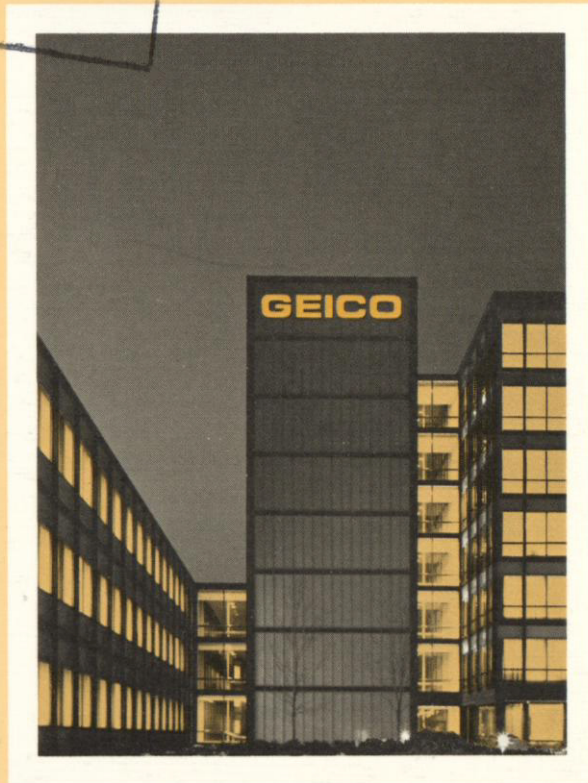


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CLEVELAND PUBLIC LIBRARY
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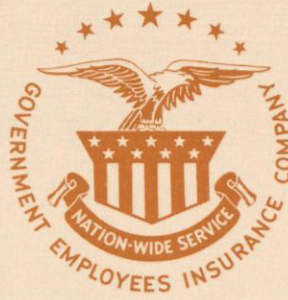


Government Employees Insurance Company

WASHINGTON, D.C.

30th

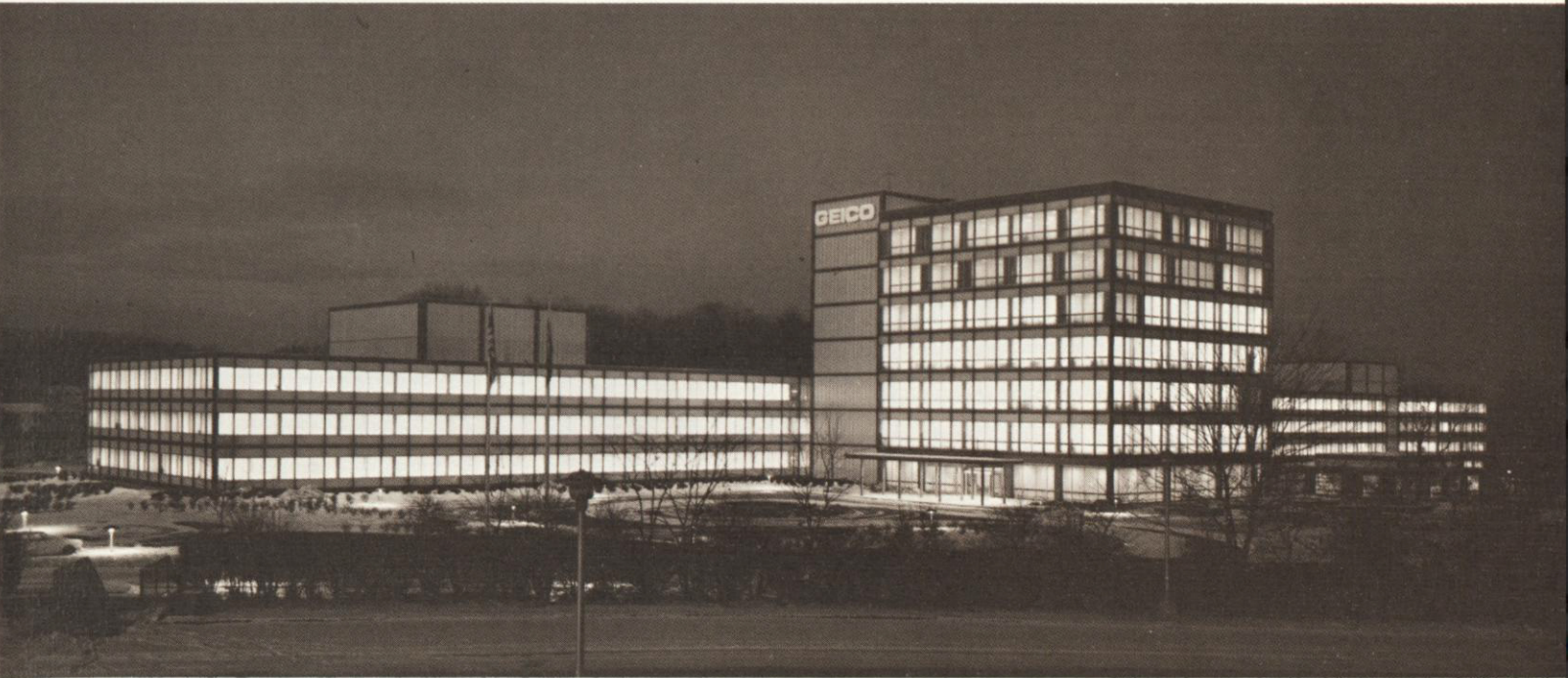
ANNUAL REPORT
1965



GOVERNMENT
EMPLOYEES
INSURANCE
COMPANY

A Capital Stock Company not affiliated
with the U. S. Government

Washington, D. C.



GEICO
Operations Office Building



NINE YEAR

	1965	1964	1963	1962
Net Premiums Written	\$136,659,423	\$113,711,637	\$96,050,250	\$83,425,958
Premiums Earned	\$123,723,326	\$104,128,121	\$88,945,389	\$78,395,140
Increase in Unearned Premium Reserve	\$12,936,097	\$9,583,516	\$7,104,862	\$5,030,818
Losses and Expenses Incurred	\$113,933,253	\$98,796,814	\$81,388,322	\$71,990,541
Underwriting Income	\$8,241,204	\$3,767,350	\$6,149,117	\$5,054,139
Net Investment Income	\$5,371,101	\$4,354,781	\$4,023,906	\$3,407,876
Total Income Before Taxes	\$14,108,913	\$9,254,110	\$11,063,611	\$9,149,739
Federal Income Tax	\$5,123,281	\$3,057,272	\$4,451,894	\$3,594,613
Net Earnings After Taxes	\$8,985,632	\$6,196,838	\$6,611,717	\$5,555,126
Admitted Assets	\$204,254,325	\$171,884,359	\$148,194,707	\$127,796,345
Securities Owned at Market Values	\$148,784,184	\$123,265,597	\$109,301,009	\$94,970,645
Policyholders' Surplus	\$52,760,547	\$47,436,589	\$42,279,064	\$36,758,426
Outstanding Shares of Stock	3,219,126	3,219,095	3,139,847	3,139,847
Earnings Per Share*	\$2.79	\$1.93	\$2.05	\$1.73
Total Cash Dividends Paid	\$4,184,824	\$3,199,283	\$2,982,855	\$2,564,136
Cash Dividends Paid Per Share*	\$1.30	\$.99	\$.93	\$.80
Stock Dividends Paid	0	2.5%	0	50%
Loss Ratio	77.0%	79.6%	75.4%	75.8%
Expense Ratio	13.7%	14.0%	14.9%	15.1%
Combined Loss and Expense Ratio	90.7%	93.6%	90.3%	90.9%

* Based on number of shares
outstanding December 31, 1965.

REVIEW

1961	1960	1959	1958	1957
\$75,382,212	\$65,021,868	\$56,959,344	\$46,626,571	\$36,246,341
\$68,941,190	\$60,798,404	\$51,343,335	\$40,530,120	\$31,799,631
\$6,441,022	\$4,223,465	\$5,616,009	\$6,096,451	\$4,446,710
\$62,304,453	\$50,540,423	\$43,350,452	\$33,428,931	\$29,950,974
\$5,568,582	\$9,293,020	\$7,060,063	\$6,354,370	\$1,374,487
\$2,728,690	\$2,298,201	\$1,882,641	\$1,585,887	\$1,320,842
\$9,141,561	\$11,805,887	\$8,993,903	\$8,187,594	\$2,713,569
\$3,660,565	\$5,389,864	\$4,085,475	\$3,730,317	\$1,018,727
\$5,480,996	\$6,416,023	\$4,908,429	\$4,457,276	\$1,694,842
\$112,220,443	\$94,646,036	\$81,614,507	\$69,062,669	\$54,165,060
\$79,460,241	\$64,538,808	\$50,861,205	\$45,494,044	\$37,351,551
\$34,285,057	\$28,579,287	\$22,288,969	\$19,627,575	\$14,140,519
2,092,941	2,041,893	1,361,262	1,334,570	667,285
\$1.70	\$1.99	\$1.52	\$1.38	\$0.53
\$2,092,941	\$1,871,735	\$1,497,388	\$1,267,842	\$1,000,928
\$0.65	\$0.58	\$0.47	\$0.39	\$0.31
2.5%	50%	2%	100%	4.5%
73.6%	66.6%	69.3%	66.3%	76.5%
15.3%	15.4%	13.7%	14.0%	15.5%
88.9%	82.0%	83.0%	80.3%	92.0%

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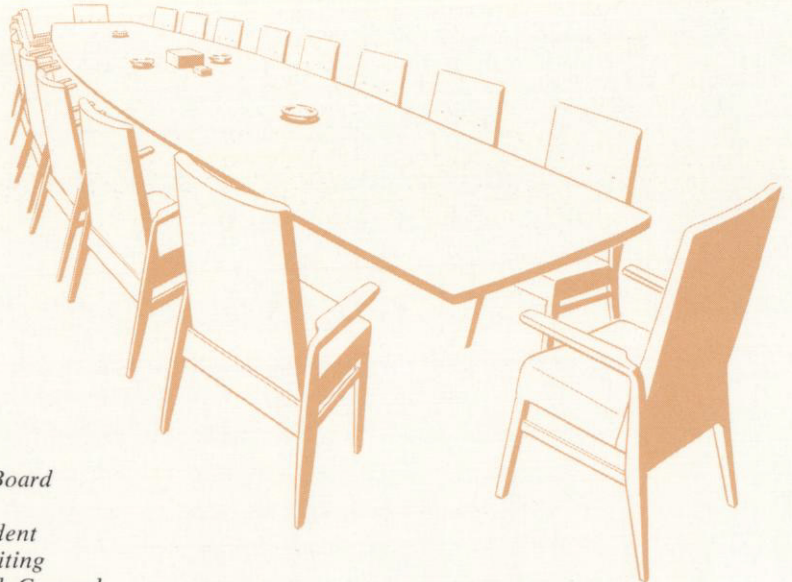
DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

- *LEO GOODWIN, *Founder Chairman*
- *LORIMER A. DAVIDSON, *Chairman*
- *DAVID LLOYD KREEGER, *Vice Chairman*
- DANIEL J. CALLAHAN, JR.
- DAVID L. DODD
- NORMAN L. GIDDEN
- *LEO GOODWIN, JR.
- *HARVEY B. GRAM, JR.
- WILLIAM K. JACOBS, JR.
- HOWARD A. NEWMAN
- *JEROME A. NEWMAN
- FRANCIS M. SHEA

* Member of the Executive Committee

BENJAMIN GRAHAM, *Consultant Director*



OFFICERS

- LORIMER A. DAVIDSON, *Chairman of the Board*
- DAVID LLOYD KREEGER, *President*
- NORMAN L. GIDDEN, *Executive Vice President*
- ALVIN E. KRAUS, *Vice President, Underwriting*
- WARREN NIGH, *Vice President and General Counsel*
- JOHN W. KELLER, *Vice President, Operations*
- GEORGE F. LEWIN, *Vice President and Secretary*
- WILLIAM J. MONCKTON, *Vice President, New York Regional Office*
- RALPH C. PECK, *Vice President and Comptroller*
- GEORGE A. PEERY, *Vice President and Actuary*
- EDWARD S. RING, *Vice President, Claims*
- RAYMOND F. RODGERS, *Vice President, Administration*
- GEORGE E. SMITH, *Vice President, Production*
- ROBERT F. SPRINGER, *Vice President, Data Processing*
- WALTER R. TINSLEY, *Vice President, Office Services*
- HENRY J. COLLINS, *Treasurer*
- TONY R. ALLMOND, *Assistant Vice President, Data Processing*
- HARRY I. BOND, JR., *Assistant Vice President, Administration*
- THEODORE F. CULP, *Assistant Vice President, Claims*
- WALTER F. CULVER, *Assistant Vice President, Branch Offices*
- THOMAS N. EXARHAKIS, *Assistant Vice President, Production*
- DANIEL H. GOLDCAMP, *Assistant Vice President, New York Office*
- BARTLETT R. HENDRICKSON, *Assistant Vice President, Underwriting*
- WALTER R. HERMAN, *Assistant Vice President, Underwriting*
- THOMAS W. HOBBS, *Assistant Vice President, Administration*
- J. GARDNER LAWLOR, *Assistant Vice President, Investments*
- ERNEST M. LUCAS, *Assistant Vice President and Assistant General Counsel*
- ROSS D. PIERCE, *Assistant Vice President, Operations*
- JAMES E. REAGAN, *Assistant Vice President, Office Services*
- CHARLES S. WARD, *Assistant Vice President, Claims*
- NEAL J. BOYLE, *Assistant Comptroller*
- CHARLES T. CONNOLLY, *Assistant Actuary*
- FRANCIS M. SHEA, *Special Counsel*
- J. RAY DOTSON, *Assistant Secretary*
- ALBERT M. MCKENNEY, *Assistant Treasurer*

1965 Annual Report

*To the Stockholders, Policyholders
and Employees of
Government Employees
Insurance Company*

This 1965 Annual Report of Government Employees Insurance Company, submitted on behalf of the Board of Directors, marks the end of the third decade since our Company was founded in 1936. Our thirtieth year was one of record volume and earnings. Underwriting profit for 1965 more than doubled that of the prior year and investment income increased by 23.3%. This was the twentieth consecutive year in which our Company produced an underwriting profit.

The following is a summary of 1965 operating results compared with 1964:

POLICIES IN FORCE on December 31, 1965 totalled 1,114,328, an increase of 8.0% over the 1,031,573 policies in force on December 31, 1964.

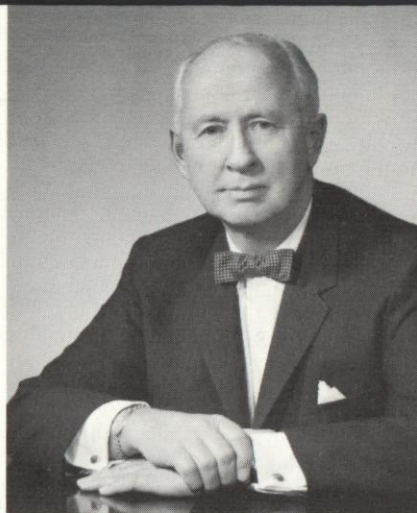
NET PREMIUMS WRITTEN in 1965 totalled \$136,659,423, an increase of 20.2% over 1964 net premiums written of \$113,711,637.

TOTAL ADMITTED ASSETS as of December 31, 1965 were \$204,254,325, an increase of 18.8% over 1964 year-end assets of \$171,884,359.

UNDERWRITING PROFIT BEFORE TAXES for 1965 was \$8,241,204, an increase of 118.8% over 1964 profit of \$3,767,350.

NET INVESTMENT INCOME BEFORE TAXES in 1965, excluding capital gains, totalled \$5,371,101, an increase of 23.3% over 1964 investment income of \$4,354,781.

NET EARNINGS AFTER TAXES for 1965 were \$8,985,632, an increase of 45.0% over 1964 net earnings of \$6,196,838.



LORIMER A. DAVIDSON
Chairman of the Board



DAVID LLOYD KREEGER
President

GENERAL RECORD OF THE INDUSTRY

Record losses were sustained by the fire and casualty insurance industry in 1965 but at the same time important progress was made toward improving its future outlook. While premium volume for our industry increased in 1965 by about 10% to an all-time high of nearly \$20 billion, underwriting results were highly unfavorable and preliminary estimates indicate that underwriting losses in 1965 may establish a record high of \$600 million.

Great insurance catastrophes occurred in 1965. Hurricane Betsy became history's costliest insurance catastrophe when in September it inflicted \$715 million of insured property losses in Florida, Mississippi and Louisiana, more than doubling the previous record loss of \$350 million caused by the San Francisco earthquake and fire in 1906. Other major catastrophes in 1965 included the \$75 million of insured losses caused by the Palm Sunday tornadoes in the Midwest and the \$44 million of losses sustained in August during the riots in the Watts Area of Los Angeles.

Automobile insurance is the largest classification of business written by the fire and casualty insurance industry, and has been responsible for a major portion of the staggering underwriting losses sustained by our industry in recent years. The 1965 loss experience of the three major automobile lines is summarized below:

Automobile bodily injury liability, which has developed an underwriting loss of \$1.25 billion during the past decade, suffered substantial losses again in 1965 and will have a combined loss and expense ratio of approximately 105% for the year.

Automobile property damage liability insurance will report a 1965 combined loss and expense ratio of approximately 108%.

Automobile physical damage insurance (the collision and comprehensive lines) showed minor improvement in experience and will produce a statutory profit of about 1% for 1965.

The poor underwriting results on the automobile insurance lines in 1965 added another chapter to the dismal record of loss experience established in the past decade. However, developments occurred during the year which at long last may enable these lines to earn a modest underwriting profit in 1967 if not in 1966. The most important development was the substantial improvement effected in the premium rate structure. In 1965 the Insurance Departments of 44 states and the District of Columbia authorized premium rate changes. In nine states the situation was so grave that two rate increases were authorized during the year. We are hopeful that future loss experience will show that these adjustments have finally brought automobile insurance rates in those 45 jurisdictions to adequate levels. Unfortunately, rate increases which are urgently needed in several states were denied in 1965, but it is to be hoped that these long overdue rate adjustments will be approved in 1966. While the 1965 rate changes had only a limited influence on 1965 results, they will have a major beneficial effect on 1966 underwriting experience and their full impact will be felt in 1967.

Another development of importance to our industry in 1965 was the adoption by a number of additional states of the National Industry Committee's "Plan B" for assigned risks. Forty-four states have now adopted "Plan B" in its original or slightly modified form. The Plan contemplates gradually bringing assigned risk premium rates into line with actual assigned risk experience and

enables automobile insurance companies to reduce the number of risks assigned to them by voluntarily accepting certain types of business. Its widespread utilization should help to reduce the formidable losses sustained on automobile assigned risk business in the past. The assigned risk volume of our Company in 1965, representing 7.54% of our total written premiums in the liability line, continued to affect adversely our Company's underwriting results by developing a combined loss and expense ratio of 142.2% and an underwriting loss of \$1,896,318. This compares with a combined loss and expense ratio of 132.2% and an underwriting loss of \$1,282,376 for 1964. In the year 1963 the combined ratio was 135.2% and the underwriting loss was \$1,096,563. Although the slight improvement which first became discernible in 1964 suffered a setback in 1965, the higher rate levels now being developed under "Plan B" should serve to lower the loss ratio on this class of business in 1966.

The conventional fire insurance and the homeowners lines likewise produced unsatisfactory underwriting results for our industry in 1965. The fire line will show a 1965 combined loss and expense ratio of approximately 103.5%. The homeowners line, which has accumulated a statutory underwriting loss of \$725 million during the past ten years, sustained grievous losses from Hurricane Betsy, turning what would have been an improvement in this line into another year of major losses. Until the final cost figures for Hurricane Betsy are developed, it is impossible to determine the actual loss and expense ratio for the homeowners line in 1965 but a combined ratio of approximately 111% is indicated. However, rate increases for the homeowners line were authorized in many jurisdictions in 1965 and, with

a greater utilization of deductibles, they promise improved underwriting experience for this line in 1966.

In sharp contrast to the unsatisfactory performance of the fire and casualty insurance industry, the national economy soared to new heights in 1965. The Gross National Product increased by 7.4% to an all-time high of \$675 billion. Consumer spending for goods and services rose to approximately \$430 billion, an increase of almost 10% over the prior year. Corporate profits totalled \$44.6 billion, a rise of more than 21% over 1964. More than 9.3 million new cars were sold in the United States. Employment again reached a new high and the unemployment rate of 4.1% at year end was down 18.0% from a year earlier. The vigorous economic expansion, combined with continued population growth, further broadened the need for insurance and the market for insurance services. These factors, and to a limited extent the rate increases granted by most states during the year, accounted for the good increase in fire and casualty premium volume in 1965.

The reasons for the poor record of our industry in a general climate of economic well-being are numerous and complex. Perhaps foremost is the lag between statistical loss experience and effective rate relief, a problem which was somewhat eased in 1965. Another potent factor is the assigned risk component of premiums which every company is required to write in proportion to its liability premiums—an area in which "Plan B" is beginning to correct the gross inequities of many years' standing. Other factors having a major responsibility for the industry's unsatisfactory showing include the continued increase in



average claim costs, a trend which was sharply evident in 1965, and the annual toll of death, injury and property destruction on our streets and highways which continues to mount, and seems to have become a tragic fact of our motorized life, accepted stoically — even callously — as the price of being a nation on wheels. Preliminary figures indicate that traffic accidents in 1965 took almost 50,000 lives, caused disabling injuries to nearly 1,800,000 persons and an economic loss of over \$8.5 billion. These staggering statistics are a shocking indictment of the irresponsibility and immaturity of a significant portion of the American driving public. Excessive speed continued to be identified as the greatest cause of automobile accidents, and studies by the National Safety Council attribute the vast majority of fatal mishaps to infractions of traffic laws.

The Insurance Institute for Highway Safety, which was established by the insurance industry and is supported by more than 500 casualty insurance companies, continued its commendable programs aimed at reducing accident frequency. Studies conducted by many of our fine universities, the insurance industry and other private sources markedly increased the breadth and quality of research on the cause and prevention of traffic accidents. The auto industry intensified its participation in safety research and its commitment to incorporate standard safety features in automobile design. The year 1965 also saw the formation of numerous civic, government, industrial and professional groups dedicated to encouraging a greater respect for law, more effective law enforcement and conversion of public apathy to public responsibility. We can expect to witness further advances in young driver

education, which has proven encouragingly effective in developing skill and judgment, and in compulsory automobile inspections which are designed to minimize the influence of mechanical failures on accidents. These commendable developments cannot be regarded as one-shot panaceas, but are part of a continuing program that must be actively supported by the public, motorists and pedestrians alike, as well as by the insurance industry, if the goal of a reduction in the ghastly toll of death and destruction on our highways is to be achieved.

Our industry is well aware of the inflationary threat which is more perilous today than at any time in the last decade. Inflationary pressures become more visible and ominous day by day. Danger signs are clearly evident in mounting costs and prices. The securities markets, particularly in the second half of 1965, reflected the pressures of inflation when a major decline in the bond market was accompanied by new high records for common stock prices. However, fiscal actions taken to date in 1966 by the Administration are reassuring and indicate a determination to keep further inflation out of our economy.

For the fire and casualty insurance industry, 1965 was a year replete with problems. It was another year of unsatisfactory underwriting results but it also witnessed developments that promise better results from the automobile insurance lines in the near future. For our Company, it was a year of good progress. The remainder of this report provides a detailed record of our operations in 1965 and a brief forecast of the year ahead.

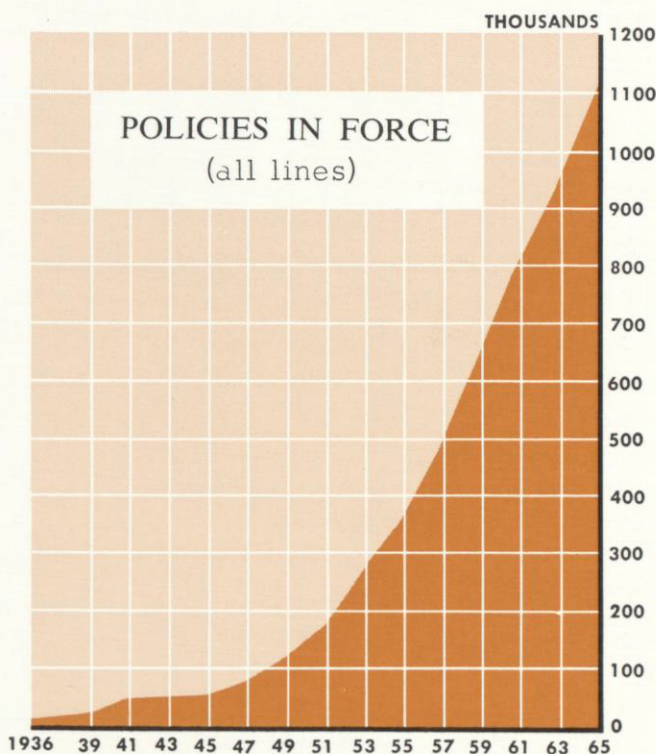
POLICIES IN FORCE

On December 31, 1965 policies in force on our five lines of insurance totalled 1,114,328, an increase of 8.0% over the 1,031,573 policies in force on December 31, 1964.

These increases were registered principally in the automobile and homeowners lines. We continue to recommend the homeowners package policy in lieu of separate fire and comprehensive personal liability policies because of the substantial savings involved, thus benefitting our policyholders but causing declines in policies in force in the latter lines.

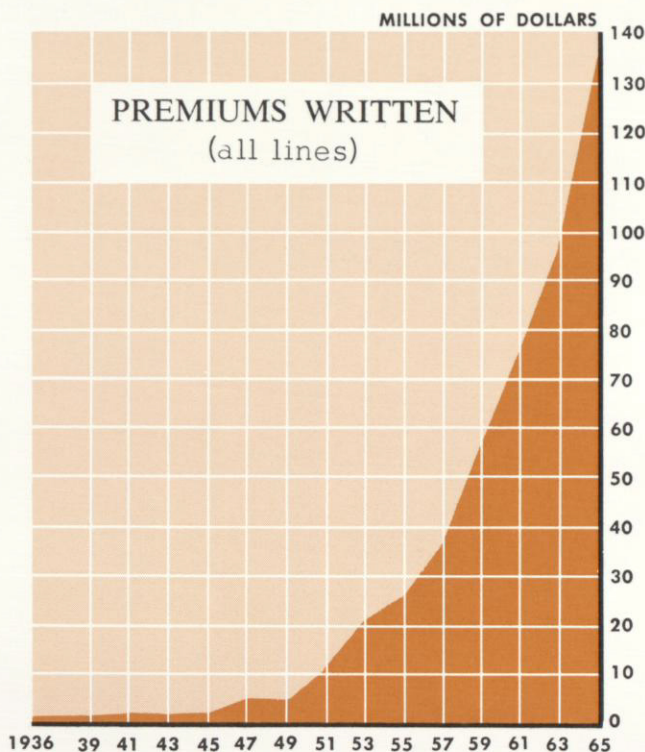
Total policies in force at the end of 1965 were distributed by line as follows:

- Automobile: 966,598, an increase of 7.0%.
- Homeowners: 77,335, an increase of 36.5%.
- Fire and Extended Coverage: 49,969, a decrease of 2.3%.
- Comprehensive Personal Liability: 17,527, a decrease of 2.9%.
- Boatowners: 2,899, an increase of 29.9%.



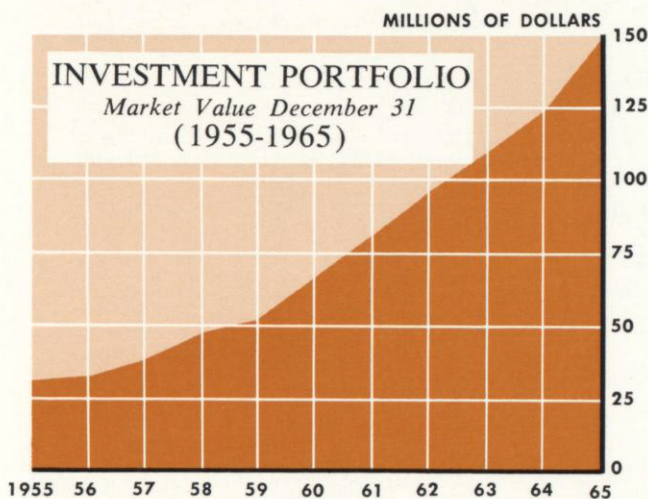
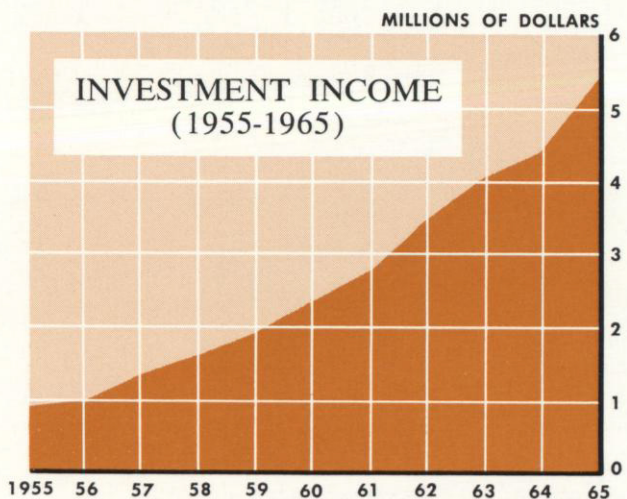
PREMIUMS WRITTEN

Net premiums written on all lines of insurance in 1965 totalled \$136,659,423, an increase of 20.2% over the 1964 figure of \$113,711,637. Our automobile lines produced \$131,483,108 or 96.2% of the total premiums written for all lines. The remainder of the 1965 written premiums was distributed as follows: \$3,789,820 in the homeowners line, \$1,027,323 in fire and extended coverage, \$221,390 in comprehensive personal liability, and \$137,782 in the boatowners line.



PREMIUMS EARNED

Premiums earned on all lines totalled \$123,723,326 in 1965, an increase of 18.8% over the 1964 earned premiums of \$104,128,121. The automobile lines accounted for \$119,582,780, homeowners \$2,812,991, fire and extended coverage \$965,130, comprehensive personal liability \$238,340 and boatowners \$124,085.



UNDERWRITING INCOME

Net underwriting profit before taxes amounted to \$8,241,204 in 1965, an increase of 118.8% over the comparable 1964 figure of \$3,767,350. After taxes, net underwriting profit for 1965 totalled \$4,378,671, an increase of 123.9% over the comparable 1964 figure of \$1,955,523.

INVESTMENT INCOME

Net investment income before taxes, excluding capital gains, totalled \$5,371,101 in 1965, an increase of 23.3% over 1964 investment income of \$4,354,781. We estimate that our 1965 investment income after taxes amounted to \$4,235,730, an increase of 24.8% over the 1964 total of \$3,392,721.

INVESTMENTS

Additions to our investment portfolio and changes in security values during 1965 increased the total market value of our portfolio to \$148,784,184 on December 31, 1965 from \$123,265,597 on December 31, 1964. The schedule below summarizes the changes made in our portfolio during 1965 based on year-end market values.

The investment policy of our Company is formulated by the Board of Directors. It has as its objective the attainment of maximum investment income from those types of investments

	<i>Dec. 31, 1965</i>	<i>Dec. 31, 1964</i>	<i>Increase (Decrease)</i>
U. S. Government Bonds	\$ 35,293,828.13	\$ 38,993,234.38	\$(3,699,406.25)
Tax Exempt Bonds	58,551,180.00	40,201,850.00	18,349,330.00
Guaranteed Railroad Stocks	780,650.00	478,700.00	301,950.00
Preferred Stocks	12,172,088.50	9,642,400.00	2,529,688.50
Convertible Preferred Stocks	199,700.00	94,500.00	105,200.00
Railroad Common Stocks	591,862.50	575,337.50	16,525.00
Financial Common Stocks	134,000.00	134,200.00	(200.00)
Public Utility Common Stocks	11,710,787.50	10,378,187.50	1,332,600.00
Industrial Common Stocks	29,350,087.50	22,767,187.50	6,582,900.00
TOTAL	<u>\$148,784,184.13</u>	<u>\$123,265,596.88</u>	<u>\$25,518,587.25</u>

which possess good marketability, high investment quality and relative price stability. The Investment Committee of the Board of Directors administers portfolio operations in conformance with this policy.

As you will note from the tabulation on the preceding page, we made substantial increases in our holdings of tax exempt bonds in 1965, particularly in the latter half of the year when yields from state and municipal bonds reached the highest levels in five years.

On December 31, 1965 our investment portfolio was yielding a return of 3.67% compared with the 3.57% yield being obtained on December 31, 1964. The yield after taxes was 3.09% which compares with an after-tax yield of 2.87% on December 31, 1964.

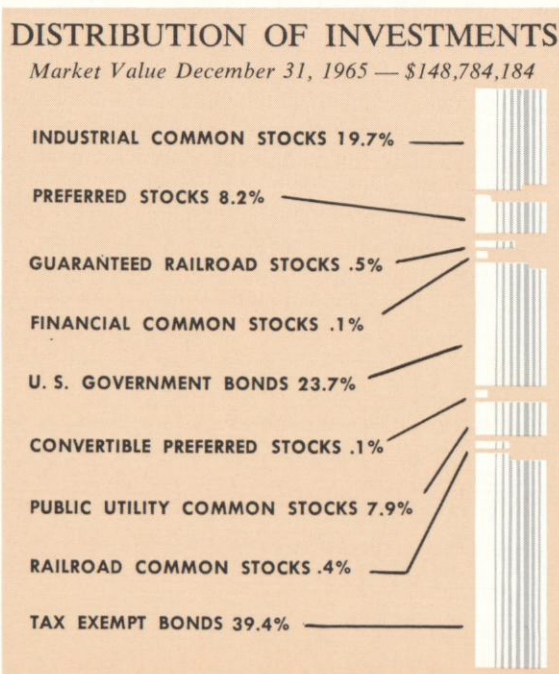
The values of the bonds and stocks in the Statement of Condition are stated on the basis adopted by the Committee on Valuation of Securities of the National Association of Insurance Commissioners. This basis provides for the use of amortized values for bonds and approximately the December 31, 1965 quotations for stocks. A detailed schedule of the investment portfolio of our Company as of December 31, 1965, based on year-end market values for all securities, is listed at the conclusion of this report.

In 1966, as in past years, we shall continue to follow a conservative investment policy.

EARNINGS

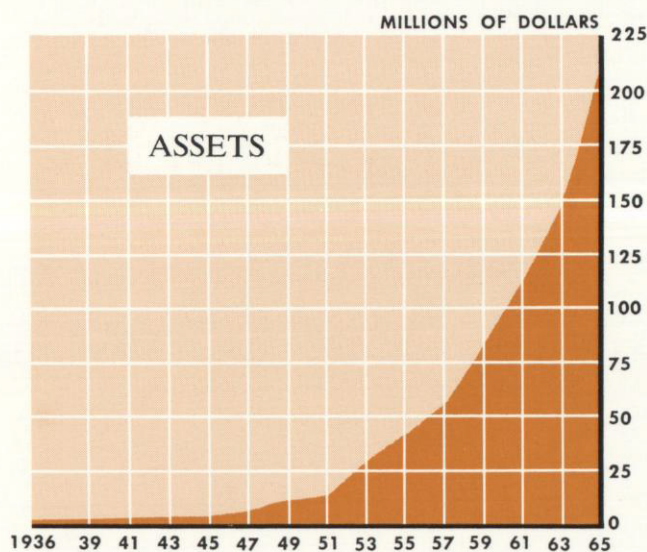
Net earnings after taxes for 1965 amounted to \$8,985,632 which compares with \$6,196,838 in 1964. This is equivalent to \$2.79 per share on the 3,219,126 shares outstanding on December 31, 1965 which compares with 1964 earnings of \$1.93 per share.

These earnings do not include any equity in the increase in the unearned premium reserve during the year. A portion of this component is customarily included in the presentation of the



earnings of casualty insurance companies. Our unearned premium reserve increased by \$12,936,097 from \$63,371,279 at 1964 year end to \$76,307,376 on December 31, 1965. Alfred M. Best Company, Inc., the foremost statistical and financial authority in the insurance field, generally assigns an equity of 35% in the increase in the unearned premium reserve of casualty companies, but recognizes that different percentages — ranging from 10% to 50% — may be applicable in special circumstances.

If the shareholders' equity in the increase in the unearned premium reserve is calculated at 25%, the figure which has been used customarily by many financial analysts, our earnings for 1965 would be increased by \$3,234,024 and our net earnings for the year would become \$12,219,656 or \$3.80 per share. If the equity of our shareholders in the increase in the unearned premium reserve is calculated at 10%, the lowest figure mentioned by Best, our earnings for 1965 would be increased by \$1,293,610 and our net earnings for the year would become \$10,279,242 or \$3.19 per share.



ASSETS

On December 31, 1965 our Company had total admitted assets of \$204,254,325, an increase of 18.8% over the \$171,884,359 in assets at the close of the preceding year. The above graph illustrates the increase in assets from 1936 through 1965.

DIVIDENDS

Our Company has a three-pronged policy with respect to the payment of dividends:

- (1) To pay cash dividends to stockholders in an amount substantially equivalent to our annual net investment income after applicable taxes.
- (2) To pay periodic stock dividends in an amount which, at market value, is generally equivalent to the undistributed earnings for the two preceding years, thus providing a sound and steadily growing capital structure for expanding operations.
- (3) To split the capital stock of the Company when such action is deemed to be in the best interests of the stockholders and the Company, taking into account the market price of the stock, the cash dividend rate and other pertinent factors.

In conformance with this policy, the Board of Directors on January 27, 1965 increased the

annual cash dividend rate on the capital stock from \$1.00 to \$1.20 per share, an increase of 20%. Regular quarterly dividends of 30 cents per share were paid in March, June, September and December of 1965. In addition, an extra year-end dividend of 10 cents per share was paid on December 23, 1965 to stockholders of record December 3, 1965. Cash dividends paid to stockholders in 1965 on the 3,219,126 shares outstanding during the year totalled \$4,184,824 which compares with \$3,199,283 paid in 1964, an increase of 30.8%.

On January 26, 1966 the Board of Directors declared the regular quarterly cash dividend of 30 cents per share, payable on March 25, 1966 to stockholders of record on March 2, 1966.

Also on January 26, 1966 the Board, in conformance with our dividend policy, voted to split the capital stock on a three-for-two basis by declaring a 50% stock dividend payable April 29, 1966 to stockholders of record on March 7, 1966.

The Board declared its intention, in the absence of an unforeseen adverse change in economic conditions, to establish a regular cash dividend rate of \$1.00 per share in 1966 on the approximately 4,830,000 shares which would be outstanding after payment of the stock dividend. This rate which would become effective with the June quarterly dividend payment is equivalent to an increase of 25% in the 1965 regular cash dividend rate.

CLAIMS

A total of 349,812 claims were reported to our Claim Department during 1965, an increase of 8.8% over the 321,636 claims reported in 1964. In 1965 we received 31.39 claims for every 100 policies in force which compares with 31.18 claims per 100 policies in 1964.

In 1965 another sharp increase in claim severity occurred, causing average claim costs to rise to record levels.

In September Hurricane Betsy struck the East Coast of the United States with unprecedented fury. After causing great damage in Southern Florida, the storm moved across the Gulf of Mexico to strike at Mississippi and Louisiana. This great storm caused more than a billion dollars of losses, with the insured losses estimated at \$715 million, making it the costliest disaster in insurance history. To meet the emergency needs of our policyholders, our Company flew special squads of adjusters into the stricken areas to provide the fastest possible service to our policyholders under difficult and arduous conditions. Hurricane Betsy was responsible for losses to our Company totalling approximately \$1,500,000, but our catastrophe reinsurance treaties reduced our net loss to about \$600,000.

The claims policy of our Company requires prompt and equitable disposition of all meritorious claims and a strong defense against unwarranted or excessive demands. To reinforce the effectiveness of this policy, our Company has supplemented the services afforded by more than 1,300 claims attorneys and adjusters throughout the United States by establishing claims divisions staffed by our own claims attorneys, examiners and adjusters in our Branch Offices located in urban areas where we have a sizeable concentration of policyholders. During 1965, 40.5% of the total claims received by our Company were handled by our claims divisions in our offices in the District of Columbia, New York City, Baltimore, Norfolk, Philadelphia, San Francisco, Los Angeles and San Diego.

A pilot operation to test the efficiency of a "drive-in-claims" service was initiated in 1965 at our Operations Office Building in Chevy Chase, Maryland. Preliminary results indicate that this technique is effective in achieving economies as well as improving policyholder relations. If more extensive experience with this test operation proves successful, we will introduce "drive-in-claims" facilities in other selected areas where we maintain Branch Offices.

LOSS RATIOS

Our 1965 ratio of losses incurred to premiums earned on all lines of insurance was 77.0% compared with 79.6% for the prior year. Our 1965 loss ratio on the automobile lines was 77.4% which compares with 80.2% in 1964.

The loss ratios for our other lines of insurance, which accounted for less than 4% of our total 1965 earned premiums, were as follows:

	<u>1965</u>	<u>1964</u>
Homeowners	73.6%	72.9%
Fire and Extended Coverage	50.7%	43.7%
Comprehensive Personal Liability	28.0%	33.9%
Boatowners	42.0%	42.7%

EXPENSE RATIO

Underwriting expenses represent the total cost of producing and processing insurance written during the year, including state and municipal premium taxes.

In 1965 the ratio of our underwriting expenses to premiums written on all lines of insurance was 13.7% compared with 14.0% for 1964. Our expense ratio, which is less than half the average of the industry, has decreased slightly each year for the past five years. The moderate increase in the expense ratio which we had anticipated for 1965, due to increases in postal rates, salaries, premium taxes and rental costs, was offset by record premium volume and effective control over our operating costs. However, a slight increase in the ratio should be expected in 1966 due to higher costs for goods and services.

COMBINED LOSS AND EXPENSE RATIO

Our combined loss and expense ratio on all lines of insurance for 1965 was 90.7% compared with 93.6% for the prior year.



LINES OF INSURANCE

AUTOMOBILE INSURANCE

Automobile insurance is the predominant line written by our Company, representing over 96% of our total written premiums. As of December 31, 1965 our automobile line accounted for 966,598 policies in force and \$131,483,108 of written premiums. The automobile insurance line is the largest component of insurance written by the fire and casualty industry and represents approximately 40% of the industry's total premium volume. Based on the most recent statistics, our Company ranks as the eighth largest stock company insurer of automobiles in the United States.

In addition to the automobile line, our Company also writes homeowners, fire and extended coverage, comprehensive personal liability and, to a limited extent, boatowners insurance.

FIRE INSURANCE

Premiums written in 1965 for the fire and extended coverage lines totalled \$1,027,323 compared with \$987,609 in 1964. Policies in force at year end declined to 49,969 from 51,163 at the end of 1964. These figures reflect the influence of the more popular homeowners package policy which includes the insurance protection provided by the separate fire and extended coverage policy. We anticipate that this trend will continue in 1966.

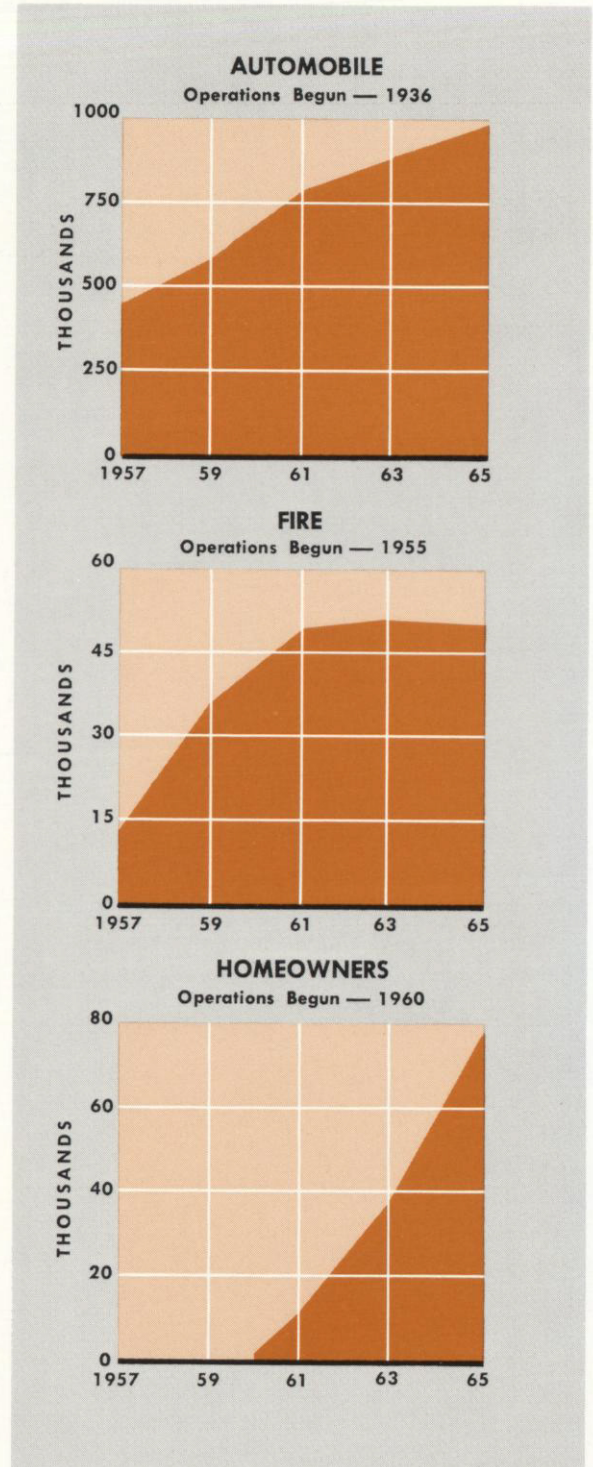
COMPREHENSIVE PERSONAL LIABILITY INSURANCE

Premiums written for the separate comprehensive personal liability line totalled \$221,390 in 1965 compared with \$226,572 written in 1964. There were 17,527 policies in force at year end, a decrease of 518 for the year. Further decline in volume is expected in 1966 as our existing policyholders replace their separate personal liability insurance policies with the broad homeowners package policy.

BOATOWNERS INSURANCE

Premiums written in 1965 on our boatowners line totalled \$137,782 compared with \$108,344 in 1964. At year end 2,899 policies were in force, an increase of 668 for the year.

POLICIES IN FORCE



PREMIUMS WRITTEN

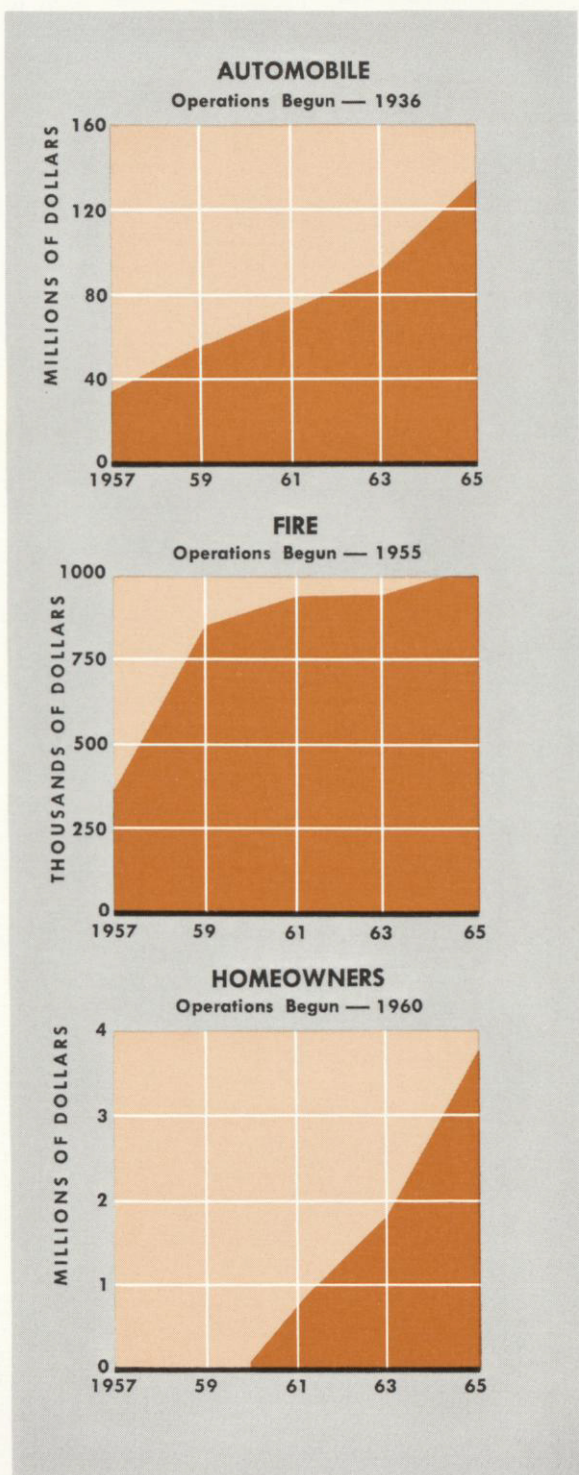
HOMEOWNERS INSURANCE

Because of the unfavorable loss experience sustained by most insurance companies with the homeowners insurance package policy, our Company's entry into this field was gradual and cautious. We began offering the homeowners package policy in 1960 and, by carefully controlling the number and type of risks underwritten, we have been able to develop and maintain a favorable loss ratio on this line, as well as a steadily increasing volume.

We are now writing the homeowners package policy in 45 states and the District of Columbia. Premiums written during 1965 totalled \$3,789,820, an increase of 30.7% over 1964 writings of \$2,900,087. Policies in force totalled 77,335 at year end compared with 56,637 on December 31, 1964.

Despite the industry's deplorable experience with the homeowners package policies, which have produced losses of well over a half billion dollars in the past decade, vigorous competition for this business continues. This has doubtless been stimulated by the expectation of improvement that seems certain to follow from the greater use of deductibles, moderate restrictions on coverages and increased premium levels in a number of states.

Because the homeowners policy combines fire, theft and comprehensive personal liability insurance into a single broad-coverage policy, we anticipate a continuing decline in the number of our separate fire and personal liability policies. However, decreases in premium volume for these two lines are more than offset by increased sales of the homeowners policy. Expanded merchandising programs in 1966 will bring about further growth in homeowners premium volume, and we are confident that our conservative underwriting policy will continue to produce a reasonable profit on this line in the coming year.





RESERVES

Our reserve for losses and loss expenses increased to \$61,761,504 on December 31, 1965 from \$53,031,475 on December 31, 1964. This reserve is considered to be adequate to cover the payment of all claims incurred and not finally settled. It also provides for losses which occurred during 1965 but were not reported to us by the end of the year.

The laws of all states require that a reserve be established for unearned premiums. This reserve represents the unexpired portion of premiums on all policies in force. On December 31, 1965 our unearned premium reserve totalled \$76,307,376, an increase of \$12,936,097 over the reserve of \$63,371,279 at the end of 1964.

The reserve for taxes at the end of 1965 was \$6,235,068, representing the amount of federal, state and municipal taxes incurred during 1965 but not payable until 1966.

CATEGORIES OF ELIGIBILITY

From the founding of our Company in 1936 until 1958 eligibility for our insurance services was confined to military and civilian government employees. In 1958, after an extensive market research study, we broadened our eligibility qualifications to include certain groups of professional, managerial, technical and administrative personnel not in government service. In 1965, 34.9% of all new automobile insurance policies issued by our Company were purchased by persons in the non-government category. The loss experience developed by this group has consistently been somewhat more favorable than the average for all our policyholders. This major modification of our policy on eligibility has been a highly significant factor in the growth and profitability of our Company.

In 1966, as in the year just completed, we will continue to expand and intensify our merchandising programs directed to the broadened eligible groups.

LICENSED TERRITORY

In August, 1965 an application for a license to conduct our insurance business in the Commonwealth of Massachusetts was approved. Our Company is now licensed to write casualty, fire and inland marine insurance in all fifty states, the District of Columbia and the Territory of Guam.

REAL ESTATE

The total real estate investment of our Company at the end of 1965 was \$16,371,485, consisting principally of \$14,837,306 in our Operations Office Building in Chevy Chase, Maryland and \$1,374,235 in our Headquarters Office Building at Vermont Avenue and K Street, N.W., Washington, D. C.

FIELD OFFICE PROGRAM

The field offices of our Company continued to contribute significantly during 1965 to the growth in our premium volume. Our new business merchandising programs continue to rely heavily on direct mail advertising, but their results are increasingly supplemented and reinforced by our offices in the field, particularly in the development of new business not wholly responsive to direct mail methods.

In 1965 new offices were opened in San Diego, California; Wheaton, Maryland; Philadelphia, Pennsylvania; and in the Empire State Building — our fifth office in the New York Metropolitan Area. New offices offering our insurance services were opened by our affiliate, Government Employees Corporation, in Albuquerque, New Mexico; Havelock, North Carolina; Cocoa Beach, Florida and Killeen, Texas.

Our foreign affiliate, Government Employees Financial Services, G.m.b.H., a wholly-owned subsidiary of Government Employees Corporation, maintains six offices in West Germany. These foreign offices serve our clientele overseas and provide facilities for eligible personnel to purchase our stateside insurance in preparation for their return from overseas assignments.

FIELD OFFICES

The insurance services of Government Employees Insurance Company are available at the 49 offices of the Government Employees Group which are located in 17 states, the District of Columbia and in West Germany. Approximately one-half of all new policies written in 1965 were sold through our field offices.

WASHINGTON, D. C.Home Office

CALIFORNIA

Los AngelesBranch Office
 OaklandSales & Service Office
 OceansideField Representative
 San Diego⁽¹⁾Branch Office
 San FranciscoBranch Office
 SeasideSales & Service Office

COLORADO

Colorado Springs Sales & Service Office
 Denver⁽²⁾ Sales & Service Office

FLORIDA

Cocoa Beach⁽¹⁾⁽²⁾Field Representative
 Ft. Walton Beach⁽²⁾Field Representative
 JacksonvilleSales & Service Office
 Pensacola⁽²⁾Field Representative

GEORGIA

Columbus⁽²⁾Field Representative

HAWAII

Honolulu⁽²⁾Sales & Service Office

KENTUCKY

Radcliff⁽²⁾Field Representative

MARYLAND

Chevy ChaseOperations Building
 BaltimoreBranch Office
 Wheaton⁽¹⁾Sales & Service Office

MISSISSIPPI

Biloxi⁽²⁾Field Representative

NEW JERSEY

Cookstown⁽²⁾Field Representative
 Wrightstown⁽²⁾Field Representative

NEW MEXICO

Albuquerque⁽¹⁾⁽²⁾Sales & Service Office

NEW YORK

New York City
 135 W. 50th StreetRegional Office
 Empire State Building⁽¹⁾
 Sales & Service Office
 150 Nassau Street
 Sales & Service Office
 Hempstead, L. I. Sales & Service Office
 Huntington, L. I. Sales & Service Office

NORTH CAROLINA

Havelock⁽¹⁾⁽²⁾Field Representative
 Fayetteville⁽²⁾Sales & Service Office
 Jacksonville⁽²⁾Sales & Service Office

OHIO

Fairborn⁽²⁾Field Representative

OKLAHOMA

Lawton⁽²⁾Sales & Service Office
 Oklahoma City⁽²⁾Field Representative

PENNSYLVANIA

Philadelphia⁽¹⁾Branch Office

TEXAS

El Paso⁽²⁾Sales & Service Office
 Killeen⁽¹⁾⁽²⁾Field Representative
 San Antonio⁽²⁾Field Representative
 Wichita Falls⁽²⁾Field Representative

VIRGINIA

Arlington⁽²⁾Sales & Service Office
 Falls ChurchSales & Service Office
 NorfolkSales & Service Office
 Virginia BeachBranch Office

WEST GERMANY

Augsburg⁽²⁾Sales & Service Office
 Frankfurt⁽²⁾Sales & Service Office
 Heidelberg⁽²⁾Sales & Service Office
 Kaiserslautern⁽²⁾Sales & Service Office
 Munich⁽²⁾Sales & Service Office
 Stuttgart⁽²⁾Sales & Service Office

⁽¹⁾ Opened in 1965.

⁽²⁾ Sales and/or Service facilities in offices operated by an affiliated company.



THIRTY YEAR

(All figures except per cent and per share shown in thousands)

Year	Net Premiums Written	Increase in Unearned Premium Reserve	Earned Premiums	Loss Ratio ⁽¹⁾	Expense Ratio ⁽²⁾	Underwriting Income Before Taxes	Net Investment Income Before Taxes
1936	\$ 104	\$ 49	\$ 56	60.2%	14.6%	\$ 3	\$ 3
1937	238	83	155	64.9%	38.1%	(49)	8
1938	401	100	301	68.6%	23.8%	(27)	10
1939	566	81	486	64.6%	25.1%	(9)	7
1940	768	121	647	65.8%	21.0%	5	12
1941	1,211	222	989	66.6%	20.3%	16	16
1942	986	(150)	1,137	53.6%	35.9%	67	17
1943	1,101	37	1,064	53.0%	33.4%	50	20
1944	1,316	116	1,200	56.1%	31.0%	131	22
1945	1,639	168	1,470	68.4%	29.9%	(30)	26
1946	2,456	458	1,998	75.8%	15.9%	88	37
1947	4,009	805	3,204	64.8%	13.0%	613	51
1948	5,905	1,002	4,903	57.9%	13.2%	1,278	90
1949	6,615	403	6,212	56.3%	12.9%	1,719	160
1950	8,017	680	7,337	63.0%	14.3%	1,327	233
1951	10,040	1,110	8,931	66.1%	16.5%	1,110	312
1952	15,184	2,561	12,623	67.1%	14.5%	1,585	409
1953	20,959	2,880	18,080	63.9%	14.3%	2,962	533
1954	22,298	664	21,634	54.5%	14.9%	6,073	778
1955	25,785	1,547	24,238	58.6%	15.8%	5,449	892
1956	28,373	1,876	26,497	69.6%	16.1%	3,023	995
1957	36,246	4,447	31,800	76.5%	15.5%	1,374	1,321
1958	46,627	6,096	40,530	66.3%	14.0%	6,354	1,586
1959	56,959	5,616	51,343	69.3%	13.7%	7,060	1,883
1960	65,022	4,223	60,798	66.6%	15.4%	9,293	2,298
1961	75,382	6,441	68,941	73.6%	15.3%	5,569	2,729
1962	83,426	5,031	78,395	75.8%	15.1%	5,054	3,408
1963	96,050	7,105	88,945	75.4%	14.9%	6,149	4,024
1964	113,712	9,584	104,128	79.6%	14.0%	3,767	4,355
1965	\$136,659	\$12,936	\$123,723	77.0%	13.7%	\$8,241	\$5,371

(1) Represents Losses and Loss Expenses Incurred to Premiums Earned.

(2) Represents Underwriting Expenses Incurred to Premiums Written.

(3) Excludes any adjustment for Equity in the Increase in Unearned Premium Reserve.

(4) Based on the 3,219,126 shares outstanding December 31, 1965.

SUMMARY

Net Earnings After Taxes ⁽³⁾	Net Earnings After Taxes Per Share ⁽³⁾⁽⁴⁾	Cash Dividends Paid	Cash Dividends Paid Per Share ⁽⁴⁾	Stock Dividends Paid	Policyholders' Surplus	Total Admitted Assets
\$ 5	\$.002				\$ 213	\$ 296
(41)	(.01)				171	357
(17)	(.005)				152	478
(2)	(.001)				203	665
15	.005				221	848
22	.007				233	1,226
40	.01				266	1,283
4	.001	\$ 10	\$.003	100 %	253	1,552
6	.002	20	.006		276	1,851
22	.007			25 %	567	2,400
117	.04				646	3,082
414	.13	30	.009		1,051	4,817
857	.27	92	.03	66⅔ %	1,723	7,013
1,188	.37	138	.04	20 %	2,872	9,182
981	.30	215	.07	16⅔ %	3,632	11,115
830	.26	240	.07	42.86%	4,193	13,759
1,066	.33	300	.09		5,040	19,763
1,506	.47	358	.11	10 %	6,126	27,719
3,545	1.10	509	.16	100 %	9,663	35,149
3,400	1.06	653	.20	8 %	12,434	41,954
2,253	.70	830	.26	7½ %	13,581	45,492
1,695	.53	1,001	.31	4½ %	14,141	54,165
4,457	1.38	1,268	.39	100 %	19,628	69,063
4,908	1.52	1,497	.47	2 %	22,289	81,615
6,416	1.99	1,872	.58	50 %	28,579	94,646
5,481	1.70	2,093	.65	2½ %	34,285	112,220
5,555	1.73	2,564	.80	50 %	36,758	127,796
6,612	2.05	2,983	.93		42,279	148,195
6,197	1.93	3,199	.99	2½ %	47,437	171,884
\$8,986	\$2.79	\$4,185	\$1.30		\$52,761	\$204,254



MANAGEMENT CHANGES

After seventeen years of brilliant contributions to the growth and progress of our Company, Mr. Benjamin Graham retired as a Director on March 24, 1965. Mr. Graham served our Company with dedication and distinction since 1948, holding the office of Chairman of the Board from 1949 to 1957 and Vice Chairman of the Board from 1957 to 1964, as well as being a member of the Executive Committee, Investment Committee and other committees of the Board until his retirement. Mr. Graham agreed to continue his association with our Company as a Consultant Director and was appointed to that post on March 25, 1965.

On March 25, 1965 the Board of Directors effected the following management changes:

Mr. Raymond F. Rodgers, formerly Treasurer, was elected Vice President, Administration. Mr. Rodgers is President and Treasurer of Government Employees Corporation and Government Employees Financial Corporation, and Treasurer of Criterion Insurance Company. Mr. Rodgers, who is also a Director of Government Employees Corporation and Government Employees Financial Corporation, has been associated with the Government Employees Group since 1947.

Mr. Henry J. Collins, formerly Assistant Treasurer, was elected Treasurer. Mr. Collins, who is also Assistant Treasurer of Criterion Insurance Company and Government Employees Financial Corporation, has been associated with our Company since 1945.

Mr. Albert M. McKenney was elected Assistant Treasurer. Mr. McKenney joined our Company in 1954.

Mr. Neal J. Boyle, associated with our Company since 1955, was elected Assistant Comptroller.

Mr. Bartlett Hendrickson, formerly Assistant to the Vice President, Underwriting, was elected Assistant Vice President, Underwriting. Mr. Hendrickson has been associated with our Underwriting Department since he joined our Company in 1949.

Mr. Charles T. Connolly, formerly Assistant to the Vice President and Actuary, was elected Assistant Actuary. Mr. Connolly has been associated with our Company since 1954.



Mr. L. A. Davidson (right), Chairman, GEICO Board of Directors accepts 1965 National Security Traders Association annual award for the "outstanding shareholders information program by an insurance company" from Mr. Patrick C. Ryan, President, Security Traders Association of Washington, D.C.

AWARDS

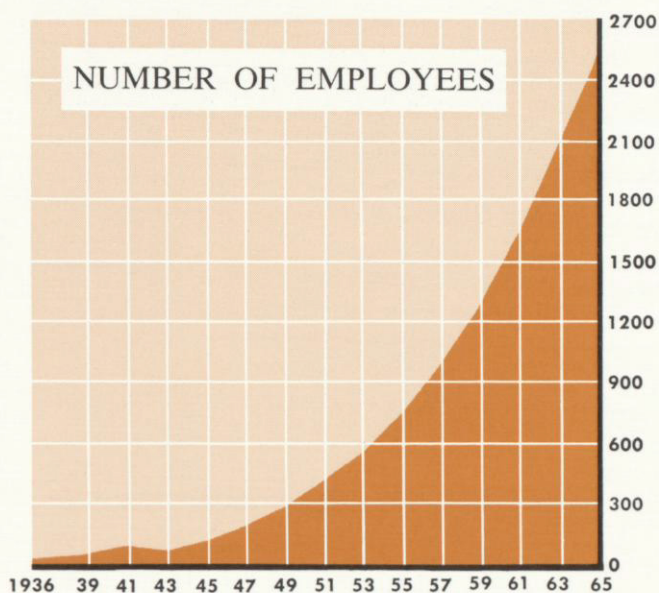
In 1965 our Company was honored by a series of awards and recognitions for the fifth successive year. The "Financial World" magazine bestowed two awards upon our Company, one being the runner-up award for the "Best of Industry" Annual Report in the Property Insurance Industry, and the other a "Merit Award" in recognition of "the excellence of its 1964 Annual Report to Shareholders."

Our Company was also honored by "The Spectator" magazine, a leading insurance industry publication, with its "1965 Award For Excellence in Financial Facts Among Insurance Company Annual Reports."

In March, 1965 The National Security Traders Association presented to our Company its annual award for "the outstanding shareholders information program by an insurance company."

STOCK OPTION PLAN

Under the provisions of the Restricted Stock Option Plan which was approved by the stockholders of our Company in 1963, an additional 8,315 shares were optioned in 1965 to 103 key executives, 15 of whom received stock options for the first time. Under the terms of the Stock Option Plan, each executive receiving an option must agree to serve our Company for at least two years. Options may be exercised only in installments beginning in the third year after they are granted, and only while the optionee continues in the employ of our Company. In 1965 one optionee exercised an option for 31 shares at \$69.878 per share.



THE STAFF

On December 31, 1965 our staff totalled 2,553 persons, an increase of 9.1% over our 2,340 employees at the end of 1964.

The continued progress of our Company is a tribute to the splendid work and dedicated service of the men and women of our excellent staff. The Board of Directors acknowledges with pride and appreciation the loyalty, diligence and initiative of our employees during 1965.

THE STOCKHOLDERS

The Board of Directors expresses its appreciation to the stockholders for their continued support and cooperation throughout 1965.

AFFILIATES

Continued good progress in 1965 was made by our affiliated companies, Government Employees Life Insurance Company, Government Employees Corporation, Criterion Insurance Company and Government Employees Financial Corporation.

The details of the 1965 operations of each of our affiliates are set forth in separate reports forwarded to their respective stockholders.

SUMMARY AND FORECAST

Nineteen sixty-five was another year of achievement for our Company. Despite intense competition and under conditions which produced unsatisfactory underwriting results for the industry as a whole, our Company was able to record an underwriting profit for the twentieth consecutive year. Investment income and net earnings after taxes reached record levels. The volume of premiums written and the number of policies in force attained new highs.

The adverse loss experience throughout the fire and casualty industry did not abate the intensity of the competition for new business. Merit rating insurance plans, liberalized installment payment plans, new policy forms, innovations in coverage and rating techniques and direct billing procedures were among the measures adopted as companies sought to improve their competitive posture. To counterbalance the adverse loss experience, many companies re-evaluated their marketing and cost control programs in efforts to reduce operational costs. A number of our major competitors directed their marketing techniques and advertising expenditures more intensely than ever to the preferred-risk sector of the casualty market.

To meet the competitive challenges, we further expanded our Field Office program and intensified our advertising programs. With the establishment of eight new field offices in 1965, our Company and our affiliated companies now provide personalized sales facilities at 49 offices. Already producing one-half of our new business, the great importance of these offices to our marketing program is enhanced by the fact that they are the best source of business for our broadened eligibility categories, which accounted in 1965 for more than one-third of our new business and have consistently shown more favorable loss experience than that developed by our other policyholders. Additional offices will be opened in major metropolitan areas in 1966 at locations selected on the basis of their potential for the production of new business and their capacity for improving policyholder and claim services.



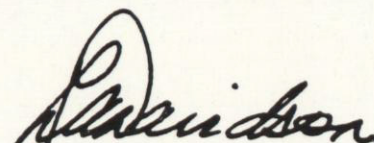
While our attractive premium rate structure is a highly effective selling device in itself, the intensely competitive nature of the fire and casualty industry calls for imaginative and aggressive merchandising programs if we are to increase our share of the preferred-risk market. In 1966 we will continue to follow new marketing developments closely, and to take appropriate measures to retain our strong competitive position in the preferred-risk field.

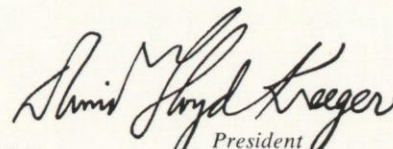
The year 1965 was not without its encouraging developments, foremost being the rate relief granted in 45 jurisdictions. Also noteworthy was the fact that of the compulsory insurance proposals introduced in the legislatures of 29 states during 1965, not one became law, cogent recognition of the unsoundness of this expedient as a means of providing adequate insurance protection against automobile accidents. Conversely, the uninsured motorists coverage, which our Company in common with the great majority of the industry actively supports as an alternative to compulsory insurance programs, was adopted by eight additional states in 1965 and is now law in 23 states.

Most financial and government sources appraise the current state of our economy as vital and vigorous, and predict that 1966 will see a rate of growth generally equivalent to that recorded in the year just completed, the fifth consecutive year of economic advance. They forecast an increase of 6% in the Gross National Product to \$715 billion, a like growth in personal income to \$562 billion, and a somewhat lesser increase in corporate profits to \$46.5 billion. Nevertheless, many uncertainties cloud the outlook. Most economists concede that a delicate balancing of wages, prices, interest rates and other factors will be necessary to prevent further inflation and to maintain the stability of the dollar. In any economic forecast for 1966, the focal point must be Vietnam — where thousands of our policyholders are serving our country so valiantly — and the potential impact which continuing escalation of military activity there would have upon the economy of our country. The possibility must be

recognized that, in order to hold the Federal budget deficit to manageable proportions, sharp reductions in many domestic programs may be required to offset the military expenditures necessary to maintain our international commitments. The superimposition of the requirements of our military efforts upon an economy already operating at near capacity may engender inflationary pressures which will call for vigorous Government action to prevent disruption of the relatively stable nature of our economic advances since 1961. Conversely, in the hopeful event of more peaceful developments in Vietnam, a dislocation in our economy might occur which would require new and extraordinary fiscal measures to prevent deflation. We are confident that in either event the Government, industry and the financial community can and will take requisite measures to prevent serious interruption of our economic progress.

Improvement in underwriting experience for the fire and casualty insurance industry should be forthcoming in 1966. Although operating costs will be higher in the coming year, our cost control programs should be able to hold the upward movement to moderate proportions. Premium volume will continue to grow and investment income should record a good increase over 1965. In the absence of unusually adverse weather conditions and assuming inflationary pressures are contained, we look forward with confidence to 1966 as a year of improving conditions for our industry and as a year of further good progress for our Company.


Chairman of the Board


President

February 26, 1966
Washington, D. C.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATEMENT OF CONDITION

	<i>December 31, 1965</i>	<i>December 31, 1964</i>
ASSETS		
Cash in banks and on hand	\$ 8,191,292.59	\$ 9,183,286.32
U. S. Government bonds	36,467,874.45	39,472,572.71
State and municipal bonds	59,561,593.98	39,576,728.05
Stocks	55,160,954.00	44,264,800.00
Premiums in course of collection (not over 90 days old)	27,074,294.97	22,220,207.49
Real estate	16,371,484.54	15,747,148.26
Interest and rent accrued	1,026,615.33	796,584.88
Electronic data processing equipment	308,645.82	527,520.76
Due from affiliates	91,569.53	95,510.70
Total admitted assets	<u>\$204,254,325.21</u>	<u>\$171,884,359.17</u>
LIABILITIES, CAPITAL AND SURPLUS		
Reserve for losses and loss expenses	\$ 61,761,504.43	\$ 53,031,475.27
Reserve for unearned premiums	76,307,376.48	63,371,279.53
Reserve for policyholders' dividends	664,675.07	720,586.83
Reserve for taxes	6,235,067.79	3,251,279.10
Reserve for expenses	676,453.53	583,530.89
Other liabilities	5,848,700.80	3,489,618.55
Total liabilities	<u>\$151,493,778.10</u>	<u>\$124,447,770.17</u>
Capital stock — \$4.00 par value:	\$ 12,876,504.00	\$ 12,876,380.00
Authorized 5,000,000 shares		
Outstanding 1965 — 3,219,126 shares		
Outstanding 1964 — 3,219,095 shares		
Surplus	<u>39,884,043.11</u>	<u>34,560,209.00</u>
Total capital and surplus	<u>52,760,547.11</u>	<u>47,436,589.00</u>
Total liabilities, capital and surplus	<u>\$204,254,325.21</u>	<u>\$171,884,359.17</u>

GOVERNMENT EMPLOYEES INSURANCE COMPANY

SUMMARY OF OPERATIONS

	<i>Year Ending December 31, 1965</i>	<i>Year Ending December 31, 1964</i>
UNDERWRITING		
Premiums written	\$136,659,422.79	\$113,711,636.83
Increase in unearned premium reserve	<u>12,936,096.95</u>	<u>9,583,515.84</u>
Earned premiums	\$123,723,325.84	\$104,128,120.99
Losses and loss expenses incurred ..	\$ 95,260,787.48	\$ 82,883,333.36
Underwriting expenses incurred	18,672,465.94	15,913,480.58
Policyholders' dividends incurred	1,158,091.11	1,303,212.27
Miscellaneous underwriting charges	<u>390,777.61</u>	<u>260,744.73</u>
	115,482,122.14	100,360,770.94
Profit from underwriting	<u>\$ 8,241,203.70</u>	<u>\$ 3,767,350.05</u>
 INVESTMENTS		
Interest, dividends and rental income	\$ 7,306,352.96	\$ 5,768,920.11
Investment expenses incurred (including real estate expenses)	1,935,251.67	1,414,139.31
Net investment income	\$ 5,371,101.29	\$ 4,354,780.80
Gain on sale of capital assets	<u>496,608.21</u>	<u>1,131,979.23</u>
Profit from investments	5,867,709.50	5,486,760.03
Total profit for year before federal income taxes	\$ 14,108,913.20	\$ 9,254,110.08
Provision for federal income taxes	<u>5,123,281.40</u>	<u>3,057,272.29</u>
Net profit after provision for federal income taxes	<u>\$ 8,985,631.80</u>	<u>\$ 6,196,837.79</u>

GOVERNMENT EMPLOYEES INSURANCE COMPANY

SURPLUS ACCOUNT

Year Ending December 31, 1965

SURPLUS, JANUARY 1, 1965		\$ 34,560,209.00
ADDITIONS TO SURPLUS DURING YEAR		
Net profit from operations	\$ 8,985,631.80	
Proceeds from exercise of stock options (excess over par value)	2,042.22	
Unrealized gain due to statutory regulations —		
Increase in excess of market value over cost of stocks owned	1,010,508.32	
		9,998,182.34
		\$ 44,558,391.34
DEDUCTIONS FROM SURPLUS DURING YEAR		
Cash dividends to stockholders	\$ 4,184,823.50	
Unrealized loss due to statutory regulations —		
Increase in investment in non-admitted assets	489,524.73	
		4,674,348.23
SURPLUS, DECEMBER 31, 1965		\$ 39,884,043.11

INVESTMENT PORTFOLIO SUMMARY

December 31, 1965

	<i>Market Value Dec. 31, 1965</i>	<i>Percent</i>
BONDS		
U. S. Government Bonds	\$ 35,293,828.13	23.7
New Housing Authority Bonds	8,112,650.00	5.5
State and Municipal Bonds	50,438,530.00	33.9
Total	\$ 93,845,008.13	63.1
 PREFERRED AND GUARANTEED RAILROAD STOCKS		
Guaranteed Railroad Stocks	\$ 780,650.00	.5
Preferred Stocks	12,172,088.50	8.2
Convertible Preferred Stocks	199,700.00	.1
Total	\$ 13,152,438.50	8.8
 COMMON STOCKS		
Industrial Common Stocks	\$ 29,350,087.50	19.7
Financial Common Stocks	134,000.00	.1
Railroad Common Stocks	591,862.50	.4
Public Utility Common Stocks	11,710,787.50	7.9
Total	\$ 41,786,737.50	28.1
Total Bonds and Stocks	\$148,784,184.13	100.0

INVESTMENT PORTFOLIO

December 31, 1965

		<i>Market Value Dec. 31, 1965</i>
	U. S. GOVERNMENT BONDS	
\$ 3,000,000.00	U.S. Treasury Notes, 4%, August 15, 1966	\$ 2,984,062.50
3,000,000.00	U.S. Treasury Notes, 4%, November 15, 1966	2,976,562.50
2,000,000.00	U.S. Treasury Notes, 3 $\frac{3}{8}$ %, February 15, 1967	1,972,500.00
3,500,000.00	U.S. Treasury Notes, 4%, February 15, 1967	3,463,906.25
3,500,000.00	U.S. Treasury Notes, 3 $\frac{3}{4}$ %, August 15, 1967	3,433,281.25
1,500,000.00	U.S. Treasury Bonds, 3 $\frac{3}{8}$ %, May 15, 1968	1,463,437.50
1,000,000.00	U.S. Treasury Bonds, 3 $\frac{3}{4}$ %, August 15, 1968	970,937.50
2,500,000.00	U.S. Treasury Bonds, 3 $\frac{3}{8}$ %, November 15, 1968	2,428,125.00
2,000,000.00	U.S. Treasury Bonds, 4%, October 1, 1969	1,933,125.00
4,000,000.00	U.S. Treasury Bonds, 4%, February 15, 1970	3,857,500.00
1,000,000.00	U.S. Treasury Bonds, 4%, August 15, 1970	962,500.00
3,500,000.00	U.S. Treasury Bonds, 4%, August 15, 1972	3,351,250.00
2,500,000.00	U.S. Treasury Bonds, 4 $\frac{1}{4}$ %, May 15, 1974	2,423,437.50
3,475,000.00	U.S. Treasury Bonds, 2 $\frac{3}{4}$ %, April 1, 1980-75	3,073,203.13
\$36,475,000.00		\$35,293,828.13
	*NEW HOUSING AUTHORITY BONDS	
\$ 50,000.00	New Housing Authority, (S. C.), 2 $\frac{3}{8}$ %, November 1, 1969-66	\$ 48,500.00
110,000.00	New Housing Authority, (Ga.), 2 $\frac{1}{2}$ %, May 1, 1970-66	106,975.00
55,000.00	New Housing Authority, (S. C.), 2 $\frac{3}{8}$ %, November 1, 1970-66	52,937.50
100,000.00	New Housing Authority, (Ill.), 2 $\frac{1}{2}$ %, December 1, 1970-66	96,750.00
100,000.00	New Housing Authority, (N. Y.), 3 $\frac{3}{4}$ %, January 1, 1971-69	102,750.00
100,000.00	New Housing Authority, (Fla.), 2 $\frac{3}{8}$ %, February 1, 1971-66	95,750.00
25,000.00	New Housing Authority, (Texas), 2 $\frac{1}{2}$ %, April 1, 1971-66	24,062.50
30,000.00	New Housing Authority, (Texas), 2 $\frac{1}{2}$ %, April 1, 1971-66	28,875.00
175,000.00	New Housing Authority, (Texas), 2 $\frac{3}{8}$ %, May 1, 1971-66	170,187.50
265,000.00	New Housing Authority, (Md.), 2 $\frac{3}{8}$ %, July 1, 1971-66	252,412.50
65,000.00	New Housing Authority, (Ariz.), 2 $\frac{1}{4}$ %, August 1, 1971-66	61,587.50
50,000.00	New Housing Authority, (S. C.), 2 $\frac{3}{8}$ %, November 1, 1971-66	47,625.00
35,000.00	New Housing Authority, (Texas), 2 $\frac{1}{2}$ %, April 1, 1972-66	33,425.00
100,000.00	New Housing Authority, (La.), 2 $\frac{5}{8}$ %, August 1, 1973-66	96,500.00
36,000.00	New Housing Authority, (Texas), 2 $\frac{1}{8}$ %, August 1, 1973-66	33,210.00
100,000.00	New Housing Authority, (N. Y.), 2%, October 1, 1973-66	91,750.00
100,000.00	New Housing Authority, (N. Y.), 3 $\frac{1}{2}$ %, January 1, 1975	102,250.00
45,000.00	New Housing Authority, (Fla.), 3%, November 1, 1975-67	44,325.00

* See footnote next page.

Par Value	*NEW HOUSING AUTHORITY BONDS (Continued)		Market Value Dec. 31, 1965
\$ 30,000.00	New Housing Authority, (Fla.)	3½%, November 1, 1976-67	\$ 30,750.00
145,000.00	New Housing Authority, (Fla.)	2¾%, April 1, 1977-76	137,750.00
50,000.00	New Housing Authority, (Texas)	3¾%, August 1, 1977-68	52,875.00
25,000.00	New Housing Authority, (Fla.)	3¾%, November 1, 1977-68	26,500.00
105,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1977-66	94,237.50
155,000.00	New Housing Authority, (Fla.)	2¾%, April 1, 1978-76	146,087.50
177,000.00	New Housing Authority, (Texas)	2½%, June 1, 1978-66	152,662.50
30,000.00	New Housing Authority, (Fla.)	3½%, November 1, 1978-67	30,600.00
50,000.00	New Housing Authority, (S. C.)	3%, December 1, 1978-66	48,625.00
50,000.00	New Housing Authority, (S. C.)	2½%, January 1, 1979-66	45,125.00
186,000.00	New Housing Authority, (Tex.)	2½%, June 1, 1979-66	159,030.00
50,000.00	New Housing Authority, (Ill.)	3¾%, June 1, 1979-74	53,250.00
60,000.00	New Housing Authority, (Texas)	3¾%, August 1, 1979-68	63,600.00
50,000.00	New Housing Authority, (La.)	2½%, August 1, 1979-76	46,250.00
25,000.00	New Housing Authority, (Fla.)	3¾%, November 1, 1979-68	26,562.50
100,000.00	New Housing Authority, (D. C.)	3¾%, May 1, 1980-74	105,000.00
65,000.00	New Housing Authority, (Ohio)	3¾%, May 1, 1980-74	69,225.00
100,000.00	New Housing Authority, (Ill.)	3¾%, June 1, 1980-68	105,000.00
55,000.00	New Housing Authority, (Texas)	2½%, September 1, 1980-66	50,325.00
30,000.00	New Housing Authority, (Fla.)	3½%, November 1, 1980-67	30,450.00
205,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1980-66	193,212.50
170,000.00	New Housing Authority, (Texas)	2½%, April 1, 1981-66	149,600.00
40,000.00	New Housing Authority, (Ohio)	3¾%, May 1, 1981-74	42,600.00
136,000.00	New Housing Authority, (Texas)	2½%, June 1, 1981-66	113,220.00
250,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1981-66	234,375.00
91,000.00	New Housing Authority, (Texas)	2½%, June 1, 1982-66	74,620.00
305,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1982-66	283,650.00
45,000.00	New Housing Authority, (S. C.)	3%, December 1, 1982-66	43,087.50
60,000.00	New Housing Authority, (Calif.)	3½%, April 1, 1983-75	60,900.00
148,000.00	New Housing Authority, (Texas)	2½%, June 1, 1983-66	119,880.00
70,000.00	New Housing Authority, (N. J.)	3¾%, August 1, 1983-68	71,750.00
53,000.00	New Housing Authority, (Texas)	2¾%, September 1, 1983-66	47,435.00
60,000.00	New Housing Authority, (Texas)	2½%, October 1, 1983-66	48,600.00
258,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1983-66	238,650.00
50,000.00	New Housing Authority, (Mont.)	3¾%, April 1, 1984-75	51,375.00
70,000.00	New Housing Authority, (Fla.)	3¾%, May 1, 1984-75	71,925.00
88,000.00	New Housing Authority, (Texas)	2½%, June 1, 1984-66	70,180.00
50,000.00	New Housing Authority, (Ohio)	2½%, July 1, 1984-66	43,000.00
105,000.00	New Housing Authority, (N. C.)	2½%, August 1, 1984-66	85,050.00
70,000.00	New Housing Authority, (N. J.)	3¾%, August 1, 1984-68	71,400.00
78,000.00	New Housing Authority, (Texas)	2½%, October 1, 1984-66	62,205.00
70,000.00	New Housing Authority, (Ga.)	3½%, May 1, 1985-75	70,350.00
90,000.00	New Housing Authority, (Texas)	2½%, June 1, 1985-66	71,100.00
100,000.00	New Housing Authority, (Ala.)	3¾%, July 1, 1985-73	105,750.00
85,000.00	New Housing Authority, (Texas)	2½%, August 1, 1985-66	67,150.00
50,000.00	New Housing Authority, (Conn.)	3½%, August 1, 1985-75	50,875.00
165,000.00	New Housing Authority, (N. J.)	2¾%, September 1, 1985-66	145,200.00
100,000.00	New Housing Authority, (Miss.)	3¾%, December 1, 1985-73	105,750.00
65,000.00	New Housing Authority, (Ala.)	2%, July 1, 1986-66	49,400.00
100,000.00	New Housing Authority, (Ohio)	2¾%, July 1, 1986-66	82,750.00
100,000.00	New Housing Authority, (Va.)	2½%, August 1, 1986-66	84,500.00
120,000.00	New Housing Authority, (Texas)	2¾%, September 1, 1986-66	104,400.00
120,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1986-66	104,100.00
150,000.00	New Housing Authority, (S. C.)	2¾%, January 1, 1987-66	135,000.00
100,000.00	New Housing Authority, (N. Y.)	3¾%, January 1, 1987-74	106,000.00
77,000.00	New Housing Authority, (Texas)	2½%, August 1, 1987-66	59,290.00
100,000.00	New Housing Authority, (Va.)	2½%, August 1, 1987-66	84,000.00
225,000.00	New Housing Authority, (Texas)	2¾%, September 1, 1987-66	194,625.00
165,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1987-66	142,312.50
116,000.00	New Housing Authority, (Texas)	2¾%, September 1, 1988-66	99,180.00
55,000.00	New Housing Authority, (Texas)	3¾%, December 1, 1988-74	55,550.00
100,000.00	New Housing Authority, (N. Y.)	3¾%, January 1, 1989-74	105,750.00
230,000.00	New Housing Authority, (Texas)	2¾%, December 1, 1990-66	192,625.00
100,000.00	New Housing Authority, (Tenn.)	3½%, May 1, 1991-75	98,500.00
110,000.00	New Housing Authority, (N. Y.)	3½%, January 1, 1992-75	107,525.00
50,000.00	New Housing Authority, (Va.)	3¾%, August 1, 1994-74	50,375.00
100,000.00	New Housing Authority, (Va.)	3¾%, July 1, 1995-74	105,250.00
100,000.00	New Housing Authority, (N. J.)	3¾%, September 1, 1996-74	99,000.00
100,000.00	New Housing Authority, (Minn.)	3¾%, September 1, 1997-73	104,750.00
195,000.00	New Housing Authority, (Fla.)	3¾%, May 1, 1999-75	191,100.00
\$8,719,000.00			\$8,112,650.00

* The faith of the United States is pledged to the payment of such annual contributions as may be necessary to pay principal and interest on these bonds.



Par Value		Market Value Dec. 31, 1965
\$ 150,000.00	State of Alabama, (Road & Bridge), 1½%, April 1, 1969-66	\$ 141,750.00
100,000.00	State of Alabama, (Waterway), 3¾%, April 1, 1979-66	98,000.00
200,000.00	State of Alaska, (General Obligation), 6%, July 1, 1967	208,000.00
115,000.00	State of Alaska, (Ferry & Roads), 6%, July 1, 1968	122,475.00
200,000.00	State of California, (School), 5%, September 1, 1966	202,000.00
115,000.00	State of California, (Veterans' Welfare, Series X), 5%, April 1, 1967	117,300.00
100,000.00	State of California, (Veterans' Welfare, Series L), 3¼%, August 1, 1967	100,000.00
100,000.00	State of California, (School Building Aid, Series P), 4%, March 1, 1968	101,750.00
200,000.00	State of California, (Construction, Series F), 5%, July 1, 1968	208,500.00
200,000.00	State of California, (Construction, Series J), 5%, July 1, 1968	208,500.00
110,000.00	State of California, (Veterans' Welfare, Series R), 5%, April 1, 1969	116,050.00
50,000.00	State of California, (Construction, Series B), 3¼%, December 1, 1970	50,000.00
276,000.00	State of California, (Veterans' Welfare, Series D), 2½%, August 1, 1972-68	259,440.00
146,000.00	State of California, (Veterans' Welfare, Series D), 2½%, August 1, 1973-68	135,780.00
318,000.00	State of California, (Veterans' Welfare, Series H), 2¼%, Feb. 1, 1974-72	287,790.00
301,000.00	State of California, (Veterans' Welfare, Series H), 2¼%, Feb. 1, 1975-72	268,642.50
100,000.00	State of California, (School), 1%, May 1, 1975-71	78,750.00
150,000.00	State of California, (School Building Aid, Series EE), 5%, November 1, 1975	169,125.00
125,000.00	State of California, (School), 1%, May 1, 1976-71	95,937.50
150,000.00	State of California, (School Building Aid, Series EE), 5%, November 1, 1976	169,875.00
100,000.00	State of California, (Construction, Series C), 4%, June 1, 1978	103,750.00
250,000.00	State of California, (Veterans' Welfare, Series AA), 3¾%, August 1, 1979	253,750.00
50,000.00	State of California, (School), 3¼%, May 1, 1982-78	47,375.00
100,000.00	State of Colorado, (Highway), 3.10%, January 1, 1968	99,750.00
100,000.00	State of Connecticut, (Bridge), 4.70%, January 1, 1968	103,250.00
130,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax), 2¾%, Jan. 1, 1973-66	125,775.00
300,000.00	State of Connecticut, (Highway System, Series DD), 2½%, December 1, 1975	276,000.00
100,000.00	State of Connecticut, (Flood Relief Housing), 3¾%, October 1, 1978	99,750.00
160,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax), 2¾%, Jan. 1, 1979-66	150,000.00
140,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax), 2.90%, Jan. 1, 1994-66	118,300.00
50,000.00	State of Delaware, (School, Series B), 3.30%, September 1, 1967	50,000.00
250,000.00	State of Delaware, (School, Series E), 2.60%, March 1, 1968	246,250.00
140,000.00	State of Delaware, (Highway Imp., Series A), 3.20%, July 15, 1968	139,650.00
50,000.00	State of Delaware, (Various Purposes), 1.60%, November 1, 1971	44,500.00
75,000.00	State of Delaware, (Various Purposes), 1.70%, April 1, 1972	66,937.50
200,000.00	State of Delaware, (Various Purposes), 1.70%, April 1, 1973	175,000.00
200,000.00	State of Georgia, (St. Office Bldg. Authority), 4%, September 1, 1968	205,000.00
100,000.00	State of Georgia, (St. Office Bldg. Authority), 3.40%, September 1, 1980-73	98,250.00
200,000.00	State of Hawaii, (Pub. Imp.), 4.10%, June 15, 1967	202,500.00
100,000.00	State of Hawaii, (Pub. Imp.), 1.80%, December 1, 1968	95,750.00
50,000.00	State of Hawaii, (Pub. Imp.), 2½%, July 2, 1971	47,375.00
50,000.00	State of Hawaii, (Pub. Imp.), 3.70%, October 15, 1971	50,875.00
50,000.00	State of Hawaii, (Pub. Imp.), 2¼%, November 1, 1973	45,500.00
100,000.00	State of Hawaii, (General Obligation, Series I), 3.40%, December 1, 1974	100,000.00
100,000.00	State of Hawaii, (General Obligation, Series F), 3¼%, May 15, 1976	98,250.00
100,000.00	State of Hawaii, (General Obligation, Series F), 3¼%, May 15, 1977	97,750.00
329,000.00	State of Illinois, (Service Recognition, Series A), 1¾%, May 1, 1972	289,520.00
100,000.00	State of Illinois, (Imp.), 2¾%, April 1, 1974	95,000.00
50,000.00	Indiana Toll Road Commission, (Revenue), 3½%, January 1, 1994-66	45,750.00
200,000.00	State of Iowa, (Service Compensation), 2½%, December 1, 1976	183,000.00
60,000.00	Kansas Turnpike Authority, 3¾%, October 1, 1994-66	54,450.00
200,000.00	Commonwealth of Kentucky, (General Obligation), 2.90%, July 1, 1969-68	199,500.00
125,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1971-68	124,062.50
55,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1985-68	50,600.00
87,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1986-68	79,822.50
125,000.00	Commonwealth of Kentucky, (Veterans' Bonus), 3.70%, July 1, 1987-81	127,500.00
105,000.00	Commonwealth of Kentucky, (Veterans' Bonus), 3¾%, July 1, 1988-81	107,100.00
60,000.00	State of Louisiana, (Baton Rouge Port), 3¼%, November 1, 1967	60,000.00
100,000.00	State of Louisiana, (Cap. Constr. & Imp. Commission), 5%, Oct. 1, 1969	106,000.00
100,000.00	State of Louisiana, (Cap. Constr. & Imp. Commission), 3.70%, Oct. 1, 1970	101,500.00
50,000.00	Maine Turnpike Authority, 4%, January 1, 1989-66	51,250.00
95,000.00	State of Maryland, (Bridge & Tunnel Revenue), 2.30%, October 1, 1966	94,050.00
100,000.00	State of Maryland, (Johns Hopkins University), 1¾%, November 1, 1966	98,500.00
175,000.00	State of Maryland, (Bridge & Tunnel Revenue), 2.40%, October 1, 1967-66	171,500.00
100,000.00	State of Maryland, (Gen. Pub. School Constr.), 2¾%, May 1, 1972	92,250.00
134,000.00	State of Maryland, (Bridge & Tunnel Revenue), 2.70%, October 1, 1972-66	126,295.00
45,000.00	State of Maryland, (Bridge & Tunnel Revenue), 3%, October 1, 1994-66	45,225.00
110,000.00	Commonwealth of Massachusetts, (Various Purposes), 3½%, October 1, 1966	110,550.00
25,000.00	Commonwealth of Massachusetts, (Metro. Water District), 1.70%, Oct. 1, 1970	23,562.50
100,000.00	Commonwealth of Massachusetts, (Reg.), 1%, December 1, 1970-66	90,500.00
150,000.00	Commonwealth of Massachusetts, (Highway Imp.), 2%, November 1, 1972	138,750.00
157,000.00	Commonwealth of Massachusetts, (Various Purposes), 2.30%, Nov. 1, 1974	144,832.50
168,000.00	Commonwealth of Massachusetts, (Various Purposes), 2.30%, Nov. 1, 1975	153,300.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1965
\$ 100,000.00	Commonwealth of Massachusetts, (Various Purposes), 1¾%, Oct. 1, 1983	\$ 76,250.00
56,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, October 1, 1986-66	40,880.00
175,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, January 1, 1990-66	121,625.00
105,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, January 1, 1991-66	70,875.00
97,000.00	Commonwealth of Massachusetts, (Housing), 2½%, October 1, 1991-66	77,115.00
100,000.00	State of Michigan, (Dedicated Tax, Series II), 5%, March 1, 1966	100,000.00
180,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1973-66	157,050.00
120,000.00	State of Michigan, (Dedicated Tax), 2%, November 1, 1973-70	103,800.00
143,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1974-66	122,265.00
217,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1975-66	182,280.00
245,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1976-66	201,512.50
200,000.00	State of Minnesota, (State Building), 4½%, January 1, 1969	209,500.00
150,000.00	State of Minnesota, (State Building), 2.70%, January 1, 1971	147,750.00
100,000.00	State of Minnesota, (Highway), 3.10%, April 1, 1976	99,250.00
60,000.00	State of Mississippi, (Port Imp.), 6%, July 1, 1970	67,350.00
60,000.00	State of Mississippi, (Port Imp.), 6%, July 1, 1971	68,400.00
60,000.00	State of Mississippi, (Highway, 32nd Series), 6%, February 1, 1972	68,700.00
105,000.00	State of Mississippi, (Highway, 32nd Series), 6%, August 1, 1972	121,275.00
50,000.00	State of Missouri, (State Building), 2¾%, May 1, 1979	43,875.00
50,000.00	State of Montana, (Veterans' Compensation), 3¾%, July 1, 1970	50,500.00
115,000.00	State of New Hampshire, (Various Purposes), 1¾%, April 1979	92,575.00
100,000.00	State of New Hampshire, (Reg.), 2¼%, March 1, 1981	82,000.00
100,000.00	State of New Hampshire, (Turnpike), 2¼%, March 1, 1983	79,750.00
182,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1972-66	172,445.00
86,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1973-66	80,625.00
165,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1974-66	153,037.50
145,000.00	State of New Jersey, (Various Purposes), 2½%, March 1, 1974	134,487.50
40,000.00	New Jersey Highway Authority, (State Gtd., Series A), 3%, Jan. 1, 1981-66	37,100.00
195,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1984-66	174,525.00
126,000.00	New Jersey Highway Authority, (State Gtd., Series A), 3%, Jan. 1, 1984-66	114,660.00
150,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1986-66	132,000.00
71,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1987-66	62,302.50
65,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1988-66	56,387.50
141,000.00	New Jersey Turnpike Authority, (State Gtd., Series A), 2¾%, Jan. 1, 1988-66	119,497.50
46,000.00	New Jersey Turnpike Authority, (Revenue), 3¾%, July 1, 1988-66	46,115.00
120,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1968	117,600.00
200,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1969	194,500.00
100,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1972	94,000.00
200,000.00	State of New York, (Housing), 4%, November 1, 1966	201,500.00
59,000.00	State of New York, (Housing), 1.60%, June 18, 1974	51,182.50
250,000.00	State of New York, (Park & Recreation), 2½%, January 1, 1975	231,875.00
50,000.00	State of New York, (Housing), 1¾%, November 1, 1977	41,375.00
85,000.00	State of New York, (Housing), 1¾%, June 15, 1986	60,987.50
95,000.00	State of New York, (Housing), 1¾%, June 15, 1990	64,362.50
58,000.00	State of New York, (Housing), 1.90%, May 15, 1992	39,150.00
95,000.00	State of New York, (Housing), 2½%, April 1, 1996-95	71,487.50
35,000.00	State of New York, (Housing), 2½%, April 1, 1998-95	26,075.00
50,000.00	State of New York, (Housing), 1¼%, May 15, 2001-92	24,250.00
110,000.00	New York State Thruway Authority, (Gen. Rev., Series C), 6%, Jan. 1, 1968	114,675.00
129,000.00	New York State Thruway Authority, (State Gtd.), 2.60%, October 1, 1976-66	120,615.00
100,000.00	New York State Thruway Authority, (State Gtd.), 2.60%, June 1, 1977-66	92,500.00
130,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, October 1, 1981-66	118,625.00
90,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, June 1, 1982-66	81,225.00
110,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, October 1, 1982-66	99,275.00
161,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, June 1, 1983-66	144,497.50
106,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, June 1, 1984-66	94,870.00
92,000.00	New York State Thruway Authority, (State Gtd.), 2¾%, January 1, 1986-66	81,190.00
175,000.00	New York State Thruway Authority, (State Gtd.), 3½%, January 1, 1988-67	175,875.00
201,000.00	New York State Thruway Authority, (State Gtd.), 2.70%, January 1, 1998-66	171,855.00
100,000.00	State of North Carolina, (Road), 1¼%, January 1, 1970	93,250.00
145,000.00	State of North Carolina, (Road), 2%, July 1, 1970	138,475.00
100,000.00	State of Ohio, (Veterans), 3%, May 15, 1969	99,500.00
250,000.00	State of Ohio, (Highway Imp., Series B), 3%, October 15, 1970	248,125.00
250,000.00	State of Ohio, (Highway Imp., Series B), 3.10%, April 15, 1972	247,500.00
200,000.00	State of Ohio, (Turnpike Revenue), 3¼%, June 1, 1992-66	196,000.00
100,000.00	State of Oklahoma, (Building), 4%, July 15, 1966	100,500.00
100,000.00	State of Oklahoma, (Building), 4%, July 15, 1967	101,500.00
260,000.00	State of Oregon, (Various Purposes), 1¾%, October 1, 1967-66	254,150.00
115,000.00	State of Oregon, (Veterans' Welfare), 3¼%, April 1, 1970-67	116,437.50
100,000.00	State of Oregon, (Veterans' Welfare), 3½%, October 1, 1971-67	102,250.00
189,000.00	State of Oregon, (Veterans' Compensation), 1¾%, October 1, 1972-66	172,462.50
150,000.00	Commonwealth of Pennsylvania, (Veterans' Series O), 3¾%, August 1, 1972	152,625.00
150,000.00	Commonwealth of Pennsylvania, (Turnpike Extension), 3%, June 1, 1982-66	142,500.00



Par Value		Market Value Dec. 31, 1965
\$ 50,000.00	State of Rhode Island & Providence Plantations, (Sewer), 4%, Sept. 1, 1981	\$ 52,125.00
40,000.00	State of Rhode Island & Providence Plantations, (Sewer), 2½%, May 1, 1987	32,000.00
135,000.00	State of Rhode Island & Providence Plantations, (Sewer), 2½%, May 1, 1988	106,312.50
180,000.00	State of South Carolina, (Highway), 1.70%, December 1, 1967	174,600.00
100,000.00	State of South Carolina, (School), 2.35%, December 1, 1967	98,250.00
100,000.00	State of South Carolina, (School), 1.80%, October 1, 1968	96,500.00
100,000.00	State of South Carolina, (School), 1.80%, October 1, 1971	91,500.00
95,000.00	State of South Carolina, (School), 2.35%, December 1, 1972	88,112.50
50,000.00	State of South Carolina, (School), 2.10%, November 1, 1973	45,000.00
100,000.00	State of South Carolina, (School), 2.35%, December 1, 1975	89,500.00
125,000.00	State of South Carolina, (School), 2½%, December 1, 1982-77	104,375.00
200,000.00	State of Tennessee, (Mental Institutions), 3%, June 1, 1968	199,500.00
100,000.00	State of Tennessee, (Highway), 2.70%, March 1, 1971	96,250.00
100,000.00	State of Tennessee, (Highway), 3.30%, May 1, 1976	98,750.00
100,000.00	State of Tennessee, (Highway), 3.20%, February 1, 1981	96,000.00
225,000.00	State of Texas, (Veterans' Land, Series 1952), 2¼%, June 1, 1968	221,062.50
100,000.00	State of Texas, (Veterans' Land, Series 1952), 2¼%, June 1, 1970	96,750.00
45,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1975-66	39,150.00
140,000.00	State of Texas, (Water, Series 1959), 4%, August 1, 1977	150,500.00
310,000.00	State of Texas, (Veterans' Land, Series 1953-A), 2.70%, June 1, 1980	288,300.00
50,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1983-66	38,125.00
25,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1985-66	18,437.50
80,000.00	State of Texas, (Veterans' Land, Series 1951), 2%, June 1, 1985-66	62,400.00
28,000.00	State of Texas, (Veterans' Land, Series 1952), 2%, June 1, 1985-66	21,840.00
25,000.00	State of Texas, (Veterans' Land, Series 1958), 2.90%, June 1, 1985-68	23,125.00
35,000.00	State of Texas, (Veterans' Land, Series 1958-A), 2.90%, June 1, 1985-73	32,375.00
125,000.00	State of Texas, (Veterans' Land, Series 1953-A), 2¾%, June 1, 1988-66	110,937.50
100,000.00	State of Utah, (Building), 3%, July 1, 1979	97,000.00
100,000.00	State of Utah, (Building), 3%, January 1, 1980	96,500.00
200,000.00	State of Vermont, (Pub. Imp.), 3%, April 1, 1970	198,500.00
150,000.00	State of Vermont, (School Building), 1½%, September 1, 1974	127,500.00
100,000.00	State of Virginia, (Toll Revenue), 3%, September 1, 1994-66	98,250.00
40,000.00	State of Washington, (Pub. Bldg., Series A), 3½%, May 1, 1969-67	45,500.00
356,000.00	State of Washington, (Veterans' Compensation), 2%, January 1, 1970-66	338,200.00
100,000.00	State of Washington, (Pub. Sch. Plant Facilities), 4%, November 1, 1971	103,000.00
45,000.00	State of Washington, (Veterans' Compensation), 2%, January 1, 1973-66	40,612.50
50,000.00	State of West Virginia, (Road), 2%, March 1, 1971	46,875.00
100,000.00	State of West Virginia, (Road), 4%, December 1, 1973	105,250.00
50,000.00	State of West Virginia, (Road), 2%, March 1, 1978	42,125.00
110,000.00	Commonwealth of Puerto Rico, (Pub. Imp.), 5%, July 1, 1966	110,825.00
100,000.00	Allegheny County, Pennsylvania, (Various Purposes), 2%, April 1, 1968	97,000.00
85,000.00	Allegheny County, Pennsylvania, (Various Purposes), 2%, April 1, 1971	78,837.50
140,000.00	Arlington County, Virginia, (Various Purposes), 6%, June 1, 1967	146,300.00
50,000.00	Arlington County, Virginia, (Various Purposes), 2½%, January 1, 1969	49,250.00
100,000.00	Arlington County, Virginia, (Water), 3½%, June 1, 1974	103,000.00
50,000.00	Arlington County, Virginia, (Water), 1%, January 1, 1977	39,125.00
50,000.00	Baltimore County, Maryland, (School), 3%, June 1, 1979	47,000.00
35,000.00	Baltimore County, Maryland, (Metro. District), 2¾%, September 1, 1983	30,800.00
100,000.00	Cook County, Illinois, (County Home), 4%, December 1, 1970	102,250.00
100,000.00	Cook County, Illinois, (Expressway, Series C), 2¾%, October 1, 1972	94,750.00
100,000.00	Essex County, New Jersey, (Imp.), 2.60%, May 1, 1970	98,000.00
150,000.00	Essex County, New Jersey, (Pub. Imp.), 2.20%, September 1, 1970	143,625.00
100,000.00	Essex County, New Jersey, (Imp.), 2.60%, May 1, 1973	95,500.00
100,000.00	Fairfax County, Virginia, (School), 4¾%, March 1, 1967	101,750.00
100,000.00	Fairfax County, Virginia, (School), 5.90%, March 1, 1968	105,500.00
200,000.00	Fairfax County, Virginia, (School), 3%, April 1, 1975	194,000.00
150,000.00	Fairfax County, Virginia, (School), 2.90%, April 1, 1979	140,250.00
100,000.00	Hamilton County, Ohio, (Road), 2¼%, September 1, 1968	97,000.00
200,000.00	Monterey County, California, (General Obligation), 6%, July 1, 1972	230,000.00
50,000.00	Montgomery County, Maryland, (Various Purposes), 5%, April 1, 1966	50,125.00
200,000.00	Montgomery County, Maryland, (Various Purposes), 5%, December 1, 1967	206,500.00
90,000.00	Montgomery County, Maryland, (Various Purposes), 5%, April 1, 1968	93,375.00
25,000.00	Montgomery County, Maryland, (School), 5%, April 1, 1969	26,375.00
100,000.00	Montgomery County, Maryland, (School), 5%, February 1, 1975	111,250.00
50,000.00	Nassau County, New York, (Sewer), 3.40%, October 1, 1966	50,125.00
98,000.00	Nassau County, New York, (Various Purposes), 2.40%, May 15, 1972	92,610.00
125,000.00	Nassau County, New York, (Sewer), 4.20%, September 1, 1976	134,687.50
100,000.00	Nassau County, New York, (Sewer), 3.10%, April 15, 1977	97,250.00
35,000.00	Nassau County, New York, (Sewer), 3.10%, April 15, 1979	33,775.00
90,000.00	Prince Georges County, Maryland, (Various Purposes), 5%, October 1, 1966	91,125.00
110,000.00	Prince Georges County, Maryland, (School), 4½%, October 1, 1967	112,475.00
210,000.00	Prince Georges County, Maryland, (Various Purposes), 5%, March 1, 1972	228,900.00
100,000.00	Santa Clara County, California, (Highway, Series A), 6%, July 1, 1967	104,250.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1965
\$ 90,000.00	Santa Clara County, California, (Highway, Series A), 6%, July 1, 1968	\$ 96,300.00
100,000.00	Suffolk County, New York, (Imp.), 3%, August 1, 1969	99,750.00
100,000.00	York County, Pennsylvania, (General Obligation), 2.90%, Sept. 15, 1979-75 ..	95,000.00
100,000.00	York County, Pennsylvania, (General Obligation), 2.95%, Sept. 15, 1980-75 ..	94,750.00
300,000.00	Boston Metropolitan District, Massachusetts, 1½%, March 1, 1981-76	217,500.00
50,000.00	Colorado River Municipal Water District, Texas, 2¾%, January 1, 1976-66	44,000.00
100,000.00	Cook County Forest Preserve District, Illinois, 2¾%, May 1, 1972	96,250.00
40,000.00	Delaware River Port Authority, (1st Series), 3¼%, December 15, 1967-66	40,200.00
35,000.00	Delaware River Port Authority, (1st Series), 3¼%, December 15, 1970-66	35,262.50
72,000.00	Delaware River Port Authority, (1st Series), 3½%, December 15, 1983-66	73,440.00
35,000.00	Minneapolis-St. Paul Metro. Airports Comm., Minnesota, 2¼%, Jan. 1, 1975-66 ..	30,975.00
90,000.00	Port of New York Authority, (Cons. 1st Series), 3%, Nov. 1, 1982-66	81,000.00
80,000.00	Port of New York Authority, (Cons. 2nd Series), 2¾%, Sept. 1, 1984-66	68,400.00
55,000.00	Port of New York Authority, (Cons. 6th Series), 3%, May 1, 1986-66	47,850.00
85,000.00	Power Authority of the State of New York, (Series A), 2.20%, Jan. 1, 1966	85,000.00
175,000.00	Power Authority of the State of New York, (Series A), 2¾%, Jan. 1, 1975-66 ..	162,312.50
110,000.00	Richmond-Petersburg Turnpike Authority, Virginia, 3.45%, July 1, 1995-66	110,550.00
306,000.00	Triborough Bridge & Tunnel Authority, 2½%, January 1, 1969-66	291,465.00
107,000.00	Triborough Bridge & Tunnel Authority, 2½%, July 1, 1969-66	101,115.00
135,000.00	Washington Sub. Sanitary Dist., Maryland, (Var. Pur.), 5%, August 1, 1970	142,762.50
130,000.00	City of Albuquerque, New Mexico, (Various Purposes), 4%, March 1, 1969	132,925.00
200,000.00	City of Albuquerque, New Mexico, (Gen. Oblig. Refunding), 3%, July 1, 1969 ..	198,000.00
50,000.00	City of Alexandria, Virginia, (Pub. Imp.), 3½%, November 1, 1967	50,375.00
90,000.00	City of Alexandria, Virginia, (Pub. Imp.), 6%, January 1, 1968	95,175.00
25,000.00	City of Alexandria, Virginia, (Pub. Imp.), 3%, March 1, 1974	24,375.00
100,000.00	City of Amarillo, Texas, (Various Purposes), 4¾%, December 1, 1971	107,000.00
75,000.00	City of Anchorage, Alaska, (General Purposes), 5¼%, July 1, 1966	75,562.50
60,000.00	City of Anchorage, Alaska, (Street Imp.), 4½%, July 1, 1969	61,950.00
25,000.00	City of Annapolis, Maryland, (Water & Sewer), 2%, April 1, 1974	22,187.50
85,000.00	City of Asheville, North Carolina, (Water), 6%, May 1, 1969	92,012.50
81,000.00	City of Asheville, North Carolina, (Water), 6%, May 1, 1970	89,302.50
170,000.00	City of Atlanta, Georgia, (Various Purposes), 2½%, September 1, 1969	166,175.00
50,000.00	City of Atlanta, Georgia, (Various Purposes), 2½%, September 1, 1978	44,375.00
100,000.00	City of Atlanta, Georgia, (School), 3¼%, December 1, 1980	97,000.00
70,000.00	City of Augusta, Georgia, (Various Purposes), 4%, November 1, 1975	73,325.00
50,000.00	City of Austin, Texas, (Various Purposes), 1¾%, January 1, 1975	42,875.00
25,000.00	City of Austin, Texas, (Various Purposes), 2¾%, July 1, 1976	23,375.00
200,000.00	City of Baltimore, Maryland, (Various Purposes), 3¾%, August 1, 1966	200,000.00
100,000.00	City of Baltimore, Maryland, (School), 2½%, August 15, 1969	97,000.00
250,000.00	City of Baltimore, Maryland, (Various Purposes), 2½%, August 15, 1970	240,625.00
175,000.00	City of Baltimore, Maryland, (Various Purposes), 2½%, August 15, 1971	166,250.00
110,000.00	City of Baltimore, Maryland, (School), 2¾%, August 1, 1973	105,050.00
150,000.00	City of Baltimore, Maryland, (Incinerator-Reduction Pl.), 2¾%, Sept. 1, 1974 ..	142,125.00
50,000.00	City of Beaumont, Texas, (School), 3¼%, July 1, 1976	48,500.00
25,000.00	City of Birmingham, Alabama, (School), 2%, April 1, 1973-66	22,562.50
25,000.00	City of Birmingham, Alabama, (School), 1%, April 1, 1973-66	21,062.50
25,000.00	City of Birmingham, Alabama, (Highway Imp.), 2¾%, February 1, 1977	23,125.00
25,000.00	City of Birmingham, Alabama, (Various Purposes), 3.40%, April 1, 1978-66 ..	24,437.50
110,000.00	City of Birmingham, Alabama, (School Imp.), 2¾%, April 1, 1984-66	95,975.00
100,000.00	City of Boston, Massachusetts, (Various Purposes), 5%, October 1, 1968	104,500.00
130,000.00	City of Boston, Massachusetts, (Various Purposes), 2¼%, April 1, 1969	125,125.00
53,000.00	City of Boston, Massachusetts, (Various Purposes), 2%, April 1, 1973	47,435.00
165,000.00	City of Boston, Massachusetts, (Various Purposes), 3½%, May 1, 1973	164,175.00
35,000.00	City of Boston, Massachusetts, (Various Purposes), 2½%, October 1, 1975	31,412.50
100,000.00	City of Buffalo, New York, (Gen. Imp.), 2%, May 1, 1969	96,000.00
100,000.00	City of Buffalo, New York, (Gen. Imp.), 2%, May 1, 1970	94,750.00
100,000.00	City of Buffalo, New York, (Various Purposes), 2½%, August 1, 1971	95,750.00
100,000.00	City of Charlottesville, Virginia, (Water), 2½%, August 1, 1969	97,500.00
95,000.00	City of Chicago, Illinois, (Various Purposes), 1½%, January 1, 1966	95,000.00
40,000.00	City of Chicago, Illinois, (Various Purposes), 2¾%, January 1, 1970-67	39,500.00
50,000.00	City of Chicago, Illinois, (Bridge), 1¾%, January 1, 1970-69	47,000.00
85,000.00	City of Chicago, Illinois, (Various Purposes), 2%, January 1, 1970-69	80,750.00
50,000.00	City of Chicago, Illinois, (Bridge), 1¾%, January 1, 1970	46,875.00
60,000.00	City of Chicago, Illinois, (Bridge), 2%, January 1, 1970	56,850.00
175,000.00	City of Chicago, Illinois, (Airport), 4%, January 1, 1973	180,687.50
110,000.00	City of Cincinnati, Ohio, (Various Purposes), 3¾%, October 1, 1968	110,550.00
175,000.00	City of Cincinnati, Ohio, (Expressways Imp.), 3¼%, November 1, 1974	175,875.00
205,000.00	City of Cincinnati, Ohio, (Various Purposes), 1¾%, September 1, 1977	171,687.50
35,000.00	City of Cincinnati, Ohio, (Waterworks Imp.), 2½%, November 1, 1988	28,437.50
55,000.00	City of Cincinnati, Ohio, (Waterworks Imp.), 1¾%, September 1, 1990	37,675.00
80,000.00	City of Cleveland, Ohio, (Various Purposes), 2½%, November 1, 1969	77,800.00
160,000.00	City of Cleveland, Ohio, (Various Purposes), 2½%, November 1, 1971	152,000.00
85,000.00	City of Cleveland, Ohio, (Various Purposes), 2¾%, October 1, 1977	78,837.50



Par Value		STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1965
\$ 100,000.00	City of	Cleveland, Ohio, (Water Revenue, Series F), 2½%, August 1, 1981-66..\$	84,000.00
50,000.00	City of	Columbus, Ohio, (Waterworks Enlargement), 2%, September 1, 1979.	41,375.00
100,000.00	City of	Columbus, Ohio, (Waterworks Enlargement), 2%, September 1, 1980.	81,250.00
75,000.00	City of	Corpus Christi, Texas, (Gen. Imp.), 5%, March 1, 1966	75,000.00
60,000.00	City of	Corpus Christi, Texas, (Various Purposes), 3%, March 1, 1974	58,050.00
100,000.00	City of	Dallas, Texas, (Various Purposes), 1.70%, October 1, 1966	98,750.00
135,000.00	City of	Dallas, Texas, (Various Purposes), 2%, July 1, 1968	130,950.00
85,000.00	City of	Dallas, Texas, (Various Purposes), 2¼%, May 1, 1971	80,112.50
40,000.00	City of	Dallas, Texas, (Various Purposes), 3¼%, July 1, 1972	39,900.00
25,000.00	City of	Dallas, Texas, (Waterworks Imp., Series 324), 3¼%, July 1, 1973	24,875.00
65,000.00	City of	Dallas, Texas, (Ind. School District), 2¼%, June 1, 1974	58,987.50
25,000.00	City of	Dayton, Ohio, (Bridge Imp.), 1¾%, October 1, 1979	19,812.50
30,000.00	City of	Dayton, Ohio, (Bridge Imp.), 1¾%, October 1, 1980	23,250.00
150,000.00	City & County of	Denver, Colorado, (Water), 2%, September 1, 1969-66	143,625.00
85,000.00	City & County of	Denver, Colorado, (Water), 4½%, November 1, 1980	94,137.50
70,000.00	City & County of	Denver, Colorado, (Water), 3.20%, February 1, 1989-68	64,400.00
75,000.00	City of	Detroit, Michigan, (Pub. Imp.), 5%, November 15, 1967	77,250.00
100,000.00	City of	Detroit, Michigan, (Pub. Imp.), 5%, May 15, 1968	103,750.00
80,000.00	City of	Detroit, Michigan, (Various Purposes), 2½%, September 15, 1969	77,000.00
50,000.00	City of	Detroit, Michigan, (Public Library, Series C), 5%, September 15, 1969	52,750.00
125,000.00	City of	Detroit, Michigan, (Various Purposes), 4½%, October 15, 1970	130,625.00
110,000.00	City of	Detroit, Michigan, (Various Purposes), 5%, February 15, 1971	116,875.00
85,000.00	City of	Detroit, Michigan, (Various Purposes), 2¾%, September 15, 1975	78,200.00
100,000.00	City of	Duluth, Minnesota, (Refunding), 3%, September 1, 1969	99,750.00
25,000.00	City of	El Paso, Texas, (Library), 2½%, March 1, 1972	23,812.50
100,000.00	City of	El Paso, Texas, (Various Purposes), 5%, July 1, 1972	110,250.00
45,000.00	City of	Fairbanks, Alaska, (Pub. Imp.), 5%, October 1, 1969	47,362.50
50,000.00	City of	Fairbanks, Alaska, (Pub. Imp.), 4¼%, October 1, 1972	51,500.00
50,000.00	City of	Fairfax, Virginia, (Funding), 6%, April 1, 1975	59,375.00
40,000.00	City of	Fairfax, Virginia, (Funding), 6%, April 1, 1976	48,100.00
135,000.00	City of	Flint, Michigan, (Hospital), 2¾%, April 1, 1974	127,575.00
100,000.00	City of	Fort Lauderdale, Florida, (Excise Tax Revenue), 5%, Sept. 1, 1970	107,000.00
100,000.00	City of	Fort Lauderdale, Florida, (Excise Tax Revenue), 5%, Sept. 1, 1971	107,250.00
55,000.00	City of	Fort Worth, Texas, (Street Imp., Series 84), 2%, March 1, 1967	54,175.00
25,000.00	City of	Fort Worth, Texas, (Street Imp., Series 84), 2½%, March 1, 1968	24,625.00
25,000.00	City of	Fort Worth, Texas, (Various Purposes), 2.60%, March 1, 1975	23,562.50
25,000.00	City of	Fort Worth, Texas, (Museum), 1½%, March 1, 1976	20,750.00
95,000.00	City of	Galveston, Texas, (School), 2¼%, March 1, 1978-66	81,937.50
200,000.00	City of	Hartford, Connecticut, (Various Purposes), 2.65%, May 1, 1972	192,000.00
150,000.00	City of	Hartford, Connecticut, (Pub. Works, Series #1), 2.65%, May 1, 1973	142,875.00
50,000.00	City & County of	Honolulu, Hawaii, (Tunnel), 3%, July 1, 1966	49,875.00
50,000.00	City & County of	Honolulu, Hawaii, (Tunnel), 5%, September 15, 1968-67	52,375.00
250,000.00	City & County of	Honolulu, Hawaii, (Var. Purposes), 3.70%, Sept. 1, 1969-68	254,375.00
100,000.00	City & County of	Honolulu, Hawaii, (Pub. Imp.), 5%, August 1, 1972	109,500.00
100,000.00	City of	Houston, Texas, (Ind. School District), 5%, February 10, 1967	102,250.00
100,000.00	City of	Houston, Texas, (Ind. School District), 5%, February 10, 1968	104,000.00
70,000.00	City of	Houston, Texas, (Ind. School District), 2¾%, January 10, 1972	68,250.00
115,000.00	City of	Houston, Texas, (Various Purposes), 3%, July 1, 1976	111,550.00
131,000.00	City of	Houston, Texas, (Water Revenue), 2.20%, December 1, 1978-66	110,367.50
117,000.00	City of	Houston, Texas, (Ind. School District), 2¾%, April 10, 1981	107,055.00
60,000.00	City of	Jackson, Mississippi, (Construction), 6%, August 1, 1966	60,900.00
50,000.00	City of	Jackson, Mississippi, (Construction), 6%, August 1, 1967	52,250.00
50,000.00	City of	Jacksonville, Florida, (Gen. Imp.), 4%, March 1, 1966	50,000.00
100,000.00	City of	Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1967	104,250.00
95,000.00	City of	Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1970	105,925.00
200,000.00	City of	Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1971	226,500.00
50,000.00	City of	Jersey City, New Jersey, (School), 4%, December 1, 1969	51,250.00
50,000.00	City of	Jersey City, New Jersey, (School), 4%, December 1, 1970	51,500.00
70,000.00	City of	Jersey City, New Jersey, (School), 4.45%, July 1, 1973	74,025.00
100,000.00	City of	Jersey City, New Jersey, (Sew. Disp. Pl. Imp.), 3.40%, Aug. 1, 1979-67	96,000.00
50,000.00	City of	Juneau, Alaska, (Various Purposes), 6%, September 1, 1969	54,375.00
100,000.00	City of	Kansas City, Missouri, (Various Purposes), 2¼%, June 1, 1968-66	98,000.00
250,000.00	City of	Kansas City, Missouri, (Various Purposes), 2.80%, February 1, 1977.	237,500.00
45,000.00	City of	Knoxville, Tennessee, (Civic Center), 5%, March 1, 1968	46,575.00
50,000.00	City of	Knoxville, Tennessee, (Civic Center), 5%, March 1, 1969	52,500.00
50,000.00	City of	Lincoln, Nebraska, (School District), 1.90%, May 1, 1974-66	43,750.00
50,000.00	City of	Lincoln, Nebraska, (School District), 1.90%, May 1, 1975-66	43,000.00
100,000.00	City of	Little Rock, Arkansas, (Various Purposes), 3.80%, February 1, 1979-72	104,000.00
40,000.00	City of	Los Angeles, California, (Sewer), 2½%, September 1, 1967	39,600.00
60,000.00	City of	Los Angeles, California, (Various Purposes), 2½%, January 1, 1972	57,150.00
81,000.00	City of	Los Angeles, California, (Water & Power), 1%, March 1, 1974-66	67,230.00
194,000.00	City of	Los Angeles, California, (Water & Power), 1½%, June 1, 1976-66	159,565.00
100,000.00	City of	Los Angeles, California, (Airport), 3¾%, September 1, 1978-68	102,750.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1965
\$ 115,000.00	City of Los Angeles, California, (Water & Power), 2.60%, Feb. 1, 1980-66	\$ 103,500.00
75,000.00	City of Los Angeles, California, (Water & Power), 2.60%, Feb. 1, 1981-66	66,750.00
50,000.00	City of Louisville, Kentucky, (School Imp., Series B), 1¾%, June 1, 1983	36,250.00
205,000.00	City of Madison, Wisconsin, (Various Purposes), 3%, September 1, 1972	202,437.50
187,000.00	City of Memphis, Tennessee, (Gen. Imp.), 6%, August 1, 1968	201,025.00
75,000.00	City of Memphis, Tennessee, (Gen. Imp.), 5%, October 1, 1970	81,750.00
255,000.00	City of Memphis, Tennessee, (Gen. Imp.), 4.40%, August 1, 1977	281,137.50
300,000.00	City of Milwaukee, Wisconsin, (Pub. Imps., Series F), 2½%, February 1, 1970	291,750.00
250,000.00	City of Milwaukee, Wisconsin, (Various Purposes), 2.60%, July 1, 1974	236,250.00
100,000.00	City of Mobile, Alabama, (Hospital & Auditorium), 4½%, August 1, 1970	104,750.00
100,000.00	City of Mobile, Alabama, (Hospital & Auditorium), 4½%, August 1, 1971	105,000.00
80,000.00	City of Newark, New Jersey, (Various Purposes), 2.40%, November 1, 1969	77,000.00
75,000.00	City of Newark, New Jersey, (Water), 3.55%, October 1, 1976	74,437.50
150,000.00	City of New Haven, Connecticut, (Gen. Pub. Imp.), 3¼%, October 1, 1969	151,125.00
150,000.00	City of New Haven, Connecticut, (Gen. Pub. Imp.), 2.40%, February 1, 1972	142,125.00
100,000.00	City of New Orleans, Louisiana, (Pub. Imp.), 4¼%, November 1, 1969	104,000.00
90,000.00	City of New Orleans, Louisiana, (Sewer), 3½%, December 1, 1976-70	90,225.00
50,000.00	City of New Orleans, Louisiana, (Civic Center), 2¾%, July 1, 1984-75	43,750.00
69,000.00	City of New Orleans, Louisiana, (Terminal Revenue), 2½%, January 1, 1987	54,510.00
90,000.00	City of Newport News, Virginia, (Gen. Imp.), 5½%, May 15, 1967	92,925.00
100,000.00	City of Newport News, Virginia, (Waterworks), 6%, June 1, 1968	107,000.00
100,000.00	City of Newport News, Virginia, (Waterworks), 6%, November 1, 1970	112,500.00
200,000.00	City of New York, New York, (St. & Park Openings), 3.10%, January 15, 1968	197,000.00
100,000.00	City of New York, New York, (Various Purposes), 2½%, July 15, 1968	96,500.00
217,000.00	City of New York, New York, (Reg.), 3%, October 1, 1968	212,660.00
200,000.00	City of New York, New York, (Various Purposes), 3.10%, Sept. 15, 1969	195,000.00
285,000.00	City of New York, New York, (Various Purposes), 3.60%, Feb. 1, 1970	281,437.50
110,000.00	City of New York, New York, (Schools), 3.30%, September 15, 1970	106,975.00
287,000.00	City of New York, New York, (Rapid Transit), 4½%, December 15, 1971	292,740.00
140,000.00	City of New York, New York, (Various Purposes), 4½%, June 1, 1974	142,800.00
76,000.00	New York City Housing Authority, 3%, June 1, 1982-66	64,410.00
119,000.00	New York City Housing Authority, 2.90%, September 1, 1986-66	96,687.50
85,000.00	New York City Housing Authority, 2.80%, September 1, 1991-66	65,237.50
110,000.00	New York City Housing Authority, 2.60%, May 1, 1996-66	76,725.00
100,000.00	City of Niagara Falls, New York, (Water), 1.80%, November 1, 1969	94,250.00
40,000.00	City of Norfolk, Virginia, (Water), 1¾%, December 1, 1967	39,000.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 5%, July 1, 1968	105,000.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 3.60%, August 1, 1968	101,500.00
360,000.00	City of Norfolk, Virginia, (Gen. Imp.), 1%, November 1, 1977	270,900.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 3.60%, July 1, 1979	102,000.00
35,000.00	City of Norfolk, Virginia, (Gen. Imp.), 2.70%, August 1, 1979	32,112.50
75,000.00	Oklahoma City, Oklahoma, (Airport, Series B), 3.70%, December 1, 1979	76,875.00
40,000.00	City of Omaha, Nebraska, (Public Power District), 1¾%, February 1, 1972-66	35,600.00
266,000.00	City of Omaha, Nebraska, (Public Power District), 2¼%, February 1, 1980-66	210,805.00
245,000.00	City of Paterson, New Jersey, (Various Purposes), 3½%, January 1, 1968	246,225.00
65,000.00	City of Paterson, New Jersey, (Various Purposes), 3½%, January 1, 1969	65,325.00
100,000.00	City of Philadelphia, Pennsylvania, (Series I), 4%, July 1, 1967	101,500.00
195,000.00	City of Philadelphia, Pennsylvania, (Various Purposes), 2½%, January 1, 1973	184,275.00
158,000.00	City of Philadelphia, Pennsylvania, (Series I), 4½%, July 1, 1973	171,430.00
50,000.00	City of Philadelphia, Pennsylvania, (Series U), 1%, January 1, 1976	39,500.00
250,000.00	City of Philadelphia, Pennsylvania, (School District), 3.10%, March 1, 1976	245,000.00
50,000.00	City of Philadelphia, Pennsylvania, (Series V), 1%, January 1, 1977	38,500.00
320,000.00	City of Philadelphia, Pennsylvania, (Various Purposes), 2¾%, Jan. 1, 1979	296,800.00
65,000.00	City of Philadelphia, Pennsylvania, (Series CC), 3%, January 1, 1983	60,612.50
55,000.00	City of Philadelphia, Pennsylvania, (Series DD), 3%, January 1, 1984	51,150.00
55,000.00	City of Philadelphia, Pennsylvania, (Series EE), 3%, January 1, 1985	50,600.00
35,000.00	City of Philadelphia, Pennsylvania, (Series XX), 1½%, January 1, 2000	18,987.50
75,000.00	City of Phoenix, Arizona, (Various Purposes), 6%, July 1, 1967	77,625.00
100,000.00	City of Phoenix, Arizona, (Sewer System, 4th Series), 3.10%, July 1, 1971	96,750.00
25,000.00	City of Phoenix, Arizona, (Water), 3%, July 1, 1977	22,750.00
140,000.00	City of Pittsburgh, Pennsylvania, (Pub. Imp.), 2⅞%, October 1, 1967	139,650.00
145,000.00	City of Portland, Oregon, (Docks' Development), 5%, June 1, 1967	148,987.50
100,000.00	City of Portland, Oregon, (Docks' Development), 5%, June 1, 1968	104,750.00
35,000.00	City of Portsmouth, Virginia, (School), 1¾%, October 1, 1968	33,775.00
95,000.00	City of Portsmouth, Virginia, (G.O. Annexation), 6%, January 1, 1969	103,075.00
100,000.00	City of Providence, Rhode Island, (Redevelopment), 3⅞%, September 1, 1968	100,000.00
43,000.00	City of Providence, Rhode Island, (Refunding, Ser. II), 1¾%, June 1, 1971-66	38,485.00
100,000.00	City of Raleigh, North Carolina, (Water), 6%, April 1, 1968	106,500.00
100,000.00	City of Raleigh, North Carolina, (Water), 6%, April 1, 1969	109,250.00
114,000.00	City of Richmond, Virginia, (Pub. Imp., Series N), 2¼%, January 1, 1969	110,865.00
200,000.00	City of Richmond, Virginia, (Pub. Imp., Series W), 2¾%, January 1, 1973	194,000.00
100,000.00	City of Rochester, New York, (Pub. Imp.), 2.60%, September 1, 1967	98,750.00
100,000.00	City of Rochester, New York, (Various Purposes), 2.60%, September 1, 1968	98,000.00



Par Value		Market Value Dec. 31, 1965
STATE AND MUNICIPAL BONDS (Continued)		
\$ 100,000.00	City of St. Louis, Missouri, (Pub. Bldg. & Imp.), 2½%, February 1, 1970	\$ 97,250.00
100,000.00	City of St. Paul, Minnesota, (Various Purposes), 2.90%, April 1, 1971	98,500.00
100,000.00	City of St. Petersburg, Florida, (Dedicated Tax), 4½%, October 1, 1969	104,000.00
150,000.00	City of Salt Lake City, Utah, (School District), 2½%, February 1, 1972	141,000.00
135,000.00	City of San Antonio, Texas, (Gen. Imp.), 5%, April 1, 1969	143,437.50
25,000.00	City of San Antonio, Texas, (Exp. & Street Imp.), 2½%, March 1, 1970	24,375.00
25,000.00	City of San Antonio, Texas, (School), 2%, August 15, 1970-66	23,750.00
50,000.00	City of San Antonio, Texas, (School), 2%, December 1, 1970-66	47,375.00
255,000.00	City of San Antonio, Texas, (Ind. School District), 4¼%, February 15, 1971	267,750.00
50,000.00	City of San Antonio, Texas, (Gen. Imp.), 4%, December 1, 1971	52,375.00
75,000.00	City of San Diego, California, (Unified School District), 5%, August 1, 1969	79,687.50
95,000.00	City of San Diego, California, (Harbor), 2½%, February 1, 1974	88,350.00
80,000.00	City of San Diego, California, (Recreation Facilities), 3¾%, June 1, 1975	82,400.00
103,000.00	City & County of San Francisco, California, (Var. Pur.), 2½%, April 1, 1970	99,652.50
136,000.00	City & County of San Francisco, California, (Var. Pur.), 2½%, April 1, 1971	129,880.00
90,000.00	City of San Jose, California, (Unified School District), 5%, June 1, 1969	94,950.00
140,000.00	City of San Jose, California, (Unified School District), 5%, June 1, 1971	150,500.00
25,000.00	City of Savannah, Georgia, (Various Purposes), 3½%, August 1, 1977	25,187.50
45,000.00	City of Savannah, Georgia, (Sewer & Paving), 3%, January 1, 1983	41,737.50
95,000.00	City of Seattle, Washington, (Civic Center), 6%, October 1, 1967	99,512.50
209,000.00	City of Seattle, Washington, (Light & Power LL-3), 2¼%, February 1, 1974-66	188,100.00
155,000.00	City of Stamford, Connecticut, (Various Purposes), 3.10%, June 1, 1979	147,250.00
100,000.00	City of Syracuse, New York, (Public Safety Bldg.), 2.60%, April 1, 1973	96,000.00
100,000.00	City of Syracuse, New York, (Various Purposes), 2½%, May 1, 1974	93,250.00
35,000.00	City of Tacoma, Washington, (Light & Power), 2.20%, January 1, 1972-66	31,937.50
40,000.00	City of Tallahassee, Florida, (Mun. Elec. Rev.), 4¼%, October 1, 1968	41,000.00
200,000.00	City of Tallahassee, Florida, (Mun. Elec. Rev.), 6%, October 1, 1971	225,000.00
65,000.00	City of Tampa, Florida, (Cap. Imp. Rev., Series D), 6%, October 1, 1968	69,875.00
50,000.00	City of Tampa, Florida, (Cap. Imp. Rev., Series D), 6%, October 1, 1969	55,000.00
80,000.00	City of Trenton, New Jersey, (Various Purposes), 1.95%, February 1, 1976	67,800.00
140,000.00	City of Tulsa, Oklahoma, (Various Purposes), 3¼%, April 1, 1968	140,000.00
140,000.00	City of Tulsa, Oklahoma, (Various Purposes), 4%, November 1, 1968	142,800.00
80,000.00	City of West Palm Beach, Florida, (Various Purposes), 4%, July 1, 1969	81,600.00
55,000.00	City of Wilmington, Delaware, (Sewer), 2.60%, April 1, 1990	46,475.00
150,000.00	City of Yonkers, New York, (Various Purposes), 4%, July 1, 1966	150,375.00
50,000.00	City of Yonkers, New York, (Various Purposes), 4%, July 1, 1969	51,250.00
115,000.00	City of Youngstown, Ohio, (Various Purposes), 2½%, October 1, 1970	111,262.50
<u>\$52,444,000.00</u>		<u>\$50,438,530.00</u>

No. of Shares		
GUARANTEED RAILROAD STOCKS		
2,000	Carolina, Clinchfield and Ohio Railway Company	\$ 202,500.00
2,000	Cleveland and Pittsburgh Railroad Company, Reg. Gtd.	140,000.00
501	Mahoning Coal Railroad Company	375,750.00
1,200	West Jersey and Seashore Railroad Company	62,400.00
		<u>\$ 780,650.00</u>

CONVERTIBLE PREFERRED STOCKS		
400	Honeywell, Inc., 3% Cum. Conv. Pfd.	\$ 37,200.00
500	Texas Eastern Transmission Corporation, 5.125% Cum. Sub. Conv. Pfd.	55,500.00
1,000	Washington Gas Light Company, \$4.36 Cum. Conv. Pfd.	107,000.00
		<u>\$ 199,700.00</u>

RAILROAD COMMON STOCKS		
2,500	Atchison, Topeka and Santa Fe Railway Company	\$ 83,125.00
1,000	Atlantic Coast Line Railroad Company	80,250.00
1,000	Chesapeake and Ohio Railway Company	77,875.00
2,400	Denver and Rio Grande Western Railroad Company	49,800.00
2,000	Union Pacific Railroad Company	85,500.00
5,300	Western Pacific Railroad Company	215,312.50
		<u>\$ 591,862.50</u>

FINANCIAL COMMON STOCKS		
1,600	Federal National Mortgage Association	\$ 134,000.00

No. of Shares	PREFERRED STOCKS	Market Value Dec. 31, 1965
3,000	Alabama Power Company, 4.64% Cum. Pfd.	\$ 285,000.00
3,500	Aluminum Company of America, \$3.75 Cum. Pfd.	292,250.00
3,000	Arkansas Power and Light Company, 4.56% Cum. Pfd.	285,000.00
1,000	Armstrong Cork Company, \$3.75 Cum. Pfd.	91,000.00
1,000	Atlantic Refining Company, 3.75% Cum. Pfd., Series B	86,500.00
3,000	Carolina Power and Light Company, \$4.20 Cum. Pfd.	264,000.00
3,000	Celanese Corporation of America, 4½% Cum. Pfd., Series A	274,500.00
7,900	Connecticut Light and Power Company, \$2.20 Cum. Pfd.	363,400.00
3,000	Consolidated Edison Co. of New York, Inc., 5¼% Cum. Pfd., Series B	324,000.00
2,400	Consumers Power Company, \$4.16 Cum. Pfd.	211,200.00
1,000	Continental Can Company, Inc., \$3.75 Cum. Pfd.	91,000.00
2,601	Dallas Power and Light Company, \$4.80 Cum. Pfd.	262,701.00
3,000	Duke Power Company, 4.50% Cum. Pfd., Series C	285,000.00
2,000	DuPont (E. I.) de Nemours and Company, \$4.50 Cum. Pfd.	206,000.00
5,500	Duquesne Light Company, \$2.10 Cum. Pfd.	242,000.00
2,000	Florida Power and Light Company, 4.32% Cum. Pfd., Series D	182,000.00
2,000	Grant (W. T.) Company, 3¾% Cum. Pfd.	165,000.00
20,000	Hawaiian Telephone Company, 4½% Cum. Pfd., Series G	182,500.00
3,500	Illinois Power Company, 4.08% Cum. Pfd.	153,125.00
4,500	Illinois Power Company, 4.70% Cum. Pfd.	222,750.00
1,500	Kansas City Power and Light Company, 4.50% Cum. Pfd.	141,750.00
3,300	Kansas Gas and Electric Company, 4.28% Cum. Pfd.	293,700.00
2,500	Mississippi Power and Light Company, 4.36% Cum. Pfd.	225,000.00
3,000	Northern Indiana Public Service Company, 4.22% Cum. Pfd.	267,000.00
4,000	Northern States Power Company (Minnesota), \$4.11 Cum. Pfd.	346,000.00
3,700	Ohio Edison Company, 4.44% Cum. Pfd.	346,875.00
3,100	Ohio Power Company, 4.20% Cum. Pfd.	274,350.00
15,800	Pacific Gas and Electric Company, 4.80% Cum. 1st Pfd.	398,950.00
3,100	Pacific Lighting Corporation, \$4.75 Cum. Pfd.	306,900.00
3,300	Philadelphia Electric Company, 4.68% Cum. Pfd.	336,600.00
8,000	Potomac Electric Power Company, \$2.44 Cum. Pfd.	404,000.00
3,000	Public Service Company of Colorado, 4.90% Cum. Pfd.	306,000.00
15,600	Public Service Company of Indiana, Inc., 4.32% Cum. Pfd.	358,800.00
3,000	Public Service Company of New Mexico, 4.58% Cum. Pfd.	285,000.00
3,300	Public Service Company of Oklahoma, 4.24% Cum. Pfd.	293,700.00
2,400	Public Service Electric and Gas Company, 4.30% Cum. Pfd.	218,400.00
1,000	Reynolds (R. J.) Tobacco Company, 3.60% Cum. Pfd.	84,000.00
11,800	San Diego Gas and Electric Company, 4½% Cum. Pfd.	218,300.00
2,000	South Carolina Electric and Gas Company, 5.125% Cum. Pfd.	104,000.00
14,100	Southern California Edison Company, 4.78% Cum. Pfd.	334,875.00
3,000	Tampa Electric Company, 4.58% Cum. Pfd., Series D	288,000.00
3,100	Texas Electric Service Company, \$5.08 Cum. Pfd.	319,300.00
2,000	Texas Power and Light Company, \$4.84 Cum. Pfd.	202,000.00
15,900	Tidewater Oil Company, \$1.20 Cum. Pfd.	391,537.50
6,100	Utah Power and Light Company, \$1.28 Cum. Pfd., Series A	160,125.00
4,000	Virginia Electric and Power Company, \$4.80 Cum. Pfd.	400,000.00
2,000	Washington Gas Light Company, \$4.80 Cum. Pfd.	198,000.00
2,000	Washington Gas Light Company, \$5.00 Cum. Pfd.	200,000.00
		\$12,172,088.50

	PUBLIC UTILITY COMMON STOCKS	
8,000	Allegheny Power System, Inc.	\$ 221,000.00
20,000	American Telephone and Telegraph Company	1,215,000.00
21,000	Columbia Gas System, Inc.	606,375.00
10,000	Consolidated Edison Company of New York, Inc.	422,500.00
8,800	Consumers Power Company	495,000.00
13,000	General Public Utilities Corporation	477,750.00
7,500	Iowa Power and Light Company	292,500.00
10,000	Kansas City Power and Light Company	417,500.00
28,000	New England Electric System	815,500.00
17,300	New York State Electric and Gas Corporation	793,637.50
20,000	Niagara Mohawk Power Corporation	532,500.00
9,000	Northern States Power Company (Minnesota)	315,000.00
18,000	Ohio Edison Company	513,000.00
15,000	Pacific Gas and Electric Company	547,500.00
10,000	Philadelphia Electric Company	368,750.00
22,400	Potomac Electric Power Company	484,400.00
20,000	Public Service Electric and Gas Company	785,000.00
15,000	Southern California Edison Company	590,625.00
10,000	Union Electric Company	281,250.00
25,500	Washington Gas Light Company	879,750.00
21,000	Wisconsin Electric Power Company	656,250.00
		\$11,710,787.50



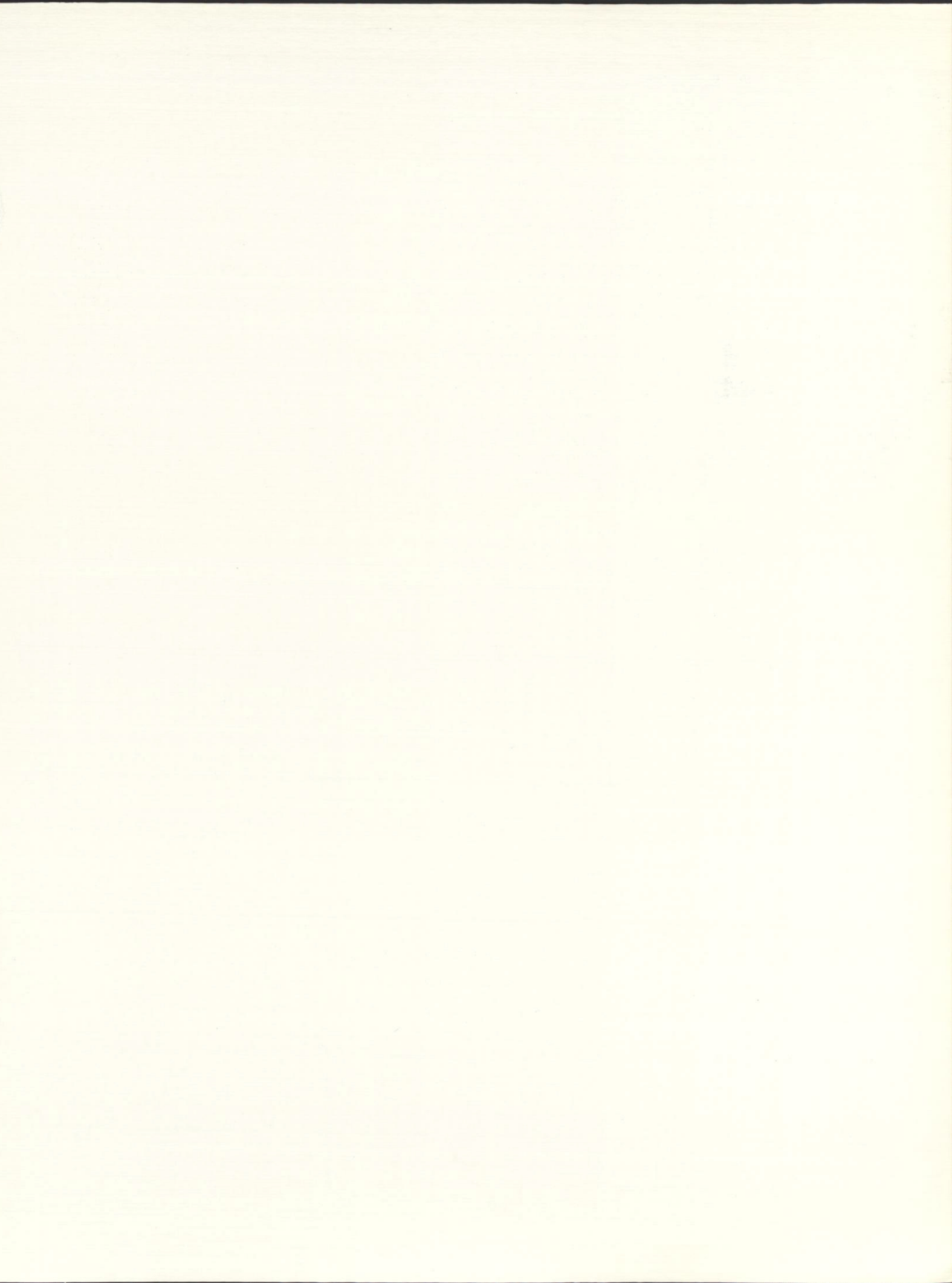
No. of Shares	INDUSTRIAL COMMON STOCKS	Market Value Dec. 31, 1965
20,500	Allied Chemical Corporation	\$ 1,007,062.50
15,500	American Can Company	862,187.50
11,000	American Smelting and Refining Company	786,500.00
8,000	Atlantic Refining Company	597,000.00
2,500	Bethlehem Steel Corporation	100,937.50
15,600	Chrysler Corporation	832,650.00
7,700	Columbia Broadcasting System, Inc.	345,537.50
27,300	Continental Can Company, Inc.	1,726,725.00
14,400	Dow Chemical Company	1,110,600.00
4,400	Dupont (E. I.) de Nemours and Company	1,052,700.00
18,800	Ford Motor Company	1,022,250.00
10,000	General Electric Company	1,180,000.00
27,100	General Motors Corporation	2,804,850.00
26,500	Great Atlantic and Pacific Tea Company, Inc.	930,812.50
12,200	International Harvester Company	559,675.00
8,500	International Nickel Company of Canada, Ltd.	767,125.00
40,000	International Paper Company	1,230,000.00
15,000	National Lead Company	1,053,750.00
6,100	Olin Mathieson Chemical Corporation	355,325.00
8,500	Philadelphia and Reading Corporation	452,625.00
11,300	Pittsburgh Plate Glass Company	817,837.50
10,000	Scovill Manufacturing Company	632,500.00
7,500	Shell Oil Company	482,812.50
10,000	Socony Mobil Oil Company, Inc.	967,500.00
20,000	Standard Oil Company (Indiana)	947,500.00
22,600	Standard Oil Company (New Jersey)	1,816,475.00
15,400	Texaco, Inc.	1,237,775.00
20,000	Union Carbide Corporation	1,370,000.00
5,000	United States Steel Corporation	261,250.00
17,500	Westinghouse Electric Corporation	1,089,375.00
30,000	Woolworth (F. W.) Company	948,750.00
		<u>\$29,350,087.50</u>



TRANSFER AGENT

American Security and Trust Company

Washington, D. C.



Government Employees Insurance Company