JOHN W. BRISTOL & CO.
INCORPORATED
233 BROADWAY
NEW YORK, N. Y. - 10007

CORTLANDT 7-1137

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

October 27, 1967

INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee
October 25, 1967 at the Pinnacle Club, N. Y. C.

1. Present:

Mr. Schur	Mr. Dilworth
Mr. Hochschild	Mr. Hansmann
Mr. Shanks	Mr. Bristol

2. Investment changes on the attached schedule were ratified.

3. The Committee reviewed the security holdings as of September 30, 1967 and particularly noted a review submitted on electric utility equities. It was the consensus of the Committee that the present 82% equity ratio of the portfolio was entirely satisfactory; especially in view of the large proportion held in utilities, a currently depressed group with relatively smaller downside risk.

4. The Committee approved purchase of $400,000 Citizens Financial Corp. 5 3/4 s.f. debentures due November 1, 1987 with warrants to purchase 12,000 shares common stock at 15 1/2 per share at any time to and including November 1, 1974.

5. The Committee authorized sale at the discretion of the Chairman of:

8,700 shs.	Massey-Ferguson
12,000 shs.	MacMillan & Bloedel
8,000 shs.	Continental Casualty

John W. Bristol
Secretary

Ira A. Schur
Chairman

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES & SALES

Since April

PURCHASES

	Cost
3,758 shares First National City Bank of New York	$ 212,797
10,000 shares Manufacturers Hanover	475,000
4,000 shares H. & A. Selmer, Inc.	113,320
5,000 shares J. Ray McDermott	334,908
7,000 shares Deere & Co.	406,759
8,000 shares Union Carbide	434,051
7,000 shares Central & South West Corp.	296,561
10,000 shares Middle South Utilities	234,263
2,000 shares General Reinsurance	484,063
11,312 shares Transamerica received in exchange for 11,312 shares United Artists	
250 M Crowell Collier & McMillan 4% Conv. Deb., due 6/1/92	250,000
300 M Florida Gas Co. Conv. 4 3/4%, due 8/1/87	302,028
	$3,543,750

SALES

	Proceeds
20,000 shares Pioneer Natural Gas	$ 368,173
10,430 shares Atlantic Richfield Conv. Pfd.	841,537
484 1/2 shares Atlantic Richfield common	51,755
13,450 shares Hawthorn Mellody	259,408
3,300 shares Massey Ferguson	74,781
15,000 shares Armour & Co.	551,648
15,000 shares Harris Intertype	884,752
	$3,032,054

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Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

October 19, 1967

INSTITUTE FOR ADVANCED STUDY

Agenda for Meeting of the Finance Committee
Wednesday, October 25, 1967, at 11:00 A.M.
at the Pinnacle Club, 150 East 42nd St., N.Y.C.

1. Report by the Chairman.

2. Ratify investment changes since April.
   (Schedule attached)

3. Investment Review:

   - List of holdings as of September 30, 1967.

4. Review of Electric Utility Equities
   (Memo dated October 19, 1967)

5. Suggested Investment Changes:

PURCHASES

$300,000 par value Citizens Financial 5 3/4% Deb. with 9,000 warrants attached (Memo dated September 19 and submitted Oct. 4, 1967)	$300,000
$300,000 par value Allied Stores 4 1/2% Conv. Deb. (Memo dated September 26, 1967)	298,000
10,000 shares Kaiser Aluminum & Chemical Corporation (Memo dated October 19, 1967)	450,000
	$1,048,000

POSSIBLE SOURCES OF FUNDS

8,700 shares Massey Ferguson (approximate proceeds: $175,000)
12,000 shares McMillan & Bloedel (approximate proceeds: $290,000)

6. For Information:

   - General Reinsurance Corporation (Trust bought 2,000 shs. in August 1967)
     (Memo dated September 13, 1967)

John W. Bristol & Co., Inc.

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES & SALES

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October 19, 1967

INSTITUTE FOR ADVANCED STUDY

ELECTRIC UTILITY EQUITIES

The record shows that the market trend of electric utility stocks fluctuates in line with the trend of long term interest rates. The yield differential between utility stocks and the AA utility bond index has averaged 1.25% (in favor of bonds) over the past four years whether interest rates were rising or declining. This direct relationship can be traced to two factors:

a) Utility stocks are bought more for the secure and gradually rising income they provide than for capital appreciation. Hence, as investment media, they are in competition with bonds, at least in the eyes of the performance oriented investors;

b) As heavy borrowers for financing their construction programs, public utilities are directly affected by the cost of money.

FIRST INVESTMENT IMPLICATIONS

1. Yield considerations overshadow in general price/earnings ratios and rate of growth in earnings in the determination of the price level of electric utility equities, particularly during a period of rising interest rates.

2. The traditional close relationship between the yields of utility stocks and long term bonds seems to preclude a divergent trend in their respective market action, although at some point public utility stocks may well bottom out while interest rates continue to rise.

ADVANTAGES OF ELECTRIC UTILITY EQUITIES OVER BONDS

Number 1 and principal advantage: consistent, albeit moderate, increase in revenues and profits allows gradual increases in dividends.

As an illustration the dividend on the Dow Jones Utility average has increased at an annual rate of 6.2% over the past five years, and of 5.8% over the past ten years. A typical company which paid a dividend of $1.00 in 1956 would be paying today a dividend of $1.75 which stands a good chance to increase to $2.20 by 1970 (assuming an annual increase of 6%).

SECOND INVESTMENT IMPLICATIONS

1. Electric utilities' traditional dividend increases exceed the foreseeable depreciation of the purchasing power of the dollar over the next three years while bonds offer no such protection.

2. Assuming that present equity and bond yields remain unchanged at today's levels, utility stock prices should rise gradually as they are adjusted for the periodical increases in dividends.

As a consequence of (1) and (2), electric utility equities are attractive substitutes for bonds.

PRESENT TECHNICAL SITUATION

I. BOND MARKET

In August 1966, the money markets in an environment of restrictive monetary policy, reached a near crisis stage when interest rates reached their highest point since the Twenties. The Fed intervened in loosening gradually credit conditions and in increasing the money supply.

Although "easy money" conditions have prevailed since February 1967, long term rates have increased drastically this year to reach new post-Twenties highs. The dilemma: in the absence of a tax increase, the Fed cannot increase further the money supply without risking run-away inflation and economic dislocations in 1968.

Hence money markets' salvation rests on Congress' willingness to increase taxes, a move which could at least stabilize interest rates. The alternative which would achieve the same objective: peace in Vietnam.

II. ELECTRIC UTILITIES

Electric utilities, as measured by the Moody's average 425 common stocks, reached their all time highs early in 1965 when their average price/earnings ratio was 21.5X and their average yield 3.1%. The present corresponding data are respectively 15X present earnings and 4.5%. As earnings and dividends continued to grow in the meantime, the actual decline in market prices has been less severe than suggested by these figures. Although many utility equities are making new lows every day, they are still trading somewhat above their 1966 lows, the higher prevailing interest rates notwithstanding. Hence the yield spread between utility equities and bonds has somewhat widened, suggesting that the equities may be approaching some sort of resistance level.

The declining trend of utility stock prices would be arrested by the stabilization of interests, if and when it occurs. In addition it is conceivable that the concept of public utilities being suitable substitutes for bonds as they are after all a conservative hedge against inflation, may lead to a revived interest in this group. Furthermore, as the euphoria in the market place dies down, the defensive and stable stocks may again become a shelter for conservative money.

*

* *

Statistical data pertaining to the Institute's holdings of electric utilities are enclosed.

The selection of individual holdings can be described as good inasmuch as 75% of the market value of the total commitments are invested in situations with an above average rate of earnings growth.

At a time when all electric utility equities have declined, the emphasis for new investments should probably be put on the growth situations which are likely, when investors' psychology changes in their favor, to rally faster than income utility stocks.

For new purchases, therefore, emphasis should be put on companies operating in territories with above average growth rate such as the Southeastern and Southwestern parts of the U.S. Carolina Power & Light, Central & South West, Middle South Utilities, Southern Company and Virginia Electric & Power are suitable for additional purchases.

EC/hm
Enc.

John W. Bristol & Co., Inc.

STATISTICAL DATA

	Per Share Earnings					% Rate of Earnings Growth		DIVIDENDS				
		Est.	----Projections-----					Average		---Projections------		
	1966	1967	1968	1969	1970	1962-66	E.1966-70	Payout	1967A	1968	1969	1970
American Electric Power	$1.90	$2.04	$2.15	$2.30	$2.45	8.7%	6.0%	71%	$1.44	$1.52	$1.62	$1.72
Carolina Power & Light	1.87	1.95	2.00	2.25	2.35	8.7	6.0	64	1.34	1.34	1.44	1.52
Central Illinois Light	1.68	1.85	1.90	2.00	2.10	8.3	6.5	64	1.12	1.20	1.20	1.25
Central & South West	2.21	2.35	2.55	2.65	2.80	7.1	6.1	66	1.60	1.68	1.75	1.85
Kansas City Power & Light	2.47	2.60	2.75	2.95	2.95	6.6	4.5	61	1.56	1.70	1.80	1.80
Louisville Gas & Electric	2.08	2.20	2.30	2.45	2.60	8.0	6.0	56	1.28	1.40	1.50	1.60
Middle South Utilities	1.19	1.30	1.35	1.45	1.55	9.4	6.8	60	0.76	0.82	0.88	0.94
Southern Company	1.45	1.55	1.70	1.80	1.95	6.4	7.7	67	1.02	1.12	1.22	1.32
Virginia Electric & Power	2.07	2.20	2.45	2.65	2.85	7.2	8.3	62	1.36	1.50	1.64	1.78

	Present Price (10/18/67)	Price Range	P/E Ratio			Average P/E Ratios 1963-65	Current Yield	Yield Est. 1970 Div. on Present Price
			1967E	1968E	1970E			
American Electric Power	35	42 - 34	17.2X	16.2X	14.4X	25X	4.1%	4.9%
Carolina Power & Light	35	47 - 35	18.0	17.5	15.0	25	3.8	4.3
Central Illinois Light	23	29 - 22	12.4	12.2	11.4	19	4.8	5.4
Central & South West	39	48 - 39	16.5	15.4	14.0	25	4.1	4.7
Kansas City Power & Light	31	39 - 31	12.0	11.3	10.5	20	5.1	5.9
Louisville Gas & Electric	28	34 - 28	12.8	12.2	10.8	21	4.6	5.7
Middle South Utilities	22	30 - 22	17.0	16.4	14.2	22	3.4	4.1
Southern Company	25	32 - 25	16.2	14.8	12.8	23	4.1	5.3
Virginia Electric & Power	39	50 - 38	17.8	16.0	13.6	26	3.5	4.5

A - Actual

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CORTLANDT 7-1137

September 26, 1967

ALLIED STORES CORPORATION
Convertible Debentures

COMMON STOCK DATA

Present Price	1967 Price Range	Earnings Per Share (a) 1965	1966	1967	1968E	PER 1968E	Current Dividend	Yield
40	42 - 22	$2.34	$2.95	$3.01	$3.10	12.9X	$1.32	3.3%

(a) - Years ending January

OFFERING

During the next few days Allied Stores is expected to issue $50 million of convertible subordinated debentures carrying a coupon of 4 1/2%. The bonds will probably be convertible at a price about 15% above the price of the common stock prevailing at the time of the offering. Based on the present price of the common stock, the debentures are believed to represent an attractive investment.

SUMMARY AND CONCLUSION

Allied Stores, the country's second largest department store company, has shown excellent earnings since Mr. Theodore Schlesinger became Chief Executive Officer in 1961. Particularly noteworthy was a modest improvement in fiscal 1967--generally a poor retailing year--which is helping to erase the long-held image of Allied as a highly cyclical investment. The Company's excellent showing and favorable prospects can be attributed in large part to basic policy changes instituted by Mr. Schlesinger including:

1) a major decentralization program which provided for the granting of greatly increased merchandising and personnel authority to the store managers;

2) a major upgrading in product mix with considerably greater emphasis on higher margined soft goods;

3) an expanded branch store program, with stress placed on building in areas where the main store is a strong merchandising force;

4) greater emphasis on private brand merchandise; and

5) the willingness to close unprofitable or unpromising stores.

Allied Stores Corporation
Conv. Debs. (continued)

In fiscal 1967 earnings increased from $2.95 to $3.01 on a sales rise of 7.2% While earnings in the first half of fiscal 1968 declined from $.30 to $.27, this decline is relatively meaningless in view of the importance of the Christmas quarter to full year results. For the year as a whole we believe that Allied can show earnings of over $3.10.

At its present price the stock sells at a moderate 12.9X these earnings, the lowest price/earnings ratio accorded any of the major non-food retailers. In addition to continued earnings progress in the next few years, some upward evaluation of the Company's earnings appears probable as the fundamental changes in Allied become increasingly apparent to investors. Investment in the convertible debentures is recommended.

September 26, 1967

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COMMON STOCK DATA

Present Price	1967 Price Range	Earnings Per Share (a) 1965	1966	1967	1968E	PER 1968E	Current Dividend	Yield
40	42 - 22	$2.34	$2.95	$3.01	$3.10	12.9X	$1.32	3.3%

(a) - Years ending January

CONDENSED BALANCE SHEET ITEMS (mils.)

Current Assets	$421.1	Current Liabilities	$163.2	
Property and Equipment	295.8	Misc. Liabilities	3.2	
Other Assets	7.9	Long Term Debt	315.0	56.4%
		Preferred Stock	17.6	3.2
		Common & Surplus (7,308,672 shares)	225.8	40.4
	$724.8		$724.8	100.0%

OPERATING RECORD ($ millions)

Year (*)	Sales	% Oper. Inc. of Sales	Net Before Taxes	Net Income(#)	Common Share Data: Earn. (#)	Divs.	Price Range	PER
1956	$ 581.9	6.1%	$29.2	$14.0	$1.98	$1.20	26-21	13-10
1957	615.8	5.8	28.5	14.3	2.02	1.20	23-17	11- 8
1958	632.8	5.1	25.2	12.4	1.73	1.20	19-14	11- 8
1959	643.8	4.9	24.2	12.0	1.67	1.20	22-14	13- 9
1960	679.5	5.3	28.1	14.6	2.07	1.20	25-21	12-10
1961	680.5	4.4	21.8	10.9	1.48	1.20	23-17	16-11
1962	713.5	4.9	26.6	13.5	1.82	1.20	28-18	16-10
1963	770.8	4.6	25.8	12.5	1.60	1.20	27-18	17-11
1964	829.8	4.6	27.7	14.4	1.86	1.20	23-20	13-11
1965	893.4	6.8	35.2	17.7	2.34	1.20	32-22	14- 9
1966	955.5	7.3	42.5	22.3	2.95	1.20	36-27	12- 9
1967	1,024.3	7.0	41.1	22.7	3.01	1.32	35-22	12- 7

(*) - Years ending January;
(#) - Nonconsolidated, 1955 - 1957.

BACKGROUND AND OPERATIONS

Allied Stores is the country's second largest department store company with 114 stores in 26 states. About half of the Company's volume, however, comes from stores in four major metropolitan areas: Jordan Marsh in Boston; Stern's and Gertz in New York; Donaldson's-Golden Rule in Minneapolis; and Bon Marché in Seattle. Other important divisions are located in rapidly growing areas in Florida and Texas.

While the operations in New York are only holding their own, it should be noted that Jordan Marsh--which probably contributes about one-fourth of total earnings--is believed to be increasing its share of the market in Boston at the expense of Filenes', owned by Federated, and increases in market share are also being scored by the Company's Seattle, Florida, and Texas operations.

Allied's poor earnings performance prior to the naming of Mr. Schlesinger as President can be attributed to three factors:

1) a tightly run central organization which while properly concerned with financial controls, too often overlooked the all-important function of merchandising and the necessity of matching the characteristics of the individual store to the community served by that store;

2) a preoccupation with maintaining sales leadership in the industry (a position now clearly lost to Federated), even at the expense of acquiring relatively poor properties; and

3) the vulnerability of many of the Company's stores--frequently ranking #3 or even #4 in their community--to competition from new forms of retailing, especially discounting.

While the Company still has elaborate financial controls, there has been substantially increased attention devoted to merchandising since 1961. To achieve this, several changes have been brought about:

1) MAJOR DECENTRALIZATION

Prior to 1961, all of the Company's units operated under a strong central management, with virtually all major decisions being made at the headquarters office in New York. In 1961, however, under the direction of Mr. Schlesinger, stores in neighboring communities were combined to form group and divisional areas of responsibility, with the result that individual units were granted considerably greater local autonomy and greater flexibility to meet local competitive conditions.

Each division is headed by a Vice President having complete authority over product line and merchandising techniques, and also full responsibility for the financial results of his particular division.

2) UPGRADED PRODUCT MIX

Five years ago many of the Company's stores were known principally as hard goods outlets with no major position in the more profitable soft goods area. Consequently, a concerted effort has been made in soft goods--especially in fashion wear--in many of the Company's outlets. Illustrating the change in emphasis is the fact that while five years ago soft goods and hard goods each contributed about half of corporate volume, soft goods now account for over 65%. This change in mix has undoubtedly already improved the Company's basic profitability, but since the development of any real "fashion" image takes many years, improvement should be gradual but continuing.

3) AN EXPANDED BRANCH STORE PROGRAM

Allied has greatly increased its branch store expansion program, but unlike a few years ago concentration of this program is in areas where the Company has a main store with a strong merchandising position. Consequently emphasis is being placed in areas such as Boston, Seattle, Florida, and Texas, while virtually no expansion is being undertaken in the New York or Minneapolis areas. Branch stores contribute around 37% of total volume currently, compared with 24% as recently as four years ago. The Company expects to add five or six branches a year over the next few years.

4) PRIVATE BRAND PROGRAM

As part of its merchandising program, Allied has greatly increased its emphasis on private brand merchandise. While virtually no items of this type were sold in 1961, items sold under nine private labels now account for over 5% of sales and are expected to increase at a considerably faster rate than overall corporate volume. On such items, the Company enjoys better control over margins and at the same time benefits from increased consumer acceptance resulting from distinctive and quality merchandise being sold at attractive prices.

5) STORE CLOSINGS

An extremely encouraging development has been the closing of a number of stores which were not profitable. This clearly indicates that Allied's management is no longer primarily interested in building sales for sales' sake. Among those outlets closed include stores in Cincinnati, Kansas City, and Fort Worth. While there are still some unprofitable stores in the Allied operation, most of the major problems have been eliminated. Part of the problem, of course, is that some of the poorer stores still have long term leases which have not yet expired, but undoubtedly there will be other closings as these leases expire over the next few years.

MANAGEMENT

Although it is clear that there is an important change in Allied's organizational structure and, indeed, its overall operating philosophy, it cannot be stated that there has been a wholesale management change. Mr. Schlesinger is an Allied man of long standing, having occupied a number of management and merchandising positions in the Company since 1929.

It is, in a sense, difficult to rate the top personnel since they were so long "under the thumbs" of Mr. B. Earl Puckett and Mr. Charles McCarthy, who were financial men and exercised almost complete control of the Company's operations. Clearly the progress shown in the last few years, however, both in the corporation as a whole and in many of its key marketing areas would indicate that management is capable and certainly far more alert to opportunities than was the case a few years ago.

WMG:lh
9-26-67

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CORTLANDT 7-1137

October 19, 1967

KAISER ALUMINUM & CHEMICAL CORPORATION

Present Price	1967 Price Range	Earnings Per Share 1966	1967	Poss. 1968	P/E Ratio 1967E	1968E	Dividend	Yield
45	59 - 39	$3.30	$3.00-3.10	$3.50-3.75	15X	12-13X	$1.00	1.9%

CAPITALIZATION (12/31/66)

	Book (in mill. $)	%
Debt	$433.01	51.0%
Preferred (non convertible)	20.24	2.3
Convertible Preferred*	73.50	8.5
Common Stock & Surplus	329.35	38.2
	$856.10	100.0%

* Conversion of preferreds would increase common shares outstanding by 11%. Per share earnings would be diluted by 5%.

OPERATING RECORD

Year Ended Dec. 31	Net Sales ($ mill.)	% Oper. Income of Sales	Net Income ($ mill.)	Earnings	Dividends Paid	Price Range Common	P/E Ratios HI LO
1957	$391.6	22.0%	$26.83	$1.58	$0.90	47 - 22	30 - 14
1958	408.6	23.6	25.23	1.43	0.90	48 - 23	33 - 16
1959	435.5	22.6	22.33	1.17	0.90	65 - 37	56 - 32
1960	406.6	23.3	22.77	1.20	0.90	55 - 32	46 - 27
1961	424.0	22.2	24.04	1.27	0.90	50 - 30	39 - 24
1962	444.2	22.3	31.15	1.74	0.90	37 - 25	21 - 14
1963	437.1	19.1	23.36	1.23	0.90	42 - 31	34 - 25
1964	515.9	18.5	28.65	1.55	0.90	42 - 29	27 - 18
1965	635.9	17.9	39.96	2.14	0.90	41 - 29	19 - 13
1966	781.6	20.0	58.91	3.30	1.00	53 - 30	16 - 9

10 Year Earnings of the Leading Aluminum Companies

	Alcoa	Reynolds	Kaiser	Advanced Price of Primary Aluminum
1957	$3.55	$2.14	$1.37	25.4¢ per lb.
1958	1.96	2.24	1.45	24.8
1959	2.52	2.39	1.15	24.7
1960	1.76	1.26	1.17	26.0
1961	1.90	1.26	1.32	25.5
1962	2.53	1.35	1.73	23.9
1963	2.27	1.42	1.26	22.4
1964	2.72	1.96	1.65	23.7
1965	3.41	2.92	2.14	24.5
1966	4.83	3.61	3.30	24.5

BACKGROUND

Kaiser Aluminum, 34% owned by Kaiser Industries, is the third largest domestic aluminum company. It produces 22% of the primary aluminum output in the U.S.

In November 1966 Kaiser acquired Southern Nitrogen. This represents its first entry into the field of agricultural chemicals which account now for 14% of its sales.

Kaiser also manufactures refractories for the steel, glass etc. markets. Sales estimated at $50-$55 million account for 7% of overall sales.

Abroad Kaiser owns a 50% interest in James Booth Aluminium Ltd., an established British producer of aluminum products; also a 50% interest in Comalco Industries, an integrated Australian producer; and smaller interests in Asia and South America.

In Ghana a 90% owned subsidiary, Volta, is completing the construction of an aluminum reduction plant at a cost of $120 million. Capacity: 115,000 tons of primary aluminum, which will increase the Company's overall capacity by 17%.

Kaiser Aluminum is planning to further its diversification by entering the nickel and magnesium fields.

RECENT DEVELOPMENTS

Due to softer economic conditions, aluminum demand has increased only slightly in 1967. Improving business activity could cause demand to resume in 1968 the average 8% growth rate in demand of the past ten years.

During the first six months of 1967, Kaiser's sales rose 1.6%. Due to a higher tax rate, a drop in the investment tax credit and higher depreciation charges, profits rose only .2%.

Third quarter results were most disappointing as sales declined 6.4% and net income declined 15%. Earnings for the first 9 months were thus $1.78 per share vs. $2.48 for the corresponding period of 1966.

Hence full year earnings may not exceed $3.00-$3.10 per share.

INVESTMENT MERITS

On the strength of earlier earnings estimates of $3.50-$3.60 per share in 1967, Kaiser rose from 39 to 59 in August. Upon the release of the third quarter earnings the stock weakened abruptly to the present 45 level.

The improvement in demand which has developed over the past two months should normally lead to better profitability in 1968 when Kaiser could earn conservatively $3.50-$3.70 per share. The inherent leverage to this company could produce under optimum conditions earnings as high as $4.00.

Thus Kaiser, now traded at 11-12X earnings, represents good value and may be accumulated for a cyclical recovery.

EC/hm

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September 13, 1967

GENERAL REINSURANCE CORPORATION

Progress Report

Market Price	1966-67 Price Range	Adj. Earnings Per Share (1) 1965	1966	1967 E	Price/Earn. E1967	Price/Earn. Mean 1963-66	Price/ Inv. Inc. 1967E	Divd.	Yield
233	310 - 205	$13.61	$16.41	$17.50	13.4X	19.0X	15.7X	$2.00	.8%

(1) Consolidated basis, including earnings from life reinsurance operations.

FIRST HALF 1967

Underwriting results in the second quarter were considerably better than those recorded in the first when the combined ratio exceeded 102%. The largest loss in the second quarter resulted from tornado damage in Illinois costing some $800,000. Premiums written declined moderately reflecting greater underwriting selectivity as well as the bulge in portfolio reinsurance during the comparable period last year. Investment income increased 16.7%. Key consolidated operating figures for the half follow:

	---- 6 months June 30----- 1966	1967	Change
	----------(000)----------		
Premiums Written	$72,086	$66,937	- 7.1%
Premiums Earned	66,408	69,126	+ 4.1
Increase in Unearned Premium Reserve	5,678	(2,189)	
Underwriting Profit	851	971	+14.0
Investment Income	4,367	5,134	+17.6
Loss Ratio	52.6%	58.0%	
Expense Ratio	42.5	41.9	
Combined Ratio	95.1	99.9	

1967 PROSPECTS

While 1967 so far has presented an above-average number of problems, including the McCormick Place fire - one of the largest single losses in General Re's history, underwriting results were on a break-even basis. Moreover, it is probable that the Company has over-reserved on this catastrophe to the extent of $1.2 million, so that a favorable adjustment will be recorded in the second half. The Company's riot exposure has been small; management estimates that net losses may not exceed $600,000. Underwriting comparisons in the second half will be further improved by the probable absence in 1967 of special reserving which amounted to about $2 million at the end of last year. Furthermore, North Star Reinsurance which will be consolidated in the present year is enjoying highly improved results due to elimination of unprofitable business.

Management projects underwriting margins at around last year's 3.2% level - an exceptional performance in a difficult year. With interest rates at record levels, net investment income could grow by 15% at least. The adjustment for equity in unearned premiums will undoubtedly decline as a result of lower premium writings in the first half. Overall, we estimate conservatively that adjusted earnings should increase by 7% or more to approximately $17.50 per share, compared to $16.41 realized last year. These figures include our adjustments for operations of General Reinsurance Life Corporation which currently has over $400 million of life reinsurance in force and premium income of $1.2 million. We understand that life operations are running ahead of projections and in time will be of major importance. General also has a number of unconsolidated foreign subsidiaries, quite small but promising.

LONG TERM OUTLOOK

In our opinion General Reinsurance has the largest staff of experienced underwriters in the industry and the most capable management. The guiding principle in its operations is never to sacrifice profit for volume. The Company has consistently increased its business only when it could write acceptable risks at reasonable rates. Although reinsurers operate with a more flexible rate structure than primary companies and enjoy the benefits of direct writing, recent experience has shown that it requires a superior company to exploit these advantages. Fire and casualty reinsurance must be written most selectively because of the large portion of business involving special risks that are judgment-rated and because of the more severe impact of inflation on their claims. During the past decade when most reinsurance companies have operated with even less success than primary writers, General Re has enjoyed a consistently profitable underwriting experience. Adjusted earnings have shown gains of 15% annually on the average since 1956. We believe this trend will continue, particularly if the degree of competition in the reinsurance field decreases as a result of the withdrawal of some foreign reinsurers and the weakening capital position of some domestic firms that have sustained very unfavorable underwriting results recently.

INVESTMENT CONCLUSIONS

General Reinsurance shares have declined 25% from the 1966-67 high of 310 to about 235 at present. Concern over the exposure of property insurance companies to wide-spread riots are primarily responsible for this decline. General Re's losses in this area have been minimal. The Company's earnings outlook is favorable, and its competitive position appears to be improving. At approximately 13 1/2 times estimated adjusted earnings this year and closer to 12 times our preliminary projection for 1968, the stock is valued substantially below relative levels prevailing in the past:

Quarterly Comparative Valuation - 12 Months Moving Data: 1964-67

	General Reinsurance as % of S & P 425 Industrial Index		
	Price	Pretax Investment Income	Price/ Pretax Inv. Inc.
1964			
March	272	203	134
June	260	200	130
September	250	200	125
December	250	203	123
1965			
March	265	204	130
June	202	203	100
September	204	202	101
December	210	200	105
1966			
March	233	200	116
June	243	209	117
September	299	217	138
December	345	224	154
1967			
March	265	233	114
June	240	238	101

RCL/hm

John W. Bristol & Co., Inc.

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

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CORTLANDT 7-1137

October 19, 1967

INSTITUTE FOR ADVANCED STUDY

Agenda for Meeting of the Finance Committee
Wednesday, October 25, 1967, at 11:00 A.M.
at the Pinnacle Club, 150 East 42nd St., N.Y.C.

1. Report by the Chairman.

2. Ratify investment changes since April.
(Schedule attached)

3. Investment Review:

- List of holdings as of September 30, 1967.

4. Review of Electric Utility Equities
(Memo dated October 19, 1967)

5. Suggested Investment Changes:

PURCHASES

$300,000 par value Citizens Financial 5 3/4% Deb. with 9,000 warrants attached (Memo dated September 19 and submitted Oct. 4, 1967)	$300,000
$300,000 par value Allied Stores 4 1/2% Conv. Deb. (Memo dated September 26, 1967)	298,000
10,000 shares Kaiser Aluminum & Chemical Corporation (Memo dated October 19, 1967)	450,000
	$1,048,000

POSSIBLE SOURCES OF FUNDS

8,700 shares Massey Ferguson (approximate proceeds: $175,000)
12,000 shares McMillan & Bloedel (approximate proceeds: $290,000)

6. For Information:

- General Reinsurance Corporation (Trust bought 2,000 shs. in August 1967)
(Memo dated September 13, 1967)

John W. Bristol & Co., Inc.

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES & SALES

Since April

PURCHASES

	Cost
3,758 shares First National City Bank of New York	$ 212,797
10,000 shares Manufacturers Hanover	475,000
4,000 shares H. & A. Selmer, Inc.	113,320
5,000 shares J. Ray McDermott	334,908
7,000 shares Deere & Co.	406,759
8,000 shares Union Carbide	434,051
7,000 shares Central & South West Corp.	296,561
10,000 shares Middle South Utilities	234,263
2,000 shares General Reinsurance	484,063
11,312 shares Transamerica received in exchange for 11,312 shares United Artists	
250 M Crowell Collier & McMillan 4% Conv. Deb., due 6/1/92	250,000
300 M Florida Gas Co. Conv. 4 3/4%, due 8/1/87	302,028
	$3,543,750

SALES

	Proceeds
20,000 shares Pioneer Natural Gas	$ 368,173
10,430 shares Atlantic Richfield Conv. Pfd.	841,537
484 1/2 shares Atlantic Richfield common	51,755
13,450 shares Hawthorn Mellody	259,408
3,300 shares Massey Ferguson	74,781
15,000 shares Armour & Co.	551,648
15,000 shares Harris Intertype	884,752
	$3,032,054

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October 19, 1967

INSTITUTE FOR ADVANCED STUDY

ELECTRIC UTILITY EQUITIES

The record shows that the market trend of electric utility stocks fluctuates in line with the trend of long term interest rates. The yield differential between utility stocks and the AA utility bond index has averaged 1.25% (in favor of bonds) over the past four years whether interest rates were rising or declining. This direct relationship can be traced to two factors:

a) Utility stocks are bought more for the secure and gradually rising income they provide than for capital appreciation. Hence, as investment media, they are in competition with bonds, at least in the eyes of the performance oriented investors;

b) As heavy borrowers for financing their construction programs, public utilities are directly affected by the cost of money.

FIRST INVESTMENT IMPLICATIONS

1. Yield considerations overshadow in general price/earnings ratios and rate of growth in earnings in the determination of the price level of electric utility equities, particularly during a period of rising interest rates.

2. The traditional close relationship between the yields of utility stocks and long term bonds seems to preclude a divergent trend in their respective market action, although at some point public utility stocks may well bottom out while interest rates continue to rise.

ADVANTAGES OF ELECTRIC UTILITY EQUITIES OVER BONDS

Number 1 and principal advantage: consistent, albeit moderate, increase in revenues and profits allows gradual increases in dividends.

As an illustration the dividend on the Dow Jones Utility average has increased at an annual rate of 6.2% over the past five years, and of 5.8% over the past ten years. A typical company which paid a dividend of $1.00 in 1956 would be paying today a dividend of $1.75 which stands a good chance to increase to $2.20 by 1970 (assuming an annual increase of 6%).

SECOND INVESTMENT IMPLICATIONS

1. Electric utilities' traditional dividend increases exceed the foreseeable depreciation of the purchasing power of the dollar over the next three years while bonds offer no such protection.

2. Assuming that present equity and bond yields remain unchanged at today's levels, utility stock prices should rise gradually as they are adjusted for the periodical increases in dividends.

As a consequence of (1) and (2), electric utility equities are attractive substitutes for bonds.

PRESENT TECHNICAL SITUATION

I. BOND MARKET

In August 1966, the money markets in an environment of restrictive monetary policy, reached a near crisis stage when interest rates reached their highest point since the Twenties. The Fed intervened in loosening gradually credit conditions and in increasing the money supply.

Although "easy money" conditions have prevailed since February 1967, long term rates have increased drastically this year to reach new post-Twenties highs. The dilemma: in the absence of a tax increase, the Fed cannot increase further the money supply without risking run-away inflation and economic dislocations in 1968.

Hence money markets' salvation rests on Congress' willingness to increase taxes, a move which could at least stabilize interest rates. The alternative which would achieve the same objective: peace in Vietnam.

II. ELECTRIC UTILITIES

Electric utilities, as measured by the Moody's average 425 common stocks, reached their all time highs early in 1965 when their average price/earnings ratio was 21.5X and their average yield 3.1%. The present corresponding data are respectively 15X present earnings and 4.5%. As earnings and dividends continued to grow in the meantime, the actual decline in market prices has been less severe than suggested by these figures. Although many utility equities are making new lows every day, they are still trading somewhat above their 1966 lows, the higher prevailing interest rates notwithstanding. Hence the yield spread between utility equities and bonds has somewhat widened, suggesting that the equities may be approaching some sort of resistance level.

The declining trend of utility stock prices would be arrested by the stabilization of interests, if and when it occurs. In addition it is conceivable that the concept of public utilities being suitable substitutes for bonds as they are after all a conservative hedge against inflation, may lead to a revived interest in this group. Furthermore, as the euphoria in the market place dies down, the defensive and stable stocks may again become a shelter for conservative money.

*

* *

Statistical data pertaining to the Institute's holdings of electric utilities are enclosed.

The selection of individual holdings can be described as good inasmuch as 75% of the market value of the total commitments are invested in situations with an above average rate of earnings growth.

At a time when all electric utility equities have declined, the emphasis for new investments should probably be put on the growth situations which are likely, when investors' psychology changes in their favor, to rally faster than income utility stocks.

For new purchases, therefore, emphasis should be put on companies operating in territories with above average growth rate such as the Southeastern and Southwestern parts of the U.S. Carolina Power & Light, Central & South West, Middle South Utilities, Southern Company and Virginia Electric & Power are suitable for additional purchases.

EC/hm
Enc.

John W. Bristol & Co., Inc.

STATISTICAL DATA

	Per Share Earnings					% Rate of Earnings Growth		DIVIDENDS				
		Est.	----Projections-----					Average		---Projections------		
	1966	1967	1968	1969	1970	1962-66	E.1966-70	Payout	1967A	1968	1969	1970
American Electric Power	$1.90	$2.04	$2.15	$2.30	$2.45	8.7%	6.0%	71%	$1.44	$1.52	$1.62	$1.72
Carolina Power & Light	1.87	1.95	2.00	2.25	2.35	8.7	6.0	64	1.34	1.34	1.44	1.52
Central Illinois Light	1.68	1.85	1.90	2.00	2.10	8.3	6.5	64	1.12	1.20	1.20	1.25
Central & South West	2.21	2.35	2.55	2.65	2.80	7.1	6.1	66	1.60	1.68	1.75	1.85
Kansas City Power & Light	2.47	2.60	2.75	2.95	2.95	6.6	4.5	61	1.56	1.70	1.80	1.80
Louisville Gas & Electric	2.08	2.20	2.30	2.45	2.60	8.0	6.0	56	1.28	1.40	1.50	1.60
Middle South Utilities	1.19	1.30	1.35	1.45	1.55	9.4	6.8	60	0.76	0.82	0.88	0.94
Southern Company	1.45	1.55	1.70	1.80	1.95	6.4	7.7	67	1.02	1.12	1.22	1.32
Virginia Electric & Power	2.07	2.20	2.45	2.65	2.85	7.2	8.3	62	1.36	1.50	1.64	1.78

	Present Price (10/18/67)	Price Range	P/E Ratio 1967E	P/E Ratio 1968E	P/E Ratio 1970E	Average P/E Ratios 1963-65	Current Yield	Yield Est. 1970 Div. on Present Price
American Electric Power	35	42 - 34	17.2X	16.2X	14.4X	25X	4.1%	4.9%
Carolina Power & Light	35	47 - 35	18.0	17.5	15.0	25	3.8	4.3
Central Illinois Light	23	29 - 22	12.4	12.2	11.4	19	4.8	5.4
Central & South West	39	48 - 39	16.5	15.4	14.0	25	4.1	4.7
Kansas City Power & Light	31	39 - 31	12.0	11.3	10.5	20	5.1	5.9
Louisville Gas & Electric	28	34 - 28	12.8	12.2	10.8	21	4.6	5.7
Middle South Utilities	22	30 - 22	17.0	16.4	14.2	22	3.4	4.1
Southern Company	25	32 - 25	16.2	14.8	12.8	23	4.1	5.3
Virginia Electric & Power	39	50 - 38	17.8	16.0	13.6	26	3.5	4.5

A - Actual

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CORTLANDT 7-1137

September 26, 1967

ALLIED STORES CORPORATION
Convertible Debentures

COMMON STOCK DATA

Present Price	1967 Price Range	Earnings Per Share (a) 1965	1966	1967	1968E	PER 1968E	Current Dividend	Yield
40	42 - 22	$2.34	$2.95	$3.01	$3.10	12.9X	$1.32	3.3%

(a) - Years ending January

OFFERING

During the next few days Allied Stores is expected to issue $50 million of convertible subordinated debentures carrying a coupon of 4 1/2%. The bonds will probably be convertible at a price about 15% above the price of the common stock prevailing at the time of the offering. Based on the present price of the common stock, the debentures are believed to represent an attractive investment.

SUMMARY AND CONCLUSION

Allied Stores, the country's second largest department store company, has shown excellent earnings since Mr. Theodore Schlesinger became Chief Executive Officer in 1961. Particularly noteworthy was a modest improvement in fiscal 1967--generally a poor retailing year--which is helping to erase the long-held image of Allied as a highly cyclical investment. The Company's excellent showing and favorable prospects can be attributed in large part to basic policy changes instituted by Mr. Schlesinger including:

1) a major decentralization program which provided for the granting of greatly increased merchandising and personnel authority to the store managers;

2) a major upgrading in product mix with considerably greater emphasis on higher margined soft goods;

3) an expanded branch store program, with stress placed on building in areas where the main store is a strong merchandising force;

4) greater emphasis on private brand merchandise; and

5) the willingness to close unprofitable or unpromising stores.

Allied Stores Corporation
Conv. Debs. (continued)

In fiscal 1967 earnings increased from $2.95 to $3.01 on a sales rise of 7.2% While earnings in the first half of fiscal 1968 declined from $.30 to $.27, this decline is relatively meaningless in view of the importance of the Christmas quarter to full year results. For the year as a whole we believe that Allied can show earnings of over $3.10.

At its present price the stock sells at a moderate 12.9X these earnings, the lowest price/earnings ratio accorded any of the major non-food retailers. In addition to continued earnings progress in the next few years, some upward evaluation of the Company's earnings appears probable as the fundamental changes in Allied become increasingly apparent to investors. Investment in the convertible debentures is recommended.

September 26, 1967

ALLIED STORES CORPORATION
Convertible Debentures

COMMON STOCK DATA

Present Price	1967 Price Range	Earnings Per Share (a) 1965	1966	1967	1968E	PER 1968E	Current Dividend	Yield
40	42 - 22	$2.34	$2.95	$3.01	$3.10	12.9X	$1.32	3.3%

(a) - Years ending January

CONDENSED BALANCE SHEET ITEMS (mils.)

Current Assets	$421.1	Current Liabilities	$163.2	
Property and Equipment	295.8	Misc. Liabilities	3.2	
Other Assets	7.9	Long Term Debt	315.0	56.4%
		Preferred Stock	17.6	3.2
		Common & Surplus (7,308,672 shares)	225.8	40.4
	$724.8		$724.8	100.0%

OPERATING RECORD ($ millions)

Year (*)	Sales	% Oper. Inc. of Sales	Net Before Taxes	Net Income(#)	Common Share Data: Earn. (#)	Divs.	Price Range	PER
1956	$ 581.9	6.1%	$29.2	$14.0	$1.98	$1.20	26-21	13-10
1957	615.8	5.8	28.5	14.3	2.02	1.20	23-17	11- 8
1958	632.8	5.1	25.2	12.4	1.73	1.20	19-14	11- 8
1959	643.8	4.9	24.2	12.0	1.67	1.20	22-14	13- 9
1960	679.5	5.3	28.1	14.6	2.07	1.20	25-21	12-10
1961	680.5	4.4	21.8	10.9	1.48	1.20	23-17	16-11
1962	713.5	4.9	26.6	13.5	1.82	1.20	28-18	16-10
1963	770.8	4.6	25.8	12.5	1.60	1.20	27-18	17-11
1964	829.8	4.6	27.7	14.4	1.86	1.20	23-20	13-11
1965	893.4	6.8	35.2	17.7	2.34	1.20	32-22	14- 9
1966	955.5	7.3	42.5	22.3	2.95	1.20	36-27	12- 9
1967	1,024.3	7.0	41.1	22.7	3.01	1.32	35-22	12- 7

(*) - Years ending January;
(#) - Nonconsolidated, 1955 - 1957.

BACKGROUND AND OPERATIONS

Allied Stores is the country's second largest department store company with 114 stores in 26 states. About half of the Company's volume, however, comes from stores in four major metropolitan areas: Jordan Marsh in Boston; Stern's and Gertz in New York; Donaldson's-Golden Rule in Minneapolis; and Bon Marché in Seattle. Other important divisions are located in rapidly growing areas in Florida and Texas.

While the operations in New York are only holding their own, it should be noted that Jordan Marsh--which probably contributes about one-fourth of total earnings--is believed to be increasing its share of the market in Boston at the expense of Filenes', owned by Federated, and increases in market share are also being scored by the Company's Seattle, Florida, and Texas operations.

Allied's poor earnings performance prior to the naming of Mr. Schlesinger as President can be attributed to three factors:

1) a tightly run central organization which while properly concerned with financial controls, too often overlooked the all-important function of merchandising and the necessity of matching the characteristics of the individual store to the community served by that store;

2) a preoccupation with maintaining sales leadership in the industry (a position now clearly lost to Federated), even at the expense of acquiring relatively poor properties; and

3) the vulnerability of many of the Company's stores--frequently ranking #3 or even #4 in their community--to competition from new forms of retailing, especially discounting.

While the Company still has elaborate financial controls, there has been substantially increased attention devoted to merchandising since 1961. To achieve this, several changes have been brought about:

1) MAJOR DECENTRALIZATION

Prior to 1961, all of the Company's units operated under a strong central management, with virtually all major decisions being made at the headquarters office in New York. In 1961, however, under the direction of Mr. Schlesinger, stores in neighboring communities were combined to form group and divisional areas of responsibility, with the result that individual units were granted considerably greater local autonomy and greater flexibility to meet local competitive conditions.

Each division is headed by a Vice President having complete authority over product line and merchandising techniques, and also full responsibility for the financial results of his particular division.

2) UPGRADED PRODUCT MIX

Five years ago many of the Company's stores were known principally as hard goods outlets with no major position in the more profitable soft goods area. Consequently, a concerted effort has been made in soft goods--especially in fashion wear--in many of the Company's outlets. Illustrating the change in emphasis is the fact that while five years ago soft goods and hard goods each contributed about half of corporate volume, soft goods now account for over 65%. This change in mix has undoubtedly already improved the Company's basic profitability, but since the development of any real "fashion" image takes many years, improvement should be gradual but continuing.

3) AN EXPANDED BRANCH STORE PROGRAM

Allied has greatly increased its branch store expansion program, but unlike a few years ago concentration of this program is in areas where the Company has a main store with a strong merchandising position. Consequently emphasis is being placed in areas such as Boston, Seattle, Florida, and Texas, while virtually no expansion is being undertaken in the New York or Minneapolis areas. Branch stores contribute around 37% of total volume currently, compared with 24% as recently as four years ago. The Company expects to add five or six branches a year over the next few years.

4) PRIVATE BRAND PROGRAM

As part of its merchandising program, Allied has greatly increased its emphasis on private brand merchandise. While virtually no items of this type were sold in 1961, items sold under nine private labels now account for over 5% of sales and are expected to increase at a considerably faster rate than overall corporate volume. On such items, the Company enjoys better control over margins and at the same time benefits from increased consumer acceptance resulting from distinctive and quality merchandise being sold at attractive prices.

5) STORE CLOSINGS

An extremely encouraging development has been the closing of a number of stores which were not profitable. This clearly indicates that Allied's management is no longer primarily interested in building sales for sales' sake. Among those outlets closed include stores in Cincinnati, Kansas City, and Fort Worth. While there are still some unprofitable stores in the Allied operation, most of the major problems have been eliminated. Part of the problem, of course, is that some of the poorer stores still have long term leases which have not yet expired, but undoubtedly there will be other closings as these leases expire over the next few years.

MANAGEMENT

Although it is clear that there is an important change in Allied's organizational structure and, indeed, its overall operating philosophy, it cannot be stated that there has been a wholesale management change. Mr. Schlesinger is an Allied man of long standing, having occupied a number of management and merchandising positions in the Company since 1929.

It is, in a sense, difficult to rate the top personnel since they were so long "under the thumbs" of Mr. B. Earl Puckett and Mr. Charles McCarthy, who were financial men and exercised almost complete control of the Company's operations. Clearly the progress shown in the last few years, however, both in the corporation as a whole and in many of its key marketing areas would indicate that management is capable and certainly far more alert to opportunities than was the case a few years ago.

WMG:lh
9-26-67

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October 19, 1967

KAISER ALUMINUM & CHEMICAL CORPORATION

Present Price	1967 Price Range	Earnings Per Share 1966	1967	Poss. 1968	P/E Ratio 1967E	1968E	Dividend	Yield
45	59 - 39	$3.30	$3.00-3.10	$3.50-3.75	15X	12-13X	$1.00	1.9%

CAPITALIZATION (12/31/66)

	Book (in mill. $)	%
Debt	$433.01	51.0%
Preferred (non convertible)	20.24	2.3
Convertible Preferred*	73.50	8.5
Common Stock & Surplus	329.35	38.2
	$856.10	100.0%

* Conversion of preferreds would increase common shares outstanding by 11%. Per share earnings would be diluted by 5%.

OPERATING RECORD

Year Ended Dec. 31	Net Sales ($ mill.)	% Oper. Income of Sales	Net Income ($ mill.)	Earnings	Dividends Paid	Price Range Common	P/E Ratios HI LO
1957	$391.6	22.0%	$26.83	$1.58	$0.90	47 - 22	30 - 14
1958	408.6	23.6	25.23	1.43	0.90	48 - 23	33 - 16
1959	435.5	22.6	22.33	1.17	0.90	65 - 37	56 - 32
1960	406.6	23.3	22.77	1.20	0.90	55 - 32	46 - 27
1961	424.0	22.2	24.04	1.27	0.90	50 - 30	39 - 24
1962	444.2	22.3	31.15	1.74	0.90	37 - 25	21 - 14
1963	437.1	19.1	23.36	1.23	0.90	42 - 31	34 - 25
1964	515.9	18.5	28.65	1.55	0.90	42 - 29	27 - 18
1965	635.9	17.9	39.96	2.14	0.90	41 - 29	19 - 13
1966	781.6	20.0	58.91	3.30	1.00	53 - 30	16 - 9

10 Year Earnings of the Leading Aluminum Companies

	Alcoa	Reynolds	Kaiser	Advanced Price of Primary Aluminum
1957	$3.55	$2.14	$1.37	25.4¢ per lb.
1958	1.96	2.24	1.45	24.8
1959	2.52	2.39	1.15	24.7
1960	1.76	1.26	1.17	26.0
1961	1.90	1.26	1.32	25.5
1962	2.53	1.35	1.73	23.9
1963	2.27	1.42	1.26	22.4
1964	2.72	1.96	1.65	23.7
1965	3.41	2.92	2.14	24.5
1966	4.83	3.61	3.30	24.5

BACKGROUND

Kaiser Aluminum, 34% owned by Kaiser Industries, is the third largest domestic aluminum company. It produces 22% of the primary aluminum output in the U.S.

In November 1966 Kaiser acquired Southern Nitrogen. This represents its first entry into the field of agricultural chemicals which account now for 14% of its sales.

Kaiser also manufactures refractories for the steel, glass etc. markets. Sales estimated at $50-$55 million account for 7% of overall sales.

Abroad Kaiser owns a 50% interest in James Booth Aluminium Ltd., an established British producer of aluminum products; also a 50% interest in Comalco Industries, an integrated Australian producer; and smaller interests in Asia and South America.

In Ghana a 90% owned subsidiary, Volta, is completing the construction of an aluminum reduction plant at a cost of $120 million. Capacity: 115,000 tons of primary aluminum, which will increase the Company's overall capacity by 17%.

Kaiser Aluminum is planning to further its diversification by entering the nickel and magnesium fields.

RECENT DEVELOPMENTS

Due to softer economic conditions, aluminum demand has increased only slightly in 1967. Improving business activity could cause demand to resume in 1968 the average 8% growth rate in demand of the past ten years.

During the first six months of 1967, Kaiser's sales rose 1.6%. Due to a higher tax rate, a drop in the investment tax credit and higher depreciation charges, profits rose only .2%.

Third quarter results were most disappointing as sales declined 6.4% and net income declined 15%. Earnings for the first 9 months were thus $1.78 per share vs. $2.48 for the corresponding period of 1966.

Hence full year earnings may not exceed $3.00-$3.10 per share.

INVESTMENT MERITS

On the strength of earlier earnings estimates of $3.50-$3.60 per share in 1967, Kaiser rose from 39 to 59 in August. Upon the release of the third quarter earnings the stock weakened abruptly to the present 45 level.

The improvement in demand which has developed over the past two months should normally lead to better profitability in 1968 when Kaiser could earn conservatively $3.50-$3.70 per share. The inherent leverage to this company could produce under optimum conditions earnings as high as $4.00.

Thus Kaiser, now traded at 11-12X earnings, represents good value and may be accumulated for a cyclical recovery.

EC/hm

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September 13, 1967

GENERAL REINSURANCE CORPORATION

Progress Report

Market Price	1966-67 Price Range	Adj. Earnings Per Share (1) 1965	1966	1967 E	Price/Earn. E1967	Mean 1963-66	Price/ Inv. Inc. 1967E	Divd.	Yield
233	310 - 205	$13.61	$16.41	$17.50	13.4X	19.0X	15.7X	$2.00	.8%

(1) Consolidated basis, including earnings from life reinsurance operations.

FIRST HALF 1967

Underwriting results in the second quarter were considerably better than those recorded in the first when the combined ratio exceeded 102%. The largest loss in the second quarter resulted from tornado damage in Illinois costing some $800,000. Premiums written declined moderately reflecting greater underwriting selectivity as well as the bulge in portfolio reinsurance during the comparable period last year. Investment income increased 16.7%. Key consolidated operating figures for the half follow:

	---- 6 months June 30---- 1966	1967	Change
	----------(000)----------		
Premiums Written	$72,086	$66,937	- 7.1%
Premiums Earned	66,408	69,126	+ 4.1
Increase in Unearned Premium Reserve	5,678	(2,189)	
Underwriting Profit	851	971	+14.0
Investment Income	4,367	5,134	+17.6
Loss Ratio	52.6%	58.0%	
Expense Ratio	42.5	41.9	
Combined Ratio	95.1	99.9	

1967 PROSPECTS

While 1967 so far has presented an above-average number of problems, including the McCormick Place fire - one of the largest single losses in General Re's history, underwriting results were on a break-even basis. Moreover, it is probable that the Company has over-reserved on this catastrophe to the extent of $1.2 million, so that a favorable adjustment will be recorded in the second half. The Company's riot exposure has been small; management estimates that net losses may not exceed $600,000. Underwriting comparisons in the second half will be further improved by the probable absence in 1967 of special reserving which amounted to about $2 million at the end of last year. Furthermore, North Star Reinsurance which will be consolidated in the present year is enjoying highly improved results due to elimination of unprofitable business.

Management projects underwriting margins at around last year's 3.2% level - an exceptional performance in a difficult year. With interest rates at record levels, net investment income could grow by 15% at least. The adjustment for equity in unearned premiums will undoubtedly decline as a result of lower premium writings in the first half. Overall, we estimate conservatively that adjusted earnings should increase by 7% or more to approximately $17.50 per share, compared to $16.41 realized last year. These figures include our adjustments for operations of General Reinsurance Life Corporation which currently has over $400 million of life reinsurance in force and premium income of $1.2 million. We understand that life operations are running ahead of projections and in time will be of major importance. General also has a number of unconsolidated foreign subsidiaries, quite small but promising.

LONG TERM OUTLOOK

In our opinion General Reinsurance has the largest staff of experienced underwriters in the industry and the most capable management. The guiding principle in its operations is never to sacrifice profit for volume. The Company has consistently increased its business only when it could write acceptable risks at reasonable rates. Although reinsurers operate with a more flexible rate structure than primary companies and enjoy the benefits of direct writing, recent experience has shown that it requires a superior company to exploit these advantages. Fire and casualty reinsurance must be written most selectively because of the large portion of business involving special risks that are judgment-rated and because of the more severe impact of inflation on their claims. During the past decade when most reinsurance companies have operated with even less success than primary writers, General Re has enjoyed a consistently profitable underwriting experience. Adjusted earnings have shown gains of 15% annually on the average since 1956. We believe this trend will continue, particularly if the degree of competition in the reinsurance field decreases as a result of the withdrawal of some foreign reinsurers and the weakening capital position of some domestic firms that have sustained very unfavorable underwriting results recently.

INVESTMENT CONCLUSIONS

General Reinsurance shares have declined 25% from the 1966-67 high of 310 to about 235 at present. Concern over the exposure of property insurance companies to wide-spread riots are primarily responsible for this decline. General Re's losses in this area have been minimal. The Company's earnings outlook is favorable, and its competitive position appears to be improving. At approximately 13 1/2 times estimated adjusted earnings this year and closer to 12 times our preliminary projection for 1968, the stock is valued substantially below relative levels prevailing in the past:

Quarterly Comparative Valuation - 12 Months Moving Data: 1964-67

	General Reinsurance as % of S & P 425 Industrial Index		
	Price	Pretax Investment Income	Price/ Pretax Inv. Inc.
1964			
March	272	203	134
June	260	200	130
September	250	200	125
December	250	203	123
1965			
March	265	204	130
June	202	203	100
September	204	202	101
December	210	200	105
1966			
March	233	200	116
June	243	209	117
September	299	217	138
December	345	224	154
1967			
March	265	233	114
June	240	238	101

RCL/hm

John W. Bristol & Co., Inc.

JOHN W. BRISTOL & CO.
INCORPORATED
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CORTLANDT 7-1137

INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

The next meeting of the Finance Committee will be held on Wednesday, October 25, 1967 at The Pinnacle Club, 150 East 42nd Street, New York City, 11:00 A. M.

September 28, 1967

JOHN W. BRISTOL & CO.
INCORPORATED
233 BROADWAY
NEW YORK, N. Y. - 10007
CORTLANDT 7-1137

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

April 26, 1967

INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee
April 21, 1967 at the Fuld Hall, Princeton

Present:

Mr. Schur	Mr. Hansmann
Mr. Dilworth	Mr. Morgan
Mr. Shanks	Mr. Cotty
Dr. Kaysen	

1. Investment changes since last meeting were ratified. (Schedule attached)

2. Committee discussed the advisability of accumulating shares of uranium producers. Consensus was to add to Kerr-McGee and to initiate holdings in United Nuclear during periods of market weakness.

3. The new holding of 11,312 shares Transamerica common stock received in exchange for United Artists shares upon exercise of warrants will be retained but is considered a source of funds.

4. The holding of 18,000 warrants Coastal States Gas Producing will be exercised before their expiration on June 1, 1967.

5. After thorough review and discussion of the portfolio, no changes were authorized.

   The following holdings are to be considered as sources of funds for new investment opportunities:

Armour & Co.	Massey-Ferguson
Continental Casualty	Falconbridge Nickel *

   * Pending Study.

6. The Committee noted reports submitted on Western Power & Gas, McDonald's Corporation, and Betz Laboratories.

7. Date of the next meeting will be decided at a later date.

Edmond Cotty
Secretary

Ira A. Schur
Chairman

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES AND SALES OF EQUITIES

Since January

PURCHASES	Cost
a) Short Term Securities	
600 M Federal Land Bank 5.875%, due 12-20-67	$ 604,687
600 M F.I.C.B. 6.05%, due 9-5-67	603,187
500 M U.S. Treasury Notes 4.875%, due 11-15-67	500,781
500 M U.S. Treasury Notes 5.625%, due 2-15-68	504,921
	$2,213,576
b) Equities (to be ratified)	
2,900 shares Kansas City Power & Light (program: 10,000 shares)	$ 100,423
1,500 shares Kerr McGee (program: 3,000 shares)	140,099
7,000 shares Western Power & Gas (program: 10,000 shares)	426,328
	$ 666,850

4,254 shares Eltra Corp., common stock (present market value: $230,000), were received upon conversion of holding of $160,000 par value Mergenthaler Linotype 5% Convertible Debentures (book value: $98,250).

SALES	Proceeds
a) Matured	
500 M F.I.C.B. 5.60% matured 3/1/67	$500,000
b) Equities	
Authorized at Last Meeting	
20,808 shares International Flavors & Fragrances	$ 797,058
4,745 shares Monsanto	206,883
15,200 shares Wallace & Tiernan	540,444
To be Ratified	
10,000 shares Columbus & Southern Ohio Electric	375,605
15,000 shares Parke Davis	464,177
3,000 shares McMillan, Bloedel Ltd. 3% Pfd.	2,767
	$2,386,934

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CORTLANDT 7-1137

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

April 12, 1967

INSTITUTE FOR ADVANCED STUDY

Agenda for Meeting of the Finance Committee
Friday, April 21, 1967, at 11:00 A. M.
at the Fuld Hall in Princeton, New Jersey

1. Report by the Chairman.

2. Ratify investment changes since January.
(Schedule attached)

3. Investment Review:

   - List of holdings as of March 31, 1967.

4. Discuss advisability of accumulating shares of uranium producers favored by accelerating acceptance of atomic energy
(Memo dated March 15, 1967)

5. Discuss new holding of 11,312 shares Transamerica received in exchange for United Artists shares upon exercise of warrants
(Memo dated April 11, 1967)

6. Exercise 18,000 warrants Coastal States Gas Producing at \$2.50 (\$45,000) for shares having a market value of \$612,000
(Memo dated April 6, 1967)

7. For Information:

   - Western Power & Gas Company, Inc.
(Memo dated April 10, 1967)

   - McDonald's Corporation
(Memo dated March 31, 1967)

   - Betz Laboratories
(Progress Report dated February 27, 1967)

   - 10,000 shares Sinclair Oil, common stock, were exchanged for 10,000 shares Atlantic Richfield Co. \$3.00 Cumulative Convertible Preferred stock under prevailing exchange offer.

John W. Bristol & Co., Inc.

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES AND SALES OF EQUITIES

Since January

PURCHASES	Cost
a) Short Term Securities	
600 M Federal Land Bank 5.875%, due 12-20-67	$ 604,687
600 M F.I.C.B. 6.05%, due 9-5-67	603,187
500 M U.S. Treasury Notes 4.875%, due 11-15-67	500,781
500 M U.S. Treasury Notes 5.625%, due 2-15-68	504,921
	$2,213,576
b) Equities (to be ratified)	
2,900 shares Kansas City Power & Light (program: 10,000 shares)	$ 100,423
1,500 shares Kerr McGee (program: 3,000 shares)	140,099
7,000 shares Western Power & Gas (program: 10,000 shares)	426,328
	$ 666,850

4,254 shares Eltra Corp., common stock (present market value: $230,000), were received upon conversion of holding of $160,000 par value Mergenthaler Linotype 5% Convertible Debentures (book value: $98,250).

SALES	Proceeds
a) Matured	
500 M F.I.C.B. 5.60% matured 3/1/67	$500,000
b) Equities	
Authorized at Last Meeting	
20,808 shares International Flavors & Fragrances	$ 797,058
4,745 shares Monsanto	206,883
15,200 shares Wallace & Tiernan	540,444
To be Ratified	
10,000 shares Columbus & Southern Ohio Electric	375,605
15,000 shares Parke Davis	464,177
3,000 shares McMillan, Bloedel Ltd. 3% Pfd.	2,767
	$2,386,934

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CORTLANDT 7-1137

INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

The next meeting of the Finance Committee will be held on Friday, April 21, 1967 at Fuld Hall in Princeton, New Jersey at 11:00 A.M.

March 20, 1967

JOHN W. BRISTOL & CO.
INCORPORATED
233 BROADWAY
NEW YORK, N. Y. - 10007
CORTLANDT 7-1137

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

February 6, 1967

INSTITUTE FOR ADVANCED STUDY

Minutes, Meeting of the Finance Committee
February 1, 1967 at the Pinnacle Club, N. Y. C.

Present:

Mr. Schur	Dr. Kaysen
Mr. Dilworth	Mr. Hansmann
Mr. Shanks	Mr. Morgan
Mr. Strauss	Mr. Cotty

1. Investment changes since the last meeting were ratified.
Schedule attached)

2. After thorough review and discussion of the portfolio the following changes were authorized:

SALES:

4,745 shares Monsanto Co.
20,808 shares International Flavors & Fragrances
15,200 shares Wallace & Tiernan

Possible additional sales for consideration upon further study:

Armour & Co.	Massey-Ferguson
Continental Casualty	Parke Davis
Hawthorn Mellody	Life Insurance stocks

3. At suggestion of Committee, investment merits of Beneficial Finance and of Household Finance will be reviewed.

4. Holding of 13,000 shares Travelers Corporation received as a gift will be retained and reviewed periodically.

5. The Committee noted reports submitted on:

- Massey-Ferguson, Ltd.
- Continental Casualty Company

6. Date of next meeting: Friday, April 21, 1967.

Edmond Cotty
Secretary

Ira A. Schur
Chairman

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES AND SALES OF EQUITIES

Since April Meeting

PURCHASES	Unit Cost	Cost	Present Market Price
1. Increase of Existing Holdings			
5,000 shs. Middle South Utilities	21 3/4	$ 109,375	26 1/4
3,000 shs. Sinclair Oil	58	175,119	70
4,000 shs. General Telephone & Electronics	40	160,882	48
5,000 shs. Armour & Co.	38	191,246	37
2,000 shs. American Metal Climax	44	88,191	49
2,500 shs. Schlumberger Limited	52	130,341	50
5,000 shs. Chrysler Corporation	34	172,176	36
9,000 shs. Celanese Corporation	50	447,701	54
2,000 shs. Monsanto	61	122,902	46
2. New Holdings			
10,000 shs. Reynolds Metals	48	481,448	58
10,000 shs. Becton Dickinson	35	351,799	42
5,000 shs. Freeport Sulphur (subsequently sold for $172,573)	34 1/2	171,800	40
		$2,602,980	

Private Placement	Cost
250 M IEC Corp. Sub. Notes 6 1/2%, due 6-30-81 with warrants	$ 250,000

Short Term	Cost
500 M F.I.C.B. 4.35%, due 6-1-66	$ 499,335
400 M F.I.C.B. 4.35%, due 8-1-66	399,187
500 M First Nat'l City Bank 5 1/2%, due 4-11-67	500,000
1,200 M Federal Home Loan Bank 5.55%, due 4-25-67	1,198,671
500 M F.I.C.B. 5.60%, due 3-1-67	500,139
500 M U.S. Treasury Bills 4.89%, due 5-31-67	475,346
300 M F.I.C.B. 5 7/8%, due 5-1-67	299,906
300 M Pennzoil Co. 6 1/2% Note, due 6-30-68	299,625
	$4,172,209

SALES		Proceeds
6,400 shs.	Amerada Petroleum	$ 429,281
16,000 shs.	Gulf States Utilities	419,522
1,700 wts.	Home Oil Co. Ltd.	7,225
4,000 shs.	Upjohn	244,363
8,000 shs.	U. S. Freight	399,068
4,000 shs.	Monsanto	154,294
15,000 shs.	Montgomery Ward	310,440
		$1,964,193
250 M	Abitibi Power & Paper 4 1/2%, matured 9-15-66	$ 231,875

Short Term		
750 M	U. S. Treasury Bills, due 4-14-66	$ 741,680
500 M	U. S. Treasury Notes 4%, due 8-15-66	498,750
215 M	U. S. Treasury Notes 4%, due 5-15-66	215,000
132 M	U. S. Treasury Notes 4%, due 11-15-66	132,422
1,000 M	Federal Home Loan Bank 4.35%, due 5-25-66	1,000,000
500 M	F. I. C. B. 4.35%, due 6-1-66	500,000
500 M	U. S. Treasury Bills due 6-1-66	494,565
500 M	Federal Home Loan Bank 4.40%, due 6-24-66	499,953
400 M	F. I. C. B. 4.35%, due 7-5-66	400,000
400 M	F. I. C. B. 4.45%, due 8-1-66	399,953
500 M	U. S. Treasury Bills, due 5-31-67	475,346
1,000 M	U. S. Treasury C/I 5 1/4%, due 8-15-67	995,312
		$6,352,981

JOHN W. BRISTOL & CO.
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233 BROADWAY
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CORTLANDT 7-1137

INSTITUTE FOR ADVANCED STUDY

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

The next meeting of the Finance Committee will be held on Wednesday, February 1, 1967 at The Pinnacle Club, 150 E. 42nd Street, New York City, 12:30 PM (luncheon meeting).

January 3, 1967

Memo to Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

JOHN W. BRISTOL & CO.
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233 BROADWAY
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January 26, 1967

INSTITUTE FOR ADVANCED STUDY

Agenda for Meeting of the Finance Committee
Wednesday, February 1, 1967, at 12:30 P.M.
At the Pinnacle Club, Socony Mobil Building, 42nd Street, N.Y.C.

1. Report by the Chairman.

2. Ratify investment changes since the last meeting.
   (Schedule attached)

3. Investment Review:

   - List of holdings as of December 30, 1966;
   - List of largest equity holdings
     (Schedule attached)

4. Comments on gift of 13,000 shares Travelers Corp. and discussion of investment merits of new holding.
   (Memo dated January 26, 1967)

5. Suggested Investment Changes:

SELL

	Book Cost	Approximate Proceeds
15,200 shares Wallace & Tiernan (Memo dated November 22, 1966)	$416,000	$515,000

6. For Information:

   - Massey-Ferguson, Ltd.
     (Progress Report dated January 9, 1967)

   - Continental Casualty Company
     (Progress Report dated November 21, 1966)

Progress Reports on Norwich Pharmacal, Hawthorn-Mellody, Florida Gas and International Flavors & Fragrances accompanied Agenda for November meeting which was postponed.

John W. Bristol & Co., Inc.

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES AND SALES OF EQUITIES

Since April Meeting

PURCHASES	Unit Cost	Cost	Present Market Price
1. Increase of Existing Holdings			
5,000 shs. Middle South Utilities	21 3/4	$ 109,375	26 1/4
3,000 shs. Sinclair Oil	58	175,119	70
4,000 shs. General Telephone & Electronics	40	160,882	48
5,000 shs. Armour & Co.	38	191,246	37
2,000 shs. American Metal Climax	44	88,191	49
2,500 shs. Schlumberger Limited	52	130,341	50
5,000 shs. Chrysler Corporation	34	172,176	36
9,000 shs. Celanese Corporation	50	447,701	54
2,000 shs. Monsanto	61	122,902	46
2. New Holdings			
10,000 shs. Reynolds Metals	48	481,448	58
10,000 shs. Becton Dickinson	35	351,799	42
5,000 shs. Freeport Sulphur (subsequently sold for $172,573)	34 1/2	171,800	40
		$2,602,980	

Private Placement

250 M IEC Corp. Sub. Notes 6 1/2%, due 6-30-81 with warrants	$ 250,000

Short Term

500 M F.I.C.B. 4.35%, due 6-1-66	$ 499,335
400 M F.I.C.B. 4.35%, due 8-1-66	399,187
500 M First Nat'l City Bank 5 1/2%, due 4-11-67	500,000
1,200 M Federal Home Loan Bank 5.55%, due 4-25-67	1,198,671
500 M F.I.C.B. 5.60%, due 3-1-67	500,139
500 M U.S. Treasury Bills 4.89%, due 5-31-67	475,346
300 M F.I.C.B. 5 7/8%, due 5-1-67	299,906
300 M Pennzoil Co. 6 1/2% Note, due 6-30-68	299,625
	$4,172,209

SALES		Proceeds
6,400 shs.	Amerada Petroleum	$ 429,281
16,000 shs.	Gulf States Utilities	419,522
1,700 wts.	Home Oil Co. Ltd.	7,225
4,000 shs.	Upjohn	244,363
8,000 shs.	U. S. Freight	399,068
4,000 shs.	Monsanto	154,294
15,000 shs.	Montgomery Ward	310,440
		$1,964,193
250 M	Abitibi Power & Paper 4 1/2%, matured 9-15-66	$ 231,875

Short Term

750 M	U. S. Treasury Bills, due 4-14-66	$ 741,680
500 M	U. S. Treasury Notes 4%, due 8-15-66	498,750
215 M	U. S. Treasury Notes 4%, due 5-15-66	215,000
132 M	U. S. Treasury Notes 4%, due 11-15-66	132,422
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		$6,352,981

Memo to Mr. Leidesdorf
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Mr. Hochschild
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Mr. Strauss
Mr. Dilworth
Mr. Hansmann

JOHN W. BRISTOL & CO.
INCORPORATED
233 BROADWAY
NEW YORK, N. Y. - 10007
CORTLANDT 7-1137

January 26, 1967

INSTITUTE FOR ADVANCED STUDY

Agenda for Meeting of the Finance Committee
Wednesday, February 1, 1967, at 12:30 P. M.
At the Pinnacle Club, Socony Mobil Building, 42nd Street, N. Y. C.

1. Report by the Chairman.

2. Ratify investment changes since the last meeting.
(Schedule attached)

3. Investment Review:

   - List of holdings as of December 30, 1966;
   - List of largest equity holdings
(Schedule attached)

4. Comments on gift of 13,000 shares Travelers Corp. and discussion of investment merits of new holding.
(Memo dated January 26, 1967)

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John W. Bristol & Co., Inc.

INSTITUTE FOR ADVANCED STUDY

SUMMARY OF PURCHASES AND SALES OF EQUITIES

Since April Meeting

PURCHASES	Unit Cost	Cost	Present Market Price
1. Increase of Existing Holdings			
5,000 shs. Middle South Utilities	21 3/4	$ 109,375	26 1/4
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Private Placement

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Short Term

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500 M F.I.C.B. 5.60%, due 3-1-67	500,139
500 M U.S. Treasury Bills 4.89%, due 5-31-67	475,346
300 M F.I.C.B. 5 7/8%, due 5-1-67	299,906
300 M Pennzoil Co. 6 1/2% Note, due 6-30-68	299,625
	$4,172,209

SALES		Proceeds
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		$1,964,193
250 M	Abitibi Power & Paper 4 1/2%, matured 9-15-66	$ 231,875

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500 M	F. I. C. B. 4.35%, due 6-1-66	500,000
500 M	U. S. Treasury Bills due 6-1-66	494,565
500 M	Federal Home Loan Bank 4.40%, due 6-24-66	499,953
400 M	F. I. C. B. 4.35%, due 7-5-66	400,000
400 M	F. I. C. B. 4.45%, due 8-1-66	399,953
500 M	U. S. Treasury Bills, due 5-31-67	475,346
1,000 M	U. S. Treasury C/I 5 1/4%, due 8-15-67	995,312
		$6,352,981

INSTITUTE FOR ADVANCED STUDY

Estimated Assets as of January 31, 1967

	December 31, 1966		Est. January 31, 1967	
Fixed Income Securities	$ 9,352,000	21.6%	Est. $ 9,675,000	21.0%
Equities	33,978,000	78.4	36,900,000	79.0
	$43,330,000	100.0%	Est. $46,575,000	100.0%

The estimated increase of some $2,900,000 in the value of equities during the month of January 1967 is accounted for as follows:

	Market Appreciation	$2,750,000
	Gift of 13,000 shares Travelers Corp.	490,000
		$3,240,000
less:	Elimination of Montgomery Ward holding	315,000
		$2,925,000

During the month of January the equity section of the Trust appreciated 8%, in line with the Dow-Jones Industrial Average which rose 8.1%.

Portfolio Holdings Which Rose 15% or More in January

United Artists warrants	50%
De Soto Chemical	45%
Coastal States Gas Producing	31%
Allied Chemical	29%
Schlumberger Limited	28%
Harris Intertype	23%
International Flavors & Fragrances	21%
Celanese Corporation	20%
Crowell-Collier	20%
Great West Life Insurance	17%
Armour & Co.	16%
American Metal Climax	16%
Newmont Mining	16%
Chrysler Corporation	15%
Georgia Pacific	15%

INSTITUTE FOR ADVANCED STUDY

Equity Holdings in Excess of $600,000

	No. of Shares	Book Cost	Market Price 12/30/65	Market Price 1/20/67	Market Value	Income
I. B. M.	7,496	7	333	398	$ 4,000,000	$ 32,982
Louisiana Land	30,000	2	49	57	1,710,000	48,000
Texaco	17,850	9	80	75	1,340,000	46,410
Newmont Mining	22,000	9	59	53	1,160,000	48,400
Gulf Oil	17,201	5	58	59	1,000,000	37,842
Magma Copper	15,750	20	61	58	850,000	56,700
Celanese Corp. *	15,000	50	85	55	820,000	30,000
Int'l Flavors & Fragr.	20,808	5	24	39	810,000	6,242
Skelly Oil	17,500	12	40	45	790,000	17,500
Sinclair Oil	10,000	62	62	70	700,000	24,000
General Telephone	14,000	43	46	48	675,000	17,920
Falconbridge Nickel	8,000	24	100	82	656,000	28,000
Southern Union Gas	25,000	24	37	25	625,000	27,500
					$15,136,000	$421,496

The 13 largest equity holdings of the Endowment Fund account for about 33% of the overall assets and for 41% of the equity risk. The income they provice accounts for 26% of overall indicated income and for 37% of indicated dividend income.

* 6,000 shares were held as of December 31, 1965; 2,000 shares were subsequently bought at an average price of 63 and 7,000 shares were bought in December 1966 at an average price of 45.

INSTITUTE FOR ADVANCED STUDY

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FINANCE COMMITTEE MEETING TALLY

	Jan. 24 (Tues)	Jan. 25 (Wed.)	Jan. 30 (Mon.)	Jan. 31 (Tues)	Feb. 1 (Wed.)	Thurs, Feb.2
Mr. Leidesdorf ----------------	yes	yes	no	yes	yes	~~yes~~ no
Mr. Schur ---------------	yes	yes	yes	yes	yes	yes
Mr. Hochschild ---------------	yes	yes	yes	yes	yes	no
Mr. Shanks ---------------	yes	yes	yes	yes	yes	yes
Mr. Strauss ---------------	no	no	no	no	yes	yes
Mr. Dilworth ---------------	no	no	no	yes	yes	yes
Mr. Hansmann ---------------	yes	yes	yes	yes	yes	yes
Mr. Bristol ---------------	no?	yes	yes	yes	no?	yes

12/28/66

Dear Mr. Morgan:

We now find that it will be impossible for Mr. Leidesdorf to attend a Finance Committee meeting on Thursday, February 2nd. Will you, therefore, please remove this from the list of dates which we sent you yesterday as available.

Happy New Year!

Sincerely,

Edna Lee

Secy to Mr. Leidesdorf

Mr. Minot C. Morgan Jr.
Institute for Advanced Study
Princeton, N. J. 08540

from the desk of SAMUEL D. LEIDESDORF

CHECK LIST

I would be able to attend a luncheon meeting of the Finance Committee of the Institute for Advanced Study in New York City on:

Tuesday, January 24 okey

Wednesday, January 25 okey

Monday, January 30 No

Tuesday, January 31 okey

Wednesday, February 1 okey

Thursday, February 2 okey

Name S. A. Lidesdorf

THE INSTITUTE FOR ADVANCED STUDY

PRINCETON, NEW JERSEY

OFFICE OF THE GENERAL MANAGER

December 22, 1966

To Members of the Finance Committee
Mr. Leidesdorf
Mr. Schur
Mr. Hochschild
Mr. Shanks
Mr. Strauss
Mr. Dilworth
Mr. Hansmann

Gentlemen:

Mr. Schur has asked me to find a new date for the meeting of the Finance Committee which was postponed in early December.

Will you please fill out the enclosed questionnaire and return it to me at your earliest convenience? The meeting would be a noon luncheon meeting in New York City.

Cordially yours,

Minot C. Morgan, Jr.

copy to: Mr. John Bristol