

DECEMBER 29, 1966

TO ALL EMPLOYEES OF A. G. BECKER & CO. INCORPORATED

1966 IN REVIEW

As is our custom at this time, we are pleased to present to all employees a brief review of highlights of the year, with special emphasis on personnel and organizational developments.

Our total number of employees increased, as of year end, to some 655, up 9% over the approximately 600 as of the end of 1965, and 515 at the end of 1964. The breakdown as of the end of 1966 was approximately as follows: Retail Sales Division - 190; Research and Institutional Sales Division - 25; Corporate Banking Division - 85; Investment Dealers and Markets Division - 45; Operations Division - 280; and Executive and Administrative staff - 30. The increase this year has been attributable principally to the Retail Sales and Operations Divisions. The number of retail representatives increased to 101, excluding trainees, compared with some 89 a year earlier and 74 for the prior year.

In the Retail Sales Division, Lawrence Novak and Jack Arnesen have been serving as Chicago Sales Manager and Assistant Sales Manager since January 1; Burton J. Weiss becomes New York Sales Manager and John S. Levy Assistant Sales Manager as of January 1, 1967. Robert A. Pearson was named Manager of the Roseland office upon the retirement of Alwin L. Pearson, and Hugh P. Hayes was named Assistant Manager. The Albany office was recently closed. The merger of our firm's correspondent, S. R. Arias Inc., also brought to us during the year the services and experience of Salvo Arias as Senior Vice President and his two very able account representatives, Andrew Flaxman and Margaret Driessen, all of whom have now become an integral part of our New York sales organization.

Important progress was made during the year in moving the Retirement Funds Evaluation Service from the drawing board into a field service. Under the guidance of David D. Peterson and with splendid cooperation of many other personnel, a significant number of corporations, including several of the largest in the country, have already become subscribers. The department has been augmented with the recent transfer to its staff of Anthony B. Cashen, as Manager in New York and Kris Martin and Harry R. Hagey in Chicago. It is fully expected that the ambitious objectives originally established for this unique service will be attained on schedule.

Institutional sales activities were also restructured early in the year to build the foundation for a national unified effort in this phase of our business. Special strides were made in Chicago institutional sales development, and overall, five men - Bob Russell (Chicago), Ed Cody (San Francisco), Fred Hawley (Los Angeles), Dave Collin (New York) and Jim Mongello (New York) joined the national effort, as well as Jack Young and Harry Powell, who transferred to New York institutional sales from retail sales and exchange fund activities, respectively. In August our institutional sales department activities were joined administratively with the Research Department to form the Research and Institutional Sales Division, headed by James P. Lewis.

The firm's search for a Director of Research, undertaken on a concentrated basis now for some months, has unfortunately not as yet borne fruit. Meanwhile, our Research staff has done an excellent job despite the absence of direct leadership. Notwithstanding our shorter term setbacks in the revitalization of our investment research program, including the untimely loss of Jane Brett, the firm is dedicated to sizeable investment in this area and to the substantial contribution it will make to our longer term growth and market position.

As the Vice President in charge of the Operations Division.

Of course, too, we were especially happy to have Albert Kopin join us

Al Lyson was transferred from Chicago to assist Joe Goeschl. While Vince Stry was assigned special responsibilities in stock records and New York, Ralph Citarella became cashier and Tony Carannante Margins supervisor, P & S section and John Flynn supervisor of the Control section;

In the Operations Division, in Chicago Bom Lee became supervisor of the

reached the \$1 billion mark.

Federal National Mortgage Association and in April the total outstandings continued as exclusive distributor of the short-term discount notes of the Kroger, Honeywell, Liggett & Myers and Pennsylvania Power and Light. We Armour, Atlantic Richfield, Bausch & Lomb, Cargill, Gulf States Utilities, Important issuers of commercial paper obtained during the year included

American Printers & Lithographers.

Services Finance merger and John Blair's acquisition of a major interest in was also effected, including negotiation of the Interstate Securities--Federal Mohawk Data Sciences and Syracuse Supply. A wide range of service activities Colonial Acceptance, Economy Finance, Industrial Finance & Thrift, Local Loan, Private placements included those for American Community Stores, Civic Finance, of Asgrow Seed, Beeline Fashions, Methode Electronics and Mohawk Data Sciences. Underwritings under our management during the year included the offerings

Chester F. Gilbert as a consultant.

and Roger Norian and Maurice Wiener in New York, in addition to retaining L. Wenz, Wells P. Hardesty and William J. Glickauf to its staff in Chicago and New York respectively. The Corporate Finance Department welcomed Robert Thomas R. York appointed Manager of the Commercial Paper Department in Chicago of the Corporate Finance Department in Chicago and John F. Donahue Jr. and Corporate Banking Division changes saw John A. Griner III appointed Manager

job.

formerly a clerk for the other specialists, was able to move right into this acquired an additional specialist post, and were happy that Ray Scuttli, in the year, followed by Bart Winn, who had been a clerk. On the PCSE, we Jim Niehoff, formerly head of the Chicago P & S, moved to the MSE floor early our second ASE floor broker; John had been in our New York P & S section. when Peter Orloff joined us. Peter was shortly joined by John DeMartino as this addition, we initiated our own floor brokerage activities on the ASE Robert Arias joined us as our first floor broker on the NYSE. Shortly before In the East, also arising out of the merger of the S. R. Arias business, developments in connection with our expanded Stock Exchange floor operations. Of very special importance during the year were a number of personnel

his recent appointment as National Municipal Sales Manager.

have Jack Dancy join our Municipal operations during the year and to announce as Manager, Eastern Trading Department. In addition, we were pleased to N. Marr as National Manager of the Trading Department, with Albert T. Robinson Hintz as Assistant National Manager of the Municipal Department and Lawrence during the year. Assignments within the Division included that of Walter A. The Exchange Fund Department, originally in this Division, was discontinued into the Investment Dealers and Markets Division, under Donald E. Pearson. all Stock Exchange and correspondent operations, as well as industry activities, the grouping together of the Trading, Syndicate and Municipal Departments, A broad change in our organizational structure early in the year involved

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Retired during the year were Elmer G. Hassman, David N. Dattelbaum, Alvin L. Pearson, Charles W. Ritter and Charles F. Sachweh. John Colman's leave of absence to serve as Director of International Monetary Affairs for the State Department was a great temporary loss at mid-year.

Physical expansion could not compare with the huge increment of the preceding year. We did, however, complete the modernization and decorating of our enlarged Sales and Corporate Banking facilities in Chicago and took on added space in San Francisco and New York to accommodate additional growth there.

Our advertising program was extended to eastern publications in 1966 and "The Man From A. G. Becker Is Always Worth Listening To" created heightened identification for our personnel and services both among investors and in the trade. A similar campaign for 1967 has recently been adopted and will include periodic appearances in the eastern and midwestern editions of Time, the Wall Street Journal, the New York Times, the New York World-Journal-Tribune, the Chicago Tribune, the Chicago Daily News and Newsweek (New York only). A new edition of the A. G. Becker Guide to Publicly Held Corporations in the Chicago Area was also published and enthusiastically received.

A. G. Becker & Co. enjoyed a good year in 1966, despite unsettled conditions in the money and securities markets, significant and we trust unique bad-debt losses, several costly underwriting participations, and the disruptive effects of the Westec situation.

We are confident that the competence and professionalism of our personnel, coupled with their loyalty and commitment, will effect important strides for our organization in 1967. We extend to all of you, and your families, warmest greetings and best wishes for a most happy and healthful New Year.

James H. Becker
Chairman

William D. Mable
President

Paul R. Judy
Chairman-Executive Committee