

WILLIAM P. POPE

OF THE

EXECUTIVE SECRETARIAT

OF THE

MINNESOTA STATE BOARD

OF INVESTMENTS

Office of the Executive Secretary  
State Board of Investments  
Room 105, 312 A Building  
35 Sheridan Avenue  
Saint Paul, Minnesota 55105  
March 9, 1975

MEMBERS OF THE STATE BOARD OF INVESTMENT  
Beginning January 1975

HON. WENDELL R. ANDERSON, GOVERNOR  
HON. ROBERT W. MATTSON, STATE AUDITOR  
HON. JIM LORD, STATE TREASURER  
HON. JOAN ANDERSON GROWE, SECRETARY OF STATE  
HON. WARREN SPANNAUS, ATTORNEY GENERAL

Board members serving through December 1974 included:

HON. ROLLAND F. HATFIELD, STATE AUDITOR  
HON. VAL BJÖRNSON, STATE TREASURER  
HON. ARLEN I. ERDAHL, SECRETARY OF STATE

THE ADVISORY COMMITTEE ON STATE TRUST FUNDS

Active Members

Franklin Briese, Chairman of the Board, Minnesota Mutual Life Insurance Company, St. Paul  
Robert S. Davis, C.F.A., Executive Vice President of Finance, The St. Paul Companies, Inc.  
Gaylord W. Glarner, Senior Vice President, First Trust Company, St. Paul  
James C. Harris, Vice Chairman of the Board of Directors, Northwestern National Bank of Minneapolis  
John M. Harris, Vice President and Trust Investment Officer, Northern City National Bank, Duluth  
John H. Herrell, Vice Chairman of Investment Committee, Mayo Foundation, Rochester  
Donald E. Jondahl, Senior Vice President, Finance, Northwestern National Life Insurance Company, Minneapolis  
Laurence R. Lunden, former Vice President, Business Administration, University of Minnesota  
Dale R. Olseth, President, Tonka Corporation  
Norman Terwilliger, Investment Counsel to the Minneapolis Teachers Retirement Association

Members Emeriti

Hermon J. Arnott, Chairman of the Board, Farmers and Mechanics Savings Bank of Minneapolis  
Francis Hassing, former Investment Counsel to the Board of Regents of the University of Minnesota, Minneapolis  
Maxwell B. Hight, Section of Administration, Mayo Foundation, Rochester

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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Portfolio Managers and Financial Analysts

Short-Term Investments

Grant A. Feldman, Jr., B.S.  
Howard J. Bicker, B.A.

Stocks

Charles L. Mehlhouse, B.A., M.A.,  
C.F.A.  
A. Arthur Kaese, B.A., C.F.A.  
C. Robert Parsons, B.S.  
Miles J. Cohen, B.B.A., J.D.

Debt Securities

Lyle T. Ibeling, B.A.  
Arthur M. Blauzda, B.S., M.B.A.

Secretarial & Investment Assistants

Joyce M. Bourdaux

Agnes A. Anderson

Sue R. Petrusic, B.A.

Dedra L. Johnson

\* \* \* \* \*

Roger A. Derksen, B.B.A., C.F.A.

Investment Operations Director & Financial Analyst

Margaret J. Arneberg, B.A.  
Computer-Investment Assistant

Harold Syverson, B.A.  
Securities Trader

Accountants & Statistical Assistants

Eileen Dahl, B.A.

Judy A. Goodman, B.A.

James E. Oss, B.A.

MEMBERS OF BOARD:

GOVERNOR WENDELL R. ANDERSON  
STATE AUDITOR ROBERT W. MATTSO  
STATE TREASURER JIM LORD  
SECRETARY OF STATE JOAN ANDERSON GROWE  
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

March 1, 1975

Members of the Legislature of the State of Minnesota:

The progress of the various funds managed by the Minnesota State Board of Investment is reviewed in this report. The period covered includes the fiscal year from July 1, 1973 through June 30, 1974, with some statistical information through February 28, 1975. Subsequent reports may be expected on a fiscal year basis.

During the 1974 session of the Minnesota Legislature, additional changes were made in the State's investment laws. A Fixed Return Account was added to the Supplemental Retirement Fund so as to provide individuals and smaller retirement organizations throughout the state with an opportunity to participate in bond investments which provide an interest yield with no fluctuation in market value. The changing assumed annual interest rate compensates for the variations in value inherent in other state accounts. Although the stock market suffered a major decline during the 1974 fiscal period, the effect was minimized in that laws pertaining to the Minnesota Adjustable Fixed Benefit Fund and the other retirement accounts provide for a long-term adjustment in values due to changes in the market to cost relationships.

The Investment Board and the Investment Department are particularly appreciative of the cooperation received from the members of the Legislative Retirement Study Commission and its staff and the Advisory Committee on State Trust Funds. During 1974, the legislature provided a budget adequate to finance a more efficient department in the future. This was done after the Advisory Committee had made recommendations upon the request of the Governor and other Investment Board members.

The members of the Advisory Committee, listed on the title page, have advised the Board and the department since 1961. Their expertise has been most valuable, though offered without compensation. Each member of this committee is or has been a portfolio manager or research director of a major Minnesota investment institution or research department. The Investment Board and the staff of the department certainly appreciate their contributions.

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 February 28, 1975, are as follows:

**Invested Treasurer's Cash Fund, \$390 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, \$169 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, \$87 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; the 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, \$486 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 5% actuarial assumption, has been used to augment pension benefits. Earnings and market appreciation during the early 1970's resulted in an increase in the pensions paid by the various participating retirement funds of from 2% to 4% at the beginning of the 1972 calendar year; increases of 4 1/2% to 5 1/2% were paid at the beginning of the 1973 calendar year.

Because the retirement systems of Minnesota were modified to provide benefits based on salaries received during the "five high years" of employment, for retirees beginning in fiscal 1974, the reserves accumulated during the early 1970's were used to provide very substantial increases for those previously retired. In most instances, these annual supplements totaled 25% to 30% of previous pensions.

**Basic Retirement Funds, \$827 million.** Six 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, \$43 million.** This fund was established in 1967 for employees of the State College Board and State Junior College Board. The fund consists of three accounts, one of which may be invested up to 100% in equities, emphasizing potential growth with the accompanying market risks. The second includes long-term bonds and stocks oriented toward current income. The third - the Fixed Return Account - was initiated on July 1, 1974, and includes only bond investments; it provides an interest yield over a period of time commensurate with the average life and call protection inherent in the

bonds purchased. Legislatures since 1969 have made one or more 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 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, \$22 million.** This fund was established by the 1969 Legislature and was made effective in early summer 1970. The account now includes a diversified list of common stocks, some 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. Because of the many advantages inherent in the new "five high year" plan, the Variable Annuity may not now be opted by new teachers but is still available to present members of the State's educational system.

**Trust Funds, \$253 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. 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. Because tax receipts were higher than anticipated during fiscal 1974, the amounts available for investment were higher - on average - than during any previous year. This factor, combined with high interest rates, resulted in earnings of \$22 million during this most recent fiscal year.

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 and the 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 each fiscal year; they totaled from \$149.6 million to \$201.0 million during fiscal 1973 and from \$151.0 million to \$208.5 million during fiscal 1974. 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, \$9.6 million in each of the two fiscal years 1972 and 1973, and \$13.8 million in fiscal 1974. 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 28, 1974. 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 four years because of the many different holdings transferred into the account during the 1969-70 fiscal year. Although substantial reserves were established under 1971 legislation so as to make possible the continuation of a high level of pensions during years of stock and bond price downturns, this amount was paid to retirees during 1974 to compensate partially for the higher pensions now being paid under the "five high year" plan. Because the 1973 and 1974 downturn in the stock market has coincided with a higher rate of inflation, there is some impetus to use the increased yield generated through the price appreciation of both bonds and stocks to provide a basis for adjusting pensions as a compensation for inflationary pressures. In this way, the employer group - the state, municipality, county or school board - would face the risks of long term market fluctuations, whereas the individual would receive benefits more dependent upon actual changes in the cost of living. It is anticipated that the 1975 Legislature will review possible modifications to the Adjustable Fixed Benefit Fund.

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 was met from this "total return" during the period through 1973; the portion attributable to the Municipal Employees Retirement Board (Minneapolis) was used toward higher pensions and increased reserves. The 1974 Legislature established a "new base" below which pensions may not decline. This figure was established at the level of pensions paid during 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 28, 1974. The consolidation of bond holdings and the elimination of smaller issues from the fund 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 applied during fiscal 1972, 1973 and 1974, while the second increase is applicable in fiscal 1973, 1974 and 1975. The 1973 Legislature modified the law to provide for such an increase whenever the market valuation of equities exceeds the revised cost figure by 10% for six consecutive two month periods. The market downturn during 1973 and 1974 resulted in the first 3% downward revision on February 28, 1975. Nevertheless, the net effect of these adjustments should be that all basic retirement accounts will provide a yield exceeding the 5% level indefinitely even though a portion of these 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 1974. During these 17 years, the yield increased from less than 3% to over 5 $\frac{3}{4}$ %.

Schedule IV lists the securities held in the three largest basic retirement funds on June 28, 1974. 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 28, 1974 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 28, 1974 and Schedule VII lists the equity portfolio.

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 0.67% by February 28, 1975. 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 Judges Retirement Fund was established early in 1974; no permanent investments were purchased until the 1975 fiscal year. Schedule VIII lists the assets as of June 28, 1974.

#### THE MINNESOTA SUPPLEMENTAL RETIREMENT FUND

The three accounts of the Minnesota Supplemental Retirement Fund are invested in accordance with three 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. The fixed return account, invested entirely in bonds, is not subject to changes in market fluctuations. The amounts contributed each year into this account, however, will earn varying interest rates depending upon the existing yield structure.

The growth share and income share accounts were established on a unit basis on October 1, 1967, with each unit worth \$10.00 on that date; due to a two-for-one split on June 30, 1973, 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	7.15 (Sept.)	6.69 (Nov.)	7.53 (Jan.)	5.29 (Dec.)
1974	6.80 (Feb.)	5.31 (Sept.)	5.35 (Jan.)	3.21 (Sept.)
Jan. – Feb. '75	6.41 (Feb.)	6.26 (Jan.)	4.26 (Feb.)	3.95 (Jan.)

The fixed return account was established on July 1, 1974. Although unit valuations were arbitrarily set at \$5.00 per unit, the entire contribution is invested at a rate of interest determined by the yield on bonds purchased.

Schedule IX lists the assets in the income share account on June 28, 1974.

Schedule X consists of a listing of the securities in the growth share account on June 28, 1974. 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 stock market increases, as in 1972, and during times of market uncertainty and decline, such as during 1973 and 1974. The experience of this recent decline, however, indicates that it may be wise to adopt a policy, and so disclose in the Prospectus, of committing a certain portion of the fund to short-term instruments. The history of the past few years indicates that buying opportunities often arise in different equity situations at varying times – depending upon the condition of the economy and the idiosyncrasies of the market.

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 was advocated prior to the adoption of the "five high year" plan by the Teachers Retirement Association. The participants received a net return of 5.4500% in fiscal 1971, 9.1670% for fiscal 1972, and 6.2393% for fiscal 1973. During fiscal 1974, the participants suffered a decline of 4.1478%, due to the decline in market values of the equities and bonds held during the 1973-1974 period. These "return" computations are based on average figures over a two year period.

The substantial inflow of new money during 1971 and 1972 resulted in purchases of stocks at prices somewhat higher than the market values of 1973 and 1974. 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.

The option for the Variable Annuity was terminated during fiscal 1974. Therefore, the fund will continue only as an investment medium for those teachers who have already chosen to have a portion of their retirement moneys invested in accordance with the Variable Annuity concept. The securities in this fund on June 28, 1974, are listed on Schedule XI.

#### 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.

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. These Government National Mortgage Association mortgage backed securities were purchased during the summer months of 1974 at yields as high as 10.14%. 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 34% of the book value of the fund, and U.S. government and government guaranteed obligations now approximate 44% of this account. Common stock investments are maintained very near to the 20% constitutional limit.

Schedule XII indicates that the investment changes have resulted in an increase in net yield from 2.68% during the late 1950's to 4.95% during the 1974 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 XIII lists the securities in the Permanent School Fund on June 28, 1974. 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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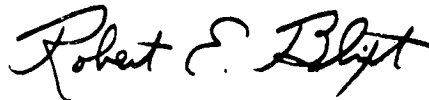
A review of policies concerning the placement of business, together with a summary of transactions completed during the fiscal year from July 1, 1973 through June 28, 1974, follows the schedules described above.

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Fiscal 1974 presented unique problems and challenges to any investment department handling funds of the size and scope of those managed by the State Board of Investment. There was an erosion of bond values as interest rates increased. Likewise, the many economic and political uncertainties resulted in lower stock market valuations. The higher inflow of tax receipts, however, led to record totals in the Invested Treasurer's Cash Fund; the high level of interest rates on near-term securities resulted in net investment income higher than in any previous year.

The particularly fine cooperation received from the Advisory Committee was very evident during fiscal 1974. On the basis of the recommendations of this committee, the legislature has provided the Investment Department with the means and personnel to do a better job in handling these funds during future years. The Investment Department also appreciates the support it has received from the legislature and the many constitutional officers who have served on the Board since the department was established in 1960. The staff of the Legislative Retirement Study Commission and investment dealers and brokers throughout the country have made significant contributions to the long-term accomplishments of the department. It is the continuing goal of the departmental personnel to manage the investment program so that it will be of lasting benefit to the retirement fund members, the retirees, the various educational institutions throughout the state 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 28, 1974

	HIGHWAY FUNDS				Miscellaneous Departmental Funds
	Invested Treasurer's Cash Fund	Trunk	County State Aid	Municipal State Aid	
<b>SHORT-TERM CORPORATE NOTES</b>					
Maturity less than 30 days	\$ 78,500,000	\$ 19,700,000	\$ 10,148,000	\$ 5,200,000	-
Maturity 30-90 days	45,600,000	13,000,000	10,138,000	5,820,000	-
<b>Total Short-Term Corporate Notes</b>	<b>\$124,100,000</b>	<b>\$ 32,700,000</b>	<b>\$ 20,286,000</b>	<b>\$ 11,020,000</b>	<b>-</b>
<b>U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES</b>					
<b>Bills</b>					
Maturity less than 30 days	-	-	-	-	\$ 2,615,000
Maturity 30-90 days	\$ 25,100,000	-	-	-	15,680,000
Maturity 3-6 months	5,000,000	-	-	-	9,875,000
Maturity 6-12 months	-	-	-	-	205,000
<b>Total Bills</b>	<b>\$ 30,100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 28,375,000</b>
<b>Repurchase Agreements</b>					
Maturity less than 30 days	\$ 47,200,000	-	\$ 11,235,000	\$ 2,089,000	\$ 11,768,000
Maturity 31-45 days	17,045,000	-	-	-	-
<b>Total Repurchase Agreements</b>	<b>\$ 64,245,000</b>	<b>-</b>	<b>\$ 11,235,000</b>	<b>\$ 2,089,000</b>	<b>\$ 11,768,000</b>
<b>Government Agency Securities</b>					
Maturity less than 30 days	\$ 11,155,000	\$ 9,820,000	\$ 5,020,000	\$ 1,715,000	\$ 2,605,000
Maturity 31-90 days	43,280,000	10,675,000	3,060,000	5,720,000	12,125,000
Maturity 91-180 days	98,360,000	5,500,000	-	1,100,000	8,130,000
Maturity 6 months-1 year	49,000,000	5,000,000	7,280,000	2,220,000	5,000,000
Maturity over 1 year	11,500,000	5,900,000	6,014,000	4,100,000	10,750,000
<b>Total Government Agency Securities</b>	<b>\$213,295,000</b>	<b>\$ 36,895,000</b>	<b>\$ 21,374,000</b>	<b>\$ 14,855,000</b>	<b>\$ 38,610,000</b>
<b>Government National Mortgage Association, Guaranteed Mortgage Backed Securities</b>					
6.50% IDS Mortgage Corp. due 9-15-88 No. 1168	-	\$ 1,250,000	-	-	-
6.50% IDS Mortgage Corp. due 10-15-88 No. 1169	-	1,150,000	-	-	-
6.50% IDS Mortgage Corp. due 10-15-88 No. 1378	-	975,000	-	-	-
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 No. 1180	-	975,000	-	-	-
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 No. 1181	-	1,150,000	-	-	-
6.50% IDS Mortgage Corp. due 5-15-90 No. 2290	-	1,800,000	-	-	-
6.50% IDS Mortgage Corp. due 6-15-90 No. 2291	-	1,925,000	-	-	-
6.50% IDS Mortgage Corp. due 7-15-90 No. 2424	-	-	\$ 1,925,000	-	-
<b>Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities</b>	<b>-</b>	<b>\$ 9,225,000</b>	<b>\$ 1,925,000</b>	<b>-</b>	<b>-</b>
<b>U.S. Government-Guaranteed Obligations</b>					
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	-
6.25% 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	999,648	1,500,000	-
6.45% SEDCO Maritime, Inc. due 12-31-77	-	1,500,000	500,000	500,000	-
<b>Total U.S. Government- Guaranteed Obligations</b>	<b>-</b>	<b>\$ 13,999,000</b>	<b>\$ 3,499,648</b>	<b>\$ 4,000,000</b>	<b>-</b>
<b>U.S. Treasury Notes and Bonds</b>					
5-5/8% Notes due 8-15-74	\$ 4,000,000	-	-	-	\$ 1,050,000
6% Notes due 9-30-74	-	-	-	-	69,000
3-7/8% Bonds due 11-15-74	-	-	-	-	10,500
5-7/8% Notes due 12-31-74	-	-	-	-	3,000
5-3/4% Notes due 2-15-75	3,000,000	-	-	-	2,075,000
5-7/8% Notes due 2-15-75	-	-	-	-	15,000
6% Notes due 5-15-75	-	-	-	-	50,000
<b>Total maturities less than 1 year</b>	<b>\$ 7,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 3,272,500</b>
5-7/8% Notes due 8-15-75	-	-	-	-	\$ 51,000
7% Notes due 11-15-75	-	-	-	-	30,000
7% Notes due 12-31-75	-	-	\$ 1,627,000	\$ 796,000	51,000
6-1/4% Notes due 2-15-76	-	-	-	-	2,000
6-1/2% Notes due 5-15-76	-	-	-	-	219,000
7-1/2% Notes due 8-15-76	-	-	-	-	6,000
<b>Total maturities 1-3 years</b>	<b>-</b>	<b>-</b>	<b>\$ 1,627,000</b>	<b>\$ 796,000</b>	<b>\$ 359,000</b>

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
6-1/4% Notes due 2-15-78	-	-	-	-	\$ 80,000
6% Notes due 11-15-78	-	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	65,000
<b>Total maturities 3-5 years</b>	<b>-</b>	<b>\$ 2,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 145,000</b>
6-1/4% Notes due 8-15-79	-	-	-	-	\$ 148,000
4% Bonds due 2-15-80	-	-	-	-	18,000
3-1/2% Bonds due 11-15-80	-	-	-	-	5,000
6-3/8% Bonds due 2-15-82	-	-	-	-	44,000
3-1/4% Bonds due 6-15-83/78	-	-	-	-	50,500
<b>Total maturities 5-10 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 265,500</b>
6-3/8% Bonds due 8-15-84	-	-	-	-	\$ 75,000
4-1/4% Bonds due 5-15-85/75	-	-	-	-	19,000
3-1/2% Bonds due 11-15-88	-	-	-	-	50,000
<b>Total maturities more than 10 years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 144,000</b>
<b>Total U.S. Treasury Notes and Bonds</b>	<b>\$ 7,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 4,627,000</b>	<b>\$ 1,796,000</b>	<b>\$ 4,186,000</b>
<b>Total U.S. Treasury, Government Agency, and Government Guaranteed Securities</b>					
	<b>\$314,640,000</b>	<b>\$ 62,119,000</b>	<b>\$ 42,660,648</b>	<b>\$ 22,740,000</b>	<b>\$ 82,939,000</b>

## SCHEDULE II

### MINNESOTA ADJUSTABLE FIXED BENEFIT FUND June 28, 1974 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (1,931,849.25)
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Repurchase Agreements	
Maturities up to 11 days	\$ 3,411,000.00
<b>Bills</b>	
Maturities up to 181 days	\$ 6,740,000.00
<b>Agencies</b>	
Maturities up to 126 days	\$ 4,270,000.00
<b>SHORT-TERM CORPORATE NOTES</b>	
Maturities up to 10 days	\$ 25,638,000.00
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b>	
(See Listing Below)	\$ 17,066,397.15
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>	
(See Listing Below)	\$ 12,460,000.00
<b>CORPORATE BOND OBLIGATIONS</b>	
(See Listing Below)	\$154,067,679.90
<b>CONVERTIBLE DEBENTURES</b>	
(See Listing Below)	\$ 19,061,550.00
<b>DEFERRED YIELD ADJUSTMENT ACCOUNT**</b>	
	\$ 6,197,031.56
<b>COMMON STOCKS (See Listing Below)</b>	
	\$183,849,435.15
<b>TOTAL ASSETS IN ACCOUNT</b>	<b>\$430,829,244.51</b>
(for actuarial purposes; not indicative of true market value)	

\*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1974.

\*\*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 28, 1974

Company	Type of Security	Maturity Date (e)	Coupon Rate %	Average Yield %	Total Amount
<b>UNITED STATES GOVERNMENT- GUARANTEED OBLIGATIONS:</b>					
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE- BACKED SECURITIES</b>					
IDS Mortgage Corp.	Mortgage Backed Certificate	8-15-2003	6.50	8.52	\$ 4,974,837.54





**Schedule II continued**

Issue	Face Amount Held	Total Cost	Market Price	Total Market Value
Radio Corporation of America, 4-1/2% Convertible Subordinated Debentures, due 8-1-92	3,500,000.00	2,683,550.00	60-1/2	2,117,500.00
Sherwin-Williams Co., 6-1/4% Convertible Subordinated Debentures, due 3-1-95	2,690,000.00	2,567,647.50	94-1/2	2,542,050.00
White Motor Corporation, 5-1/4% Convertible Subordinated Debentures, due 3-1-93	250,000.00**	219,375.00	57	142,500.00
<b>TOTALC</b>	<b>\$28,790,000.00</b>	<b>\$23,093,598.75</b>		<b>\$ 19,061,550.00</b>

\*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 6-28-74	Market Value	Total % Market
<b>CONSUMER-ORIENTED STOCKS</b>				
<b>UTILITIES</b>				
<b>ELECTRIC</b>				
Commonwealth Edison Co.	80,000	\$ 24.00	\$ 1,920,000.00	
Florida Power & Light Co.	113,300	17.63	1,996,912.50	
Houston Lighting & Power Co.	96,600	20.75	2,004,450.00	
Middle South Utilities, Inc.	149,800	11.50	1,722,700.00	
Northern States Power Co.	102,400	18.25	1,868,800.00	
Pacific Gas & Electric Co.	87,300	20.63	1,800,562.50	
Texas Utilities Co.	117,000	17.50	2,047,500.00	
Virginia Electric & Power Co.	144,200	9.75	1,405,950.00	
Total Electric			\$ 14,766,875.00	8.03%
<b>GAS</b>				
Northern Illinois Gas Co.	92,600	\$ 18.25	\$ 1,689,950.00	0.92%
<b>TELEPHONE-TELEGRAPH</b>				
American Telephone & Telegraph Co.	94,800	\$ 46.63	\$ 4,420,050.00	2.40%
<b>TOTAL UTILITIES</b>			<b>\$ 20,876,875.00</b>	<b>11.36%</b>
<b>FINANCIAL SERVICES</b>				
<b>BANKS</b>				
BankAmerica Corp.	59,500	\$ 31.31	\$ 1,863,123.50	
Cameron Financial Corp.	38,200	12.00	458,400.00	
Citicorp	155,100	31.00	4,808,100.00	
First Bank System, Inc.	86,000	35.38	3,042,250.00	
First International Bancshares, Inc.	23,000	38.63	888,375.00	
Northwest Bancorporation	80,900	37.50	3,033,750.00	
Security Pacific Corp.	94,679	15.19	1,437,984.65	
Total Banks			\$ 15,531,983.15	8.45%
<b>FINANCE</b>				
Household Finance Corp.	108,300	\$ 13.50	\$ 1,462,050.00	
MGIC Investment Corp.	58,500	14.75	862,875.00	
Total Finance			\$ 2,324,925.00	1.26%
<b>INSURANCE</b>				
Aetna Life & Casualty Co.	29,000	\$ 23.63	\$ 685,125.00	
Connecticut General Insurance Corp.	77,700	40.00	3,108,000.00	
Northwestern National Life Insurance Co.	110,600	12.25	1,354,850.00	
Safeco Corp.	94,400	22.13	2,088,600.00	
St. Paul Companies, Inc.	126,200	25.75	3,249,650.00	
Total Insurance			\$ 10,486,225.00	5.70%
<b>TOTAL FINANCIAL SERVICES</b>			<b>\$ 28,343,133.15</b>	<b>15.42%</b>
<b>CONSUMER GOODS &amp; SERVICES</b>				
<b>FOOD-BEVERAGE</b>				
Coca-Cola Co.	23,900	\$108.00	\$ 2,581,200.00	
General Foods Corp.	97,800	23.13	2,261,625.00	
General Mills, Inc.	84,800	50.25	4,261,200.00	
Kraftco	25,000	41.00	1,025,000.00	
Norton Simon, Inc.	82,629	13.50	1,115,491.50	
Total Food-Beverage			\$ 11,244,516.50	6.12%
<b>RETAIL TRADE</b>				
Kresge (S.S.) Co.	84,127	\$ 34.00	\$ 2,860,318.00	
Penney, (J.C.) Company, Inc.	52,900	72.50	3,835,250.00	
Sears, Roebuck & Co.	39,500	82.88	3,273,562.50	
Total Retail Trade			\$ 9,968,130.50	5.42%
<b>MISCELLANEOUS</b>				
Disney (Walt) Productions	42,431	\$ 43.25	\$ 1,835,140.75	
Holiday Inns, Inc.	70,600	11.00	776,600.00	
International Telephone & Telegraph Corp.	58,400	19.50	1,138,800.00	
Total Miscellaneous			\$ 3,750,540.75	2.04%
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>			<b>\$ 24,964,187.75</b>	<b>13.58%</b>
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>			<b>\$ 74,184,195.90</b>	<b>40.35%</b>

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>RESEARCH STOCKS</b>				
<b>CHEMICALS</b>				
Air Products & Chemicals, Inc.	49,722	\$ 52.38	\$ 2,604,189.75	
Dow Chemical Co.	33,000	65.38	2,157,375.00	
Monsanto Co.	33,000	63.75	2,103,750.00	
Total Chemicals			\$ 6,865,314.75	3.73%
<b>DRUGS-COSMETICS</b>				
American Home Products Corp.	89,800	\$ 40.25	\$ 3,614,450.00	
Avon Products, Inc.	26,900	47.50	1,277,750.00	
Johnson & Johnson	7,000	113.25	792,750.00	
Merck & Co., Inc.	39,200	78.50	3,077,200.00	
Pfizer, Inc.	66,200	36.50	2,416,300.00	
Revlon, Inc.	32,000	56.75	1,816,000.00	
Schering-Plough Corp.	56,000	65.50	3,668,000.00	
Warner-Lambert Co.	34,000	26.13	888,250.00	
Total Drugs-Cosmetics			\$ 17,550,700.00	9.55%
<b>OFFICE EQUIPMENT</b>				
Burroughs Corp.	62,000	\$ 99.63	\$ 6,176,750.00	
Control Data Corp.	34,000	24.00	816,000.00	
Digital Equipment Corp.	18,600	101.50	1,887,900.00	
Honeywell, Inc.	42,777	56.75	2,427,594.75	
International Business Machines Corp.	30,106	212.75	6,405,051.50	
Xerox Corp.	32,550	115.13	3,747,318.75	
Total Office Equipment			\$ 21,460,615.00	11.67%
<b>PHOTOGRAPHY</b>				
Eastman Kodak Co.	44,300	\$103.88	\$ 4,601,662.50	
Polaroid Corp.	23,200	34.38	797,500.00	
Total Photography			\$ 5,399,162.50	2.94%
<b>MISCELLANEOUS</b>				
Medtronic, Inc.	8,000	\$ 25.00	\$ 200,000.00	
Minnesota Mining & Manufacturing Co.	57,000	73.50	4,189,500.00	
Owens-Corning Fiberglas Corp.	16,500	47.00	775,500.00	
Total Miscellaneous			\$ 5,165,000.00	2.81%
<b>TOTAL RESEARCH STOCKS</b>			<b>\$ 56,440,792.25</b>	<b>30.70%</b>
<b>NATURAL RESOURCES STOCKS</b>				
<b>PETROLEUM</b>				
Atlantic Richfield Co.	35,000	\$ 88.13	\$ 3,084,375.00	
Exxon Corp.	74,800	70.13	5,245,350.00	
Gulf Oil Corp.	86,000	19.88	1,709,250.00	
Halliburton Co.	13,000	141.88	1,844,375.00	
Phillips Petroleum Co.	39,000	49.13	1,915,875.00	
Standard Oil Co. (Indiana)	72,000	83.00	5,976,000.00	
Texaco, Inc.	128,300	25.13	3,223,537.50	
Total Petroleum			\$ 22,998,762.50	12.51%
<b>METALS</b>				
Aluminum Co. of America	35,000	\$ 42.25	\$ 1,478,750.00	0.80%
<b>PAPER-FOREST PRODUCTS</b>				
International Paper Co.	17,000	\$ 47.63	\$ 809,625.00	
Masonite Corp.	55,000	32.63	1,794,375.00	
Weyerhaeuser Co.	92,200	36.75	3,388,350.00	
Total Paper-Forest Products			\$ 5,992,350.00	3.26%
<b>TOTAL NATURAL RESOURCES STOCKS</b>			<b>\$ 30,469,862.50</b>	<b>16.57%</b>
<b>DURABLES STOCKS</b>				
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>				
Ford Motor Co.	75,000	\$ 49.00	\$ 3,675,000.00	
General Motors Corp.	73,600	48.63	3,578,800.00	
Genuine Parts Co.	44,600	30.13	1,343,575.00	
Goodyear Tire & Rubber Co.	127,500	16.50	2,103,750.00	
Total Automobiles & Automotive Parts			\$ 10,701,125.00	5.82%
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>				
Combustion Engineering, Inc.	11,500	\$ 38.63	\$ 444,187.50	
Emerson Electric Co.	72,200	34.50	2,490,900.00	
Fedders Corp.	80,000	5.50	440,000.00	
General Electric Co.	20,000	49.25	985,000.00	
Total Electrical & Electronic Equipment			\$ 4,360,087.50	2.37%
<b>MACHINERY</b>				
Caterpillar Tractor Corp.	54,700	\$ 58.75	\$ 3,213,625.00	1.75%
<b>TRANSPORTATION</b>				
<b>AIRLINES</b>				
Northwestern Airlines, Inc.	148,368	\$ 22.75	\$ 3,375,372.00	1.84%
<b>RAILROADS</b>				
Union Pacific Corp.	15,000	\$ 73.63	\$ 1,104,450.00	0.60%
Total Transportation			\$ 4,479,747.00	2.44%
<b>TOTAL DURABLES STOCKS</b>			<b>\$ 22,754,584.50</b>	<b>12.38%</b>
<b>TOTAL COMMON STOCKS</b>			<b>\$183,849,435.15</b>	<b>100.00%</b>

\*Original cost of equities on June 28, 1974, was \$204,365,435.87.

## SCHEDULE III

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS IN THE THREE LARGEST RETIREMENT FUNDS June 28, 1974

	PUBLIC EMPLOYEES RETIREMENT FUND				STATE EMPLOYEES RETIREMENT FUND				TEACHERS' RETIREMENT FUND			
	Book Value (1,5)	Average Book Value for Year Ending(2,11)	Income for Year Ending(3)	Yield (4)	Book Value (1)	Average Book Value for Year Ending(2,11)	Income for Year Ending(3,6)	Yield (4)	Book Value (1)	Average Book Value for Year Ending(2,11)	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, 1975	\$ 20,588,750	—	—	—	\$ 39,577,500	—	—	—	\$ 34,149,700	—	—	—
June 30, 1958	\$ 23,625,000	\$ 21,171,833	\$ 614,096.77	2.90%	\$ 39,715,500	—	—	—	\$ 37,242,200	\$ 34,415,267	\$ 1,018,014.26	2.90%
December 31, 1958	\$ 27,515,000	—	—	—	\$ 41,985,500	\$ 40,426,167	\$ 1,225,833.46	3.03%	\$ 42,777,200	—	—	—
June 30, 1959	\$ 31,563,000	\$ 27,567,667	\$ 880,223.48	3.19%	\$ 44,659,000	—	—	—	\$ 48,523,300	\$ 42,847,567	\$ 1,409,995.45	3.29%
December 31, 1959	\$ 35,414,500	—	—	—	\$ 46,911,500	\$ 44,518,667	\$ 1,378,022.98	3.10%	\$ 54,313,000	—	—	—
June 30, 1960	\$ 41,548,500	\$ 36,175,333	\$ 1,211,061.33	3.35%	\$ 49,816,500	—	—	—	\$ 55,243,300	\$ 52,693,300	\$ 1,823,482.03	3.46%
December 31, 1960	\$ 46,935,500	—	—	—	\$ 51,967,000	\$ 49,565,000	\$ 1,631,458.61	3.29%	\$ 59,160,300	—	—	—
June 30, 1961	\$ 54,183,680	\$ 47,555,893	\$ 1,753,679.00	3.69%	\$ 54,499,050	—	—	—	\$ 63,098,540	\$ 59,167,380	\$ 2,140,761.22	3.62%
December 31, 1961	\$ 61,433,745	—	—	—	\$ 56,830,438	\$ 54,432,163	\$ 1,885,692.64	3.46%	\$ 67,775,429	—	—	—
June 30, 1962	\$ 68,132,958	\$ 61,250,128	\$ 2,340,665.00	3.82%	\$ 59,843,686	—	—	—	\$ 73,187,108	\$ 68,020,359	\$ 2,587,612.53	3.80%
December 31, 1962	\$ 75,195,593	—	—	—	\$ 62,517,119	\$ 59,730,414	\$ 2,168,821.46	3.63%	\$ 77,813,737	—	—	—
June 30, 1963	\$ 81,436,890	\$ 74,921,814	\$ 2,990,070.00	3.99%	\$ 65,432,932	—	—	—	\$ 82,990,550	\$ 77,997,132	\$ 3,011,190.37	3.86%
December 31, 1963	\$ 92,347,700	—	—	—	\$ 68,922,451	\$ 65,624,167	\$ 2,466,206.57	3.76%	\$ 88,480,685	—	—	—
June 30, 1964	\$ 96,311,091	\$ 90,031,894	\$ 3,613,002.65	4.01%	\$ 72,100,574	—	—	—	\$ 96,529,180	\$ 89,333,472	\$ 3,546,799.82	3.97%
December 31, 1964	\$ 103,667,519	—	—	—	\$ 75,485,635	\$ 72,169,553	\$ 2,771,915.82	3.84%	\$ 100,413,219	—	—	—
June 30, 1965	\$ 110,234,510	\$ 103,404,373	\$ 4,193,536.65	4.06%	\$ 78,128,448	—	—	—	\$ 109,221,619	\$ 102,054,673	\$ 4,124,491.25	4.04%
December 31, 1965	\$ 120,809,744	—	—	—	\$ 83,578,973	\$ 79,397,685	\$ 3,104,510.00	3.91%	\$ 113,680,813	—	—	—
June 30, 1966	\$ 126,016,044	\$ 119,034,099	\$ 4,961,041.08	4.17%	\$ 87,477,671	—	—	—	\$ 122,392,368	\$ 115,098,267	\$ 4,677,205.58	4.06%
December 31, 1966	\$ 136,773,265	—	—	—	\$ 92,210,804	\$ 87,755,816	\$ 3,599,529.00	4.10%	\$ 129,037,233	—	—	—
June 30, 1967	\$ 143,519,881	\$ 135,436,396	\$ 5,766,018.44	4.26%	\$ 97,375,985	—	—	—	\$ 141,805,453	\$ 131,078,351	\$ 5,553,970.00	4.24%
December 31, 1967	\$ 155,763,172	—	—	—	\$ 103,557,821	\$ 97,714,870	\$ 4,103,671.00	4.20%	\$ 156,865,901	—	—	—
June 30, 1968	\$ 158,378,261	\$ 152,553,771	\$ 6,670,944.32	4.37%	\$ 110,073,169	—	—	—	\$ 182,931,287	\$ 160,534,214	\$ 7,057,974.94	4.40%
December 31, 1968	\$ 177,587,167	—	—	—	\$ 117,517,899	\$ 110,382,963	\$ 4,792,334.00	4.34%	\$ 192,423,593	—	—	—
June 30, 1969 <sup>(7)</sup>	\$ 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 <sup>(8)</sup>	\$ 158,760,588	—	—	—	\$ 103,331,969	—	—	—	\$ 193,781,373	—	—	—
December 31, 1969 <sup>(7)</sup>	\$ 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 <sup>(9)</sup>	\$ 7,662,334.32	4.66%	\$ 97,283,570	\$ 101,073,270 <sup>(9)</sup>	\$ 4,504,934.00 <sup>(10)</sup>	4.46%	\$ 196,291,329	\$ 195,354,108 <sup>(9)</sup>	\$ 9,121,447.52	4.67%
December 31, 1970	\$ 182,469,105	—	—	—	\$ 102,540,417	—	—	—	\$ 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% <sup>(11)</sup>	\$ 122,880,191	\$ 116,694,447	\$ 5,962,135.03	5.11% <sup>(11)</sup>	\$ 270,163,035	\$ 245,694,851	\$ 12,847,901.01	5.23% <sup>(11)</sup>
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% <sup>(12)</sup>	\$ 137,205,300	\$ 131,240,981	\$ 7,162,366.90	5.46% <sup>(12)</sup>	\$ 316,053,836	\$ 292,401,786	\$ 16,356,914.07	5.59% <sup>(12)</sup>
December 31, 1973	\$ 287,353,546	—	—	—	\$ 135,513,840	—	—	—	\$ 309,496,542	—	—	—
June 28, 1974	\$ 309,196,034	\$ 290,106,668	\$ 17,649,265.82	6.08% <sup>(13)</sup>	\$ 141,710,195	\$ 138,382,628	\$ 7,956,692.25	5.75% <sup>(13)</sup>	\$ 320,407,712	\$ 315,653,491	\$ 19,412,083.53	6.15% <sup>(13)</sup>

(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 was applied to the income for each of the fiscal years 1972, 1973, and 1974.

(12) Computation of income for fiscal 1973 and 1974 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 1975. Therefore, income for fiscal 1973 and 1974 includes two such 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.

(13) Computation of income for fiscal 1974 includes allowance for the factors mentioned in footnotes (11) and (12).

## SCHEDULE IV

### PUBLIC EMPLOYEES RETIREMENT FUND STATE EMPLOYEES RETIREMENT FUND TEACHERS' RETIREMENT FUND June 28, 1974

#### RESUME OF ASSETS IN ACCOUNTS

	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund	Total Amount (000)
<b>CASH CERTIFIED FOR INVESTMENT*</b>	\$ (304,628.42)	\$ (160,472.26)	\$ (582,689.57)	
<b>U.S. TREASURY AND AGENCY SECURITIES</b>				
Repurchase Agreements Maturities up to 30 days	\$ 607,000.00	\$ 454,000.00	\$ 5,362,000.00	
Bills Maturities up to 132 days	\$ 2,045,000.00	\$ 1,190,000.00	\$ 440,000.00	
Notes and Bonds Various Maturities	\$ 3,125,000.00	\$ 350,000.00	\$ 1,955,000.00	
Agencies Maturities up to 25 days	\$ 405,000.00	—	\$ 1,125,000.00	
<b>SHORT-TERM CORPORATE NOTES</b> Maturities up to 33 days	\$ 17,664,000.00	\$ 7,343,000.00	\$ 8,502,000.00	
<b>STATE AND LOCAL OBLIGATIONS</b>	\$ 3,153,000.00	\$ 3,931,000.00	\$ 4,879,000.00	
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b> (See Listing Below)	\$ 3,364,000.00	\$ 547,000.00	\$ 683,000.00	
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b> (See Listing Below)	\$ 17,800,000.00	\$ 7,425,000.00	\$ 19,900,000.00	
<b>CORPORATE BOND OBLIGATIONS</b> (See Listing Below)	\$100,739,000.00	\$ 54,408,000.00	\$122,593,000.00	
<b>DEFERRED YIELD ADJUSTMENT ACCOUNT**</b>	\$ 2,021,597.67	\$ 2,289,402.01	\$ 4,028,151.51	
<b>COMMON STOCKS</b> (See Listing Below)	\$102,995,674.41	\$ 56,088,800.17	\$133,137,002.85	
<b>TOTAL ASSETS IN ACCOUNTS</b> (for actuarial purposes; not indicative of true market value)	\$253,614,643.66	\$133,865,729.92	\$302,021,484.79	

\*The negative cash balances indicate purchase of securities prior to fiscal year end for which payment was not made until early July 1974.

\*\*These accounts signify 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 28, 1974

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
<b>UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>								
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5-1/2	5.50	\$ 515	—	—	\$ 515
Grace Line, Inc.	Govt.-Guar. Bond	12-1-87	4.20	4.20	855	—	—	855
Grace Line, Inc.	Govt.-Guar. Bond	2-1-92	5.10	5.10	738	—	—	738
Gulf & South American	Govt.-Guar. Bond	12-31-88	4-1/4	4.25	318	—	—	318
Gulf & South American	Govt.-Guar. Bond	12-31-88	4.20	4.20	254	—	—	254
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5-3/4	5.75	684	\$ 547	\$ 683	1,914
<b>Total United States Government-Guaranteed Obligations</b>			5.14%		\$ 3,364	\$ 547	\$ 683	\$ 4,594
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>								
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.72	\$ 3,500	\$ 1,875	\$ 3,500	\$ 8,875
Manitoba, Province of	Debenture	11-1-93	6-7/8	6.90	800	—	1,200	2,000
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	7-7/8	7.875	3,500	2,000	3,500	9,000

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.21	—	\$ 300	\$ 550	\$ 850
Nova Scotia Power Commission	S/F Debenture	3-15-97	7-3/4	7.80	\$ 1,500	—	1,500	3,000
Nova Scotia Power Commission	S/F Debenture	7-15-98	8-1/8	8.15	1,500	1,500	1,650	4,650
Nova Scotia Province of Ontario, Province of	S/F Debenture	8-1-93	7-1/4	7.20	800	700	1,000	2,500
Ontario, Province of	Debenture	4-15-97	5-5/8	5.625	—	400	600	1,000
Ontario, Province of	Debenture	12-1-97	6-7/8	7.00	700	250	400	1,350
Ontario, Province of	Debenture	5-15-2001	7.85	7.85	1,500	—	2,000	3,500
Ontario, Province of	Debenture	12-15-2002	7.30	7.30	3,500	—	3,500	7,000
<b>Total Canadian Governmental Obligations</b>				7.55%	\$ 17,800	\$ 7,425	\$ 19,900	\$ 45,125

#### CORPORATE BOND OBLIGATIONS

##### PUBLIC UTILITY OBLIGATIONS

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
<b>ELECTRIC</b>								
Alabama Power Co.	First Mortgage	4-1-90	5	5.01	\$ 122	\$ 87	\$ 217	\$ 426
Alabama Power Co.	First Mortgage	3-1-91	4-1/2	4.40	350	300	150	800
Arizona Public Service Co.	First Mortgage	9-1-97	6-1/4	6.33	—	500	750	1,250
Atlantic City Electric Co.	First Mortgage	3-1-91	4-1/2	4.37	—	—	600	600
California Electric Power Co.	First Mortgage	5-1-90	5-1/8	5.10	400	300	500	1,200
Carolina Power & Light Co.	First Mortgage	4-1-90	4-7/8	4.85	350	—	—	350
Central Illinois Light Co.	First Mortgage	3-1-90	4-7/8	4.90	250	250	500	1,000
Central Maine Power Co.	First Mortgage	11-1-90	5-1/4	5.10	—	294	293	587
Citizens Coll. Trust & Utilities Co.	First Mortgage	10-1-92	4-5/8	5.41	—	—	800	800
Commonwealth Edison Co.	First Mortgage	11-1-96	5-3/4	5.83	750	500	650	1,900
Consolidated Edison Co.	First & Refunding Mortgage	10-15-94	4.60	6.45	—	—	1,100	1,100
Consolidated Edison Co.	Equipment Trust	1-1-96	9-1/4	9.25	1,467	—	1,711	3,178
Dayton Power & Light Co.	First Mortgage	6-1-93	4.45	4.45	500	400	600	1,500
Georgia Power Co.	First Mortgage	11-1-90	4-7/8	4.88	500	200	—	700
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	4-7/8	4.80	500	350	550	1,400
Otter Tail Power Co.	First Mortgage	2-1-91	4-7/8	4.80	482	293	—	775
Pacific Power & Light Co.	First Mortgage	4-1-92	4-3/4	4.70	—	—	400	400
Public Service Co. of New Hampshire	First Mortgage	7-1-92	4-5/8	4.54	300	350	—	650
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4-3/4	4.73	—	—	500	500
Puget Sound Power & Light Co.	First Mortgage	2-1-91	4-5/8	4.65	250	250	—	500
Puget Sound Power & Light Co.	First Mortgage	11-1-93	4-5/8	4.60	350	250	600	1,200
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	800	—	1,000	1,800
Sierra Pacific Power Co.	First Mortgage	6-1-92	4-7/8	4.75	400	—	430	830
Southern California Edison Co.	First & Refunding Mortgage	4-1-86	4-1/2	4.42	150	250	150	550
Southwestern Public Service Co.	First Mortgage	2-1-94	4-1/2	4.50	—	—	700	700
Tucson Gas & Electric Co.	First Mortgage	2-1-96	4-7/8	4.875	600	400	600	1,600
<b>Total Electric</b>				5.60%	\$ 9,221	\$ 5,374	\$ 14,288	\$ 28,883

Schedule IV continued

Table with columns: Company, Type of Security, Maturity Date (a), Coupon Rate %, Average Yield %, Public Employees Retirement Fund (000), State Employees Retirement Fund (000), Teachers' Retirement Fund (000), Total Amount (000). Rows include GAS (Arkansas, Louisiana, Michigan-Wisconsin, Milwaukee, Northern Natural, Southern Natural, Springfield, Texas Eastern, Transcontinental, Trunkline), TELEPHONE (American, The Bell, General Telephone, Indiana, Illinois, New York, Pacific Northwest, Southern Bell, United Telephone), WATER (Indianapolis), and FINANCE OBLIGATIONS (American Investment Co., CIT Financial Corp., Deere (John), GRC Realty Corp.).

Table with columns: Company, Type of Security, Maturity Date (a), Coupon Rate %, Average Yield %, Public Employees Retirement Fund (000), State Employees Retirement Fund (000), Teachers' Retirement Fund (000), Total Amount (000). Rows include Honeywell (Finance Inc., Household Finance Inc., Household Finance Corp., Northwest Bancorporation, Wells Fargo & Co.), INDUSTRIAL OBLIGATIONS (Akzona, Inc., Aluminum Co. of America, Aluminum Co. of Canada, American Greetings Corp., American Sterilizer Co., Armco Steel Corp., Armour-Dial, Inc., Beckman Instruments, Inc., The Bendix Corp., Bristol-Myers Co., Broadway-Hale Stores, Inc., CIBA-Geigy Corporation, Cities Service Co., Cities Service Gas Co., Continental Oil Co., Continental Oil Co. (Delaware Western Properties, Inc.), Cummins Engine Co., Diamond Shamrock Corp., Diebold, Inc., Dow Chemical Co., Ford Motor Co., Goodrich (B.F.) Co., Gould, Inc., Gould, Inc., Gulf Oil Corp., Halliburton Co., International Multifoods Corp., The Kroger Co., Marathon Oil Co., Moore Business Forms, Inc., Phillips Petroleum Co., Pillsbury Co., Plantation Pipe Line Co., Standard Oil Co. of California and Shell Oil Co., Inc.).

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Shell Canada, Ltd.	Debenture	1-1-94	7-1/2	7.50	—	—	\$ 1,200	\$ 1,200
Shell Oil Co.	Note	4-15-90	4-1/2	6.44	—	—	833	833
The Singer Co.	Note	8-1-86	5-5/8	5.86	\$ 487	\$ 325	894	1,706
Sprague Electric Co.	S/F Debenture	9-1-88	4-3/8	4.40	—	—	550	550
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	12-1-92	6	6.12	—	190	950	1,140
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	2-10-87 through 11-6-97	7.70	7.70	3,500	2,500	3,500	9,500
Standard Oil Co. (Indiana)	Promissory Note	4-1-75/79	2.90	4.67	—	150	183	333
Standard Oil Co. (Indiana)	Promissory Note	6-1-79	3	5.00	508	—	—	508
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9	9.00	1,500	1,000	1,500	4,000
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.30	7.30	1,500	1,500	2,000	5,000
Standard Oil Co. (Indiana) (Midcontinent 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	—	—	336	336
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8-1/2	8.52	1,300	1,000	—	2,300
Stauffer Chemical Co.	Note	3-15-97	7-1/2	7.50	2,000	—	2,000	4,000
Studebaker-Worthington	Note	7-1-81	5	5.00	166	120	212	498
Sun Oil Co.	Note	7-1-91	5-3/4	5.75	—	352	—	352
Swift & Co.	S/F Debenture	8-1-92	6-30	6.58	—	570	571	1,141
Swift & Co.	Debenture	6-1-86	4-7/8	5.23	339	272	740	1,351
Texaco (Country-wide Stations, Inc.)	Secured Notes	12-1-2001	7-3/4	7.75	1,952	1,464	2,440	5,856
Uarco, Inc.	Note	5-1-88	6-1/2	6.50	572	—	954	1,526
Union Oil Co. of California (Pure Transportation)	Note	12-1-88	6-1/2	6.50	611	—	763	1,374
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.36	630	443	1,510	2,583
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>			<b>7.20%</b>	<b>7.20%</b>	<b>\$ 44,526</b>	<b>\$ 22,229</b>	<b>\$ 54,219</b>	<b>\$ 120,974</b>
<b>TRANSPORTATION DEBT OBLIGATIONS</b>								
Atchison, Topeka & Santa Fe Railway Co.	Gold 4's	10-1-95	4	4.40	—	—	\$ 500	\$ 500
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4-3/4	4.75	\$ 481	\$ 387	480	1,348
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4-7/8	4.95	500	400	450	1,350
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
<b>TOTAL TRANSPORTATION DEBT OBLIGATIONS</b>			<b>4.80%</b>	<b>4.80%</b>	<b>\$ 1,461</b>	<b>\$ 1,207</b>	<b>\$ 1,910</b>	<b>\$ 4,578</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>								
ACF Industries, Inc.	Equipment Trust	11-1-74/75	4-3/4	4.75	\$ 100	\$ 70	\$ 100	\$ 270
ACF Industries, Inc.	Equipment Trust	1-15-75/77	4-7/8	4.875	102	102	—	204
ACF Industries, Inc.	Equipment Trust	4-15-75/81	5-5/8	5.625	149	140	—	289
ACF Industries, Inc.	Equipment Trust	5-15-75/84	7-5/8	7.64	300	200	1,000	1,500

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
ACF Industries, Inc.	Equipment Trust	4-1-75/85	9-1/2	9.50	\$ 990	\$ 660	\$ 1,100	\$ 2,750
Burlington Northern, Inc.	Conditional Sale	10-1-74/87	9-5/8	9.625	1,400	—	1,400	2,800
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	—	—	1,340	1,340
Chesapeake & Ohio Railway Co.	Conditional Sale	11-1-74/78	4.55	4.55	233	164	233	630
Chesapeake & Ohio Railway Co.	Conditional Sale	2-15-83	6-7/8	6.93	502	456	639	1,597
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-74/ 1-15-82	6-3/8	6.375	154	154	154	462
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-74/ 6-1-81	5-3/8	5.375	235	196	229	660
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-1-74/ 1-1-77	5-3/8	5.375	117	93	113	323
Flying Tiger Corp.	Equipment Trust	4-15-75/ 10-15-77	4-1/2	4.50	280	238	280	798
Fruit Growers Express Co.	Equipment Trust	6-15-75/85	9-3/4	9.75	—	880	880	1,760
Fruit Growers Express Co.	Equipment Trust	5-1-75/77	4.70	4.70	75	—	75	150
Fruit Growers Express Co.	Equipment Trust	12-15-74/75	4-3/4	4.75	100	100	100	300
Fruit Growers Express Co.	Equipment Trust	11-15-74/81	6	6.00	240	200	240	680
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-75/ 9-1-85	10-1/2	10.50	1,045	—	—	1,045
Illinois Central Railroad Co.	Conditional Sale	2-15-75/83	6-7/8	6.875	599	513	856	1,968
Kansas City Southern Railway Co.	Conditional Sale	12-15-74/ 6-15-76	4-1/2	4.50	101	94	101	296
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-75/86	6-7/8	6.92	720	528	960	2,208
Norfolk & Western Railway Co.	Conditional Sale	6-1-75/81	5-1/2	5.50	210	210	210	630
Norfolk & Western Railway Co.	Conditional Sale	8-1-74/83	7-1/4	7.25	600	500	900	2,000
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-74/ 1-2-77	4-3/4	4.75	143	102	143	388
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-75/83	6-3/4	6.75	—	360	540	900
St. Louis-San Francisco Railway Co.	Conditional Sale	12-15-74/83	7-1/4	7.25	533	—	467	1,000
Southern Pacific Co.	Conditional Sale	12-15-74/80	4.80	4.80	—	210	210	420
Southern Pacific Co.	Conditional Sale	3-1-75/84	7-5/8	7.625	500	400	700	1,600
Western Fruit Express Co.	Equipment Trust	7-1-75	4.85	4.85	45	30	120	195
Western Fruit Express Co.	Equipment Trust	9-1-73/80	4.70	4.70	420	420	315	1,155
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>			<b>7.38%</b>	<b>7.38%</b>	<b>\$ 9,893</b>	<b>\$ 7,020</b>	<b>\$ 13,405</b>	<b>\$ 30,318</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>			<b>6.95%</b>	<b>6.95%</b>	<b>\$ 100,739</b>	<b>\$ 54,408</b>	<b>\$ 122,593</b>	<b>\$ 277,740</b>
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS</b>								
			<b>7.01%</b>	<b>7.01%</b>	<b>\$ 121,903</b>	<b>\$ 62,380</b>	<b>\$ 143,176</b>	<b>\$ 327,459</b>

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

\*Purchased 1930-1951.







Schedule IV continued

Common Stock	Total Shares	Market Price 6-28-74	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		
Phillips Petroleum Co.	47,500	\$ 49.13	17,080	\$ 835,125.00	6,500	\$ 319,312.50	24,000	\$ 1,179,000.00	\$ 2,333,437.50	
Standard Oil Co. (Indiana)	86,800	83.00	28,800	2,390,400.00	19,000	1,577,000.00	39,000	3,237,000.00	7,204,400.00	
Texaco, Inc.	148,490	25.13	53,100	1,334,137.50	27,040	679,380.00	68,350	1,717,293.75	3,730,811.25	
<b>Total Petroleum</b>				<b>\$ 11,573,811.00</b>		<b>\$ 6,470,441.00</b>		<b>\$ 15,346,789.50</b>	<b>\$ 33,391,041.50</b>	<b>11.43%</b>
<b>TOTAL NATURAL RESOURCES STOCKS</b>				<b>\$ 15,937,711.00</b>		<b>\$ 8,793,916.00</b>		<b>\$ 21,094,239.50</b>	<b>\$ 45,825,866.50</b>	<b>15.69%</b>
<b>DURABLES STOCKS</b>										
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>										
Chrysler Corp.	24,025	\$ 15.50	6,147	\$ 95,278.50	6,078	\$ 94,209.00	11,800	\$ 182,900.00	\$ 372,387.50	
Ford Motor Co.	81,000	49.00	26,000	1,274,000.00	18,000	882,000.00	37,000	1,813,000.00	3,969,000.00	
General Motors Corp.	84,500	48.83	29,000	1,410,125.00	18,500	899,562.50	37,000	1,799,125.00	4,108,812.50	
Goodyear Tire & Rubber Co.	156,500	16.50	54,500	899,250.00	34,000	561,000.00	68,000	1,122,000.00	2,582,250.00	
<b>Total Automobiles &amp; Automotive Parts</b>				<b>\$ 3,678,653.50</b>		<b>\$ 2,436,771.50</b>		<b>\$ 4,917,025.00</b>	<b>\$ 11,032,450.00</b>	<b>3.78%</b>
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>										
Combustion Engineering, Inc.	10,100	\$ 38.63	4,400	\$ 169,950.00	1,000	\$ 38,625.00	4,700	\$ 181,537.50	\$ 390,112.50	
Emerson Electric Co.	12,000	34.50	12,000	414,000.00	-	-	-	-	414,000.00	
Fedders Corp.	125,500	5.50	40,900	224,950.00	25,600	140,800.00	59,000	324,500.00	690,250.00	
General Electric Co.	91,900	49.25	36,000	1,773,000.00	17,000	837,250.00	38,900	1,915,825.00	4,526,075.00	
Sunbeam Corp.	56,049	18.50	17,050	315,425.00	14,999	277,481.50	24,000	444,000.00	1,036,906.50	
Texas Instruments, Inc.	30,500	94.13	10,800	1,016,550.00	5,000	470,625.00	14,700	1,383,637.50	2,870,812.50	
Westinghouse Electric Corp.	82,400	13.38	28,600	382,525.00	15,600	208,850.00	38,200	510,925.00	1,102,100.00	
Whirlpool Corp.	121,400	22.50	48,600	1,093,500.00	24,000	540,000.00	48,800	1,098,000.00	2,731,500.00	
<b>Total Electrical &amp; Electronic Equipment</b>				<b>\$ 5,389,900.00</b>		<b>\$ 2,513,431.50</b>		<b>\$ 5,588,425.00</b>	<b>\$ 13,761,756.50</b>	<b>4.71%</b>
<b>MACHINERY</b>										
Caterpillar Tractor Co.	50,200	\$ 58.75	13,200	\$ 775,500.00	10,000	\$ 587,500.00	27,000	\$ 1,586,250.00	\$ 2,949,250.00	1.01%
<b>TRANSPORTATION</b>										
<b>AIRCRAFT &amp; AEROSPACE</b>										
United Aircraft Corp.	28,300	\$ 26.25	15,000	\$ 393,750.00	6,800	\$ 178,500.00	6,500	\$ 170,625.00	\$ 742,875.00	0.25%
<b>AIRLINES</b>										
Delta Air Lines, Inc.	55,400	\$ 47.75	18,500	\$ 883,375.00	8,800	\$ 420,200.00	28,100	\$ 1,341,775.00	\$ 2,645,350.00	
Northwest Airlines, Inc.	112,626	22.75	41,714	948,993.50	20,770	472,517.50	50,142	1,140,730.50	2,562,241.50	
UAL, Inc.	24,300	23.25	9,000	209,250.00	7,000	162,750.00	8,300	192,975.00	564,975.00	
<b>Total Airlines</b>				<b>\$ 2,041,618.50</b>		<b>\$ 1,055,467.50</b>		<b>\$ 2,675,480.50</b>	<b>\$ 5,772,566.50</b>	<b>1.98%</b>
<b>RAILROADS</b>										
Burlington Northern, Inc.	52,800	\$ 33.88	19,000	\$ 643,625.00	10,100	\$ 342,137.50	23,700	\$ 802,837.50	\$ 1,788,600.00	
Union Pacific Corp.	45,000	73.63	12,200	898,225.00	9,300	684,712.50	23,500	1,730,187.50	3,313,125.00	
<b>Total Railroads</b>				<b>\$ 1,541,850.00</b>		<b>\$ 1,026,850.00</b>		<b>\$ 2,533,025.00</b>	<b>\$ 5,101,725.00</b>	<b>1.75%</b>
<b>TOTAL TRANSPORTATION</b>				<b>\$ 3,977,218.50</b>		<b>\$ 2,260,817.50</b>		<b>\$ 5,379,130.50</b>	<b>\$ 11,617,166.50</b>	<b>3.98%</b>
<b>TOTAL DURABLES STOCKS</b>				<b>\$ 13,821,272.00</b>		<b>\$ 7,798,520.50</b>		<b>\$ 17,740,830.50</b>	<b>\$ 39,360,623.00</b>	<b>13.48%</b>
<b>TOTAL COMMON STOCKS</b>				<b>\$102,895,674.41<sup>a</sup></b>		<b>\$ 56,088,800.17<sup>b</sup></b>		<b>\$133,137,002.85<sup>c</sup></b>	<b>\$292,221,477.43<sup>d</sup></b>	<b>100.00%</b>

<sup>a</sup>Original cost of equities on June 28, 1974, was \$119,107,373.43.

<sup>b</sup>Original cost of equities on June 28, 1974, was \$ 65,014,733.81.

<sup>c</sup>Original cost of equities on June 28, 1974, was \$153,374,674.16.

<sup>d</sup>Original cost of equities on June 28, 1974, was \$337,496,781.40.

# SCHEDULE V

## PUBLIC EMPLOYEES POLICE AND FIRE FUND June 28, 1974

### RESUME OF ASSETS IN ACCOUNT

<b>CASH CERTIFIED FOR INVESTMENT*</b>	\$ (12,723.39)
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Repurchase Agreements	
Maturities up to 8 days	\$ 1,385,000.00
Bills	
Maturities up to 104 days	\$ 945,000.00
Notes and Bonds	
Various Maturities	\$ 235,000.00
Agencies	
Maturities up to 26 days	\$ 85,000.00
<b>SHORT-TERM CORPORATE NOTES</b>	
Maturities up to 33 days	\$ 2,354,000.00
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b>	\$ 657,000.00
(See Listing Below)	
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>	\$ 2,350,000.00
(See Listing Below)	
<b>CORPORATE BOND OBLIGATIONS</b>	\$ 13,263,000.00
(See Listing Below)	
<b>DEFERRED YIELD ADJUSTMENT ACCOUNT**</b>	\$ 324,106.69
<b>COMMON STOCKS</b> (See Listing on Schedule VII)	\$ 13,926,901.88
<b>TOTAL ASSETS IN ACCOUNT</b>	<b>\$ 35,512,285.18</b>
(for actuarial purposes; not indicative of true market value)	

\*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1974.

\*\*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 28, 1974

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>					
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	85
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	65
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5-3/4	5.75	136
United States Lines	Govt.-Guar. Bond	10-1-87	5	5.00	83
United States Lines	Govt.-Guar. Bond	11-1-86	4-3/8	4.375	88
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>			<b>4.87%</b>		<b>\$ 657</b>
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>					
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	\$ 500
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7-7/8	7.875	500
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.15	200
Nova Scotia, Province of	S/F Debenture	8-1-93	7-1/4	7.20	250
Ontario, Province of	Debenture	4-15-97	5-5/8	5.625	100
Ontario, Province of	Debenture	5-15-2001	7.85	7.85	300
Ontario, Province of	Debenture	12-15-2002	7.30	7.30	500
<b>TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS</b>			<b>7.47%</b>		<b>\$ 2,350</b>
<b>CORPORATE BOND OBLIGATIONS</b>					
<b>PUBLIC UTILITY OBLIGATIONS</b>					
<b>ELECTRIC</b>					
Central Maine Power Co.	First Mortgage	11-1-90	5-1/4	5.10	\$ 58
Commonwealth Edison Co.	First Mortgage	11-1-96	5-3/4	5.75	100
Consolidated Edison Co.	Equipment Trust	1-1-96	9-1/4	9.25	244
Georgia Power Co.	First Mortgage	11-1-90	4-7/8	4.875	60
Jersey Central Power & Light Co.	Debenture	10-1-88	4-5/8	4.56	72
Ottar Tail Power Co.	First Mortgage	2-1-91	4-7/8	4.80	50
Pacific Power & Light Co.	First Mortgage	4-1-92	4-3/4	4.69	60

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>Public Service Electric &amp; Gas Co.</b>					
	First & Refunding Mortgage	9-1-90	4-3/4	4.70	\$ 60
Rochester Gas & Electric	First Mortgage	7-1-88	6.70	6.70	150
Sierra Pacific Power Co.	First Mortgage	6-1-92	4-7/8	4.75	50
<b>Total Electric</b>				<b>6.41%</b>	<b>\$ 904</b>
<b>GAS</b>					
Laclede Gas Co.	First Mortgage	7-1-85	4-7/8	4.80	\$ 46
Louisiana Gas Service Co.	First Mortgage	6-1-87	4-1/2	4.70	100
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4-7/8	4.70	73
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4-7/8	4.82	54
<b>Total Gas</b>				<b>4.74%</b>	<b>\$ 273</b>
<b>TELEPHONE</b>					
American Telephone & Telegraph Co.	Debenture	10-1-96	4-3/8	4.30	\$ 100
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4-7/8	4.75	50
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.51	800
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7-5/8	8.24	500
<b>Total Telephone</b>				<b>8.00%</b>	<b>\$ 1,450</b>
<b>TOTAL PUBLIC UTILITY OBLIGATIONS</b>				<b>7.11%</b>	<b>\$ 2,627</b>
<b>FINANCE OBLIGATIONS</b>					
American Investment Co.	Note	1-1-91	5-1/4	5.25	\$ 100
American Investment Co.	Senior Note	11-1-86	6-3/4	6.75	100
Deere (John) Credit Co.	Debenture	4-30-98	7-1/2	7.54	500
Northwest Bancorporation	S/F Debenture	3-15-2003	7-3/4	7.75	500
Wells Fargo & Co.	Promissory Note	11-1-98	8-1/8	8.125	800
<b>TOTAL FINANCE OBLIGATIONS</b>				<b>7.67%</b>	<b>\$ 2,000</b>
<b>INDUSTRIAL OBLIGATIONS</b>					
Akzona, Inc.	Debenture	2-15-97	7-1/2	7.50	\$ 500
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9-1/2	9.37	250
Armco Steel Corp.	Note	12-15-96	7-7/8	7.875	500
Bristol-Myers (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4-5/8	4.625	34
Broadway-Hale Stores, Inc.	Note	5-1-83	4-1/2	4.50	23
CIBA-Geigy Corp.	Note	9-15-86	5.85	5.85	162
Cities Service Gas Co.	Debenture	6-1-91	8-1/4	8.25	300
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	234
Diamond Shamrock Corp. (Formerly Shamrock Oil & Gas Corp.)	Promissory Note	11-15-87	4-1/2	4.50	70
Gulf Oil Corporation	Debenture	6-15-93	6-5/8	6.625	200
Halliburton Co.	Note	6-1-86	5.30	6.75	120
Hammond Corp.	Senior Note	1-15-90	8-3/4	8.75	200
Marathon Oil Co.	S/F Debenture	2-1-2000	8-1/2	8.52	250
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500
Phillips Petroleum Co.	Note	12-15-86	6-1/4	6.25	100
Plantation Pipeline Co. (Exxon Corp., Standard Oil Co. of California and Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7-7/8	7.875	300
Standard Oil Co. of California (Chevron Stations)	Note	12-1-92	6	6.12	142
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) (Mid-continent Properties, Inc.)	Note	10-1-2000	7.30	7.30	300
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	7-1/2	7.50	250
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	9	9.00	250
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8-1/2	8.52	250
Stauffer Chemical Co.	Note	3-15-97	7-1/2	7.50	500
Swift & Co.	Debenture	6-1-86	4-7/8	6.54	170
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6-1/2	6.50	115
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.62	192
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>				<b>7.68%</b>	<b>\$ 6,712</b>
<b>TRANSPORTATION DEBT OBLIGATIONS</b>					
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4-7/8	4.95	\$ 50
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
<b>TOTAL TRANSPORTATION DEBT OBLIGATIONS</b>				<b>4.89%</b>	<b>\$ 122</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>					
ACF Industries, Inc.	Equipment Trust	1-15-75/77	4-7/8	4.875	\$ 48
ACF Industries, Inc.	Equipment Trust	4-15-75/81	5-5/8	5.625	84
ACF Industries, Inc.	Equipment Trust	4-1-75/85	9-1/2	9.50	165
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	268
Chesapeake & Ohio Railway Co.	Conditional Sale	9-15-77/ 3-15-89	8-3/4	8.75	296
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-74/ 1-15-82	6-3/8	6.375	46
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	6-1-81	5-3/8	5.375	117

**Schedule V continued**

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
Flying Tiger Corp.	Equipment Trust	4-15-75/ 10-15-77	4-1/2	4.50	\$ 42
Fruit Growers Express Co.	Equipment Trust	6-15-75/85	9-3/4	9.75	165
Fruit Growers Express Co.	Equipment Trust	12-15-74/75	4-3/4	4.75	20
Fruit Growers Express Co.	Equipment Trust	11-15-74/81	6	6.00	80
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-75/ 9-1-85	10-1/2	10.50	211
Norfolk & Western Railway Co.	Conditional Sale	6-1-75/81	5-1/2	5.50	70
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-75/83	6-3/4	6.75	90
Southern Pacific Co.	Conditional Sale	3-1-75/84	7-5/8	7.625	100
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>					<b>\$ 1,802</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>					<b>\$13,263</b>
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS</b>					<b>\$16,270</b>

(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 28, 1974**

**RESUME OF ASSETS IN ACCOUNT**

CASH CERTIFIED FOR INVESTMENT*	\$ 132,363.75
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Repurchase Agreements	\$ 230,000.00
Maturities up to 8 days	
Bills	\$ 325,000.00
Maturities up to 181 days	
Notes and Bonds	\$ 5,000.00
Various maturities	
<b>SHORT-TERM CORPORATE NOTES</b>	
Maturities up to 8 days	\$ 690,000.00
<b>STATE AND LOCAL OBLIGATIONS</b>	\$ 416,000.00
<b>OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT</b> (See Listing Below)	\$ 137,000.00
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b> (See Listing Below)	\$ 450,000.00
<b>CORPORATE BOND OBLIGATIONS</b> (See Listing Below)	\$ 4,256,000.00
<b>DEFERRED YIELD ADJUSTMENT ACCOUNT**</b>	\$ 97,179.51
<b>COMMON STOCKS</b> (See Listing on Schedule VII)	\$ 4,743,570.18
<b>TOTAL ASSETS IN ACCOUNT</b> (for actuarial purposes; not indicative of true market value)	\$ 11,482,113.44

\*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 28, 1974**

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
<b>UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>					
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5-3/4	5.75	\$ 137
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>					<b>\$ 137</b>
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>					
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7-7/8	7.875	\$ 300
Nova Scotia, Province of	S/F Debenture	8-1-93	7-1/4	7.20	150
<b>TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS</b>					<b>\$ 450</b>

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
<b>CORPORATE BOND OBLIGATIONS</b>						
<b>PUBLIC UTILITY OBLIGATIONS</b>						
<b>ELECTRIC</b>						
California Electric Power Co.	First Mortgage	5-1-90	5-1/8	5.06	\$ 40	
Central Maine Power Co.	First Mortgage	11-1-90	5-1/4	5.10	39	
Georgia Power Co.	First Mortgage	11-1-90	4-7/8	4.96	40	
Rochester Gas & Electric	First Mortgage	7-1-98	6-7/8	6.70	50	
Sierra Pacific Power Co.	First Mortgage	6-1-92	4-7/8	4.75	50	
<b>Total Electric</b>					<b>5.35%</b>	<b>\$ 219</b>
<b>GAS</b>						
Louisiana Gas Service Co.	First Mortgage	6-1-87	4-1/2	4.70	\$ 50	
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4-5/8	4.50	50	
Northern Natural Gas Co.	Debenture	11-1-81	4-7/8	4.80	23	
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4-7/8	4.82	94	
<b>Total Gas</b>					<b>4.72%</b>	<b>\$ 217</b>
<b>TELEPHONE</b>						
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.42	\$ 400	
<b>Total Telephone</b>					<b>8.42%</b>	<b>\$ 400</b>
<b>TOTAL PUBLIC UTILITY OBLIGATIONS</b>					<b>6.66%</b>	<b>\$ 836</b>
<b>FINANCE OBLIGATIONS</b>						
CIT Financial Corp.	Debenture	10-1-86	6-3/8	6.42	\$ 150	
Northwest Bancorporation	S/F Debenture	3-15-2003	7-3/4	7.75	300	
Wells Fargo & Co.	Promissory Note	11-1-98	8-1/8	8.125	250	
<b>TOTAL FINANCE OBLIGATIONS</b>					<b>7.60%</b>	<b>\$ 700</b>
<b>INDUSTRIAL OBLIGATIONS</b>						
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9-1/2	9.37	\$ 150	
Bristol-Myers (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4-5/8	4.625	34	
Gulf Oil Corporation	Debenture	6-15-93	6-5/8	6.625	150	
Marathon Oil Co.	S/F Debenture	2-1-2000	8-1/2	8.52	150	
Phillips Petroleum Co.	Note	12-15-86	6-1/4	6.25	100	
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California and Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7-7/8	7.875	300	
Standard Oil Co. of California (Union Bank)	through First Mortgage	9-7-97 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	8-1/2	8.52	150	
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6-1/2	6.50	76	
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>					<b>7.79%</b>	<b>\$ 1,710</b>
<b>TRANSPORTATION DEBT OBLIGATIONS</b>						
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4-3/4	4.75	\$ 49	
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4-7/8	4.95	100	
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72	
<b>TOTAL TRANSPORTATION DEBT OBLIGATIONS</b>					<b>4.87%</b>	<b>\$ 221</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>						
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	\$ 268	
Chesapeake & Ohio Railway Co.	Conditional Sale	3-15-89	8-3/4	8.75	198	
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-15-82	6-3/8	6.375	31	
Fruit Growers Express Co.	Equipment Trust	6-15-75/85	9-3/4	9.75	110	
Fruit Growers Express Co.	Equipment Trust	12-15-74/75	4-3/4	4.75	14	
Fruit Growers Express Co.	Equipment Trust	11-15-74/81	6	6	40	
Illinois Central Railroad Co.	Conditional Sale	2-15-75/83	6-7/8	6.875	128	
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>					<b>8.23%</b>	<b>\$ 789</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>					<b>7.47%</b>	<b>\$ 4,256</b>
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS</b>					<b>7.44%</b>	<b>\$ 4,843</b>

(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 28, 1974

Common Stock	Total Shares	Market Price 6-28-74	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
<b>CONSUMER-ORIENTED STOCKS</b>								
<b>UTILITIES</b>								
<b>ELECTRIC</b>								
Central & South West Corp.	5,600	\$ 13.25	5,600	\$ 74,200.00	-	-	\$ 74,200.00	
Commonwealth Edison Co.	3,000	24.00	-	-	3,000	\$ 72,000.00	72,000.00	
Florida Power & Light Co.	8,100	17.63	-	-	8,100	142,762.50	142,762.50	
Houston Lighting & Power Co.	7,500	20.75	-	-	7,500	155,625.00	155,625.00	
Middle South Utilities, Inc.	15,600	11.50	5,100	58,650.00	10,500	120,750.00	179,400.00	
Pacific Gas & Electric Co.	4,700	20.63	-	-	4,700	96,937.50	96,937.50	
Public Service Co. of Indiana, Inc.	2,700	29.00	2,700	78,300.00	-	-	78,300.00	
Southern California Edison Co.	10,000	17.13	3,700	63,362.50	6,300	107,887.50	171,250.00	
Southern Company	3,500	13.13	3,500	45,937.50	-	-	45,937.50	
Texas Utilities Co.	6,400	17.50	-	-	6,400	112,000.00	112,000.00	
Virginia Electric & Power Co.	6,400	9.75	-	-	6,400	62,400.00	62,400.00	
<b>Total Electric</b>				<b>\$ 320,450.00</b>		<b>\$ 870,362.50</b>	<b>\$ 1,190,812.50</b>	<b>6.38%</b>
<b>TELEPHONE-TELEGRAPH</b>								
American Telephone & Telegraph Co.	6,636	\$ 46.63	-	-	6,636	\$ 309,403.50	\$ 309,403.50	
General Telephone & Electronics Corp.	11,600	22.00	5,400	\$ 118,800.00	6,200	136,400.00	255,200.00	
<b>Total Telephone-Telegraph</b>				<b>\$ 118,800.00</b>		<b>\$ 445,803.50</b>	<b>\$ 564,603.50</b>	<b>3.02%</b>
<b>TOTAL UTILITIES</b>				<b>\$ 439,250.00</b>		<b>\$ 1,316,166.00</b>	<b>\$ 1,755,416.00</b>	<b>9.40%</b>
<b>FINANCIAL SERVICES</b>								
<b>BANKS</b>								
BankAmerica Corp.	4,000	\$ 31.31	4,000	\$ 125,252.00	-	-	\$ 125,252.00	
Citicorp	10,000	31.00	-	-	10,000	\$ 310,000.00	310,000.00	
First Bank System, Inc.	7,300	35.38	-	-	7,300	258,237.50	258,237.50	
Manufacturers Hanover Corp.	3,000	28.75	-	-	3,000	86,250.00	86,250.00	
Northwest Bancorporation	9,200	37.50	3,000	112,500.00	6,200	232,500.00	345,000.00	
Security Pacific Corp.	7,000	15.19	-	-	7,000	106,316.00	106,316.00	
Valley National Bank of Arizona	6,618	13.56	6,618	89,759.93	-	-	89,759.93	
<b>Total Banks</b>				<b>\$ 327,511.93</b>		<b>\$ 993,303.50</b>	<b>\$ 1,320,815.43</b>	<b>7.07%</b>
<b>FINANCE</b>								
Beneficial Corp.	13,380	\$ 16.75	4,000	\$ 67,000.00	9,380	\$ 157,115.00	\$ 224,115.00	
Investors Diversified Services, Inc., A	4,400	17.75	-	-	4,400	78,100.00	78,100.00	
MGIC Investment Corp.	8,400	14.75	2,000	29,500.00	6,400	94,400.00	123,900.00	
<b>Total Finance</b>				<b>\$ 96,500.00</b>		<b>\$ 329,615.00</b>	<b>\$ 426,115.00</b>	<b>2.28%</b>
<b>INSURANCE</b>								
Aetna Life & Casualty Co.	18,000	\$ 23.63	4,000	\$ 94,500.00	14,000	\$ 330,750.00	\$ 425,250.00	
CNA Financial Corp.	7,000	5.88	-	-	7,000	41,125.00	41,125.00	
INA Corp.	3,600	25.38	-	-	3,600	91,350.00	91,350.00	
NLT Corp.	15,000	14.75	5,000	73,750.00	10,000	147,500.00	221,250.00	
Northwestern National Life Insurance Co.	8,200	12.25	2,000	24,500.00	6,200	75,950.00	100,450.00	
St. Paul Companies, Inc.	11,000	25.75	4,000	103,000.00	7,000	180,250.00	283,250.00	
<b>Total Insurance</b>				<b>\$ 295,750.00</b>		<b>\$ 866,925.00</b>	<b>\$ 1,162,875.00</b>	<b>6.23%</b>
<b>TOTAL FINANCIAL SERVICES</b>				<b>\$ 719,761.93</b>		<b>\$ 2,189,843.50</b>	<b>\$ 2,909,605.43</b>	<b>15.58%</b>
<b>CONSUMER GOODS &amp; SERVICES</b>								
<b>FOOD-BEVERAGE</b>								
Consolidated Foods Corp.	5,000	\$ 17.00	-	-	5,000	\$ 85,000.00	\$ 85,000.00	
General Mills, Inc.	3,000	50.25	-	-	3,000	150,750.00	150,750.00	
McDonald's Corp.	7,500	47.88	2,500	\$ 119,687.50	5,000	239,375.00	359,062.50	
Norton Simon, Inc.	5,688	13.50	-	-	5,688	76,788.00	76,788.00	
PepsiCo, Inc.	3,100	61.00	1,400	85,400.00	1,700	103,700.00	189,100.00	
Pillsbury Company	1,000	43.38	1,000	43,375.00	-	-	43,375.00	
<b>Total Food-Beverage</b>				<b>\$ 248,462.50</b>		<b>\$ 655,613.00</b>	<b>\$ 904,075.50</b>	<b>4.84%</b>
<b>PRINTING-PUBLISHING</b>								
Donnelley (R.R.) & Sons Co.	3,059	\$ 20.88	-	-	3,059	\$ 63,856.63	\$ 63,856.63	0.34%
<b>RETAIL TRADE</b>								
Federated Department Stores, Inc.	4,000	\$ 31.00	-	-	4,000	\$ 124,000.00	\$ 124,000.00	
Penney, (J.C.) Company, Inc.	3,500	72.50	-	-	3,500	253,750.00	253,750.00	
Sears, Roebuck & Co.	4,800	82.88	1,800	\$ 149,175.00	3,000	248,625.00	397,800.00	
<b>Total Retail Trade</b>				<b>\$ 149,175.00</b>		<b>\$ 626,375.00</b>	<b>\$ 775,550.00</b>	<b>4.15%</b>
<b>MISCELLANEOUS</b>								
Disney (Walt) Productions	8,873	\$ 43.25	2,621	\$ 113,358.25	6,252	\$ 270,399.00	\$ 383,757.25	
Holiday Inns, Inc.	13,500	11.00	4,500	49,500.00	9,000	99,000.00	148,500.00	
International Telephone & Telegraph Corp.	7,700	19.50	2,200	42,900.00	5,500	107,250.00	150,150.00	
Procter & Gamble Co.	1,000	99.75	-	-	1,000	99,750.00	99,750.00	
<b>Total Miscellaneous</b>				<b>\$ 205,758.25</b>		<b>\$ 576,399.00</b>	<b>\$ 782,157.25</b>	<b>4.19%</b>
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>				<b>\$ 603,395.75</b>		<b>\$ 1,922,243.63</b>	<b>\$ 2,525,639.38</b>	<b>13.53%</b>
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>				<b>\$ 1,762,407.68</b>		<b>\$ 5,428,253.13</b>	<b>\$ 7,190,660.81</b>	<b>38.51%</b>

Schedule VII continued

Common Stock	Total Shares	Market Price 6-28-74	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
<b>RESEARCH STOCKS</b>								
<b>CHEMICALS</b>								
Dow Chemical Co.	3,000	\$ 65.38	3,000	\$ 196,125.00	—	—	\$ 196,125.00	
du Pont (E.I.) de Nemours & Co.	1,960	161.75	—	—	1,960	\$ 317,030.00	317,030.00	
Hercules, Inc.	7,500	40.38	—	—	7,500	302,812.50	302,812.50	
Monsanto Co.	4,230	63.75	—	—	4,230	269,662.50	269,662.50	
<b>Total Chemicals</b>				<b>\$ 196,125.00</b>		<b>\$ 889,505.00</b>	<b>\$ 1,085,630.00</b>	<b>5.82%</b>
<b>DRUGS-COSMETICS</b>								
American Home Products Corp.	5,400	\$ 40.25	—	—	5,400	\$ 217,350.00	\$ 217,350.00	
Avon Products, Inc.	3,300	47.50	1,100	\$ 52,250.00	2,200	104,500.00	156,750.00	
Merck & Company, Inc.	3,600	78.50	—	—	3,600	282,600.00	282,600.00	
Pfizer, Inc.	11,500	36.50	4,000	146,000.00	7,500	273,750.00	419,750.00	
Schering-Plough Corp.	2,300	65.50	2,300	150,650.00	—	—	150,650.00	
<b>Total Drugs-Cosmetics</b>				<b>\$ 348,900.00</b>		<b>\$ 878,200.00</b>	<b>\$ 1,227,100.00</b>	<b>6.57%</b>
<b>OFFICE EQUIPMENT</b>								
Burroughs Corp.	6,600	\$ 99.63	1,600	\$ 159,400.00	5,000	\$ 498,125.00	\$ 657,525.00	
Control Data Corp.	4,000	24.00	—	—	4,000	96,000.00	96,000.00	
Honeywell, Inc.	3,300	56.75	—	—	3,300	187,275.00	187,275.00	
International Business Machines Corp.	4,950	212.75	1,350	287,212.50	3,600	765,900.00	1,053,112.50	
Xerox Corp.	3,400	115.13	1,300	149,662.50	2,100	241,762.50	391,425.00	
<b>Total Office Equipment</b>				<b>\$ 596,275.00</b>		<b>\$ 1,789,062.50</b>	<b>\$ 2,385,337.50</b>	<b>12.76%</b>
<b>PHOTOGRAPHY</b>								
Eastman Kodak Co.	3,800	\$103.88	1,300	\$ 135,037.50	2,500	\$ 259,687.50	\$ 394,725.00	
Polaroid Corp.	1,006	34.38	—	—	1,006	34,581.25	34,581.25	
<b>Total Photography</b>				<b>\$ 135,037.50</b>		<b>\$ 294,268.75</b>	<b>\$ 429,306.25</b>	<b>2.29%</b>
<b>MISCELLANEOUS</b>								
Medtronic, Inc.	1,000	\$ 25.00	—	—	1,000	\$ 25,000.00	\$ 25,000.00	
Minnesota Mining & Manufacturing Co.	5,900	73.50	1,500	\$ 110,250.00	4,400	323,400.00	433,650.00	
Universal Oil Products Co.	13,300	14.63	5,000	73,125.00	8,300	121,387.50	194,512.50	
<b>Total Miscellaneous</b>				<b>\$ 183,375.00</b>		<b>\$ 469,787.50</b>	<b>\$ 653,162.50</b>	<b>3.60%</b>
<b>TOTAL RESEARCH STOCKS</b>				<b>\$ 1,459,712.50</b>		<b>\$ 4,320,823.75</b>	<b>\$ 5,780,536.25</b>	<b>30.86%</b>
<b>NATURAL RESOURCES STOCKS</b>								
<b>METALS</b>								
Aluminum Co. of America	4,000	\$ 42.25	2,000	\$ 84,500.00	2,000	\$ 84,500.00	\$ 169,000.00	0.91%
<b>PAPER &amp; FOREST PRODUCTS</b>								
International Paper Co.	8,000	\$ 47.63	—	—	8,000	\$ 381,000.00	\$ 381,000.00	
Weyerhaeuser Co.	9,350	36.75	3,750	\$ 137,812.50	5,600	205,800.00	343,612.50	
<b>Total Paper &amp; Forest Products</b>				<b>\$ 137,812.50</b>		<b>\$ 586,800.00</b>	<b>\$ 724,612.50</b>	<b>3.88%</b>
<b>PETROLEUM</b>								
Exxon Corp.	6,000	\$ 70.13	2,200	\$ 154,275.00	3,800	\$ 266,475.00	\$ 420,750.00	
Mobil Oil Corp.	6,600	40.13	2,100	84,262.50	4,500	180,562.50	264,825.00	
Phillips Petroleum Co.	8,400	49.13	3,000	147,375.00	5,000	245,625.00	393,000.00	
Standard Oil Co. (Indiana)	7,400	83.00	2,200	182,600.00	5,200	431,600.00	614,200.00	
Texaco, Inc.	7,500	25.13	—	—	7,500	188,437.50	188,437.50	
<b>Total Petroleum</b>				<b>\$ 568,512.50</b>		<b>\$ 1,312,700.00</b>	<b>\$ 1,881,212.50</b>	<b>10.08%</b>
<b>TOTAL NATURAL RESOURCES STOCKS</b>				<b>\$ 790,825.00</b>		<b>\$ 1,984,000.00</b>	<b>\$ 2,774,825.00</b>	<b>14.87%</b>
<b>DURABLES STOCKS</b>								
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>								
Ford Motor Co.	6,900	\$ 49.00	2,500	\$ 122,500.00	4,400	\$ 215,600.00	\$ 338,100.00	
General Motors Corp.	6,100	48.63	1,800	92,387.50	4,200	204,225.00	296,612.50	
Goodyear Tire & Rubber Co.	10,000	16.50	—	—	10,000	165,000.00	165,000.00	
<b>Total Automobiles &amp; Automotive Parts</b>				<b>\$ 214,887.50</b>		<b>\$ 584,825.00</b>	<b>\$ 799,712.50</b>	<b>4.28%</b>
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>								
Combustion Engineering, Inc.	800	\$ 38.63	—	—	800	\$ 30,900.00	\$ 30,900.00	
Emerson Electric Co.	3,000	34.50	3,000	\$ 103,500.00	—	—	103,500.00	
Fedders Corp.	14,000	5.50	5,000	27,500.00	9,000	49,500.00	77,000.00	
General Electric Co.	5,200	49.25	—	—	5,200	256,100.00	256,100.00	
Texas Instruments, Inc.	2,000	94.13	—	—	2,000	188,250.00	188,250.00	
Westinghouse Electric Corp.	4,200	13.38	—	—	4,200	56,175.00	56,175.00	
Whirlpool Corp.	16,400	22.50	5,000	112,500.00	11,400	256,500.00	369,000.00	
<b>Total Electrical &amp; Electronic Equipment</b>				<b>\$ 243,500.00</b>		<b>\$ 837,425.00</b>	<b>\$ 1,080,925.00</b>	<b>5.79%</b>
<b>MACHINERY</b>								
Caterpillar Tractor Co.	4,000	\$ 58.75	—	—	4,000	\$ 235,000.00	\$ 235,000.00	1.26%

Schedule VII continued

Common Stock	Total Shares	Market Price 6-28-74	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
<b>TRANSPORTATION</b>								
<b>AIRLINES</b>								
Delta Air Lines, Inc.	3,300	\$ 47.75	1,300	\$ 62,075.00	2,000	\$ 95,500.00	\$ 157,575.00	
Northwest Airlines, Inc.	7,900	22.75	2,700	61,425.00	5,200	118,300.00	179,725.00	
UAL, Inc.	1,500	23.25	-	-	1,500	34,875.00	34,875.00	
<b>Total Airlines</b>				<b>\$ 123,500.00</b>		<b>\$ 248,675.00</b>	<b>\$ 372,175.00</b>	<b>1.99%</b>
<b>RAILROADS</b>								
Burlington Northern, Inc.	5,500	\$ 33.88	2,000	\$ 67,750.00	3,500	\$ 118,562.50	\$ 186,312.50	
Union Pacific Corp.	3,400	73.63	1,100	80,987.50	2,300	169,337.50	250,325.00	
<b>Total Railroads</b>				<b>\$ 148,737.50</b>		<b>\$ 287,900.00</b>	<b>\$ 436,637.50</b>	<b>2.34%</b>
<b>TOTAL TRANSPORTATION</b>				<b>\$ 272,237.50</b>		<b>\$ 536,575.00</b>	<b>\$ 808,812.50</b>	<b>4.33%</b>
<b>TOTAL DURABLES STOCKS</b>				<b>\$ 730,625.00</b>		<b>\$ 2,193,825.00</b>	<b>\$ 2,924,450.00</b>	<b>15.66%</b>
<b>TOTAL COMMON STOCKS</b>				<b>\$ 4,743,570.18<sup>a</sup></b>		<b>\$13,926,901.88<sup>b</sup></b>	<b>\$18,670,472.06<sup>c</sup></b>	<b>100.00%</b>

<sup>a</sup>Original cost of equities on June 28, 1974, was \$ 5,494,207.78.

<sup>b</sup>Original cost of equities on June 28, 1974, was \$16,592,498.32.

<sup>c</sup>Original cost of equities on June 28, 1974, was \$22,086,706.10.

## SCHEDULE VIII

### JUDGES RETIREMENT FUND June 28, 1974

#### RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 5,363.61
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Bills	
Maturities up to 111 days	<u>\$155,000.00</u>
<b>TOTAL ASSETS IN ACCOUNT</b>	<b>\$160,363.61</b>

Note: Fixed-income investments are listed at face value.

## SCHEDULE IX

### SUPPLEMENTAL RETIREMENT FUND - INCOME SHARE ACCOUNT June 28, 1974

#### RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 5,407.00
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Bills	
Maturities up to 174 days	\$ 505,000.00
<b>SHORT-TERM CORPORATE NOTES</b>	
Maturities up to 3 days	\$ 98,000.00
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>	
(See Listing Below)	\$ 2,900,000.00
<b>CORPORATE BOND OBLIGATIONS</b>	
(See Listing Below)	\$10,565,198.46
<b>COMMON STOCKS (See Listing Below)</b>	
<b>TOTAL ASSETS IN ACCOUNT</b>	<b>\$10,268,637.50</b>
(for accounting purposes; not indicative of true market value)	<u>\$24,342,242.96</u>

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

### CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 28, 1974

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>					
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	7-7/8	7.875	800,000.00
Nova Scotia Power Commission	S/F Debenture	7-15-98	8-1/8	8.15	800,000.00
Ontario, Province of	Debenture	5-15-2001	7.85	7.85	300,000.00
Ontario, Province of	Debenture	12-15-2002	7.30	7.30	500,000.00
<b>TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS</b>				<b>7.81%</b>	<b>\$ 2,900,000.00</b>
<b>CORPORATE BOND OBLIGATIONS</b>					
<b>PUBLIC UTILITY OBLIGATIONS</b>					
<b>TELEPHONE</b>					
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.67	\$ 800,000.00
<b>Total Telephone</b>				<b>8.67%</b>	<b>\$ 800,000.00</b>
<b>TOTAL PUBLIC UTILITY OBLIGATIONS</b>				<b>8.67%</b>	<b>\$ 800,000.00</b>
<b>FINANCE OBLIGATIONS</b>					
Deere (John) Credit Co.	Debenture	4-30-98	7-1/2	7.54	\$ 500,000.00
Ford Motor Credit Co.	Debenture	4-1-99	8.70	8.92	800,000.00
Honeywell Finance Inc.	S/F Debenture	12-15-98	8.20	8.37	800,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7-3/4	7.75	800,000.00
Wells Fargo & Co.	Promissory Note	11-1-98	8-1/8	8.125	800,000.00
<b>TOTAL FINANCE OBLIGATIONS</b>				<b>8.18%</b>	<b>\$ 3,700,000.00</b>
<b>INDUSTRIAL OBLIGATIONS</b>					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-15-95	9-1/2	9.37	\$ 200,000.00
Cities Service Gas Co.	Debenture	6-1-91	8-1/4	8.25	400,000.00
Gould, Inc.	S/F Debenture	2-15-95	9-1/4	9.25	200,000.00
Marathon Oil Co.	S/F Debenture	2-1-2000	8-1/2	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 and Shell Oil Co., Guarantors)	Note	10-1-2001	7-7/8	7.875	400,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Raytheon Co.	S/F Debenture	7-1-96	8-1/4	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) (Mid-continent Properties, Inc.)	Note	10-1-2000	7-1/2	7.77	800,000.00
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8-1/2	8.52	200,000.00
Stauffer Chemical Co.	Note	3-15-97	7-1/2	7.50	500,000.00
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>				<b>8.04%</b>	<b>\$ 4,600,000.00</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>					
ACF Industries, Inc.	Equipment Trust	4-1-85	9-1/2	9.50	\$ 165,000.00
Burlington Northern, Inc.	Conditional Sale	10-1-74/87	9-5/8	9.625	233,333.33
Burlington Northern, Inc. (First Western Bank & Trust Co.)	Conditional Sale	5-1-86	8.60	8.60	223,309.46
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Conditional Sale	9-15-77/3-15-89	8-3/4	8.75	494,152.52
Fruit Growers Express Co.	Equipment Trust	6-15-85	9-3/4	9.75	165,000.00
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-75/9-1-85	10-1/2	10.50	184,403.15
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>				<b>9.28%</b>	<b>\$ 1,465,198.46</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>				<b>8.31%</b>	<b>\$10,565,198.46</b>
<b>TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS</b>				<b>8.20%</b>	<b>\$13,465,198.46</b>

(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 6-28-74	Market Value	Total % Market
<b>CONSUMER-ORIENTED STOCKS</b>				
<b>UTILITIES</b>				
<b>ELECTRIC</b>				
Commonwealth Edison Co.	4,500	\$ 24.00	\$ 108,000.00	
Middle South Utilities, Inc.	15,000	11.50	172,500.00	
Northern States Power Co.	8,400	18.25	153,300.00	
Southern California Edison Co.	8,700	17.13	148,987.50	
Texas Utilities Co.	11,300	17.50	197,750.00	
<b>Total Electric</b>			<b>\$ 780,537.50</b>	<b>7.60%</b>
<b>TELEPHONE-TELEGRAPH</b>				
American Telephone & Telegraph Co.	8,000	\$ 46.63	\$ 373,000.00	
General Telephone & Electronics Corp.	9,400	22.00	206,800.00	
<b>Total Telephone-Telegraph</b>			<b>\$ 579,800.00</b>	<b>5.65%</b>
<b>TOTAL UTILITIES</b>			<b>\$ 1,360,337.50</b>	<b>13.25%</b>
<b>FINANCIAL SERVICES</b>				
<b>BANKS</b>				
Bankers Trust New York Corp.	6,000	\$ 39.00	\$ 234,000.00	
Continental Illinois Corp.	9,000	35.38	318,375.00	
Morgan (J.P.) & Co., Inc.	7,000	51.75	362,250.00	
Northwest Bancorporation	8,500	37.50	318,750.00	
<b>Total Banks</b>			<b>\$ 1,233,375.00</b>	<b>12.01%</b>
<b>FINANCE</b>				
Household Finance Corp.	17,000	\$ 13.50	\$ 229,500.00	2.23%
<b>INSURANCE</b>				
INA Corp.	9,000	\$ 25.38	\$ 228,375.00	
St. Paul Companies, Inc.	10,000	25.75	257,500.00	
United States Fidelity & Guaranty Co.	8,800	30.88	271,700.00	
<b>Total Insurance</b>			<b>\$ 757,575.00</b>	<b>7.38%</b>
<b>TOTAL FINANCIAL SERVICES</b>			<b>\$ 2,220,450.00</b>	<b>21.62%</b>
<b>CONSUMER GOODS &amp; SERVICES</b>				
<b>FOOD-BEVERAGE</b>				
Consolidated Foods Corp.	10,000	\$ 17.00	\$ 170,000.00	
General Foods Corp.	11,000	23.13	254,375.00	
<b>Total Food-Beverage</b>			<b>\$ 424,375.00</b>	<b>4.13%</b>
<b>RETAIL TRADE</b>				
Penney, (J.C.) Company, Inc.	5,000	\$ 72.50	\$ 362,500.00	
Sears, Roebuck & Co.	4,000	82.88	331,500.00	
<b>Total Retail Trade</b>			<b>\$ 694,000.00</b>	<b>6.76%</b>
<b>MISCELLANEOUS</b>				
International Telephone & Telegraph Corp.	8,000	\$ 19.50	\$ 156,000.00	1.52%
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>			<b>\$ 1,274,375.00</b>	<b>12.41%</b>
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>			<b>\$ 4,855,162.50</b>	<b>47.28%</b>

Schedule IX continued

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>RESEARCH STOCKS</b>				
<b>CHEMICALS</b>				
Monsanto Co.	6,000	\$ 63.75	\$ 382,500.00	3.72%
<b>DRUGS-COSMETICS</b>				
Warner-Lambert Co.	9,000	\$ 26.13	\$ 235,125.00	2.29%
<b>OFFICE EQUIPMENT</b>				
International Business Machines Corp.	1,900	\$212.75	\$ 404,225.00	
Xerox Corp.	2,300	115.13	264,787.50	
Total Office Equipment			\$ 669,012.50	6.52%
<b>MISCELLANEOUS</b>				
Minnesota Mining & Manufacturing Co.	5,000	\$ 73.50	\$ 367,500.00	3.58%
<b>TOTAL RESEARCH STOCKS</b>			\$ 1,654,137.50	16.11%
<b>NATURAL RESOURCES STOCKS</b>				
<b>PAPER-FOREST PRODUCTS</b>				
Hoerner Waldorf Corp.	13,000	\$ 13.38	\$ 173,875.00	
International Paper Co.	11,000	47.63	523,875.00	
Weyerhaeuser Co.	9,800	36.75	360,150.00	
Total Paper-Forest Products			\$ 1,057,900.00	10.30%
<b>PETROLEUM</b>				
Atlantic Richfield Co.	5,000	\$ 88.13	\$ 440,625.00	
Exxon Corp.	5,000	70.13	350,625.00	
Mobil Oil Corp.	7,000	40.13	280,875.00	
Texaco, Inc.	10,000	25.13	251,250.00	
Total Petroleum			\$ 1,223,375.00	12.89%
<b>TOTAL NATURAL RESOURCES STOCKS</b>			\$ 2,381,275.00	23.19%
<b>DURABLES STOCKS</b>				
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>				
Ford Motor Co.	8,000	\$ 49.00	\$ 392,000.00	
General Motors Corp.	6,000	48.63	291,750.00	
Goodyear Tire & Rubber Co.	11,500	16.50	189,750.00	
Gould, Inc.	18,000	18.38	330,750.00	
Total Automobiles & Automotive Parts			\$ 1,204,250.00	11.73%
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>				
Combustion Engineering, Inc.	4,500	\$ 38.63	\$ 173,812.50	1.69%
<b>TOTAL DURABLES STOCKS</b>			\$ 1,378,062.50	13.42%
<b>TOTAL COMMON STOCKS</b>			\$10,268,637.50*	100.00%

\*Original cost of equities on June 28, 1974, was \$12,849,443.10.

SCHEDULE X

SUPPLEMENTAL RETIREMENT FUND -  
GROWTH SHARE ACCOUNT  
June 28, 1974

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (253,552.69)
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Bills	
Maturities up to 174 days	\$ 145,000.00
SHORT-TERM CORPORATE NOTES	
Maturities up to 3 days	\$ 200,000.00
COMMON STOCKS (See Listing Below)	\$8,903,086.50
<b>TOTAL ASSETS IN ACCOUNT</b>	\$6,994,533.81

\*Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1974.

Note: Treasury bills and short-term corporate notes are listed at face value; common stocks are listed at market value.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>CONSUMER-ORIENTED STOCKS</b>				
<b>UTILITIES</b>				
<b>ELECTRIC</b>				
Florida Power & Light Co.	10,000	\$ 17.63	\$ 176,250.00	
Houston Lighting & Power Co.	7,000	20.75	145,250.00	
Total Electric			\$ 321,500.00	4.66%
<b>TELEPHONE-TELEGRAPH</b>				
United Telecommunications, Inc.	11,000	\$ 13.13	\$ 144,375.00	2.09%
<b>TOTAL UTILITIES</b>			\$ 465,875.00	6.75%
<b>FINANCIAL SERVICES</b>				
<b>BANKS</b>				
BankAmerica Corp.	3,000	\$ 31.31	\$ 93,939.00	
Cameron Financial Corp.	5,400	12.00	64,800.00	
First Bank System, Inc.	2,500	35.38	88,437.50	
Manufacturers Hanover Corp.	4,000	28.75	115,000.00	
Valley National Bank of Arizona	6,500	13.56	88,159.50	
Total Banks			\$ 450,336.00	6.52%
<b>FINANCE</b>				
Household Finance Corp.	9,000	\$ 13.50	\$ 121,500.00	
MGIC Investment Corp.	6,000	14.75	88,500.00	
Total Finance			\$ 210,000.00	3.04%
<b>INSURANCE</b>				
INA Corp.	3,000	\$ 25.38	\$ 76,125.00	
NLT Corp.	8,000	14.75	118,000.00	
Safeco Corp.	3,400	22.13	75,225.00	
St. Paul Companies, Inc.	5,200	25.75	133,900.00	
Total Insurance			\$ 403,250.00	5.84%
<b>TOTAL FINANCIAL SERVICES</b>			\$1,063,586.00	15.40%
<b>CONSUMER GOODS &amp; SERVICES</b>				
<b>FOOD-BEVERAGE</b>				
ARA Services, Inc.	1,200	\$ 90.88	\$ 109,050.00	1.58%
<b>RETAIL TRADE</b>				
American Greetings Corp.	2,500	\$ 23.13	\$ 57,812.50	
Federated Department Stores, Inc.	4,000	31.00	124,000.00	
Kresge (S.S.) Co.	4,000	34.00	136,000.00	
Modern Merchandizing, Inc.	10,700	4.75	50,825.00	
Total Retail Trade			\$ 368,637.50	5.34%
<b>MISCELLANEOUS</b>				
Avis, Inc.	4,350	\$ 9.00	\$ 39,150.00	
Clorox Co.	6,500	6.50	42,250.00	
Colgate-Palmolive Co.	4,000	27.38	109,500.00	
Disney (Walt) Productions	3,880	43.25	167,810.00	
Holiday Inns, Inc.	6,500	11.00	71,500.00	
International Telephone & Telegraph Corp.	4,000	19.50	78,000.00	
Tonka Corp.	6,000	12.38	74,250.00	
Total Miscellaneous			\$ 582,460.00	8.44%
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>			\$1,060,147.50	15.36%
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>			\$2,589,608.50	37.51%
<b>RESEARCH STOCKS</b>				
<b>CHEMICALS</b>				
du Pont (E.I.) de Nemours & Co.	1,200	\$161.75	\$ 194,100.00	2.81%
<b>DRUGS-COSMETICS</b>				
Avon Products, Inc.	2,000	\$ 47.50	\$ 95,000.00	
Johnson & Johnson	1,500	113.25	169,875.00	
Merck & Company, Inc.	2,000	78.50	157,000.00	
Revlon, Inc.	3,000	56.75	170,250.00	
Total Drugs-Cosmetics			\$ 582,125.00	8.58%
<b>OFFICE EQUIPMENT</b>				
Burroughs Corp.	2,000	\$ 99.63	\$ 199,250.00	
Digital Equipment Corp.	1,200	101.50	121,800.00	
Honeywell, Inc.	3,000	56.75	170,250.00	
International Business Machines Corp.	2,012	212.75	428,053.00	
Xerox Corp.	2,500	115.13	287,812.50	
Total Office Equipment			\$1,207,165.50	17.49%
<b>PHOTOGRAPHY</b>				
Eastman Kodak Co.	1,700	\$103.88	\$ 176,587.50	
Polaroid Corp.	1,000	34.38	34,375.00	
Total Photography			\$ 210,962.50	3.06%



Schedule X continued

Schedule X continued

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>MISCELLANEOUS</b>				
Medtronic, Inc.	4,800	\$ 25.00	\$ 120,000.00	
Minnesota Mining & Manufacturing Co.	2,800	73.50	205,800.00	
Total Miscellaneous			\$ 325,800.00	4.72%
<b>TOTAL RESEARCH STOCKS</b>			<b>\$2,530,153.00</b>	<b>36.65%</b>
<b>NATURAL RESOURCES STOCKS</b>				
<b>METALS</b>				
Hanna Mining Co.	4,000	\$ 24.63	\$ 98,500.00	1.43%
<b>PAPER-FOREST PRODUCTS</b>				
Masonite Corp.	6,000	\$ 32.63	\$ 195,750.00	
Weyerhaeuser Co.	4,800	36.75	176,400.00	
Total Paper-Forest Products			\$ 372,150.00	5.39%
<b>PETROLEUM</b>				
Exxon Corp.	2,200	\$ 70.13	\$ 154,275.00	
Halliburton Co.	1,100	141.88	156,062.50	
Phillips Petroleum Co.	4,500	49.13	221,062.50	
Texaco, Inc.	4,800	25.13	120,600.00	
Total Petroleum			\$ 652,000.00	9.44%
<b>TOTAL NATURAL RESOURCES STOCKS</b>			<b>\$1,122,650.00</b>	<b>16.26%</b>
<b>DURABLES STOCKS</b>				
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>				
Genuine Parts Co.	7,000	\$ 30.13	\$ 210,875.00	3.05%
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>				
Emerson Electric Co.	3,000	\$ 34.50	\$ 103,500.00	1.50%
<b>MACHINERY</b>				
Toro Co.	6,800	\$ 14.13	\$ 96,050.00	1.39%
<b>TRANSPORTATION</b>				
<b>AIRLINES</b>				
Northwest Airlines, Inc.	11,000	\$ 22.75	\$ 250,250.00	3.63%
<b>TOTAL DURABLES STOCKS</b>			<b>\$ 660,675.00</b>	<b>9.57%</b>
<b>TOTAL COMMON STOCKS</b>			<b>\$6,803,086.50*</b>	<b>100.00%</b>

\*Original cost of equities on June 28, 1974, was \$9,333,501.93.

SCHEDULE XI

MINNESOTA VARIABLE ANNUITY FUND  
June 28, 1974

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 22,346.33
<b>U.S. TREASURY AND AGENCY SECURITIES</b>	
Repurchase Agreements	
Maturities up to 17 days	\$ 2,790,000.00
Bills	
Maturities up to 83 days	\$ 825,000.00
Agencies	
Maturities up to 26 days	\$ 155,000.00
<b>SHORT-TERM CORPORATE NOTES</b>	
Maturities up to 17 days	\$ 997,000.00
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>	
(See Listing Below)	\$ 1,300,000.00
<b>CORPORATE BOND OBLIGATIONS</b>	
(See Listing Below)	\$ 2,572,716.55
<b>COMMON STOCKS (See Listing Below)</b>	
<b>TOTAL ASSETS IN ACCOUNT</b>	<b>\$ 9,272,185.00</b>
(for accounting purposes; not indicative of true market value)	<b>\$17,834,247.88</b>

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

CANADIAN GOVERNMENTAL OBLIGATIONS AND  
CORPORATE BOND HOLDINGS

June 28, 1974

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
<b>CANADIAN GOVERNMENTAL OBLIGATIONS</b>					
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	7-7/8	7.875	400,000.00
Nova Scotia Power Commission	S/F Debenture	7-15-98	8-1/8	8.15	500,000.00
<b>TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS</b>			<b>7.91%</b>		<b>\$1,300,000.00</b>
<b>CORPORATE BOND OBLIGATIONS</b>					
<b>PUBLIC UTILITY OBLIGATIONS</b>					
<b>TELEPHONE</b>					
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7-5/8	8.24	\$ 500,000.00
Total Telephone				8.24%	\$ 500,000.00
<b>TOTAL PUBLIC UTILITY OBLIGATIONS</b>				<b>8.24%</b>	<b>\$ 500,000.00</b>
<b>FINANCE OBLIGATIONS</b>					
Honeywell Finance	S/F Debenture	12-15-98	8.20	8.20	\$ 500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7-3/4	7.75	500,000.00
<b>TOTAL FINANCE OBLIGATIONS</b>				<b>7.98%</b>	<b>\$1,000,000.00</b>
<b>INDUSTRIAL OBLIGATIONS</b>					
Armco Steel Corp.	Note	12-15-96	7-7/8	7.875	\$ 300,000.00
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2000	9	9.00	141,000.00
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
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>				<b>7.95%</b>	<b>\$ 941,000.00</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>					
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-75/ 9-1-85	10-1/2	10.50	\$ 131,716.55
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>				<b>10.50%</b>	<b>\$ 131,716.55</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>				<b>8.15%</b>	<b>\$2,572,716.55</b>
<b>TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS</b>				<b>8.07%</b>	<b>\$3,872,716.55</b>

(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 6-28-74	Market Value	Total % Market
<b>CONSUMER-ORIENTED STOCKS</b>				
<b>UTILITIES</b>				
<b>ELECTRIC</b>				
Florida Power & Light Co.	7,400	\$ 17.63	\$ 130,425.00	
Texas Utilities Co.	7,000	17.50	122,500.00	
Total Electric			\$ 252,925.00	2.73%
<b>TELEPHONE-TELEGRAPH</b>				
American Telephone & Telegraph Co.	6,000	\$ 46.63	\$ 279,750.00	3.01%
<b>TOTAL UTILITIES</b>			<b>\$ 532,675.00</b>	<b>5.74%</b>
<b>FINANCIAL SERVICES</b>				
<b>BANKS</b>				
Cameron Financial Corp.	4,700	\$ 12.00	\$ 56,400.00	
Citicorp	5,000	31.00	155,000.00	
First International Bancshares, Inc.	2,300	38.63	88,837.50	
Northwest Bancorporation	4,700	37.50	176,250.00	
Total Banks			\$ 476,487.50	5.14%
<b>FINANCE</b>				
Household Finance Corp.	14,400	\$ 13.50	\$ 194,400.00	
MGIC Investment Corp.	6,400	14.75	94,400.00	
Total Finance			\$ 288,800.00	3.11%
<b>INSURANCE</b>				
Connecticut General Insurance Corp.	2,350	\$ 40.00	\$ 94,000.00	
INA Corp.	6,000	25.38	152,250.00	
NLT Corp.	10,000	14.75	147,500.00	
St. Paul Companies, Inc.	4,000	25.75	103,000.00	
Total Insurance			\$ 496,750.00	5.36%
<b>TOTAL FINANCIAL SERVICES</b>			<b>\$1,262,037.50</b>	<b>13.61%</b>

Schedule XI continued

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>CONSUMER GOODS &amp; SERVICES</b>				
<b>FOOD-BEVERAGE</b>				
Coca-Cola Co.	1,000	\$108.00	\$ 108,000.00	
General Foods Corp.	4,000	23.13	92,500.00	
McDonald's Corp.	3,000	47.88	143,625.00	
Norton Simon, Inc.	5,294	13.50	71,469.00	
<b>Total Food-Beverage</b>			<b>\$ 415,594.00</b>	<b>4.48%</b>
<b>RETAIL TRADE</b>				
American Greetings Corp.	3,000	\$ 23.13	\$ 69,375.00	
Kresge (S.S.) Co.	2,800	34.00	95,200.00	
Modern Merchandising, Inc.	16,300	4.75	77,425.00	
Sears, Roebuck & Co.	3,000	82.88	248,625.00	
<b>Total Retail Trade</b>			<b>\$ 490,625.00</b>	<b>5.29%</b>
<b>MISCELLANEOUS</b>				
Avis, Inc.	10,000	\$ 9.00	\$ 90,000.00	
Clorox Co.	10,000	6.50	65,000.00	
Colgate-Palmolive Co.	4,000	27.38	109,500.00	
Disney (Walt) Productions	4,027	43.25	174,167.75	
Holiday Inns, Inc.	7,600	11.00	83,600.00	
International Telephone & Telegraph Corp.	5,000	19.50	97,500.00	
Tonka Corp.	12,000	12.38	148,500.00	
<b>Total Miscellaneous</b>			<b>\$ 768,267.75</b>	<b>8.29%</b>
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>			<b>\$1,674,486.75</b>	<b>18.06%</b>
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>			<b>\$3,469,199.25</b>	<b>37.41%</b>
<b>RESEARCH STOCKS</b>				
<b>CHEMICALS</b>				
du Pont (E.I.) de Nemours & Co.	3,000	\$161.75	\$ 485,250.00	5.23%
<b>DRUGS-COSMETICS</b>				
Avon Products, Inc.	3,000	\$ 47.50	\$ 142,500.00	
Pfizer, Inc.	4,000	36.50	146,000.00	
Warner-Lambert Co.	4,600	26.13	120,175.00	
<b>Total Drugs-Cosmetics</b>			<b>\$ 408,675.00</b>	<b>4.41%</b>
<b>OFFICE EQUIPMENT</b>				
Burroughs Corp.	3,000	\$ 99.63	\$ 298,875.00	
Digital Equipment Corp.	2,000	101.50	203,000.00	
International Business Machines Corp.	3,193	212.75	679,310.75	
Xerox Corp.	2,500	115.13	287,812.50	
<b>Total Office Equipment</b>			<b>\$1,468,998.25</b>	<b>15.84%</b>
<b>PHOTOGRAPHY</b>				
Eastman Kodak Co.	2,000	\$103.88	\$ 207,750.00	2.24%
<b>MISCELLANEOUS</b>				
Medtronic, Inc.	4,000	\$ 25.00	\$ 100,000.00	
Minnesota Mining & Manufacturing Co.	3,000	73.50	220,500.00	
<b>Total Miscellaneous</b>			<b>\$ 320,500.00</b>	<b>3.46%</b>
<b>TOTAL RESEARCH STOCKS</b>			<b>\$2,891,173.25</b>	<b>31.18%</b>

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>NATURAL RESOURCES STOCKS</b>				
<b>METALS</b>				
Aluminum Company of America	2,000	\$ 42.25	\$ 84,500.00	
Hanna Mining Co.	4,000	24.63	98,500.00	
<b>Total Metals</b>			<b>\$ 183,000.00</b>	<b>1.97%</b>
<b>PAPER-FOREST PRODUCTS</b>				
Hoerner Waldorf Corp.	12,000	\$ 13.38	\$ 160,500.00	
Weyerhaeuser Co.	4,200	36.75	154,350.00	
<b>Total Paper-Forest Products</b>			<b>\$ 314,850.00</b>	<b>3.40%</b>
<b>PETROLEUM</b>				
Atlantic Richfield Co.	2,000	\$ 88.13	\$ 176,250.00	
Exxon Corp.	3,000	70.13	210,375.00	
Mobil Oil Corp.	4,000	40.13	160,500.00	
Standard Oil Co. (Indiana)	3,000	83.00	249,000.00	
<b>Total Petroleum</b>			<b>\$ 796,125.00</b>	<b>8.59%</b>
<b>TOTAL NATURAL RESOURCES STOCKS</b>			<b>\$1,293,975.00</b>	<b>13.96%</b>
<b>DURABLES STOCKS</b>				
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>				
Ford Motor Co.	4,000	\$ 49.00	\$ 196,000.00	
General Motors Corp.	3,000	48.63	145,875.00	
Genuine Parts Co.	6,000	30.13	180,750.00	
Goodyear Tire & Rubber Co.	5,000	16.50	82,500.00	
<b>Total Automobiles &amp; Automotive Parts</b>			<b>\$ 605,125.00</b>	<b>6.53%</b>
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>				
Combustion Engineering, Inc.	2,000	\$ 38.63	\$ 77,250.00	
Emerson Electric Co.	3,200	34.50	110,400.00	
Fedders Corp.	11,000	5.50	60,500.00	
General Electric Co.	3,000	49.25	147,750.00	
Whirlpool Corp.	7,000	22.50	157,500.00	
<b>Total Electrical &amp; Electronic Equipment</b>			<b>\$ 553,400.00</b>	<b>5.97%</b>
<b>MACHINERY</b>				
Caterpillar Tractor Co.	1,200	\$ 58.75	\$ 70,500.00	0.76%
<b>TRANSPORTATION</b>				
<b>AIRLINES</b>				
Northwest Airlines, Inc.	9,000	\$ 22.75	\$ 204,750.00	2.21%
<b>RAILROADS</b>				
Union Pacific Corp.	2,500	\$ 73.63	\$ 184,062.50	1.98%
<b>TOTAL TRANSPORTATION</b>			<b>\$ 388,812.50</b>	<b>4.19%</b>
<b>TOTAL DURABLES STOCKS</b>			<b>\$1,617,837.50</b>	<b>17.45%</b>
<b>TOTAL COMMON STOCKS</b>			<b>\$9,272,185.00*</b>	<b>100.00%</b>

\*Original cost of equities on June 28, 1974, was \$12,998,374.27.

## SCHEDULE XII

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### PERMANENT SCHOOL FUND

#### RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS June 28, 1974

	Book Value (1)	Average Book Value for Year Ending <sup>(2)</sup>	Total Investment Income for Year Ending (3,4)	Yield (5)		Net Investment Income for Year Ending <sup>(3)</sup>	Net Yield (7)
June 30, 1957	\$244,700,475.47	\$242,386,448.84	\$ 6,486,999.20	2.68%			
December 31, 1957	\$248,558,062.99	—	—	—			
June 30, 1958	\$249,513,238.84	\$247,590,592.43	\$ 6,512,261.41	2.63%			
December 31, 1958	\$252,324,357.47	—	—	—			
June 30, 1959	\$253,243,896.53	\$251,693,830.95	\$ 7,005,142.92	2.78%			
December 31, 1959	\$255,520,490.05	—	—	—			
June 30, 1960	\$256,276,151.72	\$255,013,512.77	\$ 7,116,641.31	2.79%			
December 31, 1960	\$259,324,537.57	—	—	—			
June 30, 1961	\$260,019,901.33	\$258,540,196.87	\$ 7,978,635.92	3.09%			
December 31, 1961	\$261,981,702.84	—	—	—			
June 30, 1962	\$262,388,564.04	\$261,463,389.40	\$ 8,610,672.52*	3.29%*			
December 31, 1962	\$264,203,940.11	—	—	—			
June 30, 1963	\$264,631,949.36	\$263,741,484.50	\$ 8,048,170.78*	3.05%*			
December 31, 1963	\$263,710,744.23	—	—	—			
June 30, 1964	\$263,522,120.96	\$263,964,938.18	\$ 8,579,156.81	3.25%	Less Transfer to Principal <sup>(6)</sup>	Net Investment Income for Year Ending <sup>(3)</sup>	Net Yield (7)
December 31, 1964	\$264,704,185.42	—	—	—	\$ 76,936.86	\$ 9,109,853.80	3.46%
June 30, 1965	\$262,170,084.20	\$263,475,463.53	\$ 9,186,790.66	3.49%			
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	\$258,550,484.67	\$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 30, 1973	\$249,010,960.05	\$250,463,438.48	\$14,348,252.97	5.73%	\$2,361,011.68	\$11,987,241.29	4.79%
December 31, 1973	\$252,105,340.61	—	—	—			
June 30, 1974	\$256,282,207.38	\$252,466,169.35	\$14,947,257.78	5.92%	\$2,445,336.93	\$12,501,920.85	4.95%

- (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 XIII

## PERMANENT SCHOOL FUND June 28, 1974

### RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (101,905.39)
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements Maturities up to 10 days	\$ 6,578,000.00
Bills Maturities up to 181 days	\$ 460,000.00
Notes and Bonds Various maturities	\$ 3,417,500.00
Agencies Maturities up to 150 days	\$ 1,450,000.00
STATE AND LOCAL OBLIGATIONS	\$ 589,010.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$108,394,501.23
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 85,482,819.38
COMMON STOCKS (See Listing Below)	\$ 45,561,195.25
<b>TOTAL ASSETS IN ACCOUNT</b> (for accounting purposes; not indicative of true market value)	<b>\$251,831,120.47</b>

\*Negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1974.

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 28, 1974

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
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#### UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS

##### FARMERS HOME ADMINISTRATION NOTES

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	1-31-80	8.90	8.90	\$ 2,999,063.15
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	7-31-85	8-5/8	8.625	3,000,867.40
<b>Total Farmers Home Administration Notes</b>				<b>8.76%</b>	<b>\$ 5,999,930.55</b>

##### GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Citizens Mortgage Corp.	Mtg. Backed Cert.	12-15-2000	8	8.73	\$ 1,830,512.84
First National Bank of Minneapolis	Mtg. Backed Cert.	12-15-2000	8	8.65	1,510,973.72
First National Bank of Minneapolis	Mtg. Backed Cert.	2-15-2001	8	8.50	1,530,168.89
Guild Mortgage Co.	Mtg. Backed Cert.	2-15-2004	8	8.52	2,008,901.85
International Mortgage	Mtg. Backed Cert.	4-15-2004	8	8.52	2,009,719.18
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2000	7	8.92	2,339,588.38
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2000	8	8.94	1,681,018.69
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2000	8	8.73	1,861,113.50
IDS Mortgage Corp.	Mtg. Backed Cert.	10-15-2000	8	8.73	1,744,717.24
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2000	8	8.65	1,780,669.60
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-2001	8	8.57	1,853,118.58
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-74 to Serial Notes 12-15-2001	6-1/2	7.125	2,503,606.28
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-74 to Serial Notes 11-15-2001	6-1/2	7.125	2,502,409.75
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2001	8	8.50	868,461.42
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2001	7-1/2	7.40	984,928.57
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-74 to Serial Notes 3-15-2003	6-1/2	7.34	3,004,651.12
IDS Mortgage Corp.	Mtg. Backed Cert.	12-15-74 to Serial Notes 4-15-2003	6-1/2	7.34	3,007,627.01
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-75 to Serial Notes 4-15-2003	6-1/2	7.54	3,003,586.84
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2003	6-1/2	7.60	3,265,177.80
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2003	6-1/2	7.89	4,953,081.56
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2003	8	8.55	4,994,525.27
IDS Mortgage Corp.	Mtg. Backed Cert.	4-15-2004	8	8.47	2,905,303.89
Iowa Securities Co.	Mtg. Backed Cert.	12-15-2000	8	8.94	1,520,240.27
Iowa Securities Co.	Mtg. Backed Cert.	2-15-2001	8	8.10	1,605,680.59
Molton, Allen & Williams	Mtg. Backed Cert.	2-15-2004	8	8.52	997,415.43
National Homes Acceptance Corp.	Mtg. Backed Cert.	5-15-2000	7	8.92	1,648,700.98

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
National Homes Acceptance Corp.	Mtg. Backed Cert.	7-15-2000	8	8.80	\$ 1,930,286.90
National Homes Acceptance Corp.	Mtg. Backed Cert.	9-15-2000	8	8.80	1,762,391.15
Percy Wilson Mortgage & Finance Corp.	Mtg. Backed Cert.	8-1-2000	8	8.94	1,870,993.38
<b>Total Government National Mortgage Association, Guaranteed Mortgage-Backed Securities</b>				<b>8.23%</b>	<b>\$ 63,479,570.68</b>
<b>MERCHANT MARINE BONDS</b>					
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	6-1-81	7-1/2	7.50	2,125,000.00
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5-1/2	5.50	1,030,000.00
Eagle Terminal Tankers, Inc.	Govt.-Guar. Bond	6-1-89	6	6.00	3,827,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	4-1-88	8.05	8.05	1,940,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	6-29-97 through 9-20-98	9	9.00	958,000.00
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	8-3/4	8.75	1,457,000.00
Intercontinental Bulk Tank Corp.	Govt.-Guar. Bond	9-1-90	7.80	7.80	1,192,000.00
Matson Navigation Co.	Govt.-Guar. Bond	11-10-94	7-1/2	7.50	1,000,000.00
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5-3/4	5.87	1,498,000.00
Overseas Bulk Tank Corp.	Govt.-Guar. Bond	12-1-90	7.80	7.80	1,192,000.00
Pacific Far East Line, Inc.	Govt.-Guar. Bond	2-1-97	8-3/4	8.75	2,301,000.00
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	4-3/8	4.375	873,000.00
United States Lines, Inc.	Govt.-Guar. Bond	3-1-91	8-5/8	8.625	2,210,000.00
<b>Total Merchant Marine Bonds</b>				<b>6.69%</b>	<b>\$ 33,915,000.00</b>

#### NEW COMMUNITIES ACT DEBENTURES

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Cedar-Riverside Land Company	Govt.-Guar. Deb.	12-15-91	7.20	7.20	\$ 2,500,000.00
Jonathan Development Corp.	Govt.-Guar. Deb.	10-1-90	8-1/2	8.50	2,500,000.00
<b>Total New Communities Act Debentures</b>				<b>7.85%</b>	<b>\$ 5,000,000.00</b>
<b>TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS</b>				<b>7.76%</b>	<b>\$108,394,501.23</b>

#### CORPORATE BOND OBLIGATIONS

##### PUBLIC UTILITY OBLIGATIONS

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
<b>ELECTRIC</b>					
Duke Power Co.	First & Refunding Mortgage	2-1-95	4-1/2	4.47	\$ 1,500,000.00
Florida Power & Light Co.	First Mortgage	4-1-94	4-5/8	4.50	1,200,000.00
Hawaiian Electric Co., Ltd.	First Mortgage	7-1-93	4.45	4.45	1,000,000.00
Interstate Power Co.	First Mortgage	5-1-93	4-3/8	5.45	2,000,000.00
Iowa Power & Light Co.	S/F Debenture	4-1-89	4-5/8	4.57	1,200,000.00
Jersey Central Power & Light Co.	Debenture	10-1-88	4-5/8	4.56	960,000.00
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	5.20	1,700,000.00
Massachusetts Electric Co.	First Mortgage	12-1-93	4-5/8	4.55	1,100,000.00
Northern States Power Co.	First Mortgage	9-1-93	4-3/8	4.38	1,000,000.00
Otter Tail Power Co.	First Mortgage	11-1-93	4-5/8	4.65	1,017,000.00
Potomac Edison Co.	First Mortgage & Coll. Trust	3-1-94	4-5/8	4.55	1,200,000.00
Public Service of Indiana	First Mortgage	7-1-82	3-3/8	4.38	1,100,000.00
Southwestern Public Service Co.	First Mortgage	2-1-94	4-1/2	4.50	1,200,000.00
<b>Total Electric</b>				<b>4.69%</b>	<b>\$ 16,177,000.00</b>
<b>GAS</b>					
Arkansas Louisiana Gas Co.	First Mortgage	3-1-85	4-1/2	4.55	\$ 903,000.00
Columbia Gas System, Inc.	Debenture	5-1-89	4-5/8	4.64	1,200,000.00
The Gas Service Co.	First Mortgage	6-1-85	4.65	4.65	984,000.00
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4-3/4	5.52	2,375,000.00
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5-3/8	5.73	1,376,000.00
<b>Total Gas</b>				<b>5.15%</b>	<b>\$ 6,838,000.00</b>
<b>TELEPHONE</b>					
American Telephone & Telegraph Co.	Debenture	5-1-99	4-3/8	4.365	\$ 1,500,000.00
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	5.53	2,500,000.00
General Telephone Co. of Florida	First Mortgage	6-1-95	4-5/8	4.687	1,000,000.00
General Telephone Co. of Illinois	First Mortgage	9-1-95	4-7/8	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	4-5/8	4.53	1,500,000.00
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4-1/2	4.49	1,500,000.00
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7-5/8	8.42	4,000,000.00
<b>Total Telephone</b>				<b>5.82%</b>	<b>\$ 14,400,000.00</b>
<b>TOTAL PUBLIC UTILITY OBLIGATIONS</b>				<b>5.21%</b>	<b>\$ 37,415,000.00</b>

Schedule XIII continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
<b>FINANCE OBLIGATIONS</b>					
Gulf Life Insurance Co.	Capital Note	6-1-89	4-3/4	4.75	\$ 900,000.00
Northwest Bancorporation	Debenture	10-15-90	4-3/4	4.78	1,500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7-3/4	7.75	1,500,000.00
<b>TOTAL FINANCE OBLIGATIONS</b>				<b>5.92%</b>	<b>\$ 3,900,000.00</b>
<b>INDUSTRIAL OBLIGATIONS</b>					
Aluminum Co. of America	Promissory Note	3-31-88	4-3/8	4.50	\$ 1,161,000.00
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9-1/2	9.37	1,000,000.00
American Greetings Corp.	Promissory Note	10-1-84	4.70	4.70	687,500.00
Armour-Dial, Inc. (Ardison Properties, Inc.)	Note	1-15-2003	7.90	7.90	3,817,650.00
Bristol Myers Co. (Formerly Mead Johnson & Co.)	Promissory Note	5-1-84	4-5/8	4.625	800,000.00
Cincinnati Milacron, Inc.	Note	1-15-85	4.60	4.60	800,000.00
Cummins Engine Co., Inc.	Note	7-15-90	4.60	4.60	1,020,000.00
Diamond Shamrock Corp.	Note	5-1-89	4.65	5.26	1,125,000.00
Diebold, Inc.	Note	9-15-85	4.80	4.80	766,666.68
Dow Chemical Co.	Debenture	9-15-88	4.35	4.35	1,000,000.00
General Cable Corp.	Note	1-1-89	4-1/2	4.50	800,000.00
Gould, Inc.	Note	11-1-80	4.85	4.85	840,000.00
Honeywell, Inc.	Note	4-1-90	4.55	5.22	2,092,187.50
Ingersoll Rand Co.	Note	1-1-91	4-3/4	4.75	1,058,000.00
Pillsbury Co.	Promissory Note	12-1-88	5-1/8	4.88	692,728.13
Shell Oil Co.	Note	4-15-90	4-1/2	4.50	1,250,000.00
Sprague Electric Co.	S/F Debenture	9-1-88	4-3/8	4.40	1,000,000.00
Standard Oil of California (Union Bank)	First Preferred Ship Mortgage Bond	9-7-97 through 11-6-97	7.70	7.70	3,000,000.00
Standard Oil Co. (Indiana)	Promissory Note	4-1-75/79	2.90	4.67	500,000.00
Standard Oil Co. (Indiana)	Promissory Note	6-1-79	3	5.00	908,000.00
Standard Oil Co. (Indiana) (Mid-continent 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	1,176,000.00
Swift & Co.	S/F Debenture	8-1-92	6.30	6.30	1,425,000.00
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	4.65	744,000.00
Texaco, Inc.	Note	12-15-89	4-1/2	4.50	1,313,000.00
Union Carbide Corp.	Note	12-31-96	4-1/2	4.47	1,077,534.21
Youngstown Sheet & Tube Co.	First Mortgage S/F Bond	7-1-95	4.60	4.60	1,340,000.00
<b>TOTAL INDUSTRIAL OBLIGATIONS</b>				<b>5.79%</b>	<b>\$ 35,394,266.52</b>
<b>TRANSPORTATION DEBT OBLIGATIONS</b>					
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	888,000.00
<b>TOTAL TRANSPORTATION DEBT OBLIGATIONS</b>				<b>4.79%</b>	<b>\$ 2,388,000.00</b>
<b>RAILROAD EQUIPMENT OBLIGATIONS</b>					
ACF Industries, Inc.	Equipment Trust	4-15-75/80	4.55	4.55	\$ 900,000.00
Chesapeake & Ohio Railway Co.	Conditional Sale	6-1-75/78	4.40	4.40	382,263.20
Chicago, Burlington & Quincy Railroad Co.	Conditional Sale	6-15-75/ 12-15-80	4-7/8	4.875	617,643.05
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	6-7/8	6.875	1,283,333.33
Kansas City Southern Railway Co.	Conditional Sale	1-15-75/ 7-15-78	4.45	4.45	443,006.63
Kansas City Southern Railway Co.	Conditional Sale	4-1-75	4-5/8	4.625	300,000.00
Seaboard Air Line Railroad Co.	Equipment Trust	4-15-75	4-1/4	4.45	300,000.00
Southern Pacific Co.	Conditional Sale	12-15-74/80	4.80	4.80	559,306.65
Western Pacific Railroad Co.	Conditional Sale	3-15-75/80	4.55	4.55	600,000.00
<b>TOTAL RAILROAD EQUIPMENT OBLIGATIONS</b>				<b>5.07%</b>	<b>\$ 6,385,522.86</b>
<b>TOTAL CORPORATE BOND OBLIGATIONS</b>				<b>5.46%</b>	<b>\$ 85,482,819.38</b>
<b>TOTAL UNITED STATES GOVERNMENT GUARANTEED AND CORPORATE OBLIGATIONS</b>				<b>6.75%</b>	<b>\$193,877,320.61</b>

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

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>CONSUMER-ORIENTED STOCKS</b>				
<b>UTILITIES</b>				
<b>ELECTRIC</b>				
Central & South West Corp.	23,000	\$ 13.25	\$ 304,750.00	
Cincinnati Gas & Electric Co.	24,000	17.25	414,000.00	
Commonwealth Edison Co.	19,545	24.00	469,080.00	
Florida Power & Light Co.	25,400	17.63	447,675.00	
Houston Lighting & Power Co.	16,500	20.75	342,375.00	

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>FINANCIAL SERVICES</b>				
<b>BANKS</b>				
BankAmerica Corp.	20,000	\$ 31.31	\$ 626,260.00	
Citicorp	33,112	31.00	1,026,472.00	
First Bank System, Inc.	21,500	35.38	760,562.50	
Morgan (J.P.) & Co., Inc.	18,920	51.75	979,110.00	
Northwest Bancorporation	32,000	37.50	1,200,000.00	
<b>Total Banks</b>				<b>10.08%</b>
<b>FINANCE</b>				
Beneficial Corp.	17,925	\$ 16.75	\$ 300,243.75	
Household Finance Corp.	26,000	13.50	351,000.00	
MGIC Investment Corp.	11,000	14.75	162,250.00	
<b>Total Finance</b>				<b>1.78%</b>
<b>INSURANCE</b>				
INA Corp.	15,300	\$ 25.38	\$ 388,237.50	
Northwestern National Life Insurance Co.	25,300	12.25	309,925.00	
Safeco Corp.	23,800	22.13	526,575.00	
St. Paul Companies, Inc.	32,000	25.75	824,000.00	
United States Fidelity & Guaranty Co.	17,000	30.88	524,875.00	
<b>Total Insurance</b>				<b>5.65%</b>
<b>TOTAL FINANCIAL SERVICES</b>				<b>17.52%</b>
<b>CONSUMER GOODS &amp; SERVICES</b>				
<b>FOOD-BEVERAGE</b>				
Coca-Cola Co.	7,500	\$108.00	\$ 810,000.00	
General Foods Corp.	21,400	23.13	494,875.00	
General Mills, Inc.	20,500	50.25	1,030,125.00	
<b>Total Food-Beverage</b>				<b>5.12%</b>
<b>RETAIL TRADE</b>				
Federated Department Stores, Inc.	14,000	\$ 31.00	\$ 434,000.00	
Penney, (J.C.) Company, Inc.	8,800	72.50	638,000.00	
Sears, Roebuck & Co.	6,000	82.88	497,250.00	
<b>Total Retail Trade</b>				<b>3.44%</b>
<b>MISCELLANEOUS</b>				
Holiday Inns, Inc.	26,000	\$ 11.00	\$ 286,000.00	
Procter & Gamble Co.	7,700	99.75	768,075.00	
<b>Total Miscellaneous</b>				<b>2.31%</b>
<b>TOTAL CONSUMER GOODS &amp; SERVICES</b>				<b>10.87%</b>
<b>TOTAL CONSUMER-ORIENTED STOCKS</b>				<b>42.76%</b>
<b>RESEARCH STOCKS</b>				
<b>CHEMICALS</b>				
Dow Chemical Co.	21,420	\$ 65.38	\$ 1,400,332.50	
du Pont (E.I.) de Nemours & Co.	5,300	161.75	857,275.00	
Monsanto Co.	13,724	63.75	874,905.00	
<b>Total Chemicals</b>				<b>6.88%</b>
<b>DRUGS-COSMETICS</b>				
American Home Products Corp.	22,800	\$ 40.25	\$ 917,700.00	
Merck & Company, Inc.	11,400	78.50	894,900.00	
Pfizer, Inc.	19,900	36.50	726,350.00	
Revlon, Inc.	8,000	56.75	454,000.00	
<b>Total Drugs-Cosmetics</b>				<b>6.57%</b>

Schedule XIII continued

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>OFFICE EQUIPMENT</b>				
Burroughs Corp.	11,600	\$ 99.63	\$ 1,155,650.00	
Honeywell, Inc.	10,000	56.75	567,500.00	
International Business Machines Corp.	12,485	212.75	2,656,183.75	
Xerox Corp.	4,940	115.13	568,717.50	
<b>Total Office Equipment</b>			<b>\$ 4,948,051.25</b>	<b>10.86%</b>
<b>PHOTOGRAPHY</b>				
Eastman Kodak Co.	8,350	\$103.88	\$ 867,356.25	
Polaroid Corp.	2,480	34.38	85,250.00	
<b>Total Photography</b>			<b>\$ 952,606.25</b>	<b>2.09%</b>
<b>MISCELLANEOUS</b>				
Minnesota Mining & Manufacturing Co.	18,000	\$ 73.50	\$ 1,323,000.00	2.90%
<b>TOTAL RESEARCH STOCKS</b>			<b>\$13,349,120.00</b>	<b>29.30%</b>
<b>NATURAL RESOURCES STOCKS</b>				
<b>PAPER-FOREST PRODUCTS</b>				
Weyerhaeuser Co.	22,400	\$ 36.75	\$ 823,200.00	1.81%
<b>PETROLEUM</b>				
Exxon Corp.	16,908	\$ 70.13	\$ 1,185,673.50	
Mobil Oil Corp.	17,300	40.13	694,162.50	
Standard Oil Co. (Indiana)	18,500	83.00	1,535,500.00	
Texaco, Inc.	34,000	25.13	854,250.00	
<b>Total Petroleum</b>			<b>\$ 4,269,586.00</b>	<b>9.37%</b>
<b>TOTAL NATURAL RESOURCES STOCKS</b>			<b>\$ 5,092,786.00</b>	<b>11.18%</b>
<b>DURABLES STOCKS</b>				
<b>AUTOMOBILES &amp; AUTOMOTIVE PARTS</b>				
Ford Motor Co.	18,600	\$ 49.00	\$ 911,400.00	
General Motors Corp.	19,200	48.63	933,600.00	
Goodyear Tire & Rubber Co.	33,000	16.50	544,500.00	
<b>Total Automobiles &amp; Automotive Parts</b>			<b>\$ 2,389,500.00</b>	<b>5.24%</b>

Common Stock	Shares	Market Price 6-28-74	Market Value	Total % Market
<b>ELECTRICAL &amp; ELECTRONIC EQUIPMENT</b>				
General Electric Co.	15,200	\$ 49.25	\$ 748,600.00	
Texas Instruments, Inc.	6,000	94.13	564,750.00	
Westinghouse Electric Corp.	17,000	13.38	227,375.00	
Whirlpool Corp.	22,200	22.50	499,500.00	
<b>Total Electrical &amp; Electronic Equipment</b>			<b>\$ 2,040,225.00</b>	<b>4.48%</b>
<b>MACHINERY</b>				
Caterpillar Tractor Co.	11,800	\$ 58.75	\$ 693,250.00	1.52%
<b>TRANSPORTATION</b>				
<b>AIRLINES</b>				
Delta Air Lines, Inc.	13,000	\$ 47.75	\$ 620,750.00	
Northwest Airlines, Inc.	16,884	22.75	384,111.00	
<b>Total Airlines</b>			<b>\$ 1,004,861.00</b>	<b>2.21%</b>
<b>RAILROADS</b>				
Burlington Northern Inc.	18,400	\$ 33.88	\$ 623,300.00	
Union Pacific Corp.	12,000	73.63	883,500.00	
<b>Total Railroads</b>			<b>\$ 1,506,800.00</b>	<b>3.31%</b>
<b>TOTAL TRANSPORTATION</b>			<b>\$ 2,511,661.00</b>	<b>5.52%</b>
<b>TOTAL DURABLES STOCKS</b>			<b>\$ 7,634,636.00</b>	<b>16.76%</b>
<b>TOTAL COMMON STOCKS</b>			<b>\$45,561,195.25*</b>	<b>100.00%</b>

\*Original cost of equities on June 28, 1974, was \$48,369,229.95.

MEMBERS OF BOARD:

GOVERNOR WENDELL R. ANDERSON  
STATE AUDITOR ROBERT W. MATTSO  
STATE TREASURER JIM LORD  
SECRETARY OF STATE JOAN ANDERSON GROWE  
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

February 20, 1975

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

FROM: Robert E. Blixt, C.F.A., 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, 1973 through June 28, 1974. We have found continued interest in this allocation by fund beneficiaries, elected officials, brokerage houses, investment bankers and the State's citizens.

The allocation of securities business is undergoing continuing change because of varying needs and circumstances. Likewise, many research oriented investment firms and investment bankers are changing their methods of servicing accounts. The market fluctuations of 1973 and 1974, together with the economic pressures suffered by many brokerage organizations, have caused the investment department to review allocations and methods of handling our transactions so as to achieve the best possible results for the State funds. The use of block trades is expected to increase, but market uncertainties have often made such trades difficult to execute during recent months. The investment staff is utilizing to a greater extent those firms which are competent as to this type of transaction whenever the department is not bound by "soft dollar" commitments to pay for specific services, such as indicated in the following paragraphs. Such "soft dollar" arrangements may decrease during the next year - after "negotiated rates" take effect on stock exchange transactions and as departmental budget items are effected for more computer and research needs.

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 "hard dollar" contract for a greater portion of this service will be approved during calendar 1975. The entire arrangement has been most successful and has greatly facilitated the work of the investment department.

Arrangements with Merrill Lynch, Pierce, Fenner & Smith, Inc., National Measurement Services, Inc., A. G. Becker, and Holmes, Clark, Morong, Inc. are continuing regarding the evaluation and assessment of our various portfolios. These measurement services are using new and differing techniques 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 was partially due to the apparent attractiveness of bonds on the secondary market, particularly when the market was declining so rapidly that underwriters found it almost impossible to establish viable offering prices for new bond issues. During the period from July 1973 through late summer 1974, there was a continued increase in the use of U.S. government guaranteed mortgage-backed securities and private placements of fixed-income securities. In recent months, there have been some purchases of intermediate term fixed-income obligations. 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 five 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 with completion of securities transactions at the best 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. During fiscal 1974, the volume of purchases and sales nearly doubled. This was due to increased activity in the accounts and to an attempt at maximizing earnings through investing a higher portion of funds available in the State's major pooled account for tax receipts - the Invested Treasurer's Cash Fund. The revenue received during calendar 1974 has been above expectations. Until it was determined that there was a definite "surplus" accruing in these tax accounts, a substantial portion of these funds was invested in repurchase agreements. This type of investment accounted for most of the increase and resulted in a substantial portion of the transactions being handled through banks in the Twin Cities and Chicago. During the autumn months of 1974, the maturities in these funds were extended with the use of U.S. agency securities so as to provide comparatively high yields to the State through fiscal 1976 and 1977.

#### 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; purchases and sales doubled in volume during fiscal 1974. 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. These short-term corporate notes have been found 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. During the period of financial uncertainty experienced in recent months, all except the highest ranking credits have been eliminated from the department's approved purchase list. Purchases in the 91 to 270 day maturity range declined by over 50% during the year, with the increase occurring entirely in very short-term paper. The need for longer maturity investments was filled primarily through the use of U.S. treasury and agency investments.

#### 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 representing groups of mortgages and backed by the full faith and credit of the U.S. government. 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. During the past two fiscal years, commitments have been made in the Minnesota Adjustable Fixed Benefit Fund; shorter maturities have been purchased for the highway trust funds. Because fewer Minnesota mortgages have been obtainable, several of these certificates have been purchased on the open market at the lowest offering price as of the day of commitment.

#### 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, the investment department has followed the policy of purchasing only a portion of an individual issue, with other recognized institutional buyers participating at the same price and interest rate. Private placements are used only if 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 periods of high interest rates in 1970 and 1974, in that the pro-rata sinking fund provisions resulted in a portion of these securities being called by the issuer at face value. The prices received from these calls were far in excess of the market values of bonds with similar coupons.



#### 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 syndicate. 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 investment department increased its purchases of bonds on the secondary market during 1974. During the period of ever increasing interest rates, many quality bond issues remained partially unsold for a substantial period of time after the termination of the underwriting syndicate. Several of these issues were accumulated gradually over a period of months as the money accrued to the retirement and trust funds. In arranging these purchases, the investment department called several dealers, practically always including the manager of the original syndicate and those dealers known to position the issue, in order to achieve the best possible price. These quotations, along with other offers submitted to the department, were checked with those of 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 five 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. Several Canadian based firms were particularly helpful in handling the disposition of certain small holdings in bond issues which had been transferred from other retirement accounts.

#### 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 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 National Measurement Services, Inc., is indicated as being paid to National Measurement-Merrill Lynch; in this instance, the Measurement organization received 40% of the commission, with the remaining 60% being paid to Merrill Lynch, which executed the transactions. Comparable arrangements are being made for payment of various statistical, research and performance measurement services.

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 1969-74 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 many of the issues advocated. Written research materials 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. Because the size of the staff of the investment department increased during 1974, it was logical that individuals with new preferences as to analysts and research departments requested that even more firms receive a portion of the department's securities business. The lower volume of stock transactions, however, has necessitated that the department deal primarily with those firms which have serviced the State accounts for substantial periods of years and through which specific "soft dollar" services are received. Nevertheless, it is apparent that transactions through other firms which have increased the size of their research organizations and have made valuable suggestions to the investment department will reach a higher volume in the near future.

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 four years and has found the data thus provided to be helpful. The department also made greater use of the Institutional Networks Corporation (Instinet) during 1973 and 1974; this makes possible direct transactions between institutions and among other large holders of stocks - while withholding the identity of the buyers and sellers. Several very successful transactions of comparatively large size have been completed through this system.

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

During recent years, no purchases nor 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 3/8 to 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 procedure was used to a somewhat lesser extent during the past 18 months. Although certain New York Stock Exchange firms and "third market" organizations specialize in "block trades," such blocks are often not available at the time they are considered desirable by the investment staff. One reason may be that those responsible for handling such trades have been less willing to invest huge amounts of capital unless there were ready buyers and sellers available. The advantage of off-board transactions and "block trades" is that they allow the State to buy quantities of stock at one predetermined net price for the various accounts. These "third market" and "block" purchases also minimize the number of separate trades and the necessary accounting procedures.

It is expected that new changes in the handling of transactions – be it on a gradual accumulation or a block basis – will take effect after the securities industry and investors have worked with the new system of fully negotiated rates which is expected to be effective during 1975. It will still be necessary for the investment department to receive the very valuable research from the leading stock exchange firms, however. The decisions as to allocation of business under these new circumstances will be made as the changes occur in commission structures.

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.

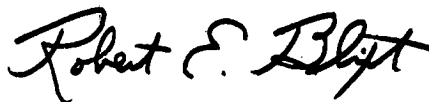
Section 11. Common Stock Sales

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.

\* \* \* \* \*

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 institution, 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,



REB:dkh

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

## SECTION 1

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### PURCHASES AND SALES OF U.S. TREASURY OBLIGATIONS AND GOVERNMENT AGENCY SECURITIES

July 1, 1973 - June 28, 1974  
(in thousands)

Dealer	Purchases and Sales 1-90 Days	Purchases and Sales Over 90 Days	Repurchase Agreements 1-45 Days	Total Volume
Bank of America	-	-	\$ 37,500	\$ 37,500
Bankers Trust Company	-	\$ 6,000	25,063	31,063
A. G. Becker & Company	\$ 71,950	92,720	45,110	209,780
Blyth Eastman Dillon & Co.	-	1,000	-	1,000
Briggs Schaeble & Company	11,390	32,550	-	43,940
Cantor Fitzgerald & Co., Inc.	-	-	10,900	10,900
Carroll McEntee & McGinley, Inc.	-	770	-	770
Chemical Bank, New York	-	3,000	19,000	22,000
Continental Illinois National Bank	2,790	47,490	494,421	544,701
Discount Corporation	8,775	52,650	111,744	173,169
First National Bank, Chicago	5,000	6,385	118,229	129,614
First National Bank, Minneapolis	24,205	33,993	223,384	281,582
First National Bank, St. Paul	97,506	209,316	1,062,654	1,369,476
First National City Bank, New York	-	12,120	10,853	22,973
Goldman Sachs & Company	35,340	63,345	-	98,685
Aubrey G. Lanston & Company, Inc.	-	13,085	-	13,085
Lehman Government Securities, Inc.	27,275	30,855	-	58,130
Merrill Lynch, Pierce, Fenner & Smith	27,025	55,965	-	82,990
Morgan Guaranty Trust Co.	-	12,065	14,917	26,982
Northwestern National Bank, Minneapolis	28,085	33,120	810,271	871,476
John Nuveen & Company	-	1,000	-	1,000
Salomon Brothers	83,520	138,348	-	221,868
<b>TOTALS</b>	<b>\$422,861</b>	<b>\$845,777</b>	<b>\$2,984,046</b>	<b>\$4,252,684</b>

## SECTION 2

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### PURCHASES OF SHORT-TERM CORPORATE NOTES

July 1, 1973 - June 28, 1974  
(in thousands)

Dealer	Purchases 1-90 Days	Purchases 91-270 Days	Total Volume
Associates Corp. of North America	\$ 65,991.0	\$14,000.0	\$ 79,991.0
Avco Financial Services	61,883.0	8,132.0	70,015.0
CIT Financial Corp.	90,224.0	494.0	90,718.0
Commercial Credit Co.	78,980.0	5,000.0	83,980.0
First Bank System	6,000.0	-	6,000.0
Ford Motor Credit Co.	93,535.0	4,150.0	97,685.0
Gamble Aldens Finance Co.	21,035.0	-	21,035.0
General Electric Credit Co.	18,800.0	-	18,800.0
General Motors Acceptance Corp.	48,908.0	8,000.0	56,908.0
Walter Heller & Co.	130,219.0	-	130,219.0
Honeywell Finance Inc.	-	-	-
White Weld & Co.	120,436.0	-	120,436.0
International Harvester Credit Corp.	89,464.0	-	89,464.0
Montgomery Ward Credit Corp.	85,999.0	-	85,999.0
Northwest Bancorporation	35,420.0	9,700.0	45,120.0
J.C. Penney Financial Corp.	89,174.0	625.0	89,799.0
Sears Roebuck Acceptance Corp.	95,070.0	1,500.0	96,570.0
James Talcott Inc.	51,501.0	3,100.0	54,601.0
Transamerica Financial Corp.	81,324.0	3,203.0	84,527.0
Westinghouse Credit Corp.	85,975.0	-	85,975.0
<b>TOTALS</b>	<b>\$1,349,938.0</b>	<b>\$57,904.0</b>	<b>\$1,407,842.0</b>

## SECTION 3

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### PURCHASES OF MORTGAGE BACKED CERTIFICATES

July 1, 1973 - June 28, 1974

Face Amount	Dealer or Issuer
\$21,271,175.62	IDB Mortgage Corporation (Issuer)
10,015,255.29	Paine, Webber, Jackson & Curtis

## SECTION 4

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### PRIVATE PLACEMENTS OF FIXED-INCOME SECURITIES

Purchased July 1, 1973 - June 28, 1974

Face Amount	Dealer
\$ 6,000,000.00	First Boston Corporation (The)
13,335,000.00	Salomon Brothers

## SECTION 5

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING

ON A DESIGNATED BASIS  
July 1, 1973 - June 28, 1974

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 190	Ames, A. E. & Co.	\$ 100	Loeb, Rhoades & Co.
40	Auerbach, Pollak & Richardson, Inc.	40	Loewi & Co., Inc.
75	Bell, Gouinlock & Co., Inc.	100	McLeod, Young, Weir, Inc.
1,320	Blyth Eastman Dillon & Co.	1,450	Merrill Lynch, Pierce, Fenner & Smith
75	Burns Brothers & Timmins, Inc.	50	Midland Canadian Corporation
50	Caldwell, Phillips, Inc.	300	Morgan Stanley & Co.
100	Clark, Dodge & Co., Inc.	90	Nesbitt Thomson Securities
125	Dain, Kalman & Quail, Inc.	100	Nuveen John & Co., Inc.
125	Dean Witter & Co., Inc.	275	Paine, Webber, Jackson & Curtis
125	Donaldson, Lufkin Jenrette	125	Piper, Jaffray & Hopwood, Inc.
100	Dominion Securities Corporation (The)	50	Pitfield MacKay & Co., Inc.
250	Drexel, Burnham & Co.	40	Pressprich, R. W. & Co., Inc.
275	duPont, Walston, Inc.	125	Reynolds Securities, Inc.
50	Equitable Canada Inc.	50	Richardson Securities, Inc.
300	First Boston Corporation (The)	40	Robinson Humphrey & Co. (The)
50	Fry, Mills Spence Inc.	50	Rothschild L. F. & Co.
100	Goldman, Sachs & Co.	300	Salomon Brothers
50	Green Shields & Co., Inc.	550	Scotia Bond Company, Limited
1,625	Halsey, Stuart & Co., Inc.	125	Smith, Barney & Co., Inc.
50	Harris & Partners, Inc.	40	Sutro & Co., Inc.
125	Hornblower & Weeks-Hemphill, Noyes	40	Walker, Laird, Inc.
40	Hutton, W. E. & Co.	50	Warburg-Paribas, Inc.
125	Hutton, E. F. & Co.	40	Weeden & Co.
125	Kidder, Peabody & Co., Inc.	1,100	White, Weld & Co.
300	Kuhn, Loeb & Co.	190	Wood, Gundy & Co., Inc.
100	Lazard Freres & Co.	40	Wood, Struthers & Winthrop, Inc.
100	Lehman Brothers	-	-

## 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, 1973 - June 28, 1974

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$1,300	Blyth Eastman Dillon & Co.	\$ 500	Smith, Barney & Co., Inc.
2,000	Kidder, Peabody & Co., Inc.	500	White, Weld & Co., Inc.
2,000	Salomon Brothers	-	-

## SECTION 7

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS

July 1, 1973 - June 28, 1974

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$2,040	Bear Stearns	\$6,000	Merrill Lynch, Pierce, Fenner & Smith
875	Dominion Securities Corporation (The)	3,400	Paine, Webber, Jackson & Curtis
2,600	Goldman, Sachs & Co.	875	Pressprich, R. W. & Co., Inc.
8,500	Halsey, Stuart & Co., Inc.	13,375	Salomon Brothers
1,050	Hutton, W. E. & Co.	500	Smith, Barney & Co., Inc.
300	Illinois Co. (The)	2,950	Weeden & Co.
3,500	Kidder, Peabody & Co., Inc.	4,500	White, Weld & Co.
3,000	Kuhn, Loeb & Co.	-	-

**SECTION 8**  
STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

**CORPORATE AND CANADIAN MUNICIPAL BOND SALES**  
July 1, 1973 - June 28, 1974

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 750	Bell Gouinlock & Co., Ltd.	\$1,704	Merrill Lynch, Pierce, Fenner & Smith
200	Burns Brothers & Denton, Ltd.	150	Paine, Webber, Jackson & Curtis
1,600	Drexel, Burnham & Co., Inc.	3,750	Salomon Brothers
9,617	First Boston Corporation (The)	4,385	Weeden & Co.
200	Halsey, Stuart & Co., Inc.	100	Wood, Gundy & Co., Inc.

**SECTION 9**

STATE OF MINNESOTA  
STATE BOARD OF INVESTMENT

**COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT**  
July 1, 1973 - June 28, 1974

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
	<b>CONSUMER-ORIENTED STOCKS</b>	10800	Continental Ill. Corp.
	<b>UTILITIES</b>		500 Paine Webber
	<b>Electric</b>		1000 Shearson Hammill
10000	Central & South West	27000	9300 Sutro & Co.
	9000 Smith Barney		First Internat'l Bancs.
	1000 H.C. Wainwright		5000 Goldman Sachs
1500	Cincinnati Gas & Electric		3900 Keefe Bruyette
	1500 Piper Jaffray		1000 Kidder Peabody
21000	Florida Power & Light		11000 Oppenheimer & Co.
	2400 Wm. Bye-Merrill Lynch		5000 H.C. Wainwright
	6600 Merrill Lynch		1100 Wood Struthers
	10000 Oppenheimer & Co.	13000	Manufacturers Hanover
	1000 Shearson Hammill		2000 Paine Webber
	1000 H.C. Wainwright		5000 Salomon Brothers
10000	Houston Lighting & Power		3000 H.C. Wainwright
	5000 Wm. Blair		3000 Wertheim & Co.
	5000 W. H. Reeves	1000	Morgan (J.P.) & Co.
5000	Pacific Gas & Electric		1000 White Weld
	2000 Mitchell Hutchins	1000	Northwest Bancorporation
	3000 Paine Webber		500 Blyth Eastman
500	Public Service of Indiana		500 Piper Jaffray
	500 Shearson Hammill		
2000	Southern Calif. Edison	<b>Finance</b>	
	2000 Shearson Hammill	3500	Beneficial Corporation
31700	Texas Utilities		1000 Bregman & Co.
	12200 First Boston		1000 Dain Kalman
	1000 Lamson Brothers		1500 Merrill Lynch
	8000 Mitchell Hutchins	121300	Household Finance Corp.
	1000 H.C. Wainwright		6500 Auerbach Pollak
	9500 Dean Witter		5000 Wm. Blair
4000	Virginia Electric & Pwr.		23000 Wm. Bye-Merrill Lynch
	4000 Paine Webber		1000 Caldwell Phillips
			10000 Goldman Sachs
<b>Telephone-Telegraph</b>			1000 Lynch Jones
52500	American Tel. & Tel.		10000 Merrill Lynch
	1000 Bregman & Co.		15000 Paine Webber
	11400 Wm. Bye-Merrill Lynch		2000 Piper Jaffray
	3800 Halsey Stuart		13800 Salomon Brothers
	1000 Harris Upham		34000 H.C. Wainwright
	1000 Merrill Lynch	700	Inv. Div. Ser. "A"
	2000 Mitchell Hutchins		700 Smith Barney
	3500 Pennsylvania Group	59400	MGIC Investment Corp.
	3000 Piper Jaffray		3000 Wm. Bye-Merrill Lynch
	3500 W. H. Reeves		5000 Cyrus Lawrence
	18300 Salomon Brothers		5000 Drexel Burnham
	1000 H.C. Wainwright		1000 Harris Upham
	3000 Dean Witter		1000 Hornblower Weeks
12000	General Tel. & Elec.		4000 Merrill Lynch
	12000 Oppenheimer & Co.		3000 Model Roland
1900	United Telecommunications		12000 Paine Webber
	1000 Brown Brothers		2500 Pennsylvania Group
	900 W. H. Reeves		5100 Salomon Brothers
			5000 Smith Barney
<b>FINANCIAL SERVICES</b>			3300 H.C. Wainwright
<b>Banks</b>			4000 Wm. Witter
6000	Bankers Trust		5500 Wood Struthers
	1000 Detsfield Childs	<b>Insurance</b>	
	1000 Shearson Hammill	39900	Aetna Life & Casualty
	4000 White Weld		1000 J.C. Bradford
27500	Citicorp		2500 Wm. Bye-Merrill Lynch
	5000 Wm. Bye-Merrill Lynch		12500 First Boston
	5000 First Boston		7000 Lynch Jones
	9000 Kidder Peabody		2500 Paine Webber
	2500 Lynch Jones		
	6000 Pennsylvania Group		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
	10000 Shearson Hammill	3500	Clorox Company
	1000 H.C. Wainwright	3500	Kidder Peabody
	1400 Walker Laird	1000	Colgate-Palmolive
	2000 Wm. Witter	1000	Paine Webber
8600	INA Corp.	27500	Disney (Walt) Productions
	5000 Auerbach Pollak		5000 Faulkner Dawkins
	2000 Hornblower Weeks		5500 Halsey Stuart
	1600 Dean Witter		5000 Kidder Peabody
47500	NLT Corp.		2000 Merrill Lynch
	5000 Bache & Co.		6000 Paine Webber
	1000 Bregman & Co.	39000	4000 Piper Jaffray
	2000 Wm. Bye-Merrill Lynch		Holiday Inns
	4000 Harris Upham		16000 Wm. Bye-Merrill Lynch
	12000 Mitchell Hutchins		13000 Kidder Peabody
	12500 Paine Webber		10000 Model Roland
	10000 Smith Barney	6000	International Tel. & Tel.
	1000 Dean Witter		1000 Robert Baird
1000	U.S. Fidelity & Guar.		5000 Oppenheimer & Co.
	1000 Pennsylvania Group	2500	Procter & Gamble
		10500	2500 Detsfield Childs
<b>CONSUMER GOODS</b>			8500 Dain Kalman
<b>Food Beverage</b>			2000 Piper Jaffray
300	ARA Services	16400	Warner Communications
	200 Paine Webber		6400 Paine Webber
	100 Shearson Hammill		10000 Sutro & Co.
1400	Coca-Cola		
	400 Piper Jaffray		
	1000 Wood Struthers		
14000	Consolidated Foods		
	5000 Bregman & Co.		
	4000 Clark Dodge		
	4000 Merrill Lynch		
	1000 Paine Webber		
19900	General Foods		
	5000 J.C. Bradford		
	14900 White Weld		
2700	General Mills		
	2700 Salomon Brothers		
25000	Kraftco		
	10000 Wm. Bye-Merrill Lynch		
	2000 Dain Kalman		
	10000 First Manhattan		
	3000 Lynch Jones		
7500	McDonald's Corp.	10000	Hercules Inc.
	2500 Blyth Eastman		10000 Kidder Peabody
	5000 H.C. Wainwright	17900	Monsanto Co.
71000	Norton Simon		5000 Wm. Bye-Merrill Lynch
	10500 Auerbach Pollak		4000 Hornblower Weeks
	16000 Bache & Co.		3900 Kidder Peabody
	5000 Bregman & Co.		5000 Paine Webber
	6500 Wm. Bye-Merrill Lynch		
	5000 Hornblower Weeks		
	10000 Kidder Peabody		
	13000 Mitchell Hutchins		
	5000 Paine Webber		
3000	Pillsbury	2900	Avon Products
	3000 Pennsylvania Group		300 Dain Kalman
			1600 Paine Webber
<b>Retail Trade</b>			1000 Reynolds Securities
44000	Dayton Hudson	8000	Johnson & Johnson
	38000 Goldman Sachs		500 First Manhattan
	6000 Merrill Lynch		2000 Kidder Peabody
6600	Federated Dept. Stores		500 Paine Webber
	1200 Auerbach Pollak		3000 Wm. Witter
	5000 First Boston		2000 Wood Struthers
	400 Paine Webber		
19500	Penney (J.C.) Company	8800	Merck & Co.
	500 Bregman & Co.		200 duPont Walston
	3000 duPont Walston		4000 Merrill Lynch
	6000 Paine Webber		3200 Mitchell Hutchins
	10000 White Weld		200 Shearson Hammill
17300	Sears Roebuck & Co.	35500	1200 Dean Witter
	3000 Auerbach Pollak		Revlon, Inc.
	800 Bregman & Co.		2000 duPont Walston
	2000 Wm. Bye-Merrill Lynch		4000 E.F. Hutton
	4000 Clark Dodge		4000 Mitchell Hutchins
	500 Dain Kalman		19500 Paine Webber
	2000 First Manhattan		1000 Reynolds Securities
	200 Hornblower Weeks		5000 Salomon Brothers
	1000 Paine Webber	11200	Schering-Plough
	1000 Pennsylvania Group		200 duPont Walston
	500 Shearson Hammill		6300 Kidder Peabody
	1000 Smith Barney		4700 H.C. Wainwright
	1300 White Weld	10000	Warner-Lambert Co.
<b>Textiles</b>			1000 Bregman & Co.
10700	Burlington Industries		3000 Wm. Bye-Merrill Lynch
	10700 Kidder Peabody		3000 duPont Walston
			3000 Paine Webber
<b>Miscellaneous</b>			
7000	Avis, Inc.	<b>Office Equipment</b>	800 Burroughs Corp.
	2000 Caldwell Phillips		800 Dain Kalman
	5000 Paine Webber		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
4000	Control Data Corp.	<b>Paper-Forest Products</b>	
	4000 Salomon Brothers	13000	Hoerner Waldorf
21800	Digital Equipment		1000 Clark Dodge
	5000 Bache & Co.		1000 Dain Kalman
	3000 Merrill Lynch		2000 Hornblower Weeks
	9800 Mitchell Hutchins		2000 Merrill Lynch
	4000 Paine Webber		7000 White Weld
23700	Honeywell, Inc.	44000	International Paper Co.
	1400 Auerbach Pollak		10000 Brown Brothers
	8000 Wm. Bye-Merrill Lynch		4500 Wm. Bye-Merrill Lynch
	300 Dain Kalman		6000 First Boston
	1500 Lynch Jones		5000 Lynch Jones
	5000 Merrill Lynch		9000 Paine Webber
	5800 Paine Webber		5000 Smith Barney
	700 Reynolds Securities		4500 Wm. Witter
	1000 Wood Struthers	101300	Masonite Corp.
31200	International Bus. Mach.		8000 Auerbach Pollak
	1000 Auerbach Pollak		3000 Bear Stearns
	1000 Bear Stearns		25000 Wm. Bye-Merrill Lynch
	1500 Blyth Eastman		4000 Clark Dodge
	1000 Brown Brothers		6400 duPont Walston
	1200 Wm. Bye-Merrill Lynch		18700 First Manhattan
	500 Dain Kalman		3000 Hornblower Weeks
	100 Delafield Childs		1500 Oppenheimer & Co.
	200 Hornblower Weeks		19700 Paine Webber
	2000 Jefferies & Co.		7000 Robinson Humphrey
	1000 Kidder Peabody		5000 Smith Barney
	600 Lamson Bros.	2000	Weyerhaeuser
	1800 Mitchell Hutchins		2000 Salomon Brothers
	10800 Paine Webber	<b>Petroleum</b>	
	100 Piper Jaffray	9000	Atlantic Richfield Co.
	500 W.H. Reeves		2000 Merrill Lynch
	100 Reynolds Securities		1500 Piper Jaffray
	1500 Smith Barney		3500 W.H. Reeves
	1000 Sutro & Co.		2000 Shearson Hammill
	1500 H.C. Wainwright		9000 Continental Oil
	1300 Walker Laird		3000 Wm. Bye-Merrill Lynch
	1500 White Weld		3000 Piper Jaffray
	1000 Dean Witter		3000 Salomon Brothers
12900	Xerox Corp.	21800	Exxon Corp.
	400 Wm. Blair		4000 Brown Brothers
	1500 Bregman & Co.		2500 Wm. Bye-Merrill Lynch
	1000 Wm. Bye-Merrill Lynch		500 Harris Upham
	400 Caldwell Phillips		12300 Paine Webber
	1300 Clark Dodge		500 Piper Jaffray
	2000 Dain Kalman		2000 Salomon Brothers
	1000 First Boston		12100 Halliburton Co.
	300 Hornblower Weeks		100 Bache & Co.
	1000 Paine Webber		2000 First Manhattan
	1000 Salomon Brothers		300 Lynch Jones
	500 Shearson Hammill		3000 Merrill Lynch
	2500 Wm. Witter		1000 Mitchell Hutchins
<b>Photography</b>			2300 Paine Webber
7900	Eastman Kodak Co.	14000	400 Shearson Hammill
	500 Blyth Eastman		3000 Smith Barney
	5000 Drexel Burnham		14000 Mobil Oil Corp.
	400 First Manhattan		2000 Dain Kalman
	2000 Piper Jaffray		5000 Hornblower Weeks
9200	Polaroid Corp.		3000 Pennsylvania Group
	5000 E.F. Hutton		4000 Salomon Brothers
	4200 White Weld	89000	Phillips Petroleum
<b>Miscellaneous</b>			4000 A.G. Becker
1800	Minnesota Mining & Mfg.		3000 Brown Brothers
	500 Mitchell Hutchins		37000 Wm. Bye-Merrill Lynch
	1000 Oppenheimer & Co.		8000 Model Roland
	300 Piper Jaffray		17500 Paine Webber
16500	Owens-Corning Fibergles		5000 Salomon Brothers
	10000 Wm. Bye-Merrill Lynch		6500 H.C. Wainwright
	5000 First Boston	6000	8000 Wertheim & Co.
	1500 Smith Barney		4000 Brown Brothers
24500	Universal Oil Products		1000 Wm. Bye-Merrill Lynch
	1500 Wm. Bye-Merrill Lynch		1000 H.C. Wainwright
	13000 E.F. Hutton		
	10000 Mitchell Hutchins		
<b>NATURAL RESOURCES STOCKS</b>		<b>DURABLES STOCKS</b>	
<b>Metals</b>		<b>Automobiles-Automotive Parts</b>	
46500	Aluminum Co. of America	10700	Ford Motor Co.
	5000 Wm. Bye-Merrill Lynch		3600 Wm. Bye-Merrill Lynch
	4000 Dain Kalman		2000 duPont Walston
	5000 Delafield Childs		1000 First Manhattan
	3000 First Manhattan		2100 Merrill Lynch
	5000 Goldman Sachs		1000 Milwaukee & Co.
	3000 W.E. Hutton	21600	1000 Piper Jaffray
	3000 Lynch Jones		General Motors Corp.
	3000 Paine Webber		3000 Wm. Bye-Merrill Lynch
	15500 H.C. Wainwright		8000 Delafield Childs
2000	Hanna Mining Co.		2000 First Manhattan
	1000 Wm. Bye-Merrill Lynch		3000 Paine Webber
	1000 Dain Kalman		600 Piper Jaffray
			5000 White Weld

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
50600	Genuine Parts Co.		5000 Wm. Bye-Merrill Lynch
	3000 Auerbach Pollak		5500 Paine Webber
	4000 Blyth Eastman		12500 Smith Barney
	3000 Brown Brothers		7000 H.C. Wainwright
	5000 Paine Webber		3000 Wood Struthers
	5000 Reynolds Securities	2200	Texas Instruments
	27600 Robinson Humphrey		1000 Robert Baird
	3000 Walker Laird		200 Caldwell Phillips
11000	Goodyear Tire & Rubber		1000 Paine Webber
	1000 First Manhattan	11000	Westinghouse Electric
	5000 Merrill Lynch		1000 Clark Dodge
	5000 Paine Webber		10000 Salomon Brothers
8000	Gould, Inc.	1800	Whirlpool Corp.
	2500 Brown Brothers		1000 Wm. Blair
	1500 Dain Kalman		800 W.H. Reeves
	1000 First Manhattan		
	1000 Hornblower Weeks	<b>TRANSPORTATION</b>	
	1000 Merrill Lynch	<b>Airlines</b>	
	1000 Paine Webber	59500	Northwest Airlines, Inc.
<b>Electrical-Electronic Equipment</b>			5000 Brown Brothers
25900	Combustion Engineering		1000 Wm. Bye-Merrill Lynch
	3000 Brown Brothers		9000 W.H. Grace
	11400 Wm. Bye-Merrill Lynch		7500 Kidder Peabody
	2000 Lynch Jones		1000 Pennsylvania Group
	3500 Merrill Lynch		1000 Reynolds Securities
	5000 Paine Webber		18000 Smith Barney
	1000 Piper Jaffray		17000 H.C. Wainwright
3800	Emerson Electric	<b>Railroads</b>	
	800 Wm. Bye-Merrill Lynch	4600	Burlington Northern, Inc.
	3000 Paine Webber		1600 Dain Kalman
13200	Fedders Corp.		3000 Wm. Witter
	1000 Brown Brothers	23600	Union Pacific Corp.
	12200 Paine Webber		3500 Hornblower Weeks
36000	General Electric		7100 Pennsylvania Group
	2000 Bregman & Co.		13000 H.C. Wainwright
	1000 Brown Brothers		

Note: The name of William Bye Company, Inc. has been changed to National Measurement Services, Inc.

## SECTION 10 STATE OF MINNESOTA STATE BOARD OF INVESTMENT

### COMMON STOCK PURCHASES NEGOTIATED OR ORDERED ON THE BASIS OF LOWEST AVAILABLE PRICE July 1, 1973 - June 28, 1974

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<b>CONSUMER-ORIENTED STOCKS</b>		38200	Citicorp
<b>UTILITIES</b>		15000	American Securities
<b>Electric</b>		7500	Instinet
11000	Florida Power & Light	5700	J.S. Strauss
	1000 Instinet	10000	Weeden & Co.
24600	10000 Weeden & Co.	11800	First Bank System
	Houston Lighting & Power		1000 Blyth Eastman
	4600 Instinet		1300 Dain Kalman
	14000 Jefferies & Co.		6500 Keefe Bruyette
	6000 Weeden & Co.		2500 Merrill Lynch
23800	Middle South Utilities		500 Piper Jaffray
	10000 J.S. Strauss	17400	First Internat'l Bancs.
	13800 Weeden & Co.		14500 Keefe Bruyette
3000	Public Service of Indiana		2900 Weeden & Co.
	3000 Instinet	37000	Manufacturers Hanover
6000	Southern Calif. Edison		5000 American Securities
	6000 Instinet		4000 Instinet
5000	Texas Utilities		15000 Jefferies & Co.
	5000 Weeden & Co.		7000 Keefe Bruyette
17200	Virginia Electric & Power		2000 M.A. Schapiro
	7200 American Securities		4000 Weeden & Co.
	10000 Weeden & Co.	8800	Northwest Bancorporation
<b>Telephone-Telegraph</b>			3800 Keefe Bruyette
12000	American Tel. & Tel.	11000	5000 Weeden & Co.
	8000 Instinet		Security Pacific Corp.
	4000 Weeden & Co.		7000 Keefe Bruyette
1000	General Tel. & Elec.	21000	4000 Merrill Lynch
	1000 Jefferies & Co.		Valley Nat'l Bank Arizona
<b>FINANCIAL SERVICES</b>			1000 Blyth Eastman
<b>Banks</b>			8000 Keefe Bruyette
45500	BankAmerica Corp.		1000 Merrill Lynch
	3500 Blyth Eastman	<b>Finance</b>	11000 Salomon Brothers
	15500 Keefe Bruyette	28000	Household Finance Corp.
	5000 Merrill Lynch		6000 Gary Geyer
	16000 Salomon Brothers		22000 Instinet
	5500 Smith Barney	10000	Inv. Div. Ser. "A"
10000	Cameron Financial		10000 Jefferies & Co.
	9000 Keefe Bruyette	3000	MGIC Investment Corp.
	1000 Merrill Lynch		3000 Instinet

## SECTION 11

### STATE OF MINNESOTA STATE BOARD OF INVESTMENT

#### COMMON STOCK SALES July 1, 1973 - June 28, 1974

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
<b>Insurance</b>			
5200	Aetna Life & Casualty	45	Burroughs Corp.
5200	Instinet	45	Weeden & Co.
5000	CNA Financial	1000	Control Data Corp.
5000	Instinet	1000	Jefferies & Co.
28,500	Chubb Corporation	2675	International Bus. Mach.
1500	Goldman Sachs	500	Jefferies & Co.
1000	Merrill Lynch	2175	Weeden & Co.
13000	Salomon Brothers		
12000	Weeden & Co.		
1000	White Weld		
3000	INA Corp.		
3000	Gary Geyer		
1500	Safeco Corp.		
500	Blyth Eastman		
1000	Merrill Lynch		
1000	St. Paul Companies		
1000	Jefferies & Co.		
<b>CONSUMER GOODS</b>			
<b>Food-Beverage</b>			
8500	Consolidated Foods		
8500	Instinet		
4000	General Foods		
4000	Weeden & Co.		
3500	McDonald's Corp.		
500	Gary Geyer		
3000	Instinet		
7000	Norton Simon		
7000	Instinet		
<b>Retail Trade</b>			
550	American Greetings		
550	Merrill Lynch		
10000	Dayton Hudson		
10000	Weeden & Co.		
1000	Kresge (S.S.) Company		
1000	Weeden & Co.		
10500	Modern Merchandising		
5500	Dain Kalman		
5000	Piper Jaffray		
2000	Penney (J.C.) Company		
2000	Jefferies & Co.		
1500	Sears Roebuck & Co.		
1500	Instinet		
<b>Miscellaneous</b>			
5700	Holiday Inns		
5700	Instinet		
5000	Procter & Gamble		
5000	Instinet		
<b>RESEARCH STOCKS</b>			
<b>Chemicals</b>			
3000	Air Products & Chemicals		
3000	Instinet		
1000	duPont (E.I.) deNemours		
1000	Weeden & Co.		
10000	Hercules Inc.		
10000	Gary Geyer		
<b>Drugs and Cosmetics</b>			
5000	American Home Products		
5000	Gary Geyer		
500	Johnson & Johnson		
500	Jefferies & Co.		
17000	Revlon, Inc.		
13000	Gary Geyer		
4000	Weeden & Co.		
1000	Warner-Lambert		
1000	Instinet		
<b>Office Equipment</b>			
45	Burroughs Corp.		
45	Weeden & Co.		
1000	Control Data Corp.		
1000	Jefferies & Co.		
2675	International Bus. Mach.		
500	Jefferies & Co.		
2175	Weeden & Co.		
<b>Miscellaneous</b>			
24500	Medtronic, Inc.		
5000	Dain Kalman		
1000	Merrill Lynch		
15000	Oppenheimer & Co.		
2000	Smith Barney		
1500	White Weld		
<b>NATURAL RESOURCES STOCKS</b>			
<b>Metals</b>			
8000	Aluminum Co. of America		
4000	Instinet		
4000	Weeden & Co.		
<b>Paper-Forest Products</b>			
10000	International Paper Co.		
10000	Gary Geyer		
8600	Masonite		
8600	Instinet		
<b>Petroleum</b>			
19300	Atlantic Richfield Co.		
8000	Instinet		
6300	Jefferies & Co.		
5000	Weeden & Co.		
7500	Exxon Corp.		
5500	Instinet		
2000	Weeden & Co.		
2000	Halliburton		
2000	Jefferies & Co.		
1000	Mobil Oil Corp.		
1000	Jefferies & Co.		
10000	Phillips Petroleum		
4000	Instinet		
6000	Weeden & Co.		
11000	Texaco, Inc.		
11000	Weeden & Co.		
<b>DURABLES STOCKS</b>			
<b>Automobiles and Automotive Parts</b>			
3300	Ford Motor Co.		
3300	Instinet		
4000	General Motors Corp.		
2000	American Securities		
2000	Instinet		
<b>Electrical and Electronic Equipment</b>			
3000	Combustion Engineering		
3000	Jefferies & Co.		
1000	Texas Instruments		
1000	Instinet		
<b>TRANSPORTATION</b>			
<b>Airlines</b>			
32000	Northwest Airlines, Inc.		
8000	Gary Geyer		
10000	Jefferies & Co.		
14000	Weeden & Co.		
<b>Railroads</b>			
2000	Union Pacific Corp.		
2000	Instinet		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
43700	American Home Products	11200	Merck & Co.
43700	Donaldson Lufkin	5200	First Boston Corp.
51700	Caterpillar Tractor	5000	J.S. Strauss
10000	Brandt Zwick	1000	Weeden & Co.
7800	Salomon Brothers	11116	Monsanto
7400	J.S. Strauss	10000	Goldman Sachs
21500	Weeden & Co.	1116	Jefferies & Co.
5000	Wood Struthers	53048	National City Corp.
56375	Chase Manhattan	1000	M.A. Schapiro
56375	Weeden & Co.	52048	Weeden & Co.
45200	Chrysler Corp.	30000	Northern Ill. Gas
10200	Bear Stearns	10000	Gary Geyer
20000	Paine Webber	10000	Sutro & Co.
15000	Weeden & Co.	10000	Weeden & Co.
67200	Citicorp	400	Pepsico, Inc.
62200	Weeden & Co.	400	Weeden & Co.
5000	Wm. Witter	5000	Pfizer, Inc.
37020	Consumers Power Co.	5000	Paine Webber
37020	Salomon Brothers	26300	Schering-Plough
5318	Dow Chemical	500	Instinet
5000	Instinet	21400	J.S. Strauss
318	Jefferies & Co.	4400	Weeden & Co.
76900	Gulf Oil	24700	J.P. Stevens
1300	Salomon Brothers	24700	Donaldson Lufkin
75600	Weeden & Co.	67800	Warner Communications
20000	Hercules, Inc.	67800	Jefferies & Co.
20000	Mitchell Hutchins		Weyerhaeuser
16000	Louisville Gas & Electric	18700	Salomon Brothers
15000	Goldman Sachs	31600	Weeden & Co.
1000	Weeden & Co.		