



1976 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, 1976

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EXECUTIVE SECRETARY

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT**

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

August 20, 1976

Members of the Legislature of the State of Minnesota:

The Investment Staff of the State of Minnesota is most appreciative of the policies and procedures approved by the State Board of Investment and Advisory Committee on State Trust Funds during the past few years. The results, as detailed in this report, have been very satisfactory by any standard – particularly those which may be considered appropriate for public funds.

Short-term money-market investments, retirement accounts, trust funds and other investment portfolios are often considered to be staid and unimaginative when handled by committees representing the general public. Yet, the Investment Staff has been most impressed and enthusiastic about the encouragement, support and ideas put forth by the Advisory Committee and Board members. The success of the portfolio in calendar 1975 and early 1976 has been due to the support received in implementing an aggressive purchase program in late 1974 and 1975 – at the time many investment experts were all too apprehensive regarding the future of the nation and its economy.

The period covered by this report includes the fiscal year from July 1, 1975 through June 30, 1976. Previous reports are available since the year 1960.

Although there were no significant changes in Minnesota's investment laws during the 1975 and 1976 legislative sessions, various inter-department procedural changes and the use of new types of securities have resulted in an improved investment program – one which, in our opinion, is more pertinent to the needs of the constituents.

One feature of Minnesota statutes which is sometimes misunderstood by legislators and retirement fund beneficiaries is that "market valuations" which determine retirement fund benefits and values in the Variable Annuity Fund and the Minnesota Adjustable Fixed Benefit Fund are based on bi-monthly security prices averaged over a two-year period. Therefore, the results of these two funds for fiscal 1976 will still be dependent, to some degree, on the low prices prevailing on both stocks and bonds in late calendar 1974. Actually, the State accounts were much benefited by this decline in securities values. We were able to increase our holdings significantly at substantially lower prices. Yet, because these prices are still included in the statistical base from which fiscal 1976 year-end results are computed, the investment progress of these two funds appears comparatively minimal for this past fiscal year. It must be emphasized, however, that the computations and ratios already effective for this fiscal year – that ending on June 30, 1977 – indicate substantial future gains for both the Variable Annuity Fund and the Minnesota Adjustable Fixed Benefit Fund.

The Investment Staff is particularly appreciative of the work of the Advisory Committee on State Trust Funds. This group was formed in 1961, at the time the statutes first authorized equity investments in Minnesota's retirement funds. Most of the members originally appointed still serve on the Committee. Their investment expertise, based on their responsibilities and work as leaders of Minnesota's investment community is enhanced by this long period of service and their knowledge of retirement legislation and investment problems during the past 15 years. It is to be noted that, despite the unquestioned expertise of these members, their service is offered without compensation. Every 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, 1976, are as follows:

Invested Treasurer's Cash Fund, \$580.9 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, \$216.9 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, \$167.4 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 consists 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. During the past two fiscal years, these funds have been increased through the investment of bond proceeds from securities issued by the Minnesota Housing Finance Agency. This investment total varies according to the needs of the agency in providing funds to Minnesota's home buyers.

Minnesota Adjustable Fixed Benefit Fund, \$648.8 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. The Legislature provided for an additional 25% increase which was paid in two installments - in July 1973 and January 1974. This adjustment was made at the time that the statutes applicable to the retirement systems of Minnesota were modified to provide benefits based on salaries paid during the "five-high years" of employment. Because of this complete statutory revision, the reserves accumulated during the early 1970's were used to provide very substantial increases for those previously retired. Despite the lower stock and bond markets experienced in 1973-1975, recent portfolio results indicate additional pension increases beginning in calendar 1978 or 1979.

Basic Retirement Funds, \$1,035.7 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, \$62.6 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 fire fighter 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, \$33.9 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, \$267.6 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 pooled fund reached new highs in size and activity during the past three fiscal years. It represents most tax receipts and other State revenues. In 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 1976 fiscal year-end total investment of \$580.9 million is the second highest in Minnesota's history, it was exceeded only by the \$607.8 million invested at 1975 fiscal year-end.

The Investment Department personnel have been helped by the cooperation and interest of the State Treasurer's office in providing current information — several times per day — regarding the investment needs and possibilities in this fund. The Finance Department, over the past few years, has also led in determining new investment potentials in order to maximize interest earnings for Minnesota State funds.

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 in 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. These earnings declined to \$35.0 million for fiscal 1976 because of somewhat lesser fund totals throughout the year and lower short-term interest rates in effect.

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 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 invested fluctuates throughout each fiscal year, they totaled from \$151.0 million to \$208.5 million during fiscal 1974, from \$134.0 million to \$168.0 million during fiscal 1975, and from \$153.1 million to \$216.9 million during fiscal 1976. These accounts show temporary increases after the sale of state highway bonds, until the proceeds are used for construction purposes. The increase in investable moneys during the past fiscal year was due to an increase in the gasoline tax from 7¢ to 9¢ on July 1, 1975, and a revised program of automobile license tax collections so that payments are made at dates throughout the year. Due to these changes in income potential, the Highway Department and the State Board of Investment are reviewing the needs of these funds so as to maximize the income potential from the investment securities.

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. Earnings were reduced to \$12.5 million in fiscal 1975 and to \$11.0 million in fiscal 1976.

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, 1976. 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 Money Market Securities Division of the Investment Department supervised short-term securities totaling over \$1.1 billion on June 30, 1976. In addition to those listed on Schedule I, there were substantial short-term investments held by the retirement funds and the Permanent School Fund.

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. In early calendar 1976, the Legislature appropriated a portion of the high earnings accrued from the investments in the Invested Treasurer's Cash Fund as a supplement to those retirees who were receiving benefits computed on the basis of legislation in effect prior to the "five-high years" statute. This supplement to pensions in Minnesota - to be granted to members of various municipal and teachers' funds as well as those managed by the State Board of Investment - will tend to aid those retirees not benefiting from recent legislative programs.

Benefits accruing from the market action and net yield have not increased during the past two years for several reasons - including the "two year averaging" on rate of return which still includes the lower valuations prevalent in 1974 and 1975. Other factors include a change in the actuarial assumption applicable in the fund of from 3% to 5%, an allocation of certain moneys to pre-1973 retirees and slight adjustments in some cases in order to pay the full increase in benefits legislated during 1973 and 1974.

Common stocks may comprise up to 50% of this portfolio, with convertible debentures limited to an additional 10%. On June 30, 1976, the percentage committed to common stock investments, on a net original cost basis, amounted to 45.26% of the portfolio, declining from 48.92% on December 1975. During the past six months, there have been substantial portfolio revisions due to the recent increases in stock prices with the accompanying opportunity to balance the sales of less successful stocks with those which had shown substantial gains in price during the past 18 months. This portfolio revision, combined with a consolidation of bond holdings and elimination of securities held in smaller quantities, will continue during the months ahead.

This fund increased in value by \$100.6 million during the fiscal year. This sizeable increase is due to the fact that the pensions being paid to present retirees have been raised substantially through recent legislation. The higher value was due to \$94.3 million in net contributions and income. An additional upward adjustment of \$6.3 million was due to higher market valuations.

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 46% of each fund 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. Common stock commitments totaled nearly 50% of these accounts on a cost basis on December 31, 1975. Since that date, profits have been taken through the sale of many equities, as the Dow Jones Industrial Average approximated the 1000 level. The Department's research personnel and portfolio managers also have suggested a revision in the composition of the equity portfolios so as to include higher holdings of those stocks showing particular promise — with assured earnings and dividends in the years ahead.

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 was 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 on a long-term basis.

By early calendar 1975, because of rising stock prices, it was evident that there would be no further downward adjustment in the statutory valuation of equities for an extended period. Schedule III indicates the net yield accruing to the three largest basic retirement funds during the period from 1957 through 1976. During these 19 years, the yield has increased from less than 3% to nearly 6%. Footnote 14, following Schedule III, explains the effect of the statute tying equity valuations to the stock market.

Schedule IV lists the securities held in the three largest basic retirement funds on June 30, 1976. 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 cost and a somewhat different overall composition of these three accounts. Because of the recent sales of equities, the net original cost of stocks in the three major accounts increased from \$392.3 million on June 30, 1975, to \$422.6 million on June 30, 1976. The market valuation of these equities showed a greater increase, from \$397.2 million to \$460.9 million.

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, 1976 and Schedule VII lists the equity portfolio. This account showed a sizeable increase in value — from \$45.3 million to \$56.3 million during the past fiscal year. Although nearly \$2 million of this change was due to higher stock market valuations, most of the increase was derived from the significantly higher contributions.

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, 1976 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 0.4% by June 30, 1976. 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 in 1974; no permanent investments were purchased until the 1975 fiscal year. Because of statutory limitations, the percentage of funds invested in equities may be increased by only 5% of total investments each year. During the 1976 fiscal period, the fund was subject to a 10% equity limitation. Schedule VIII lists the investments as of June 30, 1976.

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 (July)
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.)
1975	7.12 (Dec.)	6.26 (Jan.)	5.17 (June)	3.95 (Jan.)
Jan. – June '76	8.00 (June)	6.94 (Jan.)	5.52 (June)	5.28 (May)

Schedule IX lists the assets in the income share account on June 30, 1976. Because of the increase in both equity and bond valuations during the past 18 months, this account has shown particularly favorable market results. The comparative "safety" of this portfolio, due to the type of stock used and the diversification between fixed-income and equity securities, has resulted in its use by most retirement organizations eligible to participate in the Supplemental Retirement Fund. It is anticipated that the results, over a period of years, will never be spectacular, but will tend to be satisfactory from the standpoints of safety, yield and long-term growth.

Schedule X consists of a listing of the securities in the growth share account on June 30, 1976. 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 1975 and 1976 resulted in sizeable increases in market valuations of the growth share account. It is apparent, however, that those stocks which led the market increases during the 1971-73 period may not provide such leadership in future market recoveries. We are now revising the investment policies applicable to this fund to achieve a greater degree of diversification by industry and to include equities representing broad segments of our economy.

The assets in the fixed return account, established on July 1, 1974, are listed in Schedule XI. Unit valuations do not change; they are arbitrarily set at \$5.00 per unit. The return from this fund is based entirely upon the rate of interest received from the bonds purchased in the account.

Under the provisions of the applicable statutes, the Investment Department establishes an "indicated rate" of return for the coming fiscal year on 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. The participants – then consisting only of individual retirement funds – received 9.10% on all contributions made during the 1975 fiscal year. During fiscal 1976, the plan was broadened in scope to include individuals who wish to participate in a fixed-return investment under various retirement or deferred income plans. In early July 1976, the return for individual participants was set at 8.9% for those contributions received during the 1976 fiscal year. This rate will be subject to change annually.

The contributions received from the various retirement organizations will provide earnings of 8.8% during the past fiscal year, with an indication that the rate set on these contributions will continue for another nine years, or

through June 30, 1985. The slightly lower rate attributed to the institutional participants is due to the fact that a portion of the income will be set aside in the form of reserves to provide for any possible future diminution of income. Most bonds purchased during the year may not be refunded at a lower interest rate for a ten-year period.

Because of the uncertainties in the economy, an assumed rate for the 1977 fiscal year has been established at 7.50%. Participants will be paid a higher rate of return if the securities purchased during the coming year warrant such payments.

There is a substantial amount of interest in the fixed-return account because of the investment uncertainties made evident by the 1973-74 decline in both the stock and bond markets. The idea of a definite interest earnings — with no dependence upon stock or bond market fluctuations — apparently has great appeal to many fund participants. Because of the response to this new account, the assets increased from \$1.0 to \$4.2 million during the 1976 fiscal year. The significant influx of incoming contributions to this account has resulted in considerable reserves being held in short-term investments. These moneys will be placed in securities of longer maturity for which commitments are being made. It is the intent of the Investment Department that approximately 30 to 40 issues of fixed-income securities be selected within a comparatively short time so that the fund may be assured of adequate industry diversification. It is emphasized that the bonds purchased are concentrated in the AAA and AA quality levels. This will add to the safety applicable to the fund contributions and should minimize the chance of losses.

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, and a decline of 0.0101% for the fiscal year ended June 30, 1976. The laws applicable to valuations and computation of net return dictate that a two-year period be used in calculating increases or decreases to the fund. As has previously been indicated in this report, the stock and bond market "lows" of 1974 will be used in these calculations until mid-1977. Therefore, the Minnesota Variable Annuity Fund will not show a positive net return until the end of the 1977 fiscal year. Market-value-to-cost ratios already applicable to the June, 1977 computations indicate a significant positive net return for the next fiscal year.

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, 1976, 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. During fiscal 1976, additional types of United States Government guaranteed securities were used; they have added both quality and yield to the fund. Arrangements between the State Board of Investment and the Minnesota Banker's Association have resulted in a program through which the Permanent School Fund has purchased those portions of Small Business Administration loans which are guaranteed by the United States Government. These loans are arranged through various banks in Minnesota and are "pooled" through the facilities of the Summit National Bank of Richfield. This program, initiated through the cooperation of

the Governor, the State Treasurer and the Minnesota Banker's Association, appears to offer a unique opportunity to achieve a comparatively high yield and an adequate cash flow to this permanent trust fund. It also marks a unique opportunity for following prudent investment principles in achieving an appropriate yield, while aiding the development of businesses in Minnesota.

Within the past few months, we have negotiated for other United States Government guaranteed securities based on hospital mortgages throughout the United States. These securities also offer a comparatively high yield, a continued repayment of principal and the highest possible quality.

Because of the comparative attractiveness of United States Government backed securities, the corporate bond portfolio has been reduced to 29.8% of the book value of the Permanent School Fund; it is anticipated that the holdings of high quality debt securities will be increased as more appropriate yield spreads become prevalent. United States Government and government guaranteed obligations constitute 47.7% of the book value of this account; common stock investments are maintained very near to the 20% 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 5.54% during the 1976 fiscal year. A very marked increase in return during the past five years was possible because of the use of United States Government guaranteed obligations. A portion of the income will be transferred on an annual basis to the principal of the account to replenish the book losses taken through the sale of long-term United States Treasury and corporate fixed-income obligations during the past 15 years.

Schedule XIV lists the securities in the Permanent School Fund on June 30, 1976.

* * * * *

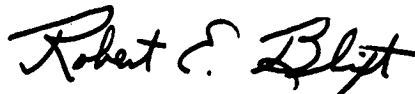
A review of policies concerning the placement of business, together with a summary of transactions completed during the fiscal year from July 1, 1975, through June 30, 1976, follows the schedules described above.

* * * * *

The investment results achieved in fiscal 1975 and 1976 have been particularly pleasing to the Departmental staff. The cooperation and advice received from the members of the State Board of Investment and the Advisory Committee on State Trust Funds played a most important part in achieving these results. It is now evident that the funds benefited considerably through the significant purchase program completed during late 1974 and 1975. Likewise, the income from the Invested Treasurer's Cash Fund has been increased both through the accumulated surplus during the period of high interest rates and the degree of attention accorded this account by the various State finance offices.

The Investment Department is also appreciative of the cooperation by the staff of the Legislative Commission on Pensions and Retirement and by the interest shown in the State funds by the securities dealers, brokers and research personnel throughout the securities industry. Although the many Minnesota investment accounts must be managed under widely different investment policies and procedures — in order to achieve individual objectives — it is hoped that all of these funds can be invested so as to be of lasting benefit to the beneficiaries and to all citizens of Minnesota.

Respectfully submitted,



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

REB:be

SCHEDULE I

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SHORT-TERM CORPORATE NOTES AND U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS June 30, 1976

	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	\$ 65,173,000	\$13,000,000	\$13,995,000	\$ 7,110,000	\$ 4,713,000
Maturity 30-270 days	102,727,000	18,705,000	9,041,000	8,512,000	1,350,000
Total Short-Term Corporate Notes	\$167,900,000	\$31,705,000	\$23,036,000	\$15,622,000	\$ 6,063,000
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	-	-	\$ 270,000	-	\$ 215,000
Maturity 30-90 days	\$ 6,000,000	-	-	\$ 30,000	21,275,000
Maturity 3-6 months	4,000,000	-	-	-	6,565,000
Maturity 6-12 months	-	-	-	-	370,000
Total Bills	\$ 10,000,000	-	\$ 270,000	\$ 30,000	\$ 28,425,000
Repurchase Agreements					
Maturity less than 30 days	\$ 83,250,000	\$16,300,000	\$ 5,538,000	\$ 818,000	\$ 16,767,000
Maturity 31-45 days	12,000,000	-	-	-	-
Total Repurchase Agreements	\$ 95,250,000	\$16,300,000	\$ 5,538,000	\$ 818,000	\$ 16,767,000
Government Agency Securities					
Maturity less than 30 days	\$ 56,450,000	\$ 5,000,000	\$ 9,400,000	\$ 5,720,000	\$ 36,420,000
Maturity 30-90 days	47,900,000	16,500,000	4,700,000	4,500,000	26,170,000
Maturity 91-180 days	70,710,000	6,000,000	12,014,000	8,000,000	37,270,000
Maturity 6 months-1 year	42,400,000	-	2,000,000	500,000	6,000,000
Maturity over 1 year	37,250,000	4,000,000	3,000,000	2,950,000	120,000
Total Government Agency Securities	\$254,710,000	\$31,500,000	\$31,114,000	\$21,670,000	\$105,980,000
Government National Mortgage Association, Guaranteed Mortgage Backed Securities					
6.50% IDS Mortgage Corp. due 9-15-88 = 1168	-	\$ 625,000	-	-	-
6.50% IDS Mortgage Corp. due 10-15-88 = 1169	-	625,000	-	-	-
6.50% IDS Mortgage Corp. due 10-15-88 = 1378	-	350,000	-	-	-
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 = 1180	-	225,000	-	-	-
6.50% Weyerhaeuser Mortgage Co. due 10-15-88 = 1181	-	500,000	-	-	-
6.50% IDS Mortgage Corp. due 5-15-90 = 2290	-	1,375,000	-	-	-
6.50% IDS Mortgage Corp. due 6-15-90 = 2291	-	1,650,000	-	-	-
6.50% IDS Mortgage Corp. due 7-15-90 = 2424	-	-	\$ 1,625,000	-	-
Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities	-	\$ 5,350,000	\$ 1,625,000	-	-
U.S. Government-Guaranteed Obligations					
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	-	4,988,812	999,309	1,498,712	-
6.45% SEDCO Maritime, Inc. due 12-31-77	-	1,500,000	500,000	500,000	-
Total U.S. Government-Guaranteed Obligations	-	\$12,988,812	\$ 2,999,309	\$ 3,498,712	-
U.S. Treasury Notes and Bonds					
7.50% Notes due 8-15-76	-	-	-	-	\$ 6,000
8.25% Notes due 9-30-76	-	-	-	-	4,000,000
Total Maturities less than 1 year	-	-	-	-	\$ 4,006,000
7.50% Notes due 7-31-77	\$ 10,000,000	-	-	-	-
8.25% Notes due 8-31-77	5,000,000	-	-	-	-
8.375% Notes due 9-30-77	5,000,000	-	\$ 3,000,000	\$ 1,200,000	-
7.25% Notes due 12-31-77	7,000,000	-	1,630,000	1,000,000	\$ 5,045,000
6.375% Notes due 1-31-78	5,000,000	-	-	-	-
6.25% Notes due 2-15-78	-	-	-	-	123,000
7.125% Notes due 5-15-78	-	-	-	-	60,000
7.875% Notes due 5-15-78	15,000,000	-	-	-	40,000
7.125% Notes due 5-31-78	6,000,000	-	-	-	-
6.00% Notes due 11-15-78	-	\$ 2,000,000	3,000,000	1,000,000	65,000
Total Maturities 1-3 years	\$ 53,000,000	\$ 2,000,000	\$ 7,630,000	\$ 3,200,000	\$ 5,333,000

	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
6.25% Notes due 8-15-79	-	-	-	-	\$ 196,000
7.00% Notes due 11-15-79	-	-	-	-	13,000
4.00% Bonds due 2-15-80	-	-	-	-	28,500
6.875% Notes due 5-15-80	-	-	-	-	2,000
9.00% Notes due 8-15-80	-	-	-	-	49,000
3.50% Bonds due 11-15-80	-	-	-	-	5,000
Total Maturities 3-5 years	-	-	-	-	\$ 293,500
7.75% Notes due 11-15-81	-	-	-	-	\$ 7,000
6.375% Bonds due 2-15-82	-	-	-	-	3,000
7.875% Notes due 11-15-82	-	-	-	-	34,000
8.00% Notes due 2-15-83	-	-	-	-	2,000
3.25% Bonds due 6-15-78/83	-	-	-	-	50,500
6.375% Bonds due 8-15-84	-	-	-	-	74,000
4.25% Bonds due 5-15-85	-	-	-	-	19,000
7.875% Notes due 5-15-77/86	-	-	-	-	244,000
Total Maturities 5-10 years	-	-	-	-	\$ 433,500
3.50% Bonds due 11-15-98	-	-	-	-	\$ 50,000
Total Maturities more than 10 years	-	-	-	-	\$ 50,000
Total U.S. Treasury Notes and Bonds	\$ 53,000,000	\$ 2,000,000	\$ 7,630,000	\$ 3,200,000	\$ 10,116,000
Total U.S. Treasury, Government Agency, and Government- Guaranteed Securities					
	\$412,960,000	\$68,138,812	\$49,176,309	\$29,216,712	\$161,288,000
Total Short-Term Corporate Notes and U.S. Government Obligations Held By Various Funds					
	\$580,860,000	\$99,843,812	\$72,212,309	\$44,838,712	\$167,351,000

Note: "The above mentioned short-term corporate notes and U.S. Government obligations total \$965,105,833.00. If the short-term corporate notes and U.S. Treasury and agency security investments owned by the retirement funds and Permanent School Fund are included, a total of \$1,103,743,833.00 face value of investment securities were managed by the Money Market Securities Division of the Investment Department on June 30, 1976."

SCHEDULE II

MINNESOTA ADJUSTABLE FIXED BENEFIT FUND

June 30, 1976

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (764,618.40)
MONEY MARKET SECURITIES	
Bills	
Maturities up to 57 days	\$ 15,585,000.00
Repurchase Agreements	
Maturities up to 23 days	\$ 24,643,000.00
Short-Term Corporate Notes	
Maturities up to 47 days	\$ 11,743,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 36,648,167.97
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 3,000,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 22,610,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$220,382,358.70
CONVERTIBLE DEBENTURES (See Listing Below)	\$ 12,915,050.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 6,299,533.88
COMMON STOCKS (See Listing Below)	\$295,785,798.42
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$648,847,280.57

* A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1976.

** 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 common stocks are listed at market value.

SCHEDULE II continued

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

June 30, 1976

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	\$ 998,544.19
Banco Mortgage Co.	Mtg. Backed Cert.	5-15-2006	8.25	8.49	3,997,230.26
Barnes, James T.	Mtg. Backed Cert.	5-15-2004	8.00	9.68	903,647.12
California Federal Mtg.	Mtg. Backed Cert.	4-15-2006	8.25	8.49	1,999,170.49
Citizens Mortgage	Mtg. Backed Cert.	3-15-2006	8.25	8.50	1,998,725.64
Colonial Mtg. Alabama	Mtg. Backed Cert.	9-15-2004	9.00	10.14	966,462.96
First Mortgage Corp.	Mtg. Backed Cert.	11-15-2004	9.00	10.15	965,573.30
Fort Wayne Mortgage	Mtg. Backed Cert.	4-15-2004	8.00	9.68	1,834,115.39
Glenn Justice	Mtg. Backed Cert.	10-15-2004	9.00	10.14	875,183.87
Guild Mortgage Co.	Mtg. Backed Cert.	10-15-2004	9.00	9.80	2,887,196.98
IDS Mortgage Corp.	Mtg. Backed Cert.	8-15-2003	6.50	8.52	4,596,389.82
Kissell Company	Mtg. Backed Cert.	6-15-2003	6.50	8.70	2,596,657.68
Kissell Company	Mtg. Backed Cert.	10-15-2004	9.00	9.70	2,761,628.40
Mortgage & Trust, Inc.	Mtg. Backed Cert.	6-15-2003	6.50	8.70	1,666,641.87
TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, GUARANTEED MORTGAGE-BACKED SECURITIES			8.09%		\$ 29,047,167.97
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 3/8	5.39	1,624,000.00
United States Lines	Govt. Guar. Bond	10-1-87	5.00	5.00	1,809,000.00
TOTAL MERCHANT MARINE BONDS			5.07%		\$ 7,601,000.00
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS			8.26%		\$ 36,648,167.97
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
Federal National Mtg. Assn.	Debenture	10-11-82	8.60	8.60	\$ 3,000,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS					
Alberta Govt. Telephone Comm.	Debenture	6-15-94	8.00	8.17	\$ 3,000,000.00
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	4,940,000.00
Manitoba Hydro Electric Board	Bond	10-1-85	9.50	9.50	5,000,000.00
Manitoba, Province of	Debenture	4-1-94	7 7/8	7.90	1,020,000.00
Nova Scotia Power Commission	S/F Debenture	3-15-97	7 3/4	7.80	3,500,000.00
Ontario Hydro	Note	3-15-96	9.50	9.50	5,150,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			8.58%		\$ 22,610,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Central Power & Light	First Mortgage	6-1-2004	9.375	9.81	\$ 5,000,000.00
Citizens Utilities	First Mortgage & Coll. Trust	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
Jorsey Central Power & Light	Debenture	10-1-88	4 5/8	4.56	1,584,000.00
Long Island Lighting	First Mortgage	4-1-93	4.40	4.40	1,000,000.00
Minnesota Power & Light Co.	First Mortgage	8-1-2005	10.50	10.50	5,000,000.00
Montana-Dakota Utilities	S/F Bond	7-1-84	4 5/8	5.31	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 5/8	5.85	2,415,000.00
Southern California Edison	First & Refunding Mortgage	9-1-85	4 3/8	5.54	1,260,000.00
Southern California Edison	First & Refunding Mortgage	3-1-89	4 3/8	7.13	1,600,000.00
Utah Power & Light	First Mortgage	9-1-90	4 7/8	4.80	1,290,000.00
TOTAL ELECTRIC			7.55%		\$ 24,299,000.00
GAS					
Brooklyn Union Gas	First Mortgage	4-1-90	4 5/8	4.56	\$ 1,175,000.00
Columbia Gas System, Inc.	Debenture	1-1-88	4 3/8	6.58	1,650,000.00
Mountain Fuel Supply	Debenture	9-1-86	4 7/8	4.80	1,228,000.00
Southern Union Gas	First Mortgage	10-1-86	4.80	5.87	949,000.00
Washington Gas Light	First Mortgage	3-1-91	5.20	6.25	1,000,000.00
TOTAL GAS			5.65%		\$ 6,002,000.00
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 3/4	7.75	2,500,000.00
New York Telephone	Refunding Mortgage Series U	7-15-2008	8.00	8.48	5,000,000.00
Rochester Telephone	First Mortgage	9-1-93	4 3/4	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			7.62%		\$ 49,911,000.00
FINANCE OBLIGATIONS					
American Investment	Note	1-1-91	5 1/4	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	5.00	6.72	1,650,000.00
Family Finance	Senior Debenture	5-15-90	4 3/4	4.84	1,300,000.00
First Bank System	Note	6-30-83	8 3/4	8.75	5,000,000.00
Ford Motor Credit Co.	Debenture	4-1-99	8.70	8.96	5,000,000.00
General Acceptance	Senior Debenture	3-1-85	4 7/8	6.83	650,000.00
General Electric Credit	Promissory Note	10-31-82	4 5/8	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 3/4	7.75	4,000,000.00
Talcott, (James) Inc.	Senior Note	10-1-85	5.00	5.00	319,000.00
TOTAL FINANCE OBLIGATIONS				7.70%	\$ 27,794,000.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
INDUSTRIAL OBLIGATIONS					
AMAX Inc.	Note	8-1-88	4 1/2	7.50	\$ 2,275,000.00
Archer-Daniels Midland	Promissory Note	3-1-88	4 7/8	7.77	1,836,000.00
Armco Steel Corp.	Note	12-15-96	7 7/8	7.875	4,000,000.00
Ashland Oil & Refining Co.	S/F Debenture	2-15-88	4.725	6.11	1,570,000.00
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	5,000,000.00
Beatrice Foods	S/F Debenture	9-15-94	7 7/8	7.90	3,000,000.00
Burroughs Corp.	S/F Debenture	7-1-88	4 1/2	5.50	2,600,000.00
CIBA Geigy Corp.	Note	6-1-2000	9 1/2	9.50	5,000,000.00
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/8	8.125	4,998,304.99
Dow Chemical	Note	1-15-90	4 1/2	5.65	1,836,000.00
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 1/4	9.33	5,000,000.00
Ford Motor Co.	Debenture	7-15-94	9 1/4	9.28	1,850,000.00
Gould, Inc.	S/F Debenture	2-15-95	9 1/4	9.45	3,040,000.00
Hammond Corp.	Senior Note	1-15-90	8 3/4	8.75	2,450,000.00
Louisiana Land & Exploration	Note	12-1-94	8 1/4	8.25	2,700,000.00
MacMillan Bloedel Ltd.	Debenture, Series A	10-1-90	5.45	5.45	375,000.00
MacMillan Bloedel Ltd.	Debenture	7-1-94	8 3/4	8.75	5,200,000.00
Marathon Oil, Inc.	S/F Debenture	2-1-2000	8 1/2	8.56	3,000,000.00
Owens-Illinois, Inc.	Note	2-1-91	5.00	8.38	3,783,000.00
Ralston-Purina (Foodmaker, Inc.)	Guaranteed Note	11-1-89	8 3/4	8.75	2,800,000.00
Raytheon Company	S/F Debenture	7-1-96	8 1/4	8.39	5,000,000.00
Scovill Manufacturing	Note	9-15-90	4.80	6.21	1,638,000.00
Sears, Roebuck & Co.	Debenture	4-1-2006	8.00	8.02	5,150,000.00
Shell Canada Ltd.	Senior Debenture	1-1-94	7 1/2	7.53	1,900,000.00
Shell Oil Co.	Debenture	3-15-91	5.00	5.00	1,200,000.00
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 3/8	4.38	450,000.00
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	4-1-91	5.10	5.10	750,000.00
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 1/4	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	8.69	4,400,000.00
Sun Oil Co.	Note	7-1-91	5 3/4	5.75	1,080,000.00
Tenneco West, Inc.	Promissory Note	9-1-89	4.65	5.40	1,512,000.00
Texaco, Inc. (Countrywide Stations, Inc.)	Note, Series B	12-1-2001	7 3/4	7.75	3,814,000.00
Union Tank Car	S/F Debenture	8-1-86	5.00	5.47	1,550,000.00
Witco Chemical	Note	12-1-84	4.65	5.64	1,800,000.00
Youngstown Sheet & Tube	First Mortgage S/F Bond	7-1-95	4.60	4.60	82,000.00
TOTAL INDUSTRIAL OBLIGATIONS			8.02%		\$ 109,514,304.99

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
TRANSPORTATION DEBT OBLIGATIONS					
Burlington Northern, Inc.	First & Refunding Mortgage	2-1-78	4 3/8	4.375	\$ 306,000.00
Greyhound Corp.	Note	5-15-84	6.00	6.43	1,860,500.00
Seaboard Airline Railroad	First Mortgage	12-1-88	4 5/8	5.59	2,725,000.00
Southern Railway Co.	Mortgage Bond	6-1-88	4 5/8	7.82	2,586,000.00
TOTAL TRANSPORTATION DEBT OBLIGATIONS			6.52%		\$ 7,477,500.00

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	3-1-82/91	9.00	9.00	\$ 3,000,000.00
Canadian Pacific Ltd.	Equipment Trust	2-1-77/89	8 1/2	8.50	4,635,610.61
Chesapeake & Ohio Railway (Towson Equipment)	Conditional Sale	7-1-76/ 1-1-85	8 1/2	8.51	2,825,138.23
Louisville & Nashville Railroad Co.	Conditional Sale	10-20-81/91	9.00	9.00	5,000,000.00
Norfolk & Western Railway Co.	Conditional Sale	10-1-76/84	8 7/8	8.875	1,800,000.00
North American Car Corp.	Equipment Trust	9-1-76/78	4.65	4.65	75,000.00
St. Louis-San Francisco Railway Co.	Conditional Sale	1-15-77/85	9 3/8	9.375	1,545,750.00
Southern Pacific Transportation Co.	Conditional Sale	3-1-82/91	9 1/2	9.50	2,804,054.87
Union Tank Car Co.	Equipment Trust	12-15-82/95	9 1/2	9.50	4,000,000.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS			8.99%		\$ 25,685,553.71

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
TOTAL CORPORATE BOND OBLIGATIONS					
TOTAL UNITED STATES GOVERNMENT-GUARANTEED AND AGENCY, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS			7.96%		\$ 282,640,526.67

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

Schedule II continued

CONVERTIBLE DEBENTURE HOLDINGS

June 30, 1976

Issue	Face Amount Held	Total Cost	Market Price	Total Market Value
Ashland Oil & Refining, 4 3/4% Convertible Subordinated Debentures, due 8-15-93	\$ 3,500,000.00	\$ 2,516,610.00	74	\$ 2,590,000.00
FMC Corporation, 4 1/4% Convertible Subordinated Debentures, due 7-15-92	2,500,000.00	1,734,512.50	72 1/2	1,812,500.00
Melville Shoe Corporation, 4 7/8% Convertible Subordinated Debentures, due 6-1-96	2,000,000.00	1,561,500.00	82	1,640,000.00
Purac Corporation, Limited, 4 7/8% Convertible Subordinated Debentures, due 1-15-94	3,270,000.00	2,238,667.50	66 1/2	2,174,550.00
Radio Corporation of America, 4 1/2% Convertible Subordinated Debentures, due 8-1-92	3,500,000.00	2,683,550.00	68	2,380,000.00
Sherwin-Williams Co., 6 1/4% Convertible Subordinated Debentures, due 3-1-95	2,440,000.00	2,329,210.00	95	2,318,000.00
TOTALS	\$17,210,000.00	\$13,064,050.00		\$12,915,050.00

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison Company	98,000	\$ 28.00	\$ 2,744,000.00	
Florida Power & Light Company	133,300	23.88	3,182,537.50	
Houston Lighting & Power Company	97,600	23.50	2,293,600.00	
Middle South Utilities, Incorporated	133,800	14.63	2,688,075.00	
Northern States Power Company (Minn.)	117,400	24.38	2,861,625.00	
Pacific Gas and Electric Company	92,300	20.38	1,880,612.50	
Texas Utilities Company	160,000	19.00	3,040,000.00	
Virginia Electric and Power Company	144,200	13.75	1,982,750.00	
Total Electric			\$ 20,673,200.00	6.67%
NATURAL GAS				
Panhandle Eastern Pipe Line Company	100,000	\$ 35.13	\$ 3,512,500.00	1.13%
COMMUNICATIONS				
American Telephone & Telegraph Company	155,000	\$ 56.50	\$ 8,757,500.00	
General Telephone & Electronics Corp.	120,000	25.88	3,105,000.00	
Total Communications			\$ 11,862,500.00	3.83%
TOTAL UTILITIES			\$ 36,048,200.00	11.63%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corporation	88,500	\$ 56.25	\$ 4,978,125.00	
Citicorp	144,400	36.13	5,216,450.00	
First Bank System, Incorporated	97,400	45.88	4,468,225.00	
First International Bancshares, Inc.	49,500	46.00	2,277,000.00	
Northwest Bancorporation	89,000	53.25	4,739,250.00	
Security Pacific Corporation	94,679	22.94	2,171,746.50	
Total Banks			\$ 23,850,796.50	7.70%
FINANCE				
Household Finance Corporation	108,300	\$ 18.50	\$ 2,003,550.00	
MGIC Investment Corporation	70,000	12.63	883,750.00	
Total Finance			\$ 2,887,300.00	0.83%
INSURANCE				
Aetna Life & Casualty Company	62,000	\$ 27.75	\$ 1,720,500.00	
Connecticut General Insurance Corp.	69,700	50.00	3,485,000.00	
Jefferson-Pilot Corporation	55,500	27.88	1,547,062.50	
Northwestern National Life Insurance Co.	110,600	14.00	1,548,400.00	
SAFECO Corporation	74,400	38.75	2,883,000.00	
The St. Paul Companies, Inc.	134,200	27.50	3,690,500.00	
Total Insurance			\$ 14,874,462.50	4.80%
TOTAL FINANCIAL SERVICES			\$ 41,612,559.40	13.43%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Company	68,000	\$ 58.50	\$ 3,978,000.00	
General Motors Corporation	77,600	68.50	5,316,600.00	
Genuine Parts Company	75,800	37.88	2,870,925.00	
Goodyear Tire & Rubber Company (The)	147,500	23.00	3,392,500.00	
Total Automobiles & Automobile Parts			\$ 15,557,025.00	5.02%
CONSUMER-DURABLES				
Sunbeam Corporation	50,000	\$ 23.63	\$ 1,181,250.00	
Whirlpool Corporation	78,100	27.13	2,118,462.50	
Total Consumer-Durables			\$ 3,299,712.50	1.06%

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
CONSUMER-NONDURABLES				
Avon Products, Inc.	72,900	\$ 47.25	\$ 3,444,525.00	
Eastman Kodak Company	48,300	100.13	4,836,037.50	
Minnesota Mining and Manufacturing Co.	63,000	55.63	3,504,375.00	
Procter & Gamble Company (The)	40,000	94.88	3,795,000.00	
Revlon, Incorporated	40,000	84.00	3,360,000.00	
Total Consumer-Nondurables			\$ 18,939,937.50	6.11%
CONSUMER-MISCELLANEOUS				
Disney (Walt) Productions	32,217	\$ 56.63	\$ 1,824,287.63	
Holiday Inns, Incorporated	34,800	14.38	500,250.00	
McDonald's Corporation	10,000	58.50	585,000.00	
Total Consumer-Miscellaneous			\$ 2,909,537.63	0.94%
DRUGS				
American Home Products Corporation	89,800	\$ 34.25	\$ 3,075,650.00	
Johnson & Johnson	27,000	84.00	2,268,000.00	
Medtronic, Inc.	48,100	27.38	1,316,737.50	
Merck & Co., Inc.	45,900	72.00	3,304,800.00	
Pfizer Incorporated	90,200	29.25	2,638,350.00	
Schering-Plough Corporation	56,000	53.75	3,010,000.00	
Warner-Lambert Company	66,000	32.75	2,161,500.00	
Total Drugs			\$ 17,776,037.50	5.73%
FOOD-BEVERAGE				
CPC International, Inc.	35,000	\$ 46.00	\$ 1,610,000.00	
Coca-Cola Company (The)	38,000	84.13	3,196,750.00	
General Foods Corporation	117,100	29.13	3,410,537.50	
General Mills, Incorporated	95,000	31.50	2,992,500.00	
Kraftco Corporation	62,600	43.63	2,730,925.00	
Norton Simon, Incorporated	106,286	19.88	2,112,434.25	
Total Food-Beverage			\$ 16,053,146.75	5.18%
RETAIL SALES				
Federated Department Stores, Incorporated	60,000	\$ 47.63	\$ 2,857,500.00	
Kresge (S.S.) Company	42,127	35.50	1,495,508.50	
Penney (J.C.) Company, Incorporated	79,400	52.25	4,148,650.00	
Sears, Roebuck and Company	60,000	64.75	3,885,000.00	
Total Retail Sales			\$ 12,386,658.50	4.00%
TOTAL CONSUMER-ORIENTED			\$ 86,921,055.38	28.04%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard Company	18,000	\$ 114.75	\$ 2,065,500.00	0.67%
OFFICE EQUIPMENT				
Burroughs Corporation	45,400	\$ 104.00	\$ 4,721,600.00	
Control Data Corporation	34,000	23.63	803,250.00	
Digital Equipment Corporation	21,600	176.75	3,817,800.00	
Honeywell, Inc.	42,777	49.63	2,122,808.63	
International Business Machines Corp.	46,006	276.75	12,732,160.50	
Xerox Corporation	52,850	61.63	3,256,881.25	
Total Office Equipment			\$ 27,454,500.38	8.86%
TOTAL TECHNOLOGY			\$ 29,520,000.38	9.52%
BASIC INDUSTRY				
AEROSPACE				
United Technologies Corporation	90,000	\$ 37.38	\$ 3,363,750.00	1.09%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific Corporation	20,300	\$ 51.50	\$ 1,045,450.00	
Masonite Corporation	91,000	20.00	1,820,000.00	
Owens-Corning Fiberglas Corporation	41,000	51.50	2,111,500.00	
Weyerhaeuser Company	78,300	44.38	3,474,562.50	
Total Building & Forest Products			\$ 8,451,512.50	2.73%
CHEMICALS				
Air Products and Chemicals, Incorporated	42,550	\$ 76.50	\$ 3,255,075.00	
Dow Chemical Company (The)	46,000	48.25	2,219,500.00	
du Pont (E.I.) de Nemours and Company	17,000	139.50	2,371,500.00	
Hercules Incorporated	90,000	32.26	2,902,500.00	
Monsanto Company	17,000	93.25	1,585,250.00	
Union Carbide Corporation	45,000	67.63	3,043,125.00	
Total Chemicals			\$ 15,376,950.00	4.96%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	77,200	\$ 37.75	\$ 2,914,300.00	
General Electric Company	85,000	57.13	4,856,625.00	
Total Electrical Equipment			\$ 7,769,925.00	2.51%
MACHINERY				
Caterpillar Tractor Co.	45,000	\$ 91.13	\$ 4,100,625.00	
Combustion Engineering, Incorporated	45,000	47.75	2,148,750.00	
Trans Union Corporation	62,100	34.25	2,126,925.00	
Total Machinery			\$ 8,376,300.00	2.70%
METALS				
Aluminum Company of America	58,000	\$ 56.50	\$ 3,277,000.00	
Pittston Company (The)	94,213	45.75	4,310,244.75	
Total Metals			\$ 7,587,244.75	2.45%
PAPER				
International Paper Company	42,000	\$ 73.00	\$ 3,066,000.00	0.99%

Schedule II continued

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
MISCELLANEOUS				
Corning Glass Works	35,400	\$ 75.00	\$ 2,655,000.00	
International Telephone & Telegraph Corp.	58,400	28.38	1,657,100.00	
Total Miscellaneous			\$ 4,312,100.00	1.39%
TOTAL BASIC INDUSTRY			\$ 58,303,782.25	18.81%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Company	47,500	\$104.50	\$ 4,963,750.00	
Continental Oil Company (Del.)	70,000	38.38	2,686,250.00	
Phillips Petroleum Company	59,000	61.38	3,621,125.00	
Standard Oil Company (Indiana)	92,700	50.50	4,681,350.00	
Standard Oil Company (The) (Ohio)	37,500	72.75	2,728,125.00	
Total Oil-Domestic			\$ 18,680,600.00	6.03%
OIL-INTERNATIONAL				
Exxon Corporation	93,000	\$104.63	\$ 9,730,125.00	
Gulf Oil Corporation	130,000	28.13	3,656,250.00	
Standard Oil Company of California	65,000	38.00	2,470,000.00	
Texaco Inc.	128,300	28.13	3,608,437.50	
Total Oil-International			\$ 19,464,812.50	6.28%

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
ENERGY-RELATED				
Dresser Industries, Inc.	88,000	\$ 43.00	\$ 3,784,000.00	
Halliburton Company	66,000	63.63	4,199,250.00	
Williams Companies (The)	86,000	24.00	2,064,000.00	
Total Energy-Related			\$ 10,047,250.00	3.24%
TOTAL ENERGY			\$ 48,182,662.50	15.55%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Incorporated	143,368	\$ 32.50	\$ 4,659,460.00	1.50%
RAILROADS				
Southern Railway Company	35,000	\$ 59.38	\$ 2,078,125.00	
Union Pacific Corporation	28,200	92.38	2,604,975.00	
Total Railroads			\$ 4,683,100.00	1.51%
TOTAL TRANSPORTATION			\$ 9,342,560.00	3.01%
TOTAL COMMON STOCKS			\$309,940,819.91*	100.00%

*Original cost of equities on June 30, 1976, was \$278,689,055.86.

SCHEDULE III

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS
IN THE THREE LARGEST RETIREMENT FUNDS
June 28, 1976

	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	\$ 9,032,180.00	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 ⁽¹¹⁾	5.27%	\$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	\$292,211,130	\$17,649,265.82	6.04% ⁽¹³⁾	\$141,710,195	\$140,432,514	\$7,956,692.25	5.67% ⁽¹³⁾	\$320,407,712	\$319,347,515	\$19,412,083.53	6.08% ⁽¹³⁾
December 31, 1974	\$334,570,948	—	—	—	\$146,138,047	—	—	—	\$342,430,164	—	—	—
June 30, 1975	\$361,246,511	\$338,578,130	\$18,269,672.38	5.40% ⁽¹⁴⁾	\$156,682,776	\$151,063,112	\$7,330,288.44	4.85% ⁽¹⁴⁾	\$354,065,482	\$344,189,919	\$17,700,237.24	5.14% ⁽¹⁴⁾
December 31, 1975	\$386,284,485	—	—	—	\$159,830,045	—	—	—	\$378,807,003	—	—	—
June 30, 1976	\$419,494,658	\$392,240,328	\$20,824,777.11	5.31% ⁽¹⁵⁾	\$175,741,657	\$166,671,562	\$7,885,551.18	4.73% ⁽¹⁵⁾	\$400,948,006	\$382,701,609	\$19,085,633.30	4.99% ⁽¹⁵⁾

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

will also be applied to the income for fiscal 1975. Therefore, income for fiscal 1973 and 1974 includes two such amounts, each representing one-third of 3% increases applied to the equity portfolios under the provisions of Minnesota Statutes 1971, Section 11.16, Subdivision 13.

- (13) Computation of income for fiscal 1974 includes allowance for the factors mentioned in footnotes (11) and (12).
- (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.
- (15) Computation of income for fiscal 1976 includes the February 28, 1975 3% decrease in value of the equity portfolios of each fund and the April 30, 1975, 3% decrease in 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 resulting from the provisions of a 1973 amendment to Subdivision 13. 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 1976.

Note: Yields computed as indicated in footnote number (4) for 1972 through 1976, in the manner used in prior years, would be:

	PERF	SERF	TRF
1972	4.82%	4.67%	4.75%
1973	4.95%	4.70%	4.85%
1974	5.43%	5.13%	5.48%
1975	5.57%	5.30%	5.58%
1976	5.73%	5.53%	5.71%

SCHEDULE IV

PUBLIC EMPLOYEES RETIREMENT FUND STATE EMPLOYEES RETIREMENT FUND TEACHERS' RETIREMENT FUND June 30, 1976

RESUME OF ASSETS IN ACCOUNTS

	Public Employees Retirement Fund	State Employees Retirement Fund	Teachers' Retirement Fund
CASH CERTIFIED FOR INVESTMENT	\$ (669,891.56)*	\$ 40,378.88**	\$ 1,164,681.34**
MONEY MARKET SECURITIES			
Bills			
Maturities up to 57 days	\$ 3,450,000.00	\$ 1,000,000.00	\$ 4,255,000.00
Repurchase Agreements			
Maturities up to 30 days	\$ 5,015,000.00	\$ 1,924,000.00	\$ 7,448,000.00
Agencies			
Maturities up to 112 days	\$ 180,000.00	-	\$ 7,490,000.00
Short-Term Corporate Notes			
Maturities up to 58 days	\$ 15,594,000.00	\$ 12,100,000.00	\$ 7,509,000.00
STATE AND LOCAL OBLIGATIONS	\$ 2,123,000.00	\$ 2,484,000.00	\$ 3,039,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 2,730,000.00	\$ 547,000.00	\$ 683,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 25,400,000.00	\$ 9,925,000.00	\$ 27,500,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$141,926,766.49	\$ 67,343,356.39	\$160,389,488.98
DEFERRED YIELD ADJUSTMENT ACCOUNT***	\$ 2,826,882.28	\$ 2,586,736.25	\$ 4,761,445.30
COMMON STOCKS (See Listing Below)	\$173,118,278.68	\$ 81,514,955.75	\$184,223,034.51
TOTAL ASSETS IN ACCOUNTS (for actuarial purposes; not indicative of true market value)	\$371,694,035.89	\$179,465,427.27	\$408,462,650.13

* A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1976.

** 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, 1976

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS									
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5 1/2	5.50	\$ 453	-	-	\$ 453	
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	5 3/4	5.75	684	\$ 547	\$ 683	1,914	
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					5.27%	\$ 2,730	\$ 547	\$ 683	\$ 3,960
CANADIAN GOVERNMENTAL OBLIGATIONS									
Manitoba Hydro-Electric Board	Bond	10-15-97	7.65	7.72	\$ 3,500	\$ 1,875	\$ 3,500	\$ 8,875	
Manitoba Hydro-Electric Board	Bond	10-1-85	9 1/2	9.50	3,500	-	3,500	7,000	
Manitoba, Province of	Debenture	11-1-93	6 7/8	6.90	800	-	1,200	2,000	
New Brunswick Electric Power Commission	S/F Debenture	11-15-91	6.00	6.16	500	400	500	1,400	
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7 7/8	7.875	3,500	2,000	3,500	9,000	
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7.00	7.26	-	300	550	850	

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Nova Scotia Power Commission	S/F Debenture	3-15-97	7 3/4	7.80	1,500	-	1,500	3,000
Nova Scotia Power Commission	S/F Debenture	7-15-98	8 1/8	8.15	1,500	1,500	1,650	4,650
Nova Scotia, Province of	S/F Debenture	8-1-93	7 1/4	7.20	800	700	1,000	2,500
Ontario Hydro	Note	3-15-96	9 1/2	9.50	4,100	2,500	4,100	10,700
Ontario, Province of	Debenture	4-15-97	5 5/8	5.625	-	400	600	1,000
Ontario, Province of	Debenture	12-1-97	6 7/8	7.16	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				8.11%	\$ 25,400	\$ 9,925	\$ 27,500	\$ 62,825

CORPORATE BOND OBLIGATIONS

PUBLIC UTILITY OBLIGATIONS

ELECTRIC

Alabama Power Co.	First Mortgage	4-1-90	5.00	5.01	\$ 122	\$ 87	\$ 217	\$ 426
Arizona Public Service Co.	First Mortgage	9-1-97	6 1/4	6.32	-	500	750	1,250
California Electric Power Co.	First Mortgage	5-1-90	5 1/8	5.10	400	300	500	1,200
Carolina Power & Light Co.	First Mortgage	4-1-90	4 7/8	4.85	350	-	-	350
Central Illinois Light Co.	First Mortgage	3-1-90	4 7/8	4.90	250	250	500	1,000
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	-	294	293	587
Citizens Utilities Co.	Coll. Trust & First Mortgage	10-1-92	4 5/8	5.11	-	-	800	800
Commonwealth Edison Co.	First Mortgage	11-1-96	5 3/4	5.82	750	500	650	1,900
Consolidated Edison Co.	First & Refunding Mortgage	10-15-94	4.60	6.45	-	-	1,100	1,100
Consolidated Edison Co.	Equipment Trust	1-1-96	9 1/4	9.25	1,467	-	1,711	3,178
Dayton Power & Light Co.	First Mortgage	6-1-93	4.45	4.45	500	400	600	1,500
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.88	500	200	-	700
Iowa-Illinois Gas & Electric Co.	First Mortgage	4-15-90	5.00	4.93	-	-	487	487
Louisiana Power & Light Co.	First Mortgage	4-1-90	5.00	5.01	350	200	500	1,050
Metropolitan Edison Co.	First Mortgage	5-1-90	5.00	4.95	350	200	500	1,050
Orange & Rockland Utilities, Inc.	First Mortgage	4-15-91	4 7/8	4.80	500	350	550	1,400
Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	482	293	-	775
Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.70	-	-	400	400
Philadelphia Electric	First & Refunding Mortgage	10-15-80	11.00	11.00	-	-	1,200	1,200
Public Service Co. of New Hampshire	First Mortgage	7-1-92	4 5/8	4.54	300	350	-	650
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4 3/4	4.73	-	-	500	500
Puget Sound Power & Light Co.	First Mortgage	2-1-91	4 5/8	4.65	250	250	-	500
Puget Sound Power & Light Co.	First Mortgage	11-1-93	4 5/8	4.60	350	250	600	1,200
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	800	-	1,000	1,800
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	400	-	430	830
Southern California Edison Co.	First & Refunding Mortgage	4-1-86	4 1/2	4.42	150	250	150	550
Southwestern Public Service Co.	First Mortgage	2-1-94	4 1/2	4.50	-	-	700	700
Tucson Gas & Electric Co.	First Mortgage	2-1-96	4 7/8	4.875	600	400	600	1,600
Total Electric				5.87%	\$ 8,871	\$ 5,074	\$ 14,738	\$ 28,683
GAS								
Gas Service Co.	First Mortgage	5-1-83	4.40	4.83	\$ 555	\$ 296	\$ 333	\$ 1,184
Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	233	189	-	422
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	500	500	400	1,400
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.70	495	395	495	1,385
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4 5/8	4.50	-	-	489	489

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Northwest Natural Gas Co.	First Mortgage	1-1-89	4 3/4	4.72	600	400	600	1,600
Springfield Gas Light Co.	Note	1-15-87	4 7/8	4.875	423	254	-	677
Texas Eastern Transmission Corp.	First Mortgage	12-1-81	4 7/8	4.915	377	377	471	1,225
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-81	5.00	5.08	502	413	522	1,437
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	287	281	-	568
Trunkline Gas Co.	First Mortgage	1-1-82	5.00	5.00	256	256	256	768
Total Gas				4.82%	\$ 4,228	\$ 3,361	\$ 3,566	\$ 11,155
TELEPHONE								
American Telephone & Telegraph Co.	Debenture	10-1-96	4 3/8	4.30	\$ 500	\$ 400	\$ 600	\$ 1,500
The Bell Telephone Co. of Canada	First Mortgage	9-17-98	6.90	6.90	800	700	500	2,000
The Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9 1/2	9.50	4,000	2,000	4,000	10,000
General Telephone Co. of Illinois	First Mortgage	9-1-95	4 7/8	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 1/8	7.31	900	700	1,000	2,600
Illinois Bell Telephone Co.	First Mortgage	7-1-97	4 7/8	4.75	250	200	-	450
New York Telephone Co.	Refunding Mortgage	1-1-2004	4 5/8	4.53	700	-	700	1,400
New York Telephone Co.	Refunding Mortgage	7-15-2008	8.00	8.83	3,500	1,500	4,000	9,000
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	600	400	-	1,000
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	8.15	4,500	2,000	4,500	11,000
United Telephone Co. of Ohio	First Mortgage	7-1-98	6 7/8	6.875	744	651	930	2,325
The United Telephone Co. of Pennsylvania	First Mortgage	11-1-98	6 5/8	6.625	-	-	1,163	1,163
Total Telephone				7.88%	\$ 16,494	\$ 9,351	\$ 18,393	\$ 44,238
WATER								
Indianapolis Water Co.	First Mortgage	1-1-92	4 3/4	4.70	\$ 400	\$ 300	\$ 300	\$ 1,000
Indianapolis Water Co.	First Mortgage	8-1-97	5 7/8	5.875	-	-	600	600
Total Water				5.14%	\$ 400	\$ 300	\$ 900	\$ 1,600
TOTAL PUBLIC UTILITY OBLIGATIONS				6.76%	\$ 29,993	\$ 18,086	\$ 37,597	\$ 85,676
FINANCE OBLIGATIONS								
American Investment Co.	Note	1-1-91	5 1/4	5.25	-	\$ 450	\$ 600	\$ 1,050
American Investment Co.	Senior Note	11-1-86	6 3/4	6.75	\$ 500	400	500	1,400
CIT Financial Corp.	Debenture	10-1-86	6 3/8	6.56	-	750	1,000	1,750
Deere (John) Credit Co.	Debenture	4-30-98	7 1/2	7.65	3,750	2,250	4,000	10,000
First Bank System	Note	6-30-83	8 3/4	8.86	1,842	-	1,843	3,685
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	4,000	2,500	4,100	10,600
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 7/8	4.91	-	450	550	1,000
Household Finance Corp.	Debenture	1-1-90	7 1/4	7.41	900	400	500	1,800
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	4,000	2,500	4,000	10,500
Wells Fargo & Co.	Promissory Note	11-1-98	8 1/8	8.125	2,500	1,500	2,500	6,500
TOTAL FINANCE OBLIGATIONS				7.86%	\$ 24,492	\$ 11,200	\$ 26,593	\$ 62,285
INDUSTRIAL OBLIGATIONS								
Akzona, Inc.	Debenture	2-15-97	7 1/2	7.50	\$ 2,000	-	\$ 2,500	\$ 4,500
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.375	329	\$ 262	391	982

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.60	3,860	1,744	4,000	9,604
American Sterilizer Co.	Note	8-1-77	4 7/8	4.875	50	57	-	107
Armco Steel Corp.	Note	12-15-96	7 7/8	7.95	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
Ashland Oil & Refining	S/F Debenture	9-1-2000	10.00	10.00	1,950	-	1,950	3,900
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	4,000	2,500	4,000	10,500
The Bendix Corp.	S/F Debenture	12-1-92	6 5/8	6.63	850	600	1,000	2,450
Cities Service Co.	Debenture	11-1-97	6 1/8	6.48	-	650	1,000	1,650
Cities Service Gas Co.	Debenture	6-1-91	8 1/4	8.25	1,450	1,000	2,000	4,450
Continental Oil Co. (Delaware Western Properties, Inc.)	Note	12-1-2002	9.00	9.01	1,074	895	1,476	3,445
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/8	8.125	3,941	1,922	3,941	9,804
Cummins Engine Co.	Note	7-15-90	4.60	5.27	375	-	750	1,125
Dow Chemical Co.	Note	4-1-91	5.00	5.125	418	304	418	1,140
Dresser Industries	Note	5-15-85	8.65	8.58	1,057	-	1,057	2,114
FMC Corporation	S/F Debenture	1-15-2000	9 1/2	9.60	3,800	2,400	3,800	10,000
Firestone Tire & Rubber	Debenture	12-1-2004	9 1/4	9.27	4,000	2,100	4,100	10,200
Goodrich (B.F.) Co.	Note	11-15-92	6 1/2	6.50	500	500	1,000	2,000
Gulf Oil Corp.	Debenture	6-15-93	6 5/8	6.625	800	690	1,000	2,490
International Multifoods Corp.	Note	3-1-88	4 1/2	4.50	376	-	376	752
MacMillan Bloedel Ltd.	Debenture	7-1-94	8 3/4	8.75	4,150	2,500	4,150	10,800
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.66	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
Pfizer, Inc.	S/F Debenture	8-15-2000	9 1/4	9.32	1,000	-	1,000	2,000
Phelps Dodge Corp.	Note	6-1-85	8 1/2	8.57	4,000	2,500	4,000	10,500
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7 7/8	7.875	2,000	1,000	2,000	5,000
Sears, Roebuck & Co.	Debenture	4-1-2006	8.00	8.02	4,000	-	3,000	7,000
Shell Canada, Ltd.	Debenture	1-1-94	7 1/2	7.50	-	-	1,200	1,200
Shell Oil Co.	Note	4-15-90	4 1/2	6.44	-	-	767	767
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	-	-	550	550
Standard Oil Co. of California (Chevron Stations, Inc.)	Note	12-1-92	6.00	6.12	-	170	850	1,020
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) (Midcontinent Properties, Inc.)	Note	10-1-2000	9.00	9.00	1,500	1,000	1,500	4,000
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.30	7.30	1,500	1,500	2,000	5,000
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.50	7.50	1,500	500	1,500	3,500
Standard Oil Co. (Indiana)	Debenture	1-15-98	6.00	6.07	400	400	1,000	1,800
Standard Oil Co. (Ohio)	Note	7-15-90	4.55	4.55	-	-	304	304
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	2,000	-	2,000	4,000
Sun Oil Co.	Note	7-1-91	5 3/4	5.75	-	320	-	320
Swift & Co.	S/F Debenture	8-1-92	6.30	6.56	-	510	509	1,019
Swift & Co.	Debenture	6-1-86	4 7/8	5.52	299	240	652	1,191

Schedule IV continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Texaco (Country-wide Stations, Inc.)	Secured Notes	12-1-2001	7 3/4	7.75	1,907	1,430	2,384	5,721
Uarco, Inc.	Note	5-1-88	6 1/2	6.50	517	—	861	1,378
Union Oil Co. of California (Pure Transportation)	Note	12-1-88	6 1/2	6.50	527	—	658	1,185
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.46	592	424	1,420	2,436
TOTAL INDUSTRIAL OBLIGATIONS				8.17%	\$ 71,922	\$31,618	\$ 78,864	\$182,404
TRANSPORTATION DEBT OBLIGATIONS								
Atchison, Topeka & Santa Fe Railway Co.	General Gold 4's	10-1-95	4.00	4.40	—	—	\$ 500	\$ 500
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4 3/4	4.75	\$ 481	\$ 387	480	1,348
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	500	400	450	1,350
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	480	384	480	1,344
Miscellaneous Railroad Bonds*	Bond	Various	Var.	4.50	—	26	—	26
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.80%	\$ 1,461	\$ 1,197	\$ 1,910	\$ 4,568
RAILROAD EQUIPMENT OBLIGATIONS								
ACF Industries, Inc.	Equipment Trust	3-1-82/91	9.00	9.00	\$ 3,000	\$ 1,000	\$ 3,000	\$ 7,000
ACF Industries, Inc.	Equipment Trust	1-15-77	4 7/8	4.875	34	34	—	68
ACF Industries, Inc.	Equipment Trust	4-15-77/81	5 5/8	5.625	107	100	—	207
ACF Industries, Inc.	Equipment Trust	5-15-77/84	7 5/8	7.625	240	160	800	1,200
ACF Industries, Inc.	Equipment Trust	4-1-77/85	9 1/2	9.50	810	540	900	2,250
Burlington Northern, Inc.	Conditional Sale	10-1-76/87	9 5/8	9.625	1,200	—	1,200	2,400
Burlington Northern, Inc.	Conditional Sale	5-1-77/86	8.60	8.60	—	—	1,199	1,199
Chesapeake & Ohio Railway Co.	Conditional Sale	8-15-76/ 2-15-83	6 7/8	6.91	413	375	525	1,313
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-76/ 1-15-82	6 3/8	6.375	111	111	111	333
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-76/ 6-1-81	5 3/8	5.375	157	130	152	439

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Public Employees Retirement Fund (000)	State Employees Retirement Fund (000)	Teachers' Retirement Fund (000)	Total Amount (000)
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-1-76/ 1-1-77	5 3/8	5.375	7	7	7	21
Flying Tiger Corp.	Equipment Trust	10-15-77	4 1/2	4.50	120	102	120	342
Fruit Growers Express Co.	Equipment Trust	6-15-77/85	9 3/4	9.75	—	720	720	1,440
Fruit Growers Express Co.	Equipment Trust	5-1-77	4.70	4.70	25	—	25	50
Fruit Growers Express Co.	Equipment Trust	11-15-76/81	6	6.00	180	150	180	510
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-77/ 9-1-85	10-1/2	10.50	939	—	—	939
Illinois Central Railroad Co.	Conditional Sale	2-15-77/83	6-7/8	6.875	397	340	567	1,304
Louisville & Nashville Railroad Co.	Conditional Sale	10-20-82/91	9	9.00	1,367	—	—	1,367
Louisville & Nashville Railroad Co.	Conditional Sale	1-15-77/86	6-7/8	6.99	600	440	800	1,840
Norfolk & Western Railway Co.	Conditional Sale	8-1-76/83	7-1/4	7.25	480	400	720	1,600
St. Louis-San Francisco Railway Co.	Conditional Sale	7-1-76/ 1-2-77	4-3/4	4.75	47	33	47	127
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-77/83	6-3/4	6.75	—	280	420	700
St. Louis-San Francisco Railway Co.	Conditional Sale	12-15-76/83	7-1/4	7.25	426	—	373	799
Southern Pacific Co.	Conditional Sale	3-1-77/84	7-5/8	7.625	400	320	560	1,280
Union Tank Car	Equipment Trust	12-15-82/95	9-1/2	9.50	3,000	—	3,000	6,000
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.48%	\$ 14,060	\$ 5,242	\$ 15,426	\$ 34,728
TOTAL CORPORATE BOND OBLIGATIONS				7.78%	\$141,928	\$67,343	\$160,390	\$369,661
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				7.80%	\$170,058	\$77,815	\$188,573	\$436,446

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

*Purchased 1930-1951.

COMMON STOCK HOLDINGS

Common Stock	Total Shares	Market Price 6-30-76	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		
UTILITIES										
ELECTRIC										
Central and South West Corporation	139,400	\$ 14.50	55,400	\$ 803,300.00	26,000	\$ 377,000.00	58,000	\$ 841,000.00	\$ 2,021,300.00	
Cincinnati Gas & Electric Company (The)	65,000	17.88	28,000	500,500.00	12,000	214,500.00	25,000	446,875.00	1,161,875.00	
Commonwealth Edison Company	114,272	28.00	46,862	1,312,136.00	24,321	680,988.00	43,089	1,206,492.00	3,199,616.00	
Florida Power & Light Company	144,400	23.88	51,600	1,231,950.00	29,400	701,925.00	63,400	1,513,675.00	3,447,550.00	
Houston Lighting & Power Company	86,600	23.50	29,000	681,500.00	16,500	387,750.00	41,100	965,850.00	2,035,100.00	
Louisville Gas and Electric Company	53,000	22.88	19,000	434,625.00	8,000	183,000.00	26,000	594,750.00	1,212,375.00	
Middle South Utilities, Incorporated	173,500	14.63	71,400	1,044,225.00	29,800	435,825.00	72,300	1,057,387.50	2,537,437.50	
Minnesota Power & Light Company	65,000	19.63	22,600	443,525.00	15,200	298,300.00	27,200	533,800.00	1,275,625.00	
Northern States Power Company (Minn.)	85,000	24.38	32,500	792,187.50	14,500	353,437.50	38,000	926,250.00	2,071,875.00	
Pacific Gas and Electric Company	67,400	20.38	27,000	550,125.00	11,000	224,125.00	29,400	599,025.00	1,373,275.00	
Public Service Company of Indiana, Inc.	102,000	25.50	40,500	1,032,750.00	16,500	420,750.00	45,000	1,147,500.00	2,601,000.00	
Southern California Edison Company	69,000	19.63	30,500	598,562.50	13,000	255,125.00	25,500	500,437.50	1,354,125.00	
Southern Company (The)	108,300	14.38	48,300	694,312.50	16,500	237,187.50	43,500	625,312.50	1,556,812.50	
Texas Utilities Company	148,000	19.00	65,000	1,235,000.00	28,000	532,000.00	55,000	1,045,000.00	2,812,000.00	
Virginia Electric and Power Company	97,498	13.75	33,833	465,203.75	19,166	263,532.50	44,499	611,861.25	1,340,597.50	
Total Electric				\$ 11,819,902.25		\$ 5,565,445.50		\$ 12,615,215.75	\$ 30,000,563.50	6.51%
NATURAL GAS										
Panhandle Eastern Pipe Line Company	151,648	\$ 35.13	62,510	\$ 2,195,663.75	30,214	\$ 1,061,266.75	58,924	\$ 2,069,705.50	\$ 5,326,636.00	1.16%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-30-76	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		
COMMUNICATIONS										
American Telephone & Telegraph Company	193,220	\$ 56.50	74,710	\$ 4,221,115.00	36,000	\$ 2,034,000.00	82,510	\$ 4,661,815.00	\$ 10,916,930.00	
General Telephone & Electronics Corporation	170,300	25.88	64,300	1,663,762.50	40,000	1,035,000.00	66,000	1,707,750.00	4,406,512.50	
United Telecommunications, Inc.	101,200	15.00	56,200	843,000.00	-	-	45,000	675,000.00	1,518,000.00	
Total Communications				\$ 6,727,877.50		\$ 3,069,000.00		\$ 7,044,565.00	\$ 16,841,442.50	3.65%
TOTAL UTILITIES				\$ 20,743,443.50		\$ 9,695,712.25		\$ 21,729,486.25	\$ 52,168,642.00	11.32%
FINANCIAL SERVICES										
BANKS										
Citicorp	148,432	\$ 36.13	50,600	\$ 1,827,925.00	28,932	\$ 1,045,168.50	68,900	\$ 2,489,012.50	\$ 5,362,106.00	
Continental Illinois Corporation	118,036	53.63	52,636	2,822,605.50	19,000	1,018,875.00	46,400	2,488,200.00	6,329,680.50	
First Bank System, Incorporated	113,500	45.88	49,700	2,279,987.50	19,200	880,800.00	44,600	2,046,025.00	5,206,812.50	
First International Bancshares, Inc.	68,300	46.00	32,300	1,485,800.00	9,400	432,400.00	26,600	1,223,600.00	3,141,800.00	
Manufacturers Hanover Corporation	61,000	39.50	21,500	849,250.00	7,000	276,500.00	32,500	1,283,750.00	2,409,500.00	
J.P. Morgan & Co., Incorporated	63,016	62.75	23,540	1,477,135.00	13,176	826,794.00	26,300	1,650,325.00	3,954,254.00	
Northwest Bancorporation	83,700	53.25	30,000	1,597,500.00	17,200	915,900.00	36,500	1,943,625.00	4,457,025.00	
Security Pacific Corporation	75,609	22.94	25,886	593,773.07	11,721	268,856.30	38,002	871,689.88	1,734,319.25	
Valley National Bank of Arizona	90,582	18.19	32,702	594,783.98	15,896	289,116.45	41,984	763,604.99	1,647,505.42	
Total Banks				\$ 13,528,760.05		\$ 5,954,410.25		\$ 14,759,832.37	\$ 34,243,002.67	7.43%
FINANCE										
Beneficial Corporation	101,845	\$ 36.46	31,875	\$ 768,984.38	19,245	\$ 464,285.63	50,725	\$ 1,223,740.63	\$ 2,457,010.64	
Household Finance Corporation	174,500	18.50	71,300	1,319,050.00	28,900	534,650.00	74,300	1,374,550.00	3,228,250.00	
MGIC Investment Corporation	101,300	12.63	38,800	489,850.00	18,500	233,562.50	44,000	555,500.00	1,278,912.50	
Total Finance				\$ 2,577,884.38		\$ 1,232,498.13		\$ 3,153,790.63	\$ 6,964,173.14	1.51%
INSURANCE										
Aetna Life & Casualty Company	129,200	\$ 27.75	46,700	\$ 1,295,925.00	22,500	\$ 624,375.00	60,000	\$ 1,665,000.00	\$ 3,585,300.00	
The Chubb Corporation	70,500	36.00	26,700	961,200.00	12,900	464,400.00	30,900	1,112,400.00	2,538,000.00	
Connecticut General Insurance Corporation	49,000	50.00	18,000	900,000.00	8,500	425,000.00	22,500	1,125,000.00	2,450,000.00	
INA Corporation	111,700	37.88	57,000	2,158,875.00	16,700	632,512.50	38,000	1,439,250.00	4,230,637.50	
NLT Corporation	205,600	19.63	86,700	1,701,487.50	38,200	749,675.00	80,700	1,583,737.50	4,034,900.00	
Northwestern National Life Insurance Co.	56,800	14.00	22,100	309,400.00	5,600	78,400.00	29,100	407,400.00	795,200.00	
SAFECO Corporation	40,700	38.75	15,800	612,250.00	7,500	290,625.00	17,400	674,250.00	1,577,125.00	
The St. Paul Companies, Inc.	106,900	27.50	37,400	1,028,500.00	17,000	467,500.00	52,500	1,443,750.00	2,939,750.00	
Travelers Corporation (The)	72,400	32.50	24,700	802,750.00	15,500	503,750.00	32,200	1,046,500.00	2,353,000.00	
United States Fidelity & Guaranty Company	48,000	38.88	16,000	622,000.00	11,000	427,625.00	21,000	816,375.00	1,866,000.00	
Total Insurance				\$ 10,392,387.50		\$ 4,663,862.50		\$ 11,313,662.50	\$ 26,369,912.50	5.72%
TOTAL FINANCIAL SERVICES				\$ 26,499,031.93		\$ 11,850,770.88		\$ 29,227,285.50	\$ 67,577,088.31	14.66%
CONSUMER-ORIENTED										
AUTOMOBILES & AUTOMOTIVE PARTS										
Ford Motor Company	92,000	\$ 58.50	36,000	\$ 2,106,000.00	18,000	\$ 1,053,000.00	38,000	\$ 2,223,000.00	\$ 5,382,000.00	
General Motors Corporation	120,500	68.50	50,000	3,425,000.00	23,500	1,609,750.00	47,000	3,219,500.00	8,254,250.00	
Genuine Parts Company	45,100	37.88	20,000	757,000.00	10,000	378,750.00	15,100	571,912.50	1,708,162.50	
Goodyear Tire & Rubber Company (The)	203,500	23.00	74,500	1,713,500.00	34,000	782,000.00	95,000	2,185,000.00	4,680,500.00	
Total Automobiles & Automotive Parts				\$ 8,002,000.00		\$ 3,823,500.00		\$ 8,199,412.50	\$ 20,024,912.50	4.35%
CONSUMER-DURABLES										
Sunbeam Corporation	119,049	\$ 23.63	45,050	\$ 1,064,306.25	24,999	\$ 590,601.38	49,000	\$ 1,157,625.00	\$ 2,812,532.63	
Whirlpool Corporation	121,400	27.13	48,600	1,318,275.00	24,000	651,000.00	48,800	1,323,700.00	3,292,975.00	
Total Consumer-Durables				\$ 2,382,581.25		\$ 1,241,601.38		\$ 2,481,325.00	\$ 6,105,507.63	1.32%
CONSUMER-NONDURABLES										
Avon Products, Inc.	93,500	\$ 47.25	35,500	\$ 1,677,375.00	20,000	\$ 945,000.00	38,000	\$ 1,795,500.00	\$ 4,417,875.00	
Colgate-Palmolive Company	176,500	26.75	80,500	2,153,375.00	30,500	815,875.00	65,500	1,752,125.00	4,721,375.00	
Eastman Kodak Company	51,180	100.13	20,000	2,002,500.00	9,180	919,147.50	22,000	2,202,750.00	5,124,397.50	
Minnesota Mining and Manufacturing Co.	74,400	55.63	28,000	1,557,500.00	15,600	867,750.00	30,800	1,713,250.00	4,138,500.00	
Procter & Gamble Company (The)	50,000	94.88	22,000	2,087,250.00	9,000	853,875.00	19,000	1,802,625.00	4,743,750.00	
Revlon, Incorporated	57,200	84.00	26,000	2,184,000.00	11,000	924,000.00	20,200	1,696,800.00	4,804,800.00	
Total Consumer-Nondurables				\$ 11,662,000.00		\$ 5,325,647.50		\$ 10,963,050.00	\$ 27,950,697.50	6.06%
CONSUMER-MISCELLANEOUS										
Disney (Walt) Productions	87,980	\$ 56.63	31,910	\$ 1,806,903.75	14,870	\$ 842,013.75	41,200	\$ 2,332,950.00	\$ 4,981,867.50	
Holiday Inns, Incorporated	67,600	14.38	23,300	334,937.50	14,000	201,250.00	30,300	435,562.50	971,750.00	
McDonald's Corporation	61,200	58.50	23,200	1,357,200.00	11,000	643,500.00	27,000	1,579,500.00	3,580,200.00	
Warner Communications, Inc.	63,600	21.38	23,900	510,862.50	15,700	335,587.50	24,000	513,000.00	1,359,450.00	
Total Consumer-Miscellaneous				\$ 4,009,903.75		\$ 2,022,351.25		\$ 4,861,012.50	\$ 10,893,267.50	2.36%
DRUGS										
American Home Products Corporation	105,800	\$ 34.25	50,000	\$ 1,712,500.00	18,400	\$ 630,200.00	37,400	\$ 1,280,950.00	\$ 3,623,650.00	
Johnson & Johnson	35,000	84.00	17,000	1,428,000.00	8,000	672,000.00	10,000	840,000.00	2,940,000.00	
Medtronic, Inc.	85,000	27.38	30,000	821,250.00	15,000	410,625.00	40,000	1,095,000.00	2,326,875.00	
Merck & Co., Inc.	69,500	72.00	23,000	1,656,000.00	12,000	864,000.00	34,500	2,484,000.00	5,004,000.00	
Pfizer Incorporated	142,100	29.25	53,100	1,553,175.00	30,500	892,125.00	58,500	1,711,125.00	4,156,425.00	
Schering-Plough Corporation	69,600	53.75	25,000	1,343,750.00	13,000	698,750.00	31,600	1,698,500.00	3,741,000.00	
Warner-Lambert Company	135,500	32.75	60,500	1,981,375.00	23,000	753,250.00	52,000	1,703,000.00	4,437,625.00	
Total Drugs				\$ 10,496,050.00		\$ 4,920,950.00		\$ 10,812,575.00	\$ 26,229,575.00	5.70%
FOOD-BEVERAGE										
CPC International, Inc.	70,000	\$ 46.00	35,000	\$ 1,610,000.00	15,000	\$ 690,000.00	20,000	\$ 920,000.00	\$ 3,220,000.00	
Coca-Cola Company (The)	37,100	84.13	17,100	1,438,537.50	6,000	504,750.00	14,000	1,177,750.00	3,121,037.50	
Consolidated Foods Corporation	73,500	22.13	32,200	712,425.00	10,800	238,950.00	30,500	674,812.50	1,626,187.50	
General Foods Corporation	100,200	29.13	41,600	1,211,600.00	17,000	495,125.00	41,600	1,211,600.00	2,918,325.00	
General Mills, Incorporated	121,200	31.50	44,200	1,392,300.00	23,000	724,500.00	54,000	1,701,000.00	3,817,800.00	
Norton Simon, Incorporated	121,067	19.88	45,659	907,472.63	22,211	441,443.63	53,197	1,057,290.38	2,406,206.64	
PepsiCo, Inc.	46,262	74.50	16,000	1,192,000.00	8,600	640,700.00	21,662	1,613,819.00	3,446,519.00	
Pillsbury Company (The)	83,500	36.63	31,400	1,150,025.00	15,700	575,012.50	36,400	1,333,150.00	3,058,187.50	
Total Food-Beverage				\$ 9,614,360.13		\$ 4,310,481.13		\$ 9,689,421.88	\$ 23,614,263.14	5.12%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-30-78	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		
PRINTING-PUBLISHING										
Donnelley (R.R.) and Sons Company	84,243	\$ 21.38	28,876	\$ 617,224.50	19,246	\$ 411,383.25	36,121	\$ 772,086.38	\$ 1,800,694.13	
Dun & Bradstreet Companies, Inc.	82,100	27.88	34,300	956,112.50	15,000	418,125.00	32,800	914,300.00	2,288,537.50	
Harcourt Brace Jovanovich, Inc.	36,000	26.00	14,050	365,300.00	8,100	210,600.00	13,850	360,100.00	936,000.00	
Total Printing-Publishing				\$ 1,938,637.00		\$ 1,040,108.25		\$ 2,048,486.38	\$ 5,025,231.63	1.00%
RETAIL SALES										
Dayton Hudson Corporation	158,700	\$ 33.25	59,600	\$ 1,981,700.00	38,500	\$ 1,280,125.00	60,600	\$ 2,014,950.00	\$ 5,276,775.00	
Federated Department Stores, Incorporated	98,500	47.63	50,000	2,381,250.00	14,000	666,750.00	34,500	1,643,062.50	4,691,062.50	
Penney (J.C.) Company, Incorporated	107,100	52.25	43,700	2,283,325.00	17,300	903,925.00	46,100	2,408,725.00	5,595,975.00	
Sears, Roebuck and Company	84,000	64.75	32,000	2,072,000.00	20,000	1,295,000.00	32,000	2,072,000.00	5,439,000.00	
Total Retail Sales				\$ 8,718,275.00		\$ 4,145,800.00		\$ 8,138,737.50	\$ 21,002,812.50	4.56%
TOTAL CONSUMER-ORIENTED				\$ 56,823,807.13		\$26,830,438.51		\$ 57,192,020.76	\$140,848,267.40	30.58%
TECHNOLOGY										
OFFICE EQUIPMENT										
Burroughs Corporation	79,800	\$104.00	30,400	\$ 3,161,600.00	14,200	\$ 1,476,800.00	35,200	\$ 3,660,800.00	\$ 8,299,200.00	
Control Data Corporation	43,000	23.63	14,000	330,750.00	8,000	189,000.00	21,000	496,125.00	1,015,875.00	
Digital Equipment Corporation	10,000	176.75	6,000	1,060,500.00	1,000	176,750.00	3,000	530,250.00	1,767,500.00	
Honeywell, Inc.	46,200	49.63	16,800	833,700.00	8,000	397,000.00	21,400	1,061,975.00	2,292,675.00	
International Business Machines Corporation	82,503	276.75	33,000	9,132,750.00	15,500	4,289,625.00	34,003	9,410,330.25	22,832,705.25	
Xerox Corporation	55,020	61.63	21,500	1,324,937.50	9,260	570,647.50	24,260	1,495,022.50	3,390,607.50	
Total Office Equipment				\$ 15,844,237.50		\$ 7,099,822.50		\$ 16,654,502.75	\$ 39,598,562.75	8.59%
TOTAL TECHNOLOGY				\$ 15,844,237.50		\$ 7,099,822.50		\$ 16,654,502.75	\$ 39,598,562.75	8.59%
BASIC INDUSTRY										
AEROSPACE										
United Technologies Corporation	95,000	\$ 37.38	35,000	\$ 1,308,125.00	20,000	\$ 747,500.00	40,000	\$ 1,495,000.00	\$ 3,550,625.00	0.77%
BUILDING & FOREST PRODUCTS										
Georgia-Pacific Corporation	70,380	\$ 51.50	25,500	\$ 1,313,250.00	14,280	\$ 735,420.00	30,600	\$ 1,575,900.00	\$ 3,624,570.00	
Masonite Corporation	121,400	20.00	53,400	1,068,000.00	24,000	480,000.00	44,000	880,000.00	2,428,000.00	
Owens-Corning Fiberglas Corporation	65,100	51.50	30,100	1,550,150.00	14,000	721,000.00	21,000	1,081,500.00	3,352,650.00	
Weyerhaeuser Company	72,000	44.38	26,000	1,153,750.00	12,900	572,437.50	33,100	1,468,812.50	3,195,000.00	
Total Building & Forest Products				\$ 5,085,150.00		\$ 2,508,857.50		\$ 5,006,212.50	\$ 12,600,220.00	2.73%
CHEMICALS										
Air Products & Chemicals, Incorporated	44,547	\$ 76.50	15,987	\$ 1,223,005.50	8,160	\$ 624,240.00	20,400	\$ 1,560,600.00	\$ 3,407,845.50	
Dow Chemical Company (The)	76,528	48.25	28,192	1,360,264.00	15,980	771,035.00	32,356	1,561,177.00	3,692,476.00	
du Pont (E.I.) de Nemours and Company	35,500	139.50	14,500	2,022,750.00	7,000	976,500.00	14,000	1,953,000.00	4,952,250.00	
Hercules Incorporated	140,000	32.25	55,000	1,773,750.00	20,000	645,000.00	65,000	2,096,250.00	4,515,000.00	
Monsanto Company	35,236	93.25	13,236	1,234,257.00	6,000	559,500.00	16,000	1,492,000.00	3,285,757.00	
Union Carbide Corporation	57,100	67.63	25,000	1,690,625.00	10,100	683,012.50	22,000	1,487,750.00	3,861,387.50	
Total Chemicals				\$ 9,304,651.50		\$ 4,259,287.50		\$ 10,150,777.00	\$ 23,714,716.00	5.15%
ELECTRICAL EQUIPMENT										
Emerson Electric Co.	107,000	\$ 37.75	40,000	\$ 1,510,000.00	20,000	\$ 755,000.00	47,000	\$ 1,774,250.00	\$ 4,039,250.00	
General Electric Company	114,000	57.13	46,000	2,627,750.00	24,000	1,371,000.00	44,000	2,513,500.00	6,512,250.00	
Westinghouse Electric Corporation	63,000	17.38	23,100	401,362.50	12,200	211,975.00	27,700	481,287.50	1,094,625.00	
Total Electrical Equipment				\$ 4,539,112.50		\$ 2,337,975.00		\$ 4,769,037.50	\$ 11,646,125.00	2.53%
MACHINERY										
Caterpillar Tractor Co.	47,400	\$ 91.13	17,400	\$ 1,585,575.00	9,000	\$ 820,125.00	21,000	\$ 1,913,625.00	\$ 4,319,325.00	
Combustion Engineering, Incorporated	73,000	47.75	30,000	1,432,500.00	13,000	620,750.00	30,000	1,432,500.00	3,485,750.00	
Trans Union Corporation	92,000	34.25	38,000	1,301,500.00	16,000	548,000.00	38,000	1,301,500.00	3,151,000.00	
Total Machinery				\$ 4,319,575.00		\$ 1,988,875.00		\$ 4,647,625.00	\$ 10,956,075.00	2.38%
METALS										
Aluminum Company of America	69,000	\$ 56.50	25,000	\$ 1,412,500.00	12,000	\$ 678,000.00	32,000	\$ 1,808,000.00	\$ 3,898,500.00	
Pittston Company (The)	79,891	45.75	26,676	1,220,427.00	20,510	938,332.50	32,705	1,496,253.75	3,655,013.25	
Total Metals				\$ 2,632,927.00		\$ 1,616,332.50		\$ 3,304,253.75	\$ 7,553,513.25	1.64%
PAPER										
International Paper Company	65,000	\$ 73.00	25,000	\$ 1,825,000.00	12,000	\$ 876,000.00	28,000	\$ 2,044,000.00	\$ 4,745,000.00	1.03%
TEXTILES										
Burlington Industries, Incorporated	31,200	\$ 25.25	11,200	\$ 282,800.00	7,000	\$ 176,750.00	13,000	\$ 328,250.00	\$ 787,800.00	0.17%
MISCELLANEOUS										
Corning Glass Works	38,900	\$ 75.00	16,000	\$ 1,200,000.00	7,500	\$ 562,500.00	15,400	\$ 1,155,000.00	\$ 2,917,500.00	
International Telephone & Telegraph Corp.	82,800	28.38	26,600	754,775.00	15,600	442,650.00	40,600	1,152,025.00	2,349,450.00	
Total Miscellaneous				\$ 1,954,775.00		\$ 1,005,150.00		\$ 2,307,025.00	\$ 5,266,950.00	1.14%
TOTAL BASIC INDUSTRY				\$ 31,252,116.00		\$15,516,727.50		\$ 34,052,180.75	\$ 80,821,024.25	17.54%
ENERGY										
OIL-DOMESTIC										
Atlantic Richfield Company	58,000	\$104.50	22,000	\$ 2,299,000.00	10,000	\$ 1,045,000.00	26,000	\$ 2,717,000.00	\$ 6,061,000.00	
Continental Oil Company (Del.)	204,200	38.38	80,000	3,070,000.00	34,200	1,312,425.00	90,000	3,453,750.00	7,836,175.00	
Phillips Petroleum Company	103,000	61.38	44,000	2,700,500.00	15,000	920,625.00	44,000	2,700,500.00	6,321,625.00	
Standard Oil Company (Indiana)	88,000	50.50	28,000	1,414,000.00	21,900	1,105,950.00	38,100	1,924,050.00	4,444,000.00	
Total Oil-Domestic				\$ 8,483,500.00		\$ 4,384,000.00		\$ 10,795,300.00	\$ 24,662,800.00	5.35%
OIL-INTERNATIONAL										
Exxon Corporation	110,022	\$104.63	40,508	\$ 4,238,149.50	19,708	\$ 2,061,949.50	49,806	\$ 5,210,952.75	\$ 11,511,051.75	
Gulf Oil Corporation	200,100	28.13	80,100	2,252,812.50	43,000	1,209,375.00	77,000	2,165,625.00	5,627,812.50	
Mobil Corporation	93,400	59.88	30,800	1,844,150.00	17,800	1,065,775.00	44,800	2,682,400.00	5,592,325.00	
Standard Oil Company of California	135,000	38.00	55,000	2,090,000.00	25,000	950,000.00	55,000	2,090,000.00	5,130,000.00	
Texaco Inc.	138,490	28.13	53,100	1,493,437.50	27,040	760,500.00	58,350	1,641,093.75	3,895,031.25	
Total Oil-International				\$ 11,918,549.50		\$ 6,047,599.50		\$ 13,790,071.50	\$ 31,756,220.50	6.80%

Schedule IV continued

Common Stock	Total Shares	Market Price 6-30-76	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		
ENERGY-RELATED										
Dresser Industries, Inc.	166,000	\$ 43.00	70,000	\$ 3,010,000.00	26,000	\$ 1,118,000.00	70,000	\$ 3,010,000.00	\$ 7,138,000.00	
Williams Companies (The)	107,000	24.00	40,000	960,000.00	18,000	432,000.00	49,000	1,176,000.00	2,568,000.00	
Total Energy-Related				\$ 3,970,000.00		\$ 1,550,000.00		\$ 4,186,000.00	\$ 8,708,000.00	2.11%
TOTAL ENERGY				\$ 25,372,049.50		\$11,981,599.50		\$ 28,771,371.50	\$ 66,125,020.50	14.35%
TRANSPORTATION										
AIRLINES										
Delta Air Lines, Incorporated	55,400	\$ 44.50	18,500	\$ 823,250.00	8,800	\$ 391,600.00	28,100	\$ 1,250,450.00	\$ 2,465,300.00	
Northwest Airlines, Incorporated	106,626	32.50	41,714	1,355,705.00	19,770	642,525.00	45,142	1,467,115.00	3,465,345.00	
UAL, Inc.	24,300	27.75	9,000	249,750.00	7,000	194,250.00	8,300	230,325.00	674,325.00	
Total Airlines				\$ 2,428,705.00		\$ 1,228,375.00		\$ 2,947,890.00	\$ 6,604,970.00	1.43%
RAILROADS										
Burlington Northern Incorporated	65,800	\$ 46.00	26,000	\$ 1,196,000.00	10,100	\$ 464,600.00	29,700	\$ 1,366,200.00	\$ 3,026,800.00	
Union Pacific Corporation	44,400	92.38	17,900	1,653,512.50	10,000	923,750.00	16,500	1,524,187.50	4,101,450.00	
Total Railroads				\$ 2,849,512.50		\$ 1,388,350.00		\$ 2,890,387.50	\$ 7,128,250.00	1.55%
TOTAL TRANSPORTATION				\$ 5,278,217.50		\$ 2,616,725.00		\$ 5,838,277.50	\$ 13,733,220.00	2.98%
TOTAL COMMON STOCKS				\$181,812,903.06^a		\$85,591,797.14^b		\$193,465,125.01^c	\$460,869,825.21^d	100.00%

a Original cost of equities on June 30, 1976, was \$164,644,506.11.
 b Original cost of equities on June 30, 1976, was \$ 79,000,621.86.
 c Original cost of equities on June 30, 1976, was \$179,002,997.06.
 d Original cost of equities on June 30, 1976, was \$422,648,125.03.

SCHEDULE V

PUBLIC EMPLOYEES
 POLICE AND FIRE FUND
 June 30, 1976

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 214,888.35
MONEY MARKET SECURITIES	
Repurchase Agreements	
Maturities up to 23 days	\$ 1,983,000.00
Short-Term Corporate Notes	
Maturities up to 30 days	\$ 1,710,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 321,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 3,650,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$22,385,056.46
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 404,894.68
COMMON STOCKS (See Listing Below)	\$25,645,140.51
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$56,313,980.00

*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, 1976

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 3/4	5.75	136
United States Lines	Govt.-Guar. Bond	11-1-86	4 3/8	4.375	85
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS			5.18%		\$ 321

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-1-85	9 1/2	9.50	\$ 500
Manitoba Hydro Electric Board	Bond	10-15-97	7.65	7.65	500
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7 7/8	7.875	500
New Brunswick Higher Education Commission	S/F Debenture	4-15-93	7.00	7.15	200
Nova Scotia, Province of	S/F Debenture	8-1-93	7 1/4	7.20	250
Ontario Hydro	Note	3-1-96	9 1/2	9.50	800
Ontario, Province of	Debenture	4-15-97	5 5/8	5.625	100
Ontario, Province of	Debenture	5-15-2001	7.85	7.85	300
Ontario, Province of	Debenture	12-15-2002	7.30	7.30	500
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS			8.19%		\$ 3,650
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 3/4	5.75	100
Consolidated Edison Co.	Equipment Trust	1-1-96	9 1/4	9.25	244
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.875	60
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	72
Otter Tail Power Co.	First Mortgage	2-1-91	4 7/8	4.80	50
Pacific Power & Light Co.	First Mortgage	4-1-92	4 3/4	4.70	60
Philadelphia Electric	First & Refunding Mortgage	10-15-80	11.00	11.00	800
Public Service Electric & Gas Co.	First & Refunding Mortgage	9-1-90	4 3/4	4.73	60
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	150
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	50
Total Electric			8.57%		\$ 1,704
GAS					
Laclede Gas Co.	First Mortgage	7-1-85	4 7/8	4.80	\$ 46
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.62	100
Michigan-Wisconsin Pipe Line Co.	First Mortgage	7-15-83	4 7/8	4.70	73
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	54
Total Gas			4.71%		\$ 273
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	10-1-96	4 3/8	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 7/8	4.75	50
New York Telephone Co.	Refunding Mortgage	7-15-2008	8	8.50	800
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	8.83	800
Total Telephone			8.68%		\$ 2,550
TOTAL PUBLIC UTILITY OBLIGATIONS			8.40%		\$ 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 3/4	6.75	100
Deere (John) Credit Co.	Debenture	4-30-98	7 1/2	7.54	500
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	800
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	500
Wells Fargo & Co.	Promissory Note	11-1-98	8 1/8	8.125	800
TOTAL FINANCE OBLIGATIONS			8.26%		\$ 2,800

Schedule V continued

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (\$000)
INDUSTRIAL OBLIGATIONS					
Alkzona, 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 7/8	7.875	500
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	800
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	9.00	9.00	224
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/8	8.125	769
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
Gulf Oil Corporation	Debenture	6-15-93	6 5/8	6.625	200
Hammond Corp.	Senior Note	1-15-90	8 3/4	8.75	175
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8 3/4	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
Pheps Dodge Corp.	Note	6-1-85	8 1/2	8.62	800
Plantation Pipeline Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co. Guarantors)	Guaranteed Note	10-1-2001	7-7/8	7.875	300
Sears, Roebuck & Co.	Debenture	4-1-2006	8.00	8.02	500
Standard Oil Co. of California (Chevron Stations)	Note	12-1-92	6.00	6.12	128
Standard Oil Co. of California (Union Bank)	First Preferred Ship Mortgage Bond	2-10-97 through 11-6-97	7.70	7.70	800
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7.30	7.30	300
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	7 1/2	7.50	250
Standard Oil Co. (Indiana) (Midcontinent Properties, Inc.)	Note	10-1-2000	9.00	9.00	250
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	500
Swift & Co.	Debenture	6-1-86	4 7/8	6.54	150
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6 1/2	6.50	99
Youngstown Sheet & Tube Co.	First Mortgage	7-1-95	4.60	5.62	181
TOTAL INDUSTRIAL OBLIGATIONS				8.38%	\$12,226
TRANSPORTATION DEBT OBLIGATIONS					
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	\$ 50
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.89%	\$ 122
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	1-15-77	4 7/8	6.60	\$ 16
ACF Industries, Inc.	Equipment Trust	4-15-77/81	5 5/8	5.625	60
ACF Industries, Inc.	Equipment Trust	4-1-77/85	9 1/2	9.50	135
ACF Industries, Inc.	Equipment Trust	3-1-82/91	9.00	9.00	800
Burlington Northern, Inc.	Conditional Sale	5-1-77/86	8.60	8.60	240
Chesapeake & Ohio Railway Co.	Conditional Sale	9-15-77	8 3/4	8.75	295
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	3-15-89			
		7-15-76/			
		1-15-82	6 3/8	6.375	33
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	12-1-76/			
		6-1-81	5 3/8	5.375	78
Flying Tiger Corp.	Equipment Trust	4-15-77/			
		10-15-77	4 1/2	4.50	18
Fruit Growers Express Co.	Equipment Trust	6-15-77/85	9 3/4	9.75	135
Fruit Growers Express Co.	Equipment Trust	11-15-76/81	6.00	6.00	60
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-77/			
		9-1-85	10 1/2	10.50	189
Louisville & Nashville Railroad Co.	Conditional Sale	10-20-82/91	9.00	9.00	500
St. Louis-San Francisco Railway Co.	Conditional Sale	1-1-77/83	6 3/4	6.75	70
Southern Pacific Co.	Conditional Sale	3-1-77/84	7 5/8	7.625	80
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.68%	\$ 2,709
TOTAL CORPORATE BOND OBLIGATIONS				8.39%	\$22,384
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.32%	\$26,355

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

SCHEDULE VI

HIGHWAY PATROLMEN'S RETIREMENT FUND

June 30, 1976

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 48,624.57
MONEY MARKET SECURITIES	
Repurchase Agreements	
Maturities up to 6 days	\$ 485,000.00
Short-Term Corporate Notes	
Maturities up to 30 days	\$ 510,000.00
STATE AND LOCAL OBLIGATIONS	
\$ 273,000.00	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS	
(See Listing Below)	\$ 137,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS	
(See Listing Below)	\$ 1,050,000.00
CORPORATE BOND OBLIGATIONS	
(See Listing Below)	\$ 7,152,026.26
DEFERRED YIELD ADJUSTMENT ACCOUNT**	
	\$ 109,351.17
COMMON STOCKS (See Listing Below)	
	\$ 8,697,354.81
TOTAL ASSETS IN ACCOUNT	\$18,462,356.81
(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, 1976

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (\$000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
Moore-McCormack Lines, Inc.	Govt.-Guar. Bond	4-1-87	5 3/4	5.75	\$ 137
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				5.75%	\$ 137
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-1-85	9 1/2	9.50	\$ 200
New Brunswick Electric Power Commission	S/F Debenture	4-1-98	7 7/8	7.875	300
Nova Scotia, Province of	S/F Debenture	8-1-93	7 1/4	7.20	150
Ontario Hydro	Note	3-15-96	9 1/2	9.50	400
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				8.71%	\$1,050
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
California Electric Power Co.	First Mortgage	5-1-90	5 1/8	5.06	\$ 40
Central Maine Power Co.	First Mortgage	11-1-90	5 1/4	5.10	39
Georgia Power Co.	First Mortgage	11-1-90	4 7/8	4.96	40
Rochester Gas & Electric	First Mortgage	7-1-98	6.70	6.70	50
Sierra Pacific Power Co.	First Mortgage	6-1-92	4 7/8	4.75	50
Total Electric				5.35%	\$ 219
GAS					
Louisiana Gas Service Co.	First Mortgage	6-1-87	4 1/2	4.70	\$ 50
Milwaukee Gas Light Co.	First Mortgage	5-15-87	4 5/8	4.50	50
Transcontinental Gas Pipe Line Corp.	First Mortgage	11-1-82	4 7/8	4.82	94
Total Gas				4.71%	\$ 194
TELEPHONE					
The Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9 1/2	9.50	\$ 400
New York Telephone Co.	Refunding Mortgage	7-15-2008	8.00	8.40	400
Total Telephone				8.95%	\$ 800
TOTAL PUBLIC UTILITY OBLIGATIONS				7.62%	\$1,213
FINANCE OBLIGATIONS					
CIT Financial Corp.	Debenture	10-1-86	6 3/8	6.42	\$ 150
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	400
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	300
Wells Fargo & Co.	Promissory Note	11-1-98	8 1/8	8.125	250
TOTAL FINANCE OBLIGATIONS				8.37%	\$1,100

Schedule VI continued

Company	Type Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-1-95	9 1/2	9.37	\$ 150
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	400
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/8	8.125	288
FMC Corporation	S/F Debenture	1-15-2000	9 1/2	9.60	400
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9 1/4	9.25	400
Gulf Oil Corporation	Debenture	6-15-93	6 5/8	6.625	150
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8 3/4	8.75	300
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.57	400
Phelps Dodge Corp.	Note	6-1-85	8 1/2	8.64	300
Plantation Pipe Line Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Guaranteed Note	10-1-2001	7 7/8	7.875	300
Sears, Roebuck & Co.	Debenture	4-1-2006	8.00	8.02	200
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	9.00	9.00	150
Standard Oil Co. (Indiana)	Debenture	1-15-98	6.00	6.07	50
Union Oil Co. of California (Pure Transportation Co.)	Note	12-1-88	6 1/2	6.50	66
TOTAL INDUSTRIAL OBLIGATIONS				8.54%	\$3,954

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
TRANSPORTATION DEBT OBLIGATIONS					
Atlantic Coast Line Railroad Co.	First Mortgage	10-1-88	4 3/4	4.75	\$ 49
Louisville & Nashville Railroad Co.	Coll. Trust	12-1-87	4 7/8	4.95	100
Western Maryland Railway Co.	First Mortgage	10-1-89	4.85	4.85	72
TOTAL TRANSPORTATION DEBT OBLIGATIONS				4.87%	\$ 221
RAILROAD EQUIPMENT OBLIGATIONS					
Burlington Northern, Inc.	Conditional Sale	5-1-77/86	8.60	8.60	\$ 240
Chesapeake & Ohio Railway Co.	Conditional Sale	9-15-77/3-15-89	8 3/4	8.75	197
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.	Conditional Sale	7-15-76/1-15-82	6 3/8	6.375	22
Fruit Growers Express Co.	Equipment Trust	6-15-77/85	9 3/4	9.75	90
Fruit Growers Express Co.	Equipment Trust	11-15-76/81	6.00	6.00	30
Illinois Central Railroad Co.	Conditional Sale	2-15-77/83	6 7/8	6.875	85
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.39%	\$ 664
TOTAL CORPORATE BOND OBLIGATIONS				8.23%	\$7,152
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					
				8.25%	\$8,339

(a) Most corporate issues have substantial sinking funds and an average life 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, 1976

Common Stock	Total Shares	Market Price 6-30-76	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 Corporation	8,600	\$ 14.50	8,600	\$ 124,700.00	-	-	\$ 124,700.00	
Commonwealth Edison Company	14,000	28.00	4,000	112,000.00	10,000	\$ 280,000.00	392,000.00	
Florida Power & Light Company	17,000	23.88	-	-	17,000	405,875.00	405,875.00	
Houston Lighting & Power Company	7,500	23.50	-	-	7,500	176,250.00	176,250.00	
Middle South Utilities, Incorporated	27,100	14.63	7,100	103,837.50	20,000	292,500.00	396,337.50	
Pacific Gas and Electric Company	7,700	20.38	-	-	7,700	156,887.50	156,887.50	
Public Service Company of Indiana, Inc.	5,550	25.50	5,550	141,525.00	-	-	141,525.00	
Southern California Edison Company	10,000	19.63	3,700	72,612.50	6,300	123,637.50	196,250.00	
Southern Company (The)	3,500	14.38	3,500	50,312.50	-	-	50,312.50	
Texas Utilities Company	13,000	19.00	-	-	13,000	247,000.00	247,000.00	
Virginia Electric and Power Company	6,400	13.75	-	-	6,400	88,000.00	88,000.00	
Total Electric				\$ 604,987.50		\$ 1,770,150.00	\$ 2,375,137.50	6.61%
NATURAL GAS								
Panhandle Eastern Pipe Line Company	14,000	\$ 35.13	4,000	\$ 140,500.00	10,000	\$ 351,250.00	\$ 491,750.00	1.37%
COMMUNICATIONS								
American Telephone & Telegraph Company	16,136	\$ 56.50	3,500	\$ 197,750.00	12,636	\$ 713,934.00	\$ 911,684.00	
General Telephone & Electronics Corporation	21,000	25.88	9,000	232,875.00	12,000	310,500.00	543,375.00	
Total Communications				\$ 430,625.00		\$ 1,024,434.00	\$ 1,455,059.00	4.05%
TOTAL UTILITIES				\$1,176,112.50		\$ 3,145,834.00	\$ 4,321,946.50	12.03%
FINANCIAL SERVICES								
BANKS								
BankAmerica Corporation	4,000	\$ 56.25	4,000	\$ 225,000.00	-	-	\$ 225,000.00	
Citicorp	17,900	36.13	6,000	216,750.00	11,900	\$ 429,887.50	646,637.50	
First Bank System, Incorporated	11,300	45.88	-	-	11,300	518,387.50	518,387.50	
Manufacturers Hanover Corporation	12,000	39.50	-	-	12,000	474,000.00	474,000.00	
Northwest Bancorporation	9,900	53.25	3,000	159,750.00	6,900	367,425.00	527,175.00	
Security Pacific Corporation	7,000	22.94	-	-	7,000	160,566.00	160,566.00	
Valley National Bank of Arizona	6,618	18.19	6,618	120,368.18	-	-	120,368.18	
Total Banks				\$ 721,868.18		\$ 1,950,266.00	\$ 2,672,134.18	7.44%
FINANCE								
Beneficial Corporation	13,380	\$ 24.13	4,000	\$ 96,500.00	9,380	\$ 226,292.50	\$ 322,792.50	
MGIC Investment Corporation	13,000	12.63	3,000	37,875.00	10,000	126,250.00	164,125.00	
Total Finance				\$ 134,375.00		\$ 352,542.50	\$ 486,917.50	1.36%

Schedule VII continued

Common Stock	Total Shares	Market Price 6-30-76	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
INSURANCE								
Aetna Life & Casualty Company	15,000	\$ 27.75	4,000	\$ 111,000.00	11,000	\$ 305,250.00	\$ 416,250.00	
INA Corporation	8,400	37.88	—	—	8,400	318,150.00	318,150.00	
NLT Corporation	30,100	19.63	7,700	151,112.50	22,400	439,600.00	590,712.50	
Northwestern National Life Insurance Co.	8,400	14.00	2,000	28,000.00	6,200	86,800.00	114,800.00	
The St. Paul Companies, Inc.	13,000	27.50	5,000	137,500.00	8,000	220,000.00	357,500.00	
Total Insurance				\$ 427,612.50		\$ 1,369,800.00	\$ 1,797,412.50	5.00%
TOTAL FINANCIAL SERVICES				\$1,283,855.68		\$ 3,672,608.50	\$ 4,956,464.18	13.80%
CONSUMER-ORIENTED AUTOMOBILES & AUTOMOTIVE PARTS								
Ford Motor Company	8,300	\$ 58.50	2,500	\$ 146,250.00	5,800	\$ 339,300.00	\$ 485,550.00	
General Motors Corporation	9,700	68.50	2,300	157,550.00	7,400	506,900.00	664,450.00	
Genuine Parts Company	8,000	37.88	2,000	75,750.00	6,000	227,250.00	303,000.00	
Goodyear Tire & Rubber Company (The)	10,000	23.00	—	—	10,000	230,000.00	230,000.00	
Total Automobiles & Automotive Parts				\$ 379,550.00		\$ 1,303,450.00	\$ 1,683,000.00	4.69%
CONSUMER-DURABLES								
Whirlpool Corporation	18,000	\$ 27.13	5,000	\$ 135,625.00	13,000	\$ 352,625.00	\$ 488,250.00	1.36%
CONSUMER-NONDURABLES								
Avon Products, Inc.	14,000	\$ 47.25	4,000	\$ 189,000.00	10,000	\$ 472,500.00	\$ 661,500.00	
Colgate-Palmolive Company	9,000	26.75	4,000	107,000.00	5,000	133,750.00	240,750.00	
Eastman Kodak Company	4,800	100.13	1,300	130,162.50	3,500	350,437.50	480,600.00	
Minnesota Mining and Manufacturing Co.	8,000	55.63	2,000	111,250.00	6,000	333,750.00	445,000.00	
Procter & Gamble Company (The)	4,000	94.88	—	—	4,000	379,500.00	379,500.00	
Total Consumer-Nondurables				\$ 537,412.50		\$ 1,669,937.50	\$ 2,207,350.00	6.15%
CONSUMER-MISCELLANEOUS								
Disney (Walt) Productions	8,520	\$ 56.63	1,953	\$ 110,588.63	6,567	\$ 371,856.38	\$ 482,445.01	
Holiday Inns, Incorporated	8,800	14.38	3,100	44,562.50	5,700	81,937.50	126,500.00	
McDonald's Corporation	8,000	58.50	2,000	117,000.00	6,000	351,000.00	468,000.00	
Total Consumer-Miscellaneous				\$ 272,151.13		\$ 804,793.88	\$ 1,076,945.01	3.00%
DRUGS								
American Home Products Corporation	10,000	\$ 34.25	—	—	10,000	\$ 342,500.00	\$ 342,500.00	
Johnson & Johnson	4,500	84.00	—	—	4,500	378,000.00	378,000.00	
Medtronic, Inc.	8,000	27.38	3,000	82,125.00	5,000	136,875.00	219,000.00	
Merck & Co., Inc.	8,000	72.00	2,000	144,000.00	6,000	432,000.00	576,000.00	
Pfizer Incorporated	15,100	29.25	4,000	117,000.00	11,100	324,675.00	441,675.00	
Schering-Plough Corporation	3,000	53.75	3,000	161,250.00	—	—	161,250.00	
Total Drugs				\$ 504,375.00		\$ 1,614,050.00	\$ 2,118,425.00	5.91%
FOOD-BEVERAGE								
CPC International, Inc.	14,000	\$ 46.00	4,000	\$ 184,000.00	10,000	\$ 460,000.00	\$ 644,000.00	
Consolidated Foods Corporation	11,000	22.13	—	—	11,000	243,375.00	243,375.00	
General Mills, Incorporated	11,000	31.50	2,000	63,000.00	9,000	283,500.00	346,500.00	
Norton Simon, Incorporated	5,975	19.88	—	—	5,975	118,753.13	118,753.13	
PepsiCo, Inc.	7,000	74.50	2,000	149,000.00	5,000	372,500.00	521,500.00	
Pillsbury Company (The)	3,500	36.63	3,500	128,187.50	—	—	128,187.50	
Total Food-Beverage				\$ 524,187.50		\$ 1,478,128.13	\$ 2,002,315.63	5.57%
PRINTING-PUBLISHING								
Donnelley (R.R.) and Sons Company	8,859	\$ 21.38	—	—	8,859	\$ 189,361.13	\$ 189,361.13	0.53%
RETAIL SALES								
Federated Department Stores, Incorporated	6,700	\$ 47.63	—	—	6,700	\$ 319,087.50	\$ 319,087.50	
Penney (J.C.) Company, Incorporated	12,800	52.25	3,800	\$ 198,550.00	9,000	470,250.00	668,800.00	
Sears, Roebuck and Company	9,000	64.75	3,000	194,250.00	6,000	388,500.00	582,750.00	
Total Retail Sales				\$ 392,800.00		\$ 1,177,837.50	\$ 1,570,637.50	4.37%
TOTAL CONSUMER-ORIENTED				\$2,746,101.13		\$ 8,590,183.14	\$11,336,284.27	31.57%
TECHNOLOGY								
OFFICE EQUIPMENT								
Burroughs Corporation	7,000	\$104.00	2,000	\$ 208,000.00	5,000	\$ 520,000.00	\$ 728,000.00	
Control Data Corporation	4,000	23.63	—	—	4,000	94,500.00	94,500.00	
Honeywell, Inc.	3,300	49.63	—	—	3,300	163,762.50	163,762.50	
International Business Machines Corporation	6,600	276.75	1,600	442,800.00	5,000	1,383,750.00	*1,826,550.00	
Xerox Corporation	5,400	61.63	2,200	135,575.00	3,200	197,200.00	332,775.00	
Total Office Equipment				\$ 786,375.00		\$ 2,359,212.50	\$ 3,145,587.50	8.76%
TOTAL TECHNOLOGY				\$ 786,375.00		\$ 2,359,212.50	\$ 3,145,587.50	8.76%
BASIC INDUSTRY								
AEROSPACE								
United Technologies Corporation	4,000	\$ 37.38	4,000	\$ 149,500.00	—	—	\$ 149,500.00	0.42%
BUILDING & FOREST PRODUCTS								
Owens-Corning Fiberglas Corporation	10,900	\$ 51.50	2,000	\$ 103,000.00	8,900	\$ 458,350.00	\$ 561,350.00	
Weyerhaeuser Company	6,000	44.38	—	—	6,000	266,250.00	266,250.00	
Total Building & Forest Products				\$ 103,000.00		\$ 724,600.00	\$ 827,600.00	2.30%
CHEMICALS								
Air Products and Chemicals, Incorporated	4,080	\$ 76.50	—	—	4,080	\$ 312,120.00	\$ 312,120.00	
Dow Chemical Company (The)	4,000	48.25	4,000	\$ 193,000.00	—	—	193,000.00	
du Pont (E.I.) de Nemours and Company	2,860	139.50	—	—	2,860	398,970.00	398,970.00	
Hercules Incorporated	16,000	32.25	2,000	64,500.00	14,000	451,500.00	516,000.00	
Monsanto Company	1,600	93.25	—	—	1,600	149,200.00	149,200.00	
Union Carbide Corporation	3,000	67.63	3,000	202,875.00	—	—	202,875.00	
Total Chemicals				\$ 460,375.00		\$ 1,311,790.00	\$ 1,772,165.00	4.93%

Schedule VII continued

Common Stock	Total Shares	Market Price 6-30-76	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
ELECTRICAL EQUIPMENT								
Emerson Electric Co.	11,500	\$ 37.75	4,000	\$ 151,000.00	7,500	\$ 283,125.00	\$ 434,125.00	
General Electric Company	6,200	57.13	-	-	6,200	354,175.00	354,175.00	
Westinghouse Electric Corporation	3,200	17.38	-	-	3,200	55,600.00	55,600.00	
Total Electric Equipment				\$ 151,000.00		\$ 692,900.00	\$ 843,900.00	2.35%
MACHINERY								
Caterpillar Tractor Co.	1,500	\$ 91.13	-	-	1,500	\$ 136,687.50	\$ 136,687.50	
Combustion Engineering, Incorporated	4,000	47.75	-	-	4,000	191,000.00	191,000.00	
Trans Union Corporation	10,000	34.25	4,000	\$ 137,000.00	6,000	205,500.00	342,500.00	
Total Machinery				\$ 137,000.00		\$ 533,187.50	\$ 670,187.50	1.87%
METALS								
Aluminum Company of America	5,800	\$ 56.50	1,600	\$ 90,400.00	4,200	\$ 237,300.00	\$ 327,700.00	
Pittston Company (The)	14,097	45.75	3,955	180,941.25	10,142	463,996.50	644,937.75	
Total Metals				\$ 271,341.25		\$ 701,296.50	\$ 972,637.75	2.71%
PAPER								
International Paper Company	5,300	\$ 73.00	1,300	\$ 94,900.00	4,000	\$ 292,000.00	\$ 386,900.00	1.08%
MISCELLANEOUS								
Corning Glass Works	3,800	\$ 75.00	1,000	\$ 75,000.00	2,800	\$ 210,000.00	\$ 285,000.00	
International Telephone & Telegraph Corp.	7,700	28.38	2,200	62,425.00	5,500	156,062.50	218,487.50	
Total Miscellaneous				\$ 137,425.00		\$ 366,062.50	\$ 503,487.50	1.40%
TOTAL BASIC INDUSTRY				\$1,504,541.25		\$ 4,621,836.50	\$ 6,126,377.75	17.06%
ENERGY								
OIL-DOMESTIC								
Continental Oil Company (Del.)	17,000	\$ 38.38	5,000	\$ 191,875.00	12,000	\$ 460,500.00	\$ 652,375.00	
Phillips Petroleum Company	13,000	61.38	4,000	245,500.00	9,000	552,375.00	797,875.00	
Standard Oil Company (Indiana)	10,100	50.50	2,600	131,300.00	7,500	378,750.00	510,050.00	
Total Oil-Domestic				\$ 568,675.00		\$ 1,391,625.00	\$ 1,960,300.00	5.46%
OIL-INTERNATIONAL								
Exxon Corporation	9,700	\$104.63	3,700	\$ 387,112.50	6,000	\$ 627,750.00	\$ 1,014,862.50	
Gulf Oil Corporation	13,000	28.13	-	-	13,000	365,625.00	365,625.00	
Mobil Corporation	6,600	59.88	2,100	125,737.50	4,500	269,437.50	395,175.00	
Standard Oil Company of California	10,000	38.00	-	-	10,000	380,000.00	380,000.00	
Texaco, Inc.	7,500	28.13	-	-	7,500	210,937.50	210,937.50	
Total Oil-International				\$ 512,850.00		\$ 1,853,750.00	\$ 2,366,600.00	6.59%
ENERGY-RELATED								
Dresser Industries, Inc.	11,000	\$ 43.00	3,000	\$ 129,000.00	8,000	\$ 344,000.00	\$ 473,000.00	
Williams Companies (The)	11,500	24.00	3,500	84,000.00	8,000	192,000.00	276,000.00	
Total Energy-Related				\$ 213,000.00		\$ 536,000.00	\$ 749,000.00	2.09%
TOTAL ENERGY				\$1,294,525.00		\$ 3,781,375.00	\$ 5,075,900.00	14.13%
TRANSPORTATION								
AIRLINES								
Delta Air Lines, Incorporated	2,600	\$ 44.50	1,100	\$ 48,950.00	1,500	\$ 66,750.00	\$ 115,700.00	
Northwest Airlines, Incorporated	7,900	32.50	2,700	87,750.00	5,200	169,000.00	256,750.00	
UAL, Inc.	1,500	27.75	-	-	1,500	41,625.00	41,625.00	
Total Airlines				\$ 136,700.00		\$ 277,375.00	\$ 414,075.00	1.15%
RAILROADS								
Burlington Northern Incorporated	5,300	\$ 46.00	1,800	\$ 82,800.00	3,500	\$ 161,000.00	\$ 243,800.00	
Union Pacific Corporation	3,200	92.38	800	73,900.00	2,400	221,700.00	295,600.00	
Total Railroads				\$ 156,700.00		\$ 382,700.00	\$ 539,400.00	1.50%
TOTAL TRANSPORTATION				\$ 293,400.00		\$ 660,075.00	\$ 953,475.00	2.65%
TOTAL COMMON STOCKS				\$9,084,910.56^a		\$26,831,124.64^b	\$35,916,035.20^c	100.00%

a Original cost of equities on June 30, 1976 was \$ 8,327,190.95.
b Original cost of equities on June 30, 1976 was \$25,173,715.54.
c Original cost of equities on June 30, 1976 was \$33,500,906.49.

SCHEDULE VIII

JUDGES RETIREMENT FUND June 30, 1976 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 247.46
MONEY MARKET SECURITIES	
Bills	
Maturities up to 36 days	\$ 80,000.00
Repurchase Agreements	
Maturities up to 2 days	\$ 59,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 150,000.00
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 175,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 100,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 600,000.00
COMMON STOCKS (See Listing Below)	\$ 132,010.00
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$1,296,257.46

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

UNITED STATES GOVERNMENT-GUARANTEED AND GOVERNMENT AGENCY BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 30, 1976

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
Puget Sound Tug & Barge Co.	Govt.-Guar. Bond	2-15-2001	9 1/8	9.125	\$ 150
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
Federal Home Loan Bank	Bond	2-26-79	9.45	9.45	\$ 100
Federal Home Loan Bank	Bond	1-26-79	8.15	8.15	75
TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
8.89% \$ 175					
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-1-85	9 1/2	9.50	\$ 100
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Pacific Gas & Electric Co.	First & Refunding Mortgage	6-1-85	9 1/2	9.58	\$ 100
TELEPHONE					
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	9.70	\$ 100
TOTAL PUBLIC UTILITY OBLIGATIONS					
9.64% \$ 200					
INDUSTRIAL OBLIGATIONS					
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	\$ 100
du Pont (E.I.) de Nemours	Debenture	11-15-2004	8.45	8.90	100
Exxon Pipeline Co.	S/F Debenture	10-15-2000	8 7/8	8.90	100
Ford Motor Co.	Debenture	7-15-94	9 1/4	9.29	100
TOTAL INDUSTRIAL OBLIGATIONS					
9.09% \$ 400					
TOTAL CORPORATE BOND OBLIGATIONS					
9.27% \$ 600					
TOTAL UNITED STATES GOVERNMENT-GUARANTEED AND GOVERNMENT AGENCY BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS					
9.21% \$1,025					

(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 6-30-76	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Texas Utilities Company	300	\$ 19.00	\$ 5,700.00	4.10%
NATURAL GAS				
Panhandle Eastern Pipe Line Company	200	\$ 35.13	\$ 7,025.00	5.05%
COMMUNICATIONS				
American Telephone & Telegraph Company	200	\$ 56.50	\$ 11,300.00	8.13%
TOTAL UTILITIES			\$ 24,025.00	17.28%
CONSUMER-ORIENTED				
CONSUMER-NONDURABLES				
Eastman Kodak Company	100	\$100.13	\$ 10,012.50	
Minnesota Mining and Manufacturing Co.	100	55.63	5,562.50	
Total Consumer-Nondurables			\$ 15,575.00	11.20%
DRUGS				
Schering-Plough Corporation	100	\$ 53.75	\$ 5,375.00	3.87%
FOOD-BEVERAGE				
CPC International, Inc.	200	\$ 46.00	\$ 9,200.00	6.62%
TOTAL CONSUMER-ORIENTED			\$ 30,150.00	21.69%
TECHNOLOGY				
OFFICE EQUIPMENT				
International Business Machines Corporation	60	\$276.75	\$ 16,605.00	11.94%
TOTAL TECHNOLOGY			\$ 16,605.00	11.94%
BASIC INDUSTRY				
CHEMICALS				
Dow Chemical Company (The)	300	\$ 48.25	\$ 14,475.00	10.41%
ELECTRICAL EQUIPMENT				
General Electric Company	200	\$ 57.13	\$ 11,425.00	8.22%
METALS				
Aluminum Company of America	200	\$ 56.50	\$ 11,300.00	8.13%
TOTAL BASIC INDUSTRY			\$ 37,200.00	26.76%
ENERGY				
OIL-DOMESTIC				
Continental Oil Company (Del.)	200	\$ 38.38	\$ 7,675.00	5.52%
OIL-INTERNATIONAL				
Exxon Corporation	100	\$104.63	\$ 10,462.50	7.53%
ENERGY-RELATED				
Dresser Industries, Inc.	300	\$ 43.00	\$ 12,900.00	9.28%
TOTAL ENERGY			\$ 31,037.50	22.33%
TOTAL COMMON STOCKS			\$139,017.50*	100.00%

*Original cost of equities on June 30, 1976, was \$116,594.38.

SCHEDULE IX

SUPPLEMENTAL RETIREMENT FUND -- INCOME SHARE ACCOUNT June 30, 1976

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 45,820.33
MONEY MARKET SECURITIES	
Repurchase Agreements	
Maturities up to 6 days	\$ 942,000.00
Short-Term Corporate Notes	
Maturities up to 16 days	\$ 1,467,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 4,100,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$16,627,517.56
COMMON STOCKS (See Listing Below)	\$20,874,582.50
TOTAL ASSETS IN ACCOUNT	\$44,056,920.39

*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 IX continued

CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS

June 30, 1976

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
Manitoba Hydro-Electric Board	Bond	10-1-85	9 1/2	9.50	400,000.00
New Brunswick Electric Power Commission	S F Debenture	4-1-98	7 7/8	7.875	800,000.00
Nova Scotia Power Commission	S F Debenture	7-15-98	8 1/8	8.15	800,000.00
Ontario Hydro	Note	3-15-96	9 1/2	9.50	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				8.30%	\$ 4,100,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
GAS					
Minnesota Gas Company	Debenture	11-15-81	9 1/4	9.36	\$ 800,000.00
TELEPHONE					
Bell Telephone Co. of Canada	First Mortgage	6-1-2004	9 1/2	9.50	\$ 800,000.00
New York Telephone Co.	Refunding Mortgage	7-15-2008	8.00	8.66	800,000.00
Total Telephone				9.08%	\$ 1,600,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS				9.17%	\$ 2,400,000.00
FINANCE OBLIGATIONS					
Deere (John) Credit Co.	Debenture	4-30-98	7 1/2	7.54	\$ 500,000.00
Ford Motor Credit Co.	Debenture	4-1-99	8.70	8.92	800,000.00
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	800,000.00
Honeywell Finance Inc.	S/F Debenture	12-15-98	8.20	8.37	800,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	800,000.00
Wells Fargo & Co.	Promissory Note	11-1-98	8 1/8	8.125	800,000.00
TOTAL FINANCE OBLIGATIONS				8.46%	\$ 4,500,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada, Ltd.	S/F Debenture	3-15-95	9 1/2	9.67	\$ 800,000.00
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	800,000.00
Cities Service Gas Co.	Debenture	6-1-91	8 1/4	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	9 1/2	9.60	800,000.00
Marathon Oil Co.	S/F Debenture	2-1-2000	8 1/2	8.58	800,000.00
Moore Business Forms, Inc.	Senior Note	10-1-96	7.90	7.90	500,000.00
Pheips Dodge Corp.	Note	6-1-85	8 1/2	8.57	400,000.00
Plantation Pipeline Co. (Exxon Corp., Standard Oil Co. of California & Shell Oil Co., Guarantors)	Note	10-1-2001	7 7/8	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	7 1/2	7.75	800,000.00
Stauffer Chemical Co.	Note	3-15-97	7 1/2	7.50	500,000.00
TOTAL INDUSTRIAL OBLIGATIONS				8.55%	\$ 7,900,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust	4-1-77/85	9 1/2	9.50	\$ 135,000.00
Burlington Northern, Inc.	Conditional Sale	10-1-76/82	9 5/8	9.625	200,000.00
Burlington Northern, Inc. (First-Western Bank & Trust Co.)	Conditional Sale	5-1-77/86	8.60	8.60	199,861.42
Chesapeake & Ohio Railway Co. (The First Pennsylvania Banking & Trust Co.)	Conditional Sale	9-15-77/ 3-15-89	8 3/4	8.75	491,915.45
Fruit Growers Express Co.	Equipment Trust	6-15-77/85	9 3/4	9.75	135,000.00
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-77/ 9-1-85	10 1/2	10.50	165,740.69
Louisville & Nashville Railroad Co.	Conditional Sale	10-20-82/91	9.00	9.00	500,000.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				9.19%	\$ 1,827,517.56
TOTAL CORPORATE BOND OBLIGATIONS				8.69%	\$16,627,517.56
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.61%	\$20,727,517.56

(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 6-30-76	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison Company	13,000	\$ 28.00	\$ 364,000.00	
Middle South Utilities, Incorporated	20,000	14.63	292,500.00	
Northern States Power Company (Minn.)	11,500	24.38	280,312.50	
Southern California Edison Company	8,700	19.63	170,737.50	
Texas Utilities Company	16,300	19.00	309,700.00	
Total Electric			\$ 1,417,250.00	6.48%
NATURAL GAS				
Panhandle Eastern Pipe Line Company	10,000	\$ 35.13	\$ 351,250.00	1.61%
COMMUNICATIONS				
American Telephone & Telegraph Company	16,000	\$ 56.50	\$ 904,000.00	
General Telephone & Electronics Corp.	14,000	25.88	362,250.00	
Total Communications			\$ 1,266,250.00	5.79%
TOTAL UTILITIES				
			\$ 3,034,750.00	13.88%
FINANCIAL SERVICES				
BANKS				
Continental Illinois Corporation	10,900	\$ 53.63	\$ 584,512.50	
Manufacturers Hanover Corporation	11,000	39.50	434,500.00	
Northwest Bancorporation	10,000	53.25	532,500.00	
Total Banks			\$ 1,551,512.50	7.10%
FINANCE				
Household Finance Corporation	22,000	\$ 18.50	\$ 407,000.00	1.86%
INSURANCE				
INA Corporation	10,000	\$ 37.88	\$ 378,750.00	
NLT Corporation	11,000	19.63	215,875.00	
The St. Paul Companies, Inc.	10,000	27.50	275,000.00	
United States Fidelity & Guaranty Company	8,800	38.88	342,100.00	
Total Insurance			\$ 1,211,725.00	5.54%
TOTAL FINANCIAL SERVICES			\$ 3,170,237.50	14.50%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Company	7,600	\$ 58.50	\$ 444,600.00	
General Motors Corporation	7,000	68.50	479,500.00	
Goodyear Tire & Rubber Company (The)	11,500	23.00	264,500.00	
Gould, Inc.	18,000	36.88	663,750.00	
Total Automobiles & Automotive Parts			\$ 1,852,350.00	8.47%
CONSUMER-DURABLES				
Sunbeam Corporation	12,000	\$ 23.63	\$ 283,500.00	1.30%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	8,000	\$ 47.25	\$ 378,000.00	
Colgate-Palmolive Company	2,000	26.75	53,500.00	
Minnesota Mining and Manufacturing Co.	8,500	55.63	472,812.50	
Total Consumer-Non-durables			\$ 904,312.50	4.14%
DRUGS				
American Home Products, Corporation	2,000	\$ 34.25	\$ 68,500.00	
Pfizer Incorporated	14,000	29.25	409,500.00	
Warner-Lambert Company	13,000	32.75	425,750.00	
Total Drugs			\$ 903,750.00	4.13%
FOOD-BEVERAGES				
CPC International, Inc.	10,000	\$ 46.00	\$ 460,000.00	
Consolidated Foods Corporation	10,000	22.13	221,250.00	
General Foods Corporation	17,000	29.13	495,125.00	
PepsiCo, Inc.	5,100	74.50	379,950.00	
Total Food-Beverages			\$ 1,556,325.00	7.12%
RETAIL SALES				
Penney (J.C.) Company, Incorporated	8,000	\$ 52.25	\$ 418,000.00	
Sears, Roebuck and Company	7,500	64.75	485,625.00	
Total Retail Sales			\$ 903,625.00	4.13%
TOTAL CONSUMER-ORIENTED			\$ 6,403,862.50	29.29%
TECHNOLOGY				
OFFICE EQUIPMENT				
International Business Machines Corporation	3,200	\$276.75	\$ 885,600.00	
Xerox Corporation	4,000	61.63	246,500.00	
Total Office Equipment			\$ 1,132,100.00	5.18%
TOTAL TECHNOLOGY			\$ 1,132,100.00	5.18%
BASIC INDUSTRY				
AEROSPACE				
United Technologies Corporation	8,000	\$ 37.38	\$ 299,000.00	1.37%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific Corporation	6,120	\$ 51.50	\$ 315,180.00	1.44%

Schedule IX continued

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
CHEMICALS				
du Pont (E.I.) de Nemours and Company	2,400	\$139.50	\$ 334,800.00	
Monsanto Company	2,500	93.25	233,125.00	
Union Carbide Corporation	7,500	67.63	507,187.50	
Total Chemicals			\$ 1,075,112.50	4.92%
ELECTRICAL EQUIPMENT				
General Electric Company	4,000	\$ 57.13	\$ 228,500.00	1.05%
MACHINERY				
Combustion Engineering, Incorporated	8,000	\$ 47.75	\$ 382,000.00	
Trans Union Corporation	8,000	34.25	274,000.00	
Total Machinery			\$ 656,000.00	3.00%
PAPER				
Hoerner Waldorf Corporation	22,000	\$ 18.00	\$ 396,000.00	
International Paper Company	9,000	73.00	657,000.00	
Total Paper			\$ 1,053,000.00	4.82%
MISCELLANEOUS				
International Telephone & Telegraph Corp.	10,000	\$ 28.38	\$ 283,750.00	1.30%
TOTAL BASIC INDUSTRY			\$ 3,910,542.50	17.89%
ENERGY				
OIL-DOMESTIC				
Continental Oil Company (Del.)	22,000	\$ 38.38	\$ 844,250.00	
Standard Oil Company (Indiana)	11,400	50.50	575,700.00	
Total Oil-Domestic			\$ 1,419,950.00	6.50%
OIL-INTERNATIONAL				
Exxon Corporation	9,500	\$104.63	\$ 993,937.50	
Mobil Corporation	11,000	59.88	658,625.00	
Texaco Inc.	12,000	28.13	337,500.00	
Total Oil-International			\$ 1,990,062.50	9.10%
ENERGY-RELATED				
Dresser Industries, Inc.	8,000	\$ 43.00	\$ 344,000.00	
Williams Companies (The)	1,000	24.00	24,000.00	
Total Energy-Related			\$ 368,000.00	1.68%
TOTAL ENERGY			\$ 3,778,012.50	17.28%
TRANSPORTATION				
RAILROADS				
Southern Railway Company	4,000	\$ 59.38	\$ 237,500.00	
Union Pacific Corporation	2,100	92.38	193,987.50	
Total Railroads			\$ 431,487.50	1.97%
TOTAL TRANSPORTATION			\$ 431,487.50	1.97%
TOTAL COMMON STOCKS			\$21,860,992.50*	100.00%

*Original cost of equities on June 30, 1976, was \$19,856,362.09.

SCHEDULE X

SUPPLEMENTAL RETIREMENT FUND — GROWTH SHARE ACCOUNT June 30, 1976

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 51,406.21
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 6 days	\$ 976,000.00
Short-Term Corporate Notes Maturities up to 6 days	\$ 133,000.00
COMMON STOCKS (See Listing Below)	\$13,108,317.38
TOTAL ASSETS IN ACCOUNT	\$14,268,723.59

*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.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Florida Power & Light Company	17,000	\$ 23.88	\$ 405,875.00	
Texas Utilities Company	14,000	19.00	266,000.00	
Total Electric			\$ 671,875.00	4.90%
COMMUNICATIONS				
United Telecommunications, Inc.	17,800	\$ 15.00	\$ 267,000.00	1.95%
TOTAL UTILITIES			\$ 938,875.00	6.84%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corporation	3,600	\$ 56.25	\$ 202,500.00	
First Bank System, Incorporated	6,000	45.88	275,250.00	
Valley National Bank of Arizona	6,500	18.19	118,222.00	
Total Banks			\$ 595,972.00	4.34%
FINANCE				
Household Finance Corporation	10,000	\$ 18.50	\$ 185,000.00	
MGIC Investment Corporation	8,000	12.63	101,000.00	
Total Finance			\$ 286,000.00	2.08%
INSURANCE				
INA Corporation	4,000	\$ 37.88	\$ 151,500.00	
NLT Corporation	10,400	19.63	204,100.00	
SAFECO Corporation	3,400	38.75	131,750.00	
The St. Paul Companies, Inc.	3,000	27.50	82,500.00	
Total Insurance			\$ 569,850.00	4.15%
TOTAL FINANCIAL SERVICES			\$ 1,451,822.00	10.58%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Genuine Parts Company	12,000	\$ 37.88	\$ 454,500.00	3.31%
CONSUMER-DURABLES				
Sunbeam Corporation	5,000	\$ 23.63	\$ 118,125.00	0.86%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	4,000	\$ 47.25	\$ 189,000.00	
Clorox Company (The)	6,500	12.25	79,625.00	
Colgate-Palmolive Company	6,000	26.75	160,500.00	
Eastman Kodak Company	3,000	100.13	300,375.00	
Minnesota Mining and Manufacturing Co.	4,000	55.63	222,500.00	
Revlon, Incorporated	3,500	84.00	294,000.00	
Total Consumer-Non-durables			\$ 1,246,000.00	9.08%
CONSUMER-MISCELLANEOUS				
ARA Services, Incorporated	1,800	\$ 53.25	\$ 95,850.00	
Disney (Walt) Productions	4,075	56.63	230,746.88	
Holiday Inns, Incorporated	4,200	14.38	60,375.00	
McDonald's Corporation	3,000	58.50	175,500.00	
Tonka Corporation	10,000	14.25	142,500.00	
Total Consumer-Miscellaneous			\$ 704,971.88	5.14%
DRUGS				
American Home Products Corporation	7,000	\$ 34.25	\$ 239,750.00	
Johnson & Johnson	3,000	84.00	252,000.00	
Medtronic, Inc.	7,000	27.38	191,625.00	
Schering-Plough Corporation	4,000	53.75	215,000.00	
Total Drugs			\$ 898,375.00	6.55%
FOOD-BEVERAGE				
CPC International, Inc.	8,000	\$ 46.00	\$ 368,000.00	
PepsiCo, Inc.	4,000	74.50	298,000.00	
Total Food-Beverage			\$ 666,000.00	4.85%
RETAIL SALES				
American Greetings Corporation	13,000	\$ 9.94	\$ 129,194.00	
Penney (J.C.) Company, Incorporated	6,000	52.25	313,500.00	
Total Retail Sales			\$ 442,694.00	3.23%
TOTAL CONSUMER-ORIENTED			\$ 4,530,665.88	33.02%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard Company	1,800	\$114.75	\$ 206,550.00	1.51%
OFFICE EQUIPMENT				
Burroughs Corporation	2,000	\$104.00	\$ 208,000.00	
Digital Equipment Corporation	1,400	176.75	247,450.00	
Honeywell, Inc.	3,000	49.63	148,875.00	
International Business Machines Corporation	3,012	276.75	833,571.00	
Xerox Corporation	3,200	61.63	197,200.00	
Total Office Equipment			\$ 1,635,096.00	11.92%
TOTAL TECHNOLOGY			\$ 1,841,646.00	13.42%
BASIC INDUSTRY				
AEROSPACE				
United Technologies	6,000	\$ 37.38	\$ 224,250.00	1.63%
BUILDING & FOREST PRODUCTS				
Masonite Corporation	10,000	\$ 20.00	\$ 200,000.00	
Owens-Corning Fiberglas Corporation	3,500	51.50	180,250.00	
Total Building & Forest Products			\$ 380,250.00	2.77%

Section X continued

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
CHEMICALS				
Air Products and Chemicals, Incorporated	2,760	\$ 76.50	\$ 211,140.00	
Dow Chemical Company (The)	4,000	48.25	193,000.00	
du Pont (E.I.) de Nemours and Company	2,100	139.50	292,950.00	
Total Chemicals			\$ 697,090.00	5.08%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	9,000	\$ 37.75	\$ 339,750.00	2.48%
MACHINERY				
Trans Union Corporation	3,000	\$ 34.25	\$ 102,750.00	0.75%
METALS				
Hanna Mining Company (The)	5,000	\$ 58.63	\$ 293,125.00	
Pittston Company (The)	6,265	45.75	286,623.75	
Total Metals			\$ 579,748.75	4.22%
MISCELLANEOUS				
International Telephone & Telegraph Corp.	4,000	\$ 28.38	\$ 113,500.00	0.83%
TOTAL BASIC INDUSTRY			\$ 2,437,338.75	17.76%
ENERGY				
OIL-DOMESTIC				
Louisiana Land and Exploration Company	6,000	\$ 28.75	\$ 172,500.00	
Phillips Petroleum Company	6,000	61.38	368,250.00	
Standard Oil Company (The) (Ohio)	4,000	72.75	291,000.00	
Total Oil-Domestic			\$ 831,750.00	6.06%
OIL-INTERNATIONAL				
Exxon Corporation	5,000	\$104.63	\$ 523,125.00	3.81%
ENERGY-RELATED				
Baker International Corporation	8,000	\$ 48.25	\$ 386,000.00	
Halliburton Company	6,000	63.63	381,750.00	
Williams Companies (The)	5,800	24.00	139,200.00	
Total Energy-Related			\$ 906,950.00	6.61%
TOTAL ENERGY			\$ 2,261,825.00	16.48%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	8,000	\$ 32.50	\$ 260,000.00	1.89%
TOTAL TRANSPORTATION			\$ 260,000.00	1.89%
TOTAL COMMON STOCKS			\$13,722,172.63	100.00%

*Original cost of equities on June 30, 1976, was \$13,922,171.84

SCHEDULE XI

SUPPLEMENTAL RETIREMENT FUND -
FIXED-RETURN ACCOUNT
June 30, 1976
RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 60,525.90
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 15 days	\$ 868,000.00
Agencies Maturities up to 22 days	\$ 150,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 450,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$2,700,000.00
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$4,228,525.90

Note: Bond investments are listed at face value.

CANADIAN GOVERNMENTAL OBLIGATIONS AND
CORPORATE BOND HOLDINGS
June 30, 1976

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
CANADIAN GOVERNMENTAL OBLIGATIONS					
Manitoba Hydro Electric Board	Bond	10-1-85	9 1/2	9.50	\$ 150,000.00
Ontario Hydro	Note	3-15-96	9 1/2	9.50	150,000.00
Ontario, Province of	Debenture	6-15-2005	9 1/4	9.25	150,000.00
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				9.42%	\$ 450,000.00
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Minnesota Power & Light Co.	First Mortgage Bond	8-1-2005	10 1/2	10.50	\$ 150,000.00
TELEPHONE					
New York Telephone Co.	Refunding Mortgage	7-15-2008	8.00	9.62	\$ 150,000.00
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	8.74	150,000.00
Total Telephone				9.18%	\$ 300,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS				9.62%	\$ 450,000.00
FINANCE OBLIGATIONS					
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	\$ 150,000.00
INDUSTRIAL OBLIGATIONS					
AMAX Inc.	S/F Debenture	3-1-2001	8 5/8	8.70	\$ 150,000.00
Ashland Oil & Refining Co.	S/F Debenture	9-1-2000	10.00	10.00	150,000.00
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	150,000.00
du Pont (E.I.) de Nemours	Debenture	11-15-2004	8.45	8.53	150,000.00
Exxon Pipeline Co.	Debenture	3-1-2001	8 1/4	8.42	150,000.00
FMC Corp.	S/F Debenture	1-15-2000	9 1/2	9.60	150,000.00
Firestone Tire & Rubber	Debenture	12-1-2004	9 1/4	9.29	150,000.00
Ford Motor Co.	Debenture	7-15-94	9 1/4	9.28	150,000.00
Sears, Roebuck & Co.	Debenture	4-1-2006	8.00	8.02	150,000.00
Standard Oil Co. (Indiana)	S/F Debenture	7-15-2004	9.20	9.07	150,000.00
Stauffer Chemical Co.	Debenture	1-15-2001	8.85	8.85	150,000.00
Union Oil Co. of Calif.	S/F Debenture	3-1-2006	8 5/8	8.65	150,000.00
TOTAL INDUSTRIAL OBLIGATIONS				8.97%	\$1,800,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Certificate	3-1-82/91	9.00	9.00	\$ 150,000.00
Louisville & Nashville Railroad Co.	Conditional Sale	10-20-82/91	9.00	9.00	150,000.00
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				9.00%	\$ 300,000.00
TOTAL CORPORATE BOND OBLIGATIONS				9.12%	\$2,700,000.00
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				9.16%	\$3,150,000.00

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

SCHEDULE XII

MINNESOTA VARIABLE ANNUITY FUND
June 30, 1976
RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ (44,446.21)
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 6 days	\$ 1,233,000.00
Short-Term Corporate Notes Maturities up to 40 days	\$ 2,000,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 1,800,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 6,348,992.55
COMMON STOCKS (See Listing Below)	\$22,581,463.63
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$33,919,009.97

*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1976.

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, 1976

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 7/8	7.875	400,000.00	
Nova Scotia Power Commission	S/F Debenture	7-15-98	8 1/8	8.15	500,000.00	
Ontario Hydro	Note	3-15-96	9 1/2	9.50	500,000.00	
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS					8.35%	\$1,800,000.00
CORPORATE BOND OBLIGATIONS						
PUBLIC UTILITY OBLIGATIONS						
ELECTRIC						
Montana Power Company	First Mortgage	12-1-81	8 3/4	8.75	\$ 500,000.00	
GAS						
Minnesota Gas Company	Debenture	11-15-81	9 1/4	9.25	\$ 500,000.00	
TELEPHONE						
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	8.24	\$ 500,000.00	
TOTAL PUBLIC UTILITY OBLIGATIONS					8.75%	\$1,500,000.00
FINANCE OBLIGATIONS						
First Bank System	Note	6-30-83	8 3/4	8.83	\$ 500,000.00	
Ford Motor Credit Co.	S/F Debenture	7-15-2000	9.70	9.72	500,000.00	
Honeywell Finance	S/F Debenture	12-15-98	8.20	8.20	500,000.00	
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	500,000.00	
TOTAL FINANCE OBLIGATIONS					8.63%	\$2,000,000.00
INDUSTRIAL OBLIGATIONS						
Crown Zellerbach	Mortgage Bond	8-1-94	8 1/8	8.125	\$ 480,606.31	
Firestone Tire & Rubber Co.	Debenture	12-1-2004	9 1/4	9.43	500,000.00	
MacMillan Bloedel, Ltd.	Debenture	7-1-94	8 3/4	8.75	500,000.00	
Phelps Dodge Corp.	Note	6-1-85	8 1/2	8.62	250,000.00	
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					8.46%	\$2,230,606.31
RAILROAD EQUIPMENT OBLIGATIONS						
ACF Industries, Inc.	Equipment Trust	3-1-91	9.00	9.00	\$ 500,000.00	
General Electric Credit Corp. (Delaware & Hudson Railway Co.)	Conditional Sale	3-1-77/ 9-1-85	10 1/2	10.50	118,386.24	
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					9.29%	\$ 618,386.24
TOTAL CORPORATE BOND OBLIGATIONS					9.01%	\$6,348,992.55
TOTAL CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					8.86%	\$8,148,992.55

(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 6-30-76	Market Value	Total % Market	
UTILITIES					
ELECTRIC					
Commonwealth Edison Company	15,000	\$ 28.00	\$ 420,000.00		
Florida Power & Light Company	19,000	23.88	453,625.00		
Texas Utilities Company	19,000	19.00	361,000.00		
Total Electric			\$ 1,234,625.00	5.21%	
NATURAL GAS					
Panhandle Eastern Pipe Line Company	8,000	\$ 35.13	\$ 281,000.00	1.19%	
COMMUNICATIONS					
American Telephone & Telegraph Company	12,300	\$ 56.50	\$ 694,950.00		
General Telephone & Electronics Corporation	13,000	25.88	336,375.00		
Total Communications			\$ 1,031,325.00	4.35%	
TOTAL UTILITIES				\$ 2,546,950.00	10.75%
FINANCIAL SERVICES					
BANKS					
Citicorp	8,000	\$ 36.13	\$ 289,000.00		
First International Bancshares, Inc.	3,600	46.00	165,600.00		
Northwest Bancorporation	4,700	53.25	250,275.00		
Total Banks			\$ 704,875.00	2.97%	
FINANCE					
Household Finance Corporation	14,400	\$ 18.50	\$ 266,400.00		
MGIC Investment Corporation	10,000	12.63	126,250.00		
Total Finance			\$ 392,650.00	1.66%	

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market	
INSURANCE					
Jefferson-Pilot Corporation	9,000	\$ 27.88	\$ 250,875.00		
NLT Corporation	13,700	19.63	268,862.50		
The St. Paul Companies, Inc.	4,000	27.50	110,000.00		
Total Insurance			\$ 629,737.50	2.66%	
TOTAL FINANCIAL SERVICES					
			\$ 1,727,262.50	7.29%	
CONSUMER-ORIENTED					
AUTOMOBILES & AUTOMOTIVE PARTS					
Ford Motor Company	4,500	\$ 58.50	\$ 263,250.00		
General Motors Corporation	6,700	68.50	458,950.00		
Genuine Parts Company	10,000	37.88	378,750.00		
Total Automobiles & Automotive Parts			\$ 1,100,950.00	4.65%	
CONSUMER-DURABLES					
Whirlpool Corporation	12,000	\$ 27.13	\$ 325,500.00	1.37%	
CONSUMER-NONDURABLES					
Clorox Company (The)	10,000	\$ 12.25	\$ 122,500.00		
Colgate-Palmolive Company	15,000	26.75	401,250.00		
Eastman Kodak Company	3,500	100.13	350,437.50		
Minnesota Mining and Manufacturing Co.	7,000	55.63	389,375.00		
Revlon, Incorporated	5,000	84.00	420,000.00		
Total Consumer-Nondurables			\$ 1,683,562.50	7.11%	
CONSUMER-MISCELLANEOUS					
Holiday Inns, Incorporated	3,800	\$ 14.38	\$ 54,625.00		
McDonald's Corporation	3,500	58.50	204,750.00		
Tonka Corporation	22,000	14.25	313,500.00		
Total Consumer Miscellaneous			\$ 572,875.00	2.42%	
DRUGS					
Johnson & Johnson	3,000	\$ 84.00	\$ 252,000.00		
Medtronic, Inc.	6,000	27.38	164,250.00		
Merck & Co., Inc.	4,000	72.00	288,000.00		
Pfizer Incorporated	8,000	29.25	234,000.00		
Schering-Plough Corporation	6,000	53.75	322,500.00		
Warner Communications, Inc.	8,000	32.75	262,000.00		
Total Drugs			\$ 1,522,750.00	6.43%	
FOODS-BEVERAGES					
CPC International, Inc.	7,000	\$ 46.00	\$ 322,000.00		
Coca-Cola Company (The)	5,300	84.13	445,862.50		
General Foods Corporation	11,000	29.13	320,375.00		
Norton Simon, Incorporated	10,686	19.88	212,384.25		
Total Foods-Beverages			\$ 1,300,621.75	5.49%	
RETAIL SALES					
American Greetings Corporation	25,000	\$ 9.94	\$ 248,450.00		
Kresge (S.S.) Company	2,800	35.50	99,400.00		
Sears, Roebuck and Company	6,000	64.75	388,500.00		
Total Retail Sales			\$ 736,350.00	3.11%	
TOTAL CONSUMER-ORIENTED				\$ 7,242,609.25	30.58%
TECHNOLOGY					
ELECTRONICS					
Hewlett-Packard Company	3,000	\$114.75	\$ 344,250.00	1.45%	
OFFICE EQUIPMENT					
Burroughs Corporation	4,000	\$104.00	\$ 416,000.00		
Digital Equipment Corporation	3,200	176.75	565,600.00		
International Business Machines Corporation	4,793	276.75	1,326,462.75		
Xerox Corporation	4,000	61.63	246,500.00		
Total Office Equipment			\$ 2,554,562.75	10.78%	
TOTAL TECHNOLOGY				\$ 2,898,812.75	12.24%
BASIC INDUSTRY					
AEROSPACE					
United Technologies Corporation	8,000	\$ 37.38	\$ 299,000.00	1.26%	
BUILDING & FOREST PRODUCTS					
Owens-Corning Fiberglas Corporation	4,900	\$ 51.50	\$ 252,350.00		
Weyerhaeuser Company	7,000	44.38	310,625.00		
Total Building & Forest Products			\$ 562,975.00	2.38%	
CHEMICALS					
Air Products and Chemicals, Incorporated	2,040	\$ 76.50	\$ 156,060.00		
Dow Chemical Company (The)	11,000	48.25	530,750.00		
du Pont (E.I.) de Nemours and Company	3,500	139.50	488,250.00		
Total Chemicals			\$ 1,175,060.00	4.96%	
ELECTRICAL EQUIPMENT					
Emerson Electric Co.	7,000	\$ 37.75	\$ 264,250.00		
General Electric Company	6,000	57.13	342,750.00		
Total Electrical Equipment			\$ 607,000.00	2.56%	
MACHINERY					
Caterpillar Tractor Co.	1,400	\$ 91.13	\$ 127,575.00		
Combustion Engineering, Incorporated	5,000	47.75	238,750.00		
Trans Union Corporation	8,000	34.25	274,000.00		
Total Machinery			\$ 640,325.00	2.70%	
METALS					
Aluminum Company of America	5,000	\$ 56.50	\$ 282,500.00		
Hanna Mining Company (The)	5,000	58.63	293,125.00		
Pittston Company (The)	7,200	45.75	329,400.00		
Total Metals			\$ 905,025.00	3.82%	

Schedule XII continued

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
PAPER				
Hoerner Waldorf Corporation	20,000	\$ 18.00	\$ 360,000.00	1.52%
MISCELLANEOUS				
Corning Glass Works	2,200	\$ 75.00	\$ 165,000.00	
International Telephone & Telegraph Corp.	5,000	28.30	141,875.00	
Total Miscellaneous			\$ 306,875.00	1.30%
TOTAL BASIC INDUSTRY			\$ 4,856,260.00	20.50%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Company	3,000	\$104.50	\$ 313,500.00	
Continental Oil Company (Del.)	10,000	38.38	383,750.00	
Louisiana Land and Exploration Company (The)	8,000	28.75	230,000.00	
Standard Oil Company (Indiana)	6,000	50.50	303,000.00	
Standard Oil Company (The) (Ohio)	3,000	72.75	218,250.00	
Total Oil-Domestic			\$ 1,448,500.00	6.11%
OIL-INTERNATIONAL				
Exxon Corporation	8,000	\$104.63	\$ 837,000.00	
Mobil Corporation	6,000	59.88	359,250.00	
Total Oil International			\$ 1,196,250.00	5.05%

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
ENERGY-RELATED				
Baker International Corporation	8,000	\$ 48.25	\$ 386,000.00	
Halliburton Company	9,000	63.63	572,625.00	
Williams Companies (The)	11,000	24.00	264,000.00	
Total Energy-Related			\$ 1,222,625.00	5.16%
TOTAL ENERGY			\$ 3,867,375.00	16.32%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	7,000	\$ 32.50	\$ 227,500.00	0.98%
RAILROADS				
Union Pacific Corporation	3,500	\$ 92.38	\$ 323,312.50	1.36%
TOTAL TRANSPORTATION			\$ 550,812.50	2.32%
TOTAL COMMON STOCKS			\$23,690,082.00*	100.00%

*Original cost of equities on June 30, 1976, was \$23,782,534.35.

SCHEDULE XIII

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS June 30, 1976

	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	\$225,520,490.05	-	-	-				
June 30, 1960	\$256,276,151.72	\$255,013,512.77	\$ 7,116,641.31	2.79%				
December 31, 1960	\$259,324,537.57	-	-	-				
June 30, 1961	\$260,019,901.33	\$258,540,196.87	\$ 7,978,635.92	3.09%				
December 31, 1961	\$261,981,702.84	-	-	-				
June 30, 1962	\$262,388,564.04	\$261,463,389.40	\$ 8,610,672.52*	3.29%*				
December 31, 1962	\$264,203,940.11	-	-	-				
June 30, 1963	\$264,631,949.36	\$263,741,484.50	\$ 8,048,170.78*	3.05%*				
December 31, 1963	\$263,710,744.23	-	-	-				
June 30, 1964	\$263,552,120.96	\$263,964,938.18	\$ 8,579,156.81	3.25%				
December 31, 1964	\$264,704,185.42	-	-	-				
June 30, 1965	\$262,170,084.20	\$263,475,463.53	\$ 9,186,790.66	3.49%	Less Transfer to Principal (6)	\$ 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%	\$2,784,257.93	\$13,209,587.34	5.18%	
December 31, 1975	\$258,709,589.62	-	-	-				
June 30, 1976	\$259,305,894.51	\$257,422,797.49	\$17,048,127.54	6.62%	\$2,793,175.78	\$14,254,951.76	5.54%	

(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. Beginning June 30, 1975, income figures are from State Board of Investment ledgers.

(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. Yield figures beginning on June 30, 1975, reflect the fact that income was taken from the State Board of Investment ledgers, which are computed on an accrual basis, whereas the figures formally obtained from the State Department of Finance were on a cash basis.

(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, 1976 RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT*	\$ 256,059.23
MONEY MARKET SECURITIES	
Repurchase Agreements	
Maturities up to 6 days	\$ 8,106,000.00
STATE AND LOCAL OBLIGATIONS	\$ 398,600.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS	\$126,744,833.23
(See Listing Below)	
CORPORATE BOND OBLIGATIONS	\$ 78,519,662.85
(See Listing Below)	
COMMON STOCKS (See Listing Below)	\$ 53,116,507.88
TOTAL ASSETS IN ACCOUNT	\$267,141,663.19
(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.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Central and South West Corporation	23,000	\$ 14.50	\$ 333,500.00	
Cincinnati Gas & Electric Company (The)	24,000	17.88	429,000.00	
Commonwealth Edison Company	21,499	28.00	601,972.00	
Florida Power & Light Company	25,400	23.88	606,425.00	
Houston Lighting & Power Company	16,500	23.50	387,750.00	
Middle South Utilities, Incorporated	34,000	14.63	497,250.00	
Minnesota Power & Light Company	15,500	19.63	304,187.50	
Northern States Power Company (Minn.)	21,500	24.38	524,082.50	
Pacific Gas & Electric Company	21,500	20.38	438,062.50	
Public Service Company of Indiana, Inc.	18,150	25.50	462,825.00	
Southern California Edison Company	20,000	19.63	392,500.00	
Southern Company (The)	24,000	14.38	345,000.00	
Texas Utilities Company	28,000	19.00	532,000.00	
Virginia Electric and Power Company	18,000	13.75	247,500.00	
Total Electric			\$ 6,102,034.50	11.00%
NATURAL GAS				
Panhandle Eastern Pipe Line Company	20,000	\$ 35.13	\$ 702,500.00	1.27%
COMMUNICATIONS				
American Telephone & Telegraph Company	27,000	\$ 56.50	\$ 1,525,500.00	
General Telephone & Electronics Corp.	40,800	25.88	1,055,700.00	
Total Communications			\$ 2,581,200.00	4.65%
TOTAL UTILITIES			\$ 9,385,734.50	16.92%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corporation	18,000	\$ 56.25	\$ 1,012,500.00	
Citicorp	29,112	36.13	1,051,671.00	
First Bank System, Incorporated	21,500	45.88	986,312.50	
J. P. Morgan & Co., Incorporated	16,920	62.75	1,061,730.00	
Northwest Bancorporation	27,000	53.25	1,437,750.00	
Total Banks			\$ 5,549,963.50	10.00%
FINANCE				
Beneficial Corporation	17,925	\$ 24.13	\$ 432,440.63	
Household Finance Corporation	26,000	18.50	481,000.00	
Total Finance			\$ 913,440.63	1.65%
INSURANCE				
INA Corporation	15,300	\$ 37.88	\$ 579,487.50	
Northwestern National Life Insurance Co.	25,300	14.00	354,200.00	
SAFECO Corporation	15,800	38.75	612,250.00	
The St. Paul Companies, Inc.	32,000	27.50	880,000.00	
United States Fidelity & Guaranty Company	17,000	38.88	660,875.00	
Total Insurance			\$ 3,086,812.50	5.56%
TOTAL FINANCIAL SERVICES			\$ 9,550,216.63	17.21%
CONSUMER-ORIENTED				
AUTOMOBILES & AUTOMOTIVE PARTS				
Ford Motor Company	18,600	\$ 58.50	\$ 1,088,100.00	
General Motors Corporation	21,200	68.50	1,452,200.00	
Goodyear Tire & Rubber Company (The)	33,000	23.00	759,000.00	
Total Automobiles & Automotive Parts			\$ 3,299,300.00	5.94%
CONSUMER-DURABLES				
Sunbeam Corporation	14,000	\$ 23.63	\$ 330,750.00	
Whirlpool Corporation	22,200	27.13	602,175.00	
Total Consumer-Durables			\$ 932,925.00	1.68%

Common Stock	Shares	Market Price 6-30-76	Market Value	Total % Market
CONSUMER-NON DURABLES				
Eastman Kodak Company	7,350	\$100.13	\$ 735,918.75	
Minnesota Mining and Manufacturing Co.	18,000	55.63	1,001,250.00	
Proctor & Gamble Company (The)	7,700	94.88	730,537.50	
Revlon, Incorporated	8,000	84.00	672,000.00	
Total Consumer-Nondurables			\$ 3,139,706.25	5.68%
DRUGS				
American Home Products Corporation	22,800	\$ 34.25	\$ 780,900.00	
Merck & Co., Inc.	10,000	72.00	720,000.00	
Pfizer, Inc.	30,000	29.25	877,500.00	
Total Drugs			\$ 2,378,400.00	4.28%
FOOD-BEVERAGE				
CPC International, Inc.	8,000	\$ 46.00	\$ 368,000.00	
Coca-Cola Company (The)	8,000	84.13	673,000.00	
General Foods Corporation	35,000	29.13	1,019,375.00	
General Mills, Incorporated	30,000	31.50	945,000.00	
Total Food-Beverage			\$ 3,005,375.00	5.42%
RETAIL SALES				
Federated Department Stores, Incorporated	18,000	\$ 47.63	\$ 857,250.00	
Penney (J.C.) Company, Incorporated	10,800	52.25	564,300.00	
Sears, Roebuck and Company	12,000	64.75	777,000.00	
Total Retail Sales			\$ 2,198,550.00	3.86%
TOTAL CONSUMER-ORIENTED			\$14,954,256.25	26.95%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs Corporation	9,500	\$104.00	\$ 988,000.00	
Honeywell, Inc.	10,000	49.63	496,250.00	
International Business Machines Corporation	12,535	276.75	3,469,061.25	
Xerox Corporation	6,440	61.63	396,865.00	
Total Office Equipment			\$ 5,350,176.25	9.64%
TOTAL TECHNOLOGY			\$ 5,350,176.25	9.64%
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Weyerhaeuser Company	17,800	\$ 44.38	\$ 789,875.00	1.42%
CHEMICALS				
Dow Chemical Company (The)	12,000	\$ 48.25	\$ 579,000.00	
du Pont (E.I.) de Nemours and Company	7,000	139.50	976,500.00	
Monsanto Company	4,000	93.25	373,000.00	
Union Carbide Corporation	11,700	67.63	791,212.50	
Total Chemicals			\$ 2,719,712.50	4.80%
ELECTRICAL EQUIPMENT				
General Electric Company	16,200	\$ 57.13	\$ 925,425.00	1.67%
MACHINERY				
Caterpillar Tractor Co.	10,100	\$ 97.13	\$ 920,362.50	
Trans Union Corporation	10,400	34.25	356,200.00	
Total Machinery			\$ 1,276,562.50	2.30%
METALS				
Aluminum Company of America	14,000	\$ 56.50	\$ 791,000.00	1.43%
PAPER				
International Paper Company	7,000	\$ 73.00	\$ 511,000.00	0.92%
TOTAL BASIC INDUSTRY			\$ 7,013,575.00	12.64%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Company	8,000	\$104.50	\$ 836,000.00	
Continental Oil Company (Del.)	20,000	38.38	767,500.00	
Standard Oil Company (Indiana)	24,000	50.50	1,212,000.00	
Total Oil-Domestic			\$ 2,815,500.00	5.07%
OIL-INTERNATIONAL				
Exxon Corporation	21,408	\$104.63	\$ 2,239,812.00	
Mobil Corporation	21,300	59.88	1,275,337.50	
Texaco Inc.	34,000	28.13	956,250.00	
Total Oil-International			\$ 4,471,399.50	8.06%
TOTAL ENERGY			\$ 7,286,899.50	13.13%
TRANSPORTATION				
AIRLINES				
Northwest Airlines, Incorporated	16,884	\$ 32.50	\$ 548,730.00	0.99%
RAILROADS				
Burlington Northern Incorporated	13,600	\$ 46.00	\$ 625,600.00	
Union Pacific Corporation	8,400	92.38	775,950.00	
Total Railroads			\$ 1,401,550.00	2.62%
TOTAL TRANSPORTATION			\$ 1,950,280.00	3.51%
TOTAL COMMON STOCKS			\$55,481,138.13*	100.00%

*Original cost of equities on June 30, 1976, was \$49,314,237.03.

Schedule XIV continued

UNITED STATES GOVERNMENT-GUARANTEED BONDS
AND CORPORATE BOND HOLDINGS
June 30, 1976

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	\$ 2,997,834.82
U.S. Department of Agriculture, Farmers Home Administration	Insured Notes	7-31-85	8-5/8	8.625	2,995,877.33
Total Farmers Home Administration Notes					8.76% \$ 5,993,712.15
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION GUARANTEED MORTGAGE-BACKED SECURITIES					
California Mortgage Service	Mtg. Backed Cert.	7-15-2004	8 1/4	9.61	\$ 936,874.24
Citizens Mortgage Corp.	Mtg. Backed Cert.	12-15-2000	8.00	8.73	1,523,993.50
First National Bank of Minneapolis	Mtg. Backed Cert.	12-15-2000	8.00	8.65	1,171,367.24
First National Bank of Minneapolis	Mtg. Backed Cert.	2-15-2001	8.00	8.50	1,241,769.13
Guild Mortgage Company	Mtg. Backed Cert.	2-15-2004	8.00	8.52	1,753,438.75
Heritage Mortgage	Mtg. Backed Cert.	7-15-2004	8 1/4	9.48	1,889,854.81
International Mortgage	Mtg. Backed Cert.	4-15-2004	8.00	8.52	1,831,598.19
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	7.00	8.92	2,020,673.47
IDS Mortgage Corp.	Mtg. Backed Cert.	6-15-2000	8.00	8.94	1,446,089.65
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2000	8.00	8.73	1,565,703.11
IDS Mortgage Corp.	Mtg. Backed Cert.	10-15-2000	8.00	8.73	1,511,034.63
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2000	8.00	8.65	1,514,143.08
IDS Mortgage Corp.	Mtg. Backed Cert.	1-15-2001	8.00	8.57	1,536,118.29
IDS Mortgage Corp.	Mtg. Backed Cert.	2-15-2001	8.00	8.50	680,712.37
IDS Mortgage Corp.	Mtg. Backed Cert.	3-15-2001	7 1/2	7.40	840,081.56
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	2,860,949.14
IDS Mortgage Corp.	Mtg. Backed Cert.	7-15-2003	6 1/2	7.89	4,602,016.59
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2003	8.00	8.55	1,895,022.70
IDS Mortgage Corp.	Mtg. Backed Cert.	11-15-2003	8.00	8.55	2,790,085.08
IDS Mortgage Corp.	Mtg. Backed Cert.	4-15-2004	8.00	8.47	2,698,865.97
Iowa Securities Co.	Mtg. Backed Cert.	12-15-2000	8.00	8.94	1,302,318.43
Iowa Securities Co.	Mtg. Backed Cert.	2-15-2001	8.00	8.10	1,291,314.48
Lumbermans Investment	Mtg. Backed Cert.	7-15-2004	8 1/4	9.61	1,735,169.90
Molton, Allen & Wms.	Mtg. Backed Cert.	2-15-2004	8.00	8.52	942,326.04
National Homes Acceptance Corp.	Mtg. Backed Cert.	5-15-2000	7.00	8.92	1,412,597.00
National Homes Acceptance Corp.	Mtg. Backed Cert.	9-15-2000	8.00	8.80	1,520,963.50
National Homes Acceptance Corp.	Mtg. Backed Cert.	7-15-2000	8.00	8.80	1,573,280.78
Peoples Mortgage Co.	Mtg. Backed Cert.	11-15-2004	9.00	9.92	1,858,279.13
Steed (W.S.)	Mtg. Backed Cert.	7-15-2004	8.00	8.86	1,904,051.33
Virginia Mtg. & Investment Co.	Mtg. Backed Cert.	9-15-2004	9.00	9.89	994,859.88
Percy Wilson Mortgage & Finance Corp.	Mtg. Backed Cert.	8-1-2000	8.00	8.94	1,591,811.78
Total Government National Mortgage Association, Guaranteed Mortgage-Backed Securities					8.38% \$ 66,459,044.75
MERCHANT MARINE BONDS					
American Mail Line	Govt.-Guar. Bond	3-1-93	6.00	6.00	\$ 1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-91	4.80	4.80	1,470,000.00
American President Lines, Ltd.	Govt.-Guar. Bond	11-1-92	5.60	5.60	1,000,000.00
Construction Aggregates Corp.	Govt.-Guar. Bond	6-1-91	7 1/2	7.50	1,875,000.00
Delta Steamship Lines, Inc.	Govt.-Guar. Bond	3-1-86	5 1/2	5.50	906,000.00
Eagle Terminal Tankers, Inc.	Govt.-Guar. Bond	6-1-89	6.00	6.00	3,296,000.00
El Paso Columbia Tankers	Govt.-Guar. Bond	12-15-01	9 1/4	9.25	3,000,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	4-1-88	8.05	8.05	1,678,000.00
Farrell Lines, Inc.	Govt.-Guar. Bond	6-29-97			
	through	9-2-98	9.00	9.00	878,000.00
Grace Line, Inc.	Govt.-Guar. Bond	2-1-92	5.10	5.10	1,476,000.00
Ingram Ocean Systems, Inc.	Govt.-Guar. Bond	2-1-89	8 3/4	8.75	1,263,000.00
Intercontinental Bulk Tank Corp.	Govt.-Guar. Bond	9-1-80	7.80	7.80	1,168,000.00
Martin Drilling Co.	Govt.-Guar. Bond	1-1-91	8.90	8.90	3,000,000.00
Matson Navigation Co.	Govt.-Guar. Bond	11-10-94	7 1/2	7.50	984,000.00
Moore-McCormick Leasing	Govt.-Guar. Bond	7-15-2001	8 7/8	8.875	3,000,000.00
Moore-McCormick Lines, Inc.	Govt.-Guar. Bond	4-1-87	5 3/4	5.86	1,308,000.00
Overseas Bulk Tank Corp.	Govt.-Guar. Bond	12-1-80	7.80	7.80	1,192,000.00
Pacific Far East Line, Inc.	Govt.-Guar. Bond	12-1-97	8 3/4	8.75	2,101,000.00
Penn Tanker	Govt.-Guar. Bond	10-1-89	6.00	6.00	1,309,000.00
Prudential Lines, Inc.	Govt.-Guar. Bond	11-1-95	6.00	6.00	2,168,000.00
Puget Sound Tug & Barge	Govt.-Guar. Bond	2-15-2001	9 1/8	9.125	2,984,000.00
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	5.00	5.00	1,299,000.00
United States Lines, Inc.	Govt.-Guar. Bond	3-1-91	8 5/8	8.625	1,950,000.00
Western Co. of North America	Govt.-Guar. Bond	6-11-90	9 1/4	9.25	3,000,000.00
Zapata Off-Shore Co.	Govt.-Guar. Bond	6-15-96	8 5/8	8.625	3,000,000.00
Total Merchant Marine Bonds					7.58% \$ 48,275,000.00
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
SMALL BUSINESS ADMINISTRATION LOANS					
SBA Loans	Govt.-Guar. Bond	8-22-85	9 1/4	9.32	\$ 503,983.67
SBA Loans	Govt.-Guar. Bond	4-27-84	9 1/4	9.31	513,092.66
Total Small Business Administration Loans					9.31% \$ 1,017,076.33
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					8.08% \$126,744,833.23

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount
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 5/8	4.50	1,200,000.00
Hawaiian Electric Co., Ltd.	First Mortgage	7-1-93	4.45	4.45	1,000,000.00
Interstate Power Co.	First Mortgage	5-1-93	4 3/8	5.45	2,000,000.00
Iowa Power & Light Co.	S/F Debenture	4-1-89	4 5/8	4.57	1,200,000.00
Jersey Central Power & Light Co.	Debenture	10-1-88	4 5/8	4.56	960,000.00
Long Island Lighting Co.	First Mortgage	6-1-95	4.55	5.20	1,700,000.00
Massachusetts Electric Co.	First Mortgage	12-1-93	4 5/8	4.55	1,100,000.00
Northern States Power Co.	First Mortgage	9-1-93	4 3/8	4.38	1,000,000.00
Otter Tail Power Co.	First Mortgage	11-1-93	4 5/8	4.65	1,017,000.00
Potomac Edison Co.	First Mortgage & Coll. Trust	3-1-94	4 5/8	4.55	1,200,000.00
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 5/8	4.64	\$ 1,200,000.00
The Gas Service Co.	First Mortgage	6-1-85	4.65	4.65	936,000.00
Michigan Consolidated Gas Co.	First Mortgage	6-1-89	4 3/4	5.52	2,375,000.00
Peoples Gas Light & Coke Co.	First & Refunding Mortgage	7-15-91	5 3/8	5.38	1,312,000.00
Total Gas					5.17% \$ 5,823,000.00
TELEPHONE					
American Telephone & Telegraph Co.	Debenture	5-1-99	4 3/8	4.365	\$ 1,500,000.00
The Bell Telephone Co. of Canada	First Mortgage	9-1-95	4.85	5.53	2,500,000.00
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 5/8	4.687	1,000,000.00
General Telephone Co. of Illinois	First Mortgage	9-1-95	4 7/8	4.875	1,200,000.00
General Telephone Co. of Indiana	First Mortgage	8-1-95	4.70	4.70	1,200,000.00
New York Telephone Co.	Refunding Mortgage	1-1-2004	4 5/8	4.53	1,500,000.00
Pacific Northwest Bell Telephone Co.	Debenture	12-1-2000	4 1/2	4.49	1,500,000.00
Southern Bell Telephone & Telegraph Co.	Debenture	3-15-2013	7 5/8	8.42	4,000,000.00
Total Telephone					6.43% \$ 17,400,000.00
TOTAL PUBLIC UTILITY OBLIGATIONS					5.56% \$ 38,300,000.00
FINANCE OBLIGATIONS					
Gulf Life Insurance Co.	Capital Note	6-1-89	4 3/4	4.75	\$ 780,000.00
Northwest Bancorporation	Debenture	10-15-90	4 3/4	4.78	1,500,000.00
Northwest Bancorporation	S/F Debenture	3-15-2003	7 3/4	7.75	1,500,000.00
Total Finance Obligations					5.95% \$ 3,780,000.00
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of America	Promissory Note	3-31-88	4 3/8	4.50	\$ 995,000.00
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
Atlantic Richfield Co.	Guaranteed Note	7-15-96	9 1/4	9.25	3,000,000.00
Cummins Engine Co., Inc.	Note	7-15-90	4.60	4.60	900,000.00
Diamond Shamrock Corp.	Note	5-1-89	4.65	5.26	975,000.00
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 7/8	4.875	720,000.00
Honeywell, Inc.	Note	4-1-90	4.55	5.22	1,899,062.50
Ingersoll Rand Co.	Note	1-1-91	4 3/4	4.75	966,000.00
Shell Oil Co.	Note	4-15-90	4 1/2	4.50	1,150,000.00
Sprague Electric Co.	S/F Debenture	9-1-88	4 3/8	4.40	1,000,000.00
Standard Oil of California (Union Bank)	First Preferred Ship 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	1,064,000.00
Swift & Co.	S/F Debenture	8-1-92	6.30	6.30	1,275,000.00
Texaco, Inc.	Note	12-15-89	4 1/2	4.50	1,238,000.00
Union Carbide Corp.	Note	12-31-96	4 1/2	4.47	983,835.57
Youngstown Sheet & Tube Co.	First Mortgage S/F Bond	7-1-95	4.60	4.60	1,260,000.00
Total Industrial Obligations					6.69% \$ 33,243,548.07
TRANSPORTATION DEBT OBLIGATIONS					
Atchison, Topeka & Santa Fe Railway Co.	Gen. Gold	10-1-95	4.00	4.40	\$ 1,500,000.00
RAILROAD EQUIPMENT OBLIGATIONS					
Flying Tiger Corp. (Formerly North American Car Corp.)	Equipment Trust	9-1-76/78	4.65	4.65	\$ 600,000.00
Illinois Central Railroad Co.	Conditional Sale	2-15-77/83	6 7/8	6.875	849,999.99
Kansas City Southern Railway Co.	Conditional Sale	1-15-77/ 7-15-78	4.45	4.45	246,114.79
Total Railroad Equipment Obligations					6.14% \$ 1,696,114.78
TOTAL CORPORATE BOND OBLIGATIONS					6.05% \$ 78,519,662.85
TOTAL UNITED STATES GOVERNMENT-GUARANTEED AND CORPORATE OBLIGATIONS					7.30% \$205,264,496.08

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

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 20, 1976

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

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

Since the office of the Executive Secretary of the Minnesota State Board of Investment was established in 1960, it has been the policy of the Department to list the recipients of all securities orders and to explain the reasons for the distribution of business. Although this review may be somewhat lengthy and too detailed, we believe it mandatory because of the many considerations which are so obvious in reviewing the business practices of any public fund holding nearly \$3 billion of securities. Orders are placed for several billion dollars of equities and debt instruments each year. Securities firms and organizations with differing specialties and located throughout the United States and Canada deal with the Investment Department. As Congress, the Securities and Exchange Commission and governmental groups throughout the nation have become more interested in reviewing the "prudence" demanded in the management of public funds, it has become even more necessary and appropriate that the recipients of these orders be mentioned and that explanations be provided to the citizens of Minnesota.

The following schedules detail the securities orders placed during the twelve-month period from July 1, 1975 through June 30, 1976. 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, there have been evidences of proposed changes in investment policy based on possible future securities commissions during the past year. It is hoped that such pressures may be minimized.

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 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 1976, 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, it appears that the use of "soft dollars" has actually increased since "May Day" 1975. Although securities commissions are now negotiated at levels considerably less than applicable prior to that date, experiences during the past year have demonstrated that all types of investment information and services may be purchased through "soft dollar" commission at rates from 25% to 35% less than those previously in effect. During fiscal 1976, the Investment Department, in several instances, asked securities firms with proven trading capability to "bid" on certain "soft dollar" services which involved direct payments to other securities organizations. It was found that the competition was intense and that several very reputable organizations were willing to provide many types of services at rates surprisingly low.

During the past years, substantial "soft dollars" were paid to Paine, Webber, Jackson & Curtis, Inc. for a data processing system. This service, operated by Gibbons Associates, Inc., provided the State's retirement administrators and financial officials – as well as the Investment staff – with information concerning our portfolios and details regarding the securities transactions. The system provides some research analysis and complete portfolio listings. Beginning on July 1, 1975, practically the entire cost of this service was provided through "hard dollars" appropriated for this purpose by the Minnesota Legislature. This contract was between Gibbons Associates, Inc., and the State of Minnesota – Department of Administration. The previous arrangement was most successful and greatly facilitated the work of the Investment Department; because of the substantial securities commissions necessary to support such a complex system, however, it was recognized that "soft dollar" payments would be impossible during the era of negotiated rates. Therefore, "hard dollar" payments have been used for practically all computer services during the past year. Paine, Webber, Jackson & Curtis, Inc. has fully cooperated, however, in providing any new computer programs or services needed by the Department.

During fiscal 1976, a "bidding process" was used to determine which firm, of known trading capabilities, could participate in "soft dollar" arrangements for a performance measurement contract with Standard Valuations, a subsidiary of LFK. On the basis of this bidding, this compensation is now handled through the Milwaukee Company. The investment advisory service from the Northwestern Bank of Minneapolis is handled through business placed with Hornblower Weeks, Hempill Noyes.

Other research services are paid through securities orders placed with investment firms chosen by the research organization. Commission business to Mesirov & Company pays for research service provided by the Harris Bank and Trust Company of Chicago and Arvid Jouppi & Associates. Compensation for investment advice received from the Bank of New York is handled through business placed by DeHaven Townsend, Carter & Bodine. Other particular investment information is provided on a commission basis through Jessup & Lamont; Morgan Olmsted & Kennedy; Merrill Lynch, Pierce, Fenner, & Smith; Shearson Hayden Stone; Smith Barney, Harris Upham; Cowen & Co.; and Wertheim & Co.

Although it had earlier been thought that these "soft dollar" payments would be impossible to continue during the period of "negotiated commission rates", it is apparent that competition within the securities industry has resulted in more service, subscriptions and analysis being offered on such a basis.

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.

A number of dealers often 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 purchase of bonds at the time of original issuance have declined in recent 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 past three years, there was a continued increase in the use of U.S. government guaranteed mortgage-backed securities and private placements of fixed-income obligations. Intermediate-term bonds have been used to a somewhat greater degree in 1976 due to the lower long-term interest rates in effect. The dealers used in completing transactions for the State often change along with investment policies; certain firms specialize in particular stocks or bonds or are more active in the underwriting of certain securities issues. 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 recent 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.

The distribution of public fund business has been somewhat complicated in recent years due to the establishment of institutional departments in many securities firms. The employees and sales representatives working in these departments receive a somewhat lower commission than is usual for brokers. The obvious reason is that institutional accounts make greater use of the research departments and can place orders in larger volume. Therefore, it is only appropriate that a far greater portion of the commission be used for the securities firm to enhance the quality of the research department. Whenever possible, the Minnesota State Board of Investment has dealt with the "institutional" department or with individuals assigned the institutional accounts. In several instances, securities business for bonds, stocks, U.S. Treasury obligations and commercial paper are all assigned to different specialists or sales departments. Because of the various capabilities of these sales personnel, there are limited instances in which more than one individual handles the State account. We believe it most inappropriate to deal with more than one office of the same securities firm merely to distribute business to additional salesmen.

A listing is available showing the names the individuals handling the account of the Minnesota State Board of Investment by various securities firms as of fiscal year-end 1976. In numerous cases, particularly involving firms underwriting large bond issues, dealings are handled through the "bond department", or "order desk", with no particular individual designation.

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. The past fiscal year showed a further increase of 12%. 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 the past three fiscal years has been above expectations. Because a substantial portion of these current investments made during the past three years have involved the so-called "surplus" in the general fund, a large portion of the investments have consisted of repurchase agreements – in order that the funds may be readily available for varying current needs. 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. After the "surplus" was identified in late 1974, the maturities in the funds were extended through the use of United States agency securities. This improved the yield to a significant extent during later fiscal periods. The exact maturities of U.S. Treasury securities used in the funds vary in accordance with current needs and the market outlook. Because of the recent attempts to maximize current income, any funds not immediately needed for State payments are invested in repurchase agreements or 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, increased by an additional 50% in fiscal 1975 and remained stable during fiscal 1976. 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 three fiscal years; increases occurred in the use of very short-term paper meeting specific maturity needs.

Section 3. Purchases of U.S. Government Guaranteed Obligations

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 four 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, substantial numbers of certificates have been purchased on the open market at the lowest offering price as of the day of commitment.

The yields obtainable from Government National Mortgage Association certificates have evidenced a fluctuation somewhat wider than that of other U.S. Treasury obligations and securities guaranteed by the United States Government. The reason appears to be that these securities are often offered for sale at particularly attractive prices at times when the savings and loan associations find it necessary to raise money due to lower deposits or an increased demand for mortgage commitments. During such periods, the prices of these certificates have been particularly attractive.

The Department continued the use of Merchant Marine (Title XI) bonds guaranteed in full by the United States Government. These securities have often offered a yield superior to that obtainable from high quality corporate bonds of comparable maturity.

A third type of United States Government guaranteed obligation used during fiscal 1976 consisted of securities guaranteed by the Small Business Administration. Under a procedure developed in cooperation with the Minnesota Banker's Association, the bank handling such loans retains the 10% not guaranteed by the United States Government and sells the remaining 90% to the State Board of Investment. The Summit Bank of Richfield, Minnesota, has been designated as the organization to pool the various loans placed by Minnesota banks.

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 since 1970 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. Several remaining holdings of these issues were sold during fiscal 1974 through 1976, with the proceeds invested in securities offering a higher current yield. 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.

The Investment staff is particularly appreciative of the attempts by leading underwriters to obtain bonds for the State accounts at the times certain new issues, in great demand, were sold to investors.

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 this period of ever increasing interest rates — existing until early calendar 1975 — 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.

Purchases during the 1976 fiscal year were made primarily to meet the needs of individual funds and to increase Departmental holdings in instances where the market price appeared particularly attractive.

Section 8. Corporate Bond Sales

A substantial number of corporate bonds were sold from the retirement funds during the past seven years. Early in the 1970's, sales consisted of smaller holdings "inherited" into the various funds and were completed to take advantage of sinking fund bids and other opportunities to increase yields. During the past fiscal year, certain convertible debenture issues have been sold in an effort to increase the overall quality of the fixed-income securities in the account. 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. During fiscal 1976, negotiations and "competitive bidding" completed with several firms resulted in particular payments for various research and performance measurement services.

The introductory paragraphs of this memorandum regarding the 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 1969-76 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 continuing hope 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. During the past two years an attempt has been made to concentrate research commission dollars with firms which have serviced the State account in a particularly meaningful manner over the many years since the common stock program was initiated.

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 lower than those in effect prior to May 1, 1975,

by at least 30%. It appears that a "standard reduction" of 35% is typical within the industry. We recognize that such commission reductions are dependent upon the amount of securities business placed with the firms and the services provided by such organizations. Although the various firms offer differing degrees of commission reductions, it is the belief of the Executive Secretary that there is no favoritism shown through such a placement of business in that total annual commissions are limited to the amounts believed appropriate for the research materials and services gained by the Department.

During the past two months, the Investment staff has attempted to reemphasize the relationships with high quality firms which have offices in Minnesota. After visiting the research departments of several firms with Minnesota offices, it was apparent that changes in personnel during the past few years have resulted in a higher level of expertise and a greater amount of service available from these organizations. Although the Department's analysts and portfolio managers still find it necessary to maintain contacts with and receive information from analysts in firms throughout North America, 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.

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. Prior to "May Day" 1975, our experience over one decade indicated that net commission savings on "third market" transactions approximated 3/8 to 1/2 of a point per share, or \$375 to \$500 per thousand shares. During the past 15 months, the Department has dealt, to a great degree, with stock exchange member firms because of the "soft dollar" commitments for various services and due to the lower commission rates. Nevertheless, we continue to be very impressed with the ability of the third market organizations to provide a market in well-known quality stocks at all times. It appears to Departmental personnel that the third market is able and willing to buy and sell securities even when specialists on the New York Stock Exchange appear to have difficulty in doing so. Although the New York Stock Exchange commission rates are now very competitive, the third market is sometimes able to handle blocks of securities at a price more favorable than possible on a major stock exchange.

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. In dealing with firms which are not members of major exchanges, all trades are handled on a competitive basis so that the comparative prices may be checked.

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. Since 1973, the Investment staff has also used the Institutional Networks Corporation in handling trades; 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.

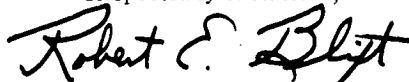
Section 11. Common Stock Sales

Departmental sales of common stocks increased substantially during the 1976 fiscal year. As stock market prices increased, a portion of the more successful holdings were often sold at a profit to offset losses taken due to sale of less successful investments. It is anticipated that this process of investment upgrading will continue in order to make the equity portfolio more appropriate for the purposes of the funds. The stocks listed were sold through the markets which appeared to be appropriate at the time of the transactions. When the "over-the-counter", "third market" or the "fourth market" were used, bids were checked so as to assure a proper price. Commission business was allocated as described for stock purchases.

* * * * *

The Departmental personnel continue to welcome the constructive interest in the State's distribution of securities business. We have been most impressed with the recent progress by many of the nation's leading securities firms to increase the capability and quality of their research departments. 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 continues to be recognized as the Investment personnel review the research and services available from the various securities firms. The confidence of Minnesota's citizens can be retained only if their ultimate good is placed above all other considerations.

Respectfully submitted,

A handwritten signature in black ink, reading "Robert E. Blixt". The signature is written in a cursive style with a large, prominent initial "R".

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

REB:be

SECTION 1

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

July 1, 1975 - June 30, 1976
(In Thousands)

Dealer	Purchase and Sales 1-90 days	Purchases and Sales over 90 days	Repurchase Agreements 1-45 days	Total Volume
Bank of America	\$ 3,700	\$ 49,750	\$ 47,000	\$ 100,450
Bankers Trust Company	680	9,500	55,313	65,493
A. G. Becker & Company	20,840	5,500	-	26,440
Briggs Schaedle & Company, Inc.	10,000	23,625	23,490	57,115
Carroll McEntee & McGinley, Inc.	5,000	-	54,871	59,871
Chemical Bank, New York	-	22,450	1,166,103	1,188,553
Citibank, New York	-	35,395	414,958	450,353
Continental Illinois National Bank	-	7,500	235,339	242,839
Discount Corporation	19,045	13,235	15,000	47,280
First Boston Corporation	-	5,000	4,000	9,000
First National Bank, Chicago	-	17,796	75,200	92,996
First National Bank, Minneapolis	32,920	46,230	187,463	266,613
First National Bank, St. Paul	22,175	120,866	805,691	948,732
First Pennco Securities, Inc.	-	-	25,877	25,877
Goldman Sachs & Company	107,200	168,690	68,241	344,131
Aubrey G. Lanston & Company, Inc.	14,400	10,500	-	24,900
Lehman Government Securities, Inc.	5,600	63,445	6,466	75,511
Merrill Lynch, Pierce, Fenner & Smith	2,030	5,500	-	7,530
Morgan Guaranty Trust Co.	59,015	174,835	481,298	715,148
Northwestern National Bank, Minneapolis	25,950	57,501	1,925,751	2,009,202
John Nuveen & Company	10,000	74,840	195,703	280,543
Solomon Brothers	48,910	58,665	6,812	114,387
Security Pacific National Bank	10,000	21,000	-	31,000
United California Bank	70,880	20,000	230,772	321,652
Weeden & Company	5,000	4,365	6,650	16,015
Wells Fargo Bank	-	1,000	-	1,000
TOTALS	\$473,445	\$1,017,188	\$6,031,998	\$7,522,631

SECTION 2

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES

July 1, 1975 - June 30, 1976
(In Thousands)

Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Prior to Maturity Date	Total Volume
Associates Corp. of North America	\$ 169,687	\$ 5,641	\$ 100	\$ 175,428
Beneficial Corp.	114,368	3,950	-	118,318
Borg Warner Acceptance Corp.	53,941	18,208	3,700	75,849
Goldman Sachs	-	-	-	-
CIT Financial Corp.	91,953	30,725	-	122,678
Dow Chemical Co.	21,500	-	-	21,500
Goldman Sachs	-	-	-	-
First Bank System	15,550	1,370	-	16,920
First Boston Corp.	-	-	-	-
Ford Motor Credit Co.	124,158	16,524	-	140,682
General Electric Credit Corp.	118,408	8,672	-	127,080
General Motors Acceptance Corp.	136,782	7,535	1,273	145,590
Walter E. Heller & Co.	155,465	25,598	100	181,163
Honeywell Finance Inc.	42,166	6,289	-	48,455
John Sowarby Associates, Inc.	-	-	-	-
Household Finance Corp.	117,897	4,400	-	122,297
International Harvester Credit Co.	212,249	-	-	212,249
Montgomery Ward Credit Corp.	153,001	14,645	-	167,646
Northwest Bancorporation	10,748	5,027	-	15,775
J. C. Penney Financial Corp.	106,934	18,841	-	125,775
Seers Roebuck Acceptance Corp.	126,068	9,028	-	135,096
Sohio Pipeline Inc.	54,831	1,800	1,381	58,012
A. G. Becker & Co.	-	-	-	-
Texaco Inc.	29,300	17,127	-	46,427
Goldman Sachs	-	-	-	-
Tamersica Financial Corp.	9,279	13,500	-	22,779
TOTALS	\$1,864,285	\$208,880	\$6,654	\$2,079,719

SECTION 3

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF U.S. GOVERNMENT GUARANTEED OBLIGATIONS July 1, 1975 - June 30, 1976

A. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Face Amount (000)	Dealer or Issuer
\$2,000	First Boston Corporation
3,999	Loeb, Rhoades & Company
2,000	Merrill Lynch, Pierce, Fenner & Smith, Inc.

B. MERCHANT MARINE (TITLE XI)

Face Amount (000)	Dealer or Issuer
\$ 225	American Securities Corporation
100	Bear, Stearns & Company
200	Becker, A. G. & Co.
100	Dain, Kalman & Quail, Inc.
3,234	Dillon, Read & Co., Inc.
150	First Boston Corporation
100	Goldman, Sachs & Company
225	Halsey, Stuart & Co., Inc.
200	Harris, Upham & Co.
225	Hornblower & Weeks - Hemphill, Noyes
225	Hutton, (E. F.) & Co., Inc.
225	Kidder, Peabody & Co., Inc.
225	Kuhn, Loeb & Co.
825	Lehman Brothers, Inc.
250	Merrill Lynch, Pierce, Fenner & Smith, Inc.
150	Morgan Stanley & Co., Inc.
100	Nuveen (John) & Co.
250	Paine, Webber, Jackson & Curtis, Inc.
100	Pressprich, R. W. & Co., Inc.
225	Reynolds Securities, Inc.
250	Solomon Brothers
200	Shearson Hayden Stone, Inc.
225	Smith, Barney & Co.
200	Weeden & Company
100	Wertheim & Company
3,400	White, Weld & Company
225	Witter, Dean & Co.
200	Wood, Struthers & Winthrop Inc.

C. SMALL BUSINESS ADMINISTRATION GUARANTEED

Face Amount (000)	Dealer or Issuer
\$1,031	Summit Bank of Richfield, Minnesota

SECTION 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF PRIVATE PLACEMENT FIXED-INCOME SECURITIES July 1, 1975 - June 30, 1976

Face Amount (000)	Dealer
\$10,375	Blyth Eastman Dillon & Co., Inc.
10,375	First Boston Corporation
11,450	Halsey, Stuart & Co., Inc.
2,953	Merrill Lynch, Pierce, Fenner & Smith, Inc.
5,000	Morgan Stanley & Co., Inc.
16,767	Solomon Brothers
9,250	Wood Gundy, Inc.

SECTION 5

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS July 1, 1975 - June 30, 1976

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 50	Allison-Williams Company	\$ 235	Lazard Freres & Co.
125	American Securities Corporation	1,555	Lehman Brothers, Inc.
465	Ames (A.E.) & Company	585	Loeb, Rhoades & Company
25	Auberbach, Pollock & Richardson, Inc.	455	McLeod, Young, Weir, Inc.
235	Baird, (Robert W.) Co., Inc.	2,335	Merrill Lynch, Pierce, Fenner & Smith, Inc.
735	Bear, Stearns & Company	55	Milwaukee Company (The)
385	Becker, A. G. & Co.	1,275	Morgan Stanley & Co., Inc.
225	Bell, Gouinlock & Co.	225	Nesbitt Thomson & Co., Ltd.
335	Blair, (William) & Co.	30	Novick (M.H.) & Co., Inc.
1,850	Blyth Eastman Dillon & Co., Inc.	1,020	Paine, Webber, Jackson & Curtis, Inc.
225	Burns Bros. and Denton Limited	475	Piper, Jaffray & Hopwood, Inc.
75	Caldwell Phillips, Inc.	450	Pressprich, R. W. & Co., Inc.
600	Dain, Kalman & Quail, Inc.	1,345	Reynolds Securities, Inc.
1,195	Dillon, Read & Co., Inc.	780	Richardson Securities Inc.
460	Domination Securities	55	Robinson-Humphrey Company, Inc.
100	Dominick & Dominick, Inc.	130	Rothschild (L.F.) & Co.
345	Donaldson, Lufkin & Jenrette Corp.	4,085	Salomon Brothers
1,060	Drexel Burnham & Co., Inc.	810	Shearson Hayden Stone, Inc.
125	Eberstadt (F.) & Co., Inc.	485	Shields Model Roland Inc.
105	Edwards, (A.G.) & Sons, Inc.	920	Smith, Barney & Co.
225	Equitable Canada	50	Spencer Trask & Co., Inc.
2,310	First Boston Corporation	55	Stifel, Nicolaus & Co., Inc.
250	Fry Mills Spence	125	Stuart Brothers
5,115	Goldman, Sachs & Company	85	Sutro & Co., Inc.
330	Greenshields & Co.	50	Thomson & McKinnon Auchincloss Inc.
1,410	Halsey, Stuart & Co., Inc.	700	Weeden & Company
325	Harris, Upham & Co.	535	Wertheim & Company
995	Hornblower & Weeks - Hemphill, Noyes	1,270	White, Weld & Company
1,245	Hutton, (E.F.) & Co., Inc.	920	Witter, Dean & Co.
80	Illinois Company (The)	985	Wood Gundy, Inc.
80	Keefe, Bruyette & Woods, Inc.	500	Wood, Struthers & Winthrop Inc.
1,270	Kidder, Peabody & Co., Inc.		
835	Kuhn, Loeb & Co.		
30	Lamson Brothers & Co.		

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, 1975 - June 30, 1976

Face Amount (000)	Dealer	Face Amount (000)	Dealer
\$ 150	ABD Securities Corporation	\$ 240	Hornblower & Weeks - Hemphill, Noyes
300	Allen & Company, Inc.	1,000	Hutton, (E.F.) & Co., Inc.
30	Allison-Williams Company	794	Kidder, Peabody & Co., Inc.
2,000	Bache Halsey Stuart, Inc.	150	Kleinworth Benson, Inc.
345	Baird, (Robert W.) Co., Inc.	9	Lamson Brothers & Co.
150	Baker, Weeks & Co., Inc.	350	Lazard Freres & Co.
300	Basle Securities Corp.	510	Milwaukee Company (The)
540	Blair, (William) & Co.	300	Newcourt Securities
150	Blunt Ellis and Simmons, Inc.	150	Oppenheimer & Co., Inc.
40	Caldwell Phillips, Inc.	285	Piper, Jaffray & Hopwood, Inc.
150	Chicago Corporation, The	200	Reynolds Securities, Inc.
100	Dain, Kalman & Quail, Inc.	150	Rodman & Renshaw
150	Daiwa Securities America	275	Rothschild (L.F.) & Co.
350	Drexel Burnham & Co., Inc.	2,160	Salomon Brothers
300	Eberstadt (F.) & Co., Inc.	100	Shearson Hayden Stone, Inc.
225	Edwards, (A.G.) & Sons, Inc.	50	Smith, Barney & Co.
300	Europartners Securities	300	UBS-DB Corporation
550	First Boston Corporation	150	Unterberg (C.E.), Towbin Company
250	Fleming, Robert, Inc.	1,000	Weeden & Company
4,500	Goldman, Sachs & Company	2,000	White, Weld & Company
5	Harris Upham & Company	727	Witter, Dean & Co.
		400	Wood Gundy, Inc.

SECTION 7

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS July 1, 1975 - June 30, 1976

Face Amount (000)	Dealer
\$ 100	Blyth Eastman Dillon & Co., Inc.
500	Dillon, Read & Co., Inc.
3,700	First Boston Corporation
2,600	Goldman Sachs & Company
650	Kidder, Peabody & Co., Inc.
1,000	Kuhn, Loeb & Co.
500	Loeb, Rhoades & Company
2,000	Merrill Lynch, Pierce, Fenner & Smith, Inc.
1,350	Morgan Stanley & Co., Inc.
400	Salomon Brothers
1,000	Weeden & Company
150	White, Weld & Company

SECTION 8

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PUBLIC ISSUE CORPORATE BOND SALES July 1, 1975 - June 30, 1976

Face Amount (000)	Dealer
\$1,000	Bear, Stearns & Company
250	Goldman, Sachs & Company
825	Illinois Company (The)
1,500	Kidder, Peabody & Co., Inc.
1,000	Merrill Lynch, Pierce, Fenner & Smith, Inc.
2,550	Morgan Stanley & Co., Inc.
250	Pressprich, R. W. & Co., Inc.
500	Rodman & Renshaw
4,150	Salomon Brothers
2,550	Smith, Barney & Co.
350	Wood, Struthers & Winthrop, Inc.

SECTION 9

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT July 1, 1975 - June 30, 1976

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES		600	Becker Securities
Electric		300	Wm. Blair
63800	Commonwealth Edison Company	600	Blyth Eastman
	1000 Bache Halsey	300	Caldwell Phillips
	10000 DeHaven Townsend	200	Craig Hallum
	5000 First Boston	2000	Dain Kalman
	10000 Goldman Sachs	600	Drexel Burnham
	5000 Keefe Bruyette	500	A. G. Edwards
	17000 Milwaukee & Company	600	First Boston
	4500 Paine Webber	600	Goldman Sachs
	11300 Sutro & Co.	800	Hornblower Weeks
8500	Florida Power & Light Company	800	Kidder Peabody
	2000 Mitchell Hutchins	600	Kuhn Loeb
	4500 W. H. Reaves	100	Lamson Brothers
	2000 H. C. Weinwright	600	Lehman Brothers
24000	Middle South Utilities, Incorporated	600	Loeb Rhoades
	2000 First Boston	9000	Merrill Lynch
	22000 Paine Webber	200	Milwaukee & Company
30000	Northern States Power Company	100	M. H. Novick
	100 Allison Williams	2000	Piper Jaffray
	350 Robert Baird	250	W. H. Reaves
	800 Bache Halsey	800	Reynolds Securities
	600 Bear Stearns	400	Robinson Humphrey

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
10506	Robert Baird	5000	Brown Brothers
10506	Becker Securities	2000	Dain Kalman
10200	Brown Brothers	10000	Donaldson Lufkin
5100	Donaldson Lufkin	8000	A. G. Edwards
7956	E. F. Hutton	10000	Faulkner Dawkins
14994	Paine Webber	19000	First Manhattan
10200	Shields Model	10000	Hornblower Weeks
7140	Wertheim & Co.	21000	Merrill Lynch
27846	Wm. Witter	5000	Mesirov
14688	Wood Struthers	10000	Smith Barney
		7000	H. C. Wainwright
		9000	Wertheim & Co.
		13000	Mobil Corporation
		13000	Salomon Brothers
		197000	Standard Oil Company of California
		29800	Brown Brothers
		24000	Drexel Burnham
		14600	F. Eberstadt
		12000	First Manhattan
		5400	Paine Webber
		50700	H. C. Wainwright
		25000	Wertheim & Co.
		20300	White Weld
		15200	Dean Witter
ENERGY			
Oil-Domestic			
5000	Atlantic Richfield Company		
	2000 E. F. Hutton		
	3000 Kidder Peabody		
69200	Continental Oil Company (Del.)		
	16000 Robert Baird		
	6000 Brown Brothers		
	3000 First Boston		
	8000 Hornblower Weeks		
	6600 E. F. Hutton		
	10000 Merrill Lynch		
	3600 Mitchell Hutchins		
	6000 Salomon Brothers		
	10000 H. C. Wainwright		
8000	Louisiana Land and Exploration Co.	Energy-Related	
	2000 Harris Upham	2000	Baker International Corporation
	2000 Kidder Peabody		1000 Merrill Lynch
	2000 Merrill Lynch		1000 Robinson Humphrey
	2000 L. F. Rothschild	118100	Dresser Industries, Inc.
4000	Phillips Petroleum Company		29800 Cyrus Lawrence
	1000 Paine Webber		6600 First Boston
	2000 W. H. Reeves		17200 Merrill Lynch
	1000 Smith Barney		6000 Morgan Stanley
2000	Standard Oil Company (Indiana)		1600 J. H. Oliphant
	2000 Paine Webber		6000 Reynolds Securities
7000	Standard Oil Company (Ohio)		6000 Robinson Humphrey
	1000 Cyrus Lawrence		20000 Salomon Brothers
	1000 Hornblower Weeks		2000 Shearson Hayden
	5000 Shearson Hayden		6900 Smith Barney
Oil-International		8500	10000 H. C. Wainwright
20725	Exxon Corporation		Halliburton Company
	1200 Dain Kalman		6000 Keefe Bruyette
	3000 First Boston		1000 Reynolds Securities
	4525 Merrill Lynch		1500 Robinson Humphrey
	500 Mesirov & Co.		
	2000 Mitchell Hutchins		
	3500 J. H. Oliphant		
	1000 Paine Webber		
	5000 H. C. Wainwright		
126000	Gulf Oil Corporation	TRANSPORTATION	
	10000 Robert Baird	Railroads	
		8250	Southern Railway Company
			2650 E. F. Hutton
			2000 Merrill Lynch
			3600 Salomon Brothers

SECTION 10

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES			
Electric			
26000	Commonwealth Edison Company	1000	General Motors Corporation
	14000 American Securities		1000 Institutional Networks
	4000 Institutional Networks	28600	Genuine Parts Company
	2000 Jefferies & Co.		17600 Institutional Networks
	6000 Weeden & Co.		11000 Jefferies & Co.
26000	Middle South Utilities, Incorporated		
	4000 Institutional Networks		
	22000 Jefferies & Co.		
1500	Public Service Company of Indiana, Inc.	Consumer-Nondurables	
	1500 Institutional Networks	10000	Avon Products, Inc.
1200	Texas Utilities Company		1000 American Securities
	1000 Institutional Networks		9000 Institutional Networks
	200 Jefferies & Co.	10000	Colgate-Palmolive Company
			10000 Institutional Networks
		1050	Eastman Kodak Company
Natural Gas			1000 Institutional Networks
60300	Panhandle Eastern Pipe Line Company		50 Jefferies & Co.
	28700 American Securities	4500	Procter & Gamble Company (The)
	4600 Institutional Networks		1500 Institutional Networks
	18500 Jefferies & Co.		3000 Weeden & Co.
	8500 Weeden & Co.	2000	Revlon, Incorporated
			2000 Institutional Networks
Communications			
11050	American Telephone & Telegraph Company	Consumer-Miscellaneous	
	11050 Jefferies & Co.	6100	McDonald's Corporation
21000	General Telephone & Electronics Corp.		3100 Institutional Networks
	16000 Institutional Networks		3000 Weeden & Co.
	5000 Jefferies & Co.		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Drugs		3500	Hercules Incorporated
7500	Merck & Co., Inc.	7800	3500 Institutional Networks
	1000 Institutional Networks		3000 Institutional Networks
	6000 Jefferies & Co.		4800 Weeden & Co.
	500 Weeden & Co.		
100	Schering-Plough Corporation		
	100 Jefferies & Co.		
Food-Beverage		Electrical Equipment	
46800	CPC International, Inc.	8100	General Electric Company
	5100 Institutional Networks		7000 Institutional Networks
	9800 Jefferies & Co.		1100 Jefferies & Co.
	31900 Weeden & Co.		
4000	Coca-Cola Company (The)		
	4000 Institutional Networks		
3000	PepsiCo, Inc.		
	3000 Jefferies & Co.		
Retail Sales			
9500	American Greetings Corporation		
	5500 Goldman Sachs		
	3000 Merrill Lynch		
	1000 Smith Barney		
16000	Federated Department Stores, Incorporated		
	14000 Institutional Networks		
	2000 Weeden & Co.		
12000	Penney (J.C.) Company, Incorporated		
	12000 Institutional Networks		
2000	Sears, Roebuck and Company		
	1000 Institutional Networks		
	1000 Jefferies & Co.		
TECHNOLOGY			
Electronics			
6500	Hewlett-Packard Company		
	1000 Institutional Networks		
	5500 Kall & Company		
Office Equipment			
435	International Business Machines Corporation		
	200 American Securities		
	215 Jefferies & Co.		
	20 Weeden & Co.		
BASIC INDUSTRY			
Aerospace			
6000	United Technologies Corporation		
	6000 Institutional Networks		
Building & Forest Products			
15810	Georgia-Pacific Corporation		
	10200 Institutional Networks		
	510 Jefferies & Co.		
	5100 Weeden & Co.		
5000	Owens-Corning Fiberglas Corporation		
	5000 Institutional Networks		
7000	Weyerhaeuser Company		
	3000 Institutional Networks		
	4000 Jefferies & Co.		
Chemicals			
10000	Dow Chemical Company (The)		
	10000 Institutional Networks		
2900	du Pont (E.I.) de Nemours and Co.		
	2400 Institutional Networks		
	500 Jefferies & Co.		
Transportation			
30750	Southern Railway Company		
	15750 Robert Brandt		
	4700 Institutional Networks		
	4500 Jefferies & Co.		
	5800 Weeden & Co.		
ENERGY			
Oil-Domestic			
7000	Atlantic Richfield Company		
	2000 Institutional Networks		
	5000 Weeden & Co.		
42000	Continental Oil Company (Del.)		
	32000 Institutional Networks		
	10000 Jefferies & Co.		
	Louisiana Land and Exploration Co.		
	1000 Institutional Networks		
	5000 Jefferies & Co.		
1000	Phillips Petroleum Company		
	1000 Institutional Networks		
1400	Standard Oil Company (Ohio)		
	400 Institutional Networks		
	1000 Jefferies & Co.		
Oil-International			
13000	Standard Oil Company of California		
	13000 Institutional Networks		
Energy-Related			
5000	Baker International Corporation		
	2000 Robert Brandt		
	3000 Jefferies & Co.		
24000	Dresser Industries		
	13000 Institutional Networks		
	11000 Jefferies & Co.		
5900	Halliburton Company		
	2400 Institutional Networks		
	3500 Jefferies & Co.		
Transportation			
2400	BankAmerica Corporation		
	400 Jefferies & Co.		
	2000 Keefe Bruyette		
23800	Burlington Industries, Incorporated		
	5000 DeHaven Townsend		
	12800 Oppenheimer & Co.		
	6000 Weeden & Co.		
21100	Burroughs Corporation		
	7500 Hornblower Weeks		
	1100 Jefferies & Co.		
	1600 Paine Webber		
	10900 Shearson Hayden		
33400	Caterpillar Tractor Co.		
	2200 Institutional Networks		
	8200 Salomon Brothers		
	23000 Wertheim & Co.		
19000	Citicorp		
	5000 Institutional Networks		

SECTION 11

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK SALES
July 1, 1975 - June 30, 1976

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
79350	Aetna Life & Casualty Company	2400	BankAmerica Corporation
	15600 DeHaven Townsend		400 Jefferies & Co.
	9000 First Boston		2000 Keefe Bruyette
	12000 Jesup & Lamont	23800	Burlington Industries, Incorporated
	10000 Kall & Co.		5000 DeHaven Townsend
	9500 Salomon Brothers		12800 Oppenheimer & Co.
	18250 Wertheim & Co.		6000 Weeden & Co.
	5000 Dean Witter	21100	Burroughs Corporation
14580	Air Products and Chemicals, Inc.		7500 Hornblower Weeks
	5100 Institutional Networks		1100 Jefferies & Co.
	300 Paine Webber		1600 Paine Webber
	9180 Smith Barney		10900 Shearson Hayden
26200	Aluminum Company of America	33400	Caterpillar Tractor Co.
	1000 American Securities		2200 Institutional Networks
	6300 Brown Brothers		8200 Salomon Brothers
	8000 First Manhattan		23000 Wertheim & Co.
	5000 Mesirov & Co.		Citicorp
	5900 Morgan Olmstead	19000	5000 Institutional Networks

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
13350	10000 Merrill Lynch 4000 Weeden & Co.	7000	MGIC Investment Corporation 7000 White Weld
	11350 Connecticut General Insurance Corp. 2000 Jefferies & Co.	11700	McDonald's Corporation 2700 American Securities
32000	2000 Merrill Lynch Consolidated Foods Corporation 200 Institutional Networks 4000 Jefferies & Co.	2000	600 Bear Stearns 7500 Merrill Lynch 900 Weeden & Co.
34000	17800 Merrill Lynch 10000 H. C. Wainwright Continental Illinois Corporation 7000 Brown Brothers 2000 DeHaven Townsend 3000 Institutional Networks 5000 Mesirov & Co. 3000 Paine Webber 10700 Salomon Brothers 3300 Wood Struthers	33750	Merck & Co., Inc. 2000 Institutional Networks Modern Merchandising, Inc. 6625 Wm. Blair 1250 Dain Kalman 5000 E. F. Hutton 3250 Jefferies & Co. 10125 Merrill Lynch 2500 Piper Jaffray 2500 Oppenheimer & Co. 2500 Dean Witter
78000	Continental Oil Company (Del.) 20000 Institutional Networks 38000 Jefferies & Co. 20000 Oppenheimer & Co.	42130	Monsanto Company 2000 Cowen & Co. 300 Loeb Rhoades 3000 Mesirov & Co. 5300 Paine Webber 13100 Shearson Hayden 1700 Sutro & Co. 300 Weeden & Co. 16430 Wertheim & Co.
31600	Corning Glass Works 1000 Bear Stearns 24500 DeHaven Townsend 400 Merrill Lynch 5700 Smith Barney		J. P. Morgan & Co., Incorporated 2000 Keefe Bruyette
700	Delta Air Lines, Incorporated 700 Paine Webber	2000	
14200	Digital Equipment Corporation 600 Bear Stearns 1100 Drexel Burnham 10000 Mitchell Hutchins 2500 Wertheim & Co.	5200	NLT Corporation 500 Kall & Co. 2700 Loeb Rhoades 2000 Robinson Humphrey
13160	Disney (Walt) Productions 12360 Blyth Eastman 800 Weeden & Co.	60200	Nicor, Inc. 36100 First Boston 3500 Jefferies & Co. 6500 Salomon Brothers 5100 Dean Witter 9000 Wood Struthers
34000	Dow Chemical Company (The) 6000 American Securities 3000 Brown Brothers 400 Jefferies & Co. 12000 Merrill Lynch 12600 Mesirov & Co.	28000	Northwest Airlines, Incorporated 9000 Bear Stearns 14000 Hornblower Weeks 5000 Paine Webber
28800	Eastman Kodak Company 3700 Jefferies & Co. 17100 Merrill Lynch 5000 L. F. Rothschild 3000 Shields Model	5000	Northwest Bancorporation 5000 Keefe Bruyette
230500	Fedders Corporation 9500 Drexel Burnham 2300 Jefferies & Co. 37000 Kall & Company 118900 Merrill Lynch 30000 Mitchell Hutchins 16800 Oppenheimer & Co. 16000 Wood Struthers	59200	Owens-Corning Fiberglas Corp. 5000 First Boston 54200 Merrill Lynch
36100	Federated Department Stores, Inc. 7000 Institutional Networks 4100 Jefferies & Co. 25000 Merrill Lynch	3000	PepsiCo, Inc. 1000 Piper Jaffray 1500 Shearson Hayden 500 Weeden & Co.
48300	First Union Corporation 15000 Goldman Sachs 7000 Keefe Bruyette 26300 Merrill Lynch	33000	Pillsbury Company (The) 9000 Institutional Networks 500 Merrill Lynch 5000 J. H. Oliphant 4000 Piper Jaffray 7500 H. C. Wainwright 7000 Dean Witter
14500	Ford Motor Company 3000 Jefferies & Co. 5000 Loeb Rhoades 6500 H. C. Wainwright	35700	Pittston Company (The) 10200 Jefferies & Co. 3060 Kidder Peabody 12240 White Weld 10200 Wm. Witter Revlon, Incorporated 9000 Salomon Brothers
5000	General Foods Corporation 5000 Institutional Networks	9000	SAFECO Corporation 14400 Goldman Sachs 10500 E. F. Hutton 22000 Jefferies & Co. 3000 Merrill Lynch 4000 Shields Model
81800	General Mills, Incorporated 20000 Brown Brothers 12600 Kall & Co. 31000 Merrill Lynch 8200 J. H. Oliphant 10000 Weeden & Co.	53400	Standard Oil Company (Indiana) 1700 American Securities 2000 Brown Brothers 9000 DeHaven Townsend 15300 Institutional Networks 5000 Jefferies & Co. 13300 Merrill Lynch 7100 Shearson Hayden
17000	General Motors Corporation 17000 Kidder Peabody		Standard Oil Company (Ohio) 400 Merrill Lynch
2000	Hewlett-Packard Company 2000 Smith Barney	400	Texaco Inc. 10000 Oppenheimer & Co.
133400	Holiday Inns, Incorporated 17000 First Manhattan 72900 Oppenheimer & Co. 13500 Salomon Brothers 30000 Smith Barney	10000	The Toro Company 9800 Jefferies & Co.
54200	International Paper Company 17000 Hornblower Weeks 5200 Institutional Networks 1000 Jefferies & Co. 16400 Merrill Lynch 12800 Paine Webber 1800 H. C. Wainwright	9800	Union Pacific Corporation 300 Merrill Lynch 900 Weeden & Co.
68600	Investors Diversified Services, Inc. 19300 Merrill Lynch 49300 Salomon Brothers	37400	Westinghouse Electric Corporation 11500 Cowen & Co. 3500 First Boston 10000 Lehman Brothers 12400 Paine Webber
42000	Kresge (S.S.) Company 37000 Institutional Networks 5000 Morgan Stanley	5000	Weyerhaeuser Company 3000 DeHaven Townsend 2000 Kidder Peabody