FILE NAME: Philip Carey (PC)

DATE: 1944

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MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

1944

MOODY'S INVESTORS SERVICE

65 BROADWAY, NEW YORK 6, N. Y.

PHILADELPHIA	BOSTON	CHICAGO	LOS ANGELES	PITTSBURGH	SAN FRANCISCO
Stock Exchange Bldg.	75 Federal St.	105 W. Adams St.	Hollingsworth Bldg.	Union Trust Bldg.	Russ Bldg.

LONDON: MOODY'S INVESTORS SERVICE, LTD.

Financial & Operating Ratios (cont'd)	1943	1942	1941	1940	1939	1938
% sales to net property	742.63	531.12	445.20	377.26	364.28	451.70
% sales to total assets	211.53	176.35	144.93	129.18	108.67	137.95
% net income to total assets	5.48	4.70	8.16	3.85	d 1.13	6.90
% net income to net worth	7.49	5.51	9.31	4.23	d 1.40	7.74
Pfd. div. times earned	2.66	1.93	3.23	1.38	Nil	2.62
Analysis of Operations	%	%	%	%	%	%
Net sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	86.09	89.63	83.79	87.92	92.73	83.33
Selling, general & other expense	3.93	5.64	7.18	8.35	8.43	9.85
Depreciation & amortization	------	------	------	------	------	1.15
Operating profit	9.98	4.73	9.03	3.73	d 1.16	5.67
Other income	0.36	0.52	.46	0.49	.63	.45
Total income	10.35	5.25	9.48	4.22	d .53	6.12
Interest & other deductions	0.09	0.32	.08	0.22	.32	.13
Prov. for post-war adjustments	0.66	------	------	------	------	------
Federal income taxes & surtax	7.01	2.27	3.76	1.02	.18	1.00
Net income	2.58	2.66	5.63	2.98	d 1.04	5.00

[1]Includes amortization.

CAPITAL STOCK

1. Wesson Oil & Snowdrift Co., Inc. $4 cumulative convertible preferred; no par:

AUTHORIZED—500,000 shares; issued, 400,000 shares; outstanding, Aug. 31, 1943, 292,000 shares; in treasury, 8,000 shares; retired, 100,000 shares; no par.

DIVIDEND RIGHTS—Has preference to cumulative dividends of $4 per annum. Dividends payable quarterly Mar. 1 etc. to stock of record about Feb. 15, etc.

DIVIDEND RECORD—Initial quarterly dividend of $1 per share paid June 1, 1929, and regularly thereafter.

DIVIDEND RESTRICTION—See description of common stock, No. 2

VOTING RIGHTS—Has no voting rights except when dividends are in arrears to the extent of $4 per share or more, when preferred has full voting rights (except for directors) equal to the combined voting rights of all other stock ranking either on a parity with or junior to it, and the preferred stock shall elect a majority of the Board of Directors.

So long as any preferred is outstanding, no stock ranking senior to it shall be created. Without consent of a majority of the preferred, no stock on a parity with it as to dividends or assets, or both, shall be created, nor shall authorized amount of preferred be increased. Preferred shall at all times have the right to vote as a class in any proceedings relative to creation of any stock of other class or any increase in authorized preferred. Outstanding shares of preferred shall not be increased above 400,000 unless concurrently with or prior to such issuance capital stock has been increased by the amount which, when added to the net consideration received for such additional stock and added to the capital stock, shall amount to a sum equal to $110 per share for such additional shares, provided that any part of such increase may be effected by capitalization of consolidated surplus earned subsequent to Aug. 31, 1928. Without consent of a majority of the preferred, company shall not dispose of its properties as an entirety or substantially so; sell or otherwise dispose of the ownership of any shares of any constituents: permit any constituent corporation to dispose of its properties as an entirety or substantially so, except to a subsidiary.

Without consent of two-thirds of the preferred, company may not encumber fixed property, issue indebtedness maturing later than one year, guarantee indebtedness of any corporation other than a subsidiary nor permit any subsidiary to encumber fixed properties, issue debt due after one year or guarantee outside indebtedness, or issue any stock or other securities except to the company, provided that the foregoing shall not apply to the incurring by company or subsidiaries of indebtedness in the ordinary course of business maturing within 12 months, the making of contracts in the ordinary course of business and the execution of purchase money mortgages or assumption of existing mortgages on property acquired, up to 75% of cost.

Foregoing provisions may be amended with consent of two-thirds of outstanding preferred.

LIQUIDATION RIGHTS—In any liquidation, has preference to $85 per share and accrued dividends.

PREEMPTIVE RIGHTS—Is privileged to subscribe ratably with common to any shares of common offered to holders of common stock for subscription at less than $85 per share, and to any other securities convertible into common on such terms as may be equivalent to a price of less than $85 per share for common.

CONVERTIBLE—Into common stock share for share up to 6 days prior to date set for redemption. Certain provisions protect conversion privilege against dilution.

CALLABLE—In whole or in part on any dividend date on 30 days notice, at $85 and accrued dividends.

LISTED—New York Stock Exchange. Unlisted trading on New Orleans Stock Exchange.

TRANSFER AGENTS—City Bank Farmers Trust Co., New York, and National Bank of Commerce, New Orleans.

REGISTRARS—Chemical Bank & Trust Co., New York, and Hibernia National Bank, New Orleans.

ISSUED—To provide for the retirement of the former $7 preferred stock at $110 per share on June 1, 1929, and for additional working capital.

OFFERED—400,000 shares at $72.50 per share in February 1929 by National City Co., New York.

PRICE RANGE—	1943	1942	1941
Preferred	79¾–69	71½–59½	74½–65⅛

2. Wesson Oil & Snowdrift Co., Inc., common; no par.

AUTHORIZED—2,000,000 shares; issued 600,000 shares; outstanding, Aug. 31, 1943, 583,129 shares; in treasury, 16,871 shares; reserved for conversion of preferred stock, 300,000 shares; no par.

Dividend Record (in $)
(Calendar Years)
(No par shares)

1925-26	nil	1927	3.00	1928	4.00
1929	1.00				

(No par shares after 100% stock dividend in March 1929)

1929	1.50	1930–31	2.00	1932	1.25
1933	0.62½	1934	1.00	1935–36	2.50
1937	3.50	1938	2.50	1939	0.87½
1940	0.50	1941	2.25	1942	1.00
1943	1.50	[1]1944	0.50		

[1]To Apr. 2.

Dividends payable quarterly, Jan. 1, etc., to stock of record, Dec. 15, etc.

DIVIDEND LIMITATION—So long as any preferred remains outstanding, no stock of rank junior thereto may be purchased or redeemed and no dividend on any junior shares may be paid except out of consolidated surplus earned since incorporation and/or derived from sale of any junior stock subsequent to Mar. 9, 1929, after deduction from such surplus of all dividends paid.

VOTING RIGHTS—Sole, subject to rights of $4 preferred, which see.

PREEMPTIVE RIGHTS—None.

LISTED—New York Stock Exchange. Unlisted trading on New Orleans Stock Exchange.

TRANSFER AGENTS—Guaranty Trust Co., New York, and National Bank of Commerce, New Orleans.

REGISTRARS—Chase National Bank, New York, and Hibernia National Bank, New Orleans.

ISSUED—270,000 shares upon organization of company in 1925 to provide in part for acquisition of predecessors; 30,000 shares in February 1927 to stockholders for cash by subscription in order to provide for additional working capital, and 300,000 shares in March 1929 through 100% stock dividend.

PRICE RANGE—	1943	1942	1941
Common	26½–17⅞	20¼–15	25½–16⅞

THE CELOTEX CORPORATION

CAPITAL STRUCTURE

FUNDED DEBT Issue	Rating	Amount Outstanding	[1]Times Charges Earned 1943	1942	Interest Dates	Call Price	Price Range 1943	1932–43
1. 3¾% debentures, 1955	Baa	$3,000,000	9.73	19.36	J & J 1	[3]103½	102⅛–100¾	[9]102½–100⅛

CAPITAL STOCK Issue	Par Value	Amount Outstanding	[1]Earned per Sh. 1943	1942	[1]Divs. per Sh. 1943	1942	Call Price	Price Range 1943	1932–43
1. 5% cum. preferred	$20	[4]156,863 shs.	[7]$3.56	[6]$37.75	[8]$3.00	[6]$5.00	[7]20	[7]21 –16½	[9]21 –16¾
2. Common	No par	[5]753,254 shs.	0.54	1.54	0.50	0.75	--	14¾– 8¼	[2]19½– 5

[1]Fiscal years. [2]Range since 1938, after 100% stock dividend. Before 100% stock dividend, 1935-38 range 48¼-12½. [3]Subject to change July 1. [4]As of Nov. 15, 1943. [5]As of Apr. 1, 1944. [6]$100 par shares. [7]$20 par stock. [8]Of which $2.50 paid on old $100 par shares. [9]1941 range.

HISTORY

Incorporated in Delaware June 29, 1935, as successor in reorganization to the Celotex Co. (Del.). Latter company was incorporated in Delaware in 1920 as "Louisiana Celotex Co." On June 16, 1932, the latter company was placed in receivership. On Feb. 8, 1935, trustees were appointed under Section 77-B of the U. S. Bankruptcy Act. A reorganization plan was submitted under date of May 1, 1934 (subsequently modified), and on Nov. 1, 1935, the business and assets of the predecessor company were transferred to the present company. Details of reorganization appear in Moody's 1935 Industrial Manual.

In 1937, organized English Company, Celotex, Ltd.

In 1937 acquired an interest in American Gypsum Co., Port Clinton, Ohio, and in 1939 completed acquisition of company.

In 1937-38 acquired Gulf Gypsum Co. of Houston, Tex.; in June 1943 latter was liquidated.

In 1938 constructed a plant at London, England.

In 1939, acquired The Pozzorite Corp. (Del.), which imports from Greece a cement ingredient; and the Pottsco Corp. (Ill.), name subsequently changed to Expanded Products Corp., owner of a patent covering concrete.

In 1941, liquidated English subsidiary holding company, Texcel, Ltd.

Phoenix Securities Corp., former holder of approximately 27% of company's common stock, distributed practically all such stock to its own stockholders on Nov. 24, 1941.

In reference to litigation between the company and Certain-teed Products Corp., see latter company (general index).

SUBSIDIARIES

This is principally an operating company. At Oct. 31, 1943, 100% of the voting power was owned in the following companies:

Name, place of incorporation and business:

Celotex, Ltd., England, manufactures and sells Celotex products in British Empire.

American Gypsum Co., Ohio, inactive.

Expanded Products Corp., Ill., owns patents on concrete.

The Pozzorite Corp., Del., inactive.

At Oct. 31, 1943, the company also owned 147,260 shares of common stock of Certain-teed Products Corp. (see general index). Also, the company owned 18,914 shares of the 4% preferred stock and 120,272 shares of the common stock of South Coast Corp. (see general index).

BUSINESS & PRODUCTS

The company manufactures building and insulating products, consisting for the most part of products marketed under the trade name "Celotex." These products are manufactured principally from bagasse, the fiber remaining after the juice has been extracted from sugar cane, and are used, among other things, for exterior sheathing, plaster base, exterior and interior finish, for insulating roofs, and as insulation in the manufacture of household refrigerators, railway refrigerator cars, cold storage plants and other products.

The company also manufactures and sells products for correction of acoustical conditions in office buildings, auditoriums, theaters, broadcasting studios, and other places in which acoustical treatment is desired, including products marketed under the trade names "Acousti-Celotex" and "Calicel," "Calistone," and "Muffletone."

The company also is engaged in the handling and sale of other types of insulating and building material products, including loose and batt forms of rock wool, roofing products, gypsum plaster, lath and wallboards, and also various items used as accessories in the application of products sold.

The company operates under patents and patent rights both of the United States and foreign countries, covering various products, processes and machines, including a series of patents covering material and processes for treating insulating material for protection against damage by dry rot, fungi, termites and other similar hazards.

Markets for Celotex products include general building, to which are sold various products in both the residential and non-residential fields in urban districts, and for farm homes and other farm buildings in the rural districts, the acoustical market, which embraces a large field such as offices, restaurants, industrial plants, schools, churches, etc., where it is

Suitable to arrest noise and to correct acoustical difficulties; and the industrial field, where Celotex products are widely used in the manufacture of various types of refrigerating equipment, in incubators, air ducts, radio sets, for insulating brick siding, etc. The company makes approximately 65 different types of manufacturing.

Celotex also sells products made by other manufacturers, such as hard boards, which can saw and handle like lumber (made by Masonite Corp.), and are used for paneling of all sorts, for decoration, shelving, etc. Concrete (made by various steel companies), a light weight concrete aggregate, is made of expanded molten blast furnace slab, and is used with Portland cement to manufacture precast concrete.

The Celotex Corp. maintains offices throughout the world and has branch offices in 12 cities located in various parts of the United States, including the Pacific Coast.

PRINCIPAL PLANTS & PROPERTIES

The main manufacturing plant is located at Marrero, in *Jefferson Parish, La., close to* the City of New Orleans. It comprises approximately 143 acres of land, upon which are 24 buildings with a total of 602,000 sq. feet of floor space.

An agreement has been entered into with Certainteed Products Corp. (see general index) for the use of Celotex of excess plants of Certainteed in the manufacture of building materials such as roofing, etc. Details of agreement appear under Certainteed Products.

The company obtains bagasse, the principal raw material, from a number of sugar mills in Louisiana.

A plant at Metuchen, N. J., is located on approximately 12 acres of land, and contains about 210,000 square feet of floor space, and is used for the manufacture of asbestos cement board products, insulating siding and asphalt impregnated roof deck surfacing.

A leased plant at Marietta, Ohio, is used in the manufacture of acoustical and architectural products made principally from rock *slag.*

A plant at Port Clinton, Ohio, is used in the manufacture of gypsum products.

A plant near Lagro, Ind. is used for production of rock wool insulation products.

• On Oct. 30, 1943, directors authorized purchase of assets of Insulation Industries, Inc., a Michigan corporation engaged in manufacture and sale of rock wool products, and the assets of Campbell Process Co., a Michigan corporation, including a patent having to do with manufacture of rock wool products. Company paid for Insulation Industries assets 8,000 *shares of 5% cum. preferred stock* and $7,500 in cash, also assuming certain liabilities aggregating approximately $33,500 and agreeing to pay to Insulation Industries up to $5,000 on undisclosed claims and $1,000 for services and expenses of attorneys in connection with the dissolution of Insulation Industries. Company also agreed to pay for the assets of Campbell Process Co. $1,000 in cash and assume certain liabilities amounting to approximately $4,700.

MANAGEMENT

Officers

Bror Dahlberg, President
Carl G. Muench, Vice-President
O. S. Mansell, Vice-President
H. W. Collins, Vice-President
M. F. Parsons, Vice-President
C. L. Christensen, Vice-President
C. G. Rhodes, Treas.
M. D. Musgrave, Sec.

Directors

W. T. Alden, Chicago
C. L. Christensen, Madison, Wisc.
W. W. Colpitts, New York
Bror Dahlberg, Chicago
L. B. Ewing, Nevada, Mo.
John G. Getz, Jr., Detroit
John Irwin, Chicago
O. S. Mansell, Chicago
Carl G. Muench, Chicago

General Counsel: Pam, Hurd & Reichmann.

Annual Meeting: Third Tuesday in January.

Number of Stockholders: Dec. 31, 1942: Preferred, 1,176; common, 6,584.

Number of Employees: Nov. 1, 1943, 3,500 (of which 2,400 are employed in the plant at Marrero, La.).

General Office: 120 So. La Salle St., **Chicago,** Ill.

Management Compensation Plan: For the fiscal years 1940 and 1941, in addition to fixed salary, compensation of Bror Dahlberg, President, was 5% of the "net earnings" above $650,000. Also, Vice-Presidents L. R. Boulware and C. G. Muench received, in addition to fixed salaries, 1% of net earnings in excess of $650,000. Also, there was set aside 7% of net earnings in excess of $650,000 for executives and department heads, to be distributed in accordance with their salary levels. For fiscal year ended Oct. 31, 1942, under an employees' profit sharing plan, in addition to salaries, Bror Dahlberg, President received 3.10% of "net earnings", above $750,000; 5.90 2/3% was allocated to other employees, subject to limitation that C. G. Muench, Vice-Pres., should not receive more than two-thirds of his salary; other employees not to exceed 26 2/3% of compensation. Profit sharing arrangements for 1943 are same as for previous fiscal year, except that they are based on "net earnings" in excess of $825,000. "Net earnings" are determined before certain interest and amortization charges, and certain taxes, and exclusive of profits or losses derived from certain sources.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED INCOME ACCOUNT, YEARS ENDED OCT. 31

	1943	*1942*	*1941*	*1940*	*1939*	*1938*	*1937*
Net sales	[3]$22,598,269	$23,510,364	$19,977,155	$13,817,501	$12,317,936	$9,126,489	$10,574,242
Cost of sales and expenses	20,017,438	19,110,688	16,361,701	12,360,204	10,819,066	8,081,953	8,906,528
Depreciation and depletion	612,724	534,526	447,498	448,692	423,762	389,932	374,464
Operating profit	1,968,107	3,865,150	3,167,957	1,008,605	1,075,107	654,604	1,293,250
Other income	166,739	115,787	158,853	151,496	57,069	133,268	260,266
Total income	2,134,846	3,980,937	3,326,810	1,160,101	1,132,176	787,872	1,553,516
Interest on funded debt	135,972	143,543	151,615	162,654	165,902	170,013	184,640
Other interest	18,435	8,890	3,172	25,120	35,197	10,478	--------
Debt discount and expense	37,664	51,232	51,232	51,232	51,232	51,232	38,423
Debt expense written off	225,254	--------	--------	--------			
Other deductions	49,627	37,369	123,903	84,169	59,090	27,791	--------
Federal income taxes	367,363	549,289	604,823	89,300	79,000	10,000	63,700
Excess profits tax	834,077	1,972,100	473,000	--------	--------	--------	--------
Post-war credit—excess profits tax	cr 20,588	cr 30,000	--------	--------	--------	--------	--------
Debt retirement credit	cr 63,400	--------	--------	--------	--------	--------	--------
Other inc. taxes & conting. tax res.	21,092	124,547	169,967	--------	--------	--------	--------
Net profit	530,199	[4]1,123,967	1,749,099	747,628	741,756	518,358	1,266,753
Preferred dividends	148,863	147,112	145,363	145,363	145,363	145,363	145,363
Common dividends	325,293	471,901	706,138	--------	--------	312,429	322,422
Surplus for year	$56,043	$504,954	[2]$897,598	$602,265	$596,393	[1]$60,566	$798,968

[1] Before debiting $67,187 provision for payment of first preference dividends in excess of income for year ended Oct. 31, 1938, of Celotex. Ltd., British subsidiary.

[2] Before crediting $85,596 net adjustment of provision for depreciation for prior years and for restoration of provision made at Oct. 31, 1938 for payment of first preference dividends of Celotex, Ltd.

[3] After renegotiation provision computed on *same general basis as 1942 renegotiation, sub*ject to final approval of U. S. Govt.

[4] After renegotiation refund subject to final approval net profit was $931,187.

Note: Above report excludes Celotex, Ltd. Net profit of that company for year ended Oct. *31, 1943: $44,103; 1942, $42,774.*

General Note: Patents of company carried at $1 have for income tax purposes been amortized on basis of cost thereof over life of such patents. Such amortization was completed at end of fiscal year 1941, and amounted to approximately $430,000 per year. The provision for Federal income tax in 1938-41 is after giving effect to deduction of such amortization. No further deduction can be made in future years.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED BALANCE SHEET, AS OF OCT. 31

ASSETS:	1943	1942	1941	1940	1939	1938	1937
Cash	$2,863,085	$1,190,786	$1,142,711	$1,059,958	$600,484	$865,256	$1,048,726
U. S. Government securities	150,000	--------	--------	--------	--------	--------	--------
Notes and accounts receivable, net	2,669,788	3,179,237	3,154,463	2,245,147	1,938,633	1,427,551	1,509,754
Inventories	2,133,070	2,583,474	2,037,791	1,580,516	1,824,418	1,678,036	1,368,376
Total current assets	$7,815,943	$6,953,497	$6,334,964	$4,885,621	$4,363,535	$3,970,843	$3,926,856
Operating properties	11,421,344	11,218,640	10,876,443	10,398,168	10,608,272	8,888,674	8,615,159
Depreciation	6,867,285	6,318,695	6,080,646	6,031,317	5,879,960	4,502,089	4,130,459
Net operating property	4,554,060	4,899,945	4,795,797	4,366,851	4,728,312	4,386,585	4,484,700
Non-operating property (net)	115,665	144,814	252,932	276,203	--------	--------	--------
Patents and rights	1	1	1	1	1	1	1
West Coast Corp. investment	438,541	58,502	1	1	1	1	1
Investment, American Gypsum Co.	--------	--------	--------	--------	--------	482,915	482,915
Investment in Celotex, Ltd.	[3]733,260	[3]740,434	[3]747,617	[3]760,101	[3]1,190,947	856,701	590,106
Invest. Certain-teed Prod. Corp.	1,137,540	1,270,929	1,270,929	1,270,929	1,373,981	829,743	--------
Post-war tax refund	50,588	30,000	--------	--------	--------	--------	--------
Other assets	158,924	91,720	125,504	122,637	116,978	5,612	10,179
Unamort. debt discount & expense	122,827	217,735	268,966	320,198	371,429	422,661	473,893
Deferred charges	126,820	111,054	70,531	139,087	192,442	136,889	95,173
Total	$15,254,168	$14,518,631	$13,867,242	$12,141,629	$12,337,625	$11,091,950	$10,063,823
LIABILITIES:							
Notes payable	--------	--------	--------	$266,190	$539,107	$475,000	--------
Accounts payable	$1,427,303	$1,497,242	$1,488,031	689,937	876,205	776,410	$594,724
Accrued expenses	788,496	641,467	702,652	507,508	408,326	249,690	283,565
Accrued interest	43,254	40,390	40,078	44,937	47,897	42,193	45,000
Due to Celotex Ltd.	--------	--------	12,346	--------	--------	--------	--------
Res. for misc. taxes	109,011	173,999	102,565	87,988	84,667	67,872	72,573
Preferred dividends payable	--------	--------	--------	--------	--------	36,341	--------
Res. for income taxes	[7]821,277	[7]574,576	[7]485,091	121,871	100,302	19,056	67,591
Total current liabilities	$3,189,341	$2,927,673	$2,830,762	$1,718,431	$2,056,504	$1,666,562	$1,063,453
[illegible]	3,000,000	3,158,500	3,207,500	3,539,000	3,665,000	3,750,500	4,000,000
[illegible] payable	--------	--------	--------	80,000	396,190	299,880	--------
[illegible] stock dividend	--------	--------	--------	--------	--------	312,429	--------
[illegible] under license agreement	36,941	51,802	66,487	81,686	91,950	--------	------
[illegible] preferred stock (par $100)	[9]2,977,250	[9]2,977,250	2,907,250	2,907,250	2,907,250	2,907,250	2,907,250
Common stock	696,933	638,410	638,410	638,410	638,410	312,429	268,685
[illegible] surplus	[10]1,363,845	706,843	706,843	706,843	693,295	459,899	434,813

BALANCE SHEETS (cont'd)

LIABILITIES	1943	1942	1941	1940	1939	1938
Earned surplus	3,989,857	4,126,593	3,621,640	2,581,659	1,979,394	1,383,001
Total	9,027,885	8,449,097	7,874,143	6,834,163	6,218,347	5,062,579
[6]Reacquired common stock	--------	68,441	111,651	111,651	90,366	--------
Net equity	9,027,885	8,380,656	7,762,492	6,722,512	6,127,981	5,062,579
Total	$15,254,168	$14,518,631	$13,867,242	$12,141,629	$12,337,625	$11,091,950
Net current assets	$4,626,602	$4,025,824	$3,504,202	$3,167,190	$2,307,031	$2,304,281

[1]At lower of cost or market.

[3]Investment at cost (less $26,840 reserve in 1943) in securities Celotex, Ltd. (English subsidiary—not consolidated) plus, in 1939, current indebtedness and construction advances.

[4]Investment in Certain-teed shares at written down value ($829,743) after charge of $1,049,856 to paid-in surplus during 1936 fiscal year and reflecting subsequent purchases and sales at cost. At Oct. 31, 1942, comprised 5,696 prior preference shares, $133,389 (sold in 1943) 147,260 common shares, $1,137,540; total, $1,270,929 (quoted market value, $509,231).

[5]No par shares: 1943, 696,933; 1939-42, 638,410; 1938, 312,429; 1937, 268,685.

[6]At cost: 1942, 6,342 shares; 1940-41, 10,734 shares; 1939, 8,450 shares.

[7]After deducting investment in U. S. Treasury notes, tax series, at cost: 1943, $1,320,000; 1942, $2,303,000; 1941, $801,320.

[8]Includes provision for renegotiation in 1942 and 1943.

[9]Par value: 1943, $20; 1942, $100.

[10]After crediting $529,410 excess from issuance of 58,523 additional common shares no par value over $1 stated value and $132,519 excess from sale of 5,696 preferred of Certain-teed Products Corp. over written-down value, and after deducting $4,928 loss on sale of 6,342 reacquired common shares.

General Notes

(a) Sinking fund in respect of 3¾s, debentures requires payment to trustee on Mar. 1, 1944 of $125,000 to be applied to purchase of debentures at prices not exceeding redemption price.

(b) Assets of Texcel, Ltd. (wholly owned English subsidiary—liquidated in 1941), consisting of $2,032 in cash at converted value (1939: cash, $7,877, advances for construction (net) of $137,178 at converted value and securities owned of Celotex, Ltd.) have been consolidated in 1940 statement.

(c) According to the annual report for year ended Oct. 31, 1943, an agreement has been reached with the Price Adjustment Section, Chicago Ordnance District, covering renegotiation of war contracts for period ended Oct. 31, 1942, resulting in a net refund after taxes of $192,780 which has been charged to surplus. A reserve for 1943 renegotiation computed on the same general basis as above agreement, was charged against earnings for 1943.

Accounts certified by Arthur Young & Co.

STATISTICAL RECORD, FISCAL YEARS

	1943	1942	1941	1940	1939	1938
Earned per share—preferred	$3.56	$37.75	$60.16	$25.72	$25.51	$17.83
—common	$0.54	[4]$1.54	$2.55	$0.96	$0.95	$1.19
Dividends per share—preferred	[6]$3.00	$5.00	$5.00	$5.00	$5.00	$5.00
—common	$0.50	$0.75	$1.12½	Nil	[2]----	nil
[1]Price range—preferred	[5]21-16½	[5]75¾-66	75-65	72-48	72½-58	72½-46
—common	14¾-8¼	8½-6⅛	10⅛-5⅜	12½-5	19⅛-7⅞	[3]19⅛-12⅝
Net assets per share—preferred	$60.64	$281.49	$267.00	$231.23	$210.79	$174.14
—common	28.68	$8.55	$7.74	$6.08	$5.11	$6.90
Fixed charges earned:						
Bef. inc. taxes, deprec. & depl.	12.93	21.98	17.72	6.38	5.93	4.96
Bef. inc. taxes & aft. deprec. & depl.	9.73	19.36	15.55	4.50	4.25	3.28
After inc. tax., deprec. & depl.	3.77	6.52	9.49	4.13	3.94	3.24
Times charges & pfd. div. earned	2.12	3.78	5.56	2.57	2.50	1.99
Price range: 4½s, 1947	--------	100-93¼	97⅛-88	90¼-73¾	97-76	92¾-59
3¾s, 1955	102⅛-100¾	--------	--------	--------	--------	--------
Net assets per $1,000 funded debt	$4,009	$3,653	$3,420	$2,858	$2,509	$2,250
Net curr. assets per $1,000 fund. debt	$1,542	$1,275	$1,092	$875	$568	$569
Times preferred dividends earned	3.56	7.64	12.03	5.14	5.10	3.57
Number of shares—preferred	[5]148,863	[5]29,773	29,073	29,073	29,073	29,073
—common	696,933	632,068	627,676	627,676	629,960	312,429

[1]Calendar years.
[2]Paid 100% stock dividend Nov. 4, 1938.
[3]After 100% stock dividend: range prior thereto, 30⅛-12½.
[4]After renegotiation refund earned per share was $1.24.
[5]Par value: 1943, $20; 1942 and prior years, $100. [6]$2.50 on $100 par stock and 50 cents on $20 par stock.

FUNDED DEBT

1. The Celotex Corp. 3¾% debentures, 1955: Rating—Baa

AUTHORIZED—$3,000,000; issued, $3,000,000.
DATED—July 1, 1943.
MATURITY—July 1, 1955.
INTEREST—J&J 1 at City National Bank & Trust Co., Chicago or at Trustee's office. Principal and interest payable in U. S. legal tender.
TRUSTEE—Chemical Bank & Trust Co., New York.
DENOMINATION—Coupon, $1,000; registerable as to principal.
CALLABLE—As a whole or in part on at least 30 days' published notice at any time to June 30 incl. as follows:

1944	103½	1945	103	1946	102½
1947	102	1948	101¼	1949	101
1950	100¾	1954	100½	1955	100

Also callable for sinking fund (which see).
SINKING FUND—On or before first day of fifth calendar month next succeeding close of each fiscal year, beginning with fiscal year ending in year 1943, company agrees to pay Trustee 15% of sinking fund earnings for such year (not exceeding $200,000 annually). If less than $125,000, then, unless amounts paid into the sinking fund for all preceding fiscal years together with amount then payable shall at least average $125,000 for each year, the company shall pay a sum at least equal to such deficiency. In lieu of cash, company may deliver debentures (acquired other than by redemption) at cost but not exceeding sinking fund redemption price.

Cash deposited is to be applied by Trustee prior to July 1 next following to purchase of debentures at not exceeding sinking fund redemption price on next July 1 or to redemption thereof at such price. In the event on any July 1 Trustee has unexpended balance sufficient to redeem at least $25,000 of debentures, the Trustee shall select by lot for redemption on or before next ensuing Sept. 1 debentures sufficient to absorb said balance. Debentures acquired hereunder are to be cancelled.

Debentures are callable for the sinking fund to each June 30 incl. as follows:

1946	102½	1947	102	1948	101¼
1949	101	1950	100¾	1954	100½
1955	100				

SECURITY—Not secured by any lien. Company will not create or permit to be created any mortgage or lien upon any of its properties now owned or hereafter acquired, without securing debentures equally and ratably with indebtedness secured by such mortgage or lien. Exceptions to this restriction are purchase money and similar mortgages up to two-thirds of purchase price of property acquired and renewals of such mortgages; mechanic's liens; liens arising by reasons of deposits with or the giving of any form of security to any governmental agency as a condition to transaction of any business or to enable company or any subsidiary to maintain self-insurance or to participate in any fund in connection with workmen's compensation, unemployment insurance, etc. or to share in other benefits provided for companies participating in such arrangement or for liability on any insurance risks; or mortgages on property of any subsidiary as security for indebtedness owing by such subsidiary to the company, as provided.

Without consent of holders of two-thirds of debentures, company may not create or permit to be created any funded debt other than debentures, unless thereafter: (1) average annual consolidated net earnings available for interest on funded debt for two fiscal years preceding are equal to at least four times total annual interest requirements on total funded debt; (2) excess of aggregate current assets over aggregate current liabilities is at least equal to aggregate consolidated funded debt and (3) consolidated net assets are at least equal to 2½ times aggregate consolidated funded debt. Exceptions to this restriction are: (a) any funded debt to provide for any refunding, renewing or extension of maturity of any funded debt; provided that principal amount of funded debt so created does not exceed funded debt to be refunded, renewed or extended; (b) any funded debt of a subsidiary owing to the company. Funded debt is defined to mean indebtedness maturing later than twelve months from date of creation thereof.

Company agrees (1) not to permit any subsidiary to issue any preferred except to the company; (2) nor to sell or part with control of any preferred stock of a subsidiary held by company except to subsidiary which issued such stock so long as such subsidiary remains a subsidiary.
CREATION OF ADDITIONAL DEBT—Issuance of debentures under this indenture is limited to $3,000,000. Restrictions on issuance of further debt are noted above under "Security."
DIVIDEND RESTRICTIONS—Company will not (a) pay cash dividends on common, nor purchase, redeem or otherwise acquire for a consideration any shares of stock of company (other than by issuance of and application of proceeds of additional shares of capital stock to such purchase, redemption or acquisition); or (b) make any investment over $50,000 in shares of capital stock or obligations of, or any loans to, any company not then, nor thereafter by reason of such investment, a subsidiary (other than by issuance of additional shares of capital stock); if amount of such dividends or amount devoted to purchase, redemption or acquisition of such stock, or the amount such investments shall involve amounts in excess of a sum equal to (1) consolidated net earnings since Oct. 31, 1942 plus (2) $1,000,000, plus (3) all proceeds from sale of capital stock subsequent to July 1, 1943 not applied in (a) or (b) above, after deducting from such aggregate sum (x) all cash dividends paid since Oct 31, 1942 and (y) cost of all shares of stock purchased, redeemed or otherwise acquired subsequent to July 1, 1943 (other than by issuance or application of proceeds of additional shares of capital stock) and (z) amount of all investments or loans in (b) above subsequent to July 1, 1943.

So long as the debentures are outstanding company will not pay any dividend (other than stock dividends) on capital stock if upon payment of such dividend current assets shall be less than two times current liabilities.

Company will not itself, nor will it permit any subsidiary to, guarantee payment of any dividend, debt or other obligation, except as provided.
RIGHTS UPON DEFAULT—In event of default (30-day grace period provided for interest), the Trustee or holders of at least 25% of debentures may declare debentures due immediately.
INDENTURE MODIFICATION — Provisions may be modified, except as provided, with consent of holders of 66 2/3% of debentures.
PURPOSE—Net proceeds used to redeem debenture 4½s due 1947.
TAX STATUS—Company refunds all taxes of Pennsylvania (other than transfer, gift, estate, succession, inheritance, income and capital stock taxes) in an amount not exceeding mills per annum on each dollar of principal amount thereof.
LEGAL—For savings banks in New Jersey.
LISTED—On New York Stock Exchange
PRICE RANGE—1943, 102⅛-100¾.
Debentures Retired: 4½s due 1947: Entire issue at 101, Aug. 30, 1943 at Chemical Bank & Trust Co., New York.

CAPITAL STOCK

1. The Celotex Corp. 5% cumulative preferred stock; par $20.

AUTHORIZED—500,000 shares (increased from 100,000 shares, July 12, 1943); outstanding, Nov. 15, 1943, 156,863 shares; par $20 (changed from $100 par June 18, 1943, five $20 par shares issued for each $100 par share).
DIVIDEND RIGHTS—Has preference over common to cumulative dividends of 5% per annum, payable quarterly.
DIVIDEND RECORD—No dividends paid on $100 par shares to Nov. 10, 1936 when 5% was paid clearing up arrears. Thereafter, regular dividends paid quarterly February 1, etc. to May 4, 1943, incl.

Initial dividend of 25 cents per share paid on $20 par shares Aug. 9, 1943; regular dividends paid quarterly thereafter to May 1 1944, incl.
DIVIDEND LIMITATIONS — See "Dividend Restrictions" under debenture 3¾s, 1955.
VOTING RIGHTS—None, except that if at any time cumulative dividends have accrued to the extent of $2 per share, holders of preferred stock shall have one vote per share.
LIQUIDATION RIGHTS—Has preference over common to par plus accrued and unpaid dividends.
PREEMPTIVE RIGHTS—None.

CALLABLE—On any quarterly dividend date, as whole or in part (by lot), on 30 days' notice, at $[illegible] per share plus accrued dividends.
LISTED—On New York Stock Exchange.
TRANSFER AGENT—Chase National Bank, New York
REGISTRAR—Chemical Bank & Trust Company, New York.

PRICE RANGE—	1943	[1]1942	[1]1941
Preferred	21–16½	75¾–66	75–65

[1]On [illegible] par shares.

§ The Celotex Corp. common; no par.
AUTHORIZED—1,500,000 shares; outstanding, Apr. 1, 1944, 753,254 shares; no par.

Dividend Record (in $)
(Calendar years)

1935–36	Nil	1937	1.20	1938	[1]
1939–40	Nil	1941	1.12½	1942	0.75
1943	0.50	[2]1944	0.25		

[1]Paid 100% in stock Nov. 4, 1938.
[2]To May 2.

DIVIDEND LIMITATIONS — See "Dividend Restrictions" under debenture 3¾s, 1955.

VOTING RIGHTS—One vote per share. See "Voting Rights" under 5% preferred stock, above.

PREEMPTIVE RIGHTS—None.

LISTED—On New York Stock Exchange.
TRANSFER AGENT—Chase National Bank, New York.
REGISTRAR—Chemical Bank & Trust Company, New York.

PRICE RANGE—	1943	1942	1941
Common	14¾–8¼	8½–6⅛	10⅛–5⅜

Subscription Rights: Common stockholders of record Oct. 22, 1943 had right to subscribe, at $10.50 per share, for shares of common stock, on the basis of one share for each ten shares then held.

CAPITAL STRUCTURE THE FAJARDO SUGAR COMPANY OF PORTO RICO

CAPITAL STOCK Issue	Par Value	Amount Outstanding	[1]Earned per Sh. 1943	1942	[1]Divs. per Sh. 1943	1942	Call Price	Price Range 1943	1932–43
[illegible] cum. preferred	$100	None	----	----	----	----	---	----	----
Common	20	323,890 shs.	$2.78	$4.93	$2.00	$2.00	---	28–21	[2]70–16½

[1]Fiscal year. [2]Price range since 1935.

HISTORY

Incorporated in Puerto Rico on Feb. 28, 1919 with a perpetual charter, as successor to The Fajardo Sugar Co., incorporated in New York in Mar. 1905. Subsidiary Fajardo Development Co was formed in 1909. In 1925 acquired Loiza Sugar Co., formed in Puerto Rico in 1907.

"500 Acre Law"—Litigation: The Puerto Rican government has instituted proceedings against the Fajardo Sugar Co. of Porto Rico, Loiza Sugar Co and The Fajardo Sugar Growers Association in which action the government alleges violation of the "500 Acre Law." The so-called "500 Acre Law," which is Section [illegible] of Title 48 of the United States Code, reads as follows:

"No corporation shall be authorized to conduct the business of buying and selling real estate or be permitted to hold or own real estate except such as may be reasonably necessary to enable it to carry out the purposes for which it was created, and every corporation hereafter authorized to engage in agriculture shall by its charter be restricted to the ownership and control of not to exceed five hundred acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in any wise interested in any other corporation engaged in agriculture. Corporations, however, may loan funds upon real estate security, and purchase real estate when necessary for the collection of loans but they shall dispose of real estate so obtained within five years after receiving the title. Corporations not organized in Porto Rico and doing business therein, shall be bound by the provisions of this section so far as they are applicable."

The chief defenses are that Fajardo Sugar Co. of Porto Rico and Loiza Sugar Co. do not own and control in excess of five hundred acres of land and that even if Fajardo Sugar Growers Association (which is not a subsidiary) does own and control in excess of five hundred acres of land, the law applies only to corporations. No decision rendered by Supreme Court of Puerto Rico to Oct. 30, 1943.

In 1941 Porto Rico enacted the so-called "Land Law" setting up a Land Authority with power to take over, with compensation to owners land in excess of 500 acres owned by corporations, associations, partnerships, etc. Except for certain small parcels taken over by Authority, no proceedings had been brought against company or its associated organizations to Oct. 30, 1943.

In 1942 U. S. Supreme Court in case of [illegible] Hermanos upheld the "500 acre law" and consent decree of the Puerto Rican Supreme Court of Dec. 3, 1941 breaking up the [illegible] of the Cambalache Sugar Mill.

Regulatory Legislation: On May 12, 1942 the Governor of Puerto Rico approved a sugar [illegible] regulation act, which became effective [illegible] days thereafter, under which the company and its subsidiary, Loiza Sugar Co., were [illegible] under authority of Puerto Rican Public Service Commission. This law proposes to regulate the grinding and manufacture of sugar in Puerto Rico and among other things, [illegible] to determine amount of reasonable [illegible] the companies may make. However, the Commission later issued announcements [illegible] in substance provided for normal [illegible] of 1943 crop without any limitations [illegible] profits for said crop year.

[illegible] 31, 1943, the Public Service Commission [illegible] not determined the amount of [illegible] profits which company and Loiza Sugar Co. [illegible] make in 1944 and future years. [illegible] were expected shortly thereafter.

[illegible] legislation was passed by the [illegible] Legislature in 1942 which might [illegible] affect business of the company [illegible] associated organizations, such as [illegible] creating a minimum wage board, an [illegible] the Puerto Rico Transportation [illegible] and an act creating the Puerto [illegible] Development Co.

Fajardo Sugar Growers' Association: There are held in trust for the benefit of stockholders of The Fajardo Sugar Co. of Porto Rico, by the Greenwich Trust Co., Greenwich, Conn., 2,999 shares (out of 3,020 outstanding) of The Fajardo Sugar Growers' Association, a New York joint stock association formed in 1905.

Properties of Fajardo Sugar Growers' Assn. include 29,951 acres of land owned and 18,390 acres held under lease, of which some 20,753 are planted in cane, a large number of dwelling houses, labor houses, work oxen and other livestock, also portable track, with some 837 portable track cars, 509 bull carts, etc.

SUBSIDIARIES

An operating and holding company. On July 31, 1943, held 100% voting power in Loiza Sugar Co. (P. R.), a sugar producer, and held 99.87% voting power in the Fajardo Development Co. (Conn.), operating a railroad.

BUSINESS & PRODUCTS

Company and affiliates form a principal factor in the production of cane sugar, etc. in Puerto Rico. Company and subsidiary Loiza Sugar Co. operate sugar mills at Fajardo and Canovanas, Puerto Rico. Affiliated Fajardo Sugar Growers' Ass'n owns 29,951 acres of land and leases 18,390, of which some 20,753 acres are planted in sugar cane. The companies control through grinding contracts with colonos some 16,096 acres, of which about 9,412 are planted in cane. Cane produced on these various lands is transported to the factories by the railroad of subsidiary Fajardo Development Co. which, although a public franchise railroad, serves primarily Fajardo Sugar Co.

PRINCIPAL PLANTS & PROPERTIES

Factory of Fajardo Sugar Co. located at Fajardo on the eastern end of Puerto Rico has a milling capacity of over 5,000 tons of sugar cane per day of 24 hours, and is connected by railroad with factory of Loiza Sugar Co. at Canovanas, about 20 miles away. The Canovanas factory has a milling capacity of over 2,800 tons of sugar cane per day of 24 hours. The main railroad lines are operated under a public service franchise. There are 37 miles of meter gauge main line connecting at Carolina with the line of the American Railroad Co., which extends to San Juan, and at Naguabo with the line of the Ferrocarril del Este, which extends to Humacao. Branch line runs to the port of Fajardo. Branch lines comprise 30 miles of meter gauge track and 91 miles of 30" gauge track. Rolling stock comprises 15 steam and one gasoline locomotive, 580 cane and service cars of meter gauge and 1,070 cars of 30" gauge. Floating equipment at the port of Fajardo, through which are handled outgoing sugar and incoming freight, comprises 8 lighters and one tugboat.

Miscellaneous properties include three steel warehouses with storage capacity for 400,000 bags of sugar of 310 lbs. each, and five steel molasses tanks with storage capacity for 5,300,000 gallons.

MANAGEMENT

Officers
John Bass, President
R. A. Veve, Vice-President & Gen. Mgr.
J. B. Warnock, Vice-President
D. M. Keiser, Vice-President
Theodore Mutter, Secretary & Treasurer
M. N. Dunnett, Asst. Sec. & Asst. Treasurer

Directors
John Bass, New York
A. R. Cochran, Canovanas, P. R.
H. E. Henneman, New York
W. H. Hoodless, Philadelphia
W. D. Horne, Beach Creek, Pa.
D. M. Keiser, New York.
Theodore Mutter, New York
Jaime Sifre, Jr., San Juan, P. R.
Robert W. Atkins, New York
R. A. Veve, Fajardo, P. R.
J. B. Warnock, New York

General Counsel: Jaime Sifre, Jr., San Juan, Puerto Rico.

Annual Meeting: First Monday in February.

No. of Stockholders: Dec. 31, 1943, 2,041.

No. of Employees: Dec. 31, 1943, 4,503.

General Office: Fajardo, Puerto Rico.

New York Office: 99 Wall Street, New York City.

Income Account (Fajardo Sugar Growers' Assn.), years ended July 31 (as reported to SEC):

	1943	1942
[1]Sales, etc.	$3,155,874	$3,865,722
Cost of prod.	2,573,184	2,518,634
Sell. gen. exp.	414,426	756,859
Oper. income	168,263	590,230
Other income	[2]360,200	62,660
Total income	528,463	652,889
Contingency prov.	--------	200,000
Prior years exp.	--------	55,000
Int. & debt disc.	2,686	4,476
P. R. income tax	105,155	66,641
Net income	420,622	326,773
Dividends	326,160	326,160
Surplus for year	94,462	613
Earn. surpl., beg.	2,875,855	2,882,699
Debits	656	7,457
Earn. surpl., end	2,969,661	2,875,855
Earn. per share	$139.28	$108.20
Number of shares	3,020	3,020

[1]Sales of cane, $37,782 (1942, $53,010); sugar received in payment for cane delivered, $2,631,007 (1942, $3,240,451); compensation from Federal government under Sugar Act of 1937, as extended, $487,085 (1942, $572,261); total, $3,155,874; 1942, $3,865,722.

[2]Includes profit on sugar of prior crop: 1943, $301,743; 1942, $4,099.

Balance Sheet (Fajardo Sugar Growers' Assn.), as of July 31 (as reported to SEC):

Assets:	1943	1942
Cash	$1,000	$1,000
Raw sugar	2,440,560	2,424,826
Supplies	84,756	29,887
Trade acc. rec.	63,669	--------
Misc. acc. rec.	41,428	35,846
Federal subsidy	487,085	572,261
Planted & growing cane	479,245	996,381
Total current	$3,597,743	$4,060,201
Due fr. Loiza Sug.	103,944	--------
Other investments	88,889	104,994
[1]Fix. assets, cost	4,044,459	4,121,853
Depreciation	500,012	417,002
[1]Balance	3,544,447	3,644,851
[2]Livestock & eq.	456,492	514,531
Deferred charges	21,749	76,666
Other assets	33,672	33,672
Total	$7,846,935	$8,434,914
Liabilities:		
Accounts payable	--------	$66,825
Accruals	$32,378	14,474
Inc. tax wthld.	62,532	--------
Inc. tax curr. yr.	105,155	66,641
Other current	13,539	22,530
Total current	$213,605	$170,470
[3]Due to affil. cos.	4,127,340	4,852,260
Mtge. due 1947	29,722	29,722
Res. for conting.	204,607	204,607
Cap. shares ($100)	302,000	302,000
Earned surplus	2,969,661	2,875,855
Total	$7,846,935	$8,434,914

[1]Book value of land included in fixed assets: 1943, $3,202,907; 1942, $3,266,104.

[2]After depreciation: 1943, $242,002; 1942, $219,717.

[3]Indebtedness to Fajardo Sugar Co. of Porto Rico, Fajardo Development Co. as follows on July 31, 1943: Mortgages (maturing Dec. 31, 1942—extension pending), $554,100; loans, $239,177; open accounts, $3,334,063; total, $4,127,340.

OPERATING STATISTICS

OPERATING STATISTICS, FISCAL YEARS ENDED JULY 31
(Including Loiza Sugar Co.)

[illegible] production:	1943	1942	1941	1940	1939	1938	1937
[illegible] tons	94,497	112,833	90,388	98,885	84,644	106,643	98,035
[illegible]	[1]755,978	[1]848,065	Not stated	[2]637,966	[2]546,094	[2]688,018	[2]632,438
Cane ground (tons)	810,287	1,017,165	780,742	900,423	706,911	873,141	803,339
[illegible] of working days	122	158	123	126	100	124	122

[1][illegible] bags. [2]310 lb. bags.