc. taxes, etc.	11.63	11.52	8.91	11.86	14.62	15.18	13.25
... taxes & min. int.	4.07	4.99	3.91	5.38	7.11	7.64	6.62
...income	7.56	6.53	5.00	6.48	7.51	7.54	6.63

...After stock split; before, 84¾-65⅝. [2]Includes $0.90 paid prior to 2-for-1 split. [6]After special credits, $4.45.

...TERM DEBT

...American Rolling Mill Co. sinking fund ...ture 2¼s, series A; due 1966:

...ORIZED—All series, $100,000,000 series ...000,000; outstanding, series A, Dec. 31, ...11,500,000.

...ED—Apr. 1, 1946.

...URITY—Apr. 1, 1966.

...REST—A&O 1.

...TEE — Chase Manhattan Bank, New ...

...ABLE—As a whole, or in part at 104 to ...31, 1950 and at ¼ of 1% less each year ...after.

...ING FUND—Annually Mar. 31, 1947-65, ...sufficient to redeem on next ensuing ... (a) $1,500,000 of series A debentures; (b) at company's option, an additional ...ount, or any lesser multiple of $50,000.

...RITY—Not secured by any lien.

...END RESTRICTIONS—Company will ...clare any dividends (except in stock, ... to exceed $1,000,000 aggregate in any ... year on preferred) or make any dis...n, on or acquire for value (except in ...e for or from proceeds of other stock) ... of stock, unless thereafter (1) all ...bursements shall be less than $10,000,-... (or minus deficit) consolidated net ...from Jan. 1, 1950 and (2) consolidated ...king capital shall at least equal $100,-... At Dec. 31, 1964, $329,000,000 of earned ... was not so restricted.

...E—Proceeds used to retire bank loans ...em preferred.

...D—($40,000,000) sold privately in 1946 ...able Life Assurance Society of the ...

...rican Rolling Mill Co. sinking fund ... 3s, series B; due 1968:

...IZED—All series, $100,000,000 series ...000; outstanding, series B, Dec. 31, ...000.

...Jan. 1, 1948.

...TY—Jan. 1, 1968.

...T—J&J 1.

...—Chase Manhattan Bank, New ...

...—As a whole, or in part at 103 to ... and at ¼ of 1% less each year ...

... FUND—Annually Dec. 31 (a) 1949, ... to redeem $740,000, and (b) 1950-66, ...70,000, of series B debentures on ...ding Jan. 1; plus (c) at company's ... additional like amount, or any ...ltiple of $50,000.

...Y—Not secured by any lien.

...PROVISIONS—Same as No. 1 above.

...—Proceeds used to finance modern-...d expansion including purchase of ...ce at Houston, Tex.

...D—($30,000,000) sold privately in Feb., ...,000,000) Dec. 30, 1948 to Equitable ...rance Society of the U. S.

... Steel Corp. sinking fund deben-... due 1984:

Rating—Aa

...IZED—$75,000,000; outstanding, Dec. ...282,000.

...Apr. 1, 1959.

...Y—Apr. 1, 1984.

...T—A&O1 at office of trustee.

...—First National City Bank, New ...

...AION—Coupon, $1,000 and $100,000; ...ble as to principal; fully registered, ... authorized multiples. C&R and ...ions, interchangeable without any ...arge.

...—As a whole or in part at any ... at least 30 days' notice to Mar. 31 ...llows:

1967	103.10	1968	102.90
1970	102.50	1971	102.30
1973	101.90	1974	101.70
1976	101.30	1977	101.10
1979	100.70	1980	100.50
1982	100.10	1984	100.00

No optional redemption may be effected prior to Apr. 1, 1964, from moneys borrowed at lower interest cost.

Callable for sinking fund (which see) at 100.

SINKING FUND—Annually, beginning Mar. 31, 1963, cash (or debentures) equal to $1,875,-000 in 1963 to 1966, and $3,750,000 in 1967 to 1983, plus similar optional payments, to redeem debentures at par on next Apr. 1. Payments will retire 95% of issue by maturity.

SECURITY—Not secured. In event company or any subsidiary mortgages any blast furnace facilities or steel ingot producing facility or rolling mill or facility for manufacture of tubular steel products located in United States and deemed to be a principal property, it will secure debentures equally and ratably therewith; excepted are (1) purchase money mortgage on property acquired; (2) any mortgage on such property in favor of the U. S.; (a) to secure partial payments to the company under provisions of any contract or statute or (b) to secure borrowings by the company for purchase or construction of property mortgaged; (3) any renewals of the above and (4) provided debt secured is not increased nor mortgage lien extended.

SALES AND LEASEBACKS—Indenture prohibits sale and leaseback by company and subsidiaries of principal properties unless net proceeds therefrom are at least equal to fair value of such property and such net proceeds are applied within 120 days to retirement of funded debt.

DIVIDEND RESTRICTIONS—None specified in the indenture.

RIGHTS ON DEFAULT—In event of default (30-day grace period for payment of interest or sinking fund installment), trustee or 25% of debentures may declare principal due and payable.

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

LEGAL—For savings banks in Me., N. H. and N. J.

LISTED—On N. Y. Stock Exchange.

PURPOSE—Proceeds for expansion of Ashland, Ky. open-hearth capacity; additional cold rolling and processing facilities at Butler, Pa.; additional coating unit at Middletown, O.; additional steel making capacity and new plant for manufacture of bar joists at Kansas City, Mo., and development of coal property in Oklahoma.

OFFERED—($75,000,000) at 100 (proceeds to company, 99) on Apr. 1, 1959 by Smith, Barney & Co., New York, and associates.

4. Armco Steel Corp. sinking fund debenture 4½s, due 1986:

Rating—Aa

AUTHORIZED—$50,000,000; outstanding, $50,-000,000.

DATED—June 1, 1961.

MATURITY—June 1, 1986.

INTEREST—J&D1 at office of trustee.

TRUSTEE—Chemical Bank New York Trust Co., New York.

DENOMINATION—Coupon, $1,000; registerable as to principal; fully registered, $1,000 and multiples thereof. C&R and denominations, interchangeable without any service charge.

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

1965	103.40	1966	103.20	1967	103.00
1968	102.80	1969	102.60	1970	102.40
1971	102.20	1972	102.00	1973	101.80
1974	101.65	1975	101.50	1976	101.35
1977	101.20	1978	101.05	1979	100.90
1980	100.75	1981	100.60	1982	100.45
1983	100.30	1984	100.15	1986	100.00

Not callable prior to June 1, 1966 from funds borrowed at interest cost of less than 4.55%.

Callable at 100 for sinking fund (which see).

SINKING FUND—Annually, cash (or debentures) to redeem at par $2,500,000 debentures each Aug. 1, 1967-85 plus similar optional payments. Payments will retire 95% of issue before maturity.

SECURITY, ETC.—Same as under debenture 4.35s due 1984.

LEGAL—For savings banks in Me., N. H. and N. J.

LISTED—On New York Stock Exchange.

PURPOSE — Proceeds to prepay $50,000,000 notes due Dec. 31, 1962-64.

OFFERED—($50,000,000) at 99¼ (proceeds to company, 98⅝) on May 23, 1961 by Smith, Barney & Co., Inc., New York, and associates.

Other Debt: Also outstanding, $1,500,000 3⅛% notes payable $1,500,000 annually to Dec. 31, 1965; issued by National Supply Co., assumed by company in merger.

Reserve Mining Debt: In December, 1953, Reserve Mining Co., capital stock of which is owned equally by company and Republic Steel Corp. negotiated private sale of $148,-000,000 first 4¼s, series A, due June 1, 1980, of which $108,001,000 outstanding Dec. 31, 1964, also $86,000,000 series B bonds.

For obligations of owning companies, Armco and Republic Steel, see under Taconite Plant on a preceding page.

CAPITAL STOCK

1. Armco Steel Corp. common; par $10:

AUTHORIZED—24,000,000 shares; outstanding, Dec. 31, 1964, 14,804,641 shares; reserved for options, 187,600 shares; in treasury, 2,910 shares; par $10.

$10 par shares split 2-for-1, June 13, 1955 by issuance of one additional share for each share held.

Note: Company has 150,0000 shares of $100 par preferred stock authorized; none issued.

Dividend Record (in $)

($100 par shares—predecessor N. J. company)					
[1]1900-05	Nil	1906	5.00	[2]1907	10.00
1908	Nil	[3]1909	10.50		
($100 par—after 100% stock dividend)					
1910-13	12.00	1914	11.00	1915	8.00
[4]1916	9.00	1917	11.00		
($25 par shares—present company)					
1917	1.25	[5]1918	4.00	[6]1919-20	3.00
[5]1921	2.25	[7]1922-30	2.00	1931	0.50
1932-34	Nil	1935	0.30	1936	1.95
1937	2.00	1938-39	Nil	1940	0.25
1941	1.40	1942-43	1.00	1944-45	0.80
($10 par shares)					
1946	1.25	[8]1947-48	2.00	1949	2.50
1950	4.00	1951-54	3.00	1955	0.90
($10 par shares after 2-for-1 split)					
1955	1.40	1956	2.55	1957-64	3.00
[9]1965	0.75				

[1]Paid 18% stock in 1905. [2]Plus 33 1/3% stock. [3]Plus 100% stock. [4]Plus 23.38% stock. [5]Plus 5% stock. [6]Plus stock dividends of 5% in 1919 and 30% in 1920. [7]Plus stock dividends of 5% each in years 1924-30 inclusive. [8]Plus stock dividend of 20% in 1948 paid Feb. 6 prior to cash dividends. [9]To Mar. 12.

Dividends payable quarterly, Mar. 11, etc., to stock of record Feb. 11, etc.

DIVIDEND RESTRICTIONS—See long term debt, above.

VOTING RIGHTS—One vote per share. If stockholders signify their desire to do so at least 24 hours before a meeting for the election of directors, they may vote cumulatively at such election.

PREEMPTIVE RIGHTS—Has rights with respect to common but has no rights with respect to shares of any other class of stock or bonds, debentures or other securities convertible into or exchangeable for shares of any other class; or any preferred stock convertible into or exchangeable for common stock.

LISTED—New York Stock Exchange. Also unlisted trading on Boston, Pacific Coast and Cincinnati Stock Exchanges.

DIVIDEND PAYING AGENT—Company.

TRANSFER AGENTS — Morgan Guaranty Trust Co., New York, Northern Trust Co., Chicago, and company's office, Middletown, Ohio.

REGISTRAR—First National City Bank, New York, and First National Bank, Chicago.

ISSUED—(371,755 $10 par shares) Dec. 31, 1945, in exchange share for share for publicly-held common stock of Rustless Iron & Steel Corp.
(20,000 $10 par shares) issued in Sept., 1946 together with cash to acquire Jackson Tube Co. (see "History" above).
(264,000 shares) in Jan., 1958 to acquire Union Wire Rope Co.
(2,501,271 shares) in Apr., 1958 on merger of National Supply Co. (see "History" above).

Subscription Rights: Common stockholders of record Feb. 26, 1951, had right to subscribe for 819,737 additional common shares at $41 per share on basis of one share for each 5 shares held. Rights expired Mar. 14, 1951. Stockholders subscribed for 766,517 shares. Balance of 53,220 shares was acquired and sold by underwriting group headed by Smith, Barney & Co. and W. E. Hutton & Co.

Stockholders of record, Jan. 9, 1957 had right to subscribe for 1,088,179 shares at $56 per share on basis of one share for each 10 shares held. Rights expired Jan. 24, 1957. Underwritten by Smith, Barney & Co., New York and associates.

Stock Options held by key employees at Dec. 31, 1964 on 187,600 common shares at $74.375 a share.

BURLINGTON INDUSTRIES, INC.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Times Charges Earned 1964	Times Charges Earned 1963	Interest Dates	Call Price	Price Range 1964	Price Range 1963
1. Notes payable	----	$181,680,810	11.60	12.03	--------	-------	-------	------

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 10-3-64	Earned per Sh. 9-28-63	Divs. per Sh. 10-3-64	Divs. per Sh. [3]9-28-63	Call Price	Price Range 1964	Price Range 1963
1. Common	$1	12,252,983 shs.	$4.15	$3.28	$1.42	$1.20	-----	60 - 41⅛	44⅞- 25¾

[3]Fiscal years.

HISTORY

Incorporated in Delaware, Feb. 15, 1937, as Burlington Mills Corp. Shortly thereafter acquired all assets, property and good will of Burlington Mills Co., Inc. and subsidiaries, Rayon Fabrics Corp. and subsidiaries, and Duchess Fabrics Corp. (all dissolved) in exchange for 350,270.8 shares of common stock. Present name adopted Feb. 3, 1955.

Original Burlington Mills, Inc., was incorporated in 1923. In 1934 Burlington Mills Co., Inc., succeeded to business of Burlington Mills, Inc., and of five other corporations and of Burlington Mills Co., which had been engaged in the same general business since various dates subsequent to 1923. Rayon Fabrics Corp. and Duchess Fabrics Corp. commenced business in 1931.

For properties acquired during period 1938 to 1945, see Moody's 1948 Industrial Manual.

In Aug., 1946, company purchased and established as a new operating division, Cramerton Mills, Inc. (N. C.), manufacturers of fine combed cotton fabrics and rayon mixtures. Earlier in 1946, plants and equipment of Flint Manufacturing Co. of Gastonia, N. C. and Steele Mills of Rockingham, N. C. were acquired.

In 1947, company, through its sales subsidiary Burlington Mills Corp. of New York, acquired certain assets of Duplex Fabrics Corp., and assets of Concordia Gallia Corp., New York, in order to extend activities in converting or styling of dress fabrics. In addition, Burlington Mills also organized a new subsidiary, Duplex Fabrics, Inc., which acquired certain assets of Duplex Fabrics of California.

In July, 1948 acquired assets and facilities of May McEwen Kaiser Co. by issuance of 608,000 common shares.

In Dec. 1948, through Burlington Mills Corp. (N. Y.), a subsidiary, purchased capital stock of Wheatley Fabrics, Inc., a New York textile converting company that sells cloth to women's apparel industry.

In Aug., 1950 acquired 97½% interest in Brighton Mills, Inc.

In Jan. 1951, purchased Arthur Bone, Inc., Los Angeles, manufacturer, dyer and bleacher of worsted yarns.

In Mar., 1952, company acquired stock interest in National Mallinson Fabrics Corp. and in May 1952 acquired assets of company, remaining minority stockholders being offered Burlington Mills common on a share for share basis.

In May 1952, company acquired Sarfert Hosiery Mills, Inc., Philadelphia; in Nov., 1952, acquired Peerless Woolen Mills for $15,000,041 and 421,950 common shares. Company also exchanged 40,000 common shares for all outstanding shares of Peerless Textiles, Inc.

In Dec., 1953, company purchased assets of Interstate Hosiery Mills, Inc.

In July 1954 acquired controlling interest in Pacific Mills, Boston, merged Nov. 19, 1959.

In July 1954 acquired controlling interest in Goodall-Sanford Inc., Sanford, Me.

In 1955 acquired Mooresville Mills, Mooresville, N. C. cotton textile producer, now operated as a division.

In Sept. 1955, acquired control of Ely & Walker Dry Goods Co., St. Louis, Mo., manufacturers, converters and distributors of cotton fabrics.

In 1956 acquired entire capital stock of Hess, Goldsmith & Co., Inc., New York, weaver of fibre glass, with plants at Wilkes-Barre, Taylor and Plymouth, Pa., Cedar Grove, N. J. and Pomona, Cal.

In Nov., 1956, acquired stock control of Klopman Mills, Inc., producer greige (unfinished) textile goods with plants at Asheboro and Ramseur, N. C.

In Aug., 1957, acquired assets of Henrietta Mills and Martel Mills Corp., producers of staple cotton fabrics with plants in No. and So. Carolina.

In Nov. 1958, acquired 82% interest in Sidney Blumenthal & Co., Inc. (subsequently increased to 100%). Merged in Nov., 1961.

In 1959 acquired Adler Co., producer of men's and women's sport socks; Charm Tred Mills, Inc., manufacturer of tufted man-made fiber and blended rugs; Cheraw Weaving Mill, weaver of fancy drapery fabrics from man-made fibers; and Ivey Weavers, producer of combed-cotton fabrics.

In Nov., 1960, acquired assets of Princeton Knitting Mills, Inc., producer of high-pile knitted coatings, liners, and rugs, and knitted fabrics for underwear, sleepwear, negligee, dress, sportswear, shoe, and industrial trade.

On Mar. 25, 1960, acquired assets and assumed liabilities of James Lees & Sons Co. (see appended statement) in exchange for sufficient common shares (not exceeding 2,166,936) to entitle Lees' stockholders to receice 2⅛ shares for each common share held. Business is now operated by a new James Lees & Sons Co., a wholly-owned subsidiary of Burlington.

In Jan., 1962 acquired 90% interest of Erwin Mills, Inc., Durham, N. C. for about $23,000,000 (subsequently increased to 100%).

In Jan. 1963, Klopman Mills Inc. subsidiary acquired Fabrex Corp., New York textile manufacturer, for $5,400,000.

In Oct. 1963, acquired substantial interest in Stoffel AG, St. Gallen, Switzerland, textile manufacturer operating 5 plants in Switzerland.

SUBSIDIARIES

As of Oct. 3, 1964, company owned 100% voting power (unless otherwise stated) in following subsidiaries:

Erwin Mills, Inc. (N. C.)
Southern Bleachery & Print Works, Inc. (Del.) (99.31%)
Textile Operations, Inc. (Del.) (100%)
James Lees & Sons Co. (Del.) (100%)
Klopman Mills, Inc. (Del.) (87.09%).

Note: In addition company has 26 domestic subsidiaries of which 3 are inactive, and 10 foreign subsidiaries not considered significant.

BUSINESS AND PRODUCTS

Company directly and through subsidiaries is engaged in the manufacture of woven and knitted fabrics from rayon, acetate, nylon and other synthetic yarns and blends; also cotton and wool and combinations of natural and synthetic fibres. In addition, it operates throwing and spinning units for the production of yarns for its own use and to some extent cotton sales yarn; and merchandises all of its products through its own sales divisions and wholly-owned subsidiaries.

Principal woven and knitted products are fabrics for dresses, lingerie, and suitings for the women's wear trade, and suiting, shirting and sports wear for men's wear trade. Other products include automotive and industrial fabrics, upholstery and drapery materials bedspreads, curtains and other fabrics for the home, also synthetics and blends with natural fibers.

Manufactures ladies full-fashioned and noseam hosiery and men's half hose. Also manufactures ribbons and other narrow fabrics.

With acquisition of James Lees & Sons on Mar. 25, 1960, company entered the rug and carpet business.

The business is integrated from purchase, spinning and throwing of yarns to finishing of manufactured products and their sale and delivery either in greige or finished state.

MARKETING AND OPERATING DIVISIONS

Woolens, Worsteds and Men's Wear

Burlington Men's Wear
Cleveland Woolens
Pacific Mills Worsted Co.
Raeford Worsted Co.

Man-made Fiber Products

Atwater Throwing Co.
Burlington Greige Sales Co.
Burlington Industrial Co.
Burlington Throwing Co.
Burlington Tricot Fabrics Co.
Hess, Goldsmith & Co.
Klopman Mills

Cotton Products

Erwin Mills
Galey & Lord
Leslie, Catlin & Co.
Mooresville Mills
Southern Bleachery and Print Works

Consumer Products

Burlington Balfour Mills
Burlington Hosiery Co.
Burlington Retail Fabrics Co.
Burlington Ribbon Mills
Ely & Walker
The Adler Co.

Home Furnishings Products

Burlington House Fabrics Co.
Catlin Farish Co.
Charm Tred Mills
Cheraw Weaving Mill
James Lees and Sons Co.
Monticello Carpet Mills

Other Operations

Burlington Automotive Fabrics Co.
Burlington Yarn Co.
Goodall Vinyl Fabrics

Foreign Operations

Burlington Export Co.
Burlington International

PRINCIPAL PLANTS AND PROPERTIES

Company has 126 plants in U. S., of which 64 are located in N. C., 15 in Va., 10 in S. C., and 37 in Ala., Ark., Cal, Fla, Ga., Mass., Miss., Mo., N. J., Okla., Pa., Tenn., Tex. and W. Va. Of these, 37 are principally engaged in spinning and weaving of man-made fibers, 10 in spinning and weaving of wool, 6 in manufacture of decorative fabrics, 29 in spinning and weaving of cotton, 3 in Tricot, 2 in Dyeing and Finishing, 3 in manufacture of Ribbons, 15 in knitting and finishing of hosiery, 1 in production of plastic fabrics, 6 in manufacture of rugs and carpets, and 5 synthetic yarn throwing and miscellaneous.

In addition, Ely & Walker of St. Louis, Mo., a distributor to retail trade of textile products of its own manufacture and converting, has 9 garment manufacturing plants and leases a warehouse at Memphis, Tenn.

Aggregate floor area of domestic plants is about 29,000,000 sq. ft. Production machinery at these plants includes 41,000 looms, 2,000,000 spindles, 7,000 knitting machines and, in addition, complete dyeing and finishing facilities in the various dyeing and finishing plants.

Company also has office building and laboratory at Greensboro, N. C., and transportation terminals and warehouses at Burlington, Fayetteville, Gastonia, N. C., Dublin and Lynchburg, Va., Rossville Ga., Greenville, S. C., Sherman, Tex., Los Angeles, Cal., and No. Bergen, N. J.

Company is also engaged in textile operations in Canada, Mexico, Colombia, South Africa, France, Germany, Spain, and Switzerland.

MANAGEMENT

Officers

H. E. Rauch, Chairman
C. F. Myers, Jr., Pres. & Chief Exec. O[fficer]
E. R. Zane, Chmn., Exec. Comm.
H. M. Kaiser, Vice-Chairman
J. C. Cowan, Jr., Vice-Chairman
S. L. Upson, Vice-Chmn., Gen Counsel, Chmn. Fin. Committee
W. E. Greer, Jr., Exec. Vice-Pres. & V[ice]-Chmn. Exec. Committee
E. R. Callaway, Jr., Exec. Vice-President
F. H. Leslie, Exec. Vice-President
W. G. Lord, Exec. Vice-President
J. D. Barbee, Exec. Vice-President
A. L. Burnet, Jr., Vice-President
J. L. Eskridge, Vice-President
R. A. Gilliam, Vice-President
J. T. Higgins, Vice-President
R. E. Kassar, Vice-President
James King, Vice-President
R. P. Lynn, Vice-President
W. S. Markham, Jr., Vice-President
B. M. McConnell, Vice-President
C. A. McLendon, Vice-President
G. E. Norman, Jr., Vice-President
W. H. Ruffin, Vice-President
J. B. Russell, Jr., Vice-President
E. A. Schutz, Vice-President
W. B. Sellars, Vice-President
F. C. O. Wedler, Vice-President
A. E. Weiner, Vice-President
J. B. Cave, Treasurer
E. J. Mack, Controller
D. M. Orr, Secretary
R. E. Osmer, Sr. Asst. Cont.