

Aldens

1953

ANNUAL REPORT

FOR THE FISCAL YEAR

ENDED JANUARY 31, 1954

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Aldens Management

BOARD OF DIRECTORS

R. L. ARNHEIM Vice President & Treasurer, Aldens, Inc.	W. A. KRAFFT President, Emporium World Millinery Co., Chicago
W. T. BRUCKNER Chairman of the Board, Cicero State Bank, Cicero, Ill.	G. P. MADIGAN Vice-President, Madigan Brothers, Inc., Chicago
C. E. BUTLER Business Consultant, Waterloo, Iowa	M. A. RISKIND Partner, D'Ancona, Pflaum, Wyatt & Riskind, Chicago
G. J. CULLINAN Vice President, Aldens, Inc.	LAWRENCE K. SCHNADIG President, International Furniture Company, Chicago
H. T. EATON Vice President, Aldens, Inc.	R. A. SEIDEL Vice President, Radio Corp. of America, New York, N.Y.
R. W. JACKSON President, Aldens, Inc.	H. J. STENTIFORD Vice President, Aldens, Inc.
W. P. WISEMAN Vice President & Trust Officer, Chicago Title & Trust Company	

COMPANY OFFICERS

R. W. JACKSON President
 R. L. ARNHEIM Vice President and Treasurer
 G. J. CULLINAN Vice President
 H. T. EATON Vice President
 O. D. FINKENBINDER Vice President
 H. J. STENTIFORD Vice President
 F. E. SHEVLIN Secretary
 R. MARKENS Assistant Secretary

FINANCE COMMITTEE

W. T. BRUCKNER, Chairman	W. A. KRAFFT, Vice Chairman
R. L. ARNHEIM	R. W. JACKSON
	LAWRENCE K. SCHNADIG

PROFIT SHARING PLAN COMMITTEE

R. L. ARNHEIM, Chairman	M. A. RISKIND, Vice Chairman
W. T. BRUCKNER	F. E. SHEVLIN
	J. C. STAEHLE

EXECUTIVE COMMITTEE

LAWRENCE K. SCHNADIG, Chairman	W. A. KRAFFT, Vice Chairman	R. L. ARNHEIM
R. W. JACKSON	M. A. RISKIND	W. P. WISEMAN

Aldens 1953 Record in Brief COMPARED WITH PREVIOUS YEARS

	1953	1952	1951	1950	1949
SALES	\$92,442,630	\$85,725,928	\$87,443,314	\$79,784,448	\$68,918,480
 EARNINGS					
Before Federal Tax on Income	\$ 3,407,273	\$ 2,110,653	\$ 3,673,494	\$ 4,554,448	\$ 1,378,742
After Federal Tax on Income	1,501,143	1,190,468 ⁽¹⁾	1,529,344	2,047,808	878,742
Times Preferred Stock Dividend Requirement	10.7	8.4 ⁽¹⁾	10.6	13.9	5.6
After Preferred Dividends	\$ 1,360,957	\$ 1,048,625 ⁽¹⁾	\$ 1,384,844	\$ 1,900,567	\$ 722,023
Per Share of Common Stock After Preferred Dividends	3.83	2.95 ⁽¹⁾	3.90	5.35	2.03
 DIVIDENDS PAID					
Per Share of Preferred Stock	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.25
Per Share of Common Stock	1.50	1.50	1.50	1.50	1.50
ANNUAL EARNINGS RETAINED IN BUSINESS	\$ 828,185	\$ 515,853	\$ 852,072	\$ 1,367,795	\$ 189,252
 ASSETS					
Cash and U.S. Government Securities	\$ 3,125,879	\$ 2,808,661	\$ 3,134,736	\$ 2,862,678	\$ 3,542,172
Receivables	19,564,335	16,947,723	15,500,170	12,867,047	8,731,871
Merchandise Inventories	10,207,412	10,591,429	10,625,141	12,236,964	8,087,060
Merchandise on Order	3,128,364	5,176,783	3,899,340	8,631,421	5,278,651
Working Capital	20,564,644	20,124,291	20,126,893	16,227,221	15,722,539
Current Ratio	2.36 to 1	2.54 to 1	2.68 to 1	2.14 to 1	3.38 to 1
Net Fixed Assets	\$ 3,763,123	\$ 3,920,670	\$ 3,794,746	\$ 3,729,048	\$ 3,196,711
Total Assets	39,810,693	37,287,138	35,922,145	34,198,141	25,630,151
 LONG TERM DEBT	 \$ 6,800,000	 \$ 7,100,000	 \$ 7,400,000	 \$ 4,300,000	 \$ 4,600,000
 CAPITAL STOCK					
Preferred Stock—4¼%, \$100 Par	\$ 3,293,997	\$ 3,383,163	\$ 3,428,043	\$ 3,487,973	\$ 3,643,393
Number of Preferred Shares Outstanding	32,370	33,300	33,600	34,100	35,900
Common Stock and Surplus	\$14,138,804	\$13,287,819	\$12,748,799	\$11,872,799	\$10,478,756
Number of Common Shares Outstanding	355,181	355,181	355,181	355,181	355,181
Book Value Common Stock	\$ 39.81	\$ 37.41	\$ 35.89	\$ 33.43	\$ 29.50

⁽¹⁾ Includes carry-back excess profits tax credit adjustment of \$161,116 which is equivalent to 45 cents per share of Common stock.

Aldens, INC.

EXECUTIVE OFFICES

CHICAGO 7

OFFICE OF THE PRESIDENT

April 19, 1954

To the Shareholders of Aldens:

Sales for the year totaled \$92,442,630, which was 7.8% over the previous year. This represents the highest sales volume in the history of the company. Our excellent gain can be seen by reference to Page 16 where the relationship of Aldens' catalog sales to those of the industry is shown. We believe our successful sales performance during 1953 was achieved by the program outlined to you in the annual report last year of offering more merchandise assortments; instituting strong time payment sales promotion; making more frequent customer contacts; and opening additional catalog offices in urban areas.

Consolidated earnings after taxes for the year 1953 amounted to \$1,501,143. This compared with \$1,190,468 in 1952, which included a carry-back excess profits tax credit adjustment of \$161,116. After provision for dividends on Preferred stock, earnings per share on Common stock equalled \$3.83. This compared with \$2.95 for the year 1952, after addition of carry-back tax credit equal to 45 cents per Common share. The higher profit this year was attained despite lower farm income, increased postage cost and more competitive selling conditions.

Dividends on Common shares for 1953 were maintained at 37½ cents quarterly or at the annual rate of \$1.50. This is the seventh consecutive year in which this rate of \$1.50 has been paid, and the twentieth consecutive year in which Aldens has paid dividends on Common stock.

Accounts receivable increased 15.4% over last year to a total of \$19,564,335. The entire increase took place in our time payment accounts. Excellent promotional results were achieved by a program to increase credit sales and customers. Time payment sales accounted for 27% of total sales in 1953.

Our merchandise inventory and commitments on January 31, 1954 amounted to \$13,335,776 or 15% below last year. Our lower position this year results partially from a later Easter in 1954, which permits somewhat later buying. With commodity markets steady to slightly down and retail sales in general lower than last year, we intend to maintain a conservative position on merchandise.

During 1953 Aldens' performance was substantially better than that of retailers generally. We believe that this resulted from certain planned changes in our merchandising, sales and operating techniques which we intend to continue during the current year. With costs still rising in many segments of the economy, it will be necessary through 1954 to maintain this aggressive approach to all phases of our business.

At the present time, sales for the fiscal year 1954 are approximately the same as for the comparable period last year. Barring any deep business recession, which we do not believe to be in the picture for the coming year, we have reason to believe that 1954 will be a successful year from the viewpoint of both sales and profits.

Over the past few years we have developed a nucleus of young, loyal, dynamic personnel and now have an organization which is experienced and capable. Our modern employee policies insure our maintaining a happy and successful team. We have extended our Union contract for the employees of the Mail Order Division for a period of two years, with a reopening clause for wages only on January 31, 1955.

My full appreciation is extended to all of Aldens' personnel for their continued zeal and endeavor; to our sources for their assistance; and to our Directors for their helpful judgment and guidance. All have contributed immeasurably to the success of our operation in the year 1953.

Sincerely,



1953 Review

SALES—\$92,442,630

Consolidated net sales totaled \$92,442,630. This represented an increase of 7.8% over the previous year. A five year comparison of sales follows:

	1953	1952	1951	1950	1949
First half of year - - - - -	\$38,985,743	\$36,735,960	\$36,224,103	\$32,105,016	\$29,796,276
Second half of year - - - - -	53,456,887	48,989,968	51,219,211	47,679,432	39,122,204
Total Net Sales for Year - - - - -	<u>\$92,442,630</u>	<u>\$85,725,928</u>	<u>\$87,443,314</u>	<u>\$79,784,448</u>	<u>\$68,918,480</u>

Our significant growth during 1953 in mail order sales relative to the industry is shown on Page 16.

EARNINGS—\$3.83 PER SHARE

Consolidated profit before Federal taxes on income for the year 1953 amounted to \$3,407,273, or 3.7% of sales, compared to \$2,110,653, or 2.5% of sales in 1952. After taxes and Preferred dividends, the profit per Common share in 1953 was \$3.83 compared with \$2.95 (1) last year. A five year comparison of earnings follows:

	1953	1952	1951	1950	1949
First half of year, before Federal taxes - - - - -	\$ 913,759	\$ 265,185	\$ 992,640	\$ 1,259,707	\$ 214,039
Second half of year, before Federal taxes - - - - -	2,493,514	1,845,468	2,680,854	3,294,741	1,164,703
Total for Year - - - - -	<u>\$ 3,407,273</u>	<u>\$ 2,110,653</u>	<u>\$ 3,673,494</u>	<u>\$ 4,554,448</u>	<u>\$ 1,378,742</u>
Federal taxes on income - - - - -	1,906,130	920,185	2,144,150	2,506,640	500,000
Consolidated Net Profit - - - - -	<u>\$ 1,501,143</u>	<u>\$ 1,190,468⁽¹⁾</u>	<u>\$ 1,529,344</u>	<u>\$ 2,047,808</u>	<u>\$ 878,742</u>

(1) Includes carry-back excess profits tax credit adjustment of \$161,116 which is equivalent to 45 cents per share of Common stock.

FEDERAL INCOME TAX RETURNS REVIEWED THROUGH JANUARY 31, 1953

The Bureau of Internal Revenue has completed its examination of Aldens and its subsidiaries' income tax returns through January 31, 1953. The reserve for taxes amply covers requirements through January 31, 1953 and estimated requirements for the year ended January 31, 1954.

1953 Review cont'd.

INSTALLMENT ACCOUNTS RECEIVABLE INCREASED 17% IN 1953

Installment accounts receivable rose to \$19,344,659 at January 31, 1954 from \$16,520,754 the previous year. Installment sales were 27% of total 1953 volume compared to 26% in 1952. Following is a comparative summary of the company's net receivables:

	January 31, 1954	January 31, 1953	% Increase 1953 Over 1952
Customers and Trade	\$ 1,974,530	\$ 2,097,399	- 5.9%
Time Payment	19,344,659	16,520,754	17.1
Total Accounts Receivable	<u>\$21,319,189</u>	<u>\$18,618,153</u>	14.5
Less—Reserve for doubtful accounts and collection expense	1,754,854	1,670,430	5.1
Net Accounts Receivable	<u><u>\$19,564,335</u></u>	<u><u>\$16,947,723</u></u>	<u>15.4</u>

INVENTORY AND COMMITMENTS DECREASED 15% DURING YEAR

Following is a comparative summary of the company's inventory and commitment position:

	January 31, 1954	January 31, 1953	% Increase 1953 Over 1952
Merchandise inventory (including in transit)	\$10,207,412	\$10,591,429	- 3.6%
Commitments	3,128,364	5,176,783	-39.6
Total Inventory and Commitments	<u>\$13,335,776</u>	<u>\$15,768,212</u>	<u>-15.4</u>

We are maintaining a conservative inventory policy. As has been our practice in the past, all goods have been inventoried on the basis of cost or market, whichever is lower.

FIXED ASSETS—\$3,763,123

Fixed assets at cost increased slightly during the year, but the Net Fixed Assets declined 4% after depreciation and amortization charges. At January 31, 1954, Net Fixed Assets were 9.5% of total assets compared to 10.5% last year.

	January 31, 1954	January 31, 1953	% Increase 1953 Over 1952
Real estate, leasehold improvements and equipment (at cost)	\$6,413,941	\$ 6,245,347	2.7%
Less—Reserves for amortization and depreciation	2,650,818	2,324,677	14.0
Net Fixed Assets	<u><u>\$3,763,123</u></u>	<u><u>\$ 3,920,670</u></u>	<u>-4.0</u>

1953 Review cont'd.

CURRENT RATIO—2.36

Net Working Capital at January 31, 1954 increased \$440,353 over January 31, 1953. The company's working capital position compared with prior years is presented below:

	January 31 1954	January 31 1953	January 31 1952	January 31 1951	January 31 1950
Current assets -	\$35,697,606	\$33,232,377	\$32,082,208	\$30,420,380	\$22,331,756
Current liabilities -	15,132,962	13,108,086	11,955,315	14,193,159	6,609,217
Net Working Capital -	<u>\$20,564,644</u>	<u>\$20,124,291</u>	<u>\$20,126,893</u>	<u>\$16,227,221</u>	<u>\$15,722,539</u>
Ratio of current assets to current liabilities -	2.36	2.54	2.68	2.14	3.38

LONG TERM DEBT

Long term debt consists of a 3½% promissory note dated February 16, 1951, due in annual installments of \$300,000 from 1954 to 1956, and thereafter \$400,000 annually through 1965. In February, 1966, the remaining balance will be due. During the year 1953, payment in the amount of \$300,000 was made against this note, leaving a balance due of \$6,800,000 as of January 31, 1954.

PREFERRED STOCK RETIREMENT

The sinking fund provisions for Preferred stock retirement require 800 shares to be retired on July 1, 1954. At January 31, 1954, 2,030 shares had been acquired at an average cost of \$71.92 per share for sinking fund purposes and are being carried as treasury stock. These shares will be available for the July 1, 1954 and subsequent sinking fund requirements. All shares of Preferred stock surrendered for sinking fund purposes are required to be cancelled and cannot be reissued.

BOOK VALUE OF COMMON STOCK INCREASES TO \$39.81 PER SHARE

The Common stock and surplus at January 31, 1954 amounted to \$14,138,804, an increase of \$850,985 over the previous year. This is a book value of \$39.81 per share compared to \$37.41 last year. The book value is determined as follows:

Book value at January 31, 1953 -		\$13,287,819
Earnings for year -		1,501,143
Excess of par over cost of Preferred shares cancelled during year -		22,800
		<u>\$14,811,762</u>
Less: { Cash dividends on Common stock -	\$532,772	
{ Cash dividends on Preferred stock -	140,186	672,958
Book value at January 31, 1954 -		<u>\$14,138,804</u>
Book value per Common share (355,181 shares) -		<u>\$39.81</u>

1953 Review cont'd.

DIVIDENDS PAID ON COMMON STOCK—\$1.50 PER SHARE

For the seventh consecutive year, dividends of \$1.50 per share were paid on the 355,181 shares of Common stock. Total dividends paid during the year to holders of the company's Common and Preferred stock amounted to \$672,958. The year 1953 marks the twentieth consecutive year in which Aldens has paid dividends.

STOCK OPTION

In connection with a contract entered into between your Company and Lehman Brothers and approved by the shareholders on December 7, 1943, five option warrants for a total of 53,000 shares of the unissued Common stock of your Company were at that time granted to Lehman Brothers. These option warrants have been fully disposed of as follows: Option No. 1 for 9,000 shares at \$17 per share was exercised in 1945. Option No. 2 for 9,500 shares at \$18 per share, exercisable through July 1, 1951, was not exercised by Lehman Brothers in consideration of a payment of \$20,000 by Aldens to Lehman Brothers on June 18, 1951, at which time the market price per share was \$21.87½. Option No. 3 for 10,500 shares at \$19 per share, exercisable through July 1, 1952, was not exercised by Lehman Brothers in consideration of a payment of \$15,750 by Aldens to Lehman Brothers on April 25, 1952 at which time the market price per share was \$21.87½. Option No. 4 for 11,500 shares at \$20 per share, exercisable through July 1, 1953, was not exercised on or before the expiration date thereof and thus lapsed. Final Option No. 5 for 12,500 shares at \$21 per share, exercisable on or before July 1, 1954, was assigned and surrendered to Aldens by Lehman Brothers on July 8, 1953 in consideration of a payment of \$12,500 by Aldens to Lehman Brothers; on said date the market price per share was \$19.25. In view of the fact that Option No. 5 had almost a full year to run and represented the right to acquire shares at \$21 which had a book value of \$37 per share, your Board of Directors regarded this transaction as a favorable opportunity to eliminate said Option No. 5.

ALDENS STOCK PRICE RANGE

The following is a five-year tabulation of the price range of Aldens stocks on the New York Stock Exchange:

	COMMON STOCK					PREFERRED STOCK				
	1953	1952	1951	1950	1949	1953	1952	1951	1950	1949
Shares Traded During Fiscal Year	82,300	71,800	132,600	207,460	71,430	2,950	2,995	5,660	3,510	4,290
High Price During Fiscal Year -	\$23½	\$23¾	\$27½	\$24⅝	\$18⅞	\$74	\$76	\$80	\$79½	\$73
Low Price During Fiscal Year -	\$17	\$18¼	\$20	\$15⅜	\$13⅞	\$70	\$70	\$70	\$70	\$64
Price at Close of Fiscal Year -	\$22⅝	\$18⅞	\$21¼	\$24½	\$17	\$72¾	\$72	\$70	\$79½	\$69½

SELECTION OF AUDITORS

A committee of three directors, not officers or employes of the company, was appointed by your Board of Directors to recommend the independent certified public accountants to audit the company's books. This committee selected and the Board appointed David Himmelblau & Co. to audit the company's records. Certified reports for the fiscal year ended January 31, 1954 are shown on pages 10 to 13.

Consolidated Balance Sheet of Aldens, inc. AND ITS WHOLLY-OWNED SUBSIDIARIES

ASSETS	JANUARY 31, 1954		JANUARY 31, 1953	
CURRENT ASSETS:				
Cash resources—				
Cash on deposit and on hand - - - - -	\$ 2,926,061		\$ 2,608,088	
U. S. Government securities plus accrued interest (market value \$200,875.00 at January 31, 1954) - - - -	199,818	\$ 3,125,879	200,573	\$ 2,808,661
Accounts receivable—				
Customers and trade - - - - -	\$ 1,974,530		\$ 2,097,399	
Time payments - - - - -	19,344,659		16,520,754	
	\$21,319,189		\$18,618,153	
Less—Reserve for doubtful accounts and collection expense - - - - -	1,754,854	19,564,335	1,670,430	16,947,723
Inventories (at lower of cost or market)—				
Merchandise inventory, including in transit - - - -	\$10,207,412		\$10,591,429	
Paper, supplies and postage stamps - - - - -	869,045	11,076,457	834,033	11,425,462
Prepaid expenses—				
Advances on Spring season catalogs and expenses - \$	1,842,784		\$ 1,952,668	
Unexpired insurance - - - - -	88,151	1,930,935	97,863	2,050,531
Total Current Assets - - - - -		\$35,697,606		\$33,232,377
OTHER ASSETS		349,964		134,091
FIXED ASSETS:				
Real estate, leasehold improvements and equipment (at cost) - - - - -	\$ 6,413,941		\$ 6,245,347	
Less—Reserves for amortization and depreciation - -	2,650,818	3,763,123	2,324,677	3,920,670
		\$39,810,693		\$37,287,138

LIABILITIES AND CAPITAL	JANUARY 31, 1954		JANUARY 31, 1953	
CURRENT LIABILITIES:				
Bank loans - - - - -		\$ 8,850,000		\$ 8,075,000
Accounts payable—trade creditors - - - - -		1,355,256		1,370,003
Due to customers for unfilled orders and refund vouchers		1,165,487		1,251,597
Accrued payrolls - - - - -		972,299		636,632
Accrued property and franchise taxes - - - - -		209,517		203,245
Accrued federal and state taxes (returns have been reviewed by Treasury Department through January 31, 1953)		2,541,910		1,507,212
Sundry payables - - - - -		38,493		64,397
Total Current Liabilities - - - - -		\$15,132,962		\$13,108,086
3½% promissory note, final maturity February 1, 1966 -		6,800,000		7,100,000
RESERVE ACCOUNTS:				
Insurance reserve - - - - -	\$ 266,407		\$ 246,588	
Returned goods profit and customers adjustments - -	167,000		159,000	
Sundry - - - - -	11,523	444,930	2,482	408,070
CAPITAL:				
4¼% Preferred stock, cumulative, \$100 par—				
Issued - - - - -	\$ 3,440,000		\$ 3,520,000	
Common stock, \$5 par—				
Authorized 600,000 shares				
Issued 355,181 shares - - - - -	1,775,905		1,775,905	
Paid-in surplus (premium on capital stocks) - - - -	1,484,903		1,462,103	
Earnings retained in the business (See Note) - - - -	10,877,996		10,049,811	
	\$17,578,804		\$16,807,819	
Less—Preferred treasury stock, at cost - - - - -	146,003	17,432,801	136,837	16,670,982
		\$39,810,693		\$37,287,138

NOTE: Under provisions of 3½% promissory note dated February 16, 1951, due in annual installments to 1966, with respect to the payment of dividends on the Common stock, approximately \$3,000,000 of earnings retained in the business was unrestricted at January 31, 1954.

Statement of Consolidated Income

FISCAL YEARS ENDED JANUARY 31, 1954 AND JANUARY 31, 1953

	Fiscal Year Ended January 31, 1954	Fiscal Year Ended January 31, 1953
GROSS SALES LESS RETURNS		
(including leased departments) - - - - -	\$92,442,630	\$85,725,928
COST OF GOODS SOLD		
(including publicity, occupancy and buying expense) -	<u>74,446,912</u>	<u>69,602,336</u>
Gross profit on sales - - - - -	\$17,995,718	\$16,123,592
OPERATING EXPENSES:		
Selling, general and administrative expenses - - - -	\$13,124,946	\$12,690,113
Building maintenance and repairs - - - - -	141,028	111,914
Depreciation and amortization - - - - -	309,380	286,384
Social security, property and sundry taxes - - - -	<u>554,773</u>	<u>557,311</u>
Income from operations - - - - -	\$ 3,865,591	\$ 2,477,870
OTHER INCOME:		
Interest received and anticipation - - - - -	\$ 100,199	\$ 81,680
Miscellaneous income - - - - -	<u>76,001</u>	<u>60,398</u>
	\$ 4,041,791	\$ 2,619,948
OTHER DEDUCTIONS:		
Interest expense - - - - -	\$ 566,996	\$ 474,702
Miscellaneous expense - - - - -	<u>67,522</u>	<u>34,593</u>
Income before provision for Federal taxes on income	\$ 3,407,273	\$ 2,110,653
PROVISION FOR NORMAL TAX AND SURTAX	1,906,130	1,081,301
Income after normal tax and surtax - - - - -	<u>\$ 1,501,143</u>	<u>\$ 1,029,352</u>
CREDIT ARISING FROM EXCESS PROFITS TAX CARRY-BACK	<u>---</u>	<u>161,116</u>
NET PROFIT FOR YEAR	<u>\$ 1,501,143</u>	<u>\$ 1,190,468</u>

Statement of Consolidated Surplus

FISCAL YEARS ENDED JANUARY 31, 1954 AND JANUARY 31, 1953

	Fiscal Year Ended January 31, 1954	Fiscal Year Ended January 31, 1953
PAID-IN SURPLUS (premium on capital stocks):		
Balance at beginning of year - - - - -	\$ 1,462,103	\$ 1,438,936
Add--Excess of par over cost of preferred shares cancelled during year - - - - -	22,800	23,167
Balance at end of year - - - - -	<u>\$ 1,484,903</u>	<u>\$ 1,462,103</u>
EARNINGS RETAINED IN THE BUSINESS:		
Balance at beginning of year - - - - -	\$10,049,811	\$ 9,533,958
Add--Net profit for year from income statement - - - - -	1,501,143	1,190,468
	<u>\$11,550,954</u>	<u>\$10,724,426</u>
Deduct--Cash dividends		
{ Common stock - - - - -	\$ 532,772	\$ 532,772
{ Preferred stock - - - - -	140,186	141,843
	<u>672,958</u>	<u>674,615</u>
Balance at end of year - - - - -	<u>\$10,877,996</u>	<u>\$10,049,811</u>

Auditors' Certificate

To SHAREHOLDERS OF ALDENS, INC.:

We have examined the consolidated balance sheet of Aldens, Inc. and its wholly-owned subsidiaries as of January 31, 1954 together with the related statements of consolidated income and consolidated surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated income and consolidated surplus present fairly the financial position of Aldens, Inc. and its wholly-owned subsidiaries at January 31, 1954 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding period.

Chicago, Illinois
March 8, 1954

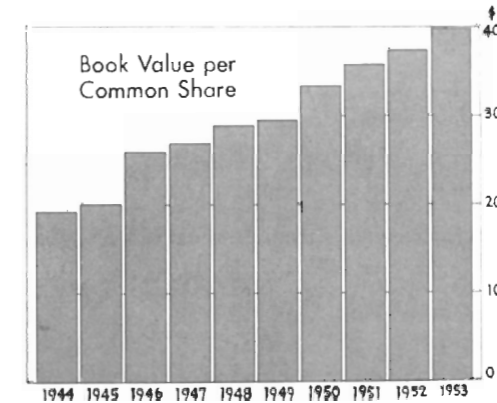
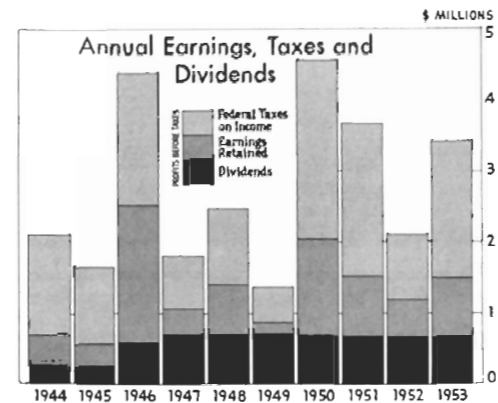
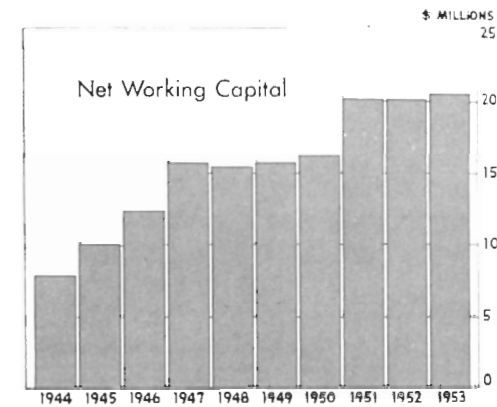
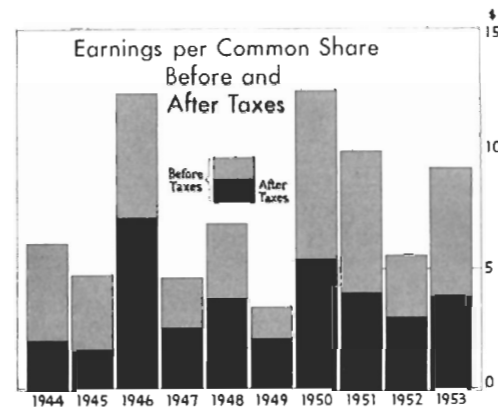


Certified Public Accountants

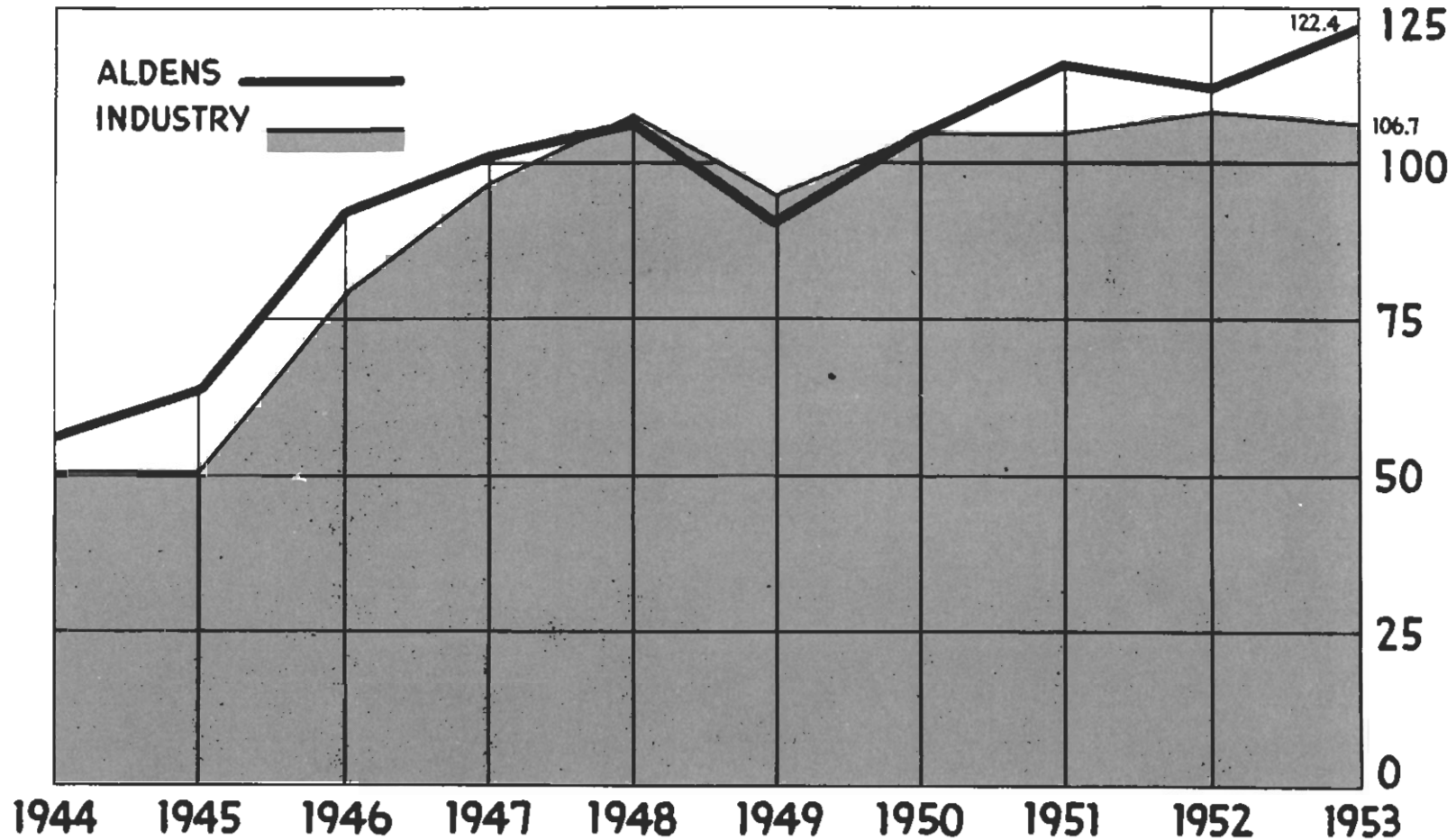
A Ten Year Performance Record of Aldens, inc.

Year (1)	Net Sales	Profit Before Taxes	Federal Taxes on Income	Profit for Year	Common Stock and Surplus	% Profit (2) to Common Stock and Surplus (4)	Book Value Per Share (4)	Profit per Share (4)		Dividends Per Common Share
								Before Taxes	After Taxes	
1953	\$92,442,630	\$3,407,273	\$1,906,130	\$1,501,143	\$14,138,804	10.2	\$39.81	\$9.20	\$3.83	1.50
1952	85,725,928	2,110,653	920,185(2)	1,190,468(2)	13,287,819	8.2(2)	37.41	5.54	2.95(2)	1.50
1951	87,443,314	3,673,494	2,144,150	1,529,344	12,748,799	11.7	35.89	9.94	3.90	1.50
1950	79,784,448	4,554,448	2,506,640	2,047,808	11,872,799	18.1	33.43	12.41	5.35	1.50
1949	68,918,480	1,378,742	500,000	878,742	10,478,756	7.0	29.50	3.44	2.03	1.50
1948	87,841,639(1)	2,617,379	1,134,400	1,482,979(2)	10,270,463	13.7	28.92	6.91	3.72	1.50
1947	79,248,307	1,812,571	751,525	1,061,046	9,613,602	9.7	27.07	4.64	2.52	1.50
1946	70,111,169	4,476,901	1,854,119	2,622,782(2)	9,251,018	35.3	26.05	12.32	7.10	1.37 1/2
1945	47,756,102	1,652,271	1,092,519	559,752	7,158,019	8.3	20.15	4.77	1.62	.75
1944	42,223,447	2,119,329	1,413,734	705,595	6,704,902	11.3	19.37	6.12	2.04	.75

(1) 1949 and subsequent cover the fiscal years ended January 31. The year 1948 covers the thirteen month period ended January 31, 1949; 1947 and prior cover calendar years. (2) Includes carry-back excess profits tax credit adjustment of \$161,116 which is equivalent to \$.45 per share of Common stock. (3) In addition, earned surplus was credited \$385,019 in 1948 for reserve for contingencies and was charged \$527,144 in 1948 for write-off of investment in subsidiaries in excess of cost of net tangible assets at dates of acquisitions, and was charged \$100,000 in 1946 for underwriting fees applicable to issuance of Preferred stock. (4) At beginning of year. (5) At end of year. (6) Since 1946, after Preferred dividends.



Aldens Annual Catalog Sales Compared to Industry



NOTES TO CHART:

1. 1947-1949 = 100%
2. Source: U. S. Department of Commerce
3. Industry: Includes the catalog sales of the four principal mail order companies

Information About Aldens

MERCHANDISE SOLD

Dresses (Juniors', Misses' and Women's), Coats, Suits, Hats, Sportswear, Shoes, Work Clothes, Hosiery, Lingerie, Underwear, Sweaters, Jewelry, Handbags, Accessories, Fabrics, Toys, Housewares, Appliances, Radios, Television Sets, Furniture, Stoves, Floor Coverings, Curtains, Sheets, Pillow Cases, Table Cloths, Infants' and Children's Wear, Sporting Goods, Luggage, Tools, Automobile Tires, Automobile Accessories, Musical Instruments, Typewriters, Paints, and Sundries.

EMPLOYEES

Approximate average number of employees - - - - - 4,400

CORPORATE DATA

Incorporated (Established in 1889) - - - - - Illinois, December 15, 1902
 Approximate number of shareholders - - - - - Common—2460; Preferred—470
 Annual Meeting of Shareholders and Directors - - - - - Fourth Friday in May
 Regular Meeting Date of Directors - - - - - Fourth Friday in February and August; Fourth Tuesday in November
 Regular Dividend Dates - { Preferred - - - - - April 1, July 1, October 1, and January 1
 Common - - - - - Approximately April 1, July 1, October 1, and December 31
 Transfer Agent—Common - - - - - Guaranty Trust Company of New York
 Registrar—Common - - - - - The Chase National Bank of the City of New York
 Transfer Agent—Preferred - - - - - National City Bank of New York
 Registrar—Preferred - - - - - Bankers Trust Company of New York

AUDITORS

Certified Public Accountants - - - - - David Himmelblau & Co., Chicago

COUNSEL

General Counsel—D'Ancona, Pflaum, Wyatt & Riskind, Chicago - - - New York Counsel—Pokart & Pokart, New York

STOCK EXCHANGE DATA

Preferred and Common Stock Listed on New York Stock Exchange (See Page 9).

Aldens Locations

ADMINISTRATION AND BUYING OFFICES

Central Office and Mail Order Plant
 511 South Paulina St., Chicago 7, Illinois
 New York Buying Office
 200 Madison Ave., New York 16, New York
 Credit Office
 1401-17 West Jackson Blvd., Chicago 7, Illinois
 Retail Office
 315-23 South Peoria St., Chicago 7, Illinois

WAREHOUSES

1114 West Cermak Road - - - - - Chicago 8, Illinois
 1416-26 West 37th Street - - - - - Chicago 9, Illinois
 2401 South Federal Street - - - - - Chicago 16, Illinois
 431 West Pershing Road - - - - - Chicago 9, Illinois

✓ ✓ ✓

Approximate total space occupied
 by offices and warehouses - - - - - 1,200,000 sq. ft.

ALDENS RETAIL STORES

ILLINOIS

Chicago
 Elmwood Park
 Kankakee
 Rockford

INDIANA

Bedford
 Bloomington
 Frankfort
 Terre Haute

IOWA

Iowa City
 Mason City

MICHIGAN

Lansing

ALDENS CATALOG OFFICES

ARKANSAS

Little Rock

COLORADO

Denver

GEORGIA

Atlanta

ILLINOIS

Aurora
 Berwyn
 Chicago
 Danville

ILLINOIS (...cont'd)

Decatur
 E. St. Louis
 Elgin
 Evanston
 Harvey
 Joliet
 Moline
 Peoria
 Quincy
 Rock Island
 Springfield
 Sterling
 Waukegan

INDIANA

Evansville
 Fort Wayne
 Gary
 Hammond
 Indianapolis
 Mishawaka

IOWA

Clinton
 Davenport
 Des Moines
 Dubuque

KENTUCKY

Louisville

MICHIGAN

Detroit
 Flint
 Grand Rapids
 Jackson
 Kalamazoo
 Lansing
 Muskegon
 Pontiac
 Royal Oak
 Saginaw
 Wayne

MINNESOTA

Minneapolis

MISSOURI

Kansas City
 St. Louis

NEBRASKA

Omaha

NEW JERSEY

Newark

NEW YORK

Buffalo
 New York City

OHIO

Akron
 Canton

OHIO (...cont'd)

Cincinnati
 Cleveland
 Columbus
 Dayton
 Springfield
 Toledo
 Youngstown

OKLAHOMA

Tulsa

PENNSYLVANIA

Erie
 Philadelphia
 Pittsburgh

WEST VIRGINIA

Wheeling

WISCONSIN

Madison
 Milwaukee
 Racine

✓ ✓ ✓

A total of
 66 locations
 in operation on
 January 31, 1954



In the presentation of data in this Annual Report we have followed the pattern of content, typography and format of our annual report of last year. We have done this because our previous report was not only enthusiastically received by shareholders but in addition was also awarded the Best of Industry Award in annual reporting by the "Financial World", a leading business publication. Your comments and suggestions in connection with this report are most welcome because of our desire to make this report as informative to you as possible.

