EXHIBIT 19

(Part 1 of 8)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: **BERNARD L. MADOFF INVESTMENT SECURITIES LLC,** **Debtor,**	**Adv. Pro. No. 08-01789 (BRL)** **SIPA LIQUIDATION** **(Substantively Consolidated)** **Adv. Pro. No. 10-5287 (BRL)**
IRVING H. PICARD, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC, **Plaintiff,** **v.** **SAUL B. KATZ, et al.,** **Defendants.**	**11-CV-03605 (JSR) (HBP)**

Bruce Dubinsky Deposition Binder

Tabs 26-80

Part II of III

ATTORNEY WORK PRODUCT
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EXHIBIT
D-25B
1-11-12

1980

VOL. 2

INSURANCE
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MOODY'S®

BANK & FINANCE MANUAL

Moody's Investors Service

DB a company of The Dun & Bradstreet Corporation

SEE FOLLOWING PAGE FOR COMPLETE LIST OF OFFICES

1970 ..	386,716	429,533	577,628	132,353	....
1975 ..	556,377	538,438	847,545	159,751	....

Net Premiums Written, years ended Dec. 31 ($000):

	1979	1978
Fire	77,755	74,359
Allied lines	34,102	36,793
Multiple peril	238,804	233,307
Ocean marine	42,608	37,755
Inland marine	51,364	48,263
Grp. accid. & hlth.	2,165	1,882
Accident & health	2,248	1,907
Workmen's comp.	172,616	154,884
Auto liability	105,483	105,123
Other liability	76,801	77,165
Auto phys. dam.	53,975	51,897
Aircraft (all perils)	640	629
Fidelity	2,349	2,403
Surety	7,171	7,309
Burglary & theft	1,441	1,295
Other	1,058	994
Total	870,582	835,964

Income Account, years ended Dec. 31 ($000):

	1979	1978
Net prems. writ.	870,582	835,964
Unearn. prem. res.	*dr*922	*dr*42,250
Premiums earned	869,660	793,714
Losses incurred	678,993	526,854
Underwrit. exp.	272,326	258,518
Gain fr. undwrtg.	*dr*81,659	8,343
Und. p. & l. items	*dr*1,241	*dr*702
Combined gain	*dr*82,900	7,641
Net int. & rents	85,507	70,706
Real gain on inv.	3,403	14,215
Other income	*dr*642	3,000
Total income	5,368	95,560
Income taxes	*cr*20,862	8,640
Divs. to plcyhldrs.	14,000	8,600
Net income	12,231	78,320
Net loss inv. val.	*cr*8,213	5,415
Divs. to stkhldrs.	12,000	12,000
Balance	8,444	60,905
Loss ratio	78.08%	66.38%
Expense ratio	31.28%	30.92%

Assets and Liabilities, as of Dec. 31 ($000):

Assets:	1979	1978
Real estate (book value)	4,279	4,495
[1]Bonds owned:		
Federal	7,368	7,326
State & municl.	147,454	143,978
Govt. agency	1,050,879	929,565
Corporate	7	27
Other sec.	8,000	15,750
[4]Preferred stk.	79,562	16
[4]Common stk.	63,439	55,144
Mortgage loans	241	270
Cash	39,871	37,019
Agents' balances	152,895	149,713
Bills receivable	12,793	12,523
Equity funds	51,512	42,670
Reins. rec.	7,223	7,841
Fed. inc. tx. rec.	8,492	......
Int. & rents due	14,916	21,575
Accts. receiv.	10,938	26,201
Other invest. assets	5,259	5,488
Oth. admit. assets	5,603	5,419
Total admitted assets	1,670,731	1,465,021
[3]Assets not admitted	19,276	19,267
Liabilities:		
Losses	756,631	573,883
Loss adj. exp.	111,128	82,503
Unearned prem.	366,137	365,215
Other expenses	3,514	5,482
Taxes, lic. & fees	16,285	16,325
Divs. declared to plcyhldrs.	5,164	1,673
Conting. commissions, etc.	14,465	13,558
Undeclared divs.	8,917	5,971
Ceded. reins.	6,618	8,656
Reins. treaty fds.	28,075	26,388
Unredeemed loss drafts	9,279	11,309
Accts. pay.	27,555	44,757
Other liabilities	8,248	11,712
Policyholders surplus:		
Security val. reserve	3,611	1,208
Capital stock	10,000	10,000
Surplus	295,076	286,381
Total	308,687	297,589
Total	1,670,731	1,465,021

[1]Amortized or investment value.
[3]Includes book value of bonds over amortized value.
[4]Association market values.
Includes stocks of subsidiaries and affiliates (see above).

Capital Stock: Outstg., 1,000,000 shs.; par $10.
Par changed from $100 par Feb. 10, 1930, ten $10 shares issued for each $100 par share.
Connecticut General Insurance Corp. owns all capital stock.

AETNA LIFE & CASUALTY CO.

History: Incorporated in Connecticut Aug. 25, 1967. On Dec. 27, 1967 acquired Aetna Life Insurance Co. for 25,106,184 shares. Company also on Dec. 27, 1967 acquired Standard Fire Insurance Co. for 620,000 shares, of which 619,814 were issued to Aetna Casualty & Surety Co. a wholly-owned subsidiary of Aetna Life Insurance Co. The 619,814 shares issued to Aetna Casualty & Surety Co. were returned to company as treasury stock.

On Aug. 9, 1968, formed Automobile Insurance Co. of Hartford, Conn.

On Dec. 1, 1975 all stock of Standard Fire Insurance Co. and Automobile Insurance Co. of Hartford was transferred to Aetna Casualty and Surety Co.

In Aug. 1979, merged A.R. Insurance Co., subsidiary into American Re-Insurance Co.

Joint Venture: In Jan. 1977 FCC has approved a new type of satellite data network that would begin operating in 1980. The communications satellite service would be operated by Satellite Business Systems, a joint venture of units of Comsat General Corp., International Business Machines Corp. and Co. The partners have committed to invest up to $225,000,000 in Satellite Business Systems.

The approval of the digital commercial satellite system opens the way for testing thru ground stations already constructed at Poughkeepsie, N.Y. and Los Gatos, Cal. and for construction and operation of five more stations.

Types of insurance written: See "Net Premiums Written" below.

Operates in: Connecticut, Pennsylvania and D.C.

Subsidiaries:	Shares Held	Carry Val. Dec. 31,'79
A.E. Properties	400	$27,901,743
Aetna Health Management Inc.	1,000	853,624
Aetna International Cap, Inc.	1,000	9,412,213
Aetna Premium Plan, Inc.	1,000	1,608,646
Aetna Technical Services Inc.	1,000	3,184,337
Aetna Life Ins. Co. (Hartford)	25,106,184	532,516,426
Aetna Business Credit, Inc.	4,000	101,901,556
Aetna Cas. & Surety Co.	1,000	1,127,610,792
Aetna Capital Management Inc.	1,000	202,330
Aetna Satellite Communications	1,000	5,185,503
Luettgens Ltd.	100	911,386
Aetna Life & Casualty (Bermuda) Ltd.	370,000	1,075,391
Aetna Variable Annuity Life Ins. Co.	55,000	180,738,000
Community Rehabilitation Investment Corp.	100	1,041,057
A.E. Three, Inc.	100	912
A.E. Four, Inc.	100	912
A.E. Five, Inc.	100	912
A.E. Hotels, Inc.	1,000	13,921,000
Aetna Financial Services, Inc.	1,000	4,809,028
Aetna Diversified Properties, Inc.	100	*d*384,000
American Re-Insurance Co.	5,490,514	333,338,603
Aetna Life & Casualty Ltd.	8,043,000	14,268,955
Aetna Variable Fund, Inc.	179,426	2,561,848
Urban Invest. & Devel. Co.	1,000	60,973,000
Excelsior Life Insurance Co.	49,600	52,806,000

Officers

J.H. Filer, Chairman
W.O. Bailey, President
D.G. Conrad, Exec. Vice-Pres.

Senior Vice-Presidents

B.E. Burton	D.E. Wolcott
R.J. Clark	J.M. Galvin
M.A. McNally, Jr.	

R.G. Maxon, Vice-Pres. & Contr.
R.A. Miller, III, Vice-Pres. & Corp. Actuary
J.F. Riccardo, Jr., Auditor
S.B. Middlebrook, Sec. & Gen. Counsel

Directors

J.H. Filer	B.A. Manning
W.O. Bailey	W.M. Anderson
D.G. Conrad	R.A. Sherman
Wallace Barnes	W.H. Donaldson
D.B. Blatz	Beryl Robichaud
H.J. Gray	D.M. Roderick
Richard Koopman	Hobart Taylor, Jr.
J.T. Lynn	Barbara H. Franklin

Auditors: Peat, Marwick, Mitchell & Co.

Annual Meeting: Last Friday in April.

Office: 151 Farmington Ave., Hartford, CT 06156. **Tel.:** (203)273-0123.

Premiums Written (Company only—$000):

	1979	1978
Fire	19,376	19,463
Allied lines	9,326	8,938
Multiple peril	103,051	88,427
Ocean marine	2,567	2,673
Inland marine	9,655	8,532
Med. malpractice	15,707	17,031
Workmen's comp.	114,394	93,149
Other liability	59,185	57,356
Auto liability	121,802	112,053
Auto. phys. dam.	68,687	61,359
Fidelity	8,871	8,310
Surety	9,053	8,330
Burg. & theft	1,625	1,817
Other	1,531	1,354
Total	544,830	488,791

Income Account, years ended Dec. 31 ($000):

	1979	1978
Net prems. writ.	544,830	488,791
Unearn. prem. res.	*dr*9,559	*dr*16,118
Premiums earned	535,271	472,673
Losses incurred	387,700	319,717
Underwrit. exp.	142,557	126,244
Gain fr. underwrit.	5,013	26,711
Net inv. inc.	464,860	166,737
Net real. cap. gain	7,342	*dr*13,471
Other expenses	*cr*583	130
Corporate expenses	80,569	56,776
Total income	397,229	123,072
Divs. to plcyhldrs.	4,032	3,975
Income taxes	*cr*28,454	*cr*13,373
Net income	421,651	132,470
Net gain inv. val.	128,047	306,862
Divs. to stkhldrs.	145,164	118,761
Balance	404,534	320,571
Loss ratio	72.43%	67.64%
Expense ratio	26.17%	25.83%

Assets & Liabilities, as of Dec. 31 ($000):

Assets:	1979	1978
Bonds:		
Federal	124	124
Subs. & affils.	45,994	27,641
Corporate	77,089	74,149
Preferred stock	553,371	454,635
Common stock	2,629,360	2,036,720
Real estate	38,142	33,525
Agents balances	375	180
Cash	3,324	4,589
Int. & rents	10,174	7,265
Other invest. assets	9,055	6,507
Other assets	21,950	13,265
Adm. assets	3,388,958	2,658,601
Non-adm. assets	180,506	145,697
Liabilities:		
Losses	452,197	359,973
Loss adjust. exp.	65,761	53,031
Commissions	9,671	9,055
Fed. & fgn. inc. tax	......	2,477
Other expenses	2,132	1,703
Taxes, fees, etc.	8,968	8,049
Borrowed money	464,849	251,750
Unearned prems.	173,407	163,847
Div. to stkhldrs.	36,282	29,646
Div. to plcyhldrs.	1,163	705
Other liabilities	27,434	13,759
Excess statut. resv.	5,172	4,126
Policyholders Surp:		
Capital stock	119,065	118,739
Conting. reserve	255,250	255,250
Rev. for undeclared divs.	4,594	4,490
Unassigned surp.	1,782,063	1,393,974
[1]Treas. stock	19,409	*dr*11,973
Total surplus	2,141,922	1,760,481
Total	3,388,958	2,658,601

[1]Represented by 618,633 (1978, 279,052) common shares and 264,331 (1978, 252,005) preferred shares at cost.

Consolidated Income Account yrs. ended Dec. 31 ($000 omitted):

Income:	[3]1979	1978
Premium income	9,361,072	7,797,444
Net invest. inc.	2,085,808	1,656,260
Total income	11,446,880	9,453,704
Curr. & future ben.	8,788,475	7,015,039
Interest	52,027	27,108
Exps. & gen. taxes	1,940,149	1,717,926
Fed. income tax	124,709	187,294
Minority int. & partic. dept.	13,161	9,219
Eq. earns. business div.	*cr*31,148	*cr*20,657
Oper. earnings	559,507	517,775
Per com. sh.	$6.93	$6.39
Realiz. cap.	24,095	*dr*17,909
Extraord. tax credit	1,816	1,755
Net income	585,418	501,621
[2]Times chgs. earn.	14.62	26.35
Retain. earn.	2,342,636	1,941,698
Unreal. cap. gains	*dr*14,479	18,078
Preferred divs.	70	119
Common	145,086	118,642
Retain. earn.	2,768,419	2,342,636
[1]Earn. com. sh.	$7.25	$6.19
Yr. end com. shs.	80,003,358	80,403,468

[1]As reported on 80,771,563 (1978, 81,034,713) aver. com. & com. equiv. shs. adj. for 3-for-2 stk. split 6/79; $7.23 (1978, $6.17) before extraord. credit. [2]Bef. realiz. gain and extraord. credit. [3]Incl. American Reinsurance Co. acq. during 1979 from date of acq.

Consolidated Balance Sheet, as of Dec. 31 ($000 omitted):

Assets:	1979	1978
Cash, etc.	797,216	338,031
Bonds	13,050,070	11,303,870
Stocks	1,706,470	1,520,637
Mortgage loans	7,211,880	6,009,650
Loans to divers. co.	313,486	274,622
Inv. real estate	250,994	277,863
Other invest.	444,305	369,982
Property occupied	95,252	81,410
Policy loans	420,121	361,673
Inv. income accr.	381,591	306,895

Prems. due, etc.	1,181,927	841,581
Def. acq. exp.	657,961	557,320
Other assets	401,821	150,104
Separate accts. assets	3,315,369	1,874,552
Total	30,228,463	24,268,190
Liabilities:		
Policy reserves	10,535,858	9,545,060
Claims	4,341,971	3,393,965
Funds left with co.	6,771,742	5,216,763
Plcyhldr. div., etc.	494,424	418,307
Div. to stkhldrs.	36,279	29,646
Notes payable	511,218	315,145
Accrued exp., etc.	1,043,033	813,207
Separate accts. liab.	3,298,707	1,836,774
Fed. income tax	205,121	157,033
Minority int., etc.	121,661	92,888
[1]Pfd. stock	84	116
Com. stock ($1.75)	118,995	118,623
Retained earnings	2,768,419	2,342,636
Reacq. stk.	dr19,049	dr11,973
Total	30,228,463	24,268,190

[1]31,926 (1978, 44,253) no par shs.

Long Term Debt: 1. Aetna Life & Casualty Co. Sinking fund debenture 8⅛s, due 2007:

Rating—Aaa

AUTH.—$250,000,000; outstg., this series, $250,000,000.

DATED—Oct. 15, 1977. DUE—Oct. 15, 2007.

INTEREST—A&O 15, at the office of the trustee or at Co.'s option by mailed check, to holders registered Mar. 31 and Sept. 30.

TRUSTEE—Morgan Guaranty Trust Co. of New York.

DENOMINATION—Fully registered, $1,000 or any multiple thereof.

CALLABLE—As a whole or in part at any time on at least 30 but not more than 60 days' notice to each Oct. 14 as follows:

1988 .....104.58 1989 .....104.27 1990 .....103.97
1991 .....103.66 1992 .....103.36 1993 .....103.05
1994 .....102.75 1995 .....102.44 1996 .....102.14
1997 .....101.83 1998 .....101.53 1999 .....101.22
2000 .....100.92 2001 .....100.61 2002 .....100.31

and thereafter at 100. Also callable for sinking fund (which see) at 100.

SINKING FUND—Annually, before Oct. 15, 1988-2006, cash (or debs.) in an amount sufficient to redeem $10,000,000 principal amount of debs., plus similar optional payments. Sinking fund designed to retire 76% of debs. prior to maturity.

SECURITY—Not secured.

INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.

RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg. may declare principal due and payable (30 days' grace for payment of interest).

LISTED—On New York Stock Exchange.

PURPOSE—Proceeds will be used to support current and future growth in the business of Co.'s subsidiaries.

OFFERED—($250,000,000) at 99.500 plus accrued interest (proceeds to Co., 98.625) on Oct. 13, 1977 thru Morgan Stanley & Co. Inc. and associates.

PRICE RANGE—	1979	1978	1977
High	91	97⅞	101½
Low	76	88	97⅝

Other Debt: Outstanding, Dec. 31, 1979, $214,848,997, notes payable. Other details not reported.

Capital Stock 1. Aetna Life & Casualty Co. $2 series cumulative convertible preferred; no par:

AUTHORIZED—outstanding, Dec. 31, 1979, 31,926 shs.; in treasury, 264,331 shs.; reserved for options, 100,000 shares; no par.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative cash dividends of $2 annually, payable quarterly, Jan. 15, etc.

DIVIDEND RECORD—Initial dividend of 42 cents paid Oct. 15, 1969; regular quarterly dividends paid thereafter.

LIQUIDATION RIGHTS—In liquidation entitled $45 a share if involuntary; if voluntary, $46 a share prior to Dec. 31, 1978 and call price thereafter.

VOTING RIGHTS—Holders of preferred and common, voting as a single class, entitled to one vote per share with non-cumulative voting for directors. If dividends are in arrears for 6 quarterly payments, then preferred voting as a single class, entitled to elect 2 directors.

Consent of 66⅔% of preferred outstanding needed to change terms adversely.

CALLABLE—As a whole or in part on at least 30 days notice, beginning Jan. 1, 1975 to each Jan. 1, incl. as follows:

1979 ......46.00 1980 ......45.50

$45 thereafter.

CONVERTIBLE—Into common at anytime (if called, on or before close of business on date fixed for redemption) into 2¼ common share for each preferred share. No adjustment for dividends. Conversion privilege protected against dilution.

PREEMPTIVE RIGHTS—None.

TRANSFER AGENTS—Hartford National Bank & Trust Co. and Morgan Guaranty Trust Co., N.Y.

REGISTRARS—Connecticut Bank & Trust Co.; Citibank, N.A., New York.

ISSUED—(288,808 shs.) on July 31, 1969 in connection with acquisition of Civic Finance Corp. (see history above).

LISTED—On NYSE (Symbol: AET PR); also listed on Pacific Stock Exchange.

PRICE RANGE—	1979[1]	1978	1977	1976	1975
High	80	60	56¾	53½	43⅞
Low	59	52½	44⅝	36¼	31

[1]Bid prices.

2. Aetna Life & Casualty Co. common; no par:

Authorized: 120,000,000 shares; outstanding, Dec. 31, 1979, 80,621,991 shares; in treasury, 618,633 shares; reserved for conversion of preferred, 279,052 shares; reserved for options, 73,400 shares; no par.

Par changed from $3.50 to $1.75 by 2-for-1 split May 15, 1974 and from $1.75 to no par by 3-for-2 split June 1, 1979.

Dividends Paid:

On $3.50 par. shs.:

1968 ......$0.75 1969 ......$1.30 1970 ......$1.40
1971 ......1.55 1972 ......1.66 1973 ......1.85
1974 ......1.04

On $1.75 par shs.:

1974 ......0.54 1975-76 ...1.08 1977 ......1.40
1978 ......2.05 1979 ......1.22½

On no par shs. after 3-for-2 split:

1979 ......0.90 [1]1980......0.45

[1]To Feb. 15.

Voting Rights: Has one vote per share with no cumulative voting rights.

Preemptive Rights: Has preemptive rights.

Transfer Agent: Hartford National Bank & Trust Co.; Morgan Guaranty Trust Co., N.Y.

Registrar: Connecticut Bank & Trust Co.; First National City Bank, New York.

Issued: (25,106,184 shares) on Dec. 27, 1967 on a share-for-share basis to holders of Aetna Life Insurance Co. See History above.

Listed: On NYSE (Symbol: AET); also listed on Pacific Stock Exchange; unlisted trading on Cincinnati SE (NASDAQ Symbol: AETN).

Price Range:	[1]1979	1978	1977	1976	1975
High	36⅜	45¾	38⅜	36⅛	29⅜
Low	28⅝	31	28⅜	22⅜	17¼

[1]After 3-for-2 split; before, 45⅞-35⅞.

AETNA LIFE INSURANCE CO.
(Hartford, Conn.)

(Controlled by Aetna Life and Casualty Co.)

Incorporated in Connecticut under present title June 14, 1853. Writes both participating and non-participating life and group insurance, also accident and health insurance, and annuities.

Company also has reciprocal operating pact to write insurance in Europe with Assicurazioni Generali de Trieste e Venezia, Italy whereby Italian company makes its underwriting and servicing facilities available to U.S. and Canadian companies seeking insurance thru company. Insurance lines available in Europe under arrangement are group life, health and pension policies, commercial casualty, fire and marine coverage.

Company has been assigned, effective July 1, 1961, administrator for the Federal government of a $40,000,000 health insurance program involving about 415,000 retired government employees. Company also handles certain other government business.

In July, 1960, purchased control of Excelsior Life Insurance Co., Toronto.

On Nov. 24, 1964, acquired remaining outstanding shares (approx. 38%) Aetna Casualty & Surety Co. by exchange of stock. Stock of Aetna Casualty & Surety Co. (Conn.) was distributed to a trustee which held it for benefit of Aetna Life shareholders.

In 1967 acquired Participating Annuity Life Insurance Co.; now operated as Aetna Variable Annuity Life Insurance Co.

Licensed in all of United States, and in D. of C., Puerto Rico, Guam, V.I., Canada (incl. provinces of Alta., B.C., Man., N.B., Newf., N.S., Ont., Que. and Sask.).

Reorganization: Effective Dec. 27, 1967, parent company, Aetna Life & Casualty Co., acquired all outstanding shares of Aetna Life Insurance Co., Aetna Casualty & Surety Co. and Standard Fire Insurance Co. Corporate reorganization involved termination of trust holding Aetna Casualty stock and an exchange of stock in which shareholders of Aetna Life automatically became owners of an equal number of shares of Aetna Life & Casualty Co. 1967 exchanged shares on a share-for-share basis for shares of Aetna Life & Casualty Co. In 1969 control of Excelsior Life and Aetna Variable Annuity Life Insurance Co. passed to parent company.

Officers

J.H. Filer, Chmn.
W.O. Bailey, President
D.G. Conrad, Exec. Vice-Pres.
B.E. Burton, Senior Vice-Pres.—Group
D.E. Wolcott, Senior Vice-Pres.—Life
J.M. Galvin, Senior Vice-Pres.—Diversified Bus. Div.
R.J. Clark, Senior Vice-Pres.—Admin.
M.A. McNally, Jr., Senior Vice-Pres.—Casualty & Surety
R.G. Maxon, Vice-Pres. & Contr.
R.A. Miller, III, Vice-Pres. & Actuary
S.B. Middlebrook, Gen. Counsel & Sec.
J.F. Riccardo, Jr., Auditor

Directors

J.H. Filer
W.O. Bailey
D.G. Conrad
Wallace Barnes
D.B. Blatz
W.H. Donaldson
H.J. Gray
J.T. Lynn
Richard Koopman
B.A. Manning
W.M. Anderson
Beryl Robichaud
D.M. Roderick
R.A. Sherman
Hobart Taylor, Jr.

Home Office: 151 Farmington Ave., Hartford, CT 06156. **Tel.:** (203)273-0123.

Life Department Statistics (in thousand dollars):

	As of December 31			
	Admit. Assets	Life Ins. in Force	Capital and Surplus	Life Reserves
1950	1,812,315	9,374,382	88,414	1,284,981
1955	2,850,821	16,655,248	[3]239,969	2,000,585
1960	4,031,108	24,311,020	[3]355,542	2,937,440
1965	5,456,457	35,346,194	[3]375,163	4,120,157
1970	7,214,675	59,883,313	[3]493,878	5,262,241
1975	10,415,372	84,555,095	[3]432,609	6,571,083
1977	13,620,697	100,778,348	[3]520,733	7,155,344
1978	15,744,430	112,264,640	553,390	7,404,673
1979	18,548,768	121,336,180	625,730	7,652,586

	[1]Lf Ins. Written		Years ended December 31		
	Ord.	Grp.	Life Prem. Income	Death Benefits	Divs. to Policyholders
1950	346	1,202	222,493	68,434	4,443
[2]1955	511	1,936	316,819	108,298	10,044
[2]1960	685	1,791	398,181	150,390	18,675
[2]1965	923	4,179	562,588	205,501	29,815
[2]1970	1,271	6,038	736,816	317,255	39,936
1975	2,271	8,129	793,099	379,181	28,039
1977	2,500	11,552	837,784	427,884	28,258
1978	2,703	17,979	876,187	468,001	21,701
1979	3,351	17,137	947,457	508,301	23,434

[1]In millions of dollars.
[2]Accrual basis.
[3]Includes special surplus funds.

Life Insurance Written and In Force ($000):

[1]Written:	1979	1978
Ordinary	3,350,968	2,703,340
Credit	513,021	464,457
Group	17,137,138	13,046,013
Total	21,001,127	16,213,810
In Force, Dec. 31:		
Ordinary	14,734,161	13,575,040
Credit	2,259,070	1,869,117
Group	104,342,949	96,820,483
[2]Total	121,336,180	112,264,640
Net increase	9,071,540	11,486,293

[1]Includes increases, revivals and reinsurance.
[2]Includes participating insurance, 1979, $2,451,978,000; 1978, $2,521,658,000.

Summary of Operations and Surplus Account, years ended Dec. 31 (accrual basis—$000):

	1979	1978
Life premiums	947,457	876,188
A.&H. premiums	1,600,617	1,665,986
Suppl. contract	76,097	71,733
[1]Net invest. income	1,227,687	1,092,407
Annuity & other fd. dep.	2,181,112	1,344,355
Misc. inc.	44,945	34,590
Total income	6,077,915	5,085,258
Death benefits	508,301	468,001
Matur., annul., disab.	1,873,256	1,901,066
Surrenders	99,877	85,445
Group conversions	cr51	cr54
Int. on funds	32,101	54,916
Suppl. contract payments	76,571	63,363
Inc. in res.	1,624,492	1,562,138
Total insurance deductions	4,212,547	4,134,875
Commissions	70,080	68,646
Gen. ins. exp.	313,894	278,308
Taxes, lic. & fees	68,716	64,777
Trans. to sep. acct.	1,090,653	236,481
Oth. expense, etc.	822	1,532
Total deductions	5,756,713	4,784,619
Balance	321,202	300,640
Policy dividends	23,434	21,701
Balance	297,768	278,938
Fed. inc. taxes	103,394	123,763
Net after Fed. inc. tax	194,273	155,176
Cap. & Surp., 1-1	553,390	520,733
Net oper. gain	194,373	155,176
Net capital gains	15,207	4,723
Other credits	22,568	9,723
Total	785,538	690,355
Stock dividends	105,000	88,000
Incr. in mand. secur. val. reserve	21,180	29,069
Other debits	33,432	19,321
Incr. res. unauth. reins.	195	575
Cap. & surp., 12-31	625,731	553,390

[1]Percentage net investment income of mean assets: 1979, 8.82%; 1978, 8.45%.

Assets and Liabilities, as of Dec. 31 ($000):

Assets:		
Bonds:	1979	1978
Federal	61,911	61,601
State & munic.	141,083	439,285
Govt. agency	361,037	72,659

1979

VOL. 2

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RELIANCE GROUP, INCORPORATED

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	Amount Outstanding	Interest Dates	Call Price	Price Range 1978	Price Range 1977
1. Notes payable	....	$234,356,000		.....	....	....
2. Senior subord. debenture 9⅞s, 1998	....	36,265,000	M & S 1	[1].....	97⅞ - 85	99½ - 92
3. Senior subord. debenture 9⅞s, 1999	....	21,025,000	J & D 1	[1].....	97½ - 85	98⅞ - 91
4. Senior subord. debenture 5½s, 1987	....	10,519,000	J & J 1	[2]101.90	84 - 71¼	72½ - 68
5. Reliance International N.V. gtd. subord. convert. debenture 5s, 1989	....	15,263,000	....	.....	....	....
6. Reliance Financial Services Corp. sinking fund debenture 8⅛s, 1992	....	50,000,000	A & O15	[2]105.80	92 - 80⅝	92 - 88½
7. Reliance Financial Services Corp. sinking fund debenture 9⅝s, 1997	....	39,736,000	M & N15	[2]108.46	100¾ - 91⅛	[5]99¼ - 99¼
8. Reliance Transcontinental N.V. Gtd. debenture 7½s, 1983	....	3,398,000	F15	101	....	....
9. Reliance Transcontinental N.V. Gtd. debenture 6½s, 1988	....	10,917,000	F15	102	....	....

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per Sh. 1978	Earned per Sh. 1977	Divs. per Sh. 1978	Divs. per Sh. 1977	Call Price	Price Range 1978	Price Range 1977
1. $2.20 cum. conv. pfd., series B	$1	503,750 shs.	$204.14	$102.67	$2.20	[4]$5.50	[2]103¼	56 - 37⅝	43¾ - 31½
2. $2.60 non-conv. pfd., series C	$1	2,003,451 shs.	$1.32	28.93	2.60	[4]6.50	.....	27⅝ - 23⅞	30 - 24
3. Common	$0.25	[3]10,069,000 shs.	[3]9.56	[3]9.78	1.15	0.15	.....	37 - 23⅛	26⅝ - 16½

[1]See text. [2]Subject to change, see text. [3]As reported by Co. based on average com. and com. equiv. shs. after extraordinary items; before, 1978, $9.28; 1977, $6.69. [4]Paid on arrears. [5]Bid prices.

HISTORY

Incorporated in Delaware on June 24, 1965 as Leasco Data Processing Equipment Corp. to acquire all capital stock of Ideal Leasing Corp. Name changed to Leasco Corp. Feb. 24, 1971; present name adopted Dec. 17, 1973.

In Mar. 1966 acquired Carter Auto Transport Service Leasing Corp., Newark, N.J.

In Apr. 1967 acquired Documentation, Inc. for about 70,000 shares and in July 1967, Fox Computer Services, Inc., New York for about 15,500 common shares (merged in Oct., 1968 to form Leasco Systems & Research Corp.).

In May, 1968 established Leasco Computer, Inc. (name changed to Leasco Capital Equipment Corp. in Dec. 1973). In June, 1968, established Leasco World Trade Co. Ltd. (name changed to Reliance World Trade Co. Ltd., in Dec. 1973). In Sept., 1968, acquired CTI International, Inc. for 265,000 common shares.

In Oct., 1968, acquired Operations Research, Inc., Silver Springs, Md. for 67,000 com. shares (sold on Jan. 21, 1977).

At Nov. 1, 1968, completed acquisition of over 97% of common stock of Reliance Insurance Co. Offer provided for exchange of company's cumulative preferred stock, $2.20 convertible series B, $1 Par, and its warrants to purchase company's common, for shares of Reliance common on basis of one preferred share and one-half warrant for each Reliance share.

In Dec., 1968, acquired Inbucon Ltd., London, Eng. through tender offer.

In Feb., 1969, acquired Werner Associates, Inc. for 27,500 to 45,000 common shares. Company has offices in New York, and Brussels.

In Sept. 1969, acquired Daniel Yankelovich Inc. for 65,229 shares and up to 70,229 additional common shares. Company has offices in New York (subsidiaries in Stamford, Conn. and Newport Beach, Cal. and Englewoods Cliffs, N.J.) (Name changed Yankelovich, Skelly & White Inc. July 10, 1974).

On Jan. 31, 1975 acquired Commonwealth Land Title Insurance Co. thru Reliance Financial Services Corp. in exchange for the issuance of $30,000,000 of the subsidiary's 10% s.f. pfd. stock, with an additional $10,000,000 conditionally issuably depending on Commonwealth's future profitability.

On Jan. 13, 1977, sold Operations Research Inc. to its officers and employees through an employee stock ownership plan for $3,000,000 in cash and notes.

In Mar. 1977 formed Commonwealth Mortgage Assurance Co.

In Dec. 1978, restructured its computer leasing operations.

SUBSIDIARIES

Reliance World Trade Co. Ltd.
- Inbucon Ltd.
  - Fuel & Energy Consultants Ltd. (80%)
  - Leasco Software Ltd.
  - Moody International, Inc. (90%)

Leasco Realty, Inc.

CTI International, Inc.
- CTI-Container Leasing Corp.
- CTI-Container Transport International, Inc.

Werner Associates, Inc.
- Werner Mgt. Consultants, Inc.
  - ORU Group Inc.

Reliance International N.V.

Reliance Transcontinental N.V.

Yankelovich, Skelly and White, Inc.

Reliance Financial Services Corp. (96.2%)
- Reliance Insurance Co. (96.9%)
  - General Casualty Co. of Wisc.
  - Planet Ins. Co.
  - Pilot Ins. Co.
  - Regent International Ins. Co. Ltd.
  - Reliance Ins. Co. of Ill.
  - Reliance Ins. Co. of N.Y.
  - Reliance Standard Life Ins. Co.
  - United Pacific Insurance Co.
  - United Pacific Ins. Co. of N.Y.
  - Four Penn Center Bldg. Corp.
  - Cananwill, Inc.
  - Reliance Risk Management, Inc.

Commonwealth Land Title Ins. Co.
- Commonwealth Land Title Co. (91%)
- Title Ins. Co. (98.6%)
- Louisville Title Co. of Houston, Inc.
- Commonwealth Title Co. of Dallas
- Guardian Title Co.
- Commonwealth Mortgage Assurance Co.

BUSINESS

Reliance Group, Incorporated is a diversified international enterprise that conducts business in 53 countries through its subsidiaries. A substantial portion of its revenues is derived from its property and casualty, life and health and land title insurance businesses. Property and casualty lines include fire and allied lines, homeowners, automobile, commercial multi-peril, marine, workers' compensation and other casualty lines. Other businesses include container leasing and management consulting services.

Revenues By Lines of Business:

Revenues:	1978	1977	1976
Insurance	$1,079.0	$1,006.4	$818.3
Container leasing	111.5	75.7	48.2
Management services	41.7	32.6	37.3
Other	7.3	2.7	7.9
Total revenues	$1,239.6	$1,117.4	$941.7

MANAGEMENT

Officers

S.P. Steinberg, Chmn., Pres. & Chief Exec. Officer
J.T. Leatham, Exec. Vice-President & Chief Fin. Off.
G.E. Bellow, Exec. Vice-President & Controller
R.M. Steinberg, Exec. Vice-President—Admin.
W.G. Barry, Senior Vice-President—Security
L.C. Freiberg, Senior Vice-Pres. & Treas.
F.A. Jackson, Senior Vice-Pres.—Corp. Counsel & Sec.
H.A. Lambert, Senior Vice-Pres.—Real Est. Invest.

Directors

S.P. Steinberg	W.A. Pollard
G.R. Baker	B.L. Schwartz
J.W. Folk	T.J. Stanton, Jr.
R.B. Hodes	R.M. Steinberg
J.T. Leatham	Daniel Yankelovich
H.W. Meers	

General Counsel: Willkie, Farr & Gallagher.

Auditors: Touche Ross & Co.

Annual Meeting: In June.

No. of Stockholders: Dec. 31, 1978: Series B preferred, 2,500; series C preferred, 3,000; common, 7,625.

No. of Employees: Dec. 31, 1978, 10,000.

Annual Meeting: In June.

Office: 919 Third Ave., New York, NY 10022. Tel.: (212)750-7500.

INCOME ACCOUNTS

COMPARATIVE CONSOLIDATED STATEMENT OF INCOME, AS OF DEC. 31

(In thousands of dollars)

Revenues:	1978	1977	1976	1975	1974
Premiums earned	974,145	916,610	778,847	685,791	585,129
[1]Net investment income	104,903	89,719	69,411	54,831	48,298
Container equipment rentals & earned inc. on direct financing leases	111,490	75,685	48,204	37,449	36,256
Management services	41,730	32,663	37,312	32,896	33,573
Other	7,307	2,690	7,825	7,852	8,828
Total revenues	1,239,575	1,117,397	941,689	818,819	712,084
Expenses:					
Policy claims & adjust. expenses	554,687	524,269	463,463	438,331	366,304
Policy acq. costs & other ins. exp.	340,369	307,177	255,696	234,336	189,598
Policyholders' benefits & dividends	66,916	82,683	93,336	66,621	55,748
Depreciation container-rental equip.	23,697	15,950	10,816	12,473	9,231
Interest expense	35,366	26,601	25,109	28,212	28,268
Operating expenses	74,707	55,317	51,927	32,230	47,229
Other	5,130	5,862	13,597	13,319	12,710
Total expenses	1,100,890	1,015,958	915,550	845,778	708,621
Oper. inc. (loss) from contin. oper. bef. inc. tax, min. int., net real. gain (loss) on ins. invest. & extraord. items	138,685	101,439	26,139	(26,959)	(3,463)

INCOME ACCOUNTS (Cont'd):	1978	1977	1976	1975	1974
Fed. & foreign income tax benefit	(36,043)	(33,807)	510	7,752	3,130
Minority interests	(10,573)	(9,917)	(5,602)	(3,011)	(769)
Operating income (loss) from contin. oper.	92,069	57,715	21,047	(22,218)	5,825
Net realized gain on insurance invest.	8,985	4,008	10,354	3,786	(36,870)
Income (loss) from contin. oper.	101,054	61,723	31,401	(18,432)	(31,015)
Discontinued operations	(1,078)	(3,098)	(912)	(10,032)	(20,126)
Income (loss) bef. extraord. items	99,976	58,625	30,489	(28,464)	(51,171)
[4]Extraordinary items—net	7,848	23,667	4,867	1,613	6,500
Net income	107,824	82,292	35,356	(26,851)	(44,671)
Retained earnings beginning of year	188,577	129,671	99,866	[2]129,551	[2]186,067
Commissions & exp. relating to pfd. stk. issued by sub.	......	......	(3,304)	......	......
Expiration of warrants held in treas.	(11,159)	......	......	......	......
Exercise of wrts., conv. of Series B pfd. stk. & stk. issued under stk. option plans	(4,141)	......	......	......	......
Series B pfd. stk. dividends	(1,641)	(1,763)	(441)	(441)	(1,763)
Series C pfd. stk. dividends	(6,554)	(7,225)	(1,806)	(1,806)	(7,225)
Common stk. dividends	(10,807)	(915)	......	(587)	(7,857)
Series B accum. pfd. stk. dividends	......	(2,615)	......	......	......
Series C accum. pfd. stk. dividends	......	(10,838)	......	......	......
Retained earnings end of year	257,099	188,577	129,671	99,866	129,551
Earnings per share:					
Oper. inc. (loss) from contin. oper.	$8.49	$6.57	$1.88	$(5.32)	$(0.41)
Net real. gain on insurance invest.	$0.89	$0.52	$1.40	$0.64	$(4.81)
Inc. (loss) from contin. oper.	$9.38	$7.09	$3.28	$(4.68)	$(5.22)
Discontinued oper.	$(0.10)	$(0.40)	$(0.12)	$(1.71)	$(2.33)
Income (loss) bef. extraord. items	$9.28	$6.69	$3.16	$(6.39)	$(7.85)
Extraordinary items	$0.28	$3.09	$0.66	$(0.28)	$0.85
Net income (loss)	$9.56	$9.78	$3.82	$(6.11)	$(7.00)
Fully diluted net income	$7.88	$6.04	$3.55	......	......
[3]Number of shares—average	10,069,000	7,619,000	7,352,000	5,865,000	7,665,000
—year end	7,917,526	6,101,217	5,923,644	5,866,027	5,852,426

[1]After expenses of $5,561,000 in 1978; $4,244,000 in 1977; $3,862,000 in 1976; $3,088,000 in 1975; $2,706,000 in 1974.
[2]Restated.
[3]Average number of common and common equivalent shares outstanding.
[4]1978: Resulting from early extinguishments of debt under a debenture exchange offer and a redemption.
1977-76: Utilization of tax loss carryovers.

General Notes: (a) The consolidated financial statements of Reliance Group, Incorporated and subsidiaries include the accounts of all significant majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

(b) The financial statements of the property and casualty, life, and title insurance companies have been prepared in accordance with generally accepted accounting principles, which differ in certain material respects from those followed in reports to regulatory authorities. Under generally accepted accounting principles: acquisition costs incurred in writing insurance policies are deferred and amortized over the terms of the policies in force or the premium-paying periods, rather than expensed; life insurance reserved for future policy benefits, computed on a net level premium method, are based upon actual or estimated (rather than regulatory) mortality, withdrawal, investment yield and expense assumptions; deferred taxes are provided for timing differences; "non-admitted assets" are restored to assets; and statutory reserves are restored to shareholders' equity.

(c) Investments in bonds are carried at amortized cost. Investments in common and preferred stocks are carried at quoted market, with the net unrealized gain or loss included in shareholders' equity. Net realized gains and losses, determined on a specific identification basis, are included in income.

(d) Property and casualty premiums reported as earned represent the portion of premiums written applicable to the current period, computed principally on a monthly pro rata basis over the terms of the policies in force. Unearned premiums represent the portion of premiums written applicable to unexpired terms of the insurance policies in force at the end of the period.

The costs associated with the acquisition of new property and casualty business are deferred and amortized on a straight-line basis over the terms of the policies in force (principally one year). Such deferred policy acquisition costs consist of commissions, premium taxes, and other variable policy issuance and underwriting expenses. Utilizing historical experience, policy acquisition costs to be deferred are determined by estimating future policy claims and adjustment expenses and by estimating the future costs of servicing policies in force. Property and casualty claims and adjustment expenses are based on an evaluation of reported claims and on estimates of claims incurred but not reported. Adjustments of the probable ultimate liability, based on subsequent developments, are included in operations currently.

In 1978, American Institute of Certified Public Accountants amended certain accounting and financial reporting requirements for property and casualty insurance companies. These new requirements are effective for financial statements issued for periods beginning after Dec. 31, 1978 and will require restatement of financial statements presented for prior periods. It is expected that any changes resulting from these new requirements will not have a material effect on the results of operations of Reliance Group for the years reported upon herein.

Life and health insurance premiums are reported as earned when due or, for short-duration policies, over the contract period. Benefits and expenses are associated with premiums earned to result in recognition of income over the contract periods. This is accomplished by providing a liability for future policy benefits and amortizing acquisition costs, principally commissions, over the terms of the policies in force or the premium-paying periods, as appropriate.

BALANCE SHEETS

COMPARATIVE CONSOLIDATED STATEMENT OF CONDITION, YEARS ENDED DEC. 31
(In thousands of dollars)

Assets:	1978	[6]1977	1976	1975	1974
Market. secur. of insur. subs.:					
[1]Bonds—at amort. cost	920,671	912,671	837,936	553,323	539,741
[2]Common & pfd. stks.—at quoted market	233,217	178,351	183,578	250,592	160,427
Invested cash	323,422	116,647	13,037	41,675	......
Cash	45,500	46,941	56,675	37,087	60,122
[3]Premiums & other receivables	197,578	202,809	173,801	146,656	214,469
Mortgage & policy loans	36,683	38,860	41,018	41,396	41,402
Deferred policy acquisition costs	111,180	101,439	95,120	77,610	76,693
Computer rental equipment	......	......	91,955	133,259	167,699
Container rental equipment	273,822	153,919	87,297	85,199	76,252
Real estate, furniture & fixtures at cost	61,846	56,185	52,991	59,520	45,318
Invest. in discontin. computer leasing oper.	34,865	43,545	......	......	......
Excess acq. costs of business acq.	9,212	9,510	9,836	9,773	11,711
Other assets	81,911	85,699	67,069	61,494	40,879
Total	2,338,910	1,916,639	1,718,373	1,497,554	1,434,915
Liabilities:					
Unearned premiums	343,933	316,897	285,865	219,864	243,370
Unpaid claims & related exp. etc.	799,320	659,510	527,393	418,721	388,031
Future policy benefits	177,302	176,118	165,358	141,019	114,827
Notes payable	235,356	143,757	181,630	219,896	293,636
Accounts pay. & accrued exp.	153,155	132,107	116,711	107,456	99,830
Fed. & foreign income taxes	63,295	26,505	24,293	27,723	34,361
Debentures & subord. notes	187,143	205,260	178,569	180,560	182,631
Minority interests:					
Pfd. stks. of subsidiaries	80,396	80,396	80,396	30,000	......
Other	11,555	10,090	9,639	8,325	6,380
Preferred stock	79,796	116,335	116,335	116,350	116,352
Common stock	3,137	3,137	3,092	3,078	3,075
Additional paid-in capital	285,091	129,871	127,854	127,210	127,197
Retained earnings	257,099	188,577	129,671	99,866	129,551
Net unreal. gain (loss) on invest. in com. & pfd. stks.	7,952	8,333	17,781	(10,302)	(54,032)
Difference between par value & redempt. value of pfd. stk.	(75,718)	(111,935)	(111,935)	(111,870)	(111,972)
Treasury securities—at cost	(229,498)	(138,302)	(138,302)	(139,302)	(138,303)
Stockholders' equity	238,457	195,996	144,489	85,060	71,819
Total	2,338,910	1,916,639	1,718,373	1,497,554	1,434,915

[1]Quoted market, 1978, $835,816,000; 1977, $900,592,000; 1976, $828,317,000; 1975, $180,316,000; 1974, $166,112,000.
[2]Cost 1978, $223,431,000; 1977, $168,331,000; 1976, $110,165,000; 1975, $261,224,000; 1974, $239,353,000.
[3]Less allowances of $6,225,000 in 1978; $7,224,000 in 1977; $3,931,000 in 1977; $9,160,000 in 1976; $10,303,000 in 1975; $1,938,000 in 1974.
[6]Restated to conform with 1978 presentation.

LONG TERM DEBT

1. Notes Payable: Outstanding Dec. 31, 1978, $234,356,000 comprised of:

(1) $207,615,000 container leasing notes payable consisting of term bank loans and revolving bank credits.

(2) $26,741,000 other notes payable.

2. Reliance Group, Inc. (Leasco Corp.) senior subordinated debenture 9⅞s, due 1998:

AUTH.—$42,000,000; outstanding Dec. 31, 1978, $36,285,000.
DATED—Sept. 1, 1973. DUE—Sept. 1, 1998.
INTEREST—M&S 1, by mail to holders registered F&A 15.
TRUSTEE—PAYING AGENT—REGISTRAR—First Jersey National Bank, Jersey City, N.J.
DENOMINATION—Fully registered, $100 & $1,000 and integral multiples thereof less than $100.
CALLABLE—As a whole or in part at any time after Sept. 1, 1983 on at least 30 days' notice to each Aug. 31, as follows:

1984 ....105.755	1985 ....105.343	1986 ....104.931
1987 ....104.519	1988 ....104.107	1989 ....103.695
1990 ....103.283	1991 ....102.871	1992 ....102.459
1993 ....102.047	1994 ....101.635	1995 ....101.223
1996 ....100.811	1997 ....100.399	

and thereafter at 100. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually, Sept. 1, 1984-97, cash (or debs.) to redeem 6.66% of debs. prior to Dec. 31, 1973. Sinking fund designed to retire 93% of issue prior to maturity.
SECURITY—Not secured; subordinated to all senior debt.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. may declare principal due and payable (30 days' grace for payment of interest).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
LISTED—On New York Stock Exchange.
PURPOSE—Issued in connection with an exchange offer of Co.'s 9⅞% subord. s.f. debs. due 1998 for shs. of com. stock in the ratio of $14 principal amount of debs. for each com. sh. Offer expired Dec. 31, 1973.

PRICE RANGE—	1978	1977	1976	1975	1974
High	98¾	99½	96	72	86⅞
Low	85	93	62	55	57

3. Reliance Group, Inc. senior subordinated debenture 9⅞s, due 1999:

AUTH.—$27,554,000. Outstanding Dec. 31, 1978, $21,025,000.
DATED—May 31, 1974. DUE—June 1, 1999.
INTEREST—J&D1 by mail to holders registered M&N 15.
TRUSTEE—First Jersey National Bank, N.J.
DENOMINATION—Fully registered, $100 and $1,000 and integral multiples thereof and less than $100.
CALLABLE—As a whole or in part after June 1, 1984 on at least 30 days' notice to each May 31, as follows:

1985 ....105.755	1986 ....105.343	1987 ....104.931
1988 ....104.519	1989 ....104.107	1990 ....103.695
1991 ....103.283	1992 ....102.871	1993 ....102.459
1994 ....102.047	1995 ....101.635	1996 ....101.223
1997 ....100.811	1998 ....100.399	1999 ....100.000

Not callable, however, prior to June 1, 1984. If less than all debs. are to be redeemed, the trustee shall select by lot or pro rata the particular debs. to be redeemed. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually, each June 1, 1985-98, cash (or debs.) to retire 6.66% of debs. issued on or prior to Dec. 31, 1974; plus similar optional payments. Sinking fund designed to retire 93% of issue prior to maturity.
SECURITY—Not secured; subordinated to all senior debt.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg., may declare principal due and payable (30 days' grace for payment of interest).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
LISTED—On New York Stock Exchange.
PURPOSE—Issued in 1974 in exchange for com. shs. at rate of $14 prin. amt. debs. for each com. sh. exchanged.

PRICE RANGE—	1978	1977	1976	1975	1974
High	97¼	98¼	95	71	68
Low	85	91	61¾	55	55½

4. Leasco Capital Equipment Corp. (Leasco Computer, Inc.) senior subordinated debenture 6⅞s, due 1987:

AUTH.—$25,000,000; outstg., Dec. 31, 1978, $10,519,000.
DATED—July 1, 1967. DUE—July 1, 1987.
INTEREST—J&J1 by mail to holders registered 15th day prior to interest date.
TRUSTEE—Cleveland Trust Co., Ohio.
DENOMINATION—Fully registered, $1,000, $5,000, $10,000 and authorized multiples of $1,000 thereof.
CALLABLE—As a whole or in part on at least 30 days' notice to each June 30, incl., as follows:

1977 .....102.60	1978 .....102.25	1979 .....101.90
1980 .....101.55	1981 .....101.20	1982 .....100.85
1983 .....100.50	1984 .....100.25	1985 .....100.00

Also callable for sinking fund (which see) at par.
SINKING FUND—Annually, to retire debs. at par each July 1, 1972-86, cash (or debs.) as follows: 1972-73, $500,000; 1974-78, $1,000,000; 1979-83, $1,500,000; 1984-86, $2,000,000 plus similar optional payments. Payments are calculated to retire 80% of issue prior to maturity.
SECURITY—Not secured; subordinated to all senior debt.
DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire capital stock in excess of consolidated net earnings after Sept. 30, 1966.
WARRANTS—Debs. were issued with warrants expiring July 1, 1987 (see Warrants below).
PURPOSE—Proceeds for working capital.
LISTED—On American Stock Exchange.
OFFERED—($25,000,000) at 100 (proceeds to Co., 97) on July 6, 1967 thru White, Weld & Co., New York, and associates.

PRICE RANGE—	1978	1977	1976	1975	1974
High	84	72½	70¼	55	61
Low	71½	68	43¾	42	42½

5. Reliance International N.V. (Leasco International N.V.) gtd. subordinated convertible debenture 6s, due 1989: Outstanding, Dec. 31, 1978, $15,263,000. Convertible beginning Sept. 1, 1969 into parent common at rate of $62 face amount of debentures for each share.

Listed: On Luxembourg Stock Exchange.

Note: See Exchange Offer below.

6. Reliance Financial Services Corp. sinking fund debentures 8⅛s, due 1992:

Outstg., Dec. 31, 1978, $50,000,000 for additional details, see appended statement.

7. Reliance Financial Services Corp. sinking fund debentures 9⅛s, due 1997:

Outstg. Dec. 31, 1978 $39,736,000 for additional details, see appended statement.

8. Reliance Transcontinental N.V. Ltd. debenture 7¼s, due 1985:

Outstg., Dec. 31, 1978, $3,398,000.

Listed: On Luxembourg Stock Exchange.

9. Reliance Transcontinental N.V. gtd. debenture 8¼s, due 1988:

Outstg. Dec. 31, 1978, $10,917,000.

Listed: On Luxembourg Stock Exchange.

Issued in exchange for $14,487,000 principal amount of 5% convertible debentures due 1988.

Subsequent Financing: In Jan. 1979, Co. obtained a $150,000,000, 8-year revolving-credit term loan from 21 banks to finance the purchase of containers for CTI-Container Transport International Inc., subsidiary. Chase Manhattan Bank was the agent. Further details were not disclosed.

CAPITAL STOCK

1. Reliance Group, Inc. $2.20 cumulative convertible preferred, series B; par $1:

AUTH.—All series 25,000,000 shs.; outstg., this series, Dec. 31, 1978, 503,750 shs.; in treas., 799,050 shs.; par $1.

Note: In June 1973, 2,856,187 shares of ser. B conv. pfd. were tendered for 1 share of ser. C non conv. pfd. and ⅓ share of common.
PREFERENCES—Has preference over com. as to assets and divs.
DIVIDEND RIGHTS—Entitled to cum. cash divs. of $2.20 a sh. annually, payable quarterly Dec. 1, etc.
DIVIDEND RECORD—Initial dividend of $0.48 a share paid Dec. 1, 1968; regular quarterly dividends paid thereafter thru Mar. 3, 1975.

Paid $0.55 on arrears Dec. 1, 1976 and $3.30 May 20, 1977 clearing arrears.

Regular payment resumed Jan. 1, 1977.
LIQUIDATION RIGHTS—In any liquidation, entitled to $55 a sh. plus divs.
VOTING RIGHTS—Has one vote for each 6 shs. held. If divs. are in arrears in an amount equal to 1½ times annual dividend, then pfd. voting separately as a class may elect 2 directors.

Consent of 66⅔% of pfd. outstg. needed to change terms adversely.
CALLABLE—As a whole or in part on and after June 30, 1973 on at least 30 days' notice to each June 30 incl. as follows (expressed in percentages of $55 a sh. plus divs.): 1979, 103¼; 1980, 103; 1981, 102¾; 1982, 102½; 1983, 102¼; 1984, 102; 1985, 101¾; 1986, 101½; 1987, 101¼; 1988, 101; 1989, 100¾; 1990, 100½; 1991, 100¼; 1993, 100.

Also callable for sinking fund (which see) at par.
SINKING FUND—Annually, each July 1, beginning 1988 to retire pfd., cash (or pfd.) equal to 10% of pfd. originally issued prior to July 1, 1969; plus similar optional redemptions.

On July 1, 1993, Co. is required to redeem the 801,499 outstg. shs. at $55 a sh.
CONVERTIBLE—Into com. at any time (if called, on or before 5th day prior to redemption date) at $36 a sh. (each pfd. sh. having conversion value of $55 a sh.). No adjustment for divs. Cash paid in lieu of fractional shs. Conversion privilege protected against dilution.
PREEMPTIVE RIGHTS—None.
TRANSFER AGENT—First Jersey National Bank, Jersey City.
REGISTRAR—Manufacturers Hanover Trust Co., NYC.
PURPOSE—Issued in connection with acquisition of Reliance Insurance Co.
LISTED—On NYSE (Symbol: REL Pr B); unlisted trading on Philadelphia, Midwest and Boston Stock Exchanges.

PRICE RANGE—	1978	1977	1976	1975	1974
High	56	43¼	37	18⅞	26⅛
Low	37½	34⅛	12	10⅞	12⅝

2. Reliance Group, Inc. $2.60 non-convertible preferred, series C; par $1:

AUTH.—All series, 25,000,000 shs., outstg., this series, Dec. 31, 1978, 2,003,451 shs.; in treasury, 775,500 shs.; par $1.
PREFERENCES—Has preference over com. for assets and divs.
DIVIDEND RIGHTS—Entitled to cum. cash divs. at the annual rate of $2.60 a sh., payable quarterly, Dec. 1, etc.
DIVIDEND RECORD—Initial dividend of $0.65 per sh. paid Aug. 31, 1973, regular quarterly dividends paid thereafter thru Mar. 3, 1975.

Paid $0.65 on arrears Dec. 1, 1976 and $3.90 on May 20, 1977 clearing arrears.

Regular payments resumed Jan. 1, 1977.
VOTING RIGHTS—If dividends are in arrears in an amount equal to 1½ times the annual dividend, holders will be entitled to elect as a class, 2 directors.

Holders of at least ⅔ ser. C pfd. shs. needed to change terms adversely.
PREEMPTIVE RIGHTS—None.
CALLABLE—As a whole or in part at any time after June 30, 1983 on at least 30 days' notice to each June 30, as follows (expressed in percentages of $26 per sh.):

1984 ......110.0	1985 ......107.5	1986 ......105.0
1987 ......102.5		

and thereafter at 100. Also callable for mandatory redemption fund (which see) at $26 per sh.
MANDATORY REDEMPTION FUND—Annually, each July 1, 1988-97, to retire 5% and 1998-2002, to retire 10% of greatest number of ser. C pfd. shs. at any time outstg.
LISTED—On NYSE (Symbol REL Pr C); unlisted trading on Boston Stock Exchange.
PURPOSE—Issued with 1,790,379 com. shs. in connection with exchange for ser. B pfd. shs.
TRANSFER AGENT—First Jersey National Bank, Jersey City, N.J.
REGISTRAR—Manufacturers Hanover Trust Co., New York.

PRICE RANGE—	1978	1977	1976	1975	1974
High	27⅝	30	27⅛	16⅝	21⅞
Low	23⅞	24	8⅞	7⅝	12⅞

3. Reliance Group, Inc. common; par $0.25:

Auth., 50,000,000 shares; outstg., Dec. 31, 1978, 7,947,526 shares; in treas., 4,599,768 shares; reserved for options, 841,356 shares; reserved for warrants, 613,845; shares; reserved for conversion of Series B preferred stk. 769,618 shares; reserved for conv. debs., 246,177 shares; issuance under career incentive stock purchase plan, 94,775 shares; par $0.25.

$0.25 par shares split 3-for-2 Mar. 2, 1969.

Has one per sh. No preemptive rights.

Dividends Paid (since 1967):

1968 ......[2]..	1969-72 ....Nil	1972 ......$0.10
1973-74 ....$0.40	1975 ......$0.20	1976 ....Nil
1977 ....0.15	1978 ....1.15 [1]	1979 ....[3]0.40

[1] To May 15.

[2] Paid 100% in stock May 27, 1968.

[3] Also paid on May 14 one sh. of Leasco Corp. for each 6 Co. shs. held of record Apr. 23, 1979.

Offered: (150,000 shs.) at $5 per sh. (proceeds to Co., $4.50 per sh.) on Aug. 4, 1965 thru Michael G. Kletz & Co., NYC, and associates.

(135,000 shs.) at $22.50 per sh. on May 26, 1966 thru Bacon, Whipple & Co., Chicago, and Goodbody & Co., NYC, and associates. Proceeds added to working capital.

(580,000) $0.25 par com. shs. and warrants for the purchase of 145,000 com. shs. in units each consisting of 4 shs. and a warrant for the purchase of one sh. at $97 a sh. Units were offered at $360 a unit on June 4, 1968 thru White, Weld & Co., Bacon, Whipple & Co. and Goodbody & Co. and associates. Proceeds for investment in Leasco Computer, Inc., subsidiary; balance for general purposes.

(1,389,430) June 15, 1973 in connection with ser. B conv. pfd. tender offer.

Transfer Agent & Registrar: First Jersey National Bank, Jersey City, New Jersey.

Listed: On NYSE (Symbol: REL); also listed on Pacific Stock Exchange, Amsterdam & London Stock Exchanges. Unlisted trading on Philadelphia, Boston and Midwest Stock Exchanges.

Price Range:	1978	1977	1976	1975	1974
High	31	26⅛	29⅛	8⅛	11⅞
Low	23⅛	18⅞	6	4⅛	4⅛

Warrants: As of Dec. 31, 1978, there were warrants outstanding to purchase 613,845 shares at $15.86 a share expire July 1, 1987. Issued with debenture 5⅞s, 1987.

Note: Figures adjusted to reflect ser. B pfd. exchange offer.

Warrant Agent: First Jersey National Bank, Jersey City.

Listed: On Philadelphia SE; unlisted trading on Boston and Midwest SE (NASDAQ Symbol: RELGW).