

A. G. BECKER & CO. BULLETIN

1967 IN REVIEW

In keeping with our annual custom, we present to all employees a brief review of highlights of the year, with primary emphasis on personnel and organizational developments.

COMPANY-WIDE

A very significant and singular development took place early in the year with the formulation, adoption and publication in February of "The Purpose and Basic Objectives of A. G. Becker & Co. Incorporated." As defined, our purpose "is to operate a profitable business by rendering professional, distinctive, and valuable investment services to a select clientele."

To help assure the attainment of our corporate objectives, as well as specific goals, annual profit planning and a profit sharing plan were also initiated, thereby linking the personal development and prosperity of each individual employee to the development and prosperity of the firm as a whole.

The end of 1967 will mark the formal retirement of William Mabie, president; Irving Sherman, vice chairman of the board; Herbert Schaffner, senior vice president; and Lawrence Marr, assistant vice president. Messrs. Mabie, Sherman and Schaffner will continue their association with us as registered representatives. The election of Vincent Flett as senior vice president will provide a transitional period in anticipation of his retirement next March. Other employees retiring at year-end are Erna Kind, Chicago printing and supply department; Kathryn Tynan, New York switchboard operator; and Lyman Phillips (effective March 31), Chicago maintenance department.

In early December, the board of directors elected Paul Judy president and chief executive officer of A. G. Becker & Co. Incorporated, effective January 1, 1968. His election marks the final phase of the program to transfer active management of the firm to younger men.

New directors elected during the year were Richard Gilder, John Mabie, Kenneth Nelson, and Stephen Weiss.

As reported in mid-December, the directors elected Kenneth Nelson, Malcolm Skall, and Stephen Weiss to join James Becker and Paul Judy on the Nominating Committee, and elected Leo Bailey, Roger Brown, and Stephen Weiss the new trustees of the Pension and Profit Sharing Plans.

In April, the board also elected John Connor to the executive committee, and re-elected the incumbent members: Paul Judy (chairman), Roger Brown, David Heller, James Lewis, and Donald Pearson.

Early in the year, the executive committee authorized the establishment of regional management committees in both Chicago and New York comprised principally of department managers in each office. The purpose of the committees is to: (1) bring regional and local office coordination and impetus to our national, centrally administered client service programs, organization and orientation; (2) help resolve personnel, space and other interdepartmental matters arising in a major office; (3) provide a means whereby key managerial personnel may be better informed of overall business developments; and (4) contribute to the development of national policies. The value and contributions of these committees has already been significant.

Personnel participating on these committees at the end of 1967 were:

Chicago: Kenneth Nelson (chairman), Jerry Beebe, John Dancey, John F. Donahue, Donald Dwyer, John Griner, John Kipp, Lawrence Novak, David Peterson, Stanley S. Wirt and John Connor (liaison member of the executive committee).

New York: Raymond Ryan ('68 chairman), Burton Weiss ('67 chairman), Leo Bailey, Anthony Cashen, William Cockrum, Joseph Goeschl, David Hunt, Ted Robinson, Harold Warendorf, Harry Weber, Arthur Curtis and James Lewis (liaison member of the executive committee).

The Investment Dealers and Markets Division, established during 1966 to encompass the many intra-industry activities of the firm, was reorganized into two separate divisions in March, 1967. Under the leadership of David Heller, the Exchange Operations Division was formed to encompass specialists operations and floor brokerage services, correspondent and reciprocal dealer services, and wire room and order desk activities. Under the leadership of Donald Pearson, the Syndicate, Municipal and Trading Division was organized to handle syndicate activities and services, municipal bond operations, O-T-C stock trading activities and general industry and trade relations. This reorganization of the former IDM Division was undertaken to intensify the growth and profitability of its various segments, and the results during

1967 have been gratifying.

Late in the year, the Corporate Banking Division was divided into the Commercial Paper Division and the Corporate Finance Division. The former is headed by John Connor, and the latter, on an acting basis, by Paul Judy.

COMMERCIAL PAPER DIVISION

Under the leadership of John Connor, the growth and specialization of our money market operations accelerated during 1967. Both commercial paper and FNMA sales increased substantially, and many new names were added to our list of issuers. The new division's national marketing activities were also restructured, with Raymond Ryan, eastern regional manager, assuming responsibility for issuer solicitation programs and John Donahue, Chicago manager, coordinating paper distribution activities on a national basis. In Chicago, Lawrence Kidder was appointed assistant manager of the department. In New York, Thomas York and Walter Thackera were elected vice president and assistant vice president, respectively.

Joining the division during the year were Paul Hayes and John Cunningham in Chicago; Hugh Devlin and Steve Tomkin in New York; Paul Hart in Los Angeles; and Douglas Robbins in San Francisco.

In summary, 1967 was a year of substantial growth in the scope, contribution, and operations of our commercial paper activities.

CORPORATE FINANCE DIVISION

The corporate finance department was assigned division status in November, and William Cockrum and John Griner continue as New York and Chicago managers respectively. In June, John Griner was elected to the board of directors of Younker Brothers, Inc., filling the vacancy created by the death of Andrew Baird. In New York, Claude Wilson and Philip Greer, formerly assistant vice presidents, were elected vice presidents and Barry Friedberg and William Woods were elected assistant vice presidents. In Chicago, Daniel Good was elected assistant vice president. Joining the new division in 1967 were Matthew Thomases and Robert Karlblom in Chicago, and James Valeo, Jeffrey Sommers, Thomas Powers and Robert Ehrlich in New York.

Underwritings managed by A. G. Becker & Co. during 1967 included offerings of Duplex Products, Inc., Mohawk Data Sciences Corp. and American Reserve Corp. Mergers negotiated included Northern Metal Products Inc. into Alloys Unlimited and Analex into Mohawk Data Sciences Corp.

Other significant relationships strengthened or established during the year, mostly through private financing services, included Boise Cascade, Colonial Acceptance, Cyclops Corporation, Data Products, Dixie Acceptance, Gamble Skogmo, Indiana Telephone, Interstate Securities, Leaseway, Local Loan, Pennsylvania Power and Light, Public Finance Service, Scrivner-Boogaart, and Signal Finance.

EXCHANGE OPERATIONS DIVISION

Headed up by David Heller, our expanded stock exchange operations during 1967 resulted in a number of significant personnel developments. In the East, Robert Arias, vice president, was elected a director of A. G. Becker & Co. as our NYSE floor representative, and filled a vacancy created in anticipation of Herbert Schaffner's retirement. Donald Reilly joined us as vice president in May and now holds the NYSE seat owned by the firm and formerly held in the name of Irving Sherman. Peter Orloff, who initiated our representation on the floor of the ASE, was elected a vice president and Richard Sartori was elected an assistant vice president and now holds one of our seats on the ASE. William Murphy was appointed chairman of the floor trading committee of the PCSE in February. David Heller was elected to the board of governors of the MSE and appointed chairman of the Exchange's Long Range Planning Committee in March. He was also elected chairman of the Midwest Stock Exchange Service Corpin July. Strengthening our MSE floor staff this year were assistant vice presidents James Kipp and Donald Rogers. Kenneth Mjoen was elected assistant secretary of our firm and now fills one of our seats on the MSE. James Niehoff, assistant secretary and a member of our MSE floor staff, was elected assistant vice president in December, along with Bernard Horman, assistant secretary and head of the order department in Chicago.

The contribution of the Exchange Operations Division to the firm's results in 1967 was substantial.

RESEARCH & INSTITUTIONAL SALES DIVISION

Research-Continued progress in rebuilding our investment research capability and enlarging our penetration of the institutional market - especially in the Eastern

region, was made during 1967 under James Lewis' direction.

Our efforts to secure the services of a highly qualified director of research were consummated in February with the selection of Leo Bailey, who previously directed common stock research for the Prudential Insurance Company of America. Under his direction our research staff was realigned and is being significantly expanded.

In Chicago, Donald Hahn was elected assistant vice president and assigned responsibility for technical market analysis and administration of the research department in Chicago. Dorothy Jelinek, formerly department secretary, was appointed junior analyst concentrating on general industry in the Chicago area.

Joining the central research department operation in New York were Albert Chapple, assistant vice president with responsibility for the electronics and instrumentation industries; and Chris Stavrou to work with him; Hugh Ettinger, senior analyst covering the banking, insurance, finance and real estate industries; Kenneth Paneral, senior analyst for airlines, railroads, rail equipment leasing and the freight forwarding and trucking industries; Mark Fine, senior analyst for publishing, advertising and business service industries, convertible securities and special situations; Joseph Tovey, a certified public accountant and authority on taxation with responsibility for oil industry analysis; and Shirley Heller, staff economist responsible for economic, financial and statistical analysis and computer applications. In addition, Ronald Mendelblat joined the department as an assistant to Fred Coffman and will be working on forest product and automotive industrials during his training period.

Institutional Sales-The institutional sales departments - under Ken Nelson, Harold Warendorf and Harry Weber - continued to set new volume records for all regions during 1967. Cross trades totaled more than 3 3/4 million shares, an increase of approximately 67% over 1966. In addition, the departments' negotiated trades involved more than 1 million shares for which we received commissions on one side only, an increase of approximately 65% over 1966. The average number of shares per transaction also increased significantly during the year, demonstrating our increasing expertise in block trading, a capability well worth communicating to institutional clients.

During 1967 our west coast facilities were incorporated into the institutional sales division. Under the guidance of Malcolm Skall, Edward Cody and Frederick Hawley, the firm became a significant factor in the important west coast institutional market.

The division was materially strengthened during the year by the addition of new personnel. Joining the division in Chicago were Jerome Bishop, formerly with Hayden Stone Incorporated, and Michael Friedlander, the brother of Burton G. Friedlander. Joining the division in New York were Peter Irish and Theodore Wolff, who brought with them considerable experience acquired respectively at Merrill Lynch and Walker Hart & Co.

Elections during the year included Burton Friedlander and Thomas McCausland as vice presidents in Chicago and Leonard Bokert, George Morris, and John Young as assistant vice presidents in New York. In Chicago, Kenneth Nelson became a member of the Detroit Stock Exchange.

RETAIL SALES DIVISION

In keeping with our corporate objectives of offering professional service to clients and, by so doing, achieving higher profits, retail sales activities during 1967 were restructured and refined under the direction of Roger Brown. The objectives established for the retail sales division were communicated to all members of the sales force by means of a series of informative and productive meetings. A professional and distinctive Customer Portfolio Service was developed to attract a select individual clientele via direct mail promotion, and major emphasis was placed on the formation of sales groups to increase overall money management skills and competence.

Retail sales operations conducted from our Indianapolis, Roseland, and San Francisco offices were discontinued during the year. The San Francisco office, of course, continues to offer and expand institutional, commercial paper and other client services. While family and community relationships prevented most of our Indianapolis and San Francisco personnel from relocating to Chicago, we were fortunate to retain the services of our Roseland staff. Their incorporation into the Chicago retail sales department required physical expansion of the office and its division into two distinct groups under the direct supervision of Larry Novak (the East side) and Jack Arnesen (the North side).

Our Milwaukee office continued to forge ahead during the year, requiring a 50% expansion in facilities and the addition of several new sales representatives.

Appointments and elections during the year included the following personnel: In New York, Burton Weiss was appointed sales manager and John Levy assistant sales manager as of January 1, 1967. In Chicago, John Rogers was appointed assistant to

the sales manager to help counsel younger men while servicing and expanding his own clientele. Vice presidents elected included Harold Citrin, John Levy and Paul Marcus in New York and Jack Arnesen in Chicago. Assistant vice presidents elected were Loring Pratt in New York and Laurence Gray and Jacob Mervis in Chicago.

The retail business of the firm expanded very handsomely during the year, the most prominent growth once again coming in our New York office under Burt Weiss's management.

Funds Evaluation-The Retirement Funds Evaluation Service was renamed the "Funds Evaluation Department" during 1967 to reflect the increased scope of the department's activities involving joint union-management funds, state and local government funds and endowment funds. However, the original name will continue to be applied to our service for corporate pension and profit sharing funds. Under the direction of David Peterson, the department now performs measurement services for approximately 10% of all the assets of corporate non-insured pension funds.

The department was expanded considerably during the year. Robert Kuney joined the department as western manager based in San Francisco, thus strengthening our capabilities in the important west coast market. Anthony Cashen, eastern manager, was elected assistant vice president and named national sales manager. Stuart Gassel, Thomas Quinn and Kenneth Shepherd joined the department to assist Tony with his increased responsibilities. In Chicago, Gary Wirt, Robert George, John Turner and Edmund Burke brought considerable analytical and sales talent to the department, and Kris Martin continued to turn corporate prospects into clients as quickly as one could say "measure." Favorable publicity in trade and business publications helped the department to communicate its services and enhance its national reputation.

SYNDICATE, MUNICIPAL AND TRADING DIVISION

Under the leadership of Donald Pearson, the Syndicate, Municipal, and Trading Division expanded significantly during 1967, as indicated by the increase in new personnel and realignment of responsibilities.

Syndicate-Samuel McC. Yonce joined the department in October as manager and was elected vice president of our firm. He is currently working with Arthur Curtis in New York. (Art celebrated his 40th anniversary with our firm in May!)

Municipal-John Dancey was appointed national manager of the municipal bond department and was elected an assistant vice president in March and a vice president in December. Walter Hintz, Chicago manager and assistant national manager, was elected an assistant vice president. Neil Smith transferred to the Chicago municipal department from the margin department and will act as liaison between the department and Chicago retail sales. Joining the Chicago municipal department during the year were John Hester, Robert Rudolph, Michael Sheehan and John Osbrink. David Hunt, manager of the New York municipal department, was elected an assistant vice president. Joining the New York municipal department during the year were Patricia Dolan, Michael Brookins and Anthony Werner.

Even though the main emphasis was on organizational development, and despite adverse markets, the municipal department achieved excellent progress during 1967 in building its distinctive competence.

Trading-Ted Robinson was appointed national manager of the department, in addition to his duties as eastern manager, and was elected a vice president. Robert Begley was appointed assistant eastern manager. In the Chicago trading department Donald Dwyer, who joined our firm in September, was appointed head of the department in November. Peter Cortilet transferred to the Chicago trading department from San Francisco, where he had conducted trading operations for the previous four years.

The results of the trading department in 1967 were impressive and they made an excellent contribution to the firm's overall successful year.

OPERATIONS DIVISION

Our firm's overall growth during 1967 was paralleled by the realignment of responsibility within the Operations Division, as well as by the addition of new personnel. In New York, Joseph Goeschl, vice president and assistant secretary, was additionally elected assistant treasurer, reflecting a broader involvement in banking relationships in the Eastern region. Allenby Lyson was elected an assistant secretary and Aurelio Tapia, head of the New York transfer section, was appointed assistant cashier, New York cage. In Chicago, Jerry Beebe, controller, was additionally elected a vice president and Theodore Kowalski, internal auditor, was elected an assistant vice president. Ben Witt was appointed EDP manager and William Smith, formerly an outside consultant with our funds evaluation department, joined us in September to work

on EDP applications. Howard DuChene was appointed supervisor, control department, succeeding John Flynn, who joined the systems and procedures group, along with Donald Ridgeway. John Murray, Chicago cashier, was elected assistant secretary.

Each firm in the securities industry, from an operations point of view, is inextricably intertwined with other firms in the industry. When the operations of some of the larger firms break down, there is invariably an adverse effect on the operating efficiency of all other firms. Despite such conditions in 1967, under Al Kopin's direction and with the hard work and dedication to excellence by all his associates in the Operations Division, we were able to handle the year's record volume with a minimum of disruption to our client relationships and operating efficiency.

SUMMARY

The growth of A. G. Becker & Co. during the year was reflected in the fact that total employees numbered 759 on December 1, 1967, compared with 657 a year earlier (and 679 at the interim date of June 30, 1967).

At the end of fiscal 1967 the firm had 57 shareholders, including 6 who became shareholders for the first time during 1967. A year earlier we had 55 shareholders. The new shareholders are Leo Bailey, James Kipp, Kenneth Mjoen, Donald Reilly, Donald Rogers and Richard Sartori. Additionally, the following 10 officers have been invited to become shareholders as of January 1, 1968: Jack Arnesen, John Dancey, John Donahue, Burton Friedlander, John Levy, Thomas McCausland, David Peterson, Albert Robinson, Claude Wilson, and Samuel McC. Yonce.

To all those associates who joined us in 1967, we once again extend a welcome! Who are these persons? A phenomenal 236 strong (through November 30), as named in the attached list. The size of this group should be an additional reminder to all of us of the importance we must place upon training, orientation and communications during 1968.

High and favorable activity in the securities and credits markets, hard work and enthusiasm on the part of everyone, and a refinement and focus of our organizational efforts combined to make 1967 a record year for A. G. Becker & Co. Our operating profit for the 10-month fiscal year to October 30 was well in excess of any post-war previous 12-month fiscal year, and well in excess of the plans we laid out at the beginning of the year. It was an especially rewarding year in which to institute a modern profit sharing plan to replace the traditional cash bonus system, and we hope the broad general incentives of this new plan will help make future years equally rewarding for all.

Plans for 1968 call for operating performance levels well above the plans set at the beginning of 1967, and in line with the record successes of that year. There is, of course, an underlying objective to achieve results well in excess of plan in all of our business. The preliminary results in November and early December are very promising. Though the character and activity of the markets in 1968 will certainly influence our operating results for the year, the main ingredient for success will be the enthusiasm, energy and team work of our personnel. Let us all dedicate ourselves to the task.

James H. Becker
Chairman

William D. Mabie
President

Paul R. Judy
Chairman-Executive Committee

A. G. BECKER & CO. BULLETIN

DECEMBER 27, 1967

NEW PERSONNEL JOINING A. G. BECKER & CO. DURING 1967 (Between January 1 and November 30)

COMMERCIAL PAPER

DIVISION

Gloria Broman
D. Brunner
James Costello
John Cunningham
Thomas J. Demarzo
J. Hugh Devlin
Lynn Donahue
Robert S. Ehrlich
Andrea Fallon
Jacqueline Forte
Ann Green
Paul H. Hart
Paul Hayes
Ruth Henderson
Alice Hill
Barbara Hogg
Elaine M. Hughes
M. J. Kavalewitz
Janice L. Lincoln
Anthony Lo Mastro
Gail M. Lowrie
Anton Melnik
Caroline Merrill
Janet L. Mucher
Kathleen Murphy
Thomas F. Powers
Douglas J. Robbins
Antoinette Ruisi
Steven Tomkin
Sonja White
Patricia Woschchyncki

CORPORATE FINANCE DIVISION

Joyce Allen
Joan Schomburg
Jeffrey B. Sommers
Matthew Thomases
James G. Valeo
Laura Wiese

EXCHANGE OPERATIONS DIVISION

AMSE Floor

Archibald Devlin
John M. Hogan
Robert H. Neiman

NYSE Floor

Edward A. Ash
Donald B. Reilly

Order Clerks

Neil R. Brown
Michael Corr
Terrence McAuliff
Richard A. Russo
Thomas Vallone

Specialists

Alan Cappozzo
Phillip M. Cazares
Richard J. Grzanka
Sy Jevardian
James R. Kipp
Terrence Kumro
Arthur Mutter
Donald Rogers
Ronald Yehl

Teletype Operators

Louise Chelley
Cynthia Ann Heveder
Darlene Pizzolato
Diane Schnauffer

RESEARCH & INSTITUTIONAL DIVISION

Research

Leo C. Bailey
Gertrude Brown
Albert W. Chapple
J. Distelman
H. Ettinger
S. Mark Fine
Joanna Hadala
Shirley P. Heller
Ronald Mendelblat
Kenneth L. Paneral
Lea Ruskin
Susan Siegel
Christopher Staurow

Institutional

Jerome Bishop
William Irish
Robin Kitrosser
Michael Friedlander
Margaret Thomas
Theodore Wolff

RETAIL SALES DIVISION

General Sales

Stephanie Barker
Mary P. Blake
Edith Braun
Virginia Chromiak
Wendy Cohen

Carolyn Crawford
Joanne Crowley
Jayne Danciu
Mary De Larme
John P. Glaser
Lina D. Holub
Morris Howard
Alan Kent
Harvey Kupfer
Angela Laperuta
Kimberly Ann Larson
Shirley Lynn
Ronald Marklund
Bruce McLeod
Lis Norgaard
Nancy L. Obrecht
Robert C. O'Mara
Philip Oppenheimer
Loring G. Pratt
Beverly Pude
Laurel L. Reich
Angela Riccardi
James Rubenstein
A. Chester Safian
C. Schneider
Sally Schroedel
Molly Sulzer
William Van Deren

Funds Evaluation

Robert L. Kuney
Stuart P. Gassel
C. Mc Callum
Scott Morgan
Nancy Nitikman
Daniel D. Safir
John E. Turner
Gary L. Wirt

SYNDICATE, MUNICIPAL & TRADING DIVISION

Municipal

Michael F. Brookins
Patricia M. Dolan
John J. Hester
Maureen Mc Menamie
Lorraine Novak
John Osbrink
Robert Rudolph
Michael J. Sheehan
N. Anthony Werner

Syndicate

Maureen Giblin
Dorothy A. Malysz
Samuel Yonce

A. G. B E C K E R & C O . B U L L E T I N

NEW PERSONNEL

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Trading

Marcello Anastasi
Donald R. Dwyer
Jill Louise Fenton

OPERATIONS DIVISION

Data Processing

Carmelita Bryant
Linda Flores
Ed Friedman
Rosetta Griffin
Jeanette May
A. M. Napolitano
Ronald E. Ptak
Linda A. Sholtis
William Smith
Linda Zanderzuk

Dividends

Kenneth E. Berry
Catherine Ferrante
Edward Keslinke

Files

Mary L. Adams
Janis Denhart
Vera B. Doyle
Winifred Fanella
Lucia Huie
Helen D. Sheridan

Gen. Op. Admin.

Leslie A. Duchin
Edward Russin

Internal Audit Xerox

John K. Reder
Mauro Trilli

Mail & Outside Messengers

Bernard Bordsen
Leo Duba
Leon Eisen
C. Gilligan
Jack Karasack
Morris Kroll
Dan G. Mariotti
James Maroutsis
Thomas E. Raab
Harry G. Wood

Margins

Dan M. Humboldt
Sigrid Knowles
Bonita Koehler
Timothy Quaiver
Perle Winikor
Louis Zanillo

Printing & Supplies

John O'Brien

P & S Controls

Ralph C. Akins
Eric Dawson
Anna Freda
Irving Goldstein
Michael C. Grippio
Robert Kinkade
Richard Lecinski
Keni S. Moore
John J. Nobile
Joseph Orlandino
Vincent Orlandino
Alan Papierniak
Thomas Radziewicz
Margaret Seery
Edward Thaisz
Bradford Turner
Catherine Zangri

Sales Desk

John Andrews
Paul V. Donihee
Joseph G. Gaines
J. Giannattasio
J. E. McDonald
Aron Wandler

Securities Cage

Warren Beamon
Mildred Benares
Kenneth Bourgeois
Adrienne Cacavio
Anthony D'Angelo
Peter D'Astoli
Gregory Dedic
Frederick Ericksen
Zie Gilbert
John J. Glynn
Claire Graziano
Kenneth Grinning
John Hartung
Robert Heaney
Michael Hulsebus
Joseph Inelli
Anne Marie Lowe
Larry Metcalf
Howard Mittelman
A. Errante Parino
Patricia A. Peckio
Beverly Pinsonneault
Andrew Reala
Ellen W. Retchin
Eileen Rosen
Steven Schatzman
Robert L. Swint
Judith Tatti
Allan Trochim
Johnny Washington
Gail Weinstein
Lee W. Weisenthal
David M. Witt

Reception & Switchboard

Millie Febre
Dorothy Schneider

EXECUTIVE & ADMINISTRATIVE DIVISION

Corporate Sec.

K. Bernaciak
Eunice Sargent

Communications

Pennie Pickering

NOTE: The above list of 236 persons has been compiled from our payroll records. In the event your name has been inadvertently omitted from the above list, we extend our sincere apologies.