

Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 1996.

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission File No. 0-15341

Donegal Group Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

23-2424711
(I.R.S. Employer
Identification No.)

1195 River Road, P.O. Box 302, Marietta, PA 17547-0302
(Address of principal executive offices, including zip code)

(717) 426-1931
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether 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. ___.

Applicable Only to Issuers Involved in Bankruptcy
Proceedings During the Preceding Five Years:

Indicate by check mark whether the registrant has filed all documents and reports required by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes . No. ___.

Applicable Only to Corporate Issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 4,467,521 shares of Common Stock, \$1.00 par value, outstanding on October 31, 1996.

Part I. Financial Information

Item 1. Financial Statements.

Donegal Group Inc. And Subsidiaries
Consolidated Balance Sheet

Assets	September 30, 1996	December 31, 1995
-----	-----	-----
Investments	(Unaudited)	
Fixed maturities		
Held to maturity, at amortized cost	\$105,309,169	\$ 91,979,122
Available for sale, at market value	45,741,325	51,646,730
Equity securities, available for sale at market	3,891,787	3,263,878
Short-term investments, at cost, which approximate market	18,073,121	14,498,579
Total Investments	173,015,402	161,388,309
Cash	1,932,936	1,747,572
Accrued investment income	2,183,356	2,414,095
Premiums receivable	12,844,279	11,790,396
Reinsurance receivable	35,009,915	27,693,106
Federal income tax receivable	339,580	551,990
Deferred policy acquisition costs	7,910,127	6,902,218
Deferred federal income taxes	3,829,978	3,411,544
Prepaid reinsurance premiums	20,911,120	13,055,893
Property and equipment, net	2,211,973	2,282,570
Accounts receivable - securities	123,941	2,702,895
Due from affiliate	334,707	546,746
Other	1,496,075	1,217,032
Total Assets	\$262,143,389	\$235,704,366

Liabilities and Stockholders' Equity

Liabilities

Losses and loss expenses	\$108,554,366	\$ 97,733,851
Unearned premiums	67,872,999	54,377,239
Accrued expenses	1,814,352	2,373,142
Reinsurance balances payable	650,073	634,731
Cash dividend declared to stockholders	--	427,694
Line of credit	3,500,000	5,000,000
Accounts payable - securities	--	2,491,148
Other	122,328	181,426
Due to affiliate - Delaware Atlantic acquisition	--	202,243
	-----	-----
Total Liabilities	182,514,118	163,421,474
	-----	-----

Stockholders' Equity

Preferred stock, \$1.00 par value, authorized 1,000,000 shares; none issued		
Common stock, \$1.00 par value, authorized 10,000,000 shares, issued 4,532,569 and 4,326,362 shares and outstanding 4,467,521 and 4,261,314 shares	4,532,569	4,326,362
Additional paid-in capital	37,222,019	35,017,965
Net unrealized gain (losses) on investments	98,186	819,213
Retained earnings	38,596,277	32,939,132
Treasury stock	(819,780)	(819,780)
	-----	-----
Total Stockholders' Equity	79,629,271	72,282,892
	-----	-----
Total Liabilities and Stockholders' Equity	\$262,143,389	\$235,704,366
	=====	=====

See accompanying notes to consolidated financial statements.

Donegal Group Inc. and Subsidiaries
Consolidated Statement of Income
(Unaudited)

For the three months ended September 30, 1996 and 1995

	Three Months Ended 1996	September 30, 1995
	-----	-----
Revenues:		
Premiums earned	\$ 36,338,876	\$ 29,509,784
Premiums ceded	(11,204,309)	(7,483,756)
	-----	-----
Net premiums earned	25,134,567	22,026,028
Investment income, net of investment expenses	2,507,883	2,350,064
Realized gain (loss)	16,780	151,444
Lease income	138,613	122,138
Service charge income	378,552	384,445
	-----	-----
Total Revenues	28,176,395	25,034,119
	-----	-----
Expenses:		
Losses and loss expenses	23,657,291	19,744,175
Reinsurance recoveries	(7,472,243)	(5,503,977)
	-----	-----
Net losses and loss expenses	16,185,048	14,240,198
Amortization of deferred policy acquisition costs	4,278,000	3,407,000
Other underwriting expenses	3,756,113	3,693,550
Policy dividends	282,956	285,890
Interest	81,513	6,757
Other expenses	350,108	324,654
	-----	-----
Total Expenses	24,933,738	21,958,049
	-----	-----
Income before income taxes	3,242,657	3,076,070
Income taxes	757,346	726,952
	-----	-----
Net income	\$ 2,485,311	\$ 2,349,118
	=====	=====
Earnings per common share	\$.56	\$.55
	=====	=====

See accompanying notes to consolidated financial statements.

Donegal Group Inc. and Subsidiaries
Consolidated Statement of Income
(Unaudited)

For the nine months ended September 30, 1996 and 1995

	Nine Months Ended September 30,	
	1996	1995
	----	----
Revenues:		
Premiums earned	\$101,694,023	\$ 85,016,287
Premiums ceded	(27,029,106)	(21,303,463)
	-----	-----
Net premiums earned	74,664,917	63,712,824
Investment income, net of investment expenses	7,459,103	6,822,511
Realized gain (loss)	311,528	365,428
Lease income	404,970	363,412
Service charge income	1,092,645	1,090,612
	-----	-----
Total Revenues	83,933,163	72,354,787
	-----	-----
Expenses:		
Losses and loss expenses	67,515,565	54,039,218
Reinsurance recoveries	(17,389,526)	(13,128,412)
	-----	-----
Net losses and loss expenses	50,126,039	40,910,806
Amortization of deferred policy acquisition costs	12,576,000	10,005,000
Other underwriting expenses	10,567,085	10,022,842
Policy dividends	982,276	919,706
Interest	290,194	6,757
Other expenses	1,149,143	953,044
	-----	-----
Total Expenses	75,690,737	62,818,155
	-----	-----
Income before income taxes	8,242,426	9,536,632
Income taxes	1,625,754	2,256,689
	-----	-----
Net income	\$ 6,616,672	\$ 7,279,943
	=====	=====
Earnings per common share	\$ 1.50	\$ 1.72
	=====	=====

See accompanying notes to consolidated financial statements.

DONEGAL GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996

	Common Stock -----		Additional Paid-In Capital -----	Net Unreal- ized Gains (Losses) on Investments -----	Retained Earnings -----	Treasury Stock -----	Total Stock- holders' Equity -----
	Shares -----	Amount -----					
Balance, January 1, 1996	4,326,362	\$4,326,362	\$35,017,965	\$ 819,213	\$32,939,132	\$(819,780)	\$72,282,892
Net Income					6,616,672		6,616,672
Unrealized loss on investments				(721,027)			(721,027)
Issuance of Common Stock	206,207	206,207	2,204,054				2,410,261
Cash Dividend					(959,527)		(959,527)
Balance, September 30, 1996	4,532,569 =====	\$4,532,569 =====	\$37,222,019 =====	\$ 98,186 =====	\$38,596,277 =====	\$(819,780) =====	\$79,629,271 =====

See accompanying notes to financial statements.

DONEGAL GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

For the nine months ended September 30, 1996 and 1995

	Nine months ended 1996	September 30, 1995
	----	----
Cash Flows from Operating Activities:		
Net income	\$ 6,616,672	\$ 7,279,943
	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	287,106	221,716
Realized investment gain (loss)	(331,528)	(365,840)
Changes in Assets and Liabilities:		
Losses and loss expenses	10,820,515	9,983,534
Unearned premiums	13,495,760	7,683,884
Premiums receivable	(1,053,883)	(1,523,115)
Deferred acquisition costs	(1,007,909)	(1,100,782)
Deferred income taxes	(46,995)	(361,061)
Reinsurance receivable	(7,316,809)	(4,261,827)
Prepaid reinsurance premiums	(7,855,227)	(2,100,251)
Accrued investment income	(230,739)	79,595
Due from affiliate	(212,039)	(2,476,342)
Accounts payable reinsurance	15,342	156,058
Current income taxes payable	(212,410)	(300,252)
Other, net	(896,931)	220,900
	-----	-----
Net adjustments	6,784,629	5,856,217
	-----	-----
Net cash provided by operating activities	13,401,301	13,136,160
	-----	-----
Cash flows from investing activities:		
Purchase of fixed maturities		
Held to maturity	(22,071,161)	(20,473,400)
Available for sale	(11,613,410)	(15,872,315)
Purchase of equity securities, available for sale	(8,818,784)	(5,186,741)
Maturity of fixed maturities		
Held to maturity	6,528,676	9,018,252
Available for sale	15,219,295	1,533,334
Sale of fixed maturities - available for sale	3,603,517	2,649,343
Sale of equity securities - available for sale	8,396,561	5,427,065
Acquisition of Delaware Atlantic	(202,243)	219,187
Purchase of property and equipment	(206,886)	(211,110)
Net sales of short-term investments	(3,574,542)	9,324,117
	-----	-----
Net cash used in investing activities	(12,738,977)	(13,572,268)
	-----	-----
Cash flows from financing activities:		
Repayment of bank borrowing	(1,500,000)	
Cash dividends paid	(1,387,221)	(1,199,319)
Issuance of common stock	2,410,261	1,280,214
	-----	-----
Net cash provided by (used in) financing activities	(476,960)	80,895
	-----	-----
Net decrease in cash	185,364	(355,213)
Cash at beginning of year	1,747,572	1,263,764
	-----	-----
Cash at end of quarter	\$ 1,932,936	\$ 908,551
	=====	=====
Cash paid during period		
- Interest	\$ 287,997	6,757
- Income Taxes	\$ 1,255,000	\$ 2,945,840

See accompanying notes to consolidated financial statements.

Overview

Donegal Group Inc. ("DGI" or the "Company") is a regional insurance holding company doing business in Pennsylvania, Maryland, Delaware, Virginia and Ohio through its three wholly owned property-casualty insurance subsidiaries, Atlantic States Insurance Company ("Atlantic"), Southern Insurance Company of Virginia ("Southern") and Delaware Atlantic Insurance Company ("Delaware"). The Company's major lines of business in 1995 and their percentage of total net earned premiums were Automobile Liability (28.2%), Workers' Compensation (19.1%), Automobile Physical Damage (15.5%), Homeowners (16.4%), and Commercial Multiple Peril (14.8%). The subsidiaries are subject to regulation by Insurance Departments in those states in which they operate and undergo periodic examination by those departments. The subsidiaries are also subject to competition from other insurance carriers in their operating areas. DGI was formed in September 1986 by Donegal Mutual Insurance Company (the "Mutual Company"), which owns 59% of the outstanding common shares of the Company as of September 30, 1996.

Atlantic States participates in an intercompany pooling arrangement with the Mutual Company and assumes 65% of the pooled business, 60% prior to January 1, 1996. Southern cedes 50% of its business to the Mutual Company and Delaware Atlantic cedes 70% of its Workers' Compensation business to the Mutual Company. Because the Mutual Company places substantially all of the business assumed from Southern and Delaware Atlantic into the pool, from which the Company has a 65% allocation, the Company's results of operations include approximately 82% of the business written by Southern and approximately 70% of the Workers' Compensation business written by Delaware Atlantic.

On December 29, 1995, the Company acquired all of the outstanding stock of Delaware Atlantic Insurance Company. This transaction was accounted for as if it were a "Pooling of interest," and as such, the Company's financial statements have been restated to include Delaware as a consolidated subsidiary from January 1, 1994 to the present.

In January 1994, the Company organized a new subsidiary, Atlantic Insurance Services, Inc. ("AIS"), which began business in that same month. AIS is an insurance services organization currently providing inspection and policy auditing information on a fee for service basis to its affiliates and the insurance industry.

DONEGAL GROUP INC. AND SUBSIDIARIES
(Unaudited)
Summary Notes to Consolidated Financial Statements

1 - Organization

The Company was organized as a regional insurance holding company by Donegal Mutual Insurance Company (the "Mutual Company") on August 26, 1986 and operates in Pennsylvania, Maryland, Delaware, Virginia and Ohio through its wholly owned stock insurance companies, Atlantic States Insurance Company ("Atlantic States"), Southern Insurance Company of Virginia ("Southern"), Delaware Atlantic Insurance Company ("Delaware") and Atlantic Insurance Services, Inc. ("AIS"). The Company's major lines of business are Automobile Liability, Automobile Physical Damage, Homeowners, Commercial Multiple Peril and Workers' Compensation. Atlantic, Southern and Delaware are subject to regulation by Insurance Departments in those states in which they operate and undergo periodic examination by those departments. They are also subject to competition from other insurance carriers in their operating areas. Atlantic States engages in the insurance business primarily through an intercompany pooling arrangement with the Mutual Company. Southern was acquired by the Company on December 31, 1988 pursuant to a plan of conversion from a mutual to a stock company and cedes 50% of its business to the Mutual Company, 80% prior to 1991. On December 29, 1995, the Company acquired all of the outstanding stock of Delaware Atlantic Insurance Company. This transaction was accounted for as if it were a "Pooling of interest," and as such, the Company's financial statements have been restated to include Delaware as a consolidated subsidiary from January 1, 1994 to the present. At September 30, 1996, the Mutual Company held 59% of the outstanding common stock of the Company.

2 - Basis of Presentation

The financial information for the interim period included herein is unaudited; however, such information reflects all adjustments, consisting only of normal recurring adjustments, which, in the opinion of management of Registrant, are necessary to a fair presentation of Registrant's financial position, results of operations and changes in financial position for the interim period included herein. The results of operations for the nine months ended September 30, 1996, are not necessarily indicative of results of operations to be expected for the twelve months ended December 31, 1996.

These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995.

Results of Operations - Three Months Ended September 30, 1996
to Three Months Ended September 30, 1995

Revenues for the three months ended September 30, 1996 were \$28,176,395, an increase of \$3,142,276, or 12.6%, over the same period of 1995. An increase in net premiums earned of \$3,108,539, or 14.1% represented most of this change. An increase in Atlantic States' share of the pool with Donegal Mutual, from 60% to 65% effective January 1, 1996 accounted for \$1,687,097, or 7.7% of this increase. The Company's share of direct premiums written increased 3.6% over 1995 before giving effect to the change in the pooling agreement. The pooling change added another 8.1% for a total increase in direct written premiums of 11.7%. Investment income for the third quarter of 1996 was \$2,507,883 an increase of \$157,819, or 6.7%, over the third quarter of 1995. An increase in the average invested assets of \$17,342,381 or 11.2%, to \$161,460,369 and a decrease in the average return on investments to an annualized rate of 5.8% for the third quarter of 1996 compared to 6.1% for the third quarter of 1995, accounted for the change. Realized investment gains, which resulted from the normal turnover of the Company's investment portfolio, decreased \$134,664 for the three months ended September 30, 1996 compared to the same period in 1995, to \$16,780.

The GAAP combined ratio of insurance operations in the third quarter of 1996 was 97.5% compared to 98.2% for the same period in 1995. The GAAP combined ratio is the sum of the ratios of incurred losses and loss adjusting expenses to premiums earned (loss ratio), policyholders dividends to premiums earned (dividend ratio), and underwriting expenses to premiums earned (expense ratio). The Company posted a loss ratio of 64.4% for the third quarter 1996 almost identical to the 64.7% loss ratio it posted for the third quarter 1995. This ratio was achieved despite the effects from hurricane Fran which added approximately \$300,000 in claims for the quarter. The expense ratio decreased from 32.2% to 32.0% for the three months ended September 30, 1996 due primarily to reductions in incentive expenses for employees and agents related to the higher claims activity for the first quarter. The dividend ratio decreased slightly from 1.3% for the third quarter of 1995 to 1.1% for the third quarter of 1996, due primarily to more stringent qualification requirements within the programs offset by higher levels of profitability in the workers' compensation line.

Federal income taxes for the third quarter of 1996 represented 23.4% of income before income taxes, compared to 23.6% for the same period of 1995.

Results of Operations - Nine Months Ended September 30, 1996
to Nine Months Ended September 30, 1995

Revenues for the nine months ended September 30, 1996 were \$83,933,163 an increase of \$11,578,376, or 16.0%, over the same period of 1995. An increase in net premiums earned of \$10,952,093 or 17.2%, represented most of this change. An increase in Atlantic States' share of the pool with Donegal Mutual, from 60% to 65% effective January 1, 1996, accounted for \$5,010,036, or 7.9% of this increase. The Company's share of direct premiums written increased 4.8% over 1995 before giving effect to the change in the pooling agreement. The pooling change added another 6.9% for a total increase in direct written premiums of 11.7%. Investment income for the first nine months of 1996 was \$7,459,103, an increase of \$636,592, or 9.3% over the first nine months of 1995. An increase in the average invested assets of \$17,503,252 or 11.7%, to \$167,201,855 accounted for the entire change. Realized investment gains, which resulted from the normal turnover of the Company's investment portfolio, decreased \$53,900 for the first nine months of this year to \$311,528.

The GAAP combined ratio of insurance operations in the first three quarters of 1996 was 99.4% compared to 97.1% for the same period in 1995. The GAAP combined ratio is the sum of the ratios of incurred losses and loss adjusting expenses to premiums earned (loss ratio), policyholders dividends to premiums earned (dividend ratio), and underwriting expenses to premiums earned (expense ratio). An increase in the loss ratio from 64.2% in the first nine months of 1995 to 67.2% in the first nine months of 1996, accounted for most of the change. This rise in the loss ratio resulted from increased claim activity due to record levels of snowfall in the primary operating areas of the Company during the first quarter of 1996. This increase in claims activity affected both the personal lines and commercial property business. The expense ratio decreased from 31.4% to 31.0% for the nine months ended September 30, 1996 due primarily to reductions in incentive expenses for employees and agents related to the higher claims activity for the first quarter. The dividend ratio decreased slightly from 1.4% for the first nine months of 1995 to 1.3% for the first nine months of 1996, due primarily to more stringent qualification requirements within the programs offset by higher levels of profitability in the workers' compensation line.

Federal income taxes for the first nine months of 1996 represented 19.7% of income before income taxes, compared to 23.7% for the same period of 1995. This was due primarily to the increased loss activity in the first quarter 1996 resulting in tax free income from municipal bonds representing a much greater percentage of income before income taxes. In the first quarter 1996 tax exempt interest was 47% of pre tax income compared to approximately 25% in the first quarter 1995. The company also benefited from tax deductions related to the exercise of options during the second quarter of this year.

Liquidity and Capital Resources

The Company generates sufficient funds from its operations and maintains a high degree of liquidity in its investment portfolio. The primary source of funds to meet the demands of claim settlements and operating expenses are premium collections, investment earnings and maturing investments. As of September 30, 1996, the Company had no material commitment for capital expenditures.

In investing funds made available from operations, the Company maintains securities maturities consistent with its projected cash needs for the payment of claims and expenses. The Company maintains a portion of its investment portfolio in relatively short-term and highly liquid assets to ensure the availability of funds.

As of September 30, 1996, pursuant to a credit agreement dated December 29, 1995 with Fleet National Bank of Connecticut, the Company had unsecured borrowings of \$3.5 million. Such borrowings were made in connection with the acquisition of Delaware Atlantic Insurance Company. Per the terms of the credit agreement, the Company may borrow up to \$20 million at interest rates equal to the bank's then current prime rate or the then current London interbank Eurodollar bank rate plus 1.70%. At September 30, 1996, the interest rate on the outstanding balance was 7.5125%. In addition, the Company will pay a non-use fee at a rate of 3/10 of 1% per annum on the average daily unused portion of the Bank's commitment. On each December 29, commencing December 29, 1998, the credit line will be reduced by \$4 million. Any outstanding loan in excess of the remaining credit line, after such reduction, will then be payable.

The Company's principal source of cash with which to pay stockholder dividends is dividends from Atlantic States, Southern and Delaware, which are required by law to maintain certain minimum surplus on a statutory basis and are subject to regulations under which payment of dividends from statutory surplus is restricted and may require prior approval of their domiciliary insurance regulatory authorities. Atlantic States, Southern and Delaware are subject to Risk Based Capital (RBC) requirements effective for 1994. At December 31, 1995, all three Companies' capital was substantially above the RBC requirements. At December 31, 1995, amounts available for distribution as dividends to Donegal Group without prior approval of the insurance regulatory authorities are \$5,224,905 from Atlantic States, \$638,042 from Southern and \$569,563 from Delaware.

Credit Risk

The Company provides property and liability coverages through its subsidiaries' independent agency systems located throughout its operating area. The majority of this business is billed directly to the insured although a portion of Donegal Group's commercial business is billed through its agents who are extended credit in the normal course of business.

The Company's subsidiaries have reinsurance agreements in place with the Mutual Company and with a number of other major authorized reinsurers.

Impact of Inflation

Property and casualty insurance premiums are established before the amount of losses and loss settlement expenses, or the extent to which inflation may impact such expenses, are known. Consequently, the Company attempts, in establishing rates, to anticipate the potential impact of inflation.

Impact of New Accounting Standards

Stock-Based Compensation

The Company has adopted Statement of Financial Accounting Standards No. 123 (SFAS No. 123), effective January 1, 1996. Upon adoption of SFAS No. 123, the Company continues to measure compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" and will provide pro forma disclosures of net income and earnings per share as if the fair value-based method prescribed by SFAS No. 123 had been applied in measuring compensation expense.

Impairment of Long-Lived Assets

The Company has adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" (SFAS No. 121) effective January 1, 1996. SFAS No. 121 provides guidance for recognition and measurement of impairment long-lived assets, certain identifiable intangibles and goodwill related both to assets to be held and used and assets to be disposed of.

SFAS No. 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, an entity should estimate the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is not recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles that an entity expects to hold and use should be based on the fair value of the asset.

SFAS No. 121 requires that long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less cost to sell.

Management believes the adoption of SFAS No. 121 has no material effect on its financial condition or results of operation.

Part II. Other Information

- Item 1. Legal Proceedings
None.
- Item 2. Changes in Securities
None.
- Item 3. Defaults upon Senior Securities
None.
- Item 4. Submission of Matters to a Vote of Security Holders
None.
- Item 5. Other Information
None.
- Item 6. Exhibits and Reports on Form 8-K
(a) EX-27 Financial Data Schedule
(b) Reports on Form 8-K
During the quarter ended September 30, 1996 - None.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Donegal Group Inc.

Date: November 14, 1996

By: /s/ Donald H. Nikolaus

Donald H. Nikolaus,
President and
Chief Executive Officer

Date: November 14, 1996

By: /s/ Ralph G. Spontak

Ralph G. Spontak,
Corporate Secretary,
Senior Vice President and
Chief Financial Officer

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