



1972 REPORT

of the

EXECUTIVE SECRETARY

of the

MINNESOTA STATE BOARD

OF INVESTMENT

Office of the Executive Secretary
State Board of Investment
Room 105, MEA Building
55 Sherburne Avenue
Saint Paul, Minnesota 55155
January 5, 1973

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HON. ROLLAND F. HATFIELD, STATE AUDITOR
HON. VAL BJÖRNSON, STATE TREASURER
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ROBERT E. BLIXT
EXECUTIVE SECRETARY

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

January 5, 1973

Members of the Legislature of the State of Minnesota

Gentlemen:

This report reviews the policies and activities of the staff of the State Board of Investment in managing the various state portfolios during the eighteen month period from January 1, 1971 through June 30, 1972. The purpose of this document is to inform the Legislators and those interested in the various state funds concerning the progress of their accounts. Because copies of the report are being sent to members of the brokerage and investment banking community, comparatively detailed listings of securities are provided so as to aid the securities firms in their dealings with the Investment Department.

The Minnesota Legislature, from 1961 through 1971, passed significant legislation which has resulted in various types of funds — each serving a particular purpose and invested according to principles aimed at providing an appropriate amount of yield or possibility of appreciation for the individual account.

The progress of the past decade would have been impossible without the cooperation of the state's constitutional officers who have served on the Investment Board during that period, of the members of the Legislative Retirement Study Commission and its staff, and of the Advisory Committee on Common Stocks.

The investment process has been watched closely by the Advisory Committee, which was originally appointed by the Board in May 1961 and functioned with the same membership through mid-1972. These ten original appointees met for one-half day every two months in order to review the stock portfolios in detail and make general recommendations regarding portfolio policies and procedures. The members of this group are listed on the title sheet. In June 1972, three members resigned for personal reasons and were appointed as "members emeriti." Those appointed to fill the vacancies are expected to add new ideas and expertise to the group. Each of the members of this committee are or have been portfolio managers or research directors of major Minnesota investment accounts or research departments. These men are not compensated for their service; their contribution is much appreciated by the Investment Board and the staff of the department.

The accounts supervised by 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 approximate book valuations as of December 31, 1972, are as follows:

Invested Treasurer's Cash Fund, \$90.0 million. This fund includes all tax receipts. Since 1969, prime quality corporate notes have been eligible for use in this account, in addition to U. S. Treasury and agency obligations maturing within three years.

Highway Funds, \$164.3 million. These accounts include U. S. Treasury obligations, 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.

Miscellaneous Welfare, Departmental and Temporary Funds, \$89.5 million. These funds are invested according to the terms of particular statutes or applicable policies, primarily in U. S. Treasury securities. Included in these accounts are proceeds from bond sales and endowment funds held for various institutions.

Minnesota Adjustable Fixed Benefit Fund, \$317.8 million. This account, administered by the State Board of Investment, is comprised of up to 50% in equities with the remainder in debt securities. Retirement benefits are paid to all former employees from the earnings of this fund. Earnings in excess of the 3-1/2% actuarial assumption or average stock market gains computed over a period of several dates will also augment pension benefits. This fund was accumulated during the 1969-70 fiscal year. At the beginning of the 1972 calendar year, pensions among the various state funds increased from 2% to 4% due to the operation of this account; increases of 4-1/2% or above will be paid at the beginning of the 1973 fiscal year, with the increases dependent upon the mortality experience of the individual fund.

Basic Retirement Funds, \$671.1 million. Five state-managed retirement funds, invested separately for employee groups, 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, \$19.6 million. This fund, established in 1967 for employees of the State College Board and State Junior College Board, is administered by the State Board of Investment and 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 stocks which tend to emphasize current income. The 1969 and 1971 Legislatures made this fund available for use by police and firemen's relief associations throughout the state, various county employees, those members of the state service who are "unclassified" and do not have the benefits of tenure, and for state employees who wish to participate in a deferred income plan through which a portion of their salary will be taxed at the rates in effect at the time of their retirement.

Minnesota Variable Annuity Fund, \$7.2 million. This fund was established by the 1969 Legislature and was made effective in early summer 1970. The account, administered by the State Board of Investment, now includes a diversified list of common stocks, a portion of long-term debt instruments, and reserves in the form of short-term fixed-income securities. The participants are teachers who choose this type of program, which provides retirement benefits based on investment performance.

Trust Funds, \$251.0 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.

Because of the differing investment policies applicable to these funds, a short review of the history and needs of the various accounts is provided along with a listing of securities.

INVESTED TREASURER'S CASH FUND

The interest earned in the Treasurer's cash account showed marked increases during the early 1960's due to a surplus in the General Fund and the Income Tax School Fund and because of the increasing interest rates in effect. The income from this fund reached a high in fiscal 1969 of \$14.8 million – a sizable increase above the \$11.8 million in 1968, \$9.6 million in 1967, \$6.0 million in 1966, and lesser amounts in previous years. A smaller amount of current investments, due to an increase in expenditures for school aids and other state needs, caused a reduction in income to \$10.3 million in fiscal 1970, despite the very high short-term interest rates in effect during that fiscal year.

The 1971 Legislature adopted a procedure of monthly school aid payments, with other state disbursements to be paid out as taxes were received. This is likely to result in a lower total in the Invested Treasurer's Cash Fund over a period of years. Declining interest rates early in 1972 combined with smaller amounts available for investment resulted in earnings of \$4,168,077 for fiscal 1972.

The investment department buys and sells according to oral certifications of cash available 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 over the shortest of periods – sometimes one day or over a week-end. Statutes require that securities in the Invested Treasurer's Cash account extend no longer than three years.

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 accounts. At present, these funds own short-term U. S. Treasury and agency securities, repurchase contracts backed by U. S. Treasury obligations, short-term corporate notes, and securities guaranteed by the U. S. government through the Government National Mortgage Association. 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; they totaled \$154.6 million in face value on December 31, 1971 and \$190.9 million on June 30, 1972. These accounts show temporary increases after the sale of state highway bonds, until the proceeds are used for construction purposes. Because the highway accounts have shown a minimum invested total of approximately \$70.0 million in recent years, the Highway Department and the State Board of Investment are presently reviewing the needs of these funds so as to increase the net yield through the use of debt securities with somewhat longer maturities.

The earnings from these accounts increased from \$1.7 million in fiscal year 1958 to \$7.7 million in fiscal 1970, \$9.5 million in fiscal 1971 and \$9.6 million in fiscal 1972. 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.

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. A pooled fund, established for various welfare needs, has made possible an increase in the percentage of these funds which may be invested. Purchases are limited to U. S. Treasury obligations.

Schedule I reviews the short-term corporate notes and the U. S. government and agency obligations held by the Invested Treasurer's Cash fund, the highway funds, and the miscellaneous departmental funds on June 30, 1972. As has been indicated in previous paragraphs, the investment department is making greater use of corporate debt securities with longer maturities and government guaranteed obligations of various types whenever appropriate to the needs of these accounts.

THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND

The Minnesota Adjustable Fixed Benefit Fund includes the assets representing the reserves from which to pay pensions to individuals who have retired; these recipients are members of various public funds including the five basic retirement funds managed by the State Board of Investment and the fund administered by the Municipal Retirement Board of Minneapolis. There has been a substantial revision in this portfolio during the past two years because of the many different holdings transferred into the account during the 1969-70 fiscal year. Under 1971 Legislation, a reserve equal to 15% of the pensions paid during the previous year is to be established before pension increases, in any one year, may exceed 4%. During fiscal 1972, the 4% increase applied to all of the participating funds, and the full 15% reserve was established in each account. After adjustments are made for differences in mortality experience, it appears that an increase in pensions of 4-1/2% or above will be applicable beginning January 1973. On December 31, 1972, the net original cost of equity holdings (stocks and convertible bonds) in this account was \$169,536,176.56 compared with a market value totaling \$231,326,505.66, or an increase of 36.45%. Common stocks may comprise up to 50% of this portfolio, with convertible debentures limited to an additional 10%. Schedule II lists the securities in this account on June 30, 1972. There has been a substantial consolidation of bond holdings since that date.

THE BASIC RETIREMENT FUNDS

The State Investment Board manages five accumulation retirement accounts which include both employer and employee contributions during the employee's working period; at the time of retirement, the assets are transferred to the Adjustable Fixed Benefit Fund. Common stocks may total 45% of these accounts. On December 31, 1972, equities comprised approximately 44% of each fund, with the remainder invested in debt securities of the U. S. government, its agencies, corporations, and Canadian governmental units.

The 1969 Legislature made it possible for each fund to include a small portion of unrealized gains in the income portion of the account through a procedure which applies after the market valuations of equities exceed the original cost price by 15% for six consecutive two month periods - or one year. At such a time, an amount equal to 3% of the cost of the equities may be added to the retirement fund for actuarial and accounting purposes. Such an increase occurred on October 31, 1972; it was determined that this additional income would be added in three equal installments during fiscal 1972, 1973 and 1974. The net yield to each basic retirement account is now over 5%, even though a substantial portion of the investments consists of comparatively low yielding common stocks with possible growth potential.

Schedule III reviews the net yield accruing to the three largest basic retirement funds during the period from 1957 through 1972. During these 15 years, the yield increased from less than 3% to over 5%. Because the basic retirement funds held equities with a net original cost of \$296,585,466.84 on December 31, 1972, and a market value of \$395,306,413.44, or an increase of 33.29%, total return would be far in excess of the yield indicated on Schedule III.

Schedule IV lists the securities held in the three largest basic retirement funds on June 30, 1972. Because of the identical purpose for which these accounts are established, it has been investment department policy to use the same securities in each account, whenever funds have been available. A differing flow of new moneys, however, has resulted in varying costs and a somewhat different overall composition of these three accounts. The cost

of equity holdings in the Public Employees Retirement Fund on December 31, 1972, was \$96,743,151.12 compared with a market value of \$129,273,243.82, or an increase of 33.63%. For the State Employees Retirement Fund (administered by the Minnesota State Retirement System), the cost of equities was \$56,402,162.42 compared with a market value of \$74,199,307.64, or an increase of 31.55%. For the Teachers' Retirement Fund, the cost of equities was \$126,843,282.18 on December 31, 1972, compared with a market value of \$169,127,284.53, or an increase of 33.34%.

The Public Employees Police & Fire Fund was established during the early 1960's in order to provide an investment vehicle for the smaller police and fire fighters organizations throughout the state as well as for larger organizations which chose to participate in this retirement plan. Schedule V details the securities in this account on June 30, 1972. On December 31, 1972, the total cost of equities in this account was \$12,820,146.13, compared with a market value of \$17,332,938.38, or an increase of 35.20%.

The Highway Patrolmen's Retirement Fund resulted from a merger, in 1969, of the State Police Officer's Retirement Association and the Highway Patrolmen's Retirement Association. Because the two previous accounts were quite small and had limited and unpredictable flows of new money, the new merged account appears to be more manageable; this has benefited both groups. Schedule VI lists the securities held in this account on June 30, 1972. On December 31, 1972, the total cost of equities in this account was \$3,776,724.99, compared with a market value of \$5,373,639.07, or an increase of 42.28%. The comparatively favorable market-to-cost relationship is due primarily to the fact that this new fund was formed - and book values established - at a time of low stock market prices.

State, municipal and school district bonds comprised over 71% of total investments in these retirement funds as recently as the late 1950's; such holdings declined to 2.40% by December 31, 1972. This decline was due both to the sale of bonds and 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 bonds must be held to maturity. In recent years, the municipal bond dealers and fiscal agents of the upper Midwest area have been most helpful in aiding the State's sales of a portion of these securities.

THE MINNESOTA SUPPLEMENTAL RETIREMENT FUND

The two accounts of the Minnesota Supplemental Retirement Fund are invested in accordance with two different philosophies in order to meet the individual needs and desires of the participants. The income share account, limited to 45% in common stock, consists primarily of high quality corporate bonds and emphasizes comparatively higher yielding equities of well-known companies. The growth share account, on the other hand, may participate in the equity market up to 100% of total assets and includes stocks of companies offering a comparatively low current yield and representing firms which may have significant long-term potential from the standpoint of earnings growth.

These two accounts were established on a unit basis on October 1, 1967, with each unit worth \$10.00 on that date. A summary of the market valuations experienced by the two accounts since the inception of the program in 1967 is as follows.

	Income Share Account		Growth Share Account	
	High	Low	High	Low
Oct. '67 - Dec. '68	\$11.04 (Nov. '68)	\$ 9.97 (Oct. '67)	\$10.88 (Nov. '68)	\$ 9.04 (Feb. '68)
1969	10.80 (Jan.)	9.99 (Dec.)	10.63 (Oct.)	9.42 (Jul.)
1970	11.38 (Dec.)	9.62 (Jan.)	9.87 (Feb.)	7.45 (June)
1971	12.59 (Dec.)	11.72 (Jan.)	12.42 (Dec.)	10.18 (Jan.)
1972	14.22 (Dec.)	12.72 (Jan.)	15.85 (Dec.)	12.94 (Jan.)

Schedule VII lists the assets in the income share account on June 30, 1972. The total cost of equities in this account on December 31, 1972, was \$6,255,375.32, compared with a market value of \$7,267,787.50, or an increase of 16.18%. Bond investments had a book value of \$7,070,571.75 at calendar year-end.

Schedule VIII consists of a listing of the securities in the growth share account on June 30, 1972. On December 31, 1972, the total cost of equities in this account was \$5,363,956.48 compared with a market value of \$7,379,194.63, or an increase of 37.57%.

Both the income share account and the growth share account have shown recent increases in size due to added participation by police and fire fighter organizations.

MINNESOTA VARIABLE ANNUITY FUND

The Minnesota Variable Annuity Fund has evidenced very favorable acceptance by the teachers of Minnesota. The participants received a net return of 5.4500% in fiscal 1971 and 9.1670% for fiscal 1972. These "return" computations are based on average figures over a two year period. The present value of the account is considerably higher than indicated by the return distributed to the participants. It is expected that the Variable Annuity Fund will approximately triple in size during fiscal 1972-73. Therefore, market valuations will tend to approximate the cost figures because of the substantial purchases which have been made in recent months.

Schedule IX lists the securities in the Minnesota Variable Annuity Fund on June 30, 1972. On December 31, 1972, the total cost of equities in this account was \$4,938,817.60, compared with a market value of \$5,840,913.38, or an increase of 18.27%.

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.

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 small account totaling less than \$500,000, is restricted to investments in government obligations; the income is used for county highway purposes.

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 40% level during the past seven years. Common stocks, as of December 1972, approximated 19% of the book value of the fund, very near to the 20% constitutional limit. These equities showed a net original cost of \$49,553,399.50, compared with a market value of \$68,263,053.88, or an increase of 37.76%. During the past three years, the portfolios of U. S. Treasury and government guaranteed obligations, approximating 40% of the book value of the fund, have been broadened to include mortgage-backed securities guaranteed by the U. S. government and issued through private organizations in cooperation with the Government National Mortgage Association. The net return to the Permanent School Fund because of these transactions will be sizable; the spread in yield between the securities sold and purchased has been from 1% to 2% in each instance.

Schedule X indicates that the investment changes have resulted in an increase in net yield from 2.68% during the late 1950's to 4.70% during the 1972 fiscal year. The yield actually approximated 5.5%, but a portion of the income was used to reimburse the principal of the account for losses taken through the sale of long-term U. S. Treasury obligations.

Schedule XI lists the securities in the Permanent School Fund on June 30, 1972. During that fiscal year, the number of common stock names was significantly reduced. This process of portfolio consolidation and review is continuing.

A review of policies concerning the placement of business, together with a summary of transactions completed during the eighteen months from January 1, 1971 through June 30, 1972, follows the schedules described above.

During each of the legislative sessions since 1961, laws were passed which resulted in more realistic investment management, yet assured the necessary restrictions as to investment media. The State Board of Investment and the staff of the investment department are most appreciative of this legislative cooperation as well as that received from the retirement fund administrators, 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 and total return, the better portfolio balance, and the lesser dependency on fixed dollar investments will be of long-term benefit to the retirement fund members, our educational institutions, and the taxpayers of the state.

Respectfully submitted,

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

REB:dkh

SCHEDULE I

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS
(ALSO INCLUDING SHORT-TERM CORPORATE NOTES)
June 30, 1972**

	HIGHWAY FUNDS				Miscellaneous Departmental Funds
	Invested Treasurer's Cash Fund	County Trunk	Municipal State Aid	Municipal State Aid	
SHORT-TERM CORPORATE NOTES					
Maturity less than 30 days	\$ 23,970,000	\$ 11,944,000	\$ 5,309,000	\$ 2,648,000	—
Maturity 30-90 days	24,800,000	17,060,000	5,059,000	5,083,000	—
Maturity 91-180 days	—	3,309,000	—	802,000	\$ 9,600,000
Maturity 181-270 days	—	10,730,000	1,177,000	161,000	4,800,000
TOTAL SHORT-TERM CORPORATE NOTES	\$ 48,770,000	\$ 43,043,000	\$ 11,545,000	\$ 8,694,000	\$ 14,400,000
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	—	\$ 3,500,000	\$ 6,450,000	\$ 745,000	\$ 1,945,000
Maturity 31-90 days	\$ 69,000,000	6,250,000	1,600,000	1,760,000	3,980,000
Maturity 3-6 months	9,200,000	500,000	3,110,000	230,000	5,865,000
Maturity 6-12 months	—	—	1,070,000	565,000	5,065,000
Total Bills	\$ 78,200,000	\$ 10,250,000	\$ 12,230,000	\$ 3,300,000	\$ 16,845,000
Repurchase Agreements					
Maturity less than 30 days	\$ 22,000,000	\$ 2,500,000	—	—	—
Maturity 31-45 days	2,045,000	—	—	—	—
Total Repurchase Agreements	\$ 24,045,000	\$ 2,500,000	—	—	—
Government Agency Securities					
Maturity less than 30 days	\$ 18,100,000	\$ 1,360,000	—	\$ 2,745,000	—
Maturity 31-90 days	—	14,185,000	\$ 2,570,000	935,000	\$ 4,200,000
Maturity 91-180 days	5,500,000	7,000,000	1,310,000	2,450,000	1,245,000
Maturity 6 months-1 year	—	9,945,000	—	487,000	32,245,000
Maturity over 1 year	—	7,500,000	2,000,000	500,000	35,025,000
Total Government Agency Securities	\$ 23,600,000	\$ 39,990,000	\$ 5,880,000	\$ 7,117,000	\$ 72,715,000
Notes and Bonds					
4% Bonds due 8-15-72	—	—	—	—	\$ 500
2-1/2% Bonds due 9-15-74	—	—	—	—	3,000
7-3/4% Notes due 5-15-73	—	\$ 5,500,000	\$ 2,350,000	\$ 2,500,000	741,000
Total maturities less than 1 year	—	\$ 5,500,000	\$ 2,350,000	\$ 2,500,000	\$ 744,500
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Notes and Bonds (continued)					
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	10,500
4-1/8% Bonds due 2-15-74	—	1,000,000	1,200,000	500,000	302,000
7-3/4% Notes due 2-15-74	—	3,500,000	500,000	—	—
4-1/4% Bonds due 5-15-74	—	4,500,000	—	1,000,000	—
7-1/4% Notes due 5-15-74	—	5,000,000	—	—	—
5-5/8% Notes due 8-15-74	—	—	—	—	5,050,000
3-7/8% Bonds due 11-15-74	—	—	—	—	10,000
5-3/4% Notes due 11-15-74	—	—	—	—	5,000
5-3/4% Notes due 2-15-75	—	—	—	—	5,080,000
6% Notes due 5-15-75	—	—	—	—	50,000
Total maturities 1-3 years	—	\$ 20,000,000	\$ 5,700,000	\$ 4,500,000	\$ 10,808,000
5-7/8% Notes due 8-15-75	*	—	—	—	\$ 12,000
6-1/2% Notes due 5-15-76	*	—	—	—	169,000
Total maturities 3-5 years	*	—	—	—	\$ 181,000
7-1/2% Notes due 8-15-76	*	—	—	—	\$ 10,000
6-1/4% Notes due 2-15-78	*	—	—	—	80,000
6% Notes due 11-15-78	*	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	65,000
4% Bonds due 2-15-80	*	—	—	—	1,000
3-1/2% Bonds due 11-15-80	*	—	—	—	5,000
6-3/8% Bonds due 2-15-82	*	—	—	—	44,000
Total maturities 5-10 years	*	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 205,000
3-1/4% Bonds due 6-15-83/78	*	—	—	—	\$ 500
4-1/4% Bonds due 5-15-85	*	—	—	—	79,000
Total maturities more than 10 years	*	—	—	—	\$ 79,500
Total U.S. Treasury Notes and Bonds	—	\$ 27,500,000	\$ 11,050,000	\$ 8,000,000	\$ 12,018,000
Total U.S. Treasury and Government Agency Securities	\$ 125,845,000	\$ 80,140,000	\$ 29,160,000	\$ 18,417,000	\$ 101,578,000

*These securities are not eligible for purchase in this fund.

SCHEDULE II

**MINNESOTA ADJUSTABLE
FIXED BENEFIT FUND
June 30, 1972
U.S. GOVERNMENT OBLIGATIONS AND
SHORT-TERM CORPORATE NOTES**

SHORT-TERM CORPORATE NOTES						
Maturities up to 30 days						\$ 2,008,000.00
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES						
Bills						
Maturities up to 180 days						\$ 1,565,000.00
Repurchase Agreements						
Maturities up to 30 days						\$ 690,000.00
Government Agency Securities						
Maturities up to 180 days						\$ 1,370,000.00
TOTAL U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES						\$ 3,625,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT						\$ 7,214,000.00
TOTAL U.S. GOVERNMENT OBLIGATIONS						\$ 10,839,000.00
UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN PROVINCIAL OBLIGATIONS AND CORPORATE BOND HOLDINGS						
	Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS						
	American President Lines	Govt. Guar.	11-1-91	4.80	4.80	\$ 2,168,000.00
	States Steamship Co.	Govt. Guar.	3-31-93	5.10	5.10	2,400,000.00
	United States Lines	Govt. Guar.	11-1-86	4 3/8	4.375	787,000.00
	United States Lines	Govt. Guar.	10-1-87	5	5.00	1,859,000.00
	TOTAL U.S. GOVERNMENT-GUARANTEED OBLIGATIONS			4.91%		\$ 7,214,000.00
CANADIAN PROVINCIAL OBLIGATIONS						
	Alberta Govt. Telephone Comm.	Deb.	12-15-91	6	6.00	\$ 250,000.00
	Alberta Govt. Telephone Comm.	Deb.	6-15-94	8	8.19	2,900,000.00
	Alberta Mun. Finance Corp.	Deb.	5-15-84	4 3/4	4.75	183,000.00
	Alberta Mun. Finance Corp.	Deb.	12-15-84	5	5.00	91,000.00
	Alberta Mun. Finance Corp.	Deb.	6-15-85	4 7/8	4.875	176,000.00
	British Columbia Hydro & Power Authority	Deb.	7-2-91	5 5/8	5.625	300,000.00
	City of Montreal	Deb.	11-1-90	5	5.00	181,000.00
	City of Quebec	Deb.	7-1-87	6 1/4	6.25	200,000.00
	City of Saskatoon	Deb.	8-1-90	5	5.00	250,000.00
	City of Sherbrooke	Deb.	3-1-87	6 3/4	6.75	250,000.00
	City of Windsor	Deb.	10-31-78	7 1/4	7.25	33,000.00
	City of Windsor	Deb.	10-31-81	7 1/4	7.25	48,000.00
	City of Windsor	Deb.	10-31-84	7 1/4	7.25	59,000.00
	City of Windsor	Deb.	10-31-86	7 1/4	7.25	68,000.00
	City of Windsor	Deb.	10-31-88	7 1/4	7.25	42,000.00
	City of Winnipeg, Manitoba	Deb.	10-15-85	5	5.00	300,000.00
	Greater Vancouver Sewer & Drainage	Deb.	5-1-91	5 1/2	5.50	200,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-75	6	6.00	12,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-80	6	6.00	11,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-83	6	6.00	6,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-84	6	6.00	6,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-89	6	6.00	10,000.00
	LaSalle, Quebec, Canada	Deb.	3-15-90	6	6.00	5,000.00
	Manitoba Hydro Electric Board	Deb.	10-1-89	4 1/2	4.50	250,000.00
	Manitoba Hydro Electric Board	Deb.	11-1-90	4 3/4	4.75	250,000.00
	Metropolitan Corp. of Greater Winnipeg, Canada	Deb.	5-1-88	7 1/4	7.25	200,000.00
	Montreal Catholic School Comm.	Deb.	10-1-92	6 3/4	6.75	400,000.00
	Nova Scotia Power Comm.	S/F Deb.	3-15-97	7 3/4	7.80	3,500,000.00
	Province of Manitoba	Deb.	4-1-94	7 7/8	7.90	1,020,000.00
	Province of New Brunswick	Deb.	2-1-85	5 3/8	5.375	82,000.00
	Province of New Brunswick	Deb.	9-15-89	4 3/4	4.75	300,000.00
	Province of Nova Scotia	Deb.	2-1-92	5 7/8	5.875	500,000.00
	Province of Nova Scotia	Deb.	11-15-93	7 1/4	7.25	165,000.00
	Province of Ontario	Deb.	5-15-81	3 7/8	3.875	100,000.00
	Province of Ontario	Deb.	5-1-83	4	4.00	65,000.00
	Province of Ontario	Deb.	2-1-84	4 3/4	4.75	200,000.00
	Province of Ontario	Deb.	2-15-99	7 3/8	7.375	200,000.00
	Province of Saskatchewan	Deb.	10-1-90	4 7/8	4.875	300,000.00
	Quebec Hydro Electric Comm.	Deb.				
	Series N		1-1-81	3 1/2	3.50	100,000.00

Schedule II continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
CANADIAN PROVINCIAL OBLIGATIONS . . . Continued					
Quebec Hydro Electric Comm.	Deb. Series X	7-15-84	5	5.00	\$ 200,000.00
Quebec Hydro Electric Comm.	Deb. Series AS	6-15-85	4 5/8	4.625	100,000.00
Quebec Hydro Electric Comm.	Deb. Series AY	1-1-93	6 1/4	6.25	100,000.00
Vancouver, British Columbia	Deb.	11-16-82	4 3/4	4.75	100,000.00
Vancouver, British Columbia	Deb.	11-16-83	4 3/4	4.75	100,000.00
Vancouver, British Columbia	Deb.	11-16-84	4 3/4	4.75	100,000.00
TOTAL CANADIAN PROVINCIAL OBLIGATIONS				6.84%	\$ 13,913,000.00

**CORPORATE BOND OBLIGATIONS
PUBLIC UTILITY OBLIGATIONS**

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
ELECTRIC					
Atlantic City Electric	1st Mtg.	3-1-91	4 1/2	4.37	\$ 600,000.00
Carolina Power & Light	1st Mtg.	4-1-90	4 7/8	4.85	500,000.00
Central Maine Power	1st Mtg.	11-1-90	5 1/4	5.25	147,000.00
Citizens Utilities	1st Mtg. & Coll. Tr.	12-31-91	4.80	4.80	1,000,000.00
Consolidated Edison of New York	1st & Ref. Mtg.	12-1-93	4 5/8	4.54	700,000.00
Hawaiian Electric	1st Mtg.	4-1-91	4.65	4.65	1,550,000.00
Jersey Central Power & Light	Deb.	10-1-88	4 5/8	4.56	1,584,000.00
Lake Superior District Power	1st Mtg.	2-1-91	4 5/8	4.60	500,000.00
Long Island Lighting	1st Mtg.	4-1-93	4.40	4.40	1,000,000.00
Massachusetts Electric	1st Mtg.	9-1-92	4 3/8	8.15	100,000.00
Montana-Dakota Utilities	1st Mtg. S/F Bond	7-1-84	4 5/8	4.61	1,102,000.00
New England Power	1st Mtg.	12-1-92	4 3/8	7.75	100,000.00
Pacific Power & Light	1st Mtg.	4-1-92	4 3/4	4.69	590,000.00
Public Service Electric & Gas	1st & Ref. Mtg.	9-1-94	4 5/8	4.53	1,215,000.00
Puget Sound Power & Light	1st Mtg.	11-1-93	4 5/8	4.625	75,000.00
Southern California Edison	1st & Ref. Mtg.	9-1-85	4 3/8	4.47	760,000.00
Southern California Edison	1st & Ref. Mtg.	3-1-89	4 3/8	4.375	100,000.00
Utah Power & Light	1st Mtg.	9-1-90	4 7/8	4.80	1,290,000.00
Washington Water Power	1st Mtg.	9-1-94	4 5/8	7.64	150,000.00
Western Massachusetts Electric	1st Mtg.	5-1-92	4 3/8	8.00	100,000.00
Total Electric Utility Obligations				4.72%	\$ 13,163,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
GAS					
Brooklyn Union Gas	1st Mtg.	4-1-90	4 5/8	4.56	\$ 1,175,000.00
Columbia Gas System, Inc.	Deb.	1-1-88	4 3/8	4.375	450,000.00
Lakehead Pipeline	S/F Deb.	4-15-93	7 1/8	7.125	500,000.00
Mountain Fuel Supply	Deb.	9-1-86	4 7/8	4.80	1,228,000.00
Panhandle Eastern Pipeline	Deb.	2-1-84	4.60	4.60	650,000.00
Sierra Pacific Power	1st Mtg.	6-1-92	4 7/8	4.75	500,000.00
Southern Union Gas	1st Mtg.	10-1-86	4.80	4.80	600,000.00
Suburban Propane Gas	Note	12-30-84	4 7/8	4.875	732,000.00
Washington Gas Light	1st Mtg.	3-1-91	5.20	5.20	600,000.00
Total Gas Utility Obligations				4.93%	\$ 6,435,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
TELEPHONE					
Bell Telephone of Canada	1st Mtg.	9-1-95	4.85	4.85	\$ 500,000.00
Diamond State Telephone	Deb.	4-1-94	4 3/4	7.20	100,000.00
General Telephone of Florida	1st Mtg.	5-1-93	4 1/2	4.50	500,000.00
General Telephone Co. of the Midwest	1st Mtg.	5-1-99	7 3/4	7.75	2,500,000.00
New York Telephone	Ref. Mtg.	10-1-97	4 5/8	4.57	500,000.00
New York Telephone	Ref. Mtg. Series U	7-15-2008	8	8.17	2,050,000.00
Rochester Telephone	1st Mtg.	9-1-93	4 3/4	4.66	610,000.00
Total Telephone Utility Obligations				6.90%	\$ 6,760,000.00

TOTAL PUBLIC UTILITY OBLIGATIONS 5.33% \$ 26,358,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
FINANCE OBLIGATIONS					
American Investment	Note	1-1-91	5 1/4	5.25	\$ 650,000.00
Beneficial Finance	Note	3-1-89	4.60	4.60	325,000.00
Family Finance	Sr. Deb.	5-15-90	4 3/4	4.84	1,300,000.00
General Acceptance	Sr. Deb.	3-1-85	4 7/8	6.89	650,000.00
General Electric Credit	Prom. Note	10-31-82	4 5/8	4.625	1,500,000.00
John Deere Credit	Deb.	10-31-90	5	5.00	600,000.00
James Talcott, Inc.	Sr. Note	10-1-85	5	5.00	400,000.00
Total Finance Obligations				5.09%	\$ 5,425,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
INDUSTRIAL OBLIGATIONS					
American Metal Climax	Note	8-1-88	4 1/2	4.50	\$ 212,000.00
Archer-Daniels Midland	Prom. Note	3-1-88	4 3/8	4.375	168,000.00
Armco Steel Corp.	Note	12-15-96	7 7/8	7.875	4,000,000.00
Ashland Oil & Refining	S/F Deb.	2-15-88	4.35	4.35	670,000.00
Beatrice Foods	S/F Deb.	9-15-94	7 7/8	7.90	3,000,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
INDUSTRIAL OBLIGATIONS . . . Continued					
Burroughs	S/F Deb.	7-1-88	4 1/2	4.52	\$ 1,100,000.00
Consolidated, Bathurst Ltd.	Deb.	4-15-91	5 5/8	5.625	237,000.00
Desoto Chemical	Note	12-1-85	5	5.00	1,402,000.00
Dow Chemical	Note	1-15-90	4 1/2	4.50	1,320,000.00
Ekco Products	S/F Deb.	8-1-87	4.60	4.60	400,000.00
Gould, Inc.	S/F Deb.	2-15-95	9 1/4	9.25	1,500,000.00
Greyhound	Sr. Note	5-15-84	4 5/8	4.625	1,609,500.00
Hammond	Sr. Note	1-15-90	8 3/4	8.75	2,800,000.00
Lone Star Industries, Inc.	S/F Deb.	7-1-90	4 7/8	4.875	1,260,000.00
Louisiana Land & Exploration	Note	12-1-94	8 1/4	8.25	3,000,000.00
MacMillan Bloedel Ltd.	Deb. Series A	10-1-90	4.95	4.95	475,000.00
Marathon Oil	S/F Deb.	2-1-2000	8 1/2	8.52	1,500,000.00
Owens-Illinois	Note	2-1-91	5	8.75	2,425,000.00
Ralston-Purina (Checkerboard Properties, Inc.)	Guar. Notes	11-1-89	8 3/4	8.75	3,000,000.00
Raytheon Company	S/F Deb.	7-1-96	8 1/4	8.30	4,000,000.00
Scovill Mfg.	Note	9-15-90	4.80	4.80	832,500.00
Shell Oil	Deb.	3-15-91	5	5.00	1,400,000.00
Shell Canada Ltd.	Sr. Deb.	1-1-94	7 1/2	7.53	1,900,000.00
Sinclair Oil Corp.	S/F Deb.	12-15-88	4.60	4.60	300,000.00
Spague Electric	S/F Deb.	9-1-88	4 3/8	4.38	450,000.00
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	4-1-91	5.10	5.10	950,000.00
Standard Oil Co. of California (Union Bank)	1st Pref. Ship Mtg.	2-10-97	7.70	7.70	1,300,000.00
Standard Oil Co. of California (Union Bank)	1st Pref. Ship Mtg.	3-2-97	7.70	7.70	1,300,000.00
Standard Oil Co. of California (Union Bank)	1st Pref. Ship Mtg.	3-30-97	7.70	7.70	1,400,000.00
Standard Oil Co. (Indiana) (Research Properties, Inc.)	Note	11-1-99	8 1/4	8.25	3,000,000.00
Standard Oil Co. (New Jersey)	Deb.	11-1-97	6	6.00	700,000.00
Standard Oil Co. (New Jersey)	Deb.	7-15-98	6 1/2	6.50	800,000.00
Standard Oil Co. (Ohio)	Deb.	1-1-2000	8 1/2	8.52	1,500,000.00
Sun Oil	Note	7-1-91	5 3/4	5.75	1,296,000.00
Tenneco West, Inc.	Prom. Note	9-1-89	4.65	4.65	1,120,000.00
Texaco, Inc. (Countrywide Stations, Inc.)	Note Series B	12-1-2001	7 3/4	7.75	3,982,000.00
Union Tank Car	S/F Deb.	8-1-86	5	5.48	1,550,000.00
U.S. Steel	S/F Deb.	4-15-86	4 1/2	4.55	900,000.00
Witco Chemical	Note	12-1-84	4.65	4.65	1,440,000.00
Youngstown Sheet & Tube	1st Mtg. S/F	7-1-95	4.60	4.60	94,000.00
Total Industrial Obligations				7.10%	\$ 60,293,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
TRANSPORTATION DEBT OBLIGATIONS					
Chicago Burlington & Quincy Railroad	1st & Ref. Mtg.	2-1-78	4 3/8	4.375	\$ 306,000.00
Seaboard Airline Railroad	1st Mtg.	12-1-88	4 5/8	4.65	1,725,000.00
Total Transportation Debt Obligations				4.61%	\$ 2,031,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield on Cost %	Face Value
RAILROAD EQUIPMENT OBLIGATIONS					
Atchison, Topeka & Santa Fe	Cond. Sale	7-15-72/1-15-81	5	5.00	\$ 1,368,000.00
Atlantic Coast Line Railroad	Equip. Tr.	9-1-79	4 1/2	4.50	200,000.00
Chesapeake & Ohio Railway (Towson Equipment)	Cond. Sale	7-1-75/1-1-85	8 1/2	8.51	3,065,190.37
Chicago Burlington & Quincy Railroad	Cond. Sale	6-15-73/12-15-80	4 7/8	4.875	980,437.85
Flying Tiger Line, Inc.	Equip. Tr.	9-30-80	6.60	9.39	200,000.00
General American Transportation	Equip. Tr.	7-15-84	4 5/8	4.59	1,593,000.00
New York Central Railroad	Equip. Tr.	2-15-73/74	4 3/4	5.00	600,000.00
Norfolk and Western Railway Co. (New York, Chicago, St. Louis Railroad Company)	Cond. Sale	11-15-72/5-15-79	4.55	4.55	1,260,000.00
Norfolk & Western Railway Co.	Cond. Sale	12-15-72/12-15-79	4 1/2	4.50	960,000.00
Norfolk & Western Railway Co.	Cond. Sale	9-1-72/73	8 7/8	8.875	2,600,000.00
North American Car Corp.	Equip. Tr.	10-1-84	4.55	4.55	50,000.00
North American Car Corp.	Equip. Tr.	9-1-74/78	4.65	4.65	125,000.00
Northern Pacific Railway	Cond. Sale	9-1-72/3-1-82	5.50	5.50	1,133,333.40
St. Louis-San Francisco Railway Co.	Cond. Sale	1-15-76/85	9 3/8	9.375	1,717,500.00
Western Pacific Railway Co.	Cond. Sale	3-15-73/80	4.55	4.55	1,200,000.00
Total Railroad Equipment Obligations				6.61%	\$ 16,952,461.62

TOTAL CORPORATE OBLIGATIONS 6.46% \$ 111,059,461.62
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS 6.42% \$ 132,186,461.62

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

Schedule II continued

CONVERTIBLE BOND HOLDINGS

June 30, 1972

Issue	Face Amount Held	Total Cost	Market Price	Total Market Value
Baxter Laboratories, Inc., 4 3/4% Convertible Subordinated Debentures, due 3-1-90	\$ 1,150,000.00	\$ 1,150,000.00	133 1/2	\$ 1,535,250.00
FMC Corporation, 4 1/4% Convertible Subordinated Debentures, due 7-15-92	1,250,000.00*	985,812.50	77 1/2	968,750.00
W. T. Grant Company, 4 3/4% Convertible Subordinated Debentures, due 4-15-96	1,000,000.00	1,000,000.00	79 1/2	795,000.00
Kresge (S.S.) Company, 5% Convertible Subordinated Debentures, due 4-15-95	1,500,000.00	1,486,500.00	236 1/2	3,547,500.00
Melville Shoe Corporation, 4 7/8% Convertible Subordinated Debentures, due 6-1-96	1,500,000.00	1,500,000.00	119 1/2	1,792,500.00
Owens-Illinois, Inc., 4 1/2% Convertible Subordinated Debentures, due 11-1-92	2,000,000.00	1,973,843.75	93	1,860,000.00
Purex Corporation, Limited, 4 7/8% Convertible Subordinated Debentures, due 1-15-94	500,000.00	435,000.00	73 1/2	367,500.00
Radio Corporation of America, 4 1/2% Convertible Subordinated Debentures, due 8-1-92	1,500,000.00	1,221,250.00	81 1/2	1,222,500.00
White Motor Corporation, 5 1/4% Convertible Subordinated Debentures, due 3-1-93	250,000.00**	219,375.00	69 1/2	173,750.00
TOTALS	\$10,650,000.00	\$9,971,781.25		\$12,262,750.00

*Includes \$350,000 face amount of debentures transferred from Municipal Employees Retirement Board (Minneapolis) on September 2, 1969.

**Issue transferred from Municipal Employees Retirement Board (Minneapolis) on September 2, 1969.

COMMON STOCK HOLDINGS

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Mkt.)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Commonwealth Edison Co.	80,000	\$ 2,855,400.20	33.125	\$ 2,650,000.00	
Florida Power & Light Co.	103,800	3,360,797.88	31.125	3,230,775.00	
Houston Lighting & Power Co.	80,000	3,273,288.15	43.000	3,440,000.00	
Middle South Utilities, Inc.	127,000	3,075,987.35	20.250	2,571,750.00	
Northern States Power Co.	102,400	2,495,621.88	25.250	2,585,600.00	
Pacific Gas & Electric Co.	84,300	2,527,340.13	26.750	2,255,025.00	
Texas Utilities Co.	107,000	2,890,069.13	27.750	2,969,250.00	
Virginia Electric & Power Co.	123,000	2,692,112.29	17.250	2,121,750.00	
Total Electric		\$ 23,170,617.01		\$ 21,824,150.00	15.46% (11.94%)
GAS					
Northern Illinois Gas Co.	92,800	\$ 2,865,331.17	26.250	\$ 2,430,750.00	
Total Gas		\$ 2,865,331.17		\$ 2,430,750.00	1.91% (1.33%)
TELEPHONE-TELEGRAPH					
American Tel. & Tel. Co.	73,800	\$ 3,587,842.59	41.625	\$ 3,071,925.00	
Total Telephone-Telegraph		\$ 3,587,842.59		\$ 3,071,925.00	2.39% (1.67%)
TOTAL UTILITIES		\$ 29,623,790.77		\$ 27,326,825.00	19.76% (14.94%)
FINANCIAL SERVICES					
BANKS					
First Bank System, Inc.	79,200	\$ 2,331,837.50	50.375	\$ 3,989,700.00	
First National City Corp.	76,500	2,592,172.83	60.125	4,599,562.50	
Northwest Bancorporation	79,900	2,835,124.81	46.000	3,675,400.00	
Security Pacific National Bank	88,679	2,872,830.81	27.813	2,466,429.03	
Total Banks		\$ 10,631,965.95		\$ 14,731,091.53	7.09% (8.06%)
FINANCE					
MGIC Investment Corp.	14,900	\$ 997,985.23	66.750	\$ 994,575.00	
Total Finance		\$ 997,985.23		\$ 994,575.00	0.67% (0.54%)
INSURANCE					
Connecticut General Insurance Corp.	51,800	\$ 3,278,729.27	73.500	\$ 3,807,300.00	
Northwestern National Life Insurance Corp.	110,600	2,583,270.00	21.125	2,336,425.00	
Safeco Corp.	93,100	3,010,050.00	49.750	4,631,725.00	
St. Paul Companies, Inc.	63,100	3,189,048.62	80.500	5,079,550.00	
Total Insurance		\$ 12,161,097.89		\$ 15,855,000.00	8.12% (8.67%)
TOTAL FINANCIAL SERVICES		\$ 23,791,049.07		\$ 31,580,666.53	15.88% (17.27%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Mkt.)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
Coca-Cola Co.	23,900	\$ 1,866,802.10	133.500	\$ 3,190,650.00	
General Foods Corp.	87,800	3,147,523.38	25.750	2,260,850.00	
General Mills, Inc.	84,800	2,931,715.81	50.625	4,293,000.00	
Total Food-Beverage		\$ 7,946,041.29		\$ 9,744,500.00	5.30% (5.33%)
RETAIL TRADE					
Penney (J.C.) Co., Inc.	38,900	\$ 2,099,988.47	76.125	\$ 2,961,262.50	
Sears, Roebuck & Co.	36,500	2,727,939.19	110.500	4,033,250.00	
Total Retail Trade		\$ 4,827,927.66		\$ 6,994,512.50	3.22% (3.83%)
MISCELLANEOUS					
Avon Products, Inc.	26,900	\$ 2,350,906.25	114.250	\$ 3,073,325.00	
Disney (Walt) Productions	17,829	1,429,113.04	186.500	3,325,108.50	
Holiday Inns, Inc.	43,600	1,787,192.09	52.750	2,299,900.00	
Procter & Gamble Co.	14,000	1,286,262.75	93.250	1,305,500.00	
Warner Communications, Inc.	50,900	2,383,115.24	48.375	2,462,287.50	
Total Miscellaneous		\$ 9,238,589.37		\$ 12,466,121.00	6.16% (6.82%)
TOTAL CONSUMER GOODS & SERVICES		\$ 22,012,558.32		\$ 29,205,133.50	14.68% (15.98%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 75,427,398.16		\$ 88,112,625.03	50.32% (48.19%)
RESEARCH STOCKS					
CHEMICALS					
Air Products & Chemicals, Inc.	10,000	\$ 713,750.00	73.250	\$ 732,500.00	
Dow Chemical Co.	7,000	647,562.00	90.250	631,750.00	
Total Chemicals		\$ 1,361,312.00		\$ 1,364,250.00	0.91% (0.75%)
DRUGS					
American Home Products Corp.	32,800	\$ 2,044,879.87	106.375	\$ 3,489,100.00	
Merck & Co., Inc.	39,200	1,925,714.45	77.750	3,047,800.00	
Pfizer, Inc.	66,200	2,234,066.41	42.375	2,805,225.00	
Schering-Plough Corp.	30,700	1,972,230.46	116.500	3,576,550.00	
Total Drugs		\$ 8,176,891.19		\$ 12,918,675.00	5.45% (7.06%)
OFFICE EQUIPMENT					
Burroughs Corp.	31,000	\$ 4,054,859.00	183.500	\$ 5,688,500.00	
Control Data Corp.	29,000	2,648,918.96	73.000	2,117,000.00	
Honeywell, Inc.	31,777	3,409,469.06	149.875	4,762,577.88	
International Business Machines Corp.	12,932	4,422,911.92	392.000	5,069,344.00	
Xerox Corp.	29,550	2,887,479.56	150.750	4,454,662.50	
Total Office Equipment		\$ 17,423,638.50		\$ 22,092,084.38	11.62% (12.08%)
PHOTOGRAPHY					
Eastman Kodak Co.	41,300	\$ 3,141,643.58	132.625	\$ 5,477,412.50	
Polaroid Corp.	19,200	1,613,301.39	127.500	2,448,000.00	
Total Photography		\$ 4,754,944.97		\$ 7,925,412.50	3.17% (4.33%)
MISCELLANEOUS					
Minn. Mining & Mfg. Co.	57,000	\$ 2,890,253.15	76.250	\$ 4,346,250.00	
Total Miscellaneous		\$ 2,890,253.15		\$ 4,346,250.00	1.93% (2.38%)
TOTAL RESEARCH STOCKS		\$ 34,607,039.81		\$ 48,646,671.88	23.08% (26.60%)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Gulf Oil Corp.	137,300	\$ 3,988,296.64	24.375	\$ 3,346,687.50	
Standard Oil Company (Indiana)	65,000	3,274,735.37	69.625	4,525,625.00	
Standard Oil Company (New Jersey)	61,300	4,143,407.26	74.125	4,543,862.50	
Texaco, Inc.	128,300	4,169,956.73	32.500	4,169,750.00	
Total Petroleum		\$ 15,576,396.00		\$ 16,585,925.00	10.39% (9.07%)
TOTAL NATURAL RESOURCES STOCKS		\$ 15,576,396.00		\$ 16,585,925.00	10.39% (9.07%)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
Ford Motor Co.	72,900	\$ 3,586,581.18	63.875	\$ 4,656,487.50	
General Motors Corp.	60,000	4,485,731.22	74.875	4,492,500.00	
Goodyear Tire & Rubber Co.	122,500	3,494,172.24	28.000	3,430,000.00	
Total Automobiles & Automotive Parts		\$ 11,566,484.64		\$ 12,579,987.50	7.72% (6.88%)

Schedule II continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Mkt.)
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	65,900	\$ 2,867,371.99	46.875	\$ 3,089,062.50	
Total Paper & Forest Products		\$ 2,867,371.99		\$ 3,089,062.50	1.91% (1.69%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
Emerson Electric Co.	36,100	\$ 2,093,694.73	85.125	\$ 3,073,012.50	
International Telephone & Telegraph Corp.	42,000	2,188,292.68	52.125	2,189,250.00	
Total Electrical & Electronic Equipment		\$ 4,281,987.41		\$ 5,262,262.50	2.86% (2.88%)
MACHINERY					
Caterpillar Tractor Co.	78,100	\$ 3,161,203.78	59.000	\$ 4,607,900.00	
Total Machinery		\$ 3,161,203.78		\$ 4,607,900.00	2.11% (2.52%)
TRANSPORTATION AIRLINES					
Northwest Airlines, Inc.	91,368	\$ 2,415,161.76	43.500	\$ 3,974,508.00	
Total Airlines		\$ 2,415,161.76		\$ 3,974,508.00	1.61% (2.17%)
Total Transportation		\$ 2,415,161.76		\$ 3,974,508.00	1.61% (2.17%)

Schedule II continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Mkt.)
TOTAL DURABLES STOCKS		\$ 24,292,209.58		\$ 29,512,720.50	16.21% (16.14%)
TOTAL COMMON STOCKS		\$149,903,043.55		\$182,857,942.41	100.00%
Less Profit on Common Stocks Sold		\$ 120,560.01			
Net Original Cost of Common Stocks		\$149,782,483.54		\$149,782,483.54	
Net Increase			+22.08%	\$ 33,075,458.87	

SCHEDULE III

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS
IN THE THREE LARGEST RETIREMENT FUNDS
June 30, 1972

	PUBLIC EMPLOYEES RETIREMENT FUND				STATE EMPLOYEES RETIREMENT FUND				TEACHER'S RETIREMENT FUND			
	Book Value (1,5)	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 (3,6)	Yield (4)	Book Value (1)	Average Book Value for Year Ending (2)	Income for Year Ending (3)	Yield (4)
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%	\$100,413,210	-	-	-
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	\$ 7,057,974.94	4.40%
December 31, 1968	\$177,587,167	-	-	-	\$117,517,899	\$110,382,963	\$ 4,792,334.00	4.34%	\$192,423,593	-	-	-
June 30, 1969 (7)	\$198,774,684	\$178,246,704	\$ 8,062,078.73	4.52%	\$123,331,969	-	-	-	\$213,781,373	\$196,378,751	\$ 9,032,190.00	4.60%
July 1, 1969 (8)	\$158,760,588	-	-	-	\$103,331,969	-	-	-	\$193,781,373	-	-	-
December 31, 1969 (7)	\$165,049,959	-	-	-	\$102,604,272	\$114,484,713	\$ 5,001,736.00	4.37%	\$195,989,623	-	-	-
June 30, 1970	\$169,853,573	\$164,554,706 ⁽⁹⁾	\$ 7,662,334.32	4.66%	\$ 97,283,570	\$101,073,270 ⁽⁹⁾	\$ 4,504,934.00 ⁽¹⁰⁾	4.66%	\$196,291,329	\$195,354,108 ⁽⁹⁾	\$ 9,121,447.52	4.67%
December 31, 1970	\$182,469,105	-	-	-	\$102,940,417	-	-	-	\$216,272,996	-	-	-
June 30, 1971	\$198,648,628	\$183,657,102	\$ 8,865,744.99	4.83%	\$110,406,203	\$103,543,397	\$ 4,777,705.29	4.61%	\$228,603,985	\$213,722,770	\$ 10,304,556.77	4.82%
December 31, 1971	\$215,397,783	-	-	-	\$115,613,762	-	-	-	\$237,806,108	-	-	-
June 30, 1972	\$235,121,349	\$216,883,656	\$11,436,490.83	5.27% ⁽¹¹⁾	\$122,880,191	\$116,694,447	\$ 5,962,135.03	5.11%	\$270,163,035	\$245,694,851	\$ 12,847,901.01	5.23% ⁽¹¹⁾

Schedule III continued

- (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 or directors of the respective retirement funds.
- (4) Computed by dividing income of fund for fiscal period by average book value of fund during period.
- (5) Includes the Public Employees Police & Fire Fund for periods after July 1, 1960, when it was established.
- (6) In 1970, State Employees Retirement Fund changed from calendar-year to a fiscal-year basis.
- (7) Book value figures for June 30, 1969, are listed before the transfer of bonds on that date from these basic retirement accounts to the Minnesota Adjustable Fixed Benefit Fund. The decline in book value figures during subsequent months indicates this transfer of bonds and the transfers of stocks during the next fiscal year. These basic retirement accounts own assets representing the major portion of the Minnesota Adjustable Fixed Benefit Fund; the extent of this ownership is not calculated for purposes of this table because of the varying participations by the funds.
- (8) Book value figure is adjusted for the July 1, 1969, transfer of bonds, stocks and cash to the Minnesota Adjustable Fixed Benefit Fund.
- (9) This figure was computed by using the July 1, 1969, book value.
- (10) Actual six months receipts annualized.
- (11) Computation of income for fiscal 1972 differed from that described in footnote (4) in two respects: first, the average book value for the year was increased by the amount of the deferred yield adjustment account, established by the 1971 Legislature (Minnesota Statutes 1971, Section 356.20, Subdivision 5), and secondly, an increase in equity portfolio valuation under the provisions of Minnesota Statutes 1971, Section 11.16, Subdivision 13, resulted in a 3% increase in the value of the equity portfolios as of October 31, 1972. One third of the amount of this increase is to be applied to the income for each of the fiscal years 1972, 1973, and 1974.

SCHEDULE IV

SECURITIES HELD IN THREE MAJOR RETIREMENT FUNDS

**PUBLIC EMPLOYEES RETIREMENT FUND
STATE EMPLOYEES RETIREMENT FUND
TEACHERS' RETIREMENT FUND**

June 30, 1972

**U.S. GOVERNMENT, STATE AND LOCAL OBLIGATIONS
AND SHORT-TERM CORPORATE NOTES**

	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund
SHORT-TERM CORPORATE NOTES			
Maturities up to 90 days	\$ 4,865,000.00	\$ 500,000.00	\$10,515,000.00
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES			
Bills			
Maturities up to 180 days	\$ 5,045,000.00	\$ 5,480,000.00	\$ 3,705,000.00
Repurchase Agreements			
Maturities up to 30 days	\$ 570,000.00	—	\$ 260,000.00
Government Agency Securities			
Maturities up to 180 days	\$ 315,000.00	\$ 230,000.00	\$ 100,000.00
U.S. Treasury Notes and Bonds - Various Maturities	\$ 3,375,000.00	\$ 630,000.00	\$ 4,355,000.00
TOTAL U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES	\$ 9,665,000.00	\$ 6,340,000.00	\$ 8,420,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT			
Average maturity about 10 years	\$ 4,424,000.00	\$ 552,000.00	\$ 689,000.00
TOTAL U.S. GOVERNMENT OBLIGATIONS	\$14,089,000.00	\$ 6,892,000.00	\$ 9,109,000.00
TOTAL STATE AND LOCAL OBLIGATIONS	\$10,941,000.00	\$10,407,000.00	\$16,583,000.00

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

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)	
U.S. GOVERNMENT- GUARANTEED OBLIGATIONS									
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5 1/2	5.50	\$ 598	—	—	\$ 598	
Grace Line, Inc.	Govt.-Guar. Bond	12-1-87	4.20	4.20	913	—	—	913	
Grace Line, Inc.	Govt.-Guar. Bond	2-1-92	5.10	5.10	745	—	—	745	
Gulf & South American	Govt.-Guar. Bond	12-31-88	4 1/4	4.25	350	—	—	350	
Gulf & South American	Govt.-Guar. Bond	12-31-88	4.20	4.20	279	—	—	279	
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	7-1-83	4.20	4.20	849	—	—	849	
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5 3/4	5.75	690	\$ 552	\$ 689	1,931	
Total United States Government-Guaranteed Obligations					4.99%	\$ 4,424	\$ 552	\$ 689	\$ 5,665
CANADIAN PROVINCIAL OBLIGATIONS									
The New Brunswick Electric Power Commission	S/F Debenture	11-15-91	6	6.16	\$ 500	\$ 400	\$ 500	\$ 1,400	
New Brunswick Higher Educa- tion Commission	S/F Debenture	4-15-93	7	7.21	—	300	550	850	
Nova Scotia Power Commission	S/F Debenture	3-15-97	7 3/4	7.80	1,500	—	1,500	3,000	
Province of Manitoba	Debenture	11-1-93	6 7/8	6.90	800	—	1,200	2,000	
Province of Nova Scotia	S/F Debenture	8-1-93	7 1/4	7.20	800	700	1,000	2,500	
Province of Ontario	Debenture	4-15-97	5 5/8	5.625	—	400	600	1,000	
Province of Ontario	Debenture	12-1-97	6 7/8	7.00	700	250	400	1,350	
Province of Ontario	Debenture	5-15-2001	7.85	7.85	1,500	—	2,000	3,500	
Total Canadian Provincial Obligations					7.21%	\$ 5,800	\$ 2,050	\$ 7,750	\$15,600
CORPORATE BONDS									
PUBLIC UTILITY OBLIGATIONS									
ELECTRIC									
Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 122	\$ 87	\$ 217	\$ 426	
Alabama Power Co.	First Mortgage	3-1-91	4 1/2	4.40	350	300	150	800	
Arizona Public Service Co.	First Mortgage	9-1-97	6 1/4	6.33	—	500	750	1,250	
Atlantic City Electric Co.	First Mortgage	3-1-91	4 1/2	4.37	—	—	600	600	
California Electric Power Co.	First Mortgage	5-1-90	5 1/8	5.10	400	300	500	1,200	
Carolina Power & Light Co.	First Mortgage	4-1-90	4 7/8	4.85	350	—	—	350	
Central Illinois Light Co.	First Mortgage	3-1-90	4 7/8	4.90	250	250	500	1,000	
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	—	294	293	587	
Citizens Utilities Co.	Coll. Trust & First Mtg.	10-1-92	4 5/8	5.41	—	—	800	800	
Commonwealth Edison Co.	First Mortgage	11-1-96	5 3/4	5.83	750	500	650	1,900	
Consolidated Edison Co.	First & Re- funding Mtg.	10-15-94	4.60	6.45	—	—	1,100	1,100	
Consolidated Edison Co.	Equipment Trust	1-1-96	9 1/4	9.25	1,467	—	1,711	3,178	
Dayton Power & Light Co.	First Mortgage	6-1-93	4.45	4.45	500	400	600	1,500	
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.88	500	200	—	700	
Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4 3/8	4.42	600	400	600	1,600	
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	—	400	500	900	
Iowa-Illinois Gas & Electric Co.	First Mortgage	4-15-90	5	4.93	—	—	487	487	
Long Island Light- ing Co.	First Mortgage	6-1-95	4.55	5.14	—	500	—	500	
Louisiana Power & Light Co.	First Mortgage	4-1-90	5	5.01	350	200	500	1,050	
Metropolitan Edison Co.	First Mortgage	5-1-90	5	4.95	350	200	500	1,050	
Orange & Rock- land Utilities, Inc.	First Mortgage	4-15-91	4 7/8	4.80	500	350	550	1,400	
Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	482	293	—	775	

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
PUBLIC UTILITY OBLIGATIONS...Continued								
Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.70	—	—	\$ 400	\$ 400
Public Service Co. of New Hampshire	First Mortgage	7-1-92	4 5/8	4.54	\$ 300	\$ 350	—	650
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4 3/4	4.73	—	—	500	500
Puget Sound Power & Light Co.	First Mortgage	2-1-91	4 5/8	4.65	250	250	—	500
Puget Sound Power & Light Co.	First Mortgage	11-1-93	4 5/8	4.60	350	250	600	1,200
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	800	—	1,000	1,800
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	400	—	430	830
Southern California Edison Co.	First & Refunding Mtg.	9-1-85	4 3/8	4.375	—	—	500	500
Southern California Edison Co.	First & Refunding Mtg.	4-1-86	4 1/2	4.42	150	250	150	550
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	—	—	700	700
Tucson Gas & Electric Co.	First Mortgage	2-1-96	4 7/8	4.875	600	400	600	1,600
Total Electric Utility Obligations				5.48%	\$ 9,821	\$ 6,674	\$15,888	\$32,383
GAS								
Arkansas Louisiana Gas Co.	First Mortgage	4-1-83	4 3/8	4.45	\$ 500	\$ 400	\$ 500	\$ 1,400
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4 1/2	4.55	504	337	504	1,345
Columbia Gas System, Inc.	Debenture	1-1-88	4 3/8	4.375	600	—	600	1,200
Gas Service Co.	First Mortgage	5-1-83	4.40	5.07	615	328	369	1,312
Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	233	189	—	422
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	500	500	400	1,400
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	—	400	700	1,100
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.70	495	395	495	1,385
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4 5/8	4.50	—	—	489	489
Natural Gas Pipeline Co. of America	First Mortgage	10-1-80	5	5.00	436	218	218	872
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6 1/4	6.34	—	300	—	300
Northern Natural Gas Co.	Debenture	11-1-81	4 7/8	4.80	475	—	477	952
Northwest Natural Gas Co.	First Mortgage	1-1-89	4 3/4	4.72	600	400	600	1,600
The Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5 3/8	5.375	—	360	—	360
Southern Counties Gas Co. of California	First Mortgage	8-1-85	4 3/4	4.60	397	240	492	1,129
Southern Natural Gas Co.	First Mortgage	12-1-81	4 3/4	4.75	343	280	280	903
Southern Union Gas Co.	First Mortgage	10-1-86	4.80	4.80	—	—	563	563
Springfield Gas Light Co.	Note	1-15-87	4 7/8	4.875	455	273	—	728
Texas Eastern Transmission Corp.	First Mortgage	12-1-81	4 7/8	4.915	377	377	471	1,225
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-81	5	5.08	502	413	522	1,437
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	287	281	—	568
Trunkline Gas Co.	First Mortgage	1-1-82	5	5.00	344	344	344	1,032
Washington Gas Light Co.	First Mortgage	3-1-91	5.20	5.20	—	400	—	400
Total Gas Utility Obligations				4.79%	\$ 7,663	\$ 6,435	\$ 8,024	\$22,122
TELEPHONE								
American Telephone & Telegraph Co.	Debenture	10-1-96	4 3/8	4.30	\$ 500	\$ 400	\$ 600	\$ 1,500
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	4.85	—	—	500	500

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
WATER								
Indianapolis Water Co.	First Mortgage	1-1-92	4 3/4	4.70	\$ 400	\$ 300	\$ 300	\$ 1,000
Indianapolis Water Co.	First Mortgage	8-1-97	5 7/8	5.875	—	—	600	600
Total Water Utility Obligations				5.14%	\$ 400	\$ 300	\$ 900	\$ 1,600
TOTAL PUBLIC UTILITY OBLIGATIONS								
				5.40%	\$24,410	\$17,288	\$32,295	\$73,993
FINANCE OBLIGATIONS								
American Investment Co.	Note	1-1-91	5 1/4	5.25	—	\$ 450	\$ 600	\$ 1,050
American Investment Co.	Senior Note	11-1-86	6 3/4	6.75	\$ 500	400	500	1,400
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	500	400	500	1,400
CIT Financial Corp.	Debenture	10-1-86	6 3/8	6.47	—	750	1,000	1,750
Household Finance Corp.	Debenture	9-15-93	4 7/8	4.91	—	450	550	1,000
Household Finance Corp.	Debenture	1-1-90	7 1/4	7.33	900	400	500	1,800
John Deere Credit Co.	Debenture	10-31-90	5	5.00	—	450	600	1,050
Total Finance Obligations				5.93%	\$ 1,900	\$ 3,300	\$ 4,250	\$ 9,450
INDUSTRIAL OBLIGATIONS								
Abbott Laboratories	S/F Debenture	1-15-93	6 1/4	6.29	—	—	\$ 1,000	\$ 1,000
Akzona, Inc.	Debenture	2-15-97	7 1/2	7.50	\$ 2,000	—	2,500	4,500
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.375	420	\$ 336	501	1,257
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.37	1,400	1,000	1,500	3,900
American Greetings Corp.	Promissory Note	10-1-84	4.70	7.40	—	—	406	406
American Metal Climax, Inc.	Note	8-1-88	4 1/2	5.80	1,147	—	765	1,912
American Sterilizer Co.	Note	8-1-77	4 7/8	4.875	170	194	—	364
Archer-Daniels-Midland Co.	Note	3-1-88	4 7/8	5.11	546	378	1,050	1,974
Armco Steel Corp.	Note	12-15-96	7 7/8	7.875	2,200	—	2,500	4,700
Ashland Oil, Inc.	S/F Debenture	2-15-88	4.35	4.35	500	400	—	900
Beckman Instruments, Inc.	Note	10-1-86	5 5/8	5.625	562	375	563	1,500
The Bendix Corp.	S/F Debenture	12-1-92	6 5/8	6.70	850	600	1,000	2,450
Broadway Hale Stores, Inc.	Note	5-1-83	4 1/2	5.62	523	220	880	1,623
Burlington Industries, Inc.	S/F Debenture	7-15-90	4 3/4	4.80	—	400	500	900
Burroughs Corp.	S/F Debenture	7-1-88	4 1/2	4.53	—	—	500	500
Central Soya Co., Inc.	S/F Debenture	1-1-93	6 3/8	6.456	800	—	1,000	1,800

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total Amount (000)
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
INDUSTRIAL OBLIGATIONS . . . Continued								
CIBA-Geigy Corporation	Note	9-15-86	5.85	6.54	\$ 1,219	\$ 374	\$ 1,126	\$ 2,719
Cities Service Co.	Debenture	11-1-97	6 1/8	6.49	—	650	1,000	1,650
Cities Service Gas Co.	Debenture	6-1-91	8 1/4	8.25	1,450	1,000	2,000	4,450
Continental Oil Co.	Note	12-1-89	5 7/8	5.875	600	400	600	1,600
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	1,175	979	1,468	3,622
Cummins Engine Co.	Note	7-15-90	4.60	5.20	475	—	950	1,425
Diamond Shamrock Corp. (Formerly Shamrock Oil & Gas Corp.)	Promissory Note	11-15-87	4 1/2	4.50	400	320	400	1,120
Diebold, Inc.	Note	9-15-85	4.80	4.80	—	—	442	442
Dow Chemical Co.	Note	1-15-90	4 1/2	4.50	—	—	616	616
Dow Chemical Co.	Note	4-1-91	5	5.125	506	368	506	1,380
Ekco Products Co.	S/F Debenture	8-1-87	4.60	4.60	350	—	600	950
Ford Motor Co.	Note	12-1-86	5 3/4	5.75	600	500	600	1,700
B.F. Goodrich Co.	Note	11-15-92	6 1/2	6.50	500	500	1,000	2,000
Gould, Inc.	S/F Debenture	2-15-95	9 1/4	9.25	1,340	—	—	1,340
Gould, Inc.	Note	11-1-80	4.85	4.85	—	360	450	810
Gulf Oil Corporation	Debenture	6-15-93	6 5/8	6.625	800	690	1,000	2,490
Halliburton Co.	Note	6-1-86	5.30	5.78	1,260	560	653	2,473
Honeywell, Inc.	Note	4-1-90	4.55	7.16	—	510	444	954
International Multi-foods Corp.	Note	3-1-88	4 1/2	4.50	444	—	444	888
The Kroger Co.	Note	10-19-81	5.30	5.02	350	280	420	1,050
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.52	1,300	1,000	—	2,300
Mead Corp.	Note	6-1-78	6 1/8	5.44	—	212	251	463
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	—	—	450	450
Montgomery Ward & Co., Inc.	S/F Debenture	8-1-90	4 7/8	5.67	—	440	500	940
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	2,000	—	2,000	4,000
Owens-Illinois, Inc.	Note	2-1-91	5	5.34	824	388	582	1,794
Phillips Petroleum Co.	Note	12-15-86	6 1/4	6.25	550	400	600	1,550
Pillsbury Co.	Promissory Note	12-1-88	5 1/8	4.88	—	—	470	470
Plantation Pipe Line Co. (Humble Oil & Refining Co., Standard Oil Co. of California & Shell Oil Co.)	Guaranteed Note	10-1-2001	7 7/8	7.875	2,000	1,000	2,000	5,000
Shell Canada Ltd.	Debenture	1-1-94	7 1/2	7.50	—	—	1,200	1,200
Shell Oil Co.	Note	4-15-90	4 1/2	6.44	—	—	900	900
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	5.21	600	400	775	1,775
The Singer Co.	Note	8-1-86	5 5/8	5.86	562	375	1,032	1,969
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	—	—	550	550
Standard Oil Co. of California (Chevron Stations Inc.)	Note	12-1-92	6	6.12	—	200	1,000	1,200
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mtg. Bond	3-2-97	7.70	7.70	700	—	700	1,400
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mtg. Bond	2-10-97	7.70	7.70	700	—	600	1,300
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mtg. Bond	3-30-97	7.70	7.70	600	—	700	1,300
Standard Oil Co. (Indiana)	Promissory Note	4-1-73/79	2.90	4.67	—	210	256	466
Standard Oil Co. (Indiana)	Promissory Note	6-1-79	3	5.00	556	—	—	556
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9	9.00	1,500	1,000	1,500	4,000
Standard Oil Co. (Indiana)	Debenture	1-15-98	6	6.07	400	400	1,000	1,800
Standard Oil Co. (New Jersey)	Debenture	11-1-97	6	6.00	—	—	1,000	1,000
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	—	—	368	368

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total Amount (000)
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8 1/2	8.52	\$ 1,300	\$ 1,000	—	\$ 2,300
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	2,000	—	\$ 2,000	4,000
Sun Oil Co.	Note	7-1-91	5 3/4	5.75	—	384	—	384
Swift & Co.	S/F Debenture	8-1-92	6.30	6.58	—	600	600	1,200
Swift & Co.	Debenture	6-1-86	4 7/8	5.23	380	304	829	1,513
Texaco (Country-wide Stations, Inc.)	Secured Notes	12-1-2001	7 3/4	7.75	1,991	1,493	2,489	5,973
Uarco, Inc.	Note	5-1-88	6 1/2	6.50	600	—	1,000	1,600
Union Oil Co. of California (Pure Transportation)	Note	12-1-88	6 1/2	6.50	695	—	868	1,563
United States Steel Corp.	S/F Debenture	4-15-86	4 1/2	4.55	—	—	500	500
Worthington Corp.	Note	7-1-81	5	5.00	270	200	340	810
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.36	662	474	1,603	2,739
TOTAL INDUSTRIAL OBLIGATIONS				6.82%	\$42,777	\$21,874	\$58,047	\$122,698
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	\$ 481	\$ 387	480	1,348
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	500	400	450	1,350
Southern Railway Co.	First Mortgage	6-1-88	4 5/8	4.625	587	393	573	1,553
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	480	384	480	1,344
Miscellaneous Railroad Bonds	Bond	Various	Various	4.31	—	42**	—	42
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.75%	\$ 2,048	\$ 1,606	\$ 2,483	\$ 6,137
RAILROAD EQUIPMENT OBLIGATIONS								
ACF Industries, Inc.	Equipment Trust	11-1-72/75	4 3/4	4.75	\$ 200	\$ 140	\$ 200	\$ 540
ACF Industries, Inc.	Equipment Trust	1-15-73/77	4 7/8	4.875	170	170	—	340
ACF Industries, Inc.	Equipment Trust	4-15-73/81	5 5/8	5.625	192	180	—	372
ACF Industries, Inc.	Equipment Trust	5-15-75/84	7 5/8	7.64	300	200	1,000	1,500
ACF Industries, Inc.	Equipment Trust	4-1-73/85	9 1/2	9.50	1,170	780	1,300	3,250
Burlington Northern, Inc.	Conditional Sale	10-1-73/87	9 5/8	9.625	1,500	—	1,500	3,000
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	—	—	1,458	1,458
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-72/78	4.55	4.55	326	230	327	883
Chesapeake & Ohio Railway Co.	Conditional Sale	2-15-83	6 7/8	6.93	545	495	695	1,735
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-72/1-15-82	6 3/8	6.375	196	196	196	588
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-72/6-1-81	5 3/8	5.375	314	261	305	880
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-1-72/1-1-77	5 3/8	5.375	223	178	217	618
Fruit Growers Express Co.	Equipment Trust	6-15-73/85	9 3/4	9.75	—	1,040	1,040	2,080
Fruit Growers Express Co.	Equipment Trust	5-1-73/77	4.70	4.70	125	—	125	250
Fruit Growers Express Co.	Equipment Trust	12-15-72/75	4 3/4	4.75	200	200	200	600
Fruit Growers Express Co.	Equipment Trust	11-15-72/81	6	6.00	300	250	300	850
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-73/9-1-85	10 1/2	10.50	1,131	—	—	1,131
Illinois Central Railroad Co.	Conditional Sale	2-15-74/83	6 7/8	6.875	700	600	1,000	2,300

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
RAILROAD EQUIPMENT OBLIGATIONS...Continued								
Kansas City Southern Railway Co.	Conditional Sale	12-15-72/ 6-15-76	4 1/2	4.50	223	208	223	654
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-72/79	6 7/8	6.92	840	616	1,120	2,576
Norfolk & Western Railway Co.	Conditional Sale	12-15-72/ 79	4 1/2	4.50	—	—	560	560
Norfolk & Western Railway Co.	Conditional Sale	6-1-73/81	5 1/2	5.50	270	270	270	810
Norfolk & Western Railway Co.	Conditional Sale	8-1-72/83	7 1/4	7.25	720	600	1,080	2,400
North American Car Corp.	Equipment Trust	10-15-72	4.40	4.40	20	17	20	57
North American Car Corp.	Equipment Trust	4-15-73/ 10-15-77	4 1/2	4.50	400	340	400	1,140
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-72/ 1-2-77	4 3/4	4.75	239	170	239	648
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-73/83	6 3/4	6.75	—	440	660	1,100

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)	
RAILROAD EQUIPMENT OBLIGATIONS...Continued									
St. Louis-San Francisco Railway Co.	Conditional Sale	12-15-72/ 83	7 1/4	7.25	640	—	560	1,200	
Southern Pacific Co.	Conditional Sale	12-15-72/ 80	4.80	4.80	—	270	269	539	
Southern Pacific Co.	Conditional Sale	3-1-73/84	7 5/8	7.625	600	480	840	1,920	
Western Fruit Express Co.	Equipment Trust	1-1-73/ 7-1-75	4.85	4.85	105	70	280	455	
Western Fruit Express Co.	Equipment Trust	9-1-72/80	4.70	4.70	540	540	405	1,485	
Total Railroad Equipment Obligations					7.15%	\$12,189	\$ 8,941	\$16,789	\$37,919
TOTAL CORPORATE OBLIGATIONS					6.37%	\$83,324	\$53,009	\$113,864	\$250,197
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS					6.39%	\$93,548	\$55,611	\$122,303	\$271,462

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
* Purchased 1930-1951.

COMMON STOCK HOLDINGS

Company	Total Shares	Market Price 6-30-72	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value
			Shares	Market Value	Shares	Market Value	Shares	Market Value	
CONSUMER-ORIENTED STOCKS									
UTILITIES									
ELECTRIC									
American Electric Power Co., Inc.	62,452	26.625	18,000	\$ 479,250.00	18,937	\$ 504,197.63	25,515	\$ 679,336.88	\$ 1,662,784.51
Central & South West Corp.	48,700	42.000	19,200	806,400.00	11,000	462,000.00	18,500	777,000.00	2,045,400.00
Cincinnati Gas & Electric Co.	63,500	23.125	28,000	647,500.00	10,500	242,812.50	25,000	578,125.00	1,468,437.50
Commonwealth Edison Co.	55,612	33.125	29,875	989,609.38	7,565	250,590.63	18,172	601,947.50	1,842,147.51
Consumers Power Co.	37,020	28.125	14,450	406,406.25	8,000	225,000.00	14,570	409,781.25	1,041,187.50
Florida Power & Light Co.	82,000	31.125	31,600	983,550.00	10,000	311,250.00	40,400	1,257,450.00	2,552,250.00
General Public Utilities Corp.	30,657	21.250	10,413	221,276.25	6,760	143,650.00	13,484	286,535.00	651,461.25
Houston Lighting & Power Co.	58,500	43.000	20,400	877,200.00	11,000	473,000.00	27,100	1,165,300.00	2,515,500.00
Interstate Power Co.	29,458	18.000	11,725	211,050.00	4,547	81,846.00	13,186	237,348.00	530,244.00
Kansas City Power & Light Co.	31,700	30.375	12,100	367,537.50	7,000	212,625.00	12,600	382,725.00	962,887.50
Louisville Gas & Electric Co.	53,000	32.000	19,000	608,000.00	8,000	256,000.00	26,000	832,000.00	1,696,000.00
Middle South Utilities, Inc.	98,000	20.250	37,900	767,475.00	17,000	344,250.00	43,100	872,775.00	1,984,500.00
Minnesota Power & Light Co.	45,000	20.250	16,000	324,000.00	10,000	202,500.00	19,000	384,750.00	911,250.00
Northern States Power Co.	58,500	25.250	24,000	606,000.00	6,000	151,500.00	28,500	719,625.00	1,477,125.00
Otter Tail Power Co.	26,600	20.275	10,000	203,750.00	7,600	154,850.00	9,000	183,375.00	541,975.00
Pacific Gas & Electric Co.	63,400	26.750	27,000	722,250.00	10,000	267,500.00	26,400	706,200.00	1,695,950.00
Public Service Co. of Indiana, Inc.	65,000	35.500	27,000	958,500.00	11,000	390,500.00	27,000	958,500.00	2,307,500.00
Southern California Edison Co.	61,000	24.125	30,500	735,812.50	9,000	217,125.00	21,500	518,687.50	1,471,625.00
Southern Company	98,300	19.000	48,300	917,700.00	16,500	313,500.00	33,500	636,500.00	1,867,700.00
Texas Utilities Co.	81,000	27.750	30,000	832,500.00	12,000	333,000.00	39,000	1,082,250.00	2,247,750.00
Virginia Electric & Power Co.	41,498	17.250	7,833	135,119.25	16,166	278,863.50	17,499	301,857.75	715,840.50
Total Electric				\$ 12,800,886.13		\$ 5,816,560.26		\$ 13,572,068.88	\$ 32,189,515.27
GAS									
Arkansas Louisiana Gas Co.	27,100	23.000	10,100	\$ 232,300.00	5,000	\$ 115,000.00	12,000	\$ 276,000.00	\$ 623,300.00
Northern Illinois Gas Co.	46,700	26.250	16,000	420,000.00	10,500	275,625.00	20,200	530,250.00	1,225,875.00
Panhandle Eastern Pipe Line Co.	39,148	34.000	14,510	493,340.00	8,714	296,276.00	15,924	541,416.00	1,331,032.00
Peoples Gas Co.	29,050	34.125	10,225	348,928.13	7,000	238,875.00	11,825	403,528.13	991,331.26
Total Gas				\$ 1,494,568.13		\$ 925,776.00		\$ 1,751,194.13	\$ 4,171,538.26
TELEPHONE-TELEGRAPH									
American Telephone & Telegraph Co.	72,920	41.625	30,710	\$ 1,278,303.75	12,700	\$ 528,637.50	29,510	\$ 1,228,353.75	\$ 3,035,295.00
General Telephone & Electronics Corp.	71,300	26.500	24,300	643,950.00	9,000	238,500.00	38,000	1,007,000.00	1,889,450.00
United Telecommunications, Inc.	60,000	16.875	30,000	506,250.00	—	—	30,000	506,250.00	1,012,500.00
Total Telephone-Telegraph				\$ 2,428,503.75		\$ 767,137.50		\$ 2,741,603.75	\$ 5,937,245.00
TOTAL UTILITIES				\$ 16,723,958.01		\$ 7,509,473.76		\$ 18,064,866.76	\$ 42,298,298.53

Schedule IV continued

Company	Total Shares	Market Price 6-30-72	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value
			Shares	Market Value	Shares	Market Value	Shares	Market Value	
FINANCIAL SERVICES									
BANKS									
Chase Manhattan Corp.	43,375	54.125	14,000	\$ 757,750.00	10,475	\$ 566,959.38	18,900	\$ 1,022,962.50	\$ 2,347,671.88
Citizens & Southern Nat'l Bank of Ga.	41,610	36.938	13,350	493,122.30	12,292	454,041.90	15,968	589,825.99	1,536,990.19
Continental Illinois Corp.	75,036	55.750	28,636	1,596,457.00	13,800	769,350.00	32,600	1,817,450.00	4,183,257.00
First Bank System, Inc.	89,500	50.375	28,700	1,445,762.50	18,200	916,825.00	42,600	2,145,975.00	4,508,562.50
First National City Corp.	59,516	60.125	20,680	1,243,385.00	9,956	598,604.50	28,880	1,736,410.00	3,578,399.50
Morgan (J.P.) & Co., Inc.	23,028	92.750	9,020	836,605.00	3,588	332,787.00	10,420	966,455.00	2,135,847.00
National City Bank (Cleveland)	38,600	60.625	14,600	885,125.00	8,500	515,312.50	15,500	939,687.50	2,340,125.00
Northwest Bancorporation	74,700	46.000	25,000	1,150,000.00	16,200	745,200.00	33,500	1,541,000.00	3,436,200.00
Security Pacific National Bank	72,609	27.813	24,886	692,154.32	11,721	325,996.18	36,002	1,001,323.63	2,019,474.13
Valley National Bank of Arizona	72,582	29.063	24,702	717,914.23	15,896	461,985.45	31,984	929,551.00	2,109,450.68
Western Bancorporation	32,000	30.000	11,500	345,000.00	8,500	255,000.00	12,000	360,000.00	960,000.00
Total Banks				\$ 10,163,275.35		\$ 5,942,061.91		\$ 13,050,640.62	\$ 29,155,977.88
FINANCE									
Beneficial Corp.	73,845	47.375	21,875	\$ 1,036,328.13	15,245	\$ 722,231.88	36,725	\$ 1,739,846.88	\$ 3,498,406.89
Household Finance Corp.	70,000	53.125	20,000	1,062,500.00	16,000	850,000.00	34,000	1,806,250.00	3,718,750.00
Investors Diversified Services (Class A)	55,200	34.250	20,200	691,850.00	9,000	308,250.00	26,000	890,500.00	1,890,600.00
MGIC Investment Corp.	26,300	66.750	8,800	587,400.00	4,500	300,375.00	13,000	867,750.00	1,755,525.00
Total Finance				\$ 3,378,078.13		\$ 2,180,856.88		\$ 5,304,346.88	\$ 10,863,281.89
INSURANCE									
Aetna Life & Casualty Co.	36,200	58.000	14,800	\$ 858,400.00	6,500	\$ 377,000.00	14,900	\$ 864,200.00	\$ 2,099,600.00
CNA Financial Corp.	87,872	20.750	36,072	748,494.00	18,000	373,500.00	33,800	701,350.00	1,823,344.00
Connecticut General Insurance Corp.	30,000	73.500	12,000	882,000.00	5,000	367,500.00	13,000	955,500.00	2,205,000.00
INA Corp.	51,000	45.750	17,000	777,750.00	10,500	480,375.00	23,500	1,075,125.00	2,333,250.00
Northwestern Nat'l Life Insurance Corp.	56,800	21.125	22,100	466,862.50	5,600	118,300.00	29,100	614,737.50	1,199,900.00
Safeco Corp.	66,600	49.750	21,800	1,084,550.00	10,400	517,400.00	34,400	1,711,400.00	3,313,350.00
St. Paul Companies, Inc.	48,350	80.500	17,200	1,384,600.00	7,500	603,750.00	23,650	1,903,825.00	3,892,175.00
Travelers Corp.	56,400	37.875	21,700	821,887.50	12,500	473,437.50	22,200	840,825.00	2,136,150.00
United States Fidelity & Guaranty Co.	48,000	41.500	16,000	664,000.00	11,000	456,500.00	21,000	871,500.00	1,992,000.00
Total Insurance				\$ 7,688,544.00		\$ 3,767,762.50		\$ 9,538,462.50	\$ 20,994,769.00
TOTAL FINANCIAL SERVICES				\$ 21,229,897.48		\$11,890,681.29		\$ 27,893,450.00	\$ 61,014,028.77
CONSUMER GOODS & SERVICES									
FOOD-BEVERAGE									
Coca-Cola Co.	16,800	133.500	4,200	\$ 560,700.00	2,000	\$ 267,000.00	10,600	\$ 1,415,100.00	\$ 2,242,800.00
General Foods Corp.	63,800	25.750	18,600	478,950.00	12,800	329,600.00	32,400	834,300.00	1,642,850.00
General Mills, Inc.	66,500	50.625	20,900	1,058,062.50	12,000	607,500.00	33,600	1,701,000.00	3,366,562.50
PepsiCo, Inc.	33,596	83.875	10,432	874,984.00	7,132	598,196.50	16,032	1,344,684.00	2,817,864.50
Pillsbury Co.	35,500	48.000	11,700	561,600.00	7,100	340,800.00	16,700	801,600.00	1,704,000.00
Total Food-Beverage				\$ 3,534,296.50		\$ 2,143,096.50		\$ 6,096,684.00	\$ 11,774,077.00
PRINTING-PUBLISHING									
O'Donnelley (R. R.) & Sons	59,543	26.000	16,476	\$ 428,376.00	15,946	\$ 414,596.00	27,121	\$ 705,146.00	\$ 1,548,118.00
Dun & Bradstreet, Inc.	35,800	74.500	13,400	998,300.00	6,000	447,000.00	16,400	1,221,800.00	2,667,100.00
Harcourt Brace Jovanovich, Inc.	36,000	40.750	14,050	572,537.50	8,100	330,075.00	13,850	564,387.50	1,467,000.00
Total Printing-Publishing				\$ 1,999,213.50		\$ 1,191,671.00		\$ 2,491,333.50	\$ 5,682,218.00
RETAIL TRADE									
Dayton Hudson Corp.	83,400	32.000	26,700	\$ 854,400.00	25,500	\$ 816,000.00	31,200	\$ 998,400.00	\$ 2,668,800.00
Federated Department Stores, Inc.	53,000	48.750	21,500	1,048,125.00	9,200	448,500.00	22,300	1,087,125.00	2,583,750.00
Penney (J.C.) Co., Inc.	36,100	76.125	10,900	829,762.50	5,300	403,462.50	19,900	1,514,887.50	2,748,112.50
Sears, Roebuck & Co.	35,100	110.500	10,500	1,160,250.00	4,600	508,300.00	20,000	2,210,000.00	3,878,550.00
Total Retail Trade				\$ 3,892,537.50		\$ 2,176,262.50		\$ 5,810,412.50	\$ 11,879,212.50
TEXTILES									
Burlington Industries, Inc.	44,300	35.875	17,000	\$ 609,875.00	11,800	\$ 423,325.00	15,500	\$ 556,062.50	\$ 1,589,262.50
Stevens (J.P.) & Co., Inc.	24,700	29.500	9,100	268,450.00	6,000	177,000.00	9,600	283,200.00	728,650.00
Total Textiles				\$ 878,325.00		\$ 600,325.00		\$ 839,262.50	\$ 2,317,912.50
MISCELLANEOUS									
Avon Products, Inc.	27,500	114.250	12,800	\$ 1,462,400.00	3,300	\$ 377,025.00	11,400	\$ 1,302,450.00	\$ 3,141,875.00
Disney (Walt) Productions	26,356	186.500	10,424	1,944,076.00	5,100	951,150.00	10,832	2,020,168.00	4,915,394.00
Holiday Inns, Inc.	68,400	52.750	22,400	1,181,600.00	15,000	791,250.00	31,000	1,635,250.00	3,608,100.00
McDonald's Corp.	50,000	59.250	17,000	1,007,250.00	14,000	829,500.00	19,000	1,125,750.00	2,962,500.00
Procter & Gamble Co.	41,900	93.250	20,800	1,939,600.00	7,400	690,050.00	13,700	1,277,525.00	3,907,175.00
Warner Communications, Inc.	56,300	48.375	21,200	1,025,550.00	13,700	662,737.50	21,400	1,035,225.00	2,723,512.50
Total Miscellaneous				\$ 8,560,476.00		\$ 4,301,712.50		\$ 8,396,368.00	\$ 21,258,556.50
TOTAL CONSUMER GOODS & SERVICES				\$ 18,864,848.50		\$10,413,067.50		\$ 23,634,060.50	\$ 52,911,976.50
TOTAL CONSUMER-ORIENTED STOCKS				\$ 56,818,703.99		\$29,813,222.55		\$ 69,592,377.26	\$156,224,303.80

Schedule IV continued

Company	Total Shares	Market Price 6-30-72	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value
			Shares	Market Value	Shares	Market Value	Shares	Market Value	
RESEARCH STOCKS									
CHEMICALS									
Air Products & Chemicals, Inc.	4,900	73.250	1,500	\$ 109,875.00	1,300	\$ 95,225.00	2,100	\$ 153,825.00	\$ 358,925.00
Dow Chemical Co.	51,482	90.250	20,548	1,854,457.00	9,645	246,000.00	21,289	1,921,332.25	4,021,789.25
du Pont (E.I.) de Nemours & Co.	12,500	164.000	5,600	918,400.00	1,500	870,461.25	5,400	885,600.00	2,674,461.25
Hercules, Inc.	32,000	65.125	13,500	879,187.50	5,000	325,625.00	13,500	879,187.50	2,084,000.00
Monsanto Co.	54,175	51.625	19,736	1,018,871.00	12,682	654,708.25	21,757	1,123,205.13	2,786,784.38
Union Carbide Corp.	46,600	45.875	19,600	899,150.00	10,100	463,337.50	16,900	775,287.50	2,137,775.00
Total Chemicals				\$ 5,679,940.50		\$ 2,655,357.00		\$ 5,738,437.38	\$ 14,073,734.88
DRUGS									
American Home Products Corp.	29,000	106.375	9,500	\$ 1,010,562.50	6,000	\$ 638,250.00	13,500	\$ 1,436,062.50	\$ 3,084,875.00
Merck & Co., Inc.	50,700	77.750	15,000	1,166,250.00	9,900	769,725.00	25,800	2,005,950.00	3,941,925.00
Pfizer, Inc.	99,000	42.375	35,000	1,483,125.00	15,500	656,812.50	48,500	2,055,187.50	4,195,125.00
Schering-Plough Corp.	32,500	116.500	9,000	1,048,500.00	5,000	582,500.00	18,500	2,155,250.00	3,786,250.00
Total Drugs				\$ 4,708,437.50		\$ 2,647,287.50		\$ 7,652,450.00	\$ 15,008,175.00
OFFICE EQUIPMENT									
Burroughs Corp.	29,200	183.500	10,200	\$ 1,871,700.00	6,100	\$ 1,119,350.00	12,900	\$ 2,367,150.00	\$ 5,358,200.00
Control Data Corp.	26,000	73.000	10,000	730,000.00	5,000	365,000.00	11,000	803,000.00	1,898,000.00
Honeywell, Inc.	27,700	149.875	7,800	1,169,025.00	4,500	674,437.50	15,400	2,308,075.00	4,151,537.50
International Business Machines Corp.	28,407	392.000	10,206	4,000,752.00	6,036	2,366,112.00	12,165	4,768,890.00	11,135,544.00
Xerox Corp.	28,520	150.750	8,500	1,281,375.00	5,560	838,170.00	14,460	2,179,845.00	4,299,390.00
Total Office Equipment				\$ 9,052,852.00		\$ 5,363,069.50		\$ 12,426,750.00	\$ 26,842,671.50
PHOTOGRAPHY									
Eastman Kodak Co.	44,380	132.625	14,750	\$ 1,956,218.75	9,180	\$ 1,217,497.50	20,450	\$ 2,712,181.25	\$ 5,885,897.50
Polaroid Corp.	14,426	127.500	4,493	572,857.50	2,680	341,700.00	7,253	924,757.50	1,839,315.00
Total Photography				\$ 2,529,076.25		\$ 1,559,197.50		\$ 3,636,938.75	\$ 7,725,212.50
MISCELLANEOUS									
Minnesota Mining & Manufacturing Co.	67,000	76.250	24,600	\$ 1,875,750.00	13,600	\$ 1,037,000.00	28,800	\$ 2,196,000.00	\$ 5,108,750.00
Universal Oil Products Co.	65,800	21.750	30,000	652,500.00	11,800	256,650.00	24,000	522,000.00	1,431,150.00
Total Miscellaneous				\$ 2,528,250.00		\$ 1,293,650.00		\$ 2,718,000.00	\$ 6,539,900.00
TOTAL RESEARCH STOCKS				\$ 24,498,556.25		\$13,518,561.50		\$ 32,172,576.13	\$ 70,189,693.88
NATURAL RESOURCES STOCKS									
PETROLEUM									
Continental Oil Co.	97,100	26.125	43,000	\$ 1,123,375.00	20,100	\$ 525,112.50	34,000	\$ 888,250.00	\$ 2,536,737.50
Gulf Oil Corp.	131,100	24.375	45,100	1,099,312.50	19,000	463,125.00	67,000	1,633,125.00	3,195,562.50
Louisiana Land & Exploration Co.	108,300	44.750	34,900	1,561,775.00	27,400	1,266,150.00	46,000	2,058,500.00	4,846,425.00
Mobil Oil Corp.	76,400	56.250	26,800	1,507,500.00	13,800	776,250.00	35,800	2,013,750.00	4,297,500.00
Standard Oil Company (Indiana)	78,800	69.625	26,800	1,865,950.00	16,000	1,114,000.00	36,000	2,506,500.00	5,486,450.00
Standard Oil Company (New Jersey)	74,222	74.125	26,508	1,964,905.50	15,508	1,149,530.50	32,206	2,387,269.75	5,501,537.75
Texaco, Inc.	137,490	32.500	50,100	1,628,250.00	24,040	781,300.00	63,350	2,058,875.00	4,468,425.00
Total Petroleum				\$ 10,751,068.00		\$ 6,035,468.00		\$ 13,546,269.75	\$ 30,332,805.75
TOTAL NATURAL RESOURCES STOCKS				\$ 10,751,068.00		\$ 6,035,468.00		\$ 13,546,269.75	\$ 30,332,805.75
DURABLES STOCKS									
AUTOMOBILES & AUTOMOTIVE PARTS									
Chrysler Corp.	69,225	30.875	26,847	\$ 828,901.13	12,378	\$ 382,170.75	30,000	\$ 926,250.00	\$ 2,137,321.88
Ford Motor Co.	62,400	63.875	17,300	1,105,037.50	13,800	881,475.00	31,300	1,999,287.50	3,985,800.00
General Motors Corp.	66,400	74.875	22,050	1,658,993.75	14,550	1,089,431.25	29,800	2,231,275.00	4,971,700.00
Goodyear Tire & Rubber Co.	111,500	28.000	34,500	966,000.00	30,000	840,000.00	47,000	1,316,000.00	3,122,000.00
Total Automobiles & Automotive Parts				\$ 4,550,932.38		\$ 3,193,077.00		\$ 6,472,812.50	\$ 14,216,821.88
PAPER & FOREST PRODUCTS									
Weyerhaeuser Co.	51,700	46.875	19,300	\$ 904,687.50	7,500	\$ 351,562.50	24,900	\$ 1,167,187.50	\$ 2,423,437.50
Total Paper & Forest Products				\$ 904,687.50		\$ 351,562.50		\$ 1,167,187.50	\$ 2,423,437.50
ELECTRICAL & ELECTRONIC EQUIPMENT									
Emerson Electric Co.	6,000	85.125	6,000	\$ 510,750.00	-	-	-	-	\$ 510,750.00
Fedders Corp.	25,000	34.750	-	-	-	-	25,000	\$ 868,750.00	868,750.00
General Electric Co.	80,500	65.750	32,300	2,123,725.00	14,300	940,225.00	33,900	2,228,925.00	5,292,875.00
International Tel. & Tel. Corp.	34,500	52.125	13,500	703,687.50	5,000	260,625.00	16,000	834,000.00	1,798,312.50
Sunbeam Corp.	56,049	33.625	17,050	573,306.25	14,999	504,341.38	24,000	807,000.00	1,884,647.63
Texas Instruments, Inc.	14,750	168.750	5,400	911,250.00	2,500	421,875.00	6,850	1,155,937.50	2,489,062.50
Westinghouse Electric Corp.	61,400	50.750	20,600	1,045,450.00	10,600	537,950.00	30,200	1,532,650.00	3,116,050.00
Whirlpool Corp.	113,400	34.750	45,600	1,584,600.00	24,000	834,000.00	43,800	1,522,050.00	3,940,650.00
Total Electrical & Electronic Equipment				\$ 7,452,768.75		\$ 3,499,016.38		\$ 8,949,312.50	\$ 19,901,097.63
MACHINERY									
Caterpillar Tractor Co.	69,000	59.000	18,500	\$ 1,091,500.00	12,000	\$ 708,000.00	38,500	\$ 2,271,500.00	\$ 4,071,000.00
Total Machinery				\$ 1,091,500.00		\$ 708,000.00		\$ 2,271,500.00	\$ 4,071,000.00
METALS									
Armco Steel Corp.	20,000	20.500	8,000	\$ 164,000.00	5,000	\$ 102,500.00	7,000	\$ 143,500.00	\$ 410,000.00
Total Metals				\$ 164,000.00		\$ 102,500.00		\$ 143,500.00	\$ 410,000.00

Schedule IV continued

Company	Total Shares	Market Price 6-30-72	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value
			Shares	Market Value	Shares	Market Value	Shares	Market Value	
DURABLES STOCKS... Continued									
TRANSPORTATION									
AIRCRAFT & AEROSPACE									
United Aircraft Corp.	28,300	35.375	15,000	\$ 530,625.00	6,800	\$ 240,550.00	6,500	\$ 229,937.50	\$ 1,001,112.50
Total Aircraft & Aerospace				\$ 530,625.00		\$ 240,550.00		\$ 229,937.50	\$ 1,001,112.50
AIRLINES									
American Airlines, Inc.	19,500	35.750	7,200	\$ 257,400.00	3,800	\$ 135,850.00	8,500	\$ 303,875.00	\$ 697,125.00
Delta Air Lines, Inc.	55,400	49.750	18,500	920,375.00	8,800	437,800.00	28,100	1,397,975.00	2,756,150.00
Northwest Airlines, Inc.	59,626	43.500	17,714	770,559.00	9,770	424,995.00	32,142	1,398,177.00	2,593,731.00
UAL, Inc.	24,300	37.125	9,000	334,125.00	7,000	259,875.00	8,300	308,137.50	902,137.50
Total Airlines				\$ 2,282,459.00		\$ 1,258,520.00		\$ 3,408,164.50	\$ 6,949,143.50
RAILROADS									
Burlington Northern, Inc.	43,800	42.625	13,000	\$ 554,125.00	10,100	\$ 430,512.50	20,700	\$ 882,337.50	\$ 1,866,975.00
Union Pacific Corp.	37,700	52.375	9,700	508,037.50	8,300	434,712.50	19,700	1,031,787.50	1,974,537.50
Total Railroads				\$ 1,062,162.50		\$ 865,225.00		\$ 1,914,125.00	\$ 3,841,512.50
TOTAL TRANSPORTATION				\$ 3,875,246.50		\$ 2,364,295.00		\$ 5,552,227.00	\$ 11,791,768.50
TOTAL DURABLES STOCKS				\$ 18,039,135.13		\$10,218,450.88		\$ 24,556,539.50	\$ 52,814,125.51
TOTAL COMMON STOCKS				\$110,107,463.37		\$59,585,702.93		\$139,867,762.64	\$309,560,928.94

SCHEDULE V

PUBLIC EMPLOYEES POLICE AND FIRE FUND

June 30, 1972

U.S. GOVERNMENT OBLIGATIONS

SHORT-TERM CORPORATE NOTES	
Maturities up to 90 days	\$ 325,000.00
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES	
Bills	
Maturities up to 180 days	\$ 940,000.00
U.S. Treasury Notes and Bonds - Various Maturities	
	\$ 725,000.00
TOTAL U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES	
	\$1,665,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT	
Average maturity about 10 years	\$ 756,000.00
TOTAL U.S. GOVERNMENT OBLIGATIONS	
	\$2,421,000.00

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

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS					
American President Lines	Govt.-Guar. Bond	11-1-91	4.80	4.80	\$ 100
Grace Line, Inc.	Govt.-Guar. Bond	12-1-87	4.20	4.20	91
Grace Line, Inc.	Govt.-Guar. Bond	2-1-92	5.10	5.10	100
Gulf & South American	Govt.-Guar. Bond	12-31-88	4.20	4.20	71
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	7-1-83	4.20	4.20	84
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5 3/4	5.75	137
United States Lines	Govt.-Guar. Bond	10-1-87	5	5.00	85
United States Lines	Govt.-Guar. Bond	11-1-86	4 3/8	4.375	88
TOTAL UNITED STATES GOVERN- MENT GUARANTEED OBLIGATIONS				4.79%	\$ 756
CANADIAN PROVINCIAL OBLIGATIONS					
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.15	\$ 200
Province of Nova Scotia	S/F Debenture	8-1-93	7 1/4	7.20	250
Province of Ontario	Debenture	4-15-97	5 5/8	5.625	100
Province of Ontario	Debenture	5-15-2001	7.85	7.85	300
TOTAL CANADIAN PROVINCIAL OBLIGATIONS				7.23%	\$ 850
CORPORATE BONDS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	\$ 58
Commonwealth Edison Co.	First Mortgage	11-1-96	5 3/4	5.75	100
Consolidated Edison Co.	First & Refunding Mortgage	12-1-93	4 5/8	4.54	100
Consolidated Edison Co.	Equipment Trust	1-1-96	9 1/4	9.25	244
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.88	60
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	4.39	50
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	72
Montana-Dakota Utilities Co.	S/F Bond	7-1-84	4 5/8	4.605	48
Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	50
Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.625	25
Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.69	60
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4 3/4	4.70	60
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	150
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	50
Total Electric Utility Obligations				6.04%	\$ 1,127

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
GAS					
Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	\$ 46
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	100
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	4.60	75
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.70	73
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6 1/4	6.34	100
Southern Counties Gas Co. of California	First Mortgage	8-1-85	4 3/4	4.60	36
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	54
Total Gas Utility Obligations				5.04%	\$ 484
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	10-1-96	4 3/8	4.30	\$ 100
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4 7/8	4.75	50
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.02	300
Total Telephone Utility Obligations				6.83%	\$ 450
TOTAL PUBLIC UTILITY OBLIGATIONS					
				5.98%	\$ 2,061
FINANCE OBLIGATIONS					
American Investment Co.	Note	1-1-91	5 1/4	5.25	\$ 100
American Investment Co.	Senior Note	11-1-86	6 3/4	6.75	100
TOTAL FINANCE OBLIGATIONS				6.00%	\$ 200
INDUSTRIAL OBLIGATIONS					
Abbott Laboratories	S/F Debenture	1-15-93	6 1/4	6.29	\$ 135
Akzona, Inc.	Debenture	2-15-97	7 1/2	7.50	500
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.37	250
Archer-Daniels Midland Co.	Promissory Note	3-1-88	4 7/8	6.70	126
Armco Steel Corp.	Note	12-15-96	7 7/8	7.875	500
Broadway-Hale Stores, Inc.	Note	5-1-83	4 1/2	4.50	27
Burlington Industries, Inc.	S/F Debenture	7-15-90	4 3/4	4.80	100
Central Soya Co., Inc.	S/F Debenture	1-1-93	6 3/8	6.456	150
CIBA-Geigy Corp.	Note	9-15-86	5.85	7.75	187
Cities Service Gas Co.	Debenture	6-1-91	8 1/4	8.25	300
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	245
Diamond Shamrock Corp. (Formerly Shamrock Oil & Gas Corp.)	Promissory Note	11-15-87	4 1/2	4.50	80
Dow Chemical Co.	Note	1-15-90	4 1/2	4.50	88
Ekco Products Co.	S/F Debenture	8-1-87	4.60	4.60	50
Gulf Oil Corporation	Debenture	6-15-93	6 5/8	6.625	206
Halliburton Co.	Note	6-1-86	5.30	6.75	140
Hammond Corp.	Senior Note	1-15-90	8 3/4	8.75	200
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.52	250
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	38
Moore-Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500
Owens-Illinois, Inc.	Note	2-1-91	5	5.00	97
Phillips Petroleum Co.	Note	12-15-86	6 1/4	6.25	100
Plantation Pipeline Co. (Humble Oil & Refining Co., Standard Oil Co. of California and Shell Oil Co.)	Guaranteed Note	10-1-2001	7 7/8	7.875	300
Standard Oil Co. of California (Chevron Stations)	Note	12-1-92	6	6.12	150
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	3-2-97	7.70	7.70	150
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	2-10-97	7.70	7.70	200
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	3-30-97	7.70	7.70	150
Standard Oil Co. (Indiana) (Midcon- tinent Properties, Inc.)	Note	10-1-2000	9	9.00	250
Standard Oil Co. (New Jersey)	Debenture	7-15-98	6 1/2	6.50	200
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8 1/2	8.52	250
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	500
Swift & Co.	Debenture	6-1-86	4 7/8	6.54	190
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6 1/2	6.50	130
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	6.75	5.62	203
TOTAL INDUSTRIAL OBLIGATIONS				7.44%	\$ 6,936
TRANSPORTATION DEBT OBLIGATIONS					
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	\$ 50
Southern Railway Co.	First Mortgage	6-1-88	4 5/8	4.625	49
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.82%	\$ 171

Schedule V continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	1-15-73/77	4 7/8	4.875	\$ 80
ACF Industries, Inc.	Equipment Trust	4-15-73/81	5 5/8	5.625	108
ACF Industries, Inc.	Equipment Trust	4-1-73/85	9 1/2	9.50	195
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	292
Chesapeake & Ohio Railway Co.	Conditional Sale	3-15-89	8 3/4	8.75	199
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-72/1-15-82	6 3/8	6.375	59
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-72/6-1-81	5 3/8	5.375	156
Fruit Growers Express Co.	Equipment Trust	6-15-73/85	9 3/4	9.75	195
Fruit Growers Express Co.	Equipment Trust	12-15-72/75	4 3/4	4.75	40
Fruit Growers Express Co.	Equipment Trust	11-15-72/81	6	6.00	100
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-73/9-1-85	10 1/2	10.50	228
Norfolk & Western Railway Co.	Conditional Sale	12-15-72/79	4 1/2	4.50	80
Norfolk & Western Railway Co.	Conditional Sale	6-1-73/81	5 1/2	5.50	90
North American Car Corp.	Equipment Trust	10-15-72	4.40	4.40	3
North American Car Corp.	Equipment Trust	4-15-73/10-15-77	4 1/2	4.50	60
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-73/83	6 3/4	6.75	110
Southern Pacific Co.	Equipment Trust	2-1-73	4 1/4	4.50	35
Southern Pacific Co.	Conditional Sale	3-1-73/84	7 5/8	7.625	120
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				7.61%	\$ 2,150
TOTAL CORPORATE OBLIGATIONS				7.15%	\$11,518
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS				7.02%	\$13,124

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

COMMON STOCK HOLDINGS

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Commonwealth Edison Co.	3,000	\$ 117,637.13	33.125	\$ 99,375.00	
Florida Power & Light Co.	4,600	152,176.41	31.125	143,175.00	
Houston Lighting & Power Co.	3,000	132,549.53	43.000	129,000.00	
Middle South Utilities, Inc.	6,200	150,409.00	20.250	125,550.00	
Pacific Gas & Electric Co.	3,700	121,294.12	26.750	98,975.00	
Southern California Edison Co.	3,300	103,255.29	24.125	79,612.50	
Texas Utilities Co.	5,400	152,198.73	27.750	149,850.00	
Virginia Electric & Power Co.	4,400	113,127.31	17.250	75,900.00	
Total Electric		\$ 1,042,647.52		\$ 901,437.50	9.08% (6.40%)
TELEPHONE-TELEGRAPH					
American Telephone & Telegraph Co.	4,636	\$ 215,132.87	41.625	\$ 192,973.50	
General Telephone & Electronics Corp.	6,200	205,713.48	26.500	164,300.00	
Total Telephone-Telegraph		\$ 420,846.35		\$ 357,273.50	3.67% (2.54%)
TOTAL UTILITIES		\$ 1,463,493.87		\$ 1,258,711.00	12.75% (8.94%)
FINANCIAL SERVICES					
BANKS					
First Bank System, Inc.	5,800	\$ 158,447.88	50.375	\$ 292,175.00	
First National City Corp.	5,000	245,024.38	60.125	300,625.00	
National City Bank (Cleveland)	4,024	208,746.87	60.625	243,955.00	
Northwest Bancorporation	5,200	149,920.43	46.000	239,200.00	
Security Pacific National Bank	5,000	155,217.50	27.813	139,065.00	
Total Banks		\$ 917,357.06		\$ 1,215,020.00	7.99% (8.63%)
FINANCE					
Beneficial Corp.	4,380	\$ 163,481.67	47.375	\$ 207,502.50	
Investors Diversified Services Class A	2,700	112,185.95	34.250	92,475.00	
MGIC Investment Corp.	2,700	154,873.45	66.750	180,225.00	
Total Finance		\$ 430,541.07		\$ 480,202.50	3.75% (3.42%)

Common Stocks	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
INSURANCE					
Aetna Life & Casualty Co.	2,600	\$ 147,680.48	58.000	\$ 150,800.00	
CNA Financial Corp.	7,000	158,665.33	20.750	145,250.00	
INA Corp.	3,000	149,300.92	45.750	137,250.00	
Northwestern National Life Insurance Corp.	6,200	153,762.50	21.125	130,975.00	
St. Paul Companies, Inc.	2,700	123,291.27	80.500	217,350.00	
Total Insurance		\$ 732,700.50		\$ 781,625.00	6.38% (5.55%)
TOTAL FINANCIAL SERVICES		\$ 2,080,598.63		\$ 2,476,847.50	18.12% (17.60%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
General Mills, Inc.	3,000	\$ 145,234.50	50.625	\$ 151,875.00	
PepsiCo, Inc.	1,466	51,562.47	83.875	122,960.75	
Total Food-Beverage		\$ 196,796.97		\$ 274,835.75	1.71% (1.95%)
PRINTING & PUBLISHING					
Donnelley (R.R.) & Sons	3,059	\$ 74,178.77	26.000	\$ 79,534.00	
Total Printing & Publishing		\$ 74,178.77		\$ 79,534.00	0.65% (0.57%)
RETAIL TRADE					
Federated Department Stores, Inc.	2,800	\$ 149,267.60	48.750	\$ 136,500.00	
Penney (J.C.) Co., Inc.	2,000	81,106.74	76.125	152,250.00	
Sears, Roebuck & Co.	1,800	108,014.60	110.500	198,900.00	
Total Retail Trade		\$ 338,388.94		\$ 487,650.00	2.95% (3.47%)
MISCELLANEOUS					
Avon Products, Inc.	2,200	\$ 192,854.36	114.250	\$ 251,350.00	
Disney (Walt) Productions	2,570	234,166.19	186.500	479,305.00	
Holiday Inns, Inc.	3,000	153,392.00	52.750	158,250.00	
McDonald's Corp.	6,000	168,324.14	59.250	355,500.00	
Procter & Gamble Co.	2,000	190,927.01	93.250	186,500.00	
Warner Communications, Inc.	5,100	233,277.22	48.375	246,712.50	
Total Miscellaneous		\$ 1,172,940.92		\$ 1,677,617.50	10.22% (11.92%)
TOTAL CONSUMER GOODS & SERVICES		\$ 1,782,305.60		\$ 2,519,637.25	15.53% (17.91%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 5,326,398.10		\$ 6,255,195.75	46.40% (44.45%)
RESEARCH STOCKS					
CHEMICALS					
du Pont (E.I.) de Nemours & Co.	1,160	\$ 148,688.31	164.000	\$ 190,240.00	
Hercules, Inc.	2,400	97,813.24	65.125	156,300.00	
Monsanto Co.	2,730	129,902.83	51.625	140,632.25	
Union Carbide Corp.	2,400	115,413.74	45.875	110,100.00	
Total Chemicals		\$ 491,818.12		\$ 597,572.25	4.29% (4.25%)
DRUGS					
American Home Products Corp.	1,800	\$ 140,058.19	106.375	\$ 191,475.00	
Merck & Co., Inc.	3,400	140,517.69	77.750	264,350.00	
Pfizer, Inc.	6,500	193,955.12	42.375	275,437.50	
Total Drugs		\$ 474,531.00		\$ 731,262.50	4.13% (5.20%)
OFFICE EQUIPMENT					
Burroughs Corp.	2,200	\$ 264,765.70	183.500	\$ 403,700.00	
Control Data Corp.	3,000	203,490.20	73.000	219,000.00	
Honeywell, Inc.	1,400	205,310.00	149.875	209,825.00	
International Business Machines Corp.	1,340	375,471.87	392.000	525,280.00	
Xerox Corp.	1,600	143,162.73	150.750	241,200.00	
Total Office Equipment		\$ 1,192,200.50		\$ 1,599,005.00	10.39% (11.36%)
PHOTOGRAPHY					
Eastman Kodak Co.	2,500	\$ 206,180.26	132.625	\$ 331,562.50	
Polaroid Corp.	1,006	90,548.23	127.500	128,265.00	
Total Photography		\$ 296,728.49		\$ 459,827.50	2.59% (3.27%)
MISCELLANEOUS					
Minnesota Mining & Manufacturing Co.	4,400	\$ 238,745.86	76.250	\$ 335,500.00	
Universal Oil Products Co.	7,300	212,803.61	21.750	158,775.00	
Total Miscellaneous		\$ 451,549.47		\$ 494,275.00	3.93% (3.51%)
TOTAL RESEARCH STOCKS		\$ 2,906,827.58		\$ 3,881,946.25	25.33% (27.59%)

Schedule V continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Louisiana Land & Exploration Co.	3,600	\$ 124,586.73	44.750	\$ 161,100.00	
Mobil Oil Corp.	3,500	169,505.14	56.250	196,875.00	
Standard Oil Company (Indiana)	3,700	213,241.93	69.625	257,612.50	
Standard Oil Company (New Jersey)	3,600	243,862.21	74.125	266,850.00	
Texaco, Inc.	5,500	202,182.52	32.500	178,750.00	
Total Petroleum		\$ 953,378.53		\$ 1,061,187.50	8.31% (7.54%)
TOTAL NATURAL RESOURCES STOCKS		\$ 953,378.53		\$ 1,061,187.50	8.31% (7.54%)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
Ford Motor Co.	4,400	\$ 217,221.69	63.875	\$ 281,050.00	
General Motors Corp.	4,000	293,048.64	74.875	299,500.00	
Goodyear Tire & Rubber Co.	6,000	151,413.13	28.000	168,000.00	
Total Automobiles & Automotive Parts		\$ 661,683.46		\$ 748,550.00	5.77% (5.32%)
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	4,000	\$ 185,241.32	46.875	\$ 187,500.00	
Total Paper & Forest Products		\$ 185,241.32		\$ 187,500.00	1.61% (1.33%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
Fedders Corp.	4,000	\$ 136,796.57	34.750	\$ 139,000.00	
General Electric Co.	3,600	178,907.05	65.750	236,700.00	
International Telephone & Telegraph Corp.	1,000	62,613.50	52.125	52,125.00	
Texas Instruments, Inc.	400	44,266.33	168.750	67,500.00	
Westinghouse Electric Corp.	4,200	150,275.63	50.750	213,150.00	
Whirlpool Corp.	11,400	193,313.40	34.750	396,150.00	
Total Electrical & Electronic Equipment		\$ 766,172.48		\$ 1,104,625.00	6.68% (7.85%)
MACHINERY					
Caterpillar Tractor Co.	6,000	\$ 219,472.99	59.000	\$ 354,000.00	
Total Machinery		\$ 219,472.99		\$ 354,000.00	1.91% (2.52%)
TRANSPORTATION					
AIRLINES					
Delta Air Lines, Inc.	2,000	\$ 74,551.30	49.750	\$ 99,500.00	
Northwest Airlines, Inc.	3,200	128,171.27	43.500	139,200.00	
UAL, Inc.	1,500	67,595.65	37.125	55,687.50	
Total Airlines		\$ 270,318.22		\$ 294,387.50	2.36% (2.09%)
RAILROADS					
Burlington Northern, Inc.	1,500	\$ 76,195.90	42.625	\$ 63,937.50	
Union Pacific Corp.	2,300	111,209.81	52.375	120,462.50	
Total Railroads		\$ 187,405.71		\$ 184,400.00	1.63% (1.31%)
TOTAL TRANSPORTATION		\$ 457,723.93		\$ 478,787.50	3.99% (3.40%)
TOTAL DURABLES STOCKS		\$ 2,290,294.18		\$ 2,873,462.50	19.96% (20.42%)
TOTAL COMMON STOCKS		\$11,476,898.39		\$14,071,792.00	100.00%
Less Profit on Common Stocks Sold		\$ 62,473.16			
Net Original Cost of Common Stocks		\$11,414,425.23		\$11,414,425.23	
Net Increase			+23.28%	\$ 2,657,366.77	

SCHEDULE VI

HIGHWAY PATROLMEN'S
RETIREMENT FUND
June 30, 1972

U.S. GOVERNMENT OBLIGATIONS

U.S. TREASURY SECURITIES AND
GOVERNMENT AGENCY SECURITIES

Bills		
Maturities up to 180 days		\$590,000.00
Repurchase Agreements		
Maturities up to 30 days		\$ 95,000.00
U.S. Treasury Notes and Bonds - Various Maturities		\$ 30,000.00

**TOTAL U.S. TREASURY AND
GOVERNMENT AGENCY
SECURITIES**

\$715,000.00

**OBLIGATIONS GUARANTEED BY
THE U.S. GOVERNMENT**

Average maturity about 10 years

\$138,000.00

**TOTAL U.S. GOVERNMENT
OBLIGATIONS**

\$853,000.00

**TOTAL STATE AND LOCAL
OBLIGATIONS**

\$583,000.00

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

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS					
Moore-McCormack Lines, Inc.	Govt-Guaranteed Bond	4-1-87	5 3/4	5.75	\$ 138
Total United States Government-Guaranteed Obligations				5.75%	\$ 138
CANADIAN PROVINCIAL OBLIGATIONS					
Province of Nova Scotia	S/F Debenture	8-1-93	7 1/4	7.20	\$ 150
Total Canadian Provincial Obligations				7.20%	\$ 150
CORPORATE BONDS					
PUBLIC UTILITY OBLIGATIONS					
Electric					
California Electric Power Co.	1st Mtg.	5-1-90	5 1/8	5.10	\$ 40
Central Maine Power Co.	1st Mtg.	11-1-90	5 1/4	5.10	39
Georgia Power Co.	1st Mtg.	11-1-90	4 7/8	4.96	40
Interstate Power Co.	1st Mtg.	5-1-93	4 3/8	4.39	50
Rochester Gas & Electric	1st Mtg.	7-1-98	6.70	6.70	50
Sierra Pacific Power Co.	1st Mtg.	6-1-92	4 7/8	4.75	50
Total Electric Utility Obligations				5.18%	\$ 269
Gas					
Louisiana Gas Service Co.	1st Mtg.	6-1-87	4 1/2	4.70	\$ 50
Milwaukee Gas Light Co.	1st Mtg.	5-15-87	4 5/8	4.50	50
Natural Gas Pipeline Co. of America	1st Mtg.	9-1-86	6 1/4	6.34	100
Northern Natural Gas Co.	Deb.	11-1-81	4 7/8	4.80	23
Transcontinental Gas Pipe Line Corp.	1st Mtg.	11-1-82	4 7/8	4.82	94
Total Gas Utility Obligations				5.23%	\$ 317
Telephone					
New York Telephone Co.	Ref. Mtg.	7-15-2008	8	8.02	\$ 200
Total Telephone Utility Obligations				8.02%	\$ 200
TOTAL PUBLIC UTILITY OBLIGATIONS				5.92%	\$ 786
FINANCE OBLIGATIONS					
CIT Financial Corp.	Deb.	10-1-86	6 3/8	6.42	\$ 150
Total Finance Obligations				6.42%	\$ 150

Schedule VI continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.37	\$ 150
Burlington Industries, Inc.	S/F Debenture	7-15-90	4 3/4	4.80	40
Gulf Oil Corporation	Debenture	6-15-93	6 5/8	6.625	150
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.52	150
Mead Johnson & Co.	Promissory Note	5-1-84	4 5/8	4.625	38
Phillips Petroleum Co.	Note	12-15-86	6 1/4	6.25	100
Plantation Pipe Line Co. (Humble Oil & Refining Co., Standard Oil Co. of California & Shell Oil Co.)	Guaranteed Note	10-1-2001	7 7/8	7.875	300
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9	9.00	150
Standard Oil Co. (Indiana)	Debenture	1-15-98	6	6.07	50
Standard Oil Co. (New Jersey)	Debenture	7-15-98	6 1/2	6.50	150
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8 1/2	8.52	150
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6 1/2	6.50	87
TOTAL INDUSTRIAL OBLIGATIONS				7.60%	\$ 1,515
TRANSPORTATION DEBT OBLIGATIONS					
Atlantic Coast Line Railroad Co. Louisville & Nashville Railroad Co.	First Mortgage	10-1-88	4 3/4	4.75	\$ 49
Western Maryland Railway Co.	Coll. Trust	12-1-87	4 7/8	4.95	100
	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.87%	\$ 221
RAILROAD EQUIPMENT OBLIGATIONS					
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	\$ 292
Chesapeake & Ohio Railway Co.	Conditional Sale	3-15-89	8 3/4	8.75	298
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-72/1-15-82	6 3/8	6.375	39
Fruit Growers Express Co.	Equipment Trust	6-15-73/85	9 3/4	9.75	130
Fruit Growers Express Co.	Equipment Trust	12-15-72/75	4 3/4	4.75	28
Fruit Growers Express Co.	Equipment Trust	11-15-72/81	6	6.00	50
Illinois Central Railroad Co.	Conditional Sale	2-15-74/83	6 7/8	6.875	150
New York Central Railroad Co.	Equipment Trust	6-1-73	4 7/8	5.15	50
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.06%	\$ 1,037
TOTAL CORPORATE OBLIGATIONS				7.16%	\$ 3,709
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS				7.11%	\$ 3,997

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

COMMON STOCK HOLDINGS

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Central & South West Corp.	1,300	\$ 53,432.81	42.000	\$ 54,600.00	
Middle South Utilities, Inc.	4,100	99,570.49	20.250	83,025.00	
Public Service Co. of Indiana	2,200	90,958.38	35.500	78,100.00	
Southern California Edison Co.	1,700	55,088.25	24.125	41,012.50	
Southern Company	3,500	85,526.48	19.000	66,500.00	
Total Electric		\$ 384,576.41		\$ 323,237.50	11.31% (7.40%)
GAS					
Minneapolis Gas Co.	1,500	\$ 47,000.00	26.250	\$ 39,375.00	
Total Gas		\$ 47,000.00		\$ 39,375.00	1.38% (0.90%)
TELEPHONE-TELEGRAPH					
General Telephone & Electronics Corp.	1,400	\$ 42,557.32	26.500	\$ 37,100.00	
Total Telephone-Telegraph		\$ 42,557.32		\$ 37,100.00	1.25% (0.85%)
TOTAL UTILITIES		\$ 474,133.73		\$ 399,712.50	13.94% (9.15%)
FINANCIAL SERVICES					
BANKS					
Chase Manhattan Corp.	1,700	\$ 87,033.04	54.125	\$ 92,012.50	
Northwest Bancorporation	1,000	43,000.00	46.000	46,000.00	
Valley National Bank of Arizona	3,618	87,127.68	29.063	105,149.94	
Western Bancorporation	1,300	47,884.50	30.000	39,000.00	
Total Banks		\$ 265,045.22		\$ 282,162.44	7.80% (6.46%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
FINANCE					
Beneficial Corp.	2,500	\$ 96,271.84	47.375	\$ 118,437.50	
MGIC Investment Corp.	1,400	94,389.69	66.750	93,450.00	
Total Finance		\$ 190,661.53		\$ 211,887.50	5.60% (4.85%)
INSURANCE					
Northwestern National Life Insurance Corp.	2,000	\$ 53,500.00	21.125	\$ 42,250.00	
St. Paul Companies, Inc.	1,000	45,875.00	80.500	80,500.00	
Total Insurance		\$ 99,375.00		\$ 122,750.00	2.92% (2.80%)
TOTAL FINANCIAL SERVICES		\$ 555,081.75		\$ 616,799.94	16.32% (14.11%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
Pepsi Co., Inc.	1,300	\$ 62,320.83	83.875	\$ 109,037.50	
Pillsbury Co.	1,000	52,306.87	48.000	48,000.00	
Total Food-Beverage		\$ 114,627.70		\$ 157,037.50	3.37% (3.60%)
RETAIL TRADE					
Sears, Roebuck & Co.	800	\$ 56,113.84	110.500	\$ 88,400.00	
Total Retail Trade		\$ 56,113.84		\$ 88,400.00	1.65% (2.02%)
MISCELLANEOUS					
Avon Products, Inc.	1,100	\$ 93,782.32	114.250	\$ 125,675.00	
Disney (Walt) Productions	1,138	91,033.35	186.500	212,237.00	
Holiday Inns, Inc.	2,500	92,309.63	52.750	131,875.00	
McDonald's Corp.	3,000	84,269.44	59.250	177,750.00	
Warner Communications, Inc.	2,700	123,005.40	48.375	130,612.50	
Total Miscellaneous		\$ 484,400.14		\$ 778,149.50	14.24% (17.80%)
TOTAL CONSUMER GOODS & SERVICES		\$ 655,141.68		\$ 1,023,587.00	19.26% (23.42%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 1,684,357.16		\$ 2,040,099.44	49.52% (46.68%)
RESEARCH STOCKS					
CHEMICALS					
Dow Chemical Co.	1,659	\$ 82,723.43	90.250	\$ 149,724.75	
Monsanto Co.	1,716	85,565.21	51.625	88,588.50	
Total Chemicals		\$ 168,288.64		\$ 238,313.25	4.95% (5.45%)
DRUGS					
Pfizer, Inc.	3,000	\$ 81,722.61	42.375	\$ 127,125.00	
Schering-Plough Corp.	1,500	85,992.79	116.500	174,750.00	
Total Drugs		\$ 167,715.40		\$ 301,875.00	4.93% (6.91%)
OFFICE EQUIPMENT					
International Business Machines Corp.	520	\$ 125,707.03	392.000	\$ 203,840.00	
Xerox Corp.	800	65,919.93	150.750	120,600.00	
Total Office Equipment		\$ 191,626.96		\$ 324,440.00	5.63% (7.43%)
PHOTOGRAPHY					
Eastman Kodak Co.	1,300	\$ 94,990.31	132.625	\$ 172,412.50	
Total Photography		\$ 94,990.31		\$ 172,412.50	2.79% (3.94%)
MISCELLANEOUS					
Universal Oil Products Co.	3,500	\$ 98,165.77	21.750	\$ 76,125.00	
Total Miscellaneous		\$ 98,165.77		\$ 76,125.00	2.89% (1.74%)
TOTAL RESEARCH STOCKS		\$ 720,787.08		\$ 1,113,165.75	21.19% (25.47%)

Schedule VI continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Mobil Oil Corp.	2,100	\$ 95,366.39	56.250	\$ 118,125.00	
Standard Oil Co. (Indiana)	1,900	99,627.14	69.625	132,287.50	
Standard Oil Co. (New Jersey)	1,300	98,556.06	74.125	96,362.50	
Total Petroleum		\$ 293,549.59		\$ 346,775.00	8.63% (7.93%)
TOTAL NATURAL RESOURCES STOCKS		\$ 293,549.59		\$ 346,775.00	8.63% (7.93%)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
Chrysler Corp.	1,300	\$ 42,596.34	30.875	\$ 40,137.50	
Ford Motor Co.	1,200	58,434.79	63.875	76,650.00	
General Motors Corp.	900	65,068.91	74.875	67,387.50	
Total Automobiles & Automotive Parts		\$ 166,100.04		\$ 184,175.00	4.88% (4.22%)
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	1,075	\$ 49,995.85	46.875	\$ 50,390.63	
Total Paper & Forest Products		\$ 49,995.85		\$ 50,390.63	1.47% (1.15%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
Emerson Electric Co.	1,100	\$ 60,342.23	85.125	\$ 93,637.50	
Fedders Corp.	3,000	102,597.43	34.750	104,250.00	
International Telephone & Telegraph Corp.	700	39,345.85	52.125	36,487.50	
Whirlpool Corp.	4,200	70,880.64	34.750	145,950.00	
Total Electrical & Electronic Equipment		\$ 273,166.15		\$ 380,325.00	8.03% (8.70%)
TRANSPORTATION					
AIRLINES					
Delta Air Lines, Inc.	1,300	\$ 39,674.88	49.750	\$ 64,675.00	
Northwest Airlines, Inc.	1,700	74,245.75	43.500	73,950.00	
Total Airlines		\$ 113,920.63		\$ 138,625.00	3.35% (3.17%)
RAILROADS					
Burlington Northern, Inc.	1,400	\$ 49,577.39	42.625	\$ 59,675.00	
Union Pacific Corp.	1,100	50,195.83	52.375	57,612.50	
Total Railroads		\$ 99,773.22		\$ 117,287.50	2.93% (2.68%)
TOTAL TRANSPORTATION		\$ 213,693.85		\$ 255,912.50	6.28% (5.85%)
TOTAL DURABLES STOCKS		\$ 702,955.89		\$ 870,803.13	20.66% (19.92%)
TOTAL COMMON STOCKS		\$ 3,401,649.72		\$ 4,370,843.32	100.00%
Less Profit on Common Stocks Sold		\$ 37,194.71			
Net Original Cost of Common Stocks		\$ 3,364,455.01		\$ 3,364,455.01	
Net Increase			+29.91%	\$ 1,006,388.31	

SCHEDULE VII

SUPPLEMENTAL RETIREMENT FUND -
INCOME SHARE ACCOUNT

June 30, 1972

U.S. GOVERNMENT OBLIGATIONS

U.S. TREASURY SECURITIES AND
GOVERNMENT AGENCY SECURITIES

BILLS		
Maturities up to 180 Days		\$235,000.00
GOVERNMENT AGENCY SECURITIES		
Maturities up to 180 Days		\$425,000.00
TOTAL U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES		\$660,000.00

CANADIAN PROVINCIAL OBLIGATIONS AND CORPORATE BOND HOLDINGS

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN PROVINCIAL OBLIGATIONS					
Alberta Govt. Tel.	Deb.	6-15-94	8	8.19	\$ 100,000.00
Province of Ontario	Deb.	5-15-2001	7.85	7.85	300,000.00
TOTAL CANADIAN PROVINCIAL OBLIGATIONS				7.93%	\$ 400,000.00
CORPORATE BOND OBLIGATIONS					
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Deb.	3-1-95	9.50	9.37	\$ 200,000.00
Cities Service Gas Co.	Deb.	6-1-91	8.25	8.25	400,000.00
Gould, Inc.	S/F Deb.	2-15-95	9.25	9.25	200,000.00
Marathon Oil Co.	S/F Deb.	2-1-2000	8.50	8.52	200,000.00
Moore Business Forms, Inc.	Sr. Note	10-1-96	7.90	7.90	500,000.00
Plantation Pipeline Co., (Humble Oil & Refining Co., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Note	10-1-2001	7.875	7.875	400,000.00
Raytheon Co.	S/F Deb.	7-1-96	8.25	8.30	400,000.00
Standard Oil of California (Union Bank)	1st Pref. Ship Mtg.	2-10-97, 3-2-97, 3-30-97	7.70	7.70	500,000.00
Standard Oil Co. (Ohio)	Deb.	1-1-2000	8.50	8.52	200,000.00
Stauffer Chemical Co.	Note	3-15-97	7.50	7.50	500,000.00
TOTAL INDUSTRIAL OBLIGATIONS				8.13%	\$3,500,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equip. Tr.	4-1-85	9.50	9.50	\$ 210,000.00
Burlington-Northern	Cond. Sale	10-1-73/87	9.625	9.625	250,000.00
Burlington-Northern, (First Western Bank & Trust Co.)	Cond. Sale	5-1-86	8.60	8.60	243,123.31
Chesapeake & Ohio Railway Co., (The First Pennsylvania Banking & Trust Co.)	Cond. Sale	3-15-89	8.75	8.75	298,281.20
Fruit Growers Express	Equip. Tr.	6-15-85	9.75	9.75	210,000.00
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Cond. Sale	3-1-73/ 9-1-85	10.50	10.50	199,611.45
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				9.39%	\$1,411,015.96
TOTAL CORPORATE OBLIGATIONS				8.49%	\$4,911,015.96
TOTAL CANADIAN PROVINCIAL AND CORPORATE OBLIGATIONS				8.45%	\$5,311,015.96

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

COMMON STOCK HOLDINGS

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Commonwealth Edison Co.	4,500	\$ 161,076.58	33.125	\$ 149,062.50	
Middle South Utilities, Inc.	9,300	210,400.00	20.250	188,325.00	
Northern States Power Co.	5,400	139,111.75	25.250	136,350.00	
Southern California Edison Co.	5,700	164,124.32	24.125	137,512.50	
Texas Utilities Co.	6,800	193,525.27	27.750	188,700.00	
Total Electric		\$ 868,237.92		\$ 799,950.00	17.29% (15.62%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total% Cost (Market)
GAS					
Northern Illinois Gas Co.	3,800	\$ 122,974.64	26.250	\$ 99,750.00	
Total Gas		\$ 122,974.64		\$ 99,750.00	2.45% (1.95%)
TELEPHONE-TELEGRAPH					
American Telephone & Telegraph Co.	4,700	\$ 217,304.31	41.625	\$ 195,637.50	
General Telephone & Electronics Corp.	4,400	133,733.42	26.500	116,600.00	
Total Telephone-Telegraph		\$ 351,037.73		\$ 312,237.50	6.99% (6.10%)
TOTAL UTILITIES		\$ 1,342,250.29		\$ 1,211,937.50	26.72% (23.66%)
FINANCIAL SERVICES					
BANKS					
Continental Illinois Corp.	5,000	\$ 205,855.67	55.750	\$ 278,750.00	
Morgan (J.P.) & Co., Inc.	2,000	166,967.10	92.750	185,500.00	
Northwest Bancorporation	5,700	209,068.51	46.000	262,200.00	
Total Banks		\$ 581,891.28		\$ 726,450.00	11.59% (14.18%)
INSURANCE					
INA Corp.	4,000	\$ 208,349.51	45.750	\$ 183,000.00	
United States Fidelity & Guaranty Co.	4,800	211,457.42	41.500	199,200.00	
Total Insurance		\$ 419,806.93		\$ 382,200.00	8.36% (7.46%)
TOTAL FINANCIAL SERVICES		\$ 1,001,698.21		\$ 1,108,650.00	19.94% (21.64%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
General Foods Corp.	7,100	\$ 209,070.29	25.750	\$ 182,825.00	
Total Food-Beverage		\$ 209,070.29		\$ 182,825.00	4.16% (3.57%)
TOTAL CONSUMER GOODS & SERVICES		\$ 209,070.29		\$ 182,825.00	4.16% (3.57%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 2,553,018.79		\$ 2,503,412.50	50.83% (48.87%)
RESEARCH STOCKS					
CHEMICALS					
Union Carbide Corp.	4,900	\$ 216,401.72	45.875	\$ 224,787.50	
Total Chemicals		\$ 216,401.72		\$ 224,787.50	4.31% (4.39%)
OFFICE EQUIPMENT					
International Business Machines Corp.	600	\$ 207,916.61	392.000	\$ 235,200.00	
Total Office Equipment		\$ 207,916.61		\$ 235,200.00	4.14% (4.59%)
MISCELLANEOUS					
Minnesota Mining & Mfg. Co.	3,700	\$ 211,259.12	76.250	\$ 282,125.00	
Total Miscellaneous		\$ 211,259.12		\$ 282,125.00	4.21% (5.51%)
TOTAL RESEARCH STOCKS		\$ 635,577.45		\$ 742,112.50	12.65% (14.49%)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Mobil Oil Corp.	4,000	\$ 209,432.58	56.250	\$ 225,000.00	
Standard Oil Co. (New Jersey)	3,000	209,295.76	74.125	222,375.00	
Texaco, Inc.	7,000	222,418.23	32.500	227,500.00	
Total Petroleum		\$ 641,146.57		\$ 674,875.00	12.76% (13.18%)
TOTAL NATURAL RESOURCES STOCKS		\$ 641,146.57		\$ 674,875.00	12.76% (13.18%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total% Cost (Market)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
Ford Motor Co.	3,500	\$ 199,972.82	63.875	\$ 223,562.50	
General Motors Corp.	2,900	225,124.33	74.875	217,137.50	
Goodyear Tire & Rubber Co.	6,500	191,734.93	28.000	182,000.00	
Total Automobiles & Automotive Parts		\$ 616,832.08		\$ 622,700.00	12.28% (12.16%)
PAPER & FOREST PRODUCTS					
International Paper Co.	3,700	\$ 142,738.80	37.250	\$ 137,825.00	
Weyerhaeuser Co.	4,500	209,814.41	46.875	210,937.50	
Total Paper & Forest Products		\$ 352,553.21		\$ 348,762.50	7.02% (6.81%)
TRANSPORTATION					
RAILROADS					
Union Pacific Corp.	4,400	\$ 223,587.27	52.375	\$ 230,450.00	
Total Railroads		\$ 223,587.27		\$ 230,450.00	4.45% (4.50%)
TOTAL TRANSPORTATION		\$ 223,587.27		\$ 230,450.00	4.45% (4.50%)
TOTAL DURABLES STOCKS		\$ 1,192,972.56		\$ 1,201,912.50	23.75% (23.46%)
TOTAL COMMON STOCKS					
		\$ 5,022,715.37		\$ 5,122,312.50	100.00%
Less Profit on Common Stocks Sold		\$ 78,891.51			
Net Original Cost of Common Stocks		\$ 4,943,823.86		\$ 4,943,823.86	
Net Increase			+3.61%	\$ 178,488.64	

**SCHEDULE VIII
SUPPLEMENTAL RETIREMENT FUND -
GROWTH SHARE ACCOUNT
June 30, 1972**

U.S. GOVERNMENT OBLIGATIONS

U.S. TREASURY SECURITIES

BILLS

Maturities up to 180 Days \$50,000.00

COMMON STOCK HOLDINGS

Common Stocks	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Florida Power & Light Co.	6,400	\$ 210,369.21	31.125	\$ 199,200.00	
Total Electric		\$ 210,369.21		\$ 199,200.00	4.58% (3.41%)
TELEPHONE-TELEGRAPH					
United Telecommunications	8,100	\$ 164,479.68	16.875	\$ 136,687.50	
Total Telephone-Telegraph		\$ 164,479.68		\$ 136,687.50	3.58% (2.34%)
TOTAL UTILITIES		\$ 374,848.89		\$ 335,887.50	8.16% (5.75%)
FINANCIAL SERVICES					
BANKS					
Cameron Financial Corp.	1,400	\$ 49,525.00	35.500	\$ 49,700.00	
Valley National Bank of Arizona	3,500	97,715.00	29.063	101,720.50	
Total Banks		\$ 147,240.00		\$ 151,420.50	3.21% (2.59%)

Schedule VIII continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
FINANCE					
Household Finance Corp.	2,800	\$ 121,457.34	53.125	\$ 148,750.00	
MGIC Investment Corp.	2,400	139,908.04	66.750	160,200.00	
Total Finance		\$ 261,365.38		\$ 308,950.00	5.69% (5.28%)
INSURANCE					
INA Corp.	3,000	\$ 152,179.35	45.750	\$ 137,250.00	
Safeco Corp.	2,200	103,910.00	49.750	109,450.00	
St. Paul Companies, Inc.	2,600	121,575.00	80.500	209,300.00	
Total Insurance		\$ 377,664.35		\$ 456,000.00	8.22% (7.80%)
TOTAL FINANCIAL SERVICES		\$ 786,269.73		\$ 916,370.50	17.12% (15.67%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
Norton Simon, Inc.	1,400	\$ 47,962.95	33.625	\$ 47,075.00	
PepsiCo, Inc.	2,300	124,640.77	83.875	192,912.50	
Total Food-Beverage		\$ 172,603.72		\$ 239,987.50	3.76% (4.10%)
RETAIL TRADE					
Federated Department Stores, Inc.	2,600	\$ 100,121.76	48.750	\$ 126,750.00	
Kresge (S.S.) Company	900	97,076.88	127.000	114,300.00	
Total Retail Trade		\$ 197,198.64		\$ 241,050.00	4.29% (4.12%)
MISCELLANEOUS					
American Greetings Corp.	1,300	\$ 89,175.00	66.625	\$ 86,612.50	
ARA Services, Inc.	900	107,290.31	173.500	156,150.00	
Avis Corp.	850	32,300.00	42.500	36,125.00	
Avon Products, Inc.	1,400	123,135.57	114.250	159,950.00	
Disney (Walt) Productions	1,652	169,195.94	186.500	308,098.00	
Holiday Inns, Inc.	3,000	111,770.57	52.750	158,250.00	
McDonald's Corp.	4,900	132,050.96	59.250	290,325.00	
Medtronic, Inc.	2,400	103,858.82	91.000	218,400.00	
Procter & Gamble Co.	1,200	105,140.95	93.250	111,900.00	
Warner Communications, Inc.	3,200	145,924.52	48.375	154,800.00	
Total Miscellaneous		\$ 1,119,642.64		\$ 1,680,610.50	24.38% (28.75%)
TOTAL CONSUMER GOODS & SERVICES		\$ 1,489,445.00		\$ 2,161,648.00	32.43% (36.97%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 2,650,563.62		\$ 3,413,906.00	57.71% (58.39%)
RESEARCH STOCKS					
CHEMICALS					
Air Products & Chemicals, Inc.	300	\$ 21,412.50	73.250	\$ 21,975.00	
Total Chemicals		\$ 21,412.50		\$ 21,975.00	0.47% (0.38%)
DRUGS					
Merck & Co., Inc.	2,000	\$ 101,882.28	77.750	\$ 155,500.00	
Total Drugs		\$ 101,882.28	77.750	\$ 155,500.00	2.22% (2.66%)
OFFICE EQUIPMENT					
Burroughs Corp.	955	\$ 110,317.30	183.500	\$ 175,242.50	
Honeywell, Inc.	700	106,847.36	149.875	104,912.50	
International Business Machines Corp.	490	153,801.21	392.000	192,080.00	
Xerox Corp.	900	94,105.07	150.750	135,675.00	
Total Office Equipment		\$ 465,070.94		\$ 607,910.00	10.13% (10.40%)
PHOTOGRAPHY					
Eastman Kodak Co.	1,500	\$ 113,627.33	132.625	\$ 198,937.50	
Polaroid Corp.	800	66,117.48	127.500	102,000.00	
Total Photography		\$ 179,744.81		\$ 300,937.50	3.91% (5.15%)
MISCELLANEOUS					
Minnesota Mining & Mfg. Co.	2,800	\$ 152,908.68	76.250	\$ 213,500.00	
Total Miscellaneous		\$ 152,908.68		\$ 213,500.00	3.33% (3.64%)
TOTAL RESEARCH STOCKS		\$ 921,019.21		\$ 1,299,822.50	20.06% (22.23%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Louisiana Land & Exploration Co.	3,400	\$ 114,445.05	44.750	\$ 152,150.00	
Standard Oil Company (New Jersey)	1,900	150,610.31	74.125	140,837.50	
Texaco, Inc.	4,800	163,631.49	32.500	156,000.00	
Total Petroleum		\$ 428,686.85		\$ 448,987.50	9.33% (7.68%)
TOTAL NATURAL RESOURCES STOCKS		\$ 428,686.85		\$ 448,987.50	9.33% (7.68%)
DURABLES STOCKS					
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	1,900	\$ 98,375.66	46.875	\$ 89,062.50	
Total Paper & Forest Products		\$ 98,375.66		\$ 89,062.50	2.14% (1.53%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
Fedders Corp.	1,500	\$ 53,202.40	34.750	\$ 52,125.00	
International Telephone & Telegraph Corp.	1,800	104,583.67	52.125	93,825.00	
Total Electrical & Electronic Equipment		\$ 157,786.07		\$ 145,950.00	3.44% (2.50%)
MACHINERY					
Toro Company	4,800	\$ 116,750.00	38.125	\$ 183,000.00	
Total Machinery		\$ 116,750.00		\$ 183,000.00	2.54% (3.13%)
METALS					
Hanna Mining Co.	2,000	\$ 116,391.22	56.750	\$ 113,500.00	
Total Metals		\$ 116,391.22		\$ 113,500.00	2.53% (1.94%)
TRANSPORTATION					
AIRLINES					
Northwest Airlines, Inc.	3,500	\$ 103,318.99	43.500	\$ 152,250.00	
Total Transportation		\$ 103,318.99		\$ 152,250.00	2.25% (2.60%)
TOTAL DURABLES STOCKS		\$ 592,621.84		\$ 683,762.50	12.90% (11.70%)
TOTAL COMMON STOCKS		\$ 4,592,891.62		\$ 5,846,478.50	100.00%
Less Profit on Common Stocks Sold		\$ 47,932.22			
Net Original Cost of Common Stocks		\$ 4,544,959.40		\$ 4,544,959.40	
Net Increase			+28.64%	\$ 1,301,519.10	

SCHEDULE IX

MINNESOTA VARIABLE ANNUITY FUND

June 30, 1972

U.S. GOVERNMENT OBLIGATIONS

U.S. TREASURY SECURITIES

Bills	
Maturities up to 180 Days	\$485,000.00

Schedule IX continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CORPORATE BOND OBLIGATIONS					
INDUSTRIAL OBLIGATIONS					
Armco Steel Corp.	Note	12-15-96	7.875	7.875	\$300,000.00
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	147,000.00
TOTAL INDUSTRIAL OBLIGATIONS				8.26%	\$447,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Cond. Sale	3-15-89	8.75	8.75	\$198,854.14
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Cond. Sale	3-1-73/ 9-1-85	10.50	10.50	142,579.61
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				9.48%	\$341,433.75
TOTAL CORPORATE BOND OBLIGATIONS				8.78%	\$788,433.75

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

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
COMMON STOCK HOLDINGS					
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
Florida Power & Light Co.	2,400	\$ 79,490.09	31.125	\$ 74,700.00	
Texas Utilities Co.	2,800	80,063.20	27.750	77,700.00	
Total Electric		\$ 159,553.29		\$ 152,400.00	5.86% (4.86%)
TELEPHONE-TELEGRAPH					
American Tel. & Tel. Co.	1,200	\$ 56,363.25	41.625	\$ 49,950.00	
Total Telephone-Telegraph		\$ 56,363.25		\$ 49,950.00	2.07% (1.60%)
TOTAL UTILITIES		\$ 215,916.54		\$ 202,350.00	7.93% (6.46%)
FINANCIAL SERVICES					
BANKS					
Cameron Financial Corp.	1,700	\$ 60,137.50	35.500	\$ 60,350.00	
Northwest Bancorporation	2,200	76,704.44	46.000	101,200.00	
Total Banks		\$ 136,841.94		\$ 161,550.00	5.03% (5.16%)
FINANCE					
Household Finance Corp.	1,600	\$ 77,004.05	53.125	\$ 85,000.00	
MGIC Investment Corp.	1,400	74,723.38	66.750	93,450.00	
Total Finance		\$ 151,727.43		\$ 178,450.00	5.57% (5.70%)
INSURANCE					
Connecticut General Insurance Corp.	900	\$ 55,155.00	73.500	\$ 66,150.00	
INA Corp.	1,200	60,318.36	45.750	54,900.00	
St. Paul Companies, Inc.	900	54,128.00	80.500	72,450.00	
Total Insurance		\$ 169,601.36		\$ 193,500.00	6.23% (6.18%)
TOTAL FINANCIAL SERVICES		\$ 458,170.73		\$ 533,500.00	16.83% (17.04%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
General Foods Corp.	2,000	\$ 67,364.38	25.750	\$ 51,500.00	
Coca-Cola Co.	600	66,806.53	133.500	80,100.00	
Norton Simon, Inc.	2,600	89,074.05	33.625	87,425.00	
Total Food-Beverage		\$ 223,244.96		\$ 219,025.00	8.20% (6.99%)
RETAIL TRADE					
Kresge (S. S.) Company	700	\$ 75,551.45	127.000	\$ 88,900.00	
Sears, Roebuck & Co.	700	61,902.49	110.500	77,350.00	
Total Retail Trade		\$ 137,453.94		\$ 166,250.00	5.05% (5.31%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
MISCELLANEOUS					
American Greetings Corp.	1,200	\$ 82,325.00	66.625	\$ 79,950.00	
Avon Products, Inc.	700	69,619.17	114.250	79,975.00	
Disney (Walt) Productions	718	67,152.74	186.500	133,907.00	
Holiday Inns, Inc.	1,600	70,549.36	52.750	84,400.00	
McDonald's Corp.	2,500	67,401.42	59.250	148,125.00	
Medtronic, Inc.	500	37,250.00	91.000	45,500.00	
Procter & Gamble Co.	800	70,145.61	93.250	74,600.00	
Warner Communications, Inc.	1,600	74,108.06	48.375	77,400.00	
Total Miscellaneous		\$ 538,551.36		\$ 723,857.00	19.78% (23.12%)
TOTAL CONSUMER GOODS & SERVICES		\$ 899,250.26		\$ 1,109,132.00	33.03% (35.42%)
TOTAL CONSUMER-ORIENTED STOCKS		\$ 1,573,337.53		\$ 1,844,982.00	57.79% (58.92%)
RESEARCH STOCKS					
CHEMICALS					
du Pont (E.I.) de Nemours & Co.	500	\$ 75,133.94	164.000	\$ 82,000.00	
Union Carbide Corp.	1,700	73,411.70	45.875	77,987.50	
Total Chemicals		\$ 148,545.64		\$ 159,987.50	5.47% (5.11%)
DRUGS					
Pfizer, Inc.	2,000	\$ 77,175.59	42.375	\$ 84,750.00	
Total Drugs		\$ 77,175.59		\$ 84,750.00	2.83% (2.71%)
OFFICE EQUIPMENT					
International Business Machines Corp.	455	\$ 147,618.51	392.000	\$ 178,360.00	
Total Office Equipment		\$ 147,618.51		\$ 178,360.00	5.42% (5.70%)
PHOTOGRAPHY					
Eastman Kodak Co.	900	\$ 73,287.28	132.625	\$ 119,362.50	
Total Photography		\$ 73,287.28		\$ 119,362.50	2.69% (3.81%)
TOTAL RESEARCH STOCKS		\$ 446,627.02		\$ 542,460.00	16.41% (17.33%)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Louisiana Land & Exploration Co.	1,900	\$ 79,742.99	44.750	\$ 85,025.00	
Mobil Oil Corp.	1,500	80,686.51	56.250	84,375.00	
Total Petroleum		\$ 160,429.50		\$ 169,400.00	5.89% (5.41%)
TOTAL NATURAL RESOURCES STOCKS		\$ 160,429.50		\$ 169,400.00	5.89% (5.41%)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
General Motors Corp.	900	\$ 68,555.98	74.875	\$ 67,387.50	
Goodyear Tire & Rubber Co.	2,000	59,969.68	28.000	56,000.00	
Total Automobiles & Automotive Parts		\$ 128,525.66		\$ 123,387.50	4.72% (3.94%)
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	1,500	\$ 72,437.73	46.875	\$ 70,312.50	
Total Paper & Forest Products		\$ 72,437.73		\$ 70,312.50	2.66% (2.25%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
Emerson Electric Co.	1,300	\$ 87,691.44	85.125	\$ 110,662.50	
Fedders Corp.	2,000	71,164.15	34.750	69,500.00	
Total Electrical & Electronic Equipment		\$ 158,855.59		\$ 180,162.50	5.84% (5.75%)
MACHINERY					
Caterpillar Tractor Co.	1,700	\$ 76,604.58	59.000	\$ 100,300.00	
Total Machinery		\$ 76,604.58		\$ 100,300.00	2.81% (3.20%)

Schedule IX continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
METALS					
Hanna Mining Co.	1,000	\$ 59,022.43	56.750	\$ 56,750.00	
Total Metals		\$ 59,022.43		\$ 56,750.00	2.17% (1.81%)
TRANSPORTATION					
AIRLINES					
Northwest Airlines, Inc.	1,000	\$ 46,498.27	43.500	\$ 43,500.00	
Total Airlines		\$ 46,498.27		\$ 43,500.00	1.71% (1.39%)

Schedule IX continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
TOTAL TRANSPORTATION		\$ 46,498.27		\$ 43,500.00	1.71% (1.39%)
TOTAL DURABLES STOCKS		\$ 541,944.26		\$ 574,412.50	19.91% (18.34%)
TOTAL COMMON STOCKS		\$ 2,722,338.31		\$ 3,131,254.50	100.00%
Less Profit on Common Stocks Sold		\$ 2,964.00			
Net Original Cost of Common Stocks		\$ 2,719,374.31		\$ 2,719,374.31	
Net Increase			+15.15%	\$ 411,880.19	

SCHEDULE X

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS
June 30, 1972

	Book Value (1)	Average Book Value for Year Ending (2)	Total Investment Income for Year Ending (3, 4)	Yield (5)	Less Transfer to Principal (6)	Net Investment Income for Year Ending (3)	Net Yield (7)
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	-	-	-			
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	-	-	-			
June 30, 1969	\$264,122,329.06	\$264,975,459.65	\$10,512,970.80	3.97%	\$1,100,277.41	\$ 9,412,693.39	3.55%
December 31, 1969	\$264,797,800.95	-	-	-			
June 30, 1970	\$259,550,484.67	\$262,823,538.23	\$11,324,161.11	4.31%	\$1,034,987.16	\$10,289,173.95	3.91%
December 31, 1970	\$248,210,564.03	-	-	-			
June 30, 1971	\$248,077,642.59	\$251,946,230.43	\$12,380,084.17	4.91%	\$1,435,834.16	\$10,944,250.01	4.34%
December 31, 1971	\$250,918,742.94	-	-	-			
June 30, 1972	\$251,249,760.37	\$250,082,048.63	\$13,691,318.87	5.47%	\$1,937,452.41	\$11,753,866.46	4.70%

- (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 1971, 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 1971, 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.

SCHEDULE XI

PERMANENT SCHOOL FUND

June 30, 1972

U.S. GOVERNMENT OBLIGATIONS

U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES

BILLS

Maturities up to 180 Days \$ 3,505,000.00

GOVERNMENT AGENCY SECURITIES

Maturities up to 180 Days \$ 300,000.00

NOTES AND BONDS

Various Maturities up to 10 Years \$ 3,417,500.00
Maturity over 10 Years 8,000,000.00

TOTAL U.S. TREASURY AND GOVERNMENT AGENCY SECURITIES

\$ 15,222,500.00

OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT

Average Maturity About 10 Years \$ 87,252,929.63

TOTAL U.S. GOVERNMENT OBLIGATIONS

\$102,475,429.63

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount	
U.S. GOVERNMENT-GUARANTEED OBLIGATIONS						
FARMERS HOME ADMINISTRATION NOTES						
U.S. Department of Agriculture, Farmers Home Administration	Ins. Notes	1-31-80	8.90	8.90	\$ 2,999,137.99	
U.S. Department of Agriculture, Farmers Home Administration	Ins. Notes	7-31-85	8 5/8	8.625	3,000,910.88	
TOTAL FARMERS HOME ADMINISTRATION NOTES				8.76%	\$ 6,000,048.87	
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES						
Citizens Mortgage Corp.	Mtg. Backed Cert.	12-15-2000	8	8.73	\$ 2,292,366.81	
First National Bank of Minneapolis	Mtg. Backed Cert.	12-15-2000	8	8.65	1,842,203.31	
First National Bank of Minneapolis	Mtg. Backed Cert.	2-15-2001	8	8.50	1,845,283.68	
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2000	7	8.92	2,761,768.15	
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2000	8	8.94	2,125,053.90	
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2000	8	8.73	2,557,149.27	
IDS Mortgage Corp.	Mtg. Backed Cert.	10-15-2000	8	8.73	2,278,169.17	
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2000	8	8.65	2,372,556.66	
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-2001	8	8.57	2,323,655.60	
IDS Mortgage Corp.	Mtg. Backed	7-15-72/Serial Notes	12-15-2001	6 1/2	7.125	2,503,606.28
IDS Mortgage Corp.	Mtg. Backed	7-15-72/Serial Notes	11-15-2001	6 1/2	7.125	2,502,409.75
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2001	8	8.50	1,221,246.10	
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2001	7 1/2	7.40	1,179,335.01	
Iowa Securities Co.	Mtg. Backed Cert.	12-15-2000	8	8.94	1,877,570.89	
Iowa Securities Co.	Mtg. Backed Cert.	2-15-2001	8	8.10	1,897,546.79	
National Homes Acceptance Corp.	Mtg. Backed Cert.	5-15-2000	7	8.92	1,898,363.46	
National Homes Acceptance Corp.	Mtg. Backed Cert.	7-15-2000	8	8.80	2,260,433.10	
National Homes Acceptance Corp.	Mtg. Backed Cert.	9-15-2000	8	8.80	2,300,176.05	
Percy Wilson Mortgage & Finance Corp.	Mtg. Backed Cert.	8-1-2000	8	8.94	2,253,986.78	
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES				8.49%	\$ 40,292,880.76	
MERCHANT MARINE BONDS						
American Mail Line, Ltd.	Govt. Guaranteed	3-1-93	6	6.00	\$ 1,470,000.00	
American President Lines, Ltd.	Govt. Guaranteed	11-1-91	4.80	4.80	1,470,000.00	
American President Lines, Ltd.	Govt. Guaranteed	11-1-92	5.60	5.60	1,438,000.00	
Construction Aggregates Corp.	Govt. Guaranteed	6-1-91	7 1/2	7.50	2,375,000.00	
Delta Steamship Lines, Inc.	Govt. Guaranteed	3-1-86	5 1/2	5.50	1,196,000.00	
Eagle Terminal Tankers, Inc.	Govt. Guaranteed	6-1-89	6	6.00	3,960,000.00	
Farrell Lines, Inc.	Govt. Guaranteed	4-1-88	8.05	8.05	2,220,000.00	
Farrell Lines, Inc.	Govt. Guaranteed	10-1-97	9	9.00	1,000,000.00	
Grace Line, Inc.	Govt. Guaranteed	2-1-92	5.10	5.10	1,490,000.00	
Ingram Ocean Systems, Inc.	Govt. Guaranteed	2-1-89	8 3/4	8.75	1,652,000.00	
Intercontinental Bulk Tank Corp.	Govt. Guaranteed	9-1-90	7.80	7.80	1,240,000.00	

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Amount
MERCHANT MARINE BONDS... Continued					
Matson Navigation Co.	Govt. Guaranteed	11-10-94	7 1/2	7.50	\$ 1,000,000.00
Moore-McCormack Lines, Inc.	Govt. Guaranteed	4-1-87	5 3/4	5.87	1,676,000.00
Overseas Bulk Tank Corp.	Govt. Guaranteed	12-1-90	7.80	7.80	1,240,000.00
Pacific Far East Line, Inc.	Govt. Guaranteed	2-1-97	8 3/4	8.75	2,500,000.00
Penn Tanker Co.	Govt. Guaranteed	10-1-89	6	6.00	1,456,000.00
Prudential Lines, Inc.	Govt. Guaranteed	11-1-95	6	6.00	2,400,000.00
States Steamship Co.	Govt. Guaranteed	3-31-93	5.10	5.10	1,500,000.00
United States Lines, Inc.	Govt. Guaranteed	10-1-87	5	5.00	1,334,000.00
United States Lines, Inc.	Govt. Guaranteed	11-1-86	4 3/8	4.375	873,000.00
United States Lines, Inc.	Govt. Guaranteed	3-1-91	8 5/8	8.625	2,470,000.00

TOTAL MERCHANT MARINE BONDS 6.73% \$ 35,968,000.00

NEW COMMUNITIES ACT DEBENTURES

Cedar-Riverside Land Company	Govt. Guar. Deb.	12-15-91	7.20	7.20	\$ 2,500,000.00
Jonathan Development Corp.	Govt. Guar. Deb.	10-1-90	8 1/2	8.50	2,500,000.00

TOTAL NEW COMMUNITIES ACT DEBENTURES 7.85% \$ 5,000,000.00

TOTAL U.S. GOVERNMENT-GUARANTEED OBLIGATIONS 7.75% \$ 87,252,929.63

CORPORATE BOND OBLIGATIONS

PUBLIC UTILITY OBLIGATIONS

ELECTRIC

Duke Power Co.	1st & Ref. Mtg.	2-1-95	4 1/2	4.47	\$ 1,500,000.00
Florida Power & Light Co.	1st Mtg.	4-1-94	4 5/8	4.50	1,200,000.00
Hawaiian Electric Co., Ltd.	1st Mtg.	7-1-93	4.45	4.45	1,000,000.00
Indiana & Michigan Electric Co.	1st Mtg.	8-1-93	4 3/8	4.42	1,000,000.00
Interstate Power Co.	1st Mtg.	5-1-93	4 3/8	4.39	1,000,000.00
Iowa Power & Light Co.	S/F Deb.	4-1-89	4 5/8	4.57	1,200,000.00
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	960,000.00
Long Island Lighting Co.	1st Mtg.	6-1-95	4.55	4.55	1,200,000.00
Massachusetts Electric Co.	1st Mtg.	12-1-93	4 5/8	4.55	1,100,000.00
Montana-Dakota Utilities Co.	1st Mtg.				
	S/F	7-1-84	4 5/8	4.615	962,000.00
Northern States Power Co.	1st Mtg.	9-1-93	4 3/8	4.375	1,000,000.00
Otter Tail Power Co.	1st Mtg.	11-1-93	4 5/8	4.60	992,000.00
Potomac Edison Co.	1st Mtg. & Coll. Tr.	3-1-94	4 5/8	4.55	1,200,000.00
Public Service Co. of Indiana	1st Mtg.	7-1-82	3 3/8	4.38	1,100,000.00
Public Service Electric & Gas Co.	1st & Ref. Mtg.				
	Mtg.	9-1-94	4 5/8	4.53	1,200,000.00
Southern California Edison Co.	1st & Ref. Mtg.	3-1-89	4 3/8	4.44	1,500,000.00
Southwestern Public Service Co.	1st Mtg.	2-1-94	4 1/2	4.50	1,200,000.00
Total Electric Utility Obligations				4.50%	\$ 19,314,000.00

GAS

Arkansas Louisiana Gas Co.	1st Mtg.	3-1-85	4 1/2	4.55	\$ 1,008,000.00
Columbia Gas System, Inc.	Debenture	5-1-89	4 5/8	4.64	1,200,000.00
The Gas Service Co.	1st Mtg.	6-1-85	4.65	4.65	1,032,000.00
Michigan Consolidated Gas Co.	1st Mtg.	6-1-89	4 3/4	4.60	1,200,000.00
Natural Gas Pipeline Co. of America	1st Mtg.	9-1-86	6 1/4	6.34	1,000,000.00
Panhandle Eastern Pipe Line Co.	Debenture	2-1-84	4.60	4.60	1,200,000.00
Peoples Gas Light & Coke Co.	1st & Ref. Mtg.	7-15-91	5 3/8	5.375	1,080,000.00
Suburban Propane Gas Corp.	Note	12-30-84	4 7/8	4.875	734,000.00
Total Gas Utility Obligations				4.94%	\$ 8,454,000.00

TELEPHONE

American Telephone & Telegraph Co.	Debenture	9-15-84	3 1/4	4.40	\$ 1,000,000.00
American Telephone & Telegraph Co.	Debenture	5-1-99	4 3/8	4.365	1,500,000.00
The Bell Telephone Co. of Canada	1st Mtg.	9-1-95	4.85	4.85	1,500,000.00
General Telephone Co. of Florida	1st Mtg.	6-1-95	4 5/8	4.687	1,000,000.00
General Telephone Co. of Illinois	1st Mtg.	9-1-95	4 7/8	4.875	1,200,000.00
General Telephone Co. of Indiana	1st Mtg.	8-1-95	4.70	4.70	1,200,000.00
New York Telephone Co.	Ref. Mtg.	1-1-2004	4 5/8	4.53	1,500,000.00
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	1,500,000.00
Total Telephone Utility Obligations				4.61%	\$ 10,400,000.00

TOTAL PUBLIC UTILITY OBLIGATIONS 4.63% \$ 38,168,000.00

Schedule XI continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
FINANCE OBLIGATIONS					
Beneficial Finance Co.	Note	3-1-89	4.60	4.60	\$ 1,000,000.00
Gulf Life Insurance Co.	Capital Note	6-1-89	4 3/4	4.75	1,020,000.00
Northwest Bancorporation	Debenture	10-15-90	4 3/4	4.78	1,500,000.00
TOTAL FINANCE OBLIGATIONS				4.72%	\$ 3,520,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of America	Prom. Note	3-31-88	4 3/8	4.50	\$ 1,276,000.00
Aluminum Co. of Canada, Ltd;	S/F Deb.	3-1-95	9 1/2	9.37	1,000,000.00
American Greetings Corp.	Prom. Note	10-1-84	4.70	4.70	812,500.00
American Metal Climax, Inc.	Note	8-1-88	4 1/2	4.50	850,000.00
Burlington Industries	S/F Deb.	7-15-90	4 3/4	4.80	1,200,000.00
Burroughs Corp.	S/F Deb.	7-1-88	4 1/2	4.53	1,000,000.00
Cincinnati Milicron, Inc.	Note	1-15-85	4.60	4.60	900,000.00
Cummins Engine Co., Inc.	Note	7-15-90	4.60	4.60	1,140,000.00
Diamond Shamrock Corp.	Note	5-1-89	4.65	5.26	1,275,000.00
Diebold, Inc.	Note	9-15-85	4.80	4.80	883,333.34
Dow Chemical Co.	Deb.	9-15-88	4.35	4.35	1,000,000.00
Dow Chemical Co.	Note	1-15-90	4 1/2	4.50	1,331,250.00
General Cable Corp.	Note	1-1-89	4 1/2	4.50	880,000.00
General Mills, Inc.	S/F Deb.	8-1-90	4 5/8	4.625	1,500,000.00
Gould, Inc.	Note	11-1-80	4.85	4.85	1,080,000.00
Honeywell, Inc.	Note	4-1-90	4.55	4.55	1,331,250.00
Ingersoll Rand Co.	Note	1-1-91	4 3/4	4.75	1,150,000.00
Lone Star Industries, Inc.	S/F Deb.	7-1-90	4 7/8	4.875	1,500,000.00
Mead Corp.	Note	6-1-78	6 1/8	5.44	588,317.79
Mead Johnson & Co.	Prom. Note	5-1-84	4 5/8	4.625	900,000.00
Pillsbury Co.	Prom. Note	12-1-88	5 1/8	4.88	783,636.87
Scovill Manufacturing Co.	Note	9-15-90	4.80	4.80	1,110,000.00
Shell Oil Co.	Note	4-15-90	4 1/2	4.50	1,350,000.00
Sinclair Oil Corp.	S/F Deb.	12-15-88	4.60	4.60	1,200,000.00
Sprague Electric Co.	S/F Deb.	9-1-88	4 3/8	4.40	1,000,000.00
Standard Oil Co. (Indiana)	Prom. Note	4-1-73/79	2.90	4.67	700,000.00
Standard Oil Co. (Indiana)	Prom. Note	6-1-79	3	5.00	996,000.00
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	1,288,000.00
Sun Oil Co.	Debenture	11-15-90	4 5/8	4.69	1,500,000.00
Swift & Co.	S/F Deb.	8-1-92	6.30	6.30	1,500,000.00
Tenneco West, Inc.	Prom. Note	3-1-89	4.65	4.65	840,000.00
Texaco, Inc.	Note	12-15-89	4 1/2	4.50	1,388,000.00
Union Carbide Corp.	Note	12-31-96	4 1/2	4.47	1,171,232.85
Witco Chemical Co., Inc.	Note	12-1-84	4.65	4.65	960,000.00
Youngstown Sheet & Tube Co.	1st Mtg. S/F	7-1-95	4.60	4.60	1,420,000.00
TOTAL INDUSTRIAL OBLIGATIONS				4.86%	\$ 37,693,270.85
TRANSPORTATION DEBT OBLIGATIONS					
Atchison, Topeka & Santa Fe Railway Co.	Gen. Gold	10-1-95	4	4.40	\$ 1,500,000.00
The Greyhound Corp.	Sr. Note	5-15-84	6	5.63	1,044,000.00
Seaboard Air Line Railroad Co.	1st Mtg.	12-1-88	4 5/8	4.65	1,000,000.00
Southern Railway Co.	1st Mtg.	6-1-88	4 5/8	4.625	984,000.00
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.79%	\$ 4,528,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equip. Tr.	4-15-73/80	4.55	4.55	\$ 1,200,000.00
Chesapeake & Ohio Railway Co.	Cond. Sale	6-1-73/78	4.40	4.40	573,394.80
Chicago, Burlington & Quincy Railroad Co.	Cond. Sale	6-15-73/12-15-80	4 7/8	4.875	817,643.05
General American Transportation Corp.	Equip. Tr.	7-15-84	4 5/8	4.59	1,422,000.00
Illinois Central Railroad Co.	Cond. Sale	2-15-83	6 7/8	6.875	1,500,000.00
Kansas City Southern Railway Co.	Cond. Sale	1-15-73/7-15-73	4.35	4.35	295,337.75
Kansas City Southern Railway Co.	Cond. Sale	1-15-74/7-15-78	4.45	4.45	492,229.59
Kansas City Southern Railway Co.	Cond. Sale	4-1-73/75	4 5/8	4.625	900,000.00
Norfolk & Western Railway Co.	Cond. Sale	12-15-72/79	4 1/2	4.50	1,200,000.00
North American Car Corp.	Equip. Tr.	9-1-72/73	4.55	4.55	200,000.00
North American Car Corp.	Equip. Tr.	9-1-74/78	4.65	4.65	1,000,000.00
Seaboard Air Line Railroad Co.	Equip. Tr.	4-15-73/75	4 1/4	4.45	900,000.00
Southern Pacific Co.	Equip. Tr.	4-1-73	4 1/4	4.45	500,000.00
Southern Pacific Co.	Cond. Sale	12-15-72/80	4.80	4.80	719,108.55
Western Pacific Railroad Co.	Cond. Sale	3-15-73/80	4.55	4.55	800,000.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				4.85%	\$ 12,519,713.74
TOTAL CORPORATE OBLIGATIONS				4.76%	\$ 96,428,984.59
TOTAL U.S. GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS				6.18%	\$183,681,914.22

a. Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date. Maturity dates for Penn Tanker Company and the second issue of Farrell Lines, Inc. are estimated as they are dependent upon final determination of the delivery dates of the vessels.

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
CONSUMER-ORIENTED STOCKS					
UTILITIES					
ELECTRIC					
American Electric Power Co., Inc.	12,255	\$ 483,015.08	26.625	\$ 326,289.38	
Central & South West Corp.	11,500	522,901.25	42.000	483,000.00	
Cincinnati Gas & Electric Co.	24,000	635,082.50	23.125	555,000.00	
Commonwealth Edison Co.	19,545	865,553.96	33.125	647,428.13	
Consumers Power Co.	10,900	506,650.84	28.125	306,562.50	
Florida Power & Light Co.	25,400	891,168.69	31.125	790,575.00	
General Public Utilities Corp.	12,420	410,389.20	21.250	263,925.00	
Houston Lighting & Power Co.	14,500	685,636.25	43.000	623,500.00	
Interstate Power Co.	14,277	382,974.33	18.000	256,986.00	
Kansas City Power & Light Co.	9,800	404,228.80	30.375	297,675.00	
Louisville Gas & Electric Co.	16,000	540,222.50	32.000	512,000.00	
Middle South Utilities, Inc.	31,000	723,587.50	20.250	627,750.00	
Minnesota Power & Light Co.	11,500	279,054.00	20.250	232,875.00	
Northern States Power Co.	18,500	628,460.78	25.250	467,125.00	
Pacific Gas & Electric Co.	21,500	693,756.43	26.750	575,125.00	
Public Service Co. of Indiana, Inc.	12,100	554,252.13	35.500	429,550.00	
Southern California Edison Co.	20,000	676,276.67	24.125	482,500.00	
Southern Company	24,000	612,552.50	19.000	456,000.00	
Texas Utilities Co.	28,000	816,768.50	27.750	777,000.00	
Virginia Electric & Power Co.	13,000	437,599.22	17.250	224,250.00	
Total Electric		\$11,750,131.13		\$ 9,335,116.01	23.36% (15.43%)
GAS					
Arkansas Louisiana Gas Co.	9,000	\$ 364,165.72	23.000	\$ 207,000.00	
Minneapolis Gas Co.	20,000	579,039.21	26.250	525,000.00	
Panhandle Eastern Pipe Line Co.	13,500	472,616.48	34.000	459,000.00	
Total Gas		\$ 1,415,881.41		\$ 1,191,000.00	2.81% (1.97%)
TELEPHONE-TELEGRAPH					
American Telephone & Telegraph Co.	14,100	\$ 888,236.26	41.625	\$ 586,912.50	
General Telephone & Electronics Corp.	14,800	610,468.88	26.500	392,200.00	
Total Telephone-Telegraph		\$ 1,498,705.14		\$ 979,112.50	2.98% (1.61%)
TOTAL UTILITIES		\$14,664,717.68		\$11,505,228.51	29.15% (19.01%)
FINANCIAL SERVICES					
BANKS					
First Bank System, Inc.	21,500	\$ 557,429.37	50.375	\$ 1,083,062.50	
First National City Corp.	20,656	694,131.30	60.125	1,241,942.00	
Morgan (J.P.) & Co., Inc.	6,460	312,760.50	92.750	599,165.00	
Northwest Bancorporation	32,000	971,374.31	46.000	1,472,000.00	
Total Banks		\$ 2,535,695.48		\$ 4,396,169.50	5.04% (7.27%)
FINANCE					
Beneficial Corp.	17,925	\$ 668,647.65	47.375	\$ 849,196.88	
Household Finance Corp.	16,000	654,648.80	53.125	850,000.00	
MGIC Investment Corp.	10,000	656,485.00	66.750	667,500.00	
Total Finance		\$ 1,979,781.45		\$ 2,366,696.88	3.94% (3.91%)
INSURANCE					
INA Corp.	15,300	\$ 747,593.96	45.750	\$ 699,975.00	
Northwestern National Life Insurance Corp.	25,300	535,395.00	21.125	534,462.50	
Safeco Corp.	23,800	519,485.00	49.750	1,184,050.00	
St. Paul Companies, Inc.	16,000	674,400.00	80.500	1,288,000.00	
United States Fidelity & Guaranty Co.	17,000	702,734.10	41.500	705,500.00	
Total Insurance		\$ 3,179,608.06		\$ 4,411,987.50	6.32% (7.29%)
TOTAL FINANCIAL SERVICES		\$ 7,695,084.99		\$11,174,853.88	15.30% (18.47%)
CONSUMER GOODS & SERVICES					
FOOD-BEVERAGE					
Coca-Cola Co.	7,500	\$ 443,619.93	133.500	\$ 1,001,250.00	
General Foods Corp.	18,400	609,887.05	25.750	473,800.00	
General Mills, Inc.	20,500	817,812.71	50.625	1,037,812.50	
PepsiCo, Inc.	9,000	309,251.67	83.875	754,875.00	
Total Food-Beverage		\$ 2,180,571.36		\$ 3,267,737.50	4.34% (5.40%)

Schedule XI continued

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
RETAIL TRADE					
Federated Department Stores, Inc.	12,900	\$ 609,494.10	48.750	\$ 628,875.00	
Penney (J.C.) Co., Inc.	8,800	261,342.26	76.125	669,900.00	
Sears, Roebuck & Co.	8,200	451,518.34	110.500	906,100.00	
Total Retail Trade		\$ 1,322,354.70		\$ 2,204,875.00	2.63% (3.65%)
MISCELLANEOUS					
Procter & Gamble Co.	10,800	\$ 639,237.48	93.250	\$ 1,007,100.00	
Total Miscellaneous		\$ 639,237.48		\$ 1,007,100.00	1.27% (1.66%)
TOTAL CONSUMER GOODS & SERVICES		\$ 4,142,163.54		\$ 6,479,712.50	8.24% (10.71%)
TOTAL CONSUMER-ORIENTED STOCKS		\$26,501,966.21		\$29,159,794.89	52.69% (48.19%)
RESEARCH STOCKS					
CHEMICALS					
Dow Chemical Co.	12,410	\$ 700,158.64	90.250	\$ 1,120,002.50	
du Pont (E.I.) de Nemours & Co.	2,300	483,453.58	164.000	377,200.00	
Monsanto Co.	15,724	893,197.18	51.625	811,751.50	
Union Carbide Corp.	17,500	911,876.38	45.875	802,812.50	
Total Chemicals		\$ 2,988,685.78		\$ 3,111,766.50	5.94% (5.14%)
DRUGS					
American Home Products Corp.	9,500	\$ 473,577.77	106.375	\$ 1,010,562.50	
Merck & Co., Inc.	9,400	227,003.06	77.750	730,850.00	
Pfizer, Inc.	24,900	611,694.14	42.375	1,055,137.50	
Total Drugs		\$ 1,312,274.97		\$ 2,796,550.00	2.61% (4.62%)
OFFICE EQUIPMENT					
Burroughs Corp.	5,300	\$ 710,900.19	183.500	\$ 972,550.00	
Honeywell, Inc.	5,300	507,079.56	149.875	794,337.50	
International Business Machines Corp.	7,588	1,402,373.50	392.000	2,974,496.00	
Xerox Corp.	4,940	416,249.86	150.750	744,705.00	
Total Office Equipment		\$ 3,036,603.11		\$ 5,486,088.50	6.04% (9.07%)
PHOTOGRAPHY					
Eastman Kodak Co.	8,350	\$ 632,561.20	132.625	\$ 1,107,418.75	
Polaroid Corp.	2,480	271,147.70	127.500	316,200.00	
Total Photography		\$ 903,708.90		\$ 1,423,618.75	1.80% (2.35%)
MISCELLANEOUS					
Minnesota Mining & Mfg. Co.	18,000	\$ 743,384.72	76.250	\$ 1,372,500.00	
Total Miscellaneous		\$ 743,384.72		\$ 1,372,500.00	1.47% (2.27%)
TOTAL RESEARCH STOCKS		\$ 8,984,657.48		\$14,190,523.75	17.86% (23.45%)
NATURAL RESOURCES STOCKS					
PETROLEUM					
Gulf Oil Corp.	35,600	\$ 991,897.19	24.375	\$ 867,750.00	
Louisiana Land & Exploration Co.	21,000	609,842.81	44.750	939,750.00	
Mobil Oil Corp.	17,300	747,924.33	56.250	973,125.00	
Standard Oil Company (Indiana)	18,500	842,818.89	69.625	1,288,062.50	
Standard Oil Company (New Jersey)	15,908	1,200,702.98	74.125	1,179,180.50	
Texaco, Inc.	31,000	1,117,146.69	32.500	1,007,500.00	
Total Petroleum		\$ 5,510,332.89		\$ 6,255,368.00	10.96% (10.34%)
TOTAL NATURAL RESOURCES STOCKS		\$ 5,510,332.89		\$ 6,255,368.00	10.96% (10.34%)
DURABLES STOCKS					
AUTOMOBILES & AUTOMOTIVE PARTS					
Ford Motor Co.	18,600	\$ 1,051,295.14	63.875	\$ 1,188,075.00	
General Motors Corp.	17,200	1,444,698.22	74.875	1,287,850.00	
Goodyear Tire & Rubber Co.	27,000	716,379.21	28.000	756,000.00	
Total Automobiles & Automotive Parts		\$ 3,212,372.57		\$ 3,231,925.00	6.39% (5.34%)

Company	Shares	Total Cost	Market Price 6-30-72	Market Value	Total % Cost (Market)
PAPER & FOREST PRODUCTS					
Weyerhaeuser Co.	16,000	\$ 609,014.63	46.875	\$ 750,000.00	
Total Paper & Forest Products		\$ 609,014.63		\$ 750,000.00	1.21% (1.24%)
ELECTRICAL & ELECTRONIC EQUIPMENT					
General Electric Co.	15,200	\$ 690,307.95	65.750	\$ 999,400.00	
Texas Instruments, Inc.	2,500	282,861.93	168.750	421,875.00	
Westinghouse Electric Corp.	15,000	447,189.00	50.750	761,250.00	
Whirlpool Corp.	22,200	313,458.46	34.750	771,450.00	
Total Electrical & Electronic Equipment		\$ 1,733,817.34		\$ 2,953,975.00	3.44% (4.88%)
MACHINERY					
Caterpillar Tractor Co.	16,800	\$ 633,592.43	59.000	\$ 991,200.00	
Total Machinery		\$ 633,592.43		\$ 991,200.00	1.26% (1.64%)
METALS					
Armco Steel Corp.	13,000	\$ 432,297.16	20.500	\$ 266,500.00	
Total Metals		\$ 432,297.16		\$ 266,500.00	0.86% (0.44%)
TRANSPORTATION					
AIRLINES					
Delta Air Lines, Inc.	13,000	\$ 597,206.95	49.750	\$ 646,750.00	
Northwest Airlines, Inc.	15,884	545,042.90	43.500	690,954.00	
Total Airlines		\$ 1,142,249.85		\$ 1,337,704.00	2.27% (2.21%)
RAILROADS					
Burlington Northern, Inc.	18,400	\$ 942,418.13	42.625	\$ 784,300.00	
Union Pacific Corp.	11,200	596,257.45	52.375	586,600.00	
Total Railroads		\$ 1,538,675.58		\$ 1,370,900.00	3.06% (2.27%)
TOTAL TRANSPORTATION		\$ 2,680,925.43		\$ 2,708,604.00	5.33% (4.48%)
TOTAL DURABLES STOCKS		\$ 9,302,019.56		\$10,902,204.00	18.49% (18.02%)
TOTAL COMMON STOCKS		\$50,298,976.14		\$50,507,890.64	100.00%
Less Profit on Common Stocks Sold		\$ 302,652.73			
Net Original Cost of Common Stocks		\$49,996,323.41		\$49,996,323.41	
Net Increase			+21.02%	\$10,511,567.23	

MEMBERS OF BOARD:

GOVERNOR WENDELL R. ANDERSON
STATE AUDITOR ROLLAND F. HATFIELD
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SECRETARY OF STATE ARLEN I. ERDAHL
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ROBERT E. BLIXT
EXECUTIVE SECRETARY

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

January 5, 1973

SUPPLEMENT TO 1972 REPORT OF THE INVESTMENT DEPARTMENT
DISTRIBUTION OF SECURITIES BUSINESS

TO: Members of the Minnesota Legislature
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 the eighteen month period from January 1, 1971 through June 30, 1972. We have found continued interest in this allocation by fund beneficiaries, elected officials, brokerage houses, investment bankers and the State's citizens.

We have made numerous changes in our methods of handling securities transactions during the past few years and expect that these adjustments will continue. We are increasing our use of block trades and are more dependent upon those firms which are competent in this type of transaction. We have also received specialized services from certain organizations, for which we have compensated in the form of commissions. After negotiating with several firms over the past four years, we now have an arrangement whereby our office has a computer terminal connected with Paine, Webber, Jackson & Curtis; this offers portfolio and research information. There has been a substantial increase in our New York Stock Exchange business with this firm in order to compensate for the service. Recently, we have made arrangements with Merrill Lynch, Pierce Fenner & Smith, Inc., and William Bye Company, Inc., whereby these firms will evaluate our various portfolios and point out the strengths and weaknesses in our policies and transactions. It is our intent that the commission business with these firms increase as the programs benefit our investment management. Our future business will be concentrated with those firms which are able to provide the type of services needed by our department and which show an ability to give the type of research, over a long period of time, of most benefit to us.

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 schedules in this report list 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 a legislative commission, the 1965 Legislature passed a bill, now Minnesota Statutes 1971, 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 the instances mentioned above — where there is a type of specialized service, specific research, or evidence of proven trading ability — we have found the distribution of business on a price basis to be an effective method. The investment department accepts 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. We have found definite disadvantages to the use of open competitive offerings and bids in transactions involving large blocks of stocks. It appears that it is preferable to deal with one lead broker or dealer in these instances; under Minnesota law, however, we must check with other firms to be assured of a satisfactory price.

In many instances, 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 value of stock, bond and economic research provided by these firms; and, in the instance of corporate bonds, some preference is given to Minnesota dealers who are members of the bond syndicates and have committed their funds to the underwriting.

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 policies of the State 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.

Section 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 possible that Minnesota banks do not position the securities in appropriate quantities, offerings or bids have been sought from two or three Minnesota banks and from various prime market dealers. 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 these banks and security 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.

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

The use of short-term corporate notes of prime quality has increased since 1969 legislation authorized a broader use of these securities in many of the State funds. The investment department has felt it necessary to use well-known, marketable names and to have prior agreements with the vendors that they will repurchase the notes if the State needs cash. The 1971 Legislature made it possible for the State to use the short-term corporate notes of subsidiaries of leading utilities, as well as the notes of bank holding companies.

Section 3. Purchase of Mortgage Backed Certificates

Beginning in early 1970, the Government National Mortgage Association approved a program whereby major mortgage bankers could issue securities, backed by the full faith and credit of the U. S. government, which were secured by groups of mortgages. Minnesota's investment department had worked closely with IDS Mortgage Corporation in explaining to the Department of Housing and Urban Development the need for this type of security in funds such as Minnesota's Permanent School Fund — a portion of which must be invested in government obligations under Constitutional provisions. After lengthy negotiations, the Treasury Department approved these securities late in 1969. They have been used in the Permanent School Fund since that time during periods of attractive yields. More recently, shorter maturities have been purchased for the highway trust funds.

Section 4. Private Placements of Fixed-Income Securities

Certain debt issues of leading national corporations are used by the investment department if they have received a rating of "A" or better by a recognized service and have met definite statutory requirements. Because of the quality and size of these issues, their value is ascertainable from current market conditions and a degree of marketability is assured. Such transactions must be completed through the investment firms handling the issue for the particular corporation desiring the funds. In order to avoid being the sole determinant as to interest rate, it has been usual policy that the investment department purchase only a portion of an individual issue, with other recognized institutional buyers participating at the same price and interest rate. The investment department prefers private placements only when there appears to be an adequate spread in interest rates between such securities and bonds available on the open market. This differential has varied considerably during the past few years. Private placements purchased during the 1960's were found to be particularly advantageous during recent periods of high interest rates, in that the pro rata sinking fund provisions have resulted in a portion of these securities being called by the issuer at a price over face value. This was far in excess of the market value of bonds with similar coupons. Although the investment department recognizes the many advantages of marketable bonds, we expect to continue our program of using quality private placements when the yield appears to be appropriate.

Section 5. Debt Obligations Purchased at Time of Offering on a Designated Basis

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. In the ordering or placement of business for these securities, somewhat larger orders were given to major participants in the syndicates and to firms having offices in Minnesota.

Section 6. 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.

Section 7. Corporate Bonds Purchased Through Secondary Offerings

The purchases of bonds on the secondary market were made on the basis of offers submitted to the State Board of Investment. The prices were checked with other firms likely to maintain a market for the same or similar securities.

Section 8. Corporate Bond Sales

A substantial number of corporate bonds were sold from the retirement funds during the past three years. It is anticipated that such sales will continue as the department takes advantage of sinking fund bids and other opportunities to increase yields. Although it is likely that the State Board of Investment will not engage actively in bond trading for small theoretical income advantages, it is apparent that there are attractive opportunities for significant portfolio improvements through exchanges of fixed-income obligations. Many bonds of comparatively small denominations were transferred to the Minnesota Adjustable Fixed Benefit Fund from the Municipal Employees Retirement Board (Minneapolis) at the time this new retirement program was established. Although these bonds were of good quality, they consisted of issues not held in other State accounts. The department has sold many of these bonds during the past three years and expects to continue this consolidation program.

Section 9. 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 and attractive bonds in usable quantities. As has been previously indicated, the department was also allocating stock orders to those firms providing specialized services in the fields of portfolio comparisons and in computer applications helpful for research and listings of security holdings.

The distribution of brokerage business on the basis of "service" or "research" leads to inequities in the case of public funds. Due to time and staff limitations, we have found it necessary to be dependent primarily upon the reports from those firms which have provided particularly valuable information over the years. During the 1969-72 period, there were many personnel changes in brokerage and investment banking organizations. It was often difficult to determine whether the research and investment service had been due to the individual or the general quality of the firm.

The recent entry of many State and public funds into the corporate securities market has resulted in greater 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. We feel it may be inappropriate to compensate for this material with securities orders when we do not have the procedural flexibility, nor statutory or broad 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 be able to concentrate our business with organizations which have 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.

Since early 1970, the investment department has received the services of the AutEx organization, which provides detailed, current, televised information concerning blocks of stocks which may be of interest to us. The investment staff increased its use of this information during the past two years and has found the data thus provided to be helpful. We anticipate an experimental use of additional services of this type – namely the Instinet and Block Automation System – to determine which will be useful to our organization.

The distribution of business listed under Schedule 9 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.

Section 10. Common Stock Purchases Negotiated or Ordered on the Basis of Lowest Available Price

During recent years, no purchases or sales were made of over-the-counter stocks until the offerings and bids 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 proven to be very helpful, especially in obtaining stocks that show comparatively low trading activity on the major exchanges. Our experience during the past decade indicates that savings on these transactions may approximate 3/8 to 1/2 of a point per share, or \$375 to \$500 per thousand shares. We are most impressed with the ability of the "third market" organizations to provide a market in well-known quality stocks at all times – even when specialists on the New York Stock Exchange appeared to have difficulty in doing so. These off-board trades are handled on a competitive basis, with two to four dealers contacted simultaneously.

In recent years, numerous transactions involving substantial blocks of stocks have been completed. This has meant the use of New York Stock Exchange firms specializing in "block trades" and of "third market" organizations which are known for their ability to match buyers and sellers. The changed commission structure adopted by the members of the New York Stock Exchange has made these firms far more competitive. It is expected that more future business will be allocated to those firms which demonstrate their capability to handle such transactions efficiently.

The advantage of off-board transactions and "block trades" is that they allow the State to buy quantities of stock at one predetermined net price for the various accounts. These "third market" and "block" purchases also minimize the number of separate trades and the necessary accounting procedures.

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 recognized markets – major exchanges, over-the-counter market, the "third market", and the recently established "fourth market" (a direct meeting of buyers and sellers) – for the benefit of the State funds.

Section 11. Common Stock Sales

The stocks listed were sold through the markets which appeared to be appropriate at the time of the transactions. When the "over-the-counter" or "third market" were used, bids were checked with two or more dealers. Commission business was allocated as described for stock purchases. Several of the stocks indicated as sold during the 1970-1972 period had not appeared in previous portfolio listings. This was due to the fact that these securities were transferred to the Minnesota Adjustable Fixed Benefit Fund, managed by the State Board of Investment, from the Municipal Employees Retirement Board (Minneapolis) and were not on the current purchase list of the Board. Therefore, in order to convert the holdings of the fund into a more manageable portfolio, it was decided to sell these stocks when such disposition appeared advantageous.

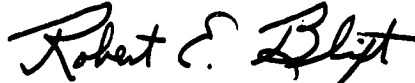
Section 12. Sales of Minnesota Subdivision Bonds

The nineteen blocks of municipal and school bonds listed on the schedule were sold through competitive bids after the blocks were advertised for sale in national and local financial publications. The fact that the income from these securities is tax-exempt to individuals and corporations makes such holdings inappropriate for State funds.

The Investment Board has held ten sales during the past decade, four of which took place in calendar 1972. In addition to the \$8,838,000 face value of bonds sold during the first six months of 1972, an additional \$6,653,000 were sold later in the year. The reinvestment of proceeds from these bond sales, in corporate fixed-income securities, will result in additional net income of \$2.7 million for the retirement funds during a period equal to the average maturity of the bonds sold.

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 this constructive interest and 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 people living in 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:dkh

SECTION 1

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS
AND GOVERNMENT AGENCY SECURITIES
January 1, 1971 - June 30, 1972
(in thousands)

Dealer	Purchases and Sales 1-90 days	Purchases and Sales over 90 days	Repurchase Agreements 1-45 days	Total Volume
American National Bank & Trust, St. Paul	—	\$ 200.0	—	\$ 200.0
Bankers Trust Company	\$ 16,875.0	33,430.0	\$ 26,995.0	77,300.0
A. G. Becker & Company	6,230.0	18,970.0	—	25,200.0
Briggs & Schaedle Company, Inc.	9,820.0	3,692.0	—	13,512.0
Chemical Bank N.Y. Trust Company	2,345.0	—	2,610.0	4,955.0
Continental Illinois National Bank	220.0	9,500.0	12,575.0	22,295.0
Discount Corporation	3,400.0	16,255.0	6,000.0	25,655.0
Eastman Dillon Union Securities	—	10,500.0	—	10,500.0
First Boston Corporation	—	8,350.0	—	8,350.0
First National Bank, Chicago	18,765.0	14,580.0	13,595.0	46,940.0
First National Bank, Minneapolis	40,685.0	44,895.0	120,584.0	206,164.0
First National Bank, St. Paul	179,455.0	108,589.0	510,911.0	798,955.0
First National City Bank	17,150.0	27,335.0	8,450.0	52,935.0
Goldman Sachs & Company	19,395.0	55,777.0	—	75,172.0
Harris Trust & Savings Bank (Chicago)	18,380.0	7,400.0	—	25,780.0
Aubrey G. Lanston & Company, Inc.	5,000.0	16,315.0	—	21,315.0
Lehman Commercial Paper, Inc.	13,385.0	31,495.0	—	44,880.0
Lombard-Wall, Inc.	—	1,000.0	22,475.0	23,475.0
Marquette National Bank, Minneapolis	—	250.0	—	250.0
Merrill Lynch, Pierce, Fenner & Smith	61,770.0	67,960.0	—	129,730.0
Morgan Guaranty Trust Company	16,115.0	45,935.0	8,795.0	70,845.0
New York Hanseatic Corporation	—	21,010.0	—	21,010.0
Northern Trust Company	—	175.0	—	175.0
Northwestern National Bank, Minneapolis	60,494.0	24,882.0	226,803.0	312,279.0
Chas. E. Quincey & Company	—	2,175.0	—	2,175.0
Salomon Brothers	91,935.0	99,915.0	—	191,850.0
TOTALS	\$581,419.0	\$670,585.0	\$959,893.0	\$2,211,897.0

SECTION 2

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES
January 1, 1971 - June 30, 1972
(in thousands)

Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Prior to Maturity Date	Total Volume
Associates Corp. of North America	\$ 28,871.0	\$ 18,554.0	—	\$ 47,425.0
A. G. Becker & Co., Inc.	—	—	—	20,448.0
G.A.C. Finance Inc.	4,818.0	2,450.0	—	—
Gamble-Skogmo, Inc.	4,455.0	8,725.0	—	—
Chrysler Financial Corp.	5,452.0	500.0	—	5,952.0
CIT Financial Corp.	39,916.0	15,204.0	—	55,120.0
Commercial Credit Co.	22,098.0	10,986.0	—	33,084.0
Ford Motor Credit Co.	24,043.0	24,719.0	\$ 800.0	49,562.0
G.A.C. Finance Inc. (Direct)	18,865.0	10,109.0	—	28,974.0
General Motors Acceptance Corp.	11,400.0	15,728.0	—	27,128.0
International Harvester Credit Corp.	19,895.0	16,920.0	—	36,815.0
Lehman Commercial Paper, Inc.:				70,955.0
AVCO Financial Services Inc.	52,333.0	17,622.0	—	—
U.S. Steel Finance Corp.	—	1,000.0	—	—
Montgomery Ward Credit Corp.	54,983.0	7,284.0	—	62,267.0
J.C. Penney Financial Corp.	29,218.0	13,323.0	—	42,541.0
Sears Roebuck Acceptance Corp.	18,345.0	13,230.0	—	31,575.0
James Talcott, Inc.	48,085.0	21,956.0	1,005.0	71,046.0
Transamerica Financial Corp.	36,879.0	22,336.0	—	59,215.0
H. C. Wainwright & Co.:				13,780.0
Honeywell Finance Inc.	7,950.0	5,830.0	—	—
Westinghouse Credit Corp.	16,240.0	20,831.0	—	37,071.0
TOTALS	\$443,846.0	\$247,307.0	\$1,805.0	\$692,958.0

SECTION 3

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
PURCHASES OF MORTGAGE BACKED CERTIFICATES
January 1, 1971 - June 30, 1972

Face Amount	Dealer or Issuer
\$1,985,589.66	First National Bank of Minneapolis (Issuer)
7,513,268.46	IDS Mortgage Corporation (Issuer)
2,000,000.00	Iowa Securities Company (Issuer)

SECTION 4

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES
Purchased January 1, 1971 - June 30, 1972

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$10,000	Dillon, Read & Co., Inc.	\$ 2,575	Loeb, Rhoades & Co.
3,000	duPont, Gloré Forgan, Inc.	24,500	Morgan Stanley & Co.
2,575	First Boston Corp. (The)	3,350	Salomon Brothers
10,750	Lehman Brothers	9,500	Smith, Barney & Co., Inc.

SECTION 5

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING
ON A DESIGNATED BASIS
January 1, 1971 - June 30, 1972

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 25	Allison-Williams Company	\$ 570	Kidder, Peabody & Co., Inc.
300	Ames, A.E. & Co., Inc.	675	Kuhn, Loeb & Co.
380	Bache & Co., Inc.	50	Laird, Bissell & Meeds, Inc.
100	Bankers Trust Co.	225	Lazard Freres & Co.
100	Bear Stearns & Co.	250	Lehman Brothers
100	Becker, A.G. & Company, Inc.	230	McLeod, Young, Weir, Inc.
160	Bell, Gouinlock & Company, Inc.	1,510	Merrill Lynch, Pierce, Fenner & Smith
780	Blyth & Company, Inc.	125	Midland Canadian Corporation
225	Burnham & Co.	75	Mills, Spence & Co., Inc.
145	Burns Brothers & Denton, Inc.	100	Morgan Guaranty Trust Company
370	Clark, Dodge & Company, Inc.	1,100	Morgan Stanley & Co., Inc.
100	Continental Illinois National Bank and Trust Company of Chicago	100	New York Hanseatic Corp.
465	Dain, Kalman & Quail, Inc.	130	Nesbitt Thomson Securities, Inc.
710	Dean Witter & Company, Inc.	130	Northwestern National Bank of Mpls.
25	Dick & Merle-Smith	910	Paine, Webber, Jackson & Curtis
100	Discount Corp.	175	Piper, Jaffray & Hopwood
230	Dominion Securities Corp. (The)	75	Pitfield, MacKay & Co., Inc.
125	Drexel Firestone, Inc.	100	Pressprich, R.W. & Co., Inc.
580	duPont, Gloré Forgan, Inc.	400	Reynolds & Co.
570	Eastman Dillon, Union Securities & Co.	100	Richardson Securities, Inc.
110	Equitable Canada, Inc.	225	Robinson-Humphrey Co., Inc. (The)
100	Estabrook & Co.	100	Rothschild, L.F. & Co.
475	First Boston Corporation (The)	1,075	Salomon Brothers
70	Fry Mills Spence, Inc.	1,500	Scotia Bond Company Limited
385	Goldman, Sachs & Co.	370	Shearson, Hammill & Co., Inc.
145	Greenshields & Co., Inc.	250	Smithers, F.S. & Co.
1,670	Halsey, Stuart & Co., Inc.	700	Smith, Barney & Co., Inc.
145	Harris & Partners, Inc.	125	Sutro & Co.
170	Harris Upham & Co., Inc.	100	Walker, G.H. & Co.
500	Hornblower & Weeks - Hemphill, Noyes	170	Walston & Co., Inc.
		780	White, Weld & Co.
		685	Wood, Gundy & Co., Inc.

Section 9 continued

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
49300	Standard Oil (New Jersey)	Electrical & Electronic Equip.	
3600	Auerbach Pollak	8000	Carrier Corp.
18800	Brown Brothers	8000	Smith Barney
3000	Delafield Childs	8100	Emerson Electric
2000	Eastman Dillon	3100	Paine Webber
3200	Faulkner Dawkins	5000	H.C. Wainwright
2200	Halsey Stuart	33500	Fedders Corp.
12200	Paine Webber	7000	Burnham & Co.
4000	Roosevelt & Son	3500	Laird, Inc.
300	Walston & Co.	23000	Salomon Brothers
70200	Texaco, Inc.	10000	General Electric
700	Caldwell Phillips	4000	First Manhattan
7000	Clark Dodge	6000	Paine Webber
2000	Eastman Dillon	17500	International Tel. & Tel.
4500	Halsey Stuart	1500	Eastman Dillon
1600	Laird Bissell	15500	Merrill Lynch
11000	Model Roland	500	Woodard-Elwood
10000	Salomon Brothers	20000	Sunbeam
6000	F.S. Smithers	20000	Burnham & Co.
10000	Sutro & Co.	4000	Westinghouse
12000	H.C. Wainwright	4000	Dean Witter
1300	Walston & Co.	2000	Whirlpool
100	White Weld	2000	Brown Brothers
4000	Dean Witter		
			Machinery
		29500	Caterpillar Tractor
		400	Dain Kalman
		5000	Donaldson Lufkin
		6100	Eastman Dillon
		6000	Merrill Lynch
		5000	Morgan Stanley
		1300	Reynolds Securities
		2500	H.C. Wainwright
		200	Walston & Co.
		3000	Dean Witter
			Metals
		2700	Hanna Mining
		500	First Manhattan
		1100	Paine Webber
		1100	G.H. Walker
			TRANSPORTATION
			Aircraft & Aerospace
		9000	United Aircraft
		9000	Smith Barney
			Airlines
		9500	Delta Airlines
		4000	Eastman Dillon
		5000	R.W. Pressprich
		500	Robinson Humphrey
		32400	Northwest Airlines
		5500	Brown Brothers
		4000	Eastman Dillon
		7300	First Manhattan
		5000	Keefe Bruyette
		7600	Walston & Co.
		3000	White Weld
			Railroads
		16000	Burlington Northern
		4000	Dain Kalman
		11000	Roosevelt & Son
		1000	Sutro & Co.
		25900	Union Pacific Corp.
		4000	Bear Stearns
		2000	Brown Brothers
		3500	Clark Dodge
		1200	Eastman Dillon
		2000	Eppler Guerin
		3500	Kidder Peabody
		4000	Laird Bissell
		600	Merrill Lynch
		4500	Sutro & Co.
		200	White Weld
		400	Dean Witter
			Paper & Forest Products
		1200	International Paper
		1200	Smith Barney
		63975	Weyerhaeuser
		1125	Bache & Co.
		1000	Brown Brothers
		4350	Dain Kalman
		5200	duPont Glore Forgan
		10000	First Manhattan
		1000	Harris Upham
		2800	Hornblower Weeks
		17100	Laird, Inc.
		4000	Paine Webber
		5300	Piper Jaffray
		4600	Smith Barney
		7300	H.C. Wainwright
		200	Walston & Co.

SECTION 10

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF
LOWEST AVAILABLE PRICE
January 1, 1971 - June 30, 1972**

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
		63500	Northwest Bancorporation
		1500	American Securities
		2000	Jefferies & Co.
		22000	Keefe Bruyette
		38000	Weeden & Co.
		70000	Security Pacific Corp.
		33000	Blyth & Co.
		2000	Jefferies & Co.
		5000	Keefe Bruyette
		1000	Merrill Lynch
		18000	Salomon Brothers
		11000	M.A. Schapiro
		9500	Valley Nat'l Bk. Arizona
		1000	Blyth & Co.
		4500	Keefe Bruyette
		4000	Salomon Brothers
			Finance
		3500	Household Finance
		3500	Jefferies & Co.
		25000	MGIC Investment Corp.
		22000	Jefferies & Co.
		3000	Weeden & Co.
			Insurance
		4000	Aetna Life & Casualty
		4000	Jefferies & Co.
		5680	CNA Financial Corp.
		5680	Weeden & Co.
		37500	Connecticut General
		5000	Dain Kalman
		2000	duPont Glore Forgan
		5000	Eastman Dillon
		4300	Jefferies & Co.
		1000	Merrill Lynch
		7000	New York Hanseatic
		13200	Salomon Brothers
		20100	INA Corporation
		1000	American Securities
		4000	J.S. Strauss
		15100	Weeden & Co.
		45000	Northwestern Nat'l Life
		1000	Dain Kalman
		1500	duPont Glore Forgan
		10000	Eastman Dillon
		10000	Jefferies & Co.
		7000	Merrill Lynch
		7000	New York Hanseatic
		2000	Piper Jaffray
		5500	Salomon Brothers
		1000	Smith Barney
		56900	Safeco Corporation
		14200	Blyth & Co.
		1000	Dain Kalman
		2300	duPont Glore Forgan
		8000	Eastman Dillon
		14000	Merrill Lynch
		17400	Salomon Brothers
		39500	St. Paul Companies
		7000	Blyth & Co.
		1000	Dain Kalman
		500	duPont Glore Forgan
		1000	Merrill Lynch
		30000	Salomon Brothers
		14000	Travelers Corporation
		14000	Jefferies & Co.
		4000	U.S. Fidelity & Guaranty
		4000	Blyth & Co.
			CONSUMERS GOODS
			Food-Beverage
		37000	General Foods
		20000	Jefferies & Co.
		17000	Weeden & Co.
			Retail Trade
		30700	Dayton Hudson Corp.
		30700	Jefferies & Co.
		5000	Penney (J.C.) Company
		5000	Jefferies & Co.
		5000	Sears Roebuck
		5000	Jefferies & Co.

Section 10 continued

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Miscellaneous			
2500	American Greetings Corp.	3700	Mobil Oil
2000	Blyth & Co.	3000	Blyth & Co.
500	Merrill Lynch	700	Weeden & Co.
12300	Avon Products	16000	Standard Oil (Indiana)
12300	Weeden & Co.	5000	Jefferies & Co.
30500	Holiday Inns	11000	Weeden & Co.
24500	Jefferies & Co.	23200	Standard Oil (New Jersey)
6000	Weeden & Co.	6000	Jefferies & Co.
3900	Medtronic, Inc.	700	New York Hanseatic
900	Dain Kalman	16500	Weeden & Co.
500	Jefferies & Co.	83080	Texaco, Inc.
2000	Merrill Lynch	5600	Jefferies & Co.
500	Smith Barney	31000	J.S. Strauss
15000	Warner Communications	46480	Weeden & Co.
5000	Jefferies & Co.		
10000	Weeden & Co.		
RESEARCH STOCKS			
Chemicals & Drugs			
10300	Air Products & Chemicals	500	Ford Motor Co.
10300	Jefferies & Co.	500	Weeden & Co.
5000	Dow Chemical	6470	General Motors Corp.
5000	Weeden & Co.	5000	Jefferies & Co.
33800	Pfizer, Inc.	300	New York Hanseatic
33800	Weeden & Co.	1170	Weeden & Co.
		33000	Goodyear Tire & Rubber
		10000	Blyth & Co.
		17000	Jefferies & Co.
		6000	Weeden & Co.
Office Equipment			
745	International Bus. Mach.	Building & Construction	
70	Jefferies & Co.	8000	Caterpillar Tractor Co.
675	Weeden & Co.	8000	Weeden & Co.
Photography			
5100	Eastman Kodak Co.	2000	Fedders Corporation
1800	Jefferies & Co.	2000	Jefferies & Co.
3300	J.S. Strauss	5000	Weyerhaeuser Co.
		5000	Weeden & Co.
Miscellaneous			
4450	Minnesota Mining & Mfg.	Machinery	
4100	Jefferies & Co.	2000	Toro Company
350	Weeden & Co.	1000	Paine Webber
10000	Universal Oil Products	1000	Piper Jaffray
10000	Jefferies & Co.		
NATURAL RESOURCES STOCKS			
Petroleum			
4500	Continental Oil Co.	Metals	
4500	Weeden & Co.	300	Hanna Mining Co.
64000	Gulf Oil Corp.	300	Jefferies & Co.
6000	Blyth & Co.	TRANSPORTATION	
18000	Jefferies & Co.	Airlines	
2000	New York Hanseatic	9500	Delta Airlines, Inc.
5000	J.S. Strauss	4000	Blyth & Co.
33000	Weeden & Co.	5500	Jefferies & Co.
5000	Louisiana Land & Explor.	830	Northwest Airlines, Inc.
5000	Jefferies & Co.	830	Weeden & Co.
		Railroads	
		6100	Burlington Northern Inc.
		6100	Jefferies & Co.
		5500	Union Pacific Corp.
		4500	Jefferies & Co.
		1000	Weeden & Co.

SECTION 11

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMMON STOCK SALES
January 1, 1971 - June 30, 1972**

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
5800	American Airlines	14000	Internat'l Tel. & Tel.
5800	Weeden & Co.		Series N Preferred
31300	American Cyanamid	10000	Dain Kalman
31300	Paine Webber	4000	Jefferies & Co.
27200	Atlantic Richfield	8800	Kimberly-Clark
27200	Weeden & Co.	8800	Jefferies & Co.
5040	BankAmerica Corp.	4800	Lincoln Nat'l Corp.
5040	Keefe Bruyette	4800	Jefferies & Co.
6800	Bankers Trust N.Y. Corp.	1000	McDonald's Corp.
6800	Jefferies & Co.	1000	Paine Webber
27400	Boeing Co.	1000	Medtronic, Inc.
27400	Weeden & Co.	1000	Dain Kalman
5498	Boise Cascade	8700	Minneapolis Gas Co.
5498	Weeden & Co.	1000	Merrill Lynch
4300	Bristol-Myers	7700	Piper Jaffray
4300	Weeden & Co.	39700	NL Industries
6800	Burlington Northern	39700	Weeden & Co.
5 1/2%	Preferred	16850	Norfolk & Western Ry.
6800	Bache & Co.	8000	Clark Dodge
29200	Campbell Soup	3850	Jefferies & Co.
29200	R.W. Pressprich	5000	Roosevelt & Son
124200	Carrier Corp.	3705	Northern Illinois Gas
74200	Brandt Zwick	\$1.80	Preference
50000	Goldman Sachs	3705	Paine Webber
58441	Columbia Broadcasting	68500	Ohio Edison Co.
58441	Jefferies & Co.	57000	First Boston
35775	Continental Can Co.	11500	Weeden & Co.
35775	Weeden & Co.	4800	Owens-Illinois
1500	Control Data Corp.	4800	Weeden & Co.
1500	Shearson Hammill	29500	Penney (J.C.) Co.
9240	Corning Glass Works	29500	Brandt Zwick
9240	Kidder Peabody	22400	Scott Paper Co.
68900	Dayton Hudson Corp.	22400	Blyth & Co.
2500	Jefferies & Co.	28900	Southern Pacific Co.
1900	Piper Jaffray	7400	H.C. Wainwright
39000	Salomon Brothers	21500	Weeden & Co.
25500	Weeden & Co.	25000	Southern Railway Co.
11700	Disney (Walt) Productions	21400	Jefferies & Co.
11200	Jefferies & Co.	3600	Laird, Inc.
500	Paine Webber	33100	Super Valu Stores
1450	Donnelley (R.R.) & Sons	33100	Paine Webber
1450	Paine Webber	2400	Taft Broadcasting
900	duPont (E.I.) de Nemours	2400	Shearson Hammill
900	Paine Webber	61350	Trans Union Corp
2500	Economics Laboratory	61350	Paine Webber
2500	A.G. Becker	21000	Upjohn Company
50471	Georgia-Pacific Corp.	21000	Weeden & Co.
7680	Blyth & Co.	4494	Viacom International
42791	Weeden & Co.	4494	Merrill Lynch
62600	Gillette Company	92225	Wells Fargo & Co.
6500	Shearson Hammill	16100	Jefferies & Co.
56100	Weeden & Co.	5000	Keefe Bruyette
40200	Green Giant Co.	27700	Salomon Brothers
40200	Paine Webber	43425	Weeden & Co.
2300	Harcourt Brace Jovanovich	11500	Western Bancorporation
2300	Merrill Lynch	11500	Weeden & Co.
2330	Hewlett-Packard Co.	20943	Western Publishing Co.
2330	Kidder Peabody	20943	Jefferies & Co.
20200	Inland Steel Co.	19500	Wisconsin Public Service
20200	Weeden & Co.	10700	First Boston
3500	Internat'l Tel. & Tel.	2800	Shearson Hammill
3500	Series J Preferred	6000	Weeden & Co.
3500	Goldman Sachs	2000	Zale Corporation
		2000	Paine Webber

SECTION 12

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
SALES OF MINNESOTA SUBDIVISION BONDS
January 1 - June 30, 1972

I.S.D. No. 271 (Bloomington, Minnesota); \$540,000 face value of bonds, 3.50% - 4.50%, due 1976-86, sold at \$96.22 on February 1, 1972.

Purchasing syndicate:
E. J. Prescott & Company, Manager (a)

Allison-Williams Co.
American National Bank & Trust Co.
Dain, Kalman & Quail, Inc.
Juran & Moody

Paine, Webber, Jackson & Curtis, Inc.
E. J. Prescott & Co.
Reynolds Securities, Inc.

I.S.D. No. 272 (Eden Prairie, Minnesota); \$210,000 face value of bonds, 4.20%, due 1981-89, sold at \$100.05 on June 13, 1972.

Sold to the First National Bank of St. Paul.

I.S.D. No. 219 (Elmore, Minnesota); \$240,000 face value of bonds, 2.90% - 3.00%, due 1974-83, sold at \$84.60 on June 13, 1972.

Purchasing syndicate:
Reynolds Securities, Inc., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 275 (Golden Valley, Minnesota); \$211,000 face value of bonds, 3.75%, due 1974-83, sold at \$94.25 on June 13, 1972.

Purchasing syndicate:
Paine, Webber, Jackson & Curtis, Inc., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 351 (Hallock, Minnesota); \$255,000 face value of bonds, 2.90%, due 1974-79, sold at \$90.67 on June 13, 1972.

Sold to the First National Bank of St. Paul.

I.S.D. No. 783 (Kerkhoven, Minnesota); \$255,000 face value of bonds, 2.80% - 2.90%, due 1974-85, sold at \$80.86 on June 13, 1972.

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

I.S.D. No. 739 (Kimball, Minnesota); \$185,000 face value of bonds, 3.00% - 4.40%, due 1982-89, sold at \$82.73 on June 13, 1972.

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

I.S.D. No. 832 (Mahtomedi, Minnesota); \$172,000 face value of bonds, 3.75%, due 1976-86, sold at \$88.24 on June 13, 1972.

Sold to the First National Bank of St. Paul.

I.S.D. No. 332 (Mora, Minnesota); \$249,000 face value of bonds, 3.60% - 3.70%, due 1974-83, sold at \$92.92 on June 13, 1972.

Sold to Marquette National Bank, Minneapolis.

I.S.D. No. 621 (Mounds View, Minnesota); \$908,000 face value of bonds, 3.10% - 4.30%, due 1975-86, sold at \$88.49 on February 1, 1972.

Purchasing syndicate:
Paine, Webber, Jackson & Curtis, Inc., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 782 (Murdock, Minnesota); \$200,000 face value of bonds, 3.60% - 3.70%, due 1977-88, sold at \$82.01 on June 13, 1972.

Sold to the First National Bank of St. Paul.

I.S.D. No. 489 (Randall, Minnesota); \$195,000 face value of bonds, 4.25%, due 1978-87, sold at \$99.99 on June 13, 1972.

Purchasing syndicate:
American National Bank & Trust Co., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 630 (Red Lake Falls, Minnesota); \$182,000 face value of bonds, 4.00%, due 1976-87, sold at \$86.48 on June 13, 1972.

Purchasing syndicate:
Juran & Moody, Manager (a)
Other syndicate members same as previously mentioned.

Village of Roseville, Minnesota; \$749,000 face value of bonds, 3.90% - 4.30%, due 1974-80, sold at \$99.67 on February 1, 1972.

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

I.S.D. No. 623 (Roseville, Minnesota); \$2,968,000 face value of bonds, 2.00% - 4.25%, due 1973-88, sold at \$85.92 on February 1, 1972.

Purchasing syndicate:
Dain, Kalman & Quail, Inc., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 283 (St. Louis Park, Minnesota); \$372,000 face value of bonds, 2.80% - 3.80%, due 1974-77, sold at \$97.03 on June 13, 1972.

Purchasing syndicate:
Juran & Moody, Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 16 (Spring Lake Park, Minnesota); \$328,000 face value of bonds, 3.20% - 3.40%, due 1975-85, sold at \$80.00 on June 13, 1972.

Sold to the First National Bank of St. Paul.

I.S.D. No. 614 (Starbuck, Minnesota); \$285,000 face value of bonds, 3.00% - 3.30%, due 1974-86, sold at \$83.34 on June 13, 1972.

Purchasing syndicate:
Dain, Kalman & Quail, Inc., Manager (a)
Other syndicate members same as previously mentioned.

I.S.D. No. 457 (Triumph-Monterey, Minnesota); \$334,000 face value of bonds, 3.40% - 3.50%, due 1974-87, sold at \$84.06 on June 13, 1972.

Sold to the First National Bank of St. Paul.

(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.