

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE November 14, 1958

NORTHWEST AIRLINES PROPOSES PREFERRED STOCK OFFERING

Northwest Airlines, Inc., 1885 University Ave., St. Paul, Minn., filed a registration statement (File 2-14529) with the SEC on November 13, 1958, seeking registration of 449,040 shares of Cumulative Preferred Stock, Convertible Series, \$25 par. The company proposes to offer this stock for subscription by its common stockholders in the ratio of one share of preferred for each three common shares held. The dividend rate, record date, public offering price and underwriting terms are to be supplied by amendment. The First Boston Corporation is listed as the principal underwriter.

In order to finance its acquisition of Lockheed Electra turboprop and Douglas DC-8 turbojet aircraft, the company has entered into agreement with institutional investors providing for a 20-year loan of \$40,000,000 to be drawn down over not more than an eighteen month period and with banks providing for a 7-year loan of \$32,500,000. These financial arrangements with the institutional investors and the banks are contingent upon the company's sale of not less than \$10,000,000 of equity securities. Prior to the sale of the new preferred the company will redeem all the outstanding shares of 4.60% cumulative preferred stock.

The funds thus to be received by the company from the new debt and equity financing will be applied first to liquidate the borrowing under the present credit agreement with banks now amounting to \$34,000,000, which borrowings had been made to finance the acquisition of DC-7C and DC-6B aircraft. The balance, together with cash generated from depreciation and retained earnings, will be applied toward the acquisition of the new turboprop and turbojet aircraft and related spare parts, equipment and ground facilities, amounting to an estimated net total capital expenditure of approximately \$67,500,000, and for other corporate purposes.

UNITED STATES FREIGHT FILES STOCK OFFERING PROPOSAL

United States Freight Company, 345 Hudson St., New York, N. Y., filed a registration statement (File 2-14530) with the SEC on November 13, 1958 seeking registration of 210,000 shares of its Capital Stock. The company proposes to offer this stock for subscription by holders of its outstanding capital stock at the rate of one new share for each four shares held. Merrill Lynch, Pierce, Fenner & Smith is listed as the principal underwriter. The subscription price and underwriting terms are to be supplied by amendment.

The company through its subsidiaries is engaged principally in furnishing freight transportation services, including domestic freight forwarding, foreign freight forwarding and local cartage. Of the net proceeds of this financing, some \$750,000 will be used to prepay conditional sale contracts for trailers, tractors and miscellaneous equipment previously acquired by the company for use in "piggyback" operations, and approximately \$1,750,000 will be applied to the acquisition of additional "piggyback" equipment. The balance of the proceeds will be used for general corporate purposes, primarily as additional working capital to finance expanded "piggyback" activities.

PUBLIC SERVICE ELECTRIC AND GAS PROPOSES STOCK OFFERING

Public Service Electric and Gas Company, 80 Park Place, Newark, N. J., filed a registration statement (File 2-14531) with the SEC on November 13, 1958, seeking registration of 700,000 shares

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For further details, call ST. 3-7600, ext. 5526

of Common Stock, to be offered for public sale through an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith. The public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the stock sale will be added to the general funds of the company, and will be used for its general corporate purposes, including payment of a portion of the cost of its current construction program, which at June 30, 1958, amounted to approximately \$279,000,000.

CAMPBELL CHIBOUGAMAU MINES PROPOSES BOND OFFERING

Campbell Chibougamau Mines Ltd., 55 Yonge St., Toronto, Ontario, Canada, filed a registration statement (File 2-14532) with the SEC on November 12, 1958, seeking registration of \$5,000,000 of 6% First Mortgage Convertible Sinking Fund Bonds, to be offered for public sale through an underwriting group headed by Allen & Company and W. C. Pitfield & Company, Ltd. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized in March 1950 and since then has been engaged in the exploration and development of its properties in the Chibougamau area, said to contain copper and gold deposits as well as some silver and cobalt. Net proceeds of the bond issue will be applied to the extent necessary to repay the company's bank loans (\$3,590,000 at September 30, 1958). The remainder will be used for corporate purposes, including commencement of development of its Henderson ore body. The estimated cost of bringing the latter to the producing stage is \$2,000,000; and the balance of the funds needed to do this are expected to be provided by other resources of the company, including normal cash flow from its operations.

AUSTRIA FILES FOR BOND OFFERING

The Republic of Austria filed a registration statement (File 2-14533) with the SEC on November 13, 1958, seeking registration of \$25,000,000 of External Sinking Fund Dollar Bonds 1958, to be offered for public sale through an underwriting group headed by Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Concurrently with this offering of bonds, according to the prospectus, the International Bank for Reconstruction and Development is agreeing to lend to the Austrian Electric Power Corporation and the Austrian Danube Power Works Corporation, jointly, an amount in various currencies equivalent to \$25,000,000, to be guaranteed by the Republic.

Net proceeds to the Republic of the sale of the bonds will be added initially to the Austrian foreign exchange reserves. The Republic intends to apply the equivalent of approximately one-half of such net proceeds toward the financing of the continuation of certain capital expenditure programs included in the 1958 extraordinary budget program of the Republic, including electrification of the Federal railroads, automation of the Federal telephone system and construction of the Vienna-Salzburg Autobahn. The completion of such programs will in the future require substantial additional expenditures; and the Republic expects to make such expenditures from future revenues and from the proceeds of internal and external borrowings.

The Republic intends to reloan the remaining approximately one-half of the net proceeds to the Austrian Electric Power Corporation and the Austrian Danube Power Works Corporation, jointly, to cover part of the capital expenditures in connection with the proposed Aschach hydro-power project on the Danube near the city of Linz. The proceeds of the World Bank loan will also be applied toward the financing of the Aschach project.

AMERICAN BUYERS CREDIT FILES FOR STOCK OFFERING

American Buyers Credit Company, 2001 East Roosevelt, Phoenix, Ariz., filed a registration statement (File 2-14534) with the SEC on November 13, 1958, seeking registration of 5,000,000 shares of common stock. The prospectus indicates that 4,545,455 shares of this stock are to be offered for public sale at \$1.75 per share. Shares have been issued or are issuable under agreements with various policy holders in American Buyers Life Insurance Company and American Life Assurance Company (both of Phoenix) permitting them to purchase stock at \$1.25 per share. Sales personnel

have been given the right to purchase stock at \$1.25 per share up to the amount of commission they receive on stock sales made by them. Promotional commissions up to 10% on the gross sales price also will be paid in stock; and W. I. Lowry and W. A. McLeod, promoters and board chairman and president, respectively, are among those receiving such commissions. Through June 30, 1958, 975,372 shares of such stock were issued or issuable for cash or underwriting commissions; and the net tangible book value of all such securities was 99¢ per share.

The company was organized in 1952 and is engaged in making all types of loans on personal property. It has four loan offices in addition to the principal office in Phoenix. In the event substantial proceeds are realized from this stock offering, it is the intention of the company to utilize such proceeds for the operation of other branch offices, both in Arizona and in other states.

FOREST GROVE HOMEBUILDERS HEARING REQUEST GRANTED

At the request of Forest Grove Homebuilders & Investors, Inc., of Forest Grove, Oregon, the Securities and Exchange Commission has scheduled a hearing for December 2, 1958, in the U. S. Court House in Portland, Oregon, to determine whether to vacate or make permanent a prior order of the Commission temporarily suspending a stock offering by the said company. (Release No. 3992)

In a Regulation A notification filed with the Commission on September 8, 1958, Forest Grove Homebuilders proposed the public offering of 1,000 shares of Class B preferred at \$100 per share and 3,678 shares of Class B common at \$100 per share pursuant to the conditional exemption from registration under the Securities Act provided by Regulation A. The exemption was temporarily suspended by an order of the Commission issued October 7, 1958, which order asserted that the exemption was not available because the aggregate offering price of the securities exceeded the \$300,000 maximum provided by Regulation A and charged that the company's offering circular was false and misleading in respect of various material facts (for details, see Release No. 3976).

LOS ANGELES TRUST DEED TEMPORARILY ENJOINED

The SEC San Francisco Regional Office announced November 7, 1958, that Los Angeles Trust Deed & Mortgage Exchange, et al., of Los Angeles, had been temporarily enjoined by USDC at Los Angeles from violation of registration and anti-fraud provisions of Federal Securities Laws in sale of securities designated as "Secured 10% Earnings Program" and "Secured 10% Earnings Reinvestment Program" (Lit. Release No. 1364).

GOVERNMENT EMPLOYEES VARIABLE ANNUITY LIFE INS. CO. PROPOSES OFFERING

Government Employees Variable Annuity Life Insurance Company, Government Employees Insurance Building, Washington, D. C., filed a registration statement (File 2-14535) with the SEC on November 13, 1958, seeking registration of 2,500,000 shares of its \$1 par Common Stock. It is proposed to offer this stock for sale at \$3 per share.

The issuing company is a newly organized company, without assets or liabilities; and it proposes to issue and sell the entire 2,500,000 shares of authorized capital stock. On or about January 20, 1959, warrants for the purchase of such stock are to be issued (1) to the holders of the \$4 par common stock of Government Employees Insurance Company, on the basis of one warrant per share of stock held on January 6, 1959 (1,334,570 shares are now outstanding); (2) to the holders of the \$1.50 par common stock of Government Employees Life Insurance Company, on the basis of 1½ warrants per share of stock held on January 6, 1959 (216,429 shares are now outstanding); and (3) to the holders of the \$5 par common stock of Government Employees Corporation, on the basis of ½ warrant per share of stock held on January 6, 1959 (as of September 30, 1958, there were 143,127 shares of stock outstanding and \$614,360 of 5% Convertible Capital Debentures due 1967, convertible shares of common at \$28.0374 per share. If all these debentures were converted into common stock prior to the record date, a total of 164,724 common shares would be outstanding).

The underwriters are Johnston, Lemon & Co., Eastman Dillon, Union Securities & Co. and Abacus Fund. The underwriters will purchase at \$3 per share all shares not subscribed for through

exercise of the warrants. In lieu of any cash underwriting commissions or fees, the underwriters will be issued non-transferable subscription warrants entitling them to subscribe, at \$3 per share, for a total of 20,000 shares of the stock.

Net proceeds of the stock sale will be invested in securities in which a life insurance company is authorized to invest, or deposited in a bank or trust company. The company is being organized by the management of Government Employees Insurance Company, Government Employees Life Insurance Company and Government Employees Corporation. Its Board of Directors is identical with that of each of the members of the Government Employees Group. Upon completion of its organization in accordance with the Life Insurance Act of the District of Columbia, and upon completion of the proposed financing, the company will be entitled to receive a certificate of authority as an insurance company, and thereupon may proceed with the sale and issuance of policies and the making of insurance contracts under the Life Insurance Act.

ANHEUSER-BUSCH FILES FOR SECONDARY

Anheuser-Busch, Incorporated, 721 Pestalozzi St., St. Louis, Mo., today filed a registration statement (File 2-14536) with the SEC seeking registration of 100,000 outstanding shares of its Common Stock. This stock is to be offered for public sale by the holder thereof through an underwriting group headed by Newhard, Cook & Co., Reinholdt & Gardner, Stifel, Nicolaus & Company, Inc., and Scherck, Richter Company. The offering price and underwriting terms are to be supplied by amendment.

The selling stockholder is the Estate of Alice Busch, deceased, which owns the full beneficial interest in 178,863 shares of the company's common stock. August A. Busch, Jr., president and board chairman, is sole executor of the Estate. The company has outstanding 4,822,168 common shares.

SOUTHERN BELL TELEPHONE PROPOSES DEBENTURE OFFERING

Southern Bell Telephone and Telegraph Company, 67 Edgewood Avenue, S. E., Atlanta, Georgia, today filed a registration statement (File 2-14537) with the SEC seeking registration of \$70,000,000 of Thirty-Five Year Debentures, due December 1, 1993, to be offered for public sale at competitive bidding.

Net proceeds of the sale of the debentures are to be used in large part to repay outstanding advances from American Telephone and Telegraph Company which are expected to approximate \$69,000,000 at the time the proceeds are received. Such advances from the parent company are obtained in conformity with an established practice of borrowing from the parent for general corporate purposes, including property additions and improvements. The remainder of the proceeds will be used for general corporate purposes.

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