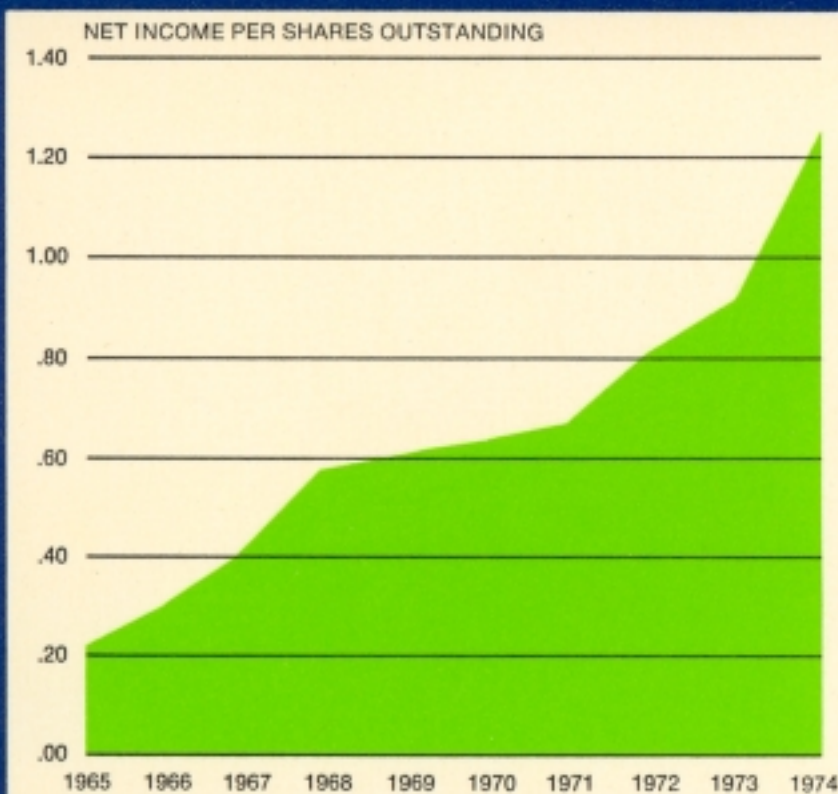




# Pay'n Save Corporation Financial Highlights



	Year Ended January 31			
	<u>1974</u>	<u>1973</u>	<u>Increase</u>	<u>Percentage</u>
Sales . . . . .	<b>\$181,723,203</b>	\$147,825,128	\$33,898,075	23%
Net Income . .	<b>5,303,889*</b>	3,932,427	1,371,462	35%
Net Income per share . .	<b>\$1.24*</b>	\$ .92	\$ .32	35%

\*Includes \$259,624 or \$.06 per share from the sale of an investment.





Monte L. Bean  
*Chairman of the Board*



Calvin Hendricks  
*Vice President*

M. Lamont Bean  
*President*

E. R. Erickson  
*Vice President*

### **To Our Stockholders:**

Your Company, Pay'n Save Corporation, had a good year . . . the best in its history. The year was consistent with the pattern of earlier years showing steady growth in sales, net income and introduction of new stores. The ten year summary of operations included later in this report illustrates this consistent progress.

Total company sales for the year amounted to \$181,723,203, an increase of \$33,898,075 or 23% above sales of \$147,825,128 for the preceding year. An even greater improvement was made in net income. The net for the year was \$5,303,889 including \$259,624 from the sale of an investment. This compares to a net of \$3,932,427 for the year earlier. Without the unusual item, the increase was \$1,111,838 or 28%.

Net income per share was \$1.24 including \$.06 from the unusual item compared to last year's figure of \$.92.

### **Pay'n Save Drug Stores**

Sales for the sixty-six drug stores amounted to \$121,443,723 and accounted for 67% of the total company sales.

A new and exciting market was entered with the opening of our first store in Hawaii in August, 1973. Other new stores in the northern division were opened in the Totem Lake Shopping Center near Seattle, and in Puyallup, Washington.

New drug stores in the northern division for 1974 are planned for Haney, B.C., Canada; Kailua-Kona, Hawaii; Marysville, Everett and Bellevue, Washington. In addition, one unit in the Aurora Village Shopping Center in Seattle is being relocated within the center, into a new 21,000 square foot building, more than twice the size of the older store.

One store located in Winnipeg, Manitoba Canada, will be sold in 1974. This store has been moderately profitable, but because it is a single unit in a large market and a great distance from our home office, we have elected to sell it rather than expand in this area.

The seventeen stores in Northern California, as a group, continued to operate at a loss. We believe that assisting these stores to become profitable is the greatest single challenge for your management. The stores are making good progress in sales and we are confident of their future success. We are therefore continuing with expansion in this area.

A new store was opened at Pleasant Hill, California during the year. Four new units located at Modesto, Gilroy, Pittsburg and Sacramento, California, will be added in 1974. The latter store is a large home center with all departments normally included in both an Ernst-Malmo Home Center and a Pay'n Save Drug store.

Additional leases have been signed for Novato, Fairfield, Redding and Sacramento, California. The latter two stores are large home centers. These four stores will likely open in 1975.

The remodeling program for the fourteen Northern California



stores acquired in 1971 is progressing well with ten of the stores now complete. One of the remaining stores is now being remodeled. The other three will not require extensive work and plans are to complete these before year end.

### **Ernst-Malmo Home Centers**

Sales for the twenty-six Ernst-Malmo Home Centers and the five sporting goods stores amounted to \$45,169,854 or 25% of total sales. We were particularly pleased with the four new Ernst-Malmo Home Centers opened during the year. They are located in Eugene, Oregon our first venture in that state; Totem Lake Shopping Center, Mt. Vernon and Spokane, Washington. Each store is in a prime location and each has contributed to the profit of the company in its first partial year of operation.

The five sporting goods stores were acquired on February 3, 1973, and were added to this division. Sales for these five stores exceeded \$3,000,000 for the year. A lease has been signed for a new sporting goods store near Seattle, and negotiations are in progress for a second new store which will probably open this year.

One small Ernst store was closed last year and another small store will be closed on June 30, of this year. These stores are so small they are no

longer consistent with our present operations. The closing will have no noticeable effect on sales or net income.

During the current year, one Ernst-Malmo Home Center was relocated into a larger new facility in Everett, Washington. There are no leases for additional home centers signed at this time; however, a number are being negotiated. This division will contribute to the success of the Pay'n Save Home Centers mentioned above.

### **Lamonts Apparel Stores**

Lamonts had a very successful year. Sales for the year amounted to \$15,109,626 or 8% of total sales. A new 40,000 square foot store, attractively fixtured and decorated was opened in November in the Totem Lake Shopping Center bringing the total to six. This beautiful store is being well received by the customers in this area.

We are pleased with the tremendous progress made by this division in the past several years. The Lamonts stores, originally acquired in 1967, as a loss operation, are now very successful.

A new store is planned to open in Spokane in mid-May and should receive an initial favorable sales impact from the many people who will visit EXPO 74 World's Fair.

### **Financial Condition**

Your Company ended the year in excellent financial condition. Working capital was at an all time high of \$29,235,767 and the ratio of current assets to current

liabilities was 2.83 compared to 2.42 for the year earlier.

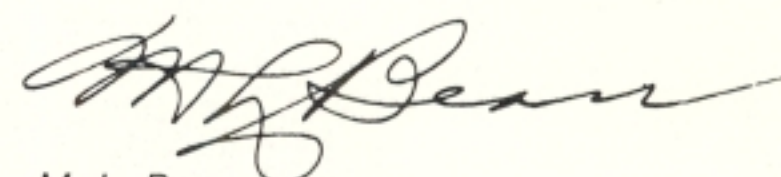
Arrangements were finalized for a five year line of credit for \$9,000,000 and a short-term line of credit for \$4,000,000. At year end, we were utilizing \$8,000,000 of the total line.

### **Dividends**

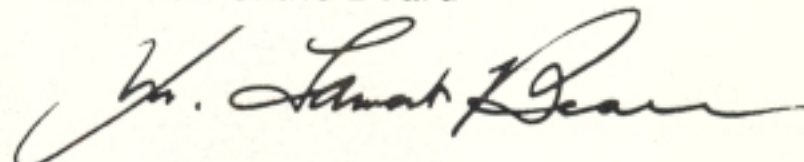
A total of \$846,554 was paid in dividends during the year. The annual dividend rate for last year was \$.20 per share. The Board of Directors on February 27, 1974, increased the dividend to a semi-annual rate of \$.12½ per share to be paid on April 10, to shareholders of record on March 12, 1974.

We wish to acknowledge and express our appreciation to Mr. H.E. Oneal, formerly a Vice President and Director of the Company, who has now retired. He has given devoted service to the Company, since 1950.

We also express appreciation to our dedicated employees, loyal suppliers, each shareholder and most particularly, our customers. The combined efforts of this group have made this one of the most successful years in the history of the Company.



M. L. Bean  
Chairman of the Board



M. Lamont Bean  
President



## Pay'n Save



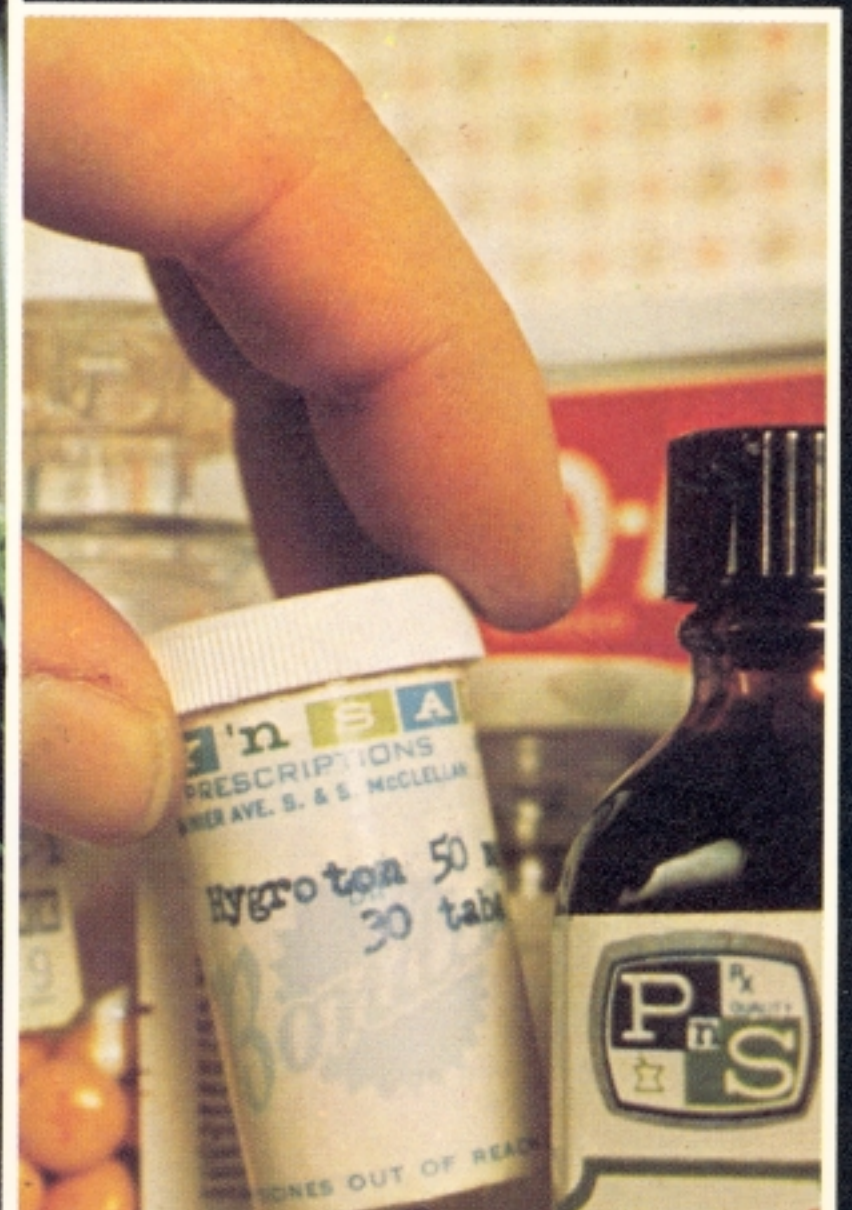
Paul Ross      Joe Petrino

People find what they want and need at Pay'n Save. The clean display counters are filled with quality drugs, cosmetics, camera and film, records, greeting cards and hundreds of household items.

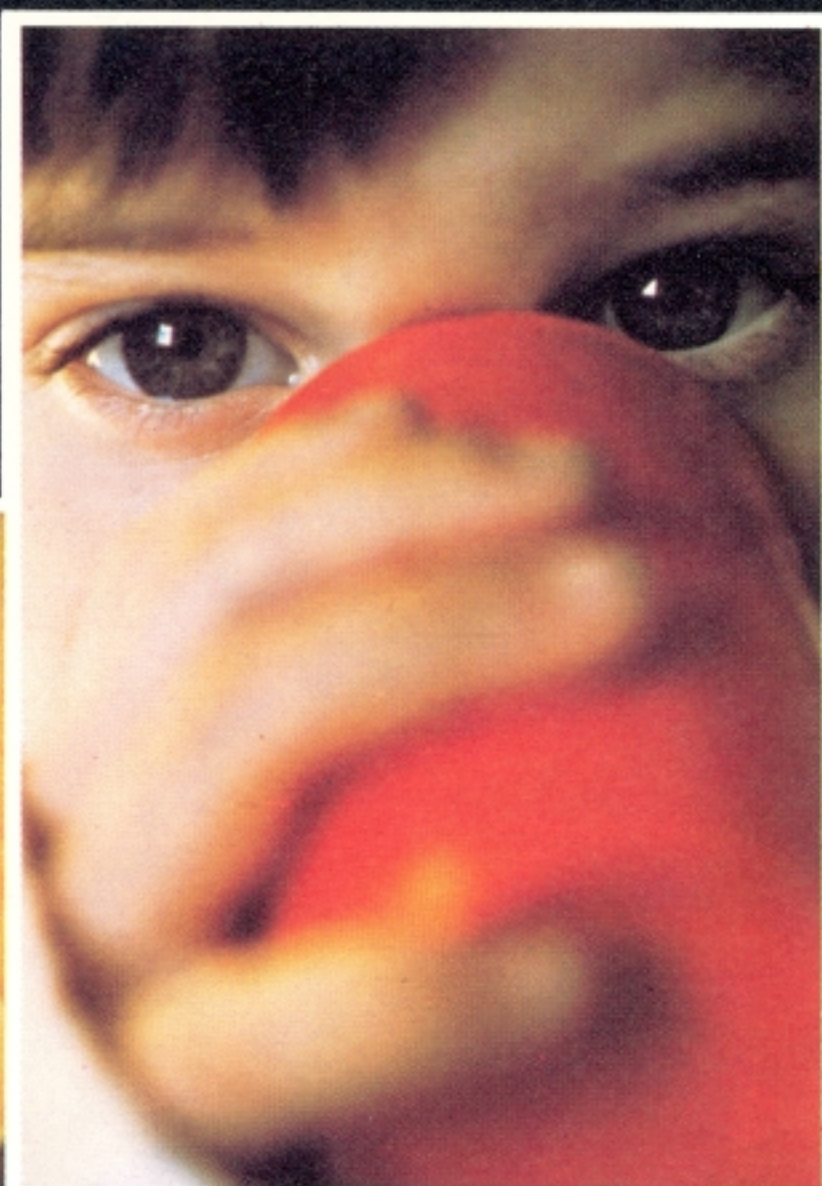
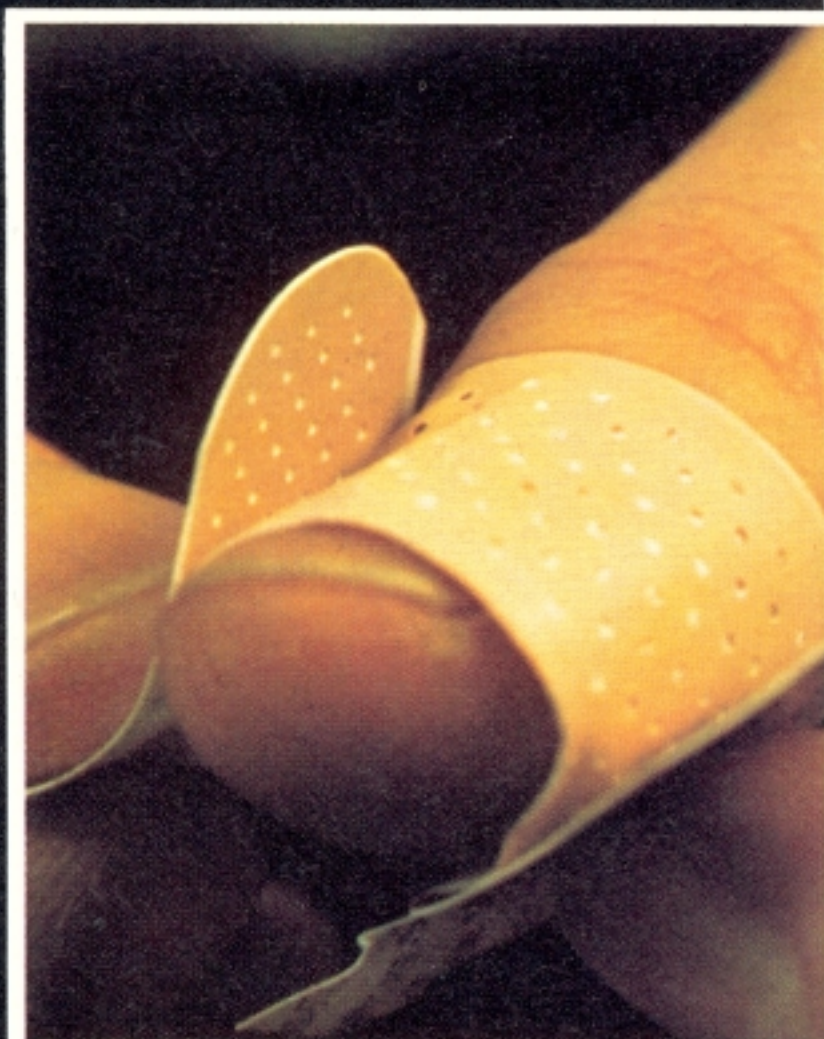
The spacious and well-designed store interiors are appealing and make shopping at Pay'n Save a pleasant experience.

Two of the reasons behind this successful operation are its Division Managers—Paul Ross and Joe Petrino. Paul, who began his career in 1950, oversees the operation

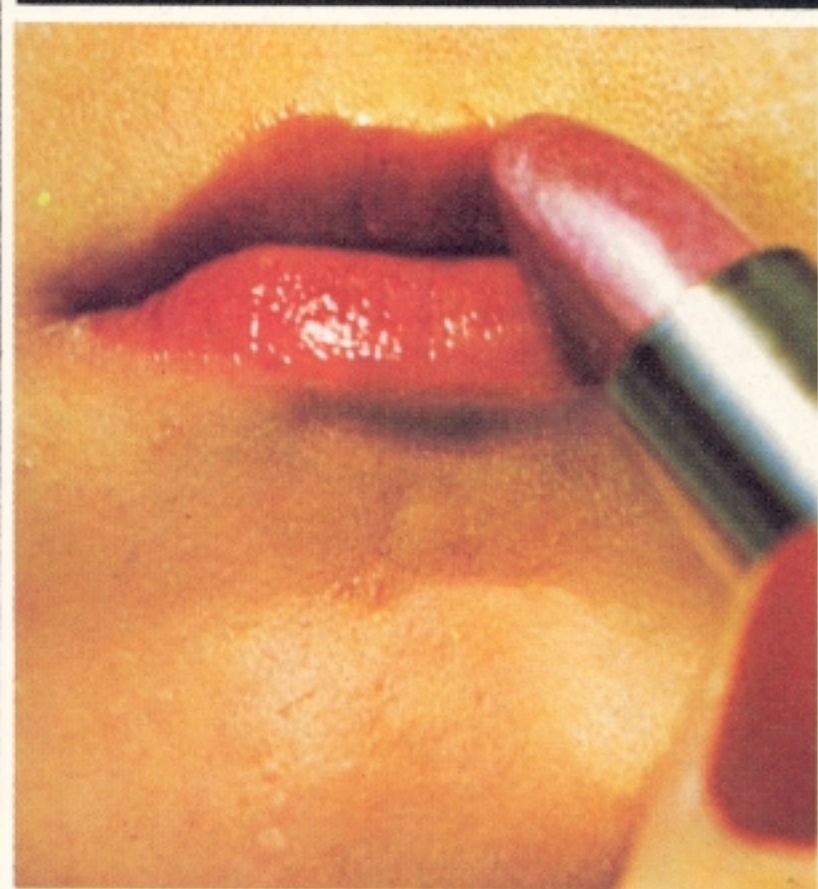
of the seventeen store California operation as Southern Division Manager. Joe, a twenty-six year veteran, heads the Northern Division which includes Washington, Oregon, Alaska, Hawaii and Canada.





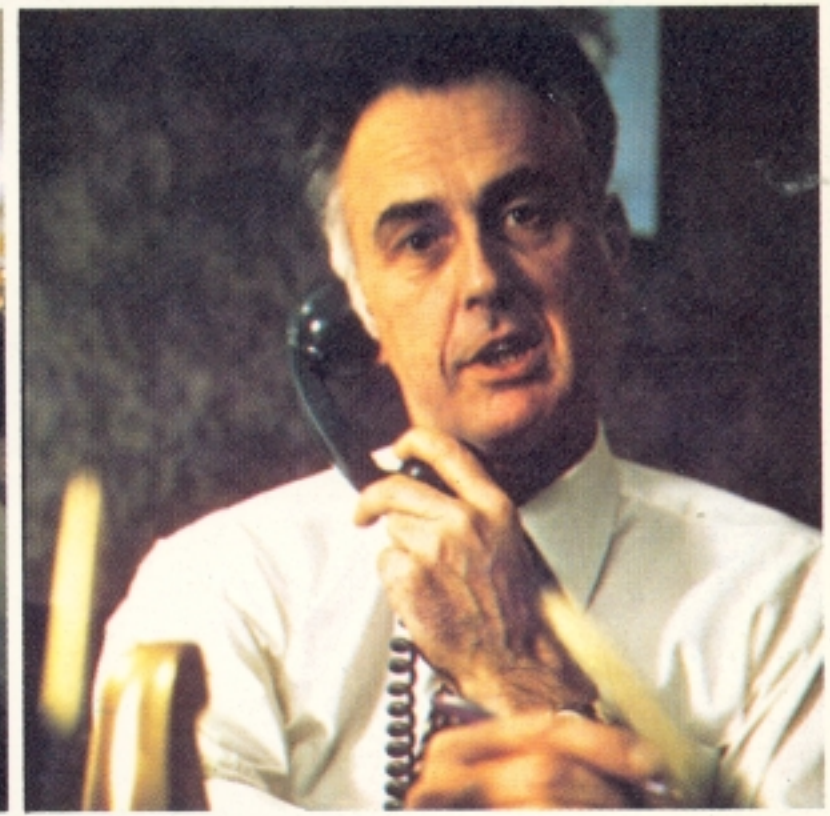








## Ernst-Malmo



Tom Lawrenson

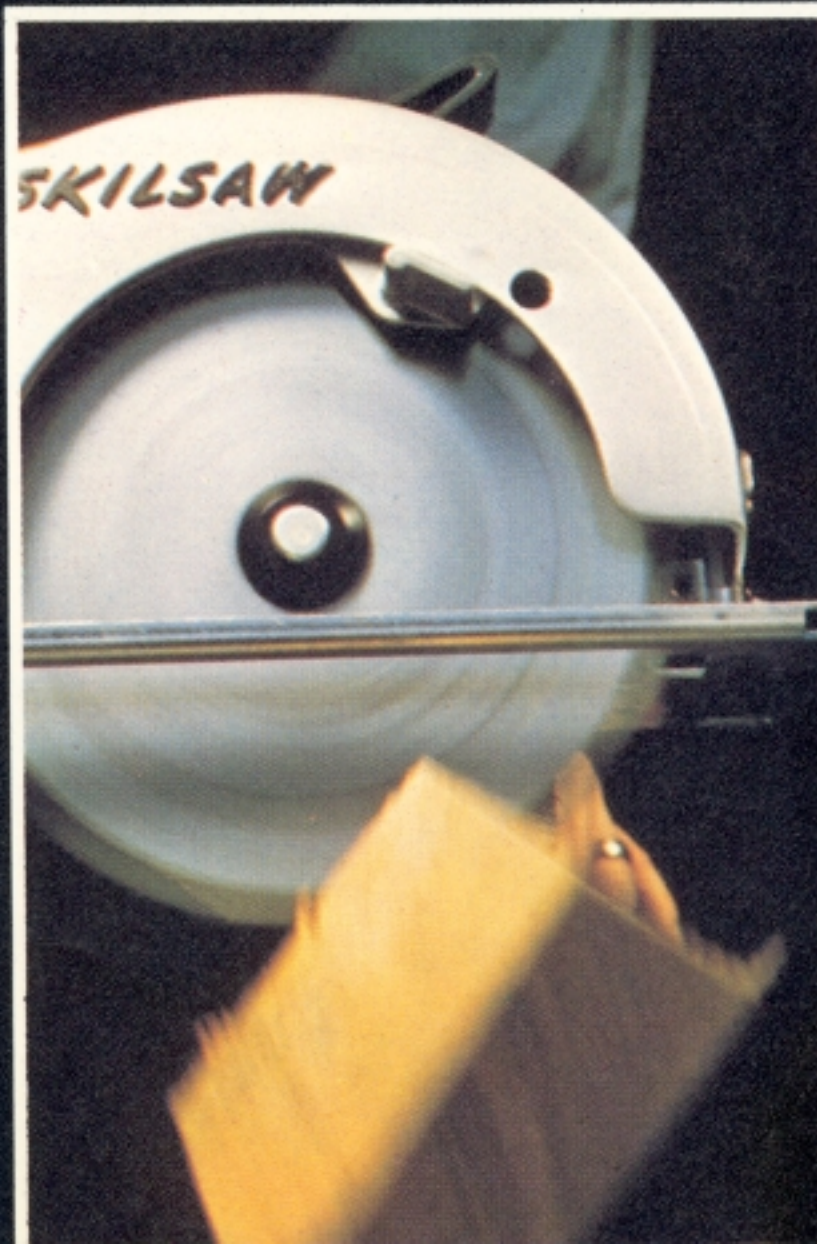
Ernst-Malmo Home Centers are headed by Tom Lawrenson. Tom, in his twelfth year with the corporation, has been responsible for continuing the expansion of merchandise lines for the "Do-It-Yourself" customer.

Our growing family of home centers has expanded into Oregon with the opening last year of our Eugene complex.

Now numbering twenty-six, each home center is designed to insure customer satisfaction. Every department is stocked with a wide selection of quality merchandise.

Wide aisles and well-displayed merchandise encourage browsing. Friendly sales clerks go out of their way to answer questions and make suggestions.

The five sporting goods stores acquired a year ago are also a part of this growing division.









# Lamonts



J. Ken Green

Now entering its seventh year since acquisition, Lamonts' success is due in large part to the capable direction of Ken Green, Division Manager. Ken, in his 27th year

with the corporation, heads the six store operation. A seventh store is scheduled for opening May, 1974.

Lamonts features today's bright and easy styles. From

jaunty sportswear to elegant evening wear — from gay children's apparel to teenage "mod" — Lamonts is a store for the entire family.





# Pay'n Save Corporation and Subsidiary Companies

# Statement of Consolidated Income and Retained Earnings

	Year Ended January 31	
	1974	1973
Sales and other revenue		
Net sales — Note 9 .....	<b>\$181,723,203</b>	\$147,825,128
Interest and other income — Note 2 .....	<b>1,165,947</b>	820,590
	<b><u>182,889,150</u></b>	<u>148,645,718</u>
Cost and expenses		
Cost of merchandise sold .....	<b>126,649,422</b>	103,802,281
Operating and administrative expense .....	<b>45,688,072</b>	37,158,703
Interest .....	<b>635,767</b>	287,307
	<b><u>172,973,261</u></b>	<u>141,248,291</u>
Income before income taxes .....	<b>9,915,889</b>	7,397,427
Provision for income taxes — Notes 1, 2, and 3 .....	<b>4,612,000</b>	3,465,000
Net income for the year — Note 9 .....	<b>5,303,889</b>	3,932,427
Retained earnings at beginning of year .....	<b>16,518,505</b>	13,340,270
Cash dividends — \$.20 and \$.18 respectively .....	<b>(846,554)</b>	(754,192)
Retained earnings at end of year — Note 4 .....	<b>\$ <u>20,975,840</u></b>	\$ <u>16,518,505</u>
Net income per common and common equivalent share — Note 1, 2 and 9	<b><u>\$1.24</u></b>	<u>\$ .92</u>

*The accompanying notes are an integral part of these financial statements.*

## Auditors' Report

*To the Stockholders of Pay'n Save Corporation:*

In our opinion, the accompanying consolidated balance sheets, the related statements of consolidated income and retained earnings and of consolidated changes in financial position present fairly the financial position of Pay'n Save Corporation and its subsidiaries at January 31, 1974 and 1973, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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.

Seattle, Washington, March 8, 1974

PRICE WATERHOUSE & CO.



**Pay'n Save  
Corporation  
and Subsidiary  
Companies**

**Consolidated  
Balance Sheet**

**Assets**

	Year Ended January 31	
	1974	1973
<b>CURRENT ASSETS</b>		
Cash .....	\$ 857,465	\$ 744,230
Accounts receivable, less allowance for doubtful accounts of \$320,168 and \$274,265, respectively .....	8,541,828	7,172,627
Recoverable store location expenditures .....	984,685	550,000
Inventories, at lower of cost or market — Note 1 .....	34,588,120	27,256,806
Prepaid insurance and miscellaneous .....	267,950	288,056
Total current assets .....	<u>45,240,048</u>	<u>36,011,719</u>
 <b>INVESTMENTS, at cost</b>		
Cash value of life insurance .....	151,858	121,990
Other investments .....	23,107	35,661
	<u>174,965</u>	<u>157,651</u>
 <b>PROPERTY, PLANT AND EQUIPMENT, at cost — Note 1</b>		
Furniture, fixtures and equipment .....	13,896,633	10,571,304
Leasehold improvements .....	4,320,342	2,908,137
	<u>18,216,975</u>	<u>13,479,441</u>
Less — Accumulated depreciation and amortization .....	7,031,989	5,622,803
	<u>11,184,986</u>	<u>7,856,638</u>
Land .....	788,445	373,839
	<u>11,973,431</u>	<u>8,230,477</u>
 <b>DEFERRED CHARGES AND OTHER ASSETS .....</b>	<u>148,990</u>	<u>174,754</u>
	<u><u>\$57,537,434</u></u>	<u><u>\$44,574,601</u></u>



## Liabilities

	Year Ended January 31	
	1974	1973
CURRENT LIABILITIES		
Notes payable .....	\$ 1,000,000	\$ 4,000,000
Accounts payable .....	10,068,671	6,901,934
Withheld and accrued taxes .....	1,436,012	1,197,523
Accrued salaries and bonuses .....	1,047,409	966,842
Other accrued expenses .....	1,039,231	853,278
Current maturities on long-term indebtedness .....	246,172	273,525
Federal income taxes .....	1,166,786	711,865
Total current liabilities .....	<u>16,004,281</u>	<u>14,904,967</u>
LONG-TERM INDEBTEDNESS, less current maturities — Note 4 .....	<u>8,386,839</u>	<u>1,633,025</u>
STOCKHOLDERS' EQUITY — Notes 4, 5, and 7		
Capital stock — authorized 10,000,000 shares without par value; outstanding 4,241,991 and 4,202,050 shares, respectively .....	<u>12,170,474</u>	11,518,104
Retained earnings .....	<u>20,975,840</u>	16,518,505
	<u>33,146,314</u>	<u>28,036,609</u>
COMMITMENTS — Note 8		
	<u>\$57,537,434</u>	<u>\$44,574,601</u>

*The accompanying notes are an integral part of these financial statements.*



**Pay'n Save  
Corporation  
and Subsidiary  
Companies**

**Statement of  
Consolidated  
Changes in  
Financial Position**

	Year Ended January 31	
	1974	1973
Financial resources were provided by		
Net income .....	\$ 5,303,889	\$ 3,932,427
Add (deduct) income charges (credits) not affecting working capital in the year		
Depreciation .....	1,644,563	1,167,002
Amortization of deferred charges and other assets .....	36,703	60,223
Net decrease in deferred credit .....		(91,000)
Working capital provided by operations for the year .....	6,985,155	5,068,652
Proceeds from long-term debt .....	7,000,000	
Fair market value of stock issued for acquisition of Seattle Sporting Goods, Inc. ....	433,706	
Proceeds of stock options .....	218,664	214,687
Tax benefits of employee stock options — Note 3 .....		96,000
Miscellaneous, net .....	5,204	(2,906)
Total .....	14,642,729	5,376,433
Financial resources were used for		
Acquisition of property and equipment including \$75,135 in 1974, relating to the Seattle Sporting Goods, Inc. acquisition .....	5,420,974	3,096,495
Reduction of long-term debt .....	246,186	273,498
Cash dividends .....	846,554	754,192
Total .....	6,513,714	4,124,185
Increase in working capital .....	\$ 8,129,015	\$ 1,252,248
ANALYSIS OF CHANGES IN WORKING CAPITAL		
Increase (decrease) in current assets		
Cash .....	\$ 113,235	\$ (891,135)
Receivables .....	1,803,886	768,077
Inventories .....	7,331,314	4,937,345
Other .....	(20,106)	103,404
	9,228,329	4,917,691
Increase (decrease) in current liabilities		
Notes payable .....	(3,000,000)	1,500,000
Accounts payable and accrued expenses .....	3,671,746	1,828,264
Current maturities on long-term debt .....	(27,353)	5,763
Federal income taxes .....	454,921	331,416
	1,099,314	3,665,443
Increase in working capital .....	\$ 8,129,015	\$ 1,252,248

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



# Notes to Financial Statements January 31, 1974

## Note 1 — Accounting Policies

The significant accounting policies applied in the financial statements follow:

**Basis of Consolidation** — The financial statements include the accounts of Pay'n Save Corporation and its subsidiaries, all of which are wholly-owned. All material intercompany transactions and profits are eliminated in consolidation.

**Foreign Exchange** — The accounts of the company's Canadian subsidiary have been translated into United States dollars by the current/non-current method. Resulting adjustments have not been material and are credited or charged to income on a current basis.

**Inventories** — The company's inventories comprise merchandise held for sale and are valued at the lower of cost or market. Cost is determined on an identified item basis except for apparel store inventories for which cost is determined by the retail inventory method.

**Property and Equipment** — Provision is made for depreciation of furniture, fixtures and equipment by the double declining method over the estimated useful lives of the assets, except subsidiaries generally use the straight line method.

The company's operations are conducted on leased premises and the cost of leasehold improvements is amortized over the period of the respective leases or the useful lives of the improvements, whichever is shorter.

**Income Taxes** — The investment tax credit is applied in reduction of the provision for income taxes in the year in which the credit arises.

**Earnings Per Share** — Earnings per common and common equivalent share have been based on the average number of shares outstanding during each year and the assumption that all stock options had been exercised at the beginning of the year (or date of grant, if during the year) and the proceeds used to purchase shares of the company's common stock at the average market price during the year. Fully diluted earnings per share are not materially different from primary earnings per share.

## Note 2 — Interest and Other Income

Interest and other income consists principally of customer service charges and income from leased departments, except that the current year includes an unusual gain of \$346,119 from the sale of an investment. Net of the income tax effect of approximately \$86,500, the unusual item represents approximately \$.06 per share.

## Note 3 — Income Taxes

The income tax provisions comprise:

	Year ended January 31	
	1974	1973
Federal .....	<b>\$4,370,000</b>	\$3,224,000
State and Canadian .....	<b>242,000</b>	145,000
Provision in lieu of income taxes .....		96,000
	<b><u>\$4,612,000</u></b>	<b><u>\$3,465,000</u></b>

The investment tax credit amounted to approximately \$225,000 and \$132,000 for the years ended January 31, 1974 and 1973, respectively.

The provision in lieu of income taxes for the year ended January 31, 1973 represents the tax reduction resulting from the exercise by the Chairman and President of non-qualified stock options during that year; such exercises resulted in taxable income to the grantees and a tax benefit to the company. The tax benefit has been considered additional proceeds from the issuance of those shares. No such transactions occurred during the year ended January 31, 1974.

There are cumulative undistributed earnings of subsidiaries amounting to approximately \$360,000 at January 31, 1974 on which deferred income taxes have not been provided in as much as these earnings have been reinvested for an indefinite period of time.



#### Note 4 — Long-Term Indebtedness

Long-term indebtedness comprised the following notes payable:

	January 31	
	1974	1973
Payee		
Banks .....	<b>\$7,000,000</b>	
Insurance companies .....	<b>1,475,000</b>	\$1,650,000
Others .....	<b>158,011</b>	256,550
	<b>8,633,011</b>	1,906,550
Less current maturities .....	<b>246,172</b>	273,525
	<b><u>\$8,386,839</u></b>	<b><u>\$1,633,025</u></b>

The notes payable to banks and insurance companies are unsecured. The various financing agreements place restrictions on creation of additional debt and require that net worth not be reduced below \$27,000,000 plus 50% of earnings after January 31, 1973 or \$29,651,945 at January 31, 1974. Demand deposit accounts must be maintained with banks at traditional levels.

The company has obtained a commitment to October 1, 1975 from certain banks for loans up to an aggregate of \$9,000,000 and a commitment fee of ½ of 1% is payable on the undrawn balance. The loan bears interest at ¼ of 1% over prime up to October 1, 1975 and ½ of 1% over prime thereafter (Jan. 31, 1974 interest rate 10%). Principal payments are due in quarterly installments commencing October 1, 1975, with the balance due in full October 1, 1978.

The notes payable to insurance companies bear interest at 6-6¼% and are due in annual installments to 1981. Advance payments without premium can be made only under certain circumstances.

A summary of maturities for the five years ended January 31, 1979 follows:

Year Ended January 31	Amount
1975	\$ 246,172
1976	756,095
1977	1,358,224
1978	1,556,397
1979	4,266,123

#### Note 5 — Employee Stock Options

The company adopted a new Qualified Stock Option Plan on March 2, 1973 whereby 150,000 shares of the company's capital stock have been reserved. Options have been granted in prior years for all shares reserved under a 1967 plan. Option prices under the new plan may not be less than the market value of the shares at the time of grant. Options may not be granted for more than 7,499 shares to one person, may not be exercised for two years and expire after five years. Options for 24,700 shares were granted during the year under the 1973 plan and 600 were cancelled due to terminations. Options for 18,523 shares under the 1967 plan were exercised during the year at an average price of \$11.80 or a total of \$218,664; options for 22,477 shares expired or were cancelled due to terminations. Options outstanding at January 31, 1974, of which 89,300 were exercisable at that date, were as follows:

Granted during Year Ended January 31	Number of Shares	Option Price	
		Per Share	Total
1967 Plan			
1970	24,800	\$11.3125	\$280,550
1971	30,300	8.75	265,125
1972	34,200	7.9375	271,463
1973	40,500	16.50	668,250
1973 Plan			
1974	24,100	14.50	349,450

The company had also granted options for 12,000 shares in 1968 to the Chairman of the Board and the President who do not participate in the Qualified Stock Option Plan. These options were exercised during the year ended January 31, 1973 at the option price of \$4.23 which was the market price at date of grant for a total of \$50,760 (Note 3).

#### Note 6 — Pension Plans

The company has two pension plans for employees who are not eligible for other pension benefits, such as pensions under union contracts. One of the plans is funded by employee and company contributions at specified percentages of the employees compensation and the pension benefits are determined by the amounts funded. The other plan provides for pension



benefits based on the employees compensation which are to be entirely funded by the company. The unfunded liability under this plan at January 31, 1974 amounts to approximately \$740,000 which is being funded over a period of thirty years from May 1, 1970. The company's contribution to the two plans amounted to \$432,000 for the year ended January 31, 1974 and \$368,000 for 1973.

#### Note 7 — Capital Stock

Transactions in capital stock for the two years ended January 31, 1974 are summarized below:

	Capital Stock Shares	Amount
Balance, January 31, 1972 .....	4,155,950	\$11,207,417
Exercise of non-qualified stock options — Note 3 .....	12,000	146,760
Exercise of employee stock options .....	34,100	163,927
Balance, January 31, 1973 .....	4,202,050	11,518,104
Acquisition of Seattle Sporting Goods, Inc. — Note 9 .....	21,418	433,706
Exercise of employee stock options .....	18,523	218,664
Balance, January 31, 1974 .....	<u>4,241,991</u>	<u>\$12,170,474</u>

#### Note 8 — Lease Commitments

The company's operations are conducted on leased premises and in addition the company leases certain store fixtures and equipment. The store leases generally provide for minimum rental plus additional amounts based on a percentage of sales. Minimum rental commitments (net of immaterial sublease income) under leases in effect at January 31, 1974 are as follows:

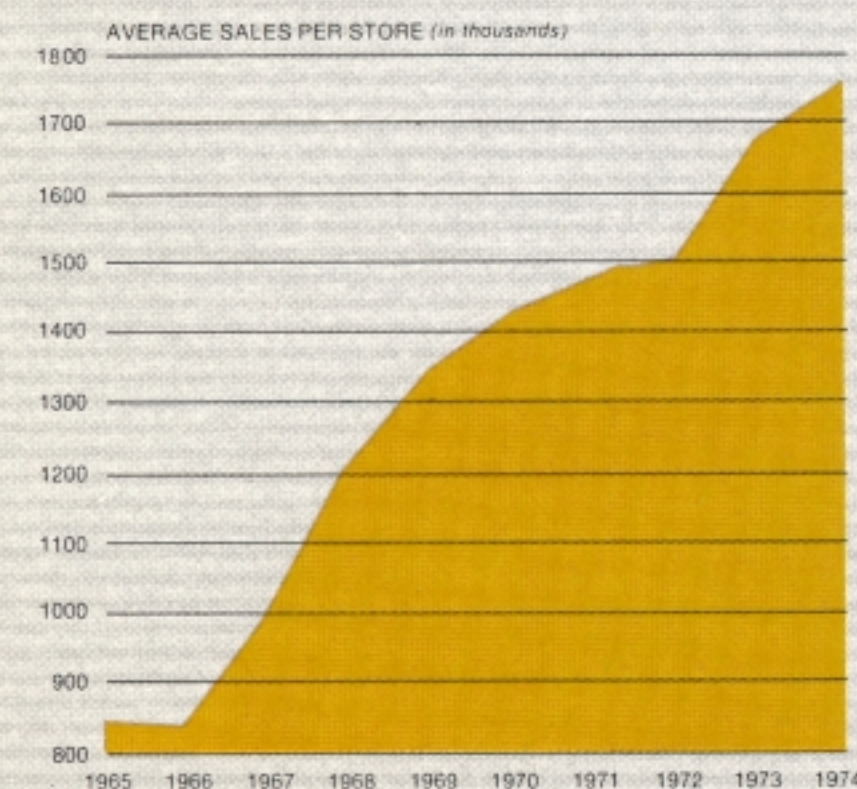
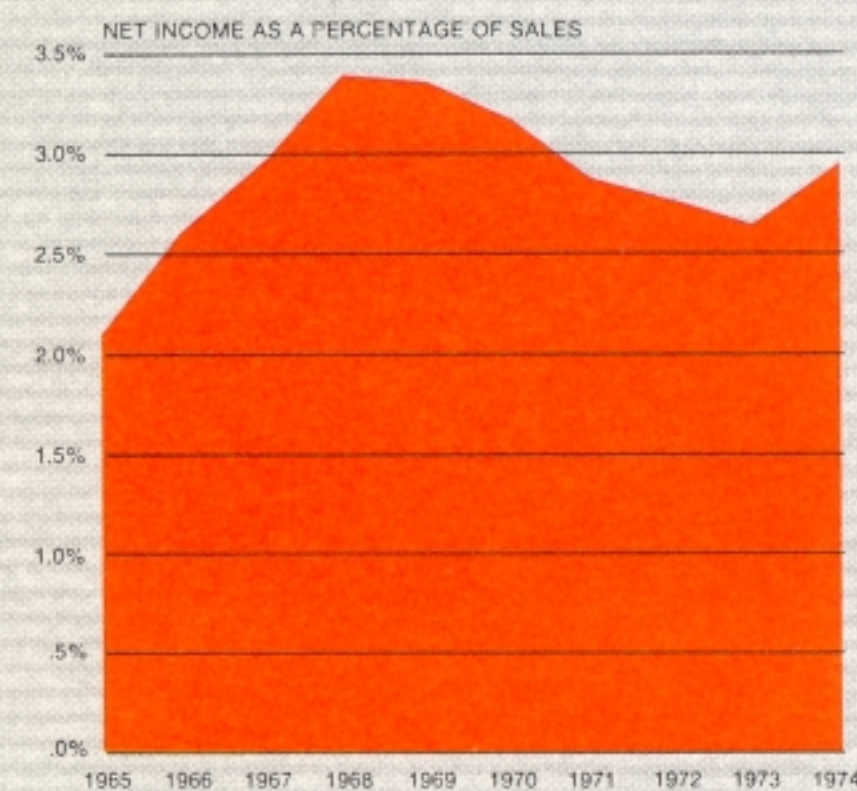
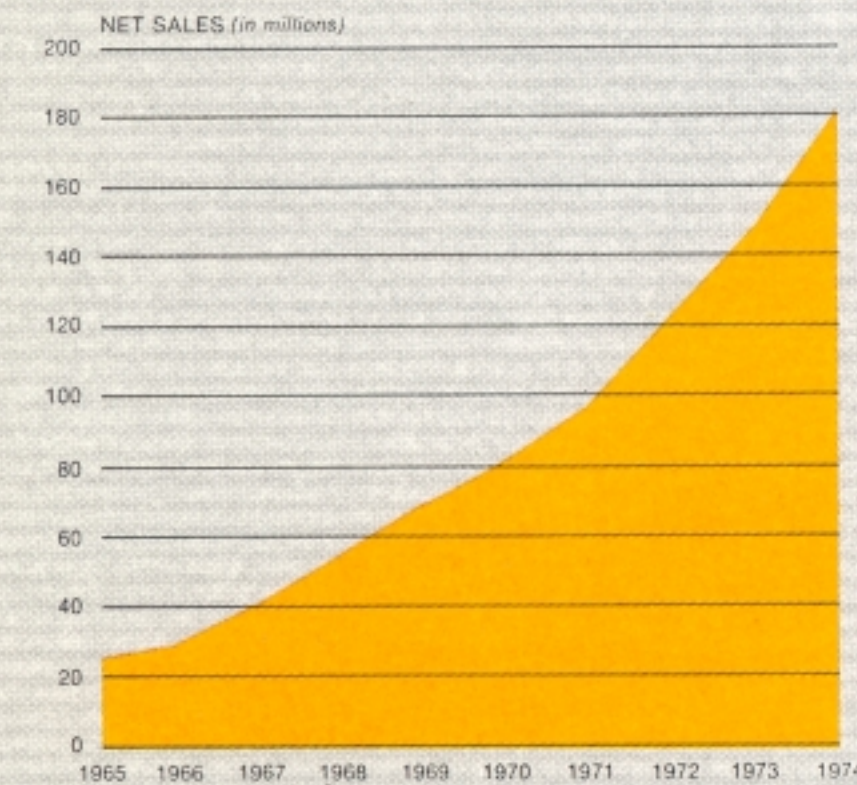
Year Ended January 31	Store Premises	Fixtures and Equipment
1975	\$ 4,936,279	\$ 85,583
1976	4,993,807	41,181
1977	4,965,883	16,839
1978	4,798,753	12,870
1979	4,606,238	12,870
1980-1984	20,281,377	19,075
1985-1989	13,688,980	
1990-1994	8,483,934	
Remainder to 2005	<u>2,680,502</u>	
	<u>\$69,435,753</u>	<u>\$188,418</u>

Leases relating to stores are generally for periods of from ten to twenty-five years with renewal options; leases for fixtures and equipment are for ten years. Property taxes paid on some leases are included in rental expense. Total rentals charged to costs and expenses amounted to \$5,913,603 in the year ended January 31, 1974 and \$4,876,919 in 1973, including excess rentals based on sales volume over minimum rentals of \$4,767,202 and \$3,966,276, respectively. The Securities and Exchange Commission has recently required additional disclosures regarding "financing leases" as defined by them and the company is presently analyzing its leases to determine the extent, if any, its leases meet the SEC defined criteria. Information regarding this matter will be filed with the annual report to the SEC on Form 10-K and will be made available to stockholders who request it.

#### Note 9 — Acquisition of Seattle Sporting Goods, Inc.

As of February 3, 1973, the company acquired Seattle Sporting Goods, Inc. at substantially book value and issued 21,418 shares of its capital stock in exchange for all of the outstanding shares of Seattle Sporting Goods. Of the shares issued, 10% were placed in escrow for up to six years pending settlement of certain unresolved matters. The acquisition was accounted for as a purchase. M. L. Bean, Chairman of the Board of Pay'n Save Corporation, had a 23% interest in Seattle Sporting Goods and received a proportionate share of the capital stock issued in the exchange. Had the acquisition occurred a year earlier, the approximate affect on the year ended January 31, 1973 would have been to increase sales to \$150,535,000, net income to \$3,982,000 and earnings per share to \$.93.





#### OPERATING RESULTS

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Net sales*	<b>\$181,723</b>	\$147,825	\$120,598	\$97,277	\$84,335	\$70,042	\$57,574	\$41,672	\$30,943	\$25,247
Net income*†	<b>5,304</b>	3,932	3,369	2,806	2,664	2,360	1,949	1,230	816	537
Net income as a percentage of sales	<b>2.92%</b>	2.66%	2.79%	2.88%	3.16%	3.37%	3.39%	2.95%	2.64%	2.13%
Earnings on equity at beginning of year	<b>18.92%</b>	16.02%	15.38%	14.33%	15.37%	25.65%	31.39%	26.49%	26.05%	20.78%

#### COMMON STOCK

Per common and common equivalent share —										
See Note 1 to financial statements‡	<b>\$ 1.24</b>	\$ .92	\$ .80	\$ .68	\$ .64	\$ .61	\$ .58	\$ .40	\$ .29	\$ .21
Book value per share	<b>7.81</b>	6.67	5.91	5.27	4.76	4.25	2.69	2.12	1.74	1.40
Approximate price range of common stock	<b>18-12</b>	22-17	18-8	11-5	14-9	14-9	10-4	5-3	3-2	2-1
Shares outstanding (end of year)+	<b>4,242</b>	4,202	4,156	4,156	4,118	4,080	3,424	2,934	2,694	2,250
Stock dividends							5%	5%	5%	5%
Cash dividends	<b>\$ .20</b>	\$ .18	\$ .175	\$ .15	\$ .125	\$ .10				

#### FINANCIAL POSITION (End of Year)

Working capital*	<b>\$ 29,236</b>	\$ 21,107	\$ 19,855	\$18,351	\$17,532	\$16,546	\$ 9,275	\$ 7,206	\$ 4,897	\$ 4,132
Current ratio	<b>2.83</b>	2.42	2.77	3.85	3.68	4.92	2.38	2.78	2.33	2.49
Long-term debt*	<b>8,387</b>	1,633	1,907	2,174	2,393	2,454	2,652	2,702	1,584	2,239
Stockholders' equity*	<b>33,146</b>	28,037	24,548	21,906	19,586	17,335	9,201	6,208	4,643	3,133

#### CAPITALIZATION PERCENTAGE

Long-term debt	<b>20.19</b>	5.5	7.2	9.0	10.9	12.4	22.4	30.3	25.4	41.7
Stockholders' equity	<b>79.81</b>	94.5	92.8	91.0	89.1	87.6	77.6	69.7	74.6	58.3

#### STORES IN OPERATION

Pay'n Save Drug	<b>61</b>	56	52	37	33	28	26	23	20	18
Pay'n Save Drug Ltd.	<b>5</b>	5	3	3	3	3	3	3	3	
Ernst-Malmo Home Centers	<b>26</b>	23	21	21	19	17	17	16	14	12
Sportsland	<b>5</b>									
Lamonts	<b>6</b>	5	5	5	4	4	4			
Total number of stores	<b>103</b>	89	81	66	59	52	50	42	37	30

#### AVERAGE SALES PER STORE (Based upon

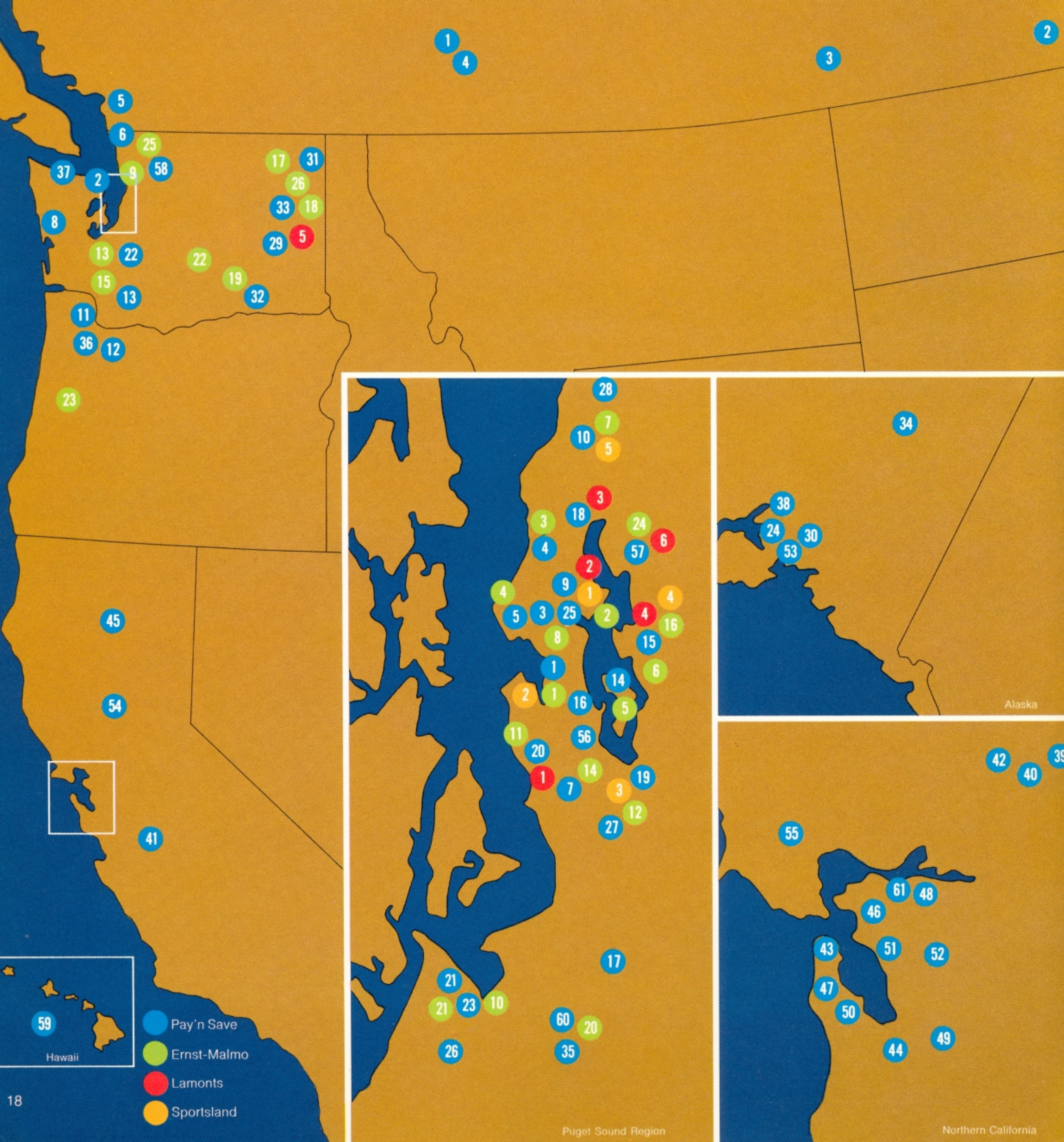
number of stores at end of the year*)	<b>\$ 1,764</b>	\$ 1,661	\$ 1,489	\$ 1,474	\$ 1,429	\$ 1,347	\$ 1,204	\$ 992	\$ 836	\$ 824
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\*Amounts in thousands of dollars.

+Thousands of shares outstanding, adjusted to give effect to stock splits in 1969 and 1973.

‡Includes extraordinary income or unusual items of \$87,191 or \$.03 per share in 1966, \$243,000 or \$.06 per share in 1969, \$152,000 or \$.04 per share in 1970, \$150,000 or \$.04 per share in 1971 and \$259,624 or \$.06 per share in 1974.





## Store Locations

### Pay'n Save Drug Stores

- 319 Pike St., Seattle, Wa.
- 2711 Colby Ave., Everett, Wa.
- 4535 University Way N.E., Seattle, Wa.
- 412 Northgate Mall, Seattle, Wa.
- 1423 N.W. Market St., Seattle, Wa.
- 1400 Cornwall, Bellingham, Wa.
- 601 S.W. 150th, Seattle, Wa.
- 201 So. Broadway, Aberdeen, Wa.
- 8500 35th N.E., Seattle, Wa.
- 20220 Aurora Ave. No., Seattle, Wa.
- 1421 Lloyd Center, Portland, Or.
- 4100 S.E. 82nd Ave., Portland, Or.
- Triangle Shopping Center, Longview, Wa.
- 7707 S.E. 27th, Mercer Island, Wa.
- 120 106th N.E., Bellevue, Wa.
- 2707 Rainier Ave. So., Seattle, Wa.
- 202 Cross St. S.E., Auburn, Wa.
- 17171 Bothell Way N.E., Seattle, Wa.
- 40 Renton Village, Renton, Wa.
- 9071 Westwood Village Pl. S.W., Seattle, Wa.
- 6111 Sixth Ave., Tacoma, Wa.
- 415 South Sound Center, Olympia, Wa.
- 10407 Plaza Dr. S.W., Tacoma, Wa.
- 1370 Northern Lights Blvd., Anchorage, Ak.
- 4700 University Village Pl., Seattle, Wa.
- 9830 Pacific Ave. So., Tacoma, Wa.
- 1001 Southcenter Shopp'g Ctr., Seattle, Wa.
- 7500 196th S.W., Lynnwood, Wa.
- 115 Parkade Plaza, Spokane, Wa.
- 171 Bragaw St., Anchorage, Ak.
- E. 12115 Sprague, Opportunity, Wa.
- 700 Columbia Center, Kennewick, Wa.
- E. 810 29th Ave., Spokane, Wa.
- Third and Steese Hwy., Fairbanks, Ak.
- 1323 E. Main Ave., Puyallup, Wa.
- 6555 S.W. Beaverton-Hillsdale, Portland, Or.
- 621 S. Lincoln, Port Angeles, Wa.
- 9th and Gamble, Anchorage, Ak.
- 4000 Manzanita, Carmichael, Ca.
- 2419 Del Paso Blvd., No. Sacramento, Ca.
- 1115 West 17th St., Merced, Ca.
- 875 Russell Blvd., Davis, Ca.
- 2030 Market St., San Francisco, Ca.
- 3081 Stevens Creek Road, Santa Clara, Ca.
- 1181 Cypress, Redding, Ca.
- 2801 Adeline St., Berkeley, Ca.
- 5260 Diamond Hts. Blvd., San Francisco, Ca.
- 966 Monument Blvd., Concord, Ca.
- 1832 Hillsdale, San Jose, Ca.
- 872 No. Delaware, San Mateo, Ca.
- 73rd & Bancroft, Oakland, Ca.
- 9485 Village Pkwy., San Ramon, Ca.
- 3901 Seward Highway, Anchorage, Ak.
- 6000 Lindhurst Rd., Marysville, Ca.
- 371 South McDowell Blvd., Petaluma, Ca.
- 9200 Rainier Ave. So., Seattle, Wa.
- 12530a Kingsgate Wy. N.E., Kirkland, Wa.

- 242 College Way, Mt. Vernon, Wa.
- 848 Ala Lilikoi St., Honolulu, Ha.
- 11107 So. Meridian, Puyallup, Wa.
- 210 Golf Club Rd., Pleasant Hill, Ca.

### Pay'n Save Drugs, Ltd.

- 326 7th Ave. W., Calgary, Alberta
- 318 Donald St., Winnipeg, Manitoba
- 1926 Hamilton St., Regina, Saskatchewan
- 6707 Elbow Dr., Calgary, Alberta
- 8037 120th, Delta, British Columbia

### Ernst-Malmo Home Centers

- Sixth and Pike, Seattle, Wa.
- 4704 25th N.E., Seattle, Wa.
- 414 Northgate Mall, Seattle, Wa.
- 1740 N.W. Market St., Seattle, Wa.
- 7711 S.E. 27th St., Mercer Island, Wa.
- 125 106th N.E., Bellevue, Wa.
- 20050 Aurora Ave. No., Seattle, Wa.
- 333 Westlake Ave. No., Seattle, Wa.
- 4920 Evergreen Way, Everett, Wa.
- 10419 Plaza Dr. S.W., Tacoma, Wa.
- 9109 Westwood Village S.W., Seattle, Wa.
- 60 Grady Way, Renton Village, Renton, Wa.
- 25 South Sound Center, Olympia, Wa.
- 150 Burien Plaza S.W., Seattle, Wa.
- Triangle Shopping Center, Longview, Wa.
- Crossroads Shopping Center, Bellevue, Wa.
- E. 12105 Sprague Ave., Opportunity, Wa.
- E. 820 29th Ave., Spokane, Wa.
- 821 Columbia Center, Kennewick, Wa.
- 1317 E. Main Ave., Puyallup, Wa.
- 6425 6th Ave., Tacoma, Wa.
- 2505 Main St., Union Gap, Wa.
- 1167 Goodpasture Rd., Eugene, Or.
- 12630 Kingsgate Wy. N.E., Kirkland, Wa.
- 310 College Way, Mt. Vernon, Wa.
- W. 2215 Wellesley, Spokane, Wa.

### Seattle Sporting Goods "Sportsland"

- 4740 Roosevelt Way N.E., Seattle, Wa.
- 4538 California Ave. S.W., Seattle, Wa.
- 508 South Third, Renton, Wa.
- Crossroads Shopping Center, Bellevue, Wa.
- 1140 Aurora Village Plaza N., Seattle, Wa.

### Lamonts Apparel Stores

- 460 S.W. 152nd, Seattle, Wa.
- 2700 N.E. Village Mall, Seattle, Wa.
- 17171 Bothell Way N.E., Seattle, Wa.
- N.E. 156th and 8th N.E., Bellevue, Wa.
- E. 802 29th Ave., Spokane, Wa.
- 12601 120th N.E., Kirkland, Wa.



# Officers and Directors

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## DIRECTORS

Monte L. Bean  
M. Lamont Bean  
Joshua Green, Jr.  
James H. Clawson  
E. R. Erickson  
Calvin Hendricks

## OFFICERS

Monte L. Bean, *Chairman of the Board*  
M. Lamont Bean, *President*  
E. R. Erickson, *Vice President Operations*  
Calvin Hendricks,  
*Vice President Administration, Treasurer*  
John E. Ryan, Jr., *Secretary*  
Jennie K. Hauge, *Assistant Treasurer*  
V. S. Heggen, *Assistant Secretary*

## EXECUTIVE COMMITTEE

M. Lamont Bean  
E. R. Erickson  
Calvin Hendricks

## TRANSFER AGENTS AND REGISTRARS

Peoples National Bank of Washington  
Seattle, Washington  
Bankers Trust Company  
New York, N.Y.

## AUDITORS

Price Waterhouse & Co.

## COUNSEL

Ryan, Bush, Swanson and Hendel

## GENERAL OFFICES

1511 Sixth Avenue, Seattle, Washington