

MERCURY GENERAL CORP
Form 10-Q
August 04, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 2010

Commission File No. 001-12257

MERCURY GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4484 Wilshire Boulevard, Los Angeles, California (Address of principal executive offices)	90010 (Zip Code)
Registrant's telephone number, including area code: (323) 937-1060	

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the Registrant is a shell company (as defined in the Rule 12b-2 of the Exchange Act). Yes No

At July 31, 2010, the Registrant had issued and outstanding an aggregate of 54,793,483 shares of its Common Stock.

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MERCURY GENERAL CORPORATION

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Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****MERCURY GENERAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

<u>ASSETS</u>	June 30, 2010 (unaudited)	December 31, 2009
Investments, at fair value:		
Fixed maturities trading (amortized cost \$2,639,612; \$2,673,079)	\$ 2,698,711	\$ 2,704,561
Equity securities trading (cost \$339,978; \$308,941)	278,653	286,131
Short-term investments (cost \$104,400; \$156,126)	103,740	156,165
Total investments	3,081,104	3,146,857
Cash	219,466	185,505
Receivables:		
Premiums receivable	271,866	262,278
Premium notes	8,046	14,510
Accrued investment income	37,294	37,405
Other	11,059	13,689
Total receivables	328,265	327,882
Deferred policy acquisition costs	173,894	175,866
Fixed assets, net	200,999	201,862
Current income taxes	5,464	27,268
Deferred income taxes	43,772	36,139
Goodwill	42,850	42,850
Other intangible assets, net	63,418	66,823
Other assets	22,638	21,581
Total assets	\$ 4,181,870	\$ 4,232,633
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Losses and loss adjustment expenses	\$ 999,777	\$ 1,053,334
Unearned premiums	844,853	844,540
Notes payable	269,964	271,397
Accounts payable and accrued expenses	128,757	114,469
Other liabilities	152,515	177,947
Total liabilities	2,395,866	2,461,687
Commitments and contingencies		
Shareholders' equity:		
Common stock without par value or stated value:		
Authorized 70,000,000 shares; issued and outstanding 54,793,483; 54,776,958	73,466	72,589
Additional paid-in capital	36	0
Accumulated other comprehensive loss	(797)	(597)

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Retained earnings	1,713,299	1,698,954
Total shareholders' equity	1,786,004	1,770,946
Total liabilities and shareholders' equity	\$ 4,181,870	\$ 4,232,633

See accompanying Condensed Notes to Consolidated Financial Statements.

Table of Contents**MERCURY GENERAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,	
	2010	2009
Revenues:		
Net premiums earned	\$ 642,717	\$ 659,211
Net investment income	36,475	36,212
Net realized investment (losses) gains	(27,713)	99,862
Other	2,180	694
Total revenues	653,659	795,979
Expenses:		
Losses and loss adjustment expenses	439,609	445,463
Policy acquisition costs	126,325	136,359
Other operating expenses	70,516	51,364
Interest	1,851	1,879
Total expenses	638,301	635,065
Income before income taxes	15,358	160,914
Income tax (benefit) expense	(2,459)	46,467
Net income	\$ 17,817	\$ 114,447
Net income per share:		
Basic	\$ 0.33	\$ 2.09
Diluted	\$ 0.32	\$ 2.07
Weighted average shares outstanding:		
Basic	54,788	54,770
Diluted	54,833	55,320
Dividends declared per share	\$ 0.59	\$ 0.58

See accompanying Condensed Notes to Consolidated Financial Statements.

Table of Contents**MERCURY GENERAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

(unaudited)

	Six Months Ended June 30,	
	2010	2009
Revenues:		
Net premiums earned	\$ 1,283,331	\$ 1,325,274
Net investment income	72,361	74,126
Net realized investment (losses) gains	(5,669)	181,176
Other	3,473	2,361
Total revenues	1,353,496	1,582,937
Expenses:		
Losses and loss adjustment expenses	870,231	889,755
Policy acquisition costs	255,307	283,890
Other operating expenses	127,840	104,850
Interest	3,470	3,425
Total expenses	1,256,848	1,281,920
Income before income taxes	96,648	301,017
Income tax expense	17,652	89,917
Net income	\$ 78,996	\$ 211,100
Net income per share:		
Basic	\$ 1.44	\$ 3.85
Diluted	\$ 1.44	\$ 3.83
Weighted average shares outstanding:		
Basic	54,786	54,769
Diluted	54,821	55,166
Dividends declared per share	\$ 1.18	\$ 1.16

See accompanying Condensed Notes to Consolidated Financial Statements.

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MERCURY GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended June 30,	
	2010	2009
Net income	\$ 17,817	\$ 114,447
Other comprehensive (loss) income, before tax:		
(Losses) gains on hedging instrument	(156)	490
Other comprehensive (loss) income, before tax	(156)	490
Income tax (benefit) expense related to (losses) gains on hedging instrument	(55)	172
Comprehensive income, net of tax	\$ 17,716	\$ 114,765

See accompanying Condensed Notes to Consolidated Financial Statements.

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MERCURY GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Six Months Ended June 30,	
	2010	2009
Net income	\$ 78,996	\$ 211,100
Other comprehensive (loss) income, before tax:		
(Losses) gains on hedging instrument	(309)	502
Other comprehensive (loss) income, before tax	(309)	502
Income tax (benefit) expense related to (losses) gains on hedging instrument	(108)	176
Comprehensive income, net of tax	\$ 78,795	\$ 211,426

See accompanying Condensed Notes to Consolidated Financial Statements.

Table of Contents**MERCURY GENERAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

(unaudited)

	Six Months Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 78,996	\$ 211,100
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,081	17,418
Net realized investment losses (gains)	5,669	(181,176)
Bond (accretion) amortization, net	(1,201)	2,218
Excess tax benefit from exercise of stock options	(42)	(3)
(Increase) decrease in premiums receivable	(9,588)	12,223
Decrease (increase) in premium notes receivable	6,464	(1,711)
Decrease in deferred policy acquisition costs	1,972	18,873
Decrease in unpaid losses and loss adjustment expenses	(53,557)	(63,505)
Increase (decrease) in unearned premiums	313	(16,945)
Decrease in current and deferred income taxes	14,322	103,818
Increase in accounts payable and accrued expenses	16,763	19,119
Decrease in trading securities in nature, net of realized gains and losses	0	3,209
Share-based compensation	396	367
Decrease in other payables	(25,695)	(12,840)
Other, net	151	(5,802)
Net cash provided by operating activities	52,044	106,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed maturities available-for-sale in nature:		
Purchases	(188,227)	(232,116)
Sales	74,220	123,275
Calls or maturities	150,636	111,710
Equity securities available-for-sale in nature:		
Purchases	(105,791)	(143,665)
Sales	75,411	155,652
Net increase in payable for securities	135	4,127
Net decrease in short-term investments	51,743	110,268
Purchase of fixed assets	(15,307)	(20,656)
Sale and write-off of fixed assets	66	357
Business acquisition, net of cash acquired	0	(115,488)
Other, net	3,165	2,784
Net cash provided by (used in) investing activities	46,051	(3,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(64,651)	(63,533)
Excess tax benefit from exercise of stock options	42	3
Proceeds from stock options exercised	475	233
Proceeds from bank loan	0	120,000
Net cash (used in) provided by financing activities	(64,134)	56,703

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Net increase in cash	33,961	159,314
Cash:		
Beginning of the year	185,505	35,396
End of year	\$ 219,466	\$ 194,710

SUPPLEMENTAL CASH FLOW DISCLOSURE

Interest paid	3,257	\$ 3,689
Income taxes paid (received)	3,330	\$ (13,903)
Net realized gains (losses) from sale of investments	4,978	\$ (42,877)

See accompanying Condensed Notes to Consolidated Financial Statements.

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MERCURY GENERAL CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. General

Consolidation and Basis of Presentation

The condensed consolidated financial statements include the accounts of Mercury General Corporation and its subsidiaries (referred to herein collectively as the Company). The subsidiaries are as follows:

Insurance Companies

Mercury Casualty Company	Mercury National Insurance Company
Mercury Insurance Company	American Mercury Insurance Company
California Automobile Insurance Company	American Mercury Lloyds Insurance Company ⁽¹⁾
California General Underwriters Insurance Company, Inc.	Mercury County Mutual Insurance Company ⁽²⁾
Mercury Insurance Company of Illinois	Mercury Insurance Company of Florida
Mercury Insurance Company of Georgia	Mercury Indemnity Company of America
Mercury Indemnity Company of Georgia	

Non-Insurance Companies

Mercury Select Management Company, Inc. ⁽¹⁾	Mercury Group, Inc.
American Mercury MGA, Inc.	AIS Management LLC
Concord Insurance Services, Inc.	Auto Insurance Specialists LLC (AIS)
Mercury Insurance Services LLC	PoliSeek Insurance Solutions, Inc.

(1) American Mercury Lloyds Insurance Company is not owned but is controlled by the Company through its attorney-in-fact, Mercury Select Management Company, Inc.

(2) Mercury County Mutual Insurance Company is not owned but is controlled by the Company through a management contract.

The condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP), which differ in some respects from those filed in reports to insurance regulatory authorities. All intercompany transactions have been eliminated.

The financial data of the Company included herein has been prepared without audit. In the opinion of management, all material adjustments of a normal recurring nature necessary to present fairly the Company's financial position at June 30, 2010 and the results of operations, comprehensive income, and cash flows for the periods presented have been made. Operating results and cash flows for the six months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Use of Estimates

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The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates require the Company to apply complex assumptions and judgments, and often the Company must make estimates about effects of matters that are inherently uncertain and will likely change in subsequent periods. The most significant assumptions in the preparation of these condensed consolidated financial statements relate to reserves for losses and loss adjustment expenses. Actual results could differ from those estimates (See Note 1 - Summary of Significant Accounting Policies of Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2009).

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2. Recently Issued Accounting Standards

In February 2010, the Financial Accounting Standards Board (FASB) issued a new accounting standard related to subsequent events, which amends the earlier FASB standard to address certain implementation issues related to an entity s requirement to perform and disclose subsequent events procedures. The new standard requires Securities and Exchange Commission (SEC) filers to evaluate subsequent events through the date the financial statements are issued and exempts SEC filers from disclosing the date through which subsequent events have been evaluated. The Company adopted the new standard which became effective for the interim reporting period ended March 31, 2010. The adoption of the new standard did not have a material impact on the Company s condensed consolidated financial statements.

In January 2010, the FASB issued a new standard related to fair value measurements and disclosures, which amends the earlier FASB standard to add new requirements for disclosures about transfers into and out of Levels 1 and 2 fair value measurements and separate disclosures about purchases, sales, issuances, and settlements related to Level 3 fair value measurements. The new standard also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure the fair value. The Company adopted the new accounting standard which became effective for the interim reporting period ended March 31, 2010, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the new standard did not have a material impact on the Company s condensed consolidated financial statements.

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The financial instruments recorded in the consolidated balance sheets include investments, receivables, interest rate swap agreements, accounts payable, equity contracts, and secured and unsecured notes payable. Due to their short-term maturity, the carrying value of receivables and accounts payable approximate their fair market values. The following table presents estimated fair values of financial instruments at June 30, 2010 and December 31, 2009.

	June 30, 2010	December 31, 2009
	(Amounts in thousands)	
Assets		
Investments	\$ 3,081,104	\$ 3,146,857
Interest rate swap agreements	\$ 7,018	\$ 8,472
Liabilities		
Interest rate swap agreements	\$ 3,526	\$ 2,364
Equity contracts	\$ 801	\$ 1,043
Secured notes	\$ 138,628	\$ 138,103
Unsecured notes	\$ 128,750	\$ 130,666

Methods and assumptions used in estimating fair values are as follows:

Investments

The Company applies the fair value option to all available-for-sale, fixed maturity, equity securities, and short-term investments as of the time the eligible item is first recognized. For additional disclosures regarding methods and assumptions used in estimating fair values of these securities, see Note 5 of Condensed Notes to Consolidated Financial Statements.

Interest rate swap agreements

The fair value of interest rate swap agreements reflects the estimated amounts that the Company would pay or receive at June 30, 2010 and December 31, 2009 in order to terminate the contracts based on models using inputs, such as interest rate yield curves, observable for substantially the full term of the contract. For additional disclosures regarding methods and assumptions used in estimating fair values of interest rate swap agreements, see Note 5 of Condensed Notes to Consolidated Financial Statements.

Equity contracts

The fair value of equity contracts is based on quoted prices for identical instruments in active markets. For additional disclosures regarding methods and assumptions used in estimating fair values of equity contracts, see Note 5 of Condensed Notes to Consolidated Financial Statements.

Secured notes

The fair value of the Company's \$120 million and \$18 million secured notes is estimated based on assumptions and inputs, such as reset rates, for similarly termed notes that are observable in the market.

Unsecured note

The fair value of the Company's publicly traded \$125 million unsecured note is based on the unadjusted quoted price for similar notes in active markets.

Table of Contents**4. Fair Value Option**

Gains and losses due to changes in fair value for items measured at fair value pursuant to application of the fair value option are included in net realized investment (losses) gains in the Company's consolidated statements of operations, while interest and dividend income on the investment holdings are recognized on an accrual basis on each measurement date and are included in net investment income in the Company's consolidated statements of operations. The primary reasons for electing the fair value option were simplification and cost-benefit considerations as well as expansion of use of fair value measurement consistent with the long-term measurement objectives of the FASB for accounting for financial instruments.

The following table presents (losses) gains due to changes in fair value for items measured at fair value pursuant to application of the fair value option:

	Three Months Ended June 30, 2010	2009	Six Months Ended June 30, 2010	2009
	(Amounts in thousands)			
Fixed maturity securities	\$ 14,350	\$ 46,419	\$ 27,617	\$ 147,434
Equity securities	(44,241)	77,198	(38,516)	66,919
Short-term investments	(646)	0	(699)	(3)
Total	\$ (30,537)	\$ 123,617	\$ (11,598)	\$ 214,350

5. Fair Value Measurement

The Company employs a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Accordingly, when market observable data is not readily available, the Company's own assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Assets and liabilities recorded on the consolidated balance sheets at fair value are categorized based on the level of judgment associated with inputs used to measure fair value and the level of market observability, as follows:

Level 1 Unadjusted quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs are other than quoted prices in active markets, which are based on the following:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in non-active markets; or

Either directly or indirectly observable inputs as of the reporting date and fair value is determined through the use of models or other valuation methods

Level 3 Pricing inputs are unobservable and significant to the overall fair value measurement, and the determination of fair value requires significant management judgment or estimation.

In certain cases, inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is

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significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset or liability.

The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2, or from Level 2 to Level 3. The Company recognizes transfers between levels at either the actual date of the event or a change in circumstances that caused the transfer.

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Summary of Significant Valuation Techniques for Financial Assets and Financial Liabilities

The Company's fair value measurements are based on a combination of the market approach and the income approach. The market approach utilizes market transaction data for the same or similar instruments. The income approach is based on a discounted cash flow methodology, where expected cash flows are discounted to present value.

The Company obtained unadjusted fair values on approximately 98% of its portfolio from an independent pricing service. For approximately 2% of its portfolio, the Company obtained specific unadjusted broker quotes from at least one knowledgeable outside security broker to determine the fair value.

Level 1 Measurements - Fair values of financial assets and financial liabilities are obtained from an independent pricing service, and are based on unadjusted quoted prices for identical assets or liabilities in active markets. Additional pricing services and closing exchange values are used as a comparison to ensure realistic fair values are used in pricing the investment portfolio.

U.S. government bonds and agencies: Priced using unadjusted quoted market prices for identical assets in active markets.

Common stock/Other: Comprised of actively traded, exchange listed U.S. and international equity securities and valued based on unadjusted quoted prices for identical assets in active markets.

Money market instruments: Valued based on unadjusted quoted prices for identical assets.

Equity contracts: Comprised of free-standing exchange listed derivatives that are actively traded and valued based on quoted prices for identical instruments in active markets.

Level 2 Measurements - Fair values of financial assets and financial liabilities are obtained from an independent pricing service or outside brokers, and are based on prices for similar assets or liabilities in active markets or valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability. Additional pricing services are used as a comparison to ensure reliable fair values are used in pricing the investment portfolio.

Municipal securities: Valued based on models or matrices using inputs including quoted prices for identical or similar assets in active markets.

Mortgage-backed securities: Comprised of securities that are collateralized by residential mortgage loans. Valued based on models or matrices using multiple observable inputs, such as benchmark yields, reported trades and broker/dealer quotes, for identical or similar assets in active markets. At June 30, 2010 and December 31, 2009, the Company had no holdings in commercial mortgage-backed securities.

Corporate securities/Short-term bonds: Valued based on a multi-dimensional model using multiple observable inputs, such as benchmark yields, reported trades, broker/dealer quotes and issue spreads, for identical or similar assets in active markets.

Non-redeemable preferred stock: Valued based on observable inputs, such as underlying and common stock of same issuer and appropriate spread over a comparable U.S. Treasury security, for identical or similar assets in active markets.

Interest rate swap agreements: Valued based on models using inputs, such as interest rate yield curves, observable for substantially the full term of the contract.

Level 3 Measurements - Fair values of financial assets are based on discounted cash flow price modeling performed by management with inputs that are both unobservable and significant to the overall fair value measurement, including any items in which the evaluated prices obtained elsewhere were deemed to be of a distressed trading level.

Municipal securities: Comprised of certain distressed municipal securities for which valuation is based on models that are widely accepted in the financial services industry and require projections of future cash flows that are not market observable. Included in this category are \$1.4 million of auction rate securities (ARS).

Collateralized debt obligations: Valued based on underlying debt instruments and the appropriate benchmark spread for similar assets in active markets; taking into consideration unobservable inputs related to liquidity assumptions.

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The Company's total financial instruments at fair value are reflected in the consolidated balance sheets on a trade-date basis. Related unrealized gains or losses are recognized in net realized investment (losses) gains in the consolidated statements of operations. Fair value measurements are not adjusted for transaction costs.

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The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 and December 31, 2009, and indicate the fair value hierarchy based on the inputs and the valuation techniques utilized by the Company to determine such fair value:

	June 30, 2010			Total
	Level 1	Level 2	Level 3	
(Amounts in thousands)				
Assets				
Fixed maturity securities:				
U.S. government bonds and agencies	\$ 8,904	\$ 0	\$ 0	\$ 8,904
Municipal securities	0	2,477,037	1,357	2,478,394
Mortgage-backed securities	0	76,770	0	76,770
Corporate securities	0	87,058	0	87,058
Collateralized debt obligations	0	0	47,585	47,585
Equity securities:				
Common stock:				
Public utilities	23,738	0	0	23,738
Banks, trusts and insurance companies	13,890	0	0	13,890
Industrial and other	227,109	0	0	227,109
Non-redeemable preferred stock	0	13,916	0	13,916
Short-term bonds	0	14,410	0	14,410
Money market instruments	89,330	0	0	89,330
Interest rate swap agreements	0	7,018	0	7,018
Total assets at fair value	\$ 362,971	\$ 2,676,209	\$ 48,942	\$ 3,088,122
Liabilities				
Equity contracts	\$ 801	\$ 0	\$ 0	\$ 801
Interest rate swap agreements	0	3,526	0	3,526
Total liabilities at fair value	\$ 801	\$ 3,526	\$ 0	\$ 4,327

	December 31, 2009			Total
	Level 1	Level 2	Level 3	
(Amounts in thousands)				
Assets				
Fixed maturity securities:				
U.S. government bonds and agencies	\$ 8,977	\$ 1,003	\$ 0	\$ 9,980
Municipal securities	0	2,437,744	3,322	2,441,066
Mortgage-backed securities	0	114,408	0	114,408
Corporate securities	0	91,634	0	91,634
Collateralized debt obligations	0	0	47,473	47,473
Equity securities:				
Common stock:				
Public utilities	28,780	0	0	28,780
Banks, trusts and insurance companies	13,291	0	0	13,291
Industrial and other	230,406	0	0	230,406
Non-redeemable preferred stock	0	13,654	0	13,654
Short-term bonds	0	6,039	0	6,039
Money market instruments	150,126	0	0	150,126
Interest rate swap agreements	0	8,472	0	8,472
Total assets at fair value	\$ 431,580	\$ 2,672,954	\$ 50,795	\$ 3,155,329

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Liabilities

Equity contracts	\$	1,043	\$	0	\$	0	\$	1,043
Interest rate swap agreements		0		2,364		0		2,364