SCHENLEY DISTILLERS CORPORATON
(BERNHEIM DISTILLING COMPANY)
1937

KEITH BROWN

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SCHENLEY DISTILLERS CORPORATION

Excerpt from minutes of special meeting of Board of Directors of January 18, 1937.

Mr. Lewis S. Rosenstiel stated that negotiations were in progress for the acquisition under a proposed plan of reorganization of the properties and business of Bernheim Distilling Company, a Kentucky corporation, in exchange for the issuance of 210,000 shares of Common Stock of this Corporation.

After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that this Board of Directors hereby authorizes the Executive and Finance Committee to continue and conclude the negotiations for the acquisition under a proposed plan of reorganization of the business and properties of the Bernheim Distilling Company, subject to the final approval of this Board of the contract for said acquisitions.

SCHENLEY DISTILLERS CORPORATION 2

The following resolutions were passed at a meeting of the Board of Directors on January 26, 1937.

The Chairman of the meeting stated to the meeting that negotiations with Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, the sole stockholders of Bernheim Distilling Company, had successfully resulted in a proposed agreement to be dated as of the 21st inst. between such individuals and this Corporation. By the terms of such agreement, this Corporation was to acquire 2250 shares of the capital stock of Bernheim Distilling Company (being all the issued and outstanding capital stock of such corporation) and to issue and deliver in exchange therefor, 210,000 shares of the Common Stock, each share of the par value of $5, full paid and non-assessable to this Corporation. A balance sheet of such Bernheim Distilling Company and its Subsidiary as of December 31, 1936 and a statement of earnings thereof for the year ending December 31, 1936 were, the Chairman stated, attached as exhibits to the proposed agreement, and the closing was conditioned upon the submission of an audited balance sheet and an audited statement of earnings showing the financial position and net worth, and the earnings for such year, at least as great as are shown in such balance sheet and statement of earnings, respectively, (with a $25,000 leeway and damage due to flood excepted). The Chairman explained that the acquisition would be as of January 1, 1937, but that the agreement contained suitable provisions to the effect that Bernheim Distilling Company and its Subsidiary would in the interim be operated only in the ordinary and usual course of business. The Chairman pointed out that under the agreement if Bernheim Distilling Company shall have suffered losses on account of fire, accident or other calamity (including flood losses) aggregating $500,000, this Corporation was not obliged to proceed with the consummation of the contract, and that analogously Messrs. Schwarzhaupt and Gerngross and Mrs. Gerngross would not be obligated to proceed if this corporation shall have suffered losses on account of fire, accident or other calamity (including flood losses) aggregating $2,500,000. The Chairman further stated that the acquisition of the said 2250 shares of the capital stock of Bernheim Distilling Company was part of a plan of reorganization under which the 210,000 shares of the Common Stock of this Company to which he had already referred was to be issued to Messrs. Schwarzhaupt and Gerngross and to Mrs. Gerngross, the stockholders of Bernheim Distilling Company, in exchange for the entire issued and outstanding stock of such Corporation. The Chairman submitted the proposed agreement to the meeting and a copy thereof was ordered annexed to the minutes of this meeting.

After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that the Board of Directors does hereby adjudge and declare said 2,250 shares of the outstanding Capital Stock of Bernheim Distilling Company referred to in the proposed agreement between this Corporation and Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross submitted to this meeting to be necessary for the business of this Corporation and to be of a value at least equal to the par value of the stock demanded therefor; and further

RESOLVED, that said proposed agreement in the form submitted to this meeting be and the same is hereby approved and accepted; and further

RESOLVED, that the officers of this Corporation be and they hereby are authorized and directed to evidence the entry by this Corporation into the said proposed agreement by signing and sealing a copy thereof and delivering the same to the said Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross; and further

RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to issue to Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, the stockholders of Bernheim Distilling Company, in the proportions set forth in the said agreement (pursuant to a plan of reorganization, in exchange for 2250 shares of the capital stock of Bernheim Distilling Company, (being the entire issued and outstanding stock of Bernheim Distilling Company)), certificates of full paid and non-assessable Common Stock of this Corporation for an aggregate of 210,000 shares, each share of the par value of $5, upon the transfer to this Corporation of the said 2,250 shares of Capital Stock of Bernheim Distilling Company, all pursuant to the terms of the said agreement; and further

RESOLVED, that application be made to the New York Stock Exchange for the listing of 210,000 shares of the Common Stock of the par value of $5 per share of this Corporation, and that Messrs. Harold Jacobi, Ralph T. Heymsfeld, Lester E. Jacobi and Sidney B. Becker and each of them be and they hereby are designated by the Corporation to appear before the Committee on Stock List of said New York Stock Exchange with authority to make such changes in said application or any agreement relative thereto as may be necessary to conform with the requirements for listing; and further

RESOLVED, that application on Form S-A, pursuant to the provisions of the Securities Exchange Act of 1934, be made to the New York Stock Exchange and the Securities and Exchange Commission for the registration on the New York Stock Exchange of said 210,000 additional shares of Common Stock of this Corporation and that proper officers of this Corporation are hereby authorized to execute and file such application and to execute all such other documents and do all such other acts as they may deem advisable in connection therewith, including the application to the Securities and Exchange Commission for the acceleration of the effective date of said Form S-A in order that the registration of the said additional shares of Common Stock shall be effective at the earliest possible date; and further

RESOLVED, that the authority heretofore granted to The Commercial National Bank and Trust

Company of New York, as Transfer Agent of the Common Stock of this Corporation, and to Bankers Trust Company as Registrar of the Common Stock of this Corporation, is hereby extended and increased to include, among the shares of Common Stock of the Corporation authorized to be issued and subject to transfer from time to time, the 210,000 shares of Common Stock so authorized at this meeting to be issued, and said The Commercial National Bank and Trust Company of New York shall thereupon be authorized and directed to record and countersign and thereupon to deliver to Bankers Trust Company, the Registrar of such Common Stock for registration and when so registered to issue and deliver to the proper officers of this Corporation said 210,000 shares of Common Stock of the Corporation in such names and for such amounts as this Corporation may direct in writing signed by the Chairman of the Board of Directors or the President or a Vice-President and the Secretary or the Treasurer, under the seal of this Corporation; and further

RESOLVED, that the proper officers of this Corporation are hereby authorized and directed to do any and all such acts and things as they in their discretion may deem necessary or advisable to carry out the foregoing resolutions and the intent thereof.

The following resolutions were passed at a meeting of the Board of Directors on February 16, 1937.

The Chairman of the meeting reported that the result of investigation of the properties of Bernheim Distilling Company and Subsidiary indicated an estimated flood loss not in excess of $100,000. Reference was made to the provisions in the agreement made by this Corporation with Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, dated January 25, 1937 as of January 21, 1937, in so far as they relieved this Corporation from obligation to proceed under the terms of such agreement if Bernheim Distilling Company or Subsidiary suffered losses on account of fire, accident or other calamity (including flood losses) in excess of $500,000. The Chairman referred likewise to an analogous provision in such agreement referring to similar losses on the part of this Corporation or subsidiaries aggregating $2,500,000, and pointed out that in so far as flood losses were concerned, (which flood losses are to be hereafter in this meeting more fully discussed by Mr. Lester E. Jacobi), the damage was too small to render possible the operation of such provision. After discussion, upon motion duly made and seconded, it was unanimously

RESOLVED, that the officers of this Corporation be and they hereby are authorized and directed to proceed with all reasonable dispatch to the consummation of the plan of reorganization as set forth in the agreement dated January 25, 1937, as of January 21, 1937 made by this Corporation with Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross; and further

RESOLVED, that as part of the plan of reorganization proper officers of this Corporation be and they hereby are authorized and directed to cause to be organized under the laws of the State of Delaware a corporation to be known as Bernheim Distilling Company with a capital stock to consist of 100 shares, each share of the par value of $5., and, after acquisition pursuant to the terms of the said agreement, of the 2,250 shares of the outstanding Capital Stock of Bernheim Distilling Company (Kentucky), to cause such shares of stock to be transferred and delivered to Bernheim Distilling Company (Delaware), so organized, in exchange for the issuance and delivery to this Corporation by Bernheim Distilling Company (Delaware) of 100 shares of said Corporation's capital stock (being the entire issued and outstanding capital stock of such Corporation); and further

RESOLVED, that this Board of Directors recommends, effective upon the acquisition by this Corporation of the entire issued and outstanding capital stock of Bernheim Distilling Company (Delaware), as heretofore in these resolutions set forth, that such Bernheim Distilling Company (Delaware) recommend to Bernheim Distilling Company (Kentucky) that said latter Corporation dissolve and distribute its assets, subject to its liabilities, to Bernheim Distilling Company (Delaware); and further

"RESOLVED, that the proper officers of this Corporation are hereby authorized and directed to do any and all such acts and things as they in their discretion may deem necessary or advisable to carry out the foregoing resolutions and the intent thereof".

SCHENLEY DISTILLERS CORPORATION

Excerpt from minutes of meeting of Board of Directors of March 16, 1937.

The Chairman reported that on March 10, 1937, pursuant to the agreement between this Corporation and Messrs. Emil Schwarzhaupt and Leo Gerngross and Mrs. Pauline Gerngross, dated January 25, 1937 as of January 21, 1937, 210,000 shares of the authorized Common Stock of this Corporation had been issued and delivered to said Messrs. Schwarzhaupt and Gerngross and Mrs. Gerngross in exchange for 2250 shares of the capital stock of Bernheim Distilling Company; that said 210,000 shares had previously been listed on the New York Stock Exchange and registered with the Securities and Exchange Commission; that under the plan of reorganization, Bernheim Distilling Company was organized under the laws of Delaware and all of its capital stock acquired by this Corporation in exchange for the 2250 shares of Bernheim Distilling Company (of Kentucky), and that said Bernheim Distilling Company (of Kentucky) was in the process of dissolution; all in accordance with resolutions heretofore adopted by this Board of Directors.

SCHENLEY DISTILLERS CORPORATION

Excerpt from minutes of meeting of Board of Directors of April 8, 1937.

The Chairman stated to the meeting that the value appearing upon the books of account of this corporation of its investment in the capital stock of Bernheim Distilling Company (Delaware) had been fixed at $5,793,855.63, such sum being the net worth of Bernheim Distilling Company (Kentucky) as at December 31, 1936, as per its audited statement.

Upon motion duly made and seconded, it was unanimously

RESOLVED, upon the audited report of Bernheim Distilling Company (Kentucky) as of December 31, 1936, as presented to this meeting, that the action of the officers of this corporation in setting up upon the books of account of this corporation the figure of $5,793,855.63 as the value of the investment of this corporation in the capital stock of Bernheim Distilling Company (Delaware) be and the same hereby is in all respects ratified, confirmed and approved.

AGREEMENT, made this 25th day of January, 1937, as of the 31st day of January, 1937, between EMIL SCHWARZHAUPT, LEO GERNGROSS and PAULINE GERNGROSS (hereinafter called the "Stockholders"), parties of the first part, and SCHENLEY DISTILLERS CORPORATION, a Delaware corporation (hereinafter called "Schenley"), party of the second part,

W I T N E S S E T H:

WHEREAS, it is contemplated as a part of a plan of reorganization that there is to be issued to the Stockholders, or their respective nominees, common stock of Schenley in exchange for the entire issued stock of Bernheim Distilling Company, a Kentucky corporation (hereinafter called the "Company"), THEREFORE, in order to carry out said plan of reorganization, IT IS AGREED by and between the parties hereto as follows:

FIRST: The Stockholders jointly and severally represent, warrant and agree as follows:

(a) That the Company is a corporation, duly organized and existing under the laws of the State of Kentucky, with an authorized capitalization of 2,250 shares, each share of the par value of $100, all of which shares are now issued and outstanding and all of which shares are owned or controlled by Schwarzhaupt and Co., a copartnership (hereinafter called "Schwarzhaupt") free and clear of any lien or encumbrance whatsoever.

(b) The Company is the owner of all of the outstanding shares of stock of Belmont Distilling Company, a Kentucky corporation (hereinafter called the "Subsidiary"), which Subsidiary is now validly existing; all of the outstanding shares of stock of such Subsidiary have been duly

and validly issued and are fully paid and non-assessable.

(c) Attached hereto and marked Exhibit "A" and made a part hereof is a balance sheet of the Company and the Subsidiary as of December 31, 1936. Neither the Company nor the Subsidiary has any liabilities (other than such federal, state, county and local taxes as are payable upon the withdrawal from bond of distilled spirits now in the Company's internal revenue warehouses, and other than so-called windfall taxes not in excess of $30,000.) other than such as are properly reflected upon their books of account and as are indicated upon said balance sheet. Said balance sheet provides a sufficient reserve for doubtful accounts, extraordinary collection expenses, returns and allowances. At the date hereof, the financial condition of the Company and the Subsidiary (excepting with respect to any loss due to flood or damage) is at least as good and their net worth is at least as great as shown on said balance sheet, and (excepting as aforesaid) there has been no change in the financial condition of the Company or the Subsidiary since the date of said balance sheet except in the ordinary and regular course of business, and no dividends or distributions have been paid or made on the Company's or the Subsidiary's stock since the date of said balance sheet.

(d) Attached hereto, marked Exhibit "B", is a statement of earnings of the Company and the Subsidiary for the year ending December 31, 1936. Neither the Company nor the Subsidiary has any earnings or any losses or charges for such year other than such as were properly reflected upon the books of account and are indicated upon such statement (other than such federal, state, county and local taxes as are payable upon the withdrawal from bond of distilled spirits now in the Company's internal revenue bonded warehouses).

(e) The Company was, as of the close of business on December 31, 1938, the owner of good marketable and indefeasible title, free and clear of any liens and encumbrances (other than liens and encumbrances appertaining to federal, state, county and local taxes upon distilled spirits then in its internal revenue bonded warehouses), to the distilled spirits reflected upon its books of account and indicated upon said balance sheet, Exhibit "A", which distilled spirits are in the quantities, of the ages and of the types heretofore indicated in writing by the Stockholders to Schmley, and said inventories (excepting with respect to any loss or damage due to flood) have not been reduced, increased or changed since December 31, 1938, except by manufacture, purchase and sale in the regular course of the Company's business.

(f) The Company has, at the date hereof, outstanding warehouse receipts only in the forms hereto attached and made a part hereof, and has (excepting with respect to any loss or damage due to flood) in its internal revenue bonded warehouses, the barrels and cases of distilled spirits represented by all warehouse receipts so outstanding.

(g) The Company is the owner of good marketable and indefeasible title, free and clear of any liens and encumbrances (other than such statutory federal, state, county and local liens, if any, as appertain to distilled spirits now in its internal revenue bonded warehouses, and other than liens for such general taxes as are reserved against or otherwise reflected in the said balance sheet, Exhibit "A"), in fee simple in and to land of not less than 11-3/4 acres in area, located at Louisville, Kentucky, and to the two distilleries, warehouses and other buildings located thereon, and one

of said distilleries (to wit, the so-called Distillery No. 1) has at the date hereof a registered grain capacity, as appears upon Government records, of approximately 2,877 bushels per day, and the other of said distilleries (to wit, the so-called Distillery No. 2) has at the date hereof a registered grain capacity, as appears upon Government records, of approximately 1,535 bushels per day, and said warehouses (insofar as completed) have at the date hereof a storage capacity of at least 320,500 barrels.

(h) The Company owns at the date hereof and has the exclusive right to use in the United States of America the following liquor brands: I. W. HARPER and OLD CHARTER (excepting that with respect to Old Charter the Company has permitted one concern to use the said brand in connection with distilled spirits heretofore manufactured and has permitted another concern to use the same with certain restrictions); the Subsidiary owns at the date hereof and has the exclusive right to use in the United States of America the following liquor brands: BELMONT, NUTWOOD and ASTOR. (The Company and the Subsidiary are using other liquor brands but the representations, warranties and agreements in this subdivision (h) of paragraph FIRST contained do not apply to such other liquor brands.)

(i) Neither the Company nor the Subsidiary has, as of the date hereof, any agreement, contract, lease or other commitment of any kind or character other than such as have been heretofore approved of in writing by Schenley; that pursuant to the terms thereof the Company and the Subsidiary have respectively, as of the date hereof, duly performed all of the conditions on their respective parts to be performed under said agreements, contracts, leases or other commitments and are not in default with respect thereto.

(j) There is no litigation existing or threatened against the Company or the Subsidiary.

SECOND: Prior to the Closing Date hereinafter referred to the Stockholders will cause Schwarzhaupt to take such action as may be necessary to the end that Emil Schwarzhaupt shall own 1,350 of the said 2,250 issued and outstanding shares of the Company, Leo Gerngross shall own 562-1/2 of such shares, and Pauline Gerngross shall own 337-1/2 of such shares. At 10:00 A.M. of the Closing Date hereinafter referred to, the Stockholders jointly and severally agree to deliver to Schenley, or to such one of its subsidiaries and/or nominee or nominees as it shall have designated in writing to the Stockholders at least two days prior to the Closing Date, valid certificates for 2,250 shares of stock of the Company, each share of the par value of $100, in the name of Schenley or, if such designation shall have been given, in the name of the subsidiary and/or nominee or nominees of Schenley so designated, against the delivery by Schenley to Emil Schwarzhaupt of valid certificates for 126,000 shares of the Common Stock of Schenley, each share of the par value of $5.00, to Leo Gerngross of valid certificates for 52,500 such shares, and to Pauline Gerngross of valid certificates for 31,500 such shares, in the names of said respective individuals or in the name of such nominee or nominees as each of the same shall respectively designate to Schenley in writing at least two days prior to the Closing Date. All such shares so delivered shall be fully paid and non-assessable, and the shares delivered by Schenley as aforesaid shall have been listed upon the New York Stock Exchange and registered under the Securities Exchange Act of 1934 (ex-

cepting that in the event Schenley is unable with due diligence to so list and register such stock, this agreement shall be null and void and neither party shall be liable on account thereof).

THIRD: The Stockholders jointly and severally warrant and agree that upon the Closing Date the Company's authorized and issued stock will be the same as is set forth in subdivision (a) of paragraph FIRST hereof; that upon delivery by the Stockholders to Schenley of certificates for an aggregate of 2,250 shares of the stock of the Company as hereinbefore in paragraph SECOND hereof provided, such certificates and the shares thereby represented will be free and clear of any lien or encumbrance whatsoever; that the Company will, upon the Closing Date, own all of the issued and outstanding shares of stock of the Subsidiary, which Subsidiary shall then be lawfully existing, all of whose shares of stock shall have been duly and validly issued and shall be fully paid and non-assessable; that the Company and the Subsidiary will, upon the Closing Date, have (excepting with respect to any loss or damage due to flood) a financial condition at least as good and a net worth at least as great as set forth in the balance sheet referred to in subdivision (c) of paragraph FIRST hereof; that the Company and the Subsidiary shall (excepting with respect to any loss or damage due to flood) own the assets set forth on such balance sheet and be subject only to the liabilities (including, but not limited to, all claims, costs, charges, income and other taxes, except as may be herein to the contary expressly provided) shown therein (and to liabilities for federal, state, county and local taxes as are payable upon the withdrawal from bond of distilled spirits then in its

internal revenue bonded warehouses, and for so-called windfall taxes not in excess of $30,000.), subject with reference to such assets and liabilities only to changes due to the ordinary and normal course of business since December 31, 1936, excepting that in the event there shall have occurred at any time during the period commencing with January 1, 1937 and terminating upon the Closing Date, a record date or record dates for the payment of a dividend upon the Common Stock of Schenley, the said assets shall be reduced by an amount equal to a sum arrived at by multiplying 210,000 by the aggregate amount of any dividend per share declared upon all such record dates during such period upon the Common Stock of Schenley; that the Company will not up to the Closing Date (excepting with respect to loss or damage due to flood) have reduced, increased or changed its inventories referred to in subdivision (e) of paragraph FIRST hereof except by manufacture, purchase and sale in the regular course of the Company's business; that all of the distilled spirits represented by such inventories will (excepting insofar as the same may be damaged due to flood) be prime, sound and merchantable (but no recovery shall be had upon the basis of any breach of warranty or agreement of any of the Stockholders as to the primeness, soundness or merchantability of such distilled spirits unless Schenley shall have notified the Stockholders as promptly as possible after its ascertainment of any such breach and in no event after a period terminating with the ninetieth day subsequent to the Closing Date); that the Company will upon the Closing Date have outstanding warehouse receipts only in the forms hereto attached and made a part hereof, and will then have in its internal revenue bonded warehouses (excepting with

respect to loss or damage due to flood) the barrels and cases of distilled spirits represented by all such warehouse receipts as are then outstanding; that the Company and Subsidiary will respectively then own and have the exclusive right to use (subject to exception referred to in subdivision (h) of paragraph FIRST hereof) in the United States of America the designated liquor brands referred to insaid subdivision; that neither the Company nor the Subsidiary shall upon such Closing Date have any agreement, contract, lease or other commitment, oral or written, of any kind or character other than referred to in subdivision (i) of paragraph FIRST hereof or other than such as shall have, subsequent to the date of the execution and delivery hereof, been approved of in writing by Schenley, and that the Company and the Subsidiary shall then have respectively duly performed all of the conditions on their respective parts to be performed under all such agreements, contracts, leases, or other commitments and will not then be in default in respect thereto; and that neither the Company nor the Subsidiary will upon the Closing Date have any litigation existing or threatened against them; that all information furnished by the Stockholders or any of them, or by the Company, in connection with the registration under the Securities Exchange Act of 1934, or the listing upon the New York Stock Exchange of the shares of stock of Schenley to be delivered pursuant to the terms of this agreement, shall be true in all respects when made and there shall not be therein any omission to state a material fact required to be stated therein or necessary to make such information not misleading; and that each of the Stockholders is acquiring the shares of stock of Schenley to be delivered pursuant to the terms of this agreement not for the purpose of

distributing the same to the public. The Stockholders shall together be entitled, in the event of any breach or breaches of any of the warranties or agreements herein in this paragraph THIRD contained, to a credit in the aggregate of $25,000 against any damage recoverable by Schenley by reason of any such breach or breaches on the part of the Stockholders. The Stockholders will cooperate with the Company, the Subsidiary and/or Schenley and render necessary or desired assistance in the defense of any litigation. The obligations of the Stockholders herein shall survive the Closing in this agreement provided for.

FOURTH: The Stockholders agree that Schenley and its officers, agents, accountants, counsel and other representatives, shall have full and free access to all the books, records, accounts, agreements, contracts, leases and other papers and documents and to the inventories and other physical assets of the Company or the Subsidiary and will cause their officers and employees to cooperate in assisting Schenley and such officers, agents, accountants, counsel and other representatives in investigating the financial and physical condition of the Company or of the Subsidiary and in preparing the necessary papers in connection with the registration under the Securities Exchange Act of 1934 and listing of the shares of stock of Schenley upon the New York Stock Exchange to be delivered pursuant to the terms of this agreement. All documents forming any part of the plan of reorganization herein in this agreement provided for, or the issuance and delivery of the stock of

the Company and of the stock of Schenley shall be in form approved by counsel for both parties hereto.

FIFTH: Schenley warrants and agrees that upon the Closing Date Schenley's authorized Capital Stock will consist of 800,000 shares of Preferred Stock, each share of the par value of $100, and 1,500,000 shares of Common Stock, each share of the par value of $5.00, and that its issued stock will be not in excess of 176,250 shares of such Preferred Stock and (inclusive of the shares of Common Stock to be delivered by Schenley to the Stockholders pursuant to the terms hereof) 1,260,000 shares of such Common Stock. The obligations of the Stockholders to accept delivery of the shares of stock of Schenley and to deliver shares of stock of the Company in exchange shall be subject (unless the Stockholders jointly elect to waive any right hereunder) to the express condition precedent that Schenley shall not have suffered a loss or losses aggregating $2,500,000, on account of fire, accident or other calamity, regardless of whether such loss shall have been insured.

SIXTH: In addition to all of the representations, warranties and agreements contained in any part of this agreement, the obligation of Schenley to accept delivery of the shares of stock of the Company and to deliver its shares of stock in exchange therefor shall be subject (unless Schenley elects in any case to waive any right hereunder) to the following further express conditions precedent:

(a) That counsel for the Stockholders and counsel for Schenley shall have furnished Schenley with their respective written opinions that the Stockholders have performed all of the obligations and conditions herein contained on their part them to be performed and complied with.

(b) That counsel for the Stockholders and

counsel for Schenley shall then have furnished to Schenley their respective written opinions that the Company and the Subsidiary have been duly organized and are lawfully existing, and that the Company has an authorized capitalization in accordance with the provisions hereof, and that upon delivery by the Stockholders to Schenley, or its subsidiary or nominee or nominees, of certificates for 8,250 shares of the stock of the Company, such shares will be duly and validly issued and outstanding, fully paid and non-assessable, and no other shares will then be authorized or issued by the Company, and that the Company is the owner of record of all of the issued and outstanding shares of stock of the Subsidiary and that all of such shares of stock of the said Subsidiary have been duly and validly issued and are fully paid and non-assessable.

(c) That the Stockholders shall then have furnished Schenley with the opinion of counsel who are satisfactory to counsel for Schenley, in form satisfactory to counsel for Schenley, that the Company holds good marketable and indefeasible title in fee simple to the real estate referred to in subdivision (g) of paragraph FIRST hereof, free and clear of all liens and encumbrances except as hereinbefore referred to.

(d) That the Stockholders shall then have furnished to Schenley (a) a balance sheet of the Company and the Subsidiary as of December 31, 1938, as audited by Humphrey, Robinson & Company, which shows the financial position and net worth of the Company and the Subsidiary to be at least as great as the same is shown upon the balance sheet, Exhibit "A"; (b) a statement of earnings of the Company and the Subsidiary for the

year ending December 31, 1936, as audited by Humphrey, Robinson & Company, which shall show earnings for such year at least as great as the same are shown upon the statement of earnings, Exhibit "B"; and (c) a certificate of the Company's auditor that from December 31, 1936, there have (excepting with respect to loss or damage due to flood) been no changes in the financial position or net worth of the Company or of the Subsidiary except in the ordinary and usual course of business, and that from such date no agreements, contracts, leases or other commitments have been made by the Company or the Subsidiary other than in the ordinary and usual conduct of the business and except as contemplated by this agreement.

(e) That neither the Company nor the Subsidiary shall then have any litigation pending or threatened.

(f) That the Company shall not have suffered a loss or losses aggregating $500,000, on account of fire, accident or other calamity, regardless of whether such loss shall have been insured.

(g) That the Stockholders shall then have delivered to Schenley (1) a letter or photostatic copy thereof of due federal authority stating the federal records as to the number of original barrels and/or cases (separately stated for each description of merchandise by distilling year and maker) of bonded distilled spirits located at the warehouses of the Company referred to in subdivision (g) of paragraph FIRST hereof, and (2) a letter of Humphrey Robinson and Co. setting forth the number of original barrels and cases separately stated as above, of distilled spirits deposited in said respective internal revenue bonded warehouses which, according to the records of the Company, are (excepting with respect to loss or damage due to

flood) held in such warehouses for the account of others than the Company; and said letter or photostatic copy thereof and said letter shall substantially accord with the representation, warranty and agreement referred to in subdivision (e) of paragraph FIRST hereof, except insofar as the Company's inventories therein referred to shall have been reduced, increased or changed by manufacture, purchase and sale in the regular course of the Company's business (and excepting with respect to loss or damage due to flood).

(h) That the Stockholders shall then have delivered to Schenley certificates of Emil Schwarzhaupt and Leo Gerngross, respectively, that their respective agreements of employment with the Company, heretofore approved of in writing by Schenley, are then in full force and effect.

SEVENTH: The Closing Date shall be February 28, 1937, or such earlier date as the parties may mutually agree upon, or such later date as shall be necessary to enable the parties by the use of reasonable diligence to perform the conditions hereof. The closing shall occur at the office of Schenley, 30 West 40th Street, New York City.

EIGHTH: All notices under this agreement shall be in writing, and if to the Stockholders shall be sufficient in all respects if delivered in person or sent by registered mail to them care of Schwarzhaupt and Co., at 58 William Street, New York City, and if to Schenley shall be sufficient in all respects if delivered in person or sent by registered mail to Schenley at 30 West 40th Street, New York City.

NINTH: This agreement and all the terms hereof shall enure to and be binding upon the parties hereto and their respective successors and assigns, and upon the personal representatives of the parties of the first part.

IN WITNESS WHEREOF, the Stockholders have hereunto set their hands and seals, and Schenley has caused this agreement to be executed on its behalf by its duly authorized officers, all as of the day and year first above written.

EMIL SCHWARZHAUPT (L.S.)

LEO GERNGROSS (L.S.)

PAULINE GERNGROSS (L.S.)

SCHENLEY DISTILLERS CORPORATION

CORPORATE SEAL

By

HAROLD JACOBI
President

Attest:

RALPH T. HEYMSFELD
Secretary

STATE OF NEW YORK } SS:
COUNTY OF NEW YORK }

On this 25 day of January, 1937, before me personally came EMIL SCHWARTHAUPT, LEO GRUNGROSS, and PAULINE GRUNGROSS, to me known to be the persons described in and who executed the foregoing instrument, and they severally acknowledged that they executed the same.

H. S. KEMPER
Notary Public
NY Co. Clks No.342
Reg. No.8K517
Com.expires 3/30/38

STATE OF NEW YORK }SS:
COUNTY OF NEW YORK }

On this 25 day of January, 1937, before me personally came HAROLD JACOBI, to me known, who being by me duly sworn, did depose and say that he resides in Woodmere, New York; that he is the President of SCHENLEY DISTILLERS CORPORATION, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

H.S.KEMPER
Notary Public
NY CO.CLKS NO. 342
Reg. No. 8K517
Com.expires 3/30/38

Twelve (12) forms of warehouse receipts and memorandum of explanation thereof omitted from this copy.

The closing date referred to in paragraph SECOND of the agreement between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross (called stockholders) and Schenley Distillers Corporation (called Schenley) is hereby postponed to 2:30 P.M. on March 10, 1937.

Dated as of February 23, 1937.

Emil Schwarzhaupt

Leo Gerngross

Pauline Gerngross

By: Emil Schwarzhaupt
(Empowered to sign for them)

SCHENLEY DISTILLERS CORPORATION

By: Harold Jacobi
President

I hereby certify that according to the Government records, there were in Internal Revenue Bonded Warehouse No. 1, 7th District of Kentucky, of the Bernheim Distilling Company, Louisville, Kentucky, as of December 31, 1936, the following original barrels and cases of distilled spirits:

BARRELS

Yr. of Distillation	Distilled By Bernheim Dist'g. Co. #1 Bbn.	Distilled By Bernheim Dist'g. Co. #2 Rye	Distilled By Bernheim Dist'g. Co. #2 Malt	Distilled By Belmont Dist'g. Co. #2 Bbn.	Distilled By Park & Tilford Dist'g. #1 Bbn.	Distilled By Old Mountaineer Dist'g. Co. #1 Bbn.	Distilled By Chapin & Core, Inc. #2 Bbn.	Distilled By Wright & Taylor #17 Bbn.	Total by Yrs.
1933	715	431	0	0	0	0	0	314	1460
1934	11292	3330	1537	31012	0	525	0	97	47793
1935	61444	1550	0	41542	1191	0	2004	0	107731
1936	87930	481	0	42301	0	280	3106	0	134099
Totals,	161381	5792	1537	114855	1191	805	5110	411	291082

CASES

Year Produced	Year Bottled	Bernheim Dist'g. Co. #9	United Amer. Co. #9	E.J.W. #1	Total By Years
Spring '15	Spring '33	0	98	0	98
" '16	Fall '33	0	0	20	20
" '16	Spring '34	0	14	0	14
Fall '16	Fall '33	25	0	0	25
" '16	" '34	7	9	0	16
" '17	" '33	0	216	0	216
" '17	" '34	0	15	0	15
Totals,		32	352	20	404

E. F. HUMPHREY
U.S.G. GAUGER.

Bernheim Distilling Company, Incorporated
Louisville, Kentucky

Gentlemen:

We hereby certify that, according to your records, the following barrels and cases of distilled spirits were stored in Internal Revenue Bonded Warehouse No. 1, 7th District of Kentucky, of the Bernheim Distilling Company, Louisville, Kentucky, at December 31, 1936, for the account of others than the Bernheim Distilling Company:

Barrels:

Year of Distillation	Distilled by Bernheim Distilling Co. No.1 Bbn.	Distilled by Bernheim Distilling Co. No. 2 Rye	Distilled by Bernheim Distilling Co. No. 2 Malt	Distilled by Belmont Distilling Co. No. 2 Bbn.	Distilled by Park & Tilford, Distillers No. 1 Bbn.	Distilled by Old Mountaineer Distilling Co. No. 1 Bbn.	Distilled by Chapin & Gore, Inc. No. 2 Bbn.	Distilled by Wright & Taylor No. 17 Bbn.	Total by Years
1933	704	429	0	0	0	0	0	0	1,133
1934	11,292	3,330	205	1	0	525	0	0	15,353
1935	61,194	1,550	0	0	1,191	0	2,004	0	65,939
1936	70,010	481	0	0	0	280	3,106	0	73,877
Totals	143,200	5,790	205	1	1,191	805	5,110	0	156,302

Cases:

Year Produced	Year Bottled	Bernheim Distilling Co. No. 9	United American Co. No. 9	E. J. W. No. 1	Total by Years
Spring 1916	Spring 1933		98		98
" "	Fall "			20	20
" "	Spring 1934		3		3
Fall "	Fall 1933	25			25
" "	" 1934		9		9
" 1917	" 1933		198		198
" "	" 1934		15		15
Totals		25	323	20	368

Respectfully submitted

HUMPHREY ROBINSON AND COMPANY

Louisville, Kentucky
February 16, 1937

By ROBERT MILLER
Certified Public Accountant

C E R T I F I C A T E

I, EMIL SCHWARZHAUPT, and I, LEO GERNGROSS, do hereby certify: (a) that neither Bernheim Distilling Company nor Belmont Distillery Company has any litigation pending or threatened; and (b) that Bernheim Distilling Company has not since January 21, 1937, suffered a loss or losses aggregating $500,000 on account of fire, accident or other calamity.

IN TESTIMONY WHEREOF, witness our signatures on this 10th day of March, 1937.

EMIL SCHWARZHAUPT

LEO GERNGROSS

Witnesses:

R. McCULLUM

R. McCULLUM

BERNHEIM DISTILLING COMPANY
INCORPORATED
17th & BRECKINRIDGE STREETS
LOUISVILLE, KENTUCKY.

New York Office
52 William Street
Hanover 2-2064

NEW YORK March 1, 1937.

Schenley Distillers Corporation,
60 East 42th Street,
New York, New York.

Gentlemen:

Pursuant to the request of Mr. William Saxe, I have made inquiries concerning the status of the subsidiaries of the Bernheim Distilling Company (other than the Belmont Distilling Company), and find as follows:

1. The BARWICK COMPANY: This company organized under the laws of Kentucky was dissolved in 1918. Certified copy of the statement of dissolution on file in the office of the Secretary of State of Kentucky is attached hereto.

2. The BELMONT DISTILLERY COMPANY: This company was incorporated under the laws of Maryland in 1933. On information furnished by Leo Garngross, of New York, New York, one of the incorporators, and by Estelle M. Fleischer, secretary to the late H. H. Nettelroth, of Louisville, Kentucky, also one of the incorporators, the company was never organized, nor were officers elected or stock issued. The company therefore was never a subsidiary of the Bernheim Distilling Company. Franchise tax returns have been regularly made.

3. The ASTOR PURE RYE DISTILLING COMPANY: This company was incorporated under the laws of Kentucky in 1933 and an organization meeting held, officers elected, and stock issued. On information furnished me by the officers of the company it has never engaged in business. Stock, except the qualifying shares, is all owned by the Bernheim Distilling Company and the qualifying shares are endorsed in blank and held by it. The minute book of the corporation has been furnished to Mr. William Saxe.

4. The UNITED AMERICAN COMPANY: This company was organized in January, 1911, being incorporated a short time prior thereto. In 1918 the board of directors adopted a resolution, still in effect, to wind up and liquidate its affairs. In 1933 it was recognized by resolution of the board that the company's affairs for many years past had been conducted through the Bernheim Distilling Company and provision was made for consolidating the company's ledger accounts with those of the Bernheim Distilling Company. On information furnished by J. W. Browne, Secretary and Treasurer of the company, it has transacted no business in recent years, all its stock is owned by the Bernheim Distilling Company, and franchise tax

returns have been regularly made. The minute book of the company is available for inspection at the office of Emil Schwarzhaupt, 52 William Street, New York, New York.

Respectfully submitted,

FREDERIC P. LEE (Sgd.)

FREDERIC P. LEE, General Counsel,
BRONHEIM DISTILLING COMPANY.

FPL:McC

CERTIFICATE OF INCORPORATION

OF

BERNHEIM DISTILLING COMPANY — blank

---ooOoo---

FIRST: The name of the corporation is BERNHEIM DISTILLING COMPANY.

SECOND: Its principal office in the State of Delaware is located at 100 West 10th Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, 100 West 10th Street, Wilmington, Delaware.

THIRD: The nature of the business or objects or purposes to be transacted, promoted or carried on by the corporation are as follows:

To carry on, in any and all parts of the world, as principal, or as agent, broker, consignee or factor, the business of exporting, importing, shipping, transporting, buying, selling, exchanging and otherwise dealing in alcoholic beverages of all kinds and description, and, in connection therewith, to manufacture, distill, rectify, compound, blend, denature, bottle, distribute, advertise, buy, sell and deal in whiskies, high wines, alcoholic spirits, beers, ales, liquors and gins of all kinds, fermented and unfermented essences, beverages, juices and extracts of all kinds, and the products and by-products thereof.

To act in any and all parts of the world in any capacity whatsoever, as financial, commercial or business

agent or representative, general or special, or otherwise, for any domestic or foreign corporations, associations, partnerships, syndicates, entities, persons or governments, municipalities or other public bodies.

To import, export, transport, ship, buy, sell, manufacture, grow, cultivate, trade and deal in, as principal, or as agent or broker, all ingredients, substances, drugs, chemicals, commodities, by-products and compounds, incidental, appropriate or necessary to or produced in connection with the manufacture and production of alcoholic beverages; to import, export, transport, ship, purchase, sell and, generally, to deal in, as principal, or as agent or broker, distillers and brewers supplies, materials and products of every kind and description.

To store, warehouse, measure, inspect, weigh, test, compound, blend, denature, bottle, barrel, purchase, distribute, transfer and forward, so far as may be lawful, all kinds of alcoholic and non-alcoholic and fermented and unfermented spirituous and non-spirituous liquors, essences and beverages.

To issue, register, certify and guarantee storage and warehouse receipts, negotiable or non-negotiable; to conduct a general carting, trucking, express, freighting and moving business, by means of horse-drawn and motor trucks and vehicles, or other suitable means; to advance loans on the security of goods on deposit, and, generally, to do all acts and things usual in the business of warehousing.

To conduct the business of manufacturing, buying, selling, exporting and importing barrels, casks, hogsheads, kegs, bottles and metal containers of all kinds and for any and every purpose.

To manufacture, purchase or otherwise acquire, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade, deal in and with, goods, wares and merchandise, and real and personal property of every class and description.

To acquire, hold, use, sell, assign, grant licenses or sublicenses in respect of, lease, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses, privileges, inventions, improvements, processes, copyrights, trade-marks and trade names, relating to or useful in connection with any business of this corporation.

To purchase, acquire, hold, pledge, hypothecate, exchange, sell, contract to sell, underwrite, deal in and dispose of, alone or in syndicates, or otherwise in conjunction with others, stocks, bonds and other evidences of indebtedness and obligations of any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, and evidences of any interest in respect of any such stocks, bonds and other evidences of indebtedness and obligations; to issue in exchange therefor its own stocks, bonds or other obligations; and, while the owner or holder of any such, to exercise all the rights, powers and privileges of ownership in respect thereof; and, to the extent now or hereafter permitted by law, to aid by loan, subsidy, guaranty or otherwise those issuing, creating or responsible for any such stocks, bonds or other evidences of indebtedness or obligations or evidences of any interest in respect thereof.

To engage in any mercantile, manufacturing or trading business of any kind or character whatsoever, within or without the State of Delaware, and to do all things incidental to any such business; to cause to be formed, merged or reorganized or liquidated, and to promote, take charge of and aid in any way permitted by law the formation, merger, reorganization or liquidation of any corporation, association or entity in the United States or abroad.

To acquire all or any part of the good will, rights, property and business of any person, entity, partnership, association or corporation heretofore or hereafter engaged in any business similar to any business which the corporation has power to conduct, to pay for the same in cash or in stock, bonds or other obligations of the corporation or otherwise, to hold, utilize and in any manner dispose of the whole or any part of the rights and property so acquired, and to assume, in connection therewith, any liabilities of any such person, entity, partnership, association or corporation, and conduct in any lawful manner the whole or any part of the business thus acquired.

To make any guaranty respecting stocks, dividends, bonds, securities, indebtedness, interest, contracts or other obligations so far as the same may be permitted to be done by a corporation organized under the laws of Delaware.

To make, enter into and carry out any arrangements with any domestic or foreign governmental, municipal or public authority, or with any corporation, association, partnership, syndicate, entity or person, domestic or foreign, to obtain therefrom or otherwise to acquire, by purchase, lease, assignment, or otherwise, any powers, rights, privileges, immunities,

franchises, guaranties, grants and concessions; to acquire, hold, own, exercise, exploit, dispose of and realize upon the same, and to undertake and prosecute any business dependent thereon; and to promote, cause to be formed and aid in any way any corporation, association, partnership, syndicate or entity for any such purposes.

To enter into, make, perform and carry out, or cancel and rescind, contracts of every kind and description, for any lawful purposes pertaining to its business, with any person, entity, syndicate, partnership, association, corporation or governmental, municipal or public authority, domestic or foreign.

From time to time, without limit as to amount, to borrow or raise moneys for any of the purposes of the corporation, and to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment thereof and of the interest thereon by mortgage on, or pledge, conveyance or assignment in trust of, the whole or any part of the assets of the corporation, real, personal or mixed, including contract rights, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such securities or other obligations of the corporation for its corporate purposes; to loan its uninvested funds and/or surplus from time to time to such extent as the corporation may deem advisable, with such security, if any, as the Board of Directors may determine.

To purchase, hold, sell, transfer, reissue or cancel the shares of its own capital stock or any securities or other obligations of the corporation in the manner and to the extent now or hereafter permitted by the laws of Delaware; provided that the corporation shall not use its funds or other assets for the purchase of its own shares of stock when such use would cause any impairment of the capital of the corporation, and provided further that shares of its own capital stock belonging to the corporation shall not be voted directly or indirectly.

In general, to carry on any business not contrary to the laws of Delaware, and to have and exercise all of the powers conferred by the laws of Delaware upon corporations formed thereunder; and to do any and all of the acts and things herein set forth to the same extent as natural persons could do, and in any part of the world, as principal, factor, agent, contractor, trustee or otherwise, either alone or in company with any person, entity, syndicate, partnership, association or corporation; to establish and maintain offices and agencies within, and anywhere outside of, the State of Delaware; and to exercise all or any of its corporate powers and rights in the State of Delaware and in any and all other states, territories, districts, colonies, possessions or dependencies of the United States of America and in any and all foreign countries.

To do everything necessary, proper, advisable or convenient for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein set forth, and to do every other act and thing incidental thereto or connected therewith, pro-

vided the same be not forbidden by the laws of Delaware.

The foregoing clauses shall be construed as powers as well as objects and purposes, and the matters expressed in each clause shall, except if otherwise expressly provided, be in no wise limited by reference to or inference from the terms of any other clause, but shall be regarded as independent objects, purposes and powers; and the enumeration of specific objects, purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the corporation; nor shall the expression of one thing be deemed to exclude another not expressed, although it be of like nature.

The corporation shall be authorized to exercise and enjoy all other powers, rights and privileges granted by an Act of the General Assembly of the State of Delaware, entitled, "An Act Providing A General Corporation Law," approved March 10, 1899, to corporations of this character and all the powers conferred upon such corporations by the laws of Delaware, as in force from time to time, so far as not in conflict herewith, or which may be conferred by all acts heretofore or hereafter amendatory of or supplemental to said Act or said laws, and the enumeration of certain powers as herein specified is not intended as exclusive of, or as a waiver of, any of the powers, rights or privileges granted or conferred by said Act or said laws now or hereafter in force; provided, however, that the corporation shall not in any state, territory, district, possession or country carry on any business, or exercise any powers which a corporation organized under the laws thereof could not carry on or exercise.

FOURTH: The total number of shares of stock which the corporation shall have authority to issue is one hundred (100), and the par value of each of such shares shall be Five Dollars ($5.00), amounting in the aggregate to Five Hundred Dollars ($500.00).

FIFTH: The minimum amount of capital with which the corporation will commence business is One Thousand Dollars ($1,000.00).

SIXTH: The names and places of residence of the incorporators are as follows:

Name	Residence
Walter Lenz	Wilmington, Delaware
B. R. Jones	Wilmington, Delaware
J. P. Murray	Wilmington, Delaware

SEVENTH: The corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders will not be subject to the payment of corporate debts to any extent whatever.

NINTH: All corporate powers shall be exercised by the Board of Directors, except as may be otherwise provided by statute or by this Certificate of Incorporation; and the following powers are in furtherance, and not in limitation, of the powers conferred by statute.

The Board of Directors may authorize the payment of compensation to the directors for services to the corporation, including fees for attendance at meetings of the Board

of Directors, and of committees, and may determine the amounts of such compensation and fees.

The Board of Directors may make by-laws, for the corporation and, from time to time, alter, amend or repeal any by-laws, but any by-laws made by the Board of Directors may be altered, amended or repealed by the stockholders at any annual meeting, or at any special meeting if notice of such proposed alteration, amendment or repeal is included in the notice of such special meeting.

The corporation may enter into contracts or transact business with one or more of its directors, or with any firm in which one or more of its directors are partners, or with any corporation or association in which any one of its directors is a stockholder, director or officer, and such contract or transaction shall not be invalidated or in any wise affected by the fact that such director or directors have or may have interests therein which are or might be adverse to the interests of this corporation, even though the vote of the director or directors having such adverse interest shall have been necessary to obligate this corporation upon such contract or transaction; and no director or directors having such adverse interest shall be liable to this corporation or to any stockholder or creditor thereof, or to any other person, for any loss incurred by it under or by reason of any such contract or transaction, nor shall any such director or directors be accountable for any gains or profits realized thereon; always provided, however, that such contract or transaction shall at the time at which it was entered into have been a reasonable one to have been entered into and shall have been upon terms that at that time were fair.

The Board of Directors may from time to time establish, reestablish, amend, alter or repeal, and may put into effect and carry out, such a plan or plans as may from time to time be approved by it for the distribution among or sale to the officers and employees of the corporation, or any of them, in addition to their regular salaries or wages, of any moneys or other property of the corporation, or of any shares of stock of the corporation, of any class, in consideration for or in recognition of the services rendered by such officers and employees.

The Board of Directors may authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power, given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in, and/or other securities of, any other corporation or corporations, as the Board of Directors shall deem expedient and for the best interests of the corporation.

Any member of the Board of Directors may be removed from office at any time without cause assigned therefor, by

affirmative vote of a majority of the stockholders of the corporation having voting power, at any special meeting of the stockholders called in accordance with the provisions of the by-laws of the corporation.

The corporation may in its by-laws confer powers upon its Board of Directors in addition to the foregoing, and in addition to the powers expressly conferred upon it by statute.

TENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors, or any class of them, and/or between this corporation and its stockholders, or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 3883 of the Revised Code of 1915 of said State, or on the application of trustees in dissolution, or of any receiver or receivers appointed for this corporation under the provisions of Section 43 of the General Corporation Law of the State of Delaware, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said

reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

ELEVENTH: Both stockholders and directors shall have power, if the by-laws so provide, to hold their meetings, and to have one or more offices, within or without the State of Delaware, and to keep the books of this corporation (subject to the provisions of the statutes) outside of the State of Delaware, at such places as may be from time to time designated by the Board of Directors.

TWELFTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the General Corporation Law of the State of Delaware, being Chapter 65 of the Revised Code of Delaware, and the acts amendatory thereof and supplemental thereto, do make this certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set our hands and seals this 2nd day of March, 1937.

In Presence of:

Harold E. Grantland

Walter Lenz (L.S.)

B. R. Jones (L.S.)

J. P. Murray (L.S.)

STATE OF DELAWARE)
COUNTY OF NEW CASTLE) SS.:

BE IT REMEMBERED, that on this 2nd day of March, A. D. 1927, personally came before me, Harold E. Grantland, a Notary Public for Delaware, Walter Lenz, B. R. Jones, and J. P. Murray, all of the parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said Certificate to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

Harold E. Grantland
Notary Public.

Harold E. Grantland
Notary Public
Appointed Jan. 11, 1927
State of Delaware
Term Two Years

STATE OF DELAWARE

OFFICE OF SECRETARY OF STATE

I, CHARLES L. TERRY, JR., Secretary of State of the State of Delaware, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of Certificate of Incorporation of the "BERNHEIM DISTILLING COMPANY", as received and filed in this office the second day of March, A. D. 1937, at 1 o'clock P. M.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal, at Dover, this second day of March in the year of our Lord one thousand nine hundred and thirty-seven.

CHARLES L. TERRY, JR.
Secretary of State.

Secretary's Office
1911
1855 Delaware 1793

Received for Record
March 2nd, A. D. 1937
Albert Stetser
Recorder

STATE OF DELAWARE
NEW CASTLE COUNTY
} SS.

Recorded in the Recorder's Office at Wilmington, in Certificate of Incorporation, Record , Vol. Page &c., the 2nd day of March, A. D. 1937.

Witness my hand and official seal.

Albert Stetser
Recorder.

Recorder's Office
New Castle Co. Del.
Mercy - Justice

BERNHEIM DISTILLING COMPANY

---oo0oo---

BY-LAWS

---oo0oo---

ARTICLE I

Stockholders

Section 1. The annual meeting of the stockholders of the Corporation shall be held at the office of the Corporation in the City of New York, on the second Thursday in April of each year (or, if said day be a legal holiday, then on the next succeeding day not a holiday), at four o'clock in the afternoon, for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting.

Section 2. Special meetings of the stockholders may be held upon call of the Board of Directors, Executive Committee or President (and shall be called by the President at the request in writing of stockholders owning a majority of the outstanding shares of the Corporation entitled to vote at the meeting), at such time and at such place within or without the State of Delaware as shall be fixed by the call and stated in the notice of the meeting.

Section 3. Notice of the time and place of every meeting of stockholders, except as may otherwise be required by statute, shall be delivered personally or mailed, not less than ten nor more than forty days previous thereto, to each stockholder of record entitled to notice of and to vote at the meeting. Notices sent by mail shall be directed to each stockholder at his address as it appears on the stock book, unless he shall have filed with the Secretary of the Corporation a request that notices be mailed to another address, in which case the notice shall be mailed

to the address designated in such request. Notice of any adjourned meeting need not be given. Meetings may be held without notice if all stockholders entitled to vote at the meeting are present, or if notice is waived by those not present.

Section 4. The holders of record of a majority of the issued and outstanding shares of the Corporation entitled to vote at the meeting shall, except as otherwise provided by law, constitute a quorum at all meetings of the stockholders. If there be no such quorum present in person or by proxy, the holders of a majority of the stock present in person or by proxy and entitled to vote thereat may adjourn the meeting from time to time.

Section 5. Meetings of the stockholders shall be presided over by the President, or, if he is not present, by a Vice-President, or, if no such officer is present, by a chairman to be chosen at the meeting. The Secretary of the Corporation, or, in his absence, an Assistant Secretary, shall act as secretary of the meeting, or, if both are absent, a secretary of the meeting shall be chosen at the meeting.

Section 6. Each stockholder entitled to vote at any meeting shall have one vote for each share of stock held by him which has voting power upon the matter in question at the time. Such vote may be cast in person or by proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period.

Section 7. At all elections of directors, the voting shall be by ballot, and a plurality of the votes cast shall elect. The chairman of each meeting at which directors are to be elected shall appoint two inspectors of election, unless such appointment shall be unanimously

waived by those stockholders present or represented by proxy at the meeting and entitled to vote at the election of directors. No director or candidate for the office of director shall be appointed as such inspector. The inspectors shall first take and subscribe an oath or affirmation faithfully to execute the duties of inspectors at such meeting with strict impartiality and according to the best of their ability, and shall take charge of the polls and after the balloting shall make a certificate of the result of the vote taken. Except where the stock transfer books of the Corporation shall have been closed or a date shall have been fixed as a record date for the determination of the stockholders entitled to vote, as hereinafter provided, no share of stock shall be voted on at any election of directors which shall have been transferred on the books of the Corporation within twenty days next preceding such election.

Section 8. The Board of Directors may close the stock transfer books of the Corporation for a period not exceeding forty days preceding the date of any meeting of stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect; or, in lieu of closing the stock transfer books, as aforesaid, the Board of Directors may fix in advance a date, not exceeding forty days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice

of, and to vote at, any such meeting, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after such record date fixed as aforesaid.

ARTICLE II

Board of Directors

Section 1. The Board of Directors of the Corporation shall consist of seven (7) persons, who shall each hold office until the next annual meeting following his election and until his successor shall have been elected and shall have qualified, or until his resignation, disqualification, death or removal, as hereinafter provided. No director need be a stockholder of the Corporation. A majority of the directors shall constitute a quorum for the transaction of business.

Section 2. Vacancies in the Board of Directors, unless these by-laws provide otherwise, shall be filled by a majority of the remaining directors, though less than a quorum, and the directors so chosen shall hold office until the next annual election or until their respective successors are elected and have qualified, or until resignation, disqualification, death or removal, as hereinafter

provided. An increase in the Board of Directors shall be held to create a corresponding number of vacancies in the Board.

Section 3. Any director may be removed at any time, with or without cause, by the affirmative vote of the holders of record of the majority of the stock of the Corporation entitled to vote, given at a special meeting of the stockholders called for that purpose, and the vacancy in the Board of Directors caused by such removal may, but need not, be filled at such meeting by the stockholders.

Section 4. Meetings of the Board of Directors shall be held at such place within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the call of any meeting. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board, and special meetings may be held at any time upon the call of the Executive Committee, the Chairman of the Board, the President, or any two members of the Board, by oral, telegraphic or written notice, duly served on each director not less than three days before the meeting or sent or mailed to each director not less than three days before the meeting. The notice of any meeting need not specify the purposes thereof. Notice need not be given of regular meetings of the Board held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing or by telegraph. The act of a majority of the directors pre-

sent at any such meeting at which a quorum was present, shall be the act of the Board of Directors, unless otherwise provided in these by-laws.

Section 5. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate an Executive Committee, to consist of the Chairman of the Board of Directors, if any, the President, and such other directors as the Board may from time to time determine. The Executive Committee shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it; but the Executive Committee shall not have power to fill vacancies in the Board, or to change the membership of or to fill vacancies in the said Committee, or to make or amend by-laws of the Corporation. The Board shall have the power at any time to change the membership of the Executive Committee, to fill vacancies in it, or to dissolve it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it shall from time to time deem necessary. A majority of the members of the Executive Committee shall constitute a quorum.

Section 6. The Board of Directors may also by resolution or resolutions passed by a majority of the whole Board, designate one or more other committees, each such committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and

affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. A majority of the members of any such committee may determine its action and fix the time and place of its meetings unless the Board of Directors shall otherwise provide. The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee.

ARTICLE III

Officers

Section 1. The officers of the Corporation shall be a President, who shall be a member of the Board of Directors, and one or more Vice-Presidents, a Treasurer, a Secretary, and such other officers as may, from time to time, be appointed by the Board of Directors. The officers shall be chosen by the Board of Directors as soon as practicable after the election of the Board of Directors. The Secretary and Treasurer may or may not be the same person, and, if the Corporation have a Vice-President, he may, if deemed advisable by the directors, hold the offices of Vice-President and Treasurer, or Vice-President and Secretary, but not the offices of Vice-President and President, or Vice-President, Secretary and Treasurer.

Section 2. The President may appoint and remove such other employees and agents as the business of the Corporation may require, for such period, with such duties, and for such compensation, as the President or the Board of Directors may from time to time determine.

Section 3. The term of office of each officer shall be until the first meeting of the Board of Directors subsequent to the next annual meeting of stockholders following his election and until his successor is elected, or until he shall resign, become disqualified, die, or be removed from office. Any officer (except a director) elected or appointed by the Board of Directors may be removed at any time by vote of a majority of the Board of Directors.

Section 4. Subject to such limitations as the Board of Directors or the Executive Committee may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or by the Executive Committee. The Secretary shall be sworn to the faithful discharge of his duties. The Treasurer and the Assistant Treasurers may be required to give bond for the faithful discharge of their duties, in such sum and with such surety or sureties as the Board of Directors may from time to time prescribe.

ARTICLE IV

Certificates of Stock

Section 1. The interest of each stockholder of the Corporation shall be evidenced by a certificate or certificates for shares of stock in such form as the Board of Directors may from time to time prescribe. The shares of stock of the Corporation shall be transferable on the books of the Corporation by the holder thereof in person or by his attorney upon surrender for cancellation of a certificate or certificates for the same number of shares, with an assign-

ment and power of transfer endorsed thereon or attached thereto, duly executed, and with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

Section 2. The certificates of stock shall be signed by the President or a Vice-President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer (except that where any such certificate is signed by a transfer agent or an assistant transfer agent or a transfer clerk and by a registrar, the signatures of any such President, Vice-President, Secretary, Treasurer, Assistant Secretary, or Assistant Treasurer, may be facsimile, engraved or printed), and shall be countersigned and registered in such manner, if any, as the Board of Directors may by resolution prescribe. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the Corporation, and such issuance and delivery shall constitute adoption thereof by the Corporation.

Section 3. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed,

except upon production of such evidence of such loss, theft or destruction and upon delivery to the Corporation of a bond of indemnity in such amount, upon such terms, and secured by such surety, as the Board of Directors in its discretion may require.

ARTICLE V

Corporate Books

The books of the Corporation, except the original or duplicate stock ledger, may be kept outside of the State of Delaware at such place or places as the Board of Directors may from time to time determine.

ARTICLE VI

Checks, Notes, Etc.

All checks and drafts on the Corporation's bank accounts and all bills of exchange and promissory notes, and all acceptances, obligations and other instruments for the payment of money, shall be signed by such officer or officers, or agent or agents, as shall be thereunto authorized from time to time by the Board of Directors.

ARTICLE VII

Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January in each year and shall end on the thirty-first day of December following.

ARTICLE VIII

Corporate Seal

The corporate seal shall have inscribed thereon the name of the Corporation and the words "Incorporated

Delaware 1957". In lieu of the corporate seal, when so authorized by the Board of Directors or a duly empowered committee thereof, a facsimile of such corporate seal may be impressed or affixed or reproduced.

ARTICLE IX
Offices

The Corporation and the stockholders and the directors may have offices outside of the State of Delaware at such places as shall be determined from time to time by the Board of Directors.

ARTICLE X
Amendments

The by-laws, regardless of whether made by stockholders or by the Board of Directors, may be amended, added to or repealed, or new by-laws may be made, at any meeting of the stockholders, or (except such by-laws or such amendments as shall have been adopted by the stockholders and at the time of such adoption expressly designated as revocable only by the stockholders) at any meeting of the Board of Directors, provided that notice of the proposed change (unless waived as herein provided by a waiver or presence at the meeting) be given in the notice of the meeting. No change of the time or place for the annual meeting of stockholders for the election of directors shall be made, except in accordance with the laws of the State of Delaware.

BERNHEIM DISTILLING COMPANY

---ooOoo---

MINUTES OF MEETING OF

INCORPORATORS

---ooOoo---

The meeting of the incorporators of BERNHEIM DISTILLING COMPANY, was held on the 2nd day of March, 1937, at 3:45 P. M., at its principal office, No. 100 West Tenth Street, Wilmington, Delaware, pursuant to a written waiver of notice signed by all said incorporators, fixing said time and place, as follows:

BERNHEIM DISTILLING COMPANY

---ooOoo---

WAIVER OF NOTICE

MEETING OF INCORPORATORS

---ooOoo---

WE, THE UNDERSIGNED, being all the incorporators of BERNHEIM DISTILLING COMPANY, incorporated under the laws of the State of Delaware, DO HEREBY WAIVE NOTICE of the time, place and purpose of the first meeting of the said corporation and do fix the 2nd day of March, 1937, at 3:45 o'clock in the afternoon, as the time, and the principal office of said corporation, No. 100 West Tenth Street, Wilmington, Delaware, as the place of said meeting.

And we do hereby waive all the requirements of the statutes of Delaware, both as to the notice of this meeting and the publication thereof; and we do consent to the transaction of such business as may come before said meeting.

Dated, March 2nd, 1937.

WALTER LENZ

B. E. JONES

J. P. MURRAY

The following incorporators were present in person:

Walter Lenz

B. R. Jones

J. P. Murray

being all of the incorporators.

Upon motion, Mr. Walter Lenz was chosen as chairman, and Mr. J. P. Murray was chosen as secretary of the meeting.

The chairman reported that the certificate of incorporation was filed in the office of the Secretary of State of Delaware, on the 2nd day of March, 1937, and that a certified copy thereof was recorded on the 2nd day of March, 1937, in the office of the Recorder of New Castle County, Delaware, and the secretary was instructed to cause a copy of such certificate of incorporation to be inserted in the minute book.

The secretary presented a form of by-laws for the regulation of the affairs of the corporation, which was read, section by section.

Upon motion, duly made, seconded and carried, it was

RESOLVED, That the by-laws submitted at and read to this meeting be, and the same hereby are, adopted as and for the by-laws of this corporation, and that the secretary be, and he hereby is, instructed to cause the same to be inserted in the minute book immediately following the copy of the certificate of incorporation.

The chairman stated that the next business before the meeting was the election of a board of directors.

A. B. Gilland and A. B. Knight were appointed inspectors of election and thereupon subscribed and swore to the following oath:

BERNHEIM DISTILLING COMPANY

---ooOoo---

INSPECTORS' OATH

---ooOoo---

State of Delaware,)
: ss.:
County of New Castle,)

We, A. B. Gilland and A. E. Knight being sworn upon our respective oaths do severally promise and swear that we will faithfully, honestly and impartially perform the duties of inspectors of election, and will to the best of our skill and ability conduct the election to be held this day for directors of the above named corporation, and a true report make of the same.

Subscribed and sworn to before me this 2nd day of March, 1937.

A. B. GILLAND

A. E. KNIGHT

HAROLD E. GRANTLAND

Notary Public

Inspectors.

Messrs. Emil Schwarzhaupt, Leo Gerngross, Gabe J. Felsenthal, Aldoph Hirsch, J. W. Browne, Harry L. West and Keith Brown were nominated for directors of the corporation, to hold office until their respective successors are elected. No other nominations having been made, the polls were duly opened, and all the incorporators having voted by ballot, the chairman declared the polls closed. Thereupon the inspectors canvassed the vote cast and made and presented the following certificate showing the result of the election:

BERNHEIM DISTILLING COMPANY

---oo0oo---

INSPECTORS' CERTIFICATE

---oo0oo---

WE, THE SUBSCRIBERS, INSPECTORS OF ELECTION appointed to act at the meeting of the incorporators of BERNHEIM DISTILLING COMPANY, held this 2nd day of March, 1937, do report that, having taken an oath impartially to conduct the election for directors, we did receive the votes of the incorporators by ballot.

We report that three votes were cast for the election of directors and that the following persons received the number of votes set opposite their respective names, to wit:

For Directors	Number of Votes
Emil Schwarzhaupt	3
Leo Berngross	3
Gabe J. Felsenthal	3
Aldoph Hirsch	3
J. W. Browne	3
Harry L. West	3
Keith Brown	3

Respectfully submitted,

A. B. GILLAND

A. B. KNIGHT

Inspectors.

REGISTERED OFFICE

WITH

THE CORPORATION TRUST COMPANY

- - - - - - - - - -

BALLOT

FOR DIRECTORS

OF

BERNHEIM DISTILLING COMPANY

Emil Schwarzhaupt
Leo Gerngross
Gabe J. Felsenthal
Aldoph Hirsch
J. W. Browne
Harry L. West
Keith Brown

VOTES IN PERSON ---1---

VOTES BY PROXY -------

WALTER LENZ

REGISTERED OFFICE

WITH

THE CORPORATION TRUST COMPANY

- - - - - - - - - -

BALLOT

FOR DIRECTORS

OF

BERNHEIM DISTILLING COMPANY

Emil Schwarzhaupt
Leo Gerngross
Gabe J. Felsenthal
Aldoph Hirsch
J. W. Browne
Harry L. West
Keith Brown

VOTES IN PERSON ---1---

VOTES BY PROXY -------

B. R. JONES

REGISTERED OFFICE

WITH

THE CORPORATION TRUST COMPANY

- - - - - - - - - -

BALLOT

FOR DIRECTORS

OF

BERNHEIM DISTILLING COMPANY

Emil Schwarzhaupt
Leo Gerngross
Gabe J. Felsenthal
Aldoph Hirsch
J. W. Browne
Harry L. West
Keith Brown

VOTES IN PERSON ---1---

VOTES BY PROXY -------

J. P. MURRAY

The chairman thereupon declared Messrs. Emil Schwarzhaupt, Leo Gerngross, Gabe J. Felsenthal, Aldoph Hirsch, J. W. Browne, Harry L. West and Keith Brown duly elected directors of the corporation to serve until their respective successors are elected.

Upon motion, duly made, seconded and carried, it was

RESOLVED, That the board of directors be and it hereby is authorized, in its discretion, to issue the shares of the capital stock of this corporation to the full amount or number of shares authorized by the certificate of incorporation, in such amounts and for such considerations as from time to time shall be determined by the board and as may be permitted by law.

Upon motion, duly made, seconded and carried, the meeting thereupon adjourned.

J. P. MURRAY
Secretary of the Meeting.

BERNHEIM DISTILLING COMPANY

Minutes of the First Meeting of the Board of Directors

The first meeting of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, was held at the offices of Messrs. Chadbourne, Wallace, Parke & Whiteside, No. 25 Broadway, New York, New York, on March 4, 1937, at 12 o'clock Noon, pursuant to Waiver of Notice.

PRESENT: Messrs. Emil Schwarzhaupt
Leo Gerngross
Harry L. West
Keith Brown

being a majority of the directors. Mr. Brown called the meeting to order and thereafter presided. Mr. West acted as Secretary of the meeting and kept the minutes of the proceedings.

The Secretary presented to the meeting written waivers of notice of the meeting signed by all of the Directors, which on motion duly made, seconded and adopted were approved and were ordered filed with the minutes of the meeting.

Said waivers are as follows:

BERNHEIM DISTILLING COMPANY

Waiver of Notice of First Meeting

of

Board of Directors.

We, the undersigned, being a majority of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, do hereby waive all notice of the time, place and purpose of the first meeting of the Board of Directors of said corporation and do hereby fix the offices of Messrs. Chadbourne, Wallace, Parke & Whiteside, No. 25 Broadway, New York, N. Y., as the place, and March 4, 1937 at 12 o'clock, noon, as the time for the holding of said meeting, and we do hereby consent that said meeting may be held for the purpose of completing the organization of the corporation, authorizing the issue and sale of all or part of the capital stock of the corporation for such consideration as the Board of Directors may determine, election of officers of the corporation, authorizing qualification to do business in the State of Connecticut and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated, New York, N. Y.,
March 3, 1937.

EMIL SCHWARZHAUPT

LEO GERNGROSS

KEITH BROWN

HARRY L. WEST

BERNHEIM DISTILLING COMPANY

Waiver of Notice of First Meeting

of

Board of Directors

The undersigned being a member of the Board of Directors of Bernheim Distilling Company, a Delaware Corporation, does hereby waive all notice of the time, place and purpose of the first meeting of the Board of Directors of said corporation and does hereby fix the offices of Messrs. Chadbourne, Wallace, Parke & Whiteside, 25 Broadway, New York, N. Y., as the place, and March 4, 1937 at 12 o'clock, noon, as the time for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of completing the organization of the corporation, authorizing the issue and sale of all or part of the capital stock of the corporation for such consideration as the Board of Directors may determine, election of officers of the corporation, authorizing qualification to do business in the State of Connecticut, and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated, New York, N. Y.,
March 3, 1937.

ADOLPH HIRSCH

BERNHEIM DISTILLING COMPANY

Waiver of Notice of First Meeting

of

Board of Directors

The undersigned being a member of the Board of Directors of Bernheim Distilling Company, a Delaware Corporation, does hereby waive all notice of the time, place and purpose of the first meeting of the Board of Directors of said corporation and does hereby fix the offices of Messrs. Chadbourne, Wallace, Parke & Whiteside, 25 Broadway, New York, N. Y., as the place, and March 4, 1937 at 12 o'clock, noon, as the time for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of completing the organization of the corporation, authorizing the issue and sale of all or part of the capital stock of the corporation for such consideration as the Board of Directors may determine, election of officers of the corporation, authorizing qualification to do business in the State of Connecticut, and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated, New York, N. Y.,
March 3, 1937.

GABE J. FELSENTHAL

BERNHEIM DISTILLING COMPANY

Waiver of Notice of First Meeting

of

Board of Directors

The undersigned being a member of the Board of Directors of Bernheim Distilling Company, a Delaware Corporation, does hereby waive all notice of the time, place and purpose of the first meeting of the Board of Directors of said corporation and does hereby fix the offices of Messrs. Chadbourne, Wallace, Parke & Whiteside, 25 Broadway, New York, N. Y., as the place, and March 4, 1937 at 12 o'clock, noon, as the time for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of completing the organization of the corporation, authorizing the issue and sale of all or part of the capital stock of the corporation for such consideration as the Board of Directors may determine, election of officers of the corporation, authorizing qualification to do business in the State of Connecticut and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated, New York, N. Y.,
March 3, 1937.

J. W. BROWNE

The Chairman reported that on March 2, 1937 Certificate of Incorporation of the Corporation had been filed in the Office of the Secretary of State of Delaware and certified copy thereof had been recorded in the Office of the Recorder of Deeds of New Castle County, Delaware.

The Chairman further reported that at the first meeting of the incorporators of the Corporation held on March 2, 1937 at the office of the Corporation in Wilmington, Delaware, Messrs. Emil Schwarzhaupt, Leo Gerngross, Gabe J. Felsenthal, Adolph Hirsch, J. W. Browne, Harry L. West and Keith Brown had been elected directors of the Corporation, and that by-laws had been adopted for the regulation and management of the affairs of the Corporation. The Chairman submitted copies of the certificate of incorporation and of the by-laws to the meeting for examination by the directors present.

The Chairman then announced that the meeting would proceed to the election of officers of the Corporation and that nominations for the office of President and Secretary were in order.

Thereupon, the following persons were nominated for the offices set opposite their respective names, to serve for a period of one year and until their respective successors are elected and shall qualify or until they shall sooner resign:

Keith Brown	President
Harry L. West	Secretary

There being no further nominations, on motion duly made and seconded, the following resolution was unanimously adopted:

> RESOLVED, that the following persons are hereby elected for the offices set opposite their respective names:
>
> | | |
> |---|---|
> | Keith Brown | President |
> | Harry L. West | Secretary |
>
> to serve for a period of one year or until their successors are elected and shall qualify or until they shall sooner resign.

The Secretary then presented to the meeting a corporate seal which had been prepared in accordance with the by-laws of the corporation.

On motion duly made, and seconded the following resolution was unanimously adopted:

> RESOLVED, that the corporate seal presented to this meeting be and it is hereby adopted as the seal of this corporation, and that an imprint hereof be made upon the minutes of the meeting at this place.

The officers of the corporation were then, on motion duly made, seconded and adopted, authorized to procure the proper corporate books and supplies and to pay all expenses incident to the organization of the corporation.

On motion duly made and seconded the following resolutions were unanimously adopted:

> RESOLVED, that the Corporation Trust Company be and is hereby appointed the agent of this corporation, in charge of the principal office in Delaware and of the books required by law to be kept in that office and the agent upon whom process against this corporation may be served in accordance with the Laws of Delaware; and

FURTHER RESOLVED, that said Trust Company may apply and act upon the instructions of Messrs. Chadbourne, Wallace, Parke & Whiteside, Counsel for the corporation, in respect to any question arising in connection with said corporation; and

FURTHER RESOLVED, that the Secretary be and is hereby authorized to sign and seal with the seal of the corporation a Certificate of Authorization to said Trust Company in the form submitted at this meeting.

The Secretary thereupon presented to the meeting a form of certificate, approved by counsel, to represent the shares of capital stock having a par value of $5 each of this corporation.

On motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the certificate prepared by Counsel to represent shares of the capital stock of the par value of $5 each of this corporation in the form as presented to this meeting is hereby in all respects adopted and approved as and for the certificate of this corporation.

The Chairman reported that it was desirable that this company immediately qualify to do business in the State of Kentucky and that a resident agent be appointed within that state for such purpose.

On motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that this corporation be qualified to do business in the State of Kentucky and in such other states as counsel may consider necessary or advisable, and that the President and Secretary of this corporation be and they hereby are authorized and directed to do all such acts and things and to prepare and execute such documents or other papers as may be necessary or advisable to carry into effect the purposes and intent of this resolution.

The Chairman reported to the meeting that this Corporation had received from Schenley Distillers Corporation, a Delaware corporation, a written offer from said Schenley Distillers Corporation that in the event that Schenley Distillers Corporation shall, not later than March 15, 1937, acquire, pursuant to a Plan of Reorganization, 2,250 shares of the outstanding capital stock of Bernheim Distilling Company, a Kentucky corporation, which 2,250 shares comprise all of the issued and outstanding shares of stock of such corporation, and each of which shares is of a par value of $100. and is full paid and non-assessable, Schenley Distillers Corporation will thereupon cause to be delivered to this corporation a certificate or certificates representing such 2,250 shares of stock of said Bernheim Distilling Company, a Kentucky corporation, and that in exchange and in consideration therefor, this corporation will cause to be issued and delivered to Schenley Distillers Corporation 100 shares of the capital stock of this corporation, each share to be of the par value of $5. and to be full paid and non-assessable. A copy of said agreement was presented to the meeting and ordered filed with the minutes thereof.

Thereupon after a full and complete discussion, upon motion duly made and seconded, it was

RESOLVED, that the Board of Directors does hereby adjudge and declare said 2,250 shares of the outstanding capital stock of Bernheim Distilling Company to be necessary for the business of this Corporation and to be of a value at least equal to the par value of the stock of this Corporation demanded therefor, and further unanimously

RESOLVED, that said proposed agreement made pursuant to a Plan of Reorganization in the form submitted to this meeting be, and the same hereby is approved and accepted, and further unanimously

RESOLVED, that the officers of this Corporation be and they hereby are authorized and directed to evidence the entry of this Corporation into such proposed agreement made pursuant to a Plan of Reorganization with Schenley Distillers Corporation by signing and sealing a copy thereof and delivering the same to said Schenley Distillers Corporation, and it was unanimously

RESOLVED, that the proper officers of this corporation be and they hereby are authorized and directed to issue a certificate or certificates representing 100 shares of the capital stock of the par value of $5 each of this corporation to Schenley Distillers Corporation upon the receipt of 2,250 shares of the common stock par value of $100 of Bernheim Distilling Company, a corporation organized and existing under the laws of the State of Kentucky, and further unanimously

RESOLVED, that upon the issuance and delivery of said certificate or certificates representing 100 shares of the capital stock of the par value of $5 each of this corporation in accordance with the terms of these resolutions and in pursuance with an agreement made with Schenley Distillers Corporation and pursuant to a Plan of Reorganization, said shares shall be deemed to be validly outstanding full paid and non-assessable, and it was further unanimously

RESOLVED, that the President and Secretary and other officers of this Corporation be and they hereby are authorized and directed to do any and all further acts and things and prepare and execute such further documents or other papers as may be necessary or advisable to carry into effect the purposes and intent of these resolutions or to more readily effect said Plan of Reorganization.

Mr. Gerngross thereupon presented to the meeting his resignation as a director of the corporation, which resignation was to become effective, however, only upon the election of a successor to serve in his place and stead.

Mr. Cyril F. Hetsko was nominated as director to serve in the place of Mr. Gerngross during the remainder of Mr. Gerngross' term and until his successor shall be elected and qualify or until he should sooner resign.

There being no further nominations, on motion duly made and seconded it was unanimously

RESOLVED, that Mr. Cyril F. Hetsko be and he hereby is elected as a director of this corporation to serve in the place and stead of Mr. Leo Gerngross for the remainder of Mr. Gerngross' term and until his successor shall be elected and qualify or until he should sooner resign.

There being no further business to come before the meeting it was on motion duly made and seconded adjourned.

HARRY L. WEST
Secretary

EMIL SCHWARZHAUPT

LEO GERNGROSS

KEITH BROWN

HARRY L. WEST

Directors

March , 1927.

To the Board of Directors of
Bernheim Distilling Company,
20 West 40th Street,
New York, N. Y.

I hereby tender my resignation as director of your company, said resignation to become effective only when a duly qualified successor shall have been selected.

LEO GERNGROSS
LEO GERNGROSS

BERNHEIM DISTILLING COMPANY

Special Meeting of the Board of Directors

March 11, 1937

A special meeting of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, was held at the office of Chadbourne, Wallace, Parke & Whiteside, No. 25 Broadway, Borough of Manhattan, City and State of New York, on March 11, 1937, at 11 o'clock in the forenoon. The following directors were present:

Messrs. Emil Schwarzhaupt
Harry L. West
Cyril F. Hetsko, and
Keith Brown,

being a majority of the Board of Directors constituting a quorum. Mr. Brown acted as Chairman and Mr. West acted as Secretary of the meeting and recorded the proceedings.

The Secretary presented written waivers of notice of the meeting signed by all of the directors, which were ordered filed with the minutes of the meeting. Such waivers are as follows:

BERNHEIM DISTILLING COMPANY

Waiver of Notice of Special Meeting

of

Board of Directors

We, the undersigned, being a majority of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, do hereby waive all notice of the time, place and purpose of a special meeting of the Board of Directors of said corporation, and do hereby fix the office of Chadbourne,

Wallace, Parke & Whiteside, No. 25 Broadway, Borough of Manhattan, City and State of New York, as the place, and March 11, 1937, at 11 o'clock in the forenoon, as the time, for the holding of said meeting, and we do hereby consent that said meeting may be held for the purpose of empowering the officers of the corporation to execute powers of attorney, and to execute and apply for licenses and applications; to adopt the "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" and do any further acts and things as may be necessary to effect the dissolution of said Bernheim Distilling Company (Kentucky); for the amendment of Article 8 of the By-laws in order to change the words inscribed upon the corporate seal; for the election of new and additional officers and directors; for selecting depositories for the funds of this corporation; and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated: New York, New York, March 11, 1937.

Cyril F. Hetsko

Harry L. West

Keith Brown

Emil Schwarzhaupt

BERNHEIM DISTILLING COMPANY

Waiver of Notice of Special Meeting

of

Board of Directors

The undersigned, being a member of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, does hereby waive all notice of the time, place and purpose of a special meeting of the Board of Directors of said corporation, and does hereby fix the office of Chadbourne, Wallace, Parke & Whiteside, 25 Broadway, Borough of Manhattan, City and State of New York, as the place, and March 11, 1937, at 11 o'clock in the forenoon, as the time, for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of empowering the officers of the corporation to execute powers of attorney, and to execute and apply for licenses and applications; to adopt the "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" and do any further acts and things as may be necessary to effect the dissolution of said Bernheim Distilling Company (Kentucky); for the amendment of Article 8 of the By-laws in order to change the words inscribed upon the corporate seal; for the election of new and additional officers and directors; for selecting depositories for the funds of this corporation; and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated: , March 11, 1937.

Adolph Hirsch

BERNHEIM DISTILLING COMPANY

Waiver of Notice of Special Meeting

of

Board of Directors

The undersigned being a member of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, does hereby waive all notice of the time, place and purpose of a special meeting of the Board of Directors of said corporation, and does hereby fix the office of Chadbourne, Wallace, Parke & Whiteside, 25 Broadway, Borough of Manhattan, City and State of New York, as the place, and March 11, 1937, at 11 o'clock in the forenoon, as the time, for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of empowering the officers of the corporation to execute powers of attorney, and to execute and apply for licenses and applications; to adopt the "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" and do any further acts and things as may be necessary to effect the dissolution of said Bernheim Distilling Company (Kentucky); for the amendment of Article 8 of the By-laws in order to change the words inscribed upon the corporate seal; for the election of new and additional officers and directors; for selecting depositories for the funds of this corporation; and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated: March 11, 1937.

Gabe J. Felsenthal

BERNHEIM DISTILLING COMPANY

Waiver of Notice of Special Meeting

of

Board of Directors

The undersigned being a member of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, does hereby waive all notice of the time, place and purpose of a special meeting of the Board of Directors of said corporation, and does hereby fix the office of Chadbourne, Wallace, Parke & Whiteside, No. 25 Broadway, Borough of Manhattan, City and State of New York, as the place, and March 11, 1937, at 11 o'clock in the forenoon, as the time, for the holding of said meeting, and does hereby consent that said meeting may be held for the purpose of empowering the officers of the corporation to execute powers of attorney, and to execute and apply for licenses and applications; to adopt the "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" and do any further acts and things as may be necessary to effect the dissolution of said Bernheim Distilling Company (Kentucky); for the amendment of Article 8 of the By-laws in order to change the words inscribed upon the corporate seal; for the election of new and additional officers and directors; for selecting depositories for the funds of this corporation; and for the transaction of such other and further business as may properly come before the meeting or any adjournment thereof.

Dated: , March 11, 1937.

J. W. Browne

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the President or any Vice President of the corporation be and each of them is hereby authorized and empowered, from time to time, to execute POWERS OF ATTORNEY appointing Attorneys and/or Agents to execute for and in the name of the corporation any and all applications for permits, and any and all bonds in connection therewith, as well as other instruments, letters, writings and papers, and to do all acts on behalf of the Corporation in dealings with the Treasury Department of the United States, or any of its divisions or Bureaus, including, without limitation, the Bureau of Internal Revenue, the Bureau of Customs and the Federal Alcohol Administration, and to do all other similar acts on behalf of the corporation in dealings with any other governmental body, federal, state or local, as may now or hereafter be required by the laws of the United States, or its territories and dependencies, or of the several States, or by the regulations of any governmental department, commission or other body; to receive on behalf of the corporation any and all permits, notices, papers and letters in connection with such matters with full power and authority to do and perform on behalf of the corporation any and every act and thing whatsoever requisite and necessary to be done in and about the premises, and this corporation hereby ratifies and confirms all that said attorneys and/or agents shall lawfully do or cause to be done by virtue hereof.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary or any Assistant Treasurer, be and each of them is hereby authorized and empowered for and in the name of the corporation to execute any and all applications for licenses and permits and any and all bonds in connection therewith, as well as other instruments, letters, writings and papers, and to do all acts on behalf of the corporation in dealings with the Treasury Department of the United States or any of its divisions or bureaus, including, without limitation, the Bureau of Internal Revenue, the Bureau of Customs and the Federal Alcohol Administration, in connection with such licenses, permits and bonds; and to do all other similar acts on behalf of the corporation in dealings with any other governmental body, federal, state, county or

municipal, or other political subdivisions as may now or hereafter be required by the laws of the United States, its territories and dependencies, or of the several States, or of any political subdivisions thereof, or by the regulations of any governmental department, bureau, commission or other body; and each of them is hereby authorized to receive on behalf of the corporation any and all permits, notices, papers and letters in connection with all such matters; and each of them is hereby authorized to execute any and all documents of whatever kind or nature and to do all acts on behalf of the corporation with respect to the prosecution, presentation, compromise and settlement of all claims, demands and proceedings brought under the Internal Revenue laws of the United States, the Regulations of the Treasury Department of the United States, the laws and regulations of any of the several States or political subdivisions thereof; and each of them is hereby granted full power and authority to do and perform on behalf of the corporation any and every act and thing whatsoever requisite and necessary to be done in and about the premises.

The Chairman stated that Schenley Distillers Corporation had caused to be delivered to this corporation certificates representing 2,235 shares of the capital stock of Bernheim Distilling Company, a Kentucky corporation, and that Schenley Distillers Corporation had caused to be issued and delivered to Emil Schwarzhaupt a certificate endorsed in blank for 3 shares of the capital stock of said Bernheim Distilling Company (Kentucky); to Leo Gerngross a certificate endorsed in blank for 3 shares of the capital stock of said Bernheim Distilling Company (Kentucky); to Gabe J. Felsenthal a certificate endorsed in blank for 3 shares of the capital stock of said Bernheim Distilling Company (Kentucky); to Adolph Hirsch a certificate endorsed in blank for 3 shares of the capital stock of said Bernheim Distilling Company (Kentucky); and to J. W. Browne a certificate endorsed in blank for 3 shares of the capital stock of said Bernheim Distilling Company (Kentucky); and that in exchange and in consideration therefor this corporation had caused to be issued and delivered to Schenley Distillers Corporation 100 shares of the capital stock of this

corporation, each of which shares is of the par value of $5.00 and fully paid and non-assessable.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that the action of the officers of this corporation in receiving the certificates issued and delivered to this corporation for 2,235 shares of the par value of $100. of the capital stock of Bernheim Distilling Company, a Kentucky corporation, and in consideration of the issuance and delivery to said Emil Schwarzhaupt of 3 shares which are endorsed in blank; the issuance and delivery to said Leo Gerngross of 3 shares which are endorsed in blank; the issuance and delivery to said Gabe J. Felsenthal of 3 shares which are endorsed in blank; the issuance and delivery to said Adolph Hirsch of 3 shares which are endorsed in blank; and the issuance and delivery to said J. W. Browne of 3 shares which are endorsed in blank, and in issuing and delivering to Schenley Distillers Corporation a certificate for 100 shares of the capital stock of this corporation, each share of the par value of $5.00 and fully paid and non-assessable, be and the same hereby is in all respects approved, ratified and confirmed.

The Chairman then presented to the meeting a proposed "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)", which was read by the Secretary and ordered filed with the minutes of the meeting.

On motion duly made and seconded, it was unanimously

RESOLVED, that the "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" presented to this meeting be and it hereby is in all respects adopted and approved; and it was

RESOLVED, that the officers of this corporation be and they hereby are authorized and empowered to execute on behalf of this corporation as holder of all the issued and outstanding stock of Bernheim Distilling Company (Kentucky) a "Statement of Dissolution" pursuant to the laws of the State of Kentucky; and to do all such further acts and things as may be necessary or desirable or convenient and proper to effect the dissolution of Bernheim Distilling Company (Kentucky), the liquidation of its affairs and the distribution and

transfer of all of its property and assets, subject, however, to all unpaid liabilities and obligations, to this corporation in complete cancellation of all of the stock of Bernheim Distilling Company (Kentucky), all in accordance with the aforesaid "Plan of Complete Liquidation of Bernheim Distilling Company (Kentucky)" or otherwise to give effect to the purpose and intent of these resolutions.

The Chairman directed the attention of the meeting to the fact that although Article VIII of the By-laws specifies that there shall be inscribed upon the seal of this corporation in addition to the words "Incorporated Delaware 1937", the seal which had actually been delivered to this corporation and which has been used by the officers in executing various documents has inscribed upon it in addition to the name of the corporation only the word "Delaware 1937", and it has not inscribed upon it the words "Incorporated".

Upon motion duly made and seconded, it was unanimously

RESOLVED, that Article VIII of the By-laws be amended to read:

ARTICLE VIII

Corporate Seal

The corporate seal shall have inscribed thereon the name of the Corporation and the words "Delaware 1937". In lieu of the corporate seal, when so authorized by the Board of Directors or a duly empowered committee thereof, a facsimile of such corporate seal may be impressed or affixed or reproduced.

Upon motion duly made and seconded, it was unanimously

RESOLVED, that all instruments and documents heretofore executed by the officers of this corporation and to which has been affixed, or upon which has been impressed or reproduced, a seal of this corporation on which is inscribed "Delaware 1937" rather than "Incorporated Delaware 1937" be, and they hereby are in all respects ratified, confirmed and adopted as the acts and deeds of, and binding upon this corporation.

Mr. Brown thereupon presented to the meeting his resignation as President of the corporation. On motion duly made and seconded, it was unanimously

RESOLVED, that the resignation of Mr. Keith Brown as President of the corporation be and it hereby is accepted.

Mr. Emil Schwarzhaupt was nominated as President to serve in the place and stead of Mr. Brown during the remainder of Mr. Brown's term and until his successor shall be elected and qualify. There being no further nominations, on motion duly made and seconded, it was unanimously

RESOLVED, that Mr. Emil Schwarzhaupt be and he hereby is elected as President of this corporation to serve in the place and stead of Mr. Keith Brown for the remainder of Mr. Brown's term and until his successor shall be elected and qualify.

Mr. Schwarzhaupt took the chair and presided for the remainder of the meeting.

Mr. West thereupon presented to the meeting his resignation as Secretary of the corporation. On motion duly made and seconded, it was unanimously

RESOLVED, that the resignation of Mr. Harry M. West as Secretary of the corporation be and it hereby is accepted.

The Chairman stated to the meeting that it was desirable that the same person be selected to fill the offices of Secretary and Treasurer, as provided and permitted by the by-laws of this corporation. On motion duly made and seconded, it was unanimously

RESOLVED, that one person be elected to fill the offices of Secretary and Treasurer.

Mr. J. W. Browne was nominated as Secretary and Treasurer to serve for the remainder of the term for which Mr. West had been elected to serve as Secretary and until Mr. Brown's successor shall be elected and qualify.

There being no further nominations, on motion duly made and seconded, it was unanimously

RESOLVED, that Mr. J. W. Browne be and he hereby is elected as Secretary and Treas-

urer of this corporation to serve for the remainder of the term for which Mr. Harry L. West had been elected to serve as Secretary, and until Mr. Brown's successor shall be elected and qualify.

Mr. West was designated to act as Secretary and record the minutes for the remainder of the meeting.

The Chairman stated to the meeting that it was desirable, in order to facilitate and expedite the carrying on of the corporation's business, that an officer be selected to be known as First Vice President. Mr. Leo Gerngross was nominated as First Vice President to serve until the next annual meeting of stockholders and until his successor shall be elected and qualify.

The Chairman stated to the meeting that it was desirable, in order to facilitate and expedite the carrying on of the corporation's business, that two additional Vice Presidents be elected. Messrs. Gabe J. Felsenthal and Adolph Hirsch were elected to serve as Vice Presidents of the corporation until the next annual meeting of stockholders and until their successors shall be elected and qualify.

There being no further nominations, on motion duly made and seconded, it was unanimously

RESOLVED, that Leo Gerngross be and hereby is elected to serve as First Vice President, and Messrs. Gabe J. Felsenthal and Adolph Hirsch be and hereby are elected to serve as Vice Presidents, all of whom are to serve until the next annual meeting and until their successors shall be elected and qualify.

The Chairman stated that it was desirable, in order to facilitate and expedite the carrying on of the corporation's business, that an Assistant Secretary be appointed. Miss Marie Schwartz was appointed to serve as Assistant Secretary of the corporation until her successor shall be appointed and at the pleasure of the Board of Directors.

There being no further nominations, on motion duly

made and seconded, it was unanimously

RESOLVED, that Marie Schwartz be and hereby is appointed to serve as Assistant Secretary until her successor shall be appointed and at the pleasure of the Board of Directors.

The Chairman stated that it was desirable, in order to facilitate and expedite the carrying on of the corporation's business, that an Assistant Secretary and Assistant Treasurer be appointed. Miss L. Marie Rumford was appointed to serve as Assistant Secretary and Assistant Treasurer of the corporation until her successor shall be appointed and at the pleasure of the Board of Directors.

There being no further nominations, on motion duly made and seconded, it was unanimously

RESOLVED, that L. Marie Rumford be and hereby is appointed to serve as Assistant Secretary and Assistant Treasurer until her successor shall be appointed and at the pleasure of the Board of Directors.

Mr. Hetsko thereupon presented to the meeting his resignation as a director of the corporation, which resignation was to become effective, however, only upon the election of a successor to serve in his place and stead. Mr. Leo Gerngross was nominated as director to serve in the place of Mr. Hetsko during the remainder of Mr. Hetsko's term and until his successor shall be elected and qualify.

There being no further nominations, on motion duly made and seconded, it was unanimously

RESOLVED, that Mr. Leo Gerngross be and he hereby is elected as a director of this corporation to serve in the place and stead of Mr. Cyril F. Hetsko for the remainder of Mr. Hetsko's term and until his successor shall be elected and qualify.

Upon motion duly made and seconded, it was

RESOLVED, that The First National Bank of Chicago be and hereby is designated a depositary in which the funds of this Corpora-

tion may be deposited by its officers, agents, and employes, and that the President and 1st Vice President shall be and each of them hereby is authorized to endorse for deposit or negotiation any and all checks, drafts, notes, bills of exchange, and orders for the payment of money, either belonging to or coming into the possession of this Corporation. Endorsements for deposit may be by the written or stamped endorsement of the company without designation of the person making the endorsement; and further

RESOLVED, that the President, Emil Schwarzhaupt, and Vice President, Leo Gerngross, singly, of this Corporation are authorized to sign any and all checks, drafts, and orders, including orders or directions in informal or letter form, against any funds at any time standing to the credit of this Corporation with the said Bank, and/or against any account of this Corporation with the said Bank, and that the said Bank hereby is authorized to honor any and all checks, drafts and orders so signed, including those drawn to the individual order of any such officer and/or other person signing the same, without further inquiry or regard to the authority of said officers and/or other persons or the use of said checks, drafts, and orders, or the proceeds thereof; and further

RESOLVED, that each of the foregoing resolutions shall continue in force until express written notice of its rescission or modification has been received by the said Bank, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed for the purpose of inducing the said Bank to act thereunder, that the said Bank shall be saved harmless from any loss suffered or liability incurred by it in so acting after such revocation or termination without such notice; and further

RESOLVED, 1. That the officers of this Corporation, or either or any of them, be and they hereby are authorized to open a bank account or accounts with the Chemical Bank & Trust Company (hereinafter referred to as the Trust Company), for and in the name of this Corporation, and to deposit with the Trust Company in the said account or accounts, from time to time, any and all checks, drafts, notes, moneys and other items of every kind.

2. That the President and First Vice-President of this Corporation, signing singly, and their successors in office, and any other person duly authorized to sign on behalf of this Corporation, be and they hereby are authorized to sign any and all checks, drafts, notes, acceptances, and other instruments, and/or orders

for the payment and/or withdrawal of any and all moneys, credits, items and property at any time held by the Trust Company for account of this Corporation, and the Trust Company is hereby authorized to honor any and all thereof, including such as may bring about an overdraft and such as may be payable to or for the benefit of any signer thereof individually, without inquiry as to the circumstances of the issue or the disposition of the proceeds thereof.

3. That endorsements on behalf of this Corporation upon any and all checks, drafts, notes and other instruments of every kind deposited by or on behalf of this Corporation with the Trust Company for credit, or for collection, or otherwise, may be made by any person or by hand stamp impression in the name of this Corporation.

4. That the President and First Vice-President of this Corporation, signing singly, and their successors in office be and they hereby are authorized to effect loans and advances at any time for this Corporation from the Trust Company, and for such loans and advances to make, execute and deliver promissory notes and other written obligations or evidences of indebtedness of this Corporation, and any agreements or undertakings, general or specific, giving liens on, and/or rights and powers with respect to, any property of this Corporation, and as security for the payment of any and all loans, advances, indebtedness and liabilities of this Corporation to pledge, hypothecate, assign, transfer, endorse and deliver any and all stocks, securities, commercial paper, bills receivable, accounts receivable, claims and/or other property of every description at any time held by this Corporation, and to execute any and all instruments of transfer, powers of attorney and/or other instruments which may be necessary or desirable in connection therewith; and also to sell to, or discount with, the Trust Company any and all commercial paper, bills receivable, accounts receivable and other instruments and evidences of debt at any time held by this Corporation, and to that end to endorse, assign, transfer and deliver the same, and also to give any orders or consents for the delivery, sale, exchange or other disposition of any property or evidences thereof belonging to this Corporation and at any time in the hands of the Trust Company, whether as collateral or otherwise.

5. That all loans, discounts and advances heretofore obtained on behalf of this Corporation and all notes and other obligations or evidences thereof of this Corporation held by the Trust Company, are hereby approved, ratified and confirmed.

6. That any officer or officers of this Corporation be and they hereby are, and either

of them is, authorized to act for this Corporation in all matters and transactions relating to any of its business with the Trust Company.

7. That each of the foregoing resolutions and the authority thereby conferred shall remain in full force and effect until written notice of rescission or modification be properly received by the Trust Company; that the Secretary or any Assistant Secretary or any other officer of this Corporation, be and each of them hereby is authorized and directed to certify, under the seal of this Corporation or not and with like effect in either case, to the Trust Company the foregoing resolutions, the names of the respective officers of this Corporation, any changes from time to time in the personnel of the said officers and specimens of their respective signatures; and that the Trust Company may conclusively assume that any and all persons at any time so certified to it to be officers of this Corporation hold and continue to hold their respective offices until receipt by the Trust Company of written notice to the contrary; and further

RESOLVED, that Bankers Trust Company of the City of New York is designated a depositary of this corporation; and further

RESOLVED, that all drafts, checks, and other instruments or orders for the payment of money drawn against the account or accounts of this corporation shall be signed by any one of the following:

Emil Schwarzhaupt, President
Leo Gerngross, Vice President

and further

RESOLVED, that the depositary above designated is authorized to place to the credit of the account or any of the accounts, of this corporation, funds, drafts, checks or other property delivered to it for deposit for account of this corporation, whether or not indorsed with the name of this corporation by rubber stamp, facsimile, mechanical, manual or other signature, and any such indorsement by whomsoever affixed shall be the indorsement of this corporation, provided that if any such funds, drafts, checks or other property shall bear, or be accompanied by, directions (by whomever made) for deposit to a specific account, then such deposit shall be to the credit of such specific account; and further

RESOLVED, that the depositary is hereby directed to accept and/or pay and/or apply without limit as to amount, without inquiry and without regard to the application of any such draft, check, instrument or order for the payment of money, or the proceeds thereof, any

draft, check, instrument or order for the payment of money drawn on such account or accounts, which draft, check, instrument or order for the payment of money bears the signature or signatures now or hereafter authorized by this corporation, including drafts, checks, instruments or orders for the payment of money, to the order of any person whose signature appears thereon, or of any other officer or officers, agent or agents of this corporation, which may be deposited with, or delivered or transferred to, the depositary or to any other person, firm or corporation, for the personal credit or account of any such officer or agent; and the depositary shall not be liable for any disposition which any such officer or agent shall make of all or any part of any draft, check, instrument or order for the payment of money drawn on such account or accounts or the proceeds thereof, notwithstanding that such disposition may be for the personal account or benefit or in payment of the individual obligation of any such officer or agent to the depositary or otherwise; and further

RESOLVED, that (1) the funds of this company on deposit with the First National Bank, Louisville, Ky., shall be subject to withdrawal on the signature of

Emil Schwarzhaupt	President
Leo Gerngross	Vice-President
Gabe J. Pelsenthal	Vice-President
Adolph Hirsch	Vice-President
J. W. Browne	Secretary & Treasurer
M. C. Schwartz	Assistant Secretary

(2) That checks are to be honored on the signature of any two of the above officers; and further

RESOLVED, that the Liberty National Bank and Trust Company of Louisville, Louisville, Kentucky, be and it is designated as a depository of the funds of this Corporation.

That any deposit of this Corporation with the Liberty National Bank and Trust Company of Louisville may be drawn by check in the name of the Corporation signed by any two of the following:

Emil Schwarzhaupt	President
Leo Gerngross	Vice-President
Gabe J. Pelsenthal	Vice-President
Adolph Hirsch	Vice-President
J. W. Browne	Secretary & Treasurer
M. C. Schwartz	Assistant Secretary

That any one of the above-named persons is further authorized to endorse to their own order, or the order of said Corporation, or others, checks, drafts, and other evidences of claim, either for deposit or cash.

That any one of the above-named persons is further authorized to effect loans from time to time for and on behalf of this Corporation from the Liberty National Bank and Trust Company of Louisville, and to renew or extend such loans from time to time; and for such loans (and any and all renewals and extensions thereof) to make, execute, and deliver to said Liberty National Bank and Trust Company of Louisville, the promissory notes, endorsements, and other obligations of this Corporation, and to pledge as security for such loans (and any and all renewals and extensions thereof) the endorsements, and/or any or all of the assets of this Corporation; to accept notice and grant waivers in behalf of the Corporation in any and all matters between the Bank and this Corporation; further, that any indebtedness of this Corporation now held by the Liberty National Bank and Trust Company of Louisville is hereby approved, ratified, and confirmed.

That the persons aforesaid are given general authority with respect to the handling of any of the Corporation's banking relations with the Liberty National Bank and Trust Company of Louisville, and to bind the Corporation by such acts.

That the authority vested by this resolution shall continue until written notice shall be given to and acknowledged by the Bank, setting forth any change with respect thereto; and further

RESOLVED, that the officers of this Corporation, or any of them, be, and they hereby are authorized to open a bank account or accounts with The Louisville Trust Company (hereinafter referred to as the Trust Company), for and in the name of this Corporation, and to deposit with the said Trust Company in the said account, from time to time, any and all checks, drafts, notes, moneys and other items of any kind; and further

RESOLVED, that the checks for the withdrawal of such funds be signed by any two officers of this Corporation signing

Emil Schwarzhaupt	President
Leo Gerngross	Vice-President
Gabe J. Felsenthal	Vice-President
Adolph Hirsch	Vice-President
J. W. Browne	Secretary & Treasurer
M. C. Schwartz	Assistant Secretary

and their successors in office, or any of them, and any other person duly authorized to sign on behalf of this Corporation, be and they hereby are authorized to sign any and all checks, drafts, notes, acceptances, and other instruments, and (or) orders for the payment and withdrawal of any and all moneys, credits, items and property at any time held by the said Trust Company for account of this Corporation and the said Trust Company is hereby authorized to honor any and all such orders, including checks or drafts drawn to their individual order without inquiry as to the circumstances of their issue or the disposition of their proceeds; and further

RESOLVED, that endorsements on behalf of this Corporation upon any and all checks, drafts, notes and other instruments of every kind deposited by or on behalf of this Corporation with said Trust Company for credit, or for collection, or otherwise, may be made by any one of the said officers, or their successors, or by hand stamp impressions in the name of this Corporation; and further

RESOLVED, that all loans, discounts, notes and advances heretofore obtained upon behalf of this Corporation or held by the said Trust Company, and charged against this Corporation on the books of the said Trust Company, and any now held by said Trust Company are hereby approved, ratified and confirmed; and further

RESOLVED, that any officer or officers of this Corporation be and they hereby are, and either of them is, authorized to act for this Corporation in all matters and transactions relating to any of its business with the said Trust Company; and further

RESOLVED, that each of the foregoing resolutions remain in full force and effect until written notice of its rescission or modification be properly received by the said Trust Company, that the Secretary of this Corporation be and he hereby is authorized and directed to certify to the said Trust Company the foregoing resolutions, the names of the respective officers of this Corporation, any change of the said officers and specimens of their respective signatures; and further

RESOLVED, that checks drawn on the account of this company with the Citizens Union National Bank, Louisville, Ky., are authorized to be signed on behalf of this Company by, the officers of this company listed below, or their successors in office,

Emil Schwarzhaupt	President
Leo Gerngross	Vice-President
Gabe J. Felsenthal	Vice-President
Adolph Hirsch	Vice-President
J. W. Browne	Secretary & Treasurer
M. C. Schwartz	Assistant Secretary

two of them acting jointly; and further

RESOLVED, that the Bank is authorized to rely upon the aforesaid resolutions until receipt by it of written notice of any change or revocation thereof.

Mr. West thereupon presented to the meeting his resignation as a director of the corporation, which resignation was to become effective upon acceptance by the directors.

Upon motion duly made and seconded, it was

RESOLVED, that the resignation of Mr. Harry L. West as director of this corporation be and it hereby is accepted.

Mr. Keith Brown thereupon presented to the meeting his resignation as a director of the corporation, which resignation was to become effective upon acceptance by the directors.

Upon motion duly made and seconded, it was

RESOLVED, that the resignation of Mr. Keith Brown as director of this corporation be and it hereby is accepted.

There being no further business, the meeting was, on motion duly made and seconded, adjourned.

Harry L. West
Secretary

March 11, 1937.

To the Board of Directors of
Bernheim Distilling Company,
20 West 40th Street,
New York, N. Y.

I hereby tender my resignation as director of your company, said resignation to become effective when accepted by the Board of Directors.

Harry L. West
Harry L. West

March 11, 1937.

To the Board of Directors of
Bernheim Distilling Company,
20 West 40th Street,
New York, N. Y.

I hereby tender my resignation as director of your company, said resignation to become effective only when a duly qualified successor shall have been selected.

Cyril F. Hetsko
Cyril F. Hetsko

March 11, 1937.

To the Board of Directors of
Bernheim Distilling Company,
20 West 40th Street,
New York, N. Y.

I hereby tender my resignation as director of your company, said resignation to become effective when accepted by the Board of Directors.

Keith Brown
Keith Brown

PLAN OF COMPLETE LIQUIDATION

OF

BERNHEIM DISTILLING COMPANY
(Kentucky)

Bernheim Distilling Company, a Kentucky corporation (hereinafter called "Bernheim of Kentucky"), all of the outstanding stock of which is owned by Bernheim Distilling Company, a Delaware corporation (hereinafter called "Bernheim of Delaware"), will transfer all of its property and assets, subject, however, to all unpaid liabilities and obligations, to Bernheim of Delaware, and will completely cancel all of its stock as more fully set forth hereinafter in this Plan of Complete Liquidation, thus effecting the complete liquidation of Bernheim of Kentucky.

Upon adoption of this Plan, Bernheim of Kentucky will have the status of a corporation in liquidation, which will continue until the completion of proceedings for the dissolution of Bernheim of Kentucky. The liquidation will be effected by the transfer of Bernheim of Kentucky to Bernheim of Delaware of all of its property and assets, subject, however, to all unpaid liabilities and obligations, against surrender for cancellation of all of the outstanding stock of Bernheim of Kentucky; and as an incident to the liquidation, Bernheim of Kentucky will be dissolved.

Bernheim of Delaware is on the date of the adoption of this Plan, and will continue to be at all times until the receipt of all of the property of Bernheim of Kentucky, the actual owner of all of the stock of Bernheim of Kentucky. No distribution under the liquidation will have been made before the adoption of this Plan. The liquidation will be completed, if possible, on or before April 1, 1937, and in

any case within three years from the close of the calendar year during which the first distribution was made under this Plan.

This Plan shall become effective and shall be deemed to be adopted when, and only when, it shall have been formally approved by resolutions of the Boards of Directors of Bernheim of Delaware and Bernheim of Kentucky, and the effective date and date of adoption are evidenced by the notation of the date of such approval on a copy of this Plan by the respective Secretaries or Assistant Secretaries of Bernheim of Delaware and Bernheim of Kentucky.

J. W. Browne

The foregoing Plan was formally approved by resolution of the Board of Directors of Bernheim Distilling Company, a Delaware corporation, at a meeting held on March 11, 1937.

J. W. Browne
Secretary
BERNHEIM DISTILLING COMPANY,
a Delaware corporation.

The foregoing Plan was formally approved by resolution of the Board of Directors of Bernheim Distilling Company, a Kentucky corporation, at a meeting held on March 11, 1937.

J. W. Browne
Secretary
BERNHEIM DISTILLING COMPANY,
a Kentucky corporation.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C.

FORM S-A

FOR ADDITIONAL SECURITIES

APPLICATION FOR REGISTRATION PURSUANT TO SECTION 12 (b) AND (c) OF THE SECURITIES EXCHANGE ACT OF 1934

SCHENLEY DISTILLERS CORPORATION
(Name of Registrant)

Securities for the registration of which application is made

Titles of issues	Amount to be registered	Amount to be registered upon notice of issuance	Names of Exchanges on which registration applied for
Common Stock	None	210,000	New York Stock Exchange

Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission:

RALPH T. HEYMSFELD, SECRETARY,
SCHENLEY DISTILLERS CORPORATION,
20 West 40th Street,
New York, N. Y.

The information required to be given under the items hereinbelow set forth is more specifically defined in the "Instruction Book for Form 8-A for Securities Issued in Exchange for Registered Securities."

The instruction book also sets forth requirements as to Exhibits which are to accompany this application or to be incorporated herein by reference.

GENERAL

1. Exact name of registrant:

Schenley Distillers Corporation.

2. Address of principal executive offices:

20 West 40th Street, New York, N. Y.

3. Give the date of each application pursuant to which registration of any of the registrant's securities on any exchange or exchanges has become effective, and as to each class of securities of the registrant registered pursuant to such application, give the title of the issue and name the exchange or exchanges upon which so registered.

Form of Application	Date of Application	Title of Issue	Number of Shares	Name of Exchange
Form 10	May 3, 1935	Capital Stock, par value $5 per share	1,050,000	New York Stock Exchange
Form 8-A	Dec. 4, 1935	Common Stock, par value $5 per share	1,050,000	New York Stock Exchange
Form 10	Jan. 20,1936	5-1/2% Cumulative Preferred Stock, par value $100 per share	150,000	New York Stock Exchange
Form 8-A	Dec. 1, 1936	5-1/2% Cumulative Preferred Stock, par value $100 per share	26,250	New York Stock Exchange

4. As to any securities covered by this application for which separate application is to be made for registration on another exchange, give the title of the issue, and name the exchange or exchanges upon which to be registered.

None.

CAPITAL SECURITIES

5. Give the information which would have been required to be furnished under the several items appearing under the caption "Capital Securities" in the form appropriate for original permanent registration of securities of the registrant, if this application were being made on such form. Such information shall be furnished as of a specified date within 45 days prior to the filing of the application with the Commission. Indicate by footnotes any material changes since the date as of which such information is given. Also indicate by footnotes or by an inserted schedule (a) any material changes proposed to be effected after the filing of the application with the Commission as a result of the authorization or issuance of the securities to be registered hereunder on notice of issuance, and (b) if any such securities are to be authorized or issued as part of a plan of recapitalization, any material changes proposed to be effected after such filing as a result of the authorization or issuance of any other securities to be authorized or issued pursuant to such plan.

(a)* For each issue of authorized Funded Debit of the Registrant, furnish the following information:

As of: February 23, 1937

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F	COL. G	COL. H	COL. I	COL. J
Title of issue	Amount authorized by indenture	Amount Outstanding exclusive of that held in treasury of registrant	Amount outstanding as per balance sheet of registrant	Amount in Treasury of Registrant	Amount pledged by Registrant	Amount held by subsidiaries	Amount in sinking and other funds of Registrant	State whether additional amounts may be issued	Amount being registered

NONE.

Except notes of the Registrant outstanding to banks under a Bank Credit Agreement (Exhibit A hereto) of which there were outstanding on February 23, 1937, $9,500,000. exclusive of interest. As to such notes, see the answer to item 5 (f) and Exhibit A hereto.

*Corresponds to item 13 (a) of Form 10.

(b) * For each issue of Funded Debt of subsidiaries of the Registrant consolidated in the Registrant's Consolidated Balance Sheet, furnish the following information:

As of: February 23, 1937

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F	COL. G	COL. H
Name of Issuer	Title of Issue	Amount authorized by indenture	Amount outstanding exclusive of amount held in treasuries of Registrant and subsidiaries consolidated	Amount outstanding as per consolidated balance sheet	Amount in treasuries of Registrant and subsidiaries consolidated	Amount pledged by Registrant and subsidiaries consolidated	State whether additional amounts may be issued

None, except that on November 13, 1933, United Bonded Warehouse Corporation, a subsidiary of the Registrant, assumed mortgages running to the Bowery Savings Bank, New York, New York, in the principal amount of $162,500 on property purchased by United Bonded Warehouse Corporation at No. 20 West 40th Street, New York, New York (the location of the executive offices of the Registrant), payable January 31, 1939.

* Corresponds to item 13(b) of Form 10.

(c) * For each class of authorized Capital Stock of the Registrant, furnish the following information:

As of: February 23, 1937

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F	COL. G	COL. H
Title of Issue, Including par, or if no par, stated value, if any	Amount authorized by charter or by-laws	Amount Outstanding	Capital Stock Liability as per balance sheet	Amount in Treasury of Registrant	Amount owned by subsidiaries	Amount owned by parents	Amount reserved for officers and employees
Common Stock, $5 par value	1,500,000	1,060,000	$5,250,000.	None	None	None	None
5-1/2% Cumulative Preferred Stock, $100 par value	200,000	176,250	$17,625,000.	None	None	None	None

COL. I	COL. J
Amount reserved for options, warrants, conversions and other rights, excluding amounts under Col. H	Amount being registered
Common Stock (Cont'd) None	210,000 shares
Preferred Stock (Cont'd) None	None

(Continued on next page)

* Corresponds to Item 14 of Form 10.

posed to be effected after the filing of this application, as a result of the issuance of the 210,000 shares of Common Stock of the Registrant being registered hereunder on official notice of issuance.

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F	COL. G	COL. H
Title of Issue, Including par, or if no par, stated value, if any	Amount authorized by charter or by-laws	Amount Outstanding	Capital Stock Liability as per balance sheet	Amount in Treasury of Registrant	Amount owned by subsidiaries	Amount owned by parents	Amount reserved for officers and employees
Common Stock, $5 par value	1,800,000	1,260,000	$6,300,000	None	None	None	None
5-1/2% Cumulative Preferred Stock, $100 par value	200,000	176,250	$17,625,000	None	None	None	None

COL. I	COL. J
Amount reserved for options, warrants, conversions and other rights, excluding amounts under Col. H	Amount being registered
Common Stock (cont'd) None	210,000 shares
Preferred Stock (cont'd) None	None

* Corresponds to Item 14 of Form 10.

(d)* 15. For each class of Securities of Other Issuers Guaranteed by the Registrant, furnish the following information:

As of: February 23, 1937.

COL. A	COL. B	COL. C	COL. D	COL. E
Title of Issue, including par or, if no par, stated value, if any, of stock	Total amount guaranteed and outstanding	Amount in Treasury of Registrant	Amount in Treasury of issuer of securities	Brief statement of nature of guarantee
		NONE.		

* Corresponds to item 15 of Form 10.

(e)* For WARRANTS OR RIGHTS granted by the Registrant to subscribe for or purchase securities of the Registrant, furnish the following information.

As of: February 23, 1937

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F	COL. G
Title of Issue of Securities called for by warrants or rights	Amount of securities called for by each warrant or right	Number of warrants or rights outstanding	Aggregate amount of securities called for by warrants or rights outstanding	Expiration date of warrants or rights	Price at which warrant or right exercisable	Amount of warrants or rights being registered
			NONE.			

* Corresponds to Item 16 of Form 10.

(f) (Corresponds to item 17 of Form 10.) If there is any class of securities of the Registrant authorized, other than those called for by Items 5 (a), (c) (d) and (e) (such items corresponding to 13 (a), 14, 15 and 16, respectively of Form 10), set forth information concerning such securities similar to that required for the securities mentioned.

For information respecting scrip certificates in lieu of fractional shares of 5-1/2% Cumulative Preferred Stock in connection with the distribution on December 21, 1936 of a dividend of one-fortieth (1/40) of a share of 5-1/2% Cumulative Preferred Stock upon each share of Common Stock of the Registrant, reference is hereby made to Item 5 (f) on Form 8-A filed by the Registrant on December 1, 1936 with the New York Stock Exchange and the Securities and Exchange Commission in connection with the application for registration of 26,250 shares of 5-1/2% Cumulative Preferred Stock (being said stock dividend).

Though not deemed to be a "class of securities of the Registrant", Registrant makes known the fact that $9,500,000.00 of notes, exclusive of interest, of the Registrant were outstanding on February 23, 1937, to banks under a Bank Credit Agreement (Exhibit A hereto). The following is a statement of the parties to and the general effect concisely stated of said agreement:

Contract dated as of January 26, 1937 between Registrant and Bankers Trust Company, The First National Bank of Chicago, The National City Bank of New York, Bank of the Manhattan Company, The First National Bank of Boston, The Commercial National Bank & Trust Company of New York, Security-First National Bank of Los Angeles, Union Trust Company of Pittsburgh, First National Bank in St. Louis, The National City Bank of Cleveland, First National Bank Atlanta, National Bank of Detroit, Harris Trust and Savings Bank, Chicago, Citizens Union National Bank, Louisville, The Boatmen's National Bank, Northwestern National Bank & Trust Company, Minneapolis, First National Bank, Philadelphia, Fifth-Third Union Trust Company, Cincinnati, and First National Bank, Cincinnati. The banks agreed to extend to the Registrant a revolving credit to the limit of Twenty-two million dollars ($22,000,000.), to be availed of by the Registrant in whole or in part from time to time until January 26, 1942, when said credit matures. Borrowing is to be evidenced by promissory notes of the Registrant payable at the maker's option on or before fifteen (15) months from their date, but not later than January 26, 1942, with interest at the rate of 3-1/2% per annum from the date of the advance thereunder, payable quarterly. The Registrant from time to time may permanently reduce the amount of said credit in units of Two million dollars ($2,000,000.), or any multiple thereof,

upon giving designated written notice and by paying the commitment commission provided for in such Bank Credit Agreement. The Registrant agrees to pay to the banks a commitment commission at the rate of 1/2% per annum on the unused portion of the credit, calculated annually on the basis of average borrowings, with provisions effective in the event of any permanent reduction of such credit by the Registrant. Registrant has the right to terminate the agreement and its obligation to pay such commitment commission at any time upon payment of all advances then unpaid under the agreement, together with interest to date of payment and commitment commission to such date of payment. The registrant therein represents that the consolidated net quick assets of itself and all of its subsidiaries were, upon the date of the execution thereof, approximately Thirty-two million dollars ($32,000,000.), and agrees that if at any time during the life of such Bank Credit Agreement such consolidated net quick assets shall amount to less than Twenty-six million dollars ($26,000,000.), no advances shall be made which will increase the obligations outstanding under such credit to an amount in excess of Fifteen million dollars ($15,000,000.), and that if such consolidated net quick assets should at any time during the life of such Bank Credit Agreement amount to less than the sum of Twenty-three million dollars ($23,000,000.) (or less than Twenty-six million dollars ($26,000,000.) while the borrowings under such credit exceed Fifteen million dollars ($15,000,000.), and the committee provided for in such Bank Credit Agreement shall not agree to a lesser amount of consolidated net quick assets, then no additional advances shall be made under such credit, and, at the election of such committee, or of the banks acting unanimously, all obligations outstanding thereunder become immediately due and payable and such credit shall thereupon cease and terminate. The Bank Credit Agreement contains other provisions concerning the furnishing of financial statements to the banks; concerning the limiting of pledging or mortgaging by the Registrant or any of its subsidiaries of any of their assets, the borrowing of money except as provided or permitted in such Bank Credit Agreement, the sale of accounts receivable or debtors' paper without recourse, without written consent of the committee provided for in said Bank Credit Agreement, the incurring by the Registrant or any of its subsidiaries of direct or contingent debts other than the credit therein provided for, except such debts as arise in current operations, the undertaking of any transaction by way of lending money or lending credit except the lending of money or credit or the giving of financial assistance to customers within reasonable limits not exceeding One million dollars ($1,000,000.) in the aggregate at any one time, when undertaken in the business

of the Registrant or of a subsidiary, and the entering into of any transaction except as may be incidental to the manufacture and sale of distilled and fermented liquors; concerning the authorization of the Registrant to borrow for the purpose of purchasing barreled whiskey through a subsidiary organized or to be organized for such purpose until January 26, 1939, from Bankers Trust Company, in addition to the amount of the said credit of Twenty-two million dollars ($22,000,000), not to exceed Three million dollars ($3,000,000) at any one time outstanding, such borrowings to be for periods not exceeding one year and to bear interest at the rate of 2-1/2% per annum and to be secured by the hypothecation of the warehouse receipts representing whiskey purchased; concerning limitation against the issuance of bonds, debentures, preferred stock or other security by any subsidiary of the Registrant unless acquired as an entirety initially by the Registrant, and the limitation against the disposal by the Registrant of its holdings in any subsidiary except with the written consent of the committee provided for in such Bank Credit Agreement or except any transfers to the Registrant upon the dissolution of a subsidiary; concerning the designation of the committee hereinbefore referred to; and concerning provisions covering breaches of the Bank Credit Agreement and action which may be taken in the event thereof.

The above summary is subject to the document itself, Exhibit G hereto, which is hereby incorporated by reference in this answer, which answer is qualified in its entirety by said Exhibit.

Also, as stated in answer to item 5(b) above, on November 13, 1933, United Bonded Warehouse Corporation, a subsidiary of the Registrant, assumed mortgages running to the Bowery Savings Bank in the principal amount of $182,500 on property purchased by United Bonded Warehouse Corporation at No. 20 West 40th Street, New York, N. Y., payable January 31, 1939.

DESCRIPTION OF SECURITIES

6. For each issue of Funded Debt which is to be registered hereunder, furnish the information which would have been required to be furnished under the caption "Description of Securities" in the form appropriate for original registration of such issue, if the application for the registration of such issue were being made on such form.

None.

7. (a) For each class of Stock which is to be registered hereunder, furnish the information which would have been required to be furnished under the caption "Description of Securities" in the form appropriate for original registration of such issue, if the application for registration of such issue were being made on such form. No schedule of dividends paid need be furnished, however.

Common Stock - (a) Outline briefly: (1) dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to assessment. (This sub-item (a) corresponds to Item 19 (a) of Form 10).

(1) The Common Stock is entitled to dividends when and as declared by the Board of Directors, after provision for dividends and sinking fund requirements in respect of the 5-1/2% Cumulative Preferred Stock, provided, however, that the aggregate of dividends and distributions (other than stock dividends) so paid or made upon the Common Stock and upon shares of any other stock subordinate to the Preferred Stock shall not exceed the aggregate of the consolidated net earnings of the Corporation and its subsidiary companies (as defined) subsequent to January 1, 1935, after deducting therefrom all dividends accrued or paid on said Preferred Stock.

(2) There are no limitations in any indentures or other agreements on the payment of dividends on the Common Stock.

(3) The Common Stock is entitled to one vote per share. The sole voting rights are vested in the Common Stock, provided that whenever six quarterly dividends on the Preferred Stock shall be unpaid, in whole or in part, the voting power for the election of a minority of the Board of Directors shall be vested in the Preferred Stock, until payment of such dividends and provision for dividends for the current quarter, and further provided that the Corporation shall not, if more than 33-1/3% of the Preferred Stock object to the transaction (unless at least 51% of the Preferred Stock consent thereto) create, or permit any subsidiary company (as defined)

to create any mortgage or pledge upon certain assets of the Corporation or of any such subsidiary company, other than certain purchase money mortgages, etc., nor authorize additional Preferred Stock having rights or preferences on a parity with the rights and preferences of the Preferred Stock, nor increase the authorized number of shares of the Preferred Stock; and further provided that while any of the Preferred Stock is outstanding, the Corporation shall not, unless 51% of the outstanding shares of Preferred Stock consent thereto, amend the provisions of the Certificate of Incorporation, as amended, which have reference to or are protective of the Preferred Stock, nor sell, lease or exchange all or substantially all of its property or assets, nor consolidate or merge pursuant to the laws of the State of Delaware into or with any other corporation, nor authorize shares of stock having rights or preferences prior to the rights or preferences of the Preferred Stock.

(4) The Common Stock is entitled to all of the assets of the Registrant on liquidation after payment of debts and of amounts due in respect of the 5-1/2% Cumulative Preferred Stock.

(5) The Common Stock has preemptive rights but same do not extend to 5-1/2% Cumulative Preferred Stock.

The Common Stock will - (6) have no subscription rights; (7) have no conversion rights; (8) will not be redeemable; and (9) will not be liable to assessment.

This answer to Item 7 (a) is subject to the Certificate of Incorporation, and to the amendment to Article FOURTH thereof (Exhibit A-1 and A-2 hereto) which is hereby incorporated by reference in this answer, which answer is qualified in its entirety by said Exhibit.

(b) Furnish the same information as to any class of stock which, either as to dividends or on liquidation, ranks equal or prior to any class of stock required to be described under paragraph (a) of this Item 7.

Preferred Stock - (a) Outline briefly: (1) dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to assessment. (This sub-item (a) corresponds to Item 19 (a) of Form 10.)

For information respecting the shares of 5-1/2% Cumulative Preferred Stock of the Registrant similar to that required to be furnished under the caption "Description of Securities" in the form appropriate for the original registration of such respective issues, reference is hereby made to Item 19 of Application No. 1-2377 on Form 10 filed by the Registrant on January 20, 1936, with the New York Stock Exchange and the Securities and Exchange Commission in connection with the original registration of shares of such 5-1/2% Cumulative Preferred Stock.

8. For each class of securities (other than Funded Debt or Stock) to be registered hereunder, including warrants or rights granted by the Registrant to subscribe for or purchase securities of the Registrant, outline briefly the rights evidenced thereby.

None.

9. If any securities of the Registrant which are to be registered hereunder are guaranteed, give the titles of the issues and state whether or not the guarantor has applied, or is applying, for permanent registration of any securities on any exchange upon which the Registrant's securities which are guaranteed are to be registered hereunder.

None.

RECENT SALES OF SECURITIES BY REGISTRANT

10. For all securities of the Registrant sold by the Registrant since the close of the period covered by the last application for registration or the last annual reports:

(a) State the title of issue; and, if stock, the par value, or, if no par, the stated value, if any.

(b) State the amount sold.

(c) State the date of sale.

(d) If the securities were sold for cash, give the information required by the following table:

	Price to public, or to purchaser if no public offering	Net proceeds to Registrant
Total		
Per Unit		

(e) Furnish a reasonably itemized statement of the approximate amount devoted to each purpose, so far as determinable, for which the net cash proceeds have been or are to be used.

(f) If the securities were not sold for cash, state the nature and aggregate amount of the consideration received by the Registrant.

(g) Give the information required below as to any property or business acquired or to be acquired in whole or in part, directly or indirectly, not in the ordinary course of business, in consideration of any of such securities or of all or any part of the proceeds thereof:

(1) General character and location of such property.

(2) The names and addresses of the persons from whom acquired or to be acquired, specifying their relationship to the Registrant, if any.

(3) The allocation of the consideration given or to be given in connection with each such acquisition, reasonably itemized.

(h) If any substantial interest in any property described under paragraph (g) is held, or at the time of

acquisition was held, by any director, principal executive officer or affiliate of the Registrant, or by any principal underwriter of securities of the Registrant sold by the Registrant within three years, or by any person owning of record more than 10% of any class of equity securities of the Registrant, give full particulars as to the nature and extent of such interest, including the cost to such person.

(i) Name the principal underwriters of such securities, if any, indicating any such underwriters as were affiliates of the Registrant and stating the nature of the affiliation.

(j) Outline briefly the material provisions of each underwriting contract with a principal underwriter covering such securities. Outline briefly each contract made by the Registrant or an affiliate thereof agreeing not to sell securities of the same class as such securities during the period of distribution; and each such contract, known to the Registrant, made by any other person.

(k) State briefly the changes, if any, effected and to be effected as a result of or in connection with such sale, in the Funded Debt, Capital Stock, Surplus, and Reserve accounts of the Registrant, with the related entries affecting other balance sheet accounts, together with a brief explanation thereof.

(m) State that such securities were registered under the Securities Act of 1933, or state briefly the facts necessary to establish that such registration was not required.

None.

ITEMS 11 and 12 ARE INAPPLICABLE AND HAVE BEEN OMITTED.

SECURITIES TO BE EXCHANGED FOR SECURITIES OF ANOTHER ISSUER.

13. As to any securities being registered on notice of issuance which are to be issued in exchange for securities of an issuer other than the registrant:

(a) State the title of issue; and, if stock, the par value, or, if no par, the stated value, if any.

Common Stock, par value $5 per share.

(b) State the amount.

210,000 shares.

(c) State the approximate date of the proposed exchange.

March 10, 1937.

(d) Describe briefly the terms of the exchange, and the transaction in which it is to be effected.

210,000 shares of the Registrant's Common Stock of the par value of $5 per share are to be delivered in exchange for all of the issued and outstanding capital stock of Bernheim Distilling Company, a Kentucky corporation. An agreement for the carrying out of the said exchange pursuant to a plan of reorganization (Exhibit B hereto) was entered into on January 25, 1937 as of January 21, 1937, by the Registrant and Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, the holders of all the issued and outstanding capital stock of said Bernheim Distilling Company. The above summary is subject to the document itself, Exhibit D-1 hereto, which is hereby incorporated by reference in this answer, which answer is qualified in its entirety by said Exhibit.

(e) State the amount of commission, if any, to be paid for soliciting the exchange.

No commission is to be paid for soliciting the exchange.

(f) Regarding the securities being received by the registrant in exchange, furnish the information which would have been required to be furnished by the appropriate item under the caption "Description of Securities" in the form appropriate for original registration of such other securities, if such other securities were being registered.

The appropriate form for original registration of securities being received by the Registrant is Form 10. The appropriate item thereof under the caption "Description of Securities" is Item 19 of Form 10. Said item reads as follows:

19. For each class of stock set forth under Item 14, which is to be registered hereunder, or which, either as to dividends or on liquidation, ranks equal or prior to any stock to be registered hereunder:

(a) Outline briefly: (1) dividend rights; (2) limitations in any indentures or other agreements on the payment of dividends; (3) voting rights; (4) liquidation rights; (5) preemptive rights; (6) subscription rights; (7) conversion rights; (8) redemption provisions applicable thereto; and (9) liability to assessment:

The capital stock of Bernheim Distilling Company (1) is entitled to dividends when and as declared by the Board of Directors; (2) a Bank Credit Agreement dated August 1, 1935, between Bernheim Distilling Company and The First National Bank of Chicago, First National Bank in St. Louis, Citizens Union National Bank, Louisville, Kentucky, First National Bank, Louisville, Kentucky, and The Louisville Trust Company, Louisville, Kentucky, provides that without the consent of The First National Bank of Chicago, Bernheim Distilling Company would not declare or pay out any dividends other than stock dividends during the life of the credit which is the subject of such agreement: (3) is entitled to one vote per share; (4) is entitled to all of the assets of the corporation on liquidation, after payment of debts; (5) has preemptive rights; (6) has no subscription rights; (7) has no conversion rights; (8) is not redeemable; and (9) is not liable to assessment.

(b) Submit a schedule indicating for a period of three fiscal years (1) the dividends paid per share; (2) the methods of payment, i.e., whether in cash, stock or otherwise; (3) if dividends were paid in stock, state the exact name of the account charged and the dollar amount per share at which such dividend stock was so charged;

(1) No dividends were paid for the period of the last three fiscal years; (2) inapplicable; (3) inapplicable.

(g) State briefly the changes to be effected as a result of or in connection with the exchange in the Funded Debt, Capital Stock, Surplus, and Reserve accounts of the registrant, and the related entries affecting other balance sheet accounts, together with a brief explanation thereof.

There are no changes to be effected in the Funded Debt or Reserve accounts of the Registrant as a result of or in connection with the said exchange. The Common Stock issued and outstanding will be affected with the result that the Common Stock in the hands of the public will be increased by the 210,000 shares of Common Stock of the Registrant to be issued, and the Dollar amount of Common Stock as reflected in the Capital Account of the Registrant will be increased by $1,050,000 (being 210,000 said shares at $5 per share). Investments of stock in consolidated subsidiaries (as shown on the non-consolidated balance sheet of the Registrant) will be increased by the net worth as of December 31, 1936, of the shares of stock of Bernheim Distilling

Company taken in exchange, while the excess of this amount over said $1,050,000 will increase the Capital Surplus Account.

(h) State whether or not the securities have been or will be registered under the Securities Act of 1933, and if not, state briefly the facts necessary to establish that such registration is not required.

The Common Stock of the Registrant being registered hereunder has not and will not be registered under the Securities Act of 1933. Registration is not required because a limited number of persons, i.e., three, are involved; these recipients have, for a long time, had intimate knowledge of the Registrant; these recipients have agreed that they are not acquiring said shares of the Common Stock of the Registrant for the purpose of distributing the same to the public. None of the recipients is in the business of dealing in or underwriting securities and there are no underwriters or machinery of public distribution involved. Accordingly no public offering or distribution was involved and the transaction was an exempted transaction within the meaning of Section 4 (1) of the Securities Act of 1933, as amended.

ITEMS 14, 15, 16, 17, 18 AND 19 ARE INAPPLICABLE AND HAVE BEEN OMITTED.

This application comprises:

(1) The application proper, containing pages numbered 1 to 22, consecutively, with no insert pages.

(2) The following financial statements and schedules:

ALL APPERTAINING TO BERNHEIM DISTILLING COMPANY:

Certificate of Independent Accountants:

Balance Sheet, December 31, 1936 (with notes attached to and made a part of such Balance Sheet);

Comparative Statement of Profit and Loss for two years ended December 31, 1936 (with notes attached to and made a part of such Comparative Statement of Profit and Loss);

Statement of Earned Surplus for two years ended December 31, 1936;

Schedule 2 - Property, Plant and Equipment at Cost;

Schedule 3 - Reserve for Depreciation;

Schedule 8 - Supplementary Profit and Loss Information;

Schedule 9 - Income from Dividends

(3) The following exhibits:

Exhibit A-1. Certificate of Incorporation of Registrant. Reference is made to Exhibit A-1-a to Registration Statement No. 2-1778 of the Registrant on Form A-1, filed November 27, 1935, under the Securities Act of 1933, as amended, which exhibit is incorporated herein by such reference.

Exhibit A-2. Certificate of Amendment of the Certificate of Incorporation of the Registrant. Reference is made to Exhibit A-1-b to Registration Statement No. 2-1778 of the Registrant on Form A-1, filed November 27, 1935 under the Securities Act of 1933, as amended, which exhibit is incorporated herein by such reference.

Exhibit C-1. Specimen of 100 share certificate of Common Stock of Registrant.

Exhibit C-2. Specimen of less than 100 share certificate of Common Stock of Registrant.

Exhibit D-1. Copy of agreement dated January 25, 1937 as of January 21, 1937 between Registrant and Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, containing the Plan of Reorganization pursuant to which the Securities to be registered hereunder on notice of issuance are to be exchanged for the issued and outstanding Capital Stock of Bernheim Distilling Company.

Exhibit D-2. Certified copy of resolutions of Board of Directors of Registrant containing Plan of Reorganization pursuant to which the securities to be registered hereunder on notice of issuance, are to be issued.

Exhibit E. Reference is made to Exhibit D-1 for a copy of the agreement dated January 25, 1937, as of January 21, 1937, between the Registrant and Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross.

Exhibit G. Copy of Bank Credit Agreement as of January 26, 1937 between Registrant and Bankers Trust Company, The First National Bank of Chicago, The National City Bank of New York, Bank of the Manhattan Company, The First National Bank of Boston, The Commercial National Bank & Trust Company of New York, Security-First National Bank of Los Angeles, Union Trust Company of Pittsburgh, First National Bank in St. Louis, The National City Bank of Cleveland, First National Bank Atlanta, National Bank of Detroit, Harris Trust and Savings Bank, Chicago, Citizens National Bank, Louisville, The Boatmen's National Bank, Northwestern National Bank & Trust Company, Minneapolis, First National Bank, Philadelphia, Fifth-Third Union Trust Company, Cincinnati, and First National Bank, Cincinnati.

This application is filed subject to the instructions contained in the Instruction Book for Form 8-A for Additional securities as approved under date of March 7, 1936, and as amended under date of May 22, 1936; December 7, 1936.

This application is made upon the understanding with the New York Stock Exchange and with the Securities and Exchange Commission that it shall not be construed as a waiver of the right to contest the validity or scope of any or all of the provisions of the Securities Exchange Act of 1934 under the Constitution of the United States, or the validity of any rule or regulation made or to be made under said Act. The Registrant hereby expressly reserves to itself such constitutional right.

Upon the basis of the statements and documents comprising this application the undersigned hereby applies for registration pursuant to Section 12(b) and (c) of the Securities Exchange Act of 1934 of the securities specified on the facing sheet of this application on the respective exchanges there specified.

February 26, 1937.

SCHENLEY DISTILLERS CORPORATION

By

Lester E. Jacobi
Vice President

(SEAL)

Attest:

RALPH T. HEYNSFELD
Secretary

FORM S-A

FOR ADDITIONAL SECURITIES

OF

SCHENLEY DISTILLERS CORPORATION

FINANCIAL STATEMENTS AND SCHEDULES
AS OF DECEMBER 31, 1936

OF

BERNHEIM DISTILLING COMPANY

AS REQUIRED BY

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C.

BERNHEIM DISTILLING COMPANY

LIST OF FINANCIAL STATEMENTS AND SCHEDULES

* * * * * * *

CERTIFICATE OF INDEPENDENT ACCOUNTANTS

BALANCE SHEET, December 31, 1936 (with notes attached to and made a part of such Balance Sheet)

COMPARATIVE STATEMENT OF PROFIT AND LOSS, for the two years ended December 31, 1936 (with notes attached to and made a part of such Comparative Statement of Profit and Loss)

STATEMENT OF EARNED SURPLUS, for two years ended December 31, 1936

SCHEDULE 2 - Property, Plant and Equipment at Cost

SCHEDULE 3 - Reserve for Depreciation

SCHEDULE 8 - Supplementary Profit and Loss Information

SCHEDULE 9 - Income from Dividends

CERTIFICATE OF INDEPENDENT ACCOUNTANTS

February 15, 1937.

Bernheim Distilling Company, Incorporated
Louisville, Kentucky

Gentlemen:

We have made an examination of the balance sheet of Bernheim Distilling Company, Incorporated, as of December 31, 1936, and of its profit and loss and surplus accounts for the two years ended December 31, 1936. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the period, and we made substantial tests of the recorded transactions but we did not make a detailed audit of the accounts.

We submit herewith the following statements and schedules:

Balance Sheet - December 31, 1936.

Comparative Statement of Profit and Loss for Two years Ended December 31, 1936.

Statement of Earned Surplus for Two Years Ended December 31, 1936.

SCHEDULE II - Property, Plant and Equipment.
" III - Reserve for Depreciation.
" VIII - Supplementary Profit and Loss Information.
" IX - Income from Dividends.

Based upon our examination, we believe that the accompanying balance sheet and statements of profit and

loss and surplus, as supplemented by the notes attached to and made a part thereof, fairly present the financial position of Bernheim Distilling Company, Incorporated, at December 31, 1936, and the results of its operations for the two years ended that date. Accepted methods of accounting have been consistently maintained during the period under review, except as regards the application of 1936 profit on grain futures to reduce the cost of grain subsequently used, as explained in note attached to the profit and loss statement.

Respectfully submitted,

HUMPHREY ROBINSON AND COMPANY

By (sgd) Robert Miller
Certified Public Accountant

NOTES ATTACHED TO AND MADE A PART OF BALANCE SHEET AT DECEMBER 31, 1936

NOTE A- The inventories, which are classed as current assets, include substantial quantities of bulk whiskey placed in storage for aging over a period of time. Physical inventories were not taken, but the quantities of bulk and case whiskey on hand were compiled from perpetual inventory records. These quantities were proved with the records of production, sales and withdrawals from bond, and were verified with the U. S. Government records at December 31, 1936. Other inventories were compiled from perpetual inventory records which provide ample allowance for shrinkage and loss. Federal, State and County taxes on whiskey payable upon withdrawal from bond, which constitute liens upon whiskey in the inventory, cannot be determined at present. In accordance with the usual practice in the industry, these taxes are not taken up in the accounts until time of withdrawal of whiskey from bond. When paid, the amount will be added to the inventory values.

NOTE B- It was estimated by the Management that further additions to a warehouse, in process of construction, will aggregate about $87,000.00.

BERNHEIM DISTILLING COMPANY

BALANCE SHEET

LIABILITIES

Current Liabilities:		
Notes Payable to Banks (Note C), (Under Credit Agreement dated Aug. 1, 1935. Life Insurance policies with face value of $650,000.00 have been assigned under this agreement).		$3,000,000.00
Accounts Payable - For Purchases, Customers Deposits, State, County and City Taxes on Whiskey Withdrawn from Bond,		198,453.94
Accrued Expenses:		
Wages,	$ 1,667.85	
Pay Roll Taxes,	5,965.19	
Local Property Taxes,	15,508.20	
Commitment Commissions on Credit Agreement,	21,388.89	
Federal Income Taxes for 1936,	198,180.23	
Kentucky State Income Tax for 1936,	47,057.56	
Federal Capital Stock Tax for 1937,	26,328.00	316,103.92
TOTAL CURRENT LIABILITIES,		$3,514,557.86
State, County and City Taxes Payable Upon Withdrawal of Whiskey,		13,382.88
NET WORTH:		
Capital Stock - 2,250 Shares	$ 225,000.00	
Surplus (Note D),	5,568,855.63	5,793,855.63
TOTAL LIABILITIES AND NET WORTH,		$9,321,796.37

NOTES ATTACHED TO AND MADE A PART OF BALANCE SHEET AT DECEMBER 31, 1936

NOTE C- Under a credit agreement with its banks the Company has established a line of credit with $5,000,000.00 maximum. Under its terms, a commitment commission shall be paid upon the average amount of unused credit at 1% per annum to March 31, 1939, and 1/2% per annum from that date to October 1, 1939.

NOTE D- No provision has been made for Federal surtax on undistributed profits. A credit agreement with the banks prohibits payment of dividends and it is believed that the Company is not subject to this tax. No provision has been made for possible "Unjust Enrichment" taxes, the maximum liability, if any, being estimated at $23,000.00.

NOTE E- The Company suffered some flood damage during the period from January 23 to February 7, 1937. We were advised that there was no damage to whiskey stocks and that the principal loss will be on account of damage to grain stocks. There will be some loss on account of damage to machinery, office equipment, etc., but the entire loss to all property is estimated at less than $100,000.00. An accurate estimate was not possible at the time this report was compiled, but the figure stated is considered by the Management as an absolute maximum.

BERNHEIM DISTILLING COMPANY

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR TWO YEARS ENDED DECEMBER 31, 1936

	YEAR ENDED DECEMBER 31			
	1935		1936	
Gross Sales, Less Allowances for Breakage, Leakage, Price Adjustments, Etc.		$3,709,749.24		$3,949,708.94
Cost of Goods Sold:				
Inventory Whiskey, Beginning of Year	$1,029,404.64		$1,893,322.20	
Whiskey Purchased,	320,841.49		339,521.59	
Whiskey Manufactured,	2,458,685.73		2,598,336.94	
Federal Withdrawal Taxes and State, County and City Taxes on Withdrawals,	8,956.84		15,522.52	
Transfers - Charged to Other Accounts,	(6,588.41)		(1,205.94)	
Bottling Expense and Supplies,	2,312.85		00	
Totals,	3,813,593.14		4,845,497.31	
Inventory Whiskey, End of Year,	1,893,322.20	1,920,270.94	2,708,515.84	2,136,971.47
Gross Profit on Sales,		1,789,478.30		1,812,737.47
Warehousing Operations - Net - (Expense) or Income,		(44,031.21)		18,581.62
Totals,		1,745,447.09		1,831,319.09
Selling, Administrative and General Expenses,		422,167.42		454,205.00
Operating Profit,		1,323,279.68		1,377,114.09
Other Income:				
Interest Earned,	92,672.33		102,316.23	
Profit on Sale of Investments,	148,506.54		00	
Dividends Received,	00		23,842.80	
Profit on Grain Futures (Note 1),	36,052.07		00	
Miscellaneous,	2,956.77	280,187.71	531.76	126,690.79
Totals,		1,603,467.39		1,503,804.88
Income Deductions:				
Interest Paid,	40,455.65		104,052.78	
Life Insurance Premiums or (Increase in Cash Value) - Net,	18,914.75		(7,995.08)	
Provision for Bad Debts and Allowances,	4,606.70		26,518.46	
Loss on Fixed Assets Discarded,	12,269.35		00	
Miscellaneous Deductions,	100.00	76,374.45	2,557.00	125,133.16
Net Profit Before Income Taxes,		1,527,092.94		1,378,672.72
Provision for Federal and State Income Taxes (Note 2),		226,680.44		245,245.79
PROFIT FOR PERIOD CARRIED TO EARNED SURPLUS,		$1,300,412.50		$1,133,425.93

(Continued Next Page)

[redacted] DISTILLING COMPANY

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED DECEMBER 31, 1936 -
(Continued)

NOTE:

(1) In 1935 the Company realized a profit in grain futures which was credited to profit and loss. In 1936 a like profit of $42,681.48 was credited to cost of whiskey manufactured during a part of the fall 1936 season. This change in accounting procedure resulted in a decrease in the production cost during the months in which this credit was applied and also a decrease of approximately $12,000.00 in the inventory valuation at December 31, 1936.

(2) No provision has been made for Federal surtax on undistributed profits. A credit agreement with the Company's banks prohibits the payment of dividends and it is believed that the Company is not subject to this tax.

BERNHEIM DISTILLING COMPANY

STATEMENT OF EARNED SURPLUS FOR
TWO YEARS ENDED DECEMBER 31, 1936

	1935	1936
Balance, per Books, Beginning of Year,	$3,008,492.53	$4,458,497.55
Add Adjustments of Items, Recorded in 1935 and/or 1936 Affecting Surplus at Beginning of Year:		
Accrued City Taxes,	1,464.09	
Accrued Compensation Insurance,	387.00	
Reserve for Allowances, Etc., as of Dec. 31, 1934, Reduced to 5% of Notes and Accounts Receivable at that Date,	51,119.07	
Accrued Kentucky Production Tax Collectible from Customers upon Withdrawal of Whiskey from Bond,	95,537.98	
Capital Charges Disallowed as Expense by Revenue Department,	3,357.50	1,457.50
Totals,	3,160,358.17	4,459,955.05
Deduct:		
Additional Income Taxes Prior to 1935 Paid in 1935,	815.62	
Additional Income Taxes Prior to 1935 Paid in 1936,	24,241.73	24,241.73
Adjustment of Prepaid Kentucky Production Tax,	283.62	283.62
Total Deductions,	25,340.97	24,525.35
Adjusted Surplus, Beginning of Year,	3,135,017.20	4,435,429.70
Net Income from Profit and Loss Statement,	1,300,412.50	1,133,425.93
BALANCE, END OF YEAR,	$4,435,429.70	$5,568,855.63

BERNHEIM DISTILLING COMPANY

SCHEDULE II - PROPERTY, PLANT AND EQUIPMENT - AT COST:

Classification	Balance Dec. 31, 1935	Additions During 1936	Balance Dec. 31, 1936
Land,	$ 173,522.45	$ 557.50	$ 174,079.95
Buildings,	1,235,386.16	567,844.32	1,803,230.48
Building Equipment,	130,155.80	51,717.26	181,873.06
Machinery,	307,407.61	15,530.00	322,937.61
Yard Equipment,	47,404.03	4,603.07	52,007.10
Office Furniture and Fixtures,	80,097.60	28,773.98	108,871.58
Automobile,	6,733.15	00	6,733.15
Totals,	1,980,706.80	669,026.13	2,649,732.93
Miscellaneous Inventory of Building Material, Etc.	2,532.00	357.66-/	2,174.34
TOTALS,	$1,983,238.80	$668,668.47	$2,651,907.27

(*) - Represents $250.00 transferred to expense account, and sales of $107.66.

(/) - Red ink.

SCHEDULE III - RESERVES FOR DEPRECIATION:

Classification	Balance Dec. 31, 1935	Additions During 1936	Balance Dec. 31, 1936
Land,	$ 00	$ 00	$ 00
Buildings,	32,992.49	29,937.71	62,930.20
Building Equipment,	7,822.51	6,976.06	14,798.57
Machinery,	46,484.02	25,310.47	71,794.49
Yard Equipment,	3,045.14	2,351.25	5,396.39
Office Furniture and Fixtures,	6,551.03	14,458.51	21,009.54
Automobile,	140.32	1,683.84	1,824.16
Totals,	97,035.51	80,717.84	177,753.35
Miscellaneous Inventory of Building Materials, Etc.,	00	00	00
TOTALS	$97,035.51	$80,717.84	$177,753.35

Depreciation has been computed at rates allowed by the Bureau of Internal Revenue for income tax purposes in prior years.

BERNHEIM DISTILLING COMPANY

BALANCE SHEET

A S S E T S

Current Assets:		
Cash on Hand and in Banks - unrestricted,		$ 873,497.76
Accounts and Notes Receivable:		
Accounts Receivable - Trade,	$ 100,600.60	
Notes Receivable - "	1,985,656.94	
(Secured by Warehouse Receipts for Whiskey, adequately covered by Fire Insurance. These notes mature in four and/or six months from their dates. Terms provide generally for five renewals of four months each upon payment of $2.50 per bbl. at each extension of notes for Fall 1935 whiskey. Six renewals will be granted on Spring and Fall 1936 whiskey notes.)		
Notes Receivable - For Cash Advances,	32,000.00	
Sundry Accounts Receivable,	123.01	
Total,	2,118,380.55	
Reserve for Possible Losses (5% of Notes and Accounts),	105,913.03	2,012,467.52
Inventories (Note A):		
Bulk Whiskey in Bond - At Cost, Exclusive of Warehousing and Carrying Charges,	2,706,639.76	
Case Whiskey in Bond - At Cost,	1,876.08	
Grain in Process - At Grain Cost,	20,642.17	
Grain, Cooperage and Coal - At Cost,	58,860.81	
Distillers Dried Grain - At Selling Price,	888.00	2,788,926.82
Other Current Assets:		
Deposits on Grain Futures,	10,000.00	
Life Insurance - Cash Value (Assigned Under Credit Agreement),	27,363.58	
Kentucky Distilled Spirits Excise Tax on Goods Sold - Collectible from Purchasers upon withdrawal of Spirits from Bond,	381,355.71	
Accrued Storage Receivable,	176,551.15	
Accrued Interest Receivable,	14,985.74	610,256.18
TOTAL CURRENT ASSETS,		$6,285,148.28
Marketable Securities and Other Security Investments - At Cost or Less, Value at Dec. 31, 1936, is estimated at $460,206.00. This value is based upon market value of listed securities, $22,500.00, and upon values of unlisted securities as estimated by the Management.		519,556.00
Property, Plant and Equipment - At Cost (Schedule II) - (Note B),	2,651,907.27	
Less Reserve for Depreciation (Schedule III),	177,753.35	2,474,153.92
Brands, Trade Names and Good Will,		1.00
Unpaid Insurance, Taxes and Licenses,		42,937.17
TOTAL ASSETS,		$9,321,796.37

BERNHEIM DISTILLING COMPANY

SCHEDULE VIII - SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

Item	CHARGED TO: Cost	Warehousing Operations	Selling, Administrative and General	Totals
1. Maintenance and Repairs:				
Year Ended Dec. 31,1935,	$35,207.43	$13,015.25	$ 36.07	$48,258.75
" " Dec. 31,1936,	31,042.50	10,197.00	239.32	41,478.82
2. Depreciation:				
Year Ended Dec. 31,1935,	33,502.92	16,842.31	8,246.70	59,291.93
" 2 Dec. 31, 1936,	33,812.00	29,198.17	17,707.67	80,717.84
3. Taxes:				
Year Ended Dec. 31,1935,	307,310.11	00	67,491.68	374,801.79
" " Dec. 31,1936,	348,886.27	00	55,020.93	403,907.20

SCHEDULE IX - INCOME FROM DIVIDENDS:

Title of Issue	DIVIDEND: Kind	Amount
Louisville Cooperage Co., Common - 13,246 Shares,	Cash	$23,842.80

EXHIBIT "A"

Balance Sheet

BERNHEIM DISTILLING COMPANY
Seventeenth and Breckinridge Streets
LOUISVILLE, KENTUCKY

BALANCE SHEET - DECEMBER 31, 1936 (before Year-end adjustments)

ASSETS

CURRENT ASSETS		
Cash		$873,497.76
SECURITIES (at cost)		
Distillers Corp. Seagram, Ltd.--Common	$80,900.00	
Distillers & Brewers Corp. of Amer. & Belmont Holding Company - Common	200,000.00	
Distillers & Brewers Corp. of Amer. - - - - - - - - - - - - - - - Preferred	92,000.00	
Louisville Cooperage Co. - Common	145,706.00	
Louisville Industrial Found. - Common	950.00	519,556.00
ACCOUNTS & NOTES RECEIVABLE : Trade		
Accounts receivable	147,766.82	
Notes Receivable	1,970,493.72	
	2,118,260.54	
Less: Reserves for bad debts, allces.	106,569.27	2,011,691.27
OTHER RECEIVABLES		
Production Tax due from Customers	381,355.71	
Accrued Storage	174,686.10	
Accrued Interest	14,904.86	
Due from employes & sundry debtors	120.01	571,016.68
Cash Surrender value of life insur.		27,350.00
Margin on Grain Futures		10,000.00
INVENTORIES		
Bulk Whiskey in Bond		
Belmont Product. 114,854 bbls.	2,285,468.00	
Bernheim Prod. 19,535 bbls.	410,896.76	
Old Charter Prod. 411 bbls.	10,275.00	
	2,706,639.76	
Case Goods in Bond 36 cases	1,876.08	
Whiskey in Process	20,642.17	
Grain & Distillery Supplies	59,768.81	2,788,926.82
TOTAL CURRENT ASSETS		6,802,038.53
PREPAID EXPENSES		
Insurance	23,940.66	
Taxes and Licenses	16,331.41	40,272.07
FIXED ASSETS		
Land, Bldgs., machinery & equipment (at cost)	2,651,063.85	
Less: Reserve for depreciation	192,753.35	2,458,310.50
BRANDS, Trademarks, Goodwill, etc.		1.00
TOTAL ASSETS		$9,300,622.10

EXHIBIT "A"
Balance Sheet

LIABILITIES

CURRENT LIABILITIES		
Notes Payable to Banks		$3,000,000.00
Accounts Payable for current purchases and expenses		191,862.78
ACCRUED EXPENSES and RESERVES		
Wages Payable	$1,667.85	
Commitment Commission	21,388.89	
Local Taxes on whiskey withdrawn from bond	14,467.66	
Local Property Taxes	16,773.50	
Federal & State Payroll Taxes	6,388.75	
Capital Stock Tax due in July 1937 (estimated)	26,300.00	
Income Taxes on 1936 profits (estimated)	243,500.00	330,486.65
Funds held in trust for owners of whiskey sold		842.40
TOTAL CURRENT LIABILITIES		$3,523,191.83
Local Taxes on whiskey collected in advance (not payable until whiskey is withdrawn from bond)		12,946.54

NET WORTH

Capital Stock	225,000.00	
Surplus	5,539,483.72	5,764,483.73
TOTAL LIABILITIES & NET WORTH		$9,300,622.10

EXHIBIT "B"

BEUNHEIM DISTILLING COMPANY
Seventeenth and Breckinridge Streets
LOUISVILLE, KENTUCKY

CONDENSED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1936
(before year end adjustments)

SALES		
Bulk Whiskey	$3,583,339.41	
Case Whiskey	79,812.90	$3,663,152.31
Deduct: Allowances		7,417.21
Net Sales		3,655,735.10
LESS: COST OF SALES		
Bulk Whiskey	1,780,451.72	
Case Whiskey	72,756.70	1,853,208.42
Gross Profit on Whiskey Sales		1,802,526.68
WAREHOUSE OPERATIONS		12,563.95
Total Gross Profit		1,815,090.63
ADMINISTRATIVE & SELLING EXPENSES		421,771.76
Operating Profit		1,393,318.87
OTHER INCOME		
Interest Earned	102,235.35	
Dividends Received	23,842.80	
Sundry Credits	11,213.69	137,291.84
		1,530,610.71
OTHER EXPENSES		
Federal Capital Stock Tax	31,700.00	
Interest Expense	104,052.78	
Donations	2,557.00	
Life Insurance	(7,981.50)	
Bad Debts	1,436.70	
Additions to Reserve for allces. & for deprec.	41,575.32	
Provision for Contingencies	10,000.00	183,340.30
Net Profit before Income Taxes		1,347,270.41
FEDERAL & STATE INCOME TAXES (estimated)		243,500.00
NET PROFIT after all charges		$1,103,770.41
Surplus Beginning of Period	4,458,497.55	
Additional Income Tax on 1934 Profits less items disallowed as expense and restored to Capital accounts	22,784.23	4,435,713.32
Surplus End of Period		$5,539,483.73

EXHIBIT C-1

STOCK CERTIFICATE FOR 100 SHARES OF

SCHENLEY DISTILLERS CORPORATION

COMMON STOCK

EXHIBIT C-2

STOCK CERTIFICATE FOR LESS THAN 100 SHARES OF

SCHENLEY DISTILLERS CORPORATION

COMMON STOCK

EXHIBIT D-1

AGREEMENT, made this 25th day of January, 1937, as of the 31st day of January, 1937, between EMIL SCHWARZHAUPT, LEO GERNGROSS and PAULINE GERNGROSS (hereinafter called the "Stockholders"), parties of the first part, and SCHENLEY DISTILLERS CORPORATION, a Delaware corporation (hereinafter called "Schenley"), party of the second part,

W I T N E S S E T H:

WHEREAS, it is contemplated as a part of a plan of reorganization that there is to be issued to the Stockholders, or their respective nominees, common stock of Schenley in exchange for the entire issued stock of Bernheim Distilling Company, a Kentucky corporation (hereinafter called the "Company"), THEREFORE, in order to carry out said plan of reorganization, IT IS AGREED by and between the parties hereto as follows:

FIRST: The Stockholders jointly and severally represent, warrant and agree as follows:

(a) That the Company is a corporation, duly organized and existing under the laws of the State of Kentucky, with an authorized capitalization of 2,250 shares, each share of the par value of $100, all of which shares are now issued and outstanding and all of which shares are owned or controlled by Schwarzhaupt and Co., a copartnership (hereinafter called "Schwarzhaupt") free and clear of any lien or encumbrance whatsoever.

(b) The Company is the owner of all of the outstanding shares of stock of Belmont Distilling Company, a Kentucky corporation (hereinafter called the "Subsidiary"), which Subsidiary is now validly existing; all of the outstanding shares of stock of such Subsidiary have been duly and validly issued and are fully paid and non-assessable.

(c) Attached hereto and marked Exhibit "A" and made a part hereof is a balance sheet of the Company and the Subsidiary as of December 31, 1936. Neither the Company nor the Subsidiary has any liability (other than such federal, state, county and

local taxes as are payable upon the withdrawal from bond of distilled spirits now in the Company's internal revenue warehouses, and other than so-called windfall taxes not in excess of $30,000.) other than such as are properly reflected upon their books of account and as are indicated upon said balance sheet. Said balance sheet provides a sufficient reserve for doubtful accounts, extraordinary collection expenses, returns and allowances. At the date hereof, the financial condition of the Company and the Subsidiary (excepting with respect to any loss due to flood or damage) is at least as good and their net worth is at least as great as shown on said balance sheet, and (excepting as aforesaid) there has been no change in the financial condition of the Company or the Subsidiary since the date of said balance sheet except in the ordinary and regular course of business, and no dividends or distributions have been paid or made on the Company's or the Subsidiary's stock since the date of said balance sheet.

(d) Attached hereto, marked Exhibit "B", is a statement of earnings of the Company and the Subsidiary for the year ending December 31, 1936. Neither the Company nor the Subsidiary has any earnings or any losses or charges for such year other than such as were properly reflected upon the books of account and are indicated upon such statement (other than such federal, state, county and local taxes as are payable upon the withdrawal from bond of distilled spirits now in the Company's internal revenue bonded warehouses).

(e) The Company was, as of the close of business on December 31, 1936, the owner of good marketable and indefeasible title, free and clear of any liens and encumbrances (other than liens and encumbrances appertaining to federal, state, county and local taxes upon distilled spirits then in its internal revenue bonded warehouses), to the distilled spirits reflected upon its books of account and indicated upon said balance sheet, Exhibit "A", which distilled spirits are in the

quantities, of the ages and of the types heretofore indicated in writing by the Stockholders to Schenley, and said inventories (excepting with respect to any loss or damage due to flood) have not been reduced, increased or changed since December 31, 1936, except by manufacture, purchase and sale in the regular course of the Company's business.

(f) The Company has, at the date hereof, outstanding warehouse receipts only in the forms hereto attached and made a part hereof, and has (excepting with respect to any loss or damage due to flood) in its internal revenue bonded warehouses, the barrels and cases of distilled spirits represented by all warehouse receipts so outstanding.

(g) The Company is the owner of good marketable and indefeasible title, free and clear of any liens and encumbrances (other than such statutory federal, state, county and local liens, if any, as appertain to distilled spirits now in its internal revenue bonded warehouses, and other than liens for such general taxes as are reserved against or otherwise reflected in the said balance sheet, Exhibit "A"), in fee simple in and to land of not less than 11-3/4 acres in area, located at Louisville, Kentucky, and to the two distilleries, warehouses and other buildings located thereon, and one of said distilleries (to wit, the so-called Distillery No. 1) has at the date hereof a registered grain capacity, as appears upon Government records, of approximately 2,977 bushels per day, and the other of said distilleries (to wit, the so-called Distillery No. 2) has at the date hereof a registered grain capacity, as appears from Government records, of approximately 1,533 bushels per day, and said warehouses (in so far as completed) have at the date hereof a storage capacity of at least 329,500 barrels.

(h) The Company owns at the date hereof and has the exclusive right to use in the United States of America the following liquor brands: I. W. HARPER and OLD CHARTER (excepting that

with respect to Old Charter the Company has permitted one concern to use the said brand in connection with distilled spirits heretofore manufactured and has permitted another concern to use the same with certain restrictions); the Subsidiary owns at the date hereof and has the exclusive right to use in the United States of America the following liquor brands: BELMONT, NUTWOOD and ASTOR. (The Company and the Subsidiary are using other liquor brands but the representations, warranties and agreements in this subdivision (h) of paragraph FIRST contained do not apply to such other liquor brands.)

(i) Neither the Company nor the Subsidiary has, as of the date hereof, any agreement, contract, lease or other commitment of any kind or character other than such as have been heretofore approved of in writing by Schenley; that pursuant to the terms thereof the Company and the Subsidiary have respectively, as of the date hereof, duly performed all of the conditions on their respective parts to be performed under said agreements, contracts, leases or other commitments and are not in default with respect thereto.

(j) There is no litigation existing or threatened against the Company or the Subsidiary.

SECOND: Prior to the Closing Date hereinafter referred to the Stockholders will cause Schwarzhaupt to take such action as may be necessary to the end that Emil Schwarzhaupt shall own 1,350 of the said 2,250 issued and outstanding shares of the Company, Leo Gerngross shall own 562 1/2 of such shares, and Pauline Gerngross shall own 337 1/2 of such shares. At 10:00 A.M. of the Closing Date hereinafter referred to, the Stockholders jointly and severally agree to deliver to Schenley, or to such one of its subsidiaries and/or nominee or nominees as it shall have designated in writing to the Stockholders at least two days prior to the Closing Date, valid certificates for 2,250 shares of stock of the Company, each share of the par value of $100, in the name of Schenley or, if such designation shall have been given, in the name of the subsidiary and/or nominee or nominees of Schenley so designated, against the delivery by Schenley to Emil Schwarzhaupt of valid certificates for 126,000 shares of the Common Stock of Schenley, each share of the par

value of $5.00, to Leo Gerngross of valid certificates for 52,500 such shares, and to Pauline Gerngross of valid certificates for 31,500 such shares, in the names of said respective individuals or in the name of such nominee or nominees as each of the same shall respectively designate to Schenley in writing at least two days prior to the Closing date. All such shares so delivered shall be fully paid and non-assessable, and the shares delivered by Schenley as aforesaid shall have been listed upon the New York Stock Exchange and registered under the Securities Exchange Act of 1934 (excepting that in the event Schenley is unable with due diligence to so list and register such stock, this agreement shall be null and void and neither party shall be liable on account thereof).

THIRD: The Stockholders jointly and severally warrent and agree that upon the Closing Date the Company's authorized and issued stock will be the same as is set forth in subdivision (a) of paragraph FIRST hereof; that upon delivery by the Stockholders to Schenley of certificates for an aggregate of 2,250 shares of the stock of the Company as hereinbefore in paragraph SECOND hereof provided, such certificates and the shares thereby represented will be free and clear of any lien or encumbrance whatsoever; that the Company will, upon the Closing Date, own all of the issued and outstanding shares of stock of the Subsidiary, which Subsidiary shall then be lawfully existing, all of whose shares of stock shall have been duly and validly issued and shall be fully paid and non-assessable; that the Company and the Subsidiary will, upon the Closing Date, have (excepting with respect to any loss or damage due to flood) a financial condition at least as good and a net worth at least as great as set forth in the balance sheet referred to in subdivision (c) of paragraph FIRST hereof; that the Company and the Sub-

sidiary shall (excepting with respect to any loss or damage due to flood) own the assets set forth on such balance sheet and be subject only to the liabilities (including, but not limited to, all claims, costs, charges, income and other taxes, except as may be herein to the contrary expressly provided) shown therein (and to liabilities for federal, state, county and local taxes as are payable upon the withdrawal from bond of distilled spirits then in its internal revenue bonded warehouses, and for so-called windfall taxes not in excess of $30,000.), subject with reference to such assets and liabilities only to changes due to the ordinary and normal course of business since December 31, 1936, excepting that in the event there shall have occurred at any time during the period commencing with January 1, 1937 and terminating upon the Closing Date, a record date or record dates for the payment of a dividend upon the Common Stock of Schenley, the said assets shall be reduced by an amount equal to a sum arrived at by multiplying 210,000 by the aggregate amount of any dividend per share declared upon all such record dates during such period upon the Common Stock of Schenley; that the company will not up to the Closing Date (excepting with respect to loss or damage due to flood) have reduced, increased or changed its inventories referred to in subdivision (e) of paragraph FIRST hereof except by manufacture, purchase and sale in the regular course of the Company's business; that all of the distilled spirits represented by such inventories will (excepting insofar as the same may be damaged due to flood) be prime, sound and merchantable (but no recovery shall be had upon the basis of any breach of warranty or agreement of any of the Stockholders as to the primeness, soundness or merchantability of such distilled spirits unless Schenley shall have notified the Stockholders as promptly as possible after its ascertainment of any such breach and in no event after the period terminating with the ninetieth day subsequent to the Closing date); that the Company will upon the Closing Date have outstanding warehouse receipts only in the forms hereto attached

and made a part hereof, and will then have in its internal revenue bonded warehouses (excepting with respect to loss or damage due to flood) the barrels and cases of distilled spirits represented by all such warehouse receipts as are then outstanding; that the Company and Subsidiary will respectively then own and have the exclusive right to use (subject to exception referred to in subdivision (h) of paragraph FIRST hereof) in the United States of America the designated liquor brands referred to in said subdivision; that neither the Company nor the Subsidiary shall upon such Closing Date have any agreement, contract, lease or other commitment, oral or written, of any kind or character other than referred to in subdivision (i) of paragraph FIRST hereof or other than such as shall have, subsequent to the date of the execution and delivery hereof, been approved of in writing by Schenley, and that the Company and the Subsidiary shall then have respectively duly performed all of the conditions on their respective parts to be performed under all such agreements, contracts, leases, or other commitments and will not then be in default in respect thereto; and that neither the Company nor the Subsidiary will upon the Closing Date have any litigation existing or threatened against them; that all information furnished by the Stockholders or any of them, or by the Company, in connection with the registration under the Securities Exchange Act of 1934, or the listing upon the New York Stock Exchange of the shares of stock of Schenley to be delivered pursuant to the terms of this agreement, shall be true in all respects when made and there shall not be therein any omission to state a material fact required to be stated therein or necessary to make such information not misleading; and that each of the Stockholders is acquiring the shares of stock of Schenley to be delivered pursuant to the terms of this agreement not for the purpose of

distributing the same to the public. The Stockholders shall together be entitled, in the event of any breach or breaches of any of the warranties or agreements herein in this paragraph THIRD contained, to a credit in the aggregate of $25,000 against any damage recoverable by Schenley by reason of any such breach or breaches on the part of the Stockholders. The Stockholders will cooperate with the Company, the Subsidiary and/or Schenley and render necessary or desired assistance in the defense of any litigation. The obligations of the Stockholders herein shall survive the Closing in thi agreement provided for.

FOURTH: The Stockholders agree that Schenley and its officers, agents, accountants, counsel and other representatives, shall have full and free access to all the books, records, accounts, agreements, contracts, leases and other papers and documents and to the inventories and other physical assets of the Company or the Subsidiary and will cause their officers and employees to cooperate in assisting Schenley and such officers, agents, accountants, counsel and other representatives in investigating the financial and physical condition of the Company or of the Subsidiary and in preparing the necessary papers in connection with the registration under the Securities Exchange Act of 1934 and listing of the shares of stock of Schenley upon the New York Stock Exchange to be delivered pursuant to the terms of this agreement. All documents forming any part of the plan of reorganization herein in this agreement provided for, or the issuance and delivery of the stock of the Company and of the stock of Schenley shall be in form approved by counsel for both parties hereto.

FIFTH: Schenley warrants and agrees that upon the Closing Date Schenley's authorized Capital Stock will consist of 200,000 shares of Preferred Stock, each

share of the par value of $100, and 1,500,000 shares of Common Stock, each share of the par value of $5.00, and that its issued stock will be not in excess of 176,250 shares of such Preferred Stock and (inclusive of the shares of Common Stock to be delivered by Schenley to the Stockholders pursuant to the terms hereof) 1,260,000 shares of such Common Stock. The obligations of the Stockholders to accept delivery of the shares of stock of Schenley and to deliver shares of stock of the Company in exchange shall be subject (unless the Stockholders jointly elect to waive any right hereunder) to the express condition precedent that Schenley shall not have suffered a loss or losses aggregating $2,500,000, on account of fire, accident or other calamity, regardless of whether such loss shall have been insured.

SIXTH: In addition to all of the representations, warranties and agreements contained in any part of this agreement, the obligation of Schenley to accept delivery of the shares of stock of the Company and to deliver its shares of stock in exchange therefor shall be subject (unless Schenley elects in any case to waive any right hereunder) to the following further express conditions precedent:

(a) That Counsel for the Stockholders and counsel for Schenley shall have furnished Scherley with their respective written opinions that the Stockholders have performed all of the obligations and conditions herein contained on their part then to be performed and complied with.

(b) That counsel for the Stockholders and counsel for Schenley shall then have furnished to Schenley their respective written opinions that the Company and the Subsidiary have been duly organized and are lawfully existing, and that the Company has an authorized capitalization in accordance with the provisions hereof, and that upon delivery by the Stockholders to Schenley, or its subsidiary or nominee or nominees, of certificates for 2,250 shares of the stock of the Company, such shares will be duly and validly issued and outstanding, fully paid and non-assessable, and

no other shares will then be authorized or issued by the Company, and that the Company is the owner of record of all of the issued and outstanding shares of stock of the Subsidiary and that all of such shares of stock of the said Subsidiary have been duly and validly issued and are fully paid and non-assessable.

(c) That the Stockholders shall then have furnished Schenley with the opinion of counsel who are satisfactory to counsel for Schenley, in form satisfactory to counsel for Schenley, that the Company holds good marketable and indefeasible title in fee simple to the real estate referred to in subdivision (g) of paragraph FIRST hereof, free and clear of all liens and encumbrances except as hereinbefore referred to.

(d) That the Stockholders shall then have furnished to Schenley (a) a balance sheet of the Company and the Subsidiary as of December 31, 1936, as audited by Humphrey, Robinson & Company, which shows the financial position and net worth of the Company and the Subsidiary to be at least as great as the same is shown upon the balance sheet, Exhibit "A"; (b) a statement of earnings of the Company and the Subsidiary for the year ending December 31, 1936, as audited by Humphrey, Robinson & Company, which shall show earnings for such year at least as great as the same are shown upon the statement of earnings, Exhibit "B"; and (c) a certificate of the Company's auditor that from December 31, 1936, there have (excepting with respect to loss or damage due to flood) been no changes in the financial position or net worth of the Company or of the Subsidiary except in the ordinary and usual course of business, and that from such date no agreements, contracts, leases or other commitments have been made by the Company or the Subsidiary other than in the ordinary and usual conduct of the business and except as contemplated by this agreement.

(e) That neither the Company nor the Subsidiary shall then have any litigation pending or threatened.

(f) That the Company shall not have suffered a loss or losses aggregating $500,000, on account of fire, accident or other calamity, regardless of whether such loss shall have been insured.

(g) That the Stockholders shall then have delivered to Schenley (1) a letter or photostatic copy thereof of due federal authority stating the federal records as to the number of original barrels and/or cases (separately stated for each description of merchandise by distilling year and maker) of bonded distilled spirits located at the warehouses of the Company referred to in subdivision (g) of paragraph FIRST hereof, and (2) a letter of Humphrey Robinson and Co. setting forth the number of original barrels and cases separately stated as above, of distilled spirits deposited in said respective internal revenue bonded warehouses which, according to the records of the Company, are (excepting with respect to loss or damage due to flood) held in such warehouses for the account of others than the Company; and said letter or photostatic copy thereof and said letter shall substantially accord with the representation, warranty and agreement referred to in subdivision (e) of paragraph FIRST hereof, except insofar as the Company's inventories therein referred to shall have been reduced, increased or changed by manufacture, purchase and sale in the regular course of the Company's business (and excepting with respect to loss or damage due to flood).

(h) That the Stockholders shall then have delivered to Schenley certificates of Emil Schwarzhaupt and Leo Gerngross, respectively, that their respective agreements of employment with the Company, heretofore approved of in writing by Schenley, are then in full force and effect.

SEVENTH: The Closing Date shall be February 23, 1937, or such earlier date as the parties may mutually agree upon, or such later date as shall be necessary to enable the parties by the use of reasonable diligence to perform the conditions hereof.

The closing shall occur at the office of Schenley, 30 West 40th Street, New York City.

EIGHTH: All notices under this agreement shall be in writing, and if to the Stockholders shall be sufficient in all respects if delivered in person or sent by registered mail to them care of Schwarzhaupt and Co., at 52 William Street, New York City, and if to Schenley shall be sufficient in all respects if delivered in person or sent by registered mail to Schenley at 30 West 40th Street, New York City.

NINTH: This agreement and all the terms hereof shall enure to and be binding upon the parties hereto and their respective successors and assigns, and upon the personal representatives of the parties of the first part.

IN WITNESS WHEREOF, the Stockholders have hereunto set their hands and seals, and Schenley has caused this agreement to be executed on its behalf by its duly authorized officers, all as of the day and year first above written.

EMIL SCHWARZHAUPT (L.S.)

LEO GERNGROSS (L.S.)

PAULINE GERNGROSS (L.S.)

SCHENLEY DISTILLERS CORPORATION

By HAROLD JACOBI
President

CORPORATE SEAL

Attest:

RALPH T. HEYNSFELD
Secretary

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 25 day of January, 1937, before me personally came EMIL SCHWARZHAUPT, LEO GERNGROSS, and PAULINE GERNGROSS, to me known to be the persons described in and who executed the foregoing instrument, and they severally acknowledged that they executed the same.

H. E. KEMPER
Notary Public
NY Co. Clks No. 342
Reg. No. 8K517
Com. expires 3/30/38

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 25 day of January, 1937, before me personally came HAROLD JACOBI, to me known, who being by me duly sworn, did depose and say that he resides in Woodmere, New York; that he is the President of SCHENLEY DISTILLERS CORPORATION, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

H. E. KEMPER
Notary Public
NY Co. Clks. No. 342
Reg. No. 8K517
Com. expires 3/30/38

EXHIBIT D-2

SCHENLEY DISTILLERS CORPORATION

I, RALPH T. HEYMSFELD, Secretary of Schenley Distillers Corporation, a Delaware corporation, do hereby certify that the following is a true, correct and complete extract from the minutes of a meeting of the Board of Directors of said corporation duly called and regularly held on the 26th day of January, 1937, at which a quorum was present and voting:

"The Chairman of the meeting stated to the meeting that negotiations with Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, the sole stockholders of Bernheim Distilling Company, had successfully resulted in a proposed agreement to be dated as of the 31st inst. between such individuals and this Corporation. By the terms of such agreement, this Corporation was to acquire 2250 shares of the capital stock of Bernheim Distilling Company (being all the issued and outstanding capital stock of such corporation) and to issue and deliver in exchange therefor, 210,000 shares of the Common Stock, each share of the par value of $5, full paid and non-assessable of this Corporation. A balance sheet of such Bernheim Distilling Company and its Subsidiary as of December 31, 1936 and a statement of earnings thereof for the year ending December 31, 1936 were, the Chairman stated, attached as exhibits to the proposed agreement, and the closing was conditioned upon the submission of an audited balance sheet and an audited statement of earnings showing the financial position and net worth, and the earnings for such year, at least as great as are shown in such balance sheet and statement of earnings, respectively,

(with a $25,000 leeway and damage due to flood excepted). The Chairman explained that the acquisition would be as of January 1, 1937, but that the agreement contained suitable provisions to the effect that Bernheim Distilling Company and its Subsidiary would in the interim be operated only in the ordinary and usual course of business. The Chairman pointed out that under the agreement if Bernheim Distilling Company shall have suffered losses on account of fire, accident or other calamity (including flood losses) aggregating $500,000, this Corporation was not obliged to proceed with the consummation of the contract, and that analogously Messrs. Schwarzhaupt and Gerngross and Mrs. Gerngross would not be obligated to proceed if this corporation shall have suffered losses on account of fire, accident or other calamity (including flood losses) aggregating $2,500,000. The Chairman further stated that the acquisition of the said 2250 shares of the capital stock of Bernheim Distilling Company was part of a plan of reorganization under which the 210,000 shares of the Common Stock of this Company to which he had already referred was to be issued to Messrs. Schwarzhaupt and Gerngross and to Mrs. Gerngross, the stockholders of Bernheim Distilling Company, in exchange for the entire issued and outstanding stock of such Corporation. The Chairman submitted the proposed agreement to the meeting and a copy thereof was ordered annexed to the minutes of this meeting.

"After discussion, upon motion duly made and seconded, it was unanimously

"RESOLVED, that the Board of Directors does hereby adjudge and declare said 2,250 shares of the outstanding Capital Stock of Bernheim Distilling Company referred to in the

proposed agreement between this Corporation and Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross submitted to this meeting to be necessary for the business of this Corporation and to be of a value at least equal to the par value of the stock demanded therefor; and further

"RESOLVED, that said proposed agreement in the form submitted to this meeting be and the same is hereby approved and accepted; and further

"RESOLVED, that the officers of this Corporation be and they hereby are authorized and directed to evidence the entry by this Corporation into the said proposed agreement by signing and sealing a copy thereof and delivering the same to the said Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross; and further

"RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to issue to Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, the stockholders of Bernheim Distilling Company, in the proportions set forth in the said agreement, (pursuant to a plan of reorganization, in exchange for 2250 shares of the capital stock of Bernheim Distilling Company, (being the entire issued and outstanding stock of Bernheim Distilling Company)), certificates of full paid and non-assessable Common Stock of this Corporation for an aggregate of 210,000 shares, each share of the par value of $5, upon the transfer to this Corporation of the said 2,250 shares of Capital Stock of Bernheim Distilling Company, all pursuant to the terms of the said agreement."

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of this Corporation this 28th day of February, 1937.

Ralph T. Haymsfeld
Secretary

(CORPORATE SEAL)

EXHIBIT G

BANK CREDIT AGREEMENT

BETWEEN

SCHENLEY DISTILLERS CORPORATION

AND

BANKERS TRUST COMPANY, ETC.

COPY OF TELEGRAM

AU WASHINGTON D C 546P MAR 9 1937

RALPH T HEYNSFELD

SECRETARY SCHENLEY DISTILLERS CORP 20 WEST 40 ST NYC(DELN)

REGISTRATION TWO HUNDRED TEN THOUSAND SHARES COMMON STOCK FIVE DOLLARS PAR VALUE FILE ONE DASH TWENTY THREE SEVENTY SEVEN B TODAY ORDERED EFFECTIVE ON NEWYORK STOCK EXCHANGE UPON OFFICIAL NOTICE OF ISSUANCE

ANDREW J CAVANAUGH ASSISTANT DIRECTOR
REGISTRATION DIVISION

607P

February 6, 1937

Schenley Distillers Corporation,
20 West 40th Street,
New York, N. Y.

Gentlemen:

With reference to the question of whether or not registration under the Securities Act of 1933, as amended, is required of the 210,000 shares of Common Stock of Schenley Distillers Corporation proposed to be issued and delivered by you to Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, pursuant to the terms of an agreement dated as of January 21, 1937, between your Corporation and such individuals, we wish to advise you as follows:

We understand that Leo Gerngross and Pauline Gerngross are husband and wife. Paragraph Third of said agreement provides that 126,000 of said 210,000 shares of Common Stock are being acquired by Emil Schwarzhaupt, 52,500 shares thereof are being acquired by Leo Gerngross and 31,500 shares thereof are being acquired by Pauline Gerngross, and that all such shares are not being so acquired for distribution to the public. You have advised us that you have no knowledge or information which would indicate to you any lack of intention or capacity on the part of said individuals to carry out such provision of said agreement.

On the basis of the foregoing, we are of the opinion that no registration under the Securities Act of 1933, as amended, of such 210,000 shares of Common Stock of Schenley Distillers Corporation is required as a prerequisite to the issuance and delivery thereof to said three individuals, pursuant to the terms of such agreement.

Very truly yours,

Chadbourne, Wallace, Parke & Whiteside

Francis E. Fitch (Inc.), 138 Pearl St., New York.

A-10815

COMMITTEE ON STOCK LIST
NEW YORK STOCK EXCHANGE

SCHENLEY DISTILLERS CORPORATION

(A holding company organized under the laws of Delaware, July 11, 1933)

COMMON STOCK, $5 PAR VALUE

Additional listing:	Shares
Authorized by Charter	1,500,000
Amount outstanding	1,050,000
Listing herein applied for	210,000
Previously authorized to be listed	1,050,000
Total listing applied for	1,260,000
Authorized by Board of Directors	Jan. 25, 1937

No other authority required.

CAPITAL SECURITIES AS AT FEBRUARY 18, 1937

		Number of shares			
	Par value	Authorized by Charter	Authorized for issuance	Previously authorized for listing	Outstanding
5½% Cumulative Preferred Stock	$100	200,000	176,250	176,250	176,250
Common Stock	$5	1,500,000	1,260,000	1,050,000	1,050,000

New York, N. Y., February 18, 1937.

Schenley Distillers Corporation, a Delaware corporation (hereinafter sometimes referred to as the "Company"), hereby makes application for the listing on the New York Stock Exchange of

210,000 additional shares of its Common Stock of the par value of $5 per share (out of a total authorized issue of 1,500,000 shares), on official notice of issuance and payment in full in connection with the acquisition of all of the outstanding stock of Bernheim Distilling Company, as hereinafter more fully set forth; making the total amount applied for 1,260,000 shares.

All of said shares will be, when issued, fully paid and non-assessable, and no personal liability will attach to the holders thereof.

Reference is made to the previous applications of the Company and especially to application No. A-10728, dated November 27, 1936.

AUTHORITY FOR AND PURPOSE OF ISSUE

The Company has agreed to issue and deliver, in exchange for all of the outstanding stock of Bernheim Distilling Company, 210,000 shares of its Common Stock of the par value of $5 per share. An agreement dated January 25, 1937 by the Company with the stockholders of Bernheim Distilling Company, providing for the acquisition by the Company of such stock, was approved of by the Board of Directors of the Company at a meeting held January 25, 1937. At the same meeting, the Board of Directors authorized the issuance of said 210,000 shares of Common Stock of the par value of $5 per share of the Company for such purpose, and no further authority is required.

REGISTRATION UNDER THE SECURITIES ACTS

In the opinion of counsel, the 210,000 shares of Common Stock of the par value of $5 per share of the Company included in this application are being issued in connection with an exempted transaction under the provisions of Section 4(1) of the Securities Act of 1933, as amended, and registration of such shares under the Securities Act of 1933, as amended, is not required.

The Company will file with the Securities and Exchange Commission and with the New York Stock Exchange, under the provisions of the Securities Exchange Act of 1934, as amended, an application on Form 8-A for the registration of the 210,000 shares of Common Stock of the par value of $5 per share of the Company included in this application.

BERNHEIM DISTILLING COMPANY

The Bernheim Distilling Company was organized under the laws of Kentucky in May 1910. The corporation was formed to continue the liquor business first begun in Paducah, Kentucky, in 1872 by Isaac W. Bernheim and Bernard Bernheim. This business, conducted in the name of Bernheim Bros., was later moved to Louisville, Kentucky, and carried on from 1893 to 1910 by the Bernheim Distilling Company, a West Virginia corporation. Bernheim Distilling Company, the Kentucky corporation, until National Prohibition, carried on the business of distilling, rectifying, storing, bottling and distributing whiskey, and during Prohibition carried on, under Government permit, limited operations in the manufacture and distribution of whiskey for medicinal purposes. Prior to the year 1925, Bernheim Distilling Company disposed of the distillery it then owned with properties other than a small lot of pre-Prohibition bonded whiskies and its good will, including "I. W. Harper" and certain other brands. During the year 1933 it acquired the Belmont Distillery properties together with "Belmont" and certain other brands. On this site and certain contiguous lands later acquired are the present Distilleries Nos. 1 and 2 and Internal Revenue Bonded Warehouse No. 1, 7th District of Kentucky, owned by the Bernheim Distilling Company, together with the other buildings composing its

present plant. Not long thereafter Bernheim Distilling Company acquired all of the bulk whiskey, and "Old Charter" and other brands of the Wright & Taylor Distilling Corporation. The whiskey produced by the Bernheim Distilling Company at Distillery No. 1 is disposed of through the sale of warehouse receipts solely to other distillers, rectifiers and wholesalers for use in their own business. The whiskey produced at Distillery No. 2 is produced for the account of the Bernheim Distilling Company under a distillery lease to, and in the name of, the Belmont Distilling Co., a subsidiary described below, and substantially all this whiskey has been stored in bond for aging the required period for bottling in bond and has not been sold. The subsidiaries of Bernheim Distilling Company, all of them wholly owned, are as follows:

United American Company
Belmont Distilling Co.
Astor Pure Rye Distilling Co.

OPINION OF COUNSEL

Messrs. Chadbourne, Wallace, Parke & Whiteside, of New York, N. Y., have furnished an opinion to the effect that the shares covered by this application will be, when issued for the purpose above described, validly issued and outstanding, fully paid and non-assessable.

RIGHTS, PREFERENCES, PRIVILEGES AND LIMITATIONS OF THE VARIOUS CLASSES OF STOCK

A brief summary of the designations, preferences and rights of the 5½% Cumulative Preferred Stock of the Company is contained in the Company's previous application No. A-10728, dated November 27, 1936, and for a complete statement thereof reference is made to Exhibit A to application No. 10456 of the Company, dated January 18, 1936.

DIVIDENDS

Since its last previous application, No. A-10728, dated November 27, 1936, the Company paid (1) on January 1, 1937, the regular quarterly dividend of $1.37½ per share in cash on the 5½% Cumulative Preferred Stock of the Company; (2) on December 21, 1936, a dividend of $0.75 per share in cash on the Common Stock of the Company (such dividend being anticipatory in that, upon the basis of quarter-yearly payments of dividends, such dividend should ordinarily have been payable during the month of January, 1937); (3) on December 21, 1936, an extra dividend of $1.50 per share in cash on the Common Stock of the Company; and (4) on December 21, 1936, a dividend of one-fortieth of a share of 5½% Cumulative Preferred Stock of the Company upon the Common Stock of the Company (aggregating the 26,250 shares of the 5½% Cumulative Preferred Stock of the Company for which application to list was made by the last previous application numbered A-10728, dated November 27, 1936).

The Board of Directors of the Company, at its meeting of February 16, 1937, declared the regular quarterly dividend of $1.37½ per share in cash on the 5½% Cumulative Preferred Stock of the Company, payable April 1, 1937 to the holders of record at the close of business on March 17, 1937.

BUSINESS

The Company was organized on July 11, 1933, under the laws of the State of Delaware. It is a holding company, whose subsidiaries are engaged principally in the business of distilling, blending, rectifying, bottling, purchasing and warehousing rye and bourbon whiskies and other distilled spirits, and the sale and distribution of these products. Certain of the Company's subsidiaries are also engaged in other incidental and related activities, such as the importation from foreign countries of brandies, wines and other liquors, the production of cattle feed as a by-product, and the distribution of substantially all thereof in the United States. Activities are conducted in accordance with Federal and State laws and under Federal and State permit systems.

For a more detailed statement as to the history and business of the Company, reference is made to previous applications No. A-10430, dated December 6, 1935, and No. A-10123, dated August 8, 1933.

SUBSIDIARIES

The subsidiaries of the Company are listed below. In each case, unless otherwise indicated, 100% of the voting power, exclusive of certain instances of directors' qualifying shares, is represented. (Subsidiaries are indented under their immediately controlling parent company.)

Armstrong Distillery Company
Baird-Daniels Company, Inc.
The John T. Barbee Company
Belle of Anderson Distillery Company
The A. B. Blanton Small Tub Distilling Company
Henry Clay Distilling Company
Henry Clic & Company
Clifton Springs Distilling Co.
The Cove Springs Distilling Company
Eastern Distillers Syndicate, Inc.

Joseph S. Finch and Company
The Schenley Distilleries, Inc.
Franklin Pure Whiskey Distillery Company
The Gibson Distilling Company
The Greenbrier Distilling Company
Hoosier Distillery Co.
The Melvale Distillery Company
The Monticello Distillery Company
Napa Valley Wine and Brandy Co. Inc.
The New England Distilling Company
Old Dignity Distilling Company, Incorporated
The Old Quaker Company
Penn-Farms Cattle & Plant Food Company—87½%
Jas. E. Pepper & Company
Registered Brands, Incorporated
Schenley Distributors, Inc.
Schenley Distributors of New England, Inc.
Schenley Import Corporation
Schenley International Corporation
Schenley Products Company (a New Jersey corporation)
Schenley Products Company (a Pennsylvania corporation)
Schenley Research Institute, Inc.
The Geo. T. Stagg Company
The Steinhardt Company, Inc.
The Sam Thompson Distillery Company
United Bonded Warehouse Corporation
The Wilken Family, Incorporated

EMPLOYEES

The number of the employees of the Company is approximately 5,500.

DEPRECIATION POLICY

Depreciation is provided on the straight-line method at rates based on the estimated useful life of the assets. The annual rates used by the Company follow:

Buildings:	
Brick buildings	2 — 3%
Tile buildings	2½— 4%
Frame buildings	3 — 6%
Metal clad buildings	3 — 5%
Miscellaneous construction	2½— 6%
Elevators, plumbing, etc.	3 — 6%
Railroad sidings	4%
Machinery and equipment	4 —33⅓%
Machinery and equipment at outside factories	10%
Furniture and fixtures	6 —15%
Automobiles	20 —25%
Leasehold improvements	Duration of leases

Provision for depreciation on property used in production, and provision for depreciation on property used in the storage of spirits, are added to the cost of such merchandise included in the inventories. As the spirits are sold, the cost, which thus includes depreciation, is charged to profit and loss.

FINANCIAL STATEMENTS

The following financial statements are submitted below:

Consolidated financial statements of Schenley Distillers Corporation and subsidiary companies:

(1) Comparative Consolidated Balance Sheets as at December 31, 1934, December 31, 1935 and September 30, 1936.

(2) Comparative Consolidated Statement of Profit and Loss for the years ending December 31, 1934 and 1935, and for the nine months ending September 30, 1936.

(3) Consolidated Statement of Earned Surplus for the years ending December 31, 1934 and 1935 and for the nine months ending September 30, 1936.

(4) Consolidated Statement of Capital Surplus for the years ending December 31, 1934 and 1935 and for the nine months ending September 30, 1936.

Financial statements of Schenley Distillers Corporation (Parent Company):

(5) Comparative Balance Sheets as at December 31, 1934, December 31, 1935 and September 30, 1936.

(6) Statement of Profit and Loss and Earned Surplus for the years ending December 31, 1934 and 1935 and for the nine months ending September 30, 1936.

(7) Statement of Capital Surplus for the period from January 1, 1934 to September 30, 1936.

Financial statements of Bernheim Distilling Company:

(1) Balance Sheet as at December 31, 1936.

(2) Comparative Statement of Profit and Loss for the years ending December 31, 1935 and 1936.

(3) Statement of Earned Surplus for the years ended December 31, 1935 and 1936.

CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

New York, N. Y., November 19, 1936.

To the Board of Directors of
SCHENLEY DISTILLERS CORPORATION:

We have made an examination of the accompanying financial statements, listed above. In connection therewith, we examined or tested accounting records of Schenley Distillers Corporation (Parent Company) and its subsidiary companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the periods covered by the financial statements, but we did not make a detailed audit of the transactions.

No provision has been made in the accounts for the nine months ending September 30, 1936 for surtax on undistributed profits.

In our opinion, based upon such examination, and subject to the above explanation, the accompanying financial statements listed above, as supplemented by the explanatory notes appearing thereon and appended thereto, fairly present, in accordance with accepted principles of accounting, the position of the Parent Company as at December 31, 1934, December 31, 1935 and September 30, 1936 and of the Parent Company and its subsidiary companies consolidated as at December 31, 1934, December 31, 1935 and September 30, 1936 and the results of the operations of the Parent Company, and the consolidated results of operations of the Parent Company and its subsidiary companies for the years ending December 31, 1934 and 1935 and for the nine months ending September 30, 1936. The methods of accounting have been consistently maintained by the companies during the periods under review, except as regards (1) the inclusion in inventory costs of carrying charges on maturing whiskey from January 1, 1935 and (2) the appropriation from earned surplus as at September 30, 1935 for the balance of the controverted claim of the Commonwealth of Pennsylvania for floor tax and accrued interest, which are explained in the notes to the financial statements.

PRICE, WATERHOUSE & CO.

SCHENLEY DISTILLERS CORPORATION AND SUBSIDIARY COMPANIES

(1) COMPARATIVE CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1934, DECEMBER 31, 1935, AND SEPTEMBER 30, 1936

ASSETS

	Dec. 31, 1934	Dec. 31, 1935	Sept. 30, 1936
Current assets:—			
Cash in bank, in transit and on hand	$1,566,380.34	$6,386,766.89	$1,750,346.18
Notes and accounts receivable:			
Notes receivable—Customers	$879,051.65	$668,399.35	$1,291,966.46
Accounts receivable—			
Customers, including State Liquor Boards and Commissions	4,894,923.33	7,596,131.34	6,515,133.72
Miscellaneous claims and accounts receivable	294,032.89	572,130.88	437,062.11
	$6,068,007.87	$8,836,661.57	$8,244,162.29
Less—Reserve for doubtful accounts, allowances, etc.	200,000.00	200,000.00	175,000.00
	$5,868,007.87	$8,636,661.57	$8,069,162.29
Inventories of matured and new whiskey and other spirits, imported goods, materials, supplies, and distillations in process, at the lower of cost or market	$13,064,937.34	$25,630,798.01	$32,652,904.66
Total current assets	$20,499,325.55	$40,654,226.47	$42,472,413.13
Investments and advances:			
Investments in and advances to barrel and distributing companies, at cost	$560,907.92	$400,000.00	$400,000.00
Less—Reserve for losses	55,000.00	100,000.00	100,000.00
	$505,907.92	$300,000.00	$300,000.00
Prepaid expenses and deferred charges	$427,359.54	$512,860.45	$495,875.57
Plant and property:			
Land, buildings, machinery and equipment, at cost	$5,690,884.32	$8,225,528.69	$12,229,258.11
Less—Reserve for depreciation	326,307.17	624,413.79	870,766.48
	$5,364,577.15	$7,601,114.90	$11,358,491.63
Brands, trade-marks, goodwill, etc.	$1.00	$1.00	$1.00
	$26,797,171.16	$49,068,202.82	$54,626,781.33

LIABILITIES

	Dec. 31, 1934	Dec. 31, 1935	Sept. 30, 1936
Current liabilities:			
Notes payable to banks	$1,500,000.00	.....	$2,000,000.00
Notes and acceptances payable	137,188.48	$2,234,995.03	1,107,227.28
Accounts payable and accrued liabilities	1,967,516.64	2,492,241.69	3,879,365.07
Sundry taxes payable and accrued	191,848.93	252,474.57	383,679.09
Reserve for Federal income, capital stock and excess profits taxes	1,754,220.70	1,394,455.00	1,217,392.39

Reserve for floor tax payable to Commonwealth of Pennsylvania in respect of merchandise sold and delivered to the Commonwealth	637,265.15	269,411.65	112,151.13
Dividends payable	.....	.....	993,750.00
Advance payments by customers	204,329.18	90,406.93	35,169.85
Total current liabilities	$6,392,369.08	$6,733,984.87	$9,728,734.81
First mortgage payable January 31, 1939	$182,500.00	$182,500.00	$182,500.00
Reserves:			
Reserve for claims and contingencies	$375,000.00	$250,000.00	$250,000.00
Reserve for balance of controverted claim of the Commonwealth of Pennsylvania for floor tax and interest accrued from January 1, 1935 to December 31, 1935, as explained in note below	.....	6,055,000.00	5,930,000.00
	$375,000.00	$6,305,000.00	$6,180,000.00
Minority interest in capital stock of subsidiary company	$10,000.00	$10,000.00	$10,000.00
Capital stock and surplus:			
Capital stock:			
5½% cumulative preferred:			
Authorized (in December, 1935)— 200,000 shares of $100 par value $20,000,000.00			
Issued—150,000 shares	.....	$15,000,000.00	$15,000,000.00
Common:			
Authorized—1,500,000 shares of $5 par value $7,500,000.00			
Issued—1,050,000 shares	$5,250,000.00	5,250,000.00	5,250,000.00
Capital surplus, per accompanying statement	2,407,516.13	1,426,663.98	1,419,163.98
Earned surplus (after deducting amounts of $6,055,000 at December 31, 1935 and $5,930,000 at September 30, 1936, representing earned surplus appropriated for balance of controverted claim of Commonwealth of Pennsylvania for floor tax and interest accrued from January 1, 1935 to December 31, 1935, as explained in note below), per accompanying statement	12,179,785.95	14,160,053.97	16,856,382.54
	$19,837,302.08	$35,836,717.95	$38,525,546.52
	$26,797,171.16	$49,068,202.82	$54,626,781.33

Note—The reserve for balance of the controverted claim of the Commonwealth of Pennsylvania for floor tax and interest accrued represents at September 30, 1936 approximately $5,175,000 principal of such tax allegedly due and approximately $755,000 accrued interest thereon from January 1, 1935 to December 31, 1935. The position of the companies, acting upon legal advice, is that such floor tax is unconstitutional and that, apart therefrom, it is offset with respect to such principal item by outstanding uncompleted contracts (which are in default on the part of the Commonwealth) for the purchase by such Commonwealth, acting through its Liquor Control Board, of whiskies, rums and brandies of a gallonage based upon that on which such floor tax is calculated, at prices which make due allowance for such floor tax. It is the belief of the companies that such interest item is uncollectible by the Commonwealth, such floor tax being, in the opinion of counsel, unconstitutional, and apart therefrom, in the opinion of counsel, the interest item is offset under such contracts by obligations of the Board; accrued interest of approximately $475,000 for the nine months ending September 30, 1936 has not been recorded on the books of the companies. Suits are now pending for an injunction against the collection of such floor tax and interest, and, on the part of the Commonwealth, for the collection thereof.

The company's practice was to record as a current liability on its books at the time of delivery of merchandise sold to the Commonwealth (acting through its Liquor Control Board) that portion of the sales price which was to be paid to the Commonwealth as floor tax upon the collection of the receivable arising from such sales. No floor taxes have been recorded as a current liability since March 3, 1936, inasmuch as the Commonwealth has not, since that time, been making purchases from the company at prices which make allowance for the floor tax.

The balance of the controverted claim of the Commonwealth of Pennsylvania for floor tax was approximately $6,300,000 at December 31, 1934, but a reserve therefor did not appear in the published consolidated balance sheet as at that date, the situation being reflected in a footnote thereto. The reserve was created as at September 30, 1935 by an appropriation from earned surplus.

SCHENLEY DISTILLERS CORPORATION AND SUBSIDIARY COMPANIES

(2) COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDING DECEMBER 31, 1934 AND 1935 AND FOR THE NINE MONTHS ENDING SEPTEMBER 30, 1936

	——Year ending December 31—— 1934	1935	Nine months ending Sept. 30, 1936
Sales, less returns, allowances, discounts, and provision for Pennsylvania floor tax on merchandise sold and delivered	$40,275,470.35	$63,045,936.54	$51,563,594.44
Cost of goods sold	24,619,819.64	44,537,294.83	38,155,596.42
Gross profit on sales	$15,655,650.71	$18,508,641.71	$13,407,998.02
Storage, bottling and miscellaneous income and profits	140,126.49	334,348.45	161,993.03
Together	$15,795,777.20	$18,842,990.16	$13,569,991.05
Selling, outward freight, advertising, administrative and general expenses	6,411,561.89	8,733,649.56	7,688,396.19
	$9,384,215.31	$10,109,340.60	$5,881,594.86
Income deductions:			
Interest	$284,169.29	$397,223.11	$33,612.91
Loss on assets sold, dismantled, destroyed, etc. (net)	59,582.61	90,487.17	31,982.92
Idle plant expenses	51,668.28	.....	.....
Provision for:			
Obsolete supplies	200,000.00	135,183.33	96,699.87
Losses on investments	55,000.00	54,980.72	5,180.46
Claims and contingencies	375,000.00	.....	.....
	$1,025,420.18	$677,874.33	$167,476.16

Profit before Federal income, capital stock and excess profits taxes	$8,358,795.13	$9,431,466.27	$5,714 118.70
Deduct—Provision for Federal income, capital stock and excess profits taxes	1,387,834.54	1,396,198.25	949,040.13
Profit for the period, carried to earned surplus, per statement attached	$6,970,960.59	$8,035,268.02	$4,765,078.57
Depreciation provided during the period was charged to:			
Cost of production	$231,071.23	$263,127.60	$224,887.08
Selling, outward freight, advertising, general and administrative expense	35,683.38	42,153.00	30,279.63
	$266,754.61	$305,280.60	$255,166.71

Notes:

(1) Change in accounting procedure:

In accordance with a change in accounting procedure adopted as at January 1, 1935 by the Parent Company and its subsidiary companies, carrying charges incurred from that date, comprising insurance on whiskey, depreciation and insurance on buildings in which the whiskey is stored, direct labor and overhead in respect of whiskey stored in warehouses for maturing purposes have been included in inventory costs. Prior to January 1, 1935 similar charges were debited to profit and loss as incurred. The inventories as at December 31, 1935 and September 30, 1936 include carrying charges of approximately $400,000 and $675,000 respectively.

(2) Surtax on undistributed profits:

No provision has been made in the above statement for the nine months ending September 30, 1936 for surtax on undistributed profits.

(3) See note to Comparative Consolidated Balance Sheets.

SCHENLEY DISTILLERS CORPORATION AND SUBSIDIARY COMPANIES

(3) CONSOLIDATED STATEMENT OF EARNED SURPLUS FOR THE YEARS ENDING DECEMBER 31, 1934 AND 1935 AND FOR THE NINE MONTHS ENDING SEPTEMBER 30, 1936

	——Year ending December 31—— 1934	1935	Nine months ending Sept. 30, 1936
Balance at beginning of period	$3,522,307.46	$12,179,785.95	$14,160,053.97
Add:			
Profit for the period, per comparative consolidated statement of profit and loss	6,970,960.59	8,035,268.02	4,765,078.57
Credit representing excess of insurance claims in respect of whiskey destroyed by fire over the book value of such merchandise, $2,075,714.34, less Federal income and excess profits taxes of $389,196.44	1,686,517.90	.....	.....
Portion of reserve for controverted claim of the Commonwealth of Pennsylvania restored to earned surplus, as explained in note to Comparative Consolidated Balance Sheets	.....	395,000.00	125,000.00
	$12,179,785.95	$20,610,053.97	$19,050,132.54
Deduct—			
Amount of earned surplus appropriated as at September 30, 1935 for balance of controverted claim of the Commonwealth of Pennsylvania for floor tax and interest accrued, as explained in note to Comparative Consolidated Balance Sheets	.....	$6,450,000.00	.....
Cash dividends:			
On 150,000 shares of 5½% cumulative preferred stock	.....	.....	$618,750.00
On 1,050,000 shares of common stock	.....	.....	1,575,000.00
	.....	$6,450,000.00	$2,193,750.00
Balance at end of period, carried to balance sheet	$12,179,785.95	$14,160,053.97	$16,856,382.54

SCHENLEY DISTILLERS CORPORATION AND SUBSIDIARY COMPANIES

(4) CONSOLIDATED STATEMENT OF CAPITAL SURPLUS FOR THE YEARS ENDING DECEMBER 31, 1934 AND 1935 AND FOR THE NINE MONTHS ENDING SEPTEMBER 30, 1936

	——Year ending December 31—— 1934	1935	Nine months ending Sept. 30, 1936
Balance at beginning of period	$2,407,516.13	$2,407,516.13	$1,426,663.98
Deduct—			
Excess of cost of entire outstanding capital stocks of subsidiary companies over net tangible assets as shown by the books of such companies at dates of acquisition	.....	$283,330.83	$7,500.00
Expenses incurred in 1935 in connection with registration and issuance of 150,000 shares of 5½% cumulative preferred stock:			
Commission paid to underwriters	.....	600,000.00	.....
Other expenses	.....	97,521.32	.....
	.....	$980,852.15	$7,500.00
Balance at end of period, carried to balance sheet	$2,407,516.13	$1,426,663.98	$1,419,163.98

Note—The balance of capital surplus at January 1, 1934, $2,407,516.13, represents (1) excess of net tangible assets of subsidiary companies acquired as at July 11, 1933 over par value of common capital stock issued therefor —$663,658.66 and (2) amount received from sale of 230,000 shares of common capital stock in excess of par value— $1,840,000, less (3) organization expenses—$96,142.53.

SCHENLEY DISTILLERS CORPORATION
(Parent Company)

(5) COMPARATIVE BALANCE SHEETS AS AT DECEMBER 31, 1934, DECEMBER 31, 1935 AND SEPTEMBER 30, 1936

ASSETS

		Dec. 31, 1934	Dec. 31, 1935	Sept. 30, 1936
Current assets:				
Cash in banks		$4,996.41	$2,999.84	$2,999.84
Investments and advances:				
Securities of subsidiary companies		$4,766,158.66	$5,565,039.53	$5,573,039.53
Indebtedness of subsidiary companies		3,402,061.54	25,051,465.88	23,843,965.88
		$8,168,220.20	$30,616,505.41	$29,417,005.41
		$8,173,216.61	$30,619,505.25	$29,420,005.25

LIABILITIES

Current liabilities:				
Note payable to bank		$525,000.00	.....	.....
Dividends payable		.....	.....	$993,750.00
Account payable to subsidiary company		.....	.....	500.00
Total current liabilities		$525,000.00	.....	$994,250.00
Capital stock:				
5½% cumulative preferred:				
Authorized (in December, 1935)— 200,000 shares of $100 par value	$20,000,000.00			
Issued—150,000 shares		.....	$15,000,000.00	$15,000,000.00
Common stock:				
Authorized—1,500,000 shares of $5 par value	$7,500,000.00			
Issued—1,050,000 shares		$5,250,000.00	5,250,000.00	5,250,000.00
Capital surplus, per accompanying statement		2,407,516.13	1,709,994.81	1,709,994.81
Earned surplus, per accompanying statement		9,299.52(*)	8,659,510.44	6,465,760.44
		$7,648,216.61	$30,619,505.25	$28,425,755.25
		$8,173,216.61	$30,619,505.25	$29,420,005.25

(*) Indicates deficit.

NOTES:

(1) General:

Inasmuch as the assets of the Parent Company consist entirely of securities and indebtedness of subsidiary companies and a small cash balance, the foregoing comparative balance sheets should not be regarded as indicating the effective position of the Parent Company, but should be read only in conjunction with the comparative consolidated balance sheets.

(2) Investments in and Advances to Subsidiary Companies:

The investment of the Parent Company in the capital stock of Schenley Products Company (N. J.) is carried on its books at $4,763,658.66, which amount represented the net tangible assets of Schenley Products Company (N. J.) and its subsidiary companies as shown by the books of those companies as at date of acquisition. The securities of all other subsidiary companies, amounting to $809,380.87 at September 30, 1936, are carried on the books of the Parent Company at cost.

The equity of the Parent Company in the net tangible assets of its subsidiary companies as at September 30, 1936, as shown by the books of the latter after the elimination of intercompany profits, exceeded the carrying value of its investment in stocks of such companies, as shown by the books of the Parent Company by $10,099,791.27. This amount represented undistributed earnings and earned surplus credits of such subsidiary companies from dates of acquisition of $16,320,622.10, less (a) $5,930,000, representing balance of amount appropriated from earned surplus for the reserve for controverted claim of the Commonwealth of Pennsylvania for floor tax and interest accrued from date of delinquency, January 1, 1935, to December 31, 1935, as explained in note to Comparative Consolidated Balance Sheets and (b) $283,330.83 and $7,500, respectively, representing the excess of the cost of the entire outstanding capital stocks of The New England Distilling Company and The Baird-Daniels Company, Inc., over the net tangible assets of those companies at dates of acquisition.

(3) Contingent Liabilities:

The Parent Company was contingently liable as at December 31, 1934, December 31, 1935 and September 30, 1936 as follows:

Endorser and guarantor of notes payable to banks by subsidiary company, Schenley Products Company (N. J.) in the amount of $975,000 at December 31, 1934 and in the amount of $2,000,000 at September 30, 1936.

Endorser and guarantor of notes and acceptances payable to suppliers by subsidiary company, Schenley Products Company (N. J.) in the amounts of $66,000.00 at December 31, 1934, $2,234,995.03 at December 31, 1935, and $943,605.26 at September 30, 1936.

Guarantor of acceptances payable by subsidiary company in amount of 2,630,570.55 French francs at September 30, 1936.

Guarantor at December 31, 1935 and September 30, 1936 of payment by Schenley Products Company (N. J.), subsidiary company, of any judgment against that company obtained by Atlas Distributing Company in connection with a suit for $100,000 brought by the latter for alleged breach of contract.

Guarantor at December 31, 1935 of obligations of Schenley Products Company (N. J.) under purchase agreements with Canadian Industrial Alcohol Corporation and Commercial Solvents Corporation.

At September 30, 1936 as surety on bonds of subsidiary companies in amounts of $7,200,000 and $500,000, said bonds having been given to Commonwealth of Pennsylvania in connection with suits regarding collectibility of floor tax and accrued interest, as mentioned in note to Comparative Consolidated Balance Sheets.

SCHENLEY DISTILLERS CORPORATION
(Parent Company)

(6) STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEARS ENDING DECEMBER 31, 1934 AND 1935 AND FOR THE NINE MONTHS ENDING SEPTEMBER 30, 1936

	——Year ending December 31—— 1934	1935	Nine months ending Sept. 30, 1936
Earned surplus at beginning of period	$9,299.52(*)	$9,299.52(*)	$8,659,510.44
Add—Income for the period, representing dividends received from subsidiary companies	.....	8,668,809.96	.....
	$9,299.52(*)	$8,659,510.44	$8,659,510.44
Deduct—Cash dividends:			
On 5½% cumulative preferred stock	.....	.....	$618,750.00
On common stock	.....	.....	1,575,000.00
	.....	.....	$2,193,750.00
Earned surplus at end of period, carried to balance sheet	$9,299.52(*)	$8,659,510.44	$6,465,760.44

(*) Indicates deficit.

Note—The Parent Company is a holding company, operations being carried on by its subsidiary companies. It is not the practice of the Parent Company to accrue on its books the undistributed earnings or the losses of the subsidiary companies. During the period from January 1, 1934 to September 30, 1936 the Parent Company had no income other than dividends from subsidiary companies and, with the exception of expenses amounting to $697,521.32, incurred in 1935 in connection with registration and issuance of 150,000 shares of 5½% cumulative preferred stock and charged to capital surplus on the books of the Parent Company, all expenses for the period have been included in the expenses of the subsidiary companies.

SCHENLEY DISTILLERS CORPORATION
(Parent Company)

(7) STATEMENT OF CAPITAL SURPLUS FOR THE PERIOD FROM JANUARY 1, 1934 TO SEPTEMBER 30, 1936

Capital surplus at January 1, 1934 and December 31, 1934 (representing (1) excess of net tangible assets of subsidiary companies acquired as at July 11, 1933 over par value of common capital stock issued therefor—$663,658.66 and (2) amount received from sale of 230,000 shares of common capital stock in excess of par value—$1,840,000, less (3) organization expenses—$96,142.53)		$2,407,516.13
Deduct—		
Expenses incurred in 1935 in connection with registration and issuance of 150,000 shares of 5½% cumulative preferred stock:		
Commission paid to underwriters	$600,000.00	
Other expenses	97,521.32	
		697,521.32
Capital surplus at December 31, 1935 and September 30, 1936, carried to balance sheet		$1,709,994.81

CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

Louisville, Ky., February 15, 1937.

BERNHEIM DISTILLING COMPANY, INCORPORATED
Louisville, Kentucky

Gentlemen:

We have made an examination of the balance sheet of Bernheim Distilling Company, Incorporated, as of December 31, 1936, and of its profit and loss and surplus accounts for the two years ended December 31, 1936. In connection therewith, we examined or tested accounting records of the Company and other supporting evidence and obtained information and explanations from officers and employees of the Company; we also made a general review of the accounting methods and of the operating and income accounts for the period, and we made substantial tests of the recorded transactions but we did not make a detailed audit of the accounts.

We submit herewith the following statements and schedules:

Balance Sheet—December 31, 1936.
Comparative Statement of Profit and Loss for two years ended December 31, 1936.
Statement of Earned Surplus for two years ended December 31, 1936.

Based upon our examination, we believe that the accompanying balance sheet and statements of profit and loss and surplus, as supplemented by the notes attached to and made a part thereof, fairly present the financial position of Bernheim Distilling Company, Incorporated, at December 31, 1936, and the results of its operations for the two years ended that date. Accepted methods of accounting have been consistently maintained during the period under review, except as regards the application of 1936 profit on grain futures to reduce the cost of grain subsequently used, as explained in note attached to the profit and loss statement.

Respectfully submitted,
HUMPHREY ROBINSON AND COMPANY,
By (Sgd) ROBERT MILLER,
Certified Public Accountant.

BERNHEIM DISTILLING COMPANY

(1) BALANCE SHEET AS AT DECEMBER 31, 1936

ASSETS

Current assets:		
Cash on hand and in banks—Unrestricted		$873,497.76
Accounts and notes receivable:		
Accounts receivable—Trade	$100,600.60	
Notes receivable—Trade	1,985,656.94	
(Secured by Warehouse Receipts for whiskey, adequately covered by fire insurance. These notes mature in four and/or six months from their dates. Terms provide generally for five renewals of four months each upon payment of $2.50 per bbl. at each extension of notes for Fall 1935 whiskey. Six renewals will be granted on Spring and Fall 1936 whiskey notes.)		
Notes receivable—For cash advances	32,000.00	
Sundry accounts receivable	123.01	
Total	$2,118,380.55	
Reserve for possible losses (5% of notes and accounts)	105,913.03	
		2,012,467.52
Inventories (Note A):		
Bulk whiskey in Bond—At cost, exclusive of warehousing and carrying charges	$2,706,639.76	
Case whiskey in Bond—At cost	1,876.08	
Grain in process—At grain cost	20,642.17	
Grain, cooperage and coal—At cost	58,880.81	
Distillers dried grain—At selling price	888.00	
		2,788,926.82

Other current assets:		
Deposits on grain futures	$10,000.00	
Life insurance—Cash value (assigned under Credit Agreement)	27,363.58	
Kentucky Distilled Spirits Excise Tax on goods sold—Collectible from purchasers upon withdrawal of spirits from Bond	381,355.71	
Accrued storage receivable	176,551.15	
Accrued interest receivable	14,985.74	
		610,256.18
Total current assets		$6,285,148.28
Marketable securities and other security investments—At cost or less		519,556.00
(Value at December 31, 1936, is estimated at $660,206.00. This value is based upon market value of listed securities, $322,500.00, and upon values of unlisted securities as estimated by the Management.)		
Property, plant and equipment—At cost (Note B)	$2,651,907.27	
Less reserve for depreciation	177,753.35	
		2,474,153.92
Brands, trade names and good will		1.00
Prepaid insurance, taxes and licenses		42,937.17
Total assets		$9,321,796.37

LIABILITIES

Current liabilities:		
Notes payable to banks (Note C)		$3,000,000.00
(Under Credit Agreement dated August 1, 1935. Life Insurance policies with face value of $650,000.00 have been assigned under this agreement.)		
Accounts payable—For purchases, customers deposits, state, county and city taxes on whiskey withdrawn from Bond		198,453.94
Accrued expenses:		
Wages	$1,667.85	
Pay roll taxes	5,965.19	
Local property taxes	15,508.20	
Commitment commissions on Credit Agreement	21,388.89	
Federal income taxes for 1936	198,188.23	
Kentucky State Income Tax for 1936	47,057.56	
Federal Capital Stock Tax for 1937	26,328.00	
		316,103.92
Total current liabilities		$3,514,557.86
State, county and city taxes payable upon withdrawal of whiskey		13,382.88
Net worth:		
Capital Stock—2,250 shares	$225,000.00	
Surplus (Note D)	5,568,855.63	
		5,793,855.63
Total liabilities and net worth		$9,321,796.37

NOTES ATTACHED TO AND MADE A PART OF BALANCE SHEET AS AT DECEMBER 31, 1936

Note A—The inventories, which are classed as current assets, include substantial quantities of bulk whiskey placed in storage for aging over a period of time. Physical inventories were not taken, but the quantities of bulk and case whiskey on hand were compiled from perpetual inventory records. These quantities were proved with the records of production, sales and withdrawals from bond, and were verified with the U. S. Government records at December 31, 1936. Other inventories were compiled from perpetual inventory records which provide ample allowance for shrinkage and loss. Federal, state and county taxes on whiskey payable upon withdrawal from bond, which constitute liens upon whiskey in the inventory, cannot be determined at present. In accordance with the usual practice in the industry, these taxes are not taken up in the accounts until time of withdrawal of whiskey from bond. When paid, the amount will be added to the inventory values.

Note B—It was estimated by the Management that further additions to a warehouse, in process of construction, will aggregate about $87,000.00.

Note C—Under a credit agreement with its banks the Company has established a line of credit with $5,000,000.00 maximum. Under its terms, a commitment commission shall be paid upon the average amount of unused credit at 1% per annum to March 31, 1939, and ½% per annum from that date to October 1, 1939.

Note D—No provision has been made for Federal surtax on undistributed profits. A credit agreement with the banks prohibits payment of dividends and it is believed that the Company is not subject to this tax. No provision has been made for possible "Unjust Enrichment" taxes, the maximum liability, if any, being estimated at $23,000.00.

Note E—The Company suffered some flood damage during the period from January 23 to February 7, 1937. We were advised that there was no damage to whiskey stocks and that the principal loss will be on account of damage to grain stocks. There will be some loss on account of damage to machinery, office equipment, etc., but the entire loss to all property is estimated at less than $100,000.00. An accurate estimate was not possible at the time this report was compiled, but the figure stated is considered by the Management as an absolute maximum.

BERNHEIM DISTILLING COMPANY

(2) COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR TWO YEARS ENDED DECEMBER 31, 1936

	Year ended December 31— 1935		1936	
Gross sales, less allowances for breakage, leakage, price adjustments, etc.		$3,709,749.24		$3,949,708.94
Cost of goods sold:				
Inventory whiskey, beginning of year	$1,029,404.64		$1,893,322.20	
Whiskey purchased	320,841.49		339,511.59	
Whiskey manufactured	2,458,685.73		2,598,336.94	
Federal withdrawal taxes and State, County and City taxes on withdrawals	8,936.84		15,522.52	
Transfers—Charged to other accounts	(6,588.41)		(1,205.94)	
Bottling expense and supplies	2,312.85		.....	
Totals	$3,813,593.14		$4,845,487.31	
Inventory whiskey, end of year	1,893,322.20		2,708,515.84	
		1,920,270.94		2,136,971.47
Gross profit on sales		$1,789,478.30		$1,812,737.47
Warehousing operations—Net—(Expense) or income		(44,031.21)		18,581.62
Totals		$1,745,447.09		$1,831,319.09
Selling, administrative and general expenses		422,167.41		454,205.00
Operating profit		$1,323,279.68		$1,377,114.09

Other income:				
Interest earned	$92,672.33		$102,316.23	
Profit on sale of investments	148,506.54		.....	
Dividends received	.....		23,842.80	
Profit on grain futures (Note 1)	36,052.07		.....	
Miscellaneous	2,956.77		531.76	
		280,187.71		126,690.79
Totals		$1,603,467.39		$1,503,804.88
Income deductions:				
Interest paid	$40,455.65		$104,052.78	
Life insurance premiums or (increase in cash value)—Net	18,914.75		(7,995.08)	
Provision for bad debts and allowances	4,606.70		26,518.46	
Loss on fixed assets discarded	12,289.35		.....	
Miscellaneous deductions	108.00		2,557.00	
		76,374.45		125,133.16
Net profit before income taxes		$1,527,092.94		$1,378,671.72
Provision for Federal and State income taxes (Note 2)		226,680.44		245,245.79
Profit for period carried to earned surplus		$1,300,412.50		$1,133,425.93

NOTES ATTACHED TO AND MADE A PART OF COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR TWO YEARS ENDED DECEMBER 31, 1936

NOTE 1—In 1935 the Company realized a profit in grain futures which was credited to profit and loss. In 1936 a like profit of $42,681.48 was credited to cost of whiskey manufactured during a part of the Fall 1936 season. This change in accounting procedure resulted in a decrease in the production cost during the months in which this credit was applied and also a decrease of approximately $12,000.00 in the inventory valuation at December 31, 1936.

NOTE 2—No provision has been made for Federal surtax on undistributed profits. A credit agreement with the Company's banks prohibits the payment of dividends and it is believed that the Company is not subject to this tax.

BERNHEIM DISTILLING COMPANY

(3) STATEMENT OF EARNED SURPLUS FOR TWO YEARS ENDED DECEMBER 31, 1936

	1935	1936
Balance, per books, beginning of year	$3,008,492.53	$4,458,497.55
Add: Adjustments of items, recorded in 1935 and/or 1936 affecting surplus at beginning of year.		
Accrued city taxes	1,464.09	.....
Accrued compensation insurance	387.00	.....
Reserve for allowances, etc., as of Dec. 31, 1934, reduced to 5% of notes and accounts receivable at that date	51,119.07	.....
Accrued Kentucky Production Tax collectible from customers upon withdrawal of whiskey from bond	95,537.98	.....
Capital charges disallowed as expense by Revenue Department	3,357.50	1,457.50
Totals	$3,160,358.17	$4,459,955.05
Deduct:		
Additional income taxes prior to 1935 paid in 1935	815.62	.....
Additional income taxes prior to 1935 paid in 1936	24,241.73	24,241.73
Adjustment of prepaid Kentucky Production Tax	283.62	283.62
Total deductions	25,340.97	24,525.35
Adjusted surplus, beginning of year	$3,135,017.20	$4,435,429.70
Net income from profit and loss statement	1,300,412.50	1,133,425.93
Balance, end of year	$4,435,429.70	$5,568,855.63

AGREEMENTS

Nothing in the following Agreements shall be so construed as to require the Company to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Company.

Schenley Distillers Corporation (hereinafter called the "Corporation") in consideration of the listing of the securities covered by this application, hereby agrees with the New York Stock Exchange (hereinafter called the "Exchange") as follows:

I

The Corporation will promptly notify the Exchange of any change in the general character or nature of its business.

The Corporation will promptly notify the Exchange in the event that it or any company controlled by it shall dispose of any property or of any stock interest in any of its subsidiary or controlled companies, when the disposal thereof will materially affect the financial position of the Corporation or the nature or extent of its operations.

The Corporation will promptly notify the Exchange of any change in, or removal of, collateral deposited under any mortgage or trust indenture, under which securities of the Corporation have been issued and are listed on the Exchange.

The Corporation will forward to the Exchange copies of all notices mailed by the Corporation to its stockholders with respect to amendments to its Certificate of Incorporation, and will file with the Exchange two copies of the amended Certificate of Incorporation of the Corporation, or resolutions of Directors in the nature of amendments (one of which will be certified) as soon as such amendments shall have become effective, and the Corporation will file with the Exchange two copies of all amendments to the By-Laws of the Corporation (one of which will be certified) as soon as such amendments shall have become effective.

In the event of the issuance by the Corporation of any options or warrants to purchase any stock of the Corporation, the Corporation will promptly notify the Exchange (a) of the number of shares covered by such options or warrants, of the terms thereof and of the time within which they may be exercised, and (b) of any subsequent change in, or cancellation or exercise of, such options or warrants; and the Corporation will include

like information as to all such options or warrants then outstanding in all its financial reports to its stockholders and in all of its formal published reports.

In the event that any previously issued and listed stock of the Corporation is reacquired or disposed of, directly or indirectly, for the account of the Corporation, the Corporation will notify the Exchange within the first ten (10) days of the succeeding month of all transactions during the previous month in stock so reacquired or disposed of and will report the total number of shares of such stock so held by it at the end of such previous month; and upon the written request of the Committee on Stock List of the Exchange the Corporation will take such steps as said Committee shall deem necessary to make such reacquired stock unavailable for trading without further authorization of the Exchange.

The Corporation will not without the prior approval of the Exchange purchase, directly or indirectly, any of its securities listed on the Exchange at a price in excess of that at which the securities so purchased might then be obtained in the open market.

The Corporation will not without the prior approval of the Exchange select any of its listed securities for redemption otherwise than pro rata or by lot; and the Corporation will notify the Exchange at least fifteen (15) days in advance of any redemption and will promptly furnish to it any information requested in reference to such redemption.

The Corporation will promptly notify the Exchange of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any security of the Corporation listed on the Exchange and will notify the Exchange as soon as the management of the Corporation has notice of any other action which will result in any such redemption, cancellation or retirement.

If at any time the stock certificates of the Corporation do not recite the preferences of all classes of its stock, it will furnish to its stockholders, upon request and without charge, a printed copy of preferences of all classes of such stock.

The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.

The Corporation will not make any change in the form or nature of any of its securities that are listed on the Exchange or in the rights or privileges of the holders thereof, without having given twenty days' prior notice to the Exchange of the proposed change and having made application for the listing of the securities as changed, if the Exchange shall so require.

The Corporation will make application to the Exchange for the listing of additional amounts of listed securities sufficiently prior to the issuance thereof to permit action in due course upon such application.

II

The Corporation will publish at least once in each year and submit to its stockholders at least fifteen days in advance of the annual meeting of such stockholders and not later than three months after the close of the last preceding fiscal year of the Corporation a Balance Sheet as of the end of such fiscal year, and a Surplus and Income Statement for such fiscal year of the Corporation as a separate corporate entity and of each corporation in which it holds directly or indirectly a majority of the equity stock; or, in lieu thereof, eliminating all intercompany transactions, a Consolidated Balance Sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a Consolidated Surplus Statement and a Consolidated Income Statement of the Corporation and its subsidiaries for such fiscal year. If any such consolidated statement shall exclude corporations a majority of whose equity stock is owned directly or indirectly by the Corporation: (a) the caption of, or a note to, such statement will show the degree of consolidation; (b) the Consolidated Income Account will reflect, either in a footnote or otherwise, the parent company's proportion of the sum of, or difference between, Current Earnings or Losses and the dividends of such unconsolidated subsidiaries for the period of the report; and (c) the Consolidated Balance Sheet will reflect, either in a footnote or otherwise, the extent to which the equity of the parent company in such subsidiaries has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

Appropriate reserves, in accordance with good accounting practice, will be made against profits arising out of all transactions with unconsolidated subsidiaries in either parent company statements or consolidated statements.

Such statements will reflect the existence of any default in interest, cumulative dividend requirements, sinking fund or redemption fund requirements of the Corporation and of any controlled corporation, whether consolidated or unconsolidated.

All financial statements contained in annual reports of the Corporation to its stockholders shall be audited by independent public accountants qualified under the laws of some state or country and shall be accompanied by a copy of the certificate made by them with respect to their audit of such statements showing the scope of such audit and the qualifications, if any, with respect thereto.

All financial statements contained in annual reports of the Corporation to its stockholders shall be in the same form respectively, as the statements contained in the listing application in connection with which these Agreements are made, and shall disclose any substantial item of an unusual or non-recurrent nature.

The Corporation will publish such periodical interim statements of earnings as it shall agree upon with the Committee on Stock List of the Exchange. Such interim statements of earnings will show net profits on the basis of the same degree of consolidation as in the annual report and after Depreciation, Depletion, Normal Income Taxes and Interest, estimating the proportionate amount of these items as accurately as may be if not finally determined, and will disclose any substantial item of an unusual or non-recurrent nature.

The Corporation will not take up, nor will it permit any subsidiary directly or indirectly controlled by it to take up, as income stock dividends received to an amount greater than that charged against earnings, earned surplus or both, in relation thereto by the corporation paying such dividends.

The Corporation will not use, nor will it permit any subsidiary directly or indirectly controlled by it to use, capital surplus, however created, to relieve income account or earned surplus account of charges that should properly be made against one or both of such accounts without notifying the Exchange and obtaining the approval of its stockholders.

The Corporation will not make any substantial change, nor will it permit any subsidiary directly or indirectly controlled by it to make any substantial change in accounting methods, or in policies as to depreciation and depletion, or in bases of valuation of inventories or other assets, without notifying the Exchange and disclosing the effect of any such change in its next succeeding interim and annual report to its stockholders.

III

The Corporation will maintain in accordance with the rules of the Exchange:

(a) An office or agency in the Borough of Manhattan, in the City of New York, where the principal and interest on all bonds of the Corporation listed on the Exchange shall be payable and where any such bonds which are registerable as to principal or interest may be registered; and

(b) A transfer office or agency in the Borough of Manhattan, in the City of New York, where all stock of the Corporation listed on the Exchange shall be directly transferable and where dividends and all other payments with respect to such stock shall be payable; and

(c) A registry office, other than its transfer office, in the Borough of Manhattan, in the City of New York, south of Chambers Street, where all stock of the Corporation listed on the Exchange may be registered.

If at any time the transfer office or agency of the Corporation shall be located north of Chambers Street, the Corporation will arrange, at its own cost and expense, that its registry office, or some other suitable office satisfactory to the Exchange and south of Chambers Street, will receive and redeliver all securities there tendered for the purpose of transfer.

If the transfer books of the Corporation should be closed permanently, the Corporation will continue to split up certificates for its stock which at the time shall be listed on the Exchange into certificates of smaller denominations in the same name so long as such stock shall be retained upon its list by the Exchange.

The Corporation will not add to the number of its transfer agencies nor make any change of a transfer agency or of a trustee or fiscal agent of any securities of the Corporation listed on the Exchange, without prior notice to the Committee on Stock List of the Exchange, and the Corporation will not add to the number of registrars of its stock which at the time shall be listed on the Exchange, nor change a registrar of such stock without the prior approval of said Committee; nor will the Corporation select an officer or director of the Corporation as a trustee of a mortgage or other security of the Corporation listed on the Exchange.

The Corporation will have on hand at all times a sufficient supply of certificates to meet the demands for transfer.

The Corporation will give the Exchange at least ten days' notice in advance of the closing of the transfer books, or of the taking of a record of its stockholders for any purpose.

The Corporation will publish promptly to the holders of any of its securities listed on the Exchange any action taken by the Corporation with respect to dividends or to the allotment of rights to subscribe or to any rights or benefits pertaining to the ownership of its securities listed on the Exchange; and shall give prompt notice to the Exchange of any such action; and shall afford the holders of its securities listed on the Exchange a proper period within which to record their interests and to exercise their rights; and shall issue all such rights in form approved by the Exchange and will make the same transferable, payable and deliverable in the Borough of Manhattan, in the City of New York.

GENERAL

The fiscal year of the Company ends on December 31st.

The annual meeting of the Company is held on the second Thursday in April, at the office of the Company in Wilmington, Delaware.

The principal office of the Company is located at 20 West 40th Street, New York, N. Y.

The Directors are: Grover A. Whalen, Lewis S. Rosenstiel, Harold Jacobi, Lester E. Jacobi, Theodore C. Wiehe, William H. Coverdale, J. B. Deacon, Louis A. Keidel, Louis S. Levy, Joseph A. Thomas, of New York, N. Y.; and Sidney L. Hellman, of Louisville, Kentucky.

The Executive and Finance Committee consists of: Grover A. Whalen, Lewis S. Rosenstiel, Harold Jacobi, Lester E. Jacobi, and Louis A. Keidel.

The Officers are: Chairman of Board of Directors, Grover A. Whalen; Chairman of Executive and Finance Committee, Lewis S. Rosenstiel; President, Harold Jacobi; Vice-President and Treasurer, Lester E. Jacobi; Vice-President, Theodore C. Wiehe; Secretary, Ralph T. Heymsfeld; Assistant Treasurer and Chief Accounting Officer, Sidney B. Becker.

The Transfer Agent for the Common Stock is The Commercial National Bank and Trust Company of New York, 56 Wall Street, New York, N. Y., and the Registrar for the Common Stock is Bankers Trust Company, 16 Wall Street, New York, N. Y.

The Transfer Agent for the 5½% Cumulative Preferred Stock is Bankers Trust Company, 16 Wall Street, New York, N. Y., and the Registrar for the 5½% Cumulative Preferred Stock is The Bank of the Manhattan Company, 40 Wall Street, New York, N. Y.

SCHENLEY DISTILLERS CORPORATION,

By LESTER E. JACOBI, Vice-President and Treasurer.

March 1, 1937.

This Committee directs, under authority previously granted, that the above-mentioned 210,000 shares of Common Stock ($5 Par Value), be added to the list on official notice of issuance in connection with the acquisition of outstanding stock of Bernheim Distilling Company, in accordance with the terms of this application, making the total amount authorized to be listed 1,260,000 shares.

J. M. B. HOXSEY,
EXECUTIVE ASSISTANT TO THE
COMMITTEE ON STOCK LIST.

FRANK ALTSCHUL, CHAIRMAN.

February 28, 1937

Re: Schenley - Acquisition

Committee on Stock List,
New York Stock Exchange,
11 Wall Street,
New York, N. Y.

Gentlemen:

Referring to the application of Schenley Distillers Corporation (hereinafter referred to as the "Corporation") for the listing of 210,000 additional shares of its Common Stock of the par value of $5 per share on official notice of issuance:

We are familiar with the provisions of the Certificate of Incorporation of the Corporation and of all amendments thereto and with all past action taken by or on behalf of the Corporation in respect of the authorization and issuance of its Capital Stock. We are also familiar with the action of the Board of Directors of the Corporation taken at a meeting held January 25, 1937 authorizing the issuance of 210,000 additional shares of Common Stock of the par value of $5 per share in exchange for all of the outstanding stock of Bernheim Distilling Company. On the basis of the foregoing we wish to advise you as follows:

In our opinion the Corporation has been validly organized and is lawfully existing under the laws of the State of Delaware with an authorized Capital Stock consisting in 1,500,000 shares of Common Stock of the par value of $5 per share and 200,000 shares of 5 1/2% Cumulative Preferred Stock of the par value of $100 per share; at the present time there are issued and outstanding 1,030,000 full-paid and non-assessable shares of Common Stock of the par value of $5 per share of the Corporation and 176,250 full-paid and non-assessable shares of 5 1/2% Cumulative Preferred Stock of the par value of $100 per share of the Corporation; the issuance of said additional 210,000 shares of Common Stock of the par value of $5 per share was validly authorized and upon the issuance thereof pursuant to such authorization said 210,000 shares of Common Stock of the par value of $5 per share will be duly and validly outstanding, full-paid and non-assessable.

We are also of the opinion that said 210,000 shares of Common Stock of the par value of $5 per share of the Corporation are not required to be registered under the provisions of the Securities Act of 1933, as amended.

Yours very truly,

Chadbourne, Wallace, Parke & Whiteside

THE COMMERCIAL NATIONAL BANK AND TRUST COMPANY
OF NEW YORK

Trust Department — Fifty Six Wall Street

March 18, 1937

Committee on Stock List
New York Stock Exchange
New York, New York

Gentlemen:

On March 10, 1937 we issued 210,000 shares of the Common Stock of Schenley Distillers Corporation making the total outstanding 1,260,000 shares.

We have been informed by the Corporation that these shares were issued towards the acquisition of the Bernheim Distillery Company of Louisville, Kentucky.

Kindly make the necessary notations on your records and furnish the Bankers Trust Company with the necessary authority for the registration of these shares.

Very truly yours,

WM. H. NUTT
Assistant Trust Officer.

Schenley Distillers Corporation

March 9, 1937

The Commercial National Bank and
Trust Company of New York,
56 Wall Street,
New York, N.Y.

Attention: Mr. W. H. Nutt, Jr.,
Assistant Trust Officer

Dear Sir:

Pursuant to the provisions of resolution adopted at a meeting of the Board of Directors of this Corporation held January 26, 1937 (certified copy of which has previously been furnished to you), you are hereby directed to prepare, record and countersign and thereafter to deliver to Bankers Trust Company for registration, and when so registered, to deliver, in accordance with the instructions contained in this letter, certificates for the common stock of Schenley Distillers Corporation, in the following names and amounts:

Emil Schwarzhaupt,	52 William Street, New York, N.Y.	120,000 shares
Leo Gerngross,	52 William Street, New York, N.Y.	52,500 shares
Pauline Gerngross,	52 William Street, New York, N.Y.	31,500 shares

All certificates shall be in 100 share denominations.

Kindly arrange to deliver the aforesaid certificates at 2:30 P.M., on Wednesday, March 10, 1937, in the office of Schenley Distillers Corporation, No. 30 West 40th Street, New York, N.Y., to any one of the following persons: Mr. Harold Jacobi, President, Mr. Lester E. Jacobi, Vice President & Treasurer, or Mr. Ralph T. Heymsfeld, Secretary, of this Corporation, against receipt therefor of any one of them.

Upon completion of delivery as aforesaid, will you kindly forward to The New York Stock Exchange official notices

of issuance of the said shares.

Yours very truly,

SCHENLEY DISTILLERS CORPORATION

By (signed) HAROLD JACOBI
President

ATTEST:

(Signed) RALPH T. HEYNSFELD
Secretary

(Corporate Seal)

CC Mr. Saxe

Received of Schenley Distillers Corporation, pursuant to the terms of the agreement dated January 25, 1937, as of January 21, 1937, between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, therein called Stockholders, and Schenley Distillers Corporation, therein called Schenley, 126,000 shares of the Common Stock of Schenley Distillers Corporation, each share of the par value of $5.

EMIL SCHWARZHAUPT

Received of Schenley Distillers Corporation, pursuant to the terms of the agreement dated January 25, 1937, as of January 21, 1937, between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, therein called Stockholders, and Schenley Distillers Corporation, therein called Schenley, 58,500 shares of the Common Stock of Schenley Distillers Corporation, each share of the par value of $5.

LEO GERNGROSS
By Emil Schwarzhaupt,
Attorney in fact.

Received of Schenley Distillers Corporation, pursuant to the terms of the agreement dated January 25, 1937, as of January 21, 1937, between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, therein called Stockholders, and Schenley Distillers Corporation, therein called Schenley, 21,500 shares of the Common Stock of Schenley Distillers Corporation, each share of the par value of $5.

PAULINE GERNGROSS
By Emil Schwarzhaupt, empowered
to act in this behalf.

March 10, 1927.

To Schenley Distillers Corporation

Dear Sirs:

This will advise you that in consideration of your acceptance thereof I will personally arrange for the endorsement in such shape as to constitute a good transfer by Messrs. Leo Gerngross, G. J. Felsenthal, J. W. Browne, and Adolph Hirsch, of their respective certificates each for three shares of the capital stock of Bernheim Distilling Company.

Very truly yours,

EMIL SCHWARZHAUPT

Received such certificates.

E.S.

Received of Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross, pursuant to the terms of the agreement dated January 25, 1937, as of January 21, 1937, between said persons, therein called Stockholders, and Schenley Distillers Corporation, therein called Schenley, and pursuant to designation dated March 8, 1937, 2,250 shares of stock of Bernheim Distilling Company, each share of the par value of $100, issued as follows:

Number	Name	Shares
328	Schenley Distillers Corporation	2,225
329	C. J. Felsenthal	3
330	J. W. Browne	3
331	Emil Schwarzhaupt	3
332	Leo Gerngross	3
333	Adolph Hirsch	3

SCHENLEY DISTILLERS CORPORATION

By HAROLD JACOBI

March 10, 1937

Received of Schenley Distillers Corporation for transfer to Bernheim Distilling Company organized under the laws of Delaware one certificate of 2,225 shares of common stock of Bernheim Distilling Company organized under the laws of Kentucky.

FREDERIC P. LEE

CHADBOURNE, WALLACE, PARKE & WHITESIDE
55 Broadway, New York

RE: SCHENLEY-BERNHEIM

March 17, 1937.

Bernheim Distilling Company (Kentucky),
52 William Street,
New York, N. Y.

Attention of Mr. Frederic P. Lee.

Gentlemen:

Pursuant to the plan of complete liquidation of your corporation adopted under date of the 11th instant, and on behalf of Bernheim Distilling Company (Delaware) and Messrs. Emil Schwarzhaupt, Leo Gerngross, G. J. Felsenthal, Adolph Hirsch and J. W. Browne, we enclose to you herewith the following stock certificates of Bernheim Distilling Company (Kentucky):

Name	No. of Certificate	No. of Shares
Bernheim Distilling Company (Delaware)	334	2,235
Emil Schwarzhaupt	330	3
Leo Gerngross	331	3
G. J. Felsenthal	328	3
Adolph Hirsch	332	3
J. W. Browne	329	3

These certificates are surrendered for cancellation. They should be inserted in the minute book of Bernheim Distilling Company (Kentucky) and cancelled.

Very truly yours,

Enclosures

WS:LM

STATEMENT OF DISSOLUTION

To whom it may concern:

As provided by amendment to section 561, Kentucky Statutes, as per H. B. No. 40, Acts 1922, the stockholders representing more than a majority of the stock of BERNHEIM DISTILLING COMPANY of the City of Louisville, State of Kentucky, having consented, in writing, to close its business and wind up its affairs, be it now

RESOLVED, By the board of directors of said corporation that it shall now close its business as provided by said law and same is hereby declared to have been done.

THEREFORE, The Department of State of Kentucky is hereby authorized to cancel the charter and name of this corporation.

Done at Louisville, this 11th day of March, 1927, by vote of the directors of

BERNHEIM DISTILLING COMPANY

By_____
1st Vice President.

A copy, attest:

_____

County Court Clerk _____ County, Kentucky,

By_____, D.C.C.

AGREEMENT FOR DISSOLUTION

OF THE

BERNHEIM DISTILLING COMPANY

We, the undersigned, being the owners of the majority of the shares of stock of BERNHEIM DISTILLING COMPANY, a corporation organized and existing under the laws of the State of Kentucky, do hereby agree and give our consent to the dissolution of said corporation and agree and consent that the officers of said corporation may close its business and wind up its affairs.

WITNESS our signatures this 11th day of March, 1937.

_____	5 shares
_____	5 shares
_____	5 shares
_____	5 shares
_____	5 shares
BERNHEIM DISTILLING COMPANY (Delaware)	2,995 shares

By _____
1st Vice President

Louisville, Kentucky, 11th day of March, 1937.

NOTICE OF DISSOLUTION.

Notice is hereby given that the BERNHEIM DISTILLING COMPANY is closing up its business and winding up its affairs.

BERNHEIM DISTILLING COMPANY

By_____
1st Vice President

THIS DEED between BERNHEIM DISTILLING COMPANY, a Kentucky Corporation, party of the first part, and BERNHEIM DISTILLING COMPANY, a Delaware corporation, party of the second part,

WITNESSETH:

That for the consideration hereinafter set forth the party of the first part hereby conveys to the party of the second part, in fee simple, property in the City of Louisville, Jefferson County, Kentucky, hereinafter described, further covenanting lawful seisin of the estate hereby conveyed with full right to dispose of the same and that it is free of all encumbrances except any lien of the U.S. Government appertaining to distilled spirits; the rights of the City of Louisville as set forth in judgment in Action No. 243,148, Jefferson Circuit Court, under petition filed August 17, 1938; 1937, City, State and County taxes.

The consideration is VALUABLE, receipt of which is hereby acknowledged.

The property conveyed is thru described, namely two tracts or lots of land with the buildings and improvements thereon

(1) Beginning on the Northwest corner of Breckinridge (formerly Lexington) Street and Fifteenth Street; thence Westwardly with the North Line of Breckenridge Street 942 feet 6 inches to Seventeenth Street; thence Northwardly along the East line of Seventeenth Street 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South line of Arbegust Street, 938 feet 2 inches to Fifteenth Street; thence Southwardly along the West line of Fifteenth Street, 366 feet 8 inches to the beginning.

(2) Beginning on the Northwest corner of Breckinridge (formerly Lexington Street) and Seventeenth Street; thence Westwardly along the North line of Breckenridge Street, 540 feet to the Westwardly line of Lot 40, Block 6, in Arbegust's Subdivision in Bullitt's Addition; thence Northwardly with the Westwardly line of said lot and said line extended and with the Westwardly line of Lot

10, Block 6, of said Arbegust's Subdivision in Bullitt's Addition 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South Line of Arbegust Street 540 feet to Seventeenth Street; thence Southwardly along the West line of Seventeenth Street 366 feet 8 inches to the beginning

WITNESS the signature and corporate seal of the party of the first part by its proper officer thereto duly authorized by resolution of its Board of Directors, this 19th day of March, 1937.

BERNHEIM DISTILLING COMPANY
(SEAL)

BY GABE J. FELSENTHAL
VICE PRESIDENT

ATTEST:

J. W. BROWNE
Secretary

STATE OF KENTUCKY)
(SCT
COUNTY OF JEFFERSON)

I, a Notary Public in and for the State and County aforesaid, do certify that the foregoing deed was this day produced to me in said County and acknowledged and delivered by GABE J. FELSENTHAL Vice-President, to be the act and deed of Bernheim Distilling Company party thereto.

WITNESS my hand this 19th day of March 1937.

My commission expires Sept 19th 1938

(SEAL)

MARIE SCHWARTZ
Notary Public, Jefferson County, Kentucky

WE HEREBY CERTIFY THAT
NO STAMPS ARE REQUIRED
HEREON UNDER THE
REVENUE ACT OF 1932.
(SIGNED) J. W. BROWNE

I JOHN P GRIEB Clerk of the County Court of Jefferson County in the State of Kentucky, do certify that on this day at 9:08 o'clock AM the foregoing deed was produced to me in my office, and that I have recorded it, this, and the foregoing certificate in my said office.
Witness my hand this 19th day of March 1937.
JOHN P GRIEB Clerk

I, JOHN P. GRIEB, Clerk of the Jefferson County Court, Kentucky, do hereby certify that the foregoing contains a full, true and correct copy as taken from and compared with the original records in my office, of which I am Legal Custodian, and that said Deed is duly recorded in Deed Book 1627 at Page 411.
Witness my hand this March 19th 1937.

JOHN P. GRIEB CLERK
BY R B CUNIFF D.C.

BILL OF SALE.

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, BERNHEIM DISTILLING COMPANY, a Kentucky corporation (hereinafter called "Kentucky"), pursuant to a plan of complete liquidation of such corporation, for and in consideration of Ten Dollars ($10.00), lawful money of the United States, and for other good and valuable consideration to it in hand paid, receipt whereof is hereby acknowledged, has bargained, sold, granted, conveyed, transferred, assigned and set over, and by these presents does bargain, sell, grant, convey, transfer, assign and set over unto BERNHEIM DISTILLING COMPANY, a Delaware corporation (hereinafter called "Delaware"), its successors and assigns, forever, all and singular the following assets, rights, properties and interests, to wit:

A. All of Kentucky's cash, securities, accounts and notes receivable, other receivables, inventories, prepaid expenses, of every kind and nature whatsoever;

B. All of Kentucky's fixed assets, including land, buildings, machinery and equipment, of every kind and nature whatsoever;

C. All of Kentucky's brands, trade-marks, trade-names, formulae, secret processes, licenses, patents, patent applications, inventions, goodwill, and other intangible rights, of every kind and nature whatsoever;

D. All of Kentucky's other rights, properties and interests in property, real, personal and mixed, tangible and intangible, contracts, agreements, leases, credits, and choses in action, of every kind and nature whatsoever.

TO HAVE AND TO HOLD the property hereby bargained, sold, granted, conveyed, transferred, assigned and set over, or intended so to be, unto Delaware, its successors and assigns, forever.

All of the above are subject to the liabilities of Kentucky.

Kentucky, for itself, its successors and assigns, covenants with Delaware, its successors and assigns, that Kentucky will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, transfers, assignments, deeds of conveyance, powers of attorney and assurances for the better assuring, conveying and confirming unto Delaware, its successors and assigns, all and singular the property hereby bargained, sold, granted, conveyed, transferred, assigned and set over, or intended so to be, as Delaware, its successors and assigns, shall reasonably require.

WITNESS the signature and corporate seal of the undersigned by its proper officer thereto duly authorized by resolution of its Board of Directors, this 10th day of March, 1937.

BERNHEIM DISTILLING COMPANY

By GABE J. FELSENTHAL (signed)
President.

Attest:

J. W. BROWNE (signed)
Secretary.

STATE OF KENTUCKY)
: SCT
COUNTY OF JEFFERSON)

I, a Notary Public in and for the State and County aforesaid, do certify that the foregoing Bill of Sale was this day produced to me in said County and acknowledged and delivered by GABE J. FELSENTHAL, Vice President, to be the act and deed of Bernheim Distilling Company, party thereto.

WITNESS my hand this 19th day of March, 1937.

My Commission expires Sept. 19th, 1938

MARIE SCHWARTZ (signed)
Notary Public, Jefferson County,
Kentucky.

I, JOHN P. GRIEB, Clerk of the County Court of Jefferson County, in the State of Kentucky, do certify that on this day at 3:28 o'clock A.M., the foregoing instrument of writing was produced to me in my office, and that I have recorded it, this, and the foregoing certificate in my said office.

WITNESS MY HAND THIS 19 day of Mar 1937

JOHN P. GRIEB Clerk

RECORDED IN MINUTES OF
CHATTEL MORTGAGES
BOOK 430 PAGE 241

I, John P Grieb, Clerk of the Jefferson County Court, Kentucky, do hereby certify that the foregoing contains a full, true and correct copy as taken from and compared with the original records in my office, of which I am Legal Custodian, and that said Bill of Sale is duly recorded in Chattel Mortgage Book 430 at Page 241.

Witness my hand this March 19th, 1937.

JOHN P. GRIEB CLERK

BY R B CUNIFF D.C.

ASSIGNMENT

WHEREAS, Trade-Mark Certificate of Registration No. 55,232 was issued on the 3rd day of July, 1905, by the United States Patent Office to Bernheim Distilling Co., Inc., of Louisville, Kentucky (a West Virginia corporation), for the trade-mark "OLD CONTINENTAL" for Whisky, in Class 49 of the Trade-Mark Classifications of the United States Patent Office, and

WHEREAS, the said Bernheim Distilling Co., Inc., was succeeded in or about May, 1910, by Bernheim Distilling Company (a Kentucky corporation), and

WHEREAS, the said Trade-Mark Certificate of Registration No. 55,232 was, on application of said Bernheim Distilling Company (a Kentucky corporation), renewed on or about November 9, 1926, for a further period of twenty years from August 7, 1926, and

WHEREAS, Bernheim Distilling Company (a Kentucky corporation) warrants that it now owns the entire right, title and interest in and to the aforesaid Certificate of Registration and the said renewal thereof, the trade-mark covered thereby and the goodwill of the business in which said trade-mark has been used, and

WHEREAS, Bernheim Distilling Company (a Delaware corporation), having its principal office at No. 100 West Tenth Street, in the City of Wilmington, State of Delaware, desires to acquire the aforesaid entire right, title and interest in and to the aforesaid Certificate of Registration No. 55,232 and the aforesaid renewal thereof, the trade-mark covered therein and the goodwill of the business in which said trade-mark is and has been used by said Bernheim Distilling Company (a Kentucky corporation) and its predecessor in interest,

NOW, THEREFORE, TO WHOM IT MAY CONCERN:

Be It Known That, for and in consideration of the sum of One ($1.00) Dollar to the said Bernheim Distilling Company (a Kentucky corporation) in hand paid by the said Bernheim Distilling Company (a Delaware corporation), and for other good and valuable considerations, receipt of which is hereby acknowledged, the said Bernheim Distilling Company (a Kentucky corporation) hereby assigns, sells, transfers and sets over to the said Bernheim Distilling Company (a Delaware corporation), its assigns and legal representatives, the entire right, title and interest in and to said Certificate of Registration No. 55,938, issued July 3, 1905, and in and to the aforesaid renewal thereof, the trade-mark covered therein and thereby, and the good-will of the business in which said trade-mark and Certificate of Registration have been used by the said Bernheim Distilling Company (a Kentucky corporation) and its predecessor, and all the property rights in and to said trade-mark and Certificate of Registration and said renewal thereof, possessed by the said Bernheim Distilling Company (a Kentucky corporation), together with all rights of action at law or in equity for past infringements.

IN TESTIMONY WHEREOF, the said Bernheim Distilling Company (a Kentucky corporation) has caused these presents to be signed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized this 19th day of March, 1937.

BERNHEIM DISTILLING COMPANY,
a Kentucky corporation

By Emil Schwarzhaupt
President

Attest:

L. M. Rumford
Assistant Secretary

(Corporate Seal)

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

On this 19th day of March, 1937, before me personally came EMIL SCHWARZHAUPT, to me known, who, being by me duly sworn, did depose and say that he resides in the City of New York, County of New York, and State of New York; that he is the President of Bernheim Distilling Company, a Kentucky corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

R. McCullum

Notary Public, Kings Co. No. 118, Reg.No.7015,
Cert. filed in N.Y.Co. No. 91, Reg.No. 7 Mc 49
Commission expires March 30th, 1937

(Notarial Seal)

A S S I G N M E N T

WHEREAS, Trade-Mark Certificate of Registration No. 48,571 was issued on the 2nd day of June, 1936, by the United States Patent Office to Bernheim Distilling Co., Inc., of Louisville, Kentucky (a West Virginia corporation), for the trade-mark "I.W. HARPER" for Whisky, and

WHEREAS, the said Bernheim Distilling Co., Inc. was succeeded in or about May, 1940, by Bernheim Distilling Company (a Kentucky corporation), and

WHEREAS, the said Trade-Mark Certificate of Registration No. 48,571 was, on application of said Bernheim Distilling Company (a Kentucky corporation), renewed on or about December 8, 1925, for a further period of twenty years from January 2, 1926, and

WHEREAS, Bernheim Distilling Company (a Kentucky corporation) warrants that it now owns the entire right, title and interest in and to the aforesaid Certificate of Registration and the said renewal thereof, the trade-mark covered thereby and the goodwill of the business in which said trade-mark has been used, and

WHEREAS, Bernheim Distilling Company (a Delaware corporation), having its principal office at No. 100 West Tenth Street, in the City of Wilmington, State of Delaware, desires to acquire the aforesaid entire right, title and interest in and to the aforesaid Certificate of Registration No. 48,571 and the aforesaid renewal thereof, the trade-mark covered therein and the goodwill of the business in which said trade-mark is and has been used by said Bernheim Distilling Company (a Kentucky corporation) and its predecessor in interest,

NOW, THEREFORE, TO WHOM IT MAY CONCERN:

Be It Known That, for and in consideration of the sum

of One ($1.00) Dollar to the said Bernheim Distilling Company (a Kentucky corporation) in hand paid by the said Bernheim Distilling Company (a Delaware corporation), and for other good and valuable considerations, receipt of which is hereby acknowledged, the said Bernheim Distilling Company (a Kentucky corporation) hereby assigns, sells, transfers and sets over to the said Bernheim Distilling Company (a Delaware corporation), its assigns and legal representatives, the entire right, title and interest in and to said Certificate of Registration No. 48,571, issued June 2, 1906, and in and to the aforesaid renewal thereof, the trade-mark covered therein and thereby, and the goodwill of the business in which said trade-mark and Certificate of Registration have been used by the said Bernheim Distilling Company (a Kentucky corporation) and its predecessor, and all the property rights in and to said trade-mark and Certificate of Registration and said renewal thereof, possessed by the said Bernheim Distilling Company (a Kentucky corporation), together with all rights of action at law or in equity for past infringements.

IN TESTIMONY WHEREOF, the said Bernheim Distilling Company (a Kentucky corporation) has caused these presents to be signed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized this 19th day of March, 1937.

BERNHEIM DISTILLING COMPANY,
a Kentucky corporation

By Emil Schwarzhaupt
President

Attest:

L. M. Rumford
Assistant Secretary

(Corporate Seal)

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 13th day of March, 1937, before me personally came EMIL SCHWARZHAUPT, to me known, who, being by me duly sworn, did depose and say that he resides in City of New York, County of New York, and State of New York; that he is the President of Bernheim Distilling Company, a Kentucky corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

R. McCullum

Notary Public, Kings Co.No.118, Reg.No.7015,
Cert. filed in N.Y.Co.No. 91, Reg.No. 7 Mc 49
Commission expires March 30th, 1937

(Notarial Seal)

A S S I G N M E N T

WHEREAS, Trade-Mark Certificate of Registration No. 321,823 was issued on the 27th day of October, 1934, by the United States Patent Office to Bernheim Distilling Company, of Louisville, Kentucky (a Kentucky corporation), for the trade-mark "OLD CHARTER" for Whiskey, in Class 49, Distilled Alcoholic Liquors, of the Trade-Mark Classifications of the United States Patent Office, and

WHEREAS, the said Bernheim Distilling Company (a Kentucky corporation) warrants that it now owns the entire right, title and interest in and to the aforesaid Certificate of Registration, the trade-mark covered thereby and the goodwill of the business in which said trade-mark has been used, and

WHEREAS, Bernheim Distilling Company (a Delaware corporation), having its principal office at No. 100 West Tenth Street, in the City of Wilmington, State of Delaware, desires to acquire the aforesaid entire right, title and interest in and to the aforesaid Certificate of Registration No. 321,823, the trade-mark covered therein and the goodwill of the business in which said trade-mark is and has been used by said Bernheim Distilling Company (a Kentucky corporation),

NOW, THEREFORE, TO WHOM IT MAY CONCERN:

Be It Known That, for and in consideration of the sum of One ($1.00) Dollar to the said Bernheim Distilling Company (a Kentucky corporation) in hand paid by the said Bernheim Distilling Company (a Delaware corporation), and for other good and valuable considerations, receipt of which is hereby acknowledged, the said Bernheim Distilling Company (a Kentucky corporation) hereby assigns, sells, transfers and sets over to the said Bernheim Distilling Company (a Delaware corporation),

its assigns and legal representatives, the entire right, title and interest in and to said Certificate of Registration No. 8x1,823 issued October 27, 1936, the trade-mark covered therein and thereby, and the goodwill of the business in which said trade-mark and Certificate of Registration have been used by Bernheim Distilling Company (a Kentucky corporation), and all the property rights in and to said trade-mark and Certificate of Registration and possessed by said Bernheim Distilling Company (a Kentucky corporation), together with all rights of action at law or in equity for past infringements.

IN TESTIMONY WHEREOF, the said Bernheim Distilling Company (a Kentucky corporation) has caused these presents to be signed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized this day of March, 1937.

BERNHEIM DISTILLING COMPANY,
a Kentucky corporation

By Neil Schwarzhaupt
President

Attest:

L. M. Rumford
Assistant Secretary

(Corporate Seal)

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 19th day of March, 1937, before me personally came EMIL SCHWARZHAUPT, to me known, who, being by me duly sworn, did depose and say that he resides in the City, County, and State of New York; that he is the President of Bernheim Distilling Company, a Kentucky corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

R. McCullum

Notary Public, Kings Co. No. 118, Reg.No.7015
Cert.filed in N.Y.Co.No.91, Reg.No. 7 Mc 43
Commission expires March 30th, 1937

(Notarial Seal)

ASSIGNMENT

WHEREAS, Trade-Mark Certificate of Registration No. 112,630 was issued on the 19th day of September, 1916, by the United States Patent Office to Bernheim Distilling Company of Louisville, Kentucky (a Kentucky corporation), for the trade-mark "OLD MOOREHEAD", for Whisky, in Class 49, Distilled Alcoholic Liquors, of the Trade-Mark Classifications of the United States Patent Office, and

WHEREAS, the said Trade-Mark Certificate of Registration No. 112,630 was, on application of said Bernheim Distilling Company (a Kentucky corporation), renewed on or about September 29, 1936, for a further period of twenty years from September 19, 1936, and

WHEREAS, Bernheim Distilling Company (a Kentucky corporation) warrants that it now owns the entire right, title and interest in and to the aforesaid Certificate of Registration and the said renewal thereof, the trade-mark covered thereby and the goodwill of the business in which said trade-mark has been used, and

WHEREAS, Bernheim Distilling Company (a Delaware corporation), having its principal office at No. 100 West Tenth Street, in the City of Wilmington, State of Delaware, desires to acquire the aforesaid entire right, title and interest in and to the aforesaid Certificate of Registration No. 112,630 and the aforesaid renewal thereof, the trade-mark covered therein and the goodwill of the business in which said trade-mark is and has been used by said Bernheim Distilling Company (a Kentucky corporation),

NOW, THEREFORE, TO WHOM IT MAY CONCERN:

Be It Known That, for and in consideration of the sum of One ($1.00) Dollar to the said Bernheim Distilling Company (a Kentucky corporation) in hand paid by the said Bernheim Distilling Company (a Delaware corporation), and for other good and valuable considerations, receipt of which is hereby acknowledged, the said Bernheim Distilling Company (a Kentucky corporation) hereby assigns, sells, transfers and sets over to the said Bernheim Distilling Company (a Delaware corporation), its assigns and legal representatives, the entire right, title and interest in and to said Certificate of Registration No. 112,630 issued September 19, 1916, and in and to the aforesaid renewal thereof, the trade-mark covered therein and thereby, and the goodwill of the business in which said trade-mark and Certificate of Registration have been used by the said Bernheim Distilling Company (a Kentucky corporation), and all the property rights in and to said trade-mark and Certificate of Registration and said renewal thereof, possessed by the said Bernheim Distilling Company (a Kentucky corporation), together with all rights of action at law or in equity for past infringements.

IN TESTIMONY WHEREOF, the said Bernheim Distilling Company (a Kentucky corporation) has caused these presents to be signed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized this 19th day of March, 1937.

BERNHEIM DISTILLING COMPANY,
a Kentucky corporation

By Emil Schwarzhaupt
President

Attest:

L. M. RUMFORD
Assistant Secretary

(Corporate Seal)

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

On this 19th day of March, 1937, before me personally came EMIL SCHWARZHAUPT, to me known, who, being by me duly sworn, did depose and say that he resides in the City of New York, County of New York, and State of New York; that he is the President of Bernheim Distilling Company, a Kentucky corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

E. McCullum

Notary Public, Kings Co. No. 118, Reg. No. 7015
Cert. filed in N. Y. Co. No. 91, Reg. No. 7Mc49
Commission expires March 30th, 1937

(Notarial Seal)

MEMORANDUM - RE: TRANSFER OF DISTILLING PLANTS IN OPERATION
FROM
BERNHEIM DISTILLING COMPANY, KENTUCKY CORPORATION
to
BERNHEIM DISTILLING COMPANY, DELAWARE CORPORATION

There is set forth in this memoranda the procedure to date (so far as it concerns the Treasury Department and Federal Alcohol Administration) with reference to the transfer of the Bernheim Distilling Company, Kentucky corporation, plants and the operation thereof, from that corporation to the Bernheim Distilling Company, Delaware corporation.

On March 12th there were filed with the Federal Alcohol Administration by Mr. Benesman and Mr. Lee, applications for F.A.A. Distiller's Basic Permits covering distilleries Nos. 1 and 2, on behalf of the Bernheim Distilling Company, Delaware corporation. On the same date the Federal Alcohol Administration issued a temporary authorization, copy of which is attached, authorizing the Bernheim Distilling Company, Kentucky corporation, to operate the two distilleries from the effective date of the transfer thereof to Bernheim Distilling Company, Delaware corporation. At the same time the Federal Alcohol Administration advised the Deputy Commissioner of Internal Revenue, Alcohol Tax Unit, Washington, D. C., of the proposed transaction whereby the distilleries were to be transferred from the Bernheim Distilling Company, Kentucky corporation, to the Bernheim Distilling Company, Delaware corporation.

On March 15th the Louisville office of the Bernheim Distilling Company, after conference with the District Supervisor and Deputy District Supervisor of the Alcohol Tax Unit, Louisville, Ky., filed with the District Supervisor the following documents:

1. Form 27-A, commencement of operations, Bernheim Distilling Company, Delaware corporation, distillery No. 1.

2. Form 27-D, commencement of operations Bernheim Distilling Company, Delaware corporation, warehousing premises of distillery No. 1.

3. Certified list of stockholders of Bernheim Distilling Company, Delaware corporation, and affidavit of Secretary of Schenley Distillers Corporation with reference to stockholders of that corporation.

4. Certified list of directors and officers of Bernheim Distilling Company, Delaware corporation.

5. Certificate of election.

6. Certificate of authority to sign Government papers on behalf of Bernheim Distilling Company, a Delaware corporation.

7. Bond form No. 1571, Bernheim Distilling Company, Delaware corporation, $200,000.

8. Bond form No. 30, Bernheim Distilling Company, Delaware corporation, $100,000.

9. Consent of surety form No. 1533, extending bond form No. 1571 to support bond form No. 30, Bernheim Distilling Company, Delaware corporation.

10. Photostatic copy of Federal Alcohol Administration's temporary authorization to Bernheim Distilling Company, Delaware corporation, to operate distilleries Nos. 1 and 2.

11. Notice of suspension of operations, form No. 194, Bernheim Distilling Company, Kentucky corporation.

12. Registry of stills "not for use", form No. 26.

13. Registry of stills, "for use", form No. 26.

14. Notice of resumption, form No. 125, Bernheim Distilling Company, Delaware corporation.

15. Letter of acceptance by Bernheim Distilling Company, Delaware corporation, of plats, plans and surveys of Bernheim Distilling Company, Kentucky corporation.

16. Letter for transfer of all mash and beer on hand and of unfinished spirits from Bernheim Distilling Company, Kentucky corporation, to Bernheim Distilling Company, Delaware corporation.

17. Kentucky State Distiller's License for Bernheim Distilling Company, Delaware corporation, covering distilleries Nos. 1 and 2.

18. Certificate of qualification, authorizing Bernheim Distilling Company, Delaware corporation, to transact business in the State of Kentucky and designating process agent.

The documents listed in items 1, 3, 4, 5, 6, 7, 8, and 9 above were prepared by Mr. Beasonwein of the Schenley Distillers Corporation and were, after execution filed as prepared, except for a few minor changes in Form 27-A. The documents listed in items Nos. 17 and 18 were obtained by Mr. Dyke Haselrigge, Frankfort, Ky.

The documents listed in the foregoing items 1 to 18 were forwarded by the District Supervisor to Washington on March 16th. On March 18th the Deputy Commissioner of Internal Revenue in charge of the Alcohol Tax Unit, sent to the District Supervisor at Louisville, Kentucky, two telegrams authorizing the operation of distillery No. 1 and warehouse by Bernheim Distilling Company, Delaware corporation commencing 12:01 A.M., March 19th, and distillery No. 2 by Belmont Distilling Company upon filing of consent form by Bernheim Distilling Company, Delaware corporation, and of form 27-A showing title in that corporation. Copies of two letters of the Acting District Supervisor, Louisville, Kentucky, setting forth the telegrams in question are attached hereto.

On March 19th the deed and bill of sale from Bernheim Distilling Company, Kentucky corporation, to Bernheim Distilling Company, Delaware corporation, were executed and recorded in the office of the Clerk of the Jefferson County Court, Louisville, Kentucky. In accordance with instructions of Mr. Rockhill of Chadbourne, Wallace, Parke & Whiteside, the Clerk of the Court was requested to record the deed without the placing thereon of Federal tax stamps. This request was denied in the absence of a ruling by the Collector of Internal Revenue that the particular document required no Federal tax stamps. Subsequently, during the day the ruling was obtained from the Office of the Collector of Internal Revenue. He stated that in view of the fact that all the stock of the Bernheim Distilling Company, Kentucky

corporation, was owned by Bernheim Distilling Company, Delaware corporation, that the property was being transferred pursuant to the dissolution of the Kentucky corporation, and that the dissolution proceedings had been instituted with respect to the Kentucky corporation, no Federal tax stamps were required. The Clerk of the Court, upon being informed of this ruling by the Office of the Collector of Internal Revenue, recorded the deed. Conformed copies of the recorded deed and bill of sale have been furnished all counsel.

On the same date there were executed the assignments from Bernheim Distilling Company, Kentucky corporation, to Bernheim Distilling Company, Delaware corporation, of the registered trademarks: I. W. HARPER, OLD MOORHEAD, OLD CHARTER, OLD CONTINENTAL: and the lease of distillery No. 2 by Bernheim Distilling Company, Delaware corporation, to Belmont Distilling Co. Also, on the same date, deposits in bank accounts were transferred.

On the same date, March 18th, there were filed with the District Supervisor, Bureau of Internal Revenue, the following documents:

19. Cancellation of consent of Bernheim Distilling Company, Kentucky corporation, to lease of distillery No. 2 to Belmont Distilling Co.

20. Consent of Bernheim Distilling Company, Delaware corporation, to lease of distillery No. 2 to Belmont Distilling Co.

21. Form 27-A by Belmont Distilling Company, showing title of distillery No. 2 in Bernheim Distilling Company, Delaware corporation.

22. Cancellation of consent of Bernheim Distilling Company, Kentucky corporation, to lease of distillery No. 2 to Chapin and Gore, Inc.

23. Cancellation of consent of Bernheim Distilling Company, Kentucky corporation, to lease distillery No. 2 to Blue Ribbon Distilleries Company.

Prior to filing the cancellations and the consent, they were recorded in the Office of the Clerk of the Jefferson County Court, Louisville, Kentucky.

On the preceding day, March 18th, there had been filed with the District Supervisor, Alcohol Tax Unit, Louisville, Kentucky, the following documents with reference to the Belmont Distilling Co.:

24. Certified list of stockholders of Belmont Distilling Co.

25. Certified list of officers and directors of Belmont Distilling Co.

26. Certificate of election.

27. Certificate of authority to sign Government papers.

All the foregoing documents, except as heretofore indicated, were prepared by the Louisville office of the Bernheim Distilling Company.

On March 19th the District Supervisor, Alcohol Tax Unit, Bureau of Internal Revenue, wrote the Federal Alcohol Administration advising the Administration that all necessary papers had been filed; that the transfer of distilleries Nos. 1 and 2 to Bernheim Distilling Company, Delaware corporation, had been approved by the Bureau of Internal Revenue; that the transfer had become effective at 12:01 A.M., March 19th; and that operation had been begun at that time by Bernheim Distilling Company, Delaware corporation, in distillery No. 1, and by the Belmont Distilling Co. under lease, in distillery No. 2. Copy of the letter is attached hereto.

On Monday, March 22th, Mr. Lee was advised that the Federal Alcohol Administration had received a copy of the District Supervisor's letter of March 19th, and that the Administration expected to issue the Bernheim Distilling Company, Delaware corporation, basic permits within two or three days. On the same day Mr. Lee delivered to Mr. Boneman the Bernheim Distilling Company, Kentucky corporation, Federal Alcohol Administration basic distiller's permits for distillery No. 1 and distillery No. 2; warehousing and bottling permit, and wholesaler's permit.

On the same day, March 22nd, Mr. Lee gave assurances to the Federal Alcohol Administration that the application of the Belmont Distilling Co., for a new distiller's basic permit would be filed with the Administration at the earliest opportunity, which would be on or about April 1st.

There remains to be filed, as soon as possible, with the District Supervisor, Alcohol Tax Unit, Louisville, Kentucky, Form No. 236 transferring whiskey in bonded warehouses of Bernheim Distilling Company, Kentucky corporation, to the bonded warehouses of Bernheim Distilling Company, Delaware corporation; also with the Federal Alcohol Administration application for a wholesaler's permit for the Belmont Distilling Co.

FREDERIC P. LEE
Frederic P. Lee

March 23, 1937.

COPY

TREASURY DEPARTMENT
FEDERAL ALCOHOL ADMINISTRATION DIVISION
WASHINGTON

March 12, 1937.

Bernheim Distilling Company,
1701 West Breckinridge Street,
Louisville, Kentucky.

Gentlemen:

Reference is made to your applications for Distiller's Basic Permits and a Warehousing and Bottling Basic Permit, under the Federal Alcohol Administration Act, in the operation of the distilleries (Registered Distilleries Nos. 1 and 2) and Internal Revenue bonded warehouse to be acquired from Bernheim Distilling Company, Incorporated, 1701 West Breckinridge Street, Louisville, Kentucky.

The transaction whereby the premises are to be acquired from Bernheim Distilling Company, Incorporated, a Kentucky corporation, is construed by the Administration as a direct acquisition of the plants in question by you and that, under Section 5 (c) of Federal Alcohol Administration Regulations No. 1, you are entitled from the effective date of transfer to operate these plants (provided you comply with the usual Internal Revenue requirements) pending action on your applications for basic permits.

Under today's date, the Deputy Commissioner of Internal Revenue, Alcohol Tax Unit, Washington, D. C., was informed of this transaction and was requested to instruct the District Supervisor, Internal Revenue Service, Alcohol Tax Unit, Louisville, Kentucky, accordingly.

Very truly yours,

(A. A. Catterall signature)
A. A. Catterall,
Assistant Head, Permit Division.

COPY

TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
LOUISVILLE, KY.

Office of District
Supervisor District No. 7

March 18, 1937.

States of Kentucky and Tennessee

In reply refer to
AT:P :BA-THS

Bernheim Distilling Company,
1701 W. Breckinridge,
Louisville, Ky.

Gentlemen:

This office is in receipt of a Postal telegram from the Bureau dated March 17, 1937, which reads as follows and is self explanatory:

"RELET SIXTEENTH AUTHORIZE OPERATION DISTILLERY ONE AND IREW ONE BY BERNHEIM DISTILLING COMPANY A DELAWARE CORPORATION AT TWELVE ONE AM MARCH NINETEENTH AS SUCCESSORS TO BERNHEIM DISTILLING COMPANY A KENTUCKY CORPORATION STOP LETTER FOLLOWS COLLECT APPLICANT
STEWART BERKSHIRE DEPUTY COMMISSIONER"

Very truly yours,

(Signed) H. B. Taylor
H. B. Taylor
Acting District Supervisor

AJS/mhh

cc Storekeeper-Gauger in Charge
cc Disbursing Section
cc Chief Inspector

COPY

TREASURY DEPARTMENT
INTERNAL REVENUE SERVICE
LOUISVILLE, Ky.

March 18, 1937

Office of District Supervisor
District No. 7
States of Kentucky and Tennessee

In reply refer to
AT:P :BA-THS

Bernheim Distilling Company,
1701 W. Breckinridge,
Louisville, Ky.

Gentlemen:

This office is in receipt of Western Union telegram from the Bureau, dated March 17, 1937, which reads as follows and is self explanatory:

"BELMONT DISTILLING COMPANY DISTILLERY TWO LOUISVILLE MUST PROCURE AND FILE CONSENT NEW OWNER OF PREMISES AND FORM TWENTY SEVEN A SHOWING CONDITION OF TITLE WITH YOUR OFFICE PRIOR TO RESUMPTION OF OPERATIONS COLLECT COMPANY
STEWART BERKSHIRE DEPUTY COMMISSIONER"

Please file with this office at your earliest convenience the papers requested by the Bureau.

Very truly yours,

(Signed) H. B. Taylor
H. B. Taylor
Acting District Supervisor

AJS/mhh

cc Storekeeper-Gauger in Charge
cc Chief Inspector
cc Disbursing Section

COPY

March 18, 1937.

AT:P :BA-THS

Federal Alcohol Administration,
Washington, D. C.

Gentlemen:

In accordance with instructions contained in Bureau letter of March 16, 1937 you are respectfully advised that all necessary papers for the transfer of Bernheim Distilling Company, a Kentucky corporation, proprietors of registered Distilleries numbers 1 and 2 and Internal Revenue Bonded Warehouse No. 1, Louisville, Kentucky, to Bernheim Distilling Company, a Delaware Corporation, have been approved by the Bureau in telegram to this office of March 17th.

The transfer of the premises to the new Corporation became effective at 12:01 A.M. March 18, 1937, and operations began in its name as of that date at both of these Distilleries. Distillery No. 2 is now being operated by the Belmont Distilling Co under lease from the owner.

Very truly yours,

F. L. Boyd
District Supervisor

THS/ahh

March 8, 1937.

To Emil Schwartzhaupt, Leo Gerngross and
Pauline Gerngross.

Dear Sirs:

Pursuant to paragraph SECOND of our agreement with you dated January 25, 1937, as of January 21, 1937, we hereby designate as nominees with respect to 15 of the 2,250 shares of the stock of Bernheim Distilling Company therein referred to the following:

Emil Schwartzhaupt, with respect to 3 shares
Leo Gerngross, with respect to 3 shares
G. J. Felsenthal, with respect to 3 shares
J. W. Browne, with respect to 3 shares
Adolph Hirsch, with respect to 3 shares

Yours very truly,

SCHENLEY DISTILLERS CORPORATION

By HAROLD JACOBI
President

SONNENSCHEIN, BERKSON, LAUTMANN, LEVINSON & MORSE

March 7, 1937.

Schenley Distillers Corporation,
New York, N.Y.

Gentlemen:

We have examined the corporate minute book, stock certificate book and stock register of Bernheim Distilling Company, a Kentucky corporation, and from such examination we are of the opinion that Bernheim Distilling Company has been duly organized and is lawfully existing; that it has an authorized capital of $1,000,000, divided into 10,000 shares of common stock of the par value of $100 each, of which 2,250 shares are validly issued and outstanding, fully paid and non-assessable; that said shares are presently issued as follows:

Emil Schwarzhaupt	1,350 shares
Leo Gerngross	562 1/2 shares
Pauline Gerngross	337 1/2 shares
	2,250 shares

that upon delivery by said Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross of certificates representing said aggregate of 2,250 shares, such shares will be duly and validly issued and outstanding, fully paid and non-assessable, and that no other shares have been issued.

We have also examined the corporate minute book and stock certificate book of Belmont Distilling Co., from which we find that the authorized capital of Belmont Distilling Co. is $1,000, divided into 100 shares of the par value of $10 per share; that said 100 shares are all issued and outstanding, 90 shares being issued as directors' qualifying shares, as required by the Kentucky statute, to Leo Gerngross, G. J. Felsenthal and J. W. Browne, and the remaining 10 shares being issued to Bernheim Distilling Company, and that all of said shares have been duly and validly issued and are fully paid and non-assessable. The shares issued to the directors have been endorsed in blank and are held by and are the property of Bernheim Distilling Company.

We have also examined the contract between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross and Schenley Distillers Corporation, dated January 21, 1937, and we are of the opinion that said Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngrosshave performed all of the obligations and conditions in said contract contained on their part to be performed and complied with, except as waived.

Respectfully submitted,
SONNENSCHEIN BERKSON LAUTMANN LEVINSON & MORSE,

BY:

I, L. M. Rumford, Assistant Secretary of Bernheim Distilling Company, a Kentucky corporation, do hereby certify that the total number of shares of stock issued and outstanding of said corporation is 2,250 shares, each share being of the par value of $100, and that the names of the holders thereof and the number of shares each holds are as follows:

Name	Number of Shares
Emil Schwarzhaupt	3
Leo Gerngross	3
J. W. Browne	3
Gabe J. Felsenthal	3
Adolph Hirsch	3
Schenley Distillers Corporation	2,235

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of said corporation this 10th day of March, 1937.

L. M. RUMFORD (CORPORATE SEAL)

STATE OF NEW YORK,)
COUNTY OF NEW YORK,) ss.:

On this 10th day of March, 1937, before me personally came L. M. Rumford, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed the same.

H. McCULLUM
Notary Public, Kings Co. No. 118, Reg.No. 7016
Cert. filed in N.Y. Co. No. 91, Reg. No. 7 Mc 49
Commission expires March 30th, 1937
(Notarial Seal)

C E R T I F I C A T E

I, EMIL SCHWARZHAUPT, President of BERNHEIM DISTILLING COMPANY, hereby certify that during the period that I have been an officer of the BERNHEIM DISTILLING COMPANY, no claim has been made against the BERNHEIM DISTILLING COMPANY by any alleged preferred stockholder thereof.

IN TESTIMONY WHEREOF, Witness my signature on this 2nd day of March, 1937.

EMIL SCHWARZHAUPT
.....

Subscribed and sworn to
before me this 2nd day
of March, 1937.

R. McCULLUM
.....
Notary Public.
Notary Public, Kings Co. No. 118, Reg. No. 7016
Cert. filed in N.Y.Co. No. 91, Reg.No. 7 Mc 49
Commission expires March 30th, 1937

(Notarial Seal)

C E R T I F I C A T E

I, BEN R. SHAVER, Auditor of the BERNHEIM DISTILLING COMPANY, a corporation organized under the laws of the State of Kentucky, do hereby certify that from December 31, 1936, there have (excepting with respect to loss or damage due to the flood) been no changes in the financial position or net worth of the Bernheim Distilling Company, or of any subsidiary thereof, except in the ordinary and usual course of business, and that from such date, no agreements, contracts, leases or other commitments have been made by the Bernheim Distilling Company, or any subsidiary thereof, other than the ordinary and usual course of business and except as contemplated by the agreement between Emil Schwarzhaupt, Leo Gerngross and Pauline Gerngross and Schenley Distillers Corporation, dated January 25, 1937, and except as contemplated by the contract of guaranty executed by the Bernheim Distilling Company February 19, 1937, for the purpose of inducing W. FORBES MORGAN to execute and deliver a certain contract of employment with the Distilled Spirits Institute, the obligation under said contract of guaranty not to exceed a maximum sum of $6,000.

IN TESTIMONY WHEREOF, witness my signature on this 6th day of March, 1937.

BEN R. SHAVER
Auditor, Bernheim Distilling Company

Witness:

M. C. SCHWARTZ

OPINION LETTER

RE SCHENLEY - BERNHEIM

March 10, 1937.

Schenley Distillers Corporation
20 West 40th Street,
New York, N. Y.

Gentlemen:

We have examined the corporate minute book, stock certificate book and stock book of Bernheim Distilling Company, a Kentucky corporation, and, from such examination, we are of the opinion that Bernheim Distilling Company has been duly organized and is lawfully existing; that it has an authorized capital of $1,000,000, divided into 10,000 shares of common stock of the par value of $100, of which 2,250 shares are validly issued and outstanding, fully paid and non-assessable, and that no other shares of such stock are issued by such company.

We have likewise examined the corporate minute book and stock certificate book of Belmont Distilling Company, and from such examination we are of the opinion that such company has been duly organized and is lawfully existing; that it has an authorized capital of $1,000, divided into 100 shares of the par value of $10; that said 100 shares are all issued and outstanding, 90 shares being issued as director' qualifying shares to Leo Gerngross, C. J. Felsenthal and J. W. Browne, and the remaining 10 shares being issued to Bernheim Distilling Company, and that all of said shares have been duly and validly issued and are fully paid and non-assessable. In accordance with the opinion of Messrs. Sonnenschein, Berkson, Lautmann, Levinson & Morse, upon which we are relying, the shares issued to the directors have been endorsed in blank and are held by and are the property of Bernheim Distilling Company.

We have also examined the agreement between Emil

Schwarzhaupt, Leo Gerngross and Pauline Gerngross (called "Stockholders") and Schenley Distillers Corporation (called "Schenley"), dated January 25, 1937 as of January 21, 1937, and we are of the opinion that said stockholders have performed all of the obligations and conditions in said agreement on their part to be performed and complied with, excepting in so far as performance thereof has been waived.

Very truly yours,

CHADBOURNE, WALLACE, PARKE & WHITESIDE

CERTIFICATE

I, EMIL SCHWARZHAUPT, and I, LEO GERNGROSS, do each certify that the agreement dated January 2, 1937, respecting our employment by the Bernheim Distilling Company, said agreement being heretofore approved of in writing by Schenley Distillers Corporation, is now in full force and effect.

IN TESTIMONY WHEREOF, witness our signatures on this the 10th day of March, 1937.

EMIL SCHWARZHAUPT

LEO GERNGROSS

Witnesses:

R. McCULLUM

R. McCULLUM

D. L. HAZELRIGG
Attorney at Law
Frankfort, Ky

April 10th

19 37

Hon. Charles D. Arnett,
Secretary of State,
Frankfort, Kentucky

Dear Sir:-

In accordance with the provisions of Section 561, Carroll's Kentucky Statutes, relative to the dissolution of corporations I am enclosing herewith the following, necessary to the dissolution of the Bernheim Distilling Company:

(1) Statement of dissolution

(2) Affidavit of publication

(3) Agreement for dissolution

I will appreciate your issuing to the aforesaid corporation the proper statement of dissolution.

Very truly yours,

D. L. HAZELRIGG

RECEIVED AND FILED
May 4 1937 May 4 1937

CHAS D. ARNETT
Secretary of State

By-H.T.Perdew

C E R T I F I C A T E

I, J. E. BROWNE, Secretary of the BERNHEIM DISTILLING COMPANY, a corporation organized under the laws of the State of Kentucky, and custodian of the records of the corporation, do hereby certify that the following is a true copy of a letter dated January 24, 1936, received by the Bernheim Distilling Company from J. B. Wilson, Chief Engineer, Department of Public Works, City of Louisville, Kentucky:-

"CITY OF LOUISVILLE
KENTUCKY

"J.B.Wilson
Chief Engineer. DEPARTMENT OF PUBLIC WORKS E.F.Schimpler
Engineer of Construction.
Roy W. Burks,
Director of Works.

A.A.Neville,
Engineer of Operations. P.D.King
Office Engineer.

January 24, 1936.

"Bernheim Distilling Co.,
17th & Breckinridge Sts.
Louisville, Kentucky.

Gentlemen:-

I am informed by your engineer, Mr. Leslie V. Abbott, who constructed for you various buildings and warehouses and particularly Arbegust Street from 16th to 17th Str ets, that this thorofare has been completed for some months. I have carefully inspected the street together with the fire hydrants and other miscellaneous structures, which you built in accordance with the contract you had with the City and find that the work is entirely satisfactory. Mr. Abbott has constructed an excellent pavement and we are very pleased with the work.

Very truly yours,

(Signed) J. B. Wilson,
Chief Engineer. "

JBW:L
C.C. - Mr. Leslie V. Abbott. "

IN TESTIMONY WHEREOF, witness my signature and the seal of said corporation on this the 16th day of February, 1937.

J. E. BROWNE
Secretary,
(Seal) Bernheim Distilling Company

Witness:

ESTELLE M. FLEISCHER

KENTUCKY TITLE COMPANY
Incorporated
Fifth Street and Court Place
Louisville, Ky.

February 16th, 1937.

No. 82874

Time of Examination and Liability
February 13, 1937: 8 A. M.

Bernheim Distilling Company,
Kentucky Home Life Bldg.,
City. Attention: Mr. Lee.

Gentlemen:-

Pursuant to application #82874 the Kentucky Title Company has examined the record title to the following tracts of land in the City of Louisville, Kentucky:

(1) Beginning on the Northwest corner of Breckinridge (formerly Lexington) Street and Fifteenth Street; thence Westwardly with the North line of Breckinridge Street 942 feet 6 inches to Seventeenth Street; thence Northwardly along the East line of Seventeenth Street 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South line of Arbegust Street, 938 feet 2 inches to Fifteenth Street; thence Southwardly along the West line of Fifteenth Street, 366 feet 8 inches to the beginning.

We find the fee simple title to said property to be vested in Bernheim Distilling Company by the following deeds:

One dated December 29, 1934, recorded in Deed Book 1567 page 155,
One dated December 18, 1934, recorded in Deed Book 1566 page 143,
One dated December 29, 1934, recorded in Deed Book 1565 page 183,
One dated December 20, 1934, recorded in Deed Book 1567 page 306,
One dated January 17, 1935, recorded in Deed Book 1565 page 312,
One dated January 3, 1935, recorded in Deed Book 1565 page 205,
One dated December 12, 1934, recorded in Deed Book 1567 page 190,
One dated December 14, 1934, recorded in Deed Book 1566 page 152,
One dated January 16, 1935, recorded in Deed Book 1567 page 396,
One dated October 26, 1935, recorded in Deed Book 1529 page 516,
One dated February 27, 1934, recorded in Deed Book 1540 page 183,
One dated February 26, 1934, recorded in Deed Book 1535 page 554,
One dated February 10, 1934, recorded in Deed Book 1542 page 73,
One dated February 10, 1934, recorded in Deed Book 1535 page 559,
One dated February 23, 1934, recorded in Deed Book 1540 page 184,
One dated February 10, 1934, recorded in Deed Book 1542 page 74,
One dated February 10, 1934, recorded in Deed Book 1540 page 183,
One dated February 10, 1934, recorded in Deed Book 1535 page 559,
One dated February 10, 1934, recorded in Deed Book 1542 page 73,
One dated February 10, 1934, recorded in Deed Book 1535 page 558,
One dated February 10, 1934, recorded in Deed Book 1542 page 72,
One dated February 10, 1934, recorded in Deed Book 1540 page 182,
and suits #237803 and #241455 and #243140 Jefferson Circuit Court.

(2) Beginning on the Northwest corner of Breckinridge (formerly Lexington Street) and Seventeenth Street; thence Westwardly

along the North Line of Breckinridge Street, 540 feet to the Westwardly line of Lot 40, Block 6, in Arbegust's Subdivision in Bullitt's Addition; thence Northwardly with the Westwardly line of said lot and said line extended and with the Westwardly line of Lot 18, Block 6, of said Arbegust's Subdivision in Bullitt's Addition 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South line of Arbegust Street 540 feet to Seventeenth Street; thence Southwardly along the West line of Seventeenth Street 366 feet 8 inches to the beginning.

We find the fee simple title to said property to be vested in Bernheim Distilling Company by deed dated August 8, 1933, recorded in Deed Book 1527 page 551, in aforesaid office, and suit #237803 Jefferson Circuit Court,

free from objection and subject only to the following encumbrances:

1. Any lien of the U. S. Government.
2. Consents to use in the following instruments:

Between Bernheim Distilling Co. and Belmont Distilling Co., dated April 3, 1934, recorded in Deed Book 1542 page 392;

Bernheim Distilling Co. and Park & Tilford Distillers, Inc., dated January 16, 1935, recorded in Deed Book 1566 page 264;

Between same and same, dated January 17, 1935, recorded in Deed Book 1567 page 278;

Between same and same, dated March 7, 1935, recorded in Deed Book 1565 page 629;

Bernheim Distilling Co. and Chapin & Gore, Inc., dated October 10, 1935, recorded in Deed Book 1585 page 210;

Between same and same, dated March 25, 1936, recorded in Deed Book 1594 page 486;

Between Bernheim Distilling Co. and Belmont Distilling Co., dated March 31, 1936, recorded in Deed Book 1594 page 557, all in the office of the Clerk of the County Court of Jefferson County, Kentucky.

3. The contract with relation to closing of Sixteenth Street contained in judgment in action #243140 Jefferson Circuit Court styled City of Louisville, Plaintiff, vs Bernheim Distilling Co., defendant,- Petition filed August 17, 1935.

We suppose that you or your Attorneys have a copy of the contract referred to. If you have not we will get an attested copy of the judgment for you.

4. 1937 City taxes as follows:

X1 Bernheim Distilling Co. 521 x 366.67 N.S.Breckinridge between Fifteenth and Seventeenth; Lot 1, Block 377; School taxes; face, $1767.78

X2 against same; 540 by 366.67 Northwest Breckinridge and Seventeenth; Lot 5, Block 786; School taxes; face, $1097.40

X3 against same; 421.5 x 366.67 North side Breckinridge, Fifteenth and Seventeenth; Lot 1, Block 780; School taxes; face, $2145.67

5. 1937 State and County taxes.

Very truly yours,

KENTUCKY TITLE COMPANY,

Fred Gohmann

Closing Attorney.

FG/H

WESTERN UNION

RECEIVED AT
VER20 60 NL= LOUISVILLE KY 9 1937 MAR 9 PM 9 26

WILLIAM SAXE, CARR CHAMBERLAIN WALLACE PARKE AND WHITESIDE=
25 BROADWAY NYK=

THERE HAD BEEN NO CHANGE IN RECORD TITLE WITH RESPECT TRACTS COVERED BY OPINION TO BERNHEIM DISTILLING COMPANY DATED FEBRUARY SIXTEENTH EXCEPT CONSENT TO USE BETWEEN BERNHEIM DISTILLING COMPANY AND BLUE RIBBON DISTILLERIES DATED FEBRUARY 25 DEED BOOK 1626 PAGE 94 ALSO NOTICE OF CANCELLATION TO USE IN FIRST 5 ITEMS PARAGRAPH 2 SAID REPORT=

KENTUCKY TITLE CO FRED GOHMANN ATTY.

SONNENSCHEIN, BERKSON, LAUTMANN, LEVINSON & MORSE

March 10th, 1937.

Schenley Distillers Corporation,
New York, N.Y.

Gentlemen:

We have examined an opinion of title dated February 16, 1937, issued by Kentucky Title Company of Louisville, Kentucky, and signed by Frank Gohmann, its "closing attorney," covering the property known by legal description as:

1. Beginning on the Northwest corner of Breckinridge (formerly Lexington) Street and Fifteenth Street; thence Westwardly with the North line of Breckinridge Street 942 feet 6 inches to Seventeenth Street; thence Northwardly along the East line of Seventeenth Street 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South line of Arbegust Street, 938 feet 2 inches to Fifteenth Street; thence Southwardly along the West line of Fifteenth Street, 366 feet 8 inches to the beginning;

and

2. Beginning on the Northwest corner of Breckinridge (formerly Lexington Street) and Seventeenth Street; thence Westwardly along the North line of Breckinridge Street, 540 feet to the westwardly line of Lot 40, Block 6, in Arbegust's Subdivision in Bullitt's Addition; thence Northwardly with the Westwardly line of said lot and said line extended and with the Westwardly line of Lot 18, Block 6, of said Arbegust's Subdivision in Bullitt's Addition 366 feet 8 inches to Arbegust Street; thence Eastwardly along the South line of Arbegust Street 540 feet to Seventeenth Street; thence Southwardly along the West line of Seventeenth Street 366 feet 8 inches to the beginning;

located in the City of Louisville, Kentucky.

The Kentucky Title Company was selected by Bernheim Distilling Company to render said opinion after consultation with leading law firms in Louisville. We have also checked with the Chicago Title and Trust Company and are assured by them that the Kentucky Title Company is a member in good standing of the association and as such that its opinions may be relied upon. At the time the properties were acquired by Bernheim Distilling Company guaranty policies issued by Kentucky Title Company were accepted by the late Mr. Nettelroth, who then acted as counsel for Bernheim Distilling Company, as sufficient evidence of the Bernheim title. We are of the opinion that you may safely rely on the opinion of Kentucky Title Company.

This opinion finds the title to the properties above described to be vested in Bernheim Distilling Company in fee simple, free from objection and subject only to the following encumbrances:

1. Any lien of the United States Government.

2. Consents to use in the following instruments:

Between Bernheim Distilling Co. and Belmont Distilling Co., dated April 3, 1934, recorded in Deed Book 1542, page 392;

Bernheim Distilling Co. and Park & Tilford Distillers, Inc., dated January 16, 1935, recorded in Deed Book 1566, page 264;

Between same and same, dated January 17, 1935, recorded in Deed Book 1567, page 278;

Between same and same, dated March 7, 1935, recorded in Deed Book 1565, page 629;

Bernheim Distilling Co. and Chapin & Gore, Inc., dated October 10, 1935, recorded in Deed Book 1585, page 210;

Between same and same, dated March 25, 1936, recorded in Deed Book 1594, page 486;

Between Bernheim Distilling Co. and Belmont Distilling Co., dated March 31, 1936, recorded in Deed Book 1594, page 557, all in the office of the Clerk of the County Court of Jefferson County, Kentucky.

3. The contract with relation to closing of Sixteenth Street contained in judgment in action No. 243140, Jefferson Circuit Court, styled City of Louisville, Plaintiff, v. Bernheim Distilling Co., Defendant, Petition filed August 17, 1935.

4. 1937 City taxes as follows:

X1 Bernheim Distilling Co. 521 x 366.67 N.S. Breckinridge, Between Fifteenth and Seventeenth; Lot 1, Block 377; School Taxes; face, $1767.78.

X2 Against same; 540 by 366.67 Northeast Breckinridge and Seventeenth; Lot 5, Block 786; School Taxes; face, $1097.40.

X3 Against same; 421.5 x 366.67 North side Breckinridge, Fifteenth and Seventeenth; Lot 1, Block 730, School Taxes; face $2145.67.

5. 1937 State and County taxes.

With reference to the consents shown as objection number 2 in the opinion, we have examined the originals of each of these consents (which run for a 10-year period) and find that each contains a clause whereby the consent is subject to cancellation upon 10 days notice without requiring the payment of any sum to the licensee; the only condition of such cancellation is that written notice thereof must be given to the Collector of Internal Revenue for the District of Kentucky and to the Supervisor of Permits, Bureau of Industrial Alcohol, Sixth District, Louisville, Ky. Each consent also contains a proviso that cancellation shall in no way impair the lien of the United States for taxes and penalties.

A contract appertaining to the closing of Sixteenth Street is mentioned as objection number 3. We have examined a certified copy of the judgment of the Jefferson Circuit Court, case No. 243140, styled City of Louisville, Plaintiff, v. Bernheim Distilling Company, Defendant, referred to in the objection, and find that the judgment makes effective the closing of that portion of Sixteenth Street which extends from the south line of Arbegust Street on the north to the north line of Breckinridge Street on the south. The judgment imposes upon Bernheim Distilling Company certain obligations, set forth in the judgment, a certified copy of which is hereto attached. The first five of the obligations imposed upon Bernheim Distilling Company (lettered (a) to (e) inclusive, on pages 2 and 3 of the judgment), require Bernheim Distilling Company to construct a roadway, to install certain fire hydrants and to install a gate. We have been furnished with a copy of a letter dated January 24, 1936, certified by the Secretary of Bernheim Distilling Company as having been received from J. B. Wilson, Chief Engineer of the Department of Public Works of the City of Louisville, Ky., which reads as follows:

> "I am informed by your engineer, Mr. Leslie V. Abbott, who constructed for you various buildings and warehouses and particularly Arbegust Street from 15th to 17th Streets, that this thorofare has been completed for some months. I have carefully inspected the street together with the fire hydrants and other miscellaneous structures, which you built in accordance with the contract you had with the City and find that the work is entirely satisfactory. Mr. Abbott has constructed an excellent pavement and we are very pleased with the work."

From this letter it appears that the work agreed to be performed by Bernheim Distilling Company has been fully performed and to the full satisfaction of the city's authorities.

The obligations referred to in sub-paragraphs (f), (g) and (h) are continuing obligations and as such subject to continuing performance.

The judgment provides that all of the undertakings, numbered (a) to (h), are subject to the paramount right of Bernheim Distilling Company, its successors and assigns, to use the closed portion of Sixteenth Street as part of its distillery, and therefore none of said undertakings constitutes, in our opinion, a condition precedent to the right of the Bernheim Distilling Company so to use such closed street.

We have also been furnished with certified copies of judgments in two other cases in Jefferson Circuit Court, Nos. 237803 and 241435, not mentioned in the opinion of Kentucky Title Company, the former providing for the closing and reversion to Bernheim Distilling Company of a 20-foot alley located midway between Arbegust Street and Breckinridge Street, extending westerly from the west side of Seventeenth Street 540 feet, and for the closing and reversion to Bernheim Distilling Company of all alleys in the block bounded by Seventeenth Street, Sixteenth Street, Arbegust Street and Breckinridge Street, and the latter providing for the closing and reversion to Bernheim Distilling Company of all of the alleys in the block bounded by Sixteenth Street, Fifteenth Street, Arbegust Street and Breckinridge Street. No obligations are imposed in either of these judgments.

The description contained in the opinion of title includes the vacated portion of Sixteenth Street and the closed alleys mentioned above and, therefore, finds the title thereto in the Bernheim Distilling Company, subject only to the contract contained in the judgment in case No. 243140.

Objections numbered 1, 5 (apparently should be 4) and 5 in the opinion are all objections to which, pursuant to the contract between Schenley Distillers Corporation and Bernheim Distilling Company, the properties are to remain subject.

It appears from an examination of the descriptions that the area of parcel 1 is approximately 340,000 square feet, and of parcel 2 approximately 195,00 square feet, or a total area of approximately 13 acres, which is in excess of the requirements contained in sub-paragraph (g) of Article First of the aforementioned contract.

Respectfully submitted,

SONNENSCHEIN BERKSON LAUTMANN LEVINSON & MORSE,
BY:

LMR:REB

BERNHEIM DISTILLING COMPANY
INCORPORATED
17th & BRECKINRIDGE STREETS
LOUISVILLE, KENTUCKY.

New York Office
52 William Street
Hanover 2-2064

NEW YORK MARCH 2, 1937.

William Saxe, Esquire,
Chadbourne, Wallace, Parke & Whiteside,
25 Broadway,
New York, N. Y.

Dear Mr. Saxe:

Confirming our telephone conversation of today, Mr. Schwarzhaupt and Mr. Gerngross are agreeable to dissolving the Belmont Distillery Company, organized under the laws of Maryland, and I will take steps promptly to see that this is done.

Very sincerely yours,

FREDERIC P. LEE (Sgd.)

FREDERIC P. LEE, General Counsel,
BERNHEIM DISTILLING COMPANY.

FPL:McC

STATEMENT OF DISSOLUTION

TO WHOM IT MAY CONCERN:

As provided by section 561, Kentucky Statutes, the stockholders representing more than a majority of the stock of WARWICK COMPANY - Silver Creek, Ky. having consented, in writing, to close its business and wind up its affairs, be it now

RESOLVED, By the board of directors of said corporation that it shall now close its business as provided by said law and same is hereby declared to have been done.

THEREFORE, The Secretary of State of Kentucky is hereby authorized to cancel the charter and name of this corporation.

Done at Louisville, Ky., this 4 day of September, 1918, by vote of the directors of

WARWICK COMPANY
(Name of corporation)

BY H. V. BARKHOUSE
Vice-President)

A copy attest:

J. J. RYAN, JR.
(Secretary)

COMMONWEALTH OF KENTUCKY

Office of the
SECRETARY OF STATE

CERTIFICATE

I, CHARLES D. ARNETT, Secretary of State for the Commonwealth of Kentucky, do certify that the foregoing writing has been carefully compared by me with the original record thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

Warwick Company - Silver Creek, Kentucky, Statement of Dissolution, filed in this office Sept. 4, 1918.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

Done at Frankfort this 28 day of February, 1927

(sgd) Chas. D. Arnett
Secretary of State

(Seal of Secretary of State of Commonwealth of Kentucky)

SCHENLEY
DISTILLERS
CORPORATION

(BERNHEIM
DISTILLING
COMPANY)

1937