



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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1979

*Annual
Financial
Report*

TO THE

RETIREMENT BOARD



PUBLIC EMPLOYEES RETIREMENT SYSTEM
OF OHIO

for the
Calendar Year Ended December 31, 1979

277 EAST TOWN STREET, COLUMBUS, OHIO 43215

The Retirement Board

Elected



WALTER H. KYLE
Chairman

Representing

State Employees: Chief of Compilation
Section, Department of Transportation.

Term Expires

December 31, 1982



MARK McELROY

County Employees: Cuyahoga County
Recorder

December 31, 1981



DONNA A. MORROW

State College-University Employees: Admin-
istrative Assistant to Chairman, Department
of Theater, University of Toledo.

December 31, 1982



JOHN S. REED

Municipal Employees: Labor Foreman, City
of Springfield.

December 31, 1982



DUSTY RHODES

Miscellaneous Employees: Township
Trustee, Delhi Township, Hamilton County.

December 31, 1981



CARL R. GRIFFITH
(Deceased 4/8/80)

Statutory



WILLIAM J. BROWN
Attorney General



THOMAS E. FERGUSON
Auditor of State



WILLIAM W. WILKINS
Director, Department
of Administrative
Services



WILLIAM S. McLAUGHLIN

Executive Director

Assistant Directors

RICHARD D. MYERS
Benefits

ROBERT A. McLAUGHLIN
Investments

RICHARD E. SCHUMACHER
Comptroller

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PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

277 EAST TOWN STREET

COLUMBUS, OHIO 43215

TELEPHONE (614) 466-2085

To the Members of the Board:

This Comprehensive Annual Financial Report of the Public Employees Retirement System of Ohio covers the year January 1, 1979 to December 31, 1979. The report contains the financial statements, relative schedules, statistical summaries, investment portfolio and plan summary. Also provided are opinions from the Auditor of State and the actuarial firm of Gabriel, Roeder, Smith and Company.

Accounting System

The accounting records of the Public Employees Retirement System are maintained on a modified accrual basis. Member contributions are recorded when they are received from the employer units. Employer contributions are recorded as receivables after the member contributions are received and placed in processing. A third source of revenue, investment income, is recorded on a cash basis as it is received. Fixed assets and investments are recorded at cost. Premiums and discounts on investments are amortized and accumulated over the life of the security. Actuarial reserves are funded on an annual basis for current liabilities and over 39 to 44 years on prior years unfunded accrued liabilities.

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Revenues

The three principal sources of revenue for the retirement system are member contributions, employer contributions and investment income:

Sources (millions)	1979	1978	Increases	
			Amount	Percentage
Member Contributions	\$239.8	\$229.0	\$10.8	4.7
Employer Contributions	392.4	374.8	17.6	4.7
Investment Income (Gross)	305.6	243.8	61.8	25.3
TOTAL	\$937.8	\$847.6	\$90.2	10.6

Total 1980 revenues increased 90.2 million dollars over 1979 for a 10.6% increase.

The employee contribution rate remained unchanged for 1979 at 8.5%. The employer contribution rates were also unchanged at 13.71% for state government reporting units, 13.95% for local government units and 18.10% for sheriffs and deputy reporting units. The increase of 4.7% in employee and employer revenues can be attributed primarily to higher wages. The investment income portion of revenue increased 25.3% over 1978 and can be attributed to a combination of increased portfolio size and increased level of interest rates at which funds were committed during the year.

Benefit Payments and Administrative Expense

Benefit payments are the primary function of a retirement system. In fulfilling this function for 1979, PERS paid a record benefit amount of \$227 million to its 70,000 retirants. Fringe benefits were costly to the system last year with non-contributory health care alone costing over \$36.4 million—a 23% increase over 1978. The cost of living adjustment payments amounted to \$13.2 million in 1979.

Benefits Paid (Millions)	1979	1978	Increase	
			Amount	%
Annuity	\$ 180.5	\$ 160.1	\$ 20.4	12.7
Disability	20.6	17.0	3.6	21.2
Survivor	24.2	22.2	2.0	9.0
Health Care	41.1	33.7	7.4	22.0
Refunds	79.4(1)	60.1	19.3	32.1
Total Benefits	\$ 345.8	\$ 293.1	\$ 52.7	18.0
Administrative Expense	5.2	4.7	.5	10.7
Total Benefits and Adm. Expense	\$ 351.0	\$ 297.8	\$ 53.2	17.9

(1) excludes \$16.5 million paid to STRS to transfer certain teaching personnel and their contributions plus matching employer payments as directed by H.B. 813 effective January 4, 1979.

Administrative expenses were \$5,045,376 for 1979. These expenses are appropriated from the investment earnings.

Funding

Funding is the technique of accumulating assets to provide for the payment of future liabilities. In recent years, much attention has been focused on the funding of retirement plans. The United States Congress passed the Employee Retirement Income Security Act of 1974 to aid private pension plans. In early 1980 a bill was introduced to provide similar guidelines from the federal level to cover public pension funds.

Money held for the purpose of paying future benefits is considered a reserve. These reserves are referred to as "funds" in our accounting system. As of December, 1979 the Annuity and Pension Reserve Fund has the accumulated reserves to pay the future monthly benefits of retirants, both age and service and disability, in the amount of \$2,160 million and for survivor beneficiaries totalling \$376 million. The accumulated contributions of members who have not yet retired are \$1,222 million and are held in the Members' Savings Fund. The Employer Accumulation Fund holds the reserves available for future benefit payments and totalled \$914 million as of December 31, 1979. The year-end total of all funds was \$4,672 million.

A valuation by the actuary as of December 31, 1978 indicated the Employer Accumulation Fund needed a total of \$4,578 million in reserve to pay future benefits of current employees. The difference between the current balance in the Employer Accumulation Fund and the needed reserve is \$3,664 million and is referred to as the unfunded accrued liability of the system.

Factors are included in the employer contribution rates to provide the assets to cover these liabilities in future years. The current funding period for the state group is 39 years, for local government is 44 years and for the sheriff's division it is 43 years.

Investments

Income provided to the retirement system by the portfolio during 1979 totalled \$218,710,495. The gross investment income was \$305,632,053. However, adjustments were made to account for the accumulation of discounts and for the gains and losses realized on the sale of securities. On a net basis, the investment income represented 25.4% of the revenues. The changes in the investment portfolio during the year are shown on the schedule of activity on page 28.

Contract Services

The retirement board appoints an actuary and investment council to provide the required professional services needed to assist in the operation of the retirement system. The financial records of the retirement system are examined by the Auditor of the State of Ohio as provided by law.

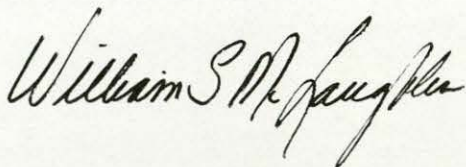
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Acknowledgements

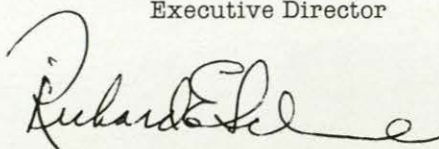
The preparation of this report reflects the combined efforts of the Public Employees Retirement System of Ohio's staff under the direction of the Retirement Board. Its purpose is to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

This Annual Report is being mailed to all employer units of PERS of Ohio, each State Legislator and other interested parties.

Respectively submitted,



William S. McLaughlin
Executive Director



Richard E. Schumacher
Asst. Director — Comptroller

HIGHLIGHTS OF 1979

The Ohio General Assembly continued efforts to ease inflationary pressures in 1979 on those receiving monthly benefits from PERS.

Cost-of-living adjustments, were introduced July 1, 1971, at 1½% after three years of retirement and increased to 2% after two years of retirement in 1976. A 3% cost of living adjustment became effective July 1, 1979. Further, the waiting period for these annual adjustments to start for new retirees was reduced to 12 months. The result was that in 1979 cost-of-living adjustments rose to \$13,212,604, compared with the 1978 total of \$9,185,292, due in large part to the new percentage adjustment.

Cost-of-living adjustments are related to the Consumer Price Index. In years that the CPI goes up 3% or more, the adjustments will be made. CPI increases, since the PERS adjustments were authorized in 1971, have always exceeded the legislated increases authorized for retirees. The law specifies that such excess increases shall be cumulative and be used to provide continued adjustments in the future should the CPI fall below the 3% level.

AD HOC 5% INCREASE

Persons who had retired prior to July 1, 1974, received what amounted to a bonus increase in their monthly benefits in 1979.

The calculation of final average salary (FAS) was the rationale for this particular increase. Prior to July 1, 1974, FAS was calculated over a five-year earnings period. Subsequent to that date, a three-year FAS was used.

The Ohio General Assembly enacted legislation granting a 5% ad hoc increase on the first \$5,000 of annual pension for those whose benefits had been figured on the old five-year formula. The maximum increase was \$250 per year. Effective on July 1, 1979, the legislation also provided \$26 million to cover the cost of the increase in the five statewide retirement systems for the 1979-81 biennium.

HEALTH COST INCREASES EXCEED INFLATION

The cost of health care, which is provided free to those receiving benefits from PERS, continued to increase at a rate higher than general inflation. The 1979 expenditures of \$36,381,570 by PERS for health care represented a 23% increase over 1978. This total was exclusive of another \$4.7 million paid by PERS to reimburse basic premiums paid by those eligible for Medicare Part B.

REFUNDS REACH RECORD HIGH

Indicative of the high turnover of public employees in jobs covered by PERS was the record-setting \$79.4 million in refunds paid from the Members' Savings Fund in 1979, as compared with \$60 million refunded in 1978. This turnover was attributed, in considerable degree, to job terminations under the federal Comprehensive Employment and Training Act (CETA).

The Ohio Legislature acted in 1979 to exclude from PERS membership all new employees of the various federal CETA programs on and after July 1, 1979. These employees were granted the right to purchase service credit toward retirement upon becoming PERS members through public employment not subsidized by CETA funds.

FINANCIAL STATEMENTS

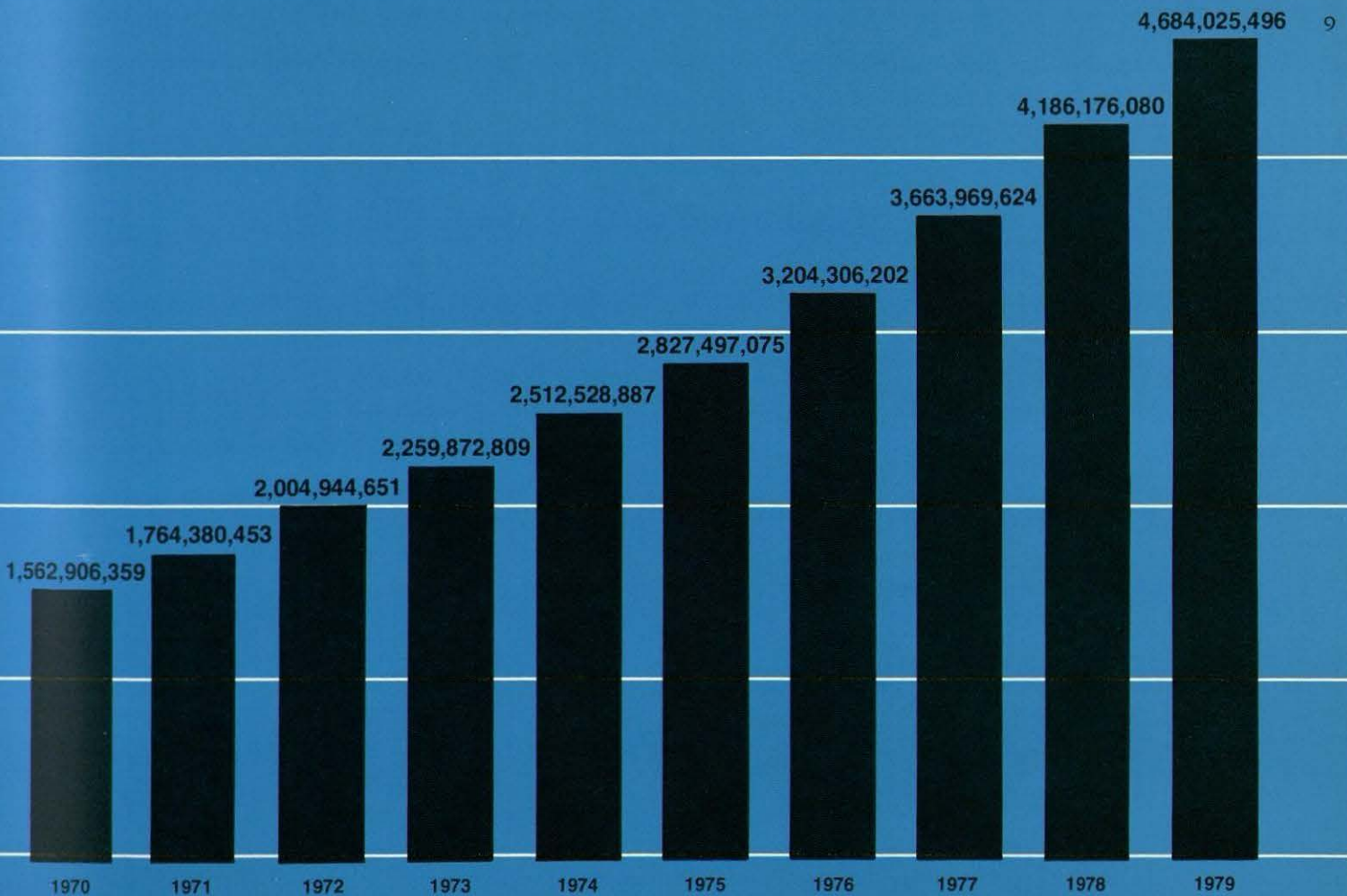
Balance Sheet

Statement of Revenue and Expense

Statement of Changes in Funds

Notes to Financial Statements

GROWTH OF TOTAL ASSETS - 1970-1979



BALANCE SHEET

December 31, 1979

With Comparative Figures For 1978

ASSETS

Cash and Short-Term Securities: (Notes 2 and 3)

Cash

Short-Term Securities

\$ 6,937,242

183,561,713\$ 190,498,955

\$ 2,249,402

88,944,290\$ 91,193,692

Receivables:

Employer

Investment Sale Proceeds

\$ 59,891,222

15,548,022\$ 75,439,244

\$ 58,963,400

107,277\$ 59,070,677

Investments: (Notes 2 and 3)

Bonds and Mortgages, at Book Value

Stocks, at Cost

Deferred Cost on Bonds Sold (Note 4)

\$3,227,855,171

1,173,226,122

13,551,363\$4,414,632,656

\$2,760,940,436

1,256,420,863

15,004,838\$4,032,366,137

Fixed Assets:

Land and Buildings,

Net of Accumulated Depreciation

Furniture, Fixtures and Equipment,

Net of Accumulated Depreciation

\$ 2,909,375

494,552\$ 3,403,927

\$ 2,968,208

525,784\$ 3,493,992

Prepaid Expense

\$ 50,714

\$ 51,582

TOTAL ASSETS

\$4,684,025,496\$4,186,176,080

LIABILITIES AND RESERVES

Liabilities

Medical Insurance Payable

Investment Commitments Payable

\$ 799,804

4,695,318\$ 5,495,122

\$ 346,049

\$ 346,049

Funds:

Members Savings Fund

Employer Accumulation Fund (Note 5)

(Net of Unfunded Accrued Liabilities:

1979, \$3,663,818,754;

1978, \$3,054,570,570)

Annuity and Pension Reserve Fund

Survivor Benefit Fund

Income Fund

Expense Fund

\$1,222,434,186

914,306,716

2,159,949,122

376,021,526

4,767,769

1,051,055\$4,678,530,374\$4,684,025,496

\$1,126,362,844

862,686,494

1,858,628,209

332,180,158

5,326,932

645,394

\$4,185,830,031\$4,186,176,080

TOTAL LIABILITIES AND FUNDS

The accompanying NOTES are an integral part of the financial statements.

STATEMENT OF REVENUE AND EXPENSE

Year Ended December 31, 1979

With Comparative Figures for 1978

REVENUE:

	1979	1978
Member Contributions:		
Payroll Deductions	\$ 241,824,231	\$ 227,751,879
Expense fees prior years service	11,109	13,959
Reinstatements	2,670,374	2,944,621
Annuity and Service Credit Purchases	3,545,768	3,577,915
Retirement from Other Systems	498,803	459,038
Total Member	<u>\$ 248,550,285</u>	<u>\$ 234,747,412</u>
Employer Contributions:		
Employer Charges	\$ 391,403,551	\$ 374,959,154
Reinstatements	142,722	94,149
Retirement From Other Systems	549,525	492,965
State Subsidies	2,724,473	2,682,452
Total Employer	<u>\$ 394,820,271</u>	<u>\$ 378,228,720</u>
Investment Income:		
Bond Interest	\$ 252,246,789	\$ 197,250,262
Accumulation of Discount	10,786,964	9,103,011
Net Accrued Interest on Purchases	(3,140,689)	(143,171)
Dividend Income	53,385,264	46,512,985
Gain on Securities Sold	17,174,772	21,991,077
Loss on Securities Sold	(111,742,605)	(66,550,484)
Total Investment	<u>\$ 218,710,495</u>	<u>\$ 208,163,680</u>
Other:		
Miscellaneous	\$ 204,640	\$ 60,423
Total Other	<u>\$ 204,640</u>	<u>\$ 60,423</u>
Total Revenue Carried Forward	<u>\$ 862,285,691</u>	<u>\$ 821,200,235</u>

EXPENSE:

Benefits:		
Retirement Annuities	\$ 180,501,566	\$ 160,113,077
Disability Benefits	20,586,840	17,014,513
Survivor Annuities	24,193,601	22,166,153
Health Care	41,112,677	33,719,070
Retirement to Other Systems	2,038,904	1,225,617
Total Benefits	<u>\$ 268,433,588</u>	<u>\$ 234,238,430</u>
Refunds:		
Separation	\$ 76,573,982	\$ 57,696,936
Death	2,524,667	2,220,385
Unauthorized	308,691	202,200
Other Systems	16,500,949	
Other	37,995	12,499
Total Refunds	<u>\$ 95,946,284</u>	<u>\$ 60,132,020</u>
Administrative Expense	\$ 5,205,476	\$ 4,683,030
Total Expense	<u>\$ 369,585,348</u>	<u>\$ 299,053,480</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 492,700,343</u>	<u>\$ 522,146,755</u>

Employer Accumulation	Retirement Annuities	Survivor Annuities	Income	Administrative Expense
\$ 862,686,494	\$1,858,628,209	\$332,180,158	\$ 5,326,932	\$ 645,394
				11,109
355,513,717	995,345	38,311,209		
50,087	11,129	705	218,710,495	
<u>\$ 355,563,804</u>	<u>\$ 1,006,474</u>	<u>\$ 38,311,914</u>	<u>\$ 218,712,122</u>	<u>\$ 152,201</u>
	\$ 238,592,444	\$ 29,841,144		
\$ 8,212,107			\$ 6,606	\$ 851
				<u>5,205,476</u>
<u>\$ 8,212,107</u>	<u>\$ 238,592,444</u>	<u>\$ 29,841,144</u>	<u>\$ 6,606</u>	<u>\$5,206,327</u>
\$(213,964,711)	\$ 287,032,648			
(55,551,185)	63,498,792			
		\$ 4,522,746		
(850,315)	2,086,009			
(21,896,784)				
52,233,785	116,270,604	20,717,742	\$(189,222,131)	
(55,702,265)	70,018,830	10,130,110	(30,042,548)	\$5,459,787
<u>\$(295,731,475)</u>	<u>\$ 538,906,883</u>	<u>\$ 35,370,598</u>	<u>\$(219,264,679)</u>	<u>\$5,459,787</u>
<u>\$ 914,306,716</u>	<u>\$2,159,949,122</u>	<u>\$376,021,526</u>	<u>\$ 4,767,769</u>	<u>\$1,051,055</u>

there are sufficient assets in the fund to pay the future benefits of all eligible recipients as of the valuation date.

D) *The Survivor Benefit Fund* provides the reserves to pay benefits due dependents of deceased members of the retirement system.

E) *The Income Fund* is the fund which is credited with the interest and dividends earned on investments. The balance in this fund is transferred to the other funds to aid in the funding of future benefit payments.

F) *The Expense Fund* provides for the disbursement of administrative expenses, with the necessary monies transferred to it from the Income Fund.

Investments in fixed income assets are recorded at par with appropriate entries for discounts and premiums. Equities are recorded at cost.

Fixed assets — buildings and furniture and fixtures are recorded at cost and depreciated over the estimated useful lives.

Notes To Financial Statement (Continued)

NOTE 2 — The 1979 balance sheet is presented in a revised format. The 1978 Balance Sheet has been restated on a comparable basis.

The 1979 Balance Sheet presentation contains three significant changes from prior years.

1. Short term securities held are listed under the heading "Cash and Short Term Securities", rather than Cash and Temporary Investments. Additionally, Short Term Securities are excluded from the investment summary and activity reports. (See Note 3)
2. Depreciation of Buildings, Furniture, Fixtures and Equipment is netted against the Fixed Asset accounts. In prior years this depreciation was titled "Allowance for Replacement, Building, Furniture, Fixtures and Equipment" and was listed in the Liabilities and Reserves section of the balance sheet. The net effect of the above reclassifications is a change in the total footings of the balance sheet.
3. Deferred Cost on Bonds Sold is added to investment book values rather than being shown as Deferred Loss on Sale of Securities as in prior years. (See Note 4 for description of Deferred Cost on Bonds Sold). Without the reclassification, the 1979 Balance Sheet total footings would have been \$4,686,768,292.37 on a comparable basis with the 1978 annual report.

NOTE 3—Investments

A summary of investments as of December 31, 1978 and 1979 follows:

	1979	1978
Short Term Securities:		
Commercial Paper—Par	\$ 185,300,000	\$ 89,500,000
Unearned Income	1,738,287	555,710
Net Value at Cost	\$ 183,561,713	\$ 88,944,290
Long-Term Investments		
Bonds and		
Mortgages—Par	\$3,483,501,925	\$2,943,029,493
Premium	5,231,430	6,772,509
Discount	260,878,184	188,861,566
Bonds and		
Mortgages Book Value	\$3,227,855,171	\$2,760,940,436
Stocks Common		
& Preferred—Cost	\$1,173,226,122	\$1,256,420,863

The Investment Portfolio Summary on page 27 shows the yields for the fixed income segments at yield to maturity at

date of purchase. The common stock yield is figured on cost.

As explained in Note 2, Short Term Securities are excluded from the 1979 Portfolio summary. For comparison purposes the following table shows the 1978 and 1979 yields including Short Term Securities:

	1979	1978
U.S.Gov't. Agencies	8.78	8.34
Canadian	9.50	9.10
Corporate	8.68	8.23
Mortgages (Capehart)	4.56	4.56
Commercial Paper	13.34	10.13
Stocks (at Cost)	4.63	3.97
Portfolio Yield	7.91	7.04

NOTE 4—Deferred Cost on Bonds Sold

The account "Deferred Cost on Bonds Sold" was established to record losses incurred on the sale of bonds under a program to reinvest the proceeds in similar bonds at a greater return. The deferred costs are amortized over the remaining life of the bonds sold or the life of the new bond, whichever is shorter. Future accounting periods will reflect the additional income and will be charged with a share of the losses incurred to produce the higher return under this procedure.

NOTE 5—Unfunded Accrued Liabilities

When accrued liabilities (liabilities resulting from past service) exceed accrued assets the difference is labeled unfunded accrued liabilities. The actuary, through complex mathematical calculations, determines the accrued liabilities of the Employer Accumulation Fund as of a given period. Based on these actuarial calculations the following table reflects PERS of Ohio unfunded accrued liabilities for 1979 and 1978.

	1979	1978
Employer		
Accumulation Fund		
Calculated Liabilities	\$4,578,125,470	\$3,917,257,064
Employer		
Accumulation Fund		
Assets	914,306,716	862,686,494
Unfunded		
Accrued Liabilities	\$3,663,818,754	\$3,054,570,570

The employer rates include factors to amortize these liabilities in a systematic manner.



THOMAS E. FERGUSON
AUDITOR OF STATE
COLUMBUS, OHIO 43216

June 9, 1980

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. The inspection for Calendar Year 1979 is presently being conducted.

The inspection was performed in accordance with standards for such inspections promulgated by the Bureau of Inspection and Supervision of Public Offices and, accordingly, consisted principally of obtaining an understanding of the accounting system, and making inquiries of and evaluating responses from members of management of the Retirement System to determine compliance with applicable state statutes.

In connection with our inspection, no matters came to our attention that we believe should be reported to you.

Sincerely,

Thomas E. Ferguson
THOMAS E. FERGUSON
Auditor of State

TEF/mag

SCHEDULES

Cash Receipts and Disbursements
Administrative Expense
Furniture, Fixtures and Equipment

CASH RECEIPTS AND DISBURSEMENTS

	1979	1978
Cash Balance at Beginning of Year	\$ 2,249,402	\$ 9,142,809
Receipts		
Member Contributions	242,343,619	228,184,166
Employer Contributions	391,074,641	368,273,887
Purchases of Back Service	6,350,401	6,612,048
State Subsidies	2,724,473	2,682,452
Investments		
Matured and Sold	3,908,986,738	2,357,460,535
Interest and Dividends	233,293,862	216,434,513
Rental Income	141,083	31,035
Miscellaneous	467,210	272,448
Total Cash Receipts	<u>\$4,785,382,027</u>	<u>\$3,179,951,084</u>
Disbursements		
Refunds		
Separation	\$ 93,419,884	\$ 57,907,920
Beneficiaries	2,524,667	2,220,385
Annuity Payments		
Retirement Annuities	211,515,761	185,624,906
Disability Benefits	25,038,146	20,536,287
Survivor Annuities	29,841,494	26,851,895
Retirement to Other Systems	2,038,904	1,225,617
Investment Purchases	4,411,199,474	2,886,800,962
Administrative Expenses	5,115,857	5,676,519
Total Cash Disbursements	<u>\$4,780,694,187</u>	<u>\$3,186,844,491</u>
CASH BALANCE AT END OF YEAR	<u>\$ 6,937,242</u>	<u>\$ 2,249,402</u>

SCHEDULES

ADMINISTRATIVE EXPENSE

December 31, 1979

With Comparative Figures for 1978

	1979	1978
Personal Services:		
Salaries and Wages	\$2,476,410	\$2,294,350
Retirement Contributions	334,150	311,470
Insurance	229,930	235,490
Bureau of Employment Services	36	1,640
Supplies:		
Office Supplies	48,864	50,420
Printing and Publications	61,638	71,160
Dues and Subscriptions	9,085	8,060
Other Services and Charges:		
Professional Services:		
Auditing	4,358	4,150
Actuarial	22,353	24,650
Investment	174,908	167,590
Medical	74,113	63,060
Employee Training	7,555	15,060
Communication:		
Telephone and Telegraph	53,271	37,490
Freight, Express and Drayage	8,532	7,450
Postage	227,236	256,720
Transportation and Travel	56,312	47,120
Utilities	113,167	75,820
Rentals:		
Equipment	828,075	687,450
Office Space	38,719	2,590
Repair and Maintenance:		
Equipment	2,674	890
Building	190,027	110,160
Microfilm	21,000	26,710
Retirement Study Commission	47,182	38,300
Taxes—Real Property	12,279	
Deferred Compensation Board		4,715
Miscellaneous	2,954	9,670
	<u>\$5,044,828</u>	<u>\$4,552,275</u>
Depreciation on:		
Building	\$ 62,941	\$ 41,931
Equipment and Fixtures	97,707	88,824
	<u>\$ 160,648</u>	<u>\$ 130,755</u>
Total Administrative Expense	<u>\$5,205,476</u>	<u>\$4,683,030</u>

Furniture, Fixtures and Equipment
Year Ended December 31, 1979

	Balance December 31 1978	Additions	Deletions	Balance December 31 1979
Furniture, Fixtures and Equipment	\$1,060,034	\$ 66,475		\$1,126,509
Accumulated Depreciation	534,250	97,707		631,957
	<u>\$ 525,784</u>	<u>(\$31,232)</u>		<u>\$ 494,552</u>

GABRIEL, ROEDER, SMITH & COMPANY

ACTUARIES & CONSULTANTS
2090 First National Building
Detroit, Michigan 48226
Area 313: 961-3346

May 28, 1980

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, 1978. 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.

For the mathematics of level cost financing to work, the investment return rate must be more than the inflation rate. This has not been possible in recent years, because of the disturbances in the investment market places caused by inflation. The destructiveness of inflation is immense. Inflation is the enemy over which PERS has no control.

PERS continues to make responsible decisions for the areas of financial activity over which it does have control.

Respectfully submitted,

Norman L. Jones *R G Roeder*
Norman L. Jones Richard G. Roeder

sw/

DENVER

DETROIT

ST. LOUIS

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8
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69
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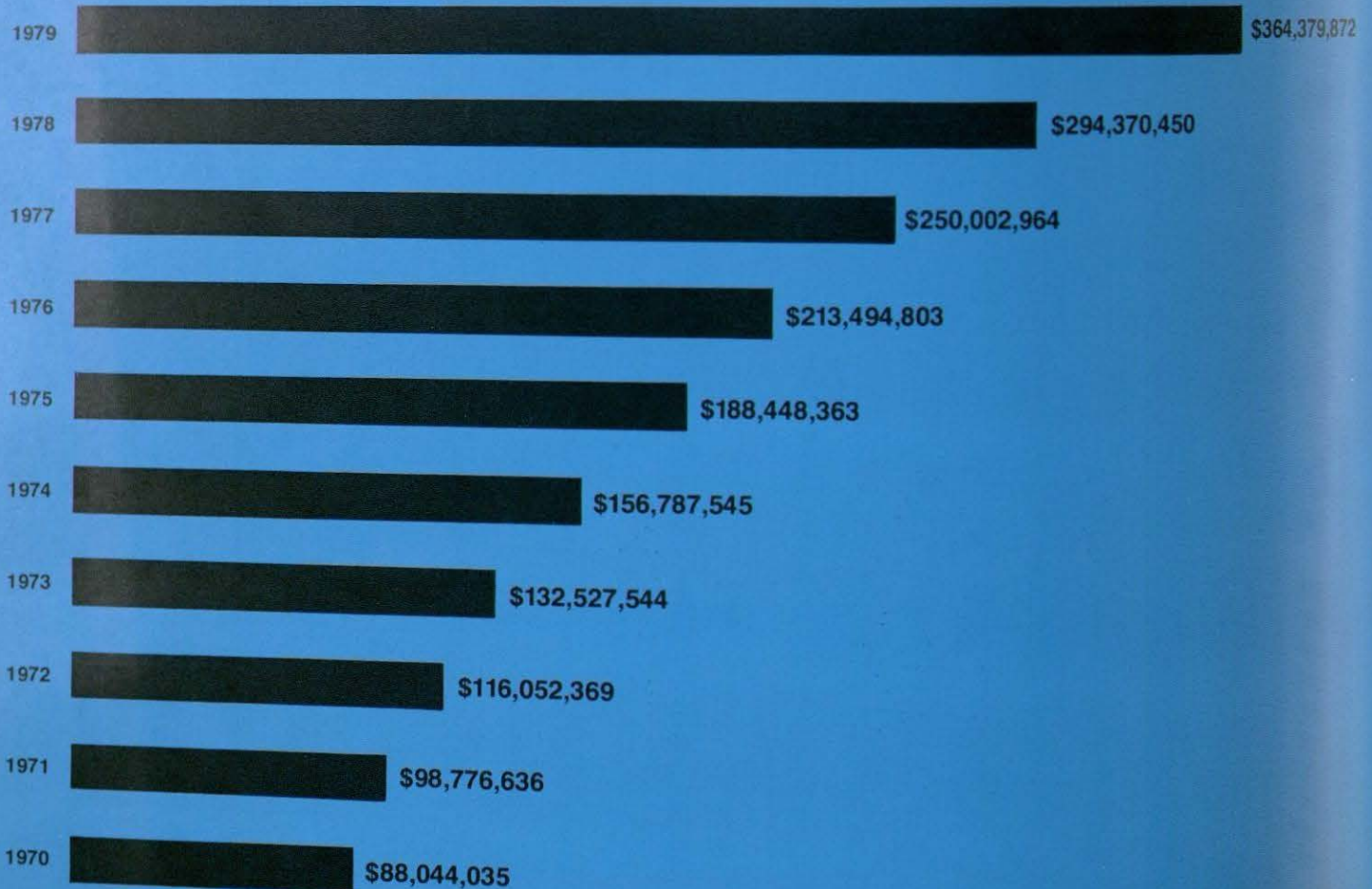
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STATISTICAL TABLES

- Revenue by Sources
- Disbursements by Type
- Benefit Payments by Type
- Member Count
- Member Contribution Rates
- Number of Employer Units
- Employer Contribution Rates – State
- Employer Contribution Rates – Local
- Employer Contribution Rates – Sheriffs
- Net Benefit Payments by Category
- New Benefit Payments by Year

A Ten-Year Comparison of Total Benefits Paid

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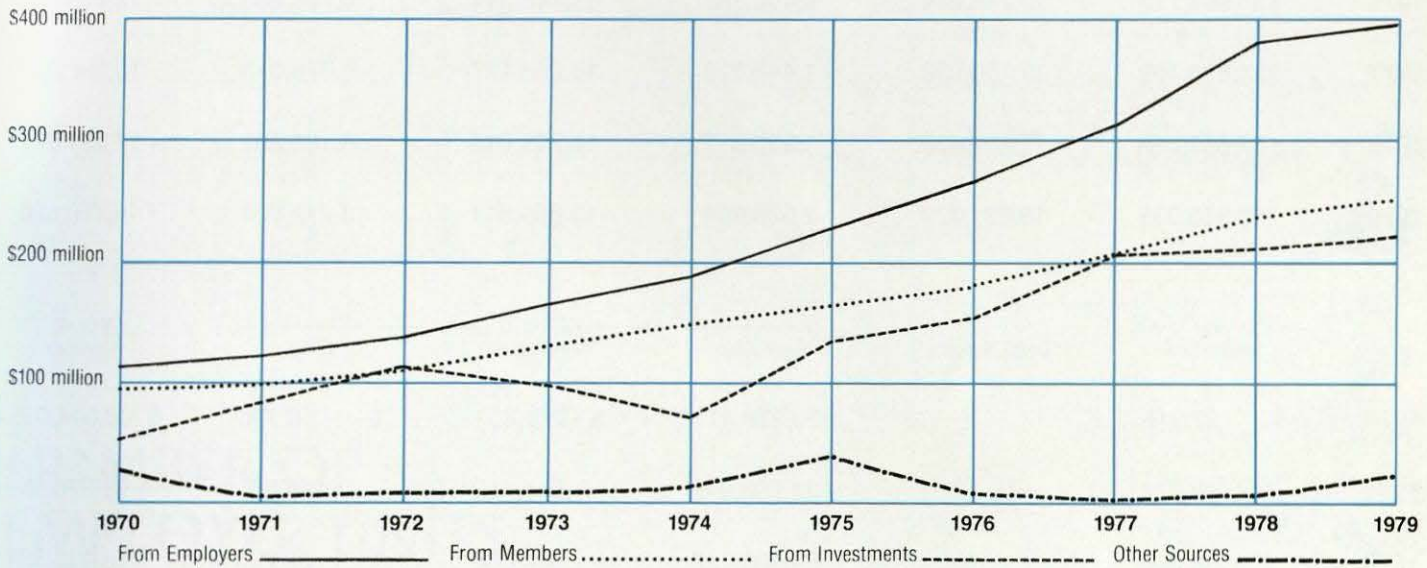
REVENUES BY SOURCE

Last Ten Years

	Member Contributions	Employer Contributions	Investment Income (Net)	Other	Total
1970	\$ 90,480,067	\$110,910,873	\$ 63,107,550	\$ 273,644	\$264,772,134
1971	97,405,909	119,506,003	84,237,641	60,191	301,209,744
1972	109,882,970	136,999,254	113,038,518	80,670	360,001,412
1973	128,261,185	161,361,414	99,460,030	99,678	389,182,307
1974	148,475,457	185,180,430	70,907,627	110,688	404,674,202
1975	160,162,773	223,886,119	130,914,060	339,924	515,302,876
1976	179,683,373	262,752,079	151,840,150	90,868	594,366,470
1977	201,919,726	309,575,701	202,686,233	14,409	714,196,069
1978	234,747,412	378,228,720	208,163,680	60,423	821,200,235
1979	248,550,285	394,820,271	218,710,495	204,640	862,285,691

ANNUAL REVENUE BY SOURCES

Last Ten Years



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DISBURSEMENTS BY TYPE

Last Ten Years

	Benefit Payments	Refunds	Administrative Expense	Total
1970	\$ 65,969,253	\$22,074,782	\$1,457,245	\$ 89,501,280
1971	74,129,585	24,647,424	1,784,209	100,561,218
1972	89,980,378	26,072,397	2,154,245	118,207,020
1973	100,826,321	31,701,501	2,440,537	134,968,359
1974	124,111,520	32,733,683	2,883,614	159,728,817
1975	155,995,116	32,454,951	3,532,127	191,982,194
1976	176,555,770	36,962,005	3,823,413	217,341,188
1977	204,824,240	45,189,181	4,171,429	254,184,850
1978	234,238,430	60,132,020	4,683,030	299,053,480
1979	268,433,588	95,946,284	5,205,476	369,585,348

BENEFIT PAYMENTS BY TYPE

Last Ten years

	BENEFITS Annuities	Disabilities	Other Systems	Survivors	CPI	Post Retirement Legislative Incr.
1970	\$ 48,797,175	\$ 2,878,153	\$1,005,277	\$ 8,140,988		\$ 5,120,445
1971	54,749,753	3,299,680	1,463,715	9,453,091	\$ 354,984	4,754,789
1972	62,461,468	4,019,780	2,707,116	10,457,799	1,096,392	9,149,001
1973	70,586,857	4,867,912	2,619,921	11,348,578	1,860,678	9,397,081
1974	79,688,330	6,071,920	2,394,625	12,550,588	2,678,474	12,298,844
1975	91,848,956	8,004,005	4,071,754	14,152,719	3,566,227	19,442,953
1976	104,889,718	10,268,674	2,492,386	15,448,314	4,764,863	18,726,070
1977	121,894,409	13,180,932	1,448,220	16,955,127	6,778,913	18,596,335
1978	137,607,458	15,699,450	1,225,617	18,295,016	9,185,292	17,231,971
1979	153,958,033	18,801,479	2,038,904	19,808,511	13,212,604	18,170,820
	Health Care	Death Benefits	Separation	REFUNDS Beneficiaries	Other	Total All Payments
1970	\$ 27,215		\$20,238,411	\$1,775,651	\$ 60,720	\$ 88,044,035
1971	53,573		22,958,949	1,581,452	106,650	98,776,636
1972	88,822		24,465,102	1,544,666	62,223	116,052,369
1973	145,294		29,478,240	1,662,827	560,156	132,527,544
1974	7,554,739	\$ 874,000	30,314,990	1,945,013	416,022	156,787,545
1975	13,701,002	1,207,500	28,572,476	1,958,709	1,922,062	188,448,363
1976	18,785,745	1,180,000	34,671,269	1,845,152	422,612	213,494,803
1977	24,699,933	1,270,371	43,393,966	1,693,303	91,455	250,002,964
1978	33,719,070	1,274,556	57,696,936	2,220,385	214,699	294,370,450
1979	41,112,677	1,330,560	76,573,982	2,524,667	16,847,635	364,379,872

MEMBER COUNT

Last Ten Years

	Active Contributing	Inactive	Total
1970	196,304	31,573	227,877
1971	196,553	35,970	232,523
1972	209,341	37,292	246,633
1973	219,509	29,273	248,782
1974	231,759	28,770	260,529
1975	244,912	29,274	274,186
1976	250,712	23,809	274,521
1977	280,045	22,736	302,781
1978	279,088	39,378	318,466
1979	263,614	46,404	310,018

MEMBER CONTRIBUTION RATES

Last Ten years

	Contribution Rate
1970	7.7%
1971	7.7
1972	7.7
1973	8.1*
1974	8.0
1975	8.0
1976	8.0
1977	8.5**
1978	8.5
1979	8.5

*Effective 7/1/73

State & Local Government

**Effective 7/1/77

State & Local Government (Sheriff)

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NUMBER OF EMPLOYER UNITS

Year	State	County	Sheriffs	Municipalities	Villages	Miscellaneous	Libraries	Townships	TOTALS
1970	173	172	—	259	539	288	244	1,239	2,914
1971	192	182	—	266	535	279	245	1,245	2,944
1972	190	187	—	282	522	284	248	1,249	2,962
1973	181	196	—	284	529	288	249	1,257	2,984
1974	178	213	—	283	540	294	251	1,265	3,024
1975	184	203	83	284	549	329	250	1,270	3,152
1976	173	159	88	269	557	334	250	1,275	3,105
1977	269	200	88	277	572	321	250	1,283	3,260
1978	270	205	88	281	578	332	251	1,281	3,286
1979	262	198	88	281	569	323	248	1,283	3,252

EMPLOYER CONTRIBUTION RATES- LOCAL GOVERNMENT *Last Ten Years*

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		Total
	Normal	Health	Survivor Benefits	Prior Service	Health	
1970	5.20%	— %	1.05%	2.75%	— %	9.00%
1971	5.87	—	1.30	1.83	—	9.00
1972	5.72	—	1.30	1.98	—	9.00
1973	5.93	—	1.35	2.12	—	9.40
1974	5.91	—	1.35	2.14	—	9.40
1975	7.71	—	1.52	1.97	—	11.20
1976	8.10	—	1.55	2.25	—	11.90
1977	6.43	1.29	1.55	3.96	0.72	13.95 (1)
1978	7.09	1.66	1.37	3.06	0.77	13.95
1979	6.96	1.68	1.30	3.16	0.85	13.95

(1) Effective 7-1-77

EMPLOYER CONTRIBUTION RATES- STATE GOVERNMENT *Last Ten Years*

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Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		Total
	Normal	Health	Survivor Benefits	Prior Service	Health	
1970	5.65%	— %	0.81%	3.54%	— %	10.00%
1971	6.54	—	1.10	2.36	—	10.00
1972	6.47	—	1.10	2.43	—	10.00
1973	6.73	—	1.15	2.52	—	10.40 (1)
1974	6.63	—	1.15	2.62	—	10.40
1975	8.50	—	1.35	2.15	—	12.00 (2)
1976	8.36	—	1.35	2.29	—	12.00
1977	6.74	1.15	1.35	3.71	0.76	13.71 (3)
1978	6.93	1.12	1.38	3.54	0.74	13.71
1979	6.62	1.25	1.32	3.60	0.92	13.71

(1) Effective 7-1-73 (2) Effective 7-1-75 (3) Effective 7-1-77

EMPLOYER CONTRIBUTION RATES- SHERIFFS

Calendar Year	CURRENT COSTS			UNFUNDED LIABILITY		Total
	Normal	Health	Survivor Benefits	Prior Service	Health	
1975	7.71%	— %	1.52%	1.97%	— %	11.20%
1976	13.02	—	0.85	3.67	—	17.54
1977	10.26	1.29	0.85	5.42	0.28	18.10 (1)
1978	10.86	1.66	0.85	4.45	0.28	18.10
1979	11.69	1.68	0.83	3.62	0.28	18.10

(1) Effective 7-1-77

NET BENEFIT PAYMENTS BY CATEGORY

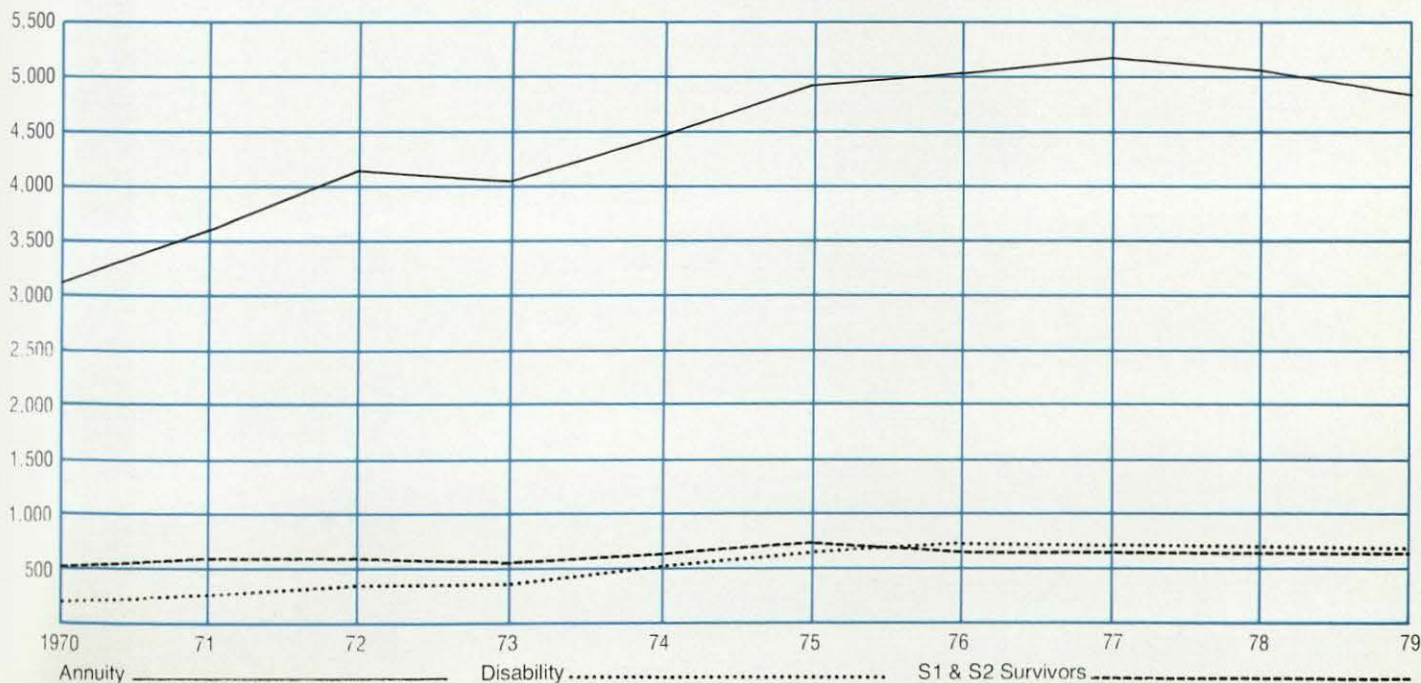
As of Year-end	Annuities	Disabilities	Survivors	Total
1970	30,978	1,571	5,424	37,973
1971	33,075	1,723	5,907	40,705
1972	35,517	1,937	6,308	43,762
1973	37,953	2,187	6,619	46,759
1974	40,659	2,531	7,048	50,238
1975	43,510	2,980	7,509	53,999
1976	46,718	3,466	7,953	58,137
1977	49,945	3,904	8,297	62,146
1978	52,986	4,334	8,611	65,931
1979	55,866	4,770	8,952	69,588

NEW BENEFIT AND REFUND PAYMENTS BY YEAR

Year Ending Dec. 31	Annuity	Disability	S1 & S2 Survivors	Refund
1970	3,119	213	536	34,011
1971	3,595	278	628	32,426
1972	4,147	362	614	30,429
1973	4,063	393	564	34,366
1974	4,437	509	640	34,321
1975	4,910	650	759	34,024
1976	5,023	751	677	36,542
1977	5,172	711	673	34,807
1978	5,067	706	675	46,632
1979	4,851	701	666	53,727

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NEW BENEFIT PAYMENTS BY TYPE AND YEAR



INVESTMENTS

Investment Report
Investment Portfolio Summary
Schedule of Investment Activity
Investment Listings

INVESTMENT REPORT

During the past year, unprecedented economic conditions prevailed. Inflation accelerated to over thirteen percent by year end from the roughly nine percent level prevalent at the beginning of the year. Inflation was widespread throughout the economy, with the greatest shock coming from energy costs, resulting from OPEC pricing policies. Short-term interest rates mirrored the inflation rate, fluctuating within a four-and-one-half percent range for the year. In October, the Federal Reserve, whose job it is to control the growth of money, initiated a program to bring both the economy and inflation under control. The main ingredient in the new Federal Reserve policy was to control the supply of money and let interest rates seek their own level. This policy has led to widely fluctuating interest rates, but hopefully a more normal rate of inflation will result. No conclusive evidence is yet available on this Federal Reserve policy.

The bond market also reacted negatively to inflation, with rates increasing, but not at the same magnitude. Purchases of fixed-income securities during 1979 favored the high quality sectors of the market where over \$550,000,000 worth of securities were purchased by the System. Gross bond interest income increased from \$197,250,262 in 1978 to

\$252,246,789 in 1979. The bond exchange program, which allows the fund to exchange current holdings for other bonds, with the objective of increasing quality, income, or both, was continued. This program increased annual income by \$870,000.

Common stocks averaged approximately 27% of total funds during 1979. (Maximum permissible exposure is 35%). The value of common stock holdings increased nearly 18% during the year and represented \$1,200,000,000 at year end.

Emphasis in stock selection continues to be on those firms with strong financial positions, which affords these companies the ability to cope during periods of high interest rates, and survive during periods of slow economic activity. An equally important consideration is earnings momentum. Funds are concentrated in those firms exhibiting accelerating earnings relative to other firms, because of the positive correlation between this characteristic and advancing stock prices. Finally, favorable supply/demand conditions must exist for a stock before it is considered for inclusion in the portfolio. Income generated from common stocks increased \$7 million during 1979.

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INVESTMENT PORTFOLIO SUMMARY

December 31, 1979

	Par Value	Market Value	Book Value	Yield (1)	% of Portfolio
U.S. Gov't. & Agencies	\$ 281,764,372	\$ 234,213,116	\$ 271,914,060	8.78	6.05
Canadian	373,225,000	300,259,983	354,571,060	9.50	8.02
Corporate	2,786,112,398	2,032,545,384	2,559,977,872	8.68	59.83
Mortgages (Capehart)	42,400,155	34,334,125	41,392,179	4.56	.91
Stocks (At Cost)	<u>1,173,226,122</u>	<u>1,264,824,407</u>	<u>1,173,226,122</u>	4.63	<u>25.19</u>
Total Portfolio	<u>\$4,656,728,047</u>	<u>\$3,866,177,015</u>	<u>\$4,401,081,293</u>	7.69	<u>100.00</u>

(1) See Notes to Financial Statements - Note 3

SCHEDULE OF INVESTMENT ACTIVITY

Year Ended December 31, 1979

	Beginning Balance	Additions	Deletions	Ending Balance
Bonds and Notes (Par Value)				
U.S. Gov't and Agencies				
U.S. Treasury	\$ 53,450,000	\$ 145,000,000	\$ 5,000,000	\$ 193,450,000
U.S. Gov't Insured Merchant Marine	14,025,000		312,000	13,713,000
U.S. Agencies and Guar. Obligations	<u>35,688,242</u>	<u>39,583,951</u>	<u>670,821</u>	<u>74,601,372</u>
Total U.S. Gov't and Agencies	<u>\$ 103,163,242</u>	<u>\$ 184,583,951</u>	<u>\$ 5,982,821</u>	<u>\$ 281,764,372</u>
Canadian Obligations	\$ 286,120,000	\$ 121,555,000	\$ 34,450,000	\$ 373,225,000
Corporate				
Industrial	\$ 713,870,413	\$ 286,586,847	\$130,629,442	\$ 869,827,818
Utilities	1,751,203,831	523,801,000	422,750,251	1,852,254,580
Finance and Insurance	<u>35,780,000</u>	<u>28,250,000</u>		<u>64,030,000</u>
Total Corporate	<u>\$2,500,854,244</u>	<u>\$ 838,637,847</u>	<u>\$553,379,693</u>	<u>\$2,786,112,398</u>
28 Mortgages (Capehart)	\$ 52,892,007		\$ 10,491,852	\$ 42,400,155
Stocks (At Cost)				
Common	\$1,256,420,863	\$ 165,488,824	\$267,327,070	\$1,154,582,617
Preferred		1,515,668	1,515,668	
Convertible Preferred		<u>21,272,605</u>	<u>2,629,100</u>	<u>18,643,505</u>
Total Stocks	<u>\$1,256,420,862</u>	<u>\$ 188,277,097</u>	<u>\$271,471,838</u>	<u>\$1,173,226,122</u>
TOTAL PORTFOLIO	<u>\$4,199,450,356</u>	<u>\$1,333,053,895</u>	<u>\$875,776,204</u>	<u>\$4,656,728,047</u>

DETAILED LISTING OF BOND PORTFOLIO

December 31, 1979

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
A C F INDUSTRIES	11.00%	10/01/1989	\$ 1,335,000.00	\$ 1,335,000.00	\$ 1,307,859.44
ACCELERATION CORP.	10.50%	09/01/1994	4,600,000.00	4,600,000.00	4,069,665.99
ALABAMA POWER CO.	4.63%	05/01/1987	600,000.00	484,872.60	363,893.99
ALABAMA POWER CO.	4.88%	05/01/1989	1,100,000.00	922,726.96	618,662.00
ALABAMA POWER CO.	4.63%	05/01/1994	250,000.00	207,456.42	120,694.99
ALABAMA POWER CO.	8.63%	11/01/1999	1,300,000.00	1,306,988.80	898,482.00
ALABAMA POWER CO.	8.50%	07/01/2001	5,250,000.00	5,048,555.24	3,553,882.49
ALABAMA POWER CO.	7.50%	01/01/2002	3,570,000.00	3,570,000.00	2,159,243.09
ALABAMA POWER CO.	7.88%	04/01/2002	3,535,000.00	2,800,592.80	2,231,115.24
ALABAMA POWER CO.	7.75%	09/01/2002	7,500,000.00	7,200,758.04	4,656,374.99
ALABAMA POWER CO.	8.88%	08/01/2003	2,475,000.00	2,309,478.72	1,729,950.74
ALABAMA POWER CO.	8.25%	12/01/2003	8,750,000.00	8,385,432.72	5,710,074.99
ALABAMA POWER CO.	9.75%	06/01/2004	4,500,000.00	4,423,885.36	3,401,189.99
ALABAMA POWER CO.	10.88%	10/01/2005	5,000,000.00	4,952,672.20	4,145,899.99
ALLIED CHEMICAL & DYE CORP.	9.00%	04/01/2000	200,000.00	194,548.23	165,583.99
AMERICAN BROADCASTING CO.	9.35%	07/15/2000	2,000,000.00	1,914,342.40	1,743,379.99
AMERICAN CAN COMPANY NOTES	4.50%	04/01/1980	315,470.18	313,493.15	312,602.55
AMERICAN CYANAMID CO.	8.38%	03/15/2006	3,250,000.00	2,926,950.02	2,580,467.49
AMERICAN EXPORT LINES	4.50%	09/01/1985	278,000.00	278,000.00	207,312.93
AMERICAN PRESIDENT LINES	5.00%	03/01/1981	13,000.00	13,000.00	12,117.16
AMERICAN TEL. & TEL. CO.	4.38%	10/01/1996	1,350,000.00	757,895.06	714,420.00
AMERICAN TEL. & TEL. CO.	5.50%	01/01/1997	1,340,000.00	933,357.75	821,299.40
AMERICAN TEL. & TEL. CO.	4.75%	06/01/1998	500,000.00	318,764.75	271,649.99
AMERICAN TEL. & TEL. CO.	4.38%	05/01/1999	6,695,000.00	3,821,861.96	3,379,368.19
ANCHOR HOCKING	8.63%	07/01/2006	6,750,000.00	6,706,485.72	5,493,959.99
APPALACHIAN POWER CO.	4.38%	04/01/1992	1,000,000.00	679,397.75	503,020.00
APPALACHIAN POWER CO.	7.50%	12/01/1998	2,600,000.00	2,122,184.58	1,678,117.99
APPALACHIAN POWER CO.	10.13%	06/01/1995	500,000.00	503,543.30	410,940.00
APPALACHIAN POWER CO.	7.63%	02/01/2002	2,500,000.00	2,154,108.40	1,604,849.99
APPALACHIAN POWER CO.	7.50%	12/01/2002	7,440,000.00	6,979,511.02	4,686,604.79
APPALACHIAN POWER CO.	8.13%	07/01/2003	2,300,000.00	1,865,883.20	1,553,971.99
APPALACHIAN POWER CO.	8.50%	03/01/2004	6,500,000.00	5,780,529.57	4,495,269.99
ARIZONA PUBLIC SERVICE	7.45%	03/15/2002	500,000.00	386,720.00	332,919.99
ARKANSAS POWER & LIGHT CO.	4.88%	05/01/1991	1,000,000.00	760,533.10	566,830.00
ARKANSAS POWER & LIGHT CO.	4.38%	02/01/1993	1,500,000.00	979,718.58	760,514.99
ARKANSAS POWER & LIGHT CO.	5.75%	03/01/1996	500,000.00	360,892.79	279,159.99
ARKANSAS POWER & LIGHT CO.	10.50%	06/01/2004	1,600,000.00	1,618,063.85	1,383,967.99
ARMCO STEEL CO.	9.20%	07/15/2000	18,200,000.00	18,278,612.66	15,500,394.00
ARMCO STEEL CO.	8.50%	09/01/2001	11,250,000.00	10,743,939.28	9,029,137.50
ATCHINSON TOPEKA & SANTA FE	7.50%	05/01/1984	479,493.13	453,395.92	408,743.91
ATLANTA GAS LIGHT	12.75%	10/15/1999	1,400,000.00	1,401,750.00	1,417,219.99
ATLANTIC CITY ELECTRIC CO.	4.50%	03/01/1991	400,000.00	403,459.20	233,343.99
ATLANTIC CITY ELECTRIC CO.	4.50%	07/01/1992	3,500,000.00	2,344,318.46	1,958,214.99
ATLANTIC CITY ELECTRIC CO.	4.38%	03/01/1993	1,600,000.00	1,029,773.50	864,384.00
ATLANTIC CITY ELECTRIC CO.	5.13%	02/01/1996	1,000,000.00	746,085.13	554,000.00
ATLANTIC CITY ELECTRIC CO.	7.50%	04/01/2002	2,750,000.00	2,361,044.75	1,884,189.99
ATLANTIC CITY ELECTRIC CO.	7.75%	06/01/2003	400,000.00	323,204.35	279,555.39
ATLANTIC CITY ELECTRIC CO.	3.25%	01/01/1983	500,000.00	500,560.91	309,629.99
ATLANTIC REFINING CO.	3.85%	06/01/1983	1,800,000.00	1,721,978.86	1,575,593.99
BALTIMORE & OHIO RAILROAD	9.00%	06/01/1986	800,000.00	800,000.00	715,928.00
BALTIMORE & OHIO RAILROAD	9.00%	06/01/1987	700,000.00	700,000.00	618,975.00
BALTIMORE & OHIO RAILROAD	9.00%	06/01/1991	800,000.00	794,584.42	683,592.00
BALTIMORE & OHIO RAILROAD	9.00%	06/01/1992	800,000.00	794,327.75	678,760.00
BALTIMORE & OHIO RAILROAD	9.00%	06/01/1993	800,000.00	794,088.62	676,848.00
BALTIMORE GAS & ELECTRIC CO.	4.38%	07/15/1992	4,855,000.00	3,725,401.52	2,727,878.84
BALTIMORE GAS & ELECTRIC CO.	4.50%	07/15/1994	1,500,000.00	983,131.50	811,049.99
BALTIMORE GAS & ELECTRIC CO.	5.13%	04/15/1996	5,200,000.00	4,553,985.07	2,933,943.99
BALTIMORE GAS & ELECTRIC CO.	6.13%	08/01/1997	4,263,000.00	3,695,979.48	2,661,177.74
BALTIMORE GAS & ELECTRIC CO.	7.00%	12/15/1998	1,100,000.00	949,855.16	747,395.00
BALTIMORE GAS & ELECTRIC CO.	7.25%	04/15/2001	5,250,000.00	4,478,636.76	3,621,134.99
BALTIMORE GAS & ELECTRIC CO.	7.63%	09/01/2001	2,650,000.00	2,233,738.68	1,895,332.99
BALTIMORE GAS & ELECTRIC CO.	7.50%	07/01/2002	8,100,000.00	6,746,147.66	5,689,196.99
BALTIMORE GAS & ELECTRIC CO.	7.50%	09/15/2002	750,000.00	615,431.14	526,305.00
BALTIMORE GAS & ELECTRIC CO.	8.13%	02/01/2004	10,250,000.00	9,686,411.20	7,600,272.50
BALTIMORE GAS & ELECTRIC CO.	8.25%	09/15/2007	5,550,000.00	5,282,147.06	4,144,961.99
BELL TELEPHONE OF PENNS.	4.75%	05/01/2001	2,300,000.00	1,727,995.08	1,194,159.99
BELL TELEPHONE OF PENNS.	4.38%	02/01/2003	3,250,000.00	3,152,139.42	1,548,494.99

INVESTMENTS

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
BELL TELEPHONE OF PENNS.	8.75%	07/15/2015	\$ 500,000.00	\$ 401,665.00	\$ 404,379.99
BETHLEHEM STEEL CORP.	8.45%	03/01/2005	3,900,000.00	3,819,956.52	2,942,666.99
BETHLEHEM STEEL CORP.	8.38%	03/01/2001	20,150,000.00	19,238,392.26	15,289,215.50
BIG THREE INDUSTRIES	9.85%	10/01/2009	3,500,000.00	3,451,250.00	3,146,464.99
BORDEN CO.	8.50%	04/01/2004	3,655,000.00	3,655,033.32	2,966,142.15
BORDEN CO.	9.38%	06/15/2009	6,550,000.00	5,840,991.10	5,663,719.49
BORDEN CO.	4.25%	06/01/1992	3,000,000.00	3,015,167.25	1,524,419.99
BOSTON EDISON CO.	4.75%	11/01/1995	2,900,000.00	2,915,848.00	1,430,859.99
BOSTON EDISON CO.	6.13%	06/01/1997	1,460,000.00	1,474,762.30	835,660.20
BOSTON EDISON CO.	6.88%	11/01/1998	1,100,000.00	1,106,666.34	679,745.00
BOSTON EDISON CO.	5.88%	01/02/1992	650,000.00	539,234.25	422,929.00
BRITISH COLUMBIA HYDRO & POWER	6.25%	06/01/1992	1,525,000.00	1,243,379.50	1,025,181.25
BRITISH COLUMBIA HYDRO & POWER	9.63%	06/01/2005	3,300,000.00	3,049,501.97	2,833,577.99
BRITISH COLUMBIA HYDRO & POWER	8.63%	12/01/2006	400,000.00	400,000.00	310,759.99
BRITISH COLUMBIA HYDRO & POWER	8.38%	06/15/2007	9,010,000.00	8,221,922.73	6,851,474.30
BUCKEYE FEDERAL SAVINGS & LOAN	10.75%	09/01/1989	22,500,000.00	22,500,000.00	21,025,349.99
BURLINGTON NORTHERN, INC.	9.25%	08/01/1991	1,340,000.00	1,316,201.60	1,168,238.79
BURLINGTON NORTHERN, INC.	9.25%	08/01/1993	770,000.00	755,192.90	663,755.40
BURLINGTON NORTHERN, INC.	9.25%	08/01/1994	775,000.00	759,593.00	677,574.75
BURLINGTON NORTHERN, INC.	9.25%	06/01/1998	5,000,000.00	5,000,000.00	4,229,549.99
CALIFORNIA ELECTRIC POWER CO.	5.13%	05/01/1990	1,800,000.00	1,332,746.43	1,144,331.99
CALIFORNIA ELECTRIC POWER CO.	5.00%	07/01/1991	1,575,000.00	1,107,821.76	977,744.25
CAMBRIDGE ELECTRIC LIGHT CO.	6.25%	06/01/1997	359,000.00	364,780.25	227,010.06
CARGILL, INC.	9.50%	12/15/2000	5,000,000.00	5,000,000.00	4,866,099.99
CARBORUNDUM CO.	9.25%	05/15/2000	11,800,000.00	11,794,832.77	10,084,398.00
CARNATION CO.	5.00%	04/01/1991	768,000.00	646,648.78	573,450.24
CARNATION CO.	7.50%	03/01/1996	922,000.00	837,620.98	771,188.46
CAROLINA POWER & LIGHT CO.	5.13%	04/01/1996	500,000.00	390,751.19	274,949.99
CAROLINA POWER & LIGHT CO.	6.38%	10/01/1997	1,000,000.00	643,070.00	628,770.00
CAROLINA POWER & LIGHT CO.	6.88%	10/01/1998	1,440,000.00	1,387,924.04	951,940.80
CAROLINA POWER & LIGHT CO.	7.38%	01/01/2001	2,920,000.00	2,914,935.89	1,998,009.99
CAROLINA POWER & LIGHT CO.	7.75%	05/01/2003	1,600,000.00	1,324,490.23	1,131,119.99
CAROLINA TEL. & TEL. CO.	7.75%	10/01/2001	1,485,000.00	1,493,011.52	1,077,723.89
CAROLINA TEL. & TEL. CO.	8.10%	11/01/2003	1,000,000.00	1,000,000.00	745,770.00
CAROLINA TEL. & TEL. CO.	9.00%	05/01/2008	1,150,000.00	1,150,000.00	926,325.00
CARTER HAWLEY HALE STORES, INC.	5.50%	10/01/1983	268,000.00	255,443.36	233,186.79
CARTER HAWLEY HALE STORES, INC.	9.13%	10/15/2008	4,900,000.00	4,761,255.88	4,063,471.99
CENTRAL HUDSON GAS & ELECTRIC CO.	7.75%	02/01/2002	1,000,000.00	1,013,242.15	685,780.00
CENTRAL ILLINOIS ELECTRIC & GAS	5.00%	07/01/1990	1,350,000.00	1,055,477.20	828,711.00
CENTRAL ILLINOIS LIGHT CO.	5.50%	03/01/1997	50,000.00	50,292.25	28,472.50
CENTRAL ILLINOIS LIGHT CO.	7.63%	09/01/2002	200,000.00	157,542.00	138,543.99
CENTRAL ILLINOIS LIGHT CO.	9.25%	03/01/2005	500,000.00	500,000.00	406,334.99
CENTRAL ILLINOIS PUBLIC SERVICE	4.50%	05/01/1994	4,100,000.00	3,752,651.17	2,228,185.99
CENTRAL ILLINOIS PUBLIC SERVICE	4.63%	06/01/1995	2,500,000.00	1,919,192.68	1,346,999.99
CENTRAL ILLINOIS PUBLIC SERVICE	5.88%	05/01/1997	2,000,000.00	1,228,420.00	1,219,119.99
CENTRAL ILLINOIS PUBLIC SERVICE	7.50%	04/01/2001	3,250,000.00	2,972,199.10	2,266,679.99
CENTRAL ILLINOIS PUBLIC SERVICE	7.50%	05/01/2002	1,680,000.00	1,361,568.30	1,165,567.19
CENTRAL ILLINOIS PUBLIC SERVICE	8.50%	03/01/2004	450,000.00	440,372.48	344,843.99
CENTRAL ILLINOIS PUBLIC SERVICE	9.13%	10/01/2008	6,200,000.00	6,061,132.92	5,013,815.99
CENTRAL LOUISIANA ELECTRIC CO.	7.50%	04/01/1999	1,000,000.00	1,009,769.50	684,060.00
CENTRAL MAINE POWER CO.	7.50%	05/01/1999	2,500,000.00	2,500,000.00	1,634,474.99
CENTRAL POWER & LIGHT CO.	6.63%	01/01/1998	100,000.00	76,835.41	66,298.99
CENTRAL POWER & LIGHT CO.	7.00%	02/01/2001	1,000,000.00	855,608.15	669,670.00
CENTRAL TELEPHONE CO.	7.60%	10/01/1997	1,850,000.00	1,850,000.00	1,328,151.99
CENTRAL TELEPHONE CO.	8.13%	12/01/1998	3,100,000.00	3,078,546.34	2,324,472.99
CENTRAL TELEPHONE CO. OF FLORIDA	10.75%	10/01/1999	880,000.00	880,000.00	803,633.60
CENTRAL TELEPHONE CO. OF VIRGINIA	8.20%	09/01/2007	1,400,000.00	1,378,617.20	1,016,470.00
CHES. & POTOMAC TEL. — MD.	4.38%	01/01/2002	3,900,000.00	2,769,727.35	1,873,910.99
CHES. & POTOMAC TEL. — MD.	5.88%	06/01/2004	8,025,000.00	6,762,149.42	4,780,733.24
CHES. & POTOMAC TEL. — MD.	7.25%	02/01/2012	2,000,000.00	1,929,013.50	1,388,299.99
CHES. & POTOMAC TEL. — VA.	6.75%	05/01/2008	2,770,000.00	2,527,800.16	1,826,454.89
CHES. & POTOMAC TEL. — VA.	7.25%	06/01/2012	650,000.00	461,357.25	450,944.00
CHES. & POTOMAC TEL. — WASH. D.C.	4.38%	02/01/1998	500,000.00	309,840.64	255,399.99
CHES. & POTOMAC TEL. — WASH. D.C.	7.00%	02/01/2009	1,750,000.00	1,437,100.93	1,188,494.99
CHES. & POTOMAC TEL. — W. VA.	5.00%	03/01/2000	2,250,000.00	1,616,749.34	1,209,374.99
CHES. & POTOMAC TEL. — W. VA.	7.25%	05/01/2009	5,150,000.00	4,887,620.25	3,567,507.99
CHES. & POTOMAC TEL. — W. VA.	7.25%	02/01/2013	1,750,000.00	1,410,399.67	1,229,777.50

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
CHES. & POTOMAC TEL.— W. VA.	9.00%	05/15/2015	\$ 1,000,000.00	\$ 828,750.00	\$ 846,027.50
CINCINNATI BELL, INC.	4.38%	08/01/2002	475,000.00	402,857.74	226,536.99
CINCINNATI BELL, INC.	7.38%	08/01/2011	5,200,000.00	4,806,041.84	3,671,615.99
CINCINNATI BELL, INC.	4.50%	10/01/1993	3,331,000.00	2,897,269.92	1,885,479.23
CINCINNATI BELL, INC.	8.38%	10/01/2009	100,000.00	87,570.40	78,172.99
CINCINNATI GAS & ELECTRIC CO.	5.00%	05/01/1990	3,291,000.00	2,711,818.74	2,097,025.20
CINCINNATI GAS & ELECTRIC CO.	4.38%	06/01/1992	3,450,000.00	3,438,653.00	1,937,657.99
CINCINNATI GAS & ELECTRIC CO.	5.88%	07/01/1997	3,650,000.00	2,771,012.60	2,210,512.99
CINCINNATI GAS & ELECTRIC CO.	7.38%	05/01/1999	4,500,000.00	3,919,490.62	3,131,504.99
CINCINNATI GAS & ELECTRIC CO.	7.38%	11/01/2001	4,350,000.00	3,754,469.68	2,983,838.99
CINCINNATI GAS & ELECTRIC CO.	8.13%	08/01/2003	3,250,000.00	2,992,809.28	2,382,639.99
CINCINNATI GAS & ELECTRIC CO.	9.15%	11/01/2004	8,200,000.00	8,051,657.00	6,600,918.00
CINCINNATI GAS & ELECTRIC CO.	8.55%	10/15/2006	2,400,000.00	2,299,621.06	1,816,703.99
CINCINNATI GAS & ELECTRIC CO.	9.13%	04/15/2008	4,000,000.00	3,981,258.97	3,195,239.99
CINCINNATI GAS & ELECTRIC CO.	10.00%	03/15/2009	1,000,000.00	977,300.00	869,380.00
CITIES SERVICE CO.	6.63%	08/01/1999	800,000.00	534,640.00	549,488.00
CITIES SERVICE CO.	8.38%	12/01/1997	12,000,000.00	12,000,000.00	9,387,600.00
CITIZENS UTILITIES	8.88%	03/01/2005	4,763,000.00	4,438,678.76	3,718,998.02
CLARK EQUIPMENT	9.63%	12/15/1999	5,950,000.00	5,955,581.20	5,162,219.99
CLEVELAND ELECTRIC ILLUMINATING	4.38%	04/01/1994	700,000.00	696,157.79	368,465.99
COLONIAL PIPELINE CORP.	8.50%	12/01/2001	5,000,000.00	5,000,000.00	3,938,549.99
COLONIAL PIPELINE CORP.	4.83%	06/01/1990	4,599,000.00	4,027,176.30	3,369,917.24
COLONIAL PIPELINE CORP.	4.74%	06/01/1990	654,000.00	561,853.26	417,095.04
COLONIAL PIPELINE CORP.	5.46%	06/01/1990	631,000.00	548,136.31	426,177.39
COLONIAL PIPELINE CORP.	9.95%	06/01/2002	10,000,000.00	10,000,000.00	7,270,500.00
COLUMBIA GAS SYSTEM INC.	9.63%	11/01/1989	2,000,000.00	1,861,721.60	1,804,119.99
COLUMBIA GAS SYSTEM INC.	10.13%	11/01/1995	3,500,000.00	3,190,215.00	3,164,454.99
COLUMBUS & SO. OHIO ELECTRIC CO.	4.38%	05/01/1992	800,000.00	804,198.50	424,048.00
COLUMBUS & SO. OHIO ELECTRIC CO.	6.25%	10/01/1997	1,000,000.00	1,004,066.20	588,660.00
COLUMBUS & SO. OHIO ELECTRIC CO.	7.00%	06/01/1998	1,550,000.00	1,517,259.44	975,709.50
COLUMBUS & SO. OHIO ELECTRIC CO.	7.63%	05/01/1999	1,500,000.00	1,514,469.00	934,140.00
COMMONWEALTH EDISON CO.	5.25%	04/01/1996	1,600,000.00	1,196,287.90	902,496.00
COMMONWEALTH EDISON CO.	5.75%	12/01/1996	1,100,000.00	773,235.18	655,083.00
COMMONWEALTH EDISON CO.	6.25%	02/01/1998	3,350,000.00	2,628,763.07	2,075,760.49
COMMONWEALTH EDISON CO.	7.50%	01/01/2001	900,000.00	792,553.75	611,694.00
COMMONWEALTH EDISON CO.	7.63%	06/01/2003	500,000.00	401,212.58	342,924.99
COMMONWEALTH EDISON CO.	8.00%	10/15/2003	1,700,000.00	1,411,820.00	1,207,475.99
COMMONWEALTH EDISON CO.	9.38%	05/15/2004	3,500,000.00	3,318,600.04	2,810,884.99
COMMONWEALTH EDISON CO.	8.13%	01/15/2007	500,000.00	424,921.70	358,544.99
COMMONWEALTH EDISON CO.	8.13%	06/01/2007	4,050,000.00	3,415,961.65	2,889,391.49
COMMONWEALTH EDISON CO.	8.25%	12/01/2007	1,250,000.00	1,075,537.60	901,425.00
COMMONWEALTH EDISON CO.	9.13%	06/01/1998	4,000,000.00	4,000,000.00	3,154,279.99
COMMONWEALTH EDISON CO.	10.00%	04/01/1999	20,000,000.00	20,000,000.00	17,011,799.99
COMMONWEALTH EDISON CO.	9.25%	08/01/1996	4,000,000.00	4,000,000.00	3,289,479.99
CONNECTICUT LIGHT & POWER CO.	4.88%	02/01/1990	250,000.00	174,212.89	154,774.99
CONNECTICUT LIGHT & POWER CO.	7.38%	12/01/2001	1,000,000.00	801,971.40	647,230.00
CONNECTICUT LIGHT & POWER CO.	7.63%	04/01/2003	3,350,000.00	2,848,083.71	2,219,140.49
CONNECTICUT LIGHT & POWER CO.	3.25%	12/01/1982	750,000.00	751,449.90	611,482.50
CON. EDISON OF NEW YORK	5.00%	10/01/1987	710,000.00	667,854.88	478,802.70
CON. EDISON OF NEW YORK	4.00%	06/01/1988	500,000.00	503,767.54	306,034.99
CON. EDISON OF NEW YORK	4.75%	06/01/1990	2,350,000.00	2,069,043.02	1,404,124.99
CON. EDISON OF NEW YORK	5.00%	12/01/1990	1,170,000.00	1,184,565.32	696,161.70
CON. EDISON OF NEW YORK	4.75%	06/01/1991	6,500,000.00	4,458,583.12	3,735,094.99
CON. EDISON OF NEW YORK	4.63%	11/01/1991	4,700,000.00	4,365,511.04	2,618,134.99
CON. EDISON OF NEW YORK	4.38%	06/01/1992	2,200,000.00	1,416,368.00	1,167,605.99
CON. EDISON OF NEW YORK	4.38%	10/01/1992	2,100,000.00	2,112,994.02	1,107,119.99
CON. EDISON OF NEW YORK	4.38%	12/01/1992	3,850,000.00	3,287,793.68	2,010,893.49
CON. EDISON OF NEW YORK	4.63%	12/01/1993	6,350,000.00	5,522,611.48	3,326,764.99
CON. EDISON OF NEW YORK	5.00%	01/01/1996	4,500,000.00	2,767,481.00	2,350,979.99
CON. EDISON OF NEW YORK	6.25%	08/01/1997	1,150,000.00	753,748.50	689,747.00
CON. EDISON OF NEW YORK	7.90%	04/01/1999	1,200,000.00	978,146.54	847,032.00
CON. EDISON OF NEW YORK	6.85%	10/01/1998	1,650,000.00	1,166,666.46	1,047,139.50
CON. EDISON OF NEW YORK	8.90%	01/15/2000	8,700,000.00	7,387,840.00	6,723,012.00
CON. EDISON OF NEW YORK	7.90%	09/01/2001	500,000.00	349,640.00	348,529.99
CON. EDISON OF NEW YORK	7.90%	04/15/2002	100,000.00	80,619.85	69,515.99
CON. EDISON OF NEW YORK	7.75%	02/15/2003	4,750,000.00	3,702,626.50	3,234,797.49
CON. EDISON OF NEW YORK	8.40%	10/15/2003	200,000.00	170,002.40	146,141.99

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
CONSOLIDATED NATURAL GAS CO.	7.75%	10/01/1996	\$ 1,000,000.00	\$ 950,970.64	\$ 775,590.00
CONSOLIDATED NATURAL GAS CO.	8.13%	06/01/1997	250,000.00	232,969.70	196,374.99
CONSUMERS POWER CO.	4.63%	09/01/1994	1,850,000.00	1,868,901.50	911,162.00
CONSUMERS POWER CO.	6.00%	07/01/1997	2,000,000.00	1,702,088.84	1,176,639.99
CONSUMERS POWER CO.	6.88%	05/01/1998	4,275,000.00	3,748,548.09	2,749,423.49
CONSUMERS POWER CO.	6.63%	10/01/1998	4,000,000.00	3,616,973.30	2,487,399.99
CONSUMERS POWER CO.	8.13%	08/01/2001	2,350,000.00	1,942,090.10	1,672,847.49
CONSUMERS POWER CO.	7.50%	11/01/2001	200,000.00	159,055.80	132,527.99
CONSUMERS POWER CO.	7.50%	06/01/2002	500,000.00	399,523.10	330,354.99
CONSUMERS POWER CO.	7.50%	10/01/2002	2,875,000.00	2,314,236.54	1,896,522.49
CONSUMERS POWER CO.	8.63%	08/01/2003	3,750,000.00	3,191,027.04	2,771,887.49
CONSUMERS POWER CO.	11.25%	09/01/1982	500,000.00	500,000.00	490,000.00
CONSUMERS POWER CO.	10.38%	05/01/2009	5,700,000.00	5,661,634.66	4,909,295.99
CONTINENTAL GROUP INC.	8.85%	05/15/2004	1,600,000.00	1,551,661.99	1,303,471.99
CONTINENTAL GROUP INC.	8.85%	05/01/2008	6,000,000.00	5,991,432.90	4,840,739.99
CONTINENTAL OIL CO.	9.13%	11/01/1999	3,000,000.00	2,991,740.00	2,614,289.99
CONTINENTAL OIL CO.	8.88%	06/01/2001	2,000,000.00	1,968,198.92	1,694,019.99
CONTINENTAL OIL CO.	9.38%	04/01/2009	4,000,000.00	3,929,869.06	3,490,319.99
CONTINENTAL OIL CO.	5.88%	12/01/1989	1,685,000.00	1,486,686.20	1,352,835.95
CROWN ZELLERBACH CORP.	4.80%	06/01/1990	1,056,000.00	915,889.89	789,465.60
CUTLER HAMMER, INC.	9.30%	08/01/1994	2,500,000.00	2,500,000.00	2,141,849.99
DALLAS POWER & LIGHT CO.	4.88%	01/01/1996	2,000,000.00	1,965,307.43	1,106,659.99
DANA CORP.	9.00%	02/15/2000	8,350,000.00	8,295,821.37	7,180,165.00
DANA CORP.	8.88%	11/15/2008	4,000,000.00	3,927,784.20	3,351,399.99
DAYTON POWER & LIGHT CO.	5.63%	05/01/1997	400,000.00	344,968.80	228,999.99
DAYTON POWER & LIGHT CO.	6.75%	06/15/1998	1,585,000.00	1,585,000.00	1,022,039.70
DAYTON POWER & LIGHT CO.	8.00%	11/01/2003	2,250,000.00	1,897,827.84	1,572,569.99
DAYTON POWER & LIGHT CO.	4.45%	06/01/1993	2,500,000.00	1,728,554.38	1,320,224.99
DELAWARE POWER & LIGHT CO.	4.63%	10/01/1994	4,400,000.00	3,541,417.70	2,334,639.99
DELMARVA POWER AND LIGHT CO.	6.38%	09/01/1997	2,050,000.00	1,561,284.52	1,267,391.99
DELMARVA POWER AND LIGHT CO.	7.00%	11/01/1998	4,050,000.00	3,322,691.78	2,636,023.49
DELMARVA POWER AND LIGHT CO.	8.75%	01/01/2000	1,000,000.00	773,520.00	767,620.00
DELMARVA POWER AND LIGHT CO.	7.63%	12/01/2001	7,000,000.00	6,464,327.28	4,763,709.99
DELMARVA POWER AND LIGHT CO.	7.50%	08/01/2002	6,000,000.00	4,879,732.92	4,011,359.99
DELMARVA POWER AND LIGHT CO.	8.00%	07/01/2003	1,645,000.00	1,225,969.15	1,160,744.89
DELMARVA POWER AND LIGHT CO.	9.63%	07/01/2008	9,350,000.00	9,286,703.44	7,654,097.00
DENVER & RIO GRANDE W. R.R. ETC	6.00%	09/01/1981	228,000.00	228,000.00	207,559.79
DENVER & RIO GRANDE W. R.R. ETC	6.00%	03/01/1982	223,000.00	223,000.00	200,637.56
DENVER & RIO GRANDE W. R.R. ETC	6.00%	03/01/1983	113,000.00	113,000.00	97,958.56
DETROIT EDISON CO.	6.00%	12/01/1996	5,000,000.00	5,017,397.80	2,801,749.99
DETROIT EDISON CO.	6.40%	10/01/1998	3,000,000.00	2,949,499.90	1,721,519.99
DETROIT EDISON CO.	8.13%	06/15/2001	180,000.00	179,353.71	123,128.99
DETROIT EDISON CO.	7.38%	11/15/2001	2,500,000.00	2,494,451.16	1,566,149.99
DIAMOND INTERNATIONAL CORP.	8.35%	09/01/2006	5,865,000.00	5,901,422.46	4,640,036.10
DIAMOND SHAMROCK CORP.	9.13%	11/15/2000	5,900,000.00	5,834,246.90	5,027,153.99
DIAMOND SHAMROCK CORP.	7.70%	12/15/2001	17,450,000.00	16,752,585.64	12,881,764.50
DIAMOND SHAMROCK CORP.	8.50%	04/01/2008	17,850,000.00	17,058,009.82	13,866,594.00
DIAMOND STATE TELEPHONE CO.	4.75%	04/01/1994	525,000.00	529,965.67	301,754.24
DIAMOND STATE TELEPHONE CO.	7.00%	12/01/2008	1,300,000.00	1,031,131.77	874,991.00
DIAMOND STATE TELEPHONE CO.	8.20%	08/01/2011	1,000,000.00	900,965.76	764,440.00
DIAMOND STATE TELEPHONE CO.	7.75%	12/01/2013	5,250,000.00	4,767,797.22	3,855,547.49
DIAMOND STATE TELEPHONE CO.	9.00%	06/15/2018	1,430,000.00	1,404,121.84	1,183,868.39
DOW CHEMICAL CO.	8.50%	02/01/2005	12,025,000.00	11,603,287.62	9,595,950.00
DOW CHEMICAL CO.	8.50%	01/15/2006	6,900,000.00	6,636,334.36	5,496,056.99
DOW CHEMICAL CO.	7.88%	07/15/2007	18,850,000.00	17,322,830.16	14,090,752.00
DOW CHEMICAL CO.	8.63%	02/15/2008	17,600,000.00	16,212,869.57	14,175,744.00
DOW CHEMICAL CO.	4.50%	01/15/1990	1,650,000.00	1,399,746.99	1,144,522.49
DOW CHEMICAL CO.	5.00%	04/01/1991	2,240,000.00	1,931,271.46	1,639,836.79
DOW CHEMICAL CO.	9.75%	07/01/1999	3,045,731.32	3,045,731.32	2,742,071.90
DOW CHEMICAL CO.	9.75%	01/01/2000	3,160,473.49	3,160,473.49	2,843,067.13
DUPONT D'NEMOURS, E I	8.45%	11/15/2004	7,250,000.00	7,135,573.00	5,950,944.99
DUPONT D'NEMOURS, E I	8.50%	05/01/2006	2,000,000.00	1,919,242.84	1,646,279.99
DUKE POWER CO.	5.38%	04/01/1997	950,000.00	649,955.15	528,988.50
DUKE POWER CO.	6.38%	02/01/1998	9,110,000.00	8,058,769.69	5,707,779.40
DUKE POWER CO.	7.38%	12/01/2001	300,000.00	246,275.12	204,281.99
DUKE POWER CO.	7.75%	04/01/2002	1,500,000.00	1,207,179.60	1,065,029.99
DUKE POWER CO.	7.38%	12/01/2002	400,000.00	321,142.20	271,071.99

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
DUKE POWER CO.	7.75%	06/01/2003	\$ 500,000.00	\$ 416,580.17	\$ 353,364.99
DUKE POWER CO.	9.50%	02/01/2005	5,300,000.00	5,230,313.60	4,411,878.99
DUKE POWER CO.	9.38%	08/01/2008	500,000.00	465,445.00	411,390.00
DUKE POWER CO.	10.88%	10/01/2009	400,000.00	386,440.00	371,211.99
DUQUESNE LIGHT CO.	5.13%	02/01/1996	500,000.00	362,820.32	280,664.99
DUQUESNE LIGHT CO.	5.25%	02/01/1997	2,588,000.00	2,590,915.85	1,448,477.72
DUQUESNE LIGHT CO.	6.38%	02/01/1998	4,250,000.00	4,274,148.05	2,690,377.49
DUQUESNE LIGHT CO.	7.00%	01/01/1999	1,100,000.00	902,475.89	725,252.00
DUQUESNE LIGHT CO.	7.75%	07/01/1999	940,000.00	812,578.40	660,998.60
DUQUESNE LIGHT CO.	7.75%	07/01/2003	5,000,000.00	4,383,509.60	3,448,999.99
DUQUESNE LIGHT CO.	8.38%	04/01/2007	3,300,000.00	3,266,215.70	2,406,524.99
EATON CORP.	7.88%	12/01/2003	6,100,000.00	5,939,111.48	4,581,404.99
EATON CORP.	8.75%	07/15/2001	10,800,000.00	10,761,136.73	8,744,112.00
EL PASO CO. U S GOVT GURD SHIP FIN	9.30%	03/31/2003	4,962,000.00	4,962,000.00	4,255,744.90
EL PASO CO. U S GOVT GURD SHIP FIN	9.25%	03/01/2003	2,945,000.00	2,945,000.00	2,569,394.70
EL PASO ELECTRIC CO.	4.63%	02/01/1992	1,000,000.00	876,206.50	572,530.00
EL PASO ELECTRIC CO.	6.75%	05/01/1998	1,250,000.00	1,054,130.88	817,224.99
EL PASO ELECTRIC CO.	9.00%	11/01/2004	1,000,000.00	976,641.00	792,800.00
EL PASO ELECTRIC CO.	10.50%	11/01/2005	1,500,000.00	1,492,393.96	1,331,354.99
ELIZABETHTOWN GAS CO.	6.50%	08/01/1993	1,200,000.00	1,205,434.52	804,792.00
EMPIRE DISTRICT ELECTRIC CO.	6.50%	02/01/1998	1,000,000.00	791,877.22	644,340.00
EMPIRE DISTRICT ELECTRIC CO.	7.38%	04/01/1999	1,350,000.00	1,323,561.23	903,150.00
EXXON CORP.	6.00%	11/01/1997	12,800,000.00	10,342,209.68	8,461,824.00
EXXON CORP.	6.50%	07/15/1998	4,220,000.00	3,534,061.24	2,931,296.40
EXXON TRANSPORTATION	6.63%	05/01/1998	2,910,000.00	2,608,407.55	2,018,434.20
FMC CORP.	9.50%	01/15/2000	750,000.00	659,475.00	653,767.50
FEDERAL NATIONAL MORTGAGE ASSOC.	7.90%	09/10/1986	11,500,000.00	11,532,483.08	9,933,125.00
FEDERATED DEPT. STORES	7.13%	03/15/2002	2,250,000.00	1,904,794.65	1,677,217.49
FHA 4-1/8 DEBENTURES	4.13%	04/01/1986	120,000.00	107,252.85	86,723.07
FHA 4-5/8 DEBENTURES	4.63%	12/01/1992	3,400.00	2,198.48	2,012.25
FHA—CARLTON GREEN APTS.	9.50%	11/01/2019	3,509,354.34	3,320,726.58	2,540,421.36
FHA—CANTON TOWERS	7.50%	08/01/2018	4,621,721.53	3,734,581.38	2,846,841.81
FHA—MCMILLEN WOODS	7.50%	03/01/2019	2,510,714.11	2,007,742.74	1,545,696.03
FHA—TRAFALGAR SQUARE	9.44%	01/01/2020	1,648,800.00	1,409,724.00	1,273,665.02
FIRST BANC GROUP OF OHIO, INC.	9.00%	11/01/1996	10,000,000.00	10,000,000.00	8,195,000.00
FLORIDA POWER & LIGHT CO.	4.38%	12/01/1986	355,000.00	315,684.64	239,156.40
FLORIDA POWER & LIGHT CO.	4.50%	08/01/1992	600,000.00	605,479.24	334,865.99
FLORIDA POWER & LIGHT CO.	4.63%	03/01/1995	1,100,000.00	789,083.64	583,000.00
FLORIDA POWER & LIGHT CO.	5.00%	12/01/1995	1,450,000.00	1,423,753.60	792,439.50
FLORIDA POWER & LIGHT CO.	6.00%	12/01/1996	500,000.00	511,726.94	304,594.99
FLORIDA POWER & LIGHT CO.	6.75%	12/01/1997	4,700,000.00	4,672,402.76	3,071,590.99
FLORIDA POWER & LIGHT CO.	7.00%	06/01/1998	1,000,000.00	1,013,812.32	675,400.00
FLORIDA POWER & LIGHT CO.	7.00%	12/01/1998	100,000.00	85,113.50	67,272.99
FLORIDA POWER & LIGHT CO.	7.63%	01/01/2001	2,950,000.00	2,949,188.16	2,085,974.49
FLORIDA POWER & LIGHT CO.	7.63%	06/01/2002	500,000.00	461,785.55	351,224.99
FLORIDA POWER & LIGHT CO.	7.50%	01/01/2003	2,000,000.00	1,927,224.26	1,381,099.99
FLORIDA POWER & LIGHT CO.	10.13%	03/01/2005	2,206,000.00	2,163,934.18	1,933,934.01
FLORIDA POWER CORP.	7.00%	11/01/1998	500,000.00	422,224.26	336,579.99
FLORIDA POWER CORP.	6.13%	08/01/1997	2,430,000.00	2,133,586.08	1,465,654.49
FMHA—ALLEN EDMONDS SHOE CORP.	9.20%	08/15/2008	571,649.71	571,649.71	438,666.83
FMHA—CARADON INDUSTRIES	8.86%	05/10/1998	1,339,354.76	1,324,287.07	978,130.78
FMHA—ENDRIES FASTENER&SUPPLY INC.	9.20%	10/20/2008	245,728.08	245,728.08	188,311.25
FMHA—FRIDAY CANNING CO.	9.30%	10/26/1993	13,895,503.24	13,895,503.24	11,350,402.86
FMHA—HOLIDAY INN OF LAS CRUCES	10.05%	12/01/2004	4,050,000.00	4,080,375.00	3,359,555.99
FMHA—NORLAND CORP.	9.20%	07/15/2008	396,486.42	396,486.42	303,843.40
FMHA—OCONOMOWOC CANNING CO.	9.20%	09/25/2008	6,262,641.54	6,262,641.54	4,799,312.71
FMHA—PACKAGING SERVICES, INC.	10.13%	09/15/1999	1,440,740.00	1,446,142.78	1,226,012.11
FMHA—PROPRIETORS INSURANCE CO.	10.08%	06/01/1999	3,118,542.18	3,134,134.91	2,644,461.39
FMHA—ROBERT E. ENDRIES CO.	9.20%	08/20/2008	102,760.31	102,760.31	78,749.33
FMHA—SHELL PATTERNS	9.20%	08/30/2008	147,343.33	147,343.33	112,915.08
FMHA—WHI INC.	10.95%	11/01/2004	2,205,000.00	2,213,268.75	2,001,302.09
FORD MOTOR CO.	7.85%	01/15/1994	2,125,000.00	1,938,849.47	1,670,738.74
FORD MOTOR CO.	9.25%	07/15/1994	1,500,000.00	1,511,818.50	1,299,089.99
FORD MOTOR CO.	9.15%	08/01/2004	7,500,000.00	6,461,240.00	6,285,824.99
FORD MOTOR CREDIT CORP.	10.50%	10/01/1994	1,500,000.00	1,500,000.00	1,374,914.99
FORD MOTOR CREDIT CORP.	9.50%	01/15/1995	750,000.00	742,087.50	646,207.50

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
FORD MOTOR CREDIT CORP.	9.70%	07/15/2000	\$ 1,930,000.00	\$ 1,925,943.64	\$ 1,658,313.89
FOURTH SWANSEA PROPERTIES INC.	6.38%	02/01/1993	3,222,191.38	2,935,370.48	2,444,998.81
FRUIT GROWERS EXPRESS	9.25%	05/15/1989	1,333,335.00	1,333,335.00	1,174,308.13
GARDNER-DENVER CO.	9.25%	06/01/2005	6,850,000.00	6,801,380.68	5,801,675.99
GATX CORP.	9.75%	06/01/1995	9,600,000.00	9,612,287.16	8,531,424.00
GATX CORP.	9.50%	05/01/1996	11,575,000.00	11,500,888.27	10,045,016.50
GATX CORP.	8.15%	06/01/1997	3,000,000.00	2,625,072.30	2,354,609.99
GATX CORP.	9.00%	11/15/1998	6,000,000.00	5,974,604.60	4,976,159.99
GATX CORP.	7.50%	03/15/1996	250,000.00	220,027.50	197,022.49
GENERAL ELECTRIC CO.	5.75%	11/01/1991	1,434,000.00	1,295,978.16	1,142,396.09
GENERAL ELECTRIC CO.	9.75%	05/01/2003	5,000,000.00	5,000,000.00	4,425,849.99
GENERAL MOTORS ACCEPTANCE CORP.	5.00%	12/01/1989	300,000.00	239,270.20	191,612.99
GENERAL TEL. CO. OF CALIF.	4.38%	05/01/1993	700,000.00	472,141.33	370,082.99
GENERAL TEL. CO. OF CALIF.	4.50%	06/01/1994	950,000.00	661,007.17	501,961.00
GENERAL TEL. CO. OF CALIF.	6.00%	10/01/1996	3,300,000.00	2,632,484.46	2,006,234.99
GENERAL TEL. CO. OF CALIF.	6.75%	12/01/1997	2,700,000.00	2,211,298.56	1,757,132.99
GENERAL TEL. CO. OF CALIF.	7.13%	12/01/1998	3,350,000.00	2,917,113.88	2,257,464.49
GENERAL TEL. CO. OF CALIF.	7.63%	12/01/2001	700,000.00	625,245.76	486,535.00
GENERAL TEL. CO. OF CALIF.	8.50%	04/01/2007	9,250,000.00	9,204,562.85	6,951,560.00
GENERAL TEL. CO. OF CALIF.	8.88%	04/01/2008	4,800,000.00	4,580,105.97	3,712,751.99
GENERAL TEL. CO. OF CALIF.	10.13%	05/01/2009	1,000,000.00	862,640.00	859,400.00
GENERAL TEL. CO. OF CALIF.	10.75%	10/01/2009	4,000,000.00	3,982,240.00	3,611,039.99
GENERAL TEL. CO. OF FLORIDA	4.63%	06/01/1995	1,000,000.00	721,750.82	529,310.00
GENERAL TEL. CO. OF FLORIDA	6.50%	11/01/1997	1,000,000.00	819,386.20	637,740.00
GENERAL TEL. CO. OF FLORIDA	8.63%	03/01/2000	2,000,000.00	1,772,034.26	1,558,799.99
GENERAL TEL. CO. OF FLORIDA	8.00%	03/01/2001	250,000.00	247,617.37	181,959.99
GENERAL TEL. CO. OF FLORIDA	7.50%	08/01/2002	500,000.00	466,501.42	342,934.99
GENERAL TEL. CO. OF FLORIDA	8.13%	11/01/2003	4,000,000.00	3,354,206.56	2,927,679.99
GENERAL TEL. CO. OF ILLINOIS	9.38%	08/01/2005	4,000,000.00	3,982,658.00	3,336,759.99
GENERAL TEL. CO. OF ILLINOIS	4.50%	07/01/1993	2,905,000.00	2,058,554.12	1,542,322.59
GENERAL TEL. CO. OF ILLINOIS	4.88%	09/01/1995	1,000,000.00	700,926.94	537,690.00
GENERAL TEL. CO. OF INDIANA	6.38%	08/01/1998	2,180,000.00	1,921,541.10	1,388,703.59
GENERAL TEL. CO. OF INDIANA	7.50%	12/01/2001	1,000,000.00	879,232.72	707,910.00
GENERAL TEL. CO. OF INDIANA	6.25%	07/01/1997	2,000,000.00	1,627,071.32	1,231,519.99
GENERAL TEL. CO. OF KENTUCKY	8.38%	03/01/2007	1,000,000.00	987,359.90	744,480.00
GENERAL TEL. CO. OF MICHIGAN	7.50%	11/01/2001	1,000,000.00	820,369.56	688,300.00
GENERAL TEL. CO. OF MICHIGAN	7.63%	05/01/2003	3,000,000.00	2,432,490.04	2,037,329.99
GENERAL TEL. CO. OF MICHIGAN	11.00%	10/01/2004	1,500,000.00	1,500,000.00	1,372,169.99
GENERAL TEL. CO. OF THE NORTHWEST	10.75%	09/01/2004	2,355,000.00	2,342,708.00	2,147,453.84
GENERAL TEL. OF PENNSYLVANIA	9.25%	06/01/2005	1,500,000.00	1,450,520.82	1,213,424.99
GENERAL TEL. CO. OF THE SOUTHEAST	7.75%	03/01/2003	1,000,000.00	861,624.01	704,370.00
GENERAL TEL. CO. OF THE SOUTHEAST	8.25%	02/01/2004	700,000.00	681,998.87	517,762.00
GENERAL TEL. CO. OF THE SOUTHWEST	6.88%	03/01/1998	1,000,000.00	842,108.42	672,850.00
GENERAL TEL. CO. OF THE SOUTHWEST	8.38%	05/01/2007	1,700,000.00	1,677,952.15	1,265,207.99
GENERAL TEL. CO. OF UPSTATE N.Y.	9.13%	04/01/2004	5,500,000.00	5,363,438.96	4,402,694.99
GENERAL TEL. CO. OF WISCONSIN	7.13%	02/01/1999	500,000.00	494,309.51	337,939.99
GEORGIA POWER CO.	6.63%	09/01/1998	561,000.00	533,873.32	331,393.91
GEORGIA POWER CO.	8.13%	09/01/1999	1,000,000.00	1,001,867.20	687,600.00
GEORGIA POWER CO.	8.13%	06/01/2001	2,735,000.00	2,739,943.28	1,863,765.74
GEORGIA POWER CO.	7.63%	11/01/2001	4,000,000.00	4,028,750.92	2,571,079.99
GEORGIA POWER CO.	7.50%	12/01/2002	4,000,000.00	4,029,943.28	2,571,079.99
GOVT NATL MORTGAGE ASSOC.	9.50%	10/01/2009	6,650,000.00	6,650,000.00	4,188,967.99
GOVT NATL MORTGAGE ASSOC.	10.00%	11/01/2009	5,011,948.02	4,748,820.75	4,374,428.23
GOVT NATL MORTGAGE ASSOC.	9.25%	03/01/2014	5,015,494.39	4,917,927.35	4,544,037.91
GRACE LINE INC.	5.10%	02/01/1992	6,384,189.80	6,200,645.21	5,438,052.87
GREAT NORTHERN NEKOOSA	8.70%	04/01/2008	777,000.00	767,667.50	483,472.71
GULF STATES UTILITIES CO.	6.75%	10/01/1998	13,300,000.00	12,946,812.09	10,797,738.00
GULF STATES UTILITIES CO.	8.13%	09/01/1999	400,000.00	298,639.94	258,343.99
GULF STATES UTILITIES CO.	8.63%	03/01/2004	750,000.00	589,552.50	536,580.00
GULF STATES UTILITIES CO.	8.13%	09/01/1999	500,000.00	391,340.00	370,814.99
HARRIS CORP.	7.75%	12/15/2001	1,500,000.00	1,311,001.52	1,123,409.99
HARSCO CORP.	9.88%	04/01/2000	6,500,000.00	6,361,672.42	5,745,609.99
HARTFORD ELECTRIC LIGHT CO.	4.25%	04/01/1993	200,000.00	198,534.98	104,301.99
HARTFORD ELECTRIC LIGHT CO.	9.38%	04/01/2008	4,350,000.00	4,352,141.49	3,433,802.99
HAWAIIAN TELEPHONE CO.	6.75%	04/01/1998	500,000.00	397,485.95	331,339.99
HAWAIIAN TELEPHONE CO.	8.00%	09/01/2001	1,600,000.00	1,573,490.88	1,189,007.99
HAWAIIAN TELEPHONE CO.	4.50%	05/15/1992	750,000.00	606,611.50	380,459.99
HEINZ, H. J. CO.	6.63%	10/31/1992	6,742,000.00	6,257,669.40	5,428,253.88

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
HOOKER TAFT CO.	9.75%	10/03/1995	\$ 2,675,728.32	\$ 2,675,728.32	\$ 2,329,810.16
HOUSTON LIGHTING & POWER CO.	4.50%	08/01/1992	1,550,000.00	1,038,305.44	886,507.00
HOUSTON LIGHTING & POWER CO.	5.25%	01/01/1997	2,635,000.00	2,000,218.82	1,500,658.84
HUMBLE PIPE LINE CO.	5.63%	06/01/1997	500,000.00	345,453.08	318,289.99
HUNTINGTON BANCSHARES, INC.	8.88%	09/15/1997	10,500,000.00	10,291,297.64	8,258,250.00
HYDRO QUEBEC	6.25%	09/15/1991	1,625,000.00	1,338,741.20	1,078,869.99
HYDRO QUEBEC	5.38%	04/15/1992	1,400,000.00	1,007,467.00	846,286.00
HYDRO QUEBEC	6.50%	09/15/1992	1,200,000.00	989,192.52	804,288.00
HYDRO QUEBEC	6.25%	01/01/1993	3,575,000.00	2,872,411.40	2,324,393.49
HYDRO QUEBEC	6.25%	06/01/1993	1,300,000.00	1,050,784.33	838,916.00
HYDRO QUEBEC	7.25%	11/01/1991	250,000.00	224,919.04	181,827.49
HYDRO QUEBEC	8.75%	07/15/1999	550,000.00	502,730.00	430,485.00
HYDRO QUEBEC	8.75%	01/01/1999	2,150,000.00	2,019,179.73	1,686,459.99
HYDRO QUEBEC	7.88%	02/01/2002	4,575,000.00	3,989,713.35	3,241,250.24
HYDRO QUEBEC	7.50%	01/01/2003	10,050,000.00	8,590,280.58	6,821,437.50
HYDRO QUEBEC	8.50%	08/01/2003	250,000.00	228,133.60	188,182.49
HYDRO QUEBEC	8.25%	01/01/2004	20,305,000.00	17,495,335.81	14,958,693.50
HYDRO QUEBEC	10.25%	01/15/2005	7,250,000.00	7,248,174.20	6,377,534.99
HYDRO QUEBEC	9.75%	08/01/2005	24,050,000.00	23,150,921.68	20,210,176.99
HYDRO QUEBEC	10.00%	11/15/2005	18,150,000.00	17,850,562.84	15,587,764.50
HYDRO QUEBEC	8.60%	09/15/2006	19,975,000.00	18,272,512.24	15,088,915.25
HYDRO QUEBEC	10.00%	07/15/2008	12,100,000.00	12,060,662.82	10,367,159.00
HYDRO QUEBEC	10.00%	02/01/2009	9,200,000.00	9,080,845.96	7,879,248.00
HYDRO QUEBEC	11.25%	10/15/2009	15,000,000.00	14,812,500.00	14,772,450.00
HYDRO QUEBEC	9.25%	09/01/1997	25,000,000.00	25,000,000.00	20,900,999.99
ILLINOIS BELL TELEPHONE CO.	4.88%	07/01/1997	2,950,000.00	2,585,471.97	1,640,907.99
ILLINOIS BELL TELEPHONE CO.	4.38%	07/01/2003	3,700,000.00	3,522,785.44	1,754,354.99
ILLINOIS CENTRAL GULF RAILROAD	11.25%	10/15/1999	2,900,000.00	2,853,510.80	2,599,762.99
ILLINOIS POWER CO.	4.25%	01/01/1993	500,000.00	349,537.37	272,864.99
ILLINOIS POWER CO.	5.85%	10/01/1996	3,150,000.00	2,392,835.78	1,928,902.49
ILLINOIS POWER CO.	6.38%	01/01/1998	4,800,000.00	3,821,056.93	3,062,207.99
ILLINOIS POWER CO.	6.75%	10/01/1998	1,000,000.00	668,615.00	662,650.00
ILLINOIS POWER CO.	7.60%	10/01/2001	500,000.00	365,230.00	354,919.99
ILLINOIS POWER CO.	7.63%	06/01/2003	3,250,000.00	2,309,785.00	2,297,457.49
ILLINOIS POWER CO.	8.63%	07/01/2006	1,000,000.00	772,500.00	776,800.00
ILLINOIS POWER CO.	8.25%	11/01/2007	3,900,000.00	3,178,438.88	3,011,384.99
ILLINOIS POWER CO.	8.88%	08/01/2008	5,000,000.00	3,944,900.00	3,966,449.99
ILLINOIS POWER CO.	4.75%	11/01/1988	635,000.00	639,633.74	399,802.35
INDIANA & MICHIGAN ELECTRIC CO.	4.38%	08/01/1993	800,000.00	799,238.12	394,103.99
INDIANA & MICHIGAN ELECTRIC CO.	4.38%	06/01/2003	3,000,000.00	3,011,756.89	1,416,539.99
INDIANAPOLIS POWER & LIGHT CO.	4.50%	08/01/1994	500,000.00	503,309.90	267,699.99
INDIANAPOLIS POWER & LIGHT CO.	5.13%	04/01/1996	3,300,000.00	2,831,090.33	1,846,844.99
INDIANAPOLIS POWER & LIGHT CO.	7.13%	05/01/1998	2,000,000.00	2,019,275.89	1,379,119.99
INDIANAPOLIS POWER & LIGHT CO.	7.40%	03/01/2002	1,400,000.00	1,215,408.24	974,190.00
INDIANAPOLIS POWER & LIGHT CO.	7.65%	03/15/2003	1,000,000.00	916,906.82	712,650.00
INDIANAPOLIS POWER & LIGHT CO.	9.30%	06/01/2006	1,100,000.00	1,092,513.75	908,204.00
INDIANAPOLIS POWER & LIGHT CO.	4.75%	01/01/1991	1,800,000.00	1,525,888.99	1,341,647.99
INGERSOLL-RAND CO.	9.50%	09/01/2000	600,000.00	595,573.02	522,360.00
INLAND STEEL CO.	7.90%	01/15/2007	3,825,000.00	3,786,144.70	2,844,767.24
INLAND STEEL CO.	4.38%	05/01/1993	2,000,000.00	1,427,736.08	1,061,819.99
INTERSTATE POWER CO.	4.63%	05/01/1995	600,000.00	391,504.23	312,635.99
INTERSTATE POWER CO.	7.75%	05/01/1999	590,000.00	557,813.69	406,262.20
INTERSTATE POWER CO.	10.00%	05/01/2004	3,500,000.00	3,527,342.49	2,939,089.99
INTERSTATE POWER CO.	10.25%	10/15/2005	500,000.00	502,428.92	430,345.00
INTERSTATE POWER CO.	8.38%	09/15/2002	2,000,000.00	1,986,188.96	1,450,499.99
INTERSTATE POWER CO.	9.00%	03/15/2008	6,600,000.00	6,474,306.45	5,032,433.99
INTERSTATE POWER CO.	7.63%	05/01/2002	1,550,000.00	1,248,668.30	1,043,956.00
IOWA ELECTRIC LIGHT & POWER	8.25%	12/01/2007	750,000.00	723,730.96	531,315.00
IOWA ELECTRIC LIGHT & POWER	5.00%	04/15/1990	3,085,000.00	2,761,070.24	2,021,230.29
IOWA ILLINOIS GAS & ELECTRIC CO.	4.88%	05/01/1991	2,907,000.00	2,687,666.94	1,803,212.09
IOWA ILLINOIS GAS & ELECTRIC CO.	7.25%	06/01/1993	1,000,000.00	890,559.28	699,790.00
IOWA ILLINOIS GAS & ELECTRIC CO.	5.88%	07/15/1997	5,700,000.00	4,855,660.78	3,480,704.99
IOWA ILLINOIS GAS & ELECTRIC CO.	7.63%	04/01/1999	2,000,000.00	1,893,117.77	1,436,339.99
IOWA ILLINOIS GAS & ELECTRIC CO.	7.88%	08/15/1999	3,242,000.00	2,804,584.40	2,382,967.25
IOWA ILLINOIS GAS & ELECTRIC CO.	8.75%	04/01/2006	4,650,000.00	4,657,803.19	3,591,008.99
IOWA ILLINOIS GAS & ELECTRIC CO.	8.75%	09/01/2008	1,350,000.00	1,253,942.66	1,061,167.49
IOWA POWER & LIGHT CO.	6.63%	01/01/1998	1,400,000.00	1,160,217.42	904,708.00

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
IOWA POWER & LIGHT CO.	7.63%	12/01/2001	\$ 500,000.00	\$ 462,975.76	\$ 346,639.99
IOWA POWER & LIGHT CO.	8.75%	03/01/2006	5,200,000.00	5,169,880.63	4,050,747.99
IOWA POWER & LIGHT CO.	8.25%	09/15/2007	5,000,000.00	4,921,387.20	3,638,199.99
IOWA POWER & LIGHT CO.	9.75%	01/15/2009	6,325,000.00	6,260,825.11	5,399,905.49
IOWA PUBLIC SERVICE CO.	4.38%	09/01/1993	250,000.00	163,454.52	136,597.49
IOWA PUBLIC SERVICE CO.	7.38%	06/01/2002	4,000,000.00	3,531,965.80	2,747,879.99
IOWA PUBLIC SERVICE CO.	10.75%	05/01/1995	1,700,000.00	1,700,000.00	1,572,567.99
IOWA PUBLIC SERVICE CO.	10.13%	12/01/2005	2,750,000.00	2,733,297.08	2,415,132.49
IOWA PUBLIC SERVICE CO.	8.00%	08/01/2007	6,080,000.00	5,828,831.04	4,405,507.20
IOWA PUBLIC SERVICE CO.	8.75%	08/01/2008	2,300,000.00	2,122,302.00	1,792,481.99
IOWA PUBLIC SERVICE CO.	9.75%	09/01/2009	8,500,000.00	8,351,250.00	7,272,005.00
IOWA SOUTHERN UTILITIES	6.13%	06/01/1997	1,150,000.00	865,334.50	716,185.50
IOWA SOUTHERN UTILITIES	7.38%	02/01/2003	1,000,000.00	988,353.87	683,090.00
IOWA SOUTHERN UTILITIES	9.25%	07/01/2005	2,500,000.00	2,446,340.16	2,045,999.99
JOHNSON, S C & SONS	10.00%	11/01/1999	3,750,000.00	3,750,000.00	3,288,037.49
KANSAS CITY POWER & LIGHT CO.	4.75%	10/01/1995	2,150,000.00	1,729,719.68	1,149,497.49
KANSAS CITY POWER & LIGHT CO.	5.75%	05/15/1997	3,985,000.00	3,917,452.10	2,327,758.04
KANSAS CITY POWER & LIGHT CO.	6.75%	04/01/1998	920,000.00	811,398.34	599,389.20
KANSAS CITY POWER & LIGHT CO.	7.75%	06/01/2001	1,500,000.00	1,220,795.84	1,044,030.00
KANSAS CITY POWER & LIGHT CO.	8.88%	05/01/2006	1,000,000.00	982,303.83	775,840.00
KANSAS GAS & ELECTRIC CO.	4.63%	01/01/1991	300,000.00	302,285.74	177,659.99
KANSAS GAS & ELECTRIC CO.	7.38%	03/01/2002	250,000.00	191,695.00	166,847.49
KANSAS POWER & LIGHT CO.	7.63%	04/01/1999	2,000,000.00	1,908,206.87	1,432,719.99
KENNECOTT COPPER CORP.	7.88%	05/01/2001	2,000,000.00	1,739,585.55	1,464,319.99
KRAFTCO CORP.	8.38%	04/15/2004	6,300,000.00	6,152,279.21	5,182,568.99
LANCASTER COLONY CORP.	10.00%	12/01/1989	10,000,000.00	10,000,000.00	9,402,900.00
LONG ISLAND LIGHTING CO.	5.25%	03/01/1996	3,800,000.00	3,820,100.30	2,109,569.99
LONG ISLAND LIGHTING CO.	7.50%	12/01/2001	350,000.00	313,606.28	227,076.49
LONG ISLAND LIGHTING CO.	7.63%	09/01/2002	550,000.00	551,056.62	360,777.99
LONG ISLAND LIGHTING CO.	4.40%	04/01/1993	750,000.00	597,587.70	397,109.99
LOUISIANA POWER & LIGHT CO.	5.00%	04/01/1990	1,400,000.00	1,077,164.27	863,254.00
LOUISIANA POWER & LIGHT CO.	5.63%	02/01/1997	200,000.00	151,029.40	108,717.99
LOUISIANA POWER & LIGHT CO.	7.13%	03/01/1998	500,000.00	437,883.29	308,269.99
LOUISIANA POWER & LIGHT CO.	7.50%	01/01/2002	1,000,000.00	1,011,276.10	626,760.00
LOUISIANA POWER & LIGHT CO.	7.50%	11/01/2002	500,000.00	419,613.62	312,049.99
LOUISIANA POWER & LIGHT CO.	8.00%	06/01/2003	1,800,000.00	1,565,542.85	1,187,981.99
LOUISVILLE & NASHVILLE RR. ETC	7.63%	07/15/1981	486,000.00	485,526.76	454,055.22
LOUISVILLE & NASHVILLE RR. ETC	8.63%	02/01/1983	561,000.00	560,706.84	520,781.91
LOUISVILLE & NASHVILLE RR. ETC	8.63%	02/01/1985	187,000.00	186,856.67	167,718.42
LOUISVILLE & NASHVILLE RR. ETC	10.00%	11/01/1990	1,341,564.15	1,341,564.15	1,131,488.61
LOUISVILLE & NASHVILLE RR. ETC	9.25%	10/30/1991	2,951,188.07	2,951,188.07	2,336,278.52
LOUISVILLE GAS & ELECTRIC CO.	4.88%	10/01/1990	1,700,000.00	1,297,819.98	1,100,545.99
LOUISVILLE GAS & ELECTRIC CO.	5.63%	06/01/1996	2,350,000.00	1,696,322.97	1,424,240.99
LOUISVILLE GAS & ELECTRIC CO.	6.75%	06/01/1998	2,070,000.00	1,674,929.91	1,401,969.59
LOUISVILLE GAS & ELECTRIC CO.	7.50%	07/01/2002	1,100,000.00	929,104.48	782,837.00
LYONDELL PROPERTIES, INC.	9.50%	12/30/1997	9,470,066.80	9,470,066.80	8,234,885.98
MADISON GAS & ELECTRIC CO.	4.75%	04/01/1991	900,000.00	904,331.36	541,935.00
MADISON GAS & ELECTRIC CO.	9.75%	11/15/2005	2,030,000.00	1,999,732.36	1,720,891.89
MANITOBA HYDRO-ELECTRIC	8.00%	10/15/2003	1,245,000.00	1,168,270.08	908,015.85
MANITOBA HYDRO-ELECTRIC	9.25%	06/15/2004	800,000.00	766,624.63	663,048.00
MANITOBA HYDRO-ELECTRIC	9.25%	01/15/2006	2,000,000.00	1,686,635.00	1,653,659.99
MANITOBA HYDRO-ELECTRIC	8.63%	12/01/2006	4,200,000.00	3,914,936.82	3,262,979.99
MARATHON OIL CO.	8.50%	11/01/2006	13,000,000.00	12,015,703.68	10,340,330.00
MASCO CORP.	8.88%	06/01/2001	10,300,000.00	10,325,117.63	8,547,146.00
MASSACHUSETTS ELECTRIC CO.	5.00%	07/01/1991	1,550,000.00	1,563,341.36	937,006.00
MATCO TOOLS CORP.	10.38%	04/01/1994	4,500,000.00	4,500,000.00	3,391,064.99
MAY DEPARTMENT STORES CO.	7.95%	07/15/2002	5,600,000.00	5,481,618.98	4,298,111.99
METROPOLITAN EDISON CO.	5.00%	05/01/1990	1,070,000.00	861,394.19	528,719.10
METROPOLITAN EDISON CO.	4.38%	12/01/1992	900,000.00	879,931.64	371,798.99
METROPOLITAN EDISON CO.	4.63%	07/01/1995	1,050,000.00	761,648.64	413,374.50
METROPOLITAN EDISON CO.	7.00%	09/01/1998	600,000.00	500,806.32	313,079.99
METROPOLITAN EDISON CO.	8.13%	08/01/1999	500,000.00	458,722.00	294,969.99
METROPOLITAN EDISON CO.	9.00%	09/01/2008	8,200,000.00	7,992,881.42	4,965,181.99
MICHIGAN BELL TELEPHONE CO.	4.75%	11/01/1992	3,500,000.00	3,096,251.72	2,090,129.99
MICHIGAN BELL TELEPHONE CO.	4.88%	08/01/1994	2,350,000.00	1,762,962.60	1,368,146.49
MICHIGAN BELL TELEPHONE CO.	4.63%	08/01/1996	3,900,000.00	2,895,879.36	2,107,871.99
MICHIGAN BELL TELEPHONE CO.	6.38%	02/01/2005	7,555,000.00	6,367,457.35	4,769,395.94

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
MICHIGAN BELL TELEPHONE CO.	7.75%	06/01/2011	\$ 7,650,000.00	\$ 6,882,644.25	\$ 5,568,893.99
MICHIGAN BELL TELEPHONE CO.	7.00%	11/01/2012	4,800,000.00	3,950,309.40	3,203,375.99
MICHIGAN BELL TELEPHONE CO.	8.13%	06/01/2015	17,475,000.00	16,622,840.45	13,312,455.00
MICHIGAN CONSOLIDATED GAS CO.	4.75%	06/01/1989	1,650,000.00	1,257,856.72	1,050,950.99
MICHIGAN CONSOLIDATED GAS CO.	7.00%	09/01/1993	500,000.00	415,905.92	356,144.99
MICHIGAN CONSOLIDATED GAS CO.	8.13%	07/15/1998	1,250,000.00	1,147,211.00	940,700.00
MICHIGAN-WISCONSIN PIPELINE	9.63%	06/01/1994	1,400,000.00	1,375,354.06	1,244,039.99
MINNESOTA GAS CO.	8.00%	06/01/1994	623,000.00	623,000.00	487,516.19
MINNESOTA POWER & LIGHT	6.50%	01/01/1998	1,250,000.00	965,805.59	792,437.50
MINNESOTA POWER & LIGHT	8.13%	04/01/2001	350,000.00	322,043.55	249,507.99
MINNESOTA POWER & LIGHT	8.70%	09/01/2006	1,000,000.00	970,921.54	743,420.00
MISSISSIPPI POWER & LIGHT CO.	4.63%	03/01/1995	2,000,000.00	1,225,987.91	1,046,160.00
MISSISSIPPI POWER & LIGHT CO.	5.13%	01/01/1996	5,300,000.00	3,566,231.15	2,902,650.99
MISSISSIPPI POWER & LIGHT CO.	6.38%	11/01/1996	175,000.00	134,209.86	109,794.99
MISSISSIPPI POWER & LIGHT CO.	7.75%	05/01/2002	500,000.00	402,163.25	341,649.99
MISSISSIPPI POWER & LIGHT CO.	7.75%	02/01/2003	1,300,000.00	984,034.94	885,443.00
MISSISSIPPI POWER & LIGHT CO.	8.25%	09/01/2003	3,475,000.00	3,302,251.36	2,498,872.49
MISSISSIPPI POWER & LIGHT CO.	9.88%	05/01/2004	7,200,000.00	7,170,570.11	6,024,023.99
MISSOURI PACIFIC RR. CO. ETC	7.38%	03/15/1983	350,000.00	349,429.22	314,758.49
MISSOURI PACIFIC RR. CO. ETC	7.38%	03/15/1984	350,000.00	349,288.91	307,114.49
MISSOURI PACIFIC RR. CO. ETC	9.50%	10/01/1990	1,100,000.00	1,092,619.00	993,718.00
MISSOURI PACIFIC RR. CO. ETC	9.50%	10/01/1991	1,450,000.00	1,439,792.00	1,303,404.99
MISSOURI PACIFIC RR. CO. ETC	9.50%	10/01/1994	950,000.00	942,523.50	843,609.50
MOBIL OIL CORP.	7.38%	10/01/2001	1,500,000.00	1,363,182.00	1,111,799.99
MONONGAHELA POWER CO.	7.50%	06/01/1998	125,000.00	114,000.27	82,282.49
MONONGAHELA POWER CO.	8.13%	06/01/1999	500,000.00	508,356.14	349,744.99
MONONGAHELA POWER CO.	10.38%	11/01/2004	1,800,000.00	1,768,640.00	1,526,831.99
MONONGAHELA POWER CO.	8.63%	12/01/2007	6,725,000.00	6,504,421.04	4,806,962.74
MONONGAHELA POWER CO.	8.50%	06/15/2000	3,150,000.00	3,062,192.35	2,581,330.49
MONSANTO CO.	10.75%	10/15/1999	4,431,000.00	4,431,000.00	4,046,256.26
MONTANA-DAKOTA UTILITIES CO.	8.63%	10/01/2001	1,500,000.00	1,495,042.52	1,134,359.99
MONTANA-DAKOTA UTILITIES CO.	9.25%	09/15/2003	2,850,000.00	2,340,334.50	2,227,303.49
MONTANA POWER CO.	4.50%	04/01/1989	300,000.00	228,182.47	187,037.99
MONTANA POWER CO.	7.50%	04/01/2001	500,000.00	427,897.60	335,129.99
MOUNTAIN STATES TEL. & TEL.	5.00%	04/01/2000	5,945,000.00	4,691,671.37	3,222,962.84
MOUNTAIN STATES TEL. & TEL.	4.50%	06/01/2002	4,900,000.00	4,098,699.40	2,394,433.99
MOUNTAIN STATES TEL. & TEL.	5.50%	06/01/2005	1,500,000.00	1,507,890.21	838,710.00
MOUNTAIN STATES TEL. & TEL.	8.00%	10/01/2009	1,150,000.00	974,371.60	875,288.00
MOUNTAIN STATES TEL. & TEL.	7.38%	11/01/2011	8,400,000.00	7,710,359.04	5,895,287.99
MOUNTAIN STATES TEL. & TEL.	7.75%	06/01/2013	14,100,000.00	13,436,605.53	10,360,962.00
MOUNTAIN STATES TEL. & TEL.	7.88%	11/15/2016	1,800,000.00	1,616,200.28	1,328,741.99
MOUNTAIN STATES TEL. & TEL.	8.63%	04/01/2018	7,450,000.00	7,209,950.56	5,921,930.49
MOUNTAIN STATES TEL. & TEL.	9.25%	12/15/2014	1,000,000.00	962,300.00	852,330.00
MUSTANG FUEL CORP.	9.63%	07/31/1996	2,125,000.00	2,125,000.00	1,867,131.24
MUSTANG FUEL CORP.	10.38%	07/31/1995	2,400,000.00	2,400,000.00	2,132,447.99
NATIONAL FUEL GAS CO.	8.13%	07/15/1994	1,350,000.00	1,309,153.50	1,047,411.00
NATIONAL FUEL GAS CO.	7.50%	05/15/1997	3,450,000.00	2,953,795.19	2,461,678.49
NATIONAL FUEL GAS CO.	9.88%	08/01/1999	7,500,000.00	7,500,000.00	6,584,925.00
NEW BEDFORD GAS & EDISON CO.	5.63%	04/01/1992	1,498,000.00	1,515,809.50	930,737.36
NEW BRUNSWICK ELEC. POWER COMM.	9.38%	05/01/2001	4,800,000.00	4,825,566.94	3,952,751.99
NEW BRUNSWICK ELEC. POWER COMM.	8.75%	08/01/2007	5,200,000.00	5,039,787.14	3,969,263.99
NEW BRUNSWICK ELEC. POWER COMM.	9.00%	02/15/1997	5,000,000.00	4,979,401.10	4,001,599.99
NEW BRUNSWICK, PROVINCE OF	8.38%	12/15/1998	2,250,000.00	2,048,350.72	1,691,437.49
NEW BRUNSWICK, PROVINCE OF	10.13%	01/15/2004	1,000,000.00	991,414.71	875,560.00
NEW ENGLAND POWER CO.	4.63%	11/01/1991	1,500,000.00	1,510,301.04	868,680.00
NEW ENGLAND POWER CO.	4.38%	12/01/1992	1,330,000.00	1,341,819.08	723,839.20
NEW ENGLAND POWER CO.	6.38%	12/01/1996	400,000.00	405,374.72	252,815.99
NEW ENGLAND POWER CO.	7.38%	12/01/1998	300,000.00	254,422.42	206,738.99
NEW ENGLAND POWER CO.	7.63%	07/01/2002	1,000,000.00	898,203.84	694,400.00
NEW ENGLAND TEL. & TEL. CO.	4.63%	04/01/1999	1,900,000.00	1,920,918.04	980,400.00
NEW ENGLAND TEL. & TEL. CO.	4.50%	07/01/2002	1,075,000.00	1,081,122.14	522,138.25
NEW ENGLAND TEL. & TEL. CO.	6.13%	10/01/2006	3,900,000.00	3,605,042.82	2,357,432.99
NEW JERSEY BELL TELEPHONE CO.	4.88%	11/01/2000	750,000.00	656,058.18	397,807.49
NEW JERSEY BELL TELEPHONE CO.	4.63%	06/01/2005	2,750,000.00	2,309,967.90	1,332,209.99
NEW JERSEY BELL TELEPHONE CO.	7.38%	06/01/2012	1,200,000.00	975,841.00	847,740.00
NEW YORK STATE ELECTRIC & GAS	4.63%	05/01/1991	1,800,000.00	1,489,395.81	1,042,650.00
NEW YORK STATE ELECTRIC & GAS	5.63%	01/01/1997	650,000.00	489,330.74	372,326.49

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
NEW YORK STATE ELECTRIC & GAS	6.25%	09/01/1997	\$ 800,000.00	\$ 648,555.20	\$ 487,496.00
NEW YORK STATE ELECTRIC & GAS	6.50%	09/01/1998	3,113,000.00	2,889,204.98	1,935,601.13
NEW YORK STATE ELECTRIC & GAS	9.38%	03/01/2005	2,750,000.00	2,731,095.83	2,253,404.99
NEW YORK STATE ELECTRIC & GAS	8.63%	11/01/2007	5,500,000.00	5,452,224.16	4,094,749.99
NEW YORK TELEPHONE CO.	4.63%	10/01/1997	5,450,000.00	5,310,099.68	2,896,402.49
NEW YORK TELEPHONE CO.	4.63%	01/01/2002	6,700,000.00	5,331,726.20	3,525,988.99
NEW YORK TELEPHONE CO.	4.63%	01/01/2004	3,600,000.00	3,354,737.27	1,767,383.99
NEW YORK TELEPHONE CO.	7.38%	12/15/2011	2,300,000.00	2,127,721.21	1,622,971.99
NIAGARA MOHAWK POWER CORP.	4.75%	04/01/1990	4,425,000.00	3,756,858.33	2,691,373.49
NIAGARA MOHAWK POWER CORP.	4.50%	11/01/1991	3,900,000.00	3,293,895.40	2,200,808.99
NIAGARA MOHAWK POWER CORP.	4.63%	12/01/1994	500,000.00	327,772.10	263,094.99
NIAGARA MOHAWK POWER CORP.	6.25%	08/01/1997	1,125,000.00	873,867.24	692,055.00
NIAGARA MOHAWK POWER CORP.	6.50%	08/01/1998	4,800,000.00	4,660,295.66	3,012,527.99
NIAGARA MOHAWK POWER CORP.	7.38%	02/01/2001	3,150,000.00	2,886,993.08	1,974,514.49
NIAGARA MOHAWK POWER CORP.	7.63%	02/01/2002	1,600,000.00	1,413,000.70	1,074,415.99
NIAGARA MOHAWK POWER CORP.	7.75%	08/01/2002	1,950,000.00	1,818,235.30	1,325,434.49
NIAGARA MOHAWK POWER CORP.	8.25%	12/01/2003	3,600,000.00	3,080,317.92	2,565,359.99
NIAGARA MOHAWK POWER CORP.	8.35%	08/01/2007	2,200,000.00	1,855,617.44	1,570,755.99
NORFOLK & WESTERN RAILWAY ETC	7.00%	01/01/1984	97,000.00	97,000.00	84,428.79
NORTHERN ILLINOIS GAS CO.	4.63%	08/01/1990	1,000,000.00	1,001,626.68	609,290.00
NORTH INDIANA PUBLIC SERVICE CO.	4.50%	04/15/1993	1,800,000.00	1,642,010.04	1,005,264.00
NORTH INDIANA PUBLIC SERVICE CO.	4.63%	05/15/1995	2,100,000.00	1,481,664.08	1,132,592.99
NORTH INDIANA PUBLIC SERVICE CO.	6.88%	10/01/1998	1,050,000.00	894,971.78	706,083.00
NORTH INDIANA PUBLIC SERVICE CO.	11.75%	12/15/2009	1,125,000.00	1,117,500.00	1,125,000.00
NORTH STATES POWER CO. OF MINN.	5.00%	12/01/1990	1,850,000.00	1,485,033.42	1,180,336.99
NORTH STATES POWER CO. OF MINN.	4.88%	08/01/1991	1,000,000.00	680,550.00	613,620.00
NORTH STATES POWER CO. OF MINN.	4.38%	09/01/1993	2,450,000.00	2,365,164.48	1,344,412.99
NORTH STATES POWER CO. OF MINN.	6.13%	06/01/1995	1,200,000.00	1,012,377.77	779,916.00
NORTH STATES POWER CO. OF MINN.	5.88%	08/01/1996	2,350,000.00	1,790,179.28	1,459,302.99
NORTH STATES POWER CO. OF MINN.	6.75%	05/01/1998	4,350,000.00	3,980,987.50	2,943,122.99
NORTH STATES POWER CO. OF MINN.	7.50%	02/01/2003	300,000.00	258,518.74	211,109.99
NORTH STATES POWER OF WISC.	4.50%	08/01/1994	750,000.00	489,965.10	408,652.49
NORTHWESTERN BELL TEL. CO.	4.88%	06/01/1998	5,420,000.00	4,698,673.16	2,985,661.19
NORTHWESTERN BELL TEL. CO.	6.00%	09/01/2001	8,240,000.00	6,570,123.00	5,069,330.40
NORTHWESTERN BELL TEL. CO.	4.38%	03/01/2003	5,805,000.00	4,350,691.02	2,763,121.95
NORTHWESTERN BELL TEL. CO.	6.25%	01/01/2007	3,350,000.00	2,962,142.30	2,069,663.49
NORTHWESTERN BELL TEL. CO.	7.88%	01/01/2011	150,000.00	125,115.00	111,961.49
OFFSHORE LOGISTICS, INC.	9.13%	12/15/2000	1,777,000.00	1,777,000.00	1,521,485.16
OHIO BELL TELEPHONE CO.	5.00%	02/01/2006	1,750,000.00	1,204,885.46	901,355.00
OHIO BELL TELEPHONE CO.	6.75%	07/01/2008	3,100,000.00	2,450,315.86	2,043,023.99
OHIO BELL TELEPHONE CO.	7.50%	10/01/2011	6,500,000.00	5,931,470.72	4,640,089.99
OHIO BELL TELEPHONE CO.	7.88%	10/01/2013	6,050,000.00	5,660,169.60	4,512,694.99
OHIO EDISON CO.	4.50%	04/01/1989	500,000.00	374,913.88	310,674.99
OHIO EDISON CO.	4.75%	06/01/1991	2,550,000.00	1,902,933.18	1,487,644.49
OHIO EDISON CO.	7.50%	08/01/2002	2,850,000.00	2,466,502.14	1,839,817.49
OHIO EDISON CO.	9.50%	05/15/2008	3,000,000.00	2,958,726.87	2,359,139.99
OHIO POWER CO.	4.63%	04/01/1989	150,000.00	152,380.32	93,761.99
OHIO POWER CO.	6.50%	08/01/1997	1,000,000.00	883,725.76	598,270.00
OKLAHOMA GAS & ELECTRIC CO.	4.25%	03/01/1993	500,000.00	408,407.90	271,519.99
OKLAHOMA GAS & ELECTRIC CO.	5.13%	01/01/1997	700,000.00	700,000.00	390,172.99
OLEFINS PROPERTIES INC.	9.15%	06/06/1995	5,409,634.28	5,409,634.28	4,808,786.20
ONTARIO, PROVINCE OF	5.50%	04/01/1996	1,650,000.00	1,264,388.40	953,172.00
ONTARIO, PROVINCE OF	5.63%	04/15/1997	600,000.00	442,611.65	352,235.99
ONTARIO, PROVINCE OF	6.88%	12/01/1997	1,150,000.00	999,373.48	780,735.00
ONTARIO, PROVINCE OF	7.38%	02/15/1999	1,750,000.00	1,558,609.06	1,245,579.99
ONTARIO, PROVINCE OF	8.38%	09/01/1999	3,100,000.00	3,102,036.40	2,435,979.99
ONTARIO, PROVINCE OF	9.25%	02/15/2000	1,000,000.00	954,749.53	850,190.00
ONTARIO, PROVINCE OF	7.85%	05/15/2001	4,000,000.00	3,775,570.10	2,963,039.99
ONTARIO, PROVINCE OF	7.70%	05/15/2002	2,000,000.00	1,880,475.50	1,452,119.99
ONTARIO, PROVINCE OF	7.30%	12/15/2002	1,550,000.00	1,356,317.00	1,071,359.99
ONTARIO, PROVINCE OF	7.90%	10/15/2003	6,000,000.00	5,538,543.36	4,429,739.99
ONTARIO, PROVINCE OF	8.60%	03/15/2004	1,000,000.00	925,221.59	791,260.00
ONTARIO, PROVINCE OF	8.88%	03/01/2005	17,015,000.00	16,581,940.18	13,817,371.05
ONTARIO, PROVINCE OF	9.13%	06/15/2005	5,375,000.00	5,339,972.18	4,456,627.49
ONTARIO, PROVINCE OF	9.25%	11/15/2005	4,700,000.00	4,526,126.05	3,954,297.99
ONTARIO, PROVINCE OF	8.40%	01/15/2007	19,550,000.00	18,620,401.18	15,050,763.00
ONTARIO, PROVINCE OF	8.38%	09/15/2007	12,900,000.00	12,167,060.06	9,918,165.00

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
ONTARIO, PROVINCE OF	8.75%	01/05/2008	\$10,800,000.00	\$10,311,696.62	\$ 8,601,660.00
ONTARIO, PROVINCE OF	9.38%	06/01/2008	8,500,000.00	8,485,309.39	7,221,430.00
ONTARIO, PROVINCE OF	9.75%	03/01/2009	2,250,000.00	2,217,371.09	1,975,972.49
ONTARIO, PROVINCE OF	9.88%	09/20/2009	19,750,000.00	19,644,390.00	17,474,799.99
OTTER TAIL POWER CO.	7.63%	02/01/2003	1,000,000.00	1,002,298.30	674,100.00
OWENS CORNING FIBERGLAS P. P. G. INDUSTRIES	9.50%	01/01/2000	4,500,000.00	4,413,245.00	3,929,309.99
PACIFIC GAS & ELECTRIC CO.	8.50%	02/15/2000	1,850,000.00	1,814,335.33	1,517,610.49
PACIFIC GAS & ELECTRIC CO.	5.38%	06/01/1998	500,000.00	501,100.75	282,449.99
PACIFIC GAS & ELECTRIC CO.	5.50%	06/01/1999	100,000.00	56,940.00	56,509.00
PACIFIC GAS & ELECTRIC CO.	6.88%	12/01/1999	1,000,000.00	835,527.20	666,530.00
PACIFIC GAS & ELECTRIC CO.	7.50%	06/01/2001	750,000.00	648,361.76	518,182.50
PACIFIC GAS & ELECTRIC CO.	7.50%	12/01/2003	9,000,000.00	7,634,287.20	6,122,339.99
PACIFIC GAS & ELECTRIC CO.	7.50%	06/01/2004	450,000.00	340,629.37	305,527.49
PACIFIC GAS & ELECTRIC CO.	7.75%	06/01/2005	2,850,000.00	2,529,946.01	1,986,820.49
PACIFIC GAS & ELECTRIC CO.	7.75%	12/01/2005	16,850,000.00	15,056,985.92	11,729,285.00
PACIFIC GAS & ELECTRIC CO.	9.38%	02/01/2011	3,500,000.00	3,481,889.80	2,861,004.99
PACIFIC GAS & ELECTRIC CO.	10.13%	08/01/2012	1,000,000.00	990,901.30	872,370.00
PACIFIC NORTHWEST BELL TEL.	4.50%	11/01/1994	2,425,000.00	2,075,201.25	1,348,978.99
PACIFIC NORTHWEST BELL TEL.	4.50%	12/01/2000	7,660,000.00	6,776,790.34	3,816,518.40
PACIFIC NORTHWEST BELL TEL.	4.38%	09/01/2002	925,000.00	763,820.14	440,697.75
PACIFIC NORTHWEST BELL TEL.	4.50%	04/01/2003	2,845,000.00	2,121,287.42	1,376,809.29
PACIFIC NORTHWEST BELL TEL.	6.75%	12/01/2007	3,600,000.00	3,326,367.76	2,365,595.99
PACIFIC NORTHWEST BELL TEL.	8.75%	08/01/2018	1,000,000.00	877,580.00	809,730.00
PACIFIC POWER AND LIGHT CO.	5.13%	09/01/1990	1,600,000.00	1,310,086.64	992,768.00
PACIFIC POWER AND LIGHT CO.	7.75%	10/01/2002	950,000.00	776,514.68	632,063.50
PACIFIC TEL & TEL CO.	4.63%	11/01/1990	3,050,000.00	2,657,977.60	1,843,358.99
PACIFIC TEL & TEL CO.	5.13%	02/01/1993	1,650,000.00	1,223,429.97	962,362.50
PACIFIC TEL & TEL CO.	4.63%	04/01/1999	2,950,000.00	2,273,129.64	1,424,053.49
PACIFIC TEL & TEL CO.	4.63%	05/01/2000	4,150,000.00	3,292,244.33	1,970,087.99
PACIFIC TEL & TEL CO.	6.00%	11/01/2002	2,500,000.00	1,880,818.38	1,435,674.99
PACIFIC TEL & TEL CO.	6.50%	07/01/2003	2,500,000.00	1,949,622.40	1,518,274.99
PACIFIC TEL & TEL CO.	8.65%	04/01/2005	500,000.00	452,124.77	370,819.99
PACIFIC TEL & TEL CO.	7.25%	02/01/2008	2,000,000.00	1,688,793.68	1,270,539.99
PACIFIC TEL & TEL CO.	7.63%	06/01/2009	1,000,000.00	878,789.22	683,360.00
PACIFIC TEL & TEL CO.	9.50%	06/15/2011	2,000,000.00	1,605,289.40	1,604,599.99
PACIFIC TEL & TEL CO.	8.88%	07/01/2015	2,550,000.00	2,163,631.54	1,912,500.00
PACIFIC TEL & TEL CO.	8.38%	02/01/2017	1,000,000.00	932,565.25	710,850.00
PACIFIC TEL & TEL CO.	9.00%	01/15/2018	4,600,000.00	4,437,037.20	3,478,151.99
PACIFIC TEL & TEL CO.	9.63%	07/15/2018	500,000.00	484,895.00	398,834.99
PEEL, REGIONAL MUNICIPALITY OF	8.75%	01/15/1998	5,000,000.00	4,956,933.48	4,017,399.99
PENNEY, JC CO.	9.00%	06/15/1999	14,550,000.00	14,736,915.43	12,123,787.50
PENNSYLVANIA ELECTRIC CO.	5.00%	05/01/1990	950,000.00	954,610.97	524,476.00
PENNSYLVANIA ELECTRIC CO.	4.63%	05/01/1991	1,000,000.00	995,509.48	495,720.00
PENNSYLVANIA ELECTRIC CO.	6.25%	11/01/1996	200,000.00	205,700.78	103,711.99
PENNSYLVANIA ELECTRIC CO.	8.00%	05/01/1999	1,000,000.00	990,453.97	561,430.00
PENNSYLVANIA MART PROPERTIES	10.25%	04/07/2005	2,324,261.69	2,324,261.29	2,097,878.60
PENNSYLVANIA POWER & LIGHT CO.	4.63%	12/01/1991	1,900,000.00	1,909,564.72	1,106,236.99
PENNSYLVANIA POWER & LIGHT CO.	6.75%	11/01/1997	6,400,000.00	5,668,025.32	4,239,231.99
PENNSYLVANIA POWER & LIGHT CO.	7.00%	01/01/1999	4,600,000.00	3,797,471.26	3,066,359.99
PENNSYLVANIA POWER & LIGHT CO.	8.13%	06/01/1999	3,900,000.00	3,639,213.63	2,897,816.99
PENNSYLVANIA POWER & LIGHT CO.	7.25%	02/01/2001	6,075,000.00	5,159,987.41	4,112,167.49
PENNSYLVANIA POWER & LIGHT CO.	7.63%	02/01/2002	3,125,000.00	2,669,383.90	2,179,624.99
PENNSYLVANIA POWER & LIGHT CO.	7.50%	01/01/2003	10,300,000.00	9,176,213.11	7,051,483.00
PENNSYLVANIA POWER & LIGHT CO.	9.75%	05/01/2005	20,065,000.00	19,129,742.05	17,020,537.54
PENNSYLVANIA POWER & LIGHT CO.	9.75%	11/01/2005	15,700,000.00	15,487,433.26	13,309,989.00
PENNSYLVANIA POWER & LIGHT CO.	8.25%	12/01/2006	8,700,000.00	7,593,353.94	6,362,570.99
PENNSYLVANIA POWER & LIGHT CO.	8.50%	12/01/2007	1,500,000.00	1,137,810.48	1,125,944.99
PENNSYLVANIA POWER CO.	4.38%	06/01/1993	1,150,000.00	1,154,679.36	603,968.60
PETROLEUM FACILITIES INC.	4.70%	06/01/1989	166,000.00	150,453.06	126,123.48
PETROLEUM FACILITIES INC.	4.70%	12/01/1989	411,000.00	373,444.80	308,878.82
PETROLEUM FACILITIES INC.	4.70%	06/01/1990	383,000.00	346,994.24	273,151.76
PHILADELPHIA ELECTRIC CO.	5.00%	10/01/1989	700,000.00	561,632.40	444,276.00
PHILADELPHIA ELECTRIC CO.	6.50%	03/01/1993	2,915,000.00	2,759,239.16	1,950,134.99
PHILADELPHIA ELECTRIC CO.	4.50%	05/01/1994	4,000,000.00	3,853,385.57	2,081,999.99
PHILADELPHIA ELECTRIC CO.	6.13%	10/01/1997	1,300,000.00	1,046,232.40	772,603.00
PHILADELPHIA ELECTRIC CO.	7.75%	12/15/2000	600,000.00	469,333.80	408,647.99
PHILADELPHIA ELECTRIC CO.	7.38%	12/15/2001	10,025,000.00	8,942,199.35	6,503,417.99

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
PHILADELPHIA ELECTRIC CO.	7.50%	06/15/1998	\$ 3,195,000.00	\$ 2,555,938.77	\$ 2,150,107.20
PHILADELPHIA ELECTRIC CO.	7.50%	01/15/1999	4,650,000.00	3,821,265.82	3,115,964.99
PHILADELPHIA ELECTRIC CO.	8.50%	01/15/2004	3,750,000.00	3,377,009.55	2,722,649.99
PHILADELPHIA ELECTRIC CO.	9.13%	03/01/2006	14,910,000.00	14,737,511.16	11,413,605.00
PHILADELPHIA ELECTRIC CO.	8.63%	03/15/2007	2,000,000.00	1,740,817.45	1,461,119.99
PHILADELPHIA ELECTRIC CO.	8.63%	07/15/2003	7,500,000.00	7,264,695.56	5,526,374.99
PHILADELPHIA ELECTRIC CO.	9.13%	03/15/2008	9,500,000.00	9,431,220.51	7,267,120.00
PHILADELPHIA ELECTRIC CO.	8.88%	11/15/2000	9,100,000.00	8,471,804.32	7,797,335.00
PHILLIPS PETROLEUM CO.	10.13%	10/01/1999	5,000,000.00	5,000,000.00	4,398,049.99
PIONEER-STANDARD ELECTRONICS, INC.	6.25%	04/01/1980	207,000.00	206,822.08	203,812.20
PITTSBURG & LAKE ERIE RR CO. ETC	6.25%	04/01/1981	187,000.00	186,531.16	174,450.42
PITTSBURG & LAKE ERIE RR CO. ETC	6.25%	04/01/1983	92,000.00	91,490.40	79,873.47
PITTSBURG & LAKE ERIE RR CO. ETC	6.25%	04/01/1983	92,000.00	91,490.40	79,873.47
PLANTATION PIPELINE	7.00%	02/01/1999	2,925,000.00	2,624,506.62	2,286,209.24
POTOMAC EDISON	7.63%	05/01/1999	500,000.00	446,944.40	328,864.99
POTOMAC EDISON	8.63%	12/01/2007	500,000.00	495,912.56	353,074.99
POTOMAC ELECTRIC POWER	5.25%	12/01/1994	200,000.00	135,100.70	114,659.99
POTOMAC ELECTRIC POWER	4.50%	05/15/1999	1,800,000.00	1,564,445.48	857,664.00
POTOMAC ELECTRIC POWER	5.13%	04/01/2001	2,250,000.00	2,038,694.99	1,150,019.99
POTOMAC ELECTRIC POWER	5.88%	05/01/2002	1,560,000.00	1,091,213.70	883,350.00
POTOMAC ELECTRIC POWER	6.63%	02/15/2003	4,250,000.00	3,492,137.69	2,630,154.99
POTOMAC ELECTRIC POWER	7.75%	03/15/2004	4,150,000.00	3,752,874.00	2,887,071.99
POTOMAC ELECTRIC POWER	4.38%	02/15/1998	3,100,000.00	2,896,725.33	1,480,032.99
POTOMAC ELECTRIC POWER	7.75%	10/01/2007	300,000.00	274,352.00	206,567.99
POTOMAC ELECTRIC POWER	10.75%	08/15/2004	5,450,000.00	5,412,221.50	4,934,157.49
PROCTOR AND GAMBLE	7.00%	05/15/2002	5,475,000.00	4,426,045.35	4,017,609.74
PROCTOR AND GAMBLE	8.25%	03/01/2005	7,250,000.00	7,053,158.87	5,911,359.99
PUBLIC SERVICE CO. OF COLORADO	4.50%	10/01/1991	500,000.00	502,647.92	289,639.99
PUBLIC SERVICE CO. OF COLORADO	5.38%	05/01/1996	3,225,000.00	2,901,404.64	1,862,727.74
PUBLIC SERVICE CO. OF COLORADO	5.88%	07/01/1997	2,750,000.00	2,140,004.13	1,658,194.99
PUBLIC SERVICE CO. OF COLORADO	6.75%	07/01/1998	100,000.00	85,594.96	67,270.99
PUBLIC SERVICE CO. OF INDIANA	7.00%	01/01/2002	100,000.00	76,735.00	66,905.99
PUBLIC SERVICE CO. OF NEW MEXICO	7.25%	04/01/1999	988,000.00	984,099.61	688,142.00
PUBLIC SERVICE CO. OF OKLAHOMA	4.13%	01/01/1993	500,000.00	495,166.46	269,699.99
PUBLIC SERVICE CO. OF OKLAHOMA	5.25%	03/01/1996	1,500,000.00	1,497,685.38	866,085.00
PUBLIC SERVICE ELECTRIC AND GAS	5.75%	06/01/1991	1,000,000.00	809,501.81	648,870.00
PUBLIC SERVICE ELECTRIC AND GAS	4.38%	08/01/1992	1,350,000.00	913,447.78	754,420.50
PUBLIC SERVICE ELECTRIC AND GAS	4.38%	06/01/1993	1,800,000.00	1,303,555.32	981,900.00
PUBLIC SERVICE ELECTRIC AND GAS	7.25%	12/01/1993	1,694,000.00	1,693,574.12	1,168,893.87
PUBLIC SERVICE ELECTRIC AND GAS	4.63%	09/01/1994	5,425,000.00	3,516,092.80	2,960,368.24
PUBLIC SERVICE ELECTRIC AND GAS	4.75%	09/01/1995	3,750,000.00	2,529,385.28	2,035,349.99
PUBLIC SERVICE ELECTRIC AND GAS	6.25%	06/01/1997	4,900,000.00	3,877,805.05	3,085,186.99
PUBLIC SERVICE ELECTRIC AND GAS	7.00%	06/01/1998	1,200,000.00	940,090.17	815,291.99
PUBLIC SERVICE ELECTRIC AND GAS	7.63%	04/01/1999	1,900,000.00	1,576,238.77	1,370,260.99
PUBLIC SERVICE ELECTRIC AND GAS	8.38%	05/15/2001	1,000,000.00	778,600.00	756,940.00
PUBLIC SERVICE ELECTRIC AND GAS	7.63%	11/15/2001	5,900,000.00	5,497,009.15	4,197,672.99
PUBLIC SERVICE ELECTRIC AND GAS	7.50%	04/01/2002	4,500,000.00	3,787,081.05	3,150,449.99
PUBLIC SERVICE ELECTRIC AND GAS	8.50%	03/01/2004	1,500,000.00	1,279,162.71	1,139,744.99
PUBLIC SERVICE ELECTRIC AND GAS	8.75%	04/01/2006	750,000.00	587,377.50	586,657.50
PUBLIC SERVICE ELECTRIC AND GAS	8.45%	09/01/2006	4,250,000.00	3,255,497.00	3,196,382.48
PUBLIC SERVICE ELECTRIC AND GAS	8.13%	09/01/2007	4,650,000.00	4,399,298.60	3,388,082.99
PUBLIC SERVICE ELECTRIC AND GAS	9.38%	11/01/2008	3,850,000.00	3,702,670.04	3,180,446.49
PUBLIC SERVICE ELECTRIC AND GAS	9.75%	07/01/2009	1,000,000.00	867,940.00	852,000.00
PULLMAN LEASING CO.	9.63%	08/01/1999	5,000,000.00	4,970,250.00	4,306,849.99
RELIANCE ELECTRIC CO.	9.63%	12/15/1994	7,750,000.00	7,736,529.70	6,935,165.00
ROCHESTER GAS & ELECTRIC CO.	4.50%	11/15/1991	2,100,000.00	2,105,127.60	1,178,960.99
ROCHESTER GAS & ELECTRIC CO.	6.25%	09/15/1997	2,750,000.00	2,235,502.40	1,675,024.99
ROCHESTER GAS & ELECTRIC CO.	8.00%	08/15/1999	2,300,000.00	2,040,199.20	1,654,803.99
ROCHESTER GAS & ELECTRIC CO.	8.38%	09/15/2007	5,100,000.00	4,983,735.60	3,712,748.99
ROCHESTER TELEPHONE CORP.	7.63%	03/01/2001	4,500,000.00	4,347,001.27	3,228,794.99
ROCHESTER TELEPHONE CORP.	9.50%	03/01/2005	2,500,000.00	2,479,129.78	2,114,249.99
ROCKWELL INTERNATIONAL	8.30%	04/01/1996	1,800,000.00	1,642,723.65	1,471,861.99
ROCKWELL INTERNATIONAL	9.38%	07/15/1996	11,900,000.00	11,265,291.50	10,441,179.00
ST. LOUIS SOUTHWESTERN RAILWAY	9.75%	10/01/1990	2,200,000.00	2,200,000.00	1,973,509.99
SAN DIEGO GAS & ELECTRIC CO.	4.63%	10/01/1990	6,450,000.00	6,211,501.96	3,618,514.49
SAN DIEGO GAS & ELECTRIC CO.	8.38%	01/15/2004	2,000,000.00	1,995,540.02	1,381,279.99
SASKATCHEWAN, PROVINCE OF	8.70%	11/15/2006	6,500,000.00	5,970,063.44	5,135,849.99
SASKATCHEWAN, PROVINCE OF	8.63%	05/15/2007	8,300,000.00	7,859,171.38	6,443,289.99

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
SASKATCHEWAN, PROVINCE OF	9.25%	04/15/2008	\$ 9,450,000.00	\$ 9,432,635.52	\$ 7,859,565.00
SCOTT PAPER CO.	8.75%	01/15/2000	9,500,000.00	9,705,239.47	7,889,275.00
SEABOARD COAST LINE	9.25%	05/15/1983	596,000.00	596,597.38	564,090.16
SEABOARD COAST LINE	9.25%	05/15/1984	596,000.00	596,742.07	558,606.96
SEABOARD COAST LINE	9.25%	05/15/1985	331,000.00	331,485.76	306,711.21
SEABOARD COAST LINE	8.35%	03/15/1996	500,000.00	509,648.54	401,104.99
SEARS, ROEBUCK AND CO.	8.00%	04/01/2006	18,900,000.00	18,477,162.81	14,585,508.00
SEARS, ROEBUCK AND CO.	7.88%	02/01/2007	8,975,000.00	8,575,158.80	6,746,238.25
SECOND SWANSEA PROPERTIES INC.	6.25%	02/01/1992	1,378,188.75	1,246,985.18	1,036,067.17
SHELL FUNDING CORP.	4.50%	06/01/1983	1,170,000.00	1,119,154.52	1,018,040.40
SHELL FUNDING CORP.	4.75%	06/01/1985	1,420,000.00	1,317,122.39	1,254,541.59
SHELL OIL CORP.	8.75%	05/15/2005	1,250,000.00	1,163,415.77	1,040,237.50
SHELL OIL CORP.	4.50%	04/15/1990	3,776,059.00	3,146,601.10	2,776,429.59
SHELL OIL CORP.	5.00%	03/15/1991	4,658,042.00	3,988,609.29	3,346,803.18
SMITH INTERNATIONAL	9.85%	05/15/2004	4,750,000.00	4,403,212.79	4,260,749.99
SOCIETY BANK	9.75%	10/01/1996	7,250,000.00	7,250,000.00	6,198,242.49
SOHIO/BP TRANS ALAS. PIPELINE CAP.	10.63%	01/01/1998	40,000,000.00	40,000,000.00	36,732,799.99
SOUTH CAROLINA ELECTRIC AND GAS	6.50%	09/01/1998	2,250,000.00	2,159,008.24	1,435,477.49
SOUTH CAROLINA ELECTRIC AND GAS	7.25%	01/01/2002	841,000.00	606,076.81	561,552.52
SOUTH CAROLINA ELECTRIC AND GAS	9.13%	02/01/2006	1,590,000.00	1,588,964.91	1,268,660.99
SOUTH CAROLINA ELECTRIC AND GAS	8.40%	12/01/2006	1,000,000.00	860,313.88	743,730.00
SOUTH CAROLINA ELECTRIC AND GAS	8.90%	02/01/2008	800,000.00	723,552.00	621,640.00
SOUTH CAROLINA ELECTRIC AND GAS	10.13%	04/01/2009	2,100,000.00	2,075,770.47	1,812,320.99
SOUTH CAROLINA ELECTRIC AND GAS	5.00%	09/01/1990	2,000,000.00	1,690,922.22	1,115,659.99
SOUTH CENTRAL BELL TELEPHONE CO.	7.38%	11/01/2007	10,350,000.00	9,574,362.48	7,365,060.00
SOUTH CENTRAL BELL TELEPHONE CO.	7.38%	08/01/2012	1,750,000.00	1,498,828.42	1,230,162.49
SOUTH CENTRAL BELL TELEPHONE CO.	8.25%	03/01/2017	7,150,000.00	7,007,769.35	5,521,158.49
SOUTHERN BELL TEL. & TEL.	4.63%	12/01/1993	2,700,000.00	2,050,681.96	1,559,654.99
SOUTHERN BELL TEL. & TEL.	4.38%	03/01/1998	2,520,000.00	2,207,370.20	1,285,250.39
SOUTHERN BELL TEL. & TEL.	4.75%	09/01/2000	500,000.00	312,036.56	260,499.99
SOUTHERN BELL TEL. & TEL.	4.38%	08/01/2003	2,400,000.00	1,269,469.36	1,131,071.99
SOUTHERN BELL TEL. & TEL.	6.00%	10/01/2004	500,000.00	302,590.00	302,734.99
SOUTHERN CALIFORNIA EDISON	4.50%	02/15/1990	900,000.00	687,964.05	550,053.00
SOUTHERN CALIFORNIA EDISON	6.13%	08/15/1991	1,600,000.00	1,591,606.72	1,091,183.99
SOUTHERN CALIFORNIA EDISON	6.38%	02/15/1993	2,200,000.00	2,093,428.84	1,496,153.99
SOUTHERN CALIFORNIA EDISON	7.13%	01/15/1994	1,450,000.00	1,223,007.43	1,022,482.00
SOUTHERN CALIFORNIA EDISON	7.38%	08/15/1997	6,350,000.00	5,636,144.02	4,454,905.99
SOUTHERN CALIFORNIA EDISON	8.25%	07/01/2002	1,000,000.00	855,830.02	743,970.00
SOUTHERN INDIANA GAS & ELECTRIC CO.	4.75%	10/01/1995	725,000.00	595,816.64	394,581.24
SOUTHERN INDIANA GAS & ELECTRIC CO.	6.00%	09/01/1996	1,200,000.00	1,017,419.30	749,304.00
SOUTHERN INDIANA GAS & ELECTRIC CO.	6.38%	08/01/1998	3,275,000.00	2,608,042.24	2,077,168.74
SOUTHERN INDIANA GAS & ELECTRIC CO.	8.00%	08/01/2001	100,000.00	94,822.96	73,456.99
SOUTHERN INDIANA GAS & ELECTRIC CO.	8.35%	01/15/2007	800,000.00	767,996.05	599,752.00
SOUTHERN NATURAL GAS CO.	4.75%	12/01/1981	1,530,000.00	1,499,620.56	1,409,068.79
SOUTHERN NEW ENGLAND TEL. CO.	4.38%	12/01/2001	8,200,000.00	6,347,425.76	3,827,267.99
SOUTHERN PACIFIC TRANSPORT CO.	10.35%	07/01/1994	7,500,000.00	7,320,470.00	7,099,050.00
SOUTHERN RAILWAY ETC	9.25%	08/01/1991	1,540,000.00	1,512,634.20	1,360,666.99
SOUTHERN RAILWAY ETC	9.25%	08/01/1992	525,000.00	515,266.50	461,364.75
SOUTHERN RAILWAY ETC	9.25%	08/01/1993	535,000.00	524,706.60	467,862.85
SOUTHWESTERN BELL TELEPHONE	4.75%	10/01/1992	2,509,000.00	1,936,542.92	1,513,905.50
SOUTHWESTERN BELL TELEPHONE	4.63%	08/01/1995	9,560,000.00	8,458,681.28	5,296,622.40
SOUTHWESTERN BELL TELEPHONE	4.50%	08/01/1997	4,250,000.00	2,958,740.96	2,223,089.99
SOUTHWESTERN BELL TELEPHONE	5.88%	06/01/2003	500,000.00	315,091.66	299,814.99
SOUTHWESTERN BELL TELEPHONE	6.75%	06/01/2008	1,400,000.00	922,405.95	922,894.00
SOUTHWESTERN BELL TELEPHONE	7.75%	09/01/2009	3,850,000.00	3,660,614.20	2,863,206.49
SOUTHWESTERN BELL TELEPHONE	7.38%	05/01/2012	6,000,000.00	5,476,721.40	4,231,259.99
SOUTHWESTERN BELL TELEPHONE	7.63%	10/01/2013	700,000.00	598,120.36	506,219.00
SOUTHWESTERN BELL TELEPHONE	8.25%	03/01/2014	300,000.00	260,118.00	232,181.99
SOUTHWESTERN BELL TELEPHONE	8.75%	09/01/2018	4,000,000.00	3,696,101.08	3,224,039.99
SOUTHWESTERN PUBLIC SERVICE	8.45%	05/01/2001	999,000.00	875,264.06	775,084.14
SOUTHWESTERN PUBLIC SERVICE	8.88%	02/01/2006	5,750,000.00	5,766,057.41	4,578,322.49
SQUARE D CO.	10.13%	11/01/1999	3,500,000.00	3,500,000.00	3,127,074.99
STALEY, A. E., MFG. CO.	8.88%	06/01/2001	8,400,000.00	8,473,599.54	6,970,488.00
STANDARD OIL CO. OF CALIF.	7.00%	04/01/1996	1,250,000.00	1,052,579.48	927,825.00
STANDARD OIL CO. OF CALIF.	8.75%	07/01/2005	11,000,000.00	10,763,303.16	9,209,750.00
STANDARD OIL CO. OF INDIANA	6.00%	01/15/1998	500,000.00	356,280.00	329,834.99
STANDARD OIL CO. OF INDIANA	7.88%	08/01/2007	750,000.00	701,381.92	573,645.00

Detailed Listing of Bond Portfolio (Continued)

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
STANDARD OIL CO. OF OHIO	8.50%	01/01/2000	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,606,919.99
STANDARD OIL CO. OF OHIO	8.38%	03/15/2007	10,500,000.00	9,949,677.30	8,225,280.00
STANLEY WORKS	9.25%	11/15/2000	6,500,000.00	6,522,320.24	5,548,724.99
STATEWIDE STATIONS INC.	4.63%	04/01/1994	2,750,000.00	2,325,109.98	1,973,949.99
STATEWIDE STATIONS INC.	5.38%	03/15/1996	921,000.00	777,267.18	735,418.50
STAUFFER CHEMICAL	8.85%	01/15/2001	6,950,000.00	6,579,109.99	5,758,630.99
STUDEBAKER-WORTHINGTON, INC.	9.35%	11/15/2003	16,500,000.00	16,331,148.40	13,941,180.00
SWIFT CREEK MINING & EQUIPMENT	10.50%	06/25/1996	2,972,695.33	2,972,695.33	2,704,617.66
T R W INC.	5.50%	04/01/1992	500,000.00	422,862.75	332,459.99
T R W INC.	8.13%	01/15/2004	10,935,000.00	10,325,938.56	8,450,130.60
T R W INC.	9.88%	04/15/2000	4,000,000.00	3,999,063.53	3,622,639.99
TAMPA ELECTRIC CO.	4.50%	05/01/1993	2,800,000.00	1,920,221.47	1,561,867.99
TAMPA ELECTRIC CO.	5.50%	04/01/1996	2,454,000.00	2,031,707.25	1,448,620.73
TAMPA ELECTRIC CO.	7.25%	12/01/1998	1,800,000.00	1,488,417.86	1,254,437.99
TAMPA ELECTRIC CO.	7.25%	01/01/2001	8,050,000.00	7,304,303.91	5,537,111.99
TAMPA ELECTRIC CO.	7.38%	01/01/2002	8,700,000.00	7,663,415.10	6,040,931.99
TEXACO, INC.	7.75%	06/01/2001	3,250,000.00	2,817,871.50	2,471,852.49
TEXACO, INC.	8.88%	05/01/2005	10,500,000.00	9,210,205.09	8,852,550.00
TEXACO, INC.	8.50%	04/01/2006	3,700,000.00	3,003,889.10	3,007,507.99
TEXACO, INC.	4.50%	12/15/1989	7,168,000.00	6,007,411.40	5,209,128.95
TEXAS ELECTRIC SERVICE CO.	4.38%	04/01/1993	650,000.00	456,134.87	359,267.99
TEXAS ELECTRIC SERVICE CO.	5.13%	02/01/1996	500,000.00	381,995.30	285,664.99
TEXAS POWER & LIGHT CO.	4.50%	01/01/1991	1,700,000.00	1,318,550.75	1,027,922.00
TEXAS POWER & LIGHT CO.	5.50%	02/01/1997	500,000.00	497,075.05	295,314.99
TIME, INC.	9.38%	04/15/2009	5,500,000.00	5,213,483.74	4,799,024.99
TOLEDO EDISON CO.	6.13%	08/01/1997	2,500,000.00	2,417,757.28	1,457,824.99
TOLEDO EDISON CO.	3.38%	02/01/1986	1,525,000.00	1,280,404.35	968,359.75
TUCSON GAS & ELECTRIC	7.65%	05/01/2003	4,800,000.00	4,215,036.12	3,339,887.99
TUCSON GAS & ELECTRIC	8.50%	10/01/2009	2,000,000.00	1,983,504.20	1,496,999.99
TUCSON GAS & ELECTRIC	4.88%	02/01/1996	1,200,000.00	826,246.62	620,448.00
UNION CARBIDE CO.	8.50%	01/15/2005	1,500,000.00	1,454,024.52	1,207,784.99
UNION CARBIDE CO.	9.35%	08/15/2009	2,000,000.00	2,000,000.00	1,732,499.99
UNION CARBIDE CO.	4.50%	12/31/1996	4,809,383.50	3,852,735.83	3,002,930.96
UNION CARBIDE CO.	8.63%	01/01/1999	1,780,641.81	1,780,641.81	1,446,807.08
UNION ELECTRIC OF MISSOURI	4.75%	07/01/1991	3,350,000.00	3,378,748.40	1,964,205.49
UNION ELECTRIC OF MISSOURI	4.50%	11/01/1993	4,200,000.00	4,225,336.92	2,234,441.99
UNION ELECTRIC OF MISSOURI	5.50%	05/01/1996	2,500,000.00	2,432,041.78	1,423,774.99
UNION ELECTRIC OF MISSOURI	5.50%	03/01/1997	3,250,000.00	3,162,561.45	1,826,662.49
UNION ELECTRIC OF MISSOURI	7.63%	04/01/2001	3,000,000.00	2,819,226.38	2,014,679.99
UNION ELECTRIC OF MISSOURI	8.63%	12/01/2007	1,000,000.00	778,180.08	732,040.00
UNION LIGHT, HEAT & POWER CO.	5.00%	07/01/1989	2,750,000.00	2,668,187.20	1,802,102.49
UNION LIGHT, HEAT & POWER CO.	4.38%	07/01/1993	1,700,000.00	1,708,806.28	933,113.00
UNION LIGHT, HEAT & POWER CO.	8.00%	10/01/2003	350,000.00	294,817.28	253,984.49
UNION OIL CO. OF CALIF.	8.63%	03/01/2006	12,475,000.00	12,377,668.64	10,250,832.25
UNION PACIFIC RR. ETC	5.38%	03/01/1980	340,000.00	340,000.00	336,069.60
UNION PACIFIC RR. ETC	5.38%	03/01/1981	230,000.00	230,000.00	213,626.29
UNION TANK CAR CO. ETC	9.63%	12/15/1994	3,250,000.00	3,213,843.70	2,863,444.99
UNION TANK CAR CO. ETC	9.80%	06/01/1995	3,250,000.00	3,250,000.00	2,899,974.99
UNION TANK CAR CO. ETC	9.50%	12/15/1995	1,000,000.00	874,760.00	868,940.00
UNION TANK CAR CO. ETC	8.30%	12/01/1996	1,200,000.00	1,184,527.96	954,348.00
UNION TANK CAR CO. ETC	9.80%	06/01/1999	4,000,000.00	4,000,000.00	3,545,999.99
U.S. TREASURY	4.00%	02/15/1980	1,650,000.00	1,629,046.01	1,631,437.49
U.S. TREASURY	7.88%	02/15/2000	71,500,000.00	66,676,080.16	57,646,874.99
U.S. TREASURY	8.25%	05/15/2005	5,000,000.00	4,866,121.43	4,174,999.99
U.S. TREASURY	8.38%	08/15/2000	69,000,000.00	67,071,348.50	58,477,499.99
U.S. TREASURY	8.00%	08/15/2001	8,500,000.00	8,036,678.00	6,938,125.00
U.S. TREASURY	7.63%	02/15/2007	1,000,000.00	992,127.85	786,250.00
U.S. TREASURY	8.63%	08/15/1993	5,800,000.00	5,792,630.68	5,064,095.99
U.S. TREASURY	7.88%	05/15/1986	26,000,000.00	25,687,443.73	22,993,619.99
UNITED TELEPHONE CO. OF FLORIDA	8.00%	08/15/1986	5,000,000.00	5,156,492.14	4,437,499.99
UNITED TELEPHONE CO. OF OHIO	10.00%	11/15/2004	2,000,000.00	1,974,945.50	1,705,579.99
UNITED TELEPHONE CO. OF OHIO	10.25%	03/15/2005	1,932,000.00	1,932,000.00	1,689,572.63
UTAH POWER & LIGHT CO.	9.00%	09/15/2008	3,500,000.00	3,417,671.90	2,640,574.99
VIRGINIA ELECTRIC & POWER CO.	8.50%	03/01/2007	2,000,000.00	1,994,254.70	1,517,559.99
VIRGINIA ELECTRIC & POWER CO.	4.63%	09/01/1990	700,000.00	579,135.08	413,910.00
VIRGINIA ELECTRIC & POWER CO.	4.88%	06/01/1991	1,300,000.00	1,066,624.52	760,032.00
VIRGINIA ELECTRIC & POWER CO.	4.50%	12/01/1993	1,400,000.00	1,403,271.52	727,594.00

Bond Name	Coupon	Maturity	Par Value	Book Value	Market Value
VIRGINIA ELECTRIC & POWER CO.	4.50%	05/01/1995	\$ 600,000.00	\$ 378,792.99	\$ 300,539.99
VIRGINIA ELECTRIC & POWER CO.	5.13%	02/01/1997	3,100,000.00	2,733,046.70	1,628,801.99
VIRGINIA ELECTRIC & POWER CO.	6.88%	12/01/1997	2,553,000.00	2,441,758.92	1,644,208.58
VIRGINIA ELECTRIC & POWER CO.	7.13%	01/01/1999	5,600,000.00	4,903,852.70	3,588,143.99
VIRGINIA ELECTRIC & POWER CO.	7.38%	03/01/2001	5,150,000.00	4,719,570.43	3,347,345.49
VIRGINIA ELECTRIC & POWER CO.	7.50%	09/01/2001	350,000.00	287,212.88	230,205.49
VIRGINIA ELECTRIC & POWER CO.	7.38%	06/01/2002	2,950,000.00	2,335,053.40	1,904,342.99
VIRGINIA ELECTRIC & POWER CO.	11.00%	07/01/1994	2,229,000.00	2,229,000.00	2,028,211.68
VIRGINIA ELECTRIC & POWER CO.	9.25%	03/01/2006	5,225,000.00	5,190,610.42	4,034,849.49
VIRGINIA ELECTRIC & POWER CO.	8.75%	09/01/2006	1,150,000.00	1,150,000.00	845,491.50
VIRGINIA ELECTRIC & POWER CO.	8.63%	03/01/2007	400,000.00	342,224.00	289,847.99
VIRGINIA ELECTRIC & POWER CO.	10.25%	04/01/2009	9,000,000.00	8,928,687.05	7,637,310.00
WASHINGTON METRO. AREA TRANSIT	7.75%	07/01/2013	500,000.00	500,000.00	374,059.99
WATERMAN STEAMSHIP CO.	9.15%	11/01/1994	2,961,000.00	2,961,000.00	2,572,457.57
WEST PENN POWER CO.	4.50%	03/01/1992	3,500,000.00	2,995,019.69	2,009,909.99
WEST PENN POWER CO.	4.88%	12/01/1995	3,350,000.00	2,548,463.60	1,832,047.99
WEST PENN POWER CO.	7.13%	07/01/1998	1,300,000.00	1,109,176.54	899,080.00
WEST PENN POWER CO.	7.88%	07/01/1999	2,000,000.00	1,736,640.00	1,473,459.99
WEST PENN POWER CO.	7.63%	06/01/2002	2,250,000.00	1,695,468.60	1,610,954.99
WESTERN ELECTRIC CO. INC.	5.50%	06/15/1997	13,340,000.00	10,382,270.05	7,802,299.20
WESTERN MASSACHUSETTS ELE. CO.	4.38%	05/01/1992	2,700,000.00	2,725,766.50	1,397,465.99
WESTINGHOUSE ELECTRIC CO.	5.38%	04/01/1992	7,200,000.00	6,065,114.50	4,725,863.99
WESTINGHOUSE ELECTRIC CO.	8.63%	09/01/1995	18,140,000.00	18,035,166.08	14,771,220.60
WESTVACO CORP.	9.75%	04/01/2000	4,000,000.00	3,832,824.31	3,533,399.99
WESTVACO CORP.	8.13%	08/15/2007	2,825,000.00	2,516,607.84	2,157,706.74
WISCONSIN ELECTRIC POWER CO.	5.00%	11/15/1990	2,000,000.00	1,515,505.08	1,282,359.99
WISCONSIN ELECTRIC POWER CO.	5.88%	11/01/1996	3,410,000.00	2,735,245.86	2,092,239.59
WISCONSIN ELECTRIC POWER CO.	6.88%	11/15/1997	5,135,000.00	4,816,858.64	3,478,654.40
WISCONSIN ELECTRIC POWER CO.	6.88%	05/15/1998	5,220,000.00	5,205,567.04	3,521,150.99
WISCONSIN ELECTRIC POWER CO.	7.25%	05/15/1999	1,250,000.00	1,140,083.15	872,150.00
WISCONSIN MICHIGAN POWER	6.63%	10/01/1998	530,000.00	497,305.56	340,100.99
WISCONSIN POWER & LIGHT CO.	6.25%	08/01/1998	2,500,000.00	2,383,032.58	1,574,924.99
WISCONSIN PUBLIC SERVICE CORP.	4.50%	06/01/1994	750,000.00	751,360.97	406,747.49
WISCONSIN PUBLIC SERVICE CORP.	7.25%	04/01/1999	2,000,000.00	1,773,228.26	1,402,559.99
WISCONSIN TELEPHONE CO.	4.50%	07/01/1992	650,000.00	572,948.74	383,499.99
WISCONSIN TELEPHONE CO.	4.88%	05/01/1995	2,100,000.00	1,918,435.17	1,209,242.99
WISCONSIN TELEPHONE CO.	4.38%	05/01/2002	600,000.00	460,881.15	287,057.99
WISCONSIN TELEPHONE CO.	6.25%	08/01/2004	2,250,000.00	1,795,139.00	1,412,864.99
WISCONSIN TELEPHONE CO.	7.25%	02/01/2007	850,000.00	763,341.45	598,306.50
WITCO CHEMICAL CORP.	9.50%	08/15/2009	2,500,000.00	2,490,625.00	2,141,174.99
WOOLWORTH (F. W.) CO.	7.38%	04/01/1996	1,000,000.00	746,080.00	740,270.00
WOOLWORTH (F. W.) CO.	9.00%	06/01/1999	800,000.00	708,389.67	661,256.00
WORTHINGTON INDUSTRIES	9.25%	12/01/1998	15,000,000.00	15,000,000.00	12,416,100.00
XEROX CORP.	8.63%	11/01/1999	750,000.00	641,895.00	627,742.50
XEROX CORP.	5.38%	04/01/1991	4,016,250.00	3,563,872.43	2,919,572.77
YOUNGSTOWN SHEET & TUBE CO.	4.50%	10/01/1990	300,000.00	300,020.68	140,999.99
TOTAL			\$3,441,101,769.96	\$3,186,462,992.03	\$2,567,018,483.20

DETAILED LISTING OF STOCK PORTFOLIO

DECEMBER 31, 1979

Stock Name	Shares	Cost	Market Value
COMMON			
A M P INC.	440,000	\$ 12,146,593.00	\$ 17,710,000.00
ABBOTT LABS	400,000	14,196,313.00	16,200,000.00
AIR PRODUCTS & CHEMICALS INC.	453,901	14,393,914.43	16,737,599.38
ALLIED STORES CORP.	300,000	7,147,592.00	7,087,500.00
ALUMINUM CO. OF AMERICA	258,100	12,253,393.00	14,195,500.00
AMERICAN CYANAMID CO.	308,100	9,989,676.55	10,436,887.50
AMERICAN HOME PRODUCTS CORP.	412,300	12,083,199.69	11,235,175.00
AMERICAN HOSPITAL SUPPLIES	409,200	16,256,708.56	12,889,800.00
AMERICAN TELEPHONE & TELEGRAPH	516,971	26,712,559.07	26,882,492.00
ARCHER DANIELS MIDLAND	26,100	583,335.00	805,837.50
ARMCO, INC.	514,500	10,071,089.50	12,862,500.00
ATLANTIC RICHFIELD CO.	317,100	13,008,992.14	25,486,912.50
BALTIMORE GAS AND ELECTRIC CO.	162,080	5,324,356.76	3,586,020.00
BANKAMERICA CORP.	532,000	9,984,653.34	14,696,500.00
BAXTER LABORATORIES	346,000	14,349,403.00	16,478,250.00
BETHLEHEM STEEL	242,500	9,725,604.50	5,122,812.50
BLACK & DECKER	584,000	13,061,239.50	13,432,000.00
BRISTOL-MYERS CO.	318,200	9,962,429.42	11,773,400.00
BURROUGHS CORP.	317,000	27,614,106.61	24,844,875.00
C P C INTERNATIONAL INC.	30,300	1,688,382.50	1,829,362.50
CAPITAL HOLDING CORP.	34,800	766,881.00	687,300.00
CENTRAL & SOUTHWEST CORP.	400,000	6,159,505.00	5,650,000.00
CHAMPION INTERNATIONAL	400,000	9,165,380.00	9,550,000.00
CHASE MANHATTAN CORP.	329,700	13,740,961.50	12,734,662.50
CHESEBROUGH-PONDS, INC.	360,000	10,422,307.12	7,920,000.00
CITICORP.	330,000	10,870,725.50	7,796,250.00
COCA-COLA CO.	425,000	16,639,945.00	15,565,625.00
COMMONWEALTH EDISON CO.	208,399	7,464,703.78	4,167,980.00
COMMUNICATIONS SATELLITE CORP.	300,000	13,350,000.00	11,475,000.00
CONOCO, INC.	228,200	7,592,852.50	10,782,450.00
CORNING GLASS WORKS	113,200	8,650,932.81	6,339,200.00
DART INDUSTRIES, INC.	293,500	10,110,284.00	11,519,875.00
DELTA AIRLINES	300,000	15,304,368.00	11,737,500.00
DOW CHEMICAL	360,500	13,065,849.50	11,581,062.50
DRESSER INDUSTRIES	227,000	8,376,531.50	11,804,000.00
DUKE POWER CO.	250,000	5,750,000.00	4,375,000.00
DUN & BRADSTREET COS.	287,200	9,740,856.50	12,600,900.00
DUPONT (EI) DE NEMOURS	73,800	3,277,532.50	2,979,675.00
EASTMAN KODAK CO.	172,600	20,642,628.32	8,327,950.00
ECKERD, JACK CORP.	421,600	8,384,257.07	11,646,700.00
EMERSON ELECTRIC	268,400	9,659,234.68	9,427,550.00
EXXON CORP.	493,760	19,549,291.59	27,218,520.00
FLORIDA POWER AND LIGHT CO.	138,400	4,491,391.61	3,442,700.00
GENERAL ELECTRIC CO.	240,000	12,029,676.92	12,180,000.00
GENERAL REINSURANCE CORP.	120,000	11,028,125.00	11,460,000.00
GENERAL SIGNAL CORP.	51,100	1,894,249.50	1,935,412.50
GEORGIA-PACIFIC	283,081	8,275,184.87	7,466,261.38
GETTY OIL	350,400	14,596,436.00	25,842,000.00
GILLETTE CO.	400,000	12,410,758.00	10,000,000.00
GREAT NORTHERN NEKOOSA	207,500	7,359,853.00	6,717,812.50
GULF OIL CORP.	15,000	478,375.00	517,500.00
HALLIBURTON CO.	201,000	9,778,601.00	17,085,000.00
HERCULES, INC.	553,200	13,706,125.00	11,409,750.00
HEWLETT PACKARD	238,900	11,051,947.50	14,124,962.50
HOLIDAY INNS, INC.	307,800	15,340,366.96	5,540,400.00
HONEYWELL, INC.	286,400	17,013,710.25	23,842,800.00
HOUSEHOLD FINANCE CORP.	358,150	12,420,268.97	6,491,468.75
HUGHES TOOL CO.	300,000	8,832,099.50	15,600,000.00
INTERNATIONAL BUSINESS MACHINE	655,200	41,592,652.99	42,342,300.00

Stock Name	Shares	Cost	Market Value
INTERNATIONAL MINERALS & CHEMICALS	64,500	\$ 3,720,635.00	\$ 3,732,937.50
INTERNATIONAL PAPER CO.	155,000	9,462,113.14	5,735,000.00
JOHNSON & JOHNSON	201,700	14,465,243.73	15,984,725.00
K-MART CORP.	500,000	17,740,796.00	11,875,000.00
LEASEWAY TRANSPORTATION CORP.	263,217	5,074,809.66	5,889,480.38
LILLY, ELI & CO.	222,600	13,685,473.72	13,300,350.00
LUCKY STORES, INC.	599,599	9,560,703.54	9,368,734.38
MARATHON OIL	660,000	18,572,504.00	33,000,000.00
MASCO CORP.	400,000	8,609,387.00	10,200,000.00
MCDERMOTT, J. RAY	237,400	5,402,977.00	5,935,000.00
MCGRAW HILL, INC.	430,000	9,849,222.50	12,201,250.00
MINNESOTA MINING & MANUFACTURING	347,400	20,631,735.62	17,500,275.00
MOBIL OIL CORP.	115,200	4,491,824.00	6,364,800.00
MORGAN, J.P. & CO.	179,900	9,379,685.50	8,320,375.00
MOTOROLA INC.	355,000	16,160,330.00	18,149,375.00
N C R CORP.	337,842	15,279,878.68	23,395,558.50
N L T CORPORATION	296,000	7,264,653.75	6,956,000.00
NORTHWEST AIRLINES	350,000	8,686,893.50	9,668,750.00
PANHANDLE EASTERN PIPE LINE	66,100	3,431,953.00	4,023,837.50
PERKIN-ELMER	611,700	11,738,413.50	25,691,400.00
PFIZER, INC.	418,600	13,937,654.06	16,430,050.00
PHELPS DODGE	300,000	9,247,322.50	9,262,500.00
PHILLIPS PETROLEUM	400,000	12,211,292.00	19,200,000.00
REVCO D. S., INC.	300,000	7,889,183.50	7,950,000.00
REVLON, INC.	350,000	17,426,252.00	15,750,000.00
REYNOLDS METALS	229,400	8,517,265.50	7,455,500.00
RYDER SYSTEM, INC.	218,545	6,535,205.77	5,381,670.63
SEARLE, G.D. & CO.	501,000	10,720,407.62	9,456,375.00
SIGNAL COMPANIES	70,000	2,769,758.00	2,730,000.00
SOUTHWESTERN LIFE CORP.	74,500	1,628,907.50	3,138,312.50
SPERRY CORP.	368,300	16,755,173.80	18,415,000.00
ST. REGIS PAPER	300,000	9,467,090.00	9,075,000.00
STANDARD OIL OF CALIFORNIA	293,700	9,736,178.25	16,557,337.50
STANDARD OIL OF INDIANA	200,000	8,933,107.00	15,775,000.00
STAUFFER CHEMICAL	500,000	10,956,184.00	11,250,000.00
TEKTRONIX, INC.	375,000	13,863,570.50	22,453,125.00
TENNECO, INC.	300,000	11,977,800.00	11,625,000.00
TEXAS INSTRUMENTS, INC.	10,900	973,410.00	959,200.00
TEXAS UTILITIES CO.	146,600	4,056,976.00	2,602,150.00
TIME INC.	127,640	5,518,745.70	6,015,035.00
TRAVELERS CORP.	177,000	6,839,239.50	6,748,125.00
UNION CARBIDE CORP.	244,000	11,605,502.50	10,248,000.00
UNION OIL COMPANY OF CALIF.	10,000	460,425.00	447,500.00
UNION PACIFIC CORP.	243,000	8,876,587.50	17,556,750.00
UPJOHN CO.	259,800	12,117,553.00	12,113,175.00
WEYERHAEUSER CO.	198,800	5,934,569.51	6,311,900.00
WHIRLPOOL CORP.	430,000	11,561,422.76	8,062,500.00
WOOLWORTH (F. W.)	500,000	14,818,275.50	12,562,500.00
XEROX CORP.	246,599	14,499,933.80	15,319,962.88
TOTAL COMMON STOCK	<u>32,058,684</u>	<u>\$1,154,582,617.12</u>	<u>\$1,244,323,508.28</u>
CONVERTIBLE PREFERRED			
AMERICAN BRANDS, INC.	149,192	\$ 4,013,899.44	\$ 5,147,124.00
ARMCO, INC.	12,700	385,445.00	403,225.00
DART INDUSTRIES, INC.	6,500	311,225.00	253,500.00
MCDERMOTT, J. RAY	132,600	3,543,547.50	3,729,375.00
REYNOLDS METALS	24,400	1,540,197.50	1,012,600.00
TIME, INC.	257,900	7,754,666.00	8,833,075.00
WEYERHAEUSER	26,400	1,094,524.50	1,122,000.00
TOTAL CONVERTIBLE PREFERRED	<u>609,692</u>	<u>\$ 18,643,504.94</u>	<u>\$ 20,500,899.00</u>
TOTAL STOCK PORTFOLIO	32,668,376	\$1,173,226,122.06	\$1,264,824,407.28

SUMMARY OF RETIREMENT SYSTEM PLAN

Purpose

The Public Employees Retirement System of Ohio (PERS) was created by the Ohio General Assembly. Its purpose is to provide a retirement, disability retirement and survivor benefit program for its members, the public employees of Ohio as set forth below.

Administration

The general administration and management of PERS are vested in the nine member Public Employees Retirement Board. Six members are elected by the groups they represent, namely, state employees, county employees, municipal employees, state college and university non-teaching employees, retirants, and miscellaneous employees, including townships and public libraries. Three are statutory members, namely, the State Auditor, the Attorney General and the Director of the Department of Administrative Services. Members of the Board receive no compensation but are reimbursed for expenses.

46 The Board appoints the executive director, an actuary and other employees as necessary for the transaction of business. The State Treasurer is, by law, the custodian of the funds of the System.

All public employees in Ohio are required to become contributing members of PERS upon beginning public employment except those covered by one of the other state or local retirement systems in Ohio. Excluded from membership are new employees: retired from another state or municipal system in Ohio; active contributors to the State Police and Fire Pension Fund or State Highway Patrol Pension Fund; or Sheriffs or Deputies on earnings other than their compensation as a Sheriff or Deputy.

The law provides for optional membership as follows:

- Elected public officials;
- Temporary or emergency employees whose employment will not exceed three calendar months;
- Students whose employment will not exceed 1,500 hours in any calendar year;
- Any new employee, not a member at the time of his employment, whose employment will not exceed 20 hours per week.

Employer Contributions

Employer units contribute to PERS at rates set by the Retirement Board upon recommendation by the Actuary. Currently, the employer rates are:

State employer units— 13.71% of gross payrolls.

City, County and miscellaneous employer units— 13.95% of gross payrolls.

Career Sheriff employer units— 18.10% of gross payrolls.

Member Contributions

All contributing members of PERS pay, through payroll deductions, a percentage of their gross salaries set by the Retirement Board upon recommendation by the Actuary. The current rate is 8.5%.

Individual accounts for each member of the Retirement System are maintained by PERS and funds contributed are fully refundable. Each year PERS mails to members a statement of the balance in their individual accounts and a report setting forth the financial status of PERS and major developments of the year.

Regular Retirement

Members are eligible to retire at age 60 or thereafter if they have at least five years or 60 contributing months of membership in PERS. They also may retire at age 55 if they have 25 years of service credit, or at any age with 30 or more years of service credit.

Service credit allowed under Chapter 145. of the Revised Code includes:

1. Service rendered to the State or a political subdivision on which contributions have been paid,
2. Certain military service which interrupted contributing public service,
3. Prior service before 1935,
4. Any out-of-service period of three years or less during which the member was receiving an award from Worker's Compensation,
5. Previously unreported service in Ohio,
6. Service purchased by the member for:
 - a. Military service not being used for a military retirement allowance,
 - b. An authorized leave of absence not to exceed one year,
 - c. Comparable public service outside of Ohio or with the federal government that is not being used for other retirement purposes,
 - d. Service restored by redeposit by a member which had been cancelled by an earlier refund,

- e. Service in an Ohio police or fire department or the State Highway Patrol that is not being used for other retirement purposes,
- f. Up to 30% additional credit on completed terms of full-time contributing elective service.

Benefit Calculations

Benefits are figured on the basis of age, final average salary and service credit. Final average salary is the average of the three highest years of earnings.

Two percent of final average salary multiplied by the service credit determines the annual benefit at age 65 or with 30 or more years of service credit. If the final average salary is \$4,300 or less, a minimum formula of \$86 times number of years of service is used. The maximum annual benefit cannot exceed 90% of final average salary.

Persons with less than 30 years of service credit who retire before age 65 receive a percentage reduction in the benefit amount as specified in the law. Benefits are paid monthly.

Optional Settlements

Members have the option of taking their monthly pensions on a straight life plan of payment, which pays the highest amount, or they may take any one of several optional payment plans at reduced amounts, that assure monthly benefits to a designated beneficiary if the member predeceases the designated beneficiary.

Career Sheriffs' and Deputies' Benefits

A career sheriff or deputy who was commissioned and employed full time as a peace officer by a sheriff in any county on or before December 31, 1965, or any sheriff or deputy employed by a sheriff as a peace officer since January 1, 1966, who has certification of satisfactory completion of the Peace Officers Training School, at least 25 years of total service credit as a sheriff or deputy (including military service), and has passed his 52nd birthday may apply for a retirement benefit, calculated as follows:

The annual benefit is calculated by multiplying the first 20 years of service credit by 2½% of final average salary plus service credit in excess of 20 years multiplied by 1½% of final average salary. The total benefit amount cannot exceed 66% of final average salary.

A member with at least 15 years of total service as a sheriff or deputy who is discharged for a reason other than

retirement, death, dishonesty, cowardice, intemperate habits, or conviction of a felony, may apply for retirement benefits, calculated on the total years of service credit multiplied by 1½% of the final average salary. The benefit shall start on or after the attainment of age 55 by the applicant.

Sheriffs and deputies may elect at time of retirement to take benefits under the regular provisions of the law in lieu of those special benefits provided for them.

Disability Retirement

Before reaching age 60, a member who becomes permanently disabled from doing his or her job, may apply for and receive monthly disability benefits if he or she has completed at least five years or 60 contributing months of service credit.

Two percent of final average salary multiplied by the length of public service determines the annual benefit at any age. Additional service equal to the difference between the applicant's age and age 60 is added to service credit. The benefit amount cannot exceed 75% nor be less than 30% of final average salary.

Survivor Benefits

Certain dependents may qualify for monthly survivor benefits if the deceased member had at least 18 months of Ohio service credit with three months of it within the two and one-half years immediately before death, or was receiving a disability benefit at the time of death, as follows:

1. A surviving spouse age 62 or older (age 50 if the deceased member had 10 or more years of service credit).
2. A spouse with dependent child(ren) under age 18 (or 22 if students).
3. Dependent parent(s) age 65 or over.
4. An incompetent spouse or incompetent child(ren), orphan(s) or dependent parent(s) at any age.
5. If a surviving spouse remarries before reaching age 62, rights to benefits cease.

If the member dies after reaching retirement age but before applying for benefits, the surviving spouse or other sole dependent beneficiary at any age, may elect to take a monthly joint survivorship annuity for life, known as Option 1.

Refunds

Upon termination of employment and application, a member may withdraw contributions made to the Retirement System. The law requires a three-month waiting period after service

termination before the refund may be paid. The acceptance of a refund cancels the individual's rights and benefits in PERS.

If a refund is taken and the individual later returns to covered public employment, the amount refunded can be redeposited, plus interest, after a period of 18 months. Money contributed to PERS by employer units is not refundable.

Beneficiaries

The beneficiary of a member of PERS is determined in one of two different ways:

- 1) By automatic succession as determined by law. The order of automatic succession is:
 - a. Spouse
 - b. If no spouse, the youngest dependent child under age 18 (or, if student, under 22). If monthly benefits are taken, payments will be determined on the basis of all minor children. Incompetent dependent children are included, regardless of age.
 - c. If no minor child(ren) then all living children will share equally in a refund of the account.
 - d. If none of the foregoing, the older parent qualifies for a refund, or if the parent(s) are dependent, 65 or older or incompetent, monthly benefits, if they so elect.
 - e. If none of the foregoing, a refund is made to the estate of the deceased.
- 2) By specific designation by the member, in writing on a form provided by PERS. At time of retirement, the member must designate a beneficiary on the retirement application.

Additional Benefits After Retirement

- a. Health Care Coverage — All persons receiving monthly benefits from PERS are covered by hospital and medical insurance at no cost to the individual. Spouses and dependent children may be covered if the benefit recipient authorizes the appropriate premium deduction.
- b. Cost-of-living Adjustments — Once a member has received benefits for 12 months, a 3% cost-of-living adjustment is added to each monthly benefit amount in each year that the Consumer Price Index shows an increase of 3% or more.
- c. Medicare Part B Premium Reimbursement — Retirees, who submit proof of coverage on Medicare Part B are reimbursed by PERS for their basic Medicare Part B premiums. This amount is added to their monthly benefits.
- d. Death Benefits — At the death of a person receiving regular retirement benefits or disability benefits, a lump sum payment of \$500 is made to the beneficiary, or if none, to the person responsible for burial expenses or to the decedent's estate.

Custody of Funds

The State Treasurer is the custodian of the funds of PERS.

