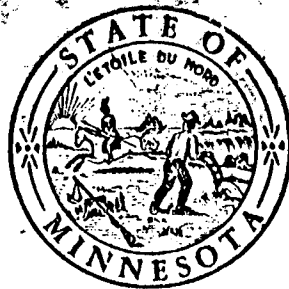


STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

1968 REPORT
of
THE EXECUTIVE SECRETARY



**Office of the Executive Secretary
State Board of Investment
Room 105, MEA Building
55 Sherburne Avenue
Saint Paul, Minnesota 55103**

October 10, 1969

MEMBERS OF THE
STATE BOARD OF INVESTMENT
DURING 1968

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

** State Auditor William J. O'Brien replaced State Auditor
Stafford King on the Board on March 7, 1969.*

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.
Portfolio Manager - Stocks

Grant A. Feldman, Jr., B.S.
Portfolio Manager - Short-term Investments

C. Robert Parsons, B.S.
Portfolio Manager - Debt Securities

Lyle T. Ibeling, B.A.
Securities Analyst

Matthew A. Christenson
Accountant and Statistical Assistant

David H. Hendrickson
Statistical Assistant

Leona W. Adams	-	Secretarial Assistant
Barbara A. Highberg	-	Securities Assistant
Jo Ann McFarland	-	Securities Assistant
Joyce M. Storelee	-	Securities Assistant



MEMBERS OF BOARD:

GOVERNOR HAROLD LE VANDER
STATE AUDITOR WILLIAM J. O'BRIEN
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**

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55103
October 10, 1969

Members of the Legislature of the State of Minnesota

Gentlemen:

The 1969 Legislature changed and improved the statutes applicable to most of the funds managed by the Minnesota State Board of Investment. Not only were investment possibilities greatly enhanced due to these new laws, but new concepts were introduced which should be of substantial benefit to members of the various retirement funds in future years. The new provisions base future pension benefits on investment performance and income to the various accounts. Continued study and refinement of these provisions by the Legislative Retirement Study Commission are expected to add considerably to the utilization of investment results in determination of pension benefits.

Fiscal 1969, ending June 30, showed a new high in income for all State funds. This was a result of continued statutory modifications since 1960, policy revisions, the large amount of funds available for investment, and the highest interest rates we have experienced during this century.

This report is being issued simply to provide a public record of the transactions of 1968 and the portfolio as it existed at 1968 year-end. It had been the intent of the investment staff to wait with the issuance of this report until it was possible to compile a meaningful listing of assets in the newly-formed Minnesota Adjustable Fixed Benefit Fund. It is evident that the process of accumulating the \$250 million of assets in this retirement account, which will continue through next June 30, will make it difficult to provide an accurate analysis of our portfolios until after that date. We have included a listing of the stocks in this new fund as of September 29, 1969. As evidenced by this recent summary, it is the intent of the Investment Board and the Advisory Committee to reduce the number of names in the common stock portfolio and to concentrate on issues which, over a period of years, may be more suitable to our needs. Since the date of most of the schedules in this report, December 31, 1968, a sizable portion of the bonds in the various retirement portfolios has been transferred to this new fund. Common stock holdings are also being transferred under recent statutes which will establish this new account -- representing the reserves for retired members of all the various State retirement associations.

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 ten 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 eight 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, Chairman of the Board, Farmers & Mechanics Savings Bank of Minneapolis
Franklin Briese, President & Chairman of the Board, Minnesota Mutual Life Insurance
Company, St. Paul

Robert S. Davis, Financial Vice President, 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 contribution of these financial experts to the State's investment program is very much appreciated by the Investment Board and the staff of the Department. Although these men are not compensated for either time or expense, they have shown particular concern for the State's investment problems and the achievements possible through the prudent use of public funds.

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, 1968, are as follows:

Trust funds, \$266 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, \$494 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, \$2 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. The 1969 Legislature made this fund available for use by police and firemen's relief associations throughout the State and for certain supplemental retirement benefits for county employees.

Highway funds, \$116 million. These accounts include U.S. Treasury obligations maturing within the next ten years, debt instruments issued by U.S. Government agencies 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, \$158 million. This fund includes incoming tax receipts, as well as the proceeds from certain State bond sales. Until 1969, the moneys were invested in U.S. Treasury obligations maturing within three years.

Miscellaneous welfare, departmental, and temporary funds, \$17 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 reviewed in 1963, 1965, 1967, and 1969. A constitutional amendment pertaining to the Permanent School Fund was initiated by the 1961 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 1967 provided resumes of the transactions and policies during these periods.

Most securities purchased by the State Board of Investment must meet criteria established by the Legislature for the particular funds. During the 1967 and 1969 Legislative sessions, however, new concepts were introduced which may lead to portfolios offering a potential of greater market appreciation, higher income and greater flexibility in times of a swiftly changing economy. The Supplemental Retirement Fund, established by the 1967 Legislature, introduced the element of choice to faculty members in the State college system. The Growth Share Account, which may consist entirely of equity investments, may 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 Income Share Account provides a diversified portfolio which, under 1969 amendments to the basic statute, may include up to 45% in equities. This element of choice was expanded by the 1969 Legislature to include certain county employees who may use either of the two funds.

An additional step toward flexibility in arranging retirement benefits to meet individual needs was taken with the introduction of the variable annuity concept. The Minnesota Variable Annuity Fund will be established for those members of the Teachers Retirement Association who elect such an investment program in early 1970. The new legislation is drafted so that other groups may take advantage of these provisions in future years. Further use of the variable concept is found in the establishment of the Minnesota Adjustable Fixed Benefit Fund. This fund will include assets representing the reserves of all retired individuals. These assets from the various retirement associations are being transferred into the new fund during the 1969-1970 fiscal year. After the basic investment portfolio has been established as of July 1, 1970, the benefits to the retired individuals will be based on the income and market performance of the investments in the fund. It should be emphasized that the State of Minnesota insures the payment of the initial retirement benefit regardless of any future market fluctuation or decline in income.

Despite the severe stock market declines in 1969, the equity portfolio retained a market increase above cost. By June 30, 1969, the stocks in the Permanent School Fund were worth 4.95% above cost, and the equities in the retirement funds showed a market appreciation of 5.21%.

The following schedule reviews the composition of the trust funds and the retirement funds managed by the State Board of Investment on December 31, 1968:

COMPOSITION OF TRUST FUNDS AND RETIREMENT FUNDS
December 31, 1968
(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	\$107,992	40.6%	\$435	98.8%	\$28,297	5.7%
State and municipal obligations	2,862	1.1	-	-	56,127	11.3
Short-term corporate obligations	-	-	-	-	16,161	3.3
Canadian Provincial obligations	-	-	-	-	4,800	1.0
Corporate debt obligations	106,135	39.9	-	-	238,361	48.2
Common stocks	49,197	18.4	-	-	150,652	30.5
Cash	1	-	5	1.2	-*	-
Totals	\$266,187	100.0%	\$440	100.0%	\$494,399	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 wider 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 three years. Common stocks, as of June 1969, approximated 19% of the book value of the fund, very near to the 20% constitutional limit.

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. Constitutional provisions require that at least 40% of this fund continue to be invested in government credits.

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 and agency 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 \$116 million in face value on December 31, 1968.

The earnings from these accounts increased from \$1.7 million in fiscal 1958 to \$5.0 million in fiscal 1967, \$5.5 million in fiscal 1968, and \$6.6 million in fiscal 1969. 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 1969 approximated \$14.8 million -- a sizable increase above the \$11.8 million for 1968, \$9.6 million in 1967, \$6.0 million in 1966, and lesser amounts in previous years. It is expected that the amount of income from this fund will decrease in coming years despite the high interest rates because of the smaller amount of investments held in the fund. Higher payments from the State Treasury -- particularly in the form of school aids and other educational expenses -- have resulted in a portfolio of investments substantially less than that held by the fund in recent years. It has been emphasized that the income from the Invested Treasurer's Cash Fund is subject to marked fluctuations and should not be regarded as a predictable source of income for the State's budgeted needs.

A comparison of the total investments held in the Invested Treasurer's Cash Fund at calendar year-end in recent years shows \$102.9 million in 1965, \$152.5 million in 1966, \$203.5 million in 1967, and \$157.7 million in 1968. On the June 30 fiscal year-end, investments totaled \$254.9 million in 1966, \$299.2 million in 1967, \$317.7 million in 1968, and \$321.0 million in 1969. By mid-October 1969 after the payment of the largest school aids in State history, this investment portfolio declined to \$145.4 million. The 1969 Legislature increased the income potential for this fund by authorizing the use of the obligations of U.S. Government agencies and the use of short-term corporate notes issued by certain firms with assets exceeding \$500 million. Specific statutory language authorizes the use of repurchase agreements involving U.S. Treasury and Government agency securities of various maturities.

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 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.

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 1969 Legislature authorized the use of equities in the various retirement funds up to 45% of total investments. The market value of these equities will be given increasing importance in computation of benefits. Under the provisions of a 1969 statute, a continuation of market values in excess of 15% above cost for six consecutive bi-monthly periods will result in a 3% increase in equity valuations for accounting and actuarial purposes. The net result of this statute will be that the market value of the portfolio will never exceed the newly established book value by more than 12%, when computed over any twelve month period. The reason for this statute was to avoid any undue amount of securities trading and profit-taking simply to increase the book value as a means of raising benefits. It is now possible to arrange a more adequate benefit program within the existing framework of investments.

In addition to the newly raised percentage of allowable equity commitments for the basic retirement funds, a limit of 50% was established for equities in the Minnesota Adjustable Fixed Benefit Fund. The Minnesota Variable Annuity Fund and the Growth Share Account of the Supplemental Retirement Fund may be committed up to 100% in stock investments.

On December 31, 1968, stock investments accounted for 30.5% of the total value of the retirement funds. This percentage will increase during the next few years as investments reflect the newly authorized equity maximums.

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 11.3% of the total by December 31, 1968. 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 48.2% 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.

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, 1968. Because the Permanent School Fund has practically reached its maximum authorized commitment in corporate bonds and common stocks, there has been little change in overall portfolio make-up during the past few years. It is anticipated that future changes will consist primarily of additional investments in U.S. Government guaranteed obligations and a consolidation of the names in the equity portfolio.

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, and the recent transfers to the principal of the Minnesota Adjustable Fixed Benefit Fund will cause further variances in portfolio composition.

Schedule II shows the yield received on the three largest retirement funds during the past ten 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 nearly 4.4%. The marked increase in interest rates during the 1966-1969 period has resulted in the newer fixed income securities providing a yield far above this average return. Common stock commitments have tended to offset this high return, however, in that we have considered long-term growth potential to a great degree in making equity purchases. It is expected that the use of stocks offering a low current return will continue, 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.

Schedule III reviews the Permanent School Fund for the period from June 30, 1956, through December 31, 1968. 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, 1968. 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, 1968. 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 and 1969 Legislatures raised the authorized maximum of commercial paper which may be used in the various State funds - to 30% in the Invested Treasurer's Cash Fund, 35% in the Highway funds and 8% in the retirement funds.

Schedule VI lists the corporate bond holdings of the Permanent School Fund on December 31, 1968. Corporate bond investments have now reached the maximum authorized by the Minnesota Constitution.

Schedule VII lists the corporate bond holdings of the retirement funds on December 31, 1968. 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. On June 30, 1969, a substantial quantity of these bonds were transferred into the newly-formed Minnesota Adjustable Fixed Benefit Fund. Most bond commitments during the 1969 fiscal year will be purchased by this new fund as it is the recipient of most current incoming cash. It is anticipated that there will be a substantial amount of consolidation in this bond account, either through purchase of all holdings of individual issues by the Minnesota Adjustable Fixed Benefit Fund, or through the sale of these holdings and the repurchase of other issues in larger quantities.

Schedule VIII details the types of corporate debt obligations owned by the Permanent School Fund and the various retirement funds on December 31, 1968, 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 through 1969, 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, 1968. All these securities meet the requirements stated in the applicable statutes and have been approved by the Advisory Committee on Common Stocks. Until recently, trading was minimized in these accounts, with sales being made only when better diversification or portfolio balance and improved long-term performance could be achieved. Although the State's stock purchase program continues to be based on long-term performance, it is recognized that the stock portfolio would better serve the beneficiaries of the funds if the investments were concentrated into fewer names and if there were somewhat more frequent sales so as to emphasize the better performing and better quality issues.

Schedule X lists the common stock holdings in the Minnesota Adjustable Fixed Benefit Fund as of September 30, 1969. These stocks are being accumulated through transfer from the other retirement accounts and through purchase during the 1969-1970 fiscal year. It is anticipated that this equity portfolio will approximate \$100 million by June 30, 1970, and will consist of less than one-half of the number of names listed in the basic retirement portfolios.

* * * * *

The State's stock purchase program must continue to be based on long-term earnings expectations. We question the advisability of too much trading simply to achieve gains from short-term market fluctuations.

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 1968, follows the schedules described above.

* * * * *

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 1969 Legislature, in particular, completely revised the investment statutes so as to provide the beneficiaries of all funds with an opportunity to own, through these accounts, those securities suited to their needs. 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

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

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PERMANENT SCHOOL FUND

RETIREMENT FUNDS

PERMANENT SCHOOL FUND		RETIREMENT FUNDS														
Book Value	%	Type of Security	Distribution Within Various Funds													
			Total Retirement Funds Book Value	%	Public Employees Retirement Fund Book Value	%	State Employees Retirement Fund Book Value	%	Teachers' Retirement Fund Book Value	%	Public Employees Police & Fire Fund Book Value	%	State Police Officers Retirement Fund Book Value	%	Highway Patrolmen's Retirement Fund Book Value	%
FIXED-INCOME OBLIGATIONS																
\$ 93,387,500.00	35.1%	U.S. Treasury	\$ 13,939,000.00	2.8%	\$ 7,305,000.00	4.4%	\$ 800,000.00	0.7%	\$ 4,855,000.00	2.5%	\$ 785,000.00	5.9%	\$ 60,000.00	3.5%	\$ 134,000.00	2.6%
14,605,000.00	5.5	U.S. Guaranteed Merchant Marine Bonds	14,358,000.00	2.9	7,810,000.00	4.8	2,325,000.00	2.0	2,894,000.00	1.5	987,000.00	7.4	48,000.00	2.8	294,000.00	5.7
\$107,992,500.00	40.6%	Total Federal Obligations	\$ 28,297,000.00	5.7%	\$ 15,115,000.00	9.2%	\$ 3,125,000.00	2.7%	\$ 7,749,000.00	4.0%	\$ 1,772,000.00	13.3%	\$ 108,000.00	6.3%	\$ 428,000.00	8.3%
-	-	Minnesota State	\$ 8,644,000.00**	1.7%	\$ 2,725,000.00	1.7%	\$ 2,263,000.00	1.9%	\$ 3,656,000.00	1.9%	-	-	-	-	-	-
\$ 2,862,560.00	1.1%	Minnesota Subdivisions	46,693,500.00	9.4	13,178,000.00	8.0	15,428,000.00	13.1	17,137,500.00	8.9	-	-	\$ 342,000.00	20.2%	\$ 608,000.00	11.7%
-	-	Other States & Subdivisions	790,000.00	0.2	326,000.00	0.2	367,000.00	0.3	97,000.00	0.1	-	-	-	-	-	-
\$ 2,862,560.00	1.1%	Total State & Municipal Obligations	\$ 56,127,500.00	11.3%	\$ 16,229,000.00	9.9%	\$ 18,058,000.00	15.3%	\$ 20,890,500.00	10.9%	-	-	\$ 342,000.00	20.2%	\$ 608,000.00	11.7%
-	-	Short-term Corporate Obligations	\$ 16,161,000.00	3.3%	\$ 6,770,000.00	4.1%	\$ 3,464,000.00	2.9%	\$ 5,230,000.00	2.7%	\$ 547,000.00	4.1%	\$ 50,000.00	3.0%	\$ 100,000.00	1.9%
-	-	Canadian Provincial Obligations	\$ 4,800,000.00	1.0%	\$ 1,200,000.00	0.7%	\$ 1,300,000.00	1.1%	\$ 2,000,000.00	1.0%	\$ 300,000.00	2.2%	-	-	-	-
Long-term Corporate Obligations:																
Public Utility																
\$ 20,662,000.00	7.8%	Electric	\$ 44,245,000.00	8.9%	\$ 15,056,000.00	9.2%	\$ 9,728,000.00	8.3%	\$ 17,727,000.00	9.2%	\$ 1,023,000.00	7.6%	\$ 230,000.00	13.6%	\$ 481,000.00	9.3%
8,897,000.00	3.3	Gas	29,501,000.00	6.0	11,198,000.00	6.8	7,819,000.00	6.7	9,171,000.00	4.8	584,000.00	4.4	165,000.00	9.8	564,000.00	10.9
10,400,000.00	3.9	Telephone	15,760,000.00	3.2	5,050,000.00	3.1	3,100,000.00	2.6	7,050,000.00	3.7	360,000.00	2.7	-	-	200,000.00	3.9
-	-	Water	1,600,000.00	0.3	400,000.00	0.2	300,000.00	0.3	900,000.00	0.5	-	-	-	-	-	-
\$ 39,959,000.00	15.0%	Total Public Utility	\$ 91,106,000.00	18.4%	\$ 31,704,000.00	19.3%	\$ 20,947,000.00	17.9%	\$ 34,848,000.00	18.2%	\$ 1,967,000.00	14.7%	\$ 395,000.00	23.4%	\$ 1,245,000.00	24.1%
\$ 3,700,000.00	1.4%	Finance	\$ 12,330,000.00	2.5%	\$ 3,300,000.00	2.0%	\$ 3,405,000.00	2.9%	\$ 4,950,000.00	2.6%	\$ 475,000.00	3.5%	\$ 100,000.00	5.9%	\$ 100,000.00	1.9%
40,279,205.47	15.1	Industrial	85,121,142.86	17.2	24,279,000.00	14.8	18,705,142.86	15.9	39,315,000.00	20.4	2,064,750.00	15.4	140,000.00	8.3	617,250.00	11.9
4,684,000.00	1.8	Transportation (excluding equipment)	9,902,000.00	2.0	3,248,000.00	2.0	2,406,000.00	2.0	3,683,000.00	1.9	246,000.00	1.8	98,000.00	5.8	221,000.00	4.3
17,513,158.18	6.6	Railroad Equipment	39,901,917.35	8.1	13,108,977.12	8.0	10,940,113.27	9.3	14,032,493.44	7.3	1,458,641.41	10.9	50,000.00	3.0	302,692.11	5.8
\$106,136,363.65	39.9%	Total Long-term Corporation Obligations	\$238,361,060.21	48.2%	\$ 75,639,977.12	46.1%	\$ 56,412,256.13	48.0%	\$ 96,828,493.44	50.4%	\$ 6,211,391.41	46.3%	\$ 783,000.00	46.4%	\$ 2,485,942.11	48.0%
-	-	Preferred Stock (gift)	\$ 700.00	-	-	-	-	\$ 700.00	-	-	-	-	-	-	-	
\$216,990,423.65	81.6%	TOTAL FIXED-INCOME OBLIGATIONS	\$343,747,260.21	69.5%	\$114,953,977.12	70.0%	\$ 82,359,256.13	70.0%	\$132,698,693.44	69.0%	\$ 8,830,391.41	65.9%	\$ 1,283,000.00	75.9%	\$ 3,621,942.11	69.9%
COMMON STOCKS																
CONSUMER-ORIENTED STOCKS:																
Utilities																
\$ 10,530,259.41	4.0%	Electric	\$ 29,397,804.41	5.9%	\$ 9,795,752.48	6.0%	\$ 6,972,889.11	5.9%	\$ 11,420,364.40	5.9%	\$ 809,757.80	6.0%	\$ 76,264.02	4.5%	\$ 322,776.60	6.2%
1,013,797.75	0.4	Gas	3,161,778.51	0.6	1,112,853.63	0.7	628,310.66	0.5	1,306,247.38	0.7	87,859.40	0.7	7,588.06	0.4	18,919.38	0.4
1,509,741.57	0.5	Telephone	4,332,726.85	0.9	1,466,880.55	0.9	896,745.79	0.8	1,781,714.25	0.9	134,613.11	1.0	9,077.79	0.5	43,695.36	0.8
\$ 13,053,798.73	4.9%	Total Utilities	\$ 36,892,309.77	7.4%	\$ 12,375,486.66	7.6%	\$ 8,497,945.56	7.2%	\$ 14,508,326.03	7.5%	\$ 1,032,230.31	7.7%	\$ 92,929.87	5.4%	\$ 385,391.34	7.4%
Financial Services																
\$ 4,655,759.51	1.7%	Banks	\$ 11,777,188.95	2.4%	\$ 4,024,901.90	2.5%	\$ 2,807,402.10	2.4%	\$ 4,470,221.41	2.3%	\$ 322,617.94	2.4%	\$ 29,950.35	1.8%	\$ 122,095.25	2.4%
977,590.96	0.4	Finance	3,129,420.89	0.6	1,064,637.66	0.6	756,432.65	0.6	1,171,090.42	0.6	99,057.92	0.7	5,475.00	0.3	32,727.24	0.6
2,725,233.06	1.0	Insurance	6,529,134.31	1.3	2,120,679.88	1.3	1,534,622.39	1.4	2,605,589.97	1.4	187,522.27	1.4	14,372.50	0.8	66,372.30	1.3
\$ 8,358,583.53	3.1%	Total Financial Services	\$ 21,435,744.15	4.3%	\$ 7,210,219.44	4.4%	\$ 5,098,457.14	4.4%	\$ 8,246,901.80	4.3%	\$ 609,198.13	4.5%	\$ 49,797.85	2.9%	\$ 221,169.79	4.3%
Consumers Goods																
\$ 1,548,164.60	0.6%	Food-Beverage	\$ 5,169,363.75	1.0%	\$ 1,526,926.99	0.9%	\$ 1,278,726.30	1.1%	\$ 2,103,186.06	1.1%	\$ 189,656.48	1.4%	\$ 19,134.83	1.1%	\$ 51,733.09	1.0%
527,331.09	0.2	Printing & Publishing	2,965,544.57	0.7	940,590.87	0.6	705,051.17	0.7	1,203,634.94	0.6	78,981.92	0.6	13,064.22	0.8	24,221.45	0.5
1,064,005.75	0.4	Retail Trade	4,381,893.55	0.9	1,380,709.00	0.8	1,024,256.46	0.9	1,722,361.23	0.9	196,156.82	1.5	9,417.69	0.5	48,992.35	0.9
510,340.47	0.2	Textiles	1,780,447.78	0.4	572,846.18	0.3	451,182.93	0.4	712,272.85	0.4	30,071.01	0.2	2,694.43	0.2	11,380.38	0.2
1,027,728.59	0.4	Miscellaneous	4,402,139.47	0.9	1,535,003.96	0.9	932,057.80	0.8	1,727,511.07	0.9	158,418.91	1.2	4,823.80	0.3	44,823.93	0.9
\$ 4,677,570.50	1.8%	Total Consumers Goods	\$ 18,699,389.12	3.9%	\$ 5,956,077.00	3.5%	\$ 4,391,274.66	3.9%	\$ 7,468,966.15	3.9%	\$ 653,285.14	4.9%	\$ 48,634.97	3.0%	\$ 181,151.20	3.5%
\$ 26,089,952.76	9.8%	Total Consumer-Oriented Stocks	\$ 77,027,443.04	15.6%	\$ 25,541,783.10	15.5%	\$ 17,987,677.36	15.5%	\$ 30,224,193.98	15.7%	\$ 2,294,713.58	17.1%	\$ 191,362.69	11.3%	\$ 787,712.33	15.2%
RESEARCH STOCKS:																
\$ 2,663,518.02	1.0%	Chemical	\$ 7,151,427.68	1.4%	\$ 2,442,535.93	1.5%	\$ 1,629,128.74	1.4%	\$ 2,782,541.08	1.4%	\$ 208,096.21	1.6%	\$ 17,308.88	1.0%	\$ 71,816.84	1.4%
1,343,919.13	0.5	Drug	4,562,973.43	0.9	1,521,727.93	0.9	1,033,561.65	0.9	1,758,926.04	0.9	178,112.15	1.3	16,033.65	0.9	54,612.01	1.1
2,046,964.73	0.7	Office Equipment	6,020,277.97	1.2	1,918,431.33	1.2	1,413,024.34	1.2	2,439,705.90	1.3	160,163.26	1.2	19,692.89	1.2	69,260.25	1.3
469,498.60	0.2	Photography	2,110,150.95	0.5	681,202.02	0.4	484,253.00	0.4	811,554.68	0.4	108,169.63	0.8	-	0.8	24,971.62	0.5
1,086,748.50	0.4	Miscellaneous	3,422,536.81	0.7	1,098,779.59	0.7	797,743.66	0.7	1,365,324.71	0.7	117,116.15	0.9	7,984.44	0.6	35,588.26	0.7
\$ 7,610,648.98	2.8%	Total Research Stocks	\$ 23,267,366.84	4.7%	\$ 7,662,676.80	4.7%	\$ 5,357,711.39	4.6%	\$ 9,158,052.41	4.7%	\$ 771,657.40	5.8%	\$ 61,019.86	3.6%	\$ 256,248.98	5.0%
NATURAL-RESOURCES STOCKS:																
\$ 3,915,183.03	1.5%	Petroleum	\$ 14,229,416.10	2.9%	\$ 4,664,787.43	2.8%	\$ 3,226,413.67	2.7%	\$ 5,726,460.02	3.0%	\$ 418,084.54	3.1%	\$ 38,862.15	2.3%	\$ 154,808.29	3.0%
\$ 3,915,183.03	1.5%	Total Natural-Resources Stocks	\$ 14,229,416.10	2.9%	\$ 4,664,787.43	2.8%	\$ 3,226,413.67	2.7%	\$ 5,726,460.02	3.0%	\$ 418,084.54	3.1%	\$ 38,862.15	2.3%	\$ 154,808.29	3.0%
DURABLES STOCKS:																
\$ 2,869,343.90	1.1%	Automobile & Automobile Parts	\$ 8,424,342.71	1.7%	\$ 2,542,481.39	1.5%	\$ 2,136,108.60	1.8%	\$ 3,405,303.87	1.7%	\$ 233,198.53	1.7%	\$ 13,108.75	0.8%	\$ 94,141.57	1.8%
1,692,271.13	0.6	Building & Construction	5,277,295.11	1.1	1,783,095.80	1.1	1,110,636.97	0.9	2,123,420.06	1.1	185,969.83	1.4	20,023.14	1.2	54,149.31	1.0
2,421,489.17	0.9	Electrical & Electronic Equipment	7,989,038.31	1.6	2,568,169.82	1.6	1,858,659.05	1.6	3,179,343.37	1.7	269,039.59	2.0	29,454.91	1.7	84,371.57	1.6
695,891.32	0.3	Steel	1,247,650.88	0.3	441,362.00	0.3	319,968.93	0.3	444,455.10	0.2	28,886.46	0.2	6,032.49	0.4	6,945.90	0.2
Transportation & Transportation Equipment																
\$ 529,407.42	0.2%	Aircraft & Aerospace	\$ 1,994,683.64	0.4%	\$ 485,427.74	0.3%	\$ 518,673.18	0.4%	\$ 898,764.48	0.5%	\$ 62,349.00	0.5%	\$ 10,049.00	0.6%	\$ 19,420.24	0.4%
1,161,761.88	0.4	Airlines	4,565,274.58	0.9	1,566,829.24	1.0	986,853.80	0.8	1,837,136.90	1.0	109,988.79	0.8	15,658.32	0.9	48,807.53	0.9
1,872,397.36	0.7	Railroads	5,057,171.91	1.0	1,460,286.15	0.9	1,194,638.27	1.0	2,212,094.70	1.1	124,312.43	0.9	15,251.77	0.9	50,588.59	1.0
338,325.34	0.1	Railroad Equipment	1,572,125.12	0.3	505,932.53	0.3	461,301.37	0.4	515,674.58	0.3	81,766.76	0.6	7,449.88	0.4	-	-
\$ 3,901,892.00	1.4%	Total Transportation & Trans. Equip.	\$ 13,189,255.25	2.6%	\$ 4,018,475.66	2.5%	\$ 3,161,466.62	2.6%	\$ 5,463,670.66	2						

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, 1968

	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	-	-	-
June 30, 1968	\$158,378,261	\$152,553,771	\$6,670,944.32	4.37%	\$110,073,169	-	-	-	\$182,931,287	\$160,534,214	\$7,057,671.20	4.40%
December 31, 1968	\$177,587,167	-	-	-	\$117,517,899	\$110,382,963	\$4,792,334.00	4.34%	\$192,423,593	-	-	-

- (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	-	-	-	-	-	-
June 30, 1968	\$264,578,182.47	\$264,232,621.10	\$10,511,771.10	3.98%	\$1,016,014.48	\$9,495,756.62	3.59%
December 31, 1968	\$266,225,867.42	-	-	-	-	-	-

(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, 1968

	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	*	\$ 3,700,000	\$ 5,155,000	\$ 1,688,000	*	*	\$ 12,454,000	*
Maturity 30-90 days	*	4,000,000	1,710,000	1,646,000	*	*	3,752,000	*
Maturity 91-180 days	*	3,870,000	2,100,000	703,000	*	*	-	*
Maturity 181-270 days	*	-	-	-	*	*	-	*
TOTAL SHORT-TERM CORPORATE NOTES	*	\$ 11,570,000	\$ 8,965,000	\$ 4,037,000	*	*	\$ 16,206,000(a)	*

<u>U.S. TREASURY SECURITIES</u>								
<u>BILLS</u>								
Maturity less than 30 days	-	\$ 4,400,000	\$ 575,000	\$ 1,150,000	-	-	\$ 43,000	\$ 908,000
Maturity 30-90 days	\$ 8,070,000	7,150,000	9,657,000	2,324,000	\$ 193,000	-	3,609,000	7,435,000
Maturity 3-6 months	14,425,000	14,465,000	3,840,000	1,465,000	-	-	-	2,928,000
Maturity 6-12 months	18,690,000	-	-	-	-	-	-	415,000
TOTAL BILLS	\$ 41,185,000	\$ 26,015,000	\$ 14,072,000	\$ 4,939,000	\$ 193,000	-	\$ 3,652,000(b)	\$ 11,686,000
<u>REPURCHASE AGREEMENTS</u>								
Maturity less than 30 days	-	\$ 1,500,000	-	-	-	-	\$ 30,000	-
<u>NOTES AND BONDS</u>								
4% Bonds due 2-15-69	\$ 3,000,000	-	-	\$ 800,000	-	-	-	\$ 500,000
5 5/8% Notes due 2-15-69	23,800,000	-	-	-	-	-	\$ 900,000	-
2 1/2% Bonds due 6-15-69/64	-	-	-	-	-	\$ 50,000	-	169,000
6% Notes due 8-15-69	11,200,000	-	-	-	-	-	-	110,000
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
Total maturities less than 1 year	\$ 63,000,000	\$ 4,000,000	\$ 2,000,000	\$ 1,800,000	\$ 932,000	\$ 117,500	\$ 4,095,000	\$ 2,036,500
2 1/2% Bonds due 3-15-70/65	-	-	-	-	-	\$ 30,000	-	-
5 5/8% Notes due 5-15-70	\$ 20,000,000	\$ 3,500,000	\$ 2,350,000	\$ 1,700,000	-	-	\$ 10,000	\$ 850,000
4% Bonds due 8-15-70	3,000,000	3,500,000	500,000	-	-	-	1,900,000	-
5% Notes due 11-15-70	30,500,000	5,000,000	-	-	-	-	-	-
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
Total maturities 1-3 years	\$ 53,500,000	\$ 12,000,000	\$ 2,850,000	\$ 1,700,000	-	\$ 73,000	\$ 1,965,000	\$ 957,000
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	-
2 1/2% Bonds due 9-15-72/67	*	-	-	-	-	\$ 1,500	-	3,000
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
Total maturities 3-5 years	*	\$ 6,000,000	\$ 4,000,000	\$ 3,000,000	-	\$ 1,500	\$ 715,000	\$ 610,000

U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS (ALSO INCLUDING SHORT-TERM CORPORATE NOTES)
December 31, 1968

Schedule IV
(Page 2)

U.S. TREASURY SECURITIES NOTES AND BONDS (continued)	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				
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	400,000	
5 5/8% Notes due 8-15-74	*	-	-	-	-	-	-	50,000	
3 7/8% Bonds due 11-15-74	*	-	-	-	-	\$ 126,500	1,400,000	120,000	
5 3/4% Notes due 11-15-74	*	-	-	-	-	-	-	7,000	
5 3/4% Notes due 2-15-75	*	-	-	-	-	-	-	80,000	
6% Notes due 5-15-75	*	-	-	-	-	-	-	50,000	
Total maturities 5-10 years	*	\$ 5,500,000	\$ 1,200,000	\$ 1,500,000	-	\$ 126,500	\$ 1,560,000	\$ 1,009,000	
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	*	-	-	-	28,745,000	-	-	-	
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	*	-	-	-	\$ 92,262,500	\$ 116,000	\$ 1,935,000	\$ 84,500	
TOTAL U.S. TREASURY NOTES & BONDS		\$116,500,000	\$ 27,500,000	\$ 10,050,000	\$ 8,000,000	\$ 93,194,500	\$ 434,500	\$ 10,270,000	\$ 4,697,000
TOTAL U.S. TREASURY SECURITIES		\$157,685,000	\$ 53,515,000	\$ 24,122,000	\$ 12,939,000	\$ 93,387,500	\$ 434,500	\$ 13,952,000	\$ 16,383,000
<u>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</u>									
Average maturity about 10 years.	*	-	-	-	\$ 14,605,000	-	\$ 14,358,000	-	
TOTAL U.S. GOVERNMENT OBLIGATIONS		\$157,685,000	\$ 53,515,000	\$ 24,122,000	\$ 12,939,000	\$ 107,992,500	\$ 434,500	\$ 28,210,000	\$ 16,383,000

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

- (a) Includes \$45,000.00 short-term corporate notes held by Supplemental Retirement Funds which do not appear in schedule I.
(b) Includes \$13,000.00 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, 1968

Face Amounts Maturing in the Following Months of 1969:

<u>ISSUER</u>	<u>January</u> <u>(000)</u>	<u>February</u> <u>(000)</u>	<u>March</u> <u>(000)</u>	<u>April</u> <u>(000)</u>	<u>May</u> <u>(000)</u>	<u>Total</u> <u>(000)</u>
American Hoist and Derrick Company (5.875%)	\$ 250					\$ 250
Associates Investment Company (5.83%)	2,637	\$ 1,100			\$ 358	4,095
J.I. Case Credit Corporation (5.94%)	1,215				600	1,815
C.I.T. Financial Corporation (5.75%)	1,000	2,000	\$ 1,000			4,000
Commercial Credit Company (5.86%)	912	500				1,412
Ford Motor Credit Company (5.80%)	3,768	450				4,218
Gamble-Skogmo Inc. (5.89%)	2,900					2,900
General Acceptance Corporation (5.85%)			1,656	\$ 2,000		3,656
International Harvester Credit Corporation (5.75%)	25			1,345		1,370
Montgomery Ward Credit Corporation (5.77%)	1,720	100		1,225		3,045
Seaboard Finance Company (5.92%)	1,606				500	2,106
Sears, Roebuck Acceptance Corporation (5.68%)	996		1,750			2,746
James Talcott, Inc. (5.76%)	1,262	562	1,350	645		3,759
Transamerica Financial Corporation (5.92%)	2,405		700			3,105
Westinghouse Credit Corporation (5.68%)	2,301					2,301
TOTAL INVESTMENT	\$22,997	\$ 4,652	\$ 6,456	\$ 5,215	\$ 1,458	\$40,778

Average Weighted Yield 5.81%

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule VI

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND
December 31, 1968

ISSUE					
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount ('000)
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS					
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	1,469
Delta Steamship Lines, Inc.	Govt. Guaranteed Bond	3-1-86	5 1/2	5.50	1,421
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	1,424
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>				5.38%	\$ 14,605
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
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
GAS					
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4 1/2	4.55	\$ 1,164
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	1,128
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	1,152
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	853
<i>Total Gas Utility Obligations</i>				4.93%	\$ 8,897

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND
December 31, 1968

ISSUE						
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
TELEPHONE						
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	
Total Telephone Utility Obligations				4.61%	\$ 10,400	
Total Public Utility Obligations				4.62%	\$ 39,959	
FINANCE OBLIGATIONS						
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	
Total Finance Obligations				4.72%	\$ 3,700	
INDUSTRIAL OBLIGATIONS						
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.50	\$ 1,404	
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	1,008	
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	1,104	
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	1,100	
Pillsbury Co.	Promissory Note	12-1-88	4 3/8	4.40	960	
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	4-1-69/79	2.90	4.67	1,100	
Standard Oil Co. of Indiana	Promissory Note	12-1-69/ 6-1-79	3	5.00	1,128	
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	1,335 ^b	
Witco Chemical Co., Inc.	Note	12-1-84	4.65	4.65	1,140	
Youngstown Sheet & Tube Co.	First Mortgage S/F	7-1-95	4.60	4.60	1,500	
Total Industrial Obligations				4.69%	\$ 40,279	
TRANSPORTATION DEBT OBLIGATIONS						
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	
Total Transportation Debt Obligations				4.56%	\$ 4,684	

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS - PERMANENT SCHOOL FUND
December 31, 1968

ISSUE					
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	4-15-71/80	4.55	4.55	\$ 1,500
Chesapeake & Ohio Railway Co.	Conditional Sale	6-1-69/78	4.40	4.40	956 ^c
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-69/ 12-15-80	4 7/8	4.875	1,200
General American Transportation Corp.	Equipment Trust	7-15-84	4 5/8	4.59	1,422
Illinois Central Railroad Co.	Conditional Sale	2-15-83	6 7/8	6.875	1,500
Kansas City Southern Railway Co.	Conditional Sale	1-15-69/ 7-15-73	4.35	4.35	984 ^d
Kansas City Southern Railway Co.	Conditional Sale	1-15-74/ 7-15-78	4.45	4.45	492 ^e
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	12-15-69/80	4.80	4.80	959 ^f
Western Pacific Railroad Co.	Conditional Sale	3-15-71/80	4.55	4.55	1,000
<i>Total Railroad Equipment Obligations</i>				<u>4.76%</u>	<u>\$ 17,513</u>
TOTAL CORPORATE OBLIGATIONS				<u>4.67%</u>	<u>\$106,135</u>
TOTAL U.S. GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS				<u>4.76%</u>	<u>\$120,740</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: \$1,335,205.47
- c. Figure shown is rounded to the nearest thousand; actual holding is as follows: 955,658.00
- 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: 958,811.40

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, 1968

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
Company	Type of Security										
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS											
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	710	710	-	-	-	-	-
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	426	426	-	-	-	-	-
Gulf & South American	Government-Guaranteed Bond	12-31-88	4.20	4.20	426	341	-	-	85	-	-
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	2,278	712	570	712	142	48	94
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	2,064	719	555	698	92	-	-
United States Lines	Government-Guaranteed Bond	11-1-86	4 3/8	4.375	970	880	-	-	90	-	-
<i>Total United States Government-Guaranteed Obligations</i>				4.94%	\$ 14,358	\$ 7,810	\$ 2,325	\$ 2,894	\$ 987	\$ 48	\$ 294
CANADIAN PROVINCIAL OBLIGATIONS											
The New Brunswick Electric Power Commission	S/F Debenture	11-15-91	6	6.16	1,400	500	400	500	-	-	-
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.15	1,000	-	300	500	200	-	-
Province of Ontario	Debenture	4-15-97	5 5/8	5.625	1,100	-	400	600	100	-	-
Province of Ontario	Debenture	12-1-97	6 7/8	6.96	1,300	700	200	400	-	-	-
<i>Total Canadian Provincial Obligations</i>				6.46%	\$ 4,800	\$ 1,200	\$ 1,300	\$ 2,000	\$ 300	-	-
CORPORATE BONDS											
PUBLIC UTILITY OBLIGATIONS											
ELECTRIC											
Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 426	\$ 122	\$ 87	\$ 217	-	-	-
Alabama Power Co.	First Mortgage	3-1-91	4 1/2	4.40	850	350	300	150	-	-	\$ 50
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	-	-

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)	
Company	Type of Security											
PUBLIC UTILITY OBLIGATIONS (Continued)												
Consolidated Edison Co.	First & Refunding Mortgage	10-15-94	4.60	6.45	\$ 1,100	\$ -	\$ -	\$ 1,100	-	-	-	
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	-	-	-	
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	1,150	529	-	524	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	-	-	-	
Rochester Gas & Electric Corp.	First Mortgage	7-1-98	6.70	6.70	2,000	800	-	1,000	150	50	-	
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	4.375	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					4.90%	\$ 44,245	\$ 15,056	\$ 9,728	\$ 17,727	\$ 1,023	\$ 230	\$ 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	1,552	582	388	582	-	-	-	
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	1,260	405	360	405	-	45	45	
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	-	475	-	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	384	-	384	-	-	-	-	

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
Company	Type of Security										
PUBLIC UTILITY OBLIGATIONS (Continued)											
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	1,100	420	340	340	-	-	-
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	760	475	285	-	-	-	-
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	853	512	341	-	-	-	-
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	1,224	408	408	408	-	-	-
Washington Gas Light Co.	First Mortgage	3-1-91	5.20	5.20	1,000	600	400	-	-	-	-
Total Gas Utility Obligations				4.76%	\$ 29,501	\$ 11,198	\$ 7,819	\$ 9,171	\$ 584	\$ 165	\$ 564
TELEPHONE											
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	-	-	-
General Telephone Co. of the Northwest, Inc.	First Mortgage	6-1-99	7 1/8	7.125	2,550	700	600	1,000	150	-	100
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
United Telephone Co. of Ohio	First Mortgage	7-1-98	6 7/8	6.875	2,500	800	700	1,000	-	-	-
The United Telephone Co. of Pennsylvania	First Mortgage	11-1-98	6 5/8	6.625	1,250	-	-	1,250	-	-	-
Total Telephone Utility Obligations				5.52%	\$ 15,760	\$ 5,050	\$ 3,100	\$ 7,050	\$ 360	-	\$ 200
WATER											
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	-	-	-
Total Public Utility Obligations				4.97%	\$ 91,106	\$ 31,704	\$ 20,947	\$ 34,848	\$ 1,967	\$ 395	\$ 1,245
FINANCE OBLIGATIONS											
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	1,850	-	600	1,000	100	50	\$ 100
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	-	-	-
Household Finance Corp.	Debenture	1-1-90	7 1/4	7.30	255	-	255	-	-	-	-
John Deere Credit Co.	Debenture	10-31-90	5	5.00	1,650	600	450	600	-	-	-
Total Finance Obligations				5.39%	\$ 12,330	\$ 3,300	\$ 3,405	\$ 4,950	\$ 475	\$ 100	\$ 100
INDUSTRIAL OBLIGATIONS											
Abbott Laboratories	S/F Debenture	1-15-93	6 1/4	6.29	\$ 1,135	-	-	\$ 1,000	\$ 135	-	-
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.375	1,378	\$ 460	\$ 368	550	-	-	-
American Greetings Corp.	Promissory Note	10-1-84	4.70	7.40	500	-	-	500	-	-	-
American Metal Climax, Inc.	Note	8-1-88	4 1/2	6.00	1,600	700	-	900	-	-	-
American Sterilizer Co.	Note	8-1-77	4 7/8	4.875	557	260	297	-	-	-	-

ISSUE		Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Public Employees Police & Fire Fund (000)	State Police Officers Retirement Fund (000)	Highway Patrolmen's Retirement Fund (000)
Company	Type of Security										
INDUSTRIAL OBLIGATIONS (Continued)											
Archer-Daniels-Midland Co.	Promissory Note	3-1-88	4 3/8	5.13	\$ 2,500	\$ 650	\$ 450	\$ 1,250	\$ 150	-	-
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	-	-	-
The Bendix Corp.	S/F Debenture	12-1-92	6 5/8	6.625	2,400	700	600	1,000	100	-	-
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	-	-	-
Central Soya Co. Inc.	S/F Debenture	1-1-93	6 3/8	6.45	1,950	800	-	1,000	150	-	-
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	5.33	1,500	500	-	1,000	-	-	-
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	-	-	-
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	6.38	2,250	712	300	1,200	38	-	-
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	2,000	500	500	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	5.40	2,150	700	600	700	150	-	-
Honeywell, Inc.	Note	4-1-90	4.55	6.99	500	-	-	500	-	-	-
International Milling Co.	Note	3-1-88	4 1/2	4.50	978	489	-	489	-	-	-
Kern County Land Co.	Promissory Note	9-1-89	4.65	4.65	1,344	504	336	504	-	-	-
The Kroger Co.	Note	10-1-81	4.80	4.80	1,275	425	340	510	-	-	-
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	868	-	396	472	-	-	-
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	642	-	-	550	46	-	46
Montgomery Ward & Co., Inc.	S/F Debenture	8-1-90	4 7/8	5.75	940	-	440	500	-	-	-
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	576	-	-	576	-	-	-
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	1,425	475	380	475	95	-	-
Shell Oil Co.	Debenture	3-15-91	5	5.00	1,500	550	400	550	-	-	-
Shell Oil Co.	Note	4-15-90	4 1/2	6.36	1,000	-	-	1,000	-	-	-
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	5.33	1,775	600	400	775	-	-	-
The Singer Co.	Note	8-1-86	5 5/8	5.90	2,100	600	400	1,100	-	-	-
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	4-1-69/79	2.90	4.67	734	-	330	404	-	-	-
Standard Oil Co. (Indiana)	Promissory Note	12-1-69/ 6-1-79	3	5.00	628	628	-	-	-	-	-
Standard Oil Co. (Indiana)	Debenture	1-15-98	6	6.07	1,850	400	400	1,000	-	50	-
Standard Oil Co. (New Jersey)	Debenture	11-1-97	6	6.00	1,700	-	700	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.	S/F Debenture	8-1-92	6.30	6.30	1,150	-	500	550	-	-	100
Swift & Co.	Debenture	6-1-86	4 7/8	5.78	2,062	460	368	1,004	230	-	-
Uarco, Inc.	Note	5-1-88	6 1/2	6.50	1,600	600	-	1,000	-	-	-
Union Oil Co. of California	Note	12-1-88	6 1/2	6.50	2,050	800	-	1,000	150	-	100
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	1,710	618	380	570	71	-	71
Worthington Corp.	Note	7-1-81	5	5.00	1,044	348	260	436	-	-	-
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	4.60	2,000	700	500	700	100	-	-

Total Industrial Obligations

5.46% \$ 85,121 \$ 24,279 \$ 18,705 \$ 39,315 \$ 2,065 \$ 140 \$ 617

ISSUE						Public	State	Teachers'	Public	State Police	Highway
Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	Employees Police & Fire Fund (000)	Officers Retirement Fund (000)	Patrolmen's Retirement Fund (000)
TRANSPORTATION DEBT OBLIGATIONS											
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*	-	-	-	-
Total Transportation Debt Obligations				4.72%	\$ 9,902	\$ 3,248	\$ 2,406	\$ 3,683	\$ 246	\$ 98	\$ 221
RAILROAD EQUIPMENT OBLIGATIONS											
ACF Industries, Inc.	Equipment Trust	11-1-69/75	4 3/4	4.75	\$ 945	\$ 350	\$ 245	\$ 350	-	-	-
ACF Industries, Inc.	Equipment Trust	1-15-69/77	4 7/8	4.875	756	306	306	-	\$ 144	-	-
ACF Industries, Inc.	Equipment Trust	4-15-69/81	5 5/8	5.625	693	277	260	-	156	-	-
Atchison, Topeka & Santa Fe Railway System	Conditional Sale	7-15-69/1-15-81	5	5.00	1,900	625	500	625	150	-	-
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-69/78	4.55	4.55	1,262 ^b	467 ^b	328 ^b	467 ^b	-	-	-
Chesapeake & Ohio Railway Co.	Conditional Sale	2-15-83	6 7/8	6.875	1,700	500	500	700	-	-	-
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-69/12-15-80	4 7/8	4.875	1,439 ^c	480	479 ^c	480	-	-	-
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-15-82	6 3/8	6.375	940 ^d	268 ^d	269 ^d	268 ^d	81 ^d	-	\$ 54 ^d
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-71/6-1-81	5 3/8	5.375	1,184 ^e	358 ^e	298 ^e	349 ^e	179 ^e	-	-
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-1-69/77	5 3/8	5.375	1,150 ^f	414 ^f	331 ^f	405 ^f	-	-	-
Fruit Growers Express Co.	Equipment Trust	5-1-69/77	4.70	4.70	450	225	-	225	-	-	-
Fruit Growers Express Co.	Equipment Trust	12-15-69/75	4 3/4	4.75	1,169	350	350	350	70	-	49
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	-	-	-
Illinois Central Railroad Co.	Conditional Sale	2-15-83	6 7/8	6.875	2,450	700	600	1,000	-	\$ 50	100
Kansas City Southern Railway Co.	Conditional Sale	12-15-69/6-15-76	4 1/2	4.50	1,295 ^g	442 ^g	411 ^g	442 ^g	-	-	-
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-86	6 7/8	6.875	2,520	700	560	1,120	140	-	-
New York Central Railroad Co.	Equipment Trust	2-15-71,7274	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	4-15-69/10-15-72	4.40	4.40	480	160	136	160	24	-	-
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	9-1-69/3-1-82	5 1/2	5.50	1,530 ^h	630 ^h	360 ^h	540	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-69/1-2-77	4 3/4	4.75	1,103 ⁱ	408 ⁱ	289 ⁱ	406 ⁱ	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	12-1-69/6-1-72	4 1/4	4.50	359 ^j	111 ^j	110 ^j	138 ^j	-	-	-
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-72/83	6 3/4	6.75	1,320	-	480	720	120	-	-

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)
RAILROAD EQUIPMENT OBLIGATIONS (Continued)											
Southern Pacific Co.	Equipment Trust	2-1-71/73	4 1/4	4.50	\$ 985	\$ 450	-	\$ 500	\$ 35	-	-
Southern Pacific Co.	Conditional Sale	12-15-69/80	4.80	4.80	719 ^k	-	\$ 360 ^k	359 ^k	-	-	-
Western Fruit Express Co.	Equipment Trust	1-1-69/ 7-1-75	4.85	4.85	810	210	140	460	-	-	-
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>				<u>5.30%</u>	<u>\$ 39,902</u>	<u>\$ 13,109</u>	<u>\$ 10,949</u>	<u>\$ 14,032</u>	<u>\$ 1,459</u>	<u>\$ 50</u>	<u>\$ 303</u>
TOTAL CORPORATE OBLIGATIONS				<u>5.21%</u>	<u>\$238,361</u>	<u>\$ 75,640</u>	<u>\$ 56,412</u>	<u>\$ 96,828</u>	<u>\$ 6,212</u>	<u>\$ 783</u>	<u>\$ 2,486</u>
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS				<u>5.22%</u>	<u>\$257,519</u>	<u>\$ 84,650</u>	<u>\$ 60,037</u>	<u>\$101,722</u>	<u>\$ 7,499</u>	<u>\$ 831</u>	<u>\$ 2,780</u>

(See page 7 for footnotes)

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND
CORPORATE BOND HOLDINGS - RETIREMENT FUNDS
December 31, 1968

- 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 | \$ 466,666.65 |
| State Employees Retirement Fund | 328,679.70 |
| Teachers' Retirement Fund | <u>466,666.69</u> |
| Total | \$1,262,013.04 |
- c. Rounded to nearest thousand; actual holding is as follows:
- | | |
|---------------------------------|---------------|
| State Employees Retirement Fund | \$ 478,923.13 |
|---------------------------------|---------------|
- d. Rounded to nearest thousand; actual holdings are as follows:
- | | |
|-------------------------------------|------------------|
| Public Employees Retirement Fund | \$ 268,460.53 |
| State Employees Retirement Fund | 268,460.53 |
| Teachers' Retirement Fund | 268,460.53 |
| Public Employees Police & Fire Fund | 80,538.17 |
| Highway Patrolmen's Retirement Fund | <u>53,692.11</u> |
| Total | \$ 939,611.87 |
- 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 | \$ 414,106.17 |
| State Employees Retirement Fund | 331,284.95 |
| Teachers' Retirement Fund | <u>404,573.97</u> |
| Total | \$1,149,965.09 |
- g. Rounded to nearest thousand; actual holdings are as follows:
- | | |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 442,191.53 |
| State Employees Retirement Fund | 410,255.50 |
| Teachers' Retirement Fund | <u>442,191.53</u> |
| Total | \$1,294,638.56 |
- h. Rounded to nearest thousand; actual holdings are as follows:
- | | |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 630,000.01 |
| State Employees Retirement Fund | 360,000.01 |
| Teachers' Retirement Fund | <u>540,000.00</u> |
| Total | \$1,530,000.02 |
- i. Rounded to nearest thousand; actual holdings are as follows:
- | | |
|----------------------------------|-------------------|
| Public Employees Retirement Fund | \$ 407,662.00 |
| State Employees Retirement Fund | 288,766.00 |
| Teachers' Retirement Fund | <u>406,472.00</u> |
| Total | \$1,102,900.00 |

UNITED STATES GOVERNMENT GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND
CORPORATE BOND HOLDINGS - RETIREMENT FUNDS
December 31, 1968

j. Rounded to nearest thousand; actual holdings are as follows:		
Public Employees Retirement Fund		\$ 110,683.74
State Employees Retirement Fund		110,683.73
Teachers' Retirement Fund		<u>138,069.40</u>
	Total	\$ 359,436.87
k. Rounded to nearest thousand; actual holdings are as follows:		
State Employees Retirement Fund		\$ 359,554.32
Teachers' Retirement Fund		<u>359,554.32</u>
	Total	\$ 719,108.64

*Purchased 1930-1951

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL
OBLIGATIONS AND CORPORATE BOND HOLDINGS
PERMANENT SCHOOL FUND AND RETIREMENT FUNDS
December 31, 1968

<u>UNITED STATES GOVERNMENT-GUARANTEED BONDS</u>				
<u>PERMANENT SCHOOL FUND</u>			<u>RETIREMENT FUNDS</u>	
Dollar Amount (000)	%		Dollar Amount (000)	%
\$ 14,605	12.10%		\$ 14,358	5.58%
<u>CANADIAN PROVINCIAL OBLIGATIONS</u>				
<u>PERMANENT SCHOOL FUND</u>			<u>RETIREMENT FUNDS</u>	
Dollar Amount (000)	%		Dollar Amount (000)	%
-	-		\$ 4,800	1.86%
<u>CORPORATE BOND HOLDINGS</u>				
<u>PERMANENT SCHOOL FUND</u>			<u>RETIREMENT FUNDS</u>	
Dollar Amount (000)	%	<u>CLASSIFICATION BY CORPORATE TYPE</u>	Dollar Amount (000)	%
		Public Utility Obligations		
\$ 20,662	17.11%	Electric	\$ 44,245	17.18%
8,897	7.37	Gas pipeline & distribution	29,501	11.46
10,400	8.61	Telephone	15,760	6.12
-	-	Water	1,600	0.62
<u>\$ 39,959</u>	<u>33.09%</u>	<u>TOTAL PUBLIC UTILITY OBLIGATIONS</u>	<u>\$ 91,106</u>	<u>35.38%</u>
		Other Obligations		
\$ 3,700	3.06%	Finance	\$ 12,330	4.79%
40,279	33.36	Industrial	85,121	33.05
4,684	3.88	Transportation	9,902	3.85
17,513	14.51	Railroad Equipment	39,902	15.49
<u>\$ 66,176</u>	<u>54.81</u>	<u>TOTAL OTHER OBLIGATIONS</u>	<u>\$147,255</u>	<u>57.18%</u>
<u>\$106,135</u>	<u>87.90%</u>	<u>TOTAL CORPORATE OBLIGATIONS</u>	<u>\$238,361</u>	<u>92.56%</u>
\$120,740	100.00%	<u>TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS</u>	\$257,519	100.00%
<u>DISTRIBUTION BY REDEMPTION FEATURE AT TIME OF PURCHASE</u>				
<u>BONDS PURCHASED - January 1 - December 31, 1968</u>				
<u>PERMANENT SCHOOL FUND</u>			<u>RETIREMENT FUNDS</u>	
Dollar Amount (000)	%		Dollar Amount (000)	%
\$ 1,500	100.00%	Noncallable	\$ 7,990	18.40%
-	-	10-year or more call or refunding protection	25,890	59.61
-	-	Discount bonds*	9,549	21.99
\$ 1,500	100.00%	TOTALS	\$ 43,429	100.00%

*These bonds have been purchased at substantial discounts from original offering prices and therefore are not likely to be called at par value or above prior to maturity. In most cases, they represent issues previously owned which have declined to attractive prices because of higher interest rates.

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule IX

COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS

December 31, 1968

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	
CONSUMER-ORIENTED STOCKS										
Utilities										
Electric										
12255	\$ 484,163.99	American Electric Power	27452	10000	6937	10515	-	-	-	\$ 1,021,378.05
11500	522,901.25	Central & South West	33400	11000	8500	12500	1200	200	-	1,465,274.01
16000	440,612.50	Cincinnati Gas & Electric	44500	16000	10500	18000	-	-	-	1,192,574.63
13545	681,068.54	Commonwealth Edison	37514	12375	9565	14672	902	-	-	1,805,940.25
10900	507,277.47	Consumers Power	31020	10900	8000	11570	550	-	-	1,375,454.54
11700	829,793.69	Florida Power & Light	36700	11500	10000	13700	1000	-	500	2,572,784.90
12420	415,441.04	General Public Utilities	30657	9048	6760	13484	624	208	533	1,017,168.23
14500	685,636.25	Houston Lighting & Power	41500	14400	10300	15100	1000	-	700	1,799,877.85
14277	382,974.33	Interstate Power	29458	9957	4547	13186	1318	450	-	755,054.63
9800	404,228.80	Kansas City Power & Light	31700	10000	7000	12600	1400	-	700	1,226,912.33
16000	540,222.50	Louisville Gas & Electric	40000	12000	8000	20000	-	-	-	1,308,679.63
17000	392,087.50	Middle South Utilities	50800	16400	12000	18600	2200	400	1200	1,169,794.79
11500	279,054.00	Minnesota Power & Light	32300	10500	8600	12600	-	-	600	747,766.79
18500	632,382.12	Northern States Power	51025	16500	10500	22500	800	305	420	1,635,324.94
11500	312,233.80	Ohio Edison	37000	13500	7500	16000	-	-	-	991,158.41
*	*	Otter Tail Power Company	26600	8500	7600	9000	1500	-	-	632,825.00
12500	421,028.80	Pacific Gas & Electric	42100	14000	10000	15900	2200	-	-	1,452,943.27
12100	554,252.13	Public Service of Indiana	30200	11000	5500	11800	1000	-	900	1,368,432.15
13000	463,210.48	Southern California Edison	32500	10500	9000	11000	1300	-	700	1,107,675.08
14000	403,177.50	Southern Company	45600	12500	10500	19500	1600	400	1100	1,273,191.63
10000	580,268.50	Texas Utilities	32400	11500	8500	11000	1200	200	-	1,771,400.86
13000	437,599.22	Virginia Electric & Power	38598	10333	11166	14499	1400	-	1200	1,239,945.99
7700	160,645.00	Wisconsin Public Service	22800	6500	4000	10000	1000	300	1000	466,246.45
	\$10,530,259.41	Total Electric								\$ 29,397,804.41
Gas										
9000	\$ 364,165.72	Arkansas-Louisiana Gas	27100	9000	5000	12000	1000	100	-	\$ 1,064,697.08
*	*	Minneapolis Gas	8700	3000	2500	2600	400	100	100	332,951.00
7500	270,095.41	Panhandle Eastern Pipe Line	26148	9600	4714	10924	910	-	-	921,917.17
9125	379,536.62	Peoples Gas	19925	6900	4000	8700	-	-	325	842,213.26
	\$ 1,013,797.75	Total Gas								\$ 3,161,778.51
Telephone-Telegraph										
14100	\$ 899,272.69	American Telephone & Telegraph	43062	14710	9150	17510	1136	142	414	\$ 2,570,043.96
14800	610,468.88	General Telephone & Electronics	41600	13500	8000	18000	1700	-	400	1,762,682.89
	\$ 1,509,741.57	Total Telephone-Telegraph								\$ 4,332,726.85
	\$13,053,798.73	Total Utilities								\$ 36,892,309.77

COMMON STOCKS HELD IN THE PERMANENT SCHOOL FUND AND RETIREMENT FUNDS - December 31, 1968

Schedule IX
Page 5

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	
<u>Airlines</u>										
5800	\$ 205,657.33	American Airlines	19500	7200	3800	8500	-	-	-	\$ 641,939.91
7000	261,206.95	Delta Air Lines	36500	12300	8300	14100	1500	300	-	1,261,789.04
5200	289,202.20	Northwest Airlines	18000	6000	3400	7500	600	100	400	1,176,723.10
7200	220,829.00	Pan American World Airways	16700	7400	3200	5700	-	-	400	467,820.66
3200	184,866.40	United Air Lines	18000	5500	5000	7100	400	-	-	1,017,001.87
	\$ 1,161,761.88	Total Airlines								\$ 4,565,274.58
<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	11950	3500	2800	5250	400	-	-	1,231,295.81
4300	228,432.60	Northern Pacific	8500	1900	1600	5000	-	-	-	482,180.95
9500	371,067.38	Southern Pacific	19400	6000	5000	8000	-	-	400	730,213.47
6000	338,508.12	Southern Railway	18000	5500	4500	7500	400	100	-	976,768.04
3500	139,097.60	Union Pacific	20100	5700	4300	8700	800	100	500	759,904.08
	\$ 1,872,397.36	Total Railroads								\$ 5,057,171.91
<u>Railroad Equipment</u>										
5400	\$ 202,198.81	ACF Industries	14900	5000	4000	5000	900	-	-	\$ 629,634.22
8750	136,126.53	Union Tank Car	43500	13500	12500	15250	1750	500	-	942,490.90
	\$ 338,325.34	Total Railroad Equipment								\$ 1,572,125.12
	\$ 3,901,892.00	Total Transportation								\$ 13,189,255.25
	\$11,580,887.52	TOTAL DURABLES STOCKS								\$ 36,127,582.26
	\$49,196,672.29	TOTAL COMMON STOCKS								\$150,651,808.24
	109,829.04	Less profit on stocks sold								1,048,959.65
	\$49,086,843.25+	Net cost								\$149,602,848.59+

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

+ Market valuation, as of 12-31-68, \$56,024,577.39.

† Market valuation, as of 12-31-68, \$173,473,266.52.

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule X

COMMON STOCKS HELD IN THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND

September 30, 1969

<u>Shares</u>	<u>Company</u>	<u>Total Cost</u>
CONSUMER ORIENTED STOCKS		
<u>Utilities</u>		
19700	American Telephone & Telegraph	\$ 1,052,962.50
22000	Commonwealth Edison	935,000.00
19400	Florida Power & Light	1,270,700.00
15700	Houston Lighting & Power	598,562.50
8000	Northern Illinois Gas	244,250.00
52309	Northern States Power	1,318,128.75
25000	Pacific Gas & Electric	856,250.00
16500	Texas Utilities	884,125.00
9133	Virginia Electric & Power	217,683.88
	Total Utilities	<u>\$ 7,377,662.63</u>
<u>Financial Services</u>		
<u>Banks</u>		
15100	First Bank System	\$ 834,150.00
8500	First National City Corp.	553,662.50
17600	Northwest Bancorporation	577,950.00
9000	Security Pacific National Bank	370,125.00
15000	Wells Fargo & Co.	714,250.00
	Total Banks	<u>\$ 3,050,137.50</u>
<u>Insurance</u>		
2500	Northwestern National Life Ins.	\$ 99,250.00
6000	Safeco Corp.	301,250.00
10000	St. Paul Companies	345,000.00
	Total Insurance	<u>\$ 745,500.00</u>
	Total Financial Services	<u>\$ 3,795,637.50</u>
<u>Consumer Goods and Services</u>		
<u>Food-Beverage</u>		
5000	Coca-Cola	\$ 361,905.85
13300	General Foods	1,000,728.20
14000	General Mills	474,967.78
	Total Food-Beverage	<u>\$ 1,837,601.83</u>
<u>Retail Trade</u>		
25000	Dayton-Hudson Corp.	\$ 837,500.00
31800	Penney (J.C.) Co., Inc.	1,701,300.00
16500	Sears Roebuck	1,136,000.00
	Total Retail Trade	<u>\$ 3,674,800.00</u>
	Total Consumer Goods & Services	<u>\$ 5,512,401.83</u>
	TOTAL CONSUMER ORIENTED STOCKS	<u>\$16,685,701.96</u>
RESEARCH STOCKS		
<u>Cosmetics & Drugs</u>		
18800	American Home Products	\$ 1,129,550.00
13500	Gillette Co.	710,940.38
2500	Merck & Co.	230,354.23
	Total Cosmetics & Drugs	<u>\$ 2,070,844.61</u>

<u>Shares</u>	<u>Company</u>	<u>Total Cost</u>
	<u>Electronics; Data Processing</u>	
4000	Burroughs Corp.	\$ 542,500.00
8000	Control Data Corp.	1,151,217.03
10000	Emerson Electric Co.	514,673.93
2777	Honeywell, Inc.	361,704.25
4932	International Business Machines	1,681,965.00
5000	International Tel. & Tel.	263,635.95
	Total Electronics; Data Processing	\$ 4,515,696.16
	<u>Technology</u>	
4700	Eastman Kodak	\$ 352,500.00
3100	Minnesota Mining & Manufacturing	313,100.00
2687	Polaroid Corp.	347,966.50
4050	Xerox Corp.	392,343.75
	Total Technology	\$ 1,405,910.25
	TOTAL RESEARCH STOCKS	\$ 7,992,451.02
	NATURAL RESOURCES STOCKS	
	<u>Petroleum</u>	
26800	Gulf Oil	\$ 1,012,100.00
7500	Standard Oil (Indiana)	423,961.75
7600	Standard Oil (New Jersey)	553,475.00
29070	Texaco, Inc.	1,013,284.96
	TOTAL NATURAL RESOURCES STOCKS	\$ 3,020,821.71
	DURABLES STOCKS	
	<u>Airlines</u>	
11856	Northwest Airlines	\$ 316,176.20
	Total Airlines	\$ 316,176.20
	<u>Auto & Auto Equipment</u>	
21800	Ford Motor Co.	\$ 1,018,539.12
9100	General Motors Corp.	703,490.52
10000	Goodyear Tire & Rubber Co.	274,413.00
	Total Auto & Auto Equipment	\$ 1,996,442.64
	<u>Building & Construction</u>	
15000	Carrier Corp.	\$ 571,311.63
5000	Caterpillar Tractor	230,625.00
15000	Weyerhaeuser	578,553.90
	Total Building & Construction	\$ 1,380,490.53
	TOTAL DURABLES STOCKS	\$ 3,693,109.37
	TOTAL COMMON STOCKS	\$31,392,084.06



MEMBERS OF BOARD:

GOVERNOR HAROLD LE VANDER
STATE AUDITOR WILLIAM J. O'BRIEN
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

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55103

October 10, 1969

SUPPLEMENT TO 1968 ANNUAL REPORT
DISTRIBUTION OF SECURITIES BUSINESS

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

From: Robert E. Blixt, Executive Secretary

The following schedules detail the distribution of securities business by Minnesota's State Board of Investment during 1968. We have found continued interest in this allocation by fund beneficiaries, elected officials, brokerage houses, investment bankers and the taxpayers generally.

As this is being written in late 1969, we are making substantial changes both in our portfolio and in our distribution of business. We believe that the interests of the fund beneficiaries could better be served through a shorter list of common stocks and, perhaps, somewhat more frequent trading. This will mean a greater use of block trades through firms which specialize in this type of transaction. We are also finding that certain firms are offering specialized computer information and data applicable to our particular portfolios. It is presumed that future business will be concentrated with those organizations which are able to provide the types of service deemed most necessary by our staff members.

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 1967, 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."

Except in instances where specific research, proven trading ability, or particular services are involved, 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 resumes 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 two Minnesota bank dealers and from various prime market dealers, including two that have offices in Minnesota. 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. Repurchase agreements are negotiated on a competitive basis through those banks and securities firms which have expressed an interest in providing this type of security. 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

During 1968, short-term corporate notes of prime quality were 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. The 1969 Legislature made certain corporate notes, issued by firms with assets of over \$500 million, eligible for use in the Invested Treasurer's Cash Fund. The use of this type of credit instrument has increased substantially during 1969. 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 1967 and 1968, at a time of marked changes in interest rates. Because of this time lag between commitment date and date of payment, certain fixed-income securities purchased during 1968 were not paid for until 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.

Schedule 4. Debt Obligations Purchased at Time of Offering on a Designated Basis

Although private placements constituted most of the fixed-income purchases made by State funds during 1968, 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. Debt Obligations 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 offerings to our department or through firms known to have unsold balances of the issues involved.

Schedule 6. Corporate Bonds Purchased Through Secondary Offerings

Additional bonds and portions of private placements of issues already owned by State funds were purchased in these accounts on the basis of offerings made to the State Board of Investment. The price was checked with other firms likely to maintain a market for the same or similar securities.

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 eight 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 showed outstanding results from their recommendations during the 1966-1968 period, 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, nor statutory or board approval to use this type of security. 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.

It has been our hope for several years that we could reduce the number of firms with whom we conduct stock transactions. Not only would records be simplified, but we would then be able to concentrate our business with 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 numerous firms, regardless of geographical location.

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 1968, 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.

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 six years indicates that savings on these transactions may approximate $3/8$ to $1/2$ of a point per share, or \$475 to \$500 per thousand shares.

These off-board trades are handled on a competitive basis, with two to four dealers contacted simultaneously. The dealers have been able to make markets of the size needed by our State funds in those stocks in which they specialize. Until recently, our trades generally ranged from 500 to 2000 shares. Trades of much larger size have taken place in late 1969. It is probable that more future business will be allocated to those firms with demonstrated ability to handle these transactions efficiently.

An 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 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.

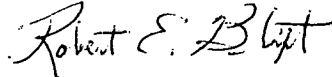
Schedule 10. Sales of Minnesota Subdivision Bonds

The blocks of municipal bonds listed on the schedule were sold by competitive bids after they were advertised in national and local financial publications.

* * * * *

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. Blixt, C.F.A.
Executive Secretary

REB:la

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 1

PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS
January 1 - December 31, 1968

A. PURCHASES (in thousands)

Dealer	1-30 days	31-90 days	91 days- 1 year	Over 1 year	Total
Bankers Trust Company	-	\$13,010.0	\$ 18,683.0	-	\$ 31,693.0
Blyth & Company, Inc.	-	5,220.0	10,745.0	-	15,965.0
Chemical Bank	-	500.0	-	-	500.0
Discount Corporation	-	-	12,895.0	-	12,895.0
First Boston Corporation	-	9,720.0	15,430.0	\$ 8,000.0	33,150.0
First National Bank, Chicago	-	530.0	5,190.0	8,000.0	13,720.0
First National Bank, St. Paul	\$2,236.0	5,197.0	31,380.0	960.0	39,773.0
First National City Corporation	-	-	4,000.0	-	4,000.0
Harris Trust & Savings Bank (Chicago)	-	6,067.0	10,580.0	3,000.0	19,647.0
Aubrey G. Lanston & Company, Inc.	-	13,175.0	32,645.0	-	45,820.0
Merrill Lynch, Pierce, Fenner & Smith, Inc.	1,900.0	4,343.0	47,330.0	8,850.0	62,423.0
Chas E. Quincey & Company	-	905.0	-	158.0	1,063.0
Morgan Guaranty Trust Company, New York	-	27,740.0	44,093.0	-	71,833.0
Northwestern National Bank, Minneapolis	590.0	4,605.0	33,585.0	1.0	38,781.0
Salomon Brothers & Hutzler	-	6,322.0	39,925.0	-	46,247.0
Second District Securities	-	-	410.0	-	410.0
U.S. Treasury	-	-	-	4,300.0	4,300.0
Totals	\$4,726.0	\$97,334.0	\$306,891.0	\$33,269.0	\$442,220.0

B. REPURCHASE AGREEMENTS (in thousands)

Dealer	1-30 days	31-90 days	Total
Bankers Trust Company	\$ 5,000.0	-	\$ 5,000.0
Chemical Bank	99,560.0	\$1,500.0	101,060.0
First National Bank, Chicago	64,004.0	-	64,004.0
First National Bank, St. Paul	69,338.0	700.0	70,038.0
First National City Corporation	5,950.0	-	5,950.0
Aubrey G. Lanston & Company, Inc.	19,500.0	-	19,500.0
Northwestern National Bank, Minneapolis	77,836.0	1,500.0	79,336.0
Totals	\$341,188.0	\$3,700.0	\$344,888.0

Purchases and Sales of U.S. Treasury
Obligations

Schedule 1
(Page 2)

C. SALES (in thousands)

Dealer	1-30 days	31-90 days	91 days- 1 year	Over 1 year	Total
Bankers Trust Company	\$ 3,500.0	-	\$ 1,500.0	-	\$ 5,000.0
Briggs & Schaedle Company, Inc.	-	\$ 710.0	5,000.0	\$ 60.0	5,770.0
Discount Corporation	37,032.0	-	10,000.0	-	47,032.0
First Boston Corporation	1,370.0	1,655.0	5,400.0	-	8,425.0
First National Bank, Chicago	7,801.0	16,665.0	10,000.0	-	34,466.0
First National Bank, St. Paul	37,094.0	13,897.0	24,651.0	55.0	75,697.0
First National City Corporation	-	4,000.0	-	-	4,000.0
Harris Trust & Savings Bank (Chicago)	-	500.0	11,775.0	-	12,275.0
Aubrey G. Lanston & Company, Inc.	1,000.0	5,215.0	-	-	6,215.0
Merrill Lynch, Pierce, Fenner & Smith, Inc.	14,359.0	25,675.0	10,190.0	280.0	50,504.0
Chas E. Incey & Company	1,876.0	-	-	-	1,876.0
Morgan Guaranty Trust Company, New York	5,156.0	32,010.0	5,000.0	-	42,166.0
Northwestern National Bank, Minneapolis	14,443.0	8,392.0	4,263.0	-	27,098.0
Salomon Brothers & Hutzler	20,000.0	18,000.0	3,135.0	-	41,135.0
Totals	\$143,631.0	\$126,719.0	\$90,914.0	\$395.0	\$361,659.0

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 2

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES
January 1 - December 31, 1968

A. PURCHASES (in thousands)

Dealer	1-30 days	31-60 days	61-90 days	91-180 days	181-270 days	Total
Associates Investment Co.	\$ 4,112.0	\$ 2,546.0	\$ 2,325.0	\$ 5,034.0	\$ 49.0	\$ 14,066.0
A.G. Becker & Co., Inc.:						18,245.0
Gamble-Skogmo, Inc.	1,437.0	-	1,332.0	7,315.0	-	
General Acceptance Corp.	1,608.0	1,095.0	2,458.0	-	3,000.0	
Goldman, Sachs & Co.:						12,854.0
J.I. Case Credit Co.	7,054.0	500.0	-	4,600.0	700.0	
C.I.T. Financial Corp.	2,870.0	400.0	1,050.0	3,200.0	3,000.0	10,520.0
Commercial Credit Co.	8,660.0	5,338.0	489.0	700.0	400.0	15,587.0
Ford Motor Credit Co.	2,500.0	-	1,105.0	3,647.0	-	7,252.0
International Harvester Credit Corp.	-	-	25.0	2,345.0	-	2,370.0
Lehman Commercial Paper, Inc.:						11,443.0
American Hoist & Derrick Co.	-	250.0	-	-	-	
Seaboard Finance Co.	172.0	3,935.0	1,691.0	5,095.0	300.0	
Montgomery Ward Credit Corp.	1,526.0	800.0	450.0	2,710.0	3,080.0	8,566.0
J.C. Penney Financial Corp.	3,814.0	1,500.0	1,050.0	4,365.0	-	10,729.0
Piper, Jaffray & Hopwood:						2,335.0
Honeywell Finance, Inc.	-	610.0	-	-	-	
Pillsbury Company	-	1,425.0	300.0	-	-	
Sears Roebuck Acceptance Corp.	7,772.0	2,322.0	400.0	4,941.0	-	15,435.0
James Talcott, Inc.	1,992.0	50.0	700.0	7,375.0	1,670.0	11,787.0
Transamerica Financial Corp.	1,660.0	1,450.0	870.0	6,111.0	-	10,091.0
Westinghouse Credit Corp.	200.0	2,300.0	1,230.0	3,821.0	-	7,551.0
Totals	\$45,377.0	\$24,521.0	\$15,475.0	\$61,259.0	\$12,199.0	\$158,831.0

Purchases and Sales of Short-Term
Corporate Notes

Schedule 2
(Page 2)

B. SALES (in thousands)

Dealer	1-30 days	31-60 days	61-90 days	91-180 days	181-270 days	Total
C.I.T. Financial Corp.	\$1,000.0	-	-	-	-	\$1,000.0
Commercial Credit Company	400.0	-	-	-	-	400.0
Montgomery Ward Credit Corp.	200.0	-	-	-	-	200.0
James Talcott, Inc.	-	\$ 25.0	-	-	-	25.0
Transamerica Financial Corp.	-	27.0	\$ 33.0	-	-	60.0
Totals	\$1,600.0	\$ 52.0	\$ 33.0	-	-	\$1,685.0

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 3

PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES
Purchased January 1 - December 31, 1968

Face Amount	Company	Type of Security	Yield	Maturity	Negotiated through
\$1,750,000	Chesapeake & Ohio Railway Co. (C.I.T. Financial Corp.)	Conditional Sale	6.875%	2-15-83	Salomon Brothers & Hutzler
\$2,600,000	General Telephone Co. of the Northwest, Inc.	First Mortgage Bond	7.125%	6-1-99	Paine, Webber, Jackson & Curtis; Stone & Webster Securities
\$1,000,000	Goodrich-Gulf Chemicals, Inc.	Note	6.50%	11-15-92	The First Boston Corp.; Goldman, Sachs & Co.
\$3,950,000	Illinois Central Railroad Co.	Conditional Sale	6.875%	2-15-83	R.W. Pressprich & Co., Inc.
\$2,576,000	Louisville & Nashville Railroad Co.	Conditional Sale	6.875%	1-15-86	Salomon Brothers & Hutzler
\$2,000,000	Rochester Gas & Electric Corp.	First Mortgage Bond	6.70%	7-1-98	The First Boston Corp.
\$1,320,000	St. Louis-San Francisco Railway Co.	Conditional Sale	6.75%	1-1-72/83	Dick & Merle-Smith
\$1,200,000	Swift & Company	Debenture	6.30%	8-1-92	Salomon Brothers & Hutzler
\$1,600,000	Uarco, Inc.	Note	6.50%	5-1-88	Kidder, Peabody & Co., Inc.
\$2,050,000	Union Oil Company of California (Pure Transportation Co.)	Note	6.50%	12-1-88	Dillon, Read & Co., Inc.

Private Placements of Fixed-Income Securities

Schedule 3
(Page 2)

Face Amount	Company	Type of Security	Yield	Maturity	Negotiated through
\$2,500,000	United Telephone Co. of Ohio	First Mortgage Bond	6.875%	7-1-98	Kidder, Peabody & Co., Inc.
\$1,250,000	The United Telephone Co. of Pennsylvania	First Mortgage Bond	6.625%	11-1-98	Kidder, Peabody & Co., Inc.

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 4

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING
ON A DESIGNATED BASIS

January 1 - December 31, 1968

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$120	A.E. Ames & Co., Inc.	\$ 60	W.C. Langley & Co.
65	American Securities Corp.	50	Lazard Freres & Co.
230	Bache & Co., Inc.	240	Lehman Brothers
40	J. Barth & Co.	25	J.L. Levesque & L.G. Beaubien Ltd.
50	Bear, Stearns & Co.	75	Loeb, Rhoades & Co.
75	A.G. Becker & Co., Inc.	70	Loewi & Co.
40	Bell, Gouinlock & Co., Inc.	55	McDonald & Co.
50	William Blair & Co.	40	McDonnell & Co., Inc.
330	Blyth & Co., Inc.	100	McLeod, Young, Weir, Inc.
95	Clark, Dodge & Co., Inc.	230	Merrill Lynch, Pierce, Fenner & Smith
90	Courts & Co.	45	Midland Canadian Corporation
70	Dain, Kalman & Quail, Inc.	40	Mills, Spence & Co., Inc.
100	Dempsey-Tegeler & Co., Inc.	50	Model, Roland & Co.
105	Dick & Merle-Smith	300	Morgan Stanley & Co.
75	Dillon, Read & Co., Inc.	50	F.S. Mosely & Co.
90	Dominick & Dominick, Inc.	40	Nesbitt, Thomson & Co., Inc.
100	The Dominion Securities Corp.	40	New York Hanseatic Corporation
215	Drexel Harriman Ripley, Inc.	40	John Nuveen & Co., Inc.
145	Eastman Dillon, Union Securities & Co.	230	Paine, Webber, Jackson & Curtis
40	Eppler, Guerin & Turner, Inc.	155	Piper, Jaffray & Hopwood
90	Estabrook & Co.	150	R.W. Pressprich & Co.
90	Equitable Securities Corporation	130	Reynolds & Co.
40	Faulkner, Dawkins & Sullivan	30	L.F. Rothschild & Co.
300	The First Boston Corporation	380	Salomon Brothers & Hutzler
230	Francis I. duPont, A.C. Allyn, Inc.	230	Shearson, Hammill & Co., Inc.
150	Glore Forgan, Wm. R. Staats, Inc.	395	Smith, Barney & Co., Inc.
255	Goldman, Sachs & Co.	50	F.S. Smithers & Co.
40	Greenshields & Co., Inc.	50	Spencer Trask & Co.
310	Halsey, Stuart & Co., Inc.	30	Stone & Webster Securities Corp.
100	Harris & Partners, Inc.	40	Thomson & McKinnon
120	Hayden, Stone Inc.	90	Tucker, Anthony & R.L. Day
230	Hornblower & Weeks-Hemphill, Noyes	70	Walston & Co., Inc.
90	E.F. Hutton & Co., Inc.	50	Weeden & Co., Inc.
50	W.E. Hutton & Co.	245	White, Weld & Co.
145	Kidder, Peabody & Co., Inc.	180	Dean Witter & Co.
80	Kuhn, Loeb & Co.	40	Woodard-Elwood & Co.
40	Laird & Company, Corp.	70	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, 1968

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 60	Bache & Co., Inc.	\$ 90	Lazard Freres & Co.
20	J. Barth & Co.	30	Lehman Brothers
30	A.G. Becker & Co., Inc.	20	Loeb, Rhoades & Co.
170	William Blair & Co.	55	Loewi & Co., Inc.
45	Blyth & Co., Inc.	40	McDonald & Co.
20	Carter, Berlind & Weill, Inc.	20	McDonnell & Co., Inc.
35	Clark, Dodge & Co., Inc.	20	McLeod, Young, Weir, Inc.
20	Courts & Co.	80	Merrill Lynch, Pierce, Fenner & Smith
30	Dillon, Read & Co., Inc.	20	Model, Roland & Co., Inc.
25	Dominick & Dominick, Inc.	350	Morgan Stanley & Co.
35	Drexel Harriman Ripley, Inc.	20	F.S. Moseley & Co.
35	Eastman Dillon, Union Securities & Co.	20	New York Hanseatic Corporation
20	Equitable Securities Corporation	70	Paine, Webber, Jackson & Curtis
95	The First Boston Corporation	100	Piper, Jaffray & Hopwood
65	Francis I. duPont, A.C. Allyn, Inc.	25	R.W. Pressprich & Co.
30	Goldman, Sachs & Co.	30	Salomon Brothers & Hutzler
100	Glore Forgan, Wm. R. Staats, Inc.	165	Shearson, Hammill & Co., Inc.
110	Halsey, Stuart & Co., Inc.	20	Shields & Co., Inc.
115	Hayden, Stone, Inc.	320	F.S. Smithers & Co.
110	H. Hentz & Co.	20	Stone & Webster Securities Corp.
70	Hornblower & Weeks - Hemphill, Noyes	20	Sutro & Co.
20	E.F. Hutton & Co., Inc.	20	Tucker, Anthony & R.L. Day
135	Kidder, Peabody & Co., Inc.	60	Weeden & Co., Inc.
70	John G. Kinnard & Co., Inc.	80	White, Weld & Co.
30	Kuhn, Loeb & Co.	35	Dean Witter & Co.
20	Laird & Company, Corporation	20	Woodard-Elwood & Co.
25	W.C. Langley & Co.		

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 6

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS
January 1 - December 31, 1968

Face Amount (000)	Dealer
\$1,500	A.G. Becker & Co., Inc.
500	Francis I. duPont, A.C. Allyn, Inc.
1,319	The First Boston Corporation
1,000	Morgan Stanley & Co.
1,000	Salomon Brothers & Hutzler
4,230	F.S. Smithers & Co.

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 7

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT
January 1 - December 31, 1968

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<u>CONSUMER-ORIENTED STOCKS</u>					
		4300	Western Bancorporation 4000 Brown Bros. 300 Thomson & McKinnon	3000	General Mills 1000 Bache 1000 F.I. duPont 1000 Shearson Hammill
<u>UTILITIES</u>					
<u>Electric</u>					
			<u>Finance</u>	9000	Green Giant 2000 Faulkner Dawkins 3000 1st Manhattan 1000 Kidder Peabody 1000 Piper Jaffray 1000 J.W. Sparks 1000 Sutro
2000	American Tel. & Tel.			2400	PepsiCo 1400 Clark Dodge 1000 Eppler Gurin
	2000 Smith Barney	13000	Beneficial Finance 8000 Clark Dodge 1000 Dain Kalman 1500 Hornblower Weeks 2500 Walston	6500	Pillsbury 1000 Dain Kalman 1000 1st Manhattan 3000 Kidder Peabody 500 Paine Webber 1000 White Weld
100	Commonwealth Edison				
	100 Dain Kalman				
100	Florida Power & Lgt.	14100	Household Finance 1100 Bache 1000 Clark Dodge 2000 Cogan Berlind 2000 Dominick & Dominick 1000 Kidder Peabody 2000 E.F. Hutton 2000 Morgan Stanley 4000 H.C. Wainwright		
	100 Merrill Lynch				
700	Houston Light & Pwr.				
	500 Drexel Harriman				
	200 Walston				
700	Kansas City Pwr. & Lgt.				
	700 Bear Stearns				
4700	Otter Tail Power				
	3200 C.H. Brown				
	1500 Dain Kalman				
1500	Pacific Gas & Elec.	6000	Inv. Div. Serv. "A" 1000 A.G. Becker 1000 Ebin Robertson 2500 Kidder Peabody 1500 Morgan Stanley		
	1500 Keefe Bruyette				
200	Southern Calif. Edison				
	200 Dain Kalman				
100	Texas Utilities				
	100 Piper Jaffray				
400	Virginia Elec. & Pwr.				
	400 Walston				
<u>Gas</u>					
			<u>Insurance</u>		
		4000	Aetna Life Insurance 2000 Drexel Harriman 1000 Kidder Peabody 1000 Goldman Sachs	6300	Donnelley 1000 H. Hentz 100 Piper Jaffray 2000 Reynolds 1500 Smith Barney 1700 Walston
2000	Arkansas La. Gas			10200	Harcourt Brace 1000 Blair 500 Clark Dodge 500 Dean Witter 1000 Goldman Sachs 1000 Harris Upham 50 Kidder Peabody 1000 Lamson 100 Merrill Lynch 1000 Model Roland 50 Piper Jaffray 2500 H.C. Wainwright 500 White Weld 1000 F.S. Smithers
	1000 Harris Upham	1000	CNA Financial 1000 Kidder Peabody		
	1000 Woodard Elwood				
4000	Panhandle Eastern P.L.	1000	INA Corporation 1000 Faulkner Dawkins Travelers Corporation 5000 Eastman Dillon 3500 Estabrook		
	2000 Glore Forgan				
	2000 Paine Webber	8500			
<u>Telephone-Telegraph</u>					
			<u>CONSUMERS GOODS</u>		
100	Communications Satellite				
	100 Merrill Lynch				
5000	General Tel. & Elec.				
	1000 Caldwell Phillips	9500	Campbell Soup 2000 A.G. Becker 1000 Clark Dodge 2000 Dean Witter 2000 Equitable Sec. 2500 Shearson Hammill		
	1500 Cogan Berlind				
	300 Merrill Lynch				
	2200 Smith Barney				
<u>FINANCIAL SERVICES</u>					
<u>Banks</u>					
		550	Coca Cola 500 Courts 50 Piper Jaffray		
1000	Chase Manhattan				
	1000 Smith Barney				
4000	Citizens & So. Nat. Bank	9400	General Foods 2000 Bache 1000 J. Barth 1000 Brown Bros. 2300 Faulkner Dawkins 1000 Glore Forgan 2000 Smith Barney 100 Thomson & McKinnon	7800	Federated Dept. Stores 700 Bache 500 A.G. Becker 5600 Brown Brcs. 1500 Drexel Harriman 2000 Glore Forgan 1500 Piper Jaffray 2200 Spencer Trask J.C. Penney 3000 Bache 1300 Bear Stearns 1000 A.G. Becker 2500 H.C. Wainwright
	4000 Bear Stearns				
1000	First Nat. City Corp.				
	1000 Hornblower Weeks				
1200	N.W. Bancorporation				
	200 A.G. Becker				
	1000 Eastman Dillon				
<u>Retail Trade</u>					

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
5800	Sears Roebuck 500 Bache 1000 J. Barth 1000 Dempsey Tegeler 1300 Kidder Peabody 1000 W.C. Langley 1000 H.C. Wainwright	100	Union Carbide 100 Dain Kalman	3420	Xerox 100 A.G. Becker 500 Blair (Wm.) 300 Dean Witter 300 H. Hentz 300 Hornblower Weeks 500 Loewi 220 Merrill Lynch 200 Piper Jaffray 300 Thomson & McKinnon 300 Walston 200 H.C. Wainwright 200 White Weld
8100	Super Valu 1000 Merrill Lynch 7100 Piper Jaffray		<u>Drugs</u> 10500 American Home Products 500 A.G. Becker 1000 Caldwell Phillips 2500 Drexel Harriman 1000 Lamson 1000 Loewi 1000 Model Roland 2000 Paine Webber 500 Piper Jaffray 1000 H.C. Wainwright		
200	Zale 200 Eastman Dillon				
<u>Textiles</u>					
7100	Burlington Industries 2000 Blair 100 Blyth 1000 Eastman Dillon 4000 Salomon Bros.	3850	Merck 1000 Drexel Harriman 200 Ebin Robertson 1000 Goodbody 650 Merrill Lynch 1000 H.C. Wainwright		<u>Photography</u> 3600 Eastman Kodak 100 H. Hentz 2500 Smith Barney 1000 White Weld
<u>Miscellaneous</u>					
100	ARA Services 100 Merrill Lynch			8340	Polaroid 100 Bache 400 Brown Bros. 800 Clark Dodge 800 Cogan Berlind 900 Dean Witter 500 Faulkner Dawkins 400 1st Manhattan 300 Harris Upham 300 H. Hentz 700 Hornblower Weeks 800 Kidder Peabody 900 Loewi 100 Merrill Lynch 800 Paine Webber 240 Piper Jaffray 300 Woodard Elwood
9400	Columbia Broadcasting 200 Bache 1000 J. Barth 1300 Dean Witter 1500 Drexel Harriman 1000 F.I. duPont 3400 Morgan Stanley 1000 F.S. Smithers	2800	Pfizer 800 Eastman Dillon 1000 Morgan Stanley 1000 H.C. Wainwright		
8400	Gillette 2300 Andresen 2000 Clark Dodge 1000 Dain Kalman 1500 Dillon Read 1000 Drexel Harriman 400 Eppler Gurin 100 Merrill Lynch 100 Piper Jaffray	1500	G.D. Searle 1500 Paine Webber		
2800	Procter & Gamble 1000 Dain Kalman 700 Hornblower Weeks 1100 Morgan Stanley		<u>Office Equipment</u> 8200 Burroughs 3000 Brown Bros. 500 Dain Kalman 600 Ebin Robertson 500 1st Manhattan 200 Harris Upham 400 Merrill Lynch 700 Paine Webber 900 Piper Jaffray 300 Reynolds 400 Shearson Hammill 200 Smith Barney 500 H.C. Wainwright		
8000	Scott Paper 6000 Donaldson Lufkin 2000 Goldman Sachs			1520	<u>Miscellaneous</u> Corning Glass Works 500 A.G. Becker 300 Clark Dodge 420 Merrill Lynch 300 Paine Webber
<u>RESEARCH STOCKS</u>					
<u>Chemicals</u>					
1000	American Cyanamid 1000 Blair	100	Control Data 100 Merrill Lynch	2000	Minnesota Mining 200 Blair 700 Blair (Wm.) 100 Merrill Lynch 500 Piper Jaffray 500 H.C. Wainwright
2000	Dow Chemical 2000 Clark Dodge	2120	Inter'l Business Mach. 100 A.G. Becker 400 Clark Dodge 100 Ebin Robertson 100 Hornblower Weeks 300 Kidder Peabody 100 Loewi 710 Merrill Lynch 100 John Nuveen 110 Piper Jaffray 100 White Weld		
1500	Hercules 1000 Salomon Bros. 500 White Weld				
2000	Monsanto 1000 Cogan Berlind 1000 Piper Jaffray				

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
23100	Universal Oil Products 500 Bache 1000 A.G. Becker 1500 Blair (Wm.) 2000 Clark Dodge 1000 Drexel Harriman 1000 Eastman Dillon 1500 F.I. duPont 1000 First Manhattan 1000 Glore Forgan 1300 Goodbody 1000 Harris Upham 1000 W.C. Langley 400 Merrill Lynch 3000 Smith Barney 1000 Thomson McKinnon 4500 H.C. Wainwright 400 White Weld	9600	Standard Oil of New Jersey 1000 Bache 1500 Blair 1000 Caldwell Phillips 600 First Manhattan 1000 Glore Forgan 500 Goldman Sachs 1000 W.C. Langley 1000 Shearson Hammill 2000 J.W. Sparks 9900 Texaco 400 Bache 300 Bear Stearns 1000 Brown Bros. 1000 Dick & Merle-Smith 1000 Drexel Harriman 1000 Hornblower Weeks 1000 Merrill Lynch 600 Piper Jaffray 500 Smith Barney 100 Woodard Elwood 2000 J.W. Sparks 1000 White Weld	11500	Goodyear Tire & Rubber 500 J. Barth 1000 Bear Stearns 1000 A.G. Becker 2000 Drexel Harriman 1000 W.C. Langley 2000 Lehman 1000 Pressprich 1000 Salomon Bros. 1000 F.S. Smithers 1000 Sutro
					<u>Building & Construction</u>
				20100	Carrier 1100 Andresen 1300 A.G. Becker 5000 Clark Dodge 2200 Eastman Dillon 800 Keefe Bruyette 100 Merrill Lynch 500 Model Roland 800 Paine Webber 1900 Salomon Bros. 500 F.S. Smithers 700 Spencer Trask 5200 H.C. Wainwright Caterpillar Tractor 300 Bache 500 J. Barth 1000 Blyth 2000 Dean Witter 2000 Dick & Merle-Smith 1000 Drexel Harriman 1000 Lamson 4000 Loeb Rhoades 1000 Piper Jaffray 2000 H.C. Wainwright
				14800	Georgia-Pacific 1000 Clark Dodge 1200 Faulkner Dawkins 800 Keefe Bruyette 2000 Kidder Peabody 700 Lamson 500 Model Roland 700 Spencer Trask 500 F.S. Smithers 5000 H.C. Wainwright
				6000	National Lead 1000 Clark Dodge 2000 W.E. Hutton 1000 W.C. Langley 1000 Morgan Stanley 1000 Paine Webber 1000 Weyerhaeuser 1000 Drexel Harriman
					<u>Electrical & Electronic</u>
				250	Emerson Electric 100 Merrill Lynch 100 Paine Webber 50 Piper Jaffray
<u>NATURAL RESOURCES</u>					
<u>Petroleum</u>					
12800	Continental Oil 2000 Brown Bros. 1000 Clark Dodge 2000 Donaldson Lufkin 2000 Drexel Harriman 300 Ebin Robertson 1500 Shearson Hammill 1000 Sutro 1000 H.C. Wainwright 2000 White Weld				
14500	Gulf Oil 2000 Andresen 800 First Boston 1000 First Manhattan 2000 Glore Forgan 1000 Lehman Bros. 3200 Shearson Hammill 2500 Smith Barney 2000 H.C. Wainwright				
5700	Louisiana Land 1000 Bache 500 Dean Witter 2000 Dominick & Dominick 2100 Drexel Harriman 100 Piper Jaffray				
9600	Mobil Oil 100 Bache 1100 Dain Kalman 1500 F.I. duPont 2800 First Manhattan 2000 Kidder Peabody 2000 Piper Jaffray 100 Woodard Elwood				
5500	Standard Oil of Indiana 100 Bache 400 Bear Stearns 1000 Goodbody 2000 Keefe Bruyette 1000 Spencer Trask 1000 H.C. Wainwright				
					<u>DURABLES</u>
					<u>Automobiles & Automobile Parts</u>
		9900	Chrysler 1000 Andresen 100 Bache 1000 A.G. Becker 1000 Dick & Merle-Smith 300 Eppler Gurin 1500 Loeb Rhoades 1000 Sutro 1000 Salomon Bros. 3000 H.C. Wainwright	16000	Ford Motor 200 Bache 1000 Caldwell Phillips 1000 Clark Dodge 2000 Cogan Berlind 1500 Dominick & Dominick 1000 Faulkner Dawkins 900 Kidder Peabody 1000 Merrill Lynch 1000 Paine Webber 2000 Smith Barney 3400 Thomson & McKinnon 1000 White Weld
		12260	General Motors 1500 Brown Bros. 1000 Caldwell Phillips 3000 Clark Dodge 60 Dain Kalman 700 Drexel Harriman 1000 Eastman Dillon 2000 Estabrook 1000 Goldman Sachs 1000 W.C. Langley 1000 F.S. Smithers		

Common Stock Purchases, etc. (continued)

Schedule 7
(Page 4)

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
8400	General Electric . 500 Dain Kalman 800 Dick & Merle-Smith 200 Drexel Harriman 500 Eastman Dillon 350 First Manhattan 1000 Loeb Rhoades 50 Merrill Lynch 1200 Pressprich 1000 Salomon Bros. 1000 Smith Barney 1800 White Weld	7900	Whirlpool 200 Bache 2000 Drexel Harriman 1000 Dick & Merle-Smith 1200 Glore Forgan 400 Harris Upham 1000 Merrill Lynch 1000 Morgan Stanley 1000 Piper Jaffray 100 Woodard Elwood	7550	Northwest Airlines 1000 Andresen 100 Blyth 1300 Clark Dodge 1000 Faulkner Dawkins 1950 Merrill Lynch 1000 Salomon Bros. 1000 Shearson Hammill 200 Woodard Elwood
			<u>TRANSPORTATION</u> <u>Aircraft & Aerospace</u>	2000	Pan American 2000 Dain Kalman
200	Hewlett Packard 200 Merrill Lynch	11100	Boeing 1400 J. Barth 500 A.G. Becker 1000 Clark Dodge 1000 Faulkner Dawkins 1000 First Manhattan 1000 Kidder Peabody 1000 Loeb Rhoades 100 Merrill Lynch 2000 Morgan Stanley 100 Piper Jaffray 2000 Smith Barney	5800	United Air Lines 300 Merrill Lynch 2000 John Nuveen 1000 Paine Webber 500 Piper Jaffray 1000 Reynolds 1000 Smith Barney
7200	Internat'l Tel. & Tel. 5000 Clark Dodge 2000 Dean Witter 200 Eastman Dillon				<u>Railroads</u> 2300 Norfolk & Western 800 Eastman Dillon 800 W.C. Langley 700 Shearson Hammill
2200	Sunbeam 200 Blyth 1000 Goldman Sachs 1000 Morgan Stanley	4100	United Aircraft 1500 Dain Kalman 100 Merrill Lynch 1000 Model Roland 1500 H.C. Wainwright	1000	Northern Pacific Rail 1000 Dick & Merle-Smith
9750	Texas Instruments 1000 Dain Kalman 1600 Dean Witter 500 Faulkner Dawkins 1300 Harris Upham 500 W.C. Langley 500 Loewi 900 Merrill Lynch 550 Piper Jaffray 700 Shearson Hammill 1000 Sutro 500 H.C. Wainwright 700 White Weld		<u>Airlines</u> 5000 American Airlines 1000 J. Barth 2000 Drexel Harriman 2000 Loeb Rhoades 14400 Delta Airlines 4000 A.G. Becker 200 Blyth 1000 Brown Bros. 2000 Courts 1600 Eastman Dillon 2000 First Manhattan 2000 Loeb Rhoades 1500 Merrill Lynch 100 Thomson McKinnon	4000	Southern Pacific 2000 Bear Stearns 1000 Hornblower Weeks 1000 Woodard Elwood
				3000	Southern Railway 1000 Dick & Merle-Smith 1000 Harris Upham 1000 Laird
5400	Westinghouse 1000 Wm. Blair 300 Eppler Gurin 1000 Harris Upham 2100 Loeb Rhoades 1000 White Weld			7600	Union Pacific 1500 A.G. Becker 1500 Clark Dodge 600 First Manhattan 1500 Glore Forgan 2500 Hayden Stone
					<u>Railroad Equipment</u> 2400 ACF Industries 2400 Sutro
				8800	Union Tank Car 2300 Brown Bros. 4000 Clark Dodge 1000 Model Roland 1000 Shearson Hammill 500 F.S. Smithers

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF
LOWEST AVAILABLE PRICE
January 1 - December 31, 1968

Schedule 8

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<u>CONSUMER-ORIENTED STOCKS</u>					
		7000	Ohio Edison	9600	First Bank System
			5500 First Boston		2000 Blyth
			1500 Weeden		600 F.I. duPont
<u>UTILITIES</u>					
<u>Electric</u>					
		20500	Pacific Gas & Elec.		4300 Eastman Dillon
			7500 American Sec.		1500 Keefe Bruyette
8500	Allegheny Power		7000 First Boston		1200 M.A. Schapiro
	3500 American Sec.		5000 J.S. Strauss	3700	First Nat'l City
	5000 First Boston		1000 Weeden		2000 Eastman Dillon
9500	American Electric Power	2000	Public Serv. Colorado		1700 Keefe Bruyette
	3000 American Sec.		2000 American Sec.	1500	J.P. Morgan
	1000 First Boston	19300	Public Serv. Indiana		1500 M.A. Schapiro
	3000 J.S. Strauss		2000 First Boston	6800	Nat'l City (Cleveland)
	2500 Weeden		1000 J.S. Strauss		1000 Blyth
14400	Central & South West		16300 Weeden		2800 Keefe Bruyette
	1000 American Sec.	11100	Southern Calif. Ed.		3000 M.A. Schapiro
	2000 First Boston		5000 First Boston	3000	N.W. Bancorporation
	3000 J.S. Strauss		4000 J.S. Strauss		3000 Weeden
	8400 Weeden		2100 Weeden	7500	Sec. Pacific Nat'l
19000	Cincinnati Gas & Elec.	20500	Southern Company		2500 Bear Stearns
	11000 American Sec.		2800 First Boston		3000 First Boston
	4000 First Boston		2200 J.S. Strauss		2000 M.A. Schapiro
	4000 Weeden		15500 Weeden	8000	Valley Nat'l Bank
15600	Commonwealth Edison	15600	Texas Utilities		6000 Keefe Bruyette
	5500 American Sec.		6000 American Sec.		2000 M.A. Schapiro
	6000 First Boston		3500 First Boston	13700	Wells Fargo Bank
	4100 J.S. Strauss		6100 Weeden		1200 Bear Stearns
4000	Consumers Power	13000	Virginia Elec. & Pwr.		3000 Blyth
	3000 American Sec.		5000 American Sec.		6000 Keefe Bruyette
	1000 Weeden		2000 First Boston		1000 N.Y. Hanseatic
22000	Florida Power & Light		1500 J.S. Strauss		2500 M.A. Schapiro
	2000 American Sec.		4500 Weeden	7000	Western Bancorporation
	4500 First Boston	2000	Wisc. Public Serv.		3000 American Sec.
	2000 J.S. Strauss		2000 American Sec.		2500 First Boston
	13500 Weeden				1500 Keefe Bruyette
24500	Houston Light & Power	<u>Gas</u>		<u>Insurance</u>	
	7000 American Sec.	11500	Arkansas-Louis. Gas	2000	Aetna Life Insurance
	7000 First Boston		11500 Weeden		2000 Eastman Dillon
	4000 J.S. Strauss			500	CNA Financial
	6500 Weeden				500 F.I. duPont
6000	Indianapolis Pwr. & Light	<u>Telephone-Telegraph</u>		1000	Hartford Fire
	4500 American Sec.	5775	American Tel. & Tel.		1000 Merrill Lynch
	1500 Weeden		1000 American Sec.	7800	N.W. Nat'l Life
3000	Kansas City Power & Lgt.		3400 First Boston		300 Eastman Dillon
	3000 First Boston		1300 J.S. Strauss		2000 F.I. duPont
			75 Weeden		1000 Merrill Lynch
24000	Louisville Gas & Elec.	100	Communications Sat.		4500 Piper Jaffray
	9000 American Sec.		100 Weeden	4000	Safeco Corp.
	2000 First Boston	12000	General Tel. & Elec.		3400 Blyth
	1500 J.S. Strauss		4000 American Sec.		600 Dain Kalman
	11500 Weeden		4000 J.S. Strauss	8600	St. Paul Companies
14000	Middle South Utilities		4000 Weeden		3000 Dain Kalman
	4000 American Sec.				1000 F.I. duPont
	6000 First Boston				3000 First Boston
	4000 J.S. Strauss				1600 Goldman Sachs
5000	Minn. Power & Light	<u>Banks</u>		6500	U.S. Fid. & Guar.
	5000 Weeden	8800	Conill Corp.		1500 Blyth
18100	Northern States Power		3000 Bear Stearns		5000 Dain Kalman
	6500 First Boston		2200 Blyth		
	4000 J.S. Strauss		1600 Keefe Bruyette		
	7600 Weeden		1000 N.Y. Hanseatic		
			1000 M.A. Schapiro		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<u>CONSUMERS GOODS</u>		<u>Photography</u>		2100	General Motors
<u>Retail Trade</u>		30	Polaroid	2100	Weeden
100	Federated Dept. Stores	30	Weeden	1000	Goodyear Tire & Rubber
	100 N.Y. Hanseatic			1000	Weeden
1000	J.C. Penney	<u>Miscellaneous</u>		<u>Building & Construction</u>	
	1000 Weeden	100	Minn. Mining	2000	Caterpillar Tractor
<u>Miscellaneous</u>			50 J.S. Strauss	2000	Weeden
2100	Columbia Broadcasting		50 Weeden	<u>Electrical and Electronic</u>	
	100 N.Y. Hanseatic	<u>NATURAL RESOURCES</u>		2200	General Electric
	2000 J.S. Strauss	<u>Petroleum</u>		2200	Weeden
<u>RESEARCH STOCKS</u>		100	Std. Oil (N.J.)	<u>Machinery</u>	
<u>Office Equipment</u>			100 J.S. Strauss	200	Toro
2520	Burroughs	<u>DURABLES STOCKS</u>		200 Dain Kalman	
	2500 J.S. Strauss	<u>Automobiles & Auto Parts</u>		<u>TRANSPORTATION</u>	
	20 Weeden	50	Ford Motor	<u>Airlines</u>	
40	Control Data		50 Weeden	2000	United Air Lines
	40 N.Y. Hanseatic			2000	J.S. Strauss

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 9

COMMON STOCK SALES
January 1 - December 31, 1968

Total Shares	Name of Issue & Dealer	Total Shares	Name of Issue & Dealer	Total Shares	Name of Issue & Dealer
<u>Electric Utilities</u>		17000	Wisconsin Power & Lgt.	13200	Corn Products
55800	Allegheny Power		5000 Bache		5000 Salomon Bros.
	31000 American Sec.		12000 Blyth		5200 Paine Webber
	6000 First Boston	23000	Wisconsin Public Serv.		3000 Weeden
	2700 Hayden Stone		5000 American Sec.	<u>Miscellaneous Consumers Goods</u>	
	5000 J.S. Strauss		1000 First Boston	5000	Scott Paper
	11100 Weeden		12000 Hayden Stone		5000 J.S. Strauss
31100	Consolidated Edison		5000 Weeden	<u>Photography</u>	
	5000 American Sec.	<u>Telephone-Telegraph</u>		15930	Eastman Kodak
	8000 Blyth	21246	Central Tel. & Util.		7565 American Sec.
	13100 J.S. Strauss		21246 Paine Webber		6365 J.S. Strauss
33400	Detroit Edison				2000 Weeden
	10000 American Sec.	<u>Banks</u>		<u>Petroleum</u>	
	3400 First Boston	8025	Citizens & So. Nat'l	21305	Std. Oil Calif.
	5000 J.S. Strauss		2000 Eastman Dillon		5000 American Sec.
	15000 Weeden		6025 Keefe Bruyette		6305 J.S. Strauss
43500	Indianapolis Pwr. & Lgt.	<u>Insurance</u>			10000 Weeden
	14000 American Sec.	12620	CNA Financial l10 Conv.Pfd.	<u>Automobiles & Auto Parts</u>	
	29500 Weeden		10120 F.I. duPont	14500	Gould Nat'l Batteries
37090	Public Serv. Colorado		2500 Merrill Lynch		2500 Dain Kalman
	5000 American Sec.	<u>Food-Beverage</u>			4000 Drexel Harriman
	27090 First Boston	6100	Coca-Cola		4000 Kuhn Loeb
	5000 J.S. Strauss		2800 Merrill Lynch		4000 Laird & Co.
31300	Utah Pwr. & Light		3300 Weeden		
	10000 American Sec.				
	5000 First Boston				
	16300 Weeden				

<u>Total</u> <u>Shares</u>	<u>Name of Issue & Dealer</u>	<u>Total</u> <u>Shares</u>	<u>Name of Issue & Dealer</u>
<u>Building & Construction</u>			
19600	Ideal Basic Industries 4300 Morgan Stanley 5000 Shearson Hammill 10300 Weeden	26500	Internat'l Harvester 4000 Loeb Rhoades 18500 N.Y. Hanseatic 4000 Piper Jaffray
<u>Electrical & Electronic Equip.</u>			
4000	Honeywell 500 Dean Witter 3500 J.S. Strauss	<u>Railroads</u>	
		13800	Union Pacific 5200 Smith Barney 2600 J.S. Strauss 6000 Weeden
<u>Machinery</u>			
30400	Clark Equipment 8000 Dain Kalman 5000 Donaldson Lufkin 5200 Eastman Dillon 5000 Salomon Bros. 7200 Smith Barney	<u>Railroad Equipment</u>	
23200	Deere 2000 American Sec. 21200 Weeden	22700	General American Trans. 5000 Andresen 1500 Brown Bros. 1500 Loeb Rhoades 11500 R.W. Pressprich 1600 Smith Barney 1600 Wainwright

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Schedule 10

SALES OF MINNESOTA SUBDIVISION BONDS
January 1 - December 31, 1968

I.S.D. No. 271 (Bloomington, Minnesota); \$1,190,000 face value of bonds, 3.80% - 4.80%, due 1971-88, sold at \$85.70 on September 18, 1968.

Purchasing syndicate:
Juran & Moody, Inc., Manager^(a)

Allison-Williams Co.
American National Bank & Trust Co.
Dain, Kalman & Quail, Inc.
First Northwest Co.
Merrill Lynch, Pierce, Fenner & Smith, Inc.

Miller & Schroeder, Inc.
Paine, Webber, Jackson & Curtis
Piper, Jaffray & Hopwood
E.J. Prescott & Co.
Woodard-Elwood & Co.

I.S.D. No. 216 (Blue Earth, Minnesota); \$450,000 face value of bonds, 3.00%, due 1976-83, sold at \$83.86 on September 18, 1968.

Sold to the First National Bank of St. Paul.

I.S.D. No. 279 (Osseo, Minnesota); \$1,422,000 face value of bonds, 2.70% - 4.90%, due 1971-88, sold at \$88.31 on September 18, 1968.

Purchasing syndicate:
Piper, Jaffray & Hopwood, Manager^(a)
Other syndicate members same as previously mentioned.

Village of Osseo, Minnesota; \$207,000 face value of bonds, 3.00% - 4.20%, due 1971-80, sold at \$87.36 on September 18, 1968.

Purchasing syndicate:
Piper, Jaffray & Hopwood, Manager^(a)
Other syndicate members same as previously mentioned.

I.S.D. No. 281 (Robbinsdale, Minnesota); \$1,054,000 face value of bonds, 3.00% - 4.00%, due 1971-88, sold at \$89.95 on September 18, 1968.

Sold to the First National Bank of St. Paul.

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- (a) Members of syndicate winning the above indicated securities were the same in each instance, but a different syndicate member supervised the bidding for each group of bonds.