

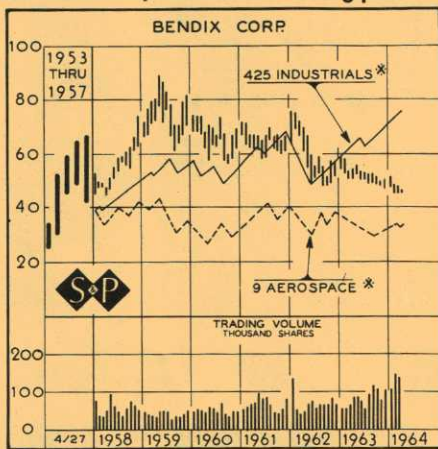
Stock—
COMMON

Approx. Price
45¹/₈

Dividend
\$2.40

Yield
5.3%

RECOMMENDATION: Bendix is a large and diversified manufacturer producing aviation, electronic, automotive, marine, and space-age products, ranging from car radios to highly complex modern weapons systems for the military. Heavy expenses have caused lower earnings in recent years, and the immediate outlook is not impressive. However, the company's extensive research and development programs enhance the longer-range outlook, and the shares may be held for the long pull.



* Charted on special comparable scales; values not shown.

OPERATING REVENUES (Million \$)				
Quarter:	1963-4	1962-3	1961-2	1960-1
Dec.	189	209	188	182
March		206	199	191
June		215	213	197
Sept.		183	174	188

Sales (plus other operating income) for the fiscal year ended September 30, 1963 rose to a new high 2.4% above those of the year before. Margins, however, were adversely affected by non-recurring expenses associated with the disposal of the Computer division and burdensome start-up costs on new projects. Smaller unit profits were realized on some Government contracts as well. Consequently, with depreciation and interest charges larger, the drop in pretax earnings was 9.7%. After taxes at a 50.3% rate, down from 54.4%, the drop in net income was held to 1.5%.

For the first quarter of fiscal 1963-4, aggregate revenues declined 9.6%, year-to-year. Margins were under considerable pressure, and the drop in pretax earnings was extended to 17.4%. After taxes at 49.6%, against 54.2%, net income was off 9.0%.

COMMON SHARE EARNINGS (\$)				
Quarter:	1963-4	1962-3	1961-2	1960-1
Dec.	0.87	0.95	0.94	1.42
March		0.76	0.97	0.90
June		1.03	0.98	0.96
Sept.		1.35	1.27	1.17

¹Listed N.Y.S.E. & Midwest S.E.; also traded Boston, Detroit, Phila.-Balt.-Wash. & Pacific Coast S.Es. ²Indicated rate. ³Incl. spec. cr. of \$0.63 a sh.

PROSPECTS

Near Term—The cancellation of the Typhon missile program and delays in Government funding of other military contracts continue to restrict overall revenues. Thus, even though the company's sizable automotive business is being aided by increasing participation in the replacement market and prospects for the other areas of commercial activity appear promising, total revenues for fiscal 1963-4 could fall well short of the \$813 million of the year before.

Extraordinary expenses associated with the termination of the Typhon program and large start-up and engineering expenses related to new military projects may continue to exert pressure on margins for some months ahead. Therefore, despite intensified cost control efforts, earnings for the fiscal year ending September 30, 1964 appear likely to drop below the \$4.09 a share reported for fiscal 1962-3. Nevertheless, dividends will probably hold at the present \$0.60 quarterly rate.

Long Term—The company's extensive development of new product lines for the aviation, automotive, and electronic industries has favorable implications for sales and earnings in subsequent years. Diversified participation in the missile and space sciences also bolsters future prospects.

RECENT DEVELOPMENTS

In early January, the company announced that because of the Navy's decision to terminate development of the Typhon anti-aircraft missile, some 400 workers at the Mishawaka, Ind. plant would be laid-off. Around mid-April, the company received a \$17,743,500 contract from the Navy for production of the Talos missile.

DIVIDEND DATA

Under terms of the credit agreement, \$25, -732,000 of earned surplus was available for dividends at September 30, 1963. Payments in the past 12 months were:

Amt. of Div. \$	Date Decl.	Ex-divid. Date	Stock of Record	Payment Date
0.60...	May 29	Jun. 4	Jun. 7	Jun. 29 '63
0.60...	Aug. 28	Sep. 5	Sep. 10	Sep. 30 '63
0.60...	Nov. 25	Dec. 3	Dec. 6	Dec. 27 '63
0.60...	Feb. 26	Mar. 3	Mar. 6	Mar. 30 '64

STANDARD LISTED STOCK REPORTS

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STANDARD & POOR'S CORP.

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

Year Ended Sept. 30	Net Sales	% Oper. of Sales	Depr.	Net Bef. Taxes	Inc. Taxes	Net Inc.	Common Share (\$) Data			Price Range
							⁴ Earnings	¹ Cash Generated	³ Divs. Paid	
1964									1.20	51 7/8 - 45
1963	813.1	7.3	13.77	44.69	22.49	22.20	4.09	6.90	2.40	59 1/4 - 47
1962	794.2	8.0	13.65	49.50	26.95	22.55	4.16	6.67	2.40	75 3/4 - 48
1961	758.0	7.9	13.35	48.71	24.74	23.97	4.45	6.92	2.40	72 - 58
1960	792.3	8.5	12.55	54.03	27.84	26.19	4.88	7.22	2.40	74 1/2 - 56 1/4
1959	689.7	10.3	11.20	59.74	32.33	27.40	5.37	7.56	2.40	89 - 61
1958	623.7	8.7	10.39	42.73	21.56	21.17	4.18	6.24	2.40	69 3/4 - 44 1/2
1957	711.2	9.8	9.51	59.37	31.87	27.50	5.44	7.32	2.40	66 3/4 - 42
1956	581.4	9.5	8.06	48.35	24.07	24.28	5.04	6.72	2.40	64 3/4 - 48 1/2
1955	567.2	11.6	7.55	58.72	32.83	25.89	5.66	7.31	2.37 1/2	59 1/2 - 45
1954	607.7	11.3	6.98	61.80	36.26	25.54	5.62	7.14	1.50	52 3/4 - 30

PERTINENT BALANCE SHEET STATISTICS (Million \$)

Sept. 30	Gross Prop.	Capital Expend.	Cash Items	Inventories	Receivables	Current		Net Workg. Cap.	Cur. Ratio Assets to Liab.	Long Term Debt	Book Val. Com. Sh.
						Assets	Liab.				
1963	168.02	18.30	25.2	145.4	140.2	313.0	148.1	161.9	2.1-1	0.67	52.20
1962	170.93	23.20	17.0	144.9	152.2	316.4	159.4	157.0	2.0-1	0.81	49.26
1961	159.38	16.20	20.2	143.1	134.1	297.4	143.0	154.5	2.1-1	0.94	47.64
1960	152.15	21.72	22.5	143.0	136.3	301.8	156.5	145.2	1.9-1	1.08	45.63
1959	135.78	16.50	16.8	140.9	131.1	288.8	147.6	141.2	2.0-1	1.21	45.27
1958	125.35	13.04	22.3	108.5	107.4	238.2	105.5	132.7	2.3-1	1.35	42.35
1957	117.56	15.10	34.5	131.4	119.0	284.9	158.7	126.1	1.8-1	1.48	40.59
1956	95.23	17.60	22.4	121.4	108.2	252.0	139.4	112.6	1.8-1	Nil	37.48
1955	80.54	10.50	32.3	103.9	83.9	220.1	109.1	111.1	2.0-1	Nil	36.58
1954	72.24	7.50	51.9	100.1	80.9	233.0	132.3	100.6	1.8-1	Nil	33.32

¹Cal. yrs. ²Adj. for 2-for-1 split in 1955. ³Also 7% stk. in 1954 & 5% in 1956 & 1960. ⁴Aft. spec. cr. of \$0.63 a sh. in 1961.

⁵As of Dec. 31.

*As computed by Standard & Poor's.

Fundamental Position

In fiscal 1962-3, Bendix derived 70% of its sales from Government contracts, including missile and space work - 31%, aviation products - 30%, and electronic devices and miscellaneous items 9%. Commercial aviation products accounted for 5% of volume, automotive parts and equipment - 18%, and other industrial lines - 7%. The order backlog (primarily funded military orders) stood at \$419 million on September 30, 1963, compared with \$442 million a year earlier.

Some of the principal aeronautical items being produced for military and civilian use are carburetors, ignition systems, landing gear, brakes and wheels, flight and engine instruments, superchargers, regulators, pumps, valves, radar and navigation equipment, intercommunications systems, automatic pilots, radio equipment, starters, and pneumatic and electric controls.

Automotive products include brakes, power brakes, brake lining, power steering, starter drives, carburetors, fuel pumps, radios, and filters.

The company's participation in the missile and space field is broad. It holds the prime contract for the Navy's Talos anti-aircraft missile. The Pershing tactical missile guidance system is also produced, and subsystems or support equipment are furnished for the Polaris, Minuteman, Titan, Terrier and Nike-Hercules programs, including control devices, tracking systems and launching equipment. Communications equipment, control systems, telemetry devices, and special landing gear are furnished or being developed for space projects. Bendix is also a participant in other Government programs, including nuclear engines.

The company is engaged in the manufacture of a wide range of electronics items, ranging from semiconductors, tubes, and connectors to large systems for Government aerospace applications. Product lines include communications systems, meteorological equipment, and commercial radar. Marine electronics include recording and indicating instruments, and submarine detection sonar. Sheffield Corp., subsidiary, makes precision measuring instruments, and automatic gauging and assembling machines. Bendix-Westinghouse Automotive Air Brake Co. (51%-owned) produces air braking systems for trucks. The parent company is also in charge of the large AEC installation in Kansas City, Mo.

Subsidiaries or affiliates operate in Canada, France, the United Kingdom, Mexico, Brazil, Australia, and Brazil (Bendix's equity in the net assets of these foreign corporations is considerably higher than its original investment). There are also many licensing agreements in effect with companies abroad. Foreign royalties totaled \$3,482,000 (net) in fiscal 1962-3, an increase of about 4%, year-to-year.

Dividends have averaged 52% of final net in the five years through fiscal 1962-3.

Employees: 47,025. Shareholders: 32,340.

Finances

In March, 1963, Bendix sold certain assets of its Computer division to Control Data Corp. in exchange for 47,500 Control Data common shares and an estimated \$5,821,465, payable in cash instalments (the latter amount is subject to possible adjustments).

CAPITALIZATION

LONG TERM DEBT: \$670,000.

COMMON STOCK: 5,423,973 shs. (\$5 par).

Incorporated in Del. in 1929. Office—Fisher Bldg., Detroit 2. Pres—M. P. Ferguson. Exec V-Ps—G. E. Stoll, A. P. Fontaine. VP-Treas—W. H. Houghton. Secy—J. B. Gordon. Dir.—H. B. Baker, J. D. Biggers, L. I. Doan, M. P. Ferguson, A. P. Fontaine, E. K. Foster, W. H. Houghton, E. Kanzler, R. P. Lansing, H. J. Loynd, C. S. H. Mott, L. F. Polk, G. E. Stoll. Transfer Agents—Bankers Trust Co., NYC; company's office, South Bend 20, Ind. Registrars—Morgan Guaranty Trust Co., NYC; First National Bank, Chicago.