

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE December 12, 1966

HEARING SET ON PENNZOIL-UNITED GAS MERGER PROPOSAL. The SEC has issued an order under the Holding Company Act (Release 35-15618) scheduling a hearing for January 24 upon the proposal for consolidation of Pennzoil Company of Houston, and United Gas Corporation, of Shreveport. Under provisions of the Holding Company Act, the Commission must find that the plan of merger is fair and equitable to persons effected thereby and is necessary to effectuate the integration and simplification provisions of the Act.

Pennzoil has 4,038,071 outstanding shares of common stock, recently quoted on the New York Stock Exchange at about \$79 per share. At September 30, Pennzoil and subsidiary companies had consolidated assets, per books, of \$341,897,000, of which some 67% is said to represent its investment in United common. As of that date, Pennzoil's consolidated liabilities, including current liabilities, totaled \$262,308,000, of which \$214,975,000 were represented by its 6 $\frac{1}{2}$ % notes payable to banks, due December 31, 1966. Pennzoil's long term debt, less current maturities, totaled \$31,839,000, which included 4-1/2% convertible subordinated debentures in the aggregate principal amount of \$30,000,000, and 5% convertible debentures in the aggregate principal amount of \$949,000.

Pennzoil owns 5,427,598 shares, or 42.01%, of the 12,918,982 outstanding shares of United common, recently quoted on the New York Stock Exchange at about \$52 per share. At September 30, United and subsidiaries had consolidated assets, per books, of \$894,818,000, which include property and equipment, less related reserves, of \$719,332,000. Consolidated long-term debt, less current maturities, as of that date, was about \$385,000,000, including about \$364,000,000 in aggregate principal amount of United's First Mortgage and Collateral Trust Bonds and Sinking Fund Debentures.

It is proposed that Pennzoil and United be consolidated into a new Delaware company to be named Pennzoil United, Inc., and that the Consolidated Company acquire the assets of Pennzoil and United, including the retail gas distribution properties of United; and all the nonutility subsidiary companies of United and those of Pennzoil will become subsidiary companies of the Consolidated Company.

The Consolidated Company proposes to issue common stock, and two classes of preference common stock, all \$2.50 par value per share. One class of preference common stock will bear an annual dividend rate of \$4.75 per share and the other \$4.00 per share. The two classes have differing convertible features; each may be redeemed in whole or in part after six years (at an initial redemption price of \$106). The plan proposes that for each share of Pennzoil common the holder will receive one share of Consolidated Company common. For each share of United common the holder thereof, other than Pennzoil, will receive one-half (1/2) of a share of the \$4 dividend preference common stock, subject to a 30-day option to receive, for all such shares, two-thirds (2/3) of a share of common stock of the Consolidated Company for each share of the United common stock which he owns. The 5,427,598 shares of United common stock owned by Pennzoil, and all shares of the common stock of Pennzoil and United held in their respective treasuries, will be cancelled.

Except as indicated hereinafter, the Consolidated Company will assume all the liabilities of Pennzoil and of United. Pennzoil's liabilities, as noted, include \$214,975,000 of bank loans which mature on December 31, 1966 and which, in a separate filing, Pennzoil proposes to refinance through an issue and sale of notes in the principal amount of \$215,000,000, maturing eighteen months thereafter (Holding Company Act Release No. 15594). The Plan provides that, after the approval thereof and prior to the effective date of the consolidation, Pennzoil will call for redemption, at principal amount plus the required premium, its outstanding 5% convertible debentures in the principal amount of \$381,000 due 1972 and \$568,000 due 1975, or in the aggregate principal amount of \$949,000. It is anticipated that the debenture holders will exercise their conversion rights after the call for redemption, and upon such conversion each holder will receive one share of common stock of the Consolidated Company for each share of common stock of Pennzoil. The debentures due 1972 are convertible into Pennzoil's common stock at a price of \$57 per share, and those due 1975 are convertible at a price of \$30 per share. The Plan provides that for each \$1,000 principal amount of Pennzoil's \$30,000,000 principal amount of 4-1/2% convertible subordinated debentures the holder thereof will receive ten (10) shares of \$4.75 dividend preference common stock. These debentures are subordinate to the outstanding bank loans and are presently convertible into Pennzoil common stock at a price of \$70 per share.

If approved by the Commission, consummation of the consolidation plan will be subject to approval and enforcement by an appropriate Federal court pursuant to Section 11(3) of the Act. Intervention in the proceedings has been granted to the Louisiana Public Service Commission; to the following municipalities in Louisiana; Lake Charles, Crowley, Sulphur, Church Point, Dequincy, Kinder, Oberlin, Opelousas, St. Martinville, West Lake, Abbeville, Franklinton, Mermentau and Estherwood; and to the following municipalities in Mississippi: Biloxi, Ocean Springs, Pass Christian, McComb City, Laurel and Wiggins.

HEARING ON PENNZOIL REFINANCING DENIED. The SEC today announced a decision under the Holding Company Act (Release 35-15619) denying a petition filed by various municipalities in Louisiana and Mississippi to intervene in proceedings involving a proposal of Pennzoil Company, Houston, to refinance certain of its outstanding bank indebtedness. Petitioner's request for hearing also was denied, as was its request that the proceedings be consolidated with proceedings upon the proposal for merger of Pennzoil and United Gas Corporation (referred to above), from which the municipalities purchase natural gas.

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Pennzoil's refinancing proposal contemplates the public offering of \$215,000,000 of interim notes due June 30, 1968 to refund \$214,975,000 of promissory notes held by 26 banks and due December 31, 1966. The Commission concluded: "There does not appear to be any likelihood that the interest asserted by the municipalities will be adversely affected by the refinancing, and their basic contentions relate to aspects of the Pennzoil-United relationship that appear to be relevant to the issues that have been raised in connection with Pennzoil's consolidation plan rather than to those in the instant matter." The municipalities, as well as the Louisiana Public Service Commission, have been granted intervention in the proceedings upon the Pennzoil-United Gas consolidation proposal.

GOLDEN RULE REALTY, OTHERS INDICTED. The SEC Seattle Regional Office announced December 7 (LR-3620) the return of an indictment (USDC, Portland, Ore.) charging fraud and/or conspiracy by the following in connection with the sale of promissory notes and trust deeds issued by the individual and corporate defendants: Golden Rule Realty and Development, Inc., also known as G.R.R. Development, Inc., a California corporation; G.R.R. Development, Inc., an Oregon corporation; Pioneer Mortgage Bankers, a Nevada corporation; Colman Carl Christensen; John C. Wagner; Gordon Z. Jongeward; Peter C. Unger; Alvin R. Stewart; Robert L. Wagner; Andrew J. Kosieris; and William A. Shubin. John C. Wagner and Colman Carl Christensen also were charged with perjury.

WESTERN POWER & GAS FILES PLAN. Western Power & Gas Company, Inc., 233 South 10th St., Lincoln, Nebr. 68508, filed a registration statement (File 2-25778) with the SEC on December 8 seeking registration of 20,000 shares of common stock, to be offered under its Eighth and Ninth Employees' Stock Purchase Programs.

COLLINS RADIO PROPOSES OFFERING. Collins Radio Company, 1200 North Alma Road, Richardson, Texas 75081, filed a registration statement (File 2-25779) with the SEC on December 9 seeking registration of \$30,000,000 of convertible subordinated debentures due 1987, to be offered for public sale through underwriters headed by Kidder, Peabody & Co., Inc., 20 Exchange Pl., and White, Weld & Co., 20 Broad St., both of New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the design, development, manufacture and sale of specialized radio communication equipment and aircraft navigation and flight control equipment, its largest market being the military, commercial and general aviation fields. Net proceeds of this financing will be applied initially and temporarily to reduce short-term bank borrowings incurred primarily to finance inventories and receivables. It is expected that ultimately such net proceeds, together with internally generated funds and short-term bank borrowings, will be used to finance capital additions and higher levels of inventories and receivables. In addition to indebtedness, the company has outstanding 2,738,035 common shares, of which management officials own 14.69%. Arthur A. Collins is president and board chairman.

MONSANTO FILES STOCK PLAN. Monsanto Company, St. Louis, Mo., filed a registration statement (File 2-25780) with the SEC on December 9 seeking registration of 265,000 common shares, to be offered under its Employee Stock Purchase Plan.

DIVERSIFIED LIFE FUND PROPOSES OFFERING. Diversified Life Fund, Inc., 211 Union St., Nashville, Tenn. 37201, filed a registration statement (File 2-25781) with the SEC on December 9 seeking registration of 250,000 shares of common stock. The company was organized December 5 under Maryland law. Its investment objective is to seek capital gains through long term appreciation in common stocks of companies engaged primarily in the life insurance business. Its purpose is to provide an investment medium, consisting of a diversified and supervised portfolio of common stocks of such companies, to investors holding large blocks of common stocks of individual companies engaged primarily in the life insurance business who wish to exchange such holdings for shares of the Fund incurring, in the opinion of Waller, Lansden, Dortch & Davis counsel for the Fund, no Federal capital gains tax liability by reason of the exchange. The basis for the exchange will be one share of the Fund for each \$20 of market value of deposited securities; the minimum deposit which will be accepted will be securities having a market value of at least \$20,000. The prospectus lists Raymond T. Smith as board chairman and J. C. Bradford as president. The investment adviser is Life Stock Research Corp., of the Union Street address; Smith and Bradford are its board chairman and president, respectively. Capital Planning Services, Inc., also of the Union Street address, is dealer-manager.

SCM CORP. PROPOSES OFFERING. SCM Corporation, 410 Park Avenue, New York 10022, filed a registration statement (File 2-25782) with the SEC on December 9 seeking registration of \$20,000,000 of sinking fund debentures due 1987, to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a manufacturer of electric and manual portable and office typewriters, electrostatic office copy machines, irons, toasters and other household appliances, rotary and electronic desk calculators, specialized electronic data processing equipment, teleprinter communications equipment and certain industrial processing equipment. It also distributes products manufactured by others, including calculators, supplies for electrostatic office copy machines and adding machines. Net proceeds of its debenture sale, together with a \$14,000,000 bank term loan, will be used to reduce short-term bank borrowings (which aggregated \$37,705,000 at November 30). The borrowings provided funds for additional working capital required in connection with substantially increased sales volume during this period, and for new plant and equipment and product development. In addition to indebtedness, the company has outstanding 4,321,455 common shares, of which management officials own 6.78%. Edward H. Litchfield is board chairman and Emerson E. Mead president.

GULF & WESTERN INDUSTRIES FILES PLAN. Gulf & Western Industries, Inc., 1271 Avenue of the Americas, New York, N. Y. 10020, filed a registration statement (File 2-24783) with the SEC on December 9 seeking registration of 824,364 shares of its common stock issuable to employees of the company and its subsidiaries upon exercise of stock options.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the December 5 News Digest.

Alabama Power Co Nov 66(3)	1-3164-2	Anchor Coupling Co Inc Nov 66(7)	1-4911-2
Blossman Hydratane Gas Inc Nov 66(11)	1-4447-2	Electric Hose & Rubber Co Nov 66(11)	1-5113-2
IRC Inc Nov 66(7,13)	1-3768-2	Southeastern Drilling Inc Nov 66(11)	0-1819-2
King-Seeley Thermos Co Nov 66(12,13)	1-3270-2	Ohio Brass Co Nov 66(3)	1-47-2
Shulton Inc Nov 66(8,13)	1-5232-2	Edison Bros Stores Inc Nov 66(15)	1-1394-2
Transco Inc Oct 66(2,4,8,11,13)	0-843-2	Camco Inc Nov 66(4,13)	0-6-2
McCandless Corp Oct 66(11)	2-6407-2	W R Ames Co Nov 66(11)	2-13338-2
Montgomery Ward & Co Inc Nov 66(13)	1-864-2	Binks Mfg Co May 66(7,11,13)	1-1416-2
Williamsburg Life Ins Co Nov 66(9,12)	0-1501-2	Eastern Properties Improvement Corp Nov 66(12)	2-20468-2
Vocaline Co of Amer Inc Nov 66(8)	0-321-2	General Refractories Co Nov 66(3)	1-931-2
Bangor Punta Alegre Sugar Corp Amend #1 for Sept 66(7,9)	1-4972-2	Great Lakes Recreation Co Nov 66(11)	1-4526-2
Magnasync/Moviola Corp Amend #1 for July 66(13)	2-16177-2	Maytag Co Nov 66(12)	1-655-2
Monogram Industries Inc Amend #1 for July 66(13)	1-4185-2	Buell Industries Inc Nov 66(12)	1-4619-2
Multnomah Kennel Club Amend #1 for Oct 66(13)	0-687-2	Campbell Soup Co Nov 66(11,13)	1-3822-2
Rayette-Faberge Inc Amend #1 for Apr 66(2,11,13)	1-4342-2	Cowles Chemical Co Nov 66(7,8,13)	0-476-2
General Binding Corp Amend #2 for June 66(4)	2-24614-2	Pacific Tel & Tel Co Nov 66(7,13)	1-1414-2
Reynolds & Reynolds Co Amend #1 for Feb 66(7,13)	0-132-2	Chas Pfizer & Co Inc Nov 66(3)	1-3619-2
Southern New England Tel Co Nov 66(7,13)	0-324-2	Plantation Pipe Line Co Nov 66(7,8)	1-3585-2
Transcontinental Gas Pipe Line Inc Nov 66(7)	0-656-2	Trane Co Nov 66(7)	1-2860-2
Wichita River Oil Corp Nov 66(11)	1-1637-2	Pennzoil Co Nov 66(12,13)	1-4774-2
Baltimore & Ohio RR Co Nov 66(11)	1-923-2	Calif Pacific Utilities Co Nov 66(3)	0-489-2
Barton's Candy Corp Nov 66(11)	1-4281-2	Monsanto Co Nov 66(12)	1-2516-2
Lee Filter Corp Nov 66(12)	1-4599-2	Niagara Mohawk Power Corp Nov 66(7,13)	1-2987-2
Chesapeake Corp of Va Nov 66(7)	1-3203-2	Piedmont & Northern RY Co Nov 66(7)	0-626-2
W T Grant Co Nov 66(12,13)	1-3000-2	Western Invst Real Estate Trust Nov 66(2)	2-20313-2
Interstate United Corp Nov 66(11)	0-1772-2	Douglas Aircraft Co Inc Oct 66(3)	1-1571-2
Glen Alden Corp Nov 66(3)	1-4180-2	Pacific American Corp Nov 66(1)	1-1807-2
American Radiator & Std Sanitary Corp Nov 66(8)	1-470-2	Vesely Co Nov 66(4)	0-102-2
University Computing Co Sept 66(2,7,8,13)	0-2170-2	Clark Equipment Co Nov 66(13)	1-825-2
American Automatic Vending Corp Nov 66(8)	0-1507-2	D H Holmes Co Ltd Nov 66(7,11,13)	1-564-2
Puget Sound Power & Light Co Nov 66(7)	1-4393-2	North Central Airlines Inc Nov 66(12)	0-831-2
United Shoe Machinery Corp Nov 66(3)	1-1599-2	Allied Chemical Corp Nov 66(8)	1-424-2
		Dialoc Corp of America Oct 66(1,3,7,9,11,13)	2-22844-2
		First Mortgage Invstrs Nov 66(12,13)	0-1381-2
		McLean Trucking Co Nov 66(12,13)	1-4093-2
		Systems Engineering Labs Inc. Nov 66(11,12,13)	0-2259-2
		Universal Controls Inc Nov 66(1)	1-4133-2
		Coronet Inds Inc Nov 66(7,8)	1-4889-2
		Eastern Shopping Centers Inc Nov 66(2,7,11,13)	0-1150-2
		Southdown Inc Nov 66(12,13)	0-1297-2
		Texstar Corp Nov 66(2,4,7,9,11,13)	1-4229-2

Associated Food Stores Inc Nov 66(11)1-3867-2
 Associated Oil & Gas Co Nov 66(3)1-3991-2
 Gamble Skogmo Inc Nov 66(7) 1-3478-2
 D Kaltman & Co Inc Nov 66(13) 1-3947-2
 Southland Royalty Co Nov 66(12) 1-495-2

Apollo Inds Inc Nov 66(11,13) 1-1677-2
 W R Grace & Co Nov 66(13) 1-3720-2
 Pentron Electronics Corp Nov 66(11,12)1-4303-2
 Novo Industrial Corp Nov 66(4,7,13)1-976-2

Helene Curtis Inds Inc Nov 66(13)1-4429-2
 Hobart Mfg Co Nov 66(7,11,13) 1-1127-2
 Scientific Data Systems Inc
 Nov 66(4,7,13) 1-5250-2

Weiss Bros Stores Inc Nov 66(2,13)2-19216-2
 Franklin Creamery Inc
 Nov 66(6,7,9,11,12,13) 0-1476-2
 Riviana Foods Inc Nov 66(7) 1-4823-2

Harvester Liquidation Inc
 Nov 66(2,8,11,13) 1-5017-2

Connecticut Yankee Atomic Power Co
 Nov 66(7) 2-22958-2
 Alfred Hart Co Nov 66(12) 1-5136-2
 Merritt-Chapman & Scott Corp
 Nov 66(12) 1-1390-2
 Sierra Electric Corp Nov 66(8) 2-16355-2

Drew Properties Corp
 Amend #2 for Apr 66(2,12) 0-48-2
 Charles Findyck Inc
 Amend #2 for Aug 66(2,13) 2-23992-2

SECURITIES ACT REGISTRATIONS. Effective December 9: Applied Technology, Inc., 2-25672; Continental Telephone Corp., 2-25624 (40 days); Cooke Coffee Co., 2-25685; Mead Johnson & Co., 2-25631; Trans Caribbean Airways, Inc., 2-24043. Effective December 12: The One Hundred & One Fund, 2-25383.

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended December 8, 1966, 20 registration statements were filed, 25 became effective, 4 were withdrawn, and 342 were pending at the week-end.

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