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1988 ANNUAL REPORT

MINNESOTA STATE BOARD OF INVESTMENT

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1988 ANNUAL REPORT

MINNESOTA STATE BOARD OF INVESTMENT

Governor Rudy Perpich

State Auditor Arne H. Carlson

State Treasurer Michael A. McGrath

Secretary of State Joan Anderson Growe

Attorney General Hubert H. Humphrey III

INVESTMENT ADVISORY COUNCIL

The Legislature has established a 17-member Investment Advisory Council to advise the Board and its staff on investment-related matters.

- The Board appoints ten members experienced in finance and investment. These members traditionally have come from the Minneapolis and St. Paul corporate investment community.
- The Commissioner of Finance and the Executive Directors of the state wide retirement systems are permanent members of the Council.
- Two active employee representatives and one retiree representative are appointed to the Council by the Governor.

The Council has formed four committees organized around broad investment subjects relevant to the Board's decision-making: Asset Allocation, Equity Managers, Fixed Income Managers and Alternative Investments.

All proposed investment policies are reviewed by the appropriate Committee and the full Council before they are presented to the Board for action.

Members of the Council

Henry H. Adams, Jr.	Executive Sec. & Investment Mgr., Mpls. Teachers Ret. Fund
John E. Bohan	Vice President, Pension Investments, The Pillsbury Co.
James R. Eckmann	Assistant Treasurer, Dayton-Hudson Corporation
Elton Erdahl	Executive Director, Teachers Retirement Association
Paul L. Groschen	Executive Director, Minnesota State Retirement System
Kenneth F. Gudorf	CFO & Vice President of Finance, The Carlson Cos., Inc.
James M. Hacking	Executive Director, Public Employees Retirement Assoc.
Vernell Jackels	Active Employee Representative
David B. Jeffery	Vice President and Resident Manager, Shearson Hamill
Judith W. Mares	Board Appointee
Malcolm W. McDonald**	Director & Corporate Secretary, Space Center, Inc.
Gary R. Norstrem	City Treasurer, City of St. Paul
Joseph T. Rukavina	Active Employee Representative
Thomas J. Triplett	Commissioner, Minnesota Department of Finance
Raymond B. Vecellio	Retiree Representative
Deborah Veverka	Manager, Pension Investments, Honeywell, Inc.
Jan Yeomans*	Director, Benefit Funds & Financial Markets, 3M Co.

*Chair

**Vice-Chair

CONSULTANT

Richards & Tierney, Inc.

INVESTMENT BOARD STAFF

Howard Bicker	Executive Director
Beth Lehman	Assistant Executive Director
James E. Heidelberg	Assistant to the Executive Director

Internal Money Management - Stocks and Bonds

Mark Edwards	Senior Portfolio Manager, Equities
A. Arthur Kaese	Senior Equity Analyst
N. Robert Barman	Senior Fixed Income Analyst
Arthur M. Blauzda	Senior Analyst, Shareholder Services
Harold L. Syverson	Security Trader

Internal Money Management - Cash Accounts

Grant A. Feldman	Manager, Short Term Accounts
John T. Kinne	Portfolio Manager, Short Term

External Money Management

Doug Gorence	Manager, External Equities
John Griebenow	Manager, Alternative Investments
Roger W. Henry	Manager, Fixed Income*
James H. Lukens	Investment Analyst, Fixed Income & Alt. Investments
Michael J. Menssen	Investment Analyst, Equities
Deborah F. Griebenow	Investment Analyst, Management Reporting

* Responsible for internal and external fixed income programs

Administrative Staff

L. Michael Schmitt	Administrative Director
Mable E. Patrick	Accounting Supervisor
Thomas L. Delmont	Accounting Officer, Intermediate
Nancy Wold	Accounting Officer
Kathy Leisz	Computer Operator
Harriet Balian	Secretary to the Executive Director
Charlene Olson	Secretary, External Programs
Lin Nadeau	Secretary, Internal Programs
Lavern Jagg	Receptionist

MEMBERS OF THE BOARD:

**GOVERNOR RUDY PERPICH
STATE AUDITOR ARNE H. CARLSON
STATE TREASURER MICHAEL A. McGRATH
SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL HUBERT H. HUMPHREY III**



**EXECUTIVE DIRECTOR
HOWARD J. BICKER**

**STATE OF MINNESOTA
STATE BOARD OF INVESTMENT**

Room 105, MEA Building
55 Sherburne Avenue
Saint Paul 55155
(612) 296-3328

The Minnesota State Board of Investment is pleased to submit its 1988 Annual Report.

Fiscal year 1988 was a difficult period for institutional investors, primarily due to the poor performance of the stock market. After three years of spectacular growth, the stock market fell precipitously in October 1987. While this event was dramatic, the funds managed by the Board have produced substantial positive annualized returns in recent years. This report reflects the performance of the individual funds managed by the State Board of Investment during fiscal year 1988 as well as returns produced over the last five years.

Several events should be highlighted for the year:

- **The Post Retirement Investment Fund generated earnings that will provide a life-time benefit increase of 6.9% for eligible retirees beginning January 1989.** This is considerably above the calendar year 1988 inflation rate. The Post Fund continued to benefit from the high inflation-adjusted yields available in the bond market during recent years. (Refer to page 27.)
- **The Basic Retirement Funds, the largest group of funds managed by the Board, produced a total rate of return of -0.3% for fiscal year 1988. Over the last five fiscal years the Basic Funds have generated a cumulative return of 78%, excluding alternative assets.** This cumulative return was largely the result of the Board's asset allocation policy, which allowed the Basic Funds to take advantage of the superior returns available in the capital markets in prior years. (Refer to page 7).
- **The Board obtained new investment authority to invest in international securities under legislation adopted during the 1988 legislative session.** The Board expects to develop a program utilizing international securities over the next one to two years. (Refer to page 71.)
- **The Board adopted a set of specific evaluation guidelines which form a "manager continuation policy."** The guidelines include qualitative and quantitative performance criteria that assist the Board in its decisions concerning the retention and termination of money managers. (Refer to page 75.)

- **A passive component was developed for the fixed income segment of the Basic Retirement Funds.** Beginning in fiscal year 1989, approximately one half of the bond segment of the Funds will be invested using an enhanced indexation strategy. (Refer to page 78.)

On June 30, 1988, the Board's portfolio totaled \$12.9 billion. This amount is actually a composite of several separate pension funds, trust funds and cash accounts, each with differing investment objectives. In establishing a comprehensive management program, the Board develops an investment strategy for each fund which reflects its unique needs. **The primary purpose of this annual report is to clearly communicate the investment goals, policies, and performance of each fund managed by the Board.**

Through the investment programs presented in this report, the Minnesota State Board of Investment will continue to enhance the management and investment performance of the funds under its control.

Sincerely,

A handwritten signature in cursive script, reading "Howard Bicker".

Howard J. Bicker
Executive Director

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PART TWO of the Minnesota State Board of Investment's 1988 Annual Report contains financial statements, asset listings and accounting data.

All investments undertaken by the Minnesota State Board of Investment (SBI) are governed by the common law prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A.

Prudent Person Rule

The prudent person rule requires all members of the Board, Investment Advisory Council, and SBI staff to "*...act in good faith and exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*"

Authorized Investments

In addition to the prudent person rule, the Minnesota Statutes contain a specific list of asset classes available for investment, including common stocks, bonds, short term securities, real estate, venture capital, and resource funds. The statutes prescribe the maximum percentage of fund assets that may be invested in each asset class and contain specific restrictions to ensure the quality of the investments.

Investment Policies

Within the requirements defined by state law, the State Board of Investment, in conjunction with SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its management. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, policy asset mix, investment management structure, and specific performance standards.

In recent years, the Board, its staff, and the Investment Advisory Council have conducted detailed analyses of the investment policies of the Basic Retirement Funds, the Post Retirement Investment Fund, the Supplemental Investment Fund, and the Permanent School Fund. The results of these studies represent the "roadmap" by which the SBI manages these funds. The Board intends periodically to revise the

investment policies established for each fund. Most recently, the Basic Retirement Funds' investment policies were thoroughly reviewed and updated.

The annual report is divided into two separate publications:

- **Part One.** This volume contains the text of the annual report. It describes the investment policies and performance for each of the funds managed by the SBI. It also contains statistical data on the Board's managers.
- **Part Two.** The second volume contains financial statements, asset listings and accounting data.

FUNDS UNDER MANAGEMENT

Basic Retirement Funds

Post Retirement Investment Fund

Supplemental Investment Fund

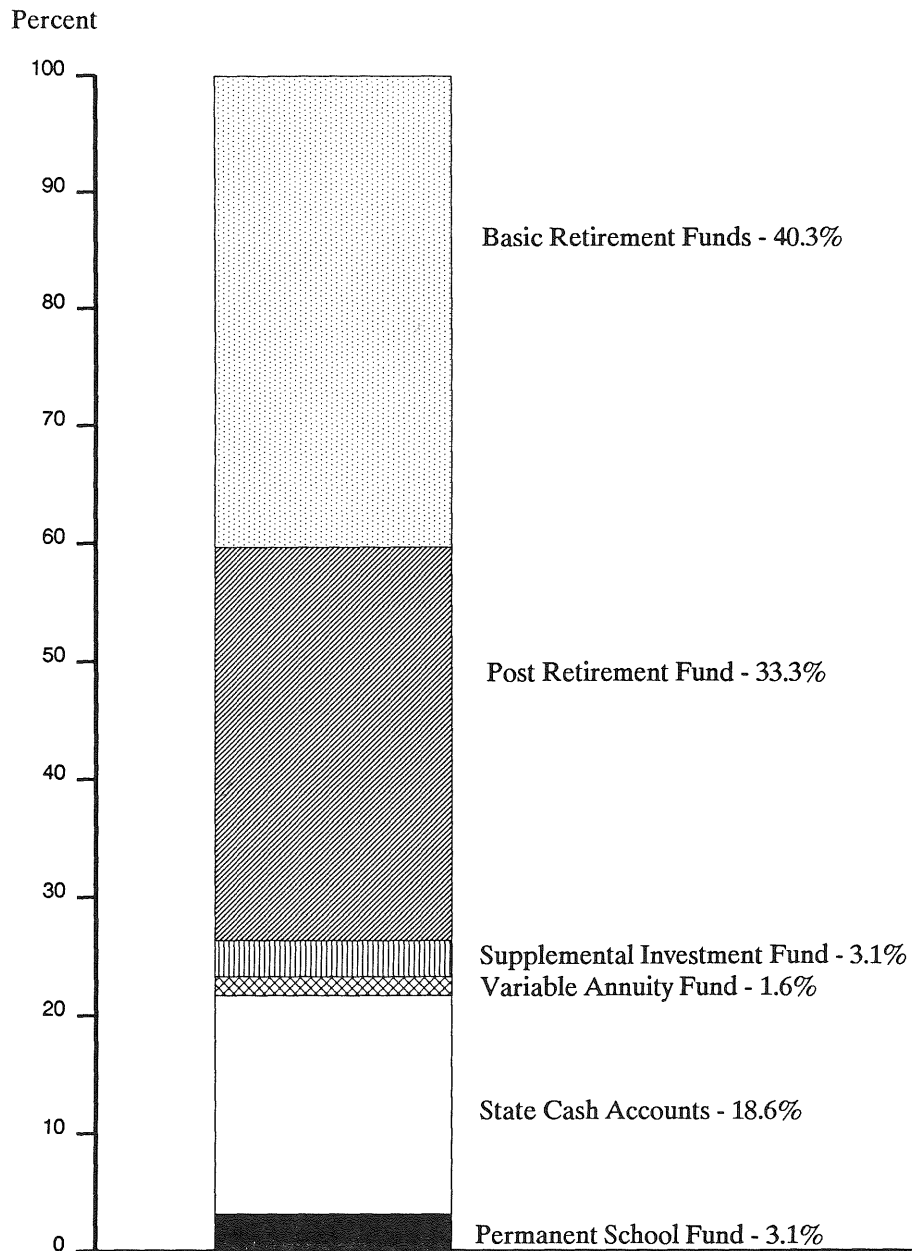
Variable Annuity Fund

State Cash Accounts

Permanent School Fund

Composition By Fund

June 30, 1988



**Market Value
June 30, 1988****Basic Retirement Funds****\$ 5.2 billion**

The Basic Retirement Funds contain the pension assets of the currently working participants in eight major statewide retirement plans:

• Teachers Retirement Fund	\$ 2,247 million
• Public Employees Retirement Fund	1,352 million
• State Employees Retirement Fund	1,047 million
• Public Employees Police and Fire Fund	441 million
• Highway Patrol Retirement Fund	78 million
• Judges Retirement Fund	3 million
• Police and Fire Consolidation Fund	6 million
• Correctional Employees Fund	51 million

Post Retirement Investment Fund**\$ 4.3 billion**

The Post Retirement Investment Fund is composed of the reserves for retirement benefits to be paid to currently retired employees. Permanent retirement benefit increases are permitted based on excess earnings from dividends, interest, and net realized capital gains.

Supplemental Investment Fund**\$ 0.4 billion**

The Supplemental Investment Fund includes the assets of the state deferred compensation plan, supplemental benefit arrangements, various retirement programs for local police and firefighters, and the unclassified employees of the state. Participants have a choice among six separate accounts with different investment emphases designed to meet a wide range of investor needs and objectives.

• Income Share Account	\$ 216 million
• Growth Share Account	83 million
• Common Stock Index Account	3 million
• Bond Market Account	1 million
• Money Market Account	76 million
• Guaranteed Return Account	22 million

Variable Annuity Fund**\$ 0.2 billion**

The Variable Annuity Fund is an investment option concentrating on common stocks which formerly was offered to members of the Teachers Retirement Association. It is not available to new members.

State Cash Accounts**\$ 2.4 billion**

These accounts are composed of high quality, short-term debt investments. They include the Invested Treasurers Cash Fund, transportation funds, and other miscellaneous cash accounts.

Permanent School Fund**\$0.4 billion**

The Permanent School Fund is a trust established for the benefit of Minnesota public schools.

Total

\$12.9 billion

BASIC RETIREMENT FUNDS

Investment Objectives

Asset Allocation

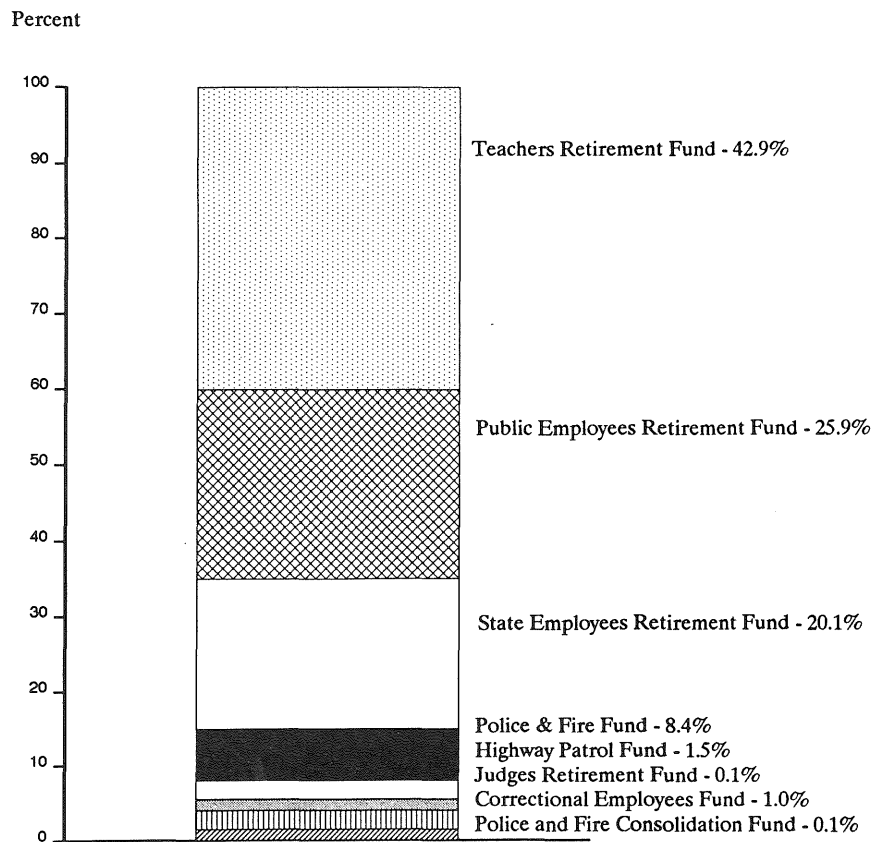
Investment Management

Investment Performance

The Basic Retirement Funds are composed of the retirement assets for currently working participants in eight major statewide retirement funds.

Figure 1 identifies the individual retirement funds which comprise the Basic Funds. The Funds serve as accumulation pools in which the pension contributions of public employees and their employers are placed during the employees' years of active service. Approximately 200,000 public employees participate in the Basic Funds. On June 30, 1988 the market value of the Funds was \$5.2 billion.

*Figure 1.
Participating
Funds
FY 1988*



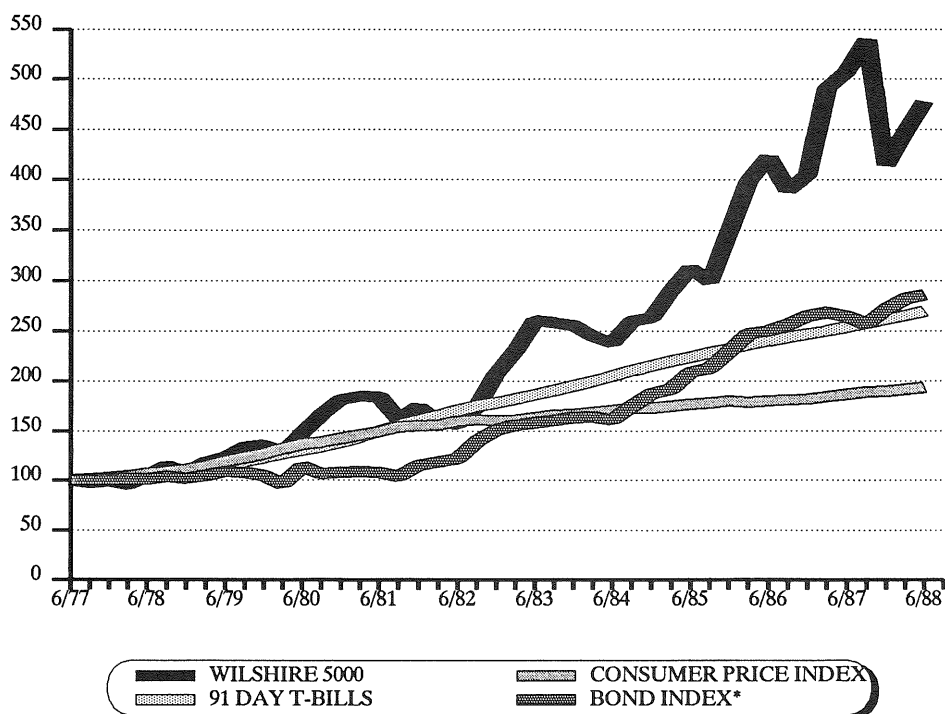
INVESTMENT OBJECTIVES

The State Board of Investment (SBI) pursues several investment objectives in the management of the Basic Funds' assets. In order of importance, those objectives are:

- To generate total returns sufficient to finance the benefits promised public employees covered by the statewide retirement funds.
- To generate additional total returns that will allow a reduction in employer/employee contributions or an increase in promised benefits.
- To avoid excessive volatility in portfolio returns over the short-run.

The Board's primary responsibility is to ensure that sufficient funds are available to finance promised benefits. However, other investment objectives are also important. Based upon the Basic Funds' adequate funding levels and participant demographics, its investment time horizon is

*Figure 2.
Performance of
Capital Markets
1978-1988*



* Merrill Lynch through 12/79; Salomon Broad thereafter

quite long. This extended time horizon permits the Board to take advantage of the long-run return opportunities offered by the capital markets. As illustrated in the capital markets chart in Figure 2, historical evidence strongly supports the position that long-run investment results are highly correlated with short-run volatility of returns. Thus, the Board seeks to reduce the cost of pension funding through an aggressive, high expected return investment policy which incorporates a sizable equity component. The Board is cognizant, however, that excessive short-run return volatility is undesirable. As a result, the Basic Funds' investment policy also is designed to limit extreme portfolio return results.

ASSET ALLOCATION

The allocation of assets among common stocks, bonds, cash equivalents, and alternative investments can have a dramatic impact on investment results. In fact, asset allocation decisions overwhelm the impact of individual security selection within a total portfolio. Consequently, the Board has focused considerable attention on the selection of an appropriate long-term asset mix for the Basic Funds.

Policy Asset Mix

Based on the Basic Funds' investment objectives and the expected long-run performance of the capital markets, the Board has adopted the following long term policy asset allocation for the Basic Funds:

• Common Stocks	60.0%
• Bonds	22.0%
• Cash Equivalents	3.0%
• Real Estate	10.0%
• Venture Capital	2.5%
• Resource Funds	2.5%

Figure 3 presents the actual asset allocation of the Basic Funds at the end of the 1988 fiscal year. Historical data on the Basic Funds' actual asset mix over the last five years are displayed in Figure 4.

BASIC RETIREMENT FUNDS

Total Return Vehicles

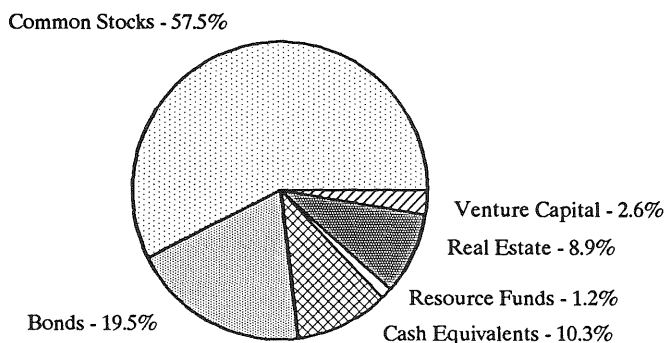
The SBI invests the majority of the Basic Funds' assets in common stocks. This large allocation is consistent with the investment time horizon of the Basic Funds and the advantageous long-term risk-return characteristics of common stocks. The rationale underlying the venture capital allocation is similar. However, the relatively small size of the venture capital market limits the allocation to this asset class.

The Board recognizes that this sizable policy allocation to common stock and venture capital likely will produce more volatile portfolio returns than a more conservative, higher fixed income allocation policy. It is understood that this policy may result in quarters or even years of disappointing results. Nevertheless, the long-run return benefits of this policy are expected to more than compensate for the additional volatility.

Inflation Hedge

The Board includes other asset classes in the Basic Funds' asset mix both to protect against debilitating

*Figure 3.
Asset Mix
June 30, 1988*



	\$Million	Actual	Policy
Common Stocks	\$3,006	57.5%	60.0%
Bonds	1,018	19.5	22.0
Cash Equivalents*	539	10.3	3.0
Alternative Assets:			
Real Estate	462	8.9	10.0
Venture Capital	135	2.6	2.5
Resource Funds	64	1.2	2.5
Total	\$5,224	100.0%	100.0%

*includes cash uncommitted to long-term assets plus all cash held by external managers

economic environments and to diversify the portfolio sufficiently to avoid excessive return volatility. Real estate and resource fund investments provide an inflation hedge that other financial assets cannot offer. In a period of rapidly rising prices, these "hard" assets can be expected to appreciate in value at a rate at least equal to the inflation rate. Further, even under normal financial conditions, the returns on these assets are not highly correlated with common stocks. Thus, their inclusion in the portfolio serves to dampen return volatility.

Deflation Hedge

The fixed income component (bonds and cash equivalents) of the Basic Funds' total portfolio acts as a hedge against a deflationary economic environment. In the event of a major deflation, high-quality fixed income assets, particularly long-term bonds, will not only protect principal but generate significant capital gains as well. And, like real estate and resource funds, under normal financial conditions fixed income securities help to diversify the Basic Funds' total portfolio, thereby controlling return volatility.

INVESTMENT MANAGEMENT

Common Stock Segment

The SBI utilizes a two-part approach to the management of the Basic Funds' common stock segment:

- a large passive portfolio (i.e., an index fund). At the end of fiscal year 1988, nearly three quarters of the stock segment was passively managed.
- a smaller group of non-diversified actively managed portfolios.

An **index fund** is a well-diversified portfolio of common stocks designed to match the rate of return performance of a predetermined stock market index. The index fund utilized by the SBI tracks the Wilshire 5000, a broad-based equity market indicator composed of the common stocks of all U.S.-domiciled corporations for which daily prices are available. In effect, the Wilshire 5000 represents virtually the entire domestic common stock market.

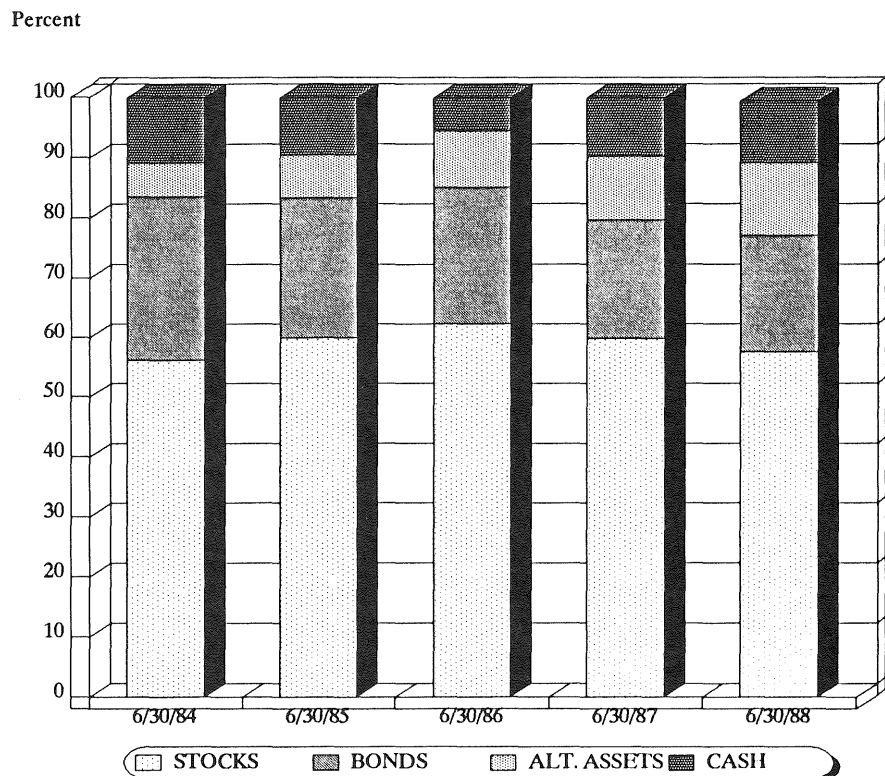
BASIC RETIREMENT FUNDS

The Board's decision to utilize an index fund is based on the inherent difficulty of actively managing a multi-billion dollar common stock portfolio. The Board has chosen to accept market returns on a substantial portion of its common stock portfolio through the utilization of an index fund. The Board seeks above-market returns through the active management of the remaining common stock assets.

The **actively managed segment** of the Basic Funds' common stock portfolio is designed to complement the core index fund. With the index fund providing adequate diversification for the Basic Funds' total portfolio, the active managers are expected to add incremental value over the long-run through aggressive investment management decisions.

A comprehensive monitoring system has been established to ensure that the many elements of the common stock portfolio conform to the Basic Funds' investment policy. Performance benchmarks have been

*Figure 4.
Historical
Asset Mix
1984-1988*



established for each of the Board's managers. These benchmarks enable the SBI to evaluate more effectively the managers' decision-making, both individually and in aggregate, with respect to risk incurred and returns achieved. More information on benchmarks and the Board's monitoring policies is included in the Major Developments Section.

A description of each common stock manager's investment approach is included in the Manager Summary section. Their portfolio characteristics are included in the Statistical Data Appendix.

**Bond
Segment**

During fiscal year 1988, the bond segment of the Basic Funds' was managed by six active external bond managers. This group of bond managers was selected for its blend of investment styles. Each of the managers invests in high-quality, fixed income securities. The managers vary, however, in the emphasis they place on interest rate anticipation and in the manner in which they approach issue selection and sector weighting decisions.

*Figure 4 (con't).
Historical
Asset Mix
1984-1988*

	1984	1985	June 30, 1986	1987	1988
Common Stocks					
\$Million	1,696.0	2,209.0	2,838.0	3,070.0	3,006.0
Percent	56.1	59.9	62.2	59.8	57.5
Bonds					
\$Million	829.0	865.0	1,041.0	1,016.0	1,018.0
Percent	27.4	23.4	22.8	19.8	19.5
Cash Equivalents*					
\$Million	331.0	355.0	253.0	506.0	539.0
Percent	10.9	9.6	5.6	9.8	10.3
Real Estate					
\$Million	140.0	203.0	330.0	396.0	462.0
Percent	4.6	5.5	7.2	7.7	8.9
Venture Capital					
\$Million	4.0	34.0	65.0	86.0	135.0
Percent	0.2	0.9	1.4	1.7	2.6
Resource Funds					
\$Million	23.0	34.0	65.0	86.0	64.0
Percent	0.8	0.7	0.8	1.2	1.2
Total Fund					
\$Million	3,023.0	3,691.0	4,564.0	5,137.0	5,224.0
Percent	100.0	100.0	100.0	100.0	100.0

*includes cash uncommitted to long-term assets plus all cash held by external managers

In keeping with the objective of utilizing the bond portfolio as a deflation hedge, the managers are restricted regarding the minimum average life of their portfolios. This requirement is designed to prevent the Basic Funds' total bond portfolio from assuming an excessively short-lived position and thus, severely diluting its deflation hedge capacity. Further, the bond managers are permitted to hold only high-quality (BAA or better) fixed income assets. In addition, to avoid extreme variability in total bond portfolio returns, the Board constrains the maximum average life of the managers' portfolios to a duration band of three to seven years.

As previously noted, all of the SBI's bond managers pursued active investment approaches during fiscal year 1988. The Board has approved the use of passive management in the Basic Funds' bond portfolio. During fiscal year 1989, approximately one-half the Basic Funds' bond portfolio will be managed under a semi-passive approach. More information on the design of the passive bond portfolio is included in the Major Developments Section.

A description of each bond manager's investment approach is included in the Manager Summary section. Their portfolio characteristics are presented in the Statistical Data Appendix.

Cash Equivalents

The long-term asset mix of the Basic Funds targets a 3% allocation to cash equivalents. Given the long-run objectives of the Basic Funds and their limited liquidity needs, the Board believes that a minimal commitment to short-term investments is most appropriate. The cash equivalents allocation is based on the expectation that at any given time it is quite likely that some cash reserves will be present in the Basic Funds' total portfolio. Cash equivalent holdings are derived from two sources:

- New contributions provided by the retirement funds which have yet to be allocated to a specific long-term asset segment
- External investment managers, who are permitted to hold cash as part of their own individual short-run asset mix strategies

Cash reserves are invested in a short-term investment fund (STIF) managed by State Street Bank and Trust, the Basic Funds' master custodian. The STIF is a separate account invested under the same state statutes which guide all of the SBI's short-term investments.

Real Estate Investments

The Board allocates 10% of the Basic Funds for investment in real estate. State law authorizes the SBI to invest in real estate through commingled funds, limited partnerships, and trusts. Each of the Board's real estate investments involve at least four other participants. In addition, the Board's investment may not exceed 20% of a given commingled fund, partnership, or trust. State statutes do not permit investment in real estate through direct investments, separate accounts, or individual transactions.

The Board has adopted a three-part program to implement the real estate policy allocation:

- 30-40% of the real estate portfolio is invested in open-end diversified commingled funds
- 30-40% is invested in closed-end diversified commingled funds
- 20-30% is placed in less diversified, more focused commingled funds

The objective of the first two parts of the SBI's real estate program is to create a large core portfolio that is broadly diversified by property type, location, and financing structure. The core portfolio is designed to reflect the composition of the aggregate U.S. real estate market and, as such, is expected to earn at least market returns. The broad diversification of the core portfolio enables the SBI to implement the third part of the real estate program, the selection of less diversified, special orientation managers. With their more focused approach to real estate management, these funds offer the ability to enhance the return earned by the core portfolio.

Prospective real estate managers are reviewed and selected based on the managers' experience, investment strategy, and performance history.

The SBI continued to make progress toward its policy allocation to real estate during fiscal year 1988. One new commitment was made to a closed-end commingled fund in the specialty segment of the portfolio. The Board will continue to review and add new real estate investments to the portfolio, as needed, to fulfill the target 10% allocation. The SBI plans to conduct a comprehensive review of its real estate portfolio during fiscal year 1989. The results of the review will be used to guide future commitments to new and existing managers.

A description of each real estate manager's investment approach is included in the Manager Summary section.

Venture Capital Investments

The Board allocates 2.5% of the Basic Funds to investment in venture capital. Under state law, the SBI is authorized to invest in venture capital through limited partnerships and corporations. As with real estate investments, each venture capital investment must involve at least four other investors, and the Board's investment may not exceed 20% of a particular limited partnership or corporation.

Like the real estate portfolio, the SBI maintains a broadly diversified venture capital portfolio. It consists primarily of participations in venture capital partnerships and is diversified across three dimensions: location, industry type, and stage of corporate development of individual portfolio companies.

Prospective venture capital managers are reviewed and selected based primarily on the managers' experience, investment strategy, diversification potential, and performance history.

The Board's policy allocation to venture capital was attained fully in fiscal year 1988. Cash distributions from the existing venture capital portfolio permitted additional commitments to four limited partnerships during the last year; two with new fund managers and two in follow-on funds with the Board's existing managers. The Board intends to make additional commitments in future years as the growth of the Basic Retirement Funds warrants the expansion of the venture capital portfolio.

A description of each venture capital manager's investment approach is included in the Manager Summary section.

Resource Fund Investments

The Board allocates 2.5% of the Basic Funds' assets for investment in oil and gas partnerships. The SBI invests in partnerships structured specifically for tax-exempt investors. Again, there must be four other participants in each of the SBI's resource investments and the Board may invest no more than 20% of a partnership's total capital. The resource partnerships in which the Board invests concentrate their investments in producing properties and royalty interests that are diversified geographically and/or geologically.

Resource investments are selected through procedures similar to those used to evaluate real estate and venture capital investments.

During the 1988 fiscal year, the Board continued to make progress toward its policy allocation to resource investments through two new commitments to oil and gas partnerships. The Board plans to continue to review resource investments for possible inclusion in the Basic Funds' portfolio.

A description of each resource fund manager's investment approach is included in the Manager Summary section.

INVESTMENT PERFORMANCE

The Board has adopted performance objectives which are consistent with the objectives of the Basic Funds and realistic in the sense that they are both attainable and measurable. The evaluation of performance outcomes relative to established policy is an integral part of the SBI's investment program.

Given the long-term investment time horizon of the Basic Funds, the performance evaluation time period is necessarily long-term as well. Recognizing that excessive attention to performance in the short-run can be counterproductive, the SBI evaluates investment performance over a time horizon of approximately three to five years (roughly corresponding to a typical market cycle).

While performance is measured and reviewed quarterly to identify trends and control extreme underperformance, decisions regarding the effectiveness of the Board's investment program are made over a considerably longer period.

Risk-Return Objectives

The Basic Funds' multi-manager structure requires that investment performance be evaluated on two distinct levels:

- **Total Fund.** The use of total fund risk-return targets ensures that long-run strategic decisions which affect the total performance of the Basic Funds are implemented in a manner consistent with their investment policy.
- **Individual Managers.** Risk-return objectives for the individual managers are designed to ensure that they adhere to their assigned investment roles and to permit an evaluation of the value they add to the SBI's investment program.

Total Fund Risk-Return Objectives

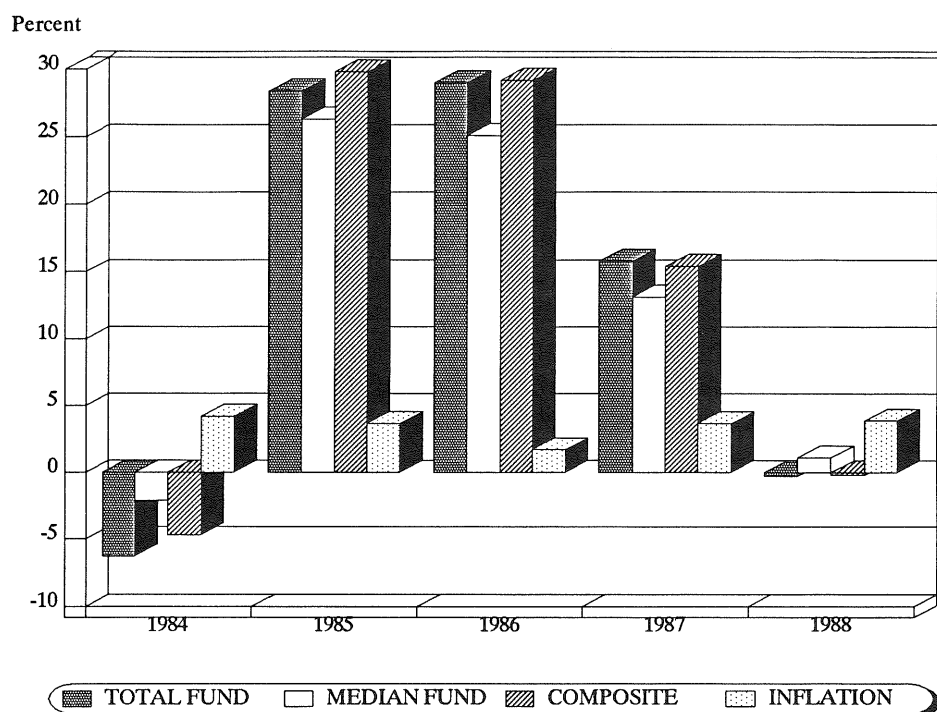
To a significant degree, the risk level of the total fund is set implicitly when the policy asset mix and investment management structure are determined. Given the adequate funding levels and long-term investment time horizons of the Basic Funds, the Board believes an above-average risk posture is appropriate.

The Board's objective is to take advantage of the established relationship between risk and return. Higher risk investment strategies have been shown to offer higher long-run returns than lower risk strategies. The SBI's risk target is implemented through the long-term commitment of a sizable portion of the Basic Funds' assets to common stocks.

The Basic Funds' long-term rate of return performance is evaluated relative to two specific benchmarks:

- **Composite Index.** The returns produced by the total portfolio are expected to exceed those derived from a composite of market indices, weighted in the same proportion as the Basic Funds' policy asset allocation. Because comprehensive data is available for only the stock, bond and cash equivalents

Figure 5.
Total Fund Performance
Fiscal Years 1984 - 1988



	1984	1985	1986	1987	1988	(Annualized)	
						3 YR.	5 YR.
Total Fund	-5.5%	26.8%	26.2%	14.5%	-0.3%	13.0%	11.6%
Total Fund without Alternative Assets*	-6.3	28.4	29.0	15.8	-0.8	14.0	12.3
Median Fund**	-2.1	26.3	25.1	13.1	1.1	13.5	13.1
Composite***	-4.7	29.8	29.2	15.4	-0.2	14.2	12.9
Inflation	4.2	3.7	1.7	3.7	3.9	3.1	3.5

* without alternative assets: real estate, venture capital and resource funds

** Wilshire Assoc. Trust Universe Comparison Service (TUCS) median tax-exempt balanced portfolio. TUCS contains returns of more than 800 public and private funds

*** 65/30/5 Wilshire 5000/Salomon Broad Investment Grade Bond Index/91 Day T-Bills composite

BASIC RETIREMENT FUNDS

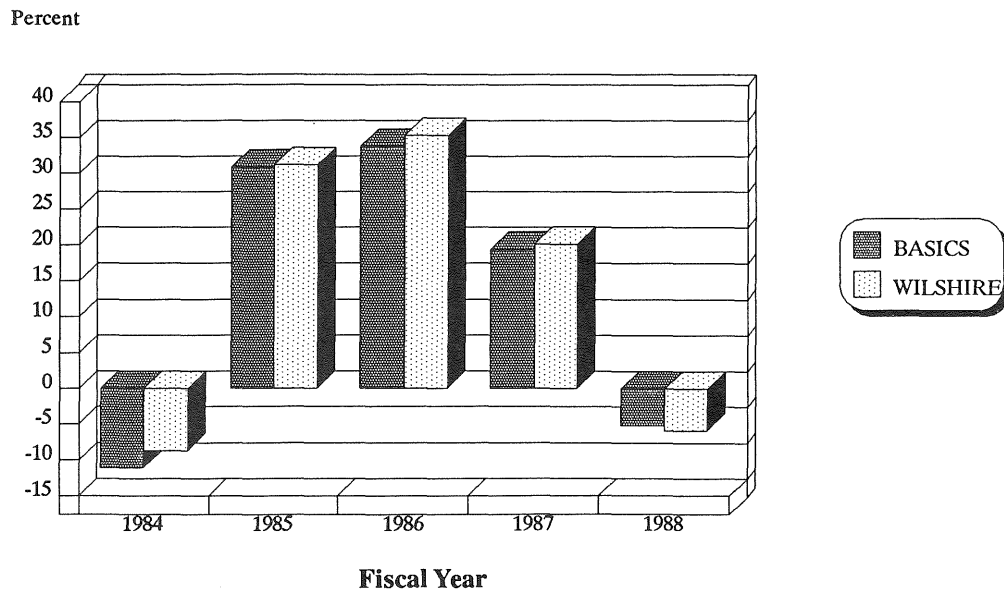
markets, the composite index is weighted 65% stocks, 30% bonds, 5% cash equivalents.

- **Median Tax-Exempt Fund.** Over the long term, the Basic Funds' portfolio is expected to outperform the median return produced by a representative sample of other public and private tax-exempt balanced funds.

Individual Manager Risk-Return Objectives

Two primary long-run risk objectives have been established for the Basic Funds' **common stock** managers. The first objective is based on each manager's individual investment approach. Each manager (active or passive) is expected to hold a portfolio that is consistent, in terms of risk characteristics, with the manager's stated investment approach. The second objective relates to the managers' levels of diversification. Each active common stock manager is expected to hold a highly non-diversified portfolio, while the index fund manager is expected to hold a well-diversified portfolio. In the short-run, the active common stock managers may depart from these two risk targets as part of their specific investment strategies.

*Figure 6.
Stock Segment
Performance
1984-1988*



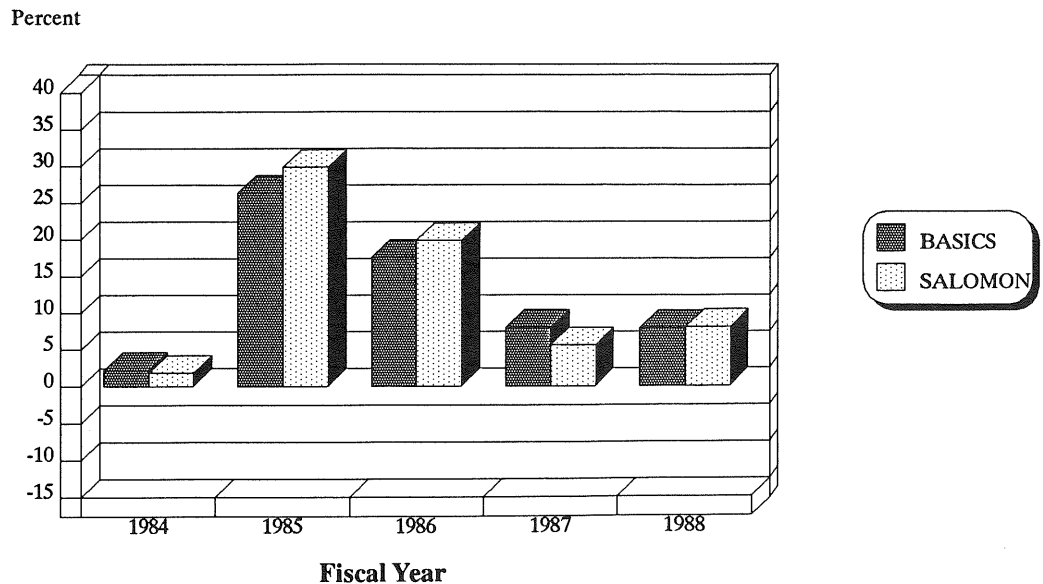
	1984	1985	1986	1987	1988	(Annualized)	
STOCK SEGMENT	-11.1%	30.9%	33.8%	19.4%	-5.2%	3 YR.	5 YR.
Wilshire 5000	-8.7	31.2	35.3	20.1	-5.9	14.8%	12.0%
						15.2	12.9

The SBI evaluates the common stock managers' returns against the performance of customized indices constructed to represent the managers' specific investment approaches. These custom indices are commonly referred to as "benchmark portfolios." The **benchmark portfolios** take into account the equity market forces that at times favorably or unfavorably impact certain investment styles. Thus, the benchmarks are more appropriate bogeys against which to judge the managers' performances than are broad market indices.

The SBI constrains the risk of the **bond** managers' portfolios to ensure that they fulfill their deflation hedge and total fund diversification roles. The bond managers are restricted in terms of the average life (i.e., the durations) of their portfolios and the quality of their fixed income investments.

During fiscal year 1988, three of the Board's active bond managers developed customized benchmark portfolios. The remaining three managers continue to be evaluated against the Salomon Broad Investment Grade Bond Index, which

*Figure 7.
Bond Segment
Performance
1984-1988*



	1984	1985	1986	1987	1988	(Annualized)	
BOND SEGMENT	2.2%	26.4%	17.6%	7.9%	7.9%	3 YR.	5 YR.
Salomon Index*	1.8	29.9	19.9	5.6	8.1	11.1%	12.1%
						11.0	12.6

* Salomon Broad Investment Grade Bond Index

represents the performance of essentially the entire investment-grade bond market. The SBI plans to establish customized benchmark portfolios for these managers during fiscal year 1989.

At this time, specific performance objectives have not been established for the **alternative investment** managers. The long-term nature of their investments and the lack of comprehensive data on the returns provided by the real estate, resource, and venture capital markets precludes effective performance evaluation. In the future, as markets for these assets become more institutionalized, the SBI will fully integrate these assets into its performance analysis.

Total Fund Performance

The Basic Funds' **risk objectives** are implicitly met by attaining the targeted policy asset mix. Progress toward fulfillment of the Board's policy asset mix target continued during fiscal year 1988. The common stock and bond targets have been achieved. Primary activity has centered around the Basic Funds' alternative investment programs. New commitments were made to real estate, venture capital and resource investments during the year. With alternative investments near their policy asset allocation, only moderate additional activity is expected over the next several years.

*Figure 8.
Stock Manager
Performance
FY 1988*

	Total Portfolio Return	Benchmark Return
Fred Alger	-9.0%	-4.5%
Alliance Capital	-0.8	-9.7
Beutel Goodman	-1.5	0.3
BMI Capital	-5.3	-5.7
Forstmann Leff	-1.3	-1.5
IDS Advisory	-9.5	-4.1
Investment Advisers	-4.9	-4.3
Lieber & Company	-3.9	-3.8
Waddell & Reed	0.9	-1.8
Wilshire Associates (index fund)	-5.9	-5.8
Basic Funds' Common Stock Segment	-5.2%	
Stock Segment Performance Standards		
Wilshire 5000	-5.9%	
TUCS Median Managed Equity Portfolio	-4.3	
Inflation	3.9%	

With respect to **return objectives**, fiscal year 1988 was a difficult period for institutional investors, primarily due to the poor performance of the stock market. After more than three years of spectacular growth that peaked in August 1987, the stock market fell dramatically in October. Despite substantial advances during the following months, the market, as represented by the Wilshire 5000, posted a -5.9% total return for fiscal year 1988. The bond market followed an irregular path during the year as it responded to periods of both falling and rising interest rates. In contrast to the negative returns produced in the stock market, however, the bond market, as represented by the Salomon Broad Investment Grade Bond Index, generated a 8.1% total rate of return in fiscal year 1988.

In this investment environment, the Basic Retirement Funds' total portfolio generated a -0.3% rate of return for fiscal year 1988. Due to its larger than average allocation to common stock, the Basic Funds lagged the return on the median tax-exempt fund. It also trailed the return on its composite index target. Fiscal year 1988 results follow several years of exceptionally strong performance. Excluding alternative assets, the Basic Funds' cumulative five-year return is 78.3%.

Figure 9.
Bond Manager
Performance
FY 1988

	Total Portfolio Return	Benchmark Return
Investment Advisers	7.4%	8.1%
Lehman Management	7.2	7.7
Miller, Anderson & Sherrerd	7.8	8.1
Morgan Stanley	7.9	8.1
Peregrine Capital	7.6	8.7
Western Asset	9.1	8.2
 Basic Funds' Bond Segment	 7.9%	
 Bond Segment Performance Standards		
Salomon Broad Investment Grade Bond Index	8.1%	
TUCS Median Managed Bond Portfolio	7.7	
 Inflation	 3.9%	

Performance relative to total fund targets is presented in Figure 5. Common stock and bond segment performance are shown in Figure 6 and Figure 7.

Individual Manager Performance

The external common stock managers successfully fulfilled their long-term risk objectives during fiscal year 1988. In general, the managers constructed portfolios consistent with their stated investment approaches and maintained appropriate levels of diversification.

From a return perspective, the active common stock managers' results were mixed. In aggregate, the managers added modest value to their individual benchmarks. Most managers performed in a relatively narrow band around their benchmarks. Two managers (Alliance Capital and Waddell & Reed) experienced very strong results and two managers (Fred Alger Management and IDS Advisory) produced weak performance relative to their benchmarks. As expected, the index fund matched the performance of the Wilshire 5000 for the year.

During fiscal year 1988, the bond managers fulfilled their assigned long-term risk targets. Portfolio quality and maturities were maintained within the ranges specified by the SBI.

From a return prospective, the bond managers slightly trailed their individual benchmarks. One manager (Western Asset) provided strong results relative to its benchmark. The other managers underperformed their targets by varying amounts for the year.

Performance data for the individual common stock and bond managers are presented in Figure 8 and Figure 9.

POST RETIREMENT FUND

Investment Objectives

Asset Allocation

Investment Management

Investment Performance

The Post Retirement Investment Fund contains the pension assets of retired public employees covered by nine statewide retirement plans (i.e. the Basic Retirement Funds and the Legislative & Survivors Retirement Fund).

The assets of the Post Fund finance monthly annuities paid to retirees. These annuities may be adjusted upwards based on the earnings of the Post Fund. On June 30, 1988, the Post Fund had a market value of \$4.3 billion and over 55,000 retiree participants.

INVESTMENT OBJECTIVES

Public employees participating in the statewide retirement plans are promised benefits based on their total years of service and their "high five" average salaries. Upon the employees' retirement, sums of money sufficient to finance fixed monthly annuities are transferred from accumulation pools in the Basic Funds to the Post Fund. In order to support promised benefits, the Post Fund must "earn" at least 5% on its invested assets each year. If the Post Fund exceeds this earnings rate, excess earnings are used to finance permanent benefit increases for eligible retirees.

The State Board of Investment (SBI) pursues two investment goals for the Post Fund:

- To produce annual earnings sufficient to maintain promised benefits at current levels
- To generate additional earnings which allow benefits to be increased at a rate which compensates, to some degree, for inflation

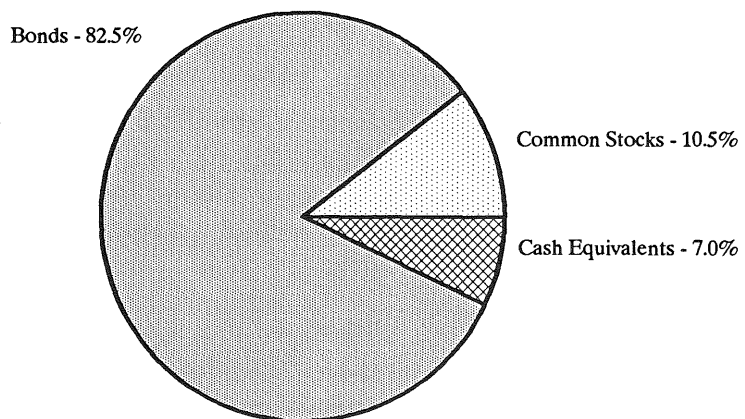
POST RETIREMENT INVESTMENT FUND

The Board views the first of these two objectives as being of primary importance. Furthermore, to achieve these two objectives, the SBI recognizes that the Post Fund requires a completely different investment approach than that applied to the Basic Retirement Funds.

The ability of the Post Fund to maintain current benefit levels and provide future benefit increases depends upon its earnings. State statutes define earnings for the Post Fund as interest and dividend income as well as realized equity and fixed income capital gains (or losses). Unrealized capital gains (or losses) have no direct impact on the benefits paid out to retirees. Unrealized capital gains (or losses) are excluded from defined earnings in order to make benefit payments largely insensitive to near-term fluctuations in the capital markets. (More information on the benefit increase formula is included in the Statistical Data Appendix.)

As a result, the Post Fund is not oriented toward long-term total rate of return maximization. Rather, the SBI attempts to generate a high, consistent stream of earnings for the Post Fund that will maintain current benefits, as well as produce benefit increases over time.

Figure 10.
Asset Mix
June 30, 1988



	\$Million	Percent
Common Stocks	\$446	10.5%
Bonds	3,511	82.5
Cash Equivalents	301	7.0
Total	4,258	100.0%

ASSET ALLOCATION

The Board has designed the asset mix of the Post Fund to generate the sizable stable earnings stream referred to in the previous section. The Post Fund's year-end asset mix is presented in Figure 10. Historical asset allocation data is shown in Figure 11.

Dedicated Bond Portfolio

The SBI invests the majority of the Post Fund's assets in a dedicated bond portfolio. A dedicated bond portfolio is a collection of various maturity, high-quality bonds which generate cash flows from income and principal payments that match a specific stream of liabilities. The highly predictable benefits owed to the Post Fund's retired participants and the high real interest rates that have existed in recent years have created an ideal situation to employ a dedicated bond portfolio.

The dedicated bond portfolio facilitates the attainment of the Post Fund's two objectives. Most importantly, it ensures that funds are available at the required times to meet promised benefit payments. Also, the dedicated bond portfolio consistently earns enough additional interest income to permit a minimum annual benefit increase of 3%, provided the portfolio yields at least 8% on an annual basis. As has been the case in recent years, if the portfolio yield is greater than 8%, or stock investments do well, the Post Fund can offer eligible retirees even more than this floor benefit increase.

Common Stocks

While bonds represent the largest asset class in the Post Fund's total portfolio, common stocks also play an important role. Common stocks provide the Post Fund with a source of long-run earnings growth not available from fixed income investments. In recent years, realized gains on common stocks have contributed importantly to the large benefit increases.

Cash Equivalents

Cash equivalents make up the remainder of the Post Fund's portfolio. Because the Post Fund's liquidity needs are very predictable, the SBI generally maintains a very small cash equivalents allocation. However, large cash flows into the Post Fund, which frequently occur at fiscal year-end, give a distorted view of the Post Fund's normal allocation to the segment.

Changes in Asset Mix

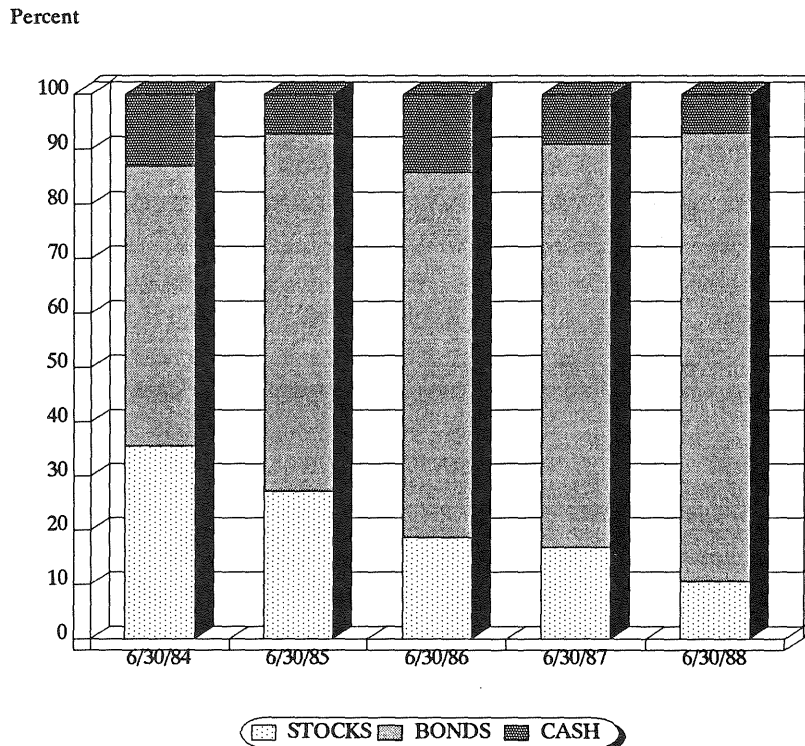
During fiscal year 1988, the asset mix of the Post Fund continued to shift toward bonds and away from common stocks. The substantial interest rate decline of recent years necessitated an increase in the size of the dedicated bond portfolio and a concomitant reduction in the size of the common stock portfolio. With lower interest rates, new cash flows into the Post Fund are invested at lower yields than in the recent past. If interest rates remain at relatively low levels, the size of the common stock portfolio will continue to shrink slowly as the dedicated bond portfolio grows larger.

INVESTMENT MANAGEMENT

The Post Fund is managed almost entirely by SBI staff. The Board relies heavily on internal management for two reasons:

- **Dedicated Bond Portfolio.** The low turnover, limited discretion nature of the dedicated bond portfolio makes bond management by SBI staff cost effective.

*Figure 11.
Historical
Asset Mix
1984-1988*



- **Investment Constraints.** With respect to common stock management, the Post Fund's equity manager must be concerned with generating current income and avoiding realized losses. Most external investment managers are not used to functioning under the Post Fund's unique investment requirements. SBI staff, on the other hand, has operated under these constraints since the Post Fund's inception.

As described earlier, the dedicated bond portfolio represents the bulk of the Post Fund's assets. Staff constructs the lowest cost portfolio, within established constraints, that produces sufficient cash flows to fund promised benefit payments and maintains adequate quality levels.

**Bond
Management**

The management of the dedicated bond portfolio requires that the State's actuary supply SBI staff with forecasts of benefit payments expected to be paid over a twenty-five year horizon. Based upon these forecasts, a

*Figure 11 (con't).
Historical
Asset Mix
1984-1988*

		1984	1985	June 30, 1986	1987	1988
Common Stocks	\$Million	657.0	733.0	681.0	673.0	446.0
	Percent	35.5	27.1	18.6	16.8	10.5
Bonds	\$Million	951.0	1,780.0	2,457.0	2,965.0	3,511.0
	Percent	51.4	65.7	67.2	74.2	82.5
Cash Equivalents	\$Million	243.0	196.0	520.0	359.0	301.0
	Percent	13.1	7.2	14.2	9.0	7.0
Total Fund	\$Million	1,851.0	2,709.0	3,658.0	3,997.0	4,258.0
	Percent	100.0	100.0	100.0	100.0	100.0

computer program generates a list of bonds that will meet these forecasted benefit payments. Staff then attempts to purchase the recommended issues. If these bonds are not available, substitute bonds are purchased. Staff rebalances the dedicated bond portfolio annually following the receipt of the benefit payment projections from the State's actuary.

Common Stock Management

The focus of SBI staff's common stock management is long-term, value-based stock selection. Staff generally implements less aggressive investment strategies than those utilized by the Basic Retirement Funds' external equity managers. As the only common stock manager for the Post Fund, staff recognizes the diversification requirements of the Post Fund's stock portfolio. Further, SBI staff is aware of the Post Fund's need to avoid investment strategies which generate high portfolio turnover and which, at times, could result in sizable realized losses.

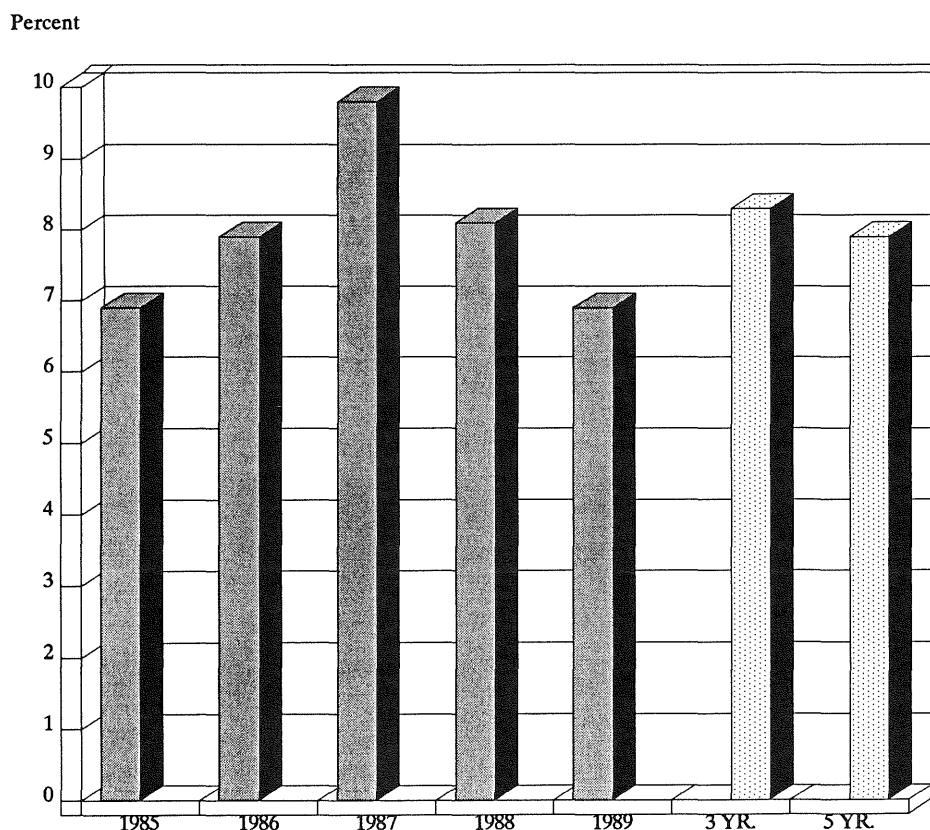
SBI staff attempts to identify stocks that have attractive expected returns, yet do not possess significantly high levels of market volatility. Staff uses recommendations generated by quantitative valuation models as the primary source of investment candidates. Staff always maintains a fully invested position in the equity portfolio.

Cash Management

The SBI has established a cash enhancement program using financial futures for a portion of the Post Fund's cash reserves. Low risk stock index futures investment strategies are employed to improve the rate of return earned on cash equivalents. The strategies are low risk because each investment is fully hedged. That is, stock index futures contracts are simultaneously bought and sold, thereby eliminating market risk. The underlying mispricings between the contracts provide the source of returns to the cash enhancement program.

The Board has retained BEA Associates, New York, NY, a firm specializing in the management of financial futures, to manage the cash enhancement program.

Figure 12.
Benefit Increases
Calendar Years 1985-1989



	1985	1986	1987	1988	1989	(Annualized) 3 YR.	5 YR.
Benefit Increase	6.9%	7.9%	9.8%	8.1%	6.9%	8.3%	7.9%

Benefit increases are intended to compensate, to some degree, for the effect of inflation. As measured by the Consumer Price Index (CPI) inflation increased by 3.7% on an annualized basis over the last five years (calendar 1984-1988).

INVESTMENT PERFORMANCE

Because of its focus on generating current income, the risk composition of the Post Fund's investment portfolio is conservatively structured. The majority of the Post Fund's assets are invested in high-quality bonds. Further, the Post Fund's equity portfolio maintains a relatively high level of diversification and a moderate level of relative market volatility.

Total Fund Risk-Return Objectives

In terms of long-term rate of return objectives, the Fund's investment results are compared to two standards:

- **Actuarial Assumptions.** In order to finance promised benefit payments, the Post Fund must generate a level of interest and dividend income which, combined with realized net capital gains, meets the Post Fund's actuarial assumption of 5% per year.
- **Benefit Increase Level.** The Post Fund is expected to produce additional earnings sufficient to allow benefits to increase at a rate equal to at least one-half of the inflation rate.

Total Fund Performance

The Post Fund's total portfolio met all of the prescribed risk targets during the 1988 fiscal year. The Post Fund was approximately 83% invested in fixed income assets, with an average quality rating of AAA. The Post Fund's common stock portfolio maintained a slightly above average level of relative market volatility and was consistently well diversified.

Overall, investment returns relative to performance objectives were satisfactory for the 1988 fiscal year. The Post Fund generated income and realized net capital gains in excess of the amount needed to fund promised benefits. The surplus earnings will permit a benefit increase of 6.9% beginning January 1, 1989, considerably above the estimated 1988 calendar year inflation rate of 5.0%.

As shown in Figure 12, the Post Fund has generated benefit increases of 7.9% on an annualized basis for the last five years. During this period, investment returns were high

compared to inflation, which increased at an annualized rate of 3.7%. The formula used to compute benefit increases was revised in 1980. During the nine years since the revised formula was instituted, benefit increases have been 7.2% on an annualized basis. This compares to an annualized inflation rate of 5.6% for the same period.

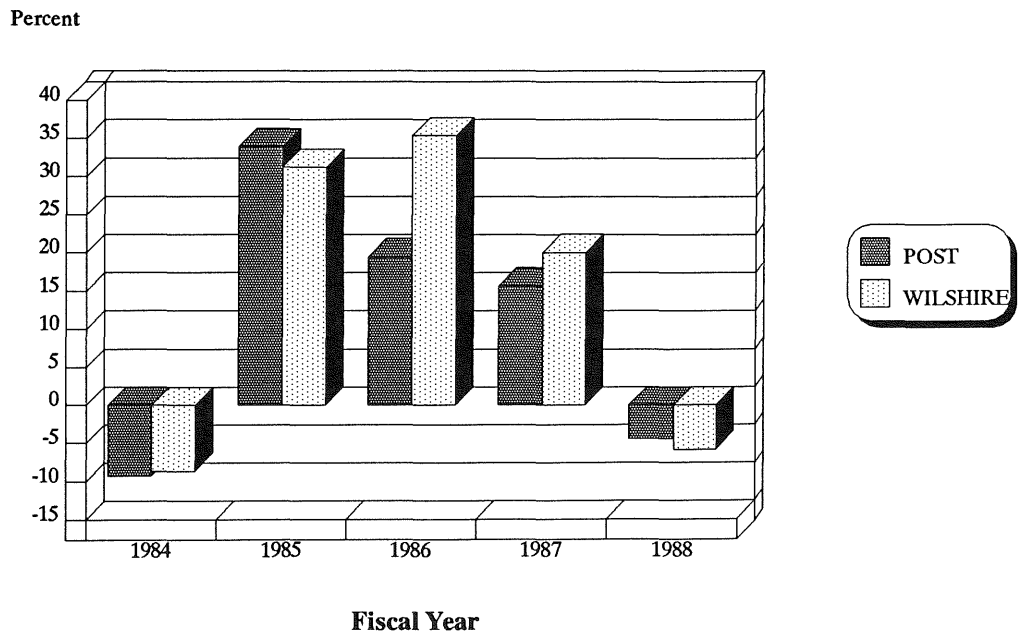
More information on the benefit increase formula is included in the Statistical Data Appendix.

**Segment
Performance**

Common stock performance, on a relative basis, was favorable. The contrarian value style pursued by the Post Fund's internal equity manager significantly outperformed the Wilshire 5000 for the fiscal year. Historical performance data on the stock segment of the Post Fund is shown in Figure 13.

At the end of fiscal year 1988, the **dedicated bond portfolio** had a duration of 7.8 years and a current yield of 8.6%. This is consistent with the design of the dedicated

*Figure 13.
Stock Segment
Performance
1984-1988*



	1984	1985	1986	1987	1988	(Annualized)	
						3 YR.	5 YR.
STOCK SEGMENT	-9.3%	33.9%	19.5%	15.7%	-4.5%	9.7%	9.9%
Wilshire 5000	-8.7	31.2	35.3	20.1	-5.9	15.2	12.9

bond portfolio. More information on the dedicated bond portfolio is in Figure 14.

During fiscal year 1988, the **cash enhancement program** produced a 8.2% total rate of return. This is substantially above the rate of return generated by investments in 91-day Treasury Bills and indicates the cash enhancement program met its objective during its first year of operation.

*Figure 14.
Dedicated Bond
Portfolio
Statistics
June 30, 1988*

Value at Market	\$ 3,434,926,115
Value at Cost	3,347,524,472
Average Coupon	6.48%
Current Yield	8.63
Yield to Maturity	9.16
Current Yield at Cost	8.85
Time to Maturity	16.94 Years
Average Duration	7.84 Years
Average Quality Rating	AAA
Number of Issues	404

SUPPLEMENTAL INVESTMENT FUND

Income Share Account

Growth Share Account

Common Stock Index Account

Bond Market Account

Money Market Account

Guaranteed Return Account

The Minnesota Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options to state and local public employees. The different participating groups use the Supplemental Fund for a variety of purposes:

- It functions as the investment manager for all assets of the Unclassified Employees Retirement Plan.
- It acts as the investment manager for all assets of the supplemental retirement programs for state university and community college teachers and for Hennepin County Employees.
- It is one investment vehicle offered to public employees as part of the state's Deferred Compensation Plan.
- It serves as an external money manager for a portion of some local police and firefighter retirement plans.

The Supplemental Investment Fund serves more than 14,000 individuals. On June 30, 1988, the market value of the entire fund was \$401 million.

Fund Structure

A wide diversity of investment goals exists among the Supplemental Fund's participants. In order to meet those needs, the Supplemental Fund has been structured much like a "family of mutual funds." Participants may allocate their investments among one or more accounts that are appropriate for their needs, within statutory requirements and rules established by the participating organizations. Participation in the Supplemental Fund is accomplished through the purchase or sale of shares in each account.

Range of Investment Options

Participants in the Supplemental Fund have six different investment options:

- **Income Share Account**, a balanced portfolio of stocks and bonds
- **Growth Share Account**, a portfolio consisting entirely of common stocks
- **Common Stock Index Account**, a passively managed common stock portfolio
- **Bond Market Account**, an actively managed fixed income portfolio
- **Money Market Account**, a portfolio of liquid, short term debt securities
- **Guaranteed Return Account**, an investment option utilizing guaranteed investment contracts (GIC's)

Share Values

Each account in the Supplemental Fund establishes a share value and participants may buy or sell shares monthly, based on the most recent unit value.

In the Income Share Account, the Growth Share Account, the Common Stock Index Account, and the Bond Market Account, shares are priced monthly based on the market value of the entire account. Individuals measure the performance of these accounts by changes in share values, which in turn are a function of the income and capital appreciation (or depreciation) generated by the securities in the accounts.

In the Money Market Account and the Guaranteed Return Account, share values remain constant and the accrued interest income is credited to the accounts through the purchase of additional shares at predetermined intervals.

The investment returns shown in this report are calculated using a time-weighted rate of return formula. These returns may differ slightly from calculations based on share values, due to the movement of cash flows in and out of the accounts.

Fund Management

The investment objectives, asset allocation, investment management and investment performance of each existing account in the Supplemental Fund are explained in the following sections.

INCOME SHARE ACCOUNT

Investment Objective

The \$216 million Income Share Account resembles the Basic Retirement Funds in terms of investment objectives. The Account seeks to maximize long-term inflation-adjusted rates of return. The Income Share Account pursues this objective within the constraints of protecting against disastrous financial environments and limiting short-run portfolio return volatility.

The SBI invests the Income Share Account in a balanced portfolio of common stocks and fixed income securities. The Account's policy asset allocation calls for the following long-term asset mix:

- 60% common stocks
- 35% bonds
- 5% cash equivalents

Common stocks provide the potential for significant long-term capital appreciation, while bonds provide both a hedge against deflation and the diversification needed to limit excessive portfolio return volatility.

Investment Management

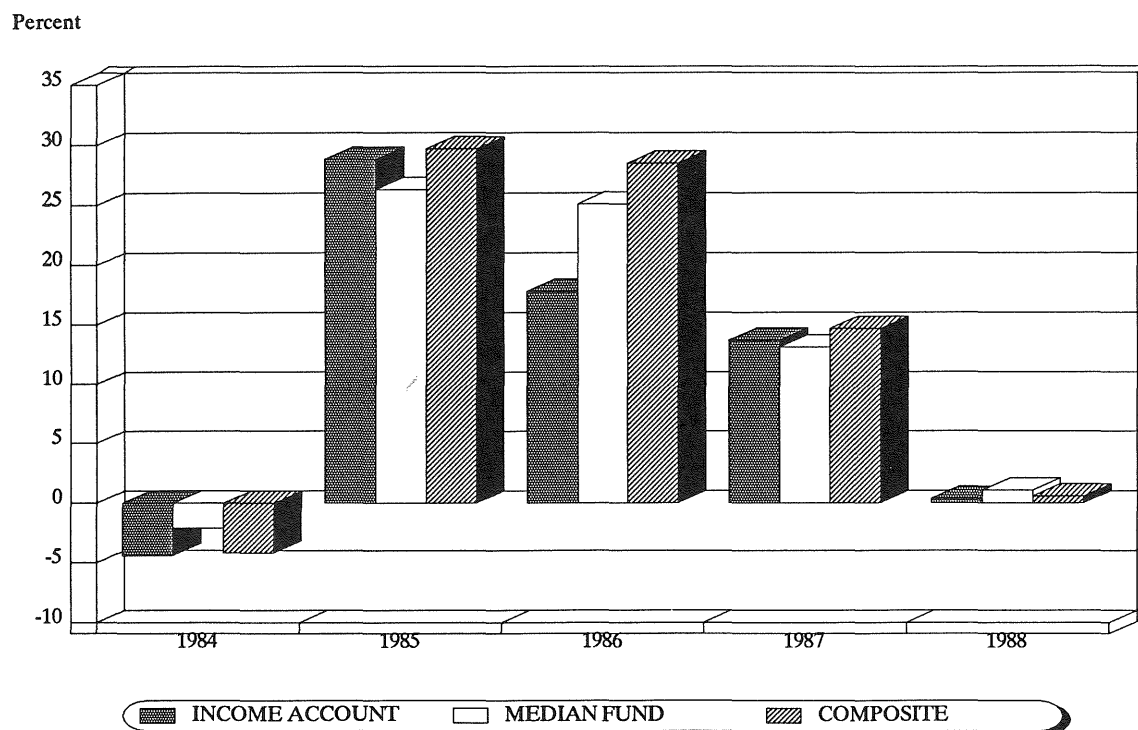
The Income Share Account's investment management structure combines internal and external management. The entire common stock segment is managed by Wilshire Associates as part of a passively managed index fund designed to track the Wilshire 5000. SBI staff manage the entire fixed income segment.

Investment Performance

Similar to the other SBI funds which utilize a multi-manager investment structure, the Board evaluates the performance of the Income Share Account on two levels:

- **Total Account.** The Income Share Account is expected to exceed the returns of a composite of

Figure 15.
Income Share Account
Fiscal Years 1984 - 1988



	1984	1985	1986	1987	1988	(Annualized)	
						3 YR.	5 YR.
TOTAL ACCOUNT	-4.4%	28.8%	17.8%	13.7%	0.4%	10.4%	10.6%
Median Fund*	-2.1	26.3	25.1	13.1	1.1	13.5	13.1
Composite**	-4.2	29.7	28.5	14.7	0.6	14.0	13.0
STOCK SEGMENT	-11.0	30.4	19.9	18.4	-5.8	10.2	9.2
Wilshire 5000	-8.7	31.2	35.3	20.1	-5.9	15.2	12.9
BOND SEGMENT	2.3	32.1	16.2	7.6	8.6	10.7	12.9
Salomon Index***	1.8	29.9	19.9	5.6	8.1	11.0	12.6

* TUCS Median tax-exempt balanced portfolio

** 60/35/5 Wilshire 5000/Salomon Broad Investment Grade Bond Index/91 day T-Bills Composite

*** Salomon Broad Investment Grade Bond Index

market indices weighted in the same proportion as its policy asset allocation. In addition, the Income Share Account's performance is expected to exceed the performance of the median fund from a universe of other balanced funds.

- **Individual Manager.** The passive stock manager is expected to track closely the performance of the Wilshire 5000. The internal bond manager of the Income Share Account is expected to exceed the performance of the Salomon Broad Investment Grade Bond Index.

On a total account basis, the Income Share Account trailed the performance of the median balanced fund manager and its market index composite for fiscal year 1988. Total account and segment performance results are presented in Figure 15.

GROWTH SHARE ACCOUNT

Investment Objective

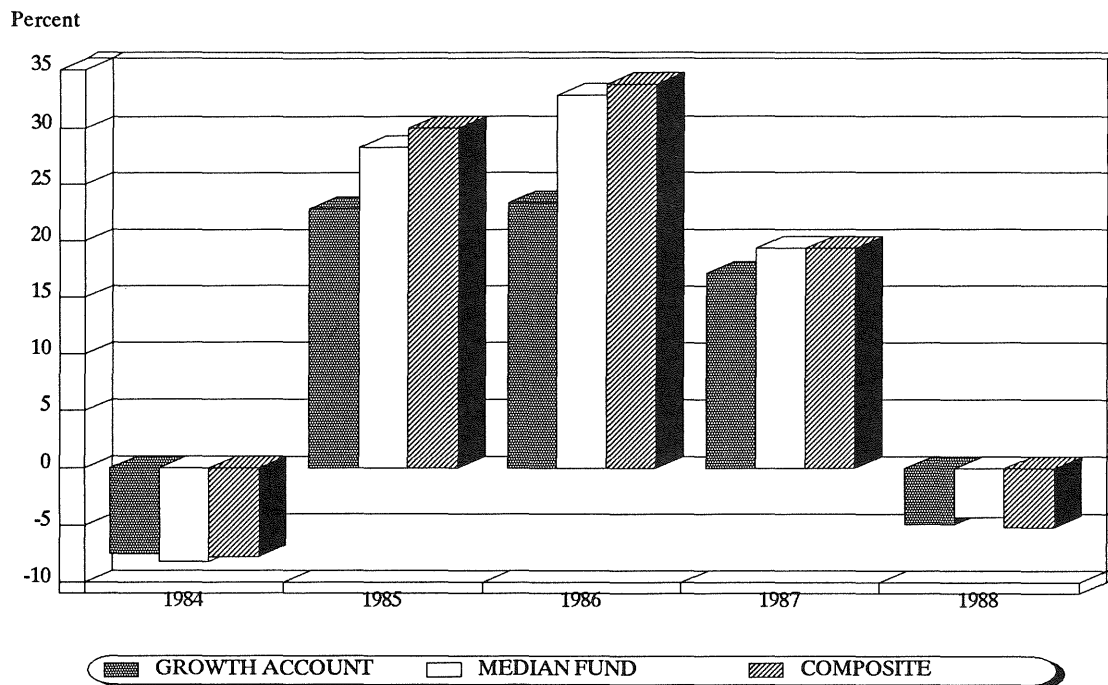
The Board has established above-average capital appreciation as the primary investment objective of the \$83 million Growth Share Account. To achieve this objective, the Account maintains a large equity exposure. The Growth Share Account's policy asset allocation calls for a large equity exposure:

- 95% common stocks
- 5% cash equivalents

The small cash equivalents component represents the normal cash reserves held by the Growth Share Account as a result of new contributions not yet allocated to common stocks. The Growth Share Account's asset mix may vary from its assigned policy allocation at times, depending on the Account managers' near-term outlook for the capital markets.

Because of its substantial common stock policy allocation, the Growth Share Account's returns are more variable than those of the balanced Income Share Account. The Board expects higher long-run returns from the Growth Share Account's investments to compensate for the additional variability of returns.

Figure 16.
Growth Share Account
Fiscal Years 1984 - 1988



	1984	1985	1986	1987	1988	(Annualized)	
						3 YR.	5 YR.
TOTAL ACCOUNT	-7.5%	22.9%	23.4%	17.2%	-4.9%	11.2%	9.3%
Median Fund*	-8.2	28.3	32.8	19.4	-4.3	15.4	13.3
Composite**	-7.8	30.0	33.8	19.4	-5.2	14.9	12.8
STOCK SEGMENT	-17.9	28.1	24.0	17.4	-4.7	11.5	7.8
Wilshire 5000	-8.7	31.2	35.3	20.1	-5.9	15.2	12.9

* TUCS Median Managed Equity Portfolio

** 95/5 Wilshire 5000/91 Day T-Bills Composite

**Investment
Management**

The SBI has assigned the entire common stock portfolio of the Growth Share Account to external managers. These assets are managed by the same active managers utilized by the Basic Retirement Funds.

The allocation to active common stock managers, rather than to an index fund, reflects the more aggressive investment policy of the Growth Share Account.

**Investment
Performance**

Like the Income Share Account, the Board evaluates the performance of the Growth Share Account on two levels:

- **Total Account.** The Growth Share Account is expected to exceed the returns of a composite of market indices weighted in the same proportion as its policy asset allocation. The Account's performance is also expected to surpass the performance of the median portfolio from a universe of managed equity portfolios.
- **Individual Manager.** Performance objectives for the external managers are described in the Basic Retirement Funds discussion.

The Growth Share Account outperformed its composite index for the year but trailed the median equity portfolio return. Total account and segment results are shown in Figure 16.

COMMON STOCK INDEX ACCOUNT

The Common Stock Index Account began accepting contributions in July, 1986. At the end of fiscal year 1988, it had a market value of \$3 million.

**Investment
Objective**

The investment objective of the Common Stock Index Account is to generate returns that match the performance of the common stock market, as represented by the Wilshire 5000. To accomplish this objective, the SBI allocates all of the Common Stock Index Account's assets to passively managed equities.

This 100% common stock allocation means that the Common Stock Index Account's returns, like those of the Growth Share Account, are more variable than the returns

produced by the balanced Income Share Account. The Board expects that this greater variability in returns will be compensated over the long-run by higher returns.

**Investment
Management**

The Common Stock Index Account is invested entirely by Wilshire Associates, the SBI's passive equity manager.

**Investment
Performance**

The performance objective of the Common Stock Index Account are straightforward. The Account is expected to track closely the performance of the Wilshire 5000. The SBI recognizes that the Account's returns may deviate slightly from those of the Wilshire 5000 due to the effects of management fees, new contributions, dividend flows or tracking error.

During fiscal year 1988, the Common Stock Index Account met its performance objectives by exactly tracking the Wilshire 5000 and producing a return of -5.9%.

BOND MARKET ACCOUNT

The Bond Market Account began accepting contributions in July, 1986. At the end of fiscal year 1988, the market value of the Account was \$1 million.

**Investment
Objective**

The Bond Market Account offers participants a means of adding a fixed income component to their set of investments. The Account is invested entirely in investment-grade government and corporate bonds with intermediate to long maturities.

The Account earns investment returns through interest income and capital appreciation. Because bond prices move inversely with interest rates, the Account entails some risk for investors. However, historically, it represents a lower risk alternative than the all-common stock investment options.

**Investment
Management**

The SBI has assigned the entire bond portfolio to external managers. These assets are managed by the same active managers utilized by the Basic Retirement Funds. A discussion of the SBI's fixed income managers is presented in the Basic Funds section.

Investment Performance

The Bond Market Account is expected to exceed the performance of the bond market, as represented by the Salomon Broad Investment Grade Bond Index. For the fiscal year 1988, the Bond Market Account slightly trailed this target, with an 8.0% return compared to the Salomon index return of 8.1%.

A more detailed discussion of the performance of the individual bond managers is provided in the Basic Funds section.

MONEY MARKET ACCOUNT

The Money Market Account invests solely in short-term, liquid fixed income investments. The Account's investment objectives are to preserve capital and offer competitive money market returns. At the end of fiscal year 1988, the Money Market Account had a market value of \$76 million.

The Account utilizes the same short-term investment manager as the Basic Retirement Funds, State Street Bank and Trust Company.

The Account is expected to produce returns competitive with available short-term fixed income investments. The Money Market Account exceeded that target in fiscal year 1988 with a 7.3% return versus a return on 91-day Treasury Bills of 6.0%.

GUARANTEED RETURN ACCOUNT

The Guaranteed Return Account opened for subscription in November, 1986. At the end of fiscal year 1988, the account totaled \$22 million.

The Guaranteed Return Account is designed to offer participants a fixed rate of return for a specified period of time with negligible risk. The SBI invests the Guaranteed Return Account in three-year guaranteed investment contracts (GIC's) offered by major U.S. insurance companies and banks.

Annually, the SBI accepts bids from banks and insurance companies that meet financial quality criteria defined by State statute. Generally, the insurance company or bank bidding the highest three-year GIC interest rate will be awarded the contract for the three-year period. Participants in the Guaranteed Return Account then receive that interest rate on contributions made over the next twelve months.

Within the constraints of permitting only top-rated U.S. insurance companies and banks to bid on the GIC contracts, the SBI desires to maximize the three-year interest rate offered to Guaranteed Return Account participants. The Board believes the competitive bidding presents the most effective method of achieving this goal.

The Board was very satisfied with the winning bid of 8.45% on the 1988-1990 GIC, which was 51 basis points over prevailing interest rates on three-year Treasury Notes at the time of the bid.

Contract Period	Annual Effective Interest Rate
Nov. 1, 1986 - Oct. 31, 1989	7.72%
Nov. 1, 1987 - Oct. 31, 1990	8.45%

Both the 1986-1989 and 1987-1990 GIC's were awarded to Principal Mutual Life, Des Moines, IA.

VARIABLE ANNUITY FUND

Investment Objectives

Asset Allocation

Investment Management

Investment Performance

The Minnesota Variable Annuity Fund is an investment option formerly offered to members of the Teachers Retirement Association as an alternative to the regular teachers' retirement plan. The opportunity to enroll is no longer offered to new Association members. However, members enrolled prior to the cutoff date retain their past participation in the Variable Annuity Fund and, if they so select, may continue to make contributions. The June 30, 1988 market value of the Variable Annuity Fund was \$161 million.

INVESTMENT OBJECTIVES AND ASSET ALLOCATION

The investment objective of the Variable Annuity Fund is the same as that of the Growth Share Account in the Supplemental Investment Fund. The purpose of the Variable Annuity Fund is to provide participants with above average long-run capital appreciation on their investments.

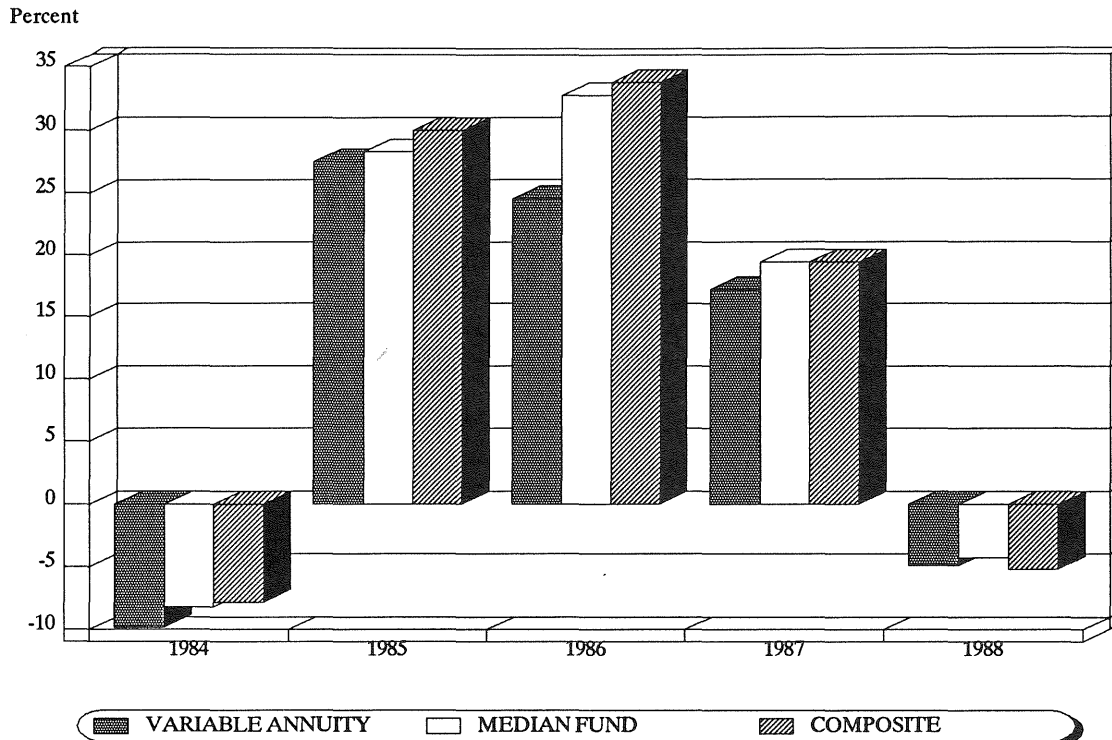
This investment objective necessitates a sizable long-term commitment to common stocks. The Variable Annuity Fund is authorized to hold up to 100% of its market value in common stocks. The long term policy asset allocation of the fund is:

- 95% common stocks
- 5% cash equivalents

Figure 17.

Total Fund Performance

Fiscal Years 1984 - 1988



	1984	1985	1986	1987	1988	(Annualized)	
						3 YR.	5 YR.
TOTAL FUND	-9.8%	27.5%	24.5%	17.2%	-4.9%	11.6%	9.8%
Median Fund*	-8.2	28.3	32.8	19.4	-4.3	15.4	13.3
Composite**	-7.8	30.0	33.8	19.4	-5.2	14.9	12.8
STOCK SEGMENT	-14.1%	30.3%	24.9%	17.4%	-4.6	11.8%	9.4%
Wilshire 5000	-8.7	31.2	35.3	20.1	-5.9	15.2	12.9

* TUCS Median Managed Equity Portfolio

** 95/5 Wilshire 5000/91 Day T-Bills Composite

INVESTMENT MANAGEMENT

The State Board of Investment (SBI) has assigned the Variable Annuity Fund's assets to the SBI's active external common stock managers. The Variable Annuity Fund shares these managers with the Basic and Supplemental Funds. The allocation to active common stock managers, rather than to an index fund, reflects the more aggressive investment policy of the Variable Annuity Fund. More information on the active external managers is included in the Basic Retirement Funds section.

INVESTMENT PERFORMANCE

The Board evaluates the performance of the Variable Annuity Fund on two levels:

- **Total Account.** The Variable Annuity Fund is expected to exceed the returns of a composite of market indices weighted in the same proportion as its policy asset allocation. The Account's performance is also expected to surpass the performance of the median portfolio from a universe of managed equity portfolios.
- **Individual Manager.** Performance objectives for the external managers are described in the Basic Retirement Funds discussion.

The Variable Annuity Fund outperformed its composite index for fiscal year 1988 but trailed the median equity portfolio return. Total fund and segment results are shown in Figure 17.



PERMANENT SCHOOL FUND

Investment Objectives

Asset Allocation

Investment Management

Investment Performance

The Permanent School Fund is a trust fund created by the Minnesota State Constitution and designated as a long-term source of revenue for public schools. Proceeds from land sales, mining royalties, timber sales, and lakeshore and other leases are invested in the Permanent School Fund.

Income generated by the Permanent School Fund's assets is used to offset state school aid payments. During the 1988 fiscal year, investment income reported to the Minnesota Department of Finance totaled \$33.7 million.

INVESTMENT OBJECTIVES

The State Board of Investment (SBI) invests the Permanent School Fund to produce a high, consistent level of income that will assist in offsetting state expenditures on school aids.

Investment Constraints

The Permanent School Fund's investment objectives are influenced by the restrictive legal provisions under which its investments must be managed. These provisions require that the Permanent School Fund's principal remain inviolate. Further, any net realized equity and fixed income capital gains must be added to principal. Moreover, if the Permanent School Fund realizes net capital losses, these losses must be offset against interest and dividend income before such income can be distributed. Finally, all interest and dividend income must be distributed in the year in which it is earned.

These legal provisions limit the investment time horizon over which the Permanent School Fund is managed. Long-run growth in its assets is difficult to achieve without seriously reducing current spendable income and exposing

the spendable income stream to unacceptable volatility. The SBI, therefore, invests the Permanent School Fund's assets to produce the maximum amount of current income, within the constraint of maintaining adequate portfolio quality.

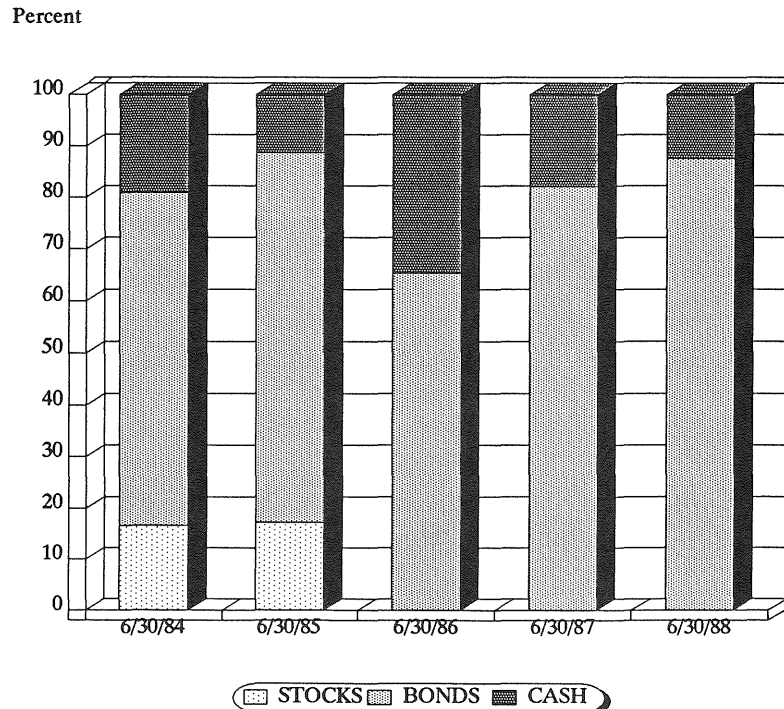
ASSET ALLOCATION

The SBI maximizes current income by investing all of the Permanent School Fund's assets in fixed income securities.

The SBI has a strong incentive not to invest in equity assets for several reasons:

- Common stock yields are considerably lower than bond yields. Thus, common stocks generate less current income than bonds.
- Stock prices are highly volatile and at times may produce realized capital losses that will reduce spendable income.

*Figure 18.
Historical
Asset Mix
1984-1988*



- Net capital gains become part of the Permanent School Fund's principal. Therefore, the effect of the volatility of common stock prices on the Permanent School Fund's spendable income cannot be smoothed out by including past realized capital gains in spendable income.

Considering these constraints, the Board completely eliminated the Permanent School Fund's small common stock component in fiscal year 1986, investing the proceeds in fixed income securities. Historical asset mix data for the Fund are shown in Figure 18.

INVESTMENT MANAGEMENT

SBI staff manages all of the Permanent School Fund's assets. Given the existing legal restrictions of the Permanent School Fund, external managers would find it extremely difficult to invest the Permanent School Fund's portfolio.

*Figure 18 (con't).
Historical
Asset Mix
1984-1988*

	1984	1985	June 30, 1986	1987	1988
Common Stocks					
\$Million	46.0	58.0	0.0	0.0	0.0
Percent	16.6	17.2	0.0	0.0	0.0
Bonds					
\$Million	178.0	241.0	239.0	297.0	313.6
Percent	64.3	71.5	65.4	82.2	87.6
Cash Equivalents					
\$Million	53.0	38.0	126.0	64.0	44.2
Percent	19.1	11.3	34.6	17.8	12.4
Total Fund					
\$Million	277.0	337.0	365.0	361.0	357.8
Percent	100.0	100.0	100.0	100.0	100.0

The Permanent School Fund's emphasis on producing high levels of current spendable income through passive investments is not compatible with the investment style of most money managers. In addition, with the move to an all-fixed income portfolio, SBI staff management of the Permanent School Fund is the most cost-effective approach. The staff manages the Permanent School Fund's bond portfolio primarily through a buy-and-hold laddered maturity approach.

INVESTMENT PERFORMANCE

The Permanent School Fund's investment objective is to maximize spendable income, within the constraint of maintaining adequate portfolio quality.

From a **total portfolio risk perspective**, the Permanent School Fund is very conservatively structured, as its target asset mix calls for a full commitment to fixed income securities. Within the bond portfolio, SBI staff controls risk by establishing a laddered portfolio structure, thereby avoiding significant interest rate bets. Further, the staff purchases only investment-grade bonds and seeks to maintain an overall portfolio quality rating of at least AA.

Figure 19.
Bond Portfolio
Statistics
June 30, 1988

Value at Market	\$307,562,755
Value at Cost	310,163,965
Average Coupon	9.07%
Current Yield	9.33
Yield to Maturity	9.40
Current Yield at Cost	9.35
Time to Maturity	17.13 Years
Average Duration	7.89 Years
Average Quality Rating	AAA
Number of Issues	123

From a **rate of return perspective**, the Board is not concerned with the Permanent School Fund's total rate of return. Market value changes have no effect on the Permanent School Fund's ability to produce spendable income. Spendable income is affected only to the extent that any securities are sold at losses. Thus, the Permanent School Fund's return objective is to maintain a high current yield on new investments.

The Permanent School Fund achieved its risk-return performance objectives during the year. On June 30, 1988, the Permanent School Fund's bond portfolio had a duration of 7.9 years, an average quality rating of AAA and a current yield of 9.33%. Further, for the fiscal year the Permanent School Fund generated income in excess of the Minnesota Department of Finance's spendable income target.

CASH MANAGEMENT

Internal Cash Pools

Securities Lending Program

Certificate of Deposit Program

INTERNAL CASH POOLS

State Cash Accounts

The State Board of Investment (SBI) manages the cash balances in more than 400 State agency accounts with the objectives of preserving capital and providing competitive money market returns. To this end, the SBI invests these cash accounts in short-term, liquid, high-quality debt securities. These investments include U. S. Treasury and Agency issues, repurchase agreements, bankers acceptances, and commercial paper. On June 30, 1988, the combined value of all agency cash balances was \$2.4 billion.

Pool Structure

Most State cash accounts are managed by SBI staff through two pooled investment vehicles, which operate much like money market mutual funds:

- **Trust Fund Pool.** This pool contains cash balances of retirement-related accounts managed internally as well as the cash in the Permanent School Fund. The Trust Fund Pool has an average daily balance of \$0.2 billion.
- **Treasurer's Cash Pool.** This pool contains cash balances from special or dedicated accounts necessary for the operation of State agencies as well as the balance of Invested Treasurer's Cash. The Treasurer's Cash Pool has an average daily balance of \$1.5 billion.

Because of special legal restrictions, a small number of cash accounts cannot be commingled. These accounts are therefore invested separately.

Performance

For fiscal year 1988 both the Trust Fund Pool and the Invested Treasurer's Cash Pool substantially outperformed the total return on 91-Day Treasury Bills:

Trust Fund Pool	7.4%
Treasurer's Cash Pool	8.0
91-Day Treasury Bills	6.0%

SECURITIES LENDING PROGRAM

As part of its internal cash management program, the SBI administers a securities lending program in which U. S. Treasury and Government Agency securities held by the SBI are loaned to banks and government security dealers for a daily fee. These loans are fully collateralized. The Securities Lending Program generated approximately \$3.3 million in additional income for the funds managed by the Board in fiscal year 1988.

CERTIFICATE OF DEPOSIT PROGRAM

The SBI also manages a certificate of deposit (CD) program in which it purchases CD's from Minnesota banks and savings and loan institutions. The SBI receives a market rate of return on these investments, using the average secondary CD market rate quoted by the New York Federal Reserve Bank. Only the cash reserves of pension funds (i.e., Basic Retirement Funds or Post Retirement Fund) are used in the program. As a result, all investments are fully insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC).

The Minnesota Certificate of Deposit program provides a reliable source of capital to Minnesota financial institutions, regardless of size, many of which do not have access to the national CD market. The Board designed the program so that no single institution is favored in the allocation of assets. Since it began in 1980, the SBI has purchased over \$1 billion of CD's from over 365 financial institutions throughout the state.

MAJOR DEVELOPMENTS

Legislative Changes

Benchmark Portfolios

Performance-Based Fees

Manager Continuation Policy

Enhanced Bond Indexation

Resolution on South Africa

Proxy Voting

LEGISLATIVE CHANGES

The 1988 Legislature enacted two changes that affect the statutory authority of the State Board of Investment (SBI).

International Investments

The Legislature approved the Board's request to add international securities as authorized investments for the funds under its control. Under the statute adopted by the Legislature, international investments will be considered an alternative asset class. Previously, the Legislature authorized real estate, venture capital, resource fund investments and unrated debt as alternative assets classes. By statute, investments in all alternative asset classes, including international securities, are capped at 35% of a fund.

The Board has not yet established a target asset allocation for international investments in any fund. It expects to develop an international investment program over the next one to two years.

Northern Ireland

The Legislature also enacted statutory provisions concerning the SBI's investments in U.S. companies with operations in Northern Ireland. The new statute requires the SBI to:

- Annually compile a list of U.S. corporations with operations in Northern Ireland.
- Annually determine whether those corporations have taken affirmative action to eliminate religious or ethnic discrimination. The statute lists nine goals modeled after the McBride Principles.
- Sponsor, co-sponsor and support resolutions that encourage U.S. companies to pursue affirmative action in Northern Ireland, where feasible.

The statute does not require the SBI to divest existing holdings in any company and does not restrict future investments by the SBI.

BENCHMARK PORTFOLIOS

The State Board of Investment (SBI) has developed benchmark portfolios for most of its external money managers in recent years. These benchmarks are an integral component of the Board's manager evaluation process and provide the foundation for a performance-based fee system.

A benchmark portfolio is a customized index that represents the investment style of an individual money manager. A benchmark reflects the prominent risk characteristics that a manager's portfolio would exhibit if the manager were making no active investment judgments.

Benchmark portfolios are appropriate targets against which to measure the performance of individual managers. At times, managers may perform well simply because their styles are "in favor." As representations of managers' styles, benchmark portfolios compensate for this factor. This allows plan sponsors to evaluate more effectively the value individual managers add to the investment process.

SBI staff developed the initial benchmark portfolios for the Board's active common stock managers in fiscal year 1986. During the following year, responsibility for maintaining appropriate benchmarks was shifted from staff to the individual managers. During fiscal year 1988, benchmarks were developed and adopted for three of the Board's active bond managers. The Board plans to adopt benchmarks for the remaining bond managers during fiscal year 1989.

All benchmarks are monitored by Board staff and the Board's consultant, Richards & Tierney. The managers' performances relative to their benchmarks are calculated by Richards & Tierney on a quarterly basis.

Benchmark portfolios will continue to be a key component of the Board's on-going investment management program. They have proven to be useful tools in manager evaluation and are integral to the application of performance-based fees.

PERFORMANCE-BASED FEES

After the Securities and Exchange Commission removed its prohibition on performance-based fees, the SBI was among the first institutional investors to implement this method of compensation.

In general, the Board uses symmetrical fulcrum fee systems. These fee systems establish a base compensation for a manager and a performance benchmark against which additional compensation (positive and negative) is paid. If a manager's performance matches that of the target, no additional fee is paid. If performance exceeds the target, an additional predetermined amount is paid. If performance fails to match the target, the base fee is reduced by the same predetermined formula. As a result, performance above the target produces additional payments to managers that are equivalent to those withheld from managers for performance below target.

Active Stock Managers

During fiscal year 1988, each of the Board's external active stock managers was paid using a fee schedule that compensates managers for their performance relative to their benchmark portfolios.

- As assets under management increase, the base fee rate paid to the manager decreases in line with the manager's sliding fee scale.
- The excess performance calculation reflects base fee payments. The manager's actual portfolio return is calculated net of the base fee. The manager is expected to outperform the benchmark portfolio, net of the base fee, by 150 basis points.
- Regardless of the base fee, the manager reaches the minimum and maximum performance fee rates at levels of deficit and excess performance measured net of the base fee (i.e., 600 basis points below and 900 basis points above the benchmark's return, respectively).

- The minimum fee rate is zero and the maximum total fee rate is twice the base fee.

The Board believes this fee structure retains the simplicity and non-volatile nature of a symmetrical fulcrum fee structure. At the same time, it permits the SBI to benefit from the reduced fees charged by managers as account sizes increase.

Enhanced Bond Index Managers

In fiscal year 1989, the Board will use a performance based fee to compensate its newly hired enhanced bond index managers. In several respects, the performance fee for these managers will be similar to the schedule described above:

- The excess performance calculation reflects base fee payments. The manager's actual portfolio return will be calculated net of the base fee. The manager is expected to outperform the bond index, net of the base fee, by 7 basis points.
- The manager will reach the minimum and maximum performance fee rates at levels of deficit and excess performance measured net of the base fee (i.e., 3.5 basis points below and 4.5 basis points above the index return, respectively).
- The total fee will be capped by both minimum and maximum levels to ensure the manager maintains a level of risk that is appropriate for a semi-passive management approach. The minimum fee will be 3.5 basis points and the maximum fee will be 11.5 basis points.

The Board believes this fee schedule provides incentive compensation that is appropriate for a semi-passive manager. More information on the design of the enhanced bond index portfolios is included in a following section of this report.

MANAGER CONTINUATION POLICY

Evaluating the performance of a diverse group of money managers is an integral feature of the Board's investment policy. In order to make informed judgments regarding the current capabilities of its managers, the Board adopted a set of specific evaluation guidelines during the fiscal year 1988. These guidelines form a "**manager continuation policy**" that assists the Board in its decisions concerning retention and termination of money managers.

The Board believes its manager continuation policy offers three primary benefits:

- It encourages a comprehensive and consistently applied analysis.
- It fosters a long-term attitude toward performance evaluation.
- It communicates investment objectives between the Board, its managers and its staff.

The Board's manager continuation policy includes both quantitative and qualitative performance criteria. The difficulty of statistically confirming investment skill makes an absolute reliance on portfolio return numbers inadvisable. Qualitative aspects of a manager's operation should also be considered.

Qualitative Criteria

Qualitative performance evaluation criteria relate to those aspects of a money manager's investment operation that cannot be expressed as measurable targets. Investors such as the Board must attempt to deduce the skills of money managers by searching for the presence or absence of basic building blocks of sound investment management within a manager's firm:

- **Elements of an Efficient Organization**

- Experienced and talented staff
 - Organizational stability
 - Clear leadership
 - Planned growth
 - Adequate client support

- **Elements of a Well-Defined Investment Approach**

- Clearly specified investment style
- Well-conceived decision-making process
- Adequate feed-back and control mechanisms

Failure to meet one or more of these criteria is not sufficient reason to terminate a manager. As a general rule, qualitative evaluation is applied in conjunction with quantitative evaluation to determine whether a manager is meeting the Board's expectations. However, it is important to specify exceptions to this general rule. Certain changes in a manager's organization or investment approach will dictate revaluation of the Board's relationship with the firm: a change in the firm's ownership or important members of its management team, a change in the manager's investment style, or an inability to create or maintain an appropriate benchmark portfolio.

Quantitative Criteria

Quantitative performance evaluation criteria relate to those aspects of a money manager's operation that can be analyzed relative to measurable targets. A manager's return relative to an appropriate benchmark represents "the bottom line" for a plan sponsor. However, the Board recognizes that investment performance of superior and inferior managers exhibits a large amount of variability, even when returns are measured relative to a customized benchmark.

Quantitative performance criteria must take this variability into account. A poorly designed measure could lead a plan sponsor to erroneously classify managers as inferior. This, in turn, could create costly and excessive manager turnover.

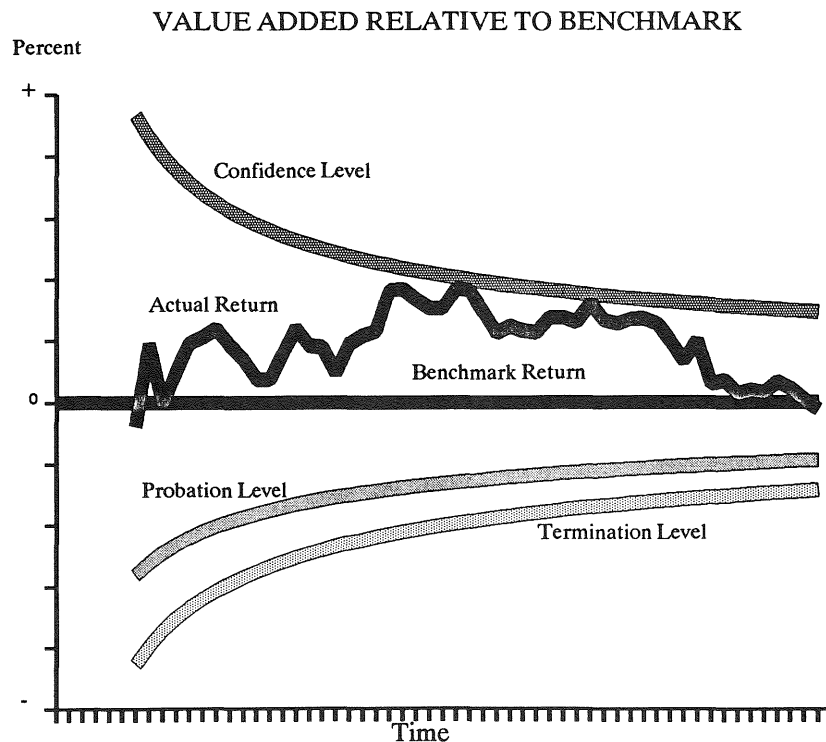
Figure 20 depicts a statistically valid method of assessing the variability of manager performance relative to a benchmark. The horizontal line represents the return on the manager's customized benchmark. Cumulative performance exceeding the benchmark will plot above the horizontal line; cumulative performance falling below the benchmark will plot below the line. The area between the two curved lines represents a confidence interval based on the manager's actual return relative to its benchmark.

Returns within the confidence interval represent performance due either to skill or to chance. Returns falling outside the confidence interval represent superior or inferior performance significant enough that the odds of it being due to chance are low. Since performance results are reviewed on a cumulative and annualized basis, the confidence interval range narrows over time. As more information is received, the ability to make judgments about a manager's investment skill increases. The Board has incorporated this confidence interval approach in the quantitative evaluation of its stock and bond managers.

Quarterly Review

On a quarterly basis, staff reviews the results of both the qualitative and quantitative evaluations with the Investment Advisory Council. This analysis is the foundation for recommendations to the Board concerning the retention and termination of the Board's active stock and bond managers. It provides a comprehensive and consistent approach to performance evaluation and provides a clearer measure of a manager's ability to add value over time.

*Figure 20.
Confidence
Interval*



ENHANCED BOND INDEXATION

The State Board of Investment (SBI), in collaboration with the Investment Advisory Council, conducted a comprehensive review of the investment policies of the Basic Retirement Funds during fiscal year 1987. One recommendation from the study called for the creation of a passively managed fixed income component in the Basic Funds. As noted earlier in this annual report, the entire fixed income segment of the Basic Funds has been actively managed.

Indexation Strategies

During fiscal year 1988, SBI staff examined a range of bond indexation strategies:

- **Passive Indexation.** The goal of the passive index manager is to minimize tracking error relative to a specified bond index. The manager attempts to replicate the performance of the index with the highest possible degree of consistency.
- **Semi-Passive Indexation.** The semi-passive index manager attempts to exceed the performance of a specified bond index by a modest amount through the use of relatively low-risk valuation strategies.
- **Semi-Active Indexation.** Typically, the semi-active manager employs both valuation and interest-rate anticipation strategies in an attempt to exceed the performance. As a result, the semi-active index manager lies much closer to the active end of the continuum between passive and active management.

Of the three indexation approaches, only the passive and semi-passive approaches were considered appropriate for the Basic Fund's passive bond component. The semi-passive approach, while less conservative than strict passive indexation, is still a relatively low-cost, low-risk strategy and offers the potential for modest return enhancement. The Board selected the semi-passive approach as its indexation strategy. This enhanced bond indexation strategy is described more fully in the following section.

Enhanced Bond Indexation

The goal of an enhanced bond indexer is to add value to the indexation process through the superior selection of bonds for the index fund. The underlying index is categorized by risk characteristics (i.e., coupon, sector, maturity, etc.) into a large number of cells. A cell is comprised of all of the bonds in the underlying base index with a particular combination of risk characteristics. Each cell can be considered as a separate distribution of expected cash flows.

Typically, the index manager need select only a few of the available bonds in each target cell for the index fund itself. A strict passive manager will select the bonds that most closely match the aggregate target cell cashflows. An enhanced bond indexer, on the other hand, will consider not only the cell cashflow characteristics but also the relative values of the bonds within the cell. The manager will select bonds that are selling "cheap" or are mispriced relative to the other bonds in the cell.

Generally, the enhanced bond index manager stays very closely within the cellular constraints of the base index. The manager matches the duration and maturity of the index fund to that of the base index. In addition, the manager matches quality characteristics as well. If the manager deviates from the index cellular constraints, it will be to make minor alterations in sector weightings of the index fund.

Depending upon the strategies employed by the individual index manager, the expected value to be added above the performance of the base universe from a semi-passive enhanced approach may range from 5 to 30 basis points per year. The variance of the monthly tracking error for an enhanced index fund will be slightly greater than that of a purely passive approach. Although the enhanced index manager's goal is for the index fund to exceed the performance of the base index, the possibility exists that the index fund will slightly underperform the target during some periods as well.

MAJOR DEVELOPMENTS

Manager Selection

Late in fiscal year 1988, the Board selected two firms to manage enhanced bond index portfolios:

- Fidelity Management Trust, Boston, MA
- Lincoln Capital Management, Chicago, IL

On July 1, 1988, approximately one-half of the bond holdings in the Basic Retirement Funds were shifted from active to passive management. Lincoln and Fidelity will manage passive portfolios using enhanced indexation strategies that seek to add value to the Salomon Broad Investment Grade (BIG) Bond Index.

Custom Target

During its study of passive bond strategies, SBI staff considered the use of a custom bond index target in lieu of a market index such as the Salomon BIG. By altering duration, sector composition and duration strategy of the market index, it is possible to develop a custom bond target with greater deflation hedge capacity. Such a custom target could assist the Board in structuring the bond segment of the Basic Funds to better meet its long term deflation hedge objective. SBI staff and the Investment Advisory Council will continue to study this issue during fiscal year 1989.

RESOLUTION ON SOUTH AFRICA

On October 2, 1985, the Board adopted a resolution concerning its holdings in companies doing business in the countries of South Africa and Namibia. The resolution calls for the Board to implement a four-phase divestment program which will be completed in 1989. The resolution also requires that divestment action will not take place before the Board obtains legal and financial advice concerning any impact on its fiduciary responsibilities.

When the resolution was adopted, the Board created a Task Force on South Africa to advise the Board on its implementation process. Membership of the Task Force includes one person designated by each of the five Board members, one representative from the private sector, one representative from the retirement fund systems, and one public employee representative.

Summary

At several points, the Board's resolution refers to the "Sullivan Principles", a set of employment guidelines for companies conducting business in South Africa established by the Reverend Dr. Leon Sullivan in 1977. In 1987, Dr. Sullivan officially withdrew his association from the Sullivan Organization. A successor organization, the Industry Support Unit, adopted the Sullivan Principles as the "Statement of Principles." In this report, "the Principles" refer to the Sullivan Principles and the equivalent Statement of Principles. Like the Sullivan Organization, the Industry Support Group retains Arthur D. Little, Inc. as an independent monitor. Signatories continue to be evaluated on their implementation of the Principles using consistent standards.

The resolution establishes the following timetable for the divestment program:

- **Phase 1:** By January 2, 1986, the SBI will limit its holdings and future investments to companies that are signatories of the Principles, and/or making substantial efforts to eliminate Apartheid.
- **Phase 2:** By August 3, 1986, the SBI will limit its holdings and future investments to companies that meet the requirements of Phase 1 and that subject

their behavior in South Africa or Namibia to monitoring.

- **Phase 3:** By August 3, 1987, the SBI will limit its holdings and future investments to companies that have complied with Phases 1 and 2 and that obtain the highest rating on their implementation of the Principles, or their equivalent, by an independent monitor.
- **Phase 4:** By August 3, 1989, the SBI will be divested of and make no new investments in companies doing business in South Africa.

In addition, the resolution requires the Board to consider divesting its holdings in companies which operate in a manner which directly supports Apartheid. Companies that support Apartheid are those which provide goods or services to governmental agencies responsible for the enforcement of Apartheid; provide technology or facilities which make South Africa or Namibia less dependent on international trade; or provide financial services to the government or governmental agencies of South Africa or Namibia.

Implementation of Phases 1 & 2

After the Board's resolution was adopted, the Principles stipulated that companies must provide outside monitoring of their activities in order to maintain their status as a signatory of the Principles. As a result, all signatories meet the requirements of both Phases 1 and 2 of the resolution.

When it began implementation of the resolution, the Board and the Task Force focused their attention on companies in the actively managed common stock portfolios. Based on correspondence with companies known to do business in South Africa and information available through the Investor Responsibility Research Center (IRRC), it was initially determined that twenty companies in the actively managed common stock portfolios had not signed the Sullivan Principles.

By January, 1986 (the end of Phase 1), fourteen of these companies became signatories or instituted a policy comparable to the Principles and three other non-signatories sold their operations in South Africa. As a

result, three companies in the actively managed common stock portfolios did not meet the requirements of the resolution by the end of Phase 1.

After reviewing reports from its financial and legal advisors, the Board decided not to immediately liquidate the affected holdings. Rather, it chose to implement the requirements of the resolution by instituting a policy of "divestment through attrition." Under this policy, Board's active stock managers were directed to discontinue purchases of stock in the restricted companies unless the manager determined the failure to buy a particular stock would be a violation of its fiduciary responsibility. As existing holdings were sold during the normal course of business, the stock holdings in restricted companies would decline.

By August, 1986 (the end of Phase 2), the Board's actively managed common stock portfolios did not contain the stock of any company which had not signed the Principles. As a result, all holdings in those portfolios met the requirements of the resolution at the end of Phase 2. This change was due both to sales of stock by managers during the normal course of business as well as the decision of other companies to become signatories of the Principles.

Implementation of Phase 3

Phase 3 of the resolution requires the SBI to restrict its holdings to signatories that have achieved the highest category ranking on their implementation of the Principles (i.e., "Category I, Making Good Progress").

In May, 1987, the Task Force recommended that the divestment through attrition policy be expanded to include any company in the actively managed stock portfolios that did not meet the Phase 3 requirements. This action restricts the active common stock managers from purchasing stock in any of the following companies: non-signatories of the Principles; companies whose most recent rating on their implementation of the Principles was "Category II, Making Progress" or "Category III, Needs to Become More Active."

In May, 1987, the Board's active stock managers had positions in twenty six restricted companies totaling 2.8 million shares. In June, 1988, approximately one year later, the managers had positions in seven restricted companies

totaling 0.4 million shares. This is a 86% reduction in the number of restricted shares and indicates substantial progress continues to be made in implementing the Board's policy of divestment through attrition in Phase 3. This reduction was due both to sales of stock by managers during the normal course of business as well as the decisions of companies to terminate their operations in South Africa.

Future developments concerning Phases 3 and 4 of the resolution will be described in subsequent Annual Reports.

PROXY VOTING

As a stockholder, the State Board of Investment (SBI) is entitled to participate in corporate annual meetings through direct attendance or casting its votes by proxy. Through proxy voting, the Board directs company representatives to vote its shares in a particular way on resolutions under consideration at annual meetings. Resolutions prepared at annual meetings range from routine issues, such as those involving the election of corporate directors and ratification of auditors, to non-routine items involving such matters as merger proposals and corporate social responsibility issues. In effect, as a shareholder the SBI can participate in shaping corporate policies and practices.

Proxy Voting Committee

All non-routine proxy matters are reviewed by a committee of the Board and voted in accordance with the SBI's statement of investment responsibility, which states, in part:

"...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..."

...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 the society, or do not recognize environmental responsibilities in their corporate actions, and are not taking reasonable steps to overcome the situations..."

Fiscal Year 1988 Proposals

During fiscal year 1988, the SBI voted proxies for approximately 1,500 corporations. As in previous years, resolutions introduced by shareholder and corporate management could be categorized in two broad areas, social responsibility and corporate governance.

In the social responsibility area, shareholder resolutions addressed a wide range of issues including human rights,

affirmative action, environmental concerns and defense programs. In the area of corporate governance, non-routine issues were submitted by corporate management and by shareholders. Requests to limit the liability of corporate officers, or to indemnify them against certain actions, occupied a large number of the proposals from management. Shareholder proposals in the corporate governance area were dominated by resolutions that asked companies to rescind certain anti-takeover provisions.

INVESTMENT MANAGER SUMMARIES

Common Stock Managers

Bond Managers

Alternative Investment Managers

COMMON STOCK MANAGERS

Fred Alger Management

Fred Alger searches for companies expected to experience above-consensus earnings gains. These earnings gains may be either cyclical or secular. The firm focuses on two types of companies: first, companies whose products are expected to produce high consistent unit volume growth rates and second, companies undergoing a positive life cycle change not yet fully recognized by the market. The proportion of the total portfolio invested in these two types of companies varies over time. On average, however, the high unit growth companies tend to dominate the total portfolio. Fred Alger is not an active market timer, usually maintaining a fully invested position.

Alliance Capital Management

Alliance searches for companies likely to experience high rates of earnings growth, on either a cyclical or secular basis. Alliance has invested in a wide range of growth opportunities from small, emerging growth to large, cyclically sensitive companies. There is no clear distinction on the part of the firm as to an emphasis on one particular type of growth company over another. However, the firm's decision-making process appears to be much more oriented toward macroeconomic considerations than is the case with most other growth managers. Accordingly, cyclical earnings prospects, rather than secular, appear to play a larger role in terms of stock selection. Alliance is not an active market timer, rarely raising cash above minimal levels.

BMI Capital

BMI's investment approach focuses on companies expected to exhibit strong sustained earnings gains. BMI attempts to identify two types of "growth" companies: first, misperceived companies that are in the process of undergoing dynamic changes that will cause them to produce materially higher earnings over the near-term; and second, small-to-medium sized companies that exhibit the potential for rapid future earnings growth. The weighting of the two types of growth companies within the firm's portfolio will vary over time depending upon economic and financial conditions. Generally, however, the misperceived companies will make up the majority of the portfolio. On the other hand, the smaller high growth companies tend to dominate the portfolio's risk characteristics. The firm concentrates almost exclusively on stock selection, only rarely raising cash to significant levels.

Beutel Goodman Capital Management

Beutel Goodman searches for companies whose stock prices are low in comparison to estimated tangible book value or companies whose P/E's are low in relation to earnings quality and expected earnings growth. This "value" investment approach is contrarian and defensive by nature, exhibiting less volatility than investment styles focusing on growing

earnings. Beutel Goodman is not an active market timer and is almost always fully invested.

Forstmann Leff Associates

Forstmann Leff is a classic example of a "rotational" manager. The firm focuses almost exclusively on asset mix and sector weighting decisions. Based upon its macroeconomic outlook, the firm will move aggressively into and out of asset classes and equity sectors over the course of a market cycle. The firm tends to purchase liquid, large capitalization stocks. Forstmann Leff will make sizable market timing moves at any point during a market cycle.

IDS Advisory

IDS employs a "rotational" style of management, shifting among industry sectors based upon its outlook for the economy and the financial markets. The firm emphasizes primarily sector weighting decisions. Moderate market timing is also used. Over a market cycle IDS will invest in a wide range of industries. It tends to buy liquid, large capitalization stocks. While IDS will make occasional significant asset mix shifts over a market cycle, the firm is a less aggressive market timer than most rotational managers.

Investment Advisers

Investment Advisers is a "rotational" manager. Its macroeconomic forecasts drive its investment decision-making. The firm emphasizes market timing and sector weighting decisions. Investment Advisers will invest in a wide range of industries over a market cycle. It tends to hold liquid, medium to large capitalization stocks. The firm is an active market timer, willing to make gradual but significant asset mix shifts over a market cycle.

Lieber & Co.

Lieber and Co. seeks to identify investment concepts that are either currently profitable or likely to become so in the near future, yet whose prospects are not reflected in the stock prices of the companies associated with the concepts. The investment concepts upon which the firm focuses are related to both macroeconomic trends and specific product developments within particular industries or companies. Stocks purchased by Lieber tend to be those of well-managed, high growth and high return on equity, small-to-medium sized companies. The stocks may be undervalued due to the failure of investors to recognize fully either the value of new products or a successful turnaround situation. Particularly attractive to Lieber are small-to-medium sized takeover candidates. The firm generally is fully invested, with any cash positions the result of a lack of attractive investment concepts.

Waddell & Reed

Waddell & Reed focuses its attention primarily on small capitalization aggressive growth stocks. However, the firm has demonstrated a willingness to make significant bets against this investment approach for extended periods of time. The firm is an active market timer and will raise cash to extreme levels at various points in the market cycle.

Wilshire Associates

The index fund managed by Wilshire Associates is a well-diversified portfolio of common stocks designed to match the rate of return performance of a predetermined stock market index. The index fund utilized by the SBI tracks the Wilshire 5000, a broad-based equity market indicator composed of the common stocks of all U.S. domiciled corporations for which daily prices are available. In effect, the Wilshire 5000 represents virtually the entire domestic common stock market.

Portfolio statistics for each of these managers can be found in the Statistical Data Appendix.

BOND MANAGERS

Investment Advisers

Investment Advisers is a traditional top down bond manager. The firm's approach is oriented toward correct identification of the economy's position in the credit cycle. This analysis leads the firm to its interest rate forecast and maturity decisions, from which the firm derives most of its value-added. Investment Advisers is an active asset allocator, willing to make rapid, significant moves between cash and long maturity investments over the course of an interest rate cycle. Quality, sector and issue selection are secondary decisions. Quality and sector choices are made through yield spread analyses consistent with the interest rate forecasts. Individual security selection receives very limited emphasis, focusing largely on specific bond characteristics such as call provisions.

Lehman Management

Lehman's primary emphasis is on forecasting cyclical interest rate trends and positioning its portfolios in terms of maturity, quality and sectors, in response to its interest rate forecast. However, the firm avoids significant, rapidly changing interest rate bets. Instead, it prefers to shift portfolio interest rate sensitivity gradually over a market cycle, avoiding extreme positions in either long or short maturities. Individual bond selection is based on a quantitative valuation approach and the firm's internally-conducted credit analysis. High quality (A or better) undervalued issues are selected consistent with the desired maturity, quality and sector composition of the portfolios.

Miller, Anderson & Sherrerd

Miller Anderson focuses its investments in misunderstood or under-researched classes of securities. Over the years this approach has led the firm to emphasize mortgage-backed securities in its portfolios. Based on its economic and interest rate outlook, the firm establishes a desired maturity level for its portfolios. This decision is instituted primarily through the selection of specific types of mortgage securities

that have prepayment expectations consistent with the portfolio's desired maturity. The firm will also move in and out of cash, but generally only gradually over an interest rate cycle and never taking extremely high cash positions. Total portfolio maturity is always kept within an intermediate three-to-seven year duration band. Unlike other firms that also invest in mortgage securities, Miller Anderson intensively researches and, even in some cases manages, the mortgage pools in which it invests.

Morgan Stanley

Morgan Stanley takes a very conservative approach to fixed income investing, emphasizing the preservation of capital through the generation of consistent real returns. This philosophy has led the firm to maintain a vast majority of its portfolio in short to intermediate maturity, high quality (A or better) securities. Large positions in maturities longer than ten years are held only as temporary trading opportunities. These positions are increased or reduced gradually as the firm's expectations of the cyclical level of interest rates changes. Issue selection is of secondary importance to maturity decisions. Rather, given its maturity decisions, the firm prefers to make sizable investments in specific areas of the market where it believes persistent misvaluations are present.

Peregrine Capital Management

Peregrine Capital stresses consistency of fixed income portfolio relative returns. To accomplish this goal, the firm maintains a portfolio of high quality, liquid securities and a balance of maturity levels avoiding extreme exposures on either the long or short end. Further, Peregrine will make only gradual moves between maturities over an interest rate cycle. The firm also concentrates on exploring misperceived fixed income securities, which has led the firm to make extensive use of mortgage-backed securities and floating rate notes.

Western Asset Management

Western recognizes the importance of interest rates changes on fixed income portfolio returns. However, the firm believes that successful interest rate forecasting, particularly short-run forecasting is extremely difficult to accomplish consistently. Thus, the firm attempts to keep portfolio maturity in a narrow band near that of the market, making only relatively small, gradual shifts over an interest rate cycle. It prefers to add value primarily through appropriate sector decisions. Based on its economic analysis, Western will significantly overweight particular sectors, shifting these weights as economic expectations warrant. Issue selection, like its maturity decisions, are of secondary importance to the firm.

Portfolio statistics for each of these managers can be found in the Statistical Data Appendix.

ALTERNATIVE INVESTMENT MANAGERS

Real Estate

Aetna Life & Casualty

Fund: RESA

Real Estate Separate Account (RESA) is an open-end commingled real estate fund managed by the Aetna Life and Casualty Company of Hartford, Conn. The fund was formed in January, 1978. The fund has no termination date; investors have the option to withdraw all or a portion of their investment. RESA invests primarily in existing equity real estate. Investments are diversified by location and type of property. On-site management of properties is contracted to outside firms or conducted by a joint venture partner.

Equitable Real Estate Group

Fund: Prime Property Fund

Prime Property Fund was formed in August 1973 by the New York-based Equitable Real Estate Group, Inc. The account is an open-end commingled real estate fund. The fund has no termination date; investors retain the option to withdraw all or a portion of their investment. The fund makes equity investments in existing real estate. The fund's portfolio is diversified by location and property type. Management of the fund's properties is contracted to outside firms or is conducted by joint venture partners.

Prudential Investment Management

Fund: PRISA I

PRISA I is an open-end commingled real estate fund. One of the largest and oldest of the open-end funds, PRISA I was formed in July 1970 by the Prudential Investment Management Corporation of New Jersey. PRISA's real estate portfolio consists primarily of equity investments in existing properties. Investments are diversified by both the type and location of properties. Prudential contracts with outside firms for the on-site management of its properties or retains joint venture partners as property managers. The fund has no termination date. Investors have the option quarterly to withdraw a portion or all of their investment.

Rosenberg Real Estate Equity Funds (RREEF)

Fund: RREEF USA III

RREEF USA III is a closed-end commingled fund managed by the Rosenberg Real Estate Equity Funds. It has a twelve-year term. Typically, the trust purchases 100% of the equity of its properties with cash. The trust generally does not utilize leverage or participating mortgages. Properties are diversified by location and type. RREEF's in-house staff manages the trust's real estate properties. The firm's primary office is located in San Francisco.

Heitman Advisory Corp. (HAC)

Funds: HAC Group Trust I HAC Group Trust II HAC Group Trust III

HAC Group Trusts are closed-end commingled funds managed by the Heitman Advisory Group. The majority of the trust investments are equity real estate. The real estate portfolios are diversified by the type

and location of the properties. Centre Properties, Ltd., an affiliate of Heitman, manages the trust's wholly-owned properties. Properties that are partially owned by the trusts may be managed by joint venture partners. Heitman Advisory is based in Chicago.

**Trust Company
of the West
(TCW)**

**Funds: TCW Realty Fund III
TCW Realty Fund IV**

TCW Realty Funds are closed-end commingled funds. The funds are managed as joint ventures between Trust Company of the West and Westmark Real Estate Investment Services of Los Angeles. These managers utilize specialty investment vehicles such as convertible and participating mortgages to enhance real estate returns. Investments are diversified by location and type. Portfolio properties are typically managed by local property management firms.

**State Street
Bank & Trust**

**Funds: AEW - State Street Real Estate Fund III
AEW - State Street Real Estate Fund IV
AEW - State Street Real Estate Fund V**

State Street Real Estate Funds are closed-end commingled funds managed by the State Street Bank and Trust Company of Boston. State Street Bank has retained Aldrich, Eastman and Walth (AEW) as the funds' advisor. The funds' special orientation is the use of creative investment vehicles such as convertible and participating mortgages to maximize real estate returns. The real estate portfolios are diversified by location and property type. On-site property management typically is contracted to outside firms or conducted by joint venture partners.

Venture Capital

**Allied
Capital**

Fund: Allied Venture Partnership

Allied Venture Partnership was formed in September 1985 and has a ten-year term. Based in Washington D.C., the fund focuses on later-stage, low technology companies located in the Southeastern and Eastern U. S. Most investments will be made in syndication with Allied Capital, a large, publically owned venture capital corporation formed in 1958.

**DSV
Management
Ltd.**

Fund: DSV Partners IV

DSV Partners IV limited partnership was formed in April, 1985. It has a twelve-year term. DSV Partners IV is the fourth venture fund to be managed by DSV Management Ltd. since the firm's inception in 1968. The firm has offices in Princeton, New Jersey, and California. DSV Partners' investment emphasis is on portfolio companies in the start-up and early stages of corporate development. The geographic focus of the partnership is on East and West Coast firms. Investments are diversified by industry type.

**First Chicago
Investment
Advisers**

Fund: Venture Partnership Acquisition Fund

First Chicago's Venture Partnership Acquisition Fund was formed in March 1988. This limited partnership has a ten year term. Although this is First Chicago's first fund, they have been making venture capital investments for institutional clients since 1972. First Chicago is based in Chicago, Illinois. The fund will invest exclusively in secondary venture capital limited partnership interests. Secondary interests are presented by limited partners, who for a variety of reasons, have decided to liquidate their venture capital holdings.

**Golder,
Thoma &
Cressey**

Fund: Golder, Thoma and Cressey Fund III

Golder, Thoma and Cressey Fund III, a venture capital limited partnership, was formed in October 1987. The fund is based in Chicago, Illinois and has a ten year term. The fund will invest in growing private businesses, found and build companies in fragmented industries and invest in small leveraged buyouts. In addition, the portfolio will be diversified geographically and by industry.

**Inman &
Bowman
Management**

Fund: Inman & Bowman

The Inman & Bowman limited partnership was formed in June, 1985. Its investment focus is early-stage, high-technology firms. The fund will emphasize investments in California, where the general partner, Inman & Bowman Management, is based. However, the fund will consider investments in the Pacific Northwest as well. The partnership has a ten-year term.

**IAI Venture
Capital
Group**

Fund: Superior Venture Partners

Superior Ventures is a Minnesota-based venture capital limited partnership. It was formed in June 1986 and has an eleven-year term. Superior Ventures is managed by IAI Venture Capital Group, a subsidiary of Investment Advisers, Inc. Up to 15% of the fund will be invested in other Minnesota-based venture capital limited partnerships. The remainder of the fund will be invested in operating companies located within the state.

**Kohlberg, Kravis,
Roberts & Co.
(KKR)**

**Funds: KKR 1984 LBO Fund
KKR 1986 LBO Fund
KKR 1987 LBO Fund**

KKR's Leveraged Buyout Funds are structured as limited partnerships. The funds invest in large leveraged buyouts. The partnerships' portfolio companies are mature, low technology companies with very diversified operations. Kohlberg, Kravis, Roberts and Co. operates offices in New York and San Francisco.

**Matrix
Partners**

Fund: Matrix Partners II

Matrix Partners II limited partnership was formed in August, 1985 and has a term of ten years. The fund's investment emphasis is on high-technology firms in the early and expansion stages of corporate development. However, for diversification the Fund's portfolio will include a sizable component of non-technology firms. The portfolio may include several small leveraged buyout investments as well. The fund is managed by five experienced general partners. The partners have offices in Boston, San Jose, and San Francisco.

**Norwest Venture
Capital
Management**

Fund: Northwest Venture Partners I

Northwest Venture Partners I was formed in January 1984 and has a term of ten years. Norwest Venture Capital Management, a wholly owned subsidiary of Norwest Corp., is the general partner and manager of the partnership. Norwest Venture Capital also manages the Northwest Growth Fund, an SBIC, and Northwest Equity Capital, a leveraged buyout fund. Northwest Venture Partners' investment focus is on high technology companies in the early stages of corporate development. However, the partnership's portfolio also includes investments in expansion stage firms and is diversified by the location and industry type of its portfolio companies.

**Smith Barney
Venture
Corp.**

Fund: First Century III

First Century III was formed in December 1984. It is structured as a limited partnership with a term of ten years. The general partner and manager of the partnership is Smith Barney Venture Corp., a subsidiary of Smith Barney Harris Upham and Co. Smith Barney Venture has offices in New York and San Francisco. This is the third fund formed by the firm since 1972. The partnership invests primarily in early stage, high technology companies. Investments are diversified by location and industry group.

**Stamps,
Woodsum & Co.**

**Fund: Summit Ventures I
Summit Venture II**

Summit Ventures are limited partnerships with a ten-year terms. The funds were formed by Stamps, Woodsum & Co., the managing general partners of the fund, and Shearson/American Express. Stamps and Woodsum focus on profitable, expansion stage firms that have not yet received any venture backing. The majority of the partnerships investments are in high tech firms. Investments are diversified by location and industry type

**T. Rowe
Price**

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the Board's venture capital limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capital, illiquid stocks.

Resource Funds

**Apache
Corporation**

**Funds: Apache Equipment Financing Notes
Apache Properties Acquisition Notes
Apache Acquisition Net Profits Interest**

Apache Equipment Financing Notes are a \$150 million private placement to finance Apache's portion of production facility expenditures. The expenditures were made under the terms of a series of

Apache (con't)

offshore joint ventures in the Gulf of Mexico. The joint ventures were organized by Shell Oil Company. In addition to fixed interest payments of 10% per annum, noteholders will receive additional interest of 2% of Apache's share of gross revenues from the joint ventures. Principal and interest on the notes are estimated to be repaid by 1992. The 2% additional interest will be paid to noteholders throughout the life of producing properties. Apache Corp. is based in Denver.

Apache 1985 Properties Acquisition Notes are a \$118 million private placement to finance the acquisition and tangible development costs related to certain producing oil and gas properties, of which some are fully developed and some are partially developed. In addition to fixed interest payments of 10% per annum, noteholders will receive additional interest of 2% of Apache's share of gross revenues from the properties. Principal and interest on the notes are estimated to be repaid by 1996. The 2% additional interest will be paid to noteholders throughout the life of producing properties.

Apache Acquisition Net Profits Interest is a \$190 million private placement to acquire a non-operating interest in the net profit generated by oil and gas properties acquired in 1986 from Occidental Petroleum Company. Investors will receive a 85% net profits interest in the financed share of producing properties until the cumulative total of such payments equals the investment cost plus 8% per year return on investment (the "Payout"). However, if the cumulative net profit discounted at 10% should fail to exceed a defined cumulative cash flow comparably discounted, investors will receive a 90% net profits interest until Payout. After Payout, investors will receive a 75% net profits interest for the life of the producing properties. Payout is expected in 1991.

Funds: AMGO I AMGO II AMGO IV

First Reserve Corp.

AMGO funds are structured as limited partnerships. The general partner and manager of the funds is First Reserve Corp. The general partner's long-term investment strategy is to create diversified portfolios of oil and gas investments. The portfolios are diversified across four dimensions: location, geological structure, investment type, and operating company.

J.P. Morgan Investment Management

Fund: Morgan Petroleum Fund II

Morgan Petroleum Fund II was formed in July 1988 and is be managed by J.P. Morgan Investment Management Inc. The fund managers have an office in Houston, Texas. Fund investments will be diversified geographically and by company. Most investments will take the form of an overriding royalty interest and will include, primarily, property acquisitions and development drilling.

A summary of the Board's commitments to these real estate, venture capital, and resource funds can be found in the Statistical Data Appendix.

STATISTICAL DATA APPENDIX

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Equity Manager Portfolio Statistics Glossary

In the following pages, summary descriptions of the individual equity managers' risk characteristics and performance data are displayed. Some of the statistics presented are technical in nature. This glossary is designed to aid in understanding the terms that are introduced.

The first five portfolio characteristics listed in the glossary are presented on an absolute basis. The remaining portfolio statistics are reported relative to the stock market. The purpose of presenting these statistics in a relative fashion is to "normalize" them, or remove the impact of market-wide changes on the characteristics of a manager's portfolio. In calculating the relative values, the stock market is represented by the 1000 largest capitalization companies in the Wilshire 5000. The managers' portfolio characteristics are reported in standard deviation units relative to the average or mean of these 1000 companies. Thus, a positive (negative) value for a portfolio characteristic indicates a value higher (lower) than the market average.

Qtr. Port. Turnover	The manager's total equity asset sales during the quarter divided by the average value of the manager's equity assets over the quarter.
Equity Allocation (Eq. Alloc.)	Percent of the manager's total portfolio invested in common and preferred stocks and convertible securities.
Diversification (R2)	Extent to which a manager's equity holdings statistically resemble the stock market. Low (high) diversification portfolios will experience returns which are not well (are well) correlated with those of the market. By definition, the market has a diversification measure of 1.0. The less a portfolio is diversified, the lower will be its diversification measure (referred to as R-squared). The SBI's managers are required, over the long-term, to hold portfolios with diversification levels less than 0.85.
Market Variability (Eq. Beta)	Degree to which the returns on the manager's stock portfolio are sensitive to movements in the stock market's return. By definition the market has a market volatility measure (referred to as beta) of 1.0. Portfolios with values greater (less) than 1.0 have above (below) average sensitivity to market moves. The SBI's managers are required, over the long-term to hold portfolios with market volatility levels above 1.10. This measure does not include the impact of cash holdings on total portfolio volatility.
Price Variability (MVAR)	Risk related to the historical variability of the prices of stocks in the manager's portfolio. The more variable are the portfolio's securities' prices, the more risky is the portfolio. Items such as current stock price, twelve month price range, trading volume, and beta make up this measure.
Earnings Variability (EVAR)	Risk related to the variability of the earnings of those companies owned in the manager's portfolio. The more variable are the companies' earnings, the more risky is the portfolio. Items such as variance of accounting earnings, variance of cash flow, occurrence of extraordinary accounting items, and the correlation of companies' earnings with U.S. corporate earnings make up this measure.

12-Mo. Relative Return (REL RET)	The return on the stocks in the manager's portfolio over the preceeding twelve months less the return on the S&P 500.
Price-to-Book Ratio (P/B)	The market value of the manager's portfolio divided by the latest available annual book value.
5 Yr. Earnings Growth (5 YR. EARN)	The annualized growth of the average earnings per share of the manager's portfolio over the latest five fiscal years.
Size and Maturity (SIZE)	Risk related to the size and maturity of the companies held in the portfolio. The smaller and younger the companies, the more risky is the portfolio. Items such as total assets, market capitalization, gross plant/book value ratio, and company age make up this measure.
Growth (GROW)	Risk related to the growth orientation of companies owned by the manager. The more growth-oriented are the companies, the riskier is the portfolio. Items such as dividend yield, E/P ratio, and growth in total assets make up this measure.
Earnings-to-Price Ratio (E/P)	The weighted average earnings per share of the manager's common stock portfolio for the trailing four quarters divided by the weighted average price per share of the manager's common stock portfolio.
Dividend Yield (YIELD)	Indicated annual dividend of the manager's stock portfolio divided by the portfolio market value.
Financial Leverage (FINL)	Risk related to the extent to which companies held in the portfolio have used debt to finance their operations. The more leveraged are the companies, the riskier is the portfolio. Items such as debt/asset ratio, current asset/current liability ratio, and uncovered fixed charges make up this ratio.

Table A-1

EXTERNAL EQUITY MANAGERS

Portfolio Statistics Relative to Benchmark Portfolios

As of June 30, 1988

Manager		# Of Stks	Eq. Alloc.	Eq. Beta	R2	Yield	E/P	Rel Ret	P/B	5 Yr Earn	Mvar	Evar	Size	Grow	Finl
GROWTH MANAGERS															
Fred Alger	(A)	42	93	1.31	0.91	-0.51	-0.16	-0.18	0.76	0.44	0.98	0.41	0.96	1.13	-0.03
	(B)	957	95	1.27	N.A.	-0.28	-0.11	-0.36	0.21	0.08	0.61	0.12	0.51	0.53	-0.05
Alliance Capital	(A)	42	96	1.18	0.93	-0.49	-0.14	0.01	0.66	0.40	0.46	0.43	-0.27	0.64	-0.09
	(B)	333	95	1.25	N.A.	-0.40	-0.08	-0.24	0.34	0.24	0.59	-0.02	0.23	0.70	-0.08
SMALL GROWTH MANAGERS															
BMI Capital	(A)	29	95	1.49	0.83	-0.69	-0.16	-0.24	0.01	-0.07	1.24	1.05	2.35	0.99	0.30
	(B)	385	95	1.37	N.A.	-0.44	-0.04	-0.25	0.03	0.00	0.93	0.20	1.36	0.70	-0.14
Lieber & Co.	(A)	172	97	1.31	0.90	-0.34	0.02	-0.14	0.03	0.25	0.71	-0.02	2.20	0.72	-0.54
	(B)	1,700	95	1.39	N.A.	-0.48	-0.20	-0.30	-0.02	-0.01	0.79	0.18	1.85	0.90	-0.27
Waddell & Reed	(A)	45	68	1.40	0.86	-0.51	-0.20	0.05	0.26	-0.08	1.20	0.92	1.67	0.80	-0.09
	(B)	1,048	80	1.34	N.A.	-0.40	-0.22	-0.36	0.10	0.02	0.85	0.21	1.02	0.63	0.09
ROTATIONAL MANAGERS															
Forstmann Leff	(A)	39	64	1.12	0.92	-0.16	0.12	-0.20	0.01	0.30	0.54	0.43	-0.24	0.15	0.10
	(B)	820	70	1.06	N.A.	0.15	0.11	-0.24	0.04	0.06	0.08	-0.05	-0.10	0.13	0.04
IDS Advisory	(A)	47	96	1.18	0.93	-0.29	0.00	-0.12	0.21	0.06	0.69	0.71	0.22	0.25	0.05
	(B)	640	90	1.05	N.A.	0.25	0.15	-0.30	-0.01	0.03	0.03	-0.09	0.06	0.10	0.05
Investment Advisers	(A)	42	87	1.09	0.94	-0.11	-0.08	-0.12	0.39	0.10	0.18	0.36	-0.19	0.31	0.12
	(B)	362	85	1.04	N.A.	0.20	0.12	-0.30	0.10	0.08	0.06	-0.09	-0.34	0.05	-0.00
VALUE MANAGERS															
Beutel Goodman	(A)	34	49	1.28	0.85	0.24	0.66	-0.29	-0.59	-0.23	0.67	0.88	0.39	-0.13	0.13
	(B)	419	95	1.26	N.A.	0.06	0.15	-0.38	-0.42	-0.06	0.60	0.17	0.67	0.21	0.06
Composite Active Ext. Mgrs.															
		377	81	1.24	0.95	-0.35	-0.02	-0.12	0.28	0.18	0.71	0.56	0.59	0.55	-0.01
Index Fund Mgr.															
		1,660	100	1.08	0.98	0.16	0.08	-0.26	-0.05	-0.01	0.17	0.25	0.38	0.12	-0.03
Composite All Basic Eq. Mgrs.															
		1,752	94	1.12	0.98	0.04	0.06	-0.23	0.02	0.03	0.30	0.32	0.43	0.22	-0.02

(A) - Actual Portfolio

(B) - Benchmark Portfolio

Table A-2

EXTERNAL EQUITY MANAGERS

Sector Weightings Relative To Benchmark Portfolios

As Of June 30, 1988

Manager		Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat. & Serv	Tech	Tran	Util
GROWTH MANAGERS										
Fred Alger	(A)	3.3%	3.4%	29.5%	0.0%	7.1%	26.8%	23.5%	6.3%	0.0%
	(B)	5.0	4.2	37.4	6.5	8.3	16.3	16.6	2.9	2.8
Alliance	(A)	5.6	5.3	35.3	2.5	8.3	9.1	24.2	9.6	0.0
	(B)	2.8	2.1	36.4	4.2	12.0	14.0	24.9	3.5	0.1
SMALL GROWTH MANAGERS										
BMI Capital	(A)	11.8	2.4	43.9	3.8	14.7	7.9	15.6	0.0	0.0
	(B)	4.2	5.7	24.9	4.3	20.5	18.8	16.9	3.1	1.7
Lieber & Co.	(A)	4.3	4.1	32.4	2.4	17.7	20.2	14.1	4.4	0.5
	(B)	6.4	5.0	24.6	4.2	21.0	17.4	17.7	2.6	1.0
Waddell & Reed	(A)	6.9	11.6	13.2	5.3	0.0	23.0	29.3	8.5	2.3
	(B)	7.9	3.5	31.5	7.7	0.5	23.1	19.0	6.2	0.5
ROTATIONAL MANAGERS										
Forstmann Leff	(A)	1.8	2.9	27.1	3.6	2.1	34.8	21.0	2.9	3.7
	(B)	5.2	2.8	28.4	9.5	12.7	15.2	11.1	3.0	12.2
IDS Advisory	(A)	6.6	2.6	27.0	10.4	0.0	26.5	18.1	6.7	2.0
	(B)	4.0	2.3	25.6	7.5	14.0	14.9	13.6	3.5	14.6
Investment Advisers	(A)	10.9	0.0	29.2	4.1	2.4	26.3	15.1	4.2	7.8
	(B)	5.1	4.1	30.1	9.8	9.2	13.6	14.1	3.1	11.0
VALUE MANAGERS										
Beutel Goodman	(A)	0.7	11.3	12.0	8.5	14.0	16.8	22.8	9.1	4.8
	(B)	5.6	4.9	21.1	7.9	21.8	19.6	12.1	6.6	0.4
Composite External Managers		5.7	4.7	28.5	4.4	6.5	20.7	21.1	6.3	2.0
Index Fund Manager		5.1	4.2	26.3	9.3	12.5	13.7	13.0	3.0	12.8
Composite All Basic Managers		5.3	4.4	26.8	8.1	11.0	15.4	15.0	3.8	10.2
Wilshire 5000		5.1	4.0	27.4	9.7	12.2	13.7	12.0	3.0	12.9

(A) - Actual Portfolio

(B) - Benchmark Portfolio

Table A-3

EXTERNAL EQUITY MANAGERS
Performance Relative To Benchmark Portfolios

Managers	Year Ending 6/30/88		Two Years Ending 6/30/88 (Annualized)		Three Years Ending 6/30/88 (Annualized)		Four Years Ending 6/30/88 (Annualized)	
	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio
Fred Alger	-9.0%	-4.5%	-1.3%	7.1%	12.8%	15.8%	16.0%	18.5%
Alliance Capital	-0.8	-9.7	10.7	2.9	20.8	11.8	24.1	15.7
Beutel Goodman	-1.5	0.3	7.4	11.8	10.3	18.2	16.3	21.7
BMI Capital	-5.3	-5.7	6.9	3.6	15.9	13.6	15.6	16.4
Forstmann Leff	-1.3	-1.5	5.3	6.3	16.9	12.5	19.9	15.2
IDS	-9.5	-4.1	3.9	7.1	15.3	15.5	20.1	19.1
Investment Advisers	-4.9	-4.3	6.0	7.0	13.2	15.4	17.8	19.0
Lieber & Company	-3.9	-3.8	1.5	2.8	13.5	12.7	17.6	15.9
Waddell & Reed	0.9	-1.8	9.7	9.1	15.6	14.3	15.5	15.7
Wilshire Associates (Index Fund)	-5.9	-5.8	6.5	6.3	15.1	15.2	19.0	18.9
Total Basic Retirement Funds' Common Stock Segment*	-5.2%	-5.0%	6.4%	6.7%	14.8%	15.0%	18.6%	18.7%
Capital Markets Data								
Wilshire 5000	-5.9%	--	6.3%	--	15.2%	--	19.0%	--
90-Day Treasury Bills	6.0	--	5.9	--	6.3	--	7.1	--
Inflation	3.9	--	3.8	--	3.1	--	3.3	--

* Total segment performance numbers include returns of any managers retained during the time periods shown but subsequently terminated by the Board.

Table A-4

EXTERNAL EQUITY MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 12/83 - 6/88

Name	Date	Qtr. Port. T/o	Eq. Alloc.	R2	Eq. Beta	Mvar	Evar	Rel Ret	P/B	5 Yr Earn	Size	Grow	E/P	Yld	Finl
Fred Alger	6/30/88	37	93	0.91	1.31	0.98	0.41	-0.18	0.76	0.44	0.96	1.13	-0.16	-0.51	-0.03
	3/31/88	76	96	0.94	1.26	0.79	0.50	-0.11	0.36	0.17	0.73	0.54	0.02	-0.37	0.10
	12/31/87	21	95	0.93	1.27	0.82	0.18	0.08	0.79	0.35	0.26	0.85	-0.13	-0.61	0.02
	9/30/87	40	93	0.93	1.27	0.89	0.16	0.52	0.92	0.35	0.18	0.91	-0.04	-0.62	0.09
	6/30/87	50	95	0.94	1.17	0.64	0.11	0.30	0.92	0.39	0.02	0.64	-0.25	-0.48	0.04
	3/31/87	82	79	0.95	1.16	0.48	0.21	0.01	0.37	0.13	0.16	0.32	-0.02	-0.35	-0.04
	12/31/86	49	93	0.95	1.17	0.45	0.13	0.26	0.73	0.01	0.19	0.39	-0.02	-0.34	-0.04
	9/30/86	38	88	0.91	1.28	0.84	0.32	0.44	0.56	0.03	0.40	0.49	-0.19	-0.58	-0.10
	6/30/86	21	94	0.92	1.31	0.88	0.35	0.74	0.40	0.09	0.02	0.39	-0.04	-0.56	-0.01
	3/31/86	40	98	0.91	1.29	0.94	0.48	0.31	0.23	0.12	-0.17	0.45	-0.40	-0.54	0.19
	12/31/85	28	95	0.90	1.25	0.69	0.45	0.11	0.13	0.25	0.14	0.19	0.02	-0.45	0.25
	9/30/85	28	95	0.83	1.23	0.64	0.33	-0.07	0.16	0.31	0.32	0.33	-0.17	-0.42	0.08
	6/30/85	41	92	0.79	1.23	0.77	0.39	-0.07	0.32	0.48	0.26	0.53	-0.05	-0.55	0.05
	3/31/85	36	96	0.85	1.27	0.84	0.24	0.03	0.39	0.69	0.05	0.38	-0.23	-0.64	0.08
	12/31/84	16	95	0.86	1.19	0.48	0.05	0.03	0.35	0.10	0.26	0.10	0.03	-0.47	-0.09
	9/30/84	20	94	0.86	1.22	0.44	0.14	0.10	0.34	0.00	0.42	-0.01	-0.04	-0.44	-0.08
	6/30/84	16	93	0.86	1.22	0.11	-0.01	0.06	0.06	-0.21	0.45	-0.13	-0.21	-0.31	0.07
	3/31/84	19	91	0.86	1.19	0.14	0.04	-0.13	0.08	-0.34	0.46	-0.12	-0.40	-0.32	-0.00
	12/31/83	23	95	0.88	1.18	0.38	0.08	0.26	-0.04	-0.37	0.31	-0.05	-0.50	-0.32	0.05
Alliance Capital	6/30/88	15	96	0.93	1.18	0.46	0.43	0.01	0.66	0.40	-0.27	0.64	-0.14	-0.49	-0.09
	3/31/88	19	97	0.94	1.17	0.45	0.26	-0.01	0.89	0.18	-0.26	0.69	-0.09	-0.55	0.05
	12/31/87	10	99	0.92	1.15	0.28	-0.04	0.34	1.00	0.13	-0.15	0.60	-0.22	-0.61	0.02
	9/30/87	13	98	0.95	1.21	0.63	-0.04	0.41	0.70	0.13	-0.25	0.68	-0.21	-0.55	-0.07
	6/30/87	18	99	0.96	1.20	0.54	0.03	0.13	0.70	0.25	-0.18	0.67	-0.09	-0.50	-0.08
	3/31/87	29	92	0.95	1.20	0.55	0.06	0.09	0.93	0.20	-0.28	0.65	-0.08	-0.51	-0.10
	12/31/86	19	96	0.92	1.23	0.43	-0.04	0.28	0.66	0.34	-0.15	0.82	-0.06	-0.58	-0.08
	9/30/86	13	99	0.91	1.21	0.44	-0.14	0.20	0.64	0.35	-0.12	0.64	0.00	-0.50	-0.26
	6/30/86	11	97	0.89	1.21	0.88	0.35	0.30	0.75	0.48	-0.19	0.68	-0.02	-0.50	-0.26
	3/31/86	17	94	0.85	1.24	0.53	0.11	0.48	0.88	0.36	-0.10	0.57	-0.46	-0.49	0.09
	12/31/85	7	96	0.83	1.23	0.52	0.13	0.23	1.06	0.43	-0.14	0.56	-0.44	-0.54	0.00
	9/30/85	15	89	0.73	1.24	0.53	0.15	0.09	0.99	0.54	-0.02	0.64	-0.50	-0.61	-0.08
	6/30/85	7	95	0.76	1.21	0.52	0.03	0.04	0.96	0.66	0.08	0.68	-0.30	-0.56	-0.06
	3/31/85	10	96	0.76	1.19	0.48	-0.12	0.10	0.74	0.73	0.15	0.63	-0.27	-0.55	-0.20
	12/31/84	8	92	0.73	1.30	0.56	0.09	0.03	0.82	0.51	0.26	0.85	-0.29	-0.73	-0.15
	9/30/84	13	88	0.72	1.34	0.53	0.15	-0.02	0.72	0.52	0.33	0.83	-0.28	-0.65	-0.09
	6/30/84	8	92	0.73	1.39	0.46	0.13	-0.27	0.78	0.45	0.48	0.78	-0.40	-0.73	-0.04
	3/31/84	12	92	0.72	1.38	0.68	0.13	0.13	0.71	0.46	0.50	0.65	-0.47	-0.72	-0.04
	12/31/83	14	92	0.72	1.37	0.65	0.31	0.18	0.78	0.14	0.45	0.72	-0.50	-0.72	0.06
Beutel Goodman	6/30/88	79	49	0.85	1.28	0.67	0.88	-0.29	-0.59	-0.23	0.39	-0.13	0.66	0.24	0.13
	3/31/88	11	90	0.82	1.21	0.51	0.71	-0.28	-0.66	-0.11	0.63	0.01	0.04	0.28	0.40
	12/31/87	9	87	0.79	1.23	0.51	0.09	-0.45	-0.53	0.02	0.76	0.25	-0.12	0.22	0.45
	9/30/87	15	86	0.85	1.15	0.05	0.08	-0.42	-0.53	-0.30	0.74	0.30	-0.62	0.01	0.33
	6/30/87	12	86	0.89	1.14	0.13	0.05	-0.30	-0.59	-0.30	0.22	0.18	-0.42	-0.08	0.24
	3/31/87	25	84	0.88	1.18	0.25	0.31	-0.57	-0.66	-0.23	0.25	0.34	-0.17	-0.02	0.27
	12/31/86	18	96	0.86	1.21	0.41	0.22	-0.79	-0.69	-0.24	0.22	0.40	-0.35	-0.04	0.39
	9/30/86	13	95	0.87	1.20	0.33	0.48	-0.68	-0.68	-0.35	0.38	0.09	-0.31	0.09	0.35

Table A-4 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 12/83 - 6/88

Name	Date	Qtr. Port. T/O	Eq Alloc.	R2	Eq. Beta	Mvar	Evar	Rel. Ret	P/B	5 Yr. Earn	Size	Grow	E/p	Yld	Finl
Beutel Con't.	6/30/86	10	87	0.89	1.20	0.22	0.54	-0.79	-0.67	-0.28	0.23	0.07	-0.41	0.10	0.28
	3/31/86	22	87	0.85	1.15	0.37	0.64	-0.66	-0.64	-0.33	0.19	0.23	-0.94	0.06	0.12
	12/31/85	18	89	0.83	1.22	0.30	0.58	-0.58	-0.61	-0.74	0.63	0.13	-0.88	0.25	0.35
	9/30/85	5	99	0.81	1.26	0.47	0.47	-0.40	-0.32	-0.52	0.90	0.12	-0.73	0.09	0.26
	6/30/85	6	94	0.83	1.24	0.55	0.22	-0.27	-0.26	-0.64	0.96	0.27	-0.55	-0.02	0.37
	3/31/85	14	93	0.83	1.18	0.38	-0.25	-0.38	-0.25	-0.71	1.19	0.14	-0.43	0.06	0.24
	12/31/84	8	94	0.81	1.19	0.27	-0.15	-0.41	-0.42	-0.87	1.14	0.04	0.21	0.06	0.63
	9/30/84	10	93	0.81	1.21	0.31	-0.17	-0.10	-0.41	-0.81	1.28	0.10	0.23	0.08	0.59
	6/30/84	11	92	0.79	1.18	0.05	-0.29	0.19	-0.44	-0.89	1.32	0.07	0.02	-0.05	0.58
	3/31/84	12	98	0.79	1.16	0.16	-0.19	0.27	-0.41	-0.85	1.34	0.01	-0.42	-0.04	0.37
	12/31/83	15	95	0.74	1.08	0.21	-0.08	0.22	-0.42	-0.61	1.18	0.03	-0.72	0.05	0.24
BMI Capital	6/30/88	19	95	0.83	1.49	1.24	1.05	-0.24	0.01	-0.07	2.35	0.99	-0.16	-0.69	0.30
	3/31/88	21	96	0.86	1.41	1.15	0.82	-0.30	-0.17	-0.33	2.37	0.93	-0.13	-0.76	0.10
	12/31/87	5	96	0.89	1.40	0.83	0.44	-0.60	-0.33	-0.45	2.20	0.48	0.37	-0.62	0.01
	9/30/87	23	98	0.90	1.28	0.54	0.52	-0.33	-0.12	-0.39	1.97	0.60	0.06	-0.57	0.10
	6/30/87	14	99	0.91	1.28	0.62	0.61	-0.19	-0.02	-0.34	1.56	0.60	0.09	-0.64	0.14
	3/31/87	20	96	0.89	1.29	0.65	0.48	-0.02	0.00	-0.62	1.27	0.89	0.10	-0.63	0.25
	12/31/86	21	96	0.91	1.21	0.67	0.47	0.13	-0.01	-0.43	1.15	0.76	-0.09	-0.74	-0.04
	9/30/86	7	97	0.89	1.31	0.78	0.49	0.14	-0.03	-0.28	1.50	1.07	-0.35	-0.85	-0.11
	6/30/86	20	96	0.90	1.37	1.10	0.31	0.23	0.23	-0.14	1.60	0.95	-0.08	-0.84	-0.17
	3/31/86	17	97	0.86	1.33	0.98	0.43	-0.13	0.37	0.03	1.48	0.96	-1.06	-0.59	0.08
	12/31/85	5	95	0.85	1.27	0.74	0.35	-0.30	0.22	0.13	1.14	0.59	-0.80	-0.40	-0.01
	9/30/85	28	28	0.72	1.40	0.89	0.32	-0.78	0.48	0.67	1.47	0.74	-0.42	-0.71	-0.25
	6/30/85	10	98	0.75	1.22	0.80	0.17	-0.52	0.80	1.06	1.42	0.63	-0.14	-0.56	-0.38
	3/31/85	2	99	0.55	1.26	0.84	0.10	-0.66	1.13	1.04	1.49	0.23	-0.20	-0.61	-0.33
	12/31/84	13	87	0.74	1.33	0.78	0.34	-0.20	1.05	0.56	1.41	0.11	-0.24	-0.57	-0.18
	9/30/84	29	82	0.75	1.33	0.78	0.17	-0.44	0.83	0.63	1.17	-0.05	0.01	-0.44	-0.23
	6/30/84	6	99	0.79	1.33	0.63	0.17	-0.37	0.67	0.32	1.51	0.22	-0.24	-0.48	-0.16
	3/31/84	18	95	0.80	1.32	0.77	0.20	-0.53	0.72	0.31	1.86	0.36	-0.40	-0.47	-0.14
	12/31/83	14	98	0.81	1.29	1.02	0.26	0.26	0.58	0.08	1.60	0.48	-0.52	-0.49	0.01
Forstmann Leff	6/30/88	32	64	0.92	1.12	0.54	0.43	-0.20	0.01	0.30	-0.24	0.15	0.12	-0.16	0.10
	3/31/88	68	50	0.94	1.04	0.31	0.27	-0.15	0.40	0.15	-0.32	0.05	0.09	0.05	0.26
	12/31/87	51	54	0.92	1.09	0.32	0.28	-0.01	0.25	0.04	-0.14	0.08	-0.17	-0.08	0.34
	9/30/87	50	56	0.93	1.04	0.20	0.22	0.36	0.16	0.02	-0.11	0.08	-0.09	-0.16	0.25
	6/30/87	63	68	0.94	1.11	0.47	0.10	0.50	0.53	-0.01	-0.20	0.23	-0.30	-0.29	0.05
	3/31/87	77	77	0.95	1.21	0.51	-0.09	0.29	0.55	-0.09	-0.16	0.30	-0.15	-0.45	0.00
	12/31/86	54	71	0.88	1.29	0.64	0.29	0.90	1.01	0.24	0.19	0.44	-0.09	-0.58	-0.16
	9/30/86	60	51	0.85	1.53	1.33	0.59	0.44	0.43	0.44	1.08	1.07	-0.02	-0.82	-0.12
	6/30/86	71	87	0.88	1.49	1.26	0.51	0.29	0.37	0.35	0.87	0.93	-0.04	-0.72	-0.25
	3/31/86	83	89	0.88	1.37	0.91	0.35	0.16	0.10	-0.35	0.64	0.59	-0.77	-0.39	0.27
	12/31/85	78	88	0.91	1.35	0.94	0.36	0.48	0.06	-0.38	0.03	0.45	-0.44	-0.46	0.35
	9/30/85	108	70	0.88	1.27	0.64	0.24	0.13	0.10	-0.42	0.00	0.25	-0.48	-0.43	0.25
	6/30/85	27	77	0.89	1.22	0.83	0.17	0.16	0.15	0.08	-0.20	0.35	-0.07	-0.33	0.09
	3/31/85	55	69	0.89	1.19	0.67	0.07	-0.15	-0.04	0.13	-0.03	0.16	0.14	-0.18	0.02
	12/31/84	12	87	0.84	1.22	0.39	-0.06	-0.14	-0.07	-0.44	0.39	-0.06	-0.01	-0.10	0.08
	9/30/84	40	83	0.86	1.26	0.49	0.03	-0.20	-0.25	-0.43	0.25	-0.17	-0.23	-0.09	0.14

Table A-4 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 12/83 - 6/88

Name	Date	Qtr. Port. T/O	Eq Alloc.	R2	Eq. Beta	Mvar	Evar	Rel. Ret	P/B	5 Yr. Earn	Size	Grow	E/p	Yld	Finl
Forstmann Con't.	6/30/84	31	54	0.81	1.26	0.14	0.01	-0.27	-0.21	-0.22	0.16	0.07	-0.08	-0.16	0.15
	3/31/84	34	71	0.82	1.17	0.13	-0.04	-0.11	-0.14	-0.21	0.17	0.05	-0.18	-0.10	0.15
	12/31/83	41	81	0.70	1.10	0.02	-0.11	-0.25	-0.03	-0.25	-0.12	-0.03	-0.15	-0.07	0.05
Hellman Jordan	12/31/87	42	58	0.90	1.16	0.24	0.15	-0.15	-0.10	-0.00	-0.18	0.35	0.48	-0.18	0.01
	9/30/87	55	79	0.93	1.18	0.44	0.06	-0.01	0.23	0.12	-0.10	0.62	0.26	-0.35	-0.04
	6/30/87	44	78	0.93	1.22	0.59	0.13	-0.02	0.56	0.27	-0.39	0.78	0.08	-0.45	-0.28
	3/31/87	18	96	0.93	1.33	0.83	0.10	0.08	0.64	-0.16	-0.17	0.84	-0.17	-0.65	-0.05
	12/31/86	16	96	0.91	1.29	0.72	0.11	0.05	0.36	-0.22	-0.24	0.65	0.02	-0.64	-0.05
	9/30/86	20	96	0.90	1.34	0.87	0.07	0.22	0.30	-0.21	-0.18	0.89	-0.02	-0.70	-0.06
	6/30/86	15	98	0.89	1.34	0.80	0.15	0.12	0.16	-0.29	-0.07	0.95	-0.02	-0.57	0.00
	3/31/86	35	97	0.88	1.26	0.79	0.34	0.26	0.06	0.19	-0.16	0.83	-0.71	-0.48	0.09
	12/31/85	36	95	0.93	1.14	0.32	0.23	-0.13	-0.17	0.04	-0.13	0.39	-0.22	-0.22	0.25
	9/30/85	36	96	0.89	1.07	0.26	0.09	-0.49	-0.29	-0.06	-0.54	0.03	0.02	0.00	0.27
	6/30/85	38	89	0.89	1.10	0.29	-0.04	-0.27	-0.21	-0.12	-0.47	-0.07	0.18	0.15	0.07
	3/31/85	52	81	0.88	1.13	0.28	-0.12	-0.20	-0.28	-0.07	-0.24	0.00	-0.07	0.06	0.30
	12/31/84	36	82	0.86	1.21	0.59	0.25	-0.36	-0.35	-0.36	0.15	0.12	0.14	-0.09	0.30
	9/30/84	10	80	0.84	1.22	0.64	0.38	-0.17	-0.26	-0.45	0.22	0.16	-0.08	0.05	0.33
	6/30/84	34	61	0.87	1.25	0.28	0.21	-0.34	-0.29	-0.33	0.10	0.10	-0.10	0.16	0.52
	3/31/84	30	58	0.87	1.16	0.25	0.15	0.03	-0.41	-0.22	0.01	0.19	-0.05	0.25	0.30
	12/31/83	43	51	0.74	1.23	0.16	0.09	-0.19	-0.23	-0.26	0.25	0.18	0.07	0.45	0.26
IDS Advisory	6/30/88	22	96	0.93	1.18	0.69	0.71	-0.12	0.21	0.06	0.22	0.25	0.00	-0.29	0.05
	3/31/88	41	99	0.94	1.15	0.47	0.80	-0.06	0.34	-0.44	0.06	0.20	-0.06	-0.21	0.05
	12/31/87	12	99	0.94	1.09	0.32	0.24	0.32	0.61	-0.21	-0.07	0.34	-0.35	-0.35	-0.06
	9/30/87	31	90	0.95	1.13	0.45	0.13	0.37	0.63	-0.20	-0.03	0.34	-0.21	-0.34	-0.04
	6/30/87	22	98	0.96	1.13	0.41	0.09	0.26	0.45	0.07	-0.09	0.38	-0.23	-0.30	-0.07
	3/31/87	38	97	0.96	1.14	0.44	0.05	0.42	0.65	0.07	-0.20	0.27	-0.15	-0.22	-0.15
	12/31/86	14	99	0.94	1.16	0.35	0.08	0.48	0.51	0.25	0.01	0.27	0.09	-0.21	-0.07
	9/30/86	28	95	0.92	1.19	0.45	0.22	0.58	0.35	0.32	0.18	0.23	0.10	-0.18	-0.03
	6/30/86	28	90	0.93	1.19	0.54	0.17	0.54	0.46	0.25	0.09	0.22	0.06	-0.23	-0.08
	3/31/86	16	92	0.91	1.20	0.53	0.21	0.44	0.50	0.34	0.11	0.29	-0.11	-0.22	0.11
	12/31/85	19	93	0.88	1.18	0.55	0.30	0.19	0.55	0.35	0.24	0.28	-0.12	-0.21	0.16
	9/30/85	21	98	0.86	1.15	0.37	0.28	-0.02	0.30	0.34	0.07	0.22	-0.17	-0.15	0.06
	6/30/85	13	98	0.87	1.11	0.37	0.21	0.17	0.16	0.41	-0.02	0.16	0.00	0.04	0.03
	3/31/85	39	87	0.85	1.08	0.24	-0.06	0.10	0.07	0.43	-0.09	-0.06	0.18	0.18	0.10
	12/31/84	21	89	0.83	1.05	0.04	-0.10	0.16	0.12	0.23	-0.07	-0.07	0.11	0.25	0.07
	9/30/84	40	92	0.89	1.08	0.17	-0.12	0.17	0.28	0.31	0.08	-0.04	0.19	0.23	0.03
	6/30/84	42	87	0.85	1.04	-0.08	-0.15	0.28	0.54	0.31	0.28	-0.11	0.18	0.21	0.17
	3/31/84	41	82	0.80	1.09	0.11	-0.01	0.23	0.15	0.19	0.17	-0.13	0.28	0.14	0.04
	12/31/83	45	89	0.86	1.17	0.24	0.23	0.27	0.15	-0.15	0.43	0.22	-0.34	-0.13	0.14
Investment Advisers	6/30/88	17	87	0.94	1.09	0.18	0.36	-0.12	0.39	0.10	-0.19	0.31	-0.08	-0.11	0.12
	3/31/88	7	82	0.91	1.04	0.14	0.11	-0.09	0.63	0.03	-0.13	0.31	-0.11	-0.14	0.13
	12/31/87	3	82	0.91	1.02	0.05	-0.01	0.40	0.82	0.03	-0.08	0.38	-0.30	-0.32	-0.04
	9/30/87	7	79	0.94	1.10	0.38	-0.04	0.40	0.70	0.02	-0.17	0.36	-0.09	-0.28	0.05
	6/30/87	9	82	0.95	1.06	0.19	0.05	0.29	0.85	0.01	-0.14	0.21	-0.13	-0.27	0.03
	3/31/87	8	82	0.95	1.08	0.27	0.06	0.18	0.72	0.08	-0.16	0.16	-0.06	-0.27	0.04

Table A-4 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 12/83 - 6/88

Name	Date	Qtr. Port. T/O	Eq Alloc.	R2	Eq. Beta	Mvar	Evar	Rel. Ret	P/B	5 Yr. Earn	Size	Grow	E/p	Yld	Finl
IAI Con't.	12/31/86	15	77	0.93	1.07	0.24	0.12	0.29	0.45	0.02	-0.12	0.18	0.00	-0.23	-0.02
	9/30/86	12	77	0.94	1.12	0.31	0.06	0.27	0.34	0.07	0.00	0.35	-0.17	-0.39	-0.09
	6/30/86	22	84	0.94	1.17	0.55	-0.04	0.40	0.28	0.06	-0.03	0.28	-0.16	-0.44	-0.10
	3/31/86	13	84	0.95	1.12	0.48	0.10	0.07	0.02	-0.03	-0.11	0.40	-0.57	-0.29	0.02
	12/31/85	32	83	0.93	1.14	0.39	0.18	-0.22	0.04	-0.01	-0.12	0.29	-0.27	-0.24	0.02
	9/30/85	4	95	0.92	1.15	0.45	0.18	-0.40	-0.12	0.07	-0.02	0.28	0.02	-0.25	0.03
	6/30/85	10	90	0.90	1.17	0.60	0.10	-0.33	-0.26	0.14	-0.17	0.12	0.18	-0.19	-0.08
	3/31/85	28	89	0.91	1.17	0.51	0.05	-0.33	-0.26	0.16	0.08	-0.02	0.43	-0.11	-0.06
	12/31/84	9	97	0.88	1.19	0.39	-0.12	-0.20	-0.34	-0.15	0.09	-0.08	0.43	-0.01	0.04
	9/30/84	21	88	0.86	1.21	0.40	-0.13	-0.21	-0.23	-0.00	0.12	0.02	0.45	-0.02	0.06
	6/30/84	8	98	0.89	1.21	0.11	-0.23	-0.28	-0.22	0.09	0.08	0.02	0.48	0.00	0.21
	3/31/84	21	92	0.89	1.17	0.05	-0.22	-0.36	-0.17	0.14	0.14	0.07	0.25	-0.14	0.22
	12/31/83	16	89	0.86	1.13	0.06	-0.15	-0.30	-0.16	-0.05	0.01	0.15	-0.09	-0.17	0.17
Lieber & Co.	6/30/88	9	97	0.90	1.31	0.71	-0.02	-0.14	0.03	0.25	2.20	0.72	0.02	-0.34	-0.54
	3/31/88	20	94	0.90	1.33	0.67	-0.02	-0.21	-0.04	0.21	2.09	0.69	0.06	-0.28	-0.34
	12/31/87	14	96	0.88	1.33	0.53	0.06	-0.35	-0.13	0.24	2.34	0.66	0.10	-0.26	-0.20
	9/30/87	16	92	0.85	1.26	0.26	0.04	-0.43	-0.14	0.26	2.29	0.67	0.15	-0.25	-0.23
	6/30/87	11	97	0.86	1.25	0.17	-0.01	-0.51	-0.04	0.27	1.50	0.74	0.19	-0.23	-0.27
	3/31/87	15	94	0.85	1.27	0.27	0.06	-0.25	-0.01	0.22	1.58	0.59	0.15	-0.34	-0.25
	12/31/86	14	96	0.88	1.28	0.35	0.11	0.01	-0.08	0.13	1.47	0.49	0.19	-0.32	-0.17
	9/30/86	11	99	0.89	1.31	0.44	0.10	0.06	-0.02	0.24	1.44	0.52	0.15	-0.32	-0.27
	6/30/86	7	99	0.90	1.32	0.59	0.12	0.12	0.05	0.15	1.50	0.55	0.14	-0.36	-0.33
	3/31/86	14	99	0.86	1.31	0.63	0.02	-0.06	0.03	0.16	1.49	0.48	0.00	-0.38	-0.27
	12/31/85	12	97	0.85	1.30	0.53	0.07	-0.01	0.04	0.27	1.56	0.48	0.02	-0.39	-0.21
	9/30/85	6	98	0.80	1.30	0.54	0.12	-0.04	0.03	0.35	1.64	0.50	-0.10	-0.40	-0.31
	6/30/85	14	96	0.80	1.27	0.55	0.04	-0.17	0.03	0.40	1.83	0.36	-0.05	-0.35	-0.43
	3/31/85	19	99	0.81	1.24	0.65	0.03	0.04	0.09	0.35	1.79	0.17	-0.02	-0.35	-0.21
	12/31/84	14	85	0.79	1.34	0.78	0.12	-0.25	0.03	0.39	1.94	0.48	-0.05	-0.47	-0.17
	9/30/84	17	87	0.80	1.31	0.74	0.07	-0.28	0.05	0.49	1.99	0.51	0.01	-0.48	-0.18
	6/30/84	10	95	0.81	1.33	0.76	0.05	-0.37	0.13	0.52	1.99	0.42	-0.02	-0.48	-0.10
	3/31/84	0	93	0.85	1.37	0.65	0.00	-0.16	0.18	0.57	1.99	0.45	0.03	-0.46	-0.12
	12/31/83	9	00	0.83	1.24	0.63	-0.01	0.30	-0.06	0.28	1.93	0.29	0.12	-0.38	-0.07
Peregrine Capital	3/31/88	24	92	0.91	1.19	0.24	0.08	-0.63	-0.59	-0.19	0.50	-0.14	0.11	0.75	0.04
	12/31/87	41	91	0.88	1.22	0.31	-0.01	-0.92	-0.54	-0.12	0.79	-0.08	0.12	0.70	0.11
	9/30/87	30	83	0.85	1.07	-0.26	0.01	-0.85	-0.64	-0.21	0.95	-0.09	0.28	0.79	0.12
	6/30/87	26	79	0.84	1.10	-0.15	-0.04	-0.91	-0.61	-0.25	0.67	-0.05	0.15	0.69	0.12
	3/31/87	41	79	0.84	1.12	-0.11	0.00	-0.90	-0.59	-0.19	0.54	-0.04	0.06	0.57	0.10
	12/31/86	50	81	0.86	1.18	0.12	0.04	-1.05	-0.57	-0.20	0.51	0.16	-0.15	0.42	0.12
	9/30/86	50	83	0.86	1.12	-0.07	0.06	-1.06	-0.66	-0.26	0.50	0.12	0.00	0.47	0.17
	6/30/86	37	83	0.79	1.18	0.09	0.27	-1.28	-0.75	-0.52	0.62	0.17	-0.06	0.56	0.22
	3/31/86	47	84	0.76	1.19	0.19	0.16	-1.53	-0.73	-0.41	0.73	0.20	-0.31	0.51	0.19
	12/31/85	53	82	0.81	1.21	0.26	0.18	-1.31	-0.77	-0.55	0.88	0.10	-0.54	0.33	0.27
	9/30/85	9	80	0.82	1.22	0.53	0.37	-1.26	-0.63	-0.36	0.36	0.15	-0.33	0.22	0.24
	6/30/85	58	75	0.78	1.48	0.25	0.00	-1.46	-0.60	-0.45	1.06	0.07	-0.34	0.27	-0.13
	3/31/85	49	89	0.79	1.41	0.32	0.07	-1.28	-0.53	-0.48	1.01	-0.07	-0.09	0.27	0.02
	12/31/84	37	87	0.81	1.37	1.11	0.39	-0.05	0.72	0.27	1.88	0.76	-0.79	-0.96	-0.11

Table A-4 Con't.

EXTERNAL EQUITY MANAGERS

Portfolio Statistics Historical Summary

Name	Date	Qtr. Port. T/o	Eq. Alloc.	R2	Eq. Beta	Mvar	Evvar	Rel Ret	P/B	5 Yr Earn	Size	Grow	E/P	Yld	Finl
Peregrine Con't.	9/30/84	61	97	0.81	1.36	1.10	0.43	0.10	0.89	0.22	1.70	0.83	-0.82	-0.95	-0.17
	6/30/84	26	89	0.83	1.39	0.77	0.37	-0.59	0.49	0.23	1.45	0.71	-0.55	-0.77	-0.09
	3/31/84	66	87	0.82	1.28	0.76	0.26	-0.30	0.82	0.31	1.29	0.77	-0.59	-0.67	-0.07
	12/31/83	92	83	0.87	1.23	0.66	0.16	0.12	0.41	0.12	1.32	0.74	-0.59	-0.69	-0.09
Waddell & Reed	6/30/88	39	68	0.86	1.40	1.20	0.92	0.05	0.26	-0.08	1.67	0.80	-0.20	-0.51	-0.09
	3/31/88	25	61	0.86	1.41	1.16	1.12	-0.08	-0.22	-0.49	1.90	1.04	-0.48	-0.45	0.08
	12/31/87	30	57	0.85	1.44	1.27	0.24	0.03	0.08	-0.38	2.37	1.16	-0.53	-0.49	0.00
	9/30/87	38	74	0.92	1.26	0.58	-0.02	0.16	0.05	-0.37	1.63	0.89	-0.38	-0.25	0.04
	6/30/87	45	86	0.92	1.25	0.54	0.16	0.03	0.28	-0.17	0.70	0.65	-0.30	-0.35	-0.09
	3/31/87	29	90	0.93	1.22	0.65	0.18	-0.07	-0.05	-0.41	0.67	0.16	-0.17	-0.18	0.03
	12/31/86	42	73	0.95	1.13	0.38	0.16	0.06	-0.14	-0.47	0.23	-0.02	-0.11	0.09	-0.01
	9/30/86	38	78	0.94	1.14	0.38	0.07	0.03	-0.13	-0.17	0.00	0.02	0.13	0.10	-0.06
	6/30/86	35	79	0.93	1.28	0.74	0.08	0.28	0.02	-0.04	0.30	0.23	-0.02	-0.35	-0.02
	3/31/86	20	88	0.93	1.29	0.87	0.42	0.22	-0.07	-0.19	0.36	0.11	-0.51	-0.16	0.11
	12/31/85	36	75	0.91	1.27	0.76	0.36	0.10	-0.12	0.02	0.48	0.22	-0.02	-0.20	0.15
	9/30/85	41	50	0.85	1.24	0.53	0.37	-0.02	-0.24	-0.13	0.36	0.15	0.17	-0.09	0.24
	6/30/85	34	74	0.79	1.19	0.55	0.21	0.14	-0.31	0.17	0.26	-0.17	0.41	0.11	0.27
	3/31/85	51	78	0.82	1.26	0.62	0.23	-0.12	-0.39	0.09	0.49	-0.09	0.43	0.01	0.34
	12/31/84	39	52	0.75	1.29	0.78	0.10	0.00	-0.05	0.05	0.54	0.27	0.13	-0.30	0.12
	9/30/84	76	35	0.76	1.27	0.53	0.07	-0.01	-0.04	0.08	0.35	0.22	0.21	-0.20	0.02
	6/30/84	81	21	0.52	1.56	0.71	0.22	-0.74	-0.05	-0.16	0.89	-0.03	0.72	-0.60	0.24
	3/31/84	35	31	0.74	1.31	0.43	0.03	-0.13	-0.12	-0.22	0.61	-0.08	0.28	-0.35	0.23
	12/31/83	103	31	0.72	1.36	0.86	0.03	-0.49	-0.23	-1.07	1.42	0.09	-0.24	-0.46	-0.14
Average External Manager	6/30/88	30	83	0.90	1.26	0.74	0.57	-0.14	0.19	0.13	0.79	0.54	0.01	-0.32	-0.01
	3/31/88	28	86	0.90	1.22	0.59	0.47	-0.19	0.09	-0.08	0.76	0.43	-0.06	-0.17	0.09
	12/31/87	22	83	0.89	1.22	0.50	0.15	-0.12	0.17	-0.03	0.74	0.46	-0.07	-0.24	0.06
	9/30/87	29	84	0.91	1.18	0.39	0.10	0.02	0.18	-0.03	0.65	0.49	-0.08	-0.23	0.05
	6/30/87	29	88	0.92	1.17	0.38	0.12	-0.04	0.28	0.02	0.33	0.46	-0.11	-0.26	-0.02
	3/31/87	35	88	0.92	1.20	0.44	0.13	-0.07	0.23	-0.09	0.27	0.41	-0.06	-0.28	0.01
	12/31/86	28	89	0.91	1.20	0.43	0.15	0.06	0.20	-0.05	0.31	0.41	-0.05	-0.29	-0.01
	9/30/86	26	87	0.90	1.25	0.55	0.21	0.04	0.10	0.04	0.47	0.50	-0.06	-0.33	-0.05
	6/30/86	25	91	0.90	1.28	0.70	0.26	0.09	0.12	0.01	0.45	0.49	-0.06	-0.36	-0.07
	3/31/86	29	92	0.88	1.25	0.66	0.30	-0.04	0.07	0.02	0.41	0.41	-0.53	-0.27	0.08
	12/31/85	29	90	0.89	1.23	0.55	0.29	0.03	0.04	-0.02	0.43	0.33	-0.34	-0.23	0.14
	9/30/85	27	82	0.83	1.23	0.53	0.27	-0.29	0.04	0.07	0.41	0.31	-0.15	-0.25	0.07
	6/30/85	24	90	0.83	1.23	0.55	0.14	-0.23	0.07	0.20	0.46	0.27	-0.07	-0.18	-0.02
	3/31/85	33	90	0.82	1.23	0.53	0.02	-0.26	0.06	0.21	0.54	0.13	-0.01	-0.17	0.03
	12/31/84	24	86	0.81	1.25	0.56	0.08	-0.13	0.17	0.03	0.73	0.23	-0.03	-0.32	0.05
	9/30/84	33	84	0.82	1.26	0.56	0.09	-0.10	0.17	0.05	0.72	0.22	-0.08	-0.28	0.04
	6/30/84	27	81	0.81	1.29	0.36	0.04	-0.25	0.13	0.01	0.79	0.19	-0.02	-0.29	0.14
	3/31/84	25	83	0.82	1.25	0.38	0.03	-0.10	0.13	0.01	0.60	0.20	-0.15	-0.26	0.08
	12/31/83	36	84	0.80	1.23	0.44	0.07	-0.03	0.07	-0.19	0.80	0.26	-0.31	-0.27	0.06

Table A-5
EXTERNAL ACTIVE EQUITY MANAGERS
Sector Weighting Historical Profile
Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
Fred Alger	6/30/88	\$110,364,959	3.3%	3.4%	29.5%	---	7.1%	26.8%	23.5%	6.3%	---
	3/31/88	101,170,778	1.1	7.8	41.6	2.2%	7.2	16.1	17.2	6.8	---
	12/31/87	99,460,859	---	3.8	48.8	---	8.9	12.2	21.2	5.1	---
	9/30/87	130,985,906	---	4.8	54.1	---	1.5	13.1	20.8	5.7	---
	6/30/87	120,786,460	1.0	1.7	45.5	3.6	2.4	10.2	28.7	5.3	1.6%
	3/31/87	120,744,512	1.3	2.5	43.1	2.1	12.1	11.6	25.1	2.2	---
	12/31/86	101,957,413	2.0	3.0	44.1	6.5	10.8	12.2	20.4	0.9	---
	9/30/86	96,875,274	1.9	3.7	49.6	---	12.8	4.6	18.8	8.7	---
	6/30/86	112,733,180	1.9	7.5	52.9	---	11.6	6.2	15.8	4.0	---
	3/31/86	103,958,164	1.7	8.2	46.5	---	17.4	5.9	18.7	1.6	---
	12/31/85	86,744,768	1.7	11.7	38.7	---	18.2	3.1	17.0	6.6	2.9
	9/30/85	73,092,544	---	10.3	44.4	2.4	14.1	3.1	14.5	8.4	2.8
	6/30/85	63,144,042	---	17.6	36.0	1.4	9.3	3.5	15.7	16.6	---
	3/31/85	57,886,615	5.2	14.3	28.8	3.7	7.8	1.8	24.8	13.6	---
	12/31/84	54,018,782	5.2	16.1	36.1	---	4.1	7.9	25.2	5.4	---
	9/30/84	53,908,974	9.3	15.4	33.7	---	0.8	11.4	23.5	6.0	---
	6/30/84	49,936,760	14.0	8.0	30.7	---	3.8	11.5	29.5	2.6	---
	3/31/84	51,737,228	13.3	4.3	28.8	---	3.4	18.3	31.9	---	---
	12/31/83	55,644,200	13.2	6.6	21.7	---	6.4	18.1	33.9	---	---
Alliance Capital	6/30/88	201,757,656	5.6	5.3	35.3	2.5	8.3	9.1	24.2	9.6	---
	3/31/88	154,189,387	4.5	3.9	35.5	3.8	10.1	12.9	21.1	8.1	---
	12/31/87	118,226,764	6.2	3.2	38.3	1.8	12.6	16.7	18.0	3.2	---
	9/30/87	150,466,291	5.8	4.6	35.2	2.6	14.3	15.4	19.1	3.1	---
	6/30/87	136,207,599	5.9	5.1	35.4	2.4	16.5	11.6	17.5	5.7	---
	3/31/87	130,165,259	5.8	5.5	33.9	3.5	20.8	9.5	16.5	4.5	---
	12/31/86	102,208,699	3.3	4.6	32.5	---	23.2	10.4	15.0	11.0	---
	9/30/86	97,177,251	3.0	3.9	42.5	---	24.2	4.7	13.0	8.7	---
	6/30/86	110,202,737	2.3	3.6	49.1	---	28.1	---	9.8	7.1	---
	3/31/86	104,093,860	2.4	4.5	46.6	---	30.2	2.5	8.2	5.6	---
	12/31/85	87,252,311	---	4.6	45.6	---	29.2	---	14.3	6.3	---
	9/30/85	74,094,296	---	7.5	52.0	---	21.8	---	11.1	7.6	---
	6/30/85	65,072,829	---	8.7	49.9	2.2	14.3	---	12.7	8.9	3.3
	3/31/85	58,738,405	---	9.9	47.9	2.4	12.6	---	15.8	8.0	3.4
	12/31/84	52,332,767	---	8.7	48.8	---	10.2	---	20.6	8.1	3.7
	9/30/84	51,653,441	---	8.8	49.7	---	9.6	---	19.3	9.2	3.5
	6/30/84	48,457,996	---	8.1	51.6	---	6.9	---	23.5	9.9	---
	3/31/84	47,427,119	---	8.3	48.0	2.7	5.6	---	25.1	10.4	---
	12/31/83	52,725,699	0.8	7.5	45.3	---	6.8	2.4	24.2	13.1	---
Beutel Goodman	6/30/88	131,349,373	0.7	11.3	12.0	8.5	14.0	16.8	22.8	9.1	4.8
	3/31/88	121,661,394	---	6.0	12.6	18.2	25.1	8.7	18.8	3.3	7.2
	12/31/87	110,731,055	1.8	5.9	13.6	13.8	27.4	8.5	21.4	---	7.6
	9/30/87	144,431,591	5.7	2.8	14.6	14.4	26.4	7.1	22.7	---	6.3

Table A-5 Con't.
EXTERNAL ACTIVE EQUITY MANAGERS
Sector Weighting Historical Profile
Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
Beutel Con't.	6/30/87	\$132,802,200	6.5%	3.0%	18.6%	6.5%	27.8%	13.0%	22.2%	---	2.5%
	3/31/87	126,160,277	2.4	3.1	15.4	3.4	25.5	17.8	25.9	3.5%	3.1
	12/31/86	107,294,817	2.1	3.4	9.7	4.8	23.0	20.6	29.3	4.3	2.7
	9/30/86	86,368,324	2.7	4.4	11.1	4.2	24.6	23.4	19.4	5.9	4.1
	6/30/86	90,128,302	3.4	5.3	9.3	4.0	20.3	23.3	19.0	11.0	4.4
	3/31/86	90,652,277	4.2	4.2	9.2	3.8	18.6	22.9	20.9	11.5	4.6
	12/31/85	79,304,850	3.9	3.8	9.0	2.8	28.2	22.1	18.2	12.0	---
	9/30/85	70,821,795	2.7	3.7	15.7	---	26.0	24.0	16.6	11.3	---
	6/30/85	75,450,430	2.8	---	12.8	---	30.4	23.1	19.1	11.7	---
	3/31/85	70,177,266	2.1	---	19.2	---	28.4	33.1	13.6	3.6	---
	12/31/84	63,402,269	8.8	---	13.8	---	32.2	33.8	11.4	---	---
	9/30/84	60,461,938	6.5	---	14.0	---	37.1	35.6	6.8	---	---
	6/30/84	55,295,358	9.3	---	21.1	---	30.4	32.4	6.7	---	---
	3/31/84	56,896,258	8.9	---	18.6	---	27.2	39.3	6.0	---	---
	12/31/83	57,233,781	9.8	---	20.2	---	11.2	46.2	5.4	7.2	---
BMI Capital	6/30/88	78,102,359	11.8	2.4	43.9	3.8	14.7	7.9	15.6	---	---
	3/31/88	74,231,350	11.1	3.6	45.7	3.4	9.9	15.3	11.0	---	---
	12/31/87	59,920,930	9.6	8.6	40.2	5.0	11.5	14.7	10.4	---	---
	9/30/87	85,846,390	9.1	8.1	37.2	5.5	14.3	11.2	14.4	---	---
	6/30/87	82,736,116	12.4	5.8	42.3	7.5	13.5	8.5	10.1	---	---
	3/31/87	81,802,425	11.7	8.1	37.0	5.3	14.3	13.3	10.3	---	---
	12/31/86	65,559,574	8.7	10.5	35.9	---	20.1	8.9	15.9	---	---
	9/30/86	62,163,502	10.2	8.1	38.7	---	13.1	12.4	17.5	---	---
	6/30/86	68,576,473	8.5	6.4	43.4	---	19.8	2.9	19.1	---	---
	3/31/86	64,120,062	6.8	7.7	38.4	4.6	20.9	3.6	18.0	---	---
	12/31/85	54,452,525	9.9	4.0	32.2	14.6	19.3	4.3	12.3	3.4	---
	9/30/85	49,026,413	10.4	3.4	37.8	---	6.0	4.0	28.9	9.6	---
	6/30/85	9,759,880	5.4	9.7	34.9	---	5.7	4.0	30.3	9.9	---
	3/31/85	9,851,108	7.1	9.0	37.6	---	---	6.8	35.9	3.7	---
	12/31/84	9,015,974	6.5	5.8	40.0	---	---	7.4	35.9	4.4	---
	9/30/84	8,820,740	4.6	13.4	42.6	---	---	4.1	31.3	3.9	---
	6/30/84	8,533,642	3.2	16.4	37.4	---	---	11.5	31.5	---	---
Forstmann Leff	3/31/84	8,366,038	4.3	12.7	39.3	---	---	17.8	25.9	---	---
	12/31/83	9,784,767	7.4	12.1	28.4	---	6.6	19.0	26.4	---	---
	6/30/88	170,669,309	1.8	2.9	27.1	3.6	2.1	34.8	21.0	2.9	3.7
	3/31/88	135,115,524	1.5	---	39.3	---	---	28.3	7.0	7.9	16.0
	12/31/87	96,222,605	2.0	10.3	34.1	---	5.9	12.2	6.9	12.7	15.9
	9/30/87	116,644,605	1.8	1.7	33.1	---	4.5	30.5	17.4	3.0	8.0
	6/30/87	107,438,093	---	---	25.2	0.9	2.3	42.1	25.0	4.4	---
	3/31/87	105,717,837	---	---	31.0	---	22.5	30.8	10.6	5.1	---
	12/31/86	88,281,072	---	1.4	44.6	---	16.7	20.5	9.6	5.9	1.3
	9/30/86	85,396,871	---	10.4	28.8	---	19.0	17.2	18.9	5.7	---
	6/30/86	95,703,997	2.6	6.6	25.2	---	22.4	13.2	23.7	5.2	1.1
	3/31/86	87,886,861	1.3	4.0	18.1	---	34.7	17.4	10.1	8.1	6.3
	12/31/85	73,996,082	1.4	7.9	25.7	2.1	25.2	22.1	8.9	6.7	---
	9/30/85	63,626,068	---	9.7	41.6	6.6	20.9	6.4	12.1	2.8	---

Table A-5 Con't.
EXTERNAL ACTIVE EQUITY MANAGERS
Sector Weighting Historical Profile
Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
Forstmann Con't.	6/30/85	\$66,383,632	1.1%	7.4%	40.1%	---	25.1%	10.3%	11.0%	5.1%	---
	3/31/85	61,436,421	2.5	9.8	25.7	---	25.5	14.7	17.4	4.4	---
	12/31/84	55,396,358	1.4	10.5	30.9	---	23.3	15.1	13.3	5.5	---
	9/30/84	53,550,733	4.5	4.6	32.5	---	21.5	14.5	18.9	3.6	---
	6/30/84	51,218,131	3.7	3.6	40.2	---	7.0	10.3	24.3	7.2	3.7
	3/31/84	52,083,507	7.6	3.0	37.0	---	6.0	14.5	23.1	6.0	2.8
	12/31/83	55,421,154	5.7	13.6	35.5	5.8	3.9	8.4	18.7	5.3	3.1
Hellman Jordan	12/31/87	83,632,334	---	14.2	20.8	1.6	18.3	10.7	28.8	2.0	3.5
	9/30/87	107,083,180	---	11.7	20.0	1.2	15.5	13.1	32.9	3.9	1.9
	6/30/87	102,296,573	---	11.2	18.0	---	22.1	9.8	34.0	4.9	---
	3/31/87	101,035,689	---	6.0	24.9	---	25.6	5.8	31.3	6.3	---
	12/31/86	78,099,466	---	3.8	29.8	---	31.7	7.3	23.2	4.1	---
	9/30/86	74,466,800	---	6.4	25.6	---	33.5	8.1	23.3	3.2	---
	6/30/86	83,097,338	---	9.3	24.8	---	32.7	10.7	20.1	2.4	---
	3/31/86	82,829,526	---	12.1	22.3	2.2	29.8	13.6	18.4	1.7	---
	12/31/85	71,819,754	---	8.8	20.1	9.4	23.5	18.7	15.2	2.9	1.4
	9/30/85	60,551,842	---	5.6	17.1	6.9	26.9	17.2	13.8	4.7	7.7
	6/30/85	64,181,384	3.9	3.5	23.0	7.0	26.0	15.5	7.5	3.5	10.0
	3/31/85	59,732,797	1.3	---	21.9	5.9	25.3	13.6	16.1	6.7	9.2
	12/31/84	54,923,168	1.3	6.1	19.5	1.1	19.8	17.1	20.3	9.2	5.7
	9/30/84	52,497,049	1.5	10.7	11.3	0.8	14.0	15.3	29.3	12.0	5.0
	6/30/84	47,929,367	1.8	12.4	13.8	1.2	16.4	21.2	12.6	11.1	9.6
	3/31/84	49,895,127	---	12.4	19.5	6.4	15.7	15.7	4.3	8.8	17.2
	12/31/83	50,182,761	---	14.8	30.0	6.0	16.5	10.4	2.1	3.0	17.2
Investment Advisers	6/30/88	97,145,848	10.9	---	29.2	4.1	2.4	26.3	15.1	4.2	7.8
	3/31/88	92,828,454	8.0	---	36.9	3.3	---	31.1	11.5	1.9	7.3
	12/31/87	94,229,641	8.5	1.4	36.2	2.7	---	29.2	15.0	1.7	5.3
	9/30/87	110,995,988	8.2	2.8	32.9	3.2	---	29.3	14.7	3.8	5.1
	6/30/87	101,936,871	6.4	3.1	31.9	3.6	1.1	30.7	14.4	3.4	5.4
	3/31/87	98,002,073	5.4	3.2	28.5	3.0	6.1	29.1	11.9	7.4	5.3
	12/31/86	81,868,013	4.5	2.2	31.0	2.9	6.9	25.8	10.1	9.7	6.7
	9/30/86	78,677,066	5.2	---	33.0	2.9	7.6	28.6	14.7	8.0	---
	6/30/86	86,330,923	8.2	---	33.0	1.0	9.6	26.5	13.2	8.6	---
	3/31/86	82,520,514	5.6	3.3	20.6	2.3	9.6	23.8	18.8	13.4	2.6
	12/31/85	73,389,199	4.0	6.6	15.7	3.0	12.6	18.5	24.4	12.2	2.9
	9/30/85	61,953,366	3.2	6.5	8.3	2.9	15.9	20.2	28.3	12.8	1.8
	6/30/85	66,785,302	3.4	8.8	6.5	3.2	18.8	17.1	29.0	13.2	---
	3/31/85	62,742,678	3.4	6.0	6.1	2.8	16.3	19.9	32.9	12.6	---
	12/31/84	58,967,426	3.3	6.4	13.6	5.9	20.5	19.2	19.9	10.8	0.6
	9/30/84	55,807,710	3.7	7.2	21.5	6.9	21.0	13.1	20.2	5.6	0.8
	6/30/84	50,388,386	5.5	5.9	26.3	6.2	18.8	9.1	20.6	3.7	3.9
	3/31/84	51,864,720	5.8	5.4	30.2	8.9	21.5	7.7	15.6	3.9	1.0
	12/31/83	54,533,402	6.3	6.3	25.0	5.8	21.9	9.7	15.7	6.1	3.2

Table A-5 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Sector Weighting Historical Profile

Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
IDS Advisory	6/30/88	\$137,129,678	6.6%	2.6%	27.0%	10.4%	---	26.5%	18.1%	6.7%	2.0%
	3/31/88	127,991,912	5.5	2.2	24.9	11.5	1.7	25.9	15.8	9.4	3.0
	12/31/87	97,193,741	4.8	---	23.6	8.4	2.4	31.2	19.9	5.5	4.2
	9/30/87	122,497,788	3.7	3.6	21.1	9.7	---	28.5	23.7	5.9	3.9
	6/30/87	115,535,096	2.3	5.0	28.1	11.5	---	23.0	19.6	7.9	2.7
	3/31/87	111,432,245	2.6	3.1	25.7	12.5	5.5	23.8	18.5	4.7	3.6
	12/31/86	91,035,628	2.7	1.1	25.2	7.4	10.9	24.6	7.8	7.3	13.0
	9/30/86	87,085,769	2.3	1.2	29.7	8.2	10.4	23.4	5.8	5.0	14.0
	6/30/86	96,881,914	---	---	42.4	3.1	16.4	15.8	6.5	5.0	10.8
	3/31/86	90,164,763	---	1.7	32.6	1.1	17.7	15.6	8.9	12.1	10.2
	12/31/85	76,939,408	---	1.9	31.7	2.6	14.9	10.4	13.9	13.2	11.4
	9/30/85	64,292,295	3.0	2.2	27.1	5.1	13.6	12.7	13.9	12.7	9.7
	6/30/85	68,295,847	3.0	4.8	27.7	8.4	13.4	7.2	11.7	8.5	15.1
	3/31/85	62,021,800	---	5.2	27.5	9.8	11.0	7.3	14.0	7.7	17.6
	12/31/84	57,153,006	1.8	4.6	29.5	3.7	7.6	3.7	16.9	7.2	25.0
	9/30/84	55,468,185	3.4	6.6	25.4	7.6	7.9	5.6	19.6	4.6	19.4
	6/30/84	50,278,968	---	5.3	27.6	8.1	6.8	7.6	19.2	4.8	20.6
	3/31/84	50,085,955	4.8	10.1	12.4	9.6	8.7	14.3	15.2	9.5	15.4
	12/31/83	54,006,960	4.9	7.6	18.0	---	8.8	19.0	26.1	6.0	9.6
Lieber & Company	6/30/88	67,508,400	4.3	4.1	32.4	2.4	17.7	20.2	14.1	4.4	0.5
	3/31/88	43,777,958	3.6	3.8	37.8	1.4	23.4	11.8	12.2	6.0	---
	12/31/87	37,684,660	4.4	6.7	34.6	1.3	26.8	9.5	9.7	6.4	0.6
	9/30/87	48,954,439	4.0	6.9	31.4	1.6	32.3	6.3	11.0	5.9	0.6
	6/30/87	47,687,801	3.3	6.1	31.6	1.7	37.4	7.3	8.9	3.1	0.7
	3/31/87	48,385,863	3.4	8.8	29.7	1.8	39.7	5.8	8.3	1.8	0.7
	12/31/86	40,294,436	3.0	8.0	26.5	2.4	41.1	8.6	7.7	1.7	0.7
	9/30/86	40,257,595	2.3	7.4	25.5	2.4	42.7	9.2	6.4	2.8	1.2
	6/30/86	44,505,476	1.7	7.3	22.4	3.1	41.8	10.3	7.5	3.7	2.1
	3/31/86	40,102,680	2.1	7.4	21.4	3.5	38.4	12.3	9.0	4.0	2.0
	12/31/85	35,197,559	1.8	8.7	20.1	3.5	34.3	11.9	12.2	5.4	2.0
	9/30/85	30,715,520	1.6	7.0	21.9	4.5	32.6	14.3	11.8	5.1	1.2
	6/30/85	31,313,770	2.1	7.8	21.4	4.6	30.3	16.0	11.0	5.5	1.2
	3/31/85	29,544,589	2.9	8.0	25.3	6.1	28.9	15.1	8.9	3.5	1.3
	12/31/84	26,473,866	3.2	5.3	27.0	3.2	24.2	18.4	15.3	3.4	---
	9/30/84	25,807,665	2.9	3.8	33.0	4.1	22.4	16.8	14.8	2.2	---
	6/30/84	23,927,529	2.6	3.3	34.8	3.5	21.1	16.7	15.3	1.8	0.8
	3/31/84	24,261,218	3.6	6.4	32.3	4.9	17.3	16.8	16.3	1.8	0.7
	12/31/83	11,159,936	7.7	4.5	33.7	3.5	16.7	22.3	6.1	5.6	---
Peregrine Capital	3/31/88	98,031,111	3.6	7.1	25.3	1.3	19.5	11.9	16.7	4.7	9.8
	12/31/87	86,846,303	0.9	8.1	24.6	2.0	20.9	9.0	17.4	4.9	12.1
	9/30/87	109,568,922	2.8	7.1	21.1	2.7	19.4	8.2	14.7	2.6	21.4
	6/30/87	105,285,388	3.9	7.8	24.7	3.7	15.0	7.4	16.1	3.1	18.2
	3/31/87	103,857,724	5.2	8.2	24.7	4.9	13.0	8.3	16.7	4.0	15.0
	12/31/86	88,571,840	6.7	8.1	22.0	4.5	11.8	11.1	17.3	4.7	13.8
	9/30/86	84,825,995	8.6	8.0	16.8	9.6	10.7	13.7	14.8	5.5	12.2
	6/30/86	89,051,403	8.0	6.7	9.6	15.2	8.1	15.7	13.6	5.0	18.1

Table A-5 Con't.
EXTERNAL ACTIVE EQUITY MANAGERS
Sector Weighting Historical Profile
Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
Peregrine Con't.	3/31/86	\$87,406,272	7.4%	5.5%	15.6%	16.2%	5.3%	15.7%	14.8%	3.8%	15.8%
	12/31/85	82,085,372	9.1	6.3	15.1	17.8	5.3	19.1	11.2	3.3	12.7
	6/30/85	29,610,673	0.2	---	51.4	4.2	12.4	2.9	24.0	2.7	2.3
	3/31/85	27,145,424	---	2.3	44.2	6.3	9.2	6.2	28.0	1.9	1.9
	12/31/84	25,188,312	---	2.3	37.5	2.7	3.9	9.8	37.7	4.1	1.9
	9/30/84	25,685,954	---	3.7	38.0	0.6	2.3	11.9	39.7	1.3	2.4
	6/30/84	24,546,941	2.8	5.5	31.2	5.8	1.0	9.3	38.9	4.3	1.3
	3/31/84	10,385,041	3.6	4.4	23.1	8.5	1.1	7.2	45.5	5.4	1.1
	12/31/83	11,215,761	2.5	1.6	25.5	1.2	3.2	6.0	51.8	1.7	6.6
Waddell & Reed	6/30/88	149,261,345	6.9	11.6	13.2	5.3	---	23.0	29.3	8.5	2.3
	3/31/88	109,202,978	---	14.2	9.9	13.5	1.2	26.3	27.2	5.1	2.6
	12/31/87	101,042,528	---	11.9	14.9	7.0	---	25.1	35.0	3.8	2.3
	9/30/87	127,554,770	0.6	8.5	15.1	7.0	2.3	21.0	30.9	6.2	8.3
	6/30/87	116,141,569	4.1	10.2	19.1	9.0	2.9	20.8	30.7	2.3	0.8
	3/31/87	113,451,543	1.1	13.6	19.7	16.1	5.2	15.3	24.0	3.8	1.1
	12/31/86	95,836,775	1.6	11.2	21.7	12.3	12.3	16.1	19.2	5.6	---
	9/30/86	91,162,262	2.9	8.5	21.7	12.4	12.9	14.6	18.9	6.6	1.5
	6/30/86	97,376,898	4.4	7.8	26.0	0.4	20.7	21.7	12.4	6.6	---
	3/31/86	95,498,169	4.3	7.3	13.0	2.9	23.3	24.9	16.9	7.3	---
	12/31/85	82,027,227	4.6	7.7	17.0	5.4	15.2	25.9	15.0	9.1	---
	9/30/85	74,328,144	2.0	7.7	18.8	5.1	19.7	22.5	15.6	5.2	3.3
	6/30/85	29,531,769	---	11.8	14.5	2.5	21.1	18.4	13.3	6.1	12.4
	3/31/85	27,604,382	---	12.8	11.9	2.7	21.5	15.8	16.3	7.9	11.2
	12/31/84	26,234,116	---	14.0	18.7	---	18.8	2.7	25.5	1.0	19.3
	9/30/84	25,856,251	1.4	13.9	28.0	3.3	14.3	0.5	30.9	1.6	6.1
	6/30/84	25,495,564	---	29.0	25.7	---	15.7	---	17.8	11.8	---
	3/31/84	25,833,644	5.2	32.1	21.4	---	25.0	---	11.7	4.5	---
	12/31/83	11,409,742	12.8	32.4	---	---	33.9	---	20.9	---	---
Average External Managers	6/30/88	---	5.8	4.8	27.7	4.5	7.4	21.3	20.4	5.8	2.3
	3/31/88	---	3.9	4.9	31.0	5.9	9.8	18.8	15.8	5.3	4.6
	12/31/87	---	3.5	6.7	30.0	4.0	12.2	16.3	18.5	4.1	4.7
	9/30/87	---	3.8	5.7	28.7	4.4	11.9	16.7	20.2	3.6	5.0
	6/30/87	---	4.2	5.4	29.1	4.6	12.8	16.8	20.6	3.6	2.9
	3/31/87	---	3.5	5.7	28.5	4.8	17.3	15.6	18.1	3.9	2.6
	12/31/86	---	3.1	5.2	29.4	3.7	19.0	15.1	16.0	5.0	3.5
	9/30/86	---	3.6	5.6	29.4	3.6	19.2	14.5	15.6	5.5	3.0
	6/30/86	---	3.7	5.5	30.7	2.4	21.0	13.3	14.6	5.3	3.3
	3/31/86	---	2.8	5.5	25.6	5.1	20.7	13.4	14.6	6.4	5.8
	12/31/85	---	3.0	6.2	24.1	7.4	19.1	13.0	14.5	7.4	5.3
	9/30/85	---	2.8	6.6	27.5	4.2	18.4	12.7	16.8	7.6	3.4
	6/30/85	---	2.2	6.6	29.3	3.1	20.0	10.9	17.3	7.6	3.0
	3/31/85	---	2.4	6.8	26.4	3.6	17.5	11.4	22.2	6.8	3.0
	12/31/84	---	2.4	8.0	26.4	2.3	15.5	11.2	23.9	6.6	4.0
	9/30/84	---	2.9	7.9	27.9	3.8	14.1	9.6	26.3	4.8	2.7

Table A-5 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Sector Weighting Historical Profile

Quarterly, 12/83 - 6/88

Manager Name	Date	Total Portfolio Market Value	Cap Gds	Cons Dur	Cons Ndur	Ener	Finl	Mat & Serv	Tech	Tran	Util
Average Con't.	6/30/84	---	4.0%	7.6%	28.6%	4.2%	12.5%	10.9%	23.4%	5.4%	3.4%
	3/31/84	---	5.2	7.6	24.0	5.7	13.2	13.3	22.7	5.1	3.1
	12/31/83	---	6.0	6.4	23.5	3.0	12.2	15.1	24.0	6.3	3.5
Wilshire 5000	6/30/88	---	5.1	4.0	27.4	9.7	12.2	13.7	12.0	3.0	12.9
	3/31/88	---	5.1	3.8	27.6	9.2	12.2	14.1	11.8	3.0	13.2
	12/31/87	---	5.0	3.5	27.2	9.0	12.3	14.2	11.7	3.0	14.1
	9/30/87	---	4.9	3.9	28.1	8.9	12.4	13.8	13.5	3.2	11.3
	6/30/87	---	4.8	4.0	27.3	9.8	12.3	13.4	13.6	3.1	11.7
	3/31/87	---	4.6	3.9	27.5	9.4	13.0	13.6	12.9	3.0	12.1
	12/31/86	---	4.6	3.8	27.2	9.0	13.5	12.6	12.2	3.0	14.1
	9/30/86	---	4.4	3.8	26.9	9.0	14.0	12.1	12.4	3.1	14.3
	6/30/86	---	4.5	4.0	28.8	7.8	14.0	12.4	12.6	3.0	12.9
	3/31/86	---	4.8	4.7	27.0	8.0	14.1	11.8	13.4	3.3	12.9
	12/31/85	---	4.8	4.2	25.7	10.5	12.9	11.4	14.2	3.3	13.0
	9/30/85	---	4.7	4.1	26.2	10.6	12.3	11.4	14.0	3.4	13.3
	6/30/85	---	4.8	4.0	26.3	11.2	12.2	10.8	13.6	3.6	13.5
	3/31/85	---	4.9	3.9	25.3	13.0	11.4	10.9	14.4	3.3	12.9
	12/31/84	---	5.4	9.9	23.0	13.5	9.9	10.6	13.2	3.7	10.8
	9/30/84	---	5.2	4.3	24.9	13.2	10.3	11.5	15.5	2.9	12.2
	6/30/84	---	5.3	4.0	25.7	13.5	9.6	11.7	15.6	2.9	11.7
	3/31/84	---	5.4	3.9	23.6	16.1	9.8	12.1	15.3	2.9	11.1
	12/31/83	---	5.5	4.2	24.0	14.5	9.5	12.2	16.3	2.8	11.1

Table A-6

EXTERNAL ACTIVE EQUITY MANAGERS

Historical Performance Summary

	2Q 83	3Q 83	4Q 83	1Q 84	2Q 84	3Q 84	4Q 84	1Q 85	2Q 85	3Q 85	4Q 85
FRED ALGER											
Equity	13.9%	-3.5%	-1.0%	-8.1%	-4.1%	8.3%	0.2%	7.3%	10.1%	-4.7%	20.0%
Total Fund	13.1	-3.4	-0.9	-7.0	-3.5	8.0	0.2	7.2	9.1	-4.6	18.7
ALLIANCE CAPITAL											
Equity	14.3	-8.7	-0.6	-11.2	2.2	7.1	1.3	13.1	11.5	-3.6	19.2
Total Fund	12.7	-8.0	-0.4	-10.1	2.2	6.6	1.3	12.2	10.8	-3.3	17.8
BEUTEL GOODMAN											
Equity	13.9	3.4	3.5	-0.7	-2.8	10.1	5.1	12.1	8.1	-9.0	12.5
Total Fund	8.7	1.1	3.3	-0.6	-2.8	9.3	4.9	10.7	7.5	-8.6	12.0
BMI CAPITAL											
Equity	14.4	-7.8	-6.0	-14.4	2.1	3.6	2.3	10.5	-0.7	-9.9	19.4
Total Fund	11.9	-7.7	-6.1	-14.5	2.0	3.4	2.2	9.3	-0.9	-2.4	11.1
FORSTMANN LEFF											
Equity	11.2	-1.7	-1.0	-8.3	-2.8	7.5	3.7	12.6	9.4	-5.4	21.5
Total Fund	9.9	-1.2	-0.6	-6.0	-1.7	4.6	3.4	10.9	8.1	-4.2	16.3
HELLMAN JORDAN											
Equity	10.0	-9.5	-0.9	-3.1	-4.8	8.6	4.3	10.0	9.5	-5.9	19.4
Total Fund	5.8	-3.2	-1.0	-0.6	-3.9	9.5	4.6	8.7	7.5	-5.6	18.6
IDS ADVISORY											
Equity	14.3	-6.6	-0.9	-8.4	0.0	11.4	3.2	9.2	10.7	-5.9	20.5
Total Fund	13.6	-5.6	-0.6	-7.3	0.4	10.3	3.0	8.5	10.1	-5.9	19.7
INVESTMENT ADVISERS											
Equity	11.6	-2.9	1.5	-5.8	-3.0	11.3	5.8	6.6	7.1	-7.8	20.5
Total Fund	8.0	-1.8	1.3	-4.9	-2.8	10.7	5.7	6.4	6.4	-7.2	18.5
LIEBER & COMPANY											
Equity	16.6	-2.4	1.7	-10.2	-1.3	8.9	2.9	13.8	6.3	-1.7	15.2
Total Fund	11.6	-1.9	1.3	-7.3	-1.4	7.9	2.6	11.6	6.0	-1.9	14.6
PEREGRINE CAPITAL											
Equity	19.6	-3.6	-6.0	-8.8	-3.2	5.3	-2.1	9.5	10.7	0.4	15.5
Total Fund	16.4	-2.6	-5.1	-7.4	-2.7	4.7	-1.9	7.8	9.1	-1.9	12.8
WADDELL & REED											
Equity	30.2	-4.7	-9.3	-14.0	-10.3	-1.6	0.7	8.1	8.7	-5.4	18.4
Total Fund	24.0	-3.0	-5.3	-2.2	-1.3	1.4	1.5	5.2	7.0	-2.0	10.4
SBI AGGREGATE											
Equity	12.1	-5.6	-1.5	-7.5	-2.7	8.0	2.4	9.5	8.8	-5.7	17.7
Total Fund	10.5	-4.5	-1.2	-5.9	-2.2	7.2	2.4	8.4	8.0	-4.5	15.2
MARKET INDICES											
Wilshire 5000	13.0	-0.9	-1.0	-4.2	-2.8	9.2	1.3	10.3	7.5	-4.3	16.8
91 Day T-Bills	2.2	2.4	2.3	2.4	2.6	2.7	2.3	2.1	1.9	1.9	1.8

Table A-6 Con't.

EXTERNAL ACTIVE EQUITY MANAGERS

Historical Performance Summary

	1Q 86	2Q 86	3Q 86	4Q86	1Q 87	2Q 87	3Q 87	4Q 87	1Q 88	2Q 88
FRED ALGER										
Equity	21.2%	9.0%	-14.7	5.7%	22.3%	-0.6%	8.8%	-25.6%	1.7%	9.6%
Total Fund	19.8	8.5	-14.1	5.3	18.4	0.0	8.3	-24.2	1.6	9.0
ALLIANCE CAPITAL										
Equity	20.0	6.1	-11.9	5.3	28.8	4.9	11.1	-22.2	4.2	9.9
Total Fund	19.3	5.9	-11.8	5.2	27.4	4.6	10.8	-21.4	4.0	9.6
BEUTEL GOODMAN										
Equity	15.7	-0.9	-4.8	-1.2	18.6	6.4	10.0	-25.8	10.7	8.8
Total Fund	14.3	-0.6	-4.2	-1.3	17.6	5.3	8.6	-23.4	9.8	7.9
BMI CAPITAL										
Equity	18.6	7.2	-9.7	5.8	25.8	1.2	4.3	-31.5	25.3	5.4
Total Fund	17.8	7.0	-9.4	5.5	24.8	1.2	4.1	-30.2	23.9	5.2
FORSTMANN LEFF										
Equity	20.8	10.1	-16.0	5.7	25.7	2.1	12.0	-29.2	10.9	5.6
Total Fund	18.8	8.9	-10.8	3.4	19.8	1.6	8.4	-17.6	6.9	3.4
HELLMAN JORDAN										
Equity	16.1	0.4	-10.7	5.2	30.2	1.8	6.6	-29.6	N.A.	N.A.
Total Fund	15.3	0.3	-10.4	4.9	29.4	1.3	4.8	-21.9	N.A.	N.A.
IDS ADVISORY										
Equity	18.2	8.1	-10.6	4.8	23.1	3.9	6.0	-22.8	0.6	7.3
Total Fund	17.2	7.5	-10.1	4.5	22.4	3.7	5.9	-20.7	0.6	7.1
INVESTMENT ADVISERS										
Equity	14.7	5.3	-11.1	4.9	24.9	4.9	10.8	-19.6	-2.0	5.3
Total Fund	12.4	4.6	-8.9	4.1	19.7	4.0	8.8	-15.2	-1.4	4.7
LIEBER & COMPANY										
Equity	13.8	11.8	-9.5	0.3	21.2	-1.4	2.9	-23.5	17.0	5.2
Total Fund	13.9	11.0	-9.5	0.1	20.1	-1.3	2.7	-23.0	16.2	4.6
PEREGRINE CAPITAL										
Equity	7.7	2.1	-5.7	5.2	21.8	1.5	4.7	-24.1	13.9	N.A.
Total Fund	6.5	1.9	-4.7	4.4	17.3	1.4	3.9	-20.8	13.0	N.A.
WADDELL & REED										
Equity	19.7	2.4	-8.3	6.2	23.0	2.6	11.6	-25.1	12.8	9.9
Total Fund	16.4	2.0	-6.4	5.1	18.4	2.4	9.8	-20.8	8.1	7.3
SBI AGGREGATE										
Equity	16.6	5.0	-1.4	4.4	23.6	2.9	7.9	-25.1	8.3	7.9
Total Fund	15.2	4.5	-8.6	3.9	21.0	2.6	6.9	-21.8	7.3	6.8
MARKET INDICES										
Wilshire 5000	14.4	5.8	-7.7	4.0	21.2	3.3	6.2	-23.1	8.0	6.5
91 Day T-Bills	1.8	1.6	1.4	1.3	1.4	1.4	1.5	1.5	1.4	1.5

Bond Manager Portfolio Statistics Glossary

Like the preceding equity manager portfolio statistics glossary, this bond manager portfolio statistics glossary is designed to define terminology used in evaluating a bond manager's investment philosophy, risk characteristics and performance data.

Qtr. Port. Turnover	The manager's total bond sales during the quarter divided by the average value of the manager's bond portfolio over the quarter.
# of Issues	The number of different bond issues held in the manager's portfolio.
Bond Allocation	The percent of the manager's total portfolio invested in bonds.
Coupon	The annual interest payment received on the manager's total portfolio stated as a percent of the portfolio's face value.
Current Yield	The annual interest payment produced by the manager's total portfolio stated as a percent of the portfolio's market value.
Yield To Maturity	The compounded annualized return that the manager's total portfolio would produce if it were held to maturity and all cash flows were reinvested at an interest rate equal to the yield to maturity.
Duration	A measure of the average life of the total portfolio. Duration is a weighted average maturity whereby the time in the future that each cash flow is received is weighted by the proportion that the present value of the cash flow contributes to the total present value (or price) of the total portfolio.
Term of Maturity	Also a measure of the average life of the total portfolio. Term to maturity is the number of years remaining until the average bond in the portfolio makes its final cash payment.
Quality Weightings	Refers to the average rating given the total portfolio's securities by Moody's Corp. A security's rating indicates the financial strength of its issuer and other factors related to the likelihood of full and timely payment of interest and principal.
Sector Weightings	Refers to the sectors of the bond market in which the manager has positioned his/her bond portfolio.
TUCS Median	The median manager within a subsample of the TUCS universe that is restricted to fixed income managers investing in portfolios with quality and duration characteristics similar to those that are required of the SBI's bond managers.

Table A-7

EXTERNAL ACTIVE FIXED INCOME MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 9/84 - 6/88

Manager Name	Date	Qtr. Port. T/O	# Of Bonds	Bond Alloc.	Coupon	Cur. Yield	Yield To Mat.	Avg. Qual.	Dur.	Term To Mat.
Investment Advisers	6/30/88	25%	19	95%	8.1%	8.1%	8.4%	AAA	3.7Yrs.	5.0Yrs.
	3/31/88	10	19	98	7.9	7.7	8.0	AAA	3.2	4.1
	12/31/87	8	19	88	7.6	7.6	8.3	AAA	3.1	4.0
	9/30/87	0	21	99	7.8	8.1	9.9	AAA	3.4	4.6
	6/30/87	15	19	92	7.7	7.6	8.3	AAA	3.5	4.5
	3/31/87	7	24	97	8.6	8.1	8.0	AAA	3.4	4.3
	12/31/86	11	25	93	8.9	8.4	8.1	AAA	3.5	4.4
	9/30/86	5	22	98	9.4	8.6	8.5	AAA	3.5	4.4
	6/30/86	9	21	96	9.6	8.8	8.3	AAA	3.3	4.1
	3/31/86	17	22	95	9.9	8.9	8.2	AAA	3.3	4.2
	12/31/85	10	16	95	9.4	8.8	8.7	AAA	3.4	4.3
	9/30/85	30	18	99	9.7	9.3	9.9	AAA	3.8	5.1
	6/30/85	50	17	99	8.4	8.1	10.1	AAA	4.7	6.2
	3/31/85	19	13	99	8.7	9.3	11.7	AAA	4.9	8.9
	12/31/84	25	10	99	8.4	9.3	11.5	AAA	5.6	12.1
	9/30/84	10	7	100	9.0	10.8	12.6	AAA	6.4	15.2
Lehman Management	6/30/88	55	47	92	8.1	8.4	10.1	AAA	4.1	7.8
	3/31/88	75	40	87	8.3	8.4	8.4	AAA	3.9	8.1
	12/31/87	32	42	89	8.2	8.5	8.5	AAA	3.6	5.2
	9/30/87	54	34	81	8.0	8.5	9.1	AAA	3.5	6.1
	6/30/87	36	46	92	7.9	8.1	8.2	AAA	3.7	5.0
	3/31/87	51	46	91	8.5	8.1	7.3	AAA	3.9	5.6
	12/31/86	40	45	94	9.6	8.9	7.5	AAA	4.3	6.7
	9/30/86	31	44	98	10.2	9.4	8.2	AAA	4.4	8.6
	6/30/86	16	48	97	10.8	9.8	8.3	AAA	4.0	8.1
	3/31/86	28	54	97	11.0	9.7	8.3	AAA	4.0	8.5
	12/31/85	40	32	89	11.1	10.2	9.2	AAA	3.7	6.5
	9/30/85	24	35	95	11.4	10.9	10.2	AAA	3.9	6.6
	6/30/85	49	27	92	11.4	10.8	9.9	AAA	3.8	6.3
	3/31/85	43	24	85	11.6	11.4	11.0	AAA	3.6	5.6
	12/31/84	44	19	85	11.6	11.4	10.8	AAA	3.3	5.3
	9/30/84	62	15	82	11.2	11.5	12.2	AAA	3.7	6.5
Miller Anderson	6/30/88	24	60	84	8.4	8.5	10.0	AA	3.6	6.0
	3/31/88	65	57	83	8.4	8.5	8.9	AA	4.1	6.8
	12/31/87	30	57	92	9.2	9.0	9.2	AA	4.7	7.6
	9/30/87	36	58	93	9.2	9.4	9.6	AA	4.9	8.6
	6/30/87	52	76	95	9.0	8.8	8.9	AA	5.4	8.6
	3/31/87	70	43	82	8.4	7.9	7.8	AA	4.8	7.6
	12/31/86	30	57	96	9.5	8.8	8.2	AA	6.6	12.1
	9/30/86	15	68	99	9.3	9.3	9.8	AA	5.6	12.5
	6/30/86	57	60	97	9.4	9.3	9.5	AA	5.2	11.6
	3/31/86	73	37	92	10.5	9.7	8.8	AA	4.4	11.4
	12/31/85	71	42	99	10.4	9.9	9.6	AA	5.3	9.6
	9/30/85	23	52	98	9.6	10.2	10.6	AA	5.0	9.7
	6/30/85	75	48	95	9.3	10.0	10.4	AA	4.6	9.3
	3/31/85	35	41	92	9.0	10.0	11.1	AA	3.7	7.4

Table A-7 Con't.

EXTERNAL ACTIVE FIXED INCOME MANAGERS

Portfolio Statistics Historical Summary

Quarterly, 9/84 - 6/88

Manager Name	Date	Qtr. Port. T/O	# Of Bonds	Bond Alloc.	Coupon	Cur. Yield	Yield To Mat.	Avg. Qual.	Dur.	Term To Mat.
Miller Con't.	12/31/84	50	43	99	9.1	10.1	11.3	AA	3.9	7.3
	9/30/84	83	59	71	9.8	11.1	11.9	AAA	3.3	6.7
Morgan Stanley	6/30/88	90%	8	81%	8.4%	8.5%	8.6%	AAA	4.2Yrs.	7.4Yrs.
	3/31/88	78	10	99	8.6	8.7	8.8	AAA	5.5	8.4
	12/31/87	160	11	100	8.5	8.7	8.9	AAA	5.2	8.0
	9/30/87	27	7	73	7.6	7.9	8.6	AAA	2.2	3.4
	6/30/87	107	9	93	7.8	8.0	8.2	AAA	3.4	5.1
	3/31/87	17	18	98	8.3	8.3	8.3	AAA	6.2	11.1
	12/31/86	42	19	100	7.7	8.5	8.3	AAA	6.5	11.0
	9/30/86	9	14	100	8.4	8.7	8.9	AAA	5.3	10.7
	6/30/86	89	13	100	8.6	8.9	9.1	AAA	5.4	10.8
	3/31/86	62	20	100	9.4	9.0	8.7	AAA	5.4	19.9
	12/31/85	58	17	100	10.4	10.1	9.9	AAA	5.0	10.6
	9/30/85	18	20	100	11.2	11.1	11.0	AAA	4.4	9.8
	6/30/85	38	17	100	11.4	10.8	10.5	AAA	5.0	9.7
	3/31/85	62	16	85	11.1	11.3	11.5	AAA	3.8	7.3
	12/31/84	30	12	100	11.5	11.5	11.5	AAA	5.3	9.4
	9/30/84	105	20	99	8.6	8.9	12.5	AAA	3.7	5.3
Peregrine Capital	6/30/88	8	58	88	8.5	8.5	9.4	AA	3.8	6.6
	3/31/88	19	56	89	8.4	8.3	10.5	AA	3.5	5.7
	12/31/87	8	62	92	9.2	9.4	11.3	AA	3.2	6.2
	9/30/87	6	64	93	9.2	9.4	9.6	AA	4.6	9.2
	6/30/87	8	64	93	9.2	9.1	10.8	AA	4.4	8.7
	3/31/87	6	62	92	9.4	9.0	8.1	AA	5.2	9.5
	12/31/86	24	52	84	10.5	8.1	8.5	AA	4.7	8.9
	9/30/86	14	56	97	10.3	9.8	11.3	AA	4.5	11.0
	6/30/86	12	51	97	10.8	10.2	9.8	AA	4.3	9.7
	3/31/86	10	54	98	11.2	10.3	9.4	AA	4.1	11.0
	12/31/85	18	51	98	11.5	10.8	10.4	AA	3.7	9.3
	9/30/85	20	43	96	11.6	11.2	11.0	AA	3.3	7.8
	6/30/85	15	35	98	11.2	10.8	10.5	AA	3.4	7.6
	3/31/85	13	28	100	11.1	11.3	11.5	AA	3.7	7.6
	12/31/84	39	25	96	10.5	10.9	11.3	AA	3.5	7.5
	9/30/84	17	21	93	10.6	11.7	12.5	AA	3.6	7.6
Western Asset	6/30/88	65	48	95	8.5	8.8	10.1	AA	4.6	9.8
	3/31/88	28	55	95	8.5	8.9	9.6	AA	4.9	10.3
	12/31/87	12	54	95	8.5	9.2	10.3	AA	4.7	9.7
	9/30/87	25	47	93	8.7	9.5	10.0	AA	5.6	13.1
	6/30/87	46	52	94	8.8	9.0	9.2	AA	6.2	13.2
	3/31/87	31	40	87	8.6	8.3	8.3	AA	5.7	11.6
	12/31/86	33	40	95	8.8	8.7	8.6	AA	6.7	13.9
	9/30/86	38	40	100	9.6	9.1	9.0	AA	6.4	16.4
	6/30/86	97	48	90	9.3	9.0	9.0	AA	5.6	15.7
	3/31/86	58	48	95	9.8	9.8	9.3	AA	5.5	18.9
	12/31/85	47	40	87	10.3	10.1	10.0	AA	5.2	11.9

Table A-7 Con't.

EXTERNAL ACTIVE FIXED INCOME MANAGERS**Portfolio Statistics Historical Summary****Quarterly, 9/84 - 6/88**

Manager Name	Date	Qtr. Port. T/O	# Of Bonds	Bond Alloc.	Coupon	Cur. Yield	Yield To Mat.	Avg. Qual.	Dur.	Term To Mat.
Western Con't.	9/30/85	19	34	89	10.7	11.0	11.1	AA	5.6	13.0
	6/30/85	58%	29	84%	10.5%	10.7%	10.8%	AA	5.4Yrs.	12.1Yrs.
	3/31/85	52	28	87	10.4	11.5	12.1	AA	5.3	12.2
	12/31/84	39	24	80	10.6	11.4	11.8	AA	5.2	11.3
	9/30/84	49	19	80	11.3	12.3	12.8	AA	4.8	11.3
Average External Managers	6/30/88	45	40	89	8.3	8.5	9.4	AAA	4.0	7.1
	3/31/88	46	40	92	8.4	8.4	9.0	AAA	4.2.	7.2.
	12/31/87	42	41	93	8.5	8.7	9.4	AAA	4.1	6.8
	9/30/87	25	39	89	8.4	8.8	9.5	AAA	4.0	7.5
	6/30/87	44	44	93	8.4	8.4	8.9	AAA	4.4	7.5
	3/31/87	30	39	91	8.6	8.3	8.0	AAA	4.9	8.3
	12/31/86	30	40	94	9.2	8.6	8.2	AAA	5.4	9.5
	9/30/86	19	41	99	9.5	9.2	9.3	AAA	5.0	10.6
	6/30/86	47	40	96	9.8	9.3	9.0	AAA	4.6	10.0
	3/31/86	41	39	96	10.3	9.6	8.8	AAA	4.5	12.3
	12/31/85	41	33	95	10.5	10.0	9.6	AAA	4.4	8.7
	9/30/85	22	34	96	10.7	10.6	10.6	AAA	4.3	8.7
	6/30/85	48	29	95	10.4	10.2	10.4	AAA	4.5	8.5
	3/31/85	37	25	91	10.3	10.8	11.5	AAA	4.2	8.2
	12/31/84	38	22	93	10.3	10.8	11.4	AAA	4.5	8.8
	9/30/84	54	29	88	10.1	11.1	12.3	AAA	4.3	8.8

Table A-8
EXTERNAL ACTIVE FIXED INCOME MANAGERS
Sector Weighting Historical Profile
Quarterly, 9/84 - 6/88

Name	Date	Total Port. Market Value	Govt	Agcy	Zero	Ind	Util	Fin	Tran	Mtgs	Misc	Cash
Investment Advisers	6/30/88	\$45,668,674	75	4	5	0	0	3	0	8	0	5
	3/31/88	45,068,558	71	4	12	0	0	3	0	8	0	2
	12/31/87	43,210,295	58	6	13	0	0	3	0	8	0	12
	9/30/87	41,169,671	67	5	13	0	0	6	0	8	0	1
	6/30/87	42,121,121	56	9	13	0	0	6	0	8	0	8
	3/31/87	42,655,770	51	5	12	11	0	9	0	9	0	3
	12/31/86	42,094,854	40	5	11	13	0	15	0	9	0	7
	9/30/86	40,731,041	45	5	12	23	0	13	0	0	0	2
	6/30/86	39,301,944	34	18	12	23	0	10	0	0	0	4
	3/31/86	38,938,391	52	0	12	25	0	6	0	0	0	5
	12/31/85	36,766,845	68	0	12	8	0	7	0	0	0	5
	9/30/85	34,573,707	70	0	13	9	0	7	0	0	0	1
	6/30/85	33,794,148	62	0	23	10	0	4	0	0	0	1
	3/31/85	30,942,776	53	0	18	11	13	4	0	0	0	1
	12/31/84	30,397,636	52	0	18	0	25	4	0	0	0	1
	9/30/84	27,932,974	59	0	10	0	31	0	0	0	0	0
Lehman Mgmt.	6/30/88	252,089,498	50	5	1	5	4	17	0	10	0	8
	3/31/88	250,336,317	53	5	0	6	2	9	0	12	0	13
	12/31/87	242,532,368	66	0	0	10	1	5	0	7	0	11
	9/30/87	230,295,486	55	0	0	8	1	7	0	10	0	19
	6/30/87	235,159,610	63	0	0	9	1	7	0	12	0	8
	3/31/87	238,911,690	63	0	0	12	2	5	0	9	0	9
	12/31/86	236,321,758	58	0	0	14	3	7	0	12	0	6
	9/30/86	229,994,337	53	0	0	14	8	7	0	16	0	2
	6/30/86	223,483,722	60	0	0	11	2	7	0	18	0	3
	3/31/86	220,998,995	65	2	0	9	0	6	0	15	0	3
	12/31/85	207,462,430	51	10	0	7	2	7	0	12	0	11
	9/30/85	194,774,253	54	12	0	9	2	7	0	11	0	5
	6/30/85	190,808,742	64	8	0	5	2	4	0	9	0	8
	3/31/85	177,383,853	65	13	0	2	0	2	0	3	0	15
	12/31/84	173,831,628	64	13	0	3	0	0	0	5	0	15
	9/30/84	162,737,117	60	13	5	4	0	0	0	0	0	18
Miller Anderson	6/30/88	267,410,692	16	0	2	5	5	36	0	20	0	16
	3/31/88	263,539,176	20	0	3	7	1	32	0	20	0	17
	12/31/87	254,427,181	37	0	1	5	0	26	1	22	0	8
	9/30/87	239,261,941	44	0	1	6	0	17	1	24	0	7
	6/30/87	248,119,545	37	0	1	9	0	17	1	30	0	5
	3/31/87	252,209,582	42	0	0	5	0	3	1	30	1	18
	12/31/86	245,302,600	38	0	0	7	0	6	0	44	1	4
	9/30/86	222,348,832	24	0	0	6	0	6	0	61	2	1
	6/30/86	217,656,629	25	0	0	2	0	8	0	60	2	3
	3/31/86	217,291,031	45	0	0	2	0	8	0	37	0	8
	12/31/85	208,552,908	45	0	0	2	0	8	0	44	0	1
	9/30/85	191,849,284	24	0	0	5	0	9	0	60	0	2
	6/30/85	183,857,869	19	0	2	5	0	12	0	57	0	5

Table A-8 Con't.
EXTERNAL ACTIVE FIXED INCOME MANAGERS
Sector Weighting Historical Profile
Quarterly, 9/84 - 6/88

Name	Date	Total Port. Market Value	Govt	Agcy	Zero	Ind	Util	Fin	Tran	Mtgs	Misc	CasH
Miller Con't.	3/31/85	\$173,961,916	2	0	4	7	0	27	0	52	0	8
	12/31/84	169,696,156	0	0	7	5	0	36	0	51	0	1
	9/30/84	159,574,376	0	0	0	2	0	17	0	52	0	29
Morgan Stanley	6/30/88	214,508,291	39	0	0	0	0	10	0	32	0	19
	3/31/88	213,746,041	60	0	0	0	0	11	0	16	13	1
	12/31/87	207,262,805	60	0	0	0	0	10	0	25	5	0
	9/30/87	197,851,213	47	0	0	0	0	9	0	17	0	27
	6/30/87	198,820,186	54	0	0	0	0	10	0	29	0	7
	3/31/87	246,865,703	25	0	0	0	0	0	0	75	0	2
	12/31/86	239,857,185	27	0	0	0	0	0	0	73	0	0
	9/30/86	229,631,966	35	0	0	0	0	0	0	65	0	0
	6/30/86	222,763,940	33	9	0	0	0	0	0	58	0	0
	3/31/86	225,686,690	41	0	0	0	0	0	0	59	0	0
	12/31/85	208,381,895	42	0	0	0	0	0	0	58	0	0
	9/30/85	193,513,567	41	0	0	0	0	0	0	59	0	0
	6/30/85	188,907,479	49	0	0	0	0	0	0	51	0	0
	3/31/85	173,106,782	38	9	0	0	0	0	0	38	0	15
	12/31/84	170,547,941	74	18	0	0	0	0	0	8	0	0
	9/30/84	159,109,110	45	27	27	0	0	0	0	0	0	1
Peregrine Capital	6/30/88	120,747,666	0	0	6	10	0	47	1	21	3	12
	3/31/88	118,892,393	0	0	9	10	0	42	0	23	5	11
	12/31/87	115,245,984	0	0	0	13	0	43	0	24	12	8
	9/30/87	111,294,267	0	0	0	11	0	40	0	26	16	7
	3/31/87	114,089,715	0	0	0	15	1	24	1	34	17	8
	12/31/86	111,810,642	0	0	0	22	0	20	0	31	11	16
	9/30/86	108,237,995	0	0	0	12	0	26	0	47	13	2
	6/30/86	104,606,143	0	0	0	9	0	30	0	41	17	3
	3/31/86	104,370,666	0	0	0	9	0	31	0	40	17	2
	12/31/85	100,139,659	0	0	0	5	0	29	0	48	16	2
	9/30/85	95,186,493	0	0	0	4	2	31	0	52	7	4
	6/30/85	92,417,709	0	0	0	4	5	33	0	49	7	2
	3/31/85	86,259,088	3	0	0	0	5	38	0	47	7	0
	12/31/84	84,387,890	6	7	0	0	5	30	0	48	0	4
	9/30/84	79,887,650	12	7	0	10	0	31	0	33	0	7
Western Asset	6/30/88	276,513,937	26	3	2	13	14	11	3	23	0	5
	3/31/88	272,331,415	14	7	2	16	7	12	3	34	0	5
	12/31/87	258,653,270	7	6	2	17	10	8	3	42	0	5
	9/30/87	245,548,700	6	10	0	13	8	15	3	38	0	7
	6/30/87	253,510,478	5	7	0	19	10	11	3	39	0	6
	3/31/87	262,481,416	8	6	1	16	10	4	3	36	3	13
	12/31/86	255,942,435	8	11	0	20	5	5	3	42	1	5
	9/30/86	244,004,935	16	13	2	9	7	4	4	43	2	0
	6/30/86	238,657,259	13	9	3	7	7	2	4	45	0	10

Table A-8 Con't.

EXTERNAL ACTIVE FIXED INCOME MANAGERS

Sector Weighting Historical Profile

Quarterly, 9/84 - 6/88

Name	Date	Total Port. Market Value	Govt	Agcy	Zero	Ind	Util	Fin	Tran	Mtgs	Misc	Cash
Western Con't.	3/31/86	\$235,514,306	7	9	3	12	9	2	1	52	0	5
	12/31/85	220,363,561	5	8	1	15	9	2	1	48	0	11
	9/30/85	201,666,058	11	3	0	14	10	0	1	49	0	12
	6/30/85	197,929,627	10	0	0	8	15	0	1	51	0	15
	3/31/85	181,426,695	4	11	0	8	16	0	1	47	0	13
	12/31/84	177,328,832	3	11	0	6	19	2	2	33	4	20
	9/30/84	165,957,816	4	16	0	3	18	4	5	26	4	20
Average External Manager	6/30/88	----	34	2	2	6	4	21	1	19	0	11
	3/31/88	---	36	3	4	6	2	18	1	19	3	8
	12/31/87	---	38	1	3	8	2	16	0	22	3	7
	9/30/87	---	36	2	2	7	2	16	1	20	3	11
	6/30/87	---	36	3	2	8	2	14	1	24	3	7
	3/31/87	---	32	2	2	10	2	7	1	32	3	9
	12/31/86	---	29	3	2	12	1	9	1	35	2	6
	9/30/86	---	29	3	2	11	2	9	1	39	3	1
	6/30/86	---	28	6	3	9	2	10	1	37	3	4
	3/31/86	---	35	2	2	9	2	9	0	34	3	4
	12/31/85	---	35	3	2	6	2	9	0	35	3	5
	9/30/85	---	33	3	2	7	2	9	0	39	1	4
	6/30/85	---	34	1	4	5	4	9	0	36	1	5
	3/31/85	---	27	5	4	5	6	12	0	31	1	9
	12/31/84	---	33	8	4	2	8	12	0	24	1	7
	9/30/84	---	30	10	7	3	8	9	1	19	1	12

Table A-9

EXTERNAL ACTIVE FIXED INCOME MANAGERS

Historical Performance Summary

	3Q84	4Q84	1Q85	2Q85	3Q85	4Q85	1Q86	2Q86	3Q86	4Q86
INVESTMENT ADVISERS										
Fixed Income	11.8%	8.8%	1.9%	9.4%	2.5%	6.5%	6.2%	0.9%	2.5%	2.8%
Total Fund	11.8	8.8	1.8	9.2	2.3	6.3	5.9	0.9	2.4	2.7
LEHMAN MANAGEMENT										
Fixed Income	9.6	7.7	2.0	8.7	2.1	6.9	6.7	1.2	3.0	2.8
Total Fund	8.7	6.8	2.1	7.6	2.1	6.5	6.5	1.1	2.9	2.8
MILLER ANDERSON										
Fixed Income	7.7	7.5	2.5	6.0	4.4	8.8	4.4	0.2	2.2	10.6
Total Fund	6.7	6.3	2.5	5.7	4.4	8.7	4.2	0.2	2.2	10.3
MORGAN STANLEY										
Fixed Income	6.1	7.3	1.5	9.3	2.5	7.7	8.2	-2.1	3.1	4.3
Total Fund	6.3	7.2	1.5	9.1	2.4	7.7	8.3	-1.3	3.1	4.5
PEREGRINE CAPITAL										
Fixed Income	7.7	6.0	2.3	7.3	3.1	5.4	4.3	0.2	3.6	3.4
Total Fund	6.9	5.6	2.2	7.1	3.0	5.2	4.2	0.2	3.5	3.3
WESTERN ASSET										
Fixed Income	11.8	8.0	2.4	10.7	1.9	10.7	7.4	0.9	2.3	5.0
Total Fund	10.8	6.8	2.3	9.1	1.9	9.3	6.9	1.3	2.2	4.9
SBI AGGREGATE										
Fixed Income	8.8	7.5	2.1	8.5	2.8	8.1	6.4	1.7	2.8	5.3
Total Fund	8.1	6.8	2.1	7.8	2.7	7.7	6.2	0.4	2.7	5.2
MARKET INDEX										
Salomon Broad										
Bond Index	8.6	7.5	2.2	8.9	2.0	7.8	7.9	1.1	2.5	3.3

Table A-9 Con't.

EXTERNAL ACTIVE FIXED INCOME MANAGERS**Historical Performance Summary**

	1Q87	2Q87	3Q87	4Q87	1Q88	2Q88
INVESTMENT ADVISERS						
Fixed Income	1.0%	-0.9%	-2.0%	5.2%	3.4%	1.2%
Total Fund	1.0	-0.9	-1.9	5.1	3.2	1.1
LEHMAN MANAGEMENT						
Fixed Income	1.0	-1.7	-2.7	5.9	3.5	0.6
Total Fund	1.1	-1.6	-2.1	5.3	3.2	0.7
MILLER ANDERSON						
Fixed Income	3.2	-2.0	-3.8	6.6	3.5	1.4
Total Fund	2.8	-1.6	-3.6	6.3	3.6	1.5
MORGAN STANLEY						
Fixed Income	3.1	-5.6	-0.9	5.1	3.0	0.3
Total Fund	2.9	-3.1	-0.5	4.8	3.1	0.4
PEREGRINE CAPITAL						
Fixed Income	2.2	-1.9	-0.9	3.8	3.3	1.6
Total Fund	2.0	-1.7	-0.8	3.6	3.2	1.6
WESTERN ASSET						
Fixed Income	2.6	-3.9	-3.7	5.9	5.4	1.6
Total Fund	2.6	-3.4	-3.1	5.3	5.3	1.5
SBI AGGREGATE						
Fixed Income	2.4	-2.8	-2.7	5.7	3.8	1.7
Total Fund	2.3	-2.3	-2.2	5.3	3.8	1.1
MARKET INDEX						
Salomon Broad						
Bond Index	1.3	-1.6	-2.8	5.8	3.8	1.2

Table A-10

EXTERNAL FIXED INCOME MANAGERS

Performance Relative To Benchmark Portfolios

Managers	Year Ending 6/30/88		Two Years Ending 6/30/88 (Annualized)		Three Years Ending 6/30/88 (Annualized)	
	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio
Investment Advisers	7.4%	8.1%	6.3%	6.8%	9.5%	10.8%
Lehman Management	7.2	7.7	6.2	6.6	9.7	10.4
Miller Anderson	7.8	8.1	10.8*	6.8	13.3*	10.8
Morgan Stanley	7.9	8.1	7.6	6.8	10.9	10.8
Peregrine Capital	7.6	8.7	7.4	7.1	9.3	11.0
Western Asset	9.1	8.2	7.6	6.9	11.8	10.8

**Total Basic Retirement
Funds' Fixed Income**

Segment	7.9%	8.11%	8.0%	6.8%	11.1%	10.7%
----------------	------	-------	------	------	-------	-------

Capital Markets Data

Salomon Bond Index	8.1%	--	6.9%	--	11.0%	--
90-Day Treasury Bills	6.0	--	5.9	--	6.3	--
Inflation	3.9	--	3.8	--	3.1	--

* Performance reflects positive impact of pricing adjustment in 4Q 1986.

Table A-11

ALTERNATIVE ASSETS

Summary of Commitments
As of June 30, 1988

	Total Fund Size (Millions)	SBI Incept Date	SBI Commitment	SBI-Funded	SBI-To Be Funded	Fund Description
Real Estate:						
Aetna	\$1,791	Apr-82	\$40,000,000	\$40,000,000	\$0	Open End/Diversified
Equitable	\$3,067	Oct-81	\$40,000,000	\$40,000,000	\$0	Open End/Diversified
Prudential	\$3,767	Sep-81	\$40,000,000	\$40,000,000	\$0	Open End/Diversified
Heitman I	\$113	Jun-84	\$20,000,000	\$20,000,000	\$0	Closed End/Diversified
Heitman II	\$238	Oct-85	\$30,000,000	\$30,000,000	\$0	Closed End/Diversified
Heitman III	\$200	Nov-86	\$20,000,000	\$18,119,115	\$1,880,885	Closed End/Diversified
RREEF	\$773	Apr-84	\$75,000,000	\$71,300,000	\$3,700,000	Closed End/Diversified
State Street III	\$103	Jul-85	\$20,000,000	\$20,000,000	\$0	Closed End/Specialized
State Street IV	\$86	Jul-86	\$15,000,000	\$15,000,000	\$0	Closed End/Specialized
State Street V	\$82	Nov-87	\$15,000,000	\$10,000,000	\$5,000,000	Closed End/Specialized
TCW III	\$216	Jul-85	\$40,000,000	\$40,000,000	\$0	Closed End/Specialized
TCW IV	\$250	Sep-86	\$30,000,000	\$30,000,000	\$0	Closed End/Specialized
Total Real Estate			\$385,000,000	\$374,419,115	\$10,580,885	
Venture Capital:						
Allied	\$40	Jul-85	\$5,000,000	\$3,333,334	\$1,666,666	Later Stage
DSV	\$60	Apr-85	\$10,000,000	\$10,000,000	\$0	Early Stage
First Century	\$100	Dec-84	\$10,000,000	\$4,000,000	\$6,000,000	Early Stage
First Chicago	\$50	Mar-88	\$5,000,000	\$475,000	\$4,525,000	Secondary Interests
Golder Thoma	\$225	Oct-87	\$14,000,000	\$700,000	\$13,300,000	Later Stage
Inman/Bowman	\$44	Jun-85	\$7,500,000	\$3,750,000	\$3,750,000	Early Stage
KKR I	\$1,000	Mar-84	\$25,000,000	\$25,000,000	\$0	LBO
KKR II	\$2,000	Dec-85	\$18,365,172	\$18,365,172	\$0	LBO
KKR III	\$4,300	Oct-87	\$146,634,660	\$12,498,452	\$134,136,208	LBO
Matrix	\$70	Jul-85	\$10,000,000	\$7,500,000	\$2,500,000	Early Stage
Norwest	\$60	Jan-84	\$10,000,000	\$10,000,000	\$0	Early Stage
Summit I	\$93	Dec-84	\$10,000,000	\$7,500,000	\$2,500,000	Later Stage
Summit II	\$230	May-88	\$30,000,000	\$3,000,000	\$27,000,000	Later Stage
Superior	\$35	Jun-86	\$6,645,000	\$3,322,500	\$3,322,500	Early Stage - MN.
T. Rowe Price	---	Mar-86	\$125,023	\$125,023	\$0	IPO Manager
Total Venture Capital			\$308,269,855	\$109,569,481	\$198,700,374	
Resources:						
Amgo I	\$144	Jul-81	\$15,000,000	\$15,000,000	\$0	Debt with Equity
Amgo II	\$36	Feb-83	\$7,000,000	\$7,000,000	\$0	Debt with Equity
Amgo IV	\$75	May-88	\$15,000,000	\$0	\$15,000,000	Debt with Equity
Apache I	\$100	May-84	\$15,000,000	\$993,994	\$14,006,006	Debt with Equity
Apache II	\$180	Oct-85	\$23,000,000	\$23,074,449	(\$74,449)	Debt with Equity
Apache III	\$190	Dec-86	\$30,000,000	\$30,000,000	\$0	Net Profits Interest
Morgan O&G	\$135	Jul-88	\$15,000,000	\$0	\$15,000,000	Debt with Equity
Total Resources			\$120,000,000	\$76,068,443	\$43,931,557	
Total Alternative Assets			\$813,269,855	\$560,057,039	\$253,212,816	

TIME-WEIGHTED RATE OF RETURN

In measuring the performance of a manager or fund whose investment objective is to maximize the total value of an investment portfolio, the proper measuring tool is the time-weighted total rate of return. This performance measure includes the effect of income earned as well as realized and unrealized portfolio market value changes. In addition, the time-weighted total rate of return nets out the influence of contributions made to and distributions taken from the manager or fund. These are variables over which the manager or fund generally has no control.

The calculation of a portfolio's true time-weighted return requires that the portfolio be valued every time that there is a capital flow in or out. Because most portfolios are not valued that frequently, it is usually necessary to estimate the time-weighted total rates of return by approximating the required valuations.

In 1968, the Bank Administration Institute (BAI) commissioned a study, conducted by the University of Chicago, which considered desirable methods of estimating time-weighted returns. The BAI report is considered to be the definitive work in the field of performance measurement because of the academic reputations and thorough scientific efforts of its authors.

When monthly data are available, the BAI study recommends employing a technique called the linked internal rate of return (LIRR). State Street Bank, the SBI's performance measurement consultant, calculates the LIRR by solving the following equation for R:

$$VB * (1 + R) + \sum_{i=1}^n C * (1 + R)^{ti} = VE$$

Where:

VB = Value of the fund at the beginning of the month

VE = Value of the fund at the end of the month

C_i = Net cash flow on the ith day of the month

n = Number of cash flows in the month

R = Internal rate of return

t_i = Time from cash flow i to the end of the period, expressed as a percentage of the total number days in the month

The internal rate of return, R, is a proxy for the true time-weighted return over the month. It approximates the interim valuations by assuming a uniform growth of the invested assets throughout the period.

The IRR's calculated for each month can be linked together to estimate the time-weighted return for a longer period. For example, given three consecutive monthly IRR's (R1, R2, and R3), the quarterly time-weighted return (TWRQ) is:

$$TWRQ = (1 + R1) * (1 + R2) * (1 + R3) - 1$$

BENEFIT INCREASE CALCULATION

In order to support currently promised benefits, the Post Retirement Investment Fund must generate 5% realized earnings on its invested assets each year. All realized earnings in excess of 5% are used to finance permanent lifetime benefit increases for current retirees. The benefit increase calculation is specified in Minnesota Statutes Chapter 11A.18, subdivision 9. A summary of the methodology is shown below:

$$\begin{array}{rcccl} \boxed{\text{Investment Earnings (1)}} & - & \boxed{\text{Required Return of 5\% (2)}} & = & \boxed{\text{Income Available for Benefit Increase}} \\ \\ \boxed{\text{Income Available for Benefit Increase}} & \div & \boxed{\text{Required Reserves(3)}} & = & \boxed{\text{Benefit Increase (4)}} \end{array}$$

- (1) Investment earnings are defined as dividends, interest, accruals and realized capital gains or losses applicable to the most recent fiscal year ending June 30.
- (2) Each cash flow in or out of the Post Fund is adjusted by 5% multiplied by the fraction of a year from the date of the cash flow to the end of the fiscal year on June 30.
- (3) Total required reserves are calculated by the State's actuary retained by the Legislative Commission on Pensions and Retirement.
- (4) A retiree who has been receiving an annuity or benefit for at least one year as of the end of the fiscal year will receive the calculated benefit increase beginning January 1 of the following calendar year.

EXTERNAL STOCK AND BOND MANAGER FEES

Total Payments in Fiscal Year 1988

Active Equity Managers (1)

Fred Alger	\$ 28,376
Alliance Capital	1,020,571
Beutel Goodman	450,139
Forstmann Leff Asset	366,997
Hellman Jordan	212,174
IDS Advisory	120,651
Investment Advisers	230,750
BMI Capital	344,825
Waddell & Reed	553,450
Lieber & Company	382,457
Peregrine Capital	281,529

Passive Equity Manager (2)

Wilshire Associates	\$ 259,478
---------------------	------------

Active Bond Managers (2)

Investment Advisers	\$ 87,559
Lehman Management	487,627
Miller Anderson	508,623
Morgan Stanley	416,684
Peregrine Capital	233,090
Western Asset	363,262

- (1) Active equity managers are compensated on a performance-based fee formula. Fees earned may range from zero to twice the manager's base fee, depending on the manager's performance relative to an established benchmark. (See page 73 for a more complete description of this formula.)
- (2) The passive equity manager and active bond managers are compensated based on a specified percentage of assets under management.

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS & TRADING VOLUME
BY BROKER
FISCAL YEAR 1988

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
ABEL/NOSER CORP.	\$ 11,856,073	\$ 27,593	\$ 0	\$ 0	\$ 0
ABRAMS & CO	9,102,171	22,478	0	0	0
ADAMS HARKNESS & HILL	1,014,881	1,375	0	0	0
ALLEN & COMPANY	50,472	425	0	0	0
ALLISON-WILLIAMS	844,800	2,560	136,193	191	0
ALPHA MANAGEMENT INC	1,513,736	5,264	0	0	0
ASSOC CORP OF N AMER	0	0	0	0	120,874,000
AUTRANET	84,253,316	214,438	6,573,586	0	0
BANKERS DISCOUNT CORP.	0	0	3,636,656	0	0
BANKERS TRUST	0	0	13,801,250	16,250	331,000,000
BATEMAN EICHLER	1,280,300	1,620	0	0	0
BEAR STEARNS & CO	74,634,101	160,972	29,398,630	14,913	1,535,115,000
BLUNT ELLIS	302,500	500	0	0	0
BOSTON INST. SERVICES	938,844	1,314	76,746,950	91,483	0
BRADFORD (J.C.) & CO	1,015,574	1,200	0	0	0
BRANDT (ROBERT) & CO	22,264,263	26,093	0	0	0
BREAN MURRAY	79,846,734	210,619	0	0	0
BRICK SECURITIES	1,586,447	5,400	0	0	0
BRIDGE TRADING CO.	132,527,688	252,376	0	0	0
BROKER UNAVAILABLE	399,518,785	202,420	148,278,898	0	0
BROWN ALEX & SONS	4,823,107	4,091	0	0	0
BROWN BROS. HARRIMAN	1,231,509	3,300	0	0	0
BURDGE DANIELS & CO.	0	0	1,939,541	2,637	0
BURKE & CO.	169,575	612	0	0	0
BURNS FRY & TIMMINS	318,000	600	0	0	0
BUTCHER & SINGER	0	0	22,894,668	0	0
CABLE/HOWSE & RAGEN	837,827	800	0	0	0
CAN-AM SECURITIES	490,250	2,220	0	0	0
CANTOR FITZGERALD	63,820,668	136,224	0	0	0
CAPITAL INST. SERVICES	2,220,166	3,600	10,153,828	0	0
CARROLL MCENTEE & MCG	0	0	23,037,750	0	0
CHASE MANHATTAN BANK	0	0	0	0	164,635,000
CIT FINANCIAL CORP	0	0	0	0	129,070,000
CITIBANK	0	0	23,021,928	15,000	292,100,000
COWEN&CO	12,798,472	23,984	0	0	0
CYRUS J. LAWRENCE	13,724,219	24,939	0	0	0
DAIN BOSWORTH INC	2,712,070	7,544	0	0	0
DAIN KALMAN & QUAIL S	3,601,180	11,965	0	0	0
DAIWA SEC. AMERICA	0	0	12,086,429	3,375	2,160,000
DEAN WITTER REYNOLDS	9,457,873	18,860	17,426,788	0	25,000,000
DILLON, READ	5,163,630	2,448	250,343,621	0	10,000,000
DISCOUNT CORP (N.Y.)	0	0	4,987,500	10,000	2,000,000
DOMINION SEC. H & P	1,714,919	1,280	5,009,000	0	0
DONALDSON LUFKIN	7,088,882	12,512	2,419,600	0	0
DREXEL BURNHAM LAMBERT	149,056,646	256,906	100,882,439	48,322	5,953,584,000
E F HUTTON AND CO	16,516,495	31,009	15,237,650	0	18,000,000
EBERSTADT (F) & CO	5,863,393	9,583	0	0	0
ERNST & CO.	12,411,404	21,469	0	0	0
FIRST ALBANY	284,580	920	0	0	0
FIRST BANK NAT'L ASSN.	55,474,447	94,201	167,938,241	0	513,194,000
FIRST BOSTON CORPORATION	42,308,888	50,326	195,441,393	30,125	4,310,799,000
FIRST INTERSTATE BK CAL	0	0	0	0	89,000,000
FIRST KANSAS	12,895,469	15,204	0	0	0
FIRST MANHATTAN COMPANY	15,180,483	35,439	0	0	0
FIRST NATIONAL BANK BOSTON	0	0	1,093,106	0	0
FIRST NATIONAL BANK CHI	0	0	0	0	98,200,000
FORD MOTOR CREDIT CO	0	0	0	0	187,256,000
FRED ALGER & COMPANY	356,513,119	823,325	0	0	0

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS & TRADING VOLUME
BY BROKER
FISCAL YEAR 1988

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
FURMAN SELZ MAGER	\$ 4,540,078	\$ 7,838	\$ 0	\$ 0	\$ 0
GENERAL ELEC. FIN. SERV.	0	0	0	0	85,634,000
GENERAL ELECTRIC CAPITAL CORP	0	0	0	0	163,928,000
GENERAL MOTORS ACCEPTANCE	0	0	0	0	192,799,000
GOELZER & CO	3,295,587	2,723	0	0	0
GOLDMAN SACHS & COMPANY	162,743,821	231,092	688,109,815	16,599	938,435,000
GOODRICH SECURITIES	2,814,480	3,276	0	0	0
GORDON HASKETT & CO.	4,216,614	10,432	0	0	0
GREENWICH CAPITAL MARKETS INC	0	0	138,223,455	0	0
GRUNTAL & COMPANY	2,128,086	3,928	0	0	0
HELLER FINANCIAL INC.	0	0	0	0	385,575,000
HERZOG HEINE GEDVID	1,359,481	0	0	0	0
INSTINET	415,343,837	220,882	0	0	0
INTERSTATE SECURITIES	95,972	110	0	0	0
ITT FINANCIAL	0	0	0	0	768,000
JANNEY MONTGOMERY SCOTT	1,862,090	3,355	860,321	2,198	0
JEFFERIES & CO	290,311,410	411,076	0	0	0
JESUP & LAMONT	140,995	210	0	0	0
JOHNSON	2,869,660	6,266	0	0	0
JOHNSON LANE SPACE & SMITH	9,285,606	22,741	0	0	0
JONES ASSOCIATES	38,115,221	56,104	0	0	0
KALB VOORHIS & CO	427,562	1,385	0	0	0
KEEFE BRUYETTE & WOOD	3,468,318	7,604	0	0	0
KIDDER PEABODY	80,532,597	117,748	47,447,639	40,948	7,254,797,000
KLEINWORT BENSON GOVT SEC. IN	0	0	6,675,484	0	4,000,000
L F ROTHSCHILD	3,343,204	6,023	35,341,652	19,630	0
LAIDLAW AD	574,127	1,204	0	0	0
LAZARD FRERES & CO	2,502,956	4,016	0	0	0
LEGG MASON	5,559,715	11,908	0	0	0
LEHMAN GOVT SECURITIES	0	0	40,586,945	0	6,328,098,000
LEWCO SECURITIES INC.	35,501,267	53,210	0	0	0
LIEBER & COMPANY	60,815,631	138,252	0	0	0
LOVETT MITCHELL WEBBER INC.	298,800	830	0	0	0
LYNCH, JONES & RYAN	34,660,904	78,420	0	0	0
MABON NUGENT & CO.	3,294,293	4,529	0	0	0
MARQUETTE NATIONAL BANK	0	0	0	0	77,455,000
MCDONALD & COMPANY	9,534,707	31,069	0	0	0
MERRILL LYNCH - IDC	138,820,729	254,696	910,412,924	0	0
MERRILL LYNCH P F & S (R)	52,876,285	130,988	36,773,740	42,305	8,799,566,000
MESIROW AND COMPANY	975,625	3,006	0	0	0
MESIROW-JOUPPI ACCOUNT	207,900	594	0	0	0
MONNES WILLIAMS CRE	0	0	36,261	0	0
MONTGOMERY SECURITIES	22,883,206	36,299	725,000	0	0
MOORE SCHLEY & CAMERON	1,898,495	3,703	0	0	0
MORGAN GUARANTY	101,347,938	155,472	258,197,762	0	0
MORGAN OLMSTEAD KENNEDY	720,000	0	0	0	0
MORGAN STANLEY & CO	60,767,544	142,351	41,936,296	54,325	437,000,000
NEUBERGER & BERMAN	3,356,937	5,200	0	0	0
NEW YORK & FOREIGN SEC	2,385,350	6,142	0	0	0
NEWHARD COOKE & CO	224,993	400	0	0	0
NOMURA SECURITIES INTL	7,448,706	11,427	33,489,674	0	5,500,000
NORWEST BANK MPLS	0	0	0	0	126,900,000
OPPENHEIMER & CO	69,731,683	136,429	0	0	0
PAINE WEBBER J & C	84,781,717	181,626	46,993,049	0	0
PENNEY J.C. FUNDING CORP	0	0	0	0	90,000,000
PERSHING	42,207,289	50,348	4,990,625	0	0
PFORZHEIMER CARL H.	263,910	700	0	0	0
PIPER,JAFFRAY & HOP S	7,361,526	10,113	0	0	0

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS & TRADING VOLUME
BY BROKER
FISCAL YEAR 1988

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
PRESCOTT BALL & TURBAN	\$ 2,424,029	\$ 9,167	\$ 0	\$ 0	\$ 0
PRUDENTIAL	38,331,219	60,784	64,391,976	0	0
PRUDENTIAL BACHE SECURITIES I	44,879,510	111,087	0	0	7,371,664,000
ROBERT FLEMING	864,977	1,950	0	0	0
ROBERT W. BAIRD & CO	4,122,300	11,778	0	0	0
ROBERTSON COLMAN & STEPHENS	1,150,503	0	0	0	0
ROBINSON-HUMPHREY CO	3,249,997	4,535	0	0	0
ROCHDALE SECURITIES CORP	3,529,911	5,560	0	0	0
ROULSTON & COMPANY	1,526,140	2,450	0	0	0
SALOMON BROTHERS	79,155,216	150,047	493,649,480	54,461	1,228,416,000
SANFORD C. BERNSTEIN	44,888,746	91,256	0	0	0
SCHAPIRO (M.A.) & CO	27,825	24	0	0	0
SCHWAB (CHARLES) & CO	28,601,429	23,791	0	0	0
SECURITIES SETTLEMENT CORP.	3,392,898	4,935	0	0	0
SEI FUNDS EVALUATION	13,867,595	24,843	0	0	0
SHEARSON ARGUS RESEARCH	45,882,201	68,366	197,418,074	0	0
SHEARSON LEHMAN (BONDSTAT)	0	0	20,478,125	62,500	0
SHEARSON/AMERICAN EXPRESS	4,166,338	11,903	0	0	0
SMITH BARNEY & COMPANY	47,855,114	93,170	17,882,504	0	0
STATE ST BK & TRUST	150,053,294	0	18,075,572	0	0
STIFEL NICOLAUS & COMPANY	585,899	1,435	0	0	0
SUTRO AND COMPANY INC.	2,260,957	1,460	1,265,170	0	0
THOMSON & MCKINNON	6,092,180	17,405	5,391,255	10,413	0
TUCKER ANTHONY & R.L. DAY	3,274,350	4,958	0	0	0
W.E. POLLOCK & COMPANY INC	0	0	0	0	25,500,000
WAGNER STOTT & CO.	137,230,953	202,418	0	0	0
WALL STREET CLEARING	414,986	800	0	0	0
WALSH GREENWOOD	1,190,206	1,890	0	0	0
WEEDEN & COMPANY	34,884,353	81,170	0	0	0
WELLINGTON & CO.	42,138,194	119,229	0	0	0
WERTHEIM SCHRODER & CO INC	1,397,200	4,470	0	0	0
WESTINGHOUSE CREDIT	0	0	0	0	35,000,000
WHEAT BURST SECURITIES	677,550	798	0	0	0
WHEATON FIRST SECURITIES INC	445,000	534	0	0	0
WILLIAM BLAIR & CO.	4,554,904	5,685	0	0	0
WILSHIRE ASSOCIATES	71,457,462	185,192	0	0	0
WOOD GUNDY & COMPANY	746,825	1,600	0	0	0
ALL BROKERS COMBINED	\$ 4,222,445,070	\$ 6,600,420	\$ 4,241,838,444	\$ 535,675	\$47,333,022,000



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1988 ANNUAL REPORT

MINNESOTA STATE BOARD OF INVESTMENT

FINANCIAL STATEMENTS, ASSET LISTINGS AND ACCOUNTING DATA

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Part 2 of 2 parts

1988 ANNUAL REPORT

MINNESOTA STATE BOARD OF INVESTMENT

Governor Rudy Perpich

State Auditor Arne H. Carlson

State Treasurer Michael A. McGrath

Secretary of State Joan Anderson Growe

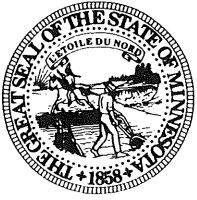
Attorney General Hubert H. Humphrey III

Financial Statements, Asset Listings and Accounting Data

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STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report

The State Board of Investment
and
Howard J. Bicker, Executive Director

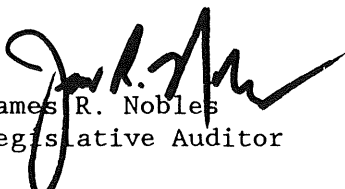
We have audited the financial statements for the Supplemental Retirement Fund, the Post Retirement Investment Fund, and the Variable Annuity Fund, which constitute the Investment Trust Funds of the State of Minnesota as of and for the year ended June 30, 1988, as shown on pages 2 to 8. These financial statements are the responsibility of the State Board of Investment's management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the Investment Trust Funds of the State of Minnesota and are not intended to present fairly the financial position and results of operations of the State Board of Investment or the State of Minnesota in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets and participation of the Investment Trust Funds of the State of Minnesota at June 30, 1988, and the results of their operations and changes in their net assets for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements of the Investment Trust Funds of the State of Minnesota. The supporting schedules shown on pages 9 to 63, which are the responsibility of the State Board of Investment's management, are presented for purposes of additional analysis and are not a required part of the aforementioned financial statements. Such information has been subjected to the auditing procedures applied in the examination of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

December 1, 1988

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1988

	SUPPLEMENTAL (5) INVESTMENT FUND TOTAL	POST RETIREMENT (6) INVESTMENT FUND	VARIABLE (7) ANNUITY FUND
ASSETS:			
INVESTMENTS (at market value) (3)			
COMMON STOCK	\$ 213,186,388	\$ 443,210,619	\$ 153,017,959
ALTERNATIVE EQUITIES	0	0	0
FIXED INCOME SECURITIES	86,516,763	3,434,911,139	0
SHORT TERM SECURITIES	99,751,689	291,306,846	7,834,277
TOTAL INVESTMENTS (4)	\$ 399,454,840	\$4,169,428,604	\$ 160,852,236
CASH	2	6,419	0
SECURITY SALES RECEIVABLE	0	0	0
ACCOUNTS RECEIVABLE-FEE REFUNDS	0	0	0
ACCOUNTS RECEIVABLE-MORTALITY	0	102,737,771	0
ACCOUNTS RECEIVABLE-PARTICIPANTS	0	0	0
ACCRUED INTEREST	1,407,857	76,207,732	0
ACCRUED DIVIDENDS	0	2,414,561	0
ACCRUED SHORT TERM GAIN	592,061	9,827,891	47,152
TOTAL ASSETS	\$ 401,454,760	\$4,360,622,978	\$ 160,899,388
LIABILITIES:			
MANAGEMENT FEES PAYABLE	67,651	240,516	94,477
SECURITY PURCHASES PAYABLE	0	0	0
ACCOUNTS PAYABLE-PARTICIPANTS	0	72,903	331,232
OPTIONS PREMIUMS RECEIVED	0	0	0
TOTAL LIABILITIES	\$ 67,651	\$ 313,419	\$ 425,709
NET ASSETS AT JUNE 30, 1988	\$ 401,387,109	\$4,360,309,559	\$ 160,473,679

**STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1988**

	SUPPLEMENTAL INVESTMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE ANNUITY FUND
FROM INVESTMENT ACTIVITY:			
NET INVESTMENT INCOME	\$ 23,450,516	\$ 355,157,945	\$ 4,705,411
REALIZED GAINS (LOSSES)	(5,484,965)	90,560,257	(2,552,697)
UNREALIZED GAINS (LOSSES)	(15,072,200)	(225,863,676)	(10,628,732)
TOTAL INCOME	\$ 2,893,351	\$ 219,854,526	(\$ 8,476,018)
LESS DISTRIBUTION TO PARTICIPANT ACCOUNTS	(2,790,559)	(182,541,388)	(2,889,029)
UNDISTRIBUTED DEDICATED INCOME	0	0	0
NET CHANGE IN UNDISTRIBUTED INCOME	\$ 102,792	\$ 37,313,138	(\$ 11,365,047)
FROM PARTICIPANT TRANSACTIONS:			
ADDITIONS TO PARTICIPANT ACCOUNTS			
PARTICIPANT CONTRIBUTIONS	35,375,354	491,357,653	(41,672)
INCOME DISTRIBUTION	2,790,559	182,541,388	2,889,029
INCOME TO BE DISTRIBUTED	0	0	0
TOTAL ADDITIONS	\$ 38,165,913	\$ 673,899,041	\$ 2,847,357
DEDUCTIONS FROM PARTICIPANT ACCOUNTS			
WITHDRAWALS	37,673,518	369,570,286	1,818,012
TOTAL DEDUCTIONS	\$ 37,673,518	\$ 369,570,286	\$ 1,818,012
NET CHANGE IN PARTICIPATION	\$ 492,395	\$ 304,328,755	\$ 1,029,345
TOTAL CHANGE IN ASSETS	\$ 595,187	\$ 341,641,893	(\$ 10,335,702)
NET ASSETS:			
BEGINNING OF PERIOD	400,791,922	4,018,667,666	170,809,381
END OF PERIOD	<u>\$ 401,387,109</u>	<u>\$4,360,309,559</u>	<u>\$ 160,473,679</u>

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1988

	SUPPLEMENTAL INVESTMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE ANNUITY FUND
INVESTMENT INCOME:			
INTEREST	\$ 8,534,629	\$ 318,356,508	\$ 0
DIVIDENDS	8,267,733	19,026,544	4,709,349
SHORT TERM GAINS	6,762,825	18,668,200	115,982
INCOME BEFORE EXPENSES	\$ 23,565,187	\$ 356,051,252	\$ 4,825,331
MANAGEMENT FEES	114,671	893,307	119,920
NET INCOME	\$ 23,450,516	\$ 355,157,945	\$ 4,705,411
4 REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
REALIZED:			
PROCEEDS FROM SALES	\$ 73,106,985	\$1,172,008,107	\$ 36,394,126
COST OF SECURITIES SOLD	78,591,950	1,081,447,850	38,946,823
NET REALIZED GAIN (LOSS)	(\$ 5,484,965)	\$ 90,560,257	(\$ 2,552,697)
UNREALIZED:			
BEGINNING OF PERIOD	19,334,970	271,809,076	12,506,546
END OF PERIOD	4,262,770	45,945,400	1,877,814
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	(\$ 15,072,200)	(\$ 225,863,676)	(\$ 10,628,732)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	(\$ 20,557,165)	(\$ 135,303,419)	(\$ 13,181,429)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity and Basis of Presentation: This report includes financial statements for the Investment Trust Funds of the State of Minnesota, which are administered by the State Board of Investment under authority of Minnesota Statutes Chapter 11A. The Investment Trust funds include the Supplemental Retirement Fund, the Post Retirement Investment Fund, and the Variable Annuity Fund.

The financial statements presented for these funds are based on the preferred accounting practices described in the American Institute of Certified Public Accountants audit guide, "Audits of Investment Companies". These practices, and the significant accounting policies which follow, conform with generally accepted accounting principles.

Authorized Investments: Minnesota Statutes, Section 11A.24 broadly restricts investments to obligations and stocks of the U.S. and Canadian governments, their agencies and their registered corporations; short term obligations of specified high quality; restricted participation as a limited partner in venture capital, real estate or resource equity investments; and restricted participation in registered mutual funds.

Risk Categories: At June 30, 1988, all investments of the Investment Trust Funds and pooled investment accounts are insured or registered, or are held by the state or its agent in the state's name, except for approximately \$16,438,258 in repurchase agreements for the Post Retirement Investment Fund, where the securities are held by the broker or dealer rather than the state. The state's investment risk for these repurchase agreements is reduced by a State Board of Investment policy which limits transactions to those with primary government securities dealers whose net excess capital is greater than \$200,000,000.

Security Valuation: All securities are valued at market except for U.S. Government short-term securities and commercial paper, which are valued at market less accrued interest. Accrued short-term interest is recognized as income as part of "Short-Term Gain". For long-term fixed income securities the State Board uses the Merrill Lynch valuation system. This pricing service is capable of providing prices for both actively traded and privately placed bonds. For equity securities the State Board uses a valuation service provided by Financial Control Systems, Inc.

Recognition of Security Transactions: Security transactions are accounted for on the date the securities are purchased or sold.

Income Recognition: Dividend income is recorded on the ex-dividend date. Interest and dividend income are accrued monthly. Short-term interest is accrued monthly and is presented as "Accrued Short-Term Gain".

Loaning Securities: Certain U.S. Government and Government Agency securities are loaned out by the State Board to banks and brokers for additional income. Collateral in the amount of 100% of the market value of the security loaned is required.

2. PORTFOLIO LISTING:

A listing of all securities held by these funds can be found starting on page 19 of this report. Fixed income and equity securities are presented at market value. Securities held as cash equivalents are not listed.

3. COST OF INVESTMENTS

At June 30, 1988, the cost of investments for the Investment Trust Funds was:

Supplemental Retirement Fund	\$ 395,192,070
Post Retirement Investment Fund	\$4,123,483,204
Variable Annuity Fund	\$ 158,974,422

4. LOANED SECURITIES

The market value of loaned securities outstanding at June 30, 1988 was:

Supplemental Retirement Fund	\$ -0-
Post Retirement Investment Fund	\$ 516,516,061

5. SUPPLEMENTAL RETIREMENT FUND

The Supplemental Retirement Fund serves as an investment vehicle for the various state and locally administered pension plans. During Fiscal Year 1988 the fund included seven separate accounts with different investment objectives. The Index Account, Bond Market Account and Guaranteed Investment Contract(G.I.C.) Accounts were new investment vehicles during Fiscal Year 1987. The Bond Account, one of the seven options available to participants, was terminated effective September 30, 1987. Financial information on the individual accounts is shown on pages 10 to 13 of this report. Participation in the Supplemental Investment Fund accounts is determined in accordance with various statutory requirements.

6. POST RETIREMENT INVESTMENT FUND

The Post Retirement Fund serves as an investment vehicle for the Defined Benefit Pension Funds of the State of Minnesota. The fund invests amounts certified by the various pension funds as reserves required for the payment of retirement benefits.

Participation in the Post Retirement Investment Fund is equal to the actuarially determined required reserves for retirement benefits as of June 30, 1988. It includes a 5% assumed income distribution, in accordance with Minnesota Statutes Section 11A.18, and any mortality gains or losses as determined by an independent actuary hired by the State Legislature.

Pursuant to Minnesota Statutes Section 11A.18, Subdivision 9, a portion of Fiscal Year 1988 investment income of the Post Retirement Investment Fund is available for distribution as a benefit increase to pension fund participants in January 1989. This amount is increased by 2.5% from Fiscal Year 1988 income. The benefit increase is stated as a percentage of total required reserves. In accordance with statutory provisions, the amount available for the benefit increase is certified to each participating pension fund for distribution to eligible individuals. Annuitants and other individuals receiving benefits at June 30, 1987 are eligible to receive the January 1, 1989 benefit increase, which will be 6.918%. Past increases paid to retirees on January 1st have been:

1981	3.209%	1985	6.905%
1982	7.436%	1986	7.884%
1983	6.853%	1987	9.792%
1984	7.449%	1988	8.054%

7. VARIABLE ANNUITY FUND:

Participation in the Variable Annuity Fund is restricted to members of the Teachers Retirement Fund.

The Admitted Value Increment for the Variable Annuity Fund totalled \$14,063,193 at June 30, 1988. This valuation is required by Minnesota Statutes Section 11A.19, Subdivision 5, and is the amount by which the recognized value of investments is above or below their book value. 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 calculation is used to determine the rate of return and the increase or decrease which will be credited to the individual member's account balances at the end of each fiscal year.

Laws of Minnesota 1978, Chapter 781, stated in part "Effective July 1, 1978 no future employee and employer contribution shall be credited to any account 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. 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. (Minnesota Statutes Chapter 354)

VARIABLE ANNUITY FUND PARTICIPATION AT JUNE 30, 1988

Net Assets	\$ 160,473,679
Admitted Value Increment	<u>14,063,193</u>
	\$ 174,536,872
Less: Unrealized Market	
Appreciation (Depreciation)	1,877,814
Undistributed Earnings	<u>-0-</u>
Total Participation	\$ 172,659,058

8. POOLED INVESTMENT ACCOUNTS

The State Board of Investment manages seven pooled investment accounts for the Investment Trust Funds and the Defined Benefit Pension Funds of the State of Minnesota. The assets of the pooled accounts are held by our master custodian, State Street Bank of Boston. Financial information on these pooled accounts is shown on pages 14 to 17 of this report.

9. SOUTH AFRICA POLICY

At its October 2, 1985 meeting the Minnesota State Board of Investment adopted a resolution relating to companies doing business in South Africa. The resolution calls for the divestment of companies not meeting predetermined guidelines in a four phased approach. The first three phases relate to individual companies signing and complying with the Sullivan Principles. The fourth phase, to be completed by August, 1989, calls for the divestment of any company with operations in South Africa.

The resolution also calls for the SBI to receive financial and legal advise at the completion of each phase to insure it is not violating its fiduciary responsibility. To date, no securities have been liquidated as a result of the resolution.

It can't be determined at this time what effect, if any, this resolution will have on the SBI's future investment flexibility.

STATE BOARD OF INVESTMENT
MINNESOTA INVESTMENT TRUST FUNDS
SCHEDULE OF PARTICIPATION
JUNE 30, 1988

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT FUND	VARIABLE ANNUITY FUND
Teacher's Retirement Fund	\$ 0	\$1,645,711,000	\$ 172,659,058
Public Employees Retirement Fund	0	1,476,424,000	0
State Employees Retirement Fund	0	649,064,000	0
Public Employees Police & Fire Fund	0	145,187,000	0
Public Employees Consolidation Fund	0	16,405,410	0
Highway Patrolmen's Retirement Fund	0	72,739,000	0
Legislators & Survivors Retirement Fund	0	8,496,000	0
Correctional Employees Retirement Fund	0	25,435,000	0
Judges Retirement Fund	0	17,812,000	0
Variable Annuity Fund	0	0	0
Income Share Account	216,002,149	0	0
Growth Share Account	83,216,442	0	0
Money Market Account	75,949,586	0	0
Index Account	3,292,103	0	0
Bond Market Account	1,279,223	0	0
G.I.C. Account	21,651,506	0	0
TOTAL PARTICIPATION	\$ 401,391,009	\$4,057,273,410	\$ 172,659,058
Adjustments			
Admitted Value Increment	0	0	(14,063,193)
Unrealized Appreciation			
(Depreciation) of Investments	0	45,945,400	1,877,814
Undistributed Earnings	(3,900)	257,090,749	0
NET ASSETS	<u>\$ 401,387,109</u>	<u>\$4,360,309,559</u>	<u>\$ 160,473,679</u>

SUPPLEMENTAL FINANCIAL STATEMENT

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1988**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
ASSETS:								
INVESTMENTS(at market value) (2)								
COMMON STOCK	\$ 130,651,899	\$ 79,242,187	\$ 0	\$ 3,292,302	\$ 0	\$ 0	\$ 0	\$ 213,186,388
ALTERNATIVE EQUITIES	0	0	0	0	0	0	0	0
FIXED INCOME SECURITIES	63,725,772	0	0	0	1,279,863	21,511,128	0	86,516,763
SHORT TERM SECURITIES	20,253,836	3,999,007	75,498,846	0	0	0	0	99,751,689
TOTAL INVESTMENTS (3)	\$ 214,631,507	\$ 83,241,194	\$ 75,498,846	\$ 3,292,302	\$ 1,279,863	\$ 21,511,128	\$ 0	\$ 399,454,840
CASH	1	1	0	0	0	0	0	2
SECURITY SALES RECEIVABLE	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-FEE REFUNDS	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-MORTALITY	0	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-PARTICIPANTS	0	0	0	0	0	0	0	0
ACCRUED INTEREST	1,267,479	0	0	0	0	140,378	0	1,407,857
ACCRUED DIVIDENDS	0	0	0	0	0	0	0	0
ACCRUED SHORT TERM GAIN	116,539	24,782	450,740	0	0	0	0	592,061
TOTAL ASSETS	\$ 216,015,526	\$ 83,265,977	\$ 75,949,586	\$ 3,292,302	\$ 1,279,863	\$ 21,651,506	\$ 0	\$ 401,454,760
LIABILITIES:								
MANAGEMENT FEES PAYABLE	13,377	49,535	3,179	199	640	721	0	67,651
SECURITY PURCHASES PAYABLE	0	0	0	0	0	0	0	0
ACCOUNTS PAYABLE-PARTICIPANTS	0	0	0	0	0	0	0	0
OPTIONS PREMIUMS RECEIVED	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	\$ 13,377	\$ 49,535	\$ 3,179	\$ 199	\$ 640	\$ 721	\$ 0	\$ 67,651
NET ASSETS AT JUNE 30, 1988	\$ 216,002,149	\$ 83,216,442	\$ 75,946,407	\$ 3,292,103	\$ 1,279,223	\$ 21,650,785	\$ 0	\$ 401,387,109

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1988**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
FROM INVESTMENT ACTIVITY:								
NET INVESTMENT INCOME	\$ 13,979,894	\$ 2,517,826	\$ 5,252,274	\$ 138,666	\$ 66,484	\$ 1,214,643	\$ 280,729	\$ 23,450,516
REALIZED GAINS (LOSSES)	(3,840,283)	(1,859,553)	0	(1,965)	(10,674)	0	227,510	(5,484,965)
UNREALIZED GAINS (LOSSES)	(9,312,744)	(5,177,318)	0	(127,939)	842	0	(455,041)	(15,072,200)
TOTAL INCOME	\$ 826,867	(\$ 4,519,045)	\$ 5,252,274	\$ 8,762	\$ 56,652	\$ 1,214,643	\$ 53,198	\$ 2,893,351
LESS DISTRIBUTION TO PARTICIPANT ACCOUNTS	(826,867)	4,519,045	(5,202,680)	(8,762)	(56,652)	(1,214,643)	0	(2,790,559)
UNDISTRIBUTED DEDICATED INCOME	0	0	0	0	0	0	0	0
NET CHANGE IN UNDISTRIBUTED INCOME	\$ 0	\$ 0	\$ 49,594	\$ 0	\$ 0	\$ 0	\$ 53,198	\$ 102,792
FROM PARTICIPANT TRANSACTIONS:								
ADDITIONS TO PARTICIPANT ACCOUNTS								
PARTICIPANT CONTRIBUTIONS	5,067,868	1,439,573	9,850,147	1,834,928	659,048	16,523,790	0	35,375,354
INCOME DISTRIBUTION	826,867	(4,519,045)	5,202,680	8,762	56,652	1,214,643	0	2,790,559
INCOME TO BE DISTRIBUTED	0	0	0	0	0	0	0	0
TOTAL ADDITIONS	\$ 5,894,735	(\$ 3,079,472)	\$ 15,052,827	\$ 1,843,690	\$ 715,700	\$ 17,738,433	\$ 0	\$ 38,165,913
DEDUCTIONS FROM PARTICIPANT ACCOUNTS								
WITHDRAWALS	4,073,545	4,163,129	16,079,898	457,976	234,654	560,058	12,104,258	37,673,518
TOTAL DEDUCTIONS	\$ 4,073,545	\$ 4,163,129	\$ 16,079,898	\$ 457,976	\$ 234,654	\$ 560,058	\$ 12,104,258	\$ 37,673,518
NET CHANGE IN PARTICIPATION	\$ 1,821,190	(\$ 7,242,601)	(\$ 1,027,071)	\$ 1,385,714	\$ 481,046	\$ 17,178,375	(\$ 12,104,258)	\$ 492,395
TOTAL CHANGE IN ASSETS	\$ 1,821,190	(\$ 7,242,601)	(\$ 977,477)	\$ 1,385,714	\$ 481,046	\$ 17,178,375	(\$ 12,051,060)	\$ 595,187
NET ASSETS:								
BEGINNING OF PERIOD	214,180,959	90,459,043	76,923,884	1,906,389	798,177	4,472,410	12,051,060	400,791,922
END OF PERIOD	\$ 216,002,149	\$ 83,216,442	\$ 75,946,407	\$ 3,292,103	\$ 1,279,223	\$ 21,650,785	\$ 0	\$ 401,387,109

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1988**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
INVESTMENT INCOME:								
INTEREST	\$ 7,022,754	\$ 0	\$ 0	\$ 0	\$ 67,202	\$ 1,216,701	\$ 227,972	\$ 8,534,629
DIVIDENDS	5,616,629	2,512,006	0	139,098	0	0	0	8,267,733
SHORT TERM GAINS	1,374,093	70,643	5,265,144	0	0	0	52,945	6,762,825
INCOME BEFORE EXPENSES	\$ 14,013,476	\$ 2,582,649	\$ 5,265,144	\$ 139,098	\$ 67,202	\$ 1,216,701	\$ 280,917	\$ 23,565,187
MANAGEMENT FEES	33,582	64,823	12,870	432	718	2,058	188	114,671
NET INCOME	\$ 13,979,894	\$ 2,517,826	\$ 5,252,274	\$ 138,666	\$ 66,484	\$ 1,214,643	\$ 280,729	\$ 23,450,516
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS								
REALIZED:								
PROCEEDS FROM SALES	\$ 41,829,576	\$ 18,934,547	\$ 0	\$ 570,402	\$ 283,730	\$ 560,791	\$ 10,927,939	\$ 73,106,985
COST OF SECURITIES SOLD	45,669,859	20,794,100	0	572,367	294,404	560,791	10,700,429	78,591,950
NET REALIZED GAIN (LOSS)	(\$ 3,840,283)	(\$ 1,859,553)	\$ 0	(\$ 1,965)	(\$ 10,674)	\$ 0	\$ 227,510	(\$ 5,484,965)
UNREALIZED:								
BEGINNING OF PERIOD	12,670,049	6,050,737	0	198,842	(39,699)	0	455,041	19,334,970
END OF PERIOD	3,357,305	873,419	0	70,903	(38,857)	0	0	4,262,770
INCREASE (DECREASE) IN								
UNREALIZED APPRECIATION	(\$ 9,312,744)	(\$ 5,177,318)	\$ 0	(\$ 127,939)	842	\$ 0	(\$ 455,041)	(\$ 15,072,200)
NET REALIZED AND UNREALIZED	(\$ 13,153,027)	(\$ 7,036,871)	\$ 0	(\$ 129,904)	(\$ 9,832)	\$ 0	(\$ 227,531)	(\$ 20,557,165)

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 1988**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	BOND ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
Albert Lea Firemen's Relief	\$ 3,404,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,404,298
Austin Fire Relief	432,452	0	0	0	0	0	0	432,452
Austin Police Relief	473,391	0	0	0	0	0	0	473,391
Bloomington Fire Dept. Relief	12,084,413	644,524	0	0	0	0	0	12,728,937
Bloomington Police Relief	1,035,656	564,764	0	0	0	0	0	1,600,420
Chaska Fire Relief	0	0	5,058	0	0	0	0	5,058
Clear Lake Fire Relief	0	69,458	0	0	0	0	0	69,458
Clearbrook Fire Relief	0	60,064	38,082	0	0	0	0	98,146
Hennepin County Supplemental Ret.	13,595,110	10,164,431	3,376,340	0	0	0	0	27,135,881
Scandia Valley Fire Relief	6,923	0	0	0	0	0	0	6,923
Osseo Fire Relief	25,306	0	0	0	0	0	0	25,306
St. Paul Fire - General	482,878	51,492	0	0	0	0	0	534,370
St. Paul Fire - Special	28,678,717	6,247,573	0	0	0	3,185,052	0	38,111,342
St. Paul Police Relief	45,083,282	5,229,461	0	0	0	0	0	50,312,743
MSRS Deferred Compensation	26,599,046	17,167,372	58,689,565	2,426,738	0	18,338,443	0	123,221,164
MSRS Unclassified Employee Escrow	27,882,902	9,225,550	11,557,500	763,522	760,234	0	0	50,189,708
South St. Paul Police Relief	131,063	0	0	0	0	128,011	0	259,074
Teacher's Supplemental Retirement	55,741,903	33,791,753	2,283,041	101,843	518,989	0	0	92,437,529
Winona Fire Relief	344,809	0	0	0	0	0	0	344,809
TOTAL PARTICIPATION	\$ 216,002,149	\$ 83,216,442	\$ 75,949,586	\$ 3,292,103	\$ 1,279,223	\$ 21,651,506	\$ 0	\$ 401,391,009
Adjustments								
Unrealized Appreciation								
(Depreciation) of Investments	0	0	0	0	0	0	0	0
Undistributed Earnings	0	0	(3,179)	0	0	(721)	0	(3,900)
NET ASSETS	\$ 216,002,149	\$ 83,216,442	\$ 75,946,407	\$ 3,292,103	\$ 1,279,223	\$ 21,650,785	\$ 0	\$ 401,387,109

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF ASSETS AND LIABILITIES
JUNE 30, 1988**

	ACTIVE EQUITY ACCOUNT	PASSIVE EQUITY ACCOUNT	INTERNAL EQUITY ACCOUNT	REAL ESTATE ACCOUNT	RESOURCE ACCOUNT	VENTURE CAPITAL ACCOUNT	BOND MANAGERS ACCOUNT
ASSETS:							
INVESTMENTS(at market value) (2)							
COMMON STOCK	\$ 914,753,394	\$ 2,365,215,231	\$ 0	\$ 0	\$ 0	\$ 0	\$ 822,150
ALTERNATIVE EQUITIES	0	0	0	461,490,117	63,992,051	135,215,628	0
FIXED INCOME SECURITIES	43,873,095	526,518	0	0	0	0	999,680,393
SHORT TERM SECURITIES	133,265,339	13,833,532	0	3,581,124	14,093,299	2,661,474	154,276,073
TOTAL INVESTMENTS (3)	\$ 1,091,891,828	\$ 2,379,575,281	\$ 0	\$ 465,071,241	\$ 78,085,350	\$ 137,877,102	\$ 1,154,778,616
CASH	5	0	0	0	1	1	2
SECURITY SALES RECEIVABLE	68,880,843	861,890	0	0	0	0	4,310,210
ACCOUNTS RECEIVABLE-FEE REFUNDS	572,594	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-MORTALITY	0	0	0	0	0	0	0
ACCOUNTS RECEIVABLE-PARTICIPANTS	0	0	0	0	0	0	0
ACCRUED INTEREST	1,043,449	29,820	0	0	0	0	18,932,567
ACCRUED DIVIDENDS	1,992,367	7,226,267	0	1,543,062	0	0	0
ACCRUED SHORT TERM GAIN	810,674	73,569	0	21,350	84,020	57,064	971,097
TOTAL ASSETS	\$ 1,165,191,760	\$ 2,387,766,827	\$ 0	\$ 466,635,653	\$ 78,169,371	\$ 137,934,167	\$ 1,178,992,492
LIABILITIES:							
MANAGEMENT FEES PAYABLE	1,085,855	70,128	0	0	0	0	542,165
SECURITY PURCHASES PAYABLE	21,332,242	1,070,362	0	0	0	0	2,053,734
ACCOUNTS PAYABLE-PARTICIPANTS	0	0	0	0	0	0	0
OPTIONS PREMIUMS RECEIVED	0	0	0	0	0	0	0
TOTAL LIABILITIES	\$ 22,418,097	\$ 1,140,490	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,595,899
NET ASSETS AT JUNE 30, 1988	<u>\$ 1,142,773,663</u>	<u>\$ 2,386,626,337</u>	<u>\$ 0</u>	<u>\$ 466,635,653</u>	<u>\$ 78,169,371</u>	<u>\$ 137,934,167</u>	<u>\$ 1,176,396,593</u>

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1988**

	ACTIVE EQUITY ACCOUNT	PASSIVE EQUITY ACCOUNT	INTERNAL EQUITY ACCOUNT	REAL ESTATE ACCOUNT	RESOURCE ACCOUNT	VENTURE CAPITAL ACCOUNT	BOND MANAGERS ACCOUNT
FROM INVESTMENT ACTIVITY:							
NET INVESTMENT INCOME	\$ 33,796,417	\$ 70,942,264	\$ 2,822,846	\$ 9,163,918	\$ 10,566,020	\$ 2,087,515	\$ 97,191,161
REALIZED GAINS (LOSSES)	12,573,173	45,192,036	(1,990,313)	0	0	7,442,787	(10,828,635)
UNREALIZED GAINS (LOSSES)	(107,936,139)	(212,340,343)	(12,165,620)	22,028,355	17	5,569	185,853
TOTAL INCOME	(\$ 61,566,549)	(\$ 96,206,043)	(\$ 11,333,087)	\$ 31,192,273	\$ 10,566,037	\$ 9,535,871	\$ 86,548,379
LESS DISTRIBUTION TO							
PARTICIPANT ACCOUNTS	(46,564,175)	(116,138,909)	0	(8,483,885)	(10,566,020)	(9,530,302)	(82,235,289)
UNDISTRIBUTED DEDICATED INCOME	194,585	4,609	0	(213,829)	0	0	(4,127,237)
NET CHANGE IN UNDISTRIBUTED INCOME	(\$ 107,936,139)	(\$ 212,340,343)	(\$ 11,333,087)	\$ 22,494,559	\$ 17	\$ 5,569	\$ 185,853
FROM PARTICIPANT TRANSACTIONS:							
ADDITIONS TO PARTICIPANT ACCOUNTS							
PARTICIPANT CONTRIBUTIONS	200,953,828	311,848,384	0	30,000,000	0	35,000,000	708,017
INCOME DIESTRIBUTION	46,564,175	116,138,909	0	8,483,885	10,566,020	9,530,302	82,235,289
INCOME TO BE DISTRIBUTED	(194,585)	(4,609)	0	213,829	0	0	4,127,237
TOTAL ADDITIONS	\$ 247,323,418	\$ 427,982,684	\$ 0	\$ 38,697,714	\$ 10,566,020	\$ 44,530,302	\$ 87,070,543
DEDUCTIONS FROM PARTICIPANT ACCOUNTS							
WITHDRAWALS	309,183,857	2,933,308	82,411,480	0	0	0	283,730
TOTAL DEDUCTIONS	\$ 309,183,857	\$ 2,933,308	\$ 82,411,480	\$ 0	\$ 0	\$ 0	\$ 283,730
NET CHANGE IN PARTICIPATION	(\$ 61,860,439)	\$ 425,049,376	(\$ 82,411,480)	\$ 38,697,714	\$ 10,566,020	\$ 44,530,302	\$ 86,786,813
TOTAL CHANGE IN ASSETS	(\$ 169,796,578)	\$ 212,709,033	(\$ 93,744,567)	\$ 61,192,273	\$ 10,566,037	\$ 44,535,871	\$ 86,972,666
NET ASSETS:							
BEGINNING OF PERIOD	1,312,570,241	2,173,917,304	93,744,567	405,443,380	67,603,333	93,398,296	1,089,423,927
END OF PERIOD	\$ 1,142,773,663	\$ 2,386,626,337	\$ 0	\$ 466,635,653	\$ 78,169,370	\$ 137,934,167	\$ 1,176,396,593

STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 1988

	ACTIVE EQUITY ACCOUNT	PASSIVE EQUITY ACCOUNT	INTERNAL EQUITY ACCOUNT	REAL ESTATE ACCOUNT	RESOURCE ACCOUNT	VENTURE CAPITAL ACCOUNT	BOND MANAGERS ACCOUNT
INVESTMENT INCOME:							
INTEREST	\$ 2,904,723	\$ 72,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,195,840
DIVIDENDS	24,056,019	70,530,662	2,479,386	8,843,493	9,821,330	1,323,496	0
SHORT TERM GAINS	10,827,595	598,951	343,460	320,425	744,690	764,019	8,089,990
INCOME BEFORE EXPENSES	\$ 37,788,337	\$ 71,201,743	\$ 2,822,846	\$ 9,163,918	\$ 10,566,020	\$ 2,087,515	\$ 99,285,830
MANAGEMENT FEES	3,991,920	259,479	0	0	0	0	2,094,669
NET INCOME	\$ 33,796,417	\$ 70,942,264	\$ 2,822,846	\$ 9,163,918	\$ 10,566,020	\$ 2,087,515	\$ 97,191,161
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
REALIZED:							
PROCEEDS FROM SALES	\$ 1,381,493,016	\$ 280,428,806	\$ 154,307,448	\$ 5,000,000	\$ 481,038	\$ 40,418,291	\$ 1,854,847,680
COST OF SECURITIES SOLD	1,368,919,843	235,236,770	156,297,761	5,000,000	481,038	32,975,504	1,865,676,315
NET REALIZED GAIN (LOSS)	\$ 12,573,173	\$ 45,192,036	(\$ 1,990,313)	\$ 0	\$ 0	\$ 7,442,787	(\$ 10,828,635)
UNREALIZED:							
BEGINNING OF PERIOD	205,778,859	793,753,765	12,165,620	58,206,103	(11,483,316)	359,805	(5,255,861)
END OF PERIOD	97,842,720	581,413,422	0	80,234,458	(11,483,299)	365,374	(5,070,008)
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	(\$ 107,936,139)	(\$ 212,340,343)	(\$ 12,165,620)	\$ 22,028,355	\$ 17	\$ 5,569	\$ 185,853
NET REALIZED AND UNREALIZED	(\$ 95,362,966)	(\$ 167,148,307)	(\$ 14,155,933)	\$ 22,028,355	\$ 17	\$ 7,448,356	(\$ 10,642,782)

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED ACCOUNTS
SCHEDULE OF PARTICIPATION**

JUNE 30, 1988

	ACTIVE EQUITY ACCOUNT	PASSIVE EQUITY ACCOUNT	INTERNAL EQUITY ACCOUNT	REAL ESTATE ACCOUNT	RESOURCE ACCOUNT	VENTURE CAPITAL ACCOUNT	BOND MANAGERS ACCOUNT	POOLED ACCOUNT TOTAL
Teachers Retirement Fund	\$ 388,985,921	\$ 961,881,165	\$ 0	\$ 199,195,651	\$ 33,368,644	\$ 58,888,912	\$ 501,629,614	\$ 2,143,949,907
Public Employees Retirement Fund	237,031,632	586,368,797	0	121,464,144	20,347,300	35,911,006	305,880,228	1,307,003,107
State Employees Retirement Fund	183,693,651	454,421,307	0	94,131,707	15,768,654	27,804,042	237,049,608	1,012,868,969
Public Employees Police & Fire Fund	77,270,553	191,151,875	0	39,596,410	6,633,068	11,700,964	99,714,685	426,067,555
Highway Patrolmen's Retirement Fund	13,729,478	33,963,983	0	7,035,514	1,178,568	2,086,011	17,717,364	75,710,918
Judges Retirement Fund	418,074	1,426,344	0	349,964	58,625	104,493	881,303	3,238,803
Police & Fire Consolidation Fund	969,294	2,397,838	0	496,703	83,207	148,133	1,250,835	5,346,010
Correctional Employees Retire. Fund	8,519,186	21,074,762	0	4,365,560	731,305	1,290,606	10,993,683	46,975,102
Supplemental Income Share Account	0	130,648,060	0	0	0	0	0	130,648,060
Supplemental Growth Share Account	79,206,611	0	0	0	0	0	0	79,206,611
Supplemental Index Share Account	0	3,292,206	0	0	0	0	0	3,292,206
Supplemental Bond Market Account	0	0	0	0	0	0	1,279,273	1,279,273
Variable Annuity Fund	152,949,263	0	0	0	0	0	0	152,949,263
TOTAL PARTICIPATION	\$ 1,142,773,663	\$ 2,386,626,337	\$ 0	\$ 466,635,653	\$ 78,169,371	\$ 137,934,167	\$ 1,176,396,593	\$ 5,388,535,784

NOTES TO THE SUPPLEMENTAL FINANCIAL STATEMENTS
JUNE 30, 1988

1. PORTFOLIO LISTING:

A listing of all securities held by these funds can be found starting on page 19 of this report. Fixed income and equity securities are presented at market value. Securities held as cash equivalents are not listed.

2. COST OF INVESTMENTS

At June 30, 1988, the cost of investments for the Minnesota Pooled Investment Accounts and the individual accounts of the Minnesota Supplemental Investment Fund was:

Active Equity Account	\$ 994,049,108
Passive Equity Account	\$1,798,161,859
Internal Equity Account	\$ -0-
Real Estate Account	\$ 384,836,783
Resource Account	\$ 89,568,649
Venture Capital Account	\$ 137,511,728
Bond Managers Account	\$1,159,848,624
Income Share Account	\$ 211,274,202
Growth Share Account	\$ 82,367,775
Money Market Account	\$ 75,498,846
Index Account	\$ 3,221,399
Bond Market Account	\$ 1,318,720
G.I.C. Account	\$ 21,511,128
Bond Account	\$ -0-

3. LOANED SECURITIES

The market value of loaned securities outstanding at June 30, 1988 for the Minnesota Pooled Investment Accounts and the individual accounts of the Minnesota Supplemental Investment Fund was:

Active Equity Account	\$ 19,636,184
Passive Equity Account	\$ 89,304,117
Bond Managers Account	\$ 72,552,594

ASSET LISTING

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT INVESTMENT FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE	NO. OF SHARES	SECURITY	MARKET VALUE
141,700	AETNA LIFE & CASUALTY CO.	\$ 6,394,213	237,621	HOSPITAL CORP. OF AMER.	\$ 8,881,085
88,700	AIR PRODUCTS & CHEM. INC.	4,490,438	125,200	HOUSTON INDUSTRIES INC.	3,881,200
81,100	ALCAN ALUMINUM LTD.	2,625,613	407,200	HUMANA INC.	10,994,400
75,400	ALLIED-SIGNAL INC.	2,601,300	33,200	IMPERIAL CHEM INDS PLC	2,514,900
54,700	ALUMINUM CO. OF AMERICA	2,912,775	99,000	INCO INC.	3,217,500
120,800	AMAX INC	2,823,700	77,700	INLAND STEEL IND. INC.	2,865,188
73,000	AMDAHL CORP	3,942,000	95,000	JAMES RIV CORP VA	2,446,250
107,200	AMERICAN GENERAL CORP	3,309,800	226,300	K MART CORPORATION	7,948,788
144,100	AMERICAN GREETINGS	3,008,088	193,900	KAISER TECH LTD	3,344,775
379,100	AMERICAN MEDICAL INTL.	6,776,413	111,100	KERR MCGEE CORP.	3,888,500
120,000	ARCHER DANIELS MIDLAND CO.	2,430,000	147,000	KLM ROYAL DUTCH AIR	2,719,500
270,000	ARMCO INC	2,767,500	55,830	LOCKHEED AIRCRAFT CORP	2,470,478
104,300	ASARCO INC.	2,607,500	114,800	LOEWS CORP	7,533,750
68,700	ATLANTIC RICHFIELD	5,530,350	274,300	LONG ISLAND LTG CO	3,805,913
173,000	AUGAT INC	2,422,000	78,000	LOUISIANA PAC. CORP.	2,613,000
234,900	AVON PRODS INC	5,637,600	125,500	LOWES COMPANY	2,698,250
103,000	BANK BOSTON CORP	2,690,875	54,100	MARTIN MARIETTA	2,420,975
70,600	BANKERS TRUST NY CORP.	2,612,200	131,300	MCDERMOTT INTL INC	2,560,350
173,700	BAXTER INTL INC	3,539,138	128,300	MCDONNELL DOUGLAS CORP.	8,227,238
81,700	BOWATER INC.	2,869,713	102,100	MERRILL LYNCH & CO. INC.	2,743,938
102,100	CAESAR'S WORLD	2,871,563	299,900	MFRS. HANOVER CORP.	9,034,488
95,000	CALFED INC	2,541,250	246,200	MIDDLE SOUTH UTILS INC	3,385,250
94,000	CHASE MANHATTAN CORP.	2,808,250	71,100	MORGAN J P & COMPANY INC.	2,764,013
106,400	CHEMICAL BKG CORP	3,258,500	111,600	NATL. MEDICAL ENTER. INC.	2,524,950
102,650	CHRYSLER CORP.	2,502,094	213,300	NORTHROP CORP	6,372,338
42,000	CHUBB CORPORATION	2,341,500	57,100	NORWEST CORP.	2,712,250
764,400	CHURCH'S FRIED CHICKEN	4,681,950	80,000	OUTBOARD MARINE CORP	2,770,000
50,000	CIGNA CORPORATION	2,343,750	205,000	PACIFIC GAS & ELEC. CO.	3,228,750
142,700	CINCINNATI MILACRON INC	3,656,688	165,000	PAINE WEBBER	2,825,625
259,900	CITICORP	6,465,013	138,700	PERKIN ELMER	3,571,525
96,500	CITIZENS & SOUTHERN CORP GA	2,629,625	43,900	PFIZER INCORPORATED	2,266,338
40,900	CNA FINL CORP	2,310,850	111,100	PIONEER HI-BRED INTL.	4,221,800
84,500	COLUMBIA GAS SYSTEM INC	2,756,813	184,600	PLACER DOME INC	2,492,100
112,900	COMDISCO INC.	2,751,938	192,200	PRESTON CORP	3,027,150
237,000	COMMODORE INTL LTD	3,051,375	146,600	PRIME COMPUTER INC.	2,272,300
170,200	COMMONWEALTH EDISON CO.	4,765,600	104,000	PRIMERICA CORP	2,834,000
126,200	CONTEL CORP	4,353,900	115,300	REYNOLDS & REYNOLDS CO	2,133,050
64,200	CONTINENTAL CORP	2,511,825	120,800	ROCKWELL INTL CORP	2,551,900
136,200	COOPER INDS. INC.	7,984,725	167,000	SCIENTIFIC ATLANTA INC	2,317,125
176,100	DELTA AIR LINES INC.	9,685,500	117,100	SEAGATE TECHNOLOGY	2,107,800
346,400	DETROIT EDISON CO	4,892,900	127,500	SEARS ROEBUCK & COMPANY	4,701,563
164,100	DUQUESNE LT CO	2,461,500	159,000	SECURITY PACIFIC CORP.	5,783,625
361,700	EASTERN GAS & FUEL ASSN	8,861,650	186,000	SONAT INC.	5,091,750
74,250	EASTMAN KODAK CO.	3,359,813	92,000	ST. PAUL COS. INC.	3,979,000
54,900	FEDERAL EXPRESS CORP.	2,477,363	135,400	STONE CONTAINER CORP	4,942,100
7,800	FIBREBOARD CORP NEW	64,350	63,600	SUN COMPANY INC	3,482,100
111,000	FIRST BANK SYSTEM	2,525,250	100,000	SYNTEX CORPORATION	4,187,500
200,600	FIRST CHICAGO CORP	6,293,825	57,700	TANDY CORP	2,769,600
68,300	FIRST INTERST. BANCORP	3,466,225	108,900	TEKTRONIX INC	2,776,950
56,600	FORD MOTOR CO.	3,013,950	11,400	TEMPLE INLAND	609,900
132,300	FPL GROUP INC.	4,035,150	225,500	TEXAS UTILITIES CO.	5,947,563
46,100	GENERAL DYNAMICS	2,443,300	72,100	THOMAS & BETTS CORP	4,037,600
33,500	GENERAL MOTORS CORP.	2,684,188	73,800	TRANSAMERICA CORP	2,499,975
134,000	GENERAL RE CORP.	7,152,250	73,800	UNISYS CORP.	2,638,350
112,400	GENUINE PARTS CO.	4,285,250	147,800	UNITED TELECOM. INC.	4,766,550
61,500	GEORGIA PACIFIC CORP.	2,575,313	107,800	US FIDELITY & GUAR. CO.	3,395,700
89,200	GOLDEN WEST FIN'L	2,597,950	102,000	VALLEY NATIONAL CORP.	3,047,250
457,100	GULF STS UTILS CO	2,914,013	82,200	WEYERHEUSER CO.	2,250,225
104,900	HALLIBURTON INC.	3,081,438	103,000	XEROX CORP	5,665,000

TOTAL EQUITY PORTFOLIO

\$443,210,619

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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 696,000	AMER AIRLINES EQMT TR CERT	01/15/2008	10.9900%	\$ 711,131
2,888,000	AMER AIRLINES EQMT TR CERT	01/15/2002	10.9750%	2,909,429
2,565,000	AMER AIRLINES EQMT TR CERT	01/15/2004	10.9850%	2,605,732
745,000	AMOCO CORP	07/15/2004	10.9200%	719,655
9,500,000	ARCHER DANIELS MIDLAND CO	05/01/1992	10.0000%	6,730,370
1,105,000	ARISTAR INC.	05/15/1990	10.8500%	1,091,873
2,102,000	ATLANTIC RICHFIELD	07/15/2005	11.0875%	2,286,009
3,506,991	ATLANTIC RICHFIELD CO.	07/15/1996	10.9250%	3,448,810
2,508,302	ATLANTIC RICHFIELD CO.	12/01/2001	10.8750%	2,296,325
10,000,000	BANKAMERICA CORP.	12/01/2003	10.7875%	7,531,000
9,750,000	BELL TEL OF CANADA	01/15/2008	10.9000%	8,893,560
6,000,000	BENEFICIAL CORP	12/01/2007	10.8400%	4,975,080
15,000,000	BENEFICIAL CORP.	07/15/2002	10.7500%	11,944,050
6,000,000	BOSTON EDISON	04/15/2007	10.9250%	5,489,340
7,000,000	BP NORTH AMERICA	06/15/2017	10.9500%	6,557,950
6,000,000	BRITISH COLUMBIA HYDRO	06/15/2007	10.8375%	5,311,380
1,209,519	BURLINGTON NORTHERN	09/01/1993	10.8750%	1,194,594
107,988	BURLINGTON NORTHERN	07/03/1993	10.8500%	106,275
1,656,000	C.I.T. FINANCIAL	08/01/1988	11.3625%	1,661,448
6,000,000	C.I.T. FINANCIAL	03/15/2008	10.8750%	5,186,280
6,000,000	C.I.T. FINANCIAL	08/15/2004	10.9850%	5,709,240
7,790,000	C.I.T. FINANCIAL CORP.	04/01/2001	10.8375%	6,699,790
2,000,000	CANADIAN PACIFIC, LTD.	01/15/1992	10.8625%	2,017,300
6,000,000	CAROLINA POWER & LIGHT	08/01/2000	10.8750%	5,480,940
7,000,000	CATERPILLAR INC	05/01/2007	10.6000%	4,633,860
5,000,000	CENTRAL POWER & LIGHT	06/01/2004	10.9375%	4,778,250
750,000	CERTIFICATES ACCRUAL TREAS	11/15/1998	10.0000%	292,650
6,000,000	CHEMICAL N.Y. CORP	08/01/2002	10.8250%	5,127,300
18,140,000	CHEVRON CORP.	07/01/2005	10.8750%	16,859,497
1,500,000	CHRYSLER CORP	03/01/1992	11.2750%	1,656,525
3,750,000	CHRYSLER CORP	11/15/2015	11.2000%	4,004,288
6,000,000	CHRYSLER CORP	11/01/1998	10.8000%	5,433,120
15,000,000	CHRYSLER CORPORATION	08/01/1992	11.1040%	15,408,450
6,400,000	CHRYSLER FINANCIAL	11/15/1988	10.9800%	6,440,768
7,020,000	CITICORP	03/15/2007	10.8450%	6,058,471
7,000,000	CITICORP	07/01/2007	10.8125%	5,846,820
1,000,000	CITIZENS UTILITIES	12/31/1991	10.4800%	921,520
7,000,000	COLGATE PALMOLIVE	07/15/2017	10.9625%	6,519,590
4,200,000	COMMONWEALTH EDISON	06/01/2007	10.8125%	3,445,344
5,800,000	CONOCO INC	04/01/2009	10.9375%	5,621,302
6,000,000	CONSOLIDATED EDISON	03/01/2004	10.9125%	5,616,840
6,000,000	COUPON TREASURY RCPT	02/15/1999	10.0000%	2,288,580
1,734,375	COUPON TREASURY RCPT	11/15/1993	10.0000%	1,091,009
1,040,040	COUPON TREASURY RCPT	02/15/1989	10.0000%	993,446
250,000	COUPON TREASURY RCPTS	08/15/1991	10.0000%	192,805
4,821,000	COUPON TREASURY RCPTS	11/15/2000	10.0000%	1,568,416
1,320,000	COUPON TREASURY RCPTS	08/15/1991	10.0000%	1,018,010
945,000	COUPON TREASURY RCPTS	11/15/1998	10.0000%	368,739
1,656,250	COUPON TREASURY RCPTS	11/15/1998	10.0000%	646,269
668,990	COUPON TREASURY RCPTS	11/15/1998	10.0000%	261,040
166,875	COUPON TREASURY RCPTS	08/15/1991	10.0000%	128,697
4,875,000	DANA CORP	11/15/2008	10.8875%	4,297,800
6,000,000	DETROIT EDISON	06/15/2001	10.8125%	4,977,840
6,000,000	DETROIT EDISON	11/15/2001	10.7375%	4,643,820
9,350,000	DETROIT EDISON	02/15/2017	10.9000%	8,135,809
6,000,000	DOW CHEMICAL	02/01/2005	10.8500%	5,366,520
1,255,000	DOW CHEMICAL	02/15/2008	10.8625%	1,132,349
7,000,000	DOW CHEMICAL COMPANY	07/15/2007	10.7875%	5,873,560
4,000,000	DU PONT (E.I.) DENEMOURS	12/01/2001	10.6000%	2,943,480

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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 7,000,000	DUQUESNE	06/01/2006	10.9000%	\$ 6,282,500
50,000,000	FEDERAL FARM CREDIT BANK	10/20/1997	11.1900%	57,859,500
10,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	11.0600%	10,540,600
12,000,000	FEDERAL FARM CREDIT BANK	10/20/1993	11.1800%	13,421,280
5,000,000	FEDERAL FARM CREDIT BANK	03/01/1994	11.2350%	5,726,550
5,000,000	FEDERAL FARM CREDIT BANK	07/20/1992	11.3750%	5,846,850
2,260,000	FEDERAL FARM CREDIT BANK	09/01/1988	11.2875%	2,278,351
5,000,000	FEDERAL FARM CREDIT BANK	01/20/1992	11.1500%	5,418,750
15,000,000	FEDERAL FARM CREDIT BANK	04/22/1991	11.4100%	17,095,350
665,000	FEDERAL FARM CREDIT BANK	12/02/1991	11.3650%	759,969
2,300,000	FEDERAL FARM CREDIT BANK	09/01/1994	11.3000%	2,723,338
2,100,000	FEDERAL FARM CREDIT BANK	10/20/1988	11.1500%	2,122,974
7,000,000	FEDERAL FARM CREDIT BANK	01/20/1993	11.0650%	7,498,750
6,400,000	FEDERAL FARM CREDIT BANK	07/20/1988	11.1700%	6,409,984
3,800,000	FEDERAL FARM CREDIT BANK	01/23/1989	11.3050%	3,910,428
980,000	FEDERAL FARM CREDIT BANK	04/20/1989	11.2500%	1,014,300
100,000	FEDERAL FARM CREDIT BANK	07/20/1989	11.3700%	105,656
2,300,000	FEDERAL FARM CREDIT BANK	04/20/1994	11.4250%	2,834,037
5,000,000	FEDERAL FARM CREDIT BANK	12/01/1994	11.1450%	5,573,450
4,285,000	FEDERAL HOME LOAN BANK	09/25/1990	11.2500%	4,639,841
27,000,000	FEDERAL HOME LOAN BANK	07/26/1993	11.1700%	29,995,380
2,865,000	FEDERAL HOME LOAN BANK	09/25/1991	11.1750%	3,118,381
5,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.1700%	5,465,600
2,515,000	FEDERAL HOME LOAN BANK	12/27/1993	11.2150%	2,863,177
5,000,000	FEDERAL HOME LOAN BANK	09/25/1989	11.2500%	5,256,250
8,850,000	FEDERAL HOME LOAN BANK	02/27/1989	11.5100%	9,238,604
6,295,000	FEDERAL HOME LOAN BANK	11/26/1990	11.3700%	7,005,139
6,470,000	FEDERAL HOME LOAN BANK	02/25/1992	11.1450%	7,015,874
5,775,000	FEDERAL HOME LOAN BANK	06/26/1995	11.0000%	6,051,103
1,050,000	FEDERAL HOME LOAN BANK	03/25/1993	11.0800%	1,130,714
775,000	FEDERAL HOME LOAN BANK	07/26/1993	10.7750%	744,240
47,000,000	FEDERAL HOME LOAN BANK	09/25/1996	10.8250%	44,370,820
1,075,000	FEDERAL HOME LOAN BANK	09/27/1993	10.7950%	1,039,729
900,000	FEDERAL HOME LOAN BANK	04/26/1993	10.7550%	861,183
5,650,000	FEDERAL HOME LOAN BANK	07/25/1990	10.9750%	5,796,561
25,600,000	FEDERAL HOME LOAN BANK	06/25/1996	10.8250%	24,199,936
375,000	FEDERAL HOME LOAN BANK	01/25/1993	10.9500%	386,250
250,000	FEDERAL HOME LOAN BANK	05/25/1993	10.8125%	243,750
3,525,000	FEDERAL HOME LOAN BANK	04/25/1996	10.7750%	3,235,280
950,000	FEDERAL HOME LOAN BANK	10/25/1993	10.7875%	915,857
200,000	FEDERAL HOME LOAN BANK	12/27/1993	10.7375%	187,812
10,300,000	FEDERAL HOME LOAN BANK	01/25/1994	10.7300%	9,614,432
5,000,000	FEDERAL HOME LOAN BANK	01/25/1993	11.0700%	5,368,750
2,100,000	FEDERAL HOME LOAN BANK	03/25/1996	10.8100%	1,970,724
7,000,000	FEDERAL HOME LOAN BANK	08/25/1993	11.1950%	7,855,330
7,000,000	FEDERAL HOME LOAN BANK	07/25/1995	11.0300%	7,444,080
7,000,000	FEDERAL HOME LOAN BANK	07/25/1996	10.8000%	6,527,500
8,900,000	FEDERAL HOME LOAN BANK	04/25/1989	11.4250%	9,336,634
50,000,000	FEDERAL HOME LOAN MORTGAGE COR	11/29/2019	10.0000%	3,047,000
22,000,000	FEDERAL NATIONAL MORTGAGE ASSN	07/05/2014	10.0000%	1,986,820
50,000,000	FEDERAL NATIONAL MORTGAGE ASSN	10/09/2019	10.0000%	3,047,000
5,150,000	FEDERAL NATIONAL MORTGAGE ASSN	01/10/1996	10.9200%	5,187,029
8,320,000	FEDERAL NATIONAL MORTGAGE ASSN	01/10/1995	11.1950%	9,471,821
500,000	FEDERAL NATIONAL MORTGAGE ASSN	10/10/1990	11.0150%	518,905
24,400,000	FEDERAL NATIONAL MORTGAGE ASSN	12/10/2015	11.0350%	26,313,936
350,000	FEDERAL NATIONAL MORTGAGE ASSN	12/10/1997	10.7100%	302,421
2,025,000	FEDERAL NATIONAL MORTGAGE ASSN	02/10/1995	11.1500%	2,264,193

MINNESOTA STATE BOARD OF INVESTMENT
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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 3,000,000	FEDERAL NATIONAL MORTGAGE ASSN	03/10/2016	10.8200%	\$ 2,613,750
5,000,000	FEDERAL NATIONAL MORTGAGE ASSN	11/10/1993	10.7750%	4,785,950
25,000,000	FEDERAL NATIONAL MORTGAGE ASSN	01/10/1992	10.8500%	25,000,000
5,000,000	FEDERAL NATIONAL MORTGAGE ASSN	01/11/1993	11.0900%	5,403,100
8,000,000	FEDERAL NATIONAL MORTGAGE ASSN	04/12/1993	11.0875%	8,674,960
42,000,000	FINANCING CORP	02/08/2018	10.9400%	39,611,040
5,000,000	FINANCING CORP	10/06/2017	11.0700%	5,328,100
10,000,000	FINANCING CORP	04/06/2018	10.9800%	9,812,500
5,650,000	FMC CORP	01/15/2000	10.9500%	5,254,500
5,000,000	FNMA CAPITAL DEBENTURE	10/01/1997	10.7400%	4,379,700
7,700,000	FPL GROUP CORP	03/01/2017	10.8875%	6,820,814
6,000,000	GARDNER-DENVER	06/01/2005	10.9250%	5,728,920
5,000,000	GENERAL FOODS INC	06/15/2001	10.6000%	3,565,250
5,000,000	GENERAL MOTORS ACCEPT CORP	11/15/2006	10.8250%	4,316,550
5,000,000	GENERAL MOTORS ACCEPT CORP	06/15/2001	10.8750%	4,610,600
8,500,000	GENERAL MOTORS ACCEPT CORP	06/01/1999	10.8875%	7,992,635
1,200,000	GENERAL MOTORS ACCEPT CORP	08/01/1988	10.6250%	1,199,604
4,200,000	GENERAL MOTORS ACCEPT CORP	02/01/2000	10.8750%	3,905,244
9,700,000	GENERAL MOTORS ACCEPT CORP.	07/15/2004	10.9400%	9,258,165
3,500,000	GENERAL MOTORS CORPORATION	04/15/2016	10.8125%	2,886,555
1,000,000	GENERAL TEL CO (FLA)	05/01/1993	10.4500%	838,750
8,150,000	GREYHOUND LEASING	04/01/1994	11.3625%	8,799,881
8,500,000	GTE CORP	12/01/2016	10.9125%	7,566,020
6,300,000	GTE CORP	04/01/2017	10.8500%	5,320,350
200,000	HARBOR TUG & BARGE	03/15/2001	10.8150%	174,328
7,600,000	HOUSEHOLD FINANCE CORP	09/15/2007	10.8200%	6,482,344
325,000	HOUSEHOLD FINANCE CORP	06/15/2004	10.9625%	319,131
7,320,000	HOUSEHOLD FINANCE CORP.	10/01/2003	10.8375%	6,435,598
525,000	HOUSTON LTG & POWER	10/01/2007	10.8375%	436,018
3,500,000	HYDRO-QUEBEC	04/15/2026	10.8250%	2,941,575
6,000,000	HYDRO-QUEBECK	09/15/2006	10.8600%	5,416,140
6,000,000	INDIANA & MICH ELECTRIC	03/01/2008	10.9500%	5,401,080
6,000,000	INTER-AMERICAN DEV. BANK	01/15/2004	10.9625%	5,945,040
12,000,000	INTERNORTH INC.	03/15/2006	10.9625%	11,005,080
3,600,000	ITT FINANCIAL CORP	03/01/2007	10.8375%	3,088,512
4,950,000	JEWEL CO'S INC.	12/01/1992	11.1500%	5,091,867
5,000,000	KANSAS POWER & LIGHT	02/01/2008	10.8750%	4,524,250
3,600,000	KMART	03/01/2005	11.2500%	4,329,360
5,700,000	LOEWS CORP	01/15/2007	10.8250%	4,792,389
7,000,000	LOEWS CORP	03/15/2016	10.9000%	6,097,840
1,000,000	LONG ISLAND LIGHTING	04/01/1993	10.4400%	841,150
1,569,591	LOUISVILLE & NASHVILLE	10/20/1991	10.9000%	1,584,627
6,000,000	MANITOBA HYDRO	12/01/2006	10.8625%	5,258,640
5,440,000	MANITOBA HYDRO ELEC BD	10/15/1997	10.7650%	4,812,278
4,300,000	MANUF. HANOVER CORP	03/01/2004	10.8125%	3,385,476
800,000	MARATHON OIL COMPANY	02/01/2000	10.8500%	696,000
9,000,000	MARTIN-MARIETTA CORP.	03/15/2011	10.7000%	6,562,080
3,197,699	MHFA SER. A 1988	02/01/1993	10.0000%	167,879
930,016	MISSOURI PACIFIC RR	06/01/1995	11.2750%	1,055,354
1,382,612	MISSOURI PACIFIC RR	06/01/1994	10.9750%	1,435,400
1,700,000	MOBIL CORP	06/15/2001	10.8500%	1,589,041
3,535,000	MONSANTO CO.	05/15/2008	10.8750%	3,183,833
6,000,000	N. BRUNSWICK ELECTRIC	05/01/2001	10.9375%	5,683,080
5,927,000	NATIONAL RURAL UTIL.	09/01/2009	10.9750%	5,819,247
7,000,000	NO. AMER PHILLIPS	03/01/2017	10.8750%	6,017,480
6,000,000	NORTHERN IND. PUB. SERV.	10/15/2006	10.8375%	5,187,360

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PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 6,000,000	NORTHERN IND. PUB. SERV.	11/01/2007	10.8500%	\$ 5,092,800
3,125,000	NORTHERN STATES POWER CO. MINN	01/01/2004	10.8375%	2,725,938
3,500,000	NOVA SCOTIA POWER COMM	03/15/1997	10.7750%	3,132,920
6,400,000	NOVA SCOTIA POWER CORP	06/01/2008	10.9625%	6,247,488
5,700,000	OCCIDENTIAL PETE CORP	04/15/2011	10.7000%	3,909,915
5,100,000	ONTARIO PROV. OF	11/15/2005	10.9250%	4,891,512
3,600,000	ONTARIO PROV. OF	01/15/2007	10.8400%	3,149,928
6,000,000	ONTARIO PROVINCE	03/01/2009	10.9750%	5,884,320
6,000,000	ONTARIO PROVINCE	09/20/2009	10.9875%	6,022,140
1,000,000	ONTARIO PROVINCE OF CANADA	06/15/2005	10.9125%	933,800
7,000,000	ONTARIO, PROVINCE OF	06/01/2008	10.9375%	6,633,270
6,920,000	ONTARIO, PROVINCE OF	11/30/2008	10.9375%	6,702,643
7,000,000	PACIFIC BELL TEL	04/15/2023	10.8625%	6,000,470
1,600,000	PACIFIC BELL TEL	08/15/2025	10.8750%	1,408,000
6,000,000	PACIFIC GAS & ELECTRIC	02/01/2009	10.8500%	5,089,800
3,765,000	PACIFIC GAS & ELECTRIC	09/01/2008	10.8250%	3,226,567
5,000,000	PACIFIC TEL & TEL	04/01/2005	10.8650%	4,402,750
5,000,000	PACIFIC TEL & TEL	07/01/2003	10.6500%	3,748,650
5,000,000	PACIFIC TEL & TEL CO	10/01/2006	10.8750%	4,424,500
7,930,000	PENNEY J.C. CO.	05/01/2006	10.6000%	5,277,256
7,000,000	PHILADELPHIA ELEC CO	04/01/2017	10.9375%	6,046,460
755,000	PHILADELPHIA ELECTRIC	08/01/2002	10.9625%	700,466
2,777,000	PHILADELPHIA ELECTRIC	03/15/2008	10.9125%	2,416,934
6,000,000	PHILADELPHIA ELECTRIC	03/01/2006	10.9125%	5,289,240
6,000,000	PHILADELPHIA ELECTRIC	01/15/1999	10.7500%	4,917,480
3,060,000	PHILADELPHIA ELECTRIC	03/15/2007	10.8625%	2,534,506
4,075,000	PHILADELPHIA ELECTRIC	01/15/2004	10.8500%	3,445,250
5,000,000	PHILLIPS PETE CO	03/15/1997	11.3875%	5,668,750
2,675,000	PRIMERICA CORP	10/15/1992	11.1125%	2,768,732
3,500,000	PROCTOR & GAMBLE	01/15/2017	10.8125%	2,962,470
1,682,959	PUBLIC SERVICE ELEC & GAS	07/01/2009	10.9750%	1,615,254
6,000,000	PUBLIC SERVICE ELEC & GAS	09/01/2007	10.8125%	4,967,820
6,000,000	QUEBEC PROVINCE	04/15/2004	10.9200%	5,606,160
4,400,000	QUEBEC-HYDRO ELECTRIC	01/01/2004	10.8250%	3,851,496
8,775,000	SASKATCH., PROVINCE OF	04/15/2008	10.9250%	8,318,525
6,000,000	SASKATCHEWAN CDA	05/15/2007	10.8625%	5,397,780
6,000,000	SASKATCHEWAN CDA	11/15/2006	10.8700%	5,356,200
2,714,676	SEABOARD COAST LINE RR	10/01/1992	10.8250%	2,668,934
2,721,712	SEABOARD COAST LINE RR	09/01/1993	10.9625%	2,789,973
3,000,000	SEARS	11/15/2001	10.7000%	2,403,930
13,000,000	SEARS ROEBUCK & CO.	05/01/2000	10.6000%	9,702,810
5,000,000	SOUTH CENTRAL BELL TEL	12/01/2004	10.8250%	4,428,450
3,000,000	SOUTH CENTRAL BELL TEL	11/01/2007	10.7375%	2,290,110
5,000,000	SOUTHWESTERN BELL TEL	08/01/2007	10.8750%	4,510,550
3,100,000	SOUTHWESTERN BELL TEL	06/01/2003	10.5875%	2,175,208
7,000,000	SOUTHWESTERN BELL TEL	04/15/2020	10.8625%	6,045,690
385,000	SPRAGUE ELECTRIC CO	09/01/1988	10.4375%	383,187
886,311	STANDARD OIL OF CALIF.	03/30/1997	10.7700%	780,938
823,003	STANDARD OIL OF CALIF.	03/02/1997	10.7700%	719,231
823,004	STANDARD OIL OF CALIF.	02/10/1997	10.7700%	726,243
3,135,235	STANDARD OIL OF CALIF.	07/02/1999	10.8500%	2,845,163
10,000,000	STRPD U.S. TREAS. BONDS	05/15/2006	10.0000%	2,010,800
2,700,000	STUDENT LN MRKTG ASSN	07/06/1989	10.7900%	2,698,299
50,000,000	STUDENT LN MRKTG ASSN	10/03/2022	10.0000%	2,562,500
11,385,000	TENNESSEE GAS PIPELINE	09/01/1992	11.3700%	12,850,705
5,700,000	TENNESSEE GAS PIPELINE	01/15/2017	10.9375%	5,098,707

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT INVESTMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 4,300,000	TEXAS ELEC. SERVICE	02/01/2009	10.9500%	\$ 3,865,528
3,000,000	TEXAS POWER & LIGHT	01/01/2006	10.8600%	2,521,680
2,500,000	TEXAS POWER & LIGHT	02/01/2009	10.9375%	2,201,350
7,000,000	TORCHMARK	03/01/2017	10.8625%	5,854,660
250,000	TREASURY INVT GROWTH RCPTS	02/15/1999	10.0000%	94,875
1,619,000	TREASURY INVT GROWTH RCPTS	11/15/2000	10.0000%	631,734
50,110,000	U.S.A. TREASURY BOND	11/15/2002	11.1625%	60,398,084
50,000,000	U.S.A. TREASURY BOND	11/15/2012	11.0375%	55,359,500
43,404,000	U.S.A. TREASURY BOND	11/15/2004	11.1625%	52,681,605
29,475,000	U.S.A. TREASURY BOND	02/15/2007	10.7625%	25,827,469
49,800,000	U.S.A. TREASURY BOND	02/15/2010	11.1750%	60,631,500
40,000,000	U.S.A. TREASURY BOND	02/15/1994	10.9000%	40,900,000
50,000,000	U.S.A. TREASURY BOND	05/15/2014	11.3250%	68,906,000
50,350,000	U.S.A. TREASURY BOND	02/15/2003	11.0750%	57,225,796
50,000,000	U.S.A. TREASURY BOND	05/15/1999	10.8500%	48,718,500
15,000,000	U.S.A. TREASURY BOND	08/15/2001	10.8000%	14,189,100
16,600,000	U.S.A. TREASURY BOND	08/15/2008	10.8375%	15,500,250
9,450,000	U.S.A. TREASURY BOND	05/15/2005	10.8250%	8,847,563
50,000,000	U.S.A. TREASURY BOND	05/15/1995	11.0375%	54,406,000
52,600,000	U.S.A. TREASURY BOND	11/15/2010	11.2750%	68,856,556
50,000,000	U.S.A. TREASURY BOND	11/15/1995	11.1500%	57,609,500
39,625,000	U.S.A. TREASURY BOND	05/15/2011	11.3875%	55,982,596
40,350,000	U.S.A. TREASURY BOND	02/15/2000	10.7875%	37,348,767
39,650,000	U.S.A. TREASURY BOND	02/15/2001	11.1750%	48,063,334
28,020,000	U.S.A. TREASURY BOND	08/15/2000	10.8375%	26,907,886
22,300,000	U.S.A. TREASURY BOND	02/15/1995	11.0500%	24,355,837
40,000,000	U.S.A. TREASURY BOND	05/15/1995	11.2625%	48,224,800
36,000,000	U.S.A. TREASURY BOND	11/15/2011	11.4000%	51,423,840
28,326,000	U.S.A. TREASURY BOND	08/15/2013	11.2000%	35,637,507
50,000,000	U.S.A. TREASURY BOND	05/15/2005	11.2000%	62,453,000
51,800,000	U.S.A. TREASURY BOND	08/15/2005	11.0750%	59,116,750
8,925,000	U.S.A. TREASURY BOND	05/15/2001	11.3125%	11,764,221
10,000,000	U.S.A. TREASURY BOND	02/15/2006	10.9375%	10,337,500
45,500,000	U.S.A. TREASURY BOND	11/15/2014	11.1750%	56,789,460
32,100,000	U.S.A. TREASURY BOND	08/15/2001	11.3375%	42,963,924
32,900,000	U.S.A. TREASURY BOND	05/15/2009	10.9125%	32,827,949
20,900,000	U.S.A. TREASURY BOND	11/15/2009	11.0375%	23,009,646
7,075,000	U.S.A. TREASURY BOND	11/15/2003	11.1875%	8,697,793
11,600,000	U.S.A. TREASURY BOND	08/15/2003	11.1125%	13,539,404
6,075,000	U.S.A. TREASURY BOND	05/15/2003	11.0750%	6,902,719
3,500,000	U.S.A. TREASURY BOND	02/15/2016	10.9250%	3,582,040
15,745,000	U.S.A. TREASURY BOND	05/15/2004	11.2375%	20,045,274
1,600,000	U.S.A. TREASURY BOND	11/15/2008	10.8750%	1,544,000
24,500,000	U.S.A. TREASURY BOND	02/15/2002	11.4250%	34,575,625
5,100,000	U.S.A. TREASURY BOND	08/15/2004	11.3750%	7,108,125
3,500,000	U.S.A. TREASURY BOND	05/15/2017	10.8750%	3,411,415
50,000,000	U.S.A. TREASURY BOND	08/15/2014	11.2500%	65,515,500
28,204,000	U.S.A. TREASURY COUPON	08/15/1998	10.0000%	11,423,748
5,708,000	U.S.A. TREASURY COUPON	02/15/1991	10.0000%	4,622,909
16,000,000	U.S.A. TREASURY COUPON	11/15/2008	10.0000%	2,570,880
10,600,000	U.S.A. TREASURY COUPON	05/15/2009	10.0000%	1,628,372
26,500,000	U.S.A. TREASURY COUPON	08/15/2004	10.0000%	6,234,125
22,500,000	U.S.A. TREASURY COUPON	05/15/2004	10.0000%	5,176,350
3,830,000	U.S.A. TREASURY COUPON	02/15/2004	10.0000%	942,372
11,360,000	U.S.A. TREASURY COUPON	11/15/2003	10.0000%	2,879,987
8,500,000	U.S.A. TREASURY COUPON	02/15/2009	10.0000%	1,335,265

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT INVESTMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 50,000,000	U.S.A. TREASURY COUPON	08/15/2009	10.0000%	\$ 7,540,000
10,525,000	U.S.A. TREASURY COUPON	08/15/2003	10.0000%	2,728,185
11,850,000	U.S.A. TREASURY COUPON	11/15/1999	10.0000%	4,284,131
22,000,000	U.S.A. TREASURY COUPON	02/15/1999	10.0000%	8,513,120
14,825,000	U.S.A. TREASURY COUPON	08/15/1999	10.0000%	5,480,210
14,360,000	U.S.A. TREASURY COUPON	05/15/1998	10.0000%	5,948,343
19,150,000	U.S.A. TREASURY COUPON	11/15/1998	10.0000%	7,586,273
15,600,000	U.S.A. TREASURY COUPON	11/15/2000	10.0000%	5,151,120
4,500,000	U.S.A. TREASURY COUPON	02/15/2002	10.0000%	1,323,180
20,400,000	U.S.A. TREASURY COUPON	05/15/2002	10.0000%	5,865,816
11,500,000	U.S.A. TREASURY COUPON	08/15/2002	10.0000%	3,232,880
4,000,000	U.S.A. TREASURY COUPON	05/15/1994	10.0000%	2,424,560
50,000,000	U.S.A. TREASURY COUPON	08/15/2012	10.0000%	5,831,000
25,000,000	U.S.A. TREASURY COUPON	08/15/2013	10.0000%	2,692,750
34,000,000	U.S.A. TREASURY COUPON	05/15/2013	10.0000%	3,726,740
92,000,000	U.S.A. TREASURY COUPON	02/15/2013	10.0000%	10,309,520
2,400,000	U.S.A. TREASURY COUPON	05/15/2010	10.0000%	339,168
49,250,000	U.S.A. TREASURY COUPON	08/15/2010	10.0000%	6,805,365
50,000,000	U.S.A. TREASURY COUPON	08/15/2011	10.0000%	6,360,000
25,000,000	U.S.A. TREASURY COUPON	05/15/2011	10.0000%	3,252,000
25,000,000	U.S.A. TREASURY COUPON	02/15/2014	10.0000%	2,595,000
25,000,000	U.S.A. TREASURY COUPON	08/15/2014	10.0000%	2,495,000
50,000,000	U.S.A. TREASURY COUPON	02/15/2012	10.0000%	6,096,000
42,000,000	U.S.A. TREASURY COUPON	02/15/2011	10.0000%	5,586,000
49,250,000	U.S.A. TREASURY COUPON	02/15/2010	10.0000%	7,116,625
4,700,000	U.S.A. TREASURY COUPON	05/15/2005	10.0000%	1,033,859
5,300,000	U.S.A. TREASURY COUPON	08/15/1991	10.0000%	4,112,270
1,800,000	U.S.A. TREASURY COUPON	05/15/1991	10.0000%	1,427,004
1,800,000	U.S.A. TREASURY COUPON	02/15/1994	10.0000%	1,116,828
4,700,000	U.S.A. TREASURY COUPON	02/15/1992	10.0000%	3,490,643
5,500,000	U.S.A. TREASURY COUPON	08/15/1992	10.0000%	3,906,595
1,500,000	U.S.A. TREASURY COUPON	05/15/1989	10.0000%	1,405,140
4,600,000	U.S.A. TREASURY COUPON	08/15/1989	10.0000%	4,223,720
4,400,000	U.S.A. TREASURY COUPON	02/15/1990	10.0000%	3,876,224
7,500,000	U.S.A. TREASURY COUPON	02/15/2000	10.0000%	2,651,175
11,800,000	U.S.A. TREASURY COUPON	08/15/2000	10.0000%	3,984,034
21,800,000	U.S.A. TREASURY COUPON	11/15/1997	10.0000%	9,459,238
11,500,000	U.S.A. TREASURY COUPON	11/15/2007	10.0000%	2,021,240
38,500,000	U.S.A. TREASURY COUPON	05/15/2003	10.0000%	10,205,965
35,000,000	U.S.A. TREASURY COUPON	08/15/1994	10.0000%	20,740,650
50,000,000	U.S.A. TREASURY COUPON	02/15/1998	10.0000%	21,195,500
22,800,000	U.S.A. TREASURY COUPON	05/15/1999	10.0000%	8,619,996
8,500,000	U.S.A. TREASURY COUPON	02/15/2005	10.0000%	1,911,905
50,000,000	U.S.A. TREASURY COUPON	08/15/2005	10.0000%	10,753,000
19,500,000	U.S.A. TREASURY COUPON	02/15/2008	10.0000%	3,350,880
15,500,000	U.S.A. TREASURY COUPON	05/15/2008	10.0000%	2,604,775
48,500,000	U.S.A. TREASURY COUPON	08/15/2008	10.0000%	7,968,550
29,500,000	U.S.A. TREASURY COUPON	08/15/2007	10.0000%	5,301,740
50,000,000	U.S.A. TREASURY COUPON	11/15/2001	10.0000%	15,057,000
24,600,000	U.S.A. TREASURY COUPON	08/15/2001	10.0000%	7,575,324
13,000,000	U.S.A. TREASURY COUPON	02/15/1993	10.0000%	8,838,960
2,500,000	U.S.A. TREASURY COUPON	05/15/1993	10.0000%	1,660,250
8,000,000	U.S.A. TREASURY COUPON	08/15/1993	10.0000%	5,194,160
25,600,000	U.S.A. TREASURY COUPON	05/15/2000	10.0000%	8,840,192
5,900,000	U.S.A. TREASURY COUPON	02/15/1995	10.0000%	3,339,459
3,560,000	U.S.A. TREASURY NOTE	08/15/1994	11.2625%	4,233,054

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT INVESTMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
\$ 6,290,000	U.S.A. TREASURY NOTE	04/15/1989	11.4375%	\$ 6,637,900
8,400,000	U.S.A. TREASURY NOTE	07/15/1989	11.4500%	8,977,500
5,650,000	U.S.A. TREASURY NOTE	10/15/1989	11.1875%	5,925,438
10,000,000	U.S.A. TREASURY NOTE	11/15/1994	11.1625%	11,453,100
5,930,000	U.S.A. TREASURY NOTE	12/31/1988	11.0625%	6,020,788
5,000,000	U.S.A. TREASURY NOTE	05/15/1991	11.4500%	5,809,350
50,000,000	U.S.A. TREASURY NOTE	01/15/1990	11.0500%	51,828,000
4,800,000	U.S.A. TREASURY NOTE	07/15/1988	11.4000%	4,812,768
5,265,000	U.S.A. TREASURY NOTE	10/15/1988	11.5375%	5,397,467
3,400,000	U.S.A. TREASURY NOTE	01/15/1989	11.4625%	3,538,108
50,000,000	U.S.A. TREASURY NOTE	05/15/1995	11.1250%	56,547,000
50,000,000	U.S.A. TREASURY NOTE	08/15/1995	11.0500%	54,703,000
225,000	U.S.A. TREASURY NOTE	01/15/1993	10.8750%	228,024
11,250,000	U.S.A. TREASURY NOTE	11/15/1990	11.3000%	12,413,700
2,600,000	U.S.A. TREASURY NOTE	07/15/1991	11.3750%	2,979,444
5,000,000	U.S.A. TREASURY NOTE	07/15/1992	11.0375%	5,342,200
20,000,000	U.S.A. TREASURY NOTE	11/15/1995	10.9500%	20,850,000
1,800,000	U.S.A. TREASURY NOTE	04/15/1990	11.0500%	1,873,692
7,425,000	U.S.A. TREASURY NOTE	01/15/1991	11.1750%	8,030,583
5,600,000	U.S.A. TREASURY NOTE	10/15/1990	11.1500%	5,988,472
4,100,000	U.S.A. TREASURY NOTE	06/30/1990	10.7250%	4,043,625
50,000,000	U.S.A. TREASURY NOTE	08/15/1989	10.6625%	49,422,000
4,200,000	U.S.A. TREASURY NOTE	09/30/1988	10.6375%	4,192,776
7,700,000	U.S.A. TREASURY NOTE	09/30/1990	10.6750%	7,493,024
2,500,000	U.S.A. TREASURY NOTE	11/15/1996	10.7250%	2,272,650
3,500,000	U.S.A. TREASURY NOTE	04/15/1994	10.7000%	3,256,085
1,610,000	U.S.A. TREASURY PHY. COUPON	02/15/2010	10.0000%	232,645
10,000,000	U.S.A. TREASURY SEC PRIN.	11/15/1994	10.0000%	5,778,125
50,000,000	U.S.A. TREASURY SEC PRIN.	02/15/2015	10.0000%	4,979,500
50,000,000	U.S.A. TREASURY SEC PRIN.	08/15/2015	10.0000%	4,768,500
1,000,000	UNITED STATES TREAS. NOTE	01/15/1991	11.1750%	1,081,560
10,450,000	WILLAMETTE INDUSTRIES INC.	04/15/1993	11.1375%	10,804,569
4,555,000	WISCONSIN ELECTRIC POWER	05/15/2008	10.8875%	4,194,016
\$ 4,575,814,149	TOTAL BOND PORTFOLIO			\$ 3,434,911,139

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL INVESTMENT FUND
ALPHABETICAL HOLDINGS BY INVESTMENT OPTION
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
INDEX ACCOUNT				
2,330	MINNESOTA PASSIVE EQUITY ACCOUNT			\$ 3,292,302
BOND MARKET ACCOUNT				
12,799	MINNESOTA BOND MANAGERS ACCOUNT			\$ 1,279,863
G.I.C. ACCOUNT				
4,798,122	PRINCIPAL MUTUAL LIFE GIC	10/31/89	10.7720%	\$ 4,798,122
16,713,006	PRINCIPAL MUTUAL LIFE GIC	10/31/90	10.8450%	16,713,006
21,511,128				\$ 21,511,128
INCOME SHARE ACCOUNT				
1,250,000	ASSOCIATES CORP. NORTH AMERICA	11/15/92	11.1450%	\$ 1,334,413
2,000,000	FEDERAL FARM CREDIT BANK	01/22/90	11.1150%	2,084,380
1,500,000	FEDERAL FARM CREDIT BANK	03/01/94	11.2350%	1,717,965
2,000,000	FEDERAL HOME LOAN MORTGAGE	08/30/91	11.1850%	2,181,880
2,000,000	FEDERAL NATIONAL MORTGAGE ASSN	01/10/90	11.1450%	2,093,740
2,000,000	FEDERAL NATIONAL MORTGAGE ASSN	02/13/90	11.1050%	2,085,620
17,000,000	FEDERAL NATIONAL MORTGAGE ASSN	07/05/14	10.0000%	1,535,270
1,751,328	FNMA POOL # 002494	04/01/08	10.8000%	1,582,202
2,052,008	FNMA POOL # 002499	03/01/16	11.0000%	2,053,917
1,648,509	FNMA POOL # 006226	12/01/15	11.1000%	1,736,078
1,827,707	FNMA POOL # 049238	06/01/02	10.8000%	1,711,190
2,677,736	FNMA POOL # 051207	07/01/02	10.8000%	2,507,030
1,000,000	GERBER PRODUCTS CO	11/01/94	11.1750%	1,090,240
1,909,631	GNMA II POOL # 000587	07/20/16	10.8000%	1,701,348
1,000,000	HOUSTON NATURAL GAS CO.	11/15/92	11.1000%	1,009,160
92,517	MINNESOTA PASSIVE EQUITY ACCOUNT			130,651,899
700,000	NEW YORK STATE ELEC. & GAS	04/01/93	11.1750%	722,904
20,253,836	S.B.I. MONEY FUND			20,253,836
500,000	SEAFIRST CORP.	06/01/90	11.0500%	510,000
2,000,000	SECURITY PACIFIC CORP	05/15/99	10.9750%	1,967,740
1,800,000	U.S.A. TREASURY BOND	05/15/03	11.0750%	2,045,250
1,600,000	U.S.A. TREASURY BOND	05/15/04	11.2375%	2,036,992
1,600,000	U.S.A. TREASURY BOND	05/15/05	11.2000%	1,998,496
1,400,000	U.S.A. TREASURY BOND	11/15/95	11.1500%	1,613,066
1,700,000	U.S.A. TREASURY BOND	11/15/02	11.1625%	2,049,027
1,700,000	U.S.A. TREASURY BOND	11/15/03	11.1875%	2,089,929
1,700,000	U.S.A. TREASURY BOND	11/15/04	11.1625%	2,063,375
500,000	U.S.A. TREASURY NOTE	01/15/89	11.4625%	520,310
1,800,000	U.S.A. TREASURY NOTE	05/15/95	11.1250%	2,035,692
1,900,000	U.S.A. TREASURY NOTE	07/15/88	11.4000%	1,905,054
7,500,000	U.S.A. TREASURY NOTE	09/30/89	10.9375%	7,633,575
3,000,000	U.S.A. TREASURY NOTE	10/15/89	11.1875%	3,146,250
3,000,000	U.S.A. TREASURY NOTE	11/15/92	11.0500%	3,229,680
12,000,000	U.S.A. TREASURY PHY. COUPON	11/15/93	10.0000%	1,734,000
106,363,271				\$ 214,631,507
GROWTH SHARE ACCOUNT				
65,340	MINNESOTA ACTIVE EQUITY ACCOUNT			\$ 79,242,187
3,999,007	S.B.I. MONEY FUND			3,999,007
4,064,347				\$ 83,241,194
MONEY MARKET ACCOUNT				
75,498,846	S.B.I. MONEY FUND			\$ 75,498,846

MINNESOTA STATE BOARD OF INVESTMENT
VARIABLE ANNUITY FUND
ALPHABETICAL HOLDINGS
JUNE 30 1988

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
126,056	MINNESOTA ACTIVE EQUITY ACCOUNT			\$ 153,017,959
7,834,277	S.B.I. MONEY FUND			7,834,277
\$ 7,960,333				\$ 160,852,236

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 3,400,000	AMOCO	06/15/2005	10.8375%	\$ 3,067,412
1,700,000	ASSOCIATES CORP NO. AMERICA	08/01/1990	11.1000%	1,764,056
5,000,000	ATLANTIC RICHFIELD	03/01/2011	10.9125%	4,672,500
5,000,000	ATLANTIC RICHFIELD	03/01/2016	10.9875%	5,031,200
2,104,194	ATLANTIC RICHFIELD CO.	07/15/1996	10.9250%	2,069,286
1,672,201	ATLANTIC RICHFIELD CO.	12/01/2001	10.8750%	1,530,883
4,000,000	BARNETT BANKS INC	03/01/1999	10.8500%	3,625,200
2,500,000	BELL TELE. CO CANADA	09/01/1995	10.4850%	1,723,100
600,000	CANADIAN PACIFIC, LTD.	01/15/1992	10.8625%	605,190
5,000,000	CITICORP PERSON TO PERSON INC	03/01/1998	10.8750%	4,547,500
4,500,000	COLUMBUS SOUTHERN POWER	08/01/2015	10.9500%	3,962,745
7,000,000	COMMONWEALTH EDISON	01/15/2014	10.9125%	6,191,990
5,000,000	CSX TRANSPORTATION	08/15/2006	10.9000%	4,585,900
5,000,000	DOW CHEMICAL	04/01/2006	10.8625%	4,479,800
3,690,000	DU PONT E I DE NEMOURS & CO	11/15/2004	10.8450%	3,356,609
107,000	EAGLE TERMINAL TANKERS	06/01/1989	10.6000%	105,037
100,000	FEDERAL FARM CREDIT BANK	03/01/1994	11.2350%	114,531
600,000	FEDERAL FARM CREDIT BANK	07/20/1992	11.3750%	701,622
5,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	11.0600%	5,270,300
3,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.1700%	3,279,360
3,000,000	FEDERAL HOME LOAN BANK	07/26/1993	11.1700%	3,332,820
5,000,000	FEDERAL HOME LOAN BANK	09/25/1989	11.2500%	5,256,250
4,000,000	FEDERAL NATIONAL MORTGAGE ASSN	05/10/1990	11.0300%	4,142,480
500,000	FEDERAL NATIONAL MORTGAGE ASSN	10/10/1988	10.9500%	502,420
3,000,000	FEDERAL NATIONAL MORTGAGE ASSN	10/12/1992	11.0600%	3,193,110
890,000	FLORIDA POWER & LIGHT	06/01/1998	10.7000%	743,479
3,000,000	FMC CORP	01/15/2000	10.9500%	2,790,000
1,400,000	FORD MOTOR COMPANY	04/01/2006	10.8875%	1,300,012
3,900,000	GENERAL MOTORS ACCEPT CORP.	01/15/2002	10.8000%	3,367,182
1,602,410	GNMA POOL # 00505	11/15/2001	10.6500%	1,378,072
1,528,606	GNMA POOL # 00506	12/15/2001	10.6500%	1,314,601
5,465,706	GNMA POOL # 00606	08/20/2016	10.8000%	4,873,019
1,948,622	GNMA POOL # 00623	09/20/2016	10.8000%	1,737,318
1,729,651	GNMA POOL # 02290	03/15/2003	10.6500%	1,487,500
2,057,627	GNMA POOL # 02291	04/15/2003	10.6500%	1,769,559
1,778,587	GNMA POOL # 02424	04/15/2003	10.6500%	1,529,585
241,056	GNMA POOL # 03627	07/15/2004	10.8250%	232,843
847,878	GNMA POOL # 03972	07/15/2004	10.8250%	818,990
536,814	GNMA POOL # 03974	11/15/2004	10.9000%	520,538
350,024	GNMA POOL # 03979	08/15/2004	10.8250%	327,819
306,567	GNMA POOL # 04004	08/15/2004	10.8250%	296,122
699,266	GNMA POOL # 04092	07/15/2004	10.8250%	675,442
268,466	GNMA POOL # 04145	08/15/2004	10.8250%	259,319
429,009	GNMA POOL # 04472	09/15/2004	10.9000%	407,692
323,451	GNMA POOL # 09680	06/15/2006	10.8250%	312,431
495,506	GNMA POOL # 10887	07/15/2006	10.8250%	478,625
3,482,871	GNMA POOL # 12383	02/15/2005	10.8750%	3,165,128
246,129	GNMA POOL # 17904	08/15/2007	10.8000%	219,439
386,401	GNMA POOL # 18017	07/15/2007	10.8000%	357,780
670,939	GNMA POOL # 18058	07/15/2007	10.8000%	621,243
238,625	GNMA POOL # 18592	11/15/2007	10.8000%	220,950
530,913	GNMA POOL # 18768	08/15/2007	10.8000%	491,588
498,567	GNMA POOL # 18782	10/15/2007	10.8000%	444,504
571,038	GNMA POOL # 19105	07/15/2007	10.8000%	528,741
480,230	GNMA POOL # 19667	01/15/2008	10.8000%	444,659
583,318	GNMA POOL # 19740	10/15/2007	10.8000%	520,064

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 3,425,651	GNMA POOL # 19784	09/15/2007	10.8000%	\$ 3,054,182
473,384	GNMA POOL # 19997	10/15/2007	10.8000%	438,321
37,380	GNMA POOL # 20074	03/15/2007	10.8000%	34,611
550,924	GNMA POOL # 20263	11/15/2007	10.8000%	510,117
603,334	GNMA POOL # 20393	11/15/2007	10.8000%	558,645
609,618	GNMA POOL # 20495	11/15/2007	10.8000%	564,464
660,624	GNMA POOL # 21037	11/15/2007	10.8000%	611,692
4,941,535	GNMA POOL # 210643	06/15/2017	10.8000%	4,405,687
4,832,024	GNMA POOL # 210687	06/15/2017	10.8000%	4,308,051
569,392	GNMA POOL # 21480	01/15/2008	10.8000%	507,648
632,521	GNMA POOL # 21615	01/15/2008	10.8000%	585,670
3,380,239	GNMA POOL # 217626	05/15/2017	10.8000%	3,011,556
611,234	GNMA POOL # 21930	03/15/2008	10.8000%	565,960
654,277	GNMA POOL # 22012	04/15/2008	10.8000%	605,814
3,465,721	GNMA POOL # 224960	06/15/2017	10.8000%	3,087,715
589,004	GNMA POOL # 22820	12/15/2007	10.8000%	545,377
698,997	GNMA POOL # 24078	02/15/2008	10.8000%	647,222
648,794	GNMA POOL # 24417	03/15/2008	10.8000%	600,737
2,857,442	GNMA POOL # 27638	10/15/2008	10.9000%	2,715,463
4,000,000	KANSAS POWER & LIGHT	06/01/2007	10.8125%	3,338,680
2,500,000	MICHIGAN BELL TELEPHONE CO.	06/01/2015	10.8125%	2,036,725
778,119	MN MTG. MARKETING CORP	02/01/2015	11.3004%	868,576
2,953,450	MN MTG. MARKETING CORP	06/01/2014	11.2566%	3,263,563
1,279,265	MN MTG. MARKETING CORP	09/01/2014	11.2823%	1,420,783
2,433,000	MOORE-MCCORMACK LEASING	07/15/2001	10.8875%	2,244,272
2,000,000	MORGAN J.P.	08/01/1994	10.8875%	1,956,000
3,000,000	MOUNTAIN STATES TEL & TEL	06/01/2013	10.7750%	2,437,020
2,500,000	NORTHERN STATES POWER CO. MINN	01/01/2004	10.8375%	2,180,750
1,524,000	NORTON SIMON, INC.	06/01/2004	10.9875%	1,348,161
1,500,000	NORWEST CORP	03/15/2003	10.7750%	1,221,945
1,500,000	NORWEST CORP	10/15/1990	10.5125%	1,383,630
6,400,000	PACIFIC GAS & ELEC.	02/01/2011	10.9375%	5,858,880
1,241,000	PUGET SOUND TUG & BARG	02/15/2001	10.9125%	1,143,197
3,738,024	SBA POOL - MEEDA BONDS SER 84A	12/01/2004	11.1700%	4,239,153
2,160,000	SEARS	11/15/2001	10.7000%	1,730,830
2,500,000	SECURITY PACIFIC CORP	05/15/1999	10.9750%	2,459,675
260,000	SHELL OIL	10/15/1993	10.7625%	243,656
8,400,000	SOUTHERN BELL TEL & TEL	03/15/2013	10.7625%	6,741,252
857,000	SPRAGUE ELECTRIC CO	09/01/1988	10.4375%	852,964
161,000	STATES STEAMSHIP CO	03/31/1993	10.5100%	137,225
3,000,000	TEXAS POWER & LIGHT	02/01/2009	10.9375%	2,641,620
4,850,000	U.S.A. TREASURY BOND	02/15/2000	10.7875%	4,489,257
3,000,000	U.S.A. TREASURY BOND	02/15/2001	11.1750%	3,636,570
4,400,000	U.S.A. TREASURY BOND	02/15/2003	11.0750%	5,000,864
1,000,000	U.S.A. TREASURY BOND	02/15/2007	10.7625%	876,250
5,500,000	U.S.A. TREASURY BOND	05/15/2003	11.0750%	6,249,375
3,400,000	U.S.A. TREASURY BOND	05/15/2009	10.9125%	3,392,554
9,400,000	U.S.A. TREASURY BOND	05/15/2010	11.0000%	10,049,164
6,400,000	U.S.A. TREASURY BOND	05/15/2016	10.7250%	5,259,968
11,400,000	U.S.A. TREASURY BOND	05/15/2017	10.8750%	11,111,466
2,400,000	U.S.A. TREASURY BOND	08/15/1994	10.8750%	2,436,000
8,000,000	U.S.A. TREASURY BOND	08/15/2005	11.0750%	9,130,000
5,000,000	U.S.A. TREASURY BOND	08/15/2008	10.8375%	4,668,750
2,000,000	U.S.A. TREASURY BOND	11/15/1993	10.8625%	2,018,740
2,000,000	U.S.A. TREASURY BOND	11/15/1995	11.1500%	2,304,380

MINNESOTA STATE BOARD OF INVESTMENT
 PERMANENT SCHOOL FUND
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 50,000	U.S.A. TREASURY BOND	11/15/1998	10.3500%	\$ 47,141
7,500,000	U.S.A. TREASURY BOND	11/15/2002	11.1625%	9,039,825
3,500,000	U.S.A. TREASURY BOND	11/15/2004	11.1625%	4,248,125
6,400,000	U.S.A. TREASURY BOND	11/15/2007	10.7875%	5,734,016
6,400,000	U.S.A. TREASURY BOND	11/15/2008	10.8750%	6,176,000
5,000,000	U.S.A. TREASURY BOND	11/15/2009	11.0375%	5,504,700
2,000,000	U.S.A. TREASURY BOND	11/15/2010	11.2750%	2,618,120
9,000,000	U.S.A. TREASURY BOND	11/15/2012	11.0375%	9,964,710
2,400,000	U.S.A. TREASURY COUPON	05/15/2012	10.0000%	286,224
3,650,000	U.S.A. TREASURY NOTE	05/15/1996	10.7375%	3,362,563
820,000	U.S.A. TREASURY NOTE	10/15/1994	10.9500%	854,596
1,200,000	U.S.A. TREASURY NOTE	11/15/1995	10.9500%	1,251,000
\$ 319,558,624 TOTAL BOND PORTFOLIO				\$ 307,563,393

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
9,000 20TH CENTY INDS CAL	\$ 162,000
47,000 A & W BRANDS INC	752,000
39,000 A G EDWARDS, INC	750,750
15,600 AAR CORP	432,900
10,000 AARON RENTS INC	97,500
200,300 ABBOTT LABS	9,013,500
31,398 ABITIBI PAPER LTD.	592,637
62,800 ABM GOLD CORP	298,300
15,000 ACME CLEVELAND CORP	170,625
3,704 ACME ELEC CORP	26,391
5,400 ACME STL CO DEL	108,000
5,000 ACTMEDIA INC	73,750
50,000 ACUSON	1,425,000
33,600 ADAMS JOHN LIFE CORP	84,000
43,657 ADAMS RUSSELL ELECTRS CO	371,085
20,000 ADAPTEC INC	112,500
6,150 ADC TELECOMMUNICATIONS INC	99,169
10,500 ADOBE RESOURCES	80,063
9,200 ADV SEMI CONDUCTOR	27,600
89,650 ADVANCED MICRO DEV.	1,479,225
122,807 ADVO SYS INC.	537,281
100,100 AETNA LIFE & CASUALTY CO.	4,517,013
28,000 AFFILIATED BANKSHARES COLO INC	374,500
30,500 AFFILIATED PUBLIC'NS CL A	1,738,500
5,000 AGS COMPUTERS INC	136,875
86,300 AHMANSON H.F. CO.	1,423,950
18,300 AIR MIDWEST INC.	66,338
48,900 AIR PRODUCTS & CHEM. INC.	2,475,563
33,400 AIR WIS AVIATION INC	517,700
24,100 AIRBORNE FGHT CORP	466,938
45,000 ALASKA AIR GROUP	860,625
58,900 ALBERTSONS INC	1,973,150
12,000 ALC COMMUNICATIONS CORP	24,750
139,200 ALCAN ALUMINUM LTD.	4,506,600
38,200 ALCO STANDARD CORP.	931,125
157 ALEX BROWN INC	1,884
48,600 ALEXANDER & ALEXANDER	1,148,175
44,400 ALEXANDER & BALDWIN INC	1,343,100
8,500 ALEXANDERS INC	430,313
30,000 ALFIN FRAGRANCES INC	116,250
8,658 ALLEGHANY CORP NEW	609,307
26,500 ALLEGHENY & WESTN ENERGY CORP	198,750
45,400 ALLEGHENY POWER SYS INC	1,702,500
25,250 ALLEN GROUP INC	274,594
29,547 ALLEN ORGAN CLASS B	1,063,692
132,150 ALLIED-SIGNAL INC.	4,559,175
24,000 ALLTEL CORP	849,000
27,000 ALLWASTE INC	330,750
77,700 ALUMINUM CO. OF AMERICA	4,137,525
6,600 ALZA CORPORATION	159,225
24,700 AMAX GOLD INC	580,450
85,400 AMAX INC	1,996,225
63,800 AMCAST INDUSTRIAL CORP.	909,150
61,400 AMDAHL CORP	3,315,600
86,300 AMERADA HESS CORP.	2,233,013
27,550 AMERICAN STANDARD INC.	2,145,456

NO. OF SHARES	MARKET VALUE
96,700 AMERICAN BANK INSURANCE GRP	\$ 1,112,050
44,200 AMERICAN BARRICK RES CORP	900,575
8,000 AMERICAN BLDG MAINTENANCE IND	199,000
1,000 AMERICAN CAP MGMT & RESH INC	10,500
15,000 AMERICAN CAPACITY GROUP INC	176,250
79,300 AMERICAN CYANAMID	4,272,288
17,057 AMERICAN ECOLOGY	217,477
170,600 AMERICAN ELEC POWER INC	4,926,075
370,878 AMERICAN EXPRESS COMPANY	10,199,145
83,966 AMERICAN FAMILY CORP	1,123,045
30,000 AMERICAN FRUCTOSE CL A	217,500
126,100 AMERICAN GENERAL CORP	3,893,338
72,400 AMERICAN GREETINGS	1,511,350
7,600 AMERICAN INCOME LIFE INS CO	109,250
122,190 AMERICAN INFORMATION	11,119,290
50,000 AMERICAN INTEGRITY CORP.	112,500
144,000 AMERICAN INTERNATIONAL GRP.	8,388,000
48,800 AMERICAN MAIZE PRODS CO	707,600
85,900 AMERICAN MEDICAL INTL.	1,535,463
22,200 AMERICAN NATL INS CO	743,700
35,000 AMERICAN NURSERY PRODS INC	91,875
13,200 AMERICAN PETROFINA INC.	914,100
10,300 AMERICAN PRESIDENT COS LTD	293,550
20,000 AMERICAN SHIP BLDG CO	105,000
33,300 AMERICAN SOFTWARE INC	474,525
29,552 AMERICAN STORES NEW	1,529,316
10,000 AMERICAN SVGS BK FSB	151,250
946,407 AMERICAN TEL & TEL NEW	25,316,387
95,900 AMERICAN TELEVISION &	2,421,475
13,800 AMERICAN WATER WORKS	213,900
30,800 AMERITRUST CORP	662,200
32,800 AMES DEPARTMENT STORES	483,800
49,800 AMETEK INC	784,350
23,800 AMFAC INC	1,106,700
10,000 AMGEN CORP.	270,000
227,100 AMOCO CORP	16,521,525
10,000 AMOSKEAG BK SHS INC	173,750
94,800 AMP INC.	4,894,050
15,000 AMPCO PITTSBURGH CORP.	196,875
52,560 AMR CORP.	2,673,990
12,000 AMRE INC	243,000
38,850 AMSOUTH BANCORP.	932,400
55,000 AMWEST INS GROUP INC	763,125
37,200 ANADARKO PETE CORP.	855,600
34,333 ANALOG DEVICES INC	514,995
131,300 ANALOGIC CORP	1,001,163
12,000 ANDOVER TOGS INC	43,500
12,000 ANDREW CORP.	204,000
3,900 ANGELICA CORP	103,350
13,333 ANTHEM ELECTRS INC	186,662
3,400 ANTHONY INDS INC	49,300
35,000 AOI COAL CO	105,000
57,000 AON CORP	1,503,375
67,700 APACHE CORP	507,750
2,800 APL CORP	10,150
8,500 APOGEE ENTERPRISES	114,750

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
109,800 APPLE COMPUTER	\$ 5,078,250
14,700 APPLIED BIOSYSTEMS INC	367,500
6,600 APPLIED MAGNETICS	108,075
38,400 APPLIED MATLS INC	1,324,800
165,589 ARCHER DANIELS MIDLAND CO.	3,353,177
100,000 ARCHIVE CORP	606,250
87,700 ARCO CHEM CO	3,124,313
16,600 ARGONAUT GROUP INC	713,800
3,200 ARITECH CORP DEL	48,800
12,800 ARKANSAS BEST CORP	329,600
80,400 ARKLA INCORPORATED	1,517,550
39,000 ARMCO INC	399,750
49,600 ARMSTRONG IND. INC.	1,841,400
15,000 ARMTEK CORP	468,750
30,000 ARNOX CORP	82,500
14,066 ARVIN INDS INC	307,694
26,483 ARX INC	225,101
7,300 ASA LTD	312,075
53,600 ASAMERA INC	522,600
51,700 ASARCO INC.	1,292,500
27,300 ASHLAND OIL INC	1,979,250
20,000 ASHTON TATE	525,000
30,000 ASK COMPUTER	457,500
35,700 ASPEN LEAF INC	22,313
35,700 ASPEN LEAF INC. WTS	6,694
10,000 ATALANTA SOSNOFF CAP CORP	66,250
17,000 ATLANTA GAS LT CO	454,750
28,000 ATLANTIC ENERGY INC	931,000
156,600 ATLANTIC RICHFIELD	12,606,300
11,200 ATWOOD OCEANICS INC	162,400
14,600 AUGAT INC	204,400
67,900 AUTOMATIC DATA PROCESSING INC	2,749,950
9,400 AVALON ENERGY CORP	50,525
79,900 AVANTEK INC	559,300
23,400 AVERY INTL. CORP.	573,300
37,800 AVNET INC	963,900
62,700 AVON PRODS INC	1,504,800
24,000 AVX CORP.	450,000
28,300 AYDIN CORP.	566,000
2,197 B-E HLDGS INC PFD	32,349
6,591 B-E HLDGS INC WT	1,055
33,850 BAIRNCO CORP	1,210,138
103,720 BAKER HUGHES INC	1,594,695
15,000 BALDWIN PIANO & ORGAN CO	266,250
11,000 BALL CORP	310,750
71,200 BALLY MFG CO	1,477,400
69,600 BALTIMORE GAS & ELEC CO	2,183,700
109,746 BANC ONE CORP	3,018,015
12,300 BANDAG INC	811,800
87,500 BANK BOSTON CORP	2,285,938
60,022 BANK NEW ENGLAND CORP	1,643,102
34,450 BANK OF NY CO. INC.	1,192,831
15,684 BANK SOUTH CORP	192,127
144,100 BANKAMERICA CORP.	1,945,350
3,000 BANKERS FIRST CORP	22,875
74,000 BANKERS TRUST NY CORP.	2,738,000

NO. OF SHARES	MARKET VALUE
20,200 BANTA GEORGE & CO.	\$ 484,800
28,900 BARD C.R. INC.	1,109,038
9,000 BARNES GROUP INC	293,625
52,750 BARNETT BKS FLA	1,852,844
20,000 BARRIS INDS INC	195,000
88,500 BARRY WRIGHT CORP	730,125
14,000 BASSETT FURNITURE INDS INC	486,500
69,600 BATTLE MTN GOLD CL A	1,165,800
26,600 BAUSCH & LOMB INC	1,243,550
213,060 BAXTER INTL INC	4,341,098
28,400 BAYBANKS INC	1,270,900
35,700 BAYLY CORP.	102,638
41,600 BB&T FINANCIAL CORP	644,800
243,900 BCE INC	7,499,925
81,915 BEAR STEARNS COS INC	1,064,895
19,500 BEAUTICONTROL COSMETICS INC	285,188
34,600 BECTON DICKINSON CO	1,777,575
20,000 BEEBAS CREATIONS INC	147,500
25,000 BEL FUSE INC	193,750
174,620 BELL ATLANTIC CORP.	12,550,813
9,500 BELL INDUSTRIES	146,063
421,520 BELL SOUTH CORP	18,125,360
39,000 BELO A H CORP CL A	1,170,000
7,500 BEN & JERRYS HOMEMADE INC	121,875
20,900 BENEFICIAL CORP.	992,750
35,963 BERGEN BRUNSWIG CORP.	827,138
3,900 BERKEY PHOTO INC	5,850
23,000 BERKLEY W R CORP	592,250
1,000 BERKSHIRE HATHAWAY INC DEL	4,150,000
17,200 BEST PRODUCTS	230,050
67,000 BETHLEHEM STEEL	1,599,625
6,600 BETZ LABS INC	318,450
116,600 BEVERLY ENTERPRISES INC	889,075
5,200 BEVERLY INVT PPTYS INC	74,100
3,200 BIC CORP	91,600
21,400 BIG B INC	329,025
50,398 BIG BEAR INC	1,322,948
60,000 BILDNER J & SONS INC	60,000
67,600 BINDLEY WESTN INDS INC	676,000
51,600 BLACK & DECKER MFG CO	1,231,950
25,000 BLACK HILLS CORP	690,625
39,300 BLOCK DRUG INC CL A	1,149,525
56,000 BLOCK H & R INC.	1,533,000
16,400 BLOUNT INC	264,450
51,050 BOATMEN'S BANCSHARES	1,652,744
63,593 BOB EVANS FARMS INC	1,065,183
136,825 BOEING COMPANY	8,038,469
6,283 BOHEMIA INC	138,226
39,900 BOISE CASCADE CORP	1,855,350
23,200 BOLAR PHARMACY	600,300
75,850 BORDEN INC.	3,868,350
45,600 BOSTON EDISON CO	712,500
5,000 BOSTON FIVE BANCORP INC.	88,750
40,600 BOWNE & CO INC	527,800
57,700 BRASCAN LTD	1,283,825
3,900 BRE PROPERTIES INC. CL A	118,950

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
8,600 BRIGGS & STRATTON CORP	\$ 292,400
253,364 BRISTOL-MYERS CO.	10,261,242
19,200 BROOKLYN UN GAS CO.	480,000
9,700 BROWN GROUP	305,550
16,000 BROWN TRANS INC	84,000
130,100 BROWNING FERRIS INDS INC	3,252,500
71,300 BRUNOS INC	793,213
86,400 BRUNSWICK CORP.	1,857,600
22,000 BRUSH WELLMAN INC	651,750
12,500 BSN CORP COM PAR .03	98,438
65,900 BURLINGTON NORTHERN INC.	4,621,238
33,000 BURNDY CORP	429,000
5,000 BURNUP & SIMS INC	73,125
4,942 BURRITT MUT SVGS BK NEW	64,246
28,900 BUSINESS LAND INC	361,250
20,800 C3 INC	241,800
27,400 CABOT CORP	1,092,575
16,000 CADMUS COMMUNICATIONS CORP	212,000
4,800 CAESAR'S WORLD	135,000
26,100 CAGLES INC	140,288
86,000 CALFED INC	2,300,500
127,000 CALGENE INC	777,875
57,900 CALIF MICROWAVE	383,588
37,000 CALIFORNIA BIOTECHNOLOGY INC	245,125
14,081 CALLAHAN MNG CORP	256,978
26,400 CALMAT CO	1,016,400
20,000 CAMBRIDGE BIOSCIENCE CORP	267,500
29,300 CAMERON IRON WORKS INC	432,175
115,600 CAMPBELL SOUP CO	2,933,350
30,000 CANADIAN MARCONI CO	435,000
266,857 CANADIAN PACIFIC LTD	5,136,997
1,000 CANAL RANDOLPH LTD PARTNERSHIP	4,750
14,315 CAPITAL CITIES/ABC INC.	4,548,591
43,000 CAPITAL HOLDING CORP.	1,376,000
31,350 CARDINAL DISTR INC	540,788
26,667 CAREERCOM CORP	383,333
49,500 CARL KARCHER ENTERPRISES INC.	959,063
16,800 CARLISLE CORP	571,200
118,800 CARNIVAL CRUISE LINES INC	1,559,250
26,800 CAROLINA FREIGHT CORP	629,800
70,800 CAROLINA PWR & LT CO	2,424,900
6,400 CARPENTER TECHNOLOGY CORP	316,000
70,000 CARRIAGE INDS INC	367,500
36,260 CARSON PIRIE SCOTT & CO NEW	475,913
25,100 CARTER WALLACE INC	941,250
33,000 CARTERET BANCORP INC	585,750
16,800 CASCADE NAT GAS CORP	252,000
48,200 CASTLE & COOKE INC	1,283,325
89,800 CATERPILLAR INC.	6,083,950
8,250 CB & T BANKSHARES INC	156,750
12,000 CBI INDS INC	367,500
20,812 CBS INCORPORATED	3,332,522
2,000 CCB FINL CORP	67,000
51,700 CELLULAR COMMUNICATIONS INC	1,434,675
16,500 CEN. BANKSHRS. SO.	239,250
8,400 CENT HUDSON GAS & ELEC CORP	176,400

NO. OF SHARES	MARKET VALUE
6,100 CENTEL CABLE TELEVISION CO	\$ 148,688
38,500 CENTEL CORP.	1,785,438
123,980 CENTERIOR ENERGY CORP	2,014,675
12,000 CENTERRE BANCORP	630,000
51,800 CENTEX CORP	1,398,600
25,000 CENTEX TELEMAGEMENT INC	350,000
15,000 CENTOCOR INC	405,000
89,400 CENTRAL & SO WEST CORP.	2,838,450
39,900 CENTRAL ILL PUB SVC CO	867,825
5,900 CENTRAL JERSEY BANCORP	240,425
24,000 CENTRAL LA ELEC CO	792,000
25,700 CENTRAL ME PWR CO	459,388
5,000 CENTURY COMM. CORP CL A	90,000
1,138 CENVILL DEV CORP NEW	5,690
19,700 CENVILL INVS INC	361,988
73,000 CETUS CORP	949,000
27,236 CF & I STL CORP	211,079
4,000 CHAMBERS DEV INC CL A	153,000
98,165 CHAMPION INTL.	3,546,211
10,600 CHAMPION SPARK PLUG CO	132,500
35,000 CHANTAL PHARMACEUTICAL CORP	137,813
13,000 CHARLOTTE CHARLES INC	71,500
27,950 CHARMING SHOPPES INC	391,300
31,400 CHARTER MED CORP	1,047,975
78,900 CHASE MANHATTAN CORP.	2,357,138
19,500 CHELSEA INDS INC	314,438
21,000 CHEMED CORPORATION	698,250
40,000 CHEMFIX INC	190,000
31,500 CHEMICAL BANKING CL B	129,938
86,535 CHEMICAL BKG CORP	2,650,134
88,100 CHEMICAL WASTE MGMT INC	2,290,600
15,000 CHEROKEE GROUP	166,875
38,400 CHESAPEAKE CORP VA	739,200
301,600 CHEVRON CORP	13,685,100
21,000 CHIEFTAIN DEV LTD	238,875
11,700 CHILIS INC	293,963
21,500 CHITTENDEN CORP	338,625
56,026 CHOCK FULL O NUTS CORP	581,270
33,146 CHRIS CRAFT INDUSTRIES INC	720,926
213,725 CHRYSLER CORP.	5,209,547
35,825 CHUBB CORPORATION	1,997,244
34,450 CHURCH & DWIGHT INC	456,463
56,400 CHURCHS FRIED CHICKEN	345,450
69,000 CIGNA CORPORATION	3,234,375
32,000 CILCORP INC	1,084,000
26,500 CINCINNATI BELL INC	798,313
8,400 CINCINNATI FINL CORP	428,400
100 CINCINNATI GAS & ELEC CO	2,788
37,825 CINCINNATI MICROWAVE INC	151,300
10,500 CINCINNATI MILACRON INC	269,063
700 CINTAS CORP.	23,363
27,600 CIPHER DATA PRODS INC	276,000
6,300 CIPRICO INC	36,225
66,600 CIRCLE K CORP	1,023,975
38,800 CIRCUS CIRCUS ENTER.	1,299,800
278,700 CITICORP	6,932,663

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
62,660 CITIZENS & SOUTHERN CORP GA	\$ 1,707,485
14,400 CITIZENS FIRST BANCORP INC N J	230,400
56,870 CITIZENS UTILS DEL	1,976,240
39,100 CITY FED FIN'L CORP	161,288
17,600 CITY NATL CORP	422,400
6,800 CLABIR CORP	15,300
24,100 CLAIRE'S STORES INC	81,338
40,600 CLARK EQUIP CO	1,400,700
39,103 CLEVELAND-CLIFFS INC	879,818
47,200 CLOROX CO.	1,362,900
55,200 CNA FINL CORP	3,118,800
41,800 CNW CORP	1,139,050
52,700 COACHMEN INDS INC	658,750
7,000 COAST FED SVGS & LN ASSN-FLA	128,625
55,700 COASTAL CORP	1,608,338
41,950 COBE LABS INC	1,195,575
36,600 COCA COLA BOTTLING CO CONS	1,244,400
330,900 COCA COLA COMPANY	12,905,100
123,200 COCA COLA ENTERPRISES INC	1,971,200
20,000 COGNOS INC	107,500
10,300 COLEMAN CO. INC.	395,263
60,445 COLGATE PALMOLIVE	2,644,469
10,050 COLLAGEN CORP.	90,450
79,300 COLLINS FOODS INTL.	1,159,763
10,000 COLORADO NATL BANKSHARES INC	148,750
39,400 COLUMBIA GAS SYSTEM INC	1,285,425
28,823 COLUMBIA PICTURES ENTMT INC	266,613
18,600 COMAIR INC	155,775
33,500 COMBUSTION ENGINEERING	1,206,000
40,600 COMCAST CORP	674,975
35,300 COMCAST CORP CL A	578,038
50,500 COMDISCO INC.	1,230,938
23,700 COMERICA INC	1,084,275
50,913 COMINCO LTD	916,434
11,500 COMMERCE CLEARING HOUSE INC	730,250
6,600 COMMERCE BANCSHARES INC	241,725
3,300 COMMERCIAL BANCORPORATION COLO	37,125
37,300 COMMERCIAL CREDIT GROUP INC	1,025,750
34,666 COMMERCIAL METALS CO	1,000,981
188,936 COMMONWEALTH EDISON CO.	5,290,208
29,300 COMMUNICATIONS SATELLITE CORP	842,375
22,000 COMMUNICATIONS TRANSMISSION	143,000
49,350 COMMUNITY PSYCHIATRIC CENTERS	1,239,919
30,200 COMPAQ COMPUTER CORP	1,966,775
38,533 COMPREHENSIVE CARE CORP	423,863
70,687 COMPUTER ASSOC INTL INC	2,085,267
4,792 COMPUTER CONSOLES	41,930
31,200 COMPUTER SCIENCES CORP.	1,372,800
40,000 COMPUTRAC INC	215,000
100,000 COMSTOCK GROUP INC	362,500
71,200 CONAGRA INC.	2,153,800
9,100 CONCURRENT COMPUTER CORP	161,525
3,300 CONNECTICUT WTR SVC INC	72,600
65,367 CONQUEST EXPLORATION CO	147,076
100,700 CONSOL. EDISON OF N.Y.	4,430,800
33,900 CONSOL. FREIGHTWAYS INC.	1,017,000

NO. OF SHARES	MARKET VALUE
73,100 CONSOL. NAT. GAS	\$ 2,604,188
38,600 CONSOLIDATED PAPERS INC	1,582,600
60,500 CONSOLIDATED RAIL CORP	1,943,563
27,600 CONSUMERS WTR CO	517,500
15,000 CONTEL CELLULAR INC CL A	273,750
82,950 CONTEL CORP	2,861,775
53,500 CONTINENTAL CORP	2,093,188
83,400 CONTINENTAL INFORMATION SYS	531,675
14,900 CONTROL DATA CORP.	398,575
14,000 CONTROL RESOURCE INDS INC	56,000
7,000 CONVENIENT FOOD MART INC	73,500
201,000 CONVERGENT INC	603,000
96,300 COOPER COS	963,000
6,432 COOPER DEV CO PFD	83,616
44,100 COOPER INDS. INC.	2,585,363
3,700 COOPER LIFE SCIENCES INC	40,700
7,200 COOPER TIRE & RUBBER	270,900
50,000 COPPERWELD CORP	781,250
7,300 CORE INDS INC	110,413
37,466 CORESTATES FINL CORP	1,545,473
40,046 CORNING GLASS WORKS	2,312,657
27,000 CORROON & BLACK CORP	850,500
30,000 COUNTRY WIDE TRANS SVCS INC	108,750
83,000 CPC INTL. INC.	3,818,000
85,000 CPC REXCEL INC	1,168,750
14,000 CPI CORP	280,000
53,000 CPT CORP.	112,625
28,000 CRACKER BARREL OLD CTRY STORE	532,000
2,400 CRAIG CORP	33,600
37,640 CRANE CO.	1,176,250
27,100 CRAY RESEARCH INC	2,317,050
44,000 CRESTAR FINANCIAL CORP	1,067,000
8,900 CROMPTON & KNOWLES CORP	302,600
7,200 CRONUS INDS INC	84,600
24,000 CROSS & TRECKER	429,000
33,600 CROSS A T CO	1,121,400
7,100 CROWN CORK & SEAL	836,025
34,000 CRUISE AMERICA INC	246,500
10,400 CRYSTAL BRANDS INC	254,800
137,000 CSX CORPORATION	3,681,875
67,600 CUBIC CORP	1,064,700
17,000 CULLEN FROST BANKERS INC	163,625
25,000 CULLINET SOFTWARE INC.	215,625
9,150 CULLUM COS INC	185,288
17,000 CUMMINS ENGINE CO.	952,000
39,525 CURTICE-BURNS FOODS INC. CL A	943,659
35,000 CYCARE SYS INC	350,000
8,489 CYCLOPS INDS INC	223,897
22,830 CYPRUS MINERALS CORP	710,584
20,000 D & N FINANCIAL CORPORATION	187,500
55,900 DANA CORPORATION	2,145,163
24,150 DANIEL INDS INC	190,181
4,900 DATA DESIGN LABS INC	48,388
20,100 DATA GENERAL CORP.	474,863
30,700 DATA I O CORP	249,438
55,000 DATA SWITCH CORP	440,000

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
2,900 DATAPOINT CORP	\$ 14,500
62,200 DATAPRODUCTS CORP	660,875
89,900 DAYTON-HUDSON CORP.	3,191,450
24,000 DCNY CORP	504,000
43,100 DEAN FOODS CO	1,131,375
60,000 DEERE & COMPANY	2,760,000
46,000 DEKALB CORPORATION CLASS B	1,558,250
35,500 DELCHAMPS INC	647,875
55,900 DELMARVA PWR & LT CO	1,041,138
42,900 DELTA AIR LINES INC.	2,359,500
75,000 DELUXE CORPORATION	1,809,375
1,900 DENISON MINES LTD B	10,213
51,200 DESOTO INC	1,830,400
203,900 DETROIT EDISON CO	2,880,088
5,100 DEVON GROUP INC NEW	65,025
43,500 DEXTER CORP	1,136,438
42,800 DI GIORGIO CORP	973,700
12,000 DIAL REIT INC	216,000
23,400 DIAMOND SHAMROCK R&M INC	362,700
23,926 DIANA CORP	143,556
25,000 DICKENSON MINES LTD CL A	146,875
18,600 DIEBOLD INC.	757,950
10,150 DIGITAL COMM. ASSOC.	384,431
114,620 DIGITAL EQUIPMENT CORP.	13,166,973
28,300 DILLARD DEPT. STORES	1,170,913
116,900 DISNEY WALT CORP	7,364,700
20,000 DIVERSIFIED ENERGIES INC MINN	582,500
10,000 DIXIE YARNS INC	185,000
41,400 DOLLAR GEN CORP	357,075
64,000 DOMINION BANKSHARES CORP	1,224,000
85,000 DOMINION RESOURCES	3,676,250
7,800 DOMTAR INC	95,550
15,800 DONALDSON INC	373,275
69,000 DONNELLEY RR & SONS	2,561,625
29,800 DOVER CORP.	2,175,400
168,500 DOW CHEMICAL COMPANY	15,312,438
84,900 DOW JONES & CO	2,865,375
19,800 DOWNEY SAVINGS & LN ASSN	304,425
39,500 DPL INC.	1,051,688
10,000 DRESHER INC	62,500
62,700 DRESSER INDUSTRIES	1,826,138
66,000 DREYERS GRAND ICE CREAM INC	1,287,000
34,300 DREYFUS CORP.	994,700
49,550 DRYCLEAN U S A INC	619,375
210,480 DU PONT EI DENEMOURS	19,548,330
89,600 DUKE POWER CO. NC	4,088,000
170,926 DUN & BRADSTREET COS INC	8,418,110
9,700 DUNKIN DOUGHNUT INC.	247,350
50,700 DUQUESNE LT CO	760,500
18,000 DURAKON INDS INC	245,250
11,225 DURR FILLAUER MED INC	155,747
20,000 DYNAMICS CORP AMER	470,000
46,800 DYNATECH CORP	1,041,300
5,863 DYNACORP	113,596
22,100 E-SYSTEMS	635,375
12,700 EAGLE PICHER INDS INC	382,588

NO. OF SHARES	MARKET VALUE
15,000 EASCO HAND TOOLS INC	\$ 176,250
41,600 EASTERN GAS & FUEL ASSN	1,019,200
297,050 EASTMAN KODAK CO.	13,441,513
24,600 EATON CORP.	2,044,875
10,000 EATON FINL CORP	80,000
400 EATON VANCE CORP	8,200
26,400 ECHLIN INC.	452,100
83,800 ECHO BAY MINES LTD	1,717,900
153,200 ECOGEN INC	861,750
7,400 EDISON BROS STORES INC	197,025
14,000 EDO CORP	248,500
15,800 EG & G INC	527,325
10,200 EGGHEAD INC	193,800
72,000 EL PASO ELEC CO	1,143,000
13,000 ELBIT COMPUTERS INC	48,750
13,100 ELECTRO NUCLEONICS INC	199,775
4,000 ELECTROSOURCE INC	18,000
40,000 EMC INS GROUP INC	300,000
204,498 EMERSON ELECTRIC	6,620,623
22,000 EMERY AIR FREIGHT CORP.	96,250
54,600 EMHART CORP VA	1,214,850
30,200 EMULEX CORP	215,175
37,800 ENGLEHARD CORP	751,275
48,200 ENNIS BUSINESS FORMS INC	1,307,425
41,300 ENRON CORP.	1,688,138
45,000 ENSERCH CORP.	843,750
34,700 ENTERRA CORP	225,550
20,000 ENTREE CORP	20,000
4,900 ENVIRODYNE INC	156,188
10,000 ENVIRONMENTAL SYS CO	132,500
34,800 ENZO BIOCHEM INC	147,900
100,000 EPSILON DATA MGMT INC	1,075,000
8,820 EQUITABLE BANCORP	180,810
21,000 EQUITABLE RES INC	732,375
1,610 EQUITEC FINL GROUP INC	5,836
44,400 ESTERLINE CORP	715,950
106,500 ETHYL CORP.	2,343,000
39,400 EVANS & SUTHERLAND COMPUTER	610,700
15,000 EVANS INC	75,000
77,000 EXCHANGE BANCORP INC	1,068,375
1,251,100 EXXON CORPORATION	56,768,663
20,000 FAIRFIELD COMMUNITY INC.	120,000
70,800 FALCONBRIDGE LTD	1,593,000
25,500 FAMILY DLR STORES INC	328,313
76,700 FARM FRESH INC	843,700
5,000 FARMER BROS CO	320,000
61,000 FARMERS GROUP INC.	3,309,250
12,870 FAYS DRUG INC	114,221
51,300 FEDERAL EXPRESS CORP.	2,314,913
71,200 FEDERAL NATL MORTGAGE ASSN	3,097,200
27,100 FEDERAL PAPER BRD INC	1,158,525
17,000 FEDERAL-MOGUL CORP	699,125
68,800 FEDERATED DEPT. STORES	5,005,200
20,000 FERRO CORP	775,000
2,476 FIBREBOARD CORP NEW	20,428
9,000 FIFTH THIRD BANCORP	366,750

MINNESOTA STATE BOARD OF INVESTMENT
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NO. OF SHARES	MARKET VALUE
950 FIGGIE INTERNATIONAL INC	\$ 76,000
650 FIGGIE INTL HLDGS INC	44,200
10,000 FINEVEST FOODS INC	125,000
54,300 FIREMANS FD CORP	1,785,113
72,000 FIRST ALA BANCSHARES INC	1,179,000
17,500 FIRST AM. CORP TENN.	446,250
30,000 FIRST AMERN BANCORP INC	285,000
18,700 FIRST AMERN BK & TR PALM BEACH	85,319
7,500 FIRST AMERN SVGS F A ABINGTON	93,750
55,200 FIRST BANK SYSTEM	1,255,800
3,100 FIRST BANKERS TR & SVGS ASSN	0
22,800 FIRST BOSTON INC	843,600
55,000 FIRST CHICAGO CORP	1,725,625
35,000 FIRST CITY BANCORP TEXAS	19,688
30,000 FIRST COML BANCORP	172,500
26,300 FIRST COMM CORP	499,700
6,600 FIRST EASTN CORP PA	206,250
20,000 FIRST ESSEX BANCORP INC	230,000
77,500 FIRST EXECUTIVE CORP DEL	920,313
37,200 FIRST FED MICH DETROIT	423,150
78,508 FIRST FID BANCORPORATION NEW	3,179,574
17,100 FIRST FINL CORP WIC	243,675
30,000 FIRST FINL MGMT CORP	847,500
10,000 FIRST FLA BKS INC.	262,500
52,200 FIRST INTERST. BANCORP	2,649,150
77,100 FIRST INTST BANCORP CL A	24,094
12,000 FIRST INTST CORP WIS	183,000
40,275 FIRST KY NATL CORP	1,157,906
26,250 FIRST MICH BK CORP	485,625
75,000 FIRST MISS CORP	1,134,375
10,900 FIRST NATL CINCINNATI CORP	452,350
103,000 FIRST PA CORP	1,120,125
5,250 FIRST REPUBLICBANK CL A	5,906
21,050 FIRST REPUBLICBANK CORP	31,575
29,000 FIRST SEC CORP DEL	746,750
20,000 FIRST SVC BANK FOR SVGS	155,000
39,300 FIRST TENN NATL CORP	1,016,888
97,280 FIRST UNION CORP	2,273,920
47,800 FIRST WACHOVIA CORP	1,888,100
10,000 FIRST WIS CORP	253,750
37,400 FIRST WYOMING BANCORP	523,600
4,300 FIRSTCORP INC CL A	38,700
54,927 FISHER SCIENTIFIC GROUP INC	1,098,540
85,360 FLEET/NORSTAR FINL GROUP INC	2,230,030
28,500 FLEETWOOD ENTER. INC.	708,938
36,726 FLEMING COS.	1,262,456
3,255 FLEXI-VAN CORP NEW	126,131
25,500 FLIGHTSAFETY INTL INC	1,058,250
13,400 FLOATING POINT SYS INC	40,200
31,300 FLORIDA FED. S & L	133,025
72,000 FLORIDA NATL BKS FLA INC	1,197,000
45,400 FLORIDA PROGRESS CORP	1,577,650
9,200 FLORIDA ROCK & TANK LINES INC	128,800
10,000 FLORIDA ROCK INDS.	297,500
58,750 FLOWERS INDUSTRIES	1,006,094
20,771 FLUKE JOHN MFG.	355,703

NO. OF SHARES	MARKET VALUE
69,500 FLUOR CORP	\$ 1,494,250
44,900 FMC CORP NEW	1,661,300
15,800 FMC GOLD CO	175,775
283,600 FOOD LION CORP	3,261,400
143,400 FOOD LION INC CL A	1,505,700
38,000 FOOTE CONE & BELDING COMM	1,007,000
463,850 FORD MOTOR CO.	24,700,013
200 FORD MTR CO CDA LTD	21,550
31,991 FOREST OIL CORP	439,873
32,000 FORMICA CORP	368,000
59,400 FORT HOWARD PAPER CO.	3,229,875
23,000 FORTUNE FINL GROUP INC	592,250
22,600 FOSTER WHEELER CORP	375,725
19,000 FOXBORO CO	608,000
30,000 FPA CORP	232,500
114,600 FPL GROUP INC.	3,495,300
9,181 FREEPORT MCMORAN GOLD CO	126,234
80,000 FREEPORT-MCMORAN INC	2,190,000
34,000 FREMONT GEN CORP	348,500
6,489 FRISCHS RESTAURANTS INC	189,803
5,500 FRUEHAUF CORP DEL CL B	13,063
3,500 FUDDRUCKERS INC	3,500
20,900 FUQUA INDS INC	598,263
25,100 GAF CORP	1,164,013
4,900 GALOGB LEWIS TOYS INC	23,888
142,800 GANNETT INC.	4,569,600
32,300 GAP INC	1,001,300
23,500 GATX	1,145,625
14,400 GEICO CORP.	1,832,400
11,700 GELMAN SCIENCES INC	128,700
47,772 GENCORP	931,554
69,300 GENENTECH INC	1,871,100
72,800 GENERAL CINEMA CORP	1,428,700
14,920 GENERAL COMMUNIC CL A	23,201
63,300 GENERAL DATACOMM INDS INC	213,638
30,000 GENERAL DEVELOPMENT CORP	408,750
40,000 GENERAL DYNAMICS	2,120,000
806,800 GENERAL ELECTRIC CO.	35,398,350
112,737 GENERAL HOST CORP	1,282,383
23,800 GENERAL INSTRUMENT CORP	898,450
88,200 GENERAL MILLS INC.	4,134,375
115,040 GENERAL MOTORS (H)	3,479,960
46,460 GENERAL MOTORS CORP CL E	1,759,673
279,300 GENERAL MOTORS CORP.	22,378,913
57,000 GENERAL NUTRITION INC.	277,875
55,400 GENERAL PUBLIC UTILITIES CORP	1,932,075
90,126 GENERAL RE CORP.	4,810,475
24,900 GENERAL SIGNAL CORP.	1,385,063
10,000 GENETICS INST INC	182,500
89,550 GENRAD INC.	1,074,600
68,650 GENUINE PARTS CO.	2,617,281
47,200 GEORGE A HORMEL & CO	849,600
95,800 GEORGIA PACIFIC CORP.	4,011,625
20,000 GEOTHERMAL RES INTL INC	172,500
26,050 GERBER PRODS CO	1,133,175
30,300 GERBER SCIENTIFIC	640,088

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
52,600 GIANT FOODS INC	\$ 1,078,300
15,000 GIANT YELLOWKNIFE MINES LTD	202,500
11,000 GIBSON GREETINGS	211,750
25,875 GILBERT ASSOC CL A	491,625
101,900 GILLETTE COMPANY	4,101,475
4,500 GLEASON CORP	54,000
3,300 GLENFED INC	70,538
10,000 GOLDEN CYCLE GOLD CORP	57,500
59,333 GOLDEN ENTERPRISES	593,330
30,000 GOLDEN POULTRY INC	232,500
40,000 GOLDEN VY MICROWAVE FOODS INC	1,290,000
73,300 GOLDEN WEST FIN'L	2,134,863
21,000 GOLDOME BUFFALO N Y	76,125
19,600 GOODMARK FOODS INC	200,900
22,000 GOODRICH (B.F.)	1,234,750
50,200 GOODYEAR TIRE & RUBBER	3,244,175
38,400 GOULD INC.	638,400
35,000 GOULDS PUMPS INC	805,000
15,000 GR. AMER. FIRST SVGS BK SAN D	159,375
123,125 GR. WESTERN FIN'L	1,816,094
74,100 GRACE W R & CO	1,972,913
24,500 GRAINGER W W INC	1,491,438
46,500 GREAT AMERICAN COMMUNICATIONS	523,125
46,300 GREAT ATLANTIC & PAC TEA INC	1,799,913
5,500 GREAT CTRY BK ANSONIA CONN	115,500
7,200 GREAT LAKES CHEMICAL CORP	460,800
63,800 GREAT NORTHN NEKOOSA CORP	2,966,700
22,000 GREATER NEW YORK SVGS	162,250
2,520 GREEN A P INDS INC	61,110
12,575 GREENMAN BROS INC	59,731
30,400 GREENTREE ACCEPT. INC.	486,400
33,200 GREYHOUND CORP.	991,850
58,434 GROW CHEM CORP	664,687
11,686 GROW VENTURES CORP	4,382
78,900 GRUBB & ELLIS CO	325,463
46,500 GRUMMAN CORP.	1,011,375
27,700 GRX CORPORATION	588,625
292,525 GTE CORP.	11,445,041
9,900 GUILFORD MILLS	238,838
108,600 GULF & WESTERN INDUS.	4,859,850
100,800 GULF BROADCASTING CO LIQ TRUST	0
135,699 GULF CDA RES. LTD.	2,018,523
13,800 GULF RES & CHEM CORP	205,275
23,750 GUNDLE ENVIRONMENTAL SYS INC	483,906
2,700 GW UTIL. LTD.	54,000
360,800 HADSON CORP	1,398,100
93,500 HALLIBURTON INC.	2,746,563
25,000 HALLWOOD GROUP INC	437,500
44,000 HAMILTON OIL CORP	1,188,000
8,833 HANCOCK FABRICS INC	161,202
4,600 HANDLEMAN CO.	140,300
38,000 HANDY & HARMAN	669,750
3,750 HANDYMAN CORP	0
21,200 HANNAFORD BROS CO	903,650
25,300 HANOVER INS. CO	607,200
19,500 HANSON PLC WTS 940930	53,625

NO. OF SHARES	MARKET VALUE
60,138 HARLAND JOHN H CO	\$ 1,323,037
33,000 HARNISCHFEGE INDS INC	734,250
11,250 HARPER GROUP	191,250
18,100 HARRIS CORP.	533,950
20,900 HARSCO CORP	705,375
31,500 HARTMARX CORP	850,500
40,500 HARVARD INDS INC	273,375
18,700 HASBRO INC.	289,850
17,100 HAVERTY FURNITURE CO	192,375
10,500 HAVERTY FURNITURE COS INC	129,938
19,800 HAWAIIAN ELEC INDS INC	611,325
16,000 HB FULLER CO	420,000
30,000 HBO & CO	270,000
10,600 HEALTH CARE PPTY INVS INC	274,275
25,000 HECLA INC.	368,750
27,000 HEICO CORPORATION	610,875
117,800 HEINZ H.J. & CO.	4,770,900
25,000 HELMERICH & PAYNE INC	518,750
90,937 HENLEY GROUP INC	2,137,020
4,326 HENLEY MFG CORP	237,930
55,000 HERCULES INC.	2,605,625
85,300 HERSHEY FOODS CORP	2,100,513
226,800 HEWLETT PACKARD CO.	12,644,100
47,880 HIBERNIA CORP	1,053,360
20,000 HICKAM DOW B INC	150,000
42,500 HILLENBRAND INDS INC	1,487,500
49,200 HILTON HOTELS CORP	2,447,700
57,000 HIMONT INC	2,372,625
30,000 HOGAN SYSTEMS	123,750
44,600 HOLIDAY CORP	1,176,325
37,267 HOLLY CORP	1,131,985
1 HOLLY CORP (NEW)	15
40,200 HOLLY FARMS CORP	1,512,525
6,695 HOLMES D.H. & CO.	113,815
43,000 HOME DEPOT INC.	1,247,000
38,700 HOME FED S&L ASSN S.D. CAL	1,030,388
55,500 HOME GROUP INC	721,500
66,000 HOME SHOPPING NETWORK INC	321,750
104,500 HOMESTAKE MNG CO	1,580,563
48,000 HOMESTEAD FINL CORP CL A	252,000
15,000 HONEYBEE INC	165,000
41,600 HONEYWELL INC.	2,948,400
17,200 HORIZON BANCORP	1,128,750
62,123 HOSPITAL CORP. OF AMER.	2,321,847
8,000 HOUGHTON MIFFLIN CO.	286,000
14,800 HOUSE OF FABRICS INC.	275,650
42,400 HOUSEHOLD INTL.	2,485,700
103,800 HOUSTON INDUSTRIES INC.	3,217,800
25,600 HOWARD SVGS BK LIVINGSTON N J	556,800
23,200 HRE PROPERTIES	536,500
29,000 HRI GROUP INC	112,375
17,500 HUBBELL INC.	643,125
45,400 HUDSON FOODS INC	397,250
4,400 HUFFY CORP	89,650
5,550 HUGHES SUPPLY INC	99,206
86,140 HUMANA INC.	2,325,780

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
22,800 HUNTINGTON BANCSHARES INC	\$ 575,700
46,400 HYPONEX CORP	580,000
78,100 I C H	566,225
99,372 I C INDUSTRIES	3,204,747
73,200 IBP INC	933,300
41,600 IDAHO PWR CO	920,400
30,800 IE INDS INC	716,100
61,100 ILLINOIS POWER CORP	1,191,450
45,600 ILLINOIS TOOL WORKS INC	1,977,900
2,500 IMC FERTILIZER GROUP INC	98,438
23,900 IMMUCOR CORP	176,263
32,120 IMO DELAVAL INC	674,520
41,700 IMPERIAL HOLLY CORP	656,775
144,300 IMPERIAL OIL CO. LTD.	6,601,725
11,750 IMREG INC CL A	189,469
92,400 INCO INC.	3,003,000
1,000 INDEPENDENT INS GROUP INC NV	32,750
18,250 INDIANA NATL CORP	661,563
20,000 INFINITY BROADCASTING CORP	595,000
75,000 INFORMATION RES INC	825,000
25,000 INFOTECHNOLOGY INC.	140,625
45,950 INGERSOLL RAND	1,924,156
30,500 INLAND STEEL IND. INC.	1,124,688
81,375 INSILCO CORP.	1,668,188
30,000 INTEGRATED RESOURCES INC.	491,250
148,350 INTEL CORP.	5,359,144
49,100 INTELLIGENT SYS MASTER DEP UN	153,438
20,900 INTELOGIC TRACE INC	62,700
30,000 INTER LEASE FINL.	461,250
33,100 INTERCO	1,481,225
50,300 INTERGRAPH CORP.	1,609,600
34,900 INTERHOME ENERGY INC	1,348,013
19,500 INTERIM SYS CORP	58,500
37,500 INTERMEDICS INC	1,593,750
1,116 INTERNATIONAL CAP EQUIP. LTD	1,465
20,000 INTERNATIONAL GAME TECHNOLOGY	335,000
31,900 INTERPUBLIC GROUP	1,040,738
40,000 INTERSPEC INC	440,000
4,181 INTERSTATE BAKERIES CORP PFD	116,552
11,000 INTERSTATE PWR CO	237,875
18,270 INTERTAN INC	548,100
527,463 INTL. BUSINESS MACHINES	67,185,600
33,500 INTL. FLAVORS & FRAG.	1,788,063
21,300 INTL. MINERALS & CHEM	990,450
39,000 INTL. MULTIFOODS CORP	1,257,750
101,800 INTL. PAPER CO.	4,899,125
15,000 INTL. TECHNOLOGY CORP.	46,875
10,000 IONICS INC	201,250
15,200 IOWA ILL GAS & ELEC CO	568,100
48,000 IOWA RESOURCES INC.	822,000
6,000 IOWA SOUTHN INC	159,000
44,000 IPALCO ENTERPRISES	1,017,500
18,300 IRVING BK CORP	1,301,588
72,100 ISC SYS CORP	486,675
133,400 ITT CORP	6,886,775
80,286 JAMES RIV CORP VA	2,067,365
15,200 JAMESWAY CORP.	138,700

NO. OF SHARES	MARKET VALUE
30,000 JB'S RESTAURANTS	\$ 165,000
36,850 JEFFERSON PILOT CORP.	1,193,019
1,900 JEFFERSON SMURFIT CORP	122,550
86,800 JEFFRIES GROUP	1,106,700
58,700 JERRICO INC	924,525
10,100 JIFFY LUBE INTL INC	113,625
151,700 JOHNSON & JOHNSON	12,041,188
16,380 JOHNSON CONTROLS	581,490
82,000 JONES INTERCABLE INC CL A	973,750
8,000 JORGENSEN EARLE M CO DEL	220,000
67,000 JOSTENS INC	1,247,875
30,657 JOY TECHNOLOGIES PFD.	536,504
10,900 JUSTIN INDS INC	160,775
181,900 K MART CORPORATION	6,389,238
24,500 K N ENERGY INC.	398,125
17,200 KAISER TECH LTD	296,700
38,000 KANSAS CITY PWR & LT CO	1,106,750
6,100 KANSAS CITY SO. IND.	261,538
25,000 KANSAS GAS & ELEC CO	493,750
39,200 KANSAS PWR & LT CO	955,500
20,000 KASLER CORP.	197,500
13,500 KATY INDS INC	216,000
127,350 KAUFMAN & BROAD INC	1,798,819
32,800 KAYDON CORP	1,000,400
115,600 KELLOGG CO	6,314,650
4,850 KELLWOOD CO.	128,525
15,400 KELLY SVCS INC	673,750
52,735 KEMPER CORP.	1,252,456
19,000 KENNAMETAL INC	698,250
6,600 KENT ELECTRS CORP	47,850
8,700 KENTUCKY CENT LIFE INS CO.	113,100
52,400 KENTUCKY UTILS CO	969,400
8,800 KERR GLASS MFG CORP	88,000
42,500 KERR MCGEE CORP.	1,487,500
48,200 KEYCORP	1,018,225
23,022 KEYSTONE INTL INC	503,606
74,900 KIMBERLY CLARK CORP	4,643,800
14,666 KINDER CARE LEARNING CTR.	150,327
25,000 KINETIC CONCEPTS INC	278,125
15,000 KIRSCHNER MED CORP	405,000
39,300 KLA INSTRS CORP	736,875
43,000 KLM ROYAL DUTCH AIR	795,500
50,100 KNIGHT RIDDER INC.	2,273,288
10,000 KNOGO CORP	136,250
10,000 KOGER PPTYS INC FLA	283,750
24,000 KOPPERS INC	1,440,000
122,100 KRAFT INC.	6,333,938
70,000 KROGER COMPANY	2,502,500
18,300 KRUEGER WA CO.	121,238
40,000 KV PHARMACEUTICAL INC	540,000
5,000 KYSOR INDL CORP DEL	109,375
19,200 L & N HSG CORP	439,200
25,000 LA QUINTA MOTOR INNS INC.	331,250
29,700 LA Z BOY CHAIR CO	441,788
96,500 LAC MINERALS LTD NEW	1,097,688
21,340 LANCASTER COLONY CORP	373,450
60,866 LANCE INC.	1,080,372

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
34,200 LANCER CORP TEX	\$ 265,050
15,500 LAND OF LINCOLN SVGS & LN ASSN	279,000
20,250 LAWSON PRODS INC	587,250
64,000 LAWTER INTL INC	864,000
28,100 LEE DATA CORP.	91,325
5,000 LENNAR CORP.	96,875
7,700 LEUCADIA NATL CORP	100,100
5,000 LIBERTY CORP S C	190,625
44,000 LIEBERMAN ENTERPRISES	704,000
44,000 LIEBERMAN ENTERPRISES CERT	0
123,200 LILLY ELI & CO	10,318,000
157,600 LIMITED INC.	3,782,400
56,900 LIN BROADCAST. CORP.	3,634,488
25,000 LINCOLN FOOD SERVICE PROD INC	140,625
37,100 LINCOLN NATL CORP IND	1,743,700
30,000 LIPOSOME INC	105,000
22,500 LITTON INDS INC.	1,777,500
76,800 LIZ CLAIBORNE INC.	1,449,600
64,220 LOCKHEED AIRCRAFT CORP	2,841,735
33,900 LOCTITE CORP	1,165,313
67,350 LOEWS CORP	4,419,844
39,000 LOMAS & NETTLETON FINL CORP	682,500
25,000 LONE STAR INDUSTRIES	821,875
30,300 LONE STAR TECH	458,288
26,000 LONG DRUG STORES INC	949,000
81,800 LONG ISLAND LTG CO	1,134,975
31,000 LORAL CORP	1,178,000
8,285 LORIMAR TELEPICTURES CORP	112,883
33,000 LOTUS	783,750
14,300 LOUISIANA LD & EXPL CO	441,513
24,761 LOUISIANA PAC. CORP.	829,494
28,000 LOUISVILLE GAS ELEC CO	959,000
57,000 LOWES COMPANY	1,225,500
82,100 LSI LOGIC CORP.	1,046,775
36,000 LTX CORP	639,000
34,500 LUBRIZOL CORP	1,267,875
26,500 LUCKY STORES	1,719,188
21,700 LUKENS STL CO	905,975
29,700 LUMEX INC	374,963
32,000 LYPHOMED INC	328,000
31,800 M/A COM	341,850
45,100 MACHINE TECHNOLOGY	73,288
32,400 MACK TRUCKS INC.	457,650
90,300 MACMILLAN BLOEDEL LTD	1,523,813
22,795 MACMILLAN INC.	1,715,324
24,600 MAGMA COPPER CO NEW CL B	150,675
9,000 MALLARD COACH INC	76,500
39,208 MANHATTAN INDUSTRIES	715,546
23,000 MANITOWOC INC	465,750
65,500 MANOR CARE INC	720,500
11,900 MANUFACTURERS NATL CORP	520,625
11,500 MAPCO INC	668,438
133,000 MARION LABS INC	2,477,125
12,000 MARK IV HOMES INC	139,500
5,000 MARKEL CORP	81,250
104,450 MARRIOTT CORP.	3,042,106
66,400 MARSH & MCCLENNAN	3,660,300

NO. OF SHARES	MARKET VALUE
39,804 MARSHALL & ILSLEY CORP	\$ 1,164,267
33,800 MARSHALL INDUSTRIES	608,400
51,100 MARTIN MARIETTA	2,286,725
116,900 MASCO CORP	3,448,550
55,200 MASCO INDS	745,200
20,000 MASS. COMPUTER CORP.	77,500
9,992 MATERIAL SCIENCES CORP	162,370
40,462 MATRIX CORP N J	247,830
10,600 MATRIX SCIENCE CORP.	160,325
93,000 MAXICARE HEALTH PLANS	139,500
107,500 MAXUS ENERGY CORP	860,000
137,852 MAY DEPT. STORES CO.	4,669,737
85,272 MAYTAG CO.	2,014,551
66,850 MCA INC.	2,824,413
99,100 MCCAW CELLULAR COMMUNICATIONS	2,465,113
69,200 MCCLATCHY NEWSPAPERS INC	1,046,650
49,400 MCCORMICK & CO INC	1,247,350
59,400 MCDERMOTT INTL INC	1,158,300
5,400 MCDONALD & CO INVTS INC	37,800
167,153 MCDONALDS CORP.	7,709,932
38,100 MCDONNELL DOUGLAS CORP.	2,443,163
32,000 MCFARLAND ENERGY INC	304,000
43,900 MCGRAW HILL INC.	2,535,225
269,700 MCI COMMUNICATION	3,775,800
8,000 MCINTYRE MINES LTD	444,000
36,000 MCKESSON CORP	1,282,500
13,100 MCO HOLDINGS INC	153,925
55,850 MFCORP	167,550
58,400 MDU RESOURCES GROUP	1,065,800
55,500 MEAD CORP.	2,025,750
9,400 MEASUREX CORP	331,350
75,500 MEDCO CONTAINMENT SVCS INC	1,292,938
21,900 MEDIA GEN INC	958,125
3,800 MEDIQ INC	15,675
3,000 MEDSTONE INTL INC	69,750
16,000 MEDTRONIC INC.	1,266,000
147,700 MEI DIVERSIFIED INC.	720,038
22,100 MELLON BANK CORP	660,238
36,200 MELRIDGE INC.	13,575
47,900 MELVILLE CORPORATION	3,287,138
35,122 MEMOREX TELEX CORP PFD	94,935
33,400 MENTOR GRAPHICS CORP.	1,177,350
32,500 MERCANTILE STORES INC	1,360,938
22,500 MERCANTILE BANCORPORATION INC	601,875
3,148 MERCANTILE BANKSHARES CORP	114,115
20,000 MERCHANTS CAP CORP CL A	115,000
2,900 MERCHANTS CAP CORP CL B	29,000
368,700 MERCK & COMPANY INC.	20,739,375
53,000 MERCURY SVGS & LN ASSN	483,625
24,200 MEREDITH CORP	698,775
52,000 MERIDIAN BANCORP INC	1,033,500
65,000 MERRILL CORP	528,125
93,100 MERRILL LYNCH & CO. INC.	2,502,063
3,000 METRO AIRLS INC	19,875
8,375 METRO MOBILE CTS INC	322,438
25,125 METRO MOBILE CTS INC CL B	942,188
44,100 MFRS. HANOVER CORP.	1,328,513

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
33,700 MGMT. SCIENCE AMER. 200 MGT. ASSIST. INC LIQUID. TRUST	\$ 412,825 163
22,988 MICHIGAN CONS GAS CO	864,922
5,200 MICHIGAN NATL CORP	235,300
4,800 MICKELBERRY CORP	26,400
34,100 MICOM SYS INC	532,813
24,300 MICRO D INC	276,413
15,000 MICROAGE INC	135,000
9,000 MICRON TECHNOLOGY	199,125
46,900 MICROSOFT CORP	3,142,300
30,000 MID SOUTH INS CO	232,500
103,900 MIDDLE SOUTH UTILS INC	1,428,625
33,296 MIDLANTIC CORP	1,431,728
24,600 MILLER HERMAN INC.	596,550
21,000 MILLIPORE CORP.	834,750
50,000 MILTOPE GROUP INC	362,500
13,000 MILWAUKEE INS GROUP INC	123,500
8,125 MINE SAFETY APPLIANCES CO	308,750
38,800 MINISCRIBE	475,300
201,100 MINNESOTA MNG & MFG CO	13,272,600
39,800 MINNETONKA CORP	601,975
35,800 MITCHELL ENERGY	358,000
47,000 MITEL CORP	117,500
14,576 MLX CORP	38,262
28,100 MNC FINANCIAL INC	1,211,813
362,600 MOBIL CORPORATION	15,773,100
4,100 MODINE MFG CO	72,775
3,500 MOHASCO CORP	120,750
78,000 MOLECULAR GENETICS INC	243,750
17,950 MOLEX INC	729,219
17,000 MONARCH CAPITAL CORP.	767,125
66,900 MONSANTO CO.	5,837,025
25,000 MONTANA PWR CO	875,000
83,300 MOORE CORP LTD	2,113,738
7,250 MOORE FINL GROUP INC IDAHO	190,313
159,400 MORGAN J P & COMPANY INC.	6,196,675
22,200 MORGAN STANLEY GROUP INC	1,762,125
13,000 MORINO ASSOC INC	253,500
44,066 MORRISON INC	985,977
38,200 MORRISON KNUDSEN CORP	1,575,750
41,800 MORTON THIKOL	1,739,925
6,100 MOSINEE PAPER CORP	83,875
114,000 MOTOROLA INC.	6,170,250
33,750 MSI DATA CORP	489,375
36,000 MTECH CORP	1,066,500
4,900 MTS SYSTEMS COM	122,500
10,000 MULTIBANK FINL CORP	227,500
10,440 MULTIMEDIA INC. NEW	733,410
14,300 MUNFORD INC.	241,313
15,000 MURPHY OIL	466,875
47,250 MYLAN LABS INC	614,250
37,100 N.W. NATL. LIFE	1,085,175
13,000 NAC RE CORP	351,000
58,400 NACCO INDS INC CL A	1,876,100
2,904 NAFCO FINANCIAL GP	29,040
35,100 NALCO CHEMICAL CO.	1,311,863
22,800 NASHUA CORP	846,450

NO. OF SHARES	MARKET VALUE
77,100 NATIONAL ASSET BK HOUSTON TEX	\$ 72,281
13,550 NATIONAL BANKSHARES CORP.	17,784
8,000 NATIONAL BUSINESS SYS INC	16,000
34,300 NATIONAL CITY CORP	1,127,613
22,450 NATIONAL CONVENIENCE STORES	216,081
46,300 NATIONAL DATA CORP	1,076,475
20,000 NATIONAL EDUCATION CORP	592,500
20,300 NATIONAL INTERGROUP INC	332,413
31,500 NATIONAL LN BK HOUSTON TEX	78,750
3,600 NATIONAL STANDARD CO	33,300
39,300 NATIONAL SVC INDS INC	903,900
16,300 NATL PATENT DEVEL CORP	122,250
26,100 NATL PRESTO	763,425
104,775 NATL. MEDICAL ENTER. INC.	2,370,534
94,900 NATL. SEMICONDUCTOR	1,233,700
45,000 NBD BANCORP INC	1,659,375
3,900 NBI INC	17,063
74,500 NCNB CORP.	1,806,625
80,000 NCR CORP.	5,260,000
20,389 NEIMAN-MARCUS GROUP INC	346,613
21,200 NELSON THOMAS INC	121,900
5,000 NETWORK EQUIP TECHNOLOGIES	101,250
45,575 NETWORK SYSTEMS CORP.	524,113
40,000 NEVADA PWR CO	850,000
41,000 NEW ENGLAND BUS SVC INC	922,500
49,338 NEW ENGLAND ELEC SYS	1,159,443
14,000 NEW JERSEY RES CORP	262,500
40,000 NEW LINE CINEMA CORP	275,000
10,300 NEW PROCESS CO	329,600
25,000 NEW YORK BANCORP INC	193,750
49,400 NEW YORK ST ELEC & GAS CORP	1,179,425
72,300 NEW YORK TIMES CO	1,952,100
30,000 NEWHALL LD & FARMING CO CALIF.	1,226,250
92,900 NEWMONT GOLD CO	3,843,738
59,300 NEWMONT MINING	2,431,300
15,000 NEWPORT CORP	230,625
136,300 NIAGARA MOHAWK PWR CORP	2,061,538
24,400 NICOR INC	710,650
46,600 NIKE INC.	1,328,100
46,100 NIPSCO INDUSTRIES	524,388
17,500 NL INDUSTRIES	118,125
60,688 NO. STS. POWER CO. MINN.	1,888,914
22,000 NOBEL INS LTD	118,250
33,500 NOBLE AFFILIATES INC	389,438
12,288 NOBLE DRILLING CORP	55,296
10,600 NORD RES CORP	115,275
3,150 NORDSON CORP	144,900
71,700 NORDSTROM INC	2,097,225
166,100 NORFOLK SOUTHERN CORP	4,837,663
30,000 NORTEK INC.	251,250
22,800 NORTH FORK BANCORP INC	381,900
22,000 NORTH SIDE SVGS BK BRONX N Y	352,000
95,800 NORTHEAST UTILITIES	1,892,050
208,900 NORTHERN TELECOM LTD.	3,969,100
2,000 NORTHERN TRUST CORP	86,500
41,300 NORTHROP CORP	1,233,838
12,500 NORTHWEST NAT GAS CO	264,063

MINNESOTA STATE BOARD OF INVESTMENT
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ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
15,000 NORTHWESTERN STL & WIRE CO	\$ 354,375
40,000 NORTHWESTERN PUB SVC CO	770,000
22,600 NORTON CO	1,344,700
25,700 NORWEST CORP.	1,220,750
85,000 NOVA PHARMACEUTICAL CORP	637,500
33,400 NOVAR ELECTRONICS	112,725
10,100 NOVELL INC	287,850
56,000 NOXELL CORP	1,064,000
15,800 NUCOR CORP	679,400
1 NV RYAN LP	6
26,744 NWA INC.	1,230,224
179,720 NYNEX	11,996,310
4,216 OAKWOOD HOMES CORP	25,296
227,349 OCCIDENTAL PETE CORP	6,024,749
25,000 OCCUPATIONAL URGENT CARE	181,250
39,000 OCEAN DRILLING & EXPL CO	643,500
38,400 OGDEN CORP.	1,075,200
10,000 OGILVY & MATHER INTL INC	272,500
3,300 OGLEBAY NORTON CO	90,750
25,000 OHIO CAS CORP	837,500
134,300 OHIO EDISON CO	2,518,125
19,000 OHIO MATTRESS CO.	349,125
37,300 OKLAHOMA GAS & ELEC CO	1,202,925
8,850 OLD KENT FINL CORP	203,550
21,723 OLD REP INTL CORP	521,352
50,000 OLD STONE CORP	937,500
21,500 OLIN CORP	1,075,000
25,000 OMNICARE INC	203,125
21,156 OMNICO GROUP INC.	412,542
10,900 ONEIDA LTD	175,763
24,700 ONEOK INC	401,375
3,143 OPTICAL COATING LAB	49,502
24,900 OPTICAL RADIATION CORP	336,150
50,600 ORACLE SYS CORP	999,350
8,100 ORANGE & ROCKLAND UTILS INC	253,125
73,600 ORIENT EXPRESS HOTELS INC.	147,200
1,400 OSHKOSH B GOSH INC	35,700
1,400 OSHKOSH B GOSH INC CL B	29,400
31,100 OUTBOARD MARINE CORP	1,076,838
34,800 OVERSEAS SHIPHOLDING GROUP INC	817,800
12,000 OWENS & MINOR INC	165,000
56,900 OWENS CORNING FIBERGLAS (NEW)	1,180,675
117,500 OXFORD INDS INC	1,263,125
47,000 P & C FOODS INC	1,210,250
15,600 PACCAR INC	1,170,000
52,440 PACIFIC ENTERPRISES	2,523,675
342,300 PACIFIC GAS & ELEC. CO.	5,391,225
13,000 PACIFIC RES INC	167,375
10,000 PACIFIC SCIENTIFIC CO	136,250
382,636 PACIFIC TELESIS GP.	11,431,251
61,400 PACIFICORP	2,210,400
48,375 PAINE WEBBER	828,422
23,000 PALL CORP	675,625
47,400 PANHANDLE EASTN CORP	1,185,000
66,000 PANSOPHC SYS INC	1,023,000
40,000 PAR TECHNOLOGY	270,000
49,980 PARADYNE CORP	281,138

NO. OF SHARES	MARKET VALUE
35,000 PARK OHIO INDS INC OHIO	\$ 196,875
90,000 PARKER DRILLING CO	360,000
49,200 PARKER HANNIFIN CORP	1,783,500
20,000 PARKWAY CO	330,000
42,500 PAUL HARRIS STORES INC	207,188
2,200 PAULEY PETE INC	31,900
37,600 PAYLESS CASHWAYS	996,400
24,500 PEGASUS GOLD INC	324,625
62,900 PENN CENT CORP	1,415,250
128,200 PENNEY J.C. INC.	6,233,725
66,100 PENNSYLVANIA PWR & LT CO	2,363,075
400 PENNSYLVANIA ENTERPRISES INC	22,800
13,400 PENNWALT CORP	1,087,075
36,200 PENNZOIL CO.	2,755,725
39,325 PENTAIR INC	1,278,063
59,300 PEOPLES ENERGY CORP	1,156,350
10,000 PEOPLES HERITAGE SVGS BK	193,750
20,000 PEOPLES WESTCHESTER SVGS BK NY	477,500
39,900 PEP BOYS MANNY MOE & JACK	518,700
229,552 PEPSICO INCORPORATED	8,550,812
29,600 PERCEPTION TECHNOLOGY CORP	114,700
400 PERINI CORP	11,600
32,300 PERKIN ELMER	831,725
12,500 PERRY DRUG STORES INC.	104,688
34,000 PERSONAL DIAGNOSTICS INC	48,875
46,900 PETRIE STORES CORP.	938,000
24,000 PETROLITE CORP	576,000
145,000 PFIZER INCORPORATED	7,485,625
26,900 PHELPS DODGE	1,112,988
29,000 PHH GROUP INC	935,250
173,500 PHILADELPHIA ELEC. CO.	3,253,125
201,300 PHILLIPS PETROLEUM CO.	3,170,475
65,660 PHILLIPS VAN HEUSEN CORP	673,015
40,000 PHM CORPORATION	300,000
26,250 PIC N SAVE CORP.	413,438
64,000 PICCADILLY CAFETERIAS INC	1,040,000
24,600 PILGRIMS PRIDE CORP	132,225
93,400 PILLSBURY COMPANY	3,350,725
75,900 PINNACLE WEST CAPITAL CORP	1,878,525
16,954 PIONEER GROUP INC	288,218
37,100 PIONEER HI-BRED INTL.	1,409,800
15,000 PIONEER STD ELECTRS INC	148,125
67,300 PITNEY BOWES INC.	3,062,150
36,500 PITTSSTON CO	529,250
193,400 PLACER DOME INC	2,610,900
22,000 PLAINS PETE CO	566,500
1,200 PLENUM PUBG CORP	28,500
73,893 PNC FINANCIAL	3,279,002
30,000 POGO PRODUCING CO	127,500
54,600 POLAROID CORP.	1,699,425
23,000 POLICY MGMT. SYS. CORP.	575,000
86,000 PONCE FED SVGS & LN ASSN P R	623,500
51,700 POPE & TALBOT	969,375
35,500 PORTLAND GENERAL CORP	807,625
31,900 POTLATCH CORP	984,913
83,700 POTOMAC ELEC. & PWR.	1,862,325
100,800 PPG INDUSTRIES INC.	4,599,000

MINNESOTA STATE BOARD OF INVESTMENT
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JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
35,800 PRATT & LAMBERT INC	\$ 653,350
18,700 PRECISION CASTPARTS CORP	593,725
32,275 PREMARK INTL INC	1,097,350
37,800 PREMIER INDL CORP	1,247,400
20,000 PRESIDENTIAL LIFE CORP	255,000
14,000 PRESTON CORP	220,500
43,200 PRICE CO	1,652,400
46,300 PRIMARK CORP	260,438
37,400 PRIME COMPUTER INC.	579,700
26,876 PRIME MTR INNS INC	1,038,086
47,400 PRIMERICA CORP	1,291,650
150,100 PROCTOR & GAMBLE	11,632,750
40,000 PROFIT SYS INC	290,000
26,100 PROTECTIVE LIFE CORP	358,875
45,000 PROVIDENCE FUND LIFE & ACC	911,250
17,100 PS GROUP INC.	521,550
63,100 PSE INC	347,050
180,972 PUBLIC SERVICE ENTERPRISE GROU	4,433,814
38,700 PUBLIC SVC CO COLO	875,588
29,300 PUBLIC SVC CO N MEX	461,475
36,000 PUGET SOUND BANCORP WASH	684,000
56,500 PUGET SOUND PWR & LT CO	1,108,813
35,000 PULITZER PUBG CO	1,050,000
38,600 PURITAN BENNETT CORP	1,061,500
28,800 PYRO ENERGY CORP	165,600
4,800 QUAKER CHEMICAL	109,200
83,300 QUAKER OATS CO	3,706,850
19,700 QUAKER ST CORP	418,625
22,000 QUALITY FOOD CTRS INC	440,000
26,800 QUANTUM CHEMICAL CORP	2,747,000
24,500 QUANTUM CORP.	275,625
81,150 QUEBECOR INC	1,278,113
45,000 QUESTAR CORP	1,569,375
31,500 QUICK & REILLY GROUP INC	374,063
15,000 QUIKSILVER INC	86,250
16,800 QUIXOTE CORP	130,200
31,100 R T E CORP	1,395,613
37,500 R.P.M. INC OHIO	609,375
20,000 RALIGH FED SVGS BK N C	205,000
62,400 RALSTON PURINA CO.	4,758,000
77,000 RANGER OIL LTD	433,125
34,000 RANSBURG CORP	391,000
33,000 RAYCHEM CORP	1,641,750
65,300 RAYTHEON COMPANY	4,309,800
200 READING CO	2,250
9,600 RECOGNITION EQUIP.	79,200
8,250 REDKEN LABS INC.	284,625
30,400 REDMAN INDS INC	262,200
99,200 REEBOK INTERNATIONAL LTD	1,649,200
94,900 REEVES COMMUNICATIONS CORP	533,813
64,100 REGENCY ELECTRONICS	360,563
32,000 REGIS CORP.	544,000
2,508 REPUB. PICTURES CORP CL A	18,183
26,350 REPUBLIC N Y CORP	1,146,225
11,000 RESORT INTL.	386,375
5,800 RESTAURANT MGMT SVCS INC	55,100

NO. OF SHARES	MARKET VALUE
50,000 REUTER LABS INC	\$ 25,000
40,000 REYNOLDS & REYNOLDS CO	740,000
50,100 REYNOLDS METALS CO	2,505,000
10,000 RHODES INC	200,000
27,600 RIBI IMMUNOCHEM RESH INC	124,200
25,000 RICHMOND HILL SVGS BK N Y	565,625
5,000 RIEDEL ENVIRONMENTAL	66,250
6,000 RIGGS NATL CORP WASH D C	133,500
6,500 RISER FOODS INC CL A	64,188
41,700 RITE AID CORP	1,600,238
227,050 RJR NABISCO INC	10,870,019
90,750 RLC CORP.	986,906
31,000 RLI CORP	294,500
39,500 ROADWAY SVCS INC	1,224,500
18,500 ROBERTSON H H CO	238,188
31,900 ROCHESTER GAS & ELEC CORP	578,188
7,700 ROCHESTER TEL CORP	358,050
10,000 ROCKAWAY CORP	111,250
246,900 ROCKWELL INTL CORP	5,215,763
58,800 ROHM & HAAS CO	2,043,300
23,100 ROHR INDS INC	744,975
35,000 ROLLINS INC	551,250
30,363 RORER GROUP INC.	1,074,093
14,000 ROSES STORES INC	126,000
39,800 ROTHSCHILD L F UNTERBERG	29,850
20,000 ROTO ROOTER INC	490,000
33,900 ROUSE CO	762,750
69,200 ROWAN COMPANIES INC	449,800
83,300 ROYAL INTL OPTICAL CORP	926,713
20,000 ROYAL PALM SVGS ASSN WEST PALM	30,000
91,000 RPC ENERGY SVCS INC	523,250
65,100 RUBBERMAID INC	1,537,988
51,400 RYAN BECK & CO	308,400
36,975 RYANS FAMILY STEAK HOUSES INC	203,363
81,260 RYDER SYSTEMS INC.	2,305,753
43,500 RYKOFF S E & CO	1,348,500
82,000 SAFECARD SVCS INC	563,750
83,000 SAFECO CORPORATION	2,095,750
11,625 SAFETY KLEEN CORP	306,609
50,000 SALEM CARPET MLS INC	356,250
120,700 SALOMON INC	3,002,413
51,800 SAN DIEGO GAS & ELEC CO	1,728,825
4,100 SAN JUAN RACING ASSN INC	52,275
138,445 SANTA FE SO. PACIFIC CORP.	2,734,289
97,600 SARA LEE	3,611,200
31,600 SAVANNAH FOODS & INDS INC	884,800
30,000 SCAN OPTICS INC	138,750
45,400 SCANA	1,469,825
30,000 SCHEIB EARL INC	401,250
16,500 SCHERER R.P. CORP.	453,750
98,646 SCHERING PLOUGH CORP	5,055,608
239,920 SCHLUMBERGER LTD	8,037,320
14,600 SCHULMAN A INC.	609,550
15,000 SCHWAB CHARLES CORP NEW	108,750
73,350 SCI SYS INC	990,225
28,500 SCIENTIFIC ATLANTA INC	395,438

MINNESOTA STATE BOARD OF INVESTMENT
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NO. OF SHARES	MARKET VALUE
20,000 SCIENTIFIC MICRO SYS INC	\$ 36,250
27,000 SCITEX LTD	138,375
64,400 SCOTT PAPER CO.	2,592,100
10,000 SCRIPPS E W CO CL A	160,000
4,300 SEA CONTAINERS LTD.	99,975
66,400 SEAGATE TECHNOLOGY	1,195,200
11,300 SEALED AIR CORP	529,688
336,500 SEARS ROEBUCK & COMPANY	12,408,438
15,354 SECURITY BANCORP INC	422,235
96,640 SECURITY PACIFIC CORP.	3,515,280
32,200 SELECTIVE INSURANCE GROUP INC.	788,900
114,400 SENSORMATIC ELECTRS CORP	972,400
13,330 SEQUA CORP CLASS A	903,108
3,350 SEQUA CORP CLASS B	235,756
31,837 SERVICE CORP. INT'L	660,618
18,400 SERVICE MERCHANDISE	184,000
25,500 SERVICEMASTER LTD PARTN	682,125
48,000 SEVEN OAKS INTL INC	276,000
34,300 SHAKLEE CORP	767,463
44,400 SHARED MED. SYSTEMS CORP.	965,700
10,000 SHAW INDS INC	226,250
63,750 SHAWMUT NATL CORP	1,657,500
77,400 SHEARSON LEHMAN HUTTON HOLDING	1,644,750
32,100 SHERWIN WILLIAMS CO.	890,775
12,800 SHL SYSTEMHOUSE INC	107,200
45,666 SHONEYS INC	1,215,857
12,800 SIERRA PAC RES	297,600
28,300 SIGMA ALDRICH	1,330,100
33,100 SIGNET BANKING CORP.	1,030,238
15,262 SIZZLER RESTAURANTS INTL INC	293,794
19,700 SKYLINE CORP.	305,350
25,000 SKYWEST INC	140,625
41,200 SMITHFIELD FOODS INC	1,380,200
109,600 SMITHKLINE-BECKMAN CORP.	4,890,900
22,000 SMUCKER J M CO	1,215,500
40,300 SNAP ON TOOLS CORP	1,707,713
12,600 SO JERSEY INDS INC	220,500
13,000 SO. CAROLINA NATL. CORP.	287,625
23,800 SOCIETY CORP	874,650
50,000 SOMERSET SVGS BK SOMERVILLE	637,500
34,200 SONAT INC.	936,225
39,000 SONOCO PRODS CO	1,199,250
24,306 SOUTHDOWN INC.	543,847
42,000 SOUTHEAST BKG CORP	1,039,500
208,500 SOUTHERN CALIF. EDISON	6,828,375
270,060 SOUTHERN CO	6,245,138
28,500 SOUTHERN NEW ENGLAND TELECOMMU	1,482,000
31,000 SOUTHERN UN CO.	313,875
34,000 SOUTHLIFE HLDG CO	178,500
87,700 SOUTHMARK CORP.	317,913
13,333 SOUTHTRUST CORP	283,326
21,250 SOUTHWEST AIRLINES	403,750
264,880 SOUTHWESTERN BELL CORP.	10,495,870
24,000 SOUTHWESTERN ENERGY CO	423,000
37,000 SOUTHWESTERN PUB SVC CO	962,000
52,295 SOVRAN FINANCIAL CORP.	1,830,325

NO. OF SHARES	MARKET VALUE
10,200 SPARTON CORP	\$ 117,300
7,500 SPELLING AARON PRODTNS. INC	43,125
14,750 SPRAGUE TECHNOLOGIES INC	208,344
22,900 SPRINGS INDS INC	744,250
18,200 SPS TECHNOLOGIES INC	687,050
14,600 SPX CORPORATION	545,675
24,400 SQUARE D CO	1,320,650
90,800 SQUIBB CORP.	5,754,450
5,900 SSMC INC.	144,550
37,300 ST JUDE MED INC	1,361,450
41,000 ST. PAUL COS. INC.	1,773,250
32,200 STALEY CONTL INC	1,175,300
36,500 STANDARD BRANDS PAINT CO	501,875
20,400 STANDARD MICROSYSTEMS CORP	124,950
17,000 STANDARD MTR PRODS INC	229,500
29,625 STANDARD PRODS CO	873,938
20,000 STANDARD REGISTER	442,500
11,200 STANDEX INTL.	250,600
19,350 STANLEY WKS	561,150
20,000 STARS TO GO INC	18,750
50,000 STATE STREET BOSTON CORP	1,212,500
58,100 STERLING SOFTWARE INC	392,175
15,000 STEVENS J.P.	1,025,625
7,100 STEWART & STEVENSON SVCS INC	186,375
17,900 STEWART INFORMATION SVCS CORP	299,825
36,000 STOKELY USA INC	180,000
1,300 STONE & WEBSTER INC	87,425
60,700 STONE CONTAINER CORP	2,215,550
15,300 STORAGE EQUITIES INC	168,300
9,428 STRAWBRIDGE & CLOTHIER	311,124
6,800 STRIDE RITE CORP	199,750
52,300 STRYKER CORP	1,202,900
33,100 STUDENT LN MARKETING ASSN	2,668,688
4,100 SUAVE SHOE CORP	29,725
31,300 SUBARU OF AMERICA INC.	203,450
5,000 SUDBURY INC	36,875
11,660 SUMMIT BANCORP.	265,265
32,100 SUMMIT HEALTH LTD	60,188
93,745 SUN COMPANY INC	5,132,539
30,500 SUN MICROSYSTEMS INC	1,143,750
14,800 SUNDSTRAND CORP	838,050
1 SUNSHINE MNG CO HLD	2
114,200 SUNTRUST BKS INC	2,683,700
42,800 SUPER FOOD SVCS INC	1,123,500
70,000 SUPER RITE FOODS INC	1,146,250
78,700 SUPER VALU STORES INC.	1,810,100
50,000 SYMBOLICS INC	65,625
104,300 SYNTEX CORPORATION	4,367,563
40,600 SYSCO CORP	1,218,000
3,600 SYSTEMS & COMPUTER TECHNOLOGY	9,900
15,000 TAB PRODS CO	226,875
13,125 TALLEY INDS INC	201,797
20,300 TAMBRANDS INC.	1,086,050
83,000 TANDEM COMPUTERS INC	1,680,750
50,000 TANDON CORP.	112,500
84,400 TANDY CORP	4,051,200

MINNESOTA STATE BOARD OF INVESTMENT
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NO. OF SHARES	MARKET VALUE
10,350 TASTY BAKING CORP	\$ 231,581
10,000 TCA CABLE TV INC	342,500
50,850 TCBY ENTERPRISES INC.	597,488
6,500 TECH SYM CORP	115,375
49,600 TECO ENERGY INC	1,165,600
7,000 TECUMSEH PRODS CO	1,043,000
34,500 TEJON RANCH CO	927,188
28,400 TEKTRONIX INC	724,200
133,200 TELE COMMUNICATIONS INC	3,313,350
6,600 TELECOM CORP	11,550
10,000 TELECREDIT INC	400,000
10,300 TELEDYNE INC.	3,504,575
20,100 TELEPHONE & DATA SYS INC	620,588
83,518 TELERATE INC	1,472,005
113,400 TELESPIRE INTL. INC.	666,225
16,700 TELLABS INC	244,238
22,000 TELXON CORP	489,500
25,895 TEMPLE INLAND	1,385,383
10,000 TENNANT CO	285,000
129,600 TENNECO INC.	6,188,400
18,056 TENNIS LADY INC	1,129
22,600 TERADYNE INC.	398,325
44,000 TESORO PETE CORP	440,000
106,500 TEXACO CDA INC	2,995,313
214,100 TEXACO INC.	10,035,938
151 TEXAS AIR CORP	2,246
17,000 TEXAS AMERN BANCSHARES INC	31,875
47,000 TEXAS EASTERN CORP.	1,204,375
14,549 TEXAS INDUSTRIES	598,310
69,600 TEXAS INSTRUMENTS	3,384,300
144,400 TEXAS UTILITIES CO.	3,808,550
97,800 TEXTRON INC	2,347,200
11,000 TGI FRIDAYS INC	93,500
40,900 THERMO ENVIRONMENTAL CORP	398,775
14,300 THOMAS & BETTS CORP	800,800
15,400 THOMPSON MED CO INC	329,175
16,400 THREE COM CORP.	334,150
27,900 TIDEWATER INC.	170,888
136,200 TIE COMMUNICATIONS	340,500
51,500 TIME INC.	4,944,000
113,300 TIMES MIRROR CO CL A	3,823,875
10,200 TIMKEN CO	799,425
100,000 TITAN CORP	312,500
11,432 TODD AO CORP CL A	85,740
16,737 TOOTSIE ROLL INDS INC	508,386
55,400 TORCHMARK CORP	1,821,275
54,000 TOTAL ASSETS PROTN INC	175,500
31,600 TOWNE PAULSEN INC.	988
110,200 TOYS R US	4,270,250
16,700 TPI ENTERPRISES INC	87,675
18,422 TRANS WORLD AIRLINES	626,348
10,000 TRANS WORLD MUSIC CORP	237,500
66,466 TRANSAMERICA CORP	2,251,536
23,800 TRANSCO ENERGY CO.	714,000
4,000 TRANSTECHNOLOGY CORP	74,500
91,400 TRAVELERS CORP.	3,358,950

NO. OF SHARES	MARKET VALUE
10,000 TRENWICK GROUP INC	\$ 125,000
50,000 TRIAD SYS CORP	625,000
37,500 TRIANGLE INDS INC	1,167,188
67,300 TRIBUNE COMPANY	2,506,925
20,000 TRINITY INDS INC.	717,500
32,300 TRINOVA CORP	964,963
22,200 TRUS JOIST CORP	543,900
65,100 TRW INC.	3,189,900
21,900 TUCSON ELECTRIC PWR CO	1,220,925
55,100 TULTEX CORP	516,563
57,500 TVX BROADCAST GROUP INC	143,750
48,400 TW SERVICES INC	895,400
26,600 TYCO LABS	911,050
55,800 TYCO TOYS INC	774,225
23,400 TYLER CORP	356,850
53,900 TYSON FOODS INC	1,024,100
40,550 U S BANCORP	1,018,819
8,020 U S BIOSCIENCE INC.	1,203
15,000 U S WEST NEWVECTOR GROUP INC	298,125
21,613 UAL CORP	2,115,372
3,200 UGI CORP	89,200
25,000 ULTIMATE CORP.	331,250
18,900 UNC RESOURCES	193,725
38,500 UNI MARTS INC	298,375
5,800 UNICORP AMERN CORP NEW	38,425
6,450 UNIFI INC	151,575
12,400 UNIMAR CO	77,500
64,150 UNION CAMP CORP.	2,405,625
116,591 UNION CARBIDE CORP	2,623,298
15,197 UNION CARBIDE CORP RTS	0
90,200 UNION ELEC CO	2,097,150
2,800 UNION NATL CORP PA	84,700
92,900 UNION PACIFIC CORP.	6,026,888
2,800 UNION TEX PETE HLDGS INC	30,450
140,600 UNISYS CORP.	5,026,450
19,200 UNITED ARTIST COMM INC CL A	561,600
27,000 UNITED BANKERS INC	47,250
19,000 UNITED BKS COLO INC	285,000
64,200 UNITED BRANDS CO	1,131,525
8,000 UNITED CABLE TV CORP.	272,000
5,200 UNITED CITIES GAS CO	63,700
20,000 UNITED ED & SOFTWARE INC	207,500
28,000 UNITED ILLUM CO	644,000
12,100 UNITED INDL CORP	189,063
6,000 UNITED INNS INC	163,500
24,584 UNITED INVESTORS MGT CO	212,037
45,600 UNITED JERSEY BANKS HACKENSACK	991,800
43,500 UNITED MERCHANTS & MFRS. INC.	174,000
8,000 UNITED NEW MEXICO FIN'L CORP.	78,000
41,000 UNITED STATES SHOE CORP	753,375
39,600 UNITED STATES SURGICAL CORP	1,316,700
10,000 UNITED STATIONERS INC.	222,500
105,450 UNITED STOCKYARDS CORP	632,700
116,500 UNITED TECHNOLOGIES CORP.	4,485,250
102,700 UNITED TELECOM. INC.	3,312,075
23,000 UNITRODE CORP	195,500

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	MARKET VALUE
10,000 UNIVAR CORP	\$ 202,500
35,150 UNIVERSAL FOODS CORP	1,067,681
77,000 UNIVERSAL HEALTH SVCS INC	519,750
7,300 UNO RESTAURANT CORP	74,825
103,180 UNOCAL CORP.	3,533,915
165,600 UPJOHN COMPANY	5,382,000
51,000 US AIR GROUP	1,893,375
70,000 US FACS CORP	210,000
90,300 US FIDELITY & GUAR. CO.	2,844,450
144,500 US HEALTHCARE INC.	794,750
166,620 US WEST CORP	9,393,203
50,400 USG CORP	0
50,400 USG CORP HOLDING CO.	2,419,200
18,600 USLIFE CORP.	702,150
237,834 USX CORP.	7,551,230
52,000 UTAH POWER & LIGHT CO. INC.	1,495,000
72,000 V F CORP	2,124,000
11,700 VALHI INC NEW	117,000
7,600 VALLEY FED SVGS + LN ASSN VAN	96,900
40,100 VALLEY NATIONAL CORP.	1,197,988
33,100 VALUE LINE INC	711,650
22,200 VAN DORN CO	821,400
40,900 VANGUARD TECH. INTL CL A	797,550
23,600 VARIAN ASSOC. INC.	728,650
26,250 VARLEN CORP	551,250
41,000 VEECO INSTRS INC	840,500
4,800 VERMONT AMERN CORP	109,800
11,025 VERMONT FIN'L SVCS	256,331
50,400 VESTRON INC	270,900
37,120 VIACOM INC	914,080
23,900 VICORP RESTAURANTS INC	241,988
10,000 VICTORIA BANKSHARES INC	92,500
105,000 VIE DE FRANCE CORP	433,125
11,300 VIKING FREIGHT INC	206,225
10,000 VILLAGE SUPER MKT INC	232,500
15,300 VIRGINIA FIRST SVGS FSB	68,850
25,000 VLSI TECHNOLOGY INC	259,375
12,700 VOLT INFORMATION SCIENCES INC	244,475
8,100 VORNADO INC	808,988
10,000 VULCAN MATLS CO	1,530,000
21,200 WACKENHUT CORP.	418,700
497,600 WAL-MART STORES INC.	15,239,000
25,000 WALBRO CORP	837,500
54,200 WALGREEN CO	1,924,100
22,000 WALLACE COMPUTER SER INC	976,250
143,200 WANG LABS CL B	1,575,200
111,200 WARNER COMMUNICATIONS	4,044,900
61,700 WARNER LAMBERT	4,180,175
115,000 WARWICK INS MGRS INC	948,750
9,000 WASHINGTON ENERGY CO	145,125
10,500 WASHINGTON GAS LT CO	262,500
28,575 WASHINGTON MUT SVGS BK SEATTLE	471,488
36,000 WASHINGTON NATL CORP	990,000
11,300 WASHINGTON POST B	2,322,150
34,000 WASHINGTON WTR PWR CO	935,000
198,300 WASTE MANAGEMENT	7,039,650

NO. OF SHARES	MARKET VALUE
19,000 WATKINS JOHNSON CO.	\$ 498,750
27,000 WD 40 CO	857,250
41,000 WEINGARTEN RLTY INVS	1,112,125
40,200 WEIS MARKETS INC.	1,221,075
61,200 WELLS FARGO & CO.	3,633,750
85,100 WENDYS INTL INC	510,600
41,000 WEST INC	589,375
55,640 WEST POINT PEPPERELL INC.	2,114,320
10,000 WESTERN CAP. INVESTMENT CORP.	120,000
32,300 WESTERN DIGITAL CORP.	496,613
10,000 WESTERN FED SVGS & LN ASSN	385,000
7,000 WESTERN PUBG GROUP INC	142,625
14,920 WESTERN TEL COMM	283,480
1,300 WESTERN WASTE INDS	25,350
127,000 WESTINGHOUSE ELEC. CO.	7,143,750
8,400 WESTMARK INTL INC	197,400
34,300 WESTMORELAND COAL CO	643,125
57,175 WESTVACO CORP	1,708,103
12,500 WESTWOOD ONE INC	153,125
51,900 WETTERAU INC	1,323,450
3,300 WETTERAU PPTYS INC	22,275
180,400 WEYERHEUSER CO.	4,938,450
68,000 WHIRLPOOL CORP.	1,955,000
35,400 WHITEHALL CORP.	384,975
30,200 WHITTAKER CORP	966,400
6,100 WILEY JOHN + SON	234,850
21,666 WILLAMETTE INDS INC.	1,099,550
6,500 WILLCOX & GIBBS INC	156,813
18,600 WILLIAMS COMPANIES INC	581,250
14,300 WILMINGTON SVGS FD SOC FSB DEL	139,425
24,000 WILMINGTON TRUST CO.	696,000
47,000 WILSON FOODS CORP	505,250
35,000 WINGS WEST AIRLS INC	350,000
35,800 WINN DIXIE STORES INC	1,440,950
78,900 WINNEBAGO IND INC.	858,038
67,200 WISCONSIN ENERGY CORP	1,780,800
48,000 WISCONSIN PUB SVC CORP	1,074,000
20,800 WISER OIL CO DEL	327,600
30,750 WITCO CORP.	1,095,469
19,700 WOLVERINE WORLD WIDE	226,550
57,900 WOOLWORTH F W CO	3,018,038
46,600 WORTHINGTON INDS INC	1,071,800
9,400 WPL HOLDINGS INC	437,100
36,000 WRIGLEY WM JR CO	1,381,500
85,200 WYMAN-GORDON CO.	1,320,600
88,200 XEROX CORP	4,851,000
113,887 XIDEX CORP	626,379
17,900 XL DATACORP INC	487,775
19,800 XTRA CORP.	631,125
62,200 YELLOW FREIGHT SYSTEM	1,772,700
15,510 YORK INTL CORP	860,805
108,666 ZAYRE CORP.	2,254,820
18,900 ZENITH ELECTRONICS CORP	517,388
15,000 ZERO CORP.	230,625
46,000 ZURN INDS INC	960,250
TOTAL EQUITY PORTFOLIO	\$2,365,215,231

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 8,760	GENERAL MOTORS CONT	10/28/1991	10.0000%	\$ 6,944
200	C B S INC	08/01/1995	11.0875%	210
700	MARY KAY CORP	11/30/2000	10.0000%	507
400	NEWELL CO	07/01/1999	11.0500%	394
400	BORG WARNER CORP JR	07/15/2007	10.0000%	226
465,740	EMERY AIR FREIGHT CORP	08/15/2002	11.3000%	357,111
32,000	B-E HLDGS INC	02/04/1989	11.2500%	30,933
109,000	B-E HLDGS INC	09/15/2002	11.2500%	62,239
64,643	SHEARSON LEHMAN HUTTON INC	04/29/1996	11.0750%	67,955
<div> <div>\$ 681,843</div> <div>TOTAL BOND PORTFOLIO</div> </div>				<div>\$ 526,518</div>

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE
FRED ALGER MANAGEMENT		
65,000	ACUSON	\$ 1,852,500
24,100	AFFILIATED PUBLIC'NS CL A	1,373,700
123,600	ALZA CORPORATION	2,981,850
25,900	AMERICAN EXPRESS COMPANY	712,250
45,500	AMR CORP.	2,314,813
200,800	APOLLO COMPUTER INC.	3,062,200
66,000	APPLE COMPUTER	3,052,500
139,700	BAXTER INTL INC	2,846,388
46,800	BECTON DICKINSON CO	2,404,350
65,100	BOEING COMPANY	3,824,625
22,400	BURLINGTON NORTHERN INC.	1,570,800
30,300	COMPUTER SCIENCES CORP.	1,333,200
37,000	COOPER TIRE & RUBBER	1,392,125
27,400	CRAY RESEARCH INC	2,342,700
49,300	CUC INTL INC	1,269,475
29,600	DIGITAL EQUIPMENT CORP.	3,400,300
35,500	DOW CHEMICAL COMPANY	3,226,063
30,000	DU PONT EI DENEMOURS	2,786,250
117,900	FIRST CHICAGO CORP	3,699,113
38,400	FORD MOTOR CO.	2,044,800
64,700	GERBER PRODS CO	2,814,450
40,900	GREAT ATLANTIC & PAC TEA INC	1,589,988
67,500	LINEAR TECHNOLOGY CORP	911,250
103,800	LOTUS	2,465,250
109,200	MASCO CORP	3,221,400
49,200	MERCK & COMPANY INC.	2,767,500
60,000	MICRON TECHNOLOGY	1,327,500
56,900	NWA INC.	2,617,400
89,900	ORACLE SYS CORP	1,775,525
87,800	OWENS CORNING FIBERGLAS (NEW)	1,821,850
106,800	PRIMERICA CORP	2,910,300
68,100	RAYCHEM CORP	3,387,975
30,000	SILICON GRAPHICS INC	697,500
40,400	SQUIBB CORP.	2,560,350
101,600	STONE CONTAINER CORP	3,708,400
61,500	STRIDE RITE CORP	1,806,563
82,400	SUN MICROSYSTEMS INC	3,090,000
80,000	SYNTEX CORPORATION	3,350,000
157,700	TELERATE INC	2,779,463
40,000	TIME INC.	3,840,000
80,000	TOYS R US	3,100,000
71,800	WASTE MANAGEMENT	2,548,900
TOTAL EQUITY PORTFOLIO		\$102,581,563

ALLIANCE CAPITAL MANAGEMENT		
70,000	ABBOTT LABS	\$ 3,150,000
144,000	AMAX INC	3,366,000
66,000	AMERICAN INTERNATIONAL GRP.	3,844,500
82,000	AMP INC.	4,233,250
98,000	AMR CORP.	4,985,750
127,000	APPLE COMPUTER	5,873,750
80,000	BOEING COMPANY	4,700,000
105,000	COCA COLA COMPANY	4,095,000
126,000	CONSOLIDATED PAPERS INC	5,166,000
67,000	CRAY RESEARCH INC	5,728,500

NO. OF SHARES	SECURITY	MARKET VALUE
ALLIANCE CAPITAL MANAGEMENT (cont:)		
75,000	DEERE & COMPANY	\$ 3,450,000
53,900	DELTA AIR LINES INC.	2,964,500
38,000	DIGITAL EQUIPMENT CORP.	4,365,250
85,000	DISNEY WALT CORP	5,355,000
64,100	DOW CHEMICAL COMPANY	5,825,088
116,000	EMERSON ELECTRIC	3,755,500
85,000	FEDERAL NATL MORTGAGE ASSN	3,697,500
147,000	FORD MOTOR CO.	7,827,750
80,000	GANNETT INC.	2,560,000
85,000	GENERAL ELECTRIC CO.	3,729,375
30,000	GENERAL MOTORS CORP.	2,403,750
45,000	GENERAL RE CORP.	2,401,875
70,000	GREAT NORTHN NEKOOSA CORP	3,255,000
100,000	GULF & WESTERN INDUS.	4,475,000
53,000	HEWLETT PACKARD CO.	2,954,750
124,500	HUMANA INC.	3,361,500
211,750	INTEL CORP.	7,649,469
41,500	INTL. BUSINESS MACHINES	5,286,063
109,600	LIN BROADCAST. CORP.	7,000,700
85,100	MCA INC.	3,595,475
130,000	MCDONALDS CORP.	5,996,250
120,000	MERCK & COMPANY INC.	6,750,000
112,000	MOTOROLA INC.	6,062,000
39,000	MULTIMEDIA INC. NEW	2,739,750
76,000	STUDENT LN MARKETING ASSN	6,127,500
157,750	TOYS R US	6,112,813
	1 TRANS WORLD AIRLINES INC	15
46,000	UAL CORP	4,502,250
96,000	UNION PACIFIC CORP.	6,228,000
140,837	UNITED CABLE TV CORP.	4,788,458
140,000	UNOCAL CORP.	4,795,000
166,200	WAL-MART STORES INC.	5,089,875
16,200	WASHINGTON POST B	3,329,100
TOTAL EQUITY PORTFOLIO		\$193,577,305

BEUTEL GOODMAN CAPITAL MANAGEMENT		
75,000	AHMANSON H.F. CO.	\$ 1,237,500
45,000	AMERICAN BARRICK RES CORP	916,875
100,000	BENEFICIAL CORP.	4,750,000
140,000	CHAMPION INTL.	5,057,500
1,000	CHEVRON CORP	45,375
13,500	COMMUNICATIONS SATELLITE CORP	388,125
101,700	CSX CORPORATION	2,733,188
15,500	FOOD LION CORP	178,250
7,200	FOOD LION INC CL A	75,600
10,000	GENERAL ELECTRIC CO.	438,750
91,500	GENERAL MOTORS CORP.	7,331,438
78,400	GENERAL PUBLIC UTILITIES CORP	2,734,200
142,100	GENRAD INC.	1,705,200
12,300	HEWLETT PACKARD CO.	685,725
200,000	HOME GROUP INC	2,600,000
82,988	HOSPITAL CORP. OF AMER.	3,101,677
23,500	INTL. BUSINESS MACHINES	2,993,313
6,500	JOHNSON & JOHNSON	515,938
7,200	K MART CORPORATION	252,900

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE
BEUTEL GOODMAN CAPITAL MANAGEMENT (cont:)		
82,500	LOCKHEED AIRCRAFT CORP	\$ 3,650,625
19,700	MOBIL CORPORATION	856,950
8,400	MORGAN J P & COMPANY INC.	326,550
160,000	NATL. SEMICONDUCTOR	2,080,000
140,000	PERKIN ELMER	3,605,000
175,000	PHILLIPS PETROLEUM CO.	2,756,250
13,100	SCHLUMBERGER LTD	438,850
136,100	SEA CONTAINERS LTD.	3,164,325
80,000	SEARS ROEBUCK & COMPANY	2,950,000
3,100	ST. PAUL COS. INC.	134,075
7,300	TELE COMMUNICATIONS INC	181,588
16,000	TRANSCO ENERGY CO.	480,000
12,000	WAL-MART STORES INC.	367,500
185,000	WILLIAMS COMPANIES INC	5,781,250
3,100	WOOLWORTH F W CO	161,588
	TOTAL EQUITY PORTFOLIO	\$ 64,676,102

BMI CAPITAL MANAGEMENT

265,000	ANACOMP	\$ 2,881,875
15,000	BECTON DICKINSON CO	770,625
135,000	BERGEN BRUNSWIG CORP.	3,105,000
150,000	CARTER HAWLEY HALE STORES INC	1,406,250
140,000	CASTLE & COOKE INC	3,727,500
18,000	CBS INCORPORATED	2,882,250
150,000	COMMERCIAL CREDIT GROUP INC	4,125,000
70,100	COMPUTER CONSOLES	613,375
100,000	CONTROL DATA CORP.	2,675,000
85,000	CRYSTAL BRANDS INC	2,082,500
200,000	DATA SWITCH CORP	1,600,000
80,000	DIEBOLD INC.	3,260,000
100,000	FIREMANS FD CORP	3,287,500
100,000	GENERAL INSTRUMENT CORP	3,775,000
80,000	HEALTHCO INTERNATIONAL INC	1,520,000
75,000	HEEKIN CAN INC	1,762,500
125,000	HOLIDAY CORP	3,296,875
60,000	HOUSEHOLD INTL.	3,517,500
300,000	INFORMATION RES INC	3,300,000
42,000	KELLWOOD CO.	1,113,000
350,000	MAXUS ENERGY CORP	2,800,000
100,000	NEIMAN-MARCUS GROUP INC	1,700,000
100,000	POLAROID CORP.	3,112,500
75,000	PREMARK INTL INC	2,550,000
300,000	SENSORMATIC ELECTRS CORP	2,550,000
175,000	TJX COS INC	3,325,000
120,000	TRIANGLE INDS INC	3,735,000
51,100	WILEY JOHN + SON	1,967,350
32,000	YORK INTL CORP	1,776,000
	TOTAL EQUITY PORTFOLIO	\$ 74,217,600

FORSTMANN LEFF ASSOCIATES

103,600	ALUMINUM CO. OF AMERICA	\$ 5,516,700
75,900	ARCHER DANIELS MIDLAND CO.	1,536,975
21,333	BOISE CASCADE CORP	991,985
35,500	CETUS CORP	461,500
94,200	CHAMPION INTL.	3,402,975

NO. OF SHARES	SECURITY	MARKET VALUE
FORSTMANN LEFF ASSOCIATES (cont:)		
50,000	CONTEL CORP	\$ 1,725,000
168,800	CPC INTL. INC.	7,764,800
22,500	CRAY RESEARCH INC	1,923,750
7,700	CRYSTAL BRANDS INC	188,650
66,800	DIAMOND SHAMROCK R&M INC	1,035,400
92,600	DU PONT EI DENEMOURS	8,600,225
50,300	FEDERAL NATL MORTGAGE ASSN	2,188,050
43,400	FORD MOTOR CO.	2,311,050
37,000	FORMICA CORP	425,500
99,800	GENERAL INSTRUMENT CORP	3,767,450
8,900	GENERAL MOTORS CORP.	713,113
60,000	GENERAL PUBLIC UTILITIES CORP	2,092,500
101,300	GEORGIA PACIFIC CORP.	4,241,938
48,000	HARNISCHFEGGER INDS INC	1,068,000
35,600	HENLEY GROUP INC	836,600
154,000	HUMANA INC.	4,158,000
33,000	INCO INC.	1,072,500
149,800	INTEL CORP.	5,411,525
50,800	INTL. BUSINESS MACHINES	6,470,650
78,000	INTL. PAPER CO.	3,753,750
21,400	KERR MCGEE CORP.	749,000
51,900	MERCK & COMPANY INC.	2,919,375
33,700	MOTOROLA INC.	1,824,013
79,200	PFIZER INCORPORATED	4,088,700
185,900	PHILLIPS PETROLEUM CO.	2,927,925
72,700	PPG INDUSTRIES INC.	3,316,938
75,100	PRICE CO	2,872,575
22,600	REYNOLDS METALS CO	1,130,000
65,350	RYDER SYSTEMS INC.	1,854,306
54,800	SHONEYS INC	1,459,050
93,100	TANDEM COMPUTERS INC	1,885,275
12,100	UAL CORP	1,184,288
101,900	V F CORP	3,006,050
70,700	WASTE MANAGEMENT	2,509,850
	TOTAL EQUITY PORTFOLIO	\$103,385,928

IDS ADVISORY

60,000	AIR PRODUCTS & CHEM. INC.	\$ 3,037,500
80,000	AMDAHL CORP	4,320,000
100,000	AMERICAN TEL & TEL NEW	2,675,000
30,000	AMOCO CORP	2,182,500
120,000	ARCHER DANIELS MIDLAND CO.	2,430,000
40,000	ATLANTIC RICHFIELD	3,220,000
50,000	AUTOMATIC DATA PROCESSING INC	2,025,000
40,000	BOEING COMPANY	2,350,000
35,000	BURLINGTON NORTHERN INC.	2,454,375
100,000	COMDISCO INC.	2,437,500
75,000	CONAGRA INC.	2,268,750
80,000	DEERE & COMPANY	3,680,000
32,000	DISNEY WALT CORP	2,016,000
35,000	DOW CHEMICAL COMPANY	3,180,625
85,000	DRESSER INDUSTRIES	2,475,625
160,000	ETHYL CORP.	3,520,000
150,000	FLUOR CORP	3,225,000
65,000	FORD MOTOR CO.	3,461,250

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE
IDS ADVISORY (cont:)		
50,000	GENERAL SIGNAL CORP.	\$ 2,781,250
50,000	GREAT NORTHN NEKOOSA CORP	2,325,000
80,000	GULF & WESTERN INDUS.	3,580,000
60,000	HALLIBURTON INC.	1,762,500
44,400	HANDLEMAN CO.	1,354,200
150,000	HUNT J.B.	3,000,000
61,500	INTL. PAPER CO.	2,959,688
75,000	ITT CORP	3,871,875
50,000	JOHNSON & JOHNSON	3,968,750
150,000	KAISER TECH LTD	2,587,500
40,000	LILLY ELI & CO	3,350,000
120,000	MARION LABS INC	2,235,000
40,000	MOBIL CORPORATION	1,740,000
60,000	MOTOROLA INC.	3,247,500
75,000	NWA INC.	3,450,000
50,000	PITNEY BOWES INC.	2,275,000
250,000	REEBOK INTERNATIONAL LTD	4,156,250
90,000	REYNOLDS METALS CO	4,500,000
70,000	SCHLUMBERGER LTD	2,345,000
44,000	SUNDSTRAND CORP	2,491,500
60,000	TANDY CORP	2,880,000
60,000	TEXAS INSTRUMENTS	2,917,500
60,000	TOYS R US	2,325,000
75,000	TRINOVA CORP	2,240,625
40,000	UNION CAMP CORP.	1,500,000
80,000	USX CORP.	2,540,000
100,000	WAL-MART STORES INC.	3,062,500
100,000	WASTE MANAGEMENT	3,550,000
40,000	WOOLWORTH F W CO	2,085,000
TOTAL EQUITY PORTFOLIO		\$132,040,763

INVESTMENT ADVISORS INC.

50,000	AIR PRODUCTS & CHEM. INC.	\$ 2,531,250
65,000	AMERICAN TEL & TEL NEW	1,738,750
30,000	AMP INC.	1,548,750
40,000	AMR CORP.	2,035,000
10,000	APPLE COMPUTER	462,500
30,000	ATLANTIC RICHFIELD	2,415,000
20,000	AUTOMATIC DATA PROCESSING INC	810,000
65,000	BAXTER INTL INC	1,324,375
50,000	BOISE CASCADE CORP	2,325,000
90,000	BROWNING FERRIS INDS INC	2,250,000
5,000	CAPITAL CITIES/ABC INC.	1,588,750
20,000	CHEVRON CORP	907,500
44,000	COMPUTER ASSOC INTL INC	1,298,000
10,000	CRAY RESEARCH INC	855,000
65,000	DONNELLEY RR & SONS	2,413,125
30,000	DOVER CORP.	2,190,000
60,000	DOW CHEMICAL COMPANY	5,452,500
50,000	EMERSON ELECTRIC	1,618,750
75,000	FPL GROUP INC.	2,287,500
30,000	GAF CORP	1,391,250
66,000	GENERAL ELECTRIC CO.	2,895,750
40,000	GENERAL SIGNAL CORP.	2,225,000
18,500	GEORGIA GULF CORP	1,253,375

NO. OF SHARES	SECURITY	MARKET VALUE
INVESTMENT ADVISORS INC. (cont:)		
60,000	INTEL CORP.	\$ 2,167,500
30,000	INTL. BUSINESS MACHINES	3,821,250
80,000	K MART CORPORATION	2,810,000
35,000	MARRIOTT CORP.	1,019,375
45,000	MCDONALDS CORP.	2,075,625
160,000	MCI COMMUNICATION	2,240,000
24,600	MEDTRONIC INC.	1,946,475
40,000	MERCK & COMPANY INC.	2,250,000
20,000	MINSTAR INC	587,500
50,000	MORGAN J P & COMPANY INC.	1,943,750
37,700	RUBBERMAID INC	890,663
50,000	RYDER SYSTEMS INC.	1,418,750
60,000	SIGMA ALDRICH	2,820,000
102,000	SOUTHERN CO	2,358,750
100,000	SUPER VALU STORES INC.	2,300,000
60,000	SYNTEX CORPORATION	2,512,500
60,000	TRIBUNE COMPANY	2,235,000
15,000	USX CORP 3.5 CV PFD	804,375
60,000	USX CORP.	1,905,000
TOTAL EQUITY PORTFOLIO		\$ 81,923,638

LIEBER & COMPANY

24,000	A G EDWARDS, INC	\$ 462,000
17,700	AIRGAS INC	283,200
21,900	ALEXANDER & ALEXANDER	517,388
12,300	ALEXANDERS INC	622,688
22,000	ALFA CORP	286,000
3,307	ALLEN ORGAN CLASS B	119,052
40,000	AMERICAN FAMILY CORP	535,000
30,000	AMERICAN GREETINGS	626,250
6,000	AMERICAN PETROFINA INC.	415,500
8,500	AMERICAN STORES NEW	439,875
20,000	AMES DEPARTMENT STORES	295,000
8,900	ANGELICA CORP	235,850
18,700	ARISTECH CHEM CORP	649,825
15,000	ARMOR ALL PRODS CORP	322,500
19,000	ARMSTRONG IND. INC.	705,375
27,500	BAKER J INC	350,625
7,500	BANK OF NY CO. INC.	259,688
10,000	BAXTER INTL INC	203,750
25,482	BERGEN BRUNSWIG CORP.	586,086
15,000	BIOCRAFT LABS INC	232,500
10,200	BK. OF NEW HAMP. CORP.	211,650
20,000	BLOCK H & R INC.	547,500
3,750	BOATMEN'S BANCSHARES	121,406
20,000	BOWNE & CO INC	260,000
6,000	BURLINGTON NORTHERN INC.	420,750
7,000	CARTER WALLACE INC	262,500
9,625	CASTLE A M & CO	217,766
15,000	CEM CORP	255,000
12,500	CENTERRE BANCORP	656,250
15,000	CENTRAL SPRINKLER CORP	266,250
29,250	CHIEF AUTO SYSTEMS	431,438
5,000	CIMCO INC	72,500
10,000	CLOROX CO.	288,750

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE
LIEBER & COMPANY (cont:)		
15,000	COLONIAL LIFE & ACC INS CO	\$ 442,500
7,500	COMPUTER HORIZONS CORP	81,563
17,500	CONCURRENT COMPUTER CORP	310,625
9,000	CONROY INC.	0
14,500	CORROON & BLACK CORP	456,750
9,800	CROWN CRAFTS INC	137,200
10,000	CUC INTL INC	257,500
22,500	CULLUM COS INC	455,625
3,500	DART GROUP	265,125
5,000	DATA SCOPE CORP	232,500
6,000	DELTA AIR LINES INC.	330,000
13,500	DIAGNOSTIC PRODUCTS CORP.	567,000
30,000	DICEON ELECTRONICS INC	607,500
5,000	DISNEY WALT CORP	315,000
20,000	DONNELLEY RR & SONS	742,500
6,000	DOW CHEMICAL COMPANY	545,250
3,000	DOW JONES & CO	101,250
15,000	DYNATECH CORP	333,750
30,000	E Z EM INC	318,750
18,000	ECC INTERNATIONAL CORP	173,250
35,000	FARM FRESH INC	385,000
7,127	FHP INTERNATIONAL CORP	70,379
15,000	FIRST AM. CORP TENN.	382,500
10,000	FIRST AMER BK CORP	472,500
5,600	FIRST EMPIRE ST CORP	278,600
12,500	FIRST HAWAIIAN CREDITCORP INC	378,125
14,600	FIRST INTERST BANCORP RTS	21,900
10,000	FIRST VA BKS INC	267,500
6,580	FLEMING COS.	226,188
5,400	FLORIDA ROCK & TANK LINES INC	75,600
10,800	FLORIDA ROCK INDS.	321,300
20,000	FORMICA CORP	230,000
63,730	G & K SERVICES INC.	1,019,680
8,200	GANNETT INC.	262,400
11,250	GATEWAY BK SOUTH NORWALK CONN	180,000
12,000	GEODYNAMICS CORP	138,000
44,000	GIANT FOODS INC	902,000
5,500	GOLDEN VY MICROWAVE FOODS INC	177,375
26,700	GOODY PRODS INC	503,963
4,000	GRAPHIC TECHNOLOGY INC	50,500
5,000	GREAT LAKES CHEMICAL CORP	320,000
15,000	GUILFORD MILLS	361,875
23,000	HB FULLER CO	603,750
20,000	HERSHEY FOODS CORP	492,500
10,712	HOLMES D.H. & CO.	182,104
28,000	HOME FED SVGS & LN ASSN	315,000
23,250	HOOVER HOLMES INC	168,563
15,900	HOUGHTON MIFFLIN CO.	568,425
24,000	HOWARD SVGS BK LIVINGSTON N J	522,000
17,000	HUBBELL INC.	624,750
7,500	INDIANA NATL CORP	271,875
35,000	INSTEEL INDS INC	472,500
10,000	INTERCO	447,500
30,000	INTERLEAF INC	375,000
3,500	INTL. ALUMINUM CORP.	81,813

NO. OF SHARES	SECURITY	MARKET VALUE
LIEBER & COMPANY (cont:)		
6,300	INTL. BUSINESS MACHINES	\$ 802,463
3,500	JACOBSON STORES INC	70,000
22,000	JAMES RIV CORP VA	566,500
4,500	JEFFERSON BANKSHRS. VA.	114,750
15,000	JWP INC	337,500
15,000	K MART CORPORATION	526,875
8,500	KANSAS CITY SO. IND.	364,438
4,000	KNIGHT RIDDER INC.	181,500
27,332	LADD FURNITURE	457,811
20,000	LANDS END INC	582,500
10,000	LEGGETT & PLATT INC	306,250
19,500	LOMAS & NETTLETON FINL CORP	341,250
15,000	MAPCO INC	871,875
9,600	MATERIAL SCIENCES CORP	156,000
27,200	MAY DEPT. STORES CO.	921,400
14,000	MAYFAIR SUPER MKTS INC	325,500
5,000	MCGRAW HILL INC.	288,750
10,000	MERCANTILE BANCORPORATION INC	267,500
13,000	MERCHANTS NATL CORP	328,250
7,500	MERCK & COMPANY INC.	421,875
3,000	MEREDITH CORP	86,625
7,000	MICHAELS FOODS	178,500
15,000	MICHIGAN NATL CORP	678,750
20,000	MICROSEMI CORP	122,500
10,000	MICROSOFT CORP	670,000
4,000	MID HUDSON SVGS BK FSB	79,000
24,000	MILLER HERMAN INC.	582,000
10,000	MORGAN PRODS LTD	230,000
13,000	MOTOROLA INC.	703,625
20,000	NATIONAL DATA CORP	465,000
28,125	NATL. COMPUTER SYSTEMS	379,688
15,000	NCR CORP.	986,250
35,000	NELLCOR INC	363,125
14,500	NEW PROCESS CO	464,000
17,000	NICHOLS INST	231,625
1,000	NORTH FORK BANCORP INC	16,750
20,500	NOWSCO WELL SERVICE LTD	263,938
22,000	NUMERCA FINL CORP	264,000
13,000	NWA INC.	598,000
10,106	OLD REP INTL CORP	242,544
24,000	OUTBOARD MARINE CORP	831,000
12,000	PAR TECHNOLOGY	81,000
6,700	PARK ELECTROCHEMICAL CORP	125,625
10,000	PERKIN ELMER	257,500
30,000	PLANTRONICS INC	611,250
24,000	PROTECTIVE LIFE CORP	330,000
10,500	RAYMOND JAMES FINL INC	102,375
11,400	RUSS BERRIE & CO.	267,900
10,000	SALICK HEALTH CARE INC	153,750
30,000	SANFORD CORP ILL	765,000
6,000	SCHEIB EARL INC	80,250
15,000	SCOTT PAPER CO.	603,750
18,000	SIGMA DESIGNS	364,500
15,000	SONOCO PRODS CO	461,250
5,000	SOUTHINGTON SVGS BK CONN	63,750

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1988

NO. OF SHARES	SECURITY	MARKET VALUE
LIEBER & COMPANY (cont:)		
30,000	SOUTHOLD SVGS BK N Y	\$ 637,500
13,600	SPRINGS INDS INC	442,000
10,000	SQUIBB CORP.	633,750
18,300	SSMC INC.	448,350
12,500	STAFF BLDRS INC NEW	103,125
7,000	STATEWIDE BANCORP NJ	140,000
11,600	SUNAIR ELEC. INC.	53,650
23,100	SUPER FOOD SVCS INC	606,375
24,000	SUSQUEHANNA BNKSHRS. INC.	435,000
15,000	TANDY CORP	720,000
5,000	TASTY BAKING CORP	111,875
5,000	TECHNITROL INC	126,875
3,000	TECUMSEH PRODS CO	447,000
25,800	TELEFLEX INC.	790,125
5,000	TORCHMARK CORP	164,375
25,000	TRUS JOIST CORP	612,500
4,000	UNISYS CORP.	143,000
15,000	UNITED SAVERS BANCORP INC	270,000
30,800	US AIR GROUP	1,143,450
29,500	VEECO INSTRS INC	604,750
9,261	VERMONT FIN'L SVCS	215,318
3,500	VULCAN MATLS CO	535,500
3,000	WALLACE COMPUTER SER INC	133,125
15,000	WASTE MANAGEMENT	532,500
7,260	WAUSAU PAPER MLS CO	259,545
7,000	WELBILT CORP	196,000
20,000	WELLMAN INC	740,000
10,000	WESTERN WASTE INDS	195,000
20,000	WILEY JOHN + SON	770,000
10,000	WOOLWORTH F W CO	521,250
10,000	XEROX CORP	550,000
TOTAL EQUITY PORTFOLIO		\$ 65,204,454

NO. OF SHARES	SECURITY	MARKET VALUE
WADDELL & REED (cont:)		
24,500	INTL. BUSINESS MACHINES	\$ 3,120,688
142,800	LOUISIANA PAC. CORP.	4,783,800
184,800	LSI LOGIC CORP.	2,356,200
79,400	MARION LABS INC	1,478,825
137,600	MCDERMOTT INTL INC	2,683,200
10,075	METRO MOBILE CTS INC	387,888
30,225	METRO MOBILE CTS INC CL B	1,133,438
200,200	NATL. SEMICONDUCTOR	2,602,600
65,500	NORTON CO	3,897,250
85,600	OUTBOARD MARINE CORP	2,963,900
50,100	PRICE CO	1,916,325
57,030	PRIME MTR INNS INC	2,202,784
62,000	ROHR INDS INC	1,999,500
202,900	SOUTHWEST AIRLINES	3,855,100
33,300	SOUTHWEST GAS CORP	715,950
30,500	SUNDSTRAND CORP	1,727,063
30,100	TANDY CORP	1,444,800
83,200	TCBY ENTERPRISES INC.	977,600
76,600	THREE COM CORP.	1,560,725
21,300	UNION PACIFIC CORP.	1,381,838
81,500	US AIR GROUP	3,025,688
36,200	VISTA CHEM CO	2,099,600
83,600	WARNER COMMUNICATIONS	3,040,950
138,300	ZENITH ELECTRONICS CORP	3,785,963
TOTAL EQUITY PORTFOLIO		\$ 97,146,044

WADDELL & REED		
53,400	ALLEGHENY LUDLUM CORP	\$ 1,735,500
44,100	AMDAHL CORP	2,381,400
31,100	AMERICAN CYANAMID	1,675,513
58,500	AMGEN CORP.	1,579,500
107,300	ANADARKO PETE CORP.	2,467,900
83,900	ARISTECH CHEM CORP	2,915,525
147,500	BLACK & DECKER MFG CO	3,521,563
53,400	CALGON CARBON CORP	2,696,700
152,300	CHURCHS FRIED CHICKEN	932,838
44,700	COMPUTER SCIENCES CORP.	1,966,800
32,700	CRYSTAL BRANDS INC	801,150
28,800	DEERE & COMPANY	1,324,800
25,600	DIGITAL EQUIPMENT CORP.	2,940,800
35,600	E-SYSTEMS	1,023,500
14,280	FIBREBOARD CORP NEW	117,810
32,800	GENERAL ELECTRIC CO.	1,439,100
91,700	GENERAL INSTRUMENT CORP	3,461,675
25,800	GENERAL MOTORS CORP CL E	977,175
41,700	GEORGIA GULF CORP	2,825,175
135,000	INTEL CORP WTS.	1,248,750
124,100	INTERGRAPH CORP.	3,971,200

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY ACCOUNT
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
FRED ALGER MANAGEMENT				
\$ 5,817,475	S.B.I MONEY FUND			\$ 5,817,475
ALLIANCE CAPITAL MANAGEMENT				
\$ 6,363,329	S.B.I MONEY FUND			\$ 6,363,329
BEUTEL GOODMAN CAPITAL MANAGEMENT				
\$ 11,783,330	S.B.I MONEY FUND			\$ 11,783,330
1,245,000	U.S.A. TREASURY BILL			1,223,061
65,000	U.S.A. TREASURY BILL			63,865
1,180,000	U.S.A. TREASURY BILL			1,159,334
320,000	U.S.A. TREASURY BILL			318,675
535,000	U.S.A. TREASURY BILL			525,711
570,000	U.S.A. TREASURY BILL			567,345
\$ 15,698,330	TOTAL FIXED INCOME PORTFOLIO			\$ 15,641,322
BMI CAPITAL MANAGEMENT				
\$ 3,461,859	S.B.I MONEY FUND			\$ 3,461,859
FORSTMANN LEFF ASSOCIATES				
\$ 33,645,954	S.B.I MONEY FUND			\$ 33,645,954
3,100,000	U.S.A. TREASURY NOTES	11/15/1996	10.7250%	2,818,086
5,425,000	PRICE CO CV	02/28/2012	10.5500%	5,153,750
700,000	GENERAL INSTR CORP CV	06/15/2012	10.7250%	787,500
6,400,000	E-II HLDGS INC	03/01/1999	11.3050%	5,568,000
16,885,000	U.S.A. TREASURY NOTE	11/15/1997	10.8875%	16,911,341
6,370,000	MCCAW CELLULAR COMMUNICATIONS	08/15/1999	11.2950%	5,971,875
\$ 72,525,954	TOTAL FIXED INCOME PORTFOLIO			\$ 70,856,506
IDS ADVISORY				
\$ 2,541,554	S.B.I MONEY FUND			\$ 2,541,554
INVESTMENT ADVISORS INC.				
\$ 16,258,463	S.B.I MONEY FUND			\$ 16,258,463
1,000,000	SUN MICROSYSTEMS CV	02/15/2012	10.5250%	1,065,000
1,000,000	COMPAQ COMPUTER CV	05/01/2013	10.6500%	1,177,500
\$ 18,258,463	TOTAL FIXED INCOME PORTFOLIO			\$ 18,500,963
LIEBER & COMPANY				
\$ 4,034,018	S.B.I MONEY FUND			\$ 4,034,018
WADDELL & REED				
\$ 45,504,006	S.B.I MONEY FUND			\$ 45,504,006
120,000	MUNSINGWEAR INC. CV	10/01/2006	10.8000%	57,000
990,000	PRICE CO CV	02/28/2012	10.5500%	940,500
2,900,000	LYPHOMED INC CV	03/15/2012	10.5500%	1,566,000
1,015,000	RORER GROUP INC CV	02/01/2013	10.7750%	1,096,200
725,000	PRIME MTR INNS INC CV	06/01/2013	10.7000%	760,344
\$ 51,254,006	TOTAL FIXED INCOME PORTFOLIO			\$ 49,924,050

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
INVESTMENT ADVISORS
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 427,500	COUPON TREAS RCPT	08/15/1988	10.0000%	\$ 424,379
769,625	COUPON TREAS RCPT	08/15/1988	10.0000%	764,007
965,250	COUPON TREAS RCPT	08/15/1988	10.0000%	958,204
1,981,540	FED HM LN POOL # 490001	10/01/1996	10.8500%	1,862,648
1,647,204	FED HOME LN PC # 200059	11/01/2001	10.8500%	1,578,219
2,000,000	FEDERAL HOME LOAN BANK	02/25/1991	10.7100%	1,936,880
1,206,772	FORD MTR CR CO	09/01/1991	10.7165%	1,183,010
238,000	PRIVATE EXPT FDG CORP	11/01/1990	11.2350%	246,447
3,500,000	U.S.A. TREASURY NOTE	01/15/1995	10.8625%	3,497,795
3,000,000	U.S.A. TREASURY NOTE	03/31/1990	10.7375%	2,973,750
4,000,000	U.S.A. TREASURY NOTE	05/15/1993	11.0125%	4,265,000
3,000,000	U.S.A. TREASURY NOTE	07/15/1993	10.7250%	2,856,570
4,000,000	U.S.A. TREASURY NOTE	10/15/1992	10.9750%	4,192,480
3,000,000	U.S.A. TREASURY NOTE	10/15/1993	10.7125%	2,827,500
3,400,000	U.S.A. TREASURY NOTE	10/15/1994	10.9500%	3,543,446
1,500,000	U.S.A. TREASURY NOTE	11/15/1992	11.0500%	1,614,840
4,400,000	U.S.A. TREASURY NOTE	11/15/1997	10.8875%	4,406,864
3,700,000	U.S.A. TREASURY NOTES	11/15/1996	10.7250%	3,363,522
\$ 42,735,891 TOTAL BOND PORTFOLIO				\$ 42,495,560

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
LEHMAN MANAGEMENT INC.
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 2,400,000	ASSOCIATES CORP NORTH AMER	02/15/1992	10.8875%	\$ 2,395,176
4,000,000	ATLANTIC RICHFIELD CO	10/15/1989	10.9750%	4,063,480
1,500,000	BP NORTH AMER INC	01/01/1998	10.9500%	1,499,055
2,000,000	CATERPILLAR INC	07/14/1989	10.8000%	1,999,940
900,000	CREDITTHRIFT FINL CORP	06/30/1991	10.8625%	895,860
5,869,524	FED HM LN PC # 260901	07/01/2002	10.8000%	5,282,572
2,712,129	FED HM LN PC # 274979	04/01/2008	10.8500%	2,512,950
3,585,010	FED HM LN PC # 297938	10/01/2008	10.8750%	3,335,171
5,235,896	FED HM LN PC # 298004	05/01/2009	10.9000%	4,992,061
149,858	FED HM LN POOL # 182064	06/01/2011	10.9000%	142,879
12,200,000	FEDERAL FARM CREDIT BANK	07/01/1988	10.7600%	12,200,000
2,500,000	FINANCING CORP CPN FICO STRIPS	05/11/1989	10.0000%	2,337,250
2,500,000	FIRST CHICAGO CORP	07/01/1999	10.9875%	2,487,350
5,802,415	FNMA POOL # 059124	03/01/2008	10.7000%	4,928,397
1,000,000	FORD MTR CR CO	04/01/1997	10.8000%	906,560
1,500,000	FORD MTR CR CO	08/28/1992	10.8950%	1,512,510
2,600,000	FORD MTR CR CO	09/25/1989	10.8850%	2,642,484
1,500,000	GENERAL ELEC CAP CORP	01/15/1991	10.8250%	1,497,330
2,400,000	GENERAL ELEC CR CORP	12/15/2007	10.8750%	2,402,328
5,000,000	GENERAL MTRS ACCEP CORP	01/25/1990	10.8350%	4,946,550
2,037,812	GNMA POOL # 183707	05/15/2017	10.8000%	1,815,547
199,864	GNMA POOL # 202458	04/15/2017	10.8000%	178,065
999,358	GNMA POOL # 223991	06/15/2017	10.8000%	890,358
2,500,000	GREAT WESTERN SVGS	07/18/1990	10.8400%	2,306,600
2,100,000	GREAT WESTN FED SVGS BK	05/10/1991	10.8690%	1,896,909
1,500,000	HELLER FINANCIAL INC	04/01/1993	10.7750%	1,386,195
1,000,000	INTERNATIONAL LEASE FIN CORP	02/01/1992	10.7600%	953,430
1,500,000	INTERNATIONAL LEASE FIN CORP	11/15/1990	10.8850%	1,505,970
3,000,000	KNIGHT RIDDER INC	01/15/1992	10.7250%	2,807,610
4,000,000	MERRILL LYNCH & CO	12/01/1990	10.6750%	3,986,800
1,000,000	MERRILL LYNCH & CO INC	04/01/1999	10.7750%	995,000
2,000,000	PHH GROUP INC	01/01/1997	10.8000%	1,778,040
2,500,000	PROVIDENT NATL BK	01/27/1992	10.8750%	2,179,325
2,000,000	REPUBLIC NATL BK NEW YORK NY	05/15/1992	10.8625%	1,969,700
2,200,000	RYDER SYS INC	01/31/1990	10.8600%	2,177,846
2,000,000	SEAMANS MTG FIN CORP	09/01/1992	10.9750%	2,031,940
2,000,000	SOUTHERN CALIF GAS CO	06/15/1998	10.9375%	1,958,780
4,600,000	SOUTHWESTERN BELL TEL	04/18/2023	11.1500%	4,997,394
7,840,000	U.S.A. TREASURY BOND	05/15/2017	10.8750%	7,641,570
12,500,000	U.S.A. TREASURY BOND	11/15/2012	11.0375%	13,839,875
36,800,000	U.S.A. TREASURY NOTE	05/15/1993	10.7625%	35,615,408
63,380,000	U.S.A. TREASURY NOTE	05/15/1996	10.7375%	58,388,825
1,575,000	U.S.A. TREASURY NOTE	05/15/1997	10.8500%	1,544,477
6,700,000	U.S.A. TREASURY NOTE	06/30/1989	10.9625%	6,823,548
2,400,000	WASHINGTON GAS LT CO	04/15/2018	10.9250%	2,293,200
2,000,000	XEROX CR CORP	07/01/1990	10.8250%	1,975,640
\$235,686,866 TOTAL BOND PORTFOLIO				\$ 226,917,954

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
MILLER ANDERSON
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 2,500,000	BARCLAYS AMERICAN CORPORATION	08/15/1998	10.7875%	\$ 2,372,250
2,725,000	BARCLAYS AMERICAN CORPORATION	12/01/1997	10.9125%	2,719,359
1,100,000	BAXTER INTL INC	06/15/2008	10.9500%	1,093,345
1,500,000	CALFED INC	02/20/2001	10.6500%	1,545,000
3,925,000	CATERPILLAR INC	11/01/2001	10.8000%	3,497,999
2,500,000	CENTRUST	02/15/2018	10.8500%	2,459,375
2,200,000	CENTRUST SAVING BANK	10/27/1997	11.0000%	2,290,508
3,800,000	CHASE MANHATTAN CORP	05/09/1989	10.0000%	3,800,000
8,200,709	CHEMICAL MTG CO	01/15/1997	10.5762%	7,124,366
1,350,000	CHRYSLER BLDGS	05/01/1999	10.9125%	1,287,333
2,850,000	CHRYSLER FIN CORP	11/01/1999	11.2750%	3,360,093
1,800,000	CHRYSLER FINL CORP	10/15/1999	11.3250%	2,186,298
3,400,000	CIT GROUP HLDGS INC	11/15/1989	10.8450%	3,397,246
4,800,000	CITYPLACE CTR EAST CORP	02/15/1995	10.7875%	4,335,984
2,000,000	COLUMBIA SAVINGS & LN ASSN	11/15/1990	10.8700%	2,000,320
2,400,000	COMFED SVGS BK LOWELL MASS	11/15/1992	10.9350%	2,357,544
1,750,000	DREXEL BURNHAM LAMBERT CMO TR	07/01/2003	10.0000%	1,069,688
1,900,000	EATON CORP	08/15/2006	10.8000%	1,721,685
4,653,205	FEDERAL NATL MTG ASSN STRIPPED	02/01/2016	10.0000%	2,390,584
4,100,000	FIDELITY FED SVGS & LN ASSN	04/15/1997	10.8500%	3,847,112
2,100,000	FIDELITY FED SVGS & LN ASSN	05/15/1993	10.8875%	2,076,375
7,900,000	FIRST BANK NATL ASSOC FLA	09/07/1989	10.6680%	7,900,000
3,054,886	FIRST BOSTON MTG SECS CORP	05/16/2018	10.0000%	1,649,638
3,800,000	FIRST CHICAGO CORP	05/21/1990	10.0000%	3,800,000
5,200,000	FIRST NATIONWIDE BK SAN	11/15/1989	10.7312%	5,200,000
2,500,000	FLETCHER CHALLENGER	05/15/1997	10.9250%	2,445,050
5,400,000	FORD MTR CR CO	03/25/1998	10.9000%	5,279,688
4,433,064	FORTUNE MORTGAGE CORP	05/01/2003	10.7943%	4,146,999
2,093,736	GEM SVGS ASSN	03/01/2000	10.8088%	1,867,487
4,870,710	GS TR 8	07/01/2016	10.0000%	2,392,736
229,819	HILL FINL PART CERT	01/01/1989	10.5825%	223,559
2,000,000	HOME OWNERS FEDERAL SVGS # LN	10/27/1997	11.0000%	2,055,100
2,321,261	HOUSEHOLD BANK	05/01/2002	10.7809%	2,005,499
5,200,000	IMPERIAL SVGS & LN	08/15/2011	10.8000%	4,888,312
3,100,000	ITT CORP	02/01/2008	10.8875%	2,926,276
8,600,000	LOMAS & NETTLETON FINL CORP	09/03/2001	10.0000%	2,558,500
2,000,000	MARINE MIDLAND BKS	11/24/1989	10.7250%	2,000,000
3,000,000	MARINE MIDLAND BKS INC	10/27/1989	10.7250%	3,000,000
2,800,000	MARRIOTT CORP	06/15/2007	10.9375%	2,749,180
5,200,000	MARYLAND BANK NA WILMINGTON DE	12/19/1989	10.0000%	5,200,000
1,300,000	MICHIGAN NATL	12/20/1989	10.0000%	1,300,000
1,000,000	MICHIGAN NATL BK DETROIT	03/30/1990	10.7950%	988,750
3,052,652	MIDWEST FEDERAL SAVINGS & LOAN	04/01/2011	10.8810%	2,956,341
2,900,000	PHILADELPHIA SVG FD SOC	11/15/1994	11.2000%	3,226,018
4,474,329	RESIDENTIAL FDG MTG SECS I INC	04/01/2002	10.8500%	4,272,984
2,300,000	SEAMANS MTG FIN CORP	09/01/1992	10.9750%	2,336,731
6,525,538	TALMAN FED SVGS & LN	03/01/2008	10.9165%	6,473,725
2,600,000	TENNECO INC	03/15/2008	11.0000%	2,637,440
5,000,000	TEXACO CAP INC	11/15/1988	10.9000%	5,018,750
2,900,000	TRANSAMERICA FINL CORP	02/15/1993	10.8375%	2,821,700
1,300,000	TRANSAMERICA FINL CORP	12/15/1990	10.9125%	1,309,958
11,102,958	TRI CITY PPTY INV CORP	03/01/2000	10.0000%	3,563,161

MINNESOTA STATE BOARD OF INVESTMENT
 BOND MANAGERS ACCOUNT
 MILLER ANDERSON
 ALPHABETICAL FIXED INCOME HOLDINGS
 JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 6,400,000	U.S.A. TREASURY BOND	08/15/2005	11.0750%	\$ 7,304,000
11,200,000	U.S.A. TREASURY NOTE	01/15/1990	11.0500%	11,609,472
17,200,000	U.S.A. TREASURY NOTE	10/15/1989	11.1875%	18,038,500
5,400,000	U.S.A. TREASURY NOTE	11/15/1997	10.8875%	5,408,424
8,616,001	UNITED SAVINGS HOUSTON	05/01/2008	10.9041%	8,631,768
6,683,932	VIRGINIA BEACH FED SAVINGS & L	02/01/2000	10.8247%	6,032,182
\$ 235,212,801 TOTAL BOND PORTFOLIO				\$ 213,150,393

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
MORGAN STANLEY ASSET
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 10,000,000	CHRYSLER FINL CORP	11/01/1992	10.9500%	\$ 10,112,000
34,499,077	FED HM LN POOL # 170170	06/01/2016	10.9000%	32,892,455
15,000,000	FEDERAL HOME LN MTG SER 10	04/15/2014	10.9300%	15,150,000
20,000,000	FEDERAL NATL MTG ASSN GTD	10/25/2017	10.9400%	20,026,000
10,000,000	SHEARSON LEHMAN HUTTON INC	04/29/1996	11.0750%	10,512,500
33,000,000	U.S.A. TREASURY NOTE	03/31/1992	10.7875%	32,577,270
50,000,000	U.S.A. TREASURY NOTE	05/15/1993	10.7625%	48,390,500
\$ 172,499,077 TOTAL BOND PORTFOLIO				\$ 169,660,725

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
PEREGRINE CAPITAL
ALPHABETICAL FIXED INCOME HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
\$ 3,000,000	ASSOCIATES CORP NORTH AMER	06/01/1996	10.8375%	\$ 2,970,840
4,000,000	BANK OF BOSTON CORP	02/15/1996	10.6062%	3,850,000
2,060,000	BARCLAYS AMERICAN CORPORATION	08/15/1998	10.7875%	1,954,734
1,000,000	CANADIAN NATL RY CO	07/15/2004	10.9700%	975,910
3,000,000	CHASE MANHATTAN CORP	11/10/1995	10.6125%	2,850,000
2,000,000	CHRYSLER CORP	11/15/2015	11.2000%	2,135,620
2,000,000	CHRYSLER FINL CORP	09/21/1994	10.9500%	2,030,780
3,000,000	CITICORP	11/15/1992	10.8250%	3,003,750
1,500,000	CONTINENTAL ILL CORP	03/15/1995	10.9750%	1,477,170
2,000,000	CRESTAR BANK	11/15/1989	10.0000%	2,000,000
938,289	FED HM LN PC # 140186	11/01/2003	10.7000%	794,027
1,014,511	FED HM LN PC # 287221	01/01/2017	10.7000%	858,530
740,021	FED HM LN PC # 287482	03/01/2017	10.7000%	626,243
2,392,609	FED HM LN POOL # 161099	01/01/2010	11.2500%	2,576,528
2,862,775	FED HM LN POOL # 183354	11/01/2010	10.6000%	2,308,112
727,369	FED HM LN POOL # 185837	12/01/2001	10.7500%	635,538
1,640,466	FED HM LN POOL # 188689	10/01/2007	10.8000%	1,476,420
891,218	FED HM LN POOL # 188844	08/01/2008	10.7500%	778,701
829,551	FED HM LN POOL # 200007	02/01/2000	11.1500%	864,807
807,636	FED HM LN POOL # 210229	09/01/2000	11.1000%	842,461
228,889	FED HM LN POOL # 210388	10/01/2000	11.1250%	239,294
454,073	FED HM LN POOL # 210572	12/01/2000	11.0500%	467,695
837,168	FED HM LN POOL # 210589	12/01/2000	11.1000%	873,267
837,685	FED HM LN POOL # 255674	11/01/1999	10.9000%	814,122
1,196,684	FED HM LN POOL # 271338	11/01/2007	10.7250%	1,024,661
3,955,983	FEDERAL HOME LOAN MORTGAGE	01/31/1994	11.1875%	4,227,957
3,000,000	FIRST CHICAGO CORP	06/01/1998	10.8500%	2,923,140
3,000,000	FIRST CHICAGO CORP	07/24/1996	10.8750%	2,880,000
3,000,000	GENERAL MTRS ACCEP CORP	05/01/1997	10.8375%	2,930,340
294,475	GNMA II POOL # 115563	06/20/2014	11.2500%	323,922
603,527	GNMA II POOL # 121529	02/21/2015	11.2000%	654,827
157,968	GNMA POOL # 050936	10/15/2011	11.5000%	182,700
312,265	GNMA POOL # 051011	02/15/2012	11.5000%	361,154
389,688	GNMA POOL # 052820	07/15/2012	11.5000%	450,698
119,051	GNMA POOL # 054838	09/15/2012	11.5000%	137,690
447,845	GNMA POOL # 068121	05/15/2013	11.2000%	490,390
374,368	GNMA POOL # 115029	12/15/2014	11.3000%	419,408
574,850	GNMA POOL # 122005	01/15/2015	11.2500%	638,083
620,652	GNMA POOL # 128012	03/15/2015	11.3000%	695,322
1,631,515	GNMA POOL # 128071	05/15/2000	11.1500%	1,717,169
3,000,000	GUARDIAN SAV & LN	03/28/1995	10.6062%	2,970,000
3,000,000	HERTZ CORP	03/01/1996	10.8500%	2,920,770
2,777,069	HOUSEHOLD BK FSB NEWPORT BEACH	05/15/1991	10.8100%	2,757,630
3,500,000	HOUSEHOLD FIN CORP	02/15/1993	10.8400%	3,473,575
3,000,000	INTER AMERICAN DEV. BANK	10/15/1997	10.9500%	3,078,030
3,000,000	ITT FINL CORP	08/15/1994	11.2750%	3,358,950
1,200,000	LINCOLN NATIONAL CORP.	09/15/1992	11.3875%	1,269,288
3,000,000	MANITOBA PROV CDA	01/15/2018	10.9125%	2,976,450
2,000,000	OCCIDENTAL PETE CORP	03/15/1991	11.0000%	2,000,600
2,000,000	PHILIP MORRIS COS INC	05/15/1998	10.9000%	1,991,660
3,000,000	PHILLIP MORRIS COS INC.	08/01/1996	10.7500%	2,902,170
2,000,000	PITNEY BOWES CR CORP	02/15/2008	10.8625%	1,886,380
10,000,000	U.S.A. TREASURY COUPON	05/15/1999	10.0000%	3,780,700
10,000,000	U.S.A. TREASURY COUPON	11/15/2000	10.0000%	3,302,000
2,000,000	UNITED STATES NATL BK ORE	12/20/1989	10.7250%	2,000,000
3,000,000	WELLS FARGO & CO	02/15/1996	10.7000%	2,902,500
2,800,000	XEROX CR CORP	09/15/1991	11.6000%	2,838,024
\$ 117,718,199	TOTAL BOND PORTFOLIO			\$ 103,870,738

MINNESOTA STATE BOARD OF INVESTMENT
BOND MANAGERS ACCOUNT
WESTERN ASSET MANAGEMENT
ALPHABETICAL HOLDINGS
JUNE 30, 1988

PAR VALUE	SECURITY	MATURITY DATE	COUPON	MARKET VALUE
BOND PORTFOLIO				
\$ 2,500,000	AMERICAN MED INTL	07/15/1991	10.9500%	\$ 2,518,450
4,500,000	CHRYSLER CORP	11/15/2015	11.2000%	4,805,145
7,300,000	CITICORP	08/01/1999	10.9750%	7,134,363
2,475,000	CITICORP PERSON TO PERSON INC	03/01/1998	10.8750%	2,251,013
2,600,000	CONSUMERS PWR CO	02/15/1998	10.8750%	2,552,680
7,500,000	CTC BEAVER VALLEY FUNDING	06/01/2017	11.2000%	7,912,425
10,000,000	CTC MANSFIELD FDG CORP	09/30/2016	11.1125%	10,174,700
17,400,000	DEERE & CO.	11/15/2002	10.8000%	15,833,826
8,785,000	DELTA AIRLINES INC	05/15/2016	10.9000%	7,868,022
6,135,728	FED HM LN PC # 220009	08/01/2001	10.8250%	5,730,770
7,105,638	FED HM LN PC # 286871	02/01/2017	10.7000%	6,013,146
2,127,085	FED HM LN PC # 291302	04/01/2017	10.7000%	1,800,045
3,073,162	FED HM LN POOL # 181257	01/01/2009	10.8000%	2,765,846
7,915,000	FEDERAL FARM CREDIT BANK	01/20/1993	11.0650%	8,478,944
3,053,262	FEDERAL HOME LN MTG CORP PARTN	12/31/2014	11.0250%	3,075,673
669,272	FEDERAL NATIONAL MTG. AS. STR.	03/01/2009	10.6500%	574,944
4,000,000	FEDERAL NATL MTG ASSN	02/10/1996	10.7000%	3,523,760
1,722,531	FEDERAL NATL MTG ASSN STRIPPED	11/08/2008	10.6000%	1,444,221
7,733,260	FEDERAL NATL MTG ASSN STRIP	01/01/2006	10.5000%	6,036,738
13,858,390	FHA CITICORP #136	05/01/2023	10.7430%	11,134,801
3,525,392	FHA CITICORP 1985-5	03/01/2019	10.7375%	2,890,822
5,132,261	FHA NORWEST # 2	11/01/2019	10.7320%	4,413,745
1,400,000	FIRST CHICAGO CORP	07/15/1992	10.8625%	1,367,254
4,283,049	FNMA POOL # 000797	01/01/2023	10.7250%	3,680,724
1,500,000	GENERAL ELEC CAP CORP	06/01/1993	10.9000%	1,498,065
2,965,992	GNMA POOL # 200914	04/15/2017	10.8000%	2,642,491
3,959,115	GNMA POOL # 205929	03/15/2017	10.8000%	3,527,294
1,979,936	GNMA POOL # 208547	05/15/2017	10.8000%	1,763,985
1,000,000	GULF STS UTILS CO	01/01/2016	11.1375%	931,230
3,423,000	LITTON INDS INC	07/01/2005	11.2625%	3,851,046
1,550,000	LOUISIANA PWR. & LT. CO.	11/01/2016	11.0375%	1,465,665
3,475,000	MCI COMMUNICATIONS	04/01/2011	11.0000%	3,231,750
2,250,000	MELLON BK N A	03/15/1992	10.7450%	2,104,133
7,500,000	PENNSYLVANIA PWR & LT CO	04/01/1994	11.3500%	7,946,325
2,500,000	PHILADELPHIA ELEC CO	04/15/2018	11.1000%	2,450,875
1,000,000	SHEARSON LEHMAN CMO INC	07/01/2003	10.9000%	988,750
214,000	STANDARD OIL CO	03/15/1992	10.0000%	235,400
214,000	STANDARD OIL CO	12/15/1990	10.0000%	220,420
5,850,000	STUDENT LN MRKTG ASSN	08/01/1991	10.5600%	5,405,751
5,500,000	SYSTEM ENERGY RESOURCES	09/01/1996	11.0500%	5,403,750
400,000	U.S.A. TREASURY COUPON	02/15/1991	10.0000%	323,960
5,500,000	U.S.A. TREASURY COUPON	08/15/1991	10.0000%	4,267,450
4,400,000	U.S.A. TREASURY NOTE	02/15/1991	10.9125%	4,499,000
38,650,000	U.S.A. TREASURY NOTE	04/15/1995	10.8375%	38,094,213
25,308,000	U.S.A. TREASURY NOTE	05/15/1996	10.7375%	23,314,995
5,500,000	U.S.A. TREASURY NOTE	08/15/1989	10.6625%	5,436,420

\$ 259,433,073 TOTAL BOND PORTFOLIO

\$ 243,585,023

EQUITY PORTFOLIO

78,300 FEDERAL NATL. MTG. ASSN.

822,150

TOTAL PORTFOLIO

\$ 244,407,173

MINNESOTA STATE BOARD OF INVESTMENT
ALTERNATIVE INVESTMENT ACCOUNTS
ASSETS HELD JUNE 30, 1988

REAL ESTATE ACCOUNT

NO. OF SHARES	SECURITY	MARKET VALUE
20,744	AETNA REAL EST. FUND	\$ 58,690,747
13,577	EQUIT. LIFE ASSUR. SOCIETY	68,392,359
6,000	HEITMAN ADV. REALTY II	33,719,460
20,000	HEITMAN ADVISORY CORP. GRP.	20,789,811
3,624	HEITMAN ADVISORY III	18,319,908
10,429	PRUDENTIAL REAL EST FUND	63,182,861
3,581,124	S.B.I MONEY FUND	3,581,124
19,783	SSB REAL ESTATE FD III	23,269,328
14,801	SSB REAL ESTATE FUND IV	16,550,792
9,976	SSB REAL ESTATE FUND V	10,130,967
6,000	TCW REALITY FUND IV	30,389,695
8,000	TCW REALTY FUND III	43,766,605
71,000,000	THE RREEF FUNDS USA III	74,287,584
74,714,056	TOTAL PORTFOLIO	\$ 465,071,241

RESOURCE ACCOUNT

NO. OF SHARES	SECURITY	MARKET VALUE
1,272,700	AMERICAN GAS & OIL III	\$ 1,272,700
16,630	AMGO I	4,284,000
2,088,920	AMGO II	5,183,498
993,995	APACHE CORP LTD I PART	993,995
22,372,854	APACHE CORP LTD II PART	22,257,857
30,000,000	APACHE CORP LTD III PART	30,000,000
14,093,299	S.B.I MONEY FUND	\$ 14,093,299
70,838,398	TOTAL PORTFOLIO	\$ 78,085,349

VENTURE CAPITAL ACCOUNT

NO. OF SHARES	SECURITY	MARKET VALUE
3,070,894	ALLIED VENTURE PARTNERS	\$ 2,944,653
4,000,000	CENTURY PTN III	4,194,592
10,000,000	DSV PARTNERS IV	10,704,570
5,000	DULUTH GROWTH CO	0
475	FIRST CHICAGO V.P.A.F	475,000
3,750,000	G & K VENTURE PARTNERSHIP	3,237,266
700,000	GTC L.P. FUND III	600,846
21,674,550	K K R INVT. FD	21,674,550
13,128,890	KKR INVT FUND II	13,128,890
46,456,000	KKR INVT FUND III	46,456,000
7,500,000	MATRIX PARTNERS II L.P.	7,701,488
8,341	NORTHWEST VENTURE PARTNERS	7,823,058
2,661,474	S.B.I MONEY FUND	2,661,474
3,000,000	SUMMIT VENTURE LTD PART II	3,000,000
9,431,339	SUMMIT VENTURE LTD PARTN	10,134,954
3,322,500	SUPERIOR VENTURE PARTNERS	3,139,763
128,709,462	TOTAL PORTFOLIO	\$ 137,877,102

**MINNESOTA STATE BOARD OF INVESTMENT
MANAGERS FEES PAID
FISCAL YEAR 1988**

ACTIVE EQUITY ACCOUNT *

Fred Alger	\$ 28,376
Alliance Capital	1,020,571
Beutel Goodman	450,139
Forstman Leff Asset Mgmt.	366,997
Hellman Jordan	212,174
IDS Advisory	120,651
Investment Advisors	230,750
BMI Capital	344,825
Waddell & Reed	553,450
Lieber & Company	382,457
Peregrine Capital Mgmt.	281,529
Active Managers Sub-Total	<u>\$ 3,991,919</u>

PASSIVE EQUITY MANAGERS

Wilshire Associates	\$ 259,478
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BOND MANAGERS

Investment Advisors	\$ 87,559
Lehman Management	487,627
Miller Anderson	508,623
Morgan Stanley	416,684
Peregrine Capital Mgmt.	233,090
Western Asset Mgmt.	363,262
Bond Managers Sub-Total	<u>\$ 2,096,845</u>

TOTAL

\$ 6,348,242

- * Active equity managers are compensated on a performance-based fee formula. Fees earned may range from zero to twice the manager's base fee, depending on the manager's performance relative to an established benchmark. (See page 73 in Part I of the Annual Report for a more complete description of this formula.)