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GOVERNMENT EMPLOYEES INSURANCE COMPANY

WASHINGTON, D.C.



ANNUAL REPORT 1966

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GOVERNMENT EMPLOYEES INSURANCE COMPANY

WASHINGTON, D.C.

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



GEICO OPERATIONS BUILDING
Chevy Chase, Maryland

10 YEAR REVIEW

	1966	1965	1964	1963
Net Premiums Written	\$164,821,194	\$136,659,423	\$113,711,637	\$96,050,250
Premiums Earned	\$149,591,898	\$123,723,326	\$104,128,121	\$88,945,389
Increase in Unearned Premium Reserve	\$15,229,296	\$12,936,097	\$9,583,516	\$7,104,862
Losses and Expenses Incurred	\$133,558,503	\$113,933,253	\$98,796,814	\$81,388,322
Underwriting Income	\$14,046,715	\$8,241,204	\$3,767,350	\$6,149,117
Net Investment Income	\$6,626,850	\$5,371,101	\$4,354,781	\$4,023,906
Total Income Before Taxes	\$20,971,015	\$14,108,913	\$9,254,110	\$11,063,611
Federal Income Tax	\$7,914,405	\$5,123,281	\$3,057,272	\$4,451,894
Net Earnings After Taxes	\$13,056,609	\$8,985,632	\$6,196,838	\$6,611,717
Admitted Assets	\$229,437,607	\$204,254,325	\$171,884,359	\$148,194,707
Securities Owned at Market Values	\$160,151,603	\$148,784,184	\$123,265,597	\$109,301,009
Policyholders' Surplus	\$51,281,110	\$52,760,547	\$47,436,589	\$42,279,064
Outstanding Shares of Stock	4,830,082	3,219,126	3,219,095	3,139,847
Earnings Per Share*	\$2.70	\$1.86	\$1.28	\$1.37
Total Cash Dividends Paid	\$5,071,029	\$4,184,824	\$3,199,283	\$2,982,855
Cash Dividends Paid Per Share*	\$1.05	\$.87	\$.66	\$.62
Stock Dividends Paid	50.0%	0	2.5%	0
Loss Ratio	74.7%	77.0%	79.6%	75.4%
Expense Ratio	13.3%	13.7%	14.0%	14.9%
Combined Loss and Expense Ratio	88.0%	90.7%	93.6%	90.3%

* Based on number of shares
outstanding December 31, 1966.



1962	1961	1960	1959	1958	1957
\$83,425,958	\$75,382,212	\$65,021,868	\$56,959,344	\$46,626,571	\$36,246,341
\$78,395,140	\$68,941,190	\$60,798,404	\$51,343,335	\$40,530,120	\$31,799,631
\$5,030,818	\$6,441,022	\$4,223,465	\$5,616,009	\$6,096,451	\$4,446,710
\$71,990,541	\$62,304,453	\$50,540,423	\$43,350,452	\$33,428,931	\$29,950,974
\$5,054,139	\$5,568,582	\$9,293,020	\$7,060,063	\$6,354,370	\$1,374,487
\$3,407,876	\$2,728,690	\$2,298,201	\$1,882,641	\$1,585,887	\$1,320,842
\$9,149,739	\$9,141,561	\$11,805,887	\$8,993,903	\$8,187,594	\$2,713,569
\$3,594,613	\$3,660,565	\$5,389,864	\$4,085,475	\$3,730,317	\$1,018,727
\$5,555,126	\$5,480,996	\$6,416,023	\$4,908,429	\$4,457,276	\$1,694,842
\$127,796,345	\$112,220,443	\$94,646,036	\$81,614,507	\$69,062,669	\$54,165,060
\$94,970,645	\$79,460,241	\$64,538,808	\$50,861,205	\$45,494,044	\$37,351,551
\$36,758,426	\$34,285,057	\$28,579,287	\$22,288,969	\$19,627,575	\$14,140,519
3,139,847	2,092,941	2,041,893	1,361,262	1,334,570	667,285
\$1.15	\$1.13	\$1.33	\$1.02	\$.92	\$.35
\$2,564,136	\$2,092,941	\$1,871,735	\$1,497,388	\$1,267,842	\$1,000,928
\$.53	\$.43	\$.39	\$.31	\$.26	\$.21
50.0%	2.5%	50.0%	2.0%	100.0%	4.5%
75.8%	73.6%	66.6%	69.3%	66.3%	76.5%
15.1%	15.3%	15.4%	13.7%	14.0%	15.5%
90.9%	88.9%	82.0%	83.0%	80.3%	92.0%

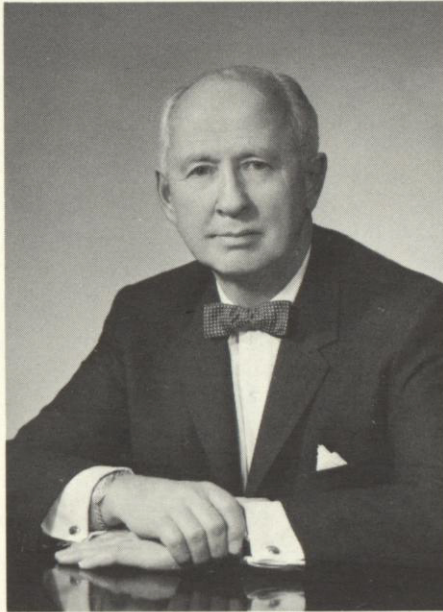
DIRECTORS AND OFFICERS

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
**Chairman of the Executive Committee

OFFICERS

- LORIMER A. DAVIDSON, *Chairman of the Board*
NORMAN L. GIDDEN, *President*
ALVIN E. KRAUS, *Vice President, Underwriting*
WARREN NICH, *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*
HARRY C. CLAY, *Assistant Vice President, Personnel*
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 Regional 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*
J. RAY DOTSON, *Assistant Secretary*
ALBERT M. MCKENNEY, *Assistant Treasurer*



LORIMER A. DAVIDSON
Chairman of the Board



NORMAN L. GIDDEN
President

1966 ANNUAL REPORT

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

This thirty-first Annual Report of Government Employees Insurance Company covering the year 1966 is submitted on behalf of the Board of Directors. Our thirty-first year was one of record progress, a year in which both volume and earnings rose to the highest levels in our history. Underwriting profit for 1966 increased by 70.4% over the prior year and investment income increased by 23.4%. This was the twenty-first consecutive year in which our Company produced an underwriting profit.

The following is a summary of 1966 operating results compared with 1965:

	1966	1965
PREMIUMS WRITTEN	\$164,821,194	\$136,659,423
PREMIUMS EARNED	\$149,591,898	\$123,723,326
POLICIES IN FORCE	1,223,547	1,114,328
ASSETS	\$229,437,607	\$204,254,325
UNDERWRITING PROFIT BEFORE TAXES	\$ 14,046,715	\$ 8,241,204
INVESTMENT PROFIT BEFORE TAXES	\$ 6,626,850	\$ 5,371,101
(Excluding Capital Gains)		
CAPITAL GAINS BEFORE TAXES	\$ 297,450	\$ 496,608
TOTAL PROFIT AFTER TAXES	\$ 12,829,851	\$ 8,614,401
(Excluding Capital Gains)		
TOTAL PROFIT AFTER TAXES	\$ 13,056,609	\$ 8,985,632
(Including Capital Gains)		

GENERAL RECORD OF THE INDUSTRY

A significant turning point in the recent history of the fire and casualty insurance industry occurred in 1966. Following a decade in which the aggregate underwriting losses for stock companies approached \$1.5 billion, underwriting operations for the past year produced a moderate profit with preliminary industry figures indicating a combined loss and expense ratio of about 98.5% compared with 101.9% for the prior year.

Premium volume for the fire and casualty insurance industry increased by approximately 10% in 1966 to a record \$21.5 billion. Automobile insurance represents over 40% of the total premium volume and is the largest classification of business written by our industry. Loss experience on the automobile lines improved substantially in 1966, although both the bodily injury and property damage liability coverages continued to produce underwriting losses for most companies. The bodily injury volume, which accounts for approximately 50% of the total automobile premiums, increased 10% to almost \$4.3 billion. The combined loss and expense ratio on this line declined from 105.5% to approximately 103%. Consistently unprofitable, this line has developed statutory losses of about \$1.4 billion on a premium volume of \$30 billion over the past ten years.

The automobile property damage liability line increased in volume by 15% in 1966 to approximately \$1.8 billion. The combined loss and expense ratio on this coverage improved considerably, declining to approximately 103% from 107.8% in the prior year. Further improvement on both the bodily injury and property damage liability lines is anticipated in 1967 as a result of rate increases averaging 9% in 1965 and nearly 5% in 1966. Experience on physical damage insurance (the comprehensive and collision lines) improved dramatically in 1966. Premium volume increased by about 10% to \$3.1 billion, while the combined loss and expense ratio for the year declined to approximately 93% from 99.2% in 1965.

The industry also enjoyed substantially improved underwriting results on the homeowners and fire insurance lines. In contrast to 1965 when Hurricane Betsy inflicted grievous property losses, the year 1966 was relatively free of catastrophe-type losses. The homeowners line developed a combined ratio of about 97% on a premium volume of \$1.7 billion. This gratifying result is due in part to the many constructive actions recently taken by the industry to reverse spiraling losses which, over the past ten years, have approached \$700 million. Widespread utilization of deductibles, moderate coverage restrictions, rate increases and new methods to reduce operating expenses have helped mitigate to an appreciable extent the appalling underwriting experience of the past decade. The fire insurance line developed a loss and expense ratio of approximately 102% in 1966, representing an improvement of about one percentage point over the prior year.

The improved underwriting results on the automobile insurance lines in 1966 reflect major revisions to the premium rate structure which have been effected in virtually every state during the past two years. Urgently dictated by the

incessant rise in accident frequency and the escalating cost of claim settlements, rate changes were authorized in 44 states and the District of Columbia in 1965 followed by further rate revisions approved in 29 jurisdictions in 1966. However, persistent public apathy to the fundamental requirements for significant improvement in our safety record on the highways suggests little reason for optimism that any long-term balance will develop between future loss experience and current rate levels. Thus, the premium rate base will continue to require timely and selective adjustments to reflect loss experience if profitable underwriting results are to be attained with consistency.

The inability to reduce the mounting toll of death, injury and destruction on our streets and highways is seemingly an insoluble problem of our modern, highly mobile society. Despite the prodigious efforts on the part of the insurance industry, government and private groups to alert the driving public to its responsibilities, and to eliminate unsafe features and reduce accident-causing factors in vehicular and road design, highway casualties and the attendant economic loss continue to rise inexorably. Preliminary figures indicate that traffic accidents in 1966 took nearly 52,500 lives and resulted in almost 1.9 million disabling injuries. The resulting economic loss to the nation was an appalling \$13 billion, an increase of 16% over the prior year. These tragic statistics represent a needless, intolerable drain on the human and economic resources of our nation.

One of the significant developments of interest to our industry in 1966 was the active participation of the Federal Government in seeking ways and means to improve automobile and highway safety. Major legislation enacted by the 89th Congress during the 1966 session included the Highway Safety Act, the National Traffic and Motor Vehicle Act, and the act establishing a Federal Department of Transportation with a Secretary of cabinet rank who will administer these laws. The Highway Safety Act requires that by December 31, 1968 each state shall have a highway safety program approved by the Secretary of Transportation in accordance with his uniform standards. The National Traffic and Motor Vehicle Act, which emerged from the sensational Senate hearings on automobile safety, requires Federal safety standards which were promulgated on January 31, 1967 to be incorporated in the design of all new motor vehicles manufactured after January 1, 1968.

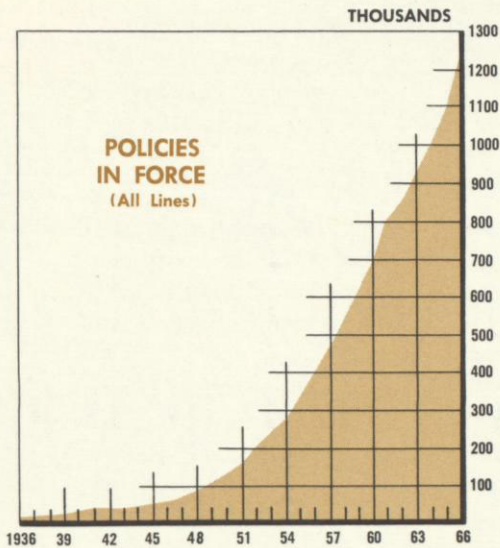
The Insurance Institute for Highway Safety, comprising over 500 casualty insurance companies, continued its admirable work in promoting highway safety and in seeking techniques to reduce accident frequency. Many universities and other private institutions intensified their research on the causes and prevention of traffic accidents, frequently aided by government and industry financial support. The automobile industry publicly indicated its full commitment to incorporate standard safety features in automobile designs and to participate in safety research. Dedication to effective law enforcement was espoused by numerous civic, government, industrial and professional groups but practical

support for those charged with the duty of enforcing the law continued to be woefully inadequate. The value to highway safety of youth driver education, periodic compulsory automobile inspections and physical examination of the aged was emphasized by another year of experience. Our industry continued to give maximum support to all programs which might reduce death and destruction on our highways.

While final figures will not be available for several weeks, it is a certainty that the major decline in common stock prices in 1966 will cause policyholders' surplus of the fire and casualty insurance industry, which totalled over \$17 billion at 1965 year-end, to show its first decline since 1962. However, for most companies, the surplus reductions will be moderate and the adverse effects of the stock market decline will be partially offset by the higher yields obtained on 1966 additions to investment portfolios, particularly on additions to bond portfolios. Since most casualty insurance companies have larger investments in bonds than they do in stocks, and as bond yields in 1966 were at or near record highs during most of the year, the industry will report another good increase in investment income in 1966.

The cross-currents of record defense spending, inflationary pressures and counter actions initiated by the Federal Reserve Board and the National Administration to preserve dollar stability had a telling effect on many segments of our economy in 1966. New housing starts were 19% less than 1965, auto production fell significantly and the volume and profits of some industries were adversely affected by the scarcity of consumer credit. Nevertheless, many segments of the economy progressed to record heights in 1966. The Gross National Product increased by 8.5% to an all-time high of \$739.5 billion. Consumer spending for goods and services rose to an annual rate of approximately \$474.4 billion, an increase of \$4.5 billion over the prior year. Corporate profits rose to \$46.6 billion, an increase of 0.7% over 1965. Although auto sales declined nearly 4% from the record high established in 1965, the industry had its second best year in history in 1966. Approximately 9 million new automobiles were sold in the United States, of which 8.35 million were manufactured domestically and 650,000 were imported. Employment climbed to a new high of 75 million and the unemployment rate of 3.8% at year-end was down 7.3% from a year earlier, indicative of the severe labor shortage confronting most industries. The combination of an expanding economy and continued population growth further broadened the market for the services of the fire and casualty insurance industry. The record fire and casualty premium volume in 1966 reflects the growth of the fire and casualty market and, to a lesser extent, the higher premium rate structure resulting from rate increases.

For the fire and casualty insurance industry, 1966 was a year of improvement in underwriting results and of considerable progress toward removing some of the obstacles which have made profitable underwriting difficult in years past. For our Company 1966 was a year of excellent results. The remainder of this report provides a detailed record of our operations in 1966 and a brief forecast of the year ahead.



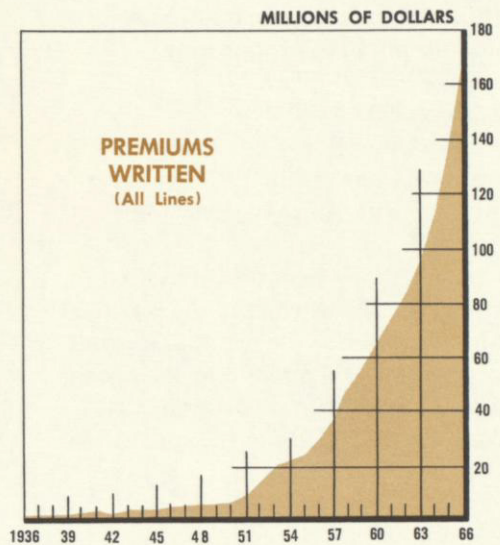
POLICIES IN FORCE

As of December 31, 1966 policies in force totalled 1,223,547, an increase of 9.8% over the 1,114,328 policies in force on December 31, 1965.

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 1966 were distributed by line as follows:

	<i>Policies in Force</i>	<i>% Increase (Decrease) over 1965</i>
AUTOMOBILE	1,058,974	9.6%
HOMEOWNERS	94,998	22.8%
FIRE AND EXTENDED COVERAGE	49,522	(.9%)
COMPREHENSIVE PERSONAL LIABILITY	16,574	(5.4%)
BOATOWNERS	3,479	20.0%



PREMIUMS WRITTEN

Net premiums written on all lines in 1966 totalled \$164,821,194, an increase of 20.6% over the premiums of \$136,659,423 written in 1965. The distribution by line and in percentage of the total

written premiums is as follows:

	<i>Amount</i>	<i>% of Total Written Premiums</i>
AUTOMOBILE	\$158,690,506	96.3%
HOMEOWNERS	\$ 4,680,260	2.8%
FIRE AND EXTENDED COVERAGE	\$ 1,076,394	.7%
COMPREHENSIVE PERSONAL LIABILITY	\$ 206,062	.1%
BOATOWNERS	\$ 167,972	.1%

PREMIUMS EARNED

Earned premiums on all lines totalled \$149,591,898 in 1966, an increase of 20.9% over the 1965 earned premiums of \$123,723,326. The automobile lines accounted for \$144,397,463,

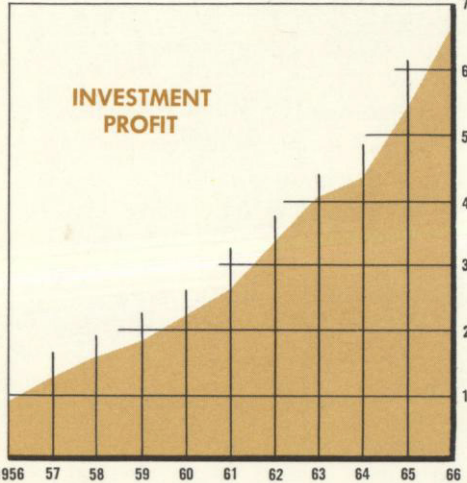
homeowners \$3,774,049, fire and extended coverage \$1,041,468, comprehensive personal liability \$223,072, and boatowners \$155,845.

UNDERWRITING PROFIT

Underwriting profit before taxes increased to \$14,046,715 in 1966 or 70.4% over the comparable 1965 figure of \$8,241,204. After taxes, underwriting

profit for 1966 totalled \$7,351,023, an increase of 67.9% over the comparable 1965 figure of \$4,378,671.

MILLIONS OF DOLLARS



INVESTMENT PROFIT

Investment profit before taxes in 1966, excluding capital gains, totalled \$6,626,850, an increase of 23.4% over 1965 investment profit of \$5,371,101. We estimate that our 1966 investment profit after taxes, excluding capital gains, amounted to \$5,478,828, an increase of 29.3% over the 1965 total of \$4,235,730.

INVESTMENTS

Additions to our investment portfolio and changes in security values during 1966 increased the total market value of our portfolio to \$160,151,603 on December 31, 1966 from \$148,784,184 on December 31, 1965. The schedule below summarizes the changes made in our portfolio during 1966 based on year-end market values.

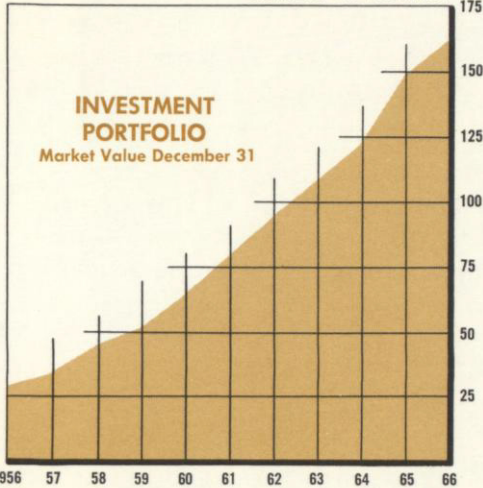
The investment policy of our Company is formulated by the Board of Directors. It has as its objective the attainment of maximum investment income from those types of investments which possess good marketability, high investment quality and relative price stability. Portfolio operations are administered in conformance with this policy by the Investment Committee of the Board of Directors.

The decline in the stock market caused many high quality investment stocks to sell at attractive prices. As shown in the tabulation, we made substantial additions during the year to our public utility common stock portfolio. You will also note that we made major additions to our holdings of state and municipal bonds with most of our purchases made at or close to the highest yields available on tax exempt bonds since 1934.

On December 31, 1966 our investment portfolio was yielding a return of 4.02% compared with the 3.67% yield being obtained on December 31, 1965. After taxes, the yield was 3.47% which compares with an after-tax yield of 3.09% on December 31, 1965.

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 calls for the use of amortized values for bonds and approximately the December 31, 1966 quotations for stocks. A detailed schedule of our Company's investment portfolio as of December 31, 1966, based on year-end market values for all securities, is listed at the conclusion of this report.

MILLIONS OF DOLLARS

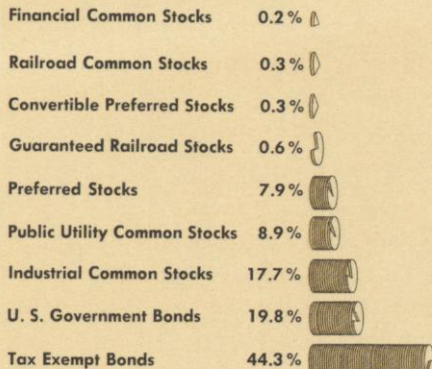


INVESTMENT PORTFOLIO

Market Value December 31

DISTRIBUTION OF INVESTMENTS

Market Value December 31, 1966 — \$160,151,603



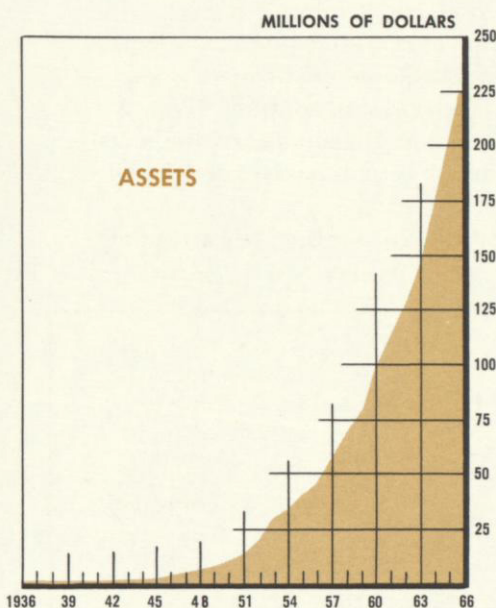
	Dec. 31, 1966	Dec. 31, 1965	Increase (Decrease)
U. S. Government Bonds	\$ 31,660,562.50	\$ 35,293,828.13	\$(3,633,265.63)
Tax Exempt Bonds	70,896,895.00	58,551,180.00	12,345,715.00
Guaranteed Railroad Stocks	906,800.00	780,650.00	126,150.00
Preferred Stocks	12,676,370.00	12,172,088.50	504,281.50
Convertible Preferred Stocks	557,300.00	199,700.00	357,600.00
Railroad Common Stocks	487,525.00	591,862.50	(104,337.50)
Financial Common Stocks	412,500.00	134,000.00	278,500.00
Public Utility Common Stocks	14,199,412.50	11,710,787.50	2,488,625.00
Industrial Common Stocks	28,354,237.50	29,350,087.50	(995,850.00)
TOTAL	\$160,151,602.50	\$148,784,184.13	\$11,367,418.37

EARNINGS Net earnings after taxes for 1966 amounted to \$13,056,609 which compares with earnings of \$8,985,632 in 1965. Our earnings in 1966 were equivalent to \$2.70 per share on the 4,830,082 shares outstanding on December 31, 1966 which compares with 1965 earnings of \$1.86 per share adjusted to the same number of shares.

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 \$15,229,296 from \$76,307,377 at 1965 year-end to \$91,536,673 on December 31, 1966. The foremost statistical and financial authority in the insurance industry, Alfred M. Best Company, Inc., 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 this reserve is calculated at 25%, the figure which has been used customarily by many financial analysts, our 1966 earnings would be increased by \$3,807,324 and our net earnings for the year would become \$16,863,933 or \$3.49 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 1966 earnings would be increased by \$1,522,930 and our net earnings for the year would become \$14,579,539 or \$3.02 per share.

ASSETS On December 31, 1966 our Company had total admitted assets of \$229,437,607, an increase of 12.3% over the \$204,254,325 in assets at the close of 1965. The adjacent graph illustrates the increase in assets from 1936 through 1966.



DIVIDENDS Our Company adheres to 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.

On January 26, 1966 the Board of Directors voted to split the capital stock on a three-for-two basis by declaring a 50% stock dividend which was paid on April 29, 1966 to stockholders of record on March 7, 1966. A quarterly cash dividend of 30 cents per share was paid on March 25, 1966 on the 3,219,263 shares of capital stock then outstanding. On May 25, 1966 the Board of Directors established an annual cash dividend rate of \$1.00 per share on the 4,829,352 shares of capital stock outstanding after payment of the stock dividend. This is equivalent to an increase of 25% over the annual cash dividend rate in effect prior to the stock dividend. Quarterly cash dividends at the new rate of 25 cents per share were paid in June, September and December of 1966. In addition, an extra year-end dividend of 10 cents per share was paid on December 23, 1966 to stockholders of record on December 1, 1966.

Cash dividends paid to stockholders in 1966 amounted to \$5,071,029 which compares with \$4,184,824 paid in 1965.

LOSS RATIO Our 1966 ratio of losses incurred to premiums earned on all lines of insurance was 74.7% which compares with 77.0% for the prior year. Our 1966 loss ratio on the automobile lines was 75.2% compared with 77.4% in 1965.

The assigned risk component of our automobile volume, representing 7.2% of our total written premiums in the liability line for 1966, developed a combined loss and expense ratio of 141.6% and an underwriting loss of \$2,442,836. This compares with a combined loss and expense ratio of 142.2% and an underwriting loss of \$1,896,318 in 1965. Assigned Risk Plans have been established in each state to distribute equitably among all companies, in proportion to the liability premium volume written, the burden of insuring unusually high-risk types of automobile owners who are unable to obtain insurance through normal channels. However, the rate structures consistently have been inadequate to cover the staggering losses developed by the assigned risk class of business. The National Industry Committee's "Plan B", which is designed to alleviate this grave problem, has been adopted by 42 states and the District of Columbia either in its original or modified form. Under this Plan, premium rates for assigned risks are being adjusted gradually to reflect more closely the actual loss experience of assigned risks. In addition, "Plan B" enables individual participating companies to reduce the number of assignments they are required to take if they voluntarily accept certain types of designated risks.

The loss ratios for our other lines of insurance, which collectively accounted for 3.5% of our total 1966 earned premiums, are as follows:

	<u>1966</u>	<u>1965</u>
HOMEOWNERS	66.2%	73.6%
FIRE AND EXTENDED COVERAGE	44.7%	50.7%
COMPREHENSIVE PERSONAL LIABILITY	24.3%	28.0%
BOATOWNERS	49.2%	42.0%

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

The ratio of our 1966 underwriting expenses to premiums written on all lines of insurance was 13.3% compared with 13.7% for the prior year.

We had anticipated a moderate increase in our expense ratio for 1966 because of increases in salary schedules, postal rates, rental costs, premium taxes and higher prices we must pay for practically all goods and services. However, record premium volume and continued vigilance over our operating costs enabled us to offset these adverse influences and achieve a reduction in our expense ratio for the sixth consecutive year. However, with our expense ratio at a level which continues to be less than half the average for our industry, and with inflationary forces not likely to be entirely abated in 1967, we are prompted by prudence to forecast a slight increase in our expense ratio for the coming year.

COMBINED LOSS AND EXPENSE RATIO Our combined loss and expense ratio on all lines of insurance for 1966 was 88.0% compared with 90.7% for 1965.

CLAIMS A total of 376,401 claims were reported to our Claim Department during 1966, an increase of 7.6% over the 349,812 claims reported in 1965. In 1966 we received 30.76 claims for every 100 policies in force which compares with 31.39 claims per 100 policies in 1965. The modest decrease in claim frequency is encouraging because it reverses a trend which had continued for the preceding four years.

In 1966 another sharp increase in claim severity occurred, causing claim costs to rise to record levels and there is no discernible indication that this trend will moderate during the coming year.

Our Claim Department continues to adhere to our traditional policy which 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, we have supplemented the services afforded by more than 1,300 claim attorneys and adjusters throughout the United States by establishing claim divisions in our Branch Offices located in urban areas where we have sizeable concentrations of policyholders. In 1966, 51.6% of the total claims received by our Company were handled by our claim divisions in our offices in the District of Columbia, New York City, Baltimore, Norfolk, Philadelphia, Chicago, San Francisco, Los Angeles and San Diego.

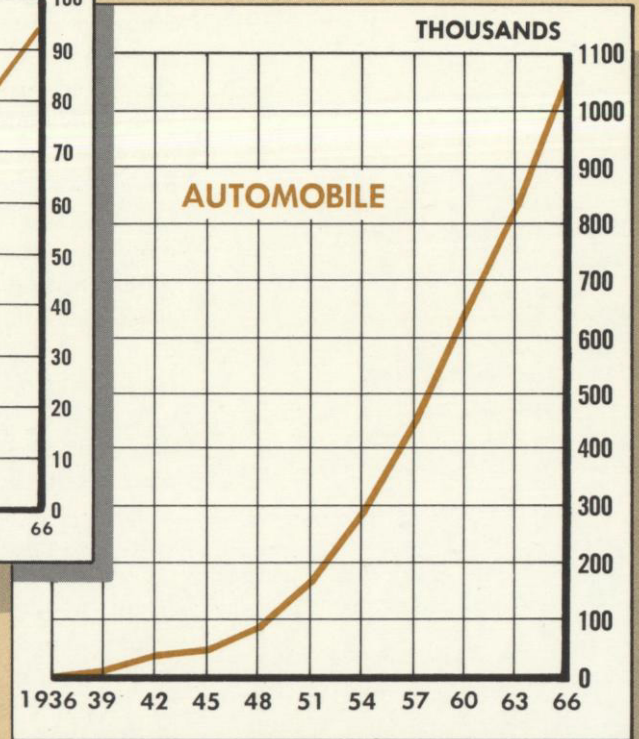
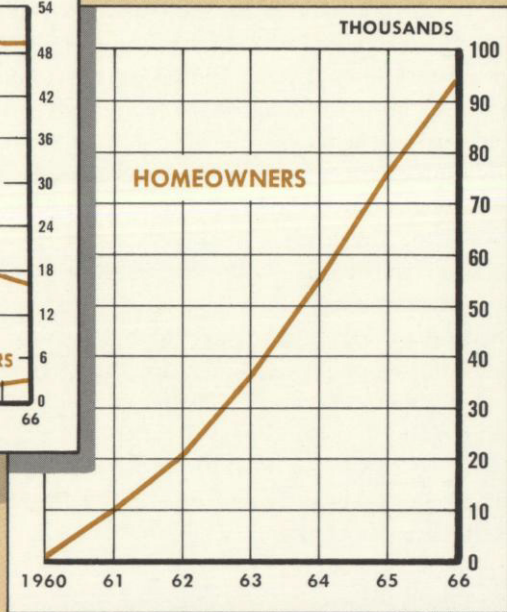
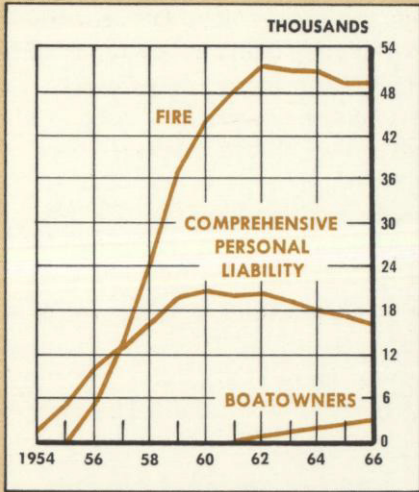
In 1965 we installed a test operation of a "drive-in-claim" service in our Operations Building in Chevy Chase, Maryland. Our experience with this facility has developed conclusive evidence that it provides an opportunity to achieve economies in the settlement costs of automobile material damage claims and at the same time improve our service to policyholders. We plan to introduce this type of operation in 1967 into other areas where we maintain Branch Offices and, in addition, supplement such "drive-in-claim" facilities with both sales and underwriting services.

FIELD OFFICE PROGRAM

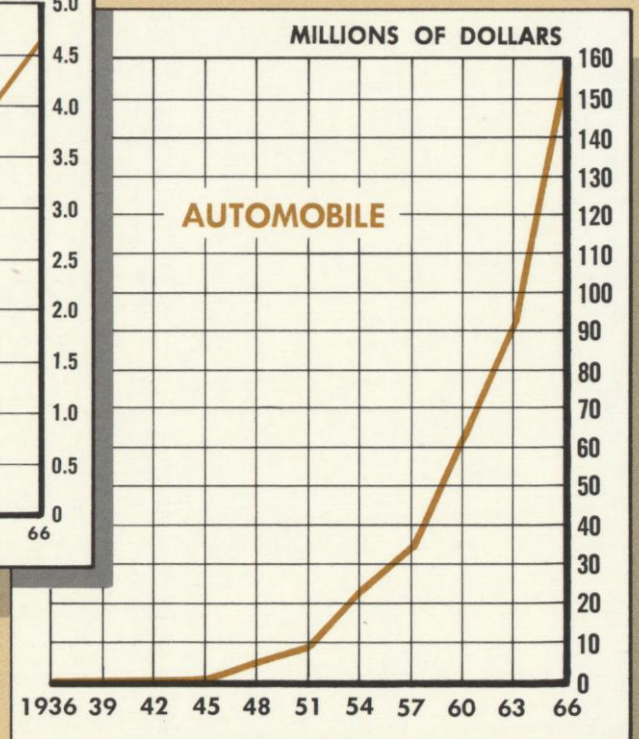
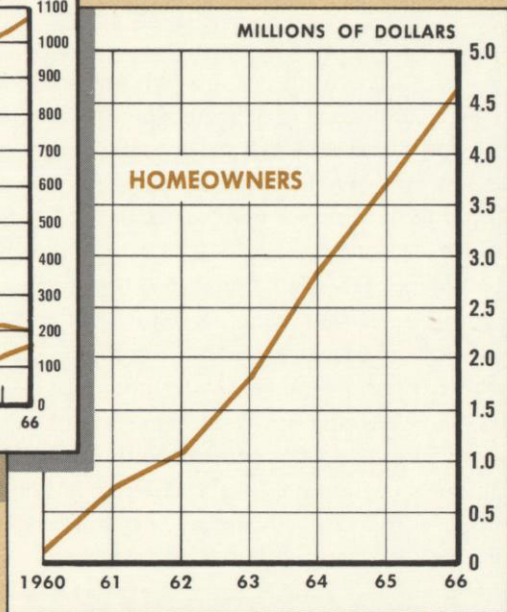
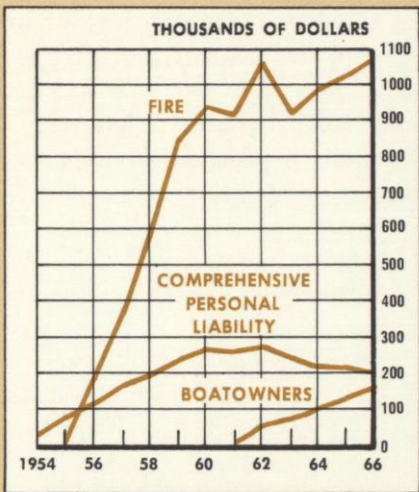
Our field offices continue to make significant contributions to the growth and progress of our Company, particularly in the development of new business. In 1966 nearly 55% of all new policies were produced through our offices compared with 52% in the previous year. Although our new business merchandising programs continue to rely heavily on direct mail advertising, the decentralization of the sales and service function has enabled our Company to compete effectively for business not wholly responsive to direct mail methods.

During 1966 a new branch office was opened in Wilmette, Illinois, to serve the Chicago Metropolitan Area. This office represents our first major office expansion into the Midwest market. New sales and service offices were opened in the key markets of Boston, Massachusetts; Long Beach, California; Baltimore, Maryland; and Bayshore, Long Island — our sixth office in the New York Metropolitan Area. New sales offices offering our insurance services were opened by our affiliate, Government Employees Corporation, in Huntsville, Alabama; Key West and Tampa, Florida; Atlanta, Georgia; Aberdeen, Maryland; Groveport, Ohio; Harrisburg, Pennsylvania; Beaufort and Sumter, South Carolina; Houston and Dallas, Texas.

Our foreign affiliate, Government Employees Financial Services, G.m.b.H., a wholly-owned subsidiary of Government Employees Corporation, opened its seventh office in West Germany. These foreign offices serve our clientele while they are overseas and provide facilities through which eligible personnel may purchase our stateside insurance in preparation for their return home from overseas assignments.



POLICIES IN FORCE



PREMIUMS WRITTEN

LINES
OF
INSURANCE



AUTOMOBILE Automobile insurance is the largest component of insurance written by the fire and casualty insurance industry, accounting for over 40% of the total premium volume. In our Company the volume of premium developed by the automobile lines is even more predominant, representing 96.3% of our total written premiums. As of December 31, 1966 our automobile lines accounted for 1,058,974 policies in force and \$158,690,506 of written premium. The latest available statistics for 1966 reveal that our Company has advanced from eighth to seventh place among the largest stock company insurers of automobiles in the United States.



HOMEOWNERS Our Company began offering the homeowners package policy in 1960. Because of the unfavorable loss experience sustained by most insurance companies with the homeowners line, our Company has controlled its merchandising efforts to allow for gradual and cautious growth. By adhering to a conservative underwriting policy, we have been able to develop and maintain a favorable loss ratio on this line, as well as a steadily increasing volume.

In 1966 we added the State of Texas to the jurisdictions in which we offer the homeowners package policy and we are now writing this policy in 46 states and the District of Columbia. Homeowners premiums written in 1966 totalled \$4,680,260, an increase of 23.5% over 1965 writings of \$3,789,820. Policies in force at year-end totalled 94,998 compared with 77,335 on December 31, 1965.

Vigorous industry-wide competition for the homeowners package policy persists, despite underwriting losses of well over a half-billion dollars sustained on this line by our industry in the past decade. This intense competition has been stimulated by the expectation that the greater use of deductibles, moderate restrictions on coverage and increased premium levels in a number of states will ameliorate the historical unprofitable experience.

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, our rapidly increasing sales of the homeowners package policy generate premium volume which more than offsets the reductions in the fire and personal liability lines. Accelerated merchandising programs in 1967 will further increase our homeowners premium volume, and we are confident that our conservative underwriting policy will enable us to continue to produce a reasonable profit on this line.



FIRE Premiums written in 1966 for the fire and extended coverage lines amounted to \$1,076,394 compared with \$1,027,323 in the prior year. Policies in force at year-end declined to 49,522 from 49,969 at the end of 1965. These figures reflect the influence of the more popular homeowners package policy which includes the insurance protection afforded by the separate fire and extended coverage policy. A continuation of this trend is anticipated.



COMPREHENSIVE PERSONAL LIABILITY Premiums written for the separate comprehensive personal liability line totalled \$206,062 in 1966 which compares with \$221,390 written in 1965. Policies in force totalled 16,574 at year-end, a decrease of 953 for the year. Further decline in volume is expected in 1967 as our existing policyholders replace their separate personal liability policies with the broad homeowners package policy.



BOATOWNERS Premiums written in 1966 on our boatowners line amounted to \$167,972 which compares with \$137,782 in 1965. Policies in force totalled 3,479 at year-end, an increase of 580 during the year.

RESERVES Our reserve for losses and loss expenses increased to \$72,990,897 on December 31, 1966 from \$61,761,504 at the end of 1965. We consider this reserve to be adequate to cover the payment of all claims incurred and not finally settled. It also provides for losses which occurred during 1966 but were not reported to us before the end of the year.

The laws of all states require that a reserve be established for premiums written but not yet earned. This reserve represents the unexpired portion of premiums on all policies in force. Our reserve for unearned premiums of \$91,536,673 on December 31, 1966 represents an increase of \$15,229,296 over the reserve of \$76,307,377 at the end of 1965.

The reserve for taxes of \$6,137,954 represents the amount of federal, state and municipal taxes incurred during 1966 but not payable until 1967.

REAL ESTATE At the end of 1966 we had a total net real estate investment of \$16,070,514, consisting principally of \$14,482,134 in our Operations Office Building in Chevy Chase, Maryland and \$1,321,981 in our Headquarters Office Building at Vermont Avenue & K Street, N.W., Washington, D. C.

CATEGORIES OF ELIGIBILITY Until 1958 eligibility for our insurance was confined to military and civilian government employees. In late 1958, after an extensive market research study, we expanded our eligibility categories to include certain groups of professional, managerial, technical and administrative personnel not in government service. In 1966, 35.2% of all new automobile insurance policies issued by our Company were purchased by persons in the non-government category. Our loss experience for this group has consistently been somewhat more favorable than the average for all our policyholders. The expansion of our eligibility base has been an instrumental factor in the growth and profitability of our Company.

In 1967 we will continue to broaden and intensify our merchandising program related to the expanded eligible groups.

MANAGEMENT CHANGES In conformance with our long-range program designed to assure the continuity of good management for our Company, the Board of Directors, at its regular meeting on March 24, 1966, voted the following promotions which became effective on May 2, 1966:

Mr. David Lloyd Kreeger, who had been President since 1964, was elected Chairman of the Executive Committee. Mr. Kreeger continues to serve as Vice Chairman of the Board.

Mr. Norman L. Gidden, Executive Vice President since 1964, was elected President and Chief Operating Officer.

Also on March 24, 1966 the Board of Directors elected Mr. Harry C. Clay as Assistant Vice President, Personnel. Mr. Clay has been associated with our Company since 1957.

BOARD OF DIRECTORS Dr. David L. Dodd, a Director of our Company since January, 1959, having attained retirement age, will not stand for reelection to the Board of Directors in March, 1967. Dr. Dodd, former Associate Dean of the Graduate School of Business of Columbia University, brought to our Board unique knowledge and many talents which contributed significantly to the growth and progress of our Company. We wish to record our appreciation for the fine work performed for our Company by Dr. Dodd.



Mr. Lorimer A. Davidson, Chairman, GEICO Board of Directors, delivers the principal address at the Annual Washington Dinner of The Newcomen Society in North America honoring GEICO.

AWARDS In August, 1966 for the eighth consecutive year, our Company received a "Merit Award" from Financial World magazine in recognition of "the excellence of its 1965 Annual Report to Shareholders."

For the second successive year, our Company was honored by The Spectator, a leading insurance publication, with its 1966 Award for "Excellence in Reporting Financial Facts Among Insurance Company Annual Reports."

On November 4, 1966 our Company was honored by The Newcomen Society in North America at the Annual Dinner which the Society gives in Washington, D.C. each year. American Newcomen is a distinguished society whose purpose is to foster the study of business and economic history. In accordance with Newcomen custom, Mr. Lorimer A. Davidson addressed the Society reviewing the thirty year history of our Company and the record of progress made by our four affiliated companies. Mr. Davidson's address has been published by the Princeton University Press for distribution to the 18,000 members of the Newcomen Society and to more than 5,000 libraries and educational institutions in the United States, Canada and Great Britain. Copies of that address were forwarded to the stockholders of our Company on January 25, 1967.

LICENSED TERRITORY Our Company is licensed to write casualty, fire and inland marine insurance in all 50 states, the District of Columbia and the Territory of Guam.

STOCK OPTION PLAN Under the provisions of the Stock Option Plan which was approved by the stockholders of our Company in 1963, an additional 13,125 shares were optioned in 1966 to 106 key executives, seven 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.

During 1966 fifteen optionees purchased a total of 898 shares under option at prices which varied from \$46.585 to \$69.878 per share.

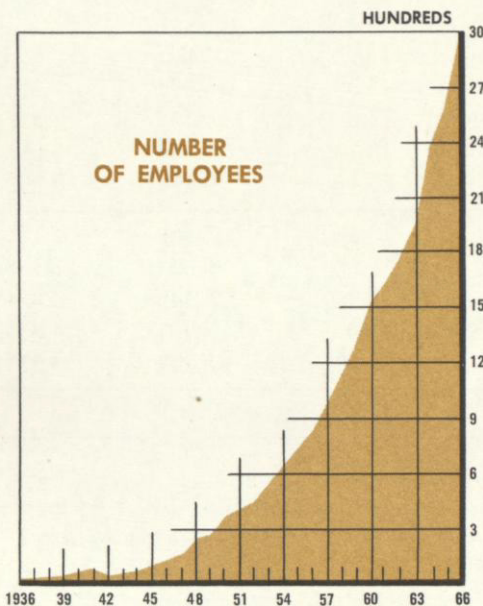
THE STAFF At 1966 year-end our staff was comprised of 2,955 employees, an increase of 15.7% over the 2,553 persons on our staff at the end of 1965. The outstanding results achieved by our Company in 1966 are, in large measure, attributable to the excellent individual performances contributed by the men and women of our staff.

Sixty-two fine young employees of our Company are on military furlough while serving in the Armed Forces, many of them in Vietnam. We are proud of these good men and we look forward to the days when they will return to our Company.

The Board of Directors acknowledges with appreciation the fine work, loyalty, diligence and initiative of our employees during the past year.

THE STOCKHOLDERS The Board of Directors extends its appreciation to the stockholders for their continued cooperation and loyal support throughout 1966.

AFFILIATES The details of the 1966 operations of each of our four affiliates — Government Employees Life Insurance Company, Government Employees Corporation, Criterion Insurance Company and Government Employees Financial Corporation — are covered in separate reports forwarded to their respective stockholders.





THIRTY-ONE

(All figures except percent 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
1966	\$164,821	\$15,229	\$149,592	74.7%	13.3%	\$14,047	\$6,627

(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 4,830,082 shares outstanding December 31, 1966.

YEAR 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	\$.001				\$ 213	\$ 296
(41)	(.008)				171	357
(17)	(.004)				152	478
(2)	(.0005)				203	665
15	.003				221	848
22	.005				233	1,226
40	.008				266	1,283
4	.0007	\$ 10	\$.002	100 %	253	1,552
6	.001	20	.004		276	1,851
22	.005			25 %	567	2,400
117	.024				646	3,082
414	.086	30	.006		1,051	4,817
857	.177	92	.019	66 $\frac{2}{3}$ %	1,723	7,013
1,188	.246	138	.028	20 %	2,872	9,182
981	.203	215	.045	16 $\frac{2}{3}$ %	3,632	11,115
830	.17	240	.05	42.86%	4,193	13,759
1,066	.22	300	.06		5,040	19,763
1,506	.31	358	.07	10 %	6,126	27,719
3,545	.73	509	.11	100 %	9,663	35,149
3,400	.70	653	.14	8 %	12,434	41,954
2,253	.47	830	.17	7 $\frac{1}{2}$ %	13,581	45,492
1,695	.35	1,001	.21	4 $\frac{1}{2}$ %	14,141	54,165
4,457	.92	1,268	.26	100 %	19,628	69,063
4,908	1.02	1,497	.31	2 %	22,289	81,615
6,416	1.33	1,872	.39	50 %	28,579	94,646
5,481	1.13	2,093	.43	2 $\frac{1}{2}$ %	34,285	112,220
5,555	1.15	2,564	.53	50 %	36,758	127,796
6,612	1.37	2,983	.62		42,279	148,195
6,197	1.28	3,199	.66	2 $\frac{1}{2}$ %	47,437	171,884
8,986	1.86	4,185	.87		52,761	204,254
\$13,057	\$2.70	\$5,071	\$1.05	50 %	\$51,281	\$229,438

SUMMARY AND FORECAST

The record of the fire and casualty insurance industry improved in 1966. Following a decade of unsatisfactory underwriting experience, our industry was able to register a modest but significant underwriting profit despite record claim volume and further increases in claim costs.

The results achieved by our Company in 1966 were gratifying. Record progress was achieved in virtually every measure of performance. Pre-tax underwriting profits increased 70.4% to \$14,046,715, marking twenty-one consecutive years of profitable underwriting. Investment income totalled \$6,626,850, an increase of 23.4% over the prior year. Net earnings after taxes of \$13,056,609 established a new high for our Company. Consistent with these gains, our volume of premiums written, new policies sold and policies in force reached historical highs.

With the improved rate structure enhancing prospects for underwriting profits, competition for preferred risk business was strong throughout the year. To meet the aggressive industry-wide competition prevalent in 1966, we expanded our Field Office program by opening additional sales facilities and we also intensified and increased our direct mail production of business programs. Our Company and our affiliated companies now have 63 offices in key markets of the United States and West Germany. Collectively, these offices produced 54.7% of our total new business in 1966, thereby becoming the leading component in our overall merchandising program. The field offices also continue to be our primary source of business for the expanded eligibility categories which now account for 35.2% of our total new business, and consistently have developed more satisfactory underwriting experience than the other groups which we insure.

The expansion of our Field Office program has not been accompanied by any curtailment of our traditional direct mail methods of acquiring business. In 1966 we continued to develop and maintain highly effective direct mail programs which produce large volumes of new business and a renewal ratio unequalled in our industry.

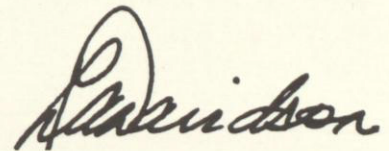
Our marketing program for 1967 calls for further expansion of our existing Field Office facilities, the opening of additional sales offices in selected markets, increased advertising support for our offices in the field and a wide spectrum of direct mail programs. Considerable effort will continue to be directed toward the expanded eligibility categories which promise good future growth.

While 1966 witnessed improving conditions for the fire and casualty insurance industry, great problems remain unsolved and some worsened. The nation-wide increase in crime is appalling and one of its ramifications is the shocking fact that approximately 535,000 automobile thefts occurred in 1966. Excessive jury verdicts continued to plague our industry and the continuing sharp increases in claim costs remain a matter of grave concern to us. The proponents of compulsory insurance continue to be active, seemingly oblivious to the fact that over a period of 40 years only three states have adopted compulsory insurance and that it has not achieved success in those jurisdictions.

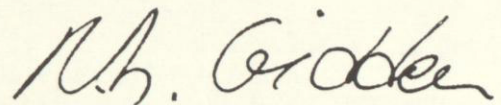
There is an ever-increasing volume of legislation affecting insurance and, with 47 state legislatures convening in 1967, this trend will continue with emphasis in many jurisdictions focused on the subjects of policy cancellations and the restricted market for sub-standard risks.

This past year represented the sixth consecutive year of economic advance for the nation. While some decline in the rate of expansion of the economy seems likely, the consensus among private and government experts is that 1967 will be a prosperous year but probably not to the same extent as the preceding one. Government economists forecast an increase in the Gross National Product of 6.5% to \$790 billion, an increase in the annual rate of disposable personal income of 6.6% to \$551 billion, and a slight increase in corporate profits to \$46.7 billion. However, at this juncture the future state of the economy is obscured by numerous imponderables, most of which arise from the escalation of our war effort in Vietnam. Financing of the war and sustaining economic growth on the homefront without rampant inflation will necessitate wise use of monetary and taxation policies. To a great extent the economy will be defense-oriented as an increasing proportion of our industrial capacity and resources is shifted to the war area of Southeast Asia, where thousands of our policyholders are serving our country so valiantly. The scope of defense spending will probably require a decrease in the enactment of new domestic legislation and a consolidation of recently enacted programs. The public spending mood from all indications is highly cautious and the production of some consumer goods, including automobiles, is expected to decline from 1966 levels. The great challenge to our government and to our financial and industrial leaders is to control the complex inflationary pressures existent today. Inflation, the enemy of civilized mankind, must be controlled and we are confident that our nation has the will and the means to meet its domestic and foreign obligations and, at the same time, conduct a vigorous defense of the stability of the dollar.

Further improvement in underwriting experience for the fire and casualty industry is anticipated in 1967. Premium volume will continue to grow and, barring a serious economic disruption, investment income should increase satisfactorily. In the absence of unusually adverse weather conditions, and assuming that our involvement in Southeast Asia will not proliferate into a major war and that inflation will be controlled, we are confident that 1967 will witness improving conditions for our industry and another year of excellent progress for our Company.



Chairman of the Board



President

February 25, 1967
Washington, D. C.

GOVERNMENT EMPLOYEES INSURANCE COMPANY

STATEMENT OF CONDITION

	<i>December 31, 1966</i>	<i>December 31, 1965</i>
ASSETS		
Cash in banks and on hand	\$ 9,432,501.48	\$ 8,191,292.59
U. S. Government bonds	32,494,753.12	36,467,874.45
State and municipal bonds	73,095,199.45	59,561,593.98
Stocks	57,997,446.00	55,160,954.00
Premiums in course of collection (not over 90 days old)	38,967,699.77	27,074,294.97
Real estate	16,070,513.66	16,371,484.54
Interest and rent accrued	1,070,355.90	1,026,615.33
Electronic data processing equipment	209,651.64	308,645.82
Due from affiliates	99,486.38	91,569.53
Total admitted assets	<u>\$229,437,607.40</u>	<u>\$204,254,325.21</u>
 LIABILITIES, CAPITAL AND SURPLUS		
Reserve for losses and loss expenses	\$ 72,990,897.22	\$ 61,761,504.43
Reserve for unearned premiums	91,536,672.88	76,307,376.48
Reserve for policyholders' dividends	844,678.89	664,675.07
Reserve for taxes	6,137,954.15	6,235,067.79
Reserve for expenses	776,808.49	676,453.53
Other liabilities	5,869,485.67	5,848,700.80
Total liabilities	<u>\$178,156,497.30</u>	<u>\$151,493,778.10</u>
Capital stock — \$4.00 par value:	\$ 19,320,328.00	\$ 12,876,504.00
Authorized 5,000,000 shares		
Outstanding 1966 — 4,830,082 shares		
Outstanding 1965 — 3,219,126 shares		
Surplus	<u>31,960,782.10</u>	<u>39,884,043.11</u>
Total capital and surplus	51,281,110.10	52,760,547.11
Total liabilities, capital and surplus	<u>\$229,437,607.40</u>	<u>\$204,254,325.21</u>

GOVERNMENT EMPLOYEES INSURANCE COMPANY

SUMMARY OF OPERATIONS

	<i>Year Ending December 31, 1966</i>	<i>Year Ending December 31, 1965</i>
UNDERWRITING		
Premiums written	\$164,821,194.26	\$136,659,422.79
Increase in unearned premium reserve	15,229,296.40	12,936,096.95
Earned premiums	\$149,591,897.86	\$123,723,325.84
Losses and loss expenses incurred	\$111,708,152.67	\$ 95,260,787.48
Underwriting expenses incurred..	21,850,350.53	18,672,465.94
Policyholders' dividends incurred	1,540,467.73	1,158,091.11
Miscellaneous underwriting charges	446,211.60	390,777.61
	135,545,182.53	115,482,122.14
Profit from underwriting	\$ 14,046,715.33	\$ 8,241,203.70
 INVESTMENTS		
Interest, dividends and rental income	\$ 8,441,888.17	\$ 7,306,352.96
Investment expenses incurred (including real estate expenses)	1,815,038.65	1,935,251.67
Net investment income	\$ 6,626,849.52	\$ 5,371,101.29
Gain on sale of capital assets	297,449.69	496,608.21
Profit from investments	6,924,299.21	5,867,709.50
Total profit for year before federal income taxes	\$ 20,971,014.54	\$ 14,108,913.20
Provision for federal income taxes	7,914,405.21	5,123,281.40
Net profit after provision for federal income taxes ..	\$ 13,056,609.33	\$ 8,985,631.80

GOVERNMENT EMPLOYEES INSURANCE COMPANY

SURPLUS ACCOUNT

Year Ending December 31, 1966

SURPLUS, JANUARY 1, 1966		\$39,884,043.11
 ADDITIONS TO SURPLUS DURING YEAR		
Net profit from operations	\$13,056,609.33	
Proceeds from exercise of stock options (excess over par value)	42,682.89	
Gain from sales to round out fractional interests created by stock dividend (excess over par value)	29,981.31	
Unrealized gain due to statutory regulations — Decrease in investment in non-admitted assets	60,125.73	
		13,189,399.26
		\$53,073,442.37
 DEDUCTIONS FROM SURPLUS DURING YEAR		
Cash dividends to stockholders	\$ 5,071,029.25	
Stock dividends to stockholders	6,438,526.00	
Unrealized loss due to statutory regulations — Decrease in excess of market value over cost of stocks owned	9,603,105.02	
		21,112,660.27
SURPLUS, DECEMBER 31, 1966		\$31,960,782.10

INVESTMENT PORTFOLIO SUMMARY

December 31, 1966

	Market Value Dec. 31, 1966	Percent
BONDS		
U. S. Government Bonds	\$ 31,660,562.50	19.8
New Housing Authority Bonds	10,005,925.00	6.3
State and Municipal Bonds	60,890,970.00	38.0
Total	<u>\$102,557,457.50</u>	<u>64.1</u>
PREFERRED AND GUARANTEED RAILROAD STOCKS		
Guaranteed Railroad Stocks	\$ 906,800.00	.6
Preferred Stocks	12,676,370.00	7.9
Convertible Preferred Stocks	557,300.00	.3
Total	<u>\$ 14,140,470.00</u>	<u>8.8</u>
COMMON STOCKS		
Industrial Common Stocks	\$ 28,354,237.50	17.7
Financial Common Stocks	412,500.00	.2
Railroad Common Stocks	487,525.00	.3
Public Utility Common Stocks	14,199,412.50	8.9
Total	<u>\$ 43,453,675.00</u>	<u>27.1</u>
Total Bonds and Stocks	<u>\$160,151,602.50</u>	<u>100.0</u>

INVESTMENT PORTFOLIO

December 31, 1966

Par Value	U. S. GOVERNMENT BONDS	Market Value Dec. 31, 1966
\$ 3,500,000.00	U.S. Treasury Notes, 4%, February 15, 1967	\$ 3,495,625.00
2,500,000.00	U.S. Treasury Notes, 3¾%, August 15, 1967	2,482,031.25
1,000,000.00	U.S. Treasury Notes, 5½%, February 15, 1968	1,006,875.00
1,000,000.00	U.S. Treasury Bonds, 3¾%, May 15, 1968	987,500.00
2,500,000.00	U.S. Treasury Bonds, 3¾%, November 15, 1968	2,455,468.75
2,000,000.00	U.S. Treasury Bonds, 4%, October 1, 1969	1,951,250.00
4,000,000.00	U.S. Treasury Bonds, 4%, February 15, 1970	3,888,750.00
1,000,000.00	U.S. Treasury Bonds, 4%, August 15, 1970	968,750.00
2,000,000.00	U.S. Treasury Notes, 5%, November 15, 1970	2,012,500.00
2,500,000.00	U.S. Treasury Notes, 5¼%, May 15, 1971	2,542,187.50
1,000,000.00	U.S. Treasury Notes, 5½%, November 15, 1971	1,025,000.00
3,500,000.00	U.S. Treasury Bonds, 4%, August 15, 1972	3,368,750.00
2,500,000.00	U.S. Treasury Bonds, 4¼%, May 15, 1974	2,426,562.50
3,475,000.00	U.S. Treasury Bonds, 2¾%, April 1, 1980-75	3,049,312.50
\$32,475,000.00		<u>\$31,660,562.50</u>

*NEW HOUSING AUTHORITY BONDS

\$ 160,000.00	New Housing Authority, (D.C.), 2¾%, May 1, 1967	\$ 159,200.00
150,000.00	New Housing Authority, (Texas), 2¾%, December 1, 1967	147,750.00
105,000.00	New Housing Authority, (Conn.), 2¾%, August 1, 1968-67	102,637.50
50,000.00	New Housing Authority, (S. C.), 2¾%, November 1, 1969-67	48,125.00
100,000.00	New Housing Authority, (S. C.), 2½%, January 1, 1970-67	96,250.00
160,000.00	New Housing Authority, (Ga.), 2½%, May 1, 1970-67	153,600.00
55,000.00	New Housing Authority, (S. C.), 2¾%, November 1, 1970-67	52,387.50

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Par Value	*NEW HOUSING AUTHORITY BONDS (Continued)		Market Value Dec. 31, 1966
\$ 100,000.00	New Housing Authority, (Ill.),	2½%, December 1, 1970-67	\$ 95,500.00
100,000.00	New Housing Authority, (N. Y.),	3¾%, January 1, 1971-69	100,000.00
100,000.00	New Housing Authority, (Fla.),	2¾%, February 1, 1971-67	94,500.00
25,000.00	New Housing Authority, (Texas),	2½%, April 1, 1971-67	23,687.50
30,000.00	New Housing Authority, (Texas),	2½%, April 1, 1971-67	28,425.00
175,000.00	New Housing Authority, (Texas),	2¾%, May 1, 1971-67	167,562.50
265,000.00	New Housing Authority, (Md.),	2¾%, July 1, 1971-67	249,100.00
65,000.00	New Housing Authority, (Ariz.),	2¼%, August 1, 1971-67	60,775.00
50,000.00	New Housing Authority, (S. C.),	2¾%, November 1, 1971-67	46,875.00
45,000.00	New Housing Authority, (Texas),	2½%, April 1, 1972-67	42,075.00
145,000.00	New Housing Authority, (La.),	2¾%, August 1, 1972-67	133,762.50
100,000.00	New Housing Authority, (La.),	2¾%, August 1, 1973-67	93,500.00
36,000.00	New Housing Authority, (Texas),	2½%, August 1, 1973-67	32,130.00
100,000.00	New Housing Authority, (N. Y.),	2%, October 1, 1973-67	89,000.00
200,000.00	New Housing Authority, (Fla.),	2¾%, April 1, 1974-67	189,000.00
100,000.00	New Housing Authority, (S. C.),	3%, December 1, 1974-67	95,000.00
100,000.00	New Housing Authority, (N. Y.),	3½%, January 1, 1975	98,250.00
135,000.00	New Housing Authority, (Ind.),	2¾%, April 1, 1975-67	126,900.00
100,000.00	New Housing Authority, (Calif.),	2¾%, November 1, 1975-67	89,000.00
45,000.00	New Housing Authority, (Fla.),	3%, November 1, 1975-67	42,412.50
140,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1975-67	130,200.00
30,000.00	New Housing Authority, (Fla.),	3½%, November 1, 1976-67	29,400.00
145,000.00	New Housing Authority, (Fla.),	2¾%, April 1, 1977-76	133,037.50
125,000.00	New Housing Authority, (Minn.),	2½%, August 1, 1977-67	102,500.00
50,000.00	New Housing Authority, (Texas),	3¾%, August 1, 1977-68	50,375.00
25,000.00	New Housing Authority, (Fla.),	3¾%, November 1, 1977-68	25,312.50
117,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1977-67	100,620.00
155,000.00	New Housing Authority, (Fla.),	2¾%, April 1, 1978-76	141,437.50
177,000.00	New Housing Authority, (Texas),	2½%, June 1, 1978-67	147,352.50
30,000.00	New Housing Authority, (Fla.),	3½%, November 1, 1978-67	29,325.00
50,000.00	New Housing Authority, (S. C.),	3%, December 1, 1978-67	46,750.00
50,000.00	New Housing Authority, (S. C.),	2½%, January 1, 1979-67	43,625.00
186,000.00	New Housing Authority, (Texas),	2½%, June 1, 1979-67	152,985.00
50,000.00	New Housing Authority, (Ill.),	3¾%, June 1, 1979-74	51,000.00
100,000.00	New Housing Authority, (Ga.),	2%, July 1, 1979-67	78,500.00
60,000.00	New Housing Authority, (Texas),	3¾%, August 1, 1979-68	60,600.00
50,000.00	New Housing Authority, (La.),	2¾%, August 1, 1979-76	44,500.00
25,000.00	New Housing Authority, (Fla.),	3¾%, November 1, 1979-68	25,375.00
100,000.00	New Housing Authority, (D. C.),	3¾%, May 1, 1980-74	100,750.00
65,000.00	New Housing Authority, (Ohio),	3¾%, May 1, 1980-74	66,462.50
100,000.00	New Housing Authority, (P. R.),	2½%, June 1, 1980-67	79,000.00
100,000.00	New Housing Authority, (Ill.),	3¾%, June 1, 1980-68	100,750.00
55,000.00	New Housing Authority, (Texas),	2¾%, September 1, 1980-67	48,400.00
30,000.00	New Housing Authority, (Fla.),	3½%, November 1, 1980-67	29,250.00
125,000.00	New Housing Authority, (Tenn.),	2¾%, December 1, 1980-67	113,437.50
215,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1980-67	194,037.50
170,000.00	New Housing Authority, (Texas),	2½%, April 1, 1981-67	144,075.00
40,000.00	New Housing Authority, (Ohio),	3¾%, May 1, 1981-74	40,900.00
136,000.00	New Housing Authority, (Texas),	2½%, June 1, 1981-67	109,140.00
250,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1981-67	223,125.00
91,000.00	New Housing Authority, (Texas),	2½%, June 1, 1982-67	72,117.50
305,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1982-67	272,212.50
47,000.00	New Housing Authority, (S. C.),	3%, December 1, 1982-67	43,240.00
60,000.00	New Housing Authority, (Calif.),	3½%, April 1, 1983-75	57,900.00
148,000.00	New Housing Authority, (Texas),	2½%, June 1, 1983-67	115,440.00
70,000.00	New Housing Authority, (N. J.),	3¾%, August 1, 1983-68	69,125.00
53,000.00	New Housing Authority, (Texas),	2¾%, September 1, 1983-67	45,447.50
60,000.00	New Housing Authority, (Texas),	2½%, October 1, 1983-67	46,800.00
383,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1983-67	339,912.50
50,000.00	New Housing Authority, (Mont.),	3¾%, April 1, 1984-75	49,375.00
70,000.00	New Housing Authority, (Fla.),	3¾%, May 1, 1984-75	69,125.00
112,000.00	New Housing Authority, (Texas),	2½%, June 1, 1984-67	86,520.00
50,000.00	New Housing Authority, (Ohio),	2½%, July 1, 1984-67	41,500.00
105,000.00	New Housing Authority, (N. C.),	2½%, August 1, 1984-67	82,162.50
70,000.00	New Housing Authority, (N. J.),	3¾%, August 1, 1984-68	69,125.00
78,000.00	New Housing Authority, (Texas),	2½%, October 1, 1984-67	60,255.00
70,000.00	New Housing Authority, (Ga.),	3½%, May 1, 1985-75	67,900.00
148,000.00	New Housing Authority, (Texas),	2½%, June 1, 1985-67	112,850.00
100,000.00	New Housing Authority, (Ala.),	3¾%, July 1, 1985-73	102,000.00

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Par Value	*NEW HOUSING AUTHORITY BONDS (Continued)		Market Value Dec. 31, 1966
\$ 85,000.00	New Housing Authority, (Texas),	2½%, August 1, 1985-67	\$ 64,812.50
50,000.00	New Housing Authority, (Conn.),	3½%, August 1, 1985-75	48,875.00
165,000.00	New Housing Authority, (N. J.),	2½%, September 1, 1985-67	140,662.50
100,000.00	New Housing Authority, (Miss.),	3¾%, December 1, 1985-73	101,250.00
65,000.00	New Housing Authority, (Ala.),	2%, July 1, 1986-67	48,262.50
100,000.00	New Housing Authority, (Ohio),	2¾%, July 1, 1986-67	80,000.00
100,000.00	New Housing Authority, (Va.),	2½%, August 1, 1986-67	81,750.00
160,000.00	New Housing Authority, (Texas),	2¾%, September 1, 1986-67	134,800.00
135,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1986-67	113,400.00
150,000.00	New Housing Authority, (S. C.),	2¾%, January 1, 1987-67	130,500.00
100,000.00	New Housing Authority, (N. Y.),	3¾%, January 1, 1987-74	102,250.00
107,000.00	New Housing Authority, (Texas),	2½%, August 1, 1987-67	79,982.50
100,000.00	New Housing Authority, (Va.),	2½%, August 1, 1987-67	81,250.00
225,000.00	New Housing Authority, (Texas),	2¾%, September 1, 1987-67	188,437.50
165,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1987-67	137,775.00
116,000.00	New Housing Authority, (Texas),	2¾%, September 1, 1988-67	96,570.00
55,000.00	New Housing Authority, (Texas),	3¾%, December 1, 1988-74	53,900.00
100,000.00	New Housing Authority, (N. Y.),	3¾%, January 1, 1989-74	101,500.00
330,000.00	New Housing Authority, (Texas),	2¾%, December 1, 1990-67	268,125.00
100,000.00	New Housing Authority, (Tenn.),	3½%, May 1, 1991-75	95,750.00
110,000.00	New Housing Authority, (N. Y.),	3½%, January 1, 1992-75	105,325.00
50,000.00	New Housing Authority, (Va.),	3¾%, August 1, 1994-74	48,625.00
100,000.00	New Housing Authority, (Va.),	3¾%, July 1, 1995-74	101,500.00
100,000.00	New Housing Authority, (N. J.),	3¾%, September 1, 1996-74	96,250.00
100,000.00	New Housing Authority, (Minn.),	3¾%, September 1, 1997-73	100,750.00
110,000.00	New Housing Authority, (Ga.),	4%, November 1, 1997-80	113,300.00
195,000.00	New Housing Authority, (Fla.),	3¾%, May 1, 1999-75	187,687.50
\$11,090,000.00			\$10,005,925.00

STATE AND MUNICIPAL BONDS

\$ 150,000.00	State of Alabama, (Road & Bridge),	1¾%, April 1, 1969-67	\$ 142,875.00
100,000.00	State of Alabama, (Waterway),	3¾%, April 1, 1979-67	95,250.00
225,000.00	State of Alabama, (Public School Capital Imp.),	4¼%, July 1, 1979-75	232,875.00
200,000.00	State of Alaska, (General Obligation),	6%, July 1, 1967	201,500.00
325,000.00	State of Alaska, (Various Purposes),	6%, July 1, 1968	334,750.00
150,000.00	State of California, (Veterans' Welfare, Series E),	2%, February 1, 1967	150,000.00
115,000.00	State of California, (Veterans' Welfare, Series X),	5%, April 1, 1967	115,000.00
100,000.00	State of California, (Veterans' Welfare, Series L),	3¼%, August 1, 1967	99,500.00
100,000.00	State of California, (School Building Aid, Series P),	4%, March 1, 1968	100,000.00
200,000.00	State of California, (Construction, Series F),	5%, July 1, 1968	203,000.00
200,000.00	State of California, (Construction, Series J),	5%, July 1, 1968	203,000.00
110,000.00	State of California, (Veterans' Welfare, Series R),	5%, April 1, 1969	112,750.00
50,000.00	State of California, (Construction, Series B),	3¼%, December 1, 1970	49,000.00
397,000.00	State of California, (Veterans' Welfare, Series D),	2½%, August 1, 1972-68	366,232.50
156,000.00	State of California, (Veterans' Welfare, Series D),	2½%, August 1, 1973-68	141,960.00
348,000.00	State of California, (Veterans' Welfare, Series H),	2¼%, February 1, 1974-72	309,720.00
337,000.00	State of California, (Veterans' Welfare, Series H),	2¼%, February 1, 1975-72	295,717.50
100,000.00	State of California, (School),	1%, May 1, 1975-71	78,250.00
150,000.00	State of California, (School Building Aid, Series EE),	5%, November 1, 1975	162,000.00
125,000.00	State of California, (School),	1%, May 1, 1976-71	94,687.50
150,000.00	State of California, (School Building Aid, Series EE),	5%, November 1, 1976	162,375.00
100,000.00	State of California, (Construction, Series C),	4%, June 1, 1978	100,750.00
250,000.00	State of California, (Veterans' Welfare, Series AA),	3¾%, August 1, 1979	245,625.00
200,000.00	State of California, (Veterans' Welfare, Series BB),	3¾%, April 1, 1980	196,500.00
50,000.00	State of California, (School),	3¼%, May 1, 1982-78	45,875.00
100,000.00	State of Colorado, (Highway),	3.10%, January 1, 1968	99,000.00
100,000.00	State of Connecticut, (Bridge),	4.70%, January 1, 1968	101,000.00
185,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax),	2¾%, Jan. 1, 1973-67	174,825.00
300,000.00	State of Connecticut, (Highway System, Series DD),	2½%, December 1, 1975	271,500.00
100,000.00	State of Connecticut, (Flood Relief Housing),	3¾%, October 1, 1978	97,500.00
172,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax),	2¾%, Jan. 1, 1979-67	156,950.00
160,000.00	State of Connecticut, (Prior Lien Exp. Rev. & Fuel Tax),	2.90%, Jan. 1, 1994-67	132,400.00
50,000.00	State of Delaware, (School, Series B),	3.30%, September 1, 1967	49,750.00
275,000.00	State of Delaware, (Various Purposes),	2.60%, March 1, 1968	270,875.00
140,000.00	State of Delaware, (Highway Imp., Series A),	3.20%, July 15, 1968	138,950.00
75,000.00	State of Delaware, (Various Purposes),	1.60%, November 1, 1971	68,250.00
95,000.00	State of Delaware, (Various Purposes),	1.70%, April 1, 1972	85,500.00

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Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1966
\$ 200,000.00	State of Delaware, (Various Purposes), 1.70%, April 1, 1973	\$ 176,500.00
200,000.00	State of Georgia, (St. Office Bldg. Authority), 4%, September 1, 1968	200,500.00
100,000.00	State of Georgia, (St. Office Bldg. Authority), 3.40%, September 1, 1980-73	95,500.00
200,000.00	State of Hawaii, (Pub. Imp.), 4.10%, June 15, 1967	200,000.00
100,000.00	State of Hawaii, (Pub. Imp.), 1.80%, December 1, 1968	95,750.00
200,000.00	State of Hawaii, (Various Purposes), 3.10%, May 1, 1969	196,000.00
50,000.00	State of Hawaii, (Pub. Imp.), 2½%, July 2, 1971	46,875.00
50,000.00	State of Hawaii, (Pub. Imp.), 3.70%, October 15, 1971	49,500.00
50,000.00	State of Hawaii, (Pub. Imp.), 2¼%, November 1, 1973	44,375.00
105,000.00	State of Hawaii, (General Obligation, Series I), 3.40%, December 1, 1974	101,062.50
100,000.00	State of Hawaii, (General Obligation, Series F), 3¼%, May 15, 1976	94,250.00
100,000.00	State of Hawaii, (General Obligation, Series F), 3¼%, May 15, 1977	93,750.00
564,000.00	State of Illinois, (Service Recognition, Series A), 1¾%, May 1, 1972	494,910.00
100,000.00	State of Illinois, (Imp.), 2¾%, April 1, 1974	92,000.00
50,000.00	Indiana Toll Road Commission, (Revenue), 3½%, January 1, 1994-67	43,250.00
200,000.00	State of Iowa, (Service Compensation), 2½%, December 1, 1976	178,000.00
60,000.00	Kansas Turnpike Authority, 3¾%, October 1, 1994-67	50,100.00
325,000.00	Commonwealth of Kentucky, (General Obligation), 2.90%, July 1, 1969-68	317,687.50
125,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1971-68	120,937.50
80,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1985-68	70,200.00
92,000.00	Commonwealth of Kentucky, (Road), 3%, July 1, 1986-68	79,810.00
125,000.00	Commonwealth of Kentucky, (Veterans' Bonus), 3.70%, July 1, 1987-81	120,312.50
105,000.00	Commonwealth of Kentucky, (Veterans' Bonus), 3¾%, July 1, 1988-81	101,587.50
60,000.00	State of Louisiana, (Baton Rouge Port), 3¼%, November 1, 1967	59,550.00
100,000.00	State of Louisiana, (Cap. Constr. & Imp. Commission), 5%, October 1, 1969	102,500.00
100,000.00	State of Louisiana, (Cap. Constr. & Imp. Commission), 3.70%, October 1, 1970	99,000.00
49,000.00	Maine Turnpike Authority, 4%, January 1, 1989-67	48,387.50
320,000.00	State of Maryland, (Bridge & Tunnel Revenue), 2.40%, October 1, 1967	316,000.00
150,000.00	State of Maryland, (Gen. Pub. School Constr.), 3%, June 15, 1971	146,250.00
100,000.00	State of Maryland, (Gen. Pub. School Constr.), 2¾%, May 1, 1972	92,750.00
159,000.00	State of Maryland, (Bridge & Tunnel Revenue), 2.70%, October 1, 1972-67	149,062.50
45,000.00	State of Maryland, (Bridge & Tunnel Revenue), 3%, October 1, 1994-67	44,775.00
45,000.00	Commonwealth of Massachusetts, (Metro. Water District), 1.70%, Oct. 1, 1970	41,962.50
175,000.00	Commonwealth of Massachusetts, (Reg.), 1%, December 1, 1970-67	157,062.50
150,000.00	Commonwealth of Massachusetts, (Highway Imp.), 2%, November 1, 1972	135,000.00
207,000.00	Commonwealth of Massachusetts, (Various Purposes), 2.30%, Nov. 1, 1974	184,747.50
203,000.00	Commonwealth of Massachusetts, (Various Purposes), 2.30%, Nov. 1, 1975	179,147.50
100,000.00	Commonwealth of Massachusetts, (Various Purposes), 1¾%, Oct. 1, 1983	73,500.00
56,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, October 1, 1986-67	39,060.00
175,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, January 1, 1990-67	116,375.00
105,000.00	Commonwealth of Massachusetts, (Housing), 1¾%, January 1, 1991-67	69,037.50
117,000.00	Commonwealth of Massachusetts, (Housing), 2½%, October 1, 1991-67	90,090.00
270,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1973-67	235,575.00
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, 1974-67	122,622.50
247,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1975-67	208,097.50
250,000.00	State of Michigan, (Highway, Series I), 2%, October 1, 1976-67	206,250.00
200,000.00	State of Minnesota, (State Building), 4½%, January 1, 1969	202,500.00
150,000.00	State of Minnesota, (State Building), 2.70%, January 1, 1971	143,625.00
100,000.00	State of Minnesota, (Highway), 3.10%, April 1, 1976	93,500.00
150,000.00	State of Minnesota, (Capital Imp.), 2¾%, February 1, 1978	134,250.00
60,000.00	State of Mississippi, (Port Imp.), 6%, July 1, 1970	64,350.00
60,000.00	State of Mississippi, (Port Imp.), 6%, July 1, 1971	65,400.00
60,000.00	State of Mississippi, (Highway, 32nd Series), 6%, February 1, 1972	64,500.00
105,000.00	State of Mississippi, (Highway, 32nd Series), 6%, August 1, 1972	113,662.50
200,000.00	State of Mississippi, (School, Series F), 3½%, May 1, 1977	187,000.00
50,000.00	State of Missouri, (State Building), 2¾%, May 1, 1979	41,875.00
50,000.00	State of Montana, (Veterans' Compensation), 3¾%, July 1, 1970	48,875.00
115,000.00	State of New Hampshire, (Various Purposes), 1¾%, April 1, 1979	89,987.50
220,000.00	State of New Hampshire, (Turnpike), 2¼%, March 1, 1980	177,650.00
100,000.00	State of New Hampshire, (Reg.), 2¼%, March 1, 1981	79,250.00
100,000.00	State of New Hampshire, (Turnpike), 2¼%, March 1, 1983	77,000.00
200,000.00	State of New Jersey, (State Teachers College), 1¾%, February 1, 1968-67	195,000.00
145,000.00	State of New Jersey, (Various Purposes), 2½%, March 1, 1974	130,500.00
239,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1972-67	220,477.50
161,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1973-67	146,912.50
170,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2½%, Jan. 1, 1974-67	153,000.00
45,000.00	New Jersey Highway Authority, (State Gtd., Series A), 3%, Jan. 1, 1981-67	39,825.00
220,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1984-67	187,550.00
126,000.00	New Jersey Highway Authority, (State Gtd., Series A), 3%, Jan. 1, 1984-67	109,305.00
202,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2¾%, Jan. 1, 1986-67	168,670.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1986
\$ 121,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2 $\frac{7}{8}$ %, Jan. 1, 1987-67	\$ 100,430.00
65,000.00	New Jersey Highway Authority, (State Gtd., Series B), 2 $\frac{7}{8}$ %, Jan. 1, 1988-67	53,625.00
145,000.00	New Jersey Highway Authority, (State Gtd., Series A), 2 $\frac{3}{4}$ %, Jan. 1, 1988-67	117,087.50
45,000.00	New Jersey Turnpike Authority, (Revenue), 3 $\frac{3}{8}$ %, July 1, 1988-67	43,200.00
120,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1968	118,200.00
200,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1969	195,000.00
100,000.00	State of New Mexico, (Severance Tax Revenue), 2.70%, July 1, 1972	94,250.00
59,000.00	State of New York, (Housing), 1.60%, June 18, 1974	50,150.00
250,000.00	State of New York, (Park & Recreation), 2 $\frac{1}{2}$ %, January 1, 1975	225,625.00
152,000.00	State of New York, (Housing), 1 $\frac{3}{4}$ %, November 1, 1977	122,360.00
85,000.00	State of New York, (Housing), 1 $\frac{3}{4}$ %, June 15, 1986	58,862.50
101,000.00	State of New York, (Housing), 1 $\frac{3}{4}$ %, June 15, 1990	66,155.00
103,000.00	State of New York, (Housing), 1.90%, May 15, 1992	68,237.50
100,000.00	State of New York, (Housing), 2 $\frac{1}{2}$ %, April 1, 1996-95	73,000.00
45,000.00	State of New York, (Housing), 2 $\frac{1}{2}$ %, April 1, 1998-95	32,400.00
50,000.00	State of New York, (Housing), 1 $\frac{1}{4}$ %, May 15, 2001-92	23,625.00
110,000.00	New York State Thruway Authority, (Gen. Rev., Series C), 6%, Jan. 1, 1968	111,925.00
265,000.00	New York State Thruway Authority, (State Gtd.), 2.60%, October 1, 1976-67	239,825.00
145,000.00	New York State Thruway Authority, (State Gtd.), 2.60%, June 1, 1977-67	130,137.50
160,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, October 1, 1981-67	141,200.00
103,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, June 1, 1982-67	90,125.00
128,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, October 1, 1982-67	112,000.00
172,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, June 1, 1983-67	149,210.00
158,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, June 1, 1984-67	136,275.00
127,000.00	New York State Thruway Authority, (State Gtd.), 2 $\frac{3}{4}$ %, January 1, 1986-67	107,950.00
175,000.00	New York State Thruway Authority, (State Gtd.), 3 $\frac{1}{2}$ %, January 1, 1988-67	165,812.50
201,000.00	New York State Thruway Authority, (State Gtd.), 2.70%, January 1, 1993-67	161,302.50
120,000.00	State of North Carolina, (Road), 1 $\frac{1}{4}$ %, January 1, 1970	111,900.00
155,000.00	State of North Carolina, (Road), 2%, July 1, 1970	146,862.50
100,000.00	State of Ohio, (Veterans), 3%, May 15, 1969	98,500.00
325,000.00	State of Ohio, (Highway Imp., Series B), 3%, October 15, 1970	317,687.50
250,000.00	State of Ohio, (Highway Imp., Series B), 3.10%, April 15, 1972	241,250.00
200,000.00	State of Ohio, (Turnpike Revenue), 3 $\frac{1}{4}$ %, June 1, 1992-67	183,500.00
100,000.00	State of Oklahoma, (Building), 4%, July 15, 1967	99,750.00
330,000.00	State of Oregon, (Various Purposes), 1 $\frac{3}{4}$ %, October 1, 1967	324,225.00
210,000.00	State of Oregon, (Forest Rehabilitation), 2 $\frac{1}{2}$ %, October 1, 1968-67	204,750.00
115,000.00	State of Oregon, (Veterans' Welfare), 3 $\frac{1}{4}$ %, April 1, 1970-67	113,275.00
105,000.00	State of Oregon, (Veterans' Welfare), 3 $\frac{1}{2}$ %, October 1, 1971-67	103,687.50
206,000.00	State of Oregon, (Veterans' Compensation), 1 $\frac{3}{4}$ %, October 1, 1972-67	182,825.00
125,000.00	State of Oregon, (Highway), 2.60%, March 1, 1976-72	112,812.50
90,000.00	Commonwealth of Pennsylvania, (Series O), 3 $\frac{1}{4}$ %, August 1, 1971	88,200.00
155,000.00	Commonwealth of Pennsylvania, (Series O), 3 $\frac{3}{8}$ %, August 1, 1972	151,900.00
150,000.00	Commonwealth of Pennsylvania, (Turnpike Extension), 3%, June 1, 1982-67	129,000.00
75,000.00	State of Rhode Island & Providence Plantations, (U. of R. I.), 3%, Mar. 1, 1970	72,937.50
50,000.00	State of Rhode Island & Providence Plantations, (Sewer), 4%, Sept. 1, 1981	49,875.00
40,000.00	State of Rhode Island & Providence Plantations, (Sewer), 2 $\frac{1}{2}$ %, May 1, 1987	30,500.00
135,000.00	State of Rhode Island & Providence Plantations, (Sewer), 2 $\frac{1}{2}$ %, May 1, 1988	102,262.50
180,000.00	State of South Carolina, (Highway), 1.70%, December 1, 1967	175,950.00
100,000.00	State of South Carolina, (School), 2.35%, December 1, 1967	98,500.00
105,000.00	State of South Carolina, (School), 1.80%, October 1, 1968	101,325.00
100,000.00	State of South Carolina, (School), 1.80%, October 1, 1971	91,750.00
155,000.00	State of South Carolina, (School), 2.35%, December 1, 1972	142,212.50
50,000.00	State of South Carolina, (School), 2.10%, November 1, 1973	44,625.00
100,000.00	State of South Carolina, (School), 2.35%, December 1, 1974	89,750.00
100,000.00	State of South Carolina, (School), 2.35%, December 1, 1975	88,750.00
125,000.00	State of South Carolina, (School), 2 $\frac{1}{2}$ %, December 1, 1982-77	104,062.50
200,000.00	State of Tennessee, (Mental Institutions), 3%, June 1, 1968	198,000.00
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	96,000.00
200,000.00	State of Tennessee, (Highway), 3.20%, February 1, 1981	186,500.00
225,000.00	State of Texas, (Veterans' Land, Series 1952), 2 $\frac{1}{4}$ %, June 1, 1968	219,937.50
100,000.00	State of Texas, (Veterans' Land, Series 1952), 2 $\frac{1}{4}$ %, June 1, 1970	94,750.00
55,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1975-67	46,200.00
100,000.00	State of Texas, (Veterans' Land, Series 1949), 1 $\frac{3}{4}$ %, June 1, 1975	84,500.00
140,000.00	State of Texas, (Water, Series 1959), 4%, August 1, 1977	142,450.00
325,000.00	State of Texas, (Veterans' Land, Series 1953-A), 2.70%, June 1, 1980	288,437.50
50,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1983-67	36,250.00
25,000.00	State of Texas, (Veterans' Land, Series 1950-A), 1.70%, June 1, 1985-67	17,562.50
80,000.00	State of Texas, (Veterans' Land, Series 1951), 2%, June 1, 1985-67	59,400.00
28,000.00	State of Texas, (Veterans' Land, Series 1952), 2%, June 1, 1985-67	20,790.00
25,000.00	State of Texas, (Veterans' Land, Series 1958), 2.90%, June 1, 1985-68	21,937.50



Par Value		STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1966
\$ 55,000.00		State of Texas, (Veterans' Land, Series 1958-A), 2.90%, June 1, 1985-73	\$ 48,262.50
100,000.00		State of Texas, (Veterans' Land, Series 1953-A), 2¾%, June 1, 1987-67	84,250.00
220,000.00		State of Texas, (Veterans' Land, Series 1953-A), 2¾%, June 1, 1988-67	184,250.00
100,000.00		State of Utah, (Building), 3%, July 1, 1979	93,250.00
100,000.00		State of Utah, (Building), 3%, January 1, 1980	93,000.00
200,000.00		State of Vermont, (Pub. Imp.), 3%, April 1, 1970	196,500.00
200,000.00		State of Vermont, (Highway Construction), 2.70%, March 1, 1974	188,500.00
150,000.00		State of Vermont, (School Building), 1½%, September 1, 1974	127,875.00
100,000.00		State of Virginia, (Toll Revenue), 3%, September 1, 1994-67	90,000.00
40,000.00		State of Washington, (Pub. Bldg., Series A), 3½%, May 1, 1969-67	39,800.00
418,000.00		State of Washington, (Veterans' Compensation), 2%, January 1, 1970-67	395,010.00
100,000.00		State of Washington, (Pub. Sch. Plant Facilities), 4%, November 1, 1971	100,500.00
45,000.00		State of Washington, (Veterans' Compensation), 2%, January 1, 1973-67	40,162.50
50,000.00		State of West Virginia, (Road), 2%, March 1, 1971	46,375.00
100,000.00		State of West Virginia, (Road), 4%, December 1, 1973	101,500.00
50,000.00		State of West Virginia, (Road), 2%, March 1, 1978	41,375.00
100,000.00		State of West Virginia, (Road), 3¼%, May 1, 1982	93,500.00
100,000.00		Albany County, New York, (South Mall Constr.), 3.90%, April 1, 1967	99,750.00
115,000.00		Allegheny County, Pennsylvania, (Various Purposes), 2%, April 1, 1968	112,125.00
85,000.00		Allegheny County, Pennsylvania, (Various Purposes), 2%, April 1, 1971	78,412.50
100,000.00		Allegheny County, Pennsylvania, (Various Purposes), 1¾%, April 1, 1972	89,500.00
140,000.00		Arlington County, Virginia, (Various Purposes), 6%, June 1, 1967	140,700.00
50,000.00		Arlington County, Virginia, (Various Purposes), 2½%, January 1, 1969	48,500.00
100,000.00		Arlington County, Virginia, (Water), 3½%, June 1, 1974	96,750.00
50,000.00		Arlington County, Virginia, (Water), 1%, January 1, 1977	37,000.00
100,000.00		Baltimore County, Maryland, (Metro. District), 2½%, September 1, 1968	97,750.00
55,000.00		Baltimore County, Maryland, (School), 3%, June 1, 1979	50,462.50
35,000.00		Baltimore County, Maryland, (Metro. District), 2¾%, September 1, 1983	30,187.50
100,000.00		Bergen County, New Jersey, (General Obligation), 2.60%, October 1, 1968	98,000.00
100,000.00		Cook County, Illinois, (County Home), 4%, December 1, 1970	99,750.00
100,000.00		Cook County, Illinois, (Expressway, Series C), 2¾%, October 1, 1972	93,000.00
225,000.00		Duval County, Florida, (General Obligation), 2.80%, July 1, 1968	221,625.00
100,000.00		Erie County, New York, (Gen. Imp.), 2¾%, February 15, 1974	91,750.00
100,000.00		Essex County, New Jersey, (Imp.), 2.60%, May 1, 1969	96,250.00
100,000.00		Essex County, New Jersey, (Imp.), 2.60%, May 1, 1970	95,000.00
150,000.00		Essex County, New Jersey, (Pub. Imp.), 2.20%, September 1, 1970	140,250.00
100,000.00		Essex County, New Jersey, (Imp.), 2.60%, May 1, 1972	91,750.00
100,000.00		Essex County, New Jersey, (Imp.), 2.60%, May 1, 1973	90,500.00
100,000.00		Essex County, New Jersey, (Imp.), 3%, October 1, 1976	91,000.00
100,000.00		Fairfax County, Virginia, (School), 4¾%, March 1, 1967	100,000.00
100,000.00		Fairfax County, Virginia, (School), 5.90%, March 1, 1968	102,250.00
200,000.00		Fairfax County, Virginia, (School), 3%, April 1, 1975	185,000.00
150,000.00		Fairfax County, Virginia, (School), 2.90%, April 1, 1979	132,750.00
100,000.00		Fairfax County, Virginia, (Sewer), 2.90%, July 1, 1987-67	81,750.00
100,000.00		Hamilton County, Ohio, (Road), 2¼%, September 1, 1968	97,000.00
400,000.00		Hamilton County, Ohio, (Highway), 3¼%, November 1, 1974	376,000.00
125,000.00		Harris County, Texas, (Home & School), 3.80%, June 10, 1980-76	125,937.50
125,000.00		Harris County, Texas, (Home & School), 3.80%, June 10, 1981-76	125,312.50
200,000.00		Monterey County, California, (General Obligation), 6%, July 1, 1972	221,500.00
200,000.00		Montgomery County, Maryland, (Various Purposes), 5%, December 1, 1967	201,500.00
90,000.00		Montgomery County, Maryland, (Various Purposes), 5%, April 1, 1968	91,125.00
25,000.00		Montgomery County, Maryland, (School), 5%, April 1, 1969	25,625.00
200,000.00		Montgomery County, Maryland, (School), 5%, February 1, 1973	211,500.00
100,000.00		Montgomery County, Maryland, (School), 5%, February 1, 1975	107,000.00
100,000.00		Nassau County, New York, (Sewer), 3¾%, September 1, 1969	99,500.00
143,000.00		Nassau County, New York, (Various Purposes), 2.40%, May 15, 1972	129,057.50
125,000.00		Nassau County, New York, (Sewer), 4.20%, September 1, 1976	126,875.00
120,000.00		Nassau County, New York, (Sewer), 3.10%, April 15, 1977	111,000.00
75,000.00		Nassau County, New York, (Sewer), 3.10%, April 15, 1979	68,625.00
100,000.00		Onondaga County, New York, (County Office), 2.40%, September 1, 1970	95,000.00
110,000.00		Prince Georges County, Maryland, (School), 4½%, October 1, 1967	110,275.00
100,000.00		Prince Georges County, Maryland, (School), 5%, March 1, 1969	102,500.00
210,000.00		Prince Georges County, Maryland, (Various Purposes), 5%, March 1, 1972	219,975.00
150,000.00		Prince Georges County, Maryland, (School), 5%, March 1, 1973	158,625.00
200,000.00		Prince Georges County, Maryland, (School), 3.10%, March 1, 1980	182,500.00
100,000.00		Santa Clara County, California, (Highway, Series A), 6%, July 1, 1967	101,000.00
90,000.00		Santa Clara County, California, (Highway, Series A), 6%, July 1, 1968	92,925.00
100,000.00		Suffolk County, New York, (Imp.), 3%, August 1, 1969	97,000.00
100,000.00		York County, Pennsylvania, (General Obligation), 2.90%, Sept. 15, 1979-75	92,250.00
100,000.00		York County, Pennsylvania, (General Obligation), 2.95%, Sept. 15, 1980-75	92,250.00
160,000.00		Albuquerque Municipal School District, New Mexico, 2¾%, June 15, 1969	156,000.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1966
\$ 340,000.00	Boston Metropolitan District, Massachusetts, 1½%, March 1, 1981-76	\$ 251,600.00
100,000.00	Cleveland City School District, Ohio, (School Bldg.), 3%, December 1, 1970	96,750.00
100,000.00	Cleveland Heights City School District, Ohio, 2%, December 1, 1970	92,500.00
50,000.00	Colorado River Municipal Water District, Texas, 2¾%, January 1, 1976-67	43,000.00
150,000.00	Columbus City School District, Ohio, 1¾%, October 20, 1969	141,375.00
100,000.00	Cook County Forest Preserve District, Illinois, 2⅞%, May 1, 1972	94,750.00
40,000.00	Delaware River Port Authority, (1st Series), 3¼%, December 15, 1967	39,700.00
35,000.00	Delaware River Port Authority, (1st Series), 3¼%, December 15, 1970-67	34,125.00
72,000.00	Delaware River Port Authority, (1st Series), 3½%, December 15, 1983-67	69,120.00
275,000.00	Greenville County School District, South Carolina, 2¾%, December 1, 1971	259,187.50
35,000.00	Minneapolis-St. Paul Metro. Airports Comm., Minnesota, 2¼%, Jan. 1, 1975-67	30,362.50
130,000.00	Niagara Falls City School District, New York, 2.30%, March 1, 1983	97,175.00
90,000.00	Port of New York Authority, (Cons. 1st Series), 3%, Nov. 1, 1982-67	75,375.00
80,000.00	Port of New York Authority, (Cons. 2nd Series), 2¾%, Sept. 1, 1984-67	63,600.00
55,000.00	Port of New York Authority, (Cons. 6th Series), 3%, May 1, 1986-67	44,275.00
278,000.00	Power Authority of the State of New York, (Series A), 2¾%, Jan. 1, 1975-67	249,505.00
110,000.00	Richmond-Petersburg Turnpike Authority, Virginia, 3.45%, July 1, 1995-67	100,925.00
125,000.00	Salt Lake County School District, Utah, 2.70%, June 1, 1971	116,875.00
311,000.00	Triborough Bridge & Tunnel Authority, 2⅞%, January 1, 1969-67	294,672.50
202,000.00	Triborough Bridge & Tunnel Authority, 2⅞%, July 1, 1969-67	189,375.00
135,000.00	Washington Sub. Sanitary Dist., Maryland, (Var. Pur.), 5%, August 1, 1970	140,062.50
130,000.00	City of Albuquerque, New Mexico, (Various Purposes), 4%, March 1, 1969	130,650.00
200,000.00	City of Albuquerque, New Mexico, (Gen. Oblig. Refunding), 3%, July 1, 1969	196,000.00
50,000.00	City of Alexandria, Virginia, (Pub. Imp.), 3½%, November 1, 1967	49,750.00
100,000.00	City of Alexandria, Virginia, (Pub. Imp.), 6%, January 1, 1968	101,750.00
25,000.00	City of Alexandria, Virginia, (Pub. Imp.), 3%, March 1, 1974	23,375.00
100,000.00	City of Amarillo, Texas, (Various Purposes), 4¾%, December 1, 1971	104,250.00
60,000.00	City of Anchorage, Alaska, (Street Imp.), 4½%, July 1, 1969	60,300.00
25,000.00	City of Annapolis, Maryland, (Water & Sewer), 2%, April 1, 1974	21,562.50
85,000.00	City of Asheville, North Carolina, (Water), 6%, May 1, 1969	88,612.50
81,000.00	City of Asheville, North Carolina, (Water), 6%, May 1, 1970	85,860.00
170,000.00	City of Atlanta, Georgia, (Various Purposes), 2½%, September 1, 1969	163,200.00
55,000.00	City of Atlanta, Georgia, (Various Purposes), 2½%, September 1, 1978	46,612.50
105,000.00	City of Atlanta, Georgia, (School), 3¼%, December 1, 1980	96,337.50
70,000.00	City of Augusta, Georgia, (Various Purposes), 4%, November 1, 1975	70,525.00
50,000.00	City of Austin, Texas, (Various Purposes), 1¾%, January 1, 1975	42,625.00
25,000.00	City of Austin, Texas, (Various Purposes), 2¾%, July 1, 1976	22,937.50
100,000.00	City of Baltimore, Maryland, (School), 2½%, August 15, 1969	95,750.00
300,000.00	City of Baltimore, Maryland, (Various Purposes), 2½%, August 15, 1970	283,500.00
195,000.00	City of Baltimore, Maryland, (Various Purposes), 2½%, August 15, 1971	181,350.00
135,000.00	City of Baltimore, Maryland, (School), 2¾%, August 1, 1973	124,875.00
150,000.00	City of Baltimore, Maryland, (Incinerator Plant), 2¾%, September 1, 1974	137,250.00
50,000.00	City of Beaumont, Texas, (School), 3¼%, July 1, 1976	46,875.00
25,000.00	City of Birmingham, Alabama, (School), 2%, April 1, 1973-67	22,312.50
25,000.00	City of Birmingham, Alabama, (School), 1%, April 1, 1973-67	20,937.50
25,000.00	City of Birmingham, Alabama, (Highway Imp.), 2¾%, February 1, 1977	22,625.00
25,000.00	City of Birmingham, Alabama, (Various Purposes), 3.40%, April 1, 1978-67	23,937.50
110,000.00	City of Birmingham, Alabama, (School Imp.), 2¾%, April 1, 1984-67	93,775.00
100,000.00	City of Boston, Massachusetts, (Various Purposes), 5%, October 1, 1968	101,500.00
165,000.00	City of Boston, Massachusetts, (Various Purposes), 2¼%, April 1, 1969	159,225.00
53,000.00	City of Boston, Massachusetts, (Various Purposes), 2%, April 1, 1973	46,905.00
165,000.00	City of Boston, Massachusetts, (Various Purposes), 3½%, May 1, 1973	160,050.00
35,000.00	City of Boston, Massachusetts, (Various Purposes), 2½%, October 1, 1975	30,887.50
195,000.00	City of Buffalo, New York, (Gen. Imp.), 2%, May 1, 1969	186,225.00
100,000.00	City of Buffalo, New York, (Gen. Imp.), 2%, May 1, 1970	93,750.00
140,000.00	City of Buffalo, New York, (Various Purposes), 2½%, August 1, 1971	130,900.00
200,000.00	City of Buffalo, New York, (Various Purposes), 2.80%, March 1, 1975	183,500.00
100,000.00	City of Charleston, South Carolina, (Auditorium), 3%, April 1, 1969	98,000.00
100,000.00	City of Charlottesville, Virginia, (Water), 2½%, August 1, 1969	97,000.00
40,000.00	City of Chicago, Illinois, (Various Purposes), 2¾%, January 1, 1970-67	40,000.00
75,000.00	City of Chicago, Illinois, (Bridge), 1¾%, January 1, 1970-69	71,812.50
85,000.00	City of Chicago, Illinois, (Various Purposes), 2%, January 1, 1970-69	81,812.50
50,000.00	City of Chicago, Illinois, (Bridge), 1¾%, January 1, 1970	46,875.00
110,000.00	City of Chicago, Illinois, (Various Purposes), 2%, January 1, 1970	103,950.00
175,000.00	City of Chicago, Illinois, (Airport), 4%, January 1, 1973	175,875.00
110,000.00	City of Cincinnati, Ohio, (Various Purposes), 3⅞%, October 1, 1968	108,075.00
125,000.00	City of Cincinnati, Ohio, (Various Purposes), 1¾%, September 1, 1970	114,375.00
175,000.00	City of Cincinnati, Ohio, (Expressways Imp.), 3¼%, November 1, 1974	164,062.50
210,000.00	City of Cincinnati, Ohio, (Various Purposes), 1¾%, September 1, 1977	164,325.00
35,000.00	City of Cincinnati, Ohio, (Waterworks Imp.), 2½%, November 1, 1988	25,812.50
55,000.00	City of Cincinnati, Ohio, (Waterworks Imp.), 1¾%, September 1, 1990	33,550.00



Par Value		Market Value Dec. 31, 1966
\$ 80,000.00	City of Cleveland, Ohio, (Various Purposes), 2½%, November 1, 1969	\$ 76,400.00
165,000.00	City of Cleveland, Ohio, (Various Purposes), 2½%, November 1, 1971	152,625.00
85,000.00	City of Cleveland, Ohio, (Various Purposes), 2¾%, October 1, 1977	74,587.50
100,000.00	City of Cleveland, Ohio, (Water Revenue, Series F), 2½%, August 1, 1981-67	79,500.00
50,000.00	City of Columbus, Ohio, (Waterworks Enlargement), 2%, September 1, 1979	38,750.00
100,000.00	City of Columbus, Ohio, (Waterworks Enlargement), 2%, September 1, 1980	76,250.00
60,000.00	City of Corpus Christi, Texas, (Various Purposes), 3%, March 1, 1974	56,850.00
135,000.00	City of Dallas, Texas, (Various Purposes), 2%, July 1, 1968	131,287.50
185,000.00	City of Dallas, Texas, (Various Purposes), 2¼%, May 1, 1971	173,437.50
40,000.00	City of Dallas, Texas, (Various Purposes), 3¼%, July 1, 1972	38,900.00
25,000.00	City of Dallas, Texas, (Waterworks Imp., Series 324), 3¼%, July 1, 1973	24,250.00
65,000.00	City of Dallas, Texas, (Ind. School District), 2¼%, June 1, 1974	58,012.50
25,000.00	City of Dayton, Ohio, (Bridge Imp.), 1¾%, October 1, 1979	19,562.50
30,000.00	City of Dayton, Ohio, (Bridge Imp.), 1¾%, October 1, 1980	23,025.00
225,000.00	City & County of Denver, Colorado, (Water), 2%, September 1, 1969-67	214,875.00
100,000.00	City & County of Denver, Colorado, (St. Recon. & Imp.), 2¾%, July 1, 1971	97,250.00
85,000.00	City & County of Denver, Colorado, (Water), 4½%, November 1, 1980	92,650.00
70,000.00	City & County of Denver, Colorado, (Water), 3.20%, February 1, 1989-68	64,050.00
75,000.00	City of Detroit, Michigan, (Pub. Imp.), 5%, November 15, 1967	75,562.50
65,000.00	City of Detroit, Michigan, (Various Purposes), 2½%, February 1, 1968	63,862.50
100,000.00	City of Detroit, Michigan, (Pub. Imp.), 5%, May 15, 1968	101,500.00
145,000.00	City of Detroit, Michigan, (Various Purposes), 2½%, September 15, 1969	139,200.00
100,000.00	City of Detroit, Michigan, (Various Purposes), 4%, September 15, 1969	100,250.00
50,000.00	City of Detroit, Michigan, (Pub. Library, Series C), 5½%, September 15, 1969	51,375.00
125,000.00	City of Detroit, Michigan, (Various Purposes), 4½%, October 15, 1970	127,812.50
110,000.00	City of Detroit, Michigan, (Various Purposes), 5%, February 15, 1971	114,675.00
85,000.00	City of Detroit, Michigan, (Various Purposes), 2¾%, September 15, 1975	77,562.50
100,000.00	City of Duluth, Minnesota, (Refunding), 3%, September 1, 1969	97,750.00
25,000.00	City of El Paso, Texas, (Library), 2½%, March 1, 1972	23,250.00
100,000.00	City of El Paso, Texas, (Various Purposes), 5%, July 1, 1972	105,750.00
45,000.00	City of Fairbanks, Alaska, (Pub. Imp.), 5%, October 1, 1969	45,787.50
50,000.00	City of Fairbanks, Alaska, (Pub. Imp.), 4¼%, October 1, 1972	49,625.00
50,000.00	City of Fairfax, Virginia, (Funding), 6%, April 1, 1975	57,000.00
40,000.00	City of Fairfax, Virginia, (Funding), 6%, April 1, 1976	46,000.00
185,000.00	City of Flint, Michigan, (Various Purposes), 2¾%, April 1, 1974	172,975.00
100,000.00	City of Fort Lauderdale, Florida, (Excise Tax Rev.), 5%, September 1, 1970	103,500.00
100,000.00	City of Fort Lauderdale, Florida, (Excise Tax Rev.), 5%, September 1, 1971	104,500.00
55,000.00	City of Fort Worth, Texas, (Street Imp., Series 84), 2%, March 1, 1967	54,725.00
25,000.00	City of Fort Worth, Texas, (Street Imp., Series 84), 2½%, March 1, 1968	24,562.50
30,000.00	City of Fort Worth, Texas, (Various Purposes), 2.60%, March 1, 1975	27,300.00
25,000.00	City of Fort Worth, Texas, (Museum), 1½%, March 1, 1976	20,125.00
95,000.00	City of Galveston, Texas, (School), 2¼%, March 1, 1978-67	78,850.00
200,000.00	City of Hartford, Connecticut, (Various Purposes), 2.65%, May 1, 1972	189,000.00
150,000.00	City of Hartford, Connecticut, (Public Works, Series #1), 2.65%, May 1, 1973	140,250.00
50,000.00	City & County of Honolulu, Hawaii, (Tunnel), 5%, September 15, 1968-67	50,875.00
250,000.00	City & County of Honolulu, Hawaii, (Var. Purposes), 3.70%, Sept. 1, 1969-68	248,750.00
100,000.00	City & County of Honolulu, Hawaii, (Pub. Imp.), 5%, August 1, 1972	105,000.00
100,000.00	City of Houston, Texas, (Ind. School District), 5%, February 10, 1967	100,000.00
100,000.00	City of Houston, Texas, (Ind. School District), 5%, February 10, 1968	101,000.00
75,000.00	City of Houston, Texas, (Ind. School District), 2¾%, January 10, 1972	70,875.00
115,000.00	City of Houston, Texas, (Various Purposes), 3%, July 1, 1976	106,375.00
138,000.00	City of Houston, Texas, (Water Revenue), 2.20%, December 1, 1978-67	111,780.00
117,000.00	City of Houston, Texas, (Ind. School District), 2¾%, April 10, 1981	101,790.00
50,000.00	City of Jackson, Mississippi, (Construction), 6%, August 1, 1967	50,500.00
175,000.00	City of Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1967	176,750.00
95,000.00	City of Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1970	101,175.00
200,000.00	City of Jacksonville, Florida, (Airport Gen. Imp.), 6%, August 1, 1971	216,500.00
50,000.00	City of Jersey City, New Jersey, (School), 4%, December 1, 1969	49,500.00
50,000.00	City of Jersey City, New Jersey, (School), 4%, December 1, 1970	49,375.00
70,000.00	City of Jersey City, New Jersey, (School), 4.45%, July 1, 1973	70,000.00
100,000.00	City of Jersey City, N. J., (Sew. Disp. Plant Imp.), 3.40%, Aug. 1, 1979-67	90,250.00
50,000.00	City of Juneau, Alaska, (Various Purposes), 6%, September 1, 1969	52,125.00
100,000.00	City of Kansas City, Missouri, (Various Purposes), 2¼%, June 1, 1968-67	97,500.00
250,000.00	City of Kansas City, Missouri, (Various Purposes), 2.80%, February 1, 1977	227,500.00
45,000.00	City of Knoxville, Tennessee, (Civic Center), 5%, March 1, 1968	45,337.50
50,000.00	City of Knoxville, Tennessee, (Civic Center), 5%, March 1, 1969	51,000.00
50,000.00	City of Lincoln, Nebraska, (School District), 1.90%, May 1, 1974-67	42,875.00
85,000.00	City of Lincoln, Nebraska, (School District), 1.90%, May 1, 1975-67	71,612.50
100,000.00	City of Little Rock, Arkansas, (G.O. Ref. & Imp.), 3.80%, Feb. 1, 1979-72	98,750.00
100,000.00	City of Los Angeles, California, (Junior College), 3¾%, February 1, 1967	100,000.00
55,000.00	City of Los Angeles, California, (Sewer), 2½%, September 1, 1967	54,450.00

Par Value	STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1966
\$ 60,000.00	City of Los Angeles, California, (Various Purposes), 2½%, January 1, 1972 ..\$	56,100.00
91,000.00	City of Los Angeles, California, (Water & Power), 1%, March 1, 1974-67..	72,800.00
194,000.00	City of Los Angeles, California, (Water & Power), 1½%, June 1, 1976-67 ..	151,320.00
100,000.00	City of Los Angeles, California, (Airport), 3¾%, September 1, 1978-68	99,750.00
119,000.00	City of Los Angeles, California, (Water & Power), 2.60%, Feb. 1, 1980-67 ..	100,257.50
80,000.00	City of Los Angeles, California, (Water & Power), 2.60%, Feb. 1, 1981-67 ..	66,400.00
60,000.00	City of Louisville, Kentucky, (School Imp.), 1¾%, June 1, 1983	43,800.00
150,000.00	City of Lynchburg, Virginia, (Pub. Imp.), 2½%, May 1, 1973	134,250.00
205,000.00	City of Madison, Wisconsin, (Various Purposes), 3%, September 1, 1972	194,237.50
187,000.00	City of Memphis, Tennessee, (Gen. Imp.), 6%, August 1, 1968	193,077.50
75,000.00	City of Memphis, Tennessee, (Gen. Imp.), 5%, October 1, 1970	78,187.50
255,000.00	City of Memphis, Tennessee, (Gen. Imp.), 4.40%, August 1, 1977	266,475.00
100,000.00	City of Milwaukee, Wisconsin, (School, Series AC), 2.60%, July 1, 1968	97,750.00
300,000.00	City of Milwaukee, Wisconsin, (Pub. Imps., Series F), 2½%, February 1, 1970 ..	285,750.00
250,000.00	City of Milwaukee, Wisconsin, (Various Purposes), 2.60%, July 1, 1974	225,625.00
100,000.00	City of Minneapolis, Minnesota, (Various Purposes), 2.90%, October 1, 1968 ..	98,500.00
100,000.00	City of Mobile, Alabama, (Hospital & Auditorium), 4½%, August 1, 1970 ..	101,500.00
100,000.00	City of Mobile, Alabama, (Hospital & Auditorium), 4½%, August 1, 1971 ..	101,750.00
100,000.00	City of New Haven, Connecticut, (Gen. Pub. Imp.), 3%, August 15, 1969 ..	97,750.00
150,000.00	City of New Haven, Connecticut, (Gen. Pub. Imp.), 3¼%, October 1, 1969 ..	147,375.00
150,000.00	City of New Haven, Connecticut, (Gen. Pub. Imp.), 2.40%, February 1, 1972 ..	138,000.00
100,000.00	City of New Orleans, Louisiana, (Pub. Imp.), 4¼%, November 1, 1969	101,000.00
90,000.00	City of New Orleans, Louisiana, (Sewer), 3½%, December 1, 1976-70	86,625.00
50,000.00	City of New Orleans, Louisiana, (Civic Center), 2¾%, July 1, 1984-75	42,250.00
69,000.00	City of New Orleans, Louisiana, (Terminal Revenue), 2½%, January 1, 1987 ..	53,302.50
200,000.00	City of New York, New York, (St. & Park Openings), 3.10%, Jan. 15, 1968 ..	197,500.00
100,000.00	City of New York, New York, (Various Purposes), 2½%, July 15, 1968	97,000.00
217,000.00	City of New York, New York, (Reg.), 3%, October 1, 1968	212,117.50
200,000.00	City of New York, New York, (Various Purposes), 3.10%, Sept. 15, 1969 ..	194,500.00
285,000.00	City of New York, New York, (Various Purposes), 3.60%, February 1, 1970 ..	279,300.00
110,000.00	City of New York, New York, (School), 3.30%, September 15, 1970	106,425.00
287,000.00	City of New York, New York, (Rapid Transit), 4½%, December 15, 1971 ..	289,152.50
140,000.00	City of New York, New York, (Various Purposes), 4½%, June 1, 1974	141,050.00
76,000.00	New York City Housing Authority, 3%, June 1, 1982-67	64,030.00
119,000.00	New York City Housing Authority, 2.90% September 1, 1986-67	94,605.00
85,000.00	New York City Housing Authority, 2.80%, September 1, 1991-67	63,962.50
110,000.00	New York City Housing Authority, 2.60%, May 1, 1996-67	75,075.00
80,000.00	City of Newark, New Jersey, (Various Purposes), 2.40%, November 1, 1969 ..	76,600.00
80,000.00	City of Newark, New Jersey, (Water), 3.55%, October 1, 1976	77,800.00
90,000.00	City of Newport News, Virginia, (Gen. Imp.), 5½%, May 15, 1967	90,450.00
100,000.00	City of Newport News, Virginia, (Waterworks), 6%, June 1, 1968	103,000.00
120,000.00	City of Newport News, Virginia, (Gen. Imp.), 6%, February 15, 1970	127,800.00
100,000.00	City of Newport News, Virginia, (Waterworks), 6%, November 1, 1970	107,500.00
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	39,200.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 5%, July 1, 1968	101,750.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 3.60%, August 1, 1968	99,750.00
360,000.00	City of Norfolk, Virginia, (Gen. Imp.), 1%, November 1, 1977	264,600.00
100,000.00	City of Norfolk, Virginia, (Gen. Imp.), 3.60%, July 1, 1979	97,750.00
35,000.00	City of Norfolk, Virginia, (Gen. Imp.), 2.70%, August 1, 1979	31,062.50
200,000.00	City of Oklahoma City, Oklahoma, (Series B-2), 4%, March 1, 1969	201,000.00
75,000.00	City of Oklahoma City, Oklahoma, (Airport, Series B), 3.70%, Dec. 1, 1979 ..	74,062.50
40,000.00	City of Omaha, Nebraska, (Public Power District), 1¾%, February 1, 1972-67 ..	35,900.00
311,000.00	City of Omaha, Nebraska, (Public Power District), 2½%, February 1, 1980-67 ..	251,132.50
245,000.00	City of Paterson, New Jersey, (Various Purposes), 3½%, January 1, 1968	243,162.50
165,000.00	City of Paterson, New Jersey, (Various Purposes), 3½%, January 1, 1969	163,350.00
100,000.00	City of Philadelphia, Pennsylvania, (Series I), 4%, July 1, 1967	99,750.00
300,000.00	City of Philadelphia, Pennsylvania, (Series D), 4½%, January 1, 1968	301,500.00
225,000.00	City of Philadelphia, Pennsylvania, (Various Purposes), 2½%, January 1, 1973 ..	205,875.00
158,000.00	City of Philadelphia, Pennsylvania, (Series I), 4½%, July 1, 1973	163,135.00
50,000.00	City of Philadelphia, Pennsylvania, (Series U), 1%, January 1, 1976	38,375.00
250,000.00	City of Philadelphia, Pennsylvania, (School District), 3.10%, March 1, 1976 ..	233,750.00
50,000.00	City of Philadelphia, Pennsylvania, (Series V), 1%, January 1, 1977	37,375.00
320,000.00	City of Philadelphia, Pennsylvania, (Various Purposes), 2¾%, Jan. 1, 1979	284,000.00
75,000.00	City of Philadelphia, Pennsylvania, (Series CC), 3%, January 1, 1983	66,187.50
55,000.00	City of Philadelphia, Pennsylvania, (Series DD), 3%, January 1, 1984	48,400.00
55,000.00	City of Philadelphia, Pennsylvania, (Series EE), 3%, January 1, 1985	48,125.00
85,000.00	City of Philadelphia, Pennsylvania, (Series XX), 1½%, January 1, 2000	43,350.00
75,000.00	City of Phoenix, Arizona, (Various Purposes), 6%, July 1, 1967	75,750.00
100,000.00	City of Phoenix, Arizona, (Sewer System, 4th Series), 3.10%, July 1, 1971	97,500.00
25,000.00	City of Phoenix, Arizona, (Water), 3%, July 1, 1977	23,312.50



Par Value		STATE AND MUNICIPAL BONDS (Continued)	Market Value Dec. 31, 1966
\$ 140,000.00	City of Pittsburgh, Pennsylvania, (Pub. Imp.), 2½%, October 1, 1967		\$ 138,600.00
145,000.00	City of Portland, Oregon, (Docks' Development), 5%, June 1, 1967		145,362.50
100,000.00	City of Portland, Oregon, (Docks' Development), 5%, June 1, 1968		101,750.00
35,000.00	City of Portsmouth, Virginia, (School), 1¾%, October 1, 1968		33,687.50
105,000.00	City of Portsmouth, Virginia, (G.O. Annexation), 6%, January 1, 1969		109,200.00
100,000.00	City of Providence, Rhode Island, (Redevelopment), 3½%, September 1, 1968		98,500.00
43,000.00	City of Providence, Rhode Island, (Refunding, Ser. II), 1¾%, June 1, 1971-67		38,162.50
100,000.00	City of Raleigh, North Carolina, (Water), 6%, April 1, 1968		102,500.00
100,000.00	City of Raleigh, North Carolina, (Water), 6%, April 1, 1969		104,750.00
100,000.00	City of Richmond, Virginia, (Pub. Imp., Series N), 2¼%, January 1, 1968		98,500.00
114,000.00	City of Richmond, Virginia, (Pub. Imp., Series N), 2¼%, January 1, 1969		110,580.00
200,000.00	City of Richmond, Virginia, (Pub. Imp., Series W), 2¾%, January 1, 1973		190,000.00
100,000.00	City of Richmond, Virginia, (Pub. Imp., Series S), 2¾%, January 1, 1978		91,500.00
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		97,500.00
200,000.00	City of Rochester, New York, (Pub. Imp.), 2.90%, September 15, 1968		196,000.00
120,000.00	City of Sacramento, California, (Municipal Imp., Ser. A), 4%, July 1, 1969		120,600.00
250,000.00	City of St. Louis, Missouri, (Pub. Bldgs. & Imp.), 2½%, February 1, 1970		240,000.00
145,000.00	City of St. Louis, Missouri, (Pub. Bldgs. & Imp.), 2½%, February 1, 1973		135,212.50
130,000.00	City of St. Louis, Missouri, (Pub. Bldgs. & Imp.), 3%, February 1, 1979		118,950.00
70,000.00	City of St. Louis, Missouri, (Pub. Bldgs. & Imp.), 3%, February 1, 1980		63,700.00
100,000.00	City of St. Paul, Minnesota, (Various Purposes), 2.90%, April 1, 1971		97,000.00
100,000.00	City of St. Petersburg, Florida, (Dedicated Tax), 4½%, October 1, 1969		101,000.00
100,000.00	City of Salt Lake City, Utah, (Sewer), 2.60%, January 1, 1970		97,000.00
150,000.00	City of Salt Lake City, Utah, (School District), 2½%, February 1, 1972		140,250.00
135,000.00	City of San Antonio, Texas, (Gen. Imp.), 5%, April 1, 1969		138,712.50
25,000.00	City of San Antonio, Texas, (Exp. & Street Imp.), 2½%, March 1, 1970		24,000.00
25,000.00	City of San Antonio, Texas, (School), 2%, August 15, 1970-67		23,437.50
50,000.00	City of San Antonio, Texas, (School), 2%, December 1, 1970-67		46,625.00
255,000.00	City of San Antonio, Texas, (Ind. School District), 4¼%, February 15, 1971		260,100.00
50,000.00	City of San Antonio, Texas, (Gen. Imp.), 4%, December 1, 1971		50,625.00
75,000.00	City of San Diego, California, (Unified School District), 5%, August 1, 1969		76,875.00
120,000.00	City of San Diego, California, (Harbor), 2½%, February 1, 1974		108,300.00
80,000.00	City of San Diego, California, (Recreation Facilities), 3¾%, June 1, 1975		78,800.00
103,000.00	City & County of San Francisco, California, (Var. Pur.), 2½%, April 1, 1970		98,107.50
176,000.00	City & County of San Francisco, California, (Var. Pur.), 2½%, April 1, 1971		164,120.00
90,000.00	City of San Jose, California, (Unified School District), 5%, June 1, 1969		92,025.00
140,000.00	City of San Jose, California, (Unified School District), 5%, June 1, 1971		145,600.00
25,000.00	City of Savannah, Georgia, (Various Purposes), 3½%, August 1, 1977		24,062.50
45,000.00	City of Savannah, Georgia, (Sewer & Paving), 3%, January 1, 1983		40,050.00
95,000.00	City of Seattle, Washington, (Civic Center), 6%, October 1, 1967		96,425.00
234,000.00	City of Seattle, Washington, (Light & Power LL-3), 2¼%, February 1, 1974-67		203,580.00
155,000.00	City of Stamford, Connecticut, (Various Purposes), 3.10%, June 1, 1979		142,987.50
150,000.00	City of Syracuse, New York, (Public Safety Bldg.), 2.60%, April 1, 1973		137,625.00
100,000.00	City of Syracuse, New York, (Various Purposes), 2½%, May 1, 1974		88,500.00
35,000.00	City of Tacoma, Washington, (Light & Power), 2.20%, January 1, 1972-67		31,675.00
45,000.00	City of Tallahassee, Florida, (Mun. Elec. Rev.), 4¼%, October 1, 1968		45,112.50
200,000.00	City of Tallahassee, Florida, (Mun. Elec. Rev.), 6%, October 1, 1971		216,000.00
65,000.00	City of Tampa, Florida, (Cap. Imp. Rev., Series D), 6%, October 1, 1968		67,112.50
50,000.00	City of Tampa, Florida, (Cap. Imp. Rev., Series D), 6%, October 1, 1969		52,625.00
100,000.00	City of Trenton, New Jersey, (Various Purposes), 1.85%, December 1, 1967		97,750.00
440,000.00	City of Trenton, New Jersey, (Various Purposes), 3.10%, December 1, 1969		430,100.00
80,000.00	City of Trenton, New Jersey, (Various Purposes), 1.95%, February 1, 1976		66,800.00
140,000.00	City of Tulsa, Oklahoma, (Various Purposes), 3¼%, April 1, 1968		138,250.00
140,000.00	City of Tulsa, Oklahoma, (Various Purposes), 4%, November 1, 1968		139,650.00
80,000.00	City of West Palm Beach, Florida, (Various Purposes), 4%, July 1, 1969		80,200.00
100,000.00	City of Wichita, Kansas, (Imp.), 2.80%, June 1, 1969		97,500.00
55,000.00	City of Wilmington, Delaware, (Sewer), 2.60%, April 1, 1990		45,100.00
200,000.00	City of Yonkers, New York, (Various Purposes), 3%, June 1, 1969		195,500.00
70,000.00	City of Yonkers, New York, (Various Purposes), 4%, July 1, 1969		70,175.00
115,000.00	City of Youngstown, Ohio, (Various Purposes), 2½%, October 1, 1970		108,675.00
<u>\$64,990,000.00</u>			<u>\$60,890,970.00</u>

No. of Shares		GUARANTEED RAILROAD STOCKS	
4,000	Carolina, Clinchfield and Ohio Railway Company		\$ 356,000.00
2,000	Cleveland and Pittsburgh Railroad Company, Reg. Gtd.		128,000.00
520	Mahoning Coal Railroad Company		364,000.00
1,200	West Jersey and Seashore Railroad Company		58,800.00
			<u>\$ 906,800.00</u>

No. of Shares	PREFERRED STOCKS	Market Value Dec. 31, 1966
3,000	Alabama Power Company, 4.64% Cum. Pfd.	\$ 243,000.00
5,000	Aluminum Company of America, \$3.75 Cum. Pfd.	360,000.00
4,000	Arkansas Power and Light Company, 4.56% Cum. Pfd.	320,000.00
2,900	Atlantic Richfield Company, 3.75% Cum. Pfd., Series B	218,950.00
4,000	Carolina Power and Light Company, \$4.20 Cum. Pfd.	300,000.00
3,000	Celanese Corporation, 4½% Cum. Pfd., Series A	226,875.00
10,000	Connecticut Light and Power Company, \$2.20 Cum. Pfd.	400,000.00
3,000	Consolidated Edison Co. of New York, Inc., 5¼% Cum. Pfd., Series B	279,000.00
2,400	Consumers Power Company, \$4.16 Cum. Pfd.	184,800.00
1,000	Continental Can Company, Inc., \$3.75 Cum. Pfd.	78,000.00
3,000	Dallas Power and Light Company, \$4.80 Cum. Pfd.	261,000.00
3,000	Duke Power Company, 4.50% Cum. Pfd., Series C	240,000.00
2,000	Duke Power Company, 5.72% Cum. Pfd., Series D	204,000.00
2,500	DuPont (E. I.) de Nemours and Company, \$4.50 Cum. Pfd.	225,625.00
5,600	Duquesne Light Company, \$2.10 Cum. Pfd.	215,600.00
2,000	Florida Power and Light Company, 4.32% Cum. Pfd., Series D	156,000.00
4,000	Georgia Power Company, \$5.64 Cum. Pfd.	388,000.00
3,200	Grant (W. T.) Company, 3¾% Cum. Pfd.	224,000.00
19,600	Hawaiian Telephone Company, 4½% Cum. Pfd., Series G	156,800.00
3,500	Illinois Power Company, 4.08% Cum. Pfd.	131,250.00
4,500	Illinois Power Company, 4.70% Cum. Pfd.	192,375.00
2,600	Kansas City Power and Light Company, 4.50% Cum. Pfd.	213,200.00
4,000	Kansas Gas and Electric Company, 4.28% Cum. Pfd.	300,000.00
3,000	Mississippi Power and Light Company, 4.36% Cum. Pfd.	228,000.00
4,000	Northern Indiana Public Service Company, 4.22% Cum. Pfd.	306,000.00
4,000	Northern States Power Company (Minnesota), \$4.11 Cum. Pfd.	298,000.00
3,800	Ohio Edison Company, 4.44% Cum. Pfd.	309,700.00
3,300	Ohio Power Company, 4.20% Cum. Pfd.	250,800.00
16,000	Pacific Gas and Electric Company, 4.80% Cum. 1st Pfd.	346,000.00
4,000	Pacific Lighting Corporation, \$4.75 Cum. Pfd.	332,000.00
3,300	Philadelphia Electric Company, 4.68% Cum. Pfd.	287,100.00
8,000	Potomac Electric Power Company, \$2.44 Cum. Pfd.	352,000.00
4,000	Public Service Company of Colorado, 4.90% Cum. Pfd.	348,000.00
19,000	Public Service Company of Indiana, Inc., 4.32% Cum. Pfd.	370,500.00
3,000	Public Service Company of New Mexico, 4.58% Cum. Pfd.	243,000.00
4,000	Public Service Company of Oklahoma, 4.24% Cum. Pfd.	300,000.00
4,100	Public Service Electric and Gas Company, 4.30% Cum. Pfd.	322,875.00
1,000	Reynolds (R. J.) Tobacco Company, 3.60% Cum. Pfd.	68,500.00
14,200	San Diego Gas and Electric Company, 4½% Cum. Pfd.	223,650.00
2,000	South Carolina Electric and Gas Company, 5.125% Cum. Pfd.	90,000.00
6,000	South Carolina Electric and Gas Company, 6% Cum. Pfd.	306,000.00
3,000	Tampa Electric Company, 4.58% Cum. Pfd., Series D	243,000.00
3,600	Texas Electric Service Company, \$5.08 Cum. Pfd.	320,400.00
4,000	Texas Power and Light Company, \$4.84 Cum. Pfd.	340,000.00
16,000	Tidewater Oil Company, \$1.20 Cum. Pfd.	366,000.00
9,835	Utah Power and Light Company, \$1.28 Cum. Pfd., Series A	216,370.00
4,000	Virginia Electric and Power Company, \$4.80 Cum. Pfd.	347,000.00
2,000	Washington Gas Light Company, \$4.80 Cum. Pfd.	169,000.00
2,000	Washington Gas Light Company, \$5.00 Cum. Pfd.	174,000.00
		\$12,676,370.00

CONVERTIBLE PREFERRED STOCKS

400	Honeywell, Inc., 3% Cum. Conv. Pfd.	\$ 32,800.00
5,500	Potomac Electric Power Company, \$2.44 Cum. Conv. Pfd.	280,500.00
2,000	Tenneco, Inc., 5.36% Cum. Conv. 2nd Pfd.	168,000.00
1,000	Washington Gas Light Company, \$4.36 Cum. Conv. Pfd.	76,000.00
		\$ 557,300.00

FINANCIAL COMMON STOCKS

6,000	Federal National Mortgage Association	\$ 412,500.00
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RAILROAD COMMON STOCKS

2,500	Atchison, Topeka and Santa Fe Railway Company	\$ 70,625.00
1,000	Atlantic Coast Line Railroad Company	67,000.00
1,000	Chesapeake and Ohio Railway Company	61,125.00
2,400	Denver and Rio Grande Western Railroad Company	40,200.00
2,000	Union Pacific Railroad Company	75,000.00
5,300	Western Pacific Railroad Company	173,575.00
		\$ 487,525.00



No. of Shares	PUBLIC UTILITY COMMON STOCKS	Market Value Dec. 31, 1966
12,000	Allegheny Power System, Inc.	\$ 333,000.00
22,000	American Telephone and Telegraph Company	1,210,000.00
26,000	Columbia Gas System, Inc.	666,250.00
10,000	Consolidated Edison Company of New York, Inc.	316,250.00
14,000	Consumers Power Company	708,750.00
19,000	General Public Utilities Corporation	584,250.00
14,000	Iowa Power and Light Company	435,750.00
10,000	Kansas City Power and Light Company	372,500.00
37,000	New England Electric System	1,008,250.00
10,000	New England Telephone and Telegraph Company	433,750.00
26,000	New York State Electric and Gas Corporation	1,131,000.00
25,000	Niagara Mohawk Power Corporation	525,000.00
16,000	Northern States Power Company (Minnesota)	534,000.00
20,000	Ohio Edison Company	560,000.00
22,300	Pacific Gas and Electric Company	797,225.00
19,000	Philadelphia Electric Company	600,875.00
25,000	Potomac Electric Power Company	509,375.00
23,000	Public Service Electric and Gas Company	828,000.00
15,000	Southern California Edison Company	579,375.00
17,000	Union Electric Company	437,750.00
28,500	Washington Gas Light Company	812,250.00
28,500	Wisconsin Electric Power Company	815,812.50
		<u>\$14,199,412.50</u>

No. of Shares	INDUSTRIAL COMMON STOCKS	Market Value Dec. 31, 1966
29,000	Allied Chemical Corporation	\$ 957,000.00
14,500	Allied Stores Corporation	326,250.00
15,500	American Can Company	728,500.00
14,500	American Smelting and Refining Company	855,500.00
8,000	Atlantic Richfield Company	694,000.00
7,500	Celanese Corporation	356,250.00
24,700	Chrysler Corporation	759,525.00
12,600	Columbia Broadcasting System, Inc.	774,900.00
45,800	Continental Can Company, Inc.	1,935,050.00
14,400	Dow Chemical Company	887,400.00
4,400	DuPont (E. I.) de Nemours and Company	631,400.00
28,200	Ford Motor Company	1,085,700.00
12,000	General Electric Company	1,062,000.00
30,000	General Motors Corporation	1,976,250.00
30,000	Great Atlantic and Pacific Tea Company, Inc.	783,750.00
12,000	International Harvester Company	414,000.00
10,000	International Nickel Company of Canada, Ltd.	890,000.00
40,000	International Paper Company	1,015,000.00
20,000	Mobil Oil Corporation	935,000.00
16,000	National Lead Company	882,000.00
14,100	Olin Mathieson Chemical Corporation	826,612.50
8,500	Philadelphia and Reading Corporation	340,000.00
15,100	Pittsburgh Plate Glass Company	821,062.50
7,500	Scovill Manufacturing Company	270,000.00
14,800	Shell Oil Company	888,000.00
20,000	Standard Oil Company (Indiana)	965,000.00
28,700	Standard Oil Company (New Jersey)	1,815,275.00
16,900	Texaco, Inc.	1,208,350.00
24,900	Union Carbide Corporation	1,176,525.00
8,700	United States Steel Corporation	320,812.50
25,000	Westinghouse Electric Corporation	1,184,375.00
30,000	Woolworth (F. W.) Company	588,750.00
		<u>\$28,354,237.50</u>

TRANSFER AGENT

American Security and Trust Company
Washington, D. C.

FIELD OFFICES

The services of the Government Employees Insurance Company are now available through 63 offices of the Government Employees Group which are located in 20 states, the District of Columbia and in West Germany.

WASHINGTON, D. C.	Home Office	NEW YORK	
ALABAMA		New York City	
Huntsville ⁽¹⁾⁽²⁾	Sales Office	135 W. 50th Street	Regional Office
CALIFORNIA		Empire State Building	Sales & Service Office
Long Beach ⁽¹⁾	Sales & Service Office	150 Nassau Street	Sales & Service Office
Los Angeles	Branch Office	Bayshore, L. I. ⁽¹⁾	Sales & Service Office
Oakland	Sales & Service Office	Hempstead, L. I.	Sales & Service Office
Oceanside	Sales Office	Huntington, L. I.	Sales & Service Office
San Diego	Branch Office	NORTH CAROLINA	
San Francisco	Branch Office	Fayetteville ⁽²⁾	Sales & Service Office
Seaside	Sales & Service Office	Jacksonville ⁽²⁾	Sales Office
COLORADO		OHIO	
Colorado Springs ⁽²⁾ ..	Sales & Service Office	Groveport ⁽¹⁾⁽²⁾	Sales Office
Denver ⁽²⁾	Sales & Service Office	OKLAHOMA	
FLORIDA		Lawton ⁽²⁾	Sales Office
Cocoa Beach ⁽²⁾	Sales Office	Oklahoma City ⁽²⁾	Sales Office
Ft. Walton Beach ⁽²⁾ ..	Sales Office	PENNSYLVANIA	
Jacksonville	Sales & Service Office	Harrisburg ⁽¹⁾⁽²⁾	Sales Office
Key West ⁽¹⁾⁽²⁾	Sales Office	Philadelphia	Branch Office
Pensacola ⁽²⁾	Sales Office	SOUTH CAROLINA	
Tampa ⁽¹⁾⁽²⁾	Sales Office	Beaufort ⁽¹⁾⁽²⁾	Sales Office
GEORGIA		Sumter ⁽¹⁾⁽²⁾	Sales Office
Atlanta ⁽¹⁾⁽²⁾	Sales Office	TEXAS	
Columbus ⁽²⁾	Sales Office	Dallas ⁽¹⁾⁽²⁾	Sales Office
HAWAII		El Paso ⁽²⁾	Sales Office
Honolulu ⁽²⁾	Sales & Service Office	Houston ⁽¹⁾⁽²⁾	Sales & Service Office
ILLINOIS		Killeen ⁽²⁾	Sales Office
Wilmette ⁽¹⁾	Branch Office	San Antonio ⁽²⁾	Sales Office
KENTUCKY		Wichita Falls ⁽²⁾	Sales Office
Radcliff ⁽²⁾	Sales Office	VIRGINIA	
MARYLAND		Arlington ⁽²⁾	Sales & Service Office
Aberdeen ⁽¹⁾⁽²⁾	Sales Office	Falls Church	Sales & Service Office
Baltimore ⁽¹⁾	Sales & Service Office	Norfolk	Sales & Service Office
Chevy Chase	Operations Building	Virginia Beach	Branch Office
Towson	Branch Office	WEST GERMANY	
Wheaton	Sales & Service Office	Augsburg ⁽²⁾	Sales & Service Office
MASSACHUSETTS		Frankfurt ⁽²⁾	Sales & Service Office
Boston ⁽¹⁾	Sales & Service Office	Fuerth/Bayern ⁽¹⁾⁽²⁾ ..	Sales & Service Office
MISSISSIPPI		Heidelberg ⁽²⁾	Sales & Service Office
Biloxi ⁽²⁾	Sales Office	Kaiserslautern ⁽²⁾	Sales & Service Office
NEW JERSEY		Munich ⁽²⁾	Sales & Service Office
Eatontown ⁽²⁾	Sales Office	Stuttgart ⁽²⁾	Sales & Service Office
Wrightstown ⁽²⁾	Sales Office		

⁽¹⁾ Opened in 1966.

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

GEICO