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LOBLAWS

Annual Report

FOR THE FISCAL YEAR ENDING MAY 31

1958



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LOBLAW COMPANIES LIMITED and subsidiary companies

board of directors

JUSTIN M. CORK

WM. E. CORK

G. E. HUFFMAN

D. L. McCLOCKLIN

R. G. MEECH, Q.C.

G. C. METCALF

K. B. PALMER Q.C.

executive officers

JUSTIN M. CORK
Chairman of the Board

GEORGE C. METCALF
President

R. G. MEECH, Q.C.
Vice-President, Secretary and Treasurer

G. E. HUFFMAN
Vice-President and General Manager

LOBLAW COMPANIES LIMITED and subsidiary companies

president's report to shareholders

It is with great pleasure that I present this report of your Company's attainment for the year ended May 31st, 1958.

Earnings for this second full year's operation, were \$7,555,826, being an increase of 12.7% over the previous year's total of \$6,702,796.

Dividends paid on the Redeemable Preferred shares at \$2.40 per share amounted to \$1,045,166. Balance of earnings attributable to combined Class A and Class B shares totalled \$6,510,660, equal to \$3.02 per share. This compares with earnings for year ended June 1, 1957 of \$2.64 per share.

Dividends of 40¢ per share were paid in the year on both Class A and Class B shares.

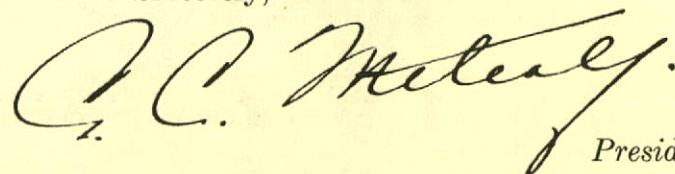
Total earnings derived from shares of Loblaw Groceterias Co., Limited include National Tea Co. earnings only to the extent of dividends received. A pro forma calculation to include net earnings of National Tea Co. shares owned by Loblaw Groceterias Co., Limited in excess of dividends received indicates that earnings on the combined Class A and Class B shares would be approximately \$3.60 per share.

During the year under review, additional shares of Loblaw Groceterias Co., Limited were acquired under the original exchange offer, the total holdings at May 31st, 1958 being 97.3% of both the Second Preference shares and the Common shares of this subsidiary.

Included herewith on pages 11-15 is the Annual Report of Loblaw Grocerterias Co., Limited for the fiscal year ended May 31, 1958 in preliminary form.

A more detailed presentation is being prepared which will be sent to you as soon as available.

Sincerely,

A handwritten signature in dark ink, appearing to read "C. C. McTeary". The signature is fluid and cursive, with a large initial "C" and a long, sweeping underline.

President

September 15, 1958.

L O B L A W C O M P A N I E S L I

Incorporated under the laws of Canada

assets

consolidated balance

CURRENT ASSETS:

Cash - - - - -	\$ 8,164,588	
Accounts receivable, less allowance for doubtful accounts- - - - -	7,027,925	
Cost of properties to be sold under lease back arrangements (see note 2) - - - - -	1,429,285	
Merchandise inventory as determined by the management and certified to be valued at not more than the lower of cost or market - - - - -	53,827,619	
Due from employees re pension fund, etc. - - - - -	<u>407,143</u>	\$ 70,856,560

INVESTMENT IN SHARES OF NATIONAL TEA CO., AT COST

(Quoted value \$36,651,000) - - - - -		41,030,310
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FIXED ASSETS, AT COST

Land - - - - -		10,411,850
Buildings - - - - -	\$24,530,851	
Equipment and improvements - - - - -	61,214,563	
Motor vehicles - - - - -	<u>4,651,040</u>	
	90,396,454	
Less Accumulated depreciation - - - - -	<u>32,883,946</u>	57,512,508
		67,924,358

OTHER ASSETS:

Preference shares, Loblaw Leased Properties Limited, at cost - - - - -	6,367,500	
Deferred charges to operations - - - - -	2,273,058	
Mortgages receivable - - - - -	2,574,930	
Deferred accounts receivable, less allowance for doubtful accounts - - - - -	945,798	
Notes receivable (secured) - - - - -	3,073,731	
Organization and financing expenses - - - - -	250,175	
Goodwill - - - - -	<u>1</u>	15,485,193
		<u>\$195,296,421</u>

auditor's report

To the Shareholders of LOBLAW COMPANIES LIMITED

We have examined the consolidated balance sheet of Loblaw Companies Limited and subsidiary companies as at May 31, 1958 and the consolidated statements of income and earned surplus for the year ended on that date, and we have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of auditors of certain subsidiaries whose accounts have not been reviewed by us.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and earned surplus, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of Loblaw Companies Limited and subsidiary companies as at May 31, 1958 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given us and as shown by the books of the companies.

Toronto, Ontario,
August 15, 1958

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

M I T E D and subsidiary companies

sheet May 31, 1958

liabilities

CURRENT LIABILITIES:	
Bank loans and overdrafts - - - - -	\$ 9,688,309
Notes payable - - - - -	7,571,855
Accounts payable and accrued liabilities - - - - -	36,945,395
Dividends payable - - - - -	739,867
Income taxes payable - - - - -	3,577,679
Sinking fund instalments and serial debentures due within one year - - - - -	<u>2,060,000</u>
	\$ 60,583,105
MORTGAGES PAYABLE - - - - -	918,504
LONG-TERM INDEBTEDNESS (see note 4) - - - - -	46,736,368
REAL ESTATE CARRYING CHARGE RESERVE (see note 7) - - - - -	3,430,723
DEFERRED TAXES ON INCOME OF U.S. SUBSIDIARY - - - - -	628,000
MINORITY INTERESTS:	
Preferred and common shares and proportion of surplus of subsidiaries - - - - -	34,597,140
SHAREHOLDERS' EQUITY:	
Capital stock (see note 8)	
Authorized:	
1,000,000 Preferred shares having a par value of \$50.00 each, issuable in series	
2,500,000 Class A shares without par value	
3,000,000 Class B shares without par value	
Issued (see note 9)	
435,972 \$2.40 Cumulative Redeemable Preferred shares - - - - -	21,798,600
179,516 Class A shares } - - - - -	15,432,171
1,977,931 Class B shares }	
Earned surplus - - - - -	<u>11,171,810</u>
	<u>48,402,581</u>
	<u>\$195,296,421</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Approved on behalf of the Board.

G. C. METCALF, *Director*.

R. G. MEECH, *Director*

LOBLAW COMPANIES LIMITED and subsidiary companies

consolidated statement of income YEAR ENDED MAY 31, 1958

Income from all operations before taking into consideration the undernoted items - - - - -		\$24,792,758
<i>Add:</i>		
Dividends received from National Tea Co. less U.S. withholding tax thereon - - - - -	\$ 1,205,626	
Income from other investments - - - - -	70,210	
Applicable portion of real estate carrying charge reserve - - - - -	460,989	1,736,825
		<u>26,529,583</u>
<i>Deduct:</i>		
Allowance for depreciation - - - - -	6,274,295	
Employees' pension fund - - - - -	674,990	
Interest on sinking fund bonds and debentures - - - - -	2,047,736	
Interest on other long term indebtedness - - - - -	93,185	9,090,206
		<u>17,439,377</u>
Income before taxes thereon - - - - -		7,012,694
Taxes on income - - - - -		<u>10,426,683</u>
<i>Deduct:</i>		
Minority interest in income - - - - -		2,870,857
NET INCOME FOR YEAR - - - - -		<u>\$ 7,555,826</u>

consolidated statement of earned surplus YEAR ENDED MAY 31, 1958

Balance, June 1, 1957 - - - - -		\$ 5,941,534
Net income for year - - - - -		<u>7,555,826</u>
		\$13,497,360
<i>Deduct:</i>		
Dividends, Preferred shares - - - - -	\$ 1,045,166	
Dividends, Class A shares - - - - -	70,712	
Dividends, Class B shares - - - - -	790,195	
Expenses re sale of debentures - - - - -	273,114	
Premium on preference shares purchased for cancellation - - - - -	8,380	
Consolidated goodwill written off - - - - -	137,983	2,325,550
		<u>\$11,171,810</u>
BALANCE, MAY 31, 1958 - - - - -		

LOBLAW COMPANIES LIMITED and subsidiary companies

notes to consolidated financial statement YEAR ENDED MAY 31, 1958

1. The accounts of Loblaw Inc., a U.S. corporation, are reflected at par of exchange.
2. The cost of properties to be sold under lease-back arrangements represents properties which it is reasonably anticipated will be sold within the period of approximately one year.
3. The taxes on income as shown in the Consolidated Statement of Income are after a reduction of approximately \$568,000 because of the intention of certain subsidiary companies to claim for tax purposes depreciation to the extent of approximately \$1,161,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$1,852,000.

4. Long term indebtedness consists of the following obligations of subsidiary companies:

Bank loans, secured by automotive equipment, due 1958 to 1961 - - - - -	\$ 303,985	
Notes payable in annual instalments of \$200,000 each January 15 with final instalment reduced by any optional or contingent payments made in accordance with terms of loan agreements - - - -	1,292,000	
Mortgage payable—payable in quarterly instalments of \$20,000 each - - - - -	1,200,000	
Mortgage payable—affiliated company—executed June 16, 1958 under terms of letter of commitment dated May 30, 1958 -	2,000,000	
	<u>4,795,985</u>	
Less Instalments included in current liabilities as notes payable - - - - -	644,617	4,151,368
4¾% Twenty-year sinking fund debentures maturing March 1, 1973 and March 1, 1974 less sinking fund instalments aggregating \$900,000 due March 1, 1959 included in current liabilities - - - -		13,100,000
4% Debentures, Series C:		
Serial debentures maturing October 15, 1958 to 1965 less \$400,000 due October 15, 1958 included in current liabilities - - - - -	2,800,000	
Sinking fund debentures maturing October 15, 1975 less \$80,000 due October 15, 1958 included in current liabilities - -	7,760,000	10,560,000
Carried forward - - - - -		<u>\$27,811,368</u>

Brought forward - - - - - \$27,811,368

4¾% Sinking fund debentures, Series D (convertible into Class A shares of Loblaw Companies Limited) maturing October 1, 1976 less sinking fund instalment of \$360,000 due October 1, 1958 included in current liabilities - - - - - 11,245,000

6% Sinking fund debentures, Series E (carrying warrants to purchase Class A shares of Loblaw Companies Limited) maturing September 1, 1977 less sinking fund instalment of \$320,000 due September 1, 1958 included in current liabilities - - - - 7,680,000
\$46,736,368

5. There are contracts outstanding for the further expansion of the retail facilities of Loblaw Groceries Co., Limited and its subsidiaries, the total of which, although substantial, cannot accurately be determined at this time.

6. The aggregate minimum rentals (exclusive of taxes, insurance and other occupancy charges to be paid by the company's subsidiaries) under long term leases (extending beyond five years from balance sheet date) in effect at May 31, 1958 for each of the periods shown, are as follows:

1959-63	\$35,124,284	1974-78	\$15,024,968
1964-68	29,508,759	1979-83	10,545,910
1969-73	20,449,934	After 1983	3,987,136
	Total minimum rent liability		<u>\$114,640,991</u>

Continued on page 8

7. The real estate carrying charge reserve originates from the excess of sale price over depreciated cost of certain store properties sold and is being amortized over the periods of long-term leases entered into by Loblaw Groceterias Co., Limited and its subsidiaries on the respective properties. During the year charges to the reserve totalled \$549,913 covering an adjustment of \$88,924 in connection with a sale made in the previous year, and amortization of \$460,989. This latter charge to the reserve reflects a change in the company's method of calculating the amortization.

8. The Class A shares carry a non-cumulative preferential dividend after payment of dividends on the Preferred shares of 25¢ per share per annum and participate equally with the Class B shares after payment of 25¢ per share on the latter.

9. The consideration received for the issue of capital stock of the company during the year was as follows:

704 Second Preference shares of Loblaw Groceterias Co., Limited for
704 \$2.40 Cumulative Redeemable Preferred shares and 279 Class
A shares.

Cash for 2,925 \$2.40 Cumulative Redeemable Preferred shares.

\$140,000 4¾% Debentures, Series D of Loblaw Groceterias Co.,
Limited for 6,300 Class A shares.

1,807 Common shares of Loblaw Groceterias Co., Limited for 7,228
Class B shares.

10. The trust indenture and indentures supplemental thereto, under which the debentures of Loblaw Groceterias Co., Limited were issued, contain restrictions on the payment of cash dividends and the redemption, reduction or purchase of capital stock by that company.

11. The 4¾% sinking fund debentures, Series D of Loblaw Groceterias Co., Limited are convertible at the holder's option into Class A shares of Loblaw Companies Limited. Loblaw Companies Limited has covenanted to reserve a maximum of 540,000 of its Class A shares for issuance upon conversion of said debentures. The 6% sinking fund debentures, Series E, of Loblaw Groceterias Co., Limited have attached thereto share purchase warrants entitling the holders to purchase Class A shares of Loblaw Companies Limited. Loblaw Companies Limited has covenanted to reserve 160,000 Class A shares for issuance upon the exercise of such share purchase warrants.

PRELIMINARY ANNUAL REPORT

**LOBLAW GROCETERIAS
CO., LIMITED**

FOR THE FISCAL YEAR ENDED MAY 31, 1958

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

board of directors

JUSTIN M. CORK

WM. E. CORK

G. E. HUFFMAN

D. L. McCLOCKLIN

R. G. MEECH, Q.C.

G. C. METCALF

K. B. PALMER Q.C.

executive officers

JUSTIN M. CORK
Chairman of the Board

GEORGE C. METCALF
President

R. G. MEECH, Q.C.
Vice-President, Secretary and Treasurer

G. E. HUFFMAN
Vice-President and General Manager

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

president's report to shareholders

In the year ended May 31st, 1958, your Company recorded its greatest achievement to date in both earnings and sales volume.

Consolidated net earnings for the year totalled \$8,804,084., an increase of \$788,344., or 9.8% over last year's total of \$8,015,740.

After payment of dividends on First Preference shares of \$995,344., the earnings on the combined Second Preference and Common shares for the year ended May 31, 1958 equal \$8.20 per share.

Canadian retail sales this year totalled \$325,346,316., an increase of \$40,336,063., or 14.1% over the previous year's record of \$285,010,253.

Net profit deriving from these sales for year ended May 31, 1958 was \$7,095,014., or 2.15% of sales.

This preliminary report will be supplemented by a more detailed presentation which is now in preparation.

Sincerely,


President

September 15, 1958

L O B L A W G R O C E T E R I A S C O . ,

Incorporated under the laws of Ontario

assets

consolidated balance

CURRENT ASSETS:

Cash - - - - -	\$ 8,161,923	
Accounts receivable, less allowance for doubtful accounts - - - - -	7,027,925	
Cost of properties to be sold under lease-back arrangements (see note 2) - - - - -	1,429,285	
Merchandise inventory as determined by the management and certified to be valued at not more than the lower of cost or market - - - - -	53,827,619	
Due from employees re pension fund, etc. - - - - -	407,143	\$ 70,853,895
ADVANCE TO LOBLAW COMPANIES LIMITED - - - - -		72,500
INVESTMENT IN SHARES OF NATIONAL TEA CO. AT COST (quoted value \$36,651,000) - - - - -		41,030,310

FIXED ASSETS, AT COST:

Land - - - - -	10,411,850	
Buildings - - - - -	\$24,530,851	
Equipment and improvements - - - - -	61,214,563	
Motor vehicles - - - - -	4,651,040	
	90,396,454	
Less Accumulated depreciation - - - - -	32,883,946	57,512,508
		67,924,358

OTHER ASSETS:

Preference shares, Loblaw Leased Properties Limited, at cost - - - - -	6,367,500	
Deferred charges to operations - - - - -	2,273,058	
Mortgages receivable - - - - -	2,574,930	
Deferred accounts receivable, less allowance for doubtful accounts - - - - -	945,798	
Notes receivable (secured) - - - - -	3,073,731	
Goodwill - - - - -	1	15,235,018
		<u>\$195,116,081</u>

auditors' report

To the Shareholders of LOBLAW GROCETERIAS Co., LIMITED

We have examined the consolidated balance sheet of Loblaw Groceterias Co., Limited and subsidiary companies as at May 31, 1958 and the consolidated statements of income and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of auditors of certain subsidiaries whose accounts have not been reviewed by us.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and earned surplus, supplemented by the notes thereto, fairly present the combined financial position of Loblaw Groceterias Co., Limited and subsidiary companies as at May 31, 1958 and the results of their operations for the year ended on that date.

Toronto, Ontario,
August 15, 1958.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

L I M I T E D a n d s u b s i d i a r y c o m p a n i e s

sheet May 31, 1958

liabilities

CURRENT LIABILITIES:

Bank loans and overdrafts	- - - - -	\$ 9,688,309	
Notes payable	- - - - -	7,571,855	
Accounts payable and accrued liabilities	- - - - -	36,936,148	
Dividend payable	- - - - -	740,353	
Income taxes payable	- - - - -	3,577,679	
Sinking fund instalments and serial debentures due within one year	- - - - -	<u>2,060,000</u>	\$ 60,574,344

MORTGAGES PAYABLE	- - - - -		918,504
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LONG-TERM INDEBTEDNESS (see note 4)	- - - - -		46,771,368
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REAL ESTATE CARRYING CHARGE RESERVE (see note 7)	- - - - -		3,430,723
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MINORITY INTERESTS:

Preferred and common shares and proportion of surplus of subsidiaries	- - - - -		13,496,909
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DEFERRED TAXES ON INCOME OF U.S. SUBSIDIARY	- - - - -		628,000
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SHAREHOLDERS' EQUITY:

Capital stock (see note 8):

Authorized:

- 1,500,000 First Preference shares, par value \$30.00 each, issuable in series (of which 6,395 shares were cancelled during year)
- 577,515 Second Preference shares, (redeemable) without par value
- 600,000 Common shares without par value

Issued:

658,605 \$1.50 Cumulative Redeemable First Preference shares, Series A	- - - - -	19,758,150	
445,056 Second Preference shares	}	7,179,422	
508,300 Common shares			
Earned surplus	- - - - -	40,618,711	
Contributed surplus arising from sale of capital stock at a premium, less premium on shares purchased for cancellation	- -	<u>1,739,950</u>	69,296,233
			<u>\$195,116,081</u>

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

Approved on behalf of the Board.

G. C. METCALF, *Director*

R. G. MEECH, *Director*

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

consolidated statement of income YEAR ENDED MAY 31, 1958

Income from all operations before taking into consideration the undernoted items - - - - -		\$24,840,423
Add:		
Dividends received from National Tea Co. less U.S. withholding tax thereon - - - - -	1,205,626	
Income from other investments - - - - -	70,210	
Applicable portion of real estate carrying charge reserve - - - - -	460,989	1,736,825
		<u>26,577,248</u>
Deduct:		
Allowance for depreciation - - - - -	6,274,295	
Employees' pension fund - - - - -	674,990	
Interest on sinking fund bonds and debentures - - - - -	2,050,444	
Interest on other long term indebtedness - - - - -	93,185	9,092,914
Income before taxes thereon - - - - -		<u>17,484,334</u>
Taxes on income - - - - -		7,012,694
		<u>10,471,640</u>
Deduct Minority interest in income - - - - -		1,667,556
NET INCOME FOR YEAR - - - - -		<u>\$ 8,804,084</u>

consolidated statement of earned surplus YEAR ENDED MAY 31, 1958

Balance, June 1, 1957 - - - - -		\$35,184,981
Net Income for year - - - - -		8,804,084
		<u>43,989,065</u>
Deduct:		
Dividends, First Preference shares - - - - -	\$ 995,344	
Dividends, Second Preference shares - - - - -	916,815	
Dividends, Common shares - - - - -	1,047,098	
Expenses re sale of debentures - - - - -	273,114	
Consolidated goodwill written off - - - - -	137,983	3,370,354
BALANCE, MAY 31, 1958 - - - - -		<u>\$40,618,711</u>

LOBLAW GROCETERIAS CO., LIMITED and subsidiary companies

notes to consolidated financial statement YEAR ENDED MAY 31, 1958

- The accounts of Loblaw Inc., a U.S. corporation, are reflected at par of exchange.
- The cost of properties to be sold under lease-back arrangements represents properties which the company reasonably anticipates will be sold within the period of approximately one year.
- The taxes on income as shown in the Consolidated Statement of Income are after a reduction of approximately \$568,000 because of the intention of the company and certain subsidiary companies to claim for tax purposes depreciation to the extent of approximately \$1,161,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$1,852,000.
- Long-term indebtedness consists of the following:

Bank loans secured by automotive equipment due 1958 to 1961	- \$	303,985	
Notes payable in annual instalments of \$200,000 each January 15th, with final instalment reduced by any optional or contingent payments made in accordance with terms of loan agreements	- - - - -	1,292,000	
Mortgage payable—payable in quarterly instalments of \$20,000 each	- - - - -	1,200,000	
Mortgage payable—affiliated company—executed June 16, 1958 under terms of letter of commitment dated May 30, 1958	- - - - -	2,000,000	
		<u>4,795,985</u>	
Less Instalments included in current liabilities as notes payable	- - - - -	644,617	4,151,368
4¾% Twenty year sinking fund debentures maturing March 1, 1973 and March 1, 1974 less sinking fund instalments aggregating \$900,000 due March 1, 1959 included in current liabilities	- - - - -		13,100,000
4% Debentures, Series C:			
Serial debentures maturing October 15, 1958 to 1965 less \$400,000 due October 15, 1958 included in current liabilities	- - - - -	2,800,000	
Sinking fund debentures maturing October 15, 1975 less \$80,000 due October 15, 1958 included in current liabilities	- - - - -	7,760,000	10,560,000
4¾% Sinking fund debentures, Series D (convertible into Class A shares of Loblaw Companies Limited) maturing October 1, 1976 less sinking fund instalment of \$360,000 due October 1, 1958 included in current liabilities	- - - - -		11,280,000
6% Sinking fund debentures, Series E (carrying warrants to purchase Class A shares of Loblaw Companies Limited) maturing September 1, 1977 less sinking fund instalment of \$320,000 due September 1, 1958 included in current liabilities	- - - - -	7,680,000	
		<u>\$46,771,368</u>	
- There are contracts outstanding for the further expansion of the retail facilities of the company and its subsidiaries, the total amount of which, although substantial, cannot accurately be determined at this time.
- The aggregate minimum rentals (exclusive of taxes, insurance and other occupancy charges to be paid by the company and its subsidiaries) under long-term leases (extending beyond five years from balance sheet date) in effect at May 31, 1958 for each of the periods shown, are as follows:

1959-63	\$35,124,284	1974-78	\$15,024,968
1964-68	29,508,759	1979-83	10,545,910
1969-73	20,449,934	After 1983	3,987,136
Total minimum rent liability			<u>\$114,640,991</u>
- During the year certain properties were sold for an aggregate consideration of \$9,182,350 and long term leases were entered into with respect to the same properties.
- The real estate carrying charge reserve originates from the excess of sale price over depreciated cost of certain store properties sold and is being amortized over the periods of long-term leases entered into by Loblaw Groceries Co., Limited and its subsidiaries on the respective properties. During the year charges to the reserve totalled \$549,913 covering an adjustment of \$88,924 in connection with a sale made in the previous year, and amortization of \$460,989. This latter charge to the reserve reflects a change in the company's method of calculating the amortization.
- During the year the company purchased for cancellation 6,395 \$1.50 First Preference shares at a cost of \$200,230, the premium of \$8,380 being charged to contributed surplus.
- The \$1.50 Cumulative Redeemable First Preference shares, Series A, carry a cumulative preferential dividend of \$1.50 per share, have a priority on winding up of \$33.50 per share, together with all unpaid preferential dividends, may be purchased for cancellation at market but not exceeding \$35.00 and costs of purchase and all unpaid preferential dividends and are redeemable at \$35.00 per share, together with all unpaid preferential dividends. The company is obligated to apply to the retirement of the \$1.50 Cumulative Redeemable First Preference shares, Series A, an amount not exceeding \$200,000 in each fiscal year of the company, provided that such shares are available for purchase at a price not exceeding \$33.50 per share.
- The Second Preference shares carry a cumulative preferential annual dividend of 50¢ per share and participate equally with the Common Shares after payment of 50¢ per share annually on the latter. The Second Preference shares have a priority on winding up of \$15.00 per share and may be purchased for redemption at market but not exceeding \$50.00 per share and are redeemable at \$50.00 per share.
- The trust indenture and indentures supplemental thereto, under which the debentures of the company were issued, contain restrictions on the payment of cash dividends and the redemption, reduction, or purchase of capital stock.

