



1979 REPORT
of the
MINNESOTA STATE
BOARD OF INVESTMENT



1979 ANNUAL REPORT OF THE MINNESOTA STATE BOARD OF INVESTMENT

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STATE OF MINNESOTA
 STATE BOARD OF INVESTMENT

Room 105, MEA Building
 55 Sherburne Avenue
 Saint Paul 55155

September 4, 1979

To the Members of the Legislature of the State of Minnesota:

OVERVIEW

Total funds under management on June 30, 1979, exceeded \$4.0 billion at cost, up 12% from the year earlier level. Retirement plan assets were \$2.6 billion, while funds managed for various State departments and the Permanent School Fund totaled \$1.4 billion.

Securities markets during the past year were influenced by domestic political uncertainty, international monetary pressures and excessive rates of inflation. These factors depressed debt obligations by driving up interest rates and kept the equity market in a narrow trading range in spite of excellent progress in corporate profits and dividends. As the year ended, the general economy had entered a contraction and the near term prospects for the financial markets warranted a cautious investment policy.

While full details on our portfolios are found in the statistical section, the following table provides a brief summary of our asset allocations as of June 30, 1979.

SUMMARY COMPOSITION OF STATE INVESTMENT PORTFOLIO

	Percent of Fund at Cost			Total Dollars (Millions)
	Cash and Short Term Debt	Long Term Debt	Common Stock	
Basic Retirement Funds	7%	48%	45%	\$1,521
Adjustable Fixed Benefit Fund	10	47	43	995
Supplemental Retirement Fund:				
Income Share Account	6	49	45	57
Growth Share Account	9	0	91	24
Fixed Return Account	7	93	0	17
Variable Annuity Fund	8	24	68	60
Permanent School Fund	3	78	19	267
State Cash Accounts	99	1	0	1,129
Total Dollars in Category (Millions)	<u>\$1,339</u>	<u>\$1,460</u>	<u>\$1,231</u>	<u>\$4,030</u>
Category as a % of Total Assets	33%	36%	31%	100%

INVESTMENT POLICY

Throughout the year the Board sought to generate the highest possible return while fully complying with our statutory mandate to follow a prudent investment policy.

Under our balanced investment thesis, the basic retirement funds continued to be invested almost equally in the debt and equity sectors. However, in view of the economic and political climate and the availability of excellent short term yields, reserves were bolstered as some of our cash flow was committed to high yielding securities with maturities of less than one year.

While interest rates are at unusually high levels, the attraction of debt investments is diluted by the even higher rate of inflation and by government policies that indicate no early return to traditional inflation rates.

At the same time, equity price and earnings relationships are at unusually attractive historic levels, as earnings and dividends have made excellent gains while the market averages have made no progress during the past decade. Unfortunately, the uncertainties inherent in the present economic contraction, the impacts of inflation and high interest rates on valuation levels, and the unresolved energy situation dictate a cautious equity policy. We believe that over the longer term the common stock sector will continue to generate the most satisfactory real returns, and as opportunities develop, we will be restoring this sector to a fully invested position.

HISTORICAL PERSPECTIVE

The table that follows demonstrates the experience of the past 53 years when equities clearly outperformed all other market sectors. We believe that this relationship will be reconfirmed in future years, but the near term timing remains uncertain.

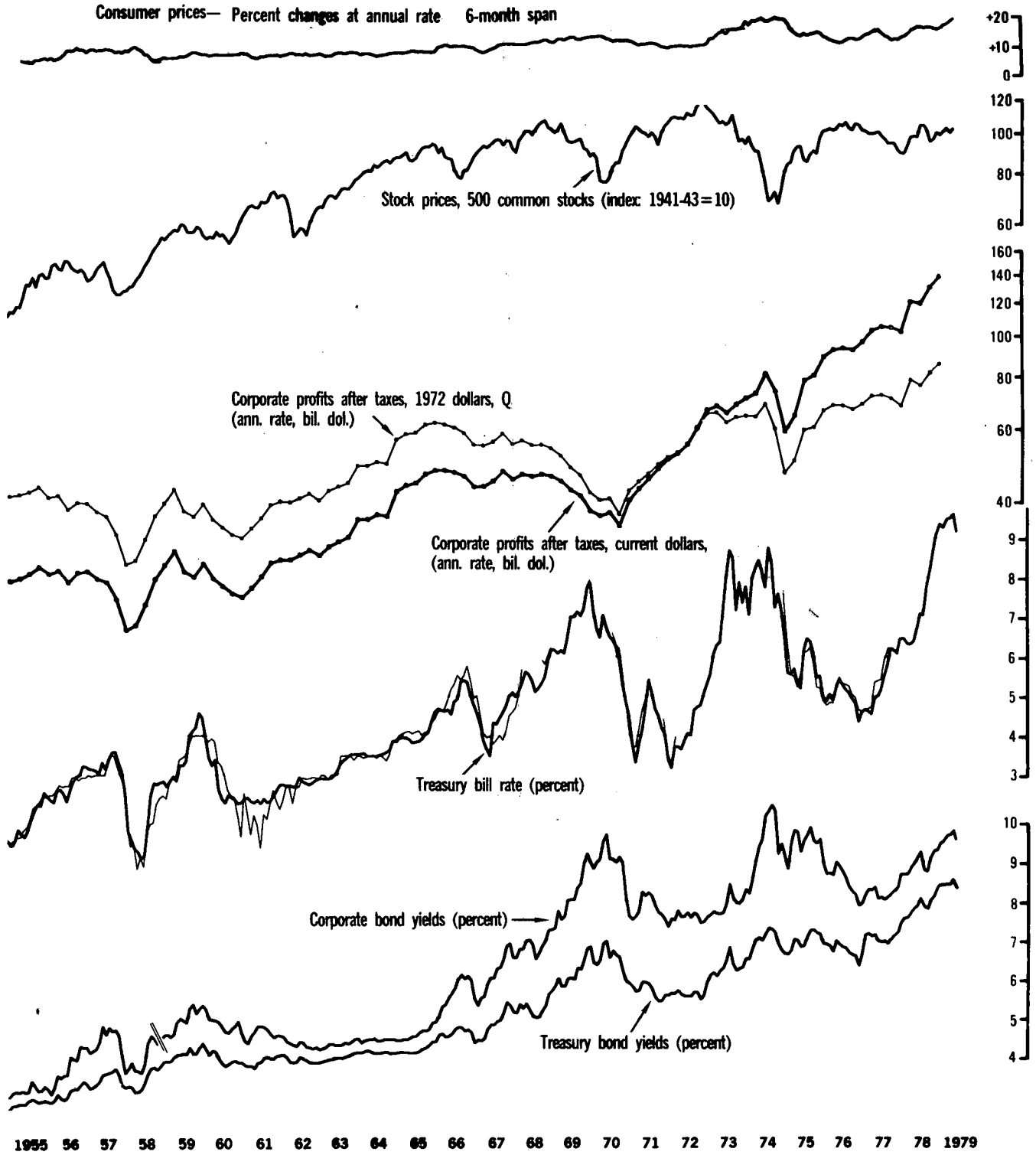
INVESTMENT RETURNS, 1926-1978

	<u>Annual Compounded Return</u>	<u>1978 Cumulative Wealth Index*</u>
Common Stocks	8.9%	\$89.59
Long Term Corporate Bonds	4.0	7.81
Long Term Government Bonds	3.2	5.34
U.S. Treasury Bills	2.5	3.73
Inflation	2.5	3.78

* Assumed initial investment of \$1.00 at year-end 1925.
Source: Ibbotson & Sinquefeld.

An additional perspective can be gained from the 25 year charts shown on the following page. You will note the acceleration in the consumer price index, the ten year plateau in common stock prices in spite of the excellent growth in corporate profits, and the new highs in interest rates. During this period, common stocks have demonstrated their ability to offset inflation by paying dividends that exceeded the growth of inflation by 1.4% per year on average.

KEY FINANCIAL INDICATORS



Source: Business Cycle Developments, U.S. Department of Commerce.

PERFORMANCE

For fiscal 1979, the performance of the securities markets was mixed. Market prices of long term bonds declined as yields on AAA corporates rose from 8.8% to a high of 9.5%. Based on the Salomon Index, the total rate of return was a disappointing 7.2%. Short term yields increased substantially, as three month Treasury bills ranged from 7.0% to a peak of 9.7% in April for a yearly average of 8.6%. Common stocks, based on the Standard and Poor's 500 index, generated the most favorable results with a 13.3% total return.

We are pleased that our bond investments yielded a total return of 7.7% and outperformed the Salomon Index. This was possible because we continued to emphasize intermediate term maturities, equipment trusts and Government guaranteed mortgage pools with bond equivalent yields ranging as high as 10%.

Our short-term activities generated a superior overall yield of 9.6% for the pension funds and 8.5% for the State cash accounts, where maturities range up to three years. Investments were focused on United States Government Agency issues in the six month to three year area, with repurchase agreements and commercial paper utilized for shorter maturities.

In the equity area, our Growth Fund outperformed the S & P index, while the larger equity funds approximated a 12% total return.

During the last several months of the fiscal year, the Adjustable Fixed Benefit Fund was restructured to improve its current yield. Many low yielding equities were eliminated and the proceeds were temporarily invested in high yielding short term issues. At year end the portfolio yield was 7.6%.

We would also like to acknowledge the \$277,000 profit generated from our short term security lending program under Jerry Feldman's direction. When this fiscal 1979 result is related to our \$900,000 total operating budget, it obviously had a very positive impact on our net expense. We are currently investigating how similar programs can be implemented for other types of securities.

We are well aware that the fixed income markets did not generate adequate returns when compared to the 11% increase in consumer prices. During periods of high inflation, financial assets are usually penalized and it is important to keep in mind the historical experience reviewed on pages 3 and 4.

The summary on the next page provides a brief picture of some key investment results during the past five years, when inflation advanced 47%. During that time our pension fund accumulated returns were 44% on short-term securities, 57% on long-term debt, and 52% on equities.

SUMMARY OF INVESTMENT RETURNS

Fiscal Year Ended June 30,

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Book Value at Year End					
Pension Funds (billions)	\$1.5	\$1.8	\$2.1	\$2.3	\$2.6
All Funds (billions)	2.6	3.0	3.3	3.6	4.0
Yield*					
Teachers' Retirement Fund	5.5%	5.7%	5.9%	6.3%	7.1%
Public Employees Retirement Fund	5.3	5.9	6.2	6.6	6.9
State Employees Retirement Fund	5.3	5.6	5.9	6.2	7.1
Public Employees Police & Fire Fund	5.9	5.9	6.4	6.8	7.1
Highway Patrol Retirement Fund	6.0	5.7	6.4	6.6	7.0
Judges Retirement Fund	6.8	8.2	8.7	7.9	8.7
Adjustable Fixed Benefit Fund	5.4	5.5	6.1	6.2	6.8
Income Share Account	6.3	6.6	6.8	7.1	7.0
Growth Share Account	2.4	2.7	3.1	3.6	4.6
Fixed Return Account	—	7.5	8.2	8.2	8.3
Variable Annuity Fund	4.1	4.4	4.8	5.1	5.8
Permanent School Fund	6.4	6.7	6.9	7.3	7.9
State Cash Accounts	8.5	6.6	6.3	6.6	8.5
Total Rate of Return**					
All Funds Under Supervision††					
Long Term Debt	15.0%†	10.4%†	16.0%	0.0%	7.6%
Short Term Debt	8.5	6.6	6.3	7.2	9.6
Common Stocks	17.4	10.7	3.7	0.0	12.4
Total	<u>16.0%†</u>	<u>10.5%†</u>	<u>7.5%</u>	<u>0.0%</u>	<u>10.0%</u>
Commonly Used Indexes					
Salomon Bond Index	15.0%	10.4%	15.1%	(0.8)%	7.2%
Treasury Bills — 90 Days	6.7	5.5	4.8	6.1	8.6
Standard & Poor's 500	16.0	14.4	0.4	0.2	13.3

FISCAL 1979 TOTAL RATE OF RETURN**

Teachers Retirement Fund	9.8%	Adjustable Fixed Benefit Fund	10.4%
Public Employees Retirement Fund	9.8	Income Share Account	10.5
State Employees Retirement Fund	10.3	Growth Share Account	14.1
Public Employees Police & Fire Fund	9.9	Fixed Return Account	7.1
Highway Patrol Retirement Fund	9.9	Variable Annuity Fund	12.5
Judges Retirement Fund	9.6	Permanent School Fund	9.2
State Cash Accounts			8.5%

*Interest and dividends ÷ average assets at cost.

**Interest, dividends and change in market value ÷ average market value.

†Estimated.

††Excludes State Cash Accounts.

INVESTMENT GUIDELINES

In a period of economic uncertainty, we feel that stringent quality criteria are especially important for all our investments. The statutes establish definitive guidelines in the **debt** area, where all bonds must be at least A rated and all short-term securities must be of the highest quality.

Common stock investments focus on well established companies with above average prospects for dividend and earnings progress where valuation levels are attractive. Among the quality characteristics we emphasize are financial strength, above average returns on sales and capital, and dominant technological and marketing positions. Where more immediate income requirements dictate, equity positions include high-yielding securities where the discounted rate of return and financial strength are above-average.

The Board fully recognizes its fiduciary responsibility to conduct investment policy in a prudent manner. It is also sensitive to the social, environmental, and economic impact of its investment decisions. Minnesota investing and proxy policy are two areas that have received concentrated attention in recent months.

While investments in Minnesota must meet the same risk and return criteria as all other investments, we have \$304 million invested in the State's industries and residential properties due to their economic attraction. In addition, Robert Barman, our Senior Bond Manager, has developed a Government-insured mortgage program that will channel over \$20 million into the Minnesota mortgage markets in the first four months of the 1980 fiscal year. We anticipate that at least \$4 million will flow into Minnesota mortgages each month for the foreseeable future.

The Board is also extremely conscious of its duty to carefully review all proxy material and has expressed its opposition to certain management policies through its shareholder votes. The following revision of a 1977 resolution is currently being considered by the Board as a guide for investment policy and proxy matters:

DRAFT RESOLUTION REGARDING ADDITIONAL INVESTMENT CRITERIA AND THE VOTING OF PROXIES

WHEREAS, the Investment Board recognizes 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 may, in limited circumstances, be considered in light of the social and environmental policies of the corporation in which the State owns or contemplates owning an investment; and

WHEREAS, investing in an enterprise which is flagrantly violating the law or stubbornly ignoring public policy may constitute implicit endorsement of those policies, and the Investment Board is of the opinion that government may abrogate its duties to its citizens by offering such implicit endorsement; and

WHEREAS, it is the Investment Board's opinion that corporations which do not take the welfare of society and its members into consideration may 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: Consistent with prudent and responsible investment policy, 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, consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the Board to be in violation of the aforementioned guideline:

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 its staff 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 constitute 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.*

BOARD AND COUNCIL ACTIVITIES

The **State Board of Investment** is composed of the five constitutional officers. During the past year the Board met at least bimonthly to review the activities of the staff and provide investment direction. Special meetings were also held to interview candidates for the position of Executive Secretary and to exchange views with the Advisory Council.

In addition to reviewing its guidelines for investment policy and proxy voting, the Board also made substantial progress in revising the Deferred Compensation Plan. The Board intends to broaden participation in this Plan by adding fixed annuity and variable annuity options and expanding the program's visibility. With the final administrative review now in process, the new options should be available in fiscal 1980.

The **Investment Advisory Council** is appointed by the Board and is composed of eleven members who are exceptionally experienced in financial matters. Meetings were held with the investment staff on at least a bimonthly basis. The Board is indebted for the counsel rendered by these advisors who so willingly give of their time and experience.

LEGISLATIVE MATTERS

Substantial statutory changes will be forwarded to the Legislature for their consideration at the next session. Chapter 11 of the Minnesota Statutes, which governs our investment practices, has served the State well in past years. However, revisions are being prepared in the following areas in order to insure a continuation of adequate investment returns:

- 1) A codification of Chapter 11 based in part on work already underway at the Legislative Commission on Pensions and Retirement.

- 2) A revision of the Adjustable Fixed Benefit Fund to simplify its structure and permit an early increase in benefits.
- 3) The granting of voting privileges to pension fund members on the Advisory Council.
- 4) A broadening of permissible short-term securities to allow the use of instruments such as Bankers Acceptances and large Certificates of Deposit.
- 5) A modification of the investment criteria for debt securities to permit more participation in the private placement area.

STAFF DEVELOPMENTS

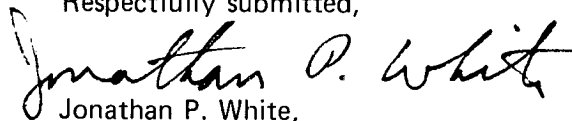
Dr. Francis Boddy ably served as the interim Executive Secretary during much of the year while a search committee chaired by Robert Davis screened potential candidates to fill the position on a permanent basis. In addition to encouraging a spirit of teamwork among the staff, Dr. Boddy made a strong contribution in the area of modern portfolio theory.

In April, Jonathan White was appointed Executive Secretary. His background includes 20 years of supervisory, portfolio and analytical experience with a billion dollar investment company and a large money center bank. Arthur Kaese continues as Assistant Executive Secretary and now chairs the important Fixed Income and Equity Portfolio Committees. Recently Jerry Feldman and Roger Derksen were designated Investment Managers for the Fixed Income and Equity areas, respectively. Director of Research Mick Hudson and Senior Short-Term Manager Howard Bicker are also carrying out new responsibilities while Robert Barman, our experienced Senior Bond Manager, rounds out our key investment team. These seven senior officers comprise the Executive Committee, where investment policy is developed and performance is evaluated. Finally, Jack Kinne was recently placed in charge of the Operations area.

* * * * *

A full review of our portfolios and the year's transactions is found in the following statistical section. We trust that this Annual Report provides the Legislature and other interested persons with a helpful understanding of the Board's activities.

Respectfully submitted,


Jonathan P. White,
Executive Secretary

THE STATE BOARD OF INVESTMENT

*GOVERNOR ALBERT H. QUIE
STATE AUDITOR ARNE H. CARLSON
STATE TREASURER JIM LORD
SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL WARREN SPANNAUS*

THE INVESTMENT ADVISORY COUNCIL

*Robert S. Davis, C.F.A., Chairman, Executive Vice President of Finance, The St. Paul Companies, Inc.
Wayne S. Burggraaff, Commissioner of Finance, State of Minnesota
Gaylord W. Glarner, Senior Vice President, First Trust Company, St. Paul
Peter A. Heegaard, C.F.A., Senior Vice President, Northwestern National Bank of Minneapolis
John H. Herrell, Vice Chairman of Investment Committee, Mayo Foundation, Rochester
Donald E. Jondahl, Executive Vice President, Finance, Northwestern National Life Insurance Company
Donald R. Koessel, Executive Vice President, First National Bank of Minneapolis
Dr. Anne O. Krueger, Professor of Economics, University of Minnesota
Mitzi J. Malevich, C.F.A., Investment Officer, The St. Paul Companies, Inc.
Victor P. Reim, Jr., President, Commercial State Bank of St. Paul
Joan T. Smith, C.F.A., Assistant Vice President, Northwestern National Bank of Minneapolis*

Non-Voting Members

*Paul L. Groschen, Executive Director, Minnesota State Retirement System
Harvey W. Schmidt, Executive Director, Teachers' Retirement Association
Gordon J. Williams, Acting Executive Director, Public Employees Retirement Association*

INVESTMENT DEPARTMENT STAFF

Jonathan P. White, C.F.A.
Executive Secretary

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

Grant A. Feldman, Jr.
Investment Manager, Fixed Income

Roger Derksen, C.F.A.
Investment Manager, Equity

Howard J. Bicker
Senior Portfolio Manager

N. Robert Barman
Senior Portfolio Manager

Michael L. Hudson, C.F.A.
*Senior Portfolio Manager &
Director of Equity Research*

Meg J. Arneberg
*Computer Supervisor &
Portfolio Analyst*

Arthur M. Blauzda
Portfolio Manager

C. Robert Parsons
Portfolio Manager

Roger W. Henry
Financial Analyst

Harold Syverson
Financial Analyst

Peter G. Robb
Financial Analyst

Mark C. Edwards
Financial Analyst

Jacob Shemer
Financial Analyst

Alice P. Chermak
Securities Trader

* * * * *

John T. Kinne, C.P.A.
Accounting-Operations Supervisor

Thomas L. Delmont
Accounting Officer

Mable E. Patrick
Accounting Officer

Audrey I. Moore
Accounting Officer

Nancy Prange
Accounting Technician

* * * * *

Harriet Balian
Secretarial Coordinator

Kathy Leisz
Clerk Stenographer

Elizabeth Gruber
Clerk Typist

SCHEDULE I

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SHORT-TERM CORPORATE NOTES AND U.S. GOVERNMENT OBLIGATIONS HELD BY VARIOUS FUNDS June 30, 1979

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	\$101,500,000	\$ 9,400,000	\$ 8,849,000	\$ 2,641,000	-
Maturity 30-270 days	62,000,000	7,000,000	-	-	-
Total Short-Term Corporate Notes	\$163,500,000	\$ 16,400,000	\$ 8,849,000	\$ 2,641,000	-
U.S. TREASURY SECURITIES AND GOVERNMENT AGENCY SECURITIES					
Bills					
Maturity less than 30 days	-	-	\$ 1,500,000	-	\$ 3,225,000
Maturity 30-90 days	\$ 5,000,000	-	-	\$ 2,225,000	14,830,000
Maturity 3-6 months	20,000,000	-	-	-	8,805,000
Maturity 6-12 months	-	-	-	-	2,435,000
Total Bills	\$ 25,000,000	-	\$ 1,500,000	\$ 2,225,000	\$ 29,295,000
Repurchase Agreements					
Maturity less than 30 days	\$133,500,000	\$ 12,800,000	\$ 8,175,000	\$ 283,000	\$ 6,015,000
Maturity 30-45 days	-	-	-	-	-
Total Repurchase Agreements	\$133,500,000	\$ 12,800,000	\$ 8,175,000	\$ 283,000	\$ 6,015,000
Government Agency Securities					
Maturity less than 30 days	\$ 29,000,000	\$ 17,000,000	\$ 6,000,000	\$ 6,000,000	\$ 5,000,000
Maturity 30-90 days	31,700,000	14,390,000	8,000,000	3,000,000	3,500,000
Maturity 91-180 days	93,000,000	18,000,000	10,000,000	6,000,000	46,220,000
Maturity 6 months - 1 year	48,000,000	11,000,000	22,000,000	13,500,000	44,980,000
Maturity over 1 year	62,500,000	27,000,000	27,000,000	20,000,000	27,500,000
Total Government Agency Securities	\$264,200,000	\$ 87,390,000	\$73,000,000	\$48,500,000	\$127,200,000
Federal Housing Administration Certificates					
8.00% Windsor Apartments due 8-31-79	\$ 9,497,221	-	-	-	-
8.00% Centennial House Apartments due 8-31-79	-	\$ 1,991,115	\$ 3,185,784	\$ 2,787,561	-
8.375% Centennial Estates due 8-31-79	3,210,171	-	-	-	-
9.00% Golden Meadow Apartments due 8-31-79	1,529,198	-	-	-	-
Total Federal Housing Administration Certificates	\$ 14,236,590	\$ 1,991,115	\$ 3,185,784	\$ 2,787,561	-
Government National Mortgage Association, Guaranteed Mortgage Backed Securities					
6.50% IDS Mortgage Corp. due 5-15-90 + 2290	-	\$ 225,000	-	-	-
6.50% IDS Mortgage Corp. due 6-15-90 + 2291	-	500,000	-	-	-
6.50% IDS Mortgage Corp. due 7-15-90 + 2424	-	-	\$ 525,000	-	-
Total Government National Mortgage Association, Guaranteed Mortgage Backed Securities	-	\$ 725,000	\$ 525,000	-	-
U.S. Treasury Notes and Bonds					
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
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 2-15-80	-	-	-	-	2,000
Total Maturities less than 1 year	\$ 13,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	\$ 279,500
9.00% Notes due 8-15-80	-	-	-	-	\$ 49,000
8.625% Notes due 9-30-80	\$ 5,000,000	-	-	-	-
7.125% Notes due 11-15-80	5,000,000	-	-	-	-
3.50% Bonds due 11-15-80	-	-	-	-	5,000
9.25% Notes due 11-30-80	-	-	-	-	80,000
7.375% Notes due 2-15-81	8,000,000	-	-	-	-
9.75% Notes due 2-28-81	5,000,000	-	-	-	-
9.75% Notes due 4-30-81	15,000,000	-	-	-	9,500,000
7.75% Notes due 11-15-81	-	-	-	-	7,000
6.375% Bonds due 2-15-82	-	-	-	-	9,000
Total Maturities 1-3 years	\$ 38,000,000	-	-	-	\$ 9,650,000
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	-	-	-	-	\$ 86,500

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	\$ 51,000,000	\$ 2,000,000	\$ 2,000,000	\$ 3,000,000	\$ 10,964,000
Total U.S. Treasury, Government Agency, and Government Guaranteed Securities	\$487,936,590	\$104,906,115	\$88,385,784	\$56,795,561	\$173,474,000
Total Short-Term Corporate Notes and U.S. Government Obligations Held By Various Funds	\$651,436,590	\$121,306,115	\$97,234,784	\$59,436,561	\$173,474,000

Note: "The above mentioned short-term corporate notes and U.S. Government obligations total \$1,102,888,050. 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 \$1,360,079,050 face value of investment securities were managed by the Money Market Securities Division of the Investment Department on June 30, 1979."

SCHEDULE II

MINNESOTA ADJUSTABLE FIXED BENEFIT FUND June 30, 1979

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

Company	Type of Security	Maturity Date(a)	Coupon Rate %	Average Yield %	Total Amount (000)(b)
UNITED STATES GOVERNMENT- GUARANTEED OBLIGATIONS					
U.S. Treasury Bonds	Bond	06-15-1983	3.250	7.755	\$ 75
U.S. Treasury Notes	Note	02-15-1983	8.000	8.461	150
U.S. Treasury Notes	Note	05-15-1983	7.875	8.508	400
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				8.406%	\$ 625
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	Mtg. Backed Cert.	04-15-2004/ 10-15-2008	8.000/ 9.000	8.680%	\$ 82,088
GOVERNMENT-GUARANTEED MERCHANT MARINE					
American Pres. Lines	Government Guar. Bond	11-01-1991	4.800	5.608	\$ 1,247
Farrell Lines, Inc.	Government Guar. Bond	06-29-1997	8.350	8.900	250
Harbor Tug & Barge	Government Guar. Bond	03-15-2001	8.150	8.447	200
States Steamship Co.	Government Guar. Bond	03-31-1993	5.100	5.100	2,315
TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE				5.662%	\$ 4,012
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				8.539%	\$ 86,100
UNITED STATES GOVERNMENT AGENCY					
Federal Land Bank	Bond	07-20-1981	9.100	8.858	\$ 100
Federal Nat'l. Mortgage Assn.	Debenture	10-11-1982	8.600	8.600	3,000
Federal Nat'l. Mortgage Assn.	Debenture	03-10-1987	7.750	8.987	250
TOTAL UNITED STATES GOVERNMENT AGENCY				8.637%	\$ 3,350

Common Stock	Total Shares	Market Price 6-30-79	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		
METALS										
Aluminum Co. of America	63,000	\$ 51.38	25,000	\$ 1,284,375.00	15,000	\$ 770,625.00	23,000	\$ 1,181,625.00	\$ 3,236,625.00	
Pittston Company	109,640	25.63	34,511	884,344.38	21,570	552,731.25	53,559	1,372,449.38	2,809,525.01	
St. Joe Minerals Corp.	126,500	31.50	49,000	1,543,500.00	25,000	787,500.00	52,500	1,653,750.00	3,984,750.00	
Total Metals				\$ 3,712,219.38		\$ 2,110,856.25		\$ 4,207,824.38	\$ 10,030,900.01	1.48%
PAPER										
International Paper	89,000	\$ 44.63	35,000	\$ 1,561,875.00	20,000	\$ 892,500.00	34,000	\$ 1,517,250.00	\$ 3,971,625.00	
Union Camp Corporation	86,500	46.88	33,000	1,546,875.00	17,500	820,312.50	36,000	1,687,500.00	4,054,687.50	
Total Paper				\$ 3,108,750.00		\$ 1,712,812.50		\$ 3,204,750.00	\$ 8,026,312.50	1.19%
TEXTILES										
Burlington Industries	109,200	16.75	42,200	\$ 706,850.00	22,000	\$ 368,500.00	45,000	\$ 753,750.00	\$ 1,829,100.00	0.27%
MISCELLANEOUS										
Corning Glass Works	38,900	\$ 57.75	16,000	\$ 924,000.00	7,500	\$ 433,125.00	15,400	\$ 889,350.00	\$ 2,246,475.00	
Int'l. Tel. & Tel.	184,300	29.13	67,743	1,973,014.88	39,743	1,157,514.88	76,814	2,237,207.75	5,367,737.51	
Total Miscellaneous				\$ 2,897,014.88		\$ 1,590,639.88		\$ 3,126,557.75	\$ 7,614,212.51	1.13%
TOTAL BASIC INDUSTRY				\$ 44,831,394.39		\$ 25,337,927.26		\$ 48,179,704.51	\$118,349,026.16	17.52%
ENERGY										
OIL-DOMESTIC										
Atlantic Richfield Co.	150,000	\$ 67.50	57,000	\$ 3,847,500.00	35,000	\$ 2,362,500.00	58,000	\$ 3,915,000.00	\$ 10,125,000.00	
Conoco Inc.	281,700	37.88	112,000	4,242,000.00	55,700	2,109,637.50	114,000	4,317,750.00	10,669,387.50	
Marathon Oil Co.	170,000	38.00	68,000	2,584,000.00	38,000	1,444,000.00	64,000	2,432,000.00	6,460,000.00	
Phillips Petroleum Co.	248,000	38.25	105,000	4,016,250.00	47,000	1,797,750.00	96,000	3,672,000.00	9,486,000.00	
Standard Oil (Indiana)	157,500	65.75	58,000	3,813,500.00	34,400	2,261,800.00	65,100	4,280,325.00	10,355,625.00	
Standard Oil Co. Ohio	58,500	56.00	16,000	896,000.00	12,500	700,000.00	30,000	1,680,000.00	3,276,000.00	
Total Oil-Domestic				\$ 19,399,250.00		\$ 10,675,687.50		\$ 20,297,075.00	\$ 50,372,012.50	7.46%
OIL-INTERNATIONAL										
Exxon Corporation	325,544	\$ 53.88	122,016	\$ 6,573,612.00	68,916	\$ 3,712,849.50	134,612	\$ 7,252,221.50	\$ 17,538,683.00	
Gulf Oil Corp.	279,100	27.38	103,100	2,822,362.50	61,000	1,669,875.00	115,000	3,148,125.00	7,640,362.50	
Mobil Corp.	200,800	39.25	67,600	2,653,300.00	35,600	1,397,300.00	97,600	3,830,800.00	7,881,400.00	
Standard Oil of Calif.	208,000	48.50	88,000	4,268,000.00	43,500	2,109,750.00	76,500	3,710,250.00	10,088,000.00	
Texaco, Inc.	226,490	27.63	88,100	2,433,762.50	48,040	1,327,105.00	90,350	2,495,918.75	6,256,786.25	
Total Oil-International				\$ 18,751,037.00		\$ 10,216,879.50		\$ 20,437,315.25	\$ 49,405,231.75	7.31%
ENERGY - RELATED										
Dresser Industries	147,000	\$ 45.38	61,000	\$ 2,767,875.00	27,000	\$ 1,225,125.00	59,000	\$ 2,677,125.00	\$ 6,670,125.00	
Halliburton Co.	114,500	67.00	35,000	2,345,000.00	26,500	1,775,500.00	53,000	3,551,000.00	7,671,500.00	
Williams Companies	198,000	20.25	65,000	1,316,250.00	45,000	911,250.00	88,000	1,782,000.00	4,009,500.00	
Total Energy - Related				\$ 6,429,125.00		\$ 3,911,875.00		\$ 8,010,125.00	\$ 18,351,125.00	2.72%
TOTAL ENERGY				\$ 44,579,412.00		\$ 24,804,442.00		\$ 48,744,515.25	\$118,128,369.25	17.49%
TRANSPORTATION										
AIRLINES										
Delta Air Lines, Inc.	55,400	\$ 40.13	18,500	\$ 742,312.50	8,800	\$ 353,100.00	28,100	\$ 1,127,512.50	\$ 2,222,925.00	
Northwest Airlines	47,726	27.25	18,814	512,681.50	8,370	228,082.50	20,542	559,769.50	1,300,533.50	
UAL, Inc.	24,300	24.88	9,000	223,875.00	7,000	174,125.00	8,300	206,462.50	604,462.50	
Total Airlines				\$ 1,478,869.00		\$ 755,307.50		\$ 1,893,744.50	\$ 4,127,921.00	0.61%
RAILROADS										
Burlington Northern	36,800	\$ 56.75	14,000	\$ 794,500.00	8,100	\$ 459,675.00	14,700	\$ 834,225.00	\$ 2,088,400.00	
Southern Railway	64,000	53.25	24,000	1,278,000.00	13,000	692,250.00	27,000	1,437,750.00	3,408,000.00	
Union Pacific Corp.	77,800	68.38	30,800	2,105,950.00	17,000	1,162,375.00	30,000	2,051,250.00	5,319,575.00	
Total Railroads				\$ 4,178,450.00		\$ 2,314,300.00		\$ 4,323,225.00	\$ 10,815,975.00	1.60%
TOTAL TRANSPORTATION				\$ 5,657,319.00		\$ 3,069,607.50		\$ 6,216,969.50	\$ 14,943,896.00	2.21%
TOTAL COMMON STOCKS				\$256,348,237.53^a		\$142,911,067.52^b		\$276,263,595.90^c	\$675,522,900.95^d	100.00%

a Net original cost of equities on June 30, 1979, was \$236,643,658.62.

b Net original cost of equities on June 30, 1979, was \$133,972,442.58.

c Net original cost of equities on June 30, 1979, was \$259,465,410.12.

d Net original cost of equities on June 30, 1979, was \$630,081,511.32.

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
LNM Acceptance Corp.	Promissory Note	12-01-1986	9.100	9.100	485	TOTAL TRANSPORTATION DEBT OBLIGATIONS					
Northwest Bancorp.	S/F Debenture	03-15-2003	7.750	7.750	300					4.908%	\$ 172
Wells Fargo & Co.	Promissory Note	11-01-1998	8.125	8.125	250	RAILROAD EQUIPMENT OBLIGATIONS					
TOTAL FINANCE OBLIGATIONS						Burlington Northern	Conditional Sale Agree.	05-01-1986	8.600	8.600	\$ 187
				8.595%	\$ 1,585	Chesapeake & Ohio RR	Conditional Sale Agree.	03-15-1989	8.750	8.750	174
INDUSTRIAL OBLIGATIONS						Chicago, Milw., St. Paul	Conditional Sale Agree.	01-15-1982	6.375	6.375	8
Aluminum Co. of Canada	S/F Debenture	03-01-1995	9.500	9.370	\$ 150	Fruit Growers Express	Equipment Trust Cert.	11-15-1981	6.000	6.000	15
Atlantic Richfield Co.	Guaranteed Note	07-15-1996	9.250	9.250	400	Fruit Growers Express	Equipment Trust Cert.	06-15-1985	9.750	9.750	60
Crown Zellerbach (S.T.)	General Mtg. Bond	05-01-1994	8.125	8.125	264	Illinois Central RR	Conditional Sale Agree.	02-15-1983	6.875	6.875	33
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	400	Missouri Pacific RR	Conditional Sale Agree.	06-01-1994	9.750	9.750	450
Firestone Tire & Rubber	Debenture	12-01-2004	9.250	9.250	400	Seaboard Coast Line RR	Conditional Sale Agree.	04-01-1992	9.000	9.000	393
Gulf Oil Corp.	First Mtg. Bond	06-15-1993	6.625	6.625	150	Seaboard Coast Line RR	Conditional Sale Agree.	10-01-1992	8.250	8.250	386
MacMillan Bloedel, Ltd.	Debenture	07-01-1994	8.750	8.750	300	Southern Pacific Trans.	Conditional Sale Agree.	10-01-1992	8.250	8.250	280
Marathon Oil Co.	S/F Debenture	02-01-2000	8.500	8.570	400	TOTAL RAILROAD EQUIPMENT OBLIGATIONS					
Olympic Pipeline Co.	Note	09-01-2001	8.850	8.850	150					8.812%	\$ 1,988
Phelps Dodge Corp.	Note	06-01-1985	8.500	8.638	300	TOTAL CORPORATE OBLIGATIONS					
Plantation Pipe Line	Guaranteed Note	10-01-2001	7.875	7.875	300					8.643%	\$10,456
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	09-07-1997	7.700	7.700	193	MUNICIPAL BOND OBLIGATIONS					
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	09-08-1997	7.700	7.700	96	Bond		11-01-1979/	2.750/		
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	11-06-1997	7.700	7.700	96			01-01-1987	4.600	3.716%	\$ 92
Standard Oil (Indiana)	Note	10-01-2000	9.000	9.000	150	TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, CORPORATE, AND MUNICIPAL OBLIGATIONS					
Studebaker-Worthington	S/F Debenture	11-15-2003	9.350	9.350	500					8.622%	\$13,823
Union Oil Co. of Calif.	Note	12-01-1988	6.500	6.500	50						
TOTAL INDUSTRIAL OBLIGATIONS											
				8.707%	\$ 4,300						

(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 VI

HIGHWAY PATROLMEN'S RETIREMENT FUND PUBLIC EMPLOYEES POLICE AND FIRE FUND COMMON STOCK HOLDINGS June 30, 1979

Common Stock	Total Shares	Market Price 6-30-79	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	\$ 15.88	8,600	\$ 136,525.00	-	\$ -	\$ 136,525.00	
Commonwealth Edison	23,800	23.63	6,600	155,925.00	17,200	406,350.00	562,275.00	
Florida Power & Light	17,000	27.88	-	-	17,000	473,875.00	473,875.00	
Houston Industries Inc.	12,500	31.13	-	-	12,500	389,062.50	389,062.50	
Middle South Utilities	20,100	14.63	6,100	89,212.50	14,000	204,750.00	293,962.50	
Pacific Gas & Electric	8,400	23.00	-	-	8,400	193,200.00	193,200.00	
Public Serv. Indiana	6,050	25.75	6,050	155,787.50	-	-	155,787.50	
Southern Calif. Edison	13,500	25.63	5,000	128,125.00	8,500	217,812.50	345,937.50	
Texas Utilities Co.	22,000	19.25	5,000	96,250.00	17,000	327,250.00	423,500.00	
Virginia Elec. & Power	10,400	12.88	-	-	10,400	133,900.00	133,900.00	
Total Electric				\$ 761,825.00		\$ 2,346,200.00	\$ 3,108,025.00	5.57%
NATURAL GAS								
Houston Natural Gas	23,000	\$ 29.75	5,000	\$ 148,750.00	18,000	\$ 535,500.00	\$ 684,250.00	
Panhandle E. Pipe Line	13,100	49.88	3,500	174,562.50	9,600	478,800.00	653,362.50	
Total Natural Gas				\$ 323,312.50		\$ 1,014,300.00	\$ 1,337,612.50	2.40%
COMMUNICATIONS								
American Tel. & Tel.	39,960	\$ 57.88	8,871	\$ 513,409.13	31,089	\$ 1,799,275.88	\$ 2,312,685.01	
General Tel. & Elec.	29,000	27.00	9,000	243,000.00	20,000	540,000.00	783,000.00	
Total Communications				\$ 756,409.13		\$ 2,339,275.88	\$ 3,095,685.01	5.54%
TOTAL UTILITIES								
				\$ 1,841,546.63		\$ 5,699,775.88	\$ 7,541,322.51	13.50%
FINANCIAL SERVICES								
BANKS								
BankAmerica Corp.	7,000	\$ 26.88	7,000	\$ 188,125.00	-	\$ -	\$ 188,125.00	
Citicorp	17,900	25.13	6,000	150,750.00	11,900	298,987.50	449,737.50	
First Bank System	11,300	38.25	-	-	11,300	432,225.00	432,225.00	
Manufacturers Hanover	9,000	35.50	-	-	9,000	319,500.00	319,500.00	
Northwest Bancorp.	21,800	25.63	6,000	153,750.00	15,800	404,875.00	558,625.00	
Security Pacific Corp.	13,000	31.50	-	-	13,000	409,500.00	409,500.00	
Valley Nat'l. (Arizona)	6,618	25.75	6,618	170,413.50	-	-	170,413.50	
Total Banks				\$ 663,038.50		\$ 1,865,087.50	\$ 2,528,126.00	4.53%
FINANCE								
Beneficial Corp.	16,880	\$ 27.75	4,000	\$ 111,000.00	12,880	\$ 357,420.00	\$ 468,420.00	
MGIC Investment Corp.	11,000	27.00	2,400	64,800.00	8,600	232,200.00	297,000.00	
Total Finance				\$ 175,800.00		\$ 589,620.00	\$ 765,420.00	1.37%
INSURANCE								
Aetna Life & Casualty	22,500	\$ 32.38	6,000	\$ 194,250.00	16,500	\$ 534,187.50	\$ 728,437.50	
INA Corp.	6,400	46.75	-	-	6,400	299,200.00	299,200.00	
NLT Corp.	20,900	35.88	5,500	197,312.50	15,400	552,475.00	749,787.50	
Northwestern Nat'l. Life	8,200	32.50	2,000	65,000.00	6,200	201,500.00	266,500.00	
St. Paul Companies	12,000	38.50	4,000	154,000.00	8,000	308,000.00	462,000.00	
Total Insurance				\$ 610,562.50		\$ 1,895,362.50	\$ 2,505,925.00	4.50%
TOTAL FINANCIAL SERVICES								
				\$ 1,449,401.00		\$ 4,350,070.00	\$ 5,799,471.00	10.39%

Common Stock	Total Shares	Market Price 6-30-79	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 Co.	9,275	\$ 42.63	2,525	\$ 107,628.13	6,750	\$ 287,718.75	\$ 395,346.88	
General Motors	12,600	59.38	3,200	190,000.00	9,400	558,125.00	748,125.00	
Genuine Parts Company	14,550	23.13	4,050	93,656.25	10,500	242,812.50	336,468.75	
Goodyear Tire & Rubber	10,000	15.88	-	-	10,000	158,750.00	158,750.00	
Total Autos - Auto Parts				\$ 391,284.38		\$ 1,247,406.25	\$ 1,638,690.63	2.93%
CONSUMER-DURABLES								
Whirlpool Corporation	27,500	\$ 21.13	7,000	\$ 147,875.00	20,500	\$ 433,062.50	\$ 580,937.50	1.04%
CONSUMER-NON-DURABLES								
Avon Products, Inc.	18,400	\$ 47.25	4,900	\$ 231,525.00	13,500	\$ 637,875.00	\$ 869,400.00	
Colgate-Palmolive	21,300	15.88	6,300	100,012.50	15,000	238,125.00	338,137.50	
Eastman Kodak Co.	13,000	57.13	3,000	171,375.00	10,000	571,250.00	742,625.00	
Minnesota Mining & Mfg.	13,100	56.38	3,100	174,762.50	10,000	563,750.00	738,512.50	
Procter & Gamble Co.	6,200	76.88	1,200	92,250.00	5,000	384,375.00	476,625.00	
Total Consumer-Nondurables				\$ 769,925.00		\$ 2,395,375.00	\$ 3,165,300.00	5.67%
CONSUMER-MISCELLANEOUS								
Disney (Walt) Prod.	13,442	\$ 33.75	3,077	\$ 103,848.75	10,365	\$ 349,818.75	\$ 453,667.50	
Holiday Inns Inc.	10,600	18.63	2,900	54,012.50	7,700	143,412.50	197,425.00	
McDonald's Corp.	13,400	45.50	3,400	154,700.00	10,000	455,000.00	609,700.00	
Warner Communications	13,066	33.63	3,066	103,094.25	10,000	336,250.00	439,344.25	
Total Consumer-Miscellaneous				\$ 415,655.50		\$ 1,284,481.25	\$ 1,700,136.75	3.04%
DRUGS								
American Home Products	12,000	\$ 27.13	-	\$ -	12,000	\$ 325,500.00	\$ 325,500.00	
Johnson & Johnson	8,000	71.75	1,000	71,750.00	7,000	502,250.00	574,000.00	
Medtronic, Inc.	8,000	43.63	3,000	130,875.00	5,000	218,125.00	349,000.00	
Merck & Company	12,000	67.50	3,500	236,250.00	8,500	573,750.00	810,000.00	
Pfizer, Inc.	27,100	30.63	8,000	245,000.00	19,100	584,937.50	829,937.50	
Schering-Plough Corp.	3,000	30.75	3,000	92,250.00	-	-	92,250.00	
Total Drugs				\$ 776,125.00		\$ 2,204,562.50	\$ 2,980,687.50	5.34%
FOODS-BEVERAGES								
CPC International	15,000	\$ 52.50	4,000	\$ 210,000.00	11,000	\$ 577,500.00	\$ 787,500.00	
Consolidated Foods	21,000	23.13	-	-	21,000	485,625.00	485,625.00	
General Mills, Inc.	22,300	25.00	5,800	145,000.00	16,500	412,500.00	557,500.00	
Norton Simon, Inc.	15,660	15.00	-	-	15,660	234,900.00	234,900.00	
PepsiCo, Inc.	27,000	25.38	7,500	190,312.50	19,500	494,812.50	685,125.00	
Pillsbury Company	5,000	36.25	5,000	181,250.00	-	-	181,250.00	
Total Foods-Beverages				\$ 726,562.50		\$ 2,205,337.50	\$ 2,931,900.00	5.25%
MEDIA								
Donnelley (R.R.) & Sons	12,859	\$ 27.75	-	\$ -	12,859	\$ 356,837.25	\$ 356,837.25	0.64%
RETAIL SALES								
Dayton Hudson Corp.	3,800	\$ 39.75	3,800	\$ 151,050.00	-	\$ -	\$ 151,050.00	
Federated Dept. Stores	11,200	29.63	-	-	11,200	331,800.00	331,800.00	
K mart Corporation	15,000	26.50	-	-	15,000	397,500.00	397,500.00	
Penney (J.C.) Co.	15,500	29.88	4,500	134,437.50	11,000	328,625.00	463,062.50	
Sears, Roebuck & Co.	20,500	19.25	6,500	125,125.00	14,000	269,500.00	394,625.00	
Southland Corporation	17,106	28.25	4,091	115,570.75	13,015	367,673.75	483,244.50	
Total Retail Sales				\$ 526,183.25		\$ 1,695,098.75	\$ 2,221,282.00	3.98%
TOTAL CONSUMER-ORIENTED				\$ 3,753,610.63		\$11,822,161.00	\$15,575,771.63	27.89%
TECHNOLOGY								
ELECTRONICS								
Hewlett-Packard Co.	4,200	\$ 97.25	1,200	\$ 116,700.00	3,000	\$ 291,750.00	\$ 408,450.00	
Texas Instruments Inc.	2,000	90.13	-	-	2,000	180,250.00	180,250.00	
Total Electronics				\$ 116,700.00		\$ 472,000.00	\$ 588,700.00	1.05%
OFFICE EQUIPMENT								
Burroughs Corp.	11,200	\$ 70.25	3,700	\$ 259,925.00	7,500	\$ 526,875.00	\$ 786,800.00	
Control Data Corp.	4,000	39.25	-	-	4,000	157,000.00	157,000.00	
Honeywell, Inc.	7,000	68.75	-	-	7,000	481,250.00	481,250.00	
Int'l. Bus. Machines	44,000	73.38	10,800	792,450.00	33,200	2,436,050.00	3,228,500.00	
Xerox Corporation	13,300	60.63	4,400	266,750.00	8,900	539,562.50	806,312.50	
Total Office Equipment				\$ 1,319,125.00		\$ 4,140,737.50	\$ 5,459,862.50	9.78%
TOTAL TECHNOLOGY				\$ 1,435,825.00		\$ 4,612,737.50	\$ 6,048,562.50	10.83%
BASIC INDUSTRY								
AEROSPACE								
Boeing Co.	9,150	\$ 40.50	-	\$ -	9,150	\$ 370,575.00	\$ 370,575.00	
United Technologies	16,500	37.13	7,000	259,875.00	9,500	352,687.50	612,562.50	
Total Aerospace				\$ 259,875.00		\$ 723,262.50	\$ 983,137.50	1.76%
BUILDING & FOREST PRODUCTS								
Georgia-Pacific Corp.	13,065	\$ 27.13	3,855	\$ 104,566.88	9,210	\$ 249,821.25	\$ 354,388.13	
Masonite Corp.	12,000	25.50	-	-	12,000	306,000.00	306,000.00	
Owens-Corning Fiber.	19,300	25.13	5,500	138,187.50	13,800	346,725.00	484,912.50	
Weyerhaeuser Co.	11,800	29.75	3,800	113,050.00	8,000	238,000.00	351,050.00	
Total Building & Forest Products				\$ 355,804.38		\$ 1,140,546.25	\$ 1,496,350.63	2.68%
CHEMICALS								
Air Products & Chem.	12,363	\$ 30.88	-	\$ -	12,363	\$ 381,707.63	\$ 381,707.63	
Dow Chemical	14,000	25.88	6,000	155,250.00	8,000	207,000.00	362,250.00	
du Pont (E.I.) de Nemours	11,580	41.25	2,400	99,000.00	9,180	378,675.00	477,675.00	
Hercules, Inc.	20,500	19.13	5,500	105,187.50	15,000	286,875.00	392,062.50	
Monsanto Co.	3,000	50.13	-	-	3,000	150,375.00	150,375.00	
Union Carbide Corp.	1,900	37.00	1,900	70,300.00	-	-	70,300.00	
Total Chemicals				\$ 429,737.50		\$ 1,404,632.63	\$ 1,834,370.13	3.28%

Common Stock	Total Shares	Market Price 6-30-79	Highway Patrolmen's Retirement Fund		Public Employees Police and Fire Fund		Total Market Value	Total % Market
			Shares	Market Value	Shares	Market Value		
ELECTRICAL EQUIPMENT								
Emerson Electric Co.	15,000	\$ 36.00	7,000	\$ 252,000.00	8,000	\$ 288,000.00	\$ 540,000.00	
General Electric Co.	13,500	50.00	—	—	13,500	675,000.00	675,000.00	
Gould, Inc.	16,000	25.00	6,000	150,000.00	10,000	250,000.00	400,000.00	
Westinghouse Electric	3,200	19.75	—	—	3,200	63,200.00	63,200.00	
Total Electrical Equipment				\$ 402,000.00		\$ 1,276,200.00	\$ 1,678,200.00	3.01%
MACHINERY								
Caterpillar Tractor	7,750	\$ 55.13	2,000	\$ 110,250.00	5,750	\$ 316,968.75	\$ 427,218.75	
Clark Equipment Co.	9,500	38.63	3,000	115,875.00	6,500	251,062.50	366,937.50	
Combustion Engineering	8,500	44.88	—	—	8,500	381,437.50	381,437.50	
Trans Union Corp.	11,000	33.88	5,000	169,375.00	6,000	203,250.00	372,625.00	
Total Machinery				\$ 395,500.00		\$ 1,152,718.75	\$ 1,548,218.75	2.77%
METALS								
Aluminum Co. of America	9,100	\$ 51.38	1,600	\$ 82,200.00	7,500	\$ 385,312.50	\$ 467,512.50	
Hanna Mining Company	1,200	33.25	1,200	39,900.00	—	—	39,900.00	
Pittston Company	12,318	25.63	2,934	75,183.75	9,384	240,465.00	315,648.75	
Total Metals				\$ 197,283.75		\$ 625,777.50	\$ 823,061.25	1.47%
PAPER								
International Paper	7,500	\$ 44.63	1,700	\$ 75,862.50	5,800	\$ 258,825.00	\$ 334,687.50	
Union Camp Corporation	6,600	46.88	1,700	79,687.50	4,900	229,687.50	309,375.00	
Total Paper				\$ 155,550.00		\$ 488,512.50	\$ 644,062.50	1.16%
TEXTILES								
Burlington Industries	7,000	\$ 16.75	—	\$ —	7,000	\$ 117,250.00	\$ 117,250.00	0.21%
MISCELLANEOUS								
Corning Glass Works	3,800	\$ 57.75	1,000	\$ 57,750.00	2,800	\$ 161,700.00	\$ 219,450.00	
Int'l. Tel. & Tel.	13,017	29.13	3,500	101,937.50	9,517	277,182.63	379,120.13	
Total Miscellaneous				\$ 159,687.50		\$ 438,882.63	\$ 598,570.13	1.07%
TOTAL BASIC INDUSTRY				\$ 2,355,438.13		\$ 7,367,782.76	\$ 9,723,220.89	17.41%
ENERGY								
OIL-DOMESTIC								
Conoco Inc.	26,000	\$ 37.88	7,000	\$ 265,125.00	19,000	\$ 719,625.00	\$ 984,750.00	
Marathon Oil Co.	17,200	38.00	3,200	121,600.00	14,000	532,000.00	653,600.00	
Phillips Petroleum Co.	33,000	38.25	8,000	306,000.00	25,000	956,250.00	1,262,250.00	
Standard Oil (Indiana)	19,900	65.75	4,700	309,025.00	15,200	999,400.00	1,308,425.00	
Total Oil-Domestic				\$ 1,001,750.00		\$ 3,207,275.00	\$ 4,209,025.00	7.54%
OIL-INTERNATIONAL								
Exxon Corporation	31,000	\$ 53.88	10,000	\$ 538,750.00	21,000	\$ 1,131,375.00	\$ 1,670,125.00	
Gulf Oil Corp.	16,500	27.38	—	—	16,500	451,687.50	451,687.50	
Mobil Corp.	21,200	39.25	10,200	400,350.00	11,000	431,750.00	832,100.00	
Standard Oil of Calif.	17,500	48.50	—	—	17,500	848,750.00	848,750.00	
Texaco, Inc.	15,400	27.63	2,400	66,300.00	13,000	359,125.00	425,425.00	
Total Oil-International				\$ 1,005,400.00		\$ 3,222,687.50	\$ 4,228,087.50	7.57%
ENERGY - RELATED								
Dresser Industries	13,000	\$ 45.38	5,000	\$ 226,875.00	8,000	\$ 363,000.00	\$ 589,875.00	
Halliburton Co.	8,500	67.00	—	—	8,500	569,500.00	569,500.00	
Williams Companies	21,000	20.25	8,000	162,000.00	13,000	263,250.00	425,250.00	
Total Energy - Related				\$ 388,875.00		\$ 1,195,750.00	\$ 1,584,625.00	2.84%
TOTAL ENERGY				\$ 2,396,025.00		\$ 7,625,712.50	\$10,021,737.50	17.95%
TRANSPORTATION								
AIRLINES								
Delta Air Lines, Inc.	2,600	\$ 40.13	1,100	\$ 44,137.50	1,500	\$ 60,187.50	\$ 104,325.00	
Northwest Airlines	4,000	27.25	1,300	35,425.00	2,700	73,575.00	109,000.00	
UAL, Inc.	1,500	24.88	—	—	1,500	37,312.50	37,312.50	
Total Airlines				\$ 79,562.50		\$ 171,075.00	\$ 250,637.50	0.45%
RAILROADS								
Burlington Northern	3,400	\$ 56.75	1,400	\$ 79,450.00	2,000	\$ 113,500.00	\$ 192,950.00	
Southern Railway	4,200	53.25	—	—	4,200	223,650.00	223,650.00	
Union Pacific Corp.	6,800	68.38	2,000	136,750.00	4,800	328,200.00	464,950.00	
Total Railroads				\$ 216,200.00		\$ 665,350.00	\$ 881,550.00	1.58%
TOTAL TRANSPORTATION				\$ 295,762.50		\$ 836,425.00	\$ 1,132,187.50	2.03%
TOTAL COMMON STOCKS				\$13,527,608.89^a		\$42,314,664.64^b	\$55,842,273.53^c	100.00%

a Net original cost of equities on June 30, 1979, was \$12,861,258.34.

b Net original cost of equities on June 30, 1979, was \$40,095,476.44.

c Net original cost of equities on June 30, 1979, was \$52,956,734.78.

SCHEDULE VII

JUDGES RETIREMENT FUND

June 30, 1979

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

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	8.000/ 8.250	8.319%	\$ 282
GOVERNMENT-GUARANTEED MERCHANT MARINE					
Puget Sound Tug & Barge	Government Guar. Bond	02-15-2001	9.125	9.125	\$ 111
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS				8.547%	\$ 393
UNITED STATES GOVERNMENT AGENCY					
Federal Home Loan Bank	Bond	11-26-1979	8.150	8.150%	\$ 75
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS					
Nova Scotia Power Corp.	Debenture	06-01-2008	9.625	9.727	\$ 100
Ontario, Province of	Debenture	06-15-2005	9.125	9.277	100
Ontario, Province of	Debenture	11-30-2008	9.375	9.527	100
TOTAL PROVINCIAL OBLIGATIONS				9.510%	\$ 300
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				9.510%	\$ 300
CORPORATE OBLIGATIONS					
PUBLIC UTILITY					
ELECTRIC					
Commonwealth Edison	Debenture	04-01-1999	10.000	10.000	\$ 100
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				9.199%	\$ 400
TELEPHONE					
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625	9.699%	\$ 100
TOTAL PUBLIC UTILITY				9.299%	\$ 500
FINANCE OBLIGATIONS					
LNM Acceptance Corp.	Promissory Note	12-01-1986	9.100	9.100	\$ 97
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				8.457%	\$ 322
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%	\$ 600
RAILROAD EQUIPMENT OBLIGATIONS					
Canadian Pacific, Ltd.	Equipment Trust Cert.	01-15-1992	8.625	8.625%	\$ 100
TOTAL CORPORATE OBLIGATIONS				8.987%	\$1,522
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, AGENCY, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS				8.953%	\$2,290

(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 6-30-79	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Commonwealth Edison	500	\$ 23.63	\$ 11,812.50	
Northern States Power	700	24.13	16,887.50	
Texas Utilities Co.	700	19.25	13,475.00	
Total Electric			\$ 42,175.00	5.38%
NATURAL GAS				
Houston Natural Gas	300	\$ 29.75	\$ 8,925.00	
Panhandle E. Pipe Line	300	49.88	14,962.50	
Total Natural Gas			\$ 23,887.50	3.05%
COMMUNICATIONS				
American Tel. & Tel.	700	\$ 57.88	\$ 40,512.50	5.17%
TOTAL UTILITIES			\$106,575.00	13.60%

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
FINANCIAL SERVICES				
BANKS				
First Bank System	400	\$ 38.25	\$ 15,300.00	
Northwest Bancorp.	600	25.63	15,375.00	
Total Banks			\$ 30,675.00	3.91%
FINANCE				
Household Finance	500	\$ 20.25	\$ 10,125.00	1.29%
INSURANCE				
Aetna Life & Casualty	300	\$ 32.38	\$ 9,712.50	
NLT Corp.	500	35.88	17,937.50	
U.S. Fidelity & Guar.	110	35.88	3,946.25	
Total Insurance			\$ 31,596.25	4.03%
TOTAL FINANCIAL SERVICES			\$ 72,396.25	9.24%
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Genuine Parts Company	900	\$ 23.13	\$ 20,812.50	2.66%
CONSUMER-DURABLES				
Sunbeam Corp.	400	\$ 21.63	\$ 8,650.00	1.10%
CONSUMER-NONDURABLES				
Avon Products, Inc.	200	\$ 47.25	\$ 9,450.00	
Eastman Kodak Co.	300	57.13	17,137.50	
Minnesota Mining & Mfg.	200	56.38	11,275.00	
Procter & Gamble Co.	100	76.88	7,687.50	
Total Consumer-Nondurables			\$ 45,550.00	5.81%
CONSUMER-MISCELLANEOUS				
McDonald's Corp.	400	\$ 45.50	\$ 18,200.00	
Warner Communications	266	33.63	8,944.25	
Total Consumer-Miscellaneous			\$ 27,144.25	3.46%
DRUGS				
Merck & Company	400	\$ 67.50	\$ 27,000.00	
Pfizer, Inc.	200	30.63	6,125.00	
Schering-Plough Corp.	300	30.75	9,225.00	
Total Drugs			\$ 42,350.00	5.40%
FOODS-BEVERAGES				
CPC International	200	\$ 52.50	\$ 10,500.00	
Coca-Cola Co.	200	38.25	7,650.00	
Consolidated Foods	700	23.13	16,187.50	
General Mills, Inc.	300	25.00	7,500.00	
Total Foods-Beverages			\$ 41,837.50	5.34%
MEDIA				
Donnelley (R.R.) & Sons	300	\$ 27.75	\$ 8,325.00	1.06%
RETAIL SALES				
Dayton Hudson Corp.	300	\$ 39.75	\$ 11,925.00	
Federated Dept. Stores	100	29.63	2,962.50	
Pennney (J.C.) Co.	300	29.88	8,962.50	
Southland Corporation	206	28.25	5,819.50	
Total Retail Sales			\$ 29,669.50	3.79%
TOTAL CONSUMER-ORIENTED			\$224,338.75	28.63%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard Co.	100	\$ 97.25	\$ 9,725.00	1.24%
OFFICE EQUIPMENT				
Int'l. Bus. Machines	960	\$ 73.38	\$ 70,440.00	8.99%
TOTAL TECHNOLOGY			\$ 80,165.00	10.23%
BASIC INDUSTRY				
AEROSPACE				
Boeing Co.	300	\$ 40.50	\$ 12,150.00	1.55%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific Corp.	606	\$ 27.13	\$ 16,437.75	
Masonite Corp.	200	25.50	5,100.00	
Total Building & Forest Products			\$ 21,537.75	2.75%
CHEMICALS				
Dow Chemical	900	\$ 25.88	\$ 23,287.50	2.97%
ELECTRICAL EQUIPMENT				
General Electric Co.	400	\$ 50.00	\$ 20,000.00	
Gould, Inc.	300	25.00	7,500.00	
Total Electrical Equipment			\$ 27,500.00	3.51%
MACHINERY				
Caterpillar Tractor	500	\$ 55.13	\$ 27,562.50	3.52%
METALS				
Aluminum Co. of America	300	\$ 51.38	\$ 15,412.50	1.97%
PAPER				
Union Camp Corporation	200	\$ 46.88	\$ 9,375.00	1.20%
TEXTILES				
Burlington Industries	100	\$ 16.75	\$ 1,675.00	0.21%
MISCELLANEOUS				
Int'l. Tel. & Tel.	300	\$ 29.13	\$ 8,737.50	1.12%
TOTAL BASIC INDUSTRY			\$147,237.75	18.79%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	500	\$ 67.50	\$ 33,750.00	
Conoco Inc.	500	37.88	18,937.50	
Standard Oil (Indiana)	100	65.75	6,575.00	
Total Oil-Domestic			\$ 59,262.50	7.56%

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
OIL-INTERNATIONAL				
Exxon Corporation	1,000	\$ 53.88	\$ 53,875.00	6.88%
ENERGY - RELATED				
Dresser Industries	300	\$ 45.38	\$ 13,612.50	
Williams Companies	500	20.25	10,125.00	
Total Energy - Related			<u>\$ 23,737.50</u>	3.03%
TOTAL ENERGY			<u>\$136,875.00</u>	17.47%
TRANSPORTATION RAILROADS				
Southern Railway	300	\$ 53.25	\$ 15,975.00	2.04%
TOTAL TRANSPORTATION			<u>\$ 15,975.00</u>	2.04%
TOTAL COMMON STOCKS			<u>\$783,562.75*</u>	100.00%

*Net original cost of equities on June 30, 1979, was \$745,198.14.

SCHEDULE VIII

SUPPLEMENTAL RETIREMENT FUND - INCOME SHARE ACCOUNT June 30, 1979

UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, AND CORPORATE BOND HOLDINGS

Company	Type of Security	Maturity Date(s)	Coupon Rate %	Average Yield %	Total Amount (000)(b)
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					
U.S. Treasury Notes	Note	02-15-1987	9.000	9.009%	\$ 1,000
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
	Mtg. Backed Cert.	10-15-2006/ 11-15-2007	8.000	8.410%	\$ 4,251
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
Ontario Hydro	Note	03-15-1996	9.500	9.500	800
Ontario, Province of	Debenture	06-15-2005	9.125	9.343	1,000
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 PROVINCIAL OBLIGATIONS				<u>9.216%</u>	<u>\$ 4,300</u>
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS				<u>9.216%</u>	<u>\$ 4,300</u>
CORPORATE OBLIGATIONS					
PUBLIC UTILITY ELECTRIC					
Commonwealth Edison	Debenture	04-01-1999	10.000	10.000	\$ 800
Northern States Power	First Mtg. Bond	01-01-2004	8.375	8.719	625
Total Electric				<u>9.438%</u>	<u>\$ 1,425</u>
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
TOTAL PUBLIC UTILITY				<u>9.435%</u>	<u>\$ 3,025</u>
FINANCE OBLIGATIONS					
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
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.385	850
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				<u>8.606%</u>	<u>\$ 4,050</u>
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
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	800
Ford Leasing Development	Guaranteed Note	12-01-1996	8.625	8.625	700
Ford Leasing Development	Guaranteed Note	03-15-2004	9.500	9.500	1,000
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
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	143
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	03-02-1997	7.700	7.700	143
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	02-10-1997	7.700	7.700	190
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	09-07-1997	7.700	7.700	96
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	09-08-1997	7.700	7.700	96
Standard Oil of Calif.	First Pref. Ship. Mtg. Bd.	11-06-1997	7.700	7.700	96
Standard Oil (Indiana)	Note	10-01-2000	7.500	7.766	800
TOTAL INDUSTRIAL OBLIGATIONS				<u>8.740%</u>	<u>\$ 8,266</u>

Company	Type of Security	Maturity Date(s)	Coupon Rate %	Average Yield %	Total Amount (000)(b)
RAILROAD EQUIPMENT OBLIGATIONS					
ACF Industries, Inc.	Equipment Trust Cert.	04-01-1985	9.500	9.500	\$ 90
ACF Industries, Inc.	Equipment Trust Cert.	02-01-1992	8.000	8.000	434
Burlington Northern	Conditional Sale Agree	05-01-1986	8.600	8.600	156
Burlington Northern	Conditional Sale Agree	10-01-1987	9.625	9.625	150
Burlington Northern	Conditional Sale Agree	09-01-1993	8.750	8.750	804
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	436
Del. & Hudson	Conditional Sale Agree	09-01-1985	10.500	10.500	129
Fruit Growers Express	Equipment Trust Cert.	06-15-1985	9.750	9.750	90
Louisville & Nashville	Conditional Sale Agree	10-20-1991	9.000	9.000	482
TOTAL RAILROAD EQUIPMENT OBLIGATIONS				<u>8.819%</u>	<u>\$ 3,272</u>
TOTAL CORPORATE OBLIGATIONS					
				<u>8.838%</u>	<u>\$18,614</u>
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS					
				<u>8.837%</u>	<u>\$28,165</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 6-30-79	Market Value	Total % Market
UTILITIES ELECTRIC				
Commonwealth Edison	19,500	\$ 23.63	\$ 460,687.50	
Minnesota Power & Light	21,200	20.63	437,250.00	
Northern States Power	26,000	24.13	627,250.00	
Texas Utilities Co.	34,300	19.25	660,275.00	
Total Electric			<u>\$ 2,185,462.50</u>	7.84%
NATURAL GAS				
Houston Natural Gas	7,000	\$ 29.75	\$ 208,250.00	
Panhandle E. Pipe Line	9,800	49.88	488,775.00	
Peoples Gas Co.	10,000	35.88	358,750.00	
Total Natural Gas			<u>\$ 1,055,775.00</u>	3.79%
COMMUNICATIONS				
American Tel. & Tel.	29,068	\$ 57.88	\$ 1,682,310.50	
General Tel. & Elec.	17,000	27.00	459,000.00	
Total Communications			<u>\$ 2,141,310.50</u>	7.68%
TOTAL UTILITIES			<u>\$ 5,382,548.00</u>	19.30%
FINANCIAL SERVICES BANKS				
Continental Ill. Corp.	10,000	\$ 29.25	\$ 292,500.00	
Manufacturers Hanover	7,000	35.50	248,500.00	
Northwest Bancorp.	18,800	25.63	481,750.00	
Security Pacific Corp.	7,000	31.50	220,500.00	
Total Banks			<u>\$ 1,243,250.00</u>	4.46%
FINANCE				
Household Finance	19,500	\$ 20.25	\$ 394,875.00	1.42%
INSURANCE				
INA Corp.	8,000	\$ 46.75	\$ 374,000.00	
NLT Corp.	7,500	35.88	268,062.50	
U.S. Fidelity & Guar.	12,620	35.88	452,742.50	
Total Insurance			<u>\$ 1,095,805.00</u>	3.93%
TOTAL FINANCIAL SERVICES			<u>\$ 2,733,930.00</u>	9.81%
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Ford Motor Co.	8,500	\$ 42.63	\$ 362,312.50	
General Motors	10,000	59.38	593,750.00	
Goodyear Tire & Rubber	6,500	15.88	103,187.50	
Total Autos - Auto Parts			<u>\$ 1,059,250.00</u>	3.80%
CONSUMER-DURABLES				
Sunbeam Corp.	12,000	\$ 21.63	\$ 259,500.00	0.93%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	10,400	\$ 47.25	\$ 491,400.00	
Colgate-Palmolive	9,000	15.88	142,875.00	
Minnesota Mining & Mtg.	10,500	56.38	591,937.50	
Total Consumer-Nondurables			<u>\$ 1,226,212.50</u>	4.40%
CONSUMER-MISCELLANEOUS				
McDonald's Corp.	5,500	\$ 45.50	\$ 250,250.00	0.90%
DRUGS				
American Home Products	10,500	\$ 27.13	\$ 284,812.50	
Pfizer, Inc.	15,500	30.63	474,687.50	
Warner-Lambert	14,000	24.88	348,250.00	
Total Drugs			<u>\$ 1,107,750.00</u>	3.97%
FOODS-BEVERAGES				
CPC International	7,500	\$ 52.50	\$ 393,750.00	
Consolidated Foods	20,000	23.13	462,500.00	
General Foods Corp.	15,000	31.75	476,250.00	
PepsiCo, Inc.	16,800	25.38	426,300.00	
Total Foods-Beverages			<u>\$ 1,758,800.00</u>	6.31%

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
RETAIL SALES				
Federated Dept. Stores	10,000	\$ 29.63	\$ 296,250.00	
Penney (J.C.) Co.	10,000	29.88	298,750.00	
Sears, Roebuck & Co.	13,000	19.25	250,250.00	
Total Retail Sales			\$ 845,250.00	3.03%
TOTAL CONSUMER-ORIENTED			\$ 6,507,012.50	23.34%
TECHNOLOGY				
OFFICE EQUIPMENT				
Int'l. Bus. Machines	24,000	\$ 73.38	\$ 1,761,000.00	6.32%
TOTAL TECHNOLOGY			\$ 1,761,000.00	6.32%
BASIC INDUSTRY				
AEROSPACE				
United Technologies	13,500	\$ 37.13	\$ 501,187.50	1.80%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific Corp.	11,760	\$ 27.13	\$ 318,990.00	
Masonite Corp.	8,000	25.50	204,000.00	
Total Building & Forest Products			\$ 522,990.00	1.88%
CHEMICALS				
Air Products & Chem.	5,000	\$ 30.88	\$ 154,375.00	
Dow Chemical	8,500	25.88	219,937.50	
du Pont (E.I.) de Nemours	6,000	41.25	247,500.00	
Monsanto Co.	4,000	50.13	200,500.00	
Union Carbide Corp.	5,000	37.00	185,000.00	
Total Chemicals			\$ 1,007,312.50	3.61%
ELECTRICAL EQUIPMENT				
General Electric Co.	8,500	\$ 50.00	\$ 425,000.00	
Gould, Inc.	18,500	25.00	462,500.00	
Total Electrical Equipment			\$ 887,500.00	3.18%
MACHINERY				
Clark Equipment Co.	8,500	\$ 38.63	\$ 328,312.50	
Combustion Engineering	8,000	44.88	359,000.00	
Trans Union Corp.	5,500	33.88	186,312.50	
Total Machinery			\$ 873,625.00	3.13%
METALS				
Hanna Mining Company	5,400	\$ 33.25	\$ 179,550.00	
St. Joe Minerals Corp.	13,000	31.50	409,500.00	
Total Metals			\$ 589,050.00	2.11%
PAPER				
International Paper	5,500	\$ 44.63	\$ 245,437.50	
Union Camp Corporation	3,500	46.88	164,062.50	
Total Paper			\$ 409,500.00	1.47%
TEXTILES				
Burlington Industries	5,000	\$ 16.75	\$ 83,750.00	0.30%
MISCELLANEOUS				
Int'l. Tel. & Tel.	11,000	\$ 29.13	\$ 320,375.00	1.15%
TOTAL BASIC INDUSTRY			\$ 5,195,290.00	18.63%
ENERGY				
OIL-DOMESTIC				
Conoco Inc.	29,000	\$ 37.88	\$ 1,098,375.00	
Marathon Oil Co.	14,000	38.00	532,000.00	
Standard Oil (Indiana)	12,000	65.75	789,000.00	
Total Oil-Domestic			\$ 2,419,375.00	8.68%
OIL-INTERNATIONAL				
Exxon Corporation	30,000	\$ 53.88	\$ 1,616,250.00	
Mobil Corp.	25,000	39.25	981,250.00	
Texaco, Inc.	12,500	27.63	345,312.50	
Total Oil-International			\$ 2,942,812.50	10.55%
ENERGY - RELATED				
Dresser Industries	9,000	\$ 45.38	\$ 408,375.00	
Williams Companies	6,000	20.25	121,500.00	
Total Energy - Related			\$ 529,875.00	1.90%
TOTAL ENERGY			\$ 5,892,062.50	21.13%
TRANSPORTATION				
RAILROADS				
Southern Railway	4,500	\$ 53.25	\$ 239,625.00	
Union Pacific Corp.	2,500	68.38	170,937.50	
Total Railroads			\$ 410,562.50	1.47%
TOTAL TRANSPORTATION			\$ 410,562.50	1.47%
TOTAL COMMON STOCKS			\$27,882,405.50*	100.00%

*Net original cost of equities on June 30, 1979, was \$25,853,649.15.

SCHEDULE IX

SUPPLEMENTAL RETIREMENT FUND GROWTH SHARE ACCOUNT June 30, 1979

COMMON STOCK HOLDINGS

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
UTILITIES				
ELECTRIC				
Florida Power & Light	15,500	\$ 27.88	\$ 432,062.50	
Texas Utilities Co.	24,500	19.25	471,625.00	
Total Electric			\$ 903,687.50	4.01%
NATURAL GAS				
Houston Natural Gas	14,000	\$ 29.75	\$ 416,500.00	1.85%
COMMUNICATIONS				
American Tel. & Tel.	7,660	\$ 57.88	\$ 443,322.50	
United Telecom.	21,300	18.88	402,037.50	
Total Communications			\$ 845,360.00	3.75%
TOTAL UTILITIES			\$ 2,165,547.50	9.61%
FINANCIAL SERVICES				
BANKS				
BankAmerica Corp.	6,000	\$ 26.88	\$ 161,250.00	
First Bank System	6,000	38.25	229,500.00	
Valley Nat'l. (Arizona)	9,500	25.75	244,625.00	
Total Banks			\$ 635,375.00	2.82%
FINANCE				
Household Finance	7,000	\$ 20.25	\$ 141,750.00	
MGIC Investment Corp.	6,000	27.00	162,000.00	
Total Finance			\$ 303,750.00	1.35%
INSURANCE				
INA Corp.	4,000	\$ 46.75	\$ 187,000.00	
NLT Corp.	9,000	35.88	322,875.00	
SAFECO Corp.	5,550	32.25	178,987.50	
St. Paul Companies	4,000	38.50	154,000.00	
Total Insurance			\$ 842,862.50	3.74%
TOTAL FINANCIAL SERVICES			\$ 1,781,987.50	7.91%
CONSUMER-ORIENTED				
AUTOS - AUTO PARTS				
Genuine Parts Company	33,000	\$ 23.13	\$ 763,125.00	3.39%
CONSUMER-DURABLES				
Sunbeam Corp.	11,500	\$ 21.63	\$ 248,687.50	1.10%
CONSUMER-NON-DURABLES				
Avon Products, Inc.	8,000	\$ 47.25	\$ 378,000.00	
Eastman Kodak Co.	7,500	57.13	428,437.50	
Minnesota Mining & Mfg.	7,500	56.38	422,812.50	
Procter & Gamble Co.	2,000	76.88	153,750.00	
Revlon, Incorporated	8,000	46.38	371,000.00	
Total Consumer-Nondurables			\$ 1,754,000.00	7.79%
CONSUMER-MISCELLANEOUS				
Disney (Walt) Prod.	5,774	\$ 33.75	\$ 194,872.50	
Holiday Inns Inc.	6,400	18.63	119,200.00	
McDonald's Corp.	8,500	45.50	386,750.00	
Warner Communications	8,400	33.63	282,450.00	
Total Consumer-Miscellaneous			\$ 983,272.50	4.37%
DRUGS				
American Home Products	12,000	\$ 27.13	\$ 325,500.00	
Johnson & Johnson	6,300	71.75	452,025.00	
Medtronic, Inc.	7,000	43.63	305,375.00	
Schering-Plough Corp.	8,000	30.75	246,000.00	
Total Drugs			\$ 1,328,900.00	5.90%
FOODS-BEVERAGES				
General Mills, Inc.	11,500	\$ 25.00	\$ 287,500.00	
PepsiCo, Inc.	16,500	25.38	418,687.50	
Pillsbury Company	7,500	36.25	271,875.00	
Total Foods-Beverages			\$ 978,062.50	4.34%
RETAIL SALES				
Dayton Hudson Corp.	4,500	\$ 39.75	\$ 178,875.00	
K mart Corporation	14,000	26.50	371,000.00	
Penney (J.C.) Co.	7,000	29.88	209,125.00	
Southland Corporation	5,803	28.25	163,934.75	
Total Retail Sales			\$ 922,934.75	4.10%
TOTAL CONSUMER-ORIENTED			\$ 6,978,982.25	30.98%
TECHNOLOGY				
ELECTRONICS				
Hewlett-Packard Co.	4,400	\$ 97.25	\$ 427,900.00	
Texas Instruments Inc.	2,000	90.13	180,250.00	
Total Electronics			\$ 608,150.00	2.70%
OFFICE EQUIPMENT				
Burroughs Corp.	4,300	\$ 70.25	\$ 302,075.00	
Digital Equipment Corp.	6,000	55.75	334,500.00	
Honeywell, Inc.	4,500	68.75	309,375.00	
Int'l. Bus. Machines	18,048	73.38	1,324,272.00	
Xerox Corporation	5,000	60.63	303,125.00	
Total Office Equipment			\$ 2,573,347.00	11.42%
TOTAL TECHNOLOGY			\$ 3,181,497.00	14.12%

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
BASIC INDUSTRY				
AEROSPACE				
Boeing Co.	12,450	\$ 40.50	\$ 504,225.00	2.24%
BUILDING & FOREST PRODUCTS				
Georgia-Pacific Corp.	9,638	\$ 27.13	\$ 261,430.75	
Masonite Corp.	9,500	25.50	242,250.00	
Owens-Corning Fiber.	4,000	25.13	100,500.00	
Total Building & Forest Products			\$ 604,180.75	2.68%
CHEMICALS				
Air Products & Chem.	10,670	\$ 30.88	\$ 329,436.25	
Dow Chemical	7,000	25.88	181,125.00	
du Pont (E.I.) de Nemours	4,800	41.25	198,000.00	
Total Chemicals			\$ 708,561.25	3.15%
ELECTRICAL EQUIPMENT				
Emerson Electric Co.	13,500	\$ 36.00	\$ 486,000.00	
Gould, Inc.	10,500	25.00	262,500.00	
Total Electrical Equipment			\$ 748,500.00	3.32%
MACHINERY				
Caterpillar Tractor	3,500	\$ 55.13	\$ 192,937.50	
Clark Equipment Co.	5,000	38.63	193,125.00	
Trans Union Corp.	3,500	33.88	118,562.50	
Total Machinery			\$ 504,625.00	2.24%
METALS				
Hanna Mining Company	7,000	\$ 33.25	\$ 232,750.00	
St. Joe Minerals Corp.	6,500	31.50	204,750.00	
Total Metals			\$ 437,500.00	1.94%
PAPER				
International Paper	4,300	\$ 44.63	\$ 191,887.50	
Union Camp Corporation	3,000	46.88	140,625.00	
Total Paper			\$ 332,512.50	1.48%
MISCELLANEOUS				
Int'l. Tel. & Tel.	8,500	\$ 29.13	\$ 247,562.50	1.10%
TOTAL BASIC INDUSTRY			\$ 4,087,667.00	18.15%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	11,500	\$ 67.50	\$ 776,250.00	
Louisiana Land & Expl.	10,000	36.38	363,750.00	
Marathon Oil Co.	15,000	38.00	570,000.00	
Total Oil-Domestic			\$ 1,710,000.00	7.59%
OIL-INTERNATIONAL				
Exxon Corporation	17,000	\$ 53.88	\$ 915,875.00	
Standard Oil of Calif.	5,000	48.50	242,500.00	
Total Oil-International			\$ 1,158,375.00	5.14%
ENERGY - RELATED				
Baker International	14,000	\$ 42.75	\$ 598,500.00	
Halliburton Co.	7,000	67.00	469,000.00	
Williams Companies	7,300	20.25	147,825.00	
Total Energy - Related			\$ 1,215,325.00	5.40%
TOTAL ENERGY			\$ 4,083,700.00	18.13%
TRANSPORTATION				
AIRLINES				
Northwest Airlines	4,000	\$ 27.25	\$ 109,000.00	0.48%
RAILROADS				
Union Pacific Corp.	2,000	68.38	136,750.00	0.61%
Total Transportation			\$ 245,750.00	1.09%
TOTAL COMMON STOCKS			\$22,525,131.25*	100.00%

*Net original cost of equities on June 30, 1979, was \$21,890,158.84.

SCHEDULE X

SUPPLEMENTAL RETIREMENT FUND - FIXED RETURN ACCOUNT June 30, 1979

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

Company	Type of Security	Maturity Date(s)	Coupon Rate %	Average Yield %	Total Amount (000)(b)	
UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS						
U.S. Treasury Bond	Government Guar. Bond	11-15-1993	8.625	8.642	\$ 500	
U.S. Treasury Notes	Note	02-15-1987	9.000	9.009	500	
TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS					8.826%	\$ 1,000
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION						
	Mtg. Backed Cert.	05-15-2006/ 08-15-2007	8.000/ 8.250	8.401%	\$ 1,584	
UNITED STATES GOVERNMENT AGENCY OBLIGATIONS						
Federal Home Loan Mtg.	Mtg. Backed Cert.	03-15-2007	8.050	8.093%	\$ 137	

Company	Type of Security	Maturity Date(s)	Coupon Rate %	Average Yield %	Total Amount (000)(b)	
CANADIAN GOVERNMENTAL OBLIGATIONS						
PROVINCIAL OBLIGATIONS						
British Columbia Hydro	Bond	07-15-1996	9.625	9.700	\$ 600	
Nova Scotia Power Corp.	Debenture	06-01-2008	9.625	9.727	500	
Ontario Hydro	Note	03-15-1996	9.500	9.500	600	
Ontario, Province of	Debenture	06-15-2005	9.125	9.271	700	
Ontario, Province of	Debenture	11-30-2008	9.375	9.736	500	
Saskatchewan, Province of	Debenture	04-15-2008	9.250	9.250	600	
TOTAL PROVINCIAL OBLIGATIONS					9.512%	\$ 3,500
CANADIAN AGENCY OBLIGATIONS						
Export Development	Note	07-15-1981	8.500	8.500%	\$ 150	
TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS					9.470%	\$ 3,650
CORPORATE OBLIGATIONS						
PUBLIC UTILITY						
ELECTRIC						
Commonwealth Edison	Debenture	04-01-1999	10.000	10.000	\$ 500	
Houston Lighting & Pwr.	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	
Minnesota Power & Light	First Mtg. Bond	08-01-2005	10.500	10.500	150	
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 Service Indiana	First Mtg. Bond	01-01-2007	7.625	7.853	250	
Public Service Electric & 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					8.747%	\$ 2,800
TELEPHONE						
Southern Bell Tel. & Tel.	Debenture	03-15-2013	7.625%	8.524	\$ 250	
TOTAL PUBLIC UTILITY					8.729%	\$ 3,050
FINANCE OBLIGATIONS						
Ford Motor Credit Co.	S/F Debenture	07-15-2000	9.700	9.724	\$ 150	
LNM Acceptance Corp.	Promissory Note	12-01-1986	9.100	9.100	582	
Montgomery Ward Credit	Debenture	06-30-2002	8.250	8.346	400	
Montgomery Ward Credit	Debenture	10-01-2002	8.375	8.544	400	
TOTAL FINANCE OBLIGATIONS					8.819%	\$ 1,532
INDUSTRIAL OBLIGATIONS						
AMAX	S/F Debenture	03-01-2001	8.625	8.699	\$ 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	
FMC Corp.	S/F Debenture	01-15-2000	9.500	9.603	150	
Ford Leasing Development	Guaranteed Note	03-15-2004	9.500	9.500	500	
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	179	
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	
Union Oil Co. of Calif.	S/F Debenture	03-01-2006	8.625	8.615	250	
TOTAL INDUSTRIAL OBLIGATIONS					8.946%	\$ 2,629
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	86	
Burlington Northern	Conditional Sale Agree.	09-01-1993	8.750	8.750	603	
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	
Missouri Pacific RR	Conditional Sale Agree.	06-01-1994	9.750	9.750	500	
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					8.876%	\$ 2,461
TOTAL CORPORATE OBLIGATIONS					8.840%	\$ 9,672
TOTAL UNITED STATES GOVERNMENT-GUARANTEED, AGENCY, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS					8.933%	\$16,044

(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 XI

MINNESOTA VARIABLE ANNUITY FUND June 30, 1979

UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN, AND CORPORATE BOND HOLDINGS

Company	Type of Security	Maturity Date(s)	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	8.628%	\$ 1,996	
CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS						
British Columbia Hydro	Bond	07-15-1996	9.625	9.625	\$ 500	
Manitoba Hydro Electric	Debenture	10-15-1997	7.650	7.650	400	
N. Brunswick Electric	S/F Debenture	04-01-1998	7.875	7.875	386	
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					8.634%	\$ 2,286

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
FINANCE				
Beneficial Corp.	17,925	\$ 27.75	\$ 497,418.75	
Household Finance	26,000	20.25	526,500.00	
Total Finance			\$ 1,023,918.75	1.89%
INSURANCE				
INA Corp.	15,300	\$ 46.75	\$ 715,275.00	
Northwestern Nat'l. Life	10,300	32.50	334,750.00	
SAFECO Corp.	21,700	32.25	699,825.00	
St. Paul Companies	19,000	38.50	731,500.00	
U.S. Fidelity & Guar.	28,050	35.88	1,006,293.75	
Total Insurance			\$ 3,487,643.75	6.43%
TOTAL FINANCIAL SERVICES			\$ 8,703,141.50	16.03%
CONSUMER-ORIENTED AUTOS - AUTO PARTS				
Ford Motor Co.	23,250	\$ 42.63	\$ 991,031.25	
General Motors	21,200	59.38	1,258,750.00	
Goodyear Tire & Rubber	33,000	15.88	523,875.00	
Total Autos - Auto Parts			\$ 2,773,656.25	5.12%
CONSUMER-DURABLES				
Sunbeam Corp.	10,000	\$ 21.63	\$ 216,250.00	
Whirlpool Corporation	22,200	21.13	468,975.00	
Total Consumer-Durables			\$ 685,225.00	1.26%
CONSUMER-NONDURABLES				
Avon Products, Inc.	14,000	\$ 47.25	\$ 661,500.00	
Eastman Kodak Co.	7,350	57.13	419,868.75	
Minnesota Mining & Mfg.	18,000	56.38	1,014,750.00	
Procter & Gamble Co.	7,700	76.88	591,937.50	
Total Consumer-Nondurables			\$ 2,688,056.25	4.95%
DRUGS				
American Home Products	22,800	\$ 27.13	\$ 618,450.00	
Merck & Company	10,000	67.50	675,000.00	
Pfizer, Inc.	30,000	30.63	918,750.00	
Total Drugs			\$ 2,212,200.00	4.08%
FOODS-BEVERAGES				
CPC International	8,000	\$ 52.50	\$ 420,000.00	
Coca-Cola Co.	16,000	38.25	612,000.00	
Consolidated Foods	20,000	23.13	462,500.00	
General Foods Corp.	25,000	31.75	793,750.00	
General Mills, Inc.	30,000	25.00	750,000.00	
Total Foods-Beverages			\$ 3,038,250.00	5.60%
RETAIL SALES				
Federated Dept. Stores	18,000	\$ 29.63	\$ 533,250.00	
Penney (J.C.) Co.	19,800	29.88	591,525.00	
Sears, Roebuck & Co.	24,000	19.25	462,000.00	
Total Retail Sales			\$ 1,586,775.00	2.92%
TOTAL CONSUMER-ORIENTED			\$12,984,162.50	23.92%
TECHNOLOGY				
OFFICE EQUIPMENT				
Burroughs Corp.	11,600	\$ 70.25	\$ 814,900.00	
Honeywell, Inc.	10,000	68.75	687,500.00	
Int'l. Bus. Machines	46,140	73.38	3,385,522.50	
Xerox Corporation	6,440	60.63	390,425.00	
Total Office Equipment			\$ 5,278,347.50	9.72%
TOTAL TECHNOLOGY			\$ 5,278,347.50	9.72%

Common Stock	Shares	Market Price 6-30-79	Market Value	Total % Market
BASIC INDUSTRY				
BUILDING & FOREST PRODUCTS				
Owens-Corning Fiber.	5,000	\$ 25.13	\$ 125,625.00	
Weyerhaeuser Co.	17,800	29.75	529,550.00	
Total Building & Forest Products			\$ 655,175.00	1.21%
CHEMICALS				
Dow Chemical	16,000	\$ 25.88	\$ 414,000.00	
du Pont (E.I.) de Nemours	15,000	41.25	618,750.00	
Monsanto Co.	6,000	50.13	300,750.00	
Union Carbide Corp.	11,700	37.00	432,900.00	
Total Chemicals			\$ 1,766,400.00	3.25%
ELECTRICAL EQUIPMENT				
General Electric Co.	16,200	\$ 50.00	\$ 810,000.00	1.49%
MACHINERY				
Caterpillar Tractor	15,150	\$ 55.13	\$ 835,143.75	
Trans Union Corp.	10,400	33.88	352,300.00	
Total Machinery			\$ 1,187,443.75	2.19%
METALS				
Aluminum Co. of America	10,000	\$ 51.38	\$ 513,750.00	
St. Joe Minerals Corp.	10,000	31.50	315,000.00	
Total Metals			\$ 828,750.00	1.53%
PAPER				
International Paper	8,000	\$ 44.63	\$ 357,000.00	
Union Camp Corporation	5,000	46.88	234,375.00	
Total Paper			\$ 591,375.00	1.09%
TOTAL BASIC INDUSTRY			\$ 5,838,143.75	10.76%
ENERGY				
OIL-DOMESTIC				
Atlantic Richfield Co.	16,000	\$ 67.50	\$ 1,080,000.00	
Conoco Inc.	20,000	37.88	757,500.00	
Marathon Oil Co.	10,000	38.00	380,000.00	
Standard Oil (Indiana)	24,000	65.75	1,578,000.00	
Total Oil-Domestic			\$ 3,795,500.00	6.99%
OIL-INTERNATIONAL				
Exxon Corporation	50,816	\$ 53.88	\$ 2,737,712.00	
Mobil Corp.	42,600	39.25	1,672,050.00	
Texaco, Inc.	43,000	27.63	1,187,875.00	
Total Oil-International			\$ 5,597,637.00	10.31%
TOTAL ENERGY			\$ 9,393,137.00	17.31%
TRANSPORTATION				
RAILROADS				
Union Pacific Corp.	12,800	\$ 68.38	\$ 875,200.00	1.61%
TOTAL COMMON STOCKS			\$54,276,126.38*	100.00%

*Net original cost of equities on June 30, 1979, was \$49,277,780.19.

EXPLANATION OF INVESTMENT TRANSACTIONS

It is our policy to list the recipients of all security orders and to explain the reasons for the distribution of business. We believe this is mandatory for a public fund holding over \$4 billion of securities and placing orders for over \$12 billion of securities each year. The following resumes outline the policies of the State in distributing commissions, and the corresponding listings on the following pages show the firms with which the State completed specific transactions. Total equity and debt commissions paid during fiscal year 1979 approximated \$1.7 million, up from \$1.4 million in fiscal 1978. By utilizing a wide array of markets, we are able to most efficiently purchase and sell securities as we endeavor to produce the highest practical return for each portfolio.

Section 1. U.S. Treasury and Agency Transactions

All purchases and sales of Treasury and Agency obligations are made on a competitive basis. On all transactions, offerings or bids have been sought from several Minnesota banks and from various prime market dealers. If a Minnesota bank 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 making a market in these securities. 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. Short Term Corporate Note Purchases and Sales

The investment department uses highly marketable notes of only well-known corporations. These notes are purchased at competitive rates and have the advantage of complete flexibility as to maturity.

Section 3. U.S. Government Guaranteed and Agency Purchases

The Government National Mortgage Association (GNMA) issues mortgage-backed securities which represent 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 an above average yield throughout the fiscal year. All GNMA public 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. The State purchased only the Government guaranteed portion of these loans.

Section 4. Fixed Income Private Placement Purchases

The private placement purchase is transacted either by negotiating directly with the issuing company or through negotiation with an underwriter acting as agent for the issuing company. These placements offer a somewhat better yield at the time of issuance than comparable public issues due to lower underwriting expenses.

Section 5. Corporate Bond New Issue Purchases

These bond issues are purchased at the time of public offering from members of the underwriting syndicate. Bond purchase designations are determined by the degree of participation of syndicate members and by the amount of research service provided to the Investment Board. Prices on such issues are determined by the underwriting syndicate based on market conditions.

Section 6. Corporate Bond Secondary Offering Purchases

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 7. Fixed Income Sales

Sales during the fiscal year were completed to restructure and upgrade portfolio quality and to improve yields. These sale transactions were executed based on the best competitive bids.

Section 8. Common Stock Purchases on Stock Exchanges

Total purchases of common stocks during the 1979 fiscal year approximated \$188 million. This section will discuss what we define as research and soft dollar trades using major stock exchanges. The next section will cover over-the-counter and block execution business.

The investment department continued to distribute equity orders on the basis of research service. The bulk of this business was done at a 40% discount from the commission rates in effect prior to May 1, 1975. In order to equitably distribute the available commissions for research, we utilize a commission matrix. This allows our equity staff to properly rank those individuals and firms who are the most knowledgeable and helpful.

We have continued to reduce the number of soft dollar commitments going to third parties. These commitments are paid through commission payments to brokerage conduits at negotiated rates for investment services such as performance measurement, portfolio evaluation, and bank research reports.

Section 9. Common Stock Purchases Over-The-Counter and in the Third or Fourth Markets

Our O-T-C business is handled on a competitive basis but is quite limited, as most of our eligible common stocks trade on one of the major stock exchanges.

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 offers a competitive price and is often able to handle blocks of securities at prices more favorable than are possible on a major stock exchange.

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

Section 10. Common Stock Sales on Stock Exchanges

Total sales of common stocks during the 1979 fiscal year approximated \$102 million. Sales were generated to reduce less attractive areas and to profit from overpriced situations. This process of investment upgrading will continue in order to ensure that the equity portfolios are closely aligned with the objectives of the various funds. Commission business generated by sales activity during this past fiscal year was allocated for research services as described in Section 8.

SECTION 1

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

July 1, 1978 — June 30, 1979
(000 Omitted)

Dealer	Purchases and Sales	Repurchase Agreements	Total Volume
American National Bank, St. Paul	\$ 22,285	\$ 301,744	\$ 324,029
Banco Mortgage Company	12,772	-	12,772
Bank of America	37,815	58,998	96,813
Bankers Trust Company	46,260	364,000	410,260
A.G. Becker & Company	107,625	278,368	385,993
Blyth Eastman Dillon, Inc.	43,095	411,370	454,465
Briggs Schaedle & Company, Inc.	6,500	14,000	20,500
Carroll McEntee & McGinley, Inc.	15,875	85,345	101,220
Chemical Bank, New York	67,755	756,477	824,232
Citibank, New York	62,000	623,400	685,400
Continental Illinois National Bank	6,000	78,000	84,000
Discount Corporation	15,335	-	15,335
First Boston Corporation	17,300	-	17,300
First National Bank, Chicago	13,000	332,704	345,704
First National Bank, Minneapolis	17,050	71,389	88,439
First National Bank, St. Paul	52,535	76,776	129,311
Goldman Sachs & Company	92,795	-	92,795
Harris Trust & Savings Bank	21,100	401,902	423,002
Hutton, (E.F.) & Co., Inc.	59,995	65,000	124,995
Aubrey G. Lanston & Company, Inc.	20,250	-	20,250
Lehman Government Securities, Inc.	108,400	13,000	121,400
Lombard Wall, Inc.	575	-	575
Marquette National Bank, Minneapolis	26,550	158,953	185,503
Merrill Lynch, Pierce, Fenner & Smith	44,300	-	44,300
Morgan Guaranty Trust Co.	97,760	180,323	278,083
Morgan Stanley & Co., Inc.	3,000	22,372	25,372
New York Hanseatic	-	23,000	23,000
Northwestern National Bank, Minneapolis	73,645	2,329,280	2,402,925
John Nuveen & Company	11,800	-	11,800
Paine, Webber, Jackson & Curtis, Inc.	-	27,680	27,680
Chas. E. Quincey & Co.	6,000	86,400	92,400
Salomon Brothers	90,700	-	90,700
Security Pacific National Bank	5,665	-	5,665
Smith Barney, Harris Upham & Co., Inc.	1,500	68,600	69,560
United California Bank	51,900	1,157,126	1,209,026
TOTALS	\$1,259,137	\$7,985,667	\$9,244,804

SECTION 2

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES AND SALES OF SHORT-TERM CORPORATE NOTES

July 1, 1978 — June 30, 1979
(000 Omitted)

Issuer/Dealer	Purchases 1-90 days	Purchases 91-270 days	Sales Principal to Maturity	Total Volume
Associates Corp. of North America	\$ 213,066	\$ 12,835	-	\$ 225,901
Beneficial Corp.	16,890	-	-	16,890
Borg Warner Acceptance Corp./Goldman Sachs	39,001	9,895	-	48,896
CIT Financial	103,833	19,440	-	123,273
First Bank System/First Boston Corp.	11,200	-	-	11,200
Ford Motor Credit Corp.	175,193	10,772	-	185,965
General Electric Credit Corp.	150,897	1,038	-	151,935
General Motors Acceptance Corp.	212,672	-	-	212,672
Walter E. Heller & Co.	219,490	9,302	-	228,792
Honeywell Finance Inc./John Sowards Associates Inc.	146,113	8,439	-	154,552
Household Finance Corp.	89,118	285	-	89,403
International Harvester Credit Corp.	326,917	1,305	-	328,222
Montgomery Ward Credit Corp.	118,943	3,895	-	122,838
Northwest Bancorporation	141,431	13,157	-	154,588
J.C. Penney Financial Corp.	137,422	780	-	138,202
Sears Roebuck Acceptance Corp.	114,402	1,500	-	115,902
Transamerica Financial Corp.	101,607	16,836	-	118,443
TOTALS	\$2,318,195	\$109,479	-	\$2,427,674

SECTION 3

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

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

July 1, 1978 — June 30, 1979

A. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Face Amount (000)	Dealer or Issuer
\$ 4,000	Blyth Eastman Dillon & Co., Inc.
5,009	Dean Witter Reynolds Inc.
4,997	Merrill Lynch, Pierce, Fenner & Smith, Inc.
11,664	Salomon Brothers
5,000	Thomson McKinnon Securities Inc.

B. SMALL BUSINESS ADMINISTRATION GUARANTEED

Face Amount (000)	Dealer or Issuer
\$ 85	Summit Bank of Richfield, Minnesota

C. GOVERNMENT AGENCY SECURITIES

Face Amount (000)	Dealer or Issuer
\$ 110	First National City Bank, New York
120	Merrill Lynch, Pierce, Fenner & Smith, Inc.

SECTION 4

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

PURCHASES OF PRIVATE PLACEMENT FIXED-INCOME SECURITIES

July 1, 1978 — June 30, 1979

Face Amount (000)	Dealer
\$ 3,654	Bache Halsey Stuart Shields Inc.
15,000	Goldman, Sachs & Co.
10,000	Lazard Freres & Co.
5,000	Lehman Brothers Kuhn Loeb Inc.
20,089	Lepercq, de Neufville & Co., Inc.
1,000	Merrill Lynch, Pierce, Fenner & Smith, Inc.
4,250	Morgan Stanley & Co., Inc.
34,450	Salomon Brothers

SECTION 5

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

DEBT OBLIGATIONS PURCHASED AT TIME OF OFFERING ON A DESIGNATED BASIS July 1, 1978 – June 30, 1979

Face Amount (000)	Dealer
\$ 525	Allison-Williams Company
1,450	A. E. Ames & Co., Inc.
2,050	Bache Halsey Stuart Shields Inc.
300	Bear, Stearns & Co.
100	Blair, William & Co.
1,450	Blyth Eastman Dillon & Company Inc.
2,350	Dean Witter Reynolds Inc.
1,450	Dominion Securities Inc.
800	Donaldson, Lufkin & Jenrette Securities Corp.
2,000	Drexel Burnham Lambert Inc.
2,650	First Boston Corporation
3,950	Goldman, Sachs & Co.
100	Greenshields & Co., Inc.
500	Hambrecht & Quist
800	Howe, Barnes, Johnson & Co.
1,950	E. F. Hutton & Co. Inc.
1,500	Keefe, Bruyette, Woods, Inc.
2,750	Kidder, Peabody & Co. Inc.
2,150	Lazard Frères & Co.
2,450	Lehman Brothers Kuhn Loeb Inc.
1,000	Lepercq, de Neufelize & Co., Inc.
1,950	Loeb Rhoades, Hornblower & Co.
2,450	Merrill Lynch, Pierce, Fenner & Smith, Inc.
200	Midland Doherty Inc.
1,000	Morgan Stanley & Co., Inc.
1,300	Paine, Webber, Jackson & Curtis Inc.
1,650	Piper, Jaffray & Hopwood Inc.
100	Pitfield Mackay & Co., Inc.
4,500	Salomon Brothers
2,100	Shearson, Hayden Stone Inc.
450	Smith Barney, Harris Upham & Co. Inc.
100	Thomson McKinnon Securities Inc.
375	Warburg Paribas Becker Inc.
100	Wertheim & Co., Inc.
1,450	Wood Gundy Inc.

SECTION 6

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

CORPORATE BONDS PURCHASED THROUGH SECONDARY OFFERINGS July 1, 1978 – June 30, 1979

Face Amount (000)	Dealer
\$ 8,250	Bache Halsey Stuart Shields Inc.
1,500	Dominion Securities Inc.
1,500	E. F. Hutton & Co. Inc.
1,170	Salomon Brothers

SECTION 7

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

SALE OF FIXED INCOME SECURITIES July 1, 1978 – June 29, 1979

A. MERCHANT MARINE

Face Amount (000)	Dealer
\$ 855	Janney, Montgomery Scott, Inc.

B. CANADIAN GOVERNMENTAL OBLIGATIONS

Face Amount (000)	Dealer
\$ 800	First Boston Corporation
800	Merrill Lynch, Pierce, Fenner & Smith Inc.
800	Salomon Brothers

C. CORPORATE OBLIGATIONS

Face Amount (000)	Dealer
\$ 2,400	Allison-Williams Company
2,150	First Boston Corporation
4,850	Goldman, Sachs & Co.
5,027	Merrill Lynch, Pierce, Fenner & Smith, Inc.
4,450	Morgan Stanley & Co., Inc.
8,931	Salomon Brothers

SECTION 8

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK PURCHASES ALLOCATED BY INVESTMENT DEPARTMENT July 1, 1978 – June 30, 1979

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES			
Electric			
7500	Allegheny Power System	26000	Natural Gas
	7500 First Boston		Houston Natural Gas Corporation
5200	Commonwealth Edison		2000 Bache Halsey
	100 Bache Halsey		18500 Cyrus Lawrence
	5100 Merrill Lynch	30100	5500 Morgan Stanley
34900	Florida Power & Light		Panhandle Eastern Pipe Line Company
	5000 Boston Institutional Services		10000 Donaldson Lufkin
	4400 Drexel Burnham		1000 Loeb Rhoades Hornblower
	5000 Keefe Bruyette		5000 Kidder Peabody
	15500 Merrill Lynch		4300 Merrill Lynch
	5000 Smith Barney		9700 Morgan Stanley
22000	Houston Industries, Inc.	47000	100 Smith Barney
	5000 Merrill Lynch		Peoples Gas Company
	17000 Smith Barney		10000 First Boston
20000	Minnesota Power & Light Company		27000 Merrill Lynch
	10000 Kidder Peabody		5000 John Muir
	10000 Merrill Lynch		5000 Smith Barney
47500	Northern States Power Company (Minn.)		Communications
	5500 Brown Bros.	277000	American Telephone & Telegraph Company
	10000 Boston Institutional Services		25000 Drexel Burnham
	20000 Merrill Lynch		42500 Becker-Warburg
	2000 Morgan Stanley		7000 Brown Bros.
	10000 John Muir		15000 First Boston
5000	Pacific Gas and Electric Company		10000 E. F. Hutton
	5000 Drexel Burnham		3000 Cyrus Lawrence
120000	Public Service Company of Indiana, Inc.		16000 Merrill Lynch
	60000 Bear Stearns		8500 Morgan Stanley
	20000 Drexel Burnham		7200 John Muir
	20000 Goldman Sachs		49700 M. H. Novick
	10000 Merrill Lynch		2000 Oppenheimer & Co.
	10000 Oppenheimer & Co.		5000 Paine Webber
8000	Southern California Edison Company		3000 Shearson Hayden
	8000 Merrill Lynch		54600 Smith Barney
68000	Texas Utilities Company		13500 Wertheim & Co.
	2000 E. F. Hutton		15000 Wishire Associates
	20000 Merrill Lynch	94000	General Telephone & Electronics Corporation
	2000 Paine Webber		10000 Bache Halsey
	25000 Smith Barney		10000 Boston Institutional Services
	19000 Wertheim & Co.		10000 First Boston
121000	Virginia Electric and Power Company		25000 Kidder Peabody
	23000 Drexel Burnham		8000 Merrill Lynch
	5000 First Boston		30000 Morgan Stanley
	77000 Merrill Lynch		1000 Smith Barney
	5000 Morgan Stanley		
	11000 Paine Webber		

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
43500	United Telecommunications, Inc. 3000 Drexel Burnham 3000 First Boston 16000 Merrill Lynch 1000 John Muir 500 Paine Webber 9000 Shearson Hayden 8000 Wilshire Associates 3000 Dean Witter	71600	Eastman Kodak Company 4000 Boston Institutional Services 1000 Brown Bros. 5000 Donaldson Lufkin 3000 First Boston 12000 Merrill Lynch 10000 Morgan Stanley 2000 M.H. Novick 4300 Oppenheimer & Co. 8000 Paine Webber 2000 Shearson Hayden 12800 Smith Barney 7500 Wilshire Associates	69500	Warner-Lambert Company 4000 Robert W. Baird & Co. 25500 Drexel Burnham 13000 Merrill Lynch 3000 Morgan Stanley 14000 Paine Webber 10000 Wertheim & Co.	91100	J.C. Penney Company, Incorporated 5100 Bache Halsey 6000 Brown Bros. 10000 Drexel Burnham 6500 First Boston 3000 Kidder Peabody 6000 Merrill Lynch 3000 John Muir 7000 Oppenheimer & Co. 11500 Paine Webber 10000 L.F. Rothschild 18000 Shearson Hayden 5000 Smith Barney
FINANCIAL SERVICES				Food-Beverage			
Banks				17000	CPC International, Inc. 3000 Legg-Mason 7000 Salomon Bros. 7000 Wilshire Associates	60500	Sears, Roebuck and Company 6000 Boston Institutional Services 5000 Merrill Lynch 10000 M.H. Novick 25500 Paine Webber 14000 Wertheim & Co.
1000	BankAmerica Corporation 1000 Keefe Bruyette	25000	Minnesota Mining and Manufacturing Company 10000 M.H. Novick 9000 Piper Jaffray 4000 Shearson Hayden 2000 Smith Barney	165700	Consolidated Foods Corporation 10000 Wm. Blair & Co. 5000 Blyth Eastman 67000 Drexel Burnham 2000 Kidder Peabody 1000 Legg-Mason 1000 Merrill Lynch 12200 Mesrirow & Co. 6000 Neuberger & Berman 19600 Paine Webber 100 Piper Jaffray 3800 Salomon Bros. 8000 Wertheim & Co. 30000 Wilshire Associates	15200	Southland Corporation 3000 Cyrus Lawrence 2000 Oppenheimer & Co. 7200 Paine Webber 3000 Smith Barney
2000	500 Legg-Mason Continental Illinois Corporation 2000 First Boston	18800	Procter & Gamble Company 5600 Boston Institutional Services 4000 Paine Webber 2000 Shearson Hayden 5200 Smith Barney 2000 Wilshire Associates	82600	General Mills, Inc. 11500 Blyth Eastman 7000 Cowen & Co. 10000 Goldman Sachs 1000 Kidder Peabody 23100 Loeb Rhoades Hornblower 1300 Merrill Lynch 9700 Mesrirow & Co. 500 John Muir 3500 Paine Webber 10000 Piper Jaffray 5000 L.F. Rothschild	7400	Hewlett-Packard Company 4700 Boston Institutional Services 200 Paine Webber 2500 Salomon Bros. 10700 Texas Instruments 5000 Cowen & Co. 1200 Paine Webber 9000 Wertheim & Co.
3000	First International Bancshares, Inc. 3000 Keefe Bruyette	76500	McDonald's Corporation 1000 Bache Halsey 9300 Brown Bros. 500 Cowen & Co. 3500 Donaldson Lufkin 9000 Lipper Analytical 6000 Loeb Rhoades Hornblower 12000 Merrill Lynch 5600 Morgan Stanley 2600 John Muir 3000 Oppenheimer & Co. 2500 Paine Webber 500 Piper Jaffray 4500 Smith Barney 14500 Wertheim & Co. 2000 Wilshire Associates	10000	Kraft, Inc. 10000 First Boston Norton Simon, Inc. 7000 Donaldson Lufkin 40000 Merrill Lynch 2050 Mesrirow & Co. 20000 Smith Barney 5000 Wertheim & Co. 1000 Dean Witter	14500	Office Equipment Burroughs Corporation 10000 Kidder Peabody 500 Oppenheimer & Co. 1000 Paine Webber 2000 Piper Jaffray 1000 Wilshire Associates
1000	Manufacturers Hanover Corporation 1000 Merrill Lynch	148897	Warner Communications, Inc. 14667 Boston Institutional Services 2000 Brown Bros. 6000 Cowen & Co. 7733 Goldman Sachs 10800 Legg-Mason 2000 Lehman Bros. 18400 Merrill Lynch 8000 Mesrirow 6000 Morgan Stanley 26630 Paine Webber 12000 Piper Jaffray 10667 Smith Barney 24000 Wertheim & Co.	75050	Norton Simon, Inc. 7000 Donaldson Lufkin 40000 Merrill Lynch 2050 Mesrirow & Co. 20000 Smith Barney 5000 Wertheim & Co. 1000 Dean Witter	23500	Honeywell, Inc. 5000 Donaldson Lufkin 1000 First Manhattan 3500 Goldman Sachs 2000 Kidder Peabody 3000 Cyrus Lawrence 3000 W.H. Newbold & Co. 6000 Wilshire Associates
2200	Northwest Bancorporation 2200 Kidder Peabody	63500	American Home Products Corporation 4000 Bache Halsey 4000 Boston Institutional Services 9000 Donaldson Lufkin 5000 First Boston 10000 Kidder Peabody 1000 Merrill Lynch 3000 Paine Webber 10000 Shearson Hayden 9500 Smith Barney 7000 Wilshire Associates 1000 Dean Witter	53000	PepsiCo, Inc. 6000 Cowen & Co. 17000 Kidder Peabody 2000 Mesrirow & Co. 8000 John Muir 5000 Smith Barney 15000 Wertheim & Co.	43500	Xerox Corporation 1000 Brown Bros. 5500 Cowen & Co. 3500 First Boston 1000 Kidder Peabody 2000 Cyrus Lawrence 1000 Legg-Mason 12000 Paine Webber 4500 Piper Jaffray 10000 Shearson Hayden 3000 Smith Barney
Finance				Media			
11500	Beneficial Corporation 1000 Cowen & Co. 5000 Drexel Burnham 1000 Keefe Bruyette 3500 Lehman Bros. 1000 Piper Jaffray	79000	Holiday Inns, Incorporated 19000 Merrill Lynch 10000 M.H. Novick 8000 Paine Webber 11000 Roulston & Co. 23000 Smith Barney 8000 Wertheim & Co.	1700	R.R. Donnelley and Sons Company 500 First Manhattan 1100 Cyrus Lawrence 100 Merrill Lynch	95640	International Business Machines Corporation 2000 Brown Bros. 6800 Cowen & Co. 7200 Donaldson Lufkin 2400 Keefe Bruyette 6400 Cyrus Lawrence 8800 Legg-Mason 10400 Merrill Lynch 7280 Mesrirow & Co. 3000 Morgan Stanley 2000 John Muir 1200 Oppenheimer & Co. 15200 Paine Webber 880 Salomon Bros. 12880 Shearson Hayden 11200 Smith Barney
92300	Household Finance Corporation 8000 Dain Kalman 13000 Keefe Bruyette 20000 Kidder Peabody 23100 Legg-Mason 5000 Merrill Lynch 7100 Oppenheimer & Co. 5000 Piper Jaffray 6100 Roulston & Co. 5000 Salomon Bros.	148897	Warner Communications, Inc. 14667 Boston Institutional Services 2000 Brown Bros. 6000 Cowen & Co. 7733 Goldman Sachs 10800 Legg-Mason 2000 Lehman Bros. 18400 Merrill Lynch 8000 Mesrirow 6000 Morgan Stanley 26630 Paine Webber 12000 Piper Jaffray 10667 Smith Barney 24000 Wertheim & Co.	9000	Harcourt Brace Jovanovich, Inc. 1000 First Manhattan 6000 Legg-Mason 2000 Piper Jaffray	43500	Xerox Corporation 1000 Brown Bros. 5500 Cowen & Co. 3500 First Boston 1000 Kidder Peabody 2000 Cyrus Lawrence 1000 Legg-Mason 12000 Paine Webber 4500 Piper Jaffray 10000 Shearson Hayden 3000 Smith Barney
Consumer-Miscellaneous				Retail Sales			
15500	Disney (Walt) Productions 3000 Brown Bros. 1500 Cyrus Lawrence 7000 McLaughlin Ochenhaut 4000 Roulston & Co.	76500	McDonald's Corporation 1000 Bache Halsey 9300 Brown Bros. 500 Cowen & Co. 3500 Donaldson Lufkin 9000 Lipper Analytical 6000 Loeb Rhoades Hornblower 12000 Merrill Lynch 5600 Morgan Stanley 2600 John Muir 3000 Oppenheimer & Co. 2500 Paine Webber 500 Piper Jaffray 4500 Smith Barney 14500 Wertheim & Co. 2000 Wilshire Associates	44300	Dayton Hudson Corporation 2000 First Boston 15100 Merrill Lynch 1000 John Muir 15600 Paine Webber 10600 Smith Barney 11000 Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co.	5250	Boeing Company 1500 Brown Bros. 3750 Paine Webber 38500 United Technologies Corporation 5500 Kidder Peabody 6000 Cyrus Lawrence 18500 Merrill Lynch 1000 John Muir 7500 Wertheim & Co.
Automobiles & Automotive Parts				Building & Forest Products			
19000	Ford Motor Company 10000 Drexel Burnham 9000 Merrill Lynch	63500	American Home Products Corporation 4000 Bache Halsey 4000 Boston Institutional Services 9000 Donaldson Lufkin 5000 First Boston 10000 Kidder Peabody 1000 Merrill Lynch 3000 Paine Webber 10000 Shearson Hayden 9500 Smith Barney 7000 Wilshire Associates 1000 Dean Witter	199500	K mart Corporation 5000 Brown Bros. 12000 Donaldson Lufkin 11500 Drexel Burnham 12000 Goldman Sachs 3500 Legg-Mason 9500 Lehman Bros. 6000 Loeb Rhoades Hornblower 12000 Merrill Lynch 2000 Mesrirow & Co. 19000 Morgan Olmstead 11000 Morgan Stanley 12000 W.H. Newbold Son & Co. 5000 M.H. Novick 13500 Paine Webber 35500 Smith Barney 16000 Wertheim & Co. 14000 Wilshire Associates	36600	Georgia-Pacific Corporation 2100 Bache Halsey 7000 Dain Kalman 2000 First Manhattan 1000 Kidder Peabody 11000 Merrill Lynch 2000 Mesrirow & Co. 2100 Oppenheimer & Co. 3900 Paine Webber 1000 Piper Jaffray 4500 Smith Barney
73700	General Motors Corporation 5000 Cowen & Co. 10300 Drexel Burnham 10500 Kidder Peabody 41700 Merrill Lynch 3700 Paine Webber 2500 Smith Barney	63500	American Home Products Corporation 4000 Bache Halsey 4000 Boston Institutional Services 9000 Donaldson Lufkin 5000 First Boston 10000 Kidder Peabody 1000 Merrill Lynch 3000 Paine Webber 10000 Shearson Hayden 9500 Smith Barney 7000 Wilshire Associates 1000 Dean Witter	53000	PepsiCo, Inc. 6000 Cowen & Co. 17000 Kidder Peabody 2000 Mesrirow & Co. 8000 John Muir 5000 Smith Barney 15000 Wertheim & Co.	43500	Xerox Corporation 1000 Brown Bros. 5500 Cowen & Co. 3500 First Boston 1000 Kidder Peabody 2000 Cyrus Lawrence 1000 Legg-Mason 12000 Paine Webber 4500 Piper Jaffray 10000 Shearson Hayden 3000 Smith Barney
32100	Genuine Parts Company 3000 Brown Bros. 7650 Donaldson Lufkin 1650 Loeb Rhoades Hornblower 15300 Merrill Lynch 1500 Paine Webber 3000 Dean Witter	63500	American Home Products Corporation 4000 Bache Halsey 4000 Boston Institutional Services 9000 Donaldson Lufkin 5000 First Boston 10000 Kidder Peabody 1000 Merrill Lynch 3000 Paine Webber 10000 Shearson Hayden 9500 Smith Barney 7000 Wilshire Associates 1000 Dean Witter	9000	Harcourt Brace Jovanovich, Inc. 1000 First Manhattan 6000 Legg-Mason 2000 Piper Jaffray	43500	Xerox Corporation 1000 Brown Bros. 5500 Cowen & Co. 3500 First Boston 1000 Kidder Peabody 2000 Cyrus Lawrence 1000 Legg-Mason 12000 Paine Webber 4500 Piper Jaffray 10000 Shearson Hayden 3000 Smith Barney
Consumer-Durables				Consumer-Nondurables			
27000	Sunbeam Corporation 9400 Brown Bros. 2100 Merrill Lynch 1000 Mesrirow & Co. 500 Oppenheimer & Co. 2000 Paine Webber 12000 Wertheim & Co.	36900	Johnson & Johnson 1800 Bache Halsey 16000 Boston Institutional Services 3000 Donaldson Lufkin 3000 Goldman Sachs 3500 Merrill Lynch 1000 Loeb Rhoades Hornblower 800 M.H. Novick 300 Paine Webber 1500 Smith Barney 6000 Wertheim & Co.	6000	Merck & Co., Inc. 6000 Merrill Lynch	71000	Pfizer Incorporated 8000 Bache Halsey 1000 Drexel Burnham 1100 Kidder Peabody 600 Legg-Mason 9000 Lehman Bros. 22800 Merrill Lynch 14000 Morgan Olmstead 12500 M.H. Novick 2000 Paine Webber 2000 Schering-Plough Corporation 1000 Merrill Lynch 1000 John Muir
73500	Whirlpool Corporation 10000 Becker-Warburg 1000 Cowen & Co. 4000 Donaldson Lufkin 7000 Loeb Rhoades Hornblower 1000 Mesrirow & Co. 28500 Merrill Lynch 2000 Oppenheimer & Co. 5000 Paine Webber 8000 Piper Jaffray 7000 Smith Barney	6000	Merck & Co., Inc. 6000 Merrill Lynch	38500	Avon Products, Inc. 2000 Merrill Lynch 19500 M.H. Novick 5000 Oppenheimer & Co. 500 Paine Webber 1000 Piper Jaffray 10000 Wertheim & Co. Colgate-Palmolive Company 5000 Brown Bros. 1000 Cowen & Co. 70800 Drexel Burnham 2000 Merrill Lynch 30000 Shearson Hayden	71000	Pfizer Incorporated 8000 Bache Halsey 1000 Drexel Burnham 1100 Kidder Peabody 600 Legg-Mason 9000 Lehman Bros. 22800 Merrill Lynch 14000 Morgan Olmstead 12500 M.H. Novick 2000 Paine Webber 2000 Schering-Plough Corporation 1000 Merrill Lynch 1000 John Muir

SECTION 9

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, 1978 - June 30, 1979

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
50200	Masonite Corporation 4000 Bache Halsey 1100 Cowen & Co. 11000 First Manhattan 7000 M.H. Novick 100 Merrill Lynch 11000 Mesirow & Co. 9000 John Muir 4000 Paine Webber 3000 Piper Jaffray	Miscellaneous 68100	International Telephone & Telegraph Corp. 9300 Boston Institutional Services 26300 Kidder Peabody 1000 John Muir 6500 Paine Webber 25000 Smith Barney
37500	Owens-Corning Fiberglas Corporation 13500 First Boston 1000 Oppenheimer & Co. 8000 Paine Webber 5000 L.F. Rothschild 10000 Smith Barney	ENERGY Oil-Domestic 12600	Atlantic Richfield Company 5000 Cowen & Co. 500 Legg-Mason 7100 Merrill Lynch
38800	Weyerhaeuser Company 12000 Donaldson Lufkin 7000 Loeb Rhoades Hornblower 2300 Mesirow & Co. 5000 Neuberger & Berman 12500 Paine Webber	9300	Conoco, Inc. 4000 Merrill Lynch 5200 M.H. Novick 100 Smith Barney
Chemicals		6000	Marathon Oil Company 3000 Bache Halsey 3000 Smith Barney
5000	Air Products and Chemicals, Incorporated 5000 Drexel Burnham	45600	Standard Oil Company (Indiana) 14600 Dain Kalman 2000 Cyrus Lawrence 16500 Salomon Bros. 3500 Shearson Hayden 3000 Smith Barney 6000 Wertheim & Co.
66600	Dow Chemical Company 5000 Boston Institutional Services 16500 First Boston 44100 Goldman Sachs 1000 Piper Jaffray	114500	Standard Oil Company (Ohio) 10000 Goldman Sachs 2000 Kidder Peabody 35000 Loeb Rhoades Hornblower 5000 Merrill Lynch 10500 Morgan Stanley 10000 M.H. Novick 36000 Smith Barney 6000 Wilshire Associates
10000	Monsanto Company 10000 Salomon Bros.		
Electrical Equipment		Oil-International	
7000	Emerson Electric Co. 1000 Bache Halsey 2000 Cyrus Lawrence 2000 Merrill Lynch 2000 John Muir	50600	Exxon Corporation 14000 Blyth Eastman 16600 Boston Institutional Services 8000 Brown Bros. 2000 Smith Barney 10000 Wertheim & Co.
81100	General Electric Company 9000 Drexel Burnham 4000 Goldman Sachs 8000 Kidder Peabody 2000 Cyrus Lawrence 13600 Merrill Lynch 2500 Mesirow & Co. 14000 M.H. Novick 8000 Shearson Hayden 6000 Smith Barney 14000 Dean Witter	142500	Gulf Oil Corporation 14000 Drexel Burnham 10000 First Boston 15500 Kidder Peabody 27000 Merrill Lynch 6000 Mesirow & Co. 50000 Paine Webber 5000 Shearson Hayden 15000 Smith Barney
9300	Gould, Inc. 4800 Merrill Lynch 1000 John Muir 2000 Paine Webber 1500 Smith Barney	180000	Mobil Oil Corporation 10000 Becker-Warburg 20000 Boston Institutional Services 30000 Drexel Burnham 20000 First Manhattan 20000 Paine Webber 20000 Salomon Bros. 20000 Shearson Hayden 20000 Smith Barney 20000 Wilshire Associates
Machinery		28000	Standard Oil Company of California 8000 Merrill Lynch 11000 Shearson Hayden 9000 Wertheim & Co.
8500	Caterpillar Tractor Co. 8500 Boston Institutional Services	81000	Texaco, Inc. 27000 Boston Institutional Services 20000 Drexel Burnham 34000 Paine Webber
19500	Clark Equipment Company 500 Boston Institutional Services 4000 Merrill Lynch 9000 John Muir 2000 Oppenheimer & Co. 2000 Piper Jaffray 2000 Smith Barney		
13000	Combustion Engineering, Incorporated 6000 Kidder Peabody 3000 Paine Webber 4000 Smith Barney		
500	Trans Union Corporation 500 Mesirow & Co.		
Metals		Energy Related	
23000	Aluminum Company of America 6000 Lehman Bros. 7000 John Muir 10000 Smith Barney	1000	Baker International Corporation 1000 Oppenheimer & Co.
44000	Pittston Company 4000 Boston Institutional Services 3000 Loeb Rhoades Hornblower 5000 Paine Webber 12000 Smith Barney 20000 Wertheim & Co.	15800	Dresser Industries, Inc. 1300 Cyrus Lawrence 500 Legg-Mason 6000 Morgan Stanley 3000 Oppenheimer & Co. 3500 Paine Webber 1000 Shearson Hayden 500 Smith Barney
Paper		78000	Halliburton Company 8500 Boston Institutional Services 2500 Drexel Burnham 5000 Merrill Lynch 16500 Morgan Olmstead 2000 Morgan Stanley 7000 John Muir 6000 M.H. Novick 6500 Paine Webber 3000 Piper Jaffray 21000 Wertheim & Co.
2000	International Paper Company 2000 Smith Barney		
6000	Union Camp Corporation 2000 Donaldson Lufkin 3000 Goldman Sachs 1000 Kidder Peabody		
Textiles		TRANSPORTATION	
108100	Burlington Industries 2000 Bache Halsey 15000 Boston Institutional Services 24000 Donaldson Lufkin 25100 Kidder Peabody 5000 Cyrus Lawrence 3000 Loeb Rhoades Hornblower 10000 Morgan Stanley 6000 John Muir 5000 Neuberger Berman 7000 Paine Webber 6000 Piper Jaffray	61100	Williams Companies 16400 Kidder Peabody 26600 Merrill Lynch 7000 Roulston & Co. 4000 Wertheim & Co. 7100 Wilshire Associates
		Airlines	
		3800	Northwest Airlines, Incorporated 800 Merrill Lynch 3000 Paine Webber
		Railroads	
		1000	Union Pacific Corporation 1000 Brown Bros.

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
UTILITIES		Consumer-Miscellaneous	
Electric		23000	Florida Power & Light 23000 American Securities
23000	Florida Power & Light 23000 American Securities	2000	Disney (Walt) Productions 2000 Institutional Networks
10600	Northern States Power Company (Minn.) 100 American Securities 500 Jefferies & Co. 10000 Jones & Associates Public Service Company of Indiana, Inc. 30000 American Securities	2000	McDonald's Corporation 2000 Jefferies & Co. 1500 American Home Products Corporation 500 Institutional Networks 1000 Jefferies & Co.
30000	Public Service Company of Indiana, Inc. 30000 American Securities	3500	Johnson & Johnson 3500 Jefferies & Co.
4600	Texas Utilities Company 3500 American Securities 1000 Institutional Networks 100 Jefferies & Co.	100	Merck & Co., Inc. 100 Jefferies & Co.
27000	Virginia Electric and Power Company 27000 American Securities	10000	Pfizer Incorporated 10000 Jefferies & Co.
Natural Gas		9000	Warner-Lambert Company 9000 Jefferies & Co.
20500	Houston Natural Gas Corporation 17000 American Securities 3500 Jefferies & Co.	Food-Beverage	
5100	Panhandle Eastern Pipe Line Company 500 American Securities 100 Institutional Networks	16600	Consolidated Foods Corporation 12000 Robert Brandt & Co. 4600 Institutional Networks
37000	Peoples Gas Company 37000 American Securities	1000	General Mills, Inc. 1000 Institutional Networks
Communications		2500	PepsiCo, Inc. 2000 Institutional Networks 500 Jefferies & Co.
37000	American Telephone & Telegraph Company 13000 Jefferies & Co. 24000 Weeden & Co.	6500	Pillsbury Company 6500 Jefferies & Co.
2000	General Telephone & Electronics Corporation 2000 Institutional Networks	Media	
1000	United Telecommunications, Inc. 1000 Institutional Networks	1600	R.R. Donnelley and Sons Company 500 Institutional Networks 1100 Jefferies & Co.
FINANCIAL SERVICES		Retail Sales	
Banks		7000	Dayton Hudson Corporation 7000 Institutional Networks
8700	First Bank Systems 5000 First Boston 2500 Keefe Bruyette 1200 Merrill Lynch	1500	Federated Department Stores, Incorporated 1500 Institutional Networks
29400	Security Pacific Corporation 600 First Boston 18200 Keefe Bruyette 3600 Kidder Peabody 7000 Merrill Lynch	8000	K mart Corporation 8000 Jones & Associates
5000	Valley National Bank of Arizona 3500 Keefe Bruyette 1500 Merrill Lynch	13700	J.C. Penney Company, Incorporated 1000 Institutional Networks 12700 Jefferies & Co.
Finance		TECHNOLOGY	
20000	Household Finance Corporation 20000 Jefferies & Co.	Electronics	
Insurance		4700	Hewlett-Packard Company 4700 Jefferies & Co.
1650	Aetna Life & Casualty Company 1650 Institutional Networks	300	Texas Instruments 300 Institutional Networks
1000	St. Paul Companies, Inc. 1000 Merrill Lynch	Office Equipment	
5000	United States Fidelity & Guaranty Company 5000 Institutional Networks	1500	Burroughs Corporation 1500 Institutional Networks
CONSUMER-ORIENTED		1000	Digital Equipment Corporation 1000 Institutional Networks
Automobiles & Automotive Parts		2500	Xerox Corporation 500 Institutional Networks 2000 Jefferies & Co.
17550	Genuine Parts Company 900 Institutional Networks 16650 Jefferies & Co.	BASIC INDUSTRY	
Consumer-Durables		Aerospace	
500	Whirlpool Corporation 500 Jefferies & Co.	1500	Boeing Company 1500 Institutional Networks
Consumer-Nondurables		4500	United Technologies Corporation 500 Institutional Networks 4000 Jefferies & Co.
5000	Avon Products, Inc. 5000 Institutional Networks	Building & Forest Products	
62000	Colgate-Palmolive Company 2000 Institutional Networks 60000 Jefferies & Co.	3500	Georgia-Pacific Corporation 3500 Institutional Networks
13500	Eastman Kodak Company 12500 Institutional Networks 1000 Jefferies & Co.	5000	Owens-Corning Fiberglas Corporation 5000 Jefferies & Co.
500	Procter & Gamble Company 500 Institutional Networks	2000	Weyerhaeuser Company 2000 Institutional Networks
		Chemicals	
		700	Dow Chemical Company 700 Institutional Networks
		Electrical Equipment	
		4500	Emerson Electric Co. 4500 Institutional Networks
		12000	General Electric Company 1000 Institutional Networks 11000 Jefferies & Co.

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
Machinery		Miscellaneous					
1200	Caterpillar Tractor Co. 100 Institutional Networks 1100 Jefferies & Co.	1000	International Telephone & Telegraph Corp. 1000 Institutional Networks	40700	Hewlett-Packard Company 10700 Goldman Sachs 20000 Morgan Stanley 10000 Salomon Bros.	80500	Pacific Gas and Electric Company 39500 American Securities 10000 Institutional Networks 11000 Kidder Peabody 20000 Salomon Bros.
8500	Clark Equipment Company 1000 Institutional Networks 7500 Jefferies & Co.	ENERGY		40400	Holiday Inns, Incorporated 7900 Merrill Lynch 32500 Smith Barney	8000	Pacific Power & Light Company 8000 Morgan Stanley
500	Combustion Engineering, Incorporated 500 Jefferies & Co.	Oil-Domestic		7500	Household Finance Corporation 1000 Legg-Mason 4500 Morgan Stanley 2000 Smith Barney	5000	Panhandle Eastern Pipe Line Company 5000 Merrill Lynch
		22500	Marathon Oil Company 1000 Institutional Networks Gulf Oil Corporation 10000 Institutional Networks 12500 Jones & Associates	120000	Houston Natural Gas Corporation 3000 First Boston 1000 Jefferies & Co. 110000 Merrill Lynch 6000 Smith Barney	5000	Peoples Gas Company 5000 American Securities
Metals		Energy-Related		56000	INA Corporation 15000 Conning & Co. 4200 First Boston 5000 E.F. Hutton 10800 Jones & Associates 1000 Cyrus Lawrence 3000 Legg-Mason 5000 Loeb Rhoades Hornblower 12000 Wilshire Associates	20000	PepsiCo, Inc. 4000 Morgan Stanley Pfizer, Incorporated 2000 First Boston Pittston Company
5000	Aluminum Company of America 5000 Institutional Networks	200	Dresser Industries, Inc. 200 Jefferies & Co.	20000	International Business Machines Corporation 4000 Oppenheimer & Co.	10000	Public Service Company of Indiana, Inc. 10000 American Securities
2000	Pittston Company 2000 Institutional Networks	7000	Halliburton Company 2000 Institutional Networks 5000 Jefferies & Co.	111000	International Paper Company 2000 Goldman Sachs 2000 Institutional Networks 8000 Loeb Rhoades Hornblower	11000	Revlon, Incorporated 68000 Goldman Sachs 43000 Oppenheimer & Co.
Paper		TRANSPORTATION		24700	MGIC Investment Corporation 10000 Bear Stearns 14700 Wm. Blair	93800	Southern Company 45700 Drexel Burnham 19500 Oppenheimer & Co. 28600 Paine Webber
6000	International Paper Company 6000 Jefferies & Co.	Railroads		17000	Manufacturers Hanover Corporation 10000 Goldman Sachs 4000 Keefe Bruyette 2000 Legg-Mason 1000 Smith Barney	11000	Standard Oil Company (Indiana) 7000 Becker-Warburg 1000 Goldman Sachs 3000 Smith Barney
Textiles		1000	Union Pacific Corporation 1000 Institutional Networks	79400	Marathon Oil Company 17000 Brown Bros. 4000 Cowen & Co. 5000 First Boston 8000 Goldman Sachs 45400 Merrill Lynch	96000	Standard Oil Company (Ohio) 25000 Blyth Eastman 2000 Morgan Stanley 38000 Paine Webber 31000 Shearson Hayden
15000	Burlington Industries 15000 Jefferies & Co.			67500	Masonite Corporation 15000 Bear Stearns 2000 Jefferies & Co. 5000 Merrill Lynch 10000 Morgan Stanley 14000 John Muir 26500 Smith Barney 10000 Dean Witter	1500	Southern Railway Company 1500 Smith Barney

SECTION 10

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

COMMON STOCK SALES July 1, 1978 - June 30, 1979

Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor	Total Shares	Issue and Vendor
12000	Aetna Life & Casualty Company 12000 Robert Brandt & Co.	4000	Conoco, Inc. 4000 Goldman Sachs	85000	Jefferson-Pilot Corporation 38500 Jefferies & Co. 17000 Legg-Mason	18000	Texaco, Inc. 8000 Drexel Burnham 10000 Oppenheimer & Co.
7500	Allegheny Power System 7500 First Boston	34000	Control Data Corporation 14000 Oppenheimer & Co. 20000 Salomon Bros.	24700	Louisiana Land and Exploration Company 2000 Cyrus Lawrence	2000	Sears, Roebuck and Company 2000 First Boston
93900	Aluminum Company of America 7400 Jefferies & Co. 6000 Kidder Peabody 7000 Loeb Rhoades Hornblower 5000 Smith Barney 68500 Dean Witter	35400	Corning Glass Works 20000 Oppenheimer & Co. 15400 Paine Webber	24700	MGIC Investment Corporation 10000 Bear Stearns 14700 Wm. Blair	93800	Southern Company 45700 Drexel Burnham 19500 Oppenheimer & Co. 28600 Paine Webber
13000	American Greetings Corporation 13000 Merrill Lynch	27200	Dayton Hudson Corporation 7000 Robert Brandt & Co. 20200 First Boston	17000	Manufacturers Hanover Corporation 10000 Goldman Sachs 4000 Keefe Bruyette 2000 Legg-Mason 1000 Smith Barney	11000	Standard Oil Company (Indiana) 7000 Becker-Warburg 1000 Goldman Sachs 3000 Smith Barney
1000	American Home Products Corporation 1000 First Boston	72300	Digital Equipment Corporation 15000 Bear Stearns 9100 Morgan Dimstead 26000 Oppenheimer & Co. 22200 Salomon Bros.	79400	Marathon Oil Company 17000 Brown Bros. 4000 Cowen & Co. 5000 First Boston 8000 Goldman Sachs 45400 Merrill Lynch	96000	Standard Oil Company (Ohio) 25000 Blyth Eastman 2000 Morgan Stanley 38000 Paine Webber 31000 Shearson Hayden
1800	ARA Services, Incorporated 1800 Merrill Lynch	60644	Disney (Walt) Productions 10000 Goldman Sachs 5000 Morgan Stanley 45644 Wertheim & Co.	67500	Masonite Corporation 15000 Bear Stearns 2000 Jefferies & Co. 5000 Merrill Lynch 10000 Morgan Stanley 14000 John Muir 26500 Smith Barney 10000 Dean Witter	1500	Southern Railway Company 1500 Smith Barney
8000	Atlantic Richfield Company 2000 Goldman Sachs 6000 Merrill Lynch	2000	Dresser Industries, Inc. 2000 Goldman Sachs	53100	Medtronic, Inc. 9100 Loeb Rhoades Hornblower 5000 Merrill Lynch 39000 Salomon Bros.	18000	Texaco, Inc. 8000 Drexel Burnham 10000 Oppenheimer & Co.
2600	Avon Products, Inc. 2600 First Boston	66000	du Pont (E.I.) de Nemours and Company 3000 First Boston 900 Oppenheimer & Co. 62100 Salomon Bros.	85000	Middle South Utilities, Incorporated 10000 First Boston 51000 Goldman Sachs 2000 E.F. Hutton 22000 Smith Barney	39300	Sunbeam Corporation 6000 Cowen & Co. 2400 First Boston 8000 Paine Webber 4000 Smith Barney 18900 Wertheim & Co.
6000	Baker International Corporation 6000 E.F. Hutton	11000	El Paso Company 11000 Smith Barney	24700	Monsanto Company 1500 First Boston 3000 Oppenheimer & Co.	93800	Southern Company 45700 Drexel Burnham 19500 Oppenheimer & Co. 28600 Paine Webber
20000	BankAmerica Corporation 20000 Keefe Bruyette	26500	Emerson Electric Co. 5000 Goldman Sachs 11500 Oppenheimer & Co. 10000 Smith Barney	17000	Manufacturers Hanover Corporation 10000 Goldman Sachs 4000 Keefe Bruyette 2000 Legg-Mason 1000 Smith Barney	11000	Standard Oil Company (Indiana) 7000 Becker-Warburg 1000 Goldman Sachs 3000 Smith Barney
10000	Beneficial Corporation 10000 Legg-Mason	61875	Federated Department Stores, Incorporated 1000 First Boston First International Bancshares, Inc. 53375 Keefe Bruyette 8500 Merrill Lynch	79400	Marathon Oil Company 17000 Brown Bros. 4000 Cowen & Co. 5000 First Boston 8000 Goldman Sachs 45400 Merrill Lynch	96000	Standard Oil Company (Ohio) 25000 Blyth Eastman 2000 Morgan Stanley 38000 Paine Webber 31000 Shearson Hayden
99600	Boeing Company 65850 Goldman Sachs 33750 Merrill Lynch	2000	Florida Power & Light Company 2000 Blyth Eastman	67500	Masonite Corporation 15000 Bear Stearns 2000 Jefferies & Co. 5000 Merrill Lynch 10000 Morgan Stanley 14000 John Muir 26500 Smith Barney 10000 Dean Witter	1500	Southern Railway Company 1500 Smith Barney
5000	Bristol Meyers Co. 5000 Morgan Stanley	20100	Ford Motor Company 10000 Drexel Burnham 7000 Jefferies & Co. 1600 Lehman Bros. 1500 Morgan Stanley	53100	Medtronic, Inc. 9100 Loeb Rhoades Hornblower 5000 Merrill Lynch 39000 Salomon Bros.	18000	Texaco, Inc. 8000 Drexel Burnham 10000 Oppenheimer & Co.
56500	Burlington Northern Incorporated 10000 E.F. Hutton 8000 Kidder Peabody 17900 Morgan Stanley 3000 Oppenheimer & Co. 17600 Wertheim & Co.	4000	Exxon Corporation 4000 Goldman Sachs	85000	Middle South Utilities, Incorporated 10000 First Boston 51000 Goldman Sachs 2000 E.F. Hutton 22000 Smith Barney	39300	Sunbeam Corporation 6000 Cowen & Co. 2400 First Boston 8000 Paine Webber 4000 Smith Barney 18900 Wertheim & Co.
2500	CPC International, Inc. 2500 First Boston	1000	Federated Department Stores, Incorporated 1000 First Boston	101000	NLT Corporation 11500 Blyth Eastman 14400 Conning & Co. 5000 Dain Kalman 28000 Donaldson Lufkin 18100 Institutional Networks 2000 Legg-Mason 22000 Merrill Lynch	24100	Union Carbide Corporation 3000 First Boston 18100 Merrill Lynch 3000 Oppenheimer & Co.
30000	Caterpillar Tractor Co. 5000 Bache Halsey 6000 Bear Stearns 14000 Institutional Networks 5000 Kidder Peabody	61875	First International Bancshares, Inc. 53375 Keefe Bruyette 8500 Merrill Lynch	101000	NLT Corporation 11500 Blyth Eastman 14400 Conning & Co. 5000 Dain Kalman 28000 Donaldson Lufkin 18100 Institutional Networks 2000 Legg-Mason 22000 Merrill Lynch	40200	Union Pacific Corporation 21500 First Boston 10000 Goldman Sachs 3000 Cyrus Lawrence 500 Salomon Bros. 4000 Shearson Hayden 1200 Smith Barney
10000	Chubb Corporation 5000 Oppenheimer Co. 5000 Salomon Bros.	2000	Florida Power & Light Company 2000 Blyth Eastman	152852	Northwest Airlines, Incorporated 61000 Goldman Sachs 8384 Merrill Lynch 68368 Morgan Stanley 14100 Salomon Bros.	3000	United States Fidelity & Guaranty Company 3000 Legg-Mason
20000	Citicorp 10000 Merrill Lynch 10000 Paine Webber	20100	Ford Motor Company 10000 Drexel Burnham 7000 Jefferies & Co. 1600 Lehman Bros. 1500 Morgan Stanley	152852	Northwest Airlines, Incorporated 61000 Goldman Sachs 8384 Merrill Lynch 68368 Morgan Stanley 14100 Salomon Bros.	35500	United Technologies Corporation 2000 First Boston 33500 Morgan Stanley
30500	Colgate-Palmolive Company 22500 Blyth Eastman 4000 First Boston 4000 Cyrus Lawrence	21000	Gould, Inc. 8000 Wm. Blair 13000 Goldman Sachs	11200	Northwest Bancorporation 10000 Donaldson Lufkin 1200 Keefe Bruyette	2000	Warner-Lambert Company 2000 First Boston
29000	Combustion Engineering, Incorporated 5000 Dain Kalman 3000 Goldman Sachs 21000 Institutional Networks	5000	Goodyear Tire & Rubber Company 5000 Jefferies & Co.	15000	Northwestern National Life Insurance Company 10000 Merrill Lynch 5000 Oppenheimer & Co.	3000	Williams Companies 3000 Goldman Sachs
3000	Commonwealth Edison Company 3000 First Boston	21000	Gould, Inc. 8000 Wm. Blair 13000 Goldman Sachs	7700	Paine Webber	7700	Wisconsin Power & Light Company 7700 Paine Webber
10000	Connecticut General Insurance Corporation 5000 Conning & Co. 5000 Jefferies & Co.	35300	Halliburton Company 35300 Wertheim & Co.				
5000	Consolidated Foods Corporation 5000 Jefferies & Co.	3600	Henne Mining Company 1600 Goldman Sachs 2000 Kidder Peabody				
73000	Continental Illinois Corporation 10000 Boston Institutional Services 20000 Institutional Networks 10000 Jefferies & Co. 23000 Keefe Bruyette 10000 Wilshire Associates	53000	Hercules Incorporated 15000 Drexel Burnham 10000 Institutional Networks 15000 Oppenheimer & Co. 13000 L.F. Rothschild				

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT
COMPOSITION OF STATE INVESTMENT PORTFOLIO BY TYPES OF INVESTMENT
June 30, 1979**

	Cash and U.S. Government Short-Term	Corporate Short-Term	Municipal Obligations	U.S. Government and Agency Guarantees(1)	Canadian Governmental Obligations(1)	Corporate Bonds(1)	Common Stock(2)	Total
Basic Retirement Funds								
Teachers' Retirement Fund	\$ 34,750,977 6.02%	\$ 4,936,000 0.86%	\$ 1,463,000 0.25%	\$ 48,170,283 8.35%	\$ 44,623,944 7.74%	\$ 183,408,122 31.80%	\$ 259,465,410 44.98%	\$ 576,817,736 100%
Public Employees Ret. Fund	\$ 19,015,374 3.61%	\$ 14,726,000 2.80%	\$ 988,000 0.19%	\$ 35,802,866 6.81%	\$ 39,810,115 7.57%	\$ 178,926,527 34.02%	\$ 236,643,658 45.00%	\$ 525,912,540 100%
State Employees Ret. Fund	\$ 13,772,270 4.64%	\$ 6,710,000 2.26%	\$ 1,216,000 0.41%	\$ 20,519,579 6.91%	\$ 23,947,869 8.06%	\$ 96,857,822 ⁽³⁾ 32.61%	\$ 133,972,443 45.11%	\$ 296,995,983 100%
Public Employees Police & Fire Fund	\$ 2,546,323 2.85%	\$ 2,781,000 3.11%	—	\$ 3,787,548 4.24%	\$ 7,433,360 8.31%	\$ 32,742,511 36.48%	\$ 40,095,476 45.04%	\$ 89,386,218 100%
Highway Patrol Ret. Fund	\$ 1,212,206 4.25%	\$ 742,000 2.60%	\$ 92,000 0.32%	\$ 1,321,303 4.63%	\$ 1,908,696 6.68%	\$ 10,414,384 36.48%	\$ 12,861,258 45.04%	\$ 28,551,847 100%
Judges Retirement Fund	\$ 381,232 11.12%	\$ 43,000 1.26%	—	\$ 466,636 13.62%	\$ 296,091 8.64%	\$ 1,495,042 43.62%	\$ 745,198 21.74%	\$ 3,427,199 100%
Minnesota Adjustable Fixed Benefit Fund	\$ 35,917,175 3.76%	\$ 60,923,000 6.38%	—	\$ 87,865,618 9.21%	\$ 55,821,714 5.85%	\$ 305,141,074 ⁽⁴⁾ 31.97%	\$ 408,832,576 42.83%	\$ 954,501,157 100%
Minnesota Supplemental Ret. Fund								
Income Share Account	\$ 1,256,494 2.20%	\$ 2,034,000 3.56%	—	\$ 5,163,495 9.04%	\$ 4,279,734 7.49%	\$ 18,534,003 32.45%	\$ 25,853,649 45.26%	\$ 57,121,375 100%
Growth Share Account	\$ 854,379 3.56%	\$ 1,276,000 5.31%	—	—	—	—	\$ 21,890,159 91.13%	\$ 24,020,538 100%
Fixed Return Account	\$ 561,334 3.27%	\$ 704,000 4.10%	—	\$ 2,694,992 15.70%	\$ 3,614,391 21.05%	\$ 9,593,927 55.88%	—	\$ 17,168,644 100%
Minnesota Variable Annuity	\$ 1,997,657 3.32%	\$ 3,000,000 4.98%	—	\$ 1,928,724 3.20%	\$ 2,784,971 4.62%	\$ 9,600,889 15.93%	\$ 40,951,244 67.95%	\$ 60,263,485 100%
Total Retirement Funds	\$ 112,265,421 4.26%	\$ 97,875,000 3.72%	\$ 3,759,000 0.14%	\$ 207,721,044 7.89%	\$ 184,520,885 7.00%	\$ 846,714,301 32.14%	\$ 1,181,311,071 44.85%	\$ 2,634,166,722 100%
Permanent School Fund	\$ 8,420,911 3.16%	—	\$ 198,900 0.08%	\$ 149,213,368 55.97%	—	\$ 59,485,613 22.31%	\$ 49,277,780 18.48%	\$ 266,596,572 100%
Treasurers Cash Fund	\$ 482,202,442 74.68%	\$ 163,500,000 25.32%	—	—	—	—	—	\$ 645,702,442 100%
Transportation Funds	\$ 251,822,436 87.76%	\$ 27,890,000 9.72%	—	\$ 7,233,384 2.52%	—	—	—	\$ 286,945,820 100%
State Building Fund	\$ 68,346,478 100%	—	—	—	—	—	—	\$ 68,346,478 100%
Housing Finance Agency	\$ 36,055,000 100%	—	—	—	—	—	—	\$ 36,055,000 100%
Miscellaneous Accounts	\$ 81,329,787 98.36%	—	—	\$ 1,354,523 1.64%	—	—	—	\$ 82,684,310 100%
Taconite Area Env. Protection	\$ 9,512,466 100%	—	—	—	—	—	—	\$ 9,512,466 100%
	\$ 1,049,954,941 26.05%	\$ 289,265,000 7.18%	\$ 3,957,900 0.10%	\$ 365,522,319 9.07%	\$ 184,520,885 4.58%	\$ 906,199,914 22.49%	\$ 1,230,588,851 30.53%	\$ 4,030,009,810 100%

(1) All bonds are shown at amortized cost.

(2) All stocks are shown at net original cost.

(4) Includes \$1,149,410.00 of convertible debentures 0.38% of the account.

(3) Includes \$114,375.00 of convertible debentures 0.12% of the account.



State of Minnesota

OFFICE OF THE LEGISLATIVE AUDITOR

Eldon Stoehr, Legislative Auditor

Willard C. Olson, Deputy Legislative Auditor
Financial Audits Division

State Board of Investment

and

Jonathan P. White, Executive Secretary

We have examined the Statements of Net Assets and the Statements of Participation and Undistributed Earnings of the Minnesota Adjustable Fixed Benefit Fund, Minnesota Supplemental Retirement Fund, and the Minnesota Variable Annuity Fund of the Minnesota State Board of Investment as of June 30, 1978 and 1979, and the related Statements of Changes in Net Assets for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the assets, liabilities, and participation of the several funds referred to above and administered wholly and solely by the Minnesota State Board of Investment as of June 30, 1978 and 1979, and the changes in net assets including results of investments for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

The information presented on pages 1 to 35 of this report is not necessary for a fair presentation of the financial statements in conformity with generally accepted accounting principles. Therefore, this information, prepared by the State Board of Investment, has not been subjected to the audit procedures applied in the examination of the basic financial statements and we assume no responsibility for it.

A handwritten signature in black ink that reads "Eldon Stoehr".

Eldon Stoehr
Legislative Auditor

October 15, 1979

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
INCOME SHARE ACCOUNT

STATEMENT OF NET ASSETS
June 30, 1978 and 1979

	June 30	
	1978	1979
Assets:		
Investments (at market value) ²		
Common Stock	\$29,523,088	\$27,882,406
Fixed Income Securities	29,368,380	26,638,322
U.S. Government Short-Term Securities	576,893	1,264,574
Commercial Paper	1,030,215	2,038,059
Total Investments	\$60,498,576	\$57,823,361
Cash with State Treasurer	\$ 129	\$ 80,462
Accounts Receivable		
Accrued Interest	653,468	613,141
Accrued Dividends	157,259	163,162
Total Assets	\$61,309,432	\$58,680,126
Liabilities:		
Participant Contribution Paid in Advance	\$ 80,070	\$ 80,066
Security Purchases Payable		
Total Liabilities	\$ 80,070	\$ 80,066
Net Assets June 30	\$61,229,362	\$58,600,060

STATEMENT OF CHANGES IN NET ASSETS
Years Ended June 30, 1978 and 1979

	Year Ended June 30	
	1978	1979
Net Assets July 1	\$54,755,821	\$61,229,362
Income:		
Interest	\$ 2,354,107	\$ 2,337,095
Dividends	1,538,259	1,612,362
Short-Term Gain	128,860	228,788
Profit on Sale of Stock	79,229	322,232
Profit on Sale of Bonds	936	6,797
Total Income	\$ 4,101,391	\$ 4,507,274
Deductions from Income:		
Loss on Sale of Stock		\$ 17,917
Loss on Sale of Bonds		676,000
Investment Expense	438	677
Total Deductions from Income	\$ 438	\$ 694,594
Net Income	\$ 4,100,953	\$ 3,812,680
Net Increase in Participation	6,805,274	(8,311,350)
Net Increase in Unrealized Appreciation of Investments	(4,432,686)	1,869,368
Net Assets June 30	\$61,229,362	\$58,600,060

STATEMENT OF PARTICIPATION
June 30, 1978 and 1979

Participant	June 30, 1978		June 30, 1979	
	Number of Shares	Market Value	Number of Shares	Market Value
Albert Lea Firemen's Relief	114,709	\$ 1,007,231	122,096	\$ 1,183,690
Apple Valley Firemen's Relief			534	5,177
Bloomington Fire Department Relief	197,590	1,734,988	208,378	2,020,172
Bloomington Police Relief	131,292	1,152,842	39,368	381,663
Duluth Police Pension	37,786	331,789	37,786	366,326
Fairmont Police Benefit	8,022	70,439	8,022	77,771
Faribault Police Benefit	16,728	146,884	16,728	162,174
Hennepin County Supplemental Retirement	216,555	1,901,515	262,321	2,543,136
Minneapolis Fire Department	299,470	2,629,571		
Minneapolis Police Relief	1,091,412	9,583,414		
New Ulm Police Relief	1,446	12,697	1,446	14,019
Red Wing Police Benefit	4,251	37,327		
Rochester Fire Department Relief	266,269	2,338,041	291,996	2,830,828
Rochester Police Pension Fund	185,278	1,626,880	214,224	2,076,848
St. Cloud Fire Department Relief	32,217	282,889	32,217	312,336
St. Louis Park Fire Department Relief	48,831	428,773	48,831	473,404
St. Louis Park Police Relief	3,116	27,361	3,116	30,209
St. Paul Fire Department - General	10,751	94,402	10,751	104,228
St. Paul Fire Department - Special	834,456	7,327,148	912,358	8,845,081
St. Paul Police Relief	1,059,223	9,300,771	1,141,934	11,070,762
MSRS Deferred Compensation	527,311	4,630,185	630,608	6,113,586
MSRS Unclassified Employees Escrow	461,086	4,048,680	512,085	4,984,535
So. St. Paul Policemen's Relief	4,982	43,746	4,982	48,299
Teachers' Supplemental Retirement	1,397,908	12,274,679	1,531,628	14,848,747
Winona Fire Department Relief	13,107	115,089	13,107	127,069
Winona Police Department	9,341	82,021		
Total Shares	6,973,137		6,044,516	
Total Participation Value		\$61,229,362		\$58,600,060

NOTES TO FINANCIAL STATEMENTS
June 30, 1978 and 1979

1. Summary of Significant Accounting Practices:
The accompanying financial statements include the transactions of the Income Share account recorded on an accrual basis except that contributions, short-term gains, and investment expenses are recorded on a cash basis.

2. The cost of Investments at June 30 was:

	1978	1979
Common Stock	\$29,591,711	\$26,351,734
Fixed Income Securities	30,978,866	27,977,232
U.S. Government Short-term Securities	563,070	1,256,099
Commercial Paper	1,030,000	2,034,000
Total	\$62,163,647	\$57,619,065

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
GROWTH SHARE ACCOUNT

STATEMENT OF NET ASSETS
June 30, 1978 and 1979

	June 30	
	1978	1979
Assets:		
Investments (at market value) ²		
Common Stock	\$18,867,363	\$22,532,144
Commercial Paper	624,130	1,276,667
U.S. Government Short-Term Securities	516,893	863,135
Total Investments	\$20,008,386	\$24,671,946
Cash with State Treasurer	\$ 308	\$ 20,461
Accrued Dividends	66,636	81,331
Total Assets	\$20,075,330	\$24,773,738
Liabilities:		
Participant Contributions Paid in Advance	\$ 20,000	\$ 20,012
Securities Purchases Payable		
Total Liabilities	\$ 20,000	\$ 20,012
Net Assets June 30	\$20,055,330	\$24,753,726

STATEMENT OF CHANGES IN NET ASSETS
Years Ended June 30, 1978 and 1979

	Year Ended June 30,	
	1978	1979
Net Assets July 1	\$17,002,340	\$20,055,330
Income:		
Dividends	\$ 688,687	\$ 930,005
Short-Term Gain	43,710	123,471
Profit on Sale of Stock		
Total Income	\$ 732,397	\$ 1,053,476
Deductions from Income:		
Loss on Sale of Stock	\$ 61,189	\$ 19,428
Investment Expense	116	432
Total Deductions from Income	\$ 61,305	\$ 19,860
Net Income	\$ 671,092	\$ 1,033,616
Net Increase in Participation	2,468,417	1,692,716
Net Increase in Unrealized Appreciation of Investments	(86,519)	1,972,064
Net Assets June 30	\$20,055,330	\$24,753,726

STATEMENT OF PARTICIPATION
June 30, 1978 and 1979

Participant	June 30, 1978		June 30, 1979	
	Number of Shares	Market Value	Number of Shares	Market Value
Apple Valley Firemen's Relief		\$	819	\$ 5,138
Bloomington Fire Department Relief	21,908	120,444	21,808	137,442
MSRS Deferred Compensation	566,449	3,114,174	697,708	4,377,149
Hennepin County Supplemental Retirement	527,802	2,901,704	583,655	3,661,625
St. Paul Fire Department - General	2,807	15,432	2,807	17,610
St. Paul Fire Department - Special	261,128	1,435,607	291,667	1,829,805
St. Paul Police Relief	308,054	1,693,592	238,899	1,498,760
MSRS Unclassified Employee Escrow	311,272	1,711,284	338,447	2,123,285
Teachers' Supplemental Retirement	1,648,521	9,063,093	1,769,780	11,102,912
Total Shares	3,647,941		3,945,690	
Total Participation		\$20,055,330		\$24,753,726

NOTES TO FINANCIAL STATEMENTS
June 30, 1978 and 1979

1. Summary of significant accounting practices:

The accompanying financial statements include the transactions of the Growth Share Account recorded on an accrual basis except that contributions, short-term gains and investment expenses are recorded on a cash basis.

2. The book value of Investments at June 30 was:

	1978	1979
Common Stock	\$20,506,269	\$22,194,905
Commercial Paper	624,000	1,276,000
U.S. Government Short-Term Securities	503,070	853,930
Total	\$21,633,339	\$24,324,835

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
FIXED RETURN ACCOUNT

STATEMENT OF NET ASSETS
June 30, 1978 and 1979

	June 30	
	1978	1979
Assets:		
Investments (at amortized cost) ²		
Fixed Income Securities	\$13,228,570	\$15,903,310
U.S. Government Short-Term Securities		476,000
Commercial Paper	732,000	704,000
Total Investments	\$13,960,570	\$17,083,310
Cash with State Treasurer	\$ 574	\$ 100,510
Accrued Interest	307,491	362,837
Net Assets June 30	\$14,268,635	\$17,546,657

STATEMENT OF CHANGES IN NET ASSETS
Years Ended June 30, 1978 and 1979

	Year Ended June 30	
	1978	1979
Net Assets July 1	\$ 8,798,734	\$14,268,635
Income:		
Interest	\$ 898,296	\$ 1,211,599
Short-Term Gain	29,349	74,099
Profit on Sale of Bonds	13,480	24,116
Total Income	\$ 941,125	\$ 1,309,814
Deductions from Income:		
Investment Expense	\$ 173	\$ 383
Loss on Sale of Bonds		130,247
Total Deductions from Income	\$ 173	\$ 130,630
Net Income	\$ 940,952	\$ 1,179,184
Net Increase in Participation ³	5,432,286	3,278,124
Distribution of Interest	(903,337)	(1,179,286)
Net Assets June 30	\$14,268,635	\$17,546,657

STATEMENT OF
PARTICIPATION AND UNDISTRIBUTED EARNINGS
June 30, 1978 and 1979

Participant	June 30	
	1978	1979
Albert Lea Firemen's Relief	\$	\$ 56,500
Apple Valley Firemen's Relief		17,872
Bloomington Police Relief	558,776	604,238
Chanhassen Fire Relief	10,208	11,055
Crookston Police Relief	43,258	88,070
MSRS Deferred Compensation	5,017,699	8,919,726
Faribault Police Benefit	247,171	294,911
Hennepin County Supplemental Retirement	155,937	303,747
Minneapolis Police Relief	1,927,453	
Moorhead Police Relief	262,918	
Rochester Police Pension Fund ⁴	801,371	913,094
St. Cloud Police Relief	367,373	
St. Paul Fire Department - Special	3,558,162	4,778,290
South St. Paul Police Relief	47,675	51,839
Thief River Falls Police Relief ⁴	13,934	15,175
MSRS Unclassified Employees Escrow	1,107,061	1,487,979
West St. Paul Police Relief	102,408	
Total Participation	\$14,221,404	\$17,542,496
Undistributed Earnings	47,231	4,161
Total Participation and Undistributed Earnings	\$14,268,635	\$17,546,657

NOTES TO FINANCIAL STATEMENTS
June 30, 1978 and 1979

1. Summary of significant accounting practices:

The accompanying financial statements include the transactions of the Fixed Return Account recorded on an accrual basis except that contributions, short-term gains and investment expenses are recorded on a cash basis.

2. The approximate market value of investments at June 30 was:

	1978	1979
Fixed Income Securities	\$12,619,086	\$15,149,621
U.S. Government Short-Term Securities		476,175
Commercial Paper	732,000	704,385
Total	\$13,351,086	\$16,330,181

3. Withdrawals from the Fixed Return Account are paid out at original contribution plus reinvested earnings and accrued interest to the date of withdrawal.

4. As of October 15, 1979, these participants had withdrawn from the account.

STATE BOARD OF INVESTMENT
MINNESOTA VARIABLE ANNUITY FUND

STATEMENT OF NET ASSETS
June 30, 1978 and 1979

	June 30	
	1978	1979
Assets:		
Investments (at cost) ²		
Common Stock	\$38,259,294	\$41,006,459
Fixed Income Securities	14,055,499	14,314,584
U.S. Government Short-Term Securities		1,996,711
Commercial Paper	3,725,000	3,000,000
Total Investments	\$56,039,793	\$60,317,754
Cash with State Treasurer	\$ 587	\$ 947
Accrued Interest	298,494	301,321
Accrued Dividends	149,508	181,611
Admitted Value Increment ³	2,721,420	(786,043)
Net Assets June 30	\$59,209,802	\$60,015,590

STATEMENT OF CHANGES IN NET ASSETS
Years Ended June 30, 1978 and 1979

	Year Ended June 30	
	1978	1979
Net Assets July 1	\$43,822,579	\$59,209,802
Income:		
Interest	\$ 1,072,087	\$ 1,220,969
Dividends	1,374,193	1,817,687
Short-term Gain	115,172	314,531
Profit on Sale of Stock	269,340	377,889
Profit on Sale of Bonds	1,598	5,643
Total Income	\$ 2,832,390	\$ 3,736,719
Deductions from Income:		
Loss on Sale of Stock		\$ 20,637
Investment Expense	\$ 370	552
Total Deductions from Income	\$ 370	\$ 21,189
Net Income	\$ 2,832,020	\$ 3,715,530
Net Increase in Participation ⁴	8,904,488	597,721
Net Change in Admitted Value	3,650,715	(3,507,463)
Net Assets June 30	\$59,209,802	\$60,015,590

NOTES TO FINANCIAL STATEMENTS
June 30, 1978 and 1979

1. Summary of significant accounting practices:

The accompanying financial statements include the transactions of the Minnesota Variable Annuity Fund recorded on an accrual basis except that contributions, short-term gains and investment expenses are recorded on a cash basis. Also, unrealized security appreciation is recognized by the method more fully explained in note 3.

2. The approximate market value of Investments on June 30 was:

	1978	1979
Common Stock	\$36,240,483	\$42,106,531
Fixed Income Securities	13,270,041	13,281,877
U.S. Government Short-Term Securities		2,009,426
Commercial Paper	3,738,265	3,001,445
Total	\$53,248,789	\$60,399,279

3. The admitted value increment is the amount by which the recognized value of investments is above or below the book value of investments. The admitted value is based on an average ratio of book value to market value of the securities calculated over a two year period. This method of valuation is prescribed by Minnesota Statute 11.26, Subdivision 4.

4. Laws of Minnesota for 1978, Chapter 781, stated in part "Effective July 1, 1978 no future employee and employer contributions shall be credited to any accounts in the variable annuity division unless the member elects continued participation . . .". Very few members of the Teachers' Retirement Fund elected to continue in the variable annuity division, which accounts for the significant decrease in the level of contributions for participation in the variable annuity fund. Previous contributions for all former and current participants in the variable annuity fund will remain in that fund until the participant retires or withdraws in accordance with the Teachers' Retirement Act (M.S. 354).

STATE BOARD OF INVESTMENT
MINNESOTA ADJUSTABLE FIXED BENEFIT FUND

STATEMENT OF NET ASSETS
June 30, 1978 and 1979

	June 30	
	1978	1979
Assets:		
Investments (at cost) ²		
Common Stock -		
Fixed Income Securities	\$384,477,346	\$ 420,415,404
Convertible Debentures	393,454,539	447,586,253
U.S. Government Short-term Securities	4,309,365	1,149,410
Commercial Paper	4,862,000	37,726,052
	44,742,000	60,923,000
Total Investments	\$831,845,250	\$ 967,800,119
Cash with State Treasurer	1,839	710
Accounts Receivable	38,900	385,437
Accrued Interest	7,872,260	8,804,756
Accrued Dividends	1,704,734	2,216,901
Accrued Short-term Gain	74,667	270,927
Unrealized Market Appreciation (Depreciation) ³	4,838,178	(8,492,377)
Deferred Yield Adjustment ⁴	6,670,721	6,087,114
Due From/(To) Other Funds - (Mortality (gain) or loss) ⁵	467,182	
Annuity Stabilization Reserve ⁶	48,600,793	51,372,922
Total Assets	\$902,114,524	\$1,028,446,509
Liabilities:		
Security Purchases Payable	\$ 3,359,931	\$ 2,195,024
Participant Contributions Paid in Advance	4,300,000	
Actuarial Deficiency ⁷	48,600,793	51,372,922
Total Liabilities	\$ 56,260,724	\$ 53,567,946
Net Assets	\$845,853,800	\$ 974,878,563

STATEMENT OF CHANGES IN NET ASSETS
Years Ended June 30, 1978 and 1979

	Year Ended June 30	
	1978	1979
Net Assets July 1	\$748,046,005	\$845,853,800
Income:		
Interest	\$ 29,402,406	\$ 35,742,342
Dividends	17,306,475	22,252,429
Short-term gains	1,738,348	3,152,933
Discount accretion	536,381	495,160
Total Income	\$ 48,983,610	\$ 61,642,864
Deductions from Income:		
Investment expense	\$ 4,414	\$ 6,303
Premium Amortization	4,422	8,038
Amortization of deferred yield adjustment	753,940	768,135
Appropriation for lump sum benefit ⁸	(1,868,525)	
Total Deductions from Income	\$ (1,105,749)	\$ 782,476
Net Income	\$ 50,089,359	\$ 60,860,388
Net increase in participation	57,437,512	76,033,450
Changes in unrealized market appreciation	(4,186,358)	(7,827,574)
Appropriated retained earnings ⁸	(6,000,000)	
Mortality gain or loss	467,182	
Interest Paid on Refunded Contributions		(41,501)
Net Assets June 30	\$845,853,800	\$974,878,563

STATEMENT OF
PARTICIPATION AND UNDISTRIBUTED EARNINGS
June 30, 1978 and 1979

Participant	June 30	
	1978	1979
Teachers Retirement Fund ⁹	\$314,776,001	\$358,195,201
Public Employees Retirement Fund	213,335,311	243,931,953
State Employees Retirement Fund ¹⁰	141,687,419	169,860,621
Minneapolis Municipal Employees Retirement	141,846,913	160,413,791
Public Employees Police and Fire Fund	19,091,442	25,217,193
Highway Patrolmen's Retirement Fund	10,883,802	12,066,969
Legislators and Survivors Retirement Fund	1,996,930	1,866,190
Judges Retirement Fund	2,235,982	3,226,645
Total Participation and Undistributed Earnings	\$845,853,800	\$974,878,563

NOTES TO FINANCIAL STATEMENTS
June 30, 1978 and 1979

- Summary of Significant Accounting Practices: The accompanying financial statements include the transactions of the Minnesota Adjustable Fixed Benefit Fund recorded on an accrual basis with the following exceptions: a) Contributions, withdrawals, short-term gains and investment expenses are recorded on a cash basis. b) A limited amount of unrealized gain or loss on equity investments is used to determine income by a method more fully described in Note 3. c) Losses from the sale of fixed income investments are amortized over the average remaining life of the securities sold by a method more fully described in Note 4.
- The approximate market value of investments as of June 30 was:

	1978	1979
Common Stock	\$377,872,553	\$435,593,229
Fixed Income Securities	369,995,831	418,605,803
Convertible debentures	3,881,000	840,000
U.S. Government Short-term Securities	4,862,000	37,878,718
Commercial Paper	44,816,667	61,078,265
	\$801,428,051	\$953,996,015
- The unrealized market appreciation (depreciation) is the amount by which the admitted value of equity securities exceeds the book value of such securities. The admitted value is determined by the average ratio of book value to market value of the securities, valued bimonthly over a two year period. This method is more fully described in Minnesota Statutes, 1978, Section 11.25, Subdivisions 4 to 8 inclusive.
- The deferred yield adjustment account, established pursuant to Minnesota Statutes, 1978, section 11.25, subdivision 5, is the unamortized loss on the sale or disposition of debt securities. The account is increased by the loss on the sale of debt securities and decreases by the gain on sale of such securities. At the end of each year, a portion of the balance is offset against investment income for the year.
- Mortality gains and losses are calculated after year end by each participants actuary. Transfers to or from the MAFB fund for June 30, 1979 mortality will be made late in calendar year 1979. The amount of mortality gain or loss applicable to June 30, 1979 is not reasonably estimatable and therefore no amount is included in these statements. It is not anticipated that the sum calculated for June 30, 1979 would have a material effect on these statements.
- The annuity stabilization reserve is the difference between the actuarially determined reserves required to support benefits in force and the assets of the fund. This calculation is prescribed by Minnesota Statutes, 1978, section 11.25, subdivision 13.
- The annuity stabilization reserve and the actuarial deficiency have been estimated for June 30, 1979 in accordance with Minnesota Statutes 1978, section 11.25, subdivision 12 (a)(5).
- Appropriated retained earnings was the estimated amount needed for additional payments to persons receiving annuities on benefits from the Minnesota Adjustable Fixed Benefit Fund. The payments were appropriated from the Minnesota Adjustable Fixed Benefit Fund pursuant to Laws 1977, Chapter 388, Section 4. Actual payments were \$4,131,475.00. The balance, \$1,868,525.00, was distributed to participants in the fund based on participation ratios in fiscal year 1978.
- Participation for June 30, 1979 includes \$16,000,000 transferred on June 30, 1979 in anticipation of a change in life expectancy estimates by the actuary for Teachers' Retirement Association.
- Participation of the State Employees Retirement Fund was increased by \$14,239,691 on July 1, 1978 through the merger and transfer of assets, of the Metropolitan Transit Commission - transit operating division retirement fund into the State Employees' Fund.