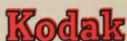




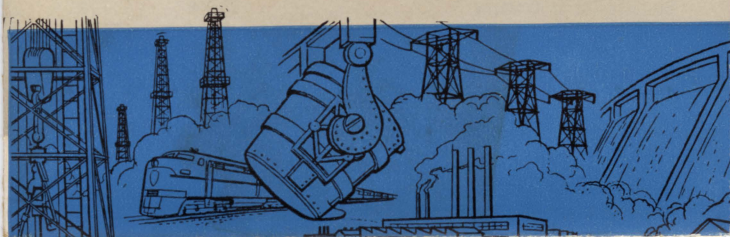
Dividend Shares, Inc.

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.

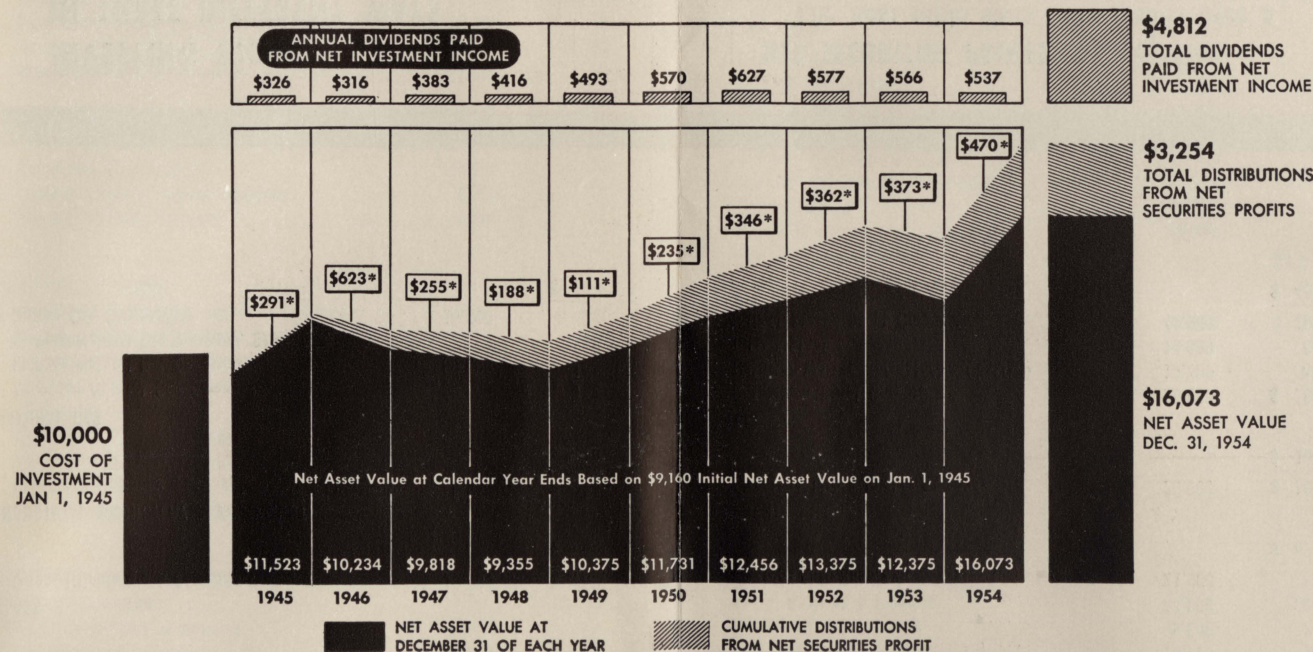
DIVIDEND THRIFT PLAN

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.

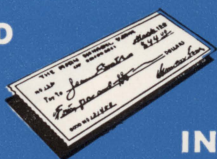


Institutional Investors in Dividend Shares

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

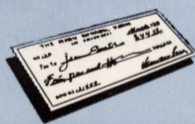
Shares are priced twice daily in relation to actual net asset value. Prices are quoted daily in most metropolitan newspapers. At the holder's request, the Company itself will repurchase shares at the then current net asset value, which may be more or less than the original cost to you, depending upon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