

STATE OF MINNESOTA  
**STATE BOARD OF INVESTMENT**

**1967 REPORT**  
of  
**THE EXECUTIVE SECRETARY**



Office of the Executive Secretary  
State Board of Investment  
203 State Administration Building  
Saint Paul, Minnesota 55101

July 8, 1968

MEMBERS OF THE  
STATE BOARD OF INVESTMENT  
DURING 1967

HON. HAROLD LEVANDER, GOVERNOR  
HON. STAFFORD KING, STATE AUDITOR  
HON. VAL BJÖRNSON, STATE TREASURER  
HON. JOSEPH L. DONOVAN, SECRETARY OF STATE  
HON. DOUGLAS M. HEAD, ATTORNEY GENERAL

Investment Department Personnel

Robert E. Blixt, B.A., M.S., J.D., C.F.A.  
Executive Secretary

Roger A. Derksen, B.B.A., C.F.A.  
Senior Financial Analyst

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

C. Robert Parsons, B.S.  
Securities Analyst

Karin A. Lilleodden, B.S.  
Accountant

Carole L. Johnson	-	Secretarial Assistant
Agnes A. Eiyneck	-	Securities Assistant
Barbara Highberg	-	Securities Assistant



MEMBERS OF BOARD:

GOVERNOR HAROLD LE VANDER  
STATE AUDITOR STAFFORD KING  
STATE TREASURER VAL BJORNSON  
SECRETARY OF STATE JOSEPH L. DONOVAN  
ATTORNEY GENERAL DOUGLAS M. HEAD

ROBERT E. BLIXT  
EXECUTIVE SECRETARY

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

203 State Administration Bldg.  
Saint Paul 55101

July 8, 1968

Members of the Legislature of the State of Minnesota

Gentlemen:

The Minnesota State Board of Investment was able to achieve a new high in income for all State funds during fiscal 1968, ending June 30. This was the result of statutory changes which have greatly improved investment possibilities since 1960, policy revisions, greater amounts of funds to be invested than ever before in Minnesota's history, and higher interest rates than have existed for the past century. This combination of factors has made possible investment earnings for calendar 1967 and fiscal 1968 which may be difficult to duplicate in years ahead.

The State Board of Investment, established by the Constitution, is responsible for investing all of the State's funds. The Board consists of the Governor, State Auditor, State Treasurer, Secretary of State, and Attorney General. The Executive Secretary advises the Board, recommends policies, and handles the securities transactions. He has a staff of seven members to aid in securities and portfolio analysis, accounting, and clerical tasks.

The Advisory Committee on Common Stocks, appointed by the Board in May, 1961, has now been functioning for over seven years. Each of the original appointees is still a member of the Committee and has contributed greatly to the success of the State's investment program. The group meets for one afternoon every two months, reviews the stock portfolios in detail, and makes general recommendations regarding portfolio policies and procedures. The proposals are then submitted to the State Board of Investment. The members of this Advisory Committee include:

Hermon J. Arnott, President, Farmers & Mechanics Savings Bank of Minneapolis  
Franklin Briese, President, Minnesota Mutual Life Insurance Company, St. Paul  
Robert S. Davis, Vice President & Investment Officer, The St. Paul Companies, Inc.  
Gaylord W. Glarner, Vice President, First Trust Company, St. Paul  
James C. Harris, Executive Vice President, Northwestern National Bank of Minneapolis  
John M. Harris, Vice President & Trust Investment Officer, Northern City National Bank,  
Duluth  
Francis Hassing, Investment Counsel to the Board of Regents of the University of  
Minnesota, Minneapolis  
Maxwell B. Hight, Section of Administration, Mayo Foundation, Rochester  
Donald E. Jondahl, Vice President, Finance, Northwestern National Life Insurance Company,  
Minneapolis  
Norman Terwilliger, Investment Counsel to the Minneapolis Teachers Retirement Association

The time and advice given by these investment managers of ten of the State's leading financial institutions and funds have been most appreciated by both the Investment Board and the staff of the department. These men are not compensated for either time or expense; their service is entirely voluntary.

The accounts supervised for the State Board of Investment are divided into several groups, each governed by individual statutes and managed under different policies. The fund groupings, together with their book value as of December 31, 1967, are as follows:

*Trust funds, \$265 million.* The Permanent School Fund, invested for the benefit of the school children of Minnesota, includes U.S. Treasury securities, corporate bonds of long and short maturity, and common stocks. The Internal Improvement Land Fund includes only U.S. Treasury obligations.

*Retirement funds, \$422 million.* Six State-managed retirement funds, invested for the boards of the associations, include U.S. Treasury, municipal, and other governmental securities, U.S. Government-guaranteed obligations, corporate bonds, short-term corporate notes, and common stocks.

*Supplemental Retirement Fund, \$1 million.* This fund, established in 1967 for employees of the State College Board and State Junior College Board, is invested according to the preferences of the individual members. The fund consists of two accounts, one of which may be invested up to 100% in equities; the other includes long-term bonds and those stocks which tend to emphasize current income.

*Highway funds, \$109 million.* These accounts include U.S. Treasury obligations maturing within the next ten years and short-term corporate notes due within 270 days of the time of purchase. The moneys are used for the building and maintenance of highways, roads, and streets throughout the State.

*Invested Treasurer's Cash Fund, \$203 million.* This fund includes incoming tax receipts, as well as the proceeds from certain State bond sales. The moneys are invested in U.S. Treasury obligations maturing within three years.

*Miscellaneous welfare, departmental, and temporary funds, \$21 million.* These funds are invested according to the terms of particular statutes or applicable policies, primarily in U.S. Treasury securities.

This report is being sent to firms conducting securities business with the State and to legislators and public officials associated with the program. It is designed to answer the many questions concerning the securities transactions, the investment policies and procedures followed by the State, and the distribution of securities business.

The office of the Executive Secretary was established under the terms of a 1959 statute. In 1961, the Legislature passed basic investment laws applicable to the retirement funds; these were revised in 1963, 1965, and 1967. A constitutional amendment pertaining to the Permanent School Fund was initiated by the 1961 Legislature. It was approved by the electorate in 1962; implementing statutes were passed by the 1963 Legislature. The provisions of these statutes as they pertain to the specific funds will be reviewed later in this report. Previous reports for the years 1960 through 1966 provided résumés of the transactions and policies during these periods.

Long-term interest rates were at the highest level of the past century during parts of 1967. The stock market, measured by the Dow Jones Industrial Average, never reached its early 1966 highs during the past year. The market prices of certain equities - which in previous years had been considered conservative and appropriate investments for any period - were particularly disappointing. The problems in the insurance industry, the high interest rates and their effects on utilities stocks, and certain problems caused by the economic dislocation of the Vietnam War meant that many investments which had been most profitable in previous years were less attractive to investors on the 1967 market. These situations were reviewed by the 1967 Legislature. The first attempt was made, from a statutory standpoint, to make possible the use of securities which offered future potential even though they may not have the record or history which would place them in a "blue chip" category. The Growth Account of the Supplemental Retirement Fund, for teachers in the State Colleges and State Junior Colleges, is able to hold up to 10% of its assets in stocks which do not meet the criteria, as to earnings and dividends, which have been established for other funds.

The higher interest rates in effect made debt securities appear comparatively attractive. On December 31, 1967, the various retirement funds and the Permanent School Fund had committed for \$26.5 million of bonds of an "A" quality or better at an average yield of 6.5%. Purchases of issues offering comparable income continued during the early months of 1968. As this report is being written at mid-year, the State has outstanding commitments for \$26.7 million of debt issues at an average yield of 6.7%.

The common stock portfolio continues to show a market increase above cost. By June 30, 1968, the stocks in the Permanent School Fund were worth 8.5% above cost, and the equities in the retirement funds showed a market appreciation of 12.2%.

The following schedule reviews the composition of the trust funds and the retirement funds managed by the State Board of Investment on December 31, 1967:

COMPOSITION OF TRUST FUNDS AND RETIREMENT FUNDS  
December 31, 1967  
(000)

Type of Security	Permanent School Fund		Internal Improvement Land Fund		Combined Retirement Funds	
	Book Value	%	Book Value	%	Book Value	%*
U.S. Treasury and guaranteed obligations	\$108,338	41.1%	\$435	99.8%	\$28,475	6.7%
State and municipal obligations	3,176	1.2	-	-	62,711	14.9
Short-term corporate obligations	-	-	-	-	11,643	2.8
Canadian Provincial obligations	-	-	-	-	2,500	0.6
Corporate debt obligations	105,503	39.9	-	-	200,090	47.4
Common stocks	47,105	17.8	-	-	116,656	27.6
Cash	1	-	1	0.2	-*	-
Totals	\$264,123	100.0%	\$436	100.0%	\$422,075	100.0%

\* Percentages regarding retirement funds refer only to investments; cash balances and contributions in collection process are not included.

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 State's current educational needs.

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 a 1962 constitutional amendment, the State Board of Investment was given broad latitude as to the media to be used in managing assets in the Permanent School Fund. The Internal Improvement Land Fund, a comparatively small fund restricted to the use of Government obligations, also remains under the jurisdiction of the Board.

During the years immediately following the adoption of the constitutional amendment, long-term low-coupon U.S. Treasury bonds were sold from the Permanent School Fund, with the proceeds being invested in higher yielding corporate securities. In accordance with this amendment, corporate bonds have been maintained at the maximum 40% level during the past two years. Common stocks, as of June 1968, approximated 18% of the book value of the fund. It is anticipated that these equity commitments will be raised to 20% within the next few years. Because of the slow growth of the Permanent School Fund, however, purchases will be made primarily as present securities mature or are sold.

Yield from the Permanent School Fund has shown a significant increase during recent years, but is still below the return earned on many long-term trust funds. This is due largely to the sizable holdings of low-coupon U.S. Treasury securities, which are likely to remain in the account for a period of years. Constitutional provisions require that at least 40% of this fund continue to be invested in government credits.

These U.S. Treasury obligations were primarily responsible for a trust fund market valuation of less than 90 cents on the dollar as of December 31, 1967. All bond holdings in the funds declined in value in 1966 and 1967 because of the higher interest rates then prevalent. Although the common stocks have performed better market-wise than any group of fixed-income securities, the small percentage of equity investments tends to minimize the effects of this portion of the portfolio on the overall permanent trust fund results.

#### 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 used in the retirement funds. At present, these funds own short-term U.S. Treasury securities, repurchase contracts backed by 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. This may extend over a considerable period because of the time necessary for planning, purchase of right-of-way, and construction of highways. The amount of highway funds investments fluctuates throughout the year, but totaled \$109 million in face value on December 31, 1967.

The earnings from these accounts increased from \$1.7 million in fiscal 1958 to \$4.5 million in fiscal 1966, \$5.0 million in fiscal 1967, and \$5.5 million in fiscal 1968. This income benefits the counties and municipalities in Minnesota directly through the County State Aid Highway Fund and the Municipal State Aid Street Fund. Earnings from the Trunk Highway Fund are used for the overall State highway program.

#### INVESTED TREASURER'S CASH FUND

The interest earned in the Treasurer's cash account has increased during the past few fiscal years because of a surplus in the General Revenue Fund and the Income Tax School Fund, as well as the high short-term interest rates in effect. Income for fiscal 1968 approximated \$11.8 million -- a sizable increase above the \$9.1 million for 1967, \$6.0 million in 1966, and lesser amounts in previous years. It is to be emphasized that estimates for the future cannot be based on a continuation of the favorable factors of the past fiscal year.

A comparison of the total investments held in the Invested Treasurer's Cash Fund at calendar yearend in recent years shows \$51.6 million in 1964, \$102.9 million in 1965, \$152.5 million in 1966, and \$203.5 million in 1967. On the June 30 fiscal yearend, investments totaled \$132.7 million in 1965, \$254.9 million in 1966, \$299.2 million in 1967, and \$317.7 million in 1968.

The investment department buys and sells according to oral certifications of cash available made by the staff of the Treasurer. In recent years, there has been an increase in the use of U.S. Treasury repurchase agreements and of short-term bills so that funds may earn money even during short periods.

Statutes require that securities in the Invested Treasurer's Cash account extend no longer than three years. During the past two years, however, the surplus of funds available has made possible the use of somewhat longer debt issues. Because of the higher interest rates now in effect, maturities have been extended into fiscal 1970 and 1971 when deemed appropriate. Some of this money includes the proceeds from State bond sales which will be needed only as the State's building program is completed.

#### 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 correctional institutions.

During 1963, a pooled fund was established for the various welfare needs. As a result of this arrangement, it was possible to increase the percentage of these funds which could be invested. Purchases are being limited to U.S. Treasury obligations.

## THE RETIREMENT FUNDS

The retirement funds managed by the State Board of Investment have been committed to common stocks in an increasing degree during recent years. On December 31, 1967, such investments accounted for 27.6% of the total value of the funds. The use of equities was first authorized by the 1961 Legislature. Under revisions passed in 1967, common stocks may be purchased up to a maximum of 5% of the funds' book value each year until the maximum 35% in equities is reached.

State, municipal and school district bonds comprised over 70% of the total investments in these funds as recently as the late 1950's. These holdings were lowered to 14.9% of the total by December 31, 1967. Sales of municipal bonds have accounted for \$22.3 million of this reduction, but the abrupt percentage decline was due primarily to the placement of all new money in other types of securities. Because most of the remaining "municipals" consist of odd lots that carry either no rating or a low rating by the services, it is presumed that a large portion of these securities must be held to maturity. The municipal bond dealers and fiscal agents of the upper Midwest area have been most helpful in completing the sale of these securities.

Corporate debt obligations now constitute the leading classification of securities in the retirement funds, accounting for 47.4% of total investments on a book value basis. These bonds have been bought since 1960 and were rated "A" or better at the time of purchase by at least one of the nationally recognized rating services. The corporate fixed-income investments, yielding 4.90%, provide a higher return to the retirement accounts than any other securities category.

Although the equity portfolios have included substantial investments in industry groups which tend to show lower stock prices as interest rates increase, the market performance of these stocks has greatly exceeded that of fixed-income securities. The equities have evidenced market valuations above cost at practically all times since the inception of the program in 1961; the market values of the total accounts, however, have often been less than original cost because of the high percentage of bond investments included.

A review of the statutory provisions and investment policies applicable to the Minnesota Supplemental Retirement Fund, authorized by the 1967 Legislature and established on October 1, 1967, is found in a separate prospectus available from the investment department.

### REVIEW OF ACCOMPANYING SCHEDULES

Schedule I summarizes the composition of the Permanent School Fund and the retirement funds as of December 31, 1967. The Permanent School Fund has changed very little in overall portfolio makeup during the past two years in that the rearrangement of securities initiated in mid-1963 has been essentially completed.

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 equal diversification among the six retirement funds. There is a difference in the rate of cash flow, however, which has altered the makeup of the various retirement funds. The State Employees Retirement Fund certifies money on a continuing basis. The Teachers' Retirement Fund is more dependent upon large periodic contributions. Incoming moneys for the Public Employees Retirement Fund have been lessened because of the coordination with social security by many fund members.

Schedule II shows the yield received on the three largest retirement funds during the past nine 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 4.2%. Quality rather than yield has been the basic determinant in the purchase of bonds since 1960. Long-term growth potential has been considered in the making of common stock commitments. Recent issues of corporate bonds provide an income considerably higher than the funds' average rate of return, but new commitments in common stocks yield less than 3.5%. The use of certain stocks offering a low current income has been continued in the belief that the funds will achieve a higher rate of return over a period of years due to such investments. Dividend increases from these stocks have already indicated their future value to the retirement funds and a favorable impact on yield figures.

The earnings of Minnesota's retirement funds are still somewhat below those of many other public retirement accounts for several reasons. 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 quality have limited purchases to highly rated issues, which provide a lesser yield than those of lower quality. A fourth reason, though not of the import as in previous years, is that the Minnesota retirement funds are among the few in the nation which are not authorized to use mortgages. On the present market, the added yield potential from this type of investment would show little advantage over that obtained from corporate bonds.

Schedule III reviews the Permanent School Fund for the period from June 30, 1956, through December 31, 1967. The schedule indicates that, due to a prevalence of low-coupon U.S. Treasury securities in the portfolio during the 1950's, the yield was only 2.68%. A portion of the income accruing to this fund since the 1965 fiscal year has been used to reimburse the principal of the account for losses taken through the sale of long-term U.S. Treasury obligations. Despite these substantial accounting entries, the net yield has shown a marked improvement since the securities rearrangement began in 1963.

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, 1967. Of the portfolios indicated, 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 accounts 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 U.S. Treasury obligations in the Permanent School Fund may be regarded as permanent investments.

Schedule V summarizes the holdings of short-term corporate notes held by the highway and retirement funds on December 31, 1967. Because of the flexible maturities obtainable through this investment medium, along with the procedural advantages and higher yields offered, use of these securities has increased substantially during the past few years. The 1967 Legislature raised the authorized maximum of commercial paper which may be used in the highway funds to 25%.

Schedule VI lists the corporate bond holdings of the Permanent School Fund on December 31, 1967. It is presumed that future fixed-income commitments in this fund will consist almost entirely of U.S. Government-guaranteed issues, as there are no constitutional maximums on this type of security.

Schedule VII lists the corporate bond holdings of the retirement funds on December 31, 1967. Except for the nominal amount of railroad bonds previously owned, these securities were purchased since March 1960. A substantial number of debt issues purchased in recent years have been in the form of private placements, which are debt securities bought directly from the borrowing corporations by a group of institutional buyers, including insurance companies, public pension funds and bank trust departments. The Board uses only those private placements of sufficient size to be used by several buyers, so that the investment department is not in the position of setting the interest rate on any individual issue.

Schedule VIII details the types of corporate debt obligations owned by the Permanent School Fund and the various retirement funds on December 31, 1967, as well as the redemption features of the securities acquired during the past year. Since the inception of our corporate investment program, we have stressed call protection and the use of securities offering at least a five-year nonrefundable feature. During 1966 and 1967, when interest rates were considerably higher than prevalent early in the decade, purchases were concentrated in those fixed-income issues offering call or refunding protection of ten or more years. Because of these features, the present yield appears to be adequately protected against anticipated fluctuations in interest rates.

Schedule IX lists the common stock holdings in the Permanent School Fund and in the various retirement funds on December 31, 1967. All these securities meet the requirements stated in the applicable statutes and have been approved by the Advisory Committee on Common Stocks. Trading has been minimized in these accounts, although the Board has authorized certain sales as desirable for portfolio balance and long-term performance. The State's stock purchase program continues to be based on long-term earnings expectations. The nature and size of the accounts limits attempts to gain from short-term market fluctuations. The Minnesota Legislature, during the 1960's, has revised practically all of the State's investment laws. The Legislative Retirement Study Commission has introduced new concepts in retirement fund investment policy, and is expected to suggest further modifications during forthcoming sessions. The benefits of a program such as the Supplemental Retirement Fund, which provides a choice of an income account or growth account, for



a portion of retirement investments, may be offered to other employee groups in future years. This may lessen some of the risks inherent in any investment portfolio geared too closely to dollar values. There has been evidence that the purchasing power risk has not been met successfully by those accounts invested primarily in fixed-income securities.

Due to higher dividends since the time of acquisition, the stocks added to the retirement funds in 1961, which provided a yield of less than 2.7% at the time of purchase, now provide a return of over 4% on the original cost basis. The dividend increases declared during 1967 provided additional income of \$203,274 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.

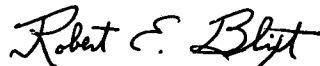
The Advisory Committee on Common Stocks and the State Board of Investment have emphasized such considerations as management factors and long-term growth potential, as well as current yield, in the selection of equity securities. All stocks recommended for inclusion in these funds are first discussed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

A review of policies concerning the placement of business, together with a summary of transactions completed during 1967, follows the schedules described above.

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During each of the past few legislative sessions, laws were passed which resulted in more realistic investment management, yet assured the necessary restrictions as to investment media. The State Board of Investment and the staff of the investment department appreciate the cooperation that has been received from members of the Legislature and the retirement fund administrations as well as from investment dealers and brokers throughout the nation. The Advisory Committee on Common Stocks has been particularly helpful in implementing the many changes authorized in recent years. The higher current yield, the better portfolio balance, and the lesser dependence on fixed dollar investments will be of long-term benefit to the retirement fund members, our educational institutions, and the taxpayers of the State.

Respectfully submitted,



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

REB/cj



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, 1967

	PUBLIC EMPLOYEES RETIREMENT FUND				STATE EMPLOYEES RETIREMENT FUND				TEACHERS' 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	\$3,104,510.00	3.91%	\$113,680,813	-	-	-
June 30, 1966	\$126,016,044	\$119,034,099	\$4,961,041.08	4.17%	\$87,477,671	-	-	-	\$122,392,368	\$115,098,267	\$4,677,205.58	4.06%
December 31, 1966	\$136,773,265	-	-	-	\$92,210,804	\$87,755,816	\$3,599,529.00	4.10%	\$129,037,233	-	-	-
June 30, 1967	\$143,519,881	\$135,436,396	\$5,766,018.44	4.26%	\$97,375,985	-	-	-	\$141,805,453	\$131,078,351	\$5,553,970.00	4.24%
December 31, 1967	\$155,763,172	-	-	-	\$103,557,821	\$97,714,870	\$4,103,671.00	4.20%	\$156,865,901	-	-	-

- (1) Book value figures based on those shown on Treasurer's General Report on State Finances on date listed, with adjustments for calls, maturities and 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)	Yield (5)			
June 30, 1956	\$239,454,017.45	\$230,514,077.91	\$ 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	2.68%			
December 31, 1957	\$248,558,062.99	-	-	-			
June 30, 1958	\$249,513,238.84	\$247,590,592.43	\$ 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	2.78%			
December 31, 1959	\$255,520,490.05	-	-	-			
June 30, 1960	\$256,276,151.72	\$255,013,512.77	\$ 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	3.09%			
December 31, 1961	\$261,981,702.84	-	-	-			
June 30, 1962	\$262,388,564.04	\$261,463,389.40	\$ 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*	3.05%*			
December 31, 1963	\$263,710,744.23	-	-	-			
June 30, 1964	\$263,552,120.96	\$263,964,938.18	\$ 8,579,156.81	3.25%			
December 31, 1964	\$264,704,185.42	-	-	-	Less Transfer to Principal (6)	Net Investment Income for Year Ending (3)	Net Yield (7)
June 30, 1965	\$262,170,084.20	\$263,475,463.53	\$ 9,186,790.66	3.49%	\$ 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	3.68%	\$329,472.90	\$9,317,944.40	3.56%
December 31, 1966	\$263,433,844.16	-	-	-	-	-	-
June 30, 1967	\$263,816,276.40	\$262,979,007.20	\$10,215,172.70	3.88%	\$856,275.93	\$9,358,896.77	3.56%
December 31, 1967	\$264,303,404.43	-	-	-	-	-	-

- (1) Book value figures based on those shown on Treasurer's General Report on State Finances on date listed, with adjustments for calls, maturities and investments committed for but not yet received.
- (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) Computed by dividing total investment income of fund for fiscal period by average book value of fund.
- (6) 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.
- (7) 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.

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, 1967

	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					
<u>SHORT-TERM CORPORATE NOTES</u>									
Maturity less than 30 days	*	\$ 4,505,000	\$ 2,792,000	\$ 1,239,000	*	*	\$ 1,729,000	*	
Maturity 30-90 days	*	\$ 2,108,000	\$ 835,000	\$ 260,000	*	*	\$ 9,887,000	*	
Maturity 90-180 days	*	-	-	-	*	*	-	*	
Maturity 181-270 days	*	\$ 1,575,000	-	-	*	*	\$ 102,000	*	
TOTAL SHORT-TERM CORPORATE NOTES	*	\$ 8,188,000	\$ 3,627,000	\$ 1,499,000	*	*	\$11,718,000(a)	*	
* * * * *									
<u>U. S. TREASURY SECURITIES</u>									
<u>BILLS</u>									
Maturity less than 30 days	-	-	-	-	-	-	\$ 1,768,000	\$ 2,406,000	
Maturity 30-90 days	\$ 8,000,000	-	\$ 9,631,000	\$ 2,869,000	\$ 18,000	-	\$ 2,893,000	\$ 8,262,000	
Maturity 3-6 months	\$ 3,000,000	\$10,870,000	\$ 3,118,000	\$ 1,434,000	-	-	-	\$ 2,778,000	
Maturity 6-12 months	\$15,975,000	\$ 8,570,000	\$ 2,840,000	\$ 905,000	-	-	-	\$ 1,797,000	
TOTAL BILLS	\$26,975,000	\$19,440,000	\$15,589,000	\$ 5,208,000	\$ 18,000	-	\$ 4,661,000(b)	\$15,253,000	
<u>NOTES AND BONDS</u>									
3 7/8% Bonds due 5-15-68	\$ 7,000,000	-	-	-	-	-	-	\$ 695,000	
3 3/4% Bonds due 8-15-68	\$12,250,000	-	-	-	-	-	-	\$ 730,000	
4 1/4% Notes due 8-15-68	-	-	-	-	-	-	-	\$ 700,000	
3 7/8% Bonds due 11-15-68	\$20,000,000	\$ 3,500,000	\$ 2,350,000	\$ 1,700,000	-	-	-	\$ 229,000	
5 1/4% Notes due 11-15-68	\$28,950,000	\$10,000,000	-	-	-	-	-	\$ 700,000	
2 1/2% Notes due 12-15-68/63	-	-	-	-	-	-	\$ 20,000	\$ 7,000	
Total Maturities less than 1 year	\$68,200,000	\$13,500,000	\$ 2,350,000	\$ 1,700,000	-	-	\$ 20,000	\$ 3,061,000	
4% Bonds due 2-15-69	\$21,000,000	-	-	\$ 800,000	-	-	-	\$ 500,000	
5 5/8% Notes due 2-15-69	\$48,800,000	-	-	-	-	-	-	-	
2 1/2% Bonds due 6-15-69/64	-	-	-	-	-	\$ 50,000	-	\$ 169,000	
4% Bonds due 10-1-69	\$25,000,000	\$ 4,000,000	\$ 2,000,000	\$ 1,000,000	\$ 932,000	\$ 67,500	\$ 2,400,000	\$ 1,241,000	
2 1/2% Bonds due 12-15-69/64	-	-	-	-	-	-	\$ 795,000	\$ 16,500	
4% Bonds due 2-15-70	-	-	-	-	-	\$ 30,000	-	-	
4% Bonds due 8-15-70	\$ 3,000,000	\$ 3,500,000	\$ 500,000	-	-	-	\$ 1,900,000	-	
5% Notes due 11-15-70	\$10,500,000	\$ 5,000,000	-	-	-	-	-	-	
Total maturities 1-3 years	\$108,300,000	\$12,500,000	\$ 2,500,000	\$ 1,800,000	\$ 932,000	\$ 1,475,000	\$ 5,095,000	\$ 1,926,500	
2 1/2% Bonds due 3-15-71/66	*	-	-	-	-	-	\$ 55,000	-	
4% Bonds due 8-15-71	*	-	-	-	-	-	-	\$ 2,000	
3 7/8% Bonds due 11-15-71	*	-	-	-	-	\$ 43,000	-	\$ 105,000	
4% Bonds due 2-15-72	*	-	-	-	-	-	-	\$ 55,000	
2 1/2% Bonds due 6-15-72/67	*	-	-	-	-	-	-	\$ 13,000	
4% Bonds due 8-15-72	*	-	-	-	-	-	\$ 385,000	\$ 385,000	
2 1/2% Bonds due 9-15-72	*	-	-	-	-	\$ 1,500	-	\$ 3,000	
Total maturities 3-5 years	*	-	-	-	-	\$ 44,500	\$ 440,000	\$ 563,000	

U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS (ALSO INCLUDING SHORT-TERM CORPORATE NOTES)  
December 31, 1967

Schedule IV  
(Page 2)

	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>								
4% Bonds due 8-15-73	*	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	-	-	-	\$ 300,500
4 1/8% Bonds due 11-15-73	*	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000	-	-	\$ 330,000	\$ 238,500
4 1/8% Bonds due 2-15-74	*	\$ 1,000,000	\$ 1,200,000	\$ 500,000	-	-	\$ 120,000	\$ 302,000
4 1/4% Bonds due 5-15-74	*	\$ 4,500,000	-	\$ 1,000,000	-	-	\$ 40,000	\$ 242,000
3 7/8% Bonds due 11-15-74	*	-	-	-	-	\$ 126,500	\$ 1,400,000	\$ 120,000
Total maturities 5-10 years	*	\$11,500,000	\$ 5,200,000	\$ 4,500,000	-	\$ 126,500	\$ 1,890,000	\$ 1,203,000
4% Bonds due 2-15-80	*	-	-	-	\$ 1,917,500	\$ 16,000	\$ 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	*	-	-	-	\$29,080,000	-	-	-
4 1/4% Bonds due 5-15-85/75	*	-	-	-	-	-	-	\$ 79,000
3 1/2% 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	*	-	-	-	\$92,599,500	\$ 116,000	\$ 1,935,000	\$ 84,500
<b>TOTAL U.S. TREASURY NOTES &amp; BONDS</b>		\$176,500,000	\$37,500,000	\$10,050,000	\$ 8,000,000	\$ 434,500	\$ 9,380,000	\$ 6,838,000
<b>TOTAL U.S. TREASURY SECURITIES</b>		\$203,475,000	\$56,940,000	\$25,639,000	\$13,208,000	\$ 434,500	\$14,041,000	\$22,091,000
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b>								
Average maturity about 10 years	-	-	-	-	\$14,791,000	-	\$14,608,000	-
<b>TOTAL U.S. GOVERNMENT OBLIGATIONS</b>		\$203,475,000	\$56,940,000	\$25,639,000	\$13,208,000	\$ 434,500	\$28,649,000	\$22,091,000

\*These securities are not eligible for purchase in these funds.

- (a) Includes \$75,000.00 short-term corporate notes held by Supplemental Retirement Funds which do not appear in schedule I.  
(b) Includes \$174,000.00 U.S. Treasury Bills held by Supplemental Retirement funds which do not appear in schedule I.

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule V

SHORT-TERM CORPORATE NOTES HELD BY  
HIGHWAY AND RETIREMENT FUNDS

December 31, 1967

Face Amounts Maturing in the Following Months of 1968:

<u>ISSUER</u>	<u>January</u> <u>(000)</u>	<u>February</u> <u>(000)</u>	<u>March</u> <u>(000)</u>	<u>July</u> <u>(000)</u>	<u>August</u> <u>(000)</u>	<u>Total</u> <u>(000)</u>
Associates Investment Company (5.15%)	\$ 316	\$ 661	\$ 839	-	-	\$ 1,816
C.I.T. Financial Corporation (5.18%)	-	1,308	-	-	-	1,308
Commercial Credit Company (5.15%)	85	-	1,223	-	-	1,308
Ford Motor Credit Company (5.24%)	99	-	1,296	\$1,575	\$76	3,046
Gamble-Skogmo, Inc. (5.46%)	2,975	25	-	-	-	3,000
International Harvester Credit Corporation (4.88%)	-	-	426	-	-	426
Montgomery Ward Credit Corporation (5.16%)	982	1,568	1,329	-	-	3,879
J. C. Penney Credit Corporation (5.21%)	803	800	101	-	-	1,704
Pillsbury Company (5.13%)	-	300	835	-	-	1,135
Seaboard Finance Company (5.14%)	2,500	417	1,091	-	-	4,008
Sears Roebuck Acceptance Corporation (5.05%)	-	-	260	-	-	260
James Talcott, Inc. (5.01%)	1,419	25	-	26	-	1,470
Westinghouse Credit Corporation (4.78%)	1,260	-	412	-	-	1,672
<b>TOTAL INVESTMENT</b>	<b>\$10,439</b>	<b>\$5,104</b>	<b>\$7,812</b>	<b>\$1,601</b>	<b>\$76</b>	<b>\$25,032</b>

Average Weighted Yield 5.16%

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule VI

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND  
December 31, 1967

ISSUE						
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
<b>U.S. GOVERNMENT-GUARANTEED OBLIGATIONS</b>						
American Mail Line, Ltd.	Govt. Guaranteed Bond	3-1-93	6%	6.00	\$ 1,500	
American President Lines	Govt. Guaranteed Bond	11-1-91	4.80	4.80	1,470	
American President Lines, Ltd.	Govt. Guaranteed Bond	11-1-92	5.60	5.60	1,500	
Delta Steamship Lines, Inc.	Govt. Guaranteed Bond	3-1-86	5 1/2	5.50	1,500	
Eagle Terminal Tankers, Inc.	Govt. Guaranteed Bond	6-1-89	6	6.00	2,000	
Grace Line, Inc.	Govt. Guaranteed Bond	2-1-92	5.10	5.10	1,500	
Moore-McCormack Lines, Inc.	Govt. Guaranteed Bond	4-1-87	5 3/4	5.75	1,500	
States Steamship Company	Govt. Guaranteed Bond	3-31-93	5.10	5.10	1,500	
United States Lines	Govt. Guaranteed Bond	10-1-87	5.00	5.00	1,426	
United States Lines	Govt. Guaranteed Bond	11-1-86	4 3/8	4.375	895	
<i>Total U.S. Government-Guaranteed Obligations</i>				5.39%	\$ 14,791	
<b>CORPORATE BOND OBLIGATIONS</b>						
<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	
<i>Total Electric Utility Obligations</i>				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	1,152	
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	1,200	
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6 1/4	6.34	1,000	
Panhandle Eastern Pipe Line Co.	Debenture	2-1-84	4.60	4.60	1,200	
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5 3/8	5.375	1,176	
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	890	
<i>Total Gas Utility Obligations</i>				4.93%	\$ 9,018	



UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND  
December 31, 1967

ISSUE						
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
<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	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	
<b>Total Telephone Utility Obligations</b>				<b>4.61%</b>	<b>\$ 10,400</b>	
<b>Total Public Utility Obligations</b>				<b>4.63%</b>	<b>\$ 40,080</b>	
<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	
<b>Total Finance Obligations</b>				<b>4.72%</b>	<b>\$ 3,700</b>	
<b>INDUSTRIAL OBLIGATIONS</b>						
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.50	\$ 1,436	
American Greetings Corp.	Promissory Note	10-1-84	4.70	4.70	1,000	
American Metal Climax, Inc.	Note	8-1-88	4 1/2	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	7-15-90	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 1/2	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	
Ingersoll Rand Co.	Note	1-1-91	4 3/4	4.75	1,150	
Kern County Land Co.	Promissory Note	9-1-89	4.65	4.65	1,056	
Lone Star Cement Corporation	S/F Debenture	7-1-90	4 7/8	4.875	1,500	
Mead Corp.	Note	6-1-78	4 5/8	4.78	1,178	
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	1,150	
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	4-1-68/79	2.90	4.67	1,200	
Standard Oil Co. of Indiana	Promissory Note	12-1-68/ 6-1-79	3	5.00	1,172	
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	
Swift & Co.	S/F Debenture	8-1-92	6.30	6.30	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	1,359 <sup>b</sup>	
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	
<b>Total Industrial Obligations</b>				<b>4.69%</b>	<b>\$ 40,751</b>	
<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	
<b>Total Transportation Debt Obligations</b>				<b>4.56%</b>	<b>\$ 4,684</b>	

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND  
December 31, 1967

ISSUE						
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
<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	6-1-68/78	4.40	4.40	1,051 <sup>c</sup>	
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-68/ 12-15-80	4 7/8	4.875	1,300	
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>d</sup>	
Kansas City Southern Railway Co.	Conditional Sale	1-15-74/ 7-15-78	4.45	4.45	492 <sup>e</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	
Southern Pacific Co.	Conditional Sale	12-15-68/80	4.80	4.80	1,039 <sup>f</sup>	
Western Pacific Railroad Co.	Conditional Sale	3-15-71/80	4.55	4.55	1,000	
<i>Total Railroad Equipment Obligations</i>				<u>4.56%</u>	<u>\$ 16,288</u>	
<b>TOTAL CORPORATE OBLIGATIONS</b>				<u>4.64%</u>	<u>\$105,503</u>	
<b>TOTAL U.S. GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS</b>				<u>4.73%</u>	<u>\$120,294</u>	

- 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: \$1,358,630.13
- c. Figure shown is rounded to the nearest thousand; actual holding is as follows: 1,051,223.80
- d. Figure shown is rounded to the nearest thousand; actual holding is as follows: 984,459.19
- e. Figure shown is rounded to the nearest thousand; actual holding is as follows: 492,229.59
- f. Figure shown is rounded to the nearest thousand; actual holding is as follows: 1,038,712.35

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule VII

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND CORPORATE BOND HOLDINGS - RETIREMENT FUNDS

December 31, 1967

ISSUE											
Company	Type of Security	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>U.S. GOVERNMENT-GUARANTEED OBLIGATIONS</b>											
American President Lines	Government-Guaranteed Bond	11-1-91	4.80	4.80	\$ 2,268	\$ 734	\$ 600	\$ 734	\$ 100	-	\$ 100
Delta Steamship Lines, Inc.	Government-Guaranteed Bond	3-1-86	5 1/2	5.50	750	750	-	-	-	-	-
Grace Line Inc.	Government-Guaranteed Bond	12-1-87	4.20	4.20	1,004	913	-	-	91	-	-
Grace Line Inc.	Government-Guaranteed Bond	2-1-92	5.10	5.10	850	750	-	-	100	-	-
Gulf & South American	Government-Guaranteed Bond	12-31-88	4 1/4	4.25	446	446	-	-	-	-	-
Gulf & South American	Government-Guaranteed Bond	12-31-88	4.20	4.20	446	357	-	-	89	-	-
Moore-McCormack Lines, Inc.	Government-Guaranteed Bond	7-1-83	4.20	4.20	962	875	-	-	87	-	-
Moore-McCormack Lines, Inc.	Government-Guaranteed Bond	4-1-87	5 3/4	5.75	2,400	750	600	750	150	50	100
States Steamship Company	Government-Guaranteed Bond	3-31-93	5.10	5.10	2,400	750	600	750	200	-	100
United States Lines	Government-Guaranteed Bond	10-1-87	5	5.00	2,097	719	570	714	94	-	-
United States Lines	Government-Guaranteed Bond	11-1-86	4 3/8	4.375	985	895	-	-	90	-	-
<b>Total United States Government-Guaranteed Obligations</b>				<b>4.94%</b>	<b>\$ 14,608</b>	<b>\$ 7,939</b>	<b>\$ 2,370</b>	<b>\$ 2,948</b>	<b>\$ 1,001</b>	<b>\$ 50</b>	<b>\$ 300</b>
<b>CANADIAN PROVINCIAL OBLIGATIONS</b>											
The New Brunswick Electric Power Commission	S/F Debenture	11-15-91	6	6.16	1,400	500	400	500	-	-	-
Province of Ontario	Debenture	4-15-97	5 5/8	5.625	1,100	-	400	600	100	-	-
<b>Total Canadian Provincial Obligations</b>				<b>5.93%</b>	<b>\$ 2,500</b>	<b>\$ 500</b>	<b>\$ 800</b>	<b>\$ 1,100</b>	<b>\$ 100</b>	<b>-</b>	<b>-</b>
<b>CORPORATE BONDS</b>											
<b>PUBLIC UTILITY OBLIGATIONS</b>											
<b>ELECTRIC</b>											
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
Arizona Public Service Co.	First Mortgage	9-1-97	6 1/4	6.25	1,200	-	500	700	-	-	-
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	-	-	-
Commonwealth Edison Co.	First Mortgage	11-1-96	5 3/4	5.75	2,000	650	500	650	100	50	50
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	4.88	800	500	200	-	60	-	40
Hawaiian Electric Co., Ltd.	First Mortgage	4-1-91	4.65	4.65	1,550	600	450	500	-	-	-

ISSUE											
Company	Type of Security	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)
PUBLIC UTILITY OBLIGATIONS (Continued)											
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	487	-	-	487	-	-	-
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	-	-	-
Tucson Gas & Electric Co.	First Mortgage	2-1-96	4 7/8	4.875	1,600	600	400	600	-	-	-
Utah Power & Light Co.	First Mortgage	9-1-90	4 7/8	4.80	1,290	500	260	500	-	-	30
Total Electric Utility Obligations				4.77%	\$ 41,147	\$ 14,256	\$ 9,728	\$ 15,629	\$ 873	\$ 180	\$ 481
GAS											
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	1,288	414	368	414	-	46	46
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	-	-	-
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6 1/4	6.34	500	-	300	-	100	-	100
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
The Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5 3/8	5.375	392	-	392	-	-	-	-
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	1,140	436	352	352	-	-	-
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	768	480	288	-	-	-	-

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>PUBLIC UTILITY OBLIGATIONS (Continued)</b>											
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	\$ 890	\$ 534	\$ 356	-	-	-	-
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	1,278	426	426	426	-	-	-
Washington Gas Light Co.	First Mortgage	3-1-91	5.20	5.20	1,000	600	400	-	-	-	-
Total Gas Utility Obligations				4.76%	\$ 29,724	\$ 11,286	\$ 7,895	\$ 9,228	\$ 584	\$ 166	\$ 565
<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	-	-	-
Indianapolis Water Co.	First Mortgage	8-1-97	5 7/8	5.875	600	-	-	600	-	-	-
Total Water Utility Obligations				5.14%	\$ 1,600	\$ 400	\$ 300	\$ 900	-	-	-
<b>Total Public Utility Obligations</b>				4.75%	\$ 81,931	\$ 29,492	\$ 19,723	\$ 29,557	\$ 1,667	\$ 346	\$ 1,146
<b>FINANCE OBLIGATIONS</b>											
American Investment Co.	Note	1-1-91	5 1/4	5.25	\$ 1,800	\$ 600	\$ 450	\$ 600	\$ 100	\$ 50	-
American Investment Co.	Senior Note	11-1-86	6 3/4	6.75	1,500	500	400	500	100	-	-
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	1,475	500	400	500	75	-	-
CIT Financial Corp.	Debenture	10-1-86	6 3/8	6.42	650	-	600	-	-	50	-
Family Finance Corp.	Senior Debenture	5-15-90	4 3/4	4.84	1,300	600	-	600	100	-	-
General Electric Credit Corp.	Promissory Note	10-31-82	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	-	-	-
John Deere Credit Co.	Debenture	10-31-90	5	5.00	1,650	600	450	600	-	-	-
<b>Total Finance Obligations</b>				5.23%	\$ 10,875	\$ 3,300	\$ 3,150	\$ 3,950	\$ 375	\$ 100	-
<b>INDUSTRIAL OBLIGATIONS</b>											
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.375	\$ 1,409	\$ 470	\$ 376	\$ 563	-	-	-
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	621	290	331	-	-	-	-
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	-	-	-
Beckman Instruments, Inc.	Promissory Note	10-1-86	5 5/8	5.625	1,600	600	400	600	-	-	-
Burlington Industries, Inc.	S/F Debenture	7-15-90	4 3/4	4.80	1,040	-	400	500	\$ 100	\$ 40	-
Burroughs Corp.	Debenture	7-1-88	4 1/2	4.53	1,400	500	400	500	-	-	-
CIBA Corp.	Note	9-15-86	5.85	5.85	1,600	600	400	600	-	-	-
Cities Service Co.	Debenture	11-1-97	6 1/8	6.45	1,600	-	600	1,000	-	-	-
Continental Oil Co.	Note	12-1-89	5 7/8	5.875	1,600	600	400	600	-	-	-
Cummins Engine Co.	Note	7-15-90	4.60	4.60	1,000	500	-	500	-	-	-
Desoto Chemical Coatings, Inc.	Note	12-1-85	5	5.00	1,500	550	400	550	-	-	-
Diebold Inc.	Note	9-15-85	4.80	4.80	500	-	-	500	-	-	-

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>INDUSTRIAL OBLIGATIONS (Continued)</b>											
Dow Chemical Co.	Note	1-15-90	4 1/2	4.50	\$ 2,000	\$ 700	\$ 500	\$ 700	\$ 100	-	-
Dow Chemical Co.	Note	4-1-91	5	5.125	1,500	550	400	550	-	-	-
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	800	440	320	-	40	-	-
Ford Motor Co.	Note	12-1-86	5 3/4	5.75	1,700	600	500	600	-	-	-
Gimbel Brothers, Inc.	S/F Debenture	6-1-81	5	5.08	500	500	-	-	-	-	-
Goodrich-Gulf Chemicals, Inc.	Note	11-15-92	6 1/2	6.50	1,000	-	-	1,000	-	-	-
Gould National Batteries, Inc.	Note	11-1-80	4.85	4.85	900	-	400	500	-	-	-
Halliburton Co.	Note	6-1-86	5.30	5.30	2,000	700	600	700	-	-	-
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	1,408	528	352	528	-	-	-
The Kroger Co.	Note	10-1-81	4.80	4.80	1,350	450	360	540	-	-	-
Lone Star Cement Corp.	S/F Debenture	7-1-90	4.875	4.875	1,260	700	460	-	50	-	\$ 50
Mead Corp.	Note	6-1-78	4 5/8	4.78	926	-	422	504	-	-	-
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	671	-	-	575	48	-	48
Montgomery Ward & Co., Inc.	S/F Debenture	8-1-90	4 7/8	4.90	440	-	440	-	-	-	-
Owens-Illinois, Inc.	Note	2-1-91	5	5.00	1,700	600	400	600	100	-	-
Phillips Petroleum Co.	Note	12-15-86	6 1/4	6.25	1,750	550	400	600	100	-	100
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	-	-
Shell Oil Co.	Debenture	3-15-91	5	5.00	1,500	550	400	550	-	-	-
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	4.60	1,000	600	400	-	-	-	-
The Singer Co.	Note	8-1-86	5 5/8	5.625	1,600	600	400	600	-	-	-
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	600	-	-	550	-	-	50
Standard Oil Co. (California)	Note	4-1-91	5.10	5.10	1,000	600	400	-	-	-	-
Standard Oil Co. (California)	Note	12-1-92	6	6.12	1,350	-	200	1,000	150	-	-
Standard Oil Co. (Indiana)	Promissory Note	4-1-68/79	2.90	4.67	800	-	360	440	-	-	-
Standard Oil Co. (Indiana)	Promissory Note	12-1-68/6-1-79	3	5.00	652	652	-	-	-	-	-
Standard Oil Co. (New Jersey)	Debenture	11-1-97	6	6.00	1,000	-	-	1,000	-	-	-
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	400	-	-	400	-	-	-
Sun Oil Co.	Note	7-1-91	5 3/4	5.75	1,750	600	400	600	-	\$ 50	100
Swift & Co.	Debenture	6-1-86	4 7/8	4.875	1,344	480	384	480	-	-	-
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	1,122	374	280	468	-	-	-
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	4.60	2,000	700	500	700	100	-	-
<b>Total Industrial Obligations</b>				5.06%	\$ 63,643	\$ 19,734	\$ 16,235	\$ 26,148	\$ 1,013	\$ 90	\$ 423
<b>TRANSPORTATION DEBT OBLIGATIONS</b>											
Atchison, 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	1,488	480	384	480	72	-	72
Miscellaneous Railroad Bonds	Bond	Various	Various	4.31	42	-	42*	-	-	-	-
<b>Total Transportation Debt Obligations</b>				4.72%	\$ 9,902	\$ 3,248	\$ 2,406	\$ 3,683	\$ 246	\$ 98	\$ 221
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>											
ACF Industries, Inc.	Equipment Trust	11-1-68/75	4 3/4	4.75	\$ 1,080	\$ 400	\$ 280	\$ 400	-	-	-
ACF Industries, Inc.	Equipment Trust	1-15-68/77	4 7/8	4.875	840	340	340	-	\$ 160	-	-
ACF Industries, Inc.	Equipment Trust	4-15-68/81	5 5/8	5.625	747	299	280	-	168	-	-

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)											
Atchison, Topeka & Santa Fe Railway System	Conditional Sale	7-15-68/ 1-15-81	5	5.00	\$ 2,052	\$ 675	\$ 540	\$ 675	\$ 162	-	-
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-68/78	4.55	4.55	1,388 <sup>b</sup>	513 <sup>b</sup>	362 <sup>b</sup>	513 <sup>b</sup>	-	-	-
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-68/ 12-15-80	4 7/8	4.875	1,559 <sup>c</sup>	520	519 <sup>c</sup>	520	-	-	-
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-15-82	6 3/8	6.375	1,009 <sup>d</sup>	288 <sup>d</sup>	288 <sup>d</sup>	288 <sup>d</sup>	87 <sup>d</sup>	-	\$ 58 <sup>d</sup>
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-71/ 6-1-81	5 3/8	5.375	1,184 <sup>e</sup>	358 <sup>e</sup>	298 <sup>e</sup>	349 <sup>e</sup>	179 <sup>e</sup>	-	-
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-1-68/77	5 3/8	5.375	1,302 <sup>f</sup>	469 <sup>f</sup>	375 <sup>f</sup>	458 <sup>f</sup>	-	-	-
Fruit Growers Express Co.	Equipment Trust	5-1-68/77	4.70	4.70	500	250	-	250	-	-	-
Fruit Growers Express Co.	Equipment Trust	12-15-68/75	4 3/4	4.75	1,186	350	350	350	80	-	56
Fruit Growers Express Co.	Equipment Trust	11-15-72/81	6	6.00	1,000	300	250	300	100	-	50
General American Transportation Corp.	Equipment Trust	7-15-84	4 5/8	4.59	1,593	638	377	578	-	-	-
Kansas City Southern Railway Co.	Conditional Sale	12-15-68/ 6-15-76	4 1/2	4.50	1,483 <sup>g</sup>	507 <sup>g</sup>	470 <sup>g</sup>	506 <sup>g</sup>	-	-	-
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 1/2	4.50	2,000	700	500	700	100	-	-
Norfolk & Western Railway Co.	Conditional Sale	6-1-72/81	5 1/2	5.50	1,000	300	300	300	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 1/2	4.50	1,200	400	340	400	60	-	-
Northern Pacific Railway Co.	Conditional Sale	9-1-68/ 3-1-82	5 1/2	5.50	1,643 <sup>h</sup>	677 <sup>h</sup>	386 <sup>h</sup>	580	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-68/ 1-2-77	4 3/4	4.75	1,233 <sup>i</sup>	456 <sup>i</sup>	323 <sup>i</sup>	454 <sup>i</sup>	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	12-1-68/ 6-1-72	4 1/4	4.50	534 <sup>j</sup>	165 <sup>j</sup>	164 <sup>j</sup>	205 <sup>j</sup>	-	-	-
Southern Pacific Co.	Equipment Trust	2-1-71/73	4 1/4	4.50	985	450	-	500	35	-	-
Southern Pacific Co.	Conditional Sale	12-15-68/80	4.80	4.80	779 <sup>k</sup>	-	390 <sup>k</sup>	389 <sup>k</sup>	-	-	-
Western Fruit Express Co.	Equipment Trust	1-1-68/ 7-1-75	4.85	4.85	890	240	160	490	-	-	-
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>				4.91%	\$ 33,737	\$ 11,835	\$ 9,332	\$ 11,095	\$ 1,261	-	\$ 214
TOTAL CORPORATE OBLIGATIONS				4.90%	\$200,088	\$ 67,609	\$ 50,846	\$ 74,433	\$ 4,562	\$ 634	\$ 2,004
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS				4.91%	\$217,196	\$ 76,048	\$ 54,016	\$ 78,481	\$ 5,663	\$ 684	\$ 2,304

(See page 6 for footnotes)

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND  
CORPORATE BOND HOLDINGS - RETIREMENT FUNDS  
December 31, 1967

- 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 | \$ 513,333.32     |
| State Employees Retirement Fund  | 361,547.67        |
| Teachers' Retirement Fund        | <u>513,333.36</u> |
| Total                            | \$1,388,214.35    |
- c. Rounded to nearest thousand; actual holding is as follows:
- |                                 |               |
|---------------------------------|---------------|
| State Employees Retirement Fund | \$ 518,833.41 |
|---------------------------------|---------------|
- d. Rounded to nearest thousand; actual holdings are as follows:
- |                                     |                  |
|-------------------------------------|------------------|
| Public Employees Retirement Fund    | \$ 288,346.51    |
| State Employees Retirement Fund     | 288,346.51       |
| Teachers' Retirement Fund           | 288,346.51       |
| Public Employees Police & Fire Fund | 86,503.97        |
| Highway Patrolmen's Retirement Fund | <u>57,669.31</u> |
| Total                               | \$1,009,212.81   |
- e. Rounded to nearest thousand; actual holdings are as follows:
- |                                     |                   |
|-------------------------------------|-------------------|
| Public Employees Retirement Fund    | \$ 358,206.49     |
| State Employees Retirement Fund     | 298,505.40        |
| Teachers' Retirement Fund           | 348,505.00        |
| Public Employees Police & Fire Fund | <u>179,103.24</u> |
| Total                               | \$1,184,320.13    |
- f. Rounded to nearest thousand; actual holdings are as follows:
- |                                  |                   |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 468,770.87     |
| State Employees Retirement Fund  | 375,016.71        |
| Teachers' Retirement Fund        | <u>457,980.35</u> |
| Total                            | \$1,301,767.93    |
- g. Rounded to nearest thousand; actual holdings are as follows:
- |                                  |                   |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 506,598.51     |
| State Employees Retirement Fund  | 470,010.86        |
| Teachers' Retirement Fund        | <u>506,598.51</u> |
| Total                            | \$1,483,207.88    |
- h. Rounded to nearest thousand; actual holdings are as follows:
- |                                  |                   |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 676,666.67     |
| State Employees Retirement Fund  | 386,666.67        |
| Teachers' Retirement Fund        | <u>580,000.00</u> |
| Total                            | \$1,643,333.34    |
- i. Rounded to nearest thousand; actual holdings are as follows:
- |                                  |                   |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 455,714.00     |
| State Employees Retirement Fund  | 322,802.00        |
| Teachers' Retirement Fund        | <u>454,384.00</u> |
| Total                            | \$1,232,900.00    |



UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND  
CORPORATE BOND HOLDINGS - RETIREMENT FUNDS

December 31, 1967

j. Rounded to nearest thousand; actual holdings are as follows:		
Public Employees Retirement Fund		\$ 164,500.02
State Employees Retirement Fund		164,500.02
Teachers' Retirement Fund		<u>205,201.48</u>
	Total	\$ 534,201.52
h. Rounded to nearest thousand; actual holdings are as follows:		
State Employees Retirement Fund		\$ 389,517.18
Teachers' Retirement Fund		<u>389,517.18</u>
	Total	\$ 779,034.36

\* Purchased 1930-1951



STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule IX

COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS

December 31, 1967

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 Officers Retirement Fund	Highway Patrolmen's Retirement Fund	
<b>CONSUMER-ORIENTED STOCKS</b>										
<b>Utilities</b>										
<b>Electric</b>										
13500	\$ 361,233.94	Allegheny Power System	33800	12000	8800	13000	-	-	-	\$ 879,499.78
9255	375,338.99	American Electric Power	20952	8500	5437	7015	-	-	-	786,498.05
8500	394,531.25	Central & South West	22000	7000	5500	8500	800	200	-	981,859.01
15000	412,612.50	Cincinnati Gas & Electric	26500	9500	6000	11000	-	-	-	684,989.63
9545	488,343.54	Commonwealth Edison	26014	8875	7065	9172	902	-	-	1,259,575.25
10100	416,547.57	Consolidated Edison	21000	7000	6300	7000	700	-	-	845,022.76
9900	464,902.47	Consumers Power	28020	9900	7000	10570	550	-	-	1,249,829.54
9500	324,917.50	Detroit Edison	23900	8500	6500	8500	-	-	400	787,445.08
6700	495,293.69	Florida Power & Light	19700	6000	4500	8700	500	-	-	1,435,299.90
12420	416,605.42	General Public Utilities	30657	9048	6760	13484	624	208	533	1,020,042.32
10500	507,386.25	Houston Lighting & Power	20300	6400	4800	9100	-	-	-	863,571.88
12000	401,750.00	Indianapolis Power & Light	25500	9400	5000	10000	1100	-	-	844,684.35
14277	382,974.33	Interstate Power	29458	9957	4547	13186	1318	450	-	755,054.63
9800	404,228.80	Kansas City Power & Light	28000	9000	6000	11600	700	-	700	1,108,121.62
11500	400,727.50	Louisville Gas & Electric	20500	7500	4000	9000	-	-	-	705,719.63
14000	321,747.50	Middle South Utilities	39800	12400	9000	15500	1300	400	1200	918,024.79
10500	254,054.00	Minnesota Power & Light	28300	9500	6600	11600	-	-	600	650,516.79
16500	572,507.12	Northern States Power	35025	11000	7500	15000	800	305	420	1,163,624.94
11500	312,233.80	Ohio Edison	30000	11000	6000	13000	-	-	-	797,533.41
*	*	Otter Tail Power Company	21900	7500	6100	7500	800	-	-	533,537.50
10500	348,653.80	Pacific Gas & Electric	22100	7500	5000	9000	600	-	-	742,254.17
14175	385,710.00	Public Service of Colorado	20915	5625	4625	9650	-	-	1015	536,257.09
8100	370,002.13	Public Service of Indiana	14900	4500	3000	6800	-	-	600	660,542.15
11000	398,090.48	Southern California Edison	23400	8000	5500	8500	700	-	700	803,652.58
9500	281,177.50	Southern Company	29600	9000	7000	11500	800	200	1100	834,916.63
8000	470,643.50	Texas Utilities	18800	6500	4000	7500	700	100	-	1,039,713.36
10000	387,407.50	Utah Power & Light	21300	7000	5500	8500	-	-	300	798,496.30
7500	340,149.22	Virginia Electric & Power	20400	6000	5500	7250	1050	-	600	889,762.89
*	*	Wisconsin Power & Light	17000	7000	3000	7000	-	-	-	387,368.50
18700	390,215.00	Wisconsin Public Service	32800	9000	6500	15000	1000	300	1000	673,641.45
	\$11,079,985.30	Total Electric								\$ 25,637,055.98
<b>Gas</b>										
8000	\$ 325,290.72	Arkansas-Louisiana Gas	14600	5000	3000	5500	1000	100	-	\$ 592,461.48
*	*	Minneapolis Gas	8700	3000	2500	2600	400	100	100	332,951.00
7500	270,095.41	Panhandle Eastern Pipe Line	19148	6100	2714	9424	910	-	-	676,670.43
9125	379,536.62	Peoples Gas	18925	6900	4000	7700	-	-	325	807,838.26
	\$ 974,922.75	Total Gas								\$ 2,409,921.17
<b>Telephone-Telegraph</b>										
13100	\$ 847,022.69	American Telephone & Telegraph	36462	11710	9150	14510	536	142	414	\$ 2,217,253.16
12800	528,843.88	General Telephone & Electronics	24400	8500	4000	10800	700	-	400	1,050,432.09
*	*	Western Power & Gas	21246	7976	6110	7160	-	-	-	474,066.75
	\$ 1,375,866.57	Total Telephone-Telegraph								\$ 3,741,752.00
	\$13,430,774.62	Total Utilities								\$ 31,788,729.15



## COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS - December 31, 1967

Schedule IX  
Page 3

## PERMANENT SCHOOL FUND

## RETIREMENT FUNDS

Shares	Cost	Company	Total Shares	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	Total Cost
<u>Retail Trade</u>										
6000	\$ 345,863.94	Penney (J.C.)	17700	5000	4000	8000	300	-	400	\$ 1,048,259.82
8200	451,518.34	Sears Roebuck	22700	7500	5100	9000	700	200	200	1,144,176.77
700	25,371.07	Super Valu	14300	5000	4000	4800	500	-	-	410,730.00
	\$ 822,753.35	Total Retail Trade								\$ 2,603,166.59
<u>Textiles</u>										
5900	\$ 197,422.26	Burlington Industries	16300	5600	3800	6500	-	100	300	\$ 564,754.04
4600	262,938.80	J. P. Stevens	17000	5200	4300	7000	500	-	-	920,375.79
	\$ 460,361.06	Total Textiles								\$ 1,485,129.83
<u>Miscellaneous</u>										
3060	\$ 180,552.66	Columbia Broadcasting	10772	2020	3060	5080	408	-	204	\$ 651,387.67
4750	170,233.08	Continental Can	14250	5750	3000	5200	300	-	-	473,757.50
6500	224,180.35	Gillette	18800	5500	5500	7000	500	-	300	732,747.80
2900	226,561.44	Procter & Gamble	8800	3400	1500	3700	-	50	150	686,152.82
6100	226,894.59	Scott Paper	13300	4500	3000	5500	300	-	-	447,584.51
	\$ 1,028,422.12	Total Miscellaneous								\$ 2,991,630.30
	\$ 4,341,172.89	Total Consumers Goods								\$ 13,057,789.28
	\$25,003,041.32	TOTAL CONSUMER-ORIENTED STOCK								\$ 61,289,851.65
<u>RESEARCH STOCKS</u>										
<u>Chemical &amp; Drug</u>										
8000	\$ 264,831.97	American Cyanamid	22300	8400	4400	8900	600	-	-	\$ 715,237.52
7000	238,332.62	American Home Products	22000	8000	5000	9000	-	-	-	834,500.41
5940	418,483.24	Dow Chemical	18794	6032	4930	7526	-	102	204	1,394,267.39
2300	483,453.58	Du Pont (E.I.) De Nemours	6570	2400	1500	2400	160	60	50	1,191,594.70
9000	390,826.85	Hercules Incorporated	19900	6600	4000	8000	900	-	400	869,361.15
4250	171,036.33	International Minerals & Chemical	14350	4400	4200	5750	-	-	-	555,020.83
3700	142,529.06	Merck	13900	5500	2900	4900	500	100	-	570,891.71
7724	483,238.69	Monsanto	20521	6736	4682	7757	730	-	616	1,113,463.58
4500	245,200.49	Pfizer (Chas.)	16500	6000	3500	6000	500	100	400	1,018,982.28
4000	222,803.94	Searle (G. D.)	9900	3000	2500	3500	300	100	500	546,655.16
7500	451,647.36	Union Carbide	16900	5500	5100	5900	400	-	-	970,640.10
4500	262,872.82	Upjohn	12500	4000	3500	5000	-	-	-	617,586.48
	\$ 3,775,256.95	Total Chemical & Drug								\$ 10,398,201.31
<u>Office Equipment</u>										
3544	\$ 1,232,203.05	International Business Machines	7911	2503	1973	3113	190	30	102	\$ 2,548,818.58
1980	448,335.18	Xerox Corporation	4060	900	900	1900	200	60	100	947,688.42
	\$ 1,680,538.23	Total Office Equipment								\$ 3,496,507.00
<u>Photography</u>										
4350	\$ 377,183.40	Eastman Kodak	13280	5100	3180	4900	-	-	100	\$ 1,036,446.08
400	92,285.53	Polaroid	1270	200	200	800	70	-	-	299,147.44
	\$ 469,468.93	Total Photography								\$ 1,335,593.52
<u>Miscellaneous</u>										
2400	\$ 549,326.35	Corning Glass Works	4200	1300	1100	1800	-	-	-	\$ 981,374.31
6500	396,057.45	Minnesota Mining & Manufacturing	14850	4500	4000	5500	550	100	200	1,006,977.09
	\$ 945,383.80	Total Miscellaneous								\$ 1,988,351.40
	\$ 6,870,647.91	TOTAL RESEARCH STOCKS								\$ 17,218,653.23



## COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS - December 31, 1967

Schedule IX  
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## PERMANENT SCHOOL FUND

## RETIREMENT FUNDS

Shares	Cost	Company	Total Shares	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	Total Cost
<u>Railroads</u>										
7100	\$ 415,362.55	Great Northern	14700	4000	3800	6000	500	100	300	\$ 876,809.56
3200	379,929.11	Norfolk & Western	9650	3000	2000	4450	200	-	-	1,018,924.98
4300	228,432.60	Northern Pacific	7500	1900	1600	4000	-	-	-	427,511.73
8500	329,929.88	Southern Pacific	16400	5000	4000	7000	-	-	400	605,280.88
6000	338,508.12	Southern Railway	15000	4500	3500	6500	400	100	-	785,695.82
5200	206,655.60	Union Pacific	24600	7600	4500	11100	500	200	700	919,931.41
	\$ 1,898,817.86	Total Railroads								\$ 4,634,154.38
<u>Railroad Equipment</u>										
5400	\$ 202,198.81	ACF Industries	12500	4000	3000	5000	500	-	-	\$ 489,396.55
5800	214,804.38	General American Transportation	16900	5500	3500	7500	-	-	400	600,633.58
3500	136,126.53	Union Tank Car	11000	3600	2700	4100	400	200	-	401,168.51
	\$ 553,129.72	Total Railroad Equipment								\$ 1,491,198.64
	\$ 3,998,896.64	Total Transportation								\$ 10,255,440.12
<u>Miscellaneous</u>										
7000	\$ 157,179.00	Ideal Basic Industries	12600	3500	3000	4100	1000	300	700	\$ 290,878.48
6700	477,330.77	National Lead Company	14100	4500	3300	6300	-	-	-	989,938.17
4000	160,075.18	Weyerhaeuser	9500	4000	2500	3000	-	-	-	378,228.56
	\$ 794,584.95	Total Miscellaneous								\$ 1,659,045.21
	\$11,392,807.05	TOTAL DURABLES STOCKS								\$ 27,249,874.60
	\$47,105,553.98	TOTAL COMMON STOCKS								\$116,656,450.93
	133,541.35	Less profit on stocks sold								493,212.91
	\$46,972,012.63+	Net cost								\$116,163,238.02±

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

+ Market valuation, as of 12-31-67, \$48,389,165.26.

± Market valuation, as of 12-31-67, \$124,782,521.02.



MEMBERS OF BOARD:

GOVERNOR HAROLD LE VANDER  
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EXECUTIVE SECRETARY

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

203 State Administration Bldg.  
Saint Paul 55101

July 8, 1968

SUPPLEMENT TO 1967 ANNUAL REPORT  
DISTRIBUTION OF SECURITIES BUSINESS

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

From: Robert E. Blixt, Executive Secretary

Minnesota's distribution of securities business appears to be of importance to numerous brokers and dealers throughout the nation. It is the obvious concern of the beneficiaries of the funds, Minnesota taxpayers, elected officials, and those associated with the State's investment program. Because of the recent trend for many public funds to enter the equity market and invest more heavily in different types of corporate securities, there is added interest in allocating business in a way to provide an equitable compensation to the securities firms.

All details regarding the State's securities transactions are available to interested parties, and are provided to each member of the State Board of Investment and to the press at board meetings.

The accompanying information in this report simply lists the number of shares purchased or sold, or the face value in the case of bond transactions. This listing is not necessarily indicative of the commissions involved because of the impossibility of determining the exact profit or loss associated with any transaction handled on a competitive or a net price basis. After a review of departmental operations by the Public Employee Retirement Systems Interim Commission, the 1965 Legislature passed a bill, now Minnesota Statutes 1965, Section 11.13, 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."

In the placement of any securities transactions, distribution of business on a price basis appears to be a most effective method. This consists of the acceptance of competitive offerings and bids from dealers who are either prime markets or are known to position these particular securities in quantities desired for the State funds. During recent years, price has been the dominant factor in transactions involving U.S. Treasury securities, unlisted stocks, corporate bonds purchased after the termination of underwriting syndicates, and a significant percentage of listed stocks.

In many instances, however, a 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 extent of participation by various dealers in the bond syndicates, the location of the offices (Minnesota dealers given some preference), and the utility of research material provided by the firms.

We have been questioned concerning the possible loss which could result from the bankruptcy of any organization 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 the Twin Cities for the State of Minnesota.



The following résumés outline the State's policies in distributing securities business; the listings show the firms with which the State completed specific transactions. It is to be emphasized that this supplement in no way signifies approval, endorsement, or license of such firms by any State agency. The regulation of securities and dealers in Minnesota is handled by the Securities Division of the Department of Commerce. The investment department, on the other hand, concerns itself only with obtaining debt securities and stocks at the lowest possible price, consistent with the receipt of necessary research materials and service.

#### Schedule 1. U.S. Treasury Securities Transactions

All purchases and sales of U.S. Treasury obligations are placed on a competitive basis. 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, offerings or bids have been sought from one of several Minnesota bank dealers and from various prime market dealers, including two that have offices in Minnesota. Until recently, it had been our policy to request offerings and bids only from the banks which held the funds to be invested or where the funds will be needed; therefore, the State's major depository bank was often the only Minnesota bank dealer called. We have recently been informed that other Twin Cities banks may be interested in competing on certain types of transactions involving U.S. Treasury securities. It is expected that such a procedure may broaden our contacts to include even more factors in the market. If a Minnesota bank contacted is able to equal the best price quoted by any other dealer, the purchase or sale is completed through that particular bank. Several firms have expressed an interest in providing possible repurchase agreements involving U.S. Treasury securities. These transactions consist simply of the purchase of U.S. Government securities, with a simultaneous sale of such securities to the same dealer at some later date. In this way, the amount of net income is set at the time of the initial purchase.

#### 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 adequate diversification of corporate credits 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 if the State funds need cash either for current needs or long-term investment purposes.

#### Schedule 3. Private Placements of Fixed-Income Securities

These private placements, all of which have received a rating of "A" or better by a recognized service, must meet definite statutory requirements. They are negotiated and purchased through various investment bankers and dealers who are able to offer attractive issues. Such transactions must be completed through the investment firms handling the issue for the particular corporation desiring the funds. The private placements indicated were negotiated during 1966 and 1967, in a time of marked changes in interest rates. Because of this time lag between commitment date and date of payment, a significant amount of fixed-income securities purchased during 1967 will not be paid for until 1968 or early 1969. In certain instances, these private placements involve commitment fees under which the State receives a nominal rate of interest even before the initial payment has been made. As of December 31, 1967, the State had agreed to buy a total of \$26.5 million of debt securities, providing an average yield of 6.49%. These issues will be listed in detail in forthcoming annual reports.

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

Although private placements constituted most of the fixed-income purchases made by State funds during 1967, bonds in the amounts indicated were bought at the time of offering when the issues were readily available from members of the syndicates. The orders were placed only with those firms that assumed the underwriting risk and held the bonds. The largest individual order was placed with the chief underwriter in those cases when this particular firm had sufficient bonds available; this syndicate leader was asked to provide the billings and deliveries for all members of the account. The State accepts bonds only in large registered pieces. Somewhat larger orders were 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 previously. In certain instances, such purchases were of issues in great demand by institutional investors; in other cases, the decision to buy the bonds was made after a large portion had been sold by the members of the syndicate. These transactions were completed on the basis of teletyped offerings to our department or through firms known to have unsold balances of the issues involved.

Schedule 6. Corporate Bonds Purchased After Termination of Underwriting Syndicate

These bonds were purchased with price as the sole determining factor in placement of the business. Upon termination of the syndicate, the price of the bonds is set by a free competitive market. During 1967, there were several instances of marked declines in bond prices after the termination of syndicates which had significant unsold balances of bonds available. We attempted to contact firms which either had major participations, had informed us of sizable unsold balances, or had expressed an interest in providing us with offerings of the issue. Bonds were then purchased at the lowest price available.

Schedule 7. Common Stock Purchases Allocated by Investment Department

These purchases, completed through a major exchange or at the time of a secondary distribution, were allocated on the basis of service received by the investment department. We favored those firms providing the most beneficial research material or, to a lesser extent, the investment bankers furnishing attractive private placements of fixed-income securities.

The distribution of brokerage business on the basis of "service" or "research" leads to inequities in the cases of public funds. During the past seven years, we have been placed on the mailing list of practically every major investment banker and brokerage house in the United States. We do not have the time or staff to evaluate, file, or read even a small part of this material, and have found it necessary to confine attention primarily to the reports from those firms which have provided particularly valuable information over the years.

The recent entry of many State and public funds into the corporate securities market has resulted in more interest in these accounts on the part of many research organizations. Several outstanding firms may believe that their research should be used to a greater extent; nevertheless, it is impossible for us to use the volume of written materials presented to us. It appears unjustified to allocate State business on the basis of the amount of incoming mail or the frequency of sales-oriented memoranda. Even though many firms specializing in the short-term performance-conscious accounts have shown outstanding results from their recommendations during the past two years, we feel it may be inappropriate to compensate for this material with securities orders when we do not have the procedural flexibility necessary to use this information. Written research materials, teletype messages, and discussions with analysts have been most beneficial. Telephone calls regarding future securities offerings and our possible interest in forthcoming bond issues are discouraged.

From the standpoint of simplifying records and dealings, it would be desirable to reduce the number of firms with whom we conduct stock transactions; we would like to concentrate our business with those organizations which have best demonstrated their effectiveness in working with us. Nevertheless, we are dependent upon the nation's securities industry as a whole for our private placements, and have needed the services of numerous organizations in obtaining bonds and specialized information. Consequently, the list of dealers will continue to be longer than that deemed appropriate by most private funds.

We have appreciated the fact that brokers and dealers in Minnesota and elsewhere have understood the necessity for our dealing with firms located throughout the nation. The distribution of business listed under Schedule 7 does not indicate any future allotment of common stock orders; this will vary with our degree of dependence upon the many securities organizations for research and service.

Schedule 8. Common Stock Purchases Negotiated or Ordered on the Basis of Lowest Available Price

During 1967, no purchases were made of over-the-counter stocks until the offerings had been checked with two or more dealers. We attempted to contact organizations specializing in the particular stocks to be bought.

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

Substantial blocks of stocks were purchased from several large firms that buy and sell securities at a net price. This usually results in a definite saving to the customer when compared with the latest quotations on the major exchanges, including the standard commissions. The off-board, or "third" market, has proved to be very helpful, especially in obtaining stocks that show comparatively low trading activity on the major exchanges. Our experience during the past five years indicates that savings on these transactions may approximate 3/8 to 1/2 of a point per share, or \$375 to \$500 per thousand shares. The favorable price differential continued to be evident during the period of weaker and fluctuating markets of 1966 and 1967.

These off-board trades are handled on a competitive basis, with two to four dealers contacted simultaneously. The dealers are almost always able to make markets of the size needed by our State funds in those stocks in which they specialize. Our trades generally range 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. These third market purchases, besides being most equitable to the funds from the standpoint of price, also minimize the number of separate trades and the accompanying accounting procedures.

Several brokers and dealers have indicated that a possible reason for solicitation of State securities business could 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 intend to maintain the policy of conducting business in such a way as to compensate those firms providing us with definite service, and placing the remainder of the orders on the basis of price. In this way, we hope the State can gain some of the benefits which other institutional buyers generally obtain through reciprocity, which apparently has become prevalent in the securities business.

It is not our intent to become unduly concerned with the relative merits of the major exchanges versus the third market; we are simply pointing out the advantages of using all three recognized markets -- major exchanges, over-the-counter market, and the third market -- for the benefit of the State funds.

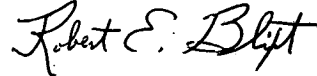
Schedule 9. Common Stock Sales

The stocks indicated were sold through the markets which appeared to be appropriate at the time of the transactions. When the "over-the-counter" or "third" markets were used, bids were checked with two or more dealers. Commission business was allocated as described for stock purchases.

\* \* \* \* \*

Suggestions by other public fund managers and institutional investors regarding the equitable distribution of our securities business have been most helpful; we continue to welcome such advice. The members of the State Board of Investment, acting through the investment department, are trustees for the beneficiaries of the retirement funds, for the State's educational institutions, and for the citizenry of Minnesota. This responsibility is recognized in conducting 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

REB/cj

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 1

PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS  
January 1 - December 31, 1967

A. PURCHASES (in thousands)

Dealer	1-30 days	31-90 days	91 days- 1 year	Over 1 year	Total
Bankers Trust Company	-	\$ 305.0	\$ 49,928.0	\$ 16,000.0	\$ 66,233.0
Blyth & Company, Inc.	-	-	3,560.0	2,000.0	5,560.0
Briggs & Schaedle Company, Inc.	-	800.0	1,545.0	-	2,345.0
Chemical Bank, New York Trust Company	-	-	100.0	-	100.0
Discount Corporation	-	-	9,260.0	-	9,260.0
First Boston Corporation	-	162.0	5,740.0	5,000.0	10,902.0
First National Bank, Chicago	-	-	17,238.0	37.0	17,275.0
First National Bank, St. Paul	\$ 799.0	6,048.0	48,669.0	21,090.0	76,606.0
First National City Bank	-	-	10,610.0	15,000.0	25,610.0
Harris Trust & Savings Bank (Chicago)	-	-	4,781.0	125.0	4,906.0
Aubrey G. Lanston & Company, Inc.	-	-	18,348.0	23,800.0	42,148.0
Merrill Lynch, Pierce, Fenner & Smith, Inc.	-	5,570.0	40,427.0	18,100.0	64,097.0
Morgan Guaranty Trust Company, New York	1,805.0	14,025.0	40,932.0	6,000.0	62,762.0
New York Hanseatic Corporation	-	-	2,515.0	-	2,515.0
Northwestern National Bank, Minneapolis	-	-	-	20.0	20.0
Salomon Brothers & Hutzler	-	5,000.0	44,001.0	5,100.0	54,101.0
Second District Securities	-	-	4,200.0	-	4,200.0
U.S. Treasury	-	-	-	25,000.0	25,000.0
Totals	\$2,604.0	\$31,910.0	\$301,854.0	\$137,272.0	\$473,640.0

B. REPURCHASE AGREEMENTS (in thousands)

Dealer	1-30 days	31-90 days	Total
Briggs & Schaedle Company, Inc.	\$ 9,000.0	-	\$ 9,000.0
Chemical Bank, New York Trust Company	96,633.0	\$ 536.0	97,169.0
First National Bank, Chicago	34,200.0	-	34,200.0
First National Bank, St. Paul	69,294.0	4,129.0	73,423.0
Aubrey G. Lanston & Company, Inc.	3,000.0	-	3,000.0
Northwestern National Bank, Minneapolis	5,575.0	-	5,575.0
Salomon Brothers & Hutzler	22,200.0	-	22,200.0
Totals	\$239,902.0	\$4,665.0	\$244,567.0

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>
Bankers Trust Company	\$ 23,457.0	\$ 8,215.0	-	\$1,900.0	\$ 33,572.0
Blyth & Company, Inc.	5,594.0	1,130.0	-	-	6,724.0
Briggs & Schaedle Company, Inc.	-	315.0	-	-	315.0
Discount Corporation	-	3,530.0	-	-	3,530.0
First Boston Corporation	3,030.0	-	\$10,145.0	360.0	13,535.0
First National Bank, Chicago	3,825.0	5,180.0	1,000.0	-	10,005.0
First National Bank, St. Paul	53,944.0	2,490.0	7,216.0	1,824.4	65,474.4
First National City Bank	-	4,375.0	1,900.0	-	6,275.0
Harris Trust & Savings Bank (Chicago)	9,200.0	4,315.0	9,000.0	-	22,515.0
Aubrey G. Lanston & Company, Inc.	1,000.0	5,000.0	5,000.0	-	11,000.0
Merrill Lynch, Pierce, Fenner & Smith, Inc.	7,750.0	2,730.0	9,065.0	3,295.0	22,840.0
Morgan Guaranty Trust Company, New York	25,055.0	-	-	500.0	25,555.0
Salomon Brothers & Hutzler	1,310.0	18,035.0	14,723.0	-	34,068.0
Charles E. Quincy & Company	3,895.0	2,330.0	-	-	6,225.0
<b>Totals</b>	<b>\$138,060.0</b>	<b>\$57,645.0</b>	<b>\$58,049.0</b>	<b>\$7,879.4</b>	<b>\$261,633.4</b>

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 2

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES  
January 1 - December 31, 1967

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.	\$ 3,739.0	\$ 921.0	\$ 394.0	\$ 4,402.0	\$ 895.0	\$ 10,351.0
A.G. Becker & Co., Inc.:						19,015.0
Clark Equipment Credit Co.	-	804.0	-	-	-	
Gamble-Skogmo, Inc.	2,356.0	1,584.0	377.0	7,193.0	-	
General Acceptance Corp.	439.0	1,106.0	3,000.0	2,156.0	-	
C.I.T. Financial Corp.	5,719.0	2,708.0	1,335.0	1,340.0	600.0	11,702.0
Commercial Credit Co.	9,203.0	1,026.0	3,936.0	1,838.0	-	16,003.0
Ford Motor Credit Co.	2,400.0	2,780.0	1,162.0	1,418.0	2,437.0	10,197.0
General Electric Credit Corp.	-	1,000.0	-	140.0	1,400.0	2,540.0
International Harvester Credit Corp.	711.0	1,238.0	2,203.0	1,605.0	426.0	6,183.0
Lehman Commercial Paper, Inc.:						11,303.0
Seaboard Finance Co.	2,974.0	1,512.0	1,297.0	4,829.0	691.0	
Montgomery Ward Credit Corp.	2,551.0	1,246.0	1,324.0	5,950.0	290.0	11,361.0
Piper, Jaffray & Hopwood:						1,735.0
Honeywell, Inc.	300.0	-	-	-	-	
Pillsbury Company	-	300.0	-	1,135.0	-	
J. C. Penney Credit Corp.	4,574.0	1,827.0	852.0	483.0	2,230.0	9,966.0
Sears Roebuck Acceptance Corp.	1,209.0	5,231.0	504.0	3,977.0	395.0	11,316.0
James Talcott, Inc.	7,452.0	940.0	2,246.0	3,504.0	717.0	14,859.0
Westinghouse Credit Corp.	4,914.0	-	-	1,260.0	412.0	6,586.0
<b>Totals</b>	<b>\$48,541.0</b>	<b>\$24,223.0</b>	<b>\$18,630.0</b>	<b>\$41,230.0</b>	<b>\$10,493.0</b>	<b>\$143,117.0</b>

Purchases and Sales of Short-Term  
Corporate Notes

Schedule 2  
(Page 2)

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>
Commercial Credit Co.	\$ 800.0	-	-	-	-	\$ 800.0
Seaboard Finance Co.	627.0	-	-	-	-	627.0
J. C. Penney Credit Corp.	273.0	-	-	-	-	273.0
Sears Roebuck Acceptance Corp.	200.0	-	-	-	-	200.0
Montgomery Ward Credit Corp.	-	-	\$507.0	-	-	507.0
<b>Totals</b>	<b>\$1,900.0</b>	<b>-</b>	<b>\$507.0</b>	<b>-</b>	<b>-</b>	<b>\$2,407.0</b>

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 3

PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES  
Purchased January 1 - December 31, 1967

<u>Face Amount</u>	<u>Company</u>	<u>Type of Security</u>	<u>Yield</u>	<u>Maturity</u>	<u>Negotiated through</u>
\$1,500,000	American Investment Co.	Senior Note	6.75%	11-1-86	Kidder, Peabody & Co.
\$1,500,000	American Mail Line, Ltd.	Govt.-Guaranteed Bond	6.00%	3-1-93	Blyth & Co.
\$1,500,000	American President Lines, Ltd.	Govt.-Guaranteed Bond	5.60%	11-1-92	Lehman Brothers; Mitchell Hutchins & Co.
\$1,250,000	Arizona Public Service Co.	First Mortgage Bond	6.25%	9-1-97	The First Boston Corp. Blyth & Co.
\$1,050,000	Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	6.375%	1-15-82	Salomon Brothers & Hutzler
\$1,600,000	C.I.B.A. Corporation	Note	5.85%	9-15-86	Morgan Stanley & Co.
\$2,000,000	Commonwealth Edison Co.	First Mortgage Bond	5.75%	11-1-86	The First Boston Corp. Glore Forgan, Wm. R. Staats
\$1,600,000	Continental Oil Co.	Note	5.875%	12-1-89	Morgan Stanley & Co.
\$2,250,000	Delta Steamship Lines, Inc.	Govt.-Guaranteed Bond	5.50%	3-1-86	Morgan Stanley & Co.; Howard, Weil, Labouisse, Friedrichs & Co.
\$2,000,000	Eagle Terminal Tankers, Inc.	Govt.-Guaranteed Bond	6.00%	6-1-89	Morgan Stanley & Co.
\$1,700,000	Ford Motor Co. (Ford Leasing Development Co.)	Note	5.75%	12-1-86	Goldman, Sachs & Co.
\$1,000,000	Fruit Growers Express Co.	Equipment Trust Certificate	6.00%	11-15-72/ 81	R.W. Pressprich & Co.
\$1,000,000	Goodrich-Gulf Chemicals, Inc.	Note	6.50%	11-15-92	The First Boston Corp.; Goldman, Sachs & Co.

Private Placements of Fixed-Income Securities

Schedule 3  
(Page 2)

Face Amount	Company	Type of Security	Yield	Maturity	Negotiated through
\$ 600,000	Indianapolis Water Co.	First Mortgage Bond	5.875%	8-1-97	Glore Forgan, Wm. R. Staats; Raffensperger, Hughes & Co.
\$3,900,000	Moore-McCormack Lines, Inc.	Govt.-Guaranteed Bond	5.75%	4-1-87	Morgan Stanley & Co.
\$1,700,000	Northern Pacific Railway Co.	Conditional Sale	5.50%	9-1-67/ 3-1-82	Dick & Merle-Smith
\$1,750,000	Phillips Petroleum Co. (Phillips Puerto Rico Core, Inc. & Fibers International Corp.)	Note	6.25%	12-15-86	The First Boston Corp.
\$1,350,000	Standard Oil Co. of California (Chevron Stations, Inc.)	Note	6.12%	12-1-92	Dean Witter & Co.
\$1,500,000	Swift & Co.	Debenture	6.30%	8-1-92	Salomon Brothers & Hutzler

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 4

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING  
ON A DESIGNATED BASIS  
January 1 - December 31, 1967

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 40	A. E. Ames & Co., Inc.	100	Kuhn, Loeb & Co.
130	Bache & Co., Inc.	30	Laird & Co., Corp.
40	A. G. Becker & Co., Inc.	30	W. C. Langley & Co.
30	Bell, Gouinlock & Co., Inc.	40	Lazard Freres & Co.
120	Blyth & Co., Inc.	160	Lehman Brothers
80	The Chase Manhattan Bank	80	Loeb, Rhoades & Co.
80	Chemical Bank, New York Trust Co.	50	McLeod, Young, Weir, Inc.
70	Dempsey-Tegeler & Co., Inc.	310	Merrill Lynch, Pierce, Fenner & Smith, Inc.
60	Dick & Merle-Smith	30	Mills, Spence & Co.
150	Dillon, Read & Co., Inc.	80	Morgan Guaranty Trust Co.
40	The Dominion Securities Corp.	20	F. S. Moseley & Co.
160	Drexel, Harriman Ripley & Co.	30	Nesbitt, Thomson & Co., Inc.
120	Eastman Dillon, Union Securities & Co.	300	Paine, Webber, Jackson & Curtis
235	The First Boston Corporation	30	Pitfield, Mackay & Co., Inc.
80	First National City Bank	30	R. W. Pressprich & Co.
130	Francis I. duPont, A. C. Allyn, Inc.	40	Reynolds & Co.
120	Glore Forgan, Wm. R. Staats, Inc.	20	Riter & Co.
120	Goldman, Sachs & Co.	20	L. F. Rothschild & Co.
250	Halsey, Stuart & Co., Inc.	225	Salomon Brothers & Hutzler
50	Harris & Partners, Inc.	40	Shearson, Hammill & Co., Inc.
30	Hayden, Stone Inc.	240	Smith, Barney & Co., Inc.
20	H. Hentz & Co.	60	Spencer Trask & Co.
130	Hornblower & Weeks-Hemphill, Noyes	80	Stone & Webster Securities Corp.
50	E. F. Hutton & Co., Inc.	20	Tucker, Anthony & R. L. Day
20	W. E. Hutton & Co.	220	White, Weld & Co.
130	Kidder, Peabody & Co., Inc.	130	Dean Witter & Co.
		50	Wood, Gundy & Co., Inc.



STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 5

DEBT OBLIGATIONS PURCHASED AT OR AFTER TIME OF OFFERING  
THROUGH DEALERS HAVING BONDS AVAILABLE  
January 1 - December 31, 1967

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 84	A. E. Ames & Co., Inc.	224	The First Boston Corporation
25	American Securities Corporation	67	Francis I. duPont, A. C. Allyn, Inc.
35	Bache & Co., Inc.	25	Glore Forgan, Wm. R. Staats, Inc.
24	Baker, Weeks & Co.	75	Goldman, Sachs & Co.
10	J. Barth & Co.	32	Greenshields & Co., Inc.
32	Bear, Stearns & Co.	64	Halsey, Stuart & Co., Inc.
25	A. G. Becker & Co., Inc.	120	Harris & Partners, Inc.
24	Bell, Gouinlock & Co., Inc.	25	Kuhn, Loeb & Co.
20	William Blair & Co.	64	Lehman Brothers
114	Blyth & Co., Inc.	64	J.L. Levesque & L.G. Beaubien Ltd.
32	Burns Brothers & Denton, Inc.	80	Loewi & Co., Inc.
145	Clark, Dodge & Co., Inc.	32	McLeod, Young, Weir, Inc.
45	Courts & Co.	64	Merrill Lynch, Pierce, Fenner & Smith, Inc.
165	Dain, Kalman & Quail, Inc.	385	Morgan Stanley & Co.
20	Dempsey-Tegeler & Co., Inc.	32	W.H. Morton & Co., Inc.
85	Dick & Merle-Smith	64	Nesbitt, Thomson & Co., Inc.
170	Dillon, Read & Co., Inc.	64	Pitfield, Mackay & Co., Inc.
172	Dominick & Dominick, Inc.	24	Wm. E. Pollock & Co., Inc.
64	The Dominion Securities Corporation	24	James Richardson & Sons, Inc.
60	Drexel, Harriman Ripley & Co.	64	Salomon Brothers & Hutzler
40	Estabrook & Co.	64	Wood, Gundy & Co., Inc.
20	Equitable Securities Corporation	32	Wood, Struthers & Winthrop

STATE OF MINNESOTA  
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Schedule 6

DEBT OBLIGATIONS PURCHASED AFTER TERMINATION OF UNDERWRITING SYNDICATES  
(PURCHASES MADE ON THE BASIS OF OFFERINGS AT A LOSS TO THE UNDERWRITING DEALERS)  
January 1 - December 31, 1967

Face Amount (000)	Dealer
\$175	American Securities Corporation
215	Clark, Dodge & Co.
25	Dick & Merle-Smith
310	Drexel, Harriman Ripley & Co.
50	E. F. Hutton & Co.
500	Kidder, Peabody & Co.
200	W. C. Langley & Co.
50	Loeb, Rhoades & Co.
25	Loewi & Co.
100	Paine, Webber, Jackson & Curtis

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

Schedule 7

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT  
January 1 - December 31, 1967

<u>Total Shares</u>	<u>Issue and Vendor</u>	<u>Total Shares</u>	<u>Issue and Vendor</u>	<u>Total Shares</u>	<u>Issue and Vendor</u>
<b>CONSUMER-ORIENTED STOCKS</b>					
		8100	Household Finance		<u>Printing-Publishing</u>
			1000 Carter, Berlind		
			1000 Clark, Dodge	11900	R. R. Donnelley
			100 Dain, Kalman & Quail		1000 Bache
			1000 Drexel		1000 Brown Brothers
			1000 Estabrook		1000 Clark, Dodge
			2000 Glore, Forgan		2000 Donaldson, Lufkin
			1000 Model, Roland		2300 Drexel
			1000 Morgan Stanley		1400 Francis I. duPont
		12400	Investors Div. Serv. "A"		1000 Harris, Upham
			1000 J. Barth		100 Piper, Jaffray
			1000 A. G. Becker		500 J. W. Sparks
			1000 Blyth		100 Shearson, Hammill
			2500 Clark, Dodge		1500 Smith, Barney
			2200 Dain, Kalman & Quail	1100	Harcourt Brace
			700 Kidder, Peabody		500 Caldwell Phillips
			500 W. C. Langley		100 Kidder, Peabody
			3500 Piper, Jaffray		500 Merrill Lynch
<b>UTILITIES</b>					
<u>Electric</u>					
100	Interstate Power				
	100 Piper, Jaffray				
600	Middle South Utilities				
	600 Ebin, Robertson				
3200	Minnesota Power & Light				
	2000 A. G. Becker				
	1200 Brown Brothers				
100	Northern States Power				
	100 Thomson & McKinnon				
700	The Southern Company				
	700 Wm. Blair				
<u>Gas</u>					
5000	Panhandle Eastern P.L.				
	1500 A. G. Becker				
	1000 H. Hentz				
	1500 W. E. Hutton				
	1000 Shearson, Hammill				
<u>Telephone-Telegraph</u>					
9200	American Tel. & Tel.				
	1000 Dain, Kalman & Quail				
	700 Dean Witter				
	1000 Dominick & Dominick				
	1500 W. C. Langley				
	1000 Paine, Webber				
	1000 Piper, Jaffray				
	2000 F. S. Smithers				
	1000 H. C. Wainwright				
7600	General Tel. & Electronics				
	1800 A. G. Becker				
	400 Ebin, Robertson				
	1300 Hornblower, Weeks				
	1100 E. F. Hutton				
	3000 Shearson, Hammill				
<b>FINANCIAL SERVICES</b>					
<u>Banks</u>					
800	Chase Manhattan Bank				
	800 Blyth				
2900	Western Bancorporation				
	2000 Brown Brothers				
	500 Dain, Kalman & Quail				
	400 J. W. Sparks				
<u>Finance</u>					
1000	Beneficial Finance				
	1000 Loeb, Rhoades				
					<u>Insurance</u>
		1600	Insurance Co. of No. Am.	5700	J. C. Penney
			600 Brown Brothers		200 Wm. Blair
			1000 Loeb, Rhoades		1000 Dain, Kalman & Quail
					500 Estabrook
					1000 Hornblower, Weeks
					2000 McDonnell
					1000 Merrill Lynch
				6100	Sears Roebuck
					1300 Wm. Blair
					200 Caldwell Phillips
					1000 E. F. Hutton
					500 Kuhn, Loeb
					1000 Loeb, Rhoades
					1000 Shearson, Hammill
					1000 F. S. Smithers
					100 Thomson & McKinnon
				700	Super Valu
					700 Piper, Jaffray
					<u>Textiles</u>
				9600	Burlington Industries
					1500 Bear, Stearns
					1000 A. G. Becker
					1000 Caldwell Phillips
					1000 Donaldson, Lufkin
					800 Hornblower, Weeks
					200 Kidder, Peabody
					1000 Loewi
					1000 Merrill Lynch
					1000 Morgan, Stanley
					1100 H. C. Wainwright
				5500	J. P. Stevens
					1000 Carter, Berlind
					1800 Harris, Upham
					1000 Hayden, Stone
					1000 Kidder, Peabody
					700 Shields
					<u>Food-Beverage</u>
		3500	Campbell Soup		
			1500 Piper, Jaffray		
			2000 Smith, Barney		
		1100	Corn Products		
			500 Eastman Dillon		
			500 E. F. Hutton		
			100 Walston		
		3500	General Foods		
			1300 Salomon Brothers		
			100 Shearson, Hammill		
			1100 Smith, Barney		
			1000 Thomson & McKinnon		
		2000	General Mills		
			1500 Drexel		
			500 Eastman Dillon		
		6400	Green Giant		
			1000 A. G. Becker		
			1000 Dempsey, Tegeler		
			200 Eastman Dillon		
			2000 H. Hentz		
			2200 Piper, Jaffray		
		2000	Pillsbury		
			1000 Paine, Webber		
			1000 White, Weld		
		1600	Coca-Cola		
			500 A. G. Becker		
			100 Kidder, Peabody		
			1000 Laird		
		3000	PepsiCo		
			1000 Blyth		
			1000 Eppler, Guerin & Turner		
			1000 Morgan Stanley		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	
<u>Miscellaneous</u>			5700	Monsanto	<u>Miscellaneous</u>	
14700	Columbia Broadcasting System 1000 Bear, Stearns 1000 Dain, Kalman & Quail 3000 Dean Witter 3000 Donaldson, Lufkin 1000 Drexel 1000 First Manhattan 400 Hornblower, Weeks 600 W. C. Langley 3700 H. C. Wainwright	4100	1000 Bache 1000 A. G. Becker 1000 Brown Brothers 400 Eppler, Guerin & Turner 1300 Kuhn, Loeb 1000 Oppenheimer Pfizer (Chas.) 1000 Dain, Kalman & Quail 1000 Dominick & Dominick 1100 R. W. Pressprich 1000 F. S. Smithers	1400	Corning Glass Works 100 A. G. Becker 100 Brown Brothers 400 Clark, Dodge 200 Hornblower, Weeks 400 Smith, Barney 200 Walston	
3000	Continental Can 3000 H. C. Wainwright	2300	G. D. Searle 300 Caldwell Phillips	3500	Minnesota Mining & Mfg. 600 Clark, Dodge 500 Dain, Kalman & Quail 1300 Goldman, Sachs 100 Merrill Lynch 500 J. W. Sparks 500 Walston	
4000	Gillette 1100 Merrill Lynch 900 Paine, Webber 2000 Salomon Brothers	4100	Union Carbide 1000 Courts 100 Eastman, Dillon 900 Estabrook 2000 Morgan Stanley 100 Piper, Jaffray	<u>NATURAL RESOURCES STOCKS</u>		
700	Procter & Gamble 700 Merrill Lynch		2000 Morgan Stanley 100 Piper, Jaffray	<u>Petroleum</u>		
2000	Scott Paper 1000 Morgan Stanley 1000 H. C. Wainwright	5000	Upjohn 2000 Brown Brothers 2000 Clark, Dodge 1000 Model, Roland	5800	Continental Oil 1000 Brown Brothers 1000 Glore, Forgan 1000 Reynolds 1000 Salomon Brothers 1800 White, Weld	
<u>RESEARCH STOCKS</u>						
<u>Chemical &amp; Drug</u>			<u>Office Equipment</u>			
4500	American Cyanamid 1500 Bache 2000 W. C. Langley 1000 H. C. Wainwright	2300	International Bus. Mach. 200 Bache 200 Clark, Dodge 400 Dain, Kalman & Quail 300 Eastman, Dillon 100 Hornblower, Weeks 100 Merrill Lynch 100 Morgan Stanley 300 Piper, Jaffray 100 J. W. Sparks 200 Smith, Barney 200 White, Weld 100 Woodard-Elwood	5800	Gulf Oil 300 Caldwell Phillips 1000 Donaldson, Lufkin 1000 R. W. Pressprich 500 J. W. Sparks 1000 H. C. Wainwright 2000 White, Weld	
3000	American Home Products 1000 Harris, Upham 1000 Shearson, Hammill 1000 H. C. Wainwright			7000	Louisiana Land 1400 J. Barth 1000 Carter, Berlind 500 Dempsey Tegeler 1000 Donaldson, Lufkin 1000 Eastman, Dillon 1000 Glore, Forgan 100 Piper, Jaffray 1000 White, Weld	
6100	Dow Chemical 2100 Courts 500 Francis I. duPont 500 Goldman, Sachs 1000 Laird 500 Piper, Jaffray 500 Smith, Barney 1000 Spencer, Trask	2900	Xerox 200 Bear, Stearns 100 A. G. Becker 200 Dain, Kalman & Quail 400 Francis I. duPont 400 Eastman, Dillon 300 Harris, Upham 200 Hornblower, Weeks 200 Lamson 100 Piper, Jaffray 400 Smith, Barney 200 Walston 200 Woodard-Elwood	8400	Mobil Oil 1000 Dick & Merle-Smith 1000 First Manhattan 1000 Glore, Forgan 300 Loeb, Rhoades 1000 R. W. Pressprich 1000 Salomon Brothers 100 Shearson, Hammill 1000 Smith, Barney 1000 White, Weld 1000 Woodard-Elwood Standard Oil (Calif.) 1000 Loeb, Rhoades 200 Paine, Webber 2000 Spencer, Trask	
300	duPont (E. I.) deNemours 300 A. G. Becker					
4600	Hercules 1000 Estabrook 1000 Goldman, Sachs 300 Hornblower, Weeks 1300 Keefe, Bruyette 1000 H. C. Wainwright					
10200	Int'l. Minerals & Chemicals 1000 Dominick & Dominick 1000 Estabrook 1000 First Manhattan 1000 Goldman, Sachs 700 W. C. Langley 2500 R. W. Pressprich 3000 Salomon Brothers					
1300	Merck 100 Kidder, Peabody 1000 Loeb, Rhoades 200 Merrill Lynch					
			<u>Photography</u>			
		800	Eastman Kodak 200 Merrill Lynch 600 Reynolds	3200		
		1500	Polaroid 200 Dain, Kalman & Quail 500 Dean Witter 200 Goldman, Sachs 400 Hornblower, Weeks 200 H. C. Wainwright			

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
7500	Standard Oil (Indiana)	2900	General Electric	TRANSPORTATION	
	1000 Bache		100 Dain, Kalman & Quail	Aircraft & Aerospace	
	1000 Dominick & Dominick		500 Eastman Dillon		
	1000 Faulkner, Dawkins		300 Estabrook	10300	Boeing
	500 W. C. Langley		1000 First Manhattan		400 Bache
	1000 Piper, Jaffray		500 Lamson		200 Dominick & Dominick
	1000 Shearson, Hammill		500 Walston		400 Donaldson, Lufkin
	1000 Walston				100 Eppler, Guerin & Turner
	1000 White, Weld	80	Hewlett-Packard		1300 Glore, Forgan
7400	Standard Oil (N.J.)		80 Merrill Lynch		800 Goldman, Sachs
	1000 Bache				900 Hornblower, Weeks
	1000 Brown Brothers	5000	Sunbeam		500 E. F. Hutton
	400 Dain, Kalman & Quail		2000 R. W. Pressprich		800 Laird
	500 Dean Witter		1000 J. W. Sparks		1000 Lamson
	500 Merrill Lynch		2000 H. C. Wainwright		200 W. C. Langley
	2600 Smith, Barney				1400 Loeb, Rhoades
	1000 H. C. Wainwright	7600	Texas Instruments		800 Piper, Jaffray
	400 Woodard-Elwood		200 Bear, Stearns		300 Reynolds
5200	Texaco		1100 Brown Brothers		600 Salomon Brothers
	500 Caldwell Phillips		200 Clark, Dodge		100 Thomson & McKinnon
	1000 Clark, Dodge		700 Faulkner, Dawkins		500 H. C. Wainwright
	200 Drexel		800 Francis I. duPont	8400	United Aircraft
	500 Piper, Jaffray		800 Hayden, Stone		400 Bache
	1000 Shearson, Hammill		500 Loeb, Rhoades		100 Caldwell Phillips
	1000 Spencer, Trask		400 Piper, Jaffray		300 Dain, Kalman & Quail
	1000 H. C. Wainwright		800 J. W. Sparks		1200 Dick & Merle-Smith
			300 Shields		600 Dominick & Dominick
			400 Smith, Barney		400 Donaldson, Lufkin
			800 H. C. Wainwright		500 Faulkner, Dawkins
			200 Walston		1900 Lehman Brothers
			400 Woodard-Elwood		1200 Loewi
			400 Westinghouse Electric		1000 Salomon Brothers
3900	Chrysler	6900	1000 Blyth		800 H. C. Wainwright
	900 Clark, Dodge		2300 Brown Brothers		
	1000 Eppler, Guerin & Turner		1000 Donaldson, Lufkin	<u>Airlines</u>	
	1000 Model, Roland		500 E. F. Hutton		
	1000 Paine, Webber		100 Kidder, Peabody	5200	American Airlines
7400	Ford Motor		1000 Lamson		1500 Dick & Merle-Smith
	1100 A. G. Becker		1000 The Milwaukee Co.		600 Dominick & Dominick
	1000 Brown Brothers				500 Faulkner, Dawkins
	2100 Clark, Dodge		1200 Whirlpool		1000 R. W. Pressprich
	500 The Milwaukee Co.		200 Eppler, Guerin & Turner		1000 Smith, Barney
	700 Paine, Webber		1000 Merrill Lynch		600 Tucker, Anthony
	2000 H. C. Wainwright				
5600	General Motors			4500	Delta Air Lines
	100 Caldwell Phillips				500 Brown Brothers
	1100 Dain, Kalman & Quail				800 Dain, Kalman & Quail
	600 Drexel				800 Dean Witter
	1000 Faulkner, Dawkins	3000	Caterpillar Tractor		300 Eastman Dillon
	500 Keefe, Bruyette		1000 Dain, Kalman & Quail		900 First Manhattan
	600 Loewi		1000 Dick & Merle-Smith		500 Harris, Upham
	100 Paine, Webber		1000 Donaldson, Lufkin		200 Kidder, Peabody
	1200 Spencer, Trask				500 Piper, Jaffray
	400 Woodard-Elwood	3000	Clark Equipment		1600 Northwest Airlines
4200	Goodyear Tire & Rubber		2000 Blyth		900 First Manhattan
	1000 Brown Brothers		1000 Model, Roland		100 Merrill Lynch
	1000 Carter, Berlind				500 Reynolds
	1000 Dean Witter	1700	Deere		100 White, Weld
	200 Drexel		1000 Loeb, Rhoades		5300 Pan American World Airways
	1000 Lehman Brothers		700 Paine, Webber		1500 Bache
					800 Bear, Stearns
					800 Clark, Dodge
					600 Francis I. duPont
					1600 Kidder, Peabody
<u>DURABLES STOCKS</u>					
<u>Automobiles &amp; Auto Parts</u>					
<u>Electrical &amp; Electronic Equipment</u>					
60	Emerson Electric	1100	International Harvester		
	60 Merrill Lynch		1100 Caldwell Phillips		

<u>Total Shares</u>	<u>Issue and Vendor</u>	<u>Total Shares</u>	<u>Issue and Vendor</u>
6600	United Air Lines 500 Brown Brothers 1000 Francis I. duPont 1400 Kidder, Peabody 100 Merrill Lynch 500 Model, Roland 500 Paine, Webber 1400 Smith, Barney 600 Spencer, Trask 100 Walston 500 White, Weld	2500	Southern Railway 1000 A. G. Becker 1000 R. W. Pressprich 500 J. W. Sparks
		7100	Union Pacific 1500 Bache 2000 J. Barth 1000 W. C. Langley 200 Merrill Lynch 1000 Paine, Webber 300 J. W. Sparks 100 Shearson, Hammill 1000 Walston
<u>Railroads</u>		<u>Transportation Equipment</u>	
1800	Great Northern Railway 100 J. W. Sparks 1300 Tucker, Anthony 400 Walston	1000	ACF Industries 1000 Glore, Forgan
2500	Norfolk & Western 500 First Manhattan 500 W. C. Langley 500 Lazard Freres 500 Loeb, Rhoades 500 J. W. Sparks	1500	General American Transportation 1500 Morgan, Stanley
		100	Union Tank Car 100 W. C. Langley
		<u>Miscellaneous</u>	
2000	Northern Pacific 1000 Dick & Merle-Smith 1000 Ebin, Robertson	5300	National Lead 100 Caldwell Phillips 500 Clark, Dodge 800 Dain, Kalman & Quail 800 Goldman, Sachs 1000 F. S. Mosely 100 Paine, Webber 1000 Shearson, Hammill 1000 Thomson & McKinnon
4200	Southern Pacific 200 Dain, Kalman & Quail 2500 Drexel 1500 R. W. Pressprich		

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Schedule 8

COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF  
LOWEST AVAILABLE PRICE  
January 1 - December 31, 1967

<u>Total Shares</u>	<u>Issue and Vendor</u>	<u>Total Shares</u>	<u>Issue and Vendor</u>	<u>Total Shares</u>	<u>Issue and Vendor</u>
<u>CONSUMER-ORIENTED STOCKS</u>					
		4500	Central & South West 2000 First Boston 1000 J. S. Strauss 1500 Weeden	5500	Consumers Power 1500 American Securities 1000 First Boston 1000 J. S. Strauss 2000 Weeden
<u>UTILITIES</u>					
<u>Electric</u>					
6000	Allegheny Power 1500 American Securities 1000 J. S. Strauss 3500 Weeden	9500	Cincinnati Gas & Electric 1000 American Securities 1500 First Boston 7000 Weeden	2000	Detroit Edison 1000 American Securities 1000 First Boston
4000	American Electric Power 1000 First Boston 1000 J. S. Strauss 2000 Weeden	7900	Commonwealth Edison 3500 American Securities 500 First Boston 3900 Weeden	6000	Florida Power & Light 1100 American Securities 2500 First Boston 1400 J. S. Strauss 1000 Weeden

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
5000	General Public Utilities	1500	Utah Power & Light	1000	National City Bank (Cleve.)
	2000 American Securities		1500 American Securities	1000	First Boston
	3000 First Boston	4200	Virginia Electric & Power		
6000	Houston Lighting & Power		700 American Securities	300	Northwest Bancorporation
	1000 American Securities		1000 First Boston		300 Dain, Kalman & Quail
	1500 First Boston		2500 Weeden	2000	Security First N.B.(L.A.)
	1500 J. S. Strauss	5500	Wisconsin Power & Light		1000 First Boston
	2000 Weeden		2000 First Boston		1000 Merrill Lynch
2500	Indianapolis Power & Light		2000 Smith, Barney	10000	Valley N.B. (Arizona)
	1000 American Securities		1500 Weeden		1500 Eastman Dillon
	1500 Weeden	7500	Wisconsin Public Service		4500 Keefe, Bruyette
4692	Interstate Power		2000 American Securities		4000 M. A. Schapiro
	4692 Weeden		5500 Weeden	4500	Wells Fargo
8800	Kansas City Power & Light				4500 M. A. Schapiro
	2800 American Securities			1000	Western Bancorporation
	1500 First Boston				1000 Weeden
	1500 J. S. Strauss				
	3000 Weeden				
5500	Louisville Gas & Electric				
	1500 American Securities	2000	Panhandle Eastern P.L.	1500	Aetna Life
	1500 First Boston		2000 American Securities		1500 Blyth
	2500 Weeden	2500	Peoples Gas Light & Coke		
8500	Middle South Utilities		2500 Weeden	1000	General America
	6500 American Securities				1000 Dain, Kalman & Quail
	2000 Weeden			2000	Hartford Fire
5500	Minnesota Power & Light				2000 Eastman Dillon
	5500 Weeden	3360	American Tel. & Tel.	4800	Northwestern Nat. Life
8900	Northern States Power		1100 American Securities		1000 Dain, Kalman & Quail
	2700 American Securities		1000 First Boston		2600 Francis I. duPont
	1500 First Boston		1000 J. S. Strauss		1000 Piper, Jaffray
	1500 J. S. Strauss		260 Weeden		200 Shearson, Hammill
	3200 Weeden	100	Communications Satellite	6900	St. Paul Companies
5500	Ohio Edison		100 New York Hanseatic		1500 Dain, Kalman & Quail
	3000 American Securities	3100	General Tel. & Electronics		2300 Francis I. duPont
	1000 J. S. Strauss		100 American Securities		2100 First Boston
	1500 Weeden		3000 Weeden		1000 Smith, Barney
2500	Otter Tail Power	2500	Western Power & Gas		
	2500 Francis I. duPont		2500 Smith, Barney	4500	Travelers
6500	Pacific Gas & Electric				2500 Bear, Stearns
	4000 American Securities				2000 Blyth
	1000 First Boston				
	1500 J. S. Strauss				
9000	Public Service (Colo.)			5500	U.S. Fidelity & Guaranty
	5000 American Securities	2000	Chase Mahhattan		1000 Bear, Stearns
	2000 First Boston		1000 M. A. Schapiro		3500 Blyth
	2000 J. S. Strauss		1000 J. S. Strauss		1000 First Boston
6300	Public Service (Ind.)	3500	Citizens & Southern N.B.		
	1300 American Securities		1500 Bear, Stearns		
	1000 First Boston		2000 Blyth		
	4000 Weeden	5600	Continental Illinois N.B.		
3900	Southern California Edison		2000 Bear, Stearns		
	200 American Securities		200 Eastman Dillon	3000	Dun & Bradstreet
	1000 First Boston		2000 First Boston		1000 First Boston
	1200 J. S. Strauss		1400 M. A. Schapiro		1000 Goldman, Sachs
	1500 Weeden	300	First Bank Stock		1000 Shields
5500	Southern Company		300 Merrill Lynch	5000	Western Publishing
	1500 American Securities	3000	First National City Bank		5000 Goldman, Sachs
	2000 First Boston		1000 Bear, Stearns		
	2000 J. S. Strauss		1000 First Boston		
5300	Texas Utilities		1000 Keefe, Bruyette		
	2300 American Securities	1500	Morgan Guaranty Trust	500	Super Valu
	1000 First Boston		1000 Bear, Stearns		500 Piper, Jaffray
	2000 Weeden		500 Blyth		

Total Shares	Issue and Vendor
<u>RESEARCH STOCKS</u>	
<u>Chemical &amp; Drug</u>	
50	duPont (E.I.) deNemours
	50 Weeden
<u>Office Equipment</u>	
40	Control Data
	40 New York Hanseatic
20	International Bus. Mach.
	10 J. S. Strauss
	10 Weeden
20	Xerox
	20 Weeden
<u>Photography</u>	
50	Eastman Kodak
	50 J. S. Strauss
200	Polaroid
	200 Weeden
<u>Miscellaneous</u>	
20	Corning Glass Works
	20 Equitable Securities
<u>NATURAL RESOURCES STOCKS</u>	
<u>Petroleum</u>	
1000	Continental Oil
	1000 Weeden

Total Shares	Issue and Vendor
100	Mobil Oil
	100 J. S. Strauss
100	Standard Oil (N.J.)
	100 American Securities
<u>DURABLES STOCKS</u>	
<u>Automobiles &amp; Auto Parts</u>	
100	Ford Motor
	100 J. S. Strauss
<u>Electrical &amp; Electronic Equipment</u>	
50	General Electric
	50 American Securities
<u>Machinery</u>	
100	International Harvester
	100 J. S. Strauss
<u>TRANSPORTATION</u>	
<u>Aircraft &amp; Aerospace</u>	
100	Boeing
	100 J. S. Strauss
100	United Aircraft
	100 J. S. Strauss
<u>Railroads</u>	
50	Norfolk & Western
	50 Equitable Securities

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Schedule 9

COMMON STOCK SALES  
January 1 - December 31, 1967

Total Shares	Name of Issue and Dealer
<u>Electric Utilities</u>	
15000	Tucson Gas & Electric
	2000 Blyth
	1500 Eastman Dillon
	1000 Kidder, Peabody
	10500 Merrill Lynch
11100	Washington Water Power
	1000 American Securities
	4300 Clark, Dodge
	5800 Francis I. duPont
<u>Gas Pipeline</u>	
14400	Transcontinental Gas P.L.
	2000 Francis I. duPont
	5000 Kidder, Peabody
	7400 Merrill Lynch
<u>Printing-Publishing</u>	
12750	Prentice Hall
	6000 Eastman Dillon
	6750 Smith, Barney
<u>Retail Trade</u>	
5906	Great Atlantic & Pacific Tea
	5906 American Securities

Total Shares	Name of Issue and Dealer
19300	Montgomery Ward
	3000 American Securities
	16300 J. S. Strauss
<u>Textiles</u>	
200	Burlington Industries
	200 New York Hanseatic
<u>Miscellaneous</u>	
300	Gillette
	300 Weeden
<u>Petroleum</u>	
5500	Kern County Land
	5500 Merrill Lynch
7000	Standard Oil (California)
	7000 Kidder, Peabody
<u>Airlines</u>	
4000	Northwest Airlines
	1500 Model, Roland
	1000 Paine, Webber
	500 Salomon Brothers
	1000 Shearson, Hammill