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*Financial Report of* TEACHERS  
INSURANCE & ANNUITY  
ASSOCIATION *of America*



*Supplement to 1950 Annual Report*

522 FIFTH AVENUE  
NEW YORK 18, N. Y.

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\* Nominated by policyholders

† Died February 11, 1951

# *Financial Report*

*TIAA's Annual Report discusses matters that are deemed to be of particular interest to TIAA's 73,514 policyholders and to the administrators of its 599 cooperating institutions. This supplementary Financial Report brings TIAA's financial operations into sharper focus for those who are interested, and it lists all bonds and stocks owned by the Association. Additional copies of both reports are available on request.*

## *TIAA's Growth*

The exceedingly rapid growth of TIAA during the post-war years slowed up somewhat in 1950. There were fewer new college retirement plans and not so many new annuity and life insurance policyholders added as in the record years 1946 to 1949. This reflected the return of the colleges to more normal operations with sizes and movement of faculty becoming more stabilized.

Turning to financial operations, however, many new records were established in 1950. Premium income increased \$2,107,793 from the previous year to a high of \$28,662,875. Investment income increased \$1,263,729 to \$9,295,831 for 1950. Benefit payments to policyholders and beneficiaries also increased, reaching \$10,636,919, up \$1,786,584 from the previous year.

## *Operating Expenses*

TIAA's expense ratios continue to be very low. All operating expenses (exclusive of investment expenses, which are charged against investment income before computing the net rate of interest earned) have borne the fol-

lowing relationship to total income during the last five years:

<i>Year</i>	<i>Operating Expenses per \$100 of Income</i>
1946.....	\$1.65
1947.....	1.95
1948.....	2.10
1949.....	1.91
1950.....	1.99

### *Interest Earnings*

One of the most significant financial results of the year's operation was the continued increase in the average rate of interest earned by TIAA on its assets. The net rate, after deducting investment expenses, amortization of premiums, and depreciation, reached 3.21% compared with 3.09% in 1949 and 2.97% in 1948. The low point of 2.91% was reached in 1947 after a twenty-year period of declining interest rates for all life insurance companies.

Net interest earnings on assets for all other United States life insurance companies, as reported by the Institute of Life Insurance, were 3.04% for 1949, 2.96% for 1948, and 2.88% for 1947. The figure for 1950 is not yet available.

### *Dividends*

Dividends allocated to life insurance and annuity policies for the year 1950, a total of \$555,000, are more than twice what they were in 1949. The bulk of this increase was in the form of an extra interest dividend which brings the minimum interest rate credited for 1950 on all TIAA policies up to 2¾%, or the contractual rate, if higher.

Additional dividends from mortality and expense savings were paid on life insurance policies. Dividends on Collective Life Insurance, provided in the form of additional insurance protection, were increased from 30% to 50% of the face amounts of the policies.

Although technically a stock company, TIAA operates in a manner similar to mutual companies. Its charter prevents payment of any dividends on the capital stock. All earnings, after appropriate amounts have been set aside for reserves and surplus, are paid to policyholders.

### *Surplus and Voluntary Reserves*

A total of \$1,038,895 was added to unassigned surplus funds from the operations of the year 1950. Unassigned surplus now equals \$8,893,262, which with capital totals \$9,393,262. This general reserve is available to meet unforeseen future contingencies.

The year's investment operations resulted in a net gain from sales and redemptions equal to \$306,285, about the same amount as obtained from this source in 1949. This gain has been added to special policy reserves. Preferred stocks, under New York State insurance regulations, must be valued at the year end by using market prices on December 31. Since 1950 market prices were higher, this caused an increase in asset values amounting to \$61,750, which was added to the Security Fluctuation Reserve. The Carnegie Corporation's third \$1,000,000 payment of the \$5,000,000 grant made in 1948 was used in connection with strengthening reserves for annuity contracts issued prior to 1936. In total, voluntary increases in special and legal reserves in 1950 amounted to \$1,252,364.

## *Bond and Stock Investments*

The total amount of bonds and preferred stocks owned declined moderately during the year. Most of the decline resulted from sales of public utility and U. S. Government bonds. Holdings of preferred and guaranteed stocks remained about the same as in 1949.

An important development during the year was the increased amount of investments which TIAA purchased directly from various companies. At the beginning of 1950, these investments consisted of 23 direct loans and 2 preferred stocks totaling \$10,608,000. During 1950, 13 direct loans and 3 preferred stocks were purchased for \$9,140,000.

## *Mortgage Investments*

TIAA continued its rapid postwar acquisition of mortgages guaranteed or insured by governmental agencies. It also increased its holdings of conventional mortgages and real estate owned for investment.

Mortgage investments are especially appropriate for TIAA. About 85% of the Association's assets are held as reserves on a long-term basis under non-cashable annuity contracts. Thus the need for liquidity is negligible, and TIAA need not sacrifice yield in order to obtain short-term and freely marketable investments. Guaranteed or insured mortgages provide a somewhat higher interest yield than liquid bond investments, with safety assured by governmental agencies. Actually such mortgages are marketable now, due to the demand from other life insurance companies and savings banks. Furthermore, the required amortization provides a constant and sizable inflow of cash for investment or current requirements.

Mortgage investments as of December 31, 1950 were classified as follows:

Insured and guaranteed mortgages:

On residences, insured by FHA . . .	\$37,891,144	
On residences, guaranteed by VA . . .	13,482,914	
On multiple dwellings, insured by FHA . . . . .	<u>63,268,768</u>	
Total insured and guaranteed mortgages . . . . .		\$114,642,826

Conventional mortgages:

On stores . . . . .	\$8,021,953	
On combination stores and apart- ments . . . . .	1,515,403	
On office buildings . . . . .	9,930,195	
On apartment houses . . . . .	12,892,970	
On industrial and commercial buildings . . . . .	2,025,605	
On residences . . . . .	<u>787,951</u>	
Total conventional mortgages . . . . .		<u>\$35,174,077</u>
Total mortgage investments . . . . .		\$149,816,903

**FHA and VA Mortgages.** TIAA now owns 10,355 of these mortgages on single-family residences located in twenty-six states, the District of Columbia and Puerto Rico. They are regularly reduced by amortization and are fully insured by the Federal Housing Administration or partially guaranteed by the Veterans Administration. Almost all of these mortgages were purchased on new properties in subdivisions, which enables close supervision and approval of original plans, and subsequent economical inspection and servicing. The total investment in such mortgages was \$51,374,058 at the end of 1950.

Our experience with these loans has been excellent. Predictions at the end of World War II that veterans and others would overextend themselves in purchasing their residences and get into financial difficulties have not been borne out in practice. During 1950 only ten of TIAA's more than ten thousand loans of this kind were foreclosed. The foreclosed properties were turned over to the insuring agencies in return for cash or government bonds.

The Association now owns 219 FHA-insured loans on apartment dwellings. These loans, totaling \$63,268,768, likewise have given excellent investment results and a favorable interest yield. Most of the properties on which TIAA owns mortgages are garden-type apartments, with the average loan equaling \$290,000. The properties are located in twenty-three states and the District of Columbia. At the end of 1950 three projects were in foreclosure and TIAA was in process of exchanging them for government bonds.

**Conventional Mortgages.** A total of \$35,174,077 of TIAA's assets are invested in conventional loans on 441 properties. As in the other mortgages, there is wide diversification in the location of these loans, in eighteen states and the District of Columbia. The New York State insurance law permits a loan up to two-thirds of the total appraised valuation of the property. TIAA's portfolio of all conventional loans averaged 36% of appraised value at the end of 1950 and new loans made during the year averaged 37% of the appraised value. None is in foreclosure.

Amortization payments on the total mortgage portfolio continue to be made at a much more rapid rate than the terms of the mortgages require.

**Real Estate Investments.** Three years ago the New York investment laws for life insurance companies were liberalized to permit investment in income-producing real estate properties up to 3% of the company's total assets. In general, real estate equity investments produce a relatively high rate of return, and TIAA is building up its portfolio of real estate properties which are leased for long terms to responsible business tenants.

**Canadian Investments.** Reserves on life insurance and annuity policies which are payable in Canadian dollars amounted to \$11,790,000 at the end of 1950. Investments payable in Canadian dollars were \$12,140,000.

**New York State Insurance Law.** Further liberalizations in the New York State insurance law are being discussed and recommended by insurance companies at this session of the legislature. Presumably any changes will be carefully devised since the New York law has long been noted for its adherence to strict safeguards for the funds owned by life insurance policyholders. TIAA will, of course, take such advantage of the amendments as seem appropriate for its policyholders.



*President*

March 15, 1951

# Statement of Income

DURING THE  
COMPARED WITH

	<i>Income</i>	
	1950	1949
Premiums for life insurance.....	\$ 2,051,916	\$ 1,943,034
Premiums for annuities.....	26,610,959	24,612,048
Investment income, less amortization, depreciation, and mortgage service fees.....	9,295,831	8,032,102
Gain from sales and redemptions of investments.....	306,285	310,597
Grant from Carnegie Corporation...	1,000,000	1,000,000
Other receipts.....	7,810	865
<b>TOTAL RECEIPTS.....</b>	<b>\$39,272,801</b>	<b>\$35,898,646</b>
Policy proceeds left with TIAA under settlement plans.....	1,657,983	1,413,674
Increase of asset values.....	61,750	231,766
<b>TOTAL INCOME.....</b>	<b>\$40,992,534</b>	<b>\$37,544,086</b>

## *and Disbursements*

YEAR 1950

THE YEAR 1949

### *Disbursements, etc.*

	<i>1950</i>	<i>1949</i>
Payments to policyholders and beneficiaries:		
Death benefits . . . . .	\$ 2,216,037	\$ 1,750,202
Life annuities . . . . .	4,936,227	4,451,070
Settlement plans . . . . .	1,210,500	1,033,977
Matured endowments, disability benefits, surrender values . . . . .	1,709,270	1,378,857
Dividends . . . . .	564,885	236,229
Investment expenses . . . . .	371,296	297,660
Operating expenses . . . . .	809,984	709,798
TOTAL DISBURSEMENTS . . . . .	<u>\$11,818,199</u>	<u>\$ 9,857,793</u>
Increase of legal reserves required for policies and settlement plans . . . . .	26,883,076	25,395,186
Voluntary addition to legal reserves . . . . .	884,978	929,114
Increase of special reserves . . . . .	367,386	612,588
Increase of unassigned surplus . . . . .	1,038,895	749,405
GRAND TOTAL . . . . .	<u>\$40,992,534</u>	<u>\$37,544,086</u>

# Balance

AT THE END OF

COMPARED WITH THE

## Assets

	1950	1949
Cash.....	\$ 2,292,774	\$ 2,017,703
Bonds:		
United States Government.....	5,005,219	10,365,000
Dominion of Canada.....	4,709,451	6,126,214
Political subdivisions.....	3,293,896	2,381,311
Public utility.....	91,672,908	96,897,867
Railroad.....	12,874,100	13,644,177
Industrial and miscellaneous....	14,761,392	16,819,971
Preferred and guaranteed stocks:		
Public utility.....	1,957,500	1,572,035
Railroad.....	330,600	313,500
Industrial and miscellaneous....	3,274,575	3,206,083
Mortgages:		
Federal Housing Administration.	101,159,912	76,067,981
Veterans Administration.....	13,482,914	9,482,130
Other mortgages.....	35,174,077	25,916,637
Real estate.....	6,596,283	2,407,200
Loans on TIAA life insurance.....	736,448	703,546
Premiums receivable, secured by reserves.....	348,181	384,132
Interest and rents, due and accrued	1,894,825	1,728,723
Other assets.....	24,724	20,000
TOTAL ASSETS.....	<u>\$299,589,779</u>	<u>\$270,054,210</u>

# Sheet

THE YEAR 1950

END OF THE YEAR 1949

## *Liabilities, etc.*

	1950	1949
Legal reserves required for:		
Life insurance.....	\$ 16,834,336	\$ 16,276,692
Annuities.....	257,546,809	231,333,398
Settlement plans.....	8,348,724	7,351,725
Dividends declared to policyholders, payable in following year.....	555,000	260,000
Policy payments being arranged...	535,129	448,696
Deposits, largely for premiums and interest not yet due.....	914,663	942,079
Other liabilities.....	77,880	70,664
Special reserves for:		
Future expenses.....	4,366,202	4,291,825
Security fluctuations.....	293,536	231,766
Annuities.....	720,882	492,999
Staff disability plans.....	3,356	0
TOTAL LIABILITIES and RESERVES.....	\$290,196,517	\$261,699,844
Capital.....	500,000	500,000
Unassigned surplus.....	8,893,262	7,854,366
GRAND TOTAL.....	\$299,589,779	\$270,054,210

# Schedule of Bonds and Stocks

## Bonds

U. S. GOVERNMENT		
<i>Par Value</i>		<i>Asset Value</i>
\$5,200	U S A Gtd-FHA War Housing Ins Fund Deb 2½s 1960 Reg. ....	\$5,219
1,500,000	U S A Treasury 2½s 1970/65. ....	1,500,000
900,000	U S A Treasury 2½s 1971/66. ....	900,000
1,450,000	U S A Treasury 2½s 1972/67 164M Reg. ....	1,450,000
1,150,000	U S A Savings G 2½s 1953/60 Reg. ....	1,150,000
\$5,005,200	Total U S Government. ....	\$5,005,219

U. S. MUNICIPAL		
\$591,000	New Jersey Turnpike Authority Turnpike Rev 3¼s 1985 Reg. ....	\$591,000
(Page 18 includes \$2,702,896 Canadian Political Subdivisions)		

U. S. PUBLIC UTILITY		
\$750,000	Alabama Pr 1st 3½s 1972 Reg. ....	\$760,031
1,000,000	American Tel & Tel Deb 2¾s 1975. ....	1,000,000
1,000,000	American Tel & Tel Deb 2¾s 1982. ....	1,007,500
500,000	American Tel & Tel Deb 2½s 1987. ....	507,794
1,091,000	American Tel & Tel Deb 3¾s 1973. ....	1,131,990
290,000	Appalachian Elec Pr 1st 3¼s 1970. ....	304,694
450,000	Arkansas Pr & Lt 1st 2½s 1977. ....	435,756
250,000	Arkansas Pr & Lt 1st 3½s 1974. ....	259,315
250,000	Arkansas Pr & Lt SF Deb 3¾s 1974. ....	254,927
500,000	Associated Tel 1st 2½s 1979. ....	507,205
500,000	Associated Tel 1st 3½s 1977. ....	506,655
250,000	Bangor Hydro-Elec 1st 3s 1975 Reg. ....	260,896
35,000	Birmingham Elec 1st 3s 1974. ....	34,707
300,000	Brooklyn Union Gas 1st 2½s 1976. ....	298,657
700,000	Buffalo Niagara Elec 1st 2¾s 1975. ....	712,299
400,000	California Elec Pr 1st 3s 1976. ....	417,692
400,000	California Oregon Pr 1st 3½s 1974. ....	408,211
90,000	California Oregon Pr 1st 3½s 1978. ....	90,900
300,000	California-Pacific Utils 1st 3¼s 1971. ....	304,353
700,000	California Water Service 1st 3¼s 1975. ....	743,136
300,000	Carolina Tel & Tel Deb 2¾s 1977 Reg. ....	300,000
400,000	Central Illinois Elec & Gas 1st 3s 1975. ....	420,509
675,000	Central Illinois Pub Serv 1st 3¾s 1971. ....	702,245
200,000	Central Illinois Pub Serv 1st 3¾s 1977. ....	204,324

<i>Par Value</i>		<i>Asset Value</i>
\$500,000	Central Maine Pr 1st & Gen 2 $\frac{3}{4}$ s 1976.....	\$508,915
394,000	Central Maine Pr 1st & Gen 3 $\frac{1}{2}$ s 1970.....	419,167
400,000	Central New York Pr Gen 3s 1974 152M Reg....	416,276
200,000	Central Pr & Lt SF Deb 2 $\frac{7}{8}$ s 1974.....	199,250
600,000	Central Pr & Lt 1st 3 $\frac{1}{2}$ s 1973.....	599,068
200,000	Citizens Water (Washington Pa) 1st 3 $\frac{1}{2}$ s 1966 Reg	212,009
500,000	Cleveland Elec Illum 1st 3s 1982.....	504,615
960,000	Commonwealth Edison 1st 3s 1977.....	990,403
970,000	Commonwealth Edison SF Deb 3s 1999.....	989,970
431,000	Community Pub Serv 1st 3s 1969 Reg.....	432,790
163,000	Community Pub Serv SF Deb 3 $\frac{1}{2}$ s 1968 Reg....	163,000
700,000	Cons Edison of New York 1st & Rf 2 $\frac{3}{4}$ s 1982....	721,325
800,000	Consumers Pr 1st 2 $\frac{7}{8}$ s 1975.....	815,475
200,000	Consumers Pr 1st 2 $\frac{7}{8}$ s 1977.....	204,000
500,000	Dallas Pr & Lt SF Deb 3 $\frac{1}{8}$ s 1973.....	505,000
600,000	Dayton Pr & Lt 1st 2 $\frac{3}{4}$ s 1975.....	609,750
510,000	Delaware Pr & Lt 1st & Col Tr 3 $\frac{1}{8}$ s 1977.....	526,082
200,000	Detroit Edison Gen & Rf 2 $\frac{3}{4}$ s 1982.....	200,000
87,000	Eastern New York Pr 1st SF 3 $\frac{1}{4}$ s 1961.....	88,478
500,000	Elmira Water Lt & RR 1st Cons 5s 1956.....	539,559
300,000	El Paso Elec 1st 2 $\frac{3}{4}$ s 1976.....	300,000
283,000	Empire District Elec 1st 3 $\frac{1}{2}$ s 1969.....	294,379
1,000,000	Equitable Gas SF Deb 3 $\frac{3}{8}$ s 1970.....	1,045,300
76,000	Florida Pr 1st 3 $\frac{3}{8}$ s 1974.....	80,566
879,000	Florida Pr & Lt 1st 3 $\frac{1}{2}$ s 1974.....	920,417
982,000	Gas Service 1st 2 $\frac{7}{8}$ s 1969.....	985,366
741,000	Georgia Pr 1st 3 $\frac{1}{2}$ s 1971 Reg.....	760,281
229,000	Gulf Pr 1st 3 $\frac{1}{8}$ s 1978 Reg.....	227,951
700,000	Gulf States Utils 1st 2 $\frac{5}{8}$ s 1976.....	709,177
500,000	Houston Ltg & Pr 1st 2 $\frac{3}{4}$ s 1985 Reg.....	505,450
600,000	Illinois Commercial Tel 1st 3 $\frac{3}{8}$ s 1974 Reg.....	627,398
700,000	Illinois Pr 1st 2 $\frac{7}{8}$ s 1976.....	715,358
300,000	Illinois Pr 1st 3 $\frac{1}{2}$ s 1978.....	301,329
300,000	Indiana Associated Tel 1st 3s 1975.....	310,500
1,000,000	Indianapolis Pr & Lt 1st 2 $\frac{7}{8}$ s 1979.....	1,024,130
600,000	Interstate Pr 1st 3 $\frac{3}{4}$ s 1978.....	615,114
400,000	Iowa Elec Lt & Pr 1st 3s 1976 Reg.....	417,740
500,000	Iowa-Illinois Gas & Elec 1st 2 $\frac{3}{4}$ s 1977.....	504,535
140,000	Iowa Pr & Lt 1st 3s 1978.....	142,548
10,000	Iowa Pr & Lt 1st 3 $\frac{1}{4}$ s 1973.....	10,641
600,000	Iowa Pub Serv 1st 2 $\frac{3}{4}$ s 1975.....	603,000
300,000	Iowa Pub Serv 1st 2 $\frac{3}{4}$ s 1976.....	302,663

*Par Value**Asset Value*

\$300,000	Iowa Pub Serv 1st 3s 1977.....	\$307,500
278,000	Iowa Southern Utils of Del 1st 3¼s 1975 Reg....	290,072
800,000	Jersey Central Pr & Lt 1st 2⅞s 1976.....	817,549
500,000	Kansas Gas & Elec 1st 3⅞s 1978.....	506,250
600,000	Kentucky Utils 1st 3s 1977.....	600,000
991,000	Kings County Ltg 1st 3½s 1979 Reg.....	1,008,610
469,000	Louisiana Pr & Lt 1st 3s 1974 464M Reg.....	476,636
223,000	Louisiana Pr & Lt 1st 3⅞s 1978.....	223,988
500,000	Metropolitan Edison 1st 2⅞s 1974.....	506,285
300,000	Metropolitan Edison 1st 3s 1977.....	302,679
99,000	Michigan Cons Gas 1st 2⅞s 1969.....	99,990
380,000	Michigan Cons Gas 1st 3⅞s 1969.....	394,955
491,000	Michigan Cons Gas SF Deb 3⅞s 1967.....	498,164
500,000	Minnesota Pr & Lt 1st 3⅞s 1975.....	510,525
500,000	Mississippi Pr & Lt 1st 3⅞s 1974.....	518,579
400,000	Missouri Pr & Lt 1st 2¾s 1976.....	407,176
300,000	Monongahela Pr 1st 3s 1975.....	307,500
300,000	Monongahela Pr 1st 3s 1977.....	305,538
350,000	Montana-Dakota Utils 1st 3s 1965.....	356,104
1,000,000	Montana Pr 1st 2⅞s 1975.....	1,000,000
400,000	Mountain States Tel & Tel Deb 3⅞s 1978.....	401,588
977,000	Narragansett Elec 1st 3s 1974.....	1,017,975
500,000	New England Elec System Deb 3¼s 1977.....	513,115
700,000	New England Tel & Tel Deb 3s 1982.....	711,375
158,000	New Jersey Pr & Lt 1st 3s 1974.....	164,519
845,000	New Orleans Pub Serv 1st 3⅞s 1974.....	876,257
1,000,000	New York Pr & Lt 1st 2¾s 1975.....	1,016,663
1,000,000	New York Tel Rf 2¾s 1982.....	1,020,827
500,000	New York Tel Rf 3⅞s 1978.....	506,705
877,000	Northern Indiana Pub Serv 1st 3⅞s 1973.....	887,329
250,000	Northern Natural Gas Ser Deb 2¾s 1964.....	242,314
250,000	Northern Natural Gas Ser Deb 2¾s 1965.....	241,841
700,000	Northern States Pr 1st 2¾s 1975.....	706,090
300,000	Northwestern Pub Serv 1st 3s 1973.....	304,806
400,000	Ohio Edison 1st 3s 1974 Reg.....	406,176
300,000	Ohio Pr 1st 3s 1978.....	302,649
950,000	Oklahoma Gas & Elec 1st 2¾s 1975.....	934,103
194,000	Otter Tail Pr 1st 2¾s 1977 Reg.....	194,000
455,000	Otter Tail Pr 1st 3s 1971 Reg.....	455,000
117,000	Otter Tail Pr 1st 3s 1974 Reg.....	117,922
201,000	Otter Tail Pr 1st 3⅞s 1978 Reg.....	201,000
350,000	Pacific Gas & Elec 1st & Rf 3s 1971.....	363,139

*Par Value**Asset Value*

\$100,000	Pacific Gas & Elec 1st & Rf 3s 1974.....	\$103,322
150,000	Pacific Gas & Elec 1st & Rf 3s 1977.....	156,933
300,000	Pacific Gas & Elec 1st & Rf 3s 1979.....	317,604
600,000	Pacific Gas & Elec 1st & Rf 3s 1983.....	603,834
500,000	Pacific Pr & Lt 1st 3¼s 1977.....	504,332
800,000	Pacific Tel & Tel Deb 2¾s 1985.....	816,448
700,000	Pacific Tel & Tel Deb 2½s 1986.....	725,466
500,000	Pacific Tel & Tel Deb 3¼s 1978.....	511,945
8,000	Pennsylvania Elec 1st 3½s 1973.....	8,094
700,000	Pennsylvania Elec 1st 3¾s 1972 Reg.....	717,990
500,000	Pennsylvania Pr 1st 3s 1978 Reg.....	497,500
700,000	Pennsylvania Pr & Lt 1st 3s 1975.....	711,936
500,000	Philadelphia Elec 1st & Rf 2¾s 1974 Reg.....	500,000
420,000	Philadelphia Elec 1st & Rf 2½s 1978.....	418,034
250,000	Philadelphia Elec Pr 1st 2½s 1975.....	255,527
500,000	Portland Gen Elec 1st 3½s 1975.....	510,380
200,000	Portland Gen Elec 1st 3½s 1977.....	205,152
90,000	Potomac Edison 1st & Col Tr 3s 1974.....	89,450
650,000	Potomac Edison 1st & Col Tr 3½s 1978.....	652,957
10,000	Potomac Elec Pr 1st 3s 1983.....	10,234
500,000	Pub Serv of Colorado 1st 2½s 1977.....	516,010
700,000	Pub Serv of Indiana 1st 3½s 1975.....	715,155
200,000	Pub Serv of Indiana 1st 3½s 1977.....	202,730
250,000	Pub Serv of New Hampshire 1st 3s 1979.....	257,097
294,000	Pub Serv of New Hampshire 1st 3¼s 1973.....	312,487
199,000	Pub Serv of New Hampshire 1st 3¼s 1978.....	204,301
1,000,000	Pub Serv of North Carolina 1st 3¾s 1975 Reg...	1,000,000
500,000	Pub Serv of Oklahoma 1st 2¾s 1975.....	500,000
500,000	Pub Serv of Oklahoma 1st 2½s 1978.....	488,460
33,000	Pub Serv Elec & Gas 1st & Rf 5s 2037.....	47,055
1,000,000	Pub Serv Elec & Gas Deb 6s 1998.....	1,576,851
399,000	Puget Sound Pr & Lt 1st 4¼s 1972.....	412,594
187,000	Rochester Gas & Elec Gen 3¼s 1969.....	198,219
205,000	Rochester Gas & Elec Gen 4½s 1977.....	250,643
750,000	Rockland Lt & Pr 1st 3½s 1978.....	780,000
100,000	Safe Harbor Water Pr 1st 3s 1981.....	106,117
500,000	St Joseph Lt & Pr 1st 3s 1979.....	513,750
750,000	San Diego Gas & Elec 1st 3s 1978.....	756,592
694,000	Scranton-Spring Brook Water Serv 1st 2½s 1976.	696,916
750,000	South Carolina Elec & Gas 1st & Rf 3s 1980.....	771,705
100,000	Southern Bell Tel & Tel Deb 2¾s 1985.....	96,737
621,000	Southern California Gas 1st 3¼s 1970.....	638,618

<i>Par Value</i>		<i>Asset Value</i>
\$750,000	Southern Counties Gas of Calif 1st 3¼s 1978 . . . . .	\$756,593
236,000	Southern Natural Gas 1st PL SF 3s 1968 . . . . .	237,522
400,000	Southern Union Gas 1st SF 2½s 1975 . . . . .	408,000
410,000	Southwestern Bell Tel Deb 2¾s 1985 . . . . .	418,081
700,000	Southwestern Gas & Elec 1st 3s 1979 . . . . .	713,167
300,000	Southwestern Gas & Elec 1st 3½s 1978 . . . . .	303,219
400,000	Telluride Pr 1st 3½s 1972 Reg . . . . .	400,000
722,000	Tennessee Gas & Transmission 1st PL 2¾s 1966 . . . . .	730,994
249,000	Tennessee Gas Transmission 1st PL 3s 1969 . . . . .	249,000
400,000	Texas Elec Serv 1st 2¾s 1975 . . . . .	406,885
200,000	Texas Elec Serv 1st 2½s 1977 . . . . .	202,734
400,000	Texas Elec Serv 1st 3s 1978 . . . . .	403,532
285,000	Texas Pr & Lt 1st 2¾s 1975 . . . . .	280,013
181,000	Texas Pr & Lt 1st 3s 1977 . . . . .	182,619
800,000	Toledo Edison 1st 2½s 1977 . . . . .	825,318
1,063,000	United Gas 1st & Col Tr 2¾s 1967 Reg . . . . .	1,063,000
850,000	Utah Pr & Lt 1st 2¾s 1976 . . . . .	842,305
150,000	Utah Pr & Lt 1st 3½s 1978 . . . . .	151,914
650,000	Virginia Elec & Pr 1st & Rf 2¾s 1975 . . . . .	660,826
350,000	Virginia Elec & Pr 1st & Rf 3s 1978 . . . . .	353,168
358,000	Washington Water Pr 1st 3½s 1964 . . . . .	372,660
1,000,000	West Penn Pr 1st 3s 1978 . . . . .	1,009,280
592,000	West Texas Utils 1st 3½s 1973 . . . . .	602,723
500,000	Westchester Ltg Gen 3s 1979 . . . . .	514,160
1,000,000	Western Lt & Tel 1st 3s 1980 Reg . . . . .	1,019,110
300,000	Wisconsin Pr & Lt 1st 3½s 1978 . . . . .	306,738
700,000	Wisconsin Pr & Lt 1st 3¼s 1971 . . . . .	731,060
128,000	Wisconsin Pub Serv 1st 3s 1977 . . . . .	128,960
640,000	Wisconsin Pub Serv 1st 3¼s 1971 . . . . .	667,775
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\$85,715,000	Total U. S. Public Utility . . . . .	\$87,946,795

(Page 18 includes \$3,726,113 Canadian Public Utilities)

#### U. S. RAILROAD

\$1,300,000	Atchison Topeka & Santa Fe Gen 4s 1995 . . . . .	\$1,512,012
557,000	Chesapeake & Ohio Rf & Imp 3½s 1996 D . . . . .	569,384
221,000	Chesapeake & Ohio Rf & Imp 3½s 1996 E . . . . .	230,945
1,218,000	Chesapeake & Ohio Gen 4½s 1992 . . . . .	1,562,212
350,000	Chicago & Erie 1st 5s 1982 . . . . .	426,528
141,000	Chicago & Western Indiana 1st & Rf SF 4¼s 1962 . . . . .	145,511
460,000	Elgin Joliet & Eastern 1st 3¼s 1970 . . . . .	476,761
600,000	Erie 1st Cons 3½s 1990 . . . . .	613,556

*Par Value**Asset Value*

\$465,000	Erie Ohio Div 1st 3 $\frac{1}{4}$ s 1971.....	\$451,322
350,000	Great Northern Gen 2 $\frac{3}{4}$ s 1982.....	353,465
650,000	Great Northern Gen 5s 1973.....	787,472
250,000	Louisville & Nashville 1st & Rf 2 $\frac{7}{8}$ s 2003.....	248,321
500,000	Louisville & Nashville 1st & Rf 3 $\frac{3}{8}$ s 2003.....	528,170
496,000	New York Connecting 1st 2 $\frac{7}{8}$ s 1975.....	496,000
100,000	Northern Central Gen & Rf 5s 1974.....	121,868
423,000	Pennsylvania Cons 4 $\frac{1}{2}$ s 1960.....	468,068
297,000	Pere Marquette 1st 3 $\frac{3}{8}$ s 1980.....	306,590
165,000	Philadelphia Balt & Wash Gen 4 $\frac{1}{2}$ s 1977.....	190,226
35,000	Philadelphia Balt & Wash Gen 5s 1974.....	42,950
100,000	St Louis Southwestern 1st 4s 1989.....	80,764
220,000	South & North Alabama Gen Cons 5s 1963.....	254,925
200,000	Southern 1st Cons 5s 1994.....	205,416
300,000	Terminal RR Assoc of St Louis Rf & Imp 2 $\frac{7}{8}$ s 1985	307,590
300,000	Texas & New Orleans 1st & Rf 3 $\frac{3}{8}$ s 1990.....	300,000
500,000	Texas & Pacific 1st 5s 2000.....	633,320
998,000	Virginian 1st L & Rf 3s 1995.....	1,060,724
500,000	Wabash 1st 3 $\frac{1}{4}$ s 1971.....	500,000
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\$11,696,000	Total U. S. Railroad.....	\$12,874,100

## U. S. INDUSTRIAL &amp; MISCELLANEOUS

\$167,000	Allegheny Ludlum Steel Prom Note 2.85s 1970 Reg	\$167,000
500,000	American Investment of Ill SF Deb 3s 1965 Reg...	500,000
712,000	American Tobacco SF Deb 3s 1969.....	729,770
467,500	Beacon Milling SF Note 4s 1960 Reg.....	467,500
755,000	Cities Service SF Deb 3s 1977.....	706,247
354,000	Devoc & Reynolds SF Deb 2 $\frac{7}{8}$ s 1965.....	357,183
285,000	Food Fair Stores SF Deb 3s 1965.....	285,000
1,500,000	Frontier Refining 1st 4s 1951/60 Reg.....	1,500,000
500,000	International Bank for Reconst & Devel 3s 1972..	500,000
750,000	Kaiser Steel 1st SF 3 $\frac{3}{4}$ s 1970 Reg.....	750,000
440,000	P Lorillard Deb 3s 1963.....	444,026
400,000	National Steel 1st (Col) 3s 1965.....	406,573
940,000	Phillips Petroleum SF Deb 2 $\frac{3}{4}$ s 1964.....	944,803
1,000,000	Shell Union Oil Deb 2 $\frac{1}{2}$ s 1971.....	985,083
477,000	Standard Oil (New Jersey) Deb 2 $\frac{3}{4}$ s 1974.....	485,639
500,000	Swift & Co Deb 2 $\frac{5}{8}$ s 1972.....	501,940
750,000	Texas Corp Deb 3s 1965.....	779,310
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\$10,497,500	Total U. S. Industrial & Miscellaneous.....	\$10,510,074

(Page 18 includes \$4,251,318 Canadian Industrials)

## Par Value

## Asset Value

## CANADIAN

\$3,192,000	Canada 9th Victory Loan 3s 1966/61.....	\$3,251,035
998,000	Canadian National Ry 4½s 1956 Gtd.....	1,020,715
195,000	Canadian National Ry 4½s 1957 Gtd.....	200,532
233,000	Canadian National Ry 4¾s 1955 Gtd.....	237,169
300,000	Manitoba Prov of Deb 3s 1965.....	298,500
300,000	Nova Scotia Prov of Deb 3¼s 1965/63.....	301,000
500,000	Ontario Hydro-Elec Pr Com 3s 1969/67 Gtd....	500,000
500,000	Saskatchewan Prov of SF Deb 3½s 1970.....	498,175
200,000	Calgary Alberta City of Ser Deb 3½s 1960/64....	200,000
160,000	Edmonton Alberta City of Deb 3½s 1971/80....	160,000
200,000	Edmonton Alberta City of Deb 3¾s 1970/79....	201,596
250,000	Vancouver Brit Col City of SF Deb 3¾s 1969....	245,125
300,000	Winnipeg Manitoba City of Deb 3s 1965/68.....	298,500
610,000	Bell Tel of Can 1st 3s 1977.....	626,779
390,000	Bell Tel of Can 1st 3¼s 1973.....	390,000
500,000	Bell Tel of Can 1st 3¾s 1975.....	510,180
150,000	British Columbia Elec 1st 3¼s 1967.....	145,272
300,000	British Columbia Elec 1st 3¾s 1968.....	298,101
100,000	Gatineau Pr 1st 3¼s 1970.....	97,879
250,000	Great Lakes Pr 1st SF 3½s 1969.....	250,000
500,000	Saguenay Pr 1st SF 3s 1971.....	523,195
300,000	Shawinigan Water & Pr 1st & Col Tr SF 3s 1971..	311,577
200,000	Shawinigan Water & Pr 1st & Col Tr SF 3s 1975 Reg	204,266
200,000	Shawinigan Water & Pr 1st & Col Tr SF 3½s 1970..	201,278
150,000	Southern Canada Pr 1st 3½s 1976 Reg.....	167,586
500,000	Imperial Oil SF Deb 3s 1969.....	491,115
360,000	Imperial Tobacco of Can Deb 2¾s 1966.....	367,005
200,000	Imperial Tobacco of Can SF Deb 3s 1970.....	197,750
250,000	Interprovincial Pipe Line 1st & Col Tr 3½s 1970 A	250,000
400,000	Interprovincial Pipe Line 1st & Col Tr 3½s 1970 B	406,428
300,000	McCull-Frontenac Oil 1st SF 3s 1971.....	304,125
1,000,000	Montreal Pipe Line Note 3½s 1963 Reg.....	1,000,000
750,000	Pipe Line Tankers 1st 3s 1960/65.....	738,165
500,000	Steel of Can SF Deb 2¾s 1967.....	496,730
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\$15,238,000	Total Canadian.....	\$15,389,778
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\$128,742,700	Total Bonds.....	\$132,316,966

## *Preferred Stocks*

### PUBLIC UTILITY

<i>Shares</i>		<i>Asset Value</i>
4,000	California Elec Pr \$2.50 SF Cum.....	\$200,000
2,100	Cleveland Elec Illum \$4.50 Cum.....	235,200
4,800	Connecticut Lt & Pr \$2 Cum.....	244,800
2,000	Gulf States Utils \$4.50 Cum.....	200,000
12,000	Laclede Gas 4.6% Cum.....	300,000
1,500	Niagara Mohawk Pr 3.60% Cum.....	141,000
2,000	Ohio Pr 4½% Cum.....	226,000
600	Otter Tail Pr \$3.60 Cum.....	48,000
2,500	Tennessee Gas Transmission 4.60% Cum.....	257,500
1,000	Union Elec of Missouri \$4.00 Cum.....	105,000
32,500	Total Public Utility.....	\$1,957,500

### RAILROAD

1,900	Pittsburgh Ft Wayne & Chicago 7% Pfd.....	\$330,600
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### INDUSTRIAL & MISCELLANEOUS

2,500	Associates Investment 4¼% Cum.....	\$247,275
1,650	Corn Products Refining 7% Cum.....	301,950
700	E I du Pont de Nemours \$3.50 Cum.....	73,500
7,850	E I du Pont de Nemours \$4.50 Cum.....	981,250
2,400	General Foods \$3.50 Cum.....	249,600
3,300	General Motors \$5 Cum.....	415,800
2,000	Great Atlantic & Pacific Tea of Amer 7% Cum 1st.	270,000
2,000	Montgomery Ward \$7 Cum Class A.....	366,000
1,000	National Biscuit 7% Cum.....	182,000
1,800	Sterling Drug 3½% Cum.....	187,200
25,200	Total Industrial & Miscellaneous.....	\$3,274,575
59,600	Total Preferred Stocks.....	\$5,562,675



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