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MEMBER NEW YORK STOCK EXCHANGE, INC. AND OTHER PRINCIPAL EXCHANGES

*HAWES*

## INVESTMENT RESEARCH

May 24, 1974

### Some Stocks Mr. Graham Might Buy

The New York Times on Sunday May 5th published an interview with Benjamin Graham, considered by many to be the dean of fundamental Security Analysis. Mr. Graham co-authored the well known text, Security Analysis, Principals & Techniques. Now eighty years old and retired, Mr. Graham still believes his primary investment principle of buying value is the key to successful investing. During the interview Mr. Graham listed the following seven criteria, which he felt should be the basis for successful stock selection:

1. Current assets are at least two times current liabilities.
2. Debt is not more than 110% of net current assets.
3. The company has paid a cash dividend for at least the past 20 consecutive years.
4. There has been no deficit in the last 5 years.
5. The price/earnings multiple is a maximum of 8.
6. The stock is selling at no more than 1/2 of its previous high.
7. The stock is selling at no more than 2/3 of net tangible book value per share.

Recognizing Mr. Graham's status in the financial community, the New York Times felt it worthwhile to convey his philosophy to the investing public. We thought it would be beneficial to carry the idea one step further and generate a list of investment opportunities which meet his criteria.

Of the approximately 1800 major, publicly owned industrial corporations which we examined, the 153 listed below met all seven of Mr. Graham's criteria, based on data as of April 30, 1974. For each of the companies we have supplied the compounded growth rate of earnings per share over the last five years and the indicated current yield based on latest declared dividend.

<u>Company Name</u>	<u>Closing Price April 30 (Rounded)</u>	<u>5-Year Growth Rate E.P.S. (%) (Rounded)</u>	<u>Indicated Current Yield (%) (Rounded)</u>	<u>Consecutive Cash Dividend Paid Since</u>
Akzona	20.50	1	5	1934
American Can Co.	28.00	1	8	1923
American Maize Products	6.00	5	5	1929
Ameron, Inc.	11.50	5	6	1939
Anchor Hocking Corp.	17.00	-3	6	1914
Armstrong Rubber	19.00	1	8	1937
Aro Corp.	13.00	4	7	1931
Ass'd Dry Goods Corp.	24.00	5	6	1943
Barry Wright Corp.	6.50	-2	5	1953
Belden Corp.	17.00	4	7	1933
Belding Heminway	7.00	11	4	1934
Beneficial Corp.	16.50	4	7	1929
Big Bear Stores Cl. A	19.00	5	6	1951
Bliss & Laughlin Inds.	14.00	3	7	1939
Blue Bell, Inc.	18.50	10	4	1923
Book-of-the-Month Club Inc.	16.50	12	8	1927
Borg-Warner Corp.	18.50	7	7	1928
Brockway Glass Co.	13.00	-6	6	1927
Brown Group, Inc.	23.50	7	7	1923
Buffalo Forge Co.	17.50	0	7	1934
Bulova Watch Co.	11.00	0	6	1937
Bundy Corp.	13.00	6	10	1944
Burlington Inds., Inc.	24.50	0	6	1931
California Portland Cement	13.00	-1	8	1909
Carlisle Corp.	16.50	17	4	1950
Carpenter Technology	24.50	5	4	1907
Carrier Corp.	11.50	12	4	1948
Ceco Corp.	14.50	6	7	1921
Cessna Aircraft Co.	13.50	7	6	1941
Chemetron Corp.	15.00	-3	6	1935
Chicago Pneumatic Tool Co.	25.00	-2	8	1941
Cooper Tire & Rubber	11.00	19	10	1950
Courtaulds Ltd.	2.00	18	6	1913
Crompton & Knowles Corp.	11.50	4	7	1933
Crowley Milner & Co.	7.50	19	5	1947
Cutler-Hammer, Inc.	26.00	17	5	1939
Dart Inds.	17.50	7	2	1951
Dennison Mfg. Co.	17.00	23	5	1942
Edison Brothers Stores	21.50	9	5	1934
Electrographic Corp.	10.00	-1	8	1935
Eltra Corp.	23.50	8	6	1940

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Emhart Corp.	18.00	2	7	1902
Ex-Cell-O Corp.	14.00	-5	6	1936
FMC Corp.	18.00	3	5	1935
Federal Co.	16.50	11	8	1926
Federal Sign & Signal	7.00	-2	4	1948
Ferro Corp.	19.00	16	4	1939
Firestone Tire & Rubber	16.50	8	5	1924
GF Business Equipment	5.50	-4	5	1935
Genesco, Inc.	5.50	-21	9	1934
Goodrich, B.F. & Co.	23.00	9	4	1939
Gould, Inc.	20.00	10	5	1939
Grain Belt Breweries	4.00	-14	6	1938
Graniteville Co.	16.00	17	7	1941
Grolier, Inc.	4.50	-2	17	1953
Guardsman Chemical Coat	6.00	0	7	1918
Hammond Corp.	9.50	-5	4	1936
← Hanes Corp.	8.50	17	7	1942
Harcourt Brace Jovanovich	17.00	4	6	1922
Harnischfeger Corp.	27.50	77	4	1941
Harper Row Publishers	6.00	0	7	1938
Harsco Corp. Del.	13.50	4	7	1939
Hart Schaffner & Marx Co.	11.00	0	8	1939
Hastings Mfg. Co.	7.00	20	6	1940
Hoskins Mfg. Co.	7.00	9	10	1934
Houdaille Inds., Inc.	10.50	6	8	1947
Houghton Mifflin Co.	10.00	14	4	1908
Household Finance Corp.	14.00	1	6	1917
Huffman Mfg.	8.00	-4	4	1950
I.T.E. Imperial Corp.	16.50	5	4	1940
Interco, Inc.	25.00	4	5	1913
√ Interpace Corp.	15.50	4	7	1936
— Jantzen, Inc.	12.00	3	5	1940
Johnson Service Co.	11.00	1	7	1901
— Keystone Cons. Inds., Inc.	19.50	5	3	1934
Koehring Co.	12.00	4	4	1941
Kysor Industrial Corp.	9.00	5	6	1936
Lane Bryant, Inc.	10.00	4	7	1941
Mallory, P.R. & Co.	17.50	5	6	1935
Mansfield Tire & Rubber Co.	6.00	-9	8	1936
Marshall Field & Co.	18.00	3	7	1939

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May Department Stores Co.	24.00	8	7	1911
Mays, J. M. Inc.	6.00	-7	8	1951
McCord Corp.	12.00	1	7	1946
McNeil Corp.	11.50	3	6	1951
Meredith Corp.	10.00	-6	7	1930
Michigan Seamless Tube	13.00	4	8	1939
Midland-Ross Corp.	11.50	0	7	1936
Mount Vernon Mills, Inc.	15.50	0	7	1946
Munsingwear, Inc.	16.50	2	6	1940
Murphy, G. C. & Co.	14.50	2	8	1913
Narco Scientific Inds.	7.50	-9	8	1952
National Gypsum Co.	13.50	7	8	1939
National Service Inds., Inc.	9.50	6	7	1945
Norlin Corp.	16.50	9	5	1937
Norris Inds., Inc.	19.00	4	6	1937
Oneida Limited	11.50	1	7	1936
Opelika Mfg. Corp.	14.00	5	7	1949
Outboard Marine Corp.	17.50	14	6	1937
Peoples Drug Stores, Inc.	6.50	5	3	1927
Pep Boys-Manny Moe & Jack	15.00	3	7	1950
Pneumatic Scale Corp.	10.50	16	6	1937
Portec, Inc.	17.00	1	5	1944
Pratt & Lambert, Inc.	12.00	1	8	1905
Purex Corp.	10.50	1	8	1936
Ranco, Inc.	12.50	3	7	1942
Raybestos-Manhattan, Inc.	17.50	5	6	1895
Reeves Bros., Inc.	20.50	8	7	1942
Reliable Stores Corp.	7.00	16	8	1936
Remington Arms Co.	11.00	-1	9	1936
Rexnord, Inc.	18.00	5	6	1894
Richardson Co.	12.50	1	6	1932
Riegel Textile Corp.	15.00	48	6	1946
Robertshaw Controls	14.50	4	6	1941
Rust Craft Greeting Cards	8.00	12	5	1939
S.O.S. Consolidated	6.50	6	4	1943
S.C.O.A. Inds., Inc.	6.50	-3	9	1929
Scott Foresman Co.	8.50	2	7	1922
Scovill Mfg. Co.	13.50	6	6	1856
Shakespeare Co.	6.50	7	4	1946
Sheller-Globe	7.50	-4	7	1934

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Sherwin-Williams Co.	37.00	6	5	1885
Simmons Co.	15.00	6	7	1936
Skaggs Companies, Inc.	10.50	2	4	1949
Slater, Walker America Ltd.	11.00	0	4	1937
Smith, A.O. Corp.	11.50	1	7	1940
Sola Basic Inds. Inc.	13.00	16	4	1936
Spartek, Inc.	5.00	21	3	1935
Standard Coosa-Thatcher Co.	15.50	-1	6	1922
Standard Register Co.	14.50	5	7	1927
Sterchi Bros. Stores, Inc.	7.00	3	7	1943
Stewart Warner Corp.	24.00	2	8	1939
Stokely-Van Camp, Inc.	16.50	10	6	1947
Swank, Inc.	7.00	-5	7	1954
Thrifty Drug Stores	6.50	6	6	1937
U.M.C. Inds.	12.50	9	7	1938
U.S.M. Corp.	19.00	-9	3	1899
Uniroyal, Inc.	8.50	-5	8	1943
U.S. Shoe Corp.	10.50	1	9	1932
Veeder Inds., Inc.	25.50	7	7	1934
Voplex Corp.	8.50	19	7	1934
Walgreen Co.	14.50	2	7	1933
Warnaco, Inc.	10.50	4	8	1939
Wayne-Gossard Corp.	6.00	-11	11	1936
Weil-McLain Co. Cl.A	8.00	-1	6	1937
West Point-Pepperell Mfg.	25.50	8	5	1888
Western Publishing	13.50	31	4	1934
Weyenberg Shoe Mfg. Co.	16.50	4	8	1935
Whitaker Cable Corp.	5.00	35	5	1937
Wickes Corp.	13.50	0	7	1895
Wolverine World Wide	3.50	-14	1	1922
Youngstown Steel Door Co.	12.50	-9	4	1927
Zale Corp.	16.00	5	4	1925

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Of the above companies it is interesting to note that the following had both 5-year growth rates and current yields of 7% or better:

- Book-of-the-Month Club
- Borg-Warner Corp.
- \*Brown Group, Inc.

- Cooper Tire & Rubber
- \*Federal Co.
- \*Graniteville Co.
- Hanes Corp.
- Hoskins Mfg. Co.
- \*May Department Stores Co.
- National Gypsum Co.
- \*Reeves Bros., Inc.
- Reliable Stores Corp.
- \*U.M.C. Industries
- Veeder Industries, Inc.
- Voplex Corp.

\*1974 projected earnings for these companies show increases over 1973 earnings.

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In the normal course of our business, we may have a position in the securities referred to herein. In addition, persons having direct or indirect interests in our firm, or members of their families, may own or have a beneficial interest in these securities.

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 May 24, 1974  
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