Statistical Release No. 1397

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended August 10, 1956, for the composite and by major industry groups, compared with the preceding week and with the highs and lows for 1956, is as follows:

|                | (1939 = 100) | Percent Change | 1956
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8/10/56</td>
<td>8/3/56</td>
<td>High</td>
</tr>
<tr>
<td>Composite</td>
<td>363.4</td>
<td>366.2</td>
<td>- 0.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durable Goods</td>
<td>464.8</td>
<td>468.6</td>
<td>- 0.8</td>
</tr>
<tr>
<td>Non-Durable Goods</td>
<td>435.9</td>
<td>437.6</td>
<td>- 0.4</td>
</tr>
<tr>
<td>Transportation</td>
<td>491.5</td>
<td>497.2</td>
<td>- 1.1</td>
</tr>
<tr>
<td>Utility</td>
<td>335.1</td>
<td>337.6</td>
<td>- 0.7</td>
</tr>
<tr>
<td>Trade, Finance &amp; Service</td>
<td>161.0</td>
<td>161.5</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Mining</td>
<td>315.3</td>
<td>318.9</td>
<td>- 1.1</td>
</tr>
<tr>
<td></td>
<td>380.3</td>
<td>383.2</td>
<td>- 0.8</td>
</tr>
</tbody>
</table>

* * * *

SEC SUMMARY PROSPECTUS RULE

Chairman J. Sinclair Armstrong of the Securities and Exchange Commission today announced a proposal of the Commission to adopt a new "summary prospectus" rule under the Securities Act of 1933 designed to facilitate and encourage more widespread dissemination to the investing public of important financial and other data with respect to securities registered with the Commission for public sale, and which should make an important contribution to the capital formation process. Interested persons are invited to submit views and comments thereon not later than October 31, 1956.

"Our action today," Chairman Armstrong commented, "is another in a series of actions taken during recent years to achieve a fuller realization of the objective of the Federal Securities Act of providing disclosure to investors of essential facts with respect to securities offered for sale to the investing public.

"Our proposed summary prospectus rule, announced today, contemplates that companies which file annual and other periodic reports with the Commission in the registration of their securities may use a summary prospectus which omits in part or sum-

For further details, call ST. 3-7600, ext. 5526
marizes information required to be set forth in the prospectus. Information included therein may be expressed in such condensed or summarized form as may be appropriate in the light of the circumstances under which the prospectus is to be used. This will include a brief statement, among other things, of the general character of the business of the issuer, the offering price of the securities and underwriting terms, the intended use of the proceeds, a summary of earnings, outstanding options, and similar matters. It is intended that the summary prospectus would be suitable for publication in newspapers or other periodicals and for printing in a form suitable for manual or other distribution.

"The use of a 'selling document' which contains something less than the detailed disclosures required in a prospectus is a departure from the normal distributing process which has been followed in the past. Accordingly, the Commission is approaching the problem cautiously; and, at the outset at least, the new rule would apply only to companies which file annual or other periodic reports. If the new rule is adopted, the Commission would expect to keep a close watch on its operation; and the experience thus gained would largely govern the future course of action in respect to the use of summary prospectuses. It is to be hoped, however, that a summary prospectus can be devised which will facilitate a more widespread dissemination of registration disclosures, attract a broader segment of the investing public and stimulate their interest in the full particulars set forth in the prospectus, and aid in the general distribution of securities offered for public sale.

"Important steps have been taken within the past two years to provide greater dissemination to the investing public of the disclosures with respect to new securities offerings and to improve the processes of capital formation. One of these involved an amendment to the Securities Act adopted by the Congress in 1954 which for the first time permitted written offers (but not sales) of securities between the filing and effective dates of the registration statement by means of a prospectus meeting certain requirements. Previously, underwriters and dealers were reluctant to distribute the prospectus prior to the effective date, even though the statutory twenty-day waiting period contemplated that the public would be informed during that period of the essential facts with respect to the contemplated offering, because such dissemination might be construed as an offer of securities for sale which would be violative of the law.

"The Commission also has taken related actions designed to facilitate the dissemination of information concerning new securities offerings. This included the adoption of a rule permitting the use of a preliminary communication containing prescribed minimal general information concerning a new issue. This enables underwriters and dealers to make a preliminary 'screening' of prospective customers who might be sufficiently interested in the issue to request a copy of the prospectus and thus avoid the costs incident to a large-scale, non-selective distribution of the prospectus. It has been recognized that this device has its limitations, since the preliminary communication is not designed as a sales document and does not contain sufficient information upon which a tentative judgment may be reached by investors. On the other hand, the Securities Act contemplates that the investor shall receive a prospectus containing the detailed facts required to be set forth therein. Accordingly, it would appear that some intermediate document which would highlight the significant facts contained in the prospectus and stimulate an interest in the detailed facts set forth therein, might be an appropriate instrument for large scale distribution among prospective investors, contribute to the dissemination of

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registration disclosures among the investing public, and permit underwriters and dealers to communicate with a larger group of potential customers.

"With some $4\frac{1}{2}$ billion of securities sold to public investors during the twelve months ended June 30, 1956, for the financing of plant and equipment expenditures of new and expanding businesses, there can be no doubt that the capital markets play a vital role in our continuing industrial development. Nor can there be any doubt that investor confidence in securities is a keystone to the development and maintenance of a capital market which will keep pace with our industrial development and expansion. Disclosures provided through the registration of securities with the Commission under the Securities Act and the distribution to prospective investors of a prospectus containing the salient facts set forth therein have played an important part in recent years in the development and maintenance of investor confidence in the capital markets. We of the Commission are hopeful that a summary prospectus can be developed which will further contribute to the scheme of investor protection under the Federal Securities Act; and we invite the views and comments on our proposed summary prospectus rule by all interested persons."

Holding Company Act Release No. 13239

The SEC has issued an order authorizing The Columbia Gas System, Inc., to make open account advances to its wholly-owned subsidiary service company, Columbia Gas System Service Corporation, amounts not exceeding $1,500,000 in the aggregate for the construction of an office building at Marble Cliff, near Columbus, O.

* * * *

Illinois Bell Telephone Company (Chicago) filed a registration statement (File 2-12698) with the SEC on August 10, 1956, seeking registration of 580,531 shares of its $100 par Common Capital Stock. The company proposes to offer these shares for subscription at $100 per share by stockholders of record August 31, 1956. No underwriting is involved. Illinois Bell is a subsidiary of American Telephone and Telegraph Company, which owns 4,612,578 shares (99.32%) of its outstanding stock. Net proceeds, estimated at $57,907,000, are to be applied toward repayment of advances from the parent, which amounted to $58,700,000 on July 31, 1956. Such advances are obtained under an established practice of the issuer, which it expects to continue, of borrowing from the parent, as need therefor arises, for general corporate purposes, including property additions and improvements.

* * * *

Gulf States Utilities Company, Beaumont, Texas, filed a registration statement (File 2-12699) with the SEC on August 10, 1956, seeking registration of $15,000,000 of First Mortgage Bonds, Series due 1986, and 100,000 shares of its no-par Common Stock, to be offered for public sale at competitive bidding. Net proceeds of the financing will be used by the company to pay off $18,000,000 of short-term notes issued to provide funds for construction purposes; and any balance will be added to general corporate funds. The company estimates its construction program for 1956-1957 at $62,000,000, which is expected to require an additional $30,000,000 of financing including temporary bank loans.

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CONTINUED ON PAGE 4
Axe-Houghton Fund A, Inc., Tarrytown, N. Y., investment company, filed a registration statement (File 2-12700) with the SEC on August 10, 1956, seeking registration of 500,000 shares of capital stock, $1 par value.

* * * *

American Investment and Income Fund, Inc., Washington investment company, filed a registration statement (File 2-12701) with the SEC on August 10, 1956 seeking registration of $18,062,500 of Systematic and Single Payment Plans.

* * * *

Hydrometals, Inc., Chicago, filed a registration statement (File 2-12702) with the SEC on August 10, 1956, seeking registration of 78,275 shares of its $2.50 par Capital Stock and Rights to subscribe to an additional 391,375 shares. Hydrometals has contracted for the acquisition of all the license rights and assets of Hayden Projects, Inc., in exchange for 77,500 shares of its stock and rights to subscribe to an additional 387,500 shares. Cady, Roberts & Co., of New York will receive 775 shares and rights to an additional 3,875 shares as a fee for its services in connection with such transaction. Hayden Projects was organized in October, 1954, for the purpose of holding and developing certain rights to the use of processes for the production of copper powder from low-grade copper scrap, ores and concentrates and rolling processes for converting such copper and other metal powder into usable forms. Upon consummation of the transaction all of the 77,500 shares and rights to 387,500 additional shares will be distributed by Hayden Projects to its stockholders and debenture holders, whereupon Hayden Projects will be dissolved. The rights are exercisable over a five-year period and at an initial exercise price of $13 per share.

* * * *

The Clausen Bakeries, Inc., Augusta, Ga., today filed a registration statement (File 2-12703) with the SEC seeking registration of $250,000 of 6% Debentures, maturing 1996, and 166,000 shares of $1 par Common Stock. 150,000 common shares are to be offered for subscription at $5.50 by holders of its previously outstanding Class A and Class B common, on the basis of two-thirds of a share of such new common for each share of Class A and/or Class B stock. The record date is to be supplied by amendment. The remaining 16,000 common shares and the $250,000 of 6% Debentures are to be offered for public sale through an underwriting group headed by Johnson, Lane, Space and Co., Inc. This offering of 16,000 shares is to be made at $6.25 per share; and the debentures are to be offered at 100% of principal amount. Underwriting terms are to be supplied by amendment.

The company is also registering an additional 75,000 shares of its $1 par common stock, rights to purchase an additional 150,000 shares of such stock, and debentures in the principal amount of $2,250,000, all of which are to be exchanged for the Class A and Class B common pursuant to a Plan of Recapitalization. This plan of recapitalization, approved by stockholders on August 10, 1956, provides for the retirement of the outstanding Class A and Class B stock. In lieu thereof, holders will receive 1 share of new $1 par common for each three shares of Class A

CONTINUED ON PAGE 5
and/or Class B common held, stock purchase warrants evidencing the right to pur-
chase 2/3 of a share of new common for each share of Class A and/or Class B, and
$10 face value of 6% debentures for each share of Class A and/or Class B common.

The proceeds to be received by the company from the sale of common stock to
the public, the exercise of stock purchase warrants, and the sale of the deben-
tures, are to be combined with $450,000, the anticipated proceeds from the private
sale of a new issue of preferred stock by H. H. Claussen Sons, Inc., a subsidiary;
and the entire funds so received will be utilized as follows: $455,000 for the
retirement of outstanding 5% Serial Debentures; $500,000 for the construction
and equipment of a new baker plant by Claussen Baking Company, a subsidiary,
in Charleston, S. Car.; $595,000 for the retirement of presently outstanding preferred
stock of H. H. Claussen Sons, Inc.; and the balance for presently unallocated pur-
poses.

* * * *

Carolina Telephone and Telegraph Company (Tarboro) today filed a registration
statement (File 2-12704) with the SEC seeking registration of 12,000 shares of its
Common Capital Stock ($1.00 par). These shares are to be offered for subscription
by officers and employees of the company pursuant to its Employees' Stock Plan.

* * * *

General Telephone Company of California (Santa Monica) today filed a registra-
tion statement (File 2-12705) with the SEC seeking registration of $20,000,000 of
First Mortgage Bonds, Series J, due September 1, 1986, to be offered for public
sale at competitive bidding. Net proceeds will become a part of the treasury funds
of the company and will be used by it for property additions and improvements and/or
to discharge in whole or in part any short term bank loans (used for said purposes
and estimated not to exceed $15,000,000 at the time such proceeds are received) ow-
ing by the company. Additional funds for the construction program will be obtained
from internal sources and from short term bank loans and the sale of additional
securities when and as required. Construction expenditures are estimated at
$33,000,000 for the six months ending December 31, 1956, and $69,800,000 for the
year 1957.

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For IMMEDIATE Release Monday, August 13, 1956

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

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