

SEC FILE NO 1-8012 12 -09

SIC 633

G 11 02 88 000

GEICO CORP

10-K

NYS

CARD 1

DISCLOSURE INC WASHINGTON D. C. 20016

FOR 12/31/82

Quick Reference Chart to Contents of SEC Filings

REPORT CONTENTS	10-K	19-K 20-F	10-Q	8-K	10-C	6-K	Proxy Statement	Prospectus	Registration Statements			ARS	Listing Application	N-1R	N-10
									'34 Act		'33 Act 'S' Type				
									F-10	8-A 8-B					
Auditor															
<input type="checkbox"/> Name	A	A						A	A		A	A		A	
<input type="checkbox"/> Opinion	A	A							A		A			A	
<input type="checkbox"/> Changes				A											
Compensation Plans															
<input type="checkbox"/> Equity							F	F	A		F				
<input type="checkbox"/> Monetary								F	A		F				
Company Information															
<input type="checkbox"/> Nature of Business	A	A				F		A	A		A				
<input type="checkbox"/> History	F	A						A			A				
<input type="checkbox"/> Organization and Change	F	F		A		F		A		F	A				
Debt Structure	A					F		A	A		A	A		A	
Depreciation & Other Schedules	A	A				F		A	A		A				
Dilution Factors	A	A		F		F		A	A		A	A			
Directors, Officers, Insiders															
<input type="checkbox"/> Identification	F	A				F	A	A	A		A	F			
<input type="checkbox"/> Background		A				F	F	A			A				
<input type="checkbox"/> Holdings		A					A	A	A		A				
<input type="checkbox"/> Compensation		A					A	A	A		A				
Earnings Per Share	A	A	A			F			A		A			A	
Financial Information															
<input type="checkbox"/> Annual Audited	A	A							A		A			A	
<input type="checkbox"/> Interim Audited		A													
<input type="checkbox"/> Interim Unaudited			A			F		F			F				
Foreign Operations	A							A	A		A		F		
Labor Contracts									F		F				
Legal Agreements	F								F		F				
Legal Counsel								A			A				
Loan Agreements	F		F						F		F				
Plants and Properties	A	F						F	A		F				
Portfolio Operations															
<input type="checkbox"/> Content (Listing of Securities)														A	
<input type="checkbox"/> Management														A	
Product-Line Breakout	A							A			A				
Securities Structure	A	A						A	A		A				
Subsidiaries	A	A						A	A		A				
Underwriting								A	A		A				
Unregistered Securities								F			F				
Block Movements				F					A						

Legend A - always included - included - if occurred or significant F - frequently included ■ special circumstances only

TENDER OFFER/ACQUISITION REPORTS	13D	13G	14D-1	14D-9	13E-3	13E-4
Name of Issuer (Subject Company)	A	A	A	A	A	A
Filing Person (or Company)	A	A	A	A	A	A
Amount of Shares Owned	A	A				
Percent of Class Outstanding	A	A				
Financial Statements of Bidders			F		F	F
Purpose of Tender Offer			A	A	A	A
Source and Amount of Funds	A		A		A	
Identity and Background Information			A	A	A	
Persons Retained Employed or to be Compensated			A	A	A	A
Exhibits	F		F	F	F	F

G110288 SEC

ORIGINAL
F 19-264 SEC COMMISSION
Washington, D. C. 20549

SECURITIES AND EXCHANGE COMMISSION
FEE RECEIVED

MAR 31 1983

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of OFFICE OF REPORTS
The Securities Exchange Act of 1934 INFORMATION SERVICES

For the Fiscal Year Ended December 31, 1982 Commission File No. 1-8012

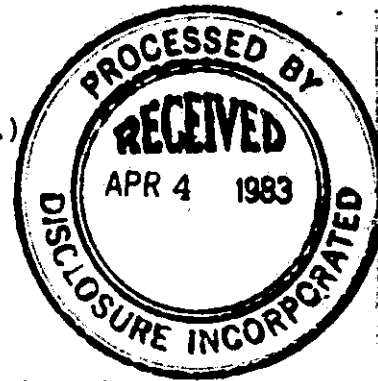
GEICO CORPORATION

Delaware 52-1135801
(Jurisdiction of Incorporation) (IRS Employer Identification No.)

GEICO Plaza, Washington, D. C. 20076

Registrant's telephone number (301) 986-3000

Securities registered pursuant to Section 12(b) of the Act:



Title of each class

Name of each exchange
on which registered

Common Stock

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Warrants (one Warrant entitling the holder thereof
to purchase 2.08 shares of Common Stock at \$24.00
per share exercisable until August 1, 1983)

Over the Counter

106

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 29, 1983.....\$929,067,145 (1)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of March 29, 1983

Common Stock, \$1.00 par value

20,510,689 shares

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the GEICO Corporation Annual Report to Shareholders for the fiscal year ended December 31, 1982 are incorporated by reference into Parts I and II of this Form 10-K Report.
2. Portions of the GEICO Corporation Proxy Statement for the Annual Meeting of Shareholders to be held on May 18, 1983 are incorporated by reference into Parts I and III of this Form 10-K Report.

(1) Except as stated herein, the amount set forth as the aggregate market value of GEICO Corporation's voting stock held by non-affiliates is based upon a market value (closing price on the New York Stock Exchange) of \$47.375 for each of the 20,510,689 outstanding shares of Common Stock on March 29, 1983. The amount excludes the market value of 899,773 shares of Common Stock beneficially owned by the Registrant's directors and executive officers (including 185,943 shares of Common Stock as to which said directors and/or officers disclaim beneficial ownership) and includes the market value of 7,200,000 shares of Common Stock beneficially owned by Berkshire Hathaway Inc.

GEICO Corporation
Form 10-K Annual Report

PART I

Item 1. Business (GEICO Corporation and Subsidiaries).

GEICO Corporation (or the "Corporation"), which was organized as a Delaware corporation in 1978 and became the parent of Government Employees Insurance Company ("GEICO" or the "Company") in 1979, is an insurance and financial services organization whose principal subsidiary is a multiple line property and casualty insurer engaged in writing preferred risk private passenger automobile, homeowners, fire and extended coverage, professional and comprehensive personal liability, excess business liability, boat and yacht insurance. In April of 1982 GEICO acquired all the outstanding stock of Equitable General Insurance Company, an Iowa property and casualty insurer which writes standard private passenger auto insurance, from The Equitable Life Holding Corporation for \$6.8 million in cash and subsequently renamed it GEICO General Insurance Company ("GGIC"). Criterion Insurance Company ("Criterion"), which became a majority owned subsidiary of GEICO in 1978 and a wholly-owned subsidiary in January of 1980, writes standard private passenger automobile and motorcycle insurance. In August, 1982, Criterion incorporated Criterion Casualty Company as a Maryland property and casualty insurance subsidiary. Criterion then purchased all 750,000 outstanding shares of Criterion Casualty's \$2.00 par value capital stock for \$6.00 per share to provide its initial capitalization.

In December of 1981 GEICO sold its 66% ownership interest in Government Employees Life Insurance Company ("GELICO"), which had been a majority-owned subsidiary since 1978, to subsidiaries of Legal & General Group Ltd. of London, England. In March 1982, GEICO incorporated GEICO Annuity and Insurance Company ("GEICO Annuity") as a wholly-owned Delaware life insurance subsidiary. In June 1982, GEICO Corporation acquired all the outstanding stock of Garden State Life Insurance Company ("GSLIC"), a New Jersey corporation, from Motor Club of America Insurance Company for \$2.5 million in cash and a \$7.5 million unsecured 15% debenture due 1997. The same day the Corporation sold GSLIC to GEICO for \$10 million cash.

The Corporation is affiliated with Government Employees Financial Corporation ("GEFCO") which became a majority-owned subsidiary in March of 1979. GEFCO is a provider of consumer finance services. In October 1982, the Corporation purchased International Insurance Underwriters, Inc. ("IIU") and GEICO Financial Services, GmbH ("GFS") from GEFCO for approximately \$3.8 million. While IIU specializes in marketing automobile insurance to military personnel as they are transferred overseas and GFS places unsecured loans for GEFCO and sells automobile policies to American military personnel through eight offices located in Germany, foreign operations are not material. The Corporation also has a wholly-owned subsidiary, Plaza Financial Services Company, formed primarily to facilitate the marketing of life insurance products, a wholly-owned property subsidiary, GEICO Facilities Corporation, and two real estate subsidiaries, GEICO Properties, Inc. ("GPI") and GEICO Washington Properties, Inc. ("GWPI"), which are wholly-owned by GEICO. GEICO also wholly-owns Plaza Resources Company, which is engaged in leasing and other investment ventures. In January 1981 the

Corporation formed a new wholly-owned Delaware subsidiary, Resolute Group, Inc. which, through its wholly-owned subsidiaries, Resolute Reinsurance Company (a New York insurance company licensed in May of 1981) and Resolute Management Corporation (a New York corporation), writes property and casualty reinsurance. In July of 1981 GEICO Corporation incorporated in Delaware Criterion Investment Services Company ("CRIVEST") as a wholly-owned subsidiary. CRIVEST is a registered investment adviser and broker-dealer organized to provide investment management and administrative services to Criterion Investment Series Trust and its Government Securities Cash Fund, a no-load money market mutual fund first offered to the public in February of 1982.

Private passenger automobile insurance is the Corporation's dominant business segment, although other insurance and financial service products are being developed.

Each of the Corporation's insurance company subsidiaries is subject to regulation and supervision of its respective insurance business in each of the jurisdictions in which it does business. In general, the various state laws establish supervisory agencies with broad administrative powers. Those powers relate to the issuance and revocation of licenses to insurers and their agents, standards of solvency, regulation of premium rates and investments, form and content of financial statements, methods of accounting, policy forms and reserves. In general, such regulation is for the protection of policyholders rather than shareholders. CRIVEST is regulated by the federal government and the various states in which it is licensed; the primary purpose of such regulation is to protect the investing public rather than shareholders.

The United States Congress and certain state legislatures are looking at the use of sex as a basis for rating classification; certain state legislatures are also reviewing the use of age and marital status in rating. The traditional underwriting and rating principles of the insurance industry continue to be questioned.

The insurance industry is highly competitive. GEICO currently competes most directly with the other companies, including mutual companies, that concentrate on preferred risk insurance. Although most insurance companies are stock companies like GEICO, in 1981 mutual companies wrote approximately one-third of all property and liability insurance in the United States. Mutual companies may have a competitive advantage in that certain earnings inure to the benefit of policyholders rather than to shareholders.

The latest available statistics as published in the National Underwriter reveal that, based upon 1981 earned premiums, GEICO was the 10th largest automobile insurer and the 5th largest stock automobile insurer in the United States.

As of December 31, 1982, the Corporation and its consolidated subsidiaries had 3,825 full-time employees and 720 part-time employees. A number of benefits are provided or made available for full-time employees including a savings plan, pension plan and various insurance programs.

PRINCIPAL BUSINESS SEGMENT

The information concerning GEICO Corporation's private passenger automobile insurance business required by the remainder of this Item 1 is contained in its 1982 Annual Report to Shareholders under the caption "Principal Business Segments" on pages 6 through 11 and Note O of the "Notes to Consolidated Financial Statements" contained on page 35 and is incorporated herein by reference.

Item 2. Properties.

GEICO Corporation's total real estate investment, on a consolidated basis, was \$30,163,562 (depreciated cost) as of December 31, 1982. Such real estate is owned by GEICO and its subsidiaries and is represented principally by (a) \$9,893,514 in its GEICO Plaza Building in Chevy Chase, Maryland; (b) \$10,783,544 in its Regional Office Building in Woodbury, Long Island, New York; and (c) \$7,008,191 in its Regional Office Building in Macon, Georgia.

GEICO Plaza is a multilevel structure with a total of approximately 428,400 square feet of office space. The greater part of the four-story portion was completed in 1959 and an additional four-story portion and an eight-story tower were completed in 1964.

In December 1973, GEICO's Regional Office Building in Woodbury and one of its Fairfax County, Virginia claims facilities were acquired by GPI. The purchase was financed by 8-1/4% notes due June 15, 2004 sold to institutional investors. The notes were secured by a Deed of Trust and Indenture of Mortgage on the properties, by the assignment to the trustees of a 30-year lease, coincident with the term of the notes, between GEICO and GPI, and by the undertaking of GEICO to make sufficient funds available to GPI to meet its obligations under the Indenture.

GEICO's Regional Office Building in Macon was purchased by GPI in May 1974 and occupied by GEICO in August 1974. This purchase was financed by an 8-1/2% note due May 1, 2004 which was sold to an institutional investor and secured by an assignment to the trustee of a 30-year lease and the undertaking between GEICO and GPI, which documents were similar in terms to those used in financing GEICO's Regional Office Building in Woodbury. Both buildings are similar in design and capacity, each being a modern four-story structure containing approximately 250,000 square feet. With respect to both financings, the outstanding balance of the long-term debt of GPI on December 31, 1982 was \$21,306,584.

On July 24, 1975, the Company transferred its GEICO Plaza and certain adjacent property and its Fairfax County, Virginia and Clinton, Maryland sales/drive-in facilities, and GPI sold its Smithtown, New York, sales/drive-in facility to GWPI. This transfer was financed by a 9-3/8% note due July 1, 2010 which was sold to an institutional investor and secured by an Indenture of Mortgage and Deed of Trust on the properties and by the assignment to the noteholder of a 7-year lease for the GEICO Plaza property, automatically renewable for 4 successive 7-year terms, between GEICO and GWPI. The outstanding balance of the long-term debt of GWPI on December 31, 1982 was \$24,001,073.

GEICO also leases office space and drive-in claims facilities in various cities in the United States. These leases expire at various times between 1983 and 1992 with renewal options in a number of cases. In addition, GEICO maintains electronic data processing equipment, with a depreciated cost as of December 31, 1982 of \$8,110,780, located principally at GEICO Plaza.

Item 3. Legal Proceedings.

There are no material legal proceedings to which GEICO Corporation is a party or of which the property of GEICO Corporation is the subject.

Item 4. Submission of Matters to a Vote of Security Holders.

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters.

In response to this Item the material under the caption "Common Stock Market Prices and Dividends" (page 20) and the final paragraph of Note C (page 31) of the Notes to Consolidated Financial Statements in the Corporation's 1982 Annual Report to Shareholders is incorporated by reference.

Item 6. Selected Financial Data.

In response to this Item the material under the caption "Selected Financial Data" (page 14) in the Corporation's 1982 Annual Report to Shareholders is incorporated by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The response to this Item is incorporated herein by reference from the material under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" (pages 16 through 20) in the Corporation's 1982 Annual Report to Shareholders.

Item 8. Financial Statements and Supplementary Data.

In response to this Item the consolidated financial statements and the notes thereto contained in the Corporation's 1982 Annual Report to Shareholders

(pages 22 through 35), Supplemental Financial Information (pages 36 and 37) and the Quarterly Highlights of Operating Results (page 37) are incorporated by reference.

Item 9. Disagreements on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this Item from Regulation S-K, Item 401(a), is incorporated herein by reference from the Corporation's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Act"). The information required by this Item from Regulation S-K, Item 401(b)-(f) follows:

Executive Officers of the Registrant.

John J. Byrne, 50, was elected Chairman of the Board and Chief Executive Officer of the Corporation in November 1978 and was President from November 1978 until September 1981. He has been Chairman of the Board and Chief Executive Officer of GEICO since May 1976 and was President of GEICO from May 1976 to February 1980. Mr. Byrne has also served as Chairman of the Board of Criterion since May 1981, Resolute Group, Inc. since January 1981, Resolute Management Corporation since February 1981, Resolute Reinsurance Company since March 1981, CRIVEST since August 1981, GEICO Annuity since February 1982, GEICO General since March 1982, GSLIC since June 1982, Criterion Casualty since September 1982, Plaza Resources Company from February 1982 to May 1982, Plaza Financial Services Company since January 1983 and has been a director of Criterion since April 1978, Resolute Reinsurance Company since February 1981, Plaza Resources Company since February 1982 and GEICO since May 1982. Prior to his employment by GEICO, he served with The Travelers Insurance Companies, from 1967 to 1970 as Director of Variable Annuities, from 1970 to 1973 as Senior Vice President, and from 1973 to 1976 as Executive Vice President, responsible for casualty-property personal lines and individual life, health and financial services.

Richard C. Lucas, 56, has been a director of GEICO since October 1979 and Senior Vice President since July 1978; he was Vice President from May 1977 until July 1978, and Internal Auditor from April 1978 to August 1978. Mr. Lucas may be deemed an "executive officer" (as that term is defined in Rule 3b-7 under the Act) of the Corporation because of his positions with its principal subsidiary. Mr. Lucas served as Senior Vice President of GEICO Corporation from January 1980 to May 1982 and was its Controller from November 1978 until January 1982. Mr. Lucas has been a director of Criterion since March 1980 and was a Vice President from June 1981 through December 1981. He has also been a director of AVEMCO Corporation since September 1981, GEICO General since March 1982,

Criterion Casualty since August 1982, Plaza Financial Services Company since January 1983 and director and president of IIU since November 1982. He was a director, Treasurer and Controller of CRIVEST from July 1981 to June 1982 and a Trustee, Controller and Treasurer of Criterion Investment Series Trust from September 1981 to June 1982. He was a director and Vice President of Resolute Management Group from February 1981 to March 1982, a director of Resolute Group, Inc. from January 1981 to March 1982 and Vice President from February 1981 to March 1982. Prior to his employment by GEICO, Mr. Lucas was self-employed as a consultant at various times from 1973 to 1977. He also served as Vice President, Massachusetts Company from 1975 until 1976; Senior Vice President and Chief Financial Officer, Financial Services Corporation from 1974 until 1975; and Vice President, Administration, Bradford Trust Company in 1973.

Eugene J. Meyung, 57, was elected a director of GEICO in May 1981 and Executive Vice President in September 1981. From July 1978 to August 1980 he was a Vice President of GEICO and from September 1980 to September 1981 he was a Senior Vice President. Mr. Meyung may be deemed an "executive officer" (as that term is defined in Rule 3b-7 under the Act) of the Corporation because of his positions with its principal subsidiary. Mr. Meyung has also served as a director of GEICO General since March 1982, Criterion Casualty since August 1982, IIU since November 1982 and Plaza Financial Services Company since January 1983. Prior to joining GEICO, Mr. Meyung worked for State Farm Insurance Company for twenty-five years, leaving as Deputy Vice President, Operations.

John M. O'Connor, 53, was elected Secretary of the Corporation in November 1978. He has been Secretary of GEICO, GEFCO and Criterion since 1970, the Resolute Group, Inc. since January 1981, Resolute Management Corporation since February 1981, Resolute Reinsurance Company since March 1981, CRIVEST and Criterion Investment Series Trust since September 1981, Criterion Casualty since September 1982 and GEICO General since December 1982.

James E. Reagan, 58, was elected a director of GEICO in May 1981; he has served as Senior Vice President since August 1979. Prior to that time he served as Vice President from July 1974 to August 1979 and Assistant Vice President from March 1964 to July 1974. Mr. Reagan joined GEICO in 1950. Mr. Reagan may be deemed an "executive officer" (as that term is defined in Rule 3b-7 under the Act) of the Corporation because of his positions with its principal subsidiary. Mr. Reagan was also elected a director and President of GEICO General in March 1982 and a director of IIU in November 1982.

Louis A. Simpson, 46, was elected Senior Vice President of the Corporation and GEICO in August 1979, a director of GEICO in October 1979, a director and Vice President of Criterion in March 1980 and December 1979, respectively, a director and Vice President of CRIVEST in July and August of 1981, respectively, a director and Vice President of Resolute Reinsurance Company in February 1981 and June 1981, respectively, a director of GEICO General in March 1982, a director and Vice President of GSLIC in June 1982, a director and Vice President of Criterion Casualty in August and September 1982, respectively, and a director and President of Plaza Resources Company in February 1982 and Chairman of the Board in May 1982.

Mr. Simpson has also served as Vice President of Resolute Group, Inc. and Resolute Management Corporation since May 1981, Resolute Reinsurance Company since June 1981, Criterion Investment Series Trust since September 1981, GEICO Annuity since March 1982, GSLIC since June 1982, Criterion since December 1979 and GEICO since August 1980. Prior to his employment with the Corporation Mr. Simpson served as President and Chief Executive Officer of Western Asset Management, Los Angeles, California, from 1977 to August 1979, having joined that firm in 1972.

Donald K. Smith, 50, was elected Senior Vice President of the Corporation in January 1980 and has been its General Counsel since December 1978. He has been a director of GEICO since May 1979, Criterion since March 1980, Resolute Reinsurance Company since February 1981, CRIVEST since August 1981, GEICO General since March 1982, Criterion Casualty since August 1982, Plaza Financial Services Company since January 1983, and a director, General Counsel and Secretary of Plaza Resources Company since February 1982. Mr. Smith has also served as Secretary of GEICO General from March 1982 to December 1982 and General Counsel from December 1982, General Counsel of Criterion Investment Series Trust since September 1981, General Counsel and Assistant Secretary of CRIVEST since August 1981 and Senior Vice President and General Counsel of GEICO since 1977, having served as GEICO's Vice President and General Counsel since 1972. He previously served as Vice President of Criterion from 1974 to 1979 and General Counsel from 1972 to 1979.

William B. Snyder, 53, was elected President of the Corporation in September 1981, a director of the Corporation in May 1980 and a director and President of GEICO in May of 1979 and February of 1980, respectively, having served GEICO as Executive Vice President from May 1979 to February 1980 and Senior Vice President from April 1977 to May 1979. Mr. Snyder has also served as a director and President of Plaza Financial Services Company since January 1983, a director of Plaza Resources Company since February 1982, a director of GEICO Annuity since February 1982 and Vice President since March 1982, a director of Resolute Group, Inc., Resolute Management Corporation and Resolute Reinsurance Company from March 1982 to August 1982, a director of GEICO General since March 1982, Criterion Casualty since August 1982, IIU since November 1982, CRIVEST since July 1981 and Chairman of the Board of Criterion Investment Series Trust since December 1981. Mr. Snyder was elected a director and Vice President of GSLIC in June 1982. Prior to his employment by GEICO, he served with The Travelers Insurance Companies, from 1973 to 1977 as Vice President and from 1955 to 1973 in various other positions in The Travelers Companies.

W. Alvon Sparks, Jr., 47, was elected Senior Vice President of the Corporation and GEICO in September 1982 and a director of GEICO in May 1982. He was elected Vice President of Criterion in January 1982, Resolute Group, Inc., Resolute Management Corporation and Resolute Reinsurance Company in March 1982, Criterion Casualty in September 1982 and Vice President and Controller of GSLIC in June 1982. Mr. Sparks previously served as Vice President of the Corporation from November 1981 to September 1982 and January 1980 to August 1980 and of GEICO from November 1981 to September 1982 and from July 1978 to August 1980. Mr. Sparks has also served as Controller of IIU since November 1982, a director, Treasurer and Controller of CRIVEST and a Trustee of CRITRUST since June 1982,

a director and Controller of Plaza Financial Services Company since January 1983 and a director of GEICO and IIU since August 1980, Plaza Resources Company since February 1982, Resolute Group, Inc. and Resolute Management Corporation since March 1982, Criterion since May 1982, GSLIC since June 1982 and Criterion Casualty since August 1982. Previously Mr. Sparks had served as President and Chief Executive Officer of GEICO and its wholly-owned subsidiaries from August 1980 to November 1981. Prior to joining GEICO he served as Senior Vice President and Controller of American Finance Management Corporation from December 1970 to July 1978.

All executive officers hold office at the pleasure of the Board of Directors. There is no family relationship among any of the above-named executive officers of the Corporation.

Item 11. Management Remuneration and Transactions.

The information required by this Item is incorporated herein by reference from the Corporation's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A under the Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this Item 12 is incorporated herein by reference from the section entitled "Beneficial Ownership of Stock" in the Corporation's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A under the Act.

PART IV

Item 13. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) and (2) List of Financial Statements and Financial Statement Schedules

The following consolidated financial statements of GEICO Corporation and subsidiaries, included in the annual report of the registrant to its shareholders for the year ended December 31, 1982, are incorporated by reference in Item 8:

Consolidated Balance Sheet - December 31, 1982 and 1981

Consolidated Statement of Income - Years Ended December 31, 1982, 1981 and 1980

Consolidated Statements of Redeemable Preferred Stock and Common Shareholders' Equity - Years Ended December 31, 1982, 1981 and 1980

Consolidated Statement of Changes in Financial Position - Years Ended December 31, 1982, 1981 and 1980

Notes to Consolidated Financial Statements

The following financial information is included in response to Item 13(d):

	<u>Reference</u>
Report of Independent Accountants	Page No. 18
Schedule I - Summary of Investments-Other Than Investments in Related Parties (Consolidated)	Page No. 19
Schedule II - Amounts Receivable from Related Parties and Underwriters, Promoters, and Employees Other Than Related Parties (Consolidated)	Page No. 20
Schedule III - Condensed Financial Information of Registrant	Pages No. 21-24
Schedule VI - Reinsurance (Consolidated)	Page No. 25
Schedule VIII - Valuation and Qualifying Accounts (Consolidated)	Page No. 26
Schedule IX - Short-Term Borrowings (Consolidated)	Page No. 27

The Parent Company Information under Rule 5-04 for Schedules II and IX is included in the comparable Rule 7-05 Schedules II and IX, respectively.

All other schedules to the consolidated financial statements required by Article 7 of Regulation S-X and all other schedules to the financial statements of the registrant required by Article 5 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

Financial statements of unconsolidated affiliates and 50% or less owned persons accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute a significant subsidiary.

(a)(3) Exhibits

The following exhibits are included in response to Item 13(c):

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
3-a	Certificate of Incorporation.	Exhibit 4 to File No. 2-63138 on Form S-14.
3-b	By-laws of GEICO Corporation as amended.	Exhibit 3(b) to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
4-a	Specimen certificate representing the common stock, \$1.00 par value.	Exhibit 6(c) to File No. 2-63138.
4-b	Specimen Warrant certificate evidencing right to purchase shares of common stock.	Exhibit 5-c to File No. 2-57242 on Form S-1.
4-c	Restated Warrant Agreement dated September 10, 1981 between GEICO and The Riggs National Bank of Washington, D.C.	Page No. 28.
4-d	Indenture dated as of March 15, 1979 between GEICO Corporation and Manufacturers Hanover Trust Company and Form of Debenture contained therein.	Exhibit T3C to Amendment No. 1 to Form T-3 Application for Qualification of Indenture Under Trust Indenture Act of 1939, filed on March 6, 1979 with the Securities and Exchange Commission.
4-e	Indenture dated as of June 15, 1980 between GEICO Corporation and Manufacturers Hanover Trust Company and Form of Debenture contained therein.	Exhibit 4 to File No. 2-70801 on Form S-16.
9	Proxy Agreement between Berkshire Hathaway Inc. and Suburban Trust Company.	Exhibit 7 to GEICO's Annual Report on Form 10-K for the fiscal year ended December 31, 1977
10-a	Employment Agreement effective January 1, 1982, between John J. Byrne and GEICO Corporation.	Filed with GEICO Corporation's Form 10-Q Report for the three months ended March 31, 1982.
10-b	Employment Agreement between Paul J. Hanna and GEICO effective July 1, 1978.	Exhibit 9 to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1978.
10-c	Consultant Agreement between Alvin E. Kraus and Government Employees Insurance Company as amended through March 24, 1981.	Exhibit 10-c to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
10-d	Third Amendment to Consultant Agreement between Alvin E. Kraus and Government Employees Insurance Company dated December 18, 1981.	Exhibit 10-d to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-e	Consultant Agreement between Alvin E. Kraus and Criterion Insurance Company effective May 1, 1981.	Exhibit 10-d to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.
10-f	Deferred Compensation Agreement between Alvin E. Kraus and Government Employees Insurance Company dated December 18, 1980.	Exhibit 10-e to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.
10-g	Amendment to Deferred Compensation Agreement between Alvin E. Kraus and GEICO Corporation dated January 19, 1982.	Exhibit 10-g to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-h	Retainer Agreement between Alvin E. Kraus and Criterion Insurance Company dated May 8, 1980 together with March 23, 1981 Addendum thereto.	Exhibit 10-f to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.
10-i	Second Addendum to Retainer Agreement between Alvin E. Kraus and Criterion Insurance Company dated December 18, 1981.	Exhibit 10-i to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-j	Consultant Agreement between H. Edward Wrapp and GEICO Corporation dated April 1, 1980.	Exhibit 10-g to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.
10-k	Consultant Agreement between H. Edward Wrapp and GEICO Corporation dated April 1, 1981.	Exhibit 1 to GEICO Corporation's Form 10-Q for the Quarter Ended June 30, 1981.
10-l	Consultant Agreement between H. Edward Wrapp and GEICO Corporation dated April 1, 1982 and Amendment thereto.	Page No. 45.

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
10-m	Government Employees Insurance Company's 1973 Stock Option Plan, as amended.	Page No. 50.
10-n	Form of Option Agreement under 1973 Stock Option Plan, as amended, together with form of Notice of Intent to Exercise.	Exhibits 9-b and 9-d to GEICO's Annual Report on Form 10-K for the fiscal year ended December 31, 1973.
10-o	Amendments to Form of Option Agreement under 1973 Stock Option Plan (for employees granted more than \$50,000 worth of options).	Exhibits 10-n and 10-o to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-p	Form of Non-Qualified Stock Option Agreement, as amended.	Exhibit 10-p to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-q	Statement of 1983 Incentive Bonus Program.	Page No. 58.
10-r	Statement of 1982 Incentive Bonus Program.	Exhibit 10-r to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1981.
10-s	Deferred Compensation Plan.	Exhibit 10 to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1978.
10-t	Performance Share Plan, as amended.	Exhibit 10-m to GEICO Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1980.
11	Additional Earnings Per Share Information.	Page No. 59.
13	Annual Report to Shareholders for the year ended December 31, 1982.	Page No. 60.
22	Subsidiaries of GEICO Corporation.	Page No. 103.

(b) Reports on Form 8-K

GEICO Corporation did not file any report on Form 8-K during the three months ended December 31, 1982.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEICO CORPORATION

By: 

W. A. Sparks, Jr.
Senior Vice President
(Principal Financial Officer)

March 31, 1983

By: 

W. H. Sprank
Vice President and Controller
(Principal Accounting Officer)

March 31, 1983

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

John J. Byrne
John J. Byrne
Chairman of the Board, Principal Executive Officer and Director

March 31, 1983
Date

Thomas E. Bolger
Thomas E. Bolger
Director

March 31, 1983
Date

Samuel C. Butler
Samuel C. Butler
Director

March 31, 1983
Date

Paul J. Hanna
Paul J. Hanna
Director

March 31, 1983
Date

Alvin E. Kraus
Alvin E. Kraus
Director

March 31, 1983
Date

Richard G. Rosenthal
Richard G. Rosenthal
Director

March 31, 1983
Date

Joseph J. Sisco
Joseph J. Sisco
Director

March 31, 1983
Date

William B. Snyder
William B. Snyder
President and Director

March 31, 1983
Date

Walter E. Washington
Walter E. Washington
Director

March 31, 1983
Date

Frank A. Weil
Frank A. Weil
Director

March 31, 1983
Date

H. Edward Wrapp
H. Edward Wrapp
Director

March 31, 1983
Date

ANNUAL REPORT ON FORM 10-K

ITEM 13(d)

FINANCIAL STATEMENT SCHEDULES

YEAR ENDED DECEMBER 31, 1982

GEICO CORPORATION

WASHINGTON, D. C.

REPORT OF INDEPENDENT ACCOUNTANTS

To The Shareholders
GEICO Corporation

We have examined the consolidated financial statements and related schedules of GEICO Corporation and subsidiaries listed in Item 13(a)(1) and (2) of the annual report on Form 10-K of GEICO Corporation for the year ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of GEICO Corporation and subsidiaries at December 31, 1982 and 1981, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis. Further, it is our opinion that the schedules referred to above present fairly the information set forth therein in compliance with the applicable accounting regulations of the Securities and Exchange Commission.

Ernst & Whinney

ERNST & WHINNEY

Washington, D.C.
February 18, 1983

SCHEDULE I - SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES

GEICO CORPORATION
DECEMBER 31, 1982
In Thousands

<u>Type of investment</u>	<u>Cost (1)</u>	<u>Market value</u>	<u>Amount at which shown in the Balance Sheet</u>
Fixed maturities:			
Bonds:			
United States Government and government agencies and authorities	\$ 78,617	\$ 79,389	\$ 78,617
States, municipalities and political subdivisions	539,884	475,382	537,690 (2)
Foreign governments	951	879	951
Public utilities	4,625	4,554	4,625
All other corporate bonds	6,022	4,769	6,022
Redeemable preferred stocks	<u>112,337</u>	<u>113,612</u>	<u>112,337</u>
Total fixed maturities	<u>742,436</u>	<u>\$678,585</u>	<u>740,242</u>
Equity securities:			
Common stocks:			
Banks, trust and insurance companies	32,487	\$ 57,630	57,630
Industrial, miscellaneous and all other	133,902	184,244	184,244
Nonredeemable preferred stocks	<u>93,593</u>	<u>94,121</u>	<u>94,121</u>
Total equity securities	<u>259,982</u>	<u>\$335,995</u>	<u>335,995</u>
Short-term investments	<u>55,417</u>		<u>55,417</u>
Total investments	<u>\$1,057,835</u>		<u>\$1,131,654</u>

- (1) Fixed maturities at amortized cost and equity securities at original cost.
(2) Investments considered to have a permanent market decline are carried at estimated net realizable value.

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES
AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

GEICO CORPORATION
YEAR ENDED DECEMBER 31, 1982
In Thousands

Name of debtor	Balance at beginning of period	Additions	Deductions		Balance at end of period	
			Amounts collected	Amounts written off	Current	Not current
John J. Byrne	\$963(1)	-	-	-	-	\$963

- (1) In 1980 the Corporation, with the approval of the Board of Directors, accepted notes for \$962,500 from the Chairman of the Board payable on demand with interest at 6% per annum in return for the issuance of 209,741 shares of Common Stock to him upon exercise of options granted in 1976. In consideration of the Corporation agreeing to allow exercise by means of demand notes, the Chairman agreed to extend his term of employment.

SCHEDULE III - CONDENSED FINANCIAL
INFORMATION OF REGISTRANT
GEICO CORPORATION
(PARENT COMPANY)
BALANCE SHEET
In Thousands

	December 31,	
	1982	1981
ASSETS		
Investments	\$ 30,685	\$ 3,895
Investment in subsidiaries (1)	405,707	336,479
Cash	787	697
Notes receivable from subsidiaries (1)	1,775	1,525
Note receivable from related party	963	963
Income tax benefit receivable	10,706	935
Accrued investment income	427	101
Dividends receivable from subsidiary (1)	300	-
Other assets	6,713	561
Total Assets	\$458,063	\$345,156
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accrued expenses and other liabilities	\$ 14,097	\$ 8,492
Amounts due to subsidiaries (1)	59	150
Short-term debt	-	6,000
Long-term debt	99,110	91,610
Total Liabilities	113,266	106,252
 Redeemable Preferred Stock:		
Cumulative Junior Preferred Stock, \$.736 Convertible Series	-	2,086
 Common Shareholders' Equity:		
Common Stock	30,888	30,113
Paid-in surplus	153,085	144,316
Unrealized appreciation (depreciation) of equity securities:		
Parent only	2,047	31
Subsidiaries	58,759	(11,514)
Retained earnings		
Parent only	102,770	60,143
Subsidiaries	141,414	146,498
Treasury Stock, at cost	(144,166)	(132,769)
Total Common Shareholders' Equity	344,797	236,818
Total Liabilities and Shareholders' Equity	\$458,063	\$345,156

(1) Eliminated in consolidation.

See accompanying note to condensed financial statements.

SCHEDULE III - CONDENSED FINANCIAL
INFORMATION OF REGISTRANT
GEICO CORPORATION
(PARENT COMPANY)
STATEMENT OF INCOME
In Thousands

	<u>For The Year Ended December 31,</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
Revenue:			
Dividends from subsidiaries (1)	\$63,599	\$47,000	\$42,000
Interest from subsidiaries (1)	192	142	1
Management fees from subsidiaries (1)	2,718	2,446	2,396
Other investment income	<u>2,034</u>	<u>1,859</u>	<u>1,382</u>
Total Revenue	<u>68,543</u>	<u>51,447</u>	<u>45,779</u>
Expenses:			
General and administrative	12,067	7,875	9,827
Interest paid to GEICO (1)	24	79	120
Other interest	<u>11,467</u>	<u>10,894</u>	<u>9,981</u>
Total Expenses	<u>23,558</u>	<u>18,848</u>	<u>19,928</u>
Income before income tax benefit, equity in undistributed income, and realized gains (losses)	44,985	32,599	25,851
Income tax benefit from operations	<u>8,848</u>	<u>6,626</u>	<u>7,489</u>
Income before equity in undistributed income and realized gains (losses)	53,833	39,225	33,340
Equity in undistributed operating income of subsidiaries (1)	<u>23,650</u>	<u>25,207</u>	<u>26,304</u>
Operating Income	77,483	64,432	59,644
Realized gains on sale of investments	80	2	219
Equity in realized gains (losses) of subsidiaries on sale of investments (1)	<u>(28,715)</u>	<u>18,852</u>	<u>900</u>
Net Income	<u>\$48,848</u>	<u>\$83,286</u>	<u>\$60,763</u>

(1) Eliminated in consolidation.

See accompanying note to condensed financial statements.

SCHEDULE III - CONDENSED FINANCIAL
 INFORMATION OF REGISTRANT
 GEICO CORPORATION
 (PARENT COMPANY)
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 In Thousands

FUNDS PROVIDED	For The Year Ended December 31,		
	1982	1981	1980
Net Income	\$ 48,848	\$83,286	\$60,763
Charges (credits) to earnings not involving funds:			
Equity in undistributed income of subsidiaries (1)	5,065	(44,059)	(27,203)
Income taxes	(152)	10,160	(7,490)
Increase (decrease) in amounts due subsidiaries (1)	(92)	(72)	310
Other	4,477	2,251	6,142
Cash provided from operations	58,146	51,566	32,522
Sale of investments	16,949	4,100	33,042
Issuance of Debentures	7,500	-	18,323
Redemption of GEICO Convertible Preferred Stock (1)	-	-	4,000
Proceeds from exercise of warrants and stock options	7,515	273	1,044
Conversion of Convertible Preferred Stock:			
Increase in Common Stock	2,029	4,141	11,216
Decrease in Preferred Stock	(2,029)	(4,141)	(11,216)
Sale of Garden State to GEICO (1)	10,000	-	-
Increase (decrease) in amounts payable on security purchases	438	(170)	395
Total Funds Provided	100,548	55,769	89,326
FUNDS APPLIED			
Purchase of investments	40,908	431	29,687
Investment in tax benefit transfer leases	16,346	-	-
Investments in subsidiaries (1)	14,028	15,050	50
Increase in notes receivable from subsidiaries (1)	250	1,400	125
Increase in note receivable from related party	-	-	963
Decrease (increase) in short-term debt, net	6,000	(1,000)	(5,000)
Purchase of Common Stock (Treasury)	11,397	28,723	54,077
Cash dividends paid to shareholders	11,346	10,356	9,906
Other	183	144	-
Total Funds Applied	100,458	55,104	89,808
Increase (Decrease) in Cash	90	665	(482)
Cash Beginning	697	32	514
Cash, Ending	\$ 787	\$ 697	\$ 32

(1) Eliminated in consolidation.

See accompanying note to condensed financial statements.

SCHEDULE III - CONDENSED FINANCIAL
INFORMATION OF REGISTRANT

GEICO CORPORATION
(PARENT COMPANY)

NOTE TO CONDENSED FINANCIAL STATEMENTS

December 31, 1982

The condensed financial statements of GEICO Corporation (parent company) should be read in conjunction with the consolidated financial statements and notes thereto of GEICO Corporation and subsidiaries incorporated by reference in this Form 10-K Annual Report.

SCHEDULE VI - REINSURANCE

GEICO CORPORATION
THREE YEARS ENDED DECEMBER 31, 1982
In Thousands

	<u>Gross amount</u>	<u>Ceded to other companies</u>	<u>Assumed from other companies</u>	<u>Net amount</u>	<u>Percentage of amount assumed to net</u>
<u>Year ended December 31, 1982:</u>					
Life insurance in force	\$154,024	\$176,147	\$134,674	\$112,551	120%
Premiums earned:					
Accident and health insurance	\$ 985	\$ 220	\$ 20,692	\$ 21,457	96%
Property and liability insurance	709,767	17,692	17,251	709,326	2%
Life insurance	809	487	614	936	66%
Total premiums earned	\$711,561	\$ 18,399	\$ 38,557	\$731,719	
<u>Year ended December 31, 1981:</u>					
Premiums earned:					
Accident and health insurance	\$ 579	\$ 145	\$ 771	\$ 1,205	64%
Property and liability insurance	658,731	10,359	7,092	655,464	1%
Total premiums earned	\$659,310	\$ 10,504	\$ 7,863	\$656,669	
<u>Year ended December 31, 1980:</u>					
Premiums earned:					
Accident and health insurance	\$ 160	\$ 40	\$ -	\$ 120	-
Property and liability insurance	624,043	10,458	6,415	620,000	1%
Total premiums earned	\$624,203	\$ 10,498	\$ 6,415	\$620,120	

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

GEICO CORPORATION
 THREE YEARS ENDED DECEMBER 31, 1982
 In Thousands

Description	Balance at beginning of period	A D D I T I O N S		Deduction (Note 1)	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
<u>Year ended December 31, 1982:</u>					
Allowance for amounts uncollectible on cancelled policies	<u>\$ 1,050</u>	<u>\$ 1,479</u>	-	<u>\$ 1,429</u>	<u>\$ 1,100</u>
<u>Year ended December 31, 1981:</u>					
Allowance for amounts uncollectible on cancelled policies	<u>\$ 1,200</u>	<u>\$ 1,269</u>	-	<u>\$ 1,419</u>	<u>\$ 1,050</u>
<u>Year ended December 31, 1980:</u>					
Allowance for amounts uncollectible on cancelled policies	<u>\$ 1,075</u>	<u>\$ 1,347</u>	-	<u>\$ 1,222</u>	<u>\$ 1,200</u>

Note 1: The deductions from the allowance during the three years ended December 31, 1982 represent the net write-off of amounts not collected on cancelled policies.

SCHEDULE IX - SHORT TERM BORROWINGS
 GEICO CORPORATION
 THREE YEARS ENDED DECEMBER 31, 1982
 In Thousands

<u>Category of aggregate short term borrowings</u>	<u>Balance at end of period</u>	<u>Weighted average interest rate</u>	<u>Maximum outstanding during the period</u>	<u>Average amount outstanding during the period (3)</u>	<u>Weighted average interest rate during the period(4)</u>
Year ended December 31, 1982:					
Note payable to bank (2)	\$2,100	11.50%	\$2,100	\$ 518	11.73%
Notes payable to banks (1)	<u>-</u>	-	6,000	<u>49</u>	15.75%
Consolidated totals	<u>\$2,100</u>	11.50%	\$6,000	<u>\$ 567</u>	12.08%
Year ended December 31, 1981:					
Notes payable to banks (1)	\$6,000	15.75%	\$6,000	\$1,297	19.02%
Year ended December 31, 1980:					
Notes payable to banks (1)	\$5,000	14.54%	\$5,000	\$3,333	14.54%

- (1) Demand notes payable to banks represent borrowings by GEICO Corporation under lines of credit borrowing arrangements which have no termination date but are reviewed periodically for renewal.
- (2) Demand note payable to bank represents borrowing by a subsidiary of GEICO Corporation.
- (3) Computed by averaging the daily amounts outstanding.
- (4) Computed by dividing the interest expense for the period by the average amount outstanding during the period.

WARRANT AGREEMENT dated September 10, 1981, and effective as of August 1, 1979, between Government Employees Insurance Company ("the Company"), a District of Columbia corporation, GEICO Corporation ("the Corporation"), a Delaware corporation, and The Riggs National Bank of Washington, D.C., a national banking association organized and existing under the laws of the United States of America, as Warrant Agent (the "Warrant Agent"),

WHEREAS, the Company has caused to be issued Warrants for the purchase of Common Stock, par value \$1, of the Company, which Warrants, on and after January 31, 1979, entitle the holder thereof to purchase shares of Common Stock of the Corporation, par value \$1 (hereinafter called the "Common Stock"), and desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to act on behalf of the Company in connection with the issuance, registration, registration of transfer and exchange of Warrant Certificates (hereinafter called the "Warrant Certificates") and the exercise of Warrants.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions hereinafter in this Agreement set forth, and the Warrant Agent hereby accepts such appointment.

Section 2. Purchase Price; Form of Warrant Certificate. The Warrants shall be in registered form only. The text of the Warrant Certificate and of the form of election to exercise to be printed on the reverse thereof shall be substantially as set forth in Exhibit A attached hereto.

From and after August 1, 1978, each Warrant shall entitle the holder thereof to purchase 2.08 shares of Common Stock upon the exercise thereof unless and until adjusted as provided in Section 10. The purchase price per share of Common Stock purchased payable upon exercise of a Warrant (hereinafter called the "Purchase Price") shall be \$24.00 unless and until adjusted as provided in Section 10. The Purchase Price and the number of shares of Common Stock purchasable upon exercise of the Warrants evidenced by each Warrant Certificate are subject to adjustment upon the occurrence of certain events, as hereinafter provided. A Warrant may be exercised at any time commencing August 1, 1971 until the expiration thereof. The Warrant Certificates shall be executed on behalf of the Company by the facsimile signature of the President of the Company, under a facsimile of its corporate seal, attested by the facsimile signature of the Secretary of the Company.

Warrant Certificates shall be dated the date of counter-signature by the Warrant Agent.

Section 3. Registration and Countersignature. The Warrant Agent shall maintain books for the registration and registration of transfer of Warrant Certificates. The Warrant Certificates shall be manually countersigned on behalf of the Warrant Agent, and shall not be valid for any purpose unless so countersigned. Warrant Certificates may be so countersigned and delivered by the Warrant Agent notwithstanding the fact that the persons whose facsimile signatures appear thereon as officers of the Company shall have ceased to be such officers at the time of such countersignature or delivery.

Prior to due presentment for registration of transfer of the Warrant Certificates, the Company and the Warrant Agent may deem and treat the registered holder thereof as the absolute owner of the Warrant Certificates (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) for the purpose of any exercise thereof and of any distribution to the holder thereof and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

Section 4. Registration of Transfers and Exchanges. The Warrant Agent shall from time to time register the transfer of any outstanding Warrant Certificates upon the books to be maintained by the Warrant Agent for that purpose upon surrender thereof accompanied (if so required by the Company or the Warrant Agent) by a written instrument or instruments of transfer in form satisfactory to the Company and the Warrant Agent, duly executed by the registered holder or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee and the surrendered Warrant Certificate shall be cancelled by the Warrant Agent. Warrant Certificates so cancelled shall be delivered by the Warrant Agent to the Company from time to time or otherwise disposed of by the Warrant Agent in a manner satisfactory to the Company. Warrant Certificates may be exchanged, at the option of the holder thereof, when surrendered at the principal office of the Warrant Agent, in Washington, District of Columbia, for another Warrant Certificate or other Warrant Certificates of like tenor and representing in the aggregate a like number of Warrants. The Warrant Agent is hereby authorized to countersign and deliver, in accordance with the provisions of this Section and of Section 3, the new Warrant Certificates required pursuant to the provisions of this Section, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrant Certificates duly executed on behalf of the Company for such purpose.

Section 5. Duration and Exercise of Warrants.

A. The Warrants may be exercised until the close of business on August 1, 1983, at which time all rights evidenced by the Warrant Certificates shall cease and the Warrants shall become void.

B. Subject to the provisions of this Agreement, the holder of each Warrant shall have the right to purchase from the Company (and the Company shall cause to be issued and sold to the holder of a Warrant) 2.08 fully paid and non-assessable shares of Common Stock at the Purchase Price upon surrender to the Company at the principal office in Washington, D.C., of the Warrant Agent of the Warrant Certificate evidencing such Warrant, with the form of election to purchase on the reverse side thereof duly filled in and signed, and upon payment of the Purchase Price in lawful money of the United States of America to the Warrant Agent for the account of the Company. No adjustment shall be made for any cash dividends on any shares of Common Stock issuable on the exercise of Warrants.

Subject to Section 6, upon such surrender of a Warrant Certificate, and payment of the Purchase Price (as such Price may have been adjusted pursuant to the provisions of Section 10), the Company shall cause to be issued and delivered to or upon the written order of the registered holder of such Warrant Certificate, and in such name or names as such registered holder may designate, a certificate for the number of shares of Common Stock represented by the number of Warrants evidenced by such Warrant Certificate (as such number may have been adjusted pursuant to the provisions of Section 10) and with respect to which it is being exercised. Such certificate shall be deemed to have been issued, and any person so designated to be named therein shall be deemed to have become a holder of record of such share or shares of Common Stock, as of the date of the surrender of such Warrant Certificate and payment of the Purchase Price; provided, however, that if, at the date of surrender of such Warrant Certificate and payment of the Purchase Price, the transfer books for the Common Stock shall be closed, the certificate for such share or shares of Common Stock shall be issuable as of the date on which such books shall next be opened (whether before, on or after August 1, 1983) and until such date the Company shall be under no duty to cause to be delivered any certificate for such share or shares; provided, further, that such books, unless otherwise required by law, shall not be closed at any one time for a period longer than 20 days. The Warrants evidenced by the Warrant Certificates shall be exercisable, at the election of the registered holders thereof, either as an entirety or

from time to time for part only of the number of Warrants evidenced by the Warrant Certificates. In the event that less than all the Warrants evidenced by a Warrant Certificate surrendered upon the exercise of Warrants are exercised at any time prior to the date of expiration of the Warrants, a new Warrant Certificate or Certificates will be issued for the remaining number of Warrants evidenced by the Warrant Certificate so surrendered, and the Warrant Agent is hereby authorized to countersign and to deliver the required new Warrant Certificate or Certificates pursuant to the provisions of this Section and of Section 3; and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with a Warrant Certificate duly executed on behalf of the Company for such purpose.

Section 6. Payment of Taxes. The Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue or delivery of any Warrant Certificates or any certificates for shares of Common Stock in a name other than that of the registered holder of a Warrant Certificate surrendered upon the exercise of a Warrant.

Section 7. Mutilated or Missing Warrant Certificates. In case any of the Warrant Certificates shall be mutilated, lost, stolen or destroyed, the Company may in its discretion issue and the Warrant Agent may countersign and deliver in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of and substitution for the Warrant Certificate, lost, stolen or destroyed, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants, but only upon receipt of evidence satisfactory to the Company and the Warrant Agent of such loss, theft or destruction of such Warrant Certificate and indemnity, if requested, also satisfactory to them. Applicants for such substitute Warrant Certificates shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company or the Warrant Agent may prescribe.

Section 8. Reservation of Common Stock, etc. There have been reserved, and the Corporation shall at all times keep reserved, out of the authorized and unissued shares of Common Stock, a number of shares sufficient to provide for the exercise of the Warrants, and the Transfer Agent for the Common Stock is hereby irrevocably authorized and directed at all times to reserve such number of authorized and unissued shares as shall be requisite for such purpose. The Company will keep a copy of this Agreement on file with such Transfer Agent. The Warrant Agent is hereby irrevocably authorized to requisition from time to time from such Trans-

fer Agent stock certificates issuable upon exercise of outstanding Warrants. The Corporation will supply such Transfer Agent with duly executed stock certificates for such purpose. All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled by the Warrant Agent and shall thereafter be delivered to the Company or otherwise disposed of in a manner satisfactory to the Company, and such cancelled Warrant Certificates, with the forms of election to purchase on the reverse side thereof duly filled in and signed, shall constitute sufficient evidence of the number of shares of Common Stock which have been issued upon the exercise of the Warrants evidenced by such Warrant Certificate. Promptly after the date of expiration of the Warrants, the Warrant Agent shall certify to the Company the total aggregate number of Warrants which were not exercised, and thereafter no shares of Common Stock shall be subject to reservation in respect of such Warrants.

Section 9. Obtaining of Governmental Approvals and Stock Exchange Listings. The Company will from time to time exercise its best efforts to take all action which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities which may be or become requisite in connection with the issuance, sale, transfer and delivery of the Warrant Certificates and the exercise of the Warrants, and the issuance, sale, transfer and delivery of the shares of Common Stock issued upon exercise of the Warrants, and all action which may be necessary so that such shares of Common Stock, immediately upon their issuance upon the exercise of Warrants, will be listed or entitled to unlisted trading privileges on each securities exchange on which all other shares of Common Stock are then listed or entitled to unlisted trading privileges and on an identical basis.

Section 10. Adjustments to Purchase Price and Number of Shares of Common Stock. From and after August 1, 1978, the Purchase Price and the number of shares of Common Stock purchasable upon exercise of the Warrants evidenced by any Warrant Certificate shall be subject to adjustment from time to time as follows:

- A. If after the date hereof the number of outstanding shares of Common Stock is increased by a dividend declared payable in shares of Common Stock or by a subdivision of shares of Common Stock, the number of shares of Common Stock purchasable upon exercise of the Warrants evidenced by each Warrant Certificate shall be increased in proportion to such increase in outstanding shares of Common Stock and the then applicable Purchase Price shall be correspondingly

decreased. An adjustment made pursuant to this paragraph A shall become effective immediately after the opening of business on the day following the date on which the Corporation takes a record of the holders of its Common Stock for the purpose of entitling them to receive such dividend or the day upon which such subdivision becomes effective.

B. If after the date hereof the number of outstanding shares of Common Stock is decreased by a reclassification, recapitalization or combination of shares of Common Stock, the number of shares of Common Stock purchasable upon exercise of the Warrants evidenced by each Warrant Certificate shall be decreased in proportion to such decrease in outstanding shares of Common Stock and the then applicable Purchase Price shall be correspondingly increased. An adjustment made pursuant to this paragraph B shall become effective immediately after the opening of business on the day upon which such reclassification, recapitalization or combination becomes effective.

C. For the purposes of making adjustments referred to in paragraphs A and B above, the books of the Corporation shall control absolutely in determining the number of shares of Common Stock and the number of additional shares issued as a result of any stock dividend, subdivision, reclassification, recapitalization or combination.

D. In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (as determined pursuant to paragraph F below) on the record date mentioned below, the Purchase Price shall be adjusted so that the same shall equal the price determined by multiplying the Purchase Price in effect immediately prior to the date of issuance of such rights or warrants by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered for subscription or purchase would purchase at such current market price, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock which are so offered for subscription or purchase. Such adjustment shall become effective

retroactively, immediately after the record date for the determination of stockholders entitled to receive such rights or warrants.

E. In case the Corporation shall distribute to all holders of its Common Stock any assets (other than any cash dividend or distribution payable out of earned surplus), any rights to subscribe (other than those referred to in paragraph D above) or any evidences of indebtedness or other securities of the Corporation, then in each such case the Purchase Price shall be adjusted so that the same shall equal the price determined by multiplying the Purchase Price in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the current market price per share (determined as provided in paragraph F below) of the Common Stock on the record date mentioned below less the then fair market value (as determined in a resolution adopted by the Board of Directors of the Corporation, which shall be conclusive evidence of such fair market value) of the portion of the assets or evidences of indebtedness or securities so distributed or of such subscription rights applicable to one share of Common Stock, and the denominator shall be such current market price per share of the Common Stock. Such adjustment shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive such distribution.

F. For the purpose of any computation under paragraphs D and E above, the current market price per share of Common Stock on any date shall be deemed to be the average of the daily market prices for 30 consecutive trading days commencing 45 trading days before the date in question. The market price for each day shall be the average of the high bid and low asked prices on the over-the-counter market as reported by National Association of Security Dealers Automated Quotations, or such other reporting service as may be selected from time to time by the Company for that purpose or, if the Common Stock is then listed or admitted to trading on a national securities exchange, the last reported sales price regular way or, in case no such reported sale takes place on such day, the average of the reported closing bid and asked prices regular way, in either case on the principal national securities exchange on which the Common Stock is listed or admitted to trading.

G. No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Purchase Price, and no adjustment in the number of shares of Common Stock purchasable upon exercise of the Warrants evidenced by each Warrant Certificate shall be required unless such adjustment would require an increase or decrease of at least one one-hundredth of a share; provided, however, that any adjustments which by reason of this paragraph G are not required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding the foregoing, no adjustment shall be made with respect to any stock dividend or dividends paid in Common Stock in any calendar year which aggregates \$.24* (such amount to be appropriately adjusted in the event of any subdivision or combination of the outstanding shares of Common Stock) or less in market value (at the time or times declared) of Common Stock and which the Board of Directors of the Corporation provides are in lieu of an equivalent amount of cash dividends. All calculations under this Section 10 shall be made to the nearest cent and the nearest one one-hundredth of a share.

H. In case of any consolidation or merger of the Corporation with or into another corporation or sale or conveyance to another corporation of all or substantially all the assets of the Corporation or in case the Corporation issues by reclassification of its Common Stock any shares of the Corporation, each Warrant shall after such consolidation, merger, sale, conveyance or reclassification of Common Stock be exercisable, upon the terms and conditions specified in this Agreement and upon payment of the Purchase Price, for the kind and amount of shares of stock and other securities or property to which the Common Stock issuable (at the time of such consolidation, merger, sale, conveyance or reclassification of Common Stock) upon exercise of a Warrant would have been entitled upon such consolidation, merger, sale, conveyance or reclassification of Common Stock if such exercise had taken place; and any resulting or surviving corporation in any such consolidation, merger, sale, conveyance or reclassification of Common Stock shall expressly assume the obligation to deliver, upon exercise of a Warrant, such shares of stock, securities or property as the holder of a Warrant shall be entitled to receive pursuant to the provisions hereof. In case shares of stock, securities or property other than Common Stock shall be issuable or deliverable upon exercise of a Warrant

* \$.50 divided by 2.03.

as aforesaid, then all references in this Section 10 shall be deemed to apply, so far as appropriate and as nearly as may be, to such other shares of stock, securities or property.

I. Whenever there is an adjustment in the Purchase Price or in the number of shares of Common Stock purchasable upon exercise of a Warrant, as provided herein, the Company shall promptly (1) file with the Warrant Agent a statement signed by the President or any Vice President of the Company and by its Treasurer or an Assistant Treasurer or its Secretary or an Assistant Secretary, showing in detail the facts requiring such adjustment and the Purchase Price and the number of shares of Common Stock purchasable upon exercise of a Warrant that will be effective after such adjustment and (2) cause a notice, stating that such adjustment has been effected and setting forth the Purchase Price then in effect and the number of shares of Common Stock purchasable upon exercise of a Warrant then in effect, to be sent by first-class mail, postage prepaid, to each registered holder of a Warrant Certificate at his address appearing on the Warrant register. The Warrant Agent shall have no duty with respect to any such certificate (or its contents) filed with it except to keep the same on file and available for inspection by holders of Warrant Certificates during reasonable business hours. The Warrant Agent shall not at any time be under any duty or responsibility to any holder of a Warrant Certificate to determine whether any facts exist which may require any adjustment of the Purchase Price or of the number of shares of Common Stock purchasable upon the exercise of a Warrant or with respect to the nature or extent of any such adjustment when made or the method employed in making any such adjustment.

J. Irrespective of any adjustments in the Purchase Price or the number of shares of Common Stock purchasable upon the exercise of the Warrants evidenced by any Warrant Certificate, Warrant Certificates theretofore or thereafter issued may continue to express the same prices and number of shares as are stated in the similar Warrant Certificates issuable initially, or at some subsequent time, pursuant to this Agreement.

Section 11. Fractional Shares. No fractional share of Common Stock shall be issued upon any exercise of a Warrant but, in lieu of such fraction of a share, there shall be paid to the registered holder of the Warrant Certificate surrendered for exercise, as soon as practicable after the date such Warrant Certificate is so surrendered, an amount

in cash equal to the same fraction of the market value of a full share of Common Stock, unless the Board of Directors of the Company shall determine to adjust fractional shares in some other manner. For such purpose, the market value of a share of Common Stock shall be the market price for the Common Stock on the business day next preceding the date upon which such Warrant Certificate is surrendered for exercise determined as provided in paragraph F of Section 10.

Section 12. Notices to Warrantholders. Nothing contained in this Agreement or in any of the Warrant Certificates shall be construed as conferring upon the holders thereof the right to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Corporation or any other matter, the right to receive dividends or other distributions or any other rights whatsoever as stockholders of the Corporation; provided, however, that in the event that:

(1) the Corporation shall take action to make any distribution (other than cash dividends and dividends payable in shares of Common Stock for which no adjustment in the Purchase Price or number of shares of Common Stock is required pursuant to the second sentence of paragraph G of Section 10 hereof) to the holders of Common Stock;

(2) the Corporation shall take action to offer for subscription pro rata to the holders of Common Stock any additional shares of stock of any class or other rights or securities convertible into Common Stock;

(3) the Corporation shall take action to accomplish any consolidation or merger of the Corporation with or into, or sale or conveyance of all or substantially all its property to, another corporation or reclassification of the capital stock of the Corporation (other than a subdivision or combination of the Common Stock); or

(4) the Corporation shall take action looking to a voluntary or involuntary dissolution, liquidation or winding up of the Corporation:

then, in any one or more of such cases, the Company shall (a) at least 10 days prior to the date on which the books of the Corporation shall close or a record shall be taken for such distribution or subscription rights or for determining rights to vote in respect of any such consolidation,

merger, sale, conveyance, reclassification, dissolution, liquidation or winding up, cause written notice thereof to be sent by first-class mail, postage prepaid, to each registered holder of a Warrant Certificate at his address appearing on the Warrant register and (b) in the case of any such consolidation, merger, sale, conveyance, reclassification, dissolution, liquidation or winding up, cause at least 10 days' prior written notice of the date when the same shall take place to be given to each registered holder of a Warrant Certificate in the same manner. Such notice in accordance with the foregoing clause (a) shall also specify, in the case of any such distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto, and such notice in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for shares of stock, securities or other property deliverable upon such consolidation, merger, sale, conveyance, reclassification, dissolution, liquidation or winding up, as the case may be. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Purchase Price and the number or kind or class of shares of stock, securities or property for which each Warrant will be exercisable after the taking of such action.

Section 13. Disposition of Proceeds on Exercise of Warrants, etc.

A. The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company all moneys received by the Warrant Agent for the purchase of shares of Common Stock through the exercise of such Warrants.

B. The Warrant Agent shall keep copies of this Agreement available for inspection by holders of Warrants during normal business hours at its principal office in Washington, District of Columbia.

Section 14. Merger or Consolidation or Change of Name of Warrant Agent. Any corporation into which the Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appoint-

ment as a successor Warrant Agent under the provisions of Section 16 of this Agreement. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, and in case at that time any of the Warrant Certificates shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor to the Warrant Agent may countersign such Warrant Certificates either in the name of the predecessor Warrant Agent or in the name of the successor Warrant Agent; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignature under its prior name and deliver Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

Section 15. Duties of Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Warrants, by their acceptance of such Warrants, shall be bound:

A. The statements contained herein and in the Warrant Certificates shall be taken as statements of the Company, and the Warrant Agent assumes no responsibility for the correctness of any of such statements except such as describe the Warrant Agent or action taken or to be taken by it. The Warrant Agent assumes no responsibility with respect to the distribution of the Warrant Certificates except as herein otherwise provided.

B. The Warrant Agent shall not be responsible for any failure of the Company to comply with any of the covenants contained in this Agreement or in the Warrant Certificates to be complied with by the Company.

C. The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys, agents or employees and the Warrant Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys, agents or employees or for any loss to the Company resulting from such act, default, neglect or misconduct, provided reasonable care shall have been exercised in the selection and continued employment thereof.

D. The Warrant Agent may consult at any time with counsel satisfactory to it (who may be counsel for the Company) and the Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion or the advice of such counsel, provided the Warrant Agent shall have exercised reasonable care in the selection and continued employment of such counsel.

E. The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of any Warrant Certificate for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties.

F. The Company agrees to pay to the Warrant Agent reasonable compensation for all services rendered by the Warrant Agent in the execution of this Agreement, to reimburse the Warrant Agent for all expenses, taxes and governmental charges and other charges of any kind and nature incurred by the Warrant Agent in the execution of this Agreement and to indemnify the Warrant Agent and save it harmless against any and all liabilities and losses, including judgments, costs and counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Agreement except as a result of the Warrant Agent's negligence or bad faith.

G. The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more registered holders of Warrant Certificates shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses which may be incurred, but this

provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without any such security or indemnity. All rights of action under this Agreement or under any of the Warrants may be enforced by the Warrant Agent without the possession of any of the Warrant Certificates or the production thereof at any trial or other proceeding relative thereto, and any such action, suit or proceeding instituted by the Warrant Agent shall be brought in its name as Warrant Agent, and any recovery or judgment shall be for the ratable benefit of the registered holders of the Warrants, as their respective rights or interest may appear.

H. The Warrant Agent and any stockholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company, become pecuniarily interested in any transaction in which the Company may be interested, contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

I. The Warrant Agent shall act hereunder solely as agent, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything which it may do or refrain from doing in connection with this Agreement except for its own negligence or bad faith.

Section 16. Change of Warrant Agent. The Warrant Agent may resign and be discharged from its duties under this Agreement by giving to the Company notice in writing at least 40 days prior to the effective date of such resignation and may be removed by the Company at any time. In the event of such resignation or removal, the Company shall cause written notice thereof to be sent by first-class mail, postage prepaid, to each registered holder of a Warrant Certificate at his address appearing in the Warrant register, specifying a date when such resignation or removal shall take effect, which notice shall be sent at least 30 days prior to the date so specified. If the Warrant Agent shall resign or be removed, the Company shall appoint a successor to the Warrant Agent. If the Company shall fail to make such appointment within a period of 20 days after the mailing of such notice to the holders of the Warrant Certificates, then the registered holder of any Warrant Certificate may apply to any court of competent jurisdiction for the appointment of a successor to the Warrant Agent. Any successor warrant agent, whether appointed by the Company or by such a

court, shall be a bank or trust company, in good standing, incorporated under the laws of the District of Columbia or of the United States of America, and having its principal office in Washington, District of Columbia, and having at the time of its appointment as warrant agent a combined capital and surplus of at least \$50,000,000. After appointment the successor warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed, and the former Warrant Agent shall deliver and transfer to the successor warrant agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Failure to give any notice provided for in this Section, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor warrant agent, as the case may be.

Section 17. Identity of Transfer Agent. Forthwith upon the appointment of any subsequent Transfer Agent for shares of the Common Stock, the Company will file with the Warrant Agent a statement setting forth the name and address of such Transfer Agent.

Section 18. Notices. Any notice pursuant to this Agreement to be given by the Warrant Agent or by the registered holder of any Warrant Certificate to the Company shall be sufficiently given if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent) as follows:

GOVERNMENT EMPLOYEES INSURANCE COMPANY
GEICO Plaza
Washington, D.C. 20076

Any notice pursuant to this Agreement to be given by the Company or by the registered holder of any Warrant Certificate to the Warrant Agent shall be sufficiently given if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company) as follows:

THE RIGGS NATIONAL BANK OF WASHINGTON, D.C.
Corporate Trust Department
P. O. Box 2651
Washington, D.C. 20013

Section 19. Supplements and Amendments. The Company and the Warrant Agent may from time to time supplement or amend this Agreement without the approval of any holders of Warrant Certificates in order to cure any ambiguity or to correct or

supplement any provision contained herein which may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company and the Warrant Agent may deem necessary or desirable and which shall not adversely affect the interest of the holders of Warrant Certificates.

Section 20. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 21. Termination. Subject to the provisions of Section 5, this Agreement shall terminate at the close of business on August 1, 1983, or at such earlier date upon which all Warrants have been exercised, except that the Warrant Agent shall account to the Company for all cash held by it pursuant to Section 13. The provisions of Section 15 shall survive such termination.

Section 22. Governing Law. This Agreement and each Warrant Certificate issued hereunder shall be deemed to be a contract made under the laws of the District of Columbia and for all purposes shall be construed in accordance with the laws of the District of Columbia.

Section 23. Benefits of This Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Warrant Agent and the registered holders of the Warrant Certificates any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Warrant Agent and the registered holders of the Warrant Certificates.

Section 24. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

CONSULTANT AGREEMENT

This AGREEMENT, entered into as of April 1, 1982, by and between GEICO CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "COMPANY"), and DR. H. EDWARD WRAPP, residing at 4738 South Lake Drive, Delray Dunes, Boynton Beach, Florida (hereinafter called "WRAPP"),

WITNESSETH THAT:

WHEREAS, WRAPP has had extensive experience with regard to planning and management, both as a corporate executive and director, and as a business consultant, including work with companies in the casualty insurance field;

WHEREAS, WRAPP has, for many years, taught and conducted research with regard to planning and management, both at the Harvard Business School and at the Graduate School of Business of the University of Chicago;

WHEREAS, WRAPP has agreed to serve as a Consultant to the COMPANY for a period of one (1) year in the fields of strategic planning, management development and human resources planning;

NOW, THEREFORE, in consideration of the mutual promises and agreements of the parties hereto and for other good and valuable consideration, the parties hereto agree as follows:

1. Commencing April 1, 1982, WRAPP agrees to make his services available to the COMPANY as a Consultant on all matters relating to strategic planning, management development and human resources planning, for a period of one (1) year, subject to the terms and conditions hereinafter set forth.

2. WRAPP agrees, if so elected, to serve as a member of the Board of Directors of the COMPANY, and as a member or chairman of a committee or committees of the Board of the COMPANY.

3. WRAPP shall render the services described in Paragraph 1 above, to the COMPANY during a period of up to ten (10) full working days or their equivalent per year, at GEICO Plaza or at other mutually agreeable locations.

4. For the period of WRAPP's services as a Consultant, the COMPANY shall pay WRAPP a Consulting Fee of \$10,000, which shall be credited in monthly installments on the first day of each month into a deferred compensation account on the books of the COMPANY. This account shall bear monthly interest at the Prime Rate quoted by The Riggs National Bank of Washington, D. C., payment to be made in one lump sum on April 1, 1984. In the event of WRAPP's death prior to April 1, 1984, the fee specified hereunder shall be paid to WRAPP's estate.

5. If WRAPP shall be unable (because of death or disability), or unwilling to complete the services contemplated under this Agreement, the COMPANY's obligation to make any subsequent monthly payments shall be terminated.

6. If WRAPP is serving as a member of the Board of Directors of the COMPANY or as a member or chairman of a committee(s) of the Board, WRAPP will receive the customary attendance fees for meetings of the Board or of committees thereof, together with the normal retainers paid to Directors of the Company.

7. WRAPP will be reimbursed for all reasonable expenses incurred in connection with services rendered by him to the COMPANY either as a consultant or as a director, committee member or chairman.

8. WRAPP shall not be eligible to participate in any benefit plan or program for employees of the COMPANY, including (but without being limited to) a plan or program for life, accident, health, medical or travel insurance, executive incentive bonus, stock options, performance shares or vacation or health leave, except that WRAPP shall participate in the Executive Financial Planning Program, Annual Physical Program and such other plans or programs as expressly provide benefits, or eligibility for benefits, to directors of the COMPANY.

9. The validity, construction, interpretation and enforceability of this Agreement and the capacity of the parties shall be determined and governed by the laws of the District of Columbia.

10. This Agreement is personal to each of the parties hereto, and neither party may assign or delegate any of the rights or obligations hereunder without first obtaining the written consent of the other party.

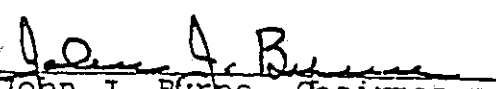
11. This Agreement constitutes the entire agreement between the parties respecting the consulting services of WRAPP, and there are no representations, warranties or commitments, except as set forth herein. This Agreement may be amended only by an instrument in writing executed by the parties hereto.

IN WITNESS WHEREOF, H. EDWARD WRAPP has hereunto affixed

his hand, and GEICO CORPORATION has caused this AGREEMENT to be signed and its corporate seal to be affixed hereto by its officers thereunto duly organized.


H. EDWARD WRAPP

GEICO CORPORATION

By: 
John J. Byrne, Chairman of
the Board and Chief Executive
Officer

(SEAL)

Attest:


J. M. O'Connor, Secretary

AMENDMENT TO CONSULTANT AGREEMENT

This AMENDMENT TO CONSULTANT AGREEMENT, entered into as of April 1, 1982, by and between GEICO CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "COMPANY"), and DR. H. EDWARD WRAPP, residing at 4738 South Lake Drive, Delray Dunes, Boynton Beach, Florida (hereinafter called "WRAPP"),

WITNESSETH THAT:

WHEREAS, WRAPP has served the COMPANY for several years as a Consultant in the fields of strategic planning, management development, and human resources planning; and

WHEREAS, the COMPANY desires to provide for an increase in WRAPP's remuneration,

NOW, THEREFORE,

In consideration of the mutual promises and agreements of the parties hereto, and for other good and valuable consideration, the parties hereby agree to amend the CONSULTANT AGREEMENT entered into between them as of April 1, 1982, as follows:

1. The first sentence in Paragraph 4 of the above-referenced CONSULTANT AGREEMENT is amended as follows:

"For the period of WRAPP's services as a Consultant, the COMPANY shall pay WRAPP a Consulting Fee of \$15,000, which shall be credited in monthly installments on the first day of each month into a deferred compensation account on the books of the COMPANY."

2. The CONSULTANT AGREEMENT entered into as of April 1,

between the parties is otherwise unchanged.


- 4/5 -

IN WITNESS WHEREOF, H. EDWARD WRAPP has hereunto affixed his hand, and GEICO CORPORATION has caused this AMENDMENT TO CONSULTANT AGREEMENT to be signed and its corporate seal to be affixed hereto by its corporate officers thereunto duly authorized.



H. EDWARD WRAPP


GEICO CORPORATION

By: 

JOHN J. BYRNE
Chairman of the Board and
Chief Executive Officer

(SEAL)

Attest:



J. M. O'CONNOR, Secretary

GOVERNMENT EMPLOYEES INSURANCE COMPANY

1973 STOCK OPTION PLAN FOR OFFICERS AND EXECUTIVE PERSONNEL

Adopted by Board of Directors on January 31, 1973
and Amended May 5, 1976, November 18, 1981
and February 23, 1983

1. Purpose of Plan. The continued growth and success of Government Employees Insurance Company (hereinafter "the Company") depend in great measure upon the efforts and talents of its officers and key executive personnel. Keen competition exists for executive talent in the insurance and financial fields and the use of stock options to attract and retain key personnel has become widespread in many industries. The issuance of stock options to executives, by encouraging wider stock ownership, provides an important incentive for greater effort and achievement.

In order to achieve the foregoing objectives, this Stock Option Plan for Officers and Executive Personnel (hereinafter "the Plan") has been adopted by the Board of Directors. The Plan is designed to provide for the granting of "incentive stock options" within the meaning of Section 422A of the Internal Revenue Code of 1954, as amended, as well as non-qualified stock options.

2. Total Shares Reserved. A total of 335,000 shares of the authorized and unissued Common Stock of the Company is hereby reserved for issuance upon the exercise of the stock options (hereinafter "Options") granted under the Plan to Eligible Officers and Executive Personnel (hereinafter "Optionees") as defined in Paragraph 5. If an Option shall expire or terminate, in whole or in part, for any reason without having been fully exercised, the unpurchased shares covered by such Option shall (except as provided in Paragraph 12 or unless the Plan shall have been terminated) become available for Options under the Plan to other Optionees.

3. Administration of Plan. (a) Stock Option Plan Administrative Committee. The Chairman of the Board, with the approval of the Board of Directors, shall initially appoint a Stock Option Plan Administrative Committee (hereinafter "the Committee"), which shall consist of at least five Directors, one of whom shall be designated as Chairman. The Chairman of the Board, with the approval of the Board of Directors, may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies in the Committee, however caused. Nevertheless, only Directors who are not eligible to receive Options may be members of the Committee. The Committee shall hold its meetings at such times and places as it shall deem advisable.

A majority of its members shall constitute a quorum and all determinations of the Committee shall be made by a majority of its members. Any decision, order or determination in writing signed by a majority of the members shall be fully as effective as if made by a majority vote at a meeting duly called and held. The Committee shall keep minutes of its proceedings and shall furnish the Board of Directors with copies thereof, and of all decisions, orders and determinations made by the Committee.

(b) Powers of Committee. Subject to the provisions of the Plan, the Committee shall administer the Plan in conformance with and subject to the terms and provisions thereof, and shall have the power and authority (i) to allocate and to grant Options from time to time to Optionees, other than the Chief Executive Officer and the President; (ii) to determine whether the Options granted to any Optionee shall be qualified stock options, as defined in the Internal Revenue Code, or non-qualified stock options; (iii) to determine the time or times at which Options shall be granted; (iv) to determine the number of shares to be covered by, and the term of, each Option; (v) to interpret the Plan; (vi) to prescribe, amend and rescind rules and regulations relating to the Plan; (vii) to determine the duration, terms and provisions of the Options and of the Option Agreements between the Company and the Optionee (which need not be identical), subject to approval by the General Counsel, and (viii) to make all other determinations, orders and decisions deemed necessary or advisable for the administration of the Plan provided, however, that all actions of the Committee pursuant to parts (i), (iii) or (iv) hereof shall be taken only after receiving the recommendations of the Chief Executive Officer thereon.

4. Allocation of Options to Chief Executive Officer and President. Subject to the provisions of the Plan, the Board of Directors shall determine the time or times at which Options shall be granted to the Chief Executive Officer and the President of the Company, and the number of shares to be covered by each Option. All other powers granted, decisions relegated and references made to the Committee herein shall be deemed powers granted, decisions relegated and references made to the Board of Directors, insofar as they relate to Options granted or to be granted to the Chief Executive Officer and the President.

5. Eligible Officers and Executive Personnel. Options may be granted only to personnel of the Company under age sixty-four who are regular salaried employees in positions classified in Salary Range 30 or a higher Salary Range (or equivalent) in the Company's Salary Administration Program for Officers and Executives. Options hereunder may not be granted to any

director of the Company unless he is also a regular salaried officer. In determining the persons to whom Options shall be granted and the number of shares to be covered by each Option, the Committee shall take into account their respective duties, their present and potential contributions to the success of the Company, the anticipated number of years of effective service remaining, and such other factors as the Committee shall deem relevant to accomplish the purpose of the Plan. The Board of Directors shall also take such factors into account in determining the number of shares to be covered by Options granted to the Chief Executive Officer and the President. A person who has been granted an Option may be granted additional Options in the discretion of the Committee or the Board, as the case may be, subject to the provisions of the Plan.

6. Allotment of Options. Options up to the total number of shares reserved hereunder shall be available for issuance to Optionees during the term of this Plan in such annual or other installments as the Committee may determine, and the Committee in its discretion may vary any yearly amounts. The aggregate fair market value (determined as of the time the Option is granted) of the stock for which any employee may be granted incentive stock options in any calendar year after 1980 shall not exceed \$100,000 plus any unused limit carryover to such year. If \$100,000 exceeds the aggregate fair market value (determined at the time the Option is granted) of the stock for which an employee was granted incentive stock options in any calendar year one-half of such excess shall be an unused limit carryover to each of the three succeeding calendar years, under the rules of Section 422A(c)(4) of the Internal Revenue Code.

7. Option Prices. The purchase price under each Option for the shares of Common Stock covered thereby shall be not less than one hundred percent (100%) of the fair market value of the Common Stock of the Company on the date of granting the Option as determined by the Committee. The option price of the Options granted under this Plan shall not be less than the par value of the optioned shares.

8. Term of Options. The term of each Option shall be determined by the Committee, but shall not be less than two years nor more than ten years from the date it is granted. The preceding sentence notwithstanding, the term of each Option intended to be a qualified stock option, as defined in the Internal Revenue Code, shall not be more than five years from the date it is granted. All Options shall be subject to earlier termination as hereinafter provided.

9. Exercise of Options. (a) No Option may be exercised during the first year after the date it is granted, except as provided in Paragraph 12 hereof relating to termination of employment. Twenty-five percent (25%) of the total number of

shares covered by each Option may be exercised at any time after the first anniversary of its granting and an additional twenty-five percent (25%) may be exercised at any time after each of the three (3) succeeding anniversaries. The right to so exercise Options as aforesaid shall be cumulative, so that in the event the holder of an Option does not exercise his Option in any given year with respect to the maximum number of shares as to which it could be exercised in said year, the unexercised number of shares shall be available for exercise in any subsequent year or years until the Option has expired. Any Option shall be exercisable in whole at any time after the fourth anniversary of its granting, or in part from time to time as hereinabove provided, but not as to less than 10 shares at any one time. To exercise an Option in whole or in part, the holder shall give written notice of exercise to the Committee specifying the number of shares as to which the Option is to be exercised, accompanied by payment in full of the option price of the shares as to which the Option is exercised. Except as provided in Paragraph 12 hereof, no Option may be exercised unless the holder thereof is at the time of exercise an Officer or other regular employee of the Company. Notwithstanding the foregoing, the Committee or the Board of Directors may, in the discretion of either, modify or eliminate any of the foregoing terms or requirements with regard to non-qualified stock options. The holder of an Option shall not have any rights of a stockholder with respect to the shares covered by his Option until such shares have been issued to him upon the due exercise of the Option.

(b) Notwithstanding any contrary provisions contained in any Option Agreement or in Paragraph 9 (a) hereof, each outstanding Option shall, in the case of a change in control (as hereinafter defined), become exercisable in full for the aggregate number of shares covered thereby; provided, however, that this Paragraph 9(b) shall not affect any term of the Plan or any Option Agreement providing that no incentive stock option shall be exercisable while there is outstanding any previously granted unexercised incentive stock option. For the purposes of this Paragraph 9(b), a "change in control" shall be deemed to occur if: (i) any person (including a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 as amended (hereinafter "the Exchange Act")), corporation or other entity becomes hereafter the beneficial owner of more than 20% of the shares of GEICO Corporation entitled to vote for the election of directors, (ii) as a result of or in connection with any tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, the persons who were directors of GEICO Corporation just prior to such event shall cease to constitute a majority of the Board of Directors of GEICO Corporation, (iii) the Board of Directors of GEICO Corporation (or if approval of the Board of Directors

is not required as a matter of law, the shareholders of GEICO Corporation) shall approve (A) any consolidation, merger or other transaction in which GEICO Corporation will cease to be an independent publicly owned corporation or pursuant to which shares of Common Stock will be converted into cash, securities or other property, other than a merger of GEICO Corporation in which holders of its Common Stock immediately prior to the merger have the same proportionate ownership of the common stock of the surviving corporation immediately after the merger, or (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of GEICO Corporation or (C) the adoption of any plan or proposal for the liquidation or dissolution of GEICO Corporation or (iv) any person (including a group as defined in Section 13(d)(3) of the Exchange Act), corporation or other entity other than GEICO Corporation shall file a tender offer or exchange offer statement with the Securities and Exchange Commission indicating intent on the part of such person, corporation or other entity to acquire control of GEICO Corporation.

10. Option Agreement. Promptly after the grant of an Option by the Committee under this Plan, and before the exercise of any part thereof, the Company and the Optionee shall execute an Option Agreement specifying the option price and the terms and conditions of the Option. If the Option is intended to be a qualified stock option, as defined in the Internal Revenue Code, the Option Agreement evidencing such Option shall contain such provisions as are required of qualified stock options under the applicable provisions of the Internal Revenue Code and Treasury Regulations, as from time to time in effect, specifically including a provision that no Option, intended to be a qualified stock option, granted pursuant to this Plan may be exercised by him while there is outstanding, a previously granted unexercised Option, within the meaning of Section 422(c)(2) of the Internal Revenue Code, granted under this Plan or any other plan, held by him covering shares of the same class of stock if the option price under the prior Option is higher than the option price under the later Option. Further, the Option Agreement shall contain provisions whereby the Optionee agrees that he will remain in the employ of the Company for a period of at least one year from the date the Option is granted to him; that he will, during such employment, devote his entire time, energy and skill to the service of the Company and the promotion of its interests, subject to vacations, sick leave and other absences in accordance with the Company's regular policies; that such employment shall be at the pleasure of the Board of Directors or the President, and shall be at the rate of compensation in effect at the time of granting the Option, with such increases or decreases as the Company may from time to time in its discretion determine; and that in the event of a violation by

the employee of such Agreement, the unexercised Option or Options held by him may be terminated by the Board of Directors. Notwithstanding the foregoing, the Committee or the Board of Directors may, in the discretion of either, modify or eliminate any of the foregoing terms or requirements with regard to non-qualified stock options. Further, such an Option Agreement may contain in the discretion of the Committee, a provision whereby the Optionee agrees that any shares purchased upon exercise of the Option shall be purchased solely for investment and not with any intention of distributing the same, and that the Optionee shall so certify at each time or times such shares are so purchased.

11. Non-Transferability of Options. An Option shall not be transferable otherwise than by will or the laws of descent and distribution. During the lifetime of the Optionee, an Option may be exercised only by him.

12. Termination of Employment. (a) General. In the event the employment of an Optionee terminates other than by retirement, resignation or death, the unexercised portion of his Option shall be cancelled. Options granted under the Plan shall not be affected by any change of duties or positions so long as the Optionee continues to be an officer or other regular employee of the Company. Notwithstanding the foregoing, the Committee or the Board of Directors may, in the discretion of either, modify or eliminate any of the foregoing terms or requirements with regard to non-qualified stock options.

Nothing in the Plan or in any Option granted pursuant to the Plan shall confer upon any Optionee any contractual right to continue in the employee of the Company, nor interfere in any way with the right of the Company to terminate his employment at any time.

(b) Retirement. In the event the employment of an Optionee terminates by retirement under the Company's Pension Plan, the unexercised portion of any Option held by him may be exercised by him within three (3) months thereafter. All Options granted to such Optionee and not previously exercisable shall become fully exercisable, notwithstanding the provisions of Paragraph 9 hereof. No Option may be exercised after the expiration of the term thereof.

(c) Resignation. In the event the employment of an Optionee terminates by resignation, the unexercised portion of any Option held by him may be exercised by him within three (3) months thereafter to the extent that it was exercisable under the provisions of Paragraph 9 hereof on the date of his resignation, but no Option may be exercised after the expiration of the term thereof.

(d) Death: In the event the employment of an Optionee terminates by death, the unexercised portion of any Option granted to him may be exercised by his personal representative within one (1) year thereafter (or within such additional time as the Committee may have specified in the Option), to the extent that the Option was exercisable under the provisions of Paragraph 9 hereof on the date of his death (or to such greater extent the Committee or the Board of Directors may have specified in the Option): Provided, however, that if at the date of his death the Optionee was eligible for retirement under the Company's Pension Plan, all Options granted to the Optionee and not previously exercisable shall become fully exercisable at such date, notwithstanding the provisions of Paragraph 9 hereof. No Option may be exercised after the expiration of the term thereof.

13. Adjustments Upon Changes in Capitalization. Notwithstanding any other provisions of the Plan, in the event of any change or changes in the outstanding Common Stock of the Company by reason of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, the aggregate number of shares reserved or available under the Plan, the maximum number of shares as to which Options may be granted, the number of unexercised shares covered by each outstanding Option, and the Option price shall be appropriately adjusted. Each Option Agreement shall contain such provisions relating to such adjustments as the Committee shall deem appropriate. No downward adjustment of the Option price shall be made except as authorized in this Paragraph 13. Nothing in the Plan shall affect the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, or sell, or transfer all or any part of its business or assets.

14. Effective Date of the Plan. The Plan will become effective on May 22, 1973, subject to approval by vote of the holders of a majority of the outstanding shares of Common Stock of the Company; provided, however, that the Plan shall not take effect unless and until approved by the appropriate agency designated under the Economic Stabilization Act, if such approval is required.

15. Termination and Amendment of the Plan. Unless terminated sooner pursuant to this Paragraph 15, the Plan shall terminate on March 27, 1983, and no Option shall be granted under the Plan after that date, but the term of the Options theretofore granted may extend beyond that date. The Board of Directors of the Company may terminate the Plan at any time prior to March 27, 1983. The Plan may at any time or from time to time be modified or amended, provided that approval by vote

of the holders of a majority of the outstanding shares of the Common Stock of the Company is obtained for any amendments that would increase the aggregate number of shares which may be granted, decrease the Option price to less than one hundred percent (100%) of the fair market value on the date of grant (but no such amendment can permit the Option price to be less than ninety-five percent (95%) of the fair market value of the stock on the date of grant), or change the class of personnel eligible to receive Options. No termination, modification or amendment of the Plan may, without consent of the Optionee, affect rights under any Option which shall theretofore have been granted.

16. Effect on Outstanding Options. This Plan shall not affect the terms and conditions of any restricted stock options or qualified stock options granted to any employee of the Company under the prior Stock Option Plan for Officers and Executive Personnel previously adopted by the Board of Directors.

17. Use of Proceeds. The proceeds received by the Company from the sale of stock pursuant to the Plan will be used for its general corporate purposes.