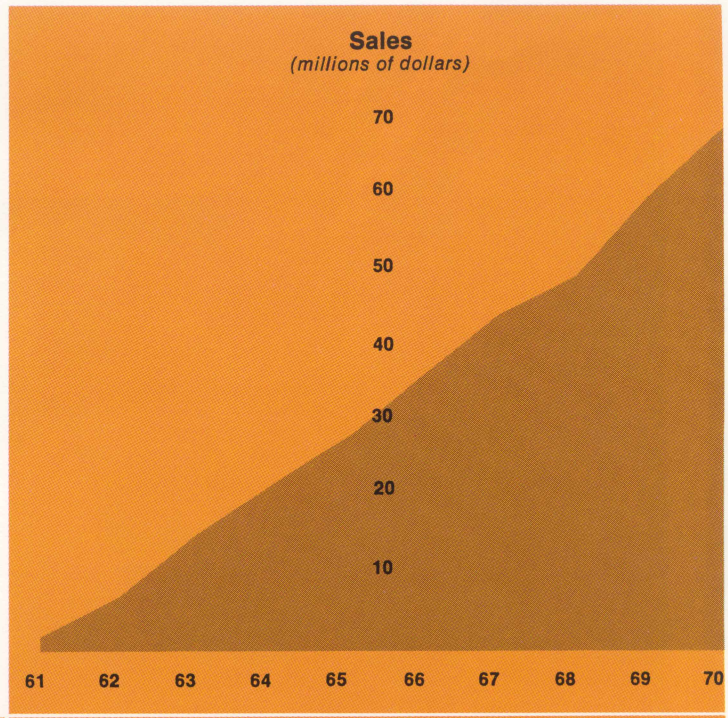
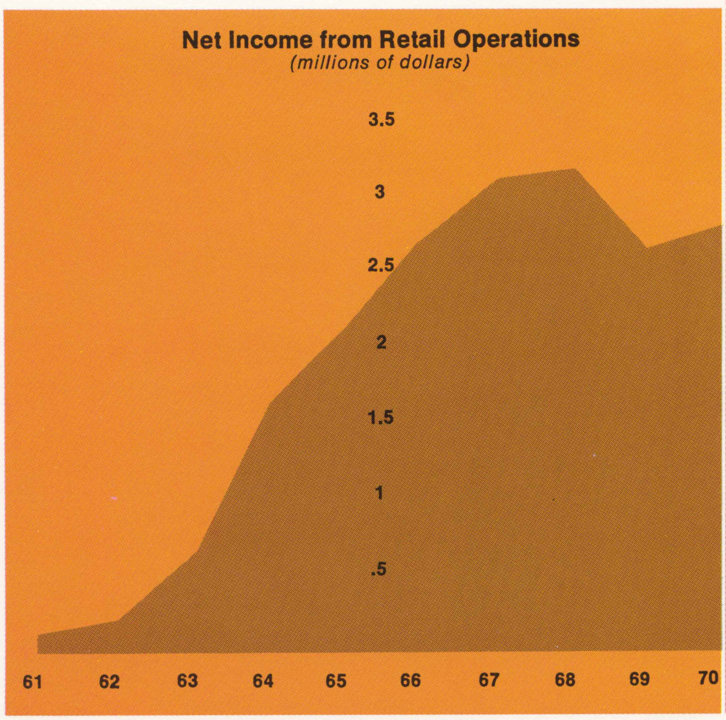
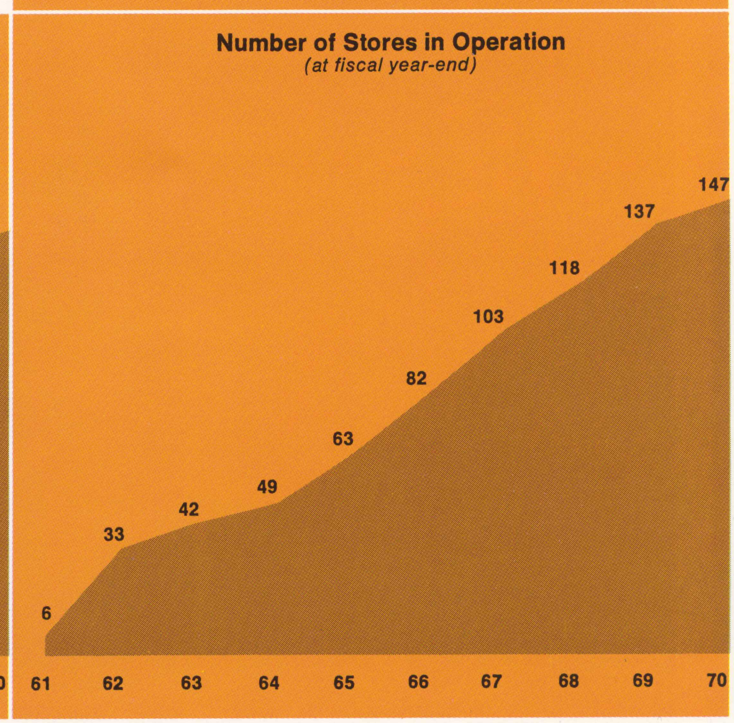
White Cross Stores, Inc. Annual Report 1970


Dienestrol Cream

Financial Review – 10 Years of Growth







Highlights	1970	1969
Net sales	**$67,391,039**	$59,639,487
Income before taxes	**4,903,672**	4,712,583
Taxes on income	**2,239,000**	2,163,000
Net income	**2,664,672**	2,549,583
Net income per share	**1.30**	1.25
Total assets	**22,899,919**	26,094,544
Shareholders' equity	**16,291,562**	14,494,321
Number of stores at year-end	**147**	137

To the Shareholders:

The fiscal year ended on February 27, 1971, was one during which your company achieved gratifying results. In addition to a moderate increase in net profit over the previous year, sales rose to the highest levels in the company's history. This was the tenth consecutive year in which sales reached new highs.

The company's excellent performance in the past year is made even more meaningful by the fact that the accomplishment was attained in the face of a soft economy. We believe this performance attests to the vitality and "savvy" of our unusually young and dedicated management group.

Net sales for the year rose to $67,391,039 from the $59,639,487 recorded in the previous year.

Net income increased to $2,664,672 or $1.30 a share from $2,549,583 or $1.25 a share in the prior year.

In addition to our excellent sales and net income results, the past year has a special significance: 1970 marked the conclusion of the company's first decade of operations.

It was in February 1961, that the company opened its first store in Richmond, Virginia, a 900 square foot store carrying less than 1,000 health and beauty aid items. Today, ten years later, the company operates 147 stores in 13 states. Our stores today average over 4,000 square feet in size and merchandise over 7,000 items. Many of our new stores today are 10,000 square feet or more in size.

The past decade was an exciting one; one in which we innovated and pioneered; one in which we created concepts which are now standards for our industry. We have evolved from being a small retailer of health and beauty aids with stores primarily in downtown areas to our present status as a major drug chain concentrated mainly in suburban shopping centers. While we still place heavy emphasis on the mass merchandising of health and beauty aids, we have achieved remarkable growth in our prescription dispensing pharmacies. The number of pharmacies which the company operates has grown from 3 in 1962 to 111 at the end of 1970.

10

Donald M. Robinson Alex Robinson

Along with dynamic growth in the size and scope of our operations, the past decade witnessed important changes in our corporate structure. While the company was privately owned, initially, members of the public became shareholders through a public offering in 1965, and in 1967, following an interim listing on the American Stock Exchange, the company's common stock was listed and began trading on the New York Stock Exchange, with ownership now distributed among approximately 2,300 shareholders.

To a certain extent, the fruits of our first decade can be seen from the strength of our current balance sheet. But, in the final analysis, the most important strengths which we have acquired have been the ability to identify and capitalize upon new trends in mass merchandising, and the ability to create a corporate climate which attracts and motivates the kind of talented management people, who are necessary for our continued success.

Progress must be measured against long-range objectives as well as by current financial results. In this broader context, too, notable advances were made in the past year. The accompanying "Review of Operations" will describe the multitude of activities in which we are engaged; all of them targeted toward enabling us to continue the unique growth of the past decade into the 1970's.

Our advertising and promotional efforts have been notably more aggressive and have been increased substantially over the previous year. The effectiveness of these efforts, combined with larger stores, broader merchandise lines, growing prescription activity and entry into new fields, is evidenced by climbing sales and an increased share of the market.

We continue also to study new geographic markets, new real estate possibilities, (both leases and, in special cases, purchases), and new acquisition candidates in order to determine where our expansion efforts and our capital can be directed most advantageously.

Our first ten years have passed, and we believe they truly were merely a prologue to another "dynamic decade." We believe that a dedicated and loyal group of 2,000 highly motivated employees will enable us to continue the pattern of growth and prosperity we have established in the past. To them, we say "thanks".

Sincerely,

Alex Robinson

Alex Robinson
Chairman of the Board

Donald Robinson

Donald M. Robinson
President

May 19, 1971

Review of Operations

New Stores

At the close of the fiscal year, February 27, we had 147 stores in operation. During the year, we opened 18 new stores, 16 of which included pharmacy departments. Of the 18 new stores, 10 were new stores and 8 were existing stores which we acquired through purchase of assets. We also closed 8 stores; giving us a net gain of 10 new stores over the previous year.

Our new store program in 1970 was marked by significant differences. Four of the new stores opened during the year were of our new "free standing" type. These were larger stores, from

7,500 to 10,000 square feet, in high traffic suburban areas, located either adjacent to high volume supermarkets or standing alone. Initial evaluation of the performance of these stores has been quite favorable. We have at least six additional stores of this type projected for opening during 1971.

During the past year, we closed seven stores which had either grown unprofitable or which indicated an irreversible downtrend in sales volume. We also experienced major fires in three of our stores. Two of the stores hit by fire have been reopened; however, we decided not to reopen the third.


ANACIN
100's
99¢
SAVE TO
40%
on
HEALTH &
BEAUTY AIDS
10 CHROME
THE BLADE
WILKINSON
79¢
AQUA N
13 OZ.
49¢
LOOK HOW
YOU SAVE
88¢
LOOK HOW
YOU SAVE
88¢
LOOK HOW
YOU SAVE
Special
Special

Our fire losses were costly, however, we believe our experience highly unusual, and we think it very unlikely that such a sequence of events would re-occur in a single year.

We presently have leases for approximately 20 new stores planned for opening during fiscal 1971. These projected new stores are of varying degrees of size and are in a wide variety of locations, i.e.; 8 shopping mall locations, 6 "free standing" locations, 4 located in conventional shopping centers, and 2 located in downtown areas.

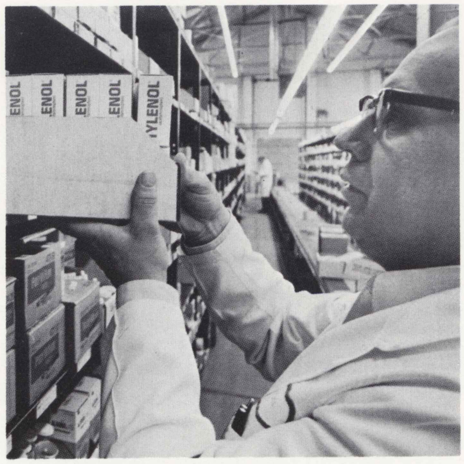
The current year will witness our entry into two new states, Kentucky and Indiana. Two new stores are scheduled for opening in Louisville, Kentucky and another new store is projected for Jeffersonville, Indiana. These two new states will bring to 14 the number of states in which we will be operating.

It is worth noting that the majority of the states in which we operate have experienced in recent years, above average population growth. The South, where we have made substantial market penetration, has also experienced significant increases in per capita income.

Probably the most meaningful aspect of our new store program, over

and above the sheer numbers, has been our emphasis on larger stores. These larger stores give us the capability of merchandising broader lines and, thus, produce considerably higher per-store sales volume.

Locale-wise, our concentration in the 1970's will be primarily in the suburbs, but we have by no means abandoned thinking about downtown shopping areas. In those "downtown" or "center city" areas which have remained dynamic, we will continue to do business, and even expand or relocate where feasible.

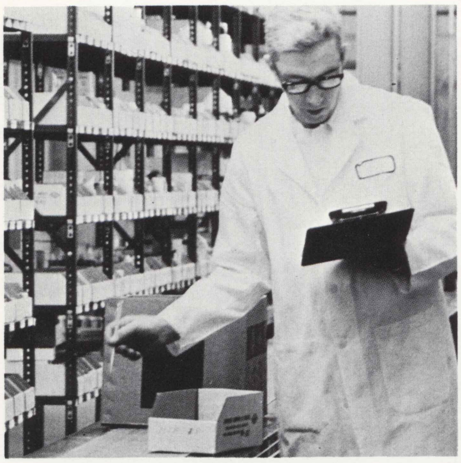


Real Estate Acquisitions

One of the most important assets of the company is its excellent leases, and we have always been preponderantly lease-oriented. There are instances, however, when management feels that the capital investment in a real estate purchase can give us a strategic advantage.

Last year, we made two significant real estate investments. The major purchase was a three story building in the heart of downtown Pittsburgh which contains a first floor sales area of 18,000 square feet. In this location, we plan to open our largest store; one which we believe will become one of the largest volume drug stores in the United States. The downtown area of Pittsburgh continues to remain a healthy and vital shopping area, remarkable compared to most metropolitan centers of its size.

Another key real estate purchase was that of a property in downtown Norfolk, Virginia, with a first floor sales area of 9,000 square feet. This acquisition will enable us to have an excellent location in the heart of this bustling city.



Acquisition of Existing Drug Stores

The momentum of our acquisition program continued steadily last year. This program enabled us to enter one new major market and strengthened our position in several other markets. In June of last year, we purchased two drug stores from Harvest Markets in Buffalo, New York. Along with the two stores, we also acquired a lease from Harvest for a new store in an enclosed shopping mall in Lockport, New York, a suburb of Buffalo. Thus far, we are highly satisfied with the stores acquired and are presently negotiating on a number of additional locations in the western New York marketing area.

The other significant acquisition last year was the purchase of four former Galaxy Drug Stores from the Jack Eckerd Corporation of Clearwater, Florida. Three of these stores are located in Virginia (Richmond, Petersburg, and Newport News), and the fourth is located in Rockingham, North Carolina. These newly acquired stores have added considerable strength to our position in these areas.

Both the Buffalo and the Galaxy acquisitions were purchased for cash, with only the assets and the leases of the stores being purchased. All of the stores acquired contained pharmacy departments.

Our acquisition program, initiated in 1967, has proven exceedingly fruitful since its inception, and we will continue to seek acquisitions of various types; not only the prime independent drug stores, but also small drug store chains in or near our present operating areas.

Another type of acquisition which has been productive for us, and for which we will continue to look, has been the purchase of independent drug stores in close proximity to one of our existing stores and the subsequent transfer of the business to our store. In utilizing this technique, we have been able to transfer the bulk of the prescription business to our existing store without any increase in our store's operating expense, since the acquired store is then closed.

Pharmacies

As it has in each year since its inception in 1962, the pharmacy segment of our business has enjoyed a significantly faster growth rate than over-all company growth. In 1962, we had three pharmacies—at the end of fiscal 1970, we had 111 prescription dispensing units in operation.

Last year, we had a net gain of 11 new pharmacies, and this year's plans call for the opening of between 15 and 20 new units.

The past year witnessed a 30% increase in both prescription sales and total pharmacy department sales volume, and we have every reason to believe that this year will also be marked by substantial increases in both of the classifications.

"Health Cross" Products

Sales of our own "Health Cross" products last year reached an all-time high, with sales approaching $6,000,000. We now have 528 items in the "Health Cross" line. The elimination of certain slow-moving items and the introduction of new, faster-moving items have substantially strengthened our Health Cross merchandising program. The new items we added last year were primarily in cosmetics and hosiery.

Among the leaders in our Health Cross line are the first-aid products. Sales for this line are equal to those of some of the largest selling national brand manufacturers. Our Health Cross cosmetic line also continues to be strong. All cosmetic products will, in the future, be hypo-allergenic in order to meet an increasing demand for this type of product from our customers. Sales of Health Cross hosiery products made a solid contribution despite a period during the past year in which the entire line was redesigned and upgraded. Sales of Health Cross products during the early part of 1971 look very encouraging, and we are optimistic that we can record another record year in this category.

Merchandising and Promotion

One of the prime strengths of our company has been the early identification of new areas of merchandising which have important growth potential. We believe one such area is health foods, or "natural" foods as they are sometimes termed. Our studies indicate not only a growing demand for this type of food, but also a limited number of retail outlets where consumers can buy health food products. We see an exciting opportunity in this field, and last year, we set about to enter this market on a test basis. We opened ten health food departments within our existing

stores and two "free standing" health food stores.

Results, so far, in our health food operations have been satisfactory. Depending upon results this year, we will be able to determine how fast and how far we should move into the health food market.

Our general advertising and promotion format was substantially improved last year, with much greater emphasis being given to holiday and seasonal promotions, both in media advertising and "in-store" display and merchandising.

We had the best Christmas season in the company's history, and were also gratified to record the best post-Christmas business ever.

One noteworthy and productive facet of our media advertising was a special radio spot series featuring film actor Joseph Cotten speaking on behalf of White Cross Pharmacies.

Distribution and Warehousing

Our new Somerset, Pa. distribution center is now operating smoothly and efficiently. This facility has been completely converted to a computerized operation, and we are witnessing the fruits of our large investment in this sophisticated distribution facility.

Although our Henderson, North Carolina distribution center is operating efficiently, the facility is at maximum capacity and must be expanded. Accordingly, we have purchased this property and are planning to add on to the existing building approximately 80,000 to 100,000 square feet. By making this addition, we will avoid the many problems and expenses of moving a warehouse, and we can increase our operating capacity with minimum interruption. With this expansion program completed in Henderson sometime in the Fall of 1971, we believe our warehousing requirements will be capable of meeting our needs for the foreseeable future.

Our pharmacy redistribution center in Monroeville, Pa., which came on-stream early last year, has proven itself highly efficient and profitable. We are servicing all 111 of our pharmacies from this center with approximately 3,200 pharmaceutical items. This distribution facility supplies about 70% of the total pharmaceutical needs of our prescription departments. In addition to distribution efficiencies resulting from this operation, we are also able to effect important savings by re-packaging prescription drugs purchased in large volume.

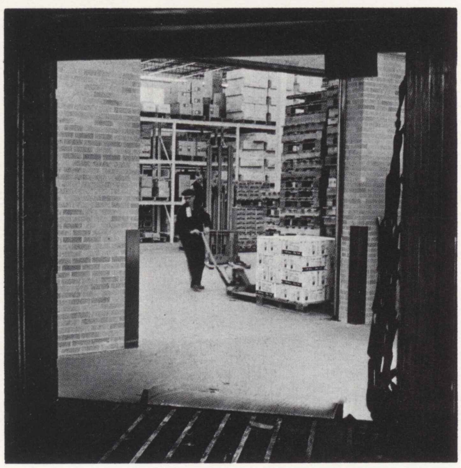

Special
the glare killers
YOU ONLY GET THEM WHEN YOU SEE THIS TAG
COOL-RAY
POLAROID
SUNGLASSES
YOU ONLY GET THEM WHEN YOU SEE THIS TAG

10

People

During the past year, James L. Hayes resigned from our Board of Directors to accept a new post with the American Management Association. Mr. Hayes is now President and Chief Executive Officer of the AMA in New York City. We were very fortunate to be able to replace Dean Hayes with William E. Howard, retired Vice President of Mellon National Bank, who brings with him an impressive set of credentials, especially in the field of real estate development.

We also strengthened our top management this year with the creation of two new Vice Presidential posts. Michael B. Yandora, Treasurer of the company since 1965, was promoted to Vice President—Finance and Treasurer; and C. William Moffitt, Secretary of the company since 1965, was promoted to Vice President—Administration and Secretary. Both Mike Yandora and Bill Moffitt have been with the company for the past nine years.



Two other officers have assumed broadened responsibilities. Richard J. Kicak, Vice President—Purchasing, has assumed the added responsibility of Merchandising, while Myron Zimmerman, Assistant Vice President—Pharmacy, has taken on the added responsibility of our health food operation.

We have continued to keep our headquarters staff to a minimum, in relation to the size of the company. Our primary emphasis has been on the constant strengthening and developing of our retail line organization.

Our continuing policy has been to develop our own future management personnel and to promote from within the company. We believe that a sound personnel development program starts with recruiting. We have attempted, within the various divisions of the company, to recruit qualified young people who, with training and experience, will become part of our management. In addition, we have also recruited from the surrounding universities a limited number of college graduates interested in a career in retailing.

In order to prepare for the increased number of new and larger stores due to be opened during the coming year, we are developing a much more intensive training program for our merchandise managers. In addition to on-the-job training, we now have regular training classes and schools throughout the year for trainees and management. It is our objective to develop a pool of intelligent and able young people who have qualified themselves through education, on-the-job training and performance to succeed to higher level management jobs as they become available.

The company presently has approximately 2,000 employees—1,800 directly connected with store operations, all of whom are added insurance for our continued success.

(Right) Frequent meetings of supervisors and division managers creates close liaison between retail organization and company headquarters.


eyelashes
eyelashes
eyelashes

Financial

10

Statement of Consolidated Income and Retained Earnings

for the 52-week periods ended February 27, 1971 and February 28, 1970

	1971	1970
Income:		
Net sales	**$67,391,039**	$59,639,487
Other	**267,411**	437,143
	67,658,450	60,076,630
Costs and expenses:		
Cost of goods sold, including occupancy costs	**50,430,670**	44,463,812
Selling, buying, general and administrative	**11,715,815**	10,281,204
Depreciation and amortization *(Note 1)*	**608,293**	619,031
	62,754,778	55,364,047
Income before income taxes	**4,903,672**	4,712,583
Provision for income taxes	**2,239,000**	2,163,000
Net income	**2,664,672**	2,549,583
Retained earnings at beginning of period	**12,911,927**	11,261,237
	15,576,599	13,810,820
Cash dividends, $.44 per share	**901,378**	898,893
Retained earnings at end of period	**$14,675,221**	$12,911,927
Net income per share of common stock *(Note 5)*	**$1.30**	$1.25

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet, *February 27, 1971 and February 28, 1970*

Assets	**1971**	1970
Current assets:		
Cash	**$1,430,749**	$ 2,970,899
Certificates of Deposit, at cost	—	4,000,000
Short-term investments, at cost and accrued interest (approximate market value)	**701,227**	1,504,970
Merchandise inventories, at lower of cost, generally determined on the retail method, or market	**14,215,216**	12,590,305
Other current assets	**240,356**	154,461
Total current assets	**16,587,548**	21,220,635
Property, plant and equipment, at cost *(Notes 1 and 2)*	**6,073,050**	4,617,111
Other assets	**239,321**	256,798
	$22,899,919	$26,094,544

The accompanying notes are an integral part of the financial statements.

Liabilities and Shareholders' Equity	1971	1970
Current liabilities:		
Notes payable to bank	—	$ 5,000,000
Accounts payable	**$2,342,148**	3,455,808
Taxes withheld and collected	**459,170**	436,575
Income taxes	**1,744,110**	1,249,465
Current installments on long-term debt	**81,142**	63,438
Accrued expenses	**415,555**	471,294
Total current liabilities	**5,042,125**	10,676,580
Long-term debt, less current installments *(Note 2)*	**1,566,232**	923,643
	6,608,357	11,600,223
Shareholders' equity:		
Preferred stock, $1.00 par value; authorized shares, 500,000		
Common stock, $.50 par value; authorized shares, 6,000,000; issued shares: 1971, 2,050,383; 1970, 2,047,521 *(Notes 3 and 4)*	**1,025,191**	1,023,760
Additional paid-in capital *(Note 4)*	**591,150**	558,634
Retained earnings	**14,675,221**	12,911,927
	16,291,562	14,494,321
	$22,899,919	$26,094,544

Statement of Consolidated Source and Application of Funds

for the 52-week periods ended February 27, 1971 and February 28, 1970

	1971	1970
Source of funds:		
Net income	**$2,664,672**	$2,549,583
Depreciation and amortization	**608,293**	619,031
Other	**40,628**	39,175
Funds from operations	**3,313,593**	3,207,789
Long-term debt incurred	**725,000**	—
Proceeds from exercise of common stock options	**33,947**	184,279
Certificates of Deposit reclassified as current	**—**	4,000,000
	4,072,540	7,392,068
Application of funds:		
Additions to property, plant and equipment	**2,064,232**	996,410
Cash dividends paid	**901,378**	898,893
Reduction in noncurrent portion of long-term debt	**82,411**	3,916,838
Other	**23,151**	150,307
	3,071,172	5,962,448
Increase in working capital	**$1,001,368**	$1,429,620

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

1. **Property, Plant and Equipment:** Property, plant and equipment are summarized below:

	1971	1970
Land	$1,168,327	$ 398,643
Buildings	2,615,108	2,345,622
Furniture, fixtures and equipment	3,312,846	2,759,066
Vehicles	689,469	521,251
Leasehold improvements	959,668	742,487
	8,745,418	6,767,069
Less accumulated depreciation and amortization	2,672,368	2,149,958
	$6,073,050	$4,617,111

The companies provide for depreciation and amortization based upon the estimated useful lives of the assets, using the straight-line, declining-balance and sum-of-the-years-digits methods. Once a method has been selected for an asset, the method is consistently followed.

2. **Long-Term Debt:** Long-term debt at February 27, 1971 comprised:

	Due after One Year	Due within One Year
Capitalized lease obligation	$ 744,622	$48,831
8% Mortgage payable	707,830	15,901
Other	113,780	16,410
	$1,566,232	$81,142

Under an agreement with The Somerset County Development Council, Somerset, Pennsylvania (The Council), warehouse facilities have been constructed by the company and acquired by The Council from the proceeds of various mortgages. These facilities have been leased back to the company for monthly rentals of $6,678, an amount sufficient to meet interest requirements and debt retirement over a period of 15 years. Taxes, insurance and other costs are borne by the company. The company has the option to purchase the facilities at any time for the sum of the unpaid balance of the aggregate rentals. This transaction has been treated as a purchase for accounting purposes.

The 8% mortgage is payable in monthly installments of $6,102, including interest, through November 1991 but the mortgagee has the option to require payment in full on March 1, 1978.

At February 27, 1971 land, buildings and equipment pledged as collateral to the mortgages had a net book value of $1,871,446.

3. **Reservations of Common Stock:** At February 27, 1971 shares of common stock were reserved for issuance to officers and employees under qualified stock option plans authorized by shareholders in May 1965 (the 1965 Plan) and June 1968 (the 1968 Plan). In October 1970 the Board of Directors authorized a 1970 stock option plan (the 1970 Plan) which provides for the granting of both qualified and nonqualified stock options. Under this plan, which is subject to shareholder approval at the annual meeting in June 1971, 150,000 shares of common stock are to be reserved and options on 61,750 shares have been granted at the market value at date of grant. Members of the Robinson family are not entitled to participate in the plans.

Information with respect to options covered by all three plans for the period ended February 27, 1971 is summarized below:

		Number of Shares
Under option at beginning of period		86,097
Options granted ($9.50-$15.31)		108,150
		194,247
Options exercised	2,862	
Options canceled	9,302	12,164
Under option at end of period		182,083
Not under option at end of period		97,534
		279,617

Options under the 1965 Plan are exercisable as to not more than one-third of the total number of shares covered thereby during each 12-month period commencing 1 year from date of grant and ending 5 years from such date. Options under the 1968 Plan are exercisable as to one-quarter of the total number of shares covered thereby during each 12-month period commencing 1 year from date of grant and ending 5 years from such date, provided that if in any such 12-month period the employee fails to exercise the option to the extent permitted, he may do so in any subsequent 12-month period. Under both plans, the option price may not be less than the market value of the shares on the date of grant and an option may not be exercised if the optionee has outstanding options from a previous grant.

The terms of the qualified options under the 1970 Plan are the same as those under the 1968 Plan. The option price of nonqualified options under the 1970 Plan may be determined by the Stock Option Committee and the options may not be exercised either prior to 1 year or after 10 years from the date of grant.

4. **Additional Paid-In Capital:** Additional paid-in capital was increased during the periods ended February 27, 1971 and February 28, 1970 by $32,516 and $177,718, respectively, representing the excess of amounts received over the par value upon exercise of common stock options (2,862 shares and 13,123 shares, respectively) under the 1965 stock option plan.

5. **Net Income Per Share:** Net income per share amounts are based on the average number of common shares outstanding during each period. Stock options granted but not exercised would not materially dilute net income per share.

6. **Retirement Plans:** The company maintains noncontributory retirement plans for full-time salaried employees and hourly paid, non-bargaining unit warehouse and office employees. Pension costs for the periods ended February 27, 1971 and February 28, 1970 amounted to $177,130 and $123,780, respectively, which include amortization of past service costs over a 30-year period. The company's policy is to fund pension costs accrued. The assets in the trusts at February 27, 1971 exceeded the actuarially computed value of vested benefits at that date.

7. **Lease Commitments:** At February 27, 1971 the companies were lessees under long-term lease agreements that require annual rentals plus, in certain instances, additional rentals based on a percentage of sales in excess of stipulated minimums. Minimum annual rentals under leases in effect at February 27, 1971, exclusive of amounts due under the capitalized lease obligation (Note 2), are as follows for the fiscal periods ending in February: 1972 to 1974 — $1,713,288 to $1,399,405; 1975 to 1977 — $1,176,415 to $761,701; 1978 to 1980 — $651,801 to $447,279; and 1981 to 1991 — $374,561 to $33,000.

Accountants' Report

The Board of Directors and Shareholders
White Cross Stores, Inc.:

We have examined the consolidated balance sheet of White Cross Stores, Inc., and subsidiaries as of February 27, 1971 and the related statement of income and retained earnings and the statement of consolidated source and application of funds for the 52-week period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements of White Cross Stores, Inc., and subsidiaries for the 52-week period ended February 28, 1970.

In our opinion, the above-mentioned financial statements present fairly the consolidated financial position of White Cross Stores, Inc., and subsidiaries at February 27, 1971 and February 28, 1970, and the consolidated results of their operations and consolidated source and application of funds for the periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Lybrand, Ross Bros. & Montgomery

Pittsburgh, Pennsylvania
April 16, 1971

Officers

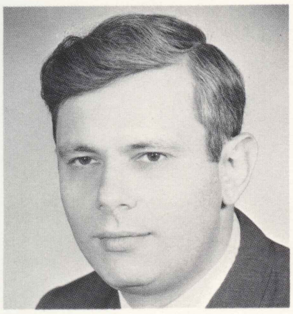
Alex Robinson

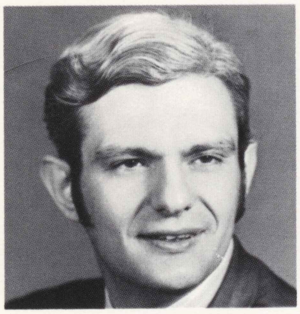
Donald M. Robinson


Harold L. Robinson


Sanford N. Robinson


Eugene J. Klein


Emanuel Zimmerman


Myron Zimmerman


Richard J. Kicak


Raymond E. Dilley


Michael B. Yandora


C. William Moffitt

Officers / Directors

Alex Robinson
Chairman of the Board and Director

Donald M. Robinson
President and Director

Harold L. Robinson
Executive Vice President and Director

Sanford N. Robinson
Vice President and Director

Eugene J. Klein
Vice President — Operations

Emanuel Zimmerman
Vice President — Pharmacy

Myron Zimmerman
Assistant Vice President — Pharmacy and Health Food Operations

Richard J. Kicak
Vice President — Purchasing and Merchandising

Raymond E. Dilley
Vice President — Real Estate

Michael B. Yandora
Vice President — Finance and Treasurer

C. William Moffitt
Vice President — Administration and Secretary

Edward Goldberg, Esq.
Director

Donald Plung, C.P.A.
Director

William Rodgers
Director

James T. Glavin, Esq.
Director

William E. Howard
Director

COMMON STOCK: Listed, New York Stock Exchange

TRANSFER AGENT: First National City Bank, New York, New York

REGISTRAR: Morgan Guaranty Trust Company, New York, New York

AUDITORS: Lybrand, Ross Bros. & Montgomery

EXECUTIVE OFFICES: 339 Haymaker Road, Monroeville, Pennsylvania

White Cross Stores, Inc. Monroeville, Pennsylvania