



1975 REPORT

of the

EXECUTIVE SECRETARY

of the

MINNESOTA STATE BOARD

OF INVESTMENT

Office of the Executive Secretary
State Board of Investment
Room 105, MEA Building
55 Sherburne Avenue
Saint Paul, Minnesota 55155
July 1, 1975

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Beginning January 1975

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

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HON. ROLLAND F. HATFIELD, STATE AUDITOR
HON. VAL BJÖRNSON, STATE TREASURER
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John M. Harris, *Vice President and Trust Investment Officer, Northern City National Bank, Duluth*
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Norman Terwilliger, *Investment Counsel to the Minneapolis Teachers Retirement Association*

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Hermon J. Arnott, *retired 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*
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Executive Secretary

A. Arthur Kaese, *B.A., C.F.A.*
Assistant Executive Secretary

Dianne K. Heinlen
Administrative Assistant

Ellen M. Peham
Secretarial Assistant

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Howard J. Bicker, *B.A.*

Stocks
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C. Robert Parsons, *B.S.*
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David H. Moser, *B.A., M.B.A.*

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Betty J. Eskuri

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Harold Syverson, *B.A.*
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MEMBERS OF BOARD:

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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

August 15, 1975

Members of the Legislature of the State of Minnesota:

Fiscal 1975 brought many changes to Minnesota's investment funds — as to the procedures followed by the department, the comparative success of the various investment programs, and the basic rules which had been applicable to trading and holding securities.

The period covered by this report includes the fiscal year from July 1, 1974 through June 30, 1975. Previous reports are available since the year 1960.

There were no significant changes in Minnesota's investment laws during the 1975 legislative session. There were modifications to eligible investment media, however, and many preliminary discussions were held regarding possible procedural changes which could result in investment programs more pertinent to the needs of the constituents.

The apparent terminal point of the most significant stock market decline in over forty years was reached in fiscal 1975; the turnaround was just as swift, with impressive gains during the last half of the fiscal year. Although the major Minnesota funds showed a positive market-to-cost relationship in the equity portfolios at fiscal year-end, the severe market price declines occurring during the past two years will effect valuations for the Variable Annuity Fund and the Minnesota Adjustable Fixed Benefit Fund for the coming two years. Minnesota statutes tend to minimize the effects of extreme fluctuations such as have been witnessed during the past few years in the computation of valuations and pension benefits. An accompanying problem, however, is that stock market gains are slower to be recognized in these same accounts.

The members of the Investment Board and the Investment Department again wish to emphasize their appreciation for the cooperation received from the members of the Legislative Commission on Pensions and Retirement and the Advisory Committee on State Trust Funds.

This Advisory Committee, first formed in 1961, at the time equities were made eligible for state funds, has made recommendations to the Board and the department for 14 years. The expertise of these members 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 institution.

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 June 30, 1975, are as follows:

Invested Treasurer's Cash Fund, \$607.8 million. This fund includes all tax receipts. Since 1969, prime quality corporate notes have been eligible for use in this account, in addition to U.S. Treasury and agency obligations maturing within three years.

Highway Funds, \$170.6 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, \$77.3 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, \$548.2 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 4½% to 5½% were paid at the beginning of the 1973 calendar year. Because of the decline in stock prices, no upward adjustment was made in either 1974 or 1975.

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, \$876.0 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, \$47.8 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 firefighter 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, \$24.0 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 chose 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, \$262.1 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

This fund reached new highs — both in size and activity — during fiscal 1974 and 1975. This pooled account includes most tax receipts and other state revenues. During late summer 1974, it was evident that tax accumulations were somewhat greater than the amounts allocated for expenditures during fiscal 1975. After this "surplus" was identified, the State's administration, the legislature and the Investment Board took action appropriate to increase the earnings from the fund and, yet, maintained the required liquidity due to the economic uncertainties and the anticipated needs of the State during the next biennium.

Because it was evident that a portion of this "surplus" would remain in the account until fiscal 1976 and 1977, securities in an amount exceeding \$100 million were extended in maturity from a few days to a range of from nine months to three years during early autumn 1974. This extension, at a time when interest rates were higher than prevalent for many years, produced significant added income to the account. The 1975 fiscal year-end total investment of \$607.8 million in the fund, following the fiscal 1974 total of \$438.7 million, represented the highest fiscal year-end totals ever achieved in the Invested Treasurer's Cash investment program.

Interest earnings from this account have fluctuated considerably due to the varying size of the funds invested as well as the wide swings in interest rates applicable to short-term obligations of high quality. Record high earnings of \$14.8 million were reached in 1969 — up from only \$6.0 million as recently as 1966. The small amounts available for investment in 1972 combined with low rates resulted in earnings of only \$4.2 million during that fiscal year. This figure increased to \$7.2 million for fiscal 1973, \$22.0 million for 1974, and a new high of \$37.5 million for fiscal 1975.

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 instruments 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 investment staff appreciates the fine cooperation received from the other State financial departments in handling this fund during recent years. The constant contact among state officials and operations personnel — usually several times per day — has led to efficiencies and procedures which make purchases and sales possible throughout the business day. Although the anticipated decline in the size of this account, together with lower interest rates, could reduce earnings significantly in future years, the concern for this fund evidenced through the work of so many state employees should maximize investment earnings during the years ahead.

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 agreements backed by U.S. Treasury or agency 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 \$151.0 million to \$208.5 million during fiscal 1974 and from \$134.0 million to \$168.0 million during fiscal 1975. 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 1959 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. Due to the declining size of the accounts, earnings were reduced to \$12.5 million in fiscal 1975. Although the highway funds are "dedicated" in Minnesota's Constitution and must be of a size necessary to pay for current building projects, the ever increasing costs of construction will necessitate holding these funds to the minimum consistent with such building requirements. The administration, the legislature, and the highway department are reviewing possible sources of income so as to make possible appropriate funding of highway needs.

The income earned from these highway fund investments 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.

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Schedule I reviews the short-term corporate notes and the U.S. government and agency obligations held by the Invested Treasurer's Cash Fund, the highway funds, and the miscellaneous departmental funds on June 30, 1975. As has been indicated in previous paragraphs, the investment department has substantially increased its activity in the use of these short-term debt obligations in order to maximize yields and, thereby, increase the income to the 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 six basic retirement funds managed by the State Board of Investment and the fund administered by the Municipal Employees Retirement Board of Minneapolis. There has been a substantial revision in this portfolio during the past five years because of the many different holdings transferred into the account during the 1969-70 fiscal year. Although substantial reserves were accumulated to make possible the continuation of a high level of pensions during years of stock price downturn, these reserves were distributed 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 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. Concern has been expressed, however, that this account would lose its "complete funding" and become less sound from an actuarial standpoint if long-term benefit improvements were based on the cost of living rather than on actual investment performance.

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 of 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. The 1975 Legislature granted comparatively modest one-time payments to retirement fund participants in lieu of any increased benefit from this fund.

Common stocks may comprise up to 50% of this portfolio, with convertible debentures limited to an additional 10%. Schedule II lists the securities in this account on June 30, 1975. The consolidation of bond holdings and the elimination of smaller issues from the fund will continue.

THE BASIC RETIREMENT FUNDS

The State Investment Board manages six 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 49% 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 could 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 or decrease whenever the market valuation of equities varied from 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. A second decrease applied to several of the retirement funds on April 30, 1975. Because the 1973 statute authorized the computation of such yield declines over a five-year period, it is anticipated that the net effect of such calculations will be minimal when computing fund yield performance.

The continuing higher stock prices during the last two months of fiscal 1975 eliminated any possibility of a further downward adjustment for, at least, the next year. Despite these yield modifications, all basic retirement accounts will provide an income, as calculated under the appropriate statutes, exceeding the 5% level necessary under current actuarial assumptions, even though a substantial portion of the investments consists of comparably low yielding common stocks.

Schedule III reviews the net yield accruing to the three largest basic retirement funds during the period from 1957 through 1975. During these 18 years the yield increased from less than 3% to approximately 5¾%.

Schedule IV lists the securities held in the three largest basic retirement funds on June 30, 1975. 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 fighter 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 30, 1975 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 30, 1975 and Schedule VII lists the equity portfolio.

State, municipal and school district bonds comprised over 71.0% of total investments in these retirement funds as recently as the late 1950's; such holdings declined to 0.6% by June 30, 1975. This decline was due to the sale and maturity of bonds as well as 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 these securities.

The Judges Retirement Fund was established early in 1974; no permanent investments were purchased until the 1975 fiscal year. Because of statutory limitations, only 5% of the assets could be invested in equities during the first year of operation. This percentage will be increased during future fiscal periods. Schedule VIII lists the investments as of June 30, 1975.

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. — June '75	7.05 (June)	6.26 (Jan.)	5.17 (June)	3.95 (Jan.)

Schedule IX lists the assets in the income share account on June 30, 1975.

Schedule X consists of a listing of the securities in the growth share account on June 30, 1975. 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 upward movement of stock prices in early 1975 resulted in sizable increases in market valuations of the Growth Share Account. Nevertheless, the experience of this recent decline and recovery indicates that it may be wise to revise investment policies applicable to this fund and to so disclose in the Prospectus. A portion of this fund could then be committed to short-term money market instruments, particularly during periods when the stock market appears significantly overpriced. It is recognized, however, that realistic viewpoints concerning the position of the stock market are usually obtained only with hindsight and that such flexibility in changing the components of the account could lead to a degree of speculation.

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.

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.

Under the provisions of the applicable statutes, the Investment Department establishes an "indicated rate" of return for the coming fiscal year each July 1. On July 1, 1974, this rate was set at 8.50%. The bonds purchased during the fiscal period provided a yield somewhat higher than that anticipated. Therefore, the participants will receive 9.10% on all contributions made during the 1975 fiscal year. These bonds had a significant degree of call protection. Thus, the 1975 contributions will receive this established rate of 9.10% on such investment through June 30, 1984. It now appears possible that average interest rates may decline during the coming fiscal year. With the uncertainties of the economy remaining apparent, an assumed rate for the 1976 fiscal year has been established at 7.50%. If it is possible to pay the participants a higher rate of return, based on the securities purchased, such a higher rate will be declared as of June 30, 1976.

The fixed return account is being offered to individual participants in the various supplemental retirement programs and deferred income plans during fiscal 1976. During its first year of operation, the account included contributions from police and fire fighter associations.

Schedule XI lists the fixed income securities held by the fixed return account on June 30, 1975. A portion of the short-term instruments were held awaiting permanent investment in securities of longer maturity for which commitments had been made previously.

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%, followed by another decrease of 17.9638% during fiscal 1975. Despite the fact that the investments in the account had shown sizable gains during the six months prior to June 30, 1975, the fund showed a negative return due to the fact that computations are based on average market-to-cost relationships over a two year period.

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 25% 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 30, 1975 are listed on Schedule XII.

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 30.0% of the book value of the fund, and U.S. government and government guaranteed obligations now approximate 45.9% of this account. Common stock investments are maintained very near to the 20% constitutional limit.

Schedule XIII indicates that the investment changes have resulted in an increase in net yield from 2.68% during the late 1950's to 5.18% during the 1975 fiscal year. The actual yield on current investments approximated 6.50% and showed a very marked increase during the past five 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 XIV lists the securities in the Permanent School Fund on June 30, 1975. 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, 1974 through June 30, 1975, follows the schedules described above.

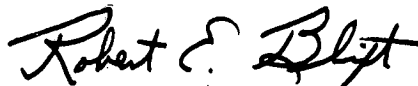
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The two most recent fiscal years have presented investment problems and opportunities to all portfolio managers. The erosion of bond values as interest rates reached new highs caused revised thinking as to the validity of fixed income investments during periods of extreme cost-of-living increases. The decline in stock valuations likewise caused changes in investment policies by managers once convinced that stock ownership would be a certain hedge against inflation. Minnesota's Investment Department continued the policy of investing in both stocks and bonds during the period of uncertainties. Although viewpoints and perspectives always change, it appears that the securities purchased during the periods of low market prices in 1974 were comparatively attractive for long-term investment purposes. The higher inflow of tax receipts, the record totals in the Invested Treasurer's Cash Fund, the high interest rates obtainable on contributions to the retirement accounts, and the comparatively high dividend yields brought about by the lower stock prices resulted in net investment income to the various accounts somewhat greater than had been obtained in any previous year.

The Investment Department is particularly appreciative of the fine cooperation received from the Advisory Committee on State Trust Funds during fiscal 1975. This group of investment experts correctly maintained a buying posture throughout the lows of the market, even though they recognized the many economic and political problems which brought about the uncertainties leading to such extreme market fluctuations. The constitutional officers who have served on the Board since the department was established in 1960, the many legislators who have shown interest in our investment progress and the staff of the Legislative Commission on Pensions and Retirement have all been significant participants in achieving the benefits which have been gained by Minnesota from this investment program. The members of the investment staff appreciate the contributions of securities dealers, brokers and, particularly, the research personnel who have aided the department for many years. It is hoped that the many Minnesota investment accounts and differing investment programs — with a wide range of various investment objectives — can be managed so as to be of lasting benefit to retirement association members, the retirees, the educational institutions throughout the state and all citizens of Minnesota.

REB: dkh

Respectfully submitted,



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

SCHEDULE I

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SHORT-TERM CORPORATE NOTES AND U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS June 30, 1975

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
SHORT-TERM CORPORATE NOTES					
Maturity less than 30 days	\$ 84,775,000	\$11,315,000	\$ 7,514,000	\$ 6,424,000	\$ 6,900,000
Maturity 30-270 days	61,000,000	6,830,000	8,174,000	4,505,000	—
Total Short-Term Corporate Notes	\$145,775,000	\$18,245,000	\$15,688,000	\$10,929,000	\$ 6,900,000
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	—	—	—	—	\$ 4,790,000
Maturity 30-90 days	\$ 5,000,000	—	\$ 250,000	\$ 215,000	\$ 4,240,000
Maturity 91-180 days	5,000,000	—	—	—	7,845,000
Maturity 6-12 months	10,000,000	—	—	—	370,000
Total Bills	\$ 20,000,000	—	\$ 250,000	\$ 215,000	\$17,245,000
Repurchase Agreements					
Maturity less than 30 days	\$128,200,000	\$11,100,000	\$ 6,219,000	\$ 1,863,000	\$ 9,237,000
Maturity 31-45 days	17,045,000	7,100,000	1,400,000	—	—
Total Repurchase Agreements	\$145,245,000	\$18,200,000	\$ 7,619,000	\$ 1,863,000	\$ 9,237,000
Government Agency Securities					
Maturities less than 30 days	\$ 44,400,000	\$ 3,900,000	\$11,280,000	\$ 9,795,000	\$ 2,395,000
Maturities 31-90 days	82,870,000	4,100,000	4,595,000	2,120,000	14,415,000
Maturities 91-180 days	58,000,000	1,000,000	3,000,000	3,000,000	16,770,000
Maturities 6 months-1 year	27,500,000	4,000,000	—	—	5,800,000
Maturities over 1 year	70,000,000	4,000,000	5,014,000	2,450,000	3,482,000
Total Government Agency Securities	\$282,770,000	\$17,000,000	\$23,889,000	\$17,365,000	\$42,862,000
Government National Mortgage Association, Guaranteed Mortgage Backed Securities					
6.50% IDS Mortgage Corp. due 9-15-88 #1168	—	\$ 1,075,000	—	—	—
6.50% IDS Mortgage Corp. due 10-15-88 #1169	—	1,000,000	—	—	—
6.50% IDS Mortgage Corp. due 10-15-88 #1378	—	700,000	—	—	—
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 #1180	—	550,000	—	—	—
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 #1181	—	850,000	—	—	—
6.50% IDS Mortgage Corp. due 5-15-90 #2290	—	1,650,000	—	—	—
6.50% IDS Mortgage Corp. due 6-15-90 #2291	—	1,775,000	—	—	—
6.50% IDS Mortgage Corp. due 7-15-90 #2424	—	—	\$ 1,775,000	—	—
Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities	—	\$ 7,600,000	\$ 1,775,000	—	—
U.S. Government-Guaranteed Obligations					
6.15% SEDCO Maritime, Inc. due 12-31-75	—	\$ 1,000,000	\$ 500,000	\$ 500,000	—
6.35% SEDCO Maritime, Inc. due 12-31-76	—	1,500,000	500,000	500,000	—
6.25% 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	—	4,995,082	999,533	1,499,977	—
6.45% SEDCO Maritime, Inc. due 12-31-77	—	1,500,000	500,000	500,000	—
Total U.S. Government-Guaranteed Obligations	—	\$13,995,082	\$ 3,499,533	\$ 3,999,977	—
U.S. Treasury Notes and Bonds					
5.875% Notes due 8-15-75	\$ 9,000,000	—	—	—	\$ 48,000
7.00% Notes due 11-15-75	—	—	—	—	31,000
7.00% Notes due 12-31-75	—	—	\$ 1,627,000	\$ 796,000	51,000
6.25% Notes due 2-15-76	—	—	—	—	2,000
6.50% Notes due 5-15-76	—	—	—	—	219,000
6.00% Notes due 5-31-76	5,000,000	—	—	—	—
Total Maturities less than 1 year	\$ 14,000,000	—	\$ 1,627,000	\$ 796,000	\$ 351,000
7.50% Notes due 8-15-76	—	—	—	—	\$ 6,000
6.25% Notes due 2-15-78	—	—	—	—	80,000
7.125% Notes due 5-15-78	—	—	—	—	60,000
Total Maturities 1-3 years	—	—	—	—	\$ 146,000

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
6.00% Notes due 11-15-78	—	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 65,000
6.25% Notes due 8-15-79	—	—	—	—	151,000
7.00% Notes due 11-15-79	—	—	—	—	13,000
4.00% Bonds due 2-15-80	—	—	—	—	27,000
6.875% Notes due 5-15-80	—	—	—	—	2,000
Total Maturities 3-5 years	—	\$ 2,000,000	\$ 3,000,000	\$ 1,000,000	\$ 258,000
9.00% Notes due 8-15-80	—	—	—	—	\$ 49,000
3.50% Bonds due 11-15-80	—	—	—	—	5,000
7.75% Notes due 11-15-81	—	—	—	—	7,000
6.375% Bonds due 2-15-82	—	—	—	—	3,000
3.25% Bonds due 6-15-78/83	—	—	—	—	50,500
6.375% Bonds due 8-15-84	—	—	—	—	74,000
4.24% Bonds due 5-15-76/85	—	—	—	—	19,000
Total Maturities 5-10 years	—	—	—	—	\$ 207,500
3.50% Bonds due 11-15-98	—	—	—	—	\$ 50,000
Total Maturities more than 10 years	—	—	—	—	\$ 50,000
Total U.S. Treasury Notes and Bonds	\$ 14,000,000	\$ 2,000,000	\$ 4,627,000	\$ 1,796,000	\$ 1,012,500
Total U.S. Treasury, Government Agency, and Government Guaranteed Securities					
	\$462,015,000	\$58,795,082	\$41,659,533	\$25,238,977	\$70,356,500
Total Short-term Corporate Notes and U.S. Government Obligations Held By Various Funds					
	\$607,790,000	\$77,040,082	\$57,347,533	\$36,167,977	\$77,256,500

SCHEDULE II

MINNESOTA ADJUSTABLE FIXED BENEFIT FUND June 30, 1975 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (642,261.31)
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturities up to 15 days	\$ 6,123,000.00
Agencies	
Maturities up to 10 days	\$ 4,000,000.00
SHORT-TERM CORPORATE NOTES	
Maturities up to 15 days	\$ 26,554,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT	
(See Listing Below)	\$ 29,265,191.58
CANADIAN GOVERNMENTAL OBLIGATIONS	
(See Listing Below)	\$ 12,460,000.00
CORPORATE BOND OBLIGATIONS	
(See Listing Below)	\$181,742,837.18
CONVERTIBLE DEBENTURES	
(See Listing Below)	\$ 22,805,675.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	
	\$ 6,523,053.64
COMMON STOCKS (See Listing Below)	
	\$259,396,184.66
TOTAL ASSETS IN ACCOUNT	\$548,227,680.75
(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 1975.

** 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.

Schedule II continued

UNITED STATES GOVERNMENT-GUARANTEED BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES					
Atlantic Mortgage Corp.	Mtg. Backed Cert.	9-15-2004	8.50	9.70	\$ 1,006,227.73
Barnes, James T.	Mtg. Backed Cert.	5-15-2004	8.00	9.68	994,773.47
Colonial Mtg. Alabama	Mtg. Backed Cert.	9-15-2004	9.00	10.14	998,931.76
First Mortgage Corp.	Mtg. Backed Cert.	11-15-2004	9.00	10.15	996,335.19
Fort Wayne Mortgage	Mtg. Backed Cert.	4-15-2004	8.00	9.68	1,973,667.50
Glenn Justice	Mtg. Backed Cert.	10-15-2004	9.00	10.14	1,004,579.77
Guild Mortgage Co.	Mtg. Backed Cert.	10-15-2004	9.00	9.80	2,987,578.53
IDS Mortgage Corp.	Mtg. Backed Cert.	8-15-2003	6.50	8.52	4,883,557.63
Kissell Company	Mtg. Backed Cert.	6-15-2003	6.50	8.70	2,841,208.17
Kissell Company Mortgage & Trust, Inc.	Mtg. Backed Cert.	10-15-2004	9.00	9.65	3,011,816.62
			6.50	8.70	1,753,515.21
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES			9.30%		\$ 22,452,191.58
MERCHANT MARINE BONDS					
American President Lines	Govt. Guar. Bond	11-1-91	4.80	4.80	\$ 1,768,000.00
States Steamship Co.	Govt. Guar. Bond	3-31-93	5.10	5.10	2,400,000.00
United States Lines	Govt. Guar. Bond	11-1-86	4%	4.375	787,000.00
United States Lines	Govt. Guar. Bond	10-1-87	5.00	5.00	1,858,000.00
TOTAL MERCHANT MARINE BONDS			4.92%		\$ 6,813,000.00
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS			8.28%		\$ 29,265,191.58
CANADIAN GOVERNMENTAL OBLIGATIONS					
Alberta Govt. Telephone Comm.	Debenture	6-15-94	8	8.17	\$ 3,000,000.00
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	4,940,000.00
Manitoba, Province of	Debenture	4-1-94	7%	7.90	1,020,000.00
Nova Scotia Power Commission	S/F Debenture	3-15-97	7%	7.80	3,500,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			7.84%		\$ 12,460,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Central Power & Light Citizens Utilities	First Mortgage & Coll. Trust	6-1-2004	9.375	9.81	\$ 5,000,000.00
		12-31-91	4.80	4.80	1,000,000.00
Hawaiian Electric	First Mortgage	4-1-91	4.65	4.65	1,550,000.00
Jersey Central Power & Light	Debenture	10-1-88	4%	4.56	1,584,000.00
Long Island Lighting	First Mortgage	4-1-93	4.40	4.40	1,000,000.00
Montana-Dakota Utilities	First Mortgage S/F Bond	7-1-84	4%	5.30	1,600,000.00
Philadelphia Electric	First & Refunding Mortgage	10-15-80	11.00	11.00	1,000,000.00
Public Service Electric & Gas	First & Refunding Mortgage	9-1-94	4%	5.84	2,415,000.00
Southern California Edison	First & Refunding Mortgage	9-1-85	4%	5.54	1,260,000.00
Southern California Edison	First & Refunding Mortgage	3-1-89	4%	7.13	1,600,000.00
Utah Power & Light	First Mortgage	9-1-90	4%	4.80	1,290,000.00
TOTAL ELECTRIC			6.78%		\$ 19,299,000.00
GAS					
Brooklyn Union Gas	First Mortgage	4-1-90	4%	4.56	\$ 1,175,000.00
Columbia Gas System, Inc.	Debenture	1-1-88	4%	6.58	1,650,000.00
Mountain Fuel Supply	Debenture	9-1-86	4%	4.80	1,228,000.00
Southern Union Gas	First Mortgage	10-1-86	4.80	5.86	1,014,000.00
Washington Gas Light	First Mortgage	3-1-91	5.20	6.25	1,000,000.00
TOTAL GAS			5.65%		\$ 6,067,000.00
TELEPHONE					
Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9.50	9.50	\$ 5,000,000.00
General Telephone of Florida	First Mortgage	5-1-93	4 1/2	6.21	1,000,000.00
General Telephone Co. of the Midwest	First Mortgage	5-1-99	7%	7.75	2,500,000.00
New York Telephone	Refunding Mortgage Series U	7-15-2008	8	8.48	5,000,000.00
Rochester Telephone	First Mortgage	9-1-93	4%	5.93	1,110,000.00
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7.625	8.19	5,000,000.00
TOTAL TELEPHONE			8.31%		\$ 19,610,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS			7.29%		\$ 44,976,000.00
FINANCE OBLIGATIONS					
American Investment	Note	1-1-91	5%	5.25	\$ 650,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Beneficial Finance	Note	3-1-89	4.60	7.22	2,725,000.00
Deere (John) Credit Corp.	Debenture	10-31-90	5	6.72	1,650,000.00
Family Finance	Senior Debenture	5-15-90	4%	4.84	1,300,000.00
Ford Motor Credit Co.	Debenture	4-1-99	8.70	8.95	5,000,000.00
General Acceptance	Senior Debenture	3-1-85	4%	6.83	650,000.00
General Electric Credit	Promissory Note	10-31-82	4%	4.625	1,500,000.00
Honeywell Finance Inc.	S/F Debenture	12-15-98	8.20	8.20	5,000,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	4,000,000.00
Talcott, (James) Inc.	Senior Note	10-1-85	5	5.00	346,000.00
TOTAL FINANCE OBLIGATIONS			7.46%		\$ 22,821,000.00
INDUSTRIAL OBLIGATIONS					
American Metal Climax	Note	8-1-88	4 1/2	7.49	\$ 2,450,000.00
Archer-Daniels Midland	Promissory Note	3-1-88	4%	7.77	1,944,000.00
Armco Steel Corp.	Note	12-15-96	7%	7.875	4,000,000.00
Ashland Oil & Refining	S/F Debenture	2-15-88	4.725	6.11	1,570,000.00
Beatrice Foods	S/F Debenture	9-15-94	7%	7.90	3,000,000.00
Burroughs Corp.	S/F Debenture	7-1-88	4 1/2	5.49	2,600,000.00
Crown Zellerbach	Mortgage Bond	8-1-94	8%	8.125	5,117,022.83
Dow Chemical	Note	1-15-90	4 1/2	5.65	1,938,000.00
FMC Corporation	S/F Debenture	1-15-2000	9 1/2	9.60	4,850,000.00
Firestone Tire & Rubber	Debenture	12-1-2004	9%	9.33	5,000,000.00
Ford Motor Co.	Debenture	7-15-94	9%	9.28	1,850,000.00
Gould, Inc.	S/F Debenture	2-15-95	9%	9.45	3,040,000.00
Hammond	Senior Note	1-15-90	8%	8.75	2,625,000.00
Louisiana Land & Exploration	Note	12-1-94	8%	8.25	2,850,000.00
MacMillan Bloedel	Debenture, Series A10-1-90	4.95	4.95	400,000.00	
MacMillan Bloedel Ltd.	Debenture	7-1-94	8%	8.75	5,200,000.00
Marathon Oil	S/F Debenture	2-1-2000	8 1/2	8.56	3,000,000.00
Owens-Illinois	Note	2-1-91	5	8.39	3,916,000.00
Ralston-Purina (Foodmaker, Inc.)	Guaranteed Note	11-1-89	8%	8.75	3,000,000.00
Raytheon Company	S/F Debenture	7-1-96	8%	8.39	5,000,000.00
Scovill Manufacturing	Note	9-15-90	4.80	6.23	1,722,000.00
Shell Oil	Debenture	3-15-91	5	5.00	1,250,000.00
Shell Canada Ltd.	Senior Debenture	1-1-94	7 1/2	7.53	1,900,000.00
Sinclair Oil Corp.	S/F Debenture	12-15-88	4.60	6.72	3,275,000.00
Sprague Electric	S/F Debenture	9-1-88	4%	4.38	450,000.00
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	4-1-91	5.10	5.10	800,000.00
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage	2-10-97 through 3-30-97	7.70	7.70	4,000,000.00
Standard Oil Co. (Indiana) (Research Properties, Inc.)	Note	11-1-99	8%	8.25	3,000,000.00
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7 1/2	7.50	1,750,000.00
Standard Oil Co. (Ohio)	Debenture	1-1-2000	8 1/2	8.89	4,400,000.00
Sun Oil	Note	7-1-91	5%	5.75	1,134,000.00
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	4.65	928,000.00
Texaco, Inc. (Countrywide Stations, Inc.)	Note, Series B	12-1-2001	7%	7.75	3,861,000.00
Union Tank Car	S/F Debenture	8-1-86	5	5.47	1,550,000.00
Witco Chemical	Note	12-1-84	4.65	5.63	1,950,000.00
Youngstown Sheet & Tube	First Mortgage S/F Bond	7-1-95	4.60	4.60	85,000.00
TOTAL INDUSTRIAL OBLIGATIONS			7.88%		\$ 95,405,022.83
TRANSPORTATION DEBT OBLIGATIONS					
Chicago Burlington & Quincy Railroad	First & Refunding Mortgage	2-1-78	4%	4.375	\$ 306,000.00
Greyhound Corp.	Note	5-15-84	6	6	1,248,750.00
Seaboard Airline Railroad	First Mortgage	12-1-88	4%	5.59	2,725,000.00
Southern Railway Co.	Mortgage Bond	6-1-88	4%	7.82	2,586,000.00
TOTAL TRANSPORTATION DEBT OBLIGATIONS			6.45%		\$ 6,865,750.00
RAILROAD EQUIPMENT OBLIGATIONS					
Canadian Pacific Ltd.	Equipment Trust	2-1-89	8 1/2	8.50	\$ 4,825,384.18
Chesapeake & Ohio Railway (Towson Equipment)	Conditional Sale	7-1-75/1-1-85	8 1/2	8.51	3,032,180.17
Norfolk & Western Railway Co.	Conditional Sale	10-1-75/84	8%	8.875	2,000,000.00
North American Car Corp.	Equipment Trust	9-1-75/78	4.65	4.65	100,000.00
St. Louis-San Francisco Railway Co.	Conditional Sale	1-15-76/85	9%	9.375	1,717,500.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			8.66%		\$ 11,675,064.35
TOTAL CORPORATE BOND OBLIGATIONS			7.68%		\$181,742,837.18
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS			7.77%		\$223,468,028.76

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

Schedule II continued

CONVERTIBLE DEBENTURE HOLDINGS June 30, 1975

Issue	Face Amount Held	Total Cost	Market Price	Total Market Value
Ashland Oil & Refining, 4¼% Convertible Subordinated Debentures, due 8-15-93	\$ 3,500,000.00	\$ 2,516,610.00	65½	\$ 2,292,500.00
FMC Corporation, 4¼% Convertible Subordinated Debentures, due 7-15-92	3,500,000.00*	2,514,075.00	61¼	2,143,750.00
W. T. Grant Company, 4¼% Convertible Subordinated Debentures, due 4-15-96	1,800,000.00	1,499,840.00	27½	495,000.00
Hercules, Inc., 6½% Convertible Subordinated Debentures, due 6-30-99	3,000,000.00	2,902,125.00	109¾	3,292,500.00
Marcor Inc., 5% Convertible Subordinated Debentures, due 6-15-96	2,800,000.00	2,000,875.00	75	2,100,000.00
Melville Shoe Corporation, 4¼% Convertible Subordinated Debentures, due 6-1-96	3,500,000.00	2,959,500.00	74%	2,603,125.00
Owens-Illinois, Inc., 4½% Convertible Subordinated Debentures, due 11-1-92	3,500,000.00	3,139,573.75	80¼	2,808,750.00
Purex Corporation, Limited, 4¼% Convertible Subordinated Debentures, due 1-15-94	3,270,000.00	2,238,667.50	64	2,092,800.00
Radio Corporation of America, 4½% Convertible Subordinated Debentures, due 8-1-92	3,500,000.00	2,683,550.00	59½	2,082,500.00
Sherwin-Williams Co., 6¼% Convertible Subordinated Debentures, due 3-1-95	2,690,000.00	2,567,647.50	102½	2,757,250.00
White Motor Corporation, 5¼% Convertible Subordinated Debentures, due 3-1-93	250,000.00**	219,375.00	55	137,500.00
TOTALS	\$31,310,000.00	\$25,241,838.75		\$22,805,675.00

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

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

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison Co.	88,000	\$ 28.75	\$ 2,530,000.00	
Florida Power & Light Co.	133,300	26.00	3,465,800.00	
Houston Lighting & Power Co.	97,600	25.88	2,525,400.00	
Middle South Utilities, Inc.	153,800	15.50	2,383,900.00	
Northern States Power Co.	102,400	25.88	2,649,600.00	
Pacific Gas & Electric Co.	87,300	21.25	1,855,125.00	
Texas Utilities Co.	130,000	23.63	3,071,250.00	
Virginia Electric & Power Co.	144,200	12.88	1,856,575.00	
Total Electric			\$ 20,337,650.00	7.84%
NATURAL GAS				
Northern Illinois Gas. Co.	22,000	\$ 24.00	\$ 528,000.00	0.20%
COMMUNICATIONS				
American Telephone & Telegraph Co.	115,000	\$ 50.88	\$ 5,850,625.00	
General Telephone & Electronics Corp.	80,000	25.13	2,010,000.00	
Total Communications			\$ 7,860,625.00	3.03%
TOTAL UTILITIES			\$ 28,726,275.00	11.07%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corp.	88,500	\$ 45.31	\$ 4,010,200.50	
Citicorp	156,400	38.50	6,021,400.00	
First Bank System, Inc.	97,400	48.13	4,687,375.00	
First International Bancshares, Inc.	49,500	45.13	2,233,687.50	
First Union Corp.	38,200	12.88	491,825.00	
Northwest Bancorporation	89,000	46.75	4,160,750.00	
Security Pacific Corp.	94,679	19.31	1,828,535.53	
Total Banks			\$ 23,433,773.53	9.04%
FINANCE				
Household Finance Corp.	108,300	\$ 17.75	\$ 1,922,325.00	
MGIC Investment Corp.	70,000	17.88	1,251,250.00	
Total Finance			\$ 3,173,575.00	1.22%

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
INSURANCE				
Aetna Life & Casualty Co.	91,000	\$ 27.75	\$ 2,525,250.00	
Connecticut General Insurance Corp.	77,700	44.50	3,457,650.00	
Jefferson-Pilot Corp.	55,500	36.63	2,032,687.50	
Northwestern National Life Insurance Co.	110,600	19.13	2,115,225.00	
Safeco Corp.	94,400	34.50	3,256,800.00	
St. Paul Companies, Inc.	134,200	32.25	4,327,950.00	
Total Insurance			\$ 17,715,562.50	6.83%
TOTAL FINANCIAL SERVICES				
			\$ 44,322,911.03	17.09%
CONSUMER-ORIENTED AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	75,000	\$ 41.13	\$ 3,084,375.00	
General Motors Corp.	85,600	48.75	4,173,000.00	
Genuine Parts Co.	65,800	40.00	2,632,000.00	
Goodyear Tire & Rubber Co.	127,500	19.00	2,422,500.00	
Total Automobiles & Automotive Parts			\$ 12,311,875.00	4.75%
CONSUMER-DURABLES				
Fedders Corp.	80,000	\$ 6.38	\$ 510,000.00	
Whirlpool Corp.	68,100	25.75	1,753,575.00	
Total Consumer-Durables			\$ 2,263,575.00	0.87%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	47,900	\$ 47.50	\$ 2,275,250.00	
Eastman Kodak Co.	46,300	103.25	4,780,475.00	
Minnesota Mining & Manufacturing Co.	63,000	67.25	4,236,750.00	
Procter & Gamble Co.	16,000	98.13	1,570,000.00	
Revlon, Inc.	32,000	78.88	2,524,000.00	
Total Consumer-Nondurables			\$ 15,386,475.00	5.94%
CONSUMER-MISCELLANEOUS				
Disney (Walt) Productions	43,279	\$ 50.50	\$ 2,185,589.50	
Holiday Inns, Inc.	70,600	13.13	926,625.00	
Total Consumer-Miscellaneous			\$ 3,112,214.50	1.19%
DRUGS				
American Home Products	89,800	\$ 41.75	\$ 3,749,150.00	
Johnson & Johnson	17,000	97.38	1,655,375.00	
Medtronic, Inc.	48,100	40.63	1,954,062.50	
Merck & Co., Inc.	45,900	85.00	3,901,500.00	
Pfizer, Inc.	80,200	33.50	2,686,700.00	
Schering-Plough Corp.	56,000	58.25	3,262,000.00	
Warner-Lambert Co.	51,000	38.00	1,938,000.00	
Total Drugs			\$ 19,146,787.50	7.38%
FOOD-BEVERAGE				
Coca-Cola Co.	32,300	\$ 90.63	\$ 2,927,187.50	
General Foods Corp.	112,100	26.75	2,998,675.00	
General Mills, Inc.	62,800	50.13	3,147,850.00	
Kraftco, Corp.	62,600	38.63	2,417,925.00	
Norton Simon, Inc.	103,694	22.00	2,281,268.00	
Total Food-Beverage			\$ 13,772,905.50	5.30%
RETAIL SALES				
Kresge (S.S.) Company	84,127	\$ 32.13	\$ 2,702,579.88	
Penney (J.C.) Company, Inc.	61,400	58.00	3,561,200.00	
Sears, Roebuck & Co.	55,500	73.38	4,072,312.50	
Total Retail Sales			\$ 10,336,092.38	3.98%
TOTAL CONSUMER-ORIENTED			\$ 76,329,924.88	29.41%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs Corp.	46,000	\$107.00	\$ 4,922,000.00	
Control Data Corp.	34,000	21.75	739,500.00	
Digital Equipment Corp.	34,100	119.63	4,079,212.50	
Honeywell, Inc.	42,777	40.00	1,711,080.00	
International Business Machines Corp.	43,006	209.00	8,988,254.00	
Xerox Corp.	52,850	70.13	3,706,106.25	
Total Office Equipment			\$ 24,146,152.75	9.31%
TOTAL TECHNOLOGY			\$ 24,146,152.75	9.31%
BASIC INDUSTRY BUILDING & FOREST PRODUCTS				
Masonite Corp.	91,000	\$ 25.38	\$ 2,309,125.00	
Owens-Corning Fiberglas Corp.	60,000	37.50	2,250,000.00	
Weyerhaeuser Co.	73,300	41.75	3,060,275.00	
Total Building & Forest Products			\$ 7,619,400.00	2.94%
CHEMICALS				
Air Products & Chemicals, Inc.	50,716	\$ 75.38	\$ 3,822,718.50	
Dow Chemical Co.	23,000	89.75	2,064,250.00	
Hercules, Inc.	26,000	32.00	832,000.00	
Monsanto Co.	33,000	72.25	2,384,250.00	
Union Carbide Corp.	39,200	61.88	2,425,500.00	
Total Chemicals			\$ 11,528,718.50	4.45%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	72,200	\$ 40.00	\$ 2,888,000.00	
General Electric Co.	46,100	52.63	2,426,012.50	
Total Electrical Equipment			\$ 5,314,012.50	2.05%

Schedule II continued

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
MACHINERY				
Caterpillar Tractor Co.	57,200	\$ 66.88	\$ 3,825,250.00	
Combustion Engineering, Inc.	45,000	55.00	2,475,000.00	
Trans Union Corp.	5,900	32.00	188,800.00	
Total Machinery			\$ 6,489,050.00	2.50%
METALS				
Aluminum Co. of America	63,000	\$ 49.00	\$ 3,087,000.00	
Pittston Co.	37,183	73.50	2,732,950.50	
Total Metals			\$ 5,819,950.50	2.24%
PAPER				
International Paper Co.	47,000	\$ 51.00	\$ 2,397,000.00	0.92%
MISCELLANEOUS				
Corning Glass Works	48,200	\$ 50.88	\$ 2,452,175.00	
International Telephone & Telegraph Corp.	58,400	23.63	1,379,700.00	
Total Miscellaneous			\$ 3,831,875.00	1.48%
TOTAL BASIC INDUSTRY			\$ 43,000,006.50	16.58%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	40,500	\$103.50	\$ 4,191,750.00	
Continental Oil Co.	5,000	67.25	336,250.00	
Phillips Petroleum Co.	59,000	59.50	3,510,500.00	
Standard Oil Co. (Indiana)	102,700	49.38	5,070,812.50	
Standard Oil Co. (Ohio)	32,500	76.50	2,486,250.00	
Total Oil-Domestic			\$ 15,595,562.50	6.01%

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
OIL-INTERNATIONAL				
Exxon Corp.	93,000	\$ 92.50	\$ 8,602,500.00	
Gulf Oil Corp.	86,000	22.75	1,956,500.00	
Texaco, Inc.	128,300	26.63	3,415,987.50	
Total Oil-International			\$ 13,974,987.50	5.39%
ENERGY-RELATED				
Dresser Industries, Inc.	18,100	\$ 63.63	\$ 1,151,612.50	
Halliburton Co.	20,000	187.50	3,750,000.00	
Williams Companies	86,000	34.88	2,999,250.00	
Total Energy Related			\$ 7,900,862.50	3.05%
TOTAL ENERGY			\$ 37,471,412.50	14.45%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	158,368	\$ 20.25	\$ 3,206,952.00	1.24%
RAILROADS				
Union Pacific Corp.	28,200	\$ 77.75	\$ 2,192,550.00	0.85%
TOTAL TRANSPORTATION			\$ 5,399,502.00	2.09%
TOTAL COMMON STOCKS			\$259,396,184.66*	100.00%

*Original cost of equities on June 30, 1975, was \$247,902,476.68

SCHEDULE III

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS IN THE THREE LARGEST RETIREMENT FUNDS June 30, 1975

	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, 1957	\$ 20,588,750	—	—	—	\$ 39,577,500	—	—	—	\$ 34,149,700	—	—	—
June 30, 1958	\$ 23,625,000	\$ 21,171,833	\$ 614,096.77	2.90%	\$ 39,715,500	—	—	—	\$ 37,242,200	\$ 34,415,267	\$ 1,018,014.26	2.90%
December 31, 1958	\$ 27,515,000	—	—	—	\$ 41,985,500	\$ 40,426,167	\$1,225,833.46	3.03%	\$ 42,777,200	—	—	—
June 30, 1959	\$ 31,563,000	\$ 27,567,667	\$ 880,223.48	3.19%	\$ 44,659,000	—	—	—	\$ 48,523,300	\$ 42,847,567	\$ 1,409,995.45	3.29%
December 31, 1959	\$ 35,414,500	—	—	—	\$ 46,911,500	\$ 44,518,667	\$1,378,022.98	3.10%	\$ 54,313,000	—	—	—
June 30, 1960	\$ 41,548,500	\$ 36,175,333	\$ 1,211,061.33	3.35%	\$ 49,816,500	—	—	—	\$ 55,243,300	\$ 52,693,300	\$ 1,823,482.03	3.46%
December 31, 1960	\$ 46,935,500	—	—	—	\$ 51,967,000	\$ 49,565,000	\$1,631,458.61	3.29%	\$ 59,160,300	—	—	—
June 30, 1961	\$ 54,183,680	\$ 47,555,893	\$ 1,753,679.00	3.69%	\$ 54,499,050	—	—	—	\$ 63,098,540	\$ 59,167,380	\$ 2,140,761.22	3.62%
December 31, 1961	\$ 61,433,745	—	—	—	\$ 56,830,438	\$ 54,432,163	\$1,885,692.64	3.46%	\$ 67,775,429	—	—	—
June 30, 1962	\$ 68,132,958	\$ 61,250,128	\$ 2,340,665.00	3.82%	\$ 59,843,686	—	—	—	\$ 73,187,108	\$ 68,020,359	\$ 2,587,612.53	3.80%
December 31, 1962	\$ 75,195,593	—	—	—	\$ 62,517,119	\$ 59,730,414	\$2,168,821.46	3.63%	\$ 77,813,737	—	—	—
June 30, 1963	\$ 81,436,890	\$ 74,921,814	\$ 2,990,070.00	3.99%	\$ 65,432,932	—	—	—	\$ 82,990,550	\$ 77,997,132	\$ 3,011,190.37	3.86%
December 31, 1963	\$ 92,347,700	—	—	—	\$ 68,922,451	\$ 65,624,167	\$2,466,206.57	3.76%	\$ 88,480,685	—	—	—
June 30, 1964	\$ 96,311,091	\$ 90,031,894	\$ 3,613,002.65	4.01%	\$ 72,100,574	—	—	—	\$ 96,529,180	\$ 89,333,472	\$ 3,546,799.82	3.97%
December 31, 1964	\$103,667,519	—	—	—	\$ 75,485,635	\$ 72,169,553	\$2,771,915.82	3.84%	\$100,413,219	—	—	—
June 30, 1965	\$110,234,510	\$103,404,373	\$ 4,193,536.65	4.06%	\$ 79,128,448	—	—	—	\$109,221,619	\$102,054,673	\$ 4,124,491.25	4.04%
December 31, 1965	\$120,809,744	—	—	—	\$ 83,578,973	\$ 79,397,685	\$3,104,510.00	3.91%	\$113,680,813	—	—	—
June 30, 1966	\$126,016,044	\$119,034,099	\$ 4,961,041.08	4.17%	\$ 87,477,671	—	—	—	\$122,392,368	\$115,098,267	\$ 4,677,205.58	4.06%
December 31, 1966	\$136,773,265	—	—	—	\$ 92,210,804	\$ 87,755,816	\$3,599,529.00	4.10%	\$129,037,233	—	—	—
June 30, 1967	\$143,519,881	\$135,436,396	\$ 5,766,018.44	4.26%	\$ 97,375,985	—	—	—	\$141,805,453	\$131,078,351	\$ 5,553,970.00	4.24%
December 31, 1967	\$155,763,172	—	—	—	\$103,557,821	\$ 97,714,870	\$4,103,671.00	4.20%	\$156,865,901	—	—	—
June 30, 1968	\$158,378,261	\$152,553,771	\$ 6,670,944.32	4.37%	\$110,073,169	—	—	—	\$182,931,287	\$160,534,214	\$ 7,057,974.94	4.40%
December 31, 1968	\$177,587,167	—	—	—	\$117,517,899	\$110,382,963	\$4,792,334.00	4.34%	\$192,423,593	—	—	—

(continued on following page)

Schedule III continued

	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, 1969 (7)	\$198,774,684	\$178,246,704	\$ 8,062,078.73	4.52%	\$123,331,969	—	—	—	\$213,781,373	\$196,378,751	\$ 9,032,190.00	4.60%
July 1, 1969 (8)	\$158,760,588	—	—	—	\$103,331,969	—	—	—	\$193,781,373	—	—	—
December 31, 1969 (7)	\$165,049,959	—	—	—	\$102,604,272	\$114,484,713	\$5,001,736.00	4.37%	\$195,989,623	—	—	—
June 30, 1970	\$169,853,573	\$164,554,706 ⁽⁹⁾	\$ 7,662,334.32	4.66%	\$ 97,283,570	\$101,073,270 ⁽⁹⁾	\$4,504,934.00 ⁽¹⁰⁾	4.46%	\$196,291,329	\$195,354,108 ⁽⁹⁾	\$ 9,121,447.52	4.67%
December 31, 1970	\$182,469,105	—	—	—	\$102,940,417	—	—	—	\$216,272,996	—	—	—
June 30, 1971	\$198,648,628	\$183,657,102	\$ 8,865,744.99	4.83%	\$110,406,203	\$103,543,397	\$4,777,705.29	4.61%	\$228,603,985	\$213,722,770	\$10,304,556.77	4.82%
December 31, 1971	\$215,397,783	—	—	—	\$115,613,762	—	—	—	\$237,806,108	—	—	—
June 30, 1972	\$235,121,349	\$216,883,656	\$11,436,490.83	5.27% ⁽¹¹⁾	\$122,880,191	\$116,694,447	\$5,962,135.03	5.11% ⁽¹¹⁾	\$270,163,035	\$245,694,851	\$12,847,901.01	5.23% ⁽¹¹⁾
December 31, 1972	\$252,126,109	—	—	—	\$128,806,667	—	—	—	\$284,498,463	—	—	—
June 29, 1973	\$273,046,696	\$254,798,887	\$14,551,663.44	5.71% ⁽¹²⁾	\$137,205,300	\$131,240,981	\$7,162,366.90	5.46% ⁽¹²⁾	\$316,053,836	\$292,401,786	\$16,356,914.07	5.59% ⁽¹²⁾
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% ⁽¹³⁾	\$141,710,195	\$138,382,628	\$7,956,692.25	5.75% ⁽¹³⁾	\$320,407,712	\$315,653,491	\$19,412,083.53	6.15% ⁽¹³⁾
December 31, 1974	\$334,570,948	—	—	—	\$146,138,047	—	—	—	\$342,430,164	—	—	—
June 30, 1975	\$361,246,511	\$335,004,498	\$18,269,672.38	5.45% ⁽¹⁴⁾	\$156,682,776	\$148,177,006	\$7,330,288.44	4.95% ⁽¹⁴⁾	\$354,065,482	\$338,967,786	\$17,700,237.24	5.22% ⁽¹⁴⁾

(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 1974, Section 356.20, Subdivision 5), and secondly, an increase in equity portfolio valuation under the provisions of Minnesota Statutes 1974, 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. Therefore, income for fiscal 1973 and 1974 includes two such amounts, each representing one-third of the 3% increases applied to the equity portfolios under the provisions of Minnesota Statutes 1974, Section 11.16, Subdivision 13.

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

(14) Computation of income for fiscal 1975 includes one-third of the 3% increase as of December 31, 1972, as mentioned in (12). Under the provisions of a 1973 amendment to Subdivision 13, as of February 28, 1975, a 3% decrease in the value of the equity portfolio of each fund was indicated because of lower stock prices during the previous year. On April 30, 1975, another 3% decrease in the value of the equity portfolios of the Teachers' Retirement Fund, the State Employees Retirement Fund and the Police and Fire portion of the Public Employees Retirement Fund resulted from the application of the indicated statutory provision. One-fifth of each of these valuation adjustments was deducted from the income of the appropriate funds and is, therefore, reflected in the yield computations for 1975.

Note: Yields computed as indicated in footnote number (4) for 1972 through 1975, in the manner used in prior years, would be:

	PERF *	SERF	TRF
1972	4.81%	4.64%	4.74%
1973	4.87%	4.61%	4.75%
1974	5.34%	4.95%	5.36%
1975	5.57%	5.30%	5.58%

SCHEDULE IV

PUBLIC EMPLOYEES RETIREMENT FUND STATE EMPLOYEES RETIREMENT FUND TEACHERS' RETIREMENT FUND June 30, 1975

RESUME OF ASSETS IN ACCOUNTS

	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund
CASH CERTIFIED FOR INVESTMENT*	\$ 658,334.00	\$ 376,905.00	\$ 551,094.00
U.S. TREASURY AND AGENCY SECURITIES			
Repurchase Agreements			
Maturities up to 23 days	\$ 12,124,000.00	\$ 1,981,000.00	\$ 5,820,000.00
Bills			
Maturities up to 87 days	\$ 3,000,000.00	—	\$ 2,000,000.00
Agencies			
Maturities up to 16 months	\$ 180,000.00	—	—
SHORT-TERM CORPORATE NOTES			
Maturities up to 14 days	\$ 2,000,000.00	\$ 1,000,000.00	\$ 1,803,000.00
STATE AND LOCAL OBLIGATIONS	\$ 2,614,000.00	\$ 2,969,000.00	\$ 3,842,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 2,751,000.00	\$ 547,000.00	\$ 683,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 17,800,000.00	\$ 7,425,000.00	\$ 19,900,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 116,978,567.12	\$ 59,425,805.09	\$ 139,586,229.01
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 3,134,091.27	\$ 2,886,106.43	\$ 5,222,132.73
COMMON STOCKS (See Listing Below)	\$ 154,204,135.68	\$ 72,509,441.37	\$ 170,535,943.75
TOTAL ASSETS IN ACCOUNTS (for actuarial purposes; not indicative of true market value)	\$315,444,128.07	\$149,120,257.89	\$349,943,399.49

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

** 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 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Retirement Fund (000)	State Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS									
Delta Steamship									
Lines, Inc.	Govt.-Guar. Bond	3-1-86	5½	5.50	\$ 474	\$ —	\$ —	\$ 474	
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	
Moore-McCormack									
Lines, Inc.	Govt.-Guar. Bond	4-1-87	5½	5.75	684	547	683	1,914	
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					5.27%	\$ 2,751	\$ 547	\$ 683	\$ 3,981
CANADIAN GOVERNMENTAL OBLIGATIONS									
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%	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%	7.875	3,500	2,000	3,500	9,000	
New Brunswick Higher Education Commission									
	S/F Debenture	4-15-93	7	7.26	—	300	550	850	

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Retirement Fund (000)	State Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)	
NOVA SCOTIA									
Power Commission									
	S/F Debenture	3-15-97	7½	7.80	1,500	—	1,500	3,000	
Nova Scotia Power Commission									
	S/F Debenture	7-15-98	8½	8.15	1,500	1,500	1,650	4,650	
Nova Scotia, Province of									
	S/F Debenture	8-1-93	7½	7.20	800	700	1,000	2,500	
Ontario, Province of									
	Debenture	4-15-97	5½	5.625	—	400	600	1,000	
Ontario, Province of									
	Debenture	12-1-97	6%	7.16	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	
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS					7.56%	\$17,800	\$ 7,425	\$19,900	\$45,125
CORPORATE BOND OBLIGATIONS									
PUBLIC UTILITY OBLIGATIONS									
ELECTRIC									
Alabama Power Co.									
	First Mortgage	4-1-90	5	5.01	\$ 122	\$ 87	\$ 217	\$ 426	
Arizona Public Service Co.									
	First Mortgage	9-1-97	6½	6.33	—	500	750	1,250	
California Electric Power Co.									
	First Mortgage	5-1-90	5½	5.10	400	300	500	1,200	
Carolina Power & Light Co.									
	First Mortgage	4-1-90	4%	4.85	350	—	—	350	
Central Illinois Light Co.									
	First Mortgage	3-1-90	4%	4.90	250	250	500	1,000	
Central Maine Power Co.									
	First Mortgage	11-1-90	5½	5.10	—	294	293	587	
Citizens Utilities Co.									
	First Mortgage	10-1-92	4%	5.41	—	—	800	800	
Commonwealth Edison Co.									
	First Mortgage	11-1-96	5½	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%	9.25	1,467	—	1,711	3,178	
Dayton Power & Light Co.									
	First Mortgage	6-1-93	4.45	4.45	500	400	600	1,500	
Georgia Power Co.									
	First Mortgage	11-1-90	4%	4.88	500	200	—	700	
Iowa-Illinois Gas & Electric Co.									
	First Mortgage	4-15-90	5	4.93	—	—	487	487	
Louisiana Power & Light Co.									
	First Mortgage	4-1-90	5	5.01	350	200	500	1,050	
Metropolitan Edison Co.									
	First Mortgage	5-1-90	5	4.95	350	200	500	1,050	
Orange & Rockland Utilities, Inc.									
	First Mortgage	4-15-91	4%	4.80	500	350	550	1,400	
Otter Tail Power Co.									
	First Mortgage	2-1-91	4%	4.80	482	293	—	775	
Pacific Power & Light Co.									
	First Mortgage	4-1-92	4%	4.70	—	—	400	400	
Philadelphia Electric									
	First & Refunding Mortgage	10-15-80	11	11.00	—	—	1,200	1,200	
Public Service Co. of New Hampshire									
	First Mortgage	7-1-92	4%	4.54	300	350	—	650	
Public Service Electric & Gas Co.									
	First & Refunding Mortgage	9-1-90	4%	4.73	—	—	500	500	
Puget Sound Power & Light Co.									
	First Mortgage	2-1-91	4%	4.65	250	250	—	500	
Puget Sound Power & Light Co.									
	First Mortgage	11-1-93	4%	4.60	350	250	600	1,200	
Rochester Gas & Electric									
	First Mortgage	7-1-98	6.70	6.70	800	—	1,000	1,800	
Sierra Pacific Power Co.									
	First Mortgage	6-1-92	4%	4.75	400	—	430	830	
Southern California Edison Co.									
	First & Refunding Mortgage	4-1-86	4½	4.42	150	250	150	550	
Southwestern Public Service Co.									
	First Mortgage	2-1-94	4½	4.50	—	—	700	700	
Tucson Gas & Electric Co.									
	First Mortgage	2-1-96	4%	4.875	600	400	600	1,600	
Total Electric					5.88%	\$ 8,871	\$ 5,074	\$ 14,738	\$ 28,683

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total Amount (000)
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
GAS								
Gas Service Co.	First Mortgage	5-1-83	4.40	5.07	\$ 570	\$ 304	\$ 342	\$ 1,216
Laclede Gas Co.	First Mortgage	7-1-85	4%	4.80	233	189	—	422
Louisiana Gas Service Co.	First Mortgage	6-1-87	4½	4.70	500	500	400	1,400
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4%	4.70	495	395	495	1,385
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4%	4.50	—	—	489	489
Northwest Natural Gas Co.	First Mortgage	1-1-89	4%	4.72	600	400	600	1,600
Springfield Gas Light Co.	Note	1-15-87	4%	4.875	440	264	—	704
Texas Eastern Transmission Corp.	First Mortgage	12-1-81	4%	4.915	377	377	471	1,225
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-81	5	5.08	502	413	522	1,437
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4%	4.82	287	281	—	568
Trunkline Gas Co.	First Mortgage	1-1-82	5	5.00	279	279	279	837
Total Gas				4.85%	\$ 4,283	\$ 3,402	\$ 3,598	\$ 11,283
TELEPHONE								
American Telephone & Telegraph Co.	Debenture	10-1-96	4%	4.30	\$ 500	\$ 400	\$ 600	\$ 1,500
The Bell Telephone Co. of Canada	First Mortgage	9-17-98	6.90	6.90	800	700	500	2,000
The Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9½	9.50	4,000	2,000	4,000	10,000
General Telephone Co. of Illinois	First Mortgage	9-1-95	4%	4.875	—	400	500	900
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	—	400	500	900
General Telephone Co. of the Northwest, Inc.	First Mortgage	6-1-99	7%	7.16	900	700	1,000	2,600
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4%	4.75	250	200	—	450
New York Telephone Co.	Refunding Mortgage	1-1-2004	4%	4.53	700	—	700	1,400
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.73	2,300	1,000	3,700	7,000
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4½	4.49	600	400	—	1,000
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7%	8.15	4,500	2,000	4,500	11,000
United Telephone Co. of Ohio	First Mortgage	7-1-98	6%	6.875	752	658	940	2,350
The United Telephone Co. of Pennsylvania	First Mortgage	11-1-98	6%	6.625	—	—	1,175	1,175
Total Telephone				7.81%	\$ 15,302	\$ 8,858	\$ 18,115	\$ 42,275
WATER								
Indianapolis Water Co.	First Mortgage	1-1-92	4%	4.70	\$ 400	\$ 300	\$ 300	\$ 1,000
Indianapolis Water Co.	First Mortgage	8-1-97	5%	5.875	—	—	600	600
Total Water				5.14%	\$ 400	\$ 300	\$ 900	\$ 1,600
TOTAL PUBLIC UTILITY OBLIGATIONS				6.70%	\$ 28,856	\$ 17,534	\$ 37,351	\$ 83,841

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total Amount (000)
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
FINANCE OBLIGATIONS								
American Investment Co.	Note	1-1-91	5%	5.25	\$ —	\$ 450	\$ 600	\$ 1,050
American Investment Co.	Senior Note	11-1-86	6%	6.75	500	400	500	1,400
CIT Financial Corp.	Debenture	10-1-86	6%	6.47	—	750	1,000	1,750
Deere (John) Credit Co.	Debenture	4-30-98	7½	7.55	3,750	2,250	4,000	10,000
GRC Realty Corp.	Note	12-31-98	7.70	7.70	3,000	—	3,000	6,000
Honeywell Finance Inc.	S/F Debenture	12-15-98	8.20	8.40	4,000	—	4,000	8,000
Household Finance Inc.	Debenture	9-15-93	4%	4.91	—	450	550	1,000
Household Finance Corp.	Debenture	1-1-90	7%	7.40	900	400	500	1,800
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	4,000	2,500	4,000	10,500
Wells Fargo & Co.	Promissory Note	11-1-98	8%	8.125	2,500	1,500	2,500	6,500
TOTAL FINANCE OBLIGATIONS				7.66%	\$ 18,650	\$ 8,700	\$ 20,650	\$ 48,000
INDUSTRIAL OBLIGATIONS								
Akzona, Inc.	Debenture	2-15-97	7½	7.50	\$ 2,000	\$ —	\$ 2,500	\$ 4,500
Aluminum Co. of America	Promissory Note	3-31-88	4%	4.375	356	284	423	1,063
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9½	9.37	3,860	1,744	4,000	9,604
American Sterilizer Co.	Note	8-1-77	4%	4.875	80	91	—	171
Armco Steel Corp.	Note	12-15-96	7%	7.94	2,200	—	2,800	5,000
Armour-Dial, Inc. (Ardison Properties, Inc.)	Note	1-15-2003	7.90	7.90	3,500	—	3,500	7,000
The Bendix Corp.	S/F Debenture	12-1-92	6%	6.525	850	600	1,000	2,450
Cities Service Co.	Debenture	11-1-97	6%	6.49	—	650	1,000	1,650
Cities Service Gas Co.	Debenture	6-1-91	8%	8.25	1,450	1,000	2,000	4,450
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2002	9	9.00	1,099	916	1,512	3,527
Crown Zellerbach	Mortgage Bond	8-1-94	8%	8.125	4,035	1,968	4,035	10,038
Cummins Engine Co.	Note	7-15-90	4.60	5.20	400	—	800	1,200
Dow Chemical Co.	Note	4-1-91	5	5.125	440	320	440	1,200
Dresser Industries	Note	5-15-85	8.65	8.56	857	—	857	1,714
FMC Corporation	S/F Debenture	1-15-2000	9½	9.5	3,800	2,400	3,800	10,000
Firestone Tire & Rubber	Debenture	12-1-2004	9%	9.25	4,000	1,500	4,100	9,600
Goodrich (B.F.) Co.	Note	11-15-92	6½	6.50	500	500	1,000	2,000
Gulf Oil Corp.	Debenture	6-15-93	6%	6.625	800	690	1,000	2,490
International Multifoods Corp.	Note	3-1-88	4½	4.50	393	—	393	786
The Kroger Co.	Note	10-19-81	5.30	5.02	275	220	330	825
MacMillan Bloedel Ltd.	Debenture	7-1-94	8%	8.75	4,150	2,500	4,150	10,800
Marathon Oil Co.	S/F Debenture	2-1-2000	8½	8.52	4,000	1,000	—	5,000
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	2,000	—	2,000	4,000
Phelps Dodge Corp.	Note	6-1-85	8½	8.52	2,300	—	2,300	4,600
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7%	7.875	2,000	1,000	2,000	5,000
Shell Canada, Ltd.	Debenture	1-1-94	7½	7.50	—	—	1,200	1,200
Shell Oil Co.	Note	4-15-90	4½	6.44	—	—	800	800
The Singer Co.	Note	8-1-86	5%	5.86	450	300	825	1,575

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
Sprague Electric Co.	S/F Debenture	9-1-88	4%	4.40	—	—	550	550
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	12-1-92	6	6.12	—	180	900	1,080
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	2-10-97 through 11-6-97	7.70	7.70	3,500	2,500	3,500	9,500
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	9	9.00	1,500	1,000	1,500	4,000
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	7.30	7.30	1,500	1,500	2,000	5,000
Standard Oil Co. (Indiana) (Mid-continent Properties, Inc.)	Note	10-1-2000	7.50	7.50	1,500	500	1,500	3,500
Standard Oil Co. (Indiana) Debenture	1-15-98	6	6.07	400	400	1,000	1,800	
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	—	—	320	320
Stauffer Chemical Co.	Note	3-15-97	7½	7.50	2,000	—	2,000	4,000
Sun Oil Co.	Note	7-1-91	5%	5.75	—	336	—	336
Swift & Co.	S/F Debenture	8-1-92	6.30	6.58	—	540	540	1,080
Swift & Co.	Debenture	6-1-86	4%	5.23	319	256	696	1,271
Texaco (Country-wide Stations, Inc.)	Secured Notes	12-1-2001	7%	7.75	1,930	1,448	2,413	5,791
Uarco, Inc.	Note	5-1-88	6½	6.50	544	—	908	1,452
Union Oil Co. of California (Pure Transportation)	Note	12-1-88	6½	6.50	569	—	711	1,280
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.36	605	433	1,465	2,503
TOTAL INDUSTRIAL OBLIGATIONS			7.93%		\$ 60,162	\$ 26,776	\$ 68,768	\$155,706
TRANSPORTATION DEBT OBLIGATIONS								
Atchison, Topeka & Santa Fe Railway Co.	General Gold 4's	10-1-95	4	4.40	\$ —	\$ —	\$ 500	\$ 500
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4%	4.75	481	387	480	1,348
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	500	400	450	1,350
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	480	384	480	1,344
Miscellaneous Railroad Bonds	Bond	Various	Var.	4.31	—	26*	—	26
TOTAL TRANSPORTATION DEBT OBLIGATIONS			4.80%		\$ 1,461	\$ 1,197	\$ 1,910	\$ 4,568
RAILROAD EQUIPMENT OBLIGATIONS								
ACF Industries, Inc.	Equipment Trust	11-1-75	4%	4.75	\$ 50	\$ 35	\$ 50	\$ 135
ACF Industries, Inc.	Equipment Trust	1-15-76/77	4%	4.875	68	68	—	136
ACF Industries, Inc.	Equipment Trust	4-15-76/81	5%	5.625	128	120	—	248
ACF Industries, Inc.	Equipment Trust	5-15-76/84	7%	7.64	270	180	900	1,350
ACF Industries, Inc.	Equipment Trust	4-1-76/85	9%	9.50	900	600	1,000	2,500

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public	State	Teachers'	Total
					Employees Retirement Fund (000)	Employees Retirement Fund (000)	Retirement Fund (000)	
Burlington Northern, Inc.	Conditional Sale	10-1-75/87	9%	9.625	1,300	—	1,300	2,600
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	—	—	1,272	1,272
Chesapeake & Ohio Railway Co.	Conditional Sale	2-15-83	6%	6.93	459	417	584	1,460
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-75/1-15-82	6%	6.375	132	132	132	396
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-75/6-1-81	5%	5.375	199	166	194	559
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-1-75/1-1-77	5%	5.375	60	49	59	168
Flying Tiger Corp.	Equipment Trust	4-15-76/10-15-77	4½	4.50	200	170	200	570
Fruit Growers Express Co.	Equipment Trust	6-15-75/85	9%	9.75	—	800	800	1,600
Fruit Growers Express Co.	Equipment Trust	5-1-76/77	4.70	4.70	50	—	50	100
Fruit Growers Express Co.	Equipment Trust	12-15-75	4%	4.75	50	50	50	150
Fruit Growers Express Co.	Equipment Trust	11-15-75/81	6	6.00	210	175	210	595
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-76/9-1-85	10½	10.50	995	—	—	995
Illinois Central Railroad Co.	Conditional Sale	2-15-76/83	6%	6.875	498	427	711	1,636
Kansas City Southern Railway Co.	Conditional Sale	12-15-75/6-15-76	4½	4.50	41	38	41	120
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-76/86	6%	6.92	660	484	880	2,024
Norfolk & Western Railway Co.	Conditional Sale	8-1-75/83	7¼	7.25	540	450	810	1,800
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-75/1-2-77	4%	4.75	95	68	95	258
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-76/83	6%	6.75	—	320	480	800
St. Louis-San Francisco Railway Co.	Conditional Sale	12-15-75/83	7¼	7.25	480	—	420	900
Southern Pacific Co.	Conditional Sale	3-1-76/84	7%	7.625	450	360	630	1,440
Western Fruit Express Co.	Equipment Trust	7-1-75	4.85	4.85	15	10	40	65
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			7.79%		\$ 7,850	\$ 5,119	\$ 10,908	\$ 23,877
TOTAL CORPORATE BOND OBLIGATIONS			7.51%		\$116,979	\$ 59,426	\$139,587	\$315,992
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS								
			7.49%		\$137,530	\$ 67,398	\$160,170	\$365,098

(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 6-30-75	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		
Trans Union Corp.	31,000	32.00	15,000	480,000.00	1,000	32,000.00	15,000	480,000.00	992,000.00	
Total Machinery				\$ 2,523,625.00		\$ 1,250,750.00		\$ 3,806,250.00	\$ 7,580,625.00	1.91%
METALS										
Aluminum Co. of America	63,000	\$ 49.00	23,000	\$ 1,127,000.00	11,000	\$ 539,000.00	29,000	\$ 1,421,000.00	\$ 3,087,000.00	
Pittston Co.	14,463	73.50	6,077	446,659.50	3,854	283,269.00	4,532	333,102.00	1,063,030.50	
Total Metals				\$ 1,573,659.50		\$ 822,269.00		\$ 1,754,102.00	\$ 4,150,030.50	1.04%
PAPER										
International Paper Co.	109,500	\$ 51.00	40,000	\$ 2,040,000.00	19,500	\$ 994,500.00	50,000	\$ 2,550,000.00	\$ 5,584,500.00	1.41%
TEXTILES										
Burlington Industries, Inc.	55,000	\$ 26.25	20,000	\$ 525,000.00	13,000	\$ 341,250.00	22,000	\$ 577,500.00	\$ 1,443,750.00	0.36%
MISCELLANEOUS										
Corning Glass Works	53,200	\$ 50.88	20,000	\$ 1,017,500.00	10,500	\$ 534,187.50	22,700	\$ 1,154,862.50	\$ 2,706,550.00	
International Telephone & Telegraph	82,800	23.63	26,600	628,425.00	15,600	368,550.00	40,600	959,175.00	1,956,150.00	
Total Miscellaneous				\$ 1,645,925.00		\$ 902,737.50		\$ 2,114,037.50	\$ 4,662,700.00	1.17%
TOTAL BASIC INDUSTRY				\$ 24,759,216.75		\$11,709,259.00		\$ 27,934,002.50	\$ 64,402,478.25	16.21%
ENERGY										
OIL-DOMESTIC										
Atlantic Richfield	53,000	\$103.50	18,000	\$ 1,863,000.00	9,000	\$ 931,500.00	26,000	\$ 2,691,000.00	\$ 5,485,500.00	
Continental Oil Co.	129,100	67.25	50,000	3,362,500.00	24,100	1,620,725.00	55,000	3,698,750.00	8,681,975.00	
Phillips Petroleum Co.	101,000	59.50	44,000	2,618,000.00	13,000	773,500.00	44,000	2,618,000.00	6,009,500.00	
Standard Oil Co. (Indiana)	124,600	49.38	41,500	2,049,062.50	27,000	1,333,125.00	56,100	2,769,937.50	6,152,125.00	
Total Oil-Domestic				\$ 9,892,562.50		\$ 4,658,850.00		\$11,777,687.50	\$ 26,329,100.00	6.63%
OIL-INTERNATIONAL										
Exxon Corp.	97,022	\$ 92.50	36,508	\$ 3,376,990.00	18,708	\$ 1,730,490.00	41,806	\$ 3,867,055.00	\$ 8,974,535.00	
Gulf Oil Corp.	131,100	22.75	45,100	1,026,025.00	19,000	432,250.00	67,000	1,524,250.00	2,982,525.00	
Mobil Oil Corp.	87,400	47.50	30,800	1,463,000.00	15,800	750,500.00	40,800	1,938,000.00	4,151,500.00	
Texaco, Inc.	148,490	26.63	53,100	1,413,787.50	27,040	719,940.00	68,350	1,819,818.75	3,953,546.25	
Total Oil-International				\$ 7,279,802.50		\$ 3,633,180.00		\$ 9,149,123.75	\$ 20,062,106.25	5.05%
ENERGY-RELATED										
Dresser Industries, Inc.	40,000	\$ 63.63	17,000	\$ 1,081,625.00	6,000	\$ 381,750.00	17,000	\$ 1,081,625.00	\$ 2,545,000.00	
Williams Companies	96,000	34.88	34,000	1,185,750.00	13,000	453,375.00	49,000	1,708,875.00	3,348,000.00	
Total Energy-Related				\$ 2,267,375.00		\$ 835,125.00		\$ 2,790,500.00	\$ 5,893,000.00	1.48%
TOTAL ENERGY				\$ 19,439,740.00		\$ 9,127,155.00		\$ 23,717,311.25	\$ 52,284,206.25	13.16%
TRANSPORTATION										
AIRLINES										
Delta Air Lines, Inc.	55,400	\$ 37.00	18,500	\$ 684,500.00	8,800	\$ 325,600.00	28,100	\$ 1,039,700.00	\$ 2,049,800.00	
Northwest Airlines, Inc.	113,626	20.25	41,714	844,708.50	21,770	440,842.50	50,142	1,015,375.50	2,300,926.50	
UAL, Inc.	24,300	20.50	9,000	184,500.00	7,000	143,500.00	8,300	170,150.00	498,150.00	
Total Airlines				\$ 1,713,708.50		\$ 909,942.50		\$ 2,225,225.50	\$ 4,848,876.50	1.22%
RAILROADS										
Burlington Northern, Inc.	65,800	\$ 38.13	26,000	\$ 991,250.00	10,100	\$ 385,062.50	29,700	\$ 1,132,312.50	\$ 2,508,625.00	
Union Pacific Corp.	44,400	77.75	17,900	1,391,725.00	10,000	777,500.00	16,500	1,282,875.00	3,452,100.00	
Total Railroads				\$ 2,382,975.00		\$ 1,162,562.50		\$ 2,415,187.50	\$ 5,960,725.00	1.50%
TOTAL TRANSPORTATION				\$ 4,096,683.50		\$ 2,072,505.00		\$ 4,640,413.00	\$ 10,809,556.50	2.72%
TOTAL COMMON STOCKS				\$154,204,135.68^a		\$72,509,441.37^b		\$170,535,943.75^c	\$397,249,520.80^d	100.00%

^a Original cost of equities on June 30, 1975, was \$149,677,594.03.

^b Original cost of equities on June 30, 1975, was \$ 72,394,690.23.

^c Original cost of equities on June 30, 1975, was \$170,206,324.62.

^d Original cost of equities on June 30, 1975, was \$392,278,608.88.

SCHEDULE V

PUBLIC EMPLOYEES POLICE AND FIRE FUND June 30, 1975

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 122,762.00
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	\$ 1,616,000.00
Maturities up to 1 day	
SHORT-TERM CORPORATE NOTES	\$ 400,000.00
Maturities up to 14 days	
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT	\$ 324,000.00
(See Listing Below)	
CANADIAN GOVERNMENTAL OBLIGATIONS	\$ 2,350,000.00
(See Listing Below)	
CORPORATE BOND OBLIGATIONS	\$18,416,231.51
(See Listing Below)	
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 389,866.49
COMMON STOCKS (See Listing on Schedule VII)	\$21,697,663.50
TOTAL ASSETS IN ACCOUNT	\$45,316,523.50
(for actuarial purposes; not indicative of true market value)	

* 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 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
Grace Line, Inc.	Govt. Guar. Bond	2-1-92	5.10	5.10	\$ 100
Moore-McCormack Lines, Inc.	Govt. Guar. Bond	4-1-87	5%	5.75	136
United States Lines	Govt. Guar. Bond	11-1-86	4%	4.375	88
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				5.18%	\$ 324
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	\$ 500
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	500
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7	7.15	200
Nova Scotia, Province of	S/F Debenture	8-1-93	7%	7.20	250
Ontario, Province of	Debenture	4-15-97	5%	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
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				7.47%	\$ 2,350
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	\$ 58
Commonwealth Edison Co.	First Mortgage	11-1-96	5%	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%	4.875	60
Jersey Central Power & Light Co.	Debenture	10-1-88	4%	4.56	72
Otter Tail Power Co.	First Mortgage	2-1-91	4%	4.80	50
Pacific Power & Light Co.	First Mortgage	4-1-92	4%	4.69	60
Philadelphia Electric	First & Refunding Mortgage	10-15-80	11.00	11.00	800

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4%	4.70	60
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	150
Sierra Pacific Power Co.	First Mortgage	6-1-92	4%	4.75	50
Total Electric				8.56%	\$ 1,704
GAS					
Laclede Gas Co.	First Mortgage	7-1-85	4%	4.80	\$ 46
Louisiana Gas Service Co.	First Mortgage	6-1-87	4%	4.70	100
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4%	4.70	73
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4%	4.82	54
Total Gas				4.74%	\$ 273
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	10-1-96	4%	4.30	\$ 100
Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9 1/2	9.50	800
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4%	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%	8.82	800
Total Telephone				8.67%	\$ 2,550
TOTAL PUBLIC UTILITY OBLIGATIONS					
				8.39%	\$ 4,527
FINANCE OBLIGATIONS					
American Investment Co.	Note	1-1-91	5 1/4	5.25	\$ 100
American Investment Co.	Senior Note	11-1-86	6 1/2	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%	7.75	500
Wells Fargo & Co.	Promissory Note	11-1-98	8%	8.125	800
Total Finance Obligations				7.67%	\$ 2,000
INDUSTRIAL OBLIGATIONS					
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	9.96	800
Armco Steel Corp.	Note	12-15-96	7%	7.875	500
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	229
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/2	8.125	787
FMC Corporation	S/F Debenture	1-15-2000	9 1/2	9.60	800
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9 1/4	9.25	800
Guif Oil Corporation	Debenture	6-15-93	6%	6.625	200
Hammond Corp.	Senior Note	1-15-90	8%	8.75	187
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8%	8.75	800
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.56	800
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500
Plantation Pipeline Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co. Guarantors)	Guaranteed Note	10-1-2001	7%	7.875	300
Standard Oil Co. of California (Chevron Stations)	Note	12-1-92	6	6.12	135
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
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	500
Swift & Co.	Debenture	6-1-86	4%	6.54	160
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6 1/2	6.50	107
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.62	187
Total Industrial Obligations				8.30%	\$10,192
TRANSPORTATION DEBT OBLIGATIONS					
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	\$ 50
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
Total Transportation Debt Obligations				4.89%	\$ 122
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	1-15-76/77	4%	4.875	\$ 32
ACF Industries, Inc.	Equipment Trust	4-15-76/81	5%	5.625	72
ACF Industries, Inc.	Equipment Trust	4-1-76/85	9 1/2	9.50	150
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	254
Chesapeake & Ohio Railway Co.	Conditional Sale	9-15-77/ 3-15-89	8%	8.75	296
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-75/ 1-15-82	6%	6.375	40
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	6-1-81	5%	5.375	100
Flying Tiger Corp.	Equipment Trust	4-15-76/ 10-15-77	4 1/2	4.50	30
Fruit Growers Express Co.	Equipment Trust	6-15-76/85	9%	9.75	150
Fruit Growers Express Co.	Equipment Trust	12-15-75	4%	4.75	10

Schedule V continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
Fruit Growers Express Co.	Equipment Trust	11-15-75/81	6	6.00	70	
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-76/ 9-1-85	10½	10.50	201	
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-76/83	6¾	6.75	80	
Southern Pacific Co.	Conditional Sale	3-1-76/84	7%	7.625	90	
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					8.23%	\$ 1,575
TOTAL CORPORATE BOND OBLIGATIONS					8.23%	\$18,416
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					8.10%	\$21,090

(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 30, 1975

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 204,998.00
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	\$ 576,000.00
Maturities up to 2 days	
SHORT-TERM CORPORATE NOTES	\$ 200,000.00
Maturities up to 14 days	
STATE AND LOCAL OBLIGATIONS	\$ 344,000.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$ 137,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 450,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 5,927,296.25
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 117,750.73
COMMON STOCKS (See Listing on Schedule VII)	\$ 7,249,388.68
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$15,206,433.66

* 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 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS						
Moore-McCormack Lines, Inc.	Govt-Guar. Bond	4-1-87	5¾	5.75	\$ 137	
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					5.75%	\$ 137

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)	
CANADIAN GOVERNMENTAL OBLIGATIONS						
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	\$ 300	
Nova Scotia, Province of	S/F Debenture	8-1-93	7%	7.20	150	
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS					7.65%	\$ 450
CORPORATE BOND OBLIGATIONS						
PUBLIC UTILITY OBLIGATIONS						
ELECTRIC						
California Electric Power Co.	First Mortgage	5-1-90	5%	5.06	\$ 40	
Central Maine Power Co.	First Mortgage	11-1-90	5½	5.10	39	
Georgia Power Co.	First Mortgage	11-1-90	4%	4.96	40	
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	50	
Sierra Pacific Power Co.	First Mortgage	6-1-92	4%	4.75	50	
TOTAL ELECTRIC					5.35%	\$ 219
GAS						
Louisiana Gas Service Co.	First Mortgage	6-1-87	4½	4.70	\$ 50	
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4%	4.50	50	
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4%	4.82	94	
TOTAL GAS					4.71%	\$ 194
TELEPHONE						
The Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9½	9.50	\$ 400	
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.42	400	
TOTAL TELEPHONE					8.96%	\$ 800
TOTAL PUBLIC UTILITY OBLIGATIONS					7.62%	\$1,213
FINANCE OBLIGATIONS						
CIT Financial Corp.	Debenture	10-1-86	6%	6.42	\$ 150	
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	300	
Wells Fargo & Co.	Promissory Note	11-1-98	8%	8.125	250	
TOTAL FINANCE OBLIGATIONS					7.60%	\$ 700
INDUSTRIAL OBLIGATIONS						
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9½	9.37	\$ 150	
Crown Zellerbach	Mortgage Bond	8-1-94	8½	8.125	295	
FMC Corporation	S/F Debenture	1-15-2000	9½	9.60	400	
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9%	9.25	400	
Gulf Oil Corporation	Debenture	6-15-93	6%	6.625	150	
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8%	8.75	300	
Marathon Oil Co.	S/F Debenture	2-1-2000	8½	8.57	400	
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7%	7.875	300	
Standard Oil Co. of California (Union Bank)	First Mortgage	9-7-97 through 11-6-97	7.70	7.70	400	
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9	9.00	150	
Standard Oil Co. (Indiana)	Debenture	1-15-98	6	6.07	50	
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6½	6.50	71	
TOTAL INDUSTRIAL OBLIGATIONS					8.47%	\$3,066
TRANSPORTATION DEBT OBLIGATIONS						
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4%	4.75	\$ 49	
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4%	4.95	100	
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72	
TOTAL TRANSPORTATION DEBT OBLIGATIONS					4.87%	\$ 221
RAILROAD EQUIPMENT OBLIGATIONS						
Burlington Northern, Inc.	Conditional Sale	5-1-86	8.60	8.60	\$ 254	
Chesapeake & Ohio Railway Co.	Conditional Sale	3-15-89	8%	8.75	198	
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	1-15-82	6%	6.375	26	
Fruit Growers Express Co.	Equipment Trust	6-15-76/85	9%	9.75	100	
Fruit Growers Express Co.	Equipment Trust	12-15-75	4%	4.75	7	
Fruit Growers Express Co.	Equipment Trust	11-15-75/81	6	6	35	
Illinois Central Railroad Co.	Conditional Sale	2-15-76/83	6%	6.875	107	
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					8.30%	\$ 727
TOTAL CORPORATE BOND OBLIGATIONS					8.04%	\$5,927
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					7.96%	\$6,514

(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 30, 1975

Common Stock	Total Shares	Market Price 6-30-75	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
UTILITIES								
ELECTRIC								
Central & South West Corp.	8,600	\$ 17.00	8,600	\$ 146,200.00	—	—	\$ 146,200.00	
Commonwealth Edison Co.	3,300	28.75	—	—	3,300	\$ 94,875.00	94,875.00	
Florida Power & Light Co.	17,000	26.00	—	—	17,000	442,000.00	442,000.00	
Houston Lighting & Power Co.	7,500	25.88	—	—	7,500	194,062.50	194,062.50	
Middle South Utilities, Inc.	23,100	15.50	5,100	79,050.00	18,000	279,000.00	358,050.00	
Pacific Gas & Electric Co.	4,700	21.25	—	—	4,700	99,875.00	99,875.00	
Public Service Co. of Indiana, Inc.	2,700	40.13	2,700	108,337.50	—	—	108,337.50	
Southern California Edison Co.	10,000	20.75	3,700	76,775.00	6,300	130,725.00	207,500.00	
Southern Co.	3,500	13.13	3,500	45,937.50	—	—	45,937.50	
Texas Utilities Co.	13,000	23.63	—	—	13,000	307,125.00	307,125.00	
Virginia Electric & Power Co.	6,400	12.88	—	—	6,400	82,400.00	82,400.00	
Total Electric				\$ 456,300.00		\$ 1,630,062.50	\$ 2,086,362.50	7.21%
COMMUNICATIONS								
American Telephone & Telegraph Co.	12,636	\$ 50.88	2,000	\$ 101,750.00	10,636	\$ 541,106.50	\$ 642,856.50	
General Telephone & Electronics Corp.	21,000	25.13	9,000	226,125.00	12,000	301,500.00	527,625.00	
Total Communications				\$ 327,875.00		\$ 842,606.50	\$ 1,170,481.50	4.04%
TOTAL UTILITIES				\$ 784,175.00		\$ 2,472,669.00	\$ 3,256,844.00	11.25%
FINANCIAL SERVICES								
BANKS								
BankAmerica Corp.	4,000	\$ 45.31	4,000	\$ 181,252.00	—	—	\$ 181,252.00	
Citicorp	17,900	38.50	6,000	231,000.00	11,900	\$ 458,150.00	689,150.00	
First Bank System, Inc.	11,300	48.13	—	—	11,300	543,812.50	543,812.50	
Manufacturers Hanover Corp.	12,000	38.25	—	—	12,000	459,000.00	459,000.00	
Northwest Bancorporation	9,900	46.75	3,000	140,250.00	6,900	322,575.00	462,825.00	
Security Pacific Corp.	7,000	19.31	—	—	7,000	135,191.00	135,191.00	
Valley National Bank of Arizona	6,618	20.44	6,618	135,258.68	—	—	135,258.68	
Total Banks				\$ 687,760.68		\$ 1,918,728.50	\$ 2,606,489.18	9.00%
FINANCE								
Beneficial Corp.	13,380	\$ 20.50	4,000	\$ 82,000.00	9,380	\$ 192,290.00	\$ 274,290.00	
Investors Diversified Services, Inc., A	4,400	16.88	—	—	4,400	74,250.00	74,250.00	
MGIC Investment Corp.	13,000	17.88	3,000	53,625.00	10,000	178,750.00	232,375.00	
Total Finance				\$ 135,625.00		\$ 445,290.00	\$ 580,915.00	2.01%
INSURANCE								
Aetna Life & Casualty Co.	20,000	\$ 27.75	6,000	\$ 166,500.00	14,000	\$ 388,500.00	\$ 555,000.00	
INA Corp.	8,400	40.00	—	—	8,400	336,000.00	336,000.00	
NLT Corp.	30,100	17.13	7,700	131,862.50	22,400	383,600.00	515,462.50	
Northwestern National Life Insurance	8,200	19.13	2,000	38,250.00	6,200	118,575.00	156,825.00	
St. Paul Companies, Inc.	13,000	32.35	5,000	161,250.00	8,000	258,000.00	419,250.00	
Total Insurance				\$ 497,862.50		\$ 1,484,675.00	\$ 1,982,537.50	6.85%
TOTAL FINANCIAL SERVICES				\$1,321,248.18		\$ 3,848,693.50	\$ 5,169,941.68	17.86%
CONSUMER-ORIENTED								
AUTOMOBILES & AUTOMOTIVE PARTS								
Ford Motor Co.	6,900	\$ 41.13	2,500	\$ 102,812.50	4,400	\$ 180,950.00	\$ 283,762.50	
General Motors Corp.	9,500	48.75	2,300	112,125.00	7,200	351,000.00	463,125.00	
Goodyear Tire & Rubber Co.	10,000	19.00	—	—	10,000	190,000.00	190,000.00	
Total Automobiles & Automotive Parts				\$ 214,937.50		\$ 721,950.00	\$ 936,887.50	3.24%
CONSUMER-DURABLES								
Fedders Corp.	14,000	\$ 6.38	5,000	\$ 31,875.00	9,000	\$ 57,375.00	\$ 89,250.00	
Whirlpool Corp.	16,400	25.75	5,000	128,750.00	11,400	293,550.00	422,300.00	
Total Consumer-Durables				\$ 160,625.00		\$ 350,925.00	\$ 511,550.00	1.77%
CONSUMER-NONDURABLES								
Avon Products, Inc.	7,400	\$ 47.50	—	—	7,400	\$ 351,500.00	\$ 351,500.00	
Eastman Kodak Co.	3,800	103.25	1,300	\$ 134,225.00	2,500	258,125.00	392,350.00	
Minnesota Mining & Manufacturing Co.	7,000	67.25	2,000	134,500.00	5,000	336,250.00	470,750.00	
Procter & Gamble Co.	3,500	98.13	—	—	3,500	343,437.50	343,437.50	
Total Consumer-Nondurables				\$ 268,725.00		\$ 1,289,312.50	\$ 1,558,037.50	5.38%
CONSUMER-MISCELLANEOUS								
Disney (Walt) Productions	9,049	\$ 50.50	2,673	\$ 134,986.50	6,376	\$ 321,988.00	\$ 456,974.50	
Holiday Inns, Inc.	13,500	13.13	4,500	59,062.50	9,000	118,125.00	177,187.50	
McDonald's Corp.	8,000	57.00	2,000	114,000.00	6,000	342,000.00	456,000.00	
Total Consumer Miscellaneous				\$ 308,049.00		\$ 782,113.00	\$ 1,090,162.00	3.77%
DRUGS								
American Home Products Corp.	6,000	\$ 41.75	—	—	6,000	\$ 250,500.00	\$ 250,500.00	
Medtronic, Inc.	7,000	40.63	2,000	\$ 81,250.00	5,000	203,125.00	284,375.00	
Merck & Co., Inc.	6,000	85.00	—	—	6,000	510,000.00	510,000.00	

SCHEDULE VII continued

Common Stock	Total Shares	Market Price 6-30-75	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
Pfizer, Inc.	15,100	33.50	4,000	134,000.00	11,100	371,850.00	505,850.00	
Schering-Plough Corp.	3,000	58.25	3,000	174,750.00	—	—	174,750.00	
Total Drugs				\$ 390,000.00		\$ 1,335,475.00	\$ 1,725,475.00	5.96%
FOOD-BEVERAGE								
CPC International, Inc.	4,500	\$ 46.13	—	—	4,500	\$ 207,562.50	\$ 207,562.50	
Consolidated Foods Corp.	15,000	15.88	—	—	15,000	238,125.00	238,125.00	
General Mills, Inc.	6,000	50.13	1,000	\$ 50,125.00	5,000	250,625.00	300,750.00	
Norton Simon, Inc.	5,830	22.00	—	—	5,830	128,260.00	128,260.00	
PepsiCo	7,000	67.00	2,000	134,000.00	5,000	335,000.00	469,000.00	
Pillsbury Co.	2,500	70.25	2,500	175,625.00	—	—	175,625.00	
Total Food-Beverage				\$ 359,750.00		\$ 1,159,572.50	\$ 1,519,322.50	5.25%
PRINTING-PUBLISHING								
Donnelley (R.R.) & Sons. Co.	8,859	\$ 21.50	—	\$ —	8,859	\$ 190,468.50	\$ 190,468.50	0.65%
RETAIL SALES								
Federated Department Stores, Inc.	8,700	\$ 49.88	—	—	8,700	\$ 433,912.50	\$ 433,912.50	
Penny (J.C.) Company, Inc.	10,200	58.00	2,800	\$ 162,400.00	7,400	429,200.00	591,600.00	
Sears, Roebuck & Co.	8,000	73.38	2,000	146,750.00	6,000	440,250.00	587,000.00	
Total Retail Sales				\$ 309,150.00		\$ 1,303,362.50	\$ 1,612,512.50	5.57%
TOTAL CONSUMER-ORIENTED				\$2,011,236.50		\$ 7,133,179.00	\$ 9,144,415.50	31.59%
TECHNOLOGY								
OFFICE EQUIPMENT								
Burroughs Corp.	6,600	\$107.00	1,600	\$ 171,200.00	5,000	\$ 535,000.00	\$ 706,200.00	
Control Data Corp.	4,000	21.75	—	—	4,000	87,000.00	87,000.00	
Honeywell, Inc.	3,300	40.00	—	—	3,300	132,000.00	132,000.00	
International Business Machines Corp.	6,300	209.00	1,500	313,500.00	4,800	1,003,200.00	1,316,700.00	
Xerox Corp.	5,400	70.13	2,200	154,275.00	3,200	224,400.00	378,675.00	
Total Office Equipment				\$ 638,975.00		\$ 1,981,600.00	\$ 2,620,575.00	
TOTAL TECHNOLOGY				\$ 638,975.00		\$ 1,981,600.00	\$ 2,620,575.00	9.05%
BASIC INDUSTRY								
BUILDING & FOREST PRODUCTS								
Owens-Corning Fiberglas Corp.	14,700	\$ 37.50	2,000	\$ 75,000.00	12,700	\$ 476,250.00	\$ 551,250.00	1.90%
CHEMICALS								
Dow Chemical	2,000	\$ 89.75	2,000	\$ 179,500.00	—	—	\$ 179,500.00	
du Pont (E.I.) de Nemours & Co.	1,960	128.13	—	—	1,960	\$ 251,125.00	251,125.00	
Hercules, Inc.	12,000	32.00	—	—	12,000	384,000.00	384,000.00	
Monsanto Co.	4,230	72.25	—	—	4,230	305,617.50	305,617.50	
Union Carbide Corp.	2,000	61.88	2,000	123,750.00	—	—	123,750.00	
Total Chemicals				\$ 303,250.00		\$ 940,742.50	\$ 1,243,992.50	
ELECTRICAL EQUIPMENT								
Emerson Electric Co.	7,000	\$ 40.00	4,000	\$ 160,000.00	3,000	\$ 120,000.00	\$ 280,000.00	
General Electric Co.	5,200	52.63	—	—	5,200	273,650.00	273,650.00	
Westinghouse Electric Corp.	4,200	18.63	—	—	4,200	78,225.00	78,225.00	
Total Electrical Equipment				\$ 160,000.00		\$ 471,875.00	\$ 631,875.00	2.18%
MACHINERY								
Caterpillar Tractor Co.	1,500	\$ 66.88	—	—	1,500	\$ 100,312.50	\$ 100,312.50	
Combustion Engineering, Inc.	3,000	55.00	—	—	3,000	165,000.00	165,000.00	
Trans Union Corp.	5,000	32.00	2,000	\$ 64,000.00	3,000	96,000.00	160,000.00	
Total Machinery				\$ 64,000.00		\$ 361,312.50	\$ 425,312.50	1.47%
METALS								
Aluminum Co. of America	9,000	\$ 49.00	3,000	\$ 147,000.00	6,000	\$ 294,000.00	\$ 441,000.00	
Pittston Co.	3,811	73.50	1,339	98,416.50	2,472	181,692.00	280,108.50	
Total Metals				\$ 245,416.50		\$ 475,692.00	\$ 721,108.50	2.49%
PAPER								
International Paper Co.	8,000	\$ 51.00	2,000	\$ 102,000.00	6,000	\$ 306,000.00	\$ 408,000.00	1.41%
MISCELLANEOUS								
Corning Glass Works	6,000	\$ 50.88	2,000	\$ 101,750.00	4,000	\$ 203,500.00	\$ 305,250.00	
International Telephone & Telegraph Corp.	7,700	23.63	2,200	51,975.00	5,500	129,937.50	181,912.50	
Total Miscellaneous				\$ 153,725.00		\$ 333,437.50	\$ 487,162.50	1.68%
TOTAL BASIC INDUSTRY				\$1,103,391.50		\$ 3,365,309.50	\$ 4,468,701.00	15.43%
ENERGY								
OIL-DOMESTIC								
Continental Oil Co.	5,000	\$ 67.25	1,500	\$ 100,875.00	3,500	\$ 235,375.00	\$ 336,250.00	
Phillips Petroleum Co.	10,000	59.50	4,000	238,000.00	6,000	357,000.00	595,000.00	
Standard Oil Co. (Indiana)	11,900	49.38	4,400	217,250.00	7,500	370,312.50	587,562.50	
Total Oil-Domestic				\$ 556,125.00		\$ 962,687.50	\$ 1,518,812.50	5.25%
OIL-INTERNATIONAL								
Exxon Corp.	9,000	\$ 92.50	3,000	\$ 277,500.00	6,000	\$ 555,000.00	\$ 832,500.00	
Mobil Oil Corp.	6,600	47.50	2,100	99,750.00	4,500	213,750.00	313,500.00	
Texaco, Inc.	7,500	26.63	—	—	7,500	199,687.50	199,687.50	
Total Oil-International				\$ 377,250.00		\$ 968,437.50	\$ 1,345,687.50	4.65%

Schedule VII continued

Common Stock	Total Shares	Market Price 6-30-75	Highway Patrolmen's Retirement Fund		Public Employees Police And Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
ENERGY-RELATED								
Dresser Industries, Inc.	4,500	\$ 63.63	1,500	\$ 95,437.50	3,000	\$ 190,875.00	\$ 286,312.50	
Williams Companies	10,000	34.88	3,000	104,625.00	7,000	244,125.00	348,750.00	
Total Energy-Related				\$ 200,062.50		\$ 435,000.00	\$ 635,062.50	2.20%
TOTAL ENERGY				\$1,133,437.50		\$ 2,366,125.00	\$ 3,499,562.50	12.10%
TRANSPORTATION								
AIRLINES								
Delta Air Lines, Inc.	3,300	\$ 37.00	1,300	\$ 48,100.00	2,000	\$ 74,000.00	\$ 122,100.00	
Northwest Airlines, Inc.	7,900	20.25	2,700	54,675.00	5,200	105,300.00	159,975.00	
UAL, Inc.	1,500	20.50	—	—	1,500	30,750.00	30,750.00	
Total Airlines				\$ 102,775.00		\$ 210,050.00	\$ 312,825.00	1.08%
RAILROADS								
Burlington Northern, Inc.	5,300	\$ 38.13	1,800	\$ 68,625.00	3,500	\$ 133,437.50	\$ 202,062.50	
Union Pacific Corp.	3,500	77.75	1,100	85,525.00	2,400	186,600.00	272,125.00	
Total Railroads				\$ 154,150.00		\$ 320,037.50	\$ 474,187.50	1.64%
TOTAL TRANSPORTATION				\$ 256,925.00		\$ 530,087.50	\$ 787,012.50	2.72%
TOTAL COMMON STOCKS				\$7,249,388.68^a		\$21,697,663.50^b	\$28,947,052.18^c	100.00%

^a Original cost of equities on June 30, 1975, \$ 7,095,971.49.

^b Original cost of equities on June 30, 1975, \$21,912,078.42.

^c Original cost of equities on June 30, 1975, \$29,008,049.91.

SCHEDULE VIII

JUDGES RETIREMENT FUND
June 30, 1975
RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 2,384.84
U.S. TREASURY AND AGENCY SECURITIES	
Bills*	
Maturities up to 94 days	\$ 575,000.00
Agencies (See Listing Below)	\$ 175,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 200,000.00
COMMON STOCKS (See Listing Below)	\$ 23,050.00
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$975,434.84

* This short-term position is due to a large certification of funds on June 30, 1975.
Note: Bond investments are listed at face value; common stocks are listed at market value.

UNITED STATES AGENCY AND CORPORATE BOND HOLDINGS
June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Average		Total Amount
			Rate %	Yield %	
UNITED STATES AGENCY — GUARANTEED OBLIGATIONS					
Federal Home Loan Bank	Bond	2-26-79	9.45	9.45	\$100,000.00
Federal Home Loan Bank	Bond	1-26-79	8.15	8.15	75,000.00
TOTAL UNITED STATES AGENCY—GUARANTEED OBLIGATIONS			8.89%		\$175,000.00

Company	Type of Security	Maturity Date (a)	Coupon Average		Total Amount
			Rate %	Yield %	
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
TELEPHONE					
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7%	9.70	\$100,000.00
INDUSTRIAL OBLIGATIONS					
Ford Motor Company	Debenture	7-15-94	9%	9.29	\$100,000.00
TOTAL CORPORATE BOND OBLIGATIONS			9.49%		\$200,000.00
TOTAL UNITED STATES AGENCY—GUARANTEED AND CORPORATE OBLIGATIONS					
			9.21%		\$375,000.00
FINANCIAL SERVICES					
INSURANCE					
Aetna Life & Casualty Co.					\$ 4,162.50 18.06%
TOTAL FINANCIAL SERVICES					\$ 4,162.50 18.06%
CONSUMER-ORIENTED					
CONSUMER-NONDURABLES					
Minnesota Mining & Manufacturing Co.					\$ 6,725.00 29.18%
TOTAL CONSUMER-ORIENTED					\$ 6,725.00 29.18%
TECHNOLOGY					
OFFICE EQUIPMENT					
International Business Machines Corp.					\$ 5,225.00 22.67%
TOTAL TECHNOLOGY					\$ 5,225.00 22.67%
ENERGY					
OIL-INTERNATIONAL					
Exxon Corp.					\$ 6,937.50 30.09%
TOTAL ENERGY					\$ 6,937.50 30.09%
TOTAL COMMON STOCKS					\$ 23,050.00* 100.00%

* Original cost of equities on June 30, 1975, was \$18,535.03.

SCHEDULE IX

SUPPLEMENTAL RETIREMENT FUND — INCOME SHARE ACCOUNT June 30, 1975

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (43,537.47)
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturity 1 day	\$ 141,000.00
SHORT-TERM CORPORATE NOTES	
Maturities up to 15 days	\$ 800,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 2,900,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$14,197,452.65
COMMON STOCKS (See Listing Below)	\$17,240,700.00
TOTAL ASSETS IN ACCOUNT	\$35,235,615.18

(for accounting 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 1975.

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

CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS

June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.65	\$ 500,000.00
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	800,000.00
Nova Scotia Power Commission	S/F Debenture	7-15-98	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
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			7.81%		\$ 2,900,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
GAS					
Minnesota Gas Company	Debenture	11-15-81	9%	9.25	\$ 800,000.00
TELEPHONE					
Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9%	9.50	\$ 800,000.00
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.67	800,000.00
Total Telephone			9.09%		\$ 1,600,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS			9.14%		\$ 2,400,000.00
FINANCE OBLIGATIONS					
Deere (John) Credit Co.	Debenture	4-30-98	7½	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%	7.75	800,000.00
Wells Fargo & Co.	Promissory Note	11-1-98	8%	8.125	800,000.00
TOTAL FINANCE OBLIGATIONS			8.19%		\$ 3,700,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-15-95	9½	9.67	\$ 800,000.00
Cities Service Gas Co.	Debenture	6-1-91	8¼	8.25	400,000.00
Dresser Industries	Note	5-15-85	8.65	8.56	400,000.00
FMC Corporation	S/F Debenture	1-15-2000	9½	9.60	800,000.00
Marathon Oil Co.	S/F Debenture	2-1-2000	8½	8.57	800,000.00
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500,000.00
Plantation Pipeline Co., (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Note	10-1-2001	7%	7.875	400,000.00
Rohm & Haas Company	Note	4-15-85	9.00	9.00	500,000.00
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	7½	7.77	800,000.00
Stauffer Chemical Co.	Note	3-15-97	7½	7.50	500,000.00
TOTAL INDUSTRIAL OBLIGATIONS			8.47%		\$ 6,700,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	4-1-85	9½	9.50	\$ 150,000.00
Burlington Northern, Inc.	Conditional Sale	10-1-75/87	9%	9.625	216,666.67
Burlington Northern, Inc. (First-Western Bank & Trust Co.)	Conditional Sale	5-1-86	8.60	8.60	212,078.74
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Conditional Sale	9-15-77/3-15-89	8%	8.75	493,158.27
Fruit Growers Express Co.	Equipment Trust	6-15-85	9%	9.75	150,000.00
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-76/9-1-85	10½	10.50	175,548.97
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			9.27%		\$ 1,397,452.65
TOTAL CORPORATE BOND OBLIGATIONS					
			8.59%		\$14,197,452.65
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					
			8.46%		\$17,097,452.65

(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 6-30-75	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison Co.	12,000	\$ 28.75	\$ 345,000.00	
Middle South Utilities, Inc.	17,000	15.50	263,500.00	
Northern States Power Co.	10,000	25.88	258,750.00	
Southern California Edison Co.	8,700	20.75	180,525.00	
Texas Utilities Co.	12,300	23.63	290,587.50	
Total Electric			\$ 1,338,362.50	7.76%
COMMUNICATIONS				
American Telephone & Telegraph Co.	13,000	\$ 50.88	\$ 661,375.00	
General Telephone & Electronics Corp.	14,000	25.13	351,750.00	
Total Communications			\$ 1,013,125.00	5.88%
TOTAL UTILITIES			\$ 2,351,487.50	13.64%
FINANCIAL SERVICES				
BANKS				
Continental Illinois Corp.	14,900	\$ 40.50	\$ 603,450.00	
Manufacturers Hanover Corp.	11,000	38.25	420,750.00	
Northwest Bancorporation	10,000	46.75	467,500.00	
Total Banks			\$ 1,491,700.00	8.66%
FINANCE				
Household Finance Corp.	22,000	\$ 17.75	\$ 390,500.00	2.26%
INSURANCE				
INA Corp.	10,000	\$ 40.00	\$ 400,000.00	
NLT Corp.	16,200	17.13	277,425.00	
St. Paul Companies, Inc.	10,000	32.25	322,500.00	
United States Fidelity & Guaranty Co.	8,800	35.88	315,700.00	
Total Insurance			\$ 1,315,625.00	7.63%
TOTAL FINANCIAL SERVICES			\$ 3,197,825.00	18.55%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	8,000	\$ 41.13	\$ 329,000.00	
General Motors Corp.	6,000	48.75	292,500.00	
Goodyear Tire & Rubber Co.	11,500	19.00	218,500.00	
Gould, Inc.	18,000	29.00	522,000.00	
Total Automobiles & Automotive Parts			\$ 1,362,000.00	7.90%
CONSUMER-DURABLES				
Sunbeam Corp.	8,000	\$ 21.00	\$ 168,000.00	0.97%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	6,000	\$ 47.50	\$ 285,000.00	
Minnesota Mining & Manufacturing Co.	7,500	67.25	504,375.00	
Total Consumer-Nondurables			\$ 789,375.00	4.58%
DRUGS				
Pfizer, Inc.	10,000	\$ 33.50	\$ 335,000.00	
Warner-Lambert Co.	11,000	38.00	418,000.00	
Total Drugs			\$ 753,000.00	4.37%

Schedule IX continued

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
FOOD-BEVERAGE				
CPC International, Inc.	3,500	\$ 46.13	\$ 161,437.50	
Consolidated Foods Corp.	14,000	15.88	222,250.00	
General Foods Corp.	17,000	26.75	454,750.00	
PepsiCo	5,100	67.00	341,700.00	
Total Food-Beverage			\$ 1,180,137.50	6.85%
RETAIL SALES				
Penney (J.C.) Company, Inc.	6,000	\$ 58.00	\$ 348,000.00	
Sears, Roebuck & Co.	6,500	73.38	476,937.50	
Total Retail Sales			\$ 824,937.50	4.78%
TOTAL CONSUMER-ORIENTED			\$ 5,077,450.00	29.45%
TECHNOLOGY				
OFFICE EQUIPMENT				
International Business Machines Corp.	2,500	\$209.00	\$ 522,500.00	
Xerox Corp.	4,000	70.13	280,500.00	
Total Office Equipment			\$ 803,000.00	4.66%
TOTAL TECHNOLOGY			\$ 803,000.00	4.66%
BASIC INDUSTRY				
CHEMICALS				
Monsanto Co.	6,000	\$ 72.25	\$ 433,500.00	
Union Carbide Corp.	6,500	61.88	402,187.50	
Total Chemicals			\$ 835,687.50	4.85%
MACHINERY				
Combustion Engineering, Inc.	8,000	\$ 55.00	\$ 440,000.00	
Trans Union Corp.	3,000	32.00	96,000.00	
Total Machinery			\$ 536,000.00	3.11%
PAPER				
Hoerner Waldorf Corp.	22,000	\$ 14.25	\$ 313,500.00	
International Paper Co.	11,000	51.00	561,000.00	
Total Paper			\$ 874,500.00	5.07%
MISCELLANEOUS				
International Telephone & Telegraph Corp.	10,000	\$ 23.63	\$ 236,250.00	1.37%
TOTAL BASIC INDUSTRY			\$ 2,482,437.50	14.40%
ENERGY				
OIL-DOMESTIC				
Continental Oil Co.	12,000	\$ 67.25	\$ 807,000.00	
Standard Oil Co. (Indiana)	11,400	49.38	562,875.00	
Total Oil-Domestic			\$ 1,369,875.00	7.94%
OIL-INTERNATIONAL				
Exxon Corp.	8,000	\$ 92.50	\$ 740,000.00	
Mobil Oil Corp.	10,000	47.50	475,000.00	
Texaco, Inc.	12,000	26.63	319,500.00	
Total Oil-International			\$ 1,534,500.00	8.90%
ENERGY-RELATED				
Dresser Industries, Inc.	3,000	\$ 63.63	\$ 190,875.00	1.11%
TOTAL ENERGY			\$ 3,095,250.00	17.95%
TRANSPORTATION				
RAILROADS				
Union Pacific Corp.	3,000	\$ 77.75	\$ 233,250.00	1.35%
TOTAL TRANSPORTATION			\$ 233,250.00	1.35%
TOTAL COMMON STOCKS			\$17,240,700.00*	100.00%

* Original cost of equities on June 30, 1975, was \$17,313,494.62.

SCHEDULE X

SUPPLEMENTAL RETIREMENT FUND — GROWTH SHARE ACCOUNT June 30, 1975 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 60,184.19
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturity 1 day	\$ 116,000.00
COMMON STOCKS (See Listing Below)	\$11,228,352.50
TOTAL ASSETS IN ACCOUNT	\$11,404,536.69

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

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

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Florida Power & Light Co.	13,000	\$ 26.00	\$ 338,000.00	3.01%
COMMUNICATIONS				
United Telecommunications, Inc.	13,800	\$ 15.38	\$ 212,175.00	1.89%
TOTAL UTILITIES			\$ 550,175.00	4.90%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corp.	4,000	\$ 45.31	\$ 181,252.00	
First Bank System, Inc.	6,000	48.13	288,750.00	
First Union Corp.	5,400	12.88	69,525.00	
Valley National Bank of Arizona	6,500	20.44	132,847.00	
Total Banks			\$ 672,374.00	5.99%
FINANCE				
Household Finance Corp.	10,000	\$ 17.75	\$ 177,500.00	
MGIC Investment Corp.	8,000	17.88	143,000.00	
Total Finance			\$ 320,500.00	2.85%
INSURANCE				
INA Corp.	4,000	\$ 40.00	\$ 160,000.00	
NLT Corp.	10,400	17.13	178,100.00	
Safeco Corp.	3,400	34.50	117,300.00	
St. Paul Companies, Inc.	3,000	32.25	96,750.00	
Total Insurance			\$ 552,150.00	4.92%
TOTAL FINANCIAL SERVICES			\$ 1,545,024.00	13.76%
CONSUMER-ORIENTED				
AUTOMOBILES-AUTOMOTIVE PARTS				
Genuine Parts Co.	10,000	\$ 40.00	\$ 400,000.00	3.56%
CONSUMER-NONDURABLES				
Avon Products, Inc.	4,000	\$ 47.50	\$ 190,000.00	
Clorox Co.	6,500	10.63	69,062.50	
Colgate-Palmolive Co.	6,000	32.13	192,750.00	
Eastman Kodak Co.	3,000	103.25	309,750.00	
Minnesota Mining & Manufacturing Co.	4,000	67.25	269,000.00	
Revlon, Inc.	3,000	78.88	236,625.00	
Total Consumer-Nondurables			\$ 1,267,187.50	11.29%
CONSUMER-MISCELLANEOUS				
ARA Services, Inc.	1,200	\$ 83.50	\$ 100,200.00	
Disney (Walt) Productions	3,957	50.50	199,828.50	
Holiday Inns, Inc.	6,500	13.13	85,312.50	
McDonalds Corp.	3,000	57.00	171,000.00	
Tonka Corp.	10,000	11.00	110,000.00	
Total Consumer-Miscellaneous			\$ 666,341.00	5.93%
DRUGS				
American Home Products Corp.	7,000	\$ 41.75	\$ 292,250.00	
Johnson & Johnson	3,000	97.38	292,125.00	
Medtronic, Inc.	7,000	40.63	284,375.00	
Schering-Plough Corp.	2,500	58.25	145,625.00	
Total Drugs			\$ 1,014,375.00	9.03%

Schedule X continued

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
FOOD-BEVERAGE				
CPC International, Inc.	1,000	\$ 46.13	\$ 46,125.00	
PepsiCo	4,000	67.00	268,000.00	
Total Food-Beverage			\$ 314,125.00	2.80%
RETAIL SALES				
American Greetings Corp.	9,500	\$ 14.50	\$ 137,750.00	
Modern Merchandising, Inc.	10,700	10.38	111,012.50	
Total Retail Sales			\$ 248,762.50	2.22%
TOTAL CONSUMER-ORIENTED			\$ 3,910,791.00	34.83%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard Co.	1,000	\$119.13	\$ 119,125.00	1.06%
OFFICE EQUIPMENT				
Burroughs Corp.	2,000	\$107.00	\$ 214,000.00	
Digital Equipment Corp.	2,000	119.63	239,250.00	
Honeywell, Inc.	3,000	40.00	120,000.00	
International Business Machines Corp.	2,712	209.00	566,808.00	
Xerox Corp.	3,200	70.13	224,400.00	
Total Office Equipment			\$ 1,364,458.00	12.15%
TOTAL TECHNOLOGY			\$ 1,483,583.00	13.21%
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Masonite Corp.	10,000	\$ 25.38	\$ 253,750.00	
Owens-Corning Fiberglas Corp.	5,000	37.50	187,500.00	
Total Building & Forest Products			\$ 441,250.00	3.93%
CHEMICALS				
Air Products & Chemicals, Inc.	2,000	\$ 75.38	\$ 150,750.00	
Dow Chemical Co.	1,500	89.75	134,625.00	
du Pont (E.I.) de Nemours & Co.	1,700	128.13	217,812.50	
Total Chemicals			\$ 503,187.50	4.48%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	8,000	\$ 40.00	\$ 320,000.00	2.85%
MACHINERY				
Toro Co.	9,800	\$ 10.63	\$ 104,125.00	0.93%
METALS				
Hanna Mining Co.	5,000	\$ 43.50	\$ 217,500.00	
Pittston Co.	2,472	73.50	181,692.00	
Total Metals			\$ 399,192.00	3.56%
MISCELLANEOUS				
International Telephone & Telegraph Corp.	4,000	\$ 23.63	\$ 94,500.00	0.84%
TOTAL BASIC INDUSTRY			\$ 1,862,254.50	16.59%
ENERGY				
OIL-DOMESTIC				
Phillips Petroleum Co.	6,000	\$ 59.50	\$ 357,000.00	
Standard Oil Co. (Ohio)	4,000	76.50	306,000.00	
Total Oil-Domestic			\$ 663,000.00	5.90%
OIL-INTERNATIONAL				
Exxon Corp.	3,500	\$ 92.50	\$ 323,750.00	2.88%
ENERGY-RELATED				
Baker Oil Tools, Inc.	4,000	\$ 54.88	\$ 219,500.00	
Halliburton Co.	1,200	187.50	225,000.00	
Williams Companies	5,800	34.88	202,275.00	
Total Energy-Related			\$ 646,775.00	5.77%
TOTAL ENERGY			\$ 1,633,525.00	14.55%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	12,000	\$ 20.25	\$ 243,000.00	2.16%
TOTAL TRANSPORTATION			\$ 243,000.00	2.16%
TOTAL COMMON STOCKS			\$11,228,352.50*	100.00%

* Original cost of equities on June 30, 1975, was \$12,065,311.68.

SCHEDULE XI

SUPPLEMENTAL RETIREMENT FUND— FIXED-RETURN ACCOUNT June 30, 1975

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 1,905.26
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturity 15 days	\$ 125,000.00
Bills	
Maturities up to 87 days	\$ 120,000.00
CORPORATE BOND OBLIGATIONS	
(See Listing Below)	\$ 800,000.00
TOTAL ASSETS IN ACCOUNT	\$1,046,905.26
(for accounting purposes; not indicative of true market value)	

Note: Bond investments are listed at face value.

CORPORATE BOND HOLDINGS

June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
TELEPHONE					
New York Telephone Co.	Refunding Mortgage	7-15-2008	8.00	9.62	\$150,000.00
INDUSTRIAL OBLIGATIONS					
Du Pont (E.I.) de Nemours	Debenture	11-15-2004	8.45	8.45	\$100,000.00
FMC Corporation	S/F Debenture	1-15-2000	9½	9.60	150,000.00
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9¼	9.29	150,000.00
Ford Motor Co.	Debenture	7-15-94	9¼	9.28	150,000.00
Standard Oil (Indiana)	S/F Debenture	7-15-2004	9.20	9.22	100,000.00
TOTAL INDUSTRIAL OBLIGATIONS					9.23%
TOTAL CORPORATE OBLIGATIONS					9.30%
					\$800,000.00

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

SCHEDULE XII

MINNESOTA VARIABLE ANNUITY FUND June 30, 1975 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 432,918.29
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturities up to 2 days	\$ 1,163,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS	
(See Listing Below)	\$ 1,300,000.00
CORPORATE BOND OBLIGATIONS	
(See Listing Below)	\$ 4,617,413.58
COMMON STOCKS (See Listing Below)	
TOTAL ASSETS IN ACCOUNT	\$23,953,478.37

(for accounting purposes; not indicative of true market value)

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

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

Schedule XII continued

CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS

June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.65	\$ 400,000.00
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7%	7.875	400,000.00
Nova Scotia Power Commission	S/F Debenture	7-15-98	8%	8.15	500,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				7.91%	\$1,300,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Montana Power Company	First Mortgage	12-1-81	8%	8.75	\$ 500,000.00
GAS					
Minnesota Gas Company	Debenture	11-15-81	9%	9.25	\$ 500,000.00
TELEPHONE					
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7%	8.24	\$ 500,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS				8.75%	\$1,500,000.00
FINANCE OBLIGATIONS					
Honeywell Finance	S/F Debenture	12-15-98	8.20	8.20	\$ 500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7%	7.75	500,000.00
TOTAL FINANCE OBLIGATIONS				7.98%	\$1,000,000.00
INDUSTRIAL OBLIGATIONS					
Crown Zellerbach	Mortgage Bond	8-1-94	8%	8.125	\$ 492,021.44
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9%	9.43	500,000.00
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8%	8.75	500,000.00
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
TOTAL INDUSTRIAL OBLIGATIONS				8.50%	\$1,992,021.44
RAILROAD EQUIPMENT OBLIGATIONS					
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-76/ 9-1-85	10½	10.50	\$ 125,392.14
TOTAL CORPORATE BOND OBLIGATIONS				8.52%	\$4,617,413.58
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.39%	\$5,917,413.58

(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 6-30-75	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Florida Power & Light Co.	14,500	\$ 26.00	\$ 377,000.00	
Texas Utilities Co.	11,000	23.63	259,875.00	
Total Electric			\$ 636,875.00	3.88%
COMMUNICATIONS				
American Telephone & Telegraph Co.	9,000	\$ 50.88	\$ 457,875.00	
General Telephone & Electronics Corp.	13,000	25.13	326,625.00	
Total Communications			\$ 784,500.00	4.77%
TOTAL UTILITIES			\$ 1,421,375.00	8.65%
FINANCIAL SERVICES				
BANKS				
Citicorp	8,000	\$ 38.50	\$ 308,000.00	
First International Bancshares, Inc.	3,600	45.13	162,450.00	
First Union Corp.	4,700	12.88	60,512.50	
Northwest Bancorporation	4,700	46.75	219,725.00	
Total Banks			\$ 750,687.50	4.57%

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
FINANCE				
Household Finance Corp.	14,400	\$ 17.75	\$ 255,600.00	
MGIC Investment Corp.	10,000	17.88	178,750.00	
Total Finance			\$ 434,350.00	2.64%
INSURANCE				
Connecticut General Insurance Corp.	3,350	\$ 44.50	\$ 149,075.00	
Jefferson-Pilot Corp.	9,000	36.63	329,625.00	
NLT Corp.	13,700	17.13	234,612.50	
St. Paul Companies, Inc.	4,000	32.25	129,000.00	
Total Insurance			\$ 842,312.50	5.12%
TOTAL FINANCIAL SERVICES			\$ 2,027,350.00	12.33%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Co.	4,000	\$ 41.13	\$ 164,500.00	
General Motors Corp.	4,200	48.75	204,750.00	
Genuine Parts Co.	7,000	40.00	280,000.00	
Total Automobiles & Automotive Parts			\$ 649,250.00	3.95%
CONSUMER-DURABLES				
Fedders Corp.	11,000	\$ 6.38	\$ 70,125.00	
Whirlpool Corp.	11,000	25.75	283,250.00	
Total Consumer-Durables			\$ 353,375.00	2.15%
CONSUMER-NONDURABLES				
Clorox Co.	10,000	\$ 10.63	\$ 106,250.00	
Colgate-Palmolive Co.	9,000	32.13	289,125.00	
Eastman Kodak Co.	3,000	103.25	309,750.00	
Minnesota Mining & Manufacturing Co.	5,200	67.25	349,700.00	
Total Consumer-Nondurables			\$ 1,054,825.00	6.41%
CONSUMER-MISCELLANEOUS				
Holiday Inns, Inc.	7,600	\$ 13.13	\$ 99,750.00	
McDonald's Corp.	2,500	57.00	142,500.00	
Tonka Corp.	22,000	11.00	242,000.00	
Total Consumer-Miscellaneous			\$ 484,250.00	2.95%
DRUGS				
Medtronic, Inc.	5,000	\$ 40.63	\$ 203,125.00	
Merck & Co., Inc.	2,500	85.00	212,500.00	
Pfizer, Inc.	7,000	33.50	234,500.00	
Schering-Plough Corp.	3,000	58.25	174,750.00	
Warner-Lambert Co.	7,000	38.00	266,000.00	
Total Drugs			\$ 1,090,875.00	6.63%
FOOD-BEVERAGE				
CPC International, Inc.	2,000	\$ 46.13	\$ 92,250.00	
Coca-Cola Co.	3,300	90.63	299,062.50	
General Foods Corp.	11,000	26.75	294,250.00	
Norton Simon, Inc.	10,426	22.00	229,372.00	
Total Food-Beverage			\$ 914,934.50	5.57%
RETAIL SALES				
American Greetings Corp.	19,000	\$ 14.50	\$ 275,500.00	
Kresge (S.S.) Company	2,800	32.13	89,950.00	
Modern Merchandising, Inc.	16,300	10.38	169,112.50	
Sears, Roebuck & Co.	4,500	73.38	330,187.50	
Total Retail Sales			\$ 864,750.00	5.26%
TOTAL CONSUMER-ORIENTED			\$ 5,412,259.50	32.92%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs Corp.	3,000	\$107.00	\$ 321,000.00	
Digital Equipment Corp.	2,500	119.63	299,062.50	
International Business Machines Corp.	3,893	209.00	813,637.00	
Xerox Corporation	4,000	70.13	280,500.00	
Total Office Equipment			\$ 1,714,199.50	10.43%
TOTAL TECHNOLOGY			\$ 1,714,199.50	10.43%
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Owens-Corning Fiberglas Corp.	6,900	\$ 37.50	\$ 258,750.00	1.57%
CHEMICALS				
Dow Chemical Co.	4,000	\$ 89.75	\$ 359,000.00	
du Pont (E.I.) de Nemours & Co.	3,000	128.13	384,375.00	
Total Chemicals			\$ 743,375.00	4.53%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	7,000	\$ 40.00	\$ 280,000.00	
General Electric Co.	6,000	52.63	315,750.00	
Total Electrical Equipment			\$ 595,750.00	3.62%

Schedule XII continued

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
MACHINERY				
Caterpillar Tractor Co.	1,400	\$ 66.88	\$ 93,625.00	
Combustion Engineering, Inc.	5,000	55.00	275,000.00	
Trans Union Corp.	3,000	32.00	96,000.00	
Total Machinery			\$ 464,625.00	2.83%
METALS				
Aluminum Co. of America	6,000	\$ 49.00	\$ 294,000.00	
Hanna Mining Co.	5,000	43.50	217,500.00	
Total Metals			\$ 511,500.00	3.11%
PAPER				
Hoerner Waldorf Corp.	20,000	\$ 14.25	\$ 285,000.00	1.73%
MISCELLANEOUS				
Corning Glass Works	4,500	\$ 50.88	\$ 228,937.50	
International Telephone & Telegraph Corp.	5,000	23.63	118,125.00	
Total Miscellaneous			\$ 347,062.50	2.11%
TOTAL BASIC INDUSTRY			\$ 3,206,062.50	19.50%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	3,000	\$103.50	\$ 310,500.00	
Continental Oil Co.	4,000	67.25	269,000.00	
Standard Oil (Indiana)	6,000	49.38	296,250.00	
Total Oil-Domestic			\$ 875,750.00	5.32%

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
OIL-INTERNATIONAL				
Exxon Corp.	4,000	\$ 92.50	\$ 370,000.00	
Mobil Oil Corp.	4,000	47.50	190,000.00	
Total Oil-International			\$ 560,000.00	3.41%
ENERGY-RELATED				
Baker Oil Tools, Inc.	5,000	\$ 54.88	\$ 274,375.00	
Halliburton Co.	1,000	187.50	187,500.00	
Williams Companies	8,800	34.88	306,900.00	
Total Energy-Related			\$ 768,775.00	4.68%
TOTAL ENERGY			\$ 2,204,525.00	13.41%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	9,000	\$ 20.25	\$ 182,250.00	1.11%
RAILROADS				
Union Pacific Corp.	3,500	\$ 77.75	\$ 272,125.00	1.65%
TOTAL TRANSPORTATION			\$ 454,375.00	2.76%
TOTAL COMMON STOCKS			\$16,440,146.50*	100.00%

* Original cost of equities on June 30, 1975, was \$18,087,136.27

SCHEDULE XIII

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS

June 30, 1975

	Book Value (1)	Average Book Value for Year Ending (2)	Total Investment Income for Year Ending (3,4)	Yield (5)		Net Investment Income for Year Ending (3)	Net Yield (7)
June 30, 1957	\$244,700,475.47	\$242,386,448.84	\$ 6,486,999.20	2.68%			
December 31, 1957	\$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	—	—	—	Less Transfer to Principal (6)	Net Investment Income for Year Ending (3)	Net Yield (7)
June 30, 1964	\$263,552,120.96	\$263,964,938.18	\$ 8,579,156.81	3.25%			
December 31, 1964	\$264,704,185.42	—	—	—			
June 30, 1965	\$262,170,084.20	\$263,475,463.53	\$ 9,186,790.66	3.48%	\$ 76,936.86	\$ 9,109,853.80	3.46%
December 31, 1965	\$262,324,844.32	—	—	—			
June 30, 1966	\$261,686,901.05	\$262,060,609.86	\$ 9,647,417.30	3.68%	\$ 329,472.90	\$ 9,317,944.40	3.56%
December 31, 1966	\$263,433,844.16	—	—	—			
June 30, 1967	\$263,816,276.40	\$262,979,007.20	\$10,215,172.70	3.88%	\$ 856,275.93	\$ 9,358,896.77	3.56%
December 31, 1967	\$264,303,404.43	—	—	—			
June 30, 1968	\$264,578,182.47	\$264,232,621.10	\$10,511,771.10	3.98%	\$1,016,014.48	\$ 9,495,756.62	3.59%
December 31, 1968	\$266,225,867.42	—	—	—			
June 30, 1969	\$264,122,329.06	\$264,975,459.65	\$10,512,970.80	3.97%	\$1,100,277.41	\$ 9,412,693.39	3.55%
December 31, 1969	\$264,797,800.95	—	—	—			
June 30, 1970	\$259,550,484.67	\$262,823,538.23	\$11,324,161.11	4.31%	\$1,034,987.16	\$10,289,173.95	3.91%
December 31, 1970	\$248,210,564.03	—	—	—			
June 30, 1971	\$248,077,642.59	\$251,946,230.43	\$12,380,084.17	4.91%	\$1,435,834.16	\$10,944,250.01	4.34%
December 31, 1971	\$250,918,742.94	—	—	—			
June 30, 1972	\$251,249,760.37	\$250,082,048.63	\$13,691,318.87	5.47%	\$1,937,452.41	\$11,753,866.46	4.70%
December 31, 1972	\$251,129,595.01	—	—	—			
June 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%
December 31, 1974	\$254,000,064.12	—	—	—			
June 30, 1975	\$254,252,908.35	\$254,845,059.95	\$15,993,845.27	6.28%	\$2,784,277.53	\$13,209,567.74	5.18%

(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. Beginning December 31, 1974; book value was taken from State Board of Investment Ledgers.

(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 1974, 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 1974, 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 XIV

PERMANENT SCHOOL FUND June 30, 1975

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 715,616.19
U.S. TREASURY AND AGENCY SECURITIES	
Repurchase Agreements	
Maturities up to 14 days	\$ 6,913,000.00
Agencies	
Maturities up to 106 days	\$ 2,425,000.00
STATE AND LOCAL OBLIGATIONS	\$ 491,560.00
OBLIGATIONS GUARANTEED BY THE U.S. GOVERNMENT (See Listing Below)	\$120,144,771.20
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 78,362,187.26
COMMON STOCKS (See Listing Below)	\$ 52,563,606.75
TOTAL ASSETS IN ACCOUNT	\$261,615,741.40

(for accounting purposes; not indicative of true market value)

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

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

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS

June 30, 1975

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
FARMERS HOME ADMINISTRATION NOTES					
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	1-31-80	8.90	8.90	\$ 2,998,443.77
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	7-31-85	8%	8.625	2,997,494.77
Total Farmers Home Administration Notes				8.76%	\$ 5,995,938.54
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE-BACKED SECURITIES					
California Mortgage Service	Mtg. Backed Cert.	7-15-2004	8 1/4	9.61	\$ 1,007,258.87
Citizens Mortgage Corp.	Mtg. Backed Cert.	12-15-2000	8	8.73	1,759,176.65
First National Bk. of Minneapolis	Mtg. Backed Cert.	12-15-2000	8	8.65	1,387,609.16
First National Bk. of Minneapolis	Mtg. Backed Cert.	2-15-2001	8	8.50	1,382,699.10
Guid Mortgage Company	Mtg. Backed Cert.	2-15-2004	8	8.52	1,929,090.34
Heritage Mortgage	Mtg. Backed Cert.	7-15-2004	8 1/4	9.48	1,998,855.85
International Mortgage	Mtg. Backed Cert.	4-15-2004	8	8.52	1,993,609.98
IDS Mortgage Corp.	Mtg. Backed Cert.	12-15-2001	6 1/2	7.13	2,503,606.28
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2001	6 1/2	7.13	2,502,409.75
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2000	7	8.92	2,243,494.34
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2000	8	8.94	1,571,461.30
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2000	8	8.73	1,731,164.17
IDS Mortgage Corp.	Mtg. Backed Cert.	10-15-2000	8	8.73	1,637,319.87
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2000	8	8.65	1,658,057.35
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-2001	8	8.57	1,687,640.21
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2001	8	8.50	789,498.98
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2001	7 1/2	7.40	899,649.71
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2003	6 1/2	7.34	3,004,651.12
IDS Mortgage Corp.	Mtg. Backed Cert.	4-15-2003	6 1/2	7.34	3,007,627.01
IDS Mortgage Corp.	Mtg. Backed Cert.	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	3,150,619.61
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2003	6 1/2	7.89	4,840,130.01
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2003	8	8.55	1,912,369.83
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2003	8	8.55	2,920,036.28
IDS Mortgage Corp.	Mtg. Backed Cert.	4-15-2004	8	8.47	2,843,936.91
Iowa Securities Co.	Mtg. Backed Cert.	12-15-2000	8	8.94	1,410,519.05
Iowa Securities Co.	Mtg. Backed Cert.	2-15-2001	8	8.10	1,454,551.97
Lumbermans Investment	Mtg. Backed Cert.	7-15-2004	8 1/4	9.61	1,902,956.43
Molton, Allen & Wms.	Mtg. Backed Cert.	2-15-2004	8	8.52	989,208.87
National Homes Acceptance Corp.	Mtg. Backed Cert.	5-15-2000	7	8.92	1,545,872.45
National Homes Acceptance Corp.	Mtg. Backed Cert.	9-15-2000	8	8.80	1,636,786.36
National Homes Acceptance Corp.	Mtg. Backed Cert.	7-15-2000	8	8.80	1,762,470.15
Peoples Mortgage Co.	Mtg. Backed Cert.	11-15-2004	9	9.92	1,994,222.11
Steed (W.S.)	Mtg. Backed Cert.	7-15-2004	8	8.86	1,985,713.76

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
Virginia Mtg. & Investment Co.	Mtg. Backed Cert.	9-15-2004	9	9.89	1,001,637.68
Percy Wilson Mortgage & Finance Corp.	Mtg. Backed Cert.	8-1-2000	8	8.94	1,725,334.31
Total Government National Mortgage Association, Guaranteed Mortgage-backed Securities				8.40%	\$ 70,774,832.66
MERCHANT MARINE BONDS					
American Mail Line	Govt.-Guar. Bond	3-1-93	6	6.00	\$ 1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-91	4.8	4.80	1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-92	5.6	5.60	1,000,000.00
Construction Aggregates Corp.	Govt.-Guar. Bond	6-1-91	7 1/2	7.50	2,000,000.00
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5 1/2	5.50	947,000.00
Eagle Terminal Tankers, Inc.	Govt.-Guar. Bond	6-1-89	6	6.00	3,562,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	4-1-88	8.05	8.05	1,822,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	6-29-97 through 9-2-98	9	9.00	920,000.00
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%	8.75	1,359,000.00
Intercontinental Bulk Tank Corp.	Govt.-Guar. Bond	9-1-90	7.80	7.80	1,168,000.00
Matson Navigation Co.	Govt.-Guar. Bond	11-10-94	7 1/2	7.50	1,000,000.00
Moore-McCormick Leasing	Govt.-Guar. Bond	7-15-2001	8%	8.875	3,000,000.00
Moore-McCormick Lines, Inc.	Govt.-Guar. Bond	4-1-87	5%	5.86	1,425,000.00
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	12-1-97	8 1/4	8.75	2,201,000.00
Penn Tanker	Govt.-Guar. Bond	10-1-89	6	6.00	1,407,000.00
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%	4.375	873,000.00
United States Lines, Inc.	Govt.-Guar. Bond	3-1-91	8%	8.625	2,080,000.00
Western Co. of North America	Govt.-Guar. Bond	6-11-90	9 1/4	9.25	3,000,000.00
Total Merchant Marine Bonds				7.06%	\$ 38,374,000.00
NEW COMMUNITIES ACT DEBENTURES					
Cedar-Riverside Land Company	Govt.-Guar. Deb.	12-15-91	7.20	7.20	\$ 2,500,000.00
Jonathan Development Corp.	Govt.-Guar. Deb.	10-1-90	8 1/2	8.50	2,500,000.00
Total New Communities Act Debentures				7.85%	\$ 5,000,000.00
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				7.97%	\$120,144,771.20

CORPORATE BOND OBLIGATIONS

PUBLIC UTILITY OBLIGATIONS ELECTRIC

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%	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%	5.45	2,000,000.00
Iowa Power & Light Co.	S/F Debenture	4-1-89	4%	4.57	1,200,000.00
Jersey Central Power & Light Co.	Debenture	10-1-88	4%	4.56	960,000.00
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	5.20	1,700,000.00
Massachusetts Electric Co.	First Mortgage	12-1-93	4%	4.55	1,100,000.00
Northern States Power Co.	First Mortgage	9-1-93	4%	4.38	1,000,000.00
Otter Tail Power Co.	First Mortgage	11-1-93	4%	4.65	1,017,000.00
Potomac Edison Co.	First Mortgage & Coll. Trust	3-1-94	4%	4.55	1,200,000.00
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	1,200,000.00
Total Electric				4.72%	\$ 15,077,000.00

GAS

Columbia Gas System, Inc.	Debenture	5-1-89	4%	4.64	\$ 1,200,000.00
The Gas Service Co.	First Mortgage	6-1-85	4.65	4.65	960,000.00
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4%	5.52	2,375,000.00
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5%	5.38	1,344,000.00
Total Gas				5.17%	\$ 5,879,000.00

TELEPHONE

American Telephone & Telegraph Co.	Debenture	5-1-99	4%	4.365	\$ 1,500,000.00
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	5.53	2,500,000.00
The Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9 1/2	9.50	3,000,000.00
General Telephone Co. of Florida	First Mortgage	6-1-95	4%	4.687	1,000,000.00
General Telephone Co. of Illinois	First Mortgage	9-1-95	4%	4.875	1,200,000.00
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	1,200,000.00
New York Telephone Co.	Refunding Mortgage	1-1-2004	4%	4.53	1,500,000.00
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	1,500,000.00
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7%	8.42	4,000,000.00
Total Telephone				6.43%	\$ 17,400,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS				5.56%	\$ 38,356,000.00

FINANCE OBLIGATIONS

Gulf Life Insurance Co.	Capital Note	6-1-89	4%	4.75	\$ 840,000.00
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SCHEDULE XIV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
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
TOTAL FINANCE OBLIGATIONS				5.93%	\$ 3,840,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of America	Promissory Note	3-31-88	4%	4.50	\$ 1,078,000.00
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.37	1,000,000.00
Armour-Dial, Inc. (Ardison Properties, Inc.)	Note	1-15-2003	7.90	7.90	3,817,650.00
Cummins Engine Co., Inc.	Note	7-15-90	4.60	4.60	960,000.00
Diamond Shamrock Corp.	Note	5-1-89	4.65	5.26	1,050,000.00
Dow Chemical Co.	Debenture	9-15-88	4.35	4.35	1,000,000.00
FMC Corporation	S/F Debenture	1-15-2000	9 1/2	9.50	3,000,000.00
General Cable Corp.	Note	1-1-89	4 1/2	4.875	760,000.00
Honeywell, Inc.	Note	4-1-90	4.55	5.22	1,995,625.00
Ingersoll Rand Co.	Note	1-1-91	4%	4.75	1,012,000.00
Shell Oil Co.	Note	4-15-90	4 1/2	4.50	1,200,000.00
Sprague Electric Co.	S/F Debenture	9-1-88	4%	4.40	1,000,000.00
Standard Oil of California (Union Bank)	First Preferred Ship Mtg. Bond	9-7-97 Through 11-6-97	7.70	7.70	3,000,000.00
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	1,120,000.00
Swift & Co.	S/F Debenture	8-1-92	6.30	6.30	1,350,000.00
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	4.65	696,000.00
Texaco, Inc.	Note	12-15-89	4 1/2	4.50	1,275,000.00
Union Carbide Corp.	Note	12-31-96	4 1/2	4.47	1,030,684.89
Youngstown Sheet & Tube Co.	First Mortgage S/F Bond	7-1-95	4.60	4.60	1,300,000.00
TOTAL INDUSTRIAL OBLIGATIONS				6.36%	\$ 31,644,959.89
TRANSPORTATION DEBT OBLIGATIONS					
Atchison, Topeka & Santa Fe Railway Co.	Gen. Gold	10-1-95	4	4.40	\$ 1,500,000.00
The Greyhound Corp.	Senior Note	5-15-84	6	6.00	810,000.00
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.96%	\$ 2,310,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
Flying Tiger Corp. (Formerly North American Car Corp.)	Equipment Trust	9-1-75/78	4.65	4.65	\$ 800,000.00
Illinois Central Railroad Co.	Conditional Sale	2-15-83	6%	6.875	1,066,666.66
Kansas City Southern Railway Co.	Conditional Sale	1-15-76/ 7-15-78	4.45	4.45	344,560.71
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				5.69%	\$ 2,211,227.37
TOTAL CORPORATE BOND OBLIGATIONS				5.89%	\$ 78,362,187.26
TOTAL UNITED STATES GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS				7.15%	\$198,506,958.46

(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 6-30-75	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Central & South West Corp.	23,000	\$ 17.00	\$ 391,000.00	12.05%
Cincinnati Gas & Electric Co.	24,000	18.00	432,000.00	
Commonwealth Edison Co.	21,499	28.75	618,096.25	
Florida Power & Light Co.	25,400	26.00	660,400.00	
Houston Light & Power Co.	16,500	25.88	426,937.50	
Middle South Utilities, Inc.	31,000	15.50	480,500.00	
Minnesota Power & Light Co.	15,500	18.13	280,937.50	
Northern States Power Co.	18,500	25.88	478,687.50	
Pacific Gas & Electric Co.	21,500	21.25	456,875.00	
Public Service Co. of Indiana, Inc.	12,100	40.13	485,512.50	
Southern California Edison Co.	20,000	20.75	415,000.00	
Southern Co.	24,000	13.13	315,000.00	
Texas Utilities Co.	28,000	23.63	661,500.00	
Virginia Electric & Power Co.	18,000	12.88	231,750.00	
Total Electric			\$ 6,334,196.25	
NATURAL GAS				
Panhandle Eastern Pipe Line Co.	16,500	\$ 32.38	\$ 534,187.50	1.02%
COMMUNICATIONS				
American Telephone & Telegraph Co.	23,000	\$ 50.88	\$ 1,170,125.00	4.18%
General Telephone & Electronics Corp.	40,800	25.13	1,025,100.00	
Total Communications			\$ 2,195,225.00	
TOTAL UTILITIES			\$ 9,063,608.75	17.25%

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
FINANCIAL SERVICES				
Banks				
BankAmerica Corp.	20,000	\$ 45.31	\$ 906,260.00	11.48%
Citicorp	33,112	38.50	1,274,812.00	
First Bank System, Inc.	21,500	48.13	1,034,687.50	
Morgan (J.P.) & Co., Inc.	18,920	70.13	1,326,765.00	
Northwest Bancorporation	32,000	46.75	1,496,000.00	
Total Banks			\$ 6,038,524.50	
FINANCE				
Beneficial Corp.	17,925	\$ 20.50	\$ 367,462.50	1.82%
Household Finance Corp.	26,000	17.75	461,500.00	
MGIC Investment Corp.	7,000	17.88	125,125.00	
Total Finance			\$ 954,087.50	
INSURANCE				
INA Corp.	15,300	\$ 40.00	\$ 612,000.00	6.77%
Northwestern National Life Insurance Co.	25,300	19.13	483,862.50	
Safeco Corp.	23,800	34.50	821,100.00	
St. Paul Companies, Inc.	32,000	32.25	1,032,000.00	
United States Fidelity & Guaranty Co.	17,000	35.88	609,875.00	
Total Insurance			\$ 3,558,837.50	
TOTAL FINANCIAL SERVICES			\$10,551,449.50	
CONSUMER-ORIENTED				
AUTOMOBILES-AUTOMOTIVE PARTS				
Ford Motor Co.	18,600	\$ 41.13	\$ 764,925.00	4.61%
General Motors Corp.	21,200	48.75	1,033,500.00	
Goodyear Tire & Rubber Co.	33,000	19.00	627,000.00	
Total Automobiles & Automotive Parts			\$ 2,425,425.00	
CONSUMER-DURABLES				
Whirlpool Corp.	22,200	\$ 25.75	\$ 571,650.00	1.08%
CONSUMER-NON-DURABLES				
Eastman Kodak Co.	8,350	\$103.25	\$ 862,137.50	6.58%
Minnesota Mining & Manufacturing Co.	18,000	67.25	1,210,500.00	
Procter & Gamble Co.	7,700	98.13	755,562.50	
Revlon, Inc.	8,000	78.88	631,000.00	
Total Consumer-Nondurables			\$ 3,459,200.00	
CONSUMER-MISCELLANEOUS				
Holiday Inns, Inc.	19,000	\$ 13.13	\$ 249,375.00	0.47%
DRUGS				
American Home Products Corp.	22,800	\$ 41.75	\$ 951,900.00	5.66%
Merck & Co., Inc.	12,000	85.00	1,020,000.00	
Pfizer, Inc.	30,000	33.50	1,005,000.00	
Total Drugs			\$ 2,976,900.00	
FOOD-BEVERAGE				
Coca-Cola Co.	8,000	\$ 90.63	\$ 725,000.00	5.12%
General Foods Corp.	35,000	26.75	936,250.00	
General Mills, Inc.	20,500	50.13	1,027,562.50	
Total Food-Beverage			\$ 2,688,812.50	
RETAIL SALES				
Federated Department Stores, Inc.	15,500	\$ 49.88	\$ 773,062.50	4.34%
Pennney (J.C.) Company, Inc.	10,800	58.00	626,400.00	
Sears, Roebuck & Co.	12,000	73.38	880,500.00	
Total Retail Sales			\$ 2,279,962.50	
TOTAL CONSUMER-ORIENTED			\$14,651,325.00	27.87%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs Corp.	11,600	\$107.00	\$ 1,241,200.00	8.97%
Honeywell, Inc.	10,000	40.00	400,000.00	
International Business Machines Corp.	12,535	209.00	2,619,815.00	
Xerox Corp.	6,440	70.13	451,605.00	
Total Office Equipment			\$ 4,712,620.00	
TOTAL TECHNOLOGY			\$ 4,712,620.00	8.97%
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Weyerhaeuser Co.	17,800	\$ 41.75	\$ 743,150.00	1.41%
CHEMICALS				
Dow Chemical Co.	8,000	\$ 89.75	\$ 718,000.00	5.05%
du Pont (E.I.) de Nemours & Co.	5,300	128.13	679,062.50	
Monsanto Co.	9,000	72.25	650,250.00	
Union Carbide Corp.	9,700	61.88	600,187.50	
Total Chemicals			\$ 2,647,500.00	
ELECTRICAL EQUIPMENT				
General Electric Co.	16,200	\$ 52.63	\$ 852,525.00	2.22%
Westinghouse Electric Corp.	17,000	18.63	316,625.00	
Total Electrical Equipment			\$ 1,169,150.00	

Schedule XIV continued

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
MACHINERY				
Caterpillar Tractor Co.	14,100	\$ 66.88	\$ 942,937.50	1.79%
METALS				
Aluminum Co. of America	7,000	\$ 49.00	\$ 343,000.00	0.65%
PAPER				
International Paper Co.	7,000	\$ 51.00	\$ 357,000.00	0.68%
TOTAL BASIC INDUSTRY			\$ 6,202,737.50	11.80%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	8,000	\$103.50	\$ 828,000.00	
Standard Oil Co. (Indiana)	27,000	49.38	1,333,125.00	
Total Oil-Domestic			\$ 2,161,125.00	4.11%
OIL-INTERNATIONAL				
Exxon Corp.	21,408	\$ 92.50	\$ 1,980,240.00	
Mobil Oil Corp.	17,300	47.50	821,750.00	

Common Stock	Shares	Market Price 6-30-75	Market Value	Total % Market
Texaco, Inc.	34,000	26.63	905,250.00	
Total Oil-International			\$ 3,707,240.00	7.05%
TOTAL ENERGY			\$ 5,868,365.00	11.16%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Inc.	16,884	\$ 20.25	\$ 341,901.00	0.65%
RAILROADS				
Burlington Northern, Inc.	13,600	\$ 38.13	\$ 518,500.00	
Union Pacific Corp.	8,400	77.75	653,100.00	
Total Railroads			\$ 1,171,600.00	2.23%
TOTAL TRANSPORTATION			\$ 1,513,501.00	2.88%
TOTAL COMMON STOCKS			\$52,563,606.75*	100.00%

*Original cost of equities on June 30, 1975, was \$49,781,861.59.

MEMBERS OF BOARD:

GOVERNOR WENDELL R. ANDERSON
STATE AUDITOR ROBERT W. MATTSON
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

August 15, 1975

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

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

The distribution of securities business by the staff of Minnesota's State Board of Investment continues to be of interest to fund beneficiaries, elected officials, brokerage houses, investment bankers and the State's citizens. The following schedules detail this distribution during the twelve month period from July 1, 1974 through June 30, 1975. It is to be emphasized that the Executive Secretary of the State Board of Investment takes full responsibility for the methods and procedures used in this allocation of securities business. It is recognized that the commissions on the shares of stock purchased and sold over major exchanges and the profits — as well as losses — from dealings with the Investment Department in bonds, unlisted stocks and short-term money market instruments, may be very significant. It is certainly a credit to Minnesota's constitutional officers who have served on the State Board of Investment since this program was initiated in 1960 that none have asked that business go to friends or political supporters. Likewise, pressures from other Minnesota citizens and officials have been comparatively minimal. Nevertheless, we have found during recent years that securities firms throughout the United States and Canada are interested in doing business with an account of the size represented by Minnesota's funds.

Certain firms both within Minnesota and outside the state have questioned our procedures and have asked whether they are receiving their "fair share". There is certainly no "fair share" for any individual or firm. It would be no more logical to "give business" to every securities firm in Minnesota — or throughout the nation — than to buy groceries to fulfill the needs of the State's institutions and schools from every small grocery store throughout the state. The changes witnessed by the securities industry in recent years — the new degree of competition, the merger and consolidation of many securities firms, the problems of "May Day" 1975 with the accompanying negotiated commission rates, the new questions as to whether securities research should be "unbundled" from the package that once was included in total commission rates — have all affected the ways and methods in which the Investment Department places securities orders.

Since the department was established, all transactions have been a matter of public record. Each purchase and sale, along with the indicated commission or probable profit in the case of a net transaction, is reported to the Board members at each meeting. Members of the press may be in attendance and receive lists of this information.

The department has been appreciative of the economic, general business and securities research which has been provided by many firms. It is evident that the State's Investment Department may have limited use of research oriented primarily toward those individuals or funds which speculate in the market. Moreover, it may be inappropriate for comparatively conservative portfolios such as those represented by public trust and retirement funds to invest in securities of smaller companies. It has usually been found that the quick action necessary to time such purchases and sales is often difficult under state investment procedures. It is recognized that firms handling such equities and debt instruments aid the State's securities industry through the investment banking process. They also provide markets for securities of new businesses. Nevertheless, there appears little relationship between the specialization in these securities and servicing the needs of large institutional accounts.

These considerations, together with the economic pressures suffered by many brokerage organizations during the extreme market fluctuations from 1969 through 1975, have caused the Investment Department's personnel to review the allocations and methods of handling our transactions so as to achieve the best possible results for the State funds. The accompanying paragraphs point out the extent to which Minnesota's Investment Department has used "soft dollars" — commissions on securities business transacted over a major exchange — to pay for specific investment services. The introduction of "negotiated rates" by member firms of the stock exchanges, however, may either decrease — or, perhaps, eliminate — the use of such "soft dollars" for these services.

At the time this report is being written, no conclusion whatsoever has been reached by the securities industry regarding an appropriate level of commissions for institutional accounts. There is little, if any, agreement as to what services should be

included as components in standard commissions. The entire question of negotiated rates appears to be entirely incongruous and uniformly inconsistent when it is considered that rates cannot be negotiated until after the transaction is completed. It is then too late to reverse the "buy" or "sell" order. Although a firm may offer an extremely low rate before the transaction is completed, a poor execution could mean an overall payment for the securities far higher than to a firm asking for a higher commission rate at the time the order is initiated. Some firms offering the lowest rates may be those inefficient in their handling of the transactions, ineffective in their securities research and inexperienced in their knowledge of investors' needs.

During the past years, substantial "soft dollars" have been paid to Paine, Webber, Jackson & Curtis for a data processing system. This service, operated by Gibbons Associates, Inc., has provided the State's retirement administrators and financial officials — as well as the Investment staff — with practically all necessary information concerning our portfolios and details regarding the securities transactions. The system also supplies substantial research analysis and portfolio listings. Beginning on July 1, 1975, the major portion of this service will be provided through "hard dollars" appropriated for this purpose by the Minnesota Legislature. This contract is between Gibbons Associates, Inc., and the State of Minnesota — Department of Administration. The past arrangement has been most successful and has greatly facilitated the work of the Investment Department. Because of the size of commissions necessary to support such a complex system, it has been recognized that "soft dollar" payments would be impossible during any era of negotiated rates.

Similar arrangements have been used with Merrill Lynch, Pierce, Fenner & Smith, Inc.; National Measurement Services, Inc.; A. G. Becker; Wertheim & Co.; The Bank of New York; Harris Trust and Savings; Mesriow & Co.; DeHaven & Townsend, Crouter & Bodine; and Morgan, Olmsted, Kennedy, Inc. for services involving economic data, investment opinion, securities research, portfolio evaluations, and general investment text materials. These various services have been very valuable; it is hoped that adequate arrangements may be made to continue the receipt of this information and service during the period of negotiated rates. Our present methods of handling such transactions will be described in the portion of this report dealing with equities.

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 1974, 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. It has been found, even prior to the initiation of negotiated rates, that the distribution of business on a price basis is sometimes very effective. In such instances, dealings are handled by the "third market" firms or over the "Instinet System" through which institutions trade directly with each other. The Investment Department accepts competitive offerings and bids from dealers who are either prime market makers 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 three 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 six 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 the securities only after they are received, in good form, by banks in New York, Chicago, or the Twin Cities, acting 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. 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 investment firms which have expressed an interest in providing this type of security. These transactions consist simply of the purchase of U.S. government or agency 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; there was an additional increase of 50% in fiscal 1975. 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 late fiscal 1974 and all of fiscal 1975 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. The volume of short-term transactions increased during the early months of calendar 1975 as short and intermediate interest rates showed substantial declines; current income was maximized through a continued roll-over of short-term maturities.

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, and increased by an additional 50% in fiscal 1975. 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 late 1974 and early 1975, all except the highest ranking credits were eliminated from the department's approved purchase list. As a whole, purchases of the longer maturity ranges — from 91 to 271 days — declined during the past two fiscal years; increases occurred in the use of very short-term paper meeting specific maturity needs.

The short-term corporate notes of one finance organization were useful during the past year in that this firm provided purchasers of the notes with the option to extend maturities for an additional 15 days at the previous interest rate. This extension period was somewhat longer than that offered by other firms and proved particularly attractive during recent months, when a declining short-term interest rate structure has been experienced. 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 three 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 retired by the issuer at face value. The amounts received from these mandatory prepayments were far in excess of the market values of bonds with similar coupons.

Numerous issues of private placements were purchased during the 1960's, in comparatively small quantities, at a time when the State accounts were of lesser size. The remaining holdings of these issues are now being sold, with the proceeds invested in securities offering a higher current yield. Several such transactions have been completed during the most recent fiscal year. Certain securities firms have specialized in placing these issues with institutional accounts which are desirous of owning such debt instruments due to tax advantages, existing holdings of the same issues, or knowledge of the individual credits involved. When selling such securities, discrete market checks are made so as not to disturb the market price of the issue being sold. Several firms have shown the expertise necessary to handle these sales in a manner beneficial to Minnesota's accounts.

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 managing 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 underwriting group.

There have been requests from several securities firms to be included in bond purchases made at the time of original offering because of participation in a "selling group". Such participation simply signifies that the firm would receive a portion of the commission on the bonds sold through the State's order even though such firm assumes no part of the underwriting risk. Because Minnesota's accounts have benefitted greatly through the services offered by underwriters at a time when bond issues have been "tight" — with the new issues difficult to obtain — it is felt to be very unfair to allocate profits to firms not taking the underwriting risk at a time when bonds are easy to obtain.

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 fiscal 1974 and fiscal 1975. During the period of ever increasing interest rates — existing until several months ago — 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. These purchases were completed by calling several dealers, practically always including the manager of the original syndicate, those firms known to position the issue, and organizations likely to maintain a market for the securities. The purchases were made at the best price.

Section 8. Corporate Bond Sales

A substantial number of corporate bonds were sold from the retirement funds during the past six 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.

Section 9. Common Stock Purchases Allocated By Investment Department

Until May 1, 1975, stock 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. Those firms providing the most useful research material or, to a lesser extent, the investment bankers furnishing attractive private placements of fixed-income securities and bonds in appropriate quantities received favorable consideration. 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 prior to May 1, 1975, with the remaining 60% being paid to Merrill Lynch, which executed the transactions. This arrangement and comparable dealings with other firms are now being renegotiated because of the changes in New York Stock Exchange commissions.

The introductory paragraphs regarding this distribution of brokerage business indicated that any placement of securities orders 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 1969-75 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; however, 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. Nevertheless, written research materials and discussions with analysts have been most beneficial.

The value of certain telephone calls regarding future securities offerings, current earnings, up-to-the minute financial news and continuing order solicitations is definitely questioned by the Executive Secretary and the investment staff. The legislature has appropriated funds for the necessary electronic equipment to provide current market data and information regarding securities. As a whole, the market price of the stocks owned in the State's accounts are little affected by minor changes in earnings estimates or actual earnings amounting to only a few cents a share. Even in the instance of more significant developments, it is doubtful whether the accounts could either buy or sell — quickly — in quantities which could make any difference to the overall investment performance.

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. The size of the Investment Department staff has increased in recent years; therefore, 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. It appears appropriate 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. It is apparent, however, that transactions through various specialty firms will reach a higher volume in the future.

It has been previously indicated in this report that "negotiated rates" are a misnomer. It is not known whether or not the execution was well handled until after the order is completed. At that point, there is only one firm with which the customer can negotiate. It would appear illogical for a State to negotiate "harder" with one firm than another. It is probable that difficulties could be encountered if rates negotiated for transactions related to one of the many funds handled by the Investment Board were lower than those applicable to other funds. Although some firms have offered to complete sizable transactions for only nominal amounts, it is apparent that future higher commissions are anticipated in order to pay for such services.

It must be emphasized, however, that significant research and securities information is worth more than the saving of all or a portion of a commission. The interest in "negotiated rates" and net prices seems to be unrealistic if investors try to save a fraction of one per cent of the price of securities in the commission rate while discounting the value of advice through research that could lead to very substantial appreciation in the securities purchased — or, just as important, the minimizing of losses.

Therefore, the Investment Department is continuing to distribute securities orders on the basis of service received. At the time of this writing, firms which are members of the New York Stock Exchange — and other major exchanges — are requested to complete the transactions at commission rates 25% lower than those in effect prior to May 1, 1975. It is anticipated that this percentage of decline will be subject to continuing change with developments within the securities industry. Those firms which have offered commission rates somewhat lower than indicated by this 25% reduction often do not provide the research services received from other organizations. It is the belief of the Executive Secretary that there is no favoritism shown through such an arrangement in that commissions are limited to the amounts believed appropriate for the research materials and services gained by the department.

During fiscal 1975, the Investment Department has attempted to emphasize relationships with the high quality investment firms which have offices in Minnesota. The changes in the securities industry have brought many nationally known analysts to the staffs of these securities organizations. It is only logical that there be a greater attempt by the department's personnel to use the research services available through the larger securities organizations which have local offices, insofar as they can provide information and data equal to that obtainable elsewhere.

Section 10. Common Stock Purchases Placed On The Basis Of Lowest Available Price — In Instances Of Over-The-Counter Securities, On The "Third Market", Or Through Direct Dealings With Other Institutions

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 $\frac{3}{8}$ to $\frac{1}{2}$ of a point per share, or \$375 to \$500 per thousand shares. Such possible

commission savings may not be applicable during this coming period of "negotiated rates" on stock exchange transactions. The recent apparent problems of illiquidity on the major exchanges have possibly resulted, however, in even greater savings than indicated on those off-board transactions completed prior to May 1. The department has been very 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.

An apparent advantage to an off-board trade has been that the entire transaction is completed with no appreciable effect on the price of the stock. Negotiations on such transactions may be completed before the actual trade. This is in marked contrast to the situation involving "negotiated rates" on the major stock exchanges — which may apply to a wide range of prices applicable to the various shares purchased or sold through one order.

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.

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 through 1975; 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 11. Common Stock Sales

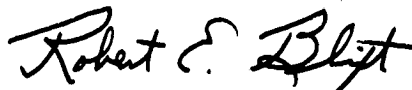
The stocks listed were sold through the markets which appeared to be appropriate at the time of the transactions. When the "over-the counter" or "third market" were used, bids were checked with two or more dealers. Commission business was allocated as described for stock purchases.

* * * * *

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.

REB:dkh

Respectfully submitted,



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, 1974 — June 30, 1975
(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	\$ 30,950	\$ 25,150	\$ 147,000	\$ 203,100
Bankers Trust Company	—	—	77,571	77,571
A. G. Becker & Company	14,230	27,460	62,176	103,866
Blyth Eastman Dillon & Co.	—	—	4,936	4,936
Briggs Schaedle & Company, Inc.	10,000	9,000	—	19,000
Carroll McEntee & McGinley, Inc.	9,970	6,500	60,538	77,008
Chemical Bank, New York	2,000	16,715	992,898	1,011,613
Continental Illinois National Bank	—	21,335	509,310	530,645
Crocker National Bank	—	1,750	23,000	24,750
Discount Corporation	31,700	25,960	148,627	206,287
First Boston Corporation	—	18,430	6,000	24,430
First National Bank, Chicago	—	11,400	248,145	259,545
First National Bank, Minneapolis	27,478	73,910	278,015	379,403
First National Bank, St. Paul	42,765	118,843	527,216	688,824
First National City Bank, New York	5,000	7,200	14,539	26,739
First Pennco Securities, Inc.	—	—	2,375	2,375
Goldman Sachs & Company	84,335	111,400	12,044	207,779
Harris Trust & Savings Bank (Chicago)	1,350	—	—	1,350
Aubrey G. Lanston & Company, Inc.	18,700	46,750	—	65,450
Lehman Government Securities, Inc.	57,110	51,870	2,263	111,243
Lombard-Wall, Inc.	—	—	2,000	2,000
Merrill Lynch, Pierce, Fenner & Smith	5,640	62,705	3,200	71,545
Morgan Guaranty Trust Co.	2,370	25,555	202,230	230,155
Northwestern National Bank, Minneapolis	10,830	23,090	1,269,755	1,303,675
John Nuveen & Company	39,500	26,550	23,600	89,650
Wm. E. Pollock & Co., Inc.	5,100	—	—	5,100
Salomon Brothers	77,615	111,210	73,199	262,024
United California Bank	2,950	26,060	612,256	641,266
TOTALS	\$479,593	\$848,843	\$5,302,893	\$6,631,329

SECTION 2

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES

July 1, 1974 — June 30, 1975
(in thousands)

Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Prior to Maturity Date	Total Volume
Associates Corp. of North America	\$ 228,427	\$ 9,255	\$ 603	\$ 238,285
Beneficial Corp.	3,785	—	—	3,785
A. G. Becker Co.	—	—	—	—
Borg Warner Acceptance Corp.	77,893	12,000	1,400	91,293
Goldman Sachs	—	—	—	—
Caterpillar Tractor Company	17,680	10,375	—	28,055
Lehman Commercial Paper, Inc.	—	—	—	—
CIT Financial Corp.	160,450	13,750	—	174,200
Commercial Credit Company	91,935	—	—	91,935
First Bank System	33,075	—	2,600	35,675
First Boston Corp.	—	—	—	—
Ford Motor Credit Co.	126,190	8,905	—	135,095
General Electric Credit Corp.	153,549	4,034	761	158,344
General Electric Co.	10,100	—	—	10,100
Salomon Brothers	—	—	—	—
General Motors Acceptance Corp.	74,601	7,575	—	82,176
Walter E. Heller & Co.	207,763	12,070	—	219,833
Honeywell Finance Inc.	162,975	7,375	—	170,350
White Weld & Co.	—	—	—	—
John Soward Associates, Inc.	—	—	—	—
Household Finance Corp.	12,175	7,428	—	19,603
International Harvester Co.	42,510	—	—	42,510
Goldman Sachs	—	—	—	—
International Harvester Credit Co.	97,683	9,925	—	107,608
Minnesota Mining & Manufacturing	43,496	—	—	43,496
Goldman Sachs	—	—	—	—
Montgomery Ward Credit Corp.	124,953	2,275	—	127,228
Northwest Bancorporation	23	—	—	23,602
J. C. Penney Financial Corp.	81,961	—	—	95,086
Sears Roebuck Acceptance Corp.	117,683	13,175	—	130,858

Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Prior to Maturity Date	Total Volume
Sohio Pipeline Inc.	18,870	—	—	18,870
A. G. Becker & Co.	—	—	—	—
Texaco, Inc.	83,230	—	—	83,230
Goldman Sachs	—	—	—	—
TOTALS	\$1,994,136	\$131,717	\$5,364	\$2,131,217

SECTION 3

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF MORTGAGE BACKED CERTIFICATES July 1, 1974 — June 30, 1975

Face Amount	Dealer or Issuer
\$7,055,959.00	First Boston Corporation
1,005,253.14	G. A. Thompson & Co.
3,011,908.68	Halsey, Stuart & Co., Inc.
9,051,344.10	Loeb, Rhoades & Co., Inc.
1,000,000.00	Merrill Lynch, Pierce, Fenner & Smith
2,000,000.00	Paine, Webber, Jackson & Curtis

SECTION 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

A. PURCHASES OF PRIVATE PLACEMENT FIXED-INCOME SECURITIES July 1, 1974 — June 30, 1975

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 75	First National Bank of St. Paul	3,000	Morgan Stanley & Co.
17,000	Lehman Brothers	100	Paine, Webber, Jackson & Curtis
17,600	Lehman Brothers/Salomon Brothers/Lazard Freres & Co.	20,000	Salomon Brothers/McLeod, Young & Weir

B. SALES OF PRIVATE PLACEMENT FIXED-INCOME SECURITIES July 1, 1974 — June 30, 1975

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$10,177	Allison-Williams Company	\$8,144	Salomon Brothers
1,200	Beckman Instruments	3,440	Stifel, Nicolaus & Co.
1,336	Hutton, E. F. & Co.	199	Wood, Gundy & Co., Inc.
6,671	Illinois Company (The)	5,100	Wood, Struthers & Winthrop, Inc.
938	Nuveen (John) & Co., Inc.	—	—

SECTION 5

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS

July 1, 1974 — June 30, 1975

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 25	Allison-Williams Company	\$ 700	Becker, A. G. & Co.
400	American Securities Corporation	100	Blair, (William) & Co.
200	Baird, Robert & Co., Inc.	200	Blyth Eastman Dillon & Co., Inc.
450	Bear, Stearns & Co.	50	Caldwell Phillips

SECTION 8

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PUBLIC ISSUE CORPORATE BOND SALES July 1, 1974 — June 30, 1975

Face Amount (000)	Dealer
\$ 512	First of Michigan
83	Hornblower & Weeks — Hemphill, Noyes
10	Kidder, Peabody & Co., Inc.
2,945	Salomon Brothers
1,250	Smith, Barney & Co.
800	Stuart Brothers
1,575	Weeden & Company
1,100	White Weld & Co.

SECTION 9

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT July 1, 1974 — June 30, 1975

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES			
Electric			
16000	Central & South West		5500 Morgan Olmsted
	15000 Nat'l. Meas.-Merrill Lynch		600 Nat'l. Meas.-Merrill Lynch
	1000 Paine Webber	21000	8000 Smith Barney
3000	Commonwealth Edison		19000 Dean Witter
	3000 Hardy & Co.		United Telecommunications
47400	Florida Power & Light		8000 Becker, A.G.
	1000 Robert Baird		1,000 Halsey Stuart
	7000 Becker, A. G.		12000 Loeb Rhoades
	5000 Merrill Lynch	FINANCIAL SERVICES	
	16500 Nat'l. Meas.-Merrill Lynch	Banks	
	15000 Paine Webber	1000	Bankers Trust
	2900 Dean Witter		500 W. H. Reaves
2000	Houston Lighting & Power		500 White Weld
	1000 Donaldson Lufkin	20500	Citicorp
	1000 Paine Webber		3500 Bregman & Co.
18800	Middle South Utilities		1000 Halsey Stuart
	18800 Merrill Lynch		5000 Holmes Clark-Shields Model
47600	Texas Utilities		3000 Nat'l. Meas.-Merrill Lynch
	10000 Bear Stearns		6000 Piper Jaffray
	10000 Halsey Stuart	44300	2000 Reynolds Securities
	4000 Holmes Clark-Shields Model		Continental Ill. Corp.
	4000 Morgan Olmsted		6000 Holmes Clark-Shields Model
	8000 Morgan Stanley		3400 J. H. Oliphant
	5000 Merrill Lynch		14900 Paine Webber
	5000 Nat'l. Meas.-Merrill Lynch	46200	20000 Salomon Brothers
	1600 Piper Jaffray		First Internat'l. Bancshares
Natural Gas			
50000	Panhandle Eastern Pipe Line		5000 Becker, A. G.
	8400 Dain Kalman		13900 Keefe Bruyette
	10000 Jesup & Lamont		9000 Merrill Lynch
	20000 Smith Barney		1100 Morgan Stanley
	11600 Sutro & Co.	26000	5000 Oppenheimer & Co.
Communications			
66500	American Tel. & Tel.		4000 Solomon Brothers
	3000 Bear Stearns		8200 Wood Struthers
	1000 DeHaven Townsend		Manufacturers Hanover
	1000 Hardy & Co.	6000	4000 Dain Kalman
	10000 E. F. Hutton		10000 DeHaven Townsend
	10000 Jesup & Lamont		1000 Keefe Bruyette
	5000 Kuhn Loeb		3000 Kuhn Loeb
	8000 Legg Mason		8000 Shearson Hayden
	10000 Nat'l. Meas.-Merrill Lynch	13300	Morgan (J.P.) & Co.
	5500 Pennsylvania Group		3000 Merrill Lynch
	1000 W. H. Reaves		1000 Kuhn Loeb
	2000 H. C. Wainwright		2000 Walker Laird
	10000 Wertheim & Co.		Northwest Bancorporation
122000	General Tel. & Elec.		6400 Dain Kalman
	28200 Bear Stearns		700 Goldman Sachs
	13100 Becker, A.G.		500 Keefe Bruyette
	12600 Merrill Lynch		700 Paine Webber
	35000 Mitchell Hutchins		5000 Wood Struthers
Finance			
		18500	Household Finance Corp.
			3500 Bregman & Co.
			10000 Nat'l. Meas.-Merrill Lynch

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, 1974 — June 30, 1975

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 750	American Securities	\$1,110	Morgan Stanley & Co.
25	Dain, Kalman & Quail, Inc.	250	Piper, Jaffray & Hopwood, Inc.
5,000	Drexel Burnham & Co., Inc.	70	Reynolds Securities
25	Edwards, A. G. & Sons	250	Salomon Brothers
500	Halsey, Stuart & Co., Inc.	50	Shearson Hayden Stone
50	Harris Upham & Company	100	Thomson & McKinnon
300	Illinois Company (The)	100	Weeden & Company
35	Kidder, Peabody & Co., Inc.	615	White Weld & Co.
2,250	Merrill Lynch, Pierce, Fenner & Smith	200	Wood, Gundy & Co., Inc.
120	Milwaukee & Company	380	Wood, Struthers & Winthrop, Inc.

SECTION 7

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS July 1, 1974 — June 30, 1975

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 220	American Securities	\$1,100	Paine, Webber, Jackson & Curtis
1,000	Becker, A. G. & Co.	120	Pressprich, R. W. & Co., Inc.
1,000	Dean Witter & Company, Inc.	10,964	Salomon Brothers
3,000	Goldman, Sachs & Co.	2,200	Smith, Barney & Co.
750	Kidder, Peabody & Co.	250	Stuart Brothers
2,135	Kuhn, Loeb & Co.	8,604	Weeden & Company
4,850	Merrill Lynch, Pierce, Fenner & Smith	2,665	White Weld & Co.
600	Morgan Stanley & Co.		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
41700	5000 Holmes Clark-Shields Model MGIC Investment Corp. 11700 Dain Kalman 10000 Merrill Lynch 10000 W. H. Reaves 10000 Wertheim & Co.	5700	1000 Robinson Humphrey 5000 Smith Barney 6000 H. C. Wainwright Procter & Gamble 1600 Becker A. G. 3000 Merrill Lynch 1100 Nat'l. Meas.-Merrill Lynch
Insurance			
69750	Aetna Life & Casualty 5000 Becker, A. G. 1100 Dain Kalman 5000 DeHaven Townsend 5000 Donaldson Lufkin 24600 First Boston 1050 E. F. Hutton 5000 Merrill Lynch 10000 Paine Webber 13000 Piper Jaffray	5000 13000 14000	Revlon, Inc. 5000 Kuhn Loeb McDonald's Corp. 2000 Hornblower Weeks 5000 Kuhn Loeb 6000 Merrill Lynch 14000 Tonka Corp. 14000 Paine Webber
Drugs			
49900	INA Corp. 5000 DeHaven Townsend 5000 Harris Upham 18600 Holmes Clark-Shields Model 1300 Keefe Bruyette 15000 Shearson Hayden 5000 Wm. Witter	40300 9500	American Home Products 7000 DeHaven Townsend 10000 Halsey Stuart 600 Loeb Rhoades 12700 Paine Webber 5000 H. C. Wainwright 5000 Wm. Witter Johnson & Johnson 2000 Robert Baird 2000 Wm. Blair 500 Cowen & Co. 2000 DeHaven Townsend 1000 Nat'l. Meas.-Merrill Lynch 2000 Sutro & Co.
45000	Jefferson-Pilot Corp. 1200 Goldman Sachs 5000 Merrill Lynch 38800 Paine Webber	25800	Medtronic, Inc. 750 Robert Baird 150 Wm. Blair 750 Caldwell Phillips 600 Cyrus Lawrence 7000 Dain Kalman 250 First Boston 300 E. F. Hutton 150 Faulkner Dawkins 250 Goldman Sachs 300 Halsey Stuart 2200 Kidder Peabody 250 Kuhn Loeb 250 Lehman Brothers 350 Loeb Rhoades 300 Paine Webber 900 Piper Jaffray 900 Reynolds Securities 150 Robinson Humphrey 250 Salomon Brothers 7000 Smith Barney 900 White Weld 1700 Dean Witter 150 Wm. Witter
119000	NLT Corp. 8000 Auerbach Pollak 21000 Becker, A. G. 13000 Drexel Burnham 10000 First Manhattan 12000 Holmes Clark-Shields Model 8000 Loeb Rhoades 25000 Merrill Lynch 20000 Smith Barney 2000 Sutro & Co.	25800	Merck & Co. 500 Dain Kalman 2500 Kidder Peabody 5000 Kuhn Loeb 2500 Morgan Stanley 15000 Paine Webber 7100 W. H. Reaves Pfizer, Inc. 10000 Auerbach Pollak 1200 Dain Kalman 4000 DeHaven Townsend 7100 First Manhattan 17000 Holmes Clark-Shields Model 2100 Hornblower Weeks 6100 Loeb Rhoades 5000 Merrill Lynch 5000 Mesirov & Co. 10000 Paine Webber 5000 Shearson Hayden 6000 Sutro & Co.
CONSUMER-ORIENTED			
Automobiles & Automotive Parts			
49100	General Motors Corp. 4200 Bear Stearns 5000 Caldwell Phillips 8900 Conning & Co. 5000 Kidder Peabody 15000 Mesirov & Co. 5000 Nat'l. Meas.-Merrill Lynch 4000 Paine Webber 2000 Piper Jaffray	32600	Merck & Co. 500 Dain Kalman 2500 Kidder Peabody 5000 Kuhn Loeb 2500 Morgan Stanley 15000 Paine Webber 7100 W. H. Reaves Pfizer, Inc. 10000 Auerbach Pollak 1200 Dain Kalman 4000 DeHaven Townsend 7100 First Manhattan 17000 Holmes Clark-Shields Model 2100 Hornblower Weeks 6100 Loeb Rhoades 5000 Merrill Lynch 5000 Mesirov & Co. 10000 Paine Webber 5000 Shearson Hayden 6000 Sutro & Co.
22200	Genuine Parts Co. 10000 Donaldson Lufkin 12200 Robinson Humphrey		Schering-Plough 700 Dain Kalman 2500 DeHaven Townsend 3000 W. H. Reaves Warner-Lambert Co. 5000 Becker, A. G. 15000 Brown Brothers 3000 DeHaven Townsend 20000 Holmes Clark-Shields Model 5000 Kidder Peabody 5200 Merrill Lynch 5100 Piper Jaffray 3000 Wertheim & Co.
Consumer-Durables			
57000	Sunbeam Corp. 3500 Nat'l. Meas.-Merrill Lynch 29400 Paine Webber 6100 White Weld 18000 Dean Witter	6200	28200 CPC International 5200 Brown Brothers
67100	Whirlpool Corp. 9000 Cowen & Co. 5000 First Boston 20000 E. F. Hutton 20000 Nat'l. Meas.-Merrill Lynch 10000 Smith Barney 3100 Wertheim & Co.	78500	
Consumer-Nondurables			
74200	Avon Products 3800 Holmes Clark-Shields Model 5000 Mesirov & Co. 1000 Morgan Olmsted 12300 Nat'l. Meas.-Merrill Lynch 34100 Shearson Hayden 18000 Shields Model	61300	
22000	Colgate-Palmolive 22000 Paine Webber		
4300	Eastman Kodak Co. 1500 DeHaven Townsend 800 Nat'l. Meas.-Merrill Lynch 2000 Paine Webber		
18400	Minnesota Mining & Mfg. 1000 Bregman & Co. 2000 Kuhn Loeb 500 Merrill Lynch 1000 Morgan Stanley 1000 Nat'l. Meas.-Merrill Lynch 400 Paine Webber 500 Piper Jaffray		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
5000	13000 Hornblower Weeks 5000 Pennsylvania Group 5000 Piper Jaffray Coca-Cola 2100 Holmes Clark-Shields Model 1900 Nat'l. Meas.-Merrill Lynch 1000 Paine Webber	21800	2000 Paine Webber 1000 Robinson Humphrey Digital Equipment 5000 Kuhn Loeb 2000 Lamson Brothers 6000 Merrill Lynch 2000 Mitchell Hutchins 5900 Paine Webber 400 Piper Jaffray 500 Walker Laird
10000	Consolidated Foods 10000 Kuhn Loeb	20701	International Bus. Mach. 500 Auerbach Pollak 1000 Robert Baird 2700 Becker, A. G. 1000 Bregman & Co. 400 Dain Kalman 500 Halsey Stuart 1000 Lamson Brothers 2000 Merrill Lynch 1500 Nat'l. Meas.-Merrill Lynch 4500 Paine Webber 2301 Piper Jaffray 700 W. H. Reaves 500 Shearson Hayden 300 Smith Barney 500 Sterling Grace 500 Sutro & Co. 800 H. C. Wainwright
60900	General Foods 5000 Auerbach Pollak 12000 Faulkner Dawkins 7300 Halsey Stuart 5000 Nat'l. Meas.-Merrill Lynch 3600 Pennsylvania Group 21200 Piper Jaffray 6800 Salomon Brothers	33900	Xerox Corp. 1000 Caldwell Phillips 2000 Donaldson Lufkin 2100 Drexel Burnham 1500 First Manhattan 1900 Merrill Lynch 4000 Nat'l. Meas.-Merrill Lynch 7400 Paine Webber 3300 Robinson Humphrey 2200 Salomon Brothers 7000 H. C. Wainwright 1500 Wood Struthers
5000	General Mills 1000 Merrill Lynch 4000 Nat'l. Meas.-Merrill Lynch		
25600	Kraftco 5000 Bregman & Co. 5000 First Boston 5000 First Manhattan 3000 Merrill Lynch 2600 Paine Webber 5000 H. C. Wainwright		
24000	Norton Simon 19000 DeHaven Townsend 5000 White Weld		
32600	PepsiCo 4100 First Manhattan 5000 Holmes Clark-Shields Model 7000 Merrill Lynch 4100 Nat'l. Meas.-Merrill Lynch 9400 Paine Webber 3000 Walker Laird		
16500	Pillsbury 11500 Paine Webber 3000 Piper Jaffray 2000 Underwood Neuhaus		
Printing-Publishing			
26500	R. R. Donnelley 4900 Bregman & Co. 6000 Goldman Sachs 3000 E. F. Hutton 11600 Kidder Peabody 1000 Loeb Rhoades	99000	Masonite Corp. 19000 Paine Webber 78000 Smith Barney 2000 Wm. Witter 154700 Owens-Corning Fiberglas 2100 Becker, A. G. 8000 Halsey Stuart 2000 Keefe Bruyette 2000 Nat'l. Meas.-Merrill Lynch 125100 Paine Webber 15500 Salomon Brothers
7500	Dun & Bradstreet 7500 Kidder Peabody		
Retail Sales			
10000	Dayton Hudson 10000 Dain Kalman		
22900	Federated Dept. Stores 7900 Cowen & Co. 10000 Jesup & Lamont 5000 Mitchell Hutchins	2000	Air Products & Chemicals 2000 DeHaven Townsend Dow Chemical 2500 Wm. Blair 3000 Holmes Clark-Shields Model
5000	Kresge (S.S.) Co. 5000 Merrill Lynch	5500	2500 Wm. Blair 3000 Holmes Clark-Shields Model du Pont (E.I.) de Nemours 500 Merrill Lynch 1000 H. C. Wainwright
30200	Penney (J.C.) Co. 10000 Hornblower Weeks 2000 Nat'l. Meas.-Merrill Lynch 8200 Shields Model 10000 H. C. Wainwright	1500	47000 Hercules, Inc. 35000 DeHaven Townsend 2000 Donaldson Lufkin 2500 Kuhn Loeb 2500 Lazard Freres 5000 Spencer Trask
58600	Sears, Roebuck & Co. 5000 Becker, A. G. 15000 Cowen & Co. 6000 Dain Kalman 1000 Kuhn Loeb 13500 Loeb Rhoades 2000 Model Roland 5200 Morgan Olmsted 200 Nat'l. Meas.-Merrill Lynch 5000 Reynolds Securities 5000 Shields Model 700 Wertheim & Co.	86300	Union Carbide 14900 Becker, A. G. 5000 Brown Brothers 42000 First Boston 5000 Holmes Clark-Shields Model 3000 Merrill Lynch 4000 Morgan Olmsted 400 Nat'l. Meas.-Merrill Lynch 5000 Paine Webber 5000 Spencer Trask 2000 Wm. Witter
TECHNOLOGY			
Electronics			
1000	Hewlett-Packard 1000 Nat'l. Meas.-Merrill Lynch	46800	Emerson Electric 5000 Wm. Blair 5000 Brown Brothers 1000 Bregman & Co. 1000 Dain Kalman 5000 Harris Upham 4000 Hornblower Weeks 1000 Keefe Bruyette 1000 Merrill Lynch
7000	Texas Instruments 1000 Kuhn Loeb 3000 Paine Webber 3000 Wertheim & Co.		
Office Equipment			
7000	Burroughs Corp. 1000 Bregman & Co. 3000 Nat'l. Meas.-Merrill Lynch		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Consumer-Nondurables			
		4800	Instinet
3200	Avon Products	4000	Jefferies & Co.
	3200 Jefferies & Co.	1000	Weeden & Co.
14000	Colgate-Palmolive	BASIC INDUSTRY	
	14000 Jefferies & Co.	Building & Forest Products	
100	Minnesota Mining & Mfg.	8400	Owens-Corning Fiberglas
	100 Weeden & Co.	2400	Instinet
15300	Procter & Gamble	5000	Jefferies & Co.
	11300 Instinet	1000	Weeden & Co.
	4000 Weeden & Co.	Chemicals	
2000	Revlon, Inc.	3000	Air Products & Chemicals
	2000 Instinet	3000	Instinet
Consumer-Miscellaneous			
10000	McDonald's Corp.	23000	Union Carbide
	7500 Instinet	11000	Instinet
	2500 Weeden & Co.	2000	Jefferies & Co.
		10000	Weeden & Co.
Drugs			
11300	American Home Products	Electrical Equipment	
	3500 Instinet	1000	Emerson Electric
	7800 Weeden & Co.	1000	Instinet
2000	Johnson & Johnson	3000	General Electric
	2000 Instinet	2000	American Securities
82000	Medtronic, Inc.	1000	Instinet
	26000 Dain Kalman	Machinery	
	4000 Jefferies & Co.	31000	Caterpillar Tractor Co.
	7000 Merrill Lynch	10000	Robert Brandt
	1000 Oppenheimer & Co.	4000	Instinet
35000	Smith Barney	2000	Jefferies & Co.
	8000 White Weld	15000	Weeden & Co.
	1000 Wm. Witter	15500	Combustion Engineering
500	Merck & Co.	5000	Jefferies & Co.
	500 Instinet	10500	Weeden & Co.
3300	Pfizer, Inc.	3000	Toro Co.
	500 Instinet	3000	Merrill Lynch
	2800 Jefferies & Co.	40700	Trans Union
7000	Warner-Lambert Co.	40700	Jefferies & Co.
	7000 Instinet	Metals	
Food-Beverage			
10800	CPC International	12500	Aluminum Co. of America
	4800 Instinet	2500	Instinet
	5000 Jefferies & Co.	10000	Weeden & Co.
	1000 Weeden & Co.	1900	Hanna Mining Co.
15500	Coca-Cola	1900	Jefferies & Co.
	15500 Weeden & Co.	39000	Pittston Co.
25000	Consolidated Foods	9000	Instinet
	25000 Instinet	24000	Jefferies & Co.
11400	General Foods	6000	J. S. Strauss
	11400 Weeden & Co.	Paper	
5000	General Mills	10800	International Paper Co.
	5000 Jefferies & Co.	10800	Instinet
12000	Kraftco	Miscellaneous	
	2000 Instinet	42000	Corning Glass Works
	5000 Jefferies & Co.	11200	Instinet
	5000 Weeden & Co.	30800	Weeden & Co.
2000	PepsiCo	ENERGY	
	2000 Instinet	Oil-Domestic	
Printing-Publishing			
4000	R. R. Donnelley	7500	Atlantic Richfield Co.
	4000 Instinet	2500	Instinet
		5000	Weeden & Co.
Retail Sales			
23000	American Greetings	5900	Continental Oil
	13000 Goldman Sachs	2000	Phillips Petroleum
	10000 Smith Barney	2000	Instinet
48900	Federated Dept. Stores	10000	Standard Oil (Indiana)
	30000 Jefferies & Co.	10000	Instinet
	18900 Weeden & Co.	5000	Standard Oil (Ohio)
12800	Penney (J.C.) Co.	5000	Weeden & Co.
	2000 Instinet	Oil-International	
	10800 Weeden & Co.	5775	Exxon Corp.
5000	Sears, Roebuck & Co.	3700	Jefferies & Co.
	5000 Jefferies & Co.	2075	Weeden & Co.
TECHNOLOGY			
Office Equipment			
6000	Digital Equipment	Energy-Related	
	6000 Instinet	500	Baker Oil Tools
4125	International Bus. Mach.	500	Jefferies & Co.
	200 Instinet		
	1800 Jefferies & Co.		
	2125 Weeden & Co.		
9800	Xerox Corp.		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
2300	Dresser Industries	TRANSPORTATION	
	2300 Jefferies & Co.	Airlines	
2000	Halliburton Co.	2000	Northwest Airlines, Inc.
	2000 Weeden & Co.	2000	Instinet
14000	Williams Companies	Railroads	
	10000 Jefferies & Co.	5000	Burlington Northern, Inc.
	4000 Kall & Co.	5000	Weeden & Co.
		1600	Union Pacific Corp.
			1600 Instinet
SECTION 11			
STATE OF MINNESOTA			
STATE BOARD OF INVESTMENT			
COMMON STOCK SALES			
July 1, 1974 — June 30, 1975			
Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
29438	Air Products & Chemicals	4000	MGIC Investment Corp.
	6138 Jefferies & Co.	4000	Piper Jaffray
	23300 Paine Webber	4000	Manufacturers Hanover
28800	American Home Products	4000	American Securities
	15000 Oppenheimer & Co.	8700	McDonald's Corp.
	5000 J. S. Strauss	1000	Jefferies & Co.
	8800 Weeden & Co.	7700	Kall & Co.
5800	Atlantic Richfield	8500	Merck & Co.
	1500 Instinet	5000	American Securities
	4300 Jefferies & Co.	3500	Instinet
14350	Avis, Inc.	8663	Monsanto Co.
	14350 Wertheim & Co.	8663	Jefferies & Co.
2300	Avon Products	13040	Morgan (J.P.) & Co.
	2300 Jefferies & Co.	7400	American Securities
7000	Bankers Trust	2600	Instinet
	7000 Oppenheimer & Co.	3040	Weeden & Co.
8000	Burlington Northern, Inc.	32200	National City Corp.
	8000 Smith Barney	32200	Jefferies & Co.
22000	Burroughs Corp.	70600	Northern Illinois Gas
	7400 First Manhattan	70600	Oppenheimer & Co.
	3500 Instinet	10500	PepsiCo
	6100 Jefferies & Co.	4000	American Securities
	5000 William Witter	4300	Jefferies & Co.
99872	CNA Financial Corp.	2200	Weeden & Co.
	20000 Paine Webber	22060	Pittston Co.
	79872 Salomon Brothers	4060	Robert Brandt
31900	Caterpillar Tractor Co.	5000	Smith Barney
	1500 Instinet	3000	Weeden & Co.
	22400 Jefferies & Co.	10000	White Weld
	8000 Weeden & Co.	47112	Polaroid Corp.
24025	Chrysler Corp.	10253	American Securities
	13000 Instinet	7499	Jefferies & Co.
	11025 Weeden & Co.	22080	Merrill Lynch
5100	Citicorp	5600	Smith Barney
	5100 Instinet	1680	Weeden & Co.
93220	Citizens & Southern Nat'l.	2500	Procter & Gamble
	80000 Robinson Humphrey	2500	American Securities
	13220 Salomon Brothers	3200	St. Paul Companies
	Delta Air Lines, Inc.	3200	Smith Barney
	13000 Jefferies & Co.	120800	Standard Oil (Indiana)
1000	Digital Equipment	10000	First Boston
	1000 Jefferies & Co.	17000	Goldman Sachs
3721	Disney (Walt) Productions	3400	Instinet
	3721 Kall & Co.	26300	Jefferies & Co.
70220	Dow Chemical	14100	Merrill Lynch
	2000 Instinet	20000	Smith Barney
	18720 Jefferies & Co.	10000	J. S. Strauss
	21100 J. S. Strauss	20000	Weeden & Co.
5000	18400 H. C. Wainwright	4800	Texaco, Inc.
	10000 Weeden & Co.	4800	Weeden & Co.
	Federated Dept. Stores	45500	Texas Instruments
	5000 Weeden & Co.	15000	Oppenheimer & Co.
26000	General Mills	30500	Robert Brandt & Co.
	2000 Jefferies & Co.		Union Carbide
	18000 Kidder Peabody	1000	Instinet
	6000 Weeden & Co.	5000	Weeden & Co.
7000	Holiday Inns	11500	Union Pacific Corp.
	7000 Oppenheimer & Co.	11500	Weeden & Co.
10000	Houston Lighting & Power	129100	Universal Oil Products
	10000 Weeden & Co.	58095	Bear Stearns
22500	International Paper Co.	71095	Signal Companies (Tender)
	6000 E. F. Hutton		Weyerhaeuser Co.
	6500 Jefferies & Co.	10000	First Boston
	10000 Weeden & Co.	10650	Instinet
9000	Kresge (S.S.) Company	10000	Paine Webber
	9000 Instinet	40000	Weeden & Co.