



1979 REPORT of the MINNESOTA STATE BOARD OF INVESTMENT



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1979 ANNUAL REPORT OF THE MINNESOTA STATE BOARD OF INVESTMENT

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*Cite: pers. to M.S. 11.145
due 11.15.79 cash yr
100 pct 11-26-79*

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



OFFICE OF THE EXECUTIVE SECRETARY
Telephone 296-3328

STATE OF MINNESOTA STATE BOARD OF INVESTMENT

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155

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% |

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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.

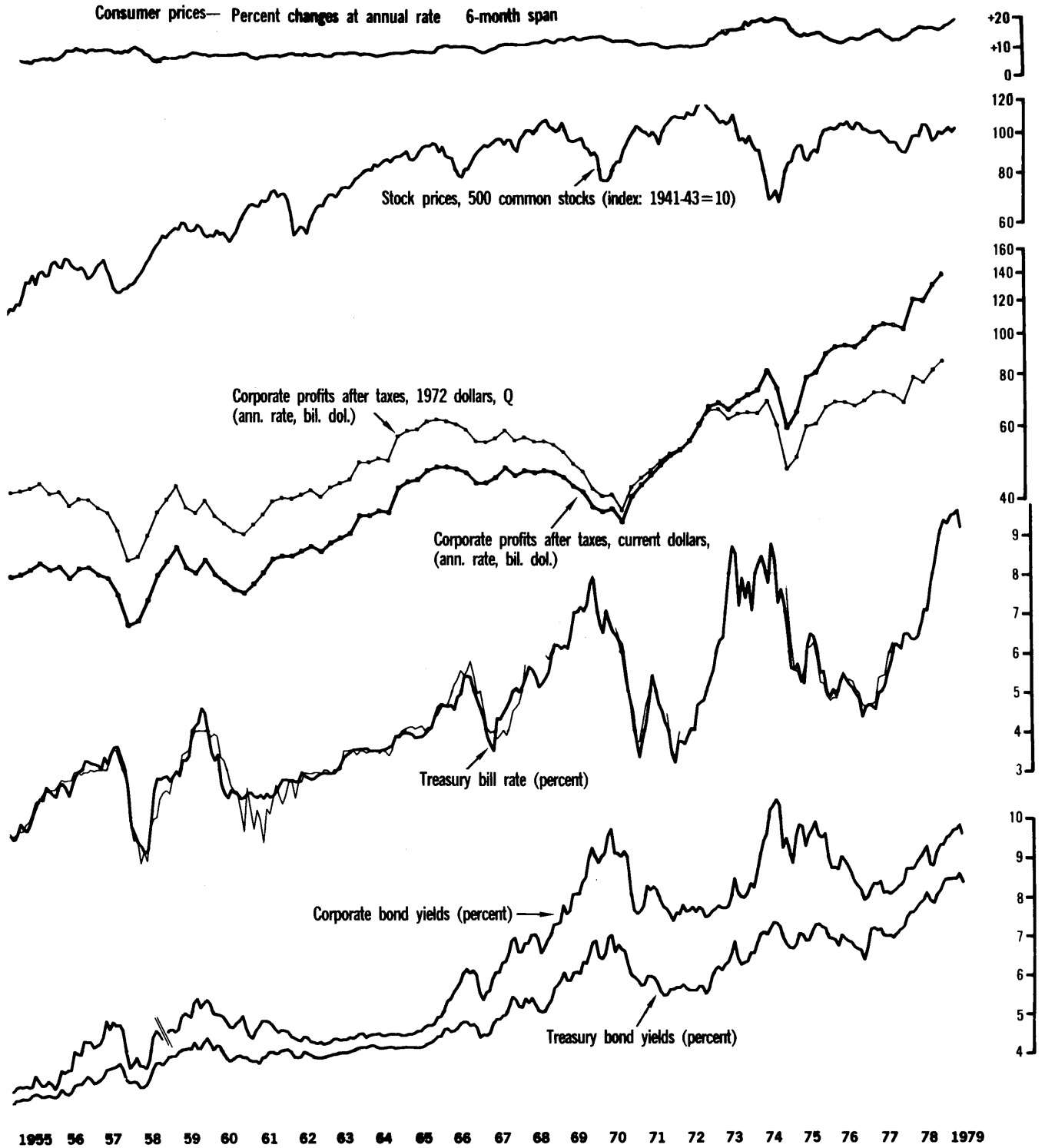
INVESTMENT RETURNS, 1926-1978

| | <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 | 16.0%† | 10.5%† | 7.5% | 0.0% | 10.0% |
| 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

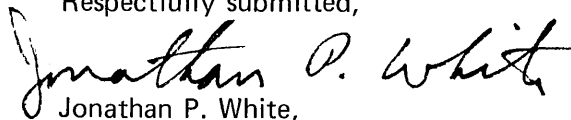
Dr. Francis Boddy ably served as the interim Executive Secretary during much of the year while a search committee chaired by Robert Davis screened potential candidates to fill the position on a permanent basis. In addition to encouraging a spirit of teamwork among the staff, Dr. Boddy made a strong contribution 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 5-15-80 | — | — | — | — | 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 | | | | | |
| 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 | | | | | |
| 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 6-15-86 | — | — | — | — | 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 |

| Company | Type of Security | Maturity Date(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|---|---------------------------|------------------|---------------|-----------------|-----------------------|
| CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | |
| Alberta Gov't. Tel. Com. | Debenture | 06-15-1994 | 8.000 | 8.171 | \$ 3,000 |
| British Columbia Hydro | Bond | 07-15-1996 | 9.625 | 9.625 | 5,150 |
| Manitoba Hydro Elec. Bnd. | Debenture | 10-15-1997 | 7.650 | 7.650 | 4,940 |
| Manitoba, Province of | Debenture | 04-01-1994 | 7.875 | 7.900 | 1,020 |
| Nova Scotia Power Comm. | S/F Debenture | 03-15-1997 | 7.750 | 7.800 | 3,500 |
| Nova Scotia Power Corp. | Debenture | 06-01-2008 | 9.625 | 9.727 | 6,400 |
| Ontario Hydro | Note | 03-15-1996 | 9.500 | 9.500 | 6,000 |
| Ontario, Province of | Debenture | 06-01-2008 | 9.375 | 9.375 | 7,000 |
| Ontario, Province of | Debenture | 11-30-2008 | 9.375 | 9.475 | 6,920 |
| Quebec Hydro Electric | Debenture | 12-01-1981 | 4.250 | 9.250 | 45 |
| Saskatchewan, Province of | Debenture | 04-15-2008 | 9.250 | 9.250 | 7,000 |
| TOTAL CANADIAN PROVINCIAL OBLIGATIONS | | | | 9.080% | \$ 50,975 |
| CANADIAN MUNICIPAL OBLIGATIONS | | | | | |
| Montreal, City of | Debenture | 11-01-1979 | 5.625 | 8.341% | \$ 29 |
| CANADIAN AGENCY OBLIGATIONS | | | | | |
| Export Development | Note | 07-15-1981 | 8.500 | 8.500% | \$ 5,000 |
| TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS | | | | 9.028% | \$ 56,004 |
| CORPORATE OBLIGATIONS | | | | | |
| PUBLIC UTILITY OBLIGATIONS | | | | | |
| ELECTRIC | | | | | |
| Arizona Public Service | First Mtg. Bond | 02-15-1982 | 9.500 | 9.080 | \$ 100 |
| Central Power & Light | First Mtg. Bond | 06-01-2004 | 9.375 | 9.811 | 5,000 |
| Citizens Utilities | First Mtg. Coll. Trust | 12-31-1991 | 4.800 | 4.800 | 1,000 |
| Commonwealth Edison | Debenture | 04-01-1999 | 10.000 | 10.000 | 6,000 |
| Dayton Power & Light | First Mtg. Bond | 02-01-1982 | 3.250 | 8.799 | 25 |
| Duke Power Co. | First & Ref. Mtg. Bond | 05-01-1986 | 3.625 | 9.052 | 50 |
| Long Island Lighting | First Mtg. Bond | 04-01-1993 | 4.400 | 4.400 | 1,000 |
| Minnesota Power & Light | First Mtg. Bond | 08-01-2005 | 10.500 | 10.500 | 5,000 |
| Minnesota Power & Light | First Mtg. Bond | 09-01-2006 | 8.700 | 8.700 | 5,000 |
| National Rural Utility | Collateral Trust Bond | 02-01-1985 | 8.950 | 9.152 | 150 |
| Northern States Power | First Mtg. Bond | 06-01-1982 | 3.250 | 7.271 | 50 |
| Northern States Power | First Mtg. Bond | 01-01-2004 | 8.375 | 8.719 | 2,500 |
| Pacific Gas & Electric | First & Ref. Mtg. Bond | 06-01-1984 | 3.125 | 9.098 | 50 |
| Philadelphia Electric | First & Ref. Mtg. Bond | 10-15-1980 | 11.000 | 11.000 | 1,000 |
| Philadelphia Electric | First & Ref. Mtg. Bond | 01-01-1982 | 3.250 | 8.927 | 45 |
| Public Service Indiana | First Mtg. Bond | 01-01-2007 | 7.625 | 7.710 | 5,000 |
| Public Service Oklahoma | Bond | 12-20-1979 | 8.250 | 8.523 | 250 |
| Public Service Electric & Gas | First & Ref. Mtg. Bond | 09-01-1994 | 4.625 | 6.004 | 2,415 |
| Public Service Electric & Gas | First & Ref. Mtg. Bond | 06-01-2007 | 8.250 | 8.422 | 7,000 |
| Southern Calif. Edison | First & Ref. Mtg. Bond | 09-01-1983 | 4.625 | 8.649 | 100 |
| Southern Calif. Edison | First & Ref. Mtg. Bond | 09-01-1985 | 4.375 | 5.772 | 1,260 |
| Southern Calif. Edison | First & Ref. Mtg. Bond | 03-01-1989 | 4.375 | 7.164 | 1,600 |
| United Illuminating Co. | Debenture | 11-15-1997 | 8.500 | 8.500 | 4,900 |
| Virginia Elec. & Power | First & Ref. Mtg. Bond | 12-01-1981 | 3.375 | 8.431 | 25 |
| Virginia Elec. & Power | First & Ref. Mtg. Bond | 12-01-1987 | 4.500 | 8.964 | 60 |
| Total Electric | | | | 8.620% | \$ 49,580 |
| GAS | | | | | |
| Brooklyn Union Gas | First Mtg. Bond | 04-01-1990 | 4.625 | 4.560 | \$ 1,175 |
| Columbia Gas System | Debenture | 04-01-1981 | 3.875 | 7.179 | 35 |
| Columbia Gas System | Debenture | 10-01-1981 | 4.750 | 8.320 | 32 |
| Columbia Gas System | Debenture | 11-01-1983 | 4.875 | 8.098 | 43 |
| Mountain Fuel Supply | Debenture | 09-01-1986 | 4.875 | 4.800 | 1,228 |
| Panhandle E. Pipe Line | Debenture | 10-01-1982 | 4.375 | 7.401 | 100 |
| Peoples Gas Light Coke | First & Ref. Mtg. Bond | 07-01-1979 | 3.250 | 7.203 | 50 |
| Santa Fe Pipeline | Debenture | 12-01-1980 | 8.750 | 8.627 | 78 |
| Texas Eastern Trans. | First Mtg. Bond | 07-01-1985 | 10.000 | 9.021 | 150 |
| Washington Gas Light | First Mtg. Bond | 03-01-1991 | 5.200 | 6.400 | 1,000 |
| Total Gas | | | | 5.563% | \$ 3,891 |
| TELEPHONE | | | | | |
| American Tel. & Tel. | Note | 02-01-1982 | 7.750 | 8.697 | \$ 100 |
| Bell Tel. Co. Canada | First Mtg. Bond | 06-01-2004 | 9.500 | 9.500 | 5,000 |
| General Tel. Co. (Fla.) | First Mtg. Bond | 05-01-1993 | 4.500 | 6.400 | 1,000 |
| General Tel. Co. Midwest | First Mtg. Bond | 05-01-1999 | 7.750 | 7.750 | 2,500 |
| N.Y. Telephone Co. | Refunding Mtg. Bond | 07-15-2008 | 8.000 | 8.494 | 5,000 |
| Pacific Tel. & Tel. | Debenture | 11-01-1990 | 4.625 | 9.029 | 30 |
| Rochester Telephone | First Mtg. Bond | 09-01-1993 | 4.750 | 6.074 | 1,110 |
| Southern Bell Tel. & Tel. | Debenture | 03-15-2013 | 7.625 | 8.185 | 5,000 |
| Total Telephone | | | | 8.336% | \$ 19,740 |
| TOTAL PUBLIC UTILITY OBLIGATIONS | | | | 8.381% | \$ 73,211 |
| FINANCE OBLIGATIONS | | | | | |
| American Investment | Note | 01-01-1991 | 5.250 | 5.250 | \$ 585 |
| Beneficial Corp. | Note | 03-01-1989 | 4.600 | 7.286 | 2,725 |
| Deere (John) Credit | Debenture | 10-31-1990 | 5.000 | 6.877 | 1,650 |
| Family Finance Corp. | Senior Note | 05-15-1990 | 4.750 | 4.840 | 1,300 |
| First Bank System | Note | 06-30-1983 | 8.750 | 8.750 | 5,000 |
| Ford Motor Credit Co. | Debenture | 04-01-1999 | 8.700 | 8.956 | 5,000 |
| Honeywell Finance Inc. | S/F Debenture | 12-15-1998 | 8.200 | 8.200 | 5,000 |
| LNM Acceptance Corp. | Promissory Note | 12-01-1986 | 9.100 | 9.100 | 7,566 |
| Montgomery Ward Credit | Debenture | 09-15-1986 | 8.625 | 9.238 | 250 |
| Montgomery Ward Credit | Debenture | 10-01-2002 | 8.375 | 8.533 | 3,125 |
| Northwest Bancorp. | S/F Debenture | 03-15-2003 | 7.750 | 7.750 | 4,000 |
| Northwest Bancorp. | Note | 09-15-1986 | 7.875 | 7.953 | 5,200 |
| J.C. Penney Financial | Debenture | 10-15-1981 | 9.450 | 9.260 | 150 |
| Sears Roebuck Accept. | Debenture | 07-15-1982 | 5.000 | 8.819 | 100 |
| Southwest Investment | Senior Note | 10-15-1986 | 8.500 | 9.676 | 200 |
| Talcott (James), Inc. | Senior Note | 10-01-1985 | 5.000 | 5.000 | 223 |
| TOTAL FINANCE OBLIGATIONS | | | | 8.214% | \$ 42,074 |
| INDUSTRIAL OBLIGATIONS | | | | | |
| Allied Chemical Corp. | Note | 04-01-1983 | 8.375 | 8.861 | \$ 100 |
| Aluminum Co. of America | S/F Debenture | 01-01-1982 | 4.250 | 7.820 | 25 |
| AMAX | Senior Note | 08-01-1988 | 4.500 | 7.564 | 1,750 |
| AMAX | Note | 03-15-1997 | 8.750 | 8.750 | 5,000 |
| American Brands, Inc. | Note | 03-01-1985 | 8.125 | 8.775 | 100 |
| Archer Daniels Midland | Promissory Note | 03-01-1988 | 4.875 | 7.884 | 1,458 |
| Arco Pipeline | Guaranteed Note | 07-15-1983 | 8.375 | 8.779 | 150 |
| Armco Steel Corp. | Note | 12-15-1996 | 7.875 | 7.875 | 3,800 |
| Atlantic Richfield Co. | Guaranteed Note | 07-15-1996 | 9.250 | 9.250 | 5,000 |
| Atlantic Richfield Co. | First Pref. Ship Mtg. Bd. | 12-01-2001 | 8.750 | 8.750 | 3,000 |

| Company | Type of Security | Maturity Date(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|--|----------------------------|------------------|---------------|-----------------|-----------------------|
| Beatrice Foods Co. | | | | | |
| Burlington Northern | Debenture | 08-15-2008 | 8.500 | 8.840 | 2,250 |
| CIBA Geigy Corp. | Mtg. Backed Cert. | 06-15-1998 | 9.250 | 9.250 | 7,000 |
| Crown Zellerbach | Note | 06-01-2000 | 9.500 | 9.500 | 5,000 |
| Dresser Industries | General Mtg. Bond | 05-01-1994 | 8.175 | 8.125 | 4,579 |
| FMC Corp. | Note | 05-15-1985 | 8.650 | 9.245 | 150 |
| Firestone Tire & Rubber | S/F Debenture | 01-15-2000 | 9.500 | 9.603 | 4,850 |
| Ford Leasing Development | Debenture | 12-01-2004 | 9.250 | 9.333 | 5,000 |
| Ford Leasing Development | Guaranteed Note | 12-01-1996 | 8.625 | 8.625 | 5,000 |
| Ford Motor Co. | Guaranteed Note | 03-15-2004 | 9.500 | 9.500 | 5,000 |
| Goodyear Tire & Rubber | Debenture | 07-15-1994 | 9.250 | 9.277 | 1,850 |
| Gould, Inc. | Equipment Trust Cert. | 03-01-1982 | 9.250 | 8.675 | 150 |
| Hercules, Inc. | S/F Bond | 02-15-1995 | 9.250 | 9.488 | 2,387 |
| Hertz Corporation | Equipment Trust Cert. | 01-01-1983 | 10.250 | 9.145 | 57 |
| Ingersoll-Rand Co. | Senior Note | 02-15-1999 | 9.500 | 9.500 | 3,000 |
| Louisiana Land & Expl. | Note | 05-01-1985 | 8.750 | 8.844 | 150 |
| MacMillan Bloedel, Ltd. | Note | 12-01-1994 | 8.250 | 8.250 | 2,250 |
| MacMillan Bloedel, Ltd. | Debenture | 10-01-1990 | 5.450 | 4.950 | 300 |
| MacMillan Bloedel, Ltd. | Debenture | 07-01-1994 | 8.750 | 8.750 | 5,200 |
| Marathon Oil Co. | Debenture | 07-15-1992 | 6.500 | 8.895 | 50 |
| McDonald's Corp. | S/F Debenture | 02-01-2000 | 8.500 | 8.563 | 3,000 |
| Norton Simon, Inc. | Note | 05-01-1980 | 8.500 | 8.413 | 150 |
| Occidental Petroleum | Promissory Note | 06-01-2004 | 9.875 | 9.875 | 6,000 |
| Olympic Pipeline Co. | Note | 05-15-1982 | 11.000 | 9.766 | 150 |
| Owens-Illinois, Inc. | Note | 09-01-2001 | 8.850 | 8.850 | 5,000 |
| Pennwalt Corporation | Note | 02-01-1991 | 5.000 | 8.312 | 3,383 |
| Phelps Dodge Corp. | Note | 04-15-1985 | 9.000 | 9.000 | 100 |
| Ralston Purina | Note | 06-01-1985 | 8.500 | 9.066 | 250 |
| Ralston Purina | Guaranteed Note | 11-01-1989 | 8.750 | 8.750 | 2,200 |
| Raytheon Co. | Note | 12-31-1982 | 8.000 | 8.000 | 2,475 |
| Scovill Mtg. Co. | S/F Debenture | 07-01-1996 | 8.250 | 8.406 | 5,000 |
| Shell Canada, Ltd. | Note | 09-15-1990 | 4.800 | 6.313 | 1,386 |
| Shell Oil Co. | Debenture | 01-01-1994 | 7.500 | 7.532 | 1,900 |
| Sprague Electric Co. | Debenture | 03-15-1991 | 5.000 | 5.000 | 1,050 |
| Standard Oil of Calif. | S/F Debenture | 09-01-1988 | 4.375 | 4.378 | 450 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 03-30-1997 | 7.700 | 7.700 | 1,335 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 03-02-1997 | 7.700 | 7.700 | 1,240 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 02-10-1997 | 7.700 | 7.700 | 1,240 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 07-02-1999 | 8.500 | 8.500 | 5,150 |
| Standard Oil (Indiana) | Note | 11-01-1999 | 8.250 | 8.250 | 3,000 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 7.500 | 7.500 | 1,750 |
| Standard Oil Co. Ohio | Debenture | 01-01-2000 | 8.500 | 8.703 | 4,400 |
| Studebaker-Worthington | S/F Debenture | 11-15-2003 | 9.350 | 9.350 | 5,000 |
| Sun Oil Co. | Note | 07-01-1991 | 5.500 | 5.750 | 918 |
| Texaco, Inc. | Note | 12-01-2001 | 7.750 | 7.750 | 3,649 |
| U.S. Steel | S/F Debenture | 04-15-1986 | 4.500 | 7.997 | 125 |
| Youngtown Sheet Tube | First Mtg. S/F Bond | 07-01-1995 | 4.600 | 4.600 | 76 |
| TOTAL INDUSTRIAL OBLIGATIONS | | | | 8.681% | \$134,983 |
| TRANSPORTATION DEBT OBLIGATIONS | | | | | |
| Grayhound Corp. | Senior Note | 05-15-1984 | 6.000 | 6.826 | \$ 1,265 |
| Seaboard Coast Line RR | First Mtg. Bond | 12-01-1988 | 4.625 | 5.772 | 2,725 |
| TOTAL TRANSPORTATION DEBT OBLIGATIONS | | | | 6.106% | \$ 3,990 |
| RAILROAD EQUIPMENT OBLIGATIONS | | | | | |
| ACF Industries, Inc. | Equipment Trust Cert. | 03-01-1991 | 9.000 | 9.000 | \$ 3,000 |
| ACF Industries, Inc. | Equipment Trust Cert. | 04-15-1982 | 5.500 | 8.148 | 50 |
| Burlington Northern | Conditional Sale Agree. | 01-05-1983 | 8.125 | 8.125 | 4,593 |
| Burlington Northern | Conditional Sale Agree. | 09-01-1993 | 8.750 | 8.750 | 3,215 |
| Burlington Northern | Conditional Sale Agree. | 07-03-1993 | 8.500 | 8.834 | 244 |
| Canadian Pacific, Ltd. | Equipment Trust Cert. | 02-01-1989 | 8.500 | 8.500 | 3,961 |
| Canadian Pacific, Ltd. | Equipment Trust Cert. | 01-15-1992 | 8.625 | 8.625 | 5,000 |
| Chesapeake & Ohio RR | Conditional Sale Agree. | 01-01-1985 | 8.500 | 8.508 | 2,103 |
| Louisville & Nashville | Conditional Sale Agree. | 10-20-1991 | 9.000 | 9.000 | 4,824 |
| Louisville & Nashville | Conditional Sale Agree. | 04-20-1988 | 8.125 | 8.698 | 233 |
| Missouri Pacific RR | Conditional Sale Agree. | 06-01-1994 | 9.750 | 9.750 | 3,500 |
| Norfolk & Western RR | Conditional Sale Agree. | 10-01-1984 | 8.875 | 8.875 | 1,200 |
| St. Louis-San Fran. RR | Conditional Sale Agree. | 01-15-1985 | 9.375 | 9.375 | 1,030 |
| Seaboard Coast Line RR | Conditional Sale Agree. | 04-01-1992 | 9.000 | 9.000 | 2,214 |
| Seaboard Coast Line RR | Conditional Sale Agree. | 10-01-1992 | 8.250 | 8.250 | 4,826 |
| Seaboard Coast Line RR | Conditional Sale Agree. | 09-01-1993 | 9.625 | 9.625 | 7,175 |
| Southern Pacific Trans. | Conditional Sale Agree. | 03-01-1991 | 9.500 | 9.500 | 2,784 |
| Union Tank Car | Equipment Trust Cert. | 12-15-1995 | 9.500 | 9.500 | 4,003 |
| TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | 8.949% | \$ 53,956 |
| TOTAL CORPORATE OBLIGATIONS | | | | 8.559% | \$308,216 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, AGENCY, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS | | | | 8.614% | \$454,295 |

(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 | 123,000 | \$ 23.63 | \$ 2,905,875.00 | |
| Florida Power & Light | 170,300 | 27.88 | 4,747,112.50 | |
| Houston Industries Inc. | 142,600 | 31.13 | 4,438,425.00 | |
| Middle South Utilities | 112,800 | 14.63 | 1,649,700.00 | |
| Minnesota Power & Light | 60,000 | 20.63 | 1,237,500.00 | |
| Northern States Power | 189,500 | 24.13 | 4,571,687.50 | |
| Pacific Gas & Electric | 115,300 | 23.00 | 2,651,900.00 | |
| Public Serv. Indiana | 140,000 | 25.75 | 3,605,000.00 | |
| Texas Utilities Co. | 235,000 | 19.25 | 4,523,750.00 | |
| Virginia Elec. & Power | 227,200 | 12.88 | 2,925,200.00 | |
| Total Electric | | | \$ 33,256,150.00 | 7.63% |
| NATURAL GAS | | | | |
| Panhandle E. Pipe Line | 90,000 | \$ 49.88 | \$ 4,488,750.00 | |
| Peoples Gas Co. | 128,999 | 35.88 | 4,627,839.13 | |
| Total Natural Gas | | | \$ 9,116,589.13 | 2.09% |
| COMMUNICATIONS | | | | |
| American Tel. & Tel. | 442,941 | \$ 57.88 | \$ 25,635,210.38 | |
| General Tel. & Elec. | 310,000 | 27.00 | 8,370,000.00 | |
| Total Communications | | | \$ 34,005,210.38 | 7.81% |
| TOTAL UTILITIES | | | \$ 76,377,949.51 | 17.53% |
| FINANCIAL SERVICES | | | | |
| BANKS | | | | |
| BankAmerica Corp. | 147,000 | \$ 26.88 | \$ 3,950,625.00 | |
| Citicorp | 144,400 | 25.13 | 3,628,050.00 | |
| First Bank System | 102,400 | 38.25 | 3,916,800.00 | |
| Northwest Bancorp. | 178,000 | 25.63 | 4,561,250.00 | |
| Security Pacific Corp. | 123,614 | 31.50 | 3,893,841.00 | |
| Total Banks | | | \$ 19,950,566.00 | 4.58% |
| FINANCE | | | | |
| Household Finance | 208,300 | \$ 20.25 | \$ 4,218,075.00 | |
| MGIC Investment Corp. | 40,000 | 27.00 | 1,080,000.00 | |
| Total Finance | | | \$ 5,298,075.00 | 1.22% |
| INSURANCE | | | | |
| Aetna Life & Casualty | 93,000 | \$ 32.38 | \$ 3,010,875.00 | |
| Connecticut General | 87,050 | 39.00 | 3,394,950.00 | |
| Northwestern Nat'l. Life | 85,600 | 32.50 | 2,782,000.00 | |
| SAFECO Corp. | 101,600 | 32.25 | 3,276,600.00 | |
| St. Paul Companies | 114,200 | 38.50 | 4,396,700.00 | |
| U.S. Fidelity & Guar. | 31,400 | 35.88 | 1,126,475.00 | |
| Total Insurance | | | \$ 17,987,600.00 | 4.13% |
| TOTAL FINANCIAL SERVICES | | | \$ 43,236,241.00 | 9.93% |
| CONSUMER-ORIENTED | | | | |
| AUTOS - AUTO PARTS | | | | |
| Ford Motor Co. | 90,000 | \$ 42.63 | \$ 3,836,250.00 | |
| General Motors | 135,600 | 59.38 | 8,051,250.00 | |
| Genuine Parts Company | 136,200 | 23.13 | 3,149,625.00 | |
| Goodyear Tire & Rubber | 147,500 | 15.88 | 2,341,562.50 | |
| Total Autos - Auto Parts | | | \$ 17,378,687.50 | 3.99% |
| CONSUMER-DURABLES | | | | |
| Sunbeam Corp. | 95,000 | \$ 21.63 | \$ 2,064,375.00 | |
| Whirlpool Corporation | 105,100 | 21.13 | 2,220,237.50 | |
| Total Consumer-Durables | | | \$ 4,274,612.50 | 0.98% |
| CONSUMER-NONDURABLES | | | | |
| Avon Products, Inc. | 119,900 | \$ 47.25 | \$ 5,665,275.00 | |
| Colgate-Palmolive | 150,000 | 15.88 | 2,381,250.00 | |
| Eastman Kodak Co. | 91,700 | 57.13 | 5,238,362.50 | |
| Minnesota Mining & Mfg. | 102,000 | 56.38 | 5,750,250.00 | |
| Procter & Gamble Co. | 44,000 | 76.88 | 3,382,500.00 | |
| Total Consumer-Nondurables | | | \$ 22,417,637.50 | 5.15% |
| CONSUMER-MISCELLANEOUS | | | | |
| McDonald's Corp. | 66,000 | \$ 45.50 | \$ 3,003,000.00 | |
| Warner Communications | 46,666 | 33.63 | 1,569,144.25 | |
| Total Consumer-Miscellaneous | | | \$ 4,572,144.25 | 1.05% |
| DRUGS | | | | |
| American Home Products | 106,800 | \$ 27.13 | \$ 2,896,950.00 | |
| Johnson & Johnson | 40,000 | 71.75 | 2,870,000.00 | |
| Merck & Company | 66,900 | 67.50 | 4,515,750.00 | |
| Pfizer, Inc. | 136,200 | 30.63 | 4,171,125.00 | |
| Schering-Plough Corp. | 56,000 | 30.75 | 1,722,000.00 | |
| Warner-Lambert | 131,000 | 24.88 | 3,258,625.00 | |
| Total Drugs | | | \$ 19,434,450.00 | 4.46% |
| FOODS-BEVERAGES | | | | |
| CPC International | 73,000 | \$ 52.50 | \$ 3,832,500.00 | |
| Coca-Cola Co. | 100,000 | 38.25 | 3,825,000.00 | |
| Consolidated Foods | 90,000 | 23.13 | 2,081,250.00 | |
| General Foods Corp. | 121,100 | 31.75 | 3,844,925.00 | |
| General Mills, Inc. | 133,000 | 25.00 | 3,325,000.00 | |
| Kraft, Inc. | 32,600 | 46.75 | 1,524,050.00 | |
| Norton Simon, Inc. | 159,963 | 15.00 | 2,399,445.00 | |
| PepsiCo, Inc. | 100,000 | 25.38 | 2,537,500.00 | |
| Pillsbury Company | 65,000 | 36.25 | 2,356,250.00 | |
| Total Foods-Beverages | | | \$ 25,725,920.00 | 5.91% |
| RETAIL SALES | | | | |
| Federated Dept. Stores | 85,000 | \$ 29.63 | \$ 2,518,125.00 | |
| K mart Corporation | 107,127 | 26.50 | 2,838,865.50 | |
| Penney (J.C.) Co. | 132,400 | 29.88 | 3,955,450.00 | |
| Sears, Roebuck & Co. | 145,000 | 19.25 | 2,791,250.00 | |
| Southland Corporation | 104,126 | 28.25 | 2,941,559.50 | |
| Total Retail Sales | | | \$ 15,045,250.00 | 3.45% |
| TOTAL CONSUMER-ORIENTED | | | \$108,848,701.75 | 24.99% |

| Common Stock | Shares | Market Price 6-30-79 | Market Value | Total % Market |
|---|---------|----------------------|--------------------------|----------------|
| TECHNOLOGY | | | | |
| OFFICE EQUIPMENT | | | | |
| Burroughs Corp. | 60,400 | \$ 70.25 | \$ 4,243,100.00 | |
| Honeywell, Inc. | 61,277 | 68.75 | 4,212,793.75 | |
| Int'l. Bus. Machines | 312,024 | 73.38 | 22,894,761.00 | |
| Xerox Corporation | 69,150 | 60.63 | 4,192,218.75 | |
| Total Office Equipment | | | \$ 35,542,873.50 | 8.16% |
| TOTAL TECHNOLOGY | | | \$ 35,542,873.50 | 8.16% |
| BASIC INDUSTRY | | | | |
| AEROSPACE | | | | |
| Boeing Co. | 97,500 | \$ 40.50 | \$ 3,948,750.00 | |
| United Technologies | 122,000 | 37.13 | 4,529,250.00 | |
| Total Aerospace | | | \$ 8,478,000.00 | 1.95% |
| BUILDING & FOREST PRODUCTS | | | | |
| Georgia-Pacific Corp. | 97,404 | \$ 27.13 | \$ 2,642,083.50 | |
| Masonite Corp. | 100,000 | 25.50 | 2,550,000.00 | |
| Owens-Corning Fiber. | 82,000 | 25.13 | 2,060,250.00 | |
| Weyerhaeuser Co. | 93,300 | 29.75 | 2,775,675.00 | |
| Total Building & Forest Products | | | \$ 10,028,008.50 | 2.30% |
| CHEMICALS | | | | |
| Air Products & Chem. | 110,802 | \$ 30.88 | \$ 3,421,011.75 | |
| Dow Chemical | 85,000 | 25.88 | 2,199,375.00 | |
| du Pont (E.I.) de Nemours | 60,000 | 41.25 | 2,475,000.00 | |
| Hercules, Inc. | 120,000 | 19.13 | 2,295,000.00 | |
| Monsanto Co. | 30,000 | 50.13 | 1,503,750.00 | |
| Union Carbide Corp. | 74,000 | 37.00 | 2,738,000.00 | |
| Total Chemicals | | | \$ 14,632,136.75 | 3.36% |
| ELECTRICAL EQUIPMENT | | | | |
| Emerson Electric Co. | 92,200 | \$ 36.00 | \$ 3,319,200.00 | |
| General Electric Co. | 165,000 | 50.00 | 8,250,000.00 | |
| Gould, Inc. | 117,500 | 25.00 | 2,937,500.00 | |
| Total Electrical Equipment | | | \$ 14,506,700.00 | 3.33% |
| MACHINERY | | | | |
| Caterpillar Tractor | 68,500 | \$ 55.13 | \$ 3,776,062.50 | |
| Clark Equipment Co. | 80,000 | 38.63 | 3,090,000.00 | |
| Combustion Engineering | 92,000 | 44.88 | 4,128,500.00 | |
| Trans Union Corp. | 75,100 | 33.88 | 2,544,012.50 | |
| Total Machinery | | | \$ 13,538,575.00 | 3.11% |
| METALS | | | | |
| Aluminum Co. of America | 50,000 | \$ 51.38 | \$ 2,569,500.00 | |
| Pittston Company | 50,169 | 25.63 | 1,285,580.63 | |
| St. Joe Minerals Corp. | 98,000 | 31.50 | 3,087,000.00 | |
| Total Metals | | | \$ 6,941,330.63 | 1.59% |
| PAPER | | | | |
| International Paper | 55,000 | \$ 44.63 | \$ 2,454,375.00 | |
| Union Camp Corporation | 56,000 | 46.88 | 2,625,000.00 | |
| Total Paper | | | \$ 5,079,375.00 | 1.17% |
| TEXTILES | | | | |
| Burlington Industries | 70,000 | \$ 16.75 | \$ 1,172,500.00 | 0.27% |
| MISCELLANEOUS | | | | |
| Int'l. Tel. & Tel. | 130,400 | \$ 29.13 | \$ 3,797,900.00 | 0.87% |
| TOTAL BASIC INDUSTRY | | | \$ 78,174,525.88 | 17.95% |
| ENERGY | | | | |
| OIL-DOMESTIC | | | | |
| Atlantic Richfield Co. | 124,000 | \$ 67.50 | \$ 8,370,000.00 | |
| Conoco Inc. | 130,000 | 37.88 | 4,923,750.00 | |
| Marathon Oil Co. | 106,000 | 38.00 | 4,028,000.00 | |
| Phillips Petroleum Co. | 148,000 | 38.25 | 5,661,000.00 | |
| Standard Oil (Indiana) | 133,700 | 65.75 | 8,790,775.00 | |
| Total Oil-Domestic | | | \$ 31,773,525.00 | 7.29% |
| OIL-INTERNATIONAL | | | | |
| Exxon Corporation | 285,000 | \$ 53.88 | \$ 15,354,375.00 | |
| Gulf Oil Corp. | 285,000 | 27.38 | 7,801,875.00 | |
| Mobil Corp. | 180,000 | 39.25 | 7,065,000.00 | |
| Standard Oil of Calif. | 162,000 | 48.50 | 7,857,000.00 | |
| Texaco, Inc. | 221,300 | 27.63 | 6,113,412.50 | |
| Total Oil-International | | | \$ 44,191,662.50 | 10.15% |
| ENERGY - RELATED | | | | |
| Dresser Industries | 73,000 | \$ 45.38 | \$ 3,312,375.00 | |
| Halliburton Co. | 70,700 | 67.00 | 4,736,900.00 | |
| Williams Companies | 105,000 | 20.25 | 2,126,250.00 | |
| Total Energy - Related | | | \$ 10,175,525.00 | 2.34% |
| TOTAL ENERGY | | | \$ 86,140,712.50 | 19.78% |
| TRANSPORTATION | | | | |
| RAILROADS | | | | |
| Southern Railway | 68,000 | \$ 53.25 | \$ 3,621,000.00 | |
| Union Pacific Corp. | 53,400 | 68.38 | 3,651,225.00 | |
| Total Railroads | | | \$ 7,272,225.00 | 1.67% |
| TOTAL TRANSPORTATION | | | \$ 7,272,225.00 | 1.67% |
| TOTAL COMMON STOCKS | | | \$435,593,229.14* | 100.00% |

*Net original cost of equities on June 30, 1979, was \$408,832,576.21.

SCHEDULE III

PUBLIC EMPLOYEES RETIREMENT FUND STATE EMPLOYEES RETIREMENT FUND TEACHERS' RETIREMENT FUND June 30, 1979

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

| Company | Type of Security | Maturity Date(s) | Coupon Rate % | Average Yield % | Public Employees Retirement Fund (000) | State Employees Retirement Fund (000) | Teachers' Retirement Fund (000) | Total Amount (000)(b) |
|--|------------------------|---------------------------|-----------------|-----------------|--|---------------------------------------|---------------------------------|-----------------------|
| UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | | | | | | |
| U.S. Treasury Notes | Note | 02 15 1987 | 9.000 | 9.054% | \$ 3,000 | \$ 1,000 | \$ 3,000 | \$ 7,000 |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION | | | | | | | | |
| | Mtg. Backed Cert. | 01-15-2004/ 11-15-2008 | 8.000/ 9.000 | 8.588% | \$ 28,732 | \$18,644 | \$ 45,727 | \$ 94,104 |
| GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | | | | | |
| Delta Steamship Lines | Government Guar. Bond | 03-01-1986 | 5.500 | 5.500 | \$ 376 | \$ - | \$ - | \$ 376 |
| Grace Line, Inc. | Government Guar. Bond | 02-01-1992 | 5.100 | 5.100 | 734 | \$ - | \$ - | 734 |
| Moore-McCormack Lines | Government Guar. Bond | 04-01-1987 | 5.750 | 5.750 | 501 | 404 | 501 | 1,406 |
| TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | 5.233% | | \$ 1,611 | \$ 404 | \$ 501 | \$ 2,516 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | 8.508% | | \$ 30,343 | \$20,048 | \$ 46,228 | \$ 96,620 |
| UNITED STATES GOVERNMENT AGENCY OBLIGATIONS | | | | | | | | |
| Federal Home Loan Bank | Bond | 08-27-1984 | 7.850 | 7.898% | \$ 3,185 | \$ - | \$ - | \$ 3,185 |
| CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | | | | |
| British Columbia Hydro | Bond | 07-15-1996 | 9.625 | 9.650 | \$ 2,700 | \$ 2,500 | \$ 4,350 | \$ 9,550 |
| Manitoba Hydro Elec. Bnd. | Debtenture | 10-15-1997 | 7.650 | 7.724 | 3,500 | 1,875 | 3,500 | 8,875 |
| N. Brunswick Electric Pwr. | Debtenture | 11-01-1993 | 8.875 | 8.900 | 800 | - | 1,200 | 2,000 |
| N. Brunswick Electric Pwr. | S/F Debtenture | 04-01-1998 | 7.875 | 7.875 | 3,376 | 1,930 | 3,777 | 8,083 |
| N. Brunswick Higher Education | S/F Debtenture | 11-15-1991 | 6.000 | 6.160 | 500 | 400 | 500 | 1,400 |
| Nova Scotia Power Comm. | S/F Debtenture | 04-15-1993 | 7.000 | 7.260 | - | 300 | 550 | 850 |
| Nova Scotia Power Comm. | S/F Debtenture | 07-15-1998 | 8.125 | 8.150 | 1,500 | 1,500 | 1,650 | 4,650 |
| Nova Scotia Power Comm. | S/F Debtenture | 03-15-1997 | 7.750 | 7.800 | 1,500 | - | 1,500 | 3,000 |
| Nova Scotia Power Corp. | Debtenture | 06-01-2008 | 9.625 | 9.727 | 1,000 | 1,000 | 1,000 | 3,000 |
| Nova Scotia, Province of | S/F Debtenture | 08-01-1993 | 7.250 | 7.200 | 800 | 700 | 1,000 | 2,500 |
| Ontario Hydro | Note | 03-15-1996 | 9.500 | 9.500 | 4,500 | 3,000 | 4,500 | 12,000 |
| Ontario, Province of | Debtenture | 12-01-1997 | 6.875 | 7.160 | 700 | 250 | 400 | 1,350 |
| Ontario, Province of | Debtenture | 05-15-2001 | 7.850 | 7.850 | 1,500 | - | 2,000 | 3,500 |
| Ontario, Province of | Debtenture | 12-15-2002 | 7.300 | 7.300 | 3,500 | - | 3,500 | 7,000 |
| Ontario, Province of | Debtenture | 06-01-2008 | 9.375 | 9.375 | 1,000 | 1,000 | 1,000 | 3,000 |
| Ontario, Province of | Debtenture | 11-30-2008 | 9.375 | 9.475 | 4,000 | 3,000 | 5,000 | 12,000 |
| Ontario, Province of | Debtenture | 04-15-1997 | 5.625 | 5.625 | 400 | 600 | 1,000 | 2,000 |
| Saskatchewan, Province of | Debtenture | 04-15-2008 | 9.250 | 9.250 | 5,000 | 3,500 | 5,000 | 13,500 |
| TOTAL PROVINCIAL OBLIGATIONS | | | 8.592% | | \$ 35,876 | \$ 21,355 | \$ 40,727 | \$ 97,958 |
| CANADIAN AGENCY OBLIGATIONS | | | | | | | | |
| Export Development | Note | 07-15-1981 | 8.500 | 8.500% | \$ 4,000 | \$ 2,500 | \$ 4,000 | \$ 10,500 |
| TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS | | | 8.583% | | \$ 39,876 | \$23,855 | \$ 44,727 | \$108,458 |
| EUROPEAN ECONOMIC COMMUNITY | | | | | | | | |
| European Economic Community Note | Note | 10-01-1981 | 7.750 | 8.641% | \$ - | \$ 200 | \$ - | \$ 200 |
| CORPORATE BOND OBLIGATIONS | | | | | | | | |
| PUBLIC UTILITY OBLIGATIONS | | | | | | | | |
| ELECTRIC | | | | | | | | |
| Appalachian Electric Power | First Mtg. Bond | 03-01-1987 | 4.625 | 9.714 | \$ - | \$ 40 | \$ - | \$ 40 |
| Arizona Public Service | First Mtg. Bond | 09-01-1997 | 6.250 | 6.331 | - | 500 | 750 | 1,250 |
| Calif. Electric Power | First Mtg. Bond | 05-01-1990 | 5.125 | 5.104 | 400 | 300 | 500 | 1,200 |
| Commonwealth Edison | First Mtg. Bond | 11-01-1996 | 5.750 | 5.834 | 750 | 500 | 650 | 1,900 |
| Consolidated Edison | First & Ref. Mtg. Bond | 10-15-1994 | 4.600 | 6.450 | - | - | 1,100 | 1,100 |
| Consolidated Edison | Equipment Trust Cert. | 01-01-1996 | 9.250 | 9.250 | 1,466 | - | 1,711 | 3,177 |
| Dayton Power & Light | First Mtg. Bond | 06-01-1993 | 4.450 | 4.450 | 500 | 400 | 600 | 1,500 |
| Detroit Edison Co. | Note | 06-30-1985 | 12.875 | 11.096 | - | 40 | 40 | 80 |
| Detroit Edison Co. | Note | 12-30-1985 | 12.875 | 11.171 | - | 36 | 36 | 72 |
| Georgia Power Co. | First Mtg. Bond | 08-01-1979 | 11.000 | 9.492 | - | 98 | 98 | 196 |
| Indiana & Mich. Electric | First Mtg. Bond | 02-01-1988 | 3.875 | 9.109 | - | 50 | 50 | 100 |
| Indiana Power & Light | First Mtg. Bond | 06-01-2007 | 8.125 | 8.128 | 3,000 | - | 3,000 | 6,000 |
| Ohio Power Company | First Mtg. Bond | 06-01-1992 | 10.125 | 9.806 | - | 100 | 100 | 200 |
| Philadelphia Electric | First & Ref. Mtg. Bond | 10-15-1980 | 11.000 | 11.000 | - | 2,000 | 1,200 | 3,200 |
| Public Service Indiana | First Mtg. Bond | 01-01-2007 | 7.625 | 7.725 | 4,000 | 1,600 | 3,400 | 9,000 |
| Public Service Electric Gas | First & Ref. Mtg. Bond | 06-01-2007 | 8.250 | 8.334 | 5,000 | 3,050 | 5,000 | 13,050 |
| Rochester Gas & Electric | First Mtg. Bond | 07-01-1998 | 6.700 | 6.700 | 800 | - | 1,000 | 1,800 |
| Total Electric | | | 7.782% | | \$ 15,916 | \$ 6,714 | \$ 16,001 | \$ 38,632 |
| GAS | | | | | | | | |
| Gas Service Co. | First Mtg. Bond | 05-01-1983 | 4.400 | 5.056 | \$ 510 | \$ 272 | \$ 306 | \$ 1,088 |
| Midwestern Gas Trans. | First Mtg. Bond | 06-01-1980 | 5.750 | 7.309 | 45 | - | 45 | 90 |
| Northwest Natural Gas | First Mtg. Bond | 01-01-1988 | 4.750 | 4.720 | 600 | 400 | 600 | 1,600 |
| Springfield Gas Light | Note | 01-15-1987 | 4.875 | 4.875 | 372 | 223 | - | 595 |
| Total Gas | | | 4.893% | | \$ 1,482 | \$ 940 | \$ 906 | \$ 3,328 |
| TELEPHONE | | | | | | | | |
| Bell Tel. Co. Canada | First Mtg. Bond | 09-17-1998 | 6.900 | 6.900 | \$ 800 | \$ 700 | \$ 500 | \$ 2,000 |
| Bell Tel. Co. Canada | First Mtg. Bond | 06-01-2004 | 9.500 | 9.500 | 4,000 | 2,000 | 4,000 | 10,000 |
| General Tel. Co. NW | First Mtg. Bond | 06-01-1999 | 7.125 | 7.324 | 900 | 700 | 1,000 | 2,600 |
| N.Y. Telephone Co. | Refunding Mtg. Bond | 07-15-2008 | 8.000 | 8.842 | 3,500 | 1,500 | 4,000 | 9,000 |
| Southern Bell Tel. & Tel. | Debtenture | 03-15-2013 | 7.625 | 8.152 | 4,500 | 2,000 | 1,000 | 7,500 |
| United Tel. Co. Ohio | First Mtg. Bond | 07-01-1998 | 6.875 | 6.875 | 720 | 630 | 900 | 2,250 |
| United Tel. Co. Pa. | First Mtg. Bond | 11-01-1998 | 6.625 | 6.625 | - | - | 1,125 | 1,125 |
| Total Telephone | | | 8.427% | | \$ 14,420 | \$ 7,530 | \$ 16,025 | \$ 37,975 |
| WATER | | | | | | | | |
| Indianapolis Water | First Mtg. Bond | 08-01-1997 | 5.875 | 5.875% | \$ - | \$ - | \$ 600 | \$ 600 |
| TOTAL PUBLIC UTILITY OBLIGATIONS | | | 7.952% | | \$ 31,818 | \$15,184 | \$ 33,532 | \$ 80,535 |
| FINANCE OBLIGATIONS | | | | | | | | |
| Allstate Financial | Note | 04-15-1987 | 8.125 | 9.482 | \$ - | \$ 250 | \$ - | \$ 250 |
| American Investment | Senior Note | 11-01-1986 | 6.750 | 6.750 | 400 | 320 | 400 | 1,120 |
| American Investment | Note | 01-01-1991 | 5.250 | 5.250 | - | 405 | 540 | 945 |
| American Savings & Loan | Mtg. Backed Cert. | 04-15-1984 | 8.500 | 9.059 | - | 250 | - | 250 |
| Associates Investment | Debtenture | 08-01-1979 | 5.125 | 5.588 | - | 100 | - | 100 |
| CIT Financial Corp. | Debtenture | 01-01-1986 | 6.375 | 6.553 | - | 750 | 1,000 | 1,750 |
| Carter Hawley Hale Cr. | Debtenture | 02-01-1992 | 7.950 | 8.456 | - | 100 | - | 100 |
| Chase Manhattan Corp. | Note | 05-15-1986 | 8.750 | 8.971 | - | 150 | - | 150 |
| Commercial Credit Co. | Senior Note | 03-01-1986 | 8.875 | 9.124 | - | 200 | - | 200 |
| Dere (John) Credit | Debtenture | 04-30-1998 | 7.500 | 7.666 | 3,750 | 2,250 | 4,000 | 10,000 |
| First Bank System | Note | 06-30-1983 | 8.750 | 8.861 | 1,842 | - | 1,843 | 3,685 |
| Ford Motor Credit Co. | S/F Debtenture | 07-15-2000 | 9.700 | 9.724 | 4,000 | 2,500 | 4,100 | 10,600 |
| Ford Motor Credit Co. | Subordinated Note | 11-01-1984 | 8.100 | 8.936 | - | 250 | - | 250 |

| Company | Type of Security | Maturity Date(s) | Coupon Rate % | Average Yield % | Public Employees Retirement Fund (000) | State Employees Retirement Fund (000) | Teachers' Retirement Fund (000) | Total Amount (000)(a) |
|---|----------------------------|------------------|---------------|-----------------|--|---------------------------------------|---------------------------------|-----------------------|
| Gambles Credit Corp. | Senior Note | 07-15-1988 | 9.375 | 9.194 | - | 250 | - | 250 |
| General Motors Accept. | Debtenture | 09-01-1982 | 4.625 | 8.659 | - | - | - | 100 |
| GRC Realty Corporation | Note | 12-31-1998 | 7.700 | 7.700 | 3,000 | - | 3,000 | 6,000 |
| Honeywell Finance Inc. | S/F Debtenture | 12-15-1998 | 8.200 | 8.396 | 4,000 | - | 4,000 | 8,000 |
| Household Finance | Debtenture | 01-01-1990 | 7.250 | 7.417 | 900 | 400 | 500 | 1,800 |
| Internal T. Investor Credit | Note | 12-15-1986 | 8.350 | 9.212 | - | 250 | - | 250 |
| LNM Acceptance Corp. | Promissory Note | 12-01-1986 | 9.100 | 9.100 | 1,940 | 1,940 | 1,940 | 5,820 |
| MGIC Investment Corp. | Note | 11-01-1979 | 8.625 | 9.422 | - | 100 | - | 100 |
| Median Mortgage Inv. | Debtenture | 09-15-1981 | 7.000 | 31.21(c) | - | 200 | - | 200 |
| Montgomery Ward Credit | Debtenture | 10-01-2002 | 8.375 | 8.414 | 4,000 | 2,500 | 4,000 | 10,500 |
| Northwest Bancorp. | S/F Debtenture | 03-15-2003 | 7.750 | 7.750 | 4,000 | 2,500 | 4,000 | 10,500 |
| Northwest Bancorp. | Note | 09-15-1986 | 7.875 | 7.882 | 4,000 | 2,500 | 4,000 | 10,500 |
| San Diego Federal | Mtg. Backed Cert. | 10-15-1982 | 8.000 | 8.922 | - | 250 | - | 250 |
| Sperry Rand Financial | Note | 02-01-1985 | 7.875 | 8.892 | - | 250 | - | 250 |
| Talman Federal S&L | Collateral Trust Bond | 04-15-1983 | 8.375 | 8.401 | - | 200 | - | 200 |
| Trailmobile Finance | Note | 11-15-1987 | 8.200 | 8.998 | - | 200 | - | 200 |
| UT Credit Corp. | Note | 06-01-1986 | 8.625 | 8.823 | - | 250 | - | 250 |
| Wells Fargo & Co. | Promissory Note | 11-01-1998 | 8.125 | 8.125 | 2,500 | 1,500 | 2,500 | 6,500 |
| TOTAL FINANCE OBLIGATIONS | | | | 8.306% | \$ 34,332 | \$20,915 | \$ 35,823 | \$ 91,070 |
| INDUSTRIAL OBLIGATIONS | | | | | | | | |
| Akzona, Inc. | Debtenture | 02-15-1997 | 7.500 | 7.500 | \$ 2,000 | \$ - | \$ 2,500 | \$ 4,500 |
| Aluminum Co. of Canada | S/F Debtenture | 03-01-1995 | 9.500 | 9.634 | 3,860 | 1,744 | 4,000 | 9,604 |
| Armco Steel Corp. | Note | 12-15-1996 | 7.875 | 7.959 | 2,090 | - | 2,660 | 4,750 |
| Armour-Dial, Inc. | Note | 01-01-2003 | 7.900 | 7.900 | 3,452 | - | 3,452 | 6,905 |
| Atlantic Richfield Co. | Guaranteed Note | 07-15-1996 | 9.250 | 9.250 | 4,000 | 2,500 | 4,000 | 10,500 |
| Atlantic Richfield Co. | First Pref. Ship. Mtg. Bd. | 12-01-2001 | 8.500 | 8.578 | 1,057 | 2,000 | 2,000 | 5,057 |
| Beatrice Foods Co. | Debtenture | 06-15-2008 | 8.500 | 8.840 | 2,000 | 2,000 | 2,000 | 6,000 |
| Burlington Northern | Mtg. Backed Cert. | 06-15-1998 | 9.250 | 9.250 | 4,000 | 2,600 | 4,000 | 10,600 |
| Castle & Cooke, Inc. | Note | 05-15-1985 | 8.125 | 9.065 | - | 250 | - | 250 |
| Cities Service Gas Co. | Debtenture | 06-01-1991 | 8.250 | 8.250 | 1,450 | 1,000 | 2,000 | 4,450 |
| Conoco Inc. | Note | 12-01-2000 | 9.000 | 9.015 | 998 | 832 | 1,373 | 3,203 |
| Crown Zellerbach (S.T.) | General Mtg. Bond | 05-01-1994 | 8.125 | 8.825 | 1,981 | 1,761 | 3,610 | 8,982 |
| Dresser Industries | Note | 05-15-1985 | 8.650 | 8.578 | 1,057 | - | 1,057 | 2,114 |
| FMC Corp. | S/F Debtenture | 01-15-2000 | 9.500 | 9.603 | 3,800 | 2,400 | 3,800 | 10,000 |
| Firestone Tire & Rubber | Debtenture | 12-01-2004 | 9.250 | 9.268 | 4,000 | 2,100 | 4,100 | 10,200 |
| Ford Leasing Development | Guaranteed Note | 12-01-1996 | 8.625 | 8.625 | 4,000 | 2,500 | 4,000 | 10,500 |
| Gulf Oil Corp. | Guaranteed Note | 03-15-2004 | 9.500 | 9.500 | 2,000 | 1,500 | - | 3,500 |
| G. F. Goodrich Co. | Note | 11-15-1992 | 6.500 | 6.500 | 465 | 465 | 935 | 1,865 |
| B. F. Goodrich Co. | First Mtg. Bond | 06-15-1993 | 6.625 | 6.625 | 800 | 690 | 1,000 | 2,490 |
| Hertz Corporation | Senior Note | 02-15-1999 | 9.500 | 9.500 | 2,300 | 2,000 | 2,300 | 6,600 |
| Millikan Biomedical, Ltd. | Debtenture | 07-01-1994 | 8.750 | 8.750 | 1,150 | 2,500 | 1,150 | 10,800 |
| Marathon Oil Co. | S/F Debtenture | 02-01-2000 | 8.500 | 8.671 | 4,000 | 1,000 | 5,000 | 5,000 |
| Moore Business Forms | Senior Note | 10-01-1996 | 7.900 | 7.900 | 2,000 | - | 2,000 | 4,000 |
| Norton Simon, Inc. | Promissory Note | 06-01-2004 | 8.875 | 8.875 | 2,500 | 2,500 | 2,000 | 7,000 |
| Plizer, Inc. | S/F Debtenture | 08-15-2000 | 9.250 | 9.316 | 1,000 | - | 1,000 | 2,000 |
| Phelps Dodge Corp. | Note | 06-01-1985 | 8.500 | 8.575 | 4,000 | 2,500 | 4,000 | 10,500 |
| Pipeline Pipe Line | Debtenture | 10-01-2001 | 7.875 | 7.973 | 3,000 | 1,250 | 3,500 | 7,750 |
| Rockwell Systems, Inc. | Debtenture | 09-15-1982 | 9.750 | 9.458 | - | 100 | - | 100 |
| Shell Canada, Ltd. | Debtenture | 01-01-1994 | 7.500 | 7.500 | - | - | 1,200 | 1,200 |
| Sohio/BP Trans. Alaska | Note | 02-01-1983 | 8.625 | 9.096 | - | 250 | 1,200 | 250 |
| Sprague Electric Co. | S/F Debtenture | 09-01-1988 | 4.375 | 4.400 | - | - | 550 | 550 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 03-30-1997 | 7.700 | 7.700 | 572 | - | 667 | 1,240 |
| Standard Oil of Calif. | Promissory Note | 12-01-1992 | 6.000 | 6.120 | - | 140 | 700 | 840 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 03-02-1997 | 7.700 | 7.700 | 667 | - | 667 | 1,335 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 02-10-1997 | 7.700 | 7.700 | 687 | - | 572 | 1,240 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 08-07-1997 | 7.700 | 7.700 | 483 | 1,352 | 483 | 2,318 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-08-1997 | 7.700 | 7.700 | 531 | 483 | 531 | 1,497 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 11-06-1997 | 7.700 | 7.700 | 483 | 531 | 483 | 1,497 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 07-02-1999 | 8.500 | 8.500 | 2,000 | 2,000 | 2,000 | 6,000 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 7.300 | 7.300 | 1,500 | 1,500 | 2,000 | 5,000 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 9.000 | 9.000 | 1,500 | 1,000 | 1,500 | 4,000 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 7.500 | 7.500 | 1,500 | 500 | 1,500 | 3,500 |
| Stauffer Chemical Co. | Note | 03-15-1997 | 7.500 | 7.500 | 2,000 | - | 2,000 | 4,000 |
| Studebaker-Worthington | S/F Debtenture | 11-15-2003 | 9.350 | 9.350 | 5,000 | 3,000 | 5,000 | 13,000 |
| Sun Oil Co. | Note | 07-01-1991 | 5.750 | 5.750 | - | 272 | - | 272 |
| Swift & Co. | S/F Debtenture | 08-01-1992 | 6.300 | 6.625 | - | 413 | 412 | 825 |
| Texaco, Inc. | Note | 12-01-2001 | 7.750 | 7.750 | 1,825 | 1,369 | 2,281 | 5,475 |
| Uarco, Inc. | Note | 05-01-1988 | 6.500 | 6.500 | 424 | - | 707 | 1,132 |
| Union Oil Co. of Calif. | Note | 12-01-1988 | 6.500 | 6.500 | 500 | - | 500 | 1,000 |
| Youngstown Sheet & Tube | First Mtg. S/F Bond | 07-01-1995 | 4.600 | 5.536 | 522 | 369 | 1,261 | 2,152 |
| TOTAL INDUSTRIAL OBLIGATION | | | | 8.577% | \$ 88,561 | \$48,620 | \$ 90,406 | \$27,588 |
| TRANSPORTATION DEBT OBLIGATIONS | | | | | | | | |
| Delaware Lackawanna | Refunding Mtg. Bond | 05-01-1985 | 4.500 | 4.500 | \$ - | \$ 6 | \$ - | \$ 6 |
| Louisville & Nashville | Collateral Trust Bond | 12-01-1987 | 4.875 | 4.950 | 500 | 400 | 450 | 1,350 |
| N.Y. Central Railroad | Refunding Mtg. Bond | 10-01-2013 | 4.500 | 4.500 | - | 20 | - | 20 |
| Western Maryland RR | First Mtg. Bond | 10-01-1989 | 4.850 | 4.850 | 480 | 384 | 480 | 1,344 |
| TOTAL TRANSPORTATION DEBT OBLIGATIONS | | | | 4.899% | \$ 980 | \$ 810 | \$ 930 | \$ 2,720 |
| RAILROAD EQUIPMENT OBLIGATIONS | | | | | | | | |
| ACF Industries, Inc. | Equipment Trust Cert. | 04-15-1981 | 5.625 | 5.625 | \$ 43 | \$ 40 | \$ - | \$ 83 |
| ACF Industries, Inc. | Equipment Trust Cert. | 05-15-1984 | 7.625 | 7.625 | 150 | 100 | 500 | 750 |
| ACF Industries, Inc. | Equipment Trust Cert. | 04-01-1985 | 9.500 | 9.500 | 540 | 360 | 600 | 1,500 |
| ACF Industries, Inc. | Equipment Trust Cert. | 03-01-1991 | 9.000 | 9.000 | 3,000 | 1,000 | 3,000 | 7,000 |
| ACF Industries, Inc. | Equipment Trust Cert. | 02-01-1992 | 8.000 | 8.000 | - | - | 3,468 | 3,468 |
| Delaware Lackawanna | Conditional Sale Agree. | 05-01-1985 | 6.600 | 6.600 | - | - | 938 | 938 |
| Burlington Northern | Conditional Sale Agree. | 01-01-1987 | 8.625 | 8.625 | 900 | - | 1,497 | 2,397 |
| Burlington Northern | Conditional Sale Agree. | 09-01-1993 | 8.750 | 8.750 | 3,014 | 2,512 | 3,014 | 8,542 |
| Chesapeake & Ohio RR | Conditional Sale Agree. | 02-15-1983 | 6.875 | 6.926 | 256 | 233 | 327 | 817 |
| Chicago, Milw., St. Paul Pac. | Conditional Sale Agree. | 01-15-1982 | 6.375 | 6.375 | 41 | 41 | 41 | 124 |
| Chicago, Milw., St. Paul Pac. | Conditional Sale Agree. | 06-01-1981 | 5.375 | 5.375 | 39 | 32 | 38 | 110 |
| Delaware Lackawanna | Conditional Sale Agree. | 09-01-1983 | 10.500 | 10.500 | 733 | - | 733 | 1,466 |
| Fruit Growers Express | Equipment Trust Cert. | 11-15-1981 | 6.000 | 6.000 | - | 75 | 90 | 255 |
| Fruit Growers Express | Equipment Trust Cert. | 06-15-1985 | 9.750 | 9.750 | - | 480 | 980 | 960 |
| Illinois Central RR | Conditional Sale Agree. | 02-15-1983 | 6.875 | 6.875 | 155 | 133 | 222 | 511 |
| Louisville & Nashville | Conditional Sale Agree. | 01-15-1986 | 6.875 | 7.027 | 420 | 308 | 560 | 1,288 |
| Louisville & Nashville | Conditional Sale Agree. | 10-20-1991 | 9.000 | 9.000 | 1,318 | - | - | 1,318 |
| Louisville & Nashville | Conditional Sale Agree. | 04-20-1993 | 8.750 | 8.375 | 2,383 | 1,121 | 2,383 | 5,887 |
| Meat Packers Pacific RR | Conditional Sale Agree. | 06-01-1984 | 9.750 | 9.750 | 4,000 | 3,000 | 2,000 | 9,000 |
| Norfolk & Western RR | Conditional Sale Agree. | 08-01-1983 | 7.250 | 7.250 | 300 | 250 | 450 | 1,000 |
| St. Louis-San Fran. RR | Conditional Sale Agree. | 01-01-1983 | 6.750 | 6.750 | - | 160 | 240 | 400 |
| St. Louis-San Fran. RR | Conditional Sale Agree. | 12-15-1983 | 7.250 | 7.250 | 266 | - | 233 | 500 |
| Southern Pacific Co. | Conditional Sale Agree. | 03-01-1984 | 7.625 | 7.625 | 250 | 200 | 350 | 800 |
| Southern Pacific Trans. | Conditional Sale Agree. | 10-01-1992 | 8.250 | 8.250 | 3,266 | 1,866 | 3,266 | 8,400 |
| Union Tank Car | Equipment Trust Cert. | 12-15-1995 | 9.500 | 9.500 | 3,000 | - | 3,000 | 6,000 |
| TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | 8.720% | \$ 24,170 | \$11,914 | \$ 24,103 | \$ 60,187 |
| TOTAL CORPORATE OBLIGATIONS | | | | 8.412% | \$179,862 | \$97,443 | \$184,795 | \$462,101 |
| MUNICIPAL BOND OBLIGATIONS | | | | | 3.620% | \$ 988 | \$ 1,216 | \$ 3,567 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, AGENCY, CANADIAN GOVERNMENTAL, CORPORATE, AND MUNICIPAL OBLIGATIONS | | | | | | | | |
| | | | | 8.431% | \$257,256 | \$143,763 | \$280,213 | \$681,230 |

COMMON STOCK HOLDINGS

| 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 | | |
| UTILITIES | | | | | | | | | | |
| ELECTRIC | | | | | | | | | | |
| Central & South West | 139,400 | \$ 15.88 | 55,400 | \$ 879,475.00 | 26,000 | \$ 412,750.00 | 58,000 | \$ 920,750.00 | \$ 2,212,975.00 | |
| Cincinnati Gas & Elec. | 100,000 | 20.25 | 41,000 | 830,250.00 | 20,000 | 405,000.00 | 39,000 | 789,750.00 | 2,025,000.00 | |
| Commonwealth Edison | 139,272 | 23.63 | 50,862 | 1,201,614.75 | 36,321 | 858,083.63 | 52,089 | 1,230,602.63 | 3,290,301.01 | |
| Florida Power & Light | 163,700 | 27.88 | 60,600 | 1,689,225.00 | 33,000 | 919,875.00 | 70,100 | 1,954,037.50 | 4,563,137.50 | |
| Houston Industries Inc. | 122,100 | 31.13 | 46,000 | 1,431,750.00 | 25,000 | 778,125.00 | 51,100 | 1,590,487.50 | 3,800,362.50 | |
| Middle South Utilities | 115,500 | 14.63 | 56,400 | 824,850.00 | 26,800 | 391,950.00 | 32,300 | 472,387.50 | 1,689,187.50 | |
| Minnesota Power & Light | 125,000 | 20.63 | 40,000 | 825,000.00 | 25,000 | 515,625.00 | 60,000 | 1,237,500.00 | 2,578,125.00 | |
| Northern States Power | 159,500 | 24.13 | 62,500 | 1,507,812.50 | 32,000 | 772,000.00 | 65,000 | 1,568,125.00 | 3,847,937.50 | |
| Pacific Gas & Electric | 47,000 | 23.00 | 25,000 | 575,000.00 | 22,000 | 506,000.00 | - | - | 1,081,000.00 | |
| Public Service Indiana | 167,000 | 25.75 | 65,500 | 1,686,625.00 | 31,500 | 811,125.00 | 70,000 | 1,802,500.00 | 4,300,250.00 | |
| Southern Calif. Edison | 100,000 | 25.63 | 38,000 | 973,750.00 | 22,000 | 563,750.00 | 40,000 | 1,025,000.00 | 2,562,500.00 | |
| Texas Utilities Co. | 195,000 | 19.25 | 70,000 | 1,347,500.00 | 40,000 | 770,000.00 | 85,000 | 1,636,250.00 | 3,753,750.00 | |
| Virginia Electric & Power | 164,898 | 12.88 | 58,333 | 751,037.38 | 34,266 | 441,174.75 | 72,299 | 930,849.63 | 2,123,061.76 | |
| Total Electric | | | | \$ 14,523,889.63 | \$ 8,145,458.38 | | \$ 15,158,239.76 | | \$ 37,827,587.77 | 5.60% |
| NATURAL GAS | | | | | | | | | | |
| Houston Natural Gas | 161,000 | \$ 29.75 | 61,500 | \$ 1,829,625.00 | 32,500 | \$ 966,875.00 | 67,000 | \$ 1,993,250.00 | \$ 4,789,750.00 | |
| Panhandle E. Pipe Line | 117,148 | 49.88 | 49,010 | 2,444,373.75 | 25,214 | 1,257,548.25 | 42,924 | 2,140,834.50 | 5,842,756.50 | |
| Peoples Gas Co. | 137,666 | 35.88 | 45,333 | 1,626,321.38 | 30,000 | 1,076,250.00 | 62,333 | 2,236,196.38 | 4,938,767.76 | |
| Total Natural Gas | | | | \$ 5,900,320.13 | \$ 3,300,673.25 | | \$ 6,370,280.88 | | \$ 15,571,274.26 | 2.31% |
| COMMUNICATIONS | | | | | | | | | | |
| American Tel. & Tel. | 456,560 | \$ 57.88 | 176,202 | \$ 10,197,690.75 | 91,888 | \$ 5,318,018.00 | 188,470 | \$ 10,907,701.25 | \$ 26,423,410.00 | |
| General Tel. & Elec. | 251,300 | 27.00 | 95,300 | 2,573,100.00 | 53,000 | 1,431,000.00 | 103,000 | 2,781,000.00 | 6,785,100.00 | |
| United Telecom. | 277,000 | 18.88 | 103,000 | 1,944,125.00 | 59,000 | 1,113,625.00 | 115,000 | 2,170,625.00 | 5,228,375.00 | |
| Total Communications | | | | \$ 14,714,915.75 | \$ 7,862,643.00 | | \$ 15,859,326.25 | | \$ 38,436,885.00 | 5.69% |
| TOTAL UTILITIES | | | | \$ 35,139,125.51 | \$ 19,308,774.63 | | \$ 37,387,846.89 | | \$ 91,835,747.03 | 13.59% |
| FINANCIAL SERVICES | | | | | | | | | | |
| BANKS | | | | | | | | | | |
| Citicorp | 129,432 | \$ 25.13 | 51,600 | \$ 1,296,450.00 | 28,932 | \$ 726,916.50 | 48,900 | \$ 1,228,612.50 | \$ 3,251,979.00 | |
| Continental Ill. Corp. | 124,272 | 29.25 | 57,272 | 1,675,206.00 | 30,000 | 877,500.00 | 37,000 | 1,082,250.00 | 3,634,956.00 | |
| First Bank System | 117,500 | 38.25 | 49,700 | 1,901,025.00 | 23,200 | 887,400.00 | 44,600 | 1,705,950.00 | 4,494,375.00 | |
| First Int'l Bancshares | 102,375 | 35.50 | 47,875 | 1,699,562.50 | 13,750 | 488,125.00 | 40,750 | 1,446,625.00 | 3,634,312.50 | |
| Manufacturers Hanover | 52,000 | 35.50 | 21,500 | 763,250.00 | 8,000 | 284,000.00 | 22,500 | 798,750.00 | 1,846,000.00 | |
| Morgan (J.P.) & Co. | 46,016 | 48.25 | 18,540 | 894,555.00 | 11,176 | 539,242.00 | 16,300 | 786,475.00 | 2,220,272.00 | |
| Northwest Bancorp. | 170,400 | 25.63 | 60,000 | 1,537,500.00 | 37,400 | 958,375.00 | 73,000 | 1,870,625.00 | 4,366,500.00 | |
| Security Pacific Corp. | 112,330 | 31.50 | 31,063 | 978,484.50 | 33,265 | 1,047,847.50 | 48,002 | 1,512,063.00 | 3,538,395.00 | |
| Valley Natl. (Arizona) | 100,582 | 25.75 | 32,702 | 842,076.50 | 25,896 | 666,822.00 | 41,984 | 1,081,088.00 | 2,589,986.50 | |
| Total Banks | | | | \$ 11,588,109.50 | \$ 6,476,228.00 | | \$ 11,512,438.50 | | \$ 29,576,776.00 | 4.38% |
| FINANCE | | | | | | | | | | |
| Beneficial Corp. | 104,845 | \$ 27.75 | 37,875 | \$ 1,051,031.25 | 26,245 | \$ 728,298.75 | 40,725 | \$ 1,130,118.75 | \$ 2,909,448.75 | |
| Household Finance | 187,500 | 20.25 | 75,300 | 1,524,825.00 | 37,900 | 767,475.00 | 74,300 | 1,504,575.00 | 3,796,875.00 | |
| MGIC Investment Corp. | 68,300 | 27.00 | 30,800 | 831,600.00 | 13,500 | 364,500.00 | 24,000 | 648,000.00 | 1,844,100.00 | |
| Total Finance | | | | \$ 3,407,456.25 | \$ 1,860,273.75 | | \$ 3,282,693.75 | | \$ 8,550,423.75 | 1.27% |
| INSURANCE | | | | | | | | | | |
| Aetna Life & Casualty | 151,800 | \$ 32.38 | 53,550 | \$ 1,733,681.25 | 33,750 | \$ 1,092,656.25 | 64,500 | \$ 2,088,187.50 | \$ 4,914,525.00 | |
| Chubb Corporation | 60,500 | 41.00 | 26,700 | 1,094,700.00 | 12,900 | 528,900.00 | 20,900 | 856,900.00 | 2,480,500.00 | |
| Connecticut General | 73,500 | 39.00 | 27,000 | 1,053,000.00 | 12,750 | 497,250.00 | 33,750 | 1,316,250.00 | 2,866,500.00 | |
| INA Corp. | 61,700 | 46.75 | 22,000 | 1,028,500.00 | 14,700 | 687,225.00 | 25,000 | 1,168,750.00 | 2,884,475.00 | |
| NLT Corp. | 126,600 | 35.88 | 51,700 | 1,854,737.50 | 27,200 | 975,800.00 | 47,700 | 1,711,237.50 | 4,541,775.00 | |
| Northwestern Nat'l. Life | 56,800 | 32.50 | 22,100 | 718,250.00 | 5,600 | 182,000.00 | 29,100 | 945,750.00 | 1,846,000.00 | |
| SAFECO Corp. | 46,950 | 32.25 | 20,700 | 667,575.00 | 11,250 | 362,812.50 | 15,000 | 483,750.00 | 1,514,137.50 | |
| St. Paul Companies | 85,900 | 38.50 | 34,400 | 1,324,000.00 | 17,000 | 654,500.00 | 34,500 | 1,328,250.00 | 3,307,150.00 | |
| Travelers Corp. | 59,400 | 38.25 | 20,700 | 791,775.00 | 15,500 | 592,875.00 | 23,200 | 887,400.00 | 2,272,050.00 | |
| U.S. Fidelity & Guar. | 79,200 | 35.88 | 26,400 | 947,100.00 | 18,150 | 651,131.25 | 34,650 | 1,243,068.75 | 2,841,300.00 | |
| Total Insurance | | | | \$ 11,213,718.75 | \$ 6,225,150.00 | | \$ 12,029,543.75 | | \$ 29,468,412.50 | 4.37% |
| TOTAL FINANCIAL SERVICES | | | | \$ 26,209,284.50 | \$ 14,561,651.75 | | \$ 26,824,676.00 | | \$ 67,595,612.25 | 10.01% |
| CONSUMER-ORIENTED | | | | | | | | | | |
| AUTOS - AUTO PARTS | | | | | | | | | | |
| Ford Motor Co. | 112,000 | \$ 42.63 | 42,000 | \$ 1,790,250.00 | 26,500 | \$ 1,129,562.50 | 43,500 | \$ 1,854,187.50 | \$ 4,774,000.00 | |
| General Motors | 143,000 | 59.38 | 54,000 | 3,206,250.00 | 33,000 | 1,959,375.00 | 56,000 | 3,325,000.00 | 8,490,625.00 | |
| Genuine Parts Company | 155,400 | 23.13 | 57,000 | 1,318,125.00 | 32,250 | 745,781.25 | 66,150 | 1,529,718.75 | 3,593,625.00 | |
| Goodyear Tire & Rubber | 203,500 | 15.88 | 74,500 | 1,182,687.50 | 34,000 | 539,750.00 | 95,000 | 1,508,125.00 | 3,230,562.50 | |
| Total Autos - Auto Parts | | | | \$ 7,497,312.50 | \$ 4,374,468.75 | | \$ 8,217,031.25 | | \$ 20,088,812.50 | 2.97% |
| CONSUMER-DURABLES | | | | | | | | | | |
| Sunbeam Corp. | 158,149 | \$ 21.63 | 63,150 | \$ 1,365,618.75 | 29,999 | \$ 648,728.38 | 65,000 | \$ 1,405,625.00 | \$ 3,419,972.13 | |
| Whirlpool Corporation | 166,400 | 21.13 | 62,600 | 1,322,425.00 | 38,000 | 802,750.00 | 65,800 | 1,390,025.00 | 3,515,200.00 | |
| Total Consumer-Durables | | | | \$ 2,688,043.75 | \$ 1,451,478.38 | | \$ 2,795,650.00 | | \$ 6,935,172.13 | 1.03% |
| CONSUMER-NONDURABLES | | | | | | | | | | |
| Avon Products, Inc. | 174,500 | \$ 47.25 | 63,500 | \$ 3,000,375.00 | 39,000 | \$ 1,842,750.00 | 72,000 | \$ 3,402,000.00 | \$ 8,245,125.00 | |
| Colgate-Palmolive | 246,500 | 15.88 | 103,500 | 1,643,062.50 | 42,500 | 674,687.50 | 100,500 | 1,595,437.50 | 3,913,187.50 | |
| Eastman Kodak Co. | 130,680 | 57.13 | 47,000 | 2,684,875.00 | 29,680 | 1,695,470.00 | 54,000 | 3,084,750.00 | 7,465,095.00 | |
| Minnesota Mining & Mfg. | 131,400 | 56.38 | 51,000 | 2,875,125.00 | 27,600 | 1,555,950.00 | 52,800 | 2,976,600.00 | 7,407,675.00 | |
| Procter & Gamble Co. | 69,000 | 76.88 | 25,000 | 1,921,875.00 | 14,000 | 1,076,250.00 | 30,000 | 2,306,250.00 | 5,304,375.00 | |
| Revlon, Incorporated | 139,400 | 46.38 | 56,000 | 2,597,000.00 | 27,000 | 1,252,125.00 | 56,400 | 2,615,550.00 | 6,464,675.00 | |
| Total Consumer-Nondurables | | | | \$ 14,722,312.50 | \$ 8,097,232.50 | | \$ 15,980,587.50 | | \$ 38,800,132.50 | 5.74% |
| CONSUMER-MISCELLANEOUS | | | | | | | | | | |
| Disney (Walt) Prod. | 128,113 | \$ 33.75 | 50,435 | \$ 1,702,181.25 | 26,606 | \$ 897,952.50 | 51,072 | \$ 1,723,680.00 | \$ 4,323,813.75 | |
| Holiday Inns Inc. | 123,000 | 18.63 | 45,700 | 851,162.50 | 26,200 | 487,975.00 | 51,100 | 951,737.50 | 2,290,875.00 | |
| McDonald's Corp. | 172,700 | 45.50 | 67,200 | 3,057,600.00 | 36,500 | 1,660,750.00 | 69,000 | 3,139,500.00 | 7,857,850.00 | |
| Warner Communications | 182,799 | 33.63 | 68,533 | 2,304,422.13 | 39,600 | 1,331,550.00 | 74,666 | 2,510,644.25 | 6,146,616.38 | |
| Total Consumer-Miscellaneous | | | | \$ 7,915,365.88 | \$ 4,378,227.50 | | \$ 8,325,561.75 | | \$ 20,619,155.13 | 3.05% |

| 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 | | |
| DRUGS | | | | | | | | | | |
| American Home Products | 162,800 | \$ 27.13 | 60,000 | \$ 1,627,500.00 | 35,400 | \$ 960,225.00 | 67,400 | \$ 1,828,225.00 | \$ 4,415,950.00 | |
| Johnson & Johnson | 83,000 | 71.75 | 31,000 | 2,224,250.00 | 18,000 | 1,291,500.00 | 34,000 | 2,439,500.00 | 5,955,250.00 | |
| Medtronic, Inc. | 83,000 | 43.63 | 32,000 | 1,396,000.00 | 16,000 | 698,000.00 | 35,000 | 1,526,875.00 | 3,620,875.00 | |
| Merck & Company | 100,000 | 67.50 | 39,000 | 2,632,500.00 | 19,500 | 1,316,250.00 | 41,500 | 2,801,250.00 | 6,750,000.00 | |
| Pfizer, Inc. | 224,600 | 30.63 | 86,100 | 2,636,812.50 | 48,500 | 1,485,312.50 | 90,000 | 2,756,250.00 | 6,878,375.00 | |
| Schering-Plough Corp. | 75,600 | 30.75 | 25,000 | 768,750.00 | 17,000 | 522,750.00 | 33,600 | 1,033,200.00 | 2,324,700.00 | |
| Warner-Lambert | 213,500 | 24.88 | 80,500 | 2,002,437.50 | 47,000 | 1,169,125.00 | 86,000 | 2,139,250.00 | 5,310,812.50 | |
| Total Drugs | | | | \$ 13,288,250.00 | | \$ 7,443,162.50 | | \$ 14,524,550.00 | \$ 35,255,962.50 | 5.22% |
| FOODS-BEVERAGES | | | | | | | | | | |
| CPC International | 110,000 | \$ 52.50 | 45,000 | \$ 2,362,500.00 | 20,000 | \$ 1,050,000.00 | 45,000 | \$ 2,362,500.00 | \$ 5,775,000.00 | |
| Coca-Cola Co. | 120,200 | 38.25 | 46,200 | 1,767,150.00 | 24,000 | 918,000.00 | 50,000 | 1,912,500.00 | 4,597,650.00 | |
| Consolidated Foods | 180,500 | 23.13 | 71,200 | 1,646,500.00 | 38,800 | 897,250.00 | 70,500 | 1,630,312.50 | 4,174,062.50 | |
| General Foods Corp. | 115,000 | 31.75 | 42,000 | 1,333,500.00 | 27,000 | 857,250.00 | 46,000 | 1,460,500.00 | 3,651,250.00 | |
| General Mills, Inc. | 188,200 | 25.00 | 75,200 | 1,880,000.00 | 43,000 | 1,075,000.00 | 70,000 | 1,750,000.00 | 4,705,000.00 | |
| Norton Simon, Inc. | 187,435 | 15.00 | 67,523 | 1,012,845.00 | 39,069 | 586,035.00 | 80,843 | 1,212,645.00 | 2,811,525.00 | |
| PepsiCo, Inc. | 194,786 | 25.38 | 69,000 | 1,750,875.00 | 40,300 | 1,022,612.50 | 85,486 | 2,169,207.25 | 4,942,694.75 | |
| Pillsbury Company | 134,500 | 36.25 | 45,400 | 1,645,750.00 | 30,700 | 1,112,875.00 | 58,400 | 2,117,000.00 | 4,875,625.00 | |
| Total Foods-Beverages | | | | \$ 13,399,120.00 | | \$ 7,519,022.50 | | \$ 14,614,664.75 | \$ 35,532,807.25 | 5.26% |
| MEDIA | | | | | | | | | | |
| Donnelley (R.R.) & Sons | 84,243 | \$ 27.75 | 28,876 | \$ 801,309.00 | 19,246 | \$ 534,076.50 | 36,121 | \$ 1,002,357.75 | \$ 2,337,743.25 | |
| Dun & Bradstreet Corp. | 82,100 | 34.25 | 34,300 | 1,174,775.00 | 15,000 | 513,750.00 | 32,800 | 1,123,400.00 | 2,811,925.00 | |
| Harcourt Brace Jovanovich | 45,000 | 37.75 | 16,050 | 605,887.50 | 11,100 | 419,025.00 | 17,850 | 673,837.50 | 1,698,750.00 | |
| Total Media | | | | \$ 2,581,971.50 | | \$ 1,466,851.50 | | \$ 2,799,595.25 | \$ 6,848,418.25 | 1.01% |
| RETAIL SALES | | | | | | | | | | |
| Dayton Hudson Corp. | 115,700 | \$ 39.75 | 44,600 | \$ 1,772,850.00 | 25,500 | \$ 1,013,625.00 | 45,600 | \$ 1,812,600.00 | \$ 4,599,075.00 | |
| Federated Dept. Stores | 125,500 | 29.63 | 54,000 | 1,599,750.00 | 22,000 | 651,750.00 | 49,500 | 1,466,437.50 | 3,717,937.50 | |
| K mart Corporation | 221,000 | 26.50 | 85,000 | 2,252,500.00 | 47,000 | 1,245,500.00 | 89,000 | 2,358,500.00 | 5,856,500.00 | |
| Pennney (J.C.) Co. | 163,100 | 29.88 | 59,700 | 1,783,537.50 | 34,300 | 1,024,712.50 | 69,100 | 2,064,362.50 | 4,872,612.50 | |
| Sears, Roebuck & Co. | 203,000 | 19.25 | 74,000 | 1,424,500.00 | 44,000 | 847,000.00 | 85,000 | 1,636,250.00 | 3,907,750.00 | |
| Southland Corporation | 165,176 | 28.25 | 59,158 | 1,671,213.50 | 36,341 | 1,026,633.25 | 69,677 | 1,968,375.25 | 4,666,222.00 | |
| Total Retail Sales | | | | \$ 10,504,351.00 | | \$ 5,809,220.75 | | \$ 11,306,525.25 | \$ 27,620,097.00 | 4.09% |
| TOTAL CONSUMER-ORIENTED | | | | \$ 72,596,727.13 | | \$ 40,539,664.38 | | \$ 78,564,165.75 | \$191,700,557.26 | 28.38% |
| TECHNOLOGY | | | | | | | | | | |
| ELECTRONICS | | | | | | | | | | |
| Hewlett-Packard Co. | 31,500 | \$ 97.25 | 10,000 | \$ 972,500.00 | 7,500 | \$ 729,375.00 | 14,000 | \$ 1,361,500.00 | \$ 3,063,375.00 | |
| Texas Instruments Inc. | 36,500 | 90.13 | 14,000 | 1,261,750.00 | 7,500 | 675,937.50 | 15,000 | 1,351,875.00 | 3,289,562.50 | |
| Total Electronics | | | | \$ 2,234,250.00 | | \$ 1,405,312.50 | | \$ 2,713,375.00 | \$ 6,352,937.50 | 0.94% |
| OFFICE EQUIPMENT | | | | | | | | | | |
| Burroughs Corp. | 106,800 | \$ 70.25 | 40,400 | \$ 2,838,100.00 | 23,200 | \$ 1,629,800.00 | 43,200 | \$ 3,034,800.00 | \$ 7,502,700.00 | |
| Control Data Corp. | 43,000 | 39.25 | 14,000 | 549,500.00 | 8,000 | 314,000.00 | 21,000 | 824,250.00 | 1,687,750.00 | |
| Digital Equipment Corp. | 47,400 | 55.75 | 22,500 | 1,254,375.00 | 8,400 | 468,300.00 | 16,500 | 919,875.00 | 2,642,550.00 | |
| Honeywell, Inc. | 110,700 | 68.75 | 41,800 | 2,873,750.00 | 23,500 | 1,615,625.00 | 45,400 | 3,121,250.00 | 7,610,625.00 | |
| Int'l. Bus. Machines | 533,412 | 73.38 | 200,000 | 14,675,000.00 | 111,800 | 8,203,325.00 | 221,612 | 16,260,780.50 | 39,139,105.50 | |
| Xerox Corporation | 132,620 | 60.63 | 48,000 | 2,910,000.00 | 27,260 | 1,652,637.50 | 57,260 | 3,471,387.50 | 8,034,025.00 | |
| Total Office Equipment | | | | \$ 25,100,725.00 | | \$ 13,883,687.50 | | \$ 27,632,343.00 | \$ 66,616,755.50 | 9.86% |
| TOTAL TECHNOLOGY | | | | \$ 27,334,975.00 | | \$ 15,289,000.00 | | \$ 30,345,718.00 | \$ 72,969,693.00 | 10.80% |
| BASIC INDUSTRY | | | | | | | | | | |
| AEROSPACE | | | | | | | | | | |
| Boeing Co. | 156,750 | \$ 40.50 | 60,000 | \$ 2,430,000.00 | 33,750 | \$ 1,366,875.00 | 63,000 | \$ 2,551,500.00 | \$ 6,348,375.00 | |
| United Technologies | 144,500 | 37.13 | 50,000 | 1,856,250.00 | 31,500 | 1,169,437.50 | 63,000 | 2,338,875.00 | 5,364,562.50 | |
| Total Aerospace | | | | \$ 4,286,250.00 | | \$ 2,536,312.50 | | \$ 4,890,375.00 | \$ 11,712,937.50 | 1.73% |
| BUILDING & FOREST PRODUCTS | | | | | | | | | | |
| Georgia-Pacific Corp. | 185,556 | \$ 27.13 | 69,490 | \$ 1,884,916.25 | 38,591 | \$ 1,046,780.88 | 77,475 | \$ 2,101,509.38 | \$ 5,033,206.51 | |
| Masonite Corp. | 196,400 | 25.50 | 81,400 | 2,075,700.00 | 45,000 | 1,147,500.00 | 70,000 | 1,785,000.00 | 5,008,200.00 | |
| Owens-Corning Fiber. | 176,200 | 25.13 | 65,200 | 1,638,150.00 | 37,000 | 929,625.00 | 74,000 | 1,859,250.00 | 4,427,025.00 | |
| Weyerhaeuser Co. | 130,500 | 29.75 | 47,000 | 1,398,250.00 | 26,400 | 785,400.00 | 57,100 | 1,698,725.00 | 3,882,375.00 | |
| Total Building & Forest Products | | | | \$ 6,997,016.25 | | \$ 3,909,305.88 | | \$ 7,444,484.38 | \$ 18,350,806.51 | 2.72% |
| CHEMICALS | | | | | | | | | | |
| Air Products & Chem. | 129,075 | \$ 30.88 | 50,693 | \$ 1,565,146.38 | 27,686 | \$ 854,805.25 | 50,696 | \$ 1,565,239.00 | \$ 3,985,190.63 | |
| Dow Chemical | 134,028 | 25.88 | 50,192 | 1,298,718.00 | 27,980 | 723,982.50 | 55,856 | 1,445,274.00 | 3,467,974.50 | |
| du Pont (E.I.) de Nemours | 127,500 | 41.25 | 48,000 | 1,980,000.00 | 25,500 | 1,051,875.00 | 54,000 | 2,227,500.00 | 5,259,375.00 | |
| Hercules, Inc. | 148,000 | 19.13 | 63,000 | 1,204,875.00 | 35,000 | 669,375.00 | 50,000 | 956,250.00 | 2,830,500.00 | |
| Monsanto Co. | 59,236 | 50.13 | 21,236 | 1,064,454.50 | 13,000 | 651,625.00 | 25,000 | 1,253,125.00 | 2,969,204.50 | |
| Union Carbide Corp. | 83,100 | 37.00 | 31,000 | 1,147,000.00 | 17,100 | 632,700.00 | 35,000 | 1,295,000.00 | 3,074,700.00 | |
| Total Chemicals | | | | \$ 8,260,193.88 | | \$ 4,584,362.75 | | \$ 8,742,388.00 | \$ 21,586,944.63 | 3.20% |
| ELECTRICAL EQUIPMENT | | | | | | | | | | |
| Emerson Electric Co. | 118,000 | \$ 36.00 | 42,000 | \$ 1,512,000.00 | 31,000 | \$ 1,116,000.00 | 45,000 | \$ 1,620,000.00 | \$ 4,248,000.00 | |
| General Electric Co. | 238,000 | 50.00 | 89,000 | 4,450,000.00 | 51,000 | 2,550,000.00 | 98,000 | 4,900,000.00 | 11,900,000.00 | |
| Gould, Inc. | 133,000 | 25.00 | 55,000 | 1,375,000.00 | 28,000 | 700,000.00 | 50,000 | 1,250,000.00 | 3,325,000.00 | |
| Westinghouse Electric | 63,000 | 19.75 | 23,100 | 456,225.00 | 12,200 | 240,950.00 | 27,700 | 547,075.00 | 1,244,250.00 | |
| Total Electrical Equipment | | | | \$ 7,793,225.00 | | \$ 4,606,950.00 | | \$ 8,317,075.00 | \$ 20,717,250.00 | 3.07% |
| MACHINERY | | | | | | | | | | |
| Caterpillar Tractor | 94,100 | \$ 55.13 | 36,100 | \$ 1,990,012.50 | 20,000 | \$ 1,102,500.00 | 38,000 | \$ 2,094,750.00 | \$ 5,187,262.50 | |
| Clark Equipment Co. | 112,100 | 38.63 | 40,100 | 1,548,862.50 | 24,000 | 927,000.00 | 48,000 | 1,854,000.00 | 4,329,862.50 | |
| Combustion Engineering | 123,500 | 44.88 | 50,000 | 2,243,750.00 | 28,500 | 1,278,937.50 | 45,000 | 2,019,375.00 | 5,542,062.50 | |
| Trans Union Corp. | 101,000 | 33.88 | 38,000 | 1,287,250.00 | 18,000 | 609,750.00 | 45,000 | 1,524,375.00 | 3,421,375.00 | |
| Total Machinery | | | | \$ 7,069,875.00 | | \$ 3,918,187.50 | | \$ 7,492,500.00 | \$ 18,480,562.50 | 2.74% |

| 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.

SCHEDULE IV

PUBLIC EMPLOYEES POLICE AND FIRE 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 Notes | Note | 02-15-1987 | 9.000 | 9.009% | \$ 500 |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION | | | | | |
| | Mtg. Backed Cert. | 08-15-2004/ 01-15-2008 | 8.000/ 8.250 | 8.407% | \$ 3,033 |
| GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | | |
| Grace Line, Inc. | Government Guar. Bond | 02-01-1992 | 5.100 | 5.100 | \$ 99 |
| Moore-McCormack Lines | Government Guar. Bond | 04-01-1987 | 5.750 | 5.750 | 101 |
| TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | | |
| | | | | 5.428% | \$ 200 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | | | |
| | | | | 8.223% | \$ 3,233 |
| UNITED STATES GOVERNMENT AGENCY OBLIGATIONS | | | | | |
| Federal Home Loan Bank | Bond | 08-27-1984 | 7.850 | 7.850% | \$ 105 |
| CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | |
| British Columbia Hydro | Bond | 07-15-1996 | 9.625 | 9.645 | \$ 1,000 |
| Manitoba Hydro Electric | Debtenture | 10-15-1997 | 7.650 | 7.650 | 500 |
| N. Brunswick Electric Pwr. | S/F Debtenture | 04-01-1998 | 7.875 | 7.875 | 482 |
| N. Brunswick Higher Education | S/F Debtenture | 04-15-1993 | 7.000 | 7.260 | 200 |
| Nova Scotia, Province | S/F Debtenture | 08-01-1993 | 7.250 | 7.200 | 250 |
| Ontario Hydro | Note | 03-15-1996 | 9.500 | 9.500 | 1,000 |
| Ontario, Province of | Debtenture | 05-15-2001 | 7.850 | 7.850 | 300 |
| Ontario, Province of | Debtenture | 12-15-2002 | 7.300 | 7.300 | 500 |
| Ontario, Province of | Debtenture | 06-15-2005 | 9.125 | 9.000 | 1,000 |
| Ontario, Province of | Debtenture | 06-01-2008 | 9.375 | 9.375 | 500 |
| Ontario, Province of | Debtenture | 11-30-2008 | 9.375 | 9.475 | 800 |
| Ontario, Province of | Debtenture | 04-15-1997 | 5.625 | 5.625 | 100 |
| Saskatchewan, Province of | Debtenture | 04-15-2008 | 9.250 | 9.250 | 800 |
| TOTAL CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | |
| | | | | 8.780% | \$ 7,432 |
| CORPORATE BOND OBLIGATIONS | | | | | |
| PUBLIC UTILITY OBLIGATIONS | | | | | |
| ELECTRIC | | | | | |
| Commonwealth Edison | First Mtg. Bond | 11-01-1996 | 5.750 | 5.750 | \$ 100 |
| Commonwealth Edison | Debtenture | 04-01-1999 | 10.000 | 10.000 | 700 |
| Consolidated Edison | Equipment Trust Cert. | 01-01-1996 | 9.250 | 9.250 | 244 |
| Kansas Power & Light | First Mtg. Bond | 06-01-2007 | 8.125 | 8.168 | 750 |
| Minnesota Power & Light | First Mtg. Bond | 09-01-2006 | 8.700 | 8.700 | 800 |
| Northern States Power | First Mtg. Bond | 01-01-2004 | 8.375 | 8.719 | 800 |
| Philadelphia Electric | First & Ref. Mtg. Bond | 10-15-1980 | 11.000 | 11.000 | 800 |
| Public Serv. Indiana | First Mtg. Bond | 01-01-2007 | 7.625 | 7.704 | 540 |
| Public Serv. Electric & Gas | First & Ref. Mtg. Bond | 06-01-2007 | 8.250 | 8.913 | 800 |
| Rochester Gas & Electric | First Mtg. Bond | 07-01-1998 | 6.700 | 6.700 | 150 |
| Total Electric | | | | | |
| | | | | 8.971% | \$ 5,684 |
| TELEPHONE | | | | | |
| Bell Tel. Co. Canada | First Mtg. Bond | 06-01-2004 | 9.500 | 9.500 | \$ 800 |
| N.Y. Telephone Co. | Refunding Mtg. Bond | 07-15-2008 | 8.000 | 8.510 | 800 |
| Southern Bell Tel. & Tel. | Debtenture | 03-15-2013 | 7.625 | 8.838 | 800 |
| Total Telephone | | | | | |
| | | | | 8.949% | \$ 2,400 |
| TOTAL PUBLIC UTILITY OBLIGATIONS | | | | | |
| | | | | 8.964% | \$ 8,084 |
| FINANCE OBLIGATIONS | | | | | |
| American Investment | Senior Note | 11-01-1986 | 6.750 | 6.750 | \$ 80 |
| American Investment | Note | 01-01-1991 | 5.250 | 5.250 | 90 |
| Deere (John) Credit | Debtenture | 04-30-1998 | 7.500 | 7.540 | 500 |
| Ford Motor Credit Co. | S/F Debtenture | 07-15-2000 | 9.700 | 9.724 | 800 |
| LNM Acceptance Corp. | Promissory Note | 12-01-1986 | 9.100 | 9.100 | 970 |
| Montgomery Ward Credit | Debtenture | 10-01-2002 | 8.375 | 8.405 | 850 |
| Northwest Bancorp. | S/F Debtenture | 03-15-2003 | 7.750 | 7.750 | 500 |
| Northwest Bancorp. | Note | 09-15-1986 | 7.875 | 7.892 | 800 |
| Wells Fargo & Co. | Promissory Note | 11-01-1998 | 8.125 | 8.125 | 800 |
| TOTAL FINANCE OBLIGATIONS | | | | | |
| | | | | 8.390% | \$ 5,390 |
| INDUSTRIAL OBLIGATIONS | | | | | |
| Akzona, Inc. | Debtenture | 02-15-1997 | 7.500 | 7.500 | \$ 500 |
| Aluminum Co. of Canada | S/F Debtenture | 03-01-1995 | 9.500 | 10.016 | 800 |
| Armco Steel Corp. | Note | 12-15-1996 | 7.875 | 7.875 | 475 |
| Atlantic Richfield Co. | Guaranteed Note | 07-15-1996 | 9.250 | 9.250 | 800 |
| Atlantic Richfield Co. | First Pref. Ship. Mtg. Bd. | 12-01-2001 | 8.750 | 8.750 | 700 |
| Cities Service Gas Co. | Debtenture | 06-01-1991 | 8.250 | 8.250 | 300 |
| Conoco Inc. | Note | 12-01-2000 | 9.000 | 9.000 | 208 |
| Crown Zellerbach | General Mtg. Bond | 05-01-1994 | 8.125 | 8.125 | 704 |
| FMC Corp. | S/F Debtenture | 01-15-2000 | 9.500 | 9.603 | 800 |
| Firestone Tire & Rubber | Debtenture | 12-01-2004 | 9.250 | 9.250 | 800 |
| Ford Leasing Development | Guaranteed Note | 12-01-1996 | 8.625 | 8.625 | 800 |
| Gulf Oil Corp. | First Mtg. Bond | 06-15-1993 | 6.625 | 6.625 | 200 |
| Hertz Corporation | Senior Note | 02-15-1999 | 9.500 | 9.500 | 400 |
| MacMillan Bloedel, Ltd. | Debtenture | 07-01-1994 | 8.750 | 8.750 | 800 |
| Marathon Oil Co. | S/F Debtenture | 02-01-2000 | 8.500 | 8.563 | 800 |
| Moore Business Forms | Senior Note | 10-01-1996 | 7.900 | 7.900 | 500 |
| Phelps Dodge Corp. | Note | 06-01-1985 | 8.500 | 8.623 | 800 |
| Plantation Pipe Line | Guaranteed Note | 10-01-2001 | 7.875 | 7.875 | 300 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 03-30-1997 | 7.700 | 7.700 | 143 |
| Standard Oil of Calif. | Promissory Note | 12-01-1992 | 6.000 | 6.120 | 106 |

| Company | Type of Security | Maturity Date(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|-------------------------------------|----------------------------|------------------|---------------|-----------------|-----------------------|
| 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 | 7.300 | 7.300 | 300 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 9.000 | 9.000 | 250 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 7.500 | 7.500 | 250 |
| Stauffer Chemical Co. | Note | 03-15-1997 | 7.500 | 7.500 | 500 |
| Studebaker-Worthington | S/F Debtenture | 11-15-2003 | 9.350 | 9.350 | 1,000 |
| Union Oil Co. of Calif. | Note | 12-01-1988 | 6.500 | 6.500 | 75 |
| Youngstown Sheet Tube | First Mtg. S/F Bond | 07-01-1995 | 4.600 | 7.300 | 160 |
| TOTAL INDUSTRIAL OBLIGATIONS | | | | 8.577% | \$14,095 |

| | | | | | |
|--|-----------------------|------------|-------|--------|--------|
| TRANSPORTATION DEBT OBLIGATIONS | | | | | |
| Louisville & Nashville RR | Collateral Trust Bond | 12-01-1987 | 4.875 | 4.950 | \$ 50 |
| Western Maryland RR | First Mtg. Bond | 10-01-1989 | 4.850 | 4.850 | 72 |
| TOTAL TRANSPORTATION DEBT OBLIGATIONS | | | | 4.891% | \$ 122 |

| | | | | | |
|---|-------------------------|------------|--------|--------|----------|
| RAILROAD EQUIPMENT OBLIGATIONS | | | | | |
| ACF Industries, Inc. | Equipment Trust Cert. | 04-15-1981 | 5.625 | 5.625 | \$ 24 |
| ACF Industries, Inc. | Equipment Tr. r. Cert. | 04-01-1985 | 9.500 | 9.500 | 90 |
| ACF Industries, Inc. | Equipment Trust Cert. | 03-01-1991 | 9.000 | 9.000 | 800 |
| Burlington Northern | Conditional Sale Agree. | 05-01-1986 | 8.600 | 8.600 | 187 |
| Burlington Northern | Conditional Sale Agree. | 09-01-1993 | 8.750 | 8.750 | 660 |
| Chesapeake & Ohio RR | Conditional Sale Agree. | 03-15-1989 | 8.750 | 8.750 | 261 |
| Chicago, Milw., St. Paul | Conditional Sale Agree. | 01-15-1982 | 6.375 | 6.375 | 12 |
| Chicago, Milw., St. Paul | Conditional Sale Agree. | 06-01-1981 | 5.375 | 5.375 | 19 |
| Del. & Hudson | Conditional Sale Agree. | 09-01-1985 | 10.500 | 10.500 | 148 |
| Fruit Growers Express | Equipment Trust Cert. | 11-15-1981 | 6.000 | 6.000 | 30 |
| Fruit Growers Express | Equipment Trust Cert. | 06-15-1985 | 9.750 | 9.750 | 90 |
| Louisville & Nashville RR | Conditional Sale Agree. | 10-20-1991 | 9.000 | 9.000 | 482 |
| Missouri Pacific RR | Conditional Sale Agree. | 06-01-1994 | 9.750 | 9.750 | 1,000 |
| St. Louis-San Fran. RR | Conditional Sale Agree. | 01-01-1983 | 6.750 | 6.750 | 40 |
| Seaboard Coast Line RR | Conditional Sale Agree. | 04-01-1992 | 9.000 | 9.000 | 787 |
| Southern Pacific Co. | Conditional Sale Agree. | 03-01-1984 | 7.625 | 7.625 | 50 |
| Southern Pacific Trans. | Conditional Sale Agree. | 10-01-1992 | 8.250 | 8.250 | 653 |
| TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | 8.973% | \$ 5,336 |

| | | | | | |
|--|--|--|--|--------|----------|
| TOTAL CORPORATE OBLIGATIONS | | | | | |
| | | | | 8.691% | \$33,028 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, AGENCY, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS | | | | | |
| | | | | 8.674% | \$44,298 |

(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 V

HIGHWAY PATROLMEN'S RETIREMENT FUND June 30, 1979

UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, CORPORATE, AND MUNICIPAL 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. | 03-15-2006/ 11-15-2007 | 8.000/ 8.250 | 8.369% | \$ 1,235 |
| GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | | |
| Moore-McCormack Lines | Government Guar. Bond | 04-01-1987 | 5.750 | 5.750% | \$ 101 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | | | |
| | | | | 8.171% | \$ 1,336 |
| CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | |
| British Columbia Hydro | Bond | 07-15-1996 | 9.625 | 9.625 | \$ 400 |
| N. Brunswick Electric Pwr. | S/F Debtenture | 04-01-1998 | 7.875 | 7.875 | 289 |
| Nova Scotia, Province of | S/F Debtenture | 08-01-1993 | 7.250 | 7.200 | 150 |
| Ontario Hydro | Note | 03-15-1996 | 9.500 | 9.500 | 500 |
| Ontario, Province of | Debtenture | 11-30-2008 | 9.375 | 9.475 | 200 |
| Saskatchewan, Province of | Debtenture | 04-15-2008 | 9.250 | 9.250 | 400 |
| TOTAL PROVINCIAL OBLIGATIONS | | | | | |
| | | | | 9.052% | \$ 1,939 |
| TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS | | | | | |
| | | | | 9.052% | \$ 1,939 |
| CORPORATE BOND OBLIGATIONS | | | | | |
| PUBLIC UTILITY | | | | | |
| ELECTRIC | | | | | |
| Calif. Electric Power | First Mtg. Bond | 05-01-1990 | 5.125 | 5.060 | \$ 40 |
| Commonwealth Edison | Debtenture | 04-01-1999 | 10.000 | 10.000 | 400 |
| Kansas Power & Light | First Mtg. Bond | 06-01-2007 | 8.125 | 8.168 | 400 |
| Northern States Power | First Mtg. Bond | 01-01-2004 | 8.375 | 8.719 | 400 |
| Public Service Indiana | First Mtg. Bond | 01-01-2007 | 7.625 | 7.734 | 320 |
| Rochester Gas & Electric | First Mtg. Bond | 07-01-1998 | 6.700 | 6.700 | 50 |
| Total Electric | | | | | |
| | | | | 8.551% | \$ 1,610 |
| TELEPHONE | | | | | |
| Bell Tel. Co. Canada | First Mtg. Bond | 06-01-2004 | 9.500 | 9.500 | \$ 400 |
| N.Y. Telephone Co. | Refunding Mtg. Bond | 07-15-2008 | 8.000 | 8.416 | 400 |
| Total Telephone | | | | | |
| | | | | 8.958% | \$ 800 |
| TOTAL PUBLIC UTILITY OBLIGATIONS | | | | | |
| | | | | 8.686% | \$ 2,410 |

| 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 | | | | 8.595% | \$ 1,585 | Burlington Northern | Conditional Sale Agree. | 05-01-1986 | 8.600 | 8.600 | \$ 187 |
| INDUSTRIAL OBLIGATIONS | | | | | | Chesapeake & Ohio RR | Conditional Sale Agree. | 03-15-1989 | 8.750 | 8.750 | 174 |
| Aluminum Co. of Canada | S/F Debenture | 03-01-1995 | 9.500 | 9.370 | \$ 150 | Chicago, Milw., St. Paul | Conditional Sale Agree. | 01-15-1982 | 6.375 | 6.375 | 8 |
| Atlantic Richfield Co. | Guaranteed Note | 07-15-1996 | 9.250 | 9.250 | 400 | Fruit Growers Express | Equipment Trust Cert. | 11-15-1981 | 6.000 | 6.000 | 15 |
| Crown Zellerbach (S.T.) | General Mtg. Bond | 05-01-1994 | 8.125 | 8.125 | 264 | Fruit Growers Express | Equipment Trust Cert. | 06-15-1985 | 9.750 | 9.750 | 60 |
| FMC Corp. | S/F Debenture | 01-15-2000 | 9.500 | 9.603 | 400 | Illinois Central RR | Conditional Sale Agree. | 02-15-1983 | 6.875 | 6.875 | 33 |
| Firestone Tire & Rubber | Debenture | 12-01-2004 | 9.250 | 9.250 | 400 | Missouri Pacific RR | Conditional Sale Agree. | 06-01-1994 | 9.750 | 9.750 | 450 |
| Gulf Oil Corp. | First Mtg. Bond | 06-15-1993 | 6.625 | 6.625 | 150 | Seaboard Coast Line RR | Conditional Sale Agree. | 04-01-1992 | 9.000 | 9.000 | 393 |
| MacMillan Bloedel, Ltd. | Debenture | 07-01-1994 | 8.750 | 8.750 | 300 | Seaboard Coast Line RR | Conditional Sale Agree. | 10-01-1992 | 8.250 | 8.250 | 386 |
| Marathon Oil Co. | S/F Debenture | 02-01-2000 | 8.500 | 8.570 | 400 | Southern Pacific Trans. | Conditional Sale Agree. | 10-01-1992 | 8.250 | 8.250 | 280 |
| Olympic Pipeline Co. | Note | 09-01-2001 | 8.850 | 8.850 | 150 | TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | 8.812% | \$ 1,988 |
| Phelps Dodge Corp. | Note | 06-01-1985 | 8.500 | 8.638 | 300 | TOTAL CORPORATE OBLIGATIONS | | | | 8.643% | \$10,456 |
| Plantation Pipe Line | Guaranteed Note | 10-01-2001 | 7.875 | 7.875 | 300 | MUNICIPAL BOND OBLIGATIONS | | | | | |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-07-1997 | 7.700 | 7.700 | 193 | Bond | | 11-01-1979/ | 2.750/ | | |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-08-1997 | 7.700 | 7.700 | 96 | | | 01-01-1987 | 4.600 | 3.716% | \$ 92 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 11-06-1997 | 7.700 | 7.700 | 96 | TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, CORPORATE, AND MUNICIPAL OBLIGATIONS | | | | | |
| Standard Oil (Indiana) | Note | 10-01-2000 | 9.000 | 9.000 | 150 | | | | | 8.622% | \$13,823 |
| Studebaker-Worthington | S/F Debenture | 11-15-2003 | 9.350 | 9.350 | 500 | | | | | | |
| 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 | Shares | Market Value | Shares | Market Value | Total Market Value | Total % Market |
|---------------------------------|--------------|----------------------|--------|-----------------|--------|-----------------|--------------------|----------------|
| 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-NONDURABLES | | | | | | | | |
| 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 | 07-15-1986 | 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-NON DURABLES | | | | |
| 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 | |
| Penney (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 | | | \$ 23,737.50 | 3.03% |
| TOTAL ENERGY | | | \$ 136,875.00 | 17.47% |
| TRANSPORTATION RAILROADS | | | | |
| Southern Railway | 300 | \$ 53.25 | \$ 15,975.00 | 2.04% |
| TOTAL TRANSPORTATION | | | \$ 15,975.00 | 2.04% |
| TOTAL COMMON STOCKS | | | \$ 783,562.75* | 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(a) | 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 | | | | 9.216% | \$ 4,300 |
| TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS | | | | 9.216% | \$ 4,300 |
| 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 | | | | 9.438% | \$ 1,425 |
| 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 | | | | 9.435% | \$ 3,025 |
| 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 | | | | 8.606% | \$ 4,050 |
| 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 | | | | 8.740% | \$ 8,266 |

| Company | Type of Security | Maturity Date(a) | 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 | | | | 8.819% | \$ 3,272 |
| TOTAL CORPORATE OBLIGATIONS | | | | 8.838% | \$ 18,614 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS | | | | 8.837% | \$ 28,165 |

(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 | | | \$ 2,185,462.50 | 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 | | | \$ 1,055,775.00 | 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 | | | \$ 2,141,310.50 | 7.68% |
| TOTAL UTILITIES | | | \$ 5,382,548.00 | 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 | | | \$ 1,243,250.00 | 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 | 269,062.50 | |
| U.S. Fidelity & Guar. | 12,620 | 35.88 | 452,742.50 | |
| Total Insurance | | | \$ 1,095,805.00 | 3.93% |
| TOTAL FINANCIAL SERVICES | | | \$ 2,733,930.00 | 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 | | | \$ 1,059,250.00 | 3.80% |
| CONSUMER-DURABLES | | | | |
| Sunbeam Corp. | 12,000 | \$ 21.63 | \$ 259,500.00 | 0.93% |
| CONSUMER-NONDURABLES | | | | |
| Avon Products, Inc. | 10,400 | \$ 47.25 | \$ 491,400.00 | |
| Colgate-Palmolive | 9,000 | 15.88 | 142,875.00 | |
| Minnesota Mining & Mfg. | 10,500 | 56.38 | 591,937.50 | |
| Total Consumer-Nondurables | | | \$ 1,226,212.50 | 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 | | | \$ 1,107,750.00 | 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 | | | \$ 1,758,800.00 | 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 | 179,887.50 | |
| 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-NONDURABLES | | | | |
| 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. | 2000 | 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 \$21,890,158.94.

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(a) | 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(a) | 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. | Debtenture | 06-01-2008 | 9.625 | 9.727 | 500 |
| Ontario Hydro | Note | 03-15-1996 | 9.500 | 9.500 | 600 |
| Ontario, Province of | Debtenture | 06-15-2005 | 9.125 | 9.271 | 700 |
| Ontario, Province of | Debtenture | 11-30-2008 | 9.375 | 9.736 | 500 |
| Saskatchewan, Province of | Debtenture | 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 | Debtenture | 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 | 7.863 | 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. | Debtenture | 03-15-2013 | 7.625% | 8.524 | \$ 250 |
| TOTAL PUBLIC UTILITY | | | | 8.729% | \$ 3,050 |
| FINANCE OBLIGATIONS | | | | | |
| Ford Motor Credit Co. | S/F Debtenture | 07-15-2000 | 9.700 | 9.724 | \$ 150 |
| LNM Acceptance Corp. | Promissory Note | 12-01-1986 | 9.100 | 9.100 | 582 |
| Montgomery Ward Credit | Debtenture | 06-30-2002 | 8.250 | 8.346 | 400 |
| Montgomery Ward Credit | Debtenture | 10-01-2002 | 8.375 | 8.544 | 400 |
| TOTAL FINANCE OBLIGATIONS | | | | 8.819% | \$ 1,532 |
| INDUSTRIAL OBLIGATIONS | | | | | |
| AMAX | S/F Debtenture | 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 Debtenture | 01-15-2000 | 9.500 | 9.603 | 150 |
| Ford Leasing Development | Guaranteed Note | 03-15-2004 | 9.500 | 9.500 | 500 |
| Ford Motor Co. | Debtenture | 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 | 8.000 | 8.500 | 150 |
| Standard Oil (Indiana) | S/F Debtenture | 07-15-2004 | 9.200 | 9.059 | 150 |
| Union Oil Co. of Calif. | S/F Debtenture | 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(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|--|-------------------|---------------------------|-----------------|-----------------|-----------------------|
| UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | | | |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION | | | | | |
| | Mtg. Backed Cert. | 07-15-2004/ 02-15-2008 | 8.000/ 8.250 | 8.628% | \$ 1,996 |
| CANADIAN GOVERNMENTAL PROVINCIAL OBLIGATIONS | | | | | |
| British Columbia Hydro | Bond | 07-15-1996 | 9.625 | 9.625 | \$ 500 |
| Manitoba Hydro Electric | Debtenture | 10-15-1997 | 7.650 | 7.650 | 400 |
| N. Brunswick Electric | S/F Debtenture | 04-01-1998 | 7.875 | 7.875 | 386 |
| Nova Scotia Power Comm. | S/F Debtenture | 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 |

| Company | Type of Security | Maturity Date(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|--|----------------------------|------------------|---------------|-----------------|------------------------|
| CANADIAN AGENCY OBLIGATIONS | | | | | |
| Export Development | Note | 07-15-1981 | 8.500 | 8.500% | \$ 500 |
| TOTAL CANADIAN GOVERNMENTAL OBLIGATIONS | | | | | 8.610% \$ 2,786 |
| CORPORATE OBLIGATIONS | | | | | |
| PUBLIC UTILITY OBLIGATIONS | | | | | |
| ELECTRIC | | | | | |
| Kansas Power & Light | First Mtg. Bond | 06-01-2007 | 8.125 | 8.168 | \$ 500 |
| Montana Power Company | First Mtg. Bond | 12-01-1981 | 8.750 | 8.750 | 500 |
| Public Service Electric & Gas | First & Ref. Mtg. Bond | 06-01-2007 | 8.250 | 8.225 | 500 |
| United Illuminating Co. | Debenture | 11-15-1997 | 8.500 | 8.500 | 500 |
| Total Electric | | | | | 8.411% \$ 2,000 |
| GAS | | | | | |
| Minnesota Gas Company | Debenture | 11-15-1981 | 9.250 | 9.250% | \$ 500 |
| TELEPHONE | | | | | |
| Southern Bell Tel. & Tel. | Debenture | 03-15-2013 | 7.625 | 8.240% | \$ 500 |
| TOTAL PUBLIC UTILITY OBLIGATIONS | | | | | 8.522% \$ 3,000 |
| FINANCE OBLIGATIONS | | | | | |
| First Bank System | Note | 06-30-1983 | 8.750 | 8.829 | \$ 500 |
| Ford Motor Credit Co. | S/F Debenture | 07-15-2000 | 9.700 | 9.724 | 500 |
| Honeywell Finance Inc. | S/F Debenture | 12-15-1998 | 8.200 | 8.200 | 500 |
| Montgomery Ward Credit | Debenture | 10-01-2002 | 8.375 | 8.390 | 550 |
| Northwest Bancorp. | S/F Debenture | 03-15-2003 | 7.750 | 7.750 | 500 |
| TOTAL FINANCE OBLIGATIONS | | | | | 8.575% \$ 2,550 |
| INDUSTRIAL OBLIGATIONS | | | | | |
| Crown Zellerbach | General Mtg. Bond | 05-01-1994 | 8.125 | 8.125 | \$ 440 |
| Firestone Tire & Rubber | Debenture | 12-01-2004 | 9.250 | 9.246 | 500 |
| MacMillan Bloedel, Ltd. | Debenture | 07-01-1994 | 8.750 | 8.750 | 500 |
| Phelps Dodge Corp. | Note | 06-01-1985 | 8.500 | 8.618 | 250 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-07-1997 | 7.700 | 7.700 | 193 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-08-1997 | 7.700 | 7.700 | 144 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 11-06-1997 | 7.700 | 7.700 | 144 |
| Studebaker-Worthington | S/F Debenture | 11-15-2003 | 9.350 | 9.350 | 500 |
| TOTAL INDUSTRIAL OBLIGATIONS | | | | | 8.684% \$ 2,673 |
| RAILROAD EQUIPMENT OBLIGATIONS | | | | | |
| ACF Industries, Inc. | Equipment Trust Cert. | 03-01-1991 | 9.000 | 9.000 | \$ 500 |
| ACF Industries, Inc. | Equipment Trust Cert. | 02-01-1992 | 8.000 | 8.000 | 348 |
| Canadian Pacific, Ltd. | Equipment Trust Cert. | 01-15-1992 | 8.625 | 8.625 | 480 |
| Del. & Hudson | Conditional Sale Agree. | 09-01-1985 | 10.500 | 10.500 | 92 |
| TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | | 8.726% \$ 1,420 |
| TOTAL CORPORATE OBLIGATIONS | | | | | 8.611% \$ 9,643 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CANADIAN GOVERNMENTAL, AND CORPORATE OBLIGATIONS | | | | | 8.613% \$14,426 |

(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 | 16,500 | \$ 23.63 | \$ 389,812.50 | |
| Florida Power & Light | 22,000 | 27.88 | 613,250.00 | |
| Texas Utilities Co. | 35,000 | 19.25 | 673,750.00 | |
| Total Electric | | | \$ 1,676,812.50 | 3.98% |
| NATURAL GAS | | | | |
| Houston Natural Gas | 11,500 | \$ 29.75 | \$ 342,125.00 | |
| Panhandle E. Pipe Line | 8,400 | 49.88 | 418,950.00 | |
| Total Natural Gas | | | \$ 761,075.00 | 1.81% |
| COMMUNICATIONS | | | | |
| American Tel. & Tel. | 19,714 | \$ 57.88 | \$ 1,140,947.75 | |
| General Tel. & Elec. | 15,500 | 27.00 | 418,500.00 | |
| Total Communications | | | \$ 1,559,447.75 | 3.70% |
| TOTAL UTILITIES | | | \$ 3,997,335.25 | 9.49% |
| FINANCIAL SERVICES | | | | |
| BANKS | | | | |
| Citicorp | 10,000 | \$ 25.13 | \$ 251,250.00 | |
| First Bank System | 7,000 | 38.25 | 267,750.00 | |
| First Int'l. Bancshares | 9,250 | 35.50 | 328,375.00 | |
| Northwest Bancorp. | 11,000 | 25.63 | 281,875.00 | |
| Total Banks | | | \$ 1,129,250.00 | 2.68% |
| FINANCE | | | | |
| Household Finance | 23,000 | \$ 20.25 | \$ 465,750.00 | 1.11% |
| INSURANCE | | | | |
| INA Corp. | 5,000 | \$ 46.75 | \$ 233,750.00 | |
| Jefferson-Pilot Corp. | 13,000 | 36.50 | 474,500.00 | |
| NLT Corp. | 15,000 | 35.88 | 538,125.00 | |
| St. Paul Companies | 5,500 | 38.50 | 211,750.00 | |
| Total Insurance | | | \$ 1,458,125.00 | 3.46% |
| TOTAL FINANCIAL SERVICES | | | \$ 3,053,125.00 | 7.25% |
| CONSUMER-ORIENTED AUTOS - AUTO PARTS | | | | |
| Ford Motor Co. | 4,625 | \$ 42.63 | \$ 197,140.63 | |
| General Motors | 7,700 | 59.38 | 457,187.50 | |
| Genuine Parts Company | 34,500 | 23.13 | 797,812.50 | |
| Total Autos - Auto Parts | | | \$ 1,452,140.63 | 3.45% |

| Common Stock | Shares | Market Price 6-30-79 | Market Value | Total % Market |
|---|--------|----------------------|------------------------|----------------|
| CONSUMER-DURABLES | | | | |
| Whirlpool Corporation | 19,500 | \$ 21.13 | \$ 411,937.50 | 0.98% |
| CONSUMER-NON-DURABLES | | | | |
| Avon Products, Inc. | 14,000 | \$ 47.25 | \$ 661,500.00 | |
| Eastman Kodak Co. | 15,000 | 57.13 | 856,875.00 | |
| Minnesota Mining & Mfg. | 14,000 | 56.38 | 789,250.00 | |
| Revlon, Incorporated | 16,000 | 46.38 | 742,000.00 | |
| Total Consumer-Nondurables | | | \$ 3,049,625.00 | 7.24% |
| CONSUMER-MISCELLANEOUS | | | | |
| Disney (Walt) Prod. | 9,120 | \$ 33.75 | \$ 307,800.00 | |
| Holiday Inns Inc. | 12,000 | 18.63 | 223,500.00 | |
| McDonald's Corp. | 16,000 | 45.50 | 728,000.00 | |
| Warner Communications | 16,666 | 33.63 | 560,394.25 | |
| Total Consumer-Miscellaneous | | | \$ 1,819,694.25 | 4.32% |
| DRUGS | | | | |
| Johnson & Johnson | 8,000 | \$ 71.75 | \$ 574,000.00 | |
| Medtronic, Inc. | 8,000 | 43.63 | 349,000.00 | |
| Merck & Company | 7,800 | 67.50 | 526,500.00 | |
| Pfizer, Inc. | 15,000 | 30.63 | 459,375.00 | |
| Schering-Plough Corp. | 7,000 | 30.75 | 215,250.00 | |
| Warner-Lambert | 14,000 | 24.88 | 348,250.00 | |
| Total Drugs | | | \$ 2,472,375.00 | 5.87% |
| FOODS-BEVERAGES | | | | |
| Coca-Cola Co. | 19,000 | \$ 38.25 | \$ 726,750.00 | |
| General Foods Corp. | 7,000 | 31.75 | 222,250.00 | |
| General Mills, Inc. | 2,000 | 25.00 | 50,000.00 | |
| Norton Simon, Inc. | 25,164 | 15.00 | 377,460.00 | |
| PepsiCo, Inc. | 15,000 | 25.38 | 380,625.00 | |
| Total Foods-Beverages | | | \$ 1,757,085.00 | 4.18% |
| RETAIL SALES | | | | |
| Dayton Hudson Corp. | 8,500 | \$ 39.75 | \$ 337,875.00 | |
| Federated Dept. Stores | 8,000 | 29.63 | 237,000.00 | |
| K mart Corporation | 21,500 | 26.50 | 569,750.00 | |
| Sears, Roebuck & Co. | 14,000 | 19.25 | 269,500.00 | |
| Southland Corporation | 14,545 | 28.25 | 410,896.25 | |
| Total Retail Sales | | | \$ 1,825,021.25 | 4.33% |
| TOTAL CONSUMER-ORIENTED | | | \$12,787,878.63 | 30.37% |
| TECHNOLOGY | | | | |
| ELECTRONICS | | | | |
| Hewlett-Packard Co. | 7,800 | \$ 97.25 | \$ 758,550.00 | |
| Texas Instruments Inc. | 4,000 | 90.13 | 360,500.00 | |
| Total Electronics | | | \$ 1,119,050.00 | 2.66% |
| OFFICE EQUIPMENT | | | | |
| Burroughs Corp. | 8,000 | \$ 70.25 | \$ 562,000.00 | |
| Digital Equipment Corp. | 20,000 | 55.75 | 1,115,000.00 | |
| Int'l. Bus. Machines | 34,772 | 73.38 | 2,551,395.50 | |
| Xerox Corporation | 10,000 | 60.63 | 606,250.00 | |
| Total Office Equipment | | | \$ 4,834,645.50 | 11.48% |
| TOTAL TECHNOLOGY | | | \$ 5,953,695.50 | 14.14% |
| BASIC INDUSTRY | | | | |
| AEROSPACE | | | | |
| Boeing Co. | 23,850 | \$ 40.50 | \$ 965,925.00 | 2.29% |
| BUILDING & FOREST PRODUCTS | | | | |
| Georgia-Pacific Corp. | 9,419 | \$ 27.13 | \$ 255,490.38 | |
| Masonite Corp. | 20,000 | 25.50 | 510,000.00 | |
| Weyerhaeuser Co. | 14,000 | 29.75 | 416,500.00 | |
| Total Building & Forest Products | | | \$ 1,181,990.38 | 2.81% |
| CHEMICALS | | | | |
| Air Products & Chem. | 14,201 | \$ 30.88 | \$ 438,455.88 | |
| Dow Chemical | 13,000 | 25.88 | 336,375.00 | |
| du Pont (E.I.) de Nemours | 12,000 | 41.25 | 495,000.00 | |
| Total Chemicals | | | \$ 1,269,830.88 | 3.02% |
| ELECTRICAL EQUIPMENT | | | | |
| Emerson Electric Co. | 12,000 | \$ 36.00 | \$ 432,000.00 | |
| General Electric Co. | 14,500 | 50.00 | 725,000.00 | |
| Gould, Inc. | 10,000 | 25.00 | 250,000.00 | |
| Total Electrical Equipment | | | \$ 1,407,000.00 | 3.34% |
| MACHINERY | | | | |
| Caterpillar Tractor | 8,000 | \$ 55.13 | \$ 441,000.00 | |
| Combustion Engineering | 9,000 | 44.88 | 403,875.00 | |
| Trans Union Corp. | 8,000 | 33.88 | 271,000.00 | |
| Total Machinery | | | \$ 1,115,875.00 | 2.65% |
| METALS | | | | |
| Aluminum Co. of America | 6,500 | \$ 51.38 | \$ 333,937.50 | |
| Hanna Mining Company | 11,500 | 33.25 | 382,375.00 | |
| St. Joe Minerals Corp. | 8,000 | 31.50 | 252,000.00 | |
| Total Metals | | | \$ 968,312.50 | 2.30% |
| PAPER | | | | |
| International Paper | 6,000 | \$ 44.63 | \$ 267,750.00 | |
| Union Camp Corporation | 7,500 | 46.88 | 351,562.50 | |
| Total Paper | | | \$ 619,312.50 | 1.47% |
| MISCELLANEOUS | | | | |
| Corning Glass Works | 3,200 | \$ 57.75 | \$ 184,800.00 | |
| Int'l. Tel. & Tel. | 9,000 | 29.13 | 262,125.00 | |
| Total Miscellaneous | | | \$ 446,925.00 | 1.06% |
| TOTAL BASIC INDUSTRY | | | \$ 7,975,171.26 | 18.94% |
| ENERGY | | | | |
| OIL - DOMESTIC | | | | |
| Atlantic Richfield Co. | 12,000 | \$ 67.50 | \$ 810,000.00 | |
| Conoco Inc. | 18,000 | 37.88 | 681,750.00 | |

| Common Stock | Shares | Market Price 6-30-79 | Market Value | Total % Market |
|--------------------------------|--------|----------------------|-------------------------|----------------|
| Louisiana Land & Expl. | 16,000 | 36.38 | 582,000.00 | |
| Marathon Oil Co. | 14,000 | 38.00 | 532,000.00 | |
| Standard Oil (Indiana) | 10,000 | 65.75 | 657,500.00 | |
| Total Oil—Domestic | | | \$ 3,263,250.00 | 7.75% |
| OIL—INTERNATIONAL | | | | |
| Exxon Corp. | 28,000 | \$ 53.88 | \$ 1,508,500.00 | |
| Mobil Corp. | 17,000 | 39.25 | 667,250.00 | |
| Total Oil—International | | | \$ 2,175,750.00 | 5.17% |
| ENERGY — RELATED | | | | |
| Baker International | 19,000 | \$ 42.75 | \$ 812,250.00 | |
| Halliburton Co. | 16,000 | 67.00 | 1,072,000.00 | |
| Williams Companies | 18,000 | 20.25 | 364,500.00 | |
| Total Energy — Related | | | \$ 2,248,750.00 | 5.34% |
| TOTAL ENERGY | | | \$ 7,687,750.00 | 18.26% |
| TRANSPORTATION AIRLINES | | | | |
| Northwest Airlines | 6,200 | \$ 27.25 | \$ 168,950.00 | 0.40% |
| RAILROADS | | | | |
| Union Pacific Corp. | 7,000 | \$ 68.38 | \$ 478,625.00 | 1.14% |
| TOTAL TRANSPORTATION | | | \$ 647,575.00 | 1.54% |
| TOTAL COMMON STOCKS | | | \$42,102,530.64* | 100.00% |

*Net original cost of equities on June 30, 1979, was \$40,951,243.55.

SCHEDULE XII

PERMANENT SCHOOL FUND

June 30, 1979

UNITED STATES GOVERNMENT-GUARANTEED, CORPORATE, AND MUNICIPAL 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 Bond | Government Guar. Bond | 11-15-1993 | 8.625 | 8.642 | \$ 2,000 |
| U.S. Treasury Notes | Note | 02-15-1987 | 9.000 | 9.009 | 2,000 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED OBLIGATIONS | | | | 8.826% | \$ 4,000 |
| UNITED STATES GOVERNMENT-GUARANTEED FARMERS HOME ADMINISTRATION | | | | | |
| U.S. Dept. of Agriculture | Insured Note | 01-31-1980 | 8.900 | 8.900 | \$ 2,995 |
| U.S. Dept. of Agriculture | Insured Note | 07-31-1985 | 8.625 | 8.625 | 2,994 |
| TOTAL FARMERS HOME ADMINISTRATION | | | | 8.763% | \$ 5,989 |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION | Mtg. Backed Cert. | 01-15-2001/ 10-15-2008 | 6.000/ 9.000 | 8.517% | \$101,040 |
| GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | | |
| American Mail Line | Government Guar. Bond | 03-01-1993 | 6.000 | 6.000 | \$ 1,470 |
| American Pres. Lines | Government Guar. Bond | 11-01-1992 | 5.600 | 5.600 | 1,000 |
| American Pres. Lines | Government Guar. Bond | 11-01-1991 | 4.800 | 4.800 | 1,305 |
| Construction Aggregate | Government Guar. Bond | 06-01-1991 | 7.500 | 7.500 | 1,500 |
| Delta Steamship Lines | Government Guar. Bond | 03-01-1986 | 5.500 | 5.500 | 705 |
| Eagle Terminal Tankers | Government Guar. Bond | 06-01-1989 | 6.000 | 6.000 | 2,498 |
| El Paso Columbia Tanker | Government Guar. Bond | 03-31-2003 | 9.250 | 9.250 | 2,930 |
| Farrell Lines, Inc. | Government Guar. Bond | 09-20-1998 | 9.000 | 9.000 | 195 |
| Farrell Lines, Inc. | Government Guar. Bond | 06-29-1997 | 9.000 | 9.000 | 187 |
| Farrell Lines, Inc. | Government Guar. Bond | 11-27-1997 | 9.000 | 9.000 | 188 |
| Farrell Lines, Inc. | Government Guar. Bond | 02-28-1998 | 9.000 | 9.000 | 190 |
| Farrell Lines, Inc. | Government Guar. Bond | 04-01-1988 | 8,050 | 8,050 | 1,346 |
| Grace Line, Inc. | Government Guar. Bond | 02-01-1992 | 5.100 | 5.100 | 1,467 |
| Ingram Ocean Systems | Insured Note | 02-01-1989 | 8.750 | 8.750 | 972 |
| Intercont'l. Bulk Tank | Government Guar. Bond | 09-01-1990 | 7.800 | 7.800 | 1,108 |
| Marlin Drilling Co. | Government Guar. Bond | 01-01-1991 | 8.900 | 8.900 | 2,667 |
| Matson Navigation Co. | Government Guar. Bond | 11-10-1994 | 7.500 | 7.500 | 984 |
| Moore-McCormack Leasing | Government Guar. Bond | 07-15-2001 | 8.875 | 8.875 | 2,607 |
| Moore-McCormack Lines | Government Guar. Bond | 04-01-1987 | 5.750 | 5.868 | 1,241 |
| Overseas Bulk Tank | Government Guar. Bond | 12-01-1990 | 7.800 | 7.800 | 1,151 |
| Pacific Far East Line | Government Guar. Bond | 02-01-1997 | 8.750 | 8.750 | 1,804 |
| Penn Tanker Co. | Government Guar. Bond | 10-01-1989 | 6.000 | 6.000 | 1,013 |
| Prudential Lines, Inc. | Government Guar. Bond | 11-01-1995 | 6.000 | 6.000 | 2,168 |
| Puget Sound Tug & Barge | Government Guar. Bond | 02-15-2001 | 9.125 | 9.125 | 2,208 |
| States Steamship Co. | Government Guar. Bond | 03-31-1993 | 5.100 | 5.100 | 1,446 |
| Western Co. of North America | Government Guar. Bond | 06-11-1990 | 9.250 | 9.250 | 3,000 |
| Zapata Off-Shore Co. | Government Guar. Bond | 06-15-1996 | 8.625 | 8.625 | 3,000 |
| TOTAL GOVERNMENT-GUARANTEED MERCHANT MARINE BONDS | | | | 7.602% | \$ 40,350 |
| SMALL BUSINESS ADMINISTRATION LOANS | | | | | |
| SBA Guaranteed Loan | Government Guar. Bond | 08-22-1985 | 8.250 | 9.324 | \$ 110 |
| SBA Guaranteed Loan | Government Guar. Bond | 04-27-1984 | 8.250 | 9.314 | 347 |
| SBA Guaranteed Loan | Government Guar. Bond | 02-22-1997 | 8.500 | 8.500 | 478 |
| SBA Guaranteed Loan | Government Guar. Bond | 02-23-1984 | 9.000 | 9.000 | 51 |
| SBA Guaranteed Loan | Government Guar. Bond | 05-25-1984 | 8.250 | 8.285 | 245 |
| SBA Guaranteed Loan | Government Guar. Bond | 05-27-1994 | 9.000 | 9.108 | 117 |
| SBA Guaranteed Loan | Government Guar. Bond | 07-01-1984 | 9.500 | 9.550 | 34 |
| SBA Guaranteed Loan | Government Guar. Bond | 12-22-1992 | 9.000 | 8.840 | 112 |
| SBA Guaranteed Loan | Government Guar. Bond | 02-28-1985 | 10.250 | 10.282 | 83 |
| TOTAL SMALL BUSINESS ADMINISTRATION LOANS | | | | 8.905% | \$ 1,580 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED | | | | 8.283% | \$148,960 |

| Company | Type of Security | Maturity Date(a) | Coupon Rate % | Average Yield % | Total Amount (000)(b) |
|--|----------------------------|---------------------------|-----------------|-----------------|-----------------------|
| CORPORATE OBLIGATIONS | | | | | |
| PUBLIC UTILITY ELECTRIC | | | | | |
| Kansas Power & Light | First Mtg. Bond | 06-01-2007 | 8.125 | 8.168 | \$ 4,000 |
| Northern States Power | First Mtg. Bond | 01-01-2004 | 8.375 | 8.719 | 2,500 |
| Total Electric | | | | 8.380% | \$ 6,500 |
| GAS | | | | | |
| Consolidated Natural Gas | Debenture | 06-01-1997 | 8.125 | 8.149% | \$ 4,000 |
| TELEPHONE | | | | | |
| Bell Tel. Co. Canada | First Mtg. Bond | 09-01-1995 | 4.850 | 5.530 | \$ 2,500 |
| Bell Tel. Co. Canada | First Mtg. Bond | 06-01-2004 | 9.500 | 9.500 | 3,000 |
| Michigan Bell Tel. Co. | Debenture | 06-01-2015 | 8.125 | 8.149 | 2,500 |
| Southern Bell Tel. & Tel. | Debenture | 03-15-2013 | 7.625 | 8.418 | 4,000 |
| Total Telephone | | | | 8.031% | \$ 12,000 |
| TOTAL PUBLIC UTILITY | | | | 8.153% | \$ 22,500 |
| FINANCE OBLIGATIONS | | | | | |
| Gulf Life Insurance | Capital Note | 06-01-1989 | 4.750 | 4.750 | \$ 600 |
| LNM Acceptance Corp. | Promissory Note | 12-01-1986 | 9.100 | 9.100 | 3,880 |
| Northwest Bancorp. | Debenture | 10-15-1990 | 4.750 | 4.780 | 1,500 |
| Northwest Bancorp. | S/F Debenture | 03-15-2003 | 7.750 | 7.750 | 1,500 |
| Northwest Bancorp. | Note | 09-15-1986 | 7.875 | 7.892 | 3,550 |
| TOTAL FINANCE OBLIGATIONS | | | | 7.703% | \$ 11,030 |
| INDUSTRIAL OBLIGATIONS | | | | | |
| Aluminum Co. of Canada | S/F Debenture | 03-01-1995 | 9.500 | 9.370 | \$ 1,000 |
| Armour-Dial, Inc. | Note | 01-15-2003 | 7.900 | 7.900 | 3,765 |
| Atlantic Richfield Co. | Guaranteed Note | 07-15-1996 | 9.250 | 9.250 | 3,000 |
| Atlantic Richfield Co. | First Pref. Ship. Mtg. Bd. | 12-01-2001 | 8.750 | 8.750 | 2,000 |
| FMC Corp. | S/F Debenture | 01-15-2000 | 9.500 | 9.603 | 3,000 |
| Norton Simon, Inc. | Promissory Note | 06-01-2004 | 9.875 | 9.875 | 2,000 |
| Sprague Electric Co. | S/F Debenture | 09-01-1988 | 4.375 | 4.400 | 1,000 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-07-1997 | 7.700 | 7.700 | 966 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 09-08-1997 | 7.700 | 7.700 | 966 |
| Standard Oil of Calif. | First Pref. Ship. Mtg. Bd. | 11-06-1997 | 7.700 | 7.700 | 966 |
| Standard Oil (Indiana) | Note | 10-01-2000 | 7.300 | 7.300 | 4,000 |
| Swift & Co. | S/F Debenture | 08-01-1992 | 6.300 | 6.300 | 1,032 |
| Youngstown Sheet Tube | First Mtg. S/F Bond | 07-01-1995 | 4.600 | 4.600 | 1,119 |
| TOTAL INDUSTRIAL OBLIGATIONS | | | | 8.080% | \$ 24,814 |
| RAILROAD EQUIPMENT OBLIGATIONS | | | | | |
| Canadian Pacific, Ltd. | Equipment Trust Cert. | 01-15-1992 | 8.625 | 8.625 | \$ 1,500 |
| Illinois Central RR | Conditional Sale Agree. | 02-15-1993 | 6.875 | 6.875 | 333 |
| TOTAL RAILROAD EQUIPMENT OBLIGATIONS | | | | 8.307% | \$ 1,833 |
| TOTAL CORPORATE OBLIGATIONS | | | | 8.045% | \$ 60,178 |
| MUNICIPAL BOND OBLIGATIONS | Bond | 07-01-1980/ 07-01-1986 | 2.500/ 3.250 | 2.905% | \$ 198 |
| TOTAL UNITED STATES GOVERNMENT-GUARANTEED, CORPORATE, AND MUNICIPAL OBLIGATIONS | | | | 8.221% | \$213,337 |

(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 | | | | |
| Central & South West | 23,000 | \$ 15.88 | \$ 365,125.00 | |
| Cincinnati Gas & Elec. | 24,000 | 20.25 | 486,000.00 | |
| Commonwealth Edison | 24,499 | 23.63 | 578,788.88 | |
| Florida Power & Light | 28,000 | 27.88 | 780,500.00 | |
| Houston Industries Inc. | 16,500 | 31.13 | 513,562.50 | |
| Middle South Utilities | 24,000 | 14.63 | 351,000.00 | |
| Minnesota Power & Light | 32,000 | 20.63 | 660,000.00 | |
| Northern States Power | 24,500 | 24.13 | 591,062.50 | |
| Pacific Gas & Electric | 17,000 | 23.00 | 391,000.00 | |
| Public Serv. Indiana | 28,150 | 25.75 | 724,862.50 | |
| Southern Calif. Edison | 20,000 | 25.63 | 512,500.00 | |
| Texas Utilities Co. | 28,000 | 19.25 | 539,000.00 | |
| Virginia Elec. & Power | 21,600 | 12.88 | 278,100.00 | |
| Total Electric | | | \$ 6,771,501.38 | 12.48% |
| NATURAL GAS | | | | |
| Panhandle E. Pipe Line | 14,000 | \$ 49.88 | \$ 698,250.00 | |
| Peoples Gas Co. | 13,666 | 35.88 | 490,267.75 | |
| Total Natural Gas | | | \$ 1,188,517.75 | 2.19% |
| COMMUNICATIONS | | | | |
| American Tel. & Tel. | 37,000 | \$ 57.88 | \$ 2,141,375.00 | |
| General Tel. & Elec. | 40,800 | 27.00 | 1,101,600.00 | |
| Total Communications | | | \$ 3,242,975.00 | 5.97% |
| TOTAL UTILITIES | | | \$11,202,994.13 | 20.84% |
| FINANCIAL SERVICES | | | | |
| BANKS | | | | |
| BankAmerica Corp. | 33,000 | \$ 26.88 | \$ 886,875.00 | |
| Citicorp | 29,112 | 25.13 | 731,439.00 | |
| First Bank System | 21,500 | 38.25 | 822,375.00 | |
| Morgan (J.P.) & Co. | 12,920 | 48.25 | 623,390.00 | |
| Northwest Bancorp. | 44,000 | 25.63 | 1,127,500.00 | |
| Total Banks | | | \$ 4,191,579.00 | 7.72% |

| Common Stock | Shares | Market Price 6-30-79 | Market Value | Total % Market | Common Stock | Shares | Market Price 6-30-79 | Market Value | Total % Market |
|---------------------------------|--------|-------------------------|-----------------|-------------------|---------------------------------------|--------|-------------------------|------------------|-------------------|
| FINANCE | | | | | BASIC INDUSTRY | | | | |
| Beneficial Corp. | 17,925 | \$ 27.75 | \$ 497,418.75 | | BUILDING & FOREST PRODUCTS | | | | |
| Household Finance | 26,000 | 20.25 | 526,500.00 | | Owens-Corning Fiber. | 5,000 | \$ 25.13 | \$ 125,625.00 | |
| Total Finance | | | \$ 1,023,918.75 | 1.89% | Weyerhaeuser Co. | 17,800 | 29.75 | 529,550.00 | |
| INSURANCE | | | | | Total Building & Forest Products | | | \$ 655,175.00 | 1.21% |
| INA Corp. | 15,300 | \$ 46.75 | \$ 715,275.00 | | CHEMICALS | | | | |
| Northwestern Nat'l. Life | 10,300 | 32.50 | 334,750.00 | | Dow Chemical | 16,000 | \$ 25.88 | \$ 414,000.00 | |
| SAFECO Corp. | 21,700 | 32.25 | 699,825.00 | | du Pont (E.I.) de Nemours | 15,000 | 41.25 | 618,750.00 | |
| St. Paul Companies | 19,000 | 38.50 | 731,500.00 | | Monsanto Co. | 6,000 | 50.13 | 300,750.00 | |
| U.S. Fidelity & Guar. | 28,050 | 35.88 | 1,006,293.75 | | Union Carbide Corp. | 11,700 | 37.00 | 432,900.00 | |
| Total Insurance | | | \$ 3,487,643.75 | 6.43% | Total Chemicals | | | \$ 1,766,400.00 | 3.25% |
| TOTAL FINANCIAL SERVICES | | | \$ 8,703,141.50 | 16.03% | ELECTRICAL EQUIPMENT | | | | |
| CONSUMER-ORIENTED | | | | | General Electric Co. | 16,200 | \$ 50.00 | \$ 810,000.00 | 1.49% |
| AUTOS - AUTO PARTS | | | | | MACHINERY | | | | |
| Ford Motor Co. | 23,250 | \$ 42.63 | \$ 991,031.25 | | Caterpillar Tractor | 15,150 | \$ 55.13 | \$ 835,143.75 | |
| General Motors | 21,200 | 59.38 | 1,258,750.00 | | Trans Union Corp. | 10,400 | 33.88 | 352,300.00 | |
| Goodyear Tire & Rubber | 33,000 | 15.88 | 523,875.00 | | Total Machinery | | | \$ 1,187,443.75 | 2.19% |
| Total Autos - Auto Parts | | | \$ 2,773,656.25 | 5.12% | METALS | | | | |
| CONSUMER-DURABLES | | | | | Aluminum Co. of America | 10,000 | \$ 51.38 | \$ 513,750.00 | |
| Sunbeam Corp. | 10,000 | \$ 21.63 | \$ 216,250.00 | | St. Joe Minerals Corp. | 10,000 | 31.50 | 315,000.00 | |
| Whirlpool Corporation | 22,200 | 21.13 | 468,975.00 | | Total Metals | | | \$ 828,750.00 | 1.53% |
| Total Consumer-Durables | | | \$ 685,225.00 | 1.26% | PAPER | | | | |
| CONSUMER-NONDURABLES | | | | | International Paper | 8,000 | \$ 44.63 | \$ 357,000.00 | |
| Avon Products, Inc. | 14,000 | \$ 47.25 | \$ 661,500.00 | | Union Camp Corporation | 5,000 | 46.88 | 234,375.00 | |
| Eastman Kodak Co. | 7,350 | 57.13 | 419,868.75 | | Total Paper | | | \$ 591,375.00 | 1.09% |
| Minnesota Mining & Mfg. | 18,000 | 56.38 | 1,014,750.00 | | TOTAL BASIC INDUSTRY | | | \$ 5,839,143.75 | 10.76% |
| Procter & Gamble Co. | 7,700 | 76.88 | 591,937.50 | | ENERGY | | | | |
| Total Consumer-Nondurables | | | \$ 2,688,056.25 | 4.95% | OIL-DOMESTIC | | | | |
| DRUGS | | | | | Atlantic Richfield Co. | 16,000 | \$ 67.50 | \$ 1,080,000.00 | |
| American Home Products | 22,800 | \$ 27.13 | \$ 618,450.00 | | Conoco Inc. | 20,000 | 37.88 | 757,500.00 | |
| Marck & Company | 10,000 | 67.50 | 675,000.00 | | Marathon Oil Co. | 10,000 | 38.00 | 380,000.00 | |
| Pfizer, Inc. | 30,000 | 30.63 | 918,750.00 | | Standard Oil (Indiana) | 24,000 | 65.75 | 1,578,000.00 | |
| Total Drugs | | | \$ 2,212,200.00 | 4.08% | Total Oil-Domestic | | | \$ 3,795,500.00 | 6.99% |
| FOODS-BEVERAGES | | | | | OIL-INTERNATIONAL | | | | |
| CPC International | 8,000 | \$ 52.50 | \$ 420,000.00 | | Exxon Corporation | 50,816 | \$ 53.88 | \$ 2,737,712.00 | |
| Coca-Cola Co. | 16,000 | 38.25 | 612,000.00 | | Mobil Corp. | 42,600 | 39.25 | 1,672,050.00 | |
| Consolidated Foods | 20,000 | 23.13 | 462,500.00 | | Texaco, Inc. | 43,000 | 27.63 | 1,187,875.00 | |
| General Foods Corp. | 25,000 | 31.75 | 793,750.00 | | Total Oil-International | | | \$ 5,597,637.00 | 10.31% |
| General Mills, Inc. | 30,000 | 25.00 | 750,000.00 | | TOTAL ENERGY | | | \$ 9,393,137.00 | 17.31% |
| Total Foods-Beverages | | | \$ 3,038,250.00 | 5.60% | TRANSPORTATION | | | | |
| RETAIL SALES | | | | | RAILROADS | | | | |
| Federated Dept. Stores | 18,000 | \$ 29.63 | \$ 533,250.00 | | Union Pacific Corp. | 12,800 | \$ 68.38 | \$ 875,200.00 | 1.61% |
| Penney (J.C.) Co. | 19,800 | 29.88 | 591,525.00 | | TOTAL COMMON STOCKS | | | \$54,276,126.38* | 100.00% |
| 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% | | | | | |

*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 Schaeble & 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 |
| Marguerite 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 | 68,060 | 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 Sowersby 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. |
| 11,684 | 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 Nauffize & 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 | Domination 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 | Hambecht & Quist |
| 800 | Howe, Barnes, Johnson & Co. |
| 1,950 | E.F. Hutton & Co. Inc. |
| 1,500 | Keeffe, 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 Neufilze & Co., Inc. |
| 1,950 | Loeb Rhoades, Hornblower & Co. |
| 2,450 | Merrill Lynch, Pierce, Fenenr & 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 | Pittfield 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 | Domination Securities Inc. |
| 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. |
| 8,331 | 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 | | Natural Gas | |
| Electric | | | |
| 7500 | Allegheny Power System | 26000 | Houston Natural Gas Corporation |
| 5200 | 7500 First Boston | 2000 | Bache Halsey |
| | Commonwealth Edison | 18500 | Cyrus Lawrence |
| | 100 Bache Halsey | 5500 | Morgan Stanley |
| 34900 | 5100 Merrill Lynch | 30100 | Panhandle Eastern Pipe Line Company |
| | Florida Power & Light | 10000 | Donaldson Lufkin |
| | 5000 Boston Institutional Services | 1000 | Loeb Rhoades Hornblower |
| | 4400 Drexel Burnham | 5000 | Kidder Peabody |
| | 5000 Keefe Bruyette | 4300 | Merrill Lynch |
| | 15500 Merrill Lynch | 9700 | Morgan Stanley |
| | 5000 Smith Barney | 100 | Smith Barney |
| 22000 | Houston Industries, Inc. | 47000 | Peoples Gas Company |
| | 5000 Merrill Lynch | 10000 | First Boston |
| 20000 | 17000 Smith Barney | 27000 | Merrill Lynch |
| | Minnesota Power & Light Company | 5000 | John Muir |
| | 10000 Kidder Peabody | 5000 | Smith Barney |
| | 10000 Merrill Lynch | | |
| 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 | Wilshire 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 | 25000 | Minnesota Mining and Manufacturing Company | 165700 | Consolidated Foods Corporation 10000 Wm. Blair & Co. 5000 Blyth Eastman 67000 Drexel Burnham 2000 Kidder Peabody 1000 Legg-Mason 1000 Merrill Lynch 12200 Mesirov & 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 |
| 600 | Citicorp | 18800 | Procter & Gamble Company | 39000 | General Foods Corporation 9000 Bache Halsey 3000 Robert W. Baird & Co. 5000 Cowen & Company 6000 Merrill Lynch 6000 Piper Jaffray 1000 Smith Barney 9000 Wertheim & Co. | 7400 | Hewlett-Packard Company 4700 Boston Institutional Services 200 Paine Webber 2500 Salomon Bros. |
| 2000 | Continental Illinois Corporation | 79000 | Holiday Inns, Incorporated | 82600 | General Mills, Inc. 11500 Blyth Eastman 7000 Cowen & Co. 10000 Goldman Sachs 1000 Kidder Peabody 23100 Loeb Rhoades Hornblower 1300 Merrill Lynch 9700 Mesirov & Co. 500 John Muir 3500 Paine Webber 10000 Piper Jaffray 5000 L.F. Rothschild | 10700 | Texas Instruments 500 Cowen & Co. 1200 Paine Webber 9000 Wertheim & Co. |
| 3000 | First International Bancshares, Inc. | 76500 | McDonald's Corporation | 10000 | Kraft, Inc. 10000 First Boston | 14500 | Burroughs Corporation 10000 Kidder Peabody 500 Oppenheimer & Co. 1000 Paine Webber 2000 Piper Jaffray 1000 Wilshire Associates |
| 1000 | Keefe Bruyette | 148897 | Warner Communications, Inc. | 75050 | Norton Simon, Inc. 7000 Donaldson Lufkin 40000 Merrill Lynch 2050 Mesirov & 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 |
| 1000 | Manufacturers Hanover Corporation | 2000 | Bache Halsey | 53000 | PepsiCo, Inc. 6000 Cowen & Co. 17000 Kidder Peabody 2000 Mesirov & Co. 8000 John Muir 5000 Smith Barney 15000 Wertheim & Co. | 95640 | International Business Machines Corporation 2000 Brown Bros. 6800 Cowen & Co. 7200 Donaldson Lufkin 2400 Keefe Bruyette 6400 Cyrus Lawrence 6800 Legg-Mason 10400 Merrill Lynch 7280 Mesirov & Co. 3000 Morgan Stanley 2000 John Muir 1200 Oppenheimer & Co. 15200 Paine Webber 880 Salomon Bros. 12880 Shearson Hayden 11200 Smith Barney |
| 2200 | Northwest Bancorporation | 2000 | Wilshire Associates | 49000 | Pillsbury Company 27000 Donaldson Lufkin 16000 Merrill Lynch 1000 Paine Webber 5000 Wilshire Associates | 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 | 15500 | Disney (Walt) Productions | 1700 | R.R. Donnelley and Sons Company 500 First Manhattan 1100 Cyrus Lawrence 100 Merrill Lynch | BASIC INDUSTRY | |
| 1000 | Cowen & Co. | 79000 | Brown Bros. | 9000 | Harcourt Brace Jovanovich, Inc. 1000 First Manhattan 6000 Legg-Mason 2000 Piper Jaffray | Aerospace | |
| 5000 | Drexel Burnham | 76500 | Cyrus Lawrence | 53000 | Dayton Hudson Corporation 2000 First Boston 15100 Merrill Lynch 1000 John Muir 15600 Paine Webber 10600 Smith Barney | 5250 | Boeing Company 1500 Brown Bros. 3750 Paine Webber |
| 1000 | Keefe Bruyette | 148897 | McLaughlin Ochenhaut | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 38500 | United Technologies Corporation 5500 Kidder Peabody 6000 Cyrus Lawrence 18500 Merrill Lynch 1000 John Muir 7500 Wertheim & Co. |
| 3500 | Lehman Bros. | 2000 | Roulston & Co. | 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 Mesirov & 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 | 11000 | Merrill Lynch |
| 1000 | Piper Jaffray | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 36600 | Georgia-Pacific Corporation 2100 Bache Halsey 7000 Dain Kalman 2000 First Manhattan 1000 Kidder Peabody 11000 Merrill Lynch 2000 Mesirov & Co. 2100 Oppenheimer & Co. 3900 Paine Webber 4500 Smith Barney |
| 92300 | Household Finance Corporation | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | Building & Forest Products | |
| 8000 | Dain Kalman | 148897 | Brown Bros. | 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 Mesirov & 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 | 2100 | Bache Halsey |
| 13000 | Keefe Bruyette | 148897 | Cyrus Lawrence | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 7000 | Dain Kalman |
| 20000 | Kidder Peabody | 148897 | McDonald's Corporation | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2000 | First Manhattan |
| 23100 | Legg-Mason | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 1000 | Kidder Peabody |
| 5000 | Merrill Lynch | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 11000 | Merrill Lynch |
| 7100 | Oppenheimer & Co. | 148897 | Brown Bros. | 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 Mesirov & 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 | 2000 | Mesirov & Co. |
| 5000 | Piper Jaffray | 148897 | Cyrus Lawrence | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2100 | Oppenheimer & Co. |
| 6100 | Roulston & Co. | 148897 | McDonald's Corporation | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 3900 | Paine Webber |
| 5000 | Salomon Bros. | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 1000 | Piper Jaffray |
| Insurance | | | | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 4500 | Smith Barney |
| 1000 | Jefferson-Pilot Corporation | 15500 | Disney (Walt) Productions | 1700 | R.R. Donnelley and Sons Company 500 First Manhattan 1100 Cyrus Lawrence 100 Merrill Lynch | BASIC INDUSTRY | |
| 1000 | Legg-Mason | 79000 | Brown Bros. | 9000 | Harcourt Brace Jovanovich, Inc. 1000 First Manhattan 6000 Legg-Mason 2000 Piper Jaffray | Aerospace | |
| 6700 | NLT Corporation | 76500 | Cyrus Lawrence | 53000 | Dayton Hudson Corporation 2000 First Boston 15100 Merrill Lynch 1000 John Muir 15600 Paine Webber 10600 Smith Barney | 5250 | Boeing Company 1500 Brown Bros. 3750 Paine Webber |
| 2000 | Legg-Mason | 148897 | McLaughlin Ochenhaut | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 38500 | United Technologies Corporation 5500 Kidder Peabody 6000 Cyrus Lawrence 18500 Merrill Lynch 1000 John Muir 7500 Wertheim & Co. |
| 1600 | Merrill Lynch | 2000 | Roulston & Co. | 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 Mesirov & 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 | 11000 | Merrill Lynch |
| 2000 | Mesirov & Co. | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 36600 | Georgia-Pacific Corporation 2100 Bache Halsey 7000 Dain Kalman 2000 First Manhattan 1000 Kidder Peabody 11000 Merrill Lynch 2000 Mesirov & Co. 2100 Oppenheimer & Co. 3900 Paine Webber 4500 Smith Barney |
| 100 | Oppenheimer & Co. | 2000 | Bache Halsey | 53000 | PepsiCo, Inc. 6000 Cowen & Co. 17000 Kidder Peabody 2000 Mesirov & Co. 8000 John Muir 5000 Smith Barney 15000 Wertheim & Co. | 12000 | Paine Webber |
| 1000 | Smith Barney | 148897 | McDonald's Corporation | 49000 | Pillsbury Company 27000 Donaldson Lufkin 16000 Merrill Lynch 1000 Paine Webber 5000 Wilshire Associates | 4500 | Shearson Hayden |
| 20000 | United States Fidelity & Guaranty Company | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 3000 | Smith Barney |
| 10000 | Goldman Sachs | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | Building & Forest Products | |
| 10000 | Legg-Mason | 148897 | Brown Bros. | 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 Mesirov & 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 | 2100 | Bache Halsey |
| CONSUMER-ORIENTED | | | | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 7000 | Dain Kalman |
| Automobiles & Automotive Parts | | | | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2000 | First Manhattan |
| 19000 | Ford Motor Company | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 1000 | Kidder Peabody |
| 10000 | Drexel Burnham | 148897 | Brown Bros. | 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 Mesirov & 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 | 11000 | Merrill Lynch |
| 9000 | Merrill Lynch | 148897 | Cyrus Lawrence | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2000 | Mesirov & Co. |
| General Motors Corporation | | 148897 | McDonald's Corporation | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2100 | Oppenheimer & Co. |
| 5000 | Cowen & Co. | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 3900 | Paine Webber |
| 10300 | Drexel Burnham | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 1000 | Piper Jaffray |
| 10500 | Kidder Peabody | 148897 | Brown Bros. | 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 Mesirov & 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 | 4500 | Smith Barney |
| 41700 | Merrill Lynch | 148897 | Cyrus Lawrence | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | Building & Forest Products | |
| 3700 | Paine Webber | 148897 | McDonald's Corporation | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2100 | Bache Halsey |
| 2500 | Smith Barney | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 7000 | Dain Kalman |
| 32100 | Genuine Parts Company | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2000 | First Manhattan |
| 3000 | Brown Bros. | 148897 | Brown Bros. | 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 Mesirov & 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 | 1000 | Kidder Peabody |
| 7650 | Donaldson Lufkin | 148897 | Cyrus Lawrence | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 11000 | Merrill Lynch |
| 1650 | Loeb Rhoades Hornblower | 148897 | McDonald's Corporation | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2000 | Mesirov & Co. |
| 15300 | Merrill Lynch | 148897 | Warner Communications, Inc. | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 2100 | Oppenheimer & Co. |
| 1500 | Paine Webber | 148897 | Boston Institutional Services | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 3900 | Paine Webber |
| 3000 | Dean Witter | 148897 | Brown Bros. | 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 Mesirov & 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 | 1000 | Piper Jaffray |
| Consumer-Durables | | | | 11000 | Federated Department Stores, Incorporated 3500 M.H. Novick 500 Oppenheimer & Co. 7000 Wertheim & Co. | 4500 | Smith Barney |
| 27000 | Sunbeam Corporation | 15500 | Disney (Walt) Productions | 1700 | R.R. Donnelley and Sons Company 500 First Manhattan 1100 Cyrus Lawrence 1 | | |

| 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 Mesrow & Co. 9000 John Muir 4000 Paine Webber 3000 Piper Jaffray | 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 | 9300 | Conoco, Inc. 4000 Merrill Lynch 5200 M.H. Novick 100 Smith Barney |
| 38800 | Weyerhaeuser Company 12000 Donaldson Lufkin 7000 Loeb Rhoades Hornblower 2300 Mesrow & Co. 5000 Neuberger & Berman 12500 Paine Webber | 6000 | Marathon Oil Company 3000 Bache Halsey 3000 Smith Barney |
| Chemicals | | 45600 | Standard Oil Company (Indiana) 14600 Dain Kalman 2000 Cyrus Lawrence 16500 Salomon Bros. 3500 Shearson Hayden 3000 Smith Barney 6000 Wertheim & Co. |
| 5000 | Air Products and Chemicals, Incorporated 5000 Drexel Burnham | 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 Wiltshire Associates |
| 66600 | Dow Chemical Company 5000 Boston Institutional Services 16500 First Boston 44100 Goldman Sachs 1000 Piper Jaffray | | |
| 10000 | Monsanto Company 10000 Salomon Bros. | | |
| Electrical Equipment | | | |
| 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 | 142500 | Gulf Oil Corporation 14000 Drexel Burnham 10000 First Boston 15500 Kidder Peabody 27000 Merrill Lynch 6000 Mesrow & 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 Wiltshire 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 Mesrow & 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 | 61100 | Williams Companies 16400 Kidder Peabody 26600 Merrill Lynch 7000 Roultson & Co. 4000 Wertheim & Co. 7100 Wiltshire Associates |
| 6000 | Union Camp Corporation 2000 Donaldson Lufkin 3000 Goldman Sachs 1000 Kidder Peabody | | |
| Textiles | | | |
| 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 | | |
| | | TRANSPORTATION | |
| | | Airlines | |
| | | 3800 | Northwest Airlines, Incorporated 800 Merrill Lynch 3000 Paine Webber |
| | | Railroads | |
| | | 1000 | Union Pacific Corporation 1000 Brown Bros. |

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 |
|--------------------------------|---|----------------------------|---|
| UTILITIES | | Consumer-Miscellaneous | |
| Electric | | | |
| 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 | Texas Utilities Company 3500 American Securities 1000 Institutional Networks 100 Jefferies & Co. | 3500 | Johnson & Johnson 3500 Jefferies & Co. Merck & Co., Inc. 100 Jefferies & Co. |
| 4600 | Virginia Electric and Power Company 27000 American Securities | 100 | Pfizer Incorporated 10000 Jefferies & Co. Warner-Lambert Company 9000 Jefferies & Co. |
| 27000 | | 10000 | |
| 9000 | | | |
| Natural Gas | | Food-Beverage | |
| 20500 | Houston Natural Gas Corporation 17000 American Securities 3500 Jefferies & Co. | 16600 | Consolidated Foods Corporation 12000 Robert Brandt & Co. 4600 Institutional Networks |
| 5100 | Panhandle Eastern Pipe Line Company 5000 American Securities 100 Institutional Networks | 1000 | General Mills, Inc. 1000 Institutional Networks |
| 37000 | Peoples Gas Company 37000 American Securities | 2500 | PepsiCo, Inc. 2000 Institutional Networks 500 Jefferies & Co. |
| Communications | | 6500 | Pillsbury Company 6500 Jefferies & Co. |
| 37000 | American Telephone & Telegraph Company 13000 Jefferies & Co. 24000 Weeden & Co. | Media | |
| 2000 | General Telephone & Electronics Corporation 2000 Institutional Networks | 1600 | R.R. Donnelley and Sons Company 500 Institutional Networks 1100 Jefferies & Co. |
| 1000 | United Telecommunications, Inc. 1000 Institutional Networks | | |
| 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. | TECHNOLOGY | |
| 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 Oil-Domestic | | 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. | 1000 | Marathon Oil Company 1000 Institutional Networks | 7500 | Household Finance Corporation 1000 Legg-Mason 4500 Morgan Stanley 2000 Smith Barney | 5000 | Panhandle Eastern Pipe Line Company 5000 Merrill Lynch |
| Metals | | 22500 | 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 | 2000 | Penney (J.C.) Company, Incorporated 2000 First Boston |
| 5000 | Aluminum Company of America 5000 Institutional Networks | Energy-Related | | | | 5000 | Peoples Gas Company 5000 American Securities |
| 2000 | Pittston Company 2000 Institutional Networks | 200 | Dresser Industries, Inc. 200 Jefferies & Co. Halliburton Company 2000 Institutional Networks 5000 Jefferies & Co. | 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 | 4000 | PepsiCo, Inc. 4000 Morgan Stanley Pfizer, Incorporated 2000 First Boston |
| Paper | | 7000 | | | | 20000 | Pittston Company 15000 Oppenheimer & Co. 5000 Shearson Hayden |
| 6000 | International Paper Company 6000 Jefferies & Co. | TRANSPORTATION Railroads | | | | 10000 | Public Service Company of Indiana, Inc. 10000 American Securities |
| Textiles | | 1000 | Union Pacific Corporation 1000 Institutional Networks | | | 11000 | Revlon, Incorporated 68000 Goldman Sachs 43000 Oppenheimer & Co. |
| 15000 | Burlington Industries 15000 Jefferies & Co. | | | | | 26100 | SAFECO Corporation 3000 First Boston 16100 Jefferies & Co. 5000 Jones & Associates 2000 Merrill Lynch |

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 | 24700 | MGIC Investment Corporation 10000 Bear Stearns 14700 Wm. Blair | 93800 | Southern Company 45700 Drexel Burnham 19500 Oppenheimer & Co. 28600 Paine Webber |
| 7500 | Allegheny Power System 7500 First Boston | 34000 | Control Data Corporation 14000 Oppenheimer & Co. 20000 Salomon Bros. | 17000 | Manufacturers Hanover Corporation 10000 Goldman Sachs 4000 Keefe Bruyette 2000 Legg-Mason 1000 Smith Barney | 11000 | Standard Oil Company (Indiana) 7000 Becker-Wharburg 1000 Goldman Sachs 3000 Smith Barney |
| 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 | 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 |
| 13000 | American Greetings Corporation 13000 Merrill Lynch | 27200 | Dayton Hudson Corporation 7000 Robert Brandt & Co. 20200 First Boston | 67500 | Masonite Corporation 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 |
| 1000 | American Home Products Corporation 1000 First Boston | 72300 | Digital Equipment Corporation 15000 Bear Stearns 9100 Morgan Olmstead 26000 Oppenheimer & Co. 22200 Salomon Bros. | | | 39300 | Sunbeam Corporation 6000 Cowen & Co. 2400 First Boston 8000 Paine Webber 4000 Smith Barney 18900 Wertheim & Co. |
| 1800 | ARA Services, Incorporated 1800 Merrill Lynch | 60644 | Disney (Walt) Productions 10000 Goldman Sachs 5000 Morgan Stanley 45644 Wertheim & Co. | 53100 | Medtronic, Inc. 9100 Loeb Rhoades Hornblower 5000 Merrill Lynch 39000 Salomon Bros. | 18000 | Texaco, Inc. 8000 Drexel Burnham 10000 Oppenheimer & Co. |
| 8000 | Atlantic Richfield Company 2000 Goldman Sachs 6000 Merrill Lynch | | Dresser Industries, Inc. 2000 Goldman Sachs 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 | 9000 | Texas Instruments, Inc. 9000 Blyth Eastman |
| 2600 | Avon Products, Inc. 2600 First Boston | 2000 | Emerson Electric Co. 5000 Goldman Sachs 11500 Oppenheimer & Co. 10000 Smith Barney | 4500 | Monsanto Company 1500 First Boston 3000 Oppenheimer & Co. | 3000 | Trans Union Corporation 3000 Goldman Sachs |
| 6000 | Baker International Corporation 6000 E.F. Hutton | 68000 | Exxon Corporation 4000 Goldman Sachs Federated Department Stores, Incorporated 1000 First Boston | 11000 | Morgan, J.P. & Co., Incorporated 3000 Piper Jaffray 8000 Smith Barney | 13000 | Travelers Corporation 4000 Conning & Co. 4000 Jefferies & Co. 5000 Smith Barney |
| 20000 | BankAmerica Corporation 20000 Keefe Bruyette | | 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 International Networks 2000 Legg-Mason 22000 Merrill Lynch | 1500 | Union Camp Corporation 1500 Goldman Sachs |
| 10000 | Beneficial Corporation 10000 Legg-Mason | 11000 | El Paso Company 11000 Smith Barney | | | 24100 | Union Carbide Corporation 3000 Merrill Lynch 18100 Merrill Lynch 3000 Oppenheimer & Co. |
| 99600 | Boeing Company 65850 Goldman Sachs 33750 Merrill Lynch | 26500 | Emerson Electric Co. 5000 Goldman Sachs 11500 Oppenheimer & Co. 10000 Smith Barney | | | 40200 | Union Pacific Corporation 21500 First Boston 10000 Goldman Sachs 3000 Cyrus Lawrence 500 Salomon Bros. 4000 Shearson Hayden 1200 Smith Barney |
| 5000 | Bristol Meyers Co. 5000 Morgan Stanley | | Ford Motor Company 10000 Drexel Burnham 7000 Jefferies & Co. 1600 Lehman Bros. 1500 Morgan Stanley | 51000 | Morgan, J.P. & Co., Incorporated 3000 Piper Jaffray 8000 Smith Barney | | United States Fidelity & Guaranty Company 3000 Legg-Mason |
| 56500 | Burlington Northern Incorporated 10000 E.F. Hutton 8000 Kidder Peabody 17900 Morgan Stanley 3000 Oppenheimer & Co. 17600 Wertheim & Co. | 4000 | General Foods Corporation 1000 Shearson Hayden General Motors Corporation 1000 Morgan Stanley | 11200 | Northwest Bancorporation 10000 Donaldson Lufkin 1200 Keefe Bruyette | 35500 | United Technologies Corporation 2000 First Boston 33500 Morgan Stanley |
| 2500 | CPC International, Inc. 2500 First Boston | 61875 | Florida Power & Light Company 2000 Blyth Eastman | 15000 | Northwestern National Life Insurance Company 10000 Merrill Lynch 5000 Oppenheimer & Co. | 2000 | Warner-Lambert Company 2000 First Boston |
| 30000 | Caterpillar Tractor Co. 5000 Bache Halsey 6000 Bear Stearns 14000 Institutional Networks 5000 Kidder Peabody | 20100 | Ford Motor Company 10000 Drexel Burnham 7000 Jefferies & Co. 1600 Lehman Bros. 1500 Morgan Stanley | | | 3000 | Williams Companies 3000 Goldman Sachs |
| 10000 | Chubb Corporation 5000 Oppenheimer Co. 5000 Salomon Bros. | 1000 | General Foods Corporation 1000 Shearson Hayden | | | 7700 | Wisconsin Power & Light Company 7700 Paine Webber |
| 20000 | Citicorp 10000 Merrill Lynch 10000 Paine Webber | 1000 | General Motors Corporation 1000 Morgan Stanley | | | | |
| 30500 | Colgate-Palmolive Company 22500 Blyth Eastman 4000 First Boston 4000 Cyrus Lawrence | 7000 | Georgia-Pacific Corporation 2000 Cowen & Co. 3000 Morgan Stanley | | | | |
| 29000 | Combustion Engineering, Incorporated 5000 Dain Kalman 3000 Goldman Sachs 21000 Institutional Networks | 5000 | Goodyear Tire & Rubber Company 5000 Jefferies & Co. | | | | |
| 3000 | Commonwealth Edison Company 3000 First Boston | 21000 | Gould, Inc. 8000 Wm. Blair 13000 Goldman Sachs | | | | |
| 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 | Hanna 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% | —0— | \$ 3,787,548 4.24% | \$ 7,433,360 8.31% | \$ 32,742,511 36.63% | \$ 40,095,476 44.86% | \$ 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% | —0— | \$ 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% | —0— | \$ 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% | —0— | \$ 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% | —0— | —0— | —0— | —0— | \$ 21,890,159 91.13% | \$ 24,020,538 100% |
| Fixed Return Account | \$ 561,334 3.27% | \$ 704,000 4.10% | —0— | \$ 2,694,992 15.70% | \$ 3,614,391 21.05% | \$ 9,593,927 55.88% | —0— | \$ 17,168,644 100% |
| Minnesota Variable Annuity | \$ 1,997,657 3.32% | \$ 3,000,000 4.98% | —0— | \$ 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% | —0— | \$ 198,900 0.08% | \$149,213,368 55.97% | —0— | \$ 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% | —0— | —0— | —0— | —0— | —0— | \$ 645,702,442 100% |
| Transportation Funds | \$ 251,822,436 87.76% | \$ 27,890,000 9.72% | —0— | \$ 7,233,384 2.52% | —0— | —0— | —0— | \$ 286,945,820 100% |
| State Building Fund | \$ 68,346,478 100% | —0— | —0— | —0— | —0— | —0— | —0— | \$ 68,346,478 100% |
| Housing Finance Agency | \$ 36,055,000 100% | —0— | —0— | —0— | —0— | —0— | —0— | \$ 36,055,000 100% |
| Miscellaneous Accounts | \$ 81,329,787 98.36% | —0— | —0— | \$ 1,354,523 1.64% | —0— | —0— | —0— | \$ 82,684,310 100% |
| Taconite Area Env. Protection | \$ 9,512,466 100% | —0— | —0— | —0— | —0— | —0— | —0— | \$ 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, which appears to read "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**

| | June 30, 1978 | | June 30, 1979 | |
|---|------------------|---------------------|------------------|---------------------|
| Participant | 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 | 4,964,535 |
| 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**

| | June 30, 1978 | | June 30, 1979 | |
|---|------------------|---------------------|------------------|---------------------|
| Participant | 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 | 21,908 | 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 | 57,437,612 | 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

| | June 30 | |
|---|----------------------|----------------------|
| Participant | 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 | 1,966,190 |
| 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.