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Wrather Corp. To Buy Gilbert Family's Stock

Wrather Corporation has contracted to purchase a substantial stock interest in the A.C. Gilbert Company, pioneer U.S. toy producer, A.C. Gilbert Jr., and Jack Wrather, presidents of the companies, jointly announced last night.

Wrather Corporation, a California company, owns and manages such diverse recreation and leisure time industry activities as the Disneyland Hotel, Muzak Corporation, the "Lassie" and "Lone Ranger" television programs, and Stephens Marine, Inc., builders of quality power and sail boats.

Wrather Corporation has agreed to purchase the Gilbert common stock held by the family of the late A.C. Gilbert, Erector set inventor, and founder of the 52-year-old toy company, who died last January. The Gilbert family owns almost 50 per cent of the common stock of the company.

Priced at \$4 Million

The purchase price to be paid by Wrather Corporation is approximately \$4,000,000, which will be payable 30 per cent in cash, and the balance in five equal annual installments commencing two years after the closing of the transaction. These installments will be evidenced in part by non-interest-bearing notes convertible into common stock of Wrather

Corporation at \$10 per share, and in part by straight 5 per cent notes.

Although no announcement to the effect was made, A. C. Gilbert Jr. said he believed it possible that Wrather now may have better than a 50 per cent interest.

"I believe they have been making other purchases lately," he said.

Gilbert said the purchase price was based on a book value of \$26.13 a share, considerably higher than recent prices of the stock on the American Stock Exchange.

He added that he was certain Wrather would seek a majority on the Gilbert board of directors at the company's annual meeting next April.

On the basis of last year's results, combined sales of Wrather Corporation and the A.C. Gilbert Company were in excess of \$23,000,000. Combined sales for Gilbert in the 1961 calendar operating year and for Wrather Corporation in its fiscal year ending in June 1962 are expected to exceed that figure.

The joint statement said that the Gilbert Company will continue operations in New Haven, retaining its corporate name, management and distribution organization. Gilbert, son of the founder, continues as president and as a director.

"We are confident that the affiliation with Wrather Corporation will have productive and invigorating effects upon Gilbert's growth program by giving the Gilbert Company access to creative management resources and marketing skills in areas allied to our operations and objectives," Gilbert said.

Wrather said "Wrather Corporation is keenly aware of the opportunities inherent in the quality toy industry. We feel it will be one of the outstanding business areas of growth for the 60's and that the A.C. Gilbert Company, one of the oldest and most important in the toy business, has an opportunity for much more than average growth in its field. Its financial stability, along with its famous Erector, American Flyer and Hall of Science trade marks are solid bases for the future. We anticipate that this alliance will strengthen each company's position and will enhance the potential of each."

Wrather Corporation's four operating divisions, Muzak Corporation, Disneyland Hotel, Television, and Stephens Marine, Inc., have approximately 500 employees.

The A.C. Gilbert Company's New Haven offices and plants, which manufacture the company's Erector set, science toys, American Flyer trains and Autorama race games, employ approximately 200 men and women.