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A SUBJECT APPROACH TO
BUSINESS REFERENCE SOURCES

by

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SPECIFIC COMPANY INFORMATION

PRIMARY SOURCES

The primary source of information about a company is the company itself. The data available through this source take the form of various reports which the company is required to make to its stockholders, the stock exchanges and the U.S. Securities and Exchange Commission (SEC). The disclosure provisions of the Federal Securities Law
are aimed at providing full and fair disclosure of information concerning all securities offered for sale and the companies whose stock is being traded. The Securities and Exchange Commission has the responsibility to ensure that the information so provided would be adequate for an informed investment analysis and prudent investment decision by the prospective investor.

The most basic of the various reports made by the company are the Annual Reports and the Interim Reports of the board of directors to the stockholders containing summary financial data, auditors' reports, and often fairly extensive descriptions of the company's activities and plans. The annual report is not one of the SEC-required filings. The companies, therefore, have considerable leeway in determining the nature and scope of the information so released. Furthermore, studies have shown that a significant number of stockholders do not care for in-depth information about their companies. The annual reports have, therefore, increasingly become public relations documents containing nonfinancial details not reported elsewhere. There is, however, a noticeable trend in the opposite direction as well. To avoid the expense of preparing two entirely different kinds of reports, one to the stockholders and one to the SEC, a number of companies are beginning to combine the annual reports and the 10K reports. If this trend continues, the annual report will become one of the most important sources of information.

Significant information on specific activities of the companies can frequently be obtained from the Notices of the company's annual general and special stockholders' meetings. These notices are required by law to be made to the stockholders whenever any important change takes place in the affairs of the company. Increase in the outstanding capital, issue of debentures and change in the rights of different classes of stockholders are examples of major events requiring stockholder approval. Lack of indexing and space have forced libraries to discard the notices of meetings, even though they constitute a valuable and free source of information.

The Notices, however, are not in themselves as important as the accompanying Proxy Statements. These are informational statements provided to stockholders for formulating a decision on corporate matters to be brought to a vote at the stockholders' meeting. By law, copies of these statements are to be filed with the SEC before or at the time of submission to the stockholders. The Proxy Statements are available in microform through commercial publishers.

Whenever a new securities issue is made to the general public, the company making the issue is required to file with the SEC a Registration Statement, containing various categories of certified financial and other pertinent data. The Securities and Exchange Commission ensures that the statement provides adequate information for an average investor or a stockholder to make a prudent decision. There are two kinds of registration statements: (1) the Offering Registration Statement, required under the Federal Securities Act of 1933; and (2) the Trading Registration Statement, required under the Securities Exchange Act of 1934. These statements include information regarding promotional and marketing arrangements, expense of the issuance and distribution, sales to special parties, treatment of the proceeds, and the subsidiaries, franchises and concessions owned by the company.

Similar to the Registration Statement but intended for a totally different audience is the Prospectus. This is an information statement to prospective security purchasers, usually made available through stockbrokers and underwriters. The information provided is more or less the same as in the Registration Statement. The Prospectus, which among other things contains the actual offering price, is issued after the SEC approves the Registration Statement but before the sale of the securities is initiated. It is
therefore possible for the Prospectus to include the changes suggested by the Securities and Exchange Commission to be made in the Registration Statement.

Listing Application Statements also fall under the category of primary source material. These are statements filed by the company with the national or regional stock exchanges so that a specific security may be listed and hence traded through the exchanges. The statement documents the proposed new listing and typically contains copies of the Prospectus, the Notice and the Proxy Statements. Information normally found in the listing statements includes the capitalization of the company, the price range of the common stock, debentures, consolidated statement of accounts, the business of the company, its properties, litigation in progress, underwriting arrangements, and legal options. The main problem with the listing statements is that they are difficult to access; for instance, the New York Stock Exchange (NYSE) listing statements are only partially indexed, with a gap of certain years. Recently, however, the Funk & Scott Index of Corporations and Industries has begun indexing the NYSE listing statements.

The sources of company information listed so far do nothing more than merely skim the surface; the bulk of the data comes from what are commonly known as the disclosure reports. These are annual and quarterly reports filed by the companies with the SEC. The following is a summary listing of the most important filings required under the Securities Act of 1933 and the Securities Exchange Act of 1934:

1. 10K--the official annual business and financial report filed by most companies
2. 12K--annual reports similar to 10K, but filed by certain companies falling under the regulatory scope of the Federal Trade Commission, Federal Communications Commission and/or the Interstate Commerce Commission.
3. 11K--annual reports with respect to employee stock purchase, savings, and similar plans, interests in which would constitute "securities" registered under the Securities Act of 1933. 11K is to be filed even though the company files other annual reports.
4. 10Q--quarterly unaudited financial report, filed by most companies, providing up-to-date information on company finances.
5. N1Q and R--similar to 10K and 10Q, but filed by management-investment companies.
6. 7Q--similar to 10Q, but filed by real estate companies.
7. 8K--reports of unscheduled material events.
8. 10C--reports in changes in name and amount of NASDAQ-listed securities.
9. S1 through S16--"offering" registrations filed under the Securities Act of 1933 by different types of issuers, such as development stage companies, development stage mining companies, open- and closed-end investment companies, and unit investment trusts.
10. 8A, 8B and F10--trading registration forms under the Securities Exchange Act of 1934. Form 10 is filed by companies falling under the 1934 two-year filing requirement, and is a combination of the registration statement and the annual report; form 8A is used to register additional securities for trading, and form 8B to register securities under the name of the "successor" entity following a name change.
Most of these reports are available in microform through commercial publishers such as Disclosure Inc. Access to them is made possible by thorough indexing in journals such as Disclosure Journal, SEC Corporate Profiles, and Index of Corporate Events. These indexes facilitate a subject approach as well as a company name approach, but are being discontinued in their present format. Subject indexing of the reports will continue to be maintained in a new Disclosure Journal.

In this same category are the Directory of Companies Required to File Annual Reports with the Securities and Exchange Commission and the Statistical Bulletin which list, among other filings, the 8K filings. Both are published by the SEC.

Some of the more important and informative SEC filings merit detailed discussion here.

8K Reports

As noted earlier, this is a report of unscheduled material events or corporate changes considered significant to the shareholders. Some examples of material events are:

1. Changes in control of the registrant, i.e. if any person has become the parent of the registrant or ceased to be one, this fact must be reported together with the stock transaction which caused the event, the percentage of voting securities of the registrant owned by the parent, or any other basis of control;

2. Acquisition or disposition of assets by the registrant (or any of the majority-owned subsidiaries) other than in the ordinary course of business; details to be reported in such cases include date and manner of the transaction, asset involved and consideration therefor, identity of the parties to the transaction, and any material relationships to the registrants or those under its control;

3. Any material legal proceedings to which the registrant or any of its subsidiaries is or has become a party;

4. Any material change in the rights of the holders of any class of registered security or any issuance or modification of other class of securities which limits or modifies the rights of existing registered securities; also included here are working capital restrictions or limitations on payment of dividends;

5. Any material default in the payment of principal, interest, a sinking or a purchase fund installment, or any other material default with respect to the indebtedness of the registrant;

6. Any increase in the amount of outstanding securities through issuance of a new class of securities, or issuance or reissuance of an existing class of securities, if exceeding 5 percent of the outstanding securities of the class;

7. Any decrease in the amount of outstanding securities;

8. Options to purchase securities of the registrant or of any of its subsidiaries from the registrant or any of its subsidiaries;

9. Submission of matters to a vote of securityholders; and

10. Changes in the registrant's certifying accountant.
10K Reports

These are by far the most exhaustive of the informational sources. Basically, they are divided into two parts: the financial section and the supporting data. Significant data in the financial section include the following: identification of the principal products and/or services of the company and its subsidiaries; its principal markets; methods of distribution; competitive conditions in the industry; backlog of orders; sources and availability of raw materials essential to the business; importance and effects of patents; licenses; franchises and concessions held; research and development expenditures; total number of employees; information about lines of business; effects of compliance with environmental laws; summary of fiscal operations with past data; location and character of the principal plants, mines and other materially held physical properties and the extent of their utilization; a diagram of principal parents and subsidiaries with the basis of control; legal proceedings pending; increases or decreases in outstanding securities; the number of recordholders in each class of securities; and the executive officers of the registrant and the family relationships between them. The supporting data concentrates on the controlling interests. The data given here include the identification of the holdings of the management and the so-called "10-percenters," biographical and other background data on directors, including their tenure of office, remunerations, stock options and interests.

SECONDARY SOURCES

The important point to be made about the primary sources discussed above is that they contain raw financial and other data. None of these sources is analytic in nature; the majority of the secondary sources, however, are analytical in that they attempt to explain the significance of the information given. Not all the secondary sources, however, are of this type; some publications fall under the category of investment information services, and others under investment advisory services. The main difference between the two is that the law requires the persons who publish advisory services to have a certain expertise in their field in order to protect readers who depend on their conclusions and recommendations.

Moody's Manuals

Any discussion of the secondary sources of data on companies may appropriately begin with the Moody's manuals, which are perhaps the most widely known publications of their kind. The manuals are merely factual in nature, containing unanalyzed and uninterpreted information helpful to anyone doing research on a particular company. Moody's manuals report the data as they find them in the company reports and various other publications.

Moody's Industrial Manual is a comprehensive source of information on industrial corporations and enterprises compiled annually from the various reports filed by the companies with the SEC and/or made available to stockholders. The manual is by far the best source of information on the history of companies, background, mergers and acquisitions, subsidiaries, business and products, principal plants and properties, corporate officials, annual meetings, number of stockholders, employees and corporate headquarters. The manual also includes a capital structure table highlighting outstanding bond and stock issues (with ratings for the former), comparative earnings and dividend payments per share, coverage for interest and fixed charges, debt/equity and debt/asset ratios. The financial and operating ratios, given for most companies, present an analytical picture of the company's performance. The blue pages in the center section of the manual contain composite industrial and financial statistics, as well as a geographic and subject index to companies and products. These pages should be referred to for time series data like the
ten-year price range of industrial securities, Moody's averages for industrial bonds, preferred and common stock yields.

The annual volume is supplemented by Moody's Industrial News Reports, published on Tuesdays and Fridays, which provide updated information on interim financial statements, personnel changes, new plants and products, merger proposals, and descriptions of new capital issues. Moody's Industrial Manual deals only with listed securities.

Unlisted securities which are publicly traded are said to be traded in the "over-the-counter" (OTC) market. One of the main purposes of the over-the-counter market is to distribute new and secondary issues. The major portion of the new issues are underwritten in the OTC market. The basic difference between the OTC and the listed market is that in listed transactions, a major portion of the trade occurs as trade between the public buyers and sellers. In the OTC market, virtually all the transactions are traded from customer to dealer, dealer to dealer, and dealer to customer, so that there are usually two dealers making a profit on each side of a buy-and-sell transaction. Moody's OTC Industrial Manual gives information on stocks traded over the counter. It is supplemented by Moody's OTC Industrial News Reports.

The coverage of Moody's Bank & Finance Manual extends to banks, insurance companies, investment companies, miscellaneous financial enterprises, real estate companies and real estate investment trusts. The section on banks gives the latest available accounts of nearly 3,000 banks, as well as the history of the institution from the date of the charter, absorptions, capital history, dividend payments and price range. More than 3,000 smaller banks are listed with essential details. Information is also provided on the chartered banks of Canada, the principal banks of England, Europe, Asia, Africa, Australia, and South America. The insurance section covers all phases of insurance business, e.g., underwriting and investment results, assets and liabilities, gains and losses, and types of business underwritten. Federal credit regulatory agencies such as the Federal Reserve System, FDIC, FNMA, GNMA, FHLBB, and others are treated in considerable detail. As with Moody's other manuals, the center section of the Bank & Finance Manual contains composite subject data such as a 10-year price range of stocks and bonds included in the manual with high-low prices, lists of 500 largest banks, 100 largest mutual savings banks, 100 largest life insurance companies, and 100 largest savings and loan associations. Also included are stock averages, distribution of assets, and investments of life insurance companies.

Moody's Municipal & Government Manual covers domestic and foreign issues. The domestic section gives detailed information on federal, state, and municipal obligations. The foreign section gives, in addition to the indebtedness of government and municipal external obligations, descriptions of international financial institutions such as the IMF. Special features include: (1) the Moody's municipal bond averages with charts; (2) average yields of U.S. government obligations; (3) comparative yield on municipal, treasury and corporate bonds; (4) state and municipal new issues; and (5) tax status of municipal and government bonds.

Moody's Transportation Manual deals with the entire transportation industry--railroads, airlines, steamship companies, electric railway, bus and truck lines, oil pipelines, and bridge and canal companies. Financial and operating results of railroads are given in great detail, together with historical data, location and mileage, management and security descriptions, efficiency factors, freight traffic statistics by commodity classification, freight and passenger revenues, equipment information, a list of Class I railroads, and railroad bond yields and averages. Information about airlines includes income accounts, balance sheets and operating statistics. The blue pages contain a survey of the transportation industry.
In addition to the usual data common to other Moody's manuals, Moody's Public Utilities provides information on rates, franchises and contracts. The center pages are a compendium of utility data, including public utility maps and industrywide vital statistics.

Moody's Handbook of Common Stocks is in a slightly different category than the manuals discussed above in that it provides background statistical data on most stocks listed on NYSE and the American Stock Exchange (AMEX). For each stock, the information given includes a 19-year chart which traces prices, earnings and dividends for each year. The chart also provides the stock's market history or behavior in terms of two other important trends: (1) industrial common stock average, to enable comparison of company price movements with the market as a whole; and (2) Moody's averages, for comparison both of the company with its own industry and of the trend of the industry with that of the whole market. Unlike Moody's manuals, the stock guide rates the stock in terms of their quality (i.e. high grade, investment grade, medium grade and speculative grade); in this respect, the stock guide falls under the category of investment advisory services such as The Value Line, and Standard & Poor's Stock Reports. Among other interesting bits of information, the guide gives for each company the institutional holdings in that company, i.e. the number of institutions and the total number of shares held by them.

Moody's Stock Survey was a newsletter, falling under the class of investment advisory services, which made "buy," "sell" or "hold" recommendations on specific investment requirements such as growth, income safety, etc. Individual stocks, as well as industry groups, were analyzed. Moody's Stock Survey is now discontinued, but Moody's Bond Survey makes weekly comments and recommendations about various bond categories--government, industrial, public utility, transportation, tax-exempt municipal, and international and foreign bonds.

Moody's Bond Record provides statistical data on municipal, corporate, government and convertible bonds, and on preferred stocks. Specific issues are analyzed in terms of interest dates, defaults, current call price, Moody's rating, market quotation, price range, yield, government bank classification for the purposes of bank examination, amount outstanding, sinking fund position, legal status and current assets and liabilities.

Companies of Specific Industries

A few other interesting types of company information sources may be noted in passing before examining the advisory service. These sources concentrate on companies in one particular industry and thus include coverage of smaller units not found elsewhere.

Financial Statistics of Public Utilities is an excellent source for a brief summary of approximately 300 utilities. The following data are given on each utility: financial statistics for the current and previous years; description of outstanding securities; Moody's bond ratings; and composite statistics such as depreciation expenditure as a percentage of operating revenue and of plant, depreciation reserve as a percentage of plant, maintenance as a percentage of operating revenue, and taxes as a percentage of operating revenue. Other data include the area served by the utility, number of customers, units sold, corporate office addresses and names of corporate officers.

The Electronic News Financial Fact Book & Directory contains directory-type data on companies in the electronics industry, including corporate offices addresses, names of the corporate officers, subsidiaries and divisions, the stock exchange on which the company's stock is traded, and the number of employees. It also gives some interesting statistics on plant footage, sales and earnings, income statement and balance sheet, common stock equity, and certain financial ratios.
The Medical Healthcare and Marketplace Guide\textsuperscript{21} is a directory providing marketplace information on both private and public companies in such fields as cardiac pacemakers, x-ray and nuclear equipment, etc. Its company profiles include financial information and market share reports. The guide also gives line of business breakdown by the product class when available. In addition, there is a related publication entitled The Medical and Healthcare Stock Market Guide\textsuperscript{22} containing brief summaries of data on most listed in this area, including financial data. Both books are somewhat updated by Bio-medical Insight,\textsuperscript{23} a biweekly publication containing news about the medical and health care industry.

The McGraw-Hill Mining Informational Service of Coal Age and E/MJ magazines, in collaboration with Disclosure Inc., is releasing a Mineral Resources Industries Corporate Profiles\textsuperscript{24} for the leading 500 coal mining companies, coal reserve holders, petroleum producers, cement producers, gas producers and transmission firms, metal and nonmetal mining companies, nonferrous smelting and refining firms, iron and steel producers, and the top electric utilities. Basically, this book is a summary for each company of all the disclosure reports such as 10K and 8K reports filed in the past twelve months with SEC.

A similar publication is Fairchild's Financial Manual of Retail Stores.\textsuperscript{25} A special feature of this annual is its inclusion of some difficult-to-obtain information, such as the number of stores owned by a retail chain in the past ten years. There is a section on composite industrywide data, e.g., retail stores by regions, retail sales in the United States by type of business, latest available statistics on leading merchandise, food, drug, and shoe chains. Another complete compilation of retail company financial data is a simple, easy-to-read volume is the Retail Industry Statistical Compendium,\textsuperscript{26} which analyzes more than 300 companies under 16 broad retail groupings, including department, variety, discount, drug, apparel, and fabric stores and supermarkets. For each company examined, sales trends, return on investment, unit expansion, and working capital are provided. There is also a complete ranking of retail groups and individual companies.

The News Front's 30,000 Leading U.S. Corporations\textsuperscript{27} is a computerized analysis of manufacturing corporations which account for 90 percent of the total manufacturing assets, and manufacturing corporations which account for up to 98 percent of the industry totals. Public and private corporations are classified according to the Standard Industrial Classification (SIC). Analysis under each category includes ranking of corporations by annual sales and by other leading indices such as profits, assets, number of employees, cash flow, current ratios and stockholder equity. Information is included on total sales in each industry, which helps in computing an individual company's percentage of total sales and share of the market. Special features include tabular analyses of: (1) earnings of 1,500 leading U.S. corporations; (2) top performing U.S. corporations with assets over $50 million, between $5 and $50 million, and less than $5 million; and (3) output per worker. Also included is a list of U.S. manufacturers with ten or more plants by SIC categories. Two other sources for obtaining data on a company's percentage of the market are the Economics Information System's EIS Shipment Reports\textsuperscript{28} and EIS Market Shares Reports.\textsuperscript{29} The former publication identifies and ranks all important producing plants in any manufacturing industry. Organized geographically, the report gives each plant's name and address, estimated annual shipments, and percentage of the industry shipments. It also provides totals for industry shipments for each state and county. Some of the uses of these data are measurement of competitive plants in any industry, analysis of plants for possible acquisition, and identification of all important buying units. A similar purpose is served by the Market Shares Reports which give for each company data on annual shipments, percentage of an industry's shipments, and ranking by market share.
The COMPUSTAT is a data base consisting of a number of machine-readable libraries of financial, statistical and market information covering several thousands of industrial and nonindustrial corporations. A broad range of technical data is available through COMPUSTAT such as key balance sheets, income statements, and market items. Longer annual and quarterly time series data is also provided. The magnetic tapes are continually updated and timesharing facilities are available. An idea of the specific and minute nature of the data on companies, some of which are not often available through regular services, may be obtained by looking at the information provided by COMPUSTAT. The following is a sample list: total assets and liabilities and total networking capital, capital expenditures, cash or equivalent, capital structure, cost of goods sold, current assets and liabilities, depreciation and amortization, earnings per share, incentive compensation, income taxes, intangibles, inventories, inventory cost and valuation methods, invested capital, investment credit, investments in and advances to subsidiaries and others, labor and related expenses, minority interest, pension and retirement expenses, research and development expenses, and selling and advertising expenses.

Investment Advisory Services

A representative sample of Investment Advisory Services begins with Security Owner's Stock Guide which gives a quick overview of the common and preferred stocks listed in NYSE, AMEX, OTC and regional stock exchanges. Briefly noted against each stock is the following information: earnings and dividend ranking, par value of the stock (if any), institutional holdings in terms of the number of institutions and total volume of shares so held, principal business, price range, the preceding month's total sales of stock, high-low prices for the previous month, yield, price earnings ratio, dividend information, current cash, asset and liability position, capital structure, earnings per share, and interim earnings. The guide also contains similar information on mutual fund stocks. The statistical section carries valuable data on the various Standard & Poor's indexes, latest brokerage commission rates, and a few other business indicators.

Similar to the Security Owner's Stock Guide, Standard & Poor's Bond Guide gives conveniently formatted comparative financial and statistical information on a broad list of bonds, such as description of bonds with interest dates, cash position, current assets and liabilities, redemption provision, underwriters, total funded debt, ratio of total funded debt to net property, price range, month-end high-low bids, current yield and yield maturity, Standard & Poor's quality rating, eligibility in terms of investment securities, and regulation and legality of investment in certain states. Significant supplementary information includes changes in quality ratings, long-term record of bond yields, and graphic yield charts.

Additional analytical information is available through Standard & Poor's Stock Reports. These reports cover the most widely traded and distributed securities listed on the NYSE, AMEX, OTC and regional exchanges. The service is oriented toward investors and speculators, and unlike Moody's manuals (but similar to Moody's quarterly stock guides), these reports do not contain elaborate data on capital history, the history of the company and its officers. Such information is irrelevant for persons who buy and sell on the stock exchange in the hope of making profit on the short-term price movements of the stock concerned. The Stock Reports therefore contain data which are valuable in making buy/sell decisions, e.g., operating and financial statistics for the past five years in figures as well as charts, analysis of common share earnings and dividend data, ten-year income and balance sheet statistics, current and future prospects of the company, recent developments, and long-term outlook. Other minor bits of information include total number of stock holders and employees. The reports are kept up to date by frequent revisions to keep pace with the changing market conditions. Standard & Poor's Stock Summary offers a bird's-eye view of all stock market activity. A much smaller version
of the Security Owner's Stock Guide, its highlights include a section on growth stocks evaluated according to Standard & Poor's criteria for growth stocks. Typical data given in the principal section covering about 2,000 stocks consist of: (1) high-low price range since 1960, (2) last full year's high-low, (3) yield on dividend, (4) P/E ratio, (5) price changes in the last six months, (6) institutional holdings, (7) dividend information, (8) per-share earnings, (9) capital outstanding, and (10) working capital, i.e. current, equivalents, current assets and liabilities. There is also the usual Standard & Poor's rating of each company.

A major investment advisory service containing some special features not common to the other services examined thus far is The Value Line Investment Survey. This survey rates more than 1,500 stocks for probable market performance in the following twelve months and gives very comprehensive data for each stock, e.g., statistical history of 23 key investment factors of the past 10 years, plus future estimates for the next 3 to 5 years. Ratings are given for probable market performance, relative investment safety, and stock appreciation potential. The typical Value Line full-page report contains the following:

1. monthly price range and trading volume for the past ten years to the present;
2. investment company holdings;
3. key growth rates and historical growth trends of revenue per share;
4. book value per share;
5. cash flow and earnings per share;
6. capital structure and pension fund liability;
7. quarterly sales, earnings and dividend;
8. yield;
9. current price and earnings ratio compared with its past norm;
10. estimated (three to five years) price range;
11. a summary of the company's business;
12. a review of latest developments and future prospects; and
13. significant ratios indicating liquidity, i.e. current assets to current liability, and working capital to sales.

One of the two significant features of the survey is the beta coefficient for the stock, which indicates the measurement of the stock's price sensitivity to overall market fluctuations (based on NYSE composite average). The other feature is the Insider Decision Index, which is an expression of the willingness of the "insiders" (officers and directors) to buy stock in their own company relative to their decision to sell. An increasing index means that more purchase decisions were reported than sales. The Value Line Investment Survey is accompanied each week by a selection and opinion section, which provides detailed analysis of specially recommended stock.

A more specialized advisory service is the R.H.M. Warrants Survey of Options & Low-Price Stocks. A warrant in this context is an investment which gives its holder the right
to purchase a fixed number of stocks in a company at a fixed price at a future date.
Exercise of the right to convert the warrant depends on the market price at any given
time of the security given in exchange. The survey lists specially recommended
stock warrants with the following information on them: the exchange where the warrants
are traded, the terms for their exercise, the year of their expiry, The Value Line
technical rating, and the leverage of the warrant (which denotes the anticipated increase
in the price for the common stock). (Thus, a leverage of 2 would indicate that for every
point increase in the price of the common stock, the price of the warrant would go up
two points). The warrant survey is accompanied by charts for each special warrant.

Another similar special service is the Value Line Options & Convertibles. A convertible
security is any security which can be exchanged for another security at the option of the
holder; these include convertible preferreds, convertible bonds and warrants, all of
which are analyzed in the survey. Statistical data needed to make a decision include the
following: (1) an evaluation of the common stock in terms of price, performance,
volatility or sensitivity to market changes, yield and liquidity; (2) facts about the
convertible in question, the conversion ratio, denominator (for bonds) or conversion
price, expiration and maturity dates, issue size (which is the number of outstanding
shares for preferreds or the principal amount for bonds), relative size (which is the
number of shares obtainable upon the conversion of the entire issue as a percentage of
the outstanding common), liquidity grade (which indicates the market value of the secu-
ritv's typical weekly trading volume); (3) protection against stock dilution from stock
dividends and splits, price performance, and the relative volatility of the convertible.
The survey also contains a statistical analysis of each item in terms of its stock
market risk, over- or undervaluation, and hedge ratio.

Mutual Funds

Mutual funds are investment companies which perform the job of investment for a large
group of investors. In theory they are experts in stock selection. They offer adequate
diversification, full-time portfolio supervision, liquidity assured by redemption on
demand at asset value, protective federal and state legislation, and bank custodianship.
Two services which may help to cast more light on the intricacies of the subject are
mentioned here briefly. The first, the Institute of Business Planning's IBP Mutual
Fund Investment Planning Services is an in-depth subject guide dealing with all the
aspects of a mutual fund, ranging from the basic concepts to their security features,
profit opportunities and tax angles. The guide's analysis includes regulatory aspects,
relative roles of the National Association of Security Dealers and the Investment Company
Institute, selection of mutual funds and evaluation of their performance, use of mutual
funds in pension and profit-sharing programs, and combining mutual funds with insurance
and annuities. There is also an excellent glossary of mutual funds terminology.

The Commerce Clearing House's CCH Mutual Fund Guide, on the other hand, deals
basically with the regulatory aspect of mutual funds by the federal and state governments.
Problems ranging from those that may arise in the course of initial planning, formation
and organization of mutual funds to those concerning effective day-to-day operation are
dealt with exhaustively. The guide is designed for people who operate mutual fund
businesses and for those interested in studying the legal aspects of mutual funds.
Information on the following laws and regulations is specifically provided in the guide:
Investment Company Act of 1940, Securities Act of 1933, Securities Exchange Act of 1934,
Investment Advisors Act of 1949, sub-chapter "M" of the Internal Revenue Code, and state
law requirements, as well as releases and regulations issued by the SEC and regulations

A closely related but much more comprehensive publication is Investment Companies:
Mutual Funds and Other Types. The first part of this annual is similar to the two
sources mentioned above: it gives textbook treatment of the investment companies, what they are and how they operate. It also deals with the technical aspects of this type of investment so that investors can be well prepared in selection and evaluation of mutual funds, open- and closed-end investment companies and the variable annuities, and in estate planning and tax aspects. The annual, moreover, has attractive statistical features. The general section gives composite data such as the growth of investment companies, sales breakdown by size, mutual fund assets by types, closed-end discounts and premiums, previous year's market activity, illustrations of purchase plans, withdrawal plans, holdings of financial institutions, monthly performance of mutual funds, mutual funds volatility, etc.

Another feature of this book is the section entitled "Panorama of Mutual Funds," which gives at a glance the minimum amount of initial purchase required, rights of accumulation and accumulation plans, automatic reinvestment of income, dividends, and withdrawal plans. There is also a section on management results for a 10-year period evaluated from two different criteria, namely maximum capital gains and long-term growth-income secondary. For each mutual fund, there is a 10-year illustration showing what happened to an initial investment of $10,000. Data on individual mutual funds include a description of the fund with chart and tables, history of the fund and any special services offered (e.g., automatic dividend reinvestment), statistical history for ten years, total net assets, number of shareholders, net value of asset per share, offering price, yield, income dividends, capital gains distribution, expense ratio, high-low of offering price, corporate officers, investment advisors with compensation, distributors, sales charge and the names of states where the fund is qualified to be sold. The accompanying chart describes the growth (or otherwise) of an assumed investment of $10,000 and explains the value of the shares over the years, value of shares accepted as cumulative capital gains, dividends paid from investment income, and the results, taking all dividends and distribution in stock and cash. An annual companion volume, Charts & Statistics, describes the objective and policy for each fund. Other features include a 10-year growth chart and a table showing the cumulative cost and cumulative value of shares, the description of available withdrawal plans, and value of the remaining shares.

An interesting aspect of mutual funds is their withdrawal plans. These plans are a unique service enabling investors to spend the income produced by their capital as part of their accumulated principal. In contrast to an annuity or a savings bank account with regular withdrawal, these plans offer the advantages and risks of using as the medium of investment stocks that fluctuate in value; this makes possible a growth in value that can offset spending of accumulated sums. Basically, there are two plans generally available to the investors. Under the first plan, investment income is held as cash until needed to make a withdrawal payment. The other plan would invest income dividends and capital gain distributions in additional shares, and at the time of withdrawal sufficient shares would be sold to meet the payment. Payment plans may also vary. For example, certain funds might offer payments based on a regular liquidation of a specified number of shares, while others might offer payments based on a regular liquidation of a specified percentage of the net asset value of shares owned. The annual Mutual Funds Withdrawal Plans published by Wiesenberger is a guidebook to the various available plans.

A periodical dealing specifically with the mutual fund industry and thus an excellent source of statistical and other current data is the Fundscope. Each issue examines the industry from a particular aspect. For example, the February, May, August and November issues review the quarterly performance of the funds, including an analysis of the latest 12-month period. The March issue ranks annual results for each of the past ten years, in descending order of performance. The April issue is the annual guide, containing rankings of latest 10-year results and annual results by group classifications. The June issue gives the latest withdrawal plan results, and the July issue studies the
growth of an assumed investment of $10,000 for 10-, 15- and 20-year periods. Results of a systematic dollar-cost averaging program are included in the September issue. The December issue is the unique performance rating issue, in which mutual funds are rated under seven different categories. Two other periodicals which are notable for their statistical data are Forbes, which has an annual review of the mutual fund industry, and the Investment Dealers' Digest, which has a "Mutual Fund Directory" issue in addition to other issues containing reviews of mutual funds and information on mutual funds in registration.

Composite industrywide time series data on mutual funds are often needed by people studying the whole mutual fund industry. An excellent source for this information is the Mutual Fund Fact Book, which gives details on shareholder accounts; total net assets of the industry; mutual fund capital changes; sales and repurchases of own shares; relation of mutual fund assets to NYSE market value of all listed stocks; distribution to shareholders; portfolio diversification; fund ownership by states and geographical regions; assets and number of open-end investment companies outside the United States; fiduciary, business and institutional investors of mutual funds; and portfolio turnover activity.

Insurance Companies

In the area of insurance companies, as in that of mutual funds, there is no dearth of specialized information sources catering to specific needs. As we saw earlier, Moody's Bank and Finance Manual does provide considerable financial and other data on both the mutual funds and insurance companies. But these data may be inadequate for in-depth studies of the industry or the units within it. In this section, some of the specialized sources of data on the various aspects of insurance companies are examined. We may begin by looking at some of the directory-type informational sources.

The Insurance Market Place is an agents' and brokers' guide to nonstandard and specialty lines, aviation, marine and international insurance. There is a listing of commonly written professional liability, errors and omissions, and malpractice forms, as well as many other liability and property insurance categories which are difficult for an agent or broker to place or which require special underwriting treatment. Under each category, e.g., accountants' performance liability, beauty shop liability, or manicurist liability, there is a brief explanation of the kind of protection sought by clients and the companies writing those policies.

Who Writes What in Life and Health Insurance is a similar compilation of market information, listing companies and brokerage offices which write a wide variety of hard-to-place, unusual, or substandard coverages. Where necessary, there is a brief explanation of the nature of the particular coverage sought. The Agent's and Buyer's Guide includes a directory of pools, syndicates, federations and other organizations providing specialized markets for risks which would otherwise be difficult to insure. There is also a listing of reinsurance intermediaries, brokerage markets and substandard markets. Diamond Life Bulletins provide a guide to various aspects of insurance selling, although the statistical volumes contain premium data on the policies of life insurance companies. Best's Agents Guide may be described as an agent-oriented profile of 1,200 life insurance companies providing the following information for each company: type of company, assets, surplus, insurance issued and in force, insurance by class of business, average policy size, lapse ratios, states in which the company is licensed to do business, and Best's policyholders recommendation.

Another category of books deals with the financial and operating aspects of specific companies, the kinds of policies written by them, their ratings, the premium rates, and the various policyholder options provided by companies. One of the well-known books
under this category is the annual Life Financial Reports,\textsuperscript{52} which has statistical data on life insurance companies, including the corporate history, corporate affiliations, stockholder and policyholder dividends, the type of business written, area of operation and management agency composition, breakdown of insurance in force, and an analysis of the company's investments. Most of the data come from the annual report statement of the various companies, but the Life Financial Reports includes some unpublished data supplied to the publishers by the companies themselves. For a typical company, specific time series data are given on its admitted assets, net reserve surplus, insurance paid for and in force, premium income, total accrued income, policyholder dividends, gain from operations and total sum paid to policyholders, reserve for insurance and annuity contracts with interest rates, including total aggregate reserve and current reserve basis. Additional data cover the latest statements of assets and liabilities with analysis as well as a summary of operations and investments in bonds, stocks, mortgages and real estate. The Life Financial Reports do not give any specific rating for the companies.

Another leading publisher in the field is the A.M. Best Company, covering life, health, property and casualty companies with their ratings, their policy features and financial aggregate data. Best's Insurance Reports (Life-Health)\textsuperscript{53} together with the Life-Health edition of Best's Review\textsuperscript{54} provide some of the most reliable and up-to-date data on life insurance carriers. They contain comprehensive statistics on the financial position, history and operating results of legal-reserve life insurance companies, fraternal benefit societies and assessment associations operating in the United States and Canada. The data are taken from the annual filings of the companies with the insurance departments of the various states, as well as from data furnished by the companies themselves. The following is a sample of the information provided on each company: (1) history of the companies; (2) organization and major corporate changes since its inception, including name changes, merger or reinsurance, and changes in capital; (3) whether it is a mutual institution owned by its policyholders or a stock company run on a proprietary basis; (4) controlling interest; (5) major allied operations or controlled affiliates; (6) lines of business and unusual or special policies written; and (7) corporate officers, directors and territory.

The financial data provided on each company include assets and liabilities; investments of life companies in various fields with the relative yields and rate of return and investment expense ratios; reserves and renewal expenses; mortality experience; lapse ratio; net cost of insurance to policyholders; and reserves for dividends to policyholders. The recommendation to policyholders is broken down into categories like "most substantial," "very substantial," "substantial" and "considerable." The comments are based on a consideration of overall margins for contingencies, i.e. asset and surplus position, profit and loss margin in current operations, net yields and lapses. Statistical tables are given for operating income and net operating gain; insurance issued by major kind, such as whole life, endowment, term and group; insurance in force; growth of the company; and accident and health statistics. There is also a section on composite data, e.g., distribution of assets of the U.S. life insurance companies, a list of legal reserve life companies domiciled in the United States, name changes, retired companies, reinsurances, and a mutual fund section which contains brief reports on those funds affiliated with life insurance companies.

Just like the life and health reports, the Property-Liability edition of Best's Insurance Reports\textsuperscript{55} presents comprehensive coverage on the activities of stock, mutual, Lloyds and reciprocal institutions in the United States and Canada, as well as branches of foreign companies operating in the United States writing fire, marine, liability, accident and health, surety and allied classes of business insurance. As supplemented by the Best's Review (Property-Casualty edition),\textsuperscript{56} up-to-date information can be obtained on the history and management of the company, general underwriting policy, investment
policy, underwriting by classes, comparative financial and investment figure, distributions of premiums and losses, and other important data. A rating for each company as measured by industry averages is given. Other interesting features include a list of all mutual insurance companies with addresses, grouped by the states of incorporation, year of beginning business, total assets, premiums or assessments received and net losses paid, and a general review of operations.

For property and casualty insurance companies Best publishes Best's Key Rating Guide, which gives ratings and statistical data on stock, property, liability insurance companies, mutual companies, reciprocals and lloyds institutions. The statistical data cover the following areas: security valuations, total admitted assets, reported policyholders surplus, conditional reserve funds, case loss reserves, unearned premiums, direct premiums written, net premiums earned, underwriting ratios, underwriting profits or loss, and investment results. The criteria for the key ratings are: (1) adequacy of net safety factor; (2) adequacy of the reserves set up to provide for the ultimate payment of undischarged liabilities; (3) profit or loss from underwriting; (4) economy of operation and skill in selection of risks assumed, reflected by the ratios of expenses and losses to premiums; and (5) soundness, liquidity, diversification and yield of assets.

The rate structure of insurance companies is an important area in comparative analysis of companies. One well-known book is Best's Flitcraft Compend which facilitates checking and comparing of premiums, dividends, cash values, policy provisions such as underwriting provisions changes of plan, disability and settlement options. The initial chapters deal with life insurance companies which account for 99 percent of the business written, including sample premiums, cash surrender, paid-up and extended insurance values. Every policy issued by companies is analyzed with rates on the company's most popular plans. The data on annuity of more than fifty companies present the basic purchase price of an annuity to provide $10 monthly. Also provided is comprehensive information on fixed period installments and life income installments as part of settlement option plans. Tabular information includes cash value, mortality rate, compound interest and discount tables, and mortgage amortization schedules. In addition, the federal Social Security Act and Medicare provisions are analyzed in great detail. A companion publication, the Best's Settlement Options Manual enables comparison of benefits offered by different companies. Settlement options are valuable privileges granted by life insurance companies. Basically, there are four ways in which the sum assumed can be paid to the policyholder or heirs: (1) life income, (2) installments for a fixed period, (3) installments of fixed amounts, and (4) simple deposit at interest. This book gives information on the options available with most companies with a summary of procedures involved in each case, actual figures showing the monthly life income options, actual amounts payable under fixed periods, fixed-installment and interest-only options, the basis of cash values, cash and nonforfeiture values, and government plans such as Social Security, Medicare, National Service Life and U.S. Government Insurance.

There are two more rate books which are equally useful. One is the Life Rates & Data, an annual compilation of statistics on premium rates, cash values, paid-up insurance, dividends, settlement options, and cost figures on the basic permanent life plans of more than 300 insurers in the United States and Canada. The book aims to facilitate comparative study of various policy features offered by life companies, as well as income and estate tax consequences of insurance purchases. Data in the book enable comparison of plans of companies on an interest-adjusted cost basis. Additional sections of the book cover social security tables, ordinary mortality tables, compound interest and discount tables, and mortgage amortization schedules. A publication similar to Life Rates & Data is the Spectator Handy Guide to Standard and Special Life Insurance Contracts. This is a guide to various policies issued by life insurance companies and includes data on premium rates, dividends, options and payments to policyholders, guaranteed value options, loan
privileges, settlement options, general policy provisions, disability waiver and accidental death benefits.

Closely related to the rate books are those publications analyzing the cost structure of insurance policies. One useful book in this area is the Cost Facts on Life Insurance,\textsuperscript{62} which enables cost comparisons among life insurance policies issued by various companies. It describes the various methods of calculating life insurance costs and gives the cost figures under both the traditional equalized cost method and the benefit cost method for all the various life policies. A more recent publication is the Interest-Adjusted Index,\textsuperscript{63} developed to offer a means of comparing the cost of life insurance plans. The interest factor has been taken into account because cash in hand is worth more to the life insurance buyer than cash payable at a future date. This index, through the use of an assumed rate of interest, gives more credit for dividend dollars paid early than for those paid late. The traditional method of cost comparison does not make this discrimination.

A book which falls under the category of books on business ratios to be discussed later is Best's Aggregates and Averages (Property-Casualty).\textsuperscript{64} This annual gives composite statistical data on the fire, marine, casualty, and surety insurance industry, under various types such as stock, mutual, reciprocal and Lloyds companies. Data given on insurance company groups include total admitted assets, policyholders surplus in earned premiums, net premiums written and earned, loss, loss ratio, underwriting expenses incurred, stationary statutory results, net investment income, and federal taxes. Companies are ranked by net premiums written, total admitted assets and policyholders surplus. Detailed information is also given on stock premiums written by lines, i.e. allied, homeowners-multiperil, commercial, accident, health, miscellaneous, liability, workmen's compensation, auto liability, fidelity, surety, ocean and marine. Similar data are provided on stock underwriting by line, loss, expense and combined ratios and underwriting expenses by companies and kinds of insurance.

Similar to Best's Aggregates and Averages, the New York Insurance Department's Loss and Expense Ratios\textsuperscript{65} analyzes primarily the loss and expense figures of property-liability industry by the line of insurance. Also included are data on the underwriting ratios and the rates of return (or profitability) of property-liability insurance companies. Best produces another annual similar to its Aggregates and Averages; the Best's Executive Data Service\textsuperscript{66} shows the premium and loss experience of more than 1,000 domestic property, casualty, fire and liability insurance companies presented by state and line of insurance. Data are compiled as one-year experience by state and as two-year comparative experience. They provide comparison of premiums, dividends, losses, loss ratios, and relative ranking by line groups, states and regions.

Two stock market-oriented Best publications will be mentioned briefly. As in the case of mutual funds, questions often arise about the investment activities of the insurance companies which form a sizable portion of institutional investors. Best's Market Guide\textsuperscript{67} analyzes investment portfolios of more than 1,200 insurance companies, including corporate stocks and bonds and municipal bonds. It shows prior purchases and sales activity together with new positions and year-end net holdings by insurance company for each security, and also gives separate accounts. Best's Insurance Securities Research Service\textsuperscript{68} is a Value Line-type publication which analyzes finances of stock insurance companies includes data on balance sheet entries, earnings, book values, premium income, per-share data and operating results.

We may turn our attention now to a set of publications specializing in composite data on the insurance industry. The first in this category is the Life Insurance Fact Book,\textsuperscript{69} which provides time series statistical data on the U.S. business of all life companies, and the domestic and foreign business of U.S. life companies. The data cover: (1) life
insurance purchases in the United States, (2) life insurance in force, (3) persons covered by major pension and retirement schemes, (4) private pension plans with life insurance companies, (5) variable annuity plans in the United States, (6) life insurance benefit payments, (7) voluntary termination rate, (8) income of life insurance companies, (9) premium receipts, (10) net rate of investment income, (11) policy reserves, (12) distribution of assets, (13) acquisition and change in the holding of investment, (14) corporate securities owned by life insurance companies, (15) mortgages owned, (16) distribution of assets held in separate accounts, (17) number of life insurance companies, (18) industry employment, and (19) life insurance in force in foreign countries. Data are also provided on such other matters as the lapses and surrender of policies, mortality tables, life insurance organizations, life expectancy, selection of risks, and causes and rates of death. The *Life Insurance Fact Book* is supplemented by the Tally of Life Insurance Statistics,70 which provides information on various aspects of the life insurance industry, e.g., annual life insurance by state, number of life insurance companies, premium income related to life insurance in force, old-age survivor and disability health insurance, insured pension and retirement plans, and private and public variable annuities.

*Insurance Facts*71 is published by the Insurance Information Institute, an organ of the property-liability insurance industry. Like the *Life Insurance Fact Book*, this yearbook is a compendium of composite data on the property-liability field. The statistics cover net premiums written by line, with past data, and various types of insurance such as auto, inland, marine, multiperil, and FAIR insurance. Other interesting items of information include fire losses, fire trends, fires by occupancy, leading causes of fire, fire fatalities by age group, major fires, earthquakes in the United States, hurricanes and tornadoes by state, automobile accident facts, auto repair costs, costs of operating an automobile, health insurance benefits and types of accidents like aircraft and boating, economic loss resulting from accidents at work, and business failure trends.

As health care becomes more of a public issue, the use of the *Source Book of Health Insurance Data*72 and similar books will increase. The following is a representative sample of the areas covered: benefit payments by insurance companies, regions and different types of plans, expenditure for Medicare care, health insurance coverage under various categories, disability days or absenteeism due to ill health, premiums, health service data and mortality trends.

**Private and Minority-owned Businesses**

Before leaving this section, a few sources of information on private companies and franchises should be examined. Data on private companies are very hard to obtain, mainly because unlike their public counterparts, they do not fall within disclosure provisions of the state and federal Blue Sky laws. Some information is available about them, however, if they are of any reasonable size. We have already seen that the 30,000 Leading U.S. Corporations directory has some data on the capital and sales figures of the large private corporations. Data on officers, addresses, business and products, sales and employment are available through the Dun & Bradstreet's Million Dollar Directory73 and Middle Market Directory74 which also list corporations by regions and by SIC-based product categories. Financial ratings on these corporations are available from a separate Directory of Manufacturers.75 For a fee, Dun & Bradstreet also supplies a Business Information Report76 which contains an analytical financial study of any private company or a subsidiary of a public company.

Regional directories may also have some information on private firms. For example, the Illinois Manufacturers Directory,77 which is essentially a directory for buyers and sellers, does contain data on the capital of the company, sales figures, employment, date of establishment and the type of business. The Certified List of Domestic and Foreign Corporations78 can be used for verification of firm names and officials; it is a
constantly updated file maintained by the Illinois secretary of state. Similar lists are available for other states. Finally, the various state chambers of commerce may have their own up-to-date guide to local businesses, such as the Indiana Industrial Directory.79

In addition to private companies, people often want to know about business enterprises run by ethnic minorities. Two publications may be useful in this context. One is a directory entitled Try Us; National Minority Business Directory.80 Criteria for inclusion in this directory include national or regional sales, profit-seeking (as opposed to nonprofit) organization, and ownership of at least one-half the business by minorities such as blacks, American Indians, Orientals, Eskimos, Aleuts, Puerto Ricans, Chicanos, and others of Central and South American origin. The directory is classified by subject such as accounting firms and architects, and includes the following information on each firm: name and address, telephone number, name of president or secretary, kind of business, and in some cases, SIC number, date established, number of employees, sales and building space area. Data about specific companies or issues may also be available from area journals like Black Enterprises.81 It has an annual directory issue containing profiles of the top 100 black businesses in banking, insurance and other areas.

Composite statistical data regarding minority-owned businesses in the United States are available from special government studies. For instance, the U.S. Department of Commerce annually publishes a Survey of Minority-Owned Business Enterprises.82 The results of the 1972 survey were published in 1975. It is issued in four parts, one each for blacks, Americans of Spanish origin, American Indians, and Asian Indians. The report is classified by SIC number and includes data on the number of firms, gross receipts, and the number of employees. There is also a breakdown of the data by region.

Franchises

Franchises enable a person operating a small business to enjoy both the advantage of independent ownership and the association with and experience of a successful established organization. The concept of franchising has become very popular today, evidenced by the growing number of information sources available regarding franchises. An excellent guide to procedures for establishing a franchise is the Franchise Guide; An Encyclopedia of Franchise Opportunities.83 In addition to selected readings on franchising, the guide gives a profile of various franchise opportunities and a list of consulting organizations who advise business operators on various franchising programs. The National Franchise Directory84 is a publication providing data on various franchises. In addition to a review of the general opportunities and a list of organizations assisting minority businesses, this directory includes the following information on individual franchises: product or service, parent company, subsidiary, group, offices, year incorporated, number of franchises held, franchise fees, sales and advertising royalty, number of states in which the franchise is located, franchising basis, and foreign operations. A similar source is the Directory of Franchising Organizations,85 which has information on leading newspaper opportunities in the United States. It can be used for comparison of competing offers. The data are listed by subject and give a summary of the product or service and initial investment. A Department of Commerce publication which contains useful information in this area is the Franchise Opportunities Handbook.86 It explains the various assistance programs available through the federal government. It also gives data on individual franchises, such as the description of the operation, number of franchises, equity capital needed, training and management assistance provided, and financial assistance available. The Franchising in the Economy87 annual gives composite data on franchising in various businesses in both the United States and foreign countries. Data include the total number of establishments, sales of products or services, employment, and ranking by sales and by number of establishments.
All businesses need financial assistance. This is even more true for beginning enterprises. Two books informing entrepreneurs of money sources and of how (and on what conditions) to obtain money are considered here. The first one, entitled Venture Capital,\(^8\) is a directory of firms making high-risk funds available to businessmen, scientists and entrepreneurs. Data include directory-type information, areas of preferred investment, approximate range of financing, whether there is an option for a merger or a buy-out, and whether board membership is desired. Another publication in this area is the Guide to Venture Capital Sources,\(^8\) offering a general introduction to ways of raising capital and a good bibliography of publications relating to venture capital. Its directory section is arranged by state and by company. The data include the type of venture company, project of great interest, industry preference, geographical preference, methods of compensation, and a description of venture activity since beginning operation.

**Foreign Companies**

Directory-type information is easily available on most foreign businesses. More specific descriptions, especially financial, may require more effort to find. The international division of Dun & Bradstreet has recently released a 3,100-page volume entitled Principal International Businesses,\(^9\) which identifies the key companies responsible for the bulk of the world's commercial and economic activity. The principal aim of the volume is to provide businesses with information to facilitate planning for market expansion abroad. Data include name and address, name and title of the chief executive officer, line of business and parent company, sales volume, and number of employees. Like Dun & Bradstreet's other directories, this publication features geographical and product arrangement. The International Yearbook\(^9\) is a similar publication, providing businesses throughout the world with information on fifty principal trading countries. Essential facts about a representative selection of the world's largest companies are included.

In contrast to these directory-type publications, there are other works which attempt to give more detailed information about foreign companies. These publications may cover only one country or may have a larger coverage. An example of the former type is the Financial Post's Survey of Industrials.\(^9\) Issued annually by the editors of the Financial Post (Canada), the surveys are the most complete sources of data on Canadian industrials, mutual funds, and mines and oil companies. Information on each company includes its history, officers, capital and stock, long-term debt, principal subsidiaries, and financial and operating statistics. Composite data include price range of securities, current earnings of companies, private company financial statements and a list of predecessor and defunct companies. Another publication restricting its scope to one country is The Stock Exchange Official Year-book.\(^9\) Summary data on all securities listed on the London Stock Exchange are available through this publication, which also gives information on stamp duties, scales of minimum stock exchange commission, and other related matters.

The first work in the category of wider-coverage publications is the annual Jane's Major Companies of Europe.\(^9\) The major companies are classified under broad industry categories such as finance, services, light industry and industrial chemicals, engineering, building, metals and minerals. In addition to a subject arrangement, there are alphabetical and country/domicile indexes. Data on each company include directors and officers, subsidiaries and principal interests, main lines of business, significant recent developments, deposit figures (in the case of banks), number of employees and capital structure, latest accounts, high-low stock prices, assets and liabilities, capital history and the voting rights of stockholders.
The Noyes Data Corporation periodically publishes *Europe's Largest Companies*, containing a listing of the approximately 2,800 largest companies domiciled in 19 European countries. Directory-type information is given on all the companies, and the book emphasizes the major industrial concerns in each country, which have most to offer in the way of sales contract and licensing arrangements from the American point of view. Noyes Data also puts out similar handbooks on European insurance companies and mutual funds, and textile, cosmetic and pharmaceutical companies. While considerable, the information given would not be adequate for sound financial analysis.

A very informative publication on foreign companies is a looseleaf service entitled *Informations Internationales*. The 5-volume service gives information on companies in the United States, Europe, South Africa, Canada and a few Latin American countries such as Brazil and Uruguay. The material is arranged by a broad product/subject classification: automobiles, banks, chemicals, electric power, electrical engineering, trade and food stuffs, building materials, rubber, mines and foundries, mechanical engineering, crude oil, transportation, textiles, insurance, and miscellaneous groups of industries. Information provided goes somewhat beyond that given in Jane's *Major Companies of Europe*, including, for instance, a brief history, product lines management, operating plants, holdings in other companies, the exchange where the company stocks are traded, and financial and operating statistics.

One of the established publishers of information on foreign companies and industries is the Business International Corporation (BI). BI has a series of periodicals entitled *Business Europe*, *Business Eastern Europe*, *Business Asia*, *Business Latin America* and *Business International*, which contain information on specific American and foreign companies, in addition to current data on national economies. A very useful computerized Master Key Index is published for locating information. The Funk & Scott Index *International* should also be mentioned; like Funk & Scott's *Index of Corporations and Industries*, it is one of the most exhaustive sources of information on foreign companies, arranged by the product and the country as well as by the name of the company.

Before concluding the section on foreign companies, mention should be made of a few directories which help in locating the subsidiaries and affiliates of American firms in foreign companies. Until very recently, the U.S. Department of Commerce issued current lists of such firms for each country. The same information is now available through the World Trade Academy Press in New York. Another good publication in this area is the *Directory of American Firms Operating in Foreign Countries*. It contains the most recent data on more than 3,500 American corporations which control and operate over 16,000 foreign business enterprises with a total value of more than $125 billion. A similar British publication is the annual *Who Owns Whom North America*. Like American companies investing abroad, foreign companies are rapidly expanding their holdings in the United States. A directory which helps to pinpoint the foreign competitors in the United States is the *Directory of Foreign Firms Operating in the United States*. Another directory, entitled *Directory of Foreign Manufacturers in the United States*, gives basic data on 1,200 foreign firms arranged alphabetically with SIC grouping and geographic location.

**Composite Data on Companies**

In this section, we shall consider those sources which provide related company information. The data may be used in tax and estate planning, financial analysis of companies, and industry studies. One type of information about companies frequently sought is that of dividend payments. The information desired is not the mere dollar value of dividend over a period of time. On occasion, matters such as the date of payment of dividend (or interest on bonds), date of declaration, record date, and date of ex-dividend may
be important for purposes of tax liability, for example. Two books providing such information are Standard & Poor's Dividend Record and Moody's Dividend Record. The latter publication includes stock dividend and stock split information, a listing of company meetings, the tax status of dividend paid that year, stockholders' rights and apportionments, preferred stocks called, and comparative tables of dividend changes. This is one of the foremost sources for tax liability calculations.

Not all of the amount of dividend paid to stockholders is taxable. Part of it may be treated as ordinary income and part as capital gains, while some parts may not be taxable at all. A book used in connection with the state and local personal property tax and with federal and state income tax returns is the Commerce Clearing House's Stock Values and Dividends for Tax Purposes. Published annually, this gives market values, par values and dividends of listed stocks that are regularly quoted, and the amount of dividend exclusion for taxation. Much of the same information is provided in Standard & Poor's "Tax Status of Dividends," which is issued as a regular section of Standard & Poor's Dividend Record. For determining gain or loss on sale or exchange of securities affected by stock splits, rights, mergers and reorganization, Prentice-Hall's Capital Adjustments is very useful. Such corporate changes affect the tax liability of stockholders when the securities are sold or otherwise disposed of. The loose-leaf service lists all transactions of the corporation involving an adjustment, and in most cases gives percentage figures showing for each transaction the amount of the basis transferred to any stocks or rights received and the amount retained in the old shares. This information would help to determine the adjusted basis for the old, or new stocks. The following are some of the transactions that affect the tax basis for the shares: issuance of nontaxable stock rights, nonexercise of rights, sale or exercise of nontaxable stock split and exchanges, nontaxable dividend, nontaxable cash or property dividend, fractional shares, undistributed capital gains, and bond adjustments. Other events taking place at the corporate level that might affect the stockholders beyond their tax liability are included in the service. Examples of these are name changes, an offer of debentures with warrants, or the expiration of an exchange offer. Also included in the volumes are the following:

1. an up-to-date list of securities which have become worthless for tax purposes because of bankruptcy, receivership, insolvency, voluntary liquidation, cessation of business, or confirmation of a plan of reorganization resulting in loss of equity to stockholders;

2. convertible bond premiums: premiums paid toward acquiring fully taxable bonds can be amortized. However, in cases of convertible bonds, portions of the premium attributable to conversion privilege cannot be amortized. This section gives the allowed amortization for convertible bonds;

3. interest on bonds: whenever a lump sum paid for the purchase of bonds represents both the security and the accrued interest on the same, the transaction is called a flat purchase. Later interest payments, which represent accrued interest, would not be interest income, but a return of capital which reduces the basis of the bond, any excess over which usually being treated as capital gain. This section lists interest payments, payments on bonds traded flat, and indicates the period during which such interest has accrued;

4. taxable dividends: this section deals with dividends on companies that are given special treatment for federal income tax purposes.

A detailed explanation of where similar information is available is discussed elsewhere in this paper. A directory similar in many respects to the Capital Adjustments discussed
above is the Financial Service Stock Guide. This is mainly a directory of obsolete securities. It lists companies in existence since 1927 whose identities have been lost as a result of changes in name, merger, acquisition, dissolution, liquidation, reorganization, bankruptcy, charter cancellation, or any other reason. Where possible, any remaining value or equity is given for companies in liquidation. In the case of a merger, the terms of the merger (i.e. exchange of old for new shares) are given. The volume is kept up to date by looseleaf supplements.

The number of business failures in the country at any given point is a sound indication of the health of the economy. In this connection, Dun & Bradstreet issues Reports on Business Failures. These releases provide data on the total number of business failures by broad industry division, with current liabilities in dollars. The monthly failure report gives the same data by state and regions and the twenty-five largest cities, but not by industry division.

Corporate structures change constantly through acquisition and mergers. To keep pace with these changes, there is a great need for a source that would give at a glance the structure of major corporations, their subsidiaries, affiliates and divisions. One of the books often used in this regard is the Directory of Corporate Affiliations. The directory lists approximately 3,000 U.S. parent companies who have at least one division operating as a separate establishment in the United States or at least one subsidiary. With the exception of Canada, foreign subsidiaries are not listed. There is a cross-reference index from the division or the subsidiary to the parent company.

The subject of corporate affiliations brings us to some specialized sources of information about mergers and acquisitions. The first is the journal Mergers and Acquisitions; The Journal of Corporate Venture which contains information on various merger agreements in addition to analytical studies. The well-indexed journal includes data on the sales and net income of the acquiring company, the terms of the acquisition, disposition of the stock of the acquired company, and the effective date of the transaction. Information is also provided about the joint ventures and foreign acquisitions. The Funk & Scott Index of Corporate Change, a spin-off from their Index of Corporations and Industries, indexes corporate organizational developments arranged by company and by product category. The journal coverage is extensive. There are special sections on name changes, new companies, reorganizations, bankruptcies, liquidations, subsidiary changes, foreign operations and joint ventures. The Conference Board Announcements of Mergers and Acquisitions is a list of leading corporate organizational developments, with details of asset size of both acquired and acquiring companies, industry classification, and location. There is an element of delay in this publication compared to the Funk & Scott Index of Corporate Change.

An area in which there are frequent demands for information is the organizational setup, history, and activities of the leading stock exchanges. There are books issued by the stock exchanges themselves, such as the annual Fact Book or the AMEX Databook, which give various current and historical data about the stock exchanges; the market activity in terms of total share volume; volume distribution by days, hour of trading, by industry and price group; geographic and institutional holding of stocks; list of most active stocks and bonds; share ownership census; warrants; fails; international transactions; stock price trends; corporate financing by stocks and bonds; and common stock indices.

The Commerce Clearing House publishes looseleaf guides to the New York, American and regional stock exchanges. Basically, these contain directory-type information on the officials of the stock exchanges, the board of directors, floor officials, board of arbitrators, a list of member organizations in and outside of New York City (with information on names and addresses), date of admission to membership,
a list of nonmember broker-dealers, a directory of listed securities, and a staff
directory. The guides also contain information on the constitution of the exchanges
with their general rules for transactions between members and with the public. They
deal with matters regarding admission of members, arbitration procedures, rules relating
to listing and delisting of securities on the exchange, and rules about the Stock Clearing
Corporation which facilitates clearing of contracts between members. Typically there
are sections which deal with the regulatory aspects of the whole exchange, such as the
authority of the SEC and the Federal Reserve Board.

Another directory which provides information on the stockbrokers is issued annually
by Standard & Poor's called the Security Dealers of North America. The same publishers
put out two stock market-related publications containing composite stock price indexes.
One is the Analyst's Handbook which gives corporate per-share data by industry groups.
The stock price indexes given in the book are designed to measure composite price perfor-
mance. The stocks included are selected on the basis of their industry representation
and adequacy of their market activity. One main use of this type of data is to enable
the comparison of major factors bearing on group price actions, sales-profit margins,
earnings, dividends and book value, capital expenditures and the like. It is also
possible to compare the progress of given corporations with a composite of their industry
groups, and to this extent it can be used as a book of business ratios. Because the
data are designed to measure investor experience by expressing income account and balance
sheet items in terms of a constant unit of stock, intercompany comparisons can be made.
The time series consists of per-share data from 1946 for the following categories:
sales, operating profit, profit margin, depreciation, federal income taxes, earnings per
share and as percentage of sales, dividends per share and as percentage of earnings,
price earnings ratios, high-low dividends, book value per share, value as a percentage
of return, working capital, and capital expenditures.

Standard & Poor's Trade and Securities Statistics is similar to the Analyst's
Handbook. It is a compendium of composite statistical data under the following broad
categories: bank and finance, chemicals, commodities, construction and real estate,
electric power and gas, food, tobacco and alcohol, hides and leather lumber and products,
machines (including automobiles), metals and manufacturers, petroleum, coal and products,
rubber, textile products, transportation and communication. Information provided under
these categories includes production, stock in hand, consumption, and prices (including
price indices). Besides these industry indicators, this book gives data on stock market
indicators, such as monthly, weekly and daily stock price indices with high-low and close.
These data are a measure of a composite pattern of the majority of stocks. Current
coverage is 500 stocks consisting of 97 individual groups under 4 main categories--
industrials, rails, utilities, and the 500 composite. The stock price indices are based
upon the aggregate market value of the common stocks. The time series data date in some
cases to 1871. In addition, the service includes other indicators like bond prices,
yields and sales, Dow Jones indexes by month, book value of industrials, price earnings
ratios, daily and monthly stock sales on the NYSE, and stock yields.

Data on the daily prices of a given stock for a period of time is often required to
study and forecast stock price trends. To resort to the daily quotations in the Wall
Street Journal or the weekly Commercial and Financial Chronicle would be tedious and
time-consuming. A very helpful quarterly publication, begun in 1962, is Standard &
Poor's Daily Stock Price Record for the New York, American, and over-the-counter
stock exchanges. The major part of this publication covers the daily and weekly stock
action for the listed stock, with additional information on the volume of trading,
high-low closing prices, 200-day moving averages, and insider transaction index. The
first part of the quarterly contains equally important information on the stock market
indicators, e.g., the Dow Jones daily averages for industrials, utilities, transportation and composite stocks. The following data are also included: daily and 10-day volume of trading on NYSE, AMEX or OTC; advances and declines, which is the daily difference between the number of stocks on the NYSE that advance in price and those that decline; high and low price, registered daily on the exchange for the issues traded; average price of the most active stocks, odd lot indices; average yield of Barron's 10 highest grade corporate bonds, expressed as a percentage of average yield of the Dow Jones 40 bonds; the average yield of Dow Jones 36 industrials; margin debts, which is the money owed by the NYSE member firms by customer through margin accounts; and daily NYSE indicators for industrials, utilities, transport, financial, and composite stocks.

Composite statistical data on the stock market are also available through some of the publications of the SEC, like the Statistical Bulletin and the Official Summary. These publications provide the following data: the market value and the volume of sales in the stock exchanges; estimated gross proceeds from new security offerings by industry and type of offering, and by issuer and type of security; value of convertible bond offerings; value of registered secondary offerings of common stocks by industry; current assets and liabilities and working capital of nonfinancial U.S. corporations; and assets of noninsured pension funds. The Official Summary contains in particular the securities transactions and holdings of the officers, directors and principal stockholders. The SEC Docket is a weekly compilation of the full text of SEC releases under various federal laws, including the Securities Act and the Securities Exchange Act. It also includes SEC releases on corporate reorganizations and litigations, and the accounting series releases.

We may now consider a few leading periodicals in this area which contain a wide variety of financial and statistical information about companies, stock exchanges and the like.

There are two special issues of the periodical Forbes which give information on American corporations. One is the annual directory issue, appearing in May, which ranks 500 top corporations by total volume, total stock market value, asset size, and profits. Data are also given on the key operating statistics and remuneration of officers and directors. It includes a chief executives' roster which gives details of salary, bonus, age, years served in the company as chief, background, and shares owned. The January issue is the annual report on American industry, entitled "Who is Where in the Stock Market." The report examines the 5-year performance of the largest U.S. corporations, ranking in terms of profitability, and in terms of return on equity and return on invested capital. The industry groups are compared and a ranking of results for major industry groups provided.

In three monthly issues of Fortune the largest U.S. and foreign corporations are ranked. The data given on each corporation consist of the following: rank, assets, revenue rank, stockholders equity rank, net income and percentage of equity, employees, earnings per share, total return to investors last year, and a 10-year average.

In passing, we may mention three other leading periodicals which contain statistical data on the stock exchange activity. They are: Barron's; National Business and Financial Weekly; Bank & Quotation Record, and The Insiders' Chronicle. Another excellent publication, entitled Investment Information, indexes by subject all the statistical data available from the leading financial periodicals.
INDUSTRYWIDE INFORMATION

In the preceding section certain basic sources were examined which provide information on specific companies regardless of the industry category. Such information, however, may sometimes be inadequate without the broader perspective which can only come from a survey of the entire industry. Intercompany comparison in its myriad aspects cannot be made by resorting merely to the sources mentioned thus far. Broadly speaking, books providing data of this type fall into two categories: (1) those in which analysis is confined to one specific industry, and (2) those with coverage extending to all industries. The source may be either government or private. Into the latter group fall the trade associations, trade journals and private commercial publishers.

Not included in the above categories are the basic periodical indexes; no research would be considered complete unless one had examined all of them. The first two of these indexes are the Business Periodicals Index and the Public Affairs Information Service Bulletin. Both are arranged by subject, but the PAIS bulletin is a more comprehensive and up-to-date index to periodicals, books and reports in this area. By far, the best index is the Funk & Scott Index of Corporations and Industries. Its arrangement by both the company name and by the SIC-based, seven-digit product category is convenient for collection of all available information on specific industries, as well as companies.

MULTI-INDUSTRY STUDIES

Censuses

Pre-eminent among the sources of government data encompassing a wide variety of manufacturing and nonmanufacturing industries are the economic censuses conducted by the U.S. Bureau of the Census. These include: (1) the Census of Manufactures, (2) the Census of Wholesale and Retail Trades and Selected Service Industries, (3) the Census of Transportation, (4) the Census of Mineral Industries, and (5) the Census of Agriculture. The data are easily accessible through the Bureau of Census catalogs and the monthly catalog of U.S. government publications. The bureau has recently published a historical, one-volume index of its publications since 1790. Most of these data—and some unpublished data, too—are available on magnetic tapes. We may consider each of the censuses briefly.

Collection of information about the manufacturing establishments in the United States started with the 1810 population census. The most recent Census of Manufactures available was conducted in 1972. The manufactures census contains data on the number of establishments, employment, payrolls, manhours, cost of materials, value of shipments, capital expenditures and inventories, and quantity and value of materials consumed and products shipped. There are two main series under the census: the industry series and the area series. The industry series gives information for SIC-based manufacturing industries including the type of data described above, as well as data such as the assets, rents, value added by manufacturing, number of establishments and companies, and (where available) ratios per employee and assets per dollar of shipments. The area series gives industry data by states and standard metropolitan statistical areas (SMSAs). In addition to these, there are other, equally important series. For example, detailed subject statistical reports are available for the size of the establishment, employment and labor costs, manufacturers' inventories, expenditures for plant and equipment, selected material consumed, gross value of depreciable assets, and rental payments and industry profiles. There are also special reports on manufacturing activity in government establishments, concentration ratios in manufacturing, types of organization, water use in manufacturing, location of manufacturing plants, and fuel and electrical energy...
consumed. The analyses contained in these reports are extremely thorough. For instance, the concentration ratio report provides information on the share of industrial activity accounted for by the 50, 100, 150, and 200 largest companies for the United States and for each manufacturing industry. It also shows the proportion of product shipments accounted for by the 4, 8, 20 and 50 largest companies making the product.

For the years not covered by the quinquennial census of manufactures date can be obtained from the Annual Survey of Manufactures, described as an "intercensal benchmark of industrial activity." The survey measures manufacturing activity of industry groups, individual industries, and geographical areas. It includes the number of establishments, book value of assets per employee, number of employees, production workers, value added, cost of materials, value of shipments and capital expenditures, and end-of-year (EOY) inventories. Data also give ratios of value added to shipment, of inventories to shipments, of payroll to value added, of value of shipments per production worker, of wage per production worker manhour, of value added per production worker manhour, index of employment, index of value added, and index of shipments. Most of the data are also given by geographic region.

For even more current data, the census has a series called Current Industrial Reports, which are most appropriately described as the "timely facts on American industries." There are more than 100 monthly, quarterly, and annual reports providing updated information on U.S. industrial activity, such as production, inventories and orders for 5,000 products arranged by 2-digit industry classification.

Among the special series of reports belonging to the economic censuses is Enterprise Statistics. It contains a rearranged summary of data of all the economic censuses, showing the various economic characteristics of firms. Statistics for enterprise-establishment relationships are tabulated by type of company organization, company size and industry classification. There is also a cross-tabulation indicating industrial diversification patterns. The Enterprise Statistics analyzes the organization of United States private economy (minerals, manufacturing, construction, wholesale, retail and selected services). It examines the structural changes in terms of the primary industrial activity of the companies, their employment and sales size, and industrial specialization. It studies both the relative economic importance of large and small businesses over a period of time and the changing pattern of vertical integration and diversification among large industrial firms. The series includes a special report on multieestablishment firms which have a central administrative office with auxiliary units. The data on these are broken down by industry classification, type of management, employment size, and geographic location. Information provided includes sales and receipts, billings to their own retail stores, EOY inventories, rental payments, capital expenditures, gross fixed assets, and cost of research and development.

The Census of Business is basically concerned with general retail and wholesale businesses. Collection of data about the retail trade began as early as 1840, but regular collection started after 1933. The most recent retail trade census available was taken in 1972. Like the census of manufactures, the retail trade census has two main series. The first is the area series, which gives information on the number of establishments, sales, payroll, employment, and number of proprietorships and partnerships for states, regions and SMSAs. Establishment statistics are covered in the subject series, which present data based on the size of establishments and firms and on the legal forms of organization. Information about sales, employment, concentration by largest firms, and payroll is provided. Special reports contain data on eating and drinking places, merchandise machine operations, and gas stations. The subject series
include special reports on selected service industries like advertising agencies, retail merchandise lines sales reports, and major retail center reports by state.

The wholesale trade census, which also began on a regular basis in 1933, is released in the area series as well as in the industry series. The area report for states, regions and SMSAs presents data on the number of establishments, sales, payroll and employment. Merchant wholesalers, manufacturers' sales branches and sales offices, and merchandising agents and brokers are treated separately. The subject series include reports by size of firm, legal form of organization, and class of customers. The statistics provided under these include the following: sales, concentration by largest firms, payroll, employment, warehouse space, warehouse equipment, value produced, capital expenditures, fixed assets, rental equipment, credit sales, receivables, and bad debt losses. Geographic breakdown of data is also given for some areas.

The Census of Transportation provides data on personal travel, characteristics and use of trucks, and shipments of commodities by manufacturers. The census consists of the following surveys. First, the National Travel Survey describes the characteristics of "Americans on the move." It discusses the where, why and how of travel, as well as details of accommodation, duration of travel, origin, destination, distance, size of the party, family income level, residence, occupation, and education. The second survey is the Commodity Transportation Survey, dealing with the movements of commodities shipped from manufacturing plants arranged under the Transportation Commodity Classification. It describes the flow of commodities by means of transport, distance, weight, origin and destination. There is an area arrangement of these data. The third survey in the series is the Truck Inventory and Use Survey, which contains statistical data, the characteristics and uses of vehicles, and percentage distributions by categories such as major use, annual vehicle miles, year model, body type, vehicle size class, cab type, type of fuel, and range of operation.

The Census of Agriculture and the Census of Mineral Industries should also be mentioned briefly. The agricultural census provides information on farms, size of farms, tenure and characteristics, farm income and sales, farm production, expenses, machinery and equipment, livestock and poultry, value of land and buildings, farm managers and operators, irrigation and drainage, ranking of agricultural counties by gross receipts, annual payroll, labor, and types of organization of agricultural service establishments. The Census of Mineral Industries contains enumerative data on the establishments primarily engaged in the extraction of minerals. The following data are given for forty-two mineral industries: quantity and value of products shipped and supplies used, quantity and cost of fuels and electric energy purchased, the quantities produced and consumed, capital expenditures, assets, rents, employment and payroll, manhours, cost of purchased machinery, value added, mining exploration costs, water used in mineral industries, expenditures for plant and equipment, size of establishments, type of operations, and type of organizations. There is a geographic arrangement of most of the data listed above.

The government sources of multi-industry data discussed above give information about current and past years, but are not concerned with the future outlook for the industries. An annual government publication containing industrywide forecasts for all major industries is the U.S. Industrial Outlook. It surveys the trends in production, capital expenditure, sales or shipments, and employment in each industry, and contains forecasts under each category. The data given in this book are taken from a variety of sources, including the censuses.
Private Commercial Studies

Industry surveys or studies by private commercial publishers are numerous and expensive. The following publications provide a representative sample. Standard & Poor's publishes *Industry Surveys* containing comprehensive analysis of most major industries, in terms of current trends and problems and their future outlook. Statistical tables contain valuable data on production, sales, capital expenditures, imports and exports, and costs of labor and materials. There is also a section on the financial analysis of major companies representing the group of industries surveyed. It facilitates intercompany comparisons in terms of sales, revenue, and profit margin for a 10-year span. Because the surveys are revised frequently, the data are very up to date.

A publication of value in industry analysis is the annual Predicasts' *Basebook*. This can be considered to be a statistical abstract of U.S. industries. The usefulness of the book comes from the fact that time series data are given for fifteen years for specific industries arranged by an 8-digit SIC classification. It also serves as a quick overview of the census data which provide one of the *Basebook's* principal sources. Composite data are given under each category: shipments, imports and exports, production and expansion expenditures, manufacturing cost, payroll, employment, manhours, weekly work hours, wage rate, year-end inventory, value added, and end use distribution characteristics. The sources of information are listed next to these data and where pertinent, the annual rate of growth of the particular item is also noted. The Predicast *Basebook* data can be used to show the cyclical trends in the various industries and products. They also facilitate comparison of the growth rates between the industries and the products. (The Moody's manuals discussed earlier also contain composite industry-wide data for a long time span for major industries.)

**SINGLE-INDUSTRY STUDIES**

Let us now turn our attention to single-industry studies. Because of their restricted scope, these studies are able to concentrate on the minute aspects of the industry under consideration and thus their analyses are extremely thorough. As with the multi-industry studies, government is one of the biggest sources of information in this field as well. Surveys are invariably published by the government department in charge of the regulatory aspects of the industry concerned. For example, the Civil Aeronautics Board publishes the *Handbook of Airline Statistics*. This annual is a compilation of statistical data concerning one of the most important segments of the transportation industry. Included in the handbook are historical and current information on U.S. certified air carriers and supplemental air carriers. The composite balance sheet of the whole airline industry is given, which enables use of the handbook as a ratio book. Many other similar government sources are easily available for major industries.

**Trade Association Publications**

Trade associations are naturally concerned with what is happening to the whole industry. They collect data, conduct research studies and make the results available to their members. These results are published and distributed to the general public. Because of the detailed and hard-to-find nature of some of the statistical information included in these publications, they cannot be dismissed as merely public relations material, as can be seen from the following examples.

1. *Aluminum Statistical Review* is a statistical compilation of information on all phases of aluminum from production of primary aluminum to market for finished goods. The annual review analyzes such areas as industry shipments, imports of mill products, shipments of ingots and mill products, shipments by major markets, trends
in selected markets, supply position in terms of stockpile and inventory, plant
capacity, foreign trade statistics, and some comparative international data.

2. The Prescription Drug Industry Factbook is published annually by the Pharmaceutical
Manufacturers' Association and is designed as a reference guide to the economic and
social aspects of the prescription drug industry. It includes data on the following:
sales and growth, industry structure, employment, price indexes, safety and quality
control, research and development, and exports. A companion publication, the PMA's
Annual Survey Report contains ethical pharmaceutical sales, forecasts, sales
both by class of customers and by product class, market shares, research and
development activity as related to such factors as sales, personnel, and total budget.

3. Gas Facts is an annual record of the gas utility industry. Because sections of
the book contain data on the overall balance sheet of the industry for a
period of twenty years, Gas Facts can be used as a book of composite business and
financial ratios. In addition, the publication provides specific information on the
energy reserves, natural gas production, transmission and distribution, under-
ground storage, sales quantities, revenues, security issues, construction expendi-
tures, labor and prices. Both current and historical data since 1945 are supplied
when possible.

4. Electronic Market Data Book published by the Electronics Industries Association,
analyzes the sales and trends in the industry. All aspects of the industry are
covered, including the following in particular: employment and earnings; exports and
imports; sales by type of products; defense expenditures; and a considerable amount
of composite market data about such items as radio, television, data communications
equipment, minicomputers, capacitors, diodes, lasers, and missile electronics.

5. Aerospace Facts and Figures is an annual giving industrywide data about the
aerospace industry. Data include sales by product group, sales by customers,
average annual employment, exports, profit as a percentage of sales, defense outlays,
U.S. Air Force data, aircraft production, missile programs, research and development,
selected balance sheet comparisons, and government contract awards.

In view of the predominant position held by the automobile industry in the national
economy, selected publications of the Motor Vehicle Manufacturers Association (MVMA)
should also be considered here. Two annuals are published which are useful in the area
of automobile industry analysis. The first is called Automobile Facts and Figures which has data on: (1) production and registration of automobiles including factory
sales, fuel economy, optional installations, retail sales, and vehicle emission;
(2) drivers and owners of autos, e.g., highway fatalities, intercity travel, and vehicle
mileage, and (3) the economic impact of the industry in terms of buying trends, employ-
ment, imports and exports, financing, Gross National Product (GNP) contribution, material
consumption, taxes, and payrolls. The second publication from MVMA is Motor Truck Facts which gives similar data and other information including the following: bus and truck
bodies, truck trailers, fire shipments, farm vehicles and fleets, ownership (including
government ownership) and truck usage by purpose.

Two important trade journals in the automobile industry are Automotive News and Ward's
Auto World. These two journals also publish annual industry surveys. The Ward's
Automotive Yearbook is a valuable publication which analyzes the trends in the auto
industry. It is also an excellent statistical compendium on imported vehicles, recrea-
tional vehicles, tires, materials, engines, retail sales and registration, car and truck
manufacturers, and construction and farm equipment manufacturers. The yearbook includes
an up-to-date directory of suppliers of auto products.
The Automotive News Almanac is another annual statistical compilation of data on the auto industry, including the following: U.S. new car and truck registration, car and truck production, prices and specifications of the local models and imports, cars and trucks in operation, dealer statistics, equipment and options, advertising agencies handling automotive accounts, automobile industry associations, "who's who" in auto industry and imports, and data on the chief executives of auto makers.

Business and financial ratios

Business and financial ratios provide yardsticks for comparing the financial statements of one unit in an industry with those of others. They are benchmarks revealing the typical experience of a typical company, against which individual corporate performance is measured. Basically, the ratios help users to determine the level of performance and the relative positions of one company in such areas as profitability and rate of return; net worth; executive compensation; expenses like interest, repairs and advertising; amortization; depreciation; depletion; and retained earnings. While the ratios alone cannot solve problems relating to operating policies and procedures, they can help to pinpoint areas where corrective measures are needed. In this section samples of ratio books with narrow as well as wide coverage will be considered. These publications come from government as well as private sources, from trade associations and trade journals. An excellent list of the various places one can get this information from may be found in a publication called Sources of Composite Financial Data.

One of the well-known and widely used publications in the field of business and financial ratios comes from the U.S. Federal Trade Commission (FTC): the Quarterly Financial Report for Manufacturing, Mining and Trade Corporations. It contains sample statements of income, retained earnings, balance sheet, rate of return, and related financial and operating statistics for all manufacturing corporations classified by industry and asset size. The following are given in the ratio format: profit to stockholders equity, current assets to current liabilities, total cash and securities to total liabilities, total stockholders equity to debt, and pretax and after-tax profits to total assets. Also included are the following: profits per dollar of sales by industry, by asset size and industry group; and annual rates of profit on stockholders equity by industry and by asset size. Coverage extends to both durable and nondurable manufacturing corporations, i.e. food and kindred products; tobacco; textile mill products; paper and allied products; printing and publishing; chemicals and allied products; petroleum and coal products; rubber and miscellaneous plastics; stone, clay and glass; primary metal; fabricated metal products; machinery; electrical and electronic equipment; transportation equipment; and instrument and related products. The FTC also periodically releases the Report of the Federal Trade Commission on Rates of Return in Selected Manufacturing Industries (the most recent report, 1975, covers 1962-71). It deals with the return on stockholder investment and profits. Data are arranged mostly by industry categories. Information on rates of return is also given by company basis, e.g., rates of return on stockholder investment in the 12 largest companies in 34 selected industries.

Besides these federal government publications, there are a few others which contain business and financial ratios spanning all types of businesses. One of the leading private sources is published by the Robert Morris Associates, the National Association of Bank Loan and Credit Officers. Their annual Statement Studies contain composite financial data on many lines of businesses—manufacturers, wholesalers, retailers, services, and contractors. Industry data are categorized by size of company. Balance sheet and income statement items are given for each industry as percentage of total assets and sales or revenues. Also given are the most widely used ratios, e.g., current assets to current liabilities, net fixed assets to net worth, total debt to net tangible
worth, unsubordinated debt to capital funds, sales to receivables and days sales, cost of sales to inventory, sales to working capital, sales to net worth, pretax profits to net worth, pretax profits to total assets, and cash flow to current maturities of long-term debt.

Prentice-Hall's **Almanac of Business and Industrial Financial Ratios**\(^{165}\) is a good example of a private commercial publication which supplies most up-to-date facts on corporate performance. It is arranged by industry, and within industry classification by size of the firms. The following financial and operating ratios are given for each industry:
cost of operations, executive compensation, repairs, bad debts, rents on business property, taxes, interest, depreciation, depletion and amortization, advertising, pensions, net working capital, inventory turnover, and total liabilities.

Dun & Bradstreet publishes annual **Key Business Ratios** for selected wholesale, retail and manufacturing corporations. These come out initially as part of the September, October and November issues of the monthly **Dun's Review**,\(^{166}\) and contain the most frequently used ratios. Dun & Bradstreet also issues frequently a small publication entitled **Cost of Doing Business Survey**\(^{167}\) for corporations, partnerships and proprietorships. The information given in this is the same as in **Key Business Ratios**, but is considered from a different aspect. For each industry, the cost of goods sold and gross margin are given, as are operating expenses such as executive compensation, rent paid on business property, repairs, bad debts, interest and taxes paid, amortization and depreciation, advertising, and employee-benefit plans. Most of the publications get their data from the U.S. Internal Revenue Service publication **Statistics of Income for Corporations and Businesses**.\(^{168}\)

A publication similar to those discussed so far but with a scope restricted to small businesses is the **Barometer of Small Business**\(^{169}\), published by the Accounting Corporation of America (ACA). The data are drawn from actual accounts of clients served by the ACA. The report presents excellent statistical data representing a cross-section of American small businesses. Operating figures and ratios are arranged by industry type, size category and geographic region. Most financial items such as sales, cost of sales, wage costs, controllable expenses, fixed expenses and net profits are given.

Quite different from the ratio books discussed so far are those reports which limit their coverage to one particular industry. Most of these are published by the trade associations in the area for use by their members. Such reports, however, are also issued by private agencies and occasionally by trade journals. Consideration of a few of these will indicate their variety. A good example of a trade association publication is the American Trucking Associations' **American Trucking Trends**.\(^{170}\) This report gives an overview of the trucking industry structure, together with extensive statistical information on the growth of the industry over the years, ton-miles, mileage and safety, carrier size and location, and motor freight location and products. In addition, the report contains both composite financial data on the revenue, taxes, costs, assets and liabilities, and operating and financial ratios. The operating and financial ratios are given only in summary form in the **Trends**; a companion publication from the association treats the subject more extensively. Entitled the **Financial Analysis of the Motor Carrier Industry**,\(^{171}\) it features the balance sheet and income statement, and ratios and percentages arranged by the size of the carrier, length of the haul, and the geographic regions. Similar data are available on the trucking industry in the TRINC's **Bluebook of Trucking Industry**.\(^{172}\) The Bluebook features vital information about the largest trucking firms in the United States, including the balance sheet, revenues, expenses, equipment, manpower, ton-miles, and intercity statistics. In addition to data on management and personnel in the industry, the financial accounts are classified by carriers and by region, and carriers by commodity types.
Research organizations or agencies of given industries sometimes publish data on their industry averages. Facts about Supermarkets is one such publication dealing with conventional supermarkets, combination supermarkets, food departments and superstores. Composite data provided include average weekly sales, current versus estimated sales, sales per square foot, sales per customer transaction, sales per checkout, and store area. There are special sections on building considerations and specialty and produce departments. The following operating characteristics are considered for leased stores: rent as percentage of sales, minimum rent, length of the lease, and lease conditions. Somewhat similar is Cornell University's publication Operating Results of Food Chains, which provides historical and current data on the financial status and performance of the food chain industry. The annual report presents all key performance indicators, e.g., average sales per stores, gross margin, total expenses, and net operating profit. The firms are also broken down by size and regions. The trade journal Supermarket News publishes an annual study entitled Supermarket News' Distribution Study of Food Store Sales in 264 Cities which belongs to the category of books containing financial ratio-type data on food stores. The report gives market share data on type-50 metropolitan area food stores, grocery store statistical profiles, sales of grocery stores by geographic regions, and per capita consumption of major food commodities. There is a financial analysis of leading food chains.

We may also consider a couple of leading ratio books in the area of retail stores. The first is published by a trade association, the National Retail Merchants Association in New York. Entitled Financial and Operating Results of Department and Specialty Stores, the annual gives composite sales, merchandising, and earnings data for these businesses. Under the sales category are data given by source, type, and selling units; sales per square foot of selling space; and branch sale as percentage of total sales. Under the categories of merchandising data, the following items are included in addition to the usual ratios: cumulative markup as percentage of original retail, markdowns, discounts to employees, stock shortages and total retail reductions, net alterations and workroom costs, cash discounts earned, gross margin total and gross margin return per dollar of inventory at cost, and stock turnover. The second report about retail stores is published by a research organization, the Urban Land Institute. Entitled Dollars and Cents of Shopping Centers, it gives benchmark figures against which operating results of individual shopping center performance can be evaluated. The report contains information on capital costs, both American and Canadian, and enclosed mall regional shopping centers (including regional, community and neighborhood). Supplementary data refer to shopping center financing, composition of rent, special tenant situation and merchant associations.

Before leaving this section, a few more publications containing business ratios should be considered.

1. Soft Drinks, Annual Survey, published by Soft Drink magazine, appears in one of the monthly issues. Data given include profits, cost increases, vendings sales, low-calorie sales, sales by container type and size, outlets, and future plans within the industry. Charts are given comparing soft drink industry sales for a 10-year period, percentage of sales by flavor, sales by outlets, volume by container types, bulk, package sales by sizes, and tables detailing regional activities.

2. Comparative Financial Data: Major Department Stores and Other Leading Merchandisers is a report presenting financial and operating data accompanied by selected ratios for major department stores and major merchandisers.

3. The National Consumer Finance Association releases statistical data on finance companies in its annual NCFA Research Report on Finance Companies. The report
supplies a wide variety of information, such as assets, liabilities, expenses, profits, amounts of loans made, and rates of interest paid on bank borrowings. It is divided into three parts: (1) industry trends, (2) consumer finance industry, and (3) comparative data by type and size of the company.

4. Index of Bank Performance \(^\text{181}\) contains financial diagnostic profiles and performance indices for each size group and for all groups of banks.

CONSUMER MARKET ANALYSIS

People concerned with sales merchandising, advertising, and market research need current accurate and complete demographic and socioeconomic market data on a local or regional basis. Such data help in the design and evaluation of test markets and in the analysis of cyclical changes in the market. They also help to solve marketing problems such as the following: decisions on whether to introduce a new product; use of the proper marketing mix; realignment of sales territories; estimation of the area buying potential; allocation of advertising budgets; and business planning and forecasting. The census data may not be enough, because many new factors appear between censuses; hence the need for more current data. The quantitative market indicators are population, households, income and retail sales; qualitative data are provided by specific categories e.g., percentage of households by gross income classes, or the components of population. The index of sales to disposable income is another indicator, measuring selling power in the area by comparing volume of retail sales transacted by retail stores in the area with income (or buying power) of the area residents. The buying power index measures the given market's ability to buy expressed as a percentage of the national potential. The index is graduated to reflect the level of area income.

The effective buying income is a bulk measurement of the market potential; it indicates the general ability to buy and facilitates comparison, selection and grouping of markets on that basis. The following are some of the leading publications providing information in this area.

Sales and Marketing Management's Survey of Buying Power \(^\text{182}\) distributed as a special issue of the Sales Management magazine, features data such as population, income, retail sales, and merchandise line sales for all U.S. markets, national, regional and metropolitan. The population of each area is shown as composition, median age, and age group as percentages of the national figure. The percentage of household heads by age group is also given, and the effective buying income data are divided into income groups. Retail sales are given by the following store groups: food, supermarkets, eating and drinking places, general merchandise, apparel, furniture, house and appliance, automotive, gas station, lumber, building, hardware and drug. Retail sales are also given by the following merchandise lines: groceries, cosmetics, clothing, footwear, major appliances, and furniture. The general section ranks cities by effective buying income, retail sales and other similar indicators.

Editor & Publisher's Market Guide \(^\text{183}\) is similar to Survey of Buying Power, giving both the number of retail stores under each major category and retail sales for each state, county and city. It also gives for each state the income, population, number of households, and farm products. There are rankings of cities and counties in terms of total food sales, household personal income, total retail sales, per household retail sales and per household food sales. Unlike Survey of Buying Power, the guide has a section called "Surveys of Daily Newspaper Cities," which includes all cities and communities publishing daily newspapers in the United States and Canada. For each city, the following
data are given: location; transportation; population; number of households, banks passenger autos, and electric and gas meters; principal industries; climate; and retailing information. One useful feature of the guide is a map for each state with information on county seats and SMSAs.

The Marketing Economics Institute, a well-known market research organization, also publishes an annual *Marketing Economics Guide*, which contains current market dimensions for 1,500 U.S. cities, all counties, and metropolitan areas. For each area listed various breakdowns of the population data are given, e.g., total population, percentage of the national figure, population change since the last census, population per square mile, urban/rural population and racial population. The number of households, the percentage of households in different income categories, and the per household and per capita disposable personal income figures are also given. Like the two other publications considered above, this guide includes a section on retail sales by categories. In addition, there are maps illustrating each state, as well as some important geographic ranking of cities and areas by population, food store sales, drug and proprietary store sales, furniture and equipment store sales, and building material and hardware store sales.

The institute also publishes *Marketing Economics Key Plants*, which is a guide to industrial purchasing power. It lists plants with 100 or more employees. The information given can, among other things, aid in planning regional sales quotas, establishing sales territories and evaluating sales performance. A publication similar to Sales and Marketing Management's *Survey of Buying Power* magazine is a special issue called the *Survey of Industrial Purchasing Power*. The issue provides material for pinpointing industrial market potential at local levels. It gives estimates of manufacturing shipment by 4-digit SIC categories for 420 manufacturing industries in nearly 300 counties. This kind of information is especially useful in fixing target accounts and selling quotas, and allocating advertising dollars. Other additional features include industrial profiles such as the top 50 manufacturing counties and the top 50 manufacturing industries.

Another publication which would be useful in market research is the *Plant Location; The Industrial & Economic Development Workbook*. The main purpose of this directory is to help businessmen to decide where to locate their plants in order to obtain maximum advantage with respect to the available factors of production. The directory provides useful market research data as well, such as population, industrial mix, area wages and earnings, cost of living and climate, environment, raw materials, transportation, and utilities.

There are some market research companies which collect and publish data such as analysis of consumer buying habits, which can help marketing managers to plan their products and audience. A good example is the *Profile of U.S. Consumer Market Segments*, which contains data on product saturation levels, product purchasing rates, brand share trends, retailing share trends, and levels of participation activities. It gives composite demographic profiles of consumers. In addition to this profile, Daniel Starch, Inc., as well as Simmons Associates, publish reports.

Leading trade journals occasionally do market surveys on the product or the industry they represent. These are often issued as special numbers. For example, the *Statistical and Marketing Report* surveys the field of housewares, home electronics, and major appliances. The issue highlights the product sales growth for 10 years and includes information on replacement and trade-in sales survey, pattern of local and regional sales volumes, product saturation by regions, projected sales, unit volume of the sales of the product per each 1,000 homes, the sales potential, and the import market.
Distinct from the surveys by trade journals is the general consumer market analysis, done by leading newspapers for their area, e.g., Milwaukee Journal's Consumer Analysis. These publications generally contain socioeconomic profiles of the area served by them; more importantly, however, their surveys reveal consumer buying habits by various categories, such as race, gender, age and income groups. Both sales of various consumer products by brands and percentages of sales by periods are given. These reflect consumer preferences of businessmen.

A final category of publications in this area are those containing national statistical intelligence on the consumers, i.e. their demographic and social profiles and economic behavior. One source for such data is the prestigious Conference Board. Entitled A Guide to Consumer Markets, this guide provides data on population, labor force, employment trends and characteristics, consumer income and expenditure patterns, production and distribution, prices and price indexes of consumer goods and services. In many cases historical comparisons as well as projections are given. An equally prestigious publication issued by the Institute of Social Research at the University of Michigan is the annual Surveys of Consumers, formerly called the Surveys of Consumer Finance. While not completely statistical, it does contain topical review and research articles in the area of consumer attitudes and demands. The Institute of Social Research periodically publishes Index of Consumer Sentiment, which is similar to both the bimonthly report Consumer Attitudes and Buying Plans and a Bureau of Census publication, Consumer Buying Indicators. The report contains the "Consumer Confidence Index," which measures consumer optimism in appraising economic conditions, and the "Buying Plans Index," which is based on intentions to purchase cars, homes and appliances. It also gives consumer vacation plans in terms of destination and means of travel. In addition, the Bureau of Census conducts an annual survey of purchases and ownership showing the households purchasing or owning cars, washing machines, dryers, dishwashers, refrigerators, food freezers and television sets.

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LIST OF ACRONYMS

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<tr>
<td>ACA</td>
<td>Accounting Corporation of America</td>
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<td>Federal Trade Commission</td>
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<tr>
<td>GNMA</td>
<td>Government National Mortgage Association</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<td>International Monetary Fund</td>
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<td>MVMA</td>
<td>Motor Vehicle Manufacturers Association</td>
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<td>NASDAQ</td>
<td>National Association of Security Dealers Automatic Quotation (System)</td>
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<td>Over-the-counter</td>
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<td>Public Affairs Information Service</td>
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<td>P.E.</td>
<td>Price/Earnings</td>
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<td>Pharmaceutical Manufacturers Association</td>
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<td>SEC</td>
<td>Securities Exchange Commission</td>
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<td>SIC</td>
<td>Standard Industrial Classification</td>
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<td>SMSA</td>
<td>Standard Metropolitan Statistical Area</td>
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VITA

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