



1978 REPORT
of the
MINNESOTA STATE
BOARD OF INVESTMENT



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Hon. Robert W. Mattson, State Auditor
Hon. Jim Lord, State Treasurer
Hon. Joan Anderson Growe, Secretary of State
Hon. Warren Spannaus, Attorney General

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Gerald W. Christenson, Commissioner of Finance, State of Minnesota
Gaylord W. Glarner, Senior Vice President, First Trust Company, St. Paul
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Donald R. Koessel, Executive Vice President, Trust and Investment Management Group, First National Bank of Minneapolis
Dr. Anne O. Krueger, Professor of Economics, University of Minnesota
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Victor P. Reim, Jr., President, Commercial State Bank of St. Paul
Joan T. Smith, C.F.A., Assistant Vice President, Trust and Agencies Division, Northwestern National Bank of Minneapolis

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O. M. Ousdigian, Executive Director, Public Employees Retirement Association
Harvey W. Schmidt, Executive Director, Teachers Retirement Association

Members Emeriti

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Franklin Briese, Chairman of the Board (retired), Minnesota Mutual Life Insurance Company, St. Paul
James C. Harris, Vice Chairman of the Board of Directors, Northwestern National Bank of Minneapolis
John M. Harris, Investment Counsel, Northern City National Bank, Duluth
Francis Hassing, former Investment Counsel to the Board of Regents of the University of Minnesota
Maxwell B. Hight, Section of Administration, Mayo Foundation, Rochester
Laurence R. Lunden, former Vice President, Business Administration, University of Minnesota
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LeRoy F. Piche, C.F.A., Senior Vice President, Investments, Northwest Bancorporation
Norman Terwilliger, retired Investment Counsel to the Minneapolis Teachers Retirement Association

MEMBERS OF THE BOARD:
GOVERNOR RUDY PERPICH
STATE AUDITOR ROBERT W. MATTSO
STATE TREASURER JIM LORD
SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL WARREN SPANNAUS



OFFICE OF THE EXECUTIVE SECRETARY
Telephone 296-3328

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

November 15, 1978

Members of the Legislature of the State of Minnesota:

— THE REPORT IN BRIEF —

The Minnesota State Board of Investment manages many State funds for various constituents. The trust funds, retirement funds, highway funds, endowment funds and the Treasurer's general account all involve individual statutes and policies. The paragraphs following this introduction detail the Board activities and investment objectives. A complete listing of all securities transactions during fiscal 1978 is found starting on page 34. A summary is provided of the principles used in allocating business to various securities firms.

WHAT IS THE SIZE OF THE MINNESOTA STATE FUNDS?

On June 30, 1978, Minnesota's total investment portfolio amounted to \$3,581,018,547. Of this amount, \$267,159,714 represented the permanent trust funds invested for the benefit of schools. Total retirement funds amounted to \$2,351,314,737. Many other individual accounts, including the Invested Treasurer's Cash Fund, three constitutionally dedicated highway funds, the proceeds from various bond sales, and numerous endowments, welfare and departmental accounts comprised the remaining \$962,544,096. It is estimated that the State Board of Investment handles 80 to 100 accounts, some amounting to many hundreds of millions of dollars, and others representing small bequests by individuals for educational or welfare institutions.

TO WHAT EXTENT ARE THE INVESTMENTS DIVERSIFIED?

Statutes require that the funds be invested appropriately for the needs of the individual accounts. For example, the Invested Treasurer's Cash Fund, the current tax receipts, is invested entirely in short-term money market instruments — obligations of the U.S. Treasury and agencies or short-term notes of corporations. Short-term interest rates have fluctuated widely, from over 12% in late 1974 to less than 5% during fiscal 1977, around 7½% at June 30, 1978, and now (October, 1978) around 8½%.

The Permanent School Fund is held for perpetuity with the income allocated to educational needs. This fund may be invested in equities to the extent of 20% of the book value; 40% may be invested in corporate bonds; and the balance is invested in U.S. Treasury and agency obligations.

The various retirement funds are invested in accordance with individual statutes. Equity participations generally vary from 45% to 50%. One account which meets specialized retirement needs is invested entirely in common stocks; others emphasize fixed-income securities; one is wholly invested in bonds. The investments authorized for these various funds, as well as the actual portfolios, are listed in the main body of this report and illustrated by the following charts:

**DISTRIBUTION OF \$3,581,018,547 OF INVESTMENTS MANAGED
BY THE STATE BOARD OF INVESTMENT
JUNE 30, 1978**

CHART I

DISTRIBUTION BY ASSET TYPE

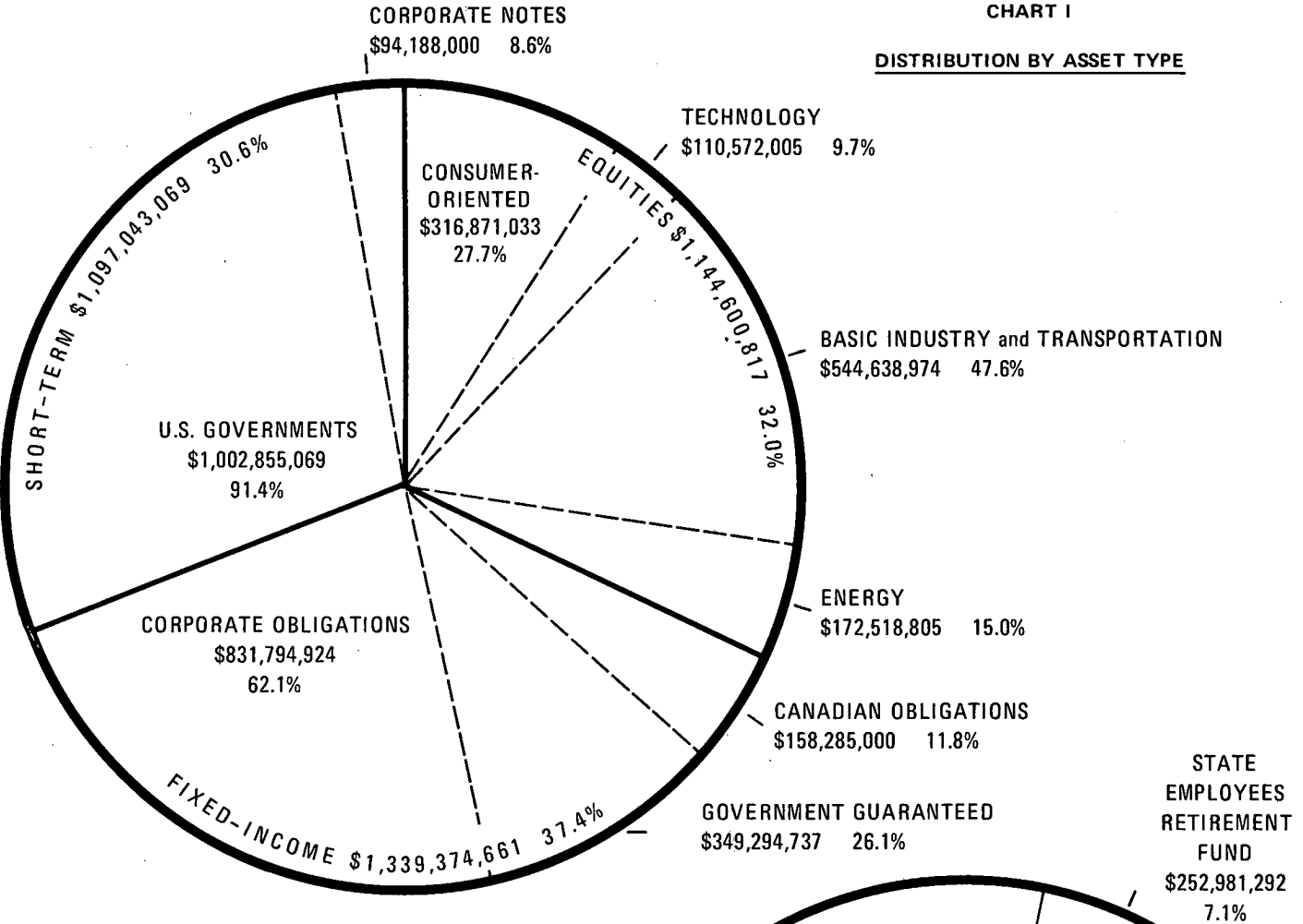
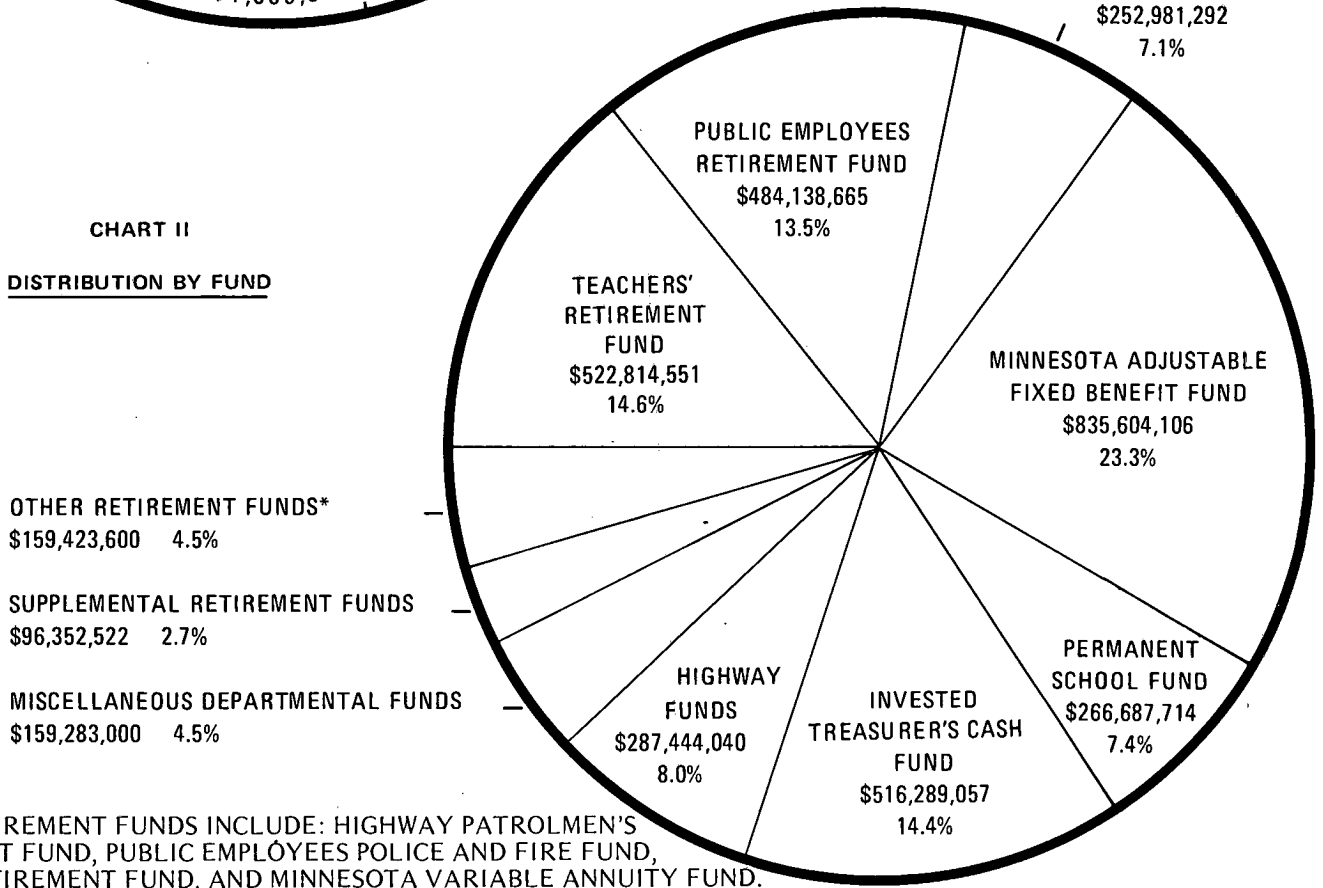


CHART II

DISTRIBUTION BY FUND



*OTHER RETIREMENT FUNDS INCLUDE: HIGHWAY PATROLMEN'S RETIREMENT FUND, PUBLIC EMPLOYEES POLICE AND FIRE FUND, JUDGES RETIREMENT FUND, AND MINNESOTA VARIABLE ANNUITY FUND.

WHAT WAS THE ACTUAL RATE OF RETURN, OR YIELD, RECEIVED BY THE VARIOUS FUNDS DURING FISCAL 1978?

The total rate of return is computed to include both the realized and unrealized gains and losses in security market values. Wide variations in annual yield result from combining price fluctuations with dividend and interest income. It may be more appropriate to consider the actual income to the account during the year. Such computations may be made on the basis of the cash interest and dividends plus net profits on sales received (as a numerator) divided by the amount of money and investments in the account, as averaged from three dates of the fiscal year — the preceding June 30, December 31, and the concluding June 30— (as a denominator). The approximate yields on the various accounts by this measure for fiscal 1978 were:

<u>ACCOUNT</u>	<u>YIELD</u>
The Invested Treasurer's Cash Fund (all in short-term money market securities)	6.61%
The Permanent School Fund (after an allowance for a transfer to principal to compensate for losses due to securities sales over a period of years)	5.96%
The Highway Funds:	
Trunk Highway Fund	6.52%
County State Aid Highway Fund	6.50%
Municipal State Aid Street Fund	6.54%
The Minnesota Adjustable Fixed Benefit Fund	6.27%
The "Basic" Retirement Funds:	
Highway Patrolmen's Retirement Fund	6.27%
Judges Retirement Fund	7.72%
State Employees Retirement Fund	6.16%
Public Employees Retirement Fund (includes Public Employees Police and Fire Fund)	6.46%
Teachers' Retirement Fund	6.49%
The Supplemental Retirement Fund:	
Fixed Return Account	8.24%
Growth Share Account	3.65%
Income Share Account	7.02%
The Minnesota Variable Annuity Fund	5.13%
(Because valuations are averaged over a two year period, this account showed a gain of 10.95% for fiscal 1978, which became a "Rate of Return" for participants.)	

The net income to the trust and retirement funds, in total and as a percentage of the amount invested, was higher than during any previous year. It must be emphasized that these yields are based on actual income and do not include unrealized gains or losses determined by market valuations of securities. Bonds currently offer the highest yields to the investor, over 9%, while the common stock portfolios, on a current yield basis, return about 5-6%. The State's bond holdings still show a slight market/book loss due to purchases, in earlier years, of bonds yielding 4% to 7%. The average of the 8% return received on bonds and the 5% on common stocks approximates as 6½% return on the funds listed. It is evident that a higher current yield could be received from a greater participation in fixed-income securities, but any potential gain through dividend increases and higher equity prices would thereby be diminished. Dividend increases declared by corporate managements on common stocks during calendar 1978 totaled \$5,412,230.52 on the shares currently owned by the State accounts. This continuing increase of dividend income, compared with decreases in net yields to bondholders due to "calls" and refunding at lower interest rates, provides a reason for equity investments. Moreover, in a time of great uncertainty, a mix of equity and fixed-income securities provides a hedge against the uncertain future.

ACTIVITIES OF THE ADVISORY COUNCIL AND THE BOARD DURING FISCAL 1978

At regular meetings of the Board and of the Advisory Council, reports were made of investment policies and strategies being pursued by the operating staff. As a general policy, the new funds flowing in for investment were deployed so as to modestly reduce the proportion of their portfolios invested in equities, as against fixed-return bonds and short-term investments. The funds were relatively fully invested, and continued net purchases of equities reflected the judgment that over the longer run these would reflect the growth of earnings and dividends of the broad group of major companies in our portfolios. Dividend increases declared on our stock holdings for the 12 months of fiscal 1978 amounted to \$5,412,230.52, or an increase of about 10.5% in the total dividends received over the year.

Activities in 1978 were guided by a standing Resolution of the Board, adopted on March 25, 1977, that expressed the position of the Board on the implications of the social responsibilities of corporations to the investment policies and on the voting of proxies of stocks held by our funds. The Resolution is as follows:

RESOLUTION

STATEMENT OF GENERAL POLICY GUIDANCE REGARDING THE VOTING OF PROXIES BY THE STATE BOARD OF INVESTMENT

WHEREAS, the Investment Board recognized that when performing their duty of investing the trust funds (pension and other funds) for which they are custodian, their primary responsibility is the prudent and responsible investment of the assets of the funds for the economic benefit of the beneficiaries of the funds; and

WHEREAS, it has become increasingly apparent that the standards of prudence and responsibility should be considered in light of this additional criterion; the social and environmental policies of the corporation in which the State owns or contemplates owning investment; and

WHEREAS, the investing in an enterprise which is flagrantly violating the law or stubbornly ignoring public policy constitutes implicit endorsement of those policies, and the Investment Board is of the opinion that government cannot in good faith support such activity without abrogating its duties to the citizens; and

WHEREAS, it is the Investment Board's opinion that corporations which do not take the welfare of society and its members into consideration, jeopardize their own financial stability, and in today's world risk depreciation of their investment value,

NOW, THEREFORE, BE IT RESOLVED that the following guideline be adopted: The Investment Board shall not knowingly invest or maintain holdings in those corporations which are in flagrant violation of the law or in stubborn disregard of the social welfare of society, or do not recognize environmental responsibilities in their corporate actions, and are not taking reasonable steps to overcome the situation; and

BE IT FURTHER RESOLVED that the following measures be instituted in the matter:

- A. Policy Regarding Contemplated Investments: The Investment Board will not knowingly invest the trust funds or any other funds of the State in those corporations which are found in violation of the guidelines set forth above.
- B. Policy After Investment: In the case that a corporation in which the State owns securities is found to violate the guidelines above, all or some of the following actions will be taken:

1. The Investment Board will discuss the problem with a representative of the corporation in question for the purpose of:
 - a. Expressing the view that, as a shareholder, the State of Minnesota is opposed to such policies.
 - b. Being informed as to the progress underway in ameliorating the problem.
2. If voting stock in such corporation is held by trust funds administered by the Investment Board, it may be voted in a manner calculated to ameliorate the existing problem.
 - a. While it is recognized that it is the Investment Board's responsibility to vote all stocks, the Investment Board may solicit recommendations from a sub-committee of the Board concerning the manner of voting stock of a corporation in violation of the guidelines set forth above.
 - b. When deemed necessary to protect the State's interest in the fund and in grave cases, the Investment Board may, upon recommendation of said sub-committee, institute procedures for a shareholder's proposal for the purpose of committing the corporation toward correcting the policy in question.
3. In the instance that no recourse mentioned above is available and/or it is shown that the corporation is not taking steps reasonably calculated to ameliorate the problem in question within a reasonable period of time, the Investment Board may sell the State's investment in the corporation, if sale is consistent with sound investment policy for the affected funds.

Much of this statement is based on similar action by the State of Connecticut. The final sentence was added so as to minimize the possibility of action detrimental to investment portfolios through any possible "forced sales".

The Advisory Council 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 served on the Council in fiscal 1978. 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 17 years. It is to be noted that, despite the unquestioned expertise of these members, their service was offered without compensation. Every member of this Council was, or has been, a portfolio manager or research director of a major Minnesota institution.

The legislature in 1977 established a new Investment Advisory Council, made up of eleven voting members: The Commissioner of Finance; ten members named by the State Board of Investment; and three ex-officio non-voting members, the executives of the three major retirement associations whose pension funds are invested by the Board. The former Council held its last meeting in February, 1978. The new Advisory Council was established and eight of the ten appointive members were named by the end of fiscal 1978. Two additional members were in process of appointment at that time and have since been appointed. Five members of the former Council were appointed to the new Council and other former members were appointed as Members Emeriti to the new Council. The new Council held its first organizational meeting on July 21, 1978, and Robert S. Davis (one of the members of the former Council) was elected as Chairman of the Advisory Council. The Council, under the new law, will meet monthly to carry out its designated functions as investment policy advisors to the Investment Board and its staff.

In February, 1978, Robert Blixt, for 18 years the Executive Secretary of the Board, resigned his position, and Francis M. Boddy was appointed as Acting Executive Secretary of the Board on March 5, 1978, to perform the duties of Executive Secretary of the Board during the interim until a new Executive Secretary is selected and appointed to the position. A nationwide search for the new Executive Secretary is underway, conducted by a Search Committee appointed by the Board. Applications and nominations of persons for the position were to be received by October 1, 1978, and the appointment of a new Executive Secretary awaits the outcome of this process.

THE ACCOUNTS SUPERVISED BY THE STATE BOARD OF INVESTMENT

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, 1978, are as follows:

Invested Treasurer's Cash Fund, \$516.3 million. This fund includes tax receipts. Since 1969, prime quality corporate notes have been eligible for use by this account, in addition to U.S. Treasury and agency obligations maturing within three years.

Highway Funds, \$287.4 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 monies are used for the building and maintenance of highways, roads and streets throughout the state.

Miscellaneous Welfare, Departmental and Temporary Funds, \$158.8 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 monies will be used within a comparatively short period of time for state building needs. Also included are endowment funds and trust accounts held for various institutions.

Minnesota Adjustable Fixed Benefit Fund, \$834.9 million. This account, administered by the State Board of Investment, may include a maximum of 50% in stocks with the remainder in fixed-income 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 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 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, later portfolio results permitted some increases. A one-time \$250 additional pension amount was provided for the pre-1973 retirees and a general pension increase of 4% was paid in January, 1978. While the earnings in fiscal 1978 exceeded the actuarially assumed rate, a negative balance in the reserve account prevented an increase in benefits.

Basic Retirement Funds, \$1,365.2 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, \$96.4 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, 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, \$54.1 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 fixed-income instruments, and reserves of short-term securities. The participants are teachers who chose this type of program, which provides retirement benefits based on long-term investment performance. Continuing investment in this option must be specifically elected; only a few have so elected. This will result in a declining fund as resignations and retirements take place.

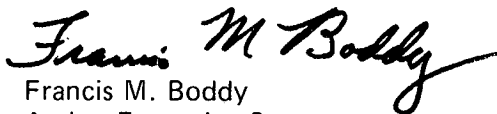
Trust Funds, \$267.2 million. The Permanent School Fund, invested for the benefit of the schools of Minnesota, includes U.S. Treasury securities and Government-guaranteed obligations, corporate bonds of long and short maturities, and common stocks. The Internal Improvement Land Fund includes only U.S. Treasury obligations.

* * * * *

The investment results achieved in fiscal 1978 have been satisfactory. The cooperation and advice received from the members of the State Board of Investment and the Investment Advisory Council played a most important part in achieving these results.

The many Minnesota investment accounts must be managed under somewhat different investment policies and procedures appropriate to the purposes and clientele of the funds. The Advisory Council has been of great help in determining the appropriate objectives for the various funds. It is hoped that each of these investment accounts may successfully be managed for the lasting benefit to both the retirement beneficiaries and the State's citizens.

Respectfully submitted,



Francis M. Boddy
Acting Executive Secretary

SCHEDULE I

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SHORT-TERM CORPORATE NOTES AND U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS June 30, 1978

Security	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	\$107,000,000	\$ 23,000,000	\$14,630,000	\$ 5,868,000	—
Maturity 30-270 days	45,900,000	20,422,000	7,223,000	4,000,000	—
Total Short-Term Corporate Notes	\$152,900,000	\$ 43,422,000	\$21,853,000	\$ 9,868,000	—
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	\$ 1,000,000	\$ 2,605,000	\$ 560,000	—	\$ 370,000
Maturity 30-90 days	—	—	—	—	7,125,000
Maturity 3-6 Months	10,400,000	—	—	—	11,945,000
Maturity 6-12 Months	—	—	—	—	235,000
Total Bills	\$ 11,400,000	\$ 2,605,000	\$ 560,000	—	\$ 19,675,000
Repurchase Agreements					
Maturity less than 30 days	\$123,500,000	\$ 17,000,000	\$ 4,982,000	\$ 2,142,000	\$ 16,237,000
Maturity 30-45 days	10,000,000	—	—	—	—
Total Repurchase Agreements	\$133,500,000	\$ 17,000,000	\$ 4,982,000	\$ 2,142,000	\$ 16,237,000
Government Agency Securities					
Maturity less than 30 days	\$ 56,000,000	\$ 11,150,000	\$11,215,000	\$ 2,330,000	\$ 16,525,000
Maturity 30-90 days	44,715,000	27,945,000	20,000,000	15,000,000	12,530,000
Maturity 91-180 days	22,000,000	8,150,000	9,500,000	6,000,000	30,090,000
Maturity 6 months - 1 year	6,000,000	9,000,000	13,000,000	8,000,000	20,000,000
Maturity over 1 year	32,500,000	16,000,000	6,000,000	5,000,000	26,500,000
Total Government Agency Securities	\$161,215,000	\$ 72,245,000	\$59,715,000	\$36,330,000	\$105,645,000
Federal Housing Administration Certificates					
8.00% River Crossing Apartments due 11-30-78	\$ 3,082,320	—	—	—	—
8.00% Windsor Apartments due 4-28-79	3,234,430	—	—	—	—
8.00% Centennial House Apartments due 6-28-79	—	\$ 1,409,260	\$ 2,254,816	\$ 1,972,964	—
8.375% Centennial Estates due 7-15-79	557,307	—	—	—	—
Total Federal Housing Administration Certificates	\$ 6,874,057	\$ 1,409,260	\$ 2,254,816	\$ 1,972,964	—
Government National Mortgage Association, Guaranteed Mortgage Backed Securities					
6.50% IDS Mortgage Corp. due 5-15-90 -2290	—	\$ 650,000	—	—	—
6.50% IDS Mortgage Corp. due 6-15-90 -2291	—	800,000	—	—	—
6.50% IDS Mortgage Corp. due 7-15-90 -2424	—	—	\$ 975,000	—	—
Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities	—	\$ 1,450,000	\$ 975,000	—	—
U.S. Treasury Notes and Bonds					
6.625% Notes due 8-31-78	\$ 5,000,000	—	—	—	—
6.25% Notes due 9-30-78	—	—	\$ 660,000	—	—
5.875% Notes due 10-31-78	—	—	—	\$ 1,000,000	\$ 35,000
6.00% Notes due 11-15-78	—	—	—	—	77,000
5.25% Notes due 12-31-78	—	—	—	—	15,000
5.875% Notes due 2-28-79	10,000,000	—	—	—	—
6.00% Notes due 3-31-79	—	—	—	—	215,000
6.125% Notes due 5-31-79	8,000,000	—	—	—	3,000,000
Total Maturities less than 1 year	\$ 23,000,000	—	\$ 660,000	\$ 1,000,000	\$ 3,342,000
6.25% Notes due 7-31-79	\$ 4,400,000	—	—	—	—
6.875% Notes due 8-15-79	8,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	—
6.25% Notes due 8-15-79	—	—	—	—	\$ 196,000
7.00% Notes due 11-15-79	—	—	—	—	13,000
7.50% Notes due 1-31-80	5,000,000	—	—	—	5,000,000
6.50% Notes due 2-15-80	5,000,000	—	—	—	40,000
4.00% Notes due 2-15-80	—	—	—	—	28,500
6.875% Notes due 5-15-80	—	—	—	—	2,000
9.00% Notes due 8-15-80	—	—	—	—	49,000
7.125% Notes due 11-15-80	—	—	—	—	5,000,000
3.50% Bonds due 11-15-80	—	—	—	—	5,000
7.375% Notes due 2-15-81	5,000,000	—	—	—	3,000,000
Total Maturities 1-3 years	\$ 27,400,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	\$ 13,333,500
7.75% Notes due 11-15-81	—	—	—	—	\$ 7,000
6.375% Bonds due 2-15-82	—	—	—	—	9,000
7.875% Notes due 11-15-82	—	—	—	—	34,000
8.00% Notes due 2-15-83	—	—	—	—	2,000
3.25% Bonds due 6-15-83	—	—	—	—	50,500
Total Maturities 3-5 years	—	—	—	—	\$ 102,500

Security	Invested Treasurer's Cash Fund	HIGHWAY FUNDS			Miscellaneous Departmental Funds
		Trunk	County State Aid	Municipal State Aid	
7.25% Notes due 8-15-84	—	—	—	—	\$ 45,000
6.375% Bonds due 8-15-84	—	—	—	—	74,000
8.00% Notes due 2-15-85	—	—	—	—	166,000
4.25% Bonds due 5-15-85	—	—	—	—	19,000
7.875% Notes due 5-15-86	—	—	—	—	374,000
8.00% Notes due 8-15-86	—	—	—	—	90,000
7.625% Notes due 11-15-87	—	—	—	—	130,000
Total Maturities 5-10 years	—	—	—	—	\$ 898,000
3.50% Bonds due 11-15-98	—	—	—	—	\$ 50,000
Total Maturities more than 10 years	—	—	—	—	\$ 50,000
Total U.S. Treasury Notes and Bonds	\$ 50,400,000	\$ 2,000,000	\$ 2,660,000	\$ 4,000,000	\$ 17,726,000
Total U.S. Treasury, Government Agency, and Government Guaranteed Securities	\$363,389,057	\$ 96,709,260	\$71,146,816	\$44,444,964	\$159,283,000
Total Short-Term Corporate Notes and U.S. Government Obligations Held By Various Funds	\$516,289,057	\$140,131,260	\$92,999,816	\$54,312,964	\$159,283,000

Note: "The above mentioned short-term corporate notes and U.S. Government obligations total \$963,016,097.00. 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 \$1,078,895,097.00 face value of investment securities were managed by the Money Market Securities Division of the Investment Department on June 30, 1978."

SCHEDULE II

MINNESOTA ADJUSTABLE FIXED BENEFIT FUND

June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ (3,322,042.13)*
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 3 days	\$ 4,862,000.00
Short-Term Corporate Notes Maturities up to 60 days	\$ 44,742,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 82,073,660.03
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 3,000,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 48,160,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$266,910,273.21
CONVERTIBLE DEBENTURES (See Listing Below)	\$ 3,881,000.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 6,670,720.98
COMMON STOCKS (See Listing Below)	\$377,872,553.16
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$834,850,165.25

*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1978.

**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.

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
NATURAL GAS				
Houston Natural Gas	105,000	\$ 24.88	\$ 2,611,875.00	
Panhandle E. Pipe Line	70,000	44.38	3,106,250.00	
Peoples Gas	84,999	34.75	2,953,715.25	
Total Natural Gas			\$ 8,671,840.25	2.29%
COMMUNICATIONS				
American Tel. & Tel.	245,000	\$ 59.88	\$ 14,669,375.00	
General Tel. & Elec.	222,000	28.63	6,354,750.00	
Total Communications			\$ 21,024,125.00	5.56%
TOTAL UTILITIES				
			\$ 55,572,815.25	14.71%
FINANCIAL SERVICES				
BANKS				
BankAmerica	167,000	\$ 22.38	\$ 3,736,625.00	
Citicorp	144,400	23.38	3,375,350.00	
First Bank System	97,400	36.38	3,542,825.00	
First Int'l Bancshares	49,500	42.63	2,109,937.50	
Northwest Bancorp.	178,000	24.88	4,427,750.00	
Security Pacific	94,679	30.81	2,917,344.03	
Total Banks			\$ 20,109,931.53	5.32%
FINANCE				
Household Finance	118,300	\$ 19.38	\$ 2,292,062.50	
MGIC Investment	45,000	17.13	770,625.00	
Total Finance			\$ 3,062,687.50	0.81%
INSURANCE				
Aetna Life & Casualty	62,000	\$ 40.13	\$ 2,487,750.00	
Connecticut General	97,050	36.25	3,518,062.50	
Jefferson-Pilot	55,500	30.25	1,678,875.00	
Northwestern Nat'l Life	95,600	26.25	2,509,500.00	
SAFECO	74,400	39.25	2,920,200.00	
St. Paul Companies	124,200	32.88	4,083,075.00	
Total Insurance			\$ 17,197,462.50	4.56%
TOTAL FINANCIAL SERVICES				
			\$ 40,370,081.53	10.68%
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Ford Motor	85,000	\$ 46.63	\$ 3,963,125.00	
General Motors	83,600	59.38	4,963,750.00	
Genuine Parts	90,800	36.25	3,291,500.00	
Goodyear Tire & Rubber	147,500	16.88	2,489,062.50	
Total Autos - Auto Parts			\$ 14,707,437.50	3.89%
CONSUMER-DURABLES				
Sunbeam	90,000	\$ 19.63	\$ 1,766,250.00	
Whirlpool	80,100	22.75	1,822,275.00	
Total Consumer-Durables			\$ 3,588,525.00	0.95%
CONSUMER-NON-DURABLES				
Avon Products	101,900	\$ 53.13	\$ 5,413,437.50	
Eastman Kodak	71,300	53.38	3,805,637.50	
Minnesota Mining & Mfg.	87,000	55.00	4,785,000.00	
Procter & Gamble	42,000	86.00	3,612,000.00	
Revlon	95,000	48.25	4,583,750.00	
Total Consumer-Nondurables			\$ 22,199,825.00	5.87%
CONSUMER-MISCELLANEOUS				
Disney (Walt) Prod.	60,644	\$ 40.00	\$ 2,425,760.00	
Holiday Inns	34,800	18.00	626,400.00	
McDonald's	66,000	52.63	3,473,250.00	
Total Consumer-Miscellaneous			\$ 6,525,410.00	1.73%
DRUGS				
American Home Products	89,800	\$ 28.38	\$ 2,548,075.00	
Johnson & Johnson	40,000	81.38	3,255,000.00	
Medtronic	48,100	24.13	1,160,412.50	
Merck	61,900	55.50	3,435,450.00	
Pfizer	116,200	33.50	3,892,700.00	
Schering-Plough	56,000	32.50	1,820,000.00	
Warner-Lambert	86,000	28.50	2,451,000.00	
Total Drugs			\$ 18,562,637.50	4.91%
FOODS-BEVERAGES				
CPC International	62,000	\$ 49.88	\$ 3,092,250.00	
Coca-Cola	100,000	41.75	4,175,000.00	
General Foods	97,100	31.63	3,070,787.50	
General Mills	105,000	30.00	3,150,000.00	
Kraft	22,600	47.63	1,076,325.00	
Norton Simon	121,916	18.25	2,224,967.00	
PepsiCo	70,000	29.75	2,082,500.00	
Pillsbury	45,000	39.38	1,771,875.00	
Total Foods-Beverages			\$ 20,643,704.50	5.46%
RETAIL SALES				
Federated Dept. Stores	85,000	\$ 37.00	\$ 3,145,000.00	
K mart	82,127	24.50	2,012,111.50	
Penney (J.C.)	89,400	36.50	3,263,100.00	
Sears, Roebuck	120,000	23.13	2,775,000.00	
Southland	101,094	28.13	2,843,268.75	
Total Retail Sales			\$ 14,038,480.25	3.72%
TOTAL CONSUMER-ORIENTED				
			\$100,266,019.75	26.53%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard	40,000	\$ 81.00	\$ 3,240,000.00	
Texas Instruments	9,000	79.13	712,125.00	
Total Electronics			\$ 3,952,125.00	1.05%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
OFFICE EQUIPMENT				
Burroughs	60,400	\$ 72.25	\$ 4,363,900.00	
Control Data	34,000	32.25	1,096,500.00	
Digital Equipment	72,300	46.63	3,370,987.50	
Honeywell	57,777	55.63	3,213,845.63	
Int'l. Bus. Machines	75,006	257.25	19,295,293.50	
Xerox	67,850	52.38	3,553,643.75	
Total Office Equipment			\$ 34,894,170.38	9.23%
TOTAL TECHNOLOGY				
			\$ 38,846,295.38	10.28%
BASIC INDUSTRY				
AEROSPACE				
Boeing	84,000	\$ 52.88	\$ 4,441,500.00	
United Technologies	125,000	42.38	5,296,875.00	
Total Aerospace			\$ 9,738,375.00	2.58%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific	103,210	\$ 25.88	\$ 2,670,558.75	
Masonite	114,000	18.63	2,123,250.00	
Owens-Corning Fiber.	82,000	30.63	2,511,250.00	
Weyerhaeuser	93,300	24.88	2,320,837.50	
Total Building & Forest Products			\$ 9,625,896.25	2.55%
CHEMICALS				
Air Products & Chem.	110,802	\$ 27.75	\$ 3,074,755.50	
Dow Chemical	60,000	24.63	1,477,500.00	
du Pont (E.I.) de Nemours	25,000	112.00	2,800,000.00	
Hercules	120,000	14.38	1,725,000.00	
Monsanto	30,000	51.25	1,537,500.00	
Union Carbide	74,000	38.00	2,812,000.00	
Total Chemicals			\$ 13,426,755.50	3.55%
ELECTRICAL EQUIPMENT				
Emerson Electric	92,200	\$ 34.88	\$ 3,215,475.00	
General Electric	128,000	50.50	6,464,000.00	
Gould	117,500	29.38	3,451,562.50	
Total Electrical Equipment			\$ 13,131,037.50	3.47%
MACHINERY				
Caterpillar Tractor	73,500	\$ 55.88	\$ 4,106,812.50	
Clark Equipment	70,000	33.38	2,336,250.00	
Combustion Engineering	90,000	39.88	3,588,750.00	
Trans Union	75,100	35.13	2,637,887.50	
Total Machinery			\$ 12,669,700.00	3.35%
METALS				
Aluminum Co. of Amer.	80,000	\$ 42.25	\$ 3,380,000.00	
Pittston	55,169	23.00	1,268,887.00	
St. Joe Minerals	98,000	24.63	2,413,250.00	
Total Metals			\$ 7,062,137.00	1.87%
PAPER				
International Paper	55,000	\$ 39.63	\$ 2,179,375.00	
Union Camp	56,000	42.25	2,366,000.00	
Total Paper			\$ 4,545,375.00	1.20%
MISCELLANEOUS				
Corning Glass Works	35,400	\$ 56.13	\$ 1,986,825.00	
Int'l Tel. & Tel.	95,400	30.38	2,897,775.00	
Total Miscellaneous			\$ 4,884,600.00	1.29%
TOTAL BASIC INDUSTRY				
			\$ 75,083,876.25	19.87%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield	119,000	\$ 50.50	\$ 6,009,500.00	
Continental Oil	130,000	26.38	3,428,750.00	
Marathon Oil	64,000	43.50	2,784,000.00	
Phillips Petroleum	148,000	32.13	4,754,500.00	
Standard Oil (Indiana)	123,700	48.25	5,968,525.00	
Standard Oil Co. Ohio	20,000	61.50	1,230,000.00	
Total Oil-Domestic			\$ 24,175,275.00	6.40%
OIL-INTERNATIONAL				
Exxon	250,000	\$ 43.88	\$ 10,968,750.00	
Gulf Oil	175,000	23.25	4,068,750.00	
Standard Oil of Calif.	145,000	39.88	5,781,875.00	
Texaco	148,300	24.00	3,559,200.00	
Total Oil-International			\$ 24,378,575.00	6.45%
ENERGY-RELATED				
Dresser Industries	73,000	\$ 44.25	\$ 3,230,250.00	
Halliburton	76,000	64.13	4,873,500.00	
Williams Companies	91,000	18.25	1,660,750.00	
Total Energy-Related			\$ 9,764,500.00	2.58%
TOTAL ENERGY				
			\$ 58,318,350.00	15.43%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	106,368	\$ 26.88	\$ 2,858,640.00	0.76%
RAILROADS				
Southern Railway	68,000	\$ 48.25	\$ 3,281,000.00	
Union Pacific	73,400	44.63	3,275,475.00	
Total Railroads			\$ 6,556,475.00	1.74%
TOTAL TRANSPORTATION				
			\$ 9,415,115.00	2.49%
TOTAL COMMON STOCKS				
			\$377,872,553.16*	100.00%

*Net original cost of equities on June 30, 1978, was \$378,456,002.93.

SCHEDULE III

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS IN THE THREE LARGEST RETIREMENT FUNDS June 30, 1978

	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, 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	—	—	—
June 30, 1969 ⁽⁷⁾	\$ 198,774,684	\$ 178,246,704	\$ 8,062,078.73	4.52%	\$ 123,331,969	—	—	—	\$ 213,781,373	\$ 196,378,751	\$ 9,032,190.00	4.60%
July 1, 1969 ⁽⁸⁾	\$ 158,760,588	—	—	—	\$ 103,331,969	—	—	—	\$ 193,781,373	—	—	—
December 31, 1969 ⁽⁷⁾	\$ 165,049,959	—	—	—	\$ 102,604,272	\$ 114,484,713	\$ 5,001,736.00	4.37%	\$ 195,989,623	—	—	—
June 30, 1970	\$ 169,853,573	\$ 164,554,706 ⁽⁹⁾	\$ 7,662,334.32	4.66%	\$ 97,283,570	\$ 101,073,270 ⁽⁹⁾	\$ 4,504,934.00 ⁽¹⁰⁾	4.46%	\$ 196,291,329	\$ 195,354,108 ⁽⁹⁾	\$ 9,121,447.52	4.67%
December 31, 1970	\$ 182,469,105	—	—	—	\$ 102,940,417	—	—	—	\$ 216,272,996	—	—	—
June 30, 1971	\$ 198,648,628	\$ 183,657,102	\$ 8,865,744.99	4.83%	\$ 110,406,203	\$ 103,543,397	\$ 4,777,705.29	4.61%	\$ 228,603,985	\$ 213,722,770	\$ 10,304,556.77	4.82%
December 31, 1971	\$ 215,917,783	—	—	—	\$ 115,613,762	—	—	—	\$ 237,806,108	—	—	—
June 30, 1972	\$ 235,121,349	\$ 216,883,656	\$ 11,436,490.83	5.27% ⁽¹¹⁾	\$ 122,880,191	\$ 116,694,447	\$ 5,962,135.03	5.11% ⁽¹¹⁾	\$ 270,163,035	\$ 245,694,851	\$ 12,847,901.01	5.23% ⁽¹¹⁾
December 31, 1972	\$ 252,126,109	—	—	—	\$ 128,806,667	—	—	—	\$ 284,498,463	—	—	—
June 29, 1973	\$ 273,046,696	\$ 254,798,887	\$ 14,551,663.44	5.71% ⁽¹²⁾	\$ 137,205,300	\$ 131,240,981	\$ 7,162,366.90	5.46% ⁽¹²⁾	\$ 316,053,836	\$ 292,401,786	\$ 16,356,914.07	5.59% ⁽¹²⁾
December 31, 1973	\$ 287,353,546	—	—	—	\$ 135,513,840	—	—	—	\$ 309,496,542	—	—	—
June 28, 1974	\$ 309,196,034	\$ 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⁾
December 31, 1976	\$ 452,320,559	—	—	—	\$ 190,646,104	—	—	—	\$ 433,593,429	—	—	—
June 30, 1977	\$ 489,471,372	\$ 457,765,516	\$ 26,310,580.65	5.75% ⁽¹⁵⁾	\$ 206,605,963	\$ 194,256,348	\$ 10,010,057.00	5.15% ⁽¹⁵⁾	\$ 458,263,666	\$ 436,393,569	\$ 23,231,478.69	5.32% ⁽¹⁵⁾
December 31, 1977	\$ 519,011,339	—	—	—	\$ 229,654,288	—	—	—	\$ 492,227,051	—	—	—
June 30, 1978	\$ 558,628,660	\$ 527,170,469	\$ 32,123,877.26	6.09% ⁽¹⁵⁾	\$ 250,574,740	\$ 233,131,096	\$ 12,827,560.79	5.50% ⁽¹⁵⁾	\$ 519,891,955	\$ 496,990,213	\$ 28,959,162.47	5.83% ⁽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 1978, 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%
1977	6.14%	5.86%	6.02%
1978	6.46%	6.16%	6.49%

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			
FOODS-BEVERAGES											
CPC International	105,000	\$ 49.88	45,000	\$ 2,244,375.00	18,000	\$ 897,750.00	42,000	\$ 2,094,750.00	\$ 5,236,875.00		
Coca-Cola	120,200	41.75	46,200	1,928,850.00	24,000	1,002,000.00	50,000	2,087,500.00	5,018,350.00		
Consolidated Foods	122,500	25.38	57,200	1,451,450.00	24,800	629,300.00	40,500	1,027,687.50	3,108,437.50		
General Foods	97,000	31.63	38,000	1,201,750.00	19,000	600,875.00	40,000	1,265,000.00	3,067,625.00		
General Mills	144,200	30.00	53,200	1,596,000.00	30,000	900,000.00	61,000	1,830,000.00	4,326,000.00		
Norton Simon	148,718	18.25	55,145	1,006,396.25	26,409	481,964.25	67,164	1,225,743.00	2,714,103.50		
PepsiCo	178,786	29.75	66,000	1,963,500.00	34,300	1,020,425.00	78,486	2,334,958.50	5,318,883.50		
Pillsbury	102,500	39.38	35,400	1,393,875.00	23,700	933,187.50	43,400	1,708,875.00	4,035,937.50		
Total Foods-Beverages				\$ 12,786,196.25	\$ 6,465,501.75	\$ 13,574,514.00	\$ 32,826,212.00	5.64%			
MEDIA											
Donnelley (RR) & Sons	84,243	\$ 28.75	28,876	\$ 830,185.00	19,246	\$ 553,322.50	36,121	\$ 1,038,478.75	\$ 2,421,986.25		
Dun & Bradstreet	82,100	33.38	34,300	1,144,762.50	15,000	500,625.00	32,800	1,094,700.00	2,740,087.50		
Harcourt Brace Jovan.	36,000	28.38	14,050	398,668.75	8,100	229,837.50	13,850	392,993.75	1,021,500.00		
Total Media				\$ 2,373,616.25	\$ 1,283,785.00	\$ 2,526,172.50	\$ 6,183,573.75	1.06%			
RETAIL SALES											
Dayton Hudson	106,700	\$ 38.13	39,600	\$ 1,509,750.00	22,500	\$ 857,812.50	44,600	\$ 1,700,375.00	\$ 4,067,937.50		
Federated Dept. Stores	115,500	37.00	54,000	1,998,000.00	19,000	703,000.00	42,500	1,572,500.00	4,273,500.00		
K mart Corporation	56,000	24.50	28,000	686,000.00	13,000	318,500.00	15,000	367,500.00	1,372,000.00		
Penney (J.C.)	119,100	36.50	45,700	1,668,050.00	23,300	850,450.00	50,100	1,828,650.00	4,347,150.00		
Sears, Roebuck	172,000	23.13	64,000	1,480,000.00	40,000	925,000.00	68,000	1,572,500.00	3,977,500.00		
Southland	146,774	28.13	52,581	1,478,840.63	29,458	828,506.25	64,735	1,820,671.88	4,128,018.76		
Total Retail Sales				\$ 8,820,640.63	\$ 4,483,268.75	\$ 8,862,196.88	\$ 22,166,106.26	3.81%			
TOTAL CONSUMER-ORIENTED				\$ 65,337,221.88	\$ 33,071,370.88	\$ 67,790,388.38	\$166,198,981.14	28.58%			
TECHNOLOGY											
ELECTRONICS											
Hewlett-Packard	21,000	\$ 81.00	8,000	\$ 648,000.00	4,000	\$ 324,000.00	9,000	\$ 729,000.00	\$ 1,701,000.00		
Texas Instruments	28,500	79.13	11,000	870,375.00	5,500	435,187.50	12,000	949,500.00	2,255,062.50		
Total Electronics				\$ 1,518,375.00	\$ 759,187.50	\$ 1,678,500.00	\$ 3,956,062.50	0.68%			
OFFICE EQUIPMENT											
Burroughs	95,800	\$ 72.25	35,400	\$ 2,557,650.00	17,200	\$ 1,242,700.00	43,200	\$ 3,121,200.00	\$ 6,921,550.00		
Control Data	43,000	32.25	14,000	451,500.00	8,000	258,000.00	21,000	677,250.00	1,386,750.00		
Digital Equipment	46,400	46.63	22,500	1,049,062.50	7,400	345,025.00	16,500	769,312.50	2,163,400.00		
Honeywell	87,200	55.63	35,800	1,991,375.00	20,000	1,112,500.00	31,400	1,746,625.00	4,850,500.00		
Int'l Bus. Machines	113,203	257.25	44,900	11,550,525.00	23,000	5,916,750.00	45,303	11,654,196.75	29,121,471.75		
Xerox	93,520	52.38	39,000	2,042,625.00	20,260	1,061,117.50	34,260	1,794,367.50	4,898,110.00		
Total Office Equipment				\$ 19,642,737.50	\$ 9,936,092.50	\$ 19,762,951.75	\$ 49,341,781.75	8.51%			
TOTAL TECHNOLOGY				\$ 21,161,112.50	\$ 10,695,280.00	\$ 21,441,451.75	\$ 53,297,844.25	9.19%			
BASIC INDUSTRY											
AEROSPACE											
Boeing	139,500	\$ 52.88	55,000	\$ 2,908,125.00	27,500	\$ 1,454,062.50	57,000	\$ 3,013,875.00	\$ 7,376,062.50		
United Technologies	136,000	42.38	50,000	2,118,750.00	27,000	1,144,125.00	59,000	2,500,125.00	5,763,000.00		
Total Aerospace				\$ 5,026,875.00	\$ 2,598,187.50	\$ 5,514,000.00	\$ 13,139,062.50	2.26%			
BUILDING & FOREST PRODUCTS											
Georgia-Pacific	162,863	\$ 25.88	62,055	\$ 1,605,673.13	34,914	\$ 903,399.75	65,894	\$ 1,705,007.25	\$ 4,214,080.13		
Masonite	193,400	18.63	78,400	1,460,200.00	43,000	800,875.00	72,000	1,341,000.00	3,602,075.00		
Owens-Corning Fiber.	142,200	30.63	56,200	1,721,125.00	28,000	857,500.00	58,000	1,776,250.00	4,354,875.00		
Weyerhaeuser	90,500	24.88	38,000	945,250.00	16,400	407,950.00	36,100	897,987.50	2,251,187.50		
Total Building & Forest Products				\$ 5,732,248.13	\$ 2,969,724.75	\$ 5,720,244.75	\$ 14,422,217.63	2.49%			
CHEMICALS											
Air Products & Chem.	129,075	\$ 27.75	50,693	\$ 1,406,730.75	27,686	\$ 768,286.50	50,696	\$ 1,406,814.00	\$ 3,581,831.25		
Dow Chemical	106,528	24.63	40,192	989,728.00	26,980	664,382.50	39,356	969,141.50	2,623,252.00		
du Pont (E.I.) de Nemours	52,500	112.00	22,000	2,464,000.00	10,500	1,176,000.00	20,000	2,240,000.00	5,880,000.00		
Hercules	193,000	14.38	73,000	1,049,375.00	35,000	503,125.00	85,000	1,221,875.00	2,774,375.00		
Monsanto	51,236	51.25	18,236	934,595.00	10,000	512,500.00	23,000	1,178,750.00	2,625,845.00		
Union Carbide	100,600	38.00	41,000	1,558,000.00	19,600	744,800.00	40,000	1,520,000.00	3,822,800.00		
Total Chemicals				\$ 8,402,428.75	\$ 4,369,094.00	\$ 8,536,580.50	\$ 21,308,103.25	3.66%			
ELECTRICAL EQUIPMENT											
Emerson Electric	135,000	\$ 34.88	50,000	\$ 1,743,750.00	25,000	\$ 871,875.00	60,000	\$ 2,092,500.00	\$ 4,708,125.00		
General Electric	189,000	50.50	75,000	3,787,500.00	39,000	1,969,500.00	75,000	3,787,500.00	9,544,500.00		
Gould	139,000	29.38	55,000	1,615,625.00	26,000	763,750.00	58,000	1,703,750.00	4,083,125.00		
Westinghouse Electric	63,000	21.50	23,100	496,650.00	12,200	262,300.00	27,700	595,550.00	1,354,500.00		
Total Electrical Equipment				\$ 7,643,525.00	\$ 3,867,425.00	\$ 8,179,300.00	\$ 19,690,250.00	3.38%			
MACHINERY											
Caterpillar Tractor	110,100	\$ 55.88	41,100	\$ 2,296,462.50	23,000	\$ 1,285,125.00	46,000	\$ 2,570,250.00	\$ 6,151,837.50		
Clark Equipment	96,100	33.38	38,100	1,271,587.50	22,000	734,250.00	36,000	1,201,500.00	3,207,337.50		
Combustion Engineering	133,500	39.88	60,000	2,392,500.00	25,500	1,016,812.50	48,000	1,914,000.00	5,323,312.50		
Trans Union	101,000	35.13	38,000	1,334,750.00	18,000	632,250.00	45,000	1,580,625.00	3,547,625.00		
Total Machinery				\$ 7,295,300.00	\$ 3,668,437.50	\$ 7,266,375.00	\$ 18,230,112.50	3.13%			
METALS											
Aluminum Co. of Amer.	89,000	\$ 42.25	38,000	\$ 1,605,500.00	21,000	\$ 887,250.00	30,000	\$ 1,267,500.00	\$ 3,760,250.00		
Pittston Company	78,640	23.00	29,511	678,753.00	19,570	450,110.00	29,559	679,857.00	1,808,720.00		
St. Joe Minerals	126,500	24.63	49,000	1,206,625.00	25,000	615,625.00	52,500	1,292,812.50	3,115,062.50		
Total Metals				\$ 3,490,878.00	\$ 1,952,985.00	\$ 3,240,169.50	\$ 8,684,032.50	1.49%			
PAPER											
International Paper	89,000	\$ 39.63	35,000	\$ 1,386,875.00	19,000	\$ 752,875.00	35,000	\$ 1,386,875.00	\$ 3,526,625.00		
Union Camp	80,500	42.25	33,000	1,394,250.00	16,500	697,125.00	31,000	1,309,750.00	3,401,125.00		
Total Paper				\$ 2,781,125.00	\$ 1,450,000.00	\$ 2,696,625.00	\$ 6,927,750.00	1.19%			
TEXTILES											
Burlington Industries	64,200	\$ 18.50	26,200	\$ 484,700.00	15,000	\$ 277,500.00	23,000	\$ 425,500.00	\$ 1,187,700.00	0.21%	
MISCELLANEOUS											
Corning Glass Works	38,900	\$ 56.13	16,000	\$ 898,000.00	7,500	\$ 420,937.50	15,400	\$ 864,325.00	\$ 2,183,262.50		
Int'l Tel. & Tel.	155,300	30.38	58,743	1,784,318.63	31,743	964,193.63	64,814	1,968,725.25	4,717,237.51		
Total Miscellaneous				\$ 2,682,318.63	\$ 1,385,131.13	\$ 2,833,050.25	\$ 6,900,500.01	1.19%			
TOTAL BASIC INDUSTRY				\$ 43,539,398.51	\$ 22,538,484.88	\$ 44,411,845.00	\$110,489,728.39	19.00%			

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		
ENERGY										
OIL-DOMESTIC										
Atlantic Richfield	151,000	\$ 50.50	55,000	\$ 2,777,500.00	35,000	\$ 1,767,500.00	61,000	\$ 3,080,500.00	\$ 7,625,500.00	
Continental Oil	274,700	26.38	110,000	2,901,250.00	55,700	1,469,087.50	109,000	2,874,875.00	7,245,212.50	
Marathon Oil	97,000	43.50	38,000	1,653,000.00	21,000	913,500.00	38,000	1,653,000.00	4,219,500.00	
Phillips Petroleum	248,000	32.13	105,000	3,373,125.00	47,000	1,509,875.00	96,000	3,084,000.00	7,967,000.00	
Standard Oil (Indiana)	136,500	48.25	53,000	2,557,250.00	30,400	1,466,800.00	53,100	2,562,075.00	6,586,125.00	
Total Oil-Domestic				\$ 13,262,125.00		\$ 7,126,762.50		\$ 13,254,450.00	\$ 33,643,337.50	5.78%
OIL-INTERNATIONAL										
Exxon	313,544	\$ 43.88	120,016	\$ 5,265,702.00	65,916	\$ 2,892,064.50	127,612	\$ 5,598,976.50	\$ 13,756,743.00	
Gulf Oil	225,100	23.25	89,100	2,071,575.00	48,000	1,116,000.00	88,000	2,046,000.00	5,233,575.00	
Mobil	100,400	61.75	33,800	2,087,150.00	17,800	1,099,150.00	48,800	3,013,400.00	6,199,700.00	
Standard Oil of Calif.	197,000	39.88	84,000	3,349,500.00	41,500	1,654,812.50	71,500	2,851,062.50	7,855,375.00	
Texaco	236,490	24.00	88,100	2,114,400.00	48,040	1,152,960.00	100,350	2,408,400.00	5,675,760.00	
Total Oil-International				\$ 14,888,327.00		\$ 7,914,987.00		\$ 15,917,839.00	\$ 38,721,153.00	6.65%
ENERGY-RELATED										
Dresser Industries	133,000	\$ 44.25	61,000	\$ 2,699,250.00	22,000	\$ 973,500.00	50,000	\$ 2,212,500.00	\$ 5,885,250.00	
Halliburton	64,000	64.13	22,000	1,410,750.00	18,000	1,154,250.00	24,000	1,539,000.00	4,104,000.00	
Williams Companies	157,000	18.25	56,000	1,022,000.00	31,000	565,750.00	70,000	1,277,500.00	2,865,250.00	
Total Energy-Related				\$ 5,132,000.00		\$ 2,693,500.00		\$ 5,029,000.00	\$ 12,854,500.00	2.22%
TOTAL ENERGY				\$ 33,282,452.00		\$ 17,735,249.50		\$ 34,201,289.00	\$ 85,218,990.50	14.65%
TRANSPORTATION AIRLINES										
Delta Air Lines	55,400	\$ 45.38	18,500	\$ 839,437.50	8,800	\$ 399,300.00	28,100	\$ 1,275,037.50	\$ 2,513,775.00	
Northwest Airlines	75,126	26.88	29,714	798,563.75	13,270	356,631.25	32,142	863,816.25	2,019,011.25	
UAL	24,300	29.50	9,000	265,500.00	7,000	206,500.00	8,300	244,850.00	716,850.00	
Total Airlines				\$ 1,903,501.25		\$ 962,431.25		\$ 2,383,703.75	\$ 5,249,636.25	0.90%
RAILROADS										
Burlington Northern	76,800	\$ 37.88	28,000	\$ 1,060,500.00	13,100	\$ 496,162.50	35,700	\$ 1,352,137.50	\$ 2,908,800.00	
Southern Railway	64,000	48.25	24,000	1,158,000.00	13,000	627,250.00	27,000	1,302,750.00	3,088,000.00	
Union Pacific	88,800	44.63	35,800	1,597,575.00	20,000	892,500.00	33,000	1,472,625.00	3,962,700.00	
Total Railroads				\$ 3,816,075.00		\$ 2,015,912.50		\$ 4,127,512.50	\$ 9,959,500.00	1.71%
TOTAL TRANSPORTATION				\$ 5,719,576.25		\$ 2,978,343.75		\$ 6,511,216.25	\$ 15,209,136.25	2.61%
TOTAL COMMON STOCKS				\$227,885,783.59^a		\$116,210,538.43^b		\$237,567,512.39^c	\$581,663,834.41^d	100.00%

a Net original cost of equities on June 30, 1978, was \$224,069,992.72.
b Net original cost of equities on June 30, 1978, was \$116,119,035.83.
c Net original cost of equities on June 30, 1978, was \$237,920,682.50.
d Net original cost of equities on June 30, 1978, was \$578,109,711.05.

SCHEDULE V

PUBLIC EMPLOYEES POLICE AND FIRE FUND June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ (127,464.01)*
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 5 days	\$ 122,000.00
Short-Term Corporate Notes Maturities up to 31 days	\$ 3,192,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 3,513,828.33
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 105,000.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 5,250,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$29,088,288.73
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ 471,680.49
COMMON STOCKS (See Listing Below)	\$36,125,674.88
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$77,741,008.42

* A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1978.

** 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 AND AGENCY BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 30, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	08-15-2004/ 01-15-2008	8.000/ 8.250	8.396%	\$ 3,301
GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS					
Grace Line, Inc.	Government Guar. Bond	02-01-1992	5.100	5.100	\$ 99
Moore-McCormack Lines	Government Guar. Bond	04-01-1987	5.750	5.750	113
TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS				5.446%	\$ 212
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				8.218%	\$ 3,513
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
Federal Home Loan Bank	Bond	08-27-1984	7.850	7.850	\$ 105
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 800
Manitoba Hydro Electric	Debenture	10-15-1997	7.650	7.650	500
N. Brunswick Electric Pwr.	S/F Debenture	04-01-1998	7.875	7.875	500
N. Brunswick Higher Education	S/F Debenture	04-15-1993	7.000	7.260	200
Nova Scotia, Province of	S/F Debenture	08-01-1993	7.250	7.200	250
Ontario Hydro	Note	03-15-1996	9.500	9.500	800
Ontario, Province of	Debenture	05-15-2001	7.850	7.850	300
Ontario, Province of	Debenture	12-15-2002	7.300	7.300	500
Ontario, Province of	Debenture	06-01-2008	9.375	9.375	500
Ontario, Province of	Debenture	04-15-1997	5.625	5.625	100
Saskatchewan, Province of	Debenture	04-15-2008	9.250	9.250	800
TOTAL CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS				8.566%	\$ 5,250

SCHEDULE VI

HIGHWAY PATROLMEN'S RETIREMENT FUND June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 500.81
MONEY MARKET SECURITIES	
Bills	
Maturities up to 34 days	\$ 500,000.00
Repurchase Agreements	
Maturities up to 6 days	\$ 98,000.00
Short-Term Corporate Notes	
Maturities up to 6 days	\$ 656,000.00
STATE AND LOCAL OBLIGATIONS	\$ 139,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 1,427,459.55
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 1,650,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 8,772,125.78
DEFERRED YIELD ADJUSTMENT ACCOUNT*	\$ 147,628.88
COMMON STOCKS (See Listing Below)	\$11,547,143.38
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	\$24,937,858.40

*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, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	03-15-2006/ 11-15-2007	8.00/ 8.250	8.370%	\$ 1,314
GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS					
Moore-McCormack Lines	Government Guar. Bond	04-01-1987	5.750	5.750	\$ 113
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
				8.163%	\$ 1,427
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 400
N. Brunswick Elec. Pwr.	S/F Debenture	04-01-1998	7.875	7.875	300
Nova Scotia, Province of	S/F Debenture	08-01-1993	7.250	7.200	150
Ontario Hydro	Note	03-15-1996	9.500	9.500	400
Saskatchewan, Province of	Debenture	04-15-2008	9.250	9.250	400
				8.965%	\$ 1,650
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Calif. Electric Power	First Mtg. Bond	05-01-1990	5.125	5.060	\$ 40
Kansas Power & Light	First Mtg. Bond	06-01-2007	8.125	8.168	400
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	400
Public Serv. Indiana	First Mtg. Bond	01-01-2007	7.625	7.734	320
Rochester Gas & Elec.	First Mtg. Bond	07-01-1998	6.700	6.700	50
				8.072%	\$ 1,210
TELEPHONE					
Bell Tel. Co. Canada	First Mtg. Bond	06-01-2004	9.500	9.500	\$ 400
N.Y. Telephone Co.	Refunding Mtg. Bond	07-15-2008	8.000	8.416	400
				8.958%	\$ 800
TOTAL PUBLIC UTILITY OBLIGATIONS				8.425%	\$ 2,010

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Commonwealth Edison	First Mtg. Bond	11-01-1996	5.750	5.750	\$ 100
Consolidated Edison	Equipment Trust Cert.	01-01-1996	9.250	9.250	244
Kansas Power & Light	First Mtg. Bond	06-01-2007	8.125	8.168	750
Minnesota Power & Light	First Mtg. Bond	09-01-2006	8.700	8.700	800
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	800
Philadelphia Electric	First & Ref. Mtg. Bond	10-15-1980	11.000	11.000	800
Public Serv. Indiana	First Mtg. Bond	01-01-2007	7.625	7.704	540
Public Serv. Elec.-Gas	First & Ref. Mtg. Bond	06-01-2007	8.250	8.913	800
Rochester Gas & Elec.	First Mtg. Bond	07-01-1998	6.700	6.700	150
				8.826%	\$ 4,984
TELEPHONE					
Bell Tel. Co. Canada	First Mtg. Bond	06-01-2004	9.500	9.500	\$ 800
N.Y. Telephone Co.	Refunding Mtg. Bond	07-15-2008	8.000	8.510	800
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	8.838	800
				8.949%	\$ 2,400
TOTAL PUBLIC UTILITY OBLIGATIONS				8.866%	\$ 7,384
FINANCE OBLIGATIONS					
American Investment	Senior Note	11-01-1986	6.750	6.750	\$ 90
American Investment	Note	01-01-1991	5.250	5.250	93
Deere (John) Credit	Debenture	04-30-1998	7.500	7.540	500
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	800
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.405	850
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	500
Northwest Bancorp.	Note	09-15-1986	7.875	7.892	800
Wells Fargo & Co.	Promissory Note	11-01-1998	8.125	8.125	800
				8.229%	\$ 4,433
INDUSTRIAL OBLIGATIONS					
Akzona, Inc.	Debenture	02-15-1997	7.500	7.500	\$ 500
Aluminum Co. Of Canada	S/F Debenture	03-01-1995	9.500	10.016	800
Armco Steel Corp.	Note	12-15-1996	7.875	7.875	500
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	800
Cities Service Gas Co.	Debenture	06-01-1991	8.250	8.250	300
Continental Oil	Note	12-01-2000	9.000	9.000	213
Crown Zellerbach (S.D.)	General Mtg. Bond	08-01-1994	8.125	8.125	727
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	800
Firestone Tire & Rubber	Debenture	12-01-2004	9.250	9.250	800
Ford Motor Co.	Guaranteed Note	12-01-1996	8.625	8.625	800
Gulf Oil Corp.	First Mtg. Bond	06-15-1993	6.625	6.625	200
MacMillan Broedel, Ltd.	Debenture	07-01-1994	8.750	8.750	800
Marathon Oil Co.	S/F Debenture	02-01-2000	8.500	8.563	800
Moore Business Forms	Senior Note	10-01-1996	7.900	7.900	500
Phelps Dodge Corp.	Note	06-01-1985	8.500	8.623	800
Plantation Pipe Line	Guaranteed Note	10-01-2001	7.875	7.875	300
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	03-30-1997	7.700	7.700	146
Standard Oil of Calif.	Promissory Note	12-01-1992	6.000	6.120	114
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	03-02-1997	7.700	7.700	146
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	02-10-1997	7.700	7.700	195
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-07-1997	7.700	7.700	98
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-08-1997	7.700	7.700	98
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	11-06-1997	7.700	7.700	98
Standard Oil (Indiana)	Note	10-01-2000	7.300	7.300	300
Standard Oil (Indiana)	Note	10-01-2000	9.000	9.000	250
Standard Oil (Indiana)	Note	10-01-2000	7.500	7.500	250
Stauffer Chemical Co.	Note	03-15-1997	7.500	7.500	500
Union Oil Co. of Calif.	Note	12-01-1988	6.500	6.500	83
Youngtown Sheet Tube	First Mtg. S/F Bond	07-01-1995	4.600	7.300	169
				8.465%	\$12,092
TRANSPORTATION DEBT OBLIGATIONS					
Atlantic Richfield Co.	First Pref. Ship Mtg. Bd.	12-01-2001	8.750	8.750	\$ 700
Louisville & Nashville	Collateral Trust Bond	12-01-1987	4.875	4.950	50
Western Maryland RR	First Mtg. Bond	10-01-1989	4.850	4.850	72
				8.177%	\$ 822
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Cert.	04-15-1981	5.625	5.625	\$ 36
ACF Industries, Inc.	Equipment Trust Cert.	04-01-1985	9.500	9.500	105
ACF Industries, Inc.	Equipment Trust Cert.	03-01-1991	9.000	9.000	800
Burlington Northern	Conditional Sale Agree.	05-01-1986	8.600	8.600	206
Burlington Northern	Conditional Sale Agree.	09-01-1993	8.750	8.750	485
Chesapeake & Ohio RR	Conditional Sale Agree.	03-15-1989	8.750	8.750	278
Chicago, Milw., St. Paul	Conditional Sale Agree.	31-15-1982	6.375	6.375	19
Chicago, Milw., St. Paul	Conditional Sale Agree.	06-01-1981	5.375	5.375	37
Del. & Hudson	Conditional Sale Agree.	09-01-1985	10.500	10.500	163
Fruit Growers Express	Equipment Trust Cert.	11-15-1981	6.000	6.000	40
Fruit Growers Express	Equipment Trust Cert.	06-15-1985	9.750	9.750	105
Louisville & Nashville RR	Conditional Sale Agree.	10-20-1991	9.000	9.000	482
St. Louis-San Fran. RR	Conditional Sale Agree.	01-01-1983	6.750	6.750	50
Seaboard Coast Line RR	Conditional Sale Agree.	04-01-1992	9.000	9.000	787
Southern Pacific Co.	Conditional Sale Agree.	03-01-1984	7.625	7.625	60
Southern Pacific Trans.	Conditional Sale Agree.	10-01-1992	8.250	8.250	700
				8.760%	\$ 4,356
TOTAL CORPORATE BOND OBLIGATIONS				8.567%	\$29,088
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.532%	\$37,957

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)	Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
FINANCE OBLIGATIONS						TRANSPORTATION DEBT OBLIGATIONS					
CIT Financial Corp.	Debenture	10-01-1986	6.375	6.420	\$ 150	Louisville & Nashville	Collateral Trust Bond	12-01-1987	4.875	4.950	\$ 100
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	400	Western Maryland RR	First Mtg. Bond	10-01-1989	4.850	4.850	72
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	300	TOTAL TRANSPORTATION DEBT OBLIGATIONS					
Wells Fargo & Co.	Promissory Note	11-01-1998	8.125	8.125	250					4.908%	\$ 172
TOTAL FINANCE OBLIGATIONS											
				8.372%	\$ 1,100	RAILROAD EQUIPMENT OBLIGATIONS					
INDUSTRIAL OBLIGATIONS						Burlington Northern	Conditional Sale Agree.	05-01-1986	8.600	8.600	\$ 206
Aluminum Co. of Canada	S/F Debenture	03-01-1995	9.500	9.370	\$ 150	Chesapeake & Ohio RR	Conditional Sale Agree.	03-15-1989	8.750	8.750	185
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	400	Chicago, Milw., St. Paul RR	Conditional Sale Agree.	01-15-1982	6.375	6.375	12
Crown Zellerbach (S.T.)	General Mtg. Bond	08-01-1994	8.125	8.125	272	Fruit Growers Express	Equipment Trust Cert.	11-15-1981	6.000	6.000	20
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	400	Fruit Growers Express	Equipment Trust Cert.	06-15-1985	9.750	9.750	70
Firestone Tire & Rubber	Debenture	12-01-2004	9.250	9.250	400	Illinois Central RR	Conditional Sale Agree.	02-15-1983	6.875	6.875	41
Gulf Oil Corp.	First Mtg. Bond	06-15-1993	6.625	6.625	150	Seaboard Coast Line RR	Conditional Sale Agree.	04-01-1992	9.000	9.000	393
MacMillan Bloedel, Ltd.	Debenture	07-01-1994	8.750	8.750	300	Seaboard Coast Line RR	Conditional Sale Agree.	10-01-1992	8.250	8.250	386
Marathon Oil Co.	S/F Debenture	02-01-2000	8.500	8.570	400	Southern Pacific Trans.	Conditional Sale Agree.	10-01-1992	8.250	8.250	300
Olympic Pipeline Co.	Note	09-01-2001	8.850	8.850	150	TOTAL RAILROAD EQUIPMENT OBLIGATIONS					
Phelps Dodge Corp.	Note	06-01-1985	8.500	8.638	300					8.522%	\$ 1,616
Plantation Pipe Line	Guaranteed Note	10-01-2001	7.875	7.875	300	TOTAL CORPORATE BOND OBLIGATIONS					
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-07-1997	7.700	7.700	197					8.437%	\$ 8,772
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-08-1997	7.700	7.700	98	TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	11-06-1997	7.700	7.700	98					8.478%	\$11,849
Standard Oil (Indiana)	Debenture	01-15-1998	6.000	6.070	50						
Standard Oil (Indiana)	Note	10-01-2000	9.000	9.000	150						
Union Oil Co. of Calif.	Note	12-01-1988	6.500	6.500	55						
TOTAL INDUSTRIAL OBLIGATIONS											
				8.584%	\$ 3,873						

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

SCHEDULE VII

HIGHWAY PATROLMEN'S RETIREMENT FUND PUBLIC EMPLOYEES POLICE AND FIRE FUND COMMON STOCK HOLDINGS June 30, 1978

Common Stock	Total Shares	Market Price 6-30-78	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	8,600	\$ 16.38	8,600	\$ 140,825.00	-	\$ -	\$ 140,825.00	
Commonwealth Edison	23,800	27.00	6,600	178,200.00	17,200	464,400.00	642,600.00	
Florida Power & Light	17,000	27.38	-	-	17,000	465,375.00	465,375.00	
Houston Industries	12,500	30.38	-	-	12,500	379,687.50	379,687.50	
Middle South Utilities	27,100	15.63	7,100	110,937.50	20,000	312,500.00	423,437.50	
Pacific Gas & Electric	9,400	23.88	-	-	9,400	224,425.00	224,425.00	
Public Serv. Indiana	6,050	26.75	6,050	161,837.50	-	-	161,837.50	
Southern Calif. Edison	12,500	25.38	5,000	126,875.00	7,500	190,312.50	317,187.50	
Texas Utilities	19,500	20.25	2,500	50,625.00	17,000	344,250.00	394,875.00	
Virginia Elec. & Power	6,400	14.38	-	-	6,400	92,000.00	92,000.00	
Total Electric				\$ 769,300.00		\$ 2,472,950.00	\$ 3,242,250.00	6.80%
NATURAL GAS								
Houston Natural Gas	19,000	\$ 24.88	4,000	\$ 99,500.00	15,000	\$ 373,125.00	\$ 472,625.00	
Panhandle E. Pipe Line	12,100	44.38	3,500	155,312.50	8,600	381,625.00	536,937.50	
Total Natural Gas				\$ 254,812.50		\$ 754,750.00	\$ 1,009,562.50	2.12%
COMMUNICATIONS								
American Tel. & Tel.	31,436	\$ 59.88	6,500	\$ 389,187.50	24,936	\$ 1,493,043.00	\$ 1,882,230.50	
General Tel. & Elec.	28,000	28.63	9,000	257,625.00	19,000	543,875.00	801,500.00	
Total Communications				\$ 646,812.50		\$ 2,036,918.00	\$ 2,683,730.50	5.63%
TOTAL UTILITIES								
				\$ 1,670,925.00		\$ 5,264,618.00	\$ 6,935,543.00	14.55%
FINANCIAL SERVICES								
BANKS								
BankAmerica	7,000	\$ 22.38	7,000	\$ 156,625.00	-	\$ -	\$ 156,625.00	
Citicorp	17,900	23.38	6,000	140,250.00	11,900	278,162.50	418,412.50	
First Bank System	11,300	36.38	-	-	11,300	411,037.50	411,037.50	
Manufacturers Hanover	12,000	34.75	-	-	12,000	417,000.00	417,000.00	
Northwest Bancorp.	19,800	24.88	6,000	149,250.00	13,800	343,275.00	492,525.00	
Security Pacific	7,500	30.81	-	-	7,500	231,097.50	231,097.50	
Valley Nat'l (Arizona)	6,618	22.75	6,618	150,559.50	-	-	150,559.50	
Total Banks				\$ 596,684.50		\$ 1,680,572.50	\$ 2,277,257.00	4.78%
FINANCE								
Beneficial	13,380	\$ 22.00	4,000	\$ 88,000.00	9,380	\$ 206,360.00	\$ 294,360.00	
MGIC Investment	12,200	17.13	2,600	44,525.00	9,600	164,400.00	208,925.00	
Total Finance				\$ 132,525.00		\$ 370,760.00	\$ 503,285.00	1.06%
INSURANCE								
Aetna Life & Casualty	14,000	\$ 40.13	4,000	\$ 160,500.00	10,000	\$ 401,250.00	\$ 561,750.00	
INA	8,400	42.13	-	-	8,400	353,850.00	353,850.00	
NLT	30,100	23.00	7,700	177,100.00	22,400	515,200.00	692,300.00	
Northwestern Nat'l Life	8,200	26.25	2,000	52,500.00	6,200	162,750.00	215,250.00	
St. Paul Companies	13,000	32.88	5,000	164,375.00	8,000	263,000.00	427,375.00	
Total Insurance				\$ 554,475.00		\$ 1,696,050.00	\$ 2,250,525.00	4.72%
TOTAL FINANCIAL SERVICES								
				\$ 1,283,684.50		\$ 3,747,382.50	\$ 5,031,067.00	10.55%

Common Stock	Total Shares	Market Price 6-30-78	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
CONSUMER-ORIENTED								
AUTOS - AUTO PARTS								
Ford Motor	10,375	\$ 46.63	3,125	\$ 145,703.13	7,250	\$ 338,031.25	\$ 483,734.38	
General Motors	9,900	59.38	2,500	148,437.50	7,400	439,375.00	587,812.50	
Genuine Parts	8,700	36.25	2,700	97,875.00	6,000	217,500.00	315,375.00	
Goodyear Tire & Rubber	10,000	16.88	-	-	10,000	168,750.00	168,750.00	
Total Autos - Auto Parts				\$ 392,015.63		\$ 1,163,656.25	\$ 1,555,671.88	3.26%
CONSUMER-DURABLES								
Whirlpool	21,000	\$ 22.75	5,000	\$ 113,750.00	16,000	\$ 364,000.00	\$ 477,750.00	1.00%
CONSUMER-NONDURABLES								
Avon Products	17,400	\$ 53.13	4,900	\$ 260,312.50	12,500	\$ 664,062.50	\$ 924,375.00	
Colgate-Palmolive	17,500	20.88	5,500	114,812.50	12,000	250,500.00	365,312.50	
Eastman Kodak	9,000	53.38	2,500	133,437.50	6,500	346,937.50	480,375.00	
Minnesota Mining & Mfg.	13,100	55.00	3,100	170,500.00	10,000	550,000.00	720,500.00	
Procter & Gamble	5,000	86.00	500	43,000.00	4,500	387,000.00	430,000.00	
Total Consumer-Nondurables				\$ 722,062.50		\$ 2,198,500.00	\$ 2,920,562.50	6.13%
CONSUMER-MISCELLANEOUS								
Disney (Walt) Prod.	11,442	\$ 40.00	3,077	\$ 123,080.00	8,365	\$ 334,600.00	\$ 457,680.00	
Holiday Inns	8,800	18.00	3,100	55,800.00	5,700	102,600.00	158,400.00	
McDonald's	9,200	52.63	2,200	115,775.00	7,000	368,375.00	484,150.00	
Warner Communications	3,500	41.00	-	-	3,500	143,500.00	143,500.00	
Total Consumer-Miscellaneous				\$ 294,655.00		\$ 949,075.00	\$ 1,243,730.00	2.61%
DRUGS								
American Home Products	12,000	\$ 28.38	-	\$ -	12,000	\$ 340,500.00	\$ 340,500.00	
Johnson & Johnson	4,700	81.38	-	-	4,700	382,462.50	382,462.50	
Medtronic	8,000	24.13	3,000	72,375.00	5,000	120,625.00	193,000.00	
Merck	12,000	55.50	3,500	194,250.00	8,500	471,750.00	666,000.00	
Pfizer	20,800	33.50	6,700	224,450.00	14,100	472,350.00	696,800.00	
Schering-Plough	3,000	32.50	3,000	97,500.00	-	-	97,500.00	
Total Drugs				\$ 588,575.00		\$ 1,787,687.50	\$ 2,376,262.50	4.98%
FOODS-BEVERAGES								
CPC International	14,000	\$ 49.88	4,000	\$ 199,500.00	10,000	\$ 498,750.00	\$ 698,250.00	
Consolidated Foods	16,000	25.38	-	-	16,000	406,000.00	406,000.00	
General Mills	17,500	30.00	4,500	135,000.00	13,000	390,000.00	525,000.00	
Norton Simon	10,352	18.25	-	-	10,352	188,924.00	188,924.00	
PepsiCo	23,000	29.75	6,500	193,375.00	16,500	490,875.00	684,250.00	
Pillsbury	3,500	39.38	3,500	137,812.50	-	-	137,812.50	
Total Foods-Beverages				\$ 665,687.50		\$ 1,974,549.00	\$ 2,640,236.50	5.54%
MEDIA								
Donnelley (RR) & Sons	9,859	\$ 28.75	-	-	9,859	\$ 283,446.25	\$ 283,446.25	0.59%
RETAIL SALES								
Dayton Hudson	2,000	\$ 38.13	2,000	\$ 76,250.00	-	\$ -	\$ 76,250.00	
Federated Dept. Stores	8,700	37.00	-	-	8,700	321,900.00	321,900.00	
K mart	5,000	24.50	-	-	5,000	122,500.00	122,500.00	
Penney (J.C.)	12,800	36.50	3,800	138,700.00	9,000	328,500.00	467,200.00	
Sears, Roebuck	18,000	23.13	6,000	138,750.00	12,000	277,500.00	416,250.00	
Southland	16,414	28.13	3,778	106,256.25	12,636	355,387.50	461,643.75	
Total Retail Sales				\$ 459,956.25		\$ 1,405,787.50	\$ 1,865,743.75	3.91%
TOTAL CONSUMER-ORIENTED				\$ 3,236,701.88		\$10,126,701.50	\$13,363,403.38	28.03%
TECHNOLOGY								
ELECTRONICS								
Hewlett-Packard	2,800	\$ 81.00	800	\$ 64,800.00	2,000	\$ 162,000.00	\$ 226,800.00	
Texas Instruments	1,500	79.13	-	-	1,500	118,687.50	118,687.50	
Total Electronics				\$ 64,800.00		\$ 280,687.50	\$ 345,487.50	0.72%
OFFICE EQUIPMENT								
Burroughs	9,000	\$ 72.25	2,500	\$ 180,625.00	6,500	\$ 469,625.00	\$ 650,250.00	
Control Data	4,000	32.25	-	-	4,000	129,000.00	129,000.00	
Honeywell	7,000	55.63	-	-	7,000	389,375.00	389,375.00	
Int'l Bus. Machines	9,800	257.25	2,500	643,125.00	7,300	1,877,925.00	2,521,050.00	
Xerox	9,300	52.38	3,400	178,075.00	5,900	309,012.50	487,087.50	
Total Office Equipment				\$ 1,001,825.00		\$ 3,174,937.50	\$ 4,176,762.50	8.76%
TOTAL TECHNOLOGY				\$ 1,066,625.00		\$ 3,455,625.00	\$ 4,522,250.00	9.49%
BASIC INDUSTRY								
AEROSPACE								
Boeing	8,000	\$ 52.88	-	\$ -	8,000	\$ 423,000.00	\$ 423,000.00	
United Technologies	15,000	42.38	6,000	254,250.00	9,000	381,375.00	635,625.00	
Total Aerospace				\$ 254,250.00		\$ 804,375.00	\$ 1,058,625.00	2.22%
BUILDING & FOREST PRODUCTS								
Georgia-Pacific	7,500	\$ 25.88	3,500	\$ 90,562.50	4,000	\$ 103,500.00	\$ 194,062.50	
Masonite	12,000	18.63	-	-	12,000	223,500.00	223,500.00	
Owens-Corning Fiber.	17,800	30.63	4,000	122,500.00	13,800	422,625.00	545,125.00	
Weyerhaeuser	11,000	24.88	3,500	87,062.50	7,500	186,562.50	273,625.00	
Total Building & Forest Products				\$ 300,125.00		\$ 936,187.50	\$ 1,236,312.50	2.59%

Common Stock	Total Shares	Market Price 6-30-78	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
CHEMICALS								
Air Products & Chem.	12,363	\$ 27.75	—	\$ —	12,363	\$ 343,073.25	\$ 343,073.25	
Dow Chemical	5,000	24.63	5,000	123,125.00	—	—	123,125.00	
du Pont (E.I.) de Nemours	5,060	112.00	1,000	112,000.00	4,060	454,720.00	566,720.00	
Hercules	23,500	14.38	5,500	79,062.50	18,000	258,750.00	337,812.50	
Monsanto	6,000	51.25	—	—	6,000	307,500.00	307,500.00	
Union Carbide	3,500	38.00	3,500	133,000.00	—	—	133,000.00	
Total Chemicals				\$ 447,187.50		\$ 1,364,043.25	\$ 1,811,230.75	3.80%
ELECTRICAL EQUIPMENT								
Emerson Electric	16,500	\$ 34.88	7,000	\$ 244,125.00	9,500	\$ 331,312.50	\$ 575,437.50	
General Electric	10,500	50.50	—	—	10,500	530,250.00	530,250.00	
Gould	16,200	29.38	4,700	138,062.50	11,500	337,812.50	475,875.00	
Westinghouse Electric	3,200	21.50	—	—	3,200	68,800.00	68,800.00	
Total Electrical Equipment				\$ 382,187.50		\$ 1,268,175.00	\$ 1,650,362.50	3.46%
MACHINERY								
Caterpillar Tractor	7,750	\$ 55.88	2,000	\$ 111,750.00	5,750	\$ 321,281.25	\$ 433,031.25	
Clark Equipment	9,000	33.38	3,000	100,125.00	6,000	200,250.00	300,375.00	
Combustion Engineering	10,500	39.88	—	—	10,500	418,687.50	418,687.50	
Trans Union	11,000	35.13	5,000	175,625.00	6,000	210,750.00	386,375.00	
Total Machinery				\$ 387,500.00		\$ 1,150,968.75	\$ 1,538,468.75	3.23%
METALS								
Aluminum Co. of Amer.	13,000	\$ 42.25	2,500	\$ 105,625.00	10,500	\$ 443,625.00	\$ 549,250.00	
Hanna Mining	1,200	32.00	1,200	38,400.00	—	—	38,400.00	
Pittston	12,318	23.00	2,934	67,482.00	9,384	215,832.00	283,314.00	
Total Metals				\$ 211,507.00		\$ 659,457.00	\$ 870,964.00	1.83%
PAPER								
International Paper	7,500	\$ 39.63	1,700	\$ 67,362.50	5,800	\$ 229,825.00	\$ 297,187.50	
Union Camp	6,600	42.25	1,700	71,825.00	4,900	207,025.00	278,850.00	
Total Paper				\$ 139,187.50		\$ 436,850.00	\$ 576,037.50	1.21%
TEXTILES								
Burlington Industries	4,000	\$ 18.50	—	—	4,000	\$ 74,000.00	\$ 74,000.00	0.16%
MISCELLANEOUS								
Corning Glass Works	3,800	\$ 56.13	1,000	\$ 56,125.00	2,800	\$ 157,150.00	\$ 213,275.00	
Int'l Tel. & Tel.	11,217	30.38	2,700	82,012.50	8,517	258,703.88	340,716.38	
Total Miscellaneous				\$ 138,137.50		\$ 415,853.88	\$ 553,991.38	1.16%
TOTAL BASIC INDUSTRY				\$ 2,260,082.00		\$ 7,109,910.38	\$ 9,369,992.38	19.65%
ENERGY								
OIL-DOMESTIC								
Continental Oil	25,800	\$ 26.38	6,800	\$ 179,350.00	19,000	\$ 501,125.00	\$ 680,475.00	
Marathon Oil	10,800	43.50	1,800	78,300.00	9,000	391,500.00	469,800.00	
Phillips Petroleum	33,000	32.13	8,000	257,000.00	25,000	803,125.00	1,060,125.00	
Standard Oil (Indiana)	15,400	48.25	4,200	202,650.00	11,200	540,400.00	743,050.00	
Total Oil-Domestic				\$ 717,300.00		\$ 2,236,150.00	\$ 2,953,450.00	6.20%
OIL-INTERNATIONAL								
Exxon	30,500	\$ 43.88	10,000	\$ 438,750.00	20,500	\$ 899,437.50	\$ 1,338,187.50	
Gulf Oil	15,500	23.25	—	—	15,500	360,375.00	360,375.00	
Mobil	10,600	61.75	5,100	314,925.00	5,500	339,625.00	654,550.00	
Standard Oil of Calif.	15,500	39.88	—	—	15,500	618,062.50	618,062.50	
Texaco	15,400	24.00	2,400	57,600.00	13,000	312,000.00	369,600.00	
Total Oil-International				\$ 811,275.00		\$ 2,529,500.00	\$ 3,340,775.00	7.01%
ENERGY-RELATED								
Dresser Industries	11,000	\$ 44.25	3,000	\$ 132,750.00	8,000	\$ 354,000.00	\$ 486,750.00	
Halliburton	4,500	64.13	—	—	4,500	288,562.50	288,562.50	
Williams Companies	16,700	18.25	5,700	104,025.00	11,000	200,750.00	304,775.00	
Total Energy-Related				\$ 236,775.00		\$ 843,312.50	\$ 1,080,087.50	2.27%
TOTAL ENERGY				\$ 1,765,350.00		\$ 5,608,962.50	\$ 7,374,312.50	15.47%
TRANSPORTATION								
AIRLINES								
Delta Air Lines	2,600	\$ 45.38	1,100	\$ 49,912.50	1,500	\$ 68,062.50	\$ 117,975.00	
Northwest Airlines	6,300	26.88	2,100	56,437.50	4,200	112,875.00	169,312.50	
UAL	1,500	29.50	—	—	1,500	44,250.00	44,250.00	
Total Airlines				\$ 106,350.00		\$ 225,187.50	\$ 331,537.50	0.70%
RAILROADS								
Burlington Northern	6,300	\$ 37.88	1,800	\$ 68,175.00	4,500	\$ 170,437.50	\$ 238,612.50	
Southern Railway	4,200	48.25	—	—	4,200	202,650.00	202,650.00	
Union Pacific	6,800	44.63	2,000	89,250.00	4,800	214,200.00	303,450.00	
Total Railroads				\$ 157,425.00		\$ 587,287.50	\$ 744,712.50	1.56%
TOTAL TRANSPORTATION				\$ 263,775.00		\$ 812,475.00	\$ 1,076,250.00	2.26%
TOTAL COMMON STOCKS				\$11,547,143.38^a		\$36,125,674.88^b	\$47,672,818.26^c	100.00%

a Net original cost of equities on June 30, 1978, was \$11,764,075.06.

b Net original cost of equities on June 30, 1978, was \$36,528,794.59.

c Net original cost of equities on June 30, 1978, was \$48,292,869.65.

SCHEDULE VIII

JUDGES RETIREMENT FUND June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ (18,724.48)*
MONEY MARKET SECURITIES	
Repurchase Agreements Maturities up to 6 days	\$ 149,000.00
Short-Term Corporate Notes Maturities up to 3 days	\$ 30,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 435,058.28
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 175,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 1,325,000.00
DEFERRED YIELD ADJUSTMENT ACCOUNT**	\$ (6,214.00)
COMMON STOCKS (See Listing Below)	\$ 512,219.00
TOTAL ASSETS IN ACCOUNT (for actuarial purposes; not indicative of true market value)	<u>\$2,601,338.80</u>

*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1978.

**This account signifies an amount equal to the discount at which fixed-income securities have been sold at more 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 AND AGENCY BONDS, AND CORPORATE BOND HOLDINGS June 30, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	05-15-2006/ 09-15-2006	8.250/ 8.000	8.323%	\$ 314
GOVERNMENT-GUARANTEED MERCHANT MARINE BOND					
Puget Sound Tug & Barge	Government Guar. Bond	02-15-2001	9.125	9.125	\$ 121
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				8.546%	<u>\$ 435</u>
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
Federal Home Loan Bank	Bond	02-26-1979	9.450	9.450	\$ 100
Federal Home Loan Bank	Bond	11-26-1979	8.150	8.150	75
TOTAL UNITED STATES GOVERNMENT AGENCY OBLIGATIONS				8.893%	<u>\$ 175</u>
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
Nova Scotia Power Corp.	Debenture	06-01-2008	9.625	9.727	\$ 100
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	\$ 100
Pacific Gas & Electric	First & Ref. Mtg. Bond	06-01-1985	9.500	9.577	100
United Illuminating Co.	Debenture	11-15-1997	8.500	8.500	100
Total Electric				8.932%	<u>\$ 300</u>
TELEPHONE					
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	9.699	\$ 100
TOTAL PUBLIC UTILITY OBLIGATIONS				9.124%	<u>\$ 400</u>
FINANCE OBLIGATIONS					
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.409	\$ 125
Northwest Bancorp.	Note	09-15-1986	7.875	7.892	100
TOTAL FINANCE OBLIGATIONS				8.179%	<u>\$ 225</u>
INDUSTRIAL OBLIGATIONS					
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	\$ 100
Burlington Northern	Mtg. Backed Cert.	06-15-1998	9.250	9.250	100
du Pont (E.I.) de Nemours	Debenture	11-15-2004	8.450	8.895	100
Exxon Pipeline Company	S/F Bond	10-15-2000	8.875	8.899	100
Ford Motor Co.	Debenture	07-15-1994	9.250	9.294	100
Olympic Pipeline Co.	Note	09-01-2001	8.850	8.850	100
TOTAL INDUSTRIAL OBLIGATIONS				9.073%	<u>\$ 600</u>
RAILROAD EQUIPMENT OBLIGATIONS					
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625	\$ 100
TOTAL CORPORATE BOND OBLIGATIONS				8.903%	<u>\$1,325</u>
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.866%	<u>\$2,035</u>

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison	300	\$ 27.00	\$ 8,100.00	
Northern States Power	600	25.50	15,300.00	
Texas Utilities	600	20.25	12,150.00	
Total Electric			<u>\$ 35,550.00</u>	6.94%
NATURAL GAS				
Houston Natural Gas	300	\$ 24.88	\$ 7,462.50	
Panhandle E. Pipe Line	100	44.38	4,437.50	
Total Natural Gas			<u>\$ 11,900.00</u>	2.32%
COMMUNICATIONS				
American Tel. & Tel.	600	\$ 59.88	\$ 35,925.00	7.01%
TOTAL UTILITIES			<u>\$ 83,375.00</u>	16.28%
FINANCIAL SERVICES				
BANKS				
First Bank System	200	\$ 36.38	\$ 7,275.00	
Northwest Bancorp.	400	24.88	9,950.00	
Total Banks			<u>\$ 17,225.00</u>	3.36%
FINANCE				
Household Finance	200	\$ 19.38	\$ 3,875.00	0.76%
INSURANCE				
Aetna Life & Casualty	100	\$ 40.13	\$ 4,012.50	
NLT	400	23.00	9,200.00	
U.S. Fidelity & Guar.	110	29.63	3,258.75	
Total Insurance			<u>\$ 16,471.25</u>	3.22%
TOTAL FINANCIAL SERVICES			<u>\$ 37,571.25</u>	7.33%
CONSUMER-ORIENTED CONSUMER-DURABLES				
Sunbeam	300	\$ 19.63	\$ 5,887.50	1.15%
CONSUMER-NON-DURABLES				
Avon Products	200	\$ 53.13	\$ 10,625.00	
Eastman Kodak	300	53.38	16,012.50	
Minnesota Mining & Mfg.	200	55.00	11,000.00	
Total Consumer-Non-durables			<u>\$ 37,637.50</u>	7.35%
CONSUMER-MISCELLANEOUS				
McDonald's	200	\$ 52.63	\$ 10,525.00	
Warner Communications	100	41.00	4,100.00	
Total Consumer-Miscellaneous			<u>\$ 14,625.00</u>	2.86%
DRUGS				
Merck	300	\$ 55.50	\$ 16,650.00	
Schering-Plough	300	32.50	9,750.00	
Total Drugs			<u>\$ 26,400.00</u>	5.15%
FOODS-BEVERAGES				
CPC International	200	\$ 49.88	\$ 9,975.00	
Coca-Cola	200	41.75	8,350.00	
Consolidated Foods	400	25.38	10,150.00	
Total Foods-Beverages			<u>\$ 28,475.00</u>	5.56%
RETAIL SALES				
Federated Dept. Stores	100	\$ 37.00	\$ 3,700.00	
Penney (J.C.)	200	36.50	7,300.00	
Southland	200	28.13	5,625.00	
Total Retail Sales			<u>\$ 16,625.00</u>	3.25%
TOTAL CONSUMER-ORIENTED			<u>\$129,650.00</u>	25.31%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard	100	\$ 81.00	\$ 8,100.00	1.58%
OFFICE EQUIPMENT				
Int'l Bus. Machines	180	\$257.25	\$ 46,305.00	9.04%
TOTAL TECHNOLOGY			<u>\$ 54,405.00</u>	10.62%
BASIC INDUSTRY AEROSPACE				
Boeing	300	\$ 52.88	\$ 15,862.50	3.10%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific	506	\$ 25.88	\$ 13,092.75	2.56%
CHEMICALS				
Dow Chemical	600	\$ 24.63	\$ 14,775.00	2.88%
ELECTRICAL EQUIPMENT				
General Electric	300	\$ 50.50	\$ 15,150.00	
Gould	300	29.38	8,812.50	
Total Electrical Equipment			<u>\$ 23,962.50</u>	4.69%
MACHINERY				
Caterpillar Tractor	300	\$ 55.88	\$ 16,762.50	3.27%
METALS				
Aluminum Co. of Amer.	300	\$ 42.25	\$ 12,675.00	2.47%
PAPER				
Union Camp	200	\$ 42.25	\$ 8,450.00	1.65%
TOTAL BASIC INDUSTRY			<u>\$105,580.25</u>	20.61%

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
ENERGY					
OIL-DOMESTIC					
Atlantic Richfield	400	\$ 50.50	\$ 20,200.00		
Continental Oil	400	26.38	10,550.00		
Total Oil-Domestic			\$ 30,750.00		6.00%
OIL-INTERNATIONAL					
Exxon	900	\$ 43.88	\$ 39,487.50		7.71%
ENERGY-RELATED					
Dresser Industries	300	\$ 44.25	\$ 13,275.00		
Williams Companies	200	18.25	3,650.00		
Total Energy-Related			\$ 16,925.00		3.30%
TOTAL ENERGY			\$ 87,162.50		17.02%
TRANSPORTATION RAILROADS					
Southern Railway	300	\$ 48.25	\$ 14,475.00		2.83%
TOTAL TRANSPORTATION			\$ 14,475.00		2.83%
TOTAL COMMON STOCKS			\$512,219.00*		100.00%

*Net original cost of equities on June 30, 1978, was \$513,821.24.

SCHEDULE IX
SUPPLEMENTAL RETIREMENT FUND -
INCOME SHARE ACCOUNT
June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ (79,940.80)*
MONEY MARKET SECURITIES	
Bills	
Maturities up to 34 days	\$ 500,000.00
Repurchase Agreements	
Maturities up to 6 days	\$ 80,000.00
Short-Term Corporate Notes	
Maturities up to 6 days	\$ 1,030,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 4,569,848.10
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 5,700,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$20,957,194.80
COMMON STOCKS (See Listing Below)	\$29,523,088.00
TOTAL ASSETS IN ACCOUNT	\$62,280,190.10

*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1978.

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, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	09-15-2006/ 12-15-2007	8.000	8.410%	\$ 4,569
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 800
Manitoba Hydro Elec. Bd.	Debenture	10-15-1997	7.650	7.650	500
N. Brunswick Elec. Pwr.	S/F Debenture	04-01-1998	7.875	7.875	800
Nova Scotia Power Comm.	S/F Debenture	07-15-1998	8.125	8.150	800
Ontario Hydro	Note	03-15-1996	9.500	9.500	800
Ontario, Province of	Debenture	05-15-2001	7.850	7.850	300
Ontario, Province of	Debenture	12-15-2002	7.300	7.300	500
Ontario, Province of	Debenture	06-01-2008	9.375	9.375	500
Saskatchewan, Province of	Debenture	04-15-2008	9.250	9.250	700
TOTAL CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS			8.616%		\$ 5,700

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	\$ 625
GAS					
Minnesota Gas Company	Debenture	11-15-1981	9.250	9.362	\$ 800
TELEPHONE					
Bell Tel. Co. Canada	First Mtg. Bond	06-01-2004	9.500	9.500	\$ 800
N.Y. Telephone Co.	Refunding Mtg. Bond	07-15-2008	8.000	8.664	800
Total Telephone					\$ 1,600
TOTAL PUBLIC UTILITY OBLIGATIONS				9.081%	\$ 3,025
FINANCE OBLIGATIONS					
Deere (John) Credit	Debenture	04-30-1998	7.500	7.540	\$ 500
Ford Motor Credit Co.	Debenture	04-01-1999	8.700	8.917	800
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	800
Honeywell Finance Inc.	S/F Debenture	12-15-1998	8.200	8.367	800
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.385	850
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	800
Northwest Bancorp.	Note	09-15-1986	7.875	7.892	800
Wells Fargo & Co.	Promissory Note	11-01-1998	8.125	8.125	800
TOTAL FINANCE OBLIGATIONS				8.377%	\$ 6,150
INDUSTRIAL OBLIGATIONS					
Aluminum Co. of Canada	S/F Debenture	03-01-1995	9.500	9.694	\$ 800
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	800
Cities Service Gas Co.	Debenture	06-01-1991	8.250	8.250	400
Dresser Industries	Note	05-15-1985	8.650	8.564	400
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	800
Ford Motor Co.	Guaranteed Note	12-01-1996	8.625	8.625	700
Marathon Oil Co.	S/F Debenture	02-01-2000	8.500	8.580	800
Moore Business Forms	Senior Note	10-01-1996	7.900	7.900	500
Phelps Dodge Corp.	Note	06-01-1985	8.500	8.570	400
Plantation Pipe Line	Guaranteed Note	10-01-2001	7.875	7.875	400
Rohm & Haas Company	Note	04-15-1985	9.000	9.000	500
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	03-30-1997	7.700	7.700	146
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	03-02-1997	7.700	7.700	146
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	02-10-1997	7.700	7.700	195
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-07-1997	7.700	7.700	98
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-08-1997	7.700	7.700	98
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	11-06-1997	7.700	7.700	98
Standard Oil (Indiana)	Note	10-01-2000	7.500	7.766	800
Stauffer Chemical Co.	Note	03-15-1997	7.500	7.500	500
TOTAL INDUSTRIAL OBLIGATIONS				8.561%	\$ 8,585
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Cert.	04-01-1985	9.500	9.500	\$ 105
ACF Industries, Inc.	Equipment Trust Cert.	02-01-1992	8.000	8.000	467
Burlington Northern	Conditional Sale Agree.	05-01-1986	8.600	8.600	172
Burlington Northern	Conditional Sale Agree.	10-01-1987	9.625	9.625	166
Burlington Northern	Conditional Sale Agree.	09-01-1993	8.750	8.750	591
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625	500
Chesapeake & Ohio RR	Conditional Sale Agree.	03-15-1989	8.750	8.750	464
Del. & Hudson	Conditional Sale Agree.	09-01-1985	10.500	10.500	142
Fruit Growers Express	Equipment Trust Cert.	06-15-1985	9.750	9.750	105
Louisville & Nashville RR	Conditional Sale Agree.	10-20-1991	9.000	9.000	482
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.832%	\$ 3,196
TOTAL CORPORATE BOND OBLIGATIONS				8.623%	\$20,957
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.591%	\$31,227

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison	19,500	\$ 27.00	\$ 526,500.00	
Minnesota Power & L.	21,200	20.00	424,000.00	
Northern States Power	21,000	25.50	535,500.00	
Public Serv. Indiana	10,000	26.75	267,500.00	
Texas Utilities	30,300	20.25	613,575.00	
Total Electric			\$ 2,367,075.00	8.02%
NATURAL GAS				
Houston Natural Gas	12,000	\$ 24.88	\$ 298,560.00	
Panhandle E. Pipe Line	9,800	44.38	434,875.00	
Peoples Gas	14,000	34.75	486,500.00	
Total Natural Gas			\$ 1,219,935.00	4.13%
COMMUNICATIONS				
American Tel. & Tel.	23,000	\$ 59.88	\$ 1,377,125.00	
General Tel. & Elec.	22,000	28.63	629,750.00	
Total Communications			\$ 2,006,875.00	6.80%
TOTAL UTILITIES			\$ 5,593,825.00	18.95%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
FINANCIAL SERVICES				
BANKS				
Continental Ill.	18,000	\$ 28.25	\$ 508,500.00	
Manufacturers Hanover	11,000	34.75	382,250.00	
Northwest Bancorp.	20,000	24.88	497,500.00	
Security Pacific	5,000	30.81	154,065.00	
Total Banks			\$ 1,542,315.00	5.22%
FINANCE				
Household Finance	22,000	\$ 19.38	\$ 426,250.00	1.44%
INSURANCE				
INA	10,000	\$ 42.13	\$ 421,250.00	
NLT	11,000	23.00	253,000.00	
U.S. Fidelity & Guar.	15,620	29.63	462,742.50	
Total Insurance			\$ 1,136,992.50	3.85%
TOTAL FINANCIAL SERVICES			\$ 3,105,557.50	10.52%
CONSUMER-ORIENTED				
AUTOS - AUTO PARTS				
Ford Motor	9,500	\$ 46.63	\$ 442,937.50	
General Motors	9,000	59.38	534,375.00	
Goodyear Tire & Rubber	11,500	16.88	194,062.50	
Total Autos - Auto Parts			\$ 1,171,375.00	3.97%
CONSUMER-DURABLES				
Sunbeam	15,000	\$ 19.63	\$ 294,375.00	1.00%
CONSUMER-NON-DURABLES				
Avon Products	13,000	\$ 53.13	\$ 690,625.00	
Colgate-Palmolive	10,000	20.88	208,750.00	
Minnesota Mining & Mfg.	10,500	55.00	577,500.00	
Total Consumer-Nondurables			\$ 1,476,875.00	5.00%
CONSUMER-MISCELLANEOUS				
McDonald's	2,400	\$ 52.63	\$ 126,300.00	0.43%
DRUGS				
American Home Products	7,500	\$ 28.38	\$ 212,812.50	
Pfizer	16,000	33.50	536,000.00	
Warner-Lambert	15,500	28.50	441,750.00	
Total Drugs			\$ 1,190,562.50	4.03%
FOODS-BEVERAGES				
CPC International	10,000	\$ 49.88	\$ 498,750.00	
Consolidated Foods	16,000	25.38	406,000.00	
General Foods	14,000	31.63	442,750.00	
PepsiCo	20,800	29.75	618,800.00	
Total Foods-Beverages			\$ 1,966,300.00	6.66%
RETAIL SALES				
Federated Dept. Stores	11,000	\$ 37.00	\$ 407,000.00	
Penney (J.C.)	7,000	36.50	255,500.00	
Sears, Roebuck	15,000	23.13	346,875.00	
Total Retail Sales			\$ 1,009,375.00	3.42%
TOTAL CONSUMER-ORIENTED			\$ 7,235,162.50	24.51%
TECHNOLOGY				
OFFICE EQUIPMENT				
Int'l Bus. Machines	5,900	\$257.25	\$ 1,517,775.00	5.14%
TOTAL TECHNOLOGY			\$ 1,517,775.00	5.14%
BASIC INDUSTRY				
AEROSPACE				
United Technologies	13,000	\$ 42.38	\$ 550,875.00	1.87%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific	17,292	\$ 25.88	\$ 447,430.50	
Masonite	9,000	18.63	167,625.00	
Total Building & Forest Products			\$ 615,055.50	2.08%
CHEMICALS				
Dow Chemical	8,000	\$ 24.63	\$ 197,000.00	
du Pont (E.I.) de Nemours	3,800	112.00	425,600.00	
Monsanto	5,500	51.25	281,875.00	
Union Carbide	10,000	38.00	380,000.00	
Total Chemicals			\$ 1,284,475.00	4.35%
ELECTRICAL EQUIPMENT				
General Electric	6,000	\$ 50.50	\$ 303,000.00	
Gould	30,000	29.38	881,250.00	
Total Electrical Equipment			\$ 1,184,250.00	4.01%
MACHINERY				
Clark Equipment	8,000	\$ 33.38	\$ 267,000.00	
Combustion Engineering	12,000	39.88	478,500.00	
Trans Union	8,000	35.13	281,000.00	
Total Machinery			\$ 1,026,500.00	3.48%
METALS				
Hanna Mining	7,000	\$ 32.00	\$ 224,000.00	
St. Joe Minerals	13,000	24.63	320,125.00	
Total Metals			\$ 544,125.00	1.84%
PAPER				
International Paper	9,500	\$ 39.63	\$ 376,437.50	
Union Camp	5,000	42.25	211,250.00	
Total Paper			\$ 587,687.50	1.99%
MISCELLANEOUS				
Int'l Tel. & Tel.	12,500	\$ 30.38	\$ 379,687.50	1.29%
TOTAL BASIC INDUSTRY			\$ 6,172,655.50	20.91%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
ENERGY				
OIL-DOMESTIC				
Continental Oil	32,000	\$ 26.38	\$ 844,000.00	
Marathon Oil	13,500	43.50	587,250.00	
Standard Oil (Indiana)	13,000	48.25	627,250.00	
Total Oil-Domestic			\$ 2,058,500.00	6.97%
OIL-INTERNATIONAL				
Exxon	34,000	\$ 43.88	\$ 1,491,750.00	
Mobil	12,500	61.75	771,875.00	
Texaco	18,500	24.00	444,000.00	
Total Oil-International			\$ 2,707,625.00	9.17%
ENERGY-RELATED				
Dresser Industries	11,000	\$ 44.25	\$ 486,750.00	
Williams Companies	8,000	18.25	146,000.00	
Total Energy-Related			\$ 632,750.00	2.14%
TOTAL ENERGY			\$ 5,398,875.00	18.29%
TRANSPORTATION				
RAILROADS				
Southern Railway	6,000	\$ 48.25	\$ 289,500.00	
Union Pacific	4,700	44.63	209,737.50	
Total Railroads			\$ 499,237.50	1.69%
TOTAL TRANSPORTATION			\$ 499,237.50	1.69%
TOTAL COMMON STOCKS			\$29,523,088.00*	100.00%

*Net original cost of equities on June 30, 1978, was \$29,397,941.87.

SCHEDULE X

SUPPLEMENTAL RETIREMENT FUND - GROWTH SHARE ACCOUNT June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ (19,692.42)*
MONEY MARKET SECURITIES	
Bills	
Maturities up to 34 days	\$ 500,000.00
Repurchase Agreements	
Maturities up to 6 days	\$ 20,000.00
Short-Term Corporate Notes	
Maturities up to 6 days	\$ 624,000.00
COMMON STOCKS (See Listing Below)	\$18,867,363.50
TOTAL ASSETS IN ACCOUNT	\$19,991,671.08

*A negative cash balance indicates purchase of securities prior to fiscal year end for which payment was not made until early July 1978.

Note: Money market securities are listed at face value; common stocks are listed at market value.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Florida Power & Light	17,500	\$ 27.38	\$ 479,062.50	
Texas Utilities	22,500	20.25	455,625.00	
Total Electric			\$ 934,687.50	4.95%
NATURAL GAS				
Houston Natural Gas	14,000	\$ 24.88	\$ 348,250.00	1.85%
COMMUNICATIONS				
American Tel. & Tel.	6,300	\$ 59.88	\$ 377,212.50	
United Telecom.	17,800	18.88	335,975.00	
Total Communications			\$ 713,187.50	3.78%
TOTAL UTILITIES			\$ 1,996,125.00	10.58%
FINANCIAL SERVICES				
BANKS				
BankAmerica	5,000	\$ 22.38	\$ 111,875.00	
First Bank System	6,000	36.38	218,250.00	
Valley Nat'l (Arizona)	7,500	22.75	170,625.00	
Total Banks			\$ 500,750.00	2.65%
FINANCE				
Household Finance	10,000	\$ 19.38	\$ 193,750.00	
MGIC Investment	6,000	17.13	102,750.00	
Total Finance			\$ 296,500.00	1.57%
INSURANCE				
INA	6,000	\$ 42.13	\$ 252,750.00	
NLT	11,000	23.00	253,000.00	
SAFECO	3,700	39.25	145,225.00	
St. Paul Companies	3,000	32.88	98,625.00	
Total Insurance			\$ 749,600.00	3.97%
TOTAL FINANCIAL SERVICES			\$ 1,546,850.00	8.20%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Genuine Parts	19,500	\$ 36.25	\$ 706,875.00	3.75%
CONSUMER-DURABLES				
Sunbeam	11,000	\$ 19.63	\$ 215,875.00	1.14%
CONSUMER-NONDURABLES				
Avon Products	7,500	\$ 53.13	\$ 398,437.50	
Colgate-Palmolive	6,500	20.88	135,687.50	
Eastman Kodak	4,400	53.38	234,850.00	
Minnesota Mining & Mfg	7,500	55.00	412,500.00	
Revlon	8,000	48.25	386,000.00	
Total Consumer-Nondurables			\$ 1,567,475.00	8.31%
CONSUMER-MISCELLANEOUS				
ARA Services	1,800	\$ 42.00	\$ 75,600.00	
Disney (Walt) Prod.	5,274	40.00	210,960.00	
Holiday Inns	4,200	18.00	75,600.00	
McDonald's	5,000	52.63	263,125.00	
Total Consumer-Miscellaneous			\$ 625,285.00	3.31%
DRUGS				
American Home Products	8,000	\$ 28.38	\$ 227,000.00	
Johnson & Johnson	4,700	81.38	382,462.50	
Medtronic	7,000	24.13	168,875.00	
Schering-Plough	6,000	32.50	195,000.00	
Total Drugs			\$ 973,337.50	5.16%
FOODS-BEVERAGES				
General Mills	7,000	\$ 30.00	\$ 210,000.00	
PepsiCo	16,500	29.75	490,875.00	
Pillsbury	5,500	39.38	216,562.50	
Total Foods-Beverages			\$ 917,437.50	4.87%
RETAIL SALES				
American Greetings	13,000	\$ 12.94	\$ 168,194.00	
K mart	10,000	24.50	245,000.00	
Penney (J.C.)	6,000	36.50	219,000.00	
Southland	5,634	28.13	158,456.25	
Total Retail Sales			\$ 790,650.25	4.19%
TOTAL CONSUMER-ORIENTED			\$ 5,796,935.25	30.72%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard	4,500	\$ 81.00	\$ 364,500.00	
Texas Instruments	1,000	79.13	79,125.00	
Total Electronics			\$ 443,625.00	2.35%
OFFICE EQUIPMENT				
Burroughs	2,000	\$ 72.25	\$ 144,500.00	
Digital Equipment	6,000	46.63	279,750.00	
Honeywell	4,500	55.63	250,312.50	
Int'l Bus. Machines	4,512	257.25	1,160,712.00	
Xerox	5,000	52.38	261,875.00	
Total Office Equipment			\$ 2,097,149.50	11.12%
TOTAL TECHNOLOGY			\$ 2,540,774.50	13.47%
BASIC INDUSTRY				
AEROSPACE				
Boeing	10,500	\$ 52.88	\$ 555,187.50	2.94%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific	9,170	\$ 25.88	\$ 237,273.75	
Masonite	11,000	18.63	204,875.00	
Owens-Corning Fiber.	2,000	30.63	61,250.00	
Total Building & Forest Products			\$ 503,398.75	2.67%
CHEMICALS				
Air Products & Chem.	10,670	\$ 27.75	\$ 296,092.50	
Dow Chemical	6,000	24.63	147,750.00	
du Pont (E.I.) de Nemours	2,100	112.00	235,200.00	
Total Chemicals			\$ 679,042.50	3.60%
ELECTRICAL EQUIPMENT				
Emerson Electric	12,000	\$ 34.88	\$ 418,500.00	
Gould	7,500	29.38	220,312.50	
Total Electrical Equipment			\$ 638,812.50	3.39%
MACHINERY				
Caterpillar Tractor	3,000	\$ 55.88	\$ 167,625.00	
Clark Equipment	4,000	33.38	133,500.00	
Trans Union	3,500	35.13	122,937.50	
Total Machinery			\$ 424,062.50	2.25%
METALS				
Hanna Mining Company	9,000	\$ 32.00	\$ 288,000.00	
St. Joe Minerals	6,500	24.63	160,062.50	
Total Metals			\$ 448,062.50	2.37%
PAPER				
International Paper	4,300	\$ 39.63	\$ 170,387.50	
Union Camp	3,000	42.25	126,750.00	
Total Paper			\$ 297,137.50	1.57%
MISCELLANEOUS				
Int'l Tel. & Tel.	7,000	\$ 30.38	\$ 212,625.00	1.13%
TOTAL BASIC INDUSTRY			\$ 3,758,328.75	19.92%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield	11,000	\$ 50.50	\$ 555,500.00	
Louisiana Land & Expl.	12,000	22.25	267,000.00	
Marathon Oil	8,000	43.50	348,000.00	
Total Oil-Domestic			\$ 1,170,500.00	6.20%
OIL-INTERNATIONAL				
Exxon	17,000	\$ 43.88	\$ 745,875.00	
Standard Oil of Calif.	5,000	39.88	199,375.00	
Total Oil-International			\$ 945,250.00	5.01%
ENERGY-RELATED				
Baker International	16,000	\$ 27.50	\$ 440,000.00	
Halliburton	6,500	64.13	416,812.50	
Williams Companies	6,800	18.25	124,100.00	
Total Energy-Related			\$ 980,912.50	5.20%
TOTAL ENERGY			\$ 3,096,662.50	16.41%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	4,900	\$ 26.88	\$ 131,687.50	0.70%
TOTAL TRANSPORTATION			\$ 131,687.50	0.70%
TOTAL COMMON STOCKS			\$ 18,867,363.50*	100.00%

*Net original cost of equities on June 30, 1978, was \$20,182,094.85.

SCHEDULE XI

SUPPLEMENTAL RETIREMENT FUND - FIXED-RETURN ACCOUNT June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 574.42
MONEY MARKET SECURITIES	
Short-Term Corporate Notes Maturities up to 14 days	\$ 732,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$ 1,737,165.22
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS (See Listing Below)	\$ 164,600.00
CANADIAN GOVERNMENTAL OBLIGATIONS (See Listing Below)	\$ 1,700,000.00
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 9,774,835.85
DEFERRED YIELD ADJUSTMENT ACCOUNT*	\$ (28,514.60)
TOTAL ASSETS IN ACCOUNT	\$ 14,080,660.89

*This account signifies an amount equal to the premium at which fixed-income securities have been sold at more 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.

UNITED STATES GOVERNMENT-GUARANTEED AND AGENCY BONDS, CANADIAN GOVERNMENTAL OBLIGATIONS AND CORPORATE BOND HOLDINGS June 30, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
Mtg. Backed Cert.		05-15-2006/ 11-15-2007	8.250/ 8.000	8.404%	\$ 1,737
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS					
Federal Home Loan Mtg.	Mtg. Backed Cert.	03-15-2007	8.050	8.093	\$ 164
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 150
Nova Scotia Power Corp.	Debenture	06-01-2008	9.625	9.727	500
Ontario Hydro	Note	03-15-1996	9.500	9.500	150
Ontario, Province of	Debenture	06-15-2005	9.125	9.248	150
Saskatchewan, Province of	Debenture	04-15-2008	9.250	9.250	600
TOTAL PROVINCIAL OBLIGATIONS				9.464%	\$ 1,550

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
CANADIAN AGENCY OBLIGATIONS					
Export Development	Note	07-15-1981	8.500	8.500	\$ 150
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				9.379%	\$ 1,700
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Duquesne Light	First Mtg. Bond	04-01-2007	8.375	8.348	\$ 250
Houston Lighting & Power	First Mtg. Bond	10-01-2006	8.375	8.420	250
Iowa-III. Gas & Electric	First Mtg. Bond	01-15-2007	8.250	8.316	250
Kansas Power & Light	First Mtg. Bond	06-01-2007	8.125	8.168	350
Minnesota Power & Light	First Mtg. Bond	08-01-2005	10.500	10.500	150
Minnesota Power & Light	First Mtg. Bond	09-01-2006	8.700	8.700	100
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	400
Pacific Gas & Electric	First & Ref. Mtg. Bond	12-01-2005	7.750	7.999	250
Public Serv. Indiana	First Mtg. Bond	01-01-2007	7.625	7.853	250
Public Serv. Elec. Gas	First & Ref. Mtg. Bond	06-01-2007	8.250	8.432	500
Texas Power & Light Co.	First Mtg. Bond	02-01-2007	8.250	8.261	250
Total Electric				8.436%	\$ 3,000
TELEPHONE					
N.Y. Telephone Co.	Refunding Mtg. Bond	07-15-2008	8.000	9.082	\$ 250
Pacific Tel. & Tel.	Debenture	03-01-2007	7.800	7.788	250
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	8.524	250
Total Telephone				8.465%	\$ 750
TOTAL PUBLIC UTILITY OBLIGATIONS				8.441%	\$ 3,750
FINANCE OBLIGATIONS					
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	\$ 150
Montgomery Ward Credit	Debenture	06-30-2002	8.250	8.346	400
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.544	400
Northwest Bancorp.	Note	09-15-1986	7.875	7.892	250
TOTAL FINANCE OBLIGATIONS				8.490%	\$ 1,200
INDUSTRIAL OBLIGATIONS					
AMAX, Inc.	S/F Debenture	03-01-2001	8.625	8.699	\$ 150
Ashland Oil & Refining	S/F Debenture	09-01-2000	10.000	10.000	150
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	150
Burlington Northern	Mtg. Backed Cert.	06-15-1998	9.250	9.250	300
du Pont (EI) de Nemours	Debenture	11-15-2004	8.450	8.537	150
Exxon Pipeline Company	Debenture	03-01-2001	8.250	8.382	250
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	150
Firestone Tire & Rubber	Debenture	12-01-2004	9.250	9.286	150
Ford Motor Co.	Debenture	07-15-1994	9.250	9.283	150
Olympic Pipeline Co.	Note	09-01-2001	8.850	8.850	250
Plantation Pipe Line	Guaranteed Note	10-01-2001	7.875	8.152	250
Ralston Purina	Note	12-31-1982	8.000	8.000	216
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	07-02-1999	8.500	8.500	150
Standard Oil (Indiana)	S/F Debenture	07-15-2004	9.200	9.059	150
Stauffer Chemical Co.	Debenture	01-15-2001	8.850	8.850	150
Union Oil Co. of Calif.	S/F Debenture	03-01-2006	8.625	8.615	250
TOTAL INDUSTRIAL OBLIGATIONS				8.841%	\$ 3,016
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Cert.	03-01-1991	9.000	9.000	\$ 150
ACF Industries, Inc.	Equipment Trust Cert.	02-01-1992	8.000	8.000	93
Burlington Northern	Conditional Sale Agree.	09-01-1993	8.750	8.750	443
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625	250
Louisville & Nashville	Conditional Sale Agree.	10-20-1991	9.000	9.000	144
Louisville & Nashville	Conditional Sale Agree.	04-20-1992	8.375	8.375	95
Seaboard Coast Line RR	Conditional Sale Agree.	04-01-1992	9.000	9.000	246
Seaboard Coast Line RR	Conditional Sale Agree.	10-01-1992	8.250	8.250	386
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.642%	\$ 1,808
TOTAL CORPORATE BOND OBLIGATIONS				8.608%	\$ 9,774
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.673%	\$13,376

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

SCHEDULE XII

MINNESOTA VARIABLE ANNUITY FUND June 30, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 587.36
MONEY MARKET SECURITIES	
Short-Term Corporate Notes	
Maturities up to 6 days	\$ 3,725,000.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS	
(See Listing Below)	\$ 2,171,919.98
CANADIAN GOVERNMENTAL OBLIGATIONS	
(See Listing Below)	\$ 2,800,000.00
CORPORATE BOND OBLIGATIONS	
(See Listing Below)	\$ 9,205,405.20
COMMON STOCKS (See Listing Below)	\$36,240,482.76
TOTAL ASSETS IN ACCOUNT	\$54,143,395.30
(for accounting purposes; not indicative of true market value)	

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, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	07-15-2004/ 02-15-2008	8.000/ 8.250	8.626%	\$ 2,171
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 500
Manitoba Hydro Electric Bd.	Debenture	10-15-1997	7.650	7.650	400
N. Brunswick Elec. Pwr.	S/F Debenture	04-01-1998	7.875	7.875	400
Nova Scotia Power Comm.	S/F Debenture	07-15-1998	8.125	8.150	500
Ontario Hydro	Note	03-15-1996	9.500	9.500	500
TOTAL PROVINCIAL OBLIGATIONS				8.629%	\$ 2,300
CANADIAN AGENCY OBLIGATIONS					
Export Development	Note	07-15-1981	8.500	8.500	\$ 500
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				8.606%	\$ 2,800
CORPORATE BOND OBLIGATIONS					
PUBLIC UTILITY OBLIGATIONS					
ELECTRIC					
Kansas Power & Light	First Mtg. Bond	06-01-2007	8.125	8.168	\$ 500
Montana Power Company	First Mtg. Bond	12-01-1981	8.750	8.750	500
Public Serv. Elec.-Gas	First & Ref. Mtg. Bond	06-01-2007	8.250	8.225	500
United Illuminating Co.	Debenture	11-15-1997	8.500	8.500	500
Total Electric				8.411%	\$ 2,000
GAS					
Minnesota Gas Company	Debenture	11-15-1981	9.250	9.250	\$ 500
TELEPHONE					
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	8.240	\$ 500
TOTAL PUBLIC UTILITY OBLIGATIONS				8.522%	\$ 3,000
FINANCE OBLIGATIONS					
First Bank System	Note	06-30-1983	8.750	8.829	\$ 500
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	500
Honeywell Finance Inc.	S/F Debenture	12-15-1998	8.200	8.200	500
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.390	550
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	500
TOTAL FINANCE OBLIGATIONS				8.575%	\$ 2,550
INDUSTRIAL OBLIGATIONS					
Crown Zellerbach (S.T.)	General Mtg. Bond	08-01-1994	8.125	8.125	\$ 454
Firestone Tire & Rubber	Debenture	12-01-2004	9.250	9.426	500
MacMillan Bloedel, Ltd.	Debenture	07-01-1994	8.750	8.750	500
Phelps Dodge Corp.	Note	06-01-1985	8.500	8.618	250
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-07-1997	7.700	7.700	197
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-08-1997	7.700	7.700	148
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	11-06-1997	7.700	7.700	148
TOTAL INDUSTRIAL OBLIGATIONS				8.523%	\$ 2,199
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Cert.	03-01-1991	9.000	9.000	\$ 500
ACF Industries, Inc.	Equipment Trust Cert.	02-01-1992	8.000	8.000	374
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625	480
Del. & Hudson	Conditional Sale-Agree.	09-01-1985	10.500	10.500	102
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				8.725%	\$ 1,456
TOTAL CORPORATE OBLIGATIONS				8.569%	\$ 9,205
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS				8.585%	\$14,177

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison	19,500	\$ 27.00	\$ 526,500.00	
Florida Power & Light	20,000	27.38	547,500.00	
Texas Utilities	35,000	20.25	708,750.00	
Total Electric			\$ 1,782,750.00	4.92%
NATURAL GAS				
Houston Natural Gas	11,000	\$ 24.88	\$ 273,625.00	
Panhandle E. Pipe Line	8,400	44.38	372,750.00	
Total Natural Gas			\$ 646,375.00	1.78%
COMMUNICATIONS				
American Tel. & Tel.	16,800	\$ 59.88	\$ 1,005,900.00	
General Tel. & Elec.	14,500	28.63	415,062.50	
Total Communications			\$ 1,420,962.50	3.92%
TOTAL UTILITIES			\$ 3,850,087.50	10.62%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
FINANCIAL SERVICES				
BANKS				
Citicorp	9,400	\$ 23.38	\$ 219,725.00	
First Bank System	5,500	36.38	200,062.50	
First Int'l Bancshares	6,600	42.63	281,325.00	
Northwest Bancorp.	11,000	24.88	273,625.00	
Total Banks			\$ 974,737.50	2.69%
FINANCE				
Household Finance	16,000	\$ 19.38	\$ 310,000.00	0.86%
INSURANCE				
INA	5,000	\$ 42.13	\$ 210,625.00	
Jefferson-Pilot	12,000	30.25	363,000.00	
NLT	15,700	23.00	361,100.00	
St. Paul Companies	5,500	32.88	180,812.50	
Total Insurance			\$ 1,115,537.50	3.08%
TOTAL FINANCIAL SERVICES			\$ 2,400,275.00	6.62%
CONSUMER-ORIENTED				
AUTOS - AUTO PARTS				
Ford Motor	5,625	\$ 46.63	\$ 262,265.63	
General Motors	6,700	59.38	397,812.50	
Genuine Parts	18,000	36.25	652,500.00	
Total Autos - Auto Parts			\$ 1,312,578.13	3.62%
CONSUMER-DURABLES				
Whirlpool	17,000	\$ 22.75	\$ 386,750.00	1.07%
CONSUMER-NONDURABLES				
Avon Products	13,000	\$ 53.13	\$ 690,625.00	
Colgate-Palmolive	15,000	20.88	313,125.00	
Eastman Kodak	8,000	53.38	427,000.00	
Minnesota Mining & Mfg.	12,000	55.00	660,000.00	
Revlon	16,000	48.25	772,000.00	
Total Consumer-Nondurables			\$ 2,862,750.00	7.90%
CONSUMER-MISCELLANEOUS				
Disney (Walt) Prod.	8,120	\$ 40.00	\$ 324,800.00	
McDonald's	15,000	52.63	789,375.00	
Warner Communications	2,000	41.00	82,000.00	
Total Consumer-Miscellaneous			\$ 1,196,175.00	3.30%
DRUGS				
Johnson & Johnson	4,500	\$ 81.38	\$ 366,187.50	
Medtronic	6,000	24.13	144,750.00	
Merck	7,800	55.50	432,900.00	
Pfizer	13,000	33.50	435,500.00	
Schering-Plough	7,000	32.50	227,500.00	
Warner-Lambert	12,000	28.50	342,000.00	
Total Drugs			\$ 1,948,837.50	5.38%
FOODS-BEVERAGES				
Coca-Cola	19,000	\$ 41.75	\$ 793,250.00	
General Foods	6,000	31.63	189,750.00	
Norton Simon	24,551	18.25	448,055.75	
PepsiCo	9,500	29.75	282,625.00	
Total Foods-Beverages			\$ 1,713,680.75	4.73%
RETAIL SALES				
Federated Dept. Stores	8,000	\$ 37.00	\$ 296,000.00	
K mart	18,000	24.50	441,000.00	
Sears, Roebuck	12,000	23.13	277,500.00	
Southland	13,151	28.13	369,871.88	
Total Retail Sales			\$ 1,384,371.88	3.82%
TOTAL CONSUMER-ORIENTED			\$10,805,143.26	29.82%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard	8,200	\$ 81.00	\$ 664,200.00	
Texas Instruments	2,500	79.13	197,812.50	
Total Electronics			\$ 862,012.50	2.38%
OFFICE EQUIPMENT				
Burroughs	7,500	\$ 72.25	\$ 541,875.00	
Digital Equipment	20,000	46.63	932,500.00	
Int'l Bus. Machines	8,293	257.25	2,133,374.25	
Xerox	7,000	52.38	366,625.00	
Total Office Equipment			\$ 3,974,374.25	10.97%
TOTAL TECHNOLOGY			\$ 4,836,386.75	13.35%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
BASIC INDUSTRY				
AEROSPACE				
Boeing	19,600	\$ 52.88	\$ 1,036,350.00	2.86%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific	7,000	\$ 25.88	\$ 181,125.00	
Masonite	24,000	18.63	447,000.00	
Weyerhaeuser	14,000	24.88	348,250.00	
Total Building & Forest Products			\$ 976,375.00	2.69%
CHEMICALS				
Air Products & Chem.	14,201	\$ 27.75	\$ 394,077.75	
Dow Chemical	13,000	24.63	320,125.00	
du Pont (E.I.) de Nemours	5,500	112.00	616,000.00	
Hercules	5,000	14.38	71,875.00	
Total Chemicals			\$ 1,402,077.75	3.87%
ELECTRICAL EQUIPMENT				
Emerson Electric	10,000	\$ 34.88	\$ 348,750.00	
General Electric	13,000	50.50	656,500.00	
Gould	7,000	29.38	205,625.00	
Total Electrical Equipment			\$ 1,210,875.00	3.34%
MACHINERY				
Caterpillar Tractor	8,000	\$ 55.88	\$ 447,000.00	
Combustion Engineering	10,500	39.88	418,687.50	
Trans Union	8,000	35.13	281,000.00	
Total Machinery			\$ 1,146,687.50	3.16%
METALS				
Aluminum Co. of Amer.	10,500	\$ 42.25	\$ 443,625.00	
Hanna Mining	11,500	32.00	368,000.00	
St. Joe Minerals	8,000	24.63	197,000.00	
Total Metals			\$ 1,008,625.00	2.78%
PAPER				
International Paper	6,000	\$ 39.63	\$ 237,750.00	
Union Camp	7,500	42.25	316,875.00	
Total Paper			\$ 554,625.00	1.53%
MISCELLANEOUS				
Corning Glass Works	3,200	\$ 56.13	\$ 179,600.00	
Int'l Tel. & Tel.	8,500	30.38	258,187.50	
Total Miscellaneous			\$ 437,787.50	1.21%
TOTAL BASIC INDUSTRY			\$ 7,773,402.75	21.45%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield	12,000	\$ 50.50	\$ 606,000.00	
Continental Oil	17,000	26.38	448,375.00	
Louisiana Land & Expl.	16,000	22.25	356,000.00	
Marathon Oil	9,000	43.50	391,500.00	
Standard Oil (Indiana)	10,000	48.25	482,500.00	
Total Oil-Domestic			\$ 2,284,375.00	6.30%
OIL-INTERNATIONAL				
Exxon	28,000	\$ 43.88	\$ 1,228,500.00	
Mobil	8,500	61.75	524,875.00	
Total Oil-International			\$ 1,753,375.00	4.84%
ENERGY-RELATED				
Baker International	22,000	\$ 27.50	\$ 605,000.00	
Halliburton	16,000	64.13	1,026,000.00	
Williams Companies	18,000	18.25	328,500.00	
Total Energy-Related			\$ 1,959,500.00	5.41%
TOTAL ENERGY			\$ 5,997,250.00	16.55%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	4,900	\$ 26.88	\$ 131,687.50	0.36%
RAILROADS				
Union Pacific	10,000	\$ 44.63	\$ 446,250.00	1.23%
TOTAL TRANSPORTATION			\$ 577,937.50	1.59%
TOTAL COMMON STOCKS			\$36,240,482.76*	100.00%

*Net original cost of equities on June 30, 1978, was \$38,561,329.35.

SCHEDULE XIII

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PERMANENT SCHOOL FUND

RATE OF RETURN ON AVERAGE AMOUNT INVESTED DURING FISCAL PERIODS June 30, 1978

	Book Value (1)	Average Book Value for Year Ending (2)	Total Investment Income for Year Ending (3,4)	Yield (5)	Less Transfer to Principal (6)	Net Investment Income for Year Ending (3)	Net Yield (7)
June 30, 1957	\$244,700,475.47	\$242,386,448.84	\$ 6,486,999.20	2.68%			
December 31, 1957	\$248,558,062.99	—	—	—			
June 30, 1958	\$249,513,238.84	\$247,590,592.43	\$ 6,512,261.41	2.63%			
December 31, 1958	\$252,324,357.47	—	—	—			
June 30, 1959	\$253,243,896.53	\$251,693,830.95	\$ 7,005,142.92	2.78%			
December 31, 1959	\$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%	\$ 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%
December 31, 1976	\$263,345,172.22	—	—	—			
June 30, 1977	\$259,744,015.36	\$260,798,360.70	\$17,767,902.49	6.81%	\$3,093,125.10	\$14,674,777.39	5.63%
December 31, 1977	\$264,782,787.29	—	—	—			
June 30, 1978	\$261,462,857.11	\$261,996,553.25	\$19,006,028.02	7.25%	\$3,370,756.71	\$15,635,271.31	5.97%

(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, 1978

RESUME OF ASSETS IN ACCOUNT

CASH CERTIFIED FOR INVESTMENT	\$ 118,965.11
MONEY MAKING SECURITIES	
Bills	
Maturities up to 147 days	\$ 740,000.00
Agencies	
Maturities up to 186 days	\$ 5,000,000.00
Repurchase Agreements	
Maturities up to 6 days	\$ 353,000.00
STATE AND LOCAL OBLIGATIONS	\$ 255,100.00
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS (See Listing Below)	\$147,644,417.58
CORPORATE BOND OBLIGATIONS (See Listing Below)	\$ 60,327,773.20
COMMON STOCKS (See Listing Below)	\$ 52,248,457.75
TOTAL ASSETS IN ACCOUNT (for accounting purposes; not indicative of true market value)	\$266,687,713.64

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

UNITED STATES GOVERNMENT-GUARANTEED BONDS AND CORPORATE BOND HOLDINGS June 30, 1978

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS						
FARMERS HOME ADMINISTRATION						
U.S. Dept. of Agriculture	Insured Note	01-31-1980	8.900	8.900	\$ 2,997	
U.S. Dept. of Agriculture	Insured Note	07-31-1985	8.625	8.625	2,994	
TOTAL FARMERS HOME ADMINISTRATION					8.763%	\$ 5,991
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION						
Mtg. Backed Cert.		02-15-2000/ 04-15-2008	6.250/ 9.000	8.455%	\$ 98,170	
GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS						
American Mail Line	Government Guar. Bond	03-01-1993	6.000	6.000	\$ 1,470	
American Pres. Lines	Government Guar. Bond	11-01-1992	5.600	5.600	1,000	
American Pres. Lines	Government Guar. Bond	11-01-1991	4.800	4.800	1,409	
Construction Aggregate	Government Guar. Bond	06-01-1991	7.500	7.500	1,625	
Delta Steamship Lines	Government Guar. Bond	03-01-1986	5.500	5.500	800	
Eagle Terminal Tankers	Government Guar. Bond	06-01-1989	6.080	6.000	2,764	
El Paso Columbia Tank.	Government Guar. Deb.	12-15-2001	9.250	9.250	3,000	
Farrell Lines, Inc.	Government Guar. Bond	09-20-1998	9.000	9.000	204	
Farrell Lines, Inc.	Government Guar. Bond	06-29-1997	9.000	9.000	196	
Farrell Lines, Inc.	Government Guar. Bond	11-27-1997	9.000	9.000	198	
Farrell Lines, Inc.	Government Guar. Bond	02-28-1998	9.000	9.000	200	
Farrell Lines, Inc.	Government Guar. Bond	04-01-1988	8.050	8.050	1,418	
Grace Line, Inc.	Government Guar. Bond	02-01-1992	5.100	5.100	1,467	
Ingram Ocean Systems	Insured Note	02-01-1989	8.750	8.750	1,068	
Intercont'l Bulk Tank	Government Guar. Bond	09-01-1990	7.800	7.800	1,108	
Marlin Drilling Co.	Government Guar. Bond	01-01-1991	8.900	8.900	2,788	
Matson Navigation Co.	Government Guar. Bond	11-10-1994	7.500	7.500	984	
Moore-McCormack Leasing	Government Guar. Bond	07-15-2001	8.875	8.875	2,607	
Moore-McCormack Lines	Government Guar. Bond	04-01-1987	5.872	5.872	1,249	
Overseas Bulk Tank	Government Guar. Bond	12-01-1990	7.800	7.800	1,151	
Pacific Far East Line	Government Guar. Bond	02-01-1997	8.750	8.750	1,951	
Penn Tanker Co.	Government Guar. Bond	10-01-1989	6.000	6.000	1,112	
Prudential Lines, Inc.	Government Guar. Bond	11-01-1995	6.000	6.000	2,168	
Puget Sound Tug & Barge	Government Guar. Bond	02-15-2001	9.125	9.125	2,390	
Stes Steamship Co.	Government Guar. Bond	03-31-1993	5.100	5.100	1,500	
Western Co. of North America	Government Guar. Bond	06-01-1990	9.250	9.250	3,000	
Zapata Off-Shore Co.	Government Guar. Bond	06-15-1996	8.625	8.625	3,000	
TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS					7.594%	\$ 41,827
SMALL BUSINESS ADMINISTRATION						
SBA Guaranteed Loan	Government Guar. Bond	08-22-1985	9.250	9.324	\$ 134	
SBA Guaranteed Loan	Government Guar. Bond	04-27-1984	9.250	9.314	411	
SBA Guaranteed Loan	Government Guar. Bond	02-22-1997	8.500	8.500	488	
SBA Guaranteed Loan	Government Guar. Bond	02-23-1984	9.000	9.000	59	
SBA Guaranteed Loan	Government Guar. Bond	05-25-1984	8.250	8.285	281	
SBA Guaranteed Loan	Government Guar. Bond	05-27-1994	9.000	9.108	121	
SBA Guaranteed Loan	Government Guar. Bond	07-01-1984	9.500	9.550	42	
SBA Guaranteed Loan	Government Guar. Bond	12-22-1992	8.750	8.840	116	
TOTAL SMALL BUSINESS ADMINISTRATION					8.846%	\$ 1,655
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					8.228%	\$147,644

Company	Type of Security	Maturity Date (a)	Coupon Rate %	Average Yield %	Total Amount (000) (b)	
CORPORATE BOND OBLIGATIONS						
PUBLIC UTILITY OBLIGATIONS						
ELECTRIC						
Kansas Power & Light	First Mtg. Bond	06-01-2007	8.125	8.168	\$ 4,000	
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8,719	2,500	
Total Electric					8.380%	\$ 6,500
GAS						
Consolidated Nat. Gas	Debenture	06-01-1997	8.125	8.149	\$ 4,000	
TELEPHONE						
Bell Tel. Co. Canada	First Mtg. Bond	09-01-1995	4.850	5.530	\$ 2,500	
Bell Tel. Co. Canada	First Mtg. Bond	06-01-2004	9.500	9.500	3,000	
Michigan Bell Tele. Co.	Debenture	06-01-2015	8.125	8.149	2,500	
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	8.418	4,000	
Total Telephone					8.031%	\$ 12,000
TOTAL PUBLIC UTILITIES					8.153%	\$ 22,500
FINANCE OBLIGATIONS						
Gulf Life Insurance	Capital Note	06-01-1989	4.750	4.750	\$ 660	
Northwest Bancorp.	Debenture	10-15-1990	4.750	4.780	1,500	
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	1,500	
Northwest Bancorp.	Note	09-15-1986	7.875	7.892	3,550	
TOTAL FINANCE OBLIGATIONS					6.927%	\$ 7,210
INDUSTRIAL OBLIGATIONS						
Aluminum Co. of America	Promissory Note	03-31-1988	4.375	4.500	\$ 829	
Aluminum Co. of Canada	S/F Debenture	03-01-1995	9.500	9.370	1,000	
Armour-Dial, Inc.	Note	01-15-2003	7.900	7.900	3,817	
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	3,000	
Diamond Shamrock Corp.	Note	05-01-1989	4.650	5.260	825	
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	3,000	
Honeywell, Inc.	Note	04-01-1990	4.550	5.782	1,705	
Shell Oil Co.	Note	04-15-1990	4.500	4.500	1,050	
Sprague Electric Co.	S/F Debenture	09-01-1988	4.375	4.400	1,000	
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-07-1997	7.700	7.700	989	
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	09-08-1997	7.700	7.700	989	
Standard Oil of Calif.	First Pref. Ship Mtg. Bd.	11-06-1997	7.700	7.700	989	
Standard Oil (Indiana)	Note	10-01-2000	7.300	7.300	4,000	
Standard Oil Co. Ohio	Note	07-15-1990	4.550	4.550	952	
Swift & Co.	S/F Debenture	08-01-1992	6.300	6.300	1,125	
Youngstown Sheet Tube	First Mtg. S/F Bond	07-01-1995	4.600	4.600	1,180	
TOTAL INDUSTRIAL OBLIGATIONS					7.260%	\$ 26,451
TRANSPORTATION DEBT OBLIGATIONS						
Atlantic Richfield Co.	First Pref. Ship Mtg. Bd.	12-01-2001	8.750	8.750	\$ 2,000	
RAILROAD EQUIPMENT OBLIGATIONS						
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625	\$ 1,500	
Flying Tiger Corp.	Equipment Trust Cert.	09-01-1978	4.650	4.650	200	
Illinois Central RR	Conditional Sale Agree.	02-15-1983	6.875	6.875	416	
Kansas City Southern RR	Conditional Sale Agree.	07-15-1978	4.450	4.450	49	
TOTAL RAILROAD EQUIPMENT OBLIGATIONS					7.826%	\$ 2,165
TOTAL CORPORATE BOND OBLIGATIONS					7.623%	\$ 60,327
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL AND CORPORATE OBLIGATIONS					8.053%	\$207,972

(a) Most corporate issues have substantial sinking funds and an average life far shorter than the stated maturity date.
(b) Column may not add, due to rounding.

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Central & South West	23,000	\$ 16.38	\$ 376,625.00	
Cincinnati Gas & Elec.	24,000	21.88	525,000.00	
Commonwealth Edison	24,499	27.00	661,473.00	
Florida Power & Light	25,400	27.38	695,325.00	
Houston Industries	16,500	30.38	501,187.50	
Middle South Utilities	34,000	15.63	531,250.00	
Minnesota Power & L.	32,000	20.00	640,000.00	
Northern States Power	24,500	25.50	624,750.00	
Pacific Gas & Electric	21,500	23.88	513,312.50	
Public Serv. Indiana	28,150	26.75	753,012.50	
Southern Calif. Edison	20,000	25.38	507,500.00	
Southern Company	17,000	16.13	274,125.00	
Texas Utilities	28,000	20.25	567,000.00	
Virginia Elec. & Power	18,000	14.38	258,750.00	
Total Electric			\$ 7,429,310.50	14.22%
NATURAL GAS				
Panhandle E. Pipe Line	14,000	\$ 44.38	\$ 621,250.00	
Peoples Gas	8,666	34.75	301,143.50	
Total Natural Gas			\$ 922,393.50	1.77%
COMMUNICATIONS				
American Tel. & Tel.	32,000	\$ 59.88	\$ 1,916,000.00	
General Tel. & Elec.	40,800	28.63	1,167,900.00	
Total Communications			\$ 3,083,900.00	5.90%
TOTAL UTILITIES			\$11,435,604.00	21.89%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
FINANCIAL SERVICES				
BANKS				
BankAmerica	33,000	\$ 22.38	\$ 738,375.00	
Citicorp	29,112	23.38	680,493.00	
First Bank System	21,500	36.38	782,062.50	
Morgan (J.P.)	16,920	44.50	752,940.00	
Northwest Bancorp.	54,000	24.88	1,343,250.00	
Total Banks			\$ 4,297,120.50	8.22%
FINANCE				
Beneficial	17,925	\$ 22.00	\$ 394,350.00	
Household Finance	26,000	19.38	503,750.00	
Total Finance			\$ 898,100.00	1.72%
INSURANCE				
INA	15,300	\$ 42.13	\$ 644,512.50	
Northwestern Nat'l Life	15,300	26.25	401,625.00	
SAFECO	15,800	39.25	620,150.00	
St. Paul Companies	29,000	32.88	953,375.00	
U.S. Fidelity & Guar.	28,050	29.63	830,981.25	
Total Insurance			\$ 3,450,643.75	6.60%
TOTAL FINANCIAL SERVICES			\$ 8,645,864.25	16.55%
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Ford Motor	23,250	\$ 46.63	\$ 1,084,031.25	
General Motors	21,200	59.38	1,258,750.00	
Goodyear Tire & Rubber	33,000	16.88	556,875.00	
Total Autos - Auto Parts			\$ 2,899,656.25	5.56%
CONSUMER-DURABLES				
Sunbeam	14,000	\$ 19.63	\$ 274,750.00	
Whirlpool	22,200	22.75	505,050.00	
Total Consumer-Durables			\$ 779,800.00	1.49%
CONSUMER-NON-DURABLES				
Eastman Kodak	7,350	\$ 53.38	\$ 392,306.25	
Minnesota Mining & Mfg.	18,000	55.00	990,000.00	
Procter & Gamble	7,700	86.00	662,200.00	
Revlon	16,000	48.25	772,000.00	
Total Consumer-Nondurables			\$ 2,816,506.25	5.39%
DRUGS				
American Home Products	22,800	\$ 28.38	\$ 646,950.00	
Merck	10,000	55.50	555,000.00	
Pfizer	30,000	33.50	1,005,000.00	
Total Drugs			\$ 2,206,950.00	4.22%
FOODS-BEVERAGES				
CPC International	8,000	\$ 49.88	\$ 399,000.00	
Coca-Cola	16,000	41.75	668,000.00	
General Foods	25,000	31.63	790,625.00	
General Mills	30,000	30.00	900,000.00	
Total Foods-Beverages			\$ 2,757,625.00	5.28%
RETAIL SALES				
Federated Dept. Stores	18,000	\$ 37.00	\$ 666,000.00	
Penney (J.C.)	10,800	36.50	394,200.00	
Sears, Roebuck	24,000	23.13	555,000.00	
Total Retail Sales			\$ 1,615,200.00	3.09%
TOTAL CONSUMER-ORIENTED			\$13,075,737.50	25.03%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs	11,600	\$ 72.25	\$ 838,100.00	
Honeywell	10,000	55.63	556,250.00	
Int'l Bus. Machines	12,535	257.25	3,224,628.75	
Xerox	6,440	52.38	337,295.00	
Total Office Equipment			\$ 4,956,273.75	9.49%
TOTAL TECHNOLOGY			\$ 4,956,273.75	9.49%

Common Stock	Shares	Market Price 6-30-78	Market Value	Total % Market
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Weyerhaeuser	17,800	\$ 24.88	\$ 442,775.00	0.85%
CHEMICALS				
Dow Chemical	12,000	\$ 24.63	\$ 295,500.00	
du Pont (E.I.) de Nemours	7,000	112.00	784,000.00	
Monsanto	4,000	51.25	205,000.00	
Union Carbide	11,700	38.00	444,600.00	
Total Chemicals			\$ 1,729,100.00	3.31%
ELECTRICAL EQUIPMENT				
General Electric	16,200	\$ 50.50	\$ 818,100.00	1.57%
MACHINERY				
Caterpillar Tractor	15,150	\$ 55.88	\$ 846,506.25	
Trans Union	10,400	35.13	365,300.00	
Total Machinery			\$ 1,211,806.25	2.32%
METALS				
Aluminum Co. Of Amer.	12,000	\$ 42.25	\$ 507,000.00	
St. Joe Minerals	10,000	24.63	246,250.00	
Total Metals			\$ 753,250.00	1.44%
PAPER				
International Paper	8,000	\$ 39.63	\$ 317,000.00	
Union Camp	5,000	42.25	211,250.00	
Total Paper			\$ 528,250.00	1.01%
TOTAL BASIC INDUSTRY			\$ 5,483,281.25	10.49%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield	16,000	\$ 50.50	\$ 808,000.00	
Continental Oil	20,000	26.38	527,500.00	
Marathon Oil	7,000	43.50	304,500.00	
Standard Oil (Indiana)	24,000	48.25	1,158,000.00	
Total Oil-Domestic			\$ 2,798,000.00	5.36%
OIL-INTERNATIONAL				
Exxon	47,816	\$ 43.88	\$ 2,097,927.00	
Mobil	21,300	61.75	1,315,275.00	
Texaco	34,000	24.00	816,000.00	
Total Oil-International			\$ 4,229,202.00	8.09%
TOTAL ENERGY			\$ 7,027,202.00	13.45%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	13,384	\$ 26.88	\$ 359,695.00	0.69%
RAILROADS				
Burlington Northern	13,600	\$ 37.88	\$ 515,100.00	
Union Pacific	16,800	44.63	749,700.00	
Total Railroads			\$ 1,264,800.00	2.42%
TOTAL TRANSPORTATION			\$ 1,624,495.00	3.11%
TOTAL COMMON STOCKS			\$52,248,457.75*	100.00%

*Net original cost of equities on June 30, 1978, was \$51,001,198.13.

MEMBERS OF THE BOARD:
GOVERNOR RUDY PERPICH
STATE AUDITOR ROBERT W. MATTSO
STATE TREASURER JIM LORD
SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL WARREN SPANNAUS



OFFICE OF THE EXECUTIVE SECRETARY
Telephone 296-3328

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT**

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

November 15, 1978

TO: Members of the Minnesota Legislature
FROM: Francis M. Boddy, Acting 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 detailed, we believe it mandatory because of the many considerations which are so obvious in reviewing the business practices of any public fund holding over \$3 billion of securities. Orders are placed for several billion dollars of securities 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 recipients of these orders be mentioned and that explanations be provided to the citizens of Minnesota.

The following resumes outline the policies of the State in distributing securities business; the corresponding listings on pages 34 through 38 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 services.

Section 1. U.S. Treasury Securities Transactions

All purchases and sales of U.S. obligations are made on a competitive basis. In transactions of larger size and longer maturity, in which case 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 on a competitive basis through those banks and investment firms. 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.

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

The use of short-term corporate notes of prime quality has increased since 1969 legislation authorized a broader use of these securities in many of the State funds. The investment department uses corporate notes of only well-known, marketable names. There are agreements with the vendors that they will repurchase the notes if the State needs cash. These credit instruments have the advantage of complete flexibility as to maturity, combined with a very fine degree of service offered by the companies issuing these securities.

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

The Housing and Urban Development Act of 1968 authorized the Government National Mortgage Association (GNMA) to issue mortgage-backed securities (MBS) which represents pools of FHA and VA mortgages. The timely payment of principal and interest on these securities is guaranteed by GNMA and this guaranty, in turn, is backed by the full faith and credit of the United States Government. These Securities offered a higher yield to maturity relative to other corporate fixed-income securities throughout most of the fiscal year. All GNMA purchases were made on a competitive basis from dealers in the open market to obtain the lowest offering price.

Small Business Administration (SBA) loan securities were also purchased this fiscal year. Ninety percent of an SBA loan is guaranteed by the United States Government. The State purchased only the guaranteed portion of these loans.

Section 4. Private Placements of Fixed-Income Securities

The private placement (direct placement) purchase is obtained either by negotiating directly with the issuing company or through negotiation with an underwriter acting as agent for the issuing company. These placements offered a somewhat better yield at the time of issuance than comparable public issues because lower underwriting or selling expenses are incurred.

Section 5. Fixed-Income Obligations Purchased at Time of Offering on a Designated Basis

These bond issues were purchased at the time of public offering from members of the underwriting syndicate. Bond purchase designations were determined by the degree of participation of syndicate members and by the amount of research services provided to the Investment Board.

The syndicate manager provided billings and deliveries for the underwriting group.

Section 6. Fixed-Income Obligations Purchased at or after Time of Offering through Dealers Having Bonds Available

This section lists those new-issue fixed-income public security purchases that were difficult to obtain because of heavy investor demand or because the decision to buy the bonds was made after a large portion of the issue had been sold by the members of the syndicate. These issues were purchased from firms having bonds available and may have been purchased after the original offering or purchased after the issues were sold out in advance to pre-committed investors.

Section 7. Corporate Bonds Purchased through Secondary Offerings

These corporate bond purchases were made in the secondary market on a competitive basis with various dealers, to obtain the lowest offering price available.

Section 8. Sale of Fixed-Income Securities

Sales during the fiscal year were completed to restructure and upgrade portfolio quality, to improve yields and to realize capital gains. These sale transactions were executed on a competitive basis with several dealers to obtain the best possible price.

Section 9. Common Stock Purchases Allocated by Investment Department

Total purchases of common stocks during the 1978 fiscal year approximated \$135 million (with a current yield of 5.2%). This section will discuss what we define as "pure research" and "soft dollar commitment" commissions. The next section will cover over-the-counter and "execution" business.

During the year, the investment department continued to distribute securities orders on the basis of the investment service and research input received. The bulk of this business was done at a 40% discount from the commission rates in effect prior to May 1, 1975. Our department continues to place a premium on investment ideas and creative thinking; therefore, our "negotiations" have not been extreme. In our opinion, too great an orientation toward reduced commissions could hurt the total return of the

pension funds by excluding the use of some outstanding research firms. It is for this reason, also, that we limit the total amount of business done on a "lowest net" or "pure execution" basis to an estimated 15-20% of total commissions.

In order to more equitably distribute the available commissions for research, we established during the fourth fiscal quarter a "commission matrix". This matrix allows each of our department's equity analysts to rank those individuals and firms who are the most knowledgeable and helpful to him in his given industry and company categories. Each analyst bases his opinions on such diverse measures as visits, quality of written work, phone input, accuracy of financial projections, consistency, service, etc. A conversion scale of 1-6 is employed, with a first place ranking receiving six quality points. Certain industries, because of their size and relative importance in our portfolios, received added weight. Some 44 firms were measured in 41 research input areas and a maximum of 258 weighted quality points was possible. We then created various ratios to measure a firm's impact on the total amount of research input. In addition, we separated the firms by category so as not to overly penalize the smaller, more specialized research firms who must compete against the large, nationwide brokerage firms. The results of this matrix have been satisfactory to date. We are able to more closely correlate the commissions we pay for research to the products we receive and utilize. Also, we have been able to reduce the number of firms we deal with and thereby better control the vast inflow of investment information we continually receive. The investment firms were informed of this procedure, and of the results as it affected their tentative allocations of business.

Since the middle of this fiscal year, we have reduced the number of "soft dollar" commitments outstanding. (Soft dollar commitments represent payments to brokerage conduits at negotiated rates for specialized services we receive from third parties.) Because most of these services are available for "hard" cash fees paid directly to the source of the service, yet can alternatively be paid for with soft dollar commissions through a brokerage firm, they carry a soft/hard ratio; most currently fall in the 2.5:1.0 range. Some of these services include performance measurement services, computer services, library services, proxy service, bank research services and technical, industrial and economic consultants. We have striven to reduce the duplication of services, and since the end of calendar 1977 we have reduced the number of commitments for this type of service by approximately one-third while at the same time maintaining the level of desired input. It is our department's intention in the future to investigate the possibilities for "unbundling" several of these services and going to a hard dollar mode of payment. However, this entails analysis of some complex issues such as budgeting and direct payment for research costs. Of course, some of these costs will remain variable in nature and, therefore, will never become subject to hard dollar contracts.

It continues to be a challenge for our department to fairly measure the value of the various macro- and micro-economic, strategic, technical, quantitative, industry and company inputs against the returns they bring our investment operations. The investment business is increasingly dynamic and the past fiscal year witnessed continuing mergers and consolidations of major research firms. We believe these recent trends will continue and more "buy side" institutions such as ours may have to continue to slowly build up improved and expanded internal research capabilities.

Section 10. Common Stock Purchases Placed on the Basis of Lowest Available Price (Over-the-Counter Securities), or on the "Third" and "Fourth" Markets

Minnesota Statutes 1976, Section 11.13 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."

Our O-T-C business is quite limited because the vast majority of our holdings trades on one of the major stock exchanges. In the past few years, we have eliminated many smaller companies from our portfolios, as their size (capitalization, float, etc.) precludes us from taking a meaningful position without

jeopardizing our statutory guidelines or fiduciary standards. 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.

The "third market" involves the "off-board" trading of larger blocks of listed stocks with other major institutions, utilizing specialized brokerage firms. The third market appears to offer a competitive price and is often able to handle blocks of securities at prices more favorable than are possible on a major stock exchange, even taking into account the applied discounts. This off-board business has saved the pension funds considerable net commissions over the years. However, because of our need for primary research input and because of the sheer volume of our business, we will continue to do the great bulk of our equity business with member or "listed" firms. In addition, the larger Wall Street firms are becoming much more aggressive in positioning and market-making.

Through the use of Institutional Networks Corporation and in dealings with specialized "fourth market" firms, we continue to do a very small amount of business directly with other major institutions. The commission savings in this area can also be substantial.

It continues to be our intent in the trading area to remain as flexible as possible; therefore, there are advantages to using all recognized markets — major exchanges, O-T-C, "third" and "fourth" markets — for the ultimate benefit of the State funds.

Section 11. Common Stock Sales Allocated by the Investment Department

Total sales of common stocks during the 1978 fiscal year approximated \$25 million. Sales were generated in order to book substantial profits in some cases, to underweight less attractive areas and to take advantage of attractive general market levels. It is anticipated that this process of investment upgrading will continue in order to make the equity portfolios more appropriate for the objectives of the various funds. We intend to do much work in the area of risk analysis to complement our valuation work already completed. This risk/return profile, combined with a clearer understanding of the goals and objectives of our various managed funds, may suggest somewhat higher levels of sales activity in the future. Currently, our turnover is very low; yet we remain concerned about the potential problems brought on by "over-trading". Our sole concern has been, and remains, achieving competitive performance in total returns at a level of acceptable risk. Commission business generated by sales activity during this past fiscal year was allocated as described for stock purchases.

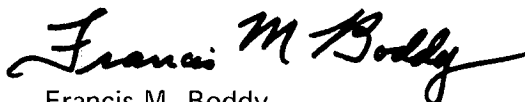
We estimate total stock and bond commissions paid out during fiscal 1978 approximated \$1.4 million, down substantially from the previous fiscal year.

* * * * *

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 departments, the beneficiaries of non-retirement funds and the citizens of the state. This responsibility continues to be recognized.

There are many possible ways of allocating the State's securities business. It is felt, however, that the confidence of Minnesota citizens and of the investment community can be retained only if these orders are placed on a rational and publicly-disclosed basis, and that the ultimate good of the beneficiaries of the funds is the overriding consideration.

Respectfully submitted,



Francis M. Boddy
Acting Executive Secretary

SECTION 1

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

July 1, 1977 - June 30, 1978
(000 Omitted)

Dealer	Purchases and Sales	Repurchase Agreements	Total Volume
Banco Mortgage Company	\$ 11,864	-	\$ 11,864
Bank of America	38,345	\$ 60,500	98,845
Bankers Trust Company	36,500	139,414	175,914
A. G. Becker & Company	53,700	7,000	60,700
Blyth Eastman Dillon, Inc.	7,040	272,845	279,885
Briggs Schaedle & Company, Inc.	11,000	-	11,000
Carroll McEntee & McGinley, Inc.	43,805	53,375	97,180
Chemical Bank, New York	26,675	511,695	538,370
Citibank, New York	22,390	739,424	761,814
Continental Illinois National Bank	43,150	89,071	132,221
Discount Corporation	12,800	-	12,800
Donaldson Lufkin	-	5,200	5,200
First Boston Corporation	16,000	-	16,000
First National Bank, Chicago	3,500	102,951	106,451
First National Bank, Minneapolis	65,084	418,247	483,331
First National Bank, St. Paul	100,166	65,022	165,188
Goldman Sachs & Company	37,120	5,000	42,120
Harris Trust & Savings Bank	4,000	71,575	75,575
Hutton, (E.F.) & Co., Inc.	3,995	86,460	90,455
Kidder, Peabody & Co., Inc.	750	18,600	19,350
Aubrey G. Lanston & Company, Inc.	21,200	-	21,200
Lehman Government Securities, Inc.	90,300	-	90,300
Marquette National Bank, Minneapolis	3,875	66,642	70,517
Merrill Lynch, Pierce, Fenner & Smith	26,000	-	26,000
Morgan Guaranty Trust Co.	158,135	631,629	789,764
New York Hanseatic	-	14,000	14,000
Northwestern National Bank, Minneapolis	89,950	4,572,848	4,662,798
Northwestern National Bank, St. Paul	-	5,000	5,000
John Nuveen & Company	37,000	19,000	56,000
Wm. E. Pollock & Co., Inc.	2,000	-	2,000
Chas E. Quincey & Co.	1,000	86,150	87,150
Salomon Brothers	47,990	-	47,990
United California Bank	29,700	697,155	726,855
Weeden & Company	59,245	10,000	69,245
Wells Fargo Bank	950	5,770	6,720
TOTALS	\$1,105,229	\$8,754,573	\$9,859,802

SECTION 2

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES

July 1, 1977 - June 30, 1978
(000 Omitted)

Insurer/Dealer	Purchases 1-90 days	Purchases 91-270 days	Total Volume
Associates Corp. of North America	\$ 149,282	\$ 12,236	\$ 161,518
Beneficial Corp.	19,000	11,750	30,750
Borg Warner Acceptance Corp./Goldman Sachs	16,000	22,591	38,591
CIT Financial Corp.	77,480	32,362	109,842
First Bank System/First Boston Corp.	22,000	-	22,000
Ford Motor Credit Co.	141,388	8,120	149,508
General Electric Electric Corp.	63,472	23,600	87,072
General Motors Acceptance Corp.	138,565	13,707	152,272
Walter E. Heller & Co.	214,160	13,894	228,054
Honeywell Finance Inc./John Soward Associates Inc.	34,327	-	34,327
Household Finance Corp.	89,183	14,379	103,562
International Harvester Credit Co.	286,274	5,611	291,885
Montgomery Ward Credit Corp.	153,778	13,150	166,928
Northwest Bancorporation	25,068	11,866	36,934
J.C. Penney Financial Corp.	58,297	24,309	82,606
Sears Roebuck Acceptance Corp.	109,641	7,882	117,523
Transamerica Financial Corp.	98,476	14,345	112,821
TOTALS	\$1,696,391	\$229,802	\$1,926,193

SECTION 3

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF U.S. GOVERNMENT GUARANTEED OBLIGATIONS AND GOVERNMENT AGENCY SECURITIES

July 1, 1977 - June 30, 1978

A. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Face Amount (000)	Dealer or Issuer
\$ 24,585	The First Boston Corporation
40,125	Goldman, Sachs & Co.
5,008	Hornblower Weeks, Noyes & Trask Incorporated
20,001	Kidder, Peabody & Co. Incorporated
10,052	Paine, Webber, Jackson & Curtis Inc.
26,217	Salomon Brothers
10,526	White Weld & Co. Inc.
15,058	Dean Witter Reynolds Inc.

B. SMALL BUSINESS ADMINISTRATION GUARANTEED

Face Amount (000)	Dealer or Issuer
\$152,813	Summit Bank of Richfield, Minnesota

C. GOVERNMENT AGENCY SECURITIES

Face Amount (000)	Dealer or Issuer
\$ 100	Discount Corporation (N.Y.)
110	Morgan Guaranty Trust Co.

SECTION 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF PRIVATE PLACEMENT FIXED-INCOME SECURITIES

July 1, 1977 - June 30, 1978

Face Amount (000)	Dealer
\$16,421	Bache Halsey Stuart Shields Inc.
23,500	Morgan Stanley & Co. Inc.
10,800	Salomon Brothers

SECTION 5

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS

July 1, 1977 — June 30, 1978

Face Amount (000)	Dealer
\$ 200	Allison-Williams Company
2,000	A.E. Ames & Co. Inc.
1,950	Bache Halsey Stuart Shields Inc.
130	Robert W. Baird & Co. Inc.
200	Bear, Stearns & Co.
50	William, Blair & Company
1,750	Blyth Eastman Dillon & Co. Inc.
130	Dain, Kalman & Quail, Inc.
150	Dillon, Read & Co. Inc.
2,000	Dominion Securities Inc.
950	Drexel Burnham Lambert Inc.
1,700	The First Boston Corporation
250	A.G. Edwards & Sons, Inc.
2,650	Goldman, Sachs & Co.
350	Hornblower Weeks, Noyes & Trask Inc.
1,950	E.F. Hutton & Co. Inc.
3,215	Kidder, Peabody & Co. Inc.
150	Kuhn Loeb & Co. Inc.
1,100	Lazard Frères & Co.
2,750	Lehman Brothers Kuhn Loeb Inc.
1,750	Loeb Rhoades, Hornblower & Co.
200	McLeod, Young, Weir, Inc.
2,500	Merrill Lynch, Pierce, Fenner & Smith Inc.
500	Midland Doherty Inc.
975	Morgan Stanley & Co., Inc.
50	Oppenheimer & Co., Inc.
1,950	Paine, Webber, Jackson & Curtis Inc.
1,425	Piper, Jaffray & Hopwood Inc.
350	Reynolds Securities Inc.
50	Robinson-Humphrey Company Inc.
5,300	Salomon Brothers
5,500	Shearson Hayden Stone Inc.
1,500	Smith Barney, Harris Upham & Co. Inc.
50	Sutro & Co. Inc.
150	Thomson McKinnon Securities Inc.
2,375	Warburg Paribas Becker Inc.
900	Wertheim & Co., Inc.
950	White Weld & Co. Inc.
400	Weeden & Co., Inc.
700	Dean Witter & Co. Inc.
1,000	Dean Witter Reynolds Inc.
1,750	Wood Gundy Inc.
50	Wood Struthers & Winthrop Inc.

SECTION 6

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

July 1, 1977 — June 30, 1978

Face Amount (000)	Dealer
\$ 800	Bache Halsey Stuart Shields Inc.
200	William, Blair & Co.
50	Dain, Kalman & Quail, Inc.
500	Drexel Burnham Lambert Inc.
1,400	Kidder, Peabody & Co. Inc.
200	Kuhn Loeb & Co. Inc.
500	Lehman Brothers, Kuhn Loeb Inc.
250	Loeb, Rhoades & Co.
1,000	Merrill Lynch, Pierce, Fenner & Smith Inc.
500	Morgan Stanley & Co., Inc.
500	Oppenheimer & Co. Inc.
150	Thomson McKinnon Securities Inc.
350	Weeden & Co., Inc.

SECTION 7

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS

July 1, 1977 — June 30, 1978

Face Amount (000)	Dealer
\$12,325	Blyth Eastman Dillon & Co. Inc.
400	Lehman Brothers, Inc.

SECTION 8

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SALE OF FIXED INCOME SECURITIES

July 1, 1977 — June 30, 1978

A. CANADIAN GOVERNMENTAL OBLIGATIONS

Face Amount (000)	Dealer
\$ 150	A. E. Ames & Co. Inc.

B. CORPORATE OBLIGATIONS

Face Amount (000)	Dealer
\$ 10,371	Allison-Williams Company
1,050	Blyth Eastman Dillon & Co. Inc.
2,397	The First Boston Corporation
2,586	Goldman, Sachs & Co.
1,700	E.F. Hutton & Co. Inc.
4,410	Kidder, Peabody & Co. Inc.
7,912	Merrill Lynch, Pierce, Fenner & Smith Inc.
11,480	Morgan Stanley & Co., Inc.
19,114	Salomon Brothers
1,716	White Weld & Co. Inc.

SECTION 9

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT

July 1, 1977 — June 30, 1978

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
		11000	Minnesota Power & Light Company
		1000	Bache Halsey
		10000	Goldman Sachs
			Northern States Power Company (Minn.)
		10000	Mesirow & Co.
		2000	Milwaukee & Co.
		500	Oppenheimer & Co.
		500	Paine Webber
		30100	Smith Barney
			Pacific Gas and Electric Company
		66400	Sutro & Co.
		5000	Bache Halsey
		5000	Brown Bros.
		18000	DeHaven Townsend
		10600	Drexel Burnham
		10000	First Boston
		10000	Salomon Bros.
		800	Sutro & Co.
		7000	Wainwright Securities
			Public Service Company of Indiana, Inc.
		5000	Lipper Analytical
			Southern California Edison Company
		25000	Morgan Olmstead
		1200	Sutro & Co.
			UTILITIES
			Electric
35000	Cincinnati Gas & Electric Company		
	8000 Bache Halsey	43100	
	15000 W.H. Reaves		
	2000 Salomon Bros.		
	10000 Wertheim Co.		
37600	Commonwealth Edison Company		
	5600 Bear, Stearns		
	9000 Drexel Burnham	66400	
	7000 Cyrus Lawrence		
	8200 Lipper Analytical		
	1500 Shearson Hayden		
	5000 Smith Barney		
	1300 Sterling Grace		
63500	Houston Industries Incorporated		
	23000 Becker-Warburg		
	15500 Goldman Sachs	5000	
	4000 Legg-Mason		
	11000 Loeb-Hornblower		
	9500 Merrill Lynch	26200	
	500 Sutro & Co.		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
34600	Texas Utilities Company	2000	Whirlpool Corporation	48500	Warner-Lambert Company		
13000	Bache Halsey	2000	Paine Webber	10000	Blyth Eastman	3000	Office Equipment
2000	First Boston			5000	Donaldson Lufkin		Digital Equipment Corporation
1000	E.F. Hutton	Consumer-Nondurables		5000	First Manhattan	3000	Morgan Stanley
3600	Cyrus Lawrence	64200	Avon Products, Inc.	6500	Lipper Analytical	36500	Honeywell, Inc.
1000	Loeb-Hornblower	9500	Becker-Warburg	1000	M.H. Novick	2000	Bear Stearns
1000	Morgan Olmstead	3500	Sanford Bernstein	2000	Oppenheimer & Co.	2500	Dain Kalman
13000	M.H. Novick & Co.	11700	Brown Bros.	2000	Paine Webber	3000	Kidder Peabody
10000	Virginia Electric and Power Company	7000	Donaldson Lufkin	1000	Shearson Hayden	7000	Mesirow & Co.
	Cowen & Co.	1500	Drexel Burnham	6000	Smith Barney	14000	Morgan Stanley
		2000	E.F. Hutton	10000	Wertheim & Co.	2000	Neuberger Berman
		2500	Jesup & Lamont			1000	Robinson-Humphrey
Natural Gas		4000	Loeb-Hornblower			2000	Wainwright Securities
78900	Houston Natural Gas Corporation	2500	Morgan Olmstead	Food-Beverage		3000	White Weld
900	Bache Halsey	2000	Neuberger Berman	5000	Coca-Cola Company	26830	International Business Machines Corporation
7000	Brown Bros.	10000	W.H. Newbold	3000	Drexel Burnham	1600	Bache Halsey
14300	Cowen & Co.	2000	M.H. Novick	2000	Mesirow & Co.	1000	Becker-Warburg
2000	DeHaven Townsend	2000	Wertheim Co.	6800	Consolidated Foods	500	Sanford Bernstein
4000	Donaldson Lufkin	6000	Wertheim Co.	1000	Bache Halsey	1540	Brown Bros.
12000	First Boston	23500	Colgate-Palmolive Company	3200	Brown Bros.	1000	Cowen & Co.
800	Goldman Sachs	500	Milwaukee & Co.	500	Oppenheimer & Co.	1450	DeHaven Townsend
1500	Loeb-Hornblower	23000	Oppenheimer & Co.	2100	Wertheim & Co.	1000	Donaldson Lufkin
4000	Mesirow & Co.	13600	Eastman Kodak Company	49400	General Foods Corporation	1000	First Boston
2000	W.H. Newbold	9100	Dain Kalman	10000	Drexel Burnham	820	Legg-Mason
4500	Salomon Bros.	2000	W.H. Reaves	7000	Legg-Mason	600	Milwaukee & Co.
12000	Shearson Hayden	25000	Minneapolis Mining and Manufacturing Company	1000	Morgan Olmstead	3100	Morgan Olmstead
6500	Wertheim & Co.	2500	Keefe Bruyette	18400	Salomon Bros.	4200	Neuberger Berman
7400	White Weld	9000	Kidder Peabody	13000	Smith Barney	1300	W.H. Reaves
2000	Panhandle Eastern Pipe Line Company	6500	Neuberger Berman	11000	General Mills, Incorporated	2000	Reinholdt & Gardner
	Wertheim & Co.	3000	Morgan Stanley	10000	Kidder Peabody	4020	Salomon Bros.
42165	Peoples Gas Company	3000	Smith Barney	1000	Oppenheimer & Co.	700	Shearson Hayden
31665	First Boston Corp.	1000	White Weld	15420	Norton Simon, Incorporated	1000	Smith Barney
5000	Merrill Lynch	2000	Procter & Gamble Company	10300	Drexel Burnham	55000	Xerox Corporation
2000	Smith Barney	500	Brown Bros.	500	First Boston	5500	Becker-Warburg
3500	Sutro & Co.	1000	Kidder Peabody	4130	Hardy & Co.	2000	Sanford Bernstein
		5000	Smith Barney	500	E.F. Hutton	1000	Dain Kalman
Communications				28000	Pepsico, Inc.	7500	DeHaven Townsend
122300	American Telephone & Telegraph Company	16000	Revlon, Incorporated	2000	Becker-Warburg	2000	Becker-Warburg
7200	Sanford Bernstein	3000	Sanford Bernstein	5000	Dain Kalman	4500	Lipper Analytical
9600	Brown Bros.	3000	First Boston	8000	Drexel Burnham	4000	McLaughlin Ochenhaut
11200	DeHaven Townsend	3000	E.F. Hutton	1000	Morgan Olmstead	2000	W.H. Newbold
6400	Drexel Burnham	3000	Wainwright Securities	6000	Neuberger Berman	2000	Piper Jaffray
25900	First Boston	4000	Wood Struthers	1000	Paine Webber	8500	Reynolds Securities
5000	E.F. Hutton	Consumer-Miscellaneous		5000	Wertheim & Co.	2500	Roulston & Co.
5000	Legg-Mason	32700	Disney (Walt) Productions	38000	Pillsbury Company	3000	Sterling Grace
5000	Merrill Lynch	2000	Bache Halsey	5100	Wm. Blair	10500	Wertheim & Co.
11000	Milwaukee & Co.	2000	Drexel Burnham	4800	Blyth Eastman		
9000	Morgan Olmstead	1000	Lipper Analytical	500	E.F. Hutton	BASIC INDUSTRY	
5000	Newberger & Berman	13200	Loeb-Hornblower	5200	Piper Jaffray	Aerospace	
3700	M.H. Novick & Co.	9500	McLaughlin Ochenhaut	10900	Reynolds Securities	11000	Boeing Company
4700	Piper Jaffray	2000	Paine Webber	3700	L.F. Rothschild	3000	First Manhattan
13600	Wertheim & Co.	38500	McDonald's Corporation	7800	White Weld	4500	Goldman Sachs
44500	General Telephone & Electronics Corporation	5300	Kidder Peabody	Media		3500	Lipper Analytical
7000	Becker-Warburg	5100	Legg-Mason	1000	R.R. Donnelley and Sons Company	11000	United Technologies Corporation
5000	Legg-Mason	3000	Merrill Lynch	1000	Shearson Hayden	3500	First Manhattan
7000	Newberger & Berman	5000	Morgan Olmstead	Retail Sales		3000	Salomon Bros.
10000	W.H. Reaves	7000	John Muir	4000	Dayton Hudson Corporation	4500	Wainwright Securities
10500	Shearson Hayden	10000	Neuberger Berman	2000	DeHaven Townsend	Building & Forest Products	
5000	Smith Barney	400	Oppenheimer & Co.	2000	E.F. Hutton	87252	Georgia-Pacific Corporation
15800	United Telecommunications, Inc.	2700	Shearson Hayden	2000	Federated Department Stores, Incorporated	3000	Bache Halsey
10800	DeHaven Townsend	5600	Morgan Stanley	2000	Merrill Lynch	13140	Becker-Warburg
5000	Cyrus Lawrence	17000	Smith Barney	87500	K mart Corporation	1000	Sanford Bernstein
		11500	American Home Products Corporation	7000	First Boston	7610	First Boston
FINANCIAL SERVICES				500	E.F. Hutton	3500	Kidder Peabody
Banks				5000	Jesup & Lamont	600	Lipper Analytical
1400	Citicorp	2000	Bache Halsey	5000	Mesirow & Co.	1500	Milwaukee & Co.
1400	Dean Witter	500	First Manhattan	13000	Morgan Olmstead	17060	Morgan Stanley
12000	First International Bancshares, Inc.	2000	Milwaukee & Co.	18000	Morgan Stanley	5000	John Muir
12000	Keefe Bruyette	2500	White Weld	5000	Neuberger Berman	7140	Neuberger Berman
3000	Northwest Bancorporation	10700	Johnson & Johnson	34000	Paine Webber	3000	M.H. Novick
	Wm. Blair	500	First Manhattan	3500	J.C. Penney Co.	4500	Salomon Bros.
Finance				2000	Merrill Lynch	1000	Shearson Hayden
5000	Beneficial Corporation	2500	Loeb-Hornblower	1000	M.H. Novick	10202	Smith Barney
5000	Bache Halsey	200	Milwaukee & Co.	500	Oppenheimer & Co.	9000	Dean Witter
10000	Household Finance Corporation	5500	Salomon Bros.	4000	Sears, Roebuck and Company	65000	Masonite Corporation
	Brown Bros.	2000	Shearson Hayden	2000	Cyrus Lawrence	2000	Sanford Bernstein
		1000	Bache Halsey	2000	Milwaukee & Co.	5000	Blyth Eastman
Insurance				22207	Southland Corporation	4000	Cowen & Co.
3000	Jefferson-Pilot Corporation	1000	Dain Kalman	12150	Bear Stearns	17000	Goldman Sachs
1000	Bache Halsey	5400	DeHaven Townsend	3000	M.H. Novick	5500	Lipper Analytical
1000	W.H. Newbold	1000	First Manhattan	5000	Smith Barney	3000	Merrill Lynch
1000	Shearson Hayden	6500	Goldman Sachs	100	Wertheim & Co.	3000	W.H. Newbold
1200	NLT Corporation	4600	Kidder Peabody	1957	White Weld	5000	Shearson Hayden
100	Kidder Peabody	100	Milwaukee & Co.	TECHNOLOGY		15000	Wertheim & Co.
100	Merrill Lynch	1400	W.H. Newbold	Electronics		16000	Owens-Corning Fiberglas Corporation
1000	Salomon Bros.	1000	Paine Webber	5600	Hewlett-Packard Company	7600	Brown Bros.
1210	United States Fidelity & Guaranty Company	3000	Reinholdt & Gardner	1400	First Manhattan	3000	Loeb-Hornblower
	Shearson Hayden	10300	Smith Barney	100	Lipper Analytical	5400	Salomon Bros.
		4500	Sutro & Co.	300	McLaughlin Ochenhaut	12300	Morgan Olmstead
CONSUMER-ORIENTED		56500	Pfizer Incorporated	700	Merrill Lynch	11000	Morgan Stanley
Automobiles & Automotive Parts				100	Salomon Bros.	3000	Piper Jaffray
14700	General Motors Corporation	6500	Brown Bros.	3000	Wertheim & Co.	3000	Roulston & Co.
3000	Becker-Warburg	1500	DeHaven Townsend	42100	Texas Instruments		
8700	Brown Bros.	3000	Cyrus Lawrence	1500	Bear Stearns	Chemicals	
2000	Lipper Analytical	4000	Legg-Mason	1000	Cowen & Co.	43000	Air Products and Chemicals, Incorporated
1000	Wertheim Co.	4000	John Muir	4000	DeHaven Townsend	2000	Bache Halsey
2000	Genuine Parts Company	15000	Salomon Bros.	700	Drexel Burnham	5000	Brown Bros.
	John Muir	3000	Shearson Hayden	4300	First Manhattan	10000	First Boston
		4000	Smith Barney	400	Milwaukee & Co.	8000	Drexel Burnham
Consumer-Durables		6600	Wertheim & Co.	1400	Morgan Olmstead	1000	Kidder Peabody
7000	Sunbeam Corporation	4000	Schering-Plough Corporation	10500	Reinholdt & Gardner	5000	Neuberger Berman
2000	Lipper Analytical	1600	Dean Witter	700	Robinson-Humphrey	4000	Oppenheimer & Co.
1000	Shearson Hayden	1000	Jesup & Lamont	9400	Salomon Bros.	2000	W.H. Reaves
2000	Smith Barney			500	Sutro & Co.	2000	Smith Barney
1000	Wertheim Co.			2700	Wertheim & Co.	4000	Sterling Grace
1000	White Weld						

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
40100	Dow Chemical Company		
	5000 Becker-Warburg		
	9100 Loeb-Hornblower		
	7000 McLaughlin Ochenhaut		
	8000 Morgan Olmstead		
	11000 John Muir		
7900	du Pont (E.I.) de Nemours and Company		
	1000 Sanford Bernstein		
	2600 Milwaukee & Co.		
	2300 Morgan Olmstead		
	1000 Oppenheimer & Co.		
	1000 Shearson Hayden		
44000	Hercules Incorporated		
	5000 Bache Halsey		
	10000 Sanford Bernstein		
	12000 Dain Kalman		
	9000 Drexel Burnham		
	8000 Salomon Bros.		
19000	Monsanto Company		
	5000 Becker-Warburg		
	3000 Cowen & Co.		
	1000 McLaughlin Ochenhaut		
	5000 Morgan Stanley		
	2000 Smith Barney		
	3000 Wainwright Securities		
13000	Union Carbide Corporation		
	3000 Blyth Eastman		
	10000 Wertheim & Co.		
Electrical Equipment			
3000	Emerson Electric Co.		
	3000 Smith Barney		
93500	General Electric Company		
	2000 Sanford Bernstein		
	2000 Cowen & Co.		
	10300 Dain Kalman		
	5000 DeHaven Townsend		
	2000 Drexel Burnham		
	2000 First Manhattan		
	4500 Jesup & Lamont		
	1000 Kidder Peabody		
	2000 McLaughlin Ochenhaut		
	7000 Milwaukee & Co.		
	16700 Morgan Olmstead		
	1000 M.H. Novick		
	8500 Paine Webber		
	5500 Piper Jaffray		
	3000 Robinson-Humphrey		
	1500 L.F. Rothschild		
	19500 Wertheim & Co.		
10700	Gould, Inc.		
	200 Goldman Sachs		
	9500 Kidder Peabody		
	1000 Smith Barney		
Machinery			
50100	Caterpillar Tractor Co.		
	5600 Drexel Burnham		
	5100 First Boston		
	2800 E.F. Hutton		
	1500 Kidder Peabody		
	5000 Lehman Bros.		
	7000 Loeb-Hornblower		
	1000 Morgan Olmstead		
	1000 W.H. Newbold		
	2000 M.H. Novick		
	5000 Paine Webber		
	1500 L.F. Rothschild		
	1000 Shearson Hayden		
	500 Smith Barney		
	4000 Wertheim & Co.		
	1000 Dean Witter		
	6100 Wood Struthers		
43100	Clark Equipment Company		
	9600 Wm. Blair		
	8000 Cowen & Co.		
	9000 Loeb-Hornblower		
	5000 Mesirow & Co.		
	1000 W.H. Newbold		
	4000 Oppenheimer & Co.		
	5000 Paine Webber		
	1500 Wertheim & Co.		
7500	Combustion Engineering, Incorporated		
	7500 Wood Struthers		
2000	Trans Union Corporation		
	2000 Smith Barney		
Metals			
50200	Aluminum Company of America		
	10000 Bache Halsey		
	2000 Bear Stearns		
	7000 Lipper Analytical		
	9600 Merrill Lynch		
	2000 Milwaukee & Co.		
	10500 Morgan Stanley		
	3000 Paine Webber		
	6100 White Weld		
11500	Hanna Mining Company		
	500 First Manhattan		
	1000 Kidder Peabody		
	2000 W.H. Reaves		
	2500 Roulston & Co.		
	1500 Shearson Hayden		
	4000 White Weld		
6500	St. Joe Minerals Corporation		
	6500 Goldman Sachs		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
50500	Gulf Oil Corporation		
	15000 DeHaven Townsend		
	6000 Hardy & Co.		
	10500 Merrill Lynch		
	7000 Morgan Olmstead		
	12000 Wainwright Securities		
4000	Mobil Oil Corporation		
	1000 Cowen & Co.		
	3000 DeHaven Townsend		
51000	Standard Oil Company of California		
	2500 Becker-Warburg		
	7000 Cowen & Co.		
	6000 First Boston		
	7000 Mesirow & Co.		
	6000 Milwaukee & Co.		
	1000 Morgan Olmstead		
	5000 Paine Webber		
	1000 Smith Barney		
	15500 Wertheim & Co.		
80400	Texaco, Inc.		
	5000 Sanford Bernstein		
	18000 DeHaven Townsend		
	4800 A.G. Edwards		
	13500 Milwaukee & Co.		
	1500 Morgan Olmstead		
	3400 Mesirow & Co.		
	2000 M.H. Novick		
	32200 Wertheim & Co.		
Energy-Related			
33300	Dresser Industries, Inc.		
	5000 Becker-Warburg		
	3500 Cowen & Co.		
	3500 Cyrus Lawrence		
	2700 John Muir		
	6000 Neuberger Berman		
	8600 W.H. Newbold		
	4000 Salomon Bros.		

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
July 1, 1977 - June 30, 1978

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES			
		400	Northwest Bancorporation
Electric			
10500	Commonwealth Edison Company	11500	Security Pacific Corporation
	6500 American Securities	10000	First Boston
	2000 Institutional Networks	1000	Keefe Bruyette
	2000 Weeden Co.	500	Salomon Bros.
4500	Florida Power & Light Company	7000	Valley National Bank of Arizona
	1000 Institutional Networks	1000	Keefe Bruyette
	3500 Jefferies & Co.	2000	Merrill Lynch
17200	Northern States Power Company (Minn.)	4000	Salomon Bros.
	5100 American Securities		
	12100 Weeden & Co.		
4900	Pacific Gas and Electric Company	200	Household Finance Corporation
	900 Institutional Networks	200	Weeden & Co.
	4000 Weeden & Co.		
2000	Public Service Company of Indiana, Inc.		
	1000 Institutional Networks		
	1000 Weeden & Co.		
300	Southern California Edison Company	1800	Aetna Life & Casualty Company
	300 Institutional Networks	600	Institutional Networks
28100	Texas Utilities Company	1800	NLT Corporation
	13000 American Securities	1800	Jefferies & Co.
	3500 Institutional Networks	300	SAFECO Corporation
	11600 Weeden & Co.	4500	St. Paul Companies, Inc.
		2500	Merrill Lynch
		2000	Bache Halsey
CONSUMER-ORIENTED			
Consumer-Durables			
2000	Whirlpool Corporation	2000	Whirlpool Corporation
	1000 Institutional Networks	1000	Institutional Networks
	1000 Jefferies & Co.	1000	Jefferies & Co.
Consumer-Nondurables			
9400	Avon Products, Inc.	9400	Avon Products, Inc.
	8900 Institutional Networks	8900	Institutional Networks
	500 Jefferies & Co.	500	Jefferies & Co.
	Colgate-Palmolive Company	500	Colgate-Palmolive Company
	500 Institutional Networks	500	Institutional Networks
	Eastman Kodak Company	5100	Institutional Networks
	200 Jefferies & Co.	200	Jefferies & Co.
	Minnesota Mining and Manufacturing Company	1100	Minnesota Mining and Manufacturing Company
	1100 Institutional Networks	1100	Institutional Networks
	McDonald's Corporation	2100	McDonald's Corporation
	100 Institutional Networks	100	Institutional Networks
	2000 Jefferies & Co.	2000	Jefferies & Co.
FINANCIAL SERVICES			
Banks			
4700	First Bank System	4700	First Bank System
	200 Keefe Bruyette	200	Keefe Bruyette
	500 Merrill Lynch	500	Merrill Lynch
	4000 Salomon Bros.	4000	Salomon Bros.

SECTION 11

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK SALES July 1, 1977 - June 30, 1978

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Drugs			
1500	American Home Products Corporation 1500 Institutional Networks	5100	Caterpillar Tractor Co. 3100 Institutional Networks
3200	Merck & Co., Inc. 2200 Institutional Networks 1000 Jefferies & Co.	17300	2000 Jefferies & Co. Clark Equipment Company 13900 Jefferies & Co.
700	Pfizer Incorporated 700 Institutional Networks	4500	3400 Weeden & Co. Combustion Engineering, Incorporated 4500 Jefferies & Co.
100	Schering-Plough Corporation 100 Jefferies & Co.		
Food-Beverage			
600	Consolidated Foods 600 Jefferies & Co.	17700	Aluminum Company of America 15500 Jones & Associates 2200 Weeden & Co.
2000	General Foods Corporation 2000 Institutional Networks	700	Hanna Mining Company 700 Jefferies & Co.
1600	General Mills, Incorporated 1000 Institutional Networks 600 Jefferies & Co.	5500	St. Joe Minerals Corporation 5000 Robert Brandt 500 Jefferies & Co.
6000	Pepsico, Inc. 6000 Jefferies & Co.		
7500	Pillsbury Company 7500 Jefferies & Co.		
Retail Sales			
17000	K mart Corporation 8000 Institutional Networks 9000 Jefferies & Co.		
2500	J.C. Penney Co. 2500 Institutional Networks		
28013	Southland Corporation 7210 Allen & Co. 12360 Robert Brandt 5253 Institutional Networks 3190 Jefferies & Co.		
TECHNOLOGY			
Electronics			
300	Hewlett Packard Company 300 Jefferies & Co.		
400	Texas Instruments 400 Institutional Networks		
5200	Honeywell, Inc. 5200 Kall & Co.		
1300	International Business Machines Corporation 1300 Institutional Networks		
1000	Xerox Corporation 1000 Institutional Networks		
BASIC INDUSTRY			
Aerospace			
11000	United Technologies Corporation 4000 Institutional Networks 7000 Jefferies & Co.		
Building & Forest Products			
10380	Georgia-Pacific Corporation 1200 Institutional Networks 9180 Jefferies & Co.		
Chemicals			
7000	Air Products and Chemicals, Incorporated 7000 Jefferies & Co.		
700	Dow Chemical Company 600 Institutional Networks 100 Jefferies & Co.		
300	du Pont (E.I.) de Nemours and Company 200 Institutional Networks 100 Weeden & Co.		
1000	Monsanto Company 1000 Jefferies & Co.		
Electrical Equipment			
500	Emerson Electric Co. 500 Institutional Networks		
15800	General Electric Company 7500 Robert Brandt 8300 Institutional Networks		
Machinery			
Metals			
Paper			
Textiles			
Miscellaneous			
ENERGY			
Oil-Domestic			
Oil-International			
Energy-Related			
TRANSPORTATION			
Railroads			

Total Shares	Issue and Vendor
21500	Aetna Life & Casualty Company 10000 Morgan Olmstead 11500 Dean Witter
110500	Boeing Company 38100 Drexel Burnham 14300 First Boston 31000 Goldman Sachs 5000 Institutional Networks 9400 Jones & Associates 12700 Morgan Olmstead 6000 CPC International, Inc. 6000 Oppenheimer & Co.
6500	Clorox Company 6500 Kall & Co.
63000	Dayton Hudson Corporation 32000 Robert Brandt 17000 Jefferies & Co. 14000 White Weld Dresser Industries, Inc. 20800 Jefferies & Co.
76600	General Foods Corporation 8600 Robert Brandt 10000 Drexel Burnham 5000 E.F. Hutton 24000 Institutional Networks 15000 Paine Webber 14000 Smith Barney
2000	Holiday Inns, Incorporated 2000 Weeden & Co.
304	International Telephone & Telegraph Corporation 304 Institutional Networks
9000	Kraft, Inc. 9000 First Boston
61000	Middle South Utilities, Incorporated 55000 Becker-Warburg 6000 Smith Barney
10000	J.P. Morgan & Co., Incorporated 10000 Oppenheimer & Co.
51800	Northwest Airlines, Incorporated 23800 Blyth Eastman 28000 Smith Barney
25000	Northwestern National Life Insurance Company 23000 Drexel Burnham 2000 Merrill Lynch
20000	Owens-Corning Fiberglas Corporation 20000 First Boston
94500	Panhandle Eastern Pipe Line Company 52100 Goldman Sachs 15000 Jefferies & Co. 8400 Lehman Bros. 19000 Salomon Bros.
92500	Pittston Company 67500 Drexel Burnham 25000 Salomon Bros.
13000	The St. Paul Companies 3000 Bache Halsey 10000 Salomon Bros.
42000	Southern Company 2500 Drexel Burnham 39500 Salomon Bros.
32200	Southland Corporation 32200 Oppenheimer & Co.

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

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Chief Portfolio Manager & Director of Research

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Debt Securities
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Harold Syverson, B.A.

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