



1973 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, 1974

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HON. ROLLAND F. HATFIELD, STATE AUDITOR
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INVESTMENT DEPARTMENT PERSONNEL

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

Dianne K. Heinlen
Administrative Assistant

Ellen M. Peham
Secretarial Assistant

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Senior Portfolio Manager – Short-Term Investments

C. Robert Parsons, B.S.
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Arthur M. Blauzda, B.S., M.B.A.
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Anita M. Pilarski
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Roger A. Derksen, B.B.A., C.F.A.
Acting Operations Manager & Financial Analyst

Lyle T. Ibeling, B.A.
Trader & Financial Analyst

Margaret J. Schmelzer, B.A.
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Harold Syverson, B.A.
Assistant Financial Analyst

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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

November 15, 1973

Members of the Legislature of the State of Minnesota:

The investment department, through this report, reviews the annual progress of the State Board of Investment and the policies and activities of the Board in managing the various State portfolios. The most recent report, dated January 5, 1973, covered the eighteen month period from January 1, 1971 through June 30, 1972. Subsequent reports may be expected on a fiscal year basis.

The 1973 Minnesota Legislature enacted into law new retirement benefits, in part based on the investment progress which had been achieved through the use of the Minnesota Adjustable Fixed Benefit Fund, established in 1969. From 1961 through 1973, significant legislation has resulted in improvements to all of the various State funds, from the standpoint of yield, total return, and diversification. Each of these funds serves a particular purpose, however, and is invested according to various principles aimed toward appropriate protection and security, yield, or possibility of appreciation with the accompanying assumption of risk. The Legislature has written the laws pertaining to the retirement funds so as to spread the results of any stock market appreciation or depreciation over a period of years. Therefore, the beneficiaries are able to receive the long-term benefits from the investment program without being unduly detrimented, through temporary, though severe, declines in stock prices.

The progress of the past thirteen years would have been impossible without the cooperation of the State's constitutional officers who have served on the Investment Board, the members of the Legislative Retirement Study Commission and its staff, and 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 "members emeriti." The present members of the Committee have analyzed the operations of the investment department during the past year and have made significant suggestions regarding possible improvements aimed at a better investment program, more suitable to the needs of each of the funds. The expertise provided by this committee has been invaluable since each member is or has been a portfolio manager or research director of a major Minnesota investment institution or research department. The contribution of these individuals, which is made without compensation, is very 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 October 31, 1973, are as follows:

Invested Treasurer's Cash Fund, \$255.8 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, \$152.5 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, \$200.6 million. These funds are invested according to the terms of particular statutes or applicable policies, primarily in U.S. Treasury securities. The major portion of these accounts consist of proceeds from bond sales; these moneys will be used within a comparatively short period of time for state building needs. Also included are endowment funds and trust accounts held for various institutions.

Minnesota Adjustable Fixed Benefit Fund, \$380.9 million. This account, administered by the State Board of Investment, may include a maximum of 50% in stocks with the remainder in debt securities. Retirement benefits are paid to all retired employees from the principal and earnings of this fund. A two-year average "total return" from this fund, in excess of the 3½% actuarial assumption, has been used to augment pension benefits. Beginning this fiscal year, the actuarial assumption has been increased to 5%, thereby increasing benefits to retirees. Earnings and average market appreciation since the fund was accumulated during the 1969-1970 fiscal year were sufficient to result in additional increases to be paid the beneficiaries beginning January 1, 1974. At the beginning of the 1972 calendar year, pensions paid by the various participating retirement funds increased from 2% to 4% due to the operation of this account; increases of 4½% to 5½% were paid at the beginning of the 1973 fiscal year.

Basic Retirement Funds, \$725.5 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, \$28.3 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 under two different policies which may be indicated as preferred by the individual members. The fund consists of two accounts, one of which may be invested up to 100% in equities, emphasizing potential growth with the accompanying market risks. The other includes long-term bonds and stocks oriented toward current income. Legislatures since 1969 have made one or both of these accounts 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 salaries may be taxed at the rates in effect at the time of their retirement.

Minnesota Variable Annuity Fund, \$14.8 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 long-term investment performance.

Trust Funds, \$252.4 million. The Permanent School Fund, invested for the benefit of the school children of Minnesota, includes U.S. Treasury securities and government guaranteed obligations, corporate bonds of long and short maturities, 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 on 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 \$4.2 million for fiscal 1972. A gradual upturn in tax receipts, combined with more favorable interest rates, resulted in earnings of \$7.2 million for fiscal 1973.

Under the terms of 1973 legislation, the investment department buys and sells according to oral certification of cash available by the staff of the State Treasurer, which, in turn, works closely with the newly created Department of Finance. 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 in maturity.

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; these sums are invested in maturities approximating the expected disbursement schedule of the highway department. The program includes considerable reinvestment and adjustment of maturity schedules 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 \$164.3 million in face value on December 31, 1972 and \$191.7 million on June 30, 1973. On October 31, 1973, they approximated \$152.3 million. 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 have reviewed the needs of these funds so as to increase the net yield through the use of debt securities with more appropriate — sometimes 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 each of the two fiscal years 1972 and 1973. 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 and pooled 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. Purchases are limited to U.S. Treasury obligations, except in instances where individual gifts or bequests provide for the use of other investments.

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 29, 1973. As has been indicated in previous paragraphs, the investment department is making greater use of both 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 pensions are paid 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 three 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%.

Under the provisions of 1971 legislation, the net return to the Minnesota Adjustable Fixed Benefit Fund was determined on the basis of income and an average of the market-to-cost relationships taken bi-monthly over a two year period. This interpretation of investment results meant that a substantial contribution toward the cost of the increased pensions in the state managed funds will be met from this "total return"; the portion attributable to the Municipal Employees Retirement Board (Minneapolis) will be used toward higher pensions and increased reserves. The change in actuarial assumption from 3½% to 5% at fiscal year-end 1973, together with the reserves which had been accumulated due to the fortuitous stock market experience during the period through calendar year-end 1972, will result in an increase in benefits of an additional 25% to the state managed funds; a part of this accrued to the retirees on July 1, 1973, with the remaining increase in payments to begin on January 1, 1974. 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 29, 1973. The consolidation of bond holdings and the elimination of smaller issues from the account has continued 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 50% of these accounts. At the time of this writing, equities comprise approximately 47% of each account on a cost basis, with the remainder invested in debt securities of the U.S. government, its agencies, Canadian governmental units, and United States and Canadian corporations.

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. The first such increase occurred on October 31, 1972; this was followed by a second increase on December 31, 1972. Because of the probability that such market increases would not continue, it was decided that each of these increases would be added to the income accounts in three equal installments during three successive fiscal years. The first increase, therefore, will apply during fiscal 1972, 1973 and 1974, while the second increase will apply during fiscal 1973, 1974 and 1975. The 1973 Legislature modified the law to make such an increase apply whenever the market valuation of equities exceeded the revised cost figure by 10% for six consecutive two month periods. On the basis of these market adjustments, it is probable that the net yield to each basic retirement account will exceed the 5% level indefinitely even though a portion of the investments consists of comparatively low yielding common stocks.

Schedule III reviews the net yield accruing to the three largest basic retirement funds during the period from 1957 through 1973. During these 16 years, the yield increased from less than 3% to approximately 5½%.

Schedule IV lists the securities held in the three largest basic retirement funds on June 30, 1973. 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 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 includes the fixed-income securities in this account on June 29, 1973 and Schedule VII lists the equity portfolio.

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 includes the fixed-income securities in this account on June 29, 1973 and Schedule VII lists the equity portfolio. This account was formed — and book values established — at a time of comparatively low stock market prices. Although this led to a very favorable market-to-cost relationship, during the first two years of the fund, the substantial amount of new contributions, along with the purchases of securities at existing price levels, have tended to dilute this comparatively favorable position.

The Advisory Committee to the State Board of Investment has recently suggested that the equities in these basic retirement funds be pooled so as to achieve a more uniform investment performance and numerous efficiencies in operations. It is to be emphasized that such a pooling arrangement could be accomplished without changing the individual characteristics and separate administrations of the retirement organizations.

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 1.22% by October 31, 1973. 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 50% 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 low current yield and representing firms which may have significant long-term potential from the standpoint of earnings growth. These stocks tend to fluctuate in price to a far greater extent than those in the income share account.

These two accounts were established on a unit basis on October 1, 1967, with each unit worth \$10.00 on that date. As a result of 1973 legislation, each unit was split on a two-for-one basis as of June 30, 1973; therefore, the current units had a net worth of \$5.00 on inception date. A summary of the market valuations experienced by the two accounts since the beginning of the program in 1967 is as follows (as adjusted for the two-for-one split):

	Income Share Account		Growth Share Account	
	High	Low	High	Low
Oct. '67 — Dec. '68	\$5.52 (Nov. '68)	\$4.98 (Oct. '67)	\$5.44 (Nov. '68)	\$4.52 (Feb. '68)
1969	5.40 (Jan.)	4.99 (Dec.)	5.32 (Oct.)	4.71 (Jul.)
1970	5.69 (Dec.)	4.81 (Jan.)	4.94 (Feb.)	3.73 (June)
1971	6.30 (Dec.)	5.86 (Jan.)	6.21 (Dec.)	5.09 (Jan.)
1972	7.11 (Dec.)	6.36 (Jan.)	7.92 (Dec.)	6.47 (Jan.)
1973 (Jan.-Oct.)	7.15 (Sept.)	6.81 (Jul.)	7.53 (Jan.)	6.30 (June)

Schedule VIII lists the assets in the income share account on June 29, 1973.

Schedule IX consists of a listing of the securities in the growth share account on June 29, 1973. Under the terms of the Prospectus for the growth share account, it is a policy of the department to maintain a steady investment in stocks of companies which evidence growth potential. It has also been an established policy to avoid extreme "buy" or "sell" programs which could result in a high cash position for a brief period of time. Such a program can be disastrous if the market makes unanticipated moves. This means that the account is in a reasonably fully invested position at all times and will continue to be subject to significant changes in market values, particularly during periods of significant stock market increases, as in 1972, and during times of market uncertainty and decline, such as late 1973.

Both the income share account and the growth share account have shown recent increases in size due to contributions from police and fire fighter organizations and participants in a deferred income plan for State employees.

MINNESOTA VARIABLE ANNUITY FUND

The Minnesota Variable Annuity Fund has evidenced very favorable acceptance. The participants received a net return of 5.4500% in fiscal 1971, 9.1670% for fiscal 1972, and 6.2393% for fiscal 1973. These "return" computations are based on average figures over a two year period. The Variable Annuity Fund has recently shown a substantial increase in size due to the greater degree of participation by Minnesota's teachers. The fact that such a large portion of the portfolio represents funds which

have been invested very recently means that market valuations will tend to be very indicative of recent stock prices and market fluctuations.

The substantial inflow of new money during 1971 and 1972 resulted in purchases of stocks at a price somewhat higher than the market values of 1973. The steady flow of incoming cash, combined with the two year period over which benefits are determined, will lessen the effect of these market fluctuations and provide a comparatively steady return for the participants. Although most variable plans are based entirely on participation in equity investments, the widespread use of this fund and the fluctuations in the stock market since the account's inception have caused the investment department to adopt a policy which includes approximately 30% to 35% in fixed-income investments.

Schedule X lists the securities in the Minnesota Variable Annuity Fund on June 29, 1973.

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 were purchased to the approximate maximum of 40% of the fund. During the past several years, however, mortgage backed securities guaranteed by the U.S. government and issued through private organizations in cooperation with the Government National Mortgage Association have offered a yield comparable to or greater than that received from corporate bonds of similar quality. Because of the lack of inflow of new cash into this fund, the gradual return of principal offered by this type of investment has been very attractive; we have thus been able to maintain a cash flow for current investment needs. The corporate bond portfolio has, therefore, been reduced to approximately 35% of the book value of the fund, and U.S. government and government guaranteed obligations now approximate 45% of this account. Common stock investments are maintained very near to the 20% constitutional limit.

Schedule XI indicates that the investment changes have resulted in an increase in net yield from 2.68% during the late 1950's to 4.79% during the 1973 fiscal year. The actual yield on current investments approximated 5.7% and showed a very marked increase during the past four years because of the use of Government National Mortgage Association guaranteed obligations. A portion of the income, however, is used annually to reimburse the principal of the account for losses taken through the sale of long-term U.S. Treasury and corporate obligations.

Schedule XII lists the securities in the Permanent School Fund on June 29, 1973. During that fiscal year, there were significant changes and consolidations in the fixed-income portion of the portfolio. This process is continuing.

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A review of policies concerning the placement of business, together with a summary of transactions completed during the fiscal year from July 1, 1972, through June 29, 1973, follows the schedules described above.

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The investment department has been particularly appreciative of the cooperation we have received from the Advisory Committee during the past year and their efforts to aid us in achieving a stronger department and better results from the portfolios. Although many new individuals have assumed positions of leadership in the Legislature and on the Board since 1960, the department has always received the support of both branches of government. The State Board of Investment and the staff of the investment department are also appreciative of the cooperation received from the retirement fund administrators, investment dealers and brokers throughout the nation. It is sincerely hoped that the investment program will be managed in a way to be of long-term benefit to the retirement fund members, our educational institutions and the taxpayers of Minnesota.

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 29, 1973

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
SHORT-TERM CORPORATE NOTES					
Maturity less than 30 days	\$ 44,800,000	\$18,100,000	\$ 3,418,000	\$ 1,579,000	\$ 2,000,000
Maturity 30-90 days	23,800,000	12,000,000	4,630,000	8,278,000	—
Total Short-Term Corporate Notes	\$ 68,600,000	\$30,100,000	\$ 8,048,000	\$ 9,857,000	\$ 2,000,000
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	\$ 7,000,000	—	\$ 2,290,000	\$ 735,000	\$ 1,270,000
Maturity 30-90 days	16,500,000	\$ 2,060,000	2,060,000	1,095,000	7,825,000
Maturity 3-6 months	—	—	—	—	15,880,000
Maturity 6-12 months	—	5,345,000	4,895,000	1,500,000	—
Total Bills	\$ 23,500,000	\$ 7,405,000	\$ 9,245,000	\$ 3,330,000	\$24,975,000
Repurchase Agreements					
Maturity less than 30 days	\$ 98,200,000	\$ 5,700,000	\$ 6,615,000	\$ 2,000,000	\$ 4,800,000
Maturity 31-45 days	2,045,000	—	—	—	—
Total Repurchase Agreements	\$100,245,000	\$ 5,700,000	\$ 6,615,000	\$ 2,000,000	\$ 4,800,000
Government Agency Securities					
Maturity less than 30 days	\$ 15,830,000	\$ 4,040,000	\$ 2,895,000	\$ 1,950,000	\$ 4,130,000
Maturity 31-90 days	21,425,000	4,440,000	—	200,000	1,100,000
Maturity 91-180 days	18,390,000	5,000,000	—	—	14,005,000
Maturity 6 months-1 year	—	1,000,000	—	—	2,700,000
Maturity over 1 year	—	10,900,000	6,294,000	5,320,000	28,000,000
Total Government Agency Securities	\$ 55,645,000	\$25,380,000	\$ 9,189,000	\$ 7,470,000	\$49,935,000
Government National Mortgage Association, Guaranteed Mortgage Backed Securities					
6.50% IDS Mortgage Corp. due 12-1-77	—	—	\$ 2,000,000	—	—
6.50% IDS Mortgage Corp. due approximately 1-1-78	—	\$ 2,000,000	—	—	—
6.50% IDS Mortgage Corp. due approximately 2-1-78	—	2,000,000	—	—	—
6.50% IDS Mortgage Corp.* due approximately 3-15-78	—	4,125,000	—	—	—
6.50% Weyerhaeuser Mortgage Co. due approximately 3-15-78	—	2,625,000	—	—	—
Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities	—	\$10,750,000	\$ 2,000,000	—	—
U.S. Government-Guaranteed Obligations					
6.15% SEDCO Maritime, Inc. due 12-31-75	—	\$ 1,000,000	\$ 500,000	\$ 500,000	—
6.35% SEDCO Maritime, Inc. due 12-31-76	—	1,500,000	500,000	500,000	—
6.45% SEDCO Maritime, Inc. due 12-31-77	—	1,500,000	500,000	500,000	—
6.25% Export-Import Bank due 8-2-77	—	5,000,000	1,000,000	1,000,000	—
6.875% FHA Insured Notes due 8-31-77	—	4,999,000	999,717	1,500,000	—
Total U.S. Government- Guaranteed Obligations	—	\$13,999,000	\$ 3,499,717	\$ 4,000,000	—
U.S. Treasury Notes and Bonds					
4% Bonds due 8-15-73	—	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	\$ 200,500
4 1/4% Bonds due 11-15-73	—	2,000,000	2,000,000	1,000,000	10,500
4 1/4% Bonds due 2-15-74	—	1,000,000	1,200,000	500,000	302,500
7 1/4% Notes due 2-15-74	—	3,500,000	500,000	—	—
4 1/4% Bonds due 5-15-74	—	2,500,000	—	—	—
7 1/4% Notes due 5-15-74	—	5,000,000	—	—	—
Total maturities less than 1 year	—	\$18,000,000	\$ 5,700,000	\$ 3,500,000	\$ 513,500
5 1/2% Notes due 8-15-74	—	—	—	—	\$ 5,050,000
6% Notes due 9-30-74	—	—	—	—	39,000
3 1/2% Bonds due 11-15-74	—	—	—	—	10,500
5 1/4% Notes due 2-15-75	—	—	—	—	5,075,000
6% Notes due 5-15-75	—	—	—	—	50,000
5 1/2% Notes due 8-15-75	—	—	—	—	52,000
7% Notes due 11-15-75	—	—	—	—	30,000
6 1/2% Notes due 5-15-76	—	—	—	—	219,000
Total maturities 1-3 years	—	—	—	—	\$10,525,500

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
7 1/4% Notes due 8-15-76	—	—	—	—	\$ 10,000
6 1/4% Notes due 2-15-78	—	—	—	—	80,000
Total maturities 3-5 years	—	—	—	—	\$ 90,000
6% Notes due 11-15-78	—	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 65,000
6 1/4% Notes due 8-15-79	—	—	—	—	148,000
4% Bonds due 2-15-80	—	—	—	—	17,500
3 1/2% Bonds due 11-15-80	—	—	—	—	5,000
6 1/2% Bonds due 8-15-82	—	—	—	—	44,000
3 1/4% Bonds due 6-15-83/78	—	—	—	—	50,500
Total maturities 5-10 years	—	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 330,000
6 1/2% Bonds due 8-15-84	—	—	—	—	\$ 75,000
4 1/4% Bonds due 5-15-85/75	—	—	—	—	79,000
3 1/2% Bonds due 11-15-98	—	—	—	—	50,000
Total maturities more than 10 years	—	—	—	—	\$ 204,000
Total U.S. Treasury Notes and Bonds	—	\$20,000,000	\$ 8,700,000	\$ 4,500,000	\$11,663,000
Total U.S. Treasury, Government Agency, and Government Guaranteed Securities	\$179,390,000	\$83,234,000	\$39,248,717	\$21,300,000	\$91,373,000

SCHEDULE II

MINNESOTA ADJUSTABLE FIXED BENEFIT FUND June 29, 1973 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 413,514.51
U.S. TREASURY AND AGENCY SECURITIES	
Bills	
Maturities up to 120 days	\$ 3,410,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 7,214,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 13,160,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$132,974,752.26
CONVERTIBLE DEBENTURES (See Listing Below)	\$ 10,667,125.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 4,734,516.67
COMMON STOCKS (See Listing Below)	\$195,887,610.53
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$368,461,518.97

* Cash balance signifies amount needed for payment of bonds on next business day, July 2, 1973.

** This account signifies an amount equal to the discount at which fixed-income securities have been sold at less than amortized cost; the entire amount is being accumulated over a term equal to the average maturity of the bonds sold.

Note: Bond investments are listed at face value; convertible debentures and stocks are listed at market value.

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
UNITED STATES GOVERNMENT- GUARANTEED OBLIGATIONS					
American President Lines	Govt.-Guar. Bond	11-1-91	4.80	4.80	\$ 2,168,000.00
States Steamship Co.	Govt.-Guar. Bond	3-31-93	5.10	5.10	2,400,000.00

Schedule II continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount	
United States Lines	Govt.-Guar. Bond	11-1-86	4%	4.375	\$ 787,000.00	
United States Lines	Govt.-Guar. Bond	10-1-87	5	5.00	1,859,000.00	
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					4.91%	\$ 7,214,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS						
Alberta Govt. Telephone Comm.	Debenture	6-15-94	8	8.17	\$ 3,000,000.00	
City of Sherbrooke	S/F Bond	3-1-87	6%	6.75	250,000.00	
City of Windsor	Debenture	10-31-78 through 10-31-88	7%	7.25	250,000.00	
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	4,940,000.00	
Nova Scotia Power Commission	S/F Debenture	3-15-97	7%	7.80	3,500,000.00	
Province of Manitoba	Debenture	4-1-94	7%	7.90	1,020,000.00	
Province of Ontario	Debenture	2-1-84	4%	4.75	200,000.00	
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS					7.76%	\$ 13,160,000.00
CORPORATE BOND OBLIGATIONS						
PUBLIC UTILITY OBLIGATIONS						
ELECTRIC						
Atlantic City Electric	First Mortgage	3-1-91	4½	4.37	\$ 600,000.00	
Carolina Power & Light	First Mortgage	4-1-90	4%	4.85	500,000.00	
Central Maine Power	First Mortgage	11-1-90	5%	5.25	147,000.00	
Citizens Utilities	First Mortgage & Coll. Trust	12-31-91	4.80	4.80	1,000,000.00	
Consolidated Edison of New York	First & Refunding Mortgage	12-1-93	4%	4.54	700,000.00	
Hawaiian Electric	First Mortgage	4-1-91	4.65	4.65	1,550,000.00	
Jersey Central Power & Light	Debenture	10-1-88	4%	4.56	1,584,000.00	
Lake Superior District Power	First Mortgage	2-1-91	4%	4.60	500,000.00	
Long Island Lighting	First Mortgage	4-1-93	4.40	4.40	1,000,000.00	
Massachusetts Electric	First Mortgage	9-1-92	4%	8.15	100,000.00	
Montana-Dakota Utilities	S/F Bond	7-1-84	4%	5.67	2,112,000.00	
New England Power	First Mortgage	12-1-92	4%	7.75	100,000.00	
Pacific Power & Light	First Mortgage	4-1-92	4%	4.69	590,000.00	
Public Service Electric & Gas	First & Refunding Mortgage	9-1-94	4%	5.78	2,415,000.00	
Puget Sound Power & Light	First Mortgage	11-1-93	4%	4.625	75,000.00	
Sierra Pacific Power Co.	First Mortgage	6-1-92	4%	4.75	500,000.00	
Southern California Edison	First & Refunding Mortgage	9-1-85	4%	4.47	760,000.00	
Southern California Edison	First & Refunding Mortgage	3-1-89	4%	6.70	1,600,000.00	
Utah Power & Light	First Mortgage	9-1-90	4%	4.80	1,290,000.00	
Washington Water Power	First Mortgage	9-1-94	4%	7.64	150,000.00	
Western Massachusetts Electric	First Mortgage	5-1-92	4%	8.00	100,000.00	
Total Electric					5.19%	\$ 17,373,000.00
GAS						
Brooklyn Union Gas	First Mortgage	4-1-90	4%	4.56	\$ 1,175,000.00	
Columbia Gas System, Inc.	Debenture	1-1-88	4%	4.375	450,000.00	
Lakehead Pipeline	S/F Debenture	4-15-93	7%	7.125	500,000.00	
Mountain Fuel Supply	Debenture	9-1-86	4%	4.80	1,228,000.00	
Southern Union Gas	First Mortgage	10-1-86	4.80	4.80	600,000.00	
Suburban Propane Gas	Note	12-30-84	4%	5.86	1,383,000.00	
Washington Gas Light	First Mortgage	3-1-91	5.20	5.20	600,000.00	
Total Gas					5.20%	\$ 5,936,000.00
TELEPHONE						
Bell Telephone of Canada	First Mortgage	9-1-95	4.85	4.85	\$ 500,000.00	
Diamond State Telephone	Debenture	4-1-94	4%	7.20	100,000.00	
General Telephone of Florida	First Mortgage	5-1-93	4½	4.50	500,000.00	
General Telephone Co. of the Midwest	First Mortgage	5-1-99	7%	7.75	2,500,000.00	
New York Telephone	Refunding Mortgage	10-1-97	4%	4.57	500,000.00	
New York Telephone	Refunding Mortgage Series U	7-15-2008	8	8.17	2,050,000.00	
Rochester Telephone	First Mortgage	9-1-93	4%	4.66	610,000.00	
Total Telephone					6.90%	\$ 6,760,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS					5.58%	\$ 30,069,000.00
FINANCE OBLIGATIONS						
American Investment	Note	1-1-91	5%	5.25	\$ 650,000.00	
Beneficial Finance	Note	3-1-89	4.80	6.85	2,725,000.00	
Deere (John) Credit Corp.	Debenture	10-31-90	5	5.00	600,000.00	
Family Finance	Senior Debenture	5-15-90	4%	4.84	1,300,000.00	
General Acceptance	Senior Debenture	3-1-85	4%	6.89	650,000.00	
General Electric Credit	Promissory Note	10-31-82	4%	4.625	1,500,000.00	
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	4,000,000.00	
Talco, (James) Inc.	Senior Note	10-1-85	5	5.00	400,000.00	
Total Finance Obligations					6.41%	\$ 11,825,000.00
INDUSTRIAL OBLIGATIONS						
American Metal Climax	Note	8-1-88	4½	6.52	\$ 2,800,000.00	
Archer-Daniels Midland	Promissory Note	3-1-88	4%	4.56	160,000.00	
Amco Steel Corp.	Note	12-15-96	7%	7.875	4,000,000.00	

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount	
Ashland Oil & Refining	S/F Debenture	2-15-88	4.725	4.66	\$ 670,000.00	
Beatrice Foods	S/F Debenture	9-15-94	7%	7.90	3,000,000.00	
Burroughs Corp.	S/F Debenture	7-1-88	4½	5.83	2,600,000.00	
Consolidated-Bathurst Ltd.	Debenture	4-15-91	5%	5.625	225,000.00	
Desoto Chemical	Note	12-1-85	5	5.00	1,305,000.00	
Dow Chemical	Note	1-15-90	4½	5.48	2,142,000.00	
Exxon Corp. (Formerly Standard Oil Co.-New Jersey)	Debenture	11-1-97	6	6.00	700,000.00	
Exxon Corp. (Formerly Standard Oil Co.-New Jersey)	Debenture	7-15-98	6½	6.50	800,000.00	
Gould, Inc.	S/F Debenture	2-15-95	9%	9.25	1,500,000.00	
Hammond	Senior Note	1-15-90	8%	8.75	2,800,000.00	
Lone Star Industries, Inc.	S/F Debenture	7-1-90	4%	5.97	2,760,000.00	
Louisiana Land & Exploration	Note	12-1-94	8%	8.25	3,000,000.00	
MacMillan Bloedel Ltd.	Debenture, Series A	10-1-90	4.95	4.95	450,000.00	
Marathon Oil	S/F Debenture	2-1-2000	8½	8.52	1,500,000.00	
Owens-Illinois	Note	2-1-91	5	8.75	2,350,000.00	
Ralston-Purina (Foodmaker, Inc.)	Guaranteed Note	11-1-89	8%	8.75	3,000,000.00	
Raytheon Company	S/F Debenture	7-1-96	8%	8.30	4,000,000.00	
Scovill Manufacturing	Note	9-15-90	4.80	6.00	1,890,000.00	
Shell Oil	Debenture	3-15-91	5	5.00	1,350,000.00	
Shell Canada Ltd.	Senior Debenture	1-1-94	7½	7.53	1,900,000.00	
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	6.37	3,275,000.00	
Sprague Electric	S/F Debenture	9-1-88	4%	4.38	450,000.00	
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	4-1-91	5.10	5.10	900,000.00	
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage	2-10-97 through 3-30-97	7.70	7.70	4,000,000.00	
Standard Oil Co. (Indiana) (Research Properties, Inc.)	Note	11-1-99	8%	8.25	3,000,000.00	
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7½	7.50	1,750,000.00	
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8½	8.52	1,500,000.00	
Sun Oil	Note	7-1-91	5%	5.75	1,242,000.00	
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	4.65	1,056,000.00	
Texaco, Inc. (Countrywide Stations, Inc.)	Note, Series B	12-1-2001	7%	7.75	3,964,000.00	
Union Tank Car	S/F Debenture	8-1-86	5	5.47	1,550,000.00	
Witco Chemical	Note	12-1-84	4.65	5.37	2,250,000.00	
Youngstown Sheet & Tube	First Mortgage S/F Bond	7-1-95	4.60	4.60	91,000.00	
TOTAL INDUSTRIAL OBLIGATIONS					7.17%	\$ 69,930,000.00
TRANSPORTATION DEBT OBLIGATIONS						
Chicago Burlington & Quincy Railroad	First & Refunding Mortgage	2-1-78	4%	4.375	\$ 306,000.00	
Greyhound Corp.	Note	5-15-84	6	5.95	1,489,250.00	
Seaboard Airline Railroad	First Mortgage	12-1-88	4%	5.56	2,725,000.00	
Southern Railway Co.	Mortgage Bond	6-1-88	4%	7.82	2,586,000.00	
TOTAL TRANSPORTATION DEBT OBLIGATIONS					6.41%	\$ 7,106,250.00
RAILROAD EQUIPMENT OBLIGATIONS						
Atchison, Topeka & Santa Fe	Conditional Sale	7-15-73/ 1-15-81	5	5.00	\$ 1,216,000.00	
Atlantic Coast Line Railroad	Equipment Trust	9-1-79	4½	4.50	200,000.00	
Chesapeake & Ohio Railway (Towson Equipment)	Conditional Sale	7-1-75/ 1-1-85	8½	8.51	3,060,474.61	
Chicago Burlington & Quincy Railroad	Conditional Sale	6-15-74/ 12-15-80	4%	4.875	860,527.57	
Flying Tiger Line, Inc.	Equipment Trust	9-30-80	6.60	9.39	200,000.00	
New York Central Railroad	Equipment Trust	2-15-74	4%	5.00	250,000.00	
Norfolk & Western Railway Co. (New York, Chicago, St. Louis Railroad Co.)	Conditional Sale	11-15-73/ 5-15-79	4.55	4.55	1,080,000.00	
Norfolk & Western Railway Co.	Conditional Sale	12-15-73/ 12-15-79	4%	4.50	840,000.00	
Norfolk & Western Railway Co.	Conditional Sale	10-1-70/84	8%	8.875	2,400,000.00	
North American Car Corp.	Equipment Trust	9-1-73	4.55	4.55	25,000.00	
North American Car Corp.	Equipment Trust	5-1-74/78	4.65	4.65	125,000.00	
Northern Pacific Railway	Conditional Sale	9-1-73/ 3-1-82	5.50	5.50	1,020,000.00	
St. Louis-San Francisco Railway Co.	Conditional Sale	1-15-76/85	9%	9.375	1,717,500.00	
Western Pacific Railway Co.	Conditional Sale	3-15-74/80	4.55	4.55	1,050,000.00	
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					6.94%	\$ 14,044,502.26
TOTAL CORPORATE BOND OBLIGATIONS					6.68%	\$132,974,752.26
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					6.69%	\$153,348,752.26

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

Schedule II continued

CONVERTIBLE DEBTURE HOLDINGS

June 29, 1973

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	129%	\$ 1,492,125.00
FMC Corporation, 4 1/4% Convertible Subordinated Debentures, due 7-15-92	2,000,000.00*	1,525,737.50	65 1/2	1,310,000.00
W. T. Grant Company, 4 3/4% Convertible Subordinated Debentures, due 4-15-96	2,000,000.00	1,624,800.00	61	1,220,000.00
Melville Shoe Corporation, 4 3/4% Convertible Subordinated Debentures, due 6-1-96	2,000,000.00	1,961,250.00	91%	1,837,500.00
Owens-Illinois, Inc., 4 1/2% Convertible Subordinated Debentures, due 11-1-92	2,500,000.00	2,409,468.75	71	1,775,000.00
Purex Corporation, Limited, 4 3/4% Convertible Subordinated Debentures, due 1-15-94	1,500,000.00	1,153,112.50	71 1/2	1,072,500.00
Radio Corporation of America, 4 1/2% Convertible Subordinated Debentures, due 8-1-92	2,500,000.00	1,993,650.00	72 1/2	1,812,500.00
White Motor Corporation, 5 1/4% Convertible Subordinated Debentures, due 3-1-93	250,000.00**	219,375.00	59	147,500.00
TOTALS	\$13,900,000.00	\$12,037,393.75		\$10,667,125.00

*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

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
CONSUMER-ORIENTED STOCKS				
UTILITIES				
ELECTRIC				
Commonwealth Edison Co.	80,000	\$ 30.87	\$ 2,470,000.00	
Florida Power & Light Co.	103,800	35.88	3,723,825.00	
Houston Lighting & Power Co.	80,000	38.13	3,050,000.00	
Middle South Utilities, Inc.	137,000	23.38	3,202,375.00	
Northern States Power Co.	102,400	28.25	2,892,800.00	
Pacific Gas & Electric Co.	84,300	28.00	2,360,400.00	
Texas Utilities Co.	107,000	31.62	3,383,875.00	
Virginia Electric & Power Co.	123,000	19.63	2,413,875.00	
Total Electric			\$ 23,497,150.00	12.00%
GAS				
Northern Illinois Gas Co.	92,600	\$ 25.88	\$ 2,396,025.00	1.22%
TELEPHONE-TELEGRAPH				
American Tel. & Tel. Co.	73,800	\$ 51.13	\$ 3,773,025.00	1.93%
TOTAL UTILITIES			\$ 29,666,200.00	15.15%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corp.	27,000	\$ 43.69	\$ 1,179,549.00	
Cameron Financial Corp.	28,200	30.25	853,050.00	
First Bank System, Inc.	79,200	56.62	4,484,700.00	
First National City Corp.	153,000	41.00	6,273,000.00	
Northwest Bancorporation	80,900	57.00	4,611,300.00	
Security Pacific Corp.	88,679	25.19	2,233,646.65	
Total Banks			\$ 19,635,245.65	10.02%
FINANCE				
MGIC Investment Corp.	18,900	\$ 68.13	\$ 1,287,562.50	0.66%
INSURANCE				
Connecticut General Insurance Corp.	77,700	\$ 45.25	\$ 3,515,925.00	
Northwestern National Life Insurance	110,600	16.50	1,824,900.00	
Safeco Corp.	93,100	45.75	4,259,325.00	
St. Paul Companies, Inc.	126,200	40.62	5,126,875.00	
Total Insurance			\$ 14,727,025.00	7.52%
TOTAL FINANCIAL SERVICES			\$ 35,649,833.15	18.20%
CONSUMER GOODS & SERVICES				
FOOD-BEVERAGE				
Coca-Cola Co.	23,900	\$143.13	\$ 3,420,687.50	
General Foods Corp.	87,800	25.25	2,216,950.00	
General Mills, Inc.	84,800	54.75	4,642,800.00	
Norton Simon, Inc.	30,425	25.00	760,625.00	
Total Food-Beverage			\$ 11,041,062.50	5.64%

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
RETAIL TRADE				
Kresge (S.S.) Company	84,127	\$ 33.88	\$ 2,849,802.13	
Penney (J.C.) Co., Inc.	38,900	77.38	3,009,887.50	
Sears, Roebuck & Co.	36,500	95.13	3,472,062.50	
Total Retail Trade			\$ 9,331,752.13	4.76%
MISCELLANEOUS-CONSUMER				
Disney (Walt) Productions	35,658	\$ 76.75	\$ 2,736,751.50	
Holiday Inns, Inc.	55,600	18.13	1,007,750.00	
International Telephone & Telegraph Corp.	55,000	30.37	1,670,625.00	
Warner Communications, Inc.	50,900	13.38	680,787.50	
Total Miscellaneous-Consumer			\$ 6,095,914.00	3.11%
TOTAL CONSUMER GOODS & SERVICES			\$ 26,468,728.63	13.51%
TOTAL CONSUMER-ORIENTED STOCKS			\$ 91,784,761.78	46.86%
RESEARCH STOCKS				
CHEMICALS				
Air Products & Chemicals, Inc.	34,680	\$ 40.25	\$ 1,395,870.00	
Dow Chemical Co.	28,000	51.63	1,445,500.00	
Monsanto Co.	19,000	52.00	988,000.00	
Total Chemicals			\$ 3,829,370.00	1.95%
DRUGS-COSMETICS				
American Home Products Corp.	98,400	\$ 42.75	\$ 4,206,600.00	
Avon Products, Inc.	26,900	123.50	3,322,150.00	
Merck & Company	39,200	89.88	3,523,100.00	
Pfizer, Inc.	66,200	46.75	3,094,850.00	
Schering-Plough Corp.	61,400	78.00	4,789,200.00	
Warner-Lambert	26,000	48.00	1,248,000.00	
Total Drugs-Cosmetics			\$ 20,183,900.00	10.30%
OFFICE EQUIPMENT				
Burroughs Corp.	31,000	\$226.87	\$ 7,033,125.00	
Control Data Corp.	29,000	34.88	1,011,375.00	
Honeywell, Inc.	31,777	106.00	3,368,362.00	
International Business Machines Corp.	17,102	317.00	5,421,334.00	
Xerox Corp.	29,550	155.63	4,598,718.75	
Total Office Equipment			\$ 21,432,914.75	10.94%
PHOTOGRAPHY				
Eastman Kodak Co.	41,300	\$136.50	\$ 5,637,450.00	
Polaroid Corp.	19,200	137.25	2,635,200.00	
Total Photography			\$ 8,272,650.00	4.22%
MISCELLANEOUS				
Minnesota Mining & Manufacturing Co.	57,000	\$ 83.75	\$ 4,773,750.00	2.44%
TOTAL RESEARCH STOCKS			\$ 58,492,584.75	29.86%
NATURAL RESOURCES STOCKS				
PETROLEUM				
Atlantic Richfield Co.	12,000	\$ 85.00	\$ 1,020,000.00	
Exxon Corp.	61,300	98.50	6,038,050.00	
Gulf Oil Corp.	137,300	22.25	3,054,925.00	
Standard Oil Co. (Indiana)	70,000	87.00	6,090,000.00	
Texaco, Inc.	128,300	34.25	4,394,275.00	
Total Petroleum			\$ 20,597,250.00	10.51%
TOTAL NATURAL RESOURCES STOCKS			\$ 20,597,250.00	10.51%
DURABLES STOCKS				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	72,900	\$ 54.63	\$ 3,982,162.50	
General Motors Corp.	60,000	66.50	3,990,000.00	
Goodyear Tire & Rubber Co.	122,500	22.63	2,771,562.50	
Total Automobiles & Automotive Parts			\$ 10,743,725.00	5.48%
PAPER & FOREST PRODUCTS				
Weyerhaeuser Co.	65,900	\$ 58.75	\$ 3,871,625.00	1.98%
ELECTRICAL & ELECTRONIC EQUIPMENT				
Emerson Electric Co.	36,100	\$ 86.63	\$ 3,127,162.50	
Fedders Corp.	61,000	15.00	915,000.00	
Total Electrical & Electronic Equipment			\$ 4,042,162.50	2.06%
MACHINERY				
Caterpillar Tractor Corp.	78,100	\$ 58.12	\$ 4,539,562.50	2.32%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	91,368	\$ 19.88	\$ 1,815,939.00	0.93%
Total Transportation			\$ 1,815,939.00	0.93%
TOTAL DURABLES STOCKS			\$ 25,013,014.00	12.77%
TOTAL COMMON STOCKS			\$195,887,610.53	100.00%

*Original cost of equities on June 29, 1973, was \$161,312,506.92.

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 29, 1973

	PUBLIC EMPLOYEES RETIREMENT FUND				STATE EMPLOYEES RETIREMENT FUND				TEACHERS' 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	\$ 2,567,612.53	3.80%
December 31, 1962	\$ 75,195,593	—	—	—	\$ 62,517,119	\$ 59,730,414	\$ 2,168,821.46	3.63%	\$ 77,813,737	—	—	—
June 30, 1963	\$ 81,436,890	\$ 74,921,814	\$ 2,990,070.00	3.99%	\$ 65,432,932	—	—	—	\$ 82,990,550	\$ 77,997,132	\$ 3,011,190.37	3.86%
December 31, 1963	\$ 92,347,700	—	—	—	\$ 68,922,451	\$ 65,624,167	\$ 2,466,206.57	3.76%	\$ 88,480,685	—	—	—
June 30, 1964	\$ 96,311,091	\$ 90,031,894	\$ 3,613,002.65	4.01%	\$ 72,100,574	—	—	—	\$ 96,529,180	\$ 89,333,472	\$ 3,546,799.82	3.97%
December 31, 1964	\$ 103,667,519	—	—	—	\$ 75,485,635	\$ 72,169,553	\$ 2,771,915.82	3.84%	\$ 100,413,219	—	—	—
June 30, 1965	\$ 110,234,510	\$ 103,404,373	\$ 4,193,536.65	4.06%	\$ 79,128,448	—	—	—	\$ 109,221,619	\$ 102,054,673	\$ 4,124,491.25	4.04%
December 31, 1965	\$ 120,809,744	—	—	—	\$ 83,578,973	\$ 79,397,685	\$ 3,104,510.00	3.91%	\$ 113,680,813	—	—	—
June 30, 1966	\$ 126,016,044	\$ 119,034,099	\$ 4,961,041.08	4.17%	\$ 87,477,671	—	—	—	\$ 122,392,368	\$ 115,098,267	\$ 4,677,205.58	4.06%
December 31, 1966	\$ 136,773,285	—	—	—	\$ 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⁾	4.46%	\$ 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% ⁽¹¹⁾	\$ 270,163,035	\$ 245,694,851	\$ 12,847,901.01	5.23% ⁽¹¹⁾
December 31, 1972	\$ 252,126,109	—	—	—	\$ 128,806,667	—	—	—	\$ 284,498,463	—	—	—
June 29, 1973	\$ 273,046,696	\$ 254,798,887	\$ 14,551,663.44	5.71% ⁽¹²⁾	\$ 137,205,300	\$ 131,240,981	\$ 7,162,366.90	5.46% ⁽¹²⁾	\$ 316,053,836	\$ 292,401,786	\$ 16,356,914.07	5.59% ⁽¹²⁾

(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 portion 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.

(12) Computation of income for fiscal 1973 includes allowance for the two factors mentioned in footnote (11) plus an additional one-third of the 3% increase in the value of the equity portfolios as of December 31, 1972. This second increase will also be applied to the income for fiscal years 1974 and 1975. Therefore, income for fiscal 1973 includes two amounts, each representing one-third of 3% increases applied to the equity portfolios under the provisions of Minnesota Statutes 1971, Section 11.16, Subdivision 13.

SCHEDULE IV

PUBLIC EMPLOYEES RETIREMENT FUND STATE EMPLOYEES RETIREMENT FUND TEACHERS' RETIREMENT FUND June 29, 1973

RESUME OF ASSETS IN ACCOUNTS

	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund
CASH CERTIFIED FOR INVESTMENT*	\$ 55,533.05	\$ 13,842.99	\$ (239,669.88)
U.S. TREASURY AND AGENCY SECURITIES			
Bills			
Maturities up to 120 days	\$ 3,600,000.00	\$ 4,100,000.00	\$ 5,720,000.00
Notes and Bonds			
Various maturities	\$ 3,125,000.00	\$ 350,000.00	\$ 1,955,000.00
Agencies			
Maturities up to 40 days	—	—	\$ 1,700,000.00
Short-Term Corporate Notes			
Maturities up to 62 days	\$ 7,238,000.00	\$ 2,535,000.00	\$ 19,309,000.00
STATE AND LOCAL OBLIGATIONS	\$ 6,652,000.00	\$ 6,613,000.00	\$ 9,582,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 3,476,000.00	\$ 547,000.00	\$ 683,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 16,300,000.00	\$ 5,050,000.00	\$ 18,250,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 93,329,000.00	\$ 56,345,000.00	\$ 119,371,000.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 1,167,373.17	\$ 1,610,262.17	\$ 2,163,341.72
COMMON STOCKS (See Listing Below)	\$ 118,231,609.84	\$ 66,993,132.19	\$ 156,596,882.02
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$ 253,174,516.06	\$ 144,157,237.35	\$ 335,090,553.86

*A positive cash balance signifies amount due from sales of securities several days before fiscal year end. The negative cash balance in the Teachers' Retirement Fund indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1973.

**This account signifies an amount equal to the discount at which fixed-income securities have been sold at less than amortized cost; the entire amount is being accumulated over a term equal to the average maturity of the bonds sold.

Note: Bond investments are listed at face value; common stocks are listed at market value.

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS								
Delta Steamship Lines, Inc.								
Govt.-Guar. Bond	3-1-86	5½	5.50	\$ 557	—	—	\$ 557	
Grace Line, Inc.								
Govt.-Guar. Bond	12-1-87	4.20	4.20	886	—	—	886	
Grace Line, Inc.								
Govt.-Guar. Bond	2-1-92	5.10	5.10	738	—	—	738	
Gulf & South American								
Govt.-Guar. Bond	12-31-88	4¼	4.25	340	—	—	340	
Gulf & South American								
Govt.-Guar. Bond	12-31-88	4.20	4.20	271	—	—	271	
Moore-McCormack Lines, Inc.								
Govt.-Guar. Bond	4-1-87	5¼	5.75	684	\$ 547	\$ 683	1,914	
Total United States Government-Guaranteed Obligations								
			5.13%	\$ 3,476	\$ 547	\$ 683	\$ 4,706	
CANADIAN GOVERNMENTAL OBLIGATIONS								
Manitoba Hydro-Electric Board								
Bond	10-15-97	7.65	7.65	\$ 3,500	\$ 1,000	\$ 3,500	\$ 8,000	

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Canadian Government Obligations								
New Brunswick Electric Power Commission	S/F Debenture	11-15-91	6	6.16	\$ 500	\$ 400	\$ 500	\$ 1,400
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7½	7.875	3,500	2,000	3,500	9,000
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.21	—	300	550	850
Nova Scotia Power Corp.	S/F Debenture	3-15-97	7¼	7.80	1,500	—	1,500	3,000
Province of Manitoba	Debenture	11-1-93	6%	6.90	800	—	1,200	2,000
Province of Nova Scotia	S/F Debenture	8-1-93	7¼	7.20	800	700	1,000	2,500
Province of Ontario	Debenture	4-15-97	5%	5.625	—	400	600	1,000
Province of Ontario	Debenture	12-1-97	6%	7.00	700	250	400	1,350
Province of Ontario	Debenture	5-15-2001	7.85	7.85	1,500	—	2,000	3,500
Province of Ontario	Debenture	12-15-2002	7.30	7.30	3,500	—	3,500	7,000
Total Canadian Government Obligations				7.47%	\$ 16,300	\$ 5,050	\$ 18,250	\$ 39,600
CORPORATE BOND OBLIGATIONS								
PUBLIC UTILITY OBLIGATIONS								
ELECTRIC								
Alabama								
Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 122	\$ 87	\$ 217	\$ 426
Alabama								
Alabama Power Co.	First Mortgage	3-1-91	4½	4.40	350	300	150	800
Arizona								
Arizona Public Service Co.	First Mortgage	9-1-97	6¼	6.33	—	500	750	1,250
Atlantic City								
Electric Co.	First Mortgage	3-1-91	4½	4.37	—	—	600	600
California								
Electric Power Co.	First Mortgage	5-1-90	5%	5.10	400	300	500	1,200
Carolina								
Power & Light Co.	First Mortgage	4-1-90	4%	4.85	350	—	—	350
Central Illinois								
Light Co.	First Mortgage	3-1-90	4%	4.90	250	250	500	1,000
Central Maine								
Power Co.	First Mortgage	11-1-90	5%	5.10	—	294	293	587
Citizens Utilities Co.								
Coll. Trust & First Mortgage	10-1-92	4%	5.41	—	—	800	800	
Commonwealth								
Edison Co.	First Mortgage	11-1-96	5¾	5.83	750	500	650	1,900
Consolidated Edison Co.								
First & Refunding Mortgage	10-15-94	4.60	6.45	—	—	1,100	1,100	
Consolidated Edison Co.								
Equipment Trust	1-1-96	9¼	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%	4.88	500	200	—	700	
Indiana & Michigan Electric Co.								
First Mortgage	8-1-93	4%	4.42	600	400	600	1,600	
Iowa-Illinois Gas & Electric Co.								
First Mortgage	4-15-90	5	4.93	—	—	487	487	
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 & Rockland Utilities, Inc.								
First Mortgage	4-15-91	4%	4.80	500	350	550	1,400	
Otter Tail Power Co.								
First Mortgage	2-1-91	4%	4.80	482	293	—	775	
Pacific Power & Light Co.								
First Mortgage	4-1-92	4%	4.70	—	—	400	400	
Public Service Co. of New Hampshire								
First Mortgage	7-1-92	4%	4.54	300	350	—	650	
Public Service Electric & Gas Co.								
First & Refunding Mortgage	9-1-90	4%	4.73	—	—	500	500	
Puget Sound Power & Light Co.								
First Mortgage	2-1-91	4%	4.65	250	250	—	500	

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Puget Sound Power & Light Co.	First Mortgage	11-1-93	4%	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%	4.75	400	—	430	830
Southern California Edison Co.	First & Refunding Mortgage	9-1-85	4%	4.375	—	—	500	500
Southern California Edison Co.	First & Refunding Mortgage	4-1-86	4½	4.42	150	250	150	550
Southwestern Public Service Co.	First Mortgage	2-1-94	4½	4.50	—	—	700	700
Tucson Gas & Electric Co.	First Mortgage	2-1-96	4%	4.875	600	400	600	1,600
Total Electric				5.52%	\$ 9,821	\$ 5,774	\$ 15,388	\$ 30,983
GAS								
Arkansas Louisiana Gas Co.	First Mortgage	4-1-83	4%	4.45	\$ 500	\$ 400	\$ 500	\$ 1,400
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4½	4.55	484	324	484	1,292
Columbia Gas System, Inc.	Debenture	1-1-88	4%	4.375	600	—	600	1,200
Gas Service Co.	First Mortgage	5-1-83	4.40	5.07	600	320	360	1,280
Laclede Gas Co.	First Mortgage	7-1-85	4%	4.80	233	189	—	422
Louisiana Gas Service Co.	First Mortgage	6-1-87	4½	4.70	500	500	400	1,400
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4%	4.70	495	395	495	1,385
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4%	4.50	—	—	489	489
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6%	6.34	—	300	—	300
Northern Natural Gas Co.	Debenture	11-1-81	4%	4.80	475	—	477	952
Northwest Natural Gas Co.	First Mortgage	1-1-89	4%	4.72	600	400	600	1,600
Southern Counties Gas Co. of California	First Mortgage	8-1-85	4%	4.60	397	240	492	1,129
Southern Natural Gas Co.	First Mortgage	12-1-81	4%	4.75	311	254	254	819
Southern Union Gas Co.	First Mortgage	10-1-86	4.80	4.80	—	—	536	536
Springfield Gas Light Co.	Note	1-15-87	4%	4.875	450	270	—	720
Texas Eastern Transmission Corp.	First Mortgage	12-1-81	4%	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%	4.82	287	281	—	568
Trunkline Gas Co.	First Mortgage	1-1-82	5	5.00	323	323	323	969
Washington Gas Light Co.	First Mortgage	3-1-91	5.20	5.20	—	400	—	400
Total Gas				4.78%	\$ 7,134	\$ 5,386	\$ 7,003	\$ 19,523
TELEPHONE								
American Telephone & Telegraph Co.	Debenture	10-1-96	4%	4.30	\$ 500	\$ 400	\$ 600	\$ 1,500
The Bell Telephone Co. of Canada	First Mortgage	9-17-98	6.90	6.90	800	700	500	2,000
General Telephone Co. of Florida	First Mortgage	5-1-93	4½	4.50	—	—	500	500

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
General Telephone Co. of Illinois	First Mortgage	9-1-95	4%	4.875	\$ —	\$ 400	\$ 500	\$ 900
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	—	400	500	900
General Telephone Co. of the Northwest, Inc.	First Mortgage	6-1-99	7%	7.16	900	700	1,000	2,600
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4%	4.75	250	200	—	450
New York Telephone Co.	Refunding Mortgage	1-1-2004	4%	4.53	700	—	700	1,400
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.02	2,000	—	—	2,000
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4½	4.49	600	400	—	1,000
Rochester Telephone Corp.	First Mortgage	9-1-93	4%	4.65	—	—	500	500
United Telephone Co. of Ohio	First Mortgage	7-1-98	6%	6.875	768	672	960	2,400
The United Telephone Co. of Pennsylvania	First Mortgage	11-1-98	6%	6.625	—	—	1,200	1,200
Total Telephone				6.11%	\$ 6,518	\$ 3,872	\$ 6,960	\$ 17,350
WATER								
Indianapolis Water Co.	First Mortgage	1-1-92	4%	4.70	\$ 400	\$ 300	\$ 300	\$ 1,000
Indianapolis Water Co.	First Mortgage	8-1-97	5%	5.875	—	—	600	600
Total Water				5.14%	\$ 400	\$ 300	\$ 900	\$ 1,600
TOTAL PUBLIC UTILITY OBLIGATIONS				5.45%	\$ 23,873	\$ 15,332	\$ 30,251	\$ 69,456
FINANCE OBLIGATIONS								
American Investment Co.	Note	1-1-91	5%	5.25	—	\$ 450	\$ 600	\$ 1,050
American Investment Co.	Senior Note	11-1-86	6%	6.75	\$ 500	400	500	1,400
CIT Financial Corp.	Debenture	10-1-86	6%	6.47	—	750	1,000	1,750
Deere (John) Credit Co.	Debenture	4-30-98	7½	7.54	3,500	2,000	3,500	9,000
Deere (John) Credit Co.	Debenture	10-31-90	5	5.00	—	450	600	1,050
Household Finance Corp.	Debenture	9-15-93	4%	4.91	—	450	550	1,000
Household Finance Corp.	Debenture	1-1-90	7%	7.33	900	400	500	1,800
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	4,000	2,500	4,000	10,500
TOTAL FINANCE OBLIGATIONS				7.22%	\$ 8,900	\$ 7,400	\$ 11,250	\$ 27,550
INDUSTRIAL OBLIGATIONS								
Abbott Laboratories	S/F Debenture	1-15-93	6%	6.29	—	—	\$ 1,000	\$ 1,000
Akzona, Inc.	Debenture	2-15-97	7½	7.50	\$ 2,000	—	2,500	4,500
Aluminum Co. of America	Promissory Note	3-31-88	4%	4.375	410	\$ 328	488	1,226
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9½	9.37	1,400	1,000	1,500	3,900
American Greetings Corp.	Promissory Note	10-1-84	4.70	7.40	—	—	375	375
American Sterilizer Co.	Note	8-1-77	4%	4.875	140	160	—	300
Archer-Daniels-Midland Co.	Promissory Note	3-1-88	4%	5.11	520	360	1,000	1,880
Armco Steel Corp.	Note	12-15-96	7%	7.875	2,200	—	2,500	4,700
Armour-Dial, Inc. (Ardison Properties, Inc.)	Note	1-15-2003	7.90	7.90	3,500	—	3,500	7,000
Ashland Oil, Inc.	S/F Debenture	2-15-88	4.725	4.58	500	400	—	900
Beckman Instruments, Inc.	Promissory Note	10-1-86	5%	5.625	525	350	525	1,400

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
The Bendix Corp.	S/F Debenture	12-1-92	6%	6.70	\$ 850	\$ 600	\$ 1,000	\$ 2,450
Bristol-Myers Co. (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4%	4.625	—	—	425	425
Broadway-Hale Stores, Inc.	Note	5-1-83	4½	5.62	475	200	800	1,475
Central Soya Co., Inc.	S/F Debenture	1-1-93	6%	6.456	800	—	1,000	1,800
CIBA-Geigy Corporation	Note	9-15-86	5.85	6.54	1,137	350	1,050	2,537
Cities Service Co.	Debenture	11-1-97	6%	6.49	—	650	1,000	1,650
Cities Service Gas Co.	Debenture	6-1-91	8½	8.25	1,450	1,000	2,000	4,450
Continental Oil Co.	Note	12-1-89	5%	5.875	567	378	567	1,512
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	1,149	958	1,437	3,544
Cummins Engine Co.	Note	7-15-90	4.60	5.20	450	—	900	1,350
Diamond Shamrock Corp. (Formerly Shamrock Oil & Gas Corp.)	Promissory Note	11-15-87	4½	4.50	375	300	375	1,050
Diebold, Inc.	Note	9-15-85	4.80	4.80	—	—	412	412
Dow Chemical Co.	Note	4-1-91	5	5.125	484	352	484	1,320
Exxon Corp. (Formerly Standard Oil Co.-New Jersey)	Debenture	11-1-97	6	6.00	—	—	1,000	1,000
Ford Motor Co.	Note	12-1-86	5¾	5.75	560	467	560	1,587
Goodrich (B.F.) Co.	Note	11-15-92	6½	6.50	500	500	1,000	2,000
Gould, Inc.	S/F Debenture	2-15-95	9¼	9.25	1,340	—	—	1,340
Gould, Inc.	Note	11-1-80	4.85	4.85	—	320	400	720
Gulf Oil Corp.	Debenture	6-15-93	6%	6.625	800	690	1,000	2,490
Halliburton Co.	Note	6-1-86	5.30	5.78	1,170	520	607	2,297
International Multifoods Corp.	Note	3-1-88	4½	4.50	427	—	427	854
The Kroger Co.	Note	10-19-81	5.30	5.02	325	260	390	975
Marathon Oil Co.	S/F Debenture	2-1-2000	8½	8.52	1,300	1,000	—	2,300
Montgomery Ward & Co., Inc.	S/F Debenture	8-1-90	4%	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	799	376	564	1,739
Phillips Petroleum Co.	Note	12-15-86	6¼	6.25	550	400	600	1,550
Pillsbury Co.	Promissory Note	12-1-88	5%	4.88	—	—	443	443
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7%	7.875	2,000	1,000	2,000	5,000
Shell Canada, Ltd.	Debenture	1-1-94	7½	7.50	—	—	1,200	1,200
Shell Oil Co.	Note	4-15-90	4½	6.44	—	—	867	867
The Singer Co.	Note	8-1-86	5%	5.86	525	350	963	1,838
Sprague Electric Co.	S/F Debenture	9-1-88	4%	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 Mortgage Bond	2-10-97 through 11-6-97	7.70	7.70	3,500	2,500	3,500	9,500

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employee Retirement Fund (000)	State Employee Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Standard Oil Co. (Indiana)	Promissory Note	4-1-74/79	2.90	4.67	\$ —	\$ 180	\$ 220	\$ 400
Standard Oil Co. (Indiana)	Promissory Note	6-1-79	3	5.00	532	—	—	532
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	9	9.00	1,500	1,000	1,500	4,000
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	7.30	7.30	1,500	1,500	2,000	5,000
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	7.50	7.50	1,500	500	1,500	3,500
Standard Oil Co. (Indiana)	Debenture	1-15-98	6	6.07	400	400	1,000	1,800
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	—	—	352	352
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8½	8.52	1,300	1,000	—	2,300
Stauffer Chemical Co.	Note	3-15-97	7½	7.50	2,000	—	2,000	4,000
Sun Oil Co.	Note	7-1-91	5%	5.75	—	368	—	368
Swift & Co.	S/F Debenture	8-1-92	6.30	6.58	—	600	600	1,200
Swift & Co.	Debenture	6-1-86	4%	5.23	360	288	785	1,433
Texaco (Countrywide Stations, Inc.)	Secured Notes	12-1-2001	7¾	7.75	1,982	1,486	2,477	5,945
Uarco, Inc.	Note	5-1-88	6½	6.50	600	—	1,000	1,600
Union Oil Co. of California (Pure Transportation)	Note	12-1-88	6½	6.50	653	—	816	1,469
Worthington Corp.	Note	7-1-81	5	5.00	218	160	276	654
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.36	643	461	1,554	2,658
TOTAL INDUSTRIAL OBLIGATIONS				7.07%	\$ 47,916	\$ 24,352	\$ 60,489	\$ 132,757
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%	4.75	\$ 481	\$ 387	480	1,348
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	500	400	450	1,350
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	480	384	480	1,344
Miscellaneous Railroad Bonds	Bond	Various	Var.	4.31	—	36*	—	36
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.80%	\$ 1,461	\$ 1,207	\$ 1,910	\$ 4,578
RAILROAD EQUIPMENT OBLIGATIONS								
ACF Industries, Inc.	Equipment Trust	11-1-73/75	4%	4.75	\$ 150	\$ 105	\$ 150	\$ 405
ACF Industries, Inc.	Equipment Trust	1-15-74/77	4%	4.875	136	136	—	272
ACF Industries, Inc.	Equipment Trust	4-15-74/81	5%	5.625	171	160	—	331
ACF Industries, Inc.	Equipment Trust	5-15-75/84	7%	7.84	300	200	1,000	1,500
ACF Industries, Inc.	Equipment Trust	4-1-74/85	9½	9.50	1,080	720	1,200	3,000
Burlington Northern, Inc.	Conditional Sale	10-1-73/87	9%	9.625	1,500	—	1,500	3,000
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	—	—	1,402	1,402

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Average		Public	State	Teachers'	Total
			Rate %	Yield %	Employee Retirement Fund (000)	Employee Retirement Fund (000)	Retirement Fund (000)	
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-73/78	4.55	4.55	\$ 280	\$ 197	\$ 280	\$ 757
Chesapeake & Ohio Railway Co.	Conditional Sale	2-15-83	6%	6.93	544	494	692	1,730
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-73/ 1-15-82	6%	6.375	175	175	175	525
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-73/ 6-1-81	5%	5.375	278	231	270	779
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-1-73/ 1-1-77	5%	5.375	171	137	167	475
Flying Tiger Corp.	Equipment Trust	4-15-74/ 10-15-77	4½	4.50	360	306	360	1,026
Fruit Growers Express Co.	Equipment Trust	6-15-74/85	9%	9.75	—	960	960	1,920
Fruit Growers Express Co.	Equipment Trust	5-1-74/77	4.70	4.70	100	—	100	200
Fruit Growers Express Co.	Equipment Trust	12-15-73/75	4%	4.75	150	150	150	450
Fruit Growers Express Co.	Equipment Trust	11-15-73/81	6	6.00	270	225	270	765
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-74/ 9-1-85	10½	10.50	1,090	—	—	1,090
Illinois Central Railroad Co.	Conditional Sale	2-15-74/83	6%	6.875	700	600	1,000	2,300
Kansas City Southern Railway Co.	Conditional Sale	12-15-73/ 6-15-76	4½	4.50	161	150	161	472

Company	Type of Security	Maturity Date (a)	Coupon Average		Public	State	Teachers'	Total
			Rate %	Yield %	Employee Retirement Fund (000)	Employee Retirement Fund (000)	Retirement Fund (000)	
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-74/86	6%	6.92	\$ 780	\$ 572	\$ 1,040	\$ 2,392
Norfolk & Western Railway Co.	Conditional Sale	12-15-73/79	4½	4.50	—	—	490	490
Norfolk & Western Railway Co.	Conditional Sale	6-1-74/81	5%	5.50	240	240	240	720
Norfolk & Western Railway Co.	Conditional Sale	8-1-73/83	7%	7.25	660	550	990	2,200
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-73/ 1-2-77	4%	4.75	191	136	191	519
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-74/83	6%	6.75	—	400	600	1,000
St. Louis-San Francisco Railway Co.	Conditional Sale	12-15-73/83	7%	7.25	587	—	513	1,100
Southern Pacific Co.	Conditional Sale	12-15-73/80	4.80	4.80	—	240	240	480
Southern Pacific Co.	Conditional Sale	3-1-74/84	7%	7.625	550	440	770	1,760
Western Fruit Express Co.	Equipment Trust	1-1-74/ 7-1-75	4.85	4.85	75	50	200	325
Western Fruit Express Co.	Equipment Trust	9-1-73/80	4.70	4.70	480	480	360	1,320
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			7.24%		\$ 11,179	\$ 8,054	\$ 15,471	\$ 34,704
TOTAL CORPORATE BOND OBLIGATIONS			6.65%		\$ 93,329	\$ 56,345	\$ 119,371	\$ 269,045
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS			6.73%		\$ 113,105	\$ 61,942	\$ 138,304	\$ 313,351

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

COMMON STOCK HOLDINGS

Common Stock	Total Shares	Market Price 6-29-73	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value	Shares	Market Value		
CONSUMER-ORIENTED STOCKS										
UTILITIES										
ELECTRIC										
Central & South West Corp.	107,400	\$ 20.63	38,400	\$ 792,000.00	24,000	\$ 495,000.00	45,000	\$ 928,125.00	\$ 2,215,125.00	
Cincinnati Gas & Electric Co.	63,500	24.25	28,000	679,000.00	10,500	254,625.00	25,000	606,250.00	1,539,875.00	
Commonwealth Edison Co.	55,612	30.87	29,875	922,390.63	7,565	233,569.38	18,172	561,060.50	1,717,020.51	
Consumers Power Co.	37,020	27.00	14,450	390,150.00	8,000	216,000.00	14,570	393,390.00	999,540.00	
Florida Power & Light Co.	89,000	35.88	31,600	1,133,650.00	17,000	609,875.00	40,400	1,449,350.00	3,192,875.00	
Houston Lighting & Power Co.	77,100	38.13	26,000	991,250.00	15,000	571,875.00	36,100	1,376,312.50	2,939,437.50	
Louisville Gas & Electric Co.	53,000	28.75	19,000	546,250.00	8,000	230,000.00	26,000	747,500.00	1,523,750.00	
Middle South Utilities, Inc.	139,500	23.38	50,400	1,178,100.00	23,800	556,325.00	65,300	1,526,387.50	3,260,812.50	
Minnesota Power & Light Co.	65,000	19.63	22,600	443,525.00	15,200	298,300.00	27,200	533,800.00	1,275,625.00	
Northern States Power Co.	74,500	28.25	28,000	791,000.00	13,000	367,250.00	33,500	946,375.00	2,104,625.00	
Pacific Gas & Electric Co.	66,400	28.00	27,000	756,000.00	10,000	280,000.00	29,400	823,200.00	1,859,200.00	
Public Service Co. of Indiana, Inc.	65,000	38.75	27,000	1,046,250.00	11,000	426,250.00	27,000	1,046,250.00	2,518,750.00	
Southern California Edison Co.	63,000	23.25	30,500	709,125.00	11,000	255,750.00	21,500	499,875.00	1,464,750.00	
Southern Company	108,300	18.50	48,300	893,550.00	16,500	305,250.00	43,500	804,750.00	2,003,550.00	
Texas Utilities Co.	84,000	31.62	30,000	948,750.00	12,000	379,500.00	42,000	1,328,250.00	2,656,500.00	
Virginia Electric & Power Co.	97,498	19.63	33,833	663,972.63	19,166	376,132.75	44,499	873,292.88	1,913,398.26	
Total Electric				\$ 12,884,963.26		\$ 5,855,702.13		\$ 14,444,168.38	\$ 33,184,833.77	9.71%
GAS										
Northern Illinois Gas Co.	46,700	\$ 25.88	16,000	\$ 414,000.00	10,500	\$ 271,687.50	20,200	\$ 522,675.00	\$ 1,208,362.50	
Panhandle Eastern Pipe Line Co.	39,148	29.50	14,510	428,045.00	8,714	257,063.00	15,924	469,758.00	1,154,866.00	
Total Gas				\$ 842,045.00		\$ 528,750.50		\$ 992,433.00	\$ 2,363,228.50	0.69%
TELEPHONE-TELEGRAPH										
American Telephone & Telegraph Co.	74,920	\$ 51.13	30,710	\$ 1,570,048.75	14,700	\$ 751,537.50	29,510	\$ 1,508,698.75	\$ 3,830,285.00	
General Telephone & Electronics Corp.	76,300	29.12	24,300	707,737.50	14,000	407,750.00	38,000	1,106,750.00	2,222,237.50	
United Telecommunications, Inc.	73,000	20.38	33,000	672,375.00	—	—	40,000	815,000.00	1,487,375.00	
Total Telephone-Telegraph				\$ 2,950,161.25		\$ 1,159,287.50		\$ 3,430,448.75	\$ 7,539,897.50	2.21%
TOTAL UTILITIES				\$ 16,677,169.51		\$ 7,543,740.13		\$ 18,867,050.13	\$ 43,087,959.77	12.61%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-29-73	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value	Shares	Market Value		
FINANCIAL SERVICES										
BANKS										
Chase Manhattan Corp.	56,375	\$ 43.75	19,000	\$ 831,250.00	13,475	\$ 589,531.25	23,900	\$ 1,045,625.00	\$ 2,466,406.25	
Citizens & Southern National Bank	83,220	24.00	26,700	640,800.00	24,584	590,016.00	31,936	766,464.00	1,997,280.00	
Continental Illinois Corp.	79,436	51.25	28,636	1,467,595.00	14,800	759,500.00	36,000	1,845,000.00	4,071,095.00	
First Bank System, Inc.	94,500	56.62	30,700	1,738,387.50	19,200	1,087,200.00	44,600	2,525,475.00	5,351,062.50	
First National City Corp.	128,032	41.00	41,360	1,695,760.00	23,912	980,392.00	62,760	2,573,160.00	5,249,312.00	
Morgan (J.P.) & Co., Inc.	58,056	59.62	20,040	1,194,885.00	11,176	666,369.00	26,840	1,600,335.00	3,461,589.00	
National City Corp.	77,200	26.38	29,200	770,150.00	17,000	448,375.00	31,000	817,625.00	2,036,150.00	
Northwest Bancorporation	74,700	57.00	25,000	1,425,000.00	16,200	923,400.00	33,500	1,909,500.00	4,257,900.00	
Security Pacific Corp.	72,609	25.19	24,886	626,828.57	11,721	295,228.55	36,002	906,818.38	1,828,875.50	
Valley National Bank of Arizona	72,582	23.50	24,702	580,497.00	15,896	373,556.00	31,984	751,624.00	1,705,677.00	
Total Banks				\$ 10,971,153.07		\$ 6,712,567.80		\$ 14,741,626.38	\$ 32,425,347.25	9.48%
FINANCE										
Beneficial Corp.	101,845	\$ 27.87	31,875	\$ 888,515.63	19,245	\$ 536,454.38	50,725	\$ 1,413,959.38	\$ 2,838,929.39	
Household Finance Corp.	136,000	22.88	44,000	1,006,500.00	24,000	549,000.00	68,000	1,555,500.00	3,111,000.00	
Investors Diversified Services A	55,200	22.25	20,200	449,450.00	9,000	200,250.00	26,000	578,500.00	1,228,200.00	
MGIC Investment Corp.	61,300	68.13	20,800	1,417,000.00	11,500	783,437.50	29,000	1,975,625.00	4,176,062.50	
Total Finance				\$ 3,761,465.63		\$ 2,069,141.88		\$ 5,523,584.38	\$ 11,354,191.89	3.32%
INSURANCE										
Aetna Life & Casualty Co.	65,200	\$ 65.62	21,800	\$ 1,430,625.00	12,500	\$ 820,312.50	30,900	\$ 2,027,812.50	\$ 4,278,750.00	
CNA Financial Corp.	87,872	13.13	36,072	473,445.00	18,000	236,250.00	33,800	443,625.00	1,153,320.00	
Chubb Corp.	31,000	49.50	10,000	495,000.00	5,900	292,050.00	15,100	747,450.00	1,534,500.00	
Connecticut General Insurance Corp.	51,000	45.25	20,000	905,000.00	8,500	384,625.00	22,500	1,018,125.00	2,307,750.00	
INA Corp.	51,000	38.00	17,000	646,000.00	10,500	399,000.00	23,500	893,000.00	1,938,000.00	
NLT Corp.	81,000	23.00	29,000	667,000.00	16,000	368,000.00	36,000	828,000.00	1,863,000.00	
Northwestern National Life Insurance	56,800	16.50	22,100	364,650.00	5,600	92,400.00	29,100	480,150.00	937,200.00	
Safeco Corp.	66,600	45.75	21,800	997,350.00	10,400	475,800.00	34,400	1,573,800.00	3,046,950.00	
St. Paul Companies	104,900	40.62	36,400	1,478,750.00	17,000	690,625.00	51,500	2,092,187.50	4,261,562.50	
Travelers Corp.	72,400	27.50	24,700	679,250.00	15,500	426,250.00	32,200	885,500.00	1,991,000.00	
U.S. Fidelity & Guaranty Co.	48,000	37.50	16,000	600,000.00	11,000	412,500.00	21,000	787,500.00	1,800,000.00	
Total Insurance				\$ 8,737,070.00		\$ 4,597,812.50		\$ 11,777,150.00	\$ 25,112,032.50	7.35%
TOTAL FINANCIAL SERVICES				\$ 23,469,688.70		\$13,379,522.18		\$ 32,042,360.76	\$ 68,891,571.64	20.15%
CONSUMER GOODS & SERVICES										
FOOD-BEVERAGE										
Coca-Cola Co.	18,800	\$143.13	4,700	\$ 672,687.50	3,500	\$ 500,937.50	10,600	\$ 1,517,125.00	\$ 2,690,750.00	
Consolidated Foods Corp.	57,500	28.50	17,200	490,200.00	12,800	364,800.00	27,500	783,750.00	1,638,750.00	
General Foods Corp.	63,800	25.25	18,600	469,650.00	12,800	323,200.00	32,400	818,100.00	1,610,950.00	
General Mills, Inc.	74,500	54.75	23,900	1,308,525.00	13,000	711,750.00	37,600	2,058,600.00	4,078,875.00	
McDonald's Corp.	37,100	57.12	12,800	731,200.00	10,000	571,250.00	14,300	816,887.50	2,119,337.50	
Norton Simon, Inc.	81,427	25.00	26,200	655,000.00	18,327	458,175.00	36,900	922,500.00	2,035,675.00	
PepsiCo, Inc.	33,596	81.88	10,432	854,120.00	7,132	583,932.50	16,032	1,312,620.00	2,750,672.50	
Pillsbury Co.	35,500	39.50	11,700	462,150.00	7,100	280,450.00	16,700	659,650.00	1,402,250.00	
Total Food-Beverage				\$ 5,643,532.50		\$ 3,794,495.00		\$ 8,889,232.50	\$ 18,327,260.00	5.36%
PRINTING-PUBLISHING										
Donnelley (R.R.) & Sons	59,543	\$ 22.88	16,476	\$ 376,888.50	15,946	\$ 364,764.75	27,121	\$ 620,392.88	\$ 1,362,046.13	
Dun & Bradstreet, Inc.	35,800	69.50	13,400	931,300.00	6,000	417,000.00	16,400	1,139,800.00	2,488,100.00	
Harcourt Brace Jovanovich, Inc.	36,000	18.25	14,050	256,412.50	8,100	147,825.00	13,850	252,762.50	657,000.00	
Total Printing-Publishing				\$ 1,564,601.00		\$ 929,589.75		\$ 2,012,955.38	\$ 4,507,146.13	1.32%
RETAIL TRADE										
Dayton Hudson Corp.	94,700	\$ 16.38	31,600	\$ 517,450.00	25,500	\$ 417,562.50	37,600	\$ 615,700.00	\$ 1,550,712.50	
Federated Department Stores, Inc.	63,000	38.75	23,500	910,625.00	11,000	426,250.00	28,500	1,104,375.00	2,441,250.00	
Penney (J.C.) Co., Inc.	60,300	77.38	17,400	1,346,325.00	11,100	858,862.50	31,800	2,460,525.00	4,665,712.50	
Sears, Roebuck & Co.	45,100	95.13	13,600	1,293,700.00	8,500	808,562.50	23,000	2,187,875.00	4,290,137.50	
Total Retail Trade				\$ 4,068,100.00		\$ 2,511,237.50		\$ 6,368,475.00	\$ 12,947,812.50	3.79%
TEXTILES										
Burlington Industries, Inc.	44,300	\$ 26.00	17,000	\$ 442,000.00	11,800	\$ 306,800.00	15,500	\$ 403,000.00	\$ 1,151,800.00	
Stevens (J.P.) & Co., Inc.	24,700	25.50	9,100	232,050.00	6,000	153,000.00	9,600	244,800.00	629,850.00	
Total Textiles				\$ 674,050.00		\$ 459,800.00		\$ 647,800.00	\$ 1,781,650.00	0.52%
MISCELLANEOUS										
Colgate-Palmolive Co.	88,000	\$ 28.00	31,000	\$ 868,000.00	20,000	\$ 560,000.00	37,000	\$ 1,036,000.00	\$ 2,464,000.00	
Disney (Walt) Productions	62,712	76.75	23,348	1,791,959.00	11,700	897,975.00	27,664	2,123,212.00	4,813,146.00	
Holiday Inns, Inc.	109,700	18.13	35,500	643,437.50	22,000	398,750.00	52,200	946,125.00	1,988,312.50	
International Telephone & Telegraph	82,800	30.37	26,600	807,975.00	15,600	473,850.00	40,600	1,233,225.00	2,515,050.00	
Procter & Gamble Co.	30,000	104.00	15,700	1,632,800.00	5,000	520,000.00	9,300	967,200.00	3,120,000.00	
Warner Communications, Inc.	56,300	13.38	21,200	283,550.00	13,700	183,237.50	21,400	286,225.00	753,012.50	
Total Miscellaneous				\$ 6,027,721.50		\$ 3,033,812.50		\$ 6,591,987.00	\$ 15,663,521.00	4.58%
TOTAL CONSUMER GOODS & SERVICES				\$ 17,978,005.00		\$10,728,934.75		\$ 24,510,449.88	\$ 53,217,389.63	15.57%
TOTAL CONSUMER-ORIENTED STOCKS				\$ 58,124,863.21		\$31,652,197.06		\$ 75,419,860.77	\$165,196,921.04	48.33%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-29-73	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value	Shares	Market Value		
RESEARCH STOCKS										
CHEMICALS										
Air Products & Chemicals, Inc.	72,140	\$ 40.25	21,256	\$ 855,554.00	15,560	\$ 626,290.00	35,324	\$ 1,421,791.00	\$ 2,903,635.00	
Dow Chemical Co.	94,564	51.63	36,696	1,894,431.00	18,290	944,221.25	39,578	2,043,214.25	4,881,866.50	
du Pont (E.I.) de Nemours & Co.	18,000	168.50	5,600	943,600.00	3,000	505,500.00	9,400	1,583,900.00	3,033,000.00	
Hercules, Inc.	104,000	32.50	37,600	1,222,000.00	19,400	630,500.00	47,000	1,527,500.00	3,380,000.00	
Monsanto Co.	58,175	52.00	19,736	1,026,272.00	12,682	659,464.00	25,757	1,339,364.00	3,025,100.00	
Total Chemicals				\$ 5,941,857.00		\$ 3,365,975.25		\$ 7,915,769.25	\$ 17,223,601.50	5.04%
DRUGS-COSMETICS										
American Home Products Corp.	87,000	\$ 42.75	28,500	\$ 1,218,375.00	18,000	\$ 769,500.00	40,500	\$ 1,731,375.00	\$ 3,719,250.00	
Avon Products, Inc.	27,500	123.50	12,800	1,580,800.00	3,300	407,550.00	11,400	1,407,900.00	3,396,250.00	
Merck & Co., Inc.	50,700	89.88	15,000	1,348,125.00	9,900	889,762.50	25,800	2,318,775.00	4,556,662.50	
Pfizer, Inc.	101,000	46.75	35,000	1,636,250.00	15,500	724,625.00	50,500	2,360,875.00	4,721,750.00	
Schering-Plough Corp.	65,000	78.00	18,000	1,404,000.00	10,000	780,000.00	37,000	2,886,000.00	5,070,000.00	
Warner-Lambert Co.	60,600	48.00	20,000	960,000.00	16,600	796,800.00	24,000	1,152,000.00	2,908,800.00	
Total Drugs-Cosmetics				\$ 8,147,550.00		\$ 4,368,237.50		\$ 11,856,925.00	\$ 24,372,712.50	7.13%
OFFICE EQUIPMENT										
Burroughs Corp.	32,400	\$226.87	11,200	\$ 2,541,000.00	7,100	\$ 1,610,812.50	14,100	\$ 3,198,937.50	\$ 7,350,750.00	
Control Data Corp.	43,000	34.88	14,000	488,250.00	8,000	279,000.00	21,000	732,375.00	1,499,625.00	
Honeywell, Inc.	37,700	106.00	11,800	1,250,800.00	7,500	795,000.00	18,400	1,950,400.00	3,996,200.00	
International Business Machines Corp.	49,308	317.00	16,957	5,375,369.00	10,995	3,485,415.00	21,356	6,769,852.00	15,630,636.00	
Xerox Corp.	34,520	155.63	10,500	1,634,062.50	7,560	1,176,525.00	16,460	2,561,587.50	5,372,175.00	
Total Office Equipment				\$ 11,289,481.50		\$ 7,346,752.50		\$ 15,213,152.00	\$ 33,849,386.00	9.90%
PHOTOGRAPHY										
Eastman Kodak Co.	44,380	\$136.50	14,750	\$ 2,013,375.00	9,180	\$ 1,253,070.00	20,450	\$ 2,791,425.00	\$ 6,057,870.00	
Polaroid Corp.	14,426	137.25	4,493	616,664.25	2,680	367,830.00	7,253	995,474.25	1,979,968.50	
Total Photography				\$ 2,630,039.25		\$ 1,620,900.00		\$ 3,786,899.25	\$ 8,037,838.50	2.35%
MISCELLANEOUS										
Minnesota Mining & Manufacturing Co.	68,000	\$ 83.75	24,600	\$ 2,060,250.00	14,600	\$ 1,222,750.00	28,800	\$ 2,412,000.00	\$ 5,695,000.00	
Universal Oil Products Co.	65,800	20.38	30,000	\$ 611,250.00	11,800	240,425.00	24,000	489,000.00	1,340,675.00	
Total Miscellaneous				\$ 2,671,500.00		\$ 1,463,175.00		\$ 2,901,000.00	\$ 7,035,675.00	2.06%
TOTAL RESEARCH STOCKS				\$ 30,680,427.75		\$18,165,040.25		\$ 41,673,745.50	\$ 90,519,213.50	26.48%
NATURAL RESOURCES STOCKS										
PETROLEUM										
Atlantic Richfield Co.	39,000	\$ 85.00	11,000	\$ 935,000.00	8,000	\$ 680,000.00	20,000	\$ 1,700,000.00	\$ 3,315,000.00	
Continental Oil Co.	97,100	32.50	43,000	1,397,500.00	20,100	653,250.00	34,000	1,105,000.00	3,155,750.00	
Exxon Corp.	81,222	98.50	26,508	2,611,038.00	17,508	1,724,538.00	37,206	3,664,791.00	8,000,367.00	
Gulf Oil Corp.	131,100	22.25	45,100	1,003,475.00	19,000	422,750.00	67,000	1,490,750.00	2,916,975.00	
Mobil Oil Corp.	76,400	64.38	26,800	1,725,250.00	13,800	888,375.00	35,800	2,304,625.00	4,918,250.00	
Standard Oil Co. (Indiana)	84,800	87.00	26,800	2,331,600.00	19,000	1,653,000.00	39,000	3,393,000.00	7,377,600.00	
Texaco, Inc.	139,490	34.25	50,100	1,715,925.00	26,040	891,870.00	63,350	2,169,737.50	4,777,532.50	
Total Petroleum				\$ 11,719,788.00		\$ 6,913,783.00		\$ 15,827,903.50	\$ 34,461,474.50	10.08%
TOTAL NATURAL RESOURCES STOCKS				\$ 11,719,788.00		\$ 6,913,783.00		\$ 15,827,903.50	\$ 34,461,474.50	10.08%
DURABLES STOCKS										
AUTOMOBILES & AUTOMOTIVE PARTS										
Chrysler Corp.	69,225	\$ 24.13	26,847	\$ 647,683.88	12,378	\$ 298,619.25	30,000	\$ 723,750.00	\$ 1,670,053.13	
Ford Motor Co.	75,400	54.63	23,300	1,272,762.50	17,800	972,325.00	34,300	1,873,637.50	4,118,725.00	
General Motors Corp.	76,800	66.50	24,050	1,599,325.00	17,750	1,180,375.00	35,000	2,327,500.00	5,107,200.00	
Goodyear Tire & Rubber Co.	151,500	22.63	49,500	1,119,937.50	34,000	769,250.00	68,000	1,538,500.00	3,427,687.50	
Total Automobiles & Automotive Parts				\$ 4,639,708.88		\$ 3,220,569.25		\$ 4,643,387.50	\$ 14,323,665.63	4.19%
PAPER & FOREST PRODUCTS										
International Paper Co.	96,000	\$ 34.25	33,000	\$ 1,130,250.00	18,000	\$ 616,500.00	45,000	\$ 1,541,250.00	\$ 3,288,000.00	
Weyerhaeuser Co.	65,700	58.75	22,300	1,310,125.00	11,500	675,625.00	31,900	1,874,125.00	3,859,875.00	
Total Paper & Forest Products				\$ 2,440,375.00		\$ 1,292,125.00		\$ 3,415,375.00	\$ 7,147,875.00	2.09%
ELECTRICAL & ELECTRONIC EQUIPMENT										
Emerson Electric Co.	6,000	\$ 86.63	6,000	\$ 519,750.00	—	—	—	—	\$ 519,750.00	
Fedders Corp.	125,500	15.00	40,900	613,500.00	25,600	\$ 384,000.00	59,000	\$ 885,000.00	1,882,500.00	
General Electric Co.	80,500	57.37	32,300	1,853,212.50	14,300	820,462.50	33,900	1,945,012.50	4,618,687.50	
Sunbeam Corp.	56,049	23.63	17,050	402,806.25	14,999	354,351.38	24,000	567,000.00	1,324,157.63	
Texas Instruments, Inc.	29,500	85.75	10,800	926,100.00	5,000	428,750.00	13,700	1,174,775.00	2,529,625.00	
Westinghouse Electric Corp.	73,400	35.00	24,600	861,000.00	13,600	476,000.00	35,200	1,232,000.00	2,569,000.00	
Whirlpool Corp.	121,400	27.75	48,600	1,348,650.00	24,000	666,000.00	48,800	1,354,200.00	3,368,850.00	
Total Electrical & Electronic Equipment				\$ 6,525,018.75		\$ 3,129,563.88		\$ 7,157,987.50	\$ 16,812,570.13	4.92%
MACHINERY										
Caterpillar Tractor Co.	71,000	\$ 58.12	18,500	\$ 1,075,312.50	14,000	\$ 813,750.00	38,500	\$ 2,237,812.50	\$ 4,126,875.00	1.21%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-29-73	Public Employees Retirement Fund		State Employees Retirement Fund		Teachers' Retirement Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value	Shares	Market Value		
TRANSPORTATION										
AIRCRAFT & AEROSPACE										
United Aircraft Corp.	28,300	\$ 27.63	15,000	\$ 414,375.00	6,800	\$ 187,850.00	6,500	\$ 179,562.50	\$ 781,787.50	0.23%
AIRLINES										
Delta Air Lines, Inc.	55,400	\$ 46.00	18,500	\$ 851,000.00	8,800	\$ 404,800.00	28,100	\$ 1,292,600.00	\$ 2,548,400.00	
Northwest Airlines, Inc.	90,626	19.88	27,714	550,815.75	15,770	313,428.75	47,142	936,947.25	1,801,191.75	
UAL, Inc.	24,300	16.25	9,000	146,250.00	7,000	113,750.00	8,300	134,875.00	394,875.00	
Total Airlines				\$ 1,548,065.75		\$ 831,978.75		\$ 2,364,422.25	\$ 4,744,466.75	1.39%
RAILROADS										
Burlington Northern Inc.	49,800	\$ 34.50	16,000	\$ 552,000.00	10,100	\$ 348,450.00	23,700	\$ 817,650.00	\$ 1,718,100.00	
Union Pacific Corp.	37,700	52.75	9,700	511,675.00	8,300	437,825.00	19,700	1,039,175.00	1,988,675.00	
Total Railroads				\$ 1,063,675.00		\$ 786,275.00		\$ 1,856,825.00	\$ 3,706,775.00	1.08%
TOTAL TRANSPORTATION				\$ 3,026,115.75		\$ 1,805,103.75		\$ 4,400,809.75	\$ 9,233,029.25	2.70%
TOTAL DURABLES STOCKS				\$ 17,706,530.88		\$10,262,111.88		\$ 23,675,372.25	\$ 51,644,015.01	15.11%
TOTAL COMMON STOCKS				\$118,231,609.84^a		\$66,993,132.19^b		\$156,596,882.02^c	\$341,821,624.05^d	100.00%

^a Original cost of equities on June 29, 1973, was \$105,156,251.45.

^b Original cost of equities on June 29, 1973, was \$ 60,622,657.21.

^c Original cost of equities on June 29, 1973, was \$139,535,117.44.

^d Original cost of equities on June 29, 1973, was \$305,314,026.10.

SCHEDULE V

PUBLIC EMPLOYEES POLICE AND FIRE FUND June 29, 1973

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (119,118.30)
U.S. TREASURY AND AGENCY SECURITIES	
Bills	\$ 360,000.00
Maturities up to 120 days	
Notes and Bonds	\$ 725,000.00
Various maturities	
SHORT-TERM CORPORATE NOTES	\$ 599,000.00
Maturities up to 30 days	
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT	\$ 666,000.00
(See Listing Below)	
CANADIAN GOVERNMENTAL OBLIGATIONS	\$ 2,350,000.00
(See Listing Below)	
CORPORATE BOND OBLIGATIONS	\$12,606,000.00
(See Listing Below)	
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 200,128.69
COMMON STOCKS (See Listing on Schedule VII)	\$16,057,180.88
TOTAL ASSETS IN ACCOUNT	<u>\$33,444,191.27</u>
(for actuarial purposes; not indicative of true market value)	

* Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1973.

** This account signifies an amount equal to the discount at which fixed-income securities have been sold at less than amortized cost; the entire amount is being accumulated over a term equal to the average maturity of the bonds sold.

Note: Bond investments are listed at face value; common stocks are listed at market value.

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-91	4.80	4.80	\$ 100
Grace Line, Inc.	Govt.-Guar. Bond	12-1-87	4.20	4.20	88
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	69
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5%	5.75	136
United States Lines	Govt.-Guar. Bond	10-1-87	5	5.00	85
United States Lines	Govt.-Guar. Bond	11-1-86	4%	4.375	88
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS			4.87%		\$ 666
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	\$ 500
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	500
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%	7.20	250
Province of Ontario	Debenture	4-15-97	5%	5.625	100
Province of Ontario	Debenture	5-15-2001	7.85	7.85	300
Province of Ontario	Debenture	12-15-2002	7.30	7.30	500
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			7.47%		\$ 2,350
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Central Maine Power Co.	First Mortgage	11-1-90	5%	5.10	\$ 58
Commonwealth Edison Co.	First Mortgage	11-1-96	5%	5.75	100
Consolidated Edison Co.	First & Refunding Mortgage	12-1-93	4%	4.54	100

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
Consolidated Edison Co.	Equipment Trust	1-1-96	9%	9.25	\$ 244
Georgia Power Co.	First Mortgage	11-1-90	4%	4.875	60
Jersey Central Power & Light Co.	Debenture	10-1-88	4%	4.56	72
Otter Tail Power Co.	First Mortgage	2-1-91	4%	4.80	50
Pacific Power & Light Co.	First Mortgage	4-1-92	4%	4.69	60
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	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%	4.75	50
Total Electric				6.22%	\$ 1,004
GAS					
Laclede Gas Co.	First Mortgage	7-1-85	4%	4.80	\$ 46
Louisiana Gas Service Co.	First Mortgage	6-1-87	4%	4.70	100
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4%	4.70	73
Southern Counties Gas Co. of California	First Mortgage	8-1-85	4%	4.60	36
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4%	4.82	54
Total Gas				4.72%	\$ 309
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	10-1-96	4%	4.30	\$ 100
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4%	4.75	50
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.02	300
Total Telephone				6.83%	\$ 450
TOTAL PUBLIC UTILITY OBLIGATIONS				6.11%	\$ 1,763
FINANCE OBLIGATIONS					
American Investment Co.	Note	1-1-91	5%	5.25	\$ 100
American Investment Co.	Senior Note	11-1-86	6%	6.75	100
Deere (John) Credit Co.	Debenture	4-30-98	7%	7.54	500
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	500
TOTAL FINANCE OBLIGATIONS				7.37%	\$ 1,200
INDUSTRIAL OBLIGATIONS					
Abbott Laboratories	S/F Debenture	1-15-93	6%	6.29	\$ 135
Akzona, Inc.	Debenture	2-15-97	7%	7.50	500
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9%	9.37	250
Archer-Daniels Midland Co.	Promissory Note	3-1-88	4%	6.70	120
Armco Steel Corp.	Note	12-15-96	7%	7.875	500
Bristol-Myers (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4%	4.625	36
Broadway-Hale Stores, Inc.	Note	5-1-83	4%	4.50	25
Central Soya Co., Inc.	S/F Debenture	1-1-93	6%	6.456	150
CIBA-Geigy Corp.	Note	9-15-86	5.85	7.75	175
Cities Service Gas Co.	Debenture	6-1-91	8%	8.25	300
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	239
Diamond Shamrock Corp. (Formerly Shamrock Oil & Gas Corp.)	Promissory Note	11-15-87	4%	4.50	75
Exxon Corp. (Formerly Standard Oil Co.-New Jersey)	Debenture	7-15-98	6%	6.50	200
Gulf Oil Corporation	Debenture	6-15-93	6%	6.625	200
Halliburton Co.	Note	6-1-86	5.30	6.75	130
Hammond Corp.	Senior Note	1-15-90	8%	8.75	200
Marathon Oil Co.	S/F Debenture	2-1-2000	8%	8.52	250
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500
Owens-Illinois, Inc.	Note	2-1-91	5	5.00	94
Phillips Petroleum Co.	Note	12-15-86	6%	6.25	100
Plantation Pipeline Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7%	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	2-10-97 through 11-6-97	7.70	7.70	800
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.30	7.30	300
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7%	7.50	250
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9	9.00	250
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8%	8.52	250
Stauffer Chemical Co.	Note	3-15-97	7%	7.50	500
Swift & Co.	Debenture	6-1-86	4%	6.54	180
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6%	6.50	122
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	6.75	5.62	197
TOTAL INDUSTRIAL OBLIGATIONS				7.54%	\$ 7,478
TRANSPORTATION DEBT OBLIGATIONS					
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	\$ 50
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.89%	\$ 122

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	1-15-74/77	4%	4.875	\$ 64
ACF Industries, Inc.	Equipment Trust	4-15-74/81	5%	5.625	96
ACF Industries, Inc.	Equipment Trust	4-1-74/85	9%	9.50	180
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	280
Chesapeake & Ohio Railway Co.	Conditional Sale	9-15-77/3-15-89	8%	8.75	298
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-73/1-15-82	6%	6.375	52
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	6-1-81	5%	5.375	139
Flying Tiger Corp.	Equipment Trust	4-15-74/10-15-77	4½	4.50	54
Fruit Growers Express Co.	Equipment Trust	6-15-74/85	9%	9.75	180
Fruit Growers Express Co.	Equipment Trust	12-15-73/75	4%	4.75	30
Fruit Growers Express Co.	Equipment Trust	11-15-73/81	6	6.00	90
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-74/9-1-85	10½	10.50	220
Norfolk & Western Railway Co.	Conditional Sale	12-15-73/79	4½	4.50	70
Norfolk & Western Railway Co.	Conditional Sale	6-1-74/81	5½	5.50	80
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-74/83	6%	6.75	100
Southern Pacific Co.	Conditional Sale	3-1-74/84	7%	7.625	110
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			7.79%		\$ 2,043
TOTAL CORPORATE BOND OBLIGATIONS			7.34%		\$12,606
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS			7.25%		\$15,622

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

SCHEDULE VI

HIGHWAY PATROLMEN'S RETIREMENT FUND June 29, 1973

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 198,930.16
U.S. TREASURY AND AGENCY SECURITIES	
Bills Maturities up to 90 days	\$ 10,000.00
Notes and Bonds Various maturities	\$ 5,000.00
STATE AND LOCAL OBLIGATIONS	\$ 489,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 137,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 450,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 4,025,000.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 82,168.77
COMMON STOCKS (See Listing on Schedule VII)	\$ 5,315,486.00
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$10,712,584.93

* Cash balance signifies amount due from sales of securities several days before fiscal year end.

** This account signifies an amount equal to the discount at which fixed-income securities have been sold at less than amortized cost; the entire amount is being accumulated over a term equal to the average maturity of the bonds sold.

Note: Bond investments are listed at face value; common stocks are listed at market value.

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount ('000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5%	5.75	\$ 137
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				5.75%	\$ 137
CANADIAN GOVERNMENTAL OBLIGATIONS					
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	\$ 300
Province of Nova Scotia	S/F Debenture	8-1-93	7%	7.20	150
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				7.65%	\$ 450
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
California Electric Power Co.	First Mortgage	5-1-90	5%	5.06	\$ 40
Central Maine Power Co.	First Mortgage	11-1-90	5%	5.10	39
Georgia Power Co.	First Mortgage	11-1-90	4%	4.96	40
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	50
Sierra Pacific Power Co.	First Mortgage	6-1-92	4%	4.75	50
Total Electric				5.35%	\$ 219
GAS					
Louisiana Gas Service Co.	First Mortgage	6-1-87	4½	4.70	\$ 50
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4%	4.50	50
Northern Natural Gas Co.	Debenture	11-1-81	4%	4.80	23
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4%	4.82	94
Total Gas				4.72%	\$ 217
TELEPHONE					
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.02	\$ 200
Total Telephone				8.02%	\$ 200
TOTAL PUBLIC UTILITY OBLIGATIONS				5.97%	\$ 636
FINANCE OBLIGATIONS					
CIT Financial Corp.	Debenture	10-1-86	6%	6.42	\$ 150
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	300
TOTAL FINANCE OBLIGATIONS				7.31%	\$ 450
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9½	9.37	\$ 150
Bristol-Myers (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4%	4.625	36
Exxon Corp. (Formerly Standard Oil Co.-New Jersey)	Debenture	7-15-98	6½	6.50	150
Gulf Oil Corporation	Debenture	6-15-93	6%	6.625	150
Marathon Oil Co.	S/F Debenture	2-1-2000	8%	8.52	150
Phillips Petroleum Co.	Note	12-15-86	6%	6.25	100
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7%	7.875	300
Standard Oil Co. of California (Union Bank)	First Mortgage	9-7-97 through 11-6-97	7.70	7.70	400
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. (Ohio)	Debenture	1-1-2000	8½	8.52	150
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6½	6.50	82
TOTAL INDUSTRIAL OBLIGATIONS				7.68%	\$1,868
TRANSPORTATION DEBT OBLIGATIONS					
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4%	4.75	\$ 49
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	100
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.87%	\$ 221

Schedule VI continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
RAILROAD EQUIPMENT OBLIGATIONS					
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	\$ 280
Chesapeake & Ohio Railway Co.	Conditional Sale	3-15-89	8%	8.75	199
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-15-82	6%	6.375	35
Fruit Growers Express Co.	Equipment Trust	6-15-74/85	9%	9.75	120
Fruit Growers Express Co.	Equipment Trust	12-15-73/75	4%	4.75	21
Fruit Growers Express Co.	Equipment Trust	11-15-73/81	6	6	45

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
Illinois Central Railroad Co.	Conditional Sale	2-15-74/83	6%	6.875	\$ 150
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					\$ 850
TOTAL CORPORATE BOND OBLIGATIONS					7.32%
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					7.30%
					\$4,612

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

SCHEDULE VII

HIGHWAY PATROLMEN'S RETIREMENT FUND PUBLIC EMPLOYEES POLICE AND FIRE FUND COMMON STOCK HOLDINGS

June 29, 1973

Common Stock	Total Shares	Market Price 6-29-73	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
CONSUMER-ORIENTED STOCKS								
UTILITIES								
ELECTRIC								
Central & South West Corp.	4,600	\$ 20.63	4,600	\$ 94,875.00	—	—	\$ 94,875.00	
Commonwealth Edison Co.	3,000	30.87	—	—	3,000	\$ 92,625.00	92,625.00	
Florida Power & Light Co.	6,600	35.88	—	—	6,600	236,775.00	236,775.00	
Houston Lighting & Power Co.	6,000	38.13	—	—	6,000	228,750.00	228,750.00	
Middle South Utilities, Inc.	11,300	23.38	5,100	119,212.50	6,200	144,925.00	264,137.50	
Pacific Gas & Electric Co.	3,700	28.00	—	—	3,700	103,600.00	103,600.00	
Public Service Co. of Indiana, Inc.	2,200	38.75	2,200	85,250.00	—	—	85,250.00	
Southern California Edison Co.	8,000	23.25	2,700	62,775.00	5,300	123,225.00	186,000.00	
Southern Company	3,500	18.50	3,500	64,750.00	—	—	64,750.00	
Texas Utilities Co.	5,400	31.62	—	—	5,400	170,775.00	170,775.00	
Virginia Electric & Power Co.	6,400	19.63	—	—	6,400	125,600.00	125,600.00	
Total Electric				\$ 426,862.50		\$ 1,226,275.00	\$ 1,653,137.50	7.73%
GAS								
Northern Illinois Gas Co.	1,500	\$ 25.88	1,500	\$ 38,812.50	—	—	\$ 38,812.50	0.18%
TELEPHONE-TELEGRAPH								
American Telephone & Telegraph Co.	4,636	\$ 51.13	—	—	4,636	\$ 237,015.50	\$ 237,015.50	
General Telephone & Electronics Corp.	9,600	29.12	3,400	\$ 99,025.00	6,200	180,575.00	279,600.00	
Total Telephone-Telegraph				\$ 99,025.00		\$ 417,590.50	\$ 516,615.50	2.42%
TOTAL UTILITIES								
				\$ 564,700.00		\$ 1,643,865.50	\$ 2,208,565.50	10.33%
FINANCIAL SERVICES								
BANKS								
First Bank System, Inc.	6,800	\$ 56.62	—	—	6,800	\$ 385,050.00	\$ 385,050.00	
First National City Corp.	10,000	41.00	—	—	10,000	410,000.00	410,000.00	
National City Corp.	8,048	26.38	—	—	8,048	212,266.00	212,266.00	
Northwest Bancorporation	8,700	57.00	2,500	\$ 142,500.00	6,200	353,400.00	495,900.00	
Security Pacific Corp.	5,000	25.19	—	—	5,000	125,940.00	125,940.00	
Valley National Bank of Arizona	3,618	23.50	3,618	85,023.00	—	—	85,023.00	
Total Banks				\$ 227,523.00		\$ 1,486,656.00	\$ 1,714,179.00	8.02%
FINANCE								
Beneficial Corp.	9,880	\$ 27.87	2,500	\$ 69,687.50	7,380	\$ 205,717.50	\$ 275,405.00	
Investors Diversified Services A	2,700	22.25	—	—	2,700	60,075.00	60,075.00	
MGIC Investment Corp.	7,700	68.13	2,000	136,250.00	5,700	388,312.50	524,562.50	
Total Finance				\$ 205,937.50		\$ 654,105.00	\$ 860,042.50	4.02%
INSURANCE								
Aetna Life & Casualty Co.	3,600	\$ 65.62	—	—	3,600	\$ 236,250.00	\$ 236,250.00	
CNA Financial Corp.	7,000	13.13	—	—	7,000	91,875.00	91,875.00	
INA Corp.	3,000	38.00	—	—	3,000	114,000.00	114,000.00	
NLT Corp.	11,000	23.00	3,000	\$ 69,000.00	8,000	184,000.00	253,000.00	
Northwestern National Life Insurance Co.	8,200	16.50	2,000	33,000.00	6,200	102,300.00	135,300.00	
St. Paul Companies	11,000	40.62	4,000	162,500.00	7,000	284,375.00	446,875.00	
Total Insurance				\$ 264,500.00		\$ 1,012,800.00	\$ 1,277,300.00	5.98%
TOTAL FINANCIAL SERVICES				\$ 697,960.50		\$ 3,153,561.00	\$ 3,851,521.50	18.02%

SCHEDULE VII continued

Common Stock	Total Shares	Market Price 6-29-73	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
CONSUMER GOODS & SERVICES								
FOOD-BEVERAGE								
Consolidated Foods Corp.	4,000	\$ 28.50	—	—	4,000	\$ 114,000.00	\$ 114,000.00	
General Mills, Inc.	3,000	54.75	—	—	3,000	164,250.00	164,250.00	
McDonald's Corp.	6,800	57.12	2,300	\$ 131,387.50	4,500	257,062.50	388,450.00	
Norton Simon, Inc.	5,500	25.00	—	—	5,550	138,750.00	138,750.00	
PepsiCo, Inc.	2,766	81.88	1,300	106,437.50	1,466	120,028.75	226,466.25	
Pillsbury Co.	1,000	39.50	1,000	39,500.00	—	—	39,500.00	
Total Food-Beverage				\$ 277,325.00		\$ 794,091.25	\$ 1,071,416.25	5.01%
PRINTING-PUBLISHING								
Donnelley (R.R.) & Sons	3,059	\$ 22.88	—	—	3,059	\$ 69,974.63	\$ 69,974.63	0.33%
RETAIL TRADE								
Federated Department Stores, Inc.	2,800	\$ 38.75	—	—	2,800	\$ 108,500.00	\$ 108,500.00	
Penney (J.C.) Co., Inc.	3,000	77.38	—	—	3,000	232,125.00	232,125.00	
Sears, Roebuck & Co.	4,300	95.13	1,300	\$ 123,662.50	3,000	285,375.00	409,037.50	
Total Retail Trade				\$ 123,662.50		\$ 626,000.00	\$ 749,662.50	3.51%
MISCELLANEOUS								
Disney (Walt) Productions	7,916	\$ 76.75	2,276	\$ 174,683.00	5,640	\$ 432,870.00	\$ 607,553.00	
Holiday Inns, Inc.	13,500	18.13	4,500	81,562.50	9,000	163,125.00	244,687.50	
International Telephone & Telegraph Corp.	7,700	30.37	2,200	66,825.00	5,500	167,062.50	233,887.50	
Procter & Gamble Co.	1,000	104.00	—	—	1,000	104,000.00	104,000.00	
Warner Communications, Inc.	7,800	13.38	2,700	36,112.50	5,100	68,212.50	104,325.00	
Total Miscellaneous				\$ 359,183.00		\$ 935,270.00	\$ 1,294,453.00	6.05%
TOTAL CONSUMER GOODS & SERVICES				\$ 760,170.50		\$ 2,425,335.88	\$ 3,185,506.38	14.90%
TOTAL CONSUMER-ORIENTED STOCKS				\$2,022,831.00		\$ 7,222,762.38	\$ 9,245,593.38	43.25%
RESEARCH STOCKS								
CHEMICALS								
Dow Chemical Co.	3,318	\$ 51.63	3,318	\$ 171,291.75	—	—	\$ 171,291.75	
du Pont (E.I.) de Nemours & Co.	1,160	168.50	—	—	1,160	\$ 195,460.00	195,460.00	
Hercules, Inc.	6,500	32.50	—	—	6,500	211,250.00	211,250.00	
Monsanto Co.	6,446	52.00	2,216	115,232.00	4,230	219,960.00	335,192.00	
Total Chemicals				\$ 286,523.75		\$ 626,670.00	\$ 913,193.75	4.27%
DRUGS-COSMETICS								
American Home Products Corp.	5,400	\$ 42.75	—	—	5,400	\$ 230,850.00	\$ 230,850.00	
Avon Products, Inc.	3,300	123.50	1,100	\$ 135,850.00	2,200	271,700.00	407,550.00	
Merck & Co., Inc.	3,400	89.88	—	—	3,400	305,575.00	305,575.00	
Pfizer, Inc.	11,500	46.75	4,000	187,000.00	7,500	350,625.00	537,625.00	
Schering-Plough Corp.	3,000	78.00	3,000	234,000.00	—	—	234,000.00	
Total Drugs-Cosmetics				\$ 556,850.00		\$ 1,158,750.00	\$ 1,715,600.00	8.03%
OFFICE EQUIPMENT								
Burroughs Corp.	3,300	\$226.87	800	\$ 181,500.00	2,500	\$ 567,187.50	\$ 748,687.50	
Control Data Corp.	4,000	34.88	—	—	4,000	139,500.00	139,500.00	
Honeywell, Inc.	2,600	106.00	—	—	2,600	275,600.00	275,600.00	
International Business Machines Corp.	3,650	317.00	1,150	364,550.00	2,500	792,500.00	1,157,050.00	
Xerox Corp.	3,100	155.63	1,000	155,625.00	2,100	326,812.50	482,437.50	
Total Office Equipment				\$ 701,675.00		\$ 2,101,600.00	\$ 2,803,275.00	13.12%
PHOTOGRAPHY								
Eastman Kodak Co.	3,800	\$136.50	1,300	\$ 177,450.00	2,500	\$ 341,250.00	\$ 518,700.00	
Polaroid Corp.	1,006	137.25	—	—	1,006	138,073.50	138,073.50	
Total Photography				\$ 177,450.00		\$ 479,323.50	\$ 656,773.50	3.07%
MISCELLANEOUS								
Minnesota Mining & Manufacturing Co.	5,900	\$ 83.75	1,500	\$ 125,625.00	4,400	\$ 368,500.00	\$ 494,125.00	
Universal Oil Products Co.	10,800	20.38	3,500	71,312.50	7,300	148,737.50	220,050.00	
Total Miscellaneous				\$ 196,937.50		\$ 517,237.50	\$ 714,175.00	3.34%
TOTAL RESEARCH STOCKS				\$1,919,436.25		\$ 4,883,581.00	\$ 6,803,017.25	31.83%
NATURAL RESOURCES STOCKS								
PETROLEUM								
Exxon Corp.	5,800	\$ 98.50	2,200	\$ 216,700.00	3,600	\$ 354,600.00	\$ 571,300.00	
Mobil Oil Corp.	5,600	64.38	2,100	135,187.50	3,500	225,312.50	360,500.00	
Standard Oil Co. (Indiana)	6,400	87.00	2,200	191,400.00	4,200	365,400.00	556,800.00	
Texaco, Inc.	6,500	34.25	—	—	6,500	222,625.00	222,625.00	
Total Petroleum				\$ 543,287.50		\$ 1,167,937.50	\$ 1,711,225.00	8.01%
TOTAL NATURAL RESOURCES STOCKS				\$ 543,287.50		\$ 1,167,937.50	\$ 1,711,225.00	8.01%

Schedule VII continued

Common Stock	Total Shares	Market Price 6-29-73	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
DURABLES STOCKS								
AUTOMOBILES & AUTOMOTIVE PARTS								
Ford Motor Co.	5,600	\$ 54.63	1,200	\$ 65,550.00	4,400	\$ 240,350.00	\$ 305,900.00	
General Motors Corp.	5,900	66.50	1,900	126,350.00	4,000	266,000.00	392,350.00	
Goodyear Tire & Rubber Co.	10,000	22.63	—	—	10,000	226,250.00	226,250.00	
Total Automobiles & Automotive Parts				\$ 191,900.00		\$ 732,600.00	\$ 924,500.00	4.33%
PAPER & FOREST PRODUCTS								
International Paper Co.	6,000	\$ 34.25	—	—	6,000	\$ 205,500.00	\$ 205,500.00	
Weyerhaeuser Co.	6,575	58.75	2,575	\$ 151,281.25	4,000	235,000.00	386,281.25	
Total Paper & Forest Products				\$ 151,281.25		\$ 440,500.00	\$ 591,781.25	2.77%
ELECTRICAL & ELECTRONIC EQUIPMENT								
Emerson Electric Co.	1,100	\$ 86.63	1,100	\$ 95,287.50	—	—	\$ 95,287.50	
Fedders Corp.	14,000	15.00	5,000	75,000.00	9,000	\$ 135,000.00	210,000.00	
General Electric Co.	3,600	57.37	—	—	3,600	206,550.00	206,550.00	
Texas Instruments, Inc.	800	85.75	—	—	800	68,600.00	68,600.00	
Westinghouse Electric Corp.	4,200	35.00	—	—	4,200	147,000.00	147,000.00	
Whirlpool Corp.	15,600	27.75	4,200	116,550.00	11,400	316,350.00	432,900.00	
Total Electrical & Electronic Equipment				\$ 286,837.50		\$ 873,500.00	\$ 1,160,337.50	5.43%
MACHINERY								
Caterpillar Tractor Co.	6,000	\$ 58.12	—	—	6,000	\$ 348,750.00	\$ 348,750.00	1.63%
TRANSPORTATION								
AIRLINES								
Delta Air Lines, Inc.	3,300	\$ 46.00	1,300	\$ 59,800.00	2,000	\$ 92,000.00	\$ 151,800.00	
Northwest Airlines, Inc.	4,900	19.88	1,700	33,787.50	3,200	63,600.00	97,387.50	
UAL, Inc.	1,500	16.25	—	—	1,500	24,375.00	24,375.00	
Total Airlines				\$ 93,587.50		\$ 179,975.00	\$ 273,562.50	1.28%
RAILROADS								
Burlington Northern Inc.	3,900	\$ 34.50	1,400	\$ 48,300.00	2,500	\$ 86,250.00	\$ 134,550.00	
Union Pacific Corp.	3,400	52.75	1,100	58,025.00	2,300	121,325.00	179,350.00	
Total Railroads				\$ 106,325.00		\$ 207,575.00	\$ 313,900.00	1.47%
TOTAL TRANSPORTATION				\$ 199,912.50		\$ 387,550.00	\$ 587,462.50	2.75%
TOTAL DURABLES STOCKS				\$ 829,931.25		\$ 2,782,900.00	\$ 3,612,831.25	16.91%
TOTAL COMMON STOCKS				\$5,315,486.00^a		\$16,057,180.88^b	\$21,372,666.88^c	100.00%

^a Original cost of equities on June 29, 1973, was \$ 4,658,896.17.

^b Original cost of equities on June 29, 1973, was \$14,397,267.88.

^c Original cost of equities on June 29, 1973, was \$19,056,164.05.

SCHEDULE VIII

SUPPLEMENTAL RETIREMENT FUND — INCOME SHARE ACCOUNT June 29, 1973 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (54,130.31)
U.S. TREASURY AND AGENCY SECURITIES	
Bills	
Maturities up to 180 days	\$ 980,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 2,100,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 6,933,863.06
COMMON STOCKS (See Listing Below)	\$ 9,262,900.00
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$19,222,632.75

*Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1973.

Note: Bond investments are listed at face value; common stocks are listed at market value.

CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.65	\$ 500,000.00
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	800,000.00
Province of Ontario	Debenture	5-15-2001	7.85	7.85	300,000.00
Province of Ontario	Debenture	12-15-2002	7.30	7.30	500,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			7.68%		\$2,100,000.00
CORPORATE BOND OBLIGATIONS					
FINANCE OBLIGATIONS					
Deere (John) Credit Co.	Debenture	4-30-98	7½	7.54	\$ 500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	800,000.00
TOTAL FINANCE OBLIGATIONS			7.67%		\$1,300,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-15-95	9½	9.37	\$ 200,000.00
Cities Service Gas Co.	Debenture	6-1-91	8¼	8.25	400,000.00
Gould, Inc.	S/F Debenture	2-15-95	9¼	9.25	200,000.00
Marathon Oil Co.	S/F Debenture	2-1-2000	8½	8.52	200,000.00
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500,000.00
Plantation Pipeline Co., (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Note	10-1-2001	7%	7.875	400,000.00
Raytheon Co.	S/F Debenture	7-1-96	8¼	8.30	400,000.00
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	2-10-97 through 11-6-97	7.70	7.70	800,000.00
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7½	7.50	500,000.00
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8½	8.52	200,000.00
Stauffer Chemical Co.	Note	3-15-97	7%	7.50	500,000.00
TOTAL INDUSTRIAL OBLIGATIONS			8.03%		\$4,300,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	4-1-85	9½	9.50	\$ 180,000.00
Burlington Northern, Inc.	Conditional Sale	10-1-73/87	9%	9.625	250,000.00
Burlington Northern, Inc. (First Western Bank & Trust Co.)	Conditional Sale	5-1-86	8.60	8.60	233,633.23
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Conditional Sale	9-15-77/ 3-15-89	8%	8.75	297,833.78

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Fruit Growers Express Co.	Equipment Trust	6-15-85	9%	9.75	\$ 180,000.00
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-74/ 9-1-85	10½	10.50	192,396.05
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			9.98%		\$1,333,863.06
TOTAL CORPORATE BOND OBLIGATIONS			8.22%		\$6,933,863.06
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS			8.09%		\$9,033,863.06

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

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
CONSUMER-ORIENTED STOCKS				
UTILITIES				
ELECTRIC				
Commonwealth Edison Co.	4,500	\$ 30.87	\$ 138,937.50	
Middle South Utilities, Inc.	12,300	23.38	287,512.50	
Northern States Power Co.	8,400	28.25	237,300.00	
Southern California Edison Co.	8,700	23.25	202,275.00	
Texas Utilities Co.	9,800	31.62	309,925.00	
Total Electric			\$1,175,950.00	12.70%
TELEPHONE-TELEGRAPH				
American Telephone & Telegraph Co.	5,700	\$ 51.13	\$ 291,412.50	
General Telephone & Electronics Corp.	8,400	29.12	244,650.00	
Total Telephone-Telegraph			\$ 536,062.50	5.78%
TOTAL UTILITIES			\$1,712,012.50	18.48%
FINANCIAL SERVICES				
BANKS				
Continental Illinois Corp.	6,400	\$ 51.25	\$ 328,000.00	
Morgan (J.P.) & Co., Inc.	6,000	59.62	357,750.00	
Northwest Bancorporation	7,700	57.00	438,900.00	
Total Banks			\$1,124,650.00	12.14%
FINANCE				
Household Finance Corp.	13,000	\$ 22.88	\$ 297,375.00	3.21%
INSURANCE				
INA Corp.	7,000	\$ 38.00	\$ 266,000.00	
St. Paul Companies, Inc.	9,000	40.62	365,625.00	
U.S. Fidelity & Guaranty Co.	7,800	37.50	292,500.00	
Total Insurance			\$ 924,125.00	9.98%
TOTAL FINANCIAL SERVICES			\$2,346,150.00	25.33%
CONSUMER GOODS & SERVICES				
FOOD-BEVERAGE				
Consolidated Foods Corp.	7,500	\$ 28.50	\$ 213,750.00	
General Foods Corp.	7,100	25.25	179,275.00	
Total Food-Beverage			\$ 393,025.00	4.24%
RETAIL TRADE				
Penney (J.C.) Co., Inc.	3,000	\$ 77.38	\$ 232,125.00	2.51%
MISCELLANEOUS				
International Telephone & Telegraph Corp.	6,600	\$ 30.37	\$ 200,475.00	2.16%
TOTAL CONSUMER GOODS & SERVICES			\$ 825,625.00	8.91%
TOTAL CONSUMER-ORIENTED STOCKS			\$4,883,787.50	52.72%
RESEARCH STOCKS				
CHEMICALS				
Monsanto Co.	5,000	\$ 52.00	\$ 260,000.00	2.81%
DRUGS-COSMETICS				
Warner-Lambert Co.	6,000	\$ 48.00	\$ 288,000.00	3.11%
OFFICE EQUIPMENT				
International Business Machines Corp.	1,225	\$317.00	\$ 388,325.00	4.19%

Schedule VIII continued

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
MISCELLANEOUS				
Minnesota Mining & Manufacturing Co.	4,700	\$ 83.75	\$ 393,625.00	4.25%
TOTAL RESEARCH STOCKS			\$1,329,950.00	14.36%
NATURAL RESOURCES STOCKS				
PETROLEUM				
Atlantic Richfield Co.	3,700	\$ 85.00	\$ 314,500.00	
Exxon Corp.	4,000	98.50	394,000.00	
Mobil Oil Corp.	5,000	64.38	321,875.00	
Texaco, Inc.	9,000	34.25	308,250.00	
Total Petroleum			\$1,338,625.00	14.45%
TOTAL NATURAL RESOURCES STOCKS			\$1,338,625.00	14.45%
DURABLES STOCKS				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	5,000	\$ 54.63	\$ 273,125.00	
General Motors Corp.	4,900	66.50	325,850.00	
Goodyear Tire & Rubber Co.	11,500	22.63	260,187.50	
Gould, Inc.	10,000	22.00	220,000.00	
Total Automobiles & Automotive Parts			\$1,079,162.50	11.65%
PAPER & FOREST PRODUCTS				
International Paper Co.	9,000	\$ 34.25	\$ 308,250.00	
Weyerhaeuser Co.	5,500	58.75	323,125.00	
Total Paper & Forest Products			\$ 631,375.00	6.82%
TOTAL DURABLES STOCKS			\$1,710,537.50	18.47%
TOTAL COMMON STOCKS			\$9,262,900.00*	100.00%

*Original cost of equities on June 29, 1973, was \$9,194,921.23.

SCHEDULE IX

SUPPLEMENTAL RETIREMENT FUND — GROWTH SHARE ACCOUNT June 29, 1973

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (28,008.44)
U.S. TREASURY AND AGENCY SECURITIES	
Bills	
Maturities up to 180 days	\$ 40,000.00
COMMON STOCKS (See Listing Below)	\$7,084,138.63
TOTAL ASSETS IN ACCOUNT	\$7,456,130.19

*Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1973.

Note: Treasury bills are listed at face value; common stocks are listed at market value.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
CONSUMER-ORIENTED STOCKS				
UTILITIES				
ELECTRIC				
Florida Power & Light Co.	6,400	\$ 35.88	\$ 229,600.00	3.24%
TELEPHONE-TELEGRAPH				
United Telecommunications, Inc.	9,100	\$ 20.38	\$ 185,412.50	2.62%
TOTAL UTILITIES			\$ 415,012.50	5.86%

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
FINANCIAL SERVICES				
BANKS				
Cameron Financial Corp.	5,400	\$ 30.25	\$ 163,350.00	
Valley National Bank of Arizona	6,500	23.50	152,750.00	
Total Banks			\$ 316,100.00	4.46%
FINANCE				
Household Finance Corp.	6,200	\$ 22.88	\$ 141,825.00	
MGIC Investment Corp.	2,900	68.13	197,562.50	
Total Finance			\$ 339,387.50	4.79%
INSURANCE				
INA Corp.	3,000	\$ 38.00	\$ 114,000.00	
NLT Corp.	6,000	23.00	138,000.00	
Safeco Corp.	3,200	45.75	146,400.00	
St. Paul Companies, Inc.	5,200	40.62	211,250.00	
Total Insurance			\$ 609,650.00	8.61%
TOTAL FINANCIAL SERVICES			\$1,265,137.50	17.86%
CONSUMER GOODS & SERVICES				
FOOD-BEVERAGE				
ARA Services, Inc.	900	\$119.50	\$ 107,550.00	
McDonald's Corp.	3,500	57.12	199,937.50	
Norton Simon, Inc.	5,435	25.00	135,875.00	
PepsiCo, Inc.	2,300	81.88	188,312.50	
Total Food-Beverage			\$ 631,675.00	8.92%
RETAIL TRADE				
American Greetings Corp.	1,950	\$ 39.38	\$ 76,781.25	
Federated Department Stores, Inc.	3,600	38.75	139,500.00	
Kresge (S.S.) Co.	3,000	33.88	101,625.00	
Modern Merchandising, Inc.	7,000	11.88	83,125.00	
Total Retail Trade			\$ 401,031.25	5.66%
MISCELLANEOUS				
Avis, Inc.	4,350	\$ 21.13	\$ 91,893.75	
Clorox Co.	6,500	24.25	157,625.00	
Colgate-Palmolive Co.	3,000	28.00	84,000.00	
Disney (Walt) Productions	3,804	76.75	291,957.00	
Holiday Inns, Inc.	4,500	18.13	81,562.50	
International Telephone & Telegraph Corp.	3,800	30.37	115,425.00	
Tonka Corp.	4,000	17.25	69,000.00	
Total Miscellaneous			\$ 891,463.25	12.58%
TOTAL CONSUMER GOODS & SERVICES			\$1,924,169.50	27.16%
TOTAL CONSUMER-ORIENTED STOCKS			\$3,604,319.50	50.88%
RESEARCH STOCKS				
CHEMICALS				
Air Products & Chemicals, Inc.	4,068	\$ 40.25	\$ 163,737.00	2.31%
DRUGS-COSMETICS				
Avon Products, Inc.	1,400	\$123.50	\$ 172,900.00	
Merck & Co., Inc.	2,000	89.88	179,750.00	
Revlon, Inc.	1,500	59.25	88,875.00	
Total Drugs-Cosmetics			\$ 441,525.00	6.23%
OFFICE EQUIPMENT				
Burroughs Corp.	955	\$226.87	\$ 216,665.63	
Honeywell, Inc.	1,500	106.00	159,000.00	
International Business Machines Corp.	1,112	317.00	352,504.00	
Xerox Corp.	1,000	155.63	155,625.00	
Total Office Equipment			\$ 883,794.63	12.48%
PHOTOGRAPHY				
Eastman Kodak Co.	1,500	\$136.50	\$ 204,750.00	
Polaroid Corp.	800	137.25	109,800.00	
Total Photography			\$ 314,550.00	4.44%
MISCELLANEOUS				
Medtronic, Inc.	4,800	\$ 47.25	\$ 226,800.00	
Minnesota Mining & Manufacturing Co.	2,800	83.75	234,500.00	
Total Miscellaneous			\$ 461,300.00	6.51%
TOTAL RESEARCH STOCKS			\$2,264,906.63	31.97%
NATURAL RESOURCES STOCKS				
PETROLEUM				
Exxon Corp.	1,900	\$ 98.50	\$ 187,150.00	
Texaco, Inc.	4,800	34.25	164,400.00	
Total Petroleum			\$ 351,550.00	4.96%
TOTAL NATURAL RESOURCES STOCKS			\$ 351,550.00	4.96%

Schedule IX continued

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
DURABLES STOCKS				
AUTOMOBILES & AUTOMOTIVE PARTS				
Genuine Parts Co.	4,000	\$ 33.75	\$ 135,000.00	1.91%
PAPER & FOREST PRODUCTS				
Weyerhaeuser Co.	3,400	\$ 58.75	\$ 199,750.00	2.82%
ELECTRICAL & ELECTRONIC EQUIPMENT				
Fedders Corp.	8,000	\$ 15.00	\$ 120,000.00	1.69%
MACHINERY				
Toro Co.	6,800	\$ 19.75	\$ 134,300.00	1.90%
METALS				
Hanna Mining Co.	3,000	\$ 43.38	\$ 145,125.00	2.05%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	6,500	\$ 19.88	\$ 129,187.50	1.82%
Total Transportation			\$ 129,187.50	1.82%
TOTAL DURABLES STOCKS			\$ 863,362.50	12.19%
TOTAL COMMON STOCKS			\$7,084,138.63*	100.00%

*Original cost of equities on June 29, 1973, was \$6,791,589.39.

SCHEDULE X

MINNESOTA VARIABLE ANNUITY FUND June 29, 1973

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (203,004.65)
U.S. TREASURY AND AGENCY SECURITIES	
Bills	
Maturities up to 180 days	\$ 1,145,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 800,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 2,079,981.61
COMMON STOCKS (See Listing Below)	\$ 7,166,442.50
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$10,988,419.46

*Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1973.

Note: Bond investments are listed at face value; common stocks are listed at market value.

CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.65	\$ 400,000.00
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	400,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			7.76%		\$ 800,000.00
CORPORATE BOND OBLIGATIONS					
FINANCE OBLIGATIONS					
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	\$ 500,000.00
TOTAL FINANCE OBLIGATIONS			7.75%		\$ 500,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
INDUSTRIAL OBLIGATIONS					
Armco Steel Corp.	Note	12-15-96	7%	7.875	\$ 300,000.00
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	144,000.00
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	9-7-97 through 11-6-97	7.70	7.70	500,000.00
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7½	7.50	300,000.00
TOTAL INDUSTRIAL OBLIGATIONS			7.84%		\$1,244,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Conditional Sale	9-15-77/ 3-15-89	8%	8.750	\$ 198,555.85
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-74/ 9-1-85	10½	10.50	137,425.76
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			9.47%		\$ 335,981.61
TOTAL CORPORATE BOND OBLIGATIONS					
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					
				7.99%	\$2,879,981.61

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

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
CONSUMER-ORIENTED STOCKS				
UTILITIES				
ELECTRIC				
Florida Power & Light Co.	4,400	\$ 35.88	\$ 157,850.00	
Texas Utilities Co.	3,800	31.62	120,175.00	
Total Electric			\$ 278,025.00	3.88%
TELEPHONE-TELEGRAPH				
American Telephone & Telegraph Co.	2,200	\$ 51.13	\$ 112,475.00	1.57%
TOTAL UTILITIES			\$ 390,500.00	5.45%
FINANCIAL SERVICES				
BANKS				
Cameron Financial Corp.	4,700	\$ 30.25	\$ 142,175.00	
First International Bancshares, Inc.	1,500	43.50	65,250.00	
First National City Corp.	4,000	41.00	164,000.00	
Northwest Bancorporation	2,200	57.00	125,400.00	
Total Banks			\$ 496,825.00	6.93%
FINANCE				
Household Finance Corp.	6,400	\$ 22.88	\$ 146,400.00	
MGIC Investment Corp.	2,400	68.13	163,500.00	
Total Finance			\$ 309,900.00	4.32%
INSURANCE				
Connecticut General Insurance Corp.	2,350	\$ 45.25	\$ 106,337.50	
INA Corp.	3,200	38.00	121,600.00	
NLT Corp.	4,000	23.00	92,000.00	
St. Paul Companies	4,000	40.62	162,500.00	
Total Insurance			\$ 482,437.50	6.73%
TOTAL FINANCIAL SERVICES			\$1,289,162.50	17.98%
CONSUMER GOODS & SERVICES				
FOOD-BEVERAGE				
Coca-Cola Co.	600	\$143.13	\$ 85,875.00	
General Foods Corp.	2,000	25.25	50,500.00	
McDonald's Corp.	2,000	57.12	114,250.00	
Norton Simon, Inc.	3,165	25.00	79,125.00	
Total Food-Beverage			\$ 329,750.00	4.60%
RETAIL TRADE				
American Greetings Corp.	3,000	\$ 39.38	\$ 118,125.00	
Kresge (S.S.) Co.	2,800	33.88	94,850.00	
Modern Merchandising, Inc.	9,500	11.88	112,812.50	
Sears, Roebuck & Co.	2,200	95.13	209,275.00	
Total Retail Trade			\$ 535,062.50	7.47%

Schedule X continued

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
MISCELLANEOUS				
Avis, Inc.	3,000	\$ 21.13	\$ 63,375.00	
Clorox Co.	6,500	24.25	157,625.00	
Colgate-Palmolive Co.	4,000	28.00	112,000.00	
Disney (Walt) Productions	2,478	76.75	190,186.50	
Holiday Inns, Inc.	5,600	18.13	101,500.00	
International Telephone & Telegraph Corp.	4,000	30.37	121,500.00	
Tonka Corp.	3,500	17.25	60,375.00	
Total Miscellaneous			\$ 806,561.50	11.25%
TOTAL CONSUMER GOODS & SERVICES			\$1,671,374.00	23.32%
TOTAL CONSUMER-ORIENTED STOCKS			\$3,351,036.50	46.75%
RESEARCH STOCKS				
CHEMICALS				
du Pont (E.I.) de Nemours & Co.	1,000	\$168.50	\$ 168,500.00	2.35%
DRUGS-COSMETICS				
Avon Products, Inc.	700	\$123.50	\$ 86,450.00	
Pfizer, Inc.	4,000	46.75	187,000.00	
Warner-Lambert Co.	4,600	48.00	220,800.00	
Total Drugs-Cosmetics			\$ 494,250.00	6.90%
OFFICE EQUIPMENT				
Burroughs Corp.	700	\$226.87	\$ 158,812.50	
International Business Machines Corp.	1,993	317.00	631,781.00	
Xerox Corp.	1,200	155.63	186,750.00	
Total Office Equipment			\$ 977,343.50	13.63%
PHOTOGRAPHY				
Eastman Kodak Co.	1,100	\$136.50	\$ 150,150.00	2.10%
MISCELLANEOUS				
Medtronic, Inc.	3,000	\$ 47.25	\$ 141,750.00	
Minnesota Mining & Manufacturing Co.	1,500	83.75	125,625.00	
Total Miscellaneous			\$ 267,375.00	3.73%
TOTAL RESEARCH STOCKS			\$2,057,618.50	28.71%

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
NATURAL RESOURCES STOCKS				
PETROLEUM				
Mobil Oil Corp.	3,000	\$ 64.38	\$ 193,125.00	
Standard Oil Co. (Indiana)	2,000	87.00	174,000.00	
Total Petroleum			\$ 367,125.00	5.12%
TOTAL NATURAL RESOURCES STOCKS			\$ 367,125.00	5.12%
DURABLES STOCKS				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	2,000	\$ 54.63	\$ 109,250.00	
General Motors Corp.	2,000	66.50	133,000.00	
Genuine Parts Co.	3,000	33.75	101,250.00	
Goodyear Tire & Rubber Co.	4,000	22.63	90,500.00	
Total Automobiles & Automotive Parts			\$ 434,000.00	6.06%
PAPER & FOREST PRODUCTS				
Weyerhaeuser Co.	3,000	\$ 58.75	\$ 176,250.00	2.46%
ELECTRICAL & ELECTRONIC EQUIPMENT				
Emerson Electric Co.	1,600	\$ 86.63	\$ 138,600.00	
Fedders Corp.	8,800	15.00	132,000.00	
Whirlpool Corp.	6,000	27.75	166,500.00	
Total Electrical & Electronic Equipment			\$ 437,100.00	6.10%
MACHINERY				
Caterpillar Tractor Co.	1,700	\$ 58.12	\$ 98,812.50	1.38%
METALS				
Hanna Mining Co.	3,000	\$ 48.38	\$ 145,125.00	2.03%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	5,000	\$ 19.88	\$ 99,375.00	1.39%
Total Transportation			\$ 99,375.00	1.39%
TOTAL DURABLES STOCKS			\$1,390,662.50	19.42%
TOTAL COMMON STOCKS			\$7,166,442.50*	100.00%

*Original cost of equities on June 29, 1973, was \$7,613,782.02.

SCHEDULE XI

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS June 29, 1973

	Book Value (1)	Average Book Value for Year Ending (2)	Total Investment Income for Year Ending (3,4) *	Yield (5)		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	\$246,558,062.99	—	—	—			
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%
December 31, 1972	\$251,129,595.01	—	—	—			
June 29, 1973	\$249,010,960.05	\$250,463,438.46	\$14,348,252.97	5.73%	\$2,361,011.68	\$11,987,241.29	4.79%

- (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 Department of Finance.
- (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 XII

PERMANENT SCHOOL FUND June 29, 1973

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 889,325.64
U.S. TREASURY AND AGENCY SECURITIES	
Bills	
Maturities up to 180 days	\$ 4,970,000.00
Repurchase Agreements	
Maturities up to 30 days	\$ 1,171,000.00
Notes and Bonds	
Various maturities	\$ 3,417,500.00
Agencies	
Maturities up to 18 months	\$ 7,600,000.00
STATE AND LOCAL OBLIGATIONS	\$ 793,970.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 91,191,150.10
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 89,665,321.19
COMMON STOCKS (See Listing Below)	\$ 59,671,226.76
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$259,369,493.69

*Cash balance signifies amount due from sales of securities several days before fiscal year end.

Note: Bond investments are listed at face value; common stocks are listed at market value.

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS

June 29, 1973

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
FARMERS HOME ADMINISTRATION NOTES					
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	1-31-80	8.90	8.90	\$ 2,999,109.67
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	7-31-85	8%	8.625	3,000,886.92
Total Farmers Home Administration Notes			8.76%		\$ 5,999,996.59
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES					
Citizens Mortgage Corp.	Mtg. Backed Cert.	12-15-2000	8	8.73	\$ 1,987,805.26
First National Bk. of Minneapolis	Mtg. Backed Cert.	12-15-2000	8	8.65	1,647,856.56
First National Bk. of Minneapolis	Mtg. Backed Cert.	2-15-2001	8	8.50	1,644,014.77
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2000	7	8.92	2,548,915.30
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2000	8	8.94	1,827,953.14
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2000	8	8.73	2,124,699.69
IDS Mortgage Corp.	Mtg. Backed Cert.	10-15-2000	8	8.73	1,943,908.50
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2000	8	8.65	1,952,508.17
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-2001	8	8.57	2,048,525.35
IDS Mortgage Corp.	Mtg. Backed Serial Notes	7-15-73 to 12-15-2001	6½	7.125	2,503,606.28
IDS Mortgage Corp.	Mtg. Backed Serial Notes	7-15-73 to 11-15-2001	6½	7.125	2,502,409.75
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2001	8	8.50	987,224.43
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2001	7½	7.40	1,105,900.90
IDS Mortgage Corp.	Mtg. Backed Serial Notes	11-15-73 to 3-15-2003	6½	7.34	3,004,651.12
IDS Mortgage Corp.	Mtg. Backed Serial Notes	12-15-73 to 4-15-2003	6½	7.34	3,007,627.01
IDS Mortgage Corp.	Mtg. Backed Serial Notes	1-15-74 to 4-15-2003	6½	7.54	3,003,586.84
Iowa Securities Co.	Mtg. Backed Cert.	12-15-2000	8	8.94	1,714,074.91
Iowa Securities Co.	Mtg. Backed Cert.	2-15-2001	8	8.10	1,725,474.85
National Homes Acceptance Corp.	Mtg. Backed Cert.	5-15-2000	7	8.92	1,779,425.65
National Homes Acceptance Corp.	Mtg. Backed Cert.	7-15-2000	8	8.80	2,096,404.23
National Homes Acceptance Corp.	Mtg. Backed Cert.	9-15-2000	8	8.80	2,015,230.34
Percy Wilson Mortgage & Finance Corp.	Mtg. Backed Cert.	8-1-2000	8	8.94	2,050,350.46
Total Government National Mortgage Association, Guaranteed Mortgage-Backed Securities			8.26%		\$ 45,222,153.51

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
MERCHANT MARINE BONDS					
American Mail Line, Ltd.	Govt.-Guar. Bond	3-1-93	6	6.00	\$ 1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-91	4.80	4.80	1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-92	5.60	5.60	1,438,000.00
Construction Aggregates Corp.	Govt.-Guar. Bond	6-1-91	7½	7.50	2,250,000.00
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5½	5.50	1,113,000.00
Eagle Terminal Tankers, Inc.	Govt.-Guar. Bond	6-1-89	6	6.00	3,960,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	4-1-88	8.05	8.05	2,080,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	10-1-97	9	9.00	994,000.00
Grace Line, Inc.	Govt.-Guar. Bond	2-1-92	5.10	5.10	1,476,000.00
Ingram Ocean Systems, Inc.	Govt.-Guar. Bond	2-1-89	8½	8.75	1,554,000.00
Intercontinental Bulk Tank Corp.	Govt.-Guar. Bond	9-1-90	7.80	7.80	1,240,000.00
Matson Navigation Co.	Govt.-Guar. Bond	11-10-94	7½	7.50	1,000,000.00
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5¾	5.87	1,612,000.00
Overseas Bulk Tank Corp.	Govt.-Guar. Bond	12-1-90	7.80	7.80	1,240,000.00
Pacific Far East Line, Inc.	Govt.-Guar. Bond	2-1-97	8½	8.75	2,401,000.00
Penn Tanker	Govt.-Guar. Bond	10-1-89	6	6.00	1,456,000.00
Prudential Lines, Inc.	Govt.-Guar. Bond	11-1-95	6	6.00	2,168,000.00
States Steamship Co.	Govt.-Guar. Bond	3-31-93	5.10	5.10	1,500,000.00
United States Lines, Inc.	Govt.-Guar. Bond	10-1-87	5	5.00	1,334,000.00
United States Lines, Inc.	Govt.-Guar. Bond	11-1-86	4¾	4.375	873,000.00
United States Lines, Inc.	Govt.-Guar. Bond	3-1-91	8%	8.625	2,340,000.00
Total Merchant Marine Bonds				6.72%	\$ 34,969,000.00
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	8½	8.50	2,500,000.00
Total New Communities Act Debentures				7.85%	\$ 5,000,000.00
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				7.68%	\$ 91,191,150.10

CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Duke Power Co.	First & Refunding Mortgage	2-1-95	4½	4.47	\$ 1,500,000.00
Florida Power & Light Co.	First Mortgage	4-1-94	4%	4.50	1,200,000.00
Hawaiian Electric Co., Ltd.	First Mortgage	7-1-93	4.45	4.45	1,000,000.00
Indiana & Michigan Electric Co.	First Mortgage	8-1-93	4%	4.42	1,000,000.00
Interstate Power Co.	First Mortgage	5-1-93	4%	5.45	2,000,000.00
Iowa Power & Light Co.	S/F Debenture	4-1-89	4%	4.57	1,200,000.00
Jersey Central Power & Light Co.	Debenture	10-1-88	4%	4.56	960,000.00
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	5.20	1,700,000.00
Massachusetts Electric Co.	First Mortgage	12-1-93	4%	4.55	1,100,000.00
Northern States Power Co.	First Mortgage	9-1-93	4%	4.38	1,000,000.00
Otter Tail Power Co.	First Mortgage	11-1-93	4%	4.65	1,017,000.00
Potomac Edison Co.	First Mortgage & Coll. Trust	3-1-94	4%	4.55	1,200,000.00
Public Service Co. of Indiana	First Mortgage	7-1-82	3%	4.38	1,100,000.00
Southwestern Public Service Co.	First Mortgage	2-1-94	4½	4.50	1,200,000.00
Total Electric				4.70%	\$ 17,177,000.00

GAS					
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4½	4.55	\$ 968,000.00
Columbia Gas System, Inc.	Debenture	5-1-89	4%	4.64	1,200,000.00
The Gas Service Co.	First Mortgage	6-1-85	4.65	4.65	1,008,000.00
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4%	5.52	2,375,000.00
Natural Gas Pipeline Co. of America	First Mortgage	9-1-86	6%	6.34	1,000,000.00
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5%	5.73	1,408,000.00
Total Gas				5.30%	\$ 7,959,000.00
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	9-15-84	3¼	4.40	\$ 1,000,000.00
American Telephone & Telegraph Co.	Debenture	5-1-99	4%	4.365	1,500,000.00
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	4.85	2,000,000.00
General Telephone Co. of Florida	First Mortgage	6-1-95	4%	4.687	1,000,000.00
General Telephone Co. of Illinois	First Mortgage	9-1-95	4%	4.875	1,200,000.00
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	1,200,000.00
New York Telephone Co.	Refunding Mortgage	1-1-2004	4%	4.53	1,500,000.00
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4½	4.49	1,500,000.00
Total Telephone				4.62%	\$ 10,900,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS				4.81%	\$ 36,036,000.00

FINANCE OBLIGATIONS					
Gulf Life Insurance Co.	Capital Note	6-1-89	4%	4.75	\$ 960,000.00
Northwest Bancorporation	Debenture	10-15-90	4%	4.78	1,500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	1,500,000.00
TOTAL FINANCE OBLIGATIONS				5.90%	\$ 3,960,000.00

Schedule XII continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of America	Promissory Note	3-31-88	4%	4.50	\$ 1,244,000.00
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9%	9.37	1,000,000.00
American Greetings Corp.	Promissory Note	10-1-84	4.70	4.70	750,000.00
Armour-Dial, Inc. (Ardison Properties, Inc.)	Note	1-15-2003	7.90	7.90	3,817,650.00
Bristol Meyers Co. (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4%	4.625	850,000.00
Cincinnati Milacron, Inc.	Note	1-15-85	4.60	4.60	850,000.00
Cummins Engine Co., Inc.	Note	7-15-90	4.60	4.60	1,080,000.00
Diamond Shamrock Corp.	Note	5-1-89	4.65	5.26	1,200,000.00
Diebold, Inc.	Note	9-15-85	4.80	4.80	825,000.01
Dow Chemical Co.	Debenture	9-15-88	4.35	4.35	1,000,000.00
General Cable Corp.	Note	1-1-89	4%	4.50	840,000.00
Gould, Inc.	Note	11-1-80	4.85	4.85	960,000.00
Honeywell, Inc.	Note	4-1-90	4.55	5.22	2,188,750.00
Ingersoll Rand Co.	Note	1-1-91	4%	4.75	1,104,000.00
Pillsbury Co.	Promissory Note	12-1-88	5%	4.88	738,182.50
Shell Oil Co.	Note	4-15-90	4½	4.50	1,300,000.00
Sprague Electric Co.	S/F Debenture	9-1-88	4%	4.40	1,000,000.00
Standard Oil of California (Union Bank)	First Preferred Ship Mtg. Bond	9-7-72 through 11-6-72	7.70	7.70	3,000,000.00
Standard Oil Co. (Indiana)	Promissory Note	4-1-74/79	2.90	4.67	600,000.00
Standard Oil Co. (Indiana)	Promissory Note	6-1-79	3	5.00	952,000.00
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.30	7.30	4,000,000.00
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	1,232,000.00
Sun Oil Co.	Debenture	11-15-90	4%	4.69	1,500,000.00
Swift & Co.	S/F Debenture	8-1-92	6.30	6.30	1,500,000.00
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	4.65	792,000.00
Texaco, Inc.	Note	12-15-89	4½	4.50	1,350,000.00
Union Carbide Corp.	Note	12-31-96	4½	4.47	1,124,383.53
Youngstown Sheet & Tube Co.	First Mortgage S/F Bond	7-1-95	4.60	4.60	1,380,000.00
TOTAL INDUSTRIAL OBLIGATIONS				5.71%	\$ 38,177,966.04
TRANSPORTATION DEBT OBLIGATIONS					
Atchison, Topeka & Santa Fe Railway Co.	Gen. Gold	10-1-95	4	4.40	\$ 1,500,000.00
The Greyhound Corp.	Senior Note	5-15-84	6	5.45	966,000.00
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.81%	\$ 2,466,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	4-15-74/80	4.55	4.55	\$ 1,050,000.00
Chesapeake & Ohio Railway Co.	Conditional Sale	6-1-74/78	4.40	4.40	477,829.00
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-74/ 12-15-80	4%	4.875	717,643.05
Flying Tiger Corp. (Formerly North American Car Corp.)	Equipment Trust	9-1-73	4.55	4.55	100,000.00
Flying Tiger Corp. (Formerly North American Car Corp.)	Equipment Trust	9-1-74/78	4.65	4.65	1,000,000.00
Illinois Central Railroad Co.	Conditional Sale	2-15-83	6%	6.875	1,500,000.00
Kansas City Southern Railway Co.	Conditional Sale	7-15-73	4.35	4.35	98,445.91
Kansas City Southern Railway Co.	Conditional Sale	1-15-74/ 7-15-78	4.45	4.45	492,229.59
Kansas City Southern Railway Co.	Conditional Sale	4-1-74/75	4%	4.625	600,000.00
Norfolk & Western Railway Co.	Conditional Sale	12-15-73/79	4½	4.50	1,050,000.00
Seaboard Air Line Railroad Co.	Equipment Trust	4-15-74/75	4%	4.45	600,000.00
Southern Pacific Co.	Conditional Sale	12-15-73/80	4.80	4.80	639,207.60
Western Pacific Railroad Co.	Conditional Sale	3-15-74/80	4.55	4.55	700,000.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				4.97%	\$ 9,025,355.15
TOTAL CORPORATE BOND OBLIGATIONS				5.26%	\$ 89,665,321.19
TOTAL UNITED STATES GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS				6.48%	\$180,856,471.29

a. Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date. Maturity dates for second issue of Farrell Lines, Inc. are estimated as they are dependent upon final determination of the delivery dates of the vessels. (Subsequent to submitting this report to the printer, the final maturity dates were established: 6-29-97, 11-27-97, 2-28-98, 9-20-98.)

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
CONSUMER-ORIENTED STOCKS				
UTILITIES				
ELECTRIC				
Central & South West Corp.	23,000	\$ 20.63	\$ 474,375.00	
Cincinnati Gas & Electric Co.	24,000	24.25	582,000.00	
Commonwealth Edison Co.	19,545	30.87	603,451.88	

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
Florida Power & Light Co.	25,400	\$ 35.88	\$ 911,225.00	
Houston Lighting & Power Co.	16,500	38.13	629,062.50	
Louisville Gas & Electric Co.	16,000	28.75	460,000.00	
Middle South Utilities, Inc.	31,000	23.38	724,625.00	
Minnesota Power & Light Co.	15,500	19.63	304,187.50	
Northern States Power Co.	18,500	28.25	522,625.00	
Pacific Gas & Electric Co.	21,500	28.00	602,000.00	
Public Service Co. of Indiana, Inc.	12,100	38.75	468,875.00	
Southern California Edison Co.	20,000	23.25	465,000.00	
Southern Company	24,000	18.50	444,000.00	
Texas Utilities Co.	28,000	31.62	885,500.00	
Virginia Electric & Power Co.	18,000	19.63	353,250.00	
Total Electric			\$ 8,430,176.88	14.13%
GAS				
Northern Illinois Gas Co.	20,000	\$ 25.88	\$ 517,500.00	
Panhandle Eastern Pipe Line Co.	13,500	29.50	398,250.00	
Total Gas			\$ 915,750.00	1.53%
TELEPHONE-TELEGRAPH				
American Telephone & Telegraph Co.	14,100	\$ 51.13	\$ 720,862.50	
General Telephone & Electronics Corp.	14,800	29.12	431,050.00	
Total Telephone-Telegraph			\$ 1,151,912.50	1.93%
TOTAL UTILITIES			\$10,497,839.38	17.59%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corp.	14,000	\$ 43.69	\$ 611,618.00	
First Bank System, Inc.	21,500	56.62	1,217,437.50	
First National City Corp.	41,312	41.00	1,693,792.00	
Morgan (J.P.) & Co.	18,920	59.62	1,128,105.00	
Northwest Bancorporation	32,000	57.00	1,824,000.00	
Total Banks			\$ 6,474,952.50	10.85%
FINANCE				
Beneficial Corp.	17,925	\$ 27.87	\$ 499,659.38	
Household Finance Corp.	24,000	22.88	549,000.00	
MGIC Investment Corp.	11,000	68.13	749,375.00	
Total Finance			\$ 1,798,034.38	3.01%
INSURANCE				
INA Corp.	15,300	\$ 38.00	\$ 581,400.00	
Northwestern National Life Insurance Co.	25,300	16.50	417,450.00	
Safeco Corp.	23,800	45.75	1,088,850.00	
St. Paul Companies	32,000	40.62	1,300,000.00	
U.S. Fidelity & Guaranty Co.	17,000	37.50	637,500.00	
Total Insurance			\$ 4,025,200.00	6.75%
TOTAL FINANCIAL SERVICES			\$12,298,186.88	20.61%
CONSUMER GOODS & SERVICES				
FOOD-BEVERAGE				
Coca-Cola Co.	7,500	\$143.13	\$ 1,073,437.50	
General Foods Corp.	18,400	25.25	464,600.00	
General Mills, Inc.	20,500	54.75	1,122,375.00	
Total Food-Beverage			\$ 2,660,412.50	4.46%
RETAIL TRADE				
Federated Department Stores, Inc.	14,000	\$ 38.75	\$ 542,500.00	
Penney (J.C.) Co.	8,800	77.38	680,900.00	
Total Retail Trade			\$ 1,223,400.00	2.05%
MISCELLANEOUS				
Holiday Inns, Inc.	26,000	\$ 18.13	\$ 471,250.00	
Procter & Gamble Co.	7,700	104.00	800,800.00	
Total Miscellaneous			\$ 1,272,050.00	2.13%
TOTAL CONSUMER GOODS & SERVICES			\$ 5,155,862.50	8.64%
TOTAL CONSUMER-ORIENTED STOCKS			\$27,951,868.76	46.84%
RESEARCH STOCKS				
CHEMICALS				
Dow Chemical Co.	22,420	\$ 51.63	\$ 1,157,432.50	
du Pont (E.I.) de Nemours & Co.	5,300	168.50	893,050.00	
Monsanto Co.	15,724	52.00	817,648.00	
Total Chemicals			\$ 2,868,130.50	4.81%
DRUGS-COSMETICS				
American Home Products Corp.	28,500	\$ 42.75	\$ 1,218,375.00	
Merck & Co.	11,400	89.88	1,024,575.00	
Pfizer, Inc.	24,900	46.75	1,164,075.00	
Revlon, Inc.	5,000	59.25	296,250.00	
Total Drugs-Cosmetics			\$ 3,703,275.00	6.21%

Schedule XII continued

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
OFFICE EQUIPMENT				
Burroughs Corp.	5,800	\$226.87	\$ 1,315,875.00	
Honeywell, Inc.	8,000	106.00	848,000.00	
International Business Machines Corp.	11,985	317.00	3,799,245.00	
Xerox Corp.	4,940	155.63	768,787.50	
Total Office Equipment			\$ 6,731,907.50	11.28%
PHOTOGRAPHY				
Eastman Kodak Co.	8,350	\$136.50	\$ 1,139,775.00	
Polaroid Corp.	2,480	137.25	340,380.00	
Total Photography			\$ 1,480,155.00	2.48%
MISCELLANEOUS				
Minnesota Mining & Manufacturing Co.	18,000	\$ 83.75	\$ 1,507,500.00	2.53%
TOTAL RESEARCH STOCKS			\$16,290,968.00	27.30%
NATURAL RESOURCES STOCKS				
PETROLEUM				
Exxon Corp.	15,908	\$ 98.50	\$ 1,566,938.00	
Gulf Oil Corp.	25,600	22.25	569,600.00	
Mobil Oil Corp.	17,300	64.38	1,113,687.50	
Standard Oil Co. (Indiana)	18,500	87.00	1,609,500.00	
Texaco, Inc.	34,000	34.25	1,164,500.00	
Total Petroleum			\$ 6,024,225.50	10.10%
TOTAL NATURAL RESOURCES STOCKS			\$ 6,024,225.50	10.10%
DURABLES STOCKS				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	18,600	\$ 54.63	\$ 1,016,025.00	
General Motors Corp.	17,200	66.50	1,143,800.00	
Goodyear Tire & Rubber Co.	33,000	22.63	746,625.00	
Total Automobiles & Automotive Parts			\$ 2,906,450.00	4.87%

Common Stock	Shares	Market Price 6-29-73	Market Value	Total % Market
PAPER & FOREST PRODUCTS				
Weyerhaeuser Co.	16,000	\$ 58.75	\$ 940,000.00	1.58%
ELECTRICAL & ELECTRONIC EQUIPMENT				
General Electric Co.	15,200	\$ 57.37	\$ 872,100.00	
Texas Instruments Inc.	5,000	85.75	428,750.00	
Westinghouse Electric Corp.	15,000	35.00	525,000.00	
Whirlpool Corp.	22,200	27.75	616,050.00	
Total Electrical & Electronic Equipment			\$ 2,441,900.00	4.09%
MACHINERY				
Caterpillar Tractor Co.	16,800	\$ 58.12	\$ 976,500.00	1.64%
TRANSPORTATION				
AIRLINES				
Delta Air Lines, Inc.	13,000	\$ 46.00	\$ 598,000.00	
Northwest Airlines, Inc.	15,884	19.88	315,694.50	
Total Airlines			\$ 913,694.50	1.53%
RAILROADS				
Burlington Northern Inc.	18,400	\$ 34.50	\$ 634,800.00	
Union Pacific Corp.	11,200	52.75	590,800.00	
Total Railroads			\$ 1,225,600.00	2.05%
TOTAL TRANSPORTATION			\$ 2,139,294.50	3.59%
TOTAL DURABLES STOCKS			\$ 9,404,144.50	15.76%
TOTAL COMMON STOCKS			\$59,671,226.76*	100.00%

*Original cost of equities on June 29, 1973, was \$49,247,755.60.

MEMBERS OF BOARD:

GOVERNOR WENDELL R. ANDERSON
STATE AUDITOR ROLLAND F. HATFIELD
STATE TREASURER VAL BJORNSON
SECRETARY OF STATE ARLEN I. ERDAHL
ATTORNEY GENERAL WARREN SPANNAUS



ROBERT E. BLIXT
EXECUTIVE SECRETARY

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT**

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

November 15, 1973

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 twelve month period from July 1, 1972 through June 29, 1973. We have found continued interest in this allocation by fund beneficiaries, elected officials, brokerage houses, investment bankers and the State's citizens.

Changes in the securities industry have necessitated new methods and procedures in handling our securities transactions. The extreme market fluctuations of 1973 caused many research oriented investment firms, investment bankers and other organizations to reassess their methods of doing business; this, in turn, greatly affected our procedures. Although our increased use of block trades is continuing, we have found that market uncertainties have often made such trades difficult or impossible to execute during the past year. We are, however, becoming more dependent upon those firms which are competent in this type of transaction.

The major use of "soft dollars" or commissions for payment of a particular service is an arrangement with Paine, Webber, Jackson & Curtis which involves a computer terminal in our office. This provides the State's retirement administrators and financial officials with practically all necessary information concerning our portfolio and details regarding the securities transactions. The computer also provides substantial research material and portfolio listings. A portion of this service is now being paid through a contract with the State government. It is anticipated that a similar contract will cover a greater portion of the service in the future. The entire arrangement has been most successful and has greatly facilitated the work of the Investment Department.

The arrangements with Merrill Lynch, Pierce, Fenner & Smith, Inc. and the William Bye Company, Inc. are continuing regarding the evaluation of our various portfolios. We appreciate the fact that these measurement services are improving their methods and procedures so as to point out the strengths and weaknesses in our policies and transactions.

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 or evidence of proven trading ability — we have allocated securities business on the basis of continuing long-term research. We have also found the distribution of business on a price basis to be very effective. 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. The State's purchases of bonds at the time of original issuance have declined over the past two years. This is partially due to the apparent attractiveness of bonds on the secondary market, particularly when it appeared that so many new issues were over-priced at times of original offering. Since July 1, 1973, there has also been a continued increase in the use of U.S. Government guaranteed mortgage-backed securities and private placements of fixed-income securities. Factors involved in the placement of securities orders when there is no price distinction 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. There has been a tendency during the past three to four years for firms to divide their bond and stock departments into separate organizations with little apparent coordination or relationship as to service. It is therefore becoming increasingly difficult to compensate for stock information through bond orders or, likewise, for bond service through stock transactions.

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 those 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 investment department has found short-term corporate notes to be of increasing advantage to many funds due to their attractive yields, complete flexibility as to maturity, and the fine service offered by the companies issuing this type of security. As a consequence, the amount of short-term corporate notes used during the twelve month period under review exceeded the amount used during the previous eighteen months.

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. Commitments have recently been made for the Minnesota Adjustable Fixed Benefit Fund, and 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 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 the period of high interest rates in 1970, in that the pro-rata sinking fund provisions resulted in a portion of these securities being called by the issuer at face value. This same

advantage has been noticed again in 1973 during the period of very attractive long-term rates. The prices received from these calls were far in excess of the market values of bonds with similar coupons. Although the investment department recognizes the many advantages of marketable bonds and has recently increased its activity in bond sales and repurchases, so as to increase quality, maturity balance and yield, it is expected that the program of using high quality private placements will continue whenever 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.

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 four 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 four years and expects to continue this consolidation program. Because several of these bonds transferred from the Minneapolis account were of Canadian credits, it was found that several Canadian based firms were particularly helpful in handling these transactions.

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 also allocated 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. Compensation for the portfolio measurement service offered by the William Bye Company, Inc. is indicated as being paid to Wm. Bye-Merrill Lynch; in this instance, the Bye organization received 40% of the commission, with the remaining 60% being paid to Merrill Lynch, which executed the transactions.

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 1969-73 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 continuing mergers and consolidations of investment firms cause ever increasing problems as competent representatives of several former competitors find themselves working for one organization. Each such instance must be evaluated individually, but the investment department certainly prefers to deal with only one representative from each organization.

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 Board approval to use this type of security. Written research materials, teletype messages and discussions with analysts have been most beneficial. Telephone calls regarding future securities offerings and our possible interest in forthcoming bond issues are discouraged.

It has been our hope for the past decade 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. Because of the State's needs for specialized information and service in many fields, however, the list of dealers handling State transactions 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 three years and has found the data thus provided to be helpful. The department has recently increased its use of the Institutional Networks Corporation (Instinet), which makes possible direct transactions between institutions and among other large holders of stock — while withholding the identity of the buyers and sellers. Several very successful transactions of comparatively large size have been completed through this system; we are evaluating its results to determine its future application to our needs. It appears that it will be a very helpful tool.

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 for over one decade indicates that net commission savings on these transactions may approximate $\frac{3}{8}$ to $\frac{1}{2}$ of a point per share, or \$375 to \$500 per thousand shares. The recent apparent problems of illiquidity on the major exchanges have resulted, in our opinion, in even greater actual savings through these off-board transactions, in that they have been completed with no appreciable effect on the price of the stock. 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.

The portfolio managers and analysts in the investment department are very concerned about the fact that our research material, for the most part, comes from professional analysts who work for firms which are members of the major exchanges. It is evident that good research is well worth the amount of a commission or, perhaps, even what may be a difference paid because of a somewhat unsatisfactory execution. It appears that the securities industry and institutional investors will need a period of cooperation and comparison of their goals and efforts in order to make more equitable the handling of securities transactions.

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.

Section 12. Sales of Minnesota Subdivision Bonds

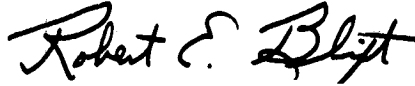
The fifty-four blocks of municipal and school bonds listed on the schedule were sold through competitive bids after the blocks were advertised for sale in national and local financial publications. The fact that the income from these securities is tax-exempt to individuals and corporations makes such holdings inappropriate for State funds. The investment board has liquidated \$45.7 million of tax-exempt securities through eleven sales during the past decade, three of which took place during the 1972-73 fiscal

year. In total, \$10,255,000 face value of bonds were sold during fiscal 1973; the reinvestment of proceeds from these bond sales, in corporate fixed-income securities, will result in additional net income of over \$1.4 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

July 1, 1972 — June 29, 1973
(in thousands)

Dealer	Purchases and Sales 1-90 days	Purchases and Sales over 90 days	Repurchase Agreements 1-45 days	Total Volume
Bankers Trust Company	—	\$ 17,445.0	\$ 5,000.0	\$ 22,445.0
A. G. Becker & Company	\$ 8,390.0	39,760.0	—	48,150.0
Briggs & Schaedle Company Inc.	2,365.0	13,185.0	—	15,550.0
Cantor Fitzgerald & Co., Inc.	—	—	20,800.0	20,800.0
Carroll McEntee & McGinley Inc.	9,050.0	3,395.0	—	12,445.0
Continental Illinois National Bank	7,040.0	9,475.0	140,263.0	156,778.0
Discount Corporation	8,140.0	7,615.0	12,800.0	28,555.0
First Boston Corporation	—	15,532.0	—	15,532.0
First National Bank, Chicago	16,465.0	3,370.0	—	19,835.0
First National Bank, Minneapolis	27,185.0	22,975.0	38,913.0	89,073.0
First National Bank, St. Paul	134,547.0	142,839.0	346,316.0	623,702.0
First National City Bank, New York	11,710.0	11,655.0	4,000.0	27,365.0
Goldman Sachs & Company	35,405.0	20,360.0	—	55,765.0
Harris Trust & Savings Bank (Chicago)	—	400.0	—	400.0
Aubrey G. Lanston & Company Inc.	5,195.0	7,000.0	2,000.0	14,195.0
Lehman Government Securities Inc.	13,660.0	13,875.0	—	27,535.0
Lombard-Wall Inc.	—	1,700.0	31,200.0	32,900.0
Merrill Lynch, Pierce, Fenner & Smith	67,285.0	59,400.0	—	126,685.0
Morgan Guaranty Trust Company	22,800.0	22,770.0	113,685.0	159,255.0
Northern Trust Company	—	400.0	—	400.0
Northwestern National Bank, Minneapolis	6,925.0	16,988.0	717,715.0	741,628.0
John Nuveen & Company	3,155.0	6,285.0	—	9,440.0
Salomon Brothers	47,965.0	43,090.0	19,300.0	110,355.0
TOTALS	\$479,282.0	\$479,514.0	\$1,451,992.0	\$2,358,788.0

SECTION 2

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES

July 1, 1972 — June 29, 1973
(in thousands)

Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Prior to Maturity Date	Total Volume
Associates Corp. of North America	\$ 45,117.0	\$ 13,535.0	—	\$ 58,652.0
Avco Financial Services	63,889.0	3,900.0	—	67,789.0
CIT Financial Corp.	47,578.0	5,200.0	—	52,778.0
Ford Motor Credit Co.	31,016.0	8,000.0	\$1,518.0	39,016.0
Gamble Aldens Finance Co.	26,109.0	3,800.0	—	29,909.0
General Motors Acceptance Corp.	8,278.0	14,645.0	—	22,923.0
Walter Heller & Co.	50,359.0	6,595.0	—	56,954.0
Honeywell Finance Inc.	58,516.0	7,127.0	146.0	65,789.0
H. C. Wainwright	—	—	—	28,199.0
White Weld & Co.	—	—	—	37,444.0
International Harvester Credit Corp.	36,332.0	5,796.0	—	42,128.0
Montgomery Ward Credit Corp.	52,507.0	6,681.0	—	59,188.0
J. C. Penney Financial Corp.	10,780.0	19,836.0	—	30,616.0
Sears Roebuck Acceptance Corp.	27,861.0	4,717.0	—	32,578.0
James Talcott Inc.	78,005.0	8,476.0	1,410.0	86,481.0
Transamerica Financial Corp.	72,357.0	4,908.0	508.0	77,265.0
Westinghouse Credit Corp.	27,187.0	12,512.0	—	39,699.0
TOTALS	\$635,891.0	\$125,728.0	\$3,582.0	\$761,619.0

SECTION 3

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF MORTGAGE BACKED CERTIFICATES

July 1, 1972 — June 29, 1973

Face Amount	Dealer or Issuer
\$9,015,864.97	IDS Mortgage Corporation (Issuer)

SECTION 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES

Purchased July 1, 1972 — June 29, 1973

Face Amount	Dealer	Face Amount	Dealer
\$ 2,200,000	First Boston Corp. (The)	\$ 2,200,000	Nesbitt Thomson Securities, Inc.
20,817,650	Lehman Brothers	2,200,000	Pitfield, MacKay & Co., Inc.
2,200,000	Levesque, Beaubien, Inc.	2,200,000	Richardson Securities, Inc.
15,000,000	Morgan Stanley & Co.		

SECTION 5

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS

July 1, 1972 — June 29, 1973

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 300	Allison-Williams Company	\$ 500	Lehman Brothers
600	Bache & Co., Inc.	150	Loewi & Co., Inc.
150	Baird, Robert & Co. Inc.	600	Merrill Lynch, Pierce, Fenner & Smith
150	Blair, (William) & Co.	300	Nuveen, (John) & Co., Inc.
2,700	Blyth Eastman Dillon & Co., Inc.	600	Paine, Webber, Jackson & Curtis
300	Clark, Dodge & Co., Inc.	600	Piper, Jaffray & Hopwood
600	Dain, Kalman & Quail, Inc.	300	Pressprich, R. W. & Co., Inc.
600	Dean Witter & Company, Inc.	150	Robinson-Humphrey Co., Inc. (The)
400	Drexel, Burnham & Co., Inc.	500	Salomon Brothers
600	duPont, Glore Forgan, Inc.	300	Smithers, F. S. & Co.
3,500	First Boston Corporation (The)	600	Smith, Barney & Co., Inc.
500	Goldman, Sachs & Co.	300	Walker, G. H. & Co.
600	Hornblower & Weeks-Hemphill, Noyes	300	Walston & Co., Inc.
500	Keefe, Bruyette & Woods, Inc.	600	White, Weld & Co.
600	Kidder, Peabody & Co., Inc.	200	Wood, Struthers & Winthrop, Inc.

SECTION 6

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT OR AFTER TIME OF OFFERING THROUGH DEALERS HAVING BONDS AVAILABLE

July 1, 1972 — June 29, 1973

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 155	Allison-Williams Co.	\$ 175	Hutton, E. F. & Co.
50	American Securities	475	Kidder, Peabody & Co., Inc.
275	Ames, A. E. & Co.	100	Kuhn, Loeb & Co.
500	Bache & Co., Inc.	100	Lazard Freres & Co.
50	Bear, Stearns & Co.	500	Lehman Brothers
50	Becker, A. G. & Co.	100	Loeb, Rhoades & Co.
325	Bell, Gouinlock & Co., Inc.	25	Loewi & Co., Inc.
275	Blair (William) & Co.	1,125	McLead, Young, Weir, Inc.
930	Blyth Eastman Dillon & Co.	5,580	Merrill Lynch, Pierce, Fenner & Smith
250	Burnham & Co.	325	Midland Canadian Corporation
325	Burns Brothers & Denton, Inc.	375	Morgan Stanley & Co.
100	Clark, Dodge & Co., Inc.	600	Nesbitt Thomson Securities
300	Dain, Kalman & Quail, Inc.	730	Paine, Webber, Jackson & Curtis
700	Dean Witter & Co., Inc.	100	Piper, Jaffray & Hopwood, Inc.
100	Dillon Read & Co.	800	Pitfield, MacKay & Co., Inc.
565	Dominion Securities Corporation (The)	500	Pressprich, R. W. & Co., Inc.
250	Drexel Firestone, Inc.	1,000	Reynolds Securities, Inc.
250	duPont, Glore Forgan, Inc.	525	Richardson Securities, Inc.
75	Equitable Canada Inc.	50	Robinson Humphrey & Co. (The)
2,025	First Boston Corporation (The)	2,350	Salomon Brothers
325	Fry, Mills Spence Inc.	250	Shearson, Hammill & Co., Inc.
250	Gardner & Co., Ltd.	900	Smith, Barney & Co., Inc.
725	Goldman, Sachs & Co.	425	Smithers, F. S. & Co., Inc.
700	Green Shields & Co., Inc.	50	Walker, G. H. & Company
1,030	Halsey, Stuart & Co., Inc.	50	Weeden & Co.
375	Harris & Partners, Inc.	575	White, Weld & Co.
500	Hornblower & Weeks-Hemphill, Noyes	3,100	Wood, Gundy & Co., Inc.

SECTION 7

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS July 1, 1972 — June 29, 1973

Face Amount (000)	Dealer
\$1,500	Goldman, Sachs & Co.
500	Merrill Lynch, Pierce, Fenner & Smith, Inc.
500	Pressprich, R. W. & Co., Inc.
2,750	Salomon Brothers

SECTION 8

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BOND SALES July 1, 1972 — June 29, 1973

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$2,454	Bell Gouinlock & Co., Ltd.	\$ 300	Harris & Partners, Ltd.
200	Burnham & Co.	200	Hutton, E. F. & Co.
521	Burns Brothers & Denton, Ltd.	200	Paine, Webber, Jackson & Curtis, Inc.
183	Dominion Securities Corp. (The)	7,510	Salomon Brothers
695	First Boston Corporation (The)	600	Shearson, Hammill & Co., Inc.
2,900	Goldman, Sachs & Co.	2,240	Weeden & Co.
1,272	Halsey, Stuart & Co., Inc.	1,200	Wood, Gundy & Co., Inc.

SECTION 9

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT July 1, 1972 — June 29, 1973

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
CONSUMER-ORIENTED STOCKS		FINANCIAL SERVICES	
UTILITIES		Banks	
Electric		7000 Chase Manhattan	
3000	Central & South West	7000	Shearson Hammill
3000	Caldwell Phillips	2000	Continental Ill. Corp.
1000	Florida Power & Light	2000	Piper Jaffray
1000	Caldwell Phillips	1500	First Internat'l Bancs.
21600	Houston Lighting & Power	1500	Dean Witter
21600	First Boston Corp.	9000	First National City Corp.
26500	Middle South Utilities	1000	Paine Webber
3000	Wm. Bye-Merrill Lynch	5000	Piper Jaffray
16000	Merrill Lynch	2000	W. H. Reaves
7500	White Weld	1000	Smith Barney
15000	Northern States Power	10000	Morgan (J.P.) & Co.
9500	Brown Brothers	2000	Brown Brothers
5500	Dean Witter	500	Clark Dodge
3000	Pacific Gas & Electric	500	Delafield Childs
3000	W. H. Reaves	6000	Salomon Brothers
4000	Southern Calif. Edison	1000	Smith Barney
1000	Morgan Stanley	4500	Northwest Bancorporation
3000	Shearson Hammill	500	Caldwell Phillips
33000	Virginia Electric & Power	1000	Delafield Childs
31000	Burnham & Co.	1000	duPont Glore Forgan
2000	Lamson Brothers	1000	Harris Upham
1000		1000	Sutro & Co.
Telephone-Telegraph		Finance	
4000	American Tel. & Tel.	23000	Beneficial Corporation
2000	Wm. Bye-Merrill Lynch	3000	Auerbach Pollak
2000	Dain Kalman	2000	Wm. Bye-Merrill Lynch
11000	General Telephone & Elect.	17000	Salomon Brothers
8000	W. H. Reaves	1000	Smith Barney
3000	White Weld	40000	Household Finance Corp.
14000	United Telecommunications	2000	Brown Brothers
6000	Wm. Bye-Merrill Lynch	2000	Wm. Bye-Merrill Lynch
8000	Laird Bissell		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
		Retail Trade	
2000	First Manhattan	10000	Dayton Hudson
12000	Jefferies & Co.	10000	Merrill Lynch
9000	Paine Webber	12100	Federated Dept. Stores
2000	Robinson Humphrey	1000	Brown Brothers
4000	Salomon Brothers	10000	Wm. Bye-Merrill Lynch
7000	G.H. Walker	1100	Mitchell Hutchins
45100	MGIC Investment Corp.	1000	Kresge (S.S.) Company
4000	Burnham & Co.	1000	Piper Jaffray
600	Caldwell Phillips	20700	Penney (J.C.) Co.
1000	Dain Kalman	2000	Auerbach Pollak
4000	Delafield Childs	5000	Wm. Bye-Merrill Lynch
1000	First Manhattan	6000	Drexel Burnham
10000	Model Roland	2700	Model Roland
1000	Paine Webber	4000	Paine Webber
5000	Smith Barney	1000	Dean Witter
18500	H.C. Wainwright	9700	Sears Roebuck & Co.
		2000	Auerbach Pollak
		4500	Wm. Bye-Merrill Lynch
		1000	Delafield Childs
		500	Morgan Stanley
		1700	G.H. Walker
Insurance			
30000	Aetna Life & Casualty		
7000	Auerbach Pollak		
17000	Paine Webber		
6000	Oppenheimer & Co.		
5000	INA Corp.		
5000	White Weld		
40500	NLT Corp.	Soaps-Detergents	
5000	Auerbach Pollak	13000	Clorox Co.
10000	Blyth Eastman	3000	Brown Brothers
2000	Delafield Childs	3000	Burnham & Co.
4000	First Manhattan	2000	Dain Kalman
10500	Jefferies & Co.	1000	First Manhattan
6000	Roosevelt & Son	4000	Lamson Brothers
1000	F.S. Smithers	47000	Colgate-Palmolive
2000	H.C. Wainwright	1000	Bache & Co.
12500	Travelers Corp.	1000	Blyth Eastman
6500	First Boston Corp.	6000	Brown Brothers
6000	Smith Barney	1000	Burnham & Co.
3000	U.S. Fidelity & Guar.	1000	Clark Dodge
1000	Harris Upham	500	Dain Kalman
2000	Piper Jaffray	1000	duPont Glore Forgan
		4000	Goldman Sachs
		1000	Hornblower Weeks
		1000	Kidder Peabody
		9000	Laird, Inc.
		1000	Merrill Lynch
		500	Piper Jaffray
		1000	Reynolds Securities
		15000	Salomon Brothers
		1000	Shearson Hammill
		2000	Smith Barney
CONSUMERS GOODS		Miscellaneous	
Food-Beverage		6500	Avis, Inc.
2000	Coca-Cola Co.	1000	Wm. Bye-Merrill Lynch
500	Clark Dodge	2000	Merrill Lynch
1000	Paine Webber	2000	Paine Webber
500	Sutro & Co.	500	Robinson Humphrey
60000	Consolidated Foods	1000	Dean Witter
17000	Bache & Co.	72900	International Tel. & Tel.
3000	duPont Glore Forgan	5100	Bache & Co.
15000	Merrill Lynch	4000	Brown Brothers
3500	Model Roland	11500	Wm. Bye-Merrill Lynch
10000	Paine Webber	5000	Goldman Sachs
5000	Smith Barney	1000	Kidder Peabody
6000	H.C. Wainwright	30300	Paine Webber
500	White Weld	7000	Salomon Brothers
8000	General Mills	5000	Smith Barney
8000	H.C. Wainwright	4000	H.C. Wainwright
118600	Norton Simon	RESEARCH STOCKS	
		Chemicals	
		20000	Air Products & Chemicals
		10000	Merrill Lynch
		10000	H.C. Wainwright
		7000	Dow Chemical
		4000	Bache & Co.
		3000	Harris Upham
		9000	du Pont (E.I.) deNemours
		1000	Brown Brothers
		1000	duPont Glore Forgan
		3000	Laird Bissell
		1000	Smith Barney
		3000	H.C. Wainwright
		34700	Hercules Inc.
		5700	Wm. Bye-Merrill Lynch
		10000	Hornblower Weeks
		19000	Paine Webber
		29500	Monsanto Co.
		1000	Auerbach Pollak
		2100	Wm. Bye-Merrill Lynch
		3000	Clark Dodge
Leisure Time			
23800	Disney (Walt) Productions		
3800	Bache & Co.		
9000	First Boston Corp.		
5000	Halsey Stuart		
2000	Paine Webber		
1000	Robinson Humphrey		
3000	H.C. Wainwright		
73800	Holiday Inns		
2000	Bache & Co.		
5000	Clark Dodge		
9000	Dain Kalman		
1500	duPont Glore Forgan		
7000	Hornblower Weeks		
12300	Kidder Peabody		
2000	Laird Bissell		
12000	Merrill Lynch		
23000	H.C. Wainwright		
7500	Tonka Corp.		
2500	Dain Kalman		
5000	Smith Barney		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
	1000 Delafield Childs 4000 Hornblower Weeks 6000 Laird Bissell 3400 W.H. Reaves 9000 H.C. Wainwright	NATURAL RESOURCES STOCKS	
1000	Union Carbide 1000 Brown Brothers	Metals	3000 Hanna Mining Co. 1500 Harris Upham 1000 H.C. Wainwright 500 Dean Witter
Drugs and Cosmetics		Paper-Forest Products	
2000	Merck & Co. 2000 Harris Upham	87300	International Paper Co. 14000 Wm. Bye-Merrill Lynch 16000 Clark Dodge 1000 First Manhattan 1000 Kidder Peabody 7300 Merrill Lynch 6000 Smith Barney 29000 H.C. Wainwright 3000 G.H. Walker 10000 White Weld 19500 Weyerhaeuser Co. 1000 Auerbach Pollak 4500 Wm. Bye-Merrill Lynch 1000 Mrogan Stanley 2000 Robinson Humphrey 11000 Smith Barney
6000	Pfizer, Inc. 2000 Wm. Bye-Merrill Lynch 4000 First Manhattan	Petroleum	
6500	Revlon, Inc. 2500 Mitchell Hutchins 2500 Sutro & Co. 1500 Dean Witter	43700	Atlantic Richfield Co. 8000 Auerbach Pollak 2000 Bache & Co. 12400 Wm. Bye-Merrill Lynch 1000 Dain Kalman 1000 Delafield Childs 3000 Drexel Burnham 4000 First Manhattan 7000 Kidder Peabody 5300 Shearson Hammill 8900 Exxon Corp. 5000 Wm. Bye-Merrill Lynch 2200 Halsey Stuart 700 Kidder Peabody 1000 Shearson Hammill
48600	Warner-Lambert Co. 7500 Brown Brothers 5000 duPont Glove Forgan 3000 First Manhattan 6000 Hornblower Weeks 3000 E.F. Hutton 2800 Merrill Lynch 3000 Paine Webber 2000 Piper Jaffray 9000 Smith Barney 2500 Sutro & Co. 4800 Walston	DURABLES STOCKS	
Office Equipment		Automobiles and Automotive Parts	
3700	Burroughs Corp. 2000 Clark Dodge 300 First Manhattan 1000 F.S. Smithers 400 H.C. Wainwright	16500	Ford Motor Co. 1500 Wm. Bye-Merrill Lynch 2000 Delafield Childs 3000 First Manhattan 7000 Laird Bissell 3000 Paine Webber 8500 General Motors Corp. 1000 Caldwell Phillips 1000 Delafield Childs 5000 Halsey Stuart 1000 Piper Jaffray 500 Robinson Humphrey 7000 Genuine Parts Co. 2000 Robinson Humphrey 5000 Dean Witter 37000 Goodyear Tire & Rubber 2000 Brown Brothers 2000 Wm. Bye-Merrill Lynch 15000 Kidder Peabody 18000 H.C. Wainwright 10000 Gould, Inc. 7000 Brown Brothers 3000 Laird, Inc.
18000	Control Data Corp. 3000 Wm. Bye-Merrill Lynch 10000 Donaldson Lufkin 5000 Model Roland	Electrical and Electronic Equip.	
13700	Honeywell, Inc. 4200 Auerbach Pollak 700 Wm. Bye-Merrill Lynch 300 Drexel Burnham 2000 duPont Glove Forgan 3500 First Manhattan 2000 Roosevelt & Son 1000 Smith Barney	300	Emerson Electric 300 G.H. Walker 155600 Fedders Corp. 1000 Wm. Bye-Merrill Lynch 17300 Clark Dodge 3000 Dain Kalman 9000 Laird Bissell 22500 Laird, Inc.
16100	International Bus. Mach. 100 Brown Brothers 1000 Wm. Bye-Merrill Lynch 700 Dain Kalman 100 Drexel Burnham 2000 First Manhattan 800 Halsey Stuart 1200 Hornblower Weeks 700 Laird, Inc. 1400 Model Roland 2000 Oppenheimer & Co. 400 Paine Webber 500 Robinson Humphrey 1200 Salomon Brothers 500 Shearson Hammill 1700 Smith Barney 1800 H.C. Wainwright		
10000	Xerox Corp. 400 Wm. Bye-Merrill Lynch 2000 First Manhattan 300 Halsey Stuart 500 Hornblower Weeks 2000 Oppenheimer & Co. 400 Piper Jaffray 1000 W.H. Reaves 1200 Shearson Hammill 2000 Sutro & Co. 200 H.C. Wainwright		
Photography			
200	Eastman Kodak Co. 200 Piper Jaffray		
Miscellaneous			
5000	Minnesota Mining & Mfg. 500 Caldwell Phillips 1000 Dain Kalman 500 Drexel Burnham 500 Merrill Lynch 1500 Robinson Humphrey 1000 Shearson Hammill		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
	67800 Paine Webber 13000 W.H. Reaves 10000 Roosevelt & Son 12000 Shearson Hammill	TRANSPORTATION	
12000	Westinghouse Electric 12000 Clark Dodge	Airlines	27000 Northwest Airlines, Inc. 9000 Wm. Bye-Merrill Lynch 7000 Eppler Guerin 7000 Morgan Stanley 4000 Shearson Hammill
14000	Whirlpool Corp. 2000 Dain Kalman 1000 Drexel Burnham 8000 First Manhattan 2000 Mitchell Hutchins 1000 Paine Webber	Railroads	7000 Burlington Northern, Inc. 7000 Mitchell Hutchins

SECTION 10

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF LOWEST AVAILABLE PRICE July 1, 1972 — June 29, 1973

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
CONSUMER-ORIENTED STOCKS		Finance	
UTILITIES		8000	Beneficial Corporation 8000 Jefferies & Co. 10000 Household Finance Corp. 10000 Jefferies & Co.
Electric		Insurance	
8000	Central & South West 8000 Weeden & Co. 10000 Florida Power & Light 10000 Jefferies & Co. 2000 Houston Lighting & Power 2000 American Securities 29000 Middle South Utilities 12000 J.S. Strauss 17000 Weeden & Co. 24000 Minnesota Power & Light 24000 Weeden & Co. 4000 Northern States Power 4000 American Securities 4000 Southern Calif. Edison 4000 Weeden & Co. 10000 Southern Company 10000 Instinet 7000 Texas Utilities 3000 American Securities 3000 Instinet 1000 Weeden & Co. 30000 Virginia Electric & Power 10000 Instinet 20000 Weeden & Co.	31000	Chubb Corporation 2000 Goldman Sachs 10000 Salomon Brothers 15000 J.S. Strauss 4000 White Weld 7000 Connecticut General Ins. 7000 Salomon Brothers 25000 NLT Corp. 10000 Instinet 15000 J.S. Strauss 1000 Safeco Corp. 1000 Merrill Lynch 13000 St. Paul Companies 1000 Dain Kalman 4000 Merrill Lynch 5000 Salomon Brothers 3000 Smith Barney 5500 Travelers Corp. 5500 American Securities
FINANCIAL SERVICES		CONSUMERS GOODS	
Banks		Food-Beverage	
41000	BankAmerica Corp. 1000 Blyth Eastman 2000 Goldman Sachs 5000 Jefferies & Co. 3000 Keefe Bruyette 1000 Merrill Lynch 1000 Paine Webber 8000 Salomon Brothers 4000 Smith Barney 16000 Weeden & Co. 35200 Cameron Financial 7500 Blyth Eastman 2000 Eastman Dillon 10500 Keefe Bruyette 500 Merrill Lynch 13500 Reid Mcgee 1200 Salomon Brothers 7000 Chase Manhattan 7000 Weeden & Co. 3800 Continental Ill. Corp. 3800 Keefe Bruyette 6000 First Bank System 6000 Keefe Bruyette 1000 Northwest Bancorporation 1000 Keefe Bruyette 3000 Valley Nat'l Bk. (Arizona) 3000 Keefe Bruyette	9000	Consolidated Foods 9000 Weeden & Co. 12000 Norton Simon 10000 Brandt Zwick 2000 Jefferies & Co.
		Leisure Time	
		9842	Disney (Walt) Prod. 5000 Jefferies & Co. 3242 J.S. Strauss 1600 Weeden & Co. 19000 Holiday Inns 10000 Jefferies & Co. 9000 Gary Geyer
		Retail Trade	
		800	American Greetings 800 Burnham & Co. 1300 Dayton Hudson 1300 Instinet 16500 Modern Merchandising 13000 Dain Kalman 3500 Piper Jaffray 7500 Penney (J.C.) Co. 7500 Gary Geyer 3500 Sears Roebuck & Co. 3500 Weeden & Co.

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Miscellaneous		Petroleum	
7000	International Tel. & Tel. 7000 Jefferies & Co.	11000	Atlantic Richfield 11000 Weeden & Co. 2000 Texaco, Inc. 2000 Gary Geyer
RESEARCH STOCKS		DURABLES STOCKS	
Chemicals		Automobiles and Automotive Parts	
26600	Air Products & Chemicals 10000 Jefferies & Co. 4600 J.S. Strauss 12000 Weeden & Co.	6000	General Motors Corp. 6000 Weeden & Co.
500	Monsanto 500 J.S. Strauss	Electrical and Electronic Equip.	
Office Equipment		26200	Fedders Corp. 20000 Jefferies & Co. 6200 Weeden & Co.
1800	Burroughs Corp. 1800 Gary Geyer	Machinery	
1000	Honeywell, Inc. 1000 Jefferies & Co.	2000	Caterpillar Tractor Co. 2000 Weeden & Co.
1010	International Bus. Mach. 500 Instinet 450 J.S. Strauss 60 Weeden & Co.	2000	Toro Company 2000 Piper Jaffray
Miscellaneous		TRANSPORTATION	
1500	Medtronic, Inc. 500 Blyth Eastman 1000 Dain Kalman	Airlines	
NATURAL RESOURCES STOCKS		11000	Northwest Airlines, Inc. 11000 Instinet
Paper-Forest Products			
20000	International Paper Co. 10000 Gary Geyer 10000 Weeden & Co.		

SECTION 11
STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMMON STOCK SALES
July 1, 1972 — June 29, 1973

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
19500	American Airlines, Inc. 19500 Jefferies & Co.	138200	Louisiana Land & Explor. 105600 Jefferies & Co. 32600 Weeden & Co.
74707	American Electric Power 5000 American Securities 12255 First Boston Corp. 20000 Merrill Lynch 20000 Smith Barney 17452 Weeden & Co.	17000	McDonald's Corp. 15100 Paine Webber 1900 Shearson Hammill
36100	Arkansas-Louisiana Gas 27100 Bache & Co. 9000 Weeden & Co.	3800	Northern Illinois Gas 3800 Paine Webber
33000	Armco Steel 33000 Jefferies & Co.	26600	Otter Tail Power Co. 13300 Dain Kalman 13300 Piper Jaffray
2700	Chase Manhattan 2700 Keefe Bruyette	32000	Procter & Gamble Co. 5000 Merrill Lynch 5500 Reynolds Securities 5000 Salomon Brothers 10500 Weeden & Co. 6000 William Witter
1300	Chrysler Corp. 1300 Weeden & Co.	9000	PepsiCo, Inc. 3000 Jefferies & Co. 6000 Weeden & Co.
10900	Consumers Power Co. 10900 Weeden & Co.	29050	Peoples Gas Co. 7000 Jefferies & Co. 22050 Weeden & Co.
11300	Disney (Walt) Prod. 5500 Burnham & Co. 4300 Oppenheimer & Co. 1500 Paine Webber	8200	Sears Roebuck & Co. 8200 Donaldson Lufkin
5400	Dow Chemical Co. 4400 Jefferies & Co. 1000 Weeden & Co.	2000	Travelers Corp. 2000 Dean Witter
43077	General Public Utilities 30657 Oppenheimer & Co. 12420 Weeden & Co.	74100	Union Carbide Corp. 74100 Shearson Hammill
10000	Gulf Oil Corp. 10000 Weeden & Co.	4400	Union Pacific Corp. 4400 Weeden & Co.
43735	Interstate Power Co. 43735 Paine Webber	33300	Western Bancorporation 33300 Kidder Peabody
41500	Kansas City Power & Light 9800 First Boston Corp. 31700 Jefferies & Co.	4800	Warner Communications 4800 Sutro & Co.

SECTION 12

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

SALES OF MINNESOTA SUBDIVISION BONDS
July 1, 1972 — June 29, 1973

These blocks of bonds were sold on the dates indicated by lot numbers:

SALE OF SEPTEMBER 6, 1972: Lots 1 through 12

- I.S.D. No. 521 (Ada, Minnesota); \$235,000 face value of bonds, 2.90%, due 1974-83, sold at \$83.41 on September 6, 1972.

Purchasing syndicate:
Allison-Williams Co., Manager^(a)

Allison-Williams Co. Paine, Webber, Jackson & Curtis, Inc.
American National Bank Piper Jaffray & Hopwood
Dain, Kalman & Quail, Inc. Reynolds Securities, Inc.
Juran & Moody

- I.S.D. No. 911 (Cambridge, Minnesota); \$197,000 face value of bonds, 4.20%, due 1983-89, sold at \$83.23 on September 6, 1972.

Purchasing syndicate:
Allison-Williams Co., Manager^(a)
Other syndicate members as previously mentioned.

- I.S.D. No. 461 (Cosmos, Minnesota); \$210,000 face value of bonds, 2.70%, due 1974-84, sold at \$79.81 on September 6, 1972.

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

- I.S.D. No. 831 (Forest Lake, Minnesota); \$225,000 face value of bonds, 3.00%, due 1974-81, sold at \$86.53 on September 6, 1972.

Sold to the First National Bank of St. Paul.

- I.S.D. No. 354 (Kennedy, Minnesota); \$180,000 face value of bonds, 3.75%, due 1974-83, sold at \$89.10 on September 6, 1972.

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

- I.S.D. No. 70 (Lake Crystal, Minnesota); \$180,000 face value of bonds, 3.25%, due 1974-83, sold at \$90.00 on September 6, 1972.

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

- City of Melrose, Minnesota; \$186,000 face value of bonds, 3.70% — 3.75%, due 1975-88, sold at \$85.53 on September 6, 1972.

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

- I.S.D. No. 152 (Moorhead, Minnesota); \$475,000 face value of bonds, 3.30% — 4.00%, due 1974-87, sold at \$85.20 on September 6, 1972.

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

- I.S.D. No. 138 (North Branch, Minnesota); \$220,000 face value of bonds, 2.90% — 3.00%, due 1974-84, sold at \$83.46 on September 6, 1972.

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

- I.S.D. No. 622 (North St. Paul-Maplewood, Minnesota); \$987,000 face value of bonds, 3.00% — 4.10%, due 1974-88 sold at \$84.15 on September 6, 1972.

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

- I.S.D. No. 682 (Roseau, Minnesota); \$210,000 face value of bonds, 3.10% — 3.20%, due 1974-86, sold at \$81.87 on September 6, 1972.

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

12. I.S.D. No. 236 (Wykoff, Minnesota); \$205,000 face value of bonds, 3.30%, due 1976-88, sold at \$78.92 on September 6, 1972.

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

SALE OF NOVEMBER 29, 1972: Lots 1 through 17

1. I.S.D. No. 491 (Adams, Minnesota); \$185,000 face value of bonds, 3.40%, due 1975-85, sold at \$86.73 on November 29, 1972.

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

2. I.S.D. No. 162 (Bagley, Minnesota); \$153,000 face value of bonds, 3.00% — 3.50%, due 1975-83, sold at \$86.34 on November 29, 1972.

Sold to the First National Bank of St. Paul.

3. I.S.D. No. 31 (Bemidji, Minnesota); \$135,000 face value of bonds, 3.50% — 3.80%, due 1974-89, sold at \$81.81 on November 29, 1972.

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

4. I.S.D. No. 207 (Brandon, Minnesota); \$120,000 face value of bonds, 3.10%, due 1974-81, sold at \$88.39 on November 29, 1972.

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

5. I.S.D. No. 94 (Cloquet, Minnesota); \$169,000 face value of bonds, 3.20% — 3.30%, due 1974-88, sold at \$83.47 on November 29, 1972.

Sold to the First National Bank of St. Paul.

6. I.S.D. No. 14 (Fridley, Minnesota); \$433,000 face value of bonds, 2.00% — 4.75%, due 1974-89, sold at \$88.14 on November 29, 1972.

Sold to the First National Bank of St. Paul.

7. I.S.D. No. 670 (Luverne, Minnesota); \$238,000 face value of bonds, 2.70%, due 1979-84, sold at \$74.84 on November 29, 1972.

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

8. Maplewood, Minnesota; \$220,000 face value of bonds, 3.50%, due 1974-78, sold at \$95.09 on November 29, 1972.

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

9. I.S.D. No. 882 (Monticello, Minnesota); \$195,000 face value of bonds, 3.10%, due 1974-83, sold at \$87.23 on November 29, 1972.

Sold to the First National Bank of St. Paul.

10. New Brighton, Minnesota; \$150,000 face value of bonds, 3.70%, due 1974-83, sold at \$97.07 on November 29, 1972.

Sold to Hibbard, O'Connor & Weeks.

11. I.S.D. No. 309 (Park Rapids, Minnesota); \$125,000 face value of bonds, 3.60%, due 1975-86, sold at \$85.53 on November 29, 1972.

Sold to the First National Bank of St. Paul.

12. Prior Lake, Minnesota; \$155,000 face value of bonds, 4.25%, due 1975-84, sold at \$93.28 on November 29, 1972.

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

13. I.S.D. No. 196 (Rosemount, Minnesota); \$135,000 face value of bonds, 2.90%, due 1974-82, sold at \$84.01 on November 29, 1972.

Sold to the First National Bank of St. Paul.

14. Roseville, Minnesota; \$250,000 face value of bonds, 3.30%, due 1974-78, sold at \$95.81 on November 29, 1972.

Sold to Hibbard, O'Connor & Weeks.

15. I.S.D. No. 174 (Storden, Minnesota); \$160,000 face value of bonds, 2.90%, due 1974-85, sold at \$81.84 on November 29, 1972.

Sold to the First National Bank of St. Paul.

16. I.S.D. No. 526 (Twin Valley, Minnesota); \$150,000 face value of bonds, 3.20% — 3.25%, due 1974-83, sold at \$85.34 on November 29, 1972.

Sold to the First National Bank of St. Paul.

17. I.S.D. No. 577 (Willow River, Minnesota); \$170,000 face value of bonds, 3.90% — 4.00%, due 1974-80, sold at \$93.27 on November 29, 1972.

Purchasing syndicate:
Allison-Williams Co., Manager^(a)
Other syndicate members as previously mentioned.

SALE OF MAY 16, 1973: Lots 1 through 25

1. I.S.D. No. 21 (Audubon, Minnesota); \$165,000 face value of bonds, 3.50%, due 1975-86, sold at \$83.90 on May 16, 1973.

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

2. I.S.D. No. 146 (Barnesville, Minnesota); \$165,000 face value of bonds, 3.40% — 3.50%, due 1975-83, sold at \$88.79 on May 16, 1973.

Sold to Channer Newman Securities Co.

3. I.S.D. No. 736 (Belgrade, Minnesota); \$125,000 face value of bonds, 2.90%, due 1975-85, sold at \$81.37 on May 16, 1973.

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

4. I.S.D. No. 217 (Bricelyn, Minnesota); \$105,000 face value of bonds, 2.75%, due 1976-84, sold at \$83.30 on May 16, 1973.

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

5. I.S.D. No. 847 (Campbell, Minnesota); \$166,000 face value of bonds, 3.10%, due 1975-86, sold at \$81.93 on May 16, 1973.

Purchasing syndicate:
Allison-Williams Co., Manager^(a)
Other syndicate members as previously mentioned.

6. I.S.D. No. 161 (Clearbrook, Minnesota); \$150,000 face value of bonds, 3.50%, due 1975-80, sold at \$92.27 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

7. I.S.D. No. 378 (Dawson, Minnesota); \$100,000 face value of bonds, 2.90%, due 1975-79, sold at \$89.49 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

8. I.S.D. No. 147 (Dilworth, Minnesota); \$105,000 face value of bonds, 3.10%, due 1976-85, sold at \$80.53 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

9. I.S.D. No. 208 (Evansville, Minnesota); \$120,000 face value of bonds, 2.90%, due 1975-82, sold at \$83.65 on May 16, 1973.

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

10. I.S.D. No. 51 (Foley, Minnesota); \$135,000 face value of bonds, 3.60%, due 1975-78, sold at \$93.44 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

11. I.S.D. No. 16 (Fridley-Blaine, Minnesota); \$245,000 face value of bonds, 4.00%, due 1979-88, sold at \$85.91 on May 16, 1973.

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

12. I.S.D. No. 245 (Glenville, Minnesota); \$126,000 face value of bonds, 3.00%, due 1975-86, sold at \$79.49 on May 16, 1973.

Sold to the First National Bank of St. Paul.

13. I.S.D. No. 150 (Hawley, Minnesota); \$108,000 face value of bonds, 3.00% — 3.10%, due 1975-83, sold at \$85.53 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

14. I.S.D. No. 545 (Henning, Minnesota); \$143,000 face value of bonds, 2.75% — 3.60%, due 1975-88, sold at \$88.99 on May 16, 1973.

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

15. I.S.D. No. 128 (Milan, Minnesota); \$110,000 face value of bonds, 3.00%, due 1975-84, sold at \$85.64 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

16. I.S.D. No. 414 (Minneota, Minnesota); \$273,000 face value of bonds, 3.00% — 3.10%, due 1976-85, sold at \$84.83 on May 16, 1973.

Sold to Channer Newman Securities Co.

17. I.S.D. No. 223 (Minnesota Lake, Minnesota); \$150,000 face value of bonds, 2.90%, due 1975-78, sold at \$91.44 on May 16, 1973.

Sold to Channer Newman Securities Co.

18. I.S.D. No. 116 (Pillager, Minnesota); \$140,000 face value of bonds, 4.00% — 4.10%, due 1977-87, sold at \$87.55 on May 16, 1973.

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

19. I.S.D. No. 583 (Pipestone, Minnesota); \$120,000 face value of bonds, 3.00%, due 1975-77, sold at \$93.58 on May 16, 1973.

Sold to Channer Newman Securities Co.

20. I.S.D. No. 810 (Plainview, Minnesota); \$123,000 face value of bonds, 2.90% — 3.00%, due 1975-86, sold at \$84.11 on May 16, 1973.

Sold to Channer Newman Securities Co.

21. I.S.D. No. 477 (Princeton, Minnesota); \$123,000 face value of bonds, 2.90% — 3.00%, due 1975-84, sold at \$82.93 on May 16, 1973.

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

22. I.S.D. No. 914 (Ulen-Hitterdal, Minnesota); \$105,000 face value of bonds, 3.10%, due 1977-85, sold at \$79.05 on May 16, 1973.

Sold to Wilson White, Belf, Lake, Rochlin & Co.

23. I.S.D. No. 110 (Waconia, Minnesota); \$120,000 face value of bonds, 2.80%, due 1976-84, sold at \$83.29 on May 16, 1973.

Sold to Channer Newman Securities Co.

24. I.S.D. No. 446 (Warren, Minnesota); \$135,000 face value of bonds, 2.90% — 3.90%, due 1975-81, sold at \$88.71 on May 16, 1973.

Sold to Channer Newman Securities Co.

25. I.S.D. No. 100 (Wrenshall, Minnesota); \$135,000 face value of bonds, 3.10%, due 1975-84, sold at \$83.12 on May 16, 1973.

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

^(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.