

DIVIDEND
Thrift PLAN

For

Boeki Shokai Takarashi

*For Further
Information Call*

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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†		Shares Held	Costs	Market Values†
PETROLEUM:				TEXTILES:			
Continental Oil Company	22,000	\$ 366,624	\$ 1,507,000	American Viscose Corporation	15,000	\$ 960,368	\$ 476,250
Gulf Oil Corporation	40,600	961,958	2,344,650	Burlington Mills Corporation	45,000	895,828	495,000
Shell Oil Company	4,000	130,968	198,000	Celanese Corporation of America	12,000	443,324	204,000
Standard Oil Company of California	50,000	2,264,993	3,131,250	Stevens (J. P.) & Company, Inc.	29,800	1,209,016	666,775
Standard Oil Company (Indiana)	22,000	947,259	1,806,750			<u>\$ 3,508,536</u>	<u>\$ 1,842,025</u>
Standard Oil Company (New Jersey)	43,000	932,158	3,816,250	TOBACCO:			
Texas Company	44,000	1,123,371	3,124,000	American Tobacco Company	9,000	\$ 653,979	\$ 560,250
		<u>\$ 6,727,331</u>	<u>\$15,927,900</u>	Philip Morris & Co. Ltd., Incorporated	30,500	1,485,682	1,250,500
RAILROADS:				Reynolds (R. J.) Tobacco Company, Class B	40,000	1,372,320	1,580,000
Atchison, Topeka & Santa Fe Railway Company	14,400	\$ 947,176	\$ 1,414,800			<u>\$ 3,511,981</u>	<u>\$ 3,390,750</u>
Chesapeake & Ohio Railway Company	10,000	375,513	351,250	UTILITIES:			
Chicago, Rock Island & Pacific Railroad Company	20,800	1,071,651	1,409,200	American Gas & Electric Company	78,000	\$ 1,455,670	\$ 2,661,750
Illinois Central Railroad Company	12,200	637,005	1,098,000	American Telephone & Telegraph Company	2,500	366,262	418,125
Kansas City Southern Railway Company	11,900	391,320	528,062	Cleveland Electric Illuminating Company	30,000	1,611,477	1,755,000
Louisville & Nashville Railroad Company	20,000	1,204,824	1,280,000	Commonwealth Edison Company	25,000	955,505	1,021,875
Seaboard Air Line Railroad Company	8,100	378,702	419,175	Consolidated Edison Company of New York, Inc.	26,500	931,458	1,156,063
Southern Pacific Company	41,000	1,312,724	1,711,750	Consumers Power Company	23,000	780,612	1,006,250
		<u>\$ 6,318,915</u>	<u>\$ 8,212,237</u>	Duquesne Light Company	17,400	457,754	530,700
RAILROAD EQUIPMENT:				Gulf States Utilities Company	12,500	220,000	362,500
American Brake Shoe Company	22,000	\$ 735,425	\$ 814,000	Kansas City Power & Light Company	20,000	558,185	670,000
RETAIL TRADE:				Louisville Gas & Electric Company	32,000	1,094,247	1,460,000
Allied Stores Corporation	25,000	\$ 1,058,597	\$ 1,062,500	Montana Power Company	40,000	810,519	1,425,000
Federated Department Stores, Inc.	30,000	776,236	1,237,500	North American Company	30,000	212,249	675,000
First National Stores, Inc.	23,700	762,265	1,214,625	Northern Indiana Public Service Company	44,000	842,839	1,270,500
Grant (W. T.) Company	12,000	376,279	435,000	Pacific Gas & Electric Company	30,000	1,050,422	1,245,000
Marshall Field & Company	36,000	1,112,995	1,012,500	Peoples Gas Light & Coke Company	5,000	706,729	739,375
May Department Stores Company	13,500	396,563	396,563	Rochester Gas & Electric Corporation	21,600	747,657	896,400
Montgomery Ward & Company, Inc.	11,000	745,815	665,500	Southern California Edison Company	25,000	1,018,530	1,028,125
Sears, Roebuck & Company	44,000	990,665	2,805,000	Southern Company	32,000	370,366	540,000
Western Auto Supply Company	6,000	316,733	270,000	Virginia Electric & Power Company	12,300	250,725	375,150
		<u>\$ 6,536,148</u>	<u>\$ 9,099,188</u>	West Penn Electric Company	32,000	935,096	1,264,000
RUBBER:				Wisconsin Electric Power Company	50,000	904,479	1,468,750
Firestone Tire & Rubber Company	27,000	\$ 1,778,165	\$ 1,923,750	Wisconsin Electric Power Company	50,000	8,743	15,625
Goodyear Tire & Rubber Company	23,600	1,092,858	1,480,900			<u>\$16,289,524</u>	<u>\$21,985,188</u>
		<u>\$ 2,871,023</u>	<u>\$ 3,404,650</u>	Total common stocks		<u>\$80,255,692</u>	<u>\$117,050,786</u>
STEEL:				Total investments at cost		<u>\$96,942,143</u>	
Bethlehem Steel Corporation	25,000	\$ 1,137,017	\$ 1,625,000	Total investments at market values carried forward			\$134,001,973
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>				

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)	\$136,541,621

† 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.**

TABLE OF CONTENTS

	PAGE
Capitalization	2
Investment Policy	2
Dividend Policy	2
Offering of Shares	3
Dividend Thrift Plan	3
Reinvestment	3
Determination of Offering Price	4
Repurchase of Shares	4
Supervision	4
Management	5
Remuneration	6
Per Share Capital and Income Changes ..	6
Report of Auditors	6
Financial Statements	7-11



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