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**1987
ANNUAL
REPORT**

**MINNESOTA STATE
BOARD OF
INVESTMENT**

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1987 ANNUAL REPORT

MINNESOTA STATE BOARD OF INVESTMENT

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STATE AUDITOR ARNE H. CARLSON

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STATE AUDITOR ARNE H. CARLSON
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SECRETARY OF STATE JOAN ANDERSON GROWE
ATTORNEY GENERAL HUBERT H. HUMPHREY III



EXECUTIVE DIRECTOR
HOWARD J. BICKER

STATE OF MINNESOTA
STATE BOARD OF INVESTMENT

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Saint Paul 55155
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The Minnesota State Board of Investment is pleased to submit its 1987 Annual Report.

Fiscal year 1987 results represent the third consecutive year of exceptionally strong performance in the capital markets. Over this period, declining interest rates, low inflation, and steady economic growth have produced extraordinary returns on financial assets. To a great extent, the performance of the individual funds presented in this report reflect the favorable opportunities available in the capital markets.

Several items should be highlighted as major accomplishments for the year:

- **The Basic Retirement Funds, the largest group of funds managed by the Board, produced a total rate of return of 14.5%.** Over the last three years the Basic Funds have generated a cumulative return of 92%, excluding alternative assets. These advances were largely the result of the Board's asset allocation policy, which allowed the Basic Funds to take full advantage of the superior returns available in the capital markets. (Refer to page 7.)
- **The Post Retirement Fund generated earnings that will provide a permanent benefit increase of slightly more than 8% for eligible retirees.** This is more than double the fiscal year 1987 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 29.)
- **The Board obtained new investment authority under legislation adopted during the 1987 legislative session.** By raising the maximum allowable exposure to common stock and alternative investments, the Legislature gave the Board additional flexibility in designing investment strategies for the funds under its control. (Refer to page 77.)
- **The Board undertook a comprehensive review of the investment program established for the Basic Retirement Funds.** The resulting investment policy statement will guide the management of the Basic Funds in the coming years. The recommendations emerging from the study will not greatly affect the investment objectives or asset allocation previously established for the Basic Funds. However, important features will be introduced in the investment management structure utilized by the Funds. These new features will include a completeness fund in the common stock segment of the Basic Funds and a

passively managed component in the bond segment of the Funds. (Refer to page 79.)

- **Benchmark portfolios and performance based fees were implemented during fiscal year 1987.** Each of the Board's external common stock managers is now evaluated and compensated based on their actual performance against a benchmark portfolio that reflects the manager's particular investment style. (Refer to page 81.)
- **Pooled investment vehicles were introduced in the management of the State's cash accounts.** These pools will provide greater operating efficiencies and should generate higher returns for the many small, individual accounts managed by the Board. (Refer to page 84.)

On June 30, 1987, the Board's portfolio totaled \$12 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 the various funds 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 1987 Annual Report contains financial statements and accounting data.

INTRODUCTION

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 Chapter 11A of the Minnesota Statutes.

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, and investment management structure.

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

INTRODUCTION

these funds. The Board intends periodically to revise the investment policy established for each fund. Most recently, the Basic Retirement Funds' investment policy was thoroughly reviewed and updated.

The annual report is divided into two separate publications:

- 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.
- The second volume contains financial statements and accounting data.

FUNDS UNDER MANAGEMENT

BASIC RETIREMENT FUNDS

POST RETIREMENT FUND

SUPPLEMENTAL INVESTMENT FUND

VARIABLE ANNUITY FUND

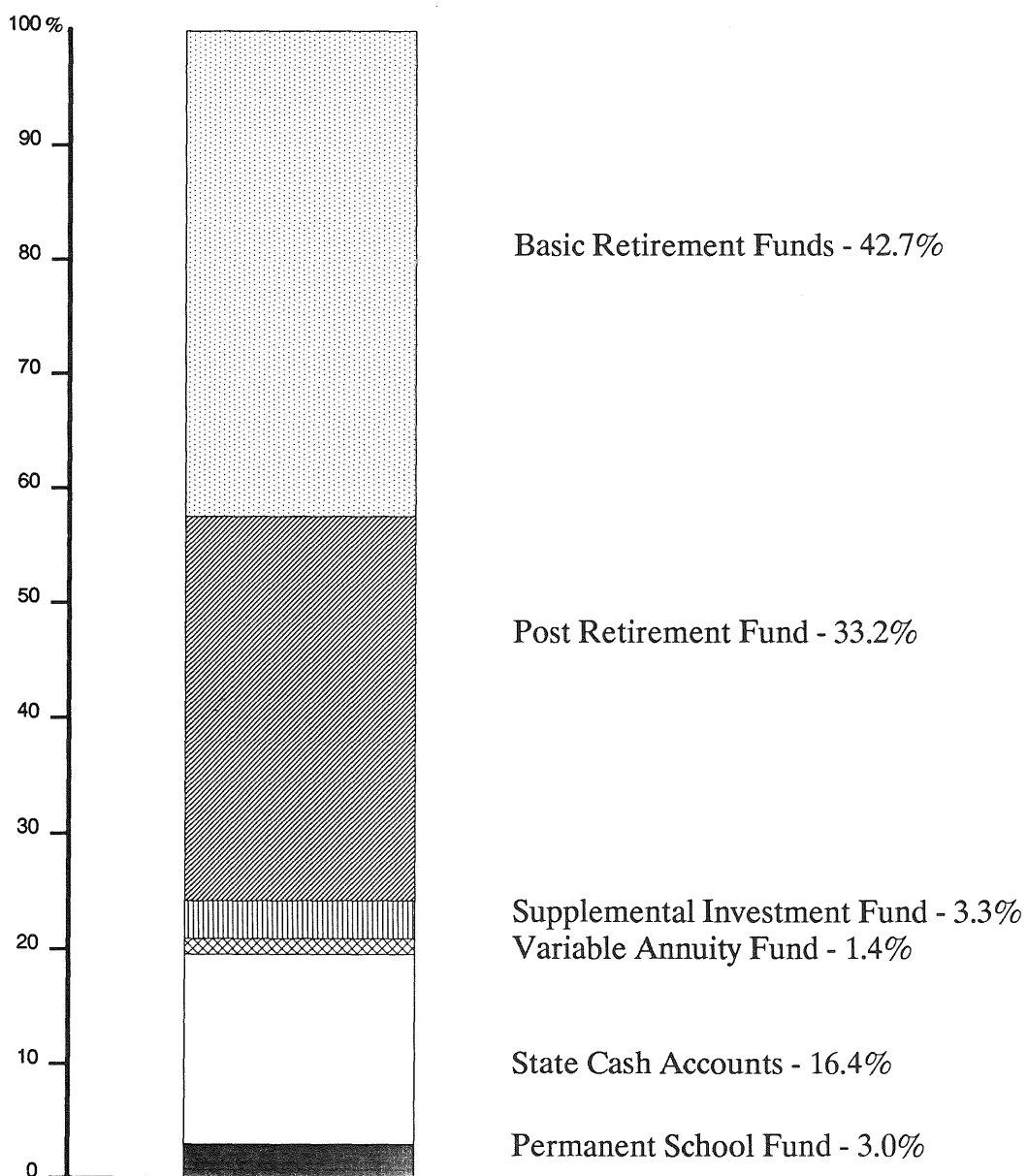
STATE CASH ACCOUNTS

PERMANENT SCHOOL FUND

FUNDS UNDER MANAGEMENT

FUND COMPOSITION

Fiscal Year 1987



FUNDS UNDER MANAGEMENT

Market Value
June 30, 1987

Basic Retirement Funds

\$ 5.1 billion

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

- Teachers Retirement Fund \$ 2,104 million
- Public Employees Retirement Fund 1,403 million
- State Employees Retirement Fund 1,111 million
- Public Employees Police and Fire Fund 433 million
- Highway Patrol Retirement Fund 82 million
- Judges Retirement Fund 4 million

Post Retirement Investment Fund

\$ 4.0 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 seven separate accounts with different investment emphases designed to meet a wide range of investor needs and objectives.

- Income Share Account \$ 214 million
- Growth Share Account 90 million
- Common Stock Index Account 2 million
- Bond Market Account 1 million
- Money Market Account 77 million
- Guaranteed Return Account 4 million
- Bond Account 12 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

\$ 2.0 billion

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

Permanent School Fund

\$ 0.4 billion

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

\$12.1 billion

BASIC RETIREMENT FUNDS

INVESTMENT OBJECTIVES

ASSET ALLOCATION

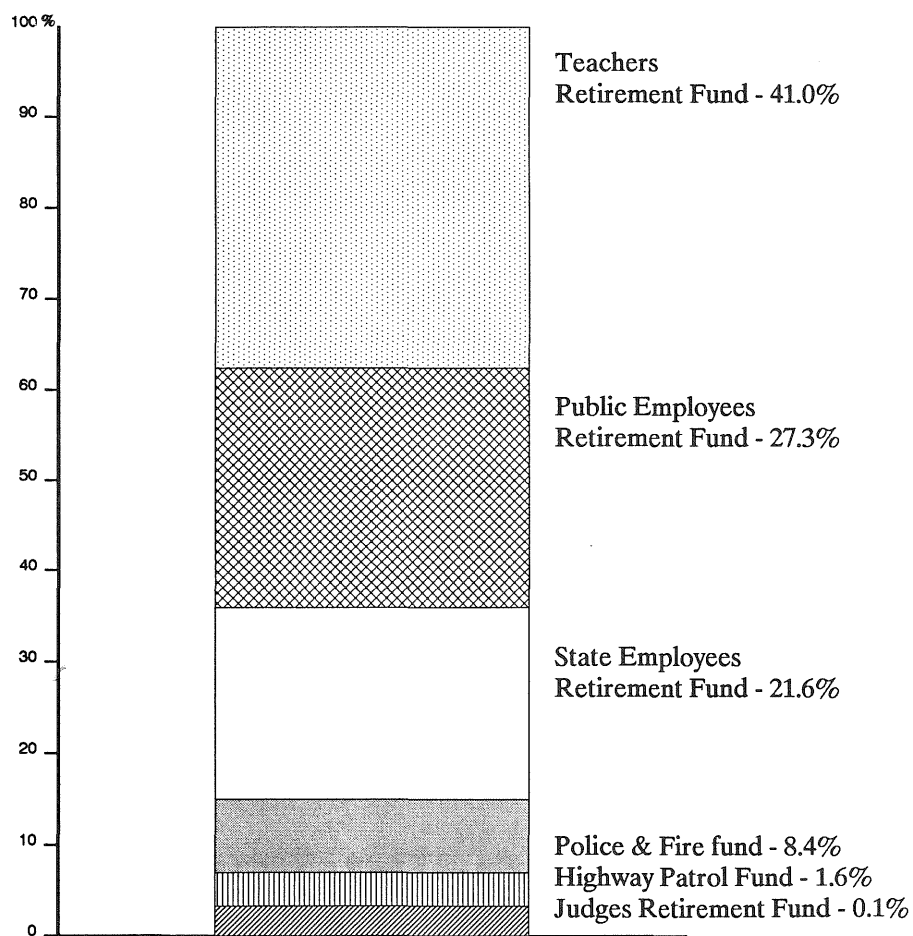
INVESTMENT MANAGEMENT

INVESTMENT PERFORMANCE

BASIC RETIREMENT FUNDS

COMPOSITION BY FUND

Fiscal Year 1987



BASIC RETIREMENT FUNDS

The \$5.1 billion Basic Retirement Funds are composed of the retirement assets for currently working participants in six major statewide retirement funds.

The figure on page 8 identifies the individual statewide retirement funds which comprise the Basic Funds. The Basic 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.

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 secure the benefits promised public employees covered by the statewide retirement funds
- To reduce employer/employee contributions and/or increase promised benefits
- To avoid excessive volatility in portfolio returns over the short-run

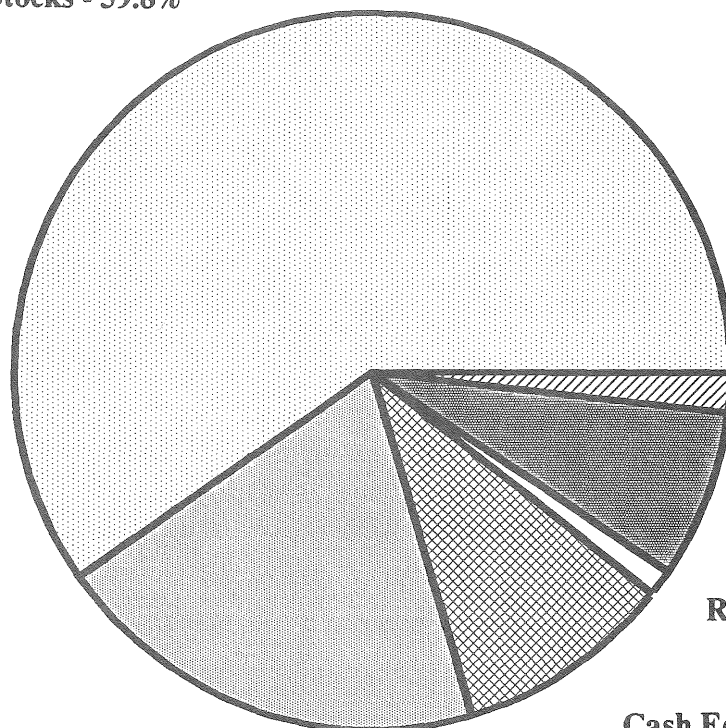
The Board's primary responsibility is to ensure that sufficient funds are available to finance promised benefits. However, other investment objectives are also important. Based upon the Basic Funds' adequate funding levels and participant demographics, its investment time horizon is quite long. This extended time horizon permits the Board to take advantage of the long-run return opportunities offered

BASIC RETIREMENT FUNDS

1987 FISCAL YEAR-END ASSET MIX

Percent of Market Value

Common Stocks - 59.8%



Venture Capital - 1.7%

Real Estate - 7.7%

Resource Funds - 1.2%

Cash Equivalents - 9.8%

Bonds - 19.8%

	\$MILLION	ACTUAL	POLICY
COMMON STOCKS	\$3,070	59.8%	60.0%
BONDS	1,016	19.8	22.0
CASH EQUIVALENTS*	506	9.8	3.0
ALTERNATIVE ASSETS:			
Real Estate	396	7.7	10.0
Venture Capital	86	1.7	2.5
Resource Funds	63	1.2	2.5
TOTAL	\$5,137	100.0%	100.0%

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

BASIC RETIREMENT FUNDS

by the capital markets. 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

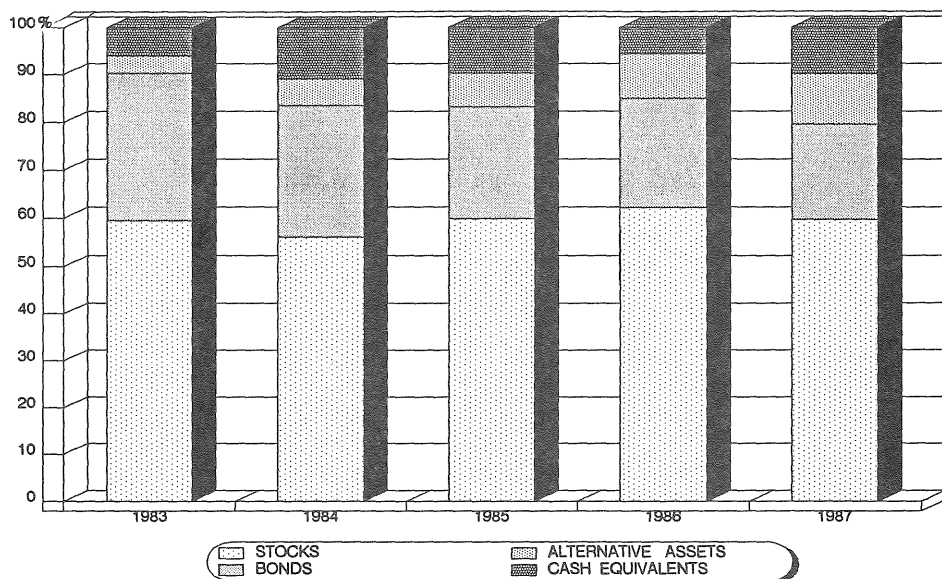
Based on the Basic Funds' investment objectives and the expected long-run performance of the capital markets, the Board has adopted the following policy (long term) asset allocation for the Basic Funds:

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

The figure on page 10 presents the actual asset allocation of the Basic Funds at the end of the 1987 fiscal year. Historical data on the Basic Funds' actual asset mix over the last five years are also displayed in the figure on page 12.

BASIC RETIREMENT FUNDS

HISTORICAL ASSET MIX Percent of Market Value Fiscal Year-End Allocations



	1983	1984	1985	1986	1987
COMMON STOCKS					
\$Million	1,872.0	1,696.0	2,209.0	2,838.0	3,070.0
Percent	59.5	56.1	59.9	62.2	59.8
BONDS					
\$Million	970.0	829.0	865.0	1,041.0	1,016.0
Percent	30.8	27.4	23.4	22.8	19.8
CASH EQUIVALENTS*					
\$Million	188.0	331.0	355.0	253.0	506.0
Percent	6.0	10.9	9.6	5.6	9.8
REAL ESTATE					
\$Million	96.0	140.0	203.0	330.0	396.0
Percent	3.1	4.6	5.5	7.2	7.7
VENTURE CAPITAL					
\$Million	0.0	4.0	34.0	65.0	86.0
Percent	0.0	0.2	0.9	1.4	1.7
RESOURCE FUNDS					
\$Million	19.0	23.0	34.0	65.0	86.0
Percent	0.6	0.8	0.7	0.8	1.2
TOTAL FUND					
\$Million	3,145.0	3,023.0	3,691.0	4,564.0	5,137.0
Percent	100.0	100.0	100.0	100.0	100.0

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

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 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 of the Basic Funds' total portfolio (bonds and cash equivalents) 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.

BASIC RETIREMENT FUNDS

INVESTMENT MANAGEMENT

Common Stock Segment

The SBI utilizes a two-part approach to the management of the Basic Funds' \$3.2 billion common stock portfolio:

- a large passive portfolio (i.e., an index fund)
- 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.

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

BASIC RETIREMENT FUNDS

established for each of the Board's managers. These benchmarks enable the SBI to more effectively evaluate the managers' decision-making, both individually and in aggregate, with respect to risk incurred and returns achieved.

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

The Basic Funds' \$1.1 billion bond portfolio is managed by six 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.

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 also constrains the maximum average life of the managers' portfolios.

All of the SBI's bond managers pursue active investment approaches. However, the Board has approved the use of passive management in the Basic Funds' bond portfolio. The SBI expects to construct a bond index fund during fiscal year 1988.

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.

BASIC RETIREMENT FUNDS

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

BASIC RETIREMENT 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 1987. New commitments were made to three closed-end commingled funds in both the diversified and specialty segments 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. Future commitments likely will be in the form of follow-on funds with 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. Further, the Board's maximum

BASIC RETIREMENT FUNDS

investment size is 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 essentially was attained in fiscal year 1986. 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, and as the existing commitments begin to generate cash distributions.

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.

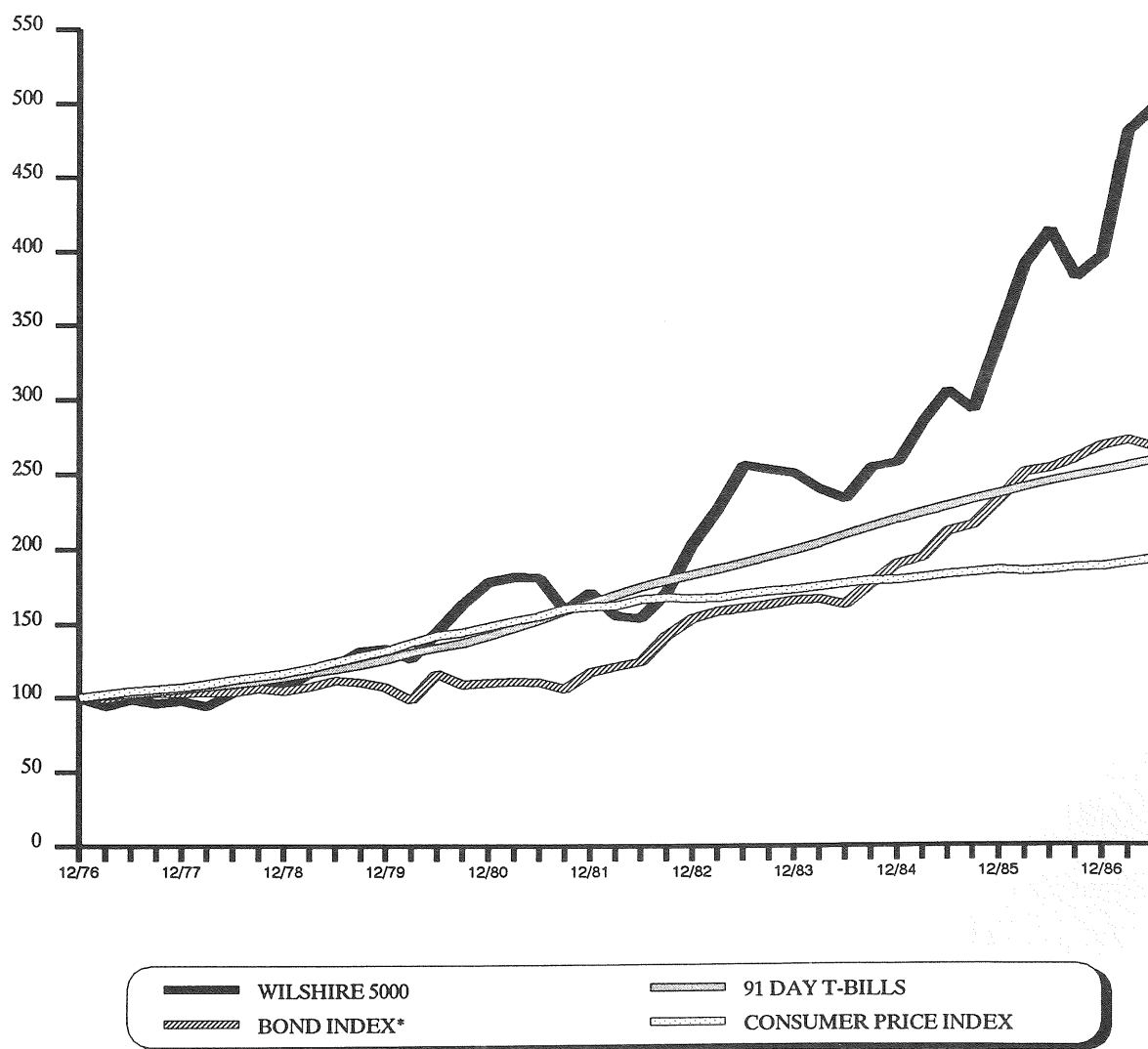
Resource investments are selected through procedures similar to those used to evaluate real estate and venture capital investments.

BASIC RETIREMENT FUNDS

PERFORMANCE OF CAPITAL MARKETS

Cumulative Returns

1977 - 1987



*Merrill Lynch Master Index through 12/79; Salomon Broad Investment Grade Bond Index 1/80 - 6/87

BASIC RETIREMENT FUNDS

During the 1987 fiscal year, the Board continued to search for new resource investments. Only one of several possible investments was selected. The considerable uncertainty in the energy market and the financial shake-out which has been occurring there for several years has created the potential for profitable investment opportunities. However, the Board found it difficult to identify investments whose terms and assumptions properly reflected the decline in energy prices. The Board plans to continue to review quality 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

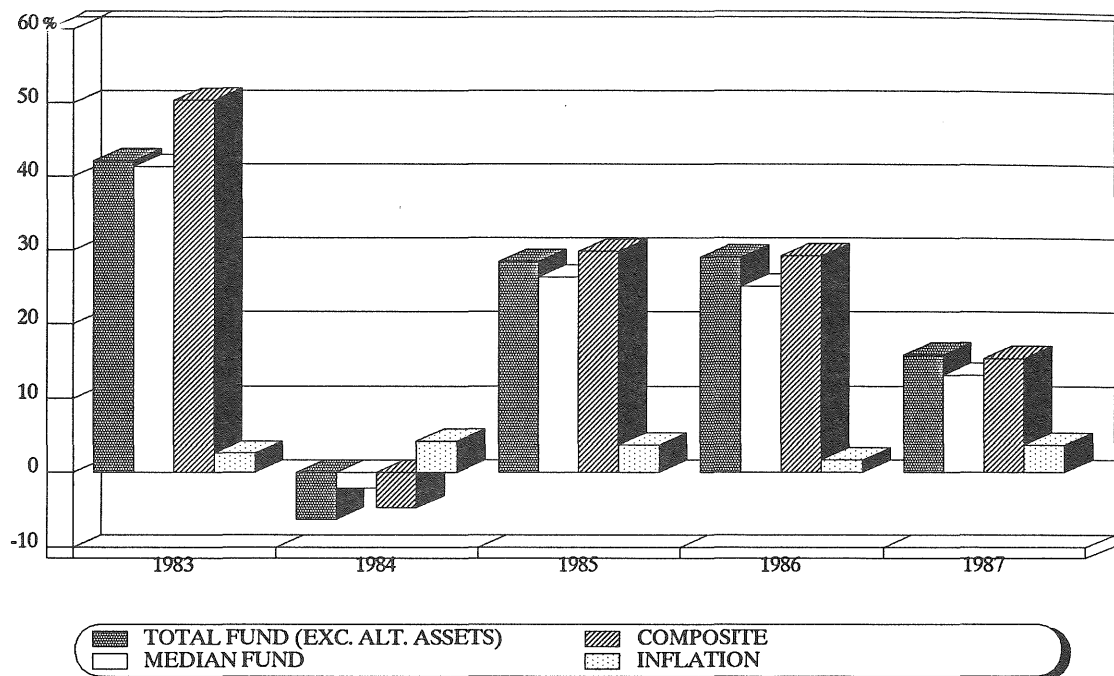
The Board has adopted performance objectives which are consistent with the objectives of the Basic Funds and realistic in the sense that they are both attainable and measurable. The evaluation of performance outcomes relative to established policy is an integral part of the SBI's investment program.

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.

BASIC RETIREMENT FUNDS

TOTAL FUND PERFORMANCE

Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized)	
TOTAL FUND						3 YR.	5 YR.
(incl.)*	40.5%	-5.5%	26.8%	26.2%	14.5%	22.4%	19.5%
(excl.)	42.1	-6.3	28.4	29.0	15.8	24.3	20.6
Median Fund**	41.3	-2.1	26.3	25.1	13.1	22.8	20.6
Composite***	50.3	-4.7	29.8	29.2	15.4	24.6	22.6
Inflation	2.6	4.2	3.7	1.7	3.7	3.1	3.2

* includes alternative assets: real estate, venture capital and resource funds

** Wilshire Assoc. Trust Universe Comparison Service (TUCS) median tax-exempt balanced portfolio

*** 50/45/5 Wilshire 5000/Salomon Broad Investment Grade Bond Index/91 Day T-Bills composite through 12-31-82, 65/30/5 composite thereafter

BASIC RETIREMENT FUNDS

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 markets, the composite index is weighted 65% stocks, 30% bonds, 5% cash equivalents.
- **Median Tax-Exempt Fund.** 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.

BASIC RETIREMENT 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. The active common stock managers are expected to hold highly non-diversified portfolios, 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.

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.

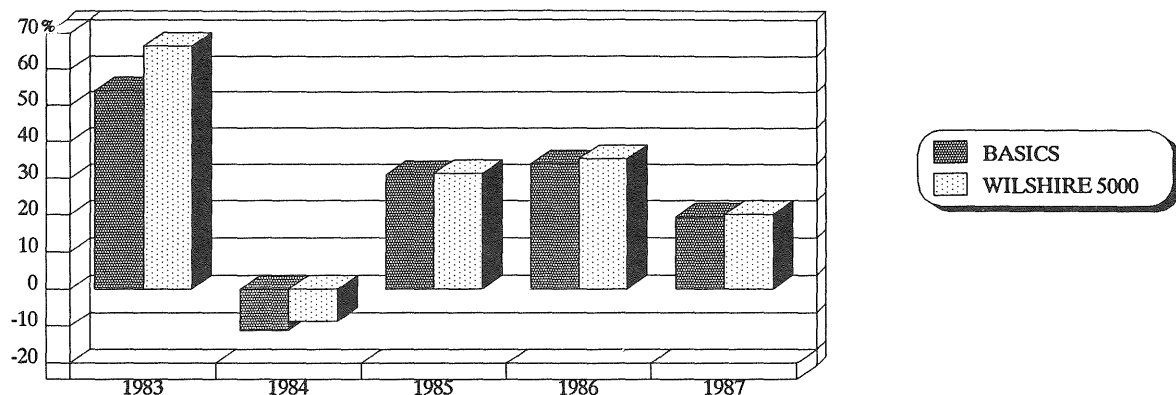
The SBI constrains the risk of the **bond** managers' portfolios to ensure that they fulfill their deflation hedge and total fund diversification roles. The bond managers are restricted in terms of the average life (i.e., the durations) of their portfolios and the quality of their fixed income investments.

The bond managers' investment styles are more broad-based than those of the common stock managers. Thus, the benchmark portfolio currently used to evaluate the bond managers is the Salomon Broad Investment Grade Bond Index, which represents the performance of essentially the entire investment-grade bond market.

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

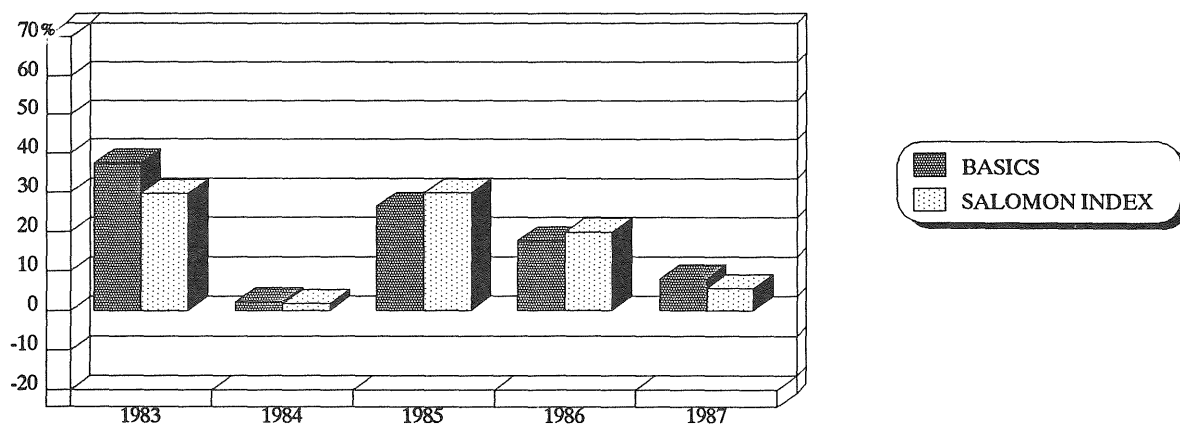
BASIC RETIREMENT FUNDS

COMMON STOCK SEGMENT PERFORMANCE Fiscal Years 1983 - 1987



STOCK SEGMENT	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
Wilshire 5000	54.1%	-11.1%	30.9%	33.8%	19.4%	27.9%	23.4%
	66.5	-8.7	31.2	35.3	20.1	28.6	26.5

BOND SEGMENT PERFORMANCE Fiscal Years 1983 - 1987



BOND SEGMENT	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
Salomon Index*	37.4%	2.2%	26.4%	17.6%	7.9%	17.1%	17.6%
	29.7	1.8	29.9	19.9	5.6	18.0	16.8

BASIC RETIREMENT FUNDS

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 1987. 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 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.

With respect to **return objectives**, fiscal year 1987 was an excellent period of performance for the Basic Funds, primarily due to the strong returns of the stock market. The stock market, as represented by the Wilshire 5000, moved to record highs, generating a 20.1% total return for the year. The bond market, hindered by rising interest rates in the latter half of the fiscal year, produced mediocre returns. For the year, the bond market, as represented by the Salomon Broad Investment Grade Bond Index, generated a 5.6% total rate of return.

The Basic Funds' total portfolio generated a 14.5% total rate of return for fiscal year 1987. (Excluding alternative investments, the portfolio produced a 15.8% return). Fiscal year 1987 results represent the third consecutive year of exceptionally strong performance. Over this period, declining interest rates, low inflation, and steady if unspectacular economic growth have produced extraordinary returns on financial assets. Excluding alternative investments, the Basic Funds' cumulative three-year return is 91.8%.

Relative to established total fund performance objectives, the Basic Funds performed well. The Basic Funds' portfolio return substantially surpassed the return on the median tax-exempt fund. Further, the Basic Funds slightly exceeded the return on its policy asset mix performance target.

BASIC RETIREMENT FUNDS

MANAGER PERFORMANCE

Fiscal Year 1987

	TOTAL PORTFOLIO RETURN
COMMON STOCK MANAGERS	
Fred Alger	7.1%
Alliance Capital	23.6
Beutel Goodman	17.1
BMI Capital	20.7
Forstmann Leff	12.3
Hellman Jordan	23.1
IDS Advisory	19.3
Investment Advisers	18.1
Lieber & Company	7.3
Peregrine Capital	18.3
Waddell & Reed	19.3
Internal Manager	26.3
Wilshire Associates (Index Fund)	20.3
 Basic Funds' Common Stock Segment	 19.4%
 Stock Segment Performance Standards	
Wilshire 5000	20.1%
TUCS Median Managed Equity Portfolio	19.4
Inflation	3.7
 BOND MANAGERS	
Investment Advisers	5.2%
Lehman Management	5.2
Miller, Anderson & Sherrerd	14.0*
Morgan Stanley	7.4
Peregrine Capital	7.3
Western Asset	6.2
 Basic Funds' Bond Segment	 7.9%
 Bond Segment Performance Standards	
Salomon Broad Investment Grade Bond Index	5.6%
TUCS Median Managed Bond Portfolio	5.8
Inflation	3.7

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

BASIC RETIREMENT FUNDS

Performance relative to total fund targets is presented on page 21.

**Individual
Manager
Performance**

The external **common stock managers** successfully fulfilled their long-term risk objectives during fiscal year 1987. 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 BMI Capital) experienced very strong results and two managers (Fred Alger Management and Beutel Goodman Capital) produced very weak performance relative to their benchmarks. As expected, the index fund essentially matched the performance of the Wilshire 5000 for the year.

During fiscal year 1987, the **bond managers** fulfilled their assigned long-term risk targets. Portfolio quality and maturities were maintained in the specified ranges.

The bond managers' rate of return results were generally favorable during the fiscal year. In aggregate, they outperformed their benchmark by a substantial margin. Aggregate returns were somewhat overstated due to a pricing adjustment in the Miller Anderson account. Nevertheless, the defensive stance held by most of the managers paid off during the latter half of the year when interest rates rose.

Performance data for the individual common stock and bond managers are presented on page 26.

POST RETIREMENT FUND

INVESTMENT OBJECTIVES

ASSET ALLOCATION

INVESTMENT MANAGEMENT

INVESTMENT PERFORMANCE

POST RETIREMENT FUND

The Post Retirement Investment Fund contains the pension assets of retired public employees covered by seven 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, 1987, the Post Fund had a market value of \$4.0 billion and over 50,000 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.

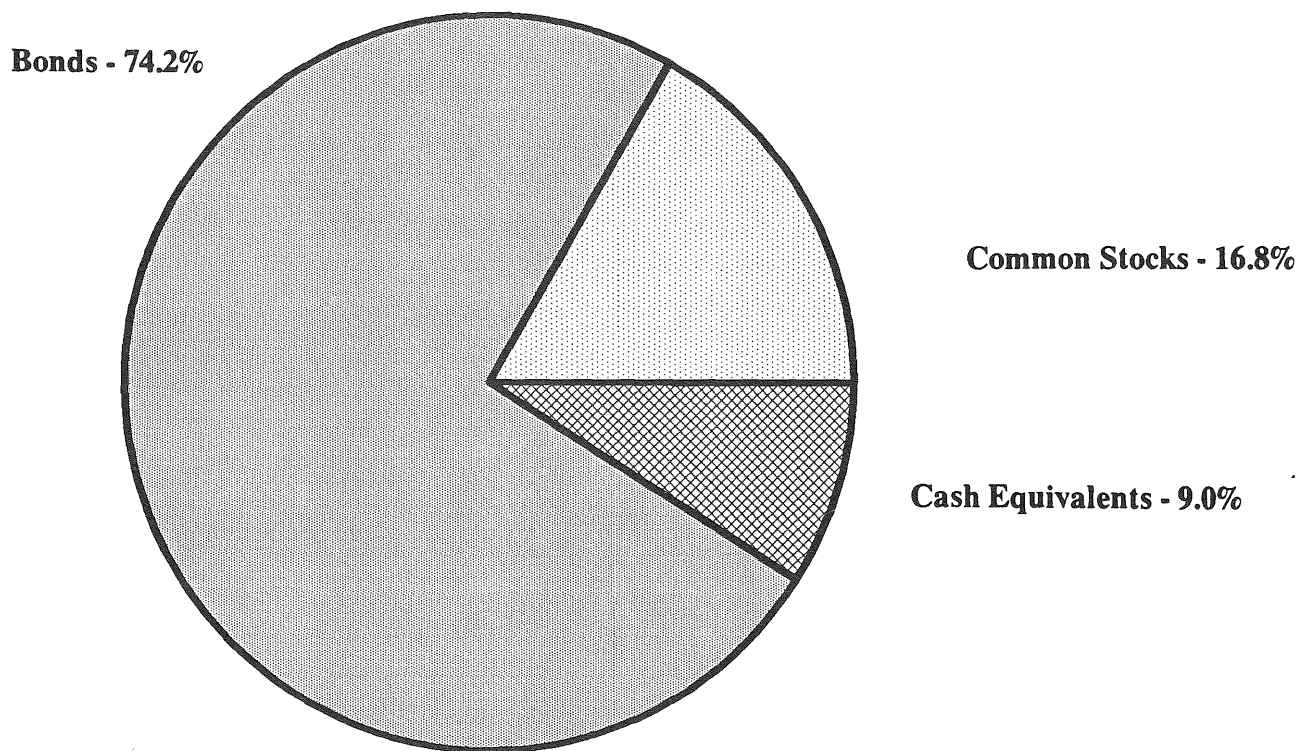
The State Board of Investment (SBI) pursues two investment goals for the Post Fund:

- 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 FUND

1987 FISCAL YEAR-END ASSET MIX

Percent of Market Value



	\$MILLION	PERCENT
COMMON STOCKS	\$673	16.8%
BONDS	2,965	74.2
CASH EQUIVALENTS	359	9.0
TOTAL	3,997	100.0%

POST RETIREMENT 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.

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.

ASSET ALLOCATION

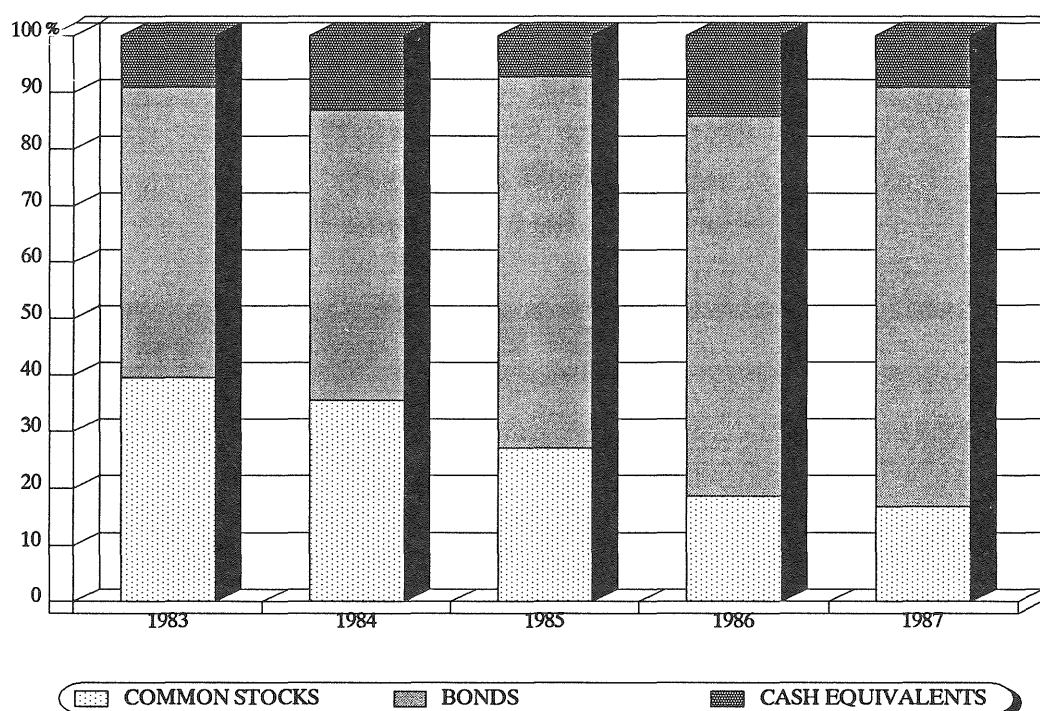
The Board has designed the asset mix of the Post Fund to generate the sizable stable earnings stream referred to in the previous section. The Post Fund's year-end asset mix, as well as its historical asset allocation data, are presented on pages 32 and 34.

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.

POST RETIREMENT FUND

HISTORICAL ASSET MIX Percent of Market Value Fiscal Year-End Allocations



	1983	1984	1985	1986	1987
COMMON STOCKS					
\$Million	693.0	657.0	733.0	681.0	673.0
Percent	39.5	35.5	27.1	18.6	16.8
BONDS					
\$Million	903.0	951.0	1,780.0	2,457.0	2,965.0
Percent	51.5	51.4	65.7	67.2	74.2
CASH EQUIVALENTS					
\$Million	157.0	243.0	196.0	520.0	359.0
Percent	9.0	13.1	7.2	14.2	9.0
TOTAL FUND					
\$Million	1,753.0	1,851.0	2,709.0	3,658.0	3,997.0
Percent	100.0	100.0	100.0	100.0	100.0

POST RETIREMENT FUND

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. If the Post Fund's other investments do well, as has been the case in recent years, 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 1987, 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.

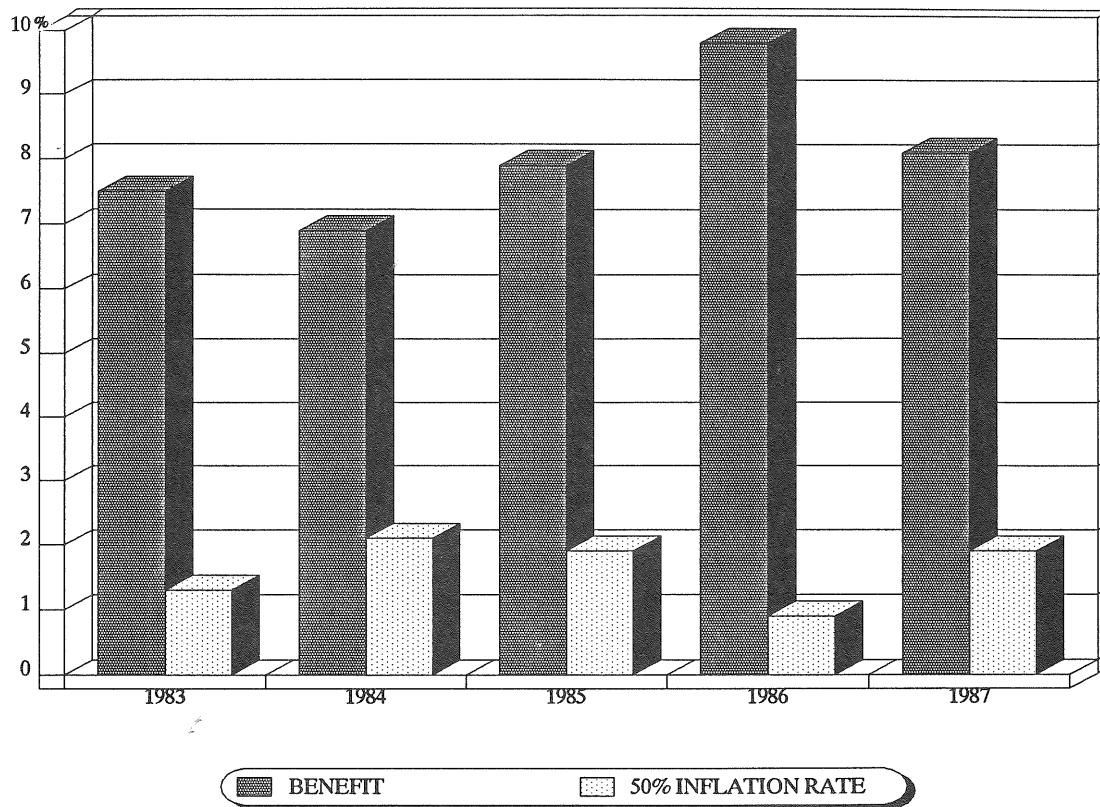
INVESTMENT MANAGEMENT

The Post Fund is managed solely by SBI staff. The Board employs this management structure for two reasons:

POST RETIREMENT FUND

BENEFIT INCREASES VERSUS INFLATION

Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
BENEFIT INCREASE	7.5%	6.9%	7.9%	9.8%	8.1%	8.6%	8.0%
50% Inflation Rate	1.3	2.1	1.9	0.9	1.9	1.6	1.6

POST RETIREMENT FUND

- **Dedicated Bond Portfolio.** The low turnover, limited discretion nature of the dedicated bond portfolio makes bond management by SBI staff cost effective.
- **Investment Constraints.** With respect to common stock management, the Post Fund's equity managers 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 computer program generates a list of bonds that will meet these forecasted benefits. 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 projections from the State's actuary.

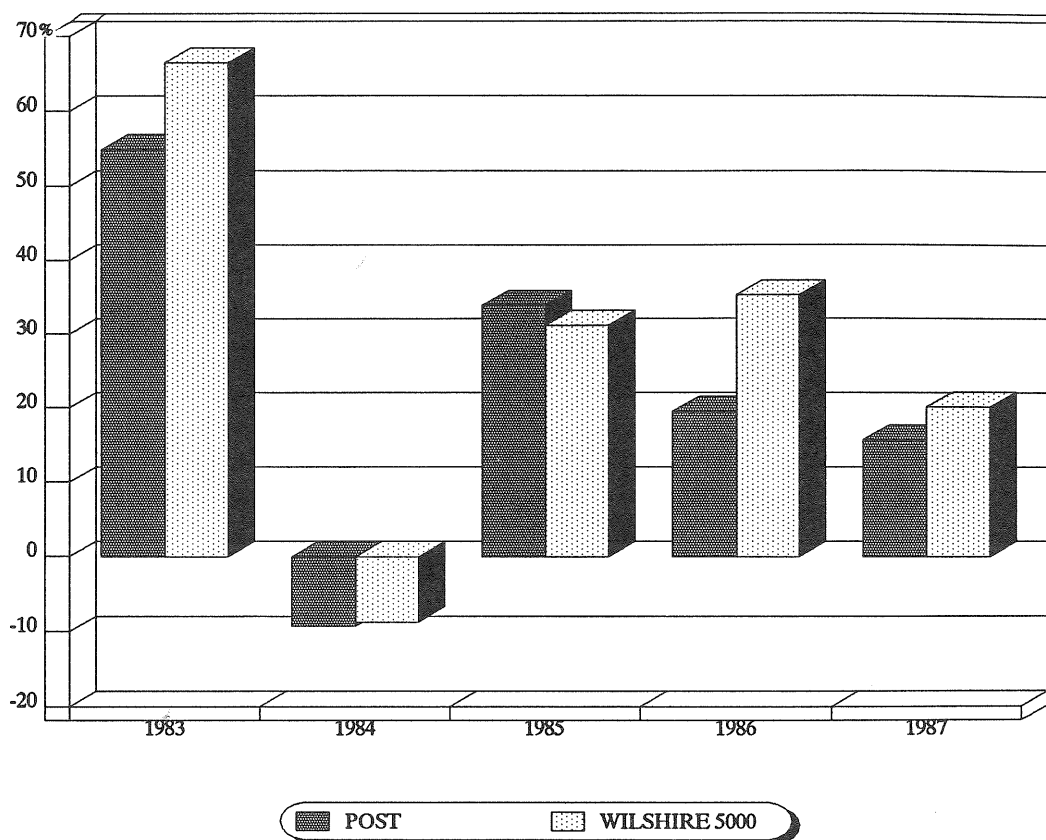
Common Stock Management

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.

POST RETIREMENT FUND

COMMON STOCK SEGMENT PERFORMANCE

Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
STOCK SEGMENT	54.9%	-9.3%	33.9%	19.5%	15.7%	22.8%	21.0%
Wilshire 5000	66.5	-8.7	31.2	35.3	20.1	28.6	26.5

POST RETIREMENT FUND

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.

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 three 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 assumptions 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.
- **Common Stock Rate of Return.** The total rate of return on the Post Fund's actively managed common stock portfolio is expected to exceed the performance of the Wilshire 5000.

Total Fund Performance

The Post Fund's total portfolio met all of the prescribed risk targets during the 1987 fiscal year. The Post Fund was approximately 75% 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

POST RETIREMENT FUND

relative market volatility and was consistently well-diversified.

Overall, investment returns relative to performance objectives were satisfactory for the 1987 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 8.1%, considerably above the fiscal year 1987 inflation rate of 3.7%.

Common stock performance, on a relative basis, was disappointing. The contrarian value style pursued by the Post Fund's internal equity manager did not perform well. For the fiscal year, the common stock component failed to outperform its benchmark, the Wilshire 5000.

As shown on page 36, the Post Fund has generated benefit increases of 8.0% 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 3.2%. The formula used to compute benefit increases was revised in 1980. During the eight 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 5.8% for the same period.

Post Fund performance data for the most recent fiscal year, as well as the last five years, are presented on pages 36 and 38.

SUPPLEMENTAL INVESTMENT FUND

INCOME SHARE ACCOUNT

GROWTH SHARE ACCOUNT

COMMON STOCK INDEX ACCOUNT

BOND MARKET ACCOUNT

MONEY MARKET ACCOUNT

GUARANTEED RETURN ACCOUNT

BOND ACCOUNT

SUPPLEMENTAL INVESTMENT FUND

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, 1987, 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.

SUPPLEMENTAL INVESTMENT FUND

Range of Investment Options

In previous years, most participants in the Supplemental Fund had three different investment options:

- **Income Share Account**, a balanced portfolio of stocks and bonds
- **Growth Share Account**, a portfolio consisting entirely of common stocks
- one of two debt-related accounts, the **Fixed Return Account** for individuals, or the **Bond Account** for retirement plans

At the request of the State Board of Investment (SBI), legislation was passed during the 1986 legislative session to expand the range of options available to participants. As a result, three new accounts were available to most participants beginning in fiscal year 1987:

- **Common Stock Index Account**, a passively managed common stock portfolio
- **Bond Market Account**, an actively managed fixed income portfolio
- **Guaranteed Return Account**, an investment option utilizing guaranteed investment contracts (GIC's)

In addition, the Fixed Return Account was converted to the **Money Market Account**, reflecting modifications in investment objectives.

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 the account's share value, which in turn is a function of the income and capital appreciation (or depreciation) generated by the securities in the account.

SUPPLEMENTAL INVESTMENT FUND

In the Money Market Account, the Bond 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

In many cases, the Supplemental Fund shares investment managers with the Basic Retirement Funds through participation in the Combined Investment Funds. The Combined Investment Funds are pools of assets invested in equities, fixed income securities and other asset classes utilized by the SBI. Participation in the Combined Investment Funds provides the Supplemental Fund with the same flexibility and efficiency of investment management afforded the Basic Funds.

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 Objectives

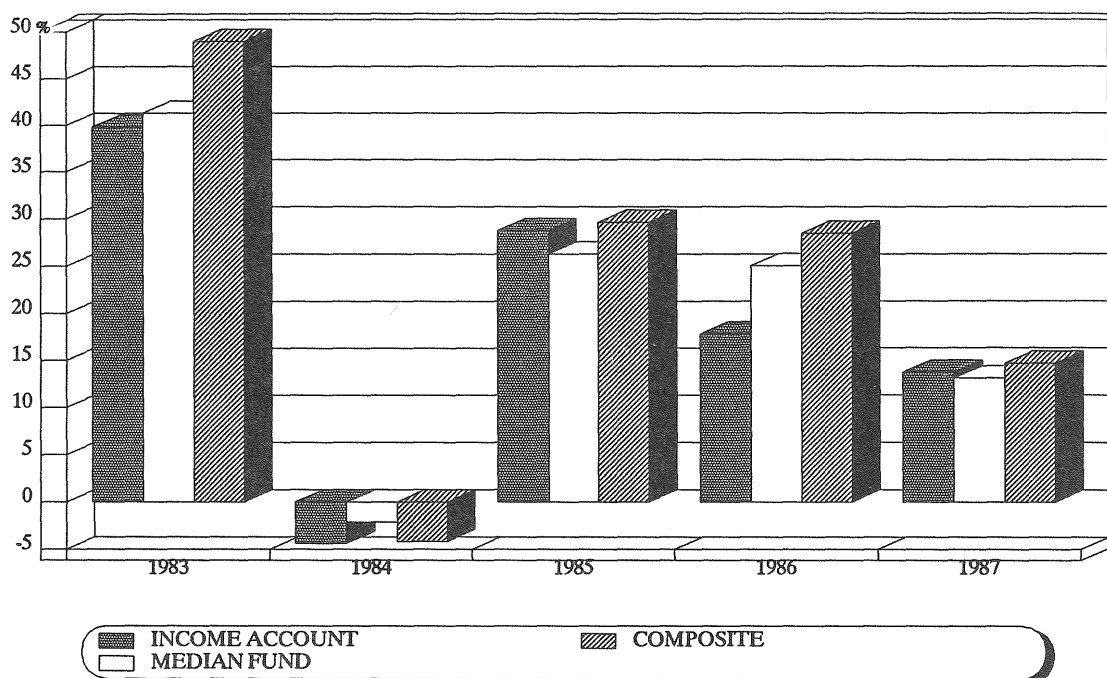
The \$214 million Income Share Account resembles the Basic Retirement Funds in terms of investment objectives. The Income Share Account seeks to maximize long-term inflation-adjusted rates of return. The Income Share Account pursues this objective within the constraints of protecting against disastrous financial environments and limiting short-run portfolio return volatility.

To achieve this objective, the SBI invests the Income Share Account in a balanced portfolio of common stocks and fixed income securities. The Income Share Account's

SUPPLEMENTAL INVESTMENT FUND

INCOME SHARE ACCOUNT

Total Account Performance
Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized) 3 YR.	5 YR.
TOTAL ACCOUNT	39.8%	-4.4%	28.8%	17.8%	13.7%	20.0%	18.2%
Median Fund*	41.3	-2.1	26.3	25.1	13.1	22.8	20.6
Composite**	49.0	-4.2	29.7	28.5	14.7	24.1	22.2
STOCK SEGMENT	53.7	-11.0	30.4	19.9	18.4	22.8	20.5
Wilshire 5000	66.5	-8.7	31.2	35.3	20.1	28.6	26.5
BOND SEGMENT	36.2	2.3	32.1	16.2	7.6	18.2	18.1
Bond Index***	29.7	1.8	29.9	19.9	5.6	18.0	16.8

* TUCS Median tax-exempt balanced portfolio

** 50/45/5 Wilshire 5000/Salomon Broad Investment Grade Bond Index/91 day T-Bills Composite through 12-31-82, 60/35/5 Composite thereafter

*** Salomon Broad Investment Grade Bond Index

SUPPLEMENTAL INVESTMENT FUND

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. Approximately three-quarters of the common stock segment is passively managed by an external money manager. SBI staff actively manages the balance of the common stock segment and all of the fixed income component.

Wilshire Associates, the Board's index fund manager, manages the passive component of the common stock segment. The Income Share Account participates in the index fund segment of the Combined Investment Funds. As discussed in the Basic Funds section, an index fund is designed to match the performance of a broad market index. Staff manages the internal portion of the common stock portfolio with a value-oriented approach, under which quantitative valuation models are used to determine stock selection.

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 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.

SUPPLEMENTAL INVESTMENT FUND

- **Individual Manager.** The passive stock manager is expected to track closely the performance of the Wilshire 5000. Performance objectives for the internal stock manager are described in the Post Retirement Investment Fund discussion. 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 exceeded the performance of the median balanced fund manager but failed to outperform its market index composite. The index fund manager met its performance objectives. The internal bond manager surpassed its performance target, but the internal common stock manager underperformed its performance target. Total account results are presented on page 46.

GROWTH SHARE ACCOUNT

Investment Objectives

The Board has established above-average capital appreciation as the primary investment objective of the \$90 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:

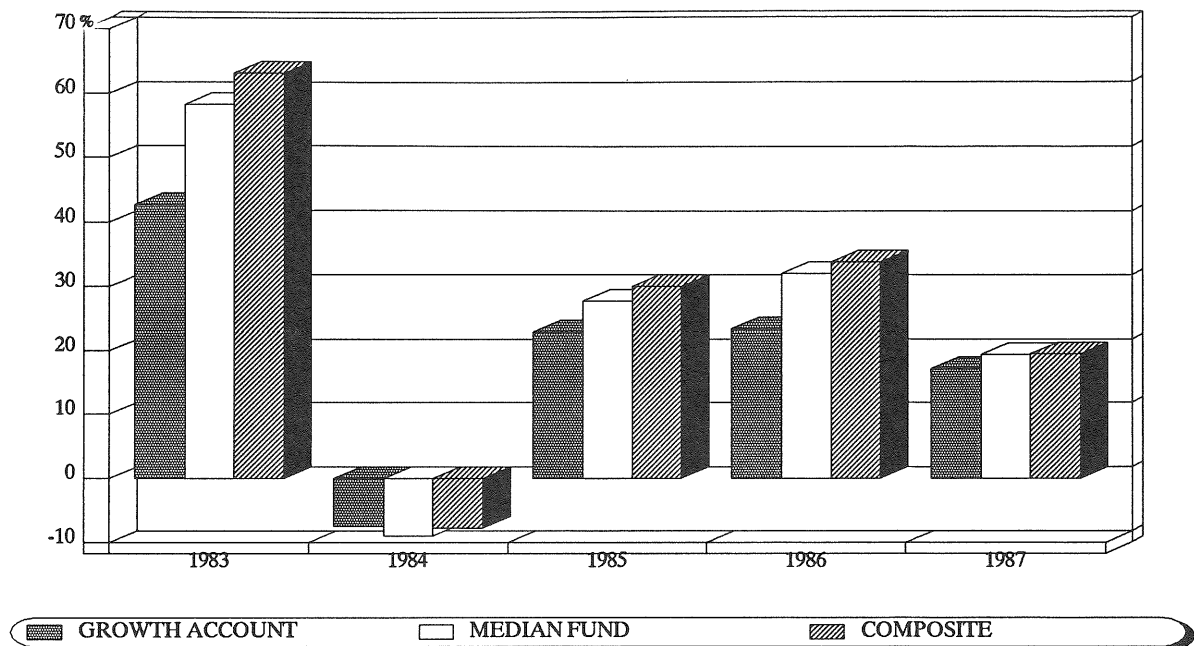
- 95% common stocks
- 5% cash equivalents

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.

SUPPLEMENTAL INVESTMENT FUND

GROWTH SHARE ACCOUNT

Total Account Performance
Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
TOTAL FUND	42.7%	-7.5%	22.9%	23.4%	17.2%	21.0%	18.5%
Median Fund*	58.5	-8.2	28.3	32.8	19.4	27.2	25.6
Composite**	63.2	-7.8	30.0	33.8	19.4	27.6	25.6
STOCK SEGMENT	56.7	-17.9	28.1	24.0	17.4	23.1	19.1
Wilshire 5000	66.5	-8.7	31.2	35.3	20.1	28.6	26.5

* TUCS Median Managed Equity Portfolio

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

SUPPLEMENTAL INVESTMENT FUND

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.

Investment Management

The SBI has assigned approximately two-thirds of the Growth Share Account's common stock portfolio to external managers and one-third to SBI staff. The staff manages the internal component with a long-term, value-oriented approach. The externally managed assets are managed by the Board's active equity managers through the Growth Share Account's participation in the common stock segment of the Board's Combined Investment Funds.

The allocation of externally-managed assets to active common stock managers, as opposed 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. Performance objectives for the internal manager are included in the Post Retirement Fund discussion.

The Growth Share Account failed to meet its total account and individual manager performance targets in fiscal year 1987. Total account results are shown on page 49.

SUPPLEMENTAL INVESTMENT FUND

COMMON STOCK INDEX ACCOUNT

The Common Stock Index Account is a new investment option for participants in the Supplemental Fund. The Common Stock Index Account began accepting contributions in July, 1986. At the end of fiscal year 1987, it had a market value of \$1.9 million.

Investment Objectives

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. The Common Stock Index Account participates in the index fund segment of the Combined Investment Funds and thus shares Wilshire Associates as a passive manager with the Basic Retirement Funds and the Income Share Account.

Investment Performance

The performance objectives 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, etc.

During fiscal year 1987, the Common Stock Index Account met its performance objectives, producing a 20.7% return versus a 20.1% return for the Wilshire 5000.

SUPPLEMENTAL INVESTMENT FUND

BOND MARKET ACCOUNT

The Bond Market Account is also a new option for Supplemental Fund participants. It, too, began accepting contributions in July, 1986. At the end of fiscal year 1987, the market value of the Bond Market Account was \$800,000.

Investment Objectives

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

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

Investment Management

The SBI invests the Bond Market Account through the bond segment of the Combined Investment Funds. The Bond Market Account thus shares fixed income managers with 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 1987, the Bond Market Account exceeded this target, with an 8.1% return compared to the Salomon index return of 5.6%.

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

SUPPLEMENTAL INVESTMENT FUND

MONEY MARKET ACCOUNT

The Money Market Account (formerly the Fixed Return Account) invests solely in short-term, liquid fixed income investments. The Money Market Account's investment objectives are to preserve capital and offer competitive money market returns. At the end of fiscal year 1987, the Money Market Account had a market value of \$77 million.

The SBI invests the Money Market Account through the short-term investment segment of the Combined Investment Funds. Thus, the Money Market Account is invested entirely by the SBI's short-term investment fund manager, State Street Bank and Trust Company.

The Money Market Account is expected to produce returns competitive with available short-term fixed income investments. The Money Market Account exceeded that target in fiscal year 1987 with a 6.4% return versus a return on 91-day Treasury Bills of 5.7%.

GUARANTEED RETURN ACCOUNT

The Guaranteed Return Account opened for subscription in November, 1986. At the end of fiscal year 1987, the account totaled \$4.5 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.

Annually, the SBI accepts bids from insurance companies that meet financial quality criteria defined by State statute. Generally, the insurance company bidding the highest three-year GIC interest rate will be awarded the contract

SUPPLEMENTAL INVESTMENT FUND

for the three-year period. Participants in the Guaranteed Return Account then receive that interest rate on contributions made over the next twelve months.

Final bidding on the 1986 GIC contract occurred during October, 1986. Principal Mutual Life Insurance Company submitted the winning bid of 7.72%. Thus, all contributions made to the Guaranteed Return Account over the subsequent twelve months are managed by Principal Mutual for the three-year life of the GIC.

Within the constraints of permitting only top-rated U.S. insurance companies 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 1986 winning GIC bid of 7.72%, which was 122 basis points over prevailing interest rates on three-year Treasury Notes.

BOND ACCOUNT

The Bond Account was established by the 1981 Legislature to provide a separate fixed return investment vehicle for police and firefighter retirement organizations. The Bond Account is a low risk investment option which earns a high level of current income from quality debt securities. At the end of fiscal year 1987, the Bond Account had a market value of \$12 million.

Participation in the Bond Account is offered to qualified retirement organizations only. Individuals do not participate in this investment option. The Bond Account is designed to offer participating organizations a fixed rate of return for a specified period of time. The length of time this established return is in effect depends on the average maturity of the Bond Account's investments, usually in the range of six to eight years.

SUPPLEMENTAL INVESTMENT FUND

Contributions to the Bond Account made by the participating retirement organizations are grouped by year, referred to as a "class year." Depending on the fixed income investment opportunities available at the initiation of a class year, a rate of return is established for the contributions made by the participants in the class year. This rate is in effect for the life of the class. If a retirement organization chooses to withdraw from the Bond Account prior to the expiration of a class year, its shares are redeemed at market value.

The Bond Account is managed solely by SBI investment staff. Since all portfolio assets are held to maturity, staff provides very cost-effective management for the account. All assets are invested in investment grade debt securities (i.e. those rated BAA or above) with maturities of six to eight years.

The rates of return established for the last five class years are shown below:

Class Year	Fixed Period	Established Annual Yield
1983	6 yrs. (1983-88)	11.2%
1984	7 yrs. (1984-90)	13.0
1985	7 yrs. (1985-91)	11.8
1986	7 yrs. (1986-92)	10.5
1987	7 yrs. (1987-93)	9.0

VARIABLE ANNUITY FUND

INVESTMENT OBJECTIVES

ASSET ALLOCATION

INVESTMENT MANAGEMENT

INVESTMENT PERFORMANCE

VARIABLE ANNUITY FUND

The Minnesota Variable Annuity Fund is an investment option formerly offered to members of the Teachers' Retirement Association. The Variable Annuity Fund was designed 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 may retain their participation in the Variable Annuity Fund and continue to make contributions. The June 30, 1987 market value of the Variable Annuity Fund was \$171 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.

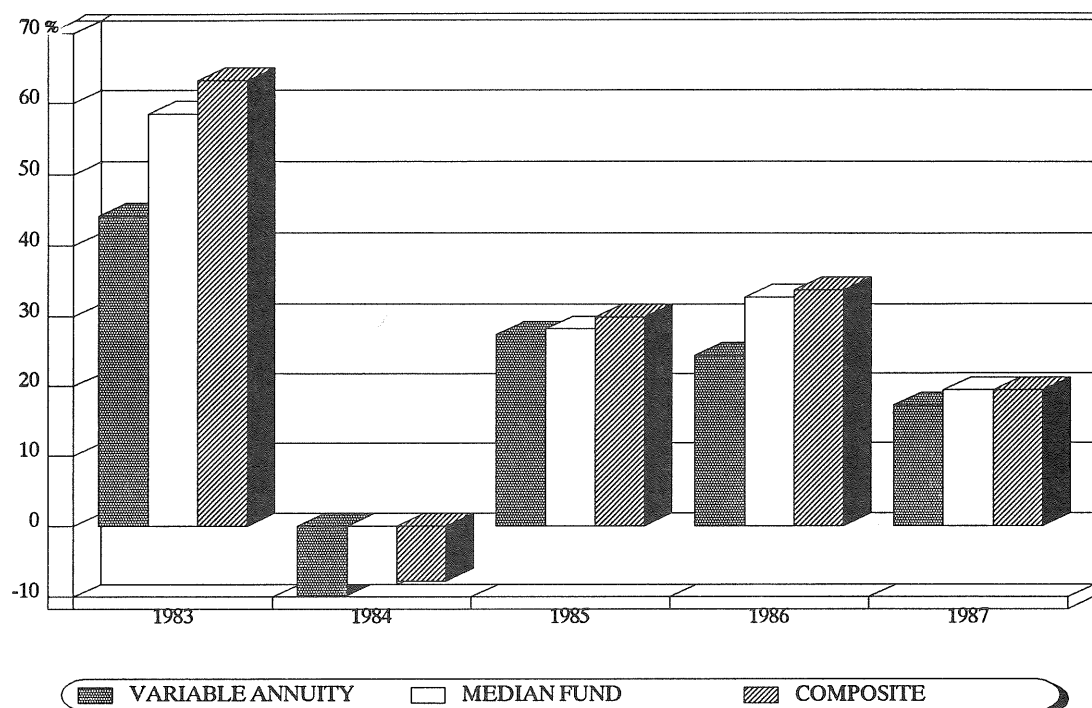
This investment objective necessitates a sizable long-term commitment to common stocks. The Variable Annuity Fund is authorized to hold up to 100% of its market value in common stocks. The long term policy asset allocation of the fund is:

- 95% common stocks
- 5% cash equivalents

VARIABLE ANNUITY FUND

TOTAL FUND PERFORMANCE

Fiscal Years 1983 - 1987



	1983	1984	1985	1986	1987	(Annualized)	
						3 YR.	5 YR.
TOTAL FUND	44.2%	-9.8%	27.5%	24.5%	17.2%	23.0%	19.3%
Median Fund*	58.5	-8.2	28.3	32.8	19.4	27.2	25.6
Composite**	63.2	-7.8	30.0	33.8	19.4	27.6	25.6
STOCK SEGMENT	55.8%	-14.1%	30.3%	24.9%	17.4%	24.1%	20.7%
Wilshire 5000	66.5	-8.7	31.2	35.3	20.1	28.6	26.5

* TUCS Median Managed Equity Portfolio

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

VARIABLE ANNUITY FUND

INVESTMENT MANAGEMENT

The State Board of Investment (SBI) has assigned approximately two-thirds of 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 through the Combined Investment Funds. The remaining assets are managed by investment staff.

INVESTMENT PERFORMANCE

The Variable Annuity Fund's total fund performance is expected to surpass the returns of a market indices composite weighted in the same proportion as its policy asset allocation. In addition, the Variable Annuity Fund's performance is expected to exceed the performance of the median portfolio from a universe of managed equity portfolios.

Performance objectives for the Variable Annuity Fund's external stock managers are described in the Basic Retirement Funds discussion. Performance objectives for the Fund's internal manager are described in the Post Retirement Investment Fund discussion.

During the 1987 fiscal year, the Minnesota Variable Annuity Fund's performance failed to exceed the results of its total fund and individual manager performance objectives. Total fund results are presented on page 60.

PERMANENT SCHOOL FUND

INVESTMENT OBJECTIVES

ASSET ALLOCATION

INVESTMENT MANAGEMENT

INVESTMENT PERFORMANCE

PERMANENT SCHOOL FUND

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 currently is used to offset state school aid payments. During the 1987 fiscal year, investment income reported to the Minnesota Department of Finance totaled \$31.2 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.

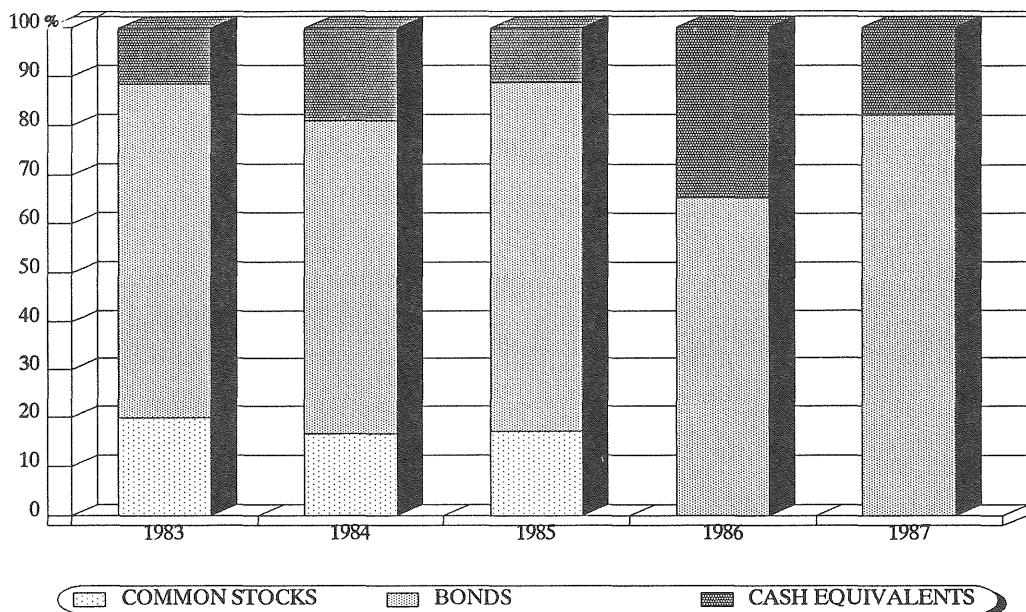
Investment Constraints

The Permanent School Fund's investment objectives are influenced by the restrictive accounting 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 accounting provisions limit the investment time horizon over which the Permanent School Fund is managed.

PERMANENT SCHOOL FUND

HISTORICAL ASSET MIX Percent of Market Value Fiscal Year-End Allocations



	1983	1984	1985	1986	1987
COMMON STOCKS					
\$Million	59.0	46.0	58.0	0.0	0.0
Percent	19.9	16.6	17.2	0.0	0.0
BONDS					
\$Million	203.0	178.0	241.0	239.0	297.0
Percent	68.6	64.3	71.5	65.4	82.2
CASH EQUIVALENTS					
\$Million	34.0	53.0	38.0	126.0	64.0
Percent	11.5	19.1	11.3	34.6	17.8
TOTAL FUND					
\$Million	296.0	277.0	337.0	365.0	361.0
Percent	100.0	100.0	100.0	100.0	100.0

PERMANENT SCHOOL FUND

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.
- 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 spending past realized capital gains.

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. The Permanent School Fund's 1987 year-end asset mix, as well as its historical asset allocation data, are shown on page 66.

PERMANENT SCHOOL FUND

INVESTMENT MANAGEMENT

SBI staff manages all of the Permanent School Fund's assets. Given the existing accounting restrictions of the Permanent School Fund, external managers would find it extremely difficult to invest the Permanent School Fund's portfolio. Typically, money managers seek to earn superior total rates of return (which include income and capital appreciation) through active management.

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 ladder 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 ladder 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.

From a **rate of return perspective**, the Board is not concerned with the Permanent School Fund's total rate of

PERMANENT SCHOOL FUND

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, 1987, the Permanent School Fund's bond portfolio had a duration of 6.6 years with an average quality rating of AAA. 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

STATE CASH ACCOUNTS

SECURITIES LENDING PROGRAM

CD PROGRAM

CASH MANAGEMENT

STATE CASH ACCOUNTS

The State Board of Investment (SBI) manages the \$1.9 billion short-term assets of State agency accounts and trust funds with the objectives of preserving capital and providing competitive money market returns. To this end, the SBI invests 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.

Most State cash accounts are managed by SBI staff through two pooled investment vehicles, which operate much like money market mutual funds. (These short-term pooled funds were created late in the 1987 fiscal year and are described in more detail in the Major Developments section of this report.)

- **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 a daily balance of approximately \$350 million.
- **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 a daily balance of approximately \$1.1 billion.

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

CASH MANAGEMENT

SECURITIES LENDING PROGRAM

As part of its 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 has generated approximately \$1.5 million per year in additional income for the funds managed by the Board.

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 all Minnesota financial institutions, regardless of size, many of which do not have access to the national CD market. The Board designed the CD process 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 365 financial institutions throughout the state.

MAJOR DEVELOPMENTS

LEGISLATIVE INITIATIVES

BASIC FUNDS POLICY REVIEW

BENCHMARK PORTFOLIOS

PERFORMANCE-BASED FEES

POOLED CASH ACCOUNTS

RESOLUTION ON SOUTH AFRICA

PROXY VOTING

MAJOR DEVELOPMENTS

LEGISLATIVE INITIATIVES

The statutory investment authority of the State Board of Investment (SBI) was expanded by the 1987 Legislature. The Board's legislative initiatives included several individual proposals.

New Equity Limits

The Legislature approved higher limits on the use of common stocks and alternative assets in a fund. Alternative assets include real estate, venture capital and oil and gas funds:

- Alternative assets may now comprise up to 35% of a fund. (The previous limit was 20%.)
- Alternative assets and common stocks combined may now occupy up to 85% of a fund. (The previous limit was 75%.)

These higher limits will offer the Board greater investment flexibility in future policy decisions on asset allocation.

Additional Authorized Assets

Within the new limits described above, the Board also requested two types of securities be added as allowable alternative assets:

- High-yield and unrated debt securities
- International investments

The Legislature adopted the Board's request regarding debt securities but did not approve the addition of international investments.

The new debt authority will allow the Board to increase its use of unrated private placement debt and to take

MAJOR DEVELOPMENTS

advantage of growing investment opportunities in the taxable municipal market.

The Board's request for international authority gained substantial support despite its failure to gain final approval. As a result, the Board intends to renew this request during the 1988 session.

Administrative Changes

The Board proposed several changes to simplify other investment activities:

- **Short-term Securities Provisions.** Obsolete and extraneous language was removed from the statutes regarding bankers acceptances, certificates of deposit and commercial paper. In addition, new criteria governing the quality of those investments were added to the statutes. These changes should enhance the Board's ability to obtain competitive returns on its short-term investments. The amendments also remove cumbersome administrative procedures associated with the operation of the Minnesota Certificate of Deposit Program. (See page 74 for a description of this program.)
- **Cash Account Maturity Limits.** Formerly, State cash accounts were limited to investments in debt obligations with maturities of three years or less. Recent changes in federal tax law made this provision disadvantageous in certain instances. The limit was removed to avoid incurring penalties on arbitrage earnings. Due to the liquidity needs, nearly all cash accounts will continue to be invested in short-term securities with maturities considerably less than three years.

MAJOR DEVELOPMENTS

BASIC FUNDS POLICY REVIEW

The investment program for the Basic Retirement Funds has been in place for over three years. In that time, both the capital markets and the Basic Funds have undergone significant changes. In response to those changes, the Board staff, in collaboration with the Investment Advisory Council, formally updated the Basic Funds investment policies during fiscal year 1987. The Board adopted the recommendations over the course of the year.

The review process drew on information developed by a number of sources including the Board's staff; the Board's consultant, Richards & Tierney; members of the Investment Advisory Council; and the investment community at-large.

Investment Policy Statement

An important product of this review process was the creation of a formal investment policy statement for the Basic Retirement Funds. The statement is a set of guidelines for the management of the Basic Funds which address several issues:

- Investment objectives
- Risk tolerance
- Long-term policy asset mix
- Asset class targets
- Investment management structure
- Performance evaluation

In a series of position papers, staff thoroughly discussed each of these topics and provided specific recommendations to be implemented. The investment policy statement itself is a summary of the recommendations adopted by the Board for the Basic Funds.

MAJOR DEVELOPMENTS

The guidelines set forth in the policy statement have been incorporated in the description of the Basic Retirement Funds found on pages 7 to 28.

Summary of Recommendations

The recommendations that emerged from the study will not greatly change the investment objectives and the asset allocation previously established for the Basic Funds. The most significant modifications will occur in the investment management structure utilized by the Basic Funds.

During fiscal year 1988, the Board staff, working in conjunction with the Investment Advisory Council, will implement several new management features. The most notable changes are:

- **Creation of a passively managed component in the bond segment of the Basic Funds.** Currently, all bond holdings are actively managed.
- **Use of flexible allocations to active and passive management in the Basic Funds' stock and bond segments.** Active management will range from a minimum of 10% to a maximum of 50%. Passive management will occupy the residual, from a minimum of 50% to a maximum of 90%.
- **Construction of a completeness fund to offset any style biases in the actively managed segment of the Basic Funds.** Selection of active managers will be based solely on their potential to provide superior performance.

The Board recognizes that there are no clear-cut answers to many of the issues raised during the analysis. However, by giving all issues thorough consideration, the Board can be confident that it is pursuing a well-designed and consistently applied investment policy appropriate for the Basic Funds.

MAJOR DEVELOPMENTS

BENCHMARK PORTFOLIOS AND PERFORMANCE-BASED FEES

During fiscal year 1986, the State Board of Investment (SBI) developed benchmark portfolios for each of its external common stock managers. These benchmarks became an integral component of a performance-based fee system which was also introduced during that year for most of the Board's stock managers. During fiscal year 1987, the benchmark building process was refined and performance-based fees were implemented with most of the Board's external active stock managers. In addition, the Board revised the formula used to calculate the fee.

Benchmark Portfolios

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 fiscal year 1987, responsibility for maintaining appropriate benchmarks was shifted from staff to the individual managers. These 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

MAJOR DEVELOPMENTS

Performance Based Fees

in manager evaluation and are integral to the application of 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 for its external active common stock managers. By the end of fiscal year 1987, nine of the Board's eleven external stock managers were being paid using a fee schedule that compensated managers for their performance relative to their benchmark portfolios. During fiscal year 1988, all of the stock managers will be compensated through performance fees.

The Board uses a symmetrical fulcrum fee system. This fee system establishes 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.

The base fee was originally set at a single fixed rate. Given the growing account sizes of the SBI's active stock managers, staff believed that the single rate base fee component in the performance fee formula was too high and should be reduced. As a result, staff recommended that the Board adjust the fee schedule.

There are several important aspects of the revised fee structure adopted by the Board in late fiscal year 1987:

- As assets under management increase, the base fee rate paid to the manager will decrease in line with the manager's sliding fee scale.
- The excess performance calculation will reflect base fee payments. The manager's actual portfolio return will be calculated net of the base fee. The manager

MAJOR DEVELOPMENTS

is expected to outperform the benchmark portfolio, net of the base fee, by 150 basis points.

- Regardless of the base fee, the manager will still reach the minimum and maximum total fee rates at the same 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 will be zero and the maximum total fee rate will be twice the base fee.

The Board believes that this revised fee structure retains the simplicity and non-volatile nature of the 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. The revised performance fee schedule was implemented at the start of fiscal year 1988.

MAJOR DEVELOPMENTS

POOLED CASH ACCOUNTS

As described earlier in this report, the State Board of Investment manages approximately \$2 billion in cash accounts. These assets represent the balances in more than 200 separate accounts that flow through the Minnesota State Treasury and range in size from \$5,000 to over \$400 million.

Feasibility

During the year, Board staff examined the feasibility of establishing a commingled investment pool for these accounts. Staff believed a large pool would be beneficial to all participants since it would reduce both the recordkeeping required and the number of individual transactions necessary to maintain the operation of all accounts. In addition, staff felt higher rates of return could be generated due to the increased investment flexibility of a large-scale pool.

After examining the statutory requirements for each of the accounts, the Attorney General's office determined that legal restrictions prohibited a small number of accounts from participating in a pool. However, the remaining majority could be commingled, provided the interest income attributable to each account could be calculated and appropriately credited.

Design

Staff determined that two separate pools should be created to reflect the different nature and purpose of the various accounts:

- **Trust Fund Pool.** This pool would contain the cash balances of retirement-related accounts managed internally by SBI staff, as well as the cash in the Permanent School Fund. The Trust Fund Pool would have a daily balance of approximately \$350 million.
- **Treasurer's Cash Pool.** This pool would contain cash balances from special or dedicated accounts necessary for the operation of state agencies, as well

MAJOR DEVELOPMENTS

as the balance of the state's Invested Treasurer's Cash. The Treasurer's Cash Pool would have a daily balance of approximately \$1.1 billion.

Objectives

Staff determined that both pools could be invested with the same objectives:

- **Liquidity.** The pools should meet the cash needs of all participants without the forced sale of securities at a loss.
- **Safety of Principal.** Pool participants should expect their deposits to be returned in full, with additional interest income.
- **Competitive Rate of Return.** The pools should generate investment income at a level that is competitive with other money market type funds.

Implementation

Working from these objectives, staff developed internal investment guidelines that address a variety of issues including the quality and marketability of assets selected for investment and the maturity requirements of each pool.

After review by the Investment Advisory Council, the Board adopted the staff recommendation to implement the cash pool vehicles. The two pools described earlier were constructed in late fiscal year 1987.

MAJOR DEVELOPMENTS

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

The resolution establishes the following timetable for the Board's divestment program:

- **Phase 1:** By January 2, 1986, the SBI will limit its holdings and future investments to companies that are signatories of the Sullivan Principles, as most recently amended, 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 by Arthur D. Little, Inc., or similar, suitable monitor.
- **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 Sullivan Principles rating by Arthur D. Little, Inc., or the equivalent thereof.

MAJOR DEVELOPMENTS

- **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 Sullivan Organization stipulated that companies must provide outside monitoring of their activities in order to maintain their status as a signatory of the Sullivan 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 Sullivan 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

MAJOR DEVELOPMENTS

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 actively managed common stock portfolios did not contain the stock of any company which had not signed the Sullivan 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 Sullivan 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 Sullivan 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 Sullivan Principles; companies whose most recent rating on their implementation of the Sullivan Principles was "Category II, Making Progress" or "Category III, Needs to Become More Active."

In May, the Board's active stock managers had positions in 26 restricted companies totaling 2.8 million shares. In August, 1987, the managers had positions in 16 restricted companies totaling 831,000 shares. This was a 70% reduction in the number of restricted shares and indicates substantial progress had been made in implementing the Board's policy of divestment through attrition in Phase 3.

MAJOR DEVELOPMENTS

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.

Shareholder Activity

As part of its implementation of the resolution, the Board sponsored or co-sponsored shareholder resolutions during the 1986 and 1987 proxy seasons. These resolutions called for companies to sign the Sullivan Principles.

Of the nine shareholder resolutions filed in 1986, six were withdrawn when the companies became signatories or terminated their operations in South Africa prior to their annual meetings. Three resolutions came to a vote. The current status of those companies with respect to South Africa is shown below:

- Diamond Shamrock terminated their operations in South Africa.
- Hughes Tool merged to form Baker Hughes, which is a signatory.
- U.S. Steel (USX) is now a signatory.

In 1987, three companies were identified as candidates for the Board's shareholder resolution. One resolution was withdrawn when the company terminated its operations in South Africa and another was dropped when the company became a signatory prior to their annual meeting. The Board's proposal came to a vote at Lubrizol, where the resolution drew 11.0% affirmative votes.

Shareholder activity during the 1988 proxy season will be reported in future Annual Reports.

MAJOR DEVELOPMENTS

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.

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..."

INVESTMENT MANAGER SUMMARIES

COMMON STOCK MANAGERS

BOND MANAGERS

ALTERNATIVE INVESTMENT MANAGERS

INVESTMENT MANAGER SUMMARIES

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.

INVESTMENT MANAGER SUMMARIES

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.

Hellman Jordan Management

Hellman Jordan is a "rotational" manager. Its cyclical and secular economic forecasts drive its asset mix and industry sector selections. The firm's primary focus is asset allocation, although it will invest in a wide range of industries over a market cycle. The firm tends to purchase liquid, large capitalization stocks. Hellman Jordan will make sudden and significant asset mix shifts over 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.

INVESTMENT MANAGER SUMMARIES

Peregrine Capital Management

Peregrine is a contrarian investor searching for poorly performing stocks that have been "oversold" by the market. The firm expects that the prices of these stocks will rebound as the market's "emotional excesses" come to be recognized. The firm is very price sensitive. As a result it is an active trader, buying stocks as their performance relative to the market declines and selling stocks as relative performance rises. Peregrine tends to hold small positions in a large number of stocks, avoiding significant bets on individual issues. The firm is a moderate market timer, alternating its cash position incrementally around a moderately low cash position.

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

INVESTMENT MANAGER SUMMARIES

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 Asset Management

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

INVESTMENT MANAGER SUMMARIES

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.

INVESTMENT MANAGER SUMMARIES

**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**

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 Waltch (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

**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

INVESTMENT MANAGER SUMMARIES

	<p>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.</p>
Kohlberg, Kravis, Roberts & Co. (KKR)	<p>Funds: KKR 1984 LBO Fund KKR 1986 LBO Fund</p> <p>KKR's Leveraged Buyout Funds are structured as limited partnerships. The funds invest in large management 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.</p>
Stamps, Woodsum & Co.	<p>Fund: Summit Ventures</p> <p>Summit Ventures is a limited partnership with a ten-year term. It was formed in December 1984 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 partnership's investments are in high tech firms. Investments are diversified by location and industry type.</p>
Smith Barney Venture Corp.	<p>Fund: First Century III</p> <p>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.</p>
DSV Management Ltd.	<p>Fund: DSV Partners IV</p> <p>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.</p>
Inman & Bowman Management	<p>Fund: Inman & Bowman</p> <p>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.</p>

INVESTMENT MANAGER SUMMARIES

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.

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.

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.

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

First Reserve Corp.

Funds: AMGO I AMGO II

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.

INVESTMENT MANAGER SUMMARIES

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 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.

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

MANAGER PORTFOLIO STATISTICS

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EQUITY MANAGER PORTFOLIO STATISTICS GLOSSARY

In the following pages, summary descriptions of the individual equity managers' investment philosophy, 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 in the Quarterly Investment Review and Appendix 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.

- | | |
|-------------------------|---|
| # of Stocks | - number of different issues held in the manager's stock portfolio. |
| 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 | - 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 .85. |

Market Volatility
(Equity 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-Month Relative
Return (REL RET)

- the return on the stocks currently in the manager's portfolio over the last 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 Year 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 Immaturity
(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 trailing four quarter earnings per share of the manager's common stock portfolio 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.

Industry Sector
Overweightings

- those sectors of the economy in which the manager has invested a significantly larger percentage of the portfolio than is represented by the stock market.

Industry Sector
Underweightings

- those sectors of the economy in which the manager has invested a significantly smaller percentage of the portfolio than is represented by the stock market.

TABLE A-1

EXTERNAL EQUITY MANAGERS

PORTFOLIO STATISTICS RELATIVE TO BENCHMARK PORTFOLIOS

QUARTER-END PORTFOLIO STATISTICS *

MANAGER		# OF STOCKS	EQUITY ALLOC.	MKT. VOLTY	DIVER.	YIELD	E/P	REL. RET.	P/B	5 YR EARN	MVAR	EVAR	SIZE	GROW	FINL
GROWTH MANAGERS															
Fred Alger	(A)	56	95	1.17	0.94	-0.48	-0.25	0.30	0.92	0.39	0.64	0.11	0.02	0.64	0.04
	(B)	1,045	95	1.21	N.A.	-0.28	-0.18	-0.33	0.13	0.00	0.40	0.11	0.07	0.50	0.03
Alliance	(A)	40	99	1.20	0.96	-0.50	-0.09	0.13	0.70	0.25	0.54	0.03	-0.18	0.67	-0.08
	(B)	334	95	1.22	N.A.	-0.45	-0.15	-0.19	0.34	0.31	0.49	0.02	0.44	0.72	-0.04
SMALL GROWTH MANAGERS															
BMI Capital	(A)	31	99	1.28	0.91	-0.64	0.09	-0.19	-0.02	-0.34	0.62	0.61	1.56	0.60	0.14
	(B)	1,042	95	1.43	N.A.	-0.61	-0.33	-0.03	0.13	0.00	0.92	0.13	0.77	0.98	-0.08
Lieber & Co.	(A)	113	97	1.25	0.86	-0.23	0.19	-0.51	-0.04	0.27	0.17	-0.01	1.50	0.74	-0.27
	(B)	1,129	95	1.29	N.A.	-0.44	-0.04	-0.56	0.01	0.09	0.40	0.05	1.94	0.85	-0.23
Waddell & Reed	(A)	66	86	1.25	0.92	-0.35	-0.30	0.03	0.28	-0.17	0.54	0.16	0.70	0.65	-0.09
	(B)	1,203	80	1.27	N.A.	-0.45	-0.37	-0.16	0.09	-0.11	0.59	0.22	1.13	0.62	0.13
ROTATIONAL MANAGERS															
Forstmann Leff	(A)	35	68	1.11	0.94	-0.29	-0.30	0.50	0.53	-0.01	0.47	0.10	-0.20	0.23	0.05
	(B)	1,383	70	1.17	N.A.	-0.13	-0.08	-0.22	0.12	0.07	0.31	0.04	0.63	0.45	0.06
Hellman Jordan	(A)	29	78	1.22	0.93	-0.45	0.08	-0.02	0.56	0.27	0.59	0.13	-0.39	0.78	-0.28
	(B)	454	83	1.05	N.A.	0.01	-0.05	-0.15	0.16	0.03	0.07	-0.01	-0.12	0.04	0.05
IDS	(A)	53	98	1.13	0.96	-0.30	-0.23	0.26	0.45	0.07	0.41	0.09	-0.09	0.38	-0.07
	(B)	786	90	1.05	N.A.	0.15	0.04	-0.21	0.05	0.05	0.01	-0.06	0.10	0.07	0.07
IAI	(A)	43	80	1.06	0.95	-0.27	-0.13	0.29	0.85	0.01	0.19	0.05	-0.14	0.21	0.03
	(B)	331	85	1.02	N.A.	0.11	0.01	-0.09	0.15	0.05	0.07	-0.05	-0.24	0.02	0.07
VALUE MANAGERS															
Beutel Goodman	(A)	29	86	1.14	0.89	-0.08	-0.42	-0.30	-0.59	-0.30	0.13	0.05	0.22	0.18	0.24
	(B)	422	95	1.19	N.A.	-0.02	0.01	-0.41	-0.46	-0.16	0.34	0.24	0.88	0.20	0.15
Peregrine Cap.	(A)	175	79	1.10	0.84	0.69	0.15	-0.91	-0.61	-0.25	-0.15	-0.04	0.67	-0.05	0.12
	(B)	1,056	90	1.11	N.A.	0.09	-0.04	-0.38	-0.24	-0.19	0.05	-0.03	0.49	0.12	0.12
Composite Active Ext. Managers															
		538	88	1.15	0.98	-0.18	-0.08	-0.10	0.18	0.00	0.32	0.07	0.16	0.39	0.04
Index Fund Manager		1,482	100	1.06	0.98	0.08	-0.01	-0.19	0.05	-0.04	0.06	-0.05	0.09	0.07	-0.01
Composite All Basic Eq. Managers		1,628	95	1.10	0.98	0.00	-0.04	-0.14	0.09	-0.02	0.20	0.04	0.02	0.17	0.01

(A) - Actual Portfolio
(B) - Benchmark Portfolio

TABLE A-2

EXTERNAL EQUITY MANAGERS

SECTOR WEIGHTINGS RELATIVE TO BENCHMARK PORTFOLIOS

		SECTOR WEIGHTINGS								
MANAGER		CAPITAL GOODS	CONSUMER DURABLES	CONSUMER NONDURABLES	ENERGY	FINANCIAL	MAT. & SERVICES	TECHNOLOGY	TRANS- PORTATION	UTILITIES
GROWTH MANAGERS										

Fred Alger	(A)	1.0%	1.7%	45.5%	3.6%	2.4%	10.2%	28.7%	5.3%	1.6%
	(B)	4.3	3.9	34.0	6.4	12.5	16.5	15.8	4.3	2.5
Alliance	(A)	5.9	5.1	35.4	2.4	16.5	11.6	17.5	5.7	---
	(B)	3.1	1.9	35.6	1.5	16.6	16.3	21.2	3.8	---
SMALL GROWTH MANAGERS										

BMI Capital	(A)	12.4	5.8	42.3	7.5	13.5	8.5	10.1	---	---
	(B)	5.2	3.4	28.5	2.0	26.5	15.5	13.6	4.5	0.6
Lieber & Company	(A)	3.3	6.1	31.6	1.7	37.4	7.3	8.9	3.1	0.7
	(B)	6.9	6.1	27.8	2.8	17.2	16.2	18.3	2.9	1.6
Waddell & Reed	(A)	4.1	10.2	19.1	9.0	2.9	20.8	30.7	2.3	0.8
	(B)	7.1	4.6	31.1	6.8	0.7	25.9	17.7	6.0	0.1
ROTATIONAL MANAGERS										

Forstmann Leff	(A)	---	---	25.2	0.9	2.3	42.1	25.0	4.4	---
	(B)	3.8	3.2	28.5	4.7	15.2	16.2	14.1	4.9	9.3
Hellman Jordan	(A)	---	11.2	18.0	---	22.1	9.8	34.0	4.9	---
	(B)	4.3	2.6	32.8	5.8	12.3	17.3	12.4	5.6	6.9
IDS	(A)	2.3	5.0	28.1	11.5	---	23.0	19.6	7.9	2.7
	(B)	3.5	2.6	27.4	5.6	14.1	14.4	13.2	4.4	14.7
Investment Advisers	(A)	6.4	3.1	31.9	3.6	1.1	30.7	14.4	3.4	5.4
	(B)	3.6	2.9	29.3	10.2	9.7	15.5	11.7	4.6	12.5
VALUE MANAGERS										

Beutel Goodman	(A)	6.5	3.0	18.6	16.5	27.8	13.0	22.2	---	2.5
	(B)	5.8	4.1	17.5	8.5	23.2	19.5	12.9	8.4	---
Peregrine Capital	(A)	3.9	7.8	24.7	3.7	15.0	7.4	16.1	3.1	18.2
	(B)	6.2	3.8	22.0	5.6	15.6	14.2	14.0	6.2	12.4
Composite External Managers		3.9	4.9	27.2	6.3	12.5	14.8	20.4	4.4	5.6
Index Fund Manager		4.8	3.9	27.9	9.6	12.5	13.3	13.3	3.2	11.5
Composite All Basic Managers		4.5	4.2	27.7	8.5	12.5	13.8	15.6	3.6	9.6
Wilshire 5000		4.8	4.0	27.3	9.8	12.3	13.4	13.6	3.1	11.7

(A) - Actual Portfolio
(B) - Benchmark Portfolio

TABLE A-3

EXTERNAL EQUITY MANAGERS

PERFORMANCE RELATIVE TO BENCHMARK PORTFOLIOS

Managers -----	Second Quarter 1987 -----		Year Ending 6/30/87 -----		Two Years Ending 6/30/87 (Annualized) -----		Three Years Ending 6/30/87 (Annualized) -----	
	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio	Actual Portfolio	Benchmark Portfolio
Fred Alger	0.0%	2.8%	7.1%	20.0%	25.6%	27.5%	25.9%	27.6%
Alliance Capital	4.6	3.2	23.6	17.1	33.4	24.8	33.6	24.7
Beutel Goodman	5.3	3.5	17.1	24.5	16.7	28.1	22.9	29.3
BMI Capital	1.2	0.3	20.7	13.9	28.4	24.3	23.6	24.5
Forstmann Leff	1.6	2.1	12.3	15.1	27.2	20.4	28.0	21.5
Hellman Jordan	1.3	3.4	23.1	20.2	26.3	27.5	28.7	28.7
IDS	3.7	3.4	19.3	20.2	30.1	27.5	26.4	28.7
Investment Advisers	4.0	3.4	18.1	20.2	23.6	27.5	31.9	28.7
Lieber & Company	- 1.3	0.1	7.3	9.7	23.5	23.0	25.9	23.8
Peregrine Capital	1.4	2.5	18.3	19.9	19.2	23.5	N.A.	23.9
Waddell & Reed	2.4	3.4	19.3	20.2	23.8	27.5	21.1	28.7
Internal Manager	3.4	4.9	26.3	24.8	22.3	N.A.	N.A.	N.A.
Wilshire Associates (Index Fund)	3.6	3.4	20.3	20.2	27.2	27.5	28.6	28.7
Total Basic Retirement Funds' Common Stock Segment	3.2	3.1	19.4	19.4	26.4	N.A.	27.8	N.A.
Capital Markets Data -----								
Wilshire 5000	3.3	---	20.1	---	27.4	---	28.6	---
90-Day Treasury Bills	1.4	---	5.7	---	6.5	---	7.4	---
Inflation	1.3	---	3.7	---	2.7	---	3.1	---

TABLE A-4

EXTERNAL EQUITY MANAGERS

PORTFOLIO STATISTICS HISTORICAL SUMMARY

MANAGER NAME	DATE	QTR. PORT. T/O	EQUITY ALLOC.	R2	EQUITY BETA	MVAR	EVAR	REL RET	P/B	5 YR EARN	SIZE	GROW	E/P	YIELD	FINL
AVG. EXT. MANAGERS	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
FRED ALGER	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

MANAGER NAME	DATE	QTR. PORT. T/O	EQUITY ALLOC.	R2	EQUITY BETA	MVAR	EVAR	REL RET	P/B	5 YR EARN	SIZE	GROW	E/P	YIELD	FINL
ALLIANCE CAPITAL	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	6/30/87	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
	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	6/30/87	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

MANAGER NAME	DATE	QTR. PORT. T/O	EQUITY ALLOC.	R2	EQUITY BETA	MVAR	EVAR	REL RET	P/B	5 YR EARN	SIZE	GROW	E/P	YIELD	FINL
FORSTMANN-LEFF	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
	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	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	6/30/87	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

MANAGER NAME	DATE	QTR. PORT. T/O	EQUITY ALLOC.	R2	EQUITY BETA	MVAR	EVAR	REL RET	P/B	5 YR EARN	SIZE	GROW	E/P	YIELD	FINL
INVESTMENT ADVISERS	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
	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 & COMPANY	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	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
	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

MANAGER NAME	DATE	QTR. PORT. T/O	EQUITY ALLOC.	R2	EQUITY BETA	MVAR	EVAR	REL RET	P/B	5 YR EARN	SIZE	GROW	E/P	YIELD	FINL
WADDELL & REED	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

TABLE A-5

EXTERNAL EQUITY MANAGERS

SECTOR WEIGHTING HISTORICAL PROFILE

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
AVG. EXT. MANAGERS	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
	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
FRED ALGER	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	---	---

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
ALLIANCE CAPITAL	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	6/30/87	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	6/30/87	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	---	---
	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	---	---

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
FORSTMANN-LEFF	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	---
	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	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	6/30/87	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

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
IDS ADVISORY	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	6/30/87	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	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
	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
	9/30/85	72,758,648	8.3	8.5	18.3	12.6	4.5	15.7	18.0	3.0	11.2
	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

EQUITY SECTOR WEIGHTS

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	CAP GDS	CONS DUR	CONS NDUR	ENER	FINL	MAT & SERV	TECH	TRAN	UTIL
WADDELL & REED	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	---	---
WILSHIRE 5000	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 EQUITY MANAGERS

HISTORICAL PERFORMANCE SUMMARY

	1Q 87	2Q 87	3Q 87	4Q 87	1Q 88	2Q 88	3Q 88	4Q 88	1Q 89	2Q 89	3Q 89	4Q 89
FRED ALGER												
Equity	22.3%	-0.6										
Total Fund	18.4	0.0										
ALLIANCE CAPITAL												
Equity	28.8	4.9										
Total Fund	27.4	4.6										
BEUTEL GOODMAN												
Equity	18.6	6.4										
Total Fund	17.6	5.3										
BMI CAPITAL												
Equity	25.8	1.2										
Total Fund	24.8	1.2										
FORSTMANN-LEFF												
Equity	25.7	2.1										
Total Fund	19.8	1.6										
HELLMAN JORDAN												
Equity	30.2	1.8										
Total Fund	29.4	1.3										
IDS ADVISORY												
Equity	23.1	3.9										
Total Fund	22.4	3.7										
INVESTMENT ADVISERS												
Equity	24.9	4.9										
Total Fund	19.7	4.0										
LIEBER & COMPANY												
Equity	21.2	-1.4										
Total Fund	20.1	-1.3										
PEREGRINE CAPITAL												
Equity	21.8	1.5										
Total Fund	17.3	1.4										
WADDELL & REED												
Equity	23.0	2.6										
Total Fund	18.4	2.4										
SBI AGGREGATE												
Equity	23.6	2.9										
Total Fund	21.0	2.6										
MARKET INDICES												
Wilshire 5000	21.2	3.3										
S&P 500	21.3	5.1										
91 Day T-Bills	1.4	1.4										

(Previous historical performance data can be found on the following page).

TABLE A-6

EXTERNAL 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	1Q 86	2Q 86	3Q 86	4Q 86
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%	21.2%	9.0%	-14.7%	5.7%
Total Fund	13.1	-3.4	-0.9	-7.0	-3.5	8.0	0.2	7.2	9.1	-4.6	18.7	19.8	8.5	-14.1	5.3
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	20.0	6.1	-11.9	5.3
Total Fund	12.7	-8.0	-0.4	-10.1	2.2	6.6	1.3	12.2	10.8	-3.3	17.8	19.3	5.9	-11.8	5.2
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	15.7	-0.9	-4.8	-1.2
Total Fund	8.7	1.1	3.3	-0.6	-2.8	9.3	4.9	10.7	7.5	-8.6	12.0	14.3	-0.6	-4.2	-1.3
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	18.6	7.2	-9.7	5.8
Total Fund	11.9	-7.7	-6.1	-14.5	2.0	3.4	2.2	9.3	-0.9	-2.4	11.1	17.8	7.0	-9.4	5.5
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	20.8	10.1	-16.0	5.7
Total Fund	9.9	-1.2	-0.6	-6.0	-1.7	4.6	3.4	10.9	8.1	-4.2	16.3	18.8	8.9	-10.8	3.4
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	16.1	0.4	-10.7	5.2
Total Fund	5.8	-3.2	-1.0	-0.6	-3.9	9.5	4.6	8.7	7.5	-5.6	18.6	15.3	0.3	-10.4	4.9
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	18.2	8.1	-10.6	4.8
Total Fund	13.6	-5.6	-0.6	-7.3	0.4	10.3	3.0	8.5	10.1	-5.9	19.7	17.2	7.5	-10.1	4.5
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	14.7	5.3	-11.1	4.9
Total Fund	8.0	-1.8	1.3	-4.9	-2.8	10.7	5.7	6.4	6.4	-7.2	18.5	12.4	4.6	-8.9	4.1
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	13.8	11.8	-9.5	0.3
Total Fund	11.6	-1.9	1.3	-7.3	-1.4	7.9	2.6	11.6	6.0	-1.9	14.6	13.9	11.0	-9.5	0.1
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	7.7	2.1	-5.7	5.2
Total Fund	16.4	-2.6	-5.1	-7.4	-2.7	4.7	-1.9	7.8	9.1	-1.9	12.8	6.5	1.9	-4.7	4.4
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	19.7	2.4	-8.3	6.2
Total Fund	24.0	-3.0	-5.3	-2.2	-1.3	1.4	1.5	5.2	7.0	-2.0	10.4	16.4	2.0	-6.4	5.1
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	16.6	5.0	-1.4	4.4
Total Fund	10.5	-4.5	-1.2	-5.9	-2.2	7.2	2.4	8.4	8.0	-4.5	15.2	15.2	4.5	-8.6	3.9
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	14.4	5.8	-7.7	4.0
S&P 500	11.1	-0.1	0.4	-2.4	-2.5	9.7	1.8	9.2	7.4	-4.1	17.3	14.1	6.0	-7.0	5.4
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	1.8	1.6	1.4	1.3

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 to 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 FIXED INCOME MANAGERS

PORTFOLIO STATISTICS HISTORICAL SUMMARY

MANAGER NAME	DATE	QUARTER PORTFOLIO T/O	# OF BONDS	BOND ALLOCATION	COUPON	CURRENT YIELD	YIELD TO MAT.	AVERAGE QUALITY	DURATION	TERM TO MAT.
AVG. EXT. MGRS	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
INVESTMENT ADV.	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
	9/30/94	10	7	100	9.0	10.8	12.6	AAA	6.4	15.2
LEHMAN MGMT.	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

MANAGER NAME	QUARTER DATE	PORTFOLIO T/O	# OF BONDS	BOND ALLOCATION	COUPON	CURRENT YIELD	YIELD TO MAT.	AVERAGE QUALITY	DURATION	TERM TO MAT.
MILLER ANDERSON	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
	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	6/30/87	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	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	6/30/87	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
	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	5.4	12.1
	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

TABLE A-8

EXTERNAL FIXED INCOME MANAGERS

SECTOR WEIGHTING HISTORICAL PROFILE

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	QUALITY WEIGHTINGS					SECTOR WEIGHTINGS									
			AAA	AA	A	BAA	OTHER	GOVT	AGCY	ZERO	IND	UTIL	FIN	TRAN	MTGS	MISC	CASH
AVG. EXT. MGRS.	6/30/87	---	76	5	11	5	3	36	3	2	8	2	14	1	24	3	7
	3/31/87	---	77	5	11	4	3	32	2	2	10	2	7	1	32	3	9
	12/31/86	---	74	5	13	3	5	29	3	2	12	1	9	1	35	2	6
	9/30/86	---	76	6	12	3	3	29	3	2	11	2	9	1	39	3	1
	6/30/86	---	78	6	10	3	3	28	6	3	9	2	10	1	37	3	4
	3/31/86	---	79	6	9	3	3	35	2	2	9	2	9	0	34	3	4
	12/31/85	---	80	5	8	2	5	35	3	2	6	2	9	0	35	3	5
	9/30/85	---	81	5	8	1	5	33	3	2	7	2	9	0	39	1	4
	6/30/85	---	81	6	6	3	4	34	1	4	5	4	9	0	36	1	5
	3/31/85	---	78	10	6	2	4	27	5	4	5	6	12	0	31	1	9
	12/31/84	---	77	12	7	2	2	33	8	4	2	8	12	0	24	1	7
	9/30/84	---	79	12	7	2	0	30	10	7	3	8	9	1	19	1	12
INVESTMENT ADV.	6/30/87	42,121,121	96	0	4	0	0	56	9	13	0	0	6	0	8	0	8
	3/31/87	42,655,770	86	4	10	0	0	51	5	12	11	0	9	0	9	0	3
	12/31/86	42,094,854	80	7	13	0	0	40	5	11	13	0	15	0	9	0	7
	9/30/86	40,731,041	78	8	14	0	0	45	5	12	23	0	13	0	0	0	2
	6/30/86	39,301,944	81	8	11	0	0	34	18	12	23	0	10	0	0	0	4
	3/31/86	38,938,391	84	8	8	0	0	52	0	12	25	0	6	0	0	0	5
	12/31/85	36,766,845	96	4	0	0	0	68	0	12	8	0	7	0	0	0	5
	9/30/85	34,573,707	96	4	0	0	0	70	0	13	9	0	7	0	0	0	1
	6/30/85	33,794,148	96	4	0	0	0	62	0	23	10	0	4	0	0	0	1
	3/31/85	30,942,776	85	15	0	0	0	53	0	18	11	13	4	0	0	0	1
	12/31/84	30,397,636	74	26	0	0	0	52	0	18	0	25	4	0	0	0	1
	9/30/84	27,932,974	72	28	0	0	0	59	0	10	0	31	0	0	0	0	0
LEHMAN MGMT.	6/30/87	235,159,610	88	6	5	0	1	63	0	0	9	1	7	0	12	0	8
	3/31/87	238,911,690	85	9	4	0	2	63	0	0	12	2	5	0	9	0	9
	12/31/86	236,321,758	81	6	11	0	2	58	0	0	14	3	7	0	12	0	6
	9/30/86	229,994,337	80	6	12	0	2	53	0	0	14	8	7	0	16	0	2
	6/30/86	223,483,722	89	4	6	1	0	60	0	0	11	2	7	0	18	0	3
	3/31/86	220,998,995	89	4	6	1	0	65	2	0	9	0	6	0	15	0	3
	12/31/85	207,462,430	89	5	6	0	0	51	10	0	7	2	7	0	12	0	11
	9/30/85	194,774,253	87	6	7	0	0	54	12	0	9	2	7	0	11	0	5
	6/30/85	190,808,742	91	5	4	0	0	64	8	0	5	2	4	0	9	0	8
	3/31/85	177,383,853	95	3	2	0	0	65	13	0	2	0	2	0	3	0	15
	12/31/84	173,831,628	98	0	2	0	0	64	13	0	3	0	0	0	5	0	15
	9/30/84	162,737,117	96	1	2	0	0	60	13	5	4	0	0	0	0	0	18

MANAGER NAME	DATE	TOTAL PORTFOLIO MARKET VALUE	QUALITY WEIGHTINGS					SECTOR WEIGHTINGS									
		AAA	AA	A	BAA	OTHER	GOV'T	AGCY	ZERO	IND	UTIL	FIN	TRAN	MTGS	MISC	CASH	
MILLER ANDERSON	6/30/87	248,119,545	67	5	7	6	15	37	0	1	9	0	17	1	30	0	5
	3/31/87	252,209,582	75	2	3	5	15	42	0	0	5	0	3	1	30	1	18
	12/31/86	245,302,600	68	2	6	3	21	38	0	0	7	0	6	0	44	1	4
	9/30/86	222,348,832	72	3	5	6	14	24	0	0	6	0	6	0	61	2	1
	6/30/86	217,656,629	71	5	4	5	15	25	0	0	2	0	8	0	60	2	3
	3/31/86	217,291,031	74	0	5	5	16	45	0	0	2	0	8	0	37	0	8
	12/31/85	208,552,908	71	0	6	4	19	45	0	0	2	0	8	0	44	0	1
	9/30/85	191,849,284	68	1	9	4	18	24	0	0	5	0	9	0	60	0	2
	6/30/85	183,857,869	69	3	8	4	16	19	0	2	5	0	12	0	57	0	5
	3/31/85	173,961,916	54	13	11	2	20	2	0	4	7	0	27	0	52	0	8
	12/31/84	169,696,156	55	17	14	5	9	0	0	7	5	0	36	0	51	0	1
	9/30/84	159,574,376	81	12	5	2	0	0	0	0	2	0	17	0	52	0	29
MORGAN STANLEY	6/30/87	198,820,186	100	0	0	0	0	54	0	0	0	0	10	0	29	0	7
	3/31/87	246,865,703	100	0	0	0	0	25	0	0	0	0	0	0	75	0	2
	12/31/86	239,857,185	100	0	0	0	0	27	0	0	0	0	0	0	73	0	0
	9/30/86	229,631,966	100	0	0	0	0	35	0	0	0	0	0	0	65	0	0
	6/30/86	222,763,940	100	0	0	0	0	33	9	0	0	0	0	0	58	0	0
	3/31/86	225,686,690	100	0	0	0	0	41	0	0	0	0	0	0	59	0	0
	12/31/85	208,381,895	100	0	0	0	0	42	0	0	0	0	0	0	58	0	0
	9/30/85	193,513,567	100	0	0	0	0	41	0	0	0	0	0	0	59	0	0
	6/30/85	188,907,479	100	0	0	0	0	49	0	0	0	0	0	0	51	0	0
	3/31/85	173,106,782	100	0	0	0	0	38	9	0	0	0	0	0	38	0	15
	12/31/84	170,547,941	100	0	0	0	0	74	18	0	0	0	0	0	8	0	0
	9/30/84	159,109,110	100	0	0	0	0	45	27	27	0	0	0	0	0	0	1
PEREGRINE	6/30/87	112,206,244	41	18	34	5	2	0	0	0	14	0	31	1	29	18	7
	3/31/87	114,089,715	47	12	32	7	2	0	0	0	15	1	24	1	34	17	8
	12/31/86	111,810,642	47	14	29	4	6	0	0	0	22	0	20	0	31	11	16
	9/30/86	108,237,995	49	14	32	2	3	0	0	0	12	0	26	0	47	13	2
	6/30/86	104,606,143	48	19	31	0	2	0	0	0	9	0	30	0	41	17	3
	3/31/86	104,370,666	48	18	32	0	2	0	0	0	9	0	31	0	40	17	2
	12/31/85	100,139,659	55	13	29	0	3	0	0	0	5	0	29	0	48	16	2
	9/30/85	95,186,493	61	12	25	0	2	0	0	0	4	2	31	0	52	7	4
	6/30/85	92,417,709	56	15	20	7	2	0	0	0	4	5	33	0	49	7	2
	3/31/85	86,259,088	55	23	19	3	0	3	0	0	0	5	38	0	47	7	0
	12/31/84	84,387,890	65	13	18	4	0	6	7	0	0	5	30	0	48	0	4
	9/30/84	79,887,650	58	14	24	4	0	12	7	0	10	0	31	0	33	0	7
WESTERN ASSET	6/30/87	253,510,478	64	3	15	18	0	5	7	0	19	10	11	3	39	0	6
	3/31/87	262,481,416	69	2	16	11	2	8	6	1	16	10	4	3	36	3	13
	12/31/86	255,942,435	69	2	17	10	2	8	11	0	20	5	5	3	42	1	5
	9/30/86	244,004,935	75	2	11	11	1	16	13	2	9	7	4	4	43	2	0
	6/30/86	238,657,259	80	2	8	9	1	13	9	3	7	7	2	4	45	0	10
	3/31/86	235,514,306	76	4	5	14	1	7	9	3	12	9	2	1	52	0	5
	12/31/85	220,363,561	73	5	8	7	7	5	8	1	15	9	2	1	48	0	11
	9/30/85	201,666,058	74	6	5	4	11	11	3	0	14	10	0	1	49	0	12
	6/30/85	197,929,627	73	9	4	8	6	10	0	0	8	15	0	1	51	0	15
	3/31/85	181,426,695	76	9	4	7	4	4	11	0	8	16	0	1	47	0	13
	12/31/84	177,328,832	69	15	7	5	4	3	11	0	6	19	2	2	33	4	20
	9/30/84	165,957,816	68	15	9	5	3	4	16	0	3	18	4	5	26	4	20

TABLE A-9

EXTERNAL FIXED INCOME MANAGERS

HISTORICAL PERFORMANCE SUMMARY

	2Q 87	1Q 87	4Q 86	3Q 86	2Q 86	1Q 86	4Q 85	3Q 85	2Q 85	1Q 85	4Q 84	3Q 84
INVESTMENT ADVISERS												
Fixed Income	-0.9	1.0%	2.8%	2.5%	0.9%	6.2%	6.5%	2.5%	9.4%	1.9%	8.8%	11.8%
Total Fund	-0.9	1.0	2.7	2.4	0.9	5.9	6.3	2.3	9.2	1.8	8.8	11.8
LEHMAN MANAGEMENT												
Fixed Income	-1.7	1.0	2.8	3.0	1.2	6.7	6.9	2.1	8.7	2.0	7.7	9.6
Total Fund	-1.6	1.1	2.8	2.9	1.1	6.5	6.5	2.1	7.6	2.1	6.8	8.7
MILLER ANDERSON												
Fixed Income	-2.0	3.2	10.6	2.2	0.2	4.4	8.8	4.4	6.0	2.5	7.5	7.7
Total Fund	-1.6	2.8	10.3	2.2	0.2	4.2	8.7	4.4	5.7	2.5	6.3	6.7
MORGAN STANLEY												
Fixed Income	-5.6	3.1	4.3	3.1	-2.1	8.2	7.7	2.5	9.3	1.5	7.3	6.1
Total Fund	-3.1	2.9	4.5	3.1	-1.3	8.3	7.7	2.4	9.1	1.5	7.2	6.3
PEREGRINE CAPITAL												
Fixed Income	-1.9	2.2	3.4	3.6	0.2	4.3	5.4	3.1	7.3	2.3	6.0	7.7
Total Fund	-1.7	2.0	3.3	3.5	0.2	4.2	5.2	3.0	7.1	2.2	5.6	6.9
WESTERN ASSET												
Fixed Income	-3.9	2.6	5.0	2.3	0.9	7.4	10.7	1.9	10.7	2.4	8.0	11.8
Total Fund	-3.4	2.6	4.9	2.2	1.3	6.9	9.3	1.9	9.1	2.3	6.8	10.8
SBI FIXED INCOME AGGREGATE												
Fixed Income	-2.8	2.4	5.3	2.8	1.7	6.4	8.1	2.8	8.5	2.1	7.5	8.8
Total Fund	-2.3	2.3	5.2	2.7	0.4	6.2	7.7	2.7	7.8	2.1	6.8	8.1
MARKET INDEX												
Salomon Broad Bond Index	-1.6	1.3	3.3	2.5	1.1	7.9	7.8	2.0	8.9	2.2	7.5	8.6

ALTERNATIVE EQUITY INVESTMENTS
JUNE 30, 1987

REAL ESTATE:	INCEPTION DATE	FUND SIZE (MILLIONS)	SBI COMMITMENT	SBI-FUNDED	SBI- TO BE FUNDED	FUND DESCRIPTION
EQUITABLE	10/81	\$2,849.7	\$40,000,000.00	\$40,000,000.00	\$0.00	OPEN - DIV.
AETNA	4/82	\$1,592.0	\$40,000,000.00	\$40,000,000.00	\$0.00	OPEN - DIV.
PRUDENTIAL	9/81	\$4,584.0	\$40,000,000.00	\$40,000,000.00	\$0.00	OPEN - DIV.
BREEF- USA III	4/84	\$773.0	\$75,000,000.00	\$67,000,000.00	\$8,000,000.00	CLOSED - DIV.
HEITMAN I	6/84	\$113.0	\$20,000,000.00	\$20,000,000.00	\$0.00	CLOSED - DIV.
HEITMAN II	10/85	\$238.0	\$30,000,000.00	\$30,000,000.00	\$0.00	CLOSED - DIV.
HEITMAN III	11/86	\$200.0	\$20,000,000.00	\$10,000,000.00	\$10,000,000.00	CLOSED - DIV.
TCW I	7/85	\$216.0	\$40,000,000.00	\$40,000,000.00	\$0.00	CLOSED - SPEC.
TCW II	9/86	\$250.0	\$30,000,000.00	\$15,000,000.00	\$15,000,000.00	CLOSED - SPEC.
STATE STREET I	7/85	\$103.0	\$20,000,000.00	\$20,000,000.00	\$0.00	CLOSED - SPEC.
STATE STREET II	7/86	\$86.0	\$15,000,000.00	\$15,000,000.00	\$0.00	CLOSED - SPEC.
TOTAL R.E. PORTFOLIO	--	--	\$370,000,000.00	\$337,000,000.00	\$33,000,000.00	--
VENTURE CAPITAL:						
NORWEST	1/84	\$60.0	\$10,000,000.00	\$10,000,000.00	\$0.00	EARLY STAGE
KKR I	3/84	\$1,000.0	\$25,000,000.00	\$25,000,000.00	\$0.00	LBO
KKR II	12/85	\$2,000.0	\$50,000,000.00	\$14,591,340.00	\$35,408,660.00	LBO
SUMMIT	12/84	\$93.0	\$10,000,000.00	\$7,500,000.00	\$2,500,000.00	LATER STAGE
FIRST CENTURY	12/84	\$100.0	\$10,000,000.00	\$2,500,000.00	\$7,500,000.00	EARLY STAGE
DSV	4/85	\$60.0	\$10,000,000.00	\$10,000,000.00	\$0.00	EARLY STAGE
MATRIX	7/85	\$70.0	\$10,000,000.00	\$7,500,000.00	\$2,500,000.00	EARLY STAGE
INMAN/BOWMAN	6/85	\$44.0	\$7,500,000.00	\$3,750,000.00	\$3,750,000.00	EARLY STAGE
ALLIED	7/85	\$40.0	\$5,000,000.00	\$3,333,334.00	\$1,666,666.00	LATER STAGE
SUPERIOR VENTURE	6/86	\$35.0	\$6,600,000.00	\$1,661,250.00	\$4,938,750.00	EARLY STAGE - MN.
TOTAL V.C. PORTFOLIO	--	--	\$144,100,000.00	\$85,835,924.00	\$58,264,076.00	--
RESOURCES:						
AMGO I	7/81	\$144.0	\$15,000,000.00	\$15,000,000.00	\$0.00	DEBT WITH EQUITY
AMGO II	2/83	\$36.0	\$7,000,000.00	\$7,000,000.00	\$0.00	DEBT WITH EQUITY
APACHE I	5/84	\$150.0	\$22,500,000.00	\$766,916.75	\$21,733,083.25	DEBT WITH EQUITY
APACHE II	10/85	\$180.0	\$23,000,000.00	\$22,400,000.00	\$600,000.00	DEBT WITH EQUITY
APACHE III	12/86	\$190.0	\$30,000,000.00	\$30,000,000.00	\$0.00	NET PROFITS INT.
TOTAL RES. PORTFOLIO	--	--	\$97,500,000.00	\$75,166,916.75	\$22,333,083.25	--
TOTAL ALT. INV. PORT	--	--	\$611,600,000.00	\$498,002,840.75	\$113,597,159.25	--

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:

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

Where:

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

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

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

n = Number of cash flows in the month

R = Internal rate of return

ti = Time from cash flow i to the end of the period,
expressed as a percentage of the total number of
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:

$$\text{TWRQ} = (1+R1)*(1+R2)*(1+R3) - 1$$

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS & TRADING VOLUME
BY BROKER
FISCAL YEAR 1987

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
Abel/Noser Corp.	2,485,806.95	5,610.00	0.00	0.00	0.00
Abrams & Co.	537,579.25	1,380.50	0.00	0.00	0.00
Adams Harkness & Hill	2,146,018.68	2,356.00	0.00	0.00	0.00
Allen & Company	1,270,500.00	0.00	0.00	0.00	0.00
Allison-Williams	0.00	0.00	2,607,865.00	0.00	0.00
American Express Credit	112,077.00	252.00	0.00	0.00	52,027,000.00
American Securities	112,077.00	252.00	0.00	0.00	0.00
Assoc. Corp. of N. Amer.	0.00	0.00	0.00	0.00	96,722,000.00
Autranet	114,294,843.14	262,997.97	23,716,016.67	0.00	0.00
Bank of America	0.00	0.00	6,000,000.00	0.00	104,922,075.54
Bankers Discount Corp.	0.00	0.00	3,399,375.00	0.00	0.00
Bankers Trust	0.00	0.00	269,162,977.51	0.00	79,780,504.50
Barclays American Corp.	0.00	0.00	0.00	0.00	702,000.00
Barrington Trading Co.	0.00	0.00	33,720,468.75	0.00	0.00
Bear Stearns & Co.	88,758,886.77	177,817.50	141,095,535.49	12,500.00	6,908,446,000.00
Beneficial Corp.	0.00	0.00	0.00	0.00	28,000,000.00
Boston Inst. Services	59,028,702.63	103,454.50	3,147,187.50	0.00	0.00
Brandt (Robert) & Co.	56,475,352.28	56,298.00	0.00	0.00	0.00
Brean Murray	81,858,233.55	165,376.15	0.00	0.00	0.00
Brick Securities	2,571,375.56	7,744.50	0.00	0.00	0.00
Bridge Trading Co.	81,436,157.79	171,040.98	0.00	0.00	0.00
Briggs & Schaedle	0.00	0.00	0.00	0.00	5,904,146.67
Broker Unavailable	804,211,906.15	222,026.81	311,927,899.49	0.00	18,580,000.00
Brown Alex & Sons	5,079,053.20	1,533.00	0.00	0.00	0.00
Brown Bros. Harriman	473,340.00	1,740.00	0.00	0.00	0.00
Burns Fry & Timmins	395,452.00	602.00	0.00	0.00	0.00
Cable/Howse & Ragen	774,000.00	0.00	0.00	0.00	0.00
Cantor Fitzgerald	45,951,545.00	69,905.95	0.00	0.00	0.00
Capital Inst. Services	5,712,740.67	21,536.50	2,177,789.06	0.00	0.00
Carroll McEntee & Mcg.	0.00	0.00	17,285,171.88	0.00	0.00
Chase Manhattan Bank	0.00	0.00	0.00	0.00	330,578,466.84
Chemical Bank N. Y.	0.00	0.00	28,516,453.13	0.00	25,000,350.48
Chevron Oil Fin. Co.	0.00	0.00	0.00	0.00	70,891,000.00
Chicago Corp.	589,580.29	1,650.00	0.00	0.00	0.00
CIT Financial Corp.	0.00	0.00	0.00	0.00	242,959,138.11
Citibank	0.00	0.00	36,406,500.00	0.00	236,935,045.63
Continental Bank (CHI)	34,296.00	0.00	0.00	0.00	0.00
Cowen & Co.	34,152,269.39	64,958.00	0.00	0.00	0.00
Cyrus J. Lawrence	20,246,261.59	41,876.00	0.00	0.00	0.00
Dain Kalman & Quail	3,898,635.99	10,619.50	0.00	0.00	0.00
Daiwa Sec. America	3,410,726.40	3,871.00	6,433,515.63	0.00	0.00
Dean Witter Reynolds	82,601,234.57	204,300.00	58,297,858.14	0.00	0.00
Delafield Har. Tabell	7,674,443.33	14,770.00	0.00	0.00	0.00
Dillon Read	7,604,631.72	17,033.00	0.00	0.00	0.00
Discount Corp. (NY)	0.00	0.00	41,299,218.75	0.00	0.00
Dominion Sec. H & P	870,210.60	784.00	0.00	0.00	0.00
Donaldson Lufkin	62,594,594.56	90,116.00	40,911,261.28	0.00	0.00
Drexel Burnham Lambert	156,038,969.05	305,299.00	83,183,912.75	30,000.00	0.00
E. F. Hutton & Co.	28,371,055.03	60,517.50	128,850,333.90	0.00	0.00
Eberstadt (F) & Co.	12,531,679.38	23,189.00	0.00	0.00	0.00
Edwards - Bond Service	0.00	0.00	8,322,972.50	0.00	0.00
Edwards A. G. & Sons	0.00	0.00	9,426,370.00	12,500.00	0.00
Ernst & Co.	6,545,403.55	5,607.00	0.00	0.00	0.00
First Boston Corp.	149,835,632.54	246,593.59	593,596,640.17	93,000.00	6,468,641,348.08
First Interstate Bk Cal	0.00	0.00	5,000,000.00	0.00	0.00
First Manhattan Co.	17,264,552.44	35,576.00	0.00	0.00	0.00
First National Bank Boston	0.00	0.00	522,062.50	0.00	0.00
First National Bank Chi.	0.00	0.00	5,000,000.00	0.00	97,542,745.27
First National Bank Mpls	0.00	0.00	25,113,221.89	0.00	807,799,099.30
First National Bank SP	0.00	0.00	0.00	0.00	224,623,484.44
First Southwest Co.	1,157,746.86	3,965.00	0.00	0.00	0.00
Ford Motor Credit Co.	0.00	0.00	0.00	0.00	328,883,000.00
Fred Alger & Company	424,226,847.76	1,268,086.52	0.00	0.00	0.00
Furman Selz Mager	3,256,077.58	2,760.00	0.00	0.00	0.00
Gartner Securities Corp.	300,780.00	180.00	0.00	0.00	0.00
General Elec. Fin. Serv.	0.00	0.00	0.00	0.00	229,499,000.00
General Electric Credit	0.00	0.00	0.00	0.00	372,005,000.00
General Motors Acceptance	0.00	0.00	0.00	0.00	677,053,000.00
Goldman Sachs & Co.	250,870,940.18	357,978.34	687,681,347.44	27,500.00	9,090,732,452.67
Gordon Haskett & Co.	99,549.00	0.00	0.00	0.00	0.00
Greenwich Capital Markets	0.00	0.00	20,803,152.81	0.00	0.00
Gruntal & Company	1,010,781.00	2,286.00	0.00	0.00	0.00
Harris Trust & Savings	0.00	0.00	7,000,000.00	0.00	6,257,002.36
Heller Financial Inc.	0.00	0.00	0.00	0.00	685,881,000.00
Herzog Heine Gedvid	5,646,886.75	0.00	0.00	0.00	0.00
Household Finance	0.00	0.00	0.00	0.00	34,274,000.00
Howard Weil Labouisse Friedrichs	141,470.00	1,645.00	0.00	0.00	0.00
Instinet	92,897,510.82	83,423.30	0.00	0.00	0.00
Interstate Securities	8,661,845.49	10,649.10	0.00	0.00	0.00
Janney Montgomery Scott	245,622.00	1,072.00	0.00	0.00	0.00
Jefferies & Co.	278,313,896.45	420,585.25	0.00	0.00	0.00
Johnson	10,013,409.83	19,669.00	0.00	0.00	0.00
Johnson Lane Space & Smith	15,188,554.00	30,904.00	0.00	0.00	0.00
Jones Associates	87,730,606.59	141,613.82	0.00	0.00	0.00
Keefe Bruyette & Wood	15,441,132.89	32,557.00	0.00	0.00	0.00
Kidder Peabody	57,672,693.92	68,530.00	271,871,477.22	294,455.00	13,738,981,305.98

MINNESOTA STATE BOARD OF INVESTMENT
COMMISSIONS & TRADING VOLUME
BY BROKER
FISCAL YEAR 1987

BROKER	EQUITY DOLLAR VOLUME	EQUITY COMMISSIONS	BOND DOLLAR VOLUME	BOND COMMISSIONS	SHORT TERM DOLLAR VOLUME
Kleinwort Benson Govt. Sec.	0.00	0.00	41,837,054.69	0.00	2,283,478.41
L. F. Rothschild	14,369,223.22	21,248.00	36,070,796.20	69,822.50	0.00
Lanston Co.	0.00	0.00	44,899,550.78	0.00	0.00
Lazard Freres & Co.	288,995.00	420.00	0.00	0.00	0.00
Legg Mason	5,060,827.20	8,728.00	0.00	0.00	0.00
Lehman Govt. Securities	0.00	0.00	107,753,917.51	20,000.00	12,192,324,971.67
Lewco Securities Inc.	32,326,160.59	55,102.50	0.00	0.00	0.00
Lieber & Company	34,310,497.06	80,117.75	0.00	0.00	0.00
Lynch Jones & Ryan	10,549,030.97	22,376.50	0.00	0.00	0.00
Mabon Nugent & Co.	3,696,967.58	5,644.00	0.00	0.00	0.00
Manufacturers Hanover Trust	0.00	0.00	846,000.00	0.00	151,153,412.47
Marquette National Bank	0.00	0.00	20,945,000.00	0.00	70,747,657.77
McDonald & Company	11,417,729.30	35,388.00	0.00	0.00	0.00
McKinney Square Allsopp	1,367,650.00	3,400.00	0.00	0.00	0.00
McLeod Young Weir	1,806,633.55	835.00	13,772,290.00	0.00	0.00
Mellon Bank	0.00	0.00	0.00	0.00	40,126,843.34
Merrill Lynch - IDC	234,840,409.55	310,102.72	487,899,082.43	0.00	0.00
Merrill Lynch PF&S	0.00	0.00	0.00	0.00	45,968,000.00
Merrill Lynch PF&S (R)	116,911,227.62	218,459.65	158,495,319.10	63,750.00	5,654,701,953.60
Mesirow & Co.	5,222,071.65	14,901.20	0.00	0.00	0.00
Montgomery Securities	33,190,964.85	56,170.65	2,168,512.50	0.00	0.00
Moore Schley & Cameron	8,680,381.06	10,790.00	0.00	0.00	0.00
Morgan Guaranty	66,955,494.17	86,348.50	490,781,560.15	0.00	0.00
Morgan Stanley & Co.	49,017,893.17	140,653.50	69,836,287.08	92,458.80	0.00
Moseley Hallgarter Estabrook	1,084,125.81	1,400.00	0.00	0.00	0.00
Nesbitt Thomson Sec.	1,736,773.76	3,689.00	0.00	0.00	0.00
Neuberger & Berman	7,696,490.77	12,938.00	0.00	0.00	0.00
New York & Foreign Sec.	5,319,774.43	15,062.50	0.00	0.00	0.00
Newhard Cooke & Co.	474,097.50	1,710.00	0.00	0.00	0.00
Nomura Securities Int'l.	14,643,958.67	12,347.00	0.00	0.00	0.00
Norwest Bank Mpls	0.00	0.00	6,941,929.71	0.00	253,873,455.14
Oppenheimer & Co.	46,886,621.01	87,259.55	0.00	0.00	0.00
Paine Webber J & C	158,959,141.14	210,764.50	43,282,249.69	15,000.00	0.00
Penney (J.C.) Finance	0.00	0.00	0.00	0.00	30,878,000.00
Piper Jaffray & Hopwood	6,493,564.40	5,926.00	0.00	0.00	0.00
Pittsburg Natl. Bank	0.00	0.00	0.00	0.00	6,811,336.39
Prescott Ball & Turben	3,879,395.67	7,281.00	0.00	0.00	0.00
Printon & Kane	0.00	0.00	2,723,625.00	0.00	0.00
Prudential	15,000,254.73	23,959.00	4,474,760.00	0.00	0.00
Prudential Bache Sec.	6,009,077.41	16,122.00	187,493,953.13	0.00	15,308,106,883.33
R. C. Stamm	1,148,616.00	2,016.00	0.00	0.00	0.00
Re-Investment Plan	0.00	0.00	587.12	0.00	0.00
Robert Fleming	117,500.00	0.00	0.00	0.00	0.00
Robertson Colman & Stephens	1,339,125.87	700.00	0.00	0.00	0.00
Robinson-Humphrey Co.	7,476,359.67	4,766.00	0.00	0.00	0.00
Roulston & Company	269,916.98	474.00	0.00	0.00	0.00
Salomon Bros.	99,040,381.60	182,072.59	583,598,213.35	244,000.00	10,238,569,843.33
Sanford C. Bernstein	13,831,918.89	45,091.50	0.00	0.00	0.00
Schwab (Charles) & Co.	372,450.00	1,200.00	2,873,075.00	0.00	0.00
Sears Roebuck Acceptance	0.00	0.00	0.00	0.00	204,740,000.00
Securities Settlement Corp.	493,522.97	1,120.00	0.00	0.00	0.00
SEI Funds Evaluation	16,635,034.92	39,169.00	0.00	0.00	0.00
Shearson Argus Research	71,180,863.44	90,485.00	64,103,165.60	0.00	0.00
Shearson Lehman (Bondst)	0.00	0.00	24,874,120.00	45,000.00	0.00
Shearson Lehman Amer Exp	0.00	0.00	29,736,159.06	0.00	0.00
Shearson/American Express	29,044,770.61	58,238.50	0.00	0.00	0.00
Smith Barney & Co.	56,186,446.21	122,020.50	17,902,095.50	0.00	0.00
State Board of Investment	1,273,407.77	0.00	414,312,360.66	0.00	1,606,592,378.05
State Street Bank & Trust	948,531,006.82	0.00	123,365,115.23	0.00	39,995.00
Stifel Nicolaus & Company	205,046.00	1,546.00	0.00	0.00	0.00
Sutro & Company, Inc.	4,767,814.90	8,257.00	657,800.00	0.00	0.00
Thomson & McKinnon	8,704,286.72	19,982.00	0.00	0.00	0.00
Tucker Anthony & R. L. Day	8,276,588.41	12,966.00	0.00	0.00	0.00
Union Bank of L.A.	0.00	0.00	1,000,000.00	0.00	6,898,761.11
W. E. Pollock & Co.	0.00	0.00	97,909,229.08	0.00	8,449,306.99
Wagner Stott & Co.	72,877,878.43	112,917.50	0.00	0.00	0.00
Wall Street Clearing	1,145,373.51	1,689.00	0.00	0.00	0.00
Walsh Greenwood	1,365,850.49	2,956.25	0.00	0.00	0.00
Warburg-Paribus Inc.	121,430.00	180.00	0.00	0.00	0.00
Weeden & Company	90,146,992.17	137,013.00	0.00	0.00	0.00
Weiss	3,214,980.00	7,100.00	0.00	0.00	0.00
Wellington & Co.	104,113,748.20	283,913.75	0.00	0.00	0.00
Wertheim Schroder & Co.	6,860,545.40	20,255.00	0.00	0.00	0.00
Westinghouse Credit	0.00	0.00	0.00	0.00	197,113,000.00
William Blair & Co.	2,592,888.22	3,968.00	3,167,875.00	0.00	0.00
Wilshire Associates	130,088,954.75	282,480.80	0.00	0.00	0.00
Wood Gundy & Company	1,350,594.55	1,463.00	0.00	0.00	0.00
All Brokers Combined	5,781,795,900.51	7,757,773.19	5,956,198,268.03	1,019,986.30	86,982,999,442.47

1987 ANNUAL REPORT

PART II

MINNESOTA STATE BOARD OF INVESTMENT

GOVERNOR RUDY PERPICH

STATE AUDITOR ARNE H. CARLSON

STATE TREASURER MICHAEL A. MCGRATH

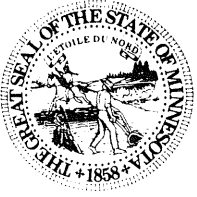
SECRETARY OF STATE JOAN ANDERSON GROWE

ATTORNEY GENERAL HUBERT H. HUMPHREY III

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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

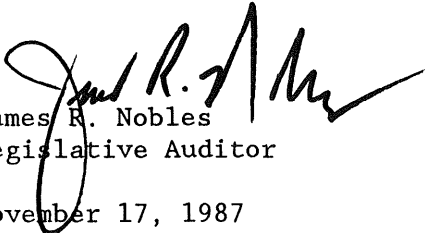
The State Board of Investment
and
Howard J. Bicker, Executive Director

We have examined 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, 1987, as shown on pages 2 to 10. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

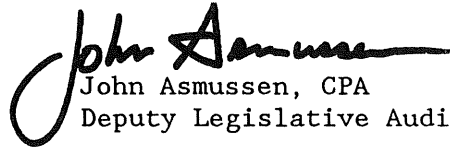
The financial statements present only the Investment Trust Funds of the State of Minnesota and are not intended to present fairly the financial position and results of operations of the State Board of Investment or the State of Minnesota in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the net assets and participation of the Investment Trust Funds of the State of Minnesota at June 30, 1987, 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 examination 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 11 to 111 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

November 17, 1987


John Asmussen, CPA
Deputy Legislative Auditor

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1987

	SUPPLEMENTAL(5) RETIREMENT FUND TOTAL	POST RETIREMENT(6) INVESTMENT FUND	VARIABLE(7) ANNUITY FUND
ASSETS:			
INVESTMENTS (at market value) (3)			
Common Stock	\$ 221,566,425	\$ 670,664,380	\$ 170,455,353
Alternative Equities	-0-	-0-	-0-
Fixed Income Securities	74,355,691	2,898,641,761	-0-
Short Term Securities	<u>107,421,931</u>	<u>356,600,888</u>	<u>145,912</u>
TOTAL INVESTMENTS(4)	\$ 403,344,047	\$ 3,925,907,029	\$ 170,601,265
Cash	1	48,686	-0-
Security Sales Receivable	-0-	2,368,627	-0-
Accounts Receivable-Fee Refunds	689	-0-	-0-
Accounts Receivable-Mortality	-0-	9,851,407	-0-
Accounts Receivable-Participants	-0-	11,648,682	245,831
Accrued Interest	1,467,649	66,620,207	-0-
Accrued Dividends	-0-	1,996,542	-0-
Accrued Short Term Gain	<u>595,071</u>	<u>1,357,890</u>	<u>2,107</u>
TOTAL ASSETS	\$ 405,407,457	\$ 4,019,799,070	\$ 170,849,203
LIABILITIES:			
Management Fees Payable	34,285	236,194	39,822
Security Purchases Payable	4,581,250	895,210	-0-
Accounts Payable-Participants	-0-	-0-	-0-
Options Premiums Received	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES	\$ 4,615,535	\$ 1,131,404	\$ 39,822
NET ASSETS AT JUNE 30, 1986	<u>\$ 400,791,922</u>	<u>\$ 4,018,667,666</u>	<u>\$ 170,809,381</u>

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1987

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE ANNUITY FUND
FROM INVESTMENT ACTIVITY:			
Net Investment Income	\$ 40,614,650	\$ 296,084,886	\$ 24,849,384
Realized Gains (Losses)	9,563,415	106,362,157	2,196,714
Unrealized Gains (Losses)	(4,822,470)	(210,864,547)	(1,750,264)
TOTAL INCOME	\$ 45,355,595	\$ 191,582,496	\$ 25,295,834
Less Distribution to Participant Accounts	(45,835,257)	(152,917,754)	(36,330,581)
Undistributed Dedicated Income	-0-	(246,892,590)	(2,196,714)
NET CHANGE IN UNDISTRIBUTED INCOME	\$ (479,662)	\$ (208,227,848)	\$ (13,231,461)
FROM PARTICIPANT TRANSACTION:			
Additions to Participant Accounts			
Participant Contributions	27,606,009	439,888,106	-0-
Income Distribution	45,835,257	152,917,754	36,330,581
Income to be Distributed	-0-	246,892,590	2,196,714
TOTAL ADDITIONS	\$ 73,441,266	\$ 839,698,450	\$ 38,527,295
Deductions from Participant Accounts			
Withdrawals	18,232,759	245,653,557	1,633,149
TOTAL DEDUCTIONS	\$ 18,232,759	\$ 245,653,557	\$ 1,633,149
NET CHANGE IN PARTICIPATION	\$ 55,208,507	\$ 594,044,893	\$ 36,894,146
TOTAL CHANGE IN ASSETS	54,728,845	385,817,045	23,662,685
NET ASSETS:			
Beginning of Period	346,063,077	3,632,850,621	147,146,696
End of Period	\$ 400,791,922	\$ 4,018,667,666	\$ 170,809,381

STATE BOARD OF INVESTMENT
INVESTMENT TRUST FUNDS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1987

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT INVESTMENT FUND	VARIABLE ANNUITY FUND
INVESTMENT INCOME:			
Interest	\$ 8,124,706	\$ 258,447,563	\$ -0-
Dividends	26,696,726	19,191,631	24,857,494
Short Term Gains	5,886,369	19,140,567	64,529
INCOME BEFORE EXPENSES	\$ 40,707,801	\$ 296,779,761	\$ 24,922,023
Management Fees	93,151	694,875	72,639
NET INCOME	\$ 40,614,650	\$ 296,084,886	\$ 24,849,384
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
Realized:			
Proceeds from Sales	\$ 131,706,580	\$ 1,103,112,221	\$ 30,192,996
Cost of Securities Sold	122,143,165	996,750,064	27,996,282
NET REALIZED GAIN (LOSS)	\$ 9,563,415	\$ 106,362,157	\$ 2,196,714
Unrealized			
Beginning of Period	24,157,440	482,673,623	14,256,810
End of Period	19,334,970	271,809,076	12,506,546
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	\$ (4,822,470)	\$ (210,864,547)	\$ (1,750,264)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	\$ 4,740,945	\$ (104,502,390)	\$ 446,450

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1987

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, 1987, 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 \$200,000,000 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 20 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, 1987, the cost of investments for the Investment Trust Funds was:

Supplemental Retirement Fund	\$ 384,009,077
Post Retirement Investment Fund	\$3,654,097,953
Variable Annuity Fund	\$ 158,094,719

4. LOANED SECURITIES

The market value of loaned securities outstanding at June 30, 1987 was:

Supplemental Retirement Fund	\$ 3,415,195
Post Retirement Investment Fund	\$ 485,965,882

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 1987 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. Financial information on the individual accounts is shown on pages 12 to 15 of this report. Participation in the Supplemental Retirement 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, 1987. 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 1987 investment income of the Post Retirement Investment Fund is available for distribution as a benefit increase to pension fund participants in January 1988. 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, 1986 are eligible to receive the January 1, 1988 benefit increase, which will be 8.054%. Past increases paid to retirees on January 1st have been:

1981	3.209%
1982	7.436%
1983	6.853%
1984	7.449%
1985	6.905%
1986	7.884%
1987	9.792%
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 \$20,804,887 at June 30, 1987. 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, 1987

Net Assets	\$ 170,809,381
Admitted Value Increment	<u>20,804,887</u>
	\$ 191,614,268
Less: Unrealized Market	
Appreciation (Depreciation)	12,506,546
Undistributed Earnings	<u>7,478,009</u>
Total Participation	\$ 171,629,713

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 16 to 19 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, 1987

	SUPPLEMENTAL RETIREMENT FUND TOTAL	POST RETIREMENT FUND	VARIABLE ANNUITY FUND
Teacher's Retirement Fund	\$ -0-	\$ 1,502,816,000	\$ 171,629,713
Public Employees Retirement Fund	-0-	1,211,028,000	-0-
State Employees Retirement Fund	-0-	586,695,000	-0-
Public Employees Police & Fire	-0-	116,011,000	-0-
Highway Patrolmen's Retirement	-0-	60,771,000	-0-
Legislators & Survivors Retire.	-0-	8,318,000	-0-
Judges Retirement Fund	-0-	14,327,000	-0-
Variable Annuity Fund	-0-	-0-	-0-
Income Share Account	214,180,959	-0-	-0-
Growth Share Account	90,459,043	-0-	-0-
Money Market Account	76,976,870	-0-	-0-
Bond Account	11,498,731	-0-	-0-
Index Account	1,906,389	-0-	-0-
Bond Market Account	798,177	-0-	-0-
G.I.C. Account	4,472,562	-0-	-0-
TOTAL PARTICIPATION	\$ 400,292,731	\$ 3,499,966,000	\$ 171,629,713
Adjustments			
Admitted Value Increment	-0-	-0-	(20,804,887)
Unrealized Appreciation			
(Depreciation) of Investments	455,041	271,809,076	12,506,546
Undistributed Earnings	44,150	246,892,590	7,478,009
NET ASSETS	\$ 400,791,922	\$ 4,018,667,666	\$ 170,809,381

SUPPLEMENTAL FINANCIAL STATEMENTS

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1987

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	BOND ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
ASSETS:								
INVESTMENTS (at market value)(1)								
Common Stock	\$ 129,204,233	\$ 90,455,683	\$ -0-	\$ -0-	\$ 1,906,509	\$ -0-	\$ -0-	\$ 221,566,425
Fixed Income Securities	57,956,149	-0-	-0-	11,155,470	-0-	798,566	4,445,506	74,355,691
Short Term Securities	30,320,141	24,727	76,503,700	573,356	-0-	-0-	7	107,421,931
TOTAL INVESTMENTS(2)	\$ 217,480,523	\$ 90,480,410	\$ 76,503,700	\$ 11,728,826	\$ 1,906,509	\$ 798,566	\$ 4,445,513	\$ 403,344,047
Cash	-0-	-0-	-0-	1	-0-	-0-	-0-	1
Security Sales Receivable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accounts Receivable-Fee Refunds	-0-	-0-	-0-	689	-0-	-0-	-0-	689
Accounts Receivable-Participants	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accrued Interest	1,122,132	-0-	-0-	318,461	-0-	-0-	27,056	1,467,649
Accrued Dividends	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accrued Short Term Gain	167,857	577	423,554	3,083	-0-	-0-	-0-	595,071
TOTAL ASSETS	\$ 218,770,512	\$ 90,480,987	\$ 76,927,254	\$ 12,051,060	\$ 1,906,509	\$ 798,566	\$ 4,472,569	\$ 405,407,457
LIABILITIES:								
Management Fees Payable	8,303	21,944	3,370	-0-	120	389	159	34,285
Security Purchases Payable	4,581,250	-0-	-0-	-0-	-0-	-0-	-0-	4,581,250
Accounts Payable to Teachers	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Options Premiums Received	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	\$ 4,589,553	\$ 21,944	\$ 3,370	\$ -0-	\$ 120	\$ 389	\$ 159	\$ 4,615,535
NET ASSETS AT JUNE 30, 1987	\$ 214,180,959	\$ 90,459,043	\$ 76,923,884	\$ 12,051,060	\$ 1,906,389	\$ 798,177	\$ 4,472,410	\$ 400,791,922
(1)The cost of investments at June 30, was:								
Common Stock	\$ 118,525,054	\$ 84,404,946	\$ -0-	\$ -0-	\$ 1,707,667	\$ -0-	\$ -0-	\$ 204,637,667
Fixed Income Securities	55,965,279	-0-	-0-	10,700,429	-0-	838,265	4,445,506	71,949,479
Short Term Securities	30,320,141	24,727	76,503,700	573,356	-0-	-0-	7	107,421,931
Total Investments at Cost	\$ 204,810,474	\$ 84,429,673	\$ 76,503,700	\$ 11,273,785	\$ 1,707,667	\$ 838,265	\$ 4,445,513	\$ 384,009,077
(2)The market value of loaned securities outstanding at June 30, was:								
	\$ 3,307,500	\$ -0-	\$ -0-	\$ 107,695	\$ -0-	\$ -0-	\$ -0-	\$ 3,415,195

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1987

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	BOND ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
FROM INVESTMENT ACTIVITY:								
Net Investment Income	\$ 20,907,596	\$ 13,611,912	\$ 4,576,438	\$ 1,138,318	\$ 105,499	\$ 70,237	\$ 204,650	\$ 40,614,650
Realized Gains (Losses)	7,815,228	1,596,078	-0-	145,821	-0-	6,288	-0-	9,563,415
Unrealized Gains (Losses)	(2,844,663)	(1,650,712)	-0-	(486,238)	198,842	(39,699)	-0-	(4,822,470)
TOTAL INCOME	\$ 25,878,161	\$ 13,557,278	\$ 4,576,438	\$ 797,901	\$ 304,341	\$ 36,826	\$ 204,650	\$ 45,355,595
Less Distribution to Participant Accounts	(25,878,161)	(13,557,278)	(4,629,644)	(1,224,357)	(304,341)	(36,826)	(204,650)	(45,835,257)
Undistributed Dedicated Income	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NET CHANGE IN UNDISTRIBUTED INCOME	\$ -0-	\$ -0-	\$ (53,206)	\$ (426,456)	\$ -0-	\$ -0-	\$ -0-	\$ (479,662)
FROM PARTICIPANT TRANSACTION:								
Additions to Participant Accounts								
Participant Contributions	10,629,086	1,907,206	5,095,891	3,119,139	1,602,048	952,518	4,300,121	27,606,009
Income Distribution	25,878,161	13,557,278	4,629,644	1,224,357	304,341	36,826	204,650	45,835,257
Income to be Distributed	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL ADDITIONS	\$ 36,507,247	\$ 15,464,484	\$ 9,725,535	\$ 4,343,496	\$ 1,906,389	\$ 989,344	\$ 4,504,771	\$ 73,441,266
Deductions from Participant Accounts								
Withdrawals	1,593,798	3,671,584	9,639,889	3,103,960	-0-	191,167	32,361	18,232,759
TOTAL DEDUCTIONS	\$ 1,593,798	\$ 3,671,584	\$ 9,639,889	\$ 3,103,960	\$ -0-	\$ 191,167	\$ 32,361	\$ 18,232,759
NET CHANGE IN PARTICIPATION	\$ 34,913,449	\$ 11,792,900	\$ 85,646	\$ 1,239,536	\$ 1,906,389	\$ 798,177	\$ 4,472,410	\$ 55,208,507
TOTAL CHANGE IN ASSETS	\$ 34,913,449	\$ 11,792,900	\$ 32,440	\$ 813,080	\$ 1,906,389	\$ 798,177	\$ 4,472,410	\$ 54,728,845
NET ASSETS:								
Beginning of Period	179,267,510	78,666,143	76,891,444	11,237,980	-0-	-0-	-0-	346,063,077
End of Period	\$ 214,180,959	\$ 90,459,043	\$ 76,923,884	\$ 12,051,060	\$ 1,906,389	\$ 798,177	\$ 4,472,410	\$ 400,791,922

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 1987

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	BOND ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
INVESTMENT INCOME:								
Interest	\$ 6,752,619	\$ -0-	\$ (14,444)	\$ 1,113,931	\$ -0-	\$ 70,695	\$ 201,905	\$ 8,124,706
Dividends	12,972,914	13,618,128	-0-	-0-	105,684	-0-	-0-	26,696,726
Short Term Gains	1,219,651	35,027	4,603,891	24,649	-0-	-0-	3,151	5,886,369
INCOME BEFORE EXPENSES	\$ 20,945,184	\$ 13,653,155	\$ 4,589,447	\$ 1,138,580	\$ 105,684	\$ 70,695	\$ 205,056	\$ 40,707,801
Management Fees	37,588	41,243	13,009	262	185	458	406	93,151
NET INCOME	\$ 20,907,596	\$ 13,611,912	\$ 4,576,438	\$ 1,138,318	\$ 105,499	\$ 70,237	\$ 204,650	\$ 40,614,650
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS								
Realized:								
Proceeds from Sales	\$ 109,517,592	\$ 20,513,960	\$ -0-	\$ 1,451,500	\$ -0-	\$ 191,167	\$ 32,361	\$ 131,706,580
Cost of Securities Sold	101,702,364	18,917,882	-0-	1,305,679	-0-	184,879	32,361	122,143,165
NET REALIZED GAIN (LOSS)	\$ 7,815,228	\$ 1,596,078	\$ -0-	\$ 145,821	\$ -0-	\$ 6,288	\$ -0-	\$ 9,563,415
Unrealized								
Beginning of Period	15,514,712	7,701,449	-0-	941,279	-0-	-0-	-0-	24,157,440
End of period	12,670,049	6,050,737	-0-	455,041	198,842	(39,699)	-0-	19,334,970
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	\$ (2,844,663)	\$ (1,650,712)	\$ -0-	\$ (486,238)	\$ 198,842	\$ (39,699)	\$ -0-	\$ (4,822,470)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	\$ 4,970,565	\$ (54,634)	\$ -0-	\$ (340,417)	\$ 198,842	\$ (33,411)	\$ -0-	\$ 4,740,945

STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL RETIREMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 1987

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	BOND ACCOUNT	INDEX ACCOUNT	BOND MARKET ACCOUNT	G.I.C. ACCOUNT	SUPPLEMENTAL RETIREMENT FUND TOTAL
Albert Lea Firemen's Relief	\$ 3,267,152	\$ -0-	\$ -0-	\$ 120,024	-0-	-0-	-0-	\$ 3,387,176
Austin Fire Relief	430,636	-0-	-0-	-0-	-0-	-0-	-0-	430,636
Austin Police Relief	471,404	-0-	-0-	-0-	-0-	-0-	-0-	471,404
Bloomington Fire Dept. Relief	12,033,685	677,070	-0-	-0-	-0-	-0-	-0-	12,710,755
Bloomington Police Relief	1,031,308	593,282	-0-	-0-	-0-	-0-	-0-	1,624,590
Buhl Police Relief	-0-	-0-	-0-	74,967	-0-	-0-	-0-	74,967
Clear Lake Fire Relief	-0-	72,965	-0-	-0-	-0-	-0-	-0-	72,965
Clearbrook Fire Relief	38,221	63,096	-0-	-0-	-0-	-0-	-0-	101,317
Hennepin County Supplemental Ret.	12,848,209	10,522,973	2,981,813	-0-	-0-	-0-	-0-	26,352,995
Hinckley Fire Relief	5,165	-0-	-0-	-0-	-0-	-0-	-0-	5,165
Osseo Fire Relief	25,200	-0-	-0-	-0-	-0-	-0-	-0-	25,200
St. Paul Fire -General	348,559	54,093	-0-	129,243	-0-	-0-	-0-	531,895
St. Paul Fire-Special	28,558,329	6,563,049	-0-	11,059,954	-0-	-0-	-0-	46,181,332
St. Paul Police Relief	44,894,031	5,493,526	-0-	-0-	-0-	-0-	-0-	50,387,557
MSRS Deferred Compensation	28,055,794	19,203,462	64,870,693	-0-	1,379,093	-0-	4,472,562	117,981,604
MSRS Unclassified Empl. Escrow	25,770,300	9,608,219	9,124,364	-0-	527,296	798,177	-0-	45,828,356
South St. Paul Policemen's Relief	130,513	-0-	-0-	114,543	-0-	-0-	-0-	245,056
Teacher's Supplemental Retirement	55,929,092	37,607,308	-0-	-0-	-0-	-0-	-0-	93,536,400
Winona Fire Dept. Relief	343,361	-0-	-0-	-0-	-0-	-0-	-0-	343,361
TOTAL PARTICIPATION	\$ 214,180,959	\$ 90,459,043	\$ 76,976,870	\$ 11,498,731	\$ 1,906,389	\$ 798,177	\$ 4,472,562	\$ 400,292,731
Adjustments								
Unrealized Appreciation								
(Depreciation) of Investments	-0-	-0-	-0-	455,041	-0-	-0-	-0-	455,041
Undistributed Earnings	-0-	-0-	(52,986)	97,288	-0-	-0-	(152)	44,150
NET ASSETS	\$ 214,180,959	\$ 90,459,043	\$ 76,923,884	\$ 12,051,060	\$ 1,906,389	\$ 798,177	\$ 4,472,410	\$ 400,791,922

STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF ASSETS AND LIABILITIES
JUNE 30, 1987

	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)(1)							
Common Stock	\$1,144,761,593	\$2,158,085,702	\$ 90,666,962	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Alternative Equities	-0-	-0-	-0-	396,342,647	62,767,384	86,182,508	-0-
Fixed Income Securities	37,137,870	1,628	-0-	-0-	-0-	-0-	1,000,905,947
Short Term Securities	126,232,088	7,686,534	1,987,770	8,192,105	4,809,180	7,185,605	80,398,333
TOTAL INVESTMENTS(2)	\$1,308,131,551	\$2,165,773,864	\$ 92,654,732	\$ 404,534,752	\$ 67,576,564	\$ 93,368,113	\$ 1,081,304,280
Cash With State Treasurer	6,006	-0-	1	1	1	-0-	2
Security Sales Receivable	20,604,247	14,164,363	918,474	-0-	-0-	-0-	4,235,564
Accounts Receivable-Mortality	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accounts Receivable-Participants	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Accounts Receivable-Managers							
Performance Fee Refunds	1,092,459	-0-	-0-	-0-	-0-	-0-	-0-
Accrued Interest	249,473	34	-0-	-0-	-0-	-0-	15,678,692
Accrued Dividends	2,393,008	5,815,892	277,452	918,029	-0-	-0-	-0-
Accrued Short Term Gain	866,965	36,123	11,704	45,598	26,768	30,183	955,707
TOTAL ASSETS	\$1,333,343,709	\$2,185,790,276	\$ 93,862,363	\$ 405,498,380	\$ 67,603,333	\$ 93,398,296	\$ 1,102,174,245
LIABILITIES:							
Management Fees Payable	1,414,583	66,568	-0-	55,000	-0-	-0-	513,258
Security Purchases Payable	19,358,885	11,806,404	117,796	-0-	-0-	-0-	12,237,060
Accounts Payable to Teachers	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Options Premiums Received	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	\$ 20,773,468	\$ 11,872,972	\$ 117,796	\$ 55,000	\$ -0-	\$ -0-	\$ 12,750,318
NET ASSETS AT JUNE 30, 1987	\$1,312,570,241	\$2,173,917,304	\$ 93,744,567	\$ 405,443,380	\$ 67,603,333	\$ 93,398,296	\$ 1,089,423,927
(1)The cost of investments							
at June 30, was:							
Common Stock	\$ 939,791,084	\$1,364,332,866	78,501,342	-0-	\$ -0-	\$ -0-	\$ -0-
Alternative Equities	-0-	-0-	-0-	338,136,544	74,250,700	85,822,703	-0-
Fixed Income Securities	36,329,520	699	-0-	-0-	-0-	-0-	1,006,161,808
Short Term Securities	126,232,088	7,686,534	1,987,770	8,192,105	4,809,180	7,185,605	80,398,333
Total Investments at Cost	\$1,102,352,692	\$1,372,020,099	\$ 80,489,112	\$ 346,328,649	\$ 79,059,880	\$ 93,008,308	\$ 1,086,560,141
(2)The market of loaned securities							
outstanding at June 30, was:	\$ 56,198,445	\$ 66,826,320	\$ 5,923,850	\$ -0-	\$ -0-	\$ -0-	\$ 65,244,310

STATE BOARD OF INVESTMENT
MINNESOTA POOLED ACCOUNTS
SCHEDULE OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 1987

	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	\$ 26,272,756	\$ 61,796,130	\$ 3,716,327	\$ 8,407,081	\$ 5,311,722	\$ 790,922	\$ 93,067,918
Realized Gains (Losses)	166,441,073	117,480,223	14,054,482	-0-	-0-	707,306	24,677,248
Unrealized Gains (Losses)	9,135,207	206,179,728	(9,374,670)	15,115,411	305,486	437,801	(34,993,278)
TOTAL INCOME	\$ 201,849,036	\$ 385,456,081	\$ 8,396,139	\$ 23,522,492	\$ 5,617,208	\$ 1,936,029	\$ 82,751,888
Less Distribution to							
Participant Accounts	(194,051,555)	(169,280,002)	(17,770,809)	(8,506,099)	(5,332,148)	(1,498,228)	(117,768,362)
Undistributed Dedicated Income	1,337,726	(9,996,351)	-0-	99,018	20,426	-0-	23,196
NET CHANGE IN UNDISTRIBUTED INCOME	\$ 9,135,207	\$ 206,179,728	\$ (9,374,670)	\$ 15,115,411	\$ 305,486	\$ 437,801	\$ (34,993,278)
FROM PARTICIPANT TRANSACTION:							
Additions to Participant Accounts							
Participant Contributions	63,478,324	69,236,294	-0-	50,000,000	25,000,000	26,000,000	1,028,180
Income Distribution	194,051,555	169,280,002	17,770,809	8,506,099	5,332,148	1,498,228	117,768,362
Income to be Distributed	(1,337,726)	9,996,351	-0-	(99,018)	(20,426)	-0-	(23,196)
TOTAL ADDITIONS	\$ 256,192,153	\$ 248,512,647	\$ 17,770,809	\$ 58,407,081	\$ 30,311,722	\$ 27,498,228	\$ 118,773,346
Deductions from							
Participant Accounts							
Withdrawals	15,659,762	274,838,508	116,629,021	-0-	-0-	-0-	72,805,979
TOTAL DEDUCTIONS	\$ 15,659,762	\$ 274,838,508	\$ 116,629,021	\$ -0-	\$ -0-	\$ -0-	\$ 72,805,979
NET CHANGE IN PARTICIPATION	\$ 240,532,391	\$ (26,325,861)	\$ (98,858,212)	\$ 58,407,081	\$ 30,311,722	\$ 27,498,228	\$ 45,967,367
TOTAL CHANGE IN ASSETS	\$ 249,667,598	\$ 179,853,867	\$ (108,232,882)	\$ 73,522,492	\$ 30,617,208	\$ 27,936,029	\$ 10,974,089
NET ASSETS:							
Beginning of Period	1,062,902,643	1,994,063,437	201,977,449	331,920,888	36,986,125	65,462,267	1,078,449,838
End 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

STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 1987

	ACTIVE EQUITY ACCOUNT	PASSIVE EQUITY ACCOUNT	INTERNAL EQUITY ACCOUNT	REAL ESTATE ACCOUNT	RESOURCE ACCOUNT	VENTURE CAPITAL ACCOUNT	BOND MANAGERS ACCOUNT
INVESTMENT INCOME:							
Interest	\$ 730,904	\$ 177,438	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 89,932,262
Dividends	21,786,405	61,326,922	3,339,558	7,614,442	4,536,023	382,332	-0-
Short Term Gains	7,736,869	545,770	376,769	847,639	780,200	408,590	5,215,053
INCOME BEFORE EXPENSES	\$ 30,254,178	\$ 62,050,130	\$ 3,716,327	\$ 8,462,081	\$ 5,316,223	\$ 790,922	\$ 95,147,315
Management Fees	3,981,422	254,000	-0-	55,000	4,501	-0-	2,079,397
NET INCOME	<u>\$ 26,272,756</u>	<u>\$ 61,796,130</u>	<u>\$ 3,716,327</u>	<u>\$ 8,407,081</u>	<u>\$ 5,311,722</u>	<u>\$ 790,922</u>	<u>\$ 93,067,918</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Realized:							
Proceeds from Sales	\$ 1,168,956,599	\$ 401,460,700	\$ 195,348,434	\$ -0-	\$ -0-	\$ 16,429,357	\$ 1,540,891,771
Cost of Securities Sold	1,002,515,526	283,980,477	181,293,952	-0-	-0-	15,722,051	1,516,214,523
NET REALIZED GAIN (LOSS)	\$ 166,441,073	\$ 117,480,223	\$ 14,054,482	\$ -0-	\$ -0-	\$ 707,306	\$ 24,677,248
Unrealized							
Beginning of Period	196,643,652	587,574,037	21,540,290	43,090,692	(11,788,802)	(77,996)	29,737,417
End of Period	<u>205,778,859</u>	<u>793,753,765</u>	<u>12,165,620</u>	<u>58,206,103</u>	<u>(11,483,316)</u>	<u>359,805</u>	<u>(5,255,861)</u>
INCREASE (DECREASE) IN UNREALIZED APPRECIATION	<u>\$ 9,135,207</u>	<u>\$ 206,179,728</u>	<u>\$ (9,374,670)</u>	<u>\$ 15,115,411</u>	<u>\$ 305,486</u>	<u>\$ 437,801</u>	<u>\$ (34,993,278)</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENT	<u>\$ 175,576,280</u>	<u>\$ 323,659,951</u>	<u>\$ 4,679,812</u>	<u>\$ 15,115,411</u>	<u>\$ 305,486</u>	<u>\$ 1,145,107</u>	<u>\$ (10,316,030)</u>

STATE BOARD OF INVESTMENT
MINNESOTA POOLED ACCOUNTS
SCHEDULE OF PARTICIPATION
JUNE 30, 1987

	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	\$ 456,495,186	\$ 849,614,519	\$ -0-	\$ 166,060,533	\$ 27,688,767	\$ 38,253,860	\$ 445,876,810	\$ 1,983,989,675
Public Employees Retirement Fund	305,078,701	567,240,326	-0-	110,979,591	18,504,728	25,565,330	297,982,710	1,325,351,386
State Employees Retirement Fund	240,949,058	448,368,829	-0-	87,650,661	14,614,785	20,191,295	235,344,359	1,047,118,987
Public Employees Police & Fire	93,359,791	173,721,585	-0-	33,961,688	5,662,741	7,823,453	91,188,097	405,717,355
Highway Patrolmen's Retirement	17,705,262	32,952,607	-0-	6,440,691	1,073,915	1,483,682	17,293,425	76,949,582
Judges Retirement Fund	962,740	1,812,942	-0-	350,216	58,397	80,676	940,336	4,205,307
Supplemental Income Share Account	-0-	98,300,047	30,901,223	-0-	-0-	-0-	-0-	129,201,270
Supplemental Growth Share Account	68,996,730	-0-	21,442,190	-0-	-0-	-0-	-0-	90,438,920
Supplemental Index Account	-0-	1,906,449	-0-	-0-	-0-	-0-	-0-	1,906,449
Supplemental Bond Market Account	-0-	-0-	-0-	-0-	-0-	-0-	798,190	798,190
Variable Annuity Fund	<u>129,022,773</u>	<u>-0-</u>	<u>41,401,154</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>170,423,927</u>
TOTAL PARTICIPATION	\$1,312,570,241	\$2,173,917,304	\$ 93,744,567	\$ 405,443,380	\$ 67,603,333	\$ 93,398,296	\$1,089,423,927	\$ 5,236,101,048

MINNESOTA STATE BOARD OF INVESMENT
POST RETIREMENT FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
113,000	ALEXANDER & ALEXANDER	\$	2,923,875
239,600	AMERICAN FAMILY CORP		3,114,800
82,500	AMERICAN GENERAL CORP		3,269,063
251,900	AMERICAN MEDICAL INTL.		4,817,588
76,000	AMERICAN STORES NEW		5,567,000
126,200	AMES DEPARTMENT STORES		2,997,250
117,200	AON CORP		3,017,900
69,550	ATLANTIC RICHFIELD		6,624,638
156,300	BALLY MFG CO		3,516,750
136,700	BANC ONE CORP		3,776,338
149,800	BANK BOSTON CORP		5,243,000
182,500	BANKERS TRUST NY CORP.		9,307,500
154,200	BOEING COMPANY		7,228,125
93,200	BROWN GROUP		3,984,300
71,900	BURLINGTON NORTHERN INC.		5,949,725
73,500	CENTEL CORP.		4,860,188
136,600	CENTRAL & SO WEST CORP.		4,285,825
149,200	CHARMING SHOPPES INC		4,531,950
217,200	CHASE MANHATTAN CORP.		8,959,500
184,200	CHEMICAL NEW YORK CORP		7,736,400
144,450	CHRYSLER CORP.		4,929,356
257,400	CHURCHS FRIED CHICKEN		2,574,000
56,600	CIGNA CORPORATION		3,587,025
89,100	CIRCUIT CITY STORES INC		3,408,075
160,100	CITICORP		9,445,900
130,600	CITIZENS & SOUTHERN CORP.		3,607,825
57,300	CNA FINL CORP		2,993,925
164,850	COASTAL CORP		5,728,538
173,300	COMDISCO INC.		5,328,975
131,400	COMMONWEALTH EDISON CO.		4,549,725
144,200	COMMUNICATIONS SATELLITE		4,091,675
148,050	CONTEL CORP		4,700,588
75,800	COOPER INDS. INC.		4,472,200
41,100	CRAY RESEARCH INC		4,176,788
267,300	CSX CORPORATION		9,322,088
110,200	DAYTON-HUDSON CORP.		5,578,875
374,800	DSC COMMUNICATIONS CORP		2,857,850
101,600	DUKE POWER CO. NC		4,533,900
94,500	EMHART CORP VA		4,228,875
165,600	FAMILY DLR STORES INC		2,898,000
75,800	FEDERAL EXPRESS CORP.		5,097,550
142,600	FIRST BANK SYSTEM		4,812,750
142,500	FIRST INTERST. BANCORP		8,514,375
132,700	FIRST UNION CORP		3,367,263
157,700	FMC CORP NEW		5,420,938
200,000	FPL GROUP INC.		6,300,000
106,100	GENERAL DYNAMICS		7,082,175

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES		MARKET VALUE
115,000	GENERAL MOTORS CORP CL E	\$ 4,398,750
61,000	GENERAL MOTORS CORP.	5,040,125
55,900	GENERAL RE CORP.	3,032,575
206,300	GIBSON GREETINGS	3,042,925
94,200	GOLDEN WEST FIN'L	3,367,650
130,600	GREAT ATLANTIC & PAC TEA	5,060,750
118,325	GTE CORP.	4,555,513
150,000	HASBRO INC.	3,731,250
115,000	HM FED S & L ASSN. S.D.	3,536,250
173,300	HOME DEPOT INC.	5,848,875
69,800	HONEYWELL INC.	5,758,500
137,100	HOSPITAL CORP. OF AMER.	6,358,013
86,600	HOUSEHOLD INTL.	4,589,800
129,250	HOUSTON INDUSTRIES INC.	4,297,563
376,800	HUMANA INC.	9,702,600
164,600	INTERGRAPH CORP.	3,703,500
123,800	KEMPER CORP.	3,806,850
154,500	KERR MCGEE CORP.	5,677,875
206,300	KEYSTONE INTL INC	4,280,725
178,400	KLM ROYAL DUTCH AIR	4,415,400
96,000	LEASEWAY TRANSN CORP	4,884,000
96,300	LIMITED INC.	4,177,013
57,900	LITTON INDS INC.	5,290,613
142,000	LIZ CLAIBORNE INC.	4,934,500
153,030	LOCKHEED AIRCRAFT CORP	7,900,174
57,000	LOEWS CORP	3,733,500
417,200	LONG ISLAND LTG CO	3,859,100
179,600	MARTIN MARIETTA	8,306,500
191,200	MAXICARE HEALTH PLANS	2,724,600
825,500	MCI COMMUNICATION	6,191,250
88,200	MELLON BANK CORP	3,142,125
51,400	MELVILLE CORPORATION	3,771,475
185,400	MFRS. HANOVER CORP.	8,273,475
329,600	MIDDLE SOUTH UTILS INC	3,502,000
110,550	MOBIL CORPORATION	5,624,231
63,400	MONSANTO CO.	5,301,825
74,000	MORGAN J P & COMPANY INC.	3,542,750
180,500	NATL. MEDICAL ENTER. INC.	4,941,188
335,700	NCNB CORP.	8,686,238
277,100	NIAGARA MOHAWK PWR CORP	4,606,788
142,600	NO. STS. POWER CO. MINN.	4,491,900
285,300	OCEAN DRILLING & EXPL CO	7,631,775
180,400	PACIFIC GAS & ELEC. CO.	3,630,550
131,100	PACIFICORP	4,703,213
202,500	PHILADELPHIA ELEC. CO.	4,277,813
246,000	PIC N SAVE CORP.	5,996,250
96,300	PIONEER HI-BRED INTL.	3,514,950

MINNESOTA STATE BOARD OF INVESMENT
POST RETIREMENT FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
75,800	PNC FINANCIAL	\$	3,676,300
91,200	PRICE CO		4,092,600
88,100	PRIME MTR INNS INC		3,667,163
103,200	PROGRESSIVE CORP OHIO		3,096,000
62,200	RAYTHEON COMPANY		4,696,100
117,900	REEBOK INTERNATIONAL LTD		4,966,538
184,400	ROCKWELL INTL CORP		4,978,800
166,650	ROLLINS ENVIR. SVS.		3,707,963
45,100	ROYAL DUTCH PET. GLDRS.		5,953,200
121,650	RYDER SYSTEMS INC.		4,409,813
151,800	SAFECARD SVCS INC		3,092,925
196,500	SALOMON INC		6,459,938
162,500	SEAGATE TECHNOLOGY		5,525,000
226,300	SECURITY PACIFIC CORP.		9,504,600
268,900	SHARED MED. SYSTEMS CORP.		7,529,200
155,600	SONAT INC.		5,407,100
174,800	SOUTHERN CO		4,238,900
92,600	SOUTHLAND CORP.		6,204,200
125,700	SOUTHWESTERN BELL CORP.		4,886,588
92,500	SOVRAN FINANCIAL CORP.		3,283,750
76,700	ST. PAUL COS. INC.		3,509,025
146,100	SUBARU OF AMERICA INC.		1,753,200
81,300	SUN COMPANY INC		5,335,313
120,400	TELERATE INC		5,237,400
46,800	TELEX CORP.		3,311,100
141,100	TEXACO INC.		5,714,550
137,100	TEXAS UTILITIES CO.		4,421,475
112,100	TORCHMARK CORP		3,180,838
101,900	TOYS R US		3,693,875
183,900	TRACOR INC.		3,723,975
69,600	TRW INC.		3,662,700
77,800	TYCO LABS		3,403,750
232,100	U.S. HEALTHCARE INC.		3,336,438
86,800	U.S. WEST CORP		4,567,850
158,850	UNITED TECHNOLOGIES CORP.		8,299,913
166,050	UNITED TELECOM. INC.		4,545,619
150,900	UNOCAL CORP.		5,979,413
140,000	US AIR GROUP		6,632,500
81,800	US FIDELITY & GUAR. CO.		3,098,175
121,300	USG CORP HOLDING CO.		4,154,525
88,400	VALLEY NATIONAL CORP.		3,536,000
39,000	WENDYS INTL INC		380,250
191,200	WORTHINGTON INDS INC		4,158,600
146,400	YELLOW FREIGHT SYSTEM		5,050,800
123,200	ZAYRE CORP.		3,434,200
TOTAL EQUITY PORTFOLIO		\$	670,664,380

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
696,000	AMER AIRLINES EQMT TR CER	01/15/2008	9.900%	\$ 737,224
2,888,000	AMER AIRLINES EQMT TR CER	01/15/2002	9.750%	2,932,735
2,565,000	AMER AIRLINES EQMT TR CER	01/15/2004	9.850%	2,628,202
13,675,000	AMERICAN CAN	10/15/1992	11.125%	14,561,550
1,000,000	AMERICAN TELEPHONE & TELE	08/01/2000	6.000%	756,370
745,000	AMOCO CORP	07/15/2004	9.200%	735,688
13,477,000	ARCHER DANIELS MIDLAND CO	05/01/1992	0.000%	8,824,740
1,105,000	ARISTAR INC.	05/15/1990	8.500%	1,100,679
6,000,000	ASSOCIATES CORP. NORTH AM	11/15/1992	11.450%	6,643,740
2,102,000	ATLANTIC RICHFIELD	07/15/2005	10.875%	2,329,058
3,769,104	ATLANTIC RICHFIELD CO.	07/15/1996	9.250%	3,826,319
2,602,840	ATLANTIC RICHFIELD CO.	12/01/2001	8.750%	2,480,194
7,896,000	AVCO FINANCIAL CORP	02/01/1990	11.125%	8,417,373
10,000,000	BANKAMERICA CORP.	12/01/2003	7.875%	7,556,600
9,750,000	BELL TEL OF CANADA	01/15/2008	9.000%	9,146,768
6,000,000	BENEFICIAL CORP	12/01/2007	8.400%	5,112,420
15,000,000	BENEFICIAL CORP.	07/15/2002	7.500%	11,991,300
6,000,000	BOSTON EDISON	04/15/2007	9.250%	5,698,920
6,000,000	BRITISH COLUMBIA HYDRO	06/15/2007	8.375%	5,376,060
1,439,581	BURLINGTON NORTHERN	09/01/1993	8.750%	1,419,254
125,427	BURLINGTON NORTHERN	07/03/1993	8.500%	123,133
1,656,000	C.I.T. FINANCIAL	08/01/1988	13.625%	1,750,409
6,000,000	C.I.T. FINANCIAL	03/15/2008	8.750%	5,443,260
6,000,000	C.I.T. FINANCIAL	08/15/2004	9.850%	5,973,120
7,790,000	C.I.T. FINANCIAL CORP.	04/01/2001	8.375%	7,173,577
2,500,000	CANADIAN PACIFIC, LTD.	01/15/1992	8.625%	2,509,650
6,000,000	CAROLINA POWER & LIGHT	08/01/2000	8.750%	5,470,440
5,000,000	CENTRAL POWER & LIGHT	06/01/2004	9.375%	4,680,750
750,000	CERTIFICATES ACCRUAL TREA	11/15/1998	0.000%	271,605
6,000,000	CHEMICAL N.Y. CORP	08/01/2002	8.250%	5,356,560
18,140,000	CHEVRON CORP.	07/01/2005	8.750%	17,200,529
7,904,000	CHRYSLER CORP	03/01/1992	12.750%	8,929,465
6,000,000	CHRYSLER CORP	11/01/1998	8.000%	5,459,820
15,000,000	CHRYSLER CORPORATION	08/01/1992	11.040%	15,909,600
470,000	CHRYSLER FINANCIAL	09/01/1989	7.250%	458,250
6,400,000	CHRYSLER FINANCIAL	11/15/1988	9.800%	6,499,584
7,020,000	CITICORP	03/15/2007	8.450%	6,226,038
5,700,000	CITIES SVC CO	04/15/2011	7.000%	4,059,483
1,000,000	CITIZENS UTILITIES	12/31/1991	4.800%	898,870
4,200,000	COMMONWEALTH EDISON	06/01/2007	8.125%	3,566,388
5,800,000	CONOCO INC	04/01/2009	9.375%	5,732,256
6,000,000	CONSOLIDATED EDISON	03/01/2004	9.125%	5,640,840
6,000,000	CONTINENTAL OIL	11/01/1999	9.125%	5,944,140
6,000,000	COUPON TREASURY RCPT	02/15/1999	0.000%	2,113,020
1,734,375	COUPON TREASURY RCPT	11/15/1993	0.000%	1,022,050
1,040,040	COUPON TREASURY RCPT	02/15/1989	0.000%	922,838
250,000	COUPON TREASURY RCPTS	08/15/1991	0.000%	179,075

MINNESOTA STATE BOARD OF INVESMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
4,821,000	COUPON TREASURY RCPTS	11/15/2000	0.000% \$	1,432,126
1,320,000	COUPON TREASURY RCPTS	08/15/1991	0.000%	945,516
945,000	COUPON TREASURY RCPTS	11/15/1998	0.000%	342,222
1,656,250	COUPON TREASURY RCPTS	11/15/1998	0.000%	599,794
668,990	COUPON TREASURY RCPTS	11/15/1998	0.000%	242,268
166,875	COUPON TREASURY RCPTS	08/15/1991	0.000%	119,533
4,875,000	DANA CORP	11/15/2008	8.875%	4,473,300
1,650,000	DEERE (JOHN) CREDIT	10/31/1990	5.000%	1,490,412
6,000,000	DETROIT EDISON	06/15/2001	8.125%	5,077,200
6,000,000	DETROIT EDISON	11/15/2001	7.375%	5,077,440
2,350,000	DETROIT EDISON	02/15/2017	9.000%	2,026,875
6,000,000	DOW CHEMICAL	02/01/2005	8.500%	5,491,320
1,255,000	DOW CHEMICAL	02/15/2008	8.625%	1,140,582
7,000,000	DOW CHEMICAL COMPANY	07/15/2007	7.875%	5,960,990
4,000,000	DU PONT (E.I.) DENEMOURS	12/01/2001	6.000%	2,938,280
1,177,000	EXPORT DEVELOPMENT CORP	07/15/1987	14.375%	1,178,342
820,000	EXPORT DEVELOPMENT CORP	03/01/1988	14.125%	854,957
40,000,000	FEDERAL FARM CREDIT BANK	10/20/1997	11.900%	47,300,000
10,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	10.600%	10,737,500
12,000,000	FEDERAL FARM CREDIT BANK	10/20/1993	11.800%	13,717,440
5,000,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%	5,870,300
2,260,000	FEDERAL FARM CREDIT BANK	09/01/1988	12.875%	2,392,775
15,000,000	FEDERAL FARM CREDIT BANK	04/22/1991	14.100%	17,695,350
665,000	FEDERAL FARM CREDIT BANK	12/02/1991	13.650%	785,944
2,100,000	FEDERAL FARM CREDIT BANK	10/20/1988	11.500%	2,199,099
6,400,000	FEDERAL FARM CREDIT BANK	07/20/1988	11.700%	6,672,000
3,800,000	FEDERAL FARM CREDIT BANK	01/23/1989	13.050%	4,081,428
980,000	FEDERAL FARM CREDIT BANK	04/20/1989	12.500%	1,053,500
2,000,000	FEDERAL FARM CREDIT BANK	07/20/1987	10.625%	2,004,060
100,000	FEDERAL FARM CREDIT BANK	07/20/1989	13.700%	110,625
3,300,000	FEDERAL FARM CREDIT BANK	04/20/1988	10.250%	3,373,227
4,285,000	FEDERAL HOME LOAN BANK	09/25/1990	12.500%	4,811,241
27,000,000	FEDERAL HOME LOAN BANK	07/26/1993	11.700%	30,754,620
2,865,000	FEDERAL HOME LOAN BANK	09/25/1991	11.750%	3,201,638
5,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.700%	5,618,750
2,515,000	FEDERAL HOME LOAN BANK	12/27/1993	12.150%	2,939,406
5,000,000	FEDERAL HOME LOAN BANK	09/25/1989	12.500%	5,481,250
6,295,000	FEDERAL HOME LOAN BANK	11/26/1990	13.700%	7,315,986
6,470,000	FEDERAL HOME LOAN BANK	02/25/1992	11.450%	7,189,788
5,775,000	FEDERAL HOME LOAN BANK	06/26/1995	10.000%	6,112,491
1,050,000	FEDERAL HOME LOAN BANK	03/25/1993	10.800%	1,149,089
775,000	FEDERAL HOME LOAN BANK	07/26/1993	7.750%	743,512
40,000,000	FEDERAL HOME LOAN BANK	09/25/1996	8.250%	38,024,800
1,075,000	FEDERAL HOME LOAN BANK	09/27/1993	7.950%	1,040,063
900,000	FEDERAL HOME LOAN BANK	04/26/1993	7.550%	856,683
5,650,000	FEDERAL HOME LOAN BANK	07/25/1990	9.750%	5,906,002
3,400,000	FEDERAL HOME LOAN BANK	10/26/1987	12.050%	3,453,108

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
3,250,000	FEDERAL HOME LOAN BANK	12/28/1987	8.050% \$	3,269,305
18,600,000	FEDERAL HOME LOAN BANK	06/25/1996	8.250%	17,704,782
375,000	FEDERAL HOME LOAN BANK	01/25/1993	9.500%	390,233
250,000	FEDERAL HOME LOAN BANK	05/25/1993	8.125%	243,905
925,000	FEDERAL HOME LOAN BANK	04/25/1996	7.750%	853,313
950,000	FEDERAL HOME LOAN BANK	10/25/1993	7.875%	915,563
200,000	FEDERAL HOME LOAN BANK	12/27/1993	7.375%	187,688
10,300,000	FEDERAL HOME LOAN BANK	01/25/1994	7.300%	9,636,886
17,400,000	FEDERAL NATIONAL MORTGAGE	12/10/2015	10.350%	19,292,250
22,000,000	FEDERAL NATIONAL MORTGAGE	07/05/2014	0.000%	1,821,729
2,050,000	FEDERAL NATIONAL MORTGAGE	01/10/1996	9.200%	2,083,313
1,320,000	FEDERAL NATIONAL MORTGAGE	01/10/1995	11.950%	1,539,450
500,000	FEDERAL NATIONAL MORTGAGE	10/10/1990	10.150%	581,250
350,000	FEDERAL NATIONAL MORTGAGE	12/10/1997	7.100%	307,342
2,025,000	FEDERAL NATIONAL MORTGAGE	02/10/1995	11.500%	2,315,466
3,000,000	FEDERAL NATIONAL MORTGAGE	03/10/2016	8.200%	2,677,500
5,000,000	FIRESTONE TIRE & RUBBER	12/01/2004	9.250%	4,791,500
5,650,000	FMC CORP	01/15/2000	9.500%	5,480,500
6,000,000	GARDNER-DENVER	06/01/2005	9.250%	5,820,900
5,000,000	GENERAL FOODS INC	06/15/2001	6.000%	3,663,700
5,000,000	GENERAL MOTORS ACCEPT COR	11/15/2006	8.250%	4,410,000
5,000,000	GENERAL MOTORS ACCEPT COR	06/15/2001	8.750%	4,712,950
8,500,000	GENERAL MOTORS ACCEPT COR	06/01/1999	8.875%	8,124,130
5,290,000	GENERAL MOTORS ACCEPT COR	04/15/1988	10.375%	5,392,626
1,200,000	GENERAL MOTORS ACCEPT COR	08/01/1988	6.250%	1,183,548
4,200,000	GENERAL MOTORS ACCEPT COR	02/01/2000	8.750%	3,970,932
3,200,000	GENERAL MOTORS ACCEPT COR	02/15/1989	8.625%	3,222,304
3,500,000	GENERAL MOTORS CORPORATIO	04/15/2016	8.125%	3,012,275
1,000,000	GENERAL TEL CO (FLA)	05/01/1993	4.500%	820,540
8,150,000	GREYHOUND LEASING	04/01/1994	13.625%	8,821,968
200,000	HARBOR TUG & BARGE	03/15/2001	8.150%	185,990
6,000,000	HOUSEHOLD FINANCE CORP	09/15/2007	8.200%	5,254,980
325,000	HOUSEHOLD FINANCE CORP	06/15/2004	9.625%	324,197
7,320,000	HOUSEHOLD FINANCE CORP.	10/01/2003	8.375%	6,587,488
525,000	HOUSTON LTG & POWER	10/01/2007	8.375%	436,769
330,000	HYDRO QUEBEC	07/15/1991	16.250%	413,685
3,500,000	HYDRO-QUEBEC	04/15/2026	8.250%	3,102,575
6,000,000	HYDRO-QUEBECK	09/15/2006	8.600%	5,440,080
6,000,000	INDIANA & MICH ELECTRIC	03/01/2008	9.500%	5,573,340
6,000,000	INTER-AMERICAN DEV. BANK	01/15/2004	9.625%	6,086,640
12,000,000	INTERNORTH INC.	03/15/2006	9.625%	11,868,720
3,300,000	INTL BK FOR RECON. & DEVL	09/01/1992	13.625%	3,966,534
4,950,000	JEWEL CO'S INC.	12/01/1992	11.500%	5,214,677
5,000,000	KANSAS POWER & LIGHT	02/01/2008	8.750%	4,595,500
3,600,000	KMART	03/01/2005	12.500%	4,452,480
5,700,000	LOEWS CORP	01/15/2007	8.250%	4,987,500
1,000,000	LONG ISLAND LIGHTING	04/01/1993	4.400%	836,960

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
2,018,045	LOUISVILLE & NASHVILLE	10/20/1991	9.000% \$	2,021,072
34,042	LOUISVILLE & NASHVILLE	04/20/1988	8.125%	34,143
50,000	MACMILLAN BLOEDEL LTD.	07/15/1992	6.500%	44,760
6,000,000	MANITOBA HYDRO	12/01/2006	8.625%	5,464,080
5,440,000	MANITOBA HYDRO ELEC BD	10/15/1997	7.650%	4,626,557
4,330,000	MANITOBA PROVINCE OF	07/01/1991	14.750%	5,203,491
800,000	MARATHON OIL COMPANY	02/01/2000	8.500%	689,144
9,000,000	MARTIN-MARIETTA CORP.	03/15/2011	7.000%	6,823,530
296,000	MERRILL LYNCH & CO	10/15/1987	11.625%	299,223
1,062,875	MISSOURI PACIFIC RR	06/01/1995	12.750%	1,221,350
1,613,047	MISSOURI PACIFIC RR	06/01/1994	9.750%	1,686,538
6,000,000	MOBIL CORP	06/15/2001	8.500%	5,655,000
2,150,000	MOBIL CORP	06/15/1988	8.750%	2,169,630
3,535,000	MONSANTO CO.	05/15/2008	8.750%	3,250,362
6,000,000	N. BRUNSWICK ELECTRIC	05/01/2001	9.375%	5,785,740
6,000,000	NATIONAL RURAL UTIL.	09/01/2009	9.750%	5,879,400
6,000,000	NORTHERN IND. PUB. SERV.	10/15/2006	8.375%	5,178,120
6,000,000	NORTHERN IND. PUB. SERV.	11/01/2007	8.500%	5,228,580
3,125,000	NORTHERN STATES POWER CO.	01/01/2004	8.375%	2,796,688
3,500,000	NOVA SCOTIA POWER COMM	03/15/1997	7.750%	2,977,345
6,400,000	NOVA SCOTIA POWER CORP	06/01/2008	9.625%	6,217,216
3,690,000	ONTARIO HYDRO	03/15/1996	9.500%	3,689,041
6,000,000	ONTARIO PROVINCE	03/01/2009	9.750%	6,014,700
6,000,000	ONTARIO PROVINCE	09/20/2009	9.875%	6,082,380
120,000	ONTARIO PROVINCE	03/10/1988	10.375%	122,270
1,120,000	ONTARIO PROVINCE	04/25/1989	10.500%	1,168,507
1,000,000	ONTARIO PROVINCE OF CANAD	06/15/2005	9.125%	955,570
7,000,000	ONTARIO, PROVINCE OF	06/01/2008	9.375%	6,827,100
6,920,000	ONTARIO, PROVINCE OF	11/30/2008	9.375%	6,747,761
6,000,000	PACIFIC GAS & ELECTRIC	02/01/2009	8.500%	5,164,020
3,765,000	PACIFIC GAS & ELECTRIC	09/01/2008	8.250%	3,184,286
5,000,000	PACIFIC TEL & TEL	04/01/2005	8.650%	4,521,000
5,000,000	PACIFIC TEL & TEL	07/01/2003	6.500%	3,894,400
5,000,000	PACIFIC TEL & TEL CO	10/01/2006	8.750%	4,616,750
30,000	PACIFIC TELE & TELE	11/01/1990	4.625%	27,090
8,159,000	PENNEY J.C.	05/01/1989	0.000%	7,046,439
7,930,000	PENNEY J.C. CO.	05/01/2006	6.000%	5,464,246
755,000	PHILADELPHIA ELECTRIC	08/01/2002	9.625%	716,306
2,777,000	PHILADELPHIA ELECTRIC	03/15/2008	9.125%	2,552,396
6,000,000	PHILADELPHIA ELECTRIC	03/01/2006	9.125%	5,505,660
6,000,000	PHILADELPHIA ELECTRIC	01/15/1999	7.500%	5,119,380
3,060,000	PHILADELPHIA ELECTRIC	03/15/2007	8.625%	2,667,953
4,075,000	PHILADELPHIA ELECTRIC	01/15/2004	8.500%	3,590,320
5,000,000	PHILLIPS PETE CO	03/15/1997	13.875%	5,650,000
1,960,000	PRIVATE EXPORT FUNDING	05/31/1988	10.250%	2,005,413
3,500,000	PROCTOR & GAMBLE	01/15/2017	8.125%	3,075,625
1,682,959	PUBLIC SERVICE ELEC & GAS	07/01/2009	9.750%	1,609,683

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
6,000,000	PUBLIC SERVICE ELEC & GAS	09/01/2007	8.125% \$	5,008,200
6,000,000	QUEBEC PROVINCE	04/15/2004	9.200%	5,705,160
4,400,000	QUEBEC-HYDRO ELECTRIC	01/01/2004	8.250%	3,913,052
1,110,000	ROCHESTER TELEPHONE	09/01/1993	4.750%	941,979
8,775,000	SASKATCH., PROVINCE OF	04/15/2008	9.250%	8,347,219
6,000,000	SASKATCHEWAN CDA	05/15/2007	8.625%	5,445,240
6,000,000	SASKATCHEWAN CDA	11/15/2006	8.700%	5,513,160
17,203,000	SASKATCHEWAN PROVINCE OF	10/01/1991	16.375%	21,818,565
3,317,938	SEABOARD COAST LINE RR	10/01/1992	8.250%	3,252,607
3,216,569	SEABOARD COAST LINE RR	09/01/1993	9.625%	3,309,206
3,000,000	SEARS	11/15/2001	7.000%	2,428,350
1,525,000	SEARS ROEBUCK & CO	01/15/1988	10.250%	1,547,143
13,000,000	SEARS ROEBUCK & CO.	05/01/2000	6.000%	9,821,760
420,000	SHEARSON LEHMAN BROS.	08/15/1993	7.875%	394,691
6,000,000	SONAT	06/01/1996	9.875%	5,947,680
5,000,000	SOUTH CENTRAL BELL TEL	12/01/2004	8.250%	4,491,650
3,000,000	SOUTH CENTRAL BELL TEL	11/01/2007	7.375%	2,497,140
5,000,000	SOUTHWESTERN BELL TEL	08/01/2007	8.750%	4,657,950
3,100,000	SOUTHWESTERN BELL TEL	06/01/2003	5.875%	2,306,865
450,000	SPRAGUE ELECTRIC CO	09/01/1988	4.375%	425,336
952,540	STANDARD OIL OF CALIF.	03/30/1997	7.700%	858,944
884,502	STANDARD OIL OF CALIF.	03/02/1997	7.700%	790,293
884,502	STANDARD OIL OF CALIF.	02/10/1997	7.700%	798,449
3,466,211	STANDARD OIL OF CALIF.	07/02/1999	8.500%	3,256,401
165,000	STATES STEAMSHIP CO	03/31/1993	5.100%	142,306
10,000,000	STRPD U.S. TREAS. BONDS	05/15/2006	0.000%	1,899,000
5,000,000	STUDEBAKER-WORTHINGTON	11/15/2003	9.350%	4,916,800
11,385,000	TENNECO INC	09/01/1992	13.700%	13,440,220
5,700,000	TENNECO INC	01/15/2017	9.375%	5,142,540
3,000,000	TEXAS POWER & LIGHT	01/01/2006	8.600%	2,581,050
2,500,000	TEXAS POWER & LIGHT	02/01/2009	9.375%	2,270,125
170,000	TRANSAMERICA FINANCIAL NO	03/15/1991	7.875%	165,575
250,000	TREASURY INVT GROWTH RCPT	02/15/1999	0.000%	88,043
1,619,000	TREASURY INVT GROWTH RCPT	11/15/2000	0.000%	586,305
44,810,000	U.S.A. TREASURY BOND	11/15/2002	11.625%	55,788,450
38,704,000	U.S.A. TREASURY BOND	11/15/2004	11.625%	48,476,760
29,475,000	U.S.A. TREASURY BOND	02/15/2007	7.625%	26,674,875
48,000,000	U.S.A. TREASURY BOND	02/15/2010	11.750%	60,360,000
40,000,000	U.S.A. TREASURY BOND	02/15/1994	9.000%	41,462,400
44,950,000	U.S.A. TREASURY BOND	02/15/2003	10.750%	52,591,500
53,100,000	U.S.A. TREASURY BOND	05/15/1999	8.500%	52,900,875
40,000,000	U.S.A. TREASURY BOND	08/15/2001	8.000%	38,450,000
12,200,000	U.S.A. TREASURY BOND	08/15/2008	8.375%	11,849,250
9,450,000	U.S.A. TREASURY BOND	05/15/2005	8.250%	9,077,859
72,500,000	U.S.A. TREASURY BOND	05/15/1995	10.375%	80,724,400
40,000,000	U.S.A. TREASURY BOND	11/15/2010	12.750%	54,000,000
60,000,000	U.S.A. TREASURY BOND	11/15/1995	11.500%	71,137,200

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
2,625,000	U.S.A. TREASURY BOND	05/15/2011	13.875% \$	3,824,284
40,350,000	U.S.A. TREASURY BOND	02/15/2000	7.875%	38,168,679
39,650,000	U.S.A. TREASURY BOND	02/15/2001	11.750%	49,612,063
28,020,000	U.S.A. TREASURY BOND	08/15/2000	8.375%	27,573,361
22,300,000	U.S.A. TREASURY BOND	02/15/1995	10.500%	24,969,087
40,000,000	U.S.A. TREASURY BOND	05/15/1995	12.625%	49,724,800
28,326,000	U.S.A. TREASURY BOND	08/15/2013	12.000%	36,894,615
77,200,000	U.S.A. TREASURY BOND	05/15/2005	12.000%	99,298,500
146,100,000	U.S.A. TREASURY BOND	08/15/2005	10.750%	171,850,125
3,125,000	U.S.A. TREASURY BOND	05/15/2001	13.125%	4,244,125
10,000,000	U.S.A. TREASURY BOND	02/15/2006	9.375%	10,631,200
7,000,000	U.S.A. TREASURY BOND	08/15/2001	13.375%	9,660,000
26,600,000	U.S.A. TREASURY BOND	05/15/2009	9.125%	27,431,250
19,400,000	U.S.A. TREASURY BOND	11/15/2009	10.375%	22,067,500
275,000	U.S.A. TREASURY BOND	11/15/2003	11.875%	348,563
6,200,000	U.S.A. TREASURY BOND	08/15/2003	11.125%	7,463,250
3,075,000	U.S.A. TREASURY BOND	05/15/2003	10.750%	3,599,657
15,745,000	U.S.A. TREASURY BOND	05/15/2004	12.375%	20,724,356
12,200,000	U.S.A. TREASURY BOND	02/15/2002	14.250%	17,789,064
5,100,000	U.S.A. TREASURY BOND	08/15/2004	13.750%	7,359,912
28,204,000	U.S.A. TREASURY COUPON	08/15/1998	0.000%	10,683,393
1,308,000	U.S.A. TREASURY COUPON	02/15/1991	0.000%	982,269
16,000,000	U.S.A. TREASURY COUPON	11/15/2008	0.000%	2,438,240
10,600,000	U.S.A. TREASURY COUPON	05/15/2009	0.000%	1,545,798
26,500,000	U.S.A. TREASURY COUPON	08/15/2004	0.000%	5,850,140
22,500,000	U.S.A. TREASURY COUPON	05/15/2004	0.000%	4,859,550
3,830,000	U.S.A. TREASURY COUPON	02/15/2004	0.000%	883,619
11,360,000	U.S.A. TREASURY COUPON	11/15/2003	0.000%	2,684,027
8,500,000	U.S.A. TREASURY COUPON	02/15/2009	0.000%	1,266,840
80,000,000	U.S.A. TREASURY COUPON	08/15/2009	0.000%	11,410,400
10,525,000	U.S.A. TREASURY COUPON	08/15/2003	0.000%	2,541,682
11,850,000	U.S.A. TREASURY COUPON	11/15/1999	0.000%	4,011,344
14,000,000	U.S.A. TREASURY COUPON	02/15/1999	0.000%	5,076,680
7,125,000	U.S.A. TREASURY COUPON	08/15/1999	0.000%	2,464,823
6,160,000	U.S.A. TREASURY COUPON	05/15/1998	0.000%	2,377,822
16,350,000	U.S.A. TREASURY COUPON	11/15/1998	0.000%	6,060,782
15,600,000	U.S.A. TREASURY COUPON	11/15/2000	0.000%	4,788,732
1,000,000	U.S.A. TREASURY COUPON	02/15/2002	0.000%	274,460
16,900,000	U.S.A. TREASURY COUPON	05/15/2002	0.000%	4,537,819
11,500,000	U.S.A. TREASURY COUPON	08/15/2002	0.000%	3,019,785
67,000,000	U.S.A. TREASURY COUPON	08/15/2012	0.000%	7,571,670
25,000,000	U.S.A. TREASURY COUPON	08/15/2013	0.000%	2,623,000
34,000,000	U.S.A. TREASURY COUPON	05/15/2013	0.000%	3,645,820
92,000,000	U.S.A. TREASURY COUPON	02/15/2013	0.000%	10,078,600
2,400,000	U.S.A. TREASURY COUPON	05/15/2010	0.000%	501,960
99,250,000	U.S.A. TREASURY COUPON	08/15/2010	0.000%	13,106,955
75,000,000	U.S.A. TREASURY COUPON	08/15/2011	0.000%	9,201,000

MINNESOTA STATE BOARD OF INVESTMENT
POST RETIREMENT FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
25,000,000	U.S.A. TREASURY COUPON	05/15/2011	0.000% \$	3,135,000
25,000,000	U.S.A. TREASURY COUPON	02/15/2014	0.000%	2,610,250
25,000,000	U.S.A. TREASURY COUPON	08/15/2014	0.000%	2,501,750
95,300,000	U.S.A. TREASURY COUPON	02/15/2012	0.000%	11,247,306
42,000,000	U.S.A. TREASURY COUPON	02/15/2011	0.000%	5,381,880
49,250,000	U.S.A. TREASURY COUPON	02/15/2010	0.000%	6,795,023
3,560,000	U.S.A. TREASURY NOTE	08/15/1994	12.625%	4,372,107
6,290,000	U.S.A. TREASURY NOTE	04/15/1989	14.375%	7,019,263
8,400,000	U.S.A. TREASURY NOTE	07/15/1989	14.500%	9,499,896
5,650,000	U.S.A. TREASURY NOTE	10/15/1989	11.875%	6,149,686
10,000,000	U.S.A. TREASURY NOTE	11/15/1994	11.625%	11,796,900
11,800,000	U.S.A. TREASURY NOTE	01/15/1988	12.375%	12,159,546
330,000	U.S.A. TREASURY NOTE	12/31/1988	10.625%	345,573
5,000,000	U.S.A. TREASURY NOTE	05/15/1991	14.500%	6,071,850
53,750,000	U.S.A. TREASURY NOTE	01/15/1990	10.500%	57,193,225
4,800,000	U.S.A. TREASURY NOTE	07/15/1988	14.000%	5,134,512
535,000	U.S.A. TREASURY NOTE	04/15/1988	13.250%	561,081
5,265,000	U.S.A. TREASURY NOTE	10/15/1988	15.375%	5,817,825
3,400,000	U.S.A. TREASURY NOTE	01/15/1989	14.625%	3,760,196
115,000,000	U.S.A. TREASURY NOTE	05/15/1995	11.250%	133,651,850
65,000,000	U.S.A. TREASURY NOTE	08/15/1995	10.500%	72,921,550
3,500,000	U.S.A. TREASURY NOTE	09/30/1987	9.000%	3,521,315
225,000	U.S.A. TREASURY NOTE	01/15/1993	8.750%	231,327
1,475,000	U.S.A. TREASURY NOTE	01/31/1988	8.125%	1,486,756
1,300,000	U.S.A. TREASURY NOTE	07/31/1987	8.875%	1,303,042
5,800,000	U.S.A. TREASURY NOTE	10/31/1987	8.875%	5,840,774
11,250,000	U.S.A. TREASURY NOTE	11/15/1990	13.000%	12,916,350
2,600,000	U.S.A. TREASURY NOTE	07/15/1991	13.750%	3,111,056
20,000,000	U.S.A. TREASURY NOTE	11/15/1995	9.500%	21,293,800
1,800,000	U.S.A. TREASURY NOTE	04/15/1990	10.500%	1,922,058
3,425,000	U.S.A. TREASURY NOTE	01/15/1991	11.750%	3,824,218
5,600,000	U.S.A. TREASURY NOTE	10/15/1990	11.500%	6,181,000
52,000,000	U.S.A. TREASURY NOTE	08/15/1989	6.625%	51,090,000
1,610,000	U.S.A. TREASURY PHY. COUP	02/15/2010	0.000%	222,132
10,000,000	U.S.A. TREASURY SEC PRIN.	11/15/1994	0.000%	5,412,500
50,000,000	U.S.A. TREASURY SEC PRIN.	02/15/2015	0.000%	5,178,000
50,000,000	U.S.A. TREASURY SEC PRIN.	08/15/2015	0.000%	5,051,000
3,527,000	UNION TANK CAR	12/15/1995	9.500%	3,638,876
1,300,000	USX CORP	01/15/1992	9.000%	1,244,750
60,000	VIRGINIA ELEC. & POWER	12/01/1987	4.500%	59,500
4,000,000	WESTINGHOUSE CREDIT CORP.	01/15/1989	10.750%	4,144,400
10,450,000	WILLAMETTE INDUSTRIES INC	04/15/1993	11.375%	11,047,427
4,555,000	WISCONSIN ELECTRIC POWER	05/15/2008	8.875%	4,252,047
TOTAL BOND PORTFOLIO				\$ 2,898,641,761

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL RET. INCOME SHARES
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
1,250,000	ASSOCIATES CORP. NORTH AM	11/15/1992	11.450%	\$	1,384,113
1,500,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%		1,761,090
2,000,000	FEDERAL FARM CREDIT BANK	01/22/1990	11.150%		2,137,500
2,000,000	FEDERAL HOME LOAN MORTGAG	08/30/1991	11.850%		2,230,000
1,000,000	FEDERAL NATIONAL MORTGAGE	10/13/1987	12.550%		1,015,620
1,000,000	FEDERAL NATIONAL MORTGAGE	11/10/1987	11.550%		1,015,940
2,000,000	FEDERAL NATIONAL MORTGAGE	01/10/1990	11.450%		2,162,500
2,000,000	FEDERAL NATIONAL MORTGAGE	02/13/1990	11.050%		2,146,240
17,000,000	FEDERAL NATIONAL MORTGAGE	07/05/2014	0.000%		1,407,700
500,000	FEDERAL NATIONAL MORTGAGE	06/10/1988	10.500%		515,235
5,000,000	FNMA 15 YR # TBA	07/01/2002	8.000%		4,700,000
2,255,513	FNMA POOL # 002499	03/01/2016	10.000%		2,276,647
1,927,978	FNMA POOL # 006226	12/01/2015	11.000%		2,034,017
1,907,660	FNMA POOL # 2494	05/01/2016	8.000%		1,732,384
1,000,000	GENERAL MOTORS ACCEPT. CO	10/15/1989	11.750%		1,011,220
1,000,000	GERBER PRODUCTS CO	11/01/1994	11.750%		1,095,670
1,965,901	GNMA II POOL # 000587	07/20/2016	8.000%		1,790,813
1,000,000	HOUSTON NATURAL GAS CO.	11/15/1992	11.000%		1,014,430
2,000,000	MISSISSIPPI POWER & LIGHT	06/01/1988	11.250%		2,002,660
700,000	NEW YORK STATE ELEC. & GA	04/01/1993	11.750%		710,185
500,000	SEAFIRST CORP.	06/01/1990	10.500%		500,730
2,000,000	SECURITY PACIFIC CORP	05/15/1999	9.750%		2,019,800
1,400,000	U.S.A. TREASURY BOND	11/15/1995	11.500%		1,659,868
3,000,000	U.S.A. TREASURY NOTE	10/15/1989	11.875%		3,265,320
3,000,000	U.S.A. TREASURY NOTE	11/15/1992	10.500%		3,305,610
7,500,000	U.S.A. TREASURY NOTE	09/30/1989	9.375%		7,776,525
3,600,000	U.S.A. TREASURY NOTE	01/31/1988	8.125%		3,628,692
12,000,000	U.S.A. TREASURY PHY. COUP	02/15/2010	0.000%		1,655,640
TOTAL BOND PORTFOLIO				\$	57,956,149

MINNESOTA STATE BOARD OF INVESMENT
 SUPPLEMENTAL RET. INCOME SHARES
 ALPHABETICAL EQUITY HOLDINGS
 JUNE 30,1987

NO. OF SHARES	SECURITY		MARKET VALUE
30,232	MINN INTERNAL POOLED FUND	\$	30,901,223
61,661	MINN. INDEXED FUND POOL		98,303,009
TOTAL EQUITY PORTFOLIO		\$	129,204,233

MINNESOTA STATE BOARD OF INVESTMENT
 SUPPLEMENTAL RET. GROWTH SHARES
 ALPHABETICAL EQUITY HOLDINGS
 JUNE 30, 1987

NO. OF SHARES	SECURITY		MARKET VALUE
20,329	MINN INTERNAL POOLED FUND	\$	21,442,190
52,263	MN. EXT. ACTIVE MAN. POOL		69,013,493
TOTAL EQUITY PORTFOLIO		\$	90,455,683

MINNESOTA STATE BOARD OF INVESMENT
SUPPLEMENTAL COMMON STOCK INDEX ACCOUNT
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES	SECURITY		MARKET VALUE
1,189	MINN. INDEXED FUND POOL	\$	1,906,509
TOTAL EQUITY PORTFOLIO		\$	1,906,509

MINNESOTA STATE BOARD OF INVESTMENT
SUPPLEMENTAL BOND MARKET ACCOUNT
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
799	MN. FIXED INCOME POOL		\$	798,566
TOTAL BOND PORTFOLIO			\$	798,566

MINNESOTA STATE BOARD OF INVESMENT
 SUPPLEMENTAL GUARANTEED RETURN ACCOUNT
 ALPHABETICAL BOND HOLDINGS
 JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
4,445,506	PRINCIPAL MUTUAL LIFE GIC	10/31/1989	7.720% \$	4,445,506
TOTAL BOND PORTFOLIO			\$	4,445,506

MINNESOTA STATE BOARD OF INVESMENT
SUPPLEMENTAL RET. BOND FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
700,000	AMERICAN CAN	10/15/1992	11.125% \$	745,381
610,000	AMERICAN MEDICAL INTL.	08/15/1992	14.375%	686,903
350,000	ASSOCIATES CORP. NORTH AM	11/15/1992	11.450%	387,552
400,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%	469,624
300,000	FEDERAL FARM CREDIT BANK	01/20/1992	11.500%	331,500
200,000	FEDERAL NATIONAL MORTGAGE	10/13/1987	12.125%	202,874
1,000,000	FEDERAL NATIONAL MORTGAGE	04/10/1992	12.000%	1,135,620
1,290,000	FEDERAL NATIONAL MORTGAGE	06/10/1992	10.125%	1,372,238
300,000	FLUOR CORP	08/01/1993	9.500%	286,500
1,200,000	FORD MOTOR CREDIT CORP	08/15/1987	13.000%	1,206,372
200,000	GENERAL MOTORS ACCEPT. CO	10/15/1989	11.750%	202,244
300,000	HOSPITAL CORP OF AMERICA	08/15/1993	7.875%	274,869
300,000	NEW YORK STATE ELEC. & GA	04/01/1993	11.750%	304,365
600,000	OCCIDENTAL PETE CORP	10/15/1994	9.650%	576,000
300,000	PENNEY J.C.	02/01/1993	12.125%	323,325
400,000	SHEARSON LEHMAN BROS.	08/15/1993	7.875%	375,896
480,000	U.S.A. TREASURY NOTE	04/15/1989	14.375%	535,651
250,000	U.S.A. TREASURY NOTE	11/15/1991	14.250%	307,265
250,000	U.S.A. TREASURY NOTE	01/15/1989	14.625%	276,485
300,000	U.S.A. TREASURY NOTE	01/15/1993	8.750%	308,436
500,000	UNION OIL OF CALIFORNIA	03/01/1994	9.750%	497,505
330,000	WILLAMETTE INDUSTRIES INC	04/15/1993	11.375%	348,866
TOTAL BOND PORTFOLIO			\$	11,155,470

MINNESOTA STATE BOARD OF INVESMENT
MINNESOTA VARIABLE ANNUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES	SECURITY	MARKET VALUE
38,114	MINN INTERNAL POOLED FUND	\$ 41,401,154
97,996	MN. EXT. ACTIVE MAN. POOL	129,054,199
TOTAL EQUITY PORTFOLIO		\$ 170,455,353

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
1,700,000	ASSOCIATES CORP NO. AMERI	08/01/1990	11.000%	\$	1,809,191
5,000,000	ATLANTIC RICHFIELD	03/01/2011	9.125%		4,822,400
5,000,000	ATLANTIC RICHFIELD	03/01/2016	9.875%		5,155,950
2,261,462	ATLANTIC RICHFIELD CO.	07/15/1996	9.250%		2,295,791
1,735,226	ATLANTIC RICHFIELD CO.	12/01/2001	8.750%		1,653,463
4,000,000	BARNETT BANKS INC	03/01/1999	8.500%		3,747,520
2,500,000	BELL TELE. CO CANADA	09/01/1995	4.850%		2,074,400
750,000	CANADIAN PACIFIC, LTD.	01/15/1992	8.625%		752,895
5,000,000	CITICORP PERSON TO PERSON	03/01/1998	8.750%		4,670,650
3,678,000	CONSOLIDATED NATURAL GAS	06/01/1997	8.125%		3,515,543
500,000	CONSTRUCTION AGGREGATE	06/01/1991	7.500%		481,250
5,000,000	CSX TRANSPORTATION	08/15/2006	9.000%		4,759,650
5,000,000	DOW CHEMICAL	04/01/2006	8.625%		4,598,800
365,000	EAGLE TERMINAL TANKERS	06/01/1989	6.000%		351,729
120,000	FARRELL LINES, INC	09/20/1998	9.000%		116,287
116,000	FARRELL LINES, INC	11/27/1997	9.000%		113,317
114,000	FARRELL LINES, INC	02/28/1998	9.000%		110,580
286,000	FARRELL LINES, INC	04/01/1988	8.050%		284,948
5,000,000	FEDERAL FARM CREDIT BANK	10/21/1991	10.600%		5,368,750
100,000	FEDERAL FARM CREDIT BANK	03/01/1994	12.350%		117,406
600,000	FEDERAL FARM CREDIT BANK	07/20/1992	13.750%		724,872
5,000,000	FEDERAL FARM CREDIT BANK	09/01/1988	12.875%		5,293,750
3,000,000	FEDERAL FARM CREDIT BANK	10/23/1989	12.450%		3,271,860
7,000,000	FEDERAL HOME LOAN BANK	03/25/1988	10.200%		7,164,080
3,000,000	FEDERAL HOME LOAN BANK	07/26/1993	11.700%		3,417,180
3,000,000	FEDERAL HOME LOAN BANK	04/27/1992	11.700%		3,371,250
5,000,000	FEDERAL HOME LOAN BANK	09/25/1989	12.500%		5,481,250
3,000,000	FEDERAL HOME LOAN MORTGAG	08/30/1991	11.850%		3,345,000
4,000,000	FEDERAL NATIONAL MORTGAGE	05/10/1990	10.300%		4,233,760
3,000,000	FEDERAL NATIONAL MORTGAGE	10/13/1987	12.550%		3,046,860
3,000,000	FEDERAL NATIONAL MORTGAGE	10/12/1992	10.600%		3,273,750
500,000	FEDERAL NATIONAL MORTGAGE	10/10/1988	9.500%		513,435
3,000,000	FMC CORP	01/15/2000	9.500%		2,910,000
5,000,000	FORD MOTOR COMPANY	04/01/2006	8.875%		4,748,000
1,827,410	GNMA POOL # 00505	11/15/2001	6.500%		1,613,260
1,653,606	GNMA POOL # 00506	12/15/2001	6.500%		1,459,824
1,929,651	GNMA POOL # 02290	03/15/2003	6.500%		1,703,520
2,207,627	GNMA POOL # 02291	04/15/2003	6.500%		1,948,921
1,928,587	GNMA POOL # 02424	04/15/2003	6.500%		1,702,581
280,006	GNMA POOL # 03627	07/15/2004	8.250%		262,330
911,427	GNMA POOL # 03972	07/15/2004	8.250%		853,889
589,494	GNMA POOL # 03974	11/15/2004	9.000%		571,809
368,517	GNMA POOL # 03979	08/15/2004	8.250%		345,253
317,756	GNMA POOL # 04004	08/15/2004	8.250%		297,696
812,560	GNMA POOL # 04092	07/15/2004	8.250%		761,263
278,725	GNMA POOL # 04145	08/15/2004	8.250%		261,129
442,991	GNMA POOL # 04472	09/15/2004	9.000%		429,701

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
365,945	GNMA POOL # 09680	06/15/2006	8.250% \$	342,843
551,648	GNMA POOL # 10887	07/15/2006	8.250%	507,688
3,569,282	GNMA POOL # 12383	02/15/2005	8.750%	3,372,686
266,267	GNMA POOL # 17904	08/15/2007	8.000%	247,628
442,440	GNMA POOL # 18017	07/15/2007	8.000%	411,469
710,906	GNMA POOL # 18058	07/15/2007	8.000%	661,143
281,556	GNMA POOL # 18592	11/15/2007	8.000%	261,847
592,425	GNMA POOL # 18768	08/15/2007	8.000%	550,955
547,056	GNMA POOL # 18782	10/15/2007	8.000%	508,762
645,269	GNMA POOL # 19105	07/15/2007	8.000%	600,101
517,435	GNMA POOL # 19667	01/15/2008	8.000%	481,215
637,142	GNMA POOL # 19740	10/15/2007	8.000%	592,542
3,735,797	GNMA POOL # 19784	09/15/2007	8.000%	3,474,291
529,046	GNMA POOL # 19997	10/15/2007	8.000%	492,013
42,578	GNMA POOL # 20074	03/15/2007	8.000%	39,598
601,478	GNMA POOL # 20263	11/15/2007	8.000%	559,375
647,814	GNMA POOL # 20393	11/15/2007	8.000%	602,467
651,877	GNMA POOL # 20495	11/15/2007	8.000%	606,245
708,752	GNMA POOL # 21037	11/15/2007	8.000%	659,139
5,000,000	GNMA POOL # 210643	06/15/2017	8.000%	4,554,688
5,014,862	GNMA POOL # 210687	06/15/2017	8.000%	4,568,226
614,949	GNMA POOL # 21480	01/15/2008	8.000%	571,902
680,409	GNMA POOL # 21615	01/15/2008	8.000%	632,781
652,185	GNMA POOL # 21930	03/15/2008	8.000%	606,532
749,924	GNMA POOL # 22012	04/15/2008	8.000%	697,429
3,500,000	GNMA POOL # 224960	06/15/2017	8.000%	3,188,281
648,715	GNMA POOL # 22820	12/15/2007	8.000%	603,305
734,911	GNMA POOL # 24078	02/15/2008	8.000%	683,468
700,695	GNMA POOL # 24417	03/15/2008	8.000%	651,646
3,209,130	GNMA POOL # 27638	10/15/2008	9.000%	3,080,764
5,657,048	GNMA POOL # 606	08/20/2016	8.000%	5,153,218
1,978,051	GNMA POOL # 623	09/20/2016	8.000%	1,801,880
3,496,996	GNMA POOL# 217626	05/15/2017	8.000%	3,185,544
4,000,000	KANSAS POWER & LIGHT	06/01/2007	8.125%	3,460,560
944,000	MATSON NAVIGATION CO	11/10/1994	7.500%	895,526
2,500,000	MICHIGAN BELL TELEPHONE C	06/01/2015	8.125%	2,139,925
4,575,482	MN MTG. MARKETING CORP	06/01/2014	12.566%	5,000,144
1,963,633	MN MTG. MARKETING CORP	09/01/2014	12.823%	2,147,417
963,384	MN MTG. MARKETING CORP	02/01/2015	13.004%	1,064,539
2,512,000	MOORE-MCCORMACK LEASING	07/15/2001	8.875%	2,477,360
3,000,000	MOUNTAIN STATES TEL & TEL	06/01/2013	7.750%	2,506,320
2,500,000	NORTHERN STATES POWER CO.	01/01/2004	8.375%	2,237,350
1,619,200	NORTON SIMON, INC.	06/01/2004	9.875%	1,653,705
1,500,000	NORWEST CORP	03/15/2003	7.750%	1,271,655
1,500,000	NORWEST CORP	10/15/1990	5.125%	1,359,225
496,500	PENN TANKER CO.	11/10/1989	6.000%	474,078
1,352,000	PUGET SOUND TUG & BARG	02/15/2001	9.125%	1,313,495

MINNESOTA STATE BOARD OF INVESTMENT
PERMANENT SCHOOL FUND
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
3,896,499	SBA POOL - MEEDA BONDS SE	12/01/2004	11.700% \$	4,529,680
4,000,000	SECURITY PACIFIC CORP	05/15/1999	9.750%	4,039,600
4,000,000	SOUTHERN BELL TEL & TEL	03/15/2013	7.625%	3,301,600
1,000,000	SPRAGUE ELECTRIC CO	09/01/1988	4.375%	945,190
702,732	STANDARD OIL OF CALIF.	09/07/1997	7.700%	666,211
702,732	STANDARD OIL OF CALIF.	09/08/1997	7.700%	631,798
702,732	STANDARD OIL OF CALIF.	11/06/1997	7.700%	665,333
188,000	STATES STEAMSHIP CO	03/31/1993	5.100%	162,142
3,000,000	TEXAS POWER & LIGHT	02/01/2009	9.375%	2,724,150
7,500,000	U.S.A. TREASURY BOND	11/15/2002	11.625%	9,337,500
3,500,000	U.S.A. TREASURY BOND	11/15/2004	11.625%	4,383,750
1,000,000	U.S.A. TREASURY BOND	02/15/2007	7.625%	905,000
5,000,000	U.S.A. TREASURY BOND	08/15/2008	8.375%	4,856,250
2,000,000	U.S.A. TREASURY BOND	11/15/2010	12.750%	2,700,000
2,000,000	U.S.A. TREASURY BOND	11/15/1995	11.500%	2,371,240
50,000	U.S.A. TREASURY BOND	11/15/1998	3.500%	45,188
3,000,000	U.S.A. TREASURY BOND	02/15/2001	11.750%	3,753,750
8,000,000	U.S.A. TREASURY BOND	08/15/2005	10.750%	9,410,000
2,000,000	U.S.A. TREASURY BOND	11/15/1993	8.625%	2,043,120
5,000,000	U.S.A. TREASURY BOND	11/15/2009	10.375%	5,687,500
5,500,000	U.S.A. TREASURY BOND	05/15/2003	10.750%	6,438,410
10,000,000	U.S.A. TREASURY BOND	05/15/2017	8.750%	10,271,900
15,000,000	U.S.A. TREASURY NOTE	10/15/1989	11.875%	16,326,600
40,000	U.S.A. TREASURY NOTE	11/15/1987	7.625%	40,144
10,000,000	U.S.A. TREASURY NOTE	03/31/1988	7.125%	10,010,900
2,000,000	U.S.A. TREASURY NOTE	11/15/1989	10.750%	2,133,740
TOTAL BOND PORTFOLIO			\$	291,140,406

MINNESOTA STATE BOARD OF INVESMENT
 PASSIVE EQUITY FUND
 ALPHABETICAL BOND HOLDINGS
 JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
938	BCI HOLDINGS	05/01/2002	15.250% \$	972
200	C B S INC	08/01/1995	10.875%	215
8,760	GENERAL MOTORS CONT	10/28/1991	0.000%	0
700	MARY KAY CORP	11/30/2000	0.000%	308
129	SAFEWAY STORES INC.	11/24/2006	15.000%	133
TOTAL BOND PORTFOLIO			\$	1,628

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES		MARKET VALUE
15,000	A & W BRANDS INC	\$ 180,000
39,000	A G EDWARDS, INC	1,062,750
10,400	AAR CORP	334,100
10,000	AARON RENTS INC	110,000
165,000	ABBOTT LABS	10,291,875
5,000	ABM GOLD CORP	36,875
51,300	ACCO WORLD CORP	1,462,050
15,000	ACME CLEVELAND CORP	191,250
3,528	ACME ELEC CORP	27,783
5,400	ACME STL CO DEL	75,600
10,500	ADOBE RESOURCES	95,813
16,000	ADT , INC.	510,000
9,200	ADV SEMI CONDUCTOR	77,050
46,800	ADVANCED MICRO DEV.	889,200
122,807	ADVO SYS INC.	1,089,912
79,500	AETNA LIFE & CASUALTY CO.	4,730,250
24,000	AFFILATED PUBNS	1,464,000
10,000	AFFILIATED BANKSHARES COL	126,250
69,750	AFG INDS INC	1,883,250
72,300	AHMANSON H.F. CO.	1,554,450
46,100	AIR PRODUCTS & CHEM. INC.	2,166,700
21,000	AIR WIS AVIATION INC	215,250
19,100	AIRBORNE FGHT CORP	630,300
45,000	ALASKA AIR GROUP	916,875
26,000	ALBERTSONS INC	1,449,500
12,000	ALC COMMUNICATIONS CORP	39,000
135,900	ALCAN ALUMINUM LTD.	4,127,963
38,200	ALCO STANDARD CORP.	993,200
157	ALEX BROWN INC	3,219
27,800	ALEXANDER & ALEXANDER	719,325
19,900	ALEXANDER & BALDWIN INC	1,099,475
8,500	ALEXANDERS INC	409,063
30,000	ALFIN FRAGRANCES INC	120,000
8,489	ALLEGHANY CORP NEW	950,768
101,000	ALLEGHENY BEVERAGE CORP	1,237,250
23,500	ALLEGHENY & WESTN ENERGY	666,813
11,000	ALLEGHENY INTL.	170,500
32,700	ALLEGHENY POWER SYS INC	1,312,088
33,313	ALLEGIS CORP	2,977,349
25,250	ALLEN GROUP INC	397,688
28,140	ALLEN ORGAN CLASS B	886,410
27,100	ALLIED BANKSHARES INC.	243,900
55,500	ALLIED SUPERMARKETS INC.	568,875
123,950	ALLIED-SIGNAL INC.	5,407,319
24,000	ALLTEL CORP	660,000
27,000	ALLWASTE INC	232,875
61,900	ALUMINUM CO. OF AMERICA	3,303,913

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
58,000	AMAX INC	\$	1,196,250
58,000	AMDAHL CORP		2,037,250
76,100	AMERADA HESS CORP.		2,920,338
30,000	AMERICAN FRUCTOSE CL A		356,250
50,000	AMERICAN INTEGRITY CORP		331,250
39,050	AMERICAN STANDARD INC.		1,654,744
31,700	AMERICAN BANK INSURANCE G		423,988
8,000	AMERICAN BLDG MAINTENANC		200,000
1,000	AMERICAN CAP MGMT & RESH		18,500
10,000	AMERICAN CAPACITY GROUP I		100,000
71,600	AMERICAN CYANAMID		3,508,400
8,457	AMERICAN ECOLOGY		190,283
137,600	AMERICAN ELEC POWER INC		3,784,000
309,478	AMERICAN EXPRESS COMPANY		10,599,622
77,066	AMERICAN FAMILY CORP		1,001,858
93,100	AMERICAN GENERAL CORP		3,689,088
24,900	AMERICAN GREETINGS		647,400
77,500	AMERICAN HOIST & DERRICK		804,063
7,600	AMERICAN INCOME LIFE INS		90,250
103,840	AMERICAN INFORMATION		9,034,080
115,500	AMERICAN INTERNATIONAL GR		8,186,063
24,400	AMERICAN MAIZE PRODS CO		542,900
65,000	AMERICAN MEDICAL INTL.		1,243,125
19,200	AMERICAN NATL INS CO		672,000
13,200	AMERICAN PETROFINA INC.		768,900
10,000	AMERICAN PRESIDENT COS L		432,500
20,000	AMERICAN SHIP BLDG CO		132,500
33,300	AMERICAN SOFTWARE INC		499,500
22,352	AMERICAN STORES NEW		1,637,284
10,000	AMERICAN SVGS BK FSB		168,750
767,407	AMERICAN TEL & TEL NEW		21,199,618
76,600	AMERICAN TELEVISION &		1,915,000
9,000	AMERICAN WATER WORKS		160,875
29,600	AMERITRUST CORP		717,800
32,800	AMES DEPARTMENT STORES		779,000
24,900	AMETEK INC		806,138
30,200	AMFAC INC		992,825
183,000	AMOCO CORP		16,012,500
10,000	AMOSKEAG BK SHS INC		213,750
77,000	AMP INC.		4,514,125
15,000	AMPCO PITTSBURGH CORP.		230,625
48,200	AMR CORP.		2,855,850
15,000	AMSOUTH BANCORP.		485,625
55,000	AMWEST INS GROUP INC		632,500
30,700	ANADARKO PETE CORP.		909,488
34,333	ANALOG DEVICES INC		669,494
19,100	ANALOGIC CORP		202,938

MINNESOTA STATE BOARD OF INVESMENT
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JUNE 30,1987

NO. OF SHARES			MARKET VALUE
23,000	ANCHOR HOCKING CORP.	\$	690,000
12,000	ANDOVER TOGS INC		73,500
12,000	ANDREW CORP.		183,000
10,000	ANTHEM ELECTRS INC		161,250
35,000	AOI COAL CO		126,875
51,800	AON CORP		1,333,850
58,000	APACHE CORP		623,500
2,800	APL CORP		20,650
84,000	APPLE COMPUTER		3,402,000
31,600	APPLIED CIRCUIT TECH.		31,600
60,000	APPLIED MATLS INC		1,185,000
142,803	ARCHER DANIELS MIDLAND C		3,498,674
100,000	ARCHIVE CORP		987,500
9,100	ARGONAUT GROUP INC		302,575
10,300	ARGOSYSTEMS INC		378,525
3,200	ARITECH CORP DEL		47,200
12,800	ARKANSAS BEST CORP		219,200
39,000	ARKLA INCORPORATED		940,875
39,000	ARMCO INC		390,000
49,600	ARMSTRONG IND. INC.		1,897,200
15,000	ARMTEK CORP		301,875
30,000	ARNOX CORP		191,250
9,666	ARVIN INDS INC		343,143
12,175	ARX INC		126,316
15,000	ASA LTD		864,375
53,600	ASAMERA INC		515,900
28,700	ASARCO INC.		710,325
19,000	ASHLAND OIL INC		1,204,125
20,000	ASHTON TATE		490,000
30,000	ASK COMPUTER		371,250
10,000	ATALANTA SOSNOFF CAP CORP		120,000
17,000	ATLANTA GAS LT CO		395,250
28,000	ATLANTIC CITY ELEC CO		969,500
135,400	ATLANTIC RICHFIELD		12,896,850
11,200	ATWOOD OCEANICS INC		198,800
14,600	AUGAT INC		359,525
51,700	AUTOMATIC DATA PROCESSIN		2,468,675
9,400	AVALON ENERGY CORP		54,050
25,400	AVANTEK INC		403,225
23,400	AVERY INTL. CORP.		585,000
27,800	AVNET INC		913,925
59,900	AVON PRODS INC		2,021,625
24,000	AVX CORP.		429,000
14,200	AYDIN CORP.		488,125
30,750	BAIRNCO CORP		1,199,250
83,120	BAKER HUGHES INC		1,890,980
11,000	BALL CORP		525,250

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
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JUNE 30,1987

NO. OF SHARES			MARKET VALUE
32,800	BALLY MFG CO	\$	738,000
52,900	BALTIMORE GAS & ELEC CO		1,659,738
67,688	BANC ONE CORP		1,869,881
12,000	BANDAG INC		768,000
53,100	BANK BOSTON CORP		1,858,500
52,622	BANK NEW ENGLAND CORP		1,868,081
27,750	BANK OF NY CO. INC.		1,207,125
14,258	BANK SOUTH CORP		260,209
110,200	BANKAMERICA CORP.		1,267,300
3,900	BANKAMERICAN RLTY INVS		118,950
3,000	BANKERS FIRST CORP		36,000
57,400	BANKERS TRUST NY CORP.		2,927,400
20,700	BARD C.R. INC.		931,500
9,000	BARNES GROUP INC		320,625
43,350	BARNETT BKS FLA		1,603,950
20,000	BARRIS INDS INC		305,000
26,000	BARRY WRIGHT CORP		487,500
14,000	BASSETT FURNITURE INDS		567,000
46,400	BATTLE MTN GOLD CL A		1,386,200
23,900	BAUSCH & LOMB INC		1,015,750
172,705	BAXTER TRAVENOL LABS		4,209,684
36,000	BAYBANKS INC		1,548,000
35,700	BAYLY CORP.		401,625
81,915	BEAR STEARNS COS INC		1,392,555
19,500	BEAUTICONTROL COSMETICS I		146,250
28,000	BECOR WESTERN INC		420,000
34,100	BECTON DICKINSON CO		2,173,875
20,000	BEEBAS CREATIONS INC		300,000
22,100	BELL & HOWELL CO.		1,276,275
141,520	BELL ATLANTIC CORP.		9,641,050
192,200	BELL CANADA ENTERPRISES I		6,078,325
5,000	BELL INDUSTRIES		114,375
339,120	BELL SOUTH CORP		13,861,530
15,700	BELO A H CORP		1,024,425
20,900	BENEFICIAL CORP.		1,199,138
26,250	BERGEN BRUNSWIG CORP.		630,000
3,900	BERKEY PHOTO INC		20,475
775	BERKSHIRE HATHAWAY INC D		2,712,500
17,200	BEST PRODUCTS		182,750
6,600	BETZ LABS INC		323,400
74,100	BEVERLY ENTERPRISES INC		1,092,975
5,200	BEVERLY INVT PPTYS INC		120,900
21,400	BIG B INC		291,575
63,825	BIG BEAR INC		1,627,538
15,000	BIG V SUPERMARKETS INC		301,875
25,000	BILDNER J & SONS INC		225,000
25,000	BIOTECH CAP CORP		287,500

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NO. OF SHARES			MARKET VALUE
43,500	BLACK & DECKER MFG CO	\$	1,011,375
25,000	BLACK HILLS CORP		581,250
28,000	BLOCK H & R INC.		1,487,500
16,400	BLOUNT INC		262,400
5,950	BOATMEN'S BANCSHARES		229,075
50,875	BOB EVANS FARMS INC		1,246,438
110,325	BOEING COMPANY		5,171,484
21,300	BOISE CASCADE CORP		1,549,575
11,600	BOLAR PHARMACY		275,500
75,850	BORDEN INC.		4,551,000
64,100	BORG-WARNER		2,980,650
41,600	BOSTON EDISON CO		946,400
7,000	BRANCH CORP		252,000
42,600	BRASCAN LTD		1,107,600
8,600	BRIGGS & STRATTON CORP		337,550
203,164	BRISTOL-MYERS CO.		10,107,409
15,700	BROOKLYN UN GAS CO.		421,938
9,700	BROWN GROUP		414,675
16,000	BROWN TRANS INC		180,000
118,400	BROWNING FERRIS INDS INC		3,359,600
34,000	BRUNOS INC		654,500
74,000	BRUNSWICK CORP.		1,776,000
22,000	BRUSH WELLMAN INC		858,000
12,500	BSN CORP COM PAR .03		185,938
19,400	BURLINGTON IND		1,484,100
55,000	BURLINGTON NORTHERN INC.		4,551,250
33,000	BURNDY CORP		561,000
5,000	BURNUP & SIMS INC		33,125
4,576	BURRITT MUT SVGS BK NEW		80,080
20,800	C3 INC		226,200
18,000	CABOT CORP		634,500
33,000	CALFED INC		1,150,875
60,000	CALGENE INC		675,000
14,081	CALLAHAN MNG CORP		387,228
20,000	CALMAT CO		600,000
34,300	CALNY FOOD SVCS INC		330,138
20,000	CAMBRIDGE BIOSCIENCE CORP		230,000
27,400	CAMERON IRON WORKS INC		595,950
50,000	CAMPBELL RED LAKES MINES		1,268,750
57,800	CAMPBELL SOUP CO		3,865,375
30,000	CANADIAN MARCONI CO		453,750
212,657	CANADIAN PACIFIC LTD		3,987,319
1,000	CANAL RANDOLPH LTD PARTNE		6,000
11,900	CAPITAL CITIES/ABC INC.		4,551,750
36,100	CAPITAL HOLDING CORP.		1,110,075
20,000	CAREERCOM CORP		177,500
81,000	CAREMARK		1,690,875

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NO. OF SHARES			MARKET VALUE
33,000	CARL KARCHER ENTERPRISES	\$	874,500
16,800	CARLISLE CORP		623,700
24,000	CAROLINA FREIGHT CORP		825,000
58,800	CAROLINA PWR & LT CO		2,190,300
6,400	CARPENTER TECHNOLOGY CORP		270,400
70,000	CARRIAGE INDS INC		481,250
21,500	CARSON PIRIE & CO.		1,048,125
16,600	CARTER HAWLEY HALE STORE		1,043,725
5,000	CARTER WALLACE INC		492,500
33,000	CARTERET SAVINGS BK F.A.		391,875
16,800	CASCADE NAT GAS CORP		270,900
67,400	CATERPILLAR INC.		3,605,900
8,250	CB & T BANKSHARES INC		177,375
12,000	CBI INDS INC		360,000
16,052	CBS INCORPORATED		2,817,126
2,000	CCB FINL CORP		80,500
16,500	CEN. BANKSHRS. SO.		288,750
41,835	CENERGY CORP		407,891
8,400	CENT HUDSON GAS & ELEC CO		222,600
21,000	CENTEL CORP.		1,388,625
100,780	CENTERIOR ENERGY CORP		1,738,455
12,000	CENTERRE BANCORP		463,500
19,000	CENTEX CORP		508,250
67,400	CENTRAL & SO WEST CORP.		2,114,675
12,758	CENTRAL BANCORP. INC DEL		494,353
39,900	CENTRAL ILL PUB SVC CO		917,700
5,900	CENTRAL JERSEY BANCORP		253,700
24,000	CENTRAL LA ELEC CO		792,000
20,500	CENTRAL ME PWR CO		361,313
19,700	CENVILL INVS INC		408,775
31,400	CERTAIN TEED PRODS CORP		1,322,725
49,000	CETUS CORP		1,427,125
27,236	CF & I STL CORP		129,371
70,065	CHAMPION INTL.		2,548,614
10,600	CHAMPION SPARK PLUG CO		153,700
35,000	CHANTAL PHARMACEUTICAL CO		218,750
13,000	CHARLOTTE CHARLES INC		100,750
49,450	CHARMING SHOPPES INC		1,502,044
48,000	CHARTER MED CORP		1,470,000
66,600	CHASE MANHATTAN CORP.		2,747,250
15,700	CHATHAM MFG CO		573,050
21,000	CHEMED CORPORATION		847,875
48,635	CHEMICAL NEW YORK CORP		2,042,670
31,500	CHEMICAL NY CORP CL B		208,688
77,000	CHEMICAL WASTE MGMT INC		2,310,000
15,000	CHEROKEE GROUP		285,000
19,200	CHESAPEAKE CORP VA		828,000

MINNESOTA STATE BOARD OF INVESMENT
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NO. OF SHARES			MARKET VALUE
244,100	CHEVRON CORP	\$	15,134,200
29,000	CHI-CHIS INC		213,875
21,000	CHIEFTAIN DEV LTD		225,750
27,501	CHOCK FULL O NUTS CORP		220,008
154,075	CHRYSLER CORP.		5,257,809
27,025	CHUBB CORPORATION		1,662,038
56,400	CHURCHS FRIED CHICKEN		564,000
55,900	CIGNA CORPORATION		3,542,663
32,000	CILCORP INC		1,076,000
26,000	CINCINNATI BELL INC		637,000
8,000	CINCINNATI FINL CORP		530,000
10,500	CINCINNATI MILACRON INC		332,063
27,600	CIPHER DATA PRODS INC		310,500
64,200	CIRCLE K CORP		1,075,350
103,600	CITICORP		6,112,400
55,660	CITIZENS & SOUTHERN CORP.		1,537,608
12,000	CITIZENS FIRST BANCORP IN		291,000
53,606	CITIZENS UTILS DEL		1,634,995
39,100	CITY FED FIN'L CORP		327,463
6,800	CLABIR CORP		50,150
34,400	CLARK EQUIP CO		907,300
87,300	CLEVELAND-CLIFFS INC		1,353,150
28,000	CLOROX CO.		920,500
2,100	CMS ENERGY CORP		38,850
47,500	CNA FINL CORP		2,481,875
52,700	COACHMEN INDS INC		599,463
30,900	COASTAL CORP		1,073,775
36,300	COBE LABS INC		784,988
17,600	COCA COLA BOTTLING CO CO		611,600
313,300	COCA COLA COMPANY		13,941,850
107,200	COCA COLA ENTERPRISES INC		2,063,600
7,000	COLEMAN CO. INC.		257,250
49,745	COLGATE PALMOLIVE		2,338,015
10,050	COLLAGEN CORP.		103,013
72,000	COLLINS FOODS INTL.		1,494,000
21,300	COLT INDS. INC NEW		284,888
27,900	COLUMBIA GAS SYSTEM INC		1,398,488
18,600	COMAIR INC		167,400
25,100	COMBUSTION ENGINEERING		941,250
20,000	COMCAST CORP		470,000
10,000	COMCAST CORP CL A		226,250
36,000	COMDATA NETWORK INC.		576,000
34,600	COMDISCO INC.		1,063,950
23,000	COMERICA INC		1,362,750
48,513	COMINCO LTD		594,284
11,200	COMMERCE CLEARING HOUSE		733,600
7,000	COMMERCE UN CORP		212,625

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NO. OF SHARES			MARKET VALUE
34,666	COMMERCIAL METALS CO	\$	645,654
141,236	COMMONWEALTH EDISON CO.		4,890,297
9,600	COMMUNICATIONS SATELLITE		272,400
22,900	COMMUNITY PSYCHIATRIC CEN		941,763
15,000	COMPAQ COMPUTER CORP		703,125
37,333	COMPREHENSIVE CARE CORP		545,995
27,000	COMPUGRAPHIC CORP		627,750
60,000	COMPUTER ASSOC INTL INC		1,507,500
4,792	COMPUTER CONSOLES		46,123
10,900	COMPUTER SCIENCES CORP.		614,488
59,900	COMPUTER VISION CORP.		898,500
100,000	COMSTOCK GROUP INC		675,000
69,600	CONAGRA INC.		2,201,100
9,100	CONCURRENT COMPUTER CORP		156,975
84,300	CONSOL. EDISON OF N.Y.		3,782,963
33,900	CONSOL. FREIGHTWAYS INC.		1,237,350
59,700	CONSOL. NAT. GAS		2,701,425
12,000	CONSOLIDATED PAPERS INC		777,000
49,900	CONSOLIDATED RAIL CORP		1,665,413
85,000	CONSUMER PLASTICS CORP		956,250
23,600	CONSUMERS WTR CO		474,950
54,400	CONTEL CORP		1,727,200
44,300	CONTINENTAL CORP		1,949,200
22,000	CONTINENTAL INFORMATION S		261,250
14,900	CONTROL DATA CORP.		426,513
14,000	CONTROL RESOURCE INDS INC		297,500
201,000	CONVERGENT INC		1,381,875
44,000	COOPER COS		654,500
48,781	COOPER DEVELOPMENT CO.		60,976
30,300	COOPER INDS. INC.		1,787,700
37,000	COOPER LASERSONICS INC		76,313
7,200	COOPER TIRE & RUBBER		251,100
32,586	CORESTATES FINL CORP		1,279,001
37,846	CORNING GLASS WORKS		2,422,157
34,000	CORROON & BLACK CORP		1,015,750
83,000	CPC INTL. INC.		4,523,500
14,000	CPI CORP		344,750
53,000	CPT CORP.		185,500
2,400	CRAIG CORP		39,000
39,390	CRANE CO.		1,162,005
22,400	CRAY RESEARCH INC		2,276,400
7,200	CRONUS INDS INC		116,100
24,000	CROSS & TRECKER		471,000
39,000	CROSS A T CO		1,296,750
7,100	CROWN CORK & SEAL		830,700
10,400	CRYSTAL BRANDS INC		223,600
116,600	CSX CORPORATION		4,066,425

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NO. OF SHARES			MARKET VALUE
9,500	CUBIC CORP	\$	192,375
17,000	CULLEN FROST BANKERS INC		195,500
25,000	CULLINET SOFTWARE INC.		290,625
6,100	CULLUM COS INC		191,388
11,500	CUMMINS ENGINE CO.		1,037,875
3,500	CURTICE-BURNS FOODS INC.		125,563
35,000	CYCARE SYS INC		306,250
22,830	CYPRUS MINERALS CORP		536,505
20,000	D & N SVGS BK FSB HANCOCK		280,000
37,000	DANA CORPORATION		1,748,250
24,150	DANIEL INDS INC		262,631
2,800	DATA CARD CORP.		34,650
4,900	DATA DESIGN LABS INC		34,913
20,100	DATA GENERAL CORP.		620,588
30,700	DATA I O CORP		276,300
55,000	DATA SWITCH CORP		364,375
2,900	DATAPOINT CORP		18,850
62,200	DATAPRODUCTS CORP		699,750
10,000	DAYCO CORP		348,750
78,800	DAYTON-HUDSON CORP.		3,989,250
73,700	DE LUXE CHK PRINTERS INC		2,330,763
22,400	DEAN FOODS CO		800,800
10,400	DECISION INDUSTRIES CORP.		104,000
53,600	DEERE & COMPANY		1,520,900
26,000	DEKALB CORP		627,250
35,500	DELCHAMPS INC		772,125
47,400	DELMARVA PWR & LT CO		953,925
37,600	DELTA AIR LINES INC.		2,105,600
19,000	DENISON MINES LTD A		135,375
19,000	DENISON MINES LTD B		111,625
109,000	DETROIT EDISON CO		1,771,250
5,100	DEVON GROUP INC NEW		87,975
43,500	DEXTER CORP		1,082,063
35,300	DI GIORGIO CORP		1,059,000
12,000	DIAL REIT INC		234,000
13,500	DIAMOND BATHURST INC		337,500
23,400	DIAMOND SHAMROCK R&M INC		383,175
10,150	DIGITAL COMM. ASSOC.		329,875
92,400	DIGITAL EQUIPMENT CORP.		15,142,050
35,400	DILLARD DEPT. STORES		1,681,500
107,600	DISNEY WALT CORP		7,774,100
20,000	DIVERSIFIED ENERGIES INC		470,000
10,000	DIXIE YARNS INC		307,500
41,400	DOLLAR GEN CORP		496,800
14,000	DOMINION BANKSHARES CORP		278,250
63,200	DOMINION RESOURCES		2,733,400
14,900	DONALDSON INC		536,400

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NO. OF SHARES			MARKET VALUE
55,600	DONNELLEY RR & SONS	\$	2,175,350
28,600	DOVER CORP.		1,926,925
136,200	DOW CHEMICAL COMPANY		11,730,225
75,000	DOW JONES & CO		3,843,750
19,800	DOWNEY SAVINGS & LN ASSN		361,350
35,600	DPL INC.		925,600
10,000	DRESHER INC		111,250
58,500	DRESSER INDUSTRIES		1,828,125
41,000	DREYERS GRAND ICE CREAM I		830,250
42,800	DREYFUS CORP.		1,401,700
170,680	DU PONT EI DENEMOURS		20,481,600
70,800	DUKE POWER CO. NC		3,159,450
108,200	DUN & BRADSTREET COS INC		6,843,650
5,000	DUNKIN DOUGHNUT INC.		143,750
50,600	DUQUESNE LT CO		607,200
18,000	DURAKON INDS INC		211,500
18,451	DURO TEST CORP		232,944
8,725	DURR FILLAUER MED INC		104,700
7,300	DYNATECH CORP		222,650
21,600	E-SYSTEMS		704,700
29,300	E.F. HUTTON GP. INC.		1,117,063
12,700	EAGLE PICHER INDS INC		536,575
15,000	EASCO HAND TOOLS INC		146,250
26,000	EASTERN GAS & FUEL ASSN		708,500
160,600	EASTMAN KODAK CO.		13,831,675
22,300	EATON CORP.		2,062,750
10,000	EATON FINL CORP		107,500
26,400	ECHLIN INC.		462,000
26,700	ECHO BAY MINES LTD		944,513
7,400	EDISON BROS STORES INC		271,950
14,000	EDO CORP		215,250
12,800	EG & G INC		441,600
57,000	EL PASO ELEC CO		969,000
13,000	ELBIT COMPUTERS INC		117,000
23,000	ELECTRO BIOLOGY INC		106,375
13,100	ELECTRO NUCLEONICS INC		145,738
10,000	ELECTROSPACE SYSTEMS		267,500
40,000	EMC INS GROUP INC		410,000
51,666	EMERSON ELECTRIC		5,605,761
22,000	EMERY AIR FREIGHT CORP.		360,250
22,000	EMHART CORP VA		984,500
30,200	EMULEX CORP		230,275
37,800	ENGLEHARD CORP		973,350
14,400	ENNIS BUSINESS FORMS INC		360,000
26,300	ENRON CORP.		1,219,663
45,000	ENSERCH CORP.		1,096,875
29,500	ENTERRA CORP		287,625

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NO. OF SHARES			MARKET VALUE
36,000	ENTEX	\$	531,000
10,000	ENVIRONMENTAL SYS CO		190,000
34,800	ENZO BIOCHEM INC		321,900
100,000	EPSILON DATA MGMT INC		1,000,000
96,700	EQUATORIAL COMMUNICATIONS		314,275
8,400	EQUITABLE BANCORP		214,200
21,000	EQUITABLE RES INC		892,500
4,200	EQUITEC FINL GROUP INC		32,550
23,000	ESTERLINE CORP		388,125
89,800	ETHYL CORP.		2,402,150
39,400	EVANS & SUTHERLAND COMPU		1,280,500
15,000	EVANS INC		127,500
70,000	EXCHANGE INTL CORP		997,500
515,600	EXXON CORPORATION		48,079,700
20,000	FAIRFIELD COMMUNITY INC.		135,000
50,000	FALCONBRIDGE LTD		793,750
25,500	FAMILY DLR STORES INC		446,250
65,700	FARM FRESH INC		771,975
71,778	FARM HOUSE FOODS CORP		318,515
49,000	FARMERS GROUP INC.		2,205,000
11,700	FAYS DRUG INC		102,375
42,000	FEDERAL CO		1,879,500
42,100	FEDERAL EXPRESS CORP.		2,831,225
61,800	FEDERAL NATL MORTGAGE ASS		2,402,475
32,000	FEDERAL PAPER BRD INC		1,280,000
17,000	FEDERAL-MOGUL CORP		765,000
66,400	FEDERATED DEPT. STORES		3,469,400
10,000	FERRO CORP		535,000
26,000	FIDELCOR		955,500
6,000	FIFTH THIRD BANCORP		321,000
51,000	FIREMANS FD CORP		1,836,000
27,400	FIRESTONE TIRE & RUBR CO		1,140,525
72,000	FIRST ALA BANCSHARES INC		1,584,000
17,500	FIRST AM. CORP TENN.		490,000
18,700	FIRST AMERN BK & TR PALM		147,263
7,500	FIRST AMERN SVGS F A ABIN		126,563
49,400	FIRST BANK SYSTEM		1,667,250
19,600	FIRST BOSTON INC		874,650
47,400	FIRST CHICAGO CORP		1,398,300
35,000	FIRST CITY BANKCORP TEXAS		91,875
6,600	FIRST EASTN CORP PA		168,300
57,500	FIRST EXECUTIVE CORP DEL		984,688
37,200	FIRST FED MICH DETROIT		837,000
21,400	FIRST FIDELITY BANCORP		920,200
17,100	FIRST FINL CORP WIC		316,350
30,000	FIRST FINL MGMT CORP		772,500
10,000	FIRST FLA BKS INC.		310,000

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
36,100	FIRST INTERST. BANCORP	\$	2,156,975
7,000	FIRST JERSEY NAT'L. CO.		388,500
40,275	FIRST KY NATL CORP		976,669
10,900	FIRST NATL CINCINNATI COR		430,550
30,000	FIRST PA CORP		288,750
1,050	FIRST REPUBLICBANK ADJ.		101,194
5,250	FIRST REPUBLICBANK CL A		122,719
21,050	FIRST REPUBLICBANK CORP		489,413
29,000	FIRST SEC CORP DEL		775,750
39,300	FIRST TENN NATL CORP		1,188,825
84,780	FIRST UNION CORP		2,151,293
38,100	FIRST WACHOVIA CORP		1,538,288
10,000	FIRST WIS CORP		261,250
8,000	FISCHBACH CORP		175,000
6,500	FISHER FOODS INC		77,188
5,627	FISHER SCIENTIFIC GROUP I		92,851
32,000	FLEET FINANCIAL GRP INC		876,000
28,300	FLEETWOOD ENTER. INC.		725,188
16,400	FLEMING COS.		670,350
34,500	FLIGHTSAFETY INTL INC		1,129,875
13,400	FLOATING POINT SYS INC		125,625
55,000	FLORIDA EXPRESS INC		254,375
31,300	FLORIDA FED. S & L		461,675
57,000	FLORIDA NATL BKS FLA INC		1,225,500
33,800	FLORIDA PROGRESS CORP		1,212,575
9,200	FLORIDA ROCK & TANK LINES		108,100
10,000	FLORIDA ROCK INDS.		257,500
52,500	FLOWERS INDUSTRIES		1,424,063
15,765	FLUKE JOHN MFG.		457,185
47,700	FLUOR CORP		840,713
25,000	FMC CORP NEW		859,375
15,000	FMC GOLD CO		211,875
77,500	FOOD LION CORP		1,278,750
47,400	FOOD LION INC CL A		734,700
172,675	FORD MOTOR CO.		17,094,825
29,922	FOREST OIL CORP		418,911
56,200	FORT HOWARD PAPER CO.		3,013,725
23,000	FORTUNE FINL GROUP INC		615,250
22,600	FOSTER WHEELER CORP		457,650
19,000	FOXBORO CO		584,250
91,500	FPL GROUP INC.		2,882,250
1,333	FREEPORT MCMORAN ENERGY		20,167
3,149	FREEPORT MCMORAN GOLD CO		48,411
667	FREEPORT MCMORAN RESOURCE		11,917
80,000	FREEPORT-MCMORAN INC		1,960,000
34,000	FREMONT GEN CORP		531,250
6,240	FRISCHS RESTAURANTS INC		188,760

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
5,500	FRUEHAUF CORP DEL CL B	\$	35,750
3,500	FUDDRUCKERS INC		7,000
14,200	FUQUA INDS INC		504,100
25,100	GAF CORP		1,336,575
124,000	GANNETT INC.		6,324,000
14,800	GAP INC		1,002,700
27,100	GATX		1,100,938
1,300	GEARHART INDS INC		4,063
12,300	GEICO CORP.		1,649,738
16,500	GELCO CORP RIGHTS		825
16,500	GELCO CORPORATION		369,188
11,700	GELMAN SCIENCES INC		169,650
15,924	GENCORP		1,640,172
57,800	GENENTECH INC		2,312,000
20,800	GENERAL CINEMA CORP		1,094,600
14,920	GENERAL COMMUNIC CL A		23,215
63,300	GENERAL DATACOMM INDS INC		617,175
30,000	GENERAL DEVELOPMENT CORP		513,750
33,500	GENERAL DYNAMICS		2,236,125
660,000	GENERAL ELECTRIC CO.		35,887,500
70,137	GENERAL HOST CORP		981,918
23,800	GENERAL INSTRUMENT CORP		886,550
84,800	GENERAL MILLS INC.		4,717,000
44,820	GENERAL MOTORS (H)		2,207,385
45,860	GENERAL MOTORS CORP CL E		1,754,145
230,400	GENERAL MOTORS CORP.		19,036,800
57,000	GENERAL NUTRITION INC.		334,875
44,700	GENERAL PUBLIC UTILITIES		1,156,613
74,800	GENERAL RE CORP.		4,057,900
23,400	GENERAL SIGNAL CORP.		1,152,450
89,550	GENRAD INC.		1,130,569
57,750	GENUINE PARTS CO.		2,143,969
56,800	GEORGE A HORMEL & CO		1,306,400
83,700	GEORGIA PACIFIC CORP.		3,672,338
26,050	GERBER PRODS CO		1,276,450
8,000	GIANT FOODS INC		268,000
15,000	GIANT YELLOWKNIFE MINES L		241,875
87,400	GILLETTE COMPANY		3,332,125
4,500	GLEASON CORP		78,188
15,800	GODFREY COMPANY		525,350
49,333	GOLDEN ENTERPRISES		616,663
31,500	GOLDEN WEST FIN'L		1,126,125
17,500	GOODMARK FOODS INC		275,625
8,900	GOODRICH (B.F.)		457,238
40,200	GOODYEAR TIRE & RUBBER		2,723,550
38,400	GOULD INC.		772,800
35,000	GOULDS PUMPS INC		700,000

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
15,000	GR. AMER. FIRST SVGS BK S	\$	286,875
85,250	GR. WESTERN FIN'L		1,736,969
29,100	GRACE W R & CO		1,869,675
20,600	GRAINGER W W INC		1,102,100
13,900	GRAND AUTO INC		231,088
12,900	GRANDVIEW RES INC		108,844
16,200	GREAT ATLANTIC & PAC TEA		627,750
5,500	GREAT CTRY BK ANSONIA CON		97,625
7,000	GREAT LAKES CHEMICAL CORP		406,875
36,400	GREAT NORTHN NEKOOSA CORP		1,528,800
19,500	GREAT WESTN. SVGS BK BELL		160,875
12,575	GREENMAN BROS INC		127,322
30,400	GREENTREE ACCEPT. INC.		805,600
33,200	GREYHOUND CORP.		1,352,900
58,434	GROW CHEM CORP		620,861
11,687	GROW VENTURES CORP		10,226
78,900	GRUBB & ELLIS CO		483,263
24,600	GRUMMAN CORP.		630,375
237,800	GTE CORP.		9,155,300
6,250	GUILFORD MILLS		203,125
49,300	GULF & WESTERN INDUS.		4,190,500
100,800	GULF BROADCASTING CO LIQ		12,600
106,800	GULF CDA CORP		2,349,600
13,800	GULF RES & CHEM CORP		219,075
63,200	GULF STS UTILS CO		497,700
25,000	GULL INC		368,750
29,500	HALL FRANK B & CO INC		383,500
91,700	HALLIBURTON INC.		3,484,600
44,000	HAMILTON OIL CORP		929,500
8,833	HANCOCK FABRICS INC		164,521
38,000	HANDY & HARMAN		940,500
3,750	HANDYMAN CORP		169,219
18,000	HANNAFORD BROS CO		945,000
25,300	HANOVER INS. CO		822,250
34,600	HARCOURT BRACE JOVAN.		2,058,700
48,200	HARLAND JOHN H CO		1,331,525
11,250	HARPER GROUP		149,063
30,900	HARRIS CORP.		1,108,538
20,900	HARSCO CORP		700,150
26,250	HARTFORD NATL CORP		774,375
31,500	HARTMARX CORP		917,438
18,200	HASBRO INC.		452,725
10,500	HAVERTY FURNITURE CO		173,250
10,500	HAVERTY FURNITURE COS INC		170,625
19,800	HAWAIIAN ELEC INDS INC		571,725
13,000	HB FULLER CO		529,750
30,000	HBO & CO		371,250

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JUNE 30,1987

NO. OF SHARES			MARKET VALUE
10,600	HEALTH CARE PPTY INVS INC	\$	294,150
25,000	HECLA INC.		468,750
117,800	HEINZ H.J. & CO.		5,713,300
25,000	HELMERICH & PAYNE INC		784,375
78,837	HENLEY GROUP INC		2,020,198
40,800	HERCULES INC.		2,580,600
85,300	HERSHEY FOODS CORP		2,388,400
182,100	HEWLETT PACKARD CO.		11,130,863
20,000	HICKAM DOW B INC		265,000
42,500	HILLENBRAND INDS INC		1,227,188
24,000	HILTON HOTELS CORP		2,133,000
43,200	HIMONT INC		1,922,400
22,200	HM FED S & L ASSN. S.D.		682,650
30,000	HOGAN SYSTEMS		397,500
24,200	HOLIDAY CORP		589,875
37,267	HOLLY CORP		559,005
1	HOLLY CORP (NEW)		8
4,700	HOLLY SUGAR CORP		477,050
6,695	HOLMES D.H. & CO.		140,595
16,000	HOME DEPOT INC.		540,000
55,500	HOME GROUP INC		1,096,125
66,000	HOME SHOPPING NETWORK INC		1,221,000
52,250	HOMESTAKE MNG CO		1,867,938
38,400	HONEYWELL INC.		3,168,000
1,500	HORIZON BANCORP		91,875
72,900	HOSPITAL CORP. OF AMER.		3,380,738
8,000	HOUGHTON MIFFLIN CO.		315,000
7,000	HOUSE OF FABRICS INC.		116,375
42,400	HOUSEHOLD INTL.		2,247,200
80,600	HOUSTON INDUSTRIES INC.		2,679,950
20,600	HOWARD SVGS BK LIVINGSTON		445,475
23,200	HRE PROPERTIES		533,600
17,500	HUBBELL INC.		665,000
45,400	HUDSON FOODS INC		817,200
72,340	HUMANA INC.		1,862,755
11,000	HUNTINGTON BANCSHARES INC		288,750
23,400	I C H		315,900
85,872	I C INDUSTRIES		2,855,244
44,800	I M S INTL INC		1,366,400
35,300	IDAHO PWR CO		864,850
5,672	IDC SVCS INC		69,482
30,800	IE INDS INC		735,350
51,300	ILLINOIS POWER CORP		1,378,688
45,400	ILLINOIS TOOL WORKS INC		1,781,950
6,060	IMO DELAVAL INC		170,438
126,200	IMPERIAL OIL CO. LTD.		6,925,225
88,900	INCO INC.		1,522,413

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
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JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
8,250	INDIANA NATL CORP	\$	323,813
20,000	INFINITY BROADCASTING COR		435,000
15,000	INGERSOLL RAND		1,181,250
19,100	INGREDIENT TECHNOLOGY COR		403,488
30,500	INLAND STEEL IND. INC.		800,625
22,575	INSILCO CORP.		530,513
15,000	INT'L TECHNOLOGY CORP.		223,125
30,000	INTEGRATED RESOURCES INC.		772,500
83,800	INTEL CORP.		3,687,200
35,000	INTELLIGENT SYS CORP		249,375
20,900	INTELOGIC TRACE INC		122,788
42,100	INTERCO		1,910,288
43,300	INTERGRAPH CORP.		974,250
10,800	INTERLAKE INC		449,550
1,116	INTERNATIONAL CAP EQUIP.		2,232
19,000	INTERNATIONAL CTLS CORP		831,250
20,000	INTERNATIONAL GAME TECHN		262,500
44,000	INTERPUBLIC GROUP		1,595,000
31,350	INTERSTATE BAKERIES CORP		905,231
11,000	INTERSTATE PWR CO		262,625
7,270	INTERTAN INC		127,225
19,200	INTL MINERALS & CHEM.		801,600
39,000	INTL MULTIFOODS CORP		1,150,500
435,963	INTL. BUSINESS MACHINES		70,843,988
26,300	INTL. FLAVORS & FRAG.		1,278,838
74,000	INTL. PAPER CO.		3,589,000
10,000	IONICS INC		153,750
26,000	IOWA ILL GAS & ELEC CO		1,095,250
48,000	IOWA RESOURCES INC.		1,068,000
6,000	IOWA SOUTHN INC		181,500
44,000	IPALCO ENTERPRISES		1,034,000
28,000	IRVING BK CORP		1,295,000
72,100	ISC SYS CORP		639,888
117,600	ITT CORP		6,909,000
9,800	IU INTL CORP		181,300
67,386	JAMES RIV CORP VA		2,257,431
14,000	JAMESWAY CORP.		185,500
30,000	JB'S RESTAURANTS		180,000
36,750	JEFFERSON PILOT CORP.		1,176,000
44,500	JEFFRIES GROUP		623,000
50,400	JERRICO INC		1,083,600
10,100	JIFFY LUBE INTL INC		151,500
122,800	JOHNSON & JOHNSON		11,282,250
16,380	JOHNSON CONTROLS		593,775
82,000	JONES INTERCABLE INC CL A		1,158,250
8,000	JORGENSEN EARLE M CO DEL		214,000
72,000	JOSTENS INC		1,638,000

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
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JUNE 30,1987

NO. OF SHARES			MARKET VALUE
29,750	JOY TECHNOLOGIES PFD.	\$	573,750
10,000	JUSTIN INDS INC		138,750
24,750	JWT GROUP INC.		1,364,344
147,450	K MART CORPORATION		6,229,763
16,700	K N ENERGY INC.		313,125
17,200	KAISER TECH LTD		309,600
54,000	KANEB SERVICES		155,250
35,000	KANSAS CITY PWR & LT CO		914,375
6,100	KANSAS CITY SO. IND.		358,375
32,800	KANSAS PWR & LT CO		840,500
20,000	KASLER CORP.		175,000
13,500	KATY INDS INC		214,313
40,500	KAUFMAN & BROAD INC		916,313
54,000	KAYDON CORP		1,613,250
87,800	KELLOGG CO		5,739,925
39,235	KEMPER CORP.		1,206,476
19,000	KENNAMETAL INC		586,625
9,900	KENNER PARKER TOYS INC		316,800
8,700	KENTUCKY CENT LIFE INS C		131,588
58,000	KENTUCKY UTILS CO		1,131,000
8,800	KERR GLASS MFG CORP		123,200
37,000	KERR MCGEE CORP.		1,359,750
18,922	KEYSTONE INTL INC		392,632
19,500	KIDDE INC.		940,875
67,600	KIMBERLY CLARK CORP		3,709,550
30,000	KINCAID FURNITURE INC		300,000
14,666	KINDER CARE LEARNING CTR.		251,155
39,300	KLA INSTRS CORP		805,650
43,000	KLM ROYAL DUTCH AIR		1,064,250
49,700	KNIGHT RIDDER INC.		2,621,675
10,000	KNOGO CORP		248,750
9,400	KOPPERS INC		379,525
129,100	KRAFT INC.		7,762,138
68,000	KROGER COMPANY		2,499,000
4,000	KRUEGER WA CO.		47,500
40,000	KV PHARMACEUTICAL INC		650,000
25,000	LA QUINTA MOTOR INNS INC.		343,750
7,000	LA Z BOY CHAIR CO		588,000
14,000	LAIDLAW INDUSTRIES		329,000
15,000	LANCASTER COLONY CORP		296,250
33,333	LANCE INC.		1,458,319
30,000	LANCER CORP TEX		225,000
15,500	LAND OF LINCOLN SVGS & LN		228,625
13,500	LAWSON PRODS INC		391,500
48,000	LAWTER INTL INC		768,000
28,100	LEE DATA CORP.		182,650
5,000	LIBERTY CORP S C		196,875

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NO. OF SHARES			MARKET VALUE
30,000	LIEBERMAN ENTERPRISES	\$	592,500
98,900	LILLY ELI & CO		9,284,238
134,200	LIMITED INC.		5,820,925
56,000	LIN BROADCAST. CORP.		2,331,000
25,000	LINCOLN FOOD SERVICE PROD		212,500
30,000	LINCOLN NATL CORP IND		1,537,500
30,000	LIPOSOME INC		187,500
18,400	LITTON INDS INC.		1,681,300
66,600	LIZ CLAIBORNE INC.		2,314,350
51,070	LOCKHEED AIRCRAFT CORP		2,636,489
19,000	LOCTITE CORP		1,173,250
57,950	LOEWS CORP		3,795,725
39,000	LOMAS & NETTLETON FINL		1,096,875
25,000	LONE STAR INDUSTRIES		909,375
30,300	LONE STAR TECH		568,125
26,000	LONG DRUG STORES INC		919,750
15,200	LORAL CORP		613,700
8,285	LORIMAR TELEPICTURES CORP		128,418
14,300	LOUISIANA LD & EXPL CO		546,975
20,861	LOUISIANA PAC. CORP.		649,299
28,000	LOUISVILLE GAS ELEC CO		997,500
35,200	LOWES COMPANY		959,200
75,000	LSI LOGIC CORP.		768,750
36,000	LTX CORP		585,000
28,400	LUBRIZOL CORP		1,111,150
26,500	LUCKY STORES		804,938
19,300	LUKENS STL CO		709,275
3,400	LUMEX INC		51,000
31,800	M/A COM		437,250
45,100	MACHINE TECHNOLOGY		186,038
32,400	MACK TRUCKS INC.		627,750
74,700	MACMILLAN BLOEDEL LTD		1,503,338
13,900	MACMILLAN INC.		906,975
24,600	MAGMA COPPER CO NEW CL B		162,975
23,000	MANITOWOC INC		471,500
38,500	MANOR CARE INC		712,250
11,480	MANPOWER INC		628,530
10,000	MANUFACTURERS NATL CORP		440,000
11,200	MAPCO INC		613,200
33,000	MARINE MIDLAND BANKS INC		1,955,250
118,000	MARION LABS INC		4,248,000
100,300	MARRIOTT CORP.		3,924,238
52,600	MARSH & MCCLENNAN		3,267,775
1,800	MARSHALL & ILSLEY CORP		54,450
33,800	MARSHALL INDUSTRIES		422,500
42,100	MARTIN MARIETTA		1,947,125
106,300	MASCO CORP		3,760,363

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NO. OF SHARES			MARKET VALUE
52,300	MASCO INDS	\$	941,400
9,992	MATERIAL SCIENCES CORP		222,322
5,000	MATH APPLICATION GP.		9,375
39,062	MATRIX CORP N J		405,268
10,600	MATRIX SCIENCE CORP.		193,450
93,600	MAXUS ENERGY CORP		1,275,300
118,152	MAY DEPT. STORES CO.		5,612,220
42,636	MAYTAG CO.		2,275,697
66,850	MCA INC.		3,242,225
12,000	MCCORMICK & CO INC		564,000
16,400	MCDERMOTT INTL INC		489,950
5,400	MCDONALD & CO INVTS INC		50,625
135,843	MCDONALDS CORP.		7,199,679
29,900	MCDONNELL DOUGLAS CORP.		2,078,050
32,000	McFARLAND ENERGY INC		424,000
43,900	MCGRAW HILL INC.		3,012,638
218,600	MCI COMMUNICATION		1,639,500
8,000	MCINTYRE MINES LTD		256,000
34,400	MCKESSON CORP		1,161,000
13,100	MCO HOLDINGS INC		198,138
55,850	MCORP		516,613
13,400	MDU RESOURCES GROUP		289,775
40,600	MEAD CORP.		1,355,025
9,400	MEASUREX CORP		256,150
44,000	MEDIA GEN INC		1,710,500
3,800	MEDIQ INC		26,125
10,000	MEDTRONIC INC.		935,000
101,300	MEI DIVERSIFIED INC.		797,738
22,100	MELLON BANK CORP		787,313
36,200	MELRIDGE INC.		352,950
41,000	MELVILLE CORPORATION		3,008,375
33,400	MENTOR GRAPHICS CORP.		993,650
27,500	MERCANTILE STORES INC		1,326,875
22,500	MERCANTILE BANCORPORATION		573,750
3,148	MERCANTILE BANKSHARES COR		129,068
97,000	MERCK & COMPANY INC.		16,538,500
20,800	MEREDITH CORP		761,800
66,000	MERIDIAN BANCORP INC		1,410,750
25,000	MERRILL CORP		368,750
83,800	MERRILL LYNCH & CO. INC.		2,922,525
3,000	METRO AIRLS INC		25,125
41,200	MFRS. HANOVER CORP.		1,838,550
33,700	MGMT. SCIENCE AMER.		408,613
200	MGT. ASSIST. INC LIQUID.		375
5,000	MICHIGAN NATL CORP		208,750
4,800	MICKELBERRY CORP		24,000
4,100	MICOM SYS INC		52,275

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NO. OF SHARES		MARKET VALUE
24,300	MICRO D INC	\$ 230,850
19,500	MICROSOFT CORP	1,989,000
30,000	MID SOUTH INS CO	525,000
29,296	MIDLANTIC CORP	1,373,250
24,600	MILLER HERMAN INC.	568,875
20,000	MILLIPORE CORP.	802,500
50,000	MILTOPE GROUP INC	537,500
13,000	MILWAUKEE INS GROUP INC	169,000
38,800	MINISCRIBE	640,200
162,400	MINNESOTA MNG & MFG CO	11,510,100
32,000	MINNETONKA CORP	540,000
33,900	MITCHELL ENERGY	487,313
47,000	MITEL CORP	217,375
31,400	MNC FINANCIAL INC	1,432,625
290,900	MOBIL CORPORATION	14,799,538
37,000	MOLECULAR GENETICS INC	268,250
17,250	MOLEX INC	737,438
17,000	MONARCH CAPITAL CORP.	1,156,000
62,000	MONOLITHIC MEMORIES INC	992,000
60,700	MONSANTO CO.	5,076,038
25,000	MONTANA PWR CO	890,625
83,300	MOORE CORP LTD	2,124,150
7,250	MOORE FINL GROUP INC IDAH	207,531
10,000	MOORE MCCORMACK RES INC	247,500
135,400	MORGAN J P & COMPANY INC.	6,482,275
19,100	MORGAN STANLEY GROUP INC	1,382,363
10,000	MORRISON INC	305,000
20,200	MORRISON KNUDSEN CORP	992,325
39,400	MORTON THIOKOL	1,753,300
91,200	MOTOROLA INC.	4,936,200
15,000	MSI DATA CORP	270,000
10,000	MULTIBANK FINL CORP	206,250
10,440	MULTIMEDIA INC. NEW	613,350
14,300	MUNFORD INC.	357,500
22,500	MURPHY OIL	824,063
47,250	MYLAN LABS INC	702,844
38,900	N.W. NATL. LIFE	1,064,888
13,000	NAC RE CORP	325,000
13,000	NACCO INDS INC	321,750
26,000	NACCO INDS INC CL A	643,500
2,904	NAFCO FINANCIAL GP	46,464
30,000	NALCO CHEMICAL CO.	1,072,500
13,550	NATIONAL BANKSHARES CORP.	103,319
8,000	NATIONAL BUSINESS SYS INC	115,000
40,500	NATIONAL CITY CORP	1,402,313
22,450	NATIONAL CONVENIENCE STOR	221,694
27,100	NATIONAL DATA CORP	582,650

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
26,800	NATIONAL DISTILLERS & CHE	\$	1,819,050
20,000	NATIONAL EDUCATION CORP		495,000
20,300	NATIONAL INTERGROUP INC		329,875
31,500	NATIONAL LN BK HOUSTON TE		82,688
3,600	NATIONAL STANDARD CO		38,700
39,300	NATIONAL SVC INDS INC		977,588
16,300	NATL PATENT DEVEL CORP		248,575
50,075	NATL. MEDICAL ENTER. INC.		1,370,803
64,300	NATL. SEMICONDUCTOR		835,900
45,000	NBD BANCORP INC		1,659,375
18,000	NBI INC		216,000
67,600	NCNB CORP.		1,749,150
81,200	NCR CORP.		6,049,400
10,000	NELSON THOMAS INC		73,750
25,575	NETWORK SYSTEMS CORP.		252,553
13,000	NETWORK USA		203,125
52,000	NEVADA PWR CO		1,014,000
41,000	NEW ENGLAND BUS SVC INC		912,250
30,638	NEW ENGLAND ELEC SYS		827,226
14,000	NEW JERSEY RES CORP		294,000
10,300	NEW PROCESS CO		275,525
38,700	NEW YORK ST ELEC & GAS C		1,064,250
71,000	NEW YORK TIMES CO		3,337,000
42,000	NEWHALL LD & FARMING CO C		1,375,500
75,000	NEWMONT GOLD CO		2,081,250
49,200	NEWMONT MINING		2,318,550
15,000	NEWPORT CORP		176,250
93,500	NIAGARA MOHAWK PWR CORP		1,554,438
21,100	NICOR INC		569,700
46,000	NIKE INC.		776,250
17,500	NL INDUSTRIES		146,563
23,400	NO. AMERICAN PHILIPS CORP		1,000,350
43,088	NO. STS. POWER CO. MINN.		1,357,272
22,000	NOBEL INS LTD		297,000
33,500	NOBLE AFFILIATES INC		556,938
12,289	NOBLE DRILLING CORP		83,717
29,200	NORDSTROM INC		2,044,000
148,500	NORFOLK SOUTHERN CORP		4,900,500
37,800	NORSTAR BANCORP		1,237,950
22,000	NORTH SIDE SVGS BK BRONX		407,000
80,000	NORTHEAST UTILITIES		1,830,000
46,100	NORTHERN IND PUB SVC CO		541,675
169,700	NORTHERN TELECOM LTD.		3,606,125
2,000	NORTHERN TRUST CORP		90,250
33,500	NORTHROP CORP		1,381,875
12,500	NORTHWEST NAT GAS CO		281,250
15,000	NORTHWESTERN STL & WIRE		298,125

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
11,000	NORTON CO	\$	508,750
33,700	NORWEST CORP.		1,432,250
85,000	NOVA PHARMACEUTICAL CORP		1,147,500
33,400	NOVAR ELECTRONICS		233,800
10,000	NOVELL INC		197,500
28,000	NOXELL CORP		1,645,000
15,800	NUCOR CORP		628,050
18,144	NWA INC.		1,270,080
153,420	NYNEX		10,758,578
3,416	OAKWOOD HOMES CORP		44,408
141,949	OCCIDENTAL PETE CORP		5,340,831
25,000	OCCUPATIONAL URGENT CARE		287,500
39,000	OCEAN DRILLING & EXPL CO		1,043,250
24,000	OGDEN CORP.		1,614,000
25,000	OHIO CAS CORP		1,106,250
98,000	OHIO EDISON CO		2,094,750
19,000	OHIO MATTRESS CO.		427,500
33,000	OKLAHOMA GAS & ELEC CO		1,089,000
8,850	OLD KENT FINL CORP		201,338
17,250	OLD REP INTL CORP		528,281
6,500	OLIN CORP		342,875
25,000	OMNICARE INC		228,125
21,156	OMNICOM GROUP INC.		515,678
24,000	ONEOK INC		828,000
20,000	OPTICAL COATING LAB		365,000
24,900	OPTICAL RADIATION CORP		622,500
8,100	ORANGE & ROCKLAND UTILS I		261,225
73,600	ORIENT EXPRESS HOTELS INC		285,200
1,400	OSHKOSH B GOSH INC CL B		102,900
26,600	OUTBOARD MARINE CORP		894,425
34,800	OVERSEAS SHIPHOLDING GROU		870,000
8,000	OWENS & MINOR INC		156,000
26,700	OWENS CORNING FIBERGLAS (620,775
46,500	OXFORD INDS INC		767,250
11,000	PACCAR INC		759,000
256,400	PACIFIC GAS & ELEC. CO.		5,160,050
43,340	PACIFIC LTG CORP		2,378,283
10,000	PACIFIC SCIENTIFIC CO		180,000
306,040	PACIFIC TELESIS GP.		8,110,060
48,900	PACIFICORP		1,754,288
10,000	PACO PHARMACEUTICAL SVCS		168,750
18,375	PAINE WEBBER		571,922
23,000	PALL CORP		669,875
30,700	PANHANDLE EASTN CORP		959,375
66,000	PANSOPHC SYS INC		1,287,000
40,000	PAR TECHNOLOGY		480,000
49,980	PARADYNE CORP		337,365

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES		MARKET VALUE
35,000	PARK OHIO INDS INC OHIO	\$ 245,000
90,000	PARKER DRILLING CO	697,500
27,250	PARKER HANNIFIN CORP	899,250
20,000	PARKWAY CO	422,500
49,000	PAUL HARRIS STORES INC	1,237,250
12,100	PAY N PAK STORES	252,588
30,000	PAYLESS CASHWAYS	697,500
20,000	PEGASUS GOLD INC	372,500
29,500	PENN CENT CORP	1,707,313
118,700	PENNEY J.C. INC.	6,231,750
54,000	PENNSYLVANIA PWR & LT CO	1,944,000
13,400	PENNWALT CORP	840,850
33,800	PENNZOIL CO.	2,543,450
35,750	PENTAIR INC	1,018,875
44,000	PEOPLES ENERGY CORP	896,500
10,000	PEOPLES HERITAGE SVGS BK	200,000
20,000	PEOPLES WESTCHESTER SVGS	535,000
13,300	PEP BOYS MANNY MOE & JACK	645,050
184,952	PEPSICO INCORPORATED	6,658,272
32,300	PERKIN ELMER	1,021,488
12,500	PERRY DRUG STORES INC.	139,063
46,900	PETRIE STORES CORP.	1,547,700
24,000	PETROLITE CORP	864,000
125,100	PFIZER INCORPORATED	9,007,200
45,800	PHELPS DODGE	1,631,625
29,000	PHH GROUP INC	1,174,500
130,100	PHILADELPHIA ELEC. CO.	2,748,363
183,900	PHILLIPS PETROLEUM CO.	3,057,338
56,250	PHILLIPS VAN HEUSEN CORP	1,132,031
26,250	PIC N SAVE CORP.	639,844
14,400	PIEDMONT AVIATION	997,200
24,600	PILGRIMS PRIDE CORP	249,075
74,000	PILLSBURY COMPANY	3,209,750
50,100	PINNACLE WEST CAPITAL COR	1,590,675
16,954	PIONEER GROUP INC	372,988
30,000	PIONEER HI-BRED INTL.	1,095,000
15,000	PIONEER STD ELECTRS INC	135,000
52,200	PITNEY BOWES INC.	2,225,025
36,500	PITTSTON CO	552,063
22,000	PLAINS PETE CO	706,750
44,882	PNC FINANCIAL	2,176,777
30,000	POGO PRODUCING CO	221,250
44,000	POLAROID CORP.	1,688,500
23,000	POLICY MGMT. SYS. CORP.	546,250
13,100	PONDEROSA SYSTEM INC.	379,900
67,400	POPE & TALBOT	1,474,375
35,500	PORTLAND GENERAL CORP	909,688

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
31,900	POTLATCH CORP	\$	1,040,738
61,000	POTOMAC ELEC. & PWR.		1,403,000
99,200	PPG INDUSTRIES INC.		4,662,400
17,900	PRATT & LAMBERT INC		798,788
15,000	PRECISION CASTPARTS CORP		543,750
32,275	PREMARK INTL INC		907,734
30,000	PREMIER INDL CORP		1,177,500
20,000	PRESIDENTIAL LIFE CORP		340,000
10,000	PRESTON CORP		167,500
40,700	PRICE CO		1,826,413
29,000	PRIMARK CORP		775,750
37,400	PRIME COMPUTER INC.		986,425
24,433	PRIME MTR INNS INC		1,017,024
43,600	PRIMERICA CORP		1,814,850
119,700	PROCTOR & GAMBLE		11,730,600
40,000	PROFIT SYS INC		410,000
26,100	PROTECTIVE LIFE CORP		362,138
26,000	PROVIDENT LIFE & ACC INS		526,500
24,100	PS GROUP INC.		831,450
63,100	PSE INC		567,900
95,515	PUBLIC SERVICE ENTERPRISE		3,629,570
35,000	PUBLIC SVC CO COLO		787,500
29,200	PUBLIC SVC CO N MEX		956,300
16,000	PUGET SOUND BANCORP WASH		412,000
56,500	PUGET SOUND PWR & LT CO		1,130,000
40,000	PULTE HOME CORP		465,000
40,000	PURITAN BENNETT CORP		1,070,000
11,000	PUROLATOR COURIER CORP		404,250
4,800	QUAKER CHEMICAL		96,000
60,200	QUAKER OATS CO		3,130,400
18,400	QUAKER ST OIL REFNG CORP		407,100
19,500	QUANTUM CORP.		314,438
6,150	QUEBECOR INC		85,331
26,000	QUESTAR CORP		1,111,500
31,500	QUICK & REILLY GROUP INC		606,375
10,000	QUIKSILVER INC		116,250
16,800	QUIXOTE CORP		214,200
8,000	R T E CORP		256,000
25,000	R.P.M. INC OHIO		537,500
26,900	RAINIER BANCORP		1,432,425
15,000	RALIGH FED SVGS BK N C		140,625
73,100	RALSTON PURINA CO.		6,250,050
77,000	RANGER OIL LTD		442,750
34,000	RANSBURG CORP		522,750
11,000	RAYCHEM CORP		1,298,000
53,800	RAYTHEON COMPANY		4,061,900
8,250	REDKEN LABS INC.		183,563

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES		MARKET VALUE
30,400	REDMAN INDS INC	\$ 277,400
40,500	REEBOK INTERNATIONAL LTD	1,706,063
49,900	REEVES COMMUNICATIONS COR	461,575
32,000	REGIS CORP.	432,000
5,100	REICHOLD CHEMS INC	309,825
2,508	REPUB. PICTURES CORP CL A	22,572
21,050	REPUBLIC N Y CORP	1,147,225
11,000	RESORT INTL.	635,250
40,000	REYNOLDS & REYNOLDS CO	1,310,000
22,800	REYNOLDS METALS CO	1,727,100
10,000	RHODES INC	172,500
27,600	RIBI IMMUNOCHEM RESH INC	279,450
25,000	RICHMOND HILL SVGS BK N Y	409,375
5,000	RIEDEL ENVIRONMENTAL	118,750
6,000	RIGGS NATL CORP WASH D C	174,000
41,700	RITE AID CORP	1,626,300
90,750	RLC CORP.	805,406
31,000	RLI CORP	430,125
38,200	ROADWAY SVCS INC	1,403,850
18,500	ROBERTSON H H CO	247,438
31,900	ROCHESTER GAS & ELEC CORP	566,225
7,700	ROCHESTER TEL CORP	340,725
10,000	ROCKAWAY CORP	113,750
217,100	ROCKWELL INTL CORP	5,861,700
58,600	ROHM & HAAS CO	2,776,175
22,600	ROHR INDS INC	666,700
35,000	ROLLINS INC	630,000
10,000	ROPER CORP	247,500
25,242	RORER GROUP INC.	1,110,652
14,000	ROSES STORES INC	259,000
39,800	ROTHSCHILD L F UNTERBERG	482,575
20,000	ROTO ROOTER INC	500,000
64,200	ROUSE CO	1,540,800
69,200	ROWAN COMPANIES INC	631,450
69,600	ROYAL INTL OPTICAL CORP	417,600
20,000	ROYAL PALM SVGS ASSN WEST	97,500
91,000	RPC ENERGY SVCS INC	511,875
52,100	RUBBERMAID INC	1,556,488
45,600	RYAN BECK & CO	438,900
12,300	RYAN HOMES INC.	579,638
36,975	RYANS FAMILY STEAK HOUSE	503,784
65,810	RYDER SYSTEMS INC.	2,385,613
37,000	RYKOFF S E & CO	1,049,875
10,000	RYMER CO	192,500
33,000	SABINE CORP	585,750
10,500	SAFECARD SVCS INC	213,938
48,000	SAFECO CORPORATION	1,524,000

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
11,625	SAFETY KLEEN CORP	\$	390,891
50,000	SALEM CARPET MLS INC		475,000
126,200	SALOMON INC		4,148,825
37,800	SAN DIEGO GAS & ELEC CO		1,280,475
4,100	SAN JUAN RACING ASSN INC		45,100
116,645	SANTA FE SO. PACIFIC CORP		5,832,250
93,200	SARA LEE		4,240,600
11,200	SAVANNAH ELEC & PWR CO		187,600
31,600	SAVANNAH FOODS & INDS INC		853,200
15,812	SCAN TRON CORP		185,791
28,700	SCANA		972,213
16,500	SCHERER R.P. CORP.		299,063
83,046	SCHERING PLOUGH CORP		4,038,112
210,220	SCHLUMBERGER LTD		9,617,565
12,000	SCHULMAN A INC		378,000
73,350	SCI SYS INC		1,430,325
19,600	SCIENTIFIC ATLANTA INC		377,300
20,000	SCIENTIFIC MICRO SYS INC		117,500
27,000	SCITEX LTD		84,375
0	SCOA INDS INC		5
25,900	SCOTT PAPER CO.		1,874,513
33,600	SEAGATE TECHNOLOGY		1,142,400
11,300	SEALED AIR CORP		522,625
14,600	SEALED POWER CORP		525,600
265,800	SEARS ROEBUCK & COMPANY		13,456,125
10,050	SECURITY BANCORP INC DEL		256,275
53,670	SECURITY PACIFIC CORP.		2,254,140
32,200	SELECTIVE INSURANCE GROUP		837,200
94,400	SENSORMATIC ELECTRS CORP		1,109,200
19,330	SEQUA CORP CLASS A		1,399,009
3,350	SEQUA CORP CLASS B		251,250
31,837	SERVICE CORP. INT'L		787,966
18,400	SERVICE MERCHANDISE		144,900
25,500	SERVICEMASTER LTD PARTN		790,500
48,000	SEVEN OAKS INTL INC		582,000
28,400	SHAKLEE CORP		656,750
20,700	SHARED MED. SYSTEMS CORP.		579,600
10,000	SHAW INDS INC		237,500
15,000	SHAWMUT CORP		695,625
32,100	SHERWIN WILLIAMS CO.		1,123,500
12,800	SHL SYSTEMHOUSE INC		236,800
44,566	SHONEYS INC		1,325,839
12,800	SIERRA PAC RES		324,800
30,100	SIGNET BANKING CORP.		1,000,825
23,600	SINGER CO.		890,900
19,125	SIPPICAN INC		282,094
15,262	SIZZLER RESTAURANTS INTL		288,070

MINNESOTA STATE BOARD OF INVESMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
19,700	SKYLINE CORP.	\$	297,963
25,000	SKYWEST INC		212,500
46,000	SMITHFIELD FOODS INC		977,500
90,400	SMITHKLINE-BECKMAN CORP.		5,401,400
22,000	SMUCKER J M CO		1,102,750
40,300	SNAP ON TOOLS CORP		1,707,713
12,600	SO JERSEY INDS INC		253,575
13,000	SO. CAROLINA NATL. CORP.		292,500
20,000	SOCIETY CORP		670,000
6,800	SOFTWARE AG SYS GP		89,250
20,000	SOMERSET SVGS BK SOMERVIL		262,500
34,200	SONAT INC.		1,188,450
34,000	SONOCO PRODS CO		969,000
12,153	SOUTHDOWN INC.		463,333
42,000	SOUTHEAST BKG CORP		1,149,750
154,300	SOUTHERN CALIF. EDISON		4,744,725
198,800	SOUTHERN CO		4,820,900
28,500	SOUTHERN NEW ENGLAND TELE		1,528,313
31,000	SOUTHERN UN CO.		403,000
40,174	SOUTHLAND CORP.		2,691,658
34,000	SOUTHLIFE HLDG CO		255,000
13,333	SOUTHTRUST CORP		306,659
21,250	SOUTHWEST AIRLINES		430,313
212,580	SOUTHWESTERN BELL CORP.		8,264,048
24,000	SOUTHWESTERN ENERGY CO		609,000
37,000	SOUTHWESTERN PUB SVC CO		1,045,250
27,125	SOVRAN FINANCIAL CORP.		962,938
4,500	SPARTON CORP		72,000
7,500	SPELLING AARON PRODTNS.		73,125
42,000	SPRINGS INDS INC		1,401,750
4,600	SPS TECHNOLOGIES INC		200,675
22,100	SQUARE D CO		1,176,825
84,000	SQUIBB CORP.		7,287,000
5,900	SSMC INC.		119,475
30,000	ST JOE GOLD CORP		427,500
50,400	ST JUDE MED INC		1,222,200
29,600	ST. PAUL COS. INC.		1,354,200
31,000	STALEY CONTL INC		883,500
36,500	STANDARD BRANDS PAINT CO		862,313
20,400	STANDARD MICROSYSTEMS COR		285,600
17,000	STANDARD MTR PRODS INC		327,250
23,400	STANDARD PRODS CO		1,055,925
20,000	STANDARD REGISTER		495,000
6,000	STANDEX INTL.		108,000
19,350	STANLEY WKS		662,738
20,000	STARS TO GO INC		190,000
24,700	STATE STREET BOSTON CORP		747,175

MINNESOTA STATE BOARD OF INVESMENT
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JUNE 30,1987

NO. OF SHARES			MARKET VALUE
45,800	STERLING DRUG INC	\$	2,627,775
27,000	STEVENS J.P.		1,157,625
12,000	STEWART INFORMATION SVCS		231,000
6,600	STEWART WARNER CORP		195,525
16,000	STOKELY USA INC		128,000
30,800	STONE CONTAINER CORP		1,443,750
15,000	STOP & SHOP INC.		1,029,375
4,500	STORAGE EQUITIES INC		64,688
5,512	STRAWBRIDGE & CLOTHIER		248,040
75,000	STRYKER CORP		1,893,750
27,600	STUDENT LN MARKETING ASSN		2,190,750
4,100	SUAVE SHOE CORP		38,438
43,200	SUBARU OF AMERICA INC.		518,400
10,600	SUMMIT BANCORP.		312,700
32,100	SUMMIT HEALTH LTD		168,525
84,345	SUN COMPANY INC		5,535,141
14,800	SUNDSTRAND CORP		845,450
1	SUNSHINE MNG CO		3
99,100	SUNTRUST BKS INC		2,514,663
47,500	SUPER FOOD SVCS INC		1,252,813
70,000	SUPER RITE FOODS INC		1,111,250
54,900	SUPER VALU STORES INC.		1,544,063
15,700	SUPERMARKETS GEN CORP		620,150
2,700	SWANK INC		41,513
50,000	SYMBOLICS INC		212,500
86,600	SYNTEX CORPORATION		3,723,800
40,600	SYSCO CORP		1,426,075
3,600	SYSTEMS & COMPUTER TECHN		11,250
15,000	TAB PRODS CO		270,000
6,500	TAFT BROADCASTING		988,000
10,500	TALLEY INDS INC		250,688
24,000	TAMBRANDS INC.		1,422,000
73,600	TANDEM COMPUTERS INC		2,327,600
50,000	TANDON CORP.		262,500
72,700	TANDY CORP		3,135,188
6,900	TASTY BAKING CORP		206,138
10,000	TCA CABLE TV INC		255,000
50,850	TCBY ENTERPRISES INC.		826,313
22,800	TECO ENERGY INC		1,023,150
7,000	TECUMSEH PRODS CO		864,500
34,500	TEJON RANCH CO		1,574,063
28,400	TEKTRONIX INC		1,100,500
85,400	TELE COMMUNICATIONS INC		3,010,350
6,600	TELECOM CORP		17,325
10,000	TELECREDIT INC		390,000
9,100	TELEDYNE INC.		3,100,825
13,400	TELEPHONE & DATA SYS INC		386,925

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
30,659	TELERATE INC	\$	1,333,667
3,400	TELEX CORP.		240,550
16,700	TELLABS INC		194,138
24,295	TEMPLE INLAND		1,481,995
10,000	TENNANT CO		325,000
122,300	TENNECO INC.		6,007,988
22,600	TERADYNE INC.		593,250
44,000	TESORO PETE CORP		583,000
75,000	TEXACO CDA INC		2,090,625
184,600	TEXACO INC.		7,476,300
151	TEXAS AIR CORP		5,625
750	TEXAS AIR CORP PFD 6.5		3,656
17,000	TEXAS AMERN BANCSHARES IN		233,750
37,900	TEXAS EASTERN CORP.		1,383,350
13,989	TEXAS INDUSTRIES		423,168
58,200	TEXAS INSTRUMENTS		3,542,925
104,500	TEXAS UTILITIES CO.		3,370,125
60,000	TEXTRON INC		1,822,500
36,000	THERMO ENVIRONMENTAL CORP		243,000
14,300	THOMAS & BETTS CORP		809,738
15,400	THOMPSON MED CO INC		288,750
27,900	TIDEWATER INC.		258,075
136,200	TIE COMMUNICATIONS		595,875
50,100	TIME INC.		4,897,275
15,000	TIMEPLEX INC.		459,375
50,200	TIMES MIRROR CO		4,630,950
10,200	TIMKEN CO		629,850
7,200	TIPTON CTRS INC		41,400
100,000	TITAN CORP		600,000
4,584	TMK UNITED INC		53,862
5,716	TODD AO CORP		114,320
13,000	TODD SHIPYARDS CORP		128,375
12,730	TOOTSIE ROLL INDS INC		393,039
55,400	TORCHMARK CORP		1,571,975
54,000	TOTAL ASSETS PROTN INC		290,250
102,000	TOYS R US		3,697,500
16,700	TPI ENTERPRISES INC		77,238
20,000	TRACOR INC.		405,000
18,422	TRANS WORLD AIRLINES		545,752
93,567	TRANSAMERICA CORP		3,789,464
18,100	TRANSCO ENERGY CO.		658,388
69,100	TRAVELERS CORP.		3,109,500
10,000	TRENWICK GROUP INC		147,500
50,000	TRIAD SYS CORP		593,750
61,800	TRIBUNE COMPANY		2,487,450
20,000	TRINITY INDS INC.		567,500
6,900	TRINOVA CORP		481,275

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
20,000	TRUS JOIST CORP	\$	420,000
41,800	TRW INC.		2,199,725
18,200	TUCSON ELECTRIC PWR CO		1,060,150
57,500	TVX BROADCAST GROUP INC		589,375
35,100	TW SERVICES INC		662,513
13,000	TYCO LABS		568,750
23,400	TYLER CORP		301,275
51,900	TYSON FOODS INC		973,125
51,150	U S BANCORP		1,432,200
80,200	U.S. HEALTHCARE INC.		1,152,875
42,000	U.S. LEASING INTL INC		2,168,250
141,620	U.S. WEST CORP		7,452,753
6,300	UCCELCORP		259,875
25,000	ULTIMATE CORP.		668,750
91,400	ULTRASYSTEMS INC		1,028,250
12,400	UNIMAR CO		120,900
52,350	UNION CAMP CORP.		2,172,525
92,091	UNION CARBIDE CORP		2,728,196
15,197	UNION CARBIDE CORP RTS		56,989
81,500	UNION ELEC CO		1,996,750
74,700	UNION PACIFIC CORP.		5,854,613
39,400	UNISYS CORP.		4,856,050
43,500	UNITED MERCHANTS & MFRS		505,688
8,000	UNITED NEW MEXICO FIN'L		86,000
10,000	UNITED STATIONERS INC		192,500
47,900	UNITED ARTIST COMM INC C		1,329,225
27,000	UNITED BANKERS INC		114,750
19,000	UNITED BKS COLO INC		351,500
20,000	UNITED BRANDS CO		790,000
28,000	UNITED ILLUM CO		763,000
12,100	UNITED INDL CORP		196,625
15,600	UNITED JERSEY BANKS HACKE		468,000
41,000	UNITED STATES SHOE CORP		1,245,375
39,600	UNITED STATES SURGICAL CO		1,257,300
76,450	UNITED STOCKYARDS CORP		716,719
92,700	UNITED TECHNOLOGIES CORP.		4,843,575
62,600	UNITED TELECOM. INC.		1,713,675
44,000	UNITED VA BANKSHARES INC		1,358,500
23,000	UNITRODE CORP		319,125
10,000	UNIVAR CORP		215,000
38,950	UNIVERSAL FOODS CORP		1,051,650
77,000	UNIVERSAL HEALTH SVCS INC		606,375
82,680	UNOCAL CORP.		3,276,195
145,500	UPJOHN COMPANY		6,583,875
70,000	US FACS CORP		350,000
47,200	US FIDELITY & GUAR. CO.		1,787,700
50,400	USG CORP HOLDING CO.		1,726,200

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES			MARKET VALUE
16,200	USLIFE CORP.	\$	603,450
184,134	USX CORP.		5,800,221
39,000	UTAH POWER & LIGHT CO. I		931,125
48,000	V F CORP		1,956,000
20,100	VALLEY NATIONAL CORP.		804,000
33,100	VALUE LINE INC		885,425
19,900	VARIAN ASSOC. INC.		631,825
25,000	VARLEN CORP		431,250
41,000	VEECO INSTRS INC		799,500
10,500	VERMONT FIN'L SVCS		315,000
28,000	VESTRON INC		136,500
5,020	VIACOM INC		113,578
7,749	VIACOM INC. PFD.		193,737
23,900	VICORP RESTAURANTS INC		239,000
105,000	VIE DE FRANCE CORP		682,500
25,000	VLSI TECHNOLOGY INC		378,125
11,000	VOLT INFORMATION SCIENCES		308,000
8,100	VORNADO INC		769,500
10,000	VULCAN MATLS CO		1,452,500
21,200	WACKENHUT CORP.		461,100
206,200	WAL-MART STORES INC.		13,944,275
25,000	WALBRO CORP		543,750
46,800	WALGREEN CO		1,930,500
22,000	WALLACE COMPUTER SER INC		888,250
22,925	WALTER JIM CORP		1,189,234
112,100	WANG LABS CL B		1,779,588
105,300	WARNER COMMUNICATIONS		3,672,338
60,700	WARNER LAMBERT		4,385,575
115,000	WARWICK INS MGRS INC		891,250
10,500	WASHINGTON GAS LT CO		275,625
19,050	WASHINGTON MUT SVGS BK SE		707,231
36,000	WASHINGTON NATL CORP		985,500
7,300	WASHINGTON POST B		1,606,000
34,000	WASHINGTON WTR PWR CO		926,500
154,600	WASTE MANAGEMENT		6,068,050
19,000	WATKINS JOHNSON CO.		703,000
27,000	WD 40 CO		924,750
31,500	WEIS MARKETS INC.		1,027,688
41,400	WELLS FARGO & CO.		2,251,125
9,000	WELLS FARGO MTG & EQUITY		166,500
85,100	WENDYS INTL INC		829,725
41,000	WEST INC		830,250
10,420	WEST POINT PEPPERELL INC.		681,208
10,000	WESTERN CAP. INVESTMENT		151,250
10,000	WESTERN FED SVGS & LN ASS		193,750
14,920	WESTERN TEL COMM		251,775
101,300	WESTINGHOUSE ELEC. CO.		6,445,213

MINNESOTA STATE BOARD OF INVESTMENT
PASSIVE EQUITY FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES		MARKET VALUE
8,400	WESTMARK INTL INC	\$ 193,200
27,000	WESTMORELAND COAL CO	614,250
33,650	WESTVACO CORP	1,489,013
33,000	WETTERAU INC	1,641,750
3,300	WETTERAU PPTYS INC	18,150
104,900	WEYERHEUSER CO.	5,271,225
53,200	WHIRLPOOL CORP.	1,895,250
35,400	WHITEHALL CORP.	712,425
30,200	WHITTAKER CORP	1,083,425
6,100	WILEY JOHN + SON	257,725
18,666	WILLAMETTE INDS INC.	919,301
13,100	WILLIAMS COMPANIES INC	450,313
12,000	WILMINGTON TRUST CO.	336,000
46,000	WILSON FOODS CORP	454,250
31,200	WINN DIXIE STORES INC	1,536,600
78,900	WINNEBAGO IND INC.	917,213
25,500	WISCONSIN ENERGY CORP	1,249,500
24,000	WISCONSIN PUB SVC CORP	1,101,000
9,400	WISCONSIN PWR & LT CO	451,200
20,800	WISER OIL CO DEL	410,800
30,150	WITCO CORP.	1,243,688
35,000	WOLVERINE TECHNOLOGIES IN	402,500
19,700	WOLVERINE WORLD WIDE	238,863
46,600	WOOLWORTH F W CO	2,481,450
46,600	WORTHINGTON INDS INC	1,013,550
26,000	WRIGLEY WM JR CO	1,391,000
12,000	WRIGLEY WM JR CO B	224,357
15,200	WYMAN-GORDON CO.	269,800
69,300	XEROX CORP	5,353,425
50,887	XIDEX CORP	578,840
19,800	XTRA CORP.	504,900
31,200	YELLOW FREIGHT SYSTEM	1,076,400
15,510	YORK INTL CORP	412,954
46,766	ZAYRE CORP.	1,303,602
18,900	ZENITH ELECTRONICS CORP	486,675
15,000	ZERO CORP.	253,125
23,000	ZURN INDS INC	1,213,250
TOTAL EQUITY PORTFOLIO		\$ 2,158,085,702

MINNESOTA STATE BOARD OF INVESMENT
INTERNAL POOLED FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
17,400	ALEXANDER & ALEXANDER	\$	450,225
36,800	AMERICAN FAMILY CORP		478,400
12,700	AMERICAN GENERAL CORP		503,238
31,900	AMERICAN MEDICAL INTL.		610,088
8,900	AMERICAN STORES NEW		651,925
19,400	AMES DEPARTMENT STORES		460,750
18,000	AON CORP		463,500
8,800	ATLANTIC RICHFIELD		838,200
21,500	BALLY MFG CO		483,750
18,800	BANC ONE CORP		519,350
18,950	BANK BOSTON CORP		663,250
23,700	BANKERS TRUST NY CORP.		1,208,700
21,125	BOEING COMPANY		990,234
14,300	BROWN GROUP		611,325
9,100	BURLINGTON NORTHERN INC.		753,025
9,300	CENTEL CORP.		614,963
17,300	CENTRAL & SO WEST CORP.		542,788
20,500	CHARMING SHOPPES INC		622,688
28,900	CHASE MANHATTAN CORP.		1,192,125
23,800	CHEMICAL NEW YORK CORP		999,600
18,375	CHRYSLER CORP.		627,047
39,600	CHURCHS FRIED CHICKEN		396,000
8,700	CIGNA CORPORATION		551,363
12,700	CIRCUIT CITY STORES INC		485,775
20,900	CITICORP		1,233,100
20,100	CITIZENS & SOUTHN GA CORP		555,263
8,800	CNA FINL CORP		459,800
20,850	COASTAL CORP		724,538
26,700	COMDISCO INC.		821,025
16,450	COMMONWEALTH EDISON CO.		569,581
18,300	COMMUNICATIONS SATELLITE		519,263
18,750	CONTEL CORP		595,313
11,700	COOPER INDS. INC.		690,300
6,300	CRAY RESEARCH INC		640,238
34,900	CSX CORPORATION		1,217,138
14,000	DAYTON-HUDSON CORP.		708,750
12,900	DUKE POWER CO. NC		575,663
14,500	EMHART CORP VA		648,875
25,500	FAMILY DLR STORES INC		446,250
9,600	FEDERAL EXPRESS CORP.		645,600
18,100	FIRST BANK SYSTEM		610,875
19,700	FIRST INTERST. BANCORP		1,177,075
20,400	FIRST UNION CORP		517,650
20,000	FMC CORP NEW		687,500
27,500	FPL GROUP INC.		866,250
14,600	GENERAL DYNAMICS		974,550
17,700	GENERAL MOTORS CORP CL E		677,025

MINNESOTA STATE BOARD OF INVESMENT
INTERNAL POOLED FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
7,700	GENERAL MOTORS CORP.	\$	636,213
8,600	GENERAL RE CORP.		466,550
31,700	GIBSON GREETINGS		467,575
14,500	GOLDEN WEST FIN'L		518,375
20,100	GREAT ATLANTIC & PAC TEA		778,875
15,050	GTE CORP.		579,425
23,600	HASBRO INC.		587,050
17,700	HM FED S & L ASSN. S.D.		544,275
26,700	HOME DEPOT INC.		901,125
8,800	HONEYWELL INC.		726,000
17,400	HOSPITAL CORP. OF AMER.		806,925
11,000	HOUSEHOLD INTL.		583,000
16,250	HOUSTON INDUSTRIES INC.		540,313
49,500	HUMANA INC.		1,274,625
25,300	INTERGRAPH CORP.		569,250
19,000	KEMPER CORP.		584,250
19,600	KERR MCGEE CORP.		720,300
32,500	KEYSTONE INTL INC		674,375
28,100	KLM ROYAL DUTCH AIR		695,475
14,800	LIMITED INC.		641,950
6,950	LITTON INDS INC.		635,056
21,800	LIZ CLAIBORNE INC.		757,550
21,050	LOCKHEED AIRCRAFT CORP		1,086,706
7,900	LOEWS CORP		517,450
52,900	LONG ISLAND LTG CO		489,325
24,800	MARTIN MARIETTA		1,147,000
29,400	MAXICARE HEALTH PLANS		418,950
104,700	MCI COMMUNICATION		785,250
11,200	MELLON BANK CORP		399,000
7,900	MELVILLE CORPORATION		579,663
23,900	MFRS. HANOVER CORP.		1,066,538
41,300	MIDDLE SOUTH UTILS INC		438,813
13,200	MOBIL CORPORATION		671,550
8,000	MONSANTO CO.		669,000
11,400	MORGAN J P & COMPANY INC.		545,775
22,850	NATL. MEDICAL ENTER. INC.		625,519
46,500	NCNB CORP.		1,203,188
35,100	NIAGARA MOHAWK PWR CORP		583,538
18,100	NO. STS. POWER CO. MINN.		570,150
36,200	OCEAN DRILLING & EXPL CO		968,350
22,900	PACIFIC GAS & ELEC. CO.		460,863
16,600	PACIFICORP		595,525
27,800	PHILADELPHIA ELEC. CO.		587,275
24,500	PIC N SAVE CORP.		597,188
14,800	PIONEER HI-BRED INTL.		540,200
11,700	PNC FINANCIAL		567,450
12,500	PRICE CO		560,938

MINNESOTA STATE BOARD OF INVESMENT
INTERNAL POOLED FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
13,600	PRIME MTR INNS INC	\$	566,100
15,900	PROGRESSIVE CORP OHIO		477,000
7,900	RAYTHEON COMPANY		596,450
18,600	REEBOK INTERNATIONAL LTD		783,525
23,400	ROCKWELL INTL CORP		631,800
25,650	ROLLINS ENVIR. SVS.		570,713
5,700	ROYAL DUTCH PET. GLDRS.		752,400
15,450	RYDER SYSTEMS INC.		560,063
23,400	SAFECARD SVCS INC		476,775
26,900	SALOMON INC		884,338
25,000	SEAGATE TECHNOLOGY		850,000
29,600	SECURITY PACIFIC CORP.		1,243,200
30,600	SHARED MED. SYSTEMS CORP.		856,800
20,000	SONAT INC.		695,000
22,200	SOUTHERN CO		538,350
11,700	SOUTHLAND CORP.		783,900
15,900	SOUTHWESTERN BELL CORP.		618,113
14,200	SOVRAN FINANCIAL CORP.		504,100
11,800	ST. PAUL COS. INC.		539,850
22,500	SUBARU OF AMERICA INC.		270,000
10,300	SUN COMPANY INC		675,938
18,500	TELERATE INC		804,750
7,200	TELEX CORP.		509,400
17,900	TEXACO INC.		724,950
17,400	TEXAS UTILITIES CO.		561,150
17,200	TORCHMARK CORP		488,050
15,650	TOYS R US		567,313
32,800	TRACOR INC.		664,200
10,600	TRW INC.		557,825
12,000	TYCO LABS		525,000
35,700	U.S. HEALTHCARE INC.		513,188
11,000	U.S. WEST CORP		578,875
21,150	UNITED TECHNOLOGIES CORP.		1,105,088
21,150	UNITED TELECOM. INC.		578,981
19,100	UNOCAL CORP.		756,838
18,000	US AIR GROUP		852,750
12,600	US FIDELITY & GUAR. CO.		477,225
15,400	USG CORP HOLDING CO.		527,450
13,600	VALLEY NATIONAL CORP.		544,000
29,450	WORTHINGTON INDS INC		640,538
18,600	YELLOW FREIGHT SYSTEM		641,700
19,000	ZAYRE CORP.		529,625
TOTAL EQUITY PORTFOLIO		\$	90,666,963

EXTERNAL EQUITY FUND POOL

Key to Advisor references on attached listing:

Alger	Fred Alger Management
Alliance	Alliance Capital Management
BMI	BMI Capital
Beutel	Beutel Goodman Capital Management
F.L.A.	Forstmann Leff Associates
Hellman	Hellman Jordan Management
IDS	IDS Advisory
IAI	Investment Advisers
Lieber	Lieber & Co.
RMA	Waddell & Reed
NWNB	Peregrine Capital Management

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
14,000	A G EDWARDS, INC	LIEBER	\$ 381,500
55,200	ABBOTT LABS	ALGER	3,443,100
43,000	ABBOTT LABS	ALLIANCE	2,682,125
	SUB-TOTAL	98,200 SHARES	6,125,225
48,800	ACTION INDS INC	NWNB	329,400
57,300	ADVANCED MICRO DEV.	RMA	1,088,700
4,000	AETNA LIFE & CASUALTY CO.	NWNB	238,000
5,500	AETNA LIFE & CASUALTY CO.	RMA	327,250
	SUB-TOTAL	9,500 SHARES	565,250
16,800	AFG INDS INC	LIEBER	453,600
104,600	AHMANSON H.F. CO.	BEUTEL	2,248,900
55,000	AHMANSON H.F. CO.	RMA	1,182,500
	SUB-TOTAL	159,600 SHARES	3,431,400
21,900	ALEXANDER & ALEXANDER	LIEBER	566,663
12,500	ALEXANDER & ALEXANDER	NWNB	323,438
	SUB-TOTAL	34,400 SHARES	890,100
8,700	ALEXANDERS INC	LIEBER	418,688
22,000	ALFA CORP	LIEBER	291,500
34,000	ALLEN GROUP INC	NWNB	535,500
3,150	ALLEN ORGAN CLASS B	LIEBER	99,225
268,500	ALLIED BANKSHARES INC.	BEUTEL	2,416,500
26,200	ALLIED-SIGNAL INC.	NWNB	1,142,975
15,000	ALUMINUM CO. OF AMERICA	IAI	800,625
4,500	ALUMINUM CO. OF AMERICA	NWNB	240,188
	SUB-TOTAL	19,500 SHARES	1,040,813
30,000	ALZA CORPORATION	HELLMAN	1,121,250
70,000	AMAX INC	ALLIANCE	1,443,750
55,000	AMAX INC	RMA	1,134,375
	SUB-TOTAL	125,000 SHARES	2,578,125
44,000	AMCAST INDUSTRIAL CORP.	NWNB	495,000
13,200	AMERICAN STANDARD INC.	NWNB	559,350
100,000	AMERICAN BARRICK RES CORP	BEUTEL	3,450,000
90,000	AMERICAN EXPRESS COMPANY	ALLIANCE	3,082,500
110,000	AMERICAN EXPRESS COMPANY	HELLMAN	3,767,500
	SUB-TOTAL	200,000 SHARES	6,850,000
40,000	AMERICAN FAMILY CORP	LIEBER	520,000
130,000	AMERICAN GENERAL CORP	BEUTEL	5,151,250
22,100	AMERICAN GREETINGS	NWNB	574,600
14,000	AMERICAN HEALTH PPTYS INC	NWNB	246,750
63,000	AMERICAN INTERNATIONAL GR	ALLIANCE	4,465,125

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
86,000	AMERICAN INTERNATIONAL GR	HELLMAN	\$ 6,095,250
	SUB-TOTAL	149,000 SHARES	10,560,375
32,000	AMERICAN MEDICAL INTL.	NWNB	612,000
93,500	AMERICAN MEDICAL INTL.	INTERNAL MANAGED FUN	1,788,188
	SUB-TOTAL	125,500 SHARES	2,400,188
11,000	AMERICAN PRESIDENT COS L	RMA	866,250
26,600	AMERICAN STORES NEW	INTERNAL MANAGED FUN	1,948,450
70,000	AMERICAN TEL & TEL NEW	IDS	1,933,750
65,000	AMERICAN TEL & TEL NEW	IAI	1,795,625
10,000	AMERICAN TEL & TEL NEW	NWNB	276,250
	SUB-TOTAL	145,000 SHARES	4,005,625
59,600	AMERICAN WATER WORKS	IDS	1,065,350
10,000	AMES DEPARTMENT STORES	LIEBER	237,500
35,300	AMGEN CORP.	RMA	1,350,225
20,500	AMOCO CORP	ALGER	1,793,750
36,000	AMOCO CORP	IDS	3,150,000
	SUB-TOTAL	56,500 SHARES	4,943,750
10,000	AMP INC.	IAI	586,250
21,900	AMR CORP.	ALGER	1,297,575
86,000	AMR CORP.	ALLIANCE	5,095,500
15,000	AMR CORP.	IAI	888,750
	SUB-TOTAL	122,900 SHARES	7,281,825
89,000	ANADARKO PETE CORP.	RMA	2,636,625
64,700	ANALOGIC CORP	NWNB	687,438
120,000	ANCHOR GLASS CONTAINER CO	BMI	3,300,000
24,900	ANGELICA CORP	NWNB	678,525
85,200	APPLE COMPUTER	ALGER	3,450,600
40,000	APPLE COMPUTER	ALLIANCE	1,620,000
70,200	APPLE COMPUTER	F.L.A.	2,843,100
62,000	APPLE COMPUTER	HELLMAN	2,511,000
40,000	APPLE COMPUTER	IAI	1,620,000
72,000	APPLE COMPUTER	RMA	2,916,000
	SUB-TOTAL	369,400 SHARES	14,960,700
37,625	ARCHER DANIELS MIDLAND C	IAI	921,813
17,200	ARCHER DANIELS MIDLAND C	NWNB	421,400
	SUB-TOTAL	54,825 SHARES	1,343,213
13,500	ARISTECH CHEM CORP	F.L.A.	374,625
18,700	ARISTECH CHEM CORP	LIEBER	518,925
86,600	ARISTECH CHEM CORP	RMA	2,403,150
	SUB-TOTAL	118,800 SHARES	3,296,700

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
18,100	ARMTEK CORP	NWNB	\$ 364,263
33,000	ASARCO INC.	RMA	816,750
30,000	ASHLAND OIL INC	IDS	1,901,250
17,300	ATLANTA GAS LT CO	NWNB	402,225
15,000	ATLANTIC RESEARCH CORP	LIEBER	405,000
30,000	ATLANTIC RICHFIELD	IAI	2,857,500
25,800	ATLANTIC RICHFIELD	INTERNAL MANAGED FUN	2,457,450
	SUB-TOTAL	55,800 SHARES	5,314,950
44,500	AUDIO VIDEO AFFILIATES IN	NWNB	294,813
48,000	AUTOMATIC DATA PROCESSIN	IDS	2,292,000
20,000	AUTOMATIC DATA PROCESSIN	IAI	955,000
	SUB-TOTAL	68,000 SHARES	3,247,000
54,400	AVERY INTL. CORP.	ALGER	1,360,000
24,500	AVON PRODS INC	NWNB	826,875
11,500	BALDWIN & LYONS INC CL B	NWNB	196,938
36,558	BANC ONE CORP	LIEBER	1,009,915
55,550	BANK BOSTON CORP	INTERNAL MANAGED FUN	1,944,250
26,676	BANK NEW ENGLAND CORP	LIEBER	946,998
7,500	BANK OF NY CO. INC.	LIEBER	326,250
53,200	BANKERS TRUST NY CORP.	ALGER	2,713,200
50,000	BANKERS TRUST NY CORP.	BEUTEL	2,550,000
37,100	BANKERS TRUST NY CORP.	INTERNAL MANAGED FUN	1,892,100
	SUB-TOTAL	140,300 SHARES	7,155,300
14,100	BARCLAYS PLC	F.L.A.	523,463
19,476	BARNETT BKS FLA	LIEBER	720,612
19,500	BARRY WRIGHT CORP	NWNB	365,625
11,000	BEARINGS INC	NWNB	459,250
45,000	BECTON DICKINSON CO	BMI	2,868,750
31,500	BELL CANADA ENTERPRISES I	NWNB	996,188
15,000	BENCH CRAFT INC	LIEBER	202,500
100,000	BENEFICIAL CORP.	BEUTEL	5,737,500
10,000	BENEFICIAL CORP.	LIEBER	573,750
	SUB-TOTAL	110,000 SHARES	6,311,250
8,000	BERKLINE CORP.	LIEBER	100,000
65,500	BEST PRODUCTS	NWNB	695,938
25,000	BINDLEY WESTN INDS INC	NWNB	290,625
10,200	BK. OF NEW HAMP. CORP.	LIEBER	267,750
50,000	BLACK & DECKER MFG CO	RMA	1,162,500
8,750	BOATMEN'S BANCSHARES	LIEBER	336,875
5,500	BOATMEN'S BANCSHARES	NWNB	211,750
	SUB-TOTAL	14,250 SHARES	548,625
22,100	BOEING COMPANY	NWNB	1,035,938

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
19,400	BOEING COMPANY	RMA	\$ 909,375
33,700	BOEING COMPANY	INTERNAL MANAGED FUN	1,579,688
	SUB-TOTAL	75,200 SHARES	3,525,000
40,000	BOISE CASCADE CORP	ALLIANCE	2,910,000
14,600	BOISE CASCADE CORP	F.L.A.	1,062,150
30,000	BOISE CASCADE CORP	IAI	2,182,500
	SUB-TOTAL	84,600 SHARES	6,154,650
5,000	BORDEN INC.	ALGER	300,000
16,500	BOWATER INC.	RMA	643,500
30,000	BRISTOL-MYERS CO.	IAI	1,492,500
22,700	BRITISH PETROLEUM	RMA	1,702,500
90,000	BROWNING FERRIS INDS INC	IAI	2,553,750
89,200	BRUNSWICK CORP.	ALGER	2,140,800
15,000	BUILDERS TRANSPORT INC.	LIEBER	330,000
13,900	BURLINGTON NORTHERN INC.	F.L.A.	1,150,225
16,000	BURLINGTON NORTHERN INC.	IDS	1,324,000
26,600	BURLINGTON NORTHERN INC.	INTERNAL MANAGED FUN	2,201,150
	SUB-TOTAL	56,500 SHARES	4,675,375
20,000	CADILLAC FAIRVIEW LTD	LIEBER	490,354
42,900	CALGON CARBON CORP	RMA	1,335,263
43,500	CANNON GROUP INC	NWNB	212,063
6,100	CAPITAL CITIES/ABC INC.	ALGER	2,333,250
3,000	CAPITAL CITIES/ABC INC.	IAI	1,147,500
	SUB-TOTAL	9,100 SHARES	3,480,750
55,000	CARTER HAWLEY HALE STORE	BMI	3,458,125
160,000	CASTLE & COOKE INC	BMI	3,800,000
25,000	CBS INCORPORATED	BMI	4,387,500
27,300	CENDEL CORP.	INTERNAL MANAGED FUN	1,805,213
50,500	CENTERIOR ENERGY CORP	NWNB	871,125
12,500	CENTERRE BANCORP	LIEBER	482,813
50,700	CENTRAL & SO WEST CORP.	INTERNAL MANAGED FUN	1,590,713
29,500	CETUS CORP	ALGER	859,188
35,500	CETUS CORP	F.L.A.	1,033,938
	SUB-TOTAL	65,000 SHARES	1,893,125
16,300	CHAMPION INTL.	F.L.A.	592,913
66,000	CHAMPION INTL.	HELLMAN	2,400,750
	SUB-TOTAL	82,300 SHARES	2,993,663
8,000	CHASE MANHATTAN CORP.	NWNB	330,000
46,300	CHASE MANHATTAN CORP.	INTERNAL MANAGED FUN	1,909,875
	SUB-TOTAL	54,300 SHARES	2,239,875

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
26,000	CHAUS BERNARD INC	NWNB	\$ 318,500
55,000	CHEMICAL NEW YORK CORP	BEUTEL	2,310,000
14,900	CHEMICAL NEW YORK CORP	NWNB	625,800
38,500	CHEMICAL NEW YORK CORP	INTERNAL MANAGED FUN	1,617,000
	SUB-TOTAL	108,400 SHARES	4,552,800
44,500	CHEROKEE GROUP	ALGER	845,500
54,500	CHI-CHIS INC	NWNB	401,938
29,250	CHIEF AUTO SYSTEMS	LIEBER	446,063
55,000	CHRYSLER CORP.	ALLIANCE	1,876,875
10,900	CHRYSLER CORP.	RMA	371,963
53,550	CHRYSLER CORP.	INTERNAL MANAGED FUN	1,827,394
	SUB-TOTAL	119,450 SHARES	4,076,231
11,500	CHUBB CORPORATION	LIEBER	707,250
67,700	CHURCHS FRIED CHICKEN	NWNB	677,000
71,900	CHURCHS FRIED CHICKEN	RMA	719,000
	SUB-TOTAL	139,600 SHARES	1,396,000
13,100	CIGNA CORPORATION	NWNB	830,213
9,200	CITICORP	NWNB	542,800
34,100	CITICORP	INTERNAL MANAGED FUN	2,011,900
	SUB-TOTAL	43,300 SHARES	2,554,700
60,500	CMI CORP	NWNB	219,313
61,200	COASTAL CORP	INTERNAL MANAGED FUN	2,126,700
4,400	COCA COLA BOTTLING CO CO	NWNB	152,900
41,000	COCA COLA COMPANY	ALGER	1,824,500
72,000	COCA COLA COMPANY	ALLIANCE	3,204,000
	SUB-TOTAL	113,000 SHARES	5,028,500
11,500	COLEMAN CO. INC.	NWNB	422,625
15,000	COLONIAL LIFE & ACC INS C	LIEBER	375,000
15,000	COMBUSTION ENGINEERING	IAI	562,500
10,000	COMMERCE UN CORP	LIEBER	303,750
175,000	COMMERCIAL CREDIT CO.	BMI	4,550,000
9,300	COMMONWEALTH EDISON CO.	NWNB	322,013
48,050	COMMONWEALTH EDISON CO.	INTERNAL MANAGED FUN	1,663,731
	SUB-TOTAL	57,350 SHARES	1,985,744
100,000	COMMUNICATIONS SATELLITE	BEUTEL	2,837,500
53,500	COMMUNICATIONS SATELLITE	INTERNAL MANAGED FUN	1,518,063
	SUB-TOTAL	153,500 SHARES	4,355,563
35,000	COMMUNITY PSYCHIATRIC CEN	BMI	1,439,375
32,900	COMPAQ COMPUTER CORP	ALGER	1,542,188
10,000	COMPUTER HORIZONS CORP	LIEBER	123,750

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
82,500	COMPUTER PRODS INC	NWNB	\$ 304,219
17,200	COMPUTER SCIENCES CORP.	IAI	969,650
24,600	COMPUTER SCIENCES CORP.	RMA	1,386,825
	SUB-TOTAL	41,800 SHARES	2,356,475
56,000	COMPUTER VISION CORP.	RMA	840,000
64,000	CONAGRA INC.	IDS	2,024,000
52,700	CONSOLIDATED RAIL CORP	ALGER	1,758,863
76,000	CONSOLIDATED RAIL CORP	ALLIANCE	2,536,500
	SUB-TOTAL	128,700 SHARES	4,295,363
31,100	CONTEL CORP	NWNB	987,425
55,000	CONTEL CORP	INTERNAL MANAGED FUN	1,746,250
	SUB-TOTAL	86,100 SHARES	2,733,675
115,000	CONTROL DATA CORP.	BMI	3,291,875
105,400	CPC INTL. INC.	F.L.A.	5,744,300
27,000	CPC INTL. INC.	HELLMAN	1,471,500
	SUB-TOTAL	132,400 SHARES	7,215,800
105,000	CPT CORP.	NWNB	367,500
23,000	CRAFTMATIC CONTOUR INDS.	LIEBER	109,250
33,900	CRAY RESEARCH INC	ALGER	3,445,088
27,500	CRAY RESEARCH INC	ALLIANCE	2,794,688
30,000	CRAY RESEARCH INC	HELLMAN	3,048,750
	SUB-TOTAL	91,400 SHARES	9,288,525
1,000	CROWN CRAFTS INC	LIEBER	58,500
9,000	CRYSTAL BRANDS INC	NWNB	193,500
27,500	CSX CORPORATION	F.L.A.	959,063
30,500	CSX CORPORATION	NWNB	1,063,688
55,000	CSX CORPORATION	INTERNAL MANAGED FUN	1,918,125
	SUB-TOTAL	113,000 SHARES	3,940,875
10,000	CTS CORP	NWNB	253,750
12,700	CUBIC CORP	NWNB	257,175
15,000	CULLUM COS INC	LIEBER	470,625
80,000	DAMON CORP.	ALGER	1,630,000
3,500	DART GROUP	LIEBER	588,000
33,000	DATA GENERAL CORP.	RMA	1,018,875
15,000	DATA SCOPE CORP	LIEBER	551,250
56,300	DATAPRODUCTS CORP	NWNB	633,375
4,900	DAYTON-HUDSON CORP.	NWNB	248,063
40,900	DAYTON-HUDSON CORP.	INTERNAL MANAGED FUN	2,070,563
	SUB-TOTAL	45,800 SHARES	2,318,625
95,000	DEERE & COMPANY	BEUTEL	2,695,625

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
11,300	DEERE & COMPANY	NWNB	\$ 320,638
	SUB-TOTAL	106,300 SHARES	3,016,263
12,400	DESOTO INC	NWNB	491,350
33,900	DETROIT EDISON CO	NWNB	550,875
10,000	DICEON ELECTRONICS INC	LIEBER	375,000
60,000	DIEBOLD INC.	BMI	3,285,000
25,800	DIGITAL EQUIPMENT CORP.	ALGER	4,227,975
36,000	DIGITAL EQUIPMENT CORP.	ALLIANCE	5,899,500
6,500	DIGITAL EQUIPMENT CORP.	F.L.A.	1,065,188
51,000	DIGITAL EQUIPMENT CORP.	HELLMAN	8,357,625
24,000	DIGITAL EQUIPMENT CORP.	IDS	3,933,000
30,000	DIGITAL EQUIPMENT CORP.	IAI	4,916,250
6,800	DIGITAL EQUIPMENT CORP.	RMA	1,114,350
	SUB-TOTAL	180,100 SHARES	29,513,888
79,000	DISNEY WALT CORP	ALLIANCE	5,707,750
35,000	DISNEY WALT CORP	IDS	2,528,750
10,000	DISNEY WALT CORP	LIEBER	722,500
	SUB-TOTAL	124,000 SHARES	8,959,000
42,100	DOW CHEMICAL COMPANY	ALGER	3,625,863
33,000	DOW CHEMICAL COMPANY	ALLIANCE	2,842,125
40,800	DOW CHEMICAL COMPANY	F.L.A.	3,513,900
35,000	DOW CHEMICAL COMPANY	IDS	3,014,375
60,000	DOW CHEMICAL COMPANY	IAI	5,167,500
	SUB-TOTAL	210,900 SHARES	18,163,763
60,000	DRESSER INDUSTRIES	IDS	1,875,000
39,000	DSC COMMUNICATIONS CORP	INTERNAL MANAGED FUN	297,375
41,100	DU PONT EI DENEMOURS	F.L.A.	4,932,000
37,700	DUKE POWER CO. NC	INTERNAL MANAGED FUN	1,682,363
48,000	DUN & BRADSTREET COS INC	IDS	3,036,000
20,000	DUN & BRADSTREET COS INC	IAI	1,265,000
	SUB-TOTAL	68,000 SHARES	4,301,000
45,000	DUQUESNE LT CO	NWNB	540,000
15,000	DYNATECH CORP	LIEBER	457,500
30,000	E Z EM INC	LIEBER	435,000
13,000	E.F. HUTTON GP. INC.	LIEBER	495,625
34,200	EASTERN GAS & FUEL ASSN	NWNB	931,950
22,000	EASTMAN KODAK CO.	IAI	1,894,750
15,500	EDISON BROS STORES INC	NWNB	569,625
18,000	EDUCATIONAL COMP. CORP.	LIEBER	236,250
15,700	EL PASO ELEC CO	NWNB	266,900
42,600	ELECTRO BIOLOGY INC	NWNB	197,025
39,000	EMERSON ELECTRIC	ALLIANCE	4,231,500

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
8,300	EMERSON ELECTRIC	IAI	\$ 900,550
	SUB-TOTAL	47,300 SHARES	5,132,050
4,500	EMHART CORP VA	NWNB	201,375
35,000	ENERGY FACTORS INC	NWNB	297,500
10,300	EXXON CORPORATION	ALGER	960,475
6,800	EXXON CORPORATION	F.L.A.	634,100
25,000	EXXON CORPORATION	IDS	2,331,250
14,500	EXXON CORPORATION	RMA	1,352,125
	SUB-TOTAL	56,600 SHARES	5,277,950
21,500	FARAH MANUFACTURING	NWNB	338,625
35,000	FARM FRESH INC	LIEBER	411,250
25,000	FARM FRESH INC	NWNB	293,750
	SUB-TOTAL	60,000 SHARES	705,000
39,000	FEDERAL EXPRESS CORP.	HELLMAN	2,622,750
28,100	FEDERAL EXPRESS CORP.	INTERNAL MANAGED FUN	1,889,725
	SUB-TOTAL	67,100 SHARES	4,512,475
55,000	FEDERAL NATL MORTGAGE ASS	ALLIANCE	2,138,125
40,000	FEDERAL NATL MORTGAGE ASS	HELLMAN	1,555,000
	SUB-TOTAL	95,000 SHARES	3,693,125
34,100	FEDERAL PAPER BRD INC	RMA	1,611,225
13,200	FEDERAL SIGNAL CORP.	NWNB	310,200
10,000	FEDERAL-MOGUL CORP	NWNB	450,000
75,100	FEDERATED GROUP INC	NWNB	328,563
15,000	FHP INTERNATIONAL CORP	LIEBER	168,750
15,000	FIRST AM. CORP TENN.	LIEBER	420,000
10,000	FIRST AMER BK CORP	LIEBER	445,000
93,000	FIRST BANK SYSTEM	ALLIANCE	3,138,750
25,000	FIRST BANK SYSTEM	IAI	843,750
52,900	FIRST BANK SYSTEM	INTERNAL MANAGED FUN	1,785,375
	SUB-TOTAL	170,900 SHARES	5,767,875
21,100	FIRST CHICAGO CORP	NWNB	622,450
2,800	FIRST EMPIRE ST CORP	LIEBER	260,400
10,328	FIRST FIDELITY BANCORP	LIEBER	444,104
14,600	FIRST INTERST BANCORP RTS	LIEBER	21,900
51,300	FIRST INTERST. BANCORP	BEUTEL	3,065,175
30,800	FIRST INTERST. BANCORP	INTERNAL MANAGED FUN	1,840,300
	SUB-TOTAL	82,100 SHARES	4,905,475
8,000	FIRST JERSEY NAT'L. CO.	LIEBER	444,000
12,900	FIRST REPUBLICBANK CORP	NWNB	299,925
12,000	FIRST SVGS. BANK FLORIDA	LIEBER	471,000

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20,000	FLORIDA FED. S & L	LIEBER	\$ 295,000
5,400	FLORIDA ROCK & TANK LINES	LIEBER	63,450
10,800	FLORIDA ROCK INDS.	LIEBER	278,100
10,000	FLOWERS INDUSTRIES	NWNB	271,250
65,000	FLUOR CORP	IDS	1,145,625
58,500	FMC CORP NEW	INTERNAL MANAGED FUN	2,010,938
5,800	FOOTE CONE & BELDING COMM	NWNB	320,450
19,200	FORD MOTOR CO.	ALGER	1,900,800
50,000	FORD MOTOR CO.	ALLIANCE	4,950,000
50,500	FORD MOTOR CO.	HELLMAN	4,999,500
40,000	FORD MOTOR CO.	IDS	3,960,000
25,000	FORD MOTOR CO.	IAI	2,475,000
	SUB-TOTAL	184,700 SHARES	18,285,300
37,000	FORMICA CORP	F.L.A.	434,750
4,700	FORT HOWARD PAPER CO.	NWNB	252,038
19,300	FPL GROUP INC.	NWNB	607,950
97,000	FPL GROUP INC.	INTERNAL MANAGED FUN	3,055,500
	SUB-TOTAL	116,300 SHARES	3,663,450
42,487	G & K SERVICES INC.	LIEBER	786,010
75,300	GAF CORP	F.L.A.	4,009,725
30,000	GAF CORP	IAI	1,597,500
	SUB-TOTAL	105,300 SHARES	5,607,225
79,000	GANNETT INC.	ALLIANCE	4,029,000
20,000	GANTOS INC	LIEBER	410,000
11,250	GATEWAY BK SOUTH NORWALK	LIEBER	202,500
10,000	GENCORP	BMI	1,030,000
41,300	GENENTECH INC	ALGER	1,652,000
38,500	GENENTECH INC	HELLMAN	1,540,000
	SUB-TOTAL	79,800 SHARES	3,192,000
23,000	GENERAL DYNAMICS	INTERNAL MANAGED FUN	1,535,250
68,000	GENERAL ELECTRIC CO.	ALLIANCE	3,697,500
22,000	GENERAL ELECTRIC CO.	IDS	1,196,250
66,000	GENERAL ELECTRIC CO.	IAI	3,588,750
20,900	GENERAL ELECTRIC CO.	RMA	1,136,438
	SUB-TOTAL	176,900 SHARES	9,618,938
75,000	GENERAL INSTRUMENT CORP	BMI	2,793,750
1,400	GENERAL INSTRUMENT CORP	F.L.A.	52,150
100,200	GENERAL INSTRUMENT CORP	RMA	3,732,450
	SUB-TOTAL	176,600 SHARES	6,578,350
80,100	GENERAL MILLS INC.	F.L.A.	4,455,563
10,000	GENERAL MILLS INC.	IAI	556,250

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
	SUB-TOTAL	90,100 SHARES	5,011,813
41,500	GENERAL MOTORS CORP.	BEUTEL	\$ 3,428,938
30,000	GENERAL MOTORS CORP.	HELLMAN	2,478,750
20,000	GENERAL MOTORS CORP.	IDS	1,652,500
16,300	GENERAL MOTORS CORP.	NWNB	1,346,788
22,600	GENERAL MOTORS CORP.	INTERNAL MANAGED FUN	1,867,325
	SUB-TOTAL	130,400 SHARES	10,774,300
60,000	GENERAL RE CORP.	ALLIANCE	3,255,000
41,100	GENERAL RE CORP.	HELLMAN	2,229,675
	SUB-TOTAL	101,100 SHARES	5,484,675
17,200	GENERAL SIGNAL CORP.	NWNB	847,100
212,000	GENRAD INC.	BEUTEL	2,676,500
59,600	GEORGIA GULF CORP	F.L.A.	2,279,700
50,400	GEORGIA GULF CORP	RMA	1,927,800
	SUB-TOTAL	110,000 SHARES	4,207,500
23,300	GEORGIA PACIFIC CORP.	F.L.A.	1,022,288
22,000	GIANT FOODS INC	LIEBER	737,000
7,100	GILLETTE COMPANY	F.L.A.	270,688
21,800	GLAXO HLDGS PLC	RMA	580,425
33,000	GODFREY COMPANY	LIEBER	1,097,250
28,000	GOODRICH (B.F.)	HELLMAN	1,438,500
37,700	GOODRICH (B.F.)	RMA	1,936,838
	SUB-TOTAL	65,700 SHARES	3,375,338
26,700	GOODY PRODS INC	LIEBER	570,713
59,400	GR. WESTERN FIN'L	RMA	1,210,275
62,000	GREAT NORTN NEKOOSA CORP	ALLIANCE	2,604,000
6,000	GREYHOUND CORP.	NWNB	244,500
17,800	GRUMMAN CORP.	NWNB	456,125
18,500	GTE CORP.	NWNB	712,250
43,875	GTE CORP.	INTERNAL MANAGED FUN	1,689,188
	SUB-TOTAL	62,375 SHARES	2,401,438
45,000	GULF & WESTERN INDUS.	ALLIANCE	3,825,000
10,000	HANDLEMAN CO.	NWNB	290,000
11,250	HARPER GROUP	LIEBER	149,063
16,000	HARTMARX CORP	LIEBER	466,000
8,400	HARTMARX CORP	NWNB	244,650
	SUB-TOTAL	24,400 SHARES	710,650
47,300	HASBRO INC.	RMA	1,176,588
54,500	HECHINGER CO CL B CV	RMA	1,226,250
75,000	HEEKIN CAN INC	BMI	1,987,500

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
32,500	HERCULES INC.	HELLMAN	\$ 2,055,625
12,500	HERITAGE ENTERTAINMENT IN	LIEBER	103,125
48,700	HEWLETT PACKARD CO.	F.L.A.	2,976,788
40,000	HIMONT INC	IDS	1,780,000
11,300	HITACHI LTD	RMA	930,838
125,000	HOLIDAY CORP	BMI	3,046,875
10,712	HOLMES D.H. & CO.	LIEBER	224,952
45,200	HOME DEPOT INC.	RMA	1,525,500
28,000	HOME FED SVGS & LN ASSN	LIEBER	294,000
200,000	HOME GROUP INC	BEUTEL	3,950,000
160,000	HOME GROUP INC	BMI	3,160,000
146,000	HOME GROUP INC	HELLMAN	2,883,500
	SUB-TOTAL	506,000 SHARES	9,993,500
7,400	HONDA MOTORS NEW	RMA	834,350
2,500	HONEYWELL INC.	NWNB	206,250
25,900	HONEYWELL INC.	INTERNAL MANAGED FUN	2,136,750
	SUB-TOTAL	28,400 SHARES	2,343,000
25,000	HORN & HARDART CO	NWNB	309,375
134,100	HOSPITAL CORP. OF AMER.	BEUTEL	6,218,888
4,100	HOSPITAL CORP. OF AMER.	NWNB	190,138
50,900	HOSPITAL CORP. OF AMER.	INTERNAL MANAGED FUN	2,360,488
	SUB-TOTAL	189,100 SHARES	8,769,513
60,000	HOUSEHOLD INTL.	BMI	3,180,000
31,700	HOUSEHOLD INTL.	INTERNAL MANAGED FUN	1,680,100
	SUB-TOTAL	91,700 SHARES	4,860,100
21,500	HOUSTON INDUSTRIES INC.	NWNB	714,875
47,700	HOUSTON INDUSTRIES INC.	INTERNAL MANAGED FUN	1,586,025
	SUB-TOTAL	69,200 SHARES	2,300,900
24,000	HOWARD SVGS BK LIVINGSTON	LIEBER	519,000
58,300	HUFFMAN KOOS INC	BMI	480,975
32,900	HUMANA INC.	NWNB	847,175
78,700	HUMANA INC.	INTERNAL MANAGED FUN	2,026,525
	SUB-TOTAL	111,600 SHARES	2,873,700
60,000	HUNT J.B.	IDS	1,425,000
9,600	ILLINOIS POWER CORP	NWNB	258,000
7,500	INDIANA NATL CORP	LIEBER	294,375
53,100	INLAND STEEL IND. INC.	ALGER	1,393,875
28,250	INSILCO CORP.	NWNB	663,875
26,500	INTEGRATED DEVICE TECH.	RMA	354,438
68,000	INTEL CORP.	ALGER	2,992,000
99,500	INTEL CORP.	ALLIANCE	4,378,000

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
	SUB-TOTAL	167,500 SHARES	7,370,000
18,100	INTERCO	NWNB	\$ 821,288
53,900	INTERGRAPH CORP.	RMA	1,212,750
43,700	INTERLEAF INC	ALGER	693,738
26,400	INTL MINERALS & CHEM.	F.L.A.	1,102,200
4,600	INTL. ALUMINUM CORP.	LIEBER	93,150
16,100	INTL. BUSINESS MACHINES	ALGER	2,616,250
25,300	INTL. BUSINESS MACHINES	ALLIANCE	4,111,250
29,000	INTL. BUSINESS MACHINES	BEUTEL	4,712,500
51,200	INTL. BUSINESS MACHINES	F.L.A.	8,320,000
55,000	INTL. BUSINESS MACHINES	HELLMAN	8,937,500
18,000	INTL. BUSINESS MACHINES	IDS	2,925,000
15,000	INTL. BUSINESS MACHINES	IAI	2,437,500
6,300	INTL. BUSINESS MACHINES	LIEBER	1,023,750
22,200	INTL. BUSINESS MACHINES	NWNB	3,607,500
31,600	INTL. BUSINESS MACHINES	RMA	5,135,000
	SUB-TOTAL	269,700 SHARES	43,826,250
33,200	INTL. PAPER CO.	F.L.A.	1,610,200
50,000	INTL. PAPER CO.	IDS	2,425,000
	SUB-TOTAL	83,200 SHARES	4,035,200
85,000	ITT CORP	BEUTEL	4,993,750
30,000	ITT CORP	HELLMAN	1,762,500
	SUB-TOTAL	115,000 SHARES	6,756,250
25,000	IU INTL CORP	LIEBER	462,500
15,000	JAMES RIV CORP VA	IAI	502,500
4,500	JEFFERSON BANKSHRS. VA.	LIEBER	132,750
7,200	JEFFERSON PILOT CORP.	NWNB	230,400
20,200	JOHNSON & JOHNSON	RMA	1,855,875
14,200	JOHNSON CONTROLS	NWNB	514,750
105,000	K MART CORPORATION	BEUTEL	4,436,250
15,000	K MART CORPORATION	LIEBER	633,750
15,750	K MART CORPORATION	NWNB	665,438
	SUB-TOTAL	135,750 SHARES	5,735,438
42,000	KELLWOOD CO.	BMI	1,470,000
57,400	KERR MCGEE CORP.	INTERNAL MANAGED FUN	2,109,450
1,700	KIDDE INC.	NWNB	82,025
53,500	KOPPERS INC	RMA	2,160,063
43,000	KRAFT INC.	ALLIANCE	2,585,375
20,000	KRAFT INC.	IDS	1,202,500
	SUB-TOTAL	63,000 SHARES	3,787,875
27,332	LADD FURNITURE	LIEBER	560,306

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
75,000	LAIDLAW TRANSP. CL B	IDS	\$ 1,115,625
17,400	LEE ENTERPRISES INC	LIEBER	474,150
8,000	LIBERTY FINL GP. INC	LIEBER	336,000
22,000	LILLY ELI & CO	IDS	2,065,250
60,400	LILLY ELI & CO WT	F.L.A.	2,166,850
25,100	LIN BROADCAST. CORP.	ALGER	1,044,788
96,600	LIN BROADCAST. CORP.	ALLIANCE	4,020,975
	SUB-TOTAL	121,700 SHARES	5,065,763
4,500	LINCOLN NATL CORP IND	NWNB	230,625
20,400	LITTON INDS INC.	INTERNAL MANAGED FUN	1,864,050
57,800	LIZ CLAIBORNE INC.	ALGER	2,008,550
80,000	LIZ CLAIBORNE INC.	IDS	2,780,000
	SUB-TOTAL	137,800 SHARES	4,788,550
82,500	LOCKHEED AIRCRAFT CORP	BEUTEL	4,259,063
34,400	LOCKHEED AIRCRAFT CORP	INTERNAL MANAGED FUN	1,775,900
	SUB-TOTAL	116,900 SHARES	6,034,963
16,400	LOEWS CORP	F.L.A.	1,074,200
19,500	LOMAS & NETTLETON FINL	LIEBER	548,438
154,800	LONG ISLAND LTG CO	INTERNAL MANAGED FUN	1,431,900
100,000	LOTUS	IDS	2,925,000
64,000	LOTUS	RMA	1,872,000
	SUB-TOTAL	164,000 SHARES	4,797,000
75,700	LOUISIANA PAC. CORP.	RMA	2,356,163
76,000	LSI LOGIC CORP.	HELLMAN	779,000
76,300	LSI LOGIC CORP.	RMA	782,075
	SUB-TOTAL	152,300 SHARES	1,561,075
100,000	LUCKY STORES	BMI	3,037,500
35,000	LYPHOMED INC	ALGER	848,750
34,600	M.D.C. HOLDINGS, INC	NWNB	410,875
41,200	MACMILLAN BLOEDEL LTD	ALGER	829,150
14,000	MACMILLAN BLOEDEL LTD	F.L.A.	281,750
14,400	MACMILLAN BLOEDEL LTD	RMA	289,800
	SUB-TOTAL	69,600 SHARES	1,400,700
10,000	MANITOWOC INC	NWNB	205,000
51,000	MANPOWER INC	IAI	2,792,250
27,500	MANPOWER INC	RMA	1,505,625
	SUB-TOTAL	78,500 SHARES	4,297,875
48,900	MARION LABS INC	ALGER	1,760,400
52,000	MARION LABS INC	IDS	1,872,000
	SUB-TOTAL	100,900 SHARES	3,632,400

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
63,000	MARRIOTT CORP.	ALGER	\$ 2,464,875
60,000	MARRIOTT CORP.	IDS	2,347,500
75,000	MARRIOTT CORP.	IAI	2,934,375
	SUB-TOTAL	198,000 SHARES	7,746,750
3,000	MARSH & MCCLENNAN	LIEBER	186,375
38,600	MARTIN MARIETTA	INTERNAL MANAGED FUN	1,785,250
60,000	MASCO CORP	IDS	2,122,500
13,600	MATERIAL SCIENCES CORP	LIEBER	302,600
6,500	MATSUSHITA EL. IND.	RMA	996,125
117,200	MATTEL INC	ALGER	1,201,300
23,900	MAXICARE HEALTH PLANS	NWNB	340,575
145,692	MAXUS ENERGY CORP	BMI	1,985,054
27,200	MAY DEPT. STORES CO.	LIEBER	1,292,000
2,000	MAYFAIR SUPER MKTS INC	LIEBER	71,500
70,000	MCA INC.	ALLIANCE	3,395,000
9,000	MCA INC.	LIEBER	436,500
	SUB-TOTAL	79,000 SHARES	3,831,500
86,700	MCDERMOTT INTL INC	RMA	2,590,163
40,000	MCDONALDS CORP.	ALLIANCE	2,120,000
21,000	MCDONALDS CORP.	IDS	1,113,000
45,000	MCDONALDS CORP.	IAI	2,385,000
	SUB-TOTAL	106,000 SHARES	5,618,000
200,000	MCI COMMUNICATION	ALLIANCE	1,500,000
46,300	MCI COMMUNICATION	NWNB	347,250
306,400	MCI COMMUNICATION	INTERNAL MANAGED FUN	2,298,000
	SUB-TOTAL	552,700 SHARES	4,145,250
39,100	MCORP	NWNB	361,675
18,000	MEDITRUST	NWNB	344,250
35,000	MEDTRONIC INC.	IAI	3,272,500
18,500	MELLON BANK CORP	NWNB	659,063
32,700	MELLON BANK CORP	INTERNAL MANAGED FUN	1,164,938
	SUB-TOTAL	51,200 SHARES	1,824,000
13,000	MERCHANTS NATL CORP	LIEBER	351,000
22,600	MERCK & COMPANY INC.	ALGER	3,853,300
27,000	MERCK & COMPANY INC.	ALLIANCE	4,603,500
12,000	MERCK & COMPANY INC.	HELLMAN	2,046,000
20,000	MERCK & COMPANY INC.	IAI	3,410,000
10,000	MERCK & COMPANY INC.	RMA	1,705,000
	SUB-TOTAL	91,600 SHARES	15,617,800
4,723	MERIDIAN BNCP PFD 2.50	LIEBER	213,716
27,500	METRO MOBILE CTS INC	RMA	721,875

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
39,000	MFRS. HANOVER CORP.	INTERNAL MANAGED FUN \$	1,740,375
15,000	MICHIGAN NATL CORP	LIEBER	626,250
25,000	MICROSEMI CORP	LIEBER	234,375
121,000	MIDDLE SOUTH UTILS INC	INTERNAL MANAGED FUN	1,285,625
24,000	MILLER HERMAN INC.	LIEBER	555,000
15,000	MILLER HERMAN INC.	NWNB	346,875
	SUB-TOTAL	39,000 SHARES	901,875
30,000	MILLIPORE CORP.	ALGER	1,203,750
65,000	MILLIPORE CORP.	BMI	2,608,125
	SUB-TOTAL	95,000 SHARES	3,811,875
36,000	MINNESOTA MNG & MFG CO	IDS	2,551,500
30,000	MINSTAR INC	IAI	720,000
40,000	MOBIL CORPORATION	IDS	2,035,000
40,100	MOBIL CORPORATION	INTERNAL MANAGED FUN	2,040,088
	SUB-TOTAL	80,100 SHARES	4,075,088
23,500	MONSANTO CO.	INTERNAL MANAGED FUN	1,965,188
17,700	MOORE CORP LTD	NWNB	451,350
256	MORGAN J P & COMPANY INC.	IDS	12,256
4,700	MORRISON KNUDSEN CORP	NWNB	230,888
52,700	MOTOROLA INC.	ALGER	2,852,388
59,000	MOTOROLA INC.	ALLIANCE	3,193,375
33,000	MOTOROLA INC.	HELLMAN	1,786,125
60,000	MOTOROLA INC.	IDS	3,247,500
	SUB-TOTAL	204,700 SHARES	11,079,388
25,000	NATIONAL DISTILLERS & CHE F.L.A.		1,696,875
21,500	NATL PRESTO	NWNB	704,125
28,125	NATL. COMPUTER SYSTEMS	LIEBER	390,234
18,500	NATL. MEDICAL ENTER. INC.	NWNB	506,438
66,950	NATL. MEDICAL ENTER. INC.	INTERNAL MANAGED FUN	1,832,756
	SUB-TOTAL	85,450 SHARES	2,339,194
270,000	NATL. SEMICONDUCTOR	BEUTEL	3,510,000
7,800	NCH CORP	NWNB	265,200
71,300	NCNB CORP.	INTERNAL MANAGED FUN	1,844,888
47,800	NCR CORP.	ALGER	3,561,100
100,000	NETWORK SYSTEMS CORP.	IDS	987,500
25,000	NETWORK SYSTEMS CORP.	NWNB	246,875
	SUB-TOTAL	125,000 SHARES	1,234,375
25,500	NEW YORK ST ELEC & GAS C	NWNB	701,250
46,500	NEW YORK TIMES CO	ALGER	2,185,500
130,000	NEWMONT MINING	BEUTEL	6,126,250
16,400	NEWPORT CORP	NWNB	192,700

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
33,600	NIAGARA MOHAWK PWR CORP	NWNB	\$ 558,600
102,900	NIAGARA MOHAWK PWR CORP	INTERNAL MANAGED FUN	1,710,713
	SUB-TOTAL	136,500 SHARES	2,269,313
52,900	NO. STS. POWER CO. MINN.	INTERNAL MANAGED FUN	1,666,350
17,400	NORFOLK SOUTHERN CORP	NWNB	574,200
6,400	NORTON CO	NWNB	296,000
100,000	NOVO INDS-ADR	BMI	3,950,000
12,000	NOVO INDS-ADR	NWNB	474,000
	SUB-TOTAL	112,000 SHARES	4,424,000
20,500	NOWSCO WELL SERVICE LTD	LIEBER	312,625
22,000	NUMERCA FINL CORP	LIEBER	445,500
30,000	NWA INC.	IDS	2,100,000
37,700	OCCIDENTAL PETE CORP	ALGER	1,418,463
105,900	OCEAN DRILLING & EXPL CO	INTERNAL MANAGED FUN	2,832,825
8,750	OLD REP INTL CORP	LIEBER	267,969
60,000	OUTBOARD MARINE CORP	RMA	2,017,500
50,000	OVERSEAS SHIPHOLDING GROU	IDS	1,250,000
43,100	OWENS CORNING FIBERGLAS (ALGER	1,002,075
23,100	OXFORD INDS INC	NWNB	381,150
67,000	PACIFIC GAS & ELEC. CO.	INTERNAL MANAGED FUN	1,348,375
43,700	PACIFIC TELESIS GP.	NWNB	1,158,050
17,900	PACIFICARE HEALTH SYS I	NWNB	196,900
48,600	PACIFICORP	INTERNAL MANAGED FUN	1,743,525
10,000	PACO PHARMACEUTICAL SVCS	LIEBER	168,750
210,600	PAN AM CORPORATION	ALGER	1,131,975
10,000	PANHANDLE EASTN CORP	LIEBER	312,500
12,000	PAR TECHNOLOGY	LIEBER	144,000
77,200	PAYLESS CASHWAYS	ALGER	1,794,900
80,000	PENN CENT CORP	BEUTEL	4,630,000
4,400	PENN CENT CORP	NWNB	254,650
	SUB-TOTAL	84,400 SHARES	4,884,650
56,400	PENNEY J.C. INC.	ALGER	2,961,000
46,800	PENNEY J.C. INC.	RMA	2,457,000
	SUB-TOTAL	103,200 SHARES	5,418,000
41,600	PEOPLES ENERGY CORP	NWNB	847,600
65,900	PEPSICO INCORPORATED	ALGER	2,372,400
80,500	PERCEPTION TECHNOLOGY COR	BMI	1,348,375
34,200	PERKIN ELMER	RMA	1,081,575
36,000	PERMIAN BASIN RTY TR	NWNB	265,500
10,000	PFIZER INCORPORATED	LIEBER	720,000
99,400	PHILADELPHIA ELEC. CO.	INTERNAL MANAGED FUN	2,099,825
55,000	PHILIPS N.V.	RMA	1,375,000
20,000	PIC N SAVE CORP.	IAI	487,500

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
14,000	PICCADILLY CAFETERIAS INC	NWNB	\$ 287,000
2,254	PIEDMONT AVIATION	LIEBER	156,090
14,900	PIONEER HI-BRED INTL.	NWNB	543,850
9,000	PLANTRONICS INC	LIEBER	200,250
30,000	POLAROID CORP.	ALGER	1,151,250
100,000	POLAROID CORP.	BMI	3,837,500
	SUB-TOTAL	130,000 SHARES	4,988,750
40,000	PRESTON CORP	NWNB	670,000
11,900	PRICE CO	F.L.A.	534,013
33,200	PRICE CO	RMA	1,489,850
	SUB-TOTAL	45,100 SHARES	2,023,863
41,900	PRIME MEDICAL SERVICES IN	NWNB	183,313
25,300	PRIME MTR INNS INC	RMA	1,053,113
60,000	PROGRESSIVE CORP OHIO	ALLIANCE	1,800,000
24,000	PROTECTIVE LIFE CORP	LIEBER	333,000
26,900	PROVIDENT LIFE & ACC INS	NWNB	544,725
34,700	PUGET SOUND PWR & LT CO	NWNB	694,000
44,700	QUAKER OATS CO	F.L.A.	2,324,400
18,000	QUAKER ST OIL REFNG CORP	LIEBER	398,250
10,100	QUAKER ST OIL REFNG CORP	NWNB	223,463
	SUB-TOTAL	28,100 SHARES	621,713
16,000	QUANTUM CORP.	NWNB	258,000
16,700	RAYTHEON COMPANY	ALGER	1,260,850
14,900	RAYTHEON COMPANY	RMA	1,124,950
23,100	RAYTHEON COMPANY	INTERNAL MANAGED FUN	1,744,050
	SUB-TOTAL	54,700 SHARES	4,129,850
50,000	REEBOK INTERNATIONAL LTD	IDS	2,106,250
31,500	RENT A CENTER	LIEBER	685,125
30,000	REUTERS HOLDINGS PLC	IDS	2,478,750
46,800	RHODES INC	NWNB	807,300
5,500	ROCHESTER TEL CORP	NWNB	243,375
68,400	ROCKWELL INTL CORP	INTERNAL MANAGED FUN	1,846,800
9,300	ROHR INDS INC	NWNB	274,350
37,000	ROHR INDS INC	RMA	1,091,500
	SUB-TOTAL	46,300 SHARES	1,365,850
128,000	ROPER CORP	BMI	3,168,000
20,000	ROSES STORES INC	LIEBER	370,000
16,000	ROSES STORES INC.	LIEBER	300,000
16,700	ROYAL DUTCH PET. GLDRS.	INTERNAL MANAGED FUN	2,204,400
37,700	RUBBERMAID INC	IAI	1,126,288
7,000	RUSS BERRIE & CO.	LIEBER	259,875
76,000	RUSSELL CORP	IDS	1,292,000

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
11,900	RYDER SYSTEMS INC.	F.L.A.	\$ 431,375
50,000	RYDER SYSTEMS INC.	IAI	1,812,500
45,150	RYDER SYSTEMS INC.	INTERNAL MANAGED FUN	1,636,688
	SUB-TOTAL	107,050 SHARES	3,880,563
27,000	SALOMON INC	NWNB	887,625
45,400	SALOMON INC	INTERNAL MANAGED FUN	1,492,525
	SUB-TOTAL	72,400 SHARES	2,380,150
20,000	SANFORD CORP ILL	LIEBER	545,000
22,100	SAVANNAH FOODS & INDS INC	NWNB	596,700
6,000	SCHEIB EARL INC	LIEBER	103,500
36,000	SCHLUMBERGER LTD	IDS	1,647,000
34,000	SCOTTYS INC	NWNB	467,500
189,600	SEA CONTAINERS LTD.	BEUTEL	4,171,200
11,300	SEA CONTAINERS LTD.	NWNB	248,600
	SUB-TOTAL	200,900 SHARES	4,419,800
10,000	SEALED POWER CORP	NWNB	360,000
70,000	SEARS ROEBUCK & COMPANY	BEUTEL	3,543,750
8,900	SEARS ROEBUCK & COMPANY	F.L.A.	450,563
26,000	SEARS ROEBUCK & COMPANY	NWNB	1,316,250
	SUB-TOTAL	104,900 SHARES	5,310,563
17,500	SECURITY PACIFIC CORP.	NWNB	735,000
47,100	SECURITY PACIFIC CORP.	INTERNAL MANAGED FUN	1,978,200
	SUB-TOTAL	64,600 SHARES	2,713,200
300,000	SENSORMATIC ELECTRS CORP	BMI	3,525,000
36,600	SERVICE MERCHANDISE	NWNB	288,225
25,500	SEVEN OAKS INTL INC	NWNB	309,188
9,000	SHARED MED. SYSTEMS CORP.	NWNB	252,000
52,400	SHARED MED. SYSTEMS CORP.	INTERNAL MANAGED FUN	1,467,200
	SUB-TOTAL	61,400 SHARES	1,719,200
60,000	SIGMA ALDRICH	IAI	2,670,000
49,500	SILICONE SYSTEMS INC.	NWNB	488,813
17,000	SINGER CO.	LIEBER	641,750
5,000	SMITHKLINE-BECKMAN CORP.	NWNB	298,750
14,900	SNYDER OIL PARTNERS	NWNB	149,000
10,000	SONAT INC.	NWNB	347,500
56,500	SONAT INC.	INTERNAL MANAGED FUN	1,963,375
	SUB-TOTAL	66,500 SHARES	2,310,875
58,600	SOUTHERN CALIF. EDISON	ALGER	1,801,950
102,000	SOUTHERN CO	IAI	2,473,500
64,900	SOUTHERN CO	INTERNAL MANAGED FUN	1,573,825

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NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
	SUB-TOTAL	166,900 SHARES	4,047,325
5,000	SOUTHINGTON SVGS BK CONN	LIEBER	\$ 77,500
40,000	SOUTHLAND CORP.	BEUTEL	2,680,000
33,000	SOUTHLAND CORP.	INTERNAL MANAGED FUN	2,211,000
	SUB-TOTAL	73,000 SHARES	4,891,000
18,200	SOUTHMARK CORP.	NWNB	170,625
46,800	SOUTHWESTERN BELL CORP.	INTERNAL MANAGED FUN	1,819,350
13,600	SPRINGS INDS INC	LIEBER	453,900
9,400	SQUARE D CO	NWNB	500,550
40,400	SQUIBB CORP.	ALGER	3,504,700
44,000	SQUIBB CORP.	HELLMAN	3,817,000
	SUB-TOTAL	84,400 SHARES	7,321,700
25,000	ST. PAUL COS. INC.	HELLMAN	1,143,750
22,000	STALEY CONTL INC	NWNB	627,000
11,500	STANDARD BRANDS PAINT CO	NWNB	271,688
6,060	STANDARD OIL CO WTS	RMA	0
7,000	STATEWIDE BANCORP NJ	LIEBER	166,250
5,000	STERLING DRUG INC	NWNB	286,875
20,800	STERLING DRUG INC	RMA	1,193,400
	SUB-TOTAL	25,800 SHARES	1,480,275
16,000	STEWART INFORMATION SVCS	NWNB	308,000
10,000	STOP & SHOP INC.	LIEBER	686,250
20,500	STORAGE EQUITIES INC	NWNB	294,688
11,025	STRAWBRIDGE & CLOTHIER E	LIEBER	496,125
55,000	STUDENT LN MARKETING ASSN	ALLIANCE	4,365,625
37,500	SUBARU OF AMERICA INC.	NWNB	450,000
30,200	SUN COMPANY INC	INTERNAL MANAGED FUN	1,981,875
11,600	SUNAIR ELEC. INC.	LIEBER	72,500
19,000	SUNDSTRAND CORP	RMA	1,085,375
75,000	SUNRISE MED INC.	BMI	693,750
23,100	SUPER FOOD SVCS INC	LIEBER	609,263
1,413	SUPERMARKETS GEN CORP	LIEBER	55,814
24,000	SUSQUEHANNA BNKSHRS. INC.	LIEBER	510,000
40,000	SYNTEX CORPORATION	HELLMAN	1,720,000
44,000	SYNTEX CORPORATION	IDS	1,892,000
60,000	SYNTEX CORPORATION	IAI	2,580,000
31,600	SYNTEX CORPORATION	RMA	1,358,800
	SUB-TOTAL	175,600 SHARES	7,550,800
60,000	TANDEM COMPUTERS INC	IAI	1,897,500
43,200	TCBY ENTERPRISES INC.	RMA	702,000
72,500	TELE COMMUNICATIONS INC	ALGER	2,555,625
35,400	TELE COMMUNICATIONS INC	F.L.A.	1,247,850

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
45,000	TELE COMMUNICATIONS INC	IDS	\$ 1,586,250
	SUB-TOTAL	152,900 SHARES	5,389,725
153,100	TELERATE INC	F.L.A.	6,659,850
8,500	TENNECO INC.	NWNB	417,563
96,000	TEXACO INC.	BEUTEL	3,888,000
52,400	TEXACO INC.	INTERNAL MANAGED FUN	2,122,200
	SUB-TOTAL	148,400 SHARES	6,010,200
11,900	TEXAS AIR CORP	F.L.A.	443,275
35,000	TEXAS AIR CORP	HELLMAN	1,303,750
	SUB-TOTAL	46,900 SHARES	1,747,025
17,100	TEXAS INSTRUMENTS	RMA	1,040,963
20,000	TEXAS UTILITIES CO.	NWNB	645,000
50,900	TEXAS UTILITIES CO.	INTERNAL MANAGED FUN	1,641,525
	SUB-TOTAL	70,900 SHARES	2,286,525
10,000	TEXTRON INC	NWNB	303,750
24,460	THOMAS INDS INC	NWNB	480,028
60,000	TIE COMMUNICATIONS	NWNB	262,500
50,000	TJX COS INC	BMI	1,237,500
29,000	TODD SHIPYARDS CORP	NWNB	286,375
90,000	TONKA	BMI	1,473,750
49,400	TOYS R US	ALGER	1,790,750
93,750	TOYS R US	ALLIANCE	3,398,438
68,000	TOYS R US	HELLMAN	2,465,000
46,000	TOYS R US	IDS	1,667,500
	SUB-TOTAL	257,150 SHARES	9,321,688
63,700	TRANS WORLD AIRLINES	ALGER	1,887,113
0	TRANS WORLD AIRLINES INC	HELLMAN	18
14,500	TRANSAMERICA CORP	NWNB	587,250
37,300	TRANSCANADA PIPELINES LTD	NWNB	494,225
20,300	TRANSCO ENERGY CO.	NWNB	738,413
20,300	TRAVELERS CORP.	NWNB	913,500
60,000	TRIANGLE INDS INC	BMI	2,160,000
48,000	TRIBUNE COMPANY	ALGER	1,932,000
60,000	TRIBUNE COMPANY	IAI	2,415,000
	SUB-TOTAL	108,000 SHARES	4,347,000
62,400	TRW INC.	ALGER	3,283,800
12,600	TRW INC.	NWNB	663,075
	SUB-TOTAL	75,000 SHARES	3,946,875
20,000	TURNER EQUITY INVS INC	NWNB	150,000
70,600	TW SERVICES INC	RMA	1,332,575

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
26,700	U.S. HEALTHCARE INC.	NWNB	\$ 383,813
19,500	U.S. WEST CORP	NWNB	1,026,188
32,200	U.S. WEST CORP	INTERNAL MANAGED FUN	1,694,525
	SUB-TOTAL	51,700 SHARES	2,720,713
84,000	ULTIMATE CORP.	ALGER	2,247,000
1,700	UNILEVER N V	LIEBER	563,550
67,500	UNION CAMP CORP.	IDS	2,801,250
30,000	UNISYS CORP.	IDS	3,697,500
1,700	UNISYS CORP.	INTERNAL MANAGED FUN	209,525
	SUB-TOTAL	31,700 SHARES	3,907,025
14,200	UNITED BKS COLO INC	NWNB	262,700
122,225	UNITED CABLE TV CORP.	ALLIANCE	3,957,034
8,000	UNITED SAVERS BANCORP INC	LIEBER	202,000
33,600	UNITED TECHNOLOGIES CORP.	INTERNAL MANAGED FUN	1,755,600
27,500	UNITED TELECOM. INC.	NWNB	752,813
61,800	UNITED TELECOM. INC.	INTERNAL MANAGED FUN	1,691,775
	SUB-TOTAL	89,300 SHARES	2,444,588
14,000	UNITRODE CORP	LIEBER	194,250
80,000	UNOCAL CORP.	ALLIANCE	3,170,000
56,000	UNOCAL CORP.	INTERNAL MANAGED FUN	2,219,000
	SUB-TOTAL	136,000 SHARES	5,389,000
115,000	UNUM CORP	BEUTEL	2,745,625
61,500	UPJOHN COMPANY	ALGER	2,782,875
6,000	US AIR GROUP	LIEBER	284,250
27,500	US AIR GROUP	RMA	1,302,813
52,000	US AIR GROUP	INTERNAL MANAGED FUN	2,463,500
	SUB-TOTAL	85,500 SHARES	4,050,563
14,900	US FIDELITY & GUAR. CO.	NWNB	564,338
45,000	USG CORP HOLDING CO.	INTERNAL MANAGED FUN	1,541,250
15,000	USX CORP	IAI	791,250
13,900	USX CORP.	IAI	437,850
12,000	UTAH POWER & LIGHT CO. I	NWNB	286,500
350,000	VALERO ENERGY CORP	BMI	4,068,750
8,820	VERMONT FIN'L SVCS	LIEBER	264,600
60,600	WAL-MART STORES INC.	ALLIANCE	4,098,075
60,000	WAL-MART STORES INC.	IDS	4,057,500
	SUB-TOTAL	120,600 SHARES	8,155,575
39,000	WARNER COMMUNICATIONS	HELLMAN	1,360,125
35,000	WARNER COMMUNICATIONS	IDS	1,220,625
25,600	WARNER COMMUNICATIONS	RMA	892,800
	SUB-TOTAL	99,600 SHARES	3,473,550

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL EQUITY HOLDINGS
JUNE 30, 1987

NO. OF SHARES	SECURITY	ADVISOR	MARKET VALUE
17,200	WASHINGTON POST B	ALLIANCE	\$ 3,784,000
23,400	WASHINGTON WTR PWR CO	NWNB	637,650
89,400	WASTE MANAGEMENT	ALGER	3,508,950
52,000	WASTE MANAGEMENT	ALLIANCE	2,041,000
110,000	WASTE MANAGEMENT	IDS	4,317,500
	SUB-TOTAL	251,400 SHARES	9,867,450
6,600	WAUSAU PAPER MLS CO	LIEBER	198,000
15,000	WEBB DEL E CORP	NWNB	307,500
5,000	WEIS MARKETS INC.	NWNB	163,125
17,000	WELLS FARGO MTG & EQUITY	NWNB	314,500
57,600	WENDYS INTL INC	NWNB	561,600
119,000	WENDYS INTL INC	RMA	1,160,250
	SUB-TOTAL	176,600 SHARES	1,721,850
22,000	WESTINGHOUSE ELEC. CO.	IDS	1,399,750
45,000	WEYERHEUSER CO.	IDS	2,261,250
50,000	WEYERHEUSER CO.	IAI	2,512,500
	SUB-TOTAL	95,000 SHARES	4,773,750
11,200	WHITEHALL CORP.	LIEBER	225,400
506,250	WICKES COS INC NEW	HELLMAN	2,214,844
32,000	WILEY JOHN + SON	BMI	1,352,000
170,000	WILLIAMS COMPANIES INC	BEUTEL	5,843,750
35,700	WOOLWORTH F W CO	ALGER	1,901,025
80,000	WOOLWORTH F W CO	BEUTEL	4,260,000
35,000	WOOLWORTH F W CO	IDS	1,863,750
	SUB-TOTAL	150,700 SHARES	8,024,775
34,700	WYMAN-GORDON CO.	NWNB	615,925
65,000	XEROX CORP	BEUTEL	5,021,250
2,700	XEROX CORP	NWNB	208,575
	SUB-TOTAL	67,700 SHARES	5,229,825
50,000	YELLOW FREIGHT SYSTEM	IDS	1,725,000
54,300	YELLOW FREIGHT SYSTEM	INTERNAL MANAGED FUN	1,873,350
	SUB-TOTAL	104,300 SHARES	3,598,350
82,400	ZENITH ELECTRONICS CORP	RMA	2,121,800
TOTAL EQUITY PORTFOLIO			\$ 1,144,761,593

MINNESOTA STATE BOARD OF INVESTMENT
ACTIVE EQUITY MANAGER HOLDINGS
ALPHABETICAL BOND HOLDINGS
JUNE 30, 1987

BEUTEL GOODMAN CAPITAL MANAGEMENT

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
15,000,000	NATIONAL MED ENTERPRISES	12/04/2004	0.000%	\$	4,800,000
TOTAL BOND PORTFOLIO				\$	4,800,000

FORSTMANN LEFF ASSOCIATES

700,000	GENERAL INSTR CORP CV	06/15/2012	7.250%	\$	812,000
3,400,000	PRICE CO CV	02/28/2012	5.500%		3,604,000
2,355,000	U.S.A. TREASURY NOTE	05/15/1996	7.375%		2,200,441
TOTAL BOND PORTFOLIO				\$	6,616,441

HELLMAN JORDAN MANAGEMENT

17,200,000	U.S.A. TREASURY NOTE	06/30/1989	7.375%	\$	17,167,664
TOTAL BOND PORTFOLIO				\$	17,167,664

INVESTMENT ADVISORS INC.

1,000,000	SUN MICROSYSTEMS CV	02/15/2012	5.250%	\$	1,165,000
TOTAL BOND PORTFOLIO				\$	1,165,000

WADDELL & REED

2,200,000	ANITEC IMAGE TECH. CV	03/15/2012	5.875%	\$	1,936,000
1,450,000	LYPHOMED INC CV	03/15/2012	5.500%		1,326,750
990,000	MAXTOR CORP CV	03/01/2012	5.750%		727,650
120,000	MUNSINGWEAR INC. CV	10/01/2006	8.000%		82,800
990,000	PRICE CO CV	02/28/2012	5.500%		1,049,400
1,023,000	PRIME COMPUTER CV	02/01/2012	5.750%		1,130,415
1,100,000	SEAGATE TECHNOLOGY CV	05/01/2012	6.750%		1,135,750
TOTAL BOND PORTFOLIO				\$	7,388,765

MINNESOTA STATE BOARD OF INVESMENT
 POOLED BOND FUND
 INVESTMENT ADVISORS
 ALPHABETICAL BOND HOLDINGS
 JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
965,250	COUPON TREAS RCPT	08/15/1988	0.000% \$	891,852
769,625	COUPON TREAS RCPT	08/15/1988	0.000%	711,103
427,500	COUPON TREAS RCPT	08/15/1988	0.000%	394,997
1,992,848	FED HM LN POOL # 490001	10/01/1996	8.500%	1,855,840
1,817,576	FED HOME LN PC # 200059	11/01/2001	8.500%	1,692,618
2,000,000	FEDERAL HOME LOAN BANK	03/25/1991	7.750%	1,969,380
1,525,429	FORD MTR CR CO	09/01/1991	7.166%	1,489,200
50,000	INDIANA & MICH ELEC	02/01/1988	3.875%	49,041
1,000,000	MORGAN GTY TR CO NEW YORK	12/01/1987	9.610%	985,880
1,000,000	PRIVATE EPT FDG CORP	10/30/1987	11.750%	1,012,950
831,000	PRIVATE EXPT FDG CORP	11/01/1990	12.350%	856,154
3,500,000	TREASURY INVT GROWTH RCPT	05/15/1988	0.000%	3,295,110
3,000,000	U.S.A. TREASURY NOTE	11/15/1992	10.500%	3,305,610
4,000,000	U.S.A. TREASURY NOTE	05/15/1993	10.125%	4,355,000
3,000,000	U.S.A. TREASURY NOTE	11/15/1990	13.000%	3,444,360
2,000,000	U.S.A. TREASURY NOTE	07/15/1993	7.250%	1,912,500
3,000,000	U.S.A. TREASURY NOTE	10/15/1993	7.125%	2,840,610
3,000,000	U.S.A. TREASURY NOTE	01/15/1994	7.000%	2,815,320
4,700,000	U.S.A. TREASURY NOTES	11/15/1996	7.250%	4,344,539
TOTAL BOND PORTFOLIO			\$	38,222,064

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 LEHMAN MANAGEMENT INC.
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
8,500,000	AMOCO CORP	08/01/2007	7.875% \$	7,406,985
4,000,000	ATLANTIC RICHFIELD CO	10/15/1989	9.750%	4,103,640
3,000,000	CAROLINA PWR & LT CO	07/01/1996	8.125%	2,800,380
5,394,136	COLLATERALIZED MTG OBLIG	04/01/2009	5.000%	4,423,192
9,097,876	FED HM LN PC # 186428	05/01/2003	6.500%	7,687,705
2,772,491	FED HM LN POOL # 140532	10/01/1996	4.500%	2,408,463
172,672	FED HM LN POOL # 182064	06/01/2011	9.000%	165,225
1,880,232	FEDERAL NATL MTG ASSN STR	02/01/2017	0.000%	961,174
1,030,120	FNMA POOL # 031027	07/01/2016	9.000%	988,267
1,870,486	FNMA POOL # 031122	08/01/2016	9.000%	1,794,469
794,363	FNMA POOL # 031561	08/01/2016	9.000%	762,080
192,442	FNMA POOL # 043229	05/01/2017	8.500%	179,569
464,110	FNMA POOL # 043671	03/01/2017	8.500%	433,066
4,092,037	FNMA POOL # 046957	05/01/2017	8.500%	3,818,362
367,789	FNMA POOL # 047022	05/01/2017	8.500%	343,191
1,024,312	FNMA POOL # 047246	05/01/2017	8.500%	955,806
2,048,781	FNMA POOL # 047802	05/01/2017	8.500%	1,911,759
1,000,000	FORD MTR CR CO	04/01/1997	8.000%	916,310
2,000,000	GENERAL MTRS ACCEP CORP	06/01/1990	8.375%	1,999,860
1,960,505	GNMA POOL # 005671	01/15/2005	7.250%	1,763,807
1,474,382	GNMA POOL # 009004	12/15/2005	7.250%	1,326,457
1,500,000	HELLER FINANCIAL INC	04/01/1993	7.750%	1,429,965
2,000,000	HOME OWNERS SVGS & LN ASS	02/15/1992	7.500%	1,911,800
5,000,000	IBM CR CORP	06/15/1990	9.625%	5,101,600
3,000,000	KNIGHT RIDDER INC	01/15/1992	7.250%	2,860,590
2,000,000	PHH GROUP INC	01/01/1997	8.000%	1,829,820
4,000,000	STANDARD OIL CO OHIO	09/15/1993	8.000%	3,830,720
2,325,000	TEXACO CAP INC	01/15/2000	10.750%	1,987,875
3,825,000	U.S.A. TREASURY NOTE	09/30/1988	11.375%	4,011,469
5,000,000	U.S.A. TREASURY NOTE	12/31/1988	10.625%	5,235,950
4,800,000	U.S.A. TREASURY NOTE	11/15/1990	9.625%	5,042,976
2,500,000	U.S.A. TREASURY NOTE	03/31/1989	11.250%	2,655,475
2,000,000	U.S.A. TREASURY NOTE	08/15/1990	9.875%	2,111,880
5,600,000	U.S.A. TREASURY NOTE	12/31/1989	8.375%	5,694,472
15,200,000	U.S.A. TREASURY NOTE	02/15/1996	8.875%	15,613,288
2,000,000	U.S.A. TREASURY NOTE	05/15/1991	8.125%	2,013,740
21,225,000	U.S.A. TREASURY NOTE	05/15/1996	7.375%	19,832,003
9,600,000	U.S.A. TREASURY NOTE	06/30/1990	7.250%	9,470,976
9,200,000	U.S.A. TREASURY NOTE	06/30/1989	9.625%	9,562,204
13,800,000	U.S.A. TREASURY NOTE	05/15/1989	6.875%	13,662,000
2,000,000	U.S.A. TREASURY NOTE	10/15/1993	7.125%	1,893,740
13,600,000	U.S.A. TREASURY NOTE	11/15/1991	6.500%	12,881,784
17,000,000	U.S.A. TREASURY NOTE	03/31/1991	6.750%	16,378,480
17,500,000	U.S.A. TREASURY NOTE	05/15/1990	7.875%	17,565,625
2,000,000	U.S.A. TREASURY NOTES	11/15/1996	7.250%	1,848,740
2,000,000	XEROX CR CORP	07/01/1990	8.250%	1,998,800

TOTAL BOND PORTFOLIO

\$ 213,575,739

MINNESOTA STATE BOARD OF INVESMENT
 POOLED BOND FUND
 MORGAN STANLEY ASSET
 ALPHABETICAL BOND HOLDINGS
 JUNE 30,1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
10,000,000	CFC-1 GRANTOR TR	05/15/1992	8.300% \$	10,050,000
36,248,092	FED HM LN POOL # 170170	06/01/2016	9.000%	34,684,712
14,426,514	FED HM LN POOL # 274081	07/01/2016	7.500%	12,767,465
9,821,601	FED HM LN POOL # 278917	09/01/2016	8.000%	8,906,915
9,641,883	GMAC 1987-C GRANTOR TR	05/15/1992	8.350%	9,629,831
22,000,000	U.S.A. TREASURY NOTE	03/31/1991	6.750%	21,195,680
30,000,000	U.S.A. TREASURY NOTE	05/15/1990	7.875%	30,112,500
35,000,000	U.S.A. TREASURY NOTE	06/30/1989	7.375%	34,934,200
20,000,000	U.S.A. TREASURY NOTES	06/30/1991	7.875%	19,956,200
TOTAL BOND PORTFOLIO			\$	182,237,503

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 MILLER ANDERSON
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
2,500,000	BARCLAYS AMERICAN CORPORA	08/15/1998	7.875% \$	2,191,350
2,400,000	BURLINGTON NORTH RR CO	10/01/2006	9.250%	2,275,944
3,925,000	CATERPILLAR INC	11/01/2001	8.000%	3,510,559
3,675,000	CHRYSLER CORP	03/01/1997	13.000%	4,302,690
3,850,000	CHRYSLER FIN CORP	11/01/1999	12.750%	4,661,003
1,800,000	CHRYSLER FINL CORP	10/15/1999	13.250%	2,241,342
1,300,000	CITICORP	04/15/1999	9.000%	1,240,551
4,800,000	CITYPLACE CTR EAST CORP	02/15/1995	7.875%	4,439,664
1,300,000	COMERICA INC	05/01/1999	9.750%	1,317,602
1,300,000	DOMINION BANKSHARES CORP	06/15/1999	9.625%	1,297,335
1,900,000	EATON CORP	08/15/2006	8.000%	1,744,238
2,236,062	FED HM LN PC # 259082	04/01/2009	8.500%	2,082,332
1,360,449	FED HM LN PC # 270349	08/01/2008	8.000%	1,233,750
921,761	FED HM LN POOL # 140086	04/01/2003	7.250%	806,541
2,238,672	FED HM LN POOL # 18-9540	08/01/2008	8.250%	2,042,788
3,027,940	FED HM LN POOL # 183218	12/01/2006	7.500%	2,679,726
4,063,436	FED HM LN POOL # 252993	06/01/2008	7.750%	3,644,374
1,182,864	FED HM LN POOL # 254898	04/01/2008	7.250%	1,035,006
1,125,488	FED HM LN POOL # 255850	06/01/2015	8.000%	1,020,671
1,220,479	FED HM LN POOL # 256079	07/01/2003	6.750%	1,043,509
3,600,000	FHLMC TBA	04/01/2017	8.000%	3,264,696
4,100,000	FIDELITY FED SVGS & LN AS	04/15/1997	8.500%	3,879,625
1,200,000	FIRST NATL TENN CORP	06/01/1999	10.375%	1,220,232
1,500,000	FLETCHER CHALLENGER	05/15/1997	9.250%	1,485,000
4,651,388	FNMA POOL # 015435	11/01/2010	9.000%	4,462,402
2,100,922	FNMA POOL # 019720	10/01/2008	7.750%	1,888,204
1,332,296	FNMA POOL # 022950	01/01/2004	8.250%	1,217,385
1,020,898	FNMA POOL # 042770	03/01/2002	8.000%	927,098
205,551	FNMA POOL # 044997	06/01/2002	8.000%	186,665
762,172	FNMA POOL # 045962	04/01/2002	8.000%	692,143
126,345	FNMA POOL # 046279	05/01/2002	8.000%	114,736
424,417	FNMA POOL # 047740	06/01/2002	8.000%	385,422
193,288	FNMA POOL # 048559	06/01/2002	8.000%	175,529
175,187	FNMA POOL # 048824	06/01/2002	8.000%	159,091
337,912	FNMA POOL # 048999	06/01/2002	8.000%	306,865
681,000	FNMA POOL # 049054	06/01/2002	8.000%	618,430
299,500	FNMA POOL # 049077	06/01/2002	8.000%	271,982
100,000	FNMA POOL # 049454	06/01/2002	8.000%	90,812
2,512,013	FNMA POOL # 049462	06/01/2002	8.000%	2,281,209
155,902	FNMA POOL # 049496	06/01/2002	8.000%	141,578
484,932	FNMA POOL # 049502	06/01/2002	8.000%	440,376
516,931	FNMA POOL # 051341	06/01/2002	8.000%	469,435
1,000,896	FNMA POOL # 051509	06/01/2002	8.000%	908,934
4,438,641	FNMA POOL # 30417	09/01/2006	7.750%	3,989,229
4,991,820	FORTUNE MORTGAGE CORP	05/01/2003	7.943%	4,800,533
2,367,191	GEM SVGS ASSN	03/01/2000	8.088%	2,188,918
578,744	GNMA POOL # 23465	09/15/2008	9.000%	555,594

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 MILLER ANDERSON
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
1,300,000	GREAT WESTERN FINL CORP	07/01/1997	9.500% \$	1,291,875
1,400,000	HARTFORD NATL CORP	06/01/1999	9.850%	1,418,816
531,493	HILL FINL PART CERT	01/01/1989	5.825%	490,791
2,650,470	HOUSEHOLD BANK	05/01/2002	7.809%	2,354,280
2,400,000	ICI NORTH AMER INC	11/15/2006	8.875%	2,267,784
2,600,000	IMPERIAL SAVINGS & LN ASS	08/01/1996	8.500%	2,463,058
5,200,000	IMPERIAL SVGS & LN	08/15/2011	8.000%	4,937,556
1,300,000	MARINE MIDLAND BKS INC	03/01/1997	8.625%	1,205,698
1,400,000	MARRIOTT CORP	06/15/2007	9.375%	1,405,250
3,667,347	MIDWEST FEDERAL SAVINGS &	04/01/2011	8.810%	3,658,656
1,200,000	MNC FINL INC	05/01/1997	9.375%	1,190,256
2,000,000	PHILADELPHIA SVG FD SOC	11/15/1994	12.000%	2,293,980
950,000	PHILLIPS PETE CO	03/15/1995	8.063%	895,375
2,200,000	ROOSEVELT FED SVGS & LN A	03/01/1992	7.375%	2,088,218
1,400,000	SANTA BARBARA SVGS & LN A	12/31/1996	8.000%	1,268,960
1,400,000	SECURITY PACIFIC CORP	05/15/1999	9.750%	1,413,860
1,400,000	SOUTHTRUST CORP	06/01/1999	9.950%	1,414,000
1,000,000	SOVRAN FINL CORP	06/15/1999	9.750%	1,003,020
7,692,401	TALMAN FED SVGS & LN	03/01/2008	9.165%	7,885,019
11,102,958	TRI CITY PPTY INV CORP	03/01/2000	0.000%	3,453,575
13,600,000	U.S.A. TREASURY NOTE	05/15/1992	13.750%	16,643,000
14,100,000	U.S.A. TREASURY NOTE	11/15/1993	11.750%	16,488,117
14,800,000	U.S.A. TREASURY NOTE	02/15/1991	9.125%	15,355,000
7,755,000	U.S.A. TREASURY NOTE	02/15/1996	8.875%	7,965,858
4,600,000	U.S.A. TREASURY NOTE	07/15/1993	7.250%	4,398,750
29,975,000	U.S.A. TREASURY NOTE	10/15/1993	7.125%	28,382,428
2,300,000	UNION OIL OF CALIFORNIA	03/01/1994	9.750%	2,288,523
9,525,564	UNITED SAVINGS HOUSTON	05/01/2008	9.041%	9,874,867
3,834,714	VIRGINIA BEACH FED SAVING	02/01/2000	8.247%	3,590,136
TOTAL BOND PORTFOLIO			\$	231,319,804

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 PEREGRINE CAPITAL
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
3,000,000	ASSOCIATES CORP NORTH AME	06/01/1996	8.375% \$	2,979,120
2,000,000	BANK OF BOSTON CORP	02/15/1996	7.250%	1,950,000
2,060,000	BARCLAYS AMERICAN CORPORA	08/15/1998	7.875%	1,805,672
1,800,000	BRITISH COLUMBIA HYDRO &	04/15/1991	14.500%	1,891,296
1,000,000	CANADIAN NATL RY CO	07/15/2004	9.700%	1,004,090
3,000,000	CHASE MANHATTAN CORP	11/01/1995	7.188%	2,917,500
2,000,000	CHICAGO ILL O'HARE INTL A	01/01/2016	8.750%	2,078,800
2,000,000	CHRYSLER CORP	11/15/2015	12.000%	2,165,000
3,000,000	CITICORP	11/15/1992	8.250%	3,030,000
1,000,000	COLUMBIA ALA INDL DEV BRD	12/01/2015	9.250%	1,102,020
1,500,000	CONTINENTAL ILLINOIS CORP	10/15/1993	9.125%	1,443,960
1,159,496	FED HM LN PC # 140186	11/01/2003	7.000%	1,002,964
1,045,832	FED HM LN PC # 287221	02/01/2017	7.000%	904,645
849,540	FED HM LN PC # 287482	03/01/2017	7.000%	734,852
2,898,804	FED HM LN POOL # 161099	01/01/2010	12.500%	3,094,473
3,662,478	FED HM LN POOL # 183354	11/01/2010	6.000%	3,021,545
833,477	FED HM LN POOL # 185837	12/01/2001	7.500%	737,627
2,024,002	FED HM LN POOL # 188689	10/01/2007	8.000%	1,835,487
1,016,089	FED HM LN POOL # 188844	08/01/2008	7.500%	899,238
1,064,360	FED HM LN POOL # 200007	02/01/2000	11.500%	1,089,638
995,078	FED HM LN POOL # 210229	09/01/2020	11.000%	1,017,468
440,697	FED HM LN POOL # 210388	10/01/2000	11.250%	454,187
508,391	FED HM LN POOL # 210572	12/01/2020	10.500%	519,505
1,050,884	FED HM LN POOL # 210589	12/01/2000	11.000%	1,074,529
1,052,124	FED HM LN POOL # 255674	11/01/1999	9.000%	1,006,735
1,450,519	FED HM LN POOL # 271338	11/01/2007	7.250%	1,269,204
4,000,000	FEDERAL HOME LOAN MORTGAG	01/31/1994	11.875%	4,435,000
3,000,000	FIRST CHICAGO CORP	07/24/1996	7.125%	2,940,000
3,000,000	FIRST CHICAGO CORP	06/01/1998	8.500%	2,875,020
2,000,000	GANNETT INC	02/01/1996	8.500%	2,032,320
750,000	GEORGIA ST MUNI ELEC	01/01/2018	7.875%	710,828
525,174	GNMA II POOL # 115563	06/20/2014	12.500%	576,379
1,078,730	GNMA II POOL # 121529	02/21/2015	12.000%	1,173,777
204,207	GNMA POOL # 050936	10/15/2011	15.000%	234,583
346,085	GNMA POOL # 051011	02/15/2012	15.000%	397,566
546,717	GNMA POOL # 052820	07/15/2012	15.000%	628,041
194,459	GNMA POOL # 054838	09/15/2012	15.000%	223,385
653,661	GNMA POOL # 068121	05/15/2013	12.000%	711,255
506,203	GNMA POOL # 115029	12/15/2014	13.000%	561,253
597,284	GNMA POOL # 122005	01/15/2015	12.500%	655,520
929,886	GNMA POOL # 128012	03/15/2015	13.000%	1,031,011
1,665,305	GNMA POOL # 142763	11/15/2015	11.500%	1,790,703
18,616	GNMA POOL # 167686	01/15/2001	10.750%	19,267
1,725,000	GRAND RIVER DAM AUTH OKLA	06/01/2011	6.000%	1,301,478
311,939	GUARANTEED MTG CORP II	10/01/1994	11.950%	346,252
3,000,000	GUARDIAN SAV & LN	03/28/1995	6.063%	2,955,000
3,000,000	HERTZ CORP	03/01/1996	8.500%	2,975,850

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 PEREGRINE CAPITAL
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
3,000,000	HOUSEHOLD FIN CORP	02/15/1993	8.400%	\$	2,958,300
1,000,000	ILLINOIS ST	09/01/1999	9.200%		1,122,470
1,000,000	INTERMOUNTAIN PWR AGY UTA	07/01/2019	9.000%		1,103,940
2,000,000	INTERMOUNTAIN PWR AGY UTA	07/01/2023	7.000%		1,703,440
2,000,000	INTERMOUNTAIN PWR AGY UTA	07/01/2016	5.000%		1,295,260
3,000,000	ITT FINL CORP	08/15/1994	12.750%		3,454,620
1,200,000	LINCOLN NATIONAL CORP.	09/15/1992	13.875%		1,327,080
1,850,000	LOUISIANA ST	08/01/2002	7.000%		1,689,291
2,500,000	NORTH CAROLINA EASTN MUN	01/01/2021	7.250%		2,175,000
2,000,000	OCCIDENTAL PETE CORP	03/15/1991	10.000%		1,997,920
1,000,000	PENNSYLVANIA ST HIGHER ED	07/01/2008	9.250%		1,117,940
3,000,000	PHILLIP MORRIS COS INC.	08/01/1996	7.500%		2,895,930
3,000,000	PHILLIPS PETE CO	03/15/1995	8.063%		2,827,500
1,000,000	PUERTO RICO COMWLTH	07/01/2002	7.125%		917,500
2,000,000	SANTA BARBARA SVGS & LN A	12/31/1996	8.000%		1,812,800
1,000,000	SOUTH CAROLINA ST. PUB SV	07/01/2021	7.300%		907,830
2,800,000	XEROX CR CORP	09/15/1991	16.000%		3,051,636
TOTAL BOND PORTFOLIO				\$	101,962,497

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 WESTERN ASSET MANAGEMENT
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON	MARKET VALUE
2,500,000	AMERICAN MED INTL	07/15/1991	9.500% \$	2,421,275
2,500,000	CHASE MANHATTAN CORP	06/01/1990	8.750%	2,518,750
7,250,000	CHEMICAL NEW YORK CORP	06/15/1999	9.750%	7,210,270
4,500,000	CHRYSLER CORP	11/15/2015	12.000%	4,871,250
2,475,000	CITICORP PERSON TO PERSON	03/01/1998	8.750%	2,311,972
5,200,000	COMMONWEALTH EDISON	05/01/2016	9.500%	4,976,816
17,400,000	DEERE & CO.	11/15/2002	8.000%	15,660,522
8,785,000	DELTA AIRLINES INC	05/15/2016	9.000%	8,111,191
3,442,898	FED HM LN POOL # 181257	01/01/2009	8.000%	3,122,261
5,978,869	FED HM LN POOL # 220013	10/01/2001	8.750%	5,754,661
7,915,000	FEDERAL FARM CREDIT BANK	01/20/1993	10.650%	8,553,107
2,763,565	FEDERAL HOME LN MTG CORP	12/31/2014	10.250%	2,768,705
4,000,000	FEDERAL NATIONAL MORTGAGE	02/10/1996	7.000%	4,775,000
750,431	FEDERAL NATIONAL MTG. AS.	03/01/2009	6.500%	686,171
3,025,000	FEDERAL NATL MTG ASSN	06/12/1995	11.150%	3,407,844
1,882,813	FEDERAL NATL MTG ASSN STR	11/08/2008	6.000%	1,569,795
8,462,165	FEDERAL NATL MTG ASSN ST	01/01/2006	5.000%	6,663,955
14,005,282	FHA CITICORP #136	05/01/2023	7.430%	12,065,831
3,558,866	FHA CITICORP 1985-5	12/01/2025	7.375%	3,039,770
4,310,891	FNMA POOL # 000797	01/01/2023	7.250%	3,777,418
13,858,593	FNMA POOL # 007239	08/01/2008	8.000%	12,585,265
33,624,490	GNMA POOL # 152586	06/15/2016	9.000%	32,279,511
998,465	GNMA POOL # 189232	03/15/2017	8.000%	908,603
998,758	GNMA POOL # 189233	03/15/2017	8.000%	908,870
998,660	GNMA POOL # 189234	03/15/2017	8.000%	908,780
998,487	GNMA POOL # 189241	03/15/2017	8.000%	908,623
998,608	GNMA POOL # 190317	03/15/2017	8.000%	908,733
499,309	GNMA POOL # 194157	03/15/2017	8.000%	454,371
998,543	GNMA POOL # 194941	04/15/2017	8.000%	908,674
1,996,907	GNMA POOL # 200680	03/15/2017	8.000%	1,817,185
2,995,132	GNMA POOL # 200914	04/15/2017	8.000%	2,725,570
998,767	GNMA POOL # 204660	03/15/2017	8.000%	908,878
3,994,253	GNMA POOL # 205929	03/15/2017	8.000%	3,634,771
1,999,532	GNMA POOL # 208547	05/15/2017	8.000%	1,819,575
4,400,000	GREAT WESTERN FINL CORP	07/01/1997	9.500%	4,372,500
5,000,000	IMPERIAL SVGS & LN	08/15/2011	8.000%	4,747,650
3,423,000	LITTON INDS INC	07/01/2005	12.625%	3,935,115
3,050,000	LOUISIANA PWR. & LT. CO.	11/01/2016	10.375%	2,747,623
4,500,000	MANUFACTURERS HANOVER COR	02/15/1999	8.500%	3,958,110
4,325,000	MCI COMMUNICATIONS	04/01/2011	10.000%	3,762,750
2,250,000	MELLON BK N A	03/15/1992	7.450%	2,077,583
6,500,000	OCCIDENTAL PETE CORP	03/15/2011	11.750%	6,857,500
2,500,000	PENNSYLVANIA PWR & LT CO	10/01/2015	12.000%	2,861,400
7,500,000	PENNSYLVANIA PWR & LT CO	04/01/1994	13.500%	8,322,150
214,000	STANDARD OIL CO	12/15/1990	0.000%	158,728
214,000	STANDARD OIL CO	03/15/1992	0.000%	141,045
5,850,000	STUDENT LN MKT ASSOC	08/01/1991	5.600%	5,316,188

MINNESOTA STATE BOARD OF INVESTMENT
 POOLED BOND FUND
 WESTERN ASSET MANAGEMENT
 ALPHABETICAL BOND HOLDINGS
 JUNE 30, 1987

PAR VALUE	SECURITY	MATURITY	COUPON		MARKET VALUE
5,500,000	SYSTEM ENERGY RESOURCES	09/01/1996	10.500%	\$	4,922,500
800,000	TEXAS UTIL ELEC CO	04/01/2017	10.500%		785,104
4,400,000	U.S.A. TREASURY NOTE	02/15/1991	9.125%		4,565,000
2,900,000	U.S.A. TREASURY NOTE	05/15/1996	7.375%		2,709,673
5,500,000	U.S.A. TREASURY NOTE	08/15/1989	6.625%		5,403,750
TOTAL BOND PORTFOLIO				\$	233,588,340

MINNESOTA STATE BOARD OF INVESMENT
MINNESOTA VENTURE CAPITAL FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

NO. OF SHARES			MARKET VALUE
3,196,406	ALLIED VENTURE PARTNERS	\$	3,176,067
2,500,000	CENTURY PTN III		2,744,038
10,000,000	DSV PARTNERS IV		10,261,880
3,750,000	G & K VENTURE PARTNERSHI		3,540,101
25,375,000	K K R INVT. FD		25,375,000
15,715,890	KKR INVT FUND II		15,715,890
7,500,000	MATRIX PARTNERS II L.P.		7,618,792
8,642	NORTHWEST VENTURE PARTNER		7,932,943
7,482,246	SUMMIT VENTURE LTD PARTN		8,202,801
1,661,250	SUPERIOR VENTURE PARTNERS		1,614,996
TOTAL EQUITY PORTFOLIO		\$	86,182,508

MINNESOTA REAL ESTATE POOL
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

20,744	AETNA REAL EST. FUND	\$	54,978,566
13,709	EQUIT. LIFE ASSUR. SOCIE		64,115,557
6,000	HEITMAN ADV. REALTY II		31,895,636
20,000	HEITMAN ADVISORY CORP. GR		19,808,892
2,000	HEITMAN ADVISORY III		10,000,000
10,438	PRUDENTIAL REAL EST FUND		58,564,175
19,783	SSB REAL ESTATE FD III		21,937,748
14,801	SSB REAL ESTATE FUND IV		15,592,150
1,800	TCW REALITY FUND IV		8,999,686
8,000	TCW REALTY FUND III		41,184,229
67,000,000	THE RREEF FUNDS USA III		69,266,007
TOTAL EQUITY PORTFOLIO		\$	396,342,647

MINNESOTA RESOURCES FUND
ALPHABETICAL EQUITY HOLDINGS
JUNE 30,1987

16,771	AMGO I	\$	4,407,400
2,156,240	AMGO II		5,385,000
804,534	APACHE CORP LTD I PART		804,534
22,285,466	APACHE CORP LTD II PART		22,170,450
30,000,000	APACHE CORP LTD III PART		30,000,000
TOTAL EQUITY PORTFOLIO		\$	62,767,384

**MINNESOTA STATE BOARD OF INVESTMENT
MANAGERS FEES FY87**

ACTIVE EQUITY ACCOUNT*

Fred Alger	\$ -0-
Alliance Capital	970,175.60
Beutel Goodman	-0-
Forstmann-Leff Associates	202,986.81
Hellman Jordan	541,088.49
IDS Advisory	352,373.58
Investment Advisers	242,131.19
BMI Capital Corporation	605,370.54
Waddell & Reed	461,559.59
Lieber & Company	363,279.82
Peregrine Capital Management	242,456.60
	<u>\$3,981,422.22</u>

PASSIVE EQUITY ACCOUNT

Wilshire	\$ 254,000.01
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BOND MANAGERS ACCOUNT

Investment Advisers	\$ 83,801.39
Lehman Management	470,193.62
Miller Anderson	483,990.27
Morgan Stanley	464,254.17
Peregrine Capital Management	223,172.30
Western Asset Management	353,984.81
	<u>\$2,079,396.56</u>

- * 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 82 in Part I of the Annual Report for a more complete description of this formula.)