

GABRIEL. ROEDER. SMITH & COMPANY

CONSULTING ACTUARIES

FIRST NATIONAL BUILDING

DETROIT, MICHIGAN 48226

AREA 313 961-3346

March 8, 1977

The Retirement Board
Public Employees Retirement System of Ohio
277 East Town Street
Columbus, Ohio 43215

Ladies and Gentlemen:

The basic financial objective of PERS is to establish contribution rates which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Ohio citizens.

To test how well this objective is being achieved, annual actuarial valuations are made. The last completed valuations of present members were based upon data as of December 31, 1975. These valuations indicate that the contribution rates, established by the Retirement Board for benefits then in effect, meet the basic objective and, more specifically, are sufficient:

- (i) To fully fund the costs of benefit commitments being made to members for their service currently being rendered; and
- (ii) To fund over a reasonable period of future years the unfunded portion of liabilities for their service already rendered.

Inflation continues to be the strongest disturbance in financial operations, causing major member pay increases and related liability increases and causing unsettled investment markets.

The PERS financial objective, together with the dedicated manner in which the objective is pursued, distinguishes PERS from the publicized financial delinquents of the public employee retirement plan universe.

Based upon the valuations it is our opinion that the Public Employees Retirement System of Ohio continues in sound condition in accordance with actuarial principles of level cost financing.

Respectfully submitted,

R G Roeder

Richard G. Roeder

RGR:sw

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**1978
ANNUAL
REPORT**



**INVESTMENT PORTFOLIO
STATEMENT**

EMPLOYEES RETIREMENT SYSTEM OF OHIO

THE RETIREMENT BOARD—1979



Members of the Public Employees Retirement Board, seated left to right: John S. Reed, Urbana, representing municipal employees; Carl R. Griffith, Reynoldsburg, representing retirants; Donna A. Morrow, Monclova, representing state college-university employees; Walter H. Kyle, vice chairman, Columbus, representing state employees; Dusty Rhodes, chairman, Delhi Township, representing miscellaneous employees; Mark McElroy, Cleveland, representing county employees; State Auditor Thomas E. Ferguson; Attorney General William J. Brown; Richard D. Jackson, Director, Ohio Department of Administrative Services. Standing, left to right: John R. Hewitt, Assistant Attorney General; Philip S. Hamilton, Deputy Director, Department of Administrative Services, Division of Personnel; William L. Williams, Chief of Administration, State Auditor's office; and William S. McLaughlin, Executive Director, Public Employees Retirement System.



RAPHAEL HORWITZ
Term expired 12-31-78



CHARLES J. RAMSEY
Term expired 12-31-78

Two Added to Board

Representation on the Retirement Board has been broadened (authorized by Am. H.B. 1006) with the addition of two elected members. Carl R. Griffith was elected by retirants to represent them, and Ms. Donna A. Morrow was chosen by non-academic employees of state colleges and universities. They assumed their places on the Board at the January, 1979 meeting. Other newly elected members are Walter H. Kyle, representing state employees, succeeding Raphael Horwitz, Columbus, who served 20 years on the Board; and John S. Reed, representing municipal employees, who succeeded Charles J. Ramsey, Youngstown, who had served four years. The two other elected members of the Board, whose terms started in 1978, are Dusty Rhodes and Mark McElroy.

Assistant Directors

NORMAN E. LUST
Comptroller

RICHARD D. MYERS
Benefits

ROBERT A. McLAUGHLIN
Investments

WILLIAM G. WILCOX
Public Information

**PUBLIC EMPLOYEES RETIREMENT
SYSTEM OF OHIO**

277 East Town St., Columbus, Ohio 43215

MESSAGE FROM THE CHAIRMAN

"Fringe benefits" helped ease inflationary pressures on PERS retirants and survivors during 1978. The \$193 million in benefits paid by the System included \$9 million in cost-of-living adjustments, and \$4 million in Medicare premium reimbursements. Another \$27 million went for free hospital and medical care. The story of how rapidly these "fringes" are increasing is told in this Report.

Addition of two new members to the Board in 1979 has broadened representation and given retirants a voice in Board actions for the first time. These additions should enable us, within our statutory and fiduciary responsibilities, to better serve both members and retirants.

Dusty Rhodes
Chairman, 1979

GROWTH OF THE FRINGES

Health Care Costs Soar 151% In Four Years

Costs of the so-called "fringes" provided to retirants and survivors by the Public Employees Retirement System of Ohio are increasing at rates far exceeding national inflationary rates.

Fringe benefits include hospital and medical coverage, which the System provides free to those receiving benefits, cost-of-living adjustments, and Medicare Part B premium reimbursements.

The annual increases in monthly benefits paid to retirants and survivors seldom exceed 15%. Between 1977 and 1978 they were up 13% to a total of \$193,535,417. In the past four years — starting with 1975—they have gone up 48%.

In contrast, health care costs paid by PERS went up 37% between 1977 and 1978, and a further increase of 23% has been predicted for 1979 by the Aetna company that pays most of the claims. (In the Cleveland area retirants may enroll under the Kaiser Community Health Foundation, if they wish.)

The total outlay of funds paid for health care for retirants, survivors and their dependents during 1978 was \$32,592,239 of which PERS paid \$27,607,717. The balance of \$4,984,522 was deducted from the pensions of those receiving benefits to reimburse the System in part for the cost of covering dependents. The System picks up the difference between the actual cost and the amount reimbursed.

Compared with the \$10,995,575 paid by PERS during the first year (1975) of free health care coverage, the figures for 1978 represent a 151% increase!

The health care coverage as provided by PERS through the Aetna company is comprehensive. It is the same coverage provided by all five of the public retirement systems in Ohio. Under Aetna the basic coverage includes:

- Unlimited days in a semi-private room in a hospital
- Up to 365 days in a convalescent facility
- 80% of all medical bills
- 80% of prescribed drugs or medicines
- Lifetime maximum benefits—\$250,000

For those eligible for Medicare the coverage supplements that which they have through Medicare.

COL ADJUSTMENTS UP

Benefit recipients of the System receive a 2% cost-of-living adjustment in their pensions after two years of retirement. During the year 1978, PERS was able to add \$9,173,259 to monthly benefits, an increase of 35% over the 1977 adjustment, and a 157% increase over the total added to pensions four years ago in 1975.

Cost-of-living adjustments were introduced by the Ohio legislature starting July 1, 1971. At that time retirants who had received at least 36 monthly payments by that date were given a 1½% increase, with the provision that these would be repeated annually so long as the U.S. Consumer Price Index showed that living costs had increased by 1½% or more. Any excess in the CPI over 1½% could be carried over to the years following.

Five years later, legislative action enabled PERS to increase the cost-of-living adjustment to 2%. Further, the first adjustment could be made after 24 months of retirement, and repeated, as in the past, annually so long as the CPI showed that living costs were continuing to rise at that rate or higher.

MEDICARE REIMBURSEMENTS 14%

As a further effort to ease inflationary pressures on older retirants of the System, the Ohio legislature authorized the System to start reimbursing them for their Medicare Part B (medical) premiums, starting with January, 1977 benefits. The cost of these reimbursements during the first year was \$3,656,347. By the end of 1978 the annual cost had risen to \$4,166,583, representing an increase of 14%. The basic premium for Medicare Part B coverage was \$7.70 during the first six months of 1978; \$8.20 per month during the last six months. Among the 65,931 persons who were receiving benefits at the close of the year, 44,969 were being reimbursed \$8.20 per month.

Health Care Costs
Paid by PERS
Increased
37%
During 1978

Cost-of-living
Adjustments
Paid by PERS
Increased
35%
During 1978

Benefits Paid
During 1978
Increased 13%

BENEFITS

Total Payout Up 13% Over 1977

Monthly benefits paid by PERS during 1978 increased more than \$21 million, a gain of 13% over the 1977 figures. The total was \$193,535,417 and includes payments received by retirants, those on disability benefits and those receiving survivor benefits. (A breakdown by types of payments appears on the page opposite).

Factors contributing to this increase included the following:

- 3,785 more individuals were receiving monthly benefits by the close of the year than were receiving at December 31, 1977.
- Cost-of-living adjustments to monthly benefits added \$9,173,259 to the payments of those who qualified.
- Retirants eligible for Medicare Part B (Medical) coverage were reimbursed for their monthly premiums in the total amount of \$4,166,583.
- Although the figures do not show up in the benefit total, all persons receiving monthly benefits were given free hospital and medical protection at a cost to PERS of \$27,607,717, a cost, incidentally, that exceeds the benefit increase of \$21 million.

A comparison of the total benefit payout of the System year-by-year starting with 1970 appears on the page opposite.

Benefits paid by the System come from two reserve funds, which consist of the individual reserves set up for each person when he or she starts receiving benefits. Each individual reserve contains money contributed by the member during his or her working career, the money contributed by the employer and interest earned on these contributions.

As of the close of 1978, the larger of these two reserves, known as the Annuity & Pension Reserve Fund, had grown to \$1,858,628,208. It is from this reserve that retirants and those on disability benefits receive their incomes.

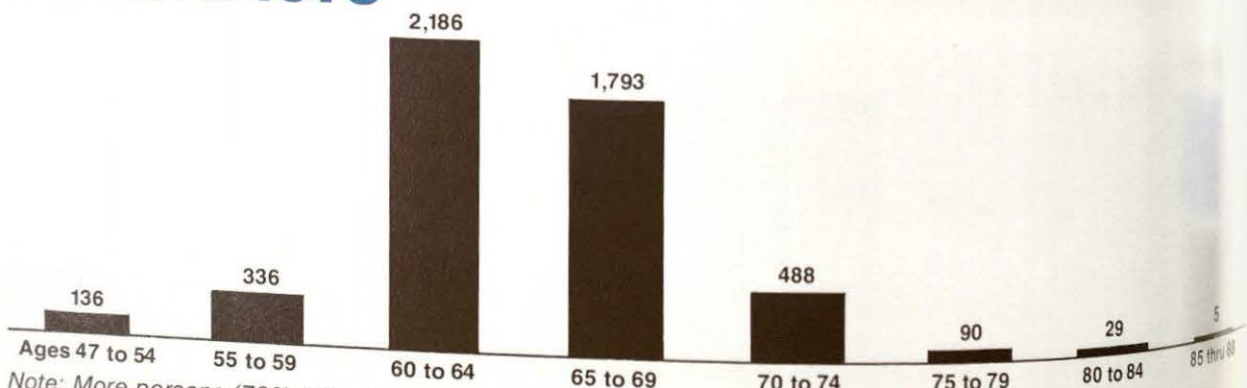
Those receiving survivor benefits—widows, widowers, children and dependent elderly parents—are paid from the Survivor Benefit Fund, which at the close of 1978 totalled \$332,180,158. A comparison of the balances in the two funds at the close of 1977 and 1978 appears in the financial statement of the System on pages 8 and 9.

For New Retirants

AVERAGE BENEFIT IN 1978 SHOWS LITTLE CHANGE FROM 1977

Year	Number of New Retirants	These are Averages				
		Years of Service Credit	Age	Final Average Salary	Annual Benefits	Monthly Benefits
1978	5,063	18.2	64.3	\$11,020	\$4,425	\$368.75
1977	5,167	18.9	64.2	10,674	4,434	369.50
1976	5,022	18.0	65.5	9,525	3,862	321.83
1975	4,706	18.2	65.2	9,205	3,759	313.25
1974	4,221	17.3	65.5	7,562	2,960	246.67

AGES AT WHICH MEMBERS RETIRED DURING 1978



Note: More persons (730) retired at age 65 than any other age.

BENEFITS SUMMARY

1978 Compared with 1977

ALL BENEFITS PAID

1978	\$193,535,417
Number receiving as of 12-31-78	65,931

1977	\$172,082,218
Number receiving as of 12-31-77	62,146

PAID TO RETIRANTS

1978	\$156,507,491
Number receiving as of 12-31-78	55,189

1977	\$139,191,189
No. receiving as of 12-31-77	52,085

PAID TO SURVIVORS

1978	\$21,725,045
Avg. age at death in 1978	56.4
No. receiving	6,408

1977	\$20,132,563
Avg. age at death in 1977	55.4
No. receiving	6,157

PAID TO DISABILITY RETIRANTS

1978	\$15,302,881
Avg. age (new cases)	52.1
No. receiving	4,334

1977	\$12,758,466
Avg. age (new cases)	51.9
No. receiving	3,904

TOTAL MONTHLY BENEFITS PAID

	Percent Increase
1978—\$193,535,417	13%
1977— 172,082,218	17%
1976— 147,540,113	13%
1975— 131,056,945	21%
1974— 108,322,341	14%
1973— 94,826,841	12%
1972— 84,355,688	39%
1971— 60,785,076	12%
1970— 54,374,361	8%

From 6,000 "Charter" Members PERS HAS GROWN SINCE 1935 TO MORE THAN 318,000

When the Retirement System started operations on January 1, 1935, membership was limited to employees of state governmental units. There were about 6,000 "charter" members.

Three and a half years later, on July 1, 1938, membership was expanded to include employees of all counties and municipalities in the state thereby launching the System toward becoming one of the largest statewide public retirement systems in the nation.

In one year, membership in the System jumped from about 16,000 to more than 42,000. Within the next 20 years membership had been expanded to include all public employees in the state, with the exception of employees of Boards of Education and state university faculties, police and firemen and state highway patrolmen. All have retirement systems of their own.

The word "state" was eliminated from the name of the System in 1938 and the present name adopted. Today the System has in excess of 318,000 members, includ-

ing 39,378 persons no longer active contributors to the System who have left their accounts on deposit.

Recent years have seen the addition of volunteer (part-time) firemen to membership eligibility as well as thousands of public employees hired under the Comprehensive Employment Training Act (CETA) sponsored by the Federal government.

The greatest growth in public employment in Ohio as reflected in PERS membership has been in the counties, cities and villages. In the past five years, for example, county employment has grown by more than 15,000. The 850 cities and villages in the state have increased their staffs by nearly 8,000. State employment, on the other hand, has grown about 5,000 in the last five years.

The count of memberships in all of the employment categories covered by PERS, as of the close of 1978, follows:

COUNT OF ACTIVE MEMBERSHIPS AS OF CLOSE OF 1978

Employee Groups

State	95,478
County	84,154
Sheriffs	2,714
Municipalities	57,839
Villages	8,432
Miscellaneous	12,398
Libraries	6,293
Townships	11,780
Totals	279,088
Inactive	39,378
Total Membership	318,466

Employer Groups

State	270
County	205
Sheriffs	88
Municipalities	281
Villages	578
Miscellaneous	332
Libraries	251
Townships	1,281
Totals	3,286

MEMBERS' ACCOUNTS TOTAL \$1,126,362,843

Despite a record \$60,127,048 withdrawn by members of the System who during 1978 terminated public employment and took refunds of their accounts, the funds on deposit with the System for all members increased \$124,762,419 during the year to a total of \$1,126,362,843. There were 46,632 persons who took refunds during the year, a 34% increase over 1977.

Offsetting this outflow of funds was the fact that 1978 was the first full year that members contributed to their retirement fund at the 8½% rate which went into effect July 1, 1977. These contributions, which are provided through deductions from gross salaries of members of the System, amount to \$228,210,916 during 1978 compared with \$195,979,997 during 1977.

Additions and Withdrawals During 1978

Balance as of DECEMBER 31, 1977		\$1,001,600,424.14
Additions during 1978		
By 8½% deductions	\$228,210,916.61	
By redeposits	2,880,281.32	
By back payments(1)	3,642,254.78	
Totals	\$234,733,452.71	
Withdrawals during 1978		
By refunds	\$60,127,048.44	
By transfers to A&PR Fund (2) and Survivors Fund	49,843,984.62	
Totals	\$109,971,033.06	
Balance as of December 31, 1978		\$1,126,362,843.79

(1) Back payments include military purchases, out-of-state or federal purchases, optional purchases of unreported service, leaves of absences, etc.

(2) A&PR (Annuity and Pension Reserve) Fund contains the reserves set aside for each member at time of retirement to guarantee payments for length of plan selected.

CHANGES IN THE LAW AND NEW BOARD RULES

New Legislation

Am. H.B. 813—Permits transfer of faculty of Cleveland State University and the Medical College of Ohio at Toledo from PERS membership to membership in State Teachers Retirement System. Eff. 1-4-79.

Am. H.B. 55—Permits spouse of deceased member to marry at age 62 or thereafter without loss of survivor benefits. Eff. 10-20-78.

Am. H.B. 1006—Established a retirant member position and a university-college employee member position on the Retirement Board. Eff. 8-21-78.

Am. H.B. 220—Permits retirants who selected Option 1 or 2 to return to straight life plan of payment if the beneficiary dies, even though that beneficiary is not a spouse. Eff. 10-31-78.

Am. H.B. 754—Permits sheriffs and deputy sheriffs to purchase five years of military service; eliminates that privilege for all PERS members receiving or eligible for career military retirement benefits. Eff. 3-15-79.

New Board Rules

Board Rule 145-5-07—Newly hired volunteer firemen are eligible for membership in PERS starting with the first year in which hours worked are 250 or more and earnings are \$500 or more. Service credit may be accrued thereafter only for years in which those hourly and earnings requirements are met. Service credit for past service may be purchased on an optional basis for those years in which hours worked are 250 or more and earnings are \$500 or more. Eff. 1-1-79.

Board Rule 145-7-02—The interest rate charged in calculating back payments was increased from 4% to 6% compounded annually, except in those sections of the Ohio Revised Code in which an interest rate is omitted or specified. Eff. 1-1-78.

REPORT FROM STATE AUDITOR



THOMAS E. FERGUSON
AUDITOR OF STATE
COLUMBUS, OHIO 43216

March 1, 1979

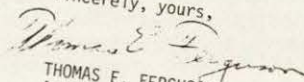
The Retirement Board
Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215

Dear Members of the Board:

The annual inspection of the records and accounts of the Retirement System for the calendar year 1978 has been submitted to the Retirement Board.

Prepared by the Bureau of Inspection and Supervision of Public Offices, the report indicated that the audit and examination was made in accordance with generally accepted auditing standards and disclosed that the financial records and accounts were neatly and accurately maintained.

Sincerely, yours,


THOMAS E. FERGUSON
Auditor of State

TEF:sv

STATEMENT OF ASSETS, LIABILITIES AND RESERVES

	1978	
ASSETS		
Cash and Temporary Investments	\$ 58,963,400.32	\$ 91,749,401.89
Accounts Receivable — Employers Investments	<u>107,276.40</u>	59,070,676.72
Investments	\$ 53,640,900.00	
Bonds — Par Value — U.S. Treasury		
U.S. Gov't Insured Merchant Marine	14,025,000.00	
Federal National Mortgage Association	11,500,000.00	
Farmers Home Administration	23,497,342.46	
Washington Metropolitan Area Transit Authority	500,000.00	
Canadian Securities Corporate	286,120,000.00	
	<u>2,500,854,243.75</u>	
	\$2,890,137,486.21	
Total Bonds Par	6,660,110.70	
Add Premium	187,412,445.10	
Deduct Discount		
Book Value Bond Investments		2,709,385,151.81
Mortgages (Capehart) Par	\$ 52,892,006.88	
Add Premium	112,398.47	
Deduct Discount	<u>1,449,120.80</u>	
Book Value Mortgages		51,555,284.55
Stock (at Cost) Common		1,256,420,863.40
Fixed Assets	\$ 1,060,034.32	
Furniture, Fixtures and Equipment	2,227,818.70	
Land and Home Office Building	1,050,000.00	4,337,853.02
236 East Town Street		
Deferred Loss on Sale of Securities		15,004,838.05
Prepaid Expense — Atty. Fees .4% Court Directed		51,581.65
TOTAL ASSETS		<u>\$4,187,575,651.09</u>
LIABILITIES AND RESERVES		
Accounts Payable — Medical Insurance Investments	\$ 346,049.46	\$ 346,049.46
Funds		
Members Savings Fund	\$1,126,362,843.79	
Employers Accumulation Fund		
Employer Fund Liability ¹	\$3,917,257,063.95	
Unfunded Accrued Liability ¹	<u>3,054,570,570.00</u>	
A & P R Fund	862,686,493.95	
Survivor Benefit Fund	1,858,628,208.79	
Income Fund	332,180,158.06	
Expense Fund	5,326,932.00	
Deferred Compensation Board	645,394.24	
Total Funds		4,185,830,030.83
Short Term Investment Income		555,709.53
Allowance for Replacement — Furniture, Fixtures and Equipment Building	\$ 534,250.45	843,861.17
	<u>309,610.82</u>	
TOTAL LIABILITIES AND RESERVES		<u>\$4,187,575,651.09</u>

¹ Unfunded Accrued Liabilities are the difference between liabilities (future benefits) and the accrued assets of PERS as determined by our independent actuary.

NOTES TO FINANCIAL STATEMENT

	1977	
		\$ 18,442,808.86
\$	51,741,871.63	
	<u>2,627,826.15</u>	54,369,697.78
\$	43,657,700.00	
	14,234,000.00	
	17,000,000.00	
	500,000.00	
	161,925,000.00	
	<u>2,220,607,546.60</u>	
\$	2,457,924,246.60	
	8,030,251.19	
	<u>150,490,815.87</u>	
		2,315,463,681.92
\$	59,539,783.04	
	122,263.03	
	<u>1,654,421.03</u>	
		58,007,625.04
		1,198,685,130.50
\$	975,745.64	
	<u>2,227,348.70</u>	
		3,203,094.34
		16,458,312.97
		52,378.86
		<u>\$3,664,682,730.27</u>
\$	91,881.17	
	<u>183,825.00</u>	
		\$ 275,706.17
\$	1,001,600,424.14	
\$3,122,454,591.34		
<u>2,413,582,721.00</u>		
	708,871,870.34	
	1,663,956,889.17	
	284,228,117.28	
	4,429,344.00	
	591,916.58	
	<u>4,715.38</u>	
		3,663,683,276.89
		10,641.12
\$	445,426.47	
	<u>267,679.62</u>	
		713,106.09
		<u>\$3,664,682,730.27</u>

Assets

CASH—Only sufficient cash is on deposit at the State Treasury to cover current payment of benefits, refunds and expenses.

ACCOUNTS RECEIVABLE—Employer contributions for the final quarter of 1978 are determined at year end but are payable, without penalty, until March 31, 1979.

BONDS—67.39% of PERS investments are in bonds of the United States Treasury and its agencies, Canadian Provinces, U.S. Corporations (industrials, utilities, and railroads). This statement shows the bonds at book value, that is par value adjusted for unamortized premiums paid or unaccumulated discounts received.

MORTGAGES—We own Capehart mortgages, guaranteed by the U.S. Government. As they were purchased at prices above and below par, premiums and discounts are shown to adjust the holdings to book value.

STOCKS—29.29% of PERS investments are prime quality common stocks, selected for earnings and expectation of growth. They are diversified among high quality American corporations.

DEFERRED LOSS ON SECURITIES—In 1969 and 1970 low income bonds were sold at discount. The proceeds were reinvested in bonds having approximately the same maturity dates and par value, but greater income. These will mature at the full par value. They will earn approximately 1% more income, thus increasing earnings about \$750,000 per year until maturity, at which time the book "loss" will be recovered.

Liabilities

MEMBERS' SAVINGS FUND—is the fund in which your contributions—and those of all members—are held in trust. Return of your entire account, as a benefit or refund, is guaranteed to you, your beneficiary or estate.

EMPLOYERS' ACCUMULATION FUND—The 13.71% of payroll paid by the state, and the 13.95% paid by local government are held in this fund.

ANNUITY AND PENSION RESERVE FUND—When you retire enough money will be placed in this fund to guarantee your monthly benefit for your life, or the life of the plan you select. This account will include:

- 1) All your retirement deductions from your pay;
- 2) Employer contributions from your employer;
- 3) Income earned on the above.

SURVIVOR BENEFIT FUND—This guarantees survivor benefit payments presently being paid.

INCOME FUND—Interest earnings remain here after current interest is credited to the other statutory funds.

EXPENSE FUND—Each year the Board includes in this fund, money for the operation of the System. The amount shown is the balance remaining at the close of the year after budgeted expenses have been met.

INVESTMENT REPORT: CONTINUED PROGRESS

The investment philosophy of the Public Employees Retirement System has been and is one of both conservatism and bold action. In the year of 1978 we restrained any feeling for bold action and became very pragmatic about the investment opportunities which were available and invested over ninety percent of new investable funds into debt securities. These investments into the debt market included \$434,185,357 into the bond market at an average yield to maturity of 9.12% and \$80,200,000 into the commercial paper market which has a 10.13% yield at year end. These new investments contribute to the overall yield on the fund passing the seven percent level. We have and will stress the importance of a continuing income flow for the Retirement System in order to meet the enormous obligations that lie before us.

Though we were less active in investing new monies into the stock market, about sixty million, much emphasis was placed on owning the right securities. This was accomplished by utilizing both technical and fundamental analysis. Efforts were made to isolate those stocks which were exhibiting positive relative performance and showing signs of accumulation (buying) and those that were underperforming and undergoing distribution (selling). This strategy seems most appropriate and should continue to alert us of any problems.

Once again we believe it worthwhile to state our policies and procedures on investments:

INVESTMENT POLICIES

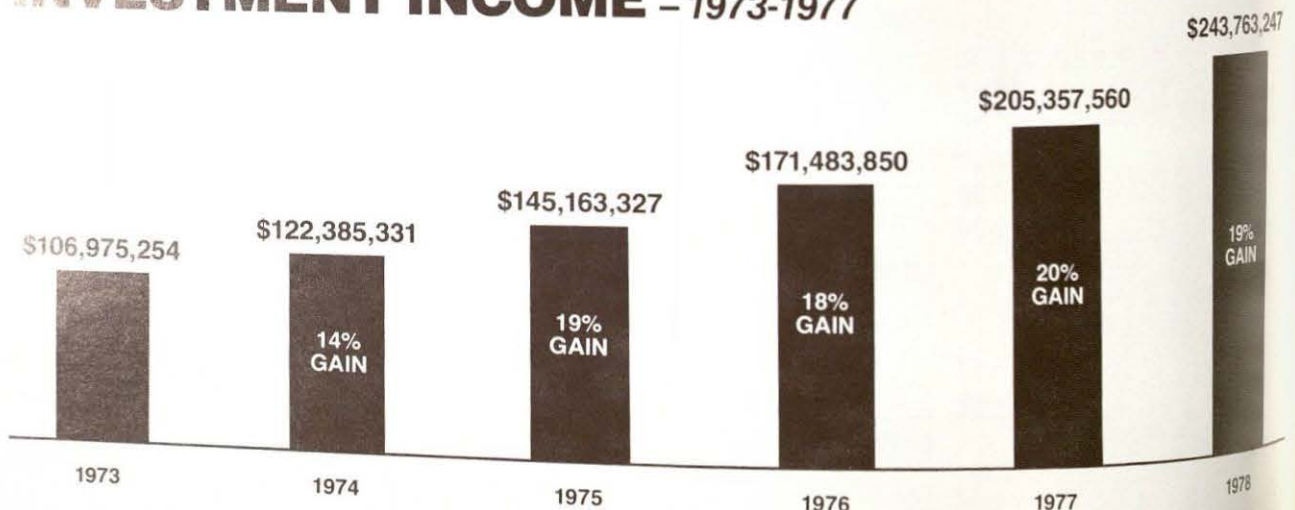
1. The Public Employees Retirement Board has established a policy to capitalize on opportunities to realize maximum effort of the investment management process in light of the Board's very specific and restricted purpose.
2. Maximize total return on investments over the long term consistent with high standards of quality, prudent judgement and statutory limits.

3. Employ a highly competent outside investment counsel to assist the Board's own investment staff.
4. With the cooperation of the State Treasurer establish an efficient and safe procedure for handling the movements of investable funds; to also provide a safekeeping arrangement for physical custody of assets held and for clearing and settlement of investment transactions.

INVESTMENT PROCEDURE

1. Section 145.09 R.C. provides the general administration and management of the Public Employees Retirement System is vested in the Public Employees Retirement Board, which body may authorize its administrative officers to act for the Board.
 - a. This procedure permits the investment of funds between monthly meetings by administrative officers within programs, guidelines and policies approved by the Board.
2. PERS investment procedure is implemented in the following manner:
 - a. After the roll call an agenda is presented listing all investment transactions since the previous board meeting. Following a general discussion of the specific transactions the Chair asks for approval.
 - b. Next a list of announced future bond offerings, portfolio statements and other investment reports are presented to the board for their information at which time a general economic and investment discussion is held.
 - c. An investment program for the coming month is then presented to the board for their direction and approval. After a specific program is approved by the Board it authorizes investment staff to implement the program.

GROWTH IN INVESTMENT INCOME - 1973-1977



SUMMARY OF THE SYSTEM'S INVESTMENTS – December 31, 1978

Securities Held	Par Value	Yield To Maturity	% Of Portfolio
U.S. Government and Agencies Bonds:			
U.S. Treasury	\$ 53,640,900	7.91	
U.S. Gov't. Insured Merchant Marine	14,025,000	8.85	
Federal National Mortgage Association	11,500,000	7.85	
Farmers Home Administration	<u>23,497,342</u>	9.25	
Total	\$ 102,663,242		2.40
Washington Metropolitan Area Transit Authority			
	500,000	7.75	.01
Canadian Securities			
	286,120,000	9.10	6.67
Corporate Bonds:			
Industrial	\$ 651,143,413		
Pipeline	62,727,000		
Telephone	539,805,000		
Public Utilities	1,163,685,000		
Railroad General	5,000,000		
Railroad Equipment Trust Certificates	42,713,831		
Finance	31,180,000		
Insurance	<u>4,600,000</u>		
Total	2,500,854,244	8.23	58.31
Mortgages (Capehart)			
	52,892,007	4.56	1.23
Short Term Investments (Maturity — 35 days or less)			
	89,500,000	10.13	2.09
Common Stocks (at Cost)			
	<u>1,256,420,863</u>	<u>3.97¹</u>	<u>29.29</u>
TOTAL PORTFOLIO	<u>\$4,288,950,356</u>	7.04	<u>100.00</u>

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¹Yield at Cost is determined by dividing the annual dividend by the price paid. This excludes any changes in value resulting from market fluctuations – realized or otherwise.

PERS REVENUE BY SOURCE

From Employers

	1978	1977
State of Ohio	\$136,465,197.24	\$119,621,302.44
Local Governments	<u>238,295,824.47</u>	<u>185,480,467.70</u>
Total Contributions	\$374,761,021.71	\$305,101,770.14

From Members

	1978	1977
	\$ 84,619,247.29	\$ 77,335,176.89
	<u>144,373,559.07</u>	<u>118,531,213.32</u>
Total Contributions	\$228,992,806.36	\$195,866,390.21

From Investments

	1978	1977
Bonds	\$190,741,401.94 ¹	\$159,441,489.03 ¹
Commercial Paper (short term)	4,109,151.11	6,136,831.17
Mortgages	2,399,708.59 ¹	2,675,786.41 ¹
Stocks	<u>46,512,985.31</u>	<u>37,103,453.86</u>
Total Investment Income	\$243,763,246.95	\$205,357,560.47

¹Net of premium amortization

Totals

	1978	1977
Employers	\$374,761,021.71	\$305,101,770.14
Members	228,992,806.36	195,866,390.21
Investments	<u>243,763,246.95</u>	<u>205,357,560.47</u>
Total	\$847,517,075.02	\$706,325,720.82

1972-1978 INCOME BY SOURCES COMPARED

	Employers	Employees	Investments
1978	44.2%	27.0%	28.8%
1977	43.2%	27.7%	29.1%
1976	42.7%	28.6%	28.7%
1975	42%	30%	28%
1974	40%	33%	27%
1973	40%	33%	27%
1972	40%	33%	27%

INVESTMENT ACTIVITY – January 1, 1978 - December 31, 1978

\$3,725,449,160

Investment Portfolio January 1, 1978

INCREASES:

Bonds and Notes Purchased	\$ 15,800,000
U.S. Treasury	23,556,357
Farmers Home Administration	172,595,000
Canadian Securities	728,210,000
Corporate	207,476,190
Common Stocks Purchased (at Cost)	80,200,000
Short Term Investments (Net)	<u>80,200,000</u>
Total Increases	<u>\$1,227,837,547</u>

DECREASES:

Bonds Sold	\$ 5,816,800
U.S. Treasury	5,500,000
Federal National Mortgage Association	48,400,000
Canadian Securities	440,045,000
Corporate	149,733,730
Common Stocks Sold	6,727
Common Stock Rights Sold	
Bonds Called Before Maturity	209,000
U.S. Gov't. Insured Merchant Marine	2,474,000
Corporate	
Maturities	59,015
Farmers Home Administration	5,444,303
Corporate	6,647,776
Capehart Mortgages	<u>6,647,776</u>
Total Decreases	<u>\$ 664,336,351</u>

Net Increase to Investment Portfolio

563,501,196

Investment Portfolio December 31, 1978

\$4,288,950,356

NOTE: In the brief periods of time that normally elapse between the receipt of funds and their investment in long-term securities, the funds are invested temporarily in short-term notes that mature in less than 36 days. Thus the Retirement System assures continuity of investment income with a minimum of lapsed time from the day funds are received.

BOND EXCHANGE SUMMARY – Year ended December 31, 1978

	Bonds Sold	Bonds Purchased
Par Value	\$499,272,000	\$501,476,000
Coupon Income	\$ 36,609,437	\$ 37,704,275
Average Coupon	7.33%	7.52%

During 1978 we continued our active bond management program to improve the portfolio's marketability, quality current return, yield to maturity, or combinations of these items. In 1978 a net increase in coupon income of \$1,094,838 per year was gained on the bonds purchased versus the bonds sold.

DETAILED LISTING OF CORPORATE BONDS—December 31, 1978

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
ACF Industries	11.00%	10/01/1989	\$1,468,000.00	\$1,468,000.00	\$1,548,549.15
Acceleration Corp.	10.50%	09/01/1994	4,600,000.00	4,600,000.00	4,600,000.00
Alabama Gas Corp.	7.25%	02/01/1994	500,000.00	495,765.09	400,609.99
Alabama Power Co.	4.63%	05/01/1987	600,000.00	469,522.28	417,234.00
Alabama Power Co.	4.88%	05/01/1989	1,100,000.00	904,066.64	729,982.00
Alabama Power Co.	4.63%	05/01/1994	250,000.00	204,522.38	144,772.49
Alabama Power Co.	8.63%	11/01/1999	1,300,000.00	1,307,338.24	1,100,150.99
Alabama Power Co.	8.50%	07/01/2001	5,250,000.00	5,039,398.66	4,369,312.49
Alabama Power Co.	7.50%	01/01/2002	3,570,000.00	3,570,000.00	2,678,499.59
Alabama Power Co.	7.88%	04/01/2002	3,535,000.00	2,767,952.48	2,765,501.20
Alabama Power Co.	7.75%	09/01/2002	7,500,000.00	7,187,747.52	5,778,149.99
Alabama Power Co.	8.88%	08/01/2003	2,475,000.00	2,302,582.00	2,132,459.99
Alabama Power Co.	8.25%	12/01/2003	8,750,000.00	8,370,239.50	7,085,662.50
Alabama Power Co.	9.75%	06/01/2004	4,500,000.00	4,420,778.64	4,221,179.99
Alabama Power Co.	10.88%	10/01/2005	5,000,000.00	4,950,851.90	4,967,749.99
American Can Co. Notes	7.75%	03/15/2001	8,100,000.00	7,849,566.00	6,996,537.00
American Can Co. Notes	4.50%	04/01/1980	460,060.69	451,411.18	439,353.35
American Export Lines	4.50%	09/01/1985	372,000.00	372,000.00	288,902.63
American President Lines	5.00%	03/01/1981	130,000.00	130,000.00	118,756.28
American Tel. & Tel. Co.	5.63%	03/01/1995	500,000.00	377,830.00	353,689.99
American Tel. & Tel. Co.	5.50%	01/01/1997	500,000.00	356,875.00	343,044.99
American Tel. & Tel. Co.	4.75%	06/01/1998	3,647,000.00	2,536,756.97	2,231,708.70
American Tel. & Tel. Co.	4.38%	05/01/1999	1,900,000.00	1,138,380.10	1,084,196.99
American Tel. & Tel. Co.	6.00%	08/01/2000	1,250,000.00	935,602.84	886,525.00
American Tel. & Tel. Co.	5.13%	04/01/2001	1,875,000.00	1,270,071.75	1,172,737.49
American Tel. & Tel. Co.	7.13%	12/01/2003	1,800,000.00	1,516,933.00	1,456,325.99
Anchor Hocking	8.63%	07/01/2006	6,750,000.00	6,704,874.08	6,306,592.49
Appalachian Power Co.	4.38%	04/01/1992	1,000,000.00	653,749.57	588,230.00
Appalachian Power Co.	7.50%	12/01/1998	2,600,000.00	2,097,036.40	1,967,705.99
Appalachian Power Co.	10.13%	06/01/1995	500,000.00	503,771.90	483,580.00
Appalachian Power Co.	7.63%	02/01/2002	2,500,000.00	2,138,735.44	1,893,674.99
Appalachian Power Co.	7.50%	12/01/2002	7,440,000.00	6,959,489.76	5,538,633.60
Appalachian Power Co.	8.13%	07/01/2003	2,300,000.00	1,847,795.00	1,835,468.99
Appalachian Power Co.	8.50%	03/01/2004	6,500,000.00	5,751,163.43	5,380,439.99
Arkansas Power & Light Co.	4.88%	05/01/1991	1,000,000.00	739,709.88	648,070.00
Arkansas Power & Light Co.	4.38%	02/01/1993	1,500,000.00	940,217.22	871,965.00
Arkansas Power & Light Co.	5.75%	03/01/1996	500,000.00	352,462.05	328,174.99
Arkansas Power & Light Co.	8.13%	12/01/2003	2,500,000.00	2,431,991.50	2,058,849.99
Arkansas Power & Light Co.	10.50%	06/01/2004	4,000,000.00	4,047,003.64	3,937,359.99
Armco Steel Co.	9.20%	07/15/2000	18,200,000.00	18,282,356.12	17,703,139.99
Armco Steel Co.	8.50%	09/01/2001	11,100,000.00	10,759,691.80	10,140,849.00
Atchinson Topeka & Santa Fe	7.50%	09/19/1989	579,493.13	540,944.51	534,918.51
Atlantic City Electric Co.	4.50%	03/01/1991	400,000.00	403,760.00	254,947.99
Atlantic City Electric Co.	4.50%	07/01/1992	3,500,000.00	2,264,477.56	2,160,899.99
Atlantic City Electric Co.	4.38%	03/01/1993	100,000.00	100,000.00	59,875.00
Atlantic City Electric Co.	5.13%	02/01/1996	300,000.00	299,454.00	187,073.99
Atlantic City Electric Co.	7.50%	04/01/2002	2,750,000.00	2,343,757.85	2,214,272.49
Atlantic City Electric Co.	3.25%	04/01/1989	500,000.00	500,721.17	325,129.99
Atlantic Refining Co.	3.85%	06/01/1983	1,800,000.00	1,678,101.66	1,523,321.99
Atlantic Richfield Co.	7.75%	12/15/2003	1,000,000.00	920,724.50	859,080.00
Baltimore & Ohio Railroad	9.00%	06/01/1986	800,000.00	800,000.00	758,656.00
Baltimore & Ohio Railroad	9.00%	06/01/1987	700,000.00	700,000.00	660,674.00
Baltimore & Ohio Railroad	9.00%	06/01/1991	800,000.00	794,113.50	743,680.00
Baltimore & Ohio Railroad	9.00%	06/01/1992	800,000.00	793,873.97	741,592.00
Baltimore & Ohio Railroad	9.00%	06/01/1993	800,000.00	793,650.74	739,472.00
Baltimore Gas & Electric Co.	4.38%	07/15/1992	4,855,000.00	3,638,818.66	3,007,575.40
Baltimore Gas & Electric Co.	4.00%	03/01/1993	875,000.00	588,932.24	507,666.25
Baltimore Gas & Electric Co.	4.50%	07/15/1994	1,000,000.00	659,202.32	603,730.00
Baltimore Gas & Electric Co.	5.13%	04/15/1996	5,200,000.00	4,514,832.65	3,302,103.99
Baltimore Gas & Electric Co.	6.13%	08/01/1997	3,763,000.00	3,313,405.92	2,651,710.83
Baltimore Gas & Electric Co.	7.00%	12/15/1998	1,100,000.00	941,952.80	855,118.00
Baltimore Gas & Electric Co.	7.25%	04/15/2001	4,050,000.00	3,496,229.05	3,208,814.99
Baltimore Gas & Electric Co.	7.63%	09/01/2001	1,800,000.00	1,564,337.40	1,479,527.99
Baltimore Gas & Electric Co.	7.50%	07/01/2002	7,500,000.00	6,207,602.40	6,063,824.99
Baltimore Gas & Electric Co.	7.50%	09/15/2002	500,000.00	415,433.12	404,029.99

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Baltimore Gas & Electric Co.	8.13%	02/01/2004	\$10,250,000.00	\$9,663,695.67	\$8,782,405.00
Baltimore Gas & Electric Co.	8.25%	09/15/2007	4,800,000.00	4,642,922.14	4,150,175.99
Bell Telephone of Penns.	4.75%	05/01/2001	3,000,000.00	2,412,155.10	1,758,569.99
Bell Telephone of Penns.	4.38%	02/01/2003	4,000,000.00	3,906,787.78	2,173,839.99
Bell Telephone of Penns.	8.00%	08/01/2009	250,000.00	217,160.00	218,117.49
Bethlehem Steel Corp.	8.45%	03/01/2005	3,900,000.00	3,816,817.56	3,462,887.99
Bethlehem Steel Corp.	8.38%	03/01/2001	20,150,000.00	19,195,991.90	17,850,280.49
Bethlehem Steel Corp.	8.50%	04/01/2004	3,155,000.00	3,188,918.06	2,931,026.54
Borden Co.	4.25%	06/01/1992	3,000,000.00	3,016,380.63	1,745,129.99
Boston Edison Co.	4.75%	11/01/1995	2,900,000.00	2,916,838.50	1,676,663.99
Boston Edison Co.	6.13%	06/01/1997	1,460,000.00	1,475,605.86	981,645.60
Boston Edison Co.	6.88%	11/01/1998	1,100,000.00	1,107,017.20	800,690.00
Boston Edison Co.	5.88%	01/02/1992	650,000.00	530,372.99	473,804.50
British Columbia Hydro & Power	6.25%	06/01/1992	1,525,000.00	1,220,849.86	1,143,078.99
British Columbia Hydro & Power	9.63%	06/01/2005	500,000.00	503,684.56	489,020.00
British Columbia Hydro & Power	8.63%	12/01/2006	1,150,000.00	1,118,141.04	1,024,615.50
British Columbia Hydro & Power	8.38%	06/15/2007	10,510,000.00	9,567,707.24	9,135,397.10
Bucyrus Erie Co.	9.00%	06/01/1999	6,650,000.00	6,509,487.26	6,392,977.49
Burlington Northern, Inc.	9.25%	06/01/1998	5,000,000.00	5,000,000.00	4,783,249.99
California Electric Power Co.	5.13%	05/01/1990	1,550,000.00	1,207,767.82	1,093,850.49
California Electric Power Co.	5.00%	07/01/1991	300,000.00	228,585.02	204,095.99
Cambridge Electric Light Co.	6.25%	06/01/1997	359,000.00	365,110.55	256,710.12
Cargill, Inc.	9.50%	12/15/2000	5,000,000.00	5,000,000.00	4,978,549.99
Carborundum Co.	9.25%	05/15/2000	11,800,000.00	11,794,660.83	11,407,060.00
Carnation Co.	5.00%	04/01/1991	802,000.00	664,257.00	608,477.40
Carnation Co.	7.50%	03/01/1996	948,000.00	855,983.60	821,148.12
Carolina Power & Light Co.	4.88%	04/01/1990	1,600,000.00	1,595,625.40	1,089,135.99
Carolina Power & Light Co.	4.50%	07/01/1994	750,000.00	474,315.00	448,020.00
Carolina Power & Light Co.	5.13%	04/01/1996	1,300,000.00	1,184,130.05	816,517.00
Carolina Power & Light Co.	6.88%	10/01/1998	2,140,000.00	2,011,832.80	1,624,794.99
Carolina Power & Light Co.	7.38%	01/01/2001	2,920,000.00	2,914,760.50	2,302,799.59
Carolina Power & Light Co.	7.75%	10/01/2001	1,500,000.00	1,370,792.44	1,231,049.99
Carolina Power & Light Co.	7.75%	05/01/2003	1,300,000.00	1,154,916.88	1,062,671.99
Carolina Tel. & Tel. Co.	7.75%	10/01/2001	1,485,000.00	1,493,375.68	1,254,141.89
Carolina Tel. & Tel. Co.	8.10%	11/01/2003	1,000,000.00	1,000,000.00	872,410.00
Carolina Tel. & Tel. Co.	9.00%	05/01/2008	1,150,000.00	1,150,000.00	1,076,365.49
Carter Hawley Hale Stores, Inc.	5.50%	10/01/1983	335,000.00	315,380.20	282,612.70
Carter Hawley Hale Stores, Inc.	9.13%	10/15/2008	4,900,000.00	4,756,750.00	4,644,954.99
Central Hudson Gas & Electric Co.	7.75%	02/01/2002	1,000,000.00	1,013,830.69	808,430.00
Central Illinois Electric & Gas	5.00%	07/01/1990	1,350,000.00	1,028,702.40	945,135.00
Central Illinois Light Co.	5.50%	03/01/1997	50,000.00	50,308.95	32,314.50
Central Illinois Light Co.	9.25%	03/01/2005	500,000.00	500,000.00	467,595.00
Central Illinois Public Service	4.50%	05/01/1994	4,100,000.00	3,741,681.21	2,485,091.99
Central Illinois Public Service	4.63%	06/01/1995	2,500,000.00	1,881,721.24	1,511,024.99
Central Illinois Public Service	7.50%	04/01/2001	3,250,000.00	2,956,173.35	2,649,952.49
Central Illinois Public Service	7.50%	05/01/2002	1,650,000.00	1,468,470.02	1,341,136.49
Central Illinois Public Service	8.50%	03/01/2004	3,030,000.00	2,984,427.93	2,739,241.20
Central Illinois Public Service	9.13%	10/01/2008	6,000,000.00	5,868,760.00	5,973,779.99
Central Louisiana Electric Co.	7.50%	04/01/1999	1,000,000.00	1,010,270.50	806,490.00
Central Maine Power Co.	7.50%	05/01/1999	2,500,000.00	2,500,000.00	1,922,274.99
Central Power & Light Co.	6.63%	01/01/1998	100,000.00	75,583.27	74,922.99
Central Power & Light Co.	7.00%	02/01/2001	1,000,000.00	848,892.25	769,970.00
Central Telephone Co.	7.60%	10/01/1997	2,000,000.00	2,000,000.00	1,659,599.99
Central Telephone Co.	8.13%	12/01/1998	3,100,000.00	3,077,417.20	2,687,482.99
Central Telephone Co. of Florida	10.75%	10/01/1999	1,394,000.00	1,394,000.00	1,436,405.47
Central Telephone Co. of Virginia	8.20%	09/01/2007	1,400,000.00	1,377,933.60	1,193,121.99
Ches. & Potomac Tel.—Md.	3.25%	02/01/1995	150,000.00	88,770.15	75,415.49
Ches. & Potomac Tel.—Md.	4.13%	12/01/1993	200,000.00	198,930.50	119,065.99
Ches. & Potomac Tel.—Md.	4.38%	01/01/2002	4,500,000.00	3,124,204.94	2,459,609.99
Ches. & Potomac Tel.—Md.	5.88%	06/01/2004	9,775,000.00	8,078,462.60	6,587,274.75
Ches. & Potomac Tel.—Md.	6.63%	10/01/2008	1,000,000.00	760,360.00	730,070.00
Ches. & Potomac Tel.—Md.	7.25%	02/01/2012	3,000,000.00	2,881,387.22	2,404,199.99
Ches. & Potomac Tel.—Md.	9.00%	10/01/2018	9,000,000.00	8,951,361.25	8,644,950.00
Ches. & Potomac Tel.—Va.	5.63%	03/01/2007	500,000.00	375,981.11	318,704.99
Ches. & Potomac Tel.—Va.	6.75%	05/01/2008	4,170,000.00	3,890,389.56	3,083,423.09

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Ches. & Potomac Tel.—Wa. D.C.	4.38%	02/01/1998	\$ 100,000.00	\$ 100,730.08	\$ 56,855.00
Ches. & Potomac Tel.—Wa. D.C.	7.00%	02/01/2009	1,750,000.00	1,437,985.00	1,363,774.99
Ches. & Potomac Tel.—W. Va.	5.00%	03/01/2000	1,500,000.00	1,152,731.14	919,110.00
Ches. & Potomac Tel.—W. Va.	7.25%	05/01/2009	4,800,000.00	4,612,442.69	3,861,167.99
Ches. & Potomac Tel.—W. Va.	7.25%	02/01/2013	500,000.00	422,971.85	400,234.99
Cincinnati Bell, Inc.	4.50%	10/01/1993	3,331,000.00	2,865,356.87	2,067,118.66
Cincinnati Bell, Inc.	4.38%	08/01/2002	475,000.00	399,721.12	255,165.24
Cincinnati Bell, Inc.	8.38%	10/01/2009	3,150,000.00	3,103,159.00	2,879,351.99
Cincinnati Bell, Inc.	7.38%	08/01/2011	5,300,000.00	4,917,685.10	4,318,386.99
Cincinnati Bell, Inc.	9.60%	10/01/2015	3,500,000.00	3,523,672.60	3,451,209.99
Cincinnati Gas & Electric Co.	5.00%	05/01/1990	5,816,000.00	5,324,812.00	4,054,333.60
Cincinnati Gas & Electric Co.	4.38%	06/01/1992	3,450,000.00	3,437,451.78	2,133,721.49
Cincinnati Gas & Electric Co.	5.88%	07/01/1997	2,550,000.00	2,085,427.58	1,743,307.49
Cincinnati Gas & Electric Co.	7.38%	05/01/1999	4,100,000.00	3,633,425.33	3,318,662.99
Cincinnati Gas & Electric Co.	7.38%	11/01/2001	3,350,000.00	2,922,813.76	2,688,006.49
Cincinnati Gas & Electric Co.	8.13%	08/01/2003	2,750,000.00	2,565,907.00	2,369,592.49
Cincinnati Gas & Electric Co.	9.15%	11/01/2004	7,900,000.00	7,791,715.96	7,497,969.00
Cincinnati Gas & Electric Co.	8.55%	10/15/2006	1,900,000.00	1,862,781.84	1,707,529.99
Cincinnati Gas & Electric Co.	9.13%	04/15/2008	3,700,000.00	3,704,494.03	3,490,949.99
Cities Service Co.	8.38%	12/01/1997	12,000,000.00	12,000,000.00	10,577,760.00
Citizens Utilities	8.88%	03/01/2005	4,763,000.00	4,425,960.28	4,375,101.27
Cleveland Electric Illuminating	4.38%	04/01/1994	700,000.00	695,892.81	414,022.00
Colonial Pipeline Corp.	8.50%	12/01/2001	5,000,000.00	5,000,000.00	4,493,849.99
Colonial Pipeline Corp.	4.83%	06/01/1990	4,924,000.00	4,253,467.43	3,923,443.20
Colonial Pipeline Corp.	4.74%	06/01/1990	701,000.00	592,824.79	506,009.84
Colonial Pipeline Corp.	5.46%	06/01/1990	647,000.00	553,943.15	469,877.28
Colorado Interstate Corp.	8.00%	06/01/1989	1,866,000.00	1,866,000.00	1,717,932.89
Columbia Gas System Inc.	9.63%	11/01/1989	2,250,000.00	2,215,976.34	2,224,057.49
Columbus & So. Ohio Electric Co.	4.38%	05/01/1992	800,000.00	804,534.38	473,672.00
Columbus & So. Ohio Electric Co.	6.25%	10/01/1997	1,000,000.00	1,004,292.10	674,520.00
Columbus & So. Ohio Electric Co.	7.00%	06/01/1998	1,550,000.00	1,515,489.68	1,144,442.49
Columbus & So. Ohio Electric Co.	7.63%	05/01/1999	1,500,000.00	1,515,211.00	1,085,369.99
Commonwealth Edison Co.	9.13%	06/01/1998	4,000,000.00	4,000,000.00	3,670,199.99
Commonwealth Edison Co.	4.63%	03/01/1990	1,400,000.00	1,234,826.72	945,910.00
Commonwealth Edison Co.	5.25%	04/01/1996	1,100,000.00	849,123.85	712,525.00
Commonwealth Edison Co.	6.25%	02/01/1998	2,600,000.00	2,053,154.48	1,858,245.99
Commonwealth Edison Co.	7.50%	01/01/2001	3,250,000.00	3,017,948.50	2,662,172.49
Commonwealth Edison Co.	7.63%	02/15/2003	500,000.00	503,615.71	405,089.99
Commonwealth Edison Co.	8.13%	01/15/2007	700,000.00	637,508.62	604,982.00
Commonwealth Edison Co.	9.25%	08/01/1996	4,000,000.00	4,000,000.00	3,719,759.99
Connecticut Light & Power Co.	4.88%	02/01/1990	250,000.00	166,995.07	169,537.49
Connecticut Light & Power Co.	7.38%	12/01/2001	1,000,000.00	793,150.00	764,100.00
Connecticut Light & Power Co.	7.63%	04/01/2003	3,350,000.00	2,826,725.57	2,624,021.49
Connecticut Light & Power Co.	3.25%	12/01/1982	750,000.00	751,933.20	603,247.50
Con. Edison of New York	5.00%	10/01/1987	550,000.00	551,316.88	385,203.49
Con. Edison of New York	4.00%	06/01/1988	500,000.00	504,210.78	313,549.99
Con. Edison of New York	4.75%	06/01/1990	2,000,000.00	2,011,130.85	1,292,439.99
Con. Edison of New York	5.00%	12/01/1990	1,170,000.00	1,185,889.44	763,518.60
Con. Edison of New York	4.75%	06/01/1991	900,000.00	909,484.75	567,162.00
Con. Edison of New York	4.63%	11/01/1991	4,400,000.00	4,424,313.38	2,694,779.99
Con. Edison of New York	4.38%	06/01/1992	100,000.00	99,773.47	58,573.00
Con. Edison of New York	4.38%	10/01/1992	2,100,000.00	2,113,993.56	1,225,181.99
Con. Edison of New York	4.38%	12/01/1992	2,350,000.00	2,359,116.80	1,359,427.99
Con. Edison of New York	4.63%	12/01/1993	4,300,000.00	4,344,095.20	2,511,629.99
Con. Natural Gas Co.	7.75%	10/01/1996	1,000,000.00	948,086.56	870,400.00
Con. Natural Gas Co.	8.13%	06/01/1997	250,000.00	231,996.54	223,329.99
Consumers Power Co.	3.25%	02/01/1990	200,000.00	201,528.12	113,061.99
Consumers Power Co.	4.63%	09/01/1994	1,850,000.00	1,870,161.60	1,059,291.49
Consumers Power Co.	6.00%	07/01/1997	2,000,000.00	1,685,538.22	1,357,779.99
Consumers Power Co.	6.88%	05/01/1998	4,125,000.00	3,607,323.75	3,061,904.99
Consumers Power Co.	6.63%	10/01/1998	4,000,000.00	3,596,814.00	2,875,599.99
Consumers Power Co.	8.13%	08/01/2001	1,000,000.00	788,694.40	831,660.00
Consumers Power Co.	7.50%	11/01/2001	1,000,000.00	745,903.36	775,470.00
Consumers Power Co.	8.63%	08/01/2003	3,750,000.00	3,167,736.50	3,272,062.49
Consumers Power Co.	11.38%	08/01/1994	1,200,000.00	1,200,000.00	1,253,339.99

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Consumers Power Co.	11.25%	09/01/1982	\$ 500,000.00	\$ 500,000.00	\$ 509,999.99
Continental Group Inc.	8.85%	05/15/2004	1,600,000.00	1,549,689.01	1,522,847.99
Continental Group Inc.	8.85%	05/01/2008	6,000,000.00	5,991,132.30	5,706,839.99
Continental Oil Co.	9.13%	11/01/1999	2,000,000.00	2,026,928.72	1,953,679.99
Continental Oil Co.	8.88%	06/01/2001	750,000.00	751,788.75	717,480.00
Continental Oil Co.	5.88%	12/01/1989	1,850,000.00	1,610,493.48	1,479,574.49
Continental Oil Co.	4.80%	06/01/1990	1,155,000.00	987,159.57	856,848.30
Crown Zellerbach Corp.	9.30%	08/01/1994	2,500,000.00	2,500,000.00	2,393,499.99
Cutler Hammer, Inc.	4.88%	01/01/1996	2,000,000.00	1,963,204.85	1,248,779.99
Dallas Power & Light Co.	9.00%	02/15/2000	8,350,000.00	8,293,178.51	8,135,154.50
Dana Corp.	8.88%	11/15/2008	4,000,000.00	3,925,431.25	3,837,039.99
Dana Corp.	5.63%	05/01/1997	400,000.00	341,824.16	266,075.99
Dayton Power & Light Co.	6.75%	06/15/1998	1,585,000.00	1,585,000.00	1,188,100.14
Dayton Power & Light Co.	8.13%	08/01/2001	500,000.00	475,811.82	419,680.00
Dayton Power & Light Co.	8.00%	11/01/2003	500,000.00	469,207.50	411,960.00
Dayton Power & Light Co.	4.45%	06/01/1993	2,500,000.00	1,671,410.26	1,469,274.99
Dayton Power & Light Co.	8.00%	11/15/2002	2,250,000.00	2,116,821.12	2,000,609.99
Deere and Co.	4.63%	10/01/1994	4,400,000.00	3,484,178.88	2,635,247.99
Delaware Power & Light Co.	6.38%	09/01/1997	2,050,000.00	1,538,034.96	1,449,554.99
Delmarva Power and Light Co.	7.00%	11/01/1998	4,050,000.00	3,285,031.70	3,060,584.99
Delmarva Power and Light Co.	7.63%	12/01/2001	7,000,000.00	6,439,978.52	5,609,169.99
Delmarva Power and Light Co.	7.50%	08/01/2002	3,600,000.00	3,002,670.72	2,838,131.99
Delmarva Power and Light Co.	9.63%	07/01/2008	9,350,000.00	9,284,667.50	8,976,467.50
Denver & Rio Grande W. RR, ETC.	6.00%	09/01/1981	228,000.00	228,000.00	207,313.56
Denver & Rio Grande W. RR, ETC.	6.00%	03/01/1982	223,000.00	223,000.00	200,365.49
Denver & Rio Grande W. RR, ETC.	6.00%	03/01/1983	113,000.00	113,000.00	98,754.09
Detroit Edison Co.	6.00%	12/01/1996	5,000,000.00	5,018,421.20	3,266,499.99
Detroit Edison Co.	6.40%	10/01/1998	3,000,000.00	2,946,842.00	2,025,839.99
Detroit Edison Co.	8.13%	06/15/2001	180,000.00	179,323.65	145,054.79
Detroit Edison Co.	7.38%	11/15/2001	2,500,000.00	2,494,198.94	1,849,424.99
Diamond International Corp.	8.35%	09/01/2006	5,865,000.00	5,902,771.44	5,346,475.35
Diamond Shamrock Corp.	9.13%	11/15/2000	1,650,000.00	1,650,000.00	1,605,218.99
Diamond Shamrock Corp.	7.70%	12/15/2001	17,100,000.00	16,429,017.98	14,665,473.00
Diamond Shamrock Corp.	8.50%	04/01/2008	13,000,000.00	12,745,222.07	11,935,820.00
Diamond State Telephone Co.	4.75%	04/01/1994	525,000.00	530,308.13	334,818.74
Diamond State Telephone Co.	7.00%	12/01/2008	500,000.00	406,493.71	391,834.99
Diamond State Telephone Co.	8.20%	08/01/2011	1,000,000.00	898,660.00	896,170.00
Diamond State Telephone Co.	7.75%	12/01/2013	4,250,000.00	4,028,792.50	3,556,357.49
Diamond State Telephone Co.	9.00%	06/01/2018	1,430,000.00	1,403,449.68	1,377,733.49
Dow Chemical Co.	8.50%	02/01/2005	9,375,000.00	9,245,185.51	8,626,781.25
Dow Chemical Co.	8.50%	01/15/2006	7,900,000.00	7,825,242.35	7,271,318.00
Dow Chemical Co.	7.88%	07/15/2007	15,850,000.00	15,015,122.00	13,602,628.50
Dow Chemical Co.	8.63%	02/15/2008	12,100,000.00	12,003,944.69	11,272,602.00
Dow Chemical Co.	4.50%	01/15/1990	1,760,000.00	1,467,640.79	1,282,423.99
Dow Chemical Co.	5.00%	04/01/1991	2,380,000.00	2,023,452.25	1,768,078.20
Dow Corning Corp.	9.63%	04/01/2005	2,100,000.00	2,127,500.00	2,107,013.99
Dupont D'Nemours, E. I.	8.45%	11/15/2004	7,250,000.00	7,130,995.92	6,783,897.50
Dupont D'Nemours, E. I.	8.50%	05/01/2006	1,500,000.00	1,509,143.75	1,395,629.99
Duke Power Co.	4.25%	08/01/1992	3,000,000.00	2,438,106.92	1,808,549.99
Duke Power Co.	5.38%	04/01/1997	4,100,000.00	3,108,123.61	2,603,745.99
Duke Power Co.	6.38%	02/01/1998	9,010,000.00	8,147,991.25	6,446,024.30
Duke Power Co.	7.38%	12/01/2001	300,000.00	243,833.08	234,716.99
Duke Power Co.	7.38%	12/01/2002	6,200,000.00	5,549,817.92	4,835,317.99
Duke Power Co.	9.75%	05/01/2004	3,900,000.00	3,866,657.73	3,835,376.99
Duke Power Co.	9.50%	02/01/2005	5,300,000.00	5,227,580.80	5,107,821.99
Duke Power Co.	8.13%	09/01/2007	4,000,000.00	3,860,394.58	3,370,199.99
Duquesne Light Co.	5.13%	02/01/1996	500,000.00	354,506.40	315,369.99
Duquesne Light Co.	5.25%	02/01/1997	2,588,000.00	2,591,082.47	1,638,281.63
Duquesne Light Co.	6.38%	02/01/1998	4,250,000.00	4,275,453.35	3,046,314.99
Duquesne Light Co.	7.00%	01/01/1999	1,000,000.00	816,955.91	762,780.00
Duquesne Light Co.	7.75%	07/01/1999	940,000.00	806,207.32	773,845.60
Duquesne Light Co.	7.88%	03/01/2001	200,000.00	170,570.00	166,821.99
Duquesne Light Co.	7.75%	07/01/2003	5,000,000.00	4,357,822.50	4,069,949.99
Duquesne Light Co.	9.50%	03/01/2005	500,000.00	478,893.81	480,960.00
Duquesne Light Co.	8.38%	04/01/2007	3,300,000.00	3,264,987.18	2,846,744.99

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Eaton Corp.	7.88%	12/01/2003	\$ 6,100,000.00	\$ 5,932,409.22	\$ 5,288,455.99
Eaton Corp.	8.75%	07/15/2001	10,800,000.00	10,759,617.63	10,156,860.00
El-Paso Co. US Govt Gurd Ship Fin	9.25%	03/31/2003	3,000,000.00	3,000,000.00	2,934,899.99
El-Paso Co. US Govt Gurd Ship Fin	9.30%	03/31/2003	5,000,000.00	5,000,000.00	4,955,019.98
El Paso Electric Co.	4.63%	02/01/1992	1,000,000.00	866,303.02	632,570.00
El Paso Electric Co.	6.75%	05/01/1998	750,000.00	684,768.60	557,392.50
El Paso Electric Co.	9.00%	11/01/2004	1,000,000.00	975,706.64	903,810.00
El Paso Electric Co.	10.50%	11/01/2005	1,500,000.00	1,492,101.42	1,513,469.99
Elizabethtown Gas Co.	6.50%	08/01/1993	1,200,000.00	1,205,822.70	895,980.00
Empire District Electric Co.	6.50%	02/01/1998	1,000,000.00	782,430.00	754,170.00
Empire District Electric Co.	7.38%	04/01/1999	1,250,000.00	1,245,718.37	947,387.50
Exxon Transportation	6.63%	05/01/1998	3,000,000.00	2,672,606.00	2,340,779.99
Exxon Corp.	6.00%	11/01/1997	10,000,000.00	8,454,565.84	7,520,400.00
Exxon Corp.	6.50%	07/15/1998	4,670,000.00	3,961,004.40	3,658,197.79
FMHA-Friday Canning Co.	9.30%	12/01/1993	14,362,964.60	14,362,964.60	13,788,446.01
FMHA-Caradon Industries	8.86%	05/01/1998	1,366,663.17	1,351,288.22	1,274,413.40
FMHA-Norland Corp.	9.20%	07/01/2008	399,098.08	399,098.08	375,152.19
FMHA-Allen Edmonds Shoe Corp.	9.20%	08/01/2008	574,965.96	574,965.96	540,468.00
FMHA-Robert E. Endries Co.	9.20%	08/01/2008	103,359.33	103,359.33	97,157.77
FMHA-Shell Pattern	9.20%	08/01/2008	148,203.50	148,203.50	139,311.28
FMHA-Oconomowoc Canning Co.	9.20%	09/01/2008	6,294,937.98	6,294,937.98	5,917,241.70
FMHA-Endries Fastener & Supply Inc.	9.20%	10/01/2008	247,149.84	247,149.84	232,320.84
Federal Housing Administration	4.13%	04/01/1986	150,000.00	131,614.35	111,628.49
Federal Housing Administration	4.63%	12/01/1992	40,900.00	32,696.43	26,852.07
Fed. National Mortgage Assoc.	7.90%	09/10/1986	11,500,000.00	11,537,123.52	10,436,250.00
First Banc Group of Ohio, Inc.	9.00%	11/01/1996	10,000,000.00	10,000,000.00	8,729,700.00
Florida Power & Light Co.	4.38%	12/01/1986	355,000.00	310,068.16	258,173.74
Florida Power & Light Co.	4.50%	08/01/1992	600,000.00	605,900.72	368,111.99
Florida Power & Light Co.	4.63%	03/01/1995	1,100,000.00	769,024.52	650,727.00
Florida Power & Light Co.	5.00%	12/01/1995	1,450,000.00	1,422,113.20	887,182.50
Florida Power & Light Co.	6.00%	12/01/1996	500,000.00	512,416.76	341,974.99
Florida Power & Light Co.	6.75%	12/01/1997	4,700,000.00	4,670,869.58	3,454,264.99
Florida Power & Light Co.	7.00%	06/01/1998	1,000,000.00	1,014,538.96	768,000.00
Florida Power & Light Co.	7.00%	12/01/1998	100,000.00	84,330.00	76,595.99
Florida Power & Light Co.	7.63%	01/01/2001	2,950,000.00	2,949,150.40	2,404,220.49
Florida Power & Light Co.	7.63%	06/01/2002	500,000.00	460,087.13	405,839.99
Florida Power & Light Co.	7.50%	01/01/2003	2,000,000.00	1,914,649.42	1,597,699.99
Florida Power & Light Co.	10.13%	03/01/2005	2,206,000.00	2,162,284.54	2,200,970.31
Florida Power Corp.	7.00%	11/01/1998	500,000.00	418,130.80	381,369.99
Florida Power Corp.	4.63%	04/01/1995	1,100,000.00	761,848.34	649,748.00
Florida Power Corp.	6.13%	08/01/1997	2,230,000.00	1,975,485.50	1,525,007.79
Ford Motor Co.	7.85%	01/15/1994	2,000,000.00	1,819,700.00	1,804,839.99
Ford Motor Co.	9.25%	07/15/1994	1,500,000.00	1,512,606.40	1,483,004.99
Ford Motor Credit Corp.	10.50%	10/01/1994	1,500,000.00	1,500,000.00	1,564,964.99
Ford Motor Credit Corp.	9.70%	07/15/2000	1,930,000.00	1,925,750.48	1,921,372.89
Four Corners Pipeline	5.00%	09/01/1982	352,000.00	340,836.96	310,787.84
Fourth Swansea Properties Inc.	6.38%	07/01/1993	3,355,635.42	3,056,929.30	2,604,744.88
Fruit Growers Express	9.25%	05/15/1989	1,466,668.00	1,466,668.00	1,396,619.93
Gardner-Denver Co.	9.25%	06/01/2005	6,850,000.00	6,799,658.39	6,737,249.00
GATX Corp.	9.75%	06/01/1995	4,900,000.00	4,917,447.10	4,876,234.99
GATX Corp.	9.50%	05/01/1996	7,675,000.00	7,650,560.15	7,509,757.25
GATX Corp.	9.00%	11/15/1998	6,000,000.00	5,973,268.00	5,652,899.99
General Electric Co.	7.50%	03/15/1996	1,500,000.00	1,384,823.20	1,322,729.99
General Electric Co.	8.50%	05/01/2004	3,250,000.00	3,221,402.77	3,098,127.49
General Electric Co.	5.75%	11/01/1991	1,553,500.00	1,391,515.84	1,264,331.50
General Motors Corp.	8.63%	04/01/2005	14,000,000.00	13,931,148.76	13,420,400.00
General Tel. Co. of California	4.13%	03/01/1988	1,000,000.00	746,017.31	686,720.00
General Tel. Co. of California	5.00%	12/01/1989	1,420,000.00	1,114,227.28	989,938.80
General Tel. Co. of California	4.38%	05/01/1993	700,000.00	455,262.91	417,557.00
General Tel. Co. of California	4.50%	06/01/1994	950,000.00	641,076.63	563,103.00
General Tel. Co. of California	6.00%	10/01/1996	2,700,000.00	2,179,423.08	1,858,247.99
General Tel. Co. of California	6.75%	12/01/1997	2,579,000.00	2,094,061.48	1,904,153.06
General Tel. Co. of California	7.13%	12/01/1998	3,250,000.00	2,827,367.20	2,541,499.99
General Tel. Co. of California	7.63%	12/01/2001	550,000.00	508,442.22	446,187.50

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
General Tel. Co. of California	8.50%	04/01/2007	\$10,750,000.00	\$10,677,691.51	\$ 9,465,375.00
General Tel. Co. of California	8.88%	04/01/2008	2,800,000.00	2,761,483.62	2,556,763.99
General Telephone Co. of Florida	4.63%	06/01/1995	1,000,000.00	703,799.26	603,240.00
General Telephone Co. of Florida	6.50%	11/01/1997	1,000,000.00	809,352.10	730,920.00
General Telephone Co. of Florida	8.00%	03/01/2001	1,250,000.00	1,237,532.30	1,053,799.99
General Telephone Co. of Florida	7.50%	08/01/2002	500,000.00	465,044.96	399,119.99
General Telephone Co. of Florida	8.13%	11/01/2003	1,000,000.00	915,606.50	849,810.00
General Telephone Co. of Illinois	9.38%	08/01/2005	4,000,000.00	3,981,991.00	3,843,799.99
General Telephone Co. of Illinois	4.50%	09/01/1994	2,905,000.00	1,998,093.70	1,733,268.24
General Telephone Co. of Illinois	4.88%	09/01/1995	1,000,000.00	682,801.30	602,250.00
General Telephone Co. of Indiana	6.38%	08/01/1998	1,180,000.00	1,175,071.20	850,791.80
General Telephone Co. of Indiana	7.50%	12/01/2001	1,000,000.00	873,761.98	812,980.00
General Telephone Co. of Indiana	6.25%	07/01/1997	2,000,000.00	1,606,353.06	1,385,959.99
General Tel. Co. of Kentucky	8.38%	03/01/2007	1,000,000.00	986,900.26	869,470.00
General Tel. Co. of Kentucky	7.50%	11/01/2001	1,000,000.00	812,204.54	800,030.00
General Tel. Co. of Michigan	11.00%	10/01/2004	1,500,000.00	1,500,000.00	1,567,679.99
General Tel. Co. of the Northwest	10.75%	09/01/2004	2,383,000.00	2,370,064.48	2,459,446.63
General Tel. of Pennsylvania	9.25%	06/01/2005	1,500,000.00	1,448,580.46	1,417,169.99
General Tel. Co. of the Southeast	7.75%	03/01/2003	700,000.00	611,552.06	574,084.00
General Tel. Co. of the Southeast	8.25%	02/01/2004	700,000.00	681,264.13	602,770.00
General Tel. Co. of the Southwest	6.88%	03/01/1998	1,000,000.00	833,573.74	765,300.00
General Tel. Co. of Upstate N.Y.	8.38%	05/01/2007	3,000,000.00	2,960,132.49	2,607,959.99
General Tel. Co. of Wisconsin	9.13%	04/01/2004	5,500,000.00	5,357,865.04	5,140,519.99
Georgia Power Co.	7.13%	02/01/1999	500,000.00	494,017.69	391,424.99
Georgia Power Co.	6.63%	09/01/1998	561,000.00	532,445.60	389,653.77
Georgia Power Co.	8.13%	09/01/1999	1,000,000.00	1,001,960.56	806,730.00
Georgia Power Co.	8.13%	06/01/2001	2,735,000.00	2,740,173.20	2,194,372.54
Georgia Power Co.	7.63%	11/01/2001	4,000,000.00	4,030,057.78	3,032,519.99
Georgia Power Co.	7.50%	12/01/2002	6,650,000.00	6,650,000.00	4,950,525.99
Goodrich, B. F. Co.	8.25%	11/15/1994	1,000,000.00	1,000,000.00	891,110.00
Grace Line Inc.	5.10%	02/01/1992	777,000.00	766,920.90	540,628.83
Great Northern Nekoosa	8.70%	04/01/2008	11,000,000.00	10,892,933.50	10,298,420.00
Great Northern Railway Co., ETC.	6.50%	12/01/1979	70,000.00	69,615.14	67,394.59
Halliburton Co.	9.25%	04/01/2000	3,000,000.00	3,020,053.91	2,997,239.99
Harsco Corp.	9.88%	04/01/2000	3,500,000.00	3,499,849.50	3,551,554.99
Hartford Electric Light Co.	4.25%	04/01/1993	200,000.00	198,426.46	116,537.99
Hartford Electric Light Co.	9.38%	04/01/2008	4,350,000.00	4,352,216.63	4,055,243.99
Hawaiian Electric Co.	4.65%	04/01/1991	1,010,000.00	853,757.25	655,883.90
Hawaiian Telephone Co.	6.75%	04/01/1998	500,000.00	391,944.65	374,214.99
Hawaiian Telephone Co.	8.00%	09/01/2001	1,600,000.00	1,572,285.92	1,382,111.99
Hawaiian Telephone Co.	4.50%	07/15/1995	750,000.00	595,140.42	425,647.50
Heinz, H. J. Co.	6.63%	10/31/1992	7,246,000.00	6,685,417.04	6,024,179.47
Hooker Taft Co.	9.75%	10/03/1995	2,743,471.10	2,743,471.10	2,686,077.68
Houston Lighting & Power Co.	4.50%	08/01/1992	900,000.00	599,741.16	568,017.00
Houston Lighting & Power Co.	5.25%	04/01/1996	500,000.00	400,047.00	324,494.99
Houston Lighting & Power Co.	5.25%	01/01/1997	2,835,000.00	2,120,685.40	1,822,791.59
Houston Lighting & Power Co.	6.75%	04/01/1998	1,000,000.00	847,250.86	755,450.00
Houston Lighting & Power Co.	7.50%	06/01/1999	500,000.00	439,049.81	412,095.00
Huntington Bancshares, Inc.	8.88%	09/15/1997	10,500,000.00	10,385,258.62	9,031,155.00
Hydro Quebec	6.25%	09/15/1991	1,625,000.00	1,314,886.30	1,190,978.74
Hydro Quebec	7.25%	11/01/1991	250,000.00	222,828.96	200,127.49
Hydro Quebec	5.38%	04/15/1992	1,400,000.00	976,064.36	932,540.00
Hydro Quebec	6.50%	09/15/1992	1,200,000.00	972,976.56	889,498.00
Hydro Quebec	6.25%	01/01/1993	3,575,000.00	2,820,367.80	2,574,071.49
Hydro Quebec	6.25%	06/01/1993	1,300,000.00	1,032,323.91	931,060.00
Hydro Quebec	9.25%	09/01/1997	25,000,000.00	25,000,000.00	23,750,499.99
Hydro Quebec	8.75%	01/01/1999	1,200,000.00	1,147,977.56	1,058,243.99
Hydro Quebec	8.75%	07/15/1999	1,300,000.00	1,214,276.70	1,145,143.99
Hydro Quebec	7.88%	02/01/2002	4,175,000.00	3,641,480.91	3,346,721.00
Hydro Quebec	7.50%	01/01/2003	10,050,000.00	8,528,164.86	7,698,601.59
Hydro Quebec	8.50%	08/01/2003	250,000.00	227,350.00	214,104.99
Hydro Quebec	8.25%	01/01/2004	9,850,000.00	8,718,105.10	8,207,000.00
Hydro Quebec	9.75%	08/01/2005	12,800,000.00	12,792,461.40	12,252,928.00
Hydro Quebec	10.00%	11/01/2005	2,100,000.00	2,089,500.00	2,054,136.99
Hydro Quebec	10.00%	11/15/2005	10,700,000.00	10,704,860.20	10,486,312.00

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Hydro Quebec	8.60%	09/15/2006	\$15,275,000.00	\$14,209,442.08	\$13,166,744.50
Hydro Quebec	10.00%	07/15/2008	12,100,000.00	12,059,750.00	11,853,281.00
Idaho Power Co.	5.25%	04/01/1996	600,000.00	407,397.10	381,311.99
Illinois Bell Telephone Co.	4.88%	07/01/1997	2,950,000.00	2,565,413.29	1,849,856.49
Illinois Bell Telephone Co.	4.38%	07/01/2003	4,900,000.00	4,526,392.50	2,652,075.99
Illinois Central Gulf Railroad	11.25%	10/15/1999	2,900,000.00	2,851,186.34	2,897,679.99
Illinois Power Co.	4.25%	01/01/1993	500,000.00	338,391.99	301,734.99
Illinois Power Co.	5.85%	10/01/1996	2,400,000.00	1,879,493.28	1,655,351.99
Illinois Power Co.	6.38%	01/01/1998	3,800,000.00	3,150,391.74	2,738,279.99
Indiana & Michigan Electric Co.	4.75%	11/01/1988	635,000.00	640,148.60	422,598.85
Indiana & Michigan Electric Co.	4.38%	08/01/1993	800,000.00	799,183.70	459,216.00
Indiana Bell Telephone Co.	4.38%	06/01/2003	3,700,000.00	3,716,274.37	1,993,004.99
Indiana Bell Telephone Co.	8.00%	10/01/2014	400,000.00	372,467.84	346,979.99
Indianapolis Power & Light Co.	4.50%	08/01/1994	800,000.00	805,648.96	478,024.00
Indianapolis Power & Light Co.	5.13%	04/01/1996	2,400,000.00	2,292,543.70	1,510,295.99
Indianapolis Power & Light Co.	7.13%	05/01/1998	2,000,000.00	2,020,317.83	1,588,959.99
Indianapolis Power & Light Co.	7.40%	03/01/2002	2,500,000.00	2,181,770.28	2,019,524.99
Indianapolis Power & Light Co.	7.65%	03/15/2003	1,000,000.00	913,370.94	818,650.00
Indianapolis Power & Light Co.	9.30%	06/01/2006	2,100,000.00	2,092,231.25	2,017,910.99
Ingersoll Rand Co.	4.75%	01/01/1991	1,900,000.00	1,585,500.75	1,437,596.99
Inland Steel Co.	9.50%	09/01/2000	3,600,000.00	3,634,010.68	3,593,447.99
Inland Steel Co.	7.90%	01/15/2007	3,825,000.00	3,784,731.78	3,294,166.49
Interstate Power Co.	4.38%	05/01/1993	2,000,000.00	1,385,346.16	1,193,019.99
Interstate Power Co.	4.63%	05/01/1995	600,000.00	378,052.89	352,193.99
Interstate Power Co.	7.75%	05/01/1999	390,000.00	393,123.38	316,594.19
Interstate Power Co.	10.00%	05/01/2004	3,500,000.00	3,528,458.51	3,412,184.99
Interstate Power Co.	8.38%	09/15/2002	2,000,000.00	1,985,588.48	1,715,079.99
Interstate Power Co.	9.00%	03/15/2008	6,600,000.00	6,469,896.15	5,932,871.99
Iowa Electric Light & Power	8.25%	12/01/2007	750,000.00	722,792.78	632,640.00
Iowa Illinois Gas & Electric Co.	5.00%	04/15/1990	3,085,000.00	2,730,565.62	2,169,526.24
Iowa Illinois Gas & Electric Co.	4.88%	05/01/1991	2,907,000.00	2,668,594.50	1,974,405.32
Iowa Illinois Gas & Electric Co.	7.25%	06/01/1993	1,200,000.00	1,063,857.18	968,688.00
Iowa Illinois Gas & Electric Co.	5.88%	07/15/1997	5,600,000.00	4,743,592.92	3,863,775.99
Iowa Illinois Gas & Electric Co.	7.63%	04/01/1999	2,000,000.00	1,887,636.63	1,656,239.99
Iowa Illinois Gas & Electric Co.	7.88%	08/15/1999	2,842,000.00	2,492,085.82	2,414,051.63
Iowa Illinois Gas & Electric Co.	9.38%	07/01/2005	4,500,000.00	4,408,039.62	4,349,069.99
Iowa Illinois Gas & Electric Co.	8.75%	04/01/2006	4,750,000.00	4,757,753.90	4,349,384.99
Iowa Illinois Gas & Electric Co.	8.75%	09/01/2008	750,000.00	708,435.00	684,322.50
Iowa Power & Light Co.	6.63%	01/01/1998	1,400,000.00	1,147,462.54	1,022,868.00
Iowa Power & Light Co.	7.63%	12/01/2001	500,000.00	461,292.84	408,344.99
Iowa Power & Light Co.	10.75%	08/01/2004	1,942,000.00	1,942,000.00	2,013,174.29
Iowa Power & Light Co.	8.75%	03/01/2006	5,200,000.00	5,168,744.05	4,715,879.99
Iowa Power & Light Co.	8.25%	09/15/2007	5,000,000.00	4,918,579.60	4,314,549.99
Iowa Public Service Co.	4.38%	09/01/1993	250,000.00	157,272.70	151,782.49
Iowa Public Service Co.	7.38%	06/01/2002	4,000,000.00	3,511,164.28	3,191,479.99
Iowa Public Service Co.	10.75%	05/01/1995	1,700,000.00	1,700,000.00	1,768,101.99
Iowa Public Service Co.	10.13%	12/01/2005	5,250,000.00	5,216,888.82	5,266,904.99
Iowa Public Service Co.	8.00%	08/01/2007	6,080,000.00	5,819,860.72	5,156,569.60
Iowa Southern Utilities	4.38%	09/01/1992	800,000.00	544,807.44	494,144.00
Iowa Southern Utilities	6.13%	06/01/1997	1,150,000.00	849,067.90	807,714.00
Iowa Southern Utilities	7.38%	02/01/2003	1,000,000.00	987,858.29	796,320.00
Iowa Southern Utilities	9.25%	07/01/2005	2,500,000.00	2,444,276.32	2,368,549.99
Johnson, S. C. & Sons	10.00%	11/01/1999	3,750,000.00	3,750,000.00	3,730,537.49
Kansas City Power & Light Co.	4.75%	10/01/1995	2,150,000.00	1,703,452.16	1,293,246.49
Kansas City Power & Light Co.	5.75%	05/15/1997	3,985,000.00	3,913,592.22	2,629,382.70
Kansas City Power & Light Co.	6.75%	04/01/1998	920,000.00	805,527.98	677,791.60
Kansas City Power & Light Co.	8.88%	05/01/2006	1,000,000.00	981,636.05	904,700.00
Kansas Gas & Electric Co.	4.63%	01/01/1991	300,000.00	302,484.50	198,191.99
Kansas Power & Light Co.	7.63%	04/01/1999	2,000,000.00	1,903,499.53	1,656,239.99
Kennecott Copper Corp.	7.88%	05/01/2001	2,000,000.00	1,727,473.25	1,653,499.99
Kentucky Utilities	9.13%	04/01/2004	1,300,000.00	1,224,458.80	1,223,039.99
Kraftco Corp.	8.38%	04/15/2004	6,800,000.00	6,628,623.68	6,404,375.99
Long Island Lighting Co.	5.25%	03/01/1996	3,800,000.00	3,821,318.50	2,406,235.99
Long Island Lighting Co.	7.50%	12/01/2001	350,000.00	311,952.02	279,404.99
Long Island Lighting Co.	7.63%	09/01/2002	550,000.00	551,102.56	444,416.50

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Long Island Lighting Co.	4.40%	04/01/1993	\$ 750,000.00	\$ 586,297.90	\$ 439,605.00
Louisiana Power & Light Co.	5.00%	04/01/1990	1,400,000.00	1,046,418.01	931,966.00
Louisiana Power & Light Co.	5.63%	02/01/1997	200,000.00	148,231.08	128,433.99
Louisiana Power & Light Co.	7.13%	03/01/1998	500,000.00	434,525.63	369,329.99
Louisiana Power & Light Co.	7.50%	01/01/2002	1,000,000.00	1,011,777.26	757,220.00
Louisiana Power & Light Co.	7.50%	11/01/2002	500,000.00	416,118.56	377,529.99
Louisiana Power & Light Co.	8.00%	06/01/2003	1,800,000.00	1,555,565.95	1,436,615.99
Louisiana Power & Light Co.	7.63%	07/15/1981	486,000.00	485,290.14	457,534.97
Louisville & Nashville RR, ETC.	8.63%	02/01/1983	561,000.00	560,623.08	533,830.77
Louisville & Nashville RR, ETC.	8.63%	02/01/1985	187,000.00	186,830.61	175,480.79
Louisville & Nashville RR, ETC.	10.00%	11/01/1990	1,467,481.71	1,467,481.71	1,322,670.61
Louisville & Nashville RR, ETC.	9.25%	10/30/1991	2,951,188.07	2,951,188.07	2,528,725.49
Louisville & Nashville RR, ETC.	4.88%	10/01/1990	1,500,000.00	1,131,962.16	1,029,780.00
Louisville Gas & Electric Co.	5.63%	06/01/1996	2,150,000.00	1,541,563.15	1,458,065.49
Louisville Gas & Electric Co.	6.75%	06/01/1998	2,070,000.00	1,653,574.77	1,576,988.09
Louisville Gas & Electric Co.	7.50%	07/01/2002	1,100,000.00	921,674.24	893,684.00
Louisville Gas & Electric Co.	8.88%	03/01/2005	2,250,000.00	2,237,168.17	2,098,732.49
Louisville Gas & Electric Co.	9.50%	09/15/1997	9,831,486.72	9,831,486.72	9,564,365.22
Lyondell Properties, Inc.	4.75%	04/01/1991	900,000.00	904,708.00	581,229.00
Madison Gas & Electric Co.	9.75%	11/15/2005	5,430,000.00	5,377,172.34	5,259,986.70
Madison Gas & Electric Co.	8.00%	10/15/2003	1,245,000.00	1,165,034.65	1,041,629.25
Manitoba Hydro-Electric	8.63%	12/01/2006	3,200,000.00	3,137,354.48	2,851,103.99
Manitoba Hydro-Electric	8.50%	11/01/2006	4,500,000.00	4,404,950.64	4,102,559.99
Marathon Oil Co.	8.88%	06/01/2001	9,300,000.00	9,376,924.15	8,805,519.00
Masco Corp.	5.00%	07/01/1991	1,550,000.00	1,564,453.14	1,031,246.00
Massachusetts Electric Co.	4.38%	09/01/1992	450,000.00	452,915.08	272,551.49
Massachusetts Electric Co.	7.95%	07/15/2002	5,600,000.00	5,476,620.68	4,954,935.99
Metropolitan Edison Co.	5.00%	05/01/1990	1,070,000.00	841,526.97	727,535.79
Metropolitan Edison Co.	4.38%	12/01/1992	900,000.00	878,387.92	539,532.00
Metropolitan Edison Co.	4.63%	07/01/1995	300,000.00	301,520.48	176,417.99
Metropolitan Edison Co.	7.00%	09/01/1998	500,000.00	425,308.00	379,944.99
Metropolitan Edison Co.	8.13%	08/01/1999	500,000.00	456,658.10	427,625.00
Metropolitan Edison Co.	8.38%	10/01/2007	1,450,000.00	1,329,554.88	1,252,625.99
Metropolitan Edison Co.	9.00%	09/01/2008	8,200,000.00	7,986,312.50	7,585,000.00
Michigan Bell Telephone Co.	4.75%	11/01/1992	3,000,000.00	2,734,942.20	1,963,349.99
Michigan Bell Telephone Co.	4.88%	08/01/1994	1,350,000.00	1,085,053.44	865,809.00
Michigan Bell Telephone Co.	4.63%	08/01/1996	3,400,000.00	2,539,354.84	2,052,647.99
Michigan Bell Telephone Co.	6.38%	02/01/2005	8,555,000.00	7,265,935.62	6,134,533.85
Michigan Bell Telephone Co.	7.75%	06/01/2011	5,000,000.00	4,667,356.00	4,201,649.99
Michigan Bell Telephone Co.	7.00%	11/01/2012	4,650,000.00	3,812,846.56	3,526,885.49
Michigan Bell Telephone Co.	8.13%	06/01/2015	16,775,000.00	16,308,689.63	14,595,088.75
Michigan Consolidated Gas Co.	4.75%	06/01/1989	1,650,000.00	1,216,578.48	1,121,735.99
Michigan Consolidated Gas Co.	7.00%	09/01/1993	500,000.00	409,899.20	397,139.99
Michigan Consolidated Gas Co.	8.13%	07/15/1998	1,000,000.00	924,380.00	859,260.00
Michigan, Wisconsin Pipeline	9.75%	11/01/1990	1,812,000.00	1,809,139.20	1,799,497.20
Michigan, Wisconsin Pipeline	7.63%	12/15/1991	125,000.00	118,490.38	110,699.99
Michigan, Wisconsin Pipeline	9.63%	06/01/1994	4,300,000.00	4,238,641.08	4,240,788.99
Minnesota Gas Company	8.00%	06/01/1994	623,000.00	623,000.00	545,872.60
Minnesota Power & Light	6.50%	01/01/1998	750,000.00	594,887.25	539,940.00
Minnesota Power & Light	8.13%	04/01/2001	250,000.00	237,936.40	210,979.99
Minnesota Power & Light	8.70%	09/01/2006	1,000,000.00	969,844.56	878,730.00
Mississippi Power & Light Co.	4.63%	03/01/1995	1,000,000.00	688,467.13	597,220.00
Mississippi Power & Light Co.	5.13%	01/01/1996	2,400,000.00	1,688,877.00	1,505,495.99
Mississippi Power & Light Co.	6.38%	11/01/1996	175,000.00	131,810.44	125,280.74
Mississippi Power & Light Co.	7.75%	05/01/2002	500,000.00	397,814.95	403,939.99
Mississippi Power & Light Co.	7.75%	02/01/2003	250,000.00	217,587.48	201,574.99
Mississippi Power & Light Co.	8.25%	09/01/2003	3,475,000.00	3,295,053.50	2,949,232.49
Mississippi Power & Light Co.	9.88%	05/01/2004	6,200,000.00	6,190,304.90	6,002,033.99
Missouri Pacific RR Co., ETC.	7.38%	03/15/1983	350,000.00	349,266.14	320,718.99
Missouri Pacific RR Co., ETC.	7.38%	03/15/1984	350,000.00	349,130.89	315,997.49
Mobil Oil Corp.	7.38%	10/01/2001	3,000,000.00	2,822,697.14	2,506,379.99
Monongahela Power Co.	7.50%	06/01/1998	125,000.00	113,405.69	99,157.49
Monongahela Power Co.	8.13%	06/01/1999	500,000.00	508,784.66	422,050.00
Monongahela Power Co.	10.38%	11/01/2004	2,500,000.00	2,452,165.72	2,476,749.99
Monongahela Power Co.	9.88%	06/01/2005	2,000,000.00	1,970,098.99	1,944,419.99

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Monongahela Power Co.	8.63%	12/01/2007	\$ 6,725,000.00	\$ 6,496,543.22	\$ 5,850,749.99
Monsanto Co.	8.50%	06/15/2000	3,150,000.00	3,057,909.05	2,956,243.49
Montana-Dakota Utilities Co.	10.75%	10/15/1999	4,431,000.00	4,431,000.00	4,512,619.01
Montana-Dakota Utilities Co.	8.63%	10/01/2001	2,500,000.00	2,491,363.04	2,215,774.99
Montana Power Co.	4.50%	04/01/1989	300,000.00	220,622.73	199,460.99
Montana Power Co.	7.50%	04/01/2001	500,000.00	424,544.00	394,004.99
Montana Power Co.	9.60%	07/01/2005	500,000.00	500,000.00	477,945.00
Mountain States Tel. & Telegraph	5.00%	04/01/2000	3,745,000.00	3,404,011.72	2,307,331.95
Mountain States Tel. & Telegraph	4.50%	06/01/2002	5,300,000.00	4,348,981.32	2,947,594.99
Mountain States Tel. & Telegraph	5.50%	06/01/2005	2,525,000.00	2,501,005.84	1,609,005.74
Mountain States Tel. & Telegraph	6.00%	08/01/2007	650,000.00	464,185.40	440,245.00
Mountain States Tel. & Telegraph	7.38%	11/01/2011	7,100,000.00	6,731,850.02	5,722,599.99
Mountain States Tel. & Telegraph	7.75%	06/01/2013	15,600,000.00	14,861,821.44	13,086,372.00
Mountain States Tel. & Telegraph	7.88%	11/15/2016	1,400,000.00	1,286,178.60	1,191,077.99
Mountain States Tel. & Telegraph	8.00%	09/15/2017	1,500,000.00	1,352,393.42	1,282,979.99
Mountain States Tel. & Telegraph	8.63%	04/01/2018	10,650,000.00	10,279,120.57	9,745,069.50
Mountain States Tel. & Telegraph	9.25%	12/15/2014	3,000,000.00	2,937,500.00	2,906,099.99
Mustang Fuel Corp.	9.63%	07/31/1996	2,250,000.00	2,250,000.00	2,164,387.49
Mustang Fuel Corp.	10.38%	07/31/1995	2,550,000.00	2,550,000.00	2,549,005.49
National Fuel Gas Co.	8.13%	07/15/1994	1,750,000.00	1,685,906.88	1,518,492.49
National Fuel Gas Co.	7.50%	05/15/1997	3,050,000.00	2,596,737.05	2,457,537.49
New Bedford Gas & Edison Co.	5.63%	04/01/1992	1,498,000.00	1,517,234.26	1,024,916.62
New Brunswick Elec. Power Com.	9.38%	05/01/2001	4,800,000.00	4,826,756.10	4,517,711.99
New Brunswick Elec. Power Com.	8.75%	08/01/2007	5,050,000.00	4,904,170.02	4,504,751.49
New Brunswick Elec. Power Com.	9.00%	02/15/1997	5,000,000.00	4,978,224.02	4,474,849.99
New Brunswick, Province of	8.38%	12/15/1998	2,250,000.00	2,037,737.60	1,960,762.49
New Brunswick, Province of	8.75%	10/15/2001	350,000.00	341,582.92	314,124.99
New England Power Co.	4.63%	11/01/1991	1,500,000.00	1,511,159.46	954,255.00
New England Power Co.	4.38%	12/01/1992	1,330,000.00	1,342,728.24	800,886.10
New England Power Co.	6.38%	12/01/1996	400,000.00	405,690.88	284,847.99
New England Power Co.	7.38%	12/01/1998	300,000.00	252,023.60	239,870.99
New England Power Co.	7.63%	07/01/2002	1,000,000.00	893,777.92	812,270.00
New England Tel. & Tel. Co.	4.63%	04/01/1999	1,900,000.00	1,921,990.76	1,111,461.99
New England Tel. & Tel. Co.	4.50%	07/01/2002	1,075,000.00	1,081,388.32	590,809.25
New England Tel. & Tel. Co.	4.63%	07/01/2005	3,900,000.00	3,921,624.30	2,134,586.99
New England Tel. & Tel. Co.	6.13%	10/01/2006	4,000,000.00	3,676,320.56	2,723,799.99
New Jersey Bell Telephone Co.	4.88%	11/01/2000	500,000.00	507,918.24	302,069.99
New Jersey Bell Telephone Co.	4.63%	06/01/2005	2,750,000.00	2,301,530.29	1,531,612.49
New Jersey Bell Telephone Co.	5.88%	12/01/2006	1,550,000.00	1,437,812.96	1,038,608.50
New York State Electric & Gas	4.63%	05/01/1991	1,800,000.00	1,462,386.75	1,158,569.99
New York State Electric & Gas	5.63%	01/01/1997	650,000.00	479,326.84	425,737.00
New York State Electric & Gas	6.25%	09/01/1997	800,000.00	640,141.60	557,720.00
New York State Electric & Gas	6.50%	09/01/1998	3,013,000.00	2,817,088.40	2,148,871.59
New York State Electric & Gas	9.38%	03/01/2005	2,750,000.00	2,730,498.35	2,601,169.99
New York State Electric & Gas	8.63%	11/01/2007	5,500,000.00	5,450,517.88	4,812,114.99
New York Telephone Co.	4.50%	05/15/1991	500,000.00	442,115.25	330,694.99
New York Telephone Co.	4.63%	10/01/1997	6,400,000.00	6,259,651.94	3,857,663.99
New York Telephone Co.	4.63%	01/01/2002	5,450,000.00	4,597,154.92	3,109,061.49
New York Telephone Co.	4.63%	01/01/2004	3,400,000.00	3,240,279.73	1,904,407.99
New York Telephone Co.	7.38%	12/15/2011	2,400,000.00	2,205,796.51	1,944,359.99
New York Telephone Co.	8.30%	08/15/2012	1,000,000.00	1,000,000.00	895,670.00
New York Telephone Co.	8.63%	06/15/2016	500,000.00	513,620.00	458,670.00
Niagara Mohawk Power Corp.	4.88%	09/01/1987	700,000.00	558,561.04	496,132.00
Niagara Mohawk Power Corp.	4.75%	04/01/1990	6,425,000.00	5,156,672.36	4,373,497.49
Niagara Mohawk Power Corp.	4.50%	11/01/1991	3,900,000.00	3,254,377.40	2,466,593.99
Niagara Mohawk Power Corp.	4.63%	12/01/1994	500,000.00	316,290.24	301,384.99
Niagara Mohawk Power Corp.	6.25%	08/01/1997	1,125,000.00	862,126.72	792,180.00
Niagara Mohawk Power Corp.	6.50%	08/01/1998	4,800,000.00	4,652,942.80	3,457,631.99
Niagara Mohawk Power Corp.	7.38%	02/01/2001	4,350,000.00	4,163,511.00	3,243,098.99
Niagara Mohawk Power Corp.	7.63%	02/01/2002	1,200,000.00	1,085,532.44	947,604.00
Niagara Mohawk Power Corp.	7.75%	08/01/2002	1,950,000.00	1,813,072.20	1,559,551.49
Niagara Mohawk Power Corp.	8.25%	12/01/2003	2,500,000.00	2,136,428.00	2,100,949.99
Niagara Mohawk Power Corp.	8.35%	08/01/2007	700,000.00	682,049.64	591,598.00
Norfolk & Western Railway, ETC.	7.00%	01/01/1984	97,000.00	97,000.00	86,453.18
Northern Illinois Gas Co.	4.63%	08/01/1990	1,000,000.00	1,001,774.56	659,230.00

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Northern Ind. Public Service Co.	4.50%	04/15/1993	\$ 1,800,000.00	\$ 1,630,307.08	\$ 1,119,185.99
Northern Ind. Public Service Co.	4.63%	05/15/1995	2,100,000.00	1,441,771.44	1,276,358.99
Northern Ind. Public Service Co.	6.38%	09/01/1997	1,500,000.00	1,430,051.12	1,088,669.99
Northern Ind. Public Service Co.	6.88%	10/01/1998	1,250,000.00	1,055,728.80	955,312.50
N. States Power Co. of Minn.	4.00%	07/01/1988	400,000.00	400,000.00	267,723.99
N. States Power Co. of Minn.	5.00%	12/01/1990	1,850,000.00	1,451,854.64	1,278,849.49
N. States Power Co. of Minn.	4.38%	06/01/1992	800,000.00	805,862.78	501,408.00
N. States Power Co. of Minn.	4.38%	09/01/1993	2,450,000.00	2,359,104.80	1,494,426.49
N. States Power Co. of Minn.	6.13%	06/01/1995	1,200,000.00	999,421.17	874,416.00
N. States Power Co. of Minn.	5.88%	08/01/1996	3,150,000.00	2,630,993.76	2,203,519.49
N. States Power Co. of Minn.	6.50%	10/01/1997	1,050,000.00	921,760.30	780,223.50
N. States Power Co. of Minn.	6.75%	05/01/1998	3,950,000.00	3,664,559.60	3,024,909.99
N. States Power Co. of Minn.	7.50%	02/01/2003	300,000.00	257,133.00	244,550.99
N. States Power of Wisconsin	4.50%	08/01/1994	750,000.00	476,707.68	456,742.50
Northwestern Bell Tel. Co.	4.38%	05/01/1989	650,000.00	491,632.91	446,316.00
Northwestern Bell Tel. Co.	4.88%	06/01/1998	4,070,000.00	4,098,776.15	2,510,701.59
Northwestern Bell Tel. Co.	6.00%	09/01/2001	8,340,000.00	6,626,446.64	5,834,497.19
Northwestern Bell Tel. Co.	4.38%	03/01/2003	5,450,000.00	4,096,415.13	2,942,836.49
Northwestern Bell Tel. Co.	6.25%	01/01/2007	3,250,000.00	2,879,396.68	2,286,959.99
Offshore Logistics, Inc.	9.13%	12/15/2000	1,777,000.00	1,777,000.00	1,735,151.64
Ohio Bell Telephone Co.	5.00%	02/01/2006	3,000,000.00	2,030,758.10	1,775,579.99
Ohio Bell Telephone Co.	5.38%	03/01/2007	4,315,000.00	4,263,767.83	2,672,063.74
Ohio Bell Telephone Co.	6.75%	07/01/2008	3,000,000.00	2,421,966.60	2,229,029.99
Ohio Bell Telephone Co.	7.50%	10/01/2011	10,200,000.00	9,292,903.26	8,396,538.00
Ohio Bell Telephone Co.	7.88%	10/01/2013	11,000,000.00	10,545,917.00	9,346,920.00
Ohio Edison Co.	4.50%	04/01/1989	500,000.00	361,746.92	328,754.99
Ohio Edison Co.	4.75%	06/01/1991	2,550,000.00	1,846,666.50	1,674,737.99
Ohio Edison Co.	8.25%	09/01/1999	500,000.00	491,993.54	424,140.00
Ohio Edison Co.	8.38%	06/01/2001	1,855,000.00	1,830,443.50	1,584,466.79
Ohio Edison Co.	7.50%	08/01/2002	2,850,000.00	2,449,828.32	2,210,887.49
Ohio Edison Co.	8.13%	09/01/2003	4,350,000.00	3,815,531.50	3,617,981.99
Ohio Edison Co.	9.50%	05/15/2008	3,000,000.00	2,957,278.69	2,823,659.99
Ohio Power Co.	4.63%	04/01/1989	150,000.00	152,630.88	99,818.99
Ohio Power Co.	6.50%	08/01/1997	1,000,000.00	877,266.08	702,560.00
Oklahoma Gas & Electric Co.	4.25%	03/01/1993	500,000.00	401,623.30	300,584.99
Oklahoma Gas & Electric Co.	5.13%	01/01/1997	700,000.00	700,000.00	440,391.00
Olefins Properties Inc.	9.15%	06/06/1995	5,562,327.44	5,562,327.44	5,506,537.29
Ontario, Province of	5.50%	04/01/1996	1,650,000.00	1,241,018.00	1,089,131.99
Ontario, Province of	5.63%	04/15/1997	600,000.00	433,618.03	401,603.99
Ontario, Province of	6.88%	12/01/1997	1,150,000.00	991,005.34	882,188.00
Ontario, Province of	7.38%	02/15/1999	1,750,000.00	1,548,794.14	1,407,139.99
Ontario, Province of	8.38%	09/01/1999	3,600,000.00	3,605,720.40	3,189,239.99
Ontario, Province of	7.85%	05/15/2001	5,000,000.00	4,716,106.35	4,192,399.99
Ontario, Province of	7.70%	05/15/2002	2,000,000.00	1,875,163.30	1,646,799.99
Ontario, Province of	7.30%	12/15/2002	1,550,000.00	1,347,896.00	1,219,105.99
Ontario, Province of	7.90%	10/15/2003	6,000,000.00	5,672,773.50	5,031,659.99
Ontario, Province of	8.60%	03/15/2004	2,000,000.00	1,947,383.19	1,795,739.99
Ontario, Province of	8.88%	03/01/2005	16,515,000.00	16,288,551.60	15,242,684.40
Ontario, Province of	9.13%	06/15/2005	4,625,000.00	4,635,335.00	4,369,006.24
Ontario, Province of	9.25%	11/15/2005	2,000,000.00	1,984,154.18	1,910,839.99
Ontario, Province of	8.40%	01/15/2007	20,550,000.00	20,025,244.75	18,042,077.99
Ontario, Province of	8.38%	09/15/2007	11,900,000.00	11,504,412.16	10,402,028.00
Ontario, Province of	8.75%	01/05/2008	12,550,000.00	12,333,973.52	11,444,345.00
Ontario, Province of	9.38%	06/01/2008	11,500,000.00	11,556,699.00	11,160,060.00
Ontario, Province of	9.38%	11/30/2008	1,800,000.00	1,795,500.00	1,748,339.99
Otter Tail Power Co.	7.63%	02/01/2003	1,000,000.00	1,002,396.10	805,600.00
P. P. G. Industries	8.50%	02/15/2000	1,850,000.00	1,812,945.00	1,725,420.99
Pacific Gas & Electric Co.	5.00%	06/01/1991	1,475,000.00	1,460,338.00	996,893.50
Pacific Gas & Electric Co.	5.38%	06/01/1998	500,000.00	501,160.25	317,119.99
Pacific Gas & Electric Co.	6.88%	12/01/1999	800,000.00	676,775.82	599,120.00
Pacific Gas & Electric Co.	7.50%	06/01/2001	900,000.00	773,834.40	718,920.00
Pacific Gas & Electric Co.	7.50%	12/01/2003	7,050,000.00	6,179,772.50	5,591,002.49
Pacific Gas & Electric Co.	7.50%	06/01/2004	1,400,000.00	1,207,555.07	1,108,883.99
Pacific Gas & Electric Co.	7.75%	06/01/2005	7,000,000.00	6,386,748.93	5,696,809.99
Pacific Gas & Electric Co.	7.75%	12/01/2005	14,500,000.00	13,322,352.34	11,789,515.00

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Pacific Gas & Electric Co.	9.38%	02/01/2011	\$ 5,500,000.00	\$ 5,481,305.60	\$ 5,191,229.99
Pacific Northwest Bell Tel.	4.50%	11/01/1994	2,075,000.00	1,838,905.28	1,267,534.49
Pacific Northwest Bell Tel.	4.50%	12/01/2000	7,860,000.00	7,096,466.68	4,393,975.79
Pacific Northwest Bell Tel.	4.38%	09/01/2002	925,000.00	756,812.32	496,466.00
Pacific Northwest Bell Tel.	4.50%	04/01/2003	1,100,000.00	1,116,869.23	600,127.00
Pacific Northwest Bell Tel.	6.75%	12/01/2007	3,350,000.00	3,129,174.30	2,466,738.99
Pacific Northwest Bell Tel.	9.00%	11/01/2012	4,000,000.00	4,164,582.44	3,802,439.99
Pacific Northwest Bell Tel.	8.75%	08/01/2018	500,000.00	486,415.00	465,850.00
Pacific Power and Light Co.	5.13%	09/01/1990	1,600,000.00	1,283,730.88	1,059,759.99
Pacific Power and Light Co.	8.00%	10/01/2001	500,000.00	397,393.32	408,209.99
Pacific Power and Light Co.	7.75%	10/01/2002	950,000.00	768,971.84	752,343.00
Pacific Tel. & Tel. Co.	4.38%	08/15/1988	500,000.00	420,238.40	340,144.99
Pacific Tel. & Tel. Co.	4.63%	11/01/1990	2,200,000.00	2,122,821.28	1,468,675.99
Pacific Tel. & Tel. Co.	5.13%	02/01/1993	1,500,000.00	1,093,403.18	998,670.00
Pacific Tel. & Tel. Co.	4.63%	04/01/1999	2,950,000.00	2,241,826.56	1,681,086.99
Pacific Tel. & Tel. Co.	4.63%	05/01/2000	4,150,000.00	3,250,402.59	2,333,835.49
Pacific Tel. & Tel. Co.	6.00%	11/01/2002	2,500,000.00	1,853,897.44	1,667,824.99
Pacific Tel. & Tel. Co.	6.50%	07/01/2003	3,250,000.00	2,695,233.00	2,289,917.49
Pacific Tel. & Tel. Co.	7.25%	02/01/2008	2,000,000.00	1,677,874.16	1,559,739.99
Pacific Tel. & Tel. Co.	7.63%	06/01/2009	1,000,000.00	874,680.38	806,950.00
Pacific Tel. & Tel. Co.	8.88%	07/01/2015	4,250,000.00	4,075,822.96	3,857,214.99
Pacific Tel. & Tel. Co.	8.38%	02/01/2017	1,000,000.00	930,830.00	872,410.00
Pacific Tel. & Tel. Co.	9.00%	01/15/2018	4,450,000.00	4,449,932.06	4,058,800.49
Pacific Tel. & Tel. Co.	9.63%	07/15/2018	1,500,000.00	1,545,000.00	1,467,959.99
Peel, Regional Municipality of	8.75%	01/15/1998	5,000,000.00	4,954,605.56	4,574,849.99
Penney, J C Co.	9.00%	06/15/1999	13,800,000.00	14,040,309.52	13,363,092.00
Pennsylvania Electric Co.	5.00%	05/01/1990	950,000.00	955,050.11	631,123.00
Pennsylvania Electric Co.	4.63%	05/01/1991	1,000,000.00	995,119.00	635,690.00
Pennsylvania Electric Co.	6.25%	11/01/1996	200,000.00	206,036.12	139,163.99
Pennsylvania Electric Co.	8.00%	05/01/1999	1,000,000.00	989,964.43	820,100.00
Pennsylvania Mart Properties	10.25%	04/01/2000	2,339,411.62	2,339,411.62	2,378,105.48
Pennsylvania Power & Light Co.	4.63%	12/01/1991	1,900,000.00	1,910,361.78	1,216,778.99
Pennsylvania Power & Light Co.	6.75%	11/01/1997	6,400,000.00	5,627,492.28	4,793,663.99
Pennsylvania Power & Light Co.	7.00%	01/01/1999	4,600,000.00	3,756,481.32	3,541,723.99
Pennsylvania Power & Light Co.	8.13%	06/01/1999	3,900,000.00	3,625,839.97	3,352,166.99
Pennsylvania Power & Light Co.	7.25%	02/01/2001	2,975,000.00	2,724,673.20	2,336,297.24
Pennsylvania Power & Light Co.	7.63%	02/01/2002	2,500,000.00	2,173,434.68	2,042,724.99
Pennsylvania Power & Light Co.	7.50%	01/01/2003	6,300,000.00	5,923,366.89	5,057,198.99
Pennsylvania Power & Light Co.	9.75%	05/01/2005	5,515,000.00	5,502,798.91	5,397,695.94
Pennsylvania Power & Light Co.	9.75%	11/01/2005	7,500,000.00	7,480,565.00	7,339,800.00
Pennsylvania Power & Light Co.	8.25%	12/01/2006	800,000.00	773,262.24	684,216.00
Pennsylvania Power Co.	4.38%	06/01/1993	1,150,000.00	1,154,846.48	691,012.00
Petroleum Facilities Inc.	4.70%	06/01/1989	192,000.00	172,125.18	144,403.20
Petroleum Facilities Inc.	4.70%	12/01/1989	478,000.00	429,954.86	355,961.82
Petroleum Facilities Inc.	4.70%	06/01/1990	496,000.00	444,930.11	357,040.63
Philadelphia Electric Co.	5.00%	10/01/1989	700,000.00	547,795.64	472,892.00
Philadelphia Electric Co.	6.50%	03/01/1993	2,915,000.00	2,747,701.32	2,188,203.04
Philadelphia Electric Co.	4.50%	05/01/1994	4,000,000.00	3,843,274.23	2,363,799.99
Philadelphia Electric Co.	6.13%	10/01/1997	1,300,000.00	1,032,134.20	891,865.00
Philadelphia Electric Co.	7.75%	12/15/2000	1,650,000.00	1,369,152.84	1,319,867.99
Philadelphia Electric Co.	7.38%	12/15/2001	9,925,000.00	8,819,186.79	7,582,600.75
Philadelphia Electric Co.	7.50%	06/15/1998	1,695,000.00	1,366,300.20	1,332,303.89
Philadelphia Electric Co.	7.50%	01/15/1999	2,750,000.00	2,423,737.34	2,155,834.99
Philadelphia Electric Co.	8.50%	01/15/2004	3,750,000.00	3,462,139.02	3,218,249.99
Philadelphia Electric Co.	9.13%	03/01/2006	14,110,000.00	14,108,232.85	12,865,498.00
Philadelphia Electric Co.	8.63%	07/15/2003	7,000,000.00	6,961,643.50	6,091,259.99
Philadelphia Electric Co.	9.13%	03/15/2008	10,000,000.00	9,925,724.02	9,106,200.00
Phillips Petroleum Co.	8.88%	11/15/2000	250,000.00	251,260.16	241,267.49
Pittsburg & Lake Erie RR Co., ETC.	6.25%	04/01/1980	207,000.00	206,508.98	197,357.93
Pittsburg & Lake Erie RR Co., ETC.	6.25%	04/01/1981	187,000.00	186,218.60	172,971.26
Pittsburg & Lake Erie RR Co., ETC.	6.25%	04/01/1983	92,000.00	91,344.80	80,708.83
Plantation Pipeline	7.00%	02/01/1999	3,000,000.00	2,695,404.85	2,423,549.99
Potomac Edison	7.63%	05/01/1999	500,000.00	444,223.60	395,059.99
Potomac Edison	8.63%	12/01/2007	2,000,000.00	1,983,791.90	1,716,659.99
Potomac Electric Power	4.63%	12/01/1993	900,000.00	805,558.70	552,753.00

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Potomac Electric Power	5.25%	12/01/1994	\$ 200,000.00	\$ 130,774.08	\$ 130,697.99
Potomac Electric Power	4.50%	05/15/1999	1,800,000.00	1,552,275.92	998,694.00
Potomac Electric Power	5.13%	04/01/2001	2,250,000.00	2,028,866.85	1,321,762.45
Potomac Electric Power	5.88%	05/01/2002	1,460,000.00	1,016,022.02	959,906.20
Potomac Electric Power	6.63%	02/15/2003	7,350,000.00	5,961,293.94	5,272,669.49
Potomac Electric Power	7.75%	03/15/2004	3,350,000.00	3,077,276.99	2,719,898.49
Potomac Electric Power	4.38%	02/15/1998	3,100,000.00	2,885,737.51	1,707,448.99
Potomac Electric Power	7.75%	10/01/2007	300,000.00	273,436.00	241,967.99
Potomac Electric Power	10.75%	08/15/2004	5,450,000.00	5,410,710.36	5,644,782.99
Potomac Electric Power	7.00%	05/15/2002	7,725,000.00	6,925,844.43	6,421,715.24
Procter and Gamble	8.25%	03/01/2005	7,250,000.00	7,045,439.61	6,733,437.50
Procter and Gamble	4.63%	05/01/1989	1,000,000.00	968,974.45	681,370.00
Public Service Co. of Colorado	4.50%	10/01/1991	1,000,000.00	1,005,737.16	640,240.00
Public Service Co. of Colorado	4.50%	06/01/1994	950,000.00	778,807.77	574,892.50
Public Service Co. of Colorado	5.38%	05/01/1996	3,225,000.00	2,881,792.80	2,114,825.99
Public Service Co. of Colorado	5.88%	07/01/1997	1,600,000.00	1,418,393.06	1,099,071.99
Public Service Co. of Colorado	6.75%	07/01/1998	100,000.00	84,836.80	75,079.99
Public Service Co. of Colorado	4.38%	02/01/1989	500,000.00	383,171.33	336,759.99
Public Service Co. of Indiana	7.13%	01/01/1999	1,650,000.00	1,508,832.49	1,312,987.49
Public Service Co. of Indiana	7.25%	04/01/1999	988,000.00	983,899.59	792,682.28
Public Ser. Co. of New Mexico	4.13%	01/01/1993	500,000.00	494,808.42	297,464.99
Public Service Co. of Oklahoma	5.25%	03/01/1996	1,500,000.00	1,497,545.10	974,520.00
Public Service Co. of Oklahoma	4.75%	09/01/1990	500,000.00	345,010.00	337,314.99
Public Service Electric and Gas	5.75%	06/01/1991	700,000.00	599,878.75	506,044.00
Public Service Electric and Gas	4.38%	08/01/1992	1,350,000.00	879,866.84	839,187.00
Public Service Electric and Gas	4.38%	06/01/1993	500,000.00	499,372.10	305,174.99
Public Service Electric and Gas	7.25%	12/01/1993	1,994,000.00	1,983,283.40	1,610,234.75
Public Service Electric and Gas	4.63%	09/01/1994	4,350,000.00	2,892,585.84	2,676,685.49
Public Service Electric and Gas	4.75%	09/01/1995	2,250,000.00	1,532,989.32	1,384,312.49
Public Service Electric and Gas	6.25%	06/01/1997	3,750,000.00	3,100,680.51	2,711,887.49
Public Service Electric and Gas	7.00%	06/01/1998	1,000,000.00	791,140.00	783,150.00
Public Service Electric and Gas	7.63%	04/01/1999	2,100,000.00	1,735,243.09	1,747,157.99
Public Service Electric and Gas	7.63%	11/15/2001	5,550,000.00	5,282,334.69	4,581,247.49
Public Service Electric and Gas	7.50%	04/01/2002	3,600,000.00	3,094,324.65	2,926,799.99
Public Service Electric and Gas	8.50%	03/01/2004	1,500,000.00	1,508,378.79	1,341,764.99
Public Service Electric and Gas	8.45%	09/01/2006	4,000,000.00	3,967,783.76	3,549,639.99
Public Service Electric and Gas	8.13%	09/01/2007	4,100,000.00	3,963,044.60	3,516,364.99
Reliance Electric Co.	9.63%	12/15/1994	2,750,000.00	2,776,202.24	2,740,044.99
Rochester Gas & Electric Co.	4.50%	11/15/1991	2,100,000.00	2,105,554.90	1,315,628.99
Rochester Gas & Electric Co.	4.63%	09/15/1994	2,500,000.00	2,531,771.84	1,498,549.99
Rochester Gas & Electric Co.	6.25%	09/15/1997	1,750,000.00	1,509,768.56	1,219,627.49
Rochester Gas & Electric Co.	8.00%	08/15/1999	1,500,000.00	1,366,336.26	1,254,764.99
Rochester Gas & Electric Co.	9.25%	06/15/2006	500,000.00	495,404.20	461,595.00
Rochester Gas & Electric Co.	8.38%	09/15/2007	4,900,000.00	4,830,057.80	4,192,292.99
Rochester Telephone Corp.	7.63%	03/01/2001	4,500,000.00	4,339,885.05	3,735,989.99
Rochester Telephone Corp.	9.50%	03/01/2005	4,000,000.00	3,965,298.25	3,819,119.99
St. Louis Southwestern Railway	9.75%	10/01/1990	2,400,000.00	2,400,000.00	2,251,511.99
San Diego Gas & Electric Co.	4.63%	10/01/1990	6,450,000.00	6,189,820.32	4,061,242.49
San Diego Gas & Electric Co.	8.38%	01/15/2004	2,000,000.00	1,995,357.98	1,660,999.99
Saskatchewan, Province of	8.70%	11/15/2006	5,000,000.00	4,795,727.20	4,503,799.99
Saskatchewan, Province of	8.63%	05/15/2007	7,300,000.00	7,022,392.68	6,520,578.99
Saskatchewan, Province of	9.25%	04/15/2008	11,700,000.00	11,682,172.79	11,126,115.00
Scott Paper Co.	8.75%	01/15/2000	9,600,000.00	9,822,156.25	9,090,816.00
Seaboard Coast Line	9.25%	05/15/1983	596,000.00	596,768.06	583,525.72
Seaboard Coast Line	9.25%	05/15/1984	596,000.00	596,906.93	582,548.28
Seaboard Coast Line	9.25%	05/15/1985	331,000.00	331,574.08	323,274.49
Seaboard Coast Line	8.35%	03/15/1996	500,000.00	510,233.30	451,335.00
Sears, Roebuck and Co.	8.00%	04/01/2006	16,400,000.00	16,348,374.31	14,607,808.00
Sears, Roebuck and Co.	7.88%	02/01/2007	6,975,000.00	6,834,510.30	6,113,168.99
Second Swansea Properties Inc.	6.25%	02/01/1992	1,442,323.66	1,305,014.44	1,113,228.67
Shell Funding Corp.	4.50%	06/01/1983	1,503,000.00	1,419,021.27	1,263,091.13
Shell Funding Corp.	4.75%	06/01/1985	1,678,000.00	1,534,327.25	1,465,615.55
Shell Oil Corp.	8.75%	05/15/2005	3,000,000.00	3,000,000.00	2,861,279.99
Shell Oil Corp.	4.50%	04/15/1990	4,921,384.00	4,036,608.29	3,567,511.28
Shell Oil Corp.	5.00%	03/15/1991	3,923,331.00	3,330,969.00	2,856,459.67

	BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
97.99	Society Bank	9.75%	10/01/1996	\$ 7,250,000.00	\$ 7,250,000.00	\$ 6,838,417.50
94.00	Sohio/BP Trans Alas. Pipe Cap.	10.63%	01/01/1998	40,000,000.00	40,000,000.00	40,043,999.99
92.49	South Carolina Electric and Gas	6.50%	09/01/1998	2,250,000.00	2,154,219.20	1,635,209.99
96.20	South Carolina Electric and Gas	7.25%	01/01/2002	200,000.00	161,926.00	153,425.99
99.49	South Carolina Electric and Gas	9.13%	02/01/2006	4,440,000.00	4,438,925.85	4,086,797.99
98.49	South Carolina Electric and Gas	5.00%	06/01/1996	2,000,000.00	1,662,824.24	1,259,739.99
98.99	South Central Bell Tel. Co.	7.38%	11/01/2007	10,750,000.00	9,963,528.70	8,795,112.50
97.99	South Central Bell Tel. Co.	7.38%	08/01/2012	4,100,000.00	3,572,342.92	3,333,381.99
92.99	South Central Bell Tel. Co.	8.25%	08/01/2013	4,000,000.00	4,027,206.90	3,545,679.99
95.24	South Central Bell Tel. Co.	8.25%	03/01/2017	12,700,000.00	12,571,666.94	11,204,575.00
97.50	South Central Bell Tel. Co.	8.25%	11/01/2015	500,000.00	458,572.58	440,905.00
90.00	Southern Bell Tel. & Tel.	4.63%	12/01/1993	5,650,000.00	4,908,101.20	3,601,196.99
90.00	Southern Bell Tel. & Tel.	4.38%	03/01/1998	2,220,000.00	2,035,191.00	1,273,902.59
92.50	Southern Bell Tel. & Tel.	4.75%	09/01/2000	500,000.00	305,100.00	295,094.99
95.99	Southern Bell Tel. & Tel.	7.38%	07/15/2010	2,100,000.00	1,942,062.20	1,704,233.99
91.99	Southern Bell Tel. & Tel.	7.63%	03/15/2013	1,500,000.00	1,291,932.19	1,245,809.99
97.99	Southern Bell Tel. & Tel.	8.00%	02/15/2014	4,150,000.00	3,777,969.95	3,571,282.49
99.99	Southern Bell Tel. & Tel.	8.25%	04/15/2016	1,000,000.00	988,258.00	889,040.00
97.49	Southern Bell Tel. & Tel.	8.63%	09/01/2018	3,000,000.00	2,878,230.00	2,779,409.99
92.28	Southern California Edison	4.38%	05/15/1988	600,000.00	444,896.35	409,848.00
94.99	Southern California Edison	4.38%	03/01/1989	825,000.00	668,039.02	544,095.75
92.00	Southern California Edison	4.50%	02/15/1990	2,900,000.00	2,140,012.84	1,914,057.99
94.99	Southern California Edison	5.25%	05/15/1991	4,100,000.00	3,774,672.00	2,847,244.99
94.00	Southern California Edison	6.13%	08/15/1991	1,600,000.00	1,590,907.28	1,198,079.99
97.00	Southern California Edison	6.38%	02/15/1993	2,200,000.00	2,085,534.68	1,657,435.99
97.49	Southern California Edison	7.13%	01/15/1994	1,450,000.00	1,207,352.77	1,166,394.49
94.75	Southern California Edison	7.38%	08/15/1997	5,750,000.00	5,117,136.50	4,624,494.99
95.49	Southern Indiana Gas & Elec. Co.	4.75%	10/01/1995	725,000.00	587,742.68	445,461.75
912.49	Southern Indiana Gas & Elec. Co.	6.00%	09/01/1996	1,000,000.00	865,160.20	706,320.00
987.49	Southern Indiana Gas & Elec. Co.	6.38%	08/01/1998	3,275,000.00	2,572,939.20	2,361,307.74
950.00	Southern Indiana Gas & Elec. Co.	8.00%	08/01/2001	100,000.00	94,587.64	85,660.99
957.99	Southern Indiana Gas & Elec. Co.	8.35%	01/15/2007	800,000.00	766,832.27	706,128.00
947.49	Southern Natural Gas Co.	4.75%	12/01/1981	2,114,000.00	2,051,037.32	1,940,651.99
999.99	Southern New England Tel. Co.	4.38%	12/01/2001	8,200,000.00	6,263,217.84	4,398,069.99
964.99	Southwestern Bell Telephone	4.75%	10/01/1992	5,009,000.00	4,207,616.76	3,327,478.69
939.99	Southwestern Bell Telephone	4.63%	08/01/1995	10,060,000.00	8,888,954.25	6,231,063.40
964.99	Southwestern Bell Telephone	4.50%	08/01/1997	3,650,000.00	2,533,478.68	2,153,317.49
944.99	Southwestern Bell Telephone	6.75%	06/01/2008	500,000.00	386,290.00	375,494.99
928.99	Southwestern Bell Telephone	6.88%	02/01/2011	250,000.00	191,937.50	189,939.99
949.99	Southwestern Bell Telephone	7.75%	09/01/2009	3,500,000.00	3,357,522.76	2,949,519.99
927.49	Southwestern Bell Telephone	7.38%	05/01/2012	5,500,000.00	5,059,933.95	4,453,899.99
964.99	Southwestern Bell Telephone	7.63%	10/01/2013	1,650,000.00	1,421,066.10	1,364,005.49
995.00	Southwestern Bell Telephone	8.50%	03/15/2016	3,600,000.00	3,586,188.77	3,239,711.99
922.99	Southwestern Bell Telephone	8.25%	04/01/2017	7,700,000.00	7,620,844.77	6,850,305.00
989.99	Southwestern Bell Telephone	8.75%	09/01/2018	7,750,000.00	7,527,065.00	7,250,745.00
919.99	Southwestern Electric Power Co.	9.63%	08/01/2005	700,000.00	696,337.18	691,089.00
911.99	Southwestern Public Service	8.45%	05/01/2001	2,999,000.00	2,610,267.50	2,706,687.47
942.49	Southwestern Public Service	8.88%	02/01/2006	5,750,000.00	5,766,663.35	5,334,447.49
999.99	Square D Co.	10.13%	11/01/1999	3,500,000.00	3,500,000.00	3,519,704.99
979.99	Staley, A. E., Mfg. Co.	8.88%	06/01/2001	8,400,000.00	8,477,006.90	7,908,936.00
978.99	Standard Oil Co. of California	5.75%	08/01/1992	3,350,000.00	2,747,225.56	2,582,246.99
915.00	Standard Oil Co. of California	7.00%	04/01/1996	2,750,000.00	2,598,850.05	2,293,582.49
916.00	Standard Oil Co. of California	8.75%	07/01/2005	13,250,000.00	13,227,051.88	12,661,700.00
925.72	Standard Oil Co. — Indiana	8.38%	06/15/2005	2,700,000.00	2,678,215.41	2,495,258.99
948.28	Standard Oil Co. — Indiana	7.88%	08/01/2007	750,000.00	699,750.00	656,970.00
974.46	Standard Oil — Ohio	8.50%	01/01/2000	2,000,000.00	2,000,000.00	1,831,219.99
935.00	Standard Oil — Ohio	8.38%	03/15/2007	7,000,000.00	6,747,418.75	6,293,909.99
908.00	Stanley Works	9.25%	11/15/2000	6,500,000.00	6,554,811.68	6,310,784.99
968.99	Statewide Stations Inc.	4.63%	12/15/1996	2,881,000.00	2,405,171.08	2,128,453.98
928.67	Statewide Stations Inc.	5.38%	03/15/1996	955,000.00	796,928.10	762,567.50
991.13	Stauffer Chemical	8.85%	01/15/2001	2,400,000.00	2,392,536.30	2,278,103.99
915.53	Swift Creek Mining & Equipment	10.50%	06/25/1996	3,034,275.77	3,034,275.77	3,043,924.76
9279.99	T R W Inc.	5.50%	04/01/1992	500,000.00	416,691.77	378,799.99
911.26	T R W Inc.	8.13%	01/15/2004	10,435,000.00	9,860,382.23	9,270,140.95
949.60	T R W Inc.	9.88%	04/15/2000	3,500,000.00	3,489,493.81	3,567,444.99

Detailed Listing of Corporate Bonds (continued)

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Tampa Electric Co.	4.50%	05/01/1993	\$ 2,800,000.00	\$ 1,964,248.12	\$ 1,723,567.99
Tampa Electric Co.	5.50%	04/01/1996	1,595,000.00	1,429,310.70	1,053,816.49
Tampa Electric Co.	7.25%	12/01/1998	1,500,000.00	1,263,508.80	1,199,534.99
Tampa Electric Co.	7.25%	01/01/2001	7,550,000.00	6,874,599.15	5,988,055.99
Tampa Electric Co.	7.38%	01/01/2002	8,700,000.00	7,617,344.66	6,977,226.00
Tampa Electric Co.	4.50%	12/15/1989	7,415,000.00	6,094,350.34	5,326,713.55
Texaco, Inc.	4.38%	04/01/1993	650,000.00	441,774.49	399,242.99
Texas Electric Service Co.	5.13%	02/01/1996	500,000.00	374,843.50	327,099.99
Texas Electric Service Co.	4.50%	12/01/1988	400,000.00	401,336.00	283,079.99
Texas Power & Light Co.	4.50%	01/01/1989	350,000.00	351,683.99	237,870.49
Texas Power & Light Co.	4.50%	01/01/1991	1,700,000.00	1,285,381.25	1,124,617.99
Texas Power & Light Co.	5.50%	02/01/1997	500,000.00	496,907.91	331,294.99
Texas Power & Light Co.	6.13%	08/01/1997	2,500,000.00	2,413,188.24	1,741,899.99
Toledo Edison Co.	3.38%	02/01/1986	1,525,000.00	1,242,774.25	992,881.75
Toledo Edison Co.	7.65%	05/01/2003	6,300,000.00	5,507,783.30	5,067,089.99
Tucson Gas & Electric	8.50%	10/01/2009	2,000,000.00	1,982,954.34	1,735,039.99
Tucson Gas & Electric	4.88%	02/01/1996	1,200,000.00	803,594.90	699,732.00
Tucson Gas & Electric	8.50%	01/15/2005	2,500,000.00	2,433,680.07	2,309,649.99
Union Carbide Co.	4.50%	12/31/1996	5,084,205.42	4,016,712.10	3,260,195.88
Union Carbide Co.	4.75%	09/01/1990	1,400,000.00	1,421,735.12	927,962.00
Union Electric of Missouri	4.75%	07/01/1991	4,450,000.00	4,493,331.34	2,892,944.99
Union Electric of Missouri	4.50%	11/01/1993	4,200,000.00	4,227,146.70	2,519,075.99
Union Electric of Missouri	5.50%	05/01/1996	2,600,000.00	2,528,873.70	1,688,933.99
Union Electric of Missouri	5.50%	03/01/1997	3,000,000.00	3,027,397.39	1,929,659.99
Union Electric of Missouri	7.63%	04/01/2001	2,500,000.00	2,485,899.70	1,979,424.99
Union Light, Heat & Power Co.	5.00%	07/01/1989	2,750,000.00	2,660,005.92	1,918,647.49
Union Light, Heat & Power Co.	4.38%	07/01/1993	1,700,000.00	1,709,435.30	1,035,759.00
Union Oil Co. of Calif.	8.63%	03/01/2006	11,725,000.00	11,782,193.40	11,011,651.00
Union Pacific RR, ETC.	5.38%	03/01/1979	30,000.00	30,000.00	29,731.80
Union Pacific RR, ETC.	5.38%	03/01/1980	340,000.00	340,000.00	322,296.20
Union Pacific RR, ETC.	5.38%	03/01/1981	230,000.00	230,000.00	209,888.79
Union Tank Car Co., ETC.	9.63%	12/15/1994	1,500,000.00	1,461,309.12	1,483,784.99
Union Tank Car Co., ETC.	8.30%	12/01/1996	1,200,000.00	1,183,617.84	1,085,687.99
U.S. Treasury	4.00%	02/15/1980	1,650,000.00	1,587,138.03	1,549,960.49
U.S. Treasury	8.38%	08/15/2000	14,000,000.00	13,816,698.64	13,186,180.00
U.S. Treasury	7.63%	02/15/2007	1,000,000.00	991,841.59	868,120.00
U.S. Treasury	8.63%	08/15/1993	5,800,000.00	5,791,843.75	5,593,345.99
U.S. Treasury	7.88%	05/15/1986	21,000,000.00	21,266,608.95	19,464,269.99
U.S. Treasury	8.00%	08/15/1986	10,000,000.00	10,344,937.92	9,350,000.00
United Telephone Co. of Florida	10.00%	11/15/2004	2,000,000.00	1,973,943.32	1,974,519.99
United Telephone Co. of Ohio	10.25%	03/15/2005	1,932,000.00	1,932,000.00	1,942,529.39
United Telephone Co. of Ohio	9.00%	09/15/2008	5,100,000.00	4,978,225.00	4,649,159.99
Utah Power & Light Co.	8.50%	03/01/2007	2,000,000.00	1,994,045.78	1,759,419.99
Virginia Electric & Power Co.	4.63%	09/01/1990	950,000.00	817,996.88	618,972.50
Virginia Electric & Power Co.	4.88%	06/01/1991	1,300,000.00	1,046,331.00	851,318.00
Virginia Electric & Power Co.	4.50%	12/01/1993	1,500,000.00	1,503,755.70	893,985.00
Virginia Electric & Power Co.	4.50%	05/01/1995	600,000.00	364,521.57	347,783.99
Virginia Electric & Power Co.	5.13%	02/01/1997	3,100,000.00	2,712,077.94	1,897,757.99
Virginia Electric & Power Co.	6.88%	12/01/1997	4,253,000.00	3,999,894.92	3,185,454.45
Virginia Electric & Power Co.	7.13%	01/01/1999	4,150,000.00	3,783,451.80	3,149,288.99
Virginia Electric & Power Co.	7.38%	03/01/2001	3,550,000.00	3,483,719.05	2,745,676.49
Virginia Electric & Power Co.	7.50%	09/01/2001	350,000.00	285,201.00	275,418.49
Virginia Electric & Power Co.	7.38%	06/01/2002	2,350,000.00	1,857,422.54	1,809,523.49
Virginia Electric & Power Co.	11.00%	07/01/1994	2,500,000.00	2,500,000.00	2,561,899.99
Virginia Electric & Power Co.	9.25%	03/01/2006	5,525,000.00	5,484,629.90	5,125,431.99
Virginia Electric & Power Co.	8.75%	09/01/2006	1,550,000.00	1,550,000.00	1,365,379.49
Washington Metro. Area Transit	7.75%	07/01/2013	500,000.00	500,000.00	428,125.00
Waterman Steamship Co.	9.15%	11/01/1994	2,969,000.00	2,969,000.00	2,913,242.18
West Penn Power Co.	4.50%	03/01/1992	3,000,000.00	2,685,034.95	1,910,819.99
West Penn Power Co.	4.88%	12/01/1995	2,350,000.00	1,956,111.36	1,457,798.99
West Penn Power Co.	7.13%	07/01/1998	1,300,000.00	1,099,133.20	1,027,200.00
West Penn Power Co.	7.63%	06/01/2002	500,000.00	410,485.00	410,155.00
West Texas Utilities	4.63%	02/01/1991	1,550,000.00	1,152,942.25	1,026,224.00
Western Electric Co. Inc.	5.50%	06/15/1997	8,340,000.00	6,704,647.32	5,477,211.60
Western Massachusetts Electric Co.	4.38%	05/01/1992	2,700,000.00	2,727,827.82	1,612,828.99

BOND NAME	COUPON	MATURITY	PAR VALUE	BOOK VALUE	MARKET VALUE
Westinghouse Electric Co.	5.38%	04/01/1992	\$ 7,200,000.00	\$ 5,974,323.66	\$ 5,315,327.99
Westinghouse Electric Co.	8.63%	09/01/1995	16,290,000.00	16,327,413.20	15,172,831.80
Weyerhaeuser Co.	7.95%	08/15/2006	1,000,000.00	911,250.00	884,440.00
Wisconsin Electric Power Co.	4.13%	04/01/1988	800,000.00	612,917.26	536,440.00
Wisconsin Electric Power Co.	5.00%	11/15/1990	2,000,000.00	1,480,898.30	1,383,799.99
Wisconsin Electric Power Co.	5.88%	11/01/1996	2,910,000.00	2,348,494.32	2,030,714.39
Wisconsin Electric Power Co.	6.88%	11/15/1997	5,135,000.00	4,799,184.12	3,962,165.99
Wisconsin Electric Power Co.	6.88%	05/15/1998	5,220,000.00	5,204,786.88	4,016,424.60
Wisconsin Electric Power Co.	7.25%	05/15/1999	1,100,000.00	1,032,897.35	882,101.00
Wisconsin Michigan Power	6.63%	10/01/1998	530,000.00	495,584.80	387,117.30
Wisconsin Power & Light Co.	6.25%	08/01/1998	2,500,000.00	2,376,876.40	1,783,574.99
Wisconsin Power & Light Co.	8.88%	05/01/2006	500,000.00	500,000.00	463,795.00
Wisconsin Public Service Corp.	4.38%	10/01/1993	500,000.00	500,000.00	303,039.99
Wisconsin Public Service Corp.	4.50%	06/01/1994	750,000.00	751,454.83	456,007.50
Wisconsin Public Service Corp.	6.38%	11/01/1997	500,000.00	395,038.68	365,874.99
Wisconsin Public Service Corp.	7.25%	04/01/1999	2,000,000.00	1,761,598.94	1,604,619.99
Wisconsin Telephone Co.	4.50%	07/01/1992	1,150,000.00	897,970.34	738,829.00
Wisconsin Telephone Co.	4.88%	05/01/1995	2,100,000.00	1,906,721.31	1,337,279.99
Wisconsin Telephone Co.	4.38%	05/01/2002	1,350,000.00	1,118,176.73	727,136.99
Wisconsin Telephone Co.	6.25%	08/01/2004	1,750,000.00	1,417,035.86	1,229,584.99
Wisconsin Telephone Co.	7.25%	02/01/2007	750,000.00	681,506.52	605,617.50
Worthington Industries	9.25%	12/01/1998	15,000,000.00	15,000,000.00	15,000,000.00
Xerox Corp.	5.38%	04/01/1991	4,320,000.00	3,791,096.50	3,184,487.99
Youngstown Sheet & Tube Co.	4.50%	10/01/1990	300,000.00	300,022.56	150,000.00
Total Values			\$2,890,137,486.21	\$2,709,385,151.41	\$2,399,296,474.28

DETAILED LISTING OF COMMON STOCKS - DECEMBER 31, 1978

STOCK NAME	SHARES	COST	MARKET VALUE
	400,000	\$14,196,313.00	\$13,500,000.00
ABBOTT LABS	453,901	14,393,914.43	10,723,411.13
AIR PRODUCTS & CHEMICALS INC.	300,000	7,147,592.00	6,525,000.00
ALLIED STORES CORP.	230,000	10,747,440.50	10,982,500.00
ALUMINUM CO. OF AMERICA	308,100	9,989,676.55	7,818,037.50
AMERICAN CYANAMID CO.	157,000	3,005,659.24	4,239,000.00
AMERICAN GENERAL INSURANCE CO.	412,300	12,083,199.69	11,595,937.50
AMERICAN HOME PRODUCTS CORP.	350,000	14,423,846.06	9,187,500.00
AMERICAN HOSPITAL SUPPLIES	516,686	26,712,556.83	31,324,088.75
AMERICAN TELEPHONE & TELEGRAPH	408,000	11,086,232.00	12,495,000.00
AMP, INC.	478,500	9,107,461.50	9,510,187.50
ARMCO INC.	306,600	12,399,729.64	17,437,875.00
ATLANTIC RICHFIELD CO.	250,000	11,463,756.50	12,687,500.00
AVON PRODUCTS, INC.	162,080	5,324,356.76	3,950,700.00
BALTIMORE GAS AND ELECTRIC CO.	532,000	9,984,653.34	13,699,000.00
BANKAMERICA CORP.	346,000	14,349,403.00	14,186,000.00
BAXTER TRAVENOL LABORATORIES	300,000	10,636,515.92	4,725,000.00
BELL & HOWELL CO.	242,500	9,725,604.50	4,759,062.50
BETHLEHEM STEEL	584,000	13,061,239.50	9,709,000.00
BLACK & DECKER	271,800	14,890,556.50	19,399,725.00
BOEING COMPANY	318,200	9,962,429.42	11,375,650.00
BRISTOL-MYERS CO.	317,000	27,614,106.61	23,141,000.00
BURROUGHS CORP.	200,000	10,972,921.50	10,150,000.00
C B S, INC.	350,000	7,723,345.00	7,525,000.00
CAPITAL HOLDING CORP.	71,081	1,741,918.31	1,883,646.50
CARRIER CORP.	400,000	9,165,380.00	8,550,000.00
CHAMPION INTERNATIONAL	360,000	10,422,307.12	8,100,000.00
CHESEBROUGH-PONDS, INC.	330,000	10,870,725.50	7,755,000.00
CITICORP.	315,000	11,879,618.00	13,820,625.00
COCA-COLA CO.	208,397	7,464,703.78	5,392,272.38
COMMONWEALTH EDISON CO.	300,000	13,350,000.00	11,812,500.00
COMMUNICATIONS SATELLITE CORP.	113,000	3,982,375.00	3,940,875.00
CONNECTICUT GENERAL INSURANCE	200,000	6,411,895.00	5,625,000.00
CONTINENTAL OIL	113,200	8,650,932.81	6,027,900.00
CORNING GLASS WORKS	300,000	10,334,209.00	11,962,500.00
DART INDUSTRIES, INC.	300,000	15,304,368.00	12,525,000.00
DELTA AIRLINES	360,000	13,051,774.50	9,045,000.00
DOW CHEMICAL	227,000	8,376,531.50	8,399,000.00
DRESSER INDUSTRIES	250,000	5,750,000.00	4,843,750.00
DUKE POWER CO.	56,600	1,854,767.00	1,973,925.00
DUN & BRADSTREET COS.	172,600	20,642,628.32	10,140,250.00
EASTMAN KODAK CO.	471,600	9,378,757.07	12,556,350.00
ECKERD, JACK CORP.	268,400	9,659,234.68	9,561,750.00
EMERSON ELECTRIC	493,760	19,549,291.59	24,255,960.00
EXXON	71,200	2,761,399.00	2,278,400.00
FEDERATED DEPARTMENT STORES	259,700	4,465,721.34	4,934,300.00
FIRST CHICAGO CORPORATION	138,400	4,491,391.61	3,615,700.00
FLORIDA POWER AND LIGHT CO.	186,500	8,237,748.30	7,833,000.00
FORD MOTOR CO.	352,100	7,331,000.00	9,770,775.00
FRANKLIN LIFE INSURANCE CO.	247,600	7,339,112.10	10,089,700.00
GANNETT CO.	240,000	12,029,676.92	11,310,000.00
GENERAL ELECTRIC CO.	475,800	11,931,047.50	14,095,575.00
GENERAL MILLS, INC.	140,500	9,107,745.67	7,622,125.00
GENERAL MOTORS CORP.	60,000	11,028,125.00	10,620,000.00
GENERAL REINSURANCE CORP.	337,520	9,866,436.84	8,184,860.00
GEORGIA PACIFIC	350,400	14,596,436.00	13,227,600.00
GETTY OIL	400,000	12,410,758.00	10,450,000.00
GILLETTE CO.	201,000	9,778,601.00	13,266,000.00
HALLIBURTON CO.	250,900	7,741,519.00	4,108,487.50
HERCULES, INC.	83,300	7,263,070.00	7,486,587.50
HEWLETT PACKARD	307,800	15,340,366.96	5,117,175.00
HOLIDAY INNS, INC.	286,400	17,013,710.25	19,904,800.00
HONEYWELL, INC.	358,150	12,420,268.97	6,267,625.00
HOUSEHOLD FINANCE CORP.	163,800	41,592,652.99	48,832,875.00
INTERNATIONAL BUSINESS MACHINE	155,000	9,462,113.14	5,657,500.00
INTERNATIONAL PAPER CO.			

STOCK NAME	SHARES	COST	MARKET VALUE
JOHNSON & JOHNSON	201,700	\$14,465,243.73	\$14,875,375.00
K MART	500,000	17,740,796.00	11,312,500.00
KERR-McGEE CORP.	174,400	13,766,581.00	8,327,600.00
LEASEWAY TRANSPORTATION CORP.	175,478	5,074,809.66	5,856,578.25
LILLY, ELI & CO.	205,600	12,779,393.72	9,843,100.00
LUCKY STORES, INC.	599,599	9,560,703.54	8,844,085.25
MARATHON OIL	280,000	15,778,843.00	15,330,000.00
MASCO CORP.	400,000	8,609,387.00	7,950,000.00
McDERMOTT, J. RAY	370,000	8,515,440.50	7,908,750.00
McDONNELL DOUGLAS	440,000	10,066,309.60	14,630,000.00
McGRAW HILL, INC.	430,000	9,849,222.50	10,481,250.00
MINNESOTA MINING & MANUFACTURING	347,400	20,631,735.62	21,842,775.00
MONSANTO CO.	125,000	10,588,957.00	5,875,000.00
MORGAN, J.P. & CO.	179,900	9,379,685.50	8,162,962.50
MOTOROLA INC.	355,000	16,160,330.00	14,155,625.00
NCR CORP.	337,842	15,279,878.68	20,439,441.00
NORTHWEST AIRLINES	350,000	8,686,893.50	9,975,000.00
PENNEY, J.C.	220,000	14,398,343.48	6,655,000.00
PEPSICO, INC.	600,000	15,723,539.37	15,375,000.00
PERKIN-ELMER	611,700	11,738,413.50	16,821,750.00
PFIZER, INC.	418,600	13,937,654.06	13,761,475.00
PHELPS DODGE	300,000	9,247,322.50	6,300,000.00
PHILLIPS PETROLEUM	400,000	12,211,292.00	12,650,000.00
PROCTER AND GAMBLE CO.	210,000	16,698,546.10	18,663,750.00
RALSTON PURINA	600,000	8,029,058.48	6,825,000.00
REVCO DRUG STORES	300,000	7,889,183.50	7,012,500.00
REVLON, INC.	250,000	12,591,252.00	12,843,750.00
REYNOLDS METALS	280,000	10,396,043.50	9,135,000.00
RYDER SYSTEM, INC.	212,180	6,535,214.00	5,118,842.50
SEARLE, G.D. & CO.	284,600	6,866,666.12	3,770,950.00
SOUTHWESTERN LIFE CORP.	300,000	6,558,337.50	5,512,500.00
SPERRY RAND	368,300	16,755,320.50	16,435,387.50
ST. REGIS PAPER	300,000	9,467,090.00	8,475,000.00
STANDARD OIL CO. OF CALIFORNIA	211,500	5,998,348.75	9,914,062.50
STANDARD OIL CO. OF INDIANA	200,000	8,933,107.00	11,325,000.00
STAUFFER CHEMICAL	250,000	10,956,184.00	9,718,750.00
TEKTRONIX, INC.	375,000	13,863,570.50	17,765,625.00
TEXAS UTILITIES CO.	146,600	4,056,975.87	2,785,400.00
TIME INC.	296,000	12,815,160.00	12,654,000.00
U. S. STEEL	400,000	14,514,329.50	8,500,000.00
UNION CAMP	200,000	11,658,756.50	9,550,000.00
UNION CARBIDE CORP.	250,000	11,890,862.50	8,500,000.00
UNION PACIFIC	243,000	8,876,587.50	12,514,500.00
UPJOHN CO.	80,200	3,559,439.50	3,919,775.00
WESTERN BANCORPORATION	228,150	5,319,085.79	5,504,118.75
WEYERHAEUSER CO.	230,700	6,886,784.51	5,680,987.50
WHIRLPOOL CORP.	430,000	11,561,422.76	8,223,750.00
XEROX CORP.	246,599	14,499,933.80	12,977,272.38
TOTAL STOCK PORTFOLIO	33,486,423	\$1,256,420,863.40	\$1,184,189,751.89

STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the Year Ended December 31, 1978

FUNDS

Members' Savings Fund
 Employers' Accumulation Fund
 Future Survivor Annuities
 Retirement Annuities
 Statutory Cost of Living Adjustment
 Survivor Annuities
 Expense Fund
 Income Fund

	Balance January 1 1978	Income In Excess of Expenditures
	\$1,001,600,424.14	\$174,606,404.27
	708,871,870.34	328,985,054.94
	123,235,041.70	49,244,413.10
	1,664,134,737.12	(207,268,287.87)*
	(177,847.95)	(103,426.61)
	160,993,075.58	(26,849,607.89)*
	596,631.96	(4,625,263.72)
	4,429,344.00	208,164,076.46
	<u>\$3,663,683,276.89</u>	<u>\$522,153,362.68</u>

*Disbursement Accounts Off-Set By Miscellaneous Receipts

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STATEMENT BY ACTUARY

GABRIEL, ROEDER, SMITH & COMPANY
 ACTUARIES & CONSULTANTS
 2090 First National Building
 Detroit, Michigan 48226
 Area 313-961-3346

March 13, 1979

The Retirement Board
 Public Employees Retirement System of Ohio
 277 East Town Street
 Columbus, Ohio 43215

Ladies and Gentlemen:

The basic financial objective of PERS is to establish contribution rates which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Ohio citizens.

To test how well the basic objective is being achieved, annual actuarial valuations are made. The last completed valuations of present members were based upon data as of December 31, 1977. These valuations indicate that the contribution rates, established by the Retirement Board for benefits then in effect, meet the basic objective.

Based upon the valuations it is our opinion that the Public Employees Retirement System of Ohio continues in sound condition in accordance with actuarial principles of level cost financing.

The PERS financial objective, together with the dedicated manner in which the objective is pursued, distinguishes PERS from the publicized financial delinquents of the public employee retirement plan universe.

Inflation continues to be the most threatening enemy to PERS stability. For retired people, the purchasing power of their monthly benefit is reduced. Liabilities for non-retired members increase because member pay levels are increased. These inflation-caused financial impairments have been covered only partially by the added investment income available from our inflated economy.

To survive over long time, a system such as PERS must be able to obtain a real return from investments, meaning an investment return rate which is more than the inflation rate.

Respectfully submitted,

N. E. Jones *R. G. Roeder*
 Norman E. Jones Richard G. Roeder

sw/

Interest Distribution Addition	Interest Distribution Deduction	Transfer Addition	Transfer Deduction	Balance December 31 1978
		\$ 16,834,337.95	\$ 66,678,322.57	\$1,126,362,843.79
\$ 45,613,782.00		36,880,912.21	257,665,125.54	862,686,493.95
5,987,184.00				178,466,638.80
102,139,394.00		299,903,640.10		1,858,909,483.35
				(281,274.56)
11,896,219.00		7,673,832.57		153,713,519.26
		4,674,026.00		645,394.24
	<u>\$165,636,579.00</u>		<u>41,629,909.46</u>	<u>5,326,932.00</u>
<u>\$165,636,579.00</u>	<u>\$165,636,579.00</u>	<u>\$365,966,748.83</u>	<u>\$365,973,357.57</u>	<u>\$4,185,830,030.83</u>

OPERATING EXPENSES for 1978

ITEMS

Salaries and Wages	\$2,294,356.34
Employer Contribution (PERS)	311,469.98
Insurance, Workers' Comp. and Employment Serv.	237,137.85
Actuarial Service	24,651.60
Audit Service	4,152.16
Investment Services and Expenses	167,590.70
Data Processing Contract Service	1,063.37
Medical Examinations; Investigations	63,066.29
Microfilm	26,718.59
Printing & Publications; Dues & Subscriptions	79,237.69
Postage	256,723.98
Equipment (Includes: Rent, Repair, Contract)	687,278.36
Telephone, Telegraph, Freight and Express	44,941.19
Office Supplies	50,425.99
Travel (Staff, Director, Board, Investment) ..	37,343.87
Replacement Expense	130,755.18
Retirement Study Commission	38,300.87
Building Occupancy	146,202.95
Miscellaneous	36,113.03
Total Operating Expenses	\$4,637,529.99

SUMMARY OF ACTIVITIES

	1978	1977
Mail Received	342,994	293,693
Mail Sent	1,670,880	1,137,095
New Member Accounts ..	53,980	39,999
New Benefits Paid	6,448	6,600
Refunds Processed	46,632	34,807
Refunds Paid	\$60,127,058	\$45,178,747
Payment Statements	10,487	12,755
Estimates Prepared	9,134	8,365
Office Interviews	14,784	15,454
Info Pieces Distributed ..	1,168,000	1,108,500
Field Interviews	1,282	819
Group Meetings	124	161
Audience Totals	6,032	8,116
Number of PERS staff ...	199	197

NOTE: The statutes require that all the operating costs of the Retirement System be paid from investment income. These costs in 1978 amounted to 2.08% of that income.



PERS ANNEX — 236 EAST TOWN STREET

To meet the growing demands of the System for more space, the Retirement Board, in October, 1978, completed negotiations for the purchase of the four-story building (above), across the street from PERS headquarters. The cost of the building is being met in part by rentals from tenants who will continue to occupy space not required in the near future by the System. By the close of 1978 several operating departments had transferred to the annex, and early in 1979 the investment section had moved there, these moves opening more space for those sections that will remain at 277 E. Town St.

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