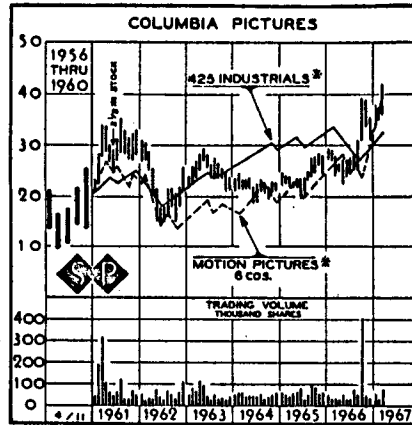


Stock—	Approx. Price	Dividend	Yield
COMMON	40%	2	2
\$4.25 PREFERRED	93¼	\$4.25	4.6%

RECOMMENDATION: Although Columbia is a major producer-distributor of motion pictures, TV activities provide a large proportion of revenues and profits. Of underlying value is the inventory of pictures in the film library. The COMMON is essentially a speculation on the success of new film offerings; 37% of this issue is now owned by a French bank. The company recently offered to issue common shares valued at \$98 in exchange for each outstanding PREFERRED share.



* Charted on special comparable scales; values not shown.

REVENUES (Million \$) (SEC)

Six Mos.:	1966-7	1965-6	1964-5	1963-4
Dec.....	102.0	86.9	70.6
June.....	87.8	70.0	145.3	

Gross revenues for the fiscal year ended June 25, 1966 rose 14% from those of 1964-5. The major portion of the advance resulted from a sharp increase in Screen Gems' receipts. However, sharply higher non-operating charges held the gain in pretax profits to 14%. After taxes at 47.2%, against 47.0%, and higher minority interest, final net was up 13%.

For the 27 weeks ended December 31, 1966, revenues advanced 17%, year to year. Operating results benefited from the success of several theatrical films, including "The Professionals," "Murderers' Row," "Born Free," and "Georgy Girl." Net before taxes was 2.6 times that of the year-earlier period. After taxes at 60.3%, against 66.4%, final net was ahead 3.1-fold. Share earnings were equal to \$0.66 and \$0.19 in the respective interims.

COMMON SHARE EARNINGS (\$)

13 Wks.	1966-7	1965-6	1964-5	1963-4
Sept.....	0.31	0.35	0.60	0.44
Dec.....	0.35	0.16	0.14	0.15
March.....		0.09	0.20	0.26
June.....		0.82	0.10	0.88

¹Listed N.Y.S.E. ²2½% in stk. semi-annually. ³Excl. foreign subs. ⁴Twelve mos. ⁵Deficit.

Near Term—Revenues for the fiscal year to end around June 30, 1967 will continue to depend importantly on public response to new feature films released by the company. Receipts from most of Screen Gems' operations appear likely to show further gains, and additional acquisitions are possible.

Profit margins will be affected by the box-office success of new motion pictures. At the present time, indications are that earnings for fiscal 1966-7 will easily exceed the \$1.11 a share of the prior year. It is uncertain how results for 1967-8 will compare with those of 1966-7. Stock dividends are at 2½% semi-annually.

Long Term—Box office success of feature films is an uncertain and variable factor. Continuing growth of the television subsidiary is a favorable development.

RECENT DEVELOPMENTS

On March 24, 1967, the company offered to exchange Columbia common shares for the \$4.25 cum. preferred stock. Common stock totaling \$98.00 in market value (but not more than 2.8 shares) was offered for each preferred share, based on the closing price of the common on April 10, 1967, the date the offer expired. The offer involved issuance of a maximum of 102,732 common shares.

Under a tender offer, a French bank, Banque de Paris et des Pays-Bas, purchased 20% of Columbia common at \$33 a share in late 1966. Another 10% was assigned to the Dreyfus Fund and 5% to the Madison Fund.

The same bank subsequently acquired an additional 17% of the common at \$40 a share from a group of dissident stockholders. This block was placed in a ten-year voting trust, as required by the Federal Communications Commission. The bank is permitted to sell the shares at any time.

DIVIDEND DATA

Under loan terms, \$4,331,000 of earned surplus was available for cash dividends on the common at June 25, 1966. Payments:

Amt. of Divd.	Date Decl.	Ex-divd. Date	Stock of Record	Payment Date
2½% Stk.	Jun. 13	Jun. 24	Jun. 29	Aug. 15 '66
2½% Stk.	Dec. 16	Dec. 27	Dec. 30	Feb. 15 '67

STANDARD LISTED STOCK REPORTS

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Sec. 9

INCOME STATISTICS (Million \$) AND PER SHARE (\$) DATA

Year Ended June 30	Gross Rev.	% Op. Inc. of Gross	Amort. of Film Costs	Depr.	Net Bef. Taxes	³ Net Inc.	² \$4.25 Pfd. Earns.	¹ Common Earnings	Divs. Paid	Price Range	Earns. Ratios
1967--											
1966--	174.75	6.6	135.18	1.97	5.51	2.29	58.58	1.11	*	98 -71	41% -33%
1965--	140.63	6.1	105.62	1.51	4.83	2.02	49.39	1.02	*	86 -71 1/2	39% -22%
1964--	145.28	6.0	111.27	1.43	5.18	3.15	74.70	1.73	*	84 -77 1/2	28% -19%
1963--	141.11	7.0	107.14	1.38	6.73	2.60	56.82	1.44	*	79 1/2 -69	24% -18%
1962--	134.58	6.1	103.26	1.24	3.53	2.24	47.63	1.29	*	78 1/2 -67	29% -21%
1961--	130.35	2.3	104.41	1.31	0.24	41.41	428.28	41.09	*	74 -60 1/2	35% -20%
1960--	118.56	5.6	88.21	1.31	3.37	1.90	36.73	1.19	*	71 1/2 -60	25 -13%
1959--	115.77	2.0	88.66	1.38	40.41	42.45	447.15	41.90	*	73 1/2 -60	17 -10%
1958--	113.62	3.9	77.41	1.41	1.24	41.13	422.09	41.14	0.48	78% -68 1/2	16% -9%
1957--	101.35	6.7	63.31	1.34	4.33	2.25	42.17	1.52	0.92		

PERTINENT BALANCE SHEET STATISTICS (Million \$)

June 30	Total Assets	Gross Prop.	Cash Items	Film & Other Invent.	Receivables	Current Assets	Current Liab.	Net Workg. Cap.	Cur. Ratio Assets to Liab.	Long Term Debt	Book Val. Com. Sh.
1966--	162.77	29.31	13.29	80.19	33.67	128.80	47.81	81.00	2.7-1	40.05	23.31
1965--	134.71	23.78	12.14	70.59	26.52	110.73	33.24	77.49	3.3-1	33.90	23.30
1964--	119.46	21.98	11.39	63.17	21.80	97.72	34.58	63.15	2.8-1	20.45	23.44
1963--	115.97	21.79	11.49	60.21	18.81	91.82	30.51	61.31	3.0-1	25.80	22.23
1962--	104.48	21.07	11.04	50.07	17.89	80.14	27.30	52.84	2.9-1	21.05	21.82
1961--	94.76	21.53	10.63	39.79	18.85	69.83	25.45	44.38	2.7-1	16.28	21.28
1960--	87.63	21.06	10.93	39.84	16.26	67.58	23.39	44.19	2.9-1	16.40	20.16
1959--	85.76	19.51	12.80	35.56	17.19	66.01	19.64	46.37	3.4-1	22.43	19.27
1958--	77.80	19.39	12.91	34.35	13.99	61.69	15.60	46.09	4.0-1	22.81	19.81
1957--	73.81	18.39	8.69	43.33	9.12	61.76	9.78	51.97	6.3-1	21.80	24.43

¹Cal. yrs. ²Divs. pd. regular. ³Bef. spec. chgs. of \$2.67 a sh. in 1958, & bef. spec. cr. of \$1.81 in 1959, \$0.15 in 1960, \$1.09 in 1961 & \$0.26 in 1962. ⁴Adj. for stk. divs. of 5% each in 1957-8-9-60 & 61. ⁵Based on total inc. ⁶Pd. stk. as indicated & adj. in footnote 4; plus 5% stk. in fiscal 1962, 1963, 1964, 1965, 1966 & 1967. ⁷Deficit.

Fundamental Position

Columbia Pictures is one of the leading companies engaged in financing and distributing independently produced motion pictures. It is also a major producer and distributor of films for television. Gross revenues for 1965-6 were divided as follows: theatrical film rentals, 49%; TV film rentals, 38%; and other, 13%.

The motion picture films distributed by the company in recent years have been produced principally by independent producers. In order to secure distribution rights for motion pictures, the company usually procures or provides financing for these independents. It then receives film rentals out of which distribution fees are retained and the remainder of the receipts is allocated to the recoupment of direct distribution expenses and production costs. Where the company procures or provides financing, it also secures a participation in the net profits of the films produced.

The Screen Gems subsidiary (88%-owned) distributes television programs produced or acquired by it or produced by independents in conjunction with it. It also distributes to television features produced or distributed by the parent company and distributes to television a group of pre-1948 Universal Pictures theatrical films. VHF-TV stations are operated in Salt Lake City, New Orleans, and San Juan, Puerto Rico. Screen Gems' earnings for the year ended June, 1965, rose 15% to \$4,691,000 on a 17% increase in revenues to \$66,966,000.

Early in 1958, the company formed a divi-

sion to produce and market phonograph records. In April, 1963, the company purchased Aldon Music and Dimension Records.

The theatrical portion of film costs is generally amortized 62% by the end of 26 weeks, 85% in 52 weeks, and 100% within 104 weeks after release. The TV portion of film costs was increased in 1964-5, adding \$1.72 a share to fourth-quarter results. Income under installment contracts for TV licensing of old films is recorded upon execution of the contracts.

Cash dividends, which formerly had been paid on a fairly conservative basis, have been omitted since the disbursement in October, 1957. Subsequent payments have been in stock.

Employees: 4,800. Shareholders: 522 preferred; 4,174 common.

Finances

In June, 1963, the company borrowed \$20 million from four banks and simultaneously repaid a loan of \$17.25 million outstanding with these banks. The loan is payable in two \$2.5 million installments beginning June 15, 1966, with the balance payable June 15, 1968. Interest is at a rate 1% above the prime commercial rate at the First National Bank of Boston.

CAPITALIZATION

LONG TERM DEBT: \$40,048,000.

\$4.25 CUM. PREFERRED STOCK: 36,690 shares (no par); redeemable at \$104 through January 14, 1971; and \$103 thereafter.

COMMON STOCK: 2,015,383 shares (\$5 par); 37% owned by Banque de Paris et des Pays-Bas.

Incorporated in N.Y. in 1924. Office—711 Fifth Ave., NYC 22. Pres—A. Schneider. Exec VP—L. Jaffe. Treas.—S. Malamed. Secy.—C. Schwartz. Dir.—H. L. Bernet, S. J. Briskin, A. Hart, J. Hyams, L. Jaffe, C. I. Lappen, B. Regan, A. Schneider, D. S. Stralem. Transfer Agent—First Natl. City Bank, NYC. Registrars—(Com.) Manufacturers Hanover Trust Co., NYC; (Pfd.) Chemical Bank New York Trust Co., NYC.

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