

ILLINOIS STATE UNIVERSITY



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Comprehensive Annual Financial Report

- MISSION STATEMENT -

The Teachers' Retirement System
of the State of Illinois is committed
to protect retirement funds,
to administer benefits and
to provide quality service
to our members.

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TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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CERTIFICATE OF ACHIEVEMENT

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of the State of Illinois

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arthur R. Lynch
President

Jeffrey L. Esler
Executive Director

TABLE OF CONTENTS

SECTION ONE: INTRODUCTION

Certificate of Achievement 2
Organizational Structure and Executive Cabinet 4
Board of Trustees 5
Letter of Transmittal 6
Executive Director's Report 8

SECTION TWO: FINANCIAL

Report of Independent Public Accountants 13
Statements of Financial Position 14
Statements of Revenue and Expense and Changes in Net Assets 15
Notes to Financial Statements 16
Required Supplemental Schedules
• Schedule of Revenue by Source 29
• Schedule of Expense by Type 29
• Schedule of Funding Progress 30
Supplemental Schedules
• Administrative Expenses 31
• Cash Receipts and Disbursements 31

SECTION THREE: ACTUARIAL

Actuary's Certification 34
Actuarial Assumptions and Method 35
Annual Actuarial Valuation 36
Reconciliation of
Unfunded Pension Benefit Obligation 36
Employer's Normal Cost Plus Interest 37
State Funding 37
• TRS Funded Ratio Under PA 88-0593 (SB533) 37
• PA 88-0593 State Funding Requirement 38
Tests of Financial Condition
• Funded Ratio 38
• Payroll Percentages 38
• Solvency Test 39
Cash Flow Summary 39
Plan Summary and Changes 40

SECTION FOUR: STATISTICAL

Average Annual Salary for Active Members By Years of Service 44

Active Members by Years of Age and Years of Service 46
Retired Members by Years of Service and Years in Retirement 48
Schedule of Average Monthly Benefits
• Retirement Benefits 50
• Disability Benefits 50
• Survivor Benefits 50
Benefits Statistics 51
Retirees and Beneficiaries Added To and Removed From Rolls 51
Schedule of Participating Employers 52

SECTION FIVE: INVESTMENTS

Introduction 59
Asset Class and Manager Composition 59
• Percent of Total Fund 59
• Asset Allocation History 60
Asset Class and Market Indices Returns 61
• Asset Class Quarterly Return by Representative Indices 61
Total Fund Results 61
U.S. Equity Results and Profile 61
• Diversification by Industry Sector 62
• S&P 500 Industry Returns 62
• U.S. Equity Portfolio Profile 63
International Equity Results 63
Alternative Investments Results 63
Fixed Income Results and Profile 63
• Diversification by Issuer Type for Fixed Income Managers 64
• Diversification by Quality Rating for Fixed Income Manager Portfolio 64
• Bond Portfolio Profile 65
Real Estate Equity Investment Results 65
Short-Term Investment Results 65
Investment Portfolio Summary 66
Composition of Investments at Market Value 67
Summary Statistics
• Book/Market Value Reconciliation 68
• Performance Summary 68
Investment Listing 69

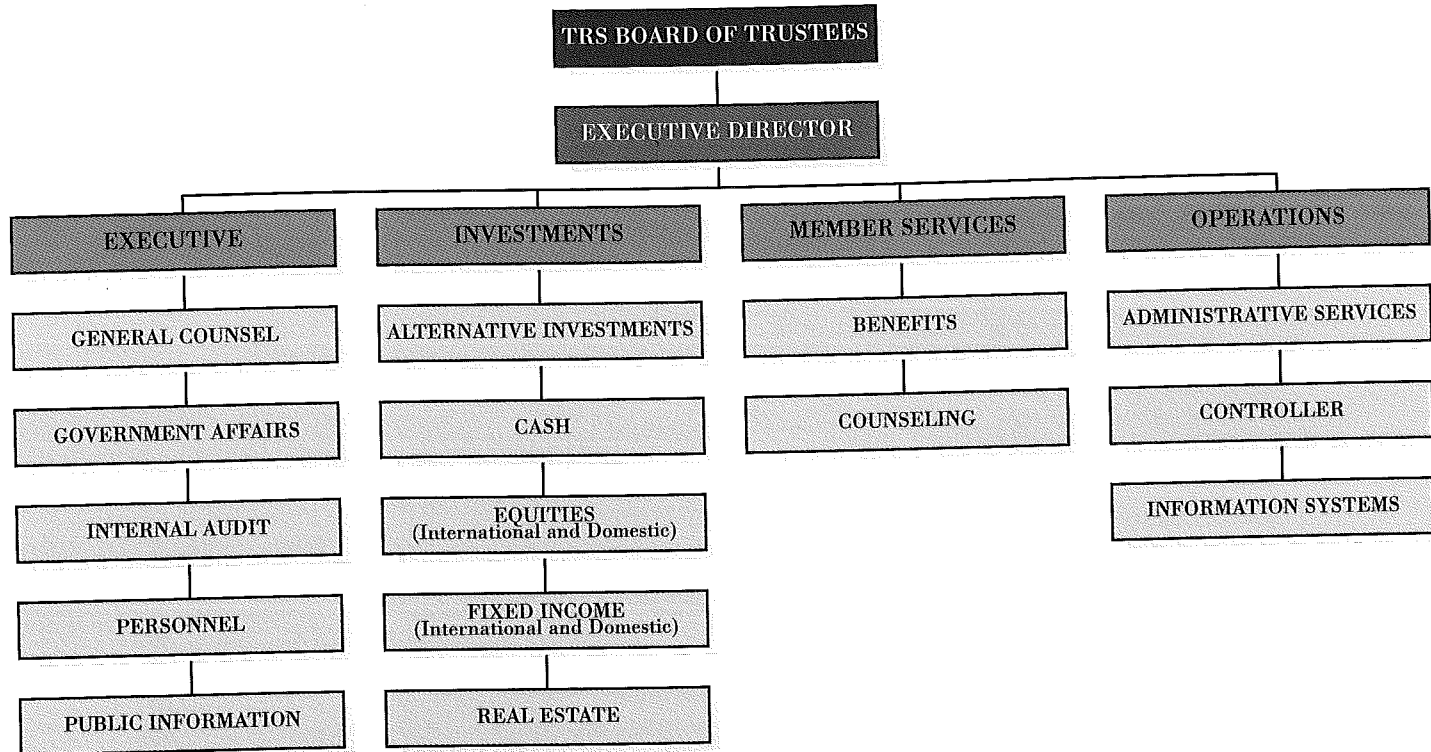
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ORGANIZATIONAL STRUCTURE AND CABINET

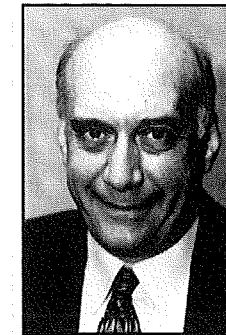
Directed by the Board of Trustees and the Executive Director, four divisions carry out day-to-day duties and operations of the Teachers' Retirement System of the State of Illinois: Executive, Investments, Member Services and Operations.



Members of the Executive Cabinet meet often with Executive Director Robert Daniels to ensure that programs and policies are being achieved. Seated from left to right are Ruby Reynolds, Director of Personnel; Daniels; John Sigle, Director of Member Services; and Jon Bauman, Chief Operating Officer. Standing from left to right are Don Nesbitt, Director of Investments; Matt Evans, Director of Real Estate and Alternative Investments; Bill Brewer, Benefits Officer; Judy Davis, Executive Assistant; Scott Mulford, Public Information Officer; John Day, Director of Government Affairs; Ed Mabie, Information Systems Officer; and Carl Mowery, General Counsel.

INTRODUCTION

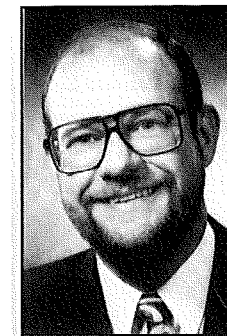
BOARD OF TRUSTEES



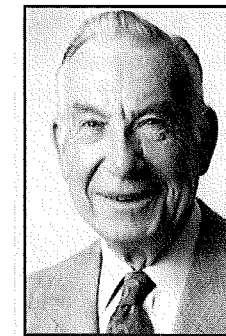
JOSEPH SPAGNOLO
President
Springfield



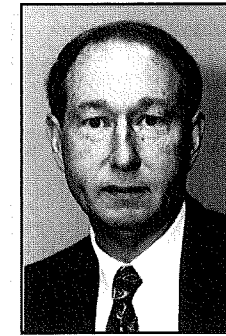
JUDITH TUCKER
Vice-President
Darien



RAY J. ALTHOFF
Edwardsville



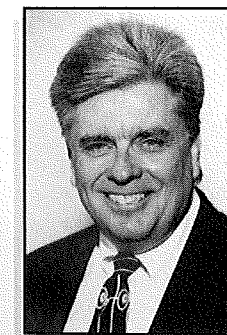
HUGH R. BROWN
Evanston



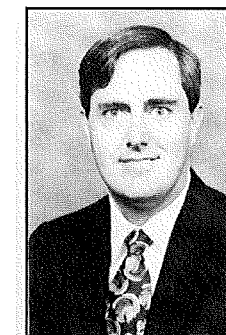
JAMES BRUNER
Jacksonville



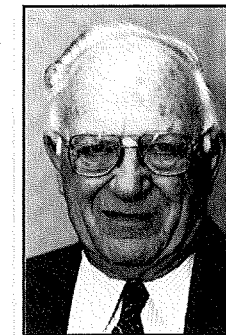
ANNE DAVIS
Harvey



SCOTT ESHELMAN
Algonquin



JAMES KANE
Long Grove



ROMAN MILLER
Waukegan



MARILYN OGLESBY
Charleston

INTRODUCTION



Teachers' Retirement System of the State of Illinois

P.O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253
(217) 753-0311

Robert Daniels
Executive Director

December 16, 1996

Board of Trustees
Teachers' Retirement System
2815 West Washington, P.O. Box 19253
Springfield, IL 62794

I am pleased to present the Comprehensive Annual Financial Report for the Teachers' Retirement System of the State of Illinois - A Component Unit of the State of Illinois - for the fiscal year ended June 30, 1996. The System's management and staff are responsible for the accuracy and completeness of this report and to ensure that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of the System as of June 30, 1996.

This report consists of five sections:

- the Introductory Section contains this letter of transmittal, identification of the System's trustees, executive staff and organizational structure and a report from our Executive Director which outlines the major activities of the past year and plans for the future;
- the Financial Section contains the report of the independent public accountants, the financial statements and related notes and required supplemental schedules;
- the Actuarial Section contains the actuary's letter of certification, results of the latest actuarial valuation and a plan summary as well as any changes in the plan;
- the Statistical Section contains information and statistical data pertaining to members and annuitants; and
- the Investment Section which contains information detailing fund performance, a list of external managers and a listing of the fund's portfolio.

FINANCIAL INFORMATION

A series of internal controls monitors and safeguards assets and promotes the efficient operation of the System. An annual external audit is conducted by the Illinois Auditor General in addition to regular reviews by the System's Internal Auditor. The annual operating budget is evaluated and approved by the Board of Trustees and financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

REVENUES AND FUNDING

Sources of funding the System include member contributions, investment income and employer contributions through state appropriations and payments by school districts. At June 30, 1996, total assets available to pay benefits grew to a book value of \$13.8 billion.

One source of funding is contributions from over 132,000 members

REVENUES Source	(In millions)			
	1996	1995	Increase/(Decrease)	
			Amount	% Change
Member Contributions	\$399	\$431	(\$32)	(7.4%)
Employer Contributions	390	598	(208)	(34.8)
Investment income + realized gain on investment	1,554	771	783	101.6
TOTAL	\$2,343	\$1,800	\$543	30.2%

who contribute 8% of their earnings each year. Members also make contributions for optional service, the early retirement incentive (ERI) and the early retirement option (ERO). In FY96, member contributions totaled \$399 million, a \$32 million decrease from the previous year. These contributions are invested. Investment income increased \$783 million to \$1,554 million, a 16.3% return for the year.

Appropriations from the state of Illinois and other employer contributions make up a third funding source. Employer revenue decreased due to fewer retirements under the ERI program. State appropriations for FY96 increased \$63 million to \$330 million and contributions from federal programs were up by \$600,000.

EXPENSES

Expenses include payments of benefits, refunds, health insurance subsidies and administrative expenses.

EXPENSES Type	(In millions)			
	1996	1995	Increase/(Decrease)	
			Amount	% Change
Benefits payments	\$1,122	\$1,073	\$49	4.6%
Health insurance	0	38	(38)	(100.0)
Refunds	22	29	(7)	(24.1)
Administrative	11	11	0	0
TOTAL	\$1,155	\$1,151	\$4	3%

Benefits payments increased from \$1,073 million to \$1,122 million in FY96. This 4.6% increase is the result of new retirements and annual increases in annuities as prescribed by law. Administrative expenses continued to constitute less than 1% of System expenses in FY96.

INDEPENDENT AUDIT

Each year, the financial statements, records and internal controls of TRS are examined by special assistant auditors employed by the Illinois Auditor General. In addition, an annual compliance audit for the previous year is performed to review compliance with applicable statutes and codes. The report of independent public accountants is included in the Financial Section of this report.

AWARDS

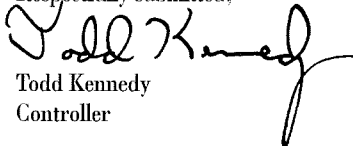
The Government Finance Officers Association of the United States and Canada (GFOA) awarded TRS a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 1995. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

To be awarded the Certificate, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. The System has received a Certificate of Achievement for the last seven years. We believe this report continues to meet program requirements and will be submitted to the GFOA for consideration again this year.

ACKNOWLEDGMENTS

Information for this report was gathered by the Accounting and Public Information departments and reflects the efforts of the staff under the leadership of the Board of Trustees and the Executive Director. It is intended to provide complete and reliable information as a basis for making management decisions, to determine our compliance with legal provisions and as a means for determining responsible stewardship of the assets contributed by members and their employers. The report is provided to members of the General Assembly, all school districts outside the city of Chicago and to others upon request.

Respectfully submitted,


Todd Kennedy
Controller

Let me share some convincing evidence that the Teachers' Retirement System is an excellent steward of your retirement funds - a 16.3% investment return, the highest in a decade. That places your fund in the top third of all public pension funds nationwide with similar assets. The market value of the fund grew \$2.1 billion in just one year to reach a record \$15.4 billion.



ROBERT DANIELS

FUND PERFORMANCE

You will see the details later in this report but I want to spotlight some of the big winners here:

- Alternative investments was the top performing sector, earning an astonishing 62.5% and posting a five year return of 23.5%.
- International equities earned 26.5%, ranking in the top 5% of pension funds nationwide and outperforming the benchmark EAFE Index by nearly 13 percentage points.
- Common stocks and other equities earned 22.7%, making a strong contribution to overall performance.
- The TRS real estate portfolio recorded a 10.4% overall return and placed in the top third of funds nationwide.

These favorable investment returns helped accomplish another very important task in 1996. They helped improve the System's funded ratio, that portion of benefits covered by assets, for the first time in four years.

SYSTEM FUNDING

Despite a \$82 million improvement in cash flow over last year, \$257 million in investment income still had to be used to pay benefits to annuitants. The unfunded pension benefit liability grew from \$11.3 billion to \$12.3 billion in 1996. We continue to look to the 1994 funding law and its commitment to increased state contributions to TRS to help on both fronts. It will not be a quick fix, but a beginning has been made.

The required increases in state funding have been committed for the second consecutive year of the 15-year phase in period. The goal is for each state-supported retirement system to attain a 90% funding ratio by the middle of next century. As you know, the law contains much stronger payment guarantees to TRS since it is backed by a continuing appropriation by the state of Illinois.

With Senate Bill 533's implementation still in its infancy, the funding law that preceded it went back to court. Plaintiffs in a class action lawsuit against state officials contend the General Assembly did not adequately fund a 1989 law designed to erase the retirement systems' unfunded liabilities. An appellate court ruling sent the case back to Cook County saying that the trial court there does have the authority to order state officials to comply with the law. Defendants have asked for a review by the Illinois Supreme Court. The Board of Trustees and I will continue to watch this case closely. For the peace of mind of our retirees, it is important to note that at no time are benefits payments threatened by any of these proceedings.

NEW INSURANCE PROGRAM

The creation of a new health insurance plan for retired teachers was a real challenge in 1995. 1996 presented a new challenge: implementing the Teachers' Retirement Insurance Program (TRIP). Administered by the Illinois Department of Central Management Services (CMS), TRS handles enrollment details and, effective July 1, 1995, began collecting the active member contributions that help fund the program. Full implementation of TRIP occurred January 1, 1996.

One of the goals was to devise a plan that would hold down the relentless spiral of premium increases for members. Premiums, in fact, remained frozen for the second year in a row. There is growing confidence among participants in the health maintenance organizations offered to them. During the 1996 benefit choice period, the yearly opportunity for choosing between traditional insurance and an HMO, 63% of those who requested a change moved from the major medical plan to an HMO in their locale. In all, approximately 30% of TRIP participants are enrolled in HMOs.

To help retired members and their families understand their insurance options, the Counseling Services department hosted over 30 meetings from October through December of 1995. Attendance figures of 15,273 topped all expectations. For example, there were 130 at Ullin, 400 at

Mount Vernon, 800 at Rockford and 1,300 at Glen Ellyn. On several occasions, meetings were changed to larger rooms or entirely new venues to accommodate as many as possible.

LEGISLATIVE DEVELOPMENTS

In late 1995, Governor Edgar signed into law House Bill 122 which provides members and annuitants the opportunity to purchase up to three years of optional service credit for periods when TRS-covered employment ceased due to pregnancy. A special information bulletin and application was sent to over 33,000 members that our records indicated might have been eligible for credit for their absence prior to July 1, 1983. Through June 30, 1996, 3,229 applications had been processed.

The Governor's signature on legislation passed in 1995 raised the minimum retirement benefit for the first time in 11 years. The rate of \$25 per month for each year of creditable service with a maximum of \$750 per month for 30 or more years of service went into effect January 1, 1996.

A bill designed to increase benefits for future retirees by establishing a flat 2.2% formula garnered headlines in the closing days of the spring session of the 1996 General Assembly. The measure was not acted upon but supporters vow to revisit it once it is addressed by the Pension Laws Commission. Many supported the measure that would have replaced the present four-step retirement formula with a single-step, flat rate. Others voiced concerns over its price tag and whether employees should contribute as well. We will watch this issue closely and insist that any changes in the formula be properly funded.

MEMBER SERVICES

We have simplified and streamlined the retirement application process with the introduction of "Rapid Retirement" on April 1, 1996. Members can now call benefits counselors and answer many retirement questions during that initial phone call. Instead of receiving 39 pages of instructions and forms, or making a trip to Springfield or Lisle, members now receive completed forms within seven days for their examination and approval. Results from a recent survey clearly indicates that "Rapid Retirement" works. High marks were given to both the process and the service provided.

At our offices in Springfield and Lisle, Member Services received 79,686 telephone calls and responded to 12,637 cards and letters requesting information and publications. We were able to meet in person with almost 20,000 members during office visits, field conferences and large group meetings.

Annuitants receiving benefits totaled 59,664 at fiscal year end at an annual payroll of over \$1.1 billion. The final retirements under the 5&5 early retirement program occurred during a portion of fiscal 1996. Approximately 400 retirements, delayed under the capping provisions of the legislation, completed the total of 11,966 during the retirement seasons of 1993 through 1995.

TRS2000

The System-wide project to redesign our computer operations with an eye to the year 2000 continued on schedule. In fact, one initiative I've mentioned, Rapid Retirement, is the result of the early success of TRS2000. Much time and on-site training is underway to not only upgrade the technology used, but the approach your System's employees take to their job each day of providing the very best service we can to members.

IN CONCLUSION

I want to take this opportunity to acknowledge the hard work and dedication of the Board of Trustees. All of us should be heartened that there are individuals who take the time to serve their fellow citizens in this way. Last June, Governor Edgar reappointed Marilyn Oglesby and Roman Miller as trustees through the year 2000. My congratulations and thanks to both of them for accepting this challenge once again. In September, James Kane stepped down from the Board to accept the Governor's appointment to the Illinois Racing Board. His three years of service were both meaningful and appreciated. We welcome William Enlow to the Board of Trustees, appointed by Gov. Edgar to serve the remainder of Mr. Kane's term.

I am pleased to provide this annual report on behalf of the managers and staff of the Teachers' Retirement System.

Sincerely,


Robert Daniels
Executive Director

Section Two: Financial

“A teacher affects eternity:
he can never tell
where his influence stops.”

- HENRY BROOKS ADAMS -

KPMG Peat Marwick LLP

Peat Marwick Plaza
303 East Wacker Drive
Chicago, IL 60601-9973

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

Board of Trustees
Teachers' Retirement System of
the State of Illinois

As Special Assistant Auditors of the Auditor General, we have audited the accompanying balance sheets of the Teachers' Retirement System of the State of Illinois (System), a component unit of the State of Illinois, as of June 30, 1996 and 1995, and the related statements of revenues and expenses and changes in net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Teachers' Retirement System of the State of Illinois as of June 30, 1996 and 1995, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 15, 1996 on our consideration of the System's internal control structure and a report dated November 15, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information and supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the System. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The information for the years 1987 through 1994 has been derived from financial statements audited by other auditors whose reports thereon expressed an unqualified opinion.

November 15, 1996

KPMG Peat Marwick LLP



Member Firm of
Klynveld Peat Marwick Goerdeler

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

	As of June 30	
	1996	1995
ASSETS		
Cash - Note C		
Receivables:	\$4,057,000	\$1,055,000
Contributions from employers:		
Salary deductions	23,184,000	23,280,000
Federal and trust funds	5,337,000	5,753,000
Employer ERI	303,774,000	387,788,000
Contributions from members:		
Members' accounts	155,000	142,000
Members' ERI	4,003,000	27,157,000
TOTAL RECEIVABLES	<u>336,453,000</u>	<u>444,120,000</u>
Investments (Net) - Note C	14,100,245,000	12,499,068,000
(Market value 1996: \$15,362,254,000 1995: \$13,230,761,000)		
Collateral from securities lending - Note C	1,517,642,000	986,218,000
Property and equipment (Net of accumulated depreciation) - Note A	3,756,000	3,513,000
TOTAL ASSETS	<u>15,962,153,000</u>	<u>13,933,974,000</u>
LIABILITIES		
Payables:		
Benefits	660,000	788,000
Refunds	363,000	991,000
Notes	57,976,000	221,327,000
Other	21,177,000	24,351,000
Pending trades	534,624,000	58,434,000
Securities lending transactions - Note C	1,517,642,000	986,218,000
TOTAL LIABILITIES	<u>2,132,442,000</u>	<u>1,292,109,000</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>13,829,711,000</u>	<u>12,641,865,000</u>
PENSION BENEFIT OBLIGATION - Note D		
Retirees and beneficiaries currently receiving benefits	13,351,367,000	12,702,258,000
Terminated members not yet receiving benefits	486,700,000	425,224,000
Current employees:		
Accumulated employee contributions	3,002,052,000	2,846,405,000
Employer-financed vested	3,890,372,000	3,157,449,000
Employer-financed nonvested	5,411,303,000	4,849,230,000
TOTAL PENSION BENEFIT OBLIGATION	<u>26,141,794,000</u>	<u>23,980,566,000</u>
UNFUNDED PENSION BENEFIT OBLIGATION	<u>(12,312,083,000)</u>	<u>(11,338,701,000)</u>
NET ASSETS AVAILABLE FOR BENEFITS - Note G	<u>\$13,829,711,000</u>	<u>\$12,641,865,000</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF REVENUE AND EXPENSE

STATEMENTS OF REVENUE AND EXPENSE AND CHANGES IN NET ASSETS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

	For the Fiscal Year Ended June 30	
	1996	1995
REVENUE		
Contributions - Note E		
Members	\$399,084,000	\$430,761,000
State of Illinois	330,074,000	267,146,000
Employers:		
Early retirement option	1,821,000	240,000
Early retirement incentive	40,474,000	314,390,000
Federal and trust funds	16,993,000	16,393,000
TOTAL CONTRIBUTIONS	<u>788,446,000</u>	<u>1,028,930,000</u>
Investment income		
Interest	409,658,000	395,882,000
Real estate	171,346,000	26,997,000
Dividends	89,072,000	71,106,000
Other	118,041,000	72,770,000
TOTAL INVESTMENT INCOME	<u>788,117,000</u>	<u>566,755,000</u>
Gain on sale of investments	813,448,000	257,560,000
Security lending interest expense	(47,448,000)	(52,828,000)
TOTAL REVENUE	<u>2,342,563,000</u>	<u>1,800,417,000</u>
EXPENSE		
Benefits:		
Age retirement	886,737,000	866,461,000
Post-retirement	181,106,000	158,051,000
Survivor	43,961,000	39,901,000
Disability	9,790,000	9,051,000
Health insurance	0	38,212,000
	<u>1,121,594,000</u>	<u>1,111,676,000</u>
Refunds	22,173,000	28,671,000
Administrative expenses	10,029,000	10,345,000
Prior service credit/Transfers	921,000	84,000
TOTAL EXPENSE	<u>1,154,717,000</u>	<u>1,150,776,000</u>
REVENUE IN EXCESS OF EXPENSE	<u>1,187,846,000</u>	<u>649,641,000</u>
Net Assets Available for Benefits at Beginning of Year	12,641,865,000	11,992,224,000
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	<u>\$13,829,711,000</u>	<u>\$12,641,865,000</u>

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of the Teachers' Retirement System of the State of Illinois, also referred to as TRS or the System, are prepared using the accrual basis of accounting.

Investments accounting: Investments are valued on the basis of cost. Gain or loss on the sale of investments is determined based on average cost for stocks and identified cost for debt securities. Investment income is shown net of investment expenses. Gain or loss on real estate is recognized upon sale and for market declines judged to be other than temporary. Real estate investments are valued at historical cost, subject to adjustment for market declines judged to be other than temporary. No provision for depreciation has been made because real estate is treated as an investment asset.

TRS is engaged in futures contracts that are used as hedge vehicles against possible adverse changes of the System's portfolio securities. Risks of entering into futures and option contracts include the possibility that there may be an illiquid market at the time TRS seeks to close out a contract and changes in the value of the contract may not correlate with changes in the value of the portfolio securities being hedged.

Upon entering into a contract, TRS is required to maintain a collateral account through a custodian or a sub-custodian in an amount sufficient to meet the initial margin requirements. Subsequent payments are made or received by TRS equal to the daily change in the contract value and recorded as unrealized gains or losses. TRS recognizes a gain or loss when the contract is closed or expires.

Investments authorized: Through the Board of Trustees, as authorized in the Illinois Pension Code, the System serves as fiduciary for the members' trust funds and is responsible for investment of such funds under authority of the "prudent person rule." The prudent person rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

Property and Equipment: Equipment is stated on the basis of historical cost. Provisions for depreciation are computed by the straight-line method, based upon the estimated useful lives of the assets. Equipment is assigned a useful life of three to ten years while vehicles are assigned a five-year life. The System's office building is depreciated over 40 years.

Transfers: This expense category reflects transfers of members' accumulated contributions to other pension systems.

Administrative expenses: This category includes \$119,885 and \$95,709 for accrued compensated absences for FY96 and FY95, respectively.

GASB Pronouncements: In September 1993, the Governmental Accounting Standards Board (GASB) issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." The Statement provides that the System may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. In addition, the System may apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The System has elected to apply only FASB, APB and ARB materials issued on or before November 30, 1989.

In November 1994, the GASB issued Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans." This Statement requires that plan assets be reported at fair value, rather than at cost. In addition, this Statement establishes a new financial reporting framework that will result in significant changes to financial statements as well as the required supplementary information. The

requirements of this Statement are effective for periods beginning after June 15, 1996, with earlier implementation encouraged. If comparative financial statements are presented, restatement of the prior year financial statements is required. Following enactment of an amendment to the Illinois Pension Code, the System will adopt this Statement beginning with the fiscal year ending June 30, 1997. The effect of this statement will be to change the net assets and change the unfunded actuarial accrued liability of the System by the difference between fair value and cost of the net assets on the date of adoption.

In May 1995, the GASB issued Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions." This Statement requires cash received as collateral on securities lending transactions and investments made with that cash to be reported as assets. Liabilities resulting from these securities lending transactions are also to be reported in the balance sheet. Costs of security lending transactions are reported separately as expenses in the income statement. The System adopted this Statement beginning with the fiscal year ended June 30, 1996, and has restated 1995 financial statements.

NOTE B - PLAN DESCRIPTION

The System is the administrator of a cost-sharing multiple-employer public employee retirement plan. Members of the System consist of all teachers employed in the public common schools of Illinois outside Chicago. The System was established by the state of Illinois and is governed by the Illinois Pension Code. The System is a component unit of the state of Illinois and is included in the state's financial statements as a pension trust fund.

The System has developed criteria to determine whether other entities should be included within its financial reporting entity. These criteria include analyzing the significance over the operational or financial relationships with the System. Based on these criteria, the System has no other entities included in these financial statements.

Members are employed by 1,082 school districts, special districts and certain state agencies.

Member contributions are remitted by each employer to the System. These employers are responsible only for employer contributions for teachers paid from federal and trust funds and for the employer's portion of the early retirement option and the early retirement incentive contributions. The state of Illinois provides employer contributions to fund the System. Refer to Note E-Contribution Requirements for information regarding employer contributions made by the state of Illinois.

NUMBER OF EMPLOYERS AT JUNE 30, 1996 AND 1995		
	1996	1995
Local school districts	904	912
Special districts	143	129
State agencies	35	35
	1,082	1,076
SYSTEM MEMBERSHIP AT JUNE 30, 1996 AND 1995		
	1996	1995
Retirees and beneficiaries		
currently receiving benefits	59,664	59,634
Inactive members	37,072*	38,736
Current members	132,545*	128,796
	229,281	227,166

* Inactive and current members are based on the latest available data

The System provides retirement benefits, death benefits and disability benefits. A member qualifies for an age retirement annuity after attaining one of the following: age 62 with five years of service credit; age 60 with ten years; or age 55 with 20 years. If retirement occurs between age 55 and 60 with less than 35 years of service, the annuity will be reduced at the rate of 0.5% for each month the member is under age 60. A member age 55 with less than 35 years of service credit may use the early retirement option to avoid a discount for early retirement if retirement occurs before July 1, 2000, and within six months of the last day of service requiring contributions, and if the member and employer both make a one-time contribution to the System. A member with less than five years of creditable service and service on or after July 1, 1947 is entitled to a single sum benefit payable upon reaching age 65.

Public Act 87-1265 provided an early retirement incentive. The retirement windows were June 1 through September 1 in 1993, 1994 and 1995. Retirements that occurred in 1995 were those delayed by employers because more than 30% of those eligible retired in 1994. Employees purchased up to five years of additional service and received an equal number of years of age. Employees contributed 4% of the highest salary used in the calculation of final average salary for each year purchased and employers contributed 20% for each year purchased. Employer contributions could be made in either a lump sum, over five years in equal quarterly installments or under a different schedule approved by the Board of Trustees.

A retirement benefit is determined by the average salary of the four highest consecutive salary rates within the last ten years of creditable service and the percentage of average salary to which the member is entitled. This percentage is determined by the following formula: 1.67% for each of the first ten years, plus 1.9% for each of the next ten years, plus 2.1% for each of the next ten years, plus 2.3% for each year over 30. The maximum retirement benefit, 75% of average salary, is achieved with 38 years of service. Each annuitant who retired after 1969 or made a qualifying contribution receives an annual 3% increase in the current retirement benefit beginning the January 1 following attainment of age 61 or the January 1 following the first anniversary in retirement, whichever is later.

Member contributions, established by statute, are 8% of earnings allocated as: 6 1/2% for retirement, 1/2% for post-retirement increases and 1% for death benefits. Effective July 1, 1995, members not employed by state agencies contribute an additional non-refundable 1/2 of 1% of salary toward health insurance benefits for retired members. TRS collects these funds as agent for the Illinois Department

of Central Management Services which began administering the health insurance program on January 1, 1996. These funds are not a part of the System's assets and are not included in the Comprehensive Annual Financial Report for 1996.

If a member leaves covered employment, the System will refund a member's retirement contributions upon request. The refund consists of actual contributions excluding the 1% death benefit contribution.

NOTE C - CASH AND INVESTMENTS

The bank balance and carrying amount of the System's deposits were \$98,142,000 and \$4,057,000 at June 30, 1996 and \$90,593,000 and \$1,055,000 at June 30, 1995. Of the bank balance, \$94,313,000 and \$89,736,000 was on deposit with the state Treasurer at June 30, 1996 and 1995, respectively. Most bank balances are insured or collateralized with securities held by the state Treasurer or agents in the name of the state Treasurer. All other bank balances are collateralized with securities held by the System or its agents in the name of the System. The System's investments are categorized to give an indication of the level of risk at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty but not in the System's name. As of June 30, 1996 and 1995, the System holds no securities classified in either Category 2 or Category 3.

Investments at June 30, 1996 and 1995 are as follows:

INVESTMENT SUMMARY	Book Value		Market Value	
	1996	1995 ²	1996	1995 ²
CATEGORY 1: CATEGORIZED				
BONDS (including short-term collateral)	\$3,100,401,000	\$3,081,940,000	\$3,096,771,000	\$3,165,938,000
CORPORATE NOTES	1,832,864,000	1,518,435,000	1,842,090,000	1,532,515,000
PREFERRED STOCK	45,172,000	18,714,000	49,911,000	21,817,000
SHORT TERM INVESTMENTS:				
Commercial paper (incl. short-term collateral)	863,419,000	235,185,000	865,541,000	235,185,000
U.S. Treasury bills	182,196,000	112,330,000	183,621,000	112,330,000
Other	280,217,000	(19,659,000) ¹	284,517,000	(38,812,000) ¹
COMMON STOCK	4,067,802,000	4,311,200,000	5,114,299,000	5,077,334,000
CURRENCY INVESTMENTS	47,551,000	87,344,000	50,157,000	83,588,000
	10,419,622,000	9,345,489,000	11,486,907,000	10,189,895,000
NOT CATEGORIZED:				
INVESTMENTS HELD BY BROKER/ DEALERS UNDER SECURITIES LOANS:				
Bonds	1,024,263,000	--	1,030,449,000	--
Corporate notes	35,548,000	--	48,557,000	--
Common stock	497,721,000	--	589,924,000	--
REAL ESTATE:				
Equity	2,028,046,000	2,060,516,000	1,890,800,000	1,901,964,000
Farmland	163,113,000	149,248,000	182,458,000	164,957,000
MUTUAL FUNDS	722,197,000	397,968,000	889,098,000	407,785,000
ALTERNATIVE INVESTMENTS:				
Limited partnerships	160,385,000	96,801,000	195,766,000	117,114,000
ACCRUED INVESTMENT INCOME	161,204,000	112,120,000	161,204,000	112,120,000
COLLECTIVE INVESTMENT FUNDS	405,788,000	336,926,000	405,788,000	336,926,000
INVESTMENTS AND COLLATERAL FROM SECURITY LENDING	\$15,617,887,000	\$12,499,068,000 ²	\$16,880,951,000	\$13,230,761,000 ²

¹ The negative book value balance for 1995 is caused by \$35 million in U.S. Treasury notes payable and \$28 million in options contracts at June 30, 1995. The negative market value balance for 1995 is caused by \$35 million in U.S. Treasury notes payable and \$49 million in options contracts at June 30, 1995.

² Noncategorized securities on loan and the categorized securities lending collateral are not available for the period ending June 30, 1995.

The System has reduced the book value of certain investments by approximately \$115 million in FY95 due to declines that were determined to be other than temporary.

The System has nonrecourse mortgages totaling \$312,974,000 and \$316,587,000 on real estate

equities at June 30, 1996 and 1995, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2017.

The real estate equity category includes \$300,071,000 and \$413,162,000 of mortgages

receivable which are fully secured by the properties at June 30, 1996 and 1995, respectively.

Board of Trustees policies permit the System to use investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The System's master trustee is the agent in lending the plan's domestic securities for cash collateral of 102% of the market value of the securities and international securities for cash collateral of 105% of the market value of the securities. Securities on loan at year-end are presented as unclassified in the preceding schedule of custodial credit risk. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeds the amounts the borrowers owe the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities issuers while the securities are on loan. All securities loans can be terminated on demand either by the System or the borrower, although the average term of the loans is ten days. There were no significant violations of legal or contractual provisions and no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 1996 and 1995, TRS had outstanding loaned investment securities having a market value of approximately \$1,668,930,000 and \$954,357,000, respectively, against which it had received collateral of approximately \$1,724,593,000 and \$986,218,000 respectively. At June 30, 1996 and 1995, the System has instructed the master trustee to direct \$57,976,000 and \$221,327,000, respectively, of the collateral received from securities lending to be invested in floating rate debt securities collateralized by real estate investments, which results in a note payable from TRS. Net income from securities lending was \$2,930,000 in FY96 and \$3,666,000 in FY95 and is included in Investment Income-Other.

Except as noted below, management believes that declines in market values that fall below cost are temporary in nature and reflect normal fluctuations in the economic market. As such, no reserve is established for these holdings.

In general, the value of real estate properties nationwide has stabilized. Losses in market value judged to be other than temporary have been recognized in TRS' financial statements through the creation of a Reserve for Real Estate account which has a balance of \$7,964,000 and \$21,725,000 as of June 30, 1996, and 1995, respectively. Management believes that other declines in appraised values are temporary in relation to the expected holding periods of the investments.

The System invests in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices or a market index. Derivatives transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. In order to mitigate credit risk, all derivative securities are acquired through a clearinghouse which guarantees delivery and accepts the risk of default by either party. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a regular basis to monitor compliance with the limits.

During the year, the System's derivative investments included foreign currency forward contracts, options, and futures. Derivative contracts are used by experienced investment personnel to quickly and efficiently implement tactical strategies upon the portfolios in a cost effective manner. Foreign cur-

rency forward contracts are used to hedge against the currency risk in the System's foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery date or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are not recognized until the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 1996 and 1995, the net unrealized gain (loss) of the foreign currency forward contracts totaled \$17,068,000 and (\$13,774,000), respectively.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. As the market value of the futures contract varies from the original contract price, a gain or a loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation as there are no balance sheet assets or liabilities associated with those contracts.

Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, the System receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Accordingly, it is against the System's policy to invest in any uncovered options. Premiums received are recorded as a liability when the financial option is written, and gains or losses are recognized at the time the options are exercised or when they expire. As of June 30, 1996, the net book and market values of option contracts written were \$(11,330,000) and \$(7,071,000), respectively. As of June 30, 1995, the net book and market values of option contracts written were \$(39,992,000) and \$(51,489,000), respectively. The book value of options represents the premiums received, and the market value represents the amount needed to close all positions as of that date.

The following presents the aggregate contractual principal amount of the System's outstanding contracts at June 30, 1996 and 1995:

DERIVATIVE (CONTRACTS OUTSTANDING)	June 30, 1996 Contractual Principal ¹	June 30, 1995 Contractual Principal ¹
DOMESTIC INTEREST RATE PRODUCTS:		
Fixed income futures purchased, net (8,982)	\$1,745,697,713	\$826,374,607
Fixed income written call options (1,060)	61,938,968	203,672,820
Fixed income written put options (4,712)	1,138,682,214	290,448,240
INTERNATIONAL INTEREST RATE PRODUCTS:		
International fixed income futures purchased, net (55)	4,104,776	383,387,487
International fixed income bond call options (7)	3,302,360	0
DOMESTIC EQUITY PRODUCTS:		
S&P 500 index futures purchased, net (2,059)	696,765,600	50,884,950
Written S&P 500 index call options (1,020)	100,301,760	533,471,250
Written S&P 500 index put options (1,850)	38,916,000	120,548,088
Stock written call options (3,375)	15,213,610	0
Stock written put options (260)	983,292	0
INTERNATIONAL EQUITY PRODUCTS:		
Index futures purchased, net (1,122)	128,057,141	3,824,194
Index international equity written call options (55)	815,150	0
Index international equity written put options (120)	1,097,689	0
FOREIGN CURRENCY PRODUCTS:		
Currency futures, net (400)	45,357,500	394,086,300
Written call options (8,060)	78,895,663	114,020,705
Written put options (6,972)	102,394,455	57,422,775

¹ The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal values do not represent actual balance sheet values.

Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset

one another. These amounts do not represent the much smaller amounts potentially subject to risk.

NOTE D - FUNDING STATUS AND PROGRESS

The pension benefit obligation is a standardized disclosure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee services to date. The measure is the actuarial present value of credited projected benefits and is intended to help users to assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other public employee retirement systems.

The pension benefit obligation is determined as of June 30, 1996 and 1995. Significant actuarial assumptions are summarized as follows:

- The present value of future pension payments is computed using a discount rate of 8%. The discount rate represents the estimated long-term rate of return on current and future investments.

- Future pension payments reflect an assumption of a 4% salary increase due to inflation and a composite 3.4% salary increase for merit adjustments.

- Future pension payments include post-retirement increases based on 3% of the pension payment of the previous year.

An experience analysis is required by statute to determine the adequacy of actuarial assumptions regarding mortality, service and compensation experience. The most recent experience analysis was performed for the four-year period ending June 30, 1992. Based on this analysis, there were minor changes in actuarial assumptions reflected in the June 30, 1993 valuation. New assumptions for sick leave, severance pay and optional service were adopted for the June 30, 1994 valuation. The new assumptions were used to calculate the FY96 employer contribution requirements under Public Act 88-0593. The increased state contributions provided under this law began in FY96. Public Act 89-0136 requires that the next experience analysis be conducted in 1997.

A reconciliation of the unfunded pension benefit obligation for the years ended June 30, 1996 and 1995 is summarized on the next page:

UNFUNDED PENSION BENEFIT OBLIGATION		
	1996	1995
UNFUNDED PENSION BENEFIT OBLIGATION AT BEGINNING OF YEAR	\$11,338,701,000	\$9,754,651,000
ADDITIONS (DEDUCTIONS):		
Employer cost in excess of contributions	965,961,000	877,237,000
Amendments:		
For FY96: 401 retirements under the early retirement incentive program	17,772,000	--
For FY95: 5,446 retirements under the early retirement incentive program	--	148,891,000
For FY95: Increase in guaranteed minimum retirement annuity COLA due to PA 89-0025	--	4,000,000
Actuarial losses (gains) compared to assumptions:		
Salary increases for continuing active members	400,399,000	89,801,000
Investment income	(577,281,000)	174,564,000
New entrant loss	19,545,000	11,954,000
Lower than expected mortality	55,934,000	37,071,000
Prior service credits	--	12,037,000
Severance pay for new service retirements	--	9,013,000
Retirements with unused sick leave	--	14,034,000
Delayed reporting of retirements ¹	16,418,000	148,207,000
Other ²	74,634,000	57,241,000
NET ADDITIONS	973,382,000	1,584,050,000
UNFUNDED PENSION BENEFIT OBLIGATION AT END OF YEAR	\$12,312,083,000	\$11,338,701,000

¹ 4,780 retirements which occurred prior to 7/01/94 were not reported to the actuary until 6/30/95.
610 retirements which occurred prior to 7/01/95 were not reported to the actuary until 6/30/96.

² Includes retroactive benefits for late retirees (50-100 late retirements annually), fewer terminations of vested employees than expected, change in rate of benefit accruals from certified normal cost rate, retirements with reciprocal service credits and a different number of disability claims than expected.

NOTE E - CONTRIBUTION REQUIREMENTS

Employer contributions are made by the state of Illinois. The largest source of state appropriations is the Common School Fund (1996 - \$293,317,000; 1995 - \$233,786,000).

Another source of state contributions is the State Pensions Fund (1996 - \$30,959,000; 1995 - \$29,079,000) which represents a distribution to the System of money escheated to the state.

The third source of employer contributions is federal and trust contributions. School districts and special districts make these contributions for teachers paid from federal and trust funds. Amounts received from these sources were \$16,993,000 in 1996 and \$16,393,000 in 1995.

Total contributions from these three sources (Common School Fund, State Pensions Fund and

federal/trust funds) were \$341,269,000 in 1996 and \$279,258,000 in 1995. These amounts represented 7.2% and 6.3% of annual covered payroll, respectively, in 1996 and 1995.

There are two other sources of employer contributions which were not counted towards the employer's funding obligation in 1996 and 1995 because the costs of the benefits to which they apply were not included in the calculation of the annual funding requirement for benefits paid from the Employer's Contribution Reserve. The state's General Revenue Fund appropriations to reimburse the System for certain minimum and supplemental benefits were \$5,798,000 in 1996 and \$4,282,000 in 1995. Employer contributions for the employer's cost under the early retirement option were \$1,821,000 in 1996 and \$240,000 in 1995.

Total contributions from employers from all sources, including the state's General Revenue Fund

appropriations and employer contributions from the early retirement option, were \$389,362,000 in 1996 and \$598,169,000 in 1995. These amounts represented 8.2% of the annual covered payroll in 1996 and 13.5% in 1995. Included in total contributions are \$40,474,000 and \$314,390,000 of early retirement incentive contributions for 1996 and 1995, respectively. Of this total, \$17,509,000 and \$247,127,000 represents an accounts receivable balance and \$22,965,000 and \$67,263,000 represents cash collected on accounts established in 1996 and 1995, respectively. Because the amounts to be received are non-interest bearing, the accounts receivable balance has been discounted for financial statement purposes at a rate of 6%.

The actuarial funding requirement for FY96 was determined under Public Act 88-0593. The new state funding law provides for a 50-year funding plan which includes a 15-year phase-in period. Employer contributions as a percentage of active member payroll will be gradually increased until FY 2010 and remain at that percentage for the following 35 years. The System's funded ratio will be 90% at the end of the 50-year period. Beginning July 1, 1995, state contributions are being made through a continuing appropriation instead of through the appropriations process. For FY96, the total employer funding requirement of \$341,269,000 equaled total contributions from the Common School Fund, State Pensions Fund and federal/trust funds.

The actuarial funding requirement for FY95 was determined under Public Act 86-0273. This act, enacted in 1989 by the Illinois General Assembly, required a level of funding of the System that would pay normal costs as determined by the actuaries plus amortization of the unfunded pension benefit obligation over 40 years after a seven-year phase-in. However, the General Assembly did not appropriate money to provide the required level of funding in any of the phase-in years. For FY95, the total employer funding requirement was \$663,792,000 and actual contributions received from the Common School Fund, State Pensions Fund and federal/trust funds were \$279,258,000.

It should be noted that Public Act 88-0593 and Public Act 86-0273 establish funding plans that do not conform with official accounting pronouncements, particularly Accounting Principles Board Opinion No. 8 (APB No. 8) "Accounting for the Cost of Pension Plans."

The contributions that are required under Public Act 88-0593 are presented in the Actuarial Section of this report. The requirements of both Public Acts are significantly different than the funding requirements shown on the Supplemental Schedule of Revenue by Source in the Required Supplemental Schedules that are computed in accordance with APB No. 8.

NOTE F - PENSION DISCLOSURE FOR TRS AS AN EMPLOYER

All of the System's full-time employees who are not eligible for another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a component unit of the state of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which state agencies, including the System, participate on a cost-sharing basis. The financial position and result of operations of SERS for FY96 and FY95 and the related GASB Statement 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers," disclosures are included in the state's Comprehensive Annual Financial Report for years ended June 30, 1996 and 1995, respectively. SERS also issues a separate Comprehensive Annual Financial Report.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting and the authority under which benefit provisions are established is included as an integral part of the SERS annual report. Also included is a discussion of employer and employee obligations to contribute, the authority under which those obligations are established, as well as an explanation of the pension benefit obligation. The amount shown as "pension benefit obligation" is a standardized disclosure mea-

sure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits.

The pension benefit obligation at June 30, 1996, and June 30, 1995, for SERS as a whole, determined through an actuarial valuation at that date, was \$7,390.9 million and \$6,988.5 million, respectively. SERS net assets available for benefits on these respective dates (valued at cost) were \$4,397.0 million and \$3,923.1 million, leaving unfunded pension benefit obligations of \$2,993.9 million and \$3,065.4 million at June 30, 1996, and 1995, respectively. The System's FY96 and FY95 contribution requirements represented .14% of total contributions required of all state agency/department employers participating in SERS.

Ten-year historical trend information designed to provide information about SERS progress made in accumulating sufficient assets to pay benefits when due is presented in its separately issued annual reports for the years ended June 30, 1996, and June 30, 1995.

Pertinent financial information relating to the System's participation in SERS is summarized as follows:

- The System's covered payrolls for FY96 and FY95 were \$4.1 million and \$4.0 million and the payrolls for all System employees were \$5.6 million and \$5.4 million, respectively.
- The System's (i.e., the employer's) actuarially determined contribution requirements for FY96 and FY95 were \$197.8 thousand and \$248.3 thousand, respectively, or 4.8% and 6.2%, respectively, of the System's covered payrolls. For FY96, the System's and employees' contributions actually made were \$197.8 thousand and \$169.3 thousand, respectively, which represents 4.8% and 4.0%, respectively, of the current year covered payroll. For FY95, the System's and employees' contributions actually made were \$248.3 thousand and \$163.6 thousand, respectively, which represents 6.2% and 4.1%, respectively, of the covered payroll. During FY96 and FY95, employee contributions of \$169.3 thousand and \$163.6 thousand, respectively, were made on behalf of employees by the System.

NOTE G - RESERVE BALANCES

The balances in the reserve accounts at June 30, 1996, and June 30, 1995, were as follows:

RESERVE ACCOUNTS	1996	1995
Members' accumulated contributions	\$ 4,506,935,000	\$ 4,051,314,000
Post-retirement increases:		
Minimum retirement allowance	2,248,000	1,916,000
Supplementary payments	631,000	571,000
Employers' contributions	9,319,897,000	8,588,064,000
Total reserves	\$13,829,711,000	\$12,641,865,000
Unfunded pension benefit obligation	12,312,083,000	11,338,701,000
PENSION BENEFIT OBLIGATION	\$26,141,794,000	\$23,980,566,000

These statutory reserve accounts are maintained in accordance with provisions of 40 ILCS 5/16-101 *et seq.* Final reserve allocations cannot be made until annual update processing is completed in early fiscal year 1997.

Members' Accumulated Contributions: This reserve accumulates, with 6% interest, the contributions by members prior to retirement. Contributions are made by salary deduction (6½% of salary) and are fully refundable upon withdrawal from the System, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year, and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member balance in the reserve at the beginning of the fiscal year.

Minimum Retirement Allowance: In 1974, a minimum retirement allowance was enacted equal to \$10 per month for each year of creditable service at retirement. In 1984, the minimum was raised to \$15

per month. In 1996, the minimum was raised to \$25 per month. The previous maximum of \$450 per month for 30 or more years of creditable service was raised to \$750 per month. To qualify, annuitants are required to make a one-time contribution which is credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The state of Illinois also appropriates funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve.

Supplementary Payments: In 1961, legislation was enacted to provide for increased annuities to members then retired who met certain specified requirements. Annuitants were required to make a one-time contribution, which was credited to this reserve. The state of Illinois also appropriates funds which are credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The annuity expenses resulting from this legislation are charged to the reserve.

Employers' Contribution: This reserve serves as a clearing account for income and expenses of the System. The reserve is credited with contributions from the state of Illinois not specifically allocated to other reserves, member and employer contributions, income from invested assets of the System, the interest portion of the accumulated contributions of members granted refunds and contributions from annuitants which qualify for automatic annual increases in annuity. The reserve is charged with amounts necessary to be transferred to the Members' Accumulated Contribution Reserve, all amounts necessary to be refunded to withdrawing members, all benefits paid to temporarily or accidentally disabled members, all death benefits paid and survivor benefit contributions refunded to annuitants.

NOTE H - POST-RETIREMENT HEALTH CARE BENEFITS

Legislation transferring the administration of the health insurance program from TRS to the

Illinois Department of Central Management Services (CMS) became effective January 1, 1996. It also established a funding mechanism consisting of a 1/2 of 1% contribution from active teachers and matching appropriations from the state of Illinois to pay the subsidy portion of participating annuitants' health care benefits. Participants had the option to choose between a traditional major medical program and a managed care program. Persons enrolling in managed care or residing in areas with no managed care receive a 75% premium subsidy. All others receive a 50% premium subsidy. TRS continues to be responsible for program enrollment and eligibility determination. CMS is responsible for providing information and consultation to plan participants.

NOTE I - HISTORICAL TREND INFORMATION

Supplemental schedules of historical trend information follow. These schedules are designed to provide information on the System's progress in accumulating assets to pay benefits when due.

REQUIRED SUPPLEMENTAL SCHEDULES

Year Ended June 30	Employee Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Employer's Normal Cost Plus Interest	Percentage of Annual Covered Payroll	Other ¹ Employer Contributions	Investment Income	Total
1987	\$238	\$258	9.1%	\$440	15.5%	\$22	\$835	\$1,353
1988	253	220	7.3	506	16.8	22	560	1,055
1989	268	237	7.5	559	17.6	24	560	1,089
1990	284	269	7.9	617	18.1	24	814	1,391
1991	311	270	7.1	686	18.2	24	662	1,267
1992	351	247	6.2	771	19.4	25	1,114	1,737
1993	363	282	6.7	833	19.9	24	1,143	1,812
1994	413	278	6.3	918	20.8	205	989	1,885
1995	431	279	6.3	1,156	26.2	319	771	1,800
1996	399	341	7.2	1,307	27.6	49	1,554	2,343

¹ Includes minimum retirement, ERO, ERI and supplemental contributions. These amounts are not counted for actuarial purposes.

Year Ended June 30	Age Retirement	Post Retirement	Survivor Benefits	Disability Benefits	Health Insurance	Refunds	Administrative/ Other Expenses	Total
1987	\$290	\$75	\$21	\$7	\$5	\$26	\$5	\$429
1988	316	83	23	7	7	21	5	462
1989	348	88	25	8	8	20	6	503
1990	379	96	26	8	11	22	41	583
1991	414	106	29	9	15	19	8	600
1992	457	117	31	9	28	19	12	673
1993	504	129	34	10	38	19	10	744
1994	635	142	38	9	50	22	11	907
1995	867	158	40	9	38	29	10	1,151
1996	887	181	44	10	0	22	11	1,155

REQUIRED SUPPLEMENTAL SCHEDULES

SUPPLEMENTAL SCHEDULE OF FUNDING PROGRESS						
(In millions)						
June 30	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Unfunded Pension Benefit Obligation (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4) / (5)
1987	\$6,092	\$9,950	61.2%	\$3,858	\$2,834	136.1%
1988	6,684	10,922	61.2	4,238	3,007	140.9
1989	7,272	11,914	61.0	4,642	3,172	146.3
1990	8,080	13,663	59.1	5,583	3,402	164.1
1991	8,747	15,141	57.8	6,394	3,777	169.3
1992	9,812	16,659	58.9	6,847	3,976	172.2
1993	10,880	18,486	58.9	7,606	4,189	181.6
1994	11,992	21,747	55.1	9,755	4,413	221.1
1995	12,642	23,981	52.7	11,339	4,417	256.7
1996	13,830	26,142	52.9	12,312	4,734	260.1

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger

the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SUPPLEMENTAL SCHEDULES

ADMINISTRATIVE EXPENSES FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
Personal services	\$7,205,000	\$7,150,000
Professional services	614,000	615,000
Postage	307,000	345,000
Machine repair and rental	268,000	320,000
Other contractual services	460,000	518,000
Commodities	236,000	290,000
Occupancy expense	393,000	370,000
Provision for depreciation of equipment	546,000	731,000
Loss on disposition of equipment	0	6,000
	\$10,029,000 ¹	\$10,345,000 ¹

¹ Includes depreciation and is on the accrual basis.

CASH RECEIPTS AND DISBURSEMENTS FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	1996	1995
CASH BALANCE AT BEGINNING OF YEAR	\$1,055,000	(\$2,513,000)
CASH RECEIPTS:		
Member contributions	424,220,000	428,353,000
Employer contributions	473,999,000	384,235,000
Investment income	1,025,639,000	756,601,000
Annuities returned	771,000	584,000
Investments sold	30,387,535,000	29,582,638,000
TOTAL CASH RECEIPTS	\$32,312,164,000	\$31,152,411,000
CASH DISBURSEMENTS:		
Benefits	1,124,914,000	1,118,975,000
Refunds	23,037,000	28,241,000
Administrative	10,572,000 ¹	10,378,000 ¹
Real estate and investment manager expenses	230,021,000	253,961,000
Investments purchased	30,920,618,000	29,737,288,000
TOTAL CASH DISBURSEMENTS	\$32,309,162,000	\$31,148,843,000
CASH BALANCE AT END OF YEAR	\$4,057,000	\$1,055,000

¹ Is on a cash basis; therefore, does not include accruals or depreciation.

Section Three: Actuarial

“To teach is to
learn twice.”

- JOSEPH JOUBERT -

ACTUARY'S CERTIFICATION

BUCK CONSULTANTS
One North Franklin, Suite 3500
Chicago, Illinois 60606

November 27, 1996

Board of Trustees
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62794

Subject: Pension Benefit Obligation as of June 30, 1996

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$26,141,794,000 as of June 30, 1996. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

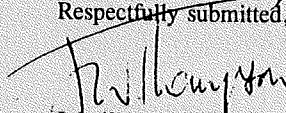
The June 30, 1996 valuation reflects the effects of the ongoing Early Retirement Incentive program. All ERI retirements have now been reflected in the retiree liability component of the pension benefit obligation at June 30, 1996.

The actuarial valuation was based on a census of retired members as of June 30, 1996, and a census of active and inactive members as of June 30, 1995, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation.

The valuation is based on the benefit provisions of TRS in effect on June 30, 1996. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary and are the same as those used in the previous valuation.

In our opinion, the amount of \$26,141,794,000 is a fair representation of the pension benefit obligation of the System as of June 30, 1996.

Respectfully submitted,


John W. Thompson
Consulting Actuary

JWT:mak
7228A7793E.A02

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ACTUARIAL

ACTUARIAL ASSUMPTIONS AND METHODS

Actuaries estimate the cost of benefits that members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund the benefits.

The Teachers' Retirement System complies with the reporting requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers."

ACTUARIAL ASSUMPTIONS AND METHOD

Each year, the actuary reconciles the differences between major actuarial assumptions and experience in the process of explaining the change in the System's unfunded pension benefit obligation. The unfunded pension benefit obligation is the difference between the pension benefit obligation (the present value of benefits including the cost of annual increases) and the net assets that are available to cover the obligation.

The System's last experience analysis, covering the four-year period ended June 30, 1992, resulted in minor changes in assumptions which were adopted in the FY93 valuation. The next experience analysis will cover the five-year period ending June 30, 1997.

Inflation: 4% per annum. Implicit in investment and earnings progression assumptions which were last modified in the FY87 valuation.

Investment return: 8% per annum, compounded annually. Adopted in FY87 valuation.

Retirement age: Graduated rates based on age and gender of active members. Inactive members are assumed to retire at age 62. Adopted in FY87 valuation.

Sample annual rates of retirement per 1,000 participants for active members:

Age	Male	Female
55	97	97
60	270	180
65	365	330
70	1,000	1,000

Mortality: Active participants-graduated rates based on age; adopted in FY93 valuation. Non-disabled pensioners and survivors-UP 1984 Table, set back six years; adopted in the FY91 valuation.

Disability: Adopted in FY93 valuation.

Sample annual rates per 1,000 participants:

Age	Male	Female
20	0.4	0.7
30	0.4	0.8
40	0.6	1.2
50	1.2	2.4
60	4.0	8.0

Separation: Graduated rates based on age and gender variations. Adopted in FY87 valuation.

Earnings progression: Merit and longevity increases, adjusted for inflation. Approximates 7.4% per year to earliest date of retirement eligibility. Adopted in FY87 valuation.

Sample annual percentage increases:

Age	Male & Female
20	9.7 %
30	8.6
40	7.5
50	6.9
60	6.7

ACTUARIAL

ACTUARIAL INFORMATION

Severance Pay: Increases with years of service at retirement. Adopted in FY94 valuation.

Years of Service at Retirement	Percent of Retirees who Receive Severance Pay	Severance Pay as % of Final Salary
Under 20	00%	00.0%
20-24	54	13.2
25-29	60	13.2
30-34	66	13.9
35 or more	72	14.6

Optional Service at Retirement: The pension benefit obligation for retirement benefits for active members is increased by 2.87% to cover the employer cost of optional service purchased in the last two years of service. Adopted in FY94 valuation.

Unused and Uncompensated Sick Leave: Equals 2.90% of regular service at retirement. Adopted in FY94 valuation.

Actuarial Cost Method: Projected unit credit. Gains and losses are reflected in the unfunded pension benefit obligation. Adopted in FY89 valuation.

Asset valuation method: Cost value.

ANNUAL ACTUARIAL VALUATION

The annual actuarial valuation measures the total liability for all benefits earned to date. The pension benefit obligation is a present value estimate of all the benefits that have been earned to date. The unfunded pension benefit obligation is the present value of future benefits payable not covered by assets as of the valuation date. The funded ratio is the net assets available for benefits divided by the pension benefit obligation.

ACTUARIAL VALUATION		(In millions)	
(Years Ended June 30)		1996	1995
Pension benefit obligation			
Retirees and beneficiaries currently receiving benefits		\$13,351	\$12,702
Inactives (Terminated employees not yet receiving benefits)		488	427
Current employees			
Accumulated employee contributions		3,002	2,846
Employer-financed vested		3,890	3,157
Employer-financed nonvested		5,411	4,849
Total pension benefit obligation		\$26,142	\$23,981
Net assets available for benefits (book value)		13,830	12,642
Unfunded pension benefit obligation		\$12,312	\$11,339
Funded Ratio		52.9%	52.7%

RECONCILIATION OF UNFUNDED PENSION BENEFIT OBLIGATION		(In millions)	
(Years Ended June 30)		1996	1995
Unfunded pension benefit obligation at beginning of year		\$11,339	\$9,755
Additions (deductions)			
Employer cost in excess of contributions		966	877
PA 87-1265 (ERI): FY 1996: 401 retirements			
FY 1995: 5,446 retirements		18	149
PA 89-0025: Increase in COLA due to increase in minimum benefit		—	4
Actuarial losses (gains) compared to experience			
Salary increases		400	90
Investment income		(577)	175
New entrant loss		19	12
Lower than expected mortality		56	37
Purchases of prior service credits		—	12
Severance pay for new service retirements		—	9
Retirements with unused sick leave		—	14
Delayed reporting of retirements ¹		16	148
Other ²		75	57
Net additions		973	1,584
Unfunded pension benefit obligation at end of year		\$12,312	\$11,339

¹ 4,780 retirements which occurred prior to 7/1/94 were not reported to the actuary until 6/30/95. 610 retirements which occurred prior to 7/1/95 were not reported to the actuary until 6/30/96.

² (a) Retroactive benefits for late retirees (50-100 annually).
 (b) Fewer terminations of vested employees than expected.
 (c) Change in rate of benefit accruals from certified normal cost rate.
 (d) Retirements with reciprocal service credits.
 (e) Different number of disability claims than expected.

ACTUARIAL INFORMATION

EMPLOYER'S NORMAL COST PLUS INTEREST

Total normal cost is the annual cost of benefits earned by members during the year. Interest is the amount needed to keep the unfunded pension benefit from increasing during the fiscal year. The certified total normal cost for the year ending June 30, 1996 was 16.23% of payroll. Eight percent member contributions covered a portion of the total normal cost. The remaining 8.23% was the employer's portion of the normal cost. The actual employer contribution was 7.20% of payroll; therefore, the employer's cost of benefits earned by active members was not fully covered and no payment was made on the unfunded pension benefit obligation. The shortfalls between normal cost plus interest and employer contributions were \$966 million in FY96 and \$877 million in FY95. If a pension fund's actuarial experience during the year matches its actuarial assumptions and the employer contribution covers normal cost plus interest, the fund's unfunded pension benefit obligation will not increase.

Increases were also caused by differences between the System's actuarial assumptions and experience in FY96. Actuarial gains and losses are shown in the reconciliation table on page 36.

EMPLOYER'S NORMAL COST PLUS INTEREST		(In millions)	
(Years Ended June 30)		1996	1995
Employer's normal cost		\$400	\$376
Interest on unfunded pension benefit obligation at beginning of year		907	780
Total employer's cost		\$1,307	\$1,156
Deduct employer contributions:			
State of Illinois ¹		324	263
Federal and trust funds		17	16
Total employer contributions		\$341	\$279
Employer's cost in excess of contributions		\$966	\$877

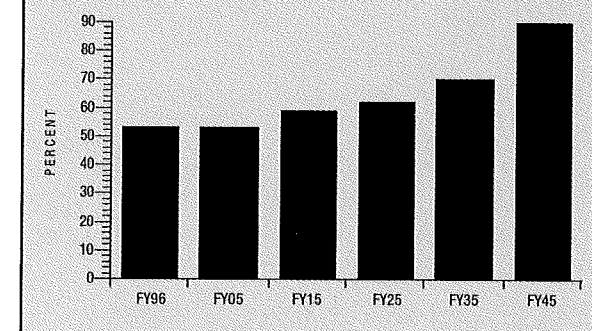
¹ State contributions exclude minimum and supplemental benefits not included in actuarially determined costs.

STATE FUNDING

State contributions to TRS under Public Act 88-0593 (SB533) began in fiscal year 1996. The law establishes the state's commitment to strengthen the System's financial position through a 35-year funding plan following a 15-year phase-in through FY 2010. Contributions will be gradually increased during the phase-in period to a level percentage of active member payroll. The measure calls for each state retirement system to attain a 90% funded ratio by the end of FY 2045. The most significant aspect of the law is the stronger payment guarantee backed by a continuing appropriation; however, the System's financial position will not immediately improve due to the gradually increased contributions required during the phase-in period.

Today's substantial underfunding is the result of years of neglect on the part of the state of Illinois to fund the System adequately. It is essential that the 50-year funding schedule be upheld. The integrity of the funding plan remains a top priority for TRS.

TRS FUNDED RATIO UNDER PA 88-0593 (SB533)



The FY95 actuarial valuation was used to determine FY97 state funding requirements and the FY97 employer's normal cost. Similarly, the FY96 actuarial valuation was used to determine the following information for FY98:

ACTUARIAL INFORMATION

STATE FUNDING REQUIREMENTS FOR FY98 AND FY97 UNDER PA 88-0593		
	FY98	FY97
Employer contribution reserve	\$460,439,000	\$377,969,000
Minimum benefit reserve	7,387,000	8,113,000
Supplemental benefit reserve	56,000	66,000
Total state funding requirements	\$467,882,000	\$386,148,000
Employer's normal cost as a percentage of active member payroll	8.38%	8.21%

TESTS OF FINANCIAL CONDITION

The funded ratio shows the percentage of the pension benefit obligation covered by net assets at either cost or market. Increasing percentages generally indicate an improvement in financial condition.

Payroll percentages show various comparisons. Showing the unfunded pension benefit obligation as a percentage of payroll (Column 3) is a standard measure of the relative size of the unfunded pension benefit obligation. A system that is growing stronger

FUNDED RATIO ¹					
(In millions)					
As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation*	Funded Ratio* At Cost	Funded Ratio* At Market
1987	\$6,092	\$6,958	\$9,950	61.2%	69.9%
1988	6,684	7,055	10,922	61.2	64.6
1989	7,272	8,089	11,914	61.0	67.9
1990	8,080	8,924	13,663	59.1	65.3
1991	8,747	9,453	15,141	57.8	62.4
1992	9,812	10,440	16,659	58.9	62.7
1993	10,880	11,545	18,486	58.9	62.5
1994	11,992	12,039	21,747	55.1	55.4
1995	12,642	13,374	23,981	52.7	55.8
1996	13,830	15,092	26,142	52.9	57.7

¹ The System's actuaries conducted analyses for the four-year periods ended June 30, 1981, 1985 and 1992; and for the three-year period ended June 30, 1988. The effects of these analyses were reflected in the pension benefit obligation for the years ended June 30, 1982, 1987 and 1993, respectively; there was no effect on the pension benefit obligation resulting from the analysis for the three-year period ended June 30, 1988.

will show this percentage decreasing. For TRS, however, this percentage is increasing. The actuarially required employer's cost under normal cost plus interest (Column 8) shows the percent of payroll the employer would need to contribute each year to cover its portion of the benefits earned by active members during the year and stabilize the System's unfunded liability.

PAYROLL PERCENTAGES										
(In millions)										
Year Ended June 30	Unfunded Pension Benefit Obligation			Actuarially Required Employer's Cost (Employer's Normal Cost plus Interest)				Employer Contributions		
	Member Payroll (1)	Unfunded PBO Amount (2)	Percent of Payroll (3)	Employer's Normal Cost (4)	Percent of Payroll (5) ¹	Interest on Unfunded Pension Benefit Obligation (6)	Total (7)	Percent of Payroll (8)	Employer Contribution Payroll (9)	Percent of Payroll (10)
1987	\$2,834	\$3,858	136.1%	\$194	6.9%	\$246	\$440	15.5%	\$258	9.1%
1988	3,007	4,238	140.9	197	6.6	309	506	16.8	220	7.3
1989	3,172	4,642	146.3	220	6.9	339	559	17.6	237	7.5
1990	3,402	5,583	164.1	194	5.7	423	617	18.1	269	7.9
1991	3,777	6,394	169.3	239	6.3	447	686	18.2	270	7.1
1992	3,976	6,847	172.2	259	6.5	512	771	19.4	247	6.2
1993	4,189	7,606	181.6	285	6.8	548	833	19.9	282	6.7
1994	4,413	9,755	221.1	309	6.9	609	918	20.8	278	6.3
1995	4,417	11,339	256.7	376	8.5	780	1,156	26.2	279	6.3
1996	4,734	\$12,312	260.1%	400	8.4%	907	1,307	27.6%	341	7.2

¹ Percentages shown differ from employer normal cost rates calculated by the actuary.

ACTUARIAL INFORMATION

SOLVENCY TEST							
(In millions)							
Year Ended June 30	Members Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)	Net Assets	Percentage of Benefits Covered by Net Assets		
					(1)	(2)	(3)
1987	\$1,718	3,777	\$4,455	\$6,092	100%	100%	13%
1988	1,860	4,165	4,898	6,684	100	100	13
1989	2,004	4,528	5,382	7,272	100	100	14
1990	2,167	5,121	6,375	8,080	100	100	12
1991	2,312	5,743	7,086	8,747	100	100	10
1992	2,503	6,338	7,818	9,812	100	100	12
1993	2,710	7,511	8,265	10,880	100	100	8
1994	2,850	10,089	8,808	11,992	100	91	0
1995	2,846	12,702	8,433	12,642	100	77	0
1996	3,002	13,351	9,789	13,830	100	81	0

The solvency test measures the ability of TRS to cover different types of obligations if the plan were terminated and it should be considered illustrative. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current beneficiaries would be covered next and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by assets. The portion of Column 3 which

is covered by assets should increase over time. The System has failed to achieve the minimum standards of the solvency test since FY94.

The cash flow summary is another measure of the financial condition of a pension fund. It illustrates the difference between the sum of member contributions and employer contributions and benefit payments, refunds and current expenses. For this purpose, other sources of employer cash contri-

CASH FLOW: MEMBER AND EMPLOYER CONTRIBUTIONS MINUS EXPENSES							
(Expense=Benefits, refunds and administrative expenses)							
Year	Member Contributions (1)	Employer Contributions (2)	Minimum, Supplemental and ERO Contributions (3)	Employer Contributions (All Sources) [(4)=(3)+(2)]	Member and All Sources of Employer Contributions [(5)=(1)+(4)]	Benefits, Refunds and Administrative Expenses (6)	Cash Flow [(7)=(5)-(6)]
1988	253	220	22	242	495	462	33
1989	268	237	24	261	529	503	26
1990 ¹	284	269	24	293	577	583	(6)
1991	311	270	24	294	605	600	5
1992	351	247	25	272	623	673	(50)
1993	363	282	24	306	669	744	(75)
1994	395	305	5	310	705	907	(202)
1995	428	379	5	384	812	1,151	(339)
1996	424	468	6	474	898	1,155	(257)

¹ System expense in FY90 includes \$35.5 million in non-cash expense.

butions which do not count toward meeting the System's actuarial requirements are included. Investment income received as cash is assumed to be immediately reinvested and thus is not added to member and employer cash contributions.

In FY96, \$257 million of investment income was used to pay benefits. The necessity of using investment income for this purpose obviously hampers the System's ability to reinvest that money to generate additional investment income. For a system like TRS, which has a relatively large number of active members earning future benefits, annual benefit expenses exceeding \$1 billion and a very large unfunded liability due to many years of underfunding, investment income is particularly important. Had the state complied with past funding requirements, the System would now be in a stronger financial position.

PLAN SUMMARY AND CHANGES

Administration: The Teachers' Retirement System was created and is governed by Article 16 of the Illinois Pension Code. A Board of Trustees is authorized to carry out duties granted to it under the Article. The Board is comprised of the state Superintendent of Education, four persons appointed by the Governor, four elected members of the System and one elected annuitant. The Board of Trustees appoints an Executive Director who is responsible for the detailed administration of the System.

Membership: Membership is mandatory for all full-time, part-time and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

Contributions: Members contribute 8% of gross creditable earnings designated as $6\frac{1}{2}\%$ for retirement annuity, $\frac{1}{2}\%$ for post-retirement increases and 1% for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986 are required to contribute to Medicare. In addition, virtually all members pay a $\frac{1}{2}$ of 1% con-

tribution to the Teacher Health Insurance Security Fund, a separate fund in the State Treasury which is not a part of this retirement plan.

Service Credit: A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the auspices of the United States Government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service and pregnancy. Up to one year of unused, uncompensated sick leave certified by former employers may also be added at retirement.

Legislation signed into law in 1995 provides members and annuitants the opportunity to purchase up to three years of optional service credit for periods prior to July 1, 1983, when covered employment ceased due to pregnancy.

Refunds: After a four-month waiting period from the date last taught, a member ceasing covered employment may withdraw all contributions made to TRS, except the 1% death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be reestablished if the member returns to a covered position for one year or a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

Retirement Benefits: To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements:

Years of Service	Age
5	62
10	60
20	55 (discounted)
35	55 (non-discounted)

A member with fewer than five years of creditable service, who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

The retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last ten years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled using the following schedule:

- 1.67% for each of years 1 through 10;
- 1.9% for each of years 11 through 20;
- 2.1% for each of years 21 through 30;
- 2.3% for each year over 30.

The maximum annuity, 75% of final average salary, is achieved with 38 years of service. An actuarial calculation will be used if it provides a greater benefit.

Effective January 1, 1996, the minimum retirement benefit was raised to \$25 per month for each year of creditable service with a maximum of \$750 per month for 30 or more years of service.

Disability Benefits: TRS offers occupational and non-occupational disability benefits to active members. Non-occupational disability benefits are payable as disability benefits or as a disability retirement annuity to members with three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while receiving disability benefits but not while receiving a disability retirement annuity. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7%. Thereafter, the benefit increases by 3% each January 1.

Death Benefits: There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

The return of member contributions includes the $6\frac{1}{2}\%$ contribution with interest and the $\frac{1}{2}\%$ paid toward annual increases in annuity. Beneficiaries of

annuitants receive the accumulated contributions minus the amount that had already been received as a retirement annuity.

Survivor benefits can be paid in either a lump sum or a monthly payment. A lump sum benefit is the only method payable to non-dependent beneficiaries. A dependent beneficiary may choose either a lump sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3% increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3% increase on January 1 following the first anniversary in receipt of a survivor benefit.

Early Retirement Option (ERO): Members who are age 55 or older with more than 20, but less than 35, years of service may choose the early retirement option (ERO) to avoid a discounted annuity with a one-time contribution from the member and the employer. Under current law, the ERO expires June 30, 2000. Members with 35 or more years of service can retire and receive a non-discounted annuity.

Early Retirement Incentive (ERI): The early retirement incentive, enacted by the General Assembly in 1993, has expired and is no longer available to members.

Post-Retirement Increase: Annuitants meeting certain service credit criteria receive an annual 3% increase in their gross annuity on the January 1 after becoming age 61 or the January 1 following the first anniversary in retirement, whichever is later.

Employment-Related Felony Conviction: Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, the member may receive a refund of contributions.

Continuity of Credit within Illinois: TRS is one of 13 public retirement systems included in the provisions of the Retirement Systems' Reciprocal Act that

PLAN SUMMARY

ensures continuous pension credit for public employment in Illinois.

Conflicts: Conditions involving a claim for benefits may require further clarification. If conflicts arise

between material in this summary and that of the law, the law takes precedence.

Section Four: Statistical

“Whoso neglects
learning in his youth,
loses the past and is
dead for the future.”

- EURIPIDES -

STATISTICAL SUMMARY

AVERAGE ANNUAL SALARY FOR ACTIVE MEMBERS BY YEARS OF SERVICE

Years of Service	1987	1988	1989	1990
0-5	Number 23,384 Average Salary \$19,726	Number 24,792 Average Salary \$20,845	Number 25,296 Average Salary \$22,121	Number 22,949 Average Salary \$23,284
6-10	Number 18,819 Average Salary 24,320	Number 17,129 Average Salary 25,780	Number 15,314 Average Salary 27,124	Number 15,359 Average Salary 28,158
11-15	Number 19,460 Average Salary 29,001	Number 18,417 Average Salary 30,312	Number 17,671 Average Salary 31,581	Number 18,066 Average Salary 32,791
16-20	Number 19,163 Average Salary 33,144	Number 19,689 Average Salary 34,771	Number 19,867 Average Salary 36,315	Number 20,027 Average Salary 37,984
21-25	Number 10,257 Average Salary 35,246	Number 11,474 Average Salary 37,153	Number 12,830 Average Salary 39,141	Number 14,755 Average Salary 41,523
26-30	Number 6,245 Average Salary 37,666	Number 6,456 Average Salary 39,474	Number 6,659 Average Salary 41,429	Number 7,152 Average Salary 43,316
31-35	Number 2,089 Average Salary 39,310	Number 2,394 Average Salary 41,730	Number 2,758 Average Salary 43,749	Number 3,222 Average Salary 46,363
35+	Number 517 Average Salary 40,492	Number 426 Average Salary 43,465	Number 462 Average Salary 45,979	Number 457 Average Salary 48,146
	Total Number 99,934 Average Salary \$28,085	Total Number 100,777 Average Salary \$29,638	Total Number 100,857 Average Salary \$31,318	Total Number 101,987 Average Salary \$33,024
	Percent Change in Average Salary 5.9%	Percent Change in Average Salary 5.5%	Percent Change in Average Salary 5.7%	Percent Change in Average Salary 5.4%
	Total Payroll Full & Part-time \$2,806,646,390	Total Payroll Full & Part-time \$2,986,828,726	Total Payroll Full & Part-time \$3,158,639,526	Total Payroll Full & Part-time \$3,368,018,688

FY96 statistical information is subject to review by the Audit Department which may result in slight modifications. Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

STATISTICAL SUMMARY

(Years ended June 30)

1991	1992	1993	1994	1995	1996
26,770 \$24,752	26,962 \$25,881	26,217 \$27,051	28,573 \$28,120	34,193 \$28,851	33,700 \$29,867
14,811 30,524	15,820 32,141	16,948 33,675	18,158 35,349	18,757 36,465	19,716 37,315
16,438 35,078	15,914 37,016	14,663 38,714	13,380 40,413	12,686 41,715	13,013 42,905
18,403 40,060	17,454 41,984	16,703 43,692	15,916 45,523	14,775 46,662	14,579 47,929
15,719 43,958	16,422 46,051	17,083 47,942	17,233 49,998	16,030 51,295	15,754 52,679
7,605 45,877	8,307 48,438	9,431 51,050	10,134 54,071	9,608 55,543	11,474 56,865
3,479 49,046	3,742 52,047	4,124 55,598	3,523 58,913	1,930 58,460	2,456 59,383
478 49,979	539 55,044	707 57,768	771 60,109	541 59,672	549 61,618
103,703 \$35,321	105,160 \$37,193	105,876 \$39,177	107,688 \$40,618	108,520 \$40,455	111,241 \$41,903
7.0%	5.3%	5.3%	3.7%	(0.4)%	3.6%
\$2,893,663	\$3,911,215,880	\$4,147,904,052	\$4,374,071,184	\$4,390,176,600	\$4,661,331,623

STATISTICAL SUMMARY

ACTIVE MEMBERS BY YEARS OF AGE AND YEARS OF SERVICE

AGE	SUBS	YEARS OF SERVICE					TOTALS
		0-5	6-10	11-15	16-20	21-25	
20-24	Total #	2,827	3,606				3,606
	Avg. Salary	\$3,000	\$25,359				\$25,359
25-29	Total #	3,314	12,144	1,679			13,823
	Avg. Salary	3,246	28,586	\$33,177			29,144
30-34	Total #	1,875	4,532	5,394	1,002		10,928
	Avg. Salary	3,016	30,507	35,543	\$39,675		33,833
35-39	Total #	2,443	3,323	2,797	3,845	1,320	11,285
	Avg. Salary	3,147	30,282	36,825	40,918	\$44,631	37,206
40-44	Total #	3,544	4,170	3,280	2,747	6,337	18,952
	Avg. Salary	3,203	30,646	36,967	43,083	47,199	41,644
45-49	Total #	3,562	3,963	4,024	2,983	3,659	27,417
	Avg. Salary	3,532	33,169	39,505	44,212	48,929	47,023
50-54	Total #	1,811	1,422	1,862	1,736	2,042	17,120
	Avg. Salary	3,787	34,655	41,121	45,682	49,585	51,129
55-59	Total #	1,026	400	543	548	953	5,962
	Avg. Salary	3,398	37,275	41,670	45,300	49,303	51,925
60-64	Total #	520	117	122	130	229	1,767
	Avg. Salary	3,429	40,003	43,134	45,912	50,406	53,113
65-69	Total #	270	22	13	19	34	325
	Avg. Salary	2,657	40,382	40,091	39,938	50,958	53,419
70-74	Total #	85		2	3	4	45
	Avg. Salary	3,050		47,178	47,463	45,324	51,943
>74	Total #	27	1			1	11
	Avg. Salary	3,773	48,054			18,954	48,803
	Totals	21,304	33,700	19,716	13,013	14,579	111,241
	Avg. Salary	\$3,273	\$29,867	\$37,315	\$42,905	\$47,929	\$41,903

STATISTICAL SUMMARY

(As of June 30, 1996)

AGE	SUBS	YEARS OF SERVICE						TOTALS
		26-30	31-35	36-40	41-45	46-50	51-55	
20-24	Total #							3,606
	Avg. Salary							\$25,359
25-29	Total #							13,823
	Avg. Salary							29,144
30-34	Total #							10,928
	Avg. Salary							33,833
35-39	Total #							11,285
	Avg. Salary							37,206
40-44	Total #							18,952
	Avg. Salary							41,644
45-49	Total #							27,417
	Avg. Salary							47,023
50-54	Total #							17,120
	Avg. Salary							51,129
55-59	Total #							5,962
	Avg. Salary							51,925
60-64	Total #							1,767
	Avg. Salary							53,113
65-69	Total #							325
	Avg. Salary							53,419
70-74	Total #							45
	Avg. Salary							51,943
>74	Total #							11
	Avg. Salary							48,803
	Totals							111,241
	Avg. Salary							\$41,903

STATISTICAL SUMMARY

RETIRED MEMBERS BY YEARS OF SERVICE AND YEARS IN RETIREMENT							
YEARS RETIRED	YEARS OF SERVICE						AVG. AGE
	1-5	6-10	11-15	16-20	21-25	26-30	
1-5	Total #	602	540	543	728	1,526	2,463
	Avg. Benefit	\$189	\$507	\$731	\$1,027	\$1,462	\$1,986
	Avg. Orig. Benefit	\$179	\$482	\$684	\$969	\$1,396	\$1,901
6-10	Total #	428	526	638	1,066	1,770	1,881
	Avg. Benefit	166	404	623	1,024	1,398	1,857
	Avg. Orig. Benefit	132	318	499	838	1,165	1,548
11-15	Total #	335	448	669	1,140	1,534	1,611
	Avg. Benefit	144	311	559	900	1,177	1,601
	Avg. Orig. Benefit	93	187	376	635	841	1,151
16-20	Total #	205	272	569	1,007	1,246	1,160
	Avg. Benefit	128	280	457	697	902	1,237
	Avg. Orig. Benefit	69	148	263	425	560	781
21-25	Total #	146	225	408	772	961	957
	Avg. Benefit	58	228	393	580	744	980
	Avg. Orig. Benefit	19	99	181	287	382	519
26-30	Total #	30	58	131	309	413	411
	Avg. Benefit	72	230	350	497	634	770
	Avg. Orig. Benefit	4	67	92	163	246	311
31-35	Total #	7	7	34	117	202	163
	Avg. Benefit	71	207	354	500	600	725
	Avg. Orig. Benefit	1	24	55	113	158	215
36-40	Total #	1		3	30	86	66
	Avg. Benefit	103		402	503	602	722
	Avg. Orig. Benefit	19		39	89	99	141
41-45	Total #				2	10	18
	Avg. Benefit				477	605	728
	Avg. Orig. Benefit				24	65	110
46-50	Total #				1	9	5
	Avg. Benefit				452	647	696
	Avg. Orig. Benefit				15	41	33
>50	Total #					1	
	Avg. Benefit					601	
	Avg. Orig. Benefit					42	
	TOTALS	1,754	2,076	2,995	5,172	7,758	8,735
	AVG. BENEFIT	\$154	\$370	\$550	\$820	\$1,134	\$1,584
	AVG. ORIG. BENEFIT	\$121	\$278	\$394	\$587	\$862	\$1,282

STATISTICAL SUMMARY

(As of June 30, 1996)										
YEARS OF SERVICE	YEARS OF SERVICE					TOTALS	AVG. AGE			
	31-35	36-40	41-45	46-50	Over 50					
4,530	6,289	124	12	3	17,360	60				
\$2,611	\$3,301	\$3,541	\$3,309	\$2,867	\$2,404					
\$2,529	\$3,162	\$3,381	\$3,139	\$2,757	\$2,308					
2,465	1,463	114	28	4	10,383	67				
2,557	3,143	3,080	2,689	1,800	1,837					
2,157	2,601	2,564	2,222	1,494	1,531					
1,948	981	106	29	5	8,806	72				
2,220	2,725	2,373	2,543	1,787	1,511					
1,598	1,977	1,692	1,809	1,290	1,082					
1,122	615	156	24		6,376	78				
1,615	1,836	1,876	1,768		1,082					
1,025	1,153	1,176	1,110		675					
960	953	382	74	5	5,843	84				
1,286	1,568	1,527	1,436	1,298	983					
697	852	816	760	683	520					
343	391	293	56	2	2,437	88				
943	1,113	1,166	1,149	1,171	804					
428	526	553	532	573	345					
188	186	80	17		1,001	91				
788	878	954	958		715					
259	341	391	386		232					
45	20	8	1		260	94				
772	791	875	784		670					
188	237	319	258		141					
11	4				45	97				
773	766				704					
159	180				114					
1	3				19	99				
773	773				676					
83	92				48					
1					2	102				
773					687					
83					63					
11,614	10,905	1,263	241	19	52,532	70				
\$2,240	\$2,868	\$1,855	\$1,738	\$1,767	\$1,707					
\$1,887	\$2,515	\$1,253	\$1,128	\$1,329	\$1,408					

STATISTICAL SUMMARY

SCHEDULE OF AVERAGE MONTHLY PAYMENT AMOUNTS
(As of June 30, 1996)

Years of Age	Retirement Benefits		Disability Benefits 1		Survivor Benefits 2	
	Count	Average Benefit	Count	Average Benefit	Count	Average Benefit
Under 5	—	—	—	—	2	\$309
6-10	—	—	—	—	17	314
11-15	—	—	—	—	49	381
16-20	—	—	—	—	42	412
21-25	—	—	—	—	1	805
26-30	—	—	1	\$568	3	643
31-35	—	—	6	762	3	637
36-40	—	—	15	856	8	696
41-45	—	—	59	835	34	659
46-50	—	—	55	912	64	742
51-55	3,179	\$2,427	78	1,013	198	867
56-60	7,207	2,530	112	1,123	315	886
61-65	9,068	2,181	87	1,082	503	849
66-70	9,280	1,819	77	758	752	766
71-75	7,520	1,444	64	792	872	616
76-80	6,025	1,134	32	565	1,074	525
81-85	4,822	1,011	8	501	1,044	484
86-90	3,462	893	4	438	782	395
Over 90	1,969	706	294	1,465	477	446
TOTALS	52,532	\$1,707	892	\$1,099	6,240	\$594

1 Includes 288 members who are receiving temporary or occupational disability benefits and counted as active members. The remaining 604 individuals receive permanent disability benefits.

2 An additional \$10.2 million was paid in death benefits during FY96 to survivors of active, inactive and retired members as refunds of various types of contributions.

STATISTICAL SUMMARY

BENEFITS STATISTICS

(As of June 30, 1996)

RETIREMENT BENEFITS

Average age	70
Average service	28 years
Average age of 1,318 FY96 retirees	60
Average service of 1,318 FY96 retirees	26 years
Average monthly benefits of 1,318 FY96 retirees	\$2,246
Approximate number retired under the ERI in FY96	400
Number retired under the ERO in FY96	52

DISABILITY BENEFITS

Average age	57
Average service	17 years
Average monthly benefits of 301 new disability claims	\$1,344

SURVIVOR BENEFITS

Average age	74
Average monthly benefits of 575 new FY96 survivor benefits claims	\$720

RETIRES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

(For fiscal year ended June 30)

	Number of Annuitants at Beginning of Year	Added to Rolls	Removed from Rolls	Number of Annuitants at End of Year
1995	54,888	6,822	2,076	59,634
1996	59,634	2,063	2,033	59,664

SCHEDULE OF PARTICIPATING EMPLOYERS

5 COUNTY REG VOC SYSTEM
 ABINGDON COMM UNIT SCHL
 ADAMS-PIKE ESR
 ADDISON SCHOOL DISTRICT #4
 ADLAI E STEVENSON H S
 ADOLPH MEYER MNTL HEALTH & DEV
 AERO
 AKIN COM CONS
 ALBERS SCHL
 ALDEN HEBRON SCHL
 ALEDO COMM UNIT SCH DIST #201
 ALEXIS SCHOOL
 ALLEN TWP SCHOOL
 ALLENDALE SCHOOL
 ALTAMONT CUSD #10
 ALTERNATIVE SCHOOL
 ALTON COMM UNIT S D 11
 ALTON MENTAL HLTH CTR
 ALWOOD COMM. UNIT SCHOOL
 AMBOY SCHOOL
 ANN M. KILEY CENTER
 ANNA C C SCHOOL
 ANNA JONESBORO COMM
 ANNANAWAN SCHOOL
 ANTIOCH C C SCHL DIST 34
 ANTIOCH COMM H S
 APTAKISIC TRIPP SCHL
 ARBOR PARK SCHL
 ARCOLA SCHOOL
 AREA III LEARNING TECHNOLOGY HUB
 ARGENTIA SCHOOL
 ARGO COMM HS
 ARGO SUMMIT SCHOOL
 ARLINGTON HEIGHTS SCHOOLS
 ARMSTRONG SCHL
 ARMSTRONG TWP HS
 ARTHUR SCHOOL
 ASHLAND - CHANDLERVILLE
 ASHLEY SCHOOL
 ASHTON C U SCHOOL
 ASST SUPT ESR
 ASTORIA SCHOOL
 ATHENS SCHOOL
 ATWOOD HAMMOND SCHL
 ATWOOD HEIGHTS SCHOOL
 AUBURN SCHL
 AURORA SCHOOL
 AURORA WEST SCHOOL
 AVISTON SCHOOL
 AVOCA SCHOOL
 AVON SCHOOL
 BAC REGIONAL VOCATIONAL SYSTEM
 BALL CHATHAM SCHL
 BANNOCKBURN SCHOOL
 BARRINGTON SCHOOL
 BARRY SCHL
 BARTELSON SCHOOL
 BARTONVILLE PUBLIC SCHOOL
 BASED
 BATAVIA SCHOOL
 BEACH PARK SCHOOL
 BEARDSTOWN SCHOOL
 BECK AREA VOCATIONAL CENTER
 BEECHER CITY SCHOOL
 BEECHER SCHOOL
 BELLE VALLEY SCHOOL
 BELLEVILLE SCHOOL
 BELLEVILLE TWP H S J

BELVIDERE SCHOOL
 BEMENT SCHOOL
 BENJAMIN SCHOOL
 BENSONVILLE SCHOOL
 BENTON CONS HIGH SCHOOL
 BENTON SCHOOL
 BERKELEY SCHOOL
 BERWYN N SCHOOL
 BETHAITO SCHOOL
 BETHANY SCHOOL
 BETHEL SCHOOL
 BI CO SPEC ED COOP
 BIG HOLLOW SCHOOL
 BISMARCK SCHL
 BLACKHAWK AREA SP ED
 BLOOM TWP HS
 BLOOMINGDALE SCHL DIST 13
 BLOOMINGTON SCHOOL
 BLUE ISLAND SCHOOL
 BLUE RIDGE SCHOOL
 BLUFFS COMMUNITY SCHOOL
 BLUFORD GRADE SCHOOL
 BMP TRI-COUNTY CO-OP
 BOND CO CU SCHL
 BOURBONNAIS SCHL
 BRACEVILLE SCHOOL
 BRADFORD COMM UNIT SCH
 BRADLEY BOURBONNAIS
 BRADLEY SCHL
 BREESE SCHOOL
 BREMEN COM H S
 BRIMFIELD SCHOOL
 BROOKWOOD SCHL
 BROWN C C U SCHL
 BROWN CASS MORGAN SCOTT ROE
 BROWNSTOWN SCHOOL
 BRUSSELS COMMUNITY UNIT SCHL
 BUNCOMBE SCHL
 BUNKER HILL C U SCHL
 BURBANK SCHOOL DIST 111
 BUREAU OF AGENCY SUPPORT SERV
 BUREAU VALLEY CUSD 340
 BURNHAM SCHL
 BUSHNELL PRAIRIE SCHL
 BUTLER SCHOOL
 BYRON C.U.S.D. #226
 CAHOKIA UNIT SCHOOL
 CAIRO SCHOOL
 CALHOUN GREENE JERSEY ESR
 CALHOUN SCHOOL
 CALUMET SCHL
 CAMBRIDGE SCHOOL
 CANTON UNION SCHOOL
 CAPITAL AREA VOC CTR
 CARBONDALE COMM H S
 CARBONDALE ELEM SCHL
 CAREER DEVELOPMENT SYSTEM
 CAREER PREPARATION NETWORK
 CARLINVILLE SCHL
 CARM WHITE COUNTY
 CARRIER MILLS SCHL
 CARROLL/JO DAVIESS/STEPHENSON
 REG PROG SERV
 CARROLLTON SCHL
 CARTERVILLE C U SCHL
 CARTHAGE C.U.D. #338
 CARY SCHOOL
 CASEY WESTFIELD COM U SCHL

CASS SCHL
 CATLIN COMM UNIT SCHOOL
 CENTER CASS SCHOOL DIST. #66
 CENTRAL A&M CUSD #21
 CENTRAL CITY SCHOOL
 CENTRAL COMMUNITY HIGH SCHL
 CENTRAL COMMUNITY UNIT 4
 CENTRAL COMMUNITY UNIT SCHOOL
 CENTRAL IL ED SER CTR 14
 CENTRAL IL. VOC. EDUC. CO-OP
 CENTRAL SCHOOL
 CENTRALIA SCHOOL
 CENTRALIA TWP H S
 CENTURY UNIT SCHOOL
 CERRO GORDO SCHOOL
 CHAMPAIGN FORD CO ROE
 CHAMPAIGN SCHL
 CHAMPAIGN/FORD VOCATIONAL SYS.
 CHANEY MONCE SCHOOLS
 CHANNAHON SCHOOL
 CHARLESTON SCHOOL
 CHENOA SCHL
 CHERRY SCHOOL
 CHESTER COM U SCHL
 CHESTER EAST LINCOLN
 CHESTER MENTAL HEALTH CTR
 CHICAGO HTS SCHL
 CHICAGO READ M H CTR
 CHICAGO RIDGE SCHOOL
 CHOATE MENTAL HEALTH CENTER
 CHRISTIAN-MONTGOMERY ROE
 CHRISTOPHER COMM HS
 CHRISTOPHER SCHL
 CICERO SCHOOL
 CISSNA PARK CUSD 6
 CLAY CITY COMM UNIT DIST #10
 CLIFF BARSTOW SCHOOL
 CLINTON SCHOOL
 CLINTON/MARION/WASHINGTON ROE
 COAL CITY SCHOOL
 COBDEN SCHOOL
 COLCHESTER CUSD 180
 COLLINSVILLE SCHOOL
 COLONA SCHOOL
 COLUMBIA UNIT SCHL
 COM CON SCHL
 COM U DIST 5
 COM UNIT SCHOOL
 COMM CONS SCHL DIST 180
 COMM CONS SCHOOL DISTRICT 93
 COMM H S DIST 218
 COMM H S DISTRICT 155
 COMM UNIT DIST
 COMM UNIT DIST #399
 COMM UNIT SCHL 3
 COMM UNIT SCHL DIST #200
 COMM UNIT SCHL DIST 300
 COMM UNIT SCHOOL DIST 11
 COMM UNIT SCHOOL DIST 4
 COMMUNITY CONS SCHOOL
 COMMUNITY CONS. SCH. DIST. 15
 COMMUNITY CONSOLIDATED SD #54
 COMMUNITY UNIT SCHL
 COMMUNITY UNIT SCHL DIST 6
 COMMUNITY UNIT SCHOOL
 COMMUNITY UNIT SD 201
 CONGERVIL EUREKA SCHL

CONSOLIDATED H. S. DIST 230
 COOP FOR EMPLOYMENT EDUCATION
 CORNELL SCHOOL
 CORRECTIONS SCHL DIST 428
 COULTERVILLE SCHOOL
 COUNTRY CLUB HILLS SCHOOL
 COUNTY COMPTROLLER/ROE
 COUNTY SUPT ESR
 COWDEN HERRICK HIGH SCHOOL
 COWDEN-HERRICK SCHOOLS
 CRAB ORCHARD SCHL
 CRESCENT CITY SCHOOL
 CRESCENT IROQUOIS CO
 CRESTON SCHOOL
 CRETE MONEE SCHL
 CREVE COEUR PUBLIC SCHOOLS
 CRYSTAL LAKE SCHOOL
 CYPRESS SCHOOL
 DAKOTA SCHOOL
 DALLAS CITY COM UNIT
 DALZELL SCHOOL
 DAMIANSVILLE SCHL
 DANVILLE C C SCHL
 DARIEN PUBLIC SCHLS
 DAVEA
 DECATUR SCHL
 DEER CREEK - MACKINAW
 DEER PARK SCHOOL
 DEERFIELD SCHL
 DEKALB CITY SPEC ED
 DEKALB SCHL
 DELABAR VOC ED REG
 DELAND WELDON SCHL
 DELAVAN SCHOOL
 DEPT OF REHAB - 41-201
 DEPT OF REHAB - 41-202
 DEPT OF REHAB-CHILD HOSP.
 DEPT OF REHAB-VISUALLY IMPAIRED
 DEPT. OF REHAB-SCHL FOR DEAF
 DEPT. OF REHABILITATION
 DEPUE SCHOOL
 DES PLAINES SCHOOL
 DESOTO GRADE SCHOOL
 DIAMOND LAKE SCHL
 DIEC - DUPAGE INTERM ED COOP
 DIETERICH SCHOOL
 DIMMICK CONSOLIDATED SCHOOL
 DISTRICT 50 SCHOOLS
 DIVERNON SCHOOL
 DIXON PUBLIC SCHOOLS
 DODDS SCHOOL
 DOLTON SCHOOL
 DONGOLA SCHOOL
 DONOVAN CUSD 3
 DOWNERS GROVE COMM H S
 DOWNERS GROVE SCHOOL
 DUNLAP COMM UNIT SCHOOL
 DUPAGE HIGH SCHOOL
 DUPO SCHOOL
 DUQUOIN COMM UNIT
 DURAND SCHOOL
 DWIGHT COMMON SCHL DIST 232
 DWIGHT TWP HS
 E ALTON WOOD RIVER H S
 E CENTRAL IL ED SERV CTR
 EAST ST LOUIS SCHOOL
 EARLVILLE SCHOOL
 EAST ALTON SCHL

EAST COLOMA SCHOOL
 EAST DUBUQUE SCHOOL
 EAST MAINE SCHOOL
 EAST MOLINE SCHOOL
 EAST PEORIA COM H S
 EAST PEORIA SCHOOL
 EAST PRAIRIE SCHOOL
 EAST RICHLAND C U SCHL
 EASTLAND COMMUNITY UNIT DIST
 EDGAR CTY COMM UNIT DIST #6
 EDINBURG COMM. UNIT #4
 EDMUND F LINDOP SCHL
 EDUCATION FOR EMPLOYMENT
 EDUCATION FOR EMPLOYMENT
 EDUCATION GRANTS
 EDUCATIONAL DEVELP CTR
 EDUCATIONAL SERV CTR 12
 EDUCATIONAL SERVICE CTR 11
 EDUCATIONAL SERVICE CTR 17
 EDUCATIONAL SERVICE CTR 4
 EDUCATIONAL THERAPY CTR
 EDWARDS CO CU SCHOOL
 EDWARDSVILLE SCHOOL
 EFFINGHAM CU DIST #10
 EGYPTIAN COMM UNIT SC
 EGYPTIAN ED SERVICE CTR 18
 EISENHOWER COOPERATIVE
 EL PASO SCHL
 ELDERADO COMM UNIT
 ELEMENTARY SCHOOL DIST 159
 ELGIN MENTAL HEALTH CTR
 ELGIN SCHL
 ELISABETH LUDEMAN CENTER
 ELK GROVE SCHL
 ELMHURST CUSD
 ELMWOOD COM UNIT SCHL
 ELMWOOD PARK COMMUNITY
 SCHOOLS
 ELVERADO COM UNIT SCHL
 ELWOOD SCHOOL
 EMMONS SCHL
 ERIE COMM SCHOOL UNIT
 ESWOOD COMM CONS
 EVANSTON TOWNSHIP HS
 EVANSTONS/KOKIE SD
 EVERGREEN PARK COMM
 EVERGREEN PARK SCHOOL
 EWING NORTHERN SCHOOL
 FAIRFIELD COMM H S
 FAIRFIELD SCHOOL
 FAIRMONT SCHL
 FAIRVIEW SCHOOL
 FARMINGTON CENTRAL UNIT SCHL
 FARRINGTON SCHOOL
 FENTON HIGH SCHOOL
 FIELD SCHOOL
 FIELDCREST CUSD #6
 FINDLAY SCHOOL
 FISHER C U SCHL DIST #1
 FLANAGAN SCHOOL
 FLORA COM U SCHOOL
 FLOSSMOOR SCHL
 FORD HEIGHTS SCHL
 FORD IROQUOIS CO SP ED
 FOREST PARK SCHOOL
 FOREST RIDGE SCHOOL
 FOUR RIVERS SPECIAL ED
 FOX DEVELOPMENT CENTER

FOX LAKE SCHL
 FOX RIVER GROVE SCHOOL
 FRANKFORT COMM UNIT
 FRANKFORT SCHOOL
 FRANKLIN CUSD 1
 FRANKLIN JEFFERSON CO SPEC ED
 FRANKLIN PARK SCHL
 FREEBURG COMM H S
 FREEBURG SCHOOL
 FREEPORT SCHOOL
 FREMONT SCHOOL
 FULTON CO CUBA SCHOOL
 GALATIA COMM UNIT SCHL
 GALENA UNIT DISTRICT #120
 GALESBURG CUSD #205
 GALLATIN COUNTY UNIT SD
 GALVA SCHL
 GARDNER S WILMINGTON
 GARDNER SCHOOL
 GAVIN SCHOOL
 GEFF SCHOOL
 GENESEO SCHL
 GENEVA SCHL
 GENOA KINGSTON SCHL
 GEO ZELLER ZONE CTR
 GEORGETOWN-RIDGE FARM CU 4
 GERMANTOWN HILLS SCHL
 GERMANTOWN SCHOOL
 GIANT CITY SCHOOL
 GIBSON CTY-MELVIN-SIBLEY CUSD
 GIFFORD SCHL
 GIFTED PROGRAM
 GILLESPIE SCHOOL
 GIRARD SCHOOL
 GLEN ELLYN SCHOOL
 GLENBARD TWP H S
 GLENCOE SCHL
 GLENVIEW SCHOOL
 GOREVILLE COMMUNITY UNIT 1
 GOWER SCHOOLDIST 62
 GRAND PRAIRIE SCHOOL
 GRAND RIDGE SCHL
 GRANITE CITY SCHOOL
 GRANT COM H S
 GRANT PARK SCHL
 GRANTS
 GRASS LAKE SCHL
 GRAYMONT COMM CONS SCHOOL
 GRAYSLAKE COMM H S
 GRAYSLAKE SCHOOL
 GRAYVILLE SCHL
 GREENFIELD SCHOOL
 GREENVIEW SCHL
 GRIDLEY SCHL
 GRIGGSVILLE CUSD #4
 GRUNDY AREA VOC CTR
 GURNEE SCHOOL DIST 56
 HALL TWP HS
 HAMILTON CO C U
 HAMILTON JEFFERSON COOP
 HAMILTON SCHL
 HAMPTON SCHOOL
 HARDIN CO COMM UNIT
 HARLEM SCHOOL
 HARMONY EMGE SCHOOL
 HARRISBURG COMM UNIT
 HARRISON SCHL
 HARTSBURG EMDEN SCHOOL

SCHEDULE OF PARTICIPATING EMPLOYERS

HARVARD SCHOOL
 HARVEY PUBLIC SCHOOL
 HAVANA SCHOOL
 HAWTHORN SCHOOL DIST. 73
 HAZEL CREST SCHOOL
 HENRY-SENACHWINE CU DIST 5
 HERITAGE DISTRICT #8
 HERRIN COMM UNIT SCHL
 HERSCHER SCHOOL
 HEYWORTH SCHOOL
 HIWATHA SCHOOL
 HIGH MOUNT SCHOOL
 HIGHLAND PARK TWP H S
 HIGHLAND SCHOOL
 HIGHLANDS SCHL
 HILLSBORO SCHOOL
 HILLSIDE SCHOOL
 HINCKLEY BIG ROCK
 HINSDALE SCHOOL
 HINSDALE TWP H S
 HOLLIS CONS SCHL
 HOMER COMM CONS SCHOOL
 HOMEWOOD FLOSSMOOR C
 HOMEWOOD SCHOOL
 HONONEGAH COMMUNITY HS
 HOOVER SCHRUM SCHOOL
 HOYLETON CONS SD #29
 HUNTINGTON HILLS SCHL
 HUNTLEY SCHOOL
 HUTSONVILLE SCHOOL
 I-KAN REGIONAL OFFICE OF ED
 II. EDUCATION ASSOCIATION
 IL FEDERATION OF TEACHERS
 IL PURCHASED CARE REVIEW BD
 II. STATE BOARD OF EDUC
 IL STATEWIDE FACILITATOR CTR
 IL VALLEY CENTRAL U SCHL
 IL VALLEY ED SERV CTR 9
 ILLINI BLUFFS UNIT
 ILLINI CENTRAL CUSD 189
 ILLINOIS ASSN. OF SCHL BOARDS
 ILLIOPOLIS SCHOOL
 INA SCHOOL
 INDIAN PRAIRIE C M SCHL
 INDIAN VALLEY VOCATIONAL CTR
 INDUSTRY SCHOOL
 IROQUOIS CO C U SCHL
 IROQUOIS WEST SCHL
 IRVINGTON CONSOLIDATED SCHOOL
 ITASCA SCHOOL
 IUKA COMM CONS SCHL 7
 JACKSON PERRY EDUCATIONAL SERV
 JACKSONVILLE MH DEV CTR
 JACKSONVILLE SCHOOL
 JAMAICA COM U
 JAMP SPECIAL EDUCATION SERV.
 JASPER COMM U
 JASPER SCHOOL
 JERSEYVILLE SCHOOL
 JO DAVIESS CARROLL AVC
 JOHNSBURG SCHL
 JOHNSTON CITY CUSD 1
 JOLIET SCHOOL
 JOLIET TOWNSHIP H S
 JONESBORO SCHOOL
 JOPPA MAPLE GROVE UNIT
 KANE CO ROE
 KANELAND C U S D 302
 KANKAKEE AREA CAREER CTR

KANKAKEE AREA SPEC COOP #50
 KANKAKEE SCHOOL
 KANSAS SCHL
 KASKASKIA SPEC ED 801
 KEENEYVILLE SCHOOL
 KELL SCHOOL DIST. C-2
 KENDALL CO SP ED COOP
 KENILWORTH SCHOOL
 KEWANEE SCHL
 KILDEER COUNTRYSIDE CCSD 96
 KINGS CONS SCHOOL DIST 144
 KINNICKINICK SCHOOL
 KIRBY SCHOOL
 KNOXVILLE SCHL
 KOMAREK SCHOOL
 I. E. A. S. E
 LA GRANGE AREA DEPT SPEC ED
 LA GRANGE SCHL DIST 102
 LA GRANGE SOUTH SCHOOL
 LADD SCHOOL
 LAHARPE COM UNIT SCHL
 HOMER COMM CONS SCHOOL
 LAKE CO AREA VOC SYSTEM
 LAKE COUNTY EDUC SERV REG
 LAKE FOREST COMM H S 115
 LAKE FOREST SCHOOL
 LAKE PARK COMM H S
 LAKE VILLA C C SCHL
 LAKE ZURICH SCHOOL
 LAMOILLE C U S
 LANSING SCHOOL
 LARAWAY SCHOOL
 LASALLE CO ROE
 LASALLE PERU TWP HS
 LASALLE SCHOOL
 LAWRENCEVILLE COMM U
 LEBANON COMM UNIT SCHL
 LEE CENTER C U SCHL
 LEE/OGLE ROE
 LEEPERTOWN ELEM SCHL
 LELAND SCHOOL
 LEMONT SCHL
 LEMONT TWP H S
 LENA WINSLOW SCHOOL
 LEROY COMMUNITY UNIT SCHOOLS
 LEWISTOWN COMM H S
 LEWISTOWN SCHOOL
 LEXINGTON SCHL
 LEYDEN COM H S
 LIBERTY SCHOOL
 LIBERTYVILLE PUBLIC SCHLS
 LIBERTYVILLE H S
 LICK CREEK SCHL
 LIMESTONE COMM HS DIST 310
 LIMESTONE WALTERS SCHL
 LINCOLN COMM H S
 LINCOLN DEVEL CTR
 LINCOLN ELEM SCHOOL
 LINCOLN SCHOOL
 LINCOLN WAY COMM H S
 LINCOLN-WAY AREA SPEC ED
 LINCOLNSHIRE PRAIRIE VIEW SCHL
 LINCOLNWOOD SCHL
 LINDA BLACKMAN, REG. SUPT.
 LISBON GRADE SCHOOL
 LISLE PUBLIC SCHOOLS
 LITCHFIELD SCHOOL
 LIVINGSTON SCHOOL

SCHEDULE OF PARTICIPATING EMPLOYERS

LOCKPORT AREA SPE ED COOP
 LOCKPORT SCHOOL DIST 91
 LOCKPORT TOWNSHIP H S
 LOGAN CONSL SCHOOL
 LOGAN-MASON-MENARD PUBLIC SCHL
 LOMBARD SCHOOL
 LOSTANT CUSD #425
 LOVEJOY SCHOOL
 LOVINGTON SCHOOL
 LOW POINT WASHBURN #21
 LUDLOW SCHL
 LYONS H S
 LYONS SCHOOL
 MABLEY DEVELOPMENT CENTER
 MACOMB SCHL
 MADDEN MENTAL HEALTH CENTER
 MADISON SCHOOL
 MAERCKER SCHOOL
 MAHOMET SCHOOL
 MALDEN SCHOOL
 MAUTA COMM UNIT
 MANHATTAN SCHOOL DIST. 114
 MANNHEIM SCHOOL
 MANTENO COMM UNIT DIST. 5
 MARENGO COMM H S
 MARENGO-UNION ELEMENTARY CONS
 MARION SCHOOL
 MARISSA C U
 MAROA FORSYTH COMM H S
 MARQUARDT SCHOOL
 MARSEILLES SCHOOL DIST 150
 MARSHALL SCHL
 MARTINSVILLE SCHL
 MASCOUTAH COMM UNIT
 MASSAC COUNTY UNIT SCHOOL
 MATTESON SCHOOL
 MAYWOOD SCHL
 MAZON-VERONA-KINSMAN COMM UNIT
 MCCLELLAN SCHL
 MCFARLAND MENTAL HEALTH
 MCHENRY ELEM SCHOOL DIST #15
 MCHENRY H S
 MCKINLEY SCHOOL
 MCLEAN CO UNIT DIST
 MEDINAH ELEMENTARY SCHOOL
 MENDOTA GRADE SCHOOL
 MENDOTA TWP HS
 MEREDOSIA SCHL
 MERIDAN COMM UNIT
 MERIDIAN C U SCHL
 MERIDIAN C.U.S.D #15
 MERRIAM COMM CONS
 METAMORA SCHOOL
 METAMORA TWP H S
 METRO CNA SERVICES
 MID ILLINOIS ESC 15
 MIDLAND
 MIDLOTHIAN SCHL
 MIDWEST CENTRAL DIST. 191
 MILFORD SCHL
 MILFORD TWP HS
 MILLBURN SCHL
 MILLER SCHOOL
 MILLSTADT SCHOOL
 MINOOKA COMM H S
 MINOOKA SCHOOL
 MOKENA SCHOOL
 MOLINE SCHOOL

MOMENCE COMM UNIT SCHL 1
 MONMOUTH PUBLIC SCHOOLS
 MONROE SCHOOL
 MONTICELLO COM U SCHOOL
 MONTMORENCY SCHL
 MORRIS COMM H S
 MORRIS SCHOOL
 MORRISONVILLE SCHOOL
 MORTON GROVE SCHOOL
 MORTON GROVE SCHOOL
 MORTON TOWNSHIP SCHOOL
 MORTON UNIT SCHOOL
 MT CARROLL C U S DIST
 MT OLIVE SCHL
 MT PROSPECT SCHOOL
 MT PULASKI COM UNIT
 MT VERNON SCHOOL
 MT VERNON TWP H S
 MT ZION SCHOOL
 MULBERRY GROVE SCHL
 MUNDELEIN CONS H S
 MUNDELEIN SCHOOL DIST #75
 MURPHYSBORO SCHL
 N BOONE COM UNIT SCHOOL
 N CLAY COMM UNIT
 N WAYNE COMM U SCHL
 NAPERVILLE COMMUNITY SCHOOL
 NASHVILLE COMM H S
 NASHVILLE SCHL DIST #49
 NAUVOO SCHOOL
 NDSEC - N DUPAGE SPEC ED COOP
 NELSON SCHOOL
 NEOGA COM UNIT 3 SCHL
 NEPONSET COM U SCHL
 NETTLE CREEK SCHOOL
 NEW ATHENS SCHOOL
 NEW BERLIN SCHL
 NEW HOLLAND MIDDLETOWN #8
 NEW HOPE CCSD
 NEW LENOX SCHOOL
 NEW SIMPSON HILL SCHL
 NEW TRIER TOWNSHIP HS DIST 203
 NEWARK C C GRADE SCHL
 NEWARK COMM H S
 NIANTIC-HARRISTOWN SCHOOLS
 NILES SCHOOL
 NILES TOWNSHIP H S
 NOKOMIS SCHL
 NORRIDGE SCHOOL
 NORRIS CITY-OMAHA-ENFIELD
 NORTH CENTRAL REG EDUC LAB
 NORTH CHICAGO SCHOOL
 NORTH GREENE DIST 3
 NORTH PALOS SCHL
 NORTH PEKIN-MARQUETTE HTS
 NORTH SHORE SCHOOL DIST #112
 NORTH WAMAC SCHL
 NORTHBROOK SCHOOL
 NORTHBROOK SCHOOL
 NORTHFIELD TWP H S
 NORTHWEST SCHOOL
 NORTHWEST SPECIAL ED. DIST.
 NORTHWESTERN IL ASSO
 NORTHWESTERN SCHOOL
 NORWOOD SCHOOL
 NSSEO
 O'FALLON TWP H S
 OAK GROVE SCHOOL

OAK GROVE SCHOOL
 OAK LAWN COMM H S DIST. #229
 OAK LAWN HOMETOWN SCHOOL
 OAK PARK ELEM SCHOOL
 OAK PARK RIVER FOREST HS
 OAKDALE SCHOOL
 OAKLAND SCHOOL
 OAKWOOD C U SCHL
 OBLONG COM UNIT SCHL
 ODELL SCHL
 ODIN COMMUNITY HIGH SCHOOL
 ODIN SCHOOL
 O'FALLON SCHL
 OGDEN COMMUNITY CONS. SCHOOL
 OGLESBY SCHOOL
 OHIO AND WABASH VALLEY VOC. SYS
 OHIO COMMUNITY CONS
 OHIO COMMUNITY H S
 OLYMPIA SCHL
 OPDYKE BELLE RIVE GR SCHL
 OPHIR SCHOOL
 ORANGEVILLE SCHOOL
 OREGON SCHOOL
 ORION SCHOOL
 ORLAND PARK SCHOOL
 OSWEGO SCHOOL
 OTTAWA SCHL
 OTTAWA TWP HS
 OTTER CREEK SCHOOL
 OUT OF STATE
 PALATINE TWP HS
 PALESTINE SCHOOL
 PALOS HEIGHTS SCHOOL
 PALOS SCHL
 PANA SCHOOL
 PANHANDLE C U SCHL
 PARIS SCHOOL
 PARIS UNION SCHL
 PARK FOREST SCHOOL
 PARK RIDGE SCHOOL
 PASSADULT EDUCATION
 PATOKA C U SCHOOL
 PATTON SCHOOL DIST. 133
 PAWNEE CUSD #11
 PAXTON-BUCKLEY-LODA COMM UNIT
 PAYSON SCHOOL
 PEARL CITY SCHL
 PECAATONICA SCHOOL
 PEKIN COMMUNITY HIGH SCHOOL
 PEKIN SCHOOL
 PEMBROKE SCHOOL
 PENNOYER SCHL
 PEORIA COUNTY ROE
 PEORIA HTS COMM UNIT SCHL
 PEORIA SCHOOL
 PEOTONE SCHOOL
 PERU SCHOOL
 PHILIP J ROCK SCHL & SERV CTR
 PIKELAND SCHOOL
 PINCKNEYVILLE SCHL
 PINCKNEYVILLE COMM HIGH SCHOOL
 PLAINFIELD SCHL
 PLANO C U SCHOOL
 PLEASANT HILL SCHL
 PLEASANT HILL SCHOOL
 PLEASANT PLAINS SCHOOL
 PLEASANT VALLEY SCHOOL
 PLEASANTDALE SCHOOL

POLO COMMUNITY UNIT SCHOOL
 PONTIAC ESMEN SCHOOL
 PONTIAC SCHL DIST
 PONTIAC SCHOOL
 PONTIAC TWP H S
 POPE CO COM UNIT SCHL
 PORTA COMM UNIT
 POSEN ROBBINS SCHOOL
 POTOMAC COMM UNIT
 PRAIRIE CENTRAL SCHOOL
 PRAIRIE DU ROCHER
 PRAIRIE GROVE SCHOOL
 PRAIRIE HILL SCHOOL
 PRAIRIE HILLS ELEM SCHOOL DIST
 PRAIRIEVIEW CC GR SCHL
 PRICHARD CLARK SCHL
 PRINCETON HIGH SCHOOL
 PRINCETON SCHL
 PRINCEVILLE COMMUNITY UNIT
 PROPHETSTOWN-LYNDON
 PROSPECT HTS SCHL
 PROVISO TWP H S
 PUFFER-HEFTY SCHL DIST 69
 PUTNAM CO COM UNIT SCHL
 QUEEN BEE SCHOOL
 QUINCY SCHOOL
 R O W V A SCHOOL
 RACCOON SCHL
 RAMSEY COMMUNITY UNIT SCHOOL
 RANDOLPH CO SPEC ED
 RANKIN SCHOOL
 RANTOUL CITY SCHOOL
 RANTOUL TOWNSHIP H S
 REAVIS TWP H S
 RED BUD SCHOOL
 RED HILL COMM UNIT
 REED CUSTER COM U SCHL
 REG DEL SYS VOC ED AND GIFTED
 REG SUPT OF SCHOOLS
 REGIONAL FILM LIBRARY
 REGIONAL OFFICE OF ED
 REGIONAL OFFICE OF EDUCATION
 REGIONAL OFFICE OF EDUCATION
 REGIONAL SUPT
 REGIONAL SUPT OF SCHOOLS
 REGIONAL SUPT SCHOOLS
 REGIONAL VOCATIONAL SYSTEM
 RHODES SCHOOL
 RICH TWP HS
 RICHLAND GRADE SCHOOL
 RICHMOND BURTON HS
 RICHMOND SCHOOL
 RIDGELAND SCHL
 RIDGEVIEW COMM UNIT SCHOOLS
 RIDGEWOOD COMM H S
 RILEY SCHOOL
 RIVER BEND COMM U SCHL
 RIVER FOREST SCHOOL
 RIVER GRV SCHL
 RIVER RIDGE C U SCHL
 RIVER TRAILS SCHL
 RIVERDALE SCHOOL
 RIVERDALE SCHOOL
 RIVERSIDE BROOKFIELD SCHOOL
 RIVERSIDE SCHOOL
 RIVERTON COMM UNIT
 RIVERVIEW SCHOOL
 ROANOKE BENSON SCHOOL

ROBEIN SCHOOL
 ROCHELLE SCHOOL
 ROCHELLE TWP HS
 ROCHESTER SCHL
 ROCK FALLS H S
 ROCK FALLS SCHOOLS
 ROCK ISLAND COUNTY ROE
 ROCK ISLAND SCHOOL
 ROCKDALE SCHL
 ROCKFORD PUBLIC SCHOOLS
 ROCKRIDGE COM U SCHL
 ROCKTON SCHL
 ROE-CLK/COL/CUMB/DC/ED/MOUT/SBY
 ROE #12-CLY/CRAW/JAS/PLAW/RCH
 ROE PROFESSIONAL DEV. ALLIANCE
 ROE PROFESSIONAL SERVICES #19
 ROE-PROJECT AREA 1 HUB
 ROME SCHOOL
 RONDOUT SCHOOL
 ROSELLE SCHOOL
 ROSEMONT SCHOOL
 ROSEVILLE SCHL
 ROSSVILLE COMMUNITY UNIT
 ROUND LAKE COMM UNIT
 ROXANA SCHL
 RUTLAND SCHOOL
 SALEM COMM H S
 SALEM SCHOOL
 SALT CREEK SCHOOL
 SANDOVAL C U DIST #501
 SANDRIDGE SCHOOL
 SANDWICH SCHOOL
 SANGAMON AREA SPECIAL ED
 SANGAMON COUNTY ROE
 SARATOGA SCHOOL
 SASD
 SAUK VILLAGE SCHOOL
 SAUNEMIN ELEMENTARY
 SAVANNA C U S DIST
 SAVER
 SCALES MOUND SCHOOL
 SCHILLER PK SCHL
 SCHL DIST 89
 SCHOOL DIST 0880
 SCHOOL DIST 100
 SCHOOL DIST 109
 SCHOOL DIST 126
 SCHOOL DIST NO 30
 SCHOOL DISTRICT #95
 SCHOOL DISTRICT 149
 SCHOOL DISTRICT 151
 SCHUYLER CO C U SCHL
 SEDCS7 100 0020 GI MARION
 SEDOM
 SEJA 803 PAEC
 SEJA 804 NSSED
 SELMAVILLE COMM SCHOOL
 SENECA GRADE SCHOOL
 SENECA TWP HIGH SCHOOL
 SESSER VALIER COM UNIT
 SHABONA SCHOOL
 SHAPIRO DEVELOPMENTAL CTR
 SHAWNEE C U SCHOOL
 SHELBYVILLE SCHOOL
 SHELDON COMMUNITY DIST. #5
 SHERRARD SCHOOL
 SHILOH SCHOOL DIST. #1
 SHILOH VILLAGE SCHOOL

SCHEDULE OF PARTICIPATING EMPLOYERS

SHIRLAND SCHOOL
 SIGNAL HILL
 SILVIS SCHOOL
 SINGER MENTAL HEALTH
 SKOKIE SCHOOL
 SKOKIE SCHOOL DIST. #69
 SKOKIE SCHOOL DIST. 73.5
 SMITTON SCHOOL
 SO WILL CO COOP FOR SPEC ED
 SOMONAUK COMM UNIT SCHL
 SOUTH BELOIT PUB SCHL
 SOUTH CENTRAL COMM UNIT
 SOUTH COOK ISC #4
 SOUTH FORK SCHOOL
 SOUTH METROPOLITAN ASSO #801
 SOUTH PEKIN GRADE SCHOOL
 SOUTH WILMINGTON GRADE SCHOOL
 SOUTHEASTERN COMM UNIT
 SOUTHERN COMM UNIT #48
 SOUTHWEST COOK COOP
 SOUTHWESTERN SCHL
 SPARTA C U
 SPEC ED COOP
 SPEC ED SEJA 801
 SPEC ED TCHR
 SPEC. ED. DIST. OF LAKE CO.
 SPECIAL ED TEACHER
 SPECIAL ED. DIST. - REGION 3
 SPECIAL PROJECTS
 SPEED ED COOP
 SPOON RIVER VALLEY SCHOOL
 SPRING GRV ELEM SCHL
 SPRING LAKE C C SCHL
 SPRING VALLEY SCHOOL
 SPRINGFIELD SCHOOLS
 ST ANNE COMM H S
 ST ANNE SCHOOL
 ST DAVID SCHOOL
 ST ELMO SCHL
 ST GEORGE SCHOOL DIST 258
 ST JOSEPH OGDEN SCHL
 ST JOSEPH SCHOOL
 ST LIBORY SCHOOL
 ST ROSE SCHOOL
 ST. CHARLES SCHOOL
 STARK CTY CUSD #1000
 STAUNTON SCHOOL
 STEELEVILLE SCHOOL
 STEGER SCHL DIST 194
 STEPHENSON AREA TECH ED SYS
 STEWARD SCHOOL
 STEWARDSON STRASBURG
 STICKNEY CENTRAL SCHOOL
 STOCKTON CUSD #206
 STREATOR ELEMENTARY SCHOOLS
 STREATOR TWP HIGH SCHOOL
 SULLIVAN SCHOOL
 SUMMERSVILLE SCHOOL
 SUMMIT HILL ADM OFF
 SUNNYBROOK S D 171
 SUNSET RIDGE SCHOOL
 SUPT ED SERV REG
 SUPT ESR
 SWANSEA SCHOOL
 SYCAMORE COM UNIT SCHL
 TAFT SCHOOL
 TAMAROA SCHL
 TAMPICO COMM UNIT

TAOEP
 TAYLORVILLE SCHOOL
 TAZEWELL COUNTY ROE
 TEACHERS' RETIREMENT SYSTEM
 TENCO/SIRSEA REG ED PROG
 TEUTOPOLIS SCHOOL
 THOMASBORO SCHOOL
 THOMPSONVI. COM H SCHL
 THOMPSONVI. GR SCHL
 THOMSON SCHOOL
 THORNTON FRACTIONAL
 THORNTON SCHOOL
 THORNTON TWP HS
 TINLEY PARK MENTAL HLTH CTR
 TINLEY PARK SCHOOL
 TISKILWA SCHOOL
 TMCSEA
 TOLEDO SCHOOL
 TOLONO SCHOOL
 TONICA SCHOOL
 TOWER HILL COMM H S
 TOWER HILL SCHL
 TOWNSHIP H S DIST 214
 TOWNSHIP HIGH SCHOOL
 TREES
 TREMONT SCHOOL
 TRI CITY SCHL
 TRI COUNTY EDUCATION SERV CTR
 TRI COUNTY SPE ED ASSO
 TRI POINT COMM SCHOOL
 TRI VALLEY SCHL
 TRI-COUNTY SPEC ED CO-OP
 TRIAD COM SCHL
 TRICO COMM UNIT
 TRIPIA C U SCHL
 TROY SCHOOL DISTRICT 30-C
 TRUANT ALTERNATIVE PROG
 TRUANTS ALT & OPT EDUC PROGRAM
 TUSCOLA SCHOOL
 TWIN RIVERS REG VOC DEL SYS
 TWO RIVERS PROFESSIONAL DEV. CTR.
 UNION COMMUNITY UNIT SCH #115
 UNION RIDGE SCHOOL
 UNION SCHOOL
 UNIT SCHOOL DIST 221
 UNITED TWP H S
 UNITY POINT SCHOOL
 URBANA SCHOOL DISTRICT 116
 UTICA ELEM SCHL
 V I T SCHOOL
 VALLEY VIEW SCHOOL
 VALMEYER SCHOOL
 VANDALIA COMM SCHLS
 VENICE SCHOOL
 VERMILION ASSOC SPEC EDUCATION
 VIENNA SCHL
 VIENNA TWP H S
 VILLA GROVE SCHOOL
 VILLA PARK SCHOOL
 VIRDEN COMM UNIT DIST 4
 VIRGINIA SCHOOL
 VOCATIONAL ED PROJECT
 VOCATIONAL EDUCATION SYSTEM
 W CHICAGO COMM H S
 W NORTHFIELD SCHL
 W WASHINGTON C U SCHL
 W. LINCOLN-BROADWELL
 WABASH & OHIO VALLEY SE DIST

WABASH COMM UNIT SCHL
 WALLACE
 WALTHAM SCHOOL
 WALTONVILLE SCHOOL
 WARREN G. MURRAY DEV. CENTER
 WARREN SCHL
 WARREN SCHOOL
 WARREN TWP HIGH SCHOOL
 WARRENSBURG LATHAM
 WARSAW SCHOOL
 WASHINGTON COMM H S
 WASHINGTON ELEMENTARY SCHOOL
 WATERLOO SCHOOL
 WAUCONDA C U SCHL
 WAUKEGAN PUB SCHLS
 WAVERY COMMUNITY UNIT SCHL
 WAYNE CITY COMM U
 WEBBER TWP HS
 WENTWORTH WILSON SCHL
 WESCLIN SCHOOL
 WEST CENTRAL IL SPEC ED COOP
 WEST CHICAGO ELEM SCHLS
 WEST HARVEY-DIXMOOR SCHOOLS
 WEST PIKE SCHOOL
 WEST RICHLAND C U SCHL
 WESTCHESTER SCHL
 WESTERN SPRGS SCHOOL
 WESTMER COMM UNIT
 WESTVILLE C U SCHL
 WETHERSFIELD SCHOOL
 WHEELING SCHOOL
 WHITESIDE CO ROE
 WHITESIDE SCHOOL
 WILCO AREA CAREER CENTER
 WILL CO SCHOOL DISTRICT
 WILLIAMSFIELD SCHOOL
 WILLIAMSON CO. SUPT. OF SCHLS
 WILLIAMSVILLE SCHL
 WILLOW GROVE SCHOOL
 WILLOW SPRINGS SCHOOL
 WILMETTE SCHOOL
 WILMINGTON COMM UNIT
 WINCHESTER CU SCHOOL
 WINDSOR SCHOOL
 WINFIELD SCHOOL
 WINNEBAGO SCHOOL
 WINNETKA SCHOOL
 WINTHROP HARBOR SCHL
 WITT SCHOOL
 WM HOWE DEVLP CTR
 WOOD DALE SCHOOL
 WOOD RIVER SCHOOL
 WOODFORD CO SPEC ED
 WOODLAND COMM CONS SCHL DIS 50
 WOODLAND STREATOR
 WOODLAWN COMM H S
 WOODLAWN SCHOOL
 WOODRIDGE SCHOOL
 WOODSTOCK COMM UNIT
 WORTH SCHOOL
 YORKVILLE CUSD #115
 YORKWOOD SCHL
 ZEIGLER ROYALTON C U
 ZION BENTON TWP H S
 ZION SCHOOL

Section Five: Investments

“I view education as the
most important subject
we as a people can
engage in.”

- ABRAHAM LINCOLN -

ASSET CLASS AND MANAGER COMPOSITION

The Teachers' Retirement System serves as fiduciary for the members' trust fund and is responsible for its investment by authority of the prudent person rule. The rule stipulates that fiduciaries discharge their duties solely in the interest of fund participants and beneficiaries. The fund totaled \$15.4 billion at market value on June 30, 1996.

A Statement of Investment Objectives and Policies governs the management of the fund. It seeks to provide the greatest possible long-term benefits to members by maximizing the total rate of return on investments with minimal risk. The investment policy defines fiduciary responsibilities, investment authority, levels of acceptable risk, asset restrictions, investment performance objectives and the guidelines which govern outside investment managers.

The performance objective is to achieve an annualized 3% total rate of return in excess of the rate of inflation over a long-term period of time. In addition, each asset class is expected to outperform its representative market indices.

The fund is managed by professional investment firms. The System's staff coordinates and monitors investments and assists the Board of Trustees in the formulation and implementation of investment policy and long-term investment strategy.

ASSET CLASS AND MANAGER COMPOSITION

Of all the components of an investment policy, asset allocation will have the most impact on the long-term total rate of return and diversification is the key to effective risk management. Large institutional portfolios tend to be well-diversified within asset classes. Although most investment managers of specific asset classes focus on security selection, specific securities held will not have nearly as much impact on total performance as will the overall level of particular asset class commitments.

Management of asset class allocations and diversification of investment approaches (active core,

active specialty, etc.) has enabled the System to more effectively control the fund's risk/reward parameters.

Diversification by asset class, investment approach and investment manager style provides the System with a greater expected risk-adjusted rate of return while minimizing the risk of negative returns from adverse short-term changes in the capital markets.

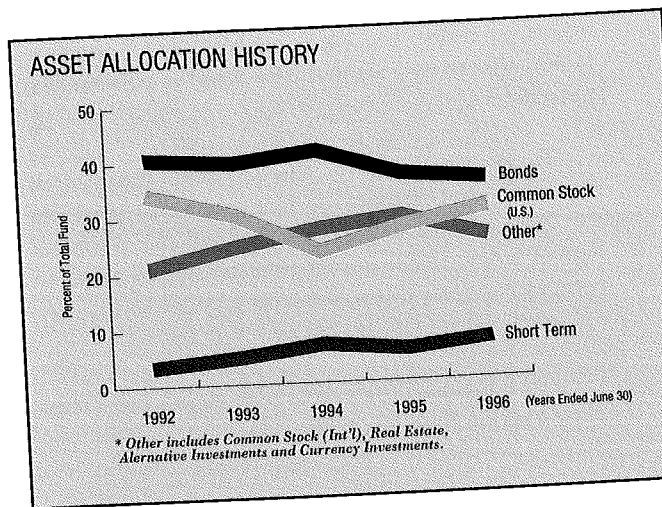
The following illustrates the System's asset class allocation on June 30, 1996:

PERCENT OF TOTAL FUND			
Asset Class	Active	Index	Total
Common Stock - U.S.	30.3	0.0	30.3
Bond	35.8	1.1	36.9
Short Term Investments	6.8	0.0	6.8
Currency Investments	0.3	0.0	0.3
Common Stock - Intl.	9.9	0.0	9.9
Real Estate Equity	14.5	0.0	14.5
Alternative Investments	1.3	0.0	1.3
TOTAL	98.9	1.1	100.0

During FY96, the System's U.S. common stock holdings increased to 30.3% of the total fund, from 27.7% a year earlier. International common stock allocations were at 9.9% of the total fund, leaving fiscal year-end total common stock holdings at 40.2% of the total fund.

Bonds decreased to 36.9% of the total fund from 37.1% a year earlier. Real estate equities represented 14.5% of the total fund at fiscal year's end. This compares to 15.6% from the previous fiscal year's end. The five-year asset class allocation history is represented by the following graph:

ASSET CLASS AND MANAGER COMPOSITION



The System employs investment management firms offering various management approaches. Investment managers have discretionary authority in the selection and retention of investments, subject to the provisions of the statutory investment authority and the Statement of Investment Objectives and Policies.

The System achieved a higher level of risk management capability during FY96 by continuing implementation of a long-term strategic plan designed to achieve a specific set of investment objectives. A globally diversified, multiple asset class, balanced-fund portfolio was designed in order to achieve the optimal long-term asset mix.

On June 30, 1996, the following external firms were employed by TRS:

FIXED INCOME
(BONDS)-U.S.

American National Bank of Chicago
Bear Stearns Asset Management
Chicago Title and Trust
W.R. Huff Asset Management
Pacific Investment Management Co.
Weiss, Peck & Greer Investments

FIXED INCOME (Bonds)
INTERNATIONAL

Brinson Partners, Inc.
Bear Stearns Asset Management
Delaware International Advisors, Ltd.
Julius Baer Investment
Management, Inc.
Pacific Investment Management Co.
Schroders Capital Management
International, Inc.
Societe Generale Asset Management

EQUITY
(COMMON STOCK) - U.S.

Acorn Derivatives Management Corp.
Analytic/TSA Global Asset Management Co.
Ark Asset Management
Bank Of America
Brandywine Asset Management, Inc.
Brinson Partners, Inc.
Fiduciary Management Associates
First Of America Investment Corp.
Hotchkis and Wiley
Lazard Freres Asset Management

Lincoln Capital Management Company
Morgan Stanley Asset Management
(The Chicago Group)
Munder Capital Management, Inc.
Oppenheimer Capital
Pacific Investment Management Co.
Paradigm Asset Management Co., LLC
RCM Capital Management
Sturdivant & Company
Valenzuela Capital Management, Inc.
Zimmerman Investment
Management Company

EQUITY (COMMON STOCK) -
INTERNATIONAL

Blairlogie International
Brandywine International
Brinson Partners, Inc.
Clay Finlay, Inc.
Daiwa International Capital
Management Corp.
Delaware International Advisors, Ltd.
Hotchkis & Wiley International
IDS International Corporation
Pyrford International Inc.
RCM International
Scudder, Stevens & Clark, Inc.

REAL ESTATE

EQUITY
Bear Stearns/Capital Associates
Realty Advisors
Capital Associates Realty Advisors
Commonwealth Realty Advisors Inc.
DLJ Real Estate Capital Partners, L.P.
Heitman Capital Management
K/B Realty Advisors

LaSalle Advisors Limited
LPC Realty Advisors I. Ltd.
Westmark Realty Advisors
Stone-Levy LLC
Cozad/Westchester

ALTERNATIVE
INVESTMENTS

Angelo Gordon & Co.
Apex Investment Partners
DLJ Merchant Banking, Inc.
Frontenac Company
Fenchurch Capital Management Ltd.
Penman Asset Management, L.P.
Sandler Capital Management
Trivest, Inc.
Veronis Suhler & Associates
Weiss, Peck & Greer Venture Partners, L.P.

TACTICAL ASSET
ALLOCATION

Brinson Partners, Inc.
Pyrford International, Inc.

FOREIGN EXCHANGE
EXPOSURE MANAGEMENT

A.G. Bisset
Pareto Partners
Zimmerman Investment Management Co.

CASH

MANAGEMENT
Atlantic Asset Management, Inc.
Harris Investment Management Co., Inc.
Hotchkis & Wiley

RETURN AND U.S. EQUITIES

ASSET CLASS AND MARKET INDICES
RETURNS

During FY96, U.S. common stock was the best performing asset class as represented by the S&P 500 Index and the Wilshire 5000 Index, which returned 26.1% and 26.2%, respectively. International common stocks were the next best performing asset class, as represented by the Europe, Australia and the Far East (EAFE) Index, returning 13.6%. Domestic bonds returned 5.0%, as represented by the Salomon Broad Investment Grade (Salomon BIG) Index. Non-U.S. dollar bonds, as represented by the Salomon Non-U.S. dollar bond index, returned -1.9%. Short-term investments, represented by 91-day Treasury Bills, returned 5.4%. The annual rate of inflation as represented by the Consumer Price Index (CPI) was at 2.8% for FY96.

TOTAL FUND RESULTS

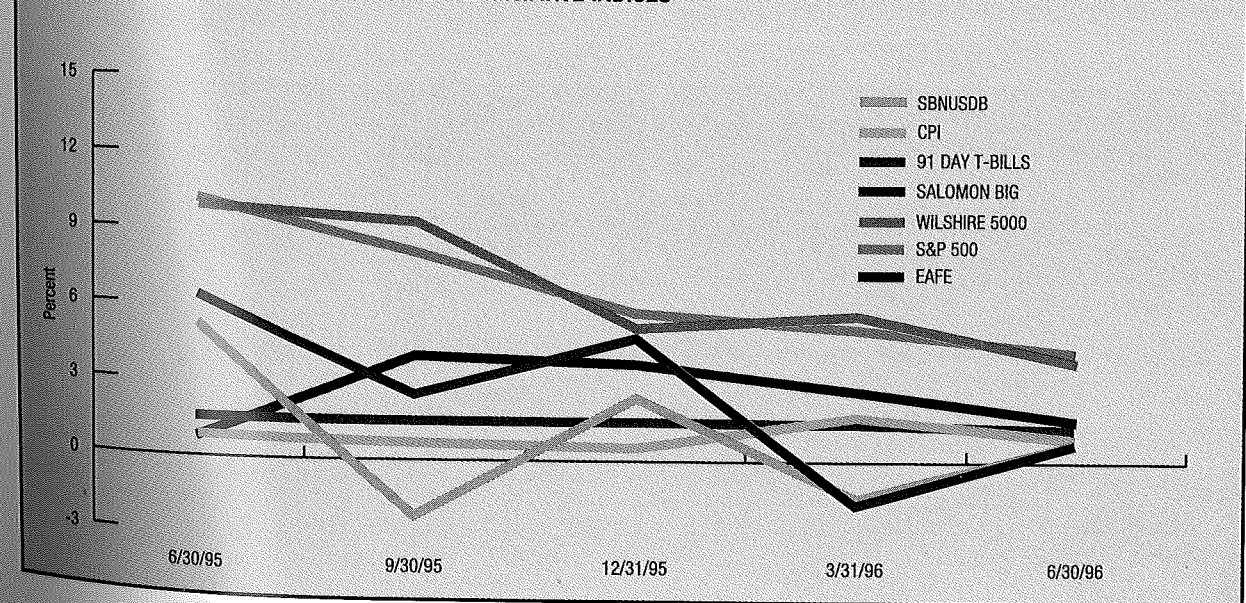
The System's FY96 total time-weighted rate of return of 16.3% was due primarily to the strength of its investments in alternative, real estate, U.S. and international stock markets. The total annualized

three-year and five-year returns of 10.5% and 10.3%, respectively, continue to outperform the rate of inflation for these periods, 2.8% and 2.9%, respectively. The long-term objective of TRS, to exceed the rate of inflation by 3%, has been handily achieved for the three- and five-year periods.

U.S. EQUITY RESULTS AND PROFILE

U.S. equities are expected to achieve a total investment return 6% in excess of the rate of inflation over the long-term. Domestic equity managers are expected to add value in excess of the Standard & Poor's (S&P) 500 Stock Index on an annualized basis over a three- to five-year period or market cycle. In addition, the Wilshire 5000 Index is informally used as a total equity portfolio benchmark since it is more representative of the aggregate U.S. equity market. The 5,000 stocks within the Wilshire 5000 Index, more so than the 500 stocks within the S&P 500 Index, are highly diversified across the various equity market sectors and industries and have highly diversified financial characteristics and risk factors which ultimately influence the total return.

ASSET CLASS QUARTERLY RETURN BY REPRESENTATIVE INDICES

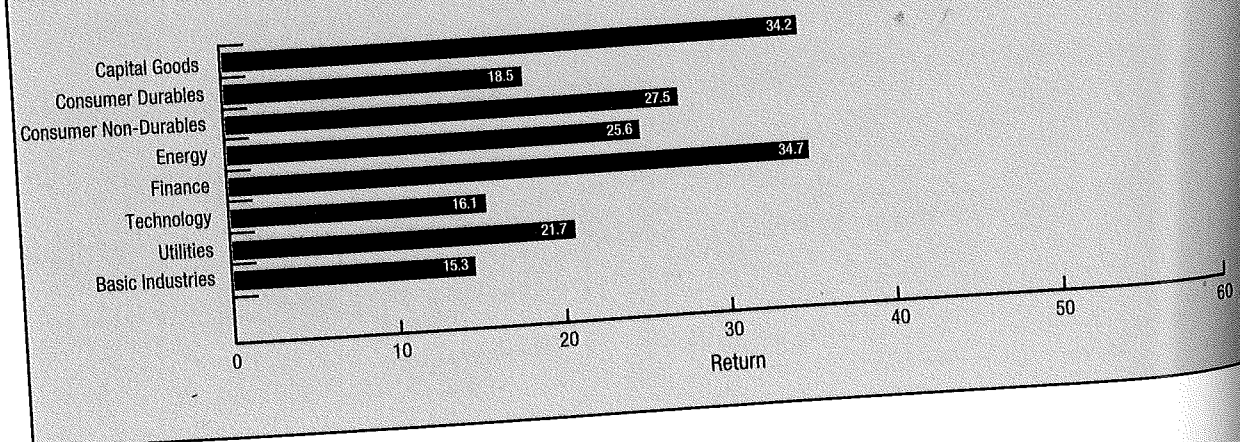


DIVERSIFICATION AND INDUSTRY RETURNS

During FY96, the portfolio of U.S. common stocks returned 22.7% compared to the S&P 500 return of 26.1% and the Wilshire 5000 return of 26.2%. For three- and five-years, U.S. common stocks generated annualized returns of 14.7% and 14.5%, respectively, comparable to the S&P 500 returns of 17.2% and 15.7% for the three-year and five-year periods, respectively. The portfolio's U.S. common stocks performed slightly less favorably than the three-year Wilshire 5000 return of 16.8% for the same period and underperformed the five-year Wilshire 5000 return of 16.1%.

At fiscal year end, 39.8% of the System's investment portfolio was assigned to U.S. equity managers, including short-term investments, compared to 37.9% at the prior fiscal year's end. During FY96, the System continued to employ equity managers using either fully active or enhanced index management strategies. During FY96, the market value of assets assigned to U.S. equity managers increased from \$4.914 billion to \$6.023 billion due to \$15 million in reallocation from the U.S. equity asset class to other asset classes and \$1.094 billion of market value appreciation.

S&P 500 INDUSTRY RETURNS



Major sector diversification changes took place during FY96 in the portfolio's U.S. common stocks. The following summarizes these changes and also provides a comparison with the S&P 500 and the Wilshire 5000 Indices.

DIVERSIFICATION BY INDUSTRY SECTOR (%)

(As of June 30)

Sector	1996			1995		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Consumer Non-Durables	26.6	34.2	28.0	29.2	32.8	29.4
Technology	12.9	10.6	15.1	13.5	14.0	15.4
Basic Industries	19.4	8.8	12.0	20.9	11.0	13.4
Utilities	2.5	11.2	11.6	8.0	12.3	11.3
Finance	20.0	14.1	17.3	14.9	11.3	15.7
Energy	3.0	9.5	7.4	5.3	10.5	7.1
Capital Goods	11.0	8.7	5.5	4.1	5.1	4.6
Consumer Durables	4.6	2.9	3.1	4.1	3.0	3.1

Numbers provided by Northern Trust Bank and Wilshire Compass

All S&P 500 industry sectors provided positive rates of return during FY96. Finance was the best performer (34.7%) with capital goods (34.2%) and consumer non-durables (27.5%) following. Other notable sectors performed as illustrated below.

U.S. equity managers made stock selection adjustments to their accounts during FY96, as evidenced by the following comparison of equity port-

INTERNATIONAL EQUITY, ALTERNATIVE AND FIXED INCOME

folio characteristics with the S&P 500 and the Wilshire 5000 Indices.

ALTERNATIVE INVESTMENTS RESULTS

Alternative investments returned 62.5% during FY96. A representative alternative investments index is not available for relative performance comparison. Over the long-term, however, and as a result of its higher risk orientation, alternative investments are expected to provide annualized returns over 10% in excess of the rate of inflation. On June 30, 1996, the System had a market value of \$195.8 million invested in ten venture capital limited partnerships.

U.S. EQUITY PORTFOLIO PROFILE

(As of June 30)

	1996			1995		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Capitalization (\$Bil)	21.4	33.4	24.4	15.7	25.2	18.5
Price/Earnings Ratio	22.3	23.1	20.9	21.0	16.5	17.7
Dividend Yield (%)	1.7	2.2	1.9	2.5	2.9	2.4
Beta	1.1	1.0	1.1	1.0	1.0	1.1
Diversification (R-Squared)	1.0	1.0	0.9	1.0	1.0	1.0
Five-Year Earnings Growth Rate (%)	10.9	8.9	9.9	12.1	4.8	6.8
Market/Book Ratio	5.6	4.3	5.4	8.3	4.0	3.9

Numbers provided by Northern Trust Bank and Wilshire Compass

FIXED INCOME RESULTS AND PROFILE

Fixed income investments are expected to achieve a total investment return of 2% in excess of the rate of inflation over a long time horizon. TRS fixed income managers are expected to add value in excess of the bond market, as measured by the Salomon Broad Investment Grade (Salomon BIG) Index, on an annualized basis over a three- to five-year period, or a market cycle. During FY96, the System's bond portfolio, including all fixed income instruments with maturities greater than one year, generated a 2.8% total return, compared to the 5.0% return of the Salomon BIG Index.

The total funds under management by fixed income managers, including short-term investments, generated a 5.4% total return during FY96. For a three- and five-year period, bonds generated 5.9% and 9.4% annualized returns, respectively, as compared to 5.3% and 8.3%, respectively for the BIG Index. During FY96, the market value of total assets assigned to fixed income managers, including short-term investments, decreased from \$4.541 billion to \$4.330 billion due to \$134 million in reallocations to other asset classes; \$77 million of market value appreciation offset the decrease.

Fixed income assets invested in the international marketplace comprised \$1.508 billion of the

INTERNATIONAL EQUITY RESULTS

As with domestic equities, the international equity investment objective is to realize a total annual investment return of 6% in excess of the rate of inflation over the long-term. International equity managers are expected to add return in excess of the EAFE Index over longer time periods.

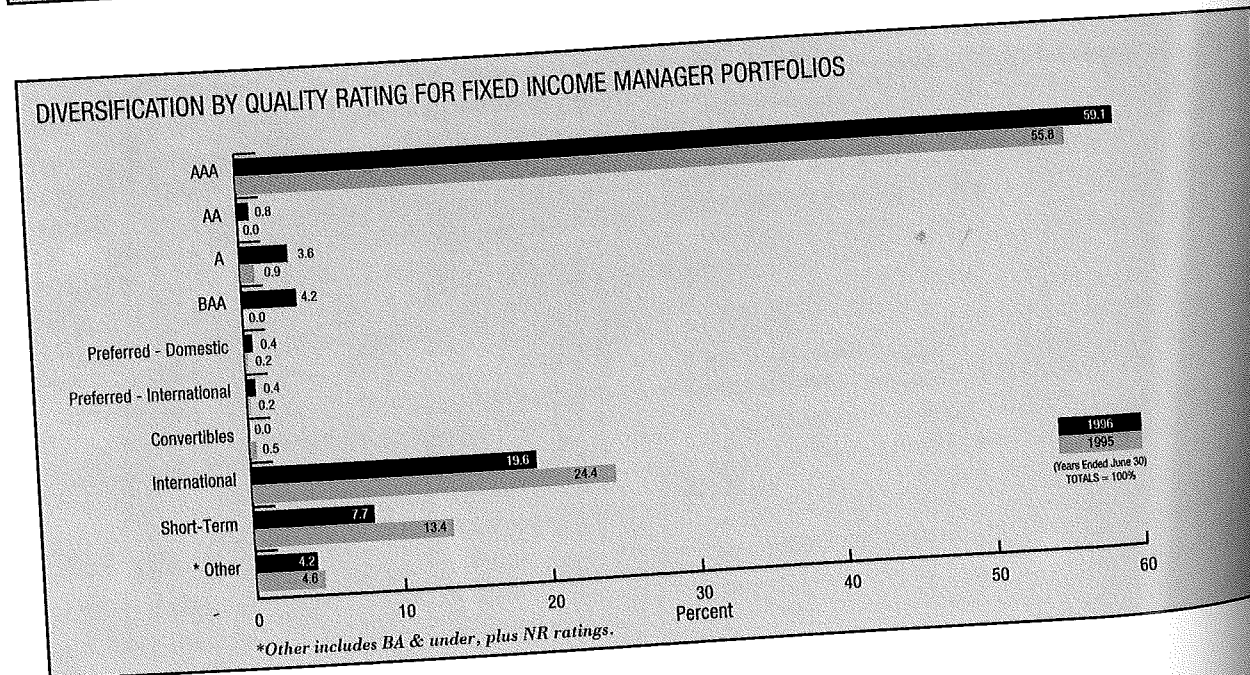
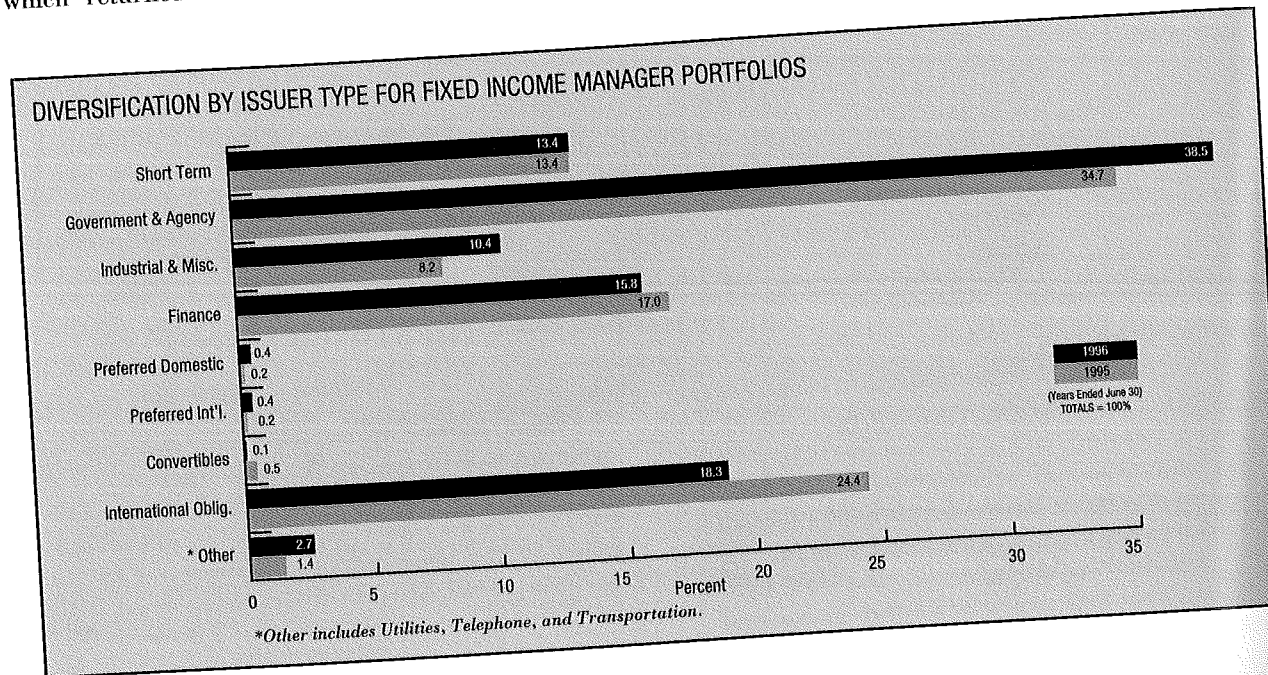
During FY96, the benchmark EAFE Index in local terms returned 28.7%. However, when translated into U.S. dollars, the EAFE Index returned 13.6%. The currency impact during FY96 reduced the total EAFE return by 15.1%. International common stocks within the TRS portfolio returned 16.3%, providing a closer reflection of the 13.6% EAFE return. The TRS international equity asset class as whole returned 26.5%.

The TRS managers maintained their cautious view on Japanese equities, holding 14% of the System's foreign equities in Japan, compared to that country's 39.7% relative weighting in the EAFE Index. During FY96, the market value of assets assigned to international equity increased from \$1.456 billion to \$1.844 billion due to \$385 million of market value appreciation and \$3 million of reallocations from other asset classes.

MANAGER PORTFOLIO DIVERSIFICATION

\$4.330 billion market value of total assets assigned to fixed income managers at fiscal year end. The System's international fixed income managers returned 6.6% in fiscal 1996, versus the benchmark Salomon Brothers Non-U.S. Dollar Bond Index, which returned -1.9%. The following exhibits

reflect changes made within fixed income manager portfolios during FY96 with regard to diversification by issuer type and quality ratings, as well as the underlying bond portfolio characteristics (excluding short-term investments) primarily affecting total return.



REAL ESTATE AND SHORT TERM RESULTS

BOND PORTFOLIO PROFILE

Characteristic	1996		1995	
	TRS	Salomon BIG	TRS	Salomon BIG
Maturity (years)	8.49	8.45	14.31	13.60
Duration (years)	4.89	4.80	5.02	4.76
Coupon (%)	8.49	6.99	8.94	7.61
Yield to Maturity (%)	8.49	8.45	6.95	6.57
Current Yield (%)	6.88	7.03	7.68	7.15

agers increased from \$2.068 billion to \$2.238 billion. This increase resulted from \$102 million in income/reinvested income, \$28 million of reallocations to other asset classes from the real estate asset class, and an increase of \$40 million for market value appreciation.

SHORT-TERM INVESTMENT RESULTS

REAL ESTATE EQUITY INVESTMENT RESULTS

Real estate equity investments made by the System's three closed-end fund managers and nine separate account managers returned 10.4% during FY96. The income component of the total return was 8.2%, while capital appreciation accounted for 2.2%.

The investment management firms use discretion in allocating funds to short-term investments as part of their asset allocation strategies within the respective asset classes. Managers confine portfolio investment to typical short-term investments like U.S. Treasury Bills, certificates of deposit, bankers acceptances and commercial paper and commingled short-term investment funds.

The closed-end funds' total return of 0.3% underperformed the 10.7% total return of the separate accounts. Over the long-term, the real estate equity investment objective is to achieve a total investment return of 7% in excess of the rate of inflation. During FY96, the market value of assets assigned to the System's real estate investment man-

As an asset class, short-term investments generated a total return of 5.4%, during FY96. For the five years ended June 30, 1996, short-term investments returned 4.4%, underperforming the 15.7% return of U.S. common stocks, as measured by the S&P 500 and the 8.3 % return of bonds, as measured by the Salomon BIG Index.

PORTFOLIO SUMMARY

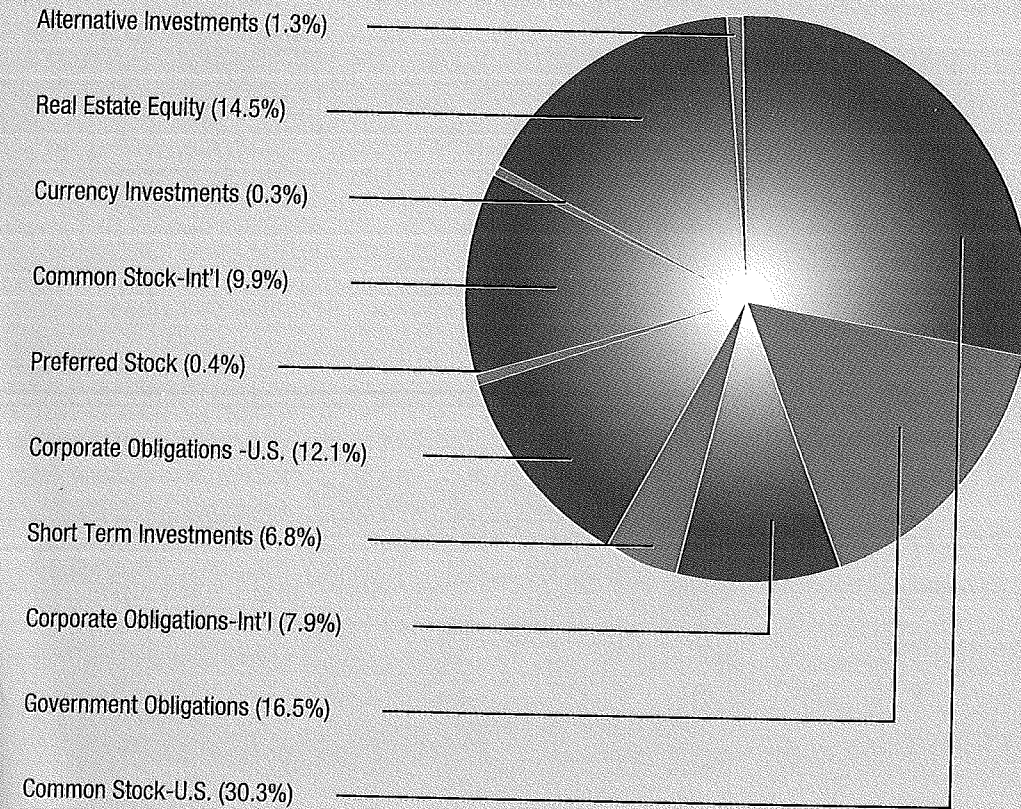
INVESTMENT PORTFOLIO SUMMARY	BOOK VALUE	% OF TOTAL BOOK VALUE	MARKET VALUE	(June 30, 1996) % OF TOTAL MARKET VALUE
BONDS, CORPORATE NOTES, PREFERRED STOCK AND GOVERNMENT OBLIGATIONS			\$ 1,063,620,443	6.9 %
U.S. Government	\$ 1,062,981,549	7.7%	1,470,911,197	9.6
Federal Agency	1,479,702,578	10.5	0	0.0
Municipal Bonds	0	0.0	2,534,531,640	16.5
TOTAL GOVERNMENT OBLIGATIONS	2,542,684,127	18.0	210,592,227	1.4
Corporate Obligations	205,820,389	1.5	4,222,660	0.0
Basic Industries	4,220,997	0.1	5,361,938	0.7
Capital Goods	5,317,124	0.1	108,445,159	0.8
Consumer Durables	109,368,148	0.8	693,750	0.1
Consumer Non-Durables	690,000	0.0	17,475,312	0.1
Convertible	17,379,448	0.1	1,037,283,914	6.6
Energy	1,035,609,294	7.3	326,886,020	2.1
Financial	319,954,069	2.3	8,092,863	0.5
Miscellaneous	8,228,348	0.1	79,428,856	0.5
Technology	74,685,054	0.5	92,163,669	0.6
Transportation	87,139,543	0.6	1,890,646,366	12.1
Utilities	1,868,412,414	13.4	1,209,308,337	7.9
TOTAL CORPORATE OBLIGATION	1,190,688,195	8.4	24,207,314	0.2
International	23,257,217	0.2	25,703,758	0.2
Preferred Stock-U.S.	21,915,199	0.2		
Preferred Stock-International				
TOTAL BONDS, CORPORATE NOTES PREFERRED STOCK AND GOVERNMENT OBLIGATIONS	5,646,957,152	40.2	5,684,397,415	36.9
COMMON STOCK - U.S.	3,590,678,878	25.5	4,652,473,730	30.3
COMMON STOCK - INTERNATIONAL	1,288,457,399	9.1	1,517,675,941	9.9
SHORT TERM INVESTMENTS*	1,035,029,113	7.3	1,040,397,130	6.8
REAL ESTATE EQUITY	2,331,186,129	16.4	2,221,387,769	14.5
ALTERNATIVE INVESTMENTS	160,385,364	0.3	195,765,872	1.3
CURRENCY INVESTMENT	47,551,357	0.3	50,156,459	0.3
TOTAL PORTFOLIO	\$14,100,245,392	100.0 %	\$15,362,254,316	100.0 %

* Includes accrued income and dividends totaling \$161,203,687.

INVESTMENTS AT MARKET VALUE

COMPOSITION OF INVESTMENTS AT MARKET VALUE

(June 30, 1996)



Alternative Investments (1.3%)	Short Term Investments (6.8%)	Common Stock-U.S. (30.3%)
Real Estate Equity (14.5%)	4.6% Investment Reserve Fund	(Percent of Total)
Currency Investments (0.3%)	2.2% Other	26.6% Consumer Non-Durables
Common Stock-Int'l (9.9%)	(Percent of Total)	12.9% Technology
Preferred Stock (0.4%)	1.0% Commercial Paper	19.4% Basic Industries
Corporate Obligations -U.S. (12.1%)	2.1% Variable Notes	2.5% Utilities
	11.0% Demand Notes	20.0% Finance
	4.8% Medium Term Notes	3.0% Energy
	0.9% Guaranteed Insurance	11.0% Capital Goods
	80.2% Other	4.6% Consumer Durables
	Corporate Obligations-Int'l (7.9%)	
	Government Obligations (16.5%)	
	6.9% Federal Agency	
	9.6% U.S. Government	
	0.0% Municipal Bonds	
	1.4% - Basic Industries	
	0.7% - Consumer Non-Durables	
	0.1% - Energy	
	6.6% - Financial	
	2.1% - Miscellaneous	
	0.1% - Technology	
	0.5% - Transportation	
	0.6% - Utilities	

SUMMARY STATISTICS

SUMMARY STATISTICS

The following summarize the development and performance of the total investment portfolio, including accrued income and miscellaneous assets during the last five years:

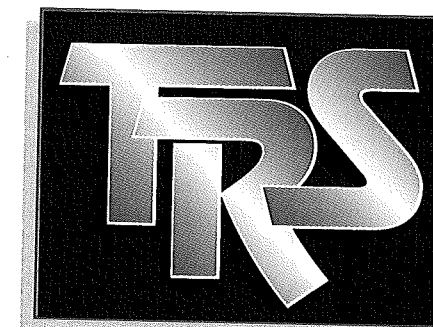
BOOK/MARKET VALUE RECONCILIATION	(Fiscal Year Ending June 30 (Millions))					
	1992	1993	1994	1995	1996	1992-1996
Beginning Book Value	\$8,747	\$9,812	\$11,013	\$11,992	\$12,642	\$8,880**
Net Contributions Added	(49)	(75)	(10)	(122)	(366)	(6,220)
Investment Income	493	520	559	514	741	2,827
Net Realized Gain (Loss)	621	622	430	258	813	2,745
Ending Book Value	9,812	10,880	11,992	12,642	13,830	13,830
Unrealized Gain (Loss) -Beginning of Period	706	627	665	(95)	496	706
Unrealized Gain (Loss) -During Period	(79)	38	(760)	591	708	498
ENDING MARKET VALUE	\$10,439	\$11,545	\$11,897	\$13,138	\$15,034*	\$15,034*

* = Includes miscellaneous liabilities of \$328 million. ** = Includes prior period adjustment of \$133 million.

PERFORMANCE SUMMARY	(Annualized Percent for Periods Ending June 30, 1996*)						
	1992	1993	1994	1995	1996	3 Years	5 Years
(Years Ended June 30)							
Total Time-Weighted Return	10.8	11.6	4.7	13.4	16.3	10.5	10.3
TRS	3.1	3.0	3.3	3.0	2.8	2.8	2.9
CPI							
Common Stock - US			2.7	20.6	22.7	14.7	14.5
TRS	13.5	14.7	1.4	26.0	26.1	17.2	15.7
S&P 500	13.5	13.6	1.2	24.7	26.2	16.8	16.1
Wilshire 5000	13.9	16.2					
Bonds - US			-0.6	12.0	2.8*	3.9*	8.1*
TRS	16.2	13.7	-1.5	12.8	5.0	5.3	8.3
Saloman Big	14.2	12.0					
Bonds - International	19.1	8.0	4.7	14.4	6.6*	8.5*	11.7*
SBNUADB	27.3	14.1	10.5	22.7	-1.9	10.0	12.8
Common Stock-International			12.6	-6.1	26.5	9.9	9.5
TRS	3.2	7.5	17.0	1.7	13.6	10.8	10.3
EAFE Index	-0.3	20.5					
Real Estate	-7.3	-0.5	9.7	13.2	10.4	10.6	4.5
Alternative Investments	8.8	5.7	1.6	30.3	62.5*	37.6*	23.5*
Short Term							
TRS	3.8	4.3	3.7	5.9	5.4	4.8	4.4
91 Day Treasury Bill	4.6	3.2	3.3	5.3	5.4	4.8	4.4
ASSET ALLOCATION (ANNUAL AVERAGE)							
Bonds	25.5	25.1	24.1	23.2	19.8	22.3	23.5
Common Stock - US	41.8	40.4	36.8	35.5	39.9	37.4	38.9
Short Term	4.7	6.2	7.6	5.3	4.7	5.9	5.7
Other	28.0	28.3	31.5	36.0	35.6	34.4	31.9

*Performance returns calculated by TRS. Remaining returns calculated by Northern Trust Bank.

INVESTMENT LISTING



BONDS, CORPORATE NOTES & PREFERRED STOCK

Table listing corporate bonds and preferred stocks. Columns include Moody's Quality Rating, Rate, Maturity, Par Value, Book Value, and Market Value. Categories include TECHNOLOGY, TRANSPORTATION, UTILITIES, and PAGING NETWORK INC.

BONDS, CORPORATE NOTES & PREFERRED STOCK

Table listing corporate bonds and preferred stocks. Columns include Moody's Quality Rating, Rate, Maturity, Par Value, Book Value, and Market Value. Categories include SOUTHERN CALIFORNIA EDISON CO., CONVERSION ISSUES, and TOTAL CORPORATE OBLIGATIONS.

PREFERRED STOCKS

PREFERRED STOCKS-DOMESTIC

Table listing preferred stocks. Columns include Company Name, Shares, Book Value, and Market Value. Companies listed include ATLANTIC RICHFIELD CO., ARACRUZ CELULOSE S A, and VALE RIO DOCE CIA.

PREFERRED STOCKS-INTERNATIONAL

Table listing international preferred stocks. Columns include Company Name, Shares, Book Value, and Market Value. Companies listed include VALE RIO DOCE CIA and TOTAL PREFERRED STOCKS-INTERNATIONAL.

BONDS, CORPORATE NOTES & PREFERRED STOCK

FOREIGN OBLIGATIONS

FOREIGN GOVERNMENT OBLIGATIONS

- ARGENTINA REPUBLIC EUROCLEAR
ASIAN DEVELOPMENT BANK
AUSTRALIA COMMONWEALTH OF

AUSTRIA REPUBLIC OF
BELGIUM KINGDOM OF

BRITISH COLUMBIA HYDRO & POWER
CANADA GOVERNMENT OF

COMMONWEALTH BANK AUSTRIA
CONVERSION
DENMARK KINGDOM OF

DUTCH GOVERNMENT OF

EUROPEAN INVESTMENT BANK
FRANCE GOVERNMENT OF

GERMANY FEDERAL REPUBLIC OF

Table with columns: Coupon, Maturity, Book, Market. Rows include various bond entries with their respective values.

BONDS, CORPORATE NOTES & PREFERRED STOCK

Table with columns: Coupon, Maturity, Book, Market. Rows include various bond entries from HYDRO-QUEBEC CANADA to SPAIN GOVERNMENT OF.

BONDS, CORPORATE NOTES & PREFERRED STOCK

SWEDEN KINGDOM OF

TREUHANDANSTALT

UNITED KINGDOM TREASURY

Coupon	Maturity	Book	Market
10.250	05/05/00	13,768,593	14,141,492
11.000	01/21/99	8,039,509	8,200,279
13.000	06/15/01	11,479,127	12,161,716
6.250	07/29/99	7,906,142	8,265,664
6.750	05/13/04	3,970,769	3,698,526
6.875	06/11/03	5,972,687	5,917,932
6.750	11/26/04	23,986,311	24,604,495
7.500	07/12/06	1,664,178	1,661,067
7.000	11/06/01	15,348,526	15,983,160
8.500	12/07/05	2,441,577	2,430,422
8.750	09/01/97	3,114,932	3,201,718
8.000	12/07/00	3,169,638	3,200,746
8.000	06/10/03	5,108,011	5,395,044
8.000	09/25/09	6,067,432	6,168,428
9.750	08/27/02	25,767,874	26,023,094
		<u>1,088,576,998</u>	<u>1,104,563,107</u>

TOTAL FOREIGN GOVERNMENT OBLIGATIONS

INTERNATIONAL CORPORATE OBLIGATIONS

ABBEY NATIONAL TREASURY

ARGYLL GROUP
 AUTOBAHN & SCHNELL
 BAYER VEREINSBK
 BCO NAC DE
 BELL CABLEMEDIA
 BOC GROUP
 CANADA GOVERNMENT OF
 CANADIAN NATIONAL RAILROAD CO.
 CASTORAMA DUBOIS
 CREDIT LYONNAIS
 DEFFA FINANCE
 DEUTSCHE BANK
 DIAMOND CABLE COMMUNICATIONS
 EURO INVESTMENT BANK

EUROFIMA
 EXP-IMP BANK JAPAN
 FBG FINNACIAL LTD.
 FLETCHER CAPITAL
 GENERAL MOTORS ACCEPTANCE CORPORATION

GLAXO WELLCOME
 GRUPO TELEVISIA
 GULF CDA RESOURCES LTD.
 HYDRO-QUEBEC CANADA

JAPAN DEVELOPMENT BANK
 KANSALLIS-OSAKE

MALAYSIA
 NAFIN FINANCE TRUST
 NORTHUMBRIAN WATER
 ONTARIO HYDRO
 PETRO-CANADA INC.
 PHILIPS ELECTRONICS
 ROGERS CANTEL
 SKANDINAVISKA ENSKILDA BANKEN
 SWEDISH EXPORT CARD
 SWEDISH EXPORT CREDIT CORPORATION
 TELEWEST COMMUNICATIONS PLC

TRIZEC FINANCIAL LTD.
 UBS
 UNION BANK NORWAY
 TOTAL INTERNATIONAL CORPORATE OBLIGATIONS

TOTAL FOREIGN OBLIGATIONS

8.375	10/01/03	1,603,191	1,888,454
8.000	04/02/03	747,962	777,851
8.125	03/10/00	2,773,617	2,838,720
8.500	03/03/03	759,459	764,288
15.500	05/19/97	685,084	743,827
8.000	05/06/98	2,062,354	2,352,265
N/A	09/15/05	0	303,750
6.750	02/18/04	1,369,830	1,415,864
.000	02/10/99	3,648,976	3,649,178
7.625	05/15/23	244,668	238,193
13.150	01/01/03	56,107	63,400
N/A	07/19/00	5,752,054	5,646,438
7.125	11/11/03	706,468	738,036
8.250	01/07/04	1,061,998	1,263,862
13.250	09/30/04	1,106,572	1,335,750
13.900	03/22/00	2,428,094	2,601,499
8.875	03/27/02	781,210	789,459
7.700	02/02/04	1,512,104	1,829,746
7.750	10/08/02	1,473,222	1,485,556
7.875	06/01/16	995,930	996,570
8.250	06/20/16	1,194,420	1,222,872
8.000	04/10/97	3,555,860	3,548,510
6.750	04/25/97	5,738,098	5,802,431
8.750	12/01/05	763,561	791,447
11.375	05/15/03	750,000	755,625
9.250	01/15/04	2,018,750	1,950,000
9.500	11/15/30	2,225,927	2,241,801
N/A	09/30/49	1,676,750	1,674,850
5.000	10/01/99	4,463,662	4,004,741
N/A	01/00/00	17,511,880	17,905,104
5.390	09/30/43	4,848,000	4,950,720
N/A	10/19/05	9,027,000	8,987,400
N/A	03/31/99	643,702	784,512
9.250	02/01/02	1,612,287	1,637,275
10.000	03/19/01	1,628,587	1,632,422
8.600	10/15/01	160,565	158,358
8.375	09/15/06	244,198	246,862
9.375	06/01/08	1,500,000	1,453,680
6.875	02/15/09	216,828	234,896
6.500	06/05/01	1,612,106	2,164,620
9.875	03/15/38	266,228	275,878
9.625	10/01/06	2,002,500	1,955,000
11.000	10/01/07	1,515,000	1,473,800
10.875	10/15/05	1,524,375	1,507,500
N/A	N/A	369,046	364,300
N/A	12/29/49	5,272,969	5,376,200
		<u>102,111,197</u>	<u>104,545,222</u>
		<u>1,190,688,195</u>	<u>1,209,308,527</u>

BONDS, CORPORATE NOTES & PREFERRED STOCK

SHORT TERM INVESTMENTS

ACCRUED INTEREST AND DIVIDENDS
 ADVANTA NATIONAL BANK
 AMERICAN BANKERS INSURANCE GROUP INC.
 AMERITECH CORPORATION
 AT&T
 BRINSON PARTNERS US CASH MANAGEMENT FUND
 CANADIAN WHEAT
 CASH MARGIN REQ. ON FIN. FUTURES
 CASH RECEIVED/WITHHELD FOR HARRIS FEES
 COLUMBIA/HCA HEALTHCARE CORPORATION
 FEDERAL HOME LOAN MORTGAGE CORPORATION
 FEDERAL HOME LOAN MORTGAGE CORPORATION
 FORD MOTOR CREDIT CO.
 FORD MOTOR CREDIT CO.
 FORD MOTOR CREDIT CO. DISCOUNT NOTES
 GENERAL ELECTRIC CAPITAL CORPORATION
 LASALLE NATIONAL BANK STIF
 NATIONAL RURAL UTILITIES
 NORTHERN COLLECTIVE FUND
 PITNEY BOWES
 PRAEDIUM PACIFIC LLC.
 PROCTOR & GAMBLE DISCOUNT NOTES
 SOURCE ONE MORTGAGE SERVICES CORPORATION
 VARIOUS OPTION CONTRACTS
 WOOD FUNDING CORPORATION

TOTAL SHORT TERM INVESTMENTS

CURRENCY INVESTMENTS

AUSTRALIAN DOLLAR
 AUSTRIAN SCHILLING
 BELGIAN FRANC
 BRAZILIAN REAL
 BRITISH POUND STERLING
 CANADIAN DOLLAR
 DANISH KRONE
 FINNISH MARKKA
 FRENCH FRANC
 GERMAN DEUTSCHE MARK
 HONG KONG DOLLAR
 ITALIAN LIRA
 INDONESIAN RUPIAH
 JAPANESE YEN
 MALAYSIAN RINGGIT
 NETHERLANDS GUILDER
 NEW ZEALAND DOLLAR
 NORWEGIAN KRONE
 SINGAPORE DOLLAR
 SPANISH PESETA
 SWEDISH KRONA
 SWISS FRANC
 THAILAND BAHT
 VARIOUS OPTION CONTRACTS

TOTAL CURRENCY INVESTMENTS

Par Value	Book Value	Market Value
1	161,203,687	161,203,687
18,500,000	18,483,720	18,500,000
3,000,000	2,975,532	2,999,537
20,000,000	19,737,500	19,737,500
24,800,000	24,419,527	24,673,944
69	69	69
5,000,000	4,933,646	4,933,645
30,000	30,000	30,000
291,902	291,902	291,902
1,200,000	1,187,493	1,188,136
3,740,000	3,721,967	3,728,369
7,500,000	7,415,988	7,495,575
31,000,000	30,594,580	30,818,340
3,200,000	3,186,235	3,193,461
33,600,000	33,138,473	33,476,191
1,500,000	1,475,046	1,485,375
291,266,017	291,224,387	291,266,017
5,600,000	5,533,724	5,590,794
405,787,845	405,787,845	405,787,845
8,224,000	8,115,854	8,158,948
10,068,943	9,972,616	9,974,547
11,200,000	11,044,833	11,044,833
1,000,000	989,889	991,675
6,814	(11,329,579)	(7,071,274)
905,000	894,180	898,016
	<u>887,420,591</u>	<u>1,035,029,113</u>
		<u>1,040,397,130</u>

Book Value	Market Value
5,352,666	5,352,666
11,553	11,553
1,312,158	1,312,158
109,714	109,714
7,118,240	7,118,240
661,362	661,362
1,463,132	1,463,132
71,250	71,250
4,945,596	4,945,596
3,194,925	3,194,925
1,329,470	1,329,470
2,769,553	2,769,553
75,894	75,894
9,039,547	9,039,547
4,484	4,484
1,492,955	1,492,955
681,291	681,291
2,300	2,300
3,137,524	3,137,524
1,428,200	1,428,200
139,741	139,741
487,726	487,726
418,751	418,751
2,303,327	4,908,429
	<u>47,531,357</u>
	<u>50,156,459</u>

BONDS, CORPORATE NOTES & PREFERRED STOCK

COMMON STOCK
Domestic

AEROSPACE

AAR CORPORATION
BOEING CO.
COLTEC INDUSTRIES INC.
GENERAL DYNAMICS CORPORATION
LOCKHEED MARTIN CORPORATION
LORAL SPACE & COMMUNICATIONS
MCDONNELL DOUGLAS CORPORATION
NORTHROP GRUMAN CORPORATION
PRECISION CASTPARTS CORPORATION
ROHR INC.
SPL DEVICES INC.
SUNDSTRAND CORPORATION

AUTOMOTIVE AND PARTS

APS HOLDINGS CORPORATION
AUTOZONE INC.
BORG WARNER AUTOMOTIVE INC.
CHRYSLER CORPORATION
DANA CORPORATION
EATON CORPORATION
FEDERAL-MOGUL CORPORATION
FORD MOTOR CO.
GENERAL MOTORS CORPORATION
GENUINE PARTS CO.
LEAR CORPORATION
STANDARD MOTOR PRODUCTS INC.
WALBRO CORPORATION

BEVERAGES

ANHEUSER-BUSCH COMPANIES INC.
CANADAIGUA WINE INC.
COCA COLA CO.
COCA COLA ENTERPRISES INC.
NUCO2 INC.
PEPSICO INC.
PETE'S BREWING CO.

BROADCASTING

CENTURY COMMUNICATION CORPORATION
COMCAST CORPORATION
GRANITE BROADCASTING CORPORATION
INTERNATIONAL FAMILY ENTERTAINMENT INC.

BUILDING

AMRE INC.
BUTLER MANUFACTURING CO.
DAYTON SUPERIOR CORPORATION
FORTRESS GROUP INC.
FOSTER WHEELER CORPORATION
GEORGIA-PACIFIC CORPORATION
JOHNSON CONTROLS INC.
LOUISIANA-PACIFIC CORPORATION
MASCO CORPORATION
NCI BUILDING SYSTEMS INC.
NORTEK INC.
ORCHARD SUPPLY HARDWARE STORE
SNAP-ON INC.
TECUMSEH PRODUCTS CO.
TYCO INTERNATIONAL LTD.

	Shares	Book Value	Market Value
	3,300	68,948	67,238
	236,000	16,225,527	20,561,500
	200,000	3,085,847	2,850,000
	13,100	702,104	812,200
	274,400	14,762,001	23,049,600
	248,000	3,463,642	3,410,000
	290,000	11,873,798	14,137,500
	50,726	1,887,825	3,455,709
	18,600	559,161	781,200
	20,900	331,059	436,288
	15,000	265,000	240,000
	216,000	6,438,669	7,911,000
	15,000	235,000	330,000
	165,300	5,785,500	5,744,175
	6,000	189,941	237,000
	84,900	4,452,564	5,306,250
	110,000	2,586,075	3,410,000
	3,200	188,592	187,600
	151,800	2,764,552	2,789,325
	747,200	19,796,475	24,190,600
	581,600	26,007,639	30,461,300
	26,800	1,134,462	1,226,100
	32,600	600,217	1,149,150
	126,800	2,096,134	2,266,550
	6,000	114,634	121,500
	214,800	11,531,544	16,110,000
	87,800	2,744,715	2,634,000
	953,200	20,690,748	46,706,800
	55,800	1,948,542	1,932,075
	4,300	116,350	132,225
	1,646,800	31,606,915	58,461,400
	41,200	847,868	618,000
	40,000	330,625	340,000
	131,000	2,594,440	2,423,500
	86,700	981,121	1,121,630
	14,700	215,970	271,950
	284,100	1,994,368	6,072,658
	7,200	242,450	243,000
	75,500	982,441	990,930
	84,100	758,562	735,875
	111,000	4,954,042	4,967,250
	62,600	4,334,353	4,444,600
	105,000	5,575,481	7,297,500
	283,800	6,937,164	6,279,075
	26,800	771,045	816,700
	15,000	438,500	506,250
	18,000	188,151	209,250
	10,000	226,500	302,500
	8,200	342,345	388,475
	15,000	811,875	806,250
	298,500	9,488,545	12,161,875

BONDS, CORPORATE NOTES & PREFERRED STOCK

WEYERHAEUSER CO.
YORK INTERNATIONAL CORPORATION

CHEMICALS

AIR PRODUCTS & CHEMICALS INC.
ARCADIAN CORPORATION
ARCO CHEMICAL CO.
BETZ LAB INC.
DEXTER CORPORATION
DOW CHEMICAL CO.
DU PONT E. I. DE NEMOURS & CO.
EASTMAN CHEMICAL CO.
FMC CORPORATION
GRACE W. R. & CO.
HERCULES INC.
IMC GLOBAL INC.
LYONDELL PETROCHEMICAL CO.
MARK IV INDUSTRIES INC.
METHANEX CORPORATION
MONSANTO CO.
MORTON INTERNATIONAL INC.
NALCO CHEMICAL CO.
UNION CARBIDE CORPORATION
VERSA/TECHNOLOGIES INC.
WITCO CORPORATION

COATINGS, PAINT, VARNISHES

PPG INDUSTRIES INC.
SHERWIN-WILLIAMS CO.

CONGLOMERATE/DIVISERFIED

ALLIED SIGNAL INC.
COUNTY SEAT HOLDINGS INC.
CRANE CO.
DIAL CORPORATION
EMCOR GROUP INC.
HARCOURT GENERAL INC.
HARSCO CORPORATION
ILLINOIS TOOL WORKS INC.
INSILCO CORPORATION
ITT CORPORATION

KAMAN CORPORATION
MINNESOTA MINING & MANUFACTURING CO.
ODDEN CORPORATION
OMNICOM GROUP INC.
QUIKOTE CORPORATION
TENNECO INC.
TEXTRON INC.
TRW INC.
UNITED TECHNOLOGIES CORPORATION

CONTAINERS

BALL CORPORATION
CROWN CORK & SEAL CO. INC.
LOCK-TENN CO.
MORRISWOOD PACKAGING CORPORATION
TEMPLE INLAND INC.

COSMETICS/TOILETRIES

ROBERTO-CULVER CO.
SUN PROD INC.
WALLETT CO.

	Shares	Book Value	Market Value
	206,900	8,610,805	8,793,250
	77,000	4,058,341	3,984,750
	10,100	557,405	582,013
	211,300	3,535,296	4,173,175
	2,300	110,011	119,600
	10,000	452,070	438,750
	15,000	438,675	446,250
	66,300	4,677,743	5,038,800
	249,300	16,741,182	19,725,863
	76,500	4,037,487	4,656,938
	112,400	7,509,530	7,334,100
	426,100	28,838,636	30,199,838
	438,000	16,204,136	24,254,250
	28,000	1,066,023	1,053,500
	7,100	174,464	171,288
	394,140	6,301,073	8,868,150
	235,000	1,914,265	1,762,500
	1,493,500	26,604,274	48,538,750
	214,400	6,964,104	7,986,400
	25,000	739,000	787,500
	6,800	229,564	270,300
	161,100	2,147,982	2,174,850
	8,500	300,244	292,188
	75,800	3,546,627	3,695,250
	150,000	4,512,545	6,975,000
	280,000	10,396,060	15,995,000
	90,273	601,820	1
	19,100	580,226	783,100
	39,600	1,160,676	1,133,550
	375	0	23
	8,900	373,321	445,000
	50,000	1,225,244	3,362,500
	78,101	3,885,006	5,281,563
	16,400	581,244	549,400
	65,300	3,844,988	4,326,125
	36,800	837,193	924,600
	64,200	791,255	650,025
	8,000	484,820	552,000
	202,800	4,244,259	3,675,750
	166,000	3,568,224	7,719,000
	165,900	1,914,238	1,119,825
	316,800	13,586,694	16,196,400
	144,717	8,383,324	11,559,270
	1,900	159,575	170,763
	95,800	6,171,387	11,017,000
	104,100	3,129,109	2,966,850
	17,300	849,906	778,500
	78,000	1,296,375	1,540,500
	166,100	2,289,891	2,553,788
	56,900	2,891,341	2,660,075
	4,000	139,740	160,000
	315,300	8,018,807	14,227,913
	430,600	13,867,423	26,858,675

BONDS, CORPORATE NOTES & PREFERRED STOCK

REXALL SUNDOWN INC.
TAMBRANDS INC.

DATA PROCESSING

ACTEL CORPORATION
ADAPTEC INC.
ALPHA MICROSYSTEMS
AMDAHL CORPORATION
AMERICAN SOFTWARE INC.
APPLE COMPUTER INC.
APPLIED VOICE TECH INC.
ASCEND COMMUNICATIONS INC.
ASPEN TECH. INC.
ATMEL CORPORATION
AUTO DATA PROCESSING INC.
BMC SOFTWARE INC.
CABLETRON SYSTEMS INC.
CDW COMPUTERS CENTERS INC.
CERIDIAN CORPORATION
CERION TECHNOLOGIES INC.
CISCO SYSTEMS INC.
COMPAQ COMPUTER CORP.
COMPUTER ASSOCIATES INTERNATIONAL INC.
COMPUTER SCI. CORPORATION
COMPUTER TASK GROUP INC.
CONCORD EFS INC.
D. H. TECHNOLOGY
DATA GENERAL CORPORATION
DESKTOP DATA
DIEBOLD INC.
DIGITAL EQUIPMENT CORPORATION
DSP COMMUNICATIONS INC.
ELECTRONIC ARTS
ELECTRONIC DATA SYSTEMS CORPORATION
ELECTRONIC FOR IMAGING INC.
EVANS & SUTHERLAND COMPUTER CORPORATION
FIRST DATA CORPORATION
HBO & CO.
INFORMATION RES INC.
INFORMIX CORPORATION
INSO CORPORATION
INTELLIGENT ELECTRONICS INC.
INTERNATIONAL BUSINESS MACHINES CORPORATION
KOMAG INC.
LOGICON INC.
MACNEAL SCHWENDLER CORPORATION
MACROMEDIA INC.
MAXIS INC.
MCAFFEE ASSOCIATES INC.
MEDIC COMPUTER SYSTEMS INC.
MICROSOFT CORPORATION
NETSCAPE COMMUNICATIONS CORPORATION
NEWBRIDGE NETWORKS CORPORATION
ORACLE CORPORATION
PARAMETRIC TECH. CORPORATION
PEOPLESOFT INC.
PREMENOS TECH CORP.
PREMISYS INC.
PROJECT SOFTWARE & DEVELOPMENT INC.
QLOGIC CORPORATION
QUANTUM CORPORATION
RAPTOR SYSTEMS INC.
SCOPUS TECHNOLOGY INC.
SEAGATE TECHNOLOGY
SEI CORPORATION
STD MICROSYSTEMS CORPORATION

Shares	Book Value	Market Value
22,100	325,742	596,700
3,400	142,757	139,825
19,350	289,605	357,975
14,400	863,380	682,200
92,400	255,621	242,550
341,400	3,039,846	3,670,050
184,000	1,109,817	851,000
104,000	4,293,172	2,184,000
20,000	190,000	230,000
413,400	22,377,443	23,253,750
5,000	256,286	275,000
26,400	617,918	795,300
795,800	13,200,766	30,737,775
67,000	2,120,311	4,003,250
302,950	16,728,486	20,789,944
6,600	317,983	458,700
9,400	362,685	474,700
8,500	132,558	82,875
1,308,900	45,970,491	74,116,463
82,400	3,867,815	4,047,900
113,100	7,520,843	8,030,100
18,000	1,376,812	1,347,750
96,400	977,037	2,723,300
28,575	582,016	1,014,413
159,413	1,490,683	3,825,912
93,000	1,215,278	1,209,000
7,900	278,028	262,675
5,700	218,935	275,025
156,900	9,905,582	7,080,113
13,200	314,512	678,150
176,000	4,845,225	4,708,000
396,100	13,410,344	21,290,375
3,200	112,850	222,000
93,200	1,471,456	1,980,500
236,894	6,303,780	18,892,297
77,600	4,674,742	5,257,400
149,700	2,052,046	1,833,825
408,800	10,744,627	9,198,000
11,550	404,699	604,931
259,000	2,617,416	2,201,500
116,200	10,348,140	11,503,800
34,000	1,018,649	896,750
45,100	322,571	1,347,363
228,500	2,462,353	1,870,730
227,400	7,524,315	4,974,375
5,800	144,043	114,550
24,200	573,861	1,185,800
51,700	3,938,345	4,194,163
140,600	9,479,528	16,889,575
93,000	5,700,279	5,789,250
308,200	20,823,292	20,187,100
914,750	23,012,273	36,074,996
400,800	14,211,223	17,384,700
185,900	10,725,311	13,245,375
2,900	105,363	52,925
132,300	5,717,907	8,070,300
7,050	191,387	330,469
84,500	543,695	845,000
61,800	1,094,336	903,825
5,600	134,220	148,400
41,200	784,597	638,600
4,300	218,046	193,500
167,600	3,657,059	3,540,550
21,500	405,502	327,875

BONDS, CORPORATE NOTES & PREFERRED STOCK

STERLING SOFTWARE INC.
STRATUS COMPUTER INC.
SUN MICROSYSTEMS INC.
SYBASE INC.
SYSTEMSOFT CORPORATION
THREE COM CORPORATION
TRIAD SYSTEMS CORPORATION
TRIPOS INC.
VERITAS SOFTWARE CO.
VIASOFT INC.
VISIO CORPORATION
WANG LABS INC.
XILINX INC.

DRUGS-GENERIC AND OTC

ABBOTT LABORATORIES
ALPHARMA INC.
AMERICAN HOME PRODUCTS CORPORATION
AMGEN INC.
BERGEN BRUNSWIG CORPORATION
BRISTOL MYERS SQUIBB CO.
CARDINAL HEALTH INC.
CENTOCOR
DURA PHARMACEUTICALS INC.
FOREST LAB INC.
GENZYME CORPORATION
JONES MEDICAL INDUSTRIES INC.
LILLY ELI & CO.
MERCK & CO.
NEUROMEDICAL SYSTEMS INC.
PAREXEL INTERNATIONAL CORPORATION
PETCO ANIMAL SUPPLIES INC.
PFIZER INC.
PHARMACEUTICAL RESOURCES INC.
PHARMACIA & UPJOHN INC.
PROCYTE CORPORATION
QUINTILES TRANSNATIONAL CORPORATION
SCHERER R. P. CORPORATION
SCHERING-PLOUGH CORPORATION
WARNER LAMBERT CO.

EDUCATION

SYLVAN LEARNING SYSTEMS INC.

ELECTRONIC/ELECTRIC

ADVANCED MICRO DEVICES INC.
AFC CABLE SYSTEMS INC.
ALLIANT TECHSYSTEMS INC.
ALTERA CORPORATION
AMERICAN POWER CONVERSION CORPORATION
AMP INC.
AMPHENOL CORPORATION
ANY CORPORATION
ANALOG DEVICES INC.
ANET INC.
ARI ELECTRONICS INC.
ARLDEN INC.
C. P. CLARE CORPORATION
CPI TECHNOLOGIES INC.
CHECKPOINT SYSTEMS INC.
COPPER INDUSTRIES INC.
DALLAS SEMICONDUCTOR
DEPONT PHOTOMASKS INC.
DETRACELL INTERNATIONAL INC.

Shares	Book Value	Market Value
321,300	22,146,127	24,740,100
142,600	3,978,253	4,242,350
13,600	594,800	800,700
46,800	1,167,499	1,105,650
13,200	201,170	620,400
568,200	26,349,838	25,995,150
190,300	1,037,548	1,213,163
45,500	255,038	398,125
7,500	284,406	322,500
6,200	118,694	400,675
4,400	163,986	158,400
133,800	1,588,171	2,525,475
153,000	5,980,299	4,857,750
127,500	4,383,106	5,546,250
81,300	1,849,988	1,615,838
593,200	25,783,082	35,666,150
198,500	10,989,066	10,719,000
33,400	801,416	926,850
147,500	8,992,793	13,275,000
125,466	7,038,151	9,049,235
120,000	3,664,084	3,585,000
14,500	430,838	812,000
109,000	4,941,311	4,210,125
134,400	7,935,310	6,753,600
10,275	144,491	341,644
551,600	20,072,552	35,854,000
336,700	17,050,537	21,759,238
41,200	808,399	618,000
8,400	200,474	405,300
13,475	243,852	387,406
507,500	25,075,484	36,222,813
91,900	671,749	470,988
610,300	18,858,329	27,082,063
354,000	2,781,060	1,260,948
7,100	208,175	466,825
18,000	741,276	816,750
247,100	9,378,501	15,505,525
420,400	20,105,461	23,122,000
10,800	339,258	407,700
223,900	4,233,555	3,050,638
36,900	582,427	608,850
11,000	516,106	518,375
94,200	6,104,951	3,579,600
324,900	3,437,746	3,330,225
279,900	9,290,503	11,230,988
225,100	5,058,686	5,177,300
10,000	88,750	78,750
113,500	3,049,018	2,880,063
21,000	1,003,264	884,625
168,700	1,233,401	1,729,175
123,500	2,066,885	3,705,000
9,000	219,227	231,750
49,700	511,393	497,000
20,100	276,673	690,938
6,500	266,703	269,750
49,800	1,015,551	902,625
48,400	918,522	992,200
60,900	2,211,559	2,626,313

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
ELECTROMAGNETIC SCIENCE INC.	133,300	950,499	1,949,513
EMERSON ELECTRIC CO.	121,900	7,212,157	11,016,713
FLEXTRONICS INTERNATIONAL LTD.	13,900	401,218	364,875
FLIR SYSTEMS INC.	30,000	392,500	367,500
GENERAL ELECTRIC CO.	590,000	24,854,434	51,182,500
HADCO CORPORATION	37,800	482,236	812,700
HARRIS CORPORATION	114,900	5,515,689	7,008,900
HONEYWELL INC.	108,300	3,991,561	5,902,350
INTEGRATED CIRCUIT SYSTEMS INC.	92,900	1,199,637	998,675
INTEL CORPORATION	559,800	25,410,380	41,110,033
KENT ELECTRIC CORPORATION	169,000	940,748	5,154,500
KEYTRONIC CORPORATION	17,000	128,313	110,500
LATTICE SEMICONDUCTOR CORPORATION	141,200	4,335,643	3,406,450
LINEAR TECH CORPORATION	110,000	2,216,131	3,300,000
LITTON INC.	4,000	170,278	174,000
MEASUREX CORPORATION	106,600	2,490,079	3,118,050
METHODE ELECTRONICS	164,150	515,634	2,790,550
MICRO LINEAR CORPORATION	449,287	2,233,126	3,369,653
MICROSEMI CORPORATION	76,900	715,593	701,713
MOLEX INC.	56,700	1,756,865	1,665,563
MOTOROLA INC.	35,000	791,958	1,111,250
NATIONAL COMPUTER SYSTEMS INC.	109,200	6,959,725	6,852,300
OAK INDUSTRIES INC.	115,400	1,780,032	2,466,675
PHOENIX GOLD INTERNATIONAL INC.	115,000	2,921,159	3,406,875
RAYTHEON CO.	20,000	195,000	171,240
ROCKWELL INTERNATIONAL CORPORATION	146,000	3,594,697	7,537,250
SANMINA CORPORATION	337,500	14,629,107	19,364,063
SENSORMATIC ELECTRONIC CORPORATION	18,600	451,380	502,200
SILICON VALLEY GROUP INC.	32,500	549,613	532,188
SUNBEAM CORPORATION	18,300	327,641	343,125
TERADYNE INC.	170,000	2,447,650	2,507,500
TEXAS INSTRUMENTS INC.	211,600	4,437,865	3,650,100
THERMO ELECTRONIC CORPORATION	55,400	2,874,679	2,763,075
THOMAS & BETTS CORPORATION	177,375	3,950,943	7,383,234
UCAR INTERNATIONAL INC.	6,000	208,446	225,000
WHIRLPOOL CORPORATION	26,800	948,050	1,115,550
WYLE ELECTRIC	4,100	198,579	203,463
	83,300	3,522,128	2,759,313
			191,900
	7,600	139,614	3,064,500
	113,500	2,126,003	261,900
	116,400	634,861	947,025
	20,700	522,955	4,019,200
	102,400	3,808,027	3,887,500
	100,000	3,983,208	
			373,100
	10,400	178,858	6,426,000
	238,000	5,291,555	8,572,463
	192,100	4,847,694	2,516,850
	65,800	1,908,200	8,192,250
	165,500	7,414,473	10,627,725
	140,300	5,361,521	11,487,563
	155,500	9,540,432	774,525
	13,800	671,039	143,100
	10,800	135,638	774,225
	22,200	672,681	26,877,050
	380,560	20,555,661	25,371,150
	306,600	15,394,604	270,000
	15,000	258,750	6,791,925
	152,200	5,261,446	2,360,050
	61,300	2,406,767	921,900
	43,900	1,000,241	1,473,825
	25,800	1,192,499	61,425
	3,900	59,615	18,810,000
	220,000	10,456,312	

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
F.N.M.A.			
FIRST AMERICAN CORPORATION			
FIRST CHICAGO CORPORATION			
FIRST COMMERCE CORPORATION	1,286,900	23,243,399	43,111,150
FIRST MERCHANTS ACCEPTANCE CORPORATION	205,700	7,126,503	8,665,113
FIRST OF AMERICA BANK CORPORATION	154,200	5,659,144	6,033,075
FIRST REPUBLIC BANCORP INC.	5,700	147,300	201,638
FIRST UNION CORPORATION	7,250	158,549	143,188
FIRST USA PAYMENTECH INC.	183,100	7,100,716	8,193,725
FIRST VIRGINIA BANKS INC.	25,000	331,100	384,375
FLEET FINANCIAL GROUP INC.	92,100	4,283,590	5,606,588
GCR HOLDINGS LTD.	4,100	125,756	164,000
GOLDEN W. FINANCIAL CORPORATION	82,100	3,241,972	3,284,000
GREAT WESTERN FINANCIAL CORPORATION	83,100	3,502,057	3,614,850
GREENTREE FINANCIAL CORPORATION	5,000	118,125	132,500
HELEN TROY LTD.	1,900	93,244	106,400
HIBERNIA CORPORATION	221,500	4,315,973	5,288,313
HOUSEHOLD INTERNATIONAL INC.	225,000	4,907,821	7,031,250
IMPERIAL CREDIT INC.	128,650	1,503,674	3,666,525
INVESTORS FINANCIAL SERVICES CORPORATION	74,000	776,490	795,500
KEY CORPORATION	257,400	14,272,658	19,562,400
LEADER FINANCIAL CORPORATION	19,838	388,407	600,100
LONG BANCORP INC.	13,100	262,188	304,575
MA/R/C INC.	6,800	222,114	263,500
MELLON BANK CORPORATION	3,100	104,420	138,725
MET BANCORP	79,800	2,109,925	2,438,848
MORGAN J. P. & CO. INC.	98,800	980,954	2,148,900
NATIONSBANK CORPORATION	188,900	8,919,082	10,767,300
NORTH FORK BANCORPORATION INC.	15,000	202,500	202,500
NORTHERN TRUST CORPORATION	29,000	2,335,102	2,454,125
NORWEST CORPORATION	113,400	6,389,425	9,369,675
PAYMENT SERVICES INC.	176,900	2,962,753	4,621,513
PMI GROUP INC.	83,900	4,627,613	4,845,225
PNC BANK CORPORATION	515,200	14,400,082	17,967,600
PREMIER FINANCIAL BANCORP INC.	21,450	200,784	614,006
REGIONS FINANCIAL CORPORATION	109,000	4,865,251	4,632,500
ROLLINS TRUCK LEASING CORPORATION	174,500	5,249,794	5,191,375
SHELTER COMPONENTS CORPORATION	58,100	791,163	784,350
SILICON VALLEY BANCSHARES	1,500	64,617	70,125
SOUTH PACIFIC FUNDING CORPORATION	280,700	3,278,183	2,912,263
SOUTHERN NATIONAL CORPORATION	45,900	612,044	774,563
STANDARD FEDERAL BANCORPORATION INC.	191,400	2,288,123	4,928,550
STUDENT LOAN MARKETING ASSOCIATION	86,700	1,546,517	1,517,250
SUMMIT BANCORP	4,400	88,264	139,700
SUNAMERICA INC.	86,700	3,526,527	3,337,950
TRANSAMERICA FINANCIAL INC.	79,500	3,499,559	5,883,000
TRAVELERS GROUP INC.	14,400	497,640	505,800
WACHOVIA CORPORATION	3,750	106,583	215,625
WASHINGTON MUTUAL INC.	132,800	2,397,900	2,324,000
WELLS FARGO & CO.	416,650	7,358,878	19,009,656
WESTERN NATIONAL CORPORATION	29,500	1,207,567	1,290,625
	28,200	748,121	842,475
	36,900	7,390,049	8,823,713
	231,400	2,964,491	4,251,975
			5,656,601
	295,770	5,175,692	1,367,700
	19,400	1,016,980	1,343,100
	29,600	1,093,744	424,800
	5,900	365,058	6,450,000
	150,000	4,748,392	1,118,250
	63,000	1,133,618	3,720,250
	258,800	6,709,454	262,200
	4,800	255,353	175,275
	5,700	187,642	4,428,288
	160,300	4,133,645	3,363,750
	90,000	3,126,553	232,500
	20,000	237,500	1,259,913
	205,700	2,574,890	

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
SARA LEE CORPORATION	270,200	8,414,869	8,781,500
SMUCKER J.M. CO.	8,100	146,725	150,863
UNIVERSAL FOODS CORPORATION	11,500	381,119	424,063
WRIGLEY WILLIAM JR. CO.	31,300	1,644,625	1,580,650
FOOD SERVING			
BRINKER INTERNATIONAL INC.	205,800	3,175,298	3,087,000
DAVCO RESTAURANTS INC.	59,100	644,711	517,125
EL CHICO RESTAURANTS INC.	58,900	589,113	471,200
LAUNDRY'S SEAFOOD RESTAURANTS INC.	20,100	366,544	497,475
LONGHORN STEAKS INC.	99,400	1,151,672	2,485,000
MCDONALDS CORPORATION	489,400	11,439,395	22,879,450
PICCADILLY CAFETERIAS INC.	153,300	1,435,265	1,609,650
SCOTSMAN INDUSTRIES INC.	148,800	1,708,712	2,994,600
SIZZLER INTERNATIONAL INC.	135,600	959,198	440,700
WENDY'S INTERNATIONAL INC.	60,100	1,184,656	1,119,363
GRAPHIC ARTS			
BANTA CORPORATION	121,250	2,715,656	3,061,563
BOWNE & CO. INC.	151,000	2,840,714	3,114,375
DONNELLEY R. R. & SONS CO.	325,000	10,913,651	11,334,375
STEVENS INTERNATIONAL INC.	105,900	677,210	264,750
VALASSIS COMMUNICATIONS INC.	30,100	542,091	556,850
HEALTH CARE CENTERS			
BEVERLY ENTERPRISES INC.	294,300	3,347,808	3,531,600
CHAMPION HEALTHCARE CORPORATION	172,108	189,632	1,957,729
COLUMBIA/HCA HEALTHCARE CORPORATION	418,100	17,865,134	22,420,613
COMMUNITY PSYCHIATRIC CENTERS	293,500	2,740,557	2,788,250
COMPONENT CORPORATION	7,200	261,217	334,800
COVENTRY CORPORATION	138,300	2,157,223	2,178,225
F. HEALTH CORPORATION	18,200	725,810	652,925
FHP INTERNATIONAL CORPORATION	87,700	2,393,990	2,400,788
HARBORSIDE HEALTHCARE CORPORATION	43,100	504,300	441,775
HCA INC.	7,900	364,683	497,700
HEALTH MANAGEMENT ASSOCIATES INC.	4,500	75,948	91,688
HEALTH SYSTEMS INTERNATIONAL INC.	36,500	1,142,476	990,063
HEALTHCARE COMPARE CORPORATION	80,100	3,621,926	3,904,875
HEALTHSOUTH CORPORATION	200,000	4,678,910	7,200,000
INTEGRATED HEALTH SERVICES INC.	112,300	3,156,153	2,667,125
LYNX THERAPEUTICS	52,993	87,680	26,497
	7,708	0	65,518
	158,500	3,628,696	3,407,750
MAGELLAN HEALTH SERVICES INC.	125	0	111,600
MEDA INC.	9,300	264,733	175,450
MEDCATH INC.	5,800	133,126	579,313
NCS HEALTHCARE INC.	15,500	334,384	1,089,150
OCCUSYSTEMS INC.	41,100	710,336	559,150
OMNICARE INC.	21,100	340,632	4,075,488
ORTHODONTIC CENTERS OF AMERICA	99,100	4,080,733	785,175
OXFORD HEALTH PLANS INC.	20,663	488,372	620,700
PHYCOR INC.	206,900	2,059,768	1,419,600
RAMSEY HEALTH CARE INC.	124,800	1,342,054	2,392,575
REGENCY HEALTH SERVICES INC.	131,100	963,842	5,591,250
SAFEGUARD HEALTH ENTERPRISES INC.	177,500	5,042,121	732,000
SIERRA HEALTH SERVICES INC.	36,600	547,665	2,546,475
STERLING HEALTHCARE GROUP INC.	178,700	2,664,414	11,649,375
SUN HEALTHCARE GROUP INC.	545,000	8,802,432	859,788
TENET HEALTHCARE CORPORATION	20,350	1,361,512	1,787,500
TOTAL RENAL CARE HOLDINGS INC.	32,500	7,712,062	6,969,000
U. S. HEALTHCARE INC.	138,000	183,724	276,925
UNITED HEALTHCARE CORPORATION	10,600	135,334	115,150
UNIVERSAL HEALTH SERVICES INC.	9,400	3,572,506	3,419,000
UROCOR INC.	104,000		
VIVRA INC.			

BONDS, CORPORATE NOTES & PREFERRED STOCK

HOME FURNISHINGS

CROWN CRAFTS INC.
DEPARTMENT 56 INC.
ETHAN ALLEN INTERIORS INC.
FALCON PRODUCTS INC.
LEGGETT & PLATT INC.
PIER I IMPORTS INC.
SHAW INDUSTRIES INC.
SHELBY-WILLIAMS INDUSTRIES INC.
STANLEY FURNITURE CO. INC.

HOTELS/MOTELS/INNS

AMERICAN TRAVELERS CORPORATION
COACHMEN INDUSTRIES INC.
HFS INC.
HOST MARRIOTT CORPORATION
MARRIOTT INTERNATIONAL
PRIME HOSPITALITY CORPORATION
SHOLODGE INC.
STUDIO PLUS HOTELS INC.
SUN INTERNATIONAL HOTELS LTD.
SUN B. LODGES AMERICA INC.

HOUSEHOLD PRODUCTS

CLOROX CO.
COLGATE-PALMOLIVE CO.
KIMBERLY-CLARK CORPORATION
PROCTER & GAMBLE CO.
U.S.A. DETERGENTS INC.

HOUSEWARES

NEWELL CO.
PREMARK INTERNATIONAL INC.

INSURANCE

ACE LTD.
AETNA LIFE & CASUALTY
ALLIED LIFE FINANCIAL CORPORATION
ALLMERICA FINANCIAL CORPORATION
ALLSTATE CORPORATION
AMBAC INC.
AMERICAN BANKERS INSURANCE GROUP INC.
AMERICAN CORPORATION
AMERICAN GENERAL CORPORATION
AMERICAN INTERNATIONAL GROUP INC.
AMERICAN NATIONAL INSURANCE CO.
AON CORPORATION
CHANDLER INSURANCE LTD.
CIGNA CORPORATION
CMAC INVESTMENT CORPORATION
EQUITABLE
EVEREST REINSURANCE HOLDINGS INC.
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.
FIRST COLONY CORPORATION
GENERAL RE CORPORATION
ITT HARTFORD GROUP INC.
JOHN ALDEN FINANCIAL CORPORATION
LIFE REINSURANCE CORPORATION
LINCOLN NATIONAL CORPORATION
MBA INC.
MHC INVESTMENT CORPORATION
MID OCEAN LTD.
NATIONAL INSURANCE GROUP

	Shares	Book Value	Market Value
	53,200	793,894	545,300
	54,400	1,329,456	1,230,800
	138,000	3,223,605	3,415,500
	12,500	202,187	179,688
	162,900	3,028,535	4,520,475
	178,000	1,840,889	2,670,000
	350,000	4,879,643	4,593,750
	146,000	1,403,244	1,606,000
	129,085	1,212,367	1,387,664
	354,500	3,111,386	8,153,500
	183,600	2,380,832	6,426,000
	72,300	3,504,118	5,061,000
	669,000	8,100,327	8,697,000
	217,700	6,822,412	11,701,375
	8,400	140,154	139,650
	67,200	790,066	840,000
	10,200	240,197	336,600
	56,900	2,122,594	2,759,650
	7,600	186,331	175,750
	12,200	1,055,905	1,081,225
	101,700	7,393,650	8,619,075
	323,800	20,794,819	25,013,550
	425,500	22,471,940	38,560,938
	8,100	204,106	322,988
	63,900	1,591,035	1,956,938
	56,600	880,068	1,047,100
	19,700	752,540	925,900
	152,200	10,874,730	10,882,300
	94,000	1,273,826	1,880,000
	30,000	820,530	896,250
	39,599	1,228,257	1,806,704
	104,200	3,733,068	5,431,425
	67,300	2,601,001	2,935,963
	16,100	319,717	430,675
	331,800	10,425,194	12,069,225
	553,350	28,233,982	54,574,144
	1,900	121,359	123,500
	125,700	3,056,015	6,379,275
	182,200	1,193,239	1,115,975
	14,600	1,563,177	1,720,975
	57,200	1,487,811	3,267,550
	86,700	2,806,119	3,077,850
	330,300	7,078,014	8,546,513
	195,068	4,249,894	5,339,987
	68,400	1,661,511	2,120,400
	103,000	12,236,769	15,681,750
	4,200	207,882	223,650
	75,800	1,688,539	1,677,075
	123,900	3,100,872	3,825,413
	185,200	8,984,927	8,565,500
	88,000	6,554,466	6,853,000
	68,100	3,893,123	3,822,113
	149,500	4,166,016	6,129,500
	141,300	1,614,296	847,800

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
OLD REPUBLIC INTERNATIONAL CORPORATION	57,300	1,253,121	1,231,950
OMNI INSURANCE GROUP INC.	25,000	225,000	231,250
PHIL CONSOLIDATED HOLDINGS CORPORATION	15,000	260,625	292,500
PROGRESSIVE CORPORATION	125,000	2,499,453	5,781,250
PROVIDIAN CORPORATION	23,900	1,010,342	1,024,713
PXRE CORPORATION	95,402	2,344,325	2,313,499
RELIANCE GROUP HOLDINGS INC.	374,600	2,917,099	2,809,500
SAFECO CORPORATION	20,300	777,165	718,113
ST. PAUL COMPANIES INC.	130,500	5,767,324	6,981,750
TIG HOLDINGS INC.	26,800	745,308	777,200
TRANSAMERICA CORPORATION	243,600	10,823,788	19,731,600
TRANSATLANTIC HOLDINGS INC.	33,000	1,741,696	2,310,000
TRIAD GUARANTY INC.	4,300	77,318	158,025
UNIONAMERICA HOLDINGS	120,000	2,048,700	1,815,000
UNUM CORPORATION	12,200	655,654	759,450
U.S. LIFE CORPORATION	165,000	3,944,441	5,424,375
<i>JEWELRY, SILVERWARE, TIME PIECES, CHINA</i>			
MARKS BROTHERS JEWELERS INC.	325,425	1,315,201	7,403,419
MICHAEL ANTHONY JEWELERS INC.	235,200	1,509,280	778,982
<i>LAND DEV./REAL ESTATE</i>			
BREWER C. HOMES INC.	115,500	1,260,607	404,250
WEBB CORPORATION	15,000	258,875	300,000
<i>LEATHER/SHOES</i>			
9 W. GROUP INC.	23,000	826,506	1,175,875
COLE KENNETH PRODUCTIONS INC.	15,000	202,625	296,250
NIKE INC.	8,200	297,720	842,550
<i>LEISURE/AMUSEMENT</i>			
AMERICAN CLASSIC VOYAGES CO.	85,300	1,218,103	629,088
BRUNSWICK CORPORATION	34,000	758,540	680,000
CARNIVAL CORPORATION	453,300	8,276,532	13,089,038
CIRCUS CIRCUS ENTERPRISES INC.	48,000	1,875,061	1,968,000
CPI CORPORATION	46,500	889,924	767,250
EASTMAN KODAK CO.	195,400	12,606,656	15,192,350
GAYLORD ENTERTAINMENT CO.	30,450	781,115	856,406
GTECH HOLDING CORPORATION	77,800	1,770,663	2,304,825
HARRAH'S ENTERTAINMENT INC.	447,200	14,441,782	12,633,400
HASBRO INC.	196,700	6,414,655	7,032,025
HUFFY CORPORATION	216,850	2,615,190	2,791,944
INTERNATIONAL GAME TECH	93,100	1,410,894	1,571,063
KING WORLD PRODUCTIONS INC.	13,600	571,042	494,700
MATTEL INC.	804,800	19,489,796	23,037,400
MIRAGE RESORTS INC.	48,900	2,616,247	2,616,150
POLARIS INC.	86,500	2,573,069	2,951,813
TOY BIZ INC.	20,000	384,375	405,000
WALT DISNEY CO.	370,973	19,320,403	23,324,927
<i>MACHINERY</i>			
AGCO CORPORATION	173,400	4,240,766	4,811,850
APPLIED POWER INC.	232,400	4,699,388	6,507,200
BRIGGS & STRATTON CORPORATION	114,200	3,992,869	4,696,475
BUCYRUS-ERIE CO.	6,000	58,500	61,500
BWIP HOLDING INC.	80,400	1,458,702	1,527,600
CATERPILLAR INC.	191,000	13,035,232	12,940,250
CIN MILACRON INC.	5,000	107,175	120,000
COML INTERTEC CORPORATION	55,100	1,085,169	1,425,713
CUMMINS ENGINE CO. INC.	50,100	1,863,736	2,022,788
DEERE & CO.	280,600	6,624,019	11,224,000
FEDERAL SIGNAL CORP.	133,333	1,917,047	3,133,326
GIDDINGS & LEWIS INC.	14,000	239,625	227,500
INGERSOLL-RAND CO.	20,900	803,943	914,373

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
KEYSTONE INTERNATIONAL INC.	110,600	2,393,724	2,294,950
LYDALL INC.	16,700	374,503	367,400
PALL CORPORATION	28,500	640,309	687,563
PARKER-HANNIFIN CORPORATION	15,900	654,412	673,763
REGAL-BELOIT CORPORATION	100,600	894,547	1,986,850
STEWART-STEVENSON SERVICES INC.	8,000	197,336	182,000
TRINOVA CORPORATION	102,600	2,892,483	3,424,275
WATTS INDUSTRY INC.	156,200	3,043,529	2,909,225
<i>MANUFACTURING DISTRIBUTION</i>			
BACOU USA INC.	53,600	827,274	951,400
BRIGHTPOINT INC.	13,425	259,908	288,638
YORK GROUP INC.	44,000	737,728	759,000
<i>MEDICAL EQUIPMENT/SUPPLY</i>			
ALLERGAN INC.	12,900	425,455	509,550
ARTERIAL VASCULAR ENERGY INC.	7,100	218,664	257,375
BARD C. R. INC.	31,000	948,152	1,057,875
BAUSCH & LOMB INC.	132,400	5,066,637	5,627,000
BAXTER INTERNATIONAL INC.	223,700	6,655,693	10,569,825
BECTON DICKINSON & CO.	145,400	5,856,529	11,668,350
BOSTON SCIENTIFIC CORPORATION	122,900	5,855,382	5,530,500
CYTEC CORPORATION	25,900	496,347	670,163
GUIDANT CORPORATION	151,000	4,309,530	7,436,750
GULF STATES MEDICAL SUPPLY INC.	11,200	229,474	436,800
HYCOR BIOMEDICAL INC.	173,400	798,549	780,300
JOHNSON & JOHNSON	931,500	27,923,202	46,109,250
MALLINCKRODT GROUP INC.	31,200	1,140,635	1,212,900
NORTH AMERICA VACCINE INC.	81,800	1,061,882	1,492,850
ORTHOLOGIC CORPORATION	12,800	206,528	163,200
SCHEIN HENRY INC.	18,400	505,705	703,800
SEROLOGICALS CORPORATION	10,000	210,767	265,000
SUNRISE MEDICAL INC.	195,300	3,508,305	3,759,525
<i>METAL</i>			
ALUMINUM COMPANY OF AMERICA	244,700	11,731,745	14,039,663
ALUMAX INC.	228,000	7,968,584	6,925,500
KENAMETAL INC.	76,400	2,823,292	2,597,600
REYNOLDS METALS CO.	45,700	2,486,780	2,382,113
TITANIUM METALS CORPORATION	6,800	156,400	175,950
<i>MINING/DIVERSIFIED</i>			
ASARCO INC.	147,900	3,520,519	4,104,225
BATTLE MOUNTAIN GOLD CO.	16,000	158,210	116,000
CYPRUS AMAX MINERALS CO.	91,400	2,383,582	2,090,775
FREEPORT MCMORAN	300,000	6,608,748	9,562,500
PHELPS DODGE CORPORATION	12,750	270,141	380,906
PITTSBURGH CO. GROUP	103,500	6,220,724	6,442,875
MOBILE/MODULAR HOMES	167,600	2,126,837	3,624,350
CLAYTON HOMES INC.			
REDMAN INDUSTRY INC.			
<i>MUTUAL FUNDS</i>			
AMERICAN BUSINESS PRODUCTS INC.	204,400	3,951,817	4,088,000
EVERY DENNISON CORPORATION	120,000	1,221,880	2,490,000
LEARMARK INTERNATIONAL GROUP INC.			
<i>OFFICE EQUIPMENT</i>			
AMERICAN BUSINESS PRODUCTS INC.	36,400	622,425	664,300
EVERY DENNISON CORPORATION			
LEARMARK INTERNATIONAL GROUP INC.			
160,000	2,644,699	3,500,000	
173,400	5,959,186	9,515,325	
45,000	812,335	905,625	

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
MILLER HERMAN INC.	81,630	1,803,588	2,499,919
MILLER INDUSTRIES INC.	14,700	279,197	420,788
OPEN PLAN SYSTEMS INC.	13,500	150,983	162,000
OXFORD CORP.	16,100	379,654	374,325
REYNOLDS & REYNOLDS CO.	99,000	4,111,459	5,271,750
STANDARD REGISTER CO.	12,100	273,952	297,963
XEROX CORPORATION	34,700	1,511,397	1,856,450
OIL AND GAS			
ABRAXAS PETROLEUM CORPORATION	25,000	128,125	162,500
AMERADA HESS CORPORATION	75,800	3,575,326	4,064,775
AMOCO CORPORATION	10,100	681,035	728,463
ANADARKO PETROLEUM CORPORATION	120,000	6,019,108	6,960,000
ASHLAND INC.	251,100	7,896,022	9,949,838
ATLANTIC RICHFIELD CO.	151,200	16,946,461	17,879,400
B.J. SERVICES CO.	77,400	2,209,263	2,718,675
BAKER HUGHES INC.	291,200	7,904,720	9,573,200
BARRETT RESOURCES CORP.	76,500	2,023,859	2,275,875
BROWN TOM INC.	15,000	208,125	256,875
BURLINGTON RESOURCES INC.	9,400	373,692	404,200
CASTLE ENERGY CORPORATION	81,300	1,074,187	843,488
CHEVRON CORPORATION	68,200	3,357,975	4,023,800
DEVON ENERGY CORPORATION	138,600	2,697,365	3,395,700
DIGICON INC.	37,333	325,975	625,328
DRESSER INDUSTRIES INC.	5,600	147,399	165,200
ENRON OIL & GAS CO.	77,400	1,683,450	2,157,525
EXXON CORPORATION	141,800	10,890,706	12,318,875
HALLIBURTON CO.	9,200	389,806	510,600
HELMERICH & PAYNE INC.	114,600	3,172,105	4,197,225
MCDERMOTT INTERNATIONAL INC.	6,700	144,074	139,863
MOBIL CORPORATION	55,300	4,747,478	6,214,338
MURPHY OIL CORPORATION	112,100	4,811,489	5,086,538
NOBLE AFFILIATES INC.	73,000	2,000,939	2,755,750
OCCEIDENTAL PETROLEUM CORP.	45,500	989,076	1,126,125
ORX ENERGY CO.	9,900	142,463	160,875
PENNZOIL CO.	4,900	227,334	226,625
PHILLIPS PETROLEUM CO.	42,800	1,608,735	1,792,250
POOL ENERGY SERVICES CO.	308,100	2,554,459	3,658,688
PRIDE PETROLEUM SERVICES INC.	144,600	837,029	2,060,550
SANTA FE ENERGY RESOURCES INC.	25,600	237,751	304,000
SOCIEDAD ANONIMA	213,000	4,016,449	4,792,500
SUN COMPANY INC.	91,192	2,615,805	2,769,957
TEXACO INC.	76,300	5,241,667	6,399,663
TIDEWATER INC.	28,800	1,182,181	1,263,600
TOSCO CORPORATION	14,500	652,068	728,625
TRICO MARINE SERVICES INC.	5,500	106,150	122,375
ULTRAMAR CORPORATION	342,275	6,805,199	9,925,975
USX - MARATHON GROUP	105,200	2,010,010	2,117,150
VALERO ENERGY CORPORATION	174,800	4,108,652	4,370,000
VASTAR RESOURCES INC.	29,000	827,009	1,083,875
PAPER PRODUCTS			
ALCO STANDARD CORPORATION	10,500	615,070	475,125
BOISE CASCADE CORPORATION	66,400	2,396,696	2,431,900
BOWATER INC.	94,200	3,812,999	3,544,275
CARAUSTAR INDUSTRIES INC.	130,000	2,396,250	3,445,000
CHAMPION INTERNATIONAL CORPORATION	95,100	3,954,006	3,970,425
CONSOLIDATED PAPERS INC.	21,000	1,016,291	1,092,000
CROWN VANTAGE INC.	78,150	1,279,029	1,133,175
INTERNATIONAL PAPER CO.	181,809	7,321,520	6,704,207
JAMES RIVER CORPORATION	5,800	149,903	152,975
MEAD CORPORATION	71,100	3,906,354	3,688,313
UNION CAMP CORPORATION	109,400	6,271,167	5,333,250
WILLAMETTE INDUSTRIES INC.	90,100	5,147,072	5,360,950

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
PLASTIC PRODUCTS			
GEON CO.			
HANNA M.A. CO.			
POLLUTION CONTROL			
BROWNING-FERRIS INDUSTRIES INC.	194,100	5,133,681	4,367,250
CLEAN HBR INC.	26,550	606,580	554,231
WMX TECHNOLOGIES INC.			
PUBLISHING			
BELO A.H. CORPORATION	275,400	8,098,271	7,986,600
DUN & BRADSTREET CORPORATION	237,500	1,592,987	682,813
HOUGHTON MIFFLIN CO.	27,300	820,530	894,075
MCGRAW HILL COMPANIES INC.			
MEREDITH CORPORATION	73,000	2,675,988	2,719,250
N.Y. TIMES CO.	4,200	235,145	262,500
READERS DIGEST ASSOCIATION INC.	3,500	171,689	174,125
SCRIPPS E. W. CO.	27,900	1,124,329	1,276,425
TIMES MIRROR CO.	4,400	112,636	183,700
RAIL EQUIPMENT	28,100	807,479	916,763
GATX CORPORATION	190,000	8,948,148	8,075,000
RAILROADS	25,000	757,750	1,165,625
BURLINGTON NORTHERN SANTA FE CORPORATION	10,000	415,590	435,000
CONRAIL INC.	64,200	2,531,851	3,097,650
CSX CORPORATION			
DORSEY TRAILERS INC.	6,900	469,920	558,038
GENESEE & WYO INC.	50,000	2,658,813	3,318,750
ILLINOIS CENTRAL CORPORATION	200,000	7,730,723	9,650,000
NORFOLK SOUTHERN CORPORATION	50,900	527,791	241,775
REAL ESTATE INVESTMENT TRUST	2,000	34,000	41,000
AMBASSADOR APARTMENTS INC.	253,750	6,129,133	7,200,156
CENTERPOINT PROPERTIES CORPORATION	97,700	6,594,983	8,280,075
CHELSEA G.C.A. REALTY INC.			
COLONIAL PROPERTY TRUST	100,000	1,598,047	1,687,500
CRESCENT REAL ESTATE EQUITIES INC.	139,100	2,712,522	3,373,175
CWM MORTGAGE HOLDINGS INC.	51,500	1,448,888	1,635,125
DEBARTOLO REALTY CORPORATION	110,400	2,512,158	2,677,200
HOSPITALITY PROPERTIES TRUST	90,300	2,404,812	3,318,525
IRVINE APARTMENT COMMUNITIES INC.	248,200	2,961,988	4,219,400
LIBERTY PROPERTY TRUST	9,700	140,972	156,413
MACERICH CO.	102,000	2,715,750	2,728,500
REDWOOD TRUST	68,400	1,175,964	1,376,550
RFS HOTEL INVESTMENTS INC.	63,900	1,289,146	1,270,013
ROC COMMUNITIES INC.	205,900	2,879,815	3,397,350
SIMON PROPERTY GROUP	119,400	2,307,836	2,507,400
SOUTHWEST PROPERTY TRUST INC.	20,000	380,000	560,000
STORAGE USA INC.	245,100	3,579,924	3,799,050
TOWN COUNTRY TRUST	65,700	1,301,465	1,568,588
RETAIL STORES	1,886,947	42,026,647	46,230,202
ALBERTSON'S INC.	68,600	843,678	917,525
AMERICAN STORES CO.	103,400	2,812,790	3,334,650
BARNETT INC.	77,600	1,109,878	1,018,500
BEST PRODUCTS INC.			
BERTON STORES INC.	326,000	12,400,332	13,488,250
BURLINGTON COAT FACTORY WHOLESALE CO.	18,100	471,607	737,575
CARSON PRAIRIE SCOTT & CO.	10,500	168,055	301,875
CHICO'S INC.	106,900	683,887	177,026
	241,600	1,888,866	1,238,200
	188,000	2,304,246	1,974,000
	125,700	2,178,425	3,362,475
	131,100	656,773	1,327,388

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
CLAIRE'S STORES INC.	142,500	1,283,304	3,918,750
CONS STORES CORPORATION	225,400	4,920,860	8,283,450
DAYTON-HUDSON CORPORATION	7,300	684,813	752,813
DRESS BARN INC.	228,400	2,553,614	2,398,200
DRUG EMPORIUM INC.	91,700	428,862	412,650
ECKERD JACK CORPORATION	46,400	784,918	1,049,800
FEDERATED DEPARTMENT STORES INC.	77,900	2,241,659	2,658,338
FRED'S INC.	78,400	799,301	862,400
GAP INC.	75,600	1,519,405	2,428,650
GENERAL NUTRITION	75,000	1,161,668	1,312,500
HANNAFORD BROTHERS CO.	50,000	1,231,486	1,631,250
HOME DEPOT INC.	128,000	5,416,595	6,912,000
HOME FASHIONS INC.	1,586	0	888
	2	0	154,898
INTERTAN INC.	208,500	2,029,606	1,198,875
JUST FOR FEET INC.	13,000	431,314	687,375
K'MART CORPORATION	377,500	5,879,942	4,671,563
KOHL'S CORPORATION	67,700	2,241,663	2,479,513
LOWES COMPANIES INC.	306,400	10,121,526	11,068,700
MACFRUGALS BARGAINS CLOSE OUTS INC.	16,700	242,592	296,425
MAY DEPARTMENT STORES CO.	793,900	28,525,174	34,733,125
MELVILLE CORPORATION	55,500	1,994,673	2,247,750
MEN'S WEARHOUSE INC.	16,550	394,057	533,738
MEYER FRED INC.	75,800	2,373,773	2,226,625
MICHAELS STORES INC.	149,100	2,792,565	2,534,700
NEWMARK & LEWIS INC.	2,000	17,640	30
NORDSTROM INC.	111,000	5,391,735	4,939,500
PAYLESS SHOESOURCE INC.	105,644	2,640,359	3,354,197
PENNEY J.C. CO.	327,500	15,125,353	17,193,750
PEP BOYS-MANNY MOE & JACK	16,600	476,576	564,400
PROFFITTS INC.	91,500	2,788,251	3,248,250
RENTERS CHOICE INC.	13,900	248,213	354,450
REVCO D. S. INC.	103,168	1,630,921	2,463,136
REX STORES CORPORATION	25,000	374,068	384,375
RHODES INC.	205,400	2,011,044	2,285,075
RITE AID CORPORATION	33,600	933,141	999,600
SAFEWAY INC.	37,000	663,824	1,221,000
SAKS HOLDINGS INC.	37,000	1,255,797	1,262,625
SEARS ROEBUCK & CO.	140,000	4,467,435	6,807,500
TJX COMPANIES INC.	187,600	3,120,360	6,331,500
TOYS-R-US INC.	154,700	3,635,159	4,408,950
TUESDAY MORNING CORPORATION	148,000	872,698	1,979,500
W. MARINE INC.	10,300	320,584	736,450
WALGREEN CO.	221,700	4,022,496	7,426,950
WET SEAL INC.	72,300	1,552,529	1,721,608
WOOLWORTH CORPORATION	304,200	5,285,828	6,844,500
RUBBER	53,700	1,337,455	1,194,825
COOPER TIRE & RUBBER CO.	17,800	689,634	665,275
GOODRICH B. F. CO.	16,300	729,753	782,400
GOODYEAR TIRE & RUBBER CO.			
SECURITIES	21,400	1,265,231	1,393,675
MERRILL LYNCH & CO. INC.	98,900	1,716,646	2,348,875
PAINE WEBBER GROUP INC.			
SERVICES	403,000	11,281,677	10,981,750
ACCUSTAFF INC.	10,100	283,165	371,175
ALTERNATIVE RESOURCES CORPORATION	213,600	8,298,595	6,995,400
BLOCK H. & R. INC.	24,900	419,692	759,450
CAMBRIDGE TECH PARTNERS INC.	265,300	8,294,465	9,418,150
CUC INTERNATIONAL INC.	13,800	280,597	476,100
DENDRITE INTERNATIONAL	10,000	131,250	197,500
EAGLE RIVER INTERACTIVE INC.			

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
EQUIFAX INC.	284,000	4,445,434	7,455,000
EQUITY CORPORATION INTERNATIONAL	10,100	283,382	272,700
GENERAL PHYSICS CORPORATION	162,100	816,512	668,663
GREENWICH AIR SERVICES INC.	67,100	1,652,923	1,308,450
HA LO INDUSTRIES INC.	5,700	129,247	148,200
HEALTHCARE SERVICE GROUP	35,000	324,063	315,000
INTELLIQUEST INFORMATION GROUP INC.	5,100	119,282	167,025
IRON MOUNTAIN INC.	13,000	210,658	273,000
MANPOWER INC.	103,800	3,006,215	4,074,150
MEDAPHIS CORPORATION	97,000	4,171,930	3,855,750
MEDQUIST INC.	9,700	178,763	175,813
METROMAIL CORPORATION	46,400	956,731	1,038,200
NATIONAL AUTO CREDIT INC.	198,000	2,862,738	2,252,250
NHP INC.	10,000	180,000	206,250
NICHOLS RESEARCH CORPORATION	163,400	2,313,500	5,106,250
OLSTEN CORPORATION	169,650	3,449,204	4,983,469
PITTSTON BRINKS GROUP	78,900	1,749,985	2,297,963
REGISTRY INC.	5,500	159,564	160,875
SERVICE CORPORATION INTERNATIONAL	63,600	3,095,623	3,657,000
TEAM INC.	130,900	943,398	269,916
URS CORPORATION	29,766	1,269,343	234,407
WACKENHUT CORRECTIONS CORPORATION	18,800	225,248	627,450
SPECIAL INVESTMENT FUND			
BRINSON PARTNERS JAPAN ONLY EQUITY FUND	301,976	30,537,164	33,498,172
BRINSON PARTNERS NON-U.S. EX-JAPAN EQ. FUND	554,298	66,182,463	74,486,090
BRINSON PARTNERS U.S. INTER-CAP. EQUITY FUND	456,877	42,717,053	68,296,768
BRINSON/FIRST CHICAGO INDEX FUND	951,741	175,613,746	291,081,776
SPECIALTY INSTRUMENTS			
HEWLETT-PACKARD CO.	386,400	24,655,899	38,495,100
NEWPORT CORPORATION	174,100	1,560,059	1,719,238
PERKIN-ELMER CORPORATION	20,200	705,163	974,650
TEKTRONIX INC.	90,500	4,195,645	4,049,875
STEEL-IRON			
ALLEGY LUDLUMM CORPORATION	97,100	1,886,562	1,832,763
ALASKA STEEL HOLDINGS CORPORATION	31,600	934,477	1,236,350
BETHLEHEM STEEL CORPORATION	24,100	334,809	286,188
CITATION CORPORATION	20,000	245,000	240,000
I&L SPECIALTY STEEL INC.	217,300	3,873,771	3,232,338
LTV CORPORATION	224,200	3,778,830	2,550,275
LUKENS INC.	104,500	3,203,203	2,494,938
NUCOR CORPORATION	17,100	975,578	865,688
SCHNITZER STEEL INDUSTRIES INC.	92,300	2,726,219	2,469,025
USX-U.S. STEEL GROUP	305,100	9,752,585	8,657,213
TELECOMMUNICATIONS			
360 COMMUNICATIONS CO.			
ADTRAN INC.	50,000	1,170,738	1,200,000
AIRTOUCH COMMUNICATIONS INC.	37,200	2,563,971	2,636,550
ALLEN GROUP INC.	3,400	93,854	96,050
ALLTEL CORPORATION	114,700	2,543,069	2,494,725
AMERITECH CORPORATION	25,000	713,813	768,750
ANIXTER INTERNATIONAL INC.	33,500	1,477,693	1,989,063
ASSOCIATED GROUP INC.	184,500	3,130,561	2,744,438
AT&T CORPORATION	110,750	1,990,371	3,350,188
BELL ATLANTIC CORPORATION	19,350	263,723	578,081
BELLSOUTH CORPORATION	719,600	39,496,608	44,615,200
CELLULAR COMMUNICATIONS P.R. INC.	4,500	252,368	286,875
CENTURY TELEPHONE ENTERPRISES INC.	75,700	2,356,560	3,179,400
	121,075	2,200,703	3,934,938
	200,000	5,942,788	6,375,000
	124,300	996,032	963,325

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
EIS INTERNATIONAL INC.	15,000	229,219	382,500
FRONTIER CORPORATION	175,000	5,110,932	5,359,375
GENERAL INSTRUMENT CORPORATION	31,700	740,340	915,338
GLENAYRE TECHNOLOGIES INC.	454,400	21,541,811	22,720,000
GLOBALSTAR TELECOMMUNICATIONS LTD.	103,200	5,632,419	4,566,600
GTE CORPORATION	36,700	1,360,138	1,642,325
INTELCOM GROUP INC.	56,900	1,400,771	1,422,500
LCI INTERNATIONAL INC.	12,900	211,150	404,738
MCI COMMUNICATIONS CORPORATION	258,300	5,701,771	6,618,938
MFS COMMUNICATIONS INC.	625,200	19,211,993	23,523,150
NEXTEL COMMUNICATIONS INC.	3,200	32,000	3,200
NYNEX CORPORATION	346,400	15,059,269	16,454,000
P-COM INC.	131,582	224,590	4,144,833
PACIFIC TELESIS GROUP	419,500	11,656,730	14,158,125
PAIRGAIN TECHNOLOGIES INC.	140,800	8,043,740	8,729,600
QUALCOMM INC.	340,800	16,350,690	18,105,000
SBC COMMUNICATIONS INC.	256,700	10,892,239	12,642,475
SPRINT CORPORATION	308,900	7,987,303	12,973,800
STRATACOM INC.	339,800	12,426,492	19,113,750
TELEPHONE & DATA SYSTEMS INC.	23,700	967,762	1,066,500
TELEPORT COMMUNICATIONS GROUP INC.	6,200	100,618	118,575
TELLABS INC.	74,500	4,146,084	4,982,188
TRANSACTION NETWORK SERVICES	17,250	265,632	370,875
U.S. WEST COMMUNICATIONS GROUP	320,900	10,253,121	10,268,800
VANGUARD CELLULAR SYSTEMS INC.	153,000	3,193,467	3,327,750
VTEL CORPORATION	33,000	324,188	317,625
WESTELL TECHNOLOGIES INC.	131,300	4,982,643	5,153,525
WORLDCOM INC.	187,600	6,013,327	10,388,350
TEXTILES			
BURLINGTON INDUSTRIES INC.	302,600	3,653,697	4,274,225
DELTA & PINE LTD. CO.	41,300	1,350,031	1,744,925
DONNKENNY INC.	15,000	194,375	292,500
HAGGAR CORPORATION	69,600	1,248,574	939,600
HARTMARX CORPORATION	274,600	1,587,736	1,716,250
KELLWOOD CO.	221,400	3,647,073	4,068,225
NAUTICA ENTERPRISES INC.	49,600	984,059	1,426,000
NORTON MCNAUGHTON INC.	105,800	1,411,323	767,050
SUPREME INTERNATIONAL CORPORATION	5,000	86,250	86,250
TOMMY HILFGER	82,700	2,831,609	4,434,788
V. F. CORPORATION	2,600	147,073	155,025
WARNACO GROUP INC.	173,600	3,958,902	4,470,200
WELLMAN INC.	110,800	2,180,759	2,589,950
TOBACCO			
AMERICAN BRANDS INC.	268,500	10,516,206	12,183,188
PHILIP MORRIS COMPANIES INC.	492,700	33,548,548	51,240,800
RJR NABISCO HOLDINGS CORPORATION	314,900	9,816,340	9,998,075
U.S.T. INC.	6,800	224,611	232,900
TRANSPORTATION			
AIR EXPRESS INTERNATIONAL CORPORATION	104,000	2,782,750	2,938,000
AMR CORPORATION	205,900	18,042,283	18,736,900
AVIATION SALES CO.	3,000	57,848	61,500
FEDERAL EXPRESS CORPORATION	85,600	5,505,149	7,019,200
RYDER SYSTEMS INC.	542,100	12,645,294	15,246,563
U.S. AIR GROUP	160,800	2,563,866	2,894,400
TRUCKING			
ALLIED HOLDINGS INC.	124,600	1,739,323	1,308,300
COVENANT TRANSPORTATION INC.	15,000	176,250	255,000
KLLM TRANSPORT SERVICES INC.	118,300	1,317,158	1,449,175
LANDSTAR SYSTEMS INC.	53,200	1,120,422	1,542,800

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
M.S. CARRIERS			
U.S. FREIGHTWAYS CORPORATION	98,200	2,029,138	2,013,100
UTILITIES-DIVERSIFIED			
CMS ENERGY CORPORATION	162,200	3,194,322	3,162,900
CONSOLIDATED EDISON CO. OF N.Y. INC.			
N.Y. STATE ELECTRIC & GAS CORPORATION	230,000	5,720,802	7,101,250
NIAGARA MOHAWK POWER CORPORATION	4,500	130,590	131,625
NIPSCO INDUSTRIES INC.	140,000	3,197,887	3,430,000
PACIFIC GAS & ELECTRIC CO.	520,400	5,416,933	4,033,100
PECO ENERGY CO.	195,200	6,387,347	7,856,800
PUBLIC SERVICE ENTERPRISE GROUP INC.	118,900	2,755,740	2,764,425
UTILITIES-ELECTRIC			
ALLEGHENY POWER SYSTEM	138,800	3,974,030	3,608,800
SYNERGY CORPORATION	152,700	4,249,080	4,199,250
EDISON INTERNATIONAL			
ENERGY CORPORATION	4,500	112,768	138,938
F. P. L. GROUP INC.	5,300	144,393	169,600
FLORIDA PROGRESS CORPORATION	465,200	7,867,551	8,199,150
GENERAL PUBLIC UTILITIES CORPORATION	424,200	11,202,146	12,036,675
ILLINOVA CORPORATION	41,200	1,610,544	1,895,200
INTERNATIONAL CABLETEL INC.	6,400	207,947	222,400
NEW ENGLAND UTILITIES	223,300	5,948,354	7,871,325
OKLAHOMA GAS & ELECTRIC CO.	74,600	1,909,208	2,144,750
P. P. & L. RESOURCES INC.	2,400	0	2,400
PACIFICORP	78,400	1,190,504	1,048,600
PINNACLE WEST CAPITAL CORPORATION	6,000	215,998	237,750
TEXAS UTILITIES CO.	146,200	3,448,434	3,453,975
UNICOM CORPORATION	266,100	5,579,231	5,920,725
UNION ELECTRIC CO.	168,300	3,713,705	5,112,113
UTILITIES-GAS			
ATMOS ENERGY CORPORATION	193,100	6,839,032	8,255,025
CONN ENERGY CORPORATION	8,300	224,099	231,363
CONSOLIDATED NATURAL GAS CO.	2,300	85,615	92,575
EASTERN ENTERPRISES			
ENRON CORPORATION	135,500	1,881,437	4,149,688
EQUITABLE RESOURCES INC.	172,000	3,597,644	3,268,000
NICOR INC.	15,200	626,158	794,200
PEOPLES ENERGY CORPORATION	102,800	2,774,274	3,418,100
USX DELHI GROUP	193,000	5,095,556	7,888,875
WILLIAMS COMPANIES INC.	127,300	3,776,429	3,596,225
TOTAL COMMON STOCK-DOMESTIC			
	14,000	466,715	693,000
COMMON STOCK International			
	Shares	Book Value	Market Value
JI GROUP ORD			
ABB AB	145,000	995,821	995,805
ABBAY NATIONAL	3,150	247,341	332,768
ABN-AMRO HOLDINGS	6,122	5,232,931	7,571,490
ABOITIZ EQUITY	397,000	2,435,172	3,337,119
ACCOR	42,028	1,854,029	2,255,281
ACERINOX SA	2,739,000	526,129	512,256
ADIDAS AG	2,660	277,517	372,010
AEGON	19,187	1,073,789	1,997,788
AGUAS DE BARCELONA	8,267	451,301	694,642
AHOLD (KON)	115,473	2,889,564	5,317,034
AIR LIQUIDE(L)	44,300	1,627,286	1,644,644
AIR NEW ZEALAND	20,727	887,170	1,123,168
	3,000	533,945	529,695
	500,000	714,502	1,592,738
114,872,917 3,590,678,878 4,652,473,730			

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
AKZO NOBEL	24,255	2,731,888	2,905,769
ALCATEL ALST	21,550	1,994,551	1,879,464
ALLIANZ AG HOLDINGS	949	1,688,685	1,642,818
ALLIED IRISH BANKS	22,900	104,755	119,991
ALPINE ELECTRONICS	17,000	336,238	317,728
ALTANA	6,000	3,913,085	4,633,578
ALUSUISSE-LONZA	666	446,124	549,657
AMANO CORPORATION	216,000	2,632,060	3,209,919
AMCOR LTD.	575,548	3,982,619	3,918,312
AMERICAN STANDARD	34,800	1,039,406	589,134
AMMB HOLDINGS	52,000	731,028	729,371
AMOY PROPERTIES	2,574,000	3,307,903	3,109,117
ANGLO AMERICAN CORPORAITON SA	26,500	1,996,343	1,679,771
ANGLO AMERICAN GOLD INVESTMENT CO. LTD.	4,558	465,276	395,753
	4,500	46,969	38,925
	116,000	449,023	455,576
	178,000	778,499	777,542
ARAB-MALAYSIAN	2,000	1,028,878	1,757,680
	37,000	1,474,080	1,613,150
ARES-SERONO SA	200,000	3,672,631	4,500,000
ARGENTARIA CORPORATION	85,000	3,770,919	3,315,000
ARGENTINA INVESTMENTS	225,000	2,300,242	2,605,188
ASA LTD.	139,000	1,863,430	1,812,189
ASAHI BANK	12,000	178,191	139,500
ASAHI DIAMOND	45,000	1,022,500	888,750
ASE TEST LTD.	32,120	382,060	393,470
ASHANTI GOLDFIELDS-GDR	6,400	165,325	190,400
ASIA PULP & PAPER LTD.	260,000	840,182	948,170
ASIA SATELLITE TELE-SP	73,100	2,032,990	1,979,341
ASICS CORPORATION	960,000	3,520,181	5,765,071
ASS GEN FRANCE-AGF	1,100	44,446	48,125
ASSOCIATED BRITIAN FOODS	68,800	1,543,877	3,037,871
ASTRA AB	65,000	2,085,030	2,830,900
	125,340	1,510,631	1,617,889
	847,889	2,050,689	4,017,324
	678,921	2,040,207	2,826,678
AUMAR	16,400	314,306	499,239
AUSTRALIA & NEW ZEALAND BANK	47,428	2,283,611	2,584,092
AUSTRALIA GAS LIGHT CO.	7,000	804,267	978,973
AUTOLIV AB	297,900	459,595	562,826
AXA	345,000	495,791	618,893
AXIME	6,850	200,799	222,456
AYALA CORPORATION	169,256	1,302,348	1,229,447
AYALA LAND INC.	64,800	767,777	877,606
B C E MOBILE COMMUNICATIONS INC.	51,787	1,193,423	1,258,982
BAA ORD	20,000	150,367	136,731
BANGKOK BANK	10,730	42,855	73,150
BANK NOVA SCOTIA	42,000	287,247	504,117
BANK OF IRELAND	47,100	1,171,146	1,277,820
BARCLAYS ORD	3,990	1,088,396	1,140,262
BARRICK GOLD CORPORATION	450,000	3,242,963	5,652,968
BASF AG	329,500	2,196,483	2,564,939
BASS ORD	344,510	7,717,376	12,165,301
BAT INDUSTRIES ORD	150,175	2,312,843	2,919,596
BAYER AG	306,000	534,237	662,701
BC TELECOM INC.	16,000	215,220	243,705
BCA FIDEURAM SPA	298,600	9,674,085	11,794,700
BCA POP BERGAMO-CV	70,533	1,485,065	1,435,800
BCE INC.	3,000	131,237	168,750
BCO CENTRAL HISPAN	13,688	2,024,476	2,438,357
BCO LATINOAMERICAN	23,200	904,291	1,082,057
BCO POPULAR	1,602,500	1,499,593	1,342,589
BCO SANTANDER SA	3,300	1,574,231	3,251,979
BDNI (BK DACANG NAS)	250,100	4,610,807	4,189,175
BEIERSDORF AG	26,000	672,902	303,414
BELL CABLEMEDIA PLC	15,000	164,950	193,738
BELTECNO CORPORATION	7,100	901,947	1,008,129
BENETTON GROUP			
BIC			

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
BIOCHEM PHARMA INC.	5,000	171,820	187,500
BK NIACA	800,000	1,692,807	1,993,555
BLUE CIRCLE INDUSTRIES	895,000	2,994,840	5,006,215
BOBST AG	265	413,316	382,156
BOHLER UDDEHOLM	2,500	194,739	193,696
BOMBARDIER INC.	8,000	97,497	119,796
BOOKER ORD	200,000	1,156,371	1,169,981
BOOTS CO.	318,880	2,818,801	2,868,731
BORAL	330,700	899,911	858,914
BQE NATIONAL PARIS	4,620	200,723	162,159
BQE PARIBAS	7,000	454,449	433,740
BRAMBLES INDUSTRIES LTD.	23,000	306,441	320,045
BRAZIL FUND	236,666	4,293,721	5,650,401
BREMBO SPA	11,500	145,723	135,780
BRIDGESTONE CORPORATION	240,000	3,398,679	4,573,096
BRITISH PETROLEUM CO.	35,011	2,281,472	3,741,801
	560,920	3,890,811	4,919,816
	111	9,928	11,863
	49,300	242,521	424,366
BRITISH AIRWAYS	1,136,000	5,045,493	3,177,129
BRITISH GAS	216,630	1,243,028	1,164,605
BRITISH TELECOM	53,000	2,796,762	2,848,750
	933,000	1,026,967	1,703,613
BRL HARDY LTD.	422,226	5,278,950	5,838,727
BROKEN HILL PROPERTY	60,000	968,750	1,155,000
BSES GDR	40,100	199,660	157,945
BTR ORD	60,000	1,339,790	795,000
BUENOS AIRES EMBOTELLADORA S A	55,700	895,288	881,455
BURMAH CASTROL	580,158	1,392,333	1,095,870
BURNS PHILP & CO.	1,385,800	878,373	1,203,319
C & P HOMES INC.	71,030	454,374	469,597
CABLE & WIRELESS	48,000	1,004,752	1,548,274
CANADIAN IMPERIAL BANK	98,521	1,468,506	1,810,323
CANADIAN NATIONAL REALTY CO.	105,875	1,755,414	2,318,063
CANADIAN PACIFIC	666,000	8,765,826	13,844,008
CANON INC.	16,250	440,645	451,862
CANON SALES COMPANIES INC.	225,000	774,851	753,379
CARADON ORD	410,000	1,902,829	3,299,876
CARLTON COMMUNICATIONS	8,780	3,292,254	4,918,471
CARREFOUR	1,484,600	3,487,718	3,386,688
CARTER HOLT HARVEY	4,000	136,400	164,250
CASINO GUICH-PERR	26,620	2,957,885	5,243,079
CASTORAMA DUBOIS	76,500	3,507,705	3,535,940
CATE TEN KON	28,500	1,527,862	2,137,727
CBR (CIMENTERIES)	5,700	0	13,827
CBR/HEIDELBERGER	55,000	520,968	721,100
CELSIUS AB	56,100	632,932	31,584
CENTRAL TRANSMISSION RENTAL GROUP PLC	151,906	2,046,529	3,791,282
CENTROS	69,000	555,797	685,691
CESAR CO.	467,000	2,654,938	3,363,401
CHEUNG KONG(HOLDINGS)	120,000	2,899,081	2,940,000
CHILE FUNDS INC.	21,000	1,005,102	1,155,000
CHILECTRA S A	3,000,000	3,131,189	1,950,000
CHINA NORTH INDUSTRIES	6,434,000	2,652,030	4,529,962
CHINA RESOURCES	53,600	0	429,104
CHINESE BANK	536,000	3,309,374	6,265,675
CHO HUNG BANK	46,250	630,577	571,967
CHODAI CO.	9,000	316,583	311,802
CHRISTIAN DIOR	9,365	1,259,753	1,218,773
CHRISTIANA BANK	515,000	1,021,545	1,212,875
CHUGOKU ELECTRIC POWER	600	13,202	13,293
CI KASEI CO.	134,000	1,862,943	1,246,114
CIBA-GEIGY AG	2,480	1,391,159	3,007,742
	4,747	2,695,960	5,783,706
	12,875	1,433,727	1,450,493
	48,604	4,873,910	6,504,765
	15,850	622,812	579,722

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
CIE FIN PARIBAS	31,140	1,975,389	1,838,792
CITIC PACIFIC	60,000	230,484	242,612
CITIZEN WATCH CO.	162,000	1,354,187	1,348,462
CITY DEVELOPMENTS	510,400	1,303,827	3,977,612
CLARIANT	1,500	526,277	547,677
CLARINS	6,760	956,536	1,038,636
CLUB MEDITERRANEE	10,242	964,899	917,120
COCA-COLA AMATIL.	353,289	1,971,213	3,928,924
COCO'S JAPAN CO.	47,000	576,814	561,335
COMALCO LIMITED	26,200	133,352	152,593
COMFORT GROUP	403,000	372,116	399,717
COMMERCIAL UNION	163,300	1,469,396	1,471,628
COMMERZBANK AG	370	89,121	76,569
COMPANHIA SIDERURGICA NACIONAL	9,000	229,959	234,000
CONSERV CAMPOFRIO	22,100	1,121,003	834,255
COOKSON GROUP	630,000	2,983,496	2,775,093
CPT TELEFONICA DE	500,000	976,426	1,015,769
CR LOCAL DE FRANCE	4,771	0	388,297
CRA LIMITED	105,850	1,357,986	1,629,525
CREDICORP LTD.	70,500	1,016,338	1,401,188
CREDIT COMMERCIAL	11,400	486,312	528,343
CREDIT LOCAL DE FR	20,200	1,669,684	1,644,015
CREDIT SAISON CO.	20,000	430,773	483,202
CREDITO ITALIANO	489,000	550,111	572,892
CRH ORD	30,800	203,912	309,978
CS HOLDING	11,900	1,080,805	1,131,387
CSF(THOMSON)	66,545	1,710,853	1,870,356
CSR LIMITED ORD	1,240,000	4,157,981	4,381,970
CYCLE & CARRIAGE	33,000	371,852	353,029
DAH SING FINANCIAL	58,000	171,165	175,706
DAI-ICHI KANGYO BANK	117,000	2,291,301	2,176,050
DAI NIPPON PRINTNG	183,000	2,227,109	3,537,038
DAIICHI PHARM CO.	127,000	1,663,094	1,956,785
DAIMLER-BENZ AG	6,134	3,208,063	3,282,293
DAIMLER-BENZ CAPITAL	6,134	0	846
DAIWA HOUSE CO.	200,000	2,932,726	3,099,786
DAIWA SECURITIES CO.	323,000	3,802,614	4,152,163
DALGETY	662,500	4,648,414	3,638,809
DANIELI & C. DI.	375,000	1,154,520	1,333,170
DANKA BUSINESS SYSTEMS PLC	40,000	1,384,758	1,170,000
DANZAS HOLDING AG	1,200	1,098,270	1,255,942
DAO HENG BANK	923,000	2,486,550	3,565,249
DASSAULT SYSTEMS SA	17,000	391,000	527,000
DAVID JONES LTD.	868,000	1,285,907	1,202,358
DBS LAND	116,000	424,319	397,761
DCB HOLDINGS	114,000	326,619	390,614
DDI CORPORATION	268	1,978,492	2,335,853
DE LA RUE CO. ORD	387	4,321	3,578
DECUSSA AG	3,530	1,263,621	1,198,273
DEN DANSKE BANK AS	21,100	1,113,368	1,413,741
DENSO CORPORATION	33,000	655,076	716,051
DEUTSCHE BANK AG	39,190	1,845,876	1,853,746
DEVELOPMENT BANK SINGAPORE	261,000	1,732,232	3,254,410
DICKSON CONCEPTS INTERNATIONAL	550,000	423,055	703,420
DONGFANG ELECTRIC	1,145,000	515,254	286,962
DRAGADOS Y CONSTRUCTION	6,094	73,490	80,563
DT PFANDBRIEF/HYPO	66,000	2,926,245	2,610,255
EAST JAPAN RAILWAY	317	1,520,455	1,661,804
EAX(CIE GENERALE)	10,487	1,131,703	1,171,277
EDARAN OTOMOBIL	65,000	580,937	622,570
EDISON ITALY	100,000	491,118	603,392
EISAI CO.	140,000	2,385,598	2,642,112
ELAN CORPORATION	7,000	0	132,106
ELECTRABEL	36,000	1,443,427	2,056,500
ELECTROCOMPONENTS	22,050	4,129,480	4,708,410
ELEKTROWATT AG	544,000	2,827,053	3,224,612
	12,495	4,790,855	4,622,047

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
ELF AQUITAINE			
ELSEVIER			
EMAIL LIMITED	126,677	8,872,325	9,315,770
EMI GROUP PLC	554,000	4,907,735	8,405,741
EMP NAC ELECTRICID	416,800	1,020,005	1,082,538
EMPRESA NACIONAL DE ELECTRICIDAD	215,290	3,998,323	6,001,092
ENATOR AB	29,744	1,463,020	1,853,563
ENDESA BV	10,300	211,107	221,450
ENI	55,000	834,804	1,263,996
ERICSSON L.M TELEPHONE CO.	11,200	703,151	697,953
	664,800	2,491,090	3,315,327
ESC MEDICAL SYSTEMS LTD.	220,000	2,796,579	4,730,000
ESEC HOLDING SA	29,480	415,085	635,297
ESSELTE AB	9,050	215,250	255,663
F & C EMERGING MARKET BRAZILIAN INVESTMENT CO.	650	2,328,537	2,817,281
FAMILYMART CO.	170,000	2,954,794	3,432,946
FERNZ CORPORATION	120,000	3,552,591	4,650,000
FCN FD INC. MEXICO	4,400	193,882	195,761
FILINVEST DEVELOPMENT	474,000	1,398,576	1,412,502
FILINVEST LAND	140,000	1,641,525	1,633,128
FILTRONIC COMTEK	1,038,000	460,870	544,752
FINANCE ONE	2,970,000	697,083	1,218,607
FINNAIR	350,000	1,126,681	1,658,639
FIRST BANGKOK CITY	63,000	493,789	406,772
FIRST OLSEN TANKER	8,400	59,098	57,494
FIRST PACIFIC ORD	82,000	173,700	135,591
FISHER ALBERT	17,400	174,000	149,987
FLETCHER CHALLENGE BUILDING	2,188,000	2,262,961	3,363,653
FLETCHER CHALLENGE ENERGY	807,692	823,826	586,694
FLETCHER CHALLENGE FORESTS DIVISION	562,750	1,246,862	1,098,707
FLETCHER CHALLENGE PAPER	705,750	1,373,541	1,556,784
FOKUS BANK A/S	9,294	0	11,524
FOR&COL EMERGING MARKETS PERUVIAN INVEST. CO.	332,500	525,594	642,336
FORBO HOLDINGS	50,000	253,342	272,452
FOREIGN CURRENCY REALIZED GAIN	110,000	1,668,280	1,889,800
FORMOSA FUND UNITS	2,400	794,594	1,016,259
	0	5,201,525	0
FORTIS AMEV	200	1,774,713	1,750,000
FPB BANK HOLDING CO.	160	1,064,000	1,400,000
FRASER & NEAVE	77,832	1,386,199	2,229,635
FUJI DENKI REIKI	505,000	167,736	179,408
FUJI MACHINE	205,880	1,996,510	2,129,542
FUJISAWA PHARMA CO.	59,000	743,305	753,066
FUJITSU	34,000	687,314	957,834
FURUKAWA CO.	317,000	3,331,518	3,323,609
GALERIES LAFAYETTE	225,000	2,587,776	2,051,329
GDR BSES LTD.	200,000	1,245,843	1,048,457
GEA AG	4,400	1,327,798	1,500,782
GEHE AG	44,500	640,800	856,625
GENESIS CHILE FUND	2,300	922,093	814,440
GETRONICS	4,500	1,097,550	3,021,384
GIO AUSTRALIA HOLDINGS	85,000	3,223,934	3,527,500
GIST-BROCADES	17,796	156,102	394,077
GIST-BROCADES	463,259	874,178	1,141,221
GKN ORD	100,000	3,010,839	3,298,184
GLAXO WELCOME	100,000	0	89,045
GOLD MINES OF KALC.	256,600	1,798,790	3,939,105
GOLDLION HOLDINGS	163,290	2,014,086	2,198,427
GOURMET KINEYA CO.	619,190	689,900	677,392
GPE BRUXELLES LAM	2,505,000	1,208,116	2,152,020
	75,000	788,161	950,449
GRANADA GROUP ORD	5,166	955,671	646,368
GREAT EAGLE HOLDINGS	166	20,937	48
GREAT UNIVERSE STORES ORD	111,800	1,192,339	1,496,515
GRIFFIN GAMING & ENTERTAINMENT INC.	643,000	2,074,963	1,881,465
GROLSCH	229,100	2,408,052	2,326,241
GRUMA SA	5	0	78
	16,100	520,372	660,223
	67,600	213,574	313,029

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
GUANGSHEN RAILWAY	8,500	169,534	162,563
GUCCI GROUP	68,900	3,642,959	4,494,300
	5,348	256,611	346,508
	122,100	994,356	887,862
GUINNESS ORD	50,500	253,268	322,594
HAFSLUND ASA	5,000	162,247	149,975
HAKUTO NEW WORD	300,000	607,250	563,899
HANG LUNG DEVELOPMENT CO.	22,900	172,286	230,753
HANG SENG BANK	280,000	1,133,291	406,797
HANSABANK	624,000	2,356,532	1,750,031
HANSON ORD	467,800	7,989,561	6,636,679
	450,070	996,820	951,049
	1,500	32,373	36,644
HARRISONS & CROSFIELD ORD	2,400	913,290	192,359
HARTWALL	11,687	1,520,477	2,611,261
HEILIT & WOERNER	2,574,000	2,142,855	2,311,055
HEINEKEN	300,000	2,120,282	2,247,844
HENDERSON INVESTMENTS	24,900	1,513,841	2,307,744
HENDERSON LAND DEVELOPMENT HK	280,384	604,655	755,852
HENNES & MAURITZ	6,900	388,827	425,883
HILLSDOWN HOLDINGS ORD	690,000	5,947,568	6,416,557
HIROSE ELECTRIC	198,000	2,342,896	2,274,513
HITACHI	139,000	1,344,251	1,582,599
HITACHI METALS	125,960	3,104,330	4,269,971
HM SAMPOERNA	42,840	837,039	968,621
HOECHST AG	2,400	1,836,007	1,917,469
HOKURIKU ELECTRIC POWER	10,580	1,552,262	2,026,749
HOLDERBK FN GLARIS	7,000	148,856	181,246
HOLLANDSCHE BETON	600,000	1,899,841	1,829,280
HONDA MOTOR CO.	66,000	153,098	148,500
HONG KONG ELECTRIC	1,745,600	3,254,591	3,134,559
HONG KONG LAND HOLDINGS	965,000	2,347,317	4,563,379
HONG KONG TELECOMM	84,000	381,291	293,985
HONG LEONG CREDIT	2,574,000	3,362,595	2,991,464
HONG LEONG FINANCE	6,000	193,475	139,793
HONG LEONG PROPERTIES	541,455	4,226,244	8,183,992
HOUSING & COMMUNITY BANK	76,400	1,528,000	1,365,650
HSBC HOLDINGS	33,000	1,076,340	1,100,935
HUANENG POWER INTERNATIONAL INC.	643,000	2,236,774	3,143,750
HUHTAMAKI OY	2,858	145,924	195,054
HUME INDUSTRIES	886,000	3,175,082	5,574,163
HUNTER DOUGLAS	87,000	934,557	964,489
HUTCHISON WHAMPOA	372,000	975,478	1,138,959
HYDER ORD	18,600	0	9,852
HYSAN DEVELOPMENT	280,572	2,577,042	2,877,605
	103,000	487,127	903,075
IBERDROLA SA	137,000	1,225,153	1,336,464
ICI AUSTRALIA	60,000	930,693	1,225,790
IDEC IZUMI CORPORATION	74,890	1,063,318	916,925
IMASCO LTD.	3,400	172,384	167,025
IMPERIAL CHEMICAL INDUSTRIES	256,000	364,424	381,579
	569,500	457,515	556,654
I.N.A.	453,000	1,674,977	1,551,636
INDAH KIAT PULP & PAPER	157,091	1,957,040	4,684,201
INDEPENDENT NEWS	1,609	0	2,225
ING GROEP	3,630	0	67,155
	10,200	1,906,186	2,478,778
INTELCOM GROUP INC.	421,300	271,526	285,423
INTER-EUROPA BANK	1,220,000	369,509	446,674
INTERNATIONAL CONTAINER	78,000	1,193,681	1,180,471
INTL UNP HOLDINGS LTD.	31,000	1,542,331	1,868,168
ISETAN CO.	360,000	2,332,617	2,514,109
ITO-YOKADO CO.	101,000	780,949	580,116
ITOCHU CORPORATION	11,000	1,544,876	1,283,676
ITOCHU WAREHOUSE	484,703	3,648,188	3,562,567
JAPAN ASSOCIATES FINANCE CO.	195,000	1,271,423	1,477,367
JARDINE MATHESON	78,000	604,898	846,242
JOYO BANK			
JUEL VERITE OHKUBO			

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
JULIUS BAER HOLDINGS	2,496	2,335,899	2,692,126
JUROKU BANK	185,016	1,033,782	1,012,076
JURONG SHIPYARD	169,000	954,159	856,075
JUSCO CO.	59,000	1,534,170	1,931,075
KAGA ELECTRONICS	100,800	1,519,976	1,277,403
KAJIMA CORPORATION	104,000	1,100,959	1,071,432
KAMIGUMI CO.	200,000	1,940,879	1,823,403
KANEMATSU ELECTRIC	101,000	1,058,418	1,012,901
KAO CORPORATION	225,000	1,956,579	3,035,967
KARSTADT AG	5,270	1,920,434	2,130,989
KATOKICHI	36,000	784,415	869,763
KAWASAKI STEEL CO.	678,000	2,484,220	2,441,628
KAWASHO CORPORATION	187,000	712,803	906,997
KEDAH CEMENT HOLDINGS	300,000	366,762	555,444
KEPPEL CORPORATION	578,000	3,035,001	4,832,023
KERRY GROUP	22,800	143,972	236,749
KESKO	9,100	117,036	134,755
KEYENCE CORPORATION	22,800	2,639,011	3,097,233
KIMBERLY CLARK MEXICO	18,000	324,036	328,892
KINGFISHER ORD	195,090	1,403,013	1,959,691
KIRIN BEVERAGE	100,000	1,345,537	1,467,840
KITAGAWA INDUSTRIES ORD	14,000	477,643	597,347
KLM	4,680	167,777	149,694
KOITO INDUSTRIES	105,000	1,169,544	1,292,337
KOLBENSCHMIDT AG	9,300	1,157,521	1,188,352
KOMATSU	78,000	676,416	768,018
KONINK PTT NEDERLA	35,908	1,077,882	1,358,908
KOOR INDUSTRIES LTD.	105,000	1,885,885	1,811,250
KOREA FUND INC.	180,000	4,042,875	3,802,500
KOREA INTERNATIONAL INVESTMENTS	19,115	1,826,438	1,814,396
KOREA MOBILE TELECOM	3,900	48,750	66,066
KOWLOON MOTOR BUS	200	376	326
KRUNG THAI BANK LTD.	500,000	1,058,197	2,342,520
KTK TELECOMM ENG	88,000	855,208	1,034,964
KUMAGAI CUMI	1,287,000	1,684,962	1,155,528
KYOCERA CORPORATION	257,400	0	39,238
KYUSHU ELECTRIC POWER	33,000	1,997,211	2,331,677
LAFARGE	70,801	1,734,613	1,594,370
L'AIR LIQUIDE	29,830	1,941,500	1,804,894
LAND & GENERAL	3,901	611,731	688,779
LIGHT SERVICE ELECTRIC SA	500	840	1,232
LION NATHAN LTD.	618,000	230,122	165,563
LIPPO LIFE INSURANCE	854,300	2,022,661	2,229,754
LLOYDS GROUP ORD	102,000	162,539	136,950
LONRHOD ORD	215,285	857,706	1,053,679
L'OREAL	369,460	1,151,251	1,061,997
LUFTHANSA AG	3,480	1,031,660	1,155,212
LVMH MOET HENNESSY	6,610	1,056,636	933,646
LYONNAISE DES EAUX	7,866	1,492,532	1,864,035
MABUCHI MOTOR CO.	5,750	534,261	549,060
MAEZAWA KAISEI INDUSTRIES	18,000	1,246,202	1,145,462
MAGNUM CORPORATION	5,000	313,144	214,706
	376,200	0	636,222
MALAYAN BANKING	752,400	677,705	1,272,443
MALAYSIA INTERNATIONAL SHIP	823,300	4,746,702	7,918,567
MALAYSIAN RES CP	243,333	628,049	755,753
	1,141,000	1,018,784	2,789,284
MANNESMANN AG	193,000	24,490	307,835
MAPFRE VIDA SEGURO	500	362	681
MARIEBERG TIDNINGS	21,378	5,919,195	7,387,464
MARKS & SPENCER	8,300	471,476	466,092
MARUBENI CORPORATION	49,875	1,257,922	1,247,683
MARUETSU	303,000	2,132,707	2,215,064
MARUI CO.	963,000	5,132,319	5,267,812
MATSUSHITA ELECTRIC WORKS	81,000	773,341	729,617
	18,000	317,725	398,778
	354,000	3,736,615	3,840,635

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
MATSUSHITA ELECTRICAL INDUSTRIES	626,000	8,922,747	11,642,795
MEDIOLANUM	46,850	360,847	466,055
METACORP BHD	194,000	570,464	559,772
METRO BANK & TRUST CO.	23,700	665,212	664,866
MEXICO FUND INC.	400,000	6,359,330	6,100,000
MICHELIN CGDE	54,400	2,256,912	2,662,808
MINEBEA CO.	235,000	1,744,985	1,973,242
MIRAI INDUSTRY CO.	46,000	596,217	1,350,413
MISYS ORD	240,000	2,527,220	2,899,316
MITSUBA CORPORATION	89,000	1,084,082	1,119,752
MITSUBISHI CHEMICAL	594,000	2,743,861	2,740,247
MITSUBISHI EST CO.	29,000	313,823	399,234
MITSUBISHI HEAVY INDUSTRIES	668,000	4,049,530	5,803,929
MITSUBISHI MATERIALS	82,000	436,099	445,567
MITSUBISHI MOTORS	152,000	1,310,380	1,330,355
MITSUI ENGINEERING & SHIPBUILDING	1,167,000	3,281,805	3,553,613
MITSUI FUDOSAN	403,000	4,462,590	5,437,754
MITSUI O.S.K. LINES	663,000	2,031,416	2,284,852
MITSUI TOATSU CHEMICAL	404,000	1,579,139	1,594,858
MITSUI TRUST & BANKING	52,000	520,509	606,829
MIZUNO CORPORATION	127,000	1,249,147	1,192,597
MO OCH DOMSJO AB	70,800	1,292,097	1,813,825
MOLSON COMPANIES LTD.	97,755	2,039,249	1,581,947
MONEY MARKET OBLIGATIONS INSTITUTIONAL SHARES	3,000,000	3,000,000	3,000,000
MORGAN STAN INDIA	200,000	1,847,818	2,250,000
MOS FOOD SERVICE	19,000	435,638	465,971
MULTI-PURPOSE HOLDINGS MALAYSIA	1,287,000	1,804,667	2,073,394
MUNCHENER RUCKVERS	173	329,046	356,877
NAMCO LTD.	10,000	330,284	330,948
NAT WEST ORD	286,080	2,206,899	2,735,896
NATIONAL AUSTRALIA BANK	704,368	5,374,166	6,513,867
NATIONAL FOODS LTD.	97,000	898,518	897,038
NEC CORPORATION	1,313,172	1,384,926	1,488,283
NERA AS	360,000	3,965,532	3,905,730
NESTLE SA	4,500	150,750	141,750
NEW SOUTH AFRICA FUND INC.	25,000	962,438	796,577
NEW WORLD DEVELOPMENT CO.	5,518	4,802,938	6,299,862
NEWS CORPORATION	75,000	1,238,562	1,031,250
NEXT ORD	266,000	644,736	1,233,653
NFC ORD	416,551	2,338,633	2,363,768
NGK SPARK PLUG CO.	92,800	320,869	811,063
NICHICON CORPORATION	160,000	381,034	459,913
NICHIDO FIRE & MARINE	79,000	1,021,284	878,698
NICHIEI CO.	85,000	1,213,785	1,232,165
NICHIEI CONSTRUCTION	15,000	0	115,832
NICHII GAKKAN CO.	599,250	4,264,819	4,627,476
NICHIMEN CORPORATION	48,400	2,809,496	3,221,224
NINTENDO CO.	84,000	884,078	987,920
NIPPON DENWA	6,000	280,247	311,802
NIPPON ELECTRIC GLASS	222,000	880,980	993,773
NIPPON EXPRESS CO.	33,200	2,243,913	2,469,909
NIPPON FIRE & MARINE	34,000	328,132	365,775
NIPPON KOEI CO.	26,000	497,217	443,269
NIPPON OIL CO.	50,000	493,173	487,760
NIPPON SHINPAN CO.	89,000	575,487	580,161
NIPPON STEEL CORPORATION	182,000	1,262,407	1,576,332
NIPPON TELEPHONE & TELEGRAPH	576,000	3,398,786	3,901,791
NISHIMATSU CONSOLIDATED CO.	203,000	1,593,096	1,443,588
NISSAN MOTOR CO.	107,000	1,057,278	1,034,052
NISSHIN STEEL CO.	687,000	2,669,011	2,355,035
NKF HOLDING	822	6,897,254	6,085,281
NKK CORPORATION	120,000	1,362,225	1,312,850
	210,000	1,603,191	1,862,880
	324,000	1,566,279	1,255,413
	37,500	1,320,593	1,289,543
	37,500	0	45,035
	1,218,000	3,113,256	3,686,703

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
NOKIA (AB)			
NOKIA CORPORATION	60,140	2,394,939	2,213,480
NOMURA SECURITIES	51,100	1,194,014	1,866,461
NORANDA INC.	262,400	9,604,844	9,708,800
NORSK HYDRO A.S.	140,000	2,725,215	2,731,458
NSK	58,000	915,337	1,187,054
NTN CORPORATION	81,700	3,431,584	3,993,088
NYCOMED	85,000	626,883	642,431
OBAYASHI CORPORATION	64,000	412,685	452,204
OCE V/D GRINTEN	50,500	631,915	699,602
OHSO FOOD SERVICE	401,000	3,040,615	3,623,020
OI ELECTRIC CO.	39,462	1,710,132	2,008,395
OIL SEARCH LTD.	36,000	819,454	672,836
OITA BANK	28,000	832,002	599,900
OJI PAPER CO.	2,000,000	1,823,393	1,999,103
OKABE	122,000	983,475	1,029,968
OMEGA SOUTH AFRICA FUND	151,000	1,711,596	1,302,329
OMRON CORPORATION	82,000	679,925	799,927
OMV AG	40,000	4,003,672	3,780,000
ONWARD KASIYAMA CO.	24,000	452,300	509,824
ORANGE ORD	5,850	568,998	589,770
	110,000	1,474,797	1,795,141
ORKLA A/S	331,500	1,222,718	1,161,486
OUTOKUMPU OY	20,750	324,115	363,125
	42,000	2,015,292	2,211,020
	94,200	1,819	1,825
OZEMAIL LTD.	94,200	1,593,710	1,581,472
PAB K TJIWI KIMIA	10,300	152,116	132,613
PACE MICRO TECH ORD	101,000	99,017	103,061
PACIFIC DUNLOP ORD	151,000	400,957	445,774
PACIFIC MAGAZINE & PRINTING	2,041,564	6,067,978	4,595,475
PANAMERICAN BEVERAGES INC.	477,936	1,077,049	1,222,516
PARMALAT FINANZ	32,700	1,258,962	1,463,325
PASMINCO LIMITED	381,000	338,032	511,977
PATERSON ZOCHONIS	76,000	109,985	107,070
PECHINEY	300,000	1,727,447	1,845,867
PEREGRINE INDIAN	40,200	2,133,326	1,602,300
PEREGRINE INVESTMENT HOLDINGS	20,000	1,515,000	0
	181,200	0	22,472
PETROLEUM GEO. SERVICES	1,812,000	3,350,281	2,610,057
PETRON CORPORATION	14,700	318,392	420,870
PEUGEOT SA	439,200	181,324	201,160
PHARMACIA & UPJOHN INC.	6,830	976,872	914,072
PHILIPPINE LONG DISTANCE TELEPHONE CO.	18,100	717,166	803,188
PHILIPPINE NATIONAL BANK	67,100	3,757,244	3,900,188
PHILIPS ELECTRIC	21,000	341,689	350,668
	3,800	147,972	123,975
PHILIPPINE COMM. INTERNATIONAL BANK	77,790	2,440,794	2,529,200
PIGEON CORPORATION	24,000	321,804	300,000
PILKINGTON ORD	35,000	477,125	823,267
PINAULT PRINTEMPS	277,575	762,464	780,626
PIONEER INTERNATIONAL LTD. ORD	12,687	2,081,393	4,438,263
PIRELLI SPA	489,700	918,933	1,426,045
PLUTONIC RESOURCES LTD.	206,000	310,497	344,677
POHJOLA	235,000	1,296,358	1,202,216
POLISH INV. CO.	130,000	1,997,542	2,196,489
POLYGRAM	220,000	1,948,690	2,981,000
PORTUGAL TELECOM	45,000	1,602,943	2,657,294
	110,000	2,061,900	2,887,500
POSGOLD LTD.	49,000	1,159,714	1,285,195
POWERGEN ORD	136,950	333,912	337,371
PREMIER FARNELL ORD	621,600	5,400,303	4,544,170
PROMISE CO.	27,500	273,188	287,989
PRUDENTIAL CORPORATION	7,000	300,477	344,623
PT TELEKOMUNIKASI INDONESIA	170,000	1,063,513	1,071,085
KOMERCNI BANKA	30,000	660,000	892,500
PLIVA	25,000	1,019,601	671,875
	40,000	949,250	1,510,000

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
QANTAS AIRWAYS	822,000	1,377,845	1,390,951
QBE INS GROUP LTD.	982,966	3,963,027	5,840,995
QPL INTERNATIONAL HOLDINGS	794,000	499,943	743,662
RAS	42,900	439,020	443,412
RECKITT & COLMAN ORD	100,000	1,063,509	1,050,342
REDLAND ORD	420,170	2,889,002	2,614,638
REED INTERNATIONAL	205,700	3,353,860	3,440,585
REGAL HOTELS INTERNATIONAL	5,000,000	1,329,899	1,340,309
RELIANCE INDUSTRIES	140,000	1,872,683	1,802,500
RENAISSANCE ENERGY LTD.	266,700	5,890,487	7,040,613
RENONG BERHAD	2,730,400	3,404,477	4,142,211
REPSOL SA	137,400	4,411,119	4,774,650
	160,290	5,093,762	5,569,488
	429,000	2,324,303	2,458,502
	465,800	2,665,516	5,637,946
RESORTS WORLD	100,600	2,655,876	7,293,500
REUTERS HOLDINGS	73,000	1,701,945	1,914,243
	96,000	1,022,631	1,015,271
RHONE-POULENC SA	65,800	1,565,432	1,559,739
RICOH CO.	3,000	254,830	240,689
RINNAI CORPORATION	134,000	429,326	394,702
RISO KAKAKU CORPORATION	167,200	562,213	743,766
RJ REYNOLDS BHD	757	4,866,120	5,772,832
ROAD BUILDER (M)	58,000	1,824,644	3,828,418
ROCHE HLDG AG GENUSSCHEINE	431,800	1,673,556	2,412,917
ROHM CO.	45,000	317,187	473,390
ROTHMANS HOLDINGS	3,920	551,074	940,358
ROTHMANS PALL MALL	38,000	1,138,066	1,188,312
ROUSSEL-UCLAF	13,200	1,673,055	2,029,500
ROYAL	50,440	5,875,701	7,789,094
ROYAL DUTCH PETROLEUM	564,028	5,742,817	8,351,751
	151,320	4,495,036	5,895,133
RTZ CORPORATION	3,000	206,238	270,228
RWE AG	17,000	427,468	365,775
RYOHIN KEIKAKU CO.	10,000	1,100,000	0
RYOYO ELECTRIC CORP.	309,945	3,985,386	4,556,226
S.C. ELVILA	17,000	190,343	189,087
SAGA PETROLEUM	2,220	981,901	2,028,864
SAKURA BANK	1,200	106,132	100,740
SALOMON SA	15,994	612,446	391,853
SAMSUNG ELECTRONIC GOODS	89,900	309,374	310,532
	7,775	6,735,168	8,889,086
SAN MIGUEL CORPORATION	87,000	2,072,552	2,324,019
SANDOZ AG	21,000	499,544	543,739
SANGETSU CO.	88,000	864,987	1,267,630
SANKYO CO.	46,000	1,152,563	1,276,500
SANSEI YUSOKI CO.	143,000	2,662,774	2,646,579
SANTA ISABEL AS	109,000	994,008	1,023,567
SANWA BANK	93,000	521,603	567,233
SANWA SHUTTER CORPORATION	14,000	1,152,205	894,744
SANYO ELECTRIC CO.	33,000	1,351,007	4,888,809
SANYO SHINPAN FINANCIAL	836,000	3,782,893	1,608,143
SAP AG	157,000	426,917	312,361
SARAWAK ENTERPRISE	5,235	141,457	145,160
SASIB DI RISP	5,230	141,322	145,416
SCANIA AB	24,600	1,589,719	1,789,062
SCANIA AB	90,600	6,764,280	7,633,050
SCHERING AG	9,700	1,699,581	1,905,397
SCHLUMBERGER LTD.	112,620	4,629,128	5,906,357
SCHMALBACH LUBECA	145	305	475
SCHNEIDER SA	7,290	1,353,719	1,438,605
SCHW BANKVEREIN	850	412,756	872,648
	116,000	1,117,918	1,186,855
SCHW RUCKVERSICHER	430,000	2,142,489	1,984,307
SCOT & NEWCASTLE ORD	177,000	966,690	836,047
SCOT HYDRO-ELECTRIC ORD	96,000	494,795	558,399
SCOT POWER ORD	96,000	494,795	558,399
SEC CORPORATION	72,000	4,146,674	4,752,519
SECOM			

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
SEITA			
SEKISUI CHEMICAL			
SEKISUI HOUSE	10,000	262,992	458,408
SEMBAWANG CORPORATION	268,000	2,801,527	3,274,103
SENKO CO.	123,000	1,423,639	1,401,741
SENSHUKAI CO.	95,000	751,319	471,130
SGL CARBON AG	244,000	1,512,751	1,510,471
SGS HOLDING	55,000	965,550	927,656
	27,200	2,399,328	3,180,764
	1,763	1,995,813	4,218,579
	3,500	985,846	1,537,970
	35,000	1,258,320	1,255,625
	165,000	2,692,043	2,888,271
	133,300	1,763,379	1,953,106
	24,000	570,090	367,598
	10,000	383,087	439,440
	100,000	1,380,761	1,914,574
	6,000	0	114,874
	6,300	154,315	148,465
	152,000	1,625,753	1,940,101
	117,000	1,598,099	1,504,034
	39,700	439,178	575,181
	48,500	345,024	688,390
	191,410	9,191,384	10,223,456
	450	893,392	1,064,195
	1,234,600	2,617,120	3,413,914
	64,800	501,479	684,038
	300,000	1,852,630	2,029,756
	98,200	1,695,791	1,927,127
	810,000	1,831,926	2,146,227
	337,000	901,768	902,487
	120,000	809,125	958,452
	116,300	2,195,333	3,075,885
	106,300	1,374,107	2,523,057
	17,000	341,857	358,025
	3,167,000	819,727	821,969
	39,100	2,068,206	3,022,911
	5,175	3,804,034	3,597,052
	343,000	1,048,993	1,093,859
	13,000	590,195	706,875
	323,798	1,154,983	3,463,874
	416,800	21,007,474	22,611,400
	47,600	111,392	128,689
	528,661	1,269,770	1,427,261
	147,000	3,001,707	3,307,500
	7,000	295,842	379,750
	53,000	759,369	613,666
	3,600	1,274,222	914,641
	85,000	1,906,491	2,221,283
	26,300	1,573,781	1,728,796
	23,700	1,340,471	1,101,974
	32,500	2,192,614	4,344,988
	50,000	1,937,998	1,466,343
	1,000,000	592,594	684,688
	29,000	74,283	71,897
	27,000	276,991	420,354
	117,250	1,265,904	1,519,583
	26,600	2,755,250	3,246,377
	3,000	157,199	175,867
	3,235	0	58,224
	27,600	693,398	639,645
	376,300	995,770	707,463
	277,160	861,995	936,522
	190,000	588,438	635,352
	16,250	9,159	20,377
	2,230	1,039,283	1,336,236
	1,600	923,406	1,027,763
	133,000	1,004,841	982,176
	255,000	4,712,265	4,928,659
SMURFIT(JEFFERSON)			
SOCIEDAD ANONIMA			
SOCIEDAD QUIMICA MINERA DE CHILE			
SOKKIA			
SOMMER-ALLIBERT			
SONAE INVESTMENTOS			
SONY CORPORATION			
SONY MUSIC ENTERTAINMENT			
SOPHUS BERENDSEN			
SOUTH AFRICA BREWS			
SOUTH CHINA MORNING POST			
SOUTHCORP HOLDINGS			
SOUTHERN WATER ORD			
SPARBANKEN SVERIGE			
SPT TELECOM			
SQUARE CO. LTD.			
SSANGYONG INVESTMENT			
SSANGYONG OIL REFINERIES			
ST. JAMES PLACE CAPITAL			
STET			
STRAITS STEAMSHIP			
SULZER			
SUMITOMO BAKELITE			
SUMITOMO BANK			

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
SUMITOMO CORPORATION	200,000	2,018,068	1,775,995
SUMITOMO ELECTRIC INDUSTRIES	289,000	3,660,910	4,136,664
SUMITOMO MARINE & FIRE	45,000	386,569	391,804
SUMITOMO METAL INDUSTRIES	1,644,000	5,131,969	5,036,094
SUMITOMO METAL MINING	558,000	4,759,178	4,827,843
SUMITOMO TRUST & BANK	414,000	5,472,781	5,661,668
SUN HUNG KAI PROPERTIES	261,600	1,470,885	2,644,472
SUN INTL HOTELS LTD.	6	89	291
SUN LIFE CORPORATION	50,800	183,862	174,438
SUNGEI WAY HOLDINGS	150,000	514,907	703,322
SUZUKI MOTOR CORPORATION	126,000	1,208,977	1,654,192
SWEDISH MATCH CO.	97,200	336,518	301,750
SWIRE PACIFIC	1,024,500	4,873,673	8,768,288
SYNTHELABO	9,200	580,083	777,352
T.I.M. SPA	2,100,000	2,858,887	4,691,781
TA ENTERPRISE	1,000,000	1,670,824	1,562,938
TABCORP HOLDINGS LTD.	450,000	1,307,595	2,036,488
TAIPEI FUND UNITS	350	2,909,850	2,975,000
TAISEI CORPORATION	90,000	650,008	638,374
TAIWAN FUND INTERNATIONAL	110,000	1,020,580	1,251,250
TALISMAN ENERGY INC.	313,000	6,598,059	7,287,266
TAMPELLA AB	159,000	544,461	302,870
TAYLOR WOODROW ORD	1,450,000	1,976,319	3,503,341
TDK CORPORATION	42,000	1,420,712	2,504,262
TECHNOLOGY RESOURCES	218,000	630,709	760,069
TECHTRONIC INDUSTRIES	11,980,000	1,236,697	1,655,989
TECK CORPORATION	24,000	374,336	492,073
TELE DE MEX SA	33,900	1,315,963	1,135,650
TELEBRAS SA	832,709	0	16,503
TELECOM CORPORATION OF NEW ZEALAND	3,040,010	8,085,682	12,745,238
TELECOM ITALIA	396,000	702,236	851,155
TELEFONICA DE ESPANA	436,011	5,445,107	8,025,473
	9,800	438,919	540,225
TELEKOM MALAYSIA	229,418	1,905,559	2,041,069
TELEVISION BROADCAST	326,000	1,332,588	1,223,434
TENAGA NASIONL	480,000	1,948,630	2,019,797
TESCO ORD	765,766	3,110,835	3,498,061
TEVA PHARMA INDUSTRIES	50,000	2,249,792	1,893,750
TF1 - TV FRANCAISE	14,000	1,443,675	1,598,990
THAI FARMERS BANK	86,700	897,110	948,921
THAKRAL CORPORATION	750,000	585,000	401,169
THK CO.	55,000	1,479,567	1,328,805
THYSSEN AG	8,100	1,600,521	1,479,887
TINGYI CAYMAN ISLANDS	575,000	139,478	157,850
TOKIO MARINE & FIRE	200,000	2,044,294	2,662,169
TOKUSHU PAPER	150,000	1,567,206	1,545,334
TOKYO ELECTRIC POWER	97,700	2,526,067	2,476,237
TOKYO STEEL	148,000	2,845,739	2,901,035
TOKYO TATEMONO CO.	224,000	1,079,628	1,447,928
TOKYU CORPORATION	438,000	2,881,807	3,334,367
TOMKINS ORD	809,689	3,120,174	3,050,801
TOMRA SYSTEMS	21,000	130,902	213,344
TOOLEX ALPHA	4,000	84,000	96,000
TORAY INC.	310,000	2,039,917	2,136,664
TORNET FASTIGHETS	17,200	0	139,970
TOSHIBA CORPORATION	200,000	1,219,605	1,422,255
TOSTEM CORPORATION	63,000	2,047,622	1,855,222
TOTAL	46,941	2,696,040	3,481,197
TOYO TRUST & BANKING	96,000	965,145	989,014
TOYOTA MOTOR CORPORATION	70,000	1,501,602	1,748,644
TRANSCANADA PIPELINE LTD.	233,700	3,528,461	3,447,075
TRANZ RAIL HOLDINGS LTD.	10,000	125,000	138,750
TRELLEBORG	110,000	1,332,859	1,375,891
UNICEM	44,000	276,822	321,461
UNILEVER	109,600	15,312,328	15,905,700
	2,580	358,017	373,322
	33,000	655,221	656,308
UNION ASSUR FEDERA	10,600	1,286,143	1,307,435

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
UNION BANK			
UNITED DOMINION INDUSTRIES LTD.	144,000	1,072,622	989,586
UNITED ENG (MALAY)	33,000	802,230	759,000
UNY CO.	261,000	1,753,531	1,809,522
UPM-KYMMENE OY	36,000	414,390	712,221
URALITA	135,650	2,458,212	2,805,817
USINOR SACILOR	120,000	1,143,359	1,123,114
UTD O/S BANK	83,000	1,100,265	1,197,057
VALEO	198,340	1,672,417	1,896,982
VALMET CORPORATION	23,600	1,246,134	1,262,915
	92,000	782,660	1,554,524
	14,600	188,965	246,683
	200,000	1,052,129	935,175
	105,000	3,310,632	4,133,568
	106,170	3,528,660	5,640,684
	7,400	255,743	257,938
	23,400	259,552	363,269
	708,103	2,163,670	2,635,032
	36,000	1,162,481	1,327,500
	3,750	1,258,967	1,393,177
	151,000	1,930,088	2,051,238
	19,800	262,297	366,505
	2,013,200	2,985,207	3,080,811
	366,500	1,012,564	1,623,992
	1,281,000	4,166,938	4,584,013
	179,000	2,005,683	1,977,455
	317,300	3,776,020	3,767,938
	271,500	1,646,736	1,804,110
	1,438	849,089	855,918
	805,887	5,078,076	5,771,875
	152,000	978,012	1,073,400
	38,600	0	561
	48,800	3,245,298	5,543,245
	477,000	1,561,877	2,868,225
	39,700	683,388	1,487,596
	124,000	843,473	850,144
	29,000	473,195	526,143
	32,000	323,512	382,185
	230,000	2,585,680	2,705,019
	125,000	959,570	789,762
	107,000	814,300	816,511
	26,000	205,816	260,747
	115,000	1,146,386	1,520,263
	51,000	782,598	771,847
	483,000	1,559,701	2,516,331
	50	836	880
	3,700	383,047	354,085
	3,700	0	35,062
	148,100	2,179,186	3,273,341
	9,370	2,055,463	2,552,766
TOTAL COMMON STOCK-INTERNATIONAL		215,354,880	1,288,457,399
			1,517,675,941

REAL ESTATE

Closed End Funds

	Units	Book Value	Market Value
BEAR STEARNS REALTY PARTNERSHIP			
DLJ REAL ESTATE			
JMB GROUP TRUST III	1	95,542,784	103,644,260
LASALLE ADVISORS PROFILE	1	5,926,718	5,926,718
TCW REALTY FUND II	1	26,762,582	26,762,582
	1	5,701,393	5,701,393
	1	6,094,212	6,094,212
TOTAL CLOSED END FUNDS		140,027,689	148,129,165

BONDS, CORPORATE NOTES & PREFERRED STOCK

PROPERTIES	Book Value	Market Value
1090 GEMINI ROAD	1,883,867	1,700,000
1500 LOCUST	60,841,274	55,600,000
1600 DOWNS DRIVE	2,709,536	2,400,000
1670 FRONTENAC	3,087,775	3,260,000
1674 FRONTENAC	2,701,625	3,610,000
1700 DOWNS DRIVE	5,223,244	5,210,000
230 GERRY DRIVE	3,097,164	3,070,000
2301 WINDOR CT.	8,293,640	7,410,000
330 SOUTH EXECUTIVE DRIVE	9,046,899	6,900,000
3605 SWENSON AVENUE	3,856,112	3,210,000
3900 NORTHWOODS	9,567,985	6,550,000
4200 COMMERCE COURT	5,595,141	2,450,000
451 KINGSTON CT.	2,866,183	2,100,000
6240 CARMEN	6,555,850	6,850,000
800 WEST THORNDALE	4,100,823	2,620,000
865 XENIUM LANE	2,972,806	4,050,000
ARLINGTON ROAD	7,020,000	7,126,467
AUTUMN CHASE	9,990,841	11,240,000
BAYTECH	1,328,202	1,540,048
BIRCH	2,040,836	2,773,423
BRECKENRIDGE PLACE	37,179,800	22,981,448
BRELL AUSTIN CORPORATION	2,829,793	3,805,063
BRELL BIXBY CORPORATION	1,612,507	1,617,969
BRELL BRIDGES CORPORATION	1,591,513	1,797,724
BRELL CREEKSIDE CORPORATION	3,805,405	3,776,058
BRELL GRAND PRAIRIE CORPORATION	5,909,113	7,166,483
BRELL ICC CORPORATION	1,256,736	1,080,194
BRELL OAKLEAF CORPORATION	2,176,685	1,219,293
BRELL RICHARDSON CORPORATION	3,976,147	5,554,563
BRELL SILVER HILLS CORPORATION	1,376,859	1,973,946
BRELL TORANCE CORPORATION	1,867,520	3,273,367
BRELL CANYON PLAZA CORPORATION	1,362,107	1,111,765
BRELL LONGWOOD CORPORATION	1,529,385	1,859,539
CALIFORNIA MORTGAGE PORTFOLIO I	7,414,998	7,917,713
CALIFORNIA MORTGAGE PORTFOLIO II	53,703,102	56,862,963
CALIFORNIA MORTGAGE PORTFOLIO III	9,308,863	9,845,369
CAMERON COURT	3,552,096	3,221,577
CANTERWOOD	14,873,308	17,500,000
CAPITAL BUSINESS CENTER	3,294,971	5,410,808
CENTRE POINT PLAZA	1,622,713	2,277,203
CLACKAMAS TOWN CENTER	106,312,133	105,151,844
COBBLESTONE COURT	17,619,070	13,766,554
CORPORATE CAMPUS EAST III	26,735,009	17,709,579
COSTA MESA	40,792,543	25,900,000
CROSSROADS I	7,600,718	7,360,000
CRYSTAL COURT	6,868,384	5,020,494
CYPRESS TRACE	30,980,246	16,650,000
DATA GENERAL	7,565,321	5,300,000
DORAL FINANCIAL PLAZA	11,381,229	11,479,392
ELMWOOD INDUSTRIAL CENTER	2,105,632	2,105,632
EXCHANGE PARK	5,242,588	5,250,042
FACTORY STORES AT HERSHEY	19,571,781	24,200,000
FARIFAX COURT	13,843,676	11,335,914
FOREST PARK MALL	7,433,229	7,400,000
FRANKLINLAKE SELF PARK	27,956,405	16,950,000
GAITWAY PLAZA	13,867,757	11,383,677
GATEWAY OAKS PLAZA LAND	3,000,000	3,000,000
GM - EL PASO	11,816,021	11,910,000
GMO LAND	22,343,717	16,050,000
GOOD LUCK LAND	447,060	388,000
HAMPTON ROADS PORTFOLIO	28,698,311	28,698,311
HARTFORD INDUSTRIALS	14,255,048	14,255,048
HEBRON	5,368,989	5,387,745

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
HYTEK		
IMG PARHAM OFFICE		
INTERSTATE CROSSINGS	1,047,563	1,233,413
ITC/LUNDY	721,147	1,775,000
KINGSTON COURT LAND	9,911,543	5,012,190
LAGUNA HILLS	4,570,548	8,663,604
LAKES OF BELLEVUE	2,938,730	2,440,000
MAYHEW TECH CENTER	7,248,423	8,040,000
MENDOTA HEIGHTS	29,434,822	33,100,000
METROPLEX MIRAMAR	16,279,800	17,400,000
MIZNER	18,398,248	11,000,000
MONTBELLO INDUSTRIAL PARK	18,425,790	22,752,259
MONTGOMERY LANE	9,650,533	10,978,723
NEW MARKET	13,811,440	12,900,000
NORTH LAKE BUSINESS PARK	480,000	435,000
NORTHILL	11,302,768	8,700,000
OAKBROOK CENTER LAND	29,896,916	18,316,265
OAKS OF EAGLE CREEK	2,379,214	3,271,805
OAKS OF OAKBROOK	75,616,704	71,300,000
OLYMPUS	22,374,467	28,000,000
ORLANDO MARRIOTT AIRPORT HOTEL	12,935,371	15,200,000
ORLANDO MARRIOTT INT'L HOTEL	996,574	1,732,501
PACIFIC SHORES LIMITED PARTNERSHIP	46,375,774	43,400,000
PARK PLACE -MUIRIKIRK	82,644,209	51,700,000
PARKWAY CROSSING	7,080,611	7,080,611
PEMBROOKE LAND	7,276,114	9,950,000
PLAZA AT BUCKLAND HILLS	1,452,564	1,788,000
POTOMAC	1,893,131	3,500,000
RESIDENZ	13,416,739	25,919,757
RICHARDSON CENTER	37,114,392	42,874,363
RIDGE PLAZA	16,435,776	18,600,000
RIDGEWOOD COURT	8,492,032	8,500,000
RIVA 400 LAND	7,755,126	3,329,690
RIVER ROAD BUSINESS CENTER	9,454,459	7,955,306
ROYAL EAGLE PLAZA	1,841,640	3,193,000
SAN JUAN CORPORATE PLAZA	11,902,773	7,175,000
SAN MARCO ON BROKEN SOUND	14,734,275	6,134,979
SAN REMO	3,330,000	3,330,000
SCHOOL STREET	21,712,704	22,281,313
SEQ1 1846	8,381,779	8,980,000
SEQ1 1847	13,714,687	14,300,000
SEMINOLE TOWNE PLAZA	2,295,895	2,530,400
SOMERSET	1,872,392	2,659,554
SOUTHPARK SQUARE	58,696,278	72,000,000
ST. CHARLES #12	34,244,005	29,400,000
ST. CHARLES LAND	4,976,942	5,941,379
STONE MOUNTAIN FESTIVAL	6,168,650	6,110,000
SUNFOREST APARTMENTS	8,900,000	8,900,000
SUPER 8 MOTELS	30,073,777	23,575,000
SWAN CREEK	25,471,858	28,080,000
TECH WEST I	14,764,022	14,955,000
TETCOM OFFICE BUILDINGS	549,333	652,500
THE AVENUES	9,801,923	6,470,000
THE YARDS PLAZA	3,930,211	6,100,000
THUNDERBIRD INDUSTRIAL CENTER	64,532,807	78,200,000
TIMBER HOLLOW	14,906,447	12,556,541
TIME & LIFE BUILDING	1,763,057	1,763,057
TR KOLL FLORHAM PARK	12,282,994	13,800,000
TR KOLL HOTEL CIRCLE CORPORATION	70,435,580	36,500,000
TR KOLL IMPERIAL CORPORATION	29,382,116	31,657,913
TR KOLL KL 85 E. COLORADO BLVD.	2,646,041	2,695,822
TR KOLL KL CORONA IND. BUILDINGS	1,085,661	1,492,843
TR KOLL KL PRADO IND. CENTER	1,466,606	1,049,977
TR KOLL LOT 7 CORPORATION	598,118	1,125,551
TR KOLL PHASE III CORPORATION	655,160	916,062
TR KOLL TUSTIN CORPORATION	848,895	631,638
TR KOLL VOSS CORONA CORPORATION	593,297	727,495
	447,624	1,067,127
	4,008,974	2,096,510

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
TR KOLL WESTCHESTER CORPORATION	2,287,098	3,516,377
TR ROAD LOUDON	1	650,000
TROY TRADE CENTER	2,927,812	2,927,812
VERMONT SHOPPING CENTER	1,257,587	9,500,000
VILLAGE PARK PLAZA	18,854,725	23,712,014
WEDGEWOOD I	10,477,954	7,935,000
WEST CHAPMAN	1,784,079	1,447,434
WEST TOWN CORNERS	20,425,066	14,297,262
WESTLAND PARK PLAZA	9,162,257	5,360,146
WHITE OAK CENTER I	13,521,843	13,521,843
WILDWOOD	10,539,651	9,300,000
WILLIAMS PLAZA I	28,394,941	14,700,000
WILLIAMS PLAZA II	28,318,662	16,100,000
WILLOW KNOLLS COURT	11,554,501	14,817,355
FARMLAND		
A. MCCALLISTER	294,769	426,750
AGLE	296,167	473,614
ALEXANDER	426,880	533,900
ANDERSON	218,360	298,376
BADGER MOUNTAIN	2,543,239	2,543,239
BARKELY	2,698,993	2,919,899
BARLING	342,521	380,000
BARTEL	647,184	712,000
BATTS	364,222	462,660
BECKNER	349,034	382,645
BEMENT	1,256,820	1,323,560
BESECKER	235,927	282,996
BETHANY	1,446,990	1,744,215
BLACK BAYOU	1,067,930	1,125,502
BLISS	560,506	747,486
BLUE RIDGE	230,171	252,000
BOYER	84,326	122,157
BRADEN	1,015,050	1,109,460
BRADEN 2	2,388,201	2,565,120
BUCK LAKE	851,367	940,100
CALLAWAY	465,638	603,950
CENTERVILLE	492,667	549,993
CHILD ESTATE	264,223	360,924
CISCO	1,285,100	1,546,880
CLAYBAUGH	1,073,892	1,116,150
COLOBRAS	1,231,526	1,678,394
CORNER GROVE	312,717	430,050
COURT CREEK	853,859	985,594
DAHMS	1,007,195	1,070,650
DARR	960,421	1,341,270
DAVIS	540,220	790,794
DELAND	1,402,174	1,527,825
DICK	283,949	408,456
DONALDSON	140,065	157,660
EASON TRUST	3,575,198	3,862,073
ERB	450,371	623,623
FELLMY	131,311	177,503
FILLERS	157,478	170,000
FISCHER	326,937	404,000
FRYBARGER	272,754	332,200
GALESVILLE	947,950	986,000
GREEN	179,745	260,000
HAACK	545,731	563,300
HAGEMEISTER	237,897	294,835
HAMMOND	916,487	1,027,200
HARLOW	403,237	463,773
HEAD	221,087	330,600
HOESMAN	269,156	355,959
HOLLY LANE	810,536	1,017,867
HUNT	164,987	216,328

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
HURLOCK		
HUSTED		
HYATT	218,388	277,745
IDC-COLES	265,163	300,998
IDC-MCDONOUGH	190,252	224,613
IDC-PIATT	1,260,773	1,828,930
INDIANA UNIVERSITY	612,382	837,330
JAMES	2,388,264	3,147,680
JEFFERIES	171,272	256,000
KEIBER	154,091	157,788
KLEMMME	1,434,265	1,307,250
KNEDLER	9,627,657	9,000,143
KUHLMAN	273,652	309,120
LAKE CITY	211,195	294,000
LEHMAN	188,332	252,336
LINDSEY	1,308,416	1,538,615
LOSASSO	200,568	232,401
LYTLE	8,472,230	5,375,347
MADDOX	148,051	211,209
MARINE	1,621,882	2,196,000
MARLIN - LEMONS 1	8,481,558	9,052,400
MARLIN - LEMONS 2	378,858	528,000
MCKAY	908,011	896,000
MCMAHON	258,708	320,000
MELVIN	157,723	226,500
MERIDIAN	222,108	308,971
MIDDAY	187,574	224,775
MIDDLESWORTH	8,911,613	9,338,900
MILLER	373,742	544,000
MOYER	252,557	280,016
NAFZIGER	229,212	319,680
NEESE	178,905	254,000
NUGENT	163,567	189,970
NORTHWEST MUTUAL	286,366	374,567
O. REESER	773,431	781,000
ODUM TRUST	4,014,254	4,689,960
OTIS	324,898	446,424
P. ALMONDS IV	359,414	473,475
P. ALMONDS IX	222,414	223,630
P. ALMONDS VII	5,027,067	5,504,000
P. ALMONDS VIII	1,485,915	1,440,000
PEOPLES STREET	341,244	344,000
PETERSON	2,822,086	2,688,000
PETERSON	470,465	633,000
PHOENIX	172,586	240,720
PHOENIX MUTUAL	6,228,555	6,228,865
PORTAGE CREEK	790,702	1,094,969
PREM. VINEYARDS 1	1,644,470	2,021,492
PRESS	1,306,778	1,944,000
RE RESOURCES	2,497,420	2,112,000
REDLIN TRUST	491,561	814,854
REESE	163,827	170,000
RIVER LAKE	281,699	362,373
RIVERSIDE	366,965	471,000
ROSE	262,961	304,948
RUSSELL	425,135	425,100
RUSSELL (IN)	91,220	130,942
SAEVERDA	748,127	1,077,600
SACHS	1,065,611	1,278,949
SACK	242,938	236,775
SAE CORPORATION	639,974	751,571
SAXE TRUST	603,840	775,456
SAYBROOK	926,992	590,040
SCHABLE	546,513	542,400
SCHUMACHER	1,958,565	2,271,037
SERENOA CITRUS	182,440	244,086
SERENOA GROVE	136,320	193,664
	2,510,924	2,299,853
	2,981,466	3,200,305

INVESTMENTS

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
SERENOA VEGETABLES	4,668,007	5,229,102
SEYMOUR	479,275	555,278
SHAWBACK	330,997	452,000
SMITH	102,493	148,000
STEINMAN	939,967	1,063,566
STONE KING	186,740	232,580
SUDDUTH	556,714	654,480
SUNWORLD	9,066,106	10,074,000
TENNECO	679,757	1,019,200
TENNECO WEST	8,157,537	13,046,000
TERRA FARMS	153,528	192,168
THOMPSON	170,403	246,615
THOMPSON	294,370	384,750
VALLEY WEST	1,422,177	1,422,177
WALL ESTATE	396,928	508,446
WATSON	331,867	414,460
WHITE	289,479	415,511
WHITSON	174,224	243,299
WILLOW BRANCH	1,254,599	1,346,725
WINROCK	697,332	753,250
WRIGHT	972,691	1,411,981
WYFFEL	148,732	191,542
YAZOO RIVER	483,320	489,775
YOUNGER	318,283	401,035
ZARTMAN	394,821	516,896
ZEWADSKI	353,187	434,340
<i>OTHER</i>		
MISCELLANEOUS ASSETS	120,847,047	120,542,520
REAL ESTATE RESERVES	(7,963,929)	0
TOTAL PROPERTIES	2,191,158,440	2,073,258,604
TOTAL REAL ESTATE	2,331,186,129	2,221,387,769

	Book Value	Market Value
<i>ALTERNATIVE INVESTMENTS</i>		
ANGELO GORDON & COMPANY	25,770,990	26,348,488
APEX INVESTMENT FUND III L.P.	2,810,600	2,810,600
DLJ MERCHANT BANKING	31,193,719	31,097,502
FENCHURCH BETA FUND	5,000,000	3,338,414
FRONTENAC VENTURE IV	541,380	1,205,619
FRONTENAC VENTURE V	5,152,383	6,140,610
FRONTENAC VI LIMITED PARTNERSHIP	10,015,259	13,311,813
LEVY RESTAURANT	1,436,800	1,436,800
PENMAN PRIVATE EQUITY	4,934,915	4,934,915
SANDLER CAPITAL MANAGEMENT	11,920,232	15,563,232
TRIVEST COMPANY	792,451	792,451
TWB/F/B LIMITED PARTNERSHIP	100,000	100,000
VS&A PRIVATE EQUITY FUND	3,223,810	3,223,810
WPG ENTERPRISE FUND II	39,250,766	56,789,202
WPG ENTERPRISE FUND L. P.	18,242,060	28,672,417
TOTAL ALTERNATIVE INVESTMENTS	160,385,364	195,765,872
TOTAL FUND	14,100,245,392	15,362,254,316