

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

1965 REPORT  
of  
THE EXECUTIVE SECRETARY



Office of the Executive Secretary

Room 115, State Capitol

Saint Paul, Minnesota 55101

June 28, 1966

MEMBERS  
of the  
STATE BOARD OF INVESTMENT  
during 1965

*HON. KARL F. ROLVAAG, GOVERNOR*

*HON. STAFFORD KING, STATE AUDITOR*

*HON. VAL BJÖRNSSON, STATE TREASURER*

*HON. JOSEPH L. DONOVAN, SECRETARY OF STATE*

*HON. ROBERT W. MATTSON, ATTORNEY GENERAL*

Investment Department Personnel

Robert E. Blixt, *M.S., LL.B., C.F.A.*  
Executive Secretary

Roger A. Derksen, *B.B.A.*  
Senior Financial Analyst

Grant A. Feldman, Jr., *B.S.*  
Securities Analyst

C. Robert Parsons, *B.S.*  
Securities Analyst

Virginia M. Hayden - Accounting Supervisor  
Mary D. Lansing - Secretarial Assistant  
Dianne K. Heinlen - Securities Assistant



**MEMBERS OF BOARD:**

GOVERNOR KARL F. ROLVAAG  
STATE AUDITOR STAFFORD KING  
STATE TREASURER VAL BJORNSON  
SECRETARY OF STATE JOSEPH L. DONOVAN  
ATTORNEY GENERAL ROBERT W. MATTSON

ROBERT E. BLIXT  
EXECUTIVE SECRETARY

**STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT  
115 STATE CAPITOL  
SAINT PAUL 55101**

June 28, 1966

Members of the Legislature of the State of Minnesota

Gentlemen:

This report, the sixth to be submitted since the Investment Department was established in 1960, reviews the work of the State Board of Investment during the calendar year 1965 and outlines the policies which are presently being followed by the Investment Department. The report is being sent to those firms conducting securities business with the State as well as to legislators and public officials interested in our investment program. Although the major purpose of this document is to inform the Legislature of the progress of our funds, it is also designed to answer the many questions that are asked by investment dealers, brokers, and research organizations concerning the securities transactions, the investment policies and procedures followed by the State, and the distribution of securities business.

During the past several years, there has been a renewed interest throughout the nation in the progress of State investment funds. There have been surveys and reviews of these various policies which have mentioned the Minnesota funds in comparison with those of other states. Although these articles and statistical summaries have been interesting, some of the data and conclusions have been used in a way to appear somewhat misleading. Therefore, this report will tend to be more specific than previous departmental statements regarding the individual problems affecting the various funds and possible changes which may tend to improve our overall investment results. Because next year's report will not be completed in time for use by the 1967 Legislature, this present review is intended to provide information which may be helpful in writing any statutory revisions next year.

Practically all of the State's investment laws have been rewritten since the passage of a 1959 statute which established the office of the Executive Secretary. The 1961 Legislature passed a basic investment statute applicable to the retirement funds; this was revised in 1963 and 1965. A constitutional amendment pertaining to the Permanent School Fund, initiated by the 1961 Legislature, was approved by the electorate in 1962, with implementing statutes passed by the 1963 Legislature. The provisions of these statutes applicable to the specific funds will be reviewed later in this report. All investment policies relevant to the State funds are determined by the State Board of Investment, consisting of the Governor, State Auditor, State Treasurer, Secretary of State, and Attorney General. The Executive Secretary advises the Board, recommends policies, and is responsible for handling the securities transactions. He has a staff of six members to aid in securities and portfolio analysis, accounting, and secretarial work.

Previous reports, issued for the years 1960, 1961, 1962, 1963, and 1964, provide resumes of the transactions and policies during these periods.

**THE PERMANENT TRUST FUNDS**

The State's Permanent Trust Funds showed their greatest rate of growth during the 1940's and 1950's. Until a constitutional amendment was passed in 1956, half of the receipts from the iron ore occupation tax accrued to the principal of the Permanent Trust Funds, which were invested for the benefit of the schools, the University of Minnesota, and other State institutions. In recent years, the entire receipts from this tax have been applied directly toward meeting the current needs of the State's educational institutions.

The 1963 Legislature provided for the return of the investment management of the Permanent University Fund to the Regents of the University of Minnesota. The assets of this fund, approximating \$47 million in book value, were transferred to the University in July 1963.

Under the terms of the 1962 constitutional amendment, the assets of the Permanent School Fund and the Swamp Land Fund were combined into one fund known as the Permanent School Fund. The State Board of Investment was given new latitude as to the media to be used in managing these assets. The Internal Improvement Land Fund, a comparatively small fund restricted to the use of government obligations, also remains under the jurisdiction of the State Board of Investment.

The following schedule reviews the composition of the trust funds managed by the State Board of Investment on December 31, 1965:

COMPOSITION OF TRUST FUNDS  
December 31, 1965

Type of Security	Permanent School Fund		Internal Improvement Land Fund	
	Book Value	%	Book Value	%
U.S. Treasury obligations	\$123,693,000.00	47.16%	\$420,000.00	99.34%
U.S. Government-guaranteed obligations	958,000.00	0.37	-	
Minnesota State obligations	105,000.00	0.04	-	
Obligations of Minnesota subdivisions	3,895,865.00	1.49	-	
Corporate debt obligations	101,400,372.95	38.66	-	
Common stocks	32,167,100.56	12.26	-	
Cash	45,081.15	0.02	2,803.09	0.66
Totals	\$262,264,419.66	100.00%	\$422,803.09	100.00%

The total assets of the Permanent School Fund had a book value of approximately \$264 million at the time the fund was combined in 1963. This valuation has declined somewhat because long-term low coupon U.S. Treasury obligations have been sold at less than book cost. These securities had been purchased during the period of low interest rates through the 1940's and early 1950's. From mid-1963 through 1965, the proceeds from a refunding of Minnesota State debt and the sale of U.S. Treasury obligations were reinvested in higher yielding corporate bonds.

The trust funds managed by the State Board of Investment were worth approximately \$93.92 per hundred dollars invested on December 31, 1965. The market valuations of U.S. Treasury obligations, corporate bonds, and common stocks were taken from yearend quotations on these securities. The estimated market values of debt instruments of the State of Minnesota and its subdivisions are based on the investment worth to the trust funds. The securities are valued at less than cost or face value because they carry interest rates lower than the general levels now prevailing. The current worth of the various classifications of securities owned by the trust funds on December 31, 1965, was as follows:

APPROXIMATE MARKET VALUE OF COMBINED TRUST FUNDS INVESTMENTS  
December 31, 1965

Type of Security	Face Value or Cost	Market Value	Value per \$100 Invested
U.S. Treasury and U.S. Government-guaranteed obligations	\$125,071,000.00	\$108,450,374.27	\$ 86.71
Minnesota State obligations	105,000.00	101,325.00	96.50
Obligations of Minnesota subdivisions	3,895,865.00	3,506,278.50	90.00
Corporate debt obligations	101,400,372.95	99,838,807.21	98.46
Common stocks	32,167,100.56	34,775,006.25	108.11
Totals and average value	\$262,639,338.51	\$246,671,791.23	\$ 93.92

Most of the U.S. Treasury securities still held in the Permanent School Fund consist of comparatively low coupon issues maturing after 1980. The market value of these bonds has declined considerably in recent months due to the higher level of interest rates which are now in effect. Because the corporate bonds in the Permanent School Fund have now nearly reached the 40% limit authorized in Minnesota's Constitution, it is anticipated that many of the remaining bonds will either be held until maturity or will be exchanged for more attractive U.S. Treasury and government-guaranteed issues which may provide a better yield and a more balanced maturity schedule for the account.

The issues of corporate bonds purchased for the Permanent School Fund in 1965 provided a yield somewhat less than obtainable on the bond market in mid-1966. The fund has achieved a net gain through the exchange of securities approximately equal to that which could have been effected on today's market, however, because of the spread in yields between U.S. Treasury securities and corporate bonds at the time of these transactions. It has been a policy of the Board to avoid speculation on bond prices and interest rates and to convert the holdings of U.S. Treasury obligations into cash only as higher yielding corporate bonds, offering adequate call or refunding protection, are purchased.

The Board anticipates a continuation of the policies established by the Legislature in 1963 under which the commitments in common stocks will be gradually raised to nearly 20% of book value.

The yield from investments in the Permanent School Fund was only 2.68% as recently as 1956. A rearrangement of U.S. Treasury obligations in 1961 together with the purchase of higher yielding corporate bonds during the past three years has raised the average yield to 3.56%. A recent survey of various State funds by the Investment Bankers Association indicates that Minnesota's Permanent School Fund still earns an average yield substantially less than that obtained by most long-term State accounts. The reason is primarily that the U.S. Treasury issues are concentrated in long-term maturities with comparatively low coupons. Constitutional provisions prevented the sale of these securities until 1962, and now sales may be made only if the principal is maintained through a transfer of income. Although the common stock portfolio provides a comparatively low current yield, the dividend increases indicate that these commitments will be justified within a short time. It appears that any yield improvement to be made by the Permanent School Fund under existing constitutional provisions must come primarily from a rearrangement of the U.S. Treasury portfolio into higher yielding Treasury, agency, and U.S. government-guaranteed obligations, and from increases in dividend rates on the common stock holdings.

#### THE HIGHWAY FUNDS

The funds held for street, road and highway construction in Minnesota may be invested in bonds eligible for purchase by the Permanent School Fund and commercial paper eligible for use in the retirement funds. At present, these funds are invested in short-term U.S. Treasury securities, repurchase contracts based on holdings of U.S. Treasury obligations, and short-term corporate notes. The Commissioner of Highways certifies the amounts not needed in the immediate future, and these sums are invested in maturities approximating the expected disbursement schedule of the highway department. Because of the time necessary for planning, purchase of right-of-way, and construction of highways, funds are available for investment for considerable periods. The amount of highway funds investments fluctuates throughout the year, but totaled \$90 million in face value on December 31, 1965.

The income from the highway investment program has increased substantially in recent years and will show further gains in 1966 and 1967 because of the higher interest rates now in effect. During recent years, the highway department has carefully estimated its disbursement needs so as to keep its funds more fully invested. This has resulted in an increase in earnings, for all accounts, from \$1,663,323.04 as recently as fiscal 1958, to a total of \$3,936,807.73 in fiscal 1965 and \$4,548,954.36 in fiscal 1966.

The highway funds provide one of the best examples of the advantages inherent in the certification of public funds by an individual department so as to maximize the earnings. The counties and municipalities of Minnesota benefit directly from the income through the County State Aid Highway Fund and the Municipal State Aid Street Fund. The daily review of financial needs by the highway department, whose construction program is directly benefited by the investment process, has resulted in a substantial increase in the percentage of these funds invested during the past few years. This program was recently commended in a study by the U.S. Bureau of Roads.

Although the Investment Department has no responsibility for determining the cash needs of the highway department, it is evident from the daily activity and account balances provided to the Investment Department that these funds are being invested up to the practical maximum. It is presumed, however, that adequate cash is being held in the accounts to compensate for the activity in handling these various highway funds. For example, cash is raised on Tuesday of the week in which salaries are paid the coming Friday. This procedure, determined by the period necessary to process the salary warrants, makes possible an actual balance in the accounts substantially larger than indicated when the funds appear invested to the practical limit.

#### INVESTED TREASURER'S CASH FUND

Cash certified for investment in the Treasurer's cash account has been invested in U.S. Treasury securities since 1949, when a statute authorized this program. The major State current accounts -- the Income Tax School Fund and the General Revenue Fund, which have been invested as a part of Invested Treasurer's Cash -- have presently shown surpluses; this has resulted in increased earnings for the general pooled account.

The State has also gained whenever building funds, raised through the sale of State bonds, are held for any period because the net yield on earnings from investments in short-term U.S. Treasury securities exceeds the interest cost to the State on its bond issues. The reason is that investors are not taxed on income from State of Minnesota bonds; therefore, these securities sell at a comparatively high price and at a low yield. The investments in the Invested Treasurer's Cash Fund have been increased by approximately \$40 million during Fiscal 1966 because of this money raised through bond proceeds. The high level of the economy during late 1965 and early 1966 was responsible for an increase in tax payments and a higher level of investments in this fund than has been possible in the past. It is usual for the amount of securities held by this fund to reach a peak from late spring until school aid payments are made during the late autumn months.

U.S. Treasury obligations held by the Invested Treasurer's Cash Fund totaled \$51.6 million on December 31, 1964, and \$102.9 million on December 31, 1965. These investments reached \$132.7 million at fiscal yearend, June 30, 1965, and \$254.9 million at fiscal yearend, June 30, 1966.

There has been considerable discussion as to the extent of the State's investments in this general pooled account and the proper amount of cash to be left in bank balances. Because of the period of time required to process State warrants, it is apparent that sizable balances remain in the various funds, even though the books of account in the Capitol may show cash to be at a very low level. The Invested Treasurer's Cash Fund may be used as a vehicle for these monies in process of transfer. In the handling of this fund, the Investment Department buys and sells according to oral certifications made by the staff of the Treasurer. In recent years, the Investment Department has increased the use of U.S. Treasury repurchase agreements and the use of bills for short periods of time, sometimes only a few days, so as to earn income on money available, whenever it is so certified.

The proper extent of the investment program for this particular fund has been difficult to determine because of the lack of comparable statistics regarding other active public accounts. For example, a listing of State security holdings by the Bureau of the Census has combined the investments for this fund with those of all other funds managed by the State Board of Investment in arriving at the figure for total securities held. The amount of the State's total security holdings, when compared with funds available for investment, appears to be quite high in any such survey. This is an obvious result of combining the current operating account with the long-term funds, such as the Permanent School Fund and the retirement funds, which must be fully invested at all times. Our investment programs must be considered individually, however, and not in total, when arriving at any conclusions regarding the adequacy of the policies and procedures both as to the amount of investments and the types of securities used. The Investment Department is not responsible for the amount of cash invested or uninvested in this fund. It appears to us, however, that greater income may be anticipated during the next few fiscal years due, in part, to the increased activity in the short-term securities market as a result of a more intense utilization of the current funds. The higher level of interest rates, together with the investment of bond proceeds and certain accounting changes which have placed income records on a current year basis, will also result in substantially higher earnings for the Invested Treasurer's Cash Fund. This upward trend in income will continue if high interest rates, additional bond financing programs, and increases in tax receipts remain as important factors.

Except for the securities held for the State's building program, practically all the U.S. Treasury obligations held in the Treasurer's cash account mature in less than nine months from date of purchase. The statute requires that these investments mature within three years. Although the use of collateralized time deposits in Minnesota banks is permitted by statute for this pooled fund, the high interest rates available from U.S. Treasury obligations and the need for liquidity have dictated the use of marketable securities in recent years.

#### STATE COLLEGES, WELFARE, AND DEPARTMENT OF CORRECTIONS

The State Board of Investment is responsible for the investment of individual endowment accounts applicable to scholarships and the support of State institutions, certain funds designated for welfare purposes, and patient and inmate accounts in both welfare and correction institutions.

During 1963, a pooled fund was established for the patients of the various welfare institutions. As a result of this pooling arrangement, it was possible to increase substantially the percentage of these funds which could be invested. Although some municipal securities have been used in these funds in the past, we are limiting present purchases to U.S. Treasury obligations.

#### THE RETIREMENT FUNDS

Investments in various State retirement funds totaled approximately \$322.4 million in book value on December 31, 1965. These funds have been accumulated, for the most part, through payroll deductions affecting employees of the State, subdivisions of the State, and school districts. In recent years, however, the Legislature has greatly increased the contributions to these funds by the employers -- the governmental units. The 1965 Legislature again added to the contributions by raising the maximum salary limits on which these contributions are paid. In recent months, the higher cash flow has been very evident in our investment program and will mean an increased rate of growth and income in years to come. The basic investment law for retirement funds, passed in 1961, was revised by the 1963 and 1965 Legislatures so as to permit a higher percentage of corporate bond and stock investments.

Although State, municipal, and school district bonds once accounted for approximately 70% of the total investments in these retirement accounts, such holdings were reduced to approximately 21.9% of the total by December 31, 1965. This percentage decline was due primarily to the placement of all new money in other securities, but was partly accounted for by the sale of tax-exempt bonds during the past five years. Sales of municipal securities from the retirement funds have totaled \$22,276,000.00 since 1961, including the sale of \$4,142,000.00 face value of such securities in February 1966. Although these tax-exempt bond sales will continue in future years, it appears that a large portion of the present holdings may be held until maturity. The remaining "municipals" consist primarily of small odd lots that carry either no rating or a rating of "Ba" or "BB" by the leading services. The municipal bond dealers and fiscal agents of the upper Midwest area have been most helpful in completing the sale of these securities. The refunding of certain of these issues, made possible by action of the 1963 Minnesota Legislature, has increased the value of the affected holdings and may make them more marketable.

Corporate debt obligations now constitute the leading classification of securities in the retirement funds, accounting for 47.8% of total investments on a book value basis. All these securities have been purchased since 1960 and were rated "A" or better, at the time of purchase, by at least one of the nationally recognized rating services -- Fitch, Moody's, or Standard & Poor's. These corporate fixed-income investments, yielding 4.67%, provide a higher return to the retirement accounts than any other securities category.

The use of common stocks in the retirement funds was authorized by the 1961 Legislature. Under revised provisions passed in 1965, the State Board of Investment may purchase common stocks up to a maximum of 5% of the fund's book value in each of the years following 1961, until a maximum of 30% in common stocks is reached. By April 14, 1965, the fourth anniversary of the investment law, such investment accounted for nearly 20% of the total value of each fund; this percentage increased to approximately 23% by April 14, 1966.

On December 31, 1965, the retirement funds held \$228.9 million of corporate securities providing an average yield, at cost of 4.32%. The current yield on investments purchased late in 1965 increased from that obtained during the previous few years because of the higher level of interest rates in effect. The yield obtainable on the State's fixed-income investments has increased again during 1966 as interest rates have reached new high levels.

The following schedule gives an approximate market valuation of the securities in the combined retirement accounts as of December 31, 1965:

APPROXIMATE MARKET VALUE OF COMBINED RETIREMENT FUNDS INVESTMENTS  
December 31, 1965

Type of Security	Face Value or Cost	Market Value	Value per \$100 Invested
U.S. Treasury and U.S. Government-guaranteed obligations	\$ 22,838,000.00	\$ 21,373,288.47	\$ 93.59
State College Board obligations	10,002,000.00*	9,051,810.00	90.50
Obligations of Minnesota subdivisions	60,694,000.00	54,624,600.00	90.00
Short-term corporate notes	5,610,000.00	5,610,000.00	100.00
Long-term corporate debt obligations	154,009,112.15	151,652,772.73	98.47
Common stocks	<u>69,286,948.60</u>	<u>80,522,005.02</u>	<u>116.22</u>
Totals and average value	\$322,440,060.75	\$322,834,476.22	\$100.12

\* Total includes small quantity of bonds of other states and their subdivisions.

The U.S. Treasury obligations have a market value less than cost because they were purchased during the period of lower interest rates in the late 1940's and early 1950's. The Minnesota State college securities are revenue issues sold to the retirement funds in connection with the financing of dormitories. These securities are listed at an estimated value based on their worth to the State retirement funds; they are not public issues and are not negotiable. The low market value assumed for these securities is due to their comparatively low interest rates. The 1965 Legislature provided for the refunding of the State college revenue issues presently held in the retirement funds. The State College Board has stated its intent to refund these dormitory issues whenever it is possible to do so at a favorable interest rate. Within a few months after the 1965 legislative session, however, a marked increase in the prevailing level of interest rates made this refunding impractical from the standpoint of the College Board. It is hoped that this refunding will take place soon in that it would mean substantially higher income to the State's retirement funds.

The market value assigned to the municipal holdings is merely an estimate because of the impossibility of valuing this portfolio; these bonds consist of numerous small holdings and hundreds of individual issues. If an attempt were made to sell the bonds in a short period of time, the price received would be substantially lower than that indicated because of the difficulty of marketing, in a limited period, such a large number of municipal securities from a comparatively small geographical area. Most of these holdings were purchased in the mid-1950's and carry interest rates somewhat below those prevailing more recently.

The average yield of 4.67% provided by the corporate bond holdings is less than the rate that could be obtained on similar investments on December 31, 1965. For the most part, the market value of such securities can only be estimated, because many were issued in the form of private placements. The market value as of yearend 1965 was slightly lower than cost on the State's corporate bond holdings; this market value declined further during early 1966 as interest rates continued to increase. The funds are benefiting from this increased interest level, however, because of the higher income received on new corporate bond commitments.

The listed common stocks were valued from closing prices on the New York Stock Exchange. The prices of unlisted stocks were based on the bid prices appearing in the Wall Street Journal or in other leading financial publications.

REVIEW OF ACCOMPANYING SCHEDULES

Schedule I summarizes the composition of the Permanent School Fund and the retirement funds on December 31, 1965. The rearrangement of the securities in the Permanent School Fund was initiated in mid-1963. Under the provisions in a 1962 constitutional amendment and 1963 legislation, this



fund will eventually hold approximately 60% of its book value in corporate securities. Although the percentage of common stocks in this fund may increase to 20% of total book value, the major portion of the account will continue to be invested in fixed-income securities.

The retirement funds now consist primarily of corporate bonds and stocks. Insofar as the flow of incoming cash permits, an attempt is made to maintain an approximately equal diversification among the six retirement funds. There is a difference in the rate of cash flow, however, which has altered the composition of the various retirement funds. The State Employees and Public Employees Retirement Funds certify money on a continuing basis, whereas the Teachers' Retirement Fund is more dependent upon quarterly contributions. Changes in both the bond and stock markets have resulted in some variance in portfolios because of the timing of incoming funds.

Schedule II shows the yield received on the three largest retirement funds during the past eight years; it emphasizes the increased income earned because of higher interest rates and the use of corporate securities. Since 1958, retirement fund yields have increased from approximately 2.9% to over 4%. It is believed that yield has not been unduly stressed since 1960. Quality has been the basic determinant in the purchase of bonds, and long-term growth potential in the making of common stock commitments. Corporate bonds of the high quality used in State funds now provide a yield considerably higher than the present average rate of return, but new commitments in common stocks provide a current yield of only 3.2%. The use of certain stocks offering a low current yield has been continued in the belief that the funds will achieve a higher rate of income over a period of years due to such investments. Dividend increases from such stocks have already indicated their future value to the retirement funds and a favorable impact on yield figures.

The different rates of growth experienced by the three major retirement funds account for the variance in the yields earned by these funds. The Public Employees Retirement Fund and the Teachers' Retirement Fund have shown a growth rate considerably higher than that of the State Employees Retirement Fund in recent years. A larger part of the investments of the State Employees Fund was purchased during the 1950's, at a time of lower bond yields. Future sales programs of Minnesota school and municipal bonds will emphasize the disposition of these securities held by the State Employees Retirement Fund so as to bring this account more in line with the investment diversification shown by the other major retirement funds. The greater percentage of municipal securities owned by the State Employees account has meant a smaller percentage to be invested in the higher yielding corporate fixed-income securities. Another possible reason for the apparent variance in progress of the three funds during individual years may be the differing accounting procedures used by these associations. In each instance, the schedule shows the figures provided by the retirement fund administrations.

The current yield of Minnesota's retirement funds, according to a recent study published by the Investment Bankers Association, is still significantly below that earned by the retirement funds in many other states. There are several reasons for this situation. First, the substantial holdings of low-coupon municipal bonds tend to lower the overall yield; secondly, the ultimate income resulting from common stock investments will not be evident for a period of years; and thirdly, statutes specifying bond quality have limited bond purchases to highly rated bonds. These securities, in turn, provide a lesser yield than bonds of lower quality. A fourth reason is that the Minnesota retirement funds are among the few in the nation which are not authorized to use mortgages. This investment medium has been reviewed several times by the Public Employees Retirement Systems Interim Commission, but it has been decided that certain procedural aspects of a mortgage purchase program will preclude the use of such investments for the funds until a later time.

Schedule III reviews the Permanent School Fund for the decade from June 30, 1956, through June 30, 1966. The schedule indicates that, due to a prevalence of low-coupon U.S. Treasury securities in the fund during the 1950's, the yield was only 2.68%. Certain changes in the U.S. Treasury portfolio during the early 1960's resulted in a higher yield to slightly over 3%, but the increase to a level above 3.5% was achieved only after the passage of a constitutional amendment in 1962. Because corporate bond holdings may not exceed 40% of the book value of the fund, this account still retains approximately \$100 million of low-coupon Treasury securities. The purchase of equities has been gradual and will tend to raise the yield only over a period of years, as dividend rates are increased.

Schedule IV summarizes the short-term corporate notes owned in the various State funds and lists U.S. Treasury obligations held in all accounts on December 31, 1965. Of the funds listed, the Invested Treasurer's Cash Fund is the most liquid; the securities in it must be available for

conversion into cash at any time so as to meet State needs. A portion of the highway funds must be comparatively liquid; the remainder is held for construction projects in progress, but which may take a period of years for completion. Most of the Treasury obligations in the retirement funds and the Permanent School Fund may be regarded as permanent investments. Some of these securities, however, particularly those in the Permanent School Fund, are being sold so as to provide a higher ultimate yield to the accounts. Certain U.S. Treasury issues held in this fund, especially those due within the next six years and carrying a low-coupon rate, are being sold to institutions and taxable funds able to take advantage of the capital gains inherent in such securities. The proceeds from these sales are being reinvested at a higher interest rate and with adequate call protection to meet foreseeable changes in the interest rate level.

Schedule V summarizes the holdings of short-term corporate notes held by the highway and retirement funds on December 31, 1965. This investment medium has been used to a greater extent in early 1966 as interest rates have increased.

Schedule VI lists the corporate bond holdings of the Permanent School Fund on December 31, 1965. At the time this report is being written, on July 1, 1966, corporate bond purchases and commitments total \$105,517,381.59 and provide an average yield to maturity of 4.59%. Because the Permanent School Fund's corporate bonds now approximate the 40% maximum set by Minnesota's Constitution, future bond purchases of this type will take place only as present holdings mature or as new money is available for commitment. There are no percentage limitations placed on investments in U.S. Government-guaranteed and U.S. Government agency securities. It is probable that future purchases will be concentrated in these issues.

Schedule VII lists the corporate bond holdings of the retirement funds on December 31, 1965. Except for the nominal amount of railroad bonds previously owned, these securities were purchased since March 1960. On July 1, 1966, corporate bond purchases and commitments total \$481,621,807.78 and provide an average yield to maturity of 4.76%.

Most of the bonds listed as holdings in the retirement funds were purchased at the time of original offering, or soon thereafter, from members of the underwriting syndicates. During the past three years, however, both the Permanent School Fund and the retirement funds have purchased an increasing number of private placements. These issues are purchased directly from the borrowing corporations by a group of institutional buyers, including public retirement funds and trust funds, insurance companies, and bank trust departments. The State Board of Investment has followed the policy of buying only those private placements that are of sufficient size to be purchased by several buyers, so that the Investment Department is not in the position of setting the interest rate on any individual issue. Commitments are made for privately placed issues only after they have been reviewed by both the Minnesota investment staff and at least one of the three nationally recognized rating agencies, and have been declared to be of "A" quality or above. During 1965, several bond issues were purchased on the secondary market. These issues were used primarily in the Permanent School Fund, where the added diversity of maturities and the call protection inherent in low-coupon issues were particularly desirable.

Schedule VIII details the types of corporate debt obligations owned by the Permanent School Fund and the various retirement funds on December 31, 1965, as well as the redemption features of the securities purchased during the past year. Since the inception of our corporate investment program, we have stressed call protection and have preferred to buy securities offering at least a five-year nonrefundable feature. During early 1966, when interest rates have been considerably higher than prevalent early in the decade, we have concentrated our purchases in those fixed-income issues offering call or refunding protection of ten years.

Over 80% of the purchases since 1960 have been of securities that either are noncallable or had at least five years of call or refunding protection. Because of these noncallable or nonrefundable features, the present yield appears to be adequately protected against anticipated fluctuations in interest rates.

The investment staff has been particularly cognizant of the redemption feature problem in bond commitments for the Permanent School Fund. Because of the inherent call protection existing in the present holdings of long-term low-coupon U.S. Treasury obligations, it is believed advisable that a degree of such protection be continued in the new securities purchased. Since the corporate bond program began in 1963, all bonds added to the Permanent School Fund were protected against call or refunding to a degree in excess of the payment of one year's interest on the call date.

Schedule IX lists the common stock holdings in the Permanent School Fund and in the various retirement funds on December 31, 1965. All these securities meet the requirements stated in the applicable statutes and have been approved by the Advisory Committee on Common Stocks. This committee, which was appointed by the State Board of Investment in May 1961, has now served for five years and continues to make a significant contribution to the investment program of the State. The group meets for one afternoon every two months and reviews in detail the equity programs being followed in the Permanent School Fund and the retirement funds. The members of the Board and the staff of the Investment Department are very appreciative of the time and advice that have been given by the ten members chosen from among the State's leading investment managers. The members of this advisory committee are as follows:

Hermon J. Arnott	President	Farmers & Mechanics Savings Bank of Minneapolis
Franklin Briese	Executive Vice President	The Minnesota Mutual Life Insurance Company
Robert S. Davis	Vice President and Investment Officer	St. Paul Fire & Marine Insurance Company
Gaylord W. Clarner	Vice President	First Trust Company of St. Paul
James C. Harris	Senior Vice President	Northwestern National Bank of Minneapolis
John M. Harris	Trust Investment Officer	Northern National Bank, Duluth
Francis H. Hassing	Investment Counsel	University of Minnesota
Maxwell B. Hight	Investment Section	Mayo Foundation, Rochester
Donald E. Jondahl	Vice President - Finance	Northwestern National Life Insurance Company
Norman Terwilliger	Executive Secretary	Minneapolis Teachers Retirement Association

Schedule IX also indicates that at yearend 1965 the equities in the Permanent School Fund, costing \$32,131,681.98, had a value of \$34,775,006.25. The retirement funds owned common stocks costing \$69,192,192.73 and having a market value of \$80,522,005.02.

It is anticipated that the equities now owned in the Permanent School Fund and the retirement funds will show appreciable changes in market valuations during future years. Although sales are being made from these accounts, the Board does not intend to use these funds as trading media, but hopes to establish a solid investment in American industry that will provide future income to the ultimate beneficiaries. The high levels of the stock market in late 1965 and early 1966, together with the recent wide fluctuations and substantial declines, tend to emphasize the necessity of accepting market and economic downturns along with the more favorable trends. The State's stock purchase program continues to be based on long-term earnings expectations. Upon the recommendation of the Advisory Committee, the Investment Board has recently purchased a limited representation in industries which have been considered favorites by the performance-minded account managers. Because a State investment organization is unable to move as quickly as most mutual funds or trust and insurance accounts, however, it has been found desirable to concentrate the purchases in equities which are likely to perform in a satisfactory manner over a long period of years. The stocks added to the retirement funds in 1961, which provided a yield of less than 2.7% at the time of purchase, now yield over 3.7% on the original cost basis, owing to higher dividends since the time of acquisition. The dividend increases declared during 1965 provided additional income of \$245,338.98 on the stocks owned by the funds during the past year. A comparable upward trend in income, though perhaps to a somewhat lesser degree, may be anticipated over the years as the nation's economy continues to grow.

The Advisory Committee on Common Stocks and the State Board of Investment have emphasized such considerations as management factors and long-term growth potential, as well as current yield, in the selection of equity securities. All stocks recommended for inclusion in these funds are first discussed and approved by the Advisory Committee and then brought before the members of the State Board of Investment. The actual purchase program is subject to continuing advice and suggestions by the Advisory Committee on Common Stocks.

A review of policies concerning the placement of business, together with a summary of transactions completed during 1965, follows the schedules described above.

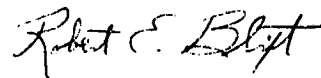
The Minnesota Legislature -- in 1961, 1963, and 1965 -- has provided a very adequate framework around which future successful investment portfolios may be built. As yet, there remains a considerable amount of work to be done in the implementation of the statutes. Many institutional investment funds have outperformed the State accounts on both an income and a market appreciation basis during the past few years because of their investments in mortgages, higher yielding nonrated private placements, and equities offering greater near-term performance. The Investment Department has felt it desirable, however, to work more slowly with the Legislature in providing a firm basis for a program which will be advantageous to the various account beneficiaries over the longer term. As in the past, the Investment Department will cooperate with the Public Employees Retirement Systems Interim Commission and with the various fund administrations in arranging investment programs that will be satisfactory to the retirement funds' members.

It appears that various ideas involving the State's investment accounts will be presented to the 1967 Legislature. One suggestion has been to establish a fund which could be, in essence, a pooled account for numerous smaller retirement funds managed administratively throughout the State. Such an arrangement appears feasible and could be operated under investment provisions comparable to those now applicable to the larger retirement accounts. Another possibility, now in effect in several states, is a broadening of authority to use equities in a specified portion of a supplemental retirement account in order to provide variable annuities for the fund beneficiaries. These arrangements would require legislative changes aimed at increasing flexibility, but still maintaining the overall quality of the portfolios. An additional suggestion has been to raise the maximum percentage of prime quality corporate bonds used in the retirement funds so as to increase the long-term benefits from the present period of high interest rates.

Because of the continuing growth of the funds, together with the investment responsibility involved, there has been some concern on the part of legislators regarding a statutory basis adequate to insure the long-term competency of the department. Others have urged legislative action stressing the avoidance of political or personal pressures in the furtherance of the investment program. Although the departmental staff has found the present laws to be satisfactory, it is evident that any statutes applicable to such a dynamic field as finance need constant revision to meet current requirements. We will continue to work with the Legislature in the formulation of any new programs which could update investment provisions and increase the confidence of Minnesota's citizens in the State's handling of these very sizable funds.

The State Board of Investment and the staff of the Investment Department appreciate the cooperation received from the Legislature in effecting investment changes that have resulted in improved portfolio balance and noticeably higher income during the past six years. As Executive Secretary, I have been particularly encouraged by the warm support we have received from the investment community and members of the securities industry throughout the nation. The members of the Advisory Committee, to an ever-increasing extent, have maintained a personal interest in the investment results of these State funds and in further implementing the program. We are also grateful for the comments, suggestions, and constructive criticisms which have been made by other public fund managers and members of the securities industry.

Respectfully submitted,



Robert E. Blyt, C.F.A.  
Executive Secretary

REB:mdl

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT  
COMPOSITION OF THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS\*  
December 31, 1965

Schedule I

PERMANENT SCHOOL FUND		RETIREMENT FUNDS														
Book Value	%	Type of Security	Total Retirement Funds		Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Public Employees Police & Fire Fund		State Police Officers Retirement Fund		Highway Patrolmen's Retirement Fund	
			Book Value	%	Book Value	%	Book Value	%	Book Value	%	Book Value	%	Book Value	%	Book Value	%
<b>FIXED-INCOME OBLIGATIONS</b>																
\$123,693,000.00	47.2%	U.S. Treasury	\$ 18,810,000.00	5.8%	\$ 6,210,000.00	5.4%	\$ 3,880,000.00	4.6%	\$ 7,080,000.00	6.2%	\$1,400,000.00	21.7%	\$ 65,000.00	5.8%	\$ 175,000.00	5.4%
958,000.00	0.4	U.S.-Guaranteed Merchant Marine Bonds	4,028,000.00	1.3	3,653,000.00	3.2	-	-	-	-	375,000.00	5.8	-	-	-	-
\$124,651,000.00	47.6%	Total Federal Obligations	\$ 22,838,000.00	7.1%	\$ 9,863,000.00	8.6%	\$ 3,880,000.00	4.6%	\$ 7,080,000.00	6.2%	\$1,775,000.00	27.5%	\$ 65,000.00	5.8%	\$ 175,000.00	5.4%
\$ 105,000.00	0.0%	Minnesota State	\$ 9,109,000.00**	2.8%	\$ 2,995,000.00	2.6%	\$ 2,458,000.00	2.9%	\$ 3,656,000.00	3.2%	-	-	-	-	-	-
3,895,865.00	1.5	Minnesota Subdivisions	60,694,000.00	18.8	16,724,000.00	14.6	20,533,000.00	24.6	22,261,000.00	19.6	-	-	\$ 406,000.00	36.5%	\$ 770,000.00	23.6%
\$ 4,000,865.00	1.5%	Other States & Subdivisions	893,000.00	0.3	326,000.00	0.3	367,000.00	0.4	200,000.00	0.2	-	-	-	-	-	-
		Total State & Municipal Obligations	\$ 70,696,000.00	21.9%	\$ 20,045,000.00	17.5%	\$ 23,358,000.00	27.9%	\$ 28,117,000.00	23.0%	-	-	\$ 406,000.00	36.5%	\$ 770,000.00	23.6%
		Short-term Corporate Obligations	\$ 5,610,000.00	1.7%	\$ 4,220,000.00	3.7%	\$ 781,000.00	0.9%	\$ 300,000.00	0.3%	\$ 309,000.00	4.8%	-	-	-	-
		Long-term Corporate Obligations:														
		Public Utility														
\$ 20,662,000.00	7.9%	Electric	\$ 36,352,000.00	11.3%	\$ 13,006,000.00	11.4%	\$ 8,328,000.00	10.0%	\$ 13,684,000.00	12.0%	\$ 773,000.00	11.9%	\$ 130,000.00	11.7%	\$ 431,000.00	13.2%
8,463,000.00	3.2	Gas	28,159,000.00	8.8	10,824,000.00	9.5	6,912,000.00	8.3	9,304,000.00	8.2	484,000.00	7.5	168,000.00	15.1	467,000.00	14.3
10,400,000.00	4.0	Telephone	9,460,000.00	2.9	3,550,000.00	3.1	1,800,000.00	2.1	3,800,000.00	3.3	210,000.00	3.2	-	-	100,000.00	3.1
		Water	1,000,000.00	0.3	400,000.00	0.4	300,000.00	0.4	300,000.00	0.3	-	-	-	-	-	-
\$ 39,525,000.00	15.1%	Total Public Utility	\$ 74,971,000.00	23.3%	\$ 27,780,000.00	24.4%	\$ 17,340,000.00	20.8%	\$ 27,088,000.00	23.8%	\$1,467,000.00	22.6%	\$ 298,000.00	26.8%	\$ 998,000.00	30.6%
\$ 3,700,000.00	1.4%	Finance	\$ 5,275,000.00	1.6%	\$ 1,600,000.00	1.4%	\$ 1,250,000.00	1.5%	\$ 2,250,000.00	2.0%	\$ 175,000.00	2.7%	-	-	-	-
38,840,328.77	14.8	Industrial	38,921,000.00	12.1	12,361,000.00	10.8	10,280,000.00	12.3	15,345,000.00	13.5	670,000.00	10.4	\$ 40,000.00	3.6%	\$ 225,000.00	6.9%
4,684,000.00	1.8	Transportation (excluding equipment)	9,933,000.00	3.1	3,258,000.00	2.8	2,414,000.00	2.9	3,693,000.00	3.2	247,000.00	3.8	98,000.00	8.8	223,000.00	6.8
14,651,044.18	5.6	Railroad Equipment	24,909,112.15	7.7	9,251,903.86	8.1	6,730,339.57	8.1	8,481,868.72	7.5	325,000.00	5.0	-	-	120,000.00	3.7
\$101,400,872.95	38.7%	Total Long-term Corporate Obligations	\$154,009,112.15	47.8%	\$ 54,250,903.86	47.5%	\$ 38,014,339.57	45.6%	\$ 56,857,868.72	50.0%	\$2,884,000.00	44.5%	\$ 436,000.00	39.2%	\$1,566,000.00	48.0%
		Preferred Stock (gift)	700.00	-	-	-	-	-	700.00	-	-	-	-	-	-	-
\$230,052,837.95	87.8%	<b>TOTAL FIXED-INCOME OBLIGATIONS</b>	\$253,153,812.15	78.5%	\$ 88,378,903.86	77.3%	\$ 66,033,339.57	79.0%	\$ 90,355,568.72	79.5%	\$4,968,000.00	78.8%	\$ 907,000.00	81.5%	\$2,511,000.00	77.0%
<b>COMMON STOCKS</b>																
<b>CONSUMER-ORIENTED STOCKS:</b>																
<b>Utilities</b>																
\$ 7,407,240.86	2.8%	Electric	\$ 15,056,267.52	4.7%	\$ 5,785,910.45	5.1%	\$ 3,777,794.35	4.5%	\$ 4,968,134.91	4.4%	\$ 319,198.73	4.9%	\$ 39,263.88	3.5%	\$ 165,965.20	5.1%
615,412.41	0.2	Gas	2,210,548.89	0.7	847,095.48	0.7	536,163.06	0.6	743,715.91	0.6	41,205.95	0.6	10,524.58	1.0	31,843.91	1.0
991,885.55	0.4	Telephone	2,177,249.77	0.7	805,161.95	0.7	543,153.43	0.7	733,597.95	0.7	61,495.61	1.0	9,077.79	0.8	24,763.04	0.7
\$ 9,014,538.82	3.4%	Total Utilities	\$ 19,444,066.18	6.1%	\$ 7,438,167.88	6.5%	\$ 4,857,110.84	5.8%	\$ 6,445,448.77	5.7%	\$ 421,900.29	6.5%	\$ 58,866.25	5.3%	\$ 222,572.15	6.8%
<b>Financial Services</b>																
\$ 3,376,956.15	1.3%	Banks	\$ 5,816,017.21	1.8%	\$ 2,127,081.32	1.9%	\$ 1,666,796.74	2.0%	\$ 1,837,379.26	1.6%	\$ 109,892.02	1.7%	\$ 14,769.10	1.3%	\$ 60,098.77	1.8%
241,340.95	0.1	Finance	1,342,675.34	0.4	568,201.04	0.5	312,268.43	0.4	405,587.87	0.4	39,843.00	0.6	5,475.00	0.5	11,300.00	0.4
2,052,722.50	0.8	Insurance	3,764,738.95	1.2	1,419,384.33	1.2	913,956.23	1.1	1,305,920.89	1.1	86,800.00	1.3	4,112.50	0.4	34,565.00	1.1
\$ 5,671,019.60	2.2%	Total Financial Services	\$ 10,923,431.50	3.4%	\$ 4,114,666.69	3.6%	\$ 2,893,021.40	3.5%	\$ 3,548,888.02	3.1%	\$ 236,535.02	3.6%	\$ 24,356.60	2.2%	\$ 105,963.77	3.3%
<b>Consumers Goods</b>																
\$ 1,245,671.50	0.5%	Food-Beverage	\$ 2,705,186.98	0.8%	\$ 1,010,996.95	0.9%	\$ 651,008.38	0.8%	\$ 919,851.76	0.8%	\$ 84,746.54	1.3%	\$ 5,094.05	0.5%	\$ 33,489.30	1.0%
263,145.78	0.1	Printing & Publishing	1,522,283.38	0.5	508,692.18	0.4	461,086.89	0.5	503,710.84	0.4	29,829.58	0.5	3,523.94	0.3	15,439.95	0.5
1,189,067.29	0.4	Retail Trade	2,304,474.91	0.7	890,794.85	0.8	552,911.75	0.7	762,538.60	0.7	62,783.50	1.0	7,748.06	0.7	27,698.15	0.9
664,921.34	0.3	Miscellaneous	1,930,737.58	0.6	744,017.57	0.6	437,732.49	0.5	669,000.69	0.6	52,142.78	0.8	4,323.80	0.4	23,520.25	0.7
\$ 3,362,805.91	1.3	Total Consumers Goods	\$ 8,462,682.85	2.6%	\$ 3,154,501.55	2.7%	\$ 2,102,739.51	2.5%	\$ 2,855,101.89	2.5%	\$ 229,502.40	3.6%	\$ 20,689.85	1.9%	\$ 100,147.65	3.1%
\$ 18,048,364.33	6.9%	<b>Total Consumer-Oriented Stocks</b>	\$ 38,830,180.53	12.1%	\$ 14,707,336.12	12.8%	\$ 9,852,871.75	11.8%	\$ 12,849,438.68	11.3%	\$ 887,937.71	13.7%	\$ 103,912.70	9.4%	\$ 428,683.57	13.2%
<b>RESEARCH STOCKS:</b>																
\$ 2,770,350.19	1.1%	Chemical & Drug	\$ 6,567,134.41	2.0%	\$ 2,449,062.62	2.1%	\$ 1,673,219.11	2.0%	\$ 2,247,027.17	2.0%	\$ 114,239.73	1.8%	\$ 16,638.88	1.5%	\$ 66,946.90	2.1%
555,931.25	0.2	Office Equipment	1,111,788.95	0.3	400,709.20	0.3	277,793.75	0.3	396,868.75	0.3	21,735.75	0.3	4,906.50	0.4	9,775.00	0.3
811,769.48	0.3	Miscellaneous	1,054,053.65	0.3	372,655.05	0.3	279,959.34	0.3	378,995.84	0.3	15,022.04	0.2	-	-	7,421.38	0.2
\$ 4,138,050.92	1.6%	<b>Total Research Stocks</b>	\$ 8,732,977.01	2.6%	\$ 3,222,426.87	2.7%	\$ 2,230,972.20	2.6%	\$ 3,022,891.76	2.6%	\$ 150,997.52	2.3%	\$ 21,545.38	1.9%	\$ 84,143.28	2.6%
<b>NATURAL-RESOURCES STOCKS:</b>																
\$ 3,017,485.61	1.2%	Petroleum	\$ 7,033,035.71	2.2%	\$ 2,568,953.04	2.3%	\$ 1,846,836.71	2.2%	\$ 2,375,880.47	2.1%	\$ 149,577.36	2.3%	\$ 18,596.16	1.7%	\$ 73,191.97	2.2%
\$ 3,017,485.61	1.2%	<b>Total Natural-Resources Stocks</b>	\$ 7,033,035.71	2.2%	\$ 2,568,953.04	2.3%	\$ 1,846,836.71	2.2%	\$ 2,375,880.47	2.1%	\$ 149,577.36	2.3%	\$ 18,596.16	1.7%	\$ 73,191.97	2.2%
<b>DURABLES STOCKS:</b>																
\$ 1,652,590.33	0.6%	Automobiles & Automobile Parts	\$ 3,756,661.06	1.2%	\$ 1,444,292.59	1.3%	\$ 934,592.64	1.1%	\$ 1,235,663.61	1.1%	\$ 81,043.27	1.3%	\$ 13,108.75	1.2%	\$ 47,960.20	1.5%
1,135,594.14	0.4	Electrical & Electronic Equipment	2,365,507.75	0.7	860,031.74	0.8	585,633.50	0.7	839,011.15	0.7	40,537.48	0.6	8,591.53	0.8	31,702.35	1.0
999,242.14	0.3	Machinery	1,677,175.81	0.5	597,304.64	0.5	399,936.24	0.5	617,401.35	0.5	42,827.41	0.7	4,729.94	0.4	14,976.23	0.5
595,490.47	0.2	Steel	1,161,444.05	0.4	441,362.00	0.4	233,762.10	0.3	444,455.10	0.4	28,886.46	0.4	6,032.49	0.5	6,945.90	0.2
1,527,145.32	0.6	Transportation	3,371,696.70	1.0	1,243,913.49	1.1	861,803.07	1.0	1,137,143.56	1.0	81,108.68	1.2	14,893.27	1.3	32,834.63	1.0
481,746.38	0.2	Transportation Equipment	1,151,303.76	0.4	410,402.11	0.4	296,982.73	0.4	407,480.16	0.4	18,028.58	0.3	7,449.88	0.7	10,960.30	0.3
571,390.92	0.2	Miscellaneous	1,206,966.22	0.4	462,648.89	0.4	302,242.66	0.4	395,878.63	0.4	23,224.28	0.4	7,141.50	0.6	15,830.26	0.5
\$ 6,983,199.70	2.5%	<b>Total Durables Stocks</b>	\$ 14,890,755.35	4.6%	\$ 5,459,955.46	4.9%	\$ 3,614,952.94	4.4%	\$ 5,077,033.56	4.5%	\$ 315,656.16	4.9%	\$ 61,947.36	5.5%	\$ 161,209.87	5.0%
\$ 32,167,100.56	12.2%	<b>TOTAL COMMON STOCKS</b>	\$ 69,286,948.60	21.5%	\$ 25,958,671.49	22.7%	\$ 17,545,633.60	21.0%	\$ 23,325,244.47	20.5%	\$1,504,168.75	23.2%	\$ 206,001.60	18.5%	\$ 747,228.69	23.0%
\$262,219,338.51	100.0%	<b>TOTAL</b>	\$322,440,760.75	100.0%	\$114,337,575.35	100.0%	\$ 83,578,973.17	100.0%	\$113,680,813.19	100.0%	\$6,472,168.75	100.0%	\$1,113,001.60	100.0%	\$3,258,228.69	100.0%

\* This schedule includes only investments. Total assets of each fund are greater than indicated because of cash balances not yet certified for investment.

\*\* Minnesota State College Board obligations.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule II

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS  
IN THE THREE LARGEST RETIREMENT FUNDS  
December 31, 1965

	PUBLIC EMPLOYEES RETIREMENT FUND				STATE EMPLOYEES RETIREMENT FUND				TEACHER'S RETIREMENT FUND			
	Book Value (1)(6)	Average Book Value for Year Ending (2)	Income for Year Ending (3)	Yield (4)	Book Value (1)	Average Book Value for Year Ending (2)	Income for Year Ending (3,5)	Yield (4)	Book Value (1)	Average Book Value for Year Ending (2)	Income for Year Ending (3)	Yield (4)
June 30, 1956	\$ 17,357,500	-	-	-	\$32,872,500	-	-	-	\$ 27,471,100	-	-	-
December 31, 1956	\$ 18,286,750	-	-	-	\$34,910,000	-	-	-	\$ 29,748,400	-	-	-
June 30, 1957	\$ 19,301,750	-	-	-	\$36,797,000	\$34,859,833	\$1,016,556.48	2.92%	\$ 31,853,900	-	-	-
December 31, 1957	\$ 20,588,750	-	-	-	\$39,577,500	-	-	-	\$ 34,149,700	-	-	-
June 30, 1958	\$ 23,625,000	\$ 21,171,833	\$ 614,096.77	2.90%	\$39,715,500	-	-	-	\$ 37,242,200	\$ 34,415,267	\$1,018,014.26	2.90%
December 31, 1958	\$ 27,515,000	-	-	-	\$41,985,500	\$40,426,167	\$1,225,833.46	3.03%	\$ 42,777,200	-	-	-
June 30, 1959	\$ 31,563,000	\$ 27,567,667	\$ 880,223.48	3.19%	\$44,659,000	-	-	-	\$ 48,523,300	\$ 42,847,567	\$1,409,995.45	3.29%
December 31, 1959	\$ 35,414,500	-	-	-	\$46,911,500	\$44,518,667	\$1,378,022.98	3.10%	\$ 54,313,000	-	-	-
June 30, 1960	\$ 41,548,500	\$ 36,175,333	\$1,211,061.33	3.35%	\$49,816,500	-	-	-	\$ 55,243,300	\$ 52,693,300	\$1,823,482.03	3.46%
December 31, 1960	\$ 46,935,500	-	-	-	\$51,967,000	\$49,565,000	\$1,631,458.61	3.29%	\$ 59,160,300	-	-	-
June 30, 1961	\$ 54,183,680	\$ 47,555,893	\$1,753,679.00	3.69%	\$54,499,050	-	-	-	\$ 63,098,540	\$ 59,167,380	\$2,140,761.22	3.62%
December 31, 1961	\$ 61,433,745	-	-	-	\$56,830,438	\$54,432,163	\$1,885,692.64	3.46%	\$ 67,775,429	-	-	-
June 30, 1962	\$ 68,132,958	\$ 61,250,128	\$2,340,665.00	3.82%	\$59,843,686	-	-	-	\$ 73,187,108	\$ 68,020,359	\$2,587,612.53	3.80%
December 31, 1962	\$ 75,195,593	-	-	-	\$62,517,119	\$59,730,414	\$2,168,821.46	3.63%	\$ 77,813,737	-	-	-
June 30, 1963	\$ 81,436,890	\$ 74,921,814	\$2,990,070.00	3.99%	\$65,432,932	-	-	-	\$ 82,990,550	\$ 77,997,132	\$3,011,190.37	3.86%
December 31, 1963	\$ 92,347,700	-	-	-	\$68,922,451	\$65,624,167	\$2,466,206.57	3.76%	\$ 88,480,685	-	-	-
June 30, 1964	\$ 96,311,091	\$ 90,031,894	\$3,613,002.65	4.01%	\$72,100,574	-	-	-	\$ 96,529,180	\$ 89,333,472	\$3,546,799.82	3.97%
December 31, 1964	\$103,667,519	-	-	-	\$75,485,635	\$72,169,553	\$2,771,915.82	3.84%	\$100,413,219	-	-	-
June 30, 1965	\$110,234,510	\$103,404,373	\$4,193,536.65	4.06%	\$79,128,448	-	-	-	\$109,221,619	\$102,054,673	\$4,124,491.25	4.04%
December 31, 1965	\$120,809,744	-	-	-	\$83,578,973	\$79,397,685	\$3,098,483.89	3.90%	\$113,680,813	-	-	-

- (1) Book value figures based on those shown on Treasurer's General Report on State Finances on date listed, with adjustments for investments committed for but not yet received.  
(2) Computed by averaging book value of fund on last three report dates, ending with the date listed.  
(3) Income figures obtained from the secretaries of the respective retirement funds.

- (4) Computed by dividing income of fund for fiscal period by average book value of fund during period.  
(5) In 1957, State Employees Retirement Fund changed from a fiscal-year to a calendar-year basis.  
(6) Includes the Public Employees Police & Fire Fund for periods after July 1, 1960, when it was established.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule III

PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS

	Book Value (1)	Average Book Value for Year Ending (2)	Total Investment Income for Year Ending (3,4)	Less Transfer to Principal (5)	Net Investment Income for Year Ending (3,4)	Yield (6)
June 30, 1956	\$239,454,017.45	\$230,514,077.91	\$6,177,810.81	-	\$6,177,810.81	2.68%
December 31, 1956	\$243,004,853.61	-	-	-	-	-
June 30, 1957	\$244,700,475.47	\$242,386,448.84	\$6,486,999.20	-	\$6,486,999.20	2.68%
December 31, 1957	\$248,558,062.99	-	-	-	-	-
June 30, 1958	\$249,513,238.84	\$247,590,592.43	\$6,512,261.41	-	\$6,512,261.41	2.63%
December 31, 1958	\$252,324,357.47	-	-	-	-	-
June 30, 1959	\$253,243,896.53	\$251,693,830.95	\$7,005,142.92	-	\$7,005,142.92	2.78%
December 31, 1959	\$255,520,490.05	-	-	-	-	-
June 30, 1960	\$256,276,151.72	\$255,013,512.77	\$7,116,641.31	-	\$7,116,641.31	2.79%
December 31, 1960	\$259,324,537.57	-	-	-	-	-
June 30, 1961	\$260,019,901.33	\$258,540,196.87	\$7,978,635.92	-	\$7,978,635.92	3.09%
December 31, 1961	\$261,981,702.84	-	-	-	-	-
June 30, 1962	\$262,388,564.04	\$261,463,389.40	\$8,610,672.52*	-	\$8,610,672.52*	3.29%*
December 31, 1962	\$264,203,940.11	-	-	-	-	-
June 30, 1963	\$264,631,949.36	\$263,741,484.50	\$8,048,170.78*	-	\$8,048,170.78*	3.05%*
December 31, 1963	\$263,710,744.23	-	-	-	-	-
June 30, 1964	\$263,552,120.96	\$263,964,938.18	\$8,579,156.81	-	\$8,579,156.81	3.25%
December 31, 1964	\$264,704,185.42	-	-	-	-	-
June 30, 1965	\$262,170,084.20	\$263,475,463.53	\$9,186,790.66	\$ 76,936.86	\$9,109,853.80	3.46%
December 31, 1965	\$262,324,844.32	-	-	-	-	-
June 30, 1966	\$261,686,901.05	\$262,060,609.86	\$9,647,417.30	\$329,472.90	\$9,317,944.40	3.56%

(1) Book value figures based on those shown on Treasurer's General Report on State Finances on date listed.

(2) Computed by averaging book value of fund on last three report dates, ending with date listed.

(3) Income figures obtained from the State Auditor's office.

(4) Includes investment income from the Swamp Land Fund which was combined into the Permanent School Fund after passage of a Constitutional Amendment in 1962.

(5) The transfer of a portion of the income to the principal of the account is called for under the Minnesota Constitution, Article VIII, Section 4, as amended in 1962, and implemented by Minnesota Statutes 1965, Section 11.015, Subdivision 7, in order that the difference between the sales price and original cost of securities be returned to the principal of the account. Sales of low coupon U.S. Treasury securities at less than cost resulted in the transfers during recent years.

(6) Computed by dividing net investment income of fund for fiscal period by average book value of fund.

(\*) The income received during fiscal 1962 and 1963 was subjected to accounting adjustments which tended to overstate the 1962 figures, due to the accumulation of discounts on bonds purchased (Minnesota Statutes 1965, Section 11.05, Subdivision 2) and understate the 1963 results, due to the combining of the Swamp Land Fund into the Permanent School Fund during that fiscal year.

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS				Internal Improvement Land Fund	Combined Retirement Funds	Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	Permanent School Fund			
<b>U.S. TREASURY SECURITIES</b>								
<b>NOTES AND BONDS (continued)</b>								
2 1/2% Bonds due 3-15-71/66	*	-	-	-	\$ 753,000	-	\$ 1,225,000	-
4% Bonds due 8-15-71	*	-	-	-	-	\$ 43,000	-	\$ 2,000
3 7/8% Bonds due 11-15-71	*	-	-	-	-	-	-	105,000
4% Bonds due 2-15-72	*	-	-	-	1,800,000	-	800,000	45,000
2 1/2% Bonds due 6-15-72/67	*	-	-	-	-	-	385,000	13,000
4% Bonds due 8-15-72	*	-	-	-	-	1,500	-	3,000
2 1/2% Bonds due 9-15-72/67	*	-	-	-	3,450,000	-	2,830,000	-
2 1/2% Bonds due 12-15-72/67	*	-	-	-	-	-	-	300,500
4% Bonds due 8-15-73	*	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	-	-	330,000	113,500
4 1/8% Bonds due 11-15-73	*	2,000,000	2,000,000	1,000,000	-	-	120,000	302,000
4 1/8% Bonds due 2-15-74	*	1,000,000	1,200,000	500,000	-	-	40,000	242,000
4 1/4% Bonds due 5-15-74	*	4,500,000	-	1,000,000	-	22,000	1,400,000	120,000
3 7/8% Bonds due 11-15-74	*	-	-	-	-	-	-	-
Total maturities 5-10 years	*	\$11,500,000	\$ 5,200,000	\$ 4,500,000	\$ 6,003,000	\$ 66,500	\$ 7,130,000	\$ 1,246,000
4% Bonds due 2-15-80	*	-	-	-	\$ 1,917,500	\$ 6,000	\$ 1,135,000	\$ 1,000
3 1/2% Bonds due 11-15-80	*	-	-	-	1,500,000	-	-	4,000
3 1/4% Bonds due 6-15-83/78	*	-	-	-	21,600,000	50,000	300,000	500
3 1/4% Bonds due 5-15-85	*	-	-	-	34,300,000	-	-	-
4 1/4% Bonds due 5-15-85/75	*	-	-	-	-	-	-	79,000
3 1/4% Bonds due 2-15-90	*	-	-	-	30,000,000	-	500,000	-
3 1/2% Bonds due 11-15-98	*	-	-	-	8,500,000	50,000	-	-
Total maturities more than 10 years	*	-	-	-	\$ 97,817,500	\$ 106,000	\$ 1,935,000	\$ 84,500
<b>TOTAL U.S. TREASURY NOTES &amp; BONDS</b>		\$ 61,150,000	\$27,500,000	\$ 8,000,000	\$123,433,000	\$ 420,000	\$17,735,000	\$ 4,166,000
<b>TOTAL U.S. TREASURY SECURITIES</b>		\$102,900,000	\$46,366,000	\$20,162,000	\$123,693,000	\$ 420,000	\$18,810,000	\$ 7,643,000
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b>								
Average maturity about 10 years	*	-	-	-	\$ 958,000	-	\$ 4,028,000	\$ -
<b>TOTAL U.S. GOVERNMENT OBLIGATIONS</b>		\$102,900,000	\$46,366,000	\$20,162,000	\$124,651,000	\$ 420,000	\$22,838,000	\$ 7,643,000

\* These securities are not eligible for purchase in these funds.  
\*\* Face value of securities subject to repurchase agreements.



STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule IV

U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS  
(ALSO INCLUDING SHORT-TERM CORPORATE NOTES)

December 31, 1965

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Permanent School Fund	Internal Improvement Land Fund	Combined Retirement Funds	Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid				
<b>SHORT-TERM CORPORATE NOTES</b>								
Maturity less than 30 days	*	\$ 1,512,000	\$ 1,917,000	-	-	*	\$ 3,330,000	*
Maturity 30-90 days	*	-	800,000	\$ 834,000	-	*	1,669,000	*
Maturity 3-6 months	*	6,513,000	716,000	1,055,000	-	*	611,000	*
TOTAL SHORT-TERM CORPORATE NOTES	*	\$ 8,025,000	\$ 3,433,000	\$ 1,889,000	-	*	\$ 5,610,000	*
			* * * * *					
<b>U. S. TREASURY SECURITIES</b>								
<b>BILLS</b>								
Maturity less than 30 days	-	\$ 4,200,000	\$ 50,000	\$ 650,000	-	-	\$ 390,000	-
Maturity 30-90 days	\$ 35,250,000	6,356,000	5,770,000	405,000	-	-	50,000	\$ 2,877,000
Maturity 3-6 months	3,000,000	3,300,000	2,392,000	1,143,000	-	-	-	-
Maturity 6-12 months	3,500,000	5,010,000	-	275,000	-	-	-	600,000
TOTAL BILLS	\$ 41,750,000	\$18,866,000	\$ 8,212,000	\$ 2,473,000	-	-	\$ 440,000	\$ 3,477,000
<b>REPURCHASE AGREEMENTS</b>								
Maturity less than 30 days	-	-	-	-	\$ 260,000**	-	\$ 635,000	-
<b>NOTES AND BONDS</b>								
3 5/8% Notes due 2-15-66	\$ 3,500,000	-	-	-	-	-	-	-
3 7/8% Notes due 2-15-66	-	-	\$ 1,900,000	-	-	-	-	-
3 3/4% Bonds due 5-15-66	700,000	-	-	-	\$ 1,530,000	-	-	\$ 1,000,000
4% Notes due 5-15-66	-	-	-	-	-	-	-	-
4% Notes due 8-15-66	15,500,000	\$ 5,000,000	-	-	2,130,000	-	-	-
4% Notes due 11-15-66	7,000,000	-	-	-	-	-	-	-
Total maturities less than 1 year	\$ 26,700,000	\$ 5,000,000	\$ 1,900,000	-	\$ 3,660,000	-	-	\$ 1,000,000
Series K 2.76%	-	-	-	-	-	\$ 100,000	\$ 1,250,000	\$ 77,000
Various Maturities to 3-1-67	-	-	-	-	-	-	-	-
3 5/8% Notes due 2-15-67	\$ 6,000,000	-	-	-	-	-	-	-
4 1/4% Notes due 5-15-67	1,100,000	-	-	-	-	-	-	-
3 3/4% Notes due 8-15-67	7,300,000	-	-	-	-	-	-	-
3 5/8% Bonds due 11-15-67	7,000,000	-	-	-	-	-	-	-
3 7/8% Bonds due 5-15-68	7,000,000	-	-	-	\$ 1,550,000	-	-	50,000
3 3/4% Bonds due 8-15-68	6,050,000	-	-	-	-	-	-	1,510,000
3 7/8% Bonds due 11-15-68	-	\$ 3,500,000	\$ 2,350,000	\$ 1,700,000	-	-	-	-
2 1/2% Bonds due 12-15-68/63	-	-	-	-	1,000,000	-	245,000	7,000
Total maturities 1-3 years	\$34,450,000	\$ 3,500,000	\$ 2,350,000	\$ 1,700,000	\$ 2,550,000	\$ 100,000	\$ 1,495,000	\$ 1,644,000
4% Bonds due 2-15-69	*	-	-	\$ 800,000	-	-	-	-
2 1/2% Bonds due 6-15-69/64	*	-	-	-	\$ 3,660,000	\$ 50,000	\$ 130,000	\$ 169,000
4% Bonds due 10-1-69	*	\$ 4,000,000	\$ 2,000,000	1,000,000	932,000	67,500	2,400,000	6,000
2 1/2% Bonds due 12-15-69/64	*	-	-	-	4,060,500	-	1,470,000	16,500
2 1/2% Bonds due 3-15-70/65	*	-	-	-	4,750,000	30,000	1,275,000	-
4% Bonds due 8-15-70	*	3,500,000	500,000	-	-	-	1,900,000	-
Total maturities 3-5 years	*	\$ 7,500,000	\$ 2,500,000	\$ 1,800,000	\$ 13,402,500	\$ 147,500	\$ 7,175,000	\$ 191,500

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule V

SHORT-TERM CORPORATE NOTES HELD BY  
HIGHWAY AND RETIREMENT FUNDS

December 31, 1965

Face Amounts Maturing in the Following Months of 1966:

<u>ISSUER</u>	<u>January</u> <u>(000)</u>	<u>February</u> <u>(000)</u>	<u>March</u> <u>(000)</u>	<u>April</u> <u>(000)</u>	<u>May</u> <u>(000)</u>	<u>June</u> <u>(000)</u>	<u>Total</u> <u>(000)</u>
Associates Investment Company (4.375%-4.75%)	\$ 500	\$ 875	\$ 400	-	-	\$ 400	\$ 2,175
C.I.T. Financial Corporation (4.375%-4.75%)	1,190	234	-	-	-	400	1,824
Commercial Credit Company (4.375%-4.75%)	400	-	-	\$ 200	\$1,075	-	1,675
Ford Motor Credit Company (4.40%-4.75%)	1,630	-	200	-	-	1,400	3,230
General Electric Credit Corporation (4.375%)	400	-	200	-	-	-	600
International Harvester Credit Corporation (4.375%)	400	-	-	210	-	1,400	2,010
Montgomery Ward Credit Corporation (4.375%-4.625%)	500	-	-	-	900	561	1,961
J. C. Penney Credit Corporation (4.375%-4.625%)	1,122	50	200	-	-	-	1,372
Seaboard Finance Company (4.80%-4.875%)	300	-	-	611	-	-	911
Sears Roebuck Acceptance Corporation (4.50%-4.75%)	-	-	400	-	938	400	1,738
James Talcott, Inc. (4.375%-4.75%)	<u>317</u>	<u>-</u>	<u>744</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>1,461</u>
TOTAL INVESTMENT	\$6,759	\$1,159	\$2,144	\$1,021	\$2,913	\$4,961	\$18,957

Average Weighted Yield 4.53%

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule VI

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND  
December 31, 1965

ISSUE					
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>PUBLIC UTILITY OBLIGATIONS</b>					
<b>ELECTRIC</b>					
Duke Power Co.	First & Refunding Mortgage	2-1-95	4 1/2	4.47	\$ 1,500
Florida Power & Light Co.	First Mortgage	4-1-94	4 5/8	4.50	1,200
Gulf Power Co.	First Mortgage	9-1-71	3 1/8	4.55	1,348
Hawaiian Electric Co., Ltd.	First Mortgage	7-1-93	4.45	4.45	1,000
Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4 3/8	4.42	1,000
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	1,000
Iowa Power & Light Co.	S/F Debenture	4-1-89	4 5/8	4.57	1,200
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	960
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	4.55	1,200
Massachusetts Electric Co.	First Mortgage	12-1-93	4 5/8	4.55	1,100
Montana-Dakota Utilities Co.	S/F Bond	7-1-84	4 5/8	4.615	962
Northern States Power Co.	First Mortgage	9-1-93	4 3/8	4.375	1,000
Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.60	992
Potomac Edison Co.	First Mortgage & Coll. Trust	3-1-94	4 5/8	4.55	1,200
Public Service Co. of Indiana	First Mortgage	7-1-82	3 3/8	4.38	1,100
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-94	4 5/8	4.53	1,200
Southern California Edison Co.	First & Refunding Mortgage	3-1-89	4 3/8	4.44	1,500
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	1,200
Total Electric Utility Obligations				4.50%	\$20,662
<b>GAS</b>					
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4 1/2	4.55	\$ 1,200
Columbia Gas System, Inc.	Debenture	5-1-89	4 5/8	4.64	1,200
The Gas Service Co.	First Mortgage	6-1-85	4.65	4.65	1,200
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	1,200
Panhandle Eastern Pipe Line Co.	Debenture	2-1-84	4.60	4.60	1,200
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	8-1-66	3 1/4	4.15	1,500
Surburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	963
Total Gas Utility Obligations				4.56%	\$ 8,463
<b>TELEPHONE</b>					
American Telephone & Telegraph Co.	Debenture	9-15-84	3 1/4	4.40	\$ 1,000
American Telephone & Telegraph Co.	Debenture	5-1-99	4 3/8	4.365	1,500
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	4.85	1,500
General Telephone Co. of Florida	First Mortgage	6-1-95	4 5/8	4.687	1,000
General Telephone Co. of Illinois	First Mortgage	9-1-95	4 7/8	4.875	1,200
General Telephone Co. of Indiana, Inc.	First Mortgage	8-1-95	4.70	4.70	1,200
New York Telephone Co.	Refunding Mortgage	1-1-2004	4 5/8	4.53	1,500
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	1,500
Total Telephone Utility Obligations				4.61%	\$10,400
<i>Total Public Utility Obligations</i>				4.54%	\$39,525
<b>FINANCE OBLIGATIONS</b>					
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	\$ 1,000
Gulf Life Insurance Co.	Capital Note	6-1-89	4 3/4	4.75	1,200
Northwest Bancorporation	Debenture	10-15-90	4 3/4	4.78	1,500
<i>Total Finance Obligations</i>				4.72%	\$ 3,700

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND - December 31, 1965

ISSUE

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>INDUSTRIAL OBLIGATIONS</b>					
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.50	\$ 1,500
American Greetings Corp.	Promissory Note	10-1-84	4.70	4.70	1,000
American Metal Climax, Inc.	Note	8-1-88	4.50	4.50	1,000
Burlington Industries	S/F Debenture	7-15-90	4 3/4	4.80	1,200
Burroughs Corp.	Debenture	7-1-88	4 1/2	4.53	1,000
Cincinnati Milling Machine Co.	Note	1-15-85	4.60	4.60	1,000
Cummins Engine Co., Inc.	Note	7-20-90	4.60	4.60	1,200
Diamond Alkali Corp.	Note	5-1-89	4.65	4.65	1,200
Diebold, Inc.	Note	9-15-85	4.80	4.80	1,000
Dow Chemical Co.	Debenture	9-15-88	4.35	4.35	1,000
Dow Chemical Co.	Note	1-15-90	4.50	4.50	250
General Cable Corp.	Note	1-1-89	4 1/2	4.50	1,000
General Mills, Inc.	S/F Debenture	8-1-90	4 5/8	4.625	1,500
Gould National Batteries, Inc.	Note	11-1-80	4.85	4.85	1,200
Honeywell, Inc.	Note	4-1-90	4.55	4.55	1,500
Kern County Land Co.	Promissory Note	9-1-89	4.65	4.65	1,152
Lone Star Cement Corp.	S/F Debenture	7-1-90	4 7/8	4.875	1,500
Mead Corp.	Note	6-1-78	4 1/4	4.45	1,326
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	1,200
Pillsbury Co.	Promissory Note	12-1-88	4 3/8	4.40	1,000
Scovill Manufacturing Co.	Note	9-15-90	4.80	4.80	1,200
Shell Oil Co.	Note	4-15-90	4 1/2	4.50	1,500
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	4.60	1,200
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	1,000
Standard Oil Co. of Indiana	Promissory Note	4-1-66/79	2.90	4.67	1,400
Standard Oil Co. of Indiana	Promissory Note	12-1-66/ 6-1-79	3.00	5.00	1,260
Standard Oil Co. of Ohio	Note	7-15-90	4.55	4.55	1,400
Sun Oil Co.	Debenture	11-15-90	4 5/8	4.69	1,500
Texaco Inc.	Note	12-15-89	4 1/2	4.50	1,500
Union Carbide Corp.	Note	12-31-96	4 1/2	4.47	1,452
Witco Chemical Co., Inc.	Note	12-1-84	4.65	4.65	1,200
Youngstown Sheet & Tube Co.	First Mortgage S/F	7-1-95	4.60	4.60	1,500
<i>Total Industrial Obligations</i>				4.61%	\$38,840
<b>TRANSPORTATION DEBT OBLIGATIONS</b>					
Atchison, Topeka & Santa Fe Railway Co.	General Gold 4's	10-1-95	4	4.40	\$ 1,500
The Greyhound Corp.	Senior Note	5-15-84	4 5/8	4.625	1,200
Seaboard Air Line Railroad Co.	First Mortgage	12-1-88	4 5/8	4.65	1,000
Southern Railway Co.	First Mortgage	6-1-88	4 5/8	4.625	984
<i>Total Transportation Debt Obligations</i>				4.56%	\$ 4,684
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>					
ACF Industries Inc.	Equipment Trust	4-15-71/80	4.55	4.55	\$ 1,500
Chesapeake & Ohio Railway Co.	Conditional Sale	6-1-66/78	4.40	4.40	1,242 <sup>b</sup>
General American Transportation Corp.	Equipment Trust	7-15-84	4 5/8	4.59	1,422
Kansas City Southern Railway Co.	Conditional Sale	1-15-69/ 7-15-73	4.35	4.35	984 <sup>c</sup>
Kansas City Southern Railway Co.	Conditional Sale	1-15-74/ 7-15-78	4.45	4.45	492 <sup>d</sup>
Kansas City Southern Railway Co.	Conditional Sale	4-1-71/75	4 5/8	4.625	1,500
Norfolk & Western Railway Co.	Conditional Sale	12-15-70/79	4 1/2	4.50	1,500
North American Car Corp.	Equipment Trust	9-1-69/73	4.55	4.55	500
North American Car Corp.	Equipment Trust	9-1-74/78	4.65	4.65	1,000
Seaboard Air Line Railroad Co.	Equipment Trust	4-15-71/75	4 1/4	4.45	1,500
Southern Pacific Co.	Equipment Trust	4-1-71/73	4 1/4	4.45	1,500

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND - December 31, 1965

ISSUE					
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>RAILROAD EQUIPMENT OBLIGATIONS (Cont.)</b>					
Southern Pacific Co.	Conditional Sale	12-15-66/80	4.80	4.80	510
Western Pacific Railroad Co.	Conditional Sale	3-15-71/80	4.55	<u>4.55</u>	<u>1,000</u>
<i>Total Railroad Equipment Obligations</i>				<u>4.52%</u>	<u>\$14,650</u>
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>4.57%</b>	<b>\$101,399</b>

- a. Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
- b. Figure shown is rounded to the nearest thousand; actual holding is as follows: \$1,242,355.40.
- c. Figure shown is rounded to the nearest thousand; actual holding is as follows: 984,459.19.
- d. Figure shown is rounded to the nearest thousand; actual holding is as follows: 492,229.59.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule VII

CORPORATE BOND HOLDINGS - RETIREMENT FUNDS

December 31, 1965

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
Company	Type of Security										
PUBLIC UTILITY OBLIGATIONS											
ELECTRIC											
Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 426	\$ 122	\$ 87	\$ 217	-	-	-
Alabama Power Co.	First Mortgage	3-1-91	4 1/2	4.40	850	350	300	150	-	-	\$ 50
Atlantic City Electric Co.	First Mortgage	3-1-91	4 1/2	4.37	1,200	600	-	600	-	-	-
California Electric Power Co.	First Mortgage	5-1-90	5 1/8	5.10	1,240	400	300	500	-	\$ 40	-
Carolina Power & Light Co.	First Mortgage	4-1-90	4 7/8	4.85	850	350	-	500	-	-	-
Central Illinois Light Co.	First Mortgage	3-1-90	4 7/8	4.90	1,000	250	250	500	-	-	-
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	684	-	294	293	\$ 58	-	39
Citizens Utilities Co.	First Mortgage	12-31-91	4.80	4.80	1,000	600	400	-	-	-	-
Citizens Utilities Co.	Coll. Trust & First Mortgage	10-1-92	4 5/8	4.625	600	-	-	600	-	-	-
Consolidated Edison Co.	First & Refunding Mortgage	12-1-93	4 5/8	4.54	800	700	-	-	100	-	-
Dayton Power & Light Co.	First Mortgage	6-1-93	4.45	4.45	1,500	500	400	600	-	-	-
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.875	800	500	200	-	60	-	40
Hawaiian Electric Co., Ltd.	First Mortgage	4-1-91	4.65	4.65	1,550	600	450	500	-	-	-
Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4 3/8	4.42	1,600	600	400	600	-	-	-
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	1,000	-	400	500	50	-	50
Iowa-Illinois Gas & Electric Co.	First Mortgage	4-15-90	5	4.93	492	-	-	492	-	-	-
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	1,656	576	384	576	72	-	48
Kansas Gas & Electric Co.	First Mortgage	4-1-70	3 3/8	4.50	1,000	-	500	500	-	-	-
Lake Superior District Power Co.	First Mortgage	2-1-91	4 5/8	4.60	500	500	-	-	-	-	-
Long Island Lighting Co.	First Mortgage	4-1-93	4.40	4.40	1,000	500	-	500	-	-	-
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	4.55	500	-	400	-	100	-	-
Louisiana Power & Light Co.	First Mortgage	4-1-90	5	5.01	1,050	350	200	500	-	-	-
Metropolitan Edison Co.	First Mortgage	5-1-90	5	4.95	1,050	350	200	500	-	-	-
Montana-Dakota Utilities Co.	S/F Bond	7-1-84	4 5/8	4.605	1,152	529	-	526	48	-	49
Orange & Rockland Utilities, Inc.	First Mortgage	4-15-91	4 7/8	4.80	1,400	500	350	550	-	-	-
Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	825	482	293	-	50	-	-
Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.625	222	197	-	-	25	-	-
Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.69	1,050	500	-	400	60	40	50
Public Service Co. of New Hampshire	First Mortgage	7-1-92	4 5/8	4.54	650	300	350	-	-	-	-
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-94	4 5/8	4.53	1,215	500	400	200	40	-	75
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4 3/4	4.73	560	-	-	500	60	-	-
Puget Sound Power & Light Co.	First Mortgage	2-1-91	4 5/8	4.65	500	250	250	-	-	-	-
Puget Sound Power & Light Co.	First Mortgage	11-1-93	4 5/8	4.60	1,200	350	250	600	-	-	-
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	1,430	400	500	430	50	50	-
Southern California Edison Co.	First & Refunding Mortgage	9-1-85	4 3/8	4.43	1,260	500	260	500	-	-	-
Southern California Edison Co.	First & Refunding Mortgage	4-1-86	4 1/2	4.42	550	150	250	150	-	-	-
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	700	-	-	700	-	-	-
Utah Power & Light Co.	First Mortgage	9-1-90	4 7/8	4.80	1,290	500	260	500	-	-	30
Total Electric Utility Obligations					\$ 36,352	\$13,006	\$ 8,328	\$13,684	\$ 773	\$ 130	\$ 431

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
<b>GAS</b>											
Arkansas Louisiana Gas Co.	First Mortgage	4-1-83	4 3/8	4.45	\$ 1,400	\$ 500	\$ 400	\$ 500	-	-	-
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4 1/2	4.55	1,600	600	400	600	-	-	-
Brooklyn Union Gas Co.	First Mortgage	4-1-90	4 5/8	4.56	1,175	600	400	-	\$ 100	-	\$ 75
Columbia Gas System, Inc.	Debenture	1-1-88	4 3/8	4.375	1,650	600	400	600	-	-	50
Gas Service Co.	First Mortgage	5-1-83	4.40	4.40	1,344	432	384	432	-	\$ 48	48
Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	468	233	189	-	46	-	-
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	1,550	500	500	400	100	-	50
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	1,275	-	400	700	75	50	50
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.70	1,458	495	395	495	73	-	-
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4 5/8	4.50	539	-	-	489	-	-	50
Mountain Fuel Supply Co.	Debenture	9-1-86	4 7/8	4.80	1,228	594	-	587	-	-	47
Natural Gas Pipeline Co. of America	First Mortgage	10-1-80	5	5.00	872	436	218	218	-	-	-
Northern Natural Gas Co.	Debenture	11-1-81	4 7/8	4.80	975	475	-	477	-	23	-
Northwest Natural Gas Co.	First Mortgage	1-1-89	4 3/4	4.72	1,600	600	400	600	-	-	-
Panhandle Eastern Pipe Line Co.	Debenture	2-1-84	4.60	4.60	650	600	-	-	-	-	50
Southern Counties Gas Co. of California	First Mortgage	8-1-85	4 3/4	4.60	1,165	397	240	492	36	-	-
Southern Natural Gas Co.	First Mortgage	12-1-81	4 3/4	4.75	1,220	468	376	376	-	-	-
Southern Union Gas Co.	First Mortgage	10-1-86	4.80	4.80	1,200	600	-	600	-	-	-
Springfield Gas Light Co.	Note	1-15-87	4 7/8	4.875	784	490	294	-	-	-	-
Surburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	963	578	385	-	-	-	-
Texas Eastern Transmission Corp.	First Mortgage	12-1-81	4 7/8	4.915	1,225	377	377	471	-	-	-
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-81	5	5.08	1,437	502	413	522	-	-	-
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	1,001	287	281	285	54	47	47
Trunkline Gas Co.	First Mortgage	1-1-82	5	5.00	1,380	460	460	460	-	-	-
Total Gas Utility Obligations				4.71%	\$ 28,159	\$10,824	\$ 6,912	\$ 9,304	\$ 484	\$ 168	\$ 467
<b>TELEPHONE</b>											
American Telephone & Telegraph Co.	Debenture	10-1-96	4 3/8	4.30	\$ 1,650	\$ 500	\$ 400	\$ 600	\$ 100	-	\$ 50
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	4.85	500	-	-	500	-	-	-
General Telephone Co. of Florida	First Mortgage	5-1-93	4 1/2	4.50	1,000	500	-	500	-	-	-
General Telephone Co. of Illinois	First Mortgage	9-1-95	4 7/8	4.875	900	-	400	500	-	-	-
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	900	-	400	500	-	-	-
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4 7/8	4.75	500	250	200	-	50	-	-
New York Telephone Co.	Refunding Mortgage	10-1-97	4 5/8	4.57	500	500	-	-	-	-	-
New York Telephone Co.	Refunding Mortgage	1-1-2004	4 5/8	4.53	1,400	700	-	700	-	-	-
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	1,000	600	400	-	-	-	-
Rochester Telephone Corp.	First Mortgage	9-1-93	4 3/4	4.70	1,110	500	-	500	60	-	50
Total Telephone Utility Obligations				4.58%	\$ 9,460	\$ 3,550	\$ 1,800	\$ 3,800	\$ 210	-	\$ 100
<b>WATER</b>											
Indianapolis Water Co.	First Mortgage	1-1-92	4 3/4	4.70	\$ 1,000	\$ 400	\$ 300	\$ 300	-	-	-
Total Public Utility Obligations				4.67%	\$ 74,971	\$27,780	\$17,340	\$27,088	\$ 1,467	\$ 298	\$ 998
<b>FINANCE OBLIGATIONS</b>											
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	\$ 1,475	\$ 500	\$ 400	\$ 500	\$ 75	-	-
Family Finance Corp.	Senior Debenture	5-15-90	4 3/4	4.84	1,300	600	-	600	100	-	-
General Electric Credit Corp.	Promissory Note	10-8-82	4 5/8	4.625	1,500	500	400	600	-	-	-
Household Finance Corp.	Debenture	9-15-93	4 7/8	4.91	1,000	-	450	550	-	-	-
Total Finance Obligations				4.73%	\$ 5,275	\$ 1,600	\$ 1,250	\$ 2,250	\$ 175	-	-
<b>INDUSTRIAL OBLIGATIONS</b>											
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.375	\$ 1,470	\$ 490	\$ 392	\$ 588	-	-	-
American Metal Climax, Inc.	Note	8-1-88	4 1/2	4.50	600	-	-	600	-	-	-
American Sterilizer Co.	Note	8-1-77	4 7/8	4.875	750	350	400	-	-	-	-
Archer-Daniels-Midland Co.	Promissory Note	3-1-88	4 3/8	4.39	1,750	650	450	650	-	-	-
Ashland Oil & Refining Co.	S/F Debenture	2-15-88	4.35	4.35	1,500	500	400	600	-	-	-
Burlington Industries, Inc.	S/F Debenture	7-15-90	4 3/4	4.80	1,040	-	400	500	\$ 100	\$ 40	-

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
Company	Type of Security										
<b>INDUSTRIAL OBLIGATIONS (continued)</b>											
Burroughs Corp.	Debenture	7-1-88	4 1/2	4.53	\$ 1,400	\$ 500	\$ 400	\$ 500	-	-	-
Cummins Engine Co.	Note	7-20-90	4.60	4.60	1,000	500	-	500	-	-	-
Diebold Inc.	Note	9-15-85	4.80	4.80	500	-	-	500	-	-	-
Dow Chemical	Note	1-15-90	4.50	4.50	2,000	700	500	700	\$ 100	-	-
Ekco Products Co.	S/F Debenture	8-1-87	4.60	4.60	1,400	350	400	600	50	-	-
Emporium-Capwell Co.	Note	5-1-83	4 1/2	4.50	900	495	360	-	45	-	-
Gimbel Brothers, Inc.	S/F Debenture	6-1-81	5	5.08	500	500	-	-	-	-	-
Gould National Batteries, Inc.	Note	11-1-80	4.85	4.85	900	-	400	500	-	-	-
International Milling Co.	Note	3-1-88	4 1/2	4.50	1,000	500	-	500	-	-	-
Kern County Land Co.	Promissory Note	9-1-89	4.65	4.65	1,536	576	384	576	-	-	-
The Kroger Co.	Note	10-1-81	4.80	4.80	1,500	500	400	600	-	-	-
Lone Star Cement Corp.	Debenture	7-1-90	4.875	4.875	1,260	700	460	-	50	-	\$ 50
Mead Corp.	Note	6-1-78	4 1/4	4.45	1,042	-	474	568	-	-	-
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	700	-	-	600	50	-	50
Montgomery Ward & Co., Inc.	S/F Debenture	8-1-90	4 7/8	4.90	440	-	440	-	-	-	-
Pillsbury Co.	Promissory Note	12-1-88	4 3/8	4.40	600	-	-	600	-	-	-
Scovill Manufacturing Co.	Note	9-15-90	4.80	4.80	900	-	400	500	-	-	-
Shamrock Oil & Gas Corp.	Promissory Note	11-15-87	4 1/2	4.50	1,500	500	400	500	100	-	-
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	4.60	1,000	600	400	-	-	-	-
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	600	-	-	550	-	-	50
Standard Oil Co. (Indiana)	Promissory Note	4-1-66/79	2.90	4.67	933	-	420	513	-	-	-
Standard Oil Co. (Indiana)	Promissory Note	12-1-66/79	3.00	5.00	700	700	-	-	-	-	-
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	400	-	-	400	-	-	-
Swift & Co.	Debenture	6-1-86	4 7/8	4.875	1,400	500	400	500	-	-	-
Union Tank Car Co.	S/F Debenture	8-1-86	5	5.00	1,300	500	400	400	-	-	-
United States Steel Corp.	S/F Debenture	4-15-86	4 1/2	4.55	1,400	500	400	500	-	-	-
Witco Chemical Co., Inc.	Note	12-1-84	4.65	4.65	1,800	650	400	600	75	-	75
Worthington Corp.	Note	7-1-81	5	5.00	1,200	400	300	500	-	-	-
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	4.60	2,000	700	500	700	100	-	-
<i>Total Industrial Obligations</i>				4.64%	\$ 38,921	\$ 12,361	\$ 10,280	\$ 15,345	\$ 670	\$ 40	\$ 225
<b>TRANSPORTATION DEBT OBLIGATIONS</b>											
Achison, Topeka & Santa Fe Railway Co.	General Gold 4's	10-1-95	4	4.40	\$ 500	-	-	\$ 500	-	-	-
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4 3/4	4.75	1,397	\$ 481	\$ 387	480	-	-	\$ 49
The Greyhound Corp.	Senior Note	5-15-84	4 5/8	4.625	1,600	600	400	600	-	-	-
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	1,500	500	400	450	\$ 50	\$ 50	50
Seaboard Air Line Railroad Co.	First Mortgage	12-1-88	4 5/8	4.65	1,725	600	400	600	75	-	50
Southern Railway Co.	First Mortgage	6-1-88	4 5/8	4.625	1,650	587	393	573	49	48	-
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	1,519	490	392	490	73	-	74
Miscellaneous Railroad Bonds	Bond	Various	Various	4.31	42	-	42*	-	-	-	-
<i>Total Transportation Debt Obligations</i>				4.72%	\$ 9,933	\$ 3,258	\$ 2,414	\$ 3,693	\$ 247	\$ 98	\$ 223
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>											
ACF Industries, Inc.	Equipment Trust	11-1-66/75	4 3/4	4.75	\$ 1,350	\$ 500	\$ 350	\$ 500	-	-	-
ACF Industries, Inc.	Equipment Trust	1-15-66/77	4 7/8	4.875	816	408	408	-	-	-	-
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-66/78	4.55	4.55	1,641 <sup>b</sup>	607 <sup>b</sup>	427 <sup>b</sup>	607 <sup>b</sup>	-	-	-
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-1-66/77	5 3/8	5.375	1,593 <sup>c</sup>	574 <sup>c</sup>	459 <sup>c</sup>	560 <sup>c</sup>	-	-	-
Fruit Growers Express Co.	Equipment Trust	5-1-66/67	4.40	4.40	100	50	-	50	-	-	-
Fruit Growers Express Co.	Equipment Trust	5-1-68/77	4.70	4.70	500	250	-	250	-	-	-
Fruit Growers Express Co.	Equipment Trust	12-15-66/75	4 3/4	4.75	1,370	400	400	400	\$ 100	-	\$ 70
General American Transportation Corp.	Equipment Trust	7-15-84	4 5/8	4.59	1,593	638	377	578	-	-	-



ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
RAILROAD EQUIPMENT OBLIGATIONS (continued)											
Company	Type of Security										
Kansas City Southern Railway Co.	Conditional Sale	12-15-66/ 6-15-76	4 1/2	4.50	1,845 <sup>d</sup>	630	585 <sup>d</sup>	630	-	-	-
New York Central Railroad Co.	Equipment Trust	2-15-71, 72, 74	4 3/4	5.00	950	500	450	-	-	-	-
New York Central Railroad Co.	Equipment Trust	6-1-73	4 7/8	5.15	50	-	-	-	-	-	50
Norfolk & Western Railway Co.	Conditional Sale	11-15-69/ 5-15-79	4.55	4.55	1,800	690	420	690	-	-	-
Norfolk & Western Railway Co.	Conditional Sale	12-15-70/79	4.50	4.50	2,000	700	500	700	100	-	-
North American Car Corp.	Equipment Trust	4-15-68/ 10-15-72	4.40	4.40	600	200	170	200	30	-	-
North American Car Corp.	Equipment Trust	4-15-73/ 10/15-77	4.50	4.50	1,200	400	340	400	60	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	6-1-66/72	4 1/4	4.50	824 <sup>e</sup>	254 <sup>e</sup>	254 <sup>e</sup>	316 <sup>e</sup>	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	1-2-66/77	4 3/4	4.75	1,493 <sup>f</sup>	552 <sup>f</sup>	391 <sup>f</sup>	550 <sup>f</sup>	-	-	-
Southern Pacific Co.	Equipment Trust	2-1-71/73	4 1/4	4.50	985	450	-	500	35	-	-
Western Fruit Express Co.	Equipment Trust	1-1-66/ 7-1-75	4.85	4.85	1,050	300	200	550	-	-	-
Western Fruit Express Co.	Equipment Trust	9-1-71/80	4.70	4.70	1,650	600	600	450	-	-	-
Western Pacific Railroad Co.	Conditional Sale	3-15-71/80	4.55	4.55	1,500	550	400	550	-	-	-
<i>Total Railroad Equipment Obligations</i>				4.68%	\$ 24,910	\$ 9,253	\$ 6,731	\$ 8,481	\$ 325	-	\$ 120
TOTAL CORPORATE OBLIGATIONS				4.67	\$154,010	\$54,252	\$38,015	\$56,857	\$2,884	\$ 436	\$1,566

a. Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.

b. Rounded to nearest thousand; actual holdings are as follows:

Public Employees Retirement Fund	\$ 606,666.66
State Employees Retirement Fund	427,283.61
Teachers' Retirement Fund	606,666.68
Total	\$1,640,616.95

c. Rounded to nearest thousand; actual holdings are as follows:

Public Employees Retirement Fund	\$ 573,686.21
State Employees Retirement Fund	458,948.97
Teachers' Retirement Fund	560,480.66
Total	\$1,593,115.84

d. Rounded to nearest thousand; actual holdings are as follows:

State Employees Retirement Fund	\$ 584,500.01
---------------------------------	---------------

e. Rounded to nearest thousand; actual holdings are as follows:

Public Employees Retirement Fund	\$ 253,732.99
State Employees Retirement Fund	253,732.98
Teachers' Retirement Fund	316,513.38
Total	\$ 823,979.35

f. Rounded to nearest thousand; actual holdings are as follows:

Public Employees Retirement Fund	\$ 551,818.00
State Employees Retirement Fund	390,874.00
Teachers' Retirement Fund	550,208.00
Total	\$1,492,900.00

\* Purchased 1930-1951

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule VIII

CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND AND RETIREMENT FUNDS  
December 31, 1965

<u>PERMANENT SCHOOL FUND</u>			<u>RETIREMENT FUNDS</u>	
<u>Dollar Amount</u> <u>(000)</u>	<u>%</u>	<u>CLASSIFICATION BY CORPORATE TYPE</u>	<u>Dollar Amount</u> <u>(000)</u>	<u>%</u>
		Public Utility Obligations		
\$ 20,662	20.37%	Electric	\$ 36,352	23.60%
8,463	8.35	Gas pipeline & distribution	28,159	18.29
10,400	10.26	Telephone	9,460	6.14
<u>-</u>	<u>-</u>	Water	<u>1,000</u>	<u>0.65</u>
\$ 39,525	38.98%	Total Public Utility Obligations	\$ 74,971	48.68%
		Other Obligations		
\$ 3,700	3.65%	Finance	\$ 5,275	3.43%
38,840	38.30	Industrial	38,921	25.27
4,684	4.62	Transportation	9,933	6.45
<u>14,651</u>	<u>14.45</u>	Railroad equipment	<u>24,909</u>	<u>16.17</u>
\$ 61,875	61.02%	Total Other Obligations	\$ 79,038	51.32%
\$101,400	100.00%	TOTALS	\$154,009	100.00%
DISTRIBUTION BY REDEMPTION FEATURE AT TIME OF PURCHASE <u>BONDS PURCHASED - JANUARY 1 - DECEMBER 31, 1965</u>				
\$ 5,770	15.30%	Noncallable	\$ 5,850	24.21%
30,449	80.72	5-year or more call or refunding protection	17,140	70.93
1,500	3.98	1-year to 5-year call or refunding protection	-	-
<u>-</u>	<u>-</u>	More than coupon at time of purchase	<u>1,175</u>	<u>4.86</u>
\$ 37,719	100.00%	TOTALS	\$ 24,165	100.00%









## PERMANENT SCHOOL FUND

## RETIREMENT FUNDS

Shares	Cost	Company	Total Shares	RETIREMENT FUNDS						Total Cost
				Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund	Public Employees Police & Fire Fund	State Police Officer's Retirement Fund	Highway Patrolmen's Retirement Fund	
		<u>Transportation Equipment</u>								
5400	\$ 202,198.81	ACF Industries	9200	3000	3000	3000	200	-	-	\$ 339,866.24
3800	143,421.04	General American Transportation	11500	4500	2600	4000	-	-	400	417,790.49
3500	136,126.53	Union Tank Car	10900	3600	2700	4100	300	200	-	393,647.03
	\$ 481,746.38	Total Transportation Equipment								\$ 1,151,303.76
		<u>Miscellaneous</u>								
7000	\$ 157,179.00	Ideal Cement	12600	3500	3000	4100	1000	300	700	\$ 290,878.48
4400	331,939.42	National Lead Company	9300	3500	2300	3500	-	-	-	692,132.92
2000	82,272.50	Weyerhaeuser	5500	3000	1500	1000	-	-	-	223,954.82
	\$ 571,390.92	Total Miscellaneous								\$ 1,206,966.22
	\$ 6,963,199.70	TOTAL DURABLES STOCKS								\$14,690,755.35
	\$32,167,100.56	TOTAL COMMON STOCKS								\$69,286,948.60
	35,418.58	Less profit on stocks sold								94,755.87
	\$32,131,681.98 <sup>+</sup>	Net cost								\$69,192,192.73 <sup>†</sup>

\* These stocks have not been approved for investment in the Permanent School Fund.

+ Market valuation, as of 12-31-65, \$34,775,006.25.

† Market valuation, as of 12-31-65, \$80,522,005.02.

in the various funds. It is necessary that we use well-known marketable names and have prior agreements with the vendors that they repurchase the notes, when necessary, if the State funds need cash for current needs or long term investment purposes.

Schedule 3. Private Placements of Fixed-Income Securities

These private placements, all of which must have received a rating of "A" or better by a recognized service, and which must meet definite statutory requirements, are negotiated and purchased through various investment bankers and dealers who are able to offer attractive issues. Such purchases must be made through the investment firms handling the placement for the particular corporation desiring the funds.

Schedule 4. Corporate Bonds Purchased at Time of Offering on a Designated Basis

Bonds in the amounts indicated on this schedule are purchased at times when the issues are readily available from the members of the syndicate handling a negotiated or competitive issue. Our orders are placed with those firms that assume the underwriting risk and own the bonds, with the largest individual order being placed with the chief underwriter in those cases when this particular firm has sufficient bonds available. The chief underwriter is asked to deliver the bonds, against payment, in large registered pieces and to reimburse the various dealers involved in the transaction. Our allocations among these dealers are based on the usable research materials and other services provided the State's investment department, including the offerings of acceptable private placements. Somewhat larger orders are placed with major participants in the syndicates and with firms having offices in Minnesota.

Schedule 5. Corporate Bonds Purchased at or After Time of Offering Through Dealers Having Bonds Available

This schedule includes a listing of orders for bonds placed on the basis of availability, with consideration, when possible, of the factors mentioned in the previous paragraph. In certain instances, such purchases are of issues in great demand by institutional investors; in other cases, the decision to buy the bonds is made after a large portion has been sold by the members of the syndicate. These purchases are made on the basis of teletype offerings to our department or through firms that are known to have unsold balances of the issues involved.

Schedule 6. Corporate Bonds Purchased After Termination of Underwriting Syndicate

Purchases of bonds in the amounts indicated on this schedule are made with price as the sole determining factor as to the placement of the business. Upon the termination of the syndicate, the price of the bonds sometimes drops to a level determined by the free market. We attempt to contact firms having sizable unsold balances and purchase bonds offered at the lowest price.

Schedule 7. Corporate Bonds Purchased Through Secondary Offerings

These issues are purchased on the basis of offerings made to the State Board of Investment. In each instance, the offerings are checked as to price with other firms known to maintain a market in the same securities.

Schedule 8. Common Stock Purchases Allocated by Investment Department

These purchases, all of which are completed through a major exchange or at the time of a secondary distribution, are allocated on the basis of service received by the State's investment department. In the placement of these orders, we favor those firms that provide research material most beneficial to our department or that furnish attractive private placements. Because many buyers of the high quality rated private placements appropriate for State funds are not in a position to reciprocate with common stock business, however, it appears that our department has possibly over-emphasized this factor in the placement of stock orders. The high volume of private placement business has resulted in many attractive offerings throughout the past few years, each being sold by the agent concerned on its own merits.

The placement of brokerage business on the basis of "service" or "research" also leads to inequities in the cases of public funds. During the past five years, we have been placed on the mailing list of practically every major investment banker and brokerage house in the



STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT  
115 State Capitol  
St. Paul, Minnesota 55101

June 28, 1966

SUPPLEMENT TO 1965 ANNUAL REPORT  
DISTRIBUTION OF SECURITIES BUSINESS

To: Members of the Minnesota Legislature and Investment  
Underwriters, Brokers, and Dealers

From: Robert E. Blixt, Executive Secretary

This supplement, detailing the placement of securities business, is being included because of the interest expressed by legislators, public fund investment managers and individuals associated with securities firms. Complete listings of each transaction are provided to Board members and representatives of the press at each monthly meeting. The accompanying schedules list the firms doing business with the State; the descriptions review general policies followed by the investment department.

Discussions with various public fund managers have indicated that the distribution of securities business is a major problem to all public investment departments. It appears that the ultimate recipients of the retirement funds and the beneficiaries of the State's school aids will be best served through the distribution of business on a price basis -- meaning the acceptance of competitive offerings and bids, on securities to be purchased or sold, from dealers known to be prime markets or to position these securities in the quantities desired by the State funds. During recent years, price has been the dominant factor in the distribution of our business in U.S. Treasury securities, all unlisted stocks, all corporate bonds purchased after the termination of underwriting syndicates, and a significant percentage of our listed stocks.

There are many types of securities transactions, however, in which a large number of dealers may provide the same merchandise at identical prices. This applies particularly to corporate bonds still in syndicate and to stocks that are purchased over a major exchange. Factors involved in the placement of these orders include the size of participation by various dealers in the bond syndicates, the location of the offices of syndicate members (Minnesota dealers getting some preference), and the utility of research material provided by the various firms.

It is to be emphasized that the mention of any securities firm on a schedule in this supplement in no way signifies approval, endorsement, or license of such firm by any State agency. The regulation of securities and securities dealers in Minnesota is handled by the Securities Division, Department of Commerce, not by the State Board of Investment. This supplement is simply a listing of those firms with which the State conducted securities transactions during 1965.

We have been questioned concerning the possible loss which could result from the bankruptcy of any firm dealing with the State. It is presumed that the accounts would be protected in such an instance because the State pays for securities only after they are received, in good form, by banks in either New York or St. Paul for the State of Minnesota.

Brief resumes of our policies regarding transactions detailed in the accompanying schedules are as follows:

Schedule 1. U.S. Treasury Securities Transactions

All purchases and sales of U.S. Treasury securities are placed on a competitive basis. Competitive offerings or bids from the two largest St. Paul banks are received on all U.S. Treasury securities transactions of small-to-moderate size and of short maturity. In transactions of larger size and longer maturity, in which cases it is probable that Minnesota banks do not position the securities in appropriate quantities, competitive offerings or bids are sought from one of several Minnesota bank dealers and from various prime market dealers, including two that have offices in Minnesota. It is our usual policy to request offerings and bids from the bank which holds the funds to be invested or where the funds will be needed; therefore, the State's major depository bank is called in practically all instances. If the Minnesota bank contacted is able to equal the best price quoted by any other dealer, the transaction is completed through the Minnesota bank.

Schedule 2. Purchases and Sales of Short-Term Corporate Notes

Short-term corporate notes, of prime quality, are purchased for the highway and retirement funds on the basis of the highest yield available for the particular maturity date desired, consistent with the maintenance of a proper diversification of notes held

United States. It is apparent that we do not have the time or staff to evaluate, file, or read even a small part of this material; we have found it necessary to confine attention primarily to the reports from those firms that have provided particularly valuable information on a continuing basis during the past few years.

We realize that many outstanding firms have valid reasons for believing that their research materials should be used to a greater extent. We simply cannot use the volume presented us, however, and feel unjustified in doling out State business on the basis of pounds of paper received. The nature of a State-managed fund tends to limit trading and lessens the value of service and research materials aimed at the short-term performance conscious accounts which have so dominated the investment field during the past two years. Because the department is not of a size sufficient to handle the volume of incoming telephone calls that many investment firms would like to place, it has been necessary to discourage these calls and to place business on the basis of written and teletyped messages and discussions with analysts. Orders are placed with smaller Minnesota firms and with certain securities dealers throughout the nation on the basis of specialized research materials, often particularly applicable to problems concerning public funds, and market information that appear to be of value to our program.

We feel that it may be desirable to reduce the number of firms with whom we conduct stock business in order to simplify our records and dealings, as well as to concentrate our business with those firms who have demonstrated their effectiveness in working with us. Some have suggested that all brokers and dealers in the State should share the State's business, at standard commissions, but we feel that this is no more logical than having the State purchase its furniture, automobiles, or other articles and commodities through every dealer in the State at list prices. Although local dealers in all items pay State taxes, it appears mandatory to concentrate the securities business, as all other business, with those firms able to provide the merchandise needed and useful service at the lowest possible price.

We should like to emphasize that the distribution of business listed under Schedule 8 does not indicate any future breakdown of common stock orders. Each year, as we compile this listing, it is again apparent to us that several firms have not been adequately compensated for their services. We intend that future orders shall remedy these inequities.

Schedule 9. Common Stock Purchases Negotiated or Ordered on the Basis of  
Lowest Available Price

During 1965, no purchases were made of over-the-counter stocks until the offerings had been checked with two or more dealers. In handling these transactions, we attempted to contact organizations specializing in the particular stocks to be purchased.

This listing also includes several transactions that were executed on a major exchange. In these instances, we were notified of a particular block available at what appeared to be an attractive price and agreed to buy at a predetermined level.

The State funds also purchase substantial blocks of stocks from several large firms that buy and sell securities at a negotiated net price, usually at a definite saving to the customer when compared with the latest quotations on the major exchanges, including the standard commissions. This off-board, or "third" market, has proved to be very helpful, particularly in obtaining stocks that show comparatively low trading activity on the major exchanges. Our experience during the past three years indicates that savings on these transactions may approximate 3/8 to 1/2 of a point per share, or approximately \$375 to \$500 per thousand shares. We had thought that one reason for this might have been the upward trend of the market during most of 1964 and 1965, with an accompanying tendency for stock orders to be executed at ever-increasing prices when placed on a major exchange. The indicated savings have continued to be evident, however, during the period of weaker prices in 1966.

These off-board trades are handled on a competitive basis, with two to four dealers being contacted simultaneously. We have noted that the dealers are practically always able to make markets in those stocks in which they specialize in the size needed by our State funds; our trades are usually in the range of from 500 to 2000 shares.

Another advantage of off-board transactions is that they allow the State to buy blocks of stock of appropriate size at one predetermined net price for all the various accounts. Because the State Board of Investment often buys at one time for the Permanent

School Fund and six retirement funds, it is obviously advantageous to buy securities for several or all these funds at the same price. These transactions have also resulted in a saving in certain accounting procedures by minimizing the number of separate trades.

Although most of our common stock transactions will undoubtedly be placed with firms that are members of major exchanges, in return for the many investment services we have received, we intend to continue the use of the third market in those instances where a distinct price advantage is evident. We believe this demonstrates our desire to gain, for the State funds, some of the price considerations other institutional buyers obtain through reciprocity, which apparently has become so prevalent in the securities business. Several brokers and dealers have indicated that a possible reason for the many solicitations of State accounts regarding securities business may be the fact that public fund business does not involve the payment of indirect rebates on commissions in the form of broker-loans, idle cash balances, office space rentals, mutual fund sales, or other considerations. We hope to keep it that way in Minnesota and avoid personal or political favoritism by compensating those firms that have provided us with a definite service and by placing the remainder of the orders on the basis of price.

Schedule 10. Common Stock Sales

The stocks were sold on the basis of highest competitive price on the over-the-counter or off-board market.

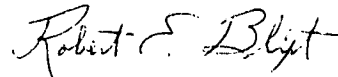
\* \* \* \* \*

Our policies regarding the purchase and sale of securities are subject to continuing review. On the basis of an analysis of our departmental operations by a Legislative Interim Commission on Public Employee Retirement Funds, the 1965 Legislature passed a bill, now Laws of Minnesota 1965, Chapter 306, which reads as follows:

"All securities purchased or sold by the state board of investment, except stocks listed or traded on a major United States stock exchange, securities bound by underwriting restrictions, or securities classified as private placements and offered only to a limited number of institutional investors, shall be purchased or sold on the basis of competitive offerings or bids received from at least two firms known to specialize in the securities being traded and likely to position these securities in relevant quantities."

We welcome suggestions by legislators and by other public fund managers regarding the equitable distribution of our securities business. The members of the State Board of Investment, acting through the investment department, are trustees for the ultimate beneficiaries of the retirement funds, for the State's educational institutions, and for the citizenry of Minnesota. We recognize our responsibility in placing the securities business so as to retain the confidence of these groups. Their ultimate good must be placed ahead of all other considerations.

Respectfully submitted,



Robert E. Blyt, C.F.A.  
Executive Secretary

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 1

PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS  
January 1 - December 31, 1965

A. PURCHASES (in thousands)

Dealer	1-30 days	31-90 days	91 days- 1 year	Over 1 year	Total
American National Bank & Trust Company (St. Paul)	-	\$ 700.0	-	\$ 50.0	\$ 750.0
Bankers Trust Company	\$ 2,000.0	3,055.0	\$ 6,216.0	2,300.0	13,571.0
Blyth & Company, Inc.	-	7,500.0	42,600.0	2,100.0	52,200.0
Briggs & Schaedle Company, Inc.	-	300.0	6,760.0	-	7,060.0
Chemical Bank New York Trust Company	800.0	-	1,800.0	-	2,600.0
C. F. Childs & Company, Inc.	-	1,000.0	600.0	-	1,600.0
Discount Corporation	-	6,500.0	10,600.0	-	17,100.0
First American National Bank, Duluth	-	-	4,000.0 <sup>a</sup>	-	4,000.0
First Boston Corporation	-	10,200.0	17,900.0	9,000.0	37,100.0
First National Bank, Chicago	-	200.0	9,400.0	-	9,600.0
First National Bank, St. Paul	7,800.0	17,897.0	78,125.0	393.0	104,215.0
First National City Bank	3,000.0	4,000.0	3,100.0	-	10,100.0
Harris Trust & Savings Bank (Chicago)	-	1,090.0	37,760.0	13,100.0	51,950.0
Aubrey G. Lanston & Company, Inc.	450.0	920.0	7,800.0	4,000.0	13,170.0
Merrill Lynch, Pierce, Fenner & Smith Inc.	1,525.0	2,470.0	20,145.0	10,150.0	34,290.0
Morgan Guaranty Trust Company, New York	-	800.0	6,570.0	2,000.0	9,370.0
New York Hanseatic Corporation	-	-	175.0	-	175.0
Northern City National Bank, Duluth	-	-	4,000.0 <sup>a</sup>	-	4,000.0
Salomon Brothers & Hutzler	1,680.0	12,400.0	41,155.0	7,000.0	62,235.0
Second District Securities Company, Inc.	-	3,000.0	6,000.0	-	9,000.0
Chas E. Quincy & Company	-	-	410.0	-	410.0
Totals	\$ 17,255.0	\$ 72,032.0	\$ 305,116.0	\$ 50,093.0	\$ 444,496.0

a. Purchase made through weekly auction of Bills conducted by U.S. Treasury.

B. REPURCHASE AGREEMENTS (in thousands)

Dealer	1-30 days	31-90 days	91 days- 1 year	Over 1 year	Total
Chemical Bank New York Trust Company	\$ 66,939.0	\$ 2,400.0	-	-	\$ 69,339.0
First National Bank, Chicago	17,192.0	-	-	-	17,192.0
First National Bank, St. Paul	77,999.0	310.0	-	-	78,309.0
Aubrey G. Lanston & Company, Inc.	26,152.0	990.0	-	-	27,142.0
New York Hanseatic Corporation	4,140.0	-	-	-	4,140.0
Salomon Brothers & Hutzler	27,748.0	-	-	-	27,748.0
Totals	\$ 220,170.0	\$ 3,700.0	-	-	\$ 223,870.0

C. SALES (in thousands)

<u>Dealer</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>91 days- 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
American National Bank & Trust Company (St. Paul)	\$ 1,800.0	\$ 340.0	-	-	\$ 2,140.0
Bankers Trust Company	5,700.0	21,950.0	-	-	27,650.0
Blyth & Company, Inc.	6,280.0	1,000.0	-	\$ 5,400.0	12,680.0
Briggs & Schaedle Company, Inc.	250.0	-	-	-	250.0
Chemical Bank New York Trust Company	440.0	1,055.0	-	1,000.0	2,495.0
Continental Illinois National Bank & Trust Company (Chicago)	1,000.0	550.0	-	1,600.0	3,150.0
Discount Corporation	-	2,900.0	-	-	2,900.0
First Boston Corporation	2,700.0	1,700.0	-	2,950.0	7,350.0
First National Bank, Chicago	5,700.0	27,500.0	-	2,600.0	35,800.0
First National Bank, St. Paul	37,290.0	17,960.0	-	5,431.5	60,681.5
First National City Bank	7,500.0	1,850.0	-	5,200.0	14,550.0
Harris Trust & Savings Bank (Chicago)	2,400.0	5,025.0	-	3,200.0	10,625.0
Aubrey G. Lanston & Company, Inc.	4,335.0	9,200.0	-	1,000.0	14,535.0
Merrill Lynch, Pierce, Fenner & Smith Inc.	47,400.0	30,150.0	-	14,550.0	92,100.0
Morgan Guaranty Trust Company, New York	2,050.0	5,000.0	-	4,180.0	11,230.0
New York Hanseatic Corporation	1,500.0	-	-	-	1,500.0
Salomon Brothers & Hutzler	7,250.0	16,900.0	-	10,470.0	34,620.0
<b>Totals</b>	<b>\$133,595.0</b>	<b>\$143,080.0</b>	<b>-</b>	<b>\$ 57,581.5</b>	<b>\$334,256.5</b>

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 2

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES  
January 1 - December 31, 1965

A. PURCHASES (in thousands)

<u>Dealer</u>	<u>1-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Total</u>
Associates Investment Co.	\$ 2,401.0	\$ 2,281.0	-	\$ 1,715.0	\$ 400.0	\$ 6,797.0
A. G. Becker & Co., Inc.	-	-	-	450.0	-	450.0
C.I.T. Financial Corp.	1,360.0	1,124.0	-	2,515.0	400.0	5,399.0
Commercial Credit Co.	-	-	\$ 400.0	1,275.0	-	1,675.0
Ford Motor Credit Co.	3,735.0	3,898.0	1,090.0	200.0	1,400.0	10,323.0
General Electric Credit Corp.	-	-	400.0	200.0	-	600.0
Goldman, Sachs & Co.	-	-	-	-	500.0	500.0
International Harvester Credit Corp.	1,100.0	1,101.0	400.0	40.0	1,400.0	4,211.0
Lehman Commercial Paper, Inc.	836.0	760.0	-	611.0	-	2,207.0
Montgomery Ward Credit Corp.	4,177.0	1,698.0	-	2,960.0	561.0	9,396.0
J. C. Penney Credit Corp.	2,579.0	50.0	400.0	200.0	-	3,229.0
Sears Roebuck Acceptance Corp.	2,720.0	950.0	50.0	3,893.0	400.0	8,013.0
James Talcott, Inc.	-	208.0	827.0	1,309.0	400.0	2,744.0
<b>Totals</b>	<b>\$18,908.0</b>	<b>\$12,070.0</b>	<b>\$ 3,567.0</b>	<b>\$15,538.0</b>	<b>\$ 5,461.0</b>	<b>\$55,544.0</b>

B. SALES (in thousands)

<u>Dealer</u>	<u>1-30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>Total</u>
C.I.T. Financial Corp.	\$ 700.0	-	-	-	-	\$ 700.0
Ford Motor Credit Co.	1,245.0	-	-	-	-	1,245.0
Sears Roebuck Acceptance Corp.	750.0	-	-	-	-	750.0
<b>Totals</b>	<b>\$ 2,695.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 2,695.0</b>

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 3

PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES  
Purchased January 1 - December 31, 1965

<u>Face Amount</u>	<u>Company</u>	<u>Type of Security</u>	<u>Int. Rate</u>	<u>Maturity</u>	<u>Negotiated through</u>
\$1,500,000	ACF Industries, Inc.	Equipment Trust certificate	4.55%	4-15-71/80	R. W. Pressprich & Co.
\$2,800,000	Arkansas Louisiana Gas Co.	First Mortgage Bond	4.50%	3-1-85	Eastman Dillon, Union Securities & Co.
\$2,000,000	The Bell Telephone Co. of Canada	First Mortgage Bond	4.85%	9-1-95	Salomon Brothers & Hutzler; McLeod, Young, Weir, Inc.
\$1,000,000	Cincinnati Milling Machine Co.	Note	4.60%	1-15-85	Eastman Dillon, Union Securities & Co.
\$2,200,000	Cummins Engine Co. Inc.	Note	4.60%	7-2-90	First Boston Corp.
\$1,500,000	Diebold, Inc.	Note	4.80%	9-15-85	Goldman, Sachs & Co.
\$2,250,000	Dow Chemical Co.	Note	4.50%	1-15-90	Smith, Barney & Co., Inc.
\$1,500,000	Duke Power Co.	First Mortgage Bond	4.50%	2-1-95	Morgan Stanley & Co.; First Boston Corp.
\$1,200,000	The Gas Service Co.	First Mortgage Bond	4.65%	6-1-85	Eastman Dillon, Union Securities & Co.
\$2,100,000	General Telephone Co. of Illinois	First Mortgage Bond	4.875%	9-1-95	Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; Mitchum, Jones & Templeton, Inc.
\$2,100,000	General Telephone Co. of Indiana	First Mortgage Bond	4.70%	8-1-95	Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; Mitchum, Jones & Templeton, Inc.

Private Placements of Fixed-Income Securities

Schedule 3  
(Page 2)

Face Amount	Company	Type of Security	Int. Rate	Maturity	Negotiated through
\$2,100,000	Gould-National Batteries, Inc.	Note	4.85%	11-1-80	Glore Forgan, Wm. R. Staats Inc.
\$1,500,000	Honeywell, Inc.	Note	4.55%	4-1-90	Eastman Dillon, Union Securities & Co.
\$1,500,000	Kansas City Southern Railway Co.	Conditional Sale	4.625%	4-1-71/75	R. W. Pressprich & Co.
\$1,700,000	Long Island Lighting Co.	First Mortgage Bond	4.55%	6-1-95	Blyth & Co., Inc.; First Boston Corp.
\$2,000,000	Norfolk & Western Railway Co.	Conditional Sale	4.50%	12-15-70/79	R. W. Pressprich & Co.
\$2,100,000	Scovill Manufacturing Co.	Note	4.80%	9-15-90	Morgan Stanley & Co.; Dominick & Dominick
\$1,500,000	Shell Oil Co.	Note	4.50%	4-15-90	Morgan Stanley & Co.
\$ 510,000 <sup>a</sup>	Southern Pacific Co.	Conditional Sale	4.80%	12-15-66/80	Kuhn, Loeb & Co.; Salomon Brothers & Hutzler
\$1,800,000	Standard Oil Co. (Ohio)	Note	4.55%	7-15-90	F. S. Mosely & Co.
\$1,650,000	Western Fruit Express Co.	Equipment Trust Certificate	4.70%	9-1-71/80	R. W. Pressprich & Co.
\$2,500,000	Western Pacific Railroad Co.	Conditional Sale	4.55%	3-15-71/80	R. W. Pressprich & Co.
\$3,500,000	Youngstown Sheet & Tube Co.	First Mortgage Bond	4.60%	7-1-95	Smith, Barney & Co., Inc.; Kuhn, Loeb & Co.

a. An additional commitment of \$1,590,000 was settled in 1966.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 4

CORPORATE BONDS PURCHASED AT TIME OF OFFERING  
ON A DESIGNATED BASIS  
January 1 - December 31, 1965

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 40	Allison-Williams Co.	\$ 160	Clark Dodge & Co., Inc.
80	American Securities Corp.	80	Courts & Co.
25	C. S. Ashmun Co.	105	J. M. Dain & Co., Inc.
130	Bache & Co., Inc.	25	Dempsey-Tegeler & Co., Inc.
80	Robert W. Baird	30	Dick & Merle-Smith
25	Bardon Higgins & Co., Inc.	60	R. S. Dickson & Co., Inc.
45	J. Barth & Co.	325	Dillon, Read & Co., Inc.
90	Bear, Stearns & Co.	110	Dominick & Dominick
100	A. G. Becker & Co., Inc.	35	Donaldson Lufkin & Jenrette, Inc.
25	M. H. Bishop	90	Drexel & Co.
75	William Blair & Co.	95	Eastman Dillon, Union Securities & Co.
240	Blyth & Co., Inc.	115	Eppler, Guerin & Turner, Inc.
105	Caldwell Phillips, Inc.	60	Equitable Securities Corp.

Corporate Bonds Purchased at Time of Offering  
on a Designated Basis

Schedule 4  
(Page 2)

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 100	Estabrook & Co.	\$ 85	Morgan Stanley & Co.
270	First Boston Corp.	100	W. H. Morton & Co., Inc.
120	Francis I. duPont, A. C. Allyn, Inc.	30	F. S. Mosely & Co.
145	Glore Forgan, Wm. R. Staats Inc.	240	Paine, Webber, Jackson & Curtis
310	Goldman, Sachs & Co.	35	Paribas Corp.
60	Goodbody & Co.	145	Piper, Jaffray & Hopwood
70	Halsey, Stuart & Co., Inc.	130	R. W. Pressprich & Co.
70	Harriman, Ripley & Co., Inc.	130	Reynolds & Co.
100	Hayden, Stone Inc.	120	Riter & Co.
50	Lee Higginson Corp.	55	L. F. Rothschild & Co.
195	Hornblower & Weeks-Hemphill, Noyes	75	Salomon Brothers & Hutzler
95	E. F. Hutton & Co., Inc.	25	Shaughnessey & Co., Inc.
90	W. E. Hutton & Co.	100	Shearson, Hammill & Co. Inc.
40	Kalman & Co., Inc.	30	Shields & Co.
520	Kidder, Peabody & Co., Inc.	320	Smith, Barney & Co., Inc.
85	Kuhn, Loeb & Co.	55	F. S. Smithers & Co.
20	Laird & Co., Corp.	55	Spencer Trask & Co.
25	Lamson Brothers & Co.	95	Stone & Webster Securities Corp.
85	W. C. Langley & Co.	55	Tucker, Anthony & R. L. Day
55	Lazard Freres & Co.	120	G. H. Walker & Co.
20	Legg & Co.	25	The White-Phillips Co., Inc.
95	Lehman Brothers	230	White, Weld & Co.
80	Carl M. Loeb, Rhoades & Co.	140	Dean Witter & Co.
105	Loewi & Co., Inc.	75	Woodard-Elwood & Co.
140	Merrill Lynch, Pierce, Fenner & Smith Inc.	165	Wood, Struthers & Winthrop
110	The Milwaukee Co.		

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 5

CORPORATE BONDS PURCHASED AT OR AFTER TIME OF OFFERING  
THROUGH DEALERS HAVING BONDS AVAILABLE  
January 1 - December 31, 1965

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 200	Bache & Co., Inc.	\$ 171	Kidder, Peabody & Co., Inc.
25	Bear, Stearns & Co.	180	Kuhn, Loeb & Co.
40	A. G. Becker & Co., Inc.	88	W. C. Langley & Co.
2	Blair & Co., Granbery, Marache Inc.	500	Lazard Freres & Co.
40	William Blair & Co.	380	Lehman Brothers
170	Blyth & Co., Inc.	30	Carl M. Loeb, Rhoades & Co.
1	Carolina Securities Corp.	90	Loewi & Co., Inc.
40	Clark, Dodge & Co., Inc.	45	Merrill Lynch, Pierce, Fenner & Smith Inc.
40	J. M. Dain & Co., Inc.	40	The Milwaukee Co.
40	Dempsey-Tegeler & Co., Inc.	88	Mitchum, Jones & Templeton, Inc.
40	Dick & Merle-Smith	286	Morgan Stanley & Co.
40	R. S. Dickson & Co., Inc.	25	W. H. Morton & Co., Inc.
30	Dillon, Read & Co., Inc.	145	F. S. Mosely & Co.
25	Drexel & Co.	212	Paine, Webber, Jackson & Curtis
80	Eastman Dillon, Union Securities & Co.	50	Phelps, Fenn & Co.
20	Eppler, Guerin & Turner, Inc.	1	Pierce, Wulbern, Murphy, Inc.
25	Estabrook & Co.	75	Piper, Jaffray & Hopwood
3	Equitable Securities Corp.	75	Reynolds & Co.
116	First Boston Corp.	45	Salomon Brothers & Hutzler
103	Francis I. duPont, A. C. Allyn, Inc.	403	Shearson, Hammill & Co. Inc.
30	Glore Forgan, Wm. R. Staats Inc.	45	Smith, Barney & Co., Inc.
115	Goldman, Sachs & Co.	37	Stone & Webster Securities Corp.
200	Hayden, Stone Inc.	20	Tucker, Anthony & R. L. Day
3	Lee Higginson Corp.	5	Underwood, Neuhaus & Co., Inc.
145	Hornblower & Weeks-Hemphill, Noyes	186	White, Weld & Co.
		405	Dean Witter & Co.



STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 6

CORPORATE BONDS PURCHASED AFTER TERMINATION OF UNDERWRITING SYNDICATES  
(PURCHASES MADE ON THE BASIS OF OFFERINGS AT A REDUCED  
COMMISSION OR LOSS TO THE UNDERWRITING DEALERS)  
January 1 - December 31, 1965

Face Amount (000)	Dealer
\$ 400	Glore Forgan, Wm. R. Staats Inc.
275	W. E. Hutton & Co.
500	F. S. Mosely & Co.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 7

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS  
January 1 - December 31, 1965

Face Amount (000)	Dealer
\$1,499 <sup>a</sup>	Morgan Stanley & Co.
1,500	First Boston Corp.
1,960	Salomon Brothers & Hutzler

a. Figure shown is rounded to nearest thousand; actual holding is as follows: \$1,499,178.09.



Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
2400	Sears, Roebuck 1000 J. M. Dain 500 Dean Witter 500 W. C. Langley 400 Thomson & McKinnon	800	Eastman Kodak 300 Drexel 500 White, Weld	<u>NATURAL RESOURCES STOCKS</u>	
		5500	Hercules, Inc. 1000 Eastman Dillon 500 Laird 1000 W. C. Langley 1000 Merrill Lynch 500 Shearson, Hammill	<u>Petroleum</u>	
	<u>Miscellaneous</u>			10000	Gulf Oil 500 J. Barth 500 Loeb, Rhoades 2000 Goldman, Sachs 500 W. E. Hutton 2000 W. C. Langley 1000 Paine, Webber 500 Piper, Jaffray 1500 Salomon Brothers 500 Shearson, Hammill 1000 H. C. Wainwright
2700	Gillette 1000 Caldwell Phillips 700 Loeb, Rhoades 1000 W. C. Langley	2500	Merck 500 Estabrook 500 Glore, Forgan 1000 Lehman Brothers 500 Morgan Stanley	6300	Louisiana Land 1500 Drexel 500 Harris, Upham 1700 Model, Roland 1600 Shearson, Hammill 500 Smith, Barney 500 H. C. Wainwright
4600	Procter & Gamble 1000 J. Barth 1000 A. G. Becker 600 Dean Witter 1000 Donaldson, Lufkin 500 Estabrook 500 Morgan Stanley	5400	Monsanto 1400 Bache 500 Blyth 500 W. E. Hutton 500 Paine, Webber 2500 H. C. Wainwright		
2000	Scott Paper 1000 J. Barth 1000 F. S. Smithers	1800	Pfizer (Chas.) 500 Morgan Stanley 300 Francis I. duPont 1000 Piper, Jaffray		
6000	J. P. Stevens 2000 A. G. Becker 500 Clark, Dodge 1800 J. M. Dain 400 Drexel 800 Francis I. duPont 500 J. W. Sparks	6000	Searle (G. D.) 800 Brown Brothers 500 Carter, Berlind 1500 Donaldson, Lufkin 500 Merrill Lynch 500 Piper, Jaffray 200 R. W. Pressprich 500 Shearson, Hammill 1000 Smith, Barney 500 G. H. Walker	4100	Mobil Oil Co. 500 Brown Brothers 100 Francis I. duPont 1000 Kidder, Peabody 500 Merrill Lynch 400 Thomson & McKinnon 1000 Tucker, Anthony 600 H. C. Wainwright
	<u>RESEARCH STOCKS</u>			5100	Standard Oil (Calif.) 500 Brown Brothers 1600 Drexel 500 Francis I. duPont 1000 Lehman Brothers 500 Milwaukee Co. 500 Piper, Jaffray 500 L. F. Rothschild
	<u>Chemical &amp; Drug</u>			9700	Standard Oil (Ind.) 4500 Brown Brothers 2000 Faulkner, Dawkins 1500 First Manhattan 500 W. C. Langley 1000 F. S. Smithers 200 Walston
1500	American Cyanamid 500 Shearson, Hammill 1000 Smith, Barney	800	Union Carbide 800 Brown Brothers	10200	Standard Oil (N. J.) 1500 Bache 700 Brown Brothers 1500 Clark, Dodge 500 Eastman Dillon 500 Ebin, Robertson 1000 Hornblower & Weeks 1000 Kalman 500 Kidder, Peabody 1000 Lamson Brothers 500 Lehman Brothers 500 Smith, Barney 1000 White, Weld
3600	American Home Products 500 A. G. Becker 500 Burnham 600 Estabrook 1000 Harris, Upham 500 Merrill Lynch 500 Shearson, Hammill		<u>Office Equipment</u>		
7900	Dow Chemical 1000 Brown Brothers 2500 Clark, Dodge 500 J. M. Dain 500 Faulkner, Dawkins 400 W. E. Hutton 1000 Reynolds 500 J. W. Sparks 500 Salomon Brothers 1000 Smith, Barney	900	International Bus. Mach. 200 Francis I. duPont 100 Estabrook 200 Laird 100 Merrill Lynch 100 Milwaukee Co. 100 J. W. Sparks 100 Smith, Barney		
			<u>Miscellaneous</u>		
2800	duPont (E. I.) deNemours 200 Burnham 800 Clark, Dodge 500 Drexel 300 Goldman, Sachs 100 Lamson Brothers 300 Piper, Jaffray 400 Reynolds 200 J. W. Sparks	4600	Minnesota Mining 1000 A. G. Becker 500 Blyth 1000 Clark, Dodge 1000 J. M. Dain 400 Loewi 700 Walston		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
7100	Texaco 100 A. G. Becker 500 Caldwell Phillips 500 Clark, Dodge 500 Francis I. duPont 1500 Glore, Forgan 500 Kidder, Peabody 500 John G. Kinnard 1000 Milwaukee Co. 1000 Salomon Brothers 500 Shearson, Hammill 500 H. C. Wainwright	3500	Gould National Batteries 500 Dean Witter 1000 Harris, Upham 1000 Lamson Brothers 1000 Salomon Brothers	7000	Deere & Co. 1000 Clark, Dodge 1500 Dominick & Dominick 1000 Drexel 500 Harris, Upham 500 Piper, Jaffray 500 F. S. Smithers 1000 Spencer Trask 1000 Walston
			<u>Electrical &amp; Electronic Equip.</u>		
		3300	General Electric 500 Caldwell Phillips 500 Estabrook 300 First Manhattan 500 Kalman 1000 Merrill Lynch 500 Smith, Barney	1000	International Harvester 500 A. G. Becker 500 W. C. Langley
	<u>DURABLES STOCKS</u> <u>Automobiles &amp; Auto Parts</u>				<u>Steel</u>
8260	Chrysler 500 J. Barth 1000 A. G. Becker 480 Bache 700 Carter, Berlind 1000 Eastman Dillon 1000 Faulkner, Dawkins 200 Hornblower & Weeks 680 Kidder, Peabody 200 Merrill Lynch 500 Model, Roland 1000 Morgan Stanley 500 R. W. Pressprich 500 Shearson, Hammill	4000	Honeywell, Inc. 1500 Eastman Dillon 1000 Lehman Brothers 500 Smith, Barney 1000 White, Weld	3700	Armco 500 Blyth 500 Clark, Dodge 1000 Courts 100 Francis I. duPont 500 W. C. Langley 600 Lehman Brothers 500 J. W. Sparks
6000	Ford Motor 500 J. Barth 500 Caldwell Phillips 300 J. M. Dain 1000 Drexel 500 Ebin, Robertson 100 Hornblower, Weeks 1000 John G. Kinnard 500 W. C. Langley 600 McDonnell 1000 Paine, Webber	8000	Sunbeam Corp. 1500 A. G. Becker 1000 Blyth 500 J. M. Dain 1000 Donaldson, Lufkin 1000 Glore, Forgan 500 Hornblower & Weeks 1000 Salomon Brothers 500 Smith, Barney 1000 H. C. Wainwright	6000	Inland Steel 1000 Blair (Wm.) 1000 Brown Brothers 1500 J. M. Dain 500 Goldman, Sachs 1000 Morgan Stanley 500 J. W. Sparks 500 White, Weld
6500	General Motors 300 Allison-Williams 500 Caldwell Phillips 500 Donaldson, Lufkin 400 Ebin, Robertson 500 Kalman 200 Merrill Lynch 2600 Morgan Stanley 500 White, Weld 1000 Woodard-Elwood	4000	Westinghouse Electric 1000 Hornblower & Weeks 1000 Thomson & McKinnon 2000 H. C. Wainwright		<u>Transportation</u>
11800	Goodyear Tire & Rubber 2000 Bache 1800 Carter, Berlind 500 Donaldson, Lufkin 1000 Francis I. duPont 1000 Hornblower & Weeks 700 Kuhn, Loeb 1500 Laird 800 Merrill Lynch 500 Model, Roland 1000 F. S. Moseley 1000 White, Weld	10700	Whirlpool Corp. 1100 A. G. Becker 1000 Kalman 2000 Merrill Lynch 1000 Milwaukee Co. 1000 F. S. Moseley 2000 Piper, Jaffray 500 Reynolds 1100 Shearson, Hammill 1000 Walston	5900	Great Northern Railway 1000 Blyth 1000 Dick & Merle-Smith 1500 Hayden, Stone 500 Kidder, Peabody 500 Loewi 600 Merrill Lynch 500 R. W. Pressprich 300 Reynolds
			<u>Machinery</u>	2400	Norfolk & Western Ry. 600 Robert W. Baird 900 Glore, Forgan 500 Salomon Brothers 400 H. C. Wainwright
		3000	Caterpillar Tractor 1000 A. G. Becker 1000 Brown Brothers 500 Loeb, Rhoades 500 J. W. Sparks	3400	Northern Pacific Ry. 500 Dick & Merle-Smith 1800 Hayden, Stone 1100 R. W. Pressprich
		7900	Clark Equipment 1000 Bache 500 A. G. Becker 500 Dominick & Dominick 500 Harris, Upham 1500 Merrill Lynch 1000 Milwaukee Co. 1500 Smith, Barney 1000 F. S. Smithers 400 Tucker, Anthony	7600	Northwest Airlines 300 Brown Brothers 1000 Courts 1000 Kidder, Peabody 1000 John G. Kinnard 500 Merrill Lynch 300 Piper, Jaffray 500 J. W. Sparks 2500 Shearson, Hammill 500 White, Weld

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
14700	Southern Pacific Co. 1000 Clark, Dodge 400 J. M. Dain 1000 Dick & Merle-Smith 1700 Eastman Dillon 2000 Piper, Jaffray 3000 R. W. Pressprich 600 Salomon Brothers 1000 Shearson, Hammill 1000 Tucker, Anthony 2000 H. C. Wainwright 1000 White, Weld	4000	Union Pacific Railroad 1000 Bear, Stearns 1500 R. W. Pressprich 800 Stone & Webster 700 H. C. Wainwright	1500	Union Tank Car 500 Kuhn, Loeb 1000 Thomson & McKinnon
			<u>Transportation Equipment</u>	3500	<u>Miscellaneous</u> Ideal Cement 1000 Dean Witter 1500 Estabrook 1000 Walston
2900	Southern Railway Co. 1000 Dick & Merle-Smith 1500 Harris, Upham 400 Loewi	2100	ACF Industries 1000 A. G. Becker 500 Merrill Lynch 500 Smith, Barney 100 Stone & Webster	5100	National Lead 1000 Dean Witter 1000 Hornblower & Weeks 500 W. C. Langley 500 McDonnell 1600 Model, Roland 500 Smith, Barney
		1000	General Amer. Trans. 500 Kidder, Peabody 500 White, Weld	2000	Weyerhaeuser 1000 Eastman Dillon 1000 Salomon Brothers

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

## Schedule 9

COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF  
LOWEST AVAILABLE PRICE  
January 1 - December 31, 1965

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<u>CONSUMER-ORIENTED STOCKS</u>					
		7300	Consolidated Edison 2000 American Securities 3000 First Boston 1000 J. S. Strauss 1300 Weeden	12000	Interstate Power 12000 Weeden
<u>UTILITIES</u>					
<u>Electric</u>					
8000	Allegheny Power 1000 American Securities 4000 First Boston 3000 Weeden	6400	Consumers Power 1500 American Securities 1600 First Boston 3300 J. S. Strauss	6000	Kansas City Power & Light 1500 American Securities 2000 First Boston 2500 Weeden
5500	American Electric Power 2500 American Securities 1000 Blyth 1000 First Boston 1000 Weeden	7000	Detroit Edison 3500 American Securities 3500 Weeden	10000	Louisville Gas & Elec. 2500 American Securities 7500 Weeden
5200	Central & South West 1500 American Securities 3700 Weeden	5500	Florida Power & Light 1500 American Securities 1500 First Boston 1000 Imperial Financial	3000	Middle South Utilities 500 American Securities 1500 First Boston 1000 Weeden
6500	Cincinnati Gas & Elec. 1000 American Securities 1500 Blyth 2000 First Boston 2000 Weeden	11600	General Public Utilities 5400 American Securities 2000 J. S. Strauss 4200 Weeden	2500	Minnesota Power & Light 2500 Weeden
5000	Commonwealth Edison 2500 American Securities 500 Blyth 1000 J. S. Strauss 1000 Weeden	2500	Houston Light & Power 2000 American Securities 500 Weeden	9660	Northern States Power 6460 American Securities 2000 First Boston 1200 Weeden
		11000	Indianapolis Power & Light 4000 American Securities 1000 First Boston 6000 Weeden	7500	Ohio Edison 1500 American Securities 2000 First Boston 2500 J. S. Strauss 1500 Weeden
				6000	Otter Tail Power 2000 Kalman 4000 Piper, Jaffray
				3500	Pacific Gas & Electric 1500 American Securities



