MELVILLE SHOE CORPORATION

Directors

J. FRANKLIN McELWAIN, Chairman
FREDERICK S. LITTLE
FREDERICK ATTWOOD
WARD MELVILLE
WILLIAM J. COBB
JOSEPH L. MERRILL
ROBERT C. ERB
FRANCIS P. MURPHY
JOEL E. FISHER
SEWARD M. PATERSON

Officers

WARD MELVILLE, President
WILLIAM J. COBB, Executive Vice-President
JOHN B. FITCH, Vice-President
J. L. MERRILL, Vice-President
EDWARD W. HEMPHILL, Vice-President
GEORGE DICK, Vice-President
LEONARD A. SHEA, Vice-President
LESTER R. FALLON, Vice-President
J. BRET WELLS, Vice-President
JOEL E. FISHER, Secretary
H. ALBERT BRODIN, Treasurer
ARTHUR PAAR, Ass’t Secretary
FRANK SOKOL, Ass’t Treasurer

Counsel

DAVIS POLK WARDWELL SUNDERLAND & KIENDL

Auditors

PEAT, MARWICK, MITCHELL AND CO.

Transfer Agent

IRVING TRUST COMPANY
1 Wall Street, New York 15

Registrar

CITY BANK FARMERS TRUST CO.
20 William Street, New York 15
J. F. McELWAIN COMPANY

Directors

WILLIAM J. COBB
RANDALL D. ESTEN
ROBERT C. ERB
FRANCIS H. GLEASON
JAMES C. MACKAY
J. FRANKLIN McELWAIN
WARD MELVILLE
JOSEPH L. MERRILL
FRANCIS P. MURPHY
ROBERT A. T. NELSON
SEWARD M. PATERSON

Officers

J. FRANKLIN McELWAIN, President
ROBERT C. ERB, Executive Vice-President
FRANCIS P. MURPHY, Vice-President
SEWARD M. PATERSON, Vice-President
FRANCIS H. GLEASON, Vice-President
ROBERT A. T. NELSON, Vice-President
JAMES C. MACKAY, Vice-President
RANDALL D. ESTEN, Treasurer
CLINTON P. WALLACE, Comptroller
A. H. FISCHER, Assistant Treasurer

MELVILLE REALTY CO., INC. and
R-W REALTY CO., INC.

ARTHUR PAAR, President
JAMES O. THOMAS, Vice-President
H. A. BRODIN, Treasurer
JOEL E. FISHER, Secretary
BERTHA K. SMITH, Assistant Secretary
TO THE STOCKHOLDERS OF
MELVILLE SHOE CORPORATION:

THE THIRTY-SECOND annual report of Melville Shoe Corporation and subsidiaries for the year ending December 31, 1945, is submitted herewith. This report includes the J. F. McElwain Company, Melville Realty Co. Inc., and the R-W Realty Co. Inc.

NET INCOME

The consolidated net income for the year amounted to $2,400,907, as against $2,192,797 for the year 1944. This represents, after preferred dividends, earnings of $2.09 per share on common stock outstanding at the end of the year, which compares with $1.85 per share in 1944.

DIVIDENDS

During the year, in addition to the regular dividends on the outstanding cumulative convertible preferred stock, there was paid $2.00 per share on the common stock, as in 1944. The company has paid dividends each year since 1916.

SALES

Combined sales were $76,173,077 as compared with $70,290,044 in 1944. Sales at retail for the year amounted to $41,216,792, compared with $37,051,163 in 1944. Unit sales at retail for the year were 8,840,691 pairs of shoes, against 8,397,002 pairs in 1944, and 12,355,913 pairs of hosiery, compared with 13,419,296 pairs in 1944.
Sales of the J. F. McElwain Company for 1945, including intercompany sales, were $34,956,285, compared with $33,238,881 in 1944. J. F. McElwain Company sales to U. S. Government agencies amounted to $12,155,939 in 1945, compared with $13,906,047 in 1944. Throughout the war, sales to the various Government agencies totalled $44,711,450.

During the year, renegotiation of sales to the Government for the period ending December 31, 1944 was completed; no refund was found necessary. It is anticipated that renegotiation of 1945 sales will result in no substantial adjustment.

CURRENT POSITION

At the end of the year, the total current assets were $19,172,022 of which $13,734,273 was cash and U. S. Government securities, as against current liabilities of $5,444,977, a ratio of 3.52 to one.

The company had no bank loans during the year and has no funded indebtedness.

CAPITAL STOCK

As of May 1, 1945, all of the corporation’s outstanding 5% cumulative convertible preferred stock was reclassified as 4% cumulative convertible preferred stock. Complete details were submitted to all preferred and common stockholders, and this action was approved by them at a meeting held on April 24, 1945.

TAXES

The company’s taxes for 1945 amounted to $3,008,300 which is equivalent to $2.98 per share of common stock outstanding.
Provision for Federal income and excess profits taxes, amounted to $2,230,670, compared with $1,691,730 in 1944. The excess profits tax provision in 1945 was $701,900, compared with $188,329.

WAGES

After the purchase of materials and merchandise, the amount paid out by the company in wages and compensation was the largest single item of company expense.

The company's payments to employees, the Government, and common stockholders, during the last two years, were:

<table>
<thead>
<tr>
<th></th>
<th>1945</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and compensation</td>
<td>$14,038,031</td>
<td>$13,018,344</td>
</tr>
<tr>
<td>Taxes, Federal, state and local</td>
<td>3,008,300</td>
<td>2,545,030</td>
</tr>
<tr>
<td>Dividends on common stock</td>
<td>2,014,668</td>
<td>1,854,345</td>
</tr>
</tbody>
</table>

INVENTORY

At the end of the year, inventory amounted to $4,563,744, as compared with $5,253,405 at December 31, 1944. A major portion of the inventory was computed at cost based on the last-in first-out method; a reserve for markdowns was included in the original last-in first-out base. A portion (in 1945, about $1,085,134) was computed at the lower of average cost or market.

SUPPLY AND DEMAND

During most of the year, shoes were rationed and hosiery was in very short supply. As a result of the removal of shoe rationing on October 31, and of the speedy return of many of our best customers to civilian life, the pair sales of the company's principal product, men's shoes, increased 54% in November and 36% in December, as compared with the same
months of the previous year. In January, 1946, the increase over previous year was 61%; in February, the increase over previous year was 100%. The principal problem confronting the company at present, on both shoes and hosiery, is shortage of merchandise. Demand continues to be far in excess of supply.

STORE OPERATIONS

Major store improvements were not possible during 1945. Minor improvements to 31 stores were made; 11 stores were re-located; 13 stores and departments were closed. On December 31, 1945, there were in operation 536 stores compared with 549 at the end of the previous year. These consisted of 10 John Ward stores, 520 Thom McAn stores and 6 Thom McAn departments. The company plans to open new stores as soon as merchandise is available.

In 1945, the company expended, and charged against operations, $310,393 for maintenance and repairs, as compared with $270,431 in 1944. $306,895 was expended for capital improvements in 1945 against $113,743 in 1944. Depreciation charged against operations amounted to $355,179, as compared with $443,918 in 1944.

ORGANIZATION

In December, both the retail and manufacturing divisions of the company were realigned to meet the needs of the company’s plans for expanding its producing and distributing facilities. In the retail operations of the company, three autonomous store operating divisions were set up: (1) Thom McAn men’s stores, (2) combination stores, selling both men’s and women’s shoes and accessories, and (3) John Ward men’s stores. These store divisions will be served by eight general
operating divisions—Real Estate, Shoe Merchandising, Hosiery Merchandising, Sales Promotion, Personnel and Public Relations, Construction and Maintenance, Warehousing and Traffic, and Supply Purchasing. An Executive Vice-President and six divisional Vice-Presidents were appointed. The men named to these positions have been in the employ of the company for periods ranging from seventeen to twenty-nine years.

In the manufacturing operations of the J. F. McElwain Company there are five main divisions—Manufacturing, Merchandising, Upper Leather, Sole Leather, and Treasury. These divisions are headed by four Vice-Presidents, one of whom serves as Executive Vice-President, and a Treasurer. All are experienced executives and have been elected to the Board of Directors. These officers, together with the President and two senior Vice-Presidents, are responsible for the management of the company’s manufacturing facilities.

With the continued cooperation of the company’s personnel, now numbering 6,015—including 710 returned service men and women—we look forward with great confidence to the success of the expansion program which the company plans to undertake as soon as the required materials and merchandise are available.

Respectfully submitted,

J. Franklin McElwain  
CHAIRMAN OF THE BOARD

Ward McElwain  
PRESIDENT

March 13, 1946
Melville Shoe Corporation
and Subsidiary Companies

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEARS ENDED DECEMBER 31, 1945 AND 1944

<table>
<thead>
<tr>
<th></th>
<th>1945</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Store and factory sales</td>
<td>$76,173,077</td>
<td>$70,290,044</td>
</tr>
<tr>
<td>Store sales</td>
<td>$41,216,792</td>
<td></td>
</tr>
<tr>
<td>Factory sales</td>
<td>34,956,285</td>
<td></td>
</tr>
<tr>
<td>Less Inter-company sales</td>
<td>19,326,875</td>
<td>15,922,903</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>56,846,202</td>
<td>54,367,141</td>
</tr>
<tr>
<td><strong>Cost of sales and Store operating, selling, general and administrative expenses</strong></td>
<td>52,143,132</td>
<td>49,898,161</td>
</tr>
<tr>
<td><strong>DEDUCT:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>355,179</td>
<td>443,918</td>
</tr>
<tr>
<td>Interest paid on store managers' deposits, etc.</td>
<td>4,790</td>
<td>7,145</td>
</tr>
<tr>
<td>Pensions paid</td>
<td>9,770</td>
<td>9,875</td>
</tr>
<tr>
<td>Employees' retirement plan of Melville Shoe Corporation (see Note 5)</td>
<td>-</td>
<td>290,000</td>
</tr>
<tr>
<td>Provision for excess cost of replacing inventories maintained on “last-in, first-out” basis, after allowing for Federal taxes on income applicable thereto</td>
<td>106,000</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous charges</td>
<td>67,176</td>
<td>65,293</td>
</tr>
<tr>
<td><strong>Total DEDUCT</strong></td>
<td>542,915</td>
<td>816,231</td>
</tr>
<tr>
<td><strong>ADD:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit on real estate operations</td>
<td>153,641</td>
<td>120,661</td>
</tr>
<tr>
<td>Reserve for post-war adjustments in raw materials no longer required</td>
<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>67,781</td>
<td>111,117</td>
</tr>
<tr>
<td><strong>Total ADD</strong></td>
<td>471,422</td>
<td>231,778</td>
</tr>
<tr>
<td><strong>Net income before Federal income and excess profits taxes</strong></td>
<td>$4,631,577</td>
<td>$3,884,527</td>
</tr>
<tr>
<td>Provision for Federal income and excess profits taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,528,770</td>
<td>1,503,401</td>
</tr>
<tr>
<td>Excess profits taxes</td>
<td>701,900</td>
<td>188,329</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$2,400,907</td>
<td>$2,192,797</td>
</tr>
</tbody>
</table>
### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>1945</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable—trade</td>
<td>$1,664,841</td>
<td>$2,036,670</td>
</tr>
<tr>
<td>Accrued taxes, rents, royalties, and sundry expenses</td>
<td>$1,368,338</td>
<td>$1,064,848</td>
</tr>
<tr>
<td>Balance of maximum liability to December 31, 1944 under employees' retirement plan (see Note 5)</td>
<td>—</td>
<td>290,000</td>
</tr>
<tr>
<td>Employees' war bond deductions</td>
<td>$52,565</td>
<td>63,318</td>
</tr>
<tr>
<td>Provision for Federal income and excess profits taxes</td>
<td>$2,359,233</td>
<td>$1,924,873</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$5,444,977</td>
<td>$5,379,709</td>
</tr>
<tr>
<td>Store managers' security deposits and deposits on leases</td>
<td>$118,199</td>
<td>$118,296</td>
</tr>
<tr>
<td>Reserves for self insurance, replacement of inventories maintained on “last-in, first-out” basis, etc.</td>
<td>$338,313</td>
<td>$483,832</td>
</tr>
<tr>
<td><strong>CAPITAL STOCK</strong> (see Notes 3 and 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred—5% cumulative convertible (redeemable at $105 per share) par value $100 each:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized 100,000 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued 98,260 shares</td>
<td>$9,826,000</td>
<td>$9,826,000</td>
</tr>
<tr>
<td>Less 28,857 shares converted into common in 1945 and 28,855 shares in 1944</td>
<td>$2,885,700</td>
<td>$2,885,500</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held in treasury 1 share</td>
<td>—</td>
<td>100</td>
</tr>
<tr>
<td>Held in sinking fund for retirement</td>
<td>—</td>
<td>373,400</td>
</tr>
<tr>
<td>Retired 3,735 shares</td>
<td>$373,500</td>
<td>—</td>
</tr>
<tr>
<td>Exchanged for 4% cumulative convertible preferred</td>
<td>$6,566,800</td>
<td>—</td>
</tr>
<tr>
<td><strong>Preferred—4% cumulative convertible (redeemable at $105 per share) par value $100 each:</strong></td>
<td>$6,940,300</td>
<td>$373,500</td>
</tr>
<tr>
<td>Authorized 80,000 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued 65,668 shares</td>
<td>$6,566,800</td>
<td>—</td>
</tr>
<tr>
<td>Less 586 shares converted into common</td>
<td>$58,600</td>
<td>—</td>
</tr>
<tr>
<td><strong>Less held in treasury 6 shares</strong></td>
<td>$6,508,200</td>
<td>—</td>
</tr>
<tr>
<td><strong>Common—par value $1.00 each:</strong></td>
<td>$6,507,600</td>
<td>—</td>
</tr>
<tr>
<td>Authorized (including 162,690 shares reserved in 1945 and 164,175 shares in 1944 for issuance on conversion of preferred stock)—1,300,000 shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued 1,008,099 shares in 1945 and 1,006,629 shares in 1944 (par value $1,008,099 in 1945, $1,006,629 in 1944) (see Note 7)</td>
<td>$3,863,196</td>
<td>$3,804,396</td>
</tr>
<tr>
<td><strong>Earned Surplus</strong></td>
<td>$10,370,796</td>
<td>$10,371,396</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$21,799,706</td>
<td>$21,819,929</td>
</tr>
</tbody>
</table>
Melville Shoe Corporation
and Subsidiary Companies

STATEMENT OF CONSOLIDATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1945

Consolidated earned surplus as of December 31, 1944 .................. $5,466,696
Net income for the year ended December 31, 1945 ..................... 2,400,907

DEDUCT:
Cash dividends paid:
Preferred stock—5%, to May 1, 1945 ......................... $ 164,173
Preferred stock—4%, May 1, 1945 to November 1, 1945 .............. 130,177

294,350

Common stock—$2.00 per share ....................... 2,014,668

2,309,018

Premium paid on purchase of preferred cumulative convertible stock .................. 30
Expenses relative to reclassification of preferred 5% cumulative convertible stock ................. 31,134 2,340,182

Consolidated earned surplus as of December 31, 1945 ............... $5,527,421

(See accompanying notes to financial statements)
Melville Shoe Corporation
and Subsidiary Companies

NOTES TO FINANCIAL STATEMENTS

(1) Inventories have been determined on the basis of physical inventories taken principally during the latter part of the year and adjusted to the end of the year. A substantial part of the physical inventories was observed by the Companies' independent public accountants who also tested the inventory prices and computations. The Companies continued the policy of determining inventories by the elective method ("last-in, first-out") provided for in the Revenue Act of 1939 except as to approximately $1,085,134 at December 31, 1945 and $1,286,000 at December 31, 1944 stated at the lower of cost or replacement market (cost being computed principally on the basis of current averages by classes, with some materials on the basis of specific invoice cost).

(2) The option on the part of the Company to extend the lease on the building on leased land was not exercised as of the expiration date, January 1, 1946.

(3) On August 2 of each year, so long as any preferred stock remains outstanding in the hands of others than the Company, the Company is required to make available for the purchase and retirement of preferred stock a sum in cash (or in reacquired preferred stock taken at par), equal to the par value of 3% of the maximum aggregate amount of preferred stock which shall have been issued prior to the first day of January in the then current year, plus an amount equal to dividends thereon from August 1 to August 31, plus a premium of 5% of such par value, provided, however, that in computing the maximum aggregate amount of preferred stock which shall have been issued, there shall not be included $3,259,200 par value of preferred stock issued by the Company but reacquired and retired or converted and eliminated prior to May 1, 1945. The amount to be made available August 2, 1946 is $207,511.

(4) Renegotiation proceedings with the J. F. McElwain Company, a subsidiary, for the year ended December 31, 1944 have been concluded and an agreement entered into with the United States Government to the effect that no excessive profits were received by, or accrued to the Company during the year ended December 31, 1944. Renegotiation proceedings for the current year have not yet been started but the Company is of the opinion that no substantial liability will result therefrom.
NOTES TO FINANCIAL STATEMENTS—(continued)

(5) Up to December 31, 1944, $390,000 had been charged to consolidated profit and loss account as representing the estimated maximum liability of the Company to that date under the Employees' Retirement Plan of Melville Shoe Corporation. The actual liability to December 31, 1944 in respect of employees who elected to come in under the plan was determined in 1945 to be $242,955 leaving an excessive charge for prior years of $147,045 which has been retained to cover the 1945 liability of $124,711. Accordingly, no charge appears in the 1945 statement of Consolidated Profit and Loss in respect of the Employees' Retirement Plan of Melville Shoe Corporation, but in computing the tax liability $124,711 has been taken into account as a taxable deduction. In the event that the plan is continued from year to year, the maximum additional payments on account of past services will aggregate approximately $517,000. The right to reduce or suspend such payments or to discontinue the plan is reserved by the Company.

(6) In 1945 the following amendments were made to the Certificate of Incorporation: (1) the amount of the authorized capital stock of the Company was reduced $373,500, representing the par value of 3,735 shares of preferred stock of the Company purchased and retired; (2) 28,857 shares of preferred stock converted into common stock were eliminated; (3) the number of shares of authorized preferred stock was changed to 80,000; (4) the annual dividend rate on the preferred stock was changed from 5% to 4% from and after May 1, 1945; (5) there was released to the general funds of the Company the balance of the Retirement Fund, $1,160,225, which remained unexpended on May 1, 1945; and (6) the next annual payment into the sinking fund was made payable August 2, 1946 (instead of August 2, 1945) and there was excluded from the computation of the amount of such payments in the future $3,259,200 par value of preferred stock issued but reacquired and retired or converted and eliminated prior to May 1, 1945.

(7) The excess of common stock capital liability over the aggregate par value of issued shares amounting to $2,855,997 as at December 31, 1945 represents capital arising from conversion of 28,857 shares of preferred stock (of which 28,857 shares have been retired) into 89,203 shares of common stock ($2,797,767 as at December 31, 1944 from conversion of 28,855 shares of preferred stock into 87,733 shares of common stock) and is included in common stock capital because of statutory requirements and resolution of the Board of Directors.

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ACCOUNTANTS’ REPORT

To the Board of Directors,
Melville Shoe Corporation,
New York, N. Y.

We have examined the Consolidated Balance Sheet of the Melville Shoe Corporation and Subsidiary Companies as of December 31, 1945, and the statements of Consolidated Profit and Loss and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. As it was not practicable to confirm receivables from the United States Government we have satisfied ourselves as to these items by means of other auditing procedures.

In our opinion, the accompanying Consolidated Balance Sheet and related statements of Consolidated Profit and Loss and Earned Surplus present fairly the consolidated position of the Melville Shoe Corporation and Subsidiary Companies at December 31, 1945 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

March 6, 1946.
<table>
<thead>
<tr>
<th>Year</th>
<th>Stores at Year-end</th>
<th>Pairs Sold Retail</th>
<th>Pairs per Store</th>
<th>Total Sales at Retail</th>
<th>Factory Sales</th>
<th>Combined Sales</th>
<th>Wages and Compensation</th>
<th>Total Direct Taxes</th>
<th>Combined Income Before Federal I &amp; E P Taxes†</th>
<th>Combined Earnings after Taxes</th>
<th>Earnings per common share*</th>
<th>Dividends per common share**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1931</td>
<td>476</td>
<td>6,470,720</td>
<td>13,577</td>
<td>$26,286,518</td>
<td>$11,600,146</td>
<td>$37,886,664</td>
<td>$5,851,530</td>
<td>$512,681</td>
<td>$1,884,777</td>
<td>$1,656,660</td>
<td>$1.35</td>
<td>$1.00</td>
</tr>
<tr>
<td>1932</td>
<td>499</td>
<td>5,731,535</td>
<td>11,953</td>
<td>20,594,311</td>
<td>8,497,864</td>
<td>29,092,175</td>
<td>4,669,608</td>
<td>367,652</td>
<td>1,306,012</td>
<td>1,185,338</td>
<td>.88</td>
<td>.75</td>
</tr>
<tr>
<td>1933</td>
<td>535</td>
<td>6,369,254</td>
<td>12,489</td>
<td>21,112,783</td>
<td>10,631,665</td>
<td>31,744,443</td>
<td>5,367,621</td>
<td>592,982</td>
<td>2,345,562</td>
<td>2,069,059</td>
<td>1.76</td>
<td>.60</td>
</tr>
<tr>
<td>1934</td>
<td>588</td>
<td>7,686,068</td>
<td>13,635</td>
<td>27,215,927</td>
<td>14,398,684</td>
<td>41,614,611</td>
<td>6,834,385</td>
<td>770,788</td>
<td>3,072,171</td>
<td>2,634,265</td>
<td>2.32</td>
<td>.90</td>
</tr>
<tr>
<td>1936</td>
<td>651</td>
<td>9,907,356</td>
<td>15,654</td>
<td>35,300,758</td>
<td>19,578,204</td>
<td>54,878,962</td>
<td>8,630,006</td>
<td>1,283,826</td>
<td>4,282,927</td>
<td>3,534,897</td>
<td>3.21</td>
<td>2.50</td>
</tr>
<tr>
<td>1937</td>
<td>690</td>
<td>10,314,791</td>
<td>15,388</td>
<td>33,155,438</td>
<td>22,199,736</td>
<td>60,355,174</td>
<td>9,976,537</td>
<td>1,335,660</td>
<td>3,344,873</td>
<td>2,801,695</td>
<td>2.48</td>
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<td>1938</td>
<td>677</td>
<td>10,146,182</td>
<td>14,732</td>
<td>35,042,285</td>
<td>19,053,609</td>
<td>55,095,894</td>
<td>9,390,127</td>
<td>1,364,004</td>
<td>2,808,403</td>
<td>2,295,534</td>
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<td>1939</td>
<td>663</td>
<td>10,713,767</td>
<td>16,058</td>
<td>33,326,853</td>
<td>21,721,707</td>
<td>60,048,569</td>
<td>9,913,010</td>
<td>1,625,112</td>
<td>3,873,292</td>
<td>3,141,161</td>
<td>2.82</td>
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<td>1940</td>
<td>666</td>
<td>10,923,085</td>
<td>16,458</td>
<td>40,260,777</td>
<td>22,446,029</td>
<td>62,706,805</td>
<td>9,847,880</td>
<td>1,921,556</td>
<td>4,339,218</td>
<td>3,210,961</td>
<td>2.89</td>
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<td>1941</td>
<td>659</td>
<td>12,220,781</td>
<td>18,427</td>
<td>45,653,910</td>
<td>28,588,553</td>
<td>75,242,463</td>
<td>11,928,680</td>
<td>2,789,468</td>
<td>4,753,348</td>
<td>2,924,275</td>
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<td>1942</td>
<td>579</td>
<td>11,857,383</td>
<td>19,020</td>
<td>51,644,040</td>
<td>36,982,530</td>
<td>88,626,590</td>
<td>13,990,280</td>
<td>5,714,719</td>
<td>7,478,200</td>
<td>2,582,863</td>
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<td>1943</td>
<td>536</td>
<td>8,797,480</td>
<td>15,621</td>
<td>59,238,096</td>
<td>29,288,336</td>
<td>88,526,432</td>
<td>11,778,538</td>
<td>2,985,542</td>
<td>4,674,122</td>
<td>2,452,069</td>
<td>2.14</td>
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<td>1944</td>
<td>549</td>
<td>8,397,002</td>
<td>15,234</td>
<td>37,051,663</td>
<td>33,238,881</td>
<td>70,290,444</td>
<td>13,018,344</td>
<td>2,545,030</td>
<td>3,884,527</td>
<td>2,192,797</td>
<td>1.88</td>
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<tr>
<td>1945</td>
<td>526</td>
<td>8,840,691</td>
<td>16,338</td>
<td>41,216,792</td>
<td>34,956,285</td>
<td>76,173,077</td>
<td>14,038,031</td>
<td>3,008,300</td>
<td>4,631,577</td>
<td>2,400,907</td>
<td>2.09</td>
<td>2.00</td>
</tr>
</tbody>
</table>

†Actual union of Melville Shoe Corporation and J. F. McElwain Company did not occur until December 22, 1939.
*On basis of the capitalization of Melville Shoe Corporation as of December 31, 1945, which is after giving effect to changes in the number of common shares outstanding.
**On stock outstanding each year. Adjusted, before 1940, on basis of reclassification of stock incident to union with J. F. McElwain Co., which involved exchange of 1 share of old common stock for 2 shares of new common stock and 1/10 share of preferred stock.
Stores of Melville Shoe Corporation
as at December 31, 1945

JOHN WARD—10 STORES
New York (4)        Brooklyn (2)        Bronx
       Newark        Philadelphia        Washington

THOM McAN—526 STORES (Including Leased Departments)
(in 295 cities in 38 states and the District of Columbia)

ALABAMA (4)
Birmingham (2) Mobile
Montgomery

ARIZONA (2)
Phoenix
Tucson

ARKANSAS (1)
Little Rock

COLORADO (2)
Denver (2)

CONNECTICUT (20)
Bridgeport (2) Bristol
Danbury Derby
Hartford (3) Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

DELAWARE (1)
Wilmington

DISTRICT OF COLUMBIA (4)
Washington (4)*

FLORIDA (10)
Jacksonville (2)
Lakeland
Miami (2)
Pensacola
St. Petersburg
Tampa
West Palm Beach
Ybor City

INDIANA (15)
Anderson
Elkhart
Evansville
Fort Wayne (2)
Gary
Hammond
Indianapolis (3)
Lafayette
Marion
Muncie
Richmond
South Bend

ARKANSAS (1)
Little Rock

COLORADO (2)
Denver (2)

CONNECTICUT (20)
Bridgeport (2) Bristol
Danbury Derby
Hartford (3) Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

IOWA (2)
Davenport
Des Moines

CONNECTICUT (20)
Bridgeport (2) Bristol
Danbury Derby
Hartford (3) Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

ILLINOIS (27)
Aurora
Chicago (17)
Danville
Decatur
Joliet
Kankakee
Moline
Peoria
Quincy
Rock Island
Springfield

KENTUCKY (8)
Ashland*
Covington
Lexington
Louisville (3)
Newport
Paducah

LOUISIANA (6)
Baton Rouge
Monroe
New Orleans (3)
Shreveport

*Indicates Leased Department
MAINE (2)
Lewiston
Portland

MARYLAND (12)
Baltimore (10)
Cumberland
Hagerstown

MASSACHUSETTS (48)
Allston
Attleboro
Boston (5)
Brockton
Cambridge
Chelsea
Dorchester (2)
East Boston
Everett
Fall River
Fitchburg
Framingham
Gloucester
Haverhill
Holyoke
Hyde Park
Lawrence (2)
Lowell
Lynn (2)
Malden
Milford *
New Bedford (3)
Norwood
Pittsfield
Quincy
Roslindale
Roxbury
Salem
Somerville
South Boston
Springfield (2)
Wakefield
Waltham
Watertown
Webster *
Woburn
Worcester (2)

MINNESOTA (5)
Duluth
Minneapolis (3)
St. Paul

MISSISSIPPI (5)
Biloxi *
Greenville
Jackson
Meridian
Vicksburg

MISSOURI (16)
Kansas City (3)
Maplewood
St. Joseph
St. Louis (11)

NEBRASKA (2)
Lincoln
Omaha

NEW HAMPSHIRE (3)
Manchester
Portsmouth * (2)

NEW JERSEY (33)
Asbury Park
Atlantic City
Bayonne
Bloomfield
Camden (2)

NEW YORK (112)
Albany (3)
Amsterdam
Bay Shore
Binghamton
Buffalo (6)
Elmira
Freeport
Glens Falls
Hempstead
Huntington
 Jamestown
Kennmore
Lynbrook
Mount Vernon
Newburgh
New Rochelle
New York:
 Manhattan (21)
 Bronx (12)
 Brooklyn (25)
 Queens (15)
 Richmond (6)
 Niagara Falls
 Peekskill
 Port Chester
 Poughkeepsie
 Rochester (2)
 Schenectady
 Syracuse (2)
 Troy
 Utica (2)
 Yonkers
 White Plains

*Indicates Leased Department
<table>
<thead>
<tr>
<th>State</th>
<th>Cities</th>
</tr>
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<tbody>
<tr>
<td>NORTH CAROLINA</td>
<td>Asheville, Charlotte, Durham, Greensboro, Raleigh, Wilmington, Winston-Salem</td>
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<tr>
<td></td>
<td>Greensburg, Hazleton, Homestead, Johnstown, McKeesport, New Castle, Philadelphia, Pittsburgh, Pottsville, Reading, Scranton, Upper Darby, Wilkes-Barre, York</td>
</tr>
<tr>
<td>OHIO</td>
<td>Akron (2), Alliance, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lakewood, Lima, Lorain, Mansfield, Norwalk, Youngstown (2)</td>
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<tr>
<td></td>
<td>RHODE ISLAND: Newport, Pawtucket (2), Providence (5), Westerly, West Warwick, Woonsocket</td>
</tr>
<tr>
<td>PENNSYLVANIA</td>
<td>Allentown, Altoona, Beaver Falls, Braddock, Chester, Easton, Erie (2)</td>
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<tr>
<td></td>
<td>TEXAS: Abilene, Amarillo, Austin, Beaumont, Corpus Christi</td>
</tr>
<tr>
<td>WISCONSIN</td>
<td>Madison, Milwaukee (2), Oshkosh, West Allis</td>
</tr>
<tr>
<td>SOUTH CAROLINA</td>
<td>Charleston, Columbia, Greenville, Spartanburg</td>
</tr>
<tr>
<td>OKLAHOMA</td>
<td>Oklahoma City, Tulsa</td>
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<tr>
<td>OHIO</td>
<td>Akron (2), Alliance, Canton, Cincinnati, Cleveland, Columbus, Dayton, Hamilton, Lakewood, Lima, Lorain, Mansfield, Norwalk, Youngstown (2)</td>
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</tr>
<tr>
<td>TENNESSEE</td>
<td>Chattanooga, Johnson City, Knoxville, Memphis (2), Nashville</td>
</tr>
<tr>
<td>WEST VIRGINIA</td>
<td>Charleston, Clarksburg, Huntington, Wheeling</td>
</tr>
<tr>
<td>VERMONT</td>
<td>Burlington</td>
</tr>
<tr>
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<td>Lynchburg, Newport News, Norfolk, Portsmouth (2), Richmond, Roanoke</td>
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<tr>
<td>VIRGINIA</td>
<td>Lynchburg, Newport News, Norfolk, Portsmouth (2), Richmond, Roanoke</td>
</tr>
</tbody>
</table>

*Indicates Leased Department
MELVILLE SHOE CORPORATION

Executive Offices: 25 West 43rd Street, New York 18
Accounting and General Offices and Warehouse:
44 Hammond Street, Worcester 3, Mass.

J. F. McELWAIN COMPANY

Factories: Nashua (4) and Manchester (7), N. H.
General Offices: 103 Temple Street, Nashua, N. H.
Boston Office: 140 Federal Street, Boston 10