

For Your Information

April 26, 1955

B. S. Tabakaski:

Thank you for expressing
an interest in "Dividend
Shares."

Enclosed is the literature
you requested.

I shall phone you in
about a week to inquire
if we can be of service in
regard to "Dividend Shares", or
any other securities.

George H. Klein

Schwabacher & Co.

Members

New York Stock Exchange • San Francisco Stock Exchange • Chicago Board of Trade
New York Cotton Exchange and other Leading Exchanges

DIVIDEND SHARES
AND
AMERICAN TELEPHONE & TELEGRAPH COMMON

*For Further
Information Call*
**GEORGE H. KLEIN
SCHWABACHER & Co.**
600 MARKET ST.,
SAN FRANCISCO 4, CALIF.
SU 1-5600

A Comparison of Investment Results - 1945-1954

\$10,000 Invested in Dividend Shares at Offering Price, January 1, 1945
(Securities Profits Distributions Reinvested at Asset Value)

\$10,000 Invested in American Telephone & Telegraph Common, January 1, 1945.

	<u>LIQUIDATING VALUE AT YEAR END</u>		<u>INCOME FOR YEAR</u>	
	<u>Dividend Shares*</u>	<u>A.T. & T. **</u>	<u>Dividend Shares</u>	<u>A.T. & T.</u>
1945	\$ 11,854	\$ 11,651	\$ 328	\$ 549
1946	11,186	10,462	327	549
1947	11,012	9,234	420	549
1948	10,693	9,165	468	549
1949	11,995	8,937	563	549
1950	13,848	9,211	660	549
1951	15,122	9,531	741	549
1952	16,723	9,722	700	549
1953	15,956	9,577	708	549
1954	21,401	10,675	693	549
Total Dividends from Income for ten-year period			\$5,608	\$5,490

* Includes shares acquired through distributions of \$3,753 from securities profits for the ten-year period. The original investment was made at offering price. Subsequent reinvestments from securities profits were reinvested at net asset value.

** Does not include value of rights issued during the period. These were worth approximately \$699.

American Telephone & Telegraph has been selected for comparison because it is the most widely held individual common stock. Other securities with more or less favorable records than that of American Telephone & Telegraph might have been selected. This comparison must be considered in the light of the objectives and policies of Dividend Shares, which is a managed investment account, as contrasted to an assumed unmanaged investment in American Telephone & Telegraph Company.

This tabulation covers a selected period of generally rising securities prices, makes no allowance for income or capital gains tax liabilities, and cannot be considered a representation of future results. Results for other periods might have been more or less favorable to Dividend Shares, or to American Telephone & Telegraph.

The record above makes no allowance for the brokerage costs of buying shares of American Telephone & Telegraph.

Details of the sales charge included in the offering price and other information are given in the prospectus.

DIVIDEND
Thrift PLAN

For

Boeki Shokai Takarashi

*For Further
Information Call*

GEORGE H. KLEIN
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DIVIDEND SHARES, Inc.

Features

DIVIDEND SHARES, INC., a Maryland corporation formed July 25, 1932, is a diversified management investment company of the open-end type as defined in the Investment Company Act of 1940.

OBJECTIVE

The objective of the Company, as its name implies, is to place major emphasis on relatively high income through broadly diversified investments primarily in common stocks. There is no assurance that the stated objective, which is subject, of course, to the risks inherent in equity investment, can be attained.

ASSETS

Cash and securities belonging to the Company are held by Guaranty Trust Company of New York.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

RESTRICTIONS

Not more than 5% of the Company's assets may be invested in the securities of any one corporation. The Company may not borrow money, sell short or buy securities on margin.

MANAGEMENT

Subject to the control of the Board of Directors, the Company's assets are supervised by the firm of Calvin Bullock (established 1894).

PRICE

The Company's shares are offered for sale at prices approximating as closely as possible their liquidating value plus a sales charge of 8 $\frac{3}{4}$ % of the offering price reduced in the case of substantial individual subscriptions as fully set forth herein.

DIVIDENDS

Dividends are paid quarterly. List of securities held in the portfolio, a record of portfolio changes and other pertinent information are sent to stockholders with quarterly dividend checks.

MARKETABILITY

Stockholders may require the Company to repurchase shares at liquidating value under terms and subject to the restrictions described on page 4 hereof.

PROSPECTUS

DIVIDEND SHARES, Inc.

CAPITALIZATION

The authorized capital stock of the Company consists of 100,000,000 shares, all of the same class and of the par value of 25¢ each. All shares are full paid and non-assessable when issued, are transferable on the books of the Company, and have equal voting

INVESTMENT POLICY

The Company's policy has been to invest primarily in common stocks (and its portfolio is presently so constituted) although it may invest from time to time in other types of securities. It has diversified its investments among a number of different industries and not concentrated them in any particular industry or group of industries although it may do so under unusual economic or market conditions.

The Company engages primarily in holding securities for investment. Purchases and sales of portfolio securities are made at such times and in such amounts as are deemed advisable in the light of market, economic and other conditions, irrespective of the volume of portfolio turnover.

The Company may not (i) purchase the securities of any issuer (other than the United States) if upon such purchase more than 5% of the Company's net assets would consist of the securities of such issuer; (ii) purchase the securities of any issuer if upon such purchase the Company would own more than 10% of the outstanding securities of such issuer;

DIVIDEND POLICY

The Charter provides that the Company shall pay to shareholders during each fiscal year approximately the amount of the "net cash income" received during such fiscal year. "Net cash income" is defined as the aggregate of (a) all cash received by way of dividends (except liquidating dividends) and interest, (b) the net cash proceeds received from the sale of all dividends and distributions, other than in cash, received by the Company by way of income upon its investments, and (c) all amounts received to equalize accrued income upon the issue and sale of the Company's shares less expenses, taxes (except

rights and rights to share in dividends and in assets. Holders have no preemptive rights or other rights to subscribe for additional shares. Holders may require the Company to repurchase their shares as set forth under "Repurchase of Shares" on page 4.

(iii) purchase the securities of any other investment company except in a regular transaction in the open market; (iv) purchase the securities of any issuer the business of which has been in continuous operation for less than three years; or (v) retain investments in the securities of any issuer in which directors or officers of the Company or certain other persons have a substantial financial interest. Except for such restrictions, the Company has no policy with respect to investments in other companies for the purpose of exercising control or management.

Although the Company may do so, it has not underwritten any securities issued by others. It may not purchase or sell commodities or commodity contracts nor engage generally in the business of purchasing and selling real estate.

The Company may not make loans to other persons except call loans upon collateral security, at not more than 80% of the market value of such collateral. The Charter prohibits loans to certain types of affiliated persons.

taxes upon profits not credited to cash income) and any amounts set aside in any reserve fund. In addition, the Company may make distributions from any of its assets legally available therefor (excluding unrealized appreciation of assets).

In its opinion the Company has complied with the provisions of Section 361 of the Internal Revenue Code and it intends to do so during the current fiscal year. It intends to make distributions of income and security profits sufficient to relieve it from substantially all Federal income taxes.

OFFERING OF SHARES

The Company's shares are offered for sale at prices approximately equivalent to their liquidating value current at the time of offering (determined as described hereinafter), plus a sales charge of (a) 8 $\frac{2}{3}$ % of offering price on individual subscriptions aggregating less than \$25,000, (b) 7% of offering price on individual subscriptions aggregating \$25,000 to less than \$50,000, or (c) 4% of offering price on individual subscriptions aggregating \$50,000 or more. For this purpose, orders received at a single time, in the aggregate amount of \$25,000 or more, from a fiduciary, co-fiduciary or custodian (whether an individual or a corporation) for his fiduciary or custodian accounts will be deemed to be an individual order. Of the sales charge of 8 $\frac{2}{3}$ % the dealer is allowed 6% and on larger sales the dealer's allowance is reduced. The allowance by the distributor is alike to all brokers and dealers who are members of the National Association of Securities Dealers, Inc.

DIVIDEND THRIFT PLAN

Shares may be purchased from dealers under the Dividend Thrift Plan, providing for periodic purchases of shares in dollar amounts. The Plan provides for (a) a minimum initial investment of \$250 (\$50 for persons serving in the Armed Forces), or \$50 accompanied by simultaneous deposit with Irving Trust Company of 200 or more shares to be held under the Plan, and (b) subsequent investments of at least \$25 each. Irving Trust Company acts as agent for the investor and the dealer and, unless the investor indicates to the contrary, he also appoints the Bank as agent to receive and reinvest all dividends and distributions paid on his shares held under the Plan. Shares are purchased at the closing offering price on the day of receipt by the Bank of funds for investment, except that distributions from securities profits are reinvested at asset value. The Bank sends the investor a statement covering each purchase transaction. The Bank makes no charge to the purchaser for its services.

No certificates are issued for shares purchased under the Plan, except upon request of the stockholder or termination of the Plan, but the shares purchased are registered in the name of the stockholder on the books of the Company and have the

same rights as shares for which certificates are issued. The purchaser may at any time withdraw any cash held by the Bank in his Plan account.

The Plan does not obligate an investor to make subsequent payments but terminates automatically on failure to make three successive payments scheduled thereunder, and may be terminated by the investor or the Bank at any time.

The Plan contemplates purchases at regular intervals, regardless of price levels, of shares that are subject to market fluctuations. It does not and cannot protect against loss of value in declining markets. An investor should have the financial ability to continue a Plan through periods of low prices since, if he discontinues his Plan and sells his accumulated shares when their value is below his cost, he will incur a loss.

REINVESTMENT OF DIVIDENDS AND DISTRIBUTIONS

Holders of shares of the Company, through their dealers, may arrange under a "Reinvestment Authorization" for all dividends and distributions paid on their shares (other than shares held under a Dividend Thrift Plan) to be received for their account by Irving Trust Company and applied to the purchase of additional full and fractional shares at the offering price, except that distributions from securities profits will be reinvested at net asset value. Shares are purchased and held under this Authorization in the same manner as stated above under "Dividend Thrift Plan". In no event will certificates be issued for fractional shares but, upon request of the stockholder or termination of the Authorization, the then liquidating value thereof will be paid in cash. The Authorization may be terminated at any time by the shareholder or the Bank and will terminate if any dividend received by the Bank for investment thereunder amounts to less than \$10. The Bank makes no charge to the shareholder for services under the Authorization.

In addition, stockholders may, upon application to Calvin Bullock within thirty days following the date of payment, reinvest distributions from securities profits in additional full shares at net asset value. This privilege may be withdrawn at any time, without notice, in the discretion of Calvin Bullock.

DETERMINATION OF OFFERING PRICE

Offering prices are determined twice each business day. During the period between 4:30 P.M. on one day and 2 P.M. on the next day on which the New York Stock Exchange is open for trading, the offering price is based on the liquidating value determined as of 3:30 P.M. on the first day. The offering price in effect between 2 P.M. and 4:30 P.M. is based on the offering price in effect immediately prior thereto, but adjusted as of 1 P.M. on the day of determination in accordance with a formula designed to reflect any material changes in the market value of securities and any other assets and liabilities. All times above are expressed as New York time.

All subscriptions are subject to acceptance by Calvin Bullock, the Company's principal underwriter, at its Jersey City office, at the price effective at the time of receipt thereof. The time of receipt of telegraphic subscriptions and subscriptions transmitted through Calvin Bullock's representative will be considered to be the time of their dispatch as

REPURCHASE OF SHARES

Upon request of any shareholder, accompanied by surrender of stock certificates in proper form for transfer, the Company shall, but only out of surplus, purchase its shares at liquidating value computed in the manner shown under "Determination of Offering Price." Such liquidating value will be determined as of the close of business on the first day on which the New York Stock Exchange is open next succeeding surrender for purchase. Payment is to be made within four business days after the date fixing such liquidating value. The Investment Company Act of 1940 provides that payment of the purchase price may not be suspended for more than seven days except during periods when the New York Stock Exchange is closed or trading thereon is restricted, for any period during which an emergency exists as a result of which disposal by the Company of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Company fairly to determine the value of its net

SUPERVISION

Subject to the control of the Board of Directors, Calvin Bullock (a New York joint stock association), 1 Wall Street, New York, N. Y., has been employed

indicated on the telegram or by the records of Calvin Bullock's representative.

The liquidating value of a share of capital stock of the Company at any time is an amount determined by dividing the net assets of the Company by the number of its then outstanding shares.

For this purpose portfolio securities are valued at the last sale price or, if there have been no sales during the period preceding the time of determination, at the mean of the closing bid and asked prices at such time. If no quotations are available, portfolio securities are valued in such manner as the Board of Directors deems appropriate. Other assets are valued at book value.

In computing the liquidating value of the Company's shares, no adjustment is made for brokerage, taxes and other expenses which may be incurred in connection with the investing of the funds received on the sale of shares or in connection with the sale of portfolio securities to provide funds for the purchase of shares.

assets, and for such other periods as the Securities and Exchange Commission may by order permit for the protection of the shareholders.

In addition, the Company may purchase its shares, out of surplus, at prices not in excess of the then liquidating value of the shares as estimated in a manner approved by the Board of Directors. The Company has appointed its distributor, Calvin Bullock, as its agent for the purpose of so repurchasing its shares. The distributor receives no compensation or profit on such repurchases.

If, however, a shareholder elects to sell his shares through a dealer, under the Rules of Fair Practice of the National Association of Securities Dealers, Inc., the dealer may charge the shareholder a fair commission for his services.

Liquidating value may be more or less than the investor's cost depending on the market value of the portfolio securities at the time of determination.

to supervise the investments of the Company and to furnish it with its offices, attend to clerical and accounting work, furnish statistical information, and

pay the compensation of such of the directors or officers of the Company as are directors, officers or employees of Calvin Bullock. Under the agreement the Company pays Calvin Bullock a quarterly fee of $\frac{1}{8}$ of 1% of the average market value of the net assets of the Company during such quarterly period. However, Calvin Bullock has waived, until termination of the agreement, one-half of the quarterly fee otherwise payable by the Company to Calvin Bullock with respect to any excess over \$100,000,000 of the average market value of the net assets of the Company during any quarterly period. Accordingly, with

MANAGEMENT

The By-Laws of the Company provide for the classification of directors into five classes, each consisting of approximately one-fifth of the total number, the members of each class to hold office for a term of five years.

Name	Office Held	
	Company	Calvin Bullock
Hugh Bullock , One Wall Street, New York 5, N. Y. President and Director of Calvin Bullock and of other investment companies	President and Director	President and Director
Harold E. Aul , One Wall Street, New York 5, N. Y. Director of Research, Calvin Bullock	Vice President and Director	Vice President
Godfrey P. Parkerson , One Wall Street, New York 5, N. Y. Vice President and Treasurer of Calvin Bullock	Vice President, Treasurer and Director	Vice President, Treasurer and Director
Willis H. Booth , 140 Broadway, New York 15, N. Y. Member Executive and Finance Committee, International Business Machines Corp.	Director	—
Nathaniel P. Hill , One Wall Street, New York 5, N. Y. Financier	Director	—
John M. Hincks , Middletown, Connecticut President, Middlesex Mutual Assurance Co.	Director	—
Harris J. Nelson , 388 Newbury Street, Boston, Mass. Financial Writer for Barron's Weekly	Director	—
Robert E. Clark , One Wall Street, New York 5, N. Y. Vice President of Calvin Bullock	Vice President	Vice President
Francis Goodhue, III , 1416 Chestnut Street, Philadelphia 2, Pa. Associated with Calvin Bullock	Vice President	Associate
Oscar N. Hoffman , One Wall Street, New York 5, N. Y. Associated with Calvin Bullock	Secretary	Associate
Marion L. Ansley , One Wall Street, New York 5, N. Y. Officer of Calvin Bullock	Asst. Secretary and Asst. Treasurer	Secretary
Mrs. Alice K. Bullock , One Wall Street, New York 5, N. Y.	—	Director

As of April 30, 1954, shares of Capital Stock of the Company owned by all of the officers and directors of the Company and of Calvin Bullock, aggregated less than 1% of the total then outstanding.

Of the 1,000 outstanding shares of stock of Calvin

respect to any such excess the quarterly fee will be $\frac{1}{16}$ th of 1% instead of $\frac{1}{8}$ of 1%. Such agreement is to continue in effect for successive annual periods ending July 31, provided that such continuance is approved at least annually by a majority of the directors who are not affiliated persons of Calvin Bullock or by the stockholders of the Company. The agreement may be terminated at any time on vote of the Board of Directors or the stockholders of the Company, or by the joint stock association, in either case upon sixty days' written notice.

The directors and officers of the Company and of Calvin Bullock, their respective offices with each and their principal occupations during the past five years are shown in the following table.

Bullock 250 shares are beneficially owned by Mr. Hugh Bullock. Under the Will of the late Mr. Calvin Bullock 250 shares pass to Mr. Hugh Bullock and 500 shares to trusts of which Mr. Hugh Bullock is a Trustee.

REMUNERATION

No compensation is paid by the Company to any of its directors or officers who are also directors, officers or employees of Calvin Bullock, Calvin Bullock being obligated under the supervision agreement referred to above to pay such compensation.

Those directors who are not directors or officers or employees of Calvin Bullock, received an aggregate of \$15,000 as remuneration from the Company for their services as directors during the fiscal year ended October 31, 1953 and \$7,500, during the six

months ended April 30, 1954.

During the fiscal year ended October 31, 1953, and the six months ended April 30, 1954, the aggregate amounts paid or accrued by the Company to Calvin Bullock under the supervision agreement referred to above under "Supervision" were respectively, \$537,846 and \$282,151. The sales charge received by Calvin Bullock during such periods on sales of the Company's stock purchased by Calvin Bullock and resold by it to others was, respectively, \$376,174 and \$227,919.

PER SHARE CAPITAL and INCOME CHANGES (for a share outstanding throughout the year)

Year Ended	Net Asset Value at Beginning of Year	Effect of Changes in Realized and Unrealized Gains (or Losses) on Portfolio Securities During Year	Distributions of Capital Gains	Net Investment Income	Dividends from Investment Income	Net Asset Value at End of Year	Shares Outstanding at End of Year
Oct. 31:							
1944	\$1.19	\$.102	\$.011	\$.050	\$.051	\$1.28	36,290,133
1945	1.28	.383	.043	.049	.049	1.62	36,197,502
1946	1.62	.108*	.093	.048	.047	1.42	36,800,920
1947	1.42	.068	.038	.057	.057	1.45	39,529,554
1948	1.45	.057	.028	.063	.062	1.48	42,620,940
1949	1.48	.013*	.017	.073	.073	1.45	48,173,040
1950	1.45	.205	.035	.085	.085	1.62	50,956,652
1951	1.62	.221	.051	.094	.094	1.79	54,181,431
1952	1.79	.094	.054	.086	.086	1.83	59,390,096
1953	1.83	.025	.056	.085	.084	1.80	64,682,513
1954†	1.80	.236	—	.044	.040	2.04	67,030,573

* Indicates depreciation.

† For the six months ended April 30, 1954.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
DIVIDEND SHARES, INC., New York, N. Y.

We have examined the accompanying financial statements (pages 7 through 11) of DIVIDEND SHARES, INC. Our examination was made in accordance with generally accepted auditing standards, and accordingly included confirmations from the Guaranty Trust Company of New York of cash and securities owned at April 30, 1954, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Securities purchased but not yet received were confirmed to us by brokers.

In our opinion, the accompanying financial statements (pages 7 through 11) present fairly the financial position of Dividend Shares, Inc. at April 30, 1954, the results of its operations for the six months then ended and for the fiscal year ended October 31, 1953 and the changes in its net assets for the six months ended April 30, 1954 and for the fiscal years ended October 31, 1953, 1952 and 1951, respectively, in conformity with generally accepted accounting principles applied on a consistent basis.

We have made examinations, similar in scope to that indicated above, of the financial statements of the Company for the periods shown under the caption "Per Share Capital and Income Changes" and have reviewed the financial information set forth therein and, in our opinion, such information is fairly presented.

New York, May 7, 1954.

LYBRAND, ROSS BROS. & MONTGOMERY

STATEMENT OF ASSETS AND LIABILITIES

at April 30, 1954

INVESTMENTS

BONDS:	Principal Amounts	Costs	Market Values†
U. S. GOVERNMENT:			
Federal Intermediate Credit Bank, 2.70% 6/1/54	\$ 600,000	\$ 602,458	\$ 600,000
Federal Intermediate Credit Bank, 1.50% 1/3/55	1,200,000	1,200,524	1,200,000
U. S. Treasury, 2½% 3/15/58-56	2,000,000	2,029,375	2,048,750
U. S. Treasury, 2¾% 9/15/61	800,000	800,000	838,000
U. S. Treasury, 2½% 11/15/61	11,900,000	12,054,094	12,264,437
Total bonds		\$16,686,451	\$16,951,187

COMMON STOCKS:

AGRICULTURAL MACHINERY:	Shares Held	Costs	Market Values†
Allis-Chalmers Manufacturing Company	10,000	\$ 442,520	\$ 548,750
Deere & Company	15,300	314,051	439,875
International Harvester Company	18,000	531,270	560,250
		\$ 1,287,841	\$ 1,548,875

AIRCRAFT MANUFACTURING:

Boeing Airplane Company	12,800	\$ 603,126	\$ 1,040,000
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AUTOMOTIVE AND ACCESSORY:

General Motors Corporation	44,000	\$ 1,317,171	\$ 3,074,500
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BANKS AND FINANCE:

C.I.T. Financial Corporation	30,000	\$ 622,330	\$ 1,065,000
Chase National Bank of New York	20,000	934,062	937,500
Guaranty Trust Company of New York	15,000	992,125	1,005,000
Manufacturers Trust Company	10,000	631,404	687,500
National City Bank of New York	6,000	269,895	312,750
		\$ 3,449,816	\$ 4,007,750

BUILDING:

Armstrong Cork Company	15,000	\$ 775,811	\$ 1,055,625
General Portland Cement Company	8,700	211,685	508,950
Sherwin-Williams Company	6,000	377,089	522,000
		\$ 1,364,585	\$ 2,086,575

CHEMICALS:

Air Reduction Company, Incorporated	35,000	\$ 910,865	\$ 844,375
American Cyanamid Company	43,200	1,873,893	1,971,000
Commercial Solvents Corporation	44,000	1,011,574	715,000

CHEMICALS (Cont.):

	Shares Held	Costs	Market Values†
du Pont (E. I.) de Nemours & Company	25,000	\$ 1,578,021	\$ 3,190,625
Eastman Kodak Company	20,000	810,005	1,145,000
Texas Gulf Sulphur Company	7,700	678,680	710,325
Union Carbide & Carbon Corporation	36,000	629,572	2,700,000
		\$ 7,492,610	\$11,276,325

ELECTRICAL AND ELECTRONICS:

Philco Corporation	21,000	\$ 488,998	\$ 703,500
Radio Corporation of America	57,500	1,360,001	1,624,375
Sylvania Electric Products, Inc.	13,200	350,027	465,300
Westinghouse Electric Corporation	26,000	671,663	1,891,500
		\$ 2,870,689	\$ 4,684,675

FOODS AND BEVERAGES:

Coca-Cola Company	5,000	\$ 646,357	\$ 602,500
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GLASS:

Owens-Illinois Glass Company	13,400	\$ 1,040,045	\$ 1,092,100
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INDUSTRIAL MACHINERY AND EQUIPMENT:

Blaw-Knox Company	25,700	\$ 449,217	\$ 533,275
United Shoe Machinery Corporation	5,200	212,470	207,350
		\$ 661,687	\$ 740,625

NATURAL GAS:

American Natural Gas Company	50,000	\$ 1,401,102	\$ 2,312,500
El Paso Natural Gas Company	39,800	1,408,139	1,512,400
United Gas Corporation	1,800	52,781	53,100
		\$ 2,862,022	\$ 3,878,000

NONFERROUS METALS:

Aluminum Company of America	15,900	\$ 651,157	\$ 1,164,675
Climax Molybdenum Company	15,000	496,123	720,000
International Nickel Company of Canada, Ltd.	25,000	882,005	1,000,000
Kennecott Copper Corporation	24,200	931,739	1,905,750
Phelps Dodge Corporation	15,000	546,487	551,250
		\$ 3,507,511	\$ 5,341,675

OFFICE EQUIPMENT:

International Business Machines Corporation	4,818	\$ 300,404	\$ 1,618,848
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PAPER AND PAPER PRODUCTS:

Crown Zellerbach Corporation	18,000	\$ 144,443	\$ 855,000
International Paper Company	61,600	1,077,183	4,288,900
Union Bag & Paper Corporation	27,000	1,223,758	1,424,250
		\$ 2,445,384	\$ 6,568,150

INVESTMENTS, Continued

COMMON STOCKS (Continued):

	Shares Held	Costs	Market Values†
PETROLEUM:			
Continental Oil Company	22,000	\$ 366,624	\$ 1,507,000
Gulf Oil Corporation	40,600	961,958	2,344,650
Shell Oil Company	4,000	130,968	198,000
Standard Oil Company of California	50,000	2,264,993	3,131,250
Standard Oil Company (Indiana)	22,000	947,259	1,806,750
Standard Oil Company (New Jersey)	43,000	932,158	3,816,250
Texas Company	44,000	1,123,371	3,124,000
		<u>\$ 6,727,331</u>	<u>\$15,927,900</u>
RAILROADS:			
Atchison, Topeka & Santa Fe Railway Company	14,400	\$ 947,176	\$ 1,414,800
Chesapeake & Ohio Railway Company	10,000	375,513	351,250
Chicago, Rock Island & Pacific Railroad Company	20,800	1,071,651	1,409,200
Illinois Central Railroad Company	12,200	637,005	1,098,000
Kansas City Southern Railway Company	11,900	391,320	528,062
Louisville & Nashville Railroad Company	20,000	1,204,824	1,280,000
Seaboard Air Line Railroad Company	8,100	378,702	419,175
Southern Pacific Company	41,000	1,312,724	1,711,750
		<u>\$ 6,318,915</u>	<u>\$ 8,212,237</u>
RAILROAD EQUIPMENT:			
American Brake Shoe Company	22,000	\$ 735,425	\$ 814,000
RETAIL TRADE:			
Allied Stores Corporation	25,000	\$ 1,058,597	\$ 1,062,500
Federated Department Stores, Inc.	30,000	776,236	1,237,500
First National Stores, Inc.	23,700	762,265	1,214,625
Grant (W. T.) Company	12,000	376,279	435,000
Marshall Field & Company	36,000	1,112,995	1,012,500
May Department Stores Company	13,500	396,563	396,563
Montgomery Ward & Company, Inc.	11,000	745,815	665,500
Sears, Roebuck & Company	44,000	990,665	2,805,000
Western Auto Supply Company	6,000	316,733	270,000
		<u>\$ 6,536,148</u>	<u>\$ 9,099,188</u>
RUBBER:			
Firestone Tire & Rubber Company	27,000	\$ 1,778,165	\$ 1,923,750
Goodyear Tire & Rubber Company	23,600	1,092,858	1,480,900
		<u>\$ 2,871,023</u>	<u>\$ 3,404,650</u>
STEEL:			
Bethlehem Steel Corporation	25,000	\$ 1,137,017	\$ 1,625,000
Harbison-Walker Refractories Company	19,000	545,558	551,000
Republic Steel Corporation	14,000	595,357	768,250
United States Steel Corporation	40,000	1,629,629	1,870,000
		<u>\$ 3,907,561</u>	<u>\$ 4,814,250</u>

	Shares Held	Costs	Market Values†
TEXTILES:			
American Viscose Corporation	15,000	\$ 960,368	\$ 476,250
Burlington Mills Corporation	45,000	895,828	495,000
Celanese Corporation of America	12,000	443,324	204,000
Stevens (J. P.) & Company, Inc.	29,800	1,209,016	666,775
		<u>\$ 3,508,536</u>	<u>\$ 1,842,025</u>
TOBACCO:			
American Tobacco Company	9,000	\$ 653,979	\$ 560,250
Philip Morris & Co. Ltd., Incorporated	30,500	1,485,682	1,250,500
Reynolds (R. J.) Tobacco Company, Class B	40,000	1,372,320	1,580,000
		<u>\$ 3,511,981</u>	<u>\$ 3,390,750</u>
UTILITIES:			
American Gas & Electric Company	78,000	\$ 1,455,670	\$ 2,661,750
American Telephone & Telegraph Company	2,500	366,262	418,125
Cleveland Electric Illuminating Company	30,000	1,611,477	1,755,000
Commonwealth Edison Company	25,000	955,505	1,021,875
Consolidated Edison Company of New York, Inc.	26,500	931,458	1,156,063
Consumers Power Company	23,000	780,612	1,006,250
Duquesne Light Company	17,400	457,754	530,700
Gulf States Utilities Company	12,500	220,000	362,500
Kansas City Power & Light Company	20,000	558,185	670,000
Louisville Gas & Electric Company	32,000	1,094,247	1,460,000
Montana Power Company	40,000	810,519	1,425,000
North American Company	30,000	212,249	675,000
Northern Indiana Public Service Company	44,000	842,839	1,270,500
Pacific Gas & Electric Company	30,000	1,050,422	1,245,000
Peoples Gas Light & Coke Company	5,000	706,729	739,375
Rochester Gas & Electric Corporation	21,600	747,657	896,400
Southern California Edison Company	25,000	1,018,530	1,028,125
Southern Company	32,000	370,366	540,000
Virginia Electric & Power Company	12,300	250,725	375,150
West Penn Electric Company	32,000	935,096	1,264,000
Wisconsin Electric Power Company	50,000	904,479	1,468,750
Wisconsin Electric Power Company	50,000 rts	8,743	15,625
		<u>\$16,289,524</u>	<u>\$21,985,188</u>
Total common stocks		<u>\$80,255,692</u>	<u>\$117,050,786</u>
Total investments at cost		<u>\$96,942,143</u>	
Total investments at market values carried forward			<u>\$134,001,973</u>

STATEMENT OF ASSETS AND LIABILITIES, Continued

April 30, 1954

INVESTMENTS	
Investments at market values, brought forward	\$134,001,973
OTHER ASSETS	
Cash	3,110,959
Dividends receivable and interest accrued	317,685
Receivable for subscriptions to capital stock	223,491
Receivable for securities sold	107,064
	<u>\$137,761,172</u>

LIABILITIES	
Accounts payable:	
For securities purchased	\$ 829,899
For capital stock repurchased	308,538
Accrued taxes	81,114
	<u>\$ 1,219,551</u>

NET ASSETS	
Applicable to 67,030,573 shares of net outstanding capital stock, equivalent to \$2.04 per share (total par value of net outstanding stock, \$16,757,643; authorized capital stock 100,000,000 shares, par value \$.25 per share)	<u>\$136,541,621</u>

† Represents amounts of investments priced at April 30, 1954 last sale prices or, in the absence of recorded sales, the average of the closing bid and asked prices.

NOTES:

A. It is the intention of the Company to comply with the provisions available to investment companies contained in Section 361 of the Internal Revenue Code, and to make distributions of income and security profits sufficient to relieve it from all, or substantially all, federal income taxes. The cost of securities for federal income tax purposes at April 30, 1954 was \$96,857,037.	
B. Inasmuch as checks for the dividend of \$.02 per share payable May 1, 1954 were mailed prior to the close of business April 30, 1954, the liability for this dividend and the corresponding amount of cash have been omitted from the above statement.	
C. The method of computing the offering price for individual sales aggregating less than \$25,000 as of the close of business on April 30, 1954, was as follows:	
Net asset value per share, as above	\$2.037005
Sales charge 8 2/3% of offering price	.193293
Offering price before adjustment	2.230298
Adjustment to nearest cent	.000298
Offering price to public	<u>\$2.230000</u>

For further information relative to determination of net asset value, and offering and repurchase prices, see pages 3 and 4 of the prospectus.

STATEMENT OF INVESTMENT INCOME AND EXPENSES

	Six Months Ended Apr. 30, 1954	Fiscal Year Ended Oct. 31, 1953
Income:		
Dividends:		
Cash (less taxes withheld)	\$ 3,138,073	\$ 5,743,792
Taxable dividend distributions in securities		39,260
Interest	164,286	245,676
	<u>\$ 3,302,359</u>	<u>\$ 6,028,728</u>
Expenses:		
Management fees (see statements under "Supervision" and "Management")	\$ 282,151	\$ 537,846
Taxes	49,083	81,752
Custodian's fees	24,193	44,425
Transfer agents' fees	23,126	40,847
Cost of paying dividends	21,180	73,289
Reports to stockholders	11,623	21,792
Expenses of stockholders' meetings	8,907	7,061
Compensation of directors	7,500	15,000
Legal and auditing	5,630	11,201
Miscellaneous	8,010	17,843
	<u>\$ 441,403</u>	<u>\$ 851,056</u>
Net investment income	<u>\$ 2,860,956</u>	<u>\$ 5,177,672</u>
Net gain on sales of investments computed by application of first costs against first sales amounted to	<u>\$ 2,402,550</u>	<u>\$ 3,526,944</u>
Increase or decrease* in net unrealized appreciation of investments amounted to	<u>\$ 13,172,914</u>	<u>\$ 2,119,341*</u>

NOTE: Operating and management expenses, exclusive of taxes based on income, represented .646% (on an annual basis) of the average of total net assets and 12.43% of total investment income for the six months ended April 30, 1954 and .697% of the average of total net assets and 13.34% of total investment income for the fiscal year ended October 31, 1953.

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended April 30, 1954	Fiscal Years Ended		
		October 31, 1953	October 31, 1952	October 31, 1951
Net assets including undistributed net income of \$203,886, \$155,924, \$140,810 and \$127,180 at the beginning of the respective periods	\$116,326,125	\$108,740,592	\$ 97,327,210	\$82,490,705
Amounts received on issuances and paid on repurchases of capital stock (exclusive of portions allocated to income) (Note A):				
Received on subscriptions	\$ 7,665,138	\$ 12,668,771	\$ 12,325,017	\$12,999,900
Issuance of shares as portion of optional stock distributions (1,129,366 in 1953 and 973,832 in 1952)	—	1,970,405	1,790,964	—
	7,665,138	14,639,176	14,115,981	12,999,900
Paid on repurchases	3,271,836	4,992,823	4,486,664	7,192,057
	<u>\$ 4,393,302</u>	<u>\$ 9,646,353</u>	<u>\$ 9,629,317</u>	<u>\$ 5,807,843</u>
Net investment income for the period	\$ 2,860,956	\$ 5,177,672	\$ 4,817,870	\$ 4,852,598
Net accrued income included in price of capital stock issued and repurchased	40,877	73,892	78,771	90,634
	2,901,833	5,251,564	4,896,641	4,943,232
Portion of distributions paid (1954, \$.04; 1953, \$.0844; 1952, \$.086; 1951, \$.0935)	2,655,103	5,203,602	4,881,527	4,929,602
	<u>\$ 246,730</u>	<u>\$ 47,962</u>	<u>\$ 15,114</u>	<u>\$ 13,630</u>
Net realized gains from sales of investments (computed by application of first costs against first sales)	\$ 2,402,550	\$ 3,526,944	\$ 3,207,175	\$ 2,846,156
Portion of distributions paid (1953, \$.0556; 1952, \$.054; 1951, \$.0515)	—	3,516,385	3,137,173	2,777,824
	<u>\$ 2,402,550</u>	<u>\$ 10,559</u>	<u>\$ 70,002</u>	<u>\$ 68,332</u>
Unrealized increase or decrease* in market value of investments in relation to their cost	\$ 13,172,914	\$ 2,119,341*	\$ 1,698,949	\$ 8,946,700
Net assets, including undistributed net income of \$450,616, \$203,886, \$155,924 and \$140,810 at the end of the respective periods	\$136,541,621	\$116,326,125	\$108,740,592	\$97,327,210
NOTE A: The number of shares of capital stock issued and repurchased was as follows:				
Issued (including issuances as part of optional stock distributions)	4,059,203	7,961,526	7,618,116	7,250,226
Repurchased	1,711,143	2,669,109	2,409,451	4,025,447
Net increase in number of shares outstanding	<u>2,348,060</u>	<u>5,292,417</u>	<u>5,208,665</u>	<u>3,224,779</u>

PROSPECTUS

PROSPECTUS

DIVIDEND SHARES, Inc.

Established 1932

**ONE WALL STREET
NEW YORK 5, N. Y.**

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Supervised and distributed by

CALVIN BULLOCK

Established 1894

Investments Owned by DIVIDEND SHARES on December 31, 1954

COMMON STOCKS†

	Shares Held	Approximate Percentage*		Shares Held	Approximate Percentage*
AGRICULTURAL MACHINERY				RAILROAD EQUIPMENT	
Allis-Chalmers Manufacturing Company	4,000	0.17%		American Brake Shose Company	17,700 0.37% 0.37%
Deere & Company	15,300	0.31		RETAIL TRADE	
International Harvester Company	10,000	0.22	0.70%	Allied Stores Corporation	25,000 0.78%
AUTOMOTIVE & ACCESSORY				Federated Department Stores, Inc.	30,000 0.99
General Motors Corporation	44,000	2.53%	2.53%	First National Stores, Inc.	23,700 0.81
BANKS & FINANCE				Grant (W. T.) Company	12,000 0.26
Beneficial Loan Corporation	6,000	0.19%		Marshall Field & Company	36,000 0.71
C. I. T. Financial Corporation	30,000	0.83		May Department Stores Company	16,700 0.36
Chase National Bank of New York	21,000	0.75		Murphy (G. C.) Company	9,000 0.24
Commercial Credit Company	3,000	0.09		Sears, Roebuck & Company	44,000 2.00
Guaranty Trust Company of New York	11,000	0.49		Western Auto Supply Company	21,000 0.64 6.79%
Manufacturers Trust Company	11,000	0.52	2.87%	RUBBER	
BUILDING				Firestone Tire & Rubber Company	25,000 1.63% 1.63%
Armstrong Cork Company	15,000	0.79%		STEEL	
General Portland Cement Company	8,700	0.44		Bethlehem Steel Corporation	25,000 1.60%
Sherwin-Williams Company	6,000	0.37	1.60%	Harbison-Walker Refractories Company	19,400 0.46
CHEMICALS & DRUGS				Inland Steel Company	15,000 0.66
Air Reduction Company, Inc.	30,000	0.58%		United States Steel Corporation	42,000 1.82 4.54%
American Cyanamid Company	50,000	1.61		TEXTILES	
Commercial Solvents Corporation	25,000	0.32		American Viscose Corporation	15,000 0.40%
du Pont (E. I.) de Nemours & Company	25,000	2.46		Burlington Mills Corporation	45,000 0.45
Eastman Kodak Company	20,000	0.85		Stevens (J. P.) & Company, Inc.	40,000 0.67 1.52%
Monsanto Chemical Company	1,400	0.09		TOBACCO	
Pfizer (Chas.) & Company, Inc.	11,000	0.26		American Tobacco Company, Inc.	9,000 0.35%
Texas Gulf Sulphur Company	7,700	0.57		Philip Morris & Company, Ltd., Inc.	30,500 0.72
Union Carbide & Carbon Corporation	36,000	1.82	8.56%	Reynolds (R. J.) Tobacco Company, Class B	40,000 1.00 2.07%
ELECTRICAL & ELECTRONICS				UTILITIES	
Philco Corporation	21,000	0.47%		American Gas & Electric Company	78,000 1.96%
Radio Corporation of America	40,000	0.91		American Telephone & Telegraph Company	2,500 0.26
Sylvania Electric Products, Inc.	13,000	0.36		Cleveland Electric Illuminating Company	30,000 1.20
Westinghouse Electric Corporation	20,000	0.95	2.69%	Commonwealth Edison Company	25,000 0.67
FOODS & BEVERAGES				Consolidated Edison Company of New York, Inc.	30,000 0.82
Coca-Cola Company	5,000	0.33%	0.33%	Consumers Power Company	23,000 0.64
GLASS				Duquesne Light Company	10,000 0.20
Owens-Illinois Glass Company	13,400	0.82%	0.82%	Gulf States Utilities Company	7,800 0.15
INDUSTRIAL MACHINERY & EQUIPMENT				Kansas City Power & Light Company	20,000 0.47
Blaw-Knox Company	8,257 1/2	0.13%	0.13%	Louisville Gas & Electric Company	21,100 0.56
NATURAL GAS				Middle South Utilities, Inc.	8,000 0.14
American Natural Gas Company	50,000	1.42%		Montana Power Company	35,600 0.81
El Paso Natural Gas Company	50,000	1.22		North American Company	30,000 0.49
El Paso Natural Gas Company, \$4.40 Pfd.	2,500	0.16		Northern Indiana Public Service Company	44,000 0.83
United Gas Corporation	10,000	0.20	3.00%	Pacific Gas & Electric Company	30,000 0.81
NON-FERROUS METALS				Peoples Gas Light & Coke Company	5,000 0.46
Aluminum Company of America	3,000	0.16%		Puget Sound Power & Light Company	6,000 0.12
Climax Molybdenum Company	11,000	0.37		Rochester Gas & Electric Corporation	21,600 0.57
International Nickel Company of Canada, Ltd.	25,000	0.86		Southern California Edison Company	25,000 0.68
Phelps Dodge Corporation	15,000	0.46	1.85%	Southern Company	7,500 0.08
OFFICE EQUIPMENT				Virginia Electric & Power Company	28,000 0.54
International Business Machines Corporation	6,100	1.30%	1.30%	West Penn Electric Company	32,000 0.92
PAPER & PAPER PRODUCTS				Wisconsin Electric Power Company	55,000 1.03 14.41%
Crown Zellerbach Corporation	18,000	0.67%		MISCELLANEOUS	
International Paper Company	65,000	3.39		Colgate-Palmolive Company	12,000 0.44% 0.44%
Union Bag & Paper Corporation	24,300	1.01	5.07%	TOTAL COMMON STOCKS 82.21%	
PETROLEUM				BONDS	
Continental Oil Company	22,000	0.97%			
Gulf Oil Corporation	42,300	1.64		Principal Amount	Approximate Percentage*
Shell Oil Company	4,000	0.15		Federal Intermediate Credit Bank, 1.50%	1/3/55
Standard Oil Company (California)	61,000	2.76		\$ 1,200,000	0.70%
Standard Oil Company (Indiana)	44,000	1.24		U. S. Treasury, 2 1/2%	3/15/58-56
Standard Oil Company (New Jersey)	43,000	2.79		3,000,000	1.79
Texas Company	44,000	2.22		U. S. Treasury, 2 3/4%	9/15/61
Union Oil Company of California	16,000	0.53	12.30%	1,000,000	0.60
RAILROADS				U. S. Treasury, 2 1/2%	11/15/61
Atchison, Topeka & Santa Fe Railway Company	14,400	1.10%		19,000,000	11.24
Chesapeake & Ohio Railway Company	17,000	0.46		TOTAL BONDS 14.33%	
Chicago, Rock Island & Pacific Railroad Company	26,000	1.42		TOTAL INVESTMENTS 96.54%	
Illinois Central Railroad Company	20,000	0.73		CASH, RECEIVABLES, ETC., NET 3.46	
Kansas City Southern Railway Company	16,000	0.70		TOTAL NET ASSETS 100.00%	
New York, Chicago & St. Louis Railroad Company	37,400	1.16			
Seaboard Air Line Railroad Company	8,100	0.36			
Southern Pacific Company	24,000	0.76	6.69%		

* Approximate percentage of total net assets including securities at closing market quotations as of December 31, 1954.

† Unless otherwise indicated.

DIVERSIFICATION

The distribution of risk among the securities of over one hundred of America's leading corporations affords a high degree of diversification.

The law of averages is as fundamental as the law of gravity. The principle of diversity in investment is an application of the law of averages and moderates the market risks inherently involved in the investment.

If a man owns ten good securities, he stands less chance of loss than if he owns one. One hundred are safer than ten.

PRICE

The Company's shares are offered for sale at prices based on their current net asset value, plus a charge for costs involved and profit.

There is, therefore, a sales charge to the investor included in the offering price of the shares of Dividend Shares. For details thereof and other material information, see the prospectus.

Only a very wealthy man indeed could afford to buy 100 shares each of the many stocks in the Dividend Shares investment portfolio — and thereby obtain diversity comparable to that obtainable by buying Dividend Shares direct.

To buy and sell one share each of the stocks owned by the Company (because of Stock Exchange commissions, odd lot differentials, taxes, etc.) would cost an investor more than to buy and resell an equivalent dollar amount of Dividend Shares.

DISTRIBUTIONS

The Company has paid over \$52,000,000 in dividends from investment income and over \$32,000,000 from profits on sales of securities.

1954 dividend payments from investment income were 8 cents per share. This year the Company also paid 7 cents per share from net securities profits.

MARKET

The Company's shares are quoted in most metropolitan newspapers. Upon the request of any shareholder the Company shall, out of surplus, purchase its shares at their net asset value, which may be more or less than the investor's cost depending upon the market value of the assets at the time.

ACCUMULATION

Many investors are building their holdings in Dividend Shares by accumulating shares at regular intervals under the Dividend Thrift Plan.

Others utilize the Dividend Reinvestment Plan. This plan offers stockholders owning a requisite number of shares the opportunity of using quarterly dividends for the purchase of additional shares.

INFORMATION

Dividend checks each quarter, in varying amounts per share, are accompanied by lists of securities owned, reports of investment changes during the preceding quarter, and other facts of interest to stockholders. Audited financial statements are forwarded to stockholders semi-annually.

STOCKHOLDERS

Stockholders of Dividend Shares may be found in every State of the Union, and in many foreign countries. Shares are owned by over 70,000 investors, including colleges, insurance companies, churches, banks as trustees, employee funds — hundreds of these and other institutions.

INDUSTRIAL AMERICA

America is the greatest industrial organization the world has ever known. An interest in America's greatest industries may be purchased through the medium of Dividend Shares. Its shares are truly shares in America.

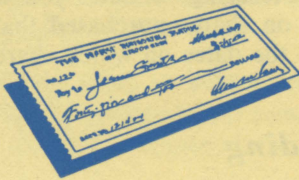
MARKET	TOTAL INVESTMENTS	TOTAL BONDS	U.S. TREASURY
<p>NON-FERROUS METALS</p> <p>United Nickel Corporation 10,000 0.20</p> <p>International Nickel Company of Canada 10,000 0.37</p> <p>Phelps Dodge Corporation 10,000 0.46</p>	<p>INDUSTRIAL</p> <p>General Electric Corporation 10,000 0.67%</p> <p>International Paper Corporation 65,000 3.30</p> <p>Union Bag & Paper Corporation 24,000 1.01</p>	<p>PAPER & PULP</p> <p>International Paper Corporation 65,000 3.30</p> <p>Union Bag & Paper Corporation 24,000 1.01</p>	<p>RAILROADS</p> <p>Chicago & North Western Railway 10,000 0.36</p> <p>Seaboard Air Line Railroad Company 6,100 0.26</p> <p>Southern Railway System 24,000 0.76</p>

January, 1955

D-80 (Revised)

The information contained herein is supplemental to the offering prospectus for Dividend Shares, Inc. and its use is authorized only in case of a concurrent or prior delivery of the prospectus current at the time of such use.

The Dividend *Thrift* Plan



BUILDING FOR THE FUTURE BY SYSTEMATIC INVESTING

S-15

March, 1955

The
Dividend
Thrift
Plan



The Dividend Thrift Plan

Over 70,000 investors own shares of Dividend Shares, Inc., a conservative mutual investment fund. In one convenient certificate, they have an interest in the value and income of over 100 high-quality, dividend paying common stocks. Dividend Shares solves their problem of investment *selection*.

An increasing number of investors are buying Dividend Shares on a periodic basis — monthly, bi-monthly, or quarterly, through the Dividend Thrift Plan — because it gives them the opportunity to “average” the cost of the shares they buy. The Dividend Thrift Plan solves the problem of *timing* their purchases of Dividend Shares. This folder tells you *why* the Dividend Thrift Plan is so popular and it tells you how easily you may start *your* Plan to help you gain some future financial goal more rapidly.

What the Dividend Thrift Plan Can Do for You

Under the Dividend Thrift Plan, you buy shares of Dividend Shares at regular periods — for example, every month — and all the income and any profits which these shares earn for you may be reinvested or “plowed back” to help build your investment. More and more people are using the Dividend Thrift Plan as an approach to the important problem of financial planning for the future. For example, at retirement time the Plan may be stopped, and the income from shares accumulated used to supplement social security and other retirement programs. For those who have specific goals in view — education, travel, a business of their own — the shares may be sold for their net asset value at the time.

While no method of investment in stocks assures you of success, many people believe that the accumulation of an investment fund should be a part of every family's financial plan.

Why Invest in Stocks?

What are the reasons for investing a part of the family savings in a professionally supervised common stock program?

America's economic future continues to look bright. The common stocks of our country's leading businesses offer a means of participating in this future.

Common stocks rise and fall in price and the income paid by them tends to vary in close relation to the cost of living. Stocks have usually been worth more and paid larger dividends when price levels were high. This has not been true of most bonds, for example, which pay the same return regardless of price levels and have minor price changes. Dividends paid by good quality common stocks are usually higher than interest paid by savings banks or bonds. This income may be used to

buy more stocks, thus building more rapidly because of a higher rate of return.

Advantages of The Dividend Thrift Plan

The Dividend Thrift Plan is not a way to “beat the market.” It is not designed for speculators. It is a systematic method of investing in common stocks. The Plan does not and cannot protect you from loss in the value of your investment when the market goes down. But, because you are buying shares in not just one, but more than 100 corporations, and because your investment is under constant supervision, your risks are moderated. Here are some other important advantages of the Dividend Thrift Plan:—

Dollar Cost Averaging

This means the investment of the same amount of dollars at regular intervals in securities of fluctuating value and regardless of price levels. In this way, over a period of years, you buy more shares when prices are low, fewer shares when prices are high. In any given period, whether the market is rising or falling, “dollar cost averaging” enables you to obtain a lower average cost on shares purchased than the average of the prices on the dates on which shares are purchased.

Compounding

As an owner of shares of Dividend Shares, you will receive quarterly dividends in varying amounts per share. Distributions from net securities profits have been paid once a year in varying amounts, ever since 1934.

Under the Plan, these dividends and distributions may be reinvested for you in additional shares. Thus the principle of compounding is applied to your investment on a quarterly basis. While Dividend Shares provides no fixed rate of return, because both dividends and distributions are subject to fluctuation, this reinvestment feature is important in helping to build your investment account more rapidly.

Budgeted Investing

Just as you may “budget” the monthly amount you put in the savings bank and in life insurance so you may “budget” your Dividend Thrift Plan — investing in common stocks on a systematic basis.

Before starting your Thrift Plan, you should carefully consider your financial ability to continue your Plan through periods of both high and low price levels. If you must discontinue your Plan when the market value of accumulated shares is less than cost, a loss will be incurred.

Provisions of

DIVIDEND
Thrift **PLAN**

DEFINITIONS: "OWNER" is the person (or persons) investing under this plan. "DEALER" is the investment firm from which shares are purchased by the Owner. "BANK" (Irving Trust Company, New York) is the Transfer Agent for Dividend Shares, Inc. and depositary for the cash remitted by and held for the Owner.

INITIAL PURCHASE: Upon receipt of Authorization Form from Dealer, properly executed by the Owner and Dealer and accompanied by necessary funds, the Bank, acting as Agent for the Dealer, purchases as many shares (including fractional shares) of Dividend Shares, Inc. from Calvin Bullock as may be purchased at the offering price for shares prevailing in the morning of the Bank's business day next following after receipt of such Form and funds. Fractional shares shall be purchased to the nearest one-thousandth (1/1000) of a share. Minimum initial amount per Owner: \$250. (An initial minimum payment of \$50 may be made by (a) persons simultaneously depositing 200 shares or more of Dividend Shares, Inc., or (b) persons serving in the U. S. Armed Forces.)

SUBSEQUENT PURCHASES: Upon receipt of Supplemental Authorization Form (pink form), properly executed and accompanied by necessary funds, the Bank will purchase additional shares (including fractional shares) in the same manner as above. Minimum additional amount per Owner: \$25.00. See also "Dividends" below.

OWNER'S ACCOUNT: Shares so purchased are registered by the Bank as Transfer Agent for Dividend Shares, Inc. in the name of the Owner, but stock certificates for such shares are not issued. Following the initial purchase and each subsequent purchase, the Bank forwards to Owner a statement indicating, among other things, (a) the amount received, (b) date received, (c) price at which such funds were applied to purchase shares, (d) shares purchased and registered in Owner's name, (e) total shares registered in Owner's name hereunder, and (f) date when next scheduled payment of Owner is due.

On receipt by the Bank of written request from the Owner, certificates for any or all accumulated full shares of Dividend Shares, Inc., registered in the name of the Owner will be forwarded to the Owner's address together with any or all cash held for the Owner's account.

DIVIDENDS: The Plan provides that, unless the Owner indicates to the contrary, the Bank will collect, for the Owner, all cash dividends and distributions paid by Dividend Shares, Inc. and will credit such dividends and distributions to the Owner's account. Upon receipt by the Bank of the funds representing the next regular payment by the Owner under the Plan, any cash held for his account plus the amount of the regular payment will be invested in additional shares at the price specified in the offering prospectus in the same manner as shown under "Initial Purchase" except that any amount included therein which was derived from net profits on sale of securities will be invested at the net asset value of the shares purchased. At any other time when the dividend amount then to the Owner's credit for the purchase of shares at offering price shall amount to \$50.00 or more, the Bank will similarly purchase shares with such amount, within 10 bank business days, sending notice thereof to the Owner.

TERMINATION: The Plan may be terminated at any time by the Owner upon notice in writing to the Bank or by the Bank on due notice to the Owner. In either case the Bank will forward to the Owner by mail certificates for the number of shares registered in the Owner's name plus any cash in the account and an amount equal to the net asset value of any fraction. The arrangement may be terminated by the Bank, if the Owner fails to make three successive payments scheduled under the plan.

COST: The Bank will make no charge to the Owner for the services described above.

INFORMATION TO OWNERS: In addition to the Owner's statements or confirmations from the Bank described above, each Owner will be forwarded by or on behalf of the Dealer a copy of any new offering prospectus as it becomes effective under the Securities Act of 1933, as amended. He will also receive annually a notice of the Federal tax status of distributions made by the Company during the year. In addition, he will be forwarded copies of the "Dividend Enclosure Letters" as issued by Dividend Shares, Inc. and of that Company's Annual and Semi-Annual Reports to Stockholders. He will have the same rights as any other stockholder with respect to the shares purchased hereunder. For details of the sales charge and other important information on Dividend Shares, see the offering prospectus.

SEE
OVER

How The Dividend Thrift Plan Works

Starting the Plan

The Authorization Form (opposite) is *not a contract* and does not obligate you in any way. It simply indicates your *intention* to buy shares of Dividend Shares at regular times of your own choice (usually each month). Filling out this Form is the first step in starting your Plan.

- 1 Here you indicate the amount of your initial purchase. The minimum amount is \$250.
If you are now an owner of Dividend Shares, this minimum amount is \$50 and you should attach certificates for 200 or more shares. The certificate(s) need not be signed.
Members of the Armed Services may start a Thrift Plan with a first payment of only \$50.
- 2 Sign your name here. For joint account, both owners should sign.
- 3 Print or type your name(s) and address: — exactly as you want the shares registered.
If you are attaching shares, the name(s) in which the Thrift Plan is to be established must be exactly the same as the registration on the certificate(s). If this is not the case, please discuss the matter with your investment dealer.
- 4 Your investment dealer places the name of his firm here, together with the name of the representative who handles your account.
- 5 Your investment dealer signs the form here.

YOUR DEALER MAILS THE FORM WITH YOUR CHECK (AND CERTIFICATE(S) IF YOU NOW OWN DIVIDEND SHARES) TO THE IRVING TRUST COMPANY . . . AND YOUR PLAN IS STARTED!

RECORD OF A DIVIDEND THRIFT PLAN

The summary below shows the hypothetical record of a Dividend Thrift Plan with an initial deposit of \$250 made on January 1, 1945 and monthly purchases of \$50 made through December 31, 1954. As the Plan provides, dividends from income were used to acquire additional shares at offering price. Securities profits payments were reinvested at net asset value — more than 96% of all Thrift Plan owners reinvest in this manner. This is a record of a past period, future results may be more or less favorable.

Initial Investment \$250 plus \$50 monthly	\$ 6,200
Total Dividends from Income Reinvested	1,903
Total Amount Invested	\$ 8,103
Liquidating Value of Shares — December 31, 1954	\$12,371

The initial investment and reinvestment of income dividends include a sales charge which is described in the offering prospectus. No allowance is made for income taxes payable on amounts received.

The table below shows results in a similar period with income dividends received in cash and not reinvested.

Year Ended December 31	Cumulative Investments Each Year	Liquidating Value of Accumulated Shares*	Dividends from Net Investment Income Received in Cash Annually
1945	\$ 800	\$ 882	\$ 14
1946	1,400	1,347	30
1947	2,000	1,886	59
1948	2,600	2,869	90
1949	3,200	3,277	138
1950	3,800	4,396	194
1951	4,400	5,373	250
1952	5,000	6,530	261
1953	5,600	6,782	288
1954	6,200	9,751	305
Total			\$1,629

* Includes distributions from net securities profits reinvested at net asset value.

The Bank Acts as Your Agent

After your first purchase, and all subsequent purchases, the bank mails you an Owner's Statement giving complete up-to-date information on your account including: (1) number of shares purchased, price per share, and total amount invested including dividends reinvested. (2) total shares accumulated in your account. (3) name of Irving Trust Company, which acts as your agent in purchasing shares. Also included with your con-

(Continued on back of this sheet)

DIVIDEND THRIFT PLAN 1
FOR SHARES OF STOCK OF
DIVIDEND SHARES, INC.

No. 23396

OWNER _____ DEALER _____
ACTING AS PRINCIPAL _____

To → _____

BALANCE LAST STATEMENT	THIS REMITTANCE	DIVIDEND	BALANCE FROM BELOW	TOTAL FOR INVESTMENT AT OFFERING PRICE	OFFERING PRICE PER SHARE	COST OF SHARES PURCHASED	NUMBER OF SHARES PURCHASED	CASH BALANCE
DISTRIBUTION	ASSET VALUE PER SHARE	COST OF SHARES PURCHASED	BALANCE TRANSFERRED ABOVE	NUMBER OF SHARES PURCHASED				

* SOURCE—NET INVESTMENT INCOME. † SOURCE—NET SECURITIES PROFITS.

SHARES
 2 PREVIOUSLY PURCHASED _____ PURCHASED THIS STATEMENT _____ TOTAL _____
 OR DEPOSITED _____

NEXT REMITTANCE DUE _____ DATE _____

For your convenience, a handy supplemental authorization form (pink) is enclosed for making your next monthly purchase.

3 IRVING TRUST COMPANY, AGENT
CORPORATE TRUST DEPARTMENT
ONE WALL STREET
NEW YORK 15, N. Y.

OWNER'S STATEMENT

23396 12-51 51134

Authorization Form

DIVIDEND Thrift PLAN

IRVING TRUST COMPANY
Corporate Trust Dept.
One Wall Street
New York 15, N. Y.

1

I enclose a remittance made payable to the Irving Trust Company for \$ for my purchase of shares of the capital stock of Dividend Shares, Inc. from the Investment Dealer whose name is indicated at the bottom of this form. This purchase is to be made under the provisions of the Dividend Thrift Plan, as explained on the reverse side of this form.

I declare my intention to purchase from the same Investment Dealer, once each month, additional shares of Dividend Shares, Inc. in the amount of \$25.00 or more at the then prevailing offering price, under the provisions and terms of the Dividend Thrift Plan. Dividends and distributions shall be automatically credited to my account to be used to buy additional shares (the amount of distributions from net profits on sale of securities, at net asset value; amounts from other sources, at offering price) in accordance with the provisions of the Plan, unless I request payment of dividends and distributions in cash by checking this box []. In the event that Dividend Shares, Inc. should declare a distribution from net securities profits payable in shares or, at my option, in cash, I elect to receive such distribution in full and fractional shares at net asset value.

I have received the offering prospectus of Dividend Shares, Inc. dated within twelve months of the date on this form.

2

SIGNATURE OF INVESTOR
SIGNATURE OF INVESTOR*
DATE

3

*MR. MRS. MISS
FIRST MIDDLE LAST
STREET ADDRESS
CITY STATE

* If there are two or more co-owners, all must be named and sign and plural pronouns will be implied in authorization.

IRVING TRUST COMPANY, NEW YORK 15, N. Y.

Date

Please purchase from Calvin Bullock on my behalf shares of the capital stock of Dividend Shares, Inc., as indicated in the above Authorization Form, and in any Supplemental Authorization Forms received from the above purchaser, and thereafter transfer such stock to the account of the above purchaser from me, remitting to me the amount of my concession less transfer taxes.

4

Name of Investment Dealer
Representative
Address

5

Authorized Signature

This Authorization Form and the benefits of the Dividend Thrift Plan are NON-TRANSFERABLE. (Throughout this Form the words "I", "me" and "my" shall include the plural of these words if applicable.)

SEE OVER

firmation is a handy form and an addressed envelope to send in with your next payment. This form, illustrated at right, should be sent by you directly to the Bank with each subsequent payment made, indicating (1) amount of remittance and (2) your signature.

.....
Date

.....
 (Name of Bank)

.....
 Will you please charge my checking account with your bank \$..... on the..... day of each month effective at once.

Send a check for the amount specified each month, or until such time as these instructions are cancelled, to the following:

Irving Trust Company, Agent
 Corporate Trust Department
 One Wall St., New York, N. Y.
 For Dividend Thrift Plan Account
 of.....

.....
 (Signature)

For Military Personnel

An increasing number of persons in the Armed Services are using the Plan. Because remittances are sent to a bank and because the program is non-contractual, these Plans lend themselves to payroll deductions with allotment checks sent automatically each month to the Irving Trust Company. In such cases an allotment form should be used.

No Penalty for Withdrawal or Termination

If, for some reason, you wish to stop making payments to the Bank under the Dividend Thrift Plan and *withdraw* from the Plan the shares you have accumulated, you may, of course, remain a stockholder of Dividend Shares. The bank will upon written notice, send you a certificate for the total number of full shares purchased up to that point, plus a check for cash balance in your account.

If you wish to *sell* your shares to the Company at the time of discontinuing your Plan and obtain cash, you can receive their full net asset value at the time of surrender under conditions described in the prospectus. This value may be more or less than your cost, depending on the market price at the time. To obtain cash for your shares, it is necessary that you sign and provide the bank with a stock power form. Your investment dealer will help you take care of this formality which is designed for your protection.

The information in this folder is supplemental to the offering prospectus for Dividend Shares and its use is authorized only in case of a concurrent or prior delivery of the current prospectus.

**SUPPLEMENTAL AUTHORIZATION
 FORM FOR MONTHLY PURCHASES**

OWNER INVESTMENT DEALER

IRVING TRUST COMPANY — CORPORATE TRUST DEPT.
 One Wall Street, New York 15, N. Y.

Enclosed find remittance made payable to Irving Trust Company for \$..... **1** Please apply same, together with any cash then to my (our) credit, pursuant to my (our) DIVIDEND THRIFT PLAN, to purchase shares of DIVIDEND SHARES, INC. from the investment dealer specified in the box above (right) and register the shares in the name indicated in the box above (left).

I (we) have received the current offering prospectus of Dividend Shares, Inc.

DATED SIGNATURE **2**

2/24/91 (11-50) FOR OWNER'S USE IN MAKING MONTHLY PURCHASES

**Your Bank Can Make
 Payments for You**

Perhaps you would like your bank to send the money from your account directly. This can be done by signing a form similar to the one shown at the left.

ALLOTMENT FORM

Pay to order of:

Irving Trust Company, Agent
 Corporate Trust Department
 One Wall St., New York, N. Y.
 For the Account

of

Address

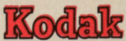
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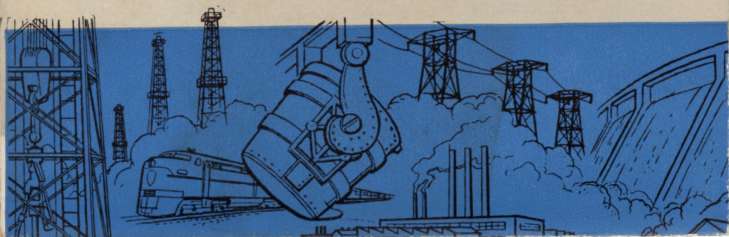
Dividend Shares, Inc.

YOUR INVESTMENT IN AMERICAN INDUSTRY

A MUTUAL INVESTMENT FUND



MONEL • NICKEL



—a more comfortable retirement
and the better things of life



—an education for your children

AN INVESTMENT IN AMERICAN INDUSTRY CAN HELP YOU OBTAIN...



—satisfactory results from
funds entrusted to your care



—a helpful supplement to insurance
or other fixed dollar investments

WHATEVER YOUR reason for investing in common stocks, it is important to plan your program in a way that *meets your needs for income*. However, it should not exceed the degree of risk you can afford.

HOW TO PLAN YOUR DIVIDEND INCOME PROGRAM

Over the years prudent investors have found it wise to invest in a *variety* of high-grade, income-producing stocks, rather than one or a few. In this way, their stock holdings are diversified and the risk inherent in all common stock investing is moderated. These stocks should be selected with extreme care and continually supervised thereafter.

Perhaps you feel it would be difficult to apply these principles of sound investment to your circumstances — to acquire sufficient capital to own a wide variety of good stocks — or to have the time and experience to select and manage them properly?

Dividend Shares is a practical, logical solution to this problem. It is a modern, time-tested mutual fund that will fit conveniently into your financial future, as it has into that of more than 71,000 other investors.

THE CONSERVATIVE WAY TO INVEST FOR DIVIDENDS

Dividend Shares, Inc. is a conservative investment fund owning high-grade common stocks that represent a *cross-section* of American business. These stocks are carefully selected by experienced, professional investment men. Emphasis is placed on quality stocks providing consistent income.

On December 31, 1954, its investments were in common stocks of over 100 corporations with this impressive dividend record:

ALL STOCKS HELD BY DIVIDEND SHARES
ARE CURRENTLY PAYING DIVIDENDS
OVER 90% OF THESE COMMON STOCKS HAVE
PAID DIVIDENDS FOR TEN YEARS OR MORE

YOUR MANAGEMENT

The firm of Calvin Bullock, established in 1894, — the oldest firm in America specializing in the management of investment companies — supervises the investments of Dividend Shares, Inc. Calvin Bullock manages a group of well-known investment companies having assets of over \$300,000,000. In addition, the firm acts as investment adviser to a number of important financial institutions.

LONG TERM RECORD

TWENTY-TWO YEARS OF CASH DIVIDENDS

Dividend payments, in varying amounts per share, have been received by shareholders of Dividend Shares in every quarter since the Company was formed in 1932. Over \$52,000,000 in quarterly dividends from net investment income and \$32,000,000 in distributions from net securities profits have been paid during this twenty-two year period.

Distributions are made quarterly by check on or about the first of February, May, August, and November. The table on the right shows the amounts and sources of per share cash distributions to shareholders for each year from 1933 through 1954.

The table at the right gives the detailed long term record of Dividend Shares since its organization.

Cash payments made to shareholders from both net investment income and net securities profits are shown for each year together with the year-end net asset value of Dividend Shares.

The high and low offering prices during the year are shown with the average for the year.

This record should not be construed as an indication of future performance, which may be more or less favorable.

Year Ended Dec. 31	CASH PAYMENTS		Net Asset Value	Adjusted Per Share Net Asset Value†	OFFERING PRICE		
	Dividends from net Investment Income	Payments from net Securities Profits			High	Low	Average*
1933	\$0.0690	—	\$1.21	\$1.21	\$1.49	\$.94	\$1.23
1934	.0558	\$0.0072	1.23	1.24	1.46	1.21	1.32
1935	.0386	.0414	1.56	1.61	1.71	1.23	1.44
1936	.0425	.0800	1.97	2.10	2.17	1.65	1.86
1937	.0615	.0885	1.15	1.37	2.36	1.18	1.97
1938	.0374	.0226	1.38	1.62	1.55	1.02	1.29
1939	.0246	.0354	1.24	1.52	1.52	1.13	1.32
1940	.0413	.0197	1.11	1.40	1.39	.98	1.21
1941	.0537	.0113	.96	1.27	1.24	1.02	1.14
1942	.0554	.0096	1.02	1.34	1.11	.89	1.01
1943	.0519	.0101	1.19	1.52	1.41	1.11	1.28
1944	.0507	.0113	1.36	1.70	1.48	1.27	1.36
1945	.0486	.0434	1.72	2.10	1.91	1.46	1.63
1946	.0471	.0929	1.54	2.01	2.12	1.49	1.87
1947	.0570	.0380	1.47	1.98	1.70	1.42	1.60
1948	.0620	.0280	1.39	1.93	1.73	1.43	1.58
1949	.0735	.0165	1.55	2.11	1.69	1.38	1.51
1950	.0850	.0350	1.75	2.34	1.91	1.61	1.75
1951	.0935	.0515	1.86	2.50	2.14	1.92	2.00
1952	.0860	.0540	1.99	2.69	2.19	1.96	2.08
1953	.0844	.0556	1.85	2.60	2.19	1.91	2.05
1954	.0800	.0700	2.39	3.21	2.62	2.02	2.27

* Average of offering prices prevailing on first business day of each month during years indicated.
† Adjusted by adding back cumulative payments from securities profits.

Your Company Expands

The foregoing record shows some of the reasons why Dividend Shares has become one of the nation's largest investment companies. Its growth of assets has resulted not only from a continued increase in the number of shares outstanding — purchases of new shares by investors, but also from a rise in the value of securities owned.

More than 71,000 investors now own shares of the Company. They include both individual and institutional investors who seek the advantages of diversification, professional management and continuous supervision. These factors tend to moderate, although they cannot eliminate, the risks of market and income fluctuation inherent in any common stock investment program.

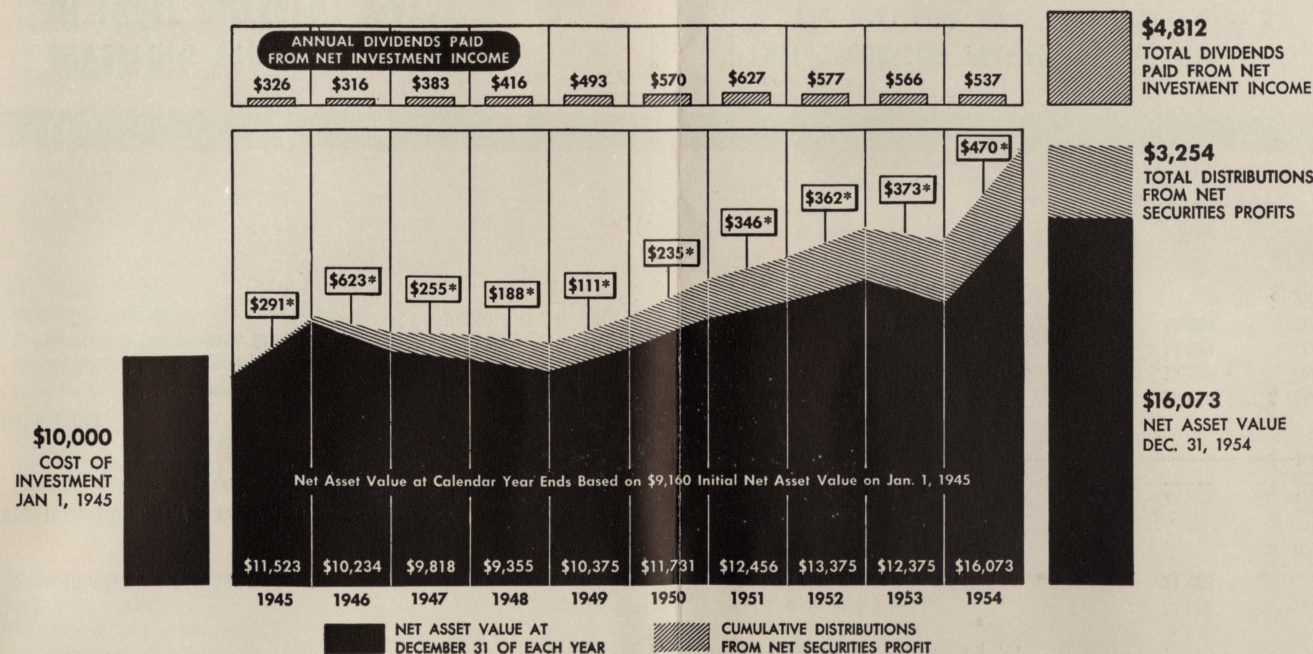
DIVIDEND THRIFT PLAN

One reason why Dividend Shares has become increasingly popular is its plan for purchasing shares on a regular basis. Called the Dividend Thrift Plan, it allows the investor to buy shares in moderate or large amounts periodically through one of the country's large banks.

TEN YEAR RECORD OF \$10,000 INVESTED IN DIVIDEND SHARES

This chart shows the record for the past ten years of an investment of \$10,000 in Dividend Shares, Inc. on January 1, 1945. This record should under no circumstances be construed as an indication of future performance.

* Distributions from net securities profits for year indicated. Shaded area shows cumulative total.

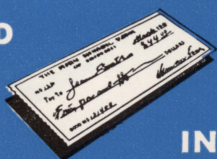


Institutional Investors in Dividend Shares

In addition to shares held by a substantial number of trustees, shares of Dividend Shares are also owned by institutions such as

- Religious and Charitable Institutions
- Societies
- Financial Institutions
- Insurance Companies, Hospitals and Educational Institutions
- Business Concerns

DIVIDEND



SHARES,

INC.

There is a sales charge to the investor included in the offering price of Dividend Shares. For details thereof and other material information, see the prospectus.

The information contained herein is supplemental to the offering prospectus for Dividend Shares, Inc., and its use is authorized only in case of a concurrent or prior delivery of the prospectus current at the time of such use.

shareholders own a proportionate interest in this cross-section of American Business

THE DIVERSIFICATION OF \$10,000 OF NET ASSETS ON DECEMBER 31, 1954



COMMON STOCKS †

	Shares Held	Your \$10,000 Represents
AGRICULTURAL MACHINERY		
Allis-Chalmers Manufacturing Company	4,000	\$ 17
Deere & Company	15,300	31
International Harvester Company	10,000	22
		\$ 70
AUTOMOTIVE & ACCESSORY		
General Motors Corporation	44,000	\$ 253
		\$ 253
BANKS & FINANCE		
Beneficial Loan Corporation	6,000	\$ 19
C. I. T. Financial Corporation	30,000	83
Chase National Bank of New York	21,000	75
Commercial Credit Company	3,000	9
Guaranty Trust Company of New York	11,000	49
Manufacturers Trust Company	11,000	52
		\$ 287
BUILDING		
Armstrong Cork Company	15,000	\$ 79
General Portland Cement Company	8,700	44
Sherwin-Williams Company	6,000	37
		\$ 160
CHEMICALS & DRUGS		
Air Reduction Company, Inc.	30,000	\$ 58
American Cyanamid Company	50,000	161
Commercial Solvents Corporation	25,000	32
du Pont (E. I.) de Nemours & Company	25,000	246
Eastman Kodak Company	20,000	85
Monsanto Chemical Company	1,400	9
Pfizer (Chas.) & Company, Inc.	11,000	26
Texas Gulf Sulphur Company	7,700	57
Union Carbide & Carbon Corporation	36,000	182
		\$ 856
ELECTRICAL & ELECTRONICS		
Philco Corporation	21,000	\$ 47
Radio Corporation of America	40,000	91
Sylvania Electric Products, Inc.	13,000	36
Westinghouse Electric Corporation	20,000	95
		\$ 269
FOODS & BEVERAGES		
Coca-Cola Company	5,000	\$ 33
		\$ 33
GLASS		
Owens-Illinois Glass Company	13,400	\$ 82
		\$ 82
INDUSTRIAL MACHINERY & EQUIPMENT		
Blaw-Knox Company	8,257½	\$ 13
		\$ 13
NATURAL GAS		
American Natural Gas Company	50,000	\$ 142
El Paso Natural Gas Company	50,000	122
El Paso Natural Gas Company, \$4.40 Pfd.	2,500	16
United Gas Corporation	10,000	20
		\$ 300

NON-FERROUS METALS

	Shares Held	Your \$10,000 Represents
Aluminum Company of America	3,000	\$ 16
Climax Molybdenum Company	11,000	37
International Nickel Company of Canada, Ltd.	25,000	86
Phelps Dodge Corporation	15,000	46
		\$ 185

OFFICE EQUIPMENT

	Shares Held	Your \$10,000 Represents
International Business Machines Corporation	6,100	\$ 130
		\$ 130

PAPER & PAPER PRODUCTS

	Shares Held	Your \$10,000 Represents
Crown Zellerbach Corporation	18,000	\$ 67
International Paper Company	65,000	339
Union Bag & Paper Corporation	24,300	101
		\$ 507

PETROLEUM

	Shares Held	Your \$10,000 Represents
Continental Oil Company	22,000	\$ 97
Gulf Oil Corporation	42,300	164
Shell Oil Company	4,000	15
Standard Oil Company (California)	61,000	276
Standard Oil Company (Indiana)	44,000	124
Standard Oil Company (New Jersey)	43,000	279
Texas Company	44,000	222
Union Oil Company of California	16,000	53
		\$ 1,230

RAILROADS

	Shares Held	Your \$10,000 Represents
Atchison, Topeka & Santa Fe Railway Company	14,400	\$ 110
Chesapeake & Ohio Railway Company	17,000	46
Chicago, Rock Island & Pacific Railroad Company	26,000	142
Illinois Central Railroad Company	20,000	73
Kansas City Southern Railway Company	16,000	70
New York, Chicago & St. Louis Railroad Company	37,400	116
Seaboard Air Line Railroad Company	8,100	36
Southern Pacific Company	24,000	76
		\$ 669

RAILROAD EQUIPMENT

	Shares Held	Your \$10,000 Represents
American Brake Shoe Company	17,700	\$ 37
		\$ 37

RETAIL TRADE

	Shares Held	Your \$10,000 Represents
Allied Stores Corporation	25,000	\$ 78
Federated Department Stores, Inc.	30,000	99
First National Stores, Inc.	23,700	81
Grant (W. T.) Company	12,000	26
Marshall Field & Company	36,000	71
May Department Stores Company	16,700	36
Murphy (G. C.) Company	9,000	24
Sears, Roebuck & Company	44,000	200
Western Auto Supply Company	21,000	64
		\$ 679

RUBBER

	Shares Held	Your \$10,000 Represents
Firestone Tire & Rubber Company	25,000	\$ 163
		\$ 163

STEEL

	Shares Held	Your \$10,000 Represents
Bethlehem Steel Corporation	25,000	\$ 160
Harbison-Walker Refractories Company	19,400	46
Inland Steel Company	15,000	66
United States Steel Corporation	42,000	182
		\$ 454

TEXTILES

	Shares Held	Your \$10,000 Represents
American Viscose Corporation	15,000	\$ 40
Burlington Mills Corporation	45,000	45
Stevens (J. P.) & Company, Inc.	40,000	67
		\$ 152

TOBACCO

	Shares Held	Your \$10,000 Represents
American Tobacco Company, Inc.	9,000	\$ 35
Philip Morris & Company, Ltd., Inc.	30,500	72
Reynolds (R. J.) Tobacco Company, Class B	40,000	100
		\$ 207

UTILITIES

	Shares Held	Your \$10,000 Represents
American Gas & Electric Company	78,000	\$ 196
American Telephone & Telegraph Company	2,500	26
Cleveland Electric Illuminating Company	30,000	120
Commonwealth Edison Company	25,000	67
Consolidated Edison Company of New York, Inc.	30,000	82
Consumers Power Company	23,000	64
Duquesne Light Company	10,000	20
Gulf States Utilities Company	7,800	15
Kansas City Power & Light Company	20,000	47
Louisville Gas & Electric Company	21,100	56
Middle South Utilities, Inc.	8,000	14
Montana Power Company	35,600	81
North American Company	30,000	49
Northern Indiana Public Service Company	44,000	83
Pacific Gas & Electric Company	30,000	81
Peoples Gas Light & Coke Company	5,000	46
Puget Sound Power & Light Company	6,000	12
Rochester Gas & Electric Corporation	21,600	57
Southern California Edison Company	25,000	68
Southern Company	7,500	8
Virginia Electric & Power Company	28,000	54
West Penn Electric Company	32,000	92
Wisconsin Electric Power Company	55,000	103
		\$ 1,441

MISCELLANEOUS

	Shares Held	Your \$10,000 Represents
Colgate-Palmolive Company	12,000	\$ 44
		\$ 44
TOTAL COMMON STOCKS		\$8,221

BONDS

	Principal Amount	Your \$10,000 Represents
Federal Intermediate Credit Bank, 1.50% 1/3/55	\$ 1,200,000	\$ 70
U. S. Treasury, 2½% 3/15/58-56	3,000,000	179
U. S. Treasury, 2¾% 9/15/61	1,000,000	60
U. S. Treasury, 2½% 11/15/61	19,000,000	1,124
TOTAL BONDS		\$ 1,433
TOTAL INVESTMENTS		\$ 9,654
CASH, RECEIVABLES, ETC., NET		346
TOTAL NET ASSETS		\$10,000

† Unless otherwise indicated.

SHARES ARE EASY TO BUY, OR SELL

Shares are priced twice daily in relation to actual net asset value. Prices are quoted daily in most metropolitan newspapers. At the holder's request, the Company itself will repurchase shares at the then current net asset value, which may be more or less than the original cost to you, depending upon the daily market value of the Company's assets at the time.

HELPFUL PROVISIONS

Your interests as a stockholder in Dividend Shares are provided for by certain restrictions in the Company's charter. Dividend Shares may not invest more than 5% of its assets in the securities of any one corporation; it is prohibited from borrowing money, selling short or buying on margin. The Company has only one class of shares, such shares carrying full voting privileges.

Important points to remember about your

DIVIDEND SHARES



INVESTMENT

It is designed as a conservative common stock investment program emphasizing dividend income.

It uses methods followed by wealthy individuals and institutional investors owning common stocks.

You can buy as many or as few shares as you wish and you can add to your holdings at any time.

Complete lists of investments owned are sent to you six times a year.

Cash and securities are held by Guaranty Trust Company of New York.

Each share carries full voting privileges — there is only one class of shares.

Dividend Shares is designed to represent the common stock portion of a conservative investor's program.

INVESTING \$10,000 IN THREE DIFFERENT WAYS

Dividend Shares has made cash payments to shareholders in each year since the Company's incorporation in 1932.

These payments have been made from two sources. First, dividends representing net income on investments owned. Second, distributions representing net profits from sales of securities during the year.

The per share record of Dividend Shares for each year beginning with 1933 is shown in another section of this folder.

TEN YEAR RECORD OF CASH PAYMENTS

The table below shows the record of an investment of \$10,000 in Dividend Shares made on January 1, 1945. Payments from both sources were received in cash.

Year Ended Dec. 31	Dividends From Net Investment Income	Distributions From Net Securities Profits	Net Asset Value of Total Investment
1945	\$ 326	\$ 291	\$11,523
1946	316	623	10,234
1947	383	255	9,818
1948	416	188	9,355
1949	493	111	10,375
1950	570	235	11,731
1951	627	346	12,456
1952	577	362	13,375
1953	566	373	12,375
1954	537	470	16,073
	\$4,812	\$3,254	

NET SECURITIES PROFITS REINVESTED

The next table shows the results over a ten-year period obtained by accepting dividends from net investment income in cash and reinvesting in additional shares all distributions from net securities profits.

Year Ended Dec. 31	Dividends From Net Investment Income	Net Asset Value of Total Investment
1945	\$ 328	\$11,854
1946	327	11,186
1947	420	11,012
1948	468	10,693
1949	564	11,995
1950	659	13,848
1951	741	15,122
1952	701	16,723
1953	708	15,956
1954	692	21,401
	\$5,608	

BOTH DIVIDENDS AND DISTRIBUTIONS REINVESTED

An increasing number of shareholders, who own the required number of shares, are reinvesting all dividends and distributions in additional shares of Dividend Shares under the automatic Reinvestment Program. The table following shows the results of such compounding over the past ten years.

Year Ended Dec. 31	Dividends From Net Investment Income	Total Amount Invested Including Dividends	Net Asset Value of Total Investment*
1945	\$ 332	10,332	\$12,220
1946	340	10,672	11,820
1947	449	11,121	12,052
1948	520	11,641	12,168
1949	653	12,294	14,328
1950	803	13,097	17,359
1951	945	14,042	19,849
1952	934	14,976	22,883
1953	984	15,960	22,744
1954	1,000	16,960	31,594

* Includes net securities profits reinvested at asset value.

TEN YEAR SUMMARY

	NET ASSET VALUE OF TOTAL INVESTMENT
All payments in cash	\$16,073
Net Securities Profits reinvested	21,401
Both dividends and distributions reinvested	31,594

The records cited above are for a past period and should not be construed as an indication of future results, which may be more or less favorable. No adjustment has been made for income taxes payable on amounts received.