

A.G. Becker & Co.
INCORPORATED

ANNUAL REPORT

for the Fiscal Year ended
October 31, 1968

TABLE OF CONTENTS

	<u>Page</u>
Dedication	
Overview	1
Division Highlights	
Commercial Paper Division	9
Corporate Finance Division	9
Exchange Operations Division	9
Funds Evaluation Division	10
Research and Institutional Sales Division	10
Retail Sales Division	11
Syndicate, Municipals and Trading Division	12
Operations Division	13
Outlook	16
	<u>Exhibits</u>
Comparative Operating Statements Fiscal Years 1968 and 1967	1
Comparative Summary of Operating Expenses Fiscal Years 1968 and 1967	2
Comparative Balance Sheets Fiscal Years 1968 and 1967	3
Summary of Investment Account Transactions Fiscal Year 1968	4
Description of Investment Holdings	5
Comparative Operating Statements Fiscal Years 1964 through 1968	6
Comparative Common Stock Data Fiscal Years 1964 through 1968	7
Comparative Personnel Data	8
	<u>Appendix</u>
1968 in Review	A

DEDICATION

It is especially appropriate to dedicate the annual report for our 75th Anniversary Year to James H. Becker. He has been a staunch advocate of the principle emphasized herein -- that our long-term interests may be best served by building an effective base for future growth -- and he deserves a full measure of credit for the insight and dedication which has helped A. G. Becker & Co. follow this principle.

Within the year James Becker will be celebrating his own 75th Birthday. . . we anticipate the occasion by wishing him well, since next year's report will be after the fact. And we note that, just as the firm's birthday precedes James Becker's, so has he always placed the firm's interests before his own, to the lasting benefit of his associates.

OVERVIEW

Fiscal 1968 was a very good year. Our report to you for the first six months indicated fine results to date, and reasonable prospects for the balance of the fiscal year if markets did not deteriorate. While we can take no credit for the favorable markets which did prevail, we can all be proud of the way we were able to capitalize on the opportunities which were available, and thereby to establish fiscal 1968 as another record year. These results (after eliminating intra-company debits and credits) are summarized below and are presented in more detail in Exhibit 1 (\$000):

	<u>Fiscal Year *</u> <u>1968</u>	<u>1967</u>	<u>Dollar</u> <u>Increase</u>	<u>Per Cent</u> <u>Increase</u>
Total income	\$41,710	\$29,929	\$11,781	39%
Total expenses	35,121	25,991	9,130	35%
Operating profit before taxes	6,589	3,938	2,651	67%
Provision for Federal tax	3,214	1,829	1,385	76%
Net operating income	<u>\$3,375</u>	<u>\$2,109</u>	<u>\$1,266</u>	<u>60%</u>

* Except where otherwise indicated, financial data in this report for fiscal 1967 are expressed on an "annualized" basis; i.e., 10 months actual data expanded 20% to a 12-months basis for purposes of comparison with other 12-month fiscal periods.

The firm's 1968 profit planning goals of \$32 1/4 million in total income and \$4.0 million in operating income before taxes were surpassed, respectively, by some 30% and 65%. Every area of the business contributed to this over-goal performance, predominantly through the dedication, long hours and professional skill of all the individuals and groups involved. Perhaps the most significant aspect of this annual review is the confidence we should gain from our once-again demonstrated ability to capitalize -- through planning, talent, organization, hard work and diversification -- on the business opportunities that come our way.

Our firm's increase in commission income (fiscal 1967 versus fiscal 1968), in comparison with the volume of business handled on the New York and American exchanges, indicates that our commission business growth was once again significantly greater than the growth achieved by the average exchange member firm. Dollar volume of trading on the NYSE increased by 14.6% in fiscal 1968. In the same period, our NYSE commission income increased by more than \$4.0 million, a 37.6% gain. Equivalent ASE measurements show a 28.2% increase in exchange trading and a 63.6% gain in our firm's ASE commission income. As has been noted in previous years' reports, our growth rate in commission income is appreciably higher than that enjoyed by the average exchange firm.

Our total agency commission business, all exchange and over-the-counter business (which accounts for some 55% of our total income), was up some 40% over comparable fiscal 1967. Our growth in this business, by the major divisions handling it, was as follows (\$000):

	<u>Fiscal Year</u>		<u>Dollar</u>	<u>Per Cent</u>
	<u>1968</u>	<u>1967</u>	<u>Increase</u>	<u>Increase</u>
Retail Sales	\$11,190	\$8,289	\$2,901	35.0%
Research and Institutional Sales	6,343	4,070	2,273	55.8%
Exchange Operations	5,175	3,865	1,310	33.8%
All other divisions	328	233	95	40.7%

A summary of operating expenses for fiscal 1967 and 1968 is included as Exhibit 2. Expenses were up in almost all categories, as must be expected with the greatly increased volume of business and our personnel growth, but expenditures were reasonably well-controlled throughout the firm. Such control permitted us to operate with a high degree of marginal profitability. For instance, relative to our profit plan for the year, we had expected a ratio of operating income before taxes to total income of some 14%. Actual total income was up some 35% over plan, and we brought 19% down to operating income before taxes. Thus, our marginal profitability was at a rate of some 31% for the \$10.8 million of over-plan income realized in the fiscal period.

Comparative balance sheets for fiscal 1967 and 1968 are presented in Exhibit 3. The more significant developments, other than operations, that have affected our balance sheet during the year are outlined below.

Our investment in stock exchange memberships continued to grow during 1968, with an additional investment at cost of some \$923,000. While our investment in exchange memberships thereby increased to a cost basis of just over \$1.4 million as of year end, the value of such memberships, before tax reserves, was just under \$3.0 million as of

year end. Some \$316,000 was added to valuation surplus during the fiscal year due to appreciation in the value of exchange memberships during the year.

Transactions in the investment account during fiscal 1968 are summarized in Exhibit 4. The major activity in this account centered on our Mohawk Data Sciences holding, with a reduction in this holding of 116,872 shares (giving effect to the stock split during the year). 78,578 shares were used for the repurchase of A. G. Becker Common, Preferred, and Preference stock; 37,094 shares were sold, and 1,200 shares were contributed to the A. G. Becker Foundation. These moves reduced our holding to 100,000 shares, as established by the Board of Directors.

The size of our holding in Compress, Inc. was increased, and new positions were taken in Computer Network Corporation, Molex Products Company, and Comcet, Inc. About 60% of our new investment in Computer Network Corporation was subsequently liquidated, as was our investment in City Products. Finally, an initial investment in Becker Technological Associates was made. Exhibit 5 gives a brief description of investment account holdings at the end of 1968 and summarizes the investment activities to date of Becker Technological Associates.

The overall result of the year's investment account activity, as shown in Exhibit 3, was the reduction in the size of the account from \$17.8 million as of November 1, 1967, to slightly over \$9.0 million as of fiscal year end. In the process, our operational working capital was substantially increased, our investment concentration in MDS substantially reduced, and our capital structure modified to the extent

that all preferred issues have now been retired.

The book value per share of common stock increased from \$100.90 at the end of fiscal 1967 to \$119.87 at the end of fiscal 1968. This 19% increase resulted from:

Net operating earnings (after preferred dividends and segregation of surplus)	\$15.27
Investment account gains (realized and unrealized, net of reserve for taxes)	3.07
Gain in value of Exchange memberships (net of reserve for taxes)	1.46
Other factors	(.83)
Total change	<u>\$18.97</u>

As shown in Exhibit 3, the firm's net worth declined from \$25,856,000 to \$23,137,000 during fiscal 1968. The net depreciation in the value of the investment account was principally due to the decline in the common share value of Mohawk Data Sciences, but the effect of this decline was substantially mitigated by the prior reduction in our MDS holdings.

Details of the changes in the net worth account are shown below
(\$000):

Net Worth, November 1, 1967 \$25,856

Increases due to:

Net Operating Income \$3,375

Investment Account:

Securities Sold \$243

Unrealized Depreciation (net) (184)

Gains on Shares Distributed:

Price Appreciation to
dates of distribution \$620

Reduction in Reserve
for Taxes 133

753

812

Increase in Value of Exchange
Memberships 316

Sale of Common Stock (less notes
issued in connection with purchase
of Management Shares) 2,397

Total Increases 6,900

Decreases due to:

Preferred Dividends (cash and
adjustments to surplus) 65

Repurchase of Common Stock
(at book value) 5,623

Repurchase of Preferred and
Preference Stock (at book value) 3,191

Completion of Deferred Compensation
Distribution 617

Other (net of other increases
and decreases) 123

Total Decreases 9,619

Net Worth, October 31, 1968 \$23,137

In the Shareholders Report for Fiscal 1964, the statement was made that "perhaps the best long term interest of our shareholders will have been served if, in true historic perspective, we can look upon 1964 as the year we did most to build an effective base for future growth." The history of the years that followed has fully confirmed that hope. To remind ourselves just how impressive this achievement has been, a 5-year summary has been prepared. Exhibit 6 presents comparative operating statements from fiscal 1964 through fiscal 1968. Exhibit 7 presents certain common stock data for the same 5-year period. Exhibit 8 records the geographic and functional details of our personnel growth over these five years. The highlights of our 5-year record are as follows:

- Total income up over three times.
- Ratio of net operating income to total
income up from 4.5% to 8.1%.
- Net operating income up almost six times.
- Net operating income per common share up over nine
times from \$1.59 per share to \$15.27.
- Book value per share at year end up five times from
\$24.00 to \$119.87.
- Total personnel strength almost doubled.

year, the division operated at 31% over plan.

CORPORATE FINANCE

Corporate Finance gross income increased to a level of \$2.36 million in fiscal 1968, a 94% increase over 1967. This substantial increase in income helped the division to operate at 71% over plan. During this period, our corporate finance organization handled 18 private placements, 6 public offerings, and 4 mergers and acquisitions, along with providing an extensive amount of financial consulting and other forms of non-transactional services. Twelve new corporate relationships of demonstrated income-producing potential were established. The most important transactions handled by the division during the year included services to the following corporations: Upjohn Company; Automobile Banking Corporation; Liberty Loan Corporation; Boise Cascade Corporation; Comcet, Inc.; Commodore Corporation; Data Products Corporation; Gambles, Inc.; Jostens, Inc.; Katz Drug Company; and Mohawk Data Sciences Corporation.

EXCHANGE OPERATIONS

This area of our business again made a substantial contribution to firm profits and operated at 41% over plan. Our specialists' activities experienced a net increase of 21 (to 56) in MWSE stocks traded and of 22 (to 86) in PCSE stocks traded. In our reciprocal dealer area, four new accounts were added, and the business from our established accounts was up some 35% over 1967. Floor brokerage received during this year from dealer clients, which amounts to about

65% of the division's floor brokerage income, was up by some 36% over fiscal 1967. Floor brokerage credited to the division and attributable to our retail and institutional business -- making up some 35% of the division's floor brokerage income -- was up almost 90% over 1967.

FUNDS EVALUATION

The Funds Evaluation Department continued to display lusty growth characteristics. Its gross income is up substantially over fiscal 1967, its expenses have expanded but have been well controlled, the department operated at 87% over plan and made a handsome contribution to 1968 profits. At the end of the year, some 480 accounts with total fund assets of over \$15.0 billion were subscribing or had committed to subscribe to our funds evaluation service.

Part of the Retail Sales Division since its inception, the rapid growth, bright prospects, and service differentiation of this activity led to establishing it at the beginning of 1968 as a separate organizational unit. It is anticipated that this unit will continue its expansion and diversification in 1969 and will become an important contributor to firm profits within a few years.

RESEARCH AND INSTITUTIONAL SALES

In comparison with fiscal 1967, this division had a 55% growth in "net gross income" (gross income less interest received and give-ups paid). Ticket volume was up about 70%, and block shares handled on cross trades increased about 59% to over 8 million shares.

Growth of the retail sales offices over the past fiscal year is shown below (\$000):

<u>Net Gross Income</u>	<u>Fiscal Year</u>		<u>Dollar Increase</u>	<u>Per Cent Increase</u>
	<u>1968</u>	<u>1967</u>		
Chicago	\$5,741	\$4,922	\$ 819	16.6%
New York	6,273	4,616	1,657	35.9%
Milwaukee	743	501	242	48.3%

SYNDICATE, MUNICIPALS AND TRADING

The three related, but diverse, activities of this division all operated at an over-plan level in 1968. In the aggregate, the division was up almost 40% over plan. However, operating results can be reviewed meaningfully only on a departmental basis.

The Syndicate Department again handled a large number of underwriting participations. We participated in 249 issues, up 7% from the 232 participations in the 10 months of fiscal 1967. The aggregate dollar volume of participations was up almost 14% to \$165 million. We managed 6 offerings in fiscal 1968, up from 4 in the previous fiscal year. In dollar volume, there was a \$15.5 million increase in managed offerings to a total of \$37.7 million, a 70% gain over the previous period.

The Municipal Department continued to grow in size, activity, and profitability. Gross income was more than 2 1/2 times that of comparable fiscal 1967, and expenses increased at a much lower rate. The department operated at 20% over plan and made a 20% larger contribution to profits than in 1967. This was accomplished despite a generally unfavorable environment for profits in the municipal bond business during 1968.

The Trading Department had a year with large month-to-month fluctuations in principal trading profits, but the aggregate results were substantially above planned levels -- by some 39%. However, expenses increased somewhat faster than income increased, so contribution levels were not appreciably different than in fiscal 1967. As of the end of the year, the department traded approximately 90 issues. This was up 50% over fiscal 1967. Average total positions were approximately \$1.9 million, up \$700,000 or 58% over the previous year.

OPERATIONS

With the firm operating at income levels almost half again as large as plan, the Operations Division was faced with equivalent over-plan requirements. Direct operating expenses were up only 36% from fiscal 1967 even though actual ticket volume increased by some 43% over fiscal 1967. Ticket volume was also 24% over the planned volume levels for fiscal 1968. The ticket count analysis for the last two fiscal periods is shown below (000):

TICKET COUNTS

	<u>Fiscal 1968 (Actual)</u>	<u>Per Cent of Total</u>	<u>Fiscal 1967 (Actual)</u>	<u>Per Cent of Total</u>	<u>Increase 1968 vs. 1967</u>	<u>Per Cent Increase</u>
Retail Sales	217	53%	160	56%	57	36%
Research and Institutional Sales	24	6%	14	5%	10	71%
Syndicate, Municipal and Trading	95	23%	41	14%	54	132%
Exchange Operations	73	18%	71	25%	2	3%
	<u>409</u>	<u>100%</u>	<u>286</u>	<u>100%</u>	<u>123</u>	<u>43%</u>

	<u>Fiscal 1968 (Actual)</u>	<u>Per Cent of Total</u>	<u>Fiscal 1968 (Plan)</u>	<u>Per Cent of Total</u>	<u>Increase (Decrease) Actual vs. Plan 1968</u>	<u>Per Cent Increase (Decrease)</u>
Retail Sales	217	53%	189	57%	28	15%
Research and Institutional Sales	24	6%	17	5%	7	41%
Syndicate, Municipal and Trading	95	23%	42	13%	53	126%
Exchange Operations	73	18%	82	25%	(9)	(11%)
	<u>409</u>	<u>100%</u>	<u>330</u>	<u>100%</u>	<u>79</u>	<u>24%</u>

OUTLOOK

1968 was such a good year, in so many of its dimensions, that it is not reasonable to expect similar operating results in 1969, or perhaps even in 1970. A favorable business environment and good markets would be helpful toward that end, but the consensus suggests a cautious, if not somewhat pessimistic, near-term economic outlook. In addition, there is much uncertainty as to the effect of the volume discount and related changes, tightening short-term money markets, and continued industry back-office problems.

Taking into account the outlook, the firm's internal profit planning has as its goal the realization of some \$41.5 million in total revenues, and \$4,650,000 in operating profits before taxes. These 1969 plans contemplate a continued high and growing investment in organizational depth and expansion over the current levels, coupled with only a modest increase over 1968's level of revenues.

We are hopeful that in 1969 we will be able to take further steps in developing our overall planning capabilities. Specifically, we hope to set into motion a more comprehensive system of analyzing and planning the growth of our existing services, entry into new service areas, geographic expansion, organizational depth, and financial requirements, including such supplementary but time-consuming details as better facilities and equipment planning. Also, 1969 should see further advances in our capability to integrate the benefits of information systems technology into our daily business operations, as well as our planning and control procedures.

1969 should also witness a further step in the programs begun in 1965 to better inform, motivate, and reward a large and continuously expanding group of key personnel throughout the organization. As announced, the firm is planning to broaden its ownership by making available non-voting shares to all officers who are not voting shareholders and to a selected group of other key personnel.

In addition, it is expected that the firm's organized investment activities will be expanded in 1969 to include a program to invest, with selected clients, in established business units, contemporaneous with the introduction of fresh entrepreneurial management, and typically in connection with a recapitalization of the enterprise. This new investment activity, to be called Becker Entrecapital Services, is expected to be initiated on an active operating basis during the latter half of the year.

It is also hoped that before 1969 is completed, important strides will be taken toward the establishment of a major office in Los Angeles, as well as some form of entry into the real estate investment service field. Other new service areas may also be developed or acquired. Such important expansionary steps can and will be undertaken only if they can be competently and adequately staffed through internal and external sources, and if there can be developed sufficient operational and capital resources to support them on a general basis.

Summing up, the firm should show favorable operating results in 1969, with the possibility of another year of outstanding results if the various markets served will, on balance, be as active and favorable as in 1968. Our internal organizational momentum should be maintained,

A. G. BECKER & CO. INCORPORATED
COMPARATIVE OPERATING STATEMENTS
FISCAL YEARS 1968 AND 1967

(\$000)

	<u>Fiscal Year 1968</u>		<u>Fiscal Year 1967*</u>		<u>Dollar Increase (Decrease)</u>	<u>Per Cent Increase</u>
	<u>Dollar Amount</u>	<u>Per Cent of Gross Income</u>	<u>Dollar Amount</u>	<u>Per Cent of Gross Income</u>		
Income: #						
Retail Sales & Fund Eval.	\$ 16,333	39.2%	\$12,310	41.1%	\$ 4,023	32.6%
Research & Inst. Sales	7,092	17.0%	4,702	15.7%	2,390	50.7%
Exchange Operations	8,284	19.8%	6,760	22.6%	1,524	22.6%
Syndicate, Mun. & Trading	4,033	9.7%	2,120	7.1%	1,913	90.2%
Corporate Finance	2,362	5.7%	1,197	4.0%	1,165	97.5%
Commercial Paper	3,606	8.6%	2,840	9.5%	766	27.0%
Total Income	41,710	100.0%	29,929	100.0%	11,781	39.4%
Expenses: #						
Selling	16,686	40.0%	11,638	11,638	5,048	43.2%
Employee	12,183	29.2%	9,626	32.2%	2,557	26.5%
Communications	1,908	4.6%	1,568	5.2%	340	21.7%
Occupancy & Equipment	1,057	2.5%	881	2.9%	177	20.1%
Promotional	1,252	3.0%	979	3.3%	273	27.9%
Services Purchased	1,636	3.9%	964	3.3%	672	69.7%
Other	399	1.0%	335	1.1%	63	18.7%
Total Expenses	35,121	84.2%	25,991	86.9%	9,130	35.2%
Operating Profit	6,589	15.8%	3,938	13.1%	2,651	67.4%
Provision for Income Taxes	(3,214)	7.7%	(1,829)	6.1%	(1,385)	76.0%
Net Operating Income	\$ 3,375	8.1%	\$ 2,109	7.0%	\$ 1,266	60.0%

All intra-company debits and credits have been eliminated.

* Data for fiscal 1967 are expressed on an "Annualized" basis; i.e., 10 months actual data expanded 20% to a 12-months basis for purposes of comparison with other 12-month fiscal periods.

A. G. BECKER & CO. INCORPORATED
COMPARATIVE SUMMARY OF OPERATING EXPENSES
FISCAL YEARS 1968 AND 1967

(\$000)

	Fiscal Year 1968	Fiscal Year 1967	Dollar Increase (Decrease)	Per Cent Increase (Decrease)
<u>Services Purchased Expense</u>				
Audit and Legal	\$ 216	\$ 215	\$ 1	.5%
Operational Processing Services	584	283	301	106.4%
Employment Services	159	81	78	96.3%
Consulting, Printing, Reports & other Services Purchased	677	385	292	75.8%
	<hr/>	<hr/>	<hr/>	<hr/>
Total Services Purchased	1,636	964	672	69.7%
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other Expenses</u>	399	335	64	19.1%
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 35,121	\$ 25,991	\$ 9,130	\$ 35.1%
	<hr/>	<hr/>	<hr/>	<hr/>

A. G. BECKER & CO. INCORPORATED
COMPARATIVE BALANCE SHEETS
FISCAL YEARS 1968 AND 1967

(\$000)

	<u>Assets</u>	
Assets:	<u>1968</u>	<u>1967</u>
Cash	\$ 8,284	\$ 3,789
	<hr/>	<hr/>
Marketable Securities:		
Short term instruments	81,640	75,341
Bonds	10,425	2,559
Stocks	10,934	3,902
Investment Accounts	9,052	17,807
	<hr/>	<hr/>
	112,051	99,609
	<hr/>	<hr/>
Receivables:		
Customers	76,878	59,091
Brokers and dealers	46,392	37,834
Deposits on securities borrowed	18,092	20,222
Other receivables	3,360	1,193
	<hr/>	<hr/>
	144,722	118,340
	<hr/>	<hr/>
Other Assets:		
Exchange memberships	2,946	1,548
Prepaid expenses	76	88
Furniture and fixtures and lease-		
hold improvements net of depreci-		
ation and amortization	716	558
	<hr/>	<hr/>
	3,738	2,194
	<hr/>	<hr/>
Total Assets	\$ 268,795	\$223,932
	<hr/> <hr/>	<hr/> <hr/>

A. G. BECKER & CO. INCORPORATED
COMPARATIVE BALANCE SHEETS
FISCAL YEARS 1968 AND 1967

(\$000)

Liabilities and Net Worth

Liabilities	<u>1968</u>	<u>1967</u>
Liabilities:		
Collateral loans	\$ 128,025	\$ 103,431
Securities sold but not yet purchased at quoted market	4,058	1,323
Payables:		
Customers	51,218	41,036
Brokers and dealers	45,340	37,679
Accrued salaries, commissions, taxes and other payables	16,303	14,367
Deferred income	311	220
Subordinated loan	403	20
	<hr/> 245,658 <hr/>	<hr/> 198,076 <hr/>
Net Worth		
Capital stock and surplus:		
Preferred stock accounts	--	3,135
Common stock equity	23,137	22,721
	<hr/> 23,137 <hr/>	<hr/> 25,856 <hr/>
Total Liabilities and Net Worth	<hr/> \$ 268,795 <hr/>	<hr/> \$ 223,932 <hr/>

A. G. BECKER & CO. INCORPORATED
SUMMARY OF INVESTMENT ACCOUNT TRANSACTIONS
FISCAL YEAR 1968

(\$000)

	<u>Shares</u>	<u>Cost Basis</u>	<u>Valuation</u>	<u>Unrealized Gain#</u>	<u>Realized Gain@</u>
<u>Holdings November 1, 1967:</u>					
Mohawk Data Sciences Corp.	216,872*	\$ 63	\$ 17,567	\$ 17,504	
City Products Corporation	5,000	150	150	--	
Comress, Inc.	33,750*	90	90	--	
Other		7	--	(7)	
Total		310	17,807	17,497	
<u>Acquisitions:</u>					
Computer Network Corporation	25,000	175			
Molex Products Co.	15,625	250			
Comcet, Inc.	60,000*	200			
Comress, Inc.	1,500*	6			
Total		631			
<u>Dispositions:</u>					
City Products Corporation	5,000	150			100
Computer Network Corporation	15,400	108			440
Mohawk Data Sciences Corp.	116,872*	35			
Sold	37,094*	11			1,858
Used in repurchases	78,578*	23			
Contributed	1,200*	1			
Other		3			(3)
Total		331			\$ 2,395
<u>Holdings October 31, 1968:</u>					
Mohawk Data Sciences Corp.	100,000*	29	6,163	6,134	
Comress, Inc.	35,250*	96	397	301	
Computer Network Corporation	9,600	67	536	469	
Comcet, Inc.	60,000*	200	825	625	
Molex Products Co.	15,625	250	703	453	
Other		4	--	(4)	
Total		\$ 646	\$ 8,624	\$ 7,978	

* Reflects 1968 stock split.

Unrealized gains are before reserve for capital gains.

@ Net gain after payment of all taxes.

A. G. BECKER & CO. INCORPORATED
DESCRIPTION OF INVESTMENT HOLDINGS

Mohawk Data Sciences Corporation

Mohawk Data Sciences Corporation, a publicly owned company headquartered in Herkimer, New York, is engaged in the manufacture, sale, rental, and service of electronic data processing peripheral equipment. The company has \$16,800,000 in long term debt of which \$14,500,000 represents notes issued in July, 1968, due July, 1971. At present 5,300,000 shares of common stock are outstanding. A. G. Becker owns 100,000 shares, an interest of approximately 1.9%.

Comress, Inc.

Comress, Inc., a privately owned company founded in 1962 in Washington, D. C., primarily develops and markets proprietary computer programs for use in data processing activities. Its principal product is SCERT, a program which uses a computer to evaluate the performance of other computers. The company has a 50% interest in the common stock of Comcet, Inc. and a 37% interest in Computer Network Corporation. A. G. Becker's interest of 35,250 shares represents 3.0% of the 1,163,000 outstanding Comress shares.

Computer Network Corporation

Computer Network Corporation (Washington, D. C.) was incorporated in Maryland in 1967 and provides time-sharing services in the Washington, D. C. metropolitan area. Of the company's 205,000 shares outstanding, A. G. Becker's 9,600 shares represent 4.7% of equity. Comress, Inc. owns 75,000 shares (37%) of Computer Network Corporation.

Comcet, Inc.

Comcet, Inc. (St. Paul, Minnesota), founded in February, 1968, is developing and manufacturing a family of communications computers to transmit input and output information to and from data processing computers, especially in on-line and time-sharing applications. The company's first source of income should be in the summer of 1969 when it expects to start delivering operational units. In October, 1968, the company made its first public offering consisting of 510,000 shares which increased its total shares outstanding to 1,350,000. A. G. Becker owns 60,000 shares of Comcet, Inc., representing 4.4% interest. Of the total shares outstanding, 675,000 (50%) are held by Compress, Inc.

Molex Products Co.

Molex Products Co., located in Chicago, Illinois, is a manufacturer of electrical connectors, terminals, and switches. A. G. Becker owns 15,625 shares of common stock, representing approximately 11% of the outstanding shares.

Becker Technological Associates

Becker Technological Associates (BTA) was established to invest in technology-oriented companies which are in the developmental stage of growth. A. G. Becker & Co. Incorporated and certain of its shareholders are partners of BTA. The partnership was formed in 1968 and, as of the end of the year, had made investments in the following companies:

Venus Scientific, Inc., of Farmingdale (Long Island), New York, develops and manufactures component precision high voltage power supplies.

A. G. BECKER & CO. INCORPORATED
COMPARATIVE PERSONNEL DATA
 FISCAL YEARS 1964 THROUGH 1968

	1964	1965	1966	1967	1968
<u>Commercial Paper</u>	23	48	46	65	82
Administration	-	-	1	2	2
Boston	-	9	6	5	5
Chicago	11	13	13	13	16
Los Angeles	-	-	2	4	4
New York	12	18	18	33	48
Philadelphia	-	4	3	3	3
San Francisco	-	4	3	5	4
<u>Corporate Finance</u>	28	38	40	40	43
Chicago	12	14	15	13	15
New York	16	24	25	27	28
<u>Exchange Operations</u>	10	11	21	34	52
Administration	-	-	1	2	2
ASE Floor	-	-	4	7	8
NYSE Floor	-	-	1	3	10
Specialists-Chicago	6	7	9	16	24
Specialists-West Coast	4	4	6	6	8
<u>Funds Evaluation</u>	-	-	3	14	34
<u>Research and Institutional Sales</u>	25	23	32	45	59
Administration	-	-	2	2	3
Institutional Sales-Chicago	4	4	7	8	8
Institutional Sales-New York	5	5	12	13	16
Institutional Sales-West Coast	-	-	-	3	3
Research-Chicago	5	6	6	6	6
Research-New York	11	8	5	13	23
<u>Retail Sales</u>	142	173	185	158	191
Administration	-	-	2	2	2
Chicago	68	86	90	82	99
Indianapolis	6	6	8	-	-
Los Angeles	-	-	1	-	-
Milwaukee	6	8	10	14	18
New York	56	67	67	60	72
San Francisco	6	6	7	-	-

A. G. BECKER & CO. INCORPORATED
COMPARATIVE PERSONNEL DATA
 FISCAL YEARS 1964 THROUGH 1968

	1964	1965	1966	1967	1968
<u>Syndicate, Municipal, and Trading</u>	<u>25</u>	<u>24</u>	<u>31</u>	<u>34</u>	<u>61</u>
Administration	-	-	2	2	1
Municipal-Chicago	5	5	7	11	15
Municipal-Miami	-	-	-	-	5
Municipal-New York	3	3	3	6	9
Syndicate	3	3	4	3	4
Trading-Chicago	6	5	6	5	13
Trading-New York	6	6	7	5	11
Trading-San Francisco	2	2	2	2	3
<u>Operations</u>	<u>234</u>	<u>249</u>	<u>289</u>	<u>319</u>	<u>435</u>
Chicago	135	144	170	178	242
New York	99	105	119	141	193
<u>Executive and Administrative</u>	<u>29</u>	<u>28</u>	<u>27</u>	<u>21</u>	<u>30</u>
Chicago	27	26	25	19	21
New York	2	2	2	2	9
<u>Total</u>	<u>516</u>	<u>594</u>	<u>674</u>	<u>730</u>	<u>987</u>

Geographic Recapitulation

Boston	-	9	6	5	5
Chicago	279	310	356	366	483
Indianapolis	6	6	8	-	-
Los Angeles	-	-	3	4	4
Miami	-	-	-	-	5
Milwaukee	6	8	10	14	18
New York	213	241	270	322	451
Philadelphia	-	4	3	3	3
San Francisco	12	16	18	16	18
<u>Total</u>	<u>516</u>	<u>594</u>	<u>674</u>	<u>730</u>	<u>987</u>