

*A report
to our clients
and friends*

A.G. Becker & Co.
INCORPORATED

July 1, 1967

We are most pleased to report to you, as valued clients and other friends, the current range of our services, along with highlights of recent developments and plans, and our statement of financial condition as of April 28, 1967.

Purpose Our central purpose is to operate a profitable business by rendering professional, distinctive and valuable investment services to a select clientele. Although the scope of our activities has expanded substantially since our founding as a commercial paper dealer in 1893, it is our constant endeavor to have this central purpose permeate each of our varied activities. Our growth and diversification over the years have given us the opportunity to serve four relatively distinct groups of clients, as summarized below.

Individuals For individual investors we render a wide range of investment services. We offer rapid and efficient executions for listed and unlisted securities, ranging from odd lots to large blocks. Our investment research staff makes available comprehensive information and analyses on industries and individual companies involving recommendations supporting either capital growth or capital conservation objectives. We also provide portfolio reviews to assist investors in their overall investment objectives and plans. These varied activities are supported by memberships and direct representation on the floor of all the principal stock exchanges; an experienced internal staff, plus facilities for continuous contact with a nationwide network of dealers in the over-the-counter markets; and the underwriting of initial or secondary distributions of equity securities and corporate and municipal bonds.

The heart of professional service to individual investors is the individual account manager—his empathetic ability to deal with his clients, his basic intelligence and judgment, his training and supervision, and the support he receives from his organization in the form of investment research and other central services. We believe each of our some 100 registered representatives with the principal responsibility for individual clients is eminently qualified to render professional service. Most of these representatives are in our two principal offices in Chicago and New York; but important offices are also maintained in Milwaukee and Roseland, a section of Chicago. Each representative has available to him the personnel and facilities of our other specialized departments.

The growth in our service activities for individual accounts during 1966 and early 1967 was especially gratifying. Various programs are under way to improve and expand these services. Emphasis is especially being placed upon a substantial programmed expansion of our investment research and portfolio analysis activities.

Institutions A. G. Becker & Co. was early to recognize the growing importance of services tailored to institutional investors, with emphasis upon the changing needs of equity portfolio managers. Our service to the institutional investor especially calls upon our investment research capabilities and our competence and facilities for order executions, whether as agent or principal. We believe we are one of the few firms in the country with its own personnel on the floors of the New York, American, Midwest, and Pacific Coast Stock Exchanges, thereby giving us a unique position in the execution of orders in dually listed securities. We offer particular expertise in short-term investments. Finally, as an important underwriter, we are able to offer

primary and secondary distributions to our institutional clients.

It is our objective to keep pace with the accelerated institutionalization of savings and the increasing participation by fiduciary investors in the equity markets. A major factor in our program to serve institutional investors is the deepening and broadening of our investment research services. In addition, we have recently devoted substantial additional capital to assist our clients in the distribution of large blocks of equity securities.

Corporations Since our founding in 1893, we have served a wide range of corporations in their short-term credit, general investment banking and financial planning needs. After more than 70 years we continue to be a leader in the commercial paper market, aggressively creating and pioneering to better serve our expanding clientele. Over the recent year, we were pleased to service a substantial number of major corporations entering the commercial paper market for the first time, and an even greater number of new investor clients. Included in this important phase of our overall activities is our role as the exclusive agent for the Federal National Mortgage Association in the distribution of its short-term discount notes.

Our general investment banking and corporate finance activities include the management of publicly distributed underwritings of debt and equity securities on behalf of corporations and their important shareholders; the private placement of such securities; the maintenance of over-the-counter markets in the unlisted securities of our clients; assistance to corporations in the repurchase of their securities; and the analysis and negotiation of consolidations or divestments, along with security and corporate appraisals and other analytical services custom-tailored to the specific requirements

of our clients. Of special note is the range of services we render to companies engaged in the finance business, both independent companies and the captive subsidiaries of major commercial and industrial companies.

After several years of research, planning and testing, we were pleased to initiate in early 1966 our Retirement Funds Evaluation Service. This unique and objective service compares the investment performance of a retirement fund and its various segments with many other funds of similar size—the only yardstick that we believe to be truly meaningful. Corporations in all parts of the country with combined funds in excess of \$2 billion have already subscribed to this service and are receiving reports which assist in evaluating investment performance and in time can lead to reduced costs or increased benefits.

Investment Dealers An important and integral part of our overall activities, although probably the least known, are the services we extend to other investment dealers. As of mid-1967, we were providing a group of domestic and Canadian investment dealers with a variety of exchange execution and operating services. Such services are supported by our various exchange memberships, a highly competent team of floor and communications personnel, and modern operating methods and facilities. In addition, we are specialists in the trading of more than 125 security issues on the Midwest and Pacific Coast Stock Exchanges, most of which are also listed on the New York Stock Exchange. We thereby not only serve other members of these exchanges and indirectly their clients, but are also able to keep our own organization and all our clients closely abreast of exchange market trends and conditions.

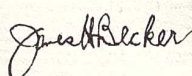
We also maintain active over-the-counter

markets in securities of our unlisted corporate clients and in many other companies, and undertake to keep a wide range of investment dealers informed about these securities. Acting both as manager and participant in the underwriting of corporate and municipal securities, we are in continuous contact with a substantial number of investment dealers engaged in initial and secondary distributions.

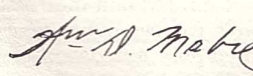
Organization No service business can successfully compete for and gain a growing patronage without a dedicated, well-trained, client-oriented organization—from the youngest messenger to the most seasoned senior officer. The extent to which we have been able to serve our clients well is attributable to the teamwork of some 80 officers and a supporting staff and organization of some 600 additional employees.

Growth Through the years, we have enjoyed a continuously favorable financial development, providing a foundation to support an expanding organization and range of services. In addition, over more recent years we have undertaken both capital and management transition programs and are pleased to report that both programs are substantially completed. A recently audited statement of our financial condition accompanies this report.

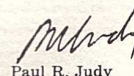
A variety of programs are under way to improve and refine existing services, as well as to develop new services and strengthen organizational competence—all with the view to furthering our central purpose.



James H. Becker
CHAIRMAN



William D. Mabie
PRESIDENT



Paul R. Judy
CHAIRMAN—
EXECUTIVE COMMITTEE

Statement of Financial Condition *April 28, 1967*

Assets

CASH	\$3,840,066
MARKETABLE SECURITIES (Note):	
Short-term instruments..	\$86,110,000
Municipal bonds.....	3,032,604
Other bonds.....	826,553
Stocks.....	5,134,812
	95,103,969

RECEIVABLES:

Customers.....	\$38,077,757
Brokers and dealers.....	21,381,348
Deposits on securities borrowed.....	11,334,876
Other receivables.....	1,372,077
	72,166,058

OTHER ASSETS:

Exchange memberships, at last sales prices prior to April 29, 1967.....	\$ 866,250
Prepaid expenses.....	83,639
Furniture and fixtures and leasehold improve- ments, at cost, net of accumulated deprecia- tion and amortization..	572,585
	1,522,474
	<u>\$172,632,567</u>

Liabilities

LIABILITIES:

Collateral loans.....	\$110,825,000
Securities sold but not yet purchased, at quoted market.....	894,702

Payables—

Customers.....	19,096,468
Brokers and dealers..	21,578,285

Accrued salaries, com- missions, taxes and other payables.....

	6,086,232
Deferred income.....	651,880
	<u>\$159,132,567</u>

CAPITAL STOCK AND SURPLUS

	13,500,000
	<u>\$172,632,567</u>

NOTE: The investment in an unlisted common stock of one company, with a quoted market of \$7,981,163, is carried at \$1,583,418 in the above statement; all other securities are carried at quoted market.

To the Board of Directors and Stockholders of A. G. Becker & Co. Incorporated:

We have examined the statement of financial condition of A. G. BECKER & CO. INCORPORATED (a Delaware corporation) as of April 28, 1967. In connection therewith, we have reviewed the system of internal control, including the procedures for safeguarding securities. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statement presents fairly the financial position of A. G. Becker & Co. Incorporated as of April 28, 1967, in conformity with generally accepted accounting principles applied on a basis consistent with that of the statement of financial condition as of April 29, 1966, the date of our previous examination.

ARTHUR ANDERSEN & CO.

For the protection of customer accounts, the New York Stock Exchange requires that the annual audit of its members' records be made on a "surprise" basis by independent public accountants. This audit is made without previous notice to us and at varying dates from year to year.

Along with a range of other methods of better informing our friends, clients and prospective clients of our services and facilities, we initiated in early 1966 an expanded and creative advertising program. Media have included *The Wall Street Journal*, Chicago and New York daily newspapers, and national magazines such as *Time* and *Newsweek*. Examples of some of our recent ads appear on the following pages.

Is it true what they say about A.G. Becker & Co.?

They say we have the smartest people and...

Hold it! They are exaggerating somewhat. No single firm has a monopoly on brains. We do have some of the smartest people, but won't claim more than our fair share.

They say we're good people to talk to about commercial paper

They say truly. We are one of the country's oldest and largest dealers in the issuance of this advantageous form of Short-Term Money Market Instrument. We can provide substantial funds on short notice, with a minimum of fuss and at low corporate borrowing rates, to major companies with prime credit standing. Conversely, we have helped many companies and institutions put large amounts of their excess cash to work for short periods—one day to nine months.

In addition to safety of principal, commercial paper offers tailor-made maturities and slightly higher yields than other similar instruments. This differential is, in effect, *Found Money*.

They say we play an important role in corporate financing

That we do. Our Corporate Finance Department has managed initial public stock offerings of many well-known companies. Also, our facilities have been employed to good effect by major stockholders in publicly held companies who wish to bring their total investments into better balance by selling part of their holdings. Our nation-wide distribution capability enables us to handle such secondaries smoothly and efficiently without disturbing the market.

They say we are exclusive distributor of FNMA (Fannie Mae) Short-Term Discount Notes

Yes, we are. This unique Money Market Instrument, while somewhat similar to commercial paper, has built-in advantages under many circumstances. We welcome inquiries.

They say we are skilled at private placements

Quite right. It is often possible to avoid the delay, expense and morass of regulatory details which are associated with public financing of debt issues or equity securities. Our special competence and con-

tacts enable us to design and recommend financing plans custom-tailored to specific individual situations, and to follow through by making private placements with institutional investors.

They say we offer a new and unique Retirement Funds Evaluation Service

We do indeed. It provides periodic comparisons of a company's fund performance with funds of similar size—the only measurement, we believe, which is truly meaningful. Already more than 100 corporations, including many of the largest in the country, have subscribed to this service, because they see in it the hope of improved performance, which could lead to reduced costs or increased benefits. Responsible corporate executives would do well to look into the details of this new A.G. Becker service. Our Anthony B. Cashen will be glad to present them. Write, or call him at (212) 363-4790.

They say that individual brokerage accounts do not interest us

Not true. While we do a gratifying volume of business with institutional investors, our large staff of Registered Representatives also caters (the exact word!) to the investment needs of individual clients. Our services include the buying and selling of both listed and unlisted securities; in addition, we carry a select inventory of tax-free bonds, and participate in major underwritings.

They say our Investment Research is impressively thorough

True. We make no attempt to cover every company whose securities are publicly held. We shun superficiality; the companies we do cover we investigate intensively, and we report on them in depth. Institutions and analytically-minded individual investors find this approach particularly meaningful and helpful.

They say the Man from A. G. Becker is always worth listening to

That is something you can easily discover for yourself. Write or call Burton J. Weiss, Vice President, and he'll arrange for a private "listening". It could be one of the most important appointments you ever made.

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Investment Bankers since 1893 • Members New York and other principal Stock Exchanges

60 BROAD STREET, NEW YORK, N.Y. 10004 • (212) 363-2800
Chicago, San Francisco, Boston, Los Angeles, Philadelphia, Milwaukee

Of major importance to every Board Chairman:

5 questions in search of an answer to corporate retirement fund problems

Question—Are you aware that assets of your retirement fund or funds may well be equal to or exceed those of any division of your company, or even the net worth of the *entire* company?

Question—How recently have you reviewed the trend of contributions to corporate retirement funds? The increase, compared to prior years, may shock you. The cost line is headed inexorably north by east, and is not likely to flatten out.

Question—Do you apply the same top-level attention to the supervision of your retirement fund as you do to divisional operations? Or are you overlooking this area of major corporate concern?

Question—Is the investment performance of your fund being measured? Without such measurement, how can you fulfill your responsibility in this area? How can management assess the effect of proposals to change pension plan benefits?

Question—If you are measuring fund performance, do you have valid comparative standards, or are you in effect matching apples with oranges? The latter is certainly true if the comparison of your fund is based on market indices and mutual fund averages.

The Answer to all of the preceding questions, or at any rate the most cogent one devised up to now, is the unique Retirement Funds Evaluation Service evolved last year by A. G. Becker & Co. It is cogent because it will compare your fund with many funds of similar size—the only yardstick that is truly meaningful. Already more than 100 large and important corporations have subscribed to this service, because they see in it the hope of improved performance, which could lead in turn to reduced costs or increased benefits—goals well worth striving for.

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We realize, of course, that as board chairman or chief executive you may not be directly involved with the operation of retirement funds, but surely the ultimate responsibility rests squarely on you. Might it then not be a good idea to make sure that the appropriate executive in your company is aware of our Retirement Funds Evaluation Service and its potential advantages to you?

The man to call for full details is David D. Peterson, Vice-President. His number is (312) 372-6100. Or, if you prefer, write him for our brochure on "Management's Responsibility for Retirement Fund Performance."

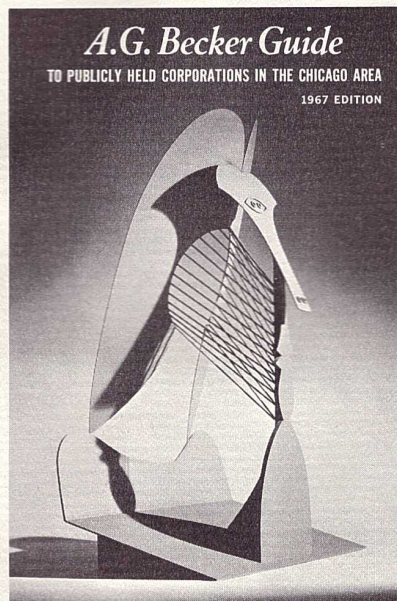
Significant Note: We do not offer an Investment Advisory Service; fund evaluation is our sole objective in this area.

A. G. Becker & Co.

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120 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS 60603 • (312) 372-6100
New York, San Francisco, Boston, Los Angeles, Philadelphia, Milwaukee, Indianapolis, Roseland (Chicago)



As an important service to all our individual, institutional, corporate and investment dealer clients interested in publicly owned Chicago area companies, we inaugurated in 1965 our Guide to Publicly Held Corporations in the Chicago Area. The Guide includes a range of financial, operating and personnel data on approximately 275 publicly owned companies in the Chicago area. The 1967 edition (the cover of which depicts the Picasso sculpture being erected in Chicago Civic Center Square) will be available soon. If you are not on our mailing list for the Guide, we invite you to write us on your corporate letterhead. Send your request to the Communications Department, A. G. Becker & Co. Incorporated, 120 South La Salle Street, Chicago, Illinois 60603.

Offices

Chicago, Illinois 60603
120 South LaSalle Street
Area Code 312—FRanklin 2-6100

New York, New York 10004
60 Broad Street
Area Code 212—363-2800

San Francisco, California 94104
Russ Building
Area Code 415—981-4200

Boston, Massachusetts 02110
70 Federal Street
Area Code 617—542-3465

Los Angeles, California 90005
3810 Wilshire Boulevard
Area Code 213—385-3441

Philadelphia, Pennsylvania 19102
1500 Walnut Street
Area Code 215—545-2777

Milwaukee, Wisconsin 53202
Marine Plaza
Area Code 414—276-5946

Chicago (Roseland), Illinois 60628
401 East 111th Street
Area Code 312—785-8300

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