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# Annual Financial Report for 1980

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO



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# TABLE OF CONTENTS

|   | Pages |
|---|-------|
| Letter of Transmittal .....                                       | 3-4   |
| 1980 in Review .....  | 5     |
| Financial Statements .....  | 6-12  |
| Balance Sheet .....   | 7     |
| Statement of Revenue and Expense .....                            | 8     |
| Statement of Changes in Financial Positions .....                 | 9     |
| Statement of Changes in Funds .....                               | 10-11 |
| Notes to Financial Statements .....                               | 10-12 |
| Report of Examination by Auditor of State .....                   | 13    |
| Schedules .....   | 14-16 |
| Cash Receipts and Disbursements .....                             | 15    |
| Furniture, Fixtures and Equipment .....                           | 15    |
| Land and Buildings .....  | 15    |
| Administrative Expense .....                                      | 16    |
| Actuary's Report .....  | 17-19 |
| Actuarial Summaries .....   | 18-19 |
| Statistical Tables .....  | 20-25 |
| Revenues by Source .....  | 21    |
| Disbursements by Type .....                                       | 21    |
| Benefit Payments by Type .....                                    | 22    |
| Member Count .....  | 23    |
| Member Contribution Rates .....                                   | 23    |
| Number of Employer Units .....                                    | 23    |
| Employer Contribution Rates — State .....                         | 24    |
| Employer Contribution Rates — Local .....                         | 24    |
| Employer Contribution Rates — Law Enforcement .....               | 24    |
| Net Benefit Payments by Category .....                            | 25    |
| New Benefit and Refund Payments by Year .....                     | 25    |
| New Benefit Payments by Type and Year .....                       | 25    |
| Investments .....   | 26-45 |
| Investment Report .....   | 27    |
| Investment Portfolio Summary .....                                | 27    |
| Schedule of Investment Activity .....                             | 28    |
| Investment Listings .....   | 29-45 |
| Plan Statement — Public Employees Retirement System of Ohio ..... | 46-48 |



# Annual Financial Report for 1980

TO THE  
RETIREMENT BOARD



PUBLIC EMPLOYEES RETIREMENT SYSTEM  
OF OHIO

for the  
Calendar Year Ended December 31, 1980

277 EAST TOWN STREET, COLUMBUS, OHIO 43215



# THE RETIREMENT BOARD

## Elected



**WALTER H. KYLE**  
Representing State Employees  
Term Expires: December 31, 1982



**MARK McELROY**  
Representing County Employees  
Term Expires: December 31, 1981



**DONNA A. MORROW**  
Representing State College-University Employees  
Term Expires: December 31, 1982

2

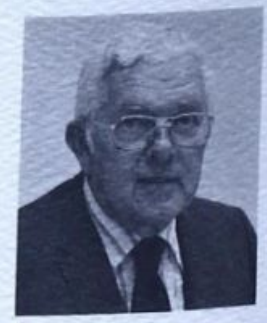
**JOHN S. REED**  
Representing Municipal Employees  
Term Expires: December 31, 1982



**DUSTY RHODES**  
Representing Miscellaneous Employees  
Term Expires: December 31, 1981



**WILLIAM G. WILCOX**  
Representing Retirees  
Term Expires: December 31, 1982



## Statutory



**WILLIAM J. BROWN**  
Attorney General



**THOMAS E. FERGUSON**  
Auditor of State



**WILLIAM W. WILKINS**  
Director, Department  
of Administrative  
Services

## Executive Director



**WILLIAM S. McLAUGHLIN**


## Assistant Directors

**RICHARD D. MYERS**  
Benefits

**ROBERT A. McLAUGHLIN**  
Investments

**RICHARD E. SCHUMACHER**  
Comptroller



**PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO**

277 EAST TOWN STREET

COLUMBUS, OHIO 43215

TELEPHONE (614) 466-2085

Members of the Retirement Board  
Public Employees Retirement System  
Columbus, Ohio

Dear Board Members:

Submitted herewith is the Comprehensive Annual Financial Report of the Public Employees Retirement System for the year ended December 31, 1980. The report includes financial statements with related reports, the report of examination by the Auditor of the State of Ohio, statistical summaries, actuarial data, the investment portfolio and summary, and a plan statement for the Ohio PERS.

**THE ACCOUNTING SYSTEM**

A modified accrual system describes the basis on which the accounting records of the Public Employees Retirement System of Ohio are maintained. Receivables at year-end consisted of employer charges and investment proceeds due on sales that had not yet settled.

A major change during 1980 was the adoption of the deferral and amortization method of accounting for losses on bond exchanges. A complete disclosure of this technique appears in Note 3 of the Notes to Financial Statements on Page 12. Investments are recorded at cost with premiums and discounts on investment purchases being amortized and accumulated over the lives of the respective securities. Thus, on the balance sheet, bonds and mortgages are carried at amortized book value and stocks are carried at cost. Fixed assets are recorded at cost and appropriately depreciated.

**REVENUES**

Retirement System revenues are received from three principal sources, namely, member contributions, employer charges and investment income. For 1980, the member contribution rate was 8.5% which has been in effect since July 1, 1977. The employer rate, also in effect since July 1, 1977, is 13.71% for state government units, 13.95% for local government units and 18.10% for law enforcement units. Total revenues for 1980 increased 20.3% over 1979 with gross investment income increasing 23.9% for the period. Member contributions increased 8.3% and employer charges increased 11.2% for the year.

**BENEFIT PAYMENTS AND ADMINISTRATIVE EXPENDITURES**

The Public Employees Retirement System, in fulfilling its primary function during 1980, paid out \$364.1 million in total disbursements. While this represents no increase in total disbursements over 1979, it should be borne in mind that 1979 disbursements included the exceptional payment of \$16.5 million to the State Teachers Retirement System as a result of legislated transfer of membership. Further analysis shows that the benefit payments (including health care for retirees and beneficiaries) increased 11.61% while refunds during 1980 decreased by 18.79%.

The decrease in refunds reflects a return to a normal refund pattern following the abnormally high situation in 1979 resulting from refunds for CETA workers who were excluded from membership beginning July 1, 1979.

Health care costs for 1980 are understated since they reflect only 11 months of premiums for the non-contributing health care program. Effective January 1, 1981, the retirement system began a split funding program of paying for retirement health care costs. Under this procedure, the insurance company is paid



directly by the retirement system for claims incurred, rather than in advance via the premium method. Since the premiums were paid one month in advance, no premium liability was incurred for December. Administrative expense, which is allocated from investment earnings, increased 11.4% during 1980.

### FUNDING AND RESERVES

The proper funding of a retirement system is the key to assuring reliability in the payment of current and future benefits. A higher level of funding results in greater potential contributions from investment earnings. The retirement system, having established proper funding as one of its primary goals, is continuously seeking to improve the funding of the system through adequate reserves, improved investment earnings, and effective cost containment programs.

Money held by the retirement system for a particular purpose is considered a reserve. Our accounting system refers to these reserves as funds. As of December 31, 1980, funds held by the retirement system totalled \$5,346,000,000 versus \$4,679,000,000 at year end 1979.

Adequate funds are maintained in the Annuity and Pension Reserve Fund and the Survivor Benefit Fund to meet future obligations for all current retirants and beneficiaries.

The actuarial evaluation dated December 31, 1979 indicates an unfunded accrued liability of \$4,476,000,000. This is the difference between the employer accumulation fund balance held in reserve, and the calculated liability for that fund. Factors are included in the employer contribution rates to provide the assets to amortize these liabilities over future funding years. The current funding period for the state group is 41 years; for the local government group, 48 years; and for the law enforcement group, 38 years.

### INVESTMENTS

4 Income provided to the retirement system by the investment portfolio during 1980 totalled \$329.0 million. Gross investment income was \$433.3 million. The gross investment income is adjusted for accumulation of discounts, amortization of premiums, amortization of deferred loss on sale of bonds and for the gains and losses realized on the sale of securities. The portfolio yield for 1980 was 8.74%.

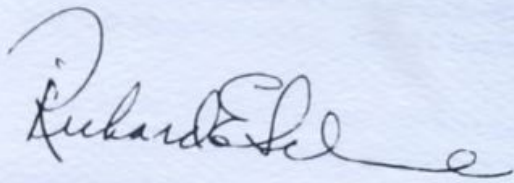
### PROFESSIONAL SERVICES

Professional services are provided the Public Employees Retirement System by professional consultants appointed by the Board to aid in the efficient and effective management of the system. Actuarial services are provided by Gabriel, Roeder, Smith & Company, Detroit, Michigan. The investment advisor is Valueline, New York City. The financial records of the retirement system are examined by the Auditor of the State of Ohio as provided by law.

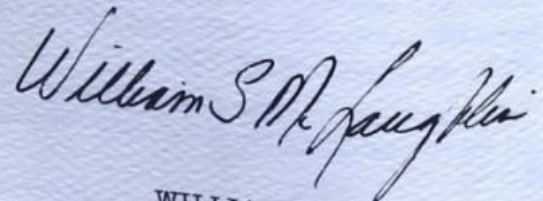
### ACKNOWLEDGMENTS

The preparation of this report reflects the combined efforts of the Public Employees Retirement System of Ohio staff under the Retirement Board's direction. 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 report is being mailed to all employer units of PERS of Ohio, each state legislator and other interested parties.



RICHARD E. SCHUMACHER  
Asst. Director — Comptroller



WILLIAM S. McLAUGHLIN  
Executive Director



## 1980 IN REVIEW

### LEGISLATIVE ENACTMENTS

There was limited action in the Ohio General Assembly in 1980 on legislation affecting the Public Employees Retirement System. It was a year given over to assessing the financial and actuarial implications of 1979 cost-of-living improvements and ad hoc increases for retirees.

A special retirement option which had only been available to full-time sheriffs and deputy sheriffs was extended to full-time township constables or police officers beginning January 1, 1981. Members who qualify under the special provision have the option of a regular PERS retirement or of applying for retirement benefits at age 52 (or later) after completing at least 25 years of service as a peace officer. In the latter case, the pension consists of a single lifetime allowance equal to 2½% of final average salary multiplied by the first 20 years of service, plus 1½% of final average salary multiplied by service in excess of 20 years. The maximum benefit under this option is 66% of final average salary.

A minor change was enacted in the survivor benefit section of the law. It permits the resumption of survivor benefits to spouses who remarry, but whose remarriage ends in divorce, annulment, dissolution or death within 2 years after the survivor benefit ceased.

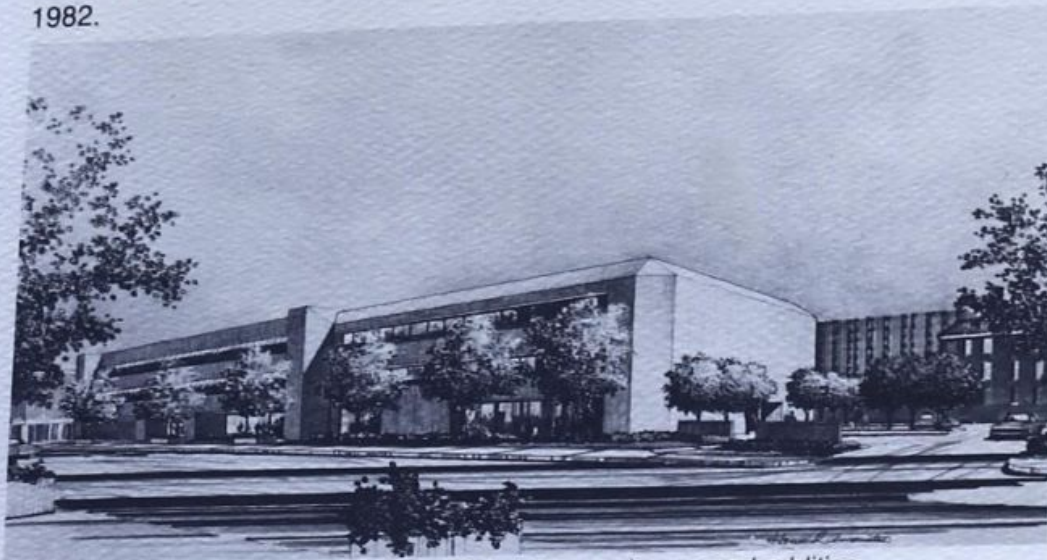
### PERS BUILDING ADDITION PLANNED

1980 saw an effective approach by the Retirement Board to easing a long-standing space problem created by the providing of more extensive service to membership. A 1.17 acre property immediately adjacent to the PERS office building was purchased with a view to 1) consolidating all retirement system functions under one roof; and 2) providing ample parking space for members, retirees and others who visit PERS annually.

The space problem was initially resolved in July, 1978 with the purchase of a property several hundred yards from the principal PERS building. This "annex" has housed the investment department, micro-filming and a portion of the data

processing staff. Under the new plan, the entire annex will become available for lease to outside tenants.

Completion of the 37,000 square foot PERS addition is scheduled for the Fall of 1982.



Artist's concept of PERS building and proposed addition

### RETIREE HEALTH CARE IMPROVEMENTS

The PERS Retirement Board continued to move forward on several fronts to upgrade the Aetna health care program for retirees.

A contract was signed with National Pharmacies to reduce costs for benefit recipients who require long-term maintenance drugs. Details of the plan and the contractual agreement were developed in 1980 to be effective in 1981. The program requires the payment of only \$1.00 for each drug purchased, with the retirement system paying the remainder. This contrasts with the Aetna health care plan wherein 80% was reimbursed on prescription drugs. The new program is optional.

Although the health care premium for dependents rose dramatically in 1980, the Retirement Board elected to absorb the additional cost, maintaining an under age 65 dependent charge of \$47.83 (\$14.77 over age 65). Currently, the retirement system is paying approximately one-half of the monthly dependent premium in addition to full coverage for all benefit recipients.

To insure continuation of the health care program in its present form, the Aetna/PERS contract was amended in 1980 to permit the retirement system to hold and invest all reserves earmarked for health care. PERS will now underwrite all liabilities, while Aetna will continue to examine, process and pay claims. Benefits remain the same.



# FINANCIAL STATEMENTS

Balance Sheet

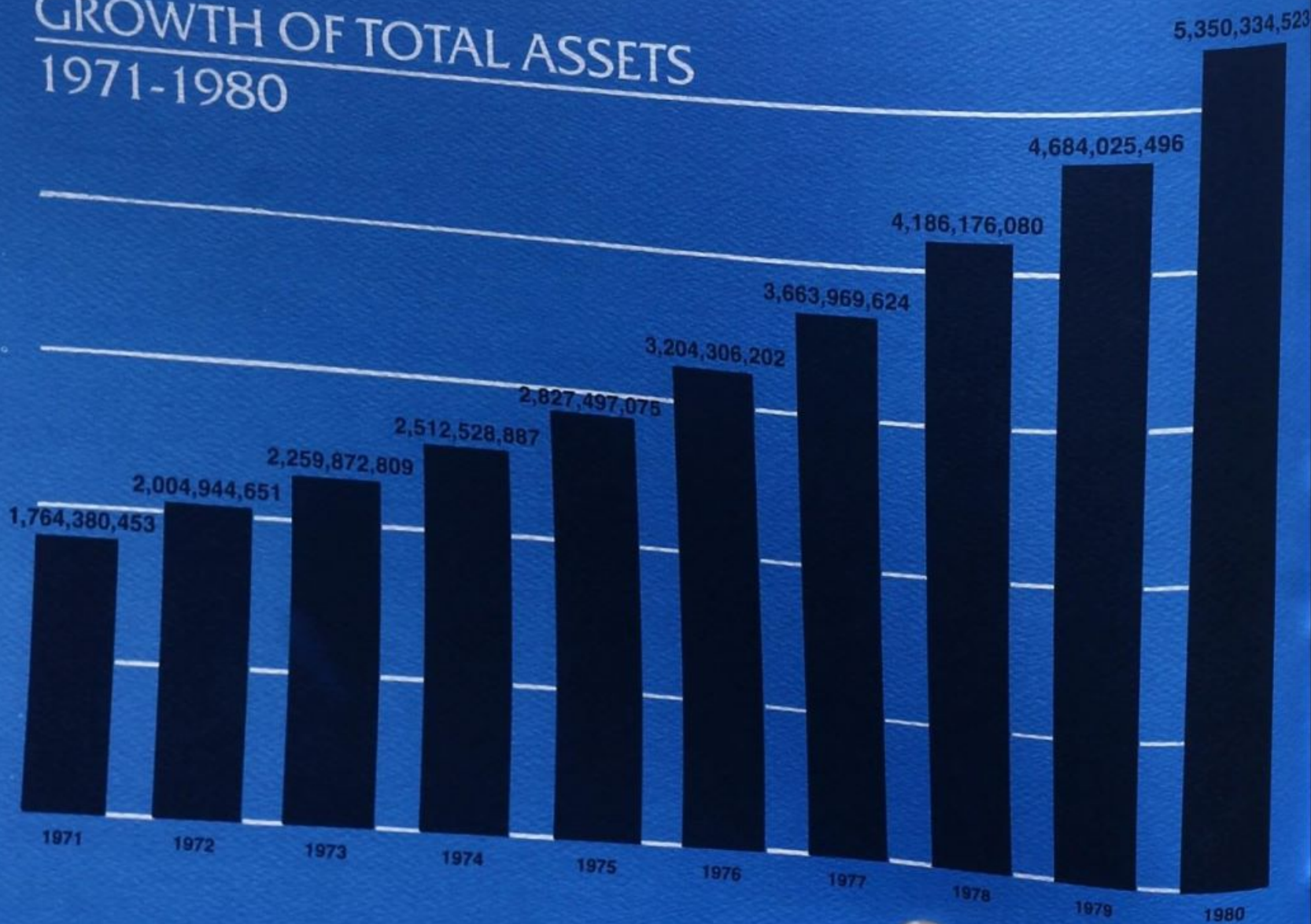
Statement of Revenue and Expense

Statement of Changes in Financial Position

Statement of Changes in Funds

Notes to Financial Statements

## GROWTH OF TOTAL ASSETS 1971-1980





# BALANCE SHEET

December 31, 1980

With Comparative Figures For 1979

|   | 1980                   | 1979                   |
|---|------------------------|------------------------|
| <b>ASSETS</b>   |                        |                        |
| Cash and Short-Term Securities:   |                        |                        |
| Cash  | \$ 13,906,477          | \$ 6,937,242           |
| Short-Term Securities   | <u>579,633,166</u>     | <u>183,561,713</u>     |
|   | <u>\$ 593,539,643</u>  | <u>\$ 190,498,955</u>  |
| Receivables:  |                        |                        |
| Employer  | \$ 63,813,251          | \$ 59,891,222          |
| Investment Sale Proceeds  | <u>1,970,228</u>       | <u>15,548,022</u>      |
|   | <u>\$ 65,783,479</u>   | <u>\$ 75,439,244</u>   |
| Investments:  |                        |                        |
| Bonds and Mortgages, at Book Value  | \$3,442,207,160        | \$3,227,855,171        |
| Stocks, at Cost   | 1,076,140,222          | 1,173,226,122          |
| Deferred Cost on Bonds Sold   | <u>167,777,244</u>     | <u>13,551,363</u>      |
|   | <u>\$4,686,124,626</u> | <u>\$4,414,632,656</u> |
| Fixed Assets:   |                        |                        |
| Land and Buildings,<br>Net of Accumulated Depreciation  | \$ 4,426,274           | \$ 2,909,375           |
| Furniture, Fixtures and Equipment,<br>Net of Accumulated Depreciation   | <u>410,522</u>         | <u>494,552</u>         |
|   | <u>\$ 4,836,796</u>    | <u>\$ 3,403,927</u>    |
| Prepaid Expense   | \$ 49,979              | \$ 50,714              |
|   | <u>\$5,350,334,523</u> | <u>\$4,684,025,496</u> |
| TOTAL ASSETS  |                        |                        |
| <b>LIABILITIES AND RESERVES</b>   |                        |                        |
| Liabilities   | \$ 4,275,587           | \$ 799,804             |
| Medical Insurance Payable   |                        | <u>4,695,318</u>       |
| Investment Commitments Payable  | <u>\$ 4,275,587</u>    | <u>\$ 5,495,122</u>    |
| Funds:  | \$1,362,792,034        | \$1,222,434,186        |
| Members Savings Fund  | 1,114,318,164          | 914,306,716            |
| Employer Accumulation Fund<br>(Net of Unfunded Accrued Liabilities:<br>1980, \$4,476,155,231;<br>1979, \$3,663,818,754) | 2,438,524,124          | 2,159,949,122          |
| Annuity and Pension Reserve Fund  | 423,575,350            | 376,021,526            |
| Survivor Benefit Fund   | 6,672,747              | 4,767,769              |
| Income Fund   | <u>176,517</u>         | <u>1,051,055</u>       |
| Expense Fund  | <u>\$5,346,058,936</u> | <u>\$4,678,530,374</u> |
|   | <u>\$5,350,334,523</u> | <u>\$4,684,025,496</u> |
| TOTAL LIABILITIES AND RESERVES  |                        |                        |

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



# STATEMENT OF REVENUE AND EXPENSE

Year Ended December 31, 1980

With Comparative Figures for 1979

## REVENUE:

|                                       | 1980                   | 1979                  |
|---------------------------------------|------------------------|-----------------------|
| Member Contributions:                 |                        |                       |
| Payroll Deductions                    | \$ 264,284,909         | \$ 241,824,231        |
| Expense fees prior years service      | 7,781                  | 11,109                |
| Reinstatements                        | 2,200,092              | 2,670,374             |
| Annuity and Service Credit Purchases  | 2,212,095              | 3,545,768             |
| Retirement from Other Systems         | 541,313                | 498,803               |
| Total Member                          | <u>\$ 269,246,190</u>  | <u>\$ 248,550,285</u> |
| Employer Contributions:               |                        |                       |
| Employer Charges                      | \$ 432,541,378         | \$ 391,403,551        |
| Reinstatements                        | 137,754                | 142,722               |
| Retirement From Other Systems         | 549,365                | 549,525               |
| State Subsidies                       | 5,777,732              | 2,724,473             |
| Total Employer                        | <u>\$ 439,006,229</u>  | <u>\$ 394,820,271</u> |
| Investment Income:                    |                        |                       |
| Bond Interest                         | \$ 314,365,008         | \$ 252,246,789        |
| Accumulation of Discount              | 16,094,242             | 10,786,964            |
| Net Accrued Interest on Purchases     | (2,033,991)            | (3,140,689)           |
| Dividend Income                       | 59,671,765             | 53,385,264            |
| Gain on Securities Sold               | 34,247,050             | 17,174,772            |
| Loss on Securities Sold               | (93,329,690)           | (111,742,605)         |
| Total Investment                      | <u>\$ 329,014,384</u>  | <u>\$ 218,710,495</u> |
| Other:                                |                        |                       |
| Miscellaneous                         | \$ 184,250             | \$ 204,640            |
| Total Other                           | <u>\$ 184,250</u>      | <u>\$ 204,640</u>     |
| Total Revenue                         | <u>\$1,037,451,053</u> | <u>\$ 862,285,691</u> |
| <b>EXPENSE:</b>                       |                        |                       |
| Benefits:                             |                        |                       |
| Retirement Annuities                  | \$ 202,706,640         | \$ 180,501,566        |
| Disability Benefits                   | 24,332,192             | 20,586,840            |
| Survivor Annuities                    | 26,538,416             | 24,193,601            |
| Health Care                           | 44,182,218             | 41,112,677            |
| Retirement to Other Systems           | 1,849,714              | 2,038,904             |
| Total Benefits                        | <u>\$ 299,609,180</u>  | <u>\$ 268,433,588</u> |
| Refunds:                              |                        |                       |
| Separation                            | \$ 61,560,229          | \$ 76,573,982         |
| Death                                 | 2,515,380              | 2,524,667             |
| Unauthorized                          | 275,460                | 308,691               |
| Other Systems                         | 111,661                | 16,500,949            |
| Other                                 | 51,669                 | 37,995                |
| Total Refunds                         | <u>\$ 64,514,399</u>   | <u>\$ 95,946,284</u>  |
| Administrative Expense                | \$ 5,798,912           | \$ 5,205,476          |
| Total Expense                         | <u>\$ 369,922,491</u>  | <u>\$ 369,585,348</u> |
| <b>EXCESS OF REVENUE OVER EXPENSE</b> | <u>\$ 667,528,562</u>  | <u>\$ 492,700,343</u> |

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



# STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1980

## RESOURCES PROVIDED BY:

|  |               |                      |
|--|---------------|----------------------|
| Excess of Revenues Over Expenses         | \$667,528,562 |                      |
| Items Not Requiring Resources Currently: |               |                      |
| Depreciation                             | 145,292       |                      |
| Loss on Sale of Equipment (Net)          | <u>21,029</u> | \$667,694,883        |
| Net Sales of Stock                       |               | 97,085,900           |
| Sale of Equipment                        |               | <u>48,097</u>        |
| Total Resources Provided                 |               | <u>\$764,828,880</u> |

## RESOURCES USED BY:

|                                      |  |                      |
|--------------------------------------|--|----------------------|
| Net Purchases of Bonds and Mortgages |  | \$214,351,989        |
| Deferred Cost on Bond Exchange Sale  |  | 154,225,881          |
| Home Office Expansion Site Purchase  |  | 1,579,920            |
| Purchase of Equipment                |  | 67,367               |
| Net Increase in Working Capital      |  | <u>394,603,723</u>   |
| Total Resources Used                 |  | <u>\$764,828,880</u> |

## ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL

|                                | YEARS ENDED DECEMBER 31, |                      | Increase<br>(Decrease) |
|--------------------------------|--------------------------|----------------------|------------------------|
|                                | 1980                     | 1979                 |                        |
| Current Assets:                |                          |                      |                        |
| Cash                           | \$ 13,906,477            | \$ 6,937,242         | \$ 6,969,235           |
| Short-Term Securities          | 579,633,166              | 183,561,713          | 396,071,453            |
| Employer Receivables           | 63,813,251               | 59,891,222           | 3,922,029              |
| Investment Sale Proceeds       | 1,970,228                | 15,548,022           | (13,577,794)           |
| Prepaid Expense                | <u>49,979</u>            | <u>50,714</u>        | (735)                  |
| Total Current Assets           | <u>\$659,373,101</u>     | <u>\$265,988,913</u> |                        |
| Current Liabilities:           |                          |                      |                        |
| Medical Insurance Payable      | \$ 4,275,587             | \$ 799,804           | \$ (3,475,783)         |
| Investment Commitments Payable |                          | <u>4,695,318</u>     | 4,695,318              |
| Total Current Liabilities      | <u>\$ 4,275,587</u>      | <u>\$ 5,495,122</u>  |                        |
| Working Capital                | <u>\$655,097,514</u>     | <u>\$260,493,791</u> | <u>\$394,603,723</u>   |

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



## STATEMENT OF CHANGES IN FUNDS

Year Ended December 31, 1980

|                               | Total                  | Member Savings         |
|-------------------------------|------------------------|------------------------|
| Balance January 1, 1980       | \$4,678,530,374        | \$1,222,434,186        |
| Additions:                    |                        |                        |
| Member Contributions          | 269,246,190            | 269,238,409            |
| Employer Contributions        | 439,006,229            |                        |
| Investment Income             | 329,014,384            |                        |
| Other                         | 184,250                |                        |
| Total Additions               | <u>\$1,037,451,053</u> | <u>\$ 269,238,409</u>  |
| Deductions:                   |                        |                        |
| Benefit Payments              | \$ 299,609,180         |                        |
| Refunds                       | 64,514,399             | \$ 64,425,905          |
| Administrative Expense        | 5,798,912              |                        |
| Total Deductions              | <u>\$ 369,922,491</u>  | <u>\$ 64,425,905</u>   |
| Transfers—Increase (Decrease) |                        |                        |
| Retirement Annuities          |                        | \$ (71,706,449)        |
| Disability Benefits           |                        | (8,153,023)            |
| Survivor Annuities            |                        | (5,312,570)            |
| Retirement to Other Systems   |                        | (1,096,016)            |
| Statutory Interest            |                        | 21,759,569             |
| Annual Interest               |                        |                        |
| Other                         |                        | 53,833                 |
| Total Transfers               |                        | <u>53,833</u>          |
| Balance December 31, 1980     | <u>\$5,346,058,936</u> | <u>\$ (64,454,656)</u> |
|                               |                        | <u>\$1,362,792,034</u> |

## NOTES TO FINANCIAL STATEMENTS

**NOTE 1** — The Public Employees Retirement System of Ohio is created by Chapter 145 of the Revised Code of Ohio. Administration of the retirement system is vested in a Board consisting of nine members. Five of the members are elected by the active membership, and one is elected by the retirants. The Attorney General, the Auditor of State, and the Director of the Department of Administrative Services serve as statutory members of the Board. The accounting records are maintained on a modified accrual basis using a double entry system. Various funds are established to hold the reserves for current and future benefit payments.

A) **The Members Savings Fund** holds members' contributions in trust prior to their refund or transfer to a benefit disbursement fund.

B) **The Employer Accumulation Fund** is used to accumulate the reserves for payment of pensions.

C) **The Annuity and Pension Reserve Fund** is the fund from which annuity and disability pensions are paid. This reserve is "fully funded" according to the latest actuarial study dated June 30, 1980. There are sufficient assets



| Employer Accumulation  | Retirement Annuities   | Survivor Annuities   | Income                 | Administrative Expense |
|------------------------|------------------------|----------------------|------------------------|------------------------|
| \$ 914,306,716         | \$2,159,949,122        | \$376,021,526        | \$ 4,767,769           | \$1,051,055            |
|                        |                        |                      |                        | 7,781                  |
| 396,426,979            |                        | 42,579,250           |                        |                        |
|                        |                        |                      | 329,014,384            |                        |
| 14,599                 | 27,614                 | 1,103                | (6,169)                | 147,103                |
| <u>\$ 396,441,578</u>  | <u>\$ 27,614</u>       | <u>\$ 42,580,353</u> | <u>\$329,008,215</u>   | <u>\$ 154,884</u>      |
|                        | \$ 267,273,597         | \$ 32,335,583        |                        |                        |
| \$ 86,780              |                        |                      | \$ 1,297               | \$ 417                 |
|                        |                        |                      |                        | <u>5,798,912</u>       |
| <u>\$ 86,780</u>       | <u>\$ 267,273,597</u>  | <u>\$ 32,335,583</u> | <u>\$ 1,297</u>        | <u>\$5,799,329</u>     |
|                        |                        |                      |                        |                        |
| \$(212,041,095)        | \$ 283,747,544         |                      |                        |                        |
| (58,305,796)           | 66,458,819             |                      |                        |                        |
|                        |                        | \$ 5,312,570         |                        |                        |
| (711,448)              | 1,807,464              |                      |                        |                        |
| (21,759,569)           |                        |                      |                        |                        |
| 146,610,998            | 144,300,836            | 25,150,073           | \$(316,061,907)        | \$4,769,907            |
| (50,136,440)           | 49,506,322             | 6,846,411            | ( 11,040,033)          | <u>\$4,769,907</u>     |
| <u>\$(196,343,350)</u> | <u>\$ 545,820,985</u>  | <u>\$ 37,309,054</u> | <u>\$(327,101,940)</u> | <u>\$4,769,907</u>     |
| <u>\$1,114,318,164</u> | <u>\$2,438,524,124</u> | <u>\$423,575,350</u> | <u>\$ 6,672,747</u>    | <u>\$ 176,517</u>      |

in this fund to pay the vested benefits of all retirants and beneficiaries 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. This fund is also fully funded.

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 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 allocated 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, furniture and fixtures are recorded at cost and depreciated over estimated useful lives.



Notes to Financial Statements (Continued)

**NOTE 2—Investments**

A summary of investments as of December 31, 1979 and 1980 follows:

|                        | 1980                   | 1979                   |
|------------------------|------------------------|------------------------|
| Short Term Securities  | \$ 596,900,000         | \$ 185,300,000         |
| Unearned Income        | 17,266,834             | 1,738,287              |
| Net Value (at cost)    | <u>\$ 579,633,166</u>  | <u>\$ 183,561,713</u>  |
| Long Term Investments  |                        |                        |
| Bonds and              |                        |                        |
| Mortgages—Par          | \$3,903,888,488        | \$3,483,501,925        |
| Premium                | 3,515,270              | 5,231,430              |
| Discount               | <u>465,196,598</u>     | <u>260,878,184</u>     |
| Bonds and              |                        |                        |
| Mortgages—             |                        |                        |
| Book Value             | <u>\$3,442,207,160</u> | <u>\$3,227,855,171</u> |
| Stocks—Common and      |                        |                        |
| 12 Preferred (at cost) | <u>\$1,076,140,222</u> | <u>\$1,173,226,122</u> |

The Investment Portfolio Summary on page 27 shows the yields to maturity of the fixed income segments and the yield on stocks at cost for the retirement system's holdings.

The short term securities all have maturity dates within 180 days or less of December 31, 1980. The purchase yield on these securities was 14.20%. These short term investments if added to the long term holding would raise the annual purchase yield as of December 31, 1980 to 9.32% compared to 7.91% as of December 31, 1979.

**NOTE 3—Deferred Cost on Bonds Sold**

The account "Deferred Cost on Bonds Sold" was established to record losses incurred on the sales of bonds under the program to reinvest the proceeds in similar bonds. These exchanges are made to increase annual income, shorten or extend maturities as market conditions change or improve the quality of the bond portfolio.

The deferred costs are amortized over the remaining term of the bonds sold or the term of the purchased bond, whichever is shorter. Future accounting periods, which reflect the higher income, will be charged through amortization of the deferral with a share of the losses incurred to produce the desired portfolio changes.

For the period January 1, 1971 to December 31, 1979, losses on bond exchanges were charged directly against the current years earnings in toto. Effective January 1,

1980, the Retirement Board approved the reinstating of the deferral and amortization method regarding bond swap losses. Losses realized on bond swaps in 1980 were \$184,283,953. Of this amount \$155,638,993 was deferred for future write-off. The amortized losses for 1980 were \$4,515,378 on 1980 deferrals and \$1,413,112 for 1970 and prior deferrals. In addition, set policy requires that on the subsequent sale of any bond purchased as part of a bond swap on which a loss was deferred that is sold before maturity, any unamortized loss must immediately be written off. Such write-off in 1980 totals \$24,129,582.

Records necessary to restate 1979 financial statements on a basis consistent with the deferred loss method used in 1980 are unavailable. Assuming 1980 records would have been maintained on a basis consistent with that used in 1979, the 1980 total income listed on the Statement of Revenue and Expense would be stated as \$173,375,391. The losses on securities sold would be reported as \$248,968,683. The balance sheet is also affected by the deferral since the deferred costs are listed in the assets section as a valuation account within the investments. The additional income is available for annual interest transfers and accordingly is included in such transfers to the Employer Accumulation Fund, Annuity and Pension Reserve Fund and Survivor Benefit Fund.

**NOTE 4—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 1980 and 1979.

|                   | 1980                   | 1979                   |
|-------------------|------------------------|------------------------|
| Employer          |                        |                        |
| Accumulation Fund |                        |                        |
| Calculated        |                        |                        |
| Liabilities       | \$5,590,473,395        | \$4,578,125,470        |
| Employer          |                        |                        |
| Accumulation Fund |                        |                        |
| Assets            | <u>1,114,318,164</u>   | <u>914,306,716</u>     |
| Unfunded Accrued  |                        |                        |
| Liabilities       | <u>\$4,476,155,231</u> | <u>\$3,663,818,754</u> |

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





THOMAS E. FERGUSON  
AUDITOR OF STATE  
COLUMBUS, OHIO 43216

May 15, 1981

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 Public Employees Retirement System for Calendar Year 1980 has recently been completed.

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 the course of our inspection, nothing came to our attention to cause us to take exception to the accounting system or to believe that there has been a lack of compliance with state statutes.

Sincerely,

*Thomas E. Ferguson*  
THOMAS E. FERGUSON  
Auditor of State



## SCHEDULES

Cash Receipts and Disbursements  
Furniture, Fixtures and Equipment  
Land and Buildings  
Administrative Expense



# CASH RECEIPTS AND DISBURSEMENTS

December 31, 1980

With Comparative Figures for 1979

|                                   | 1980                   | 1979                   |
|-----------------------------------|------------------------|------------------------|
| Cash Balance at Beginning of Year | \$ 6,937,242           | \$ 2,249,402           |
| Receipts                          |                        |                        |
| Member Contributions              | 264,824,379            | 242,343,619            |
| Employer Contributions            | 429,201,189            | 391,074,641            |
| Purchases of Back Service         | 4,500,085              | 6,350,401              |
| State Subsidies                   | 5,777,732              | 2,724,473              |
| Investments                       |                        |                        |
| Matured and Sold                  | 4,451,712,909          | 3,908,986,738          |
| Interest and Dividends            | 402,462,177            | 233,293,862            |
| Rental Income                     | 147,073                | 141,083                |
| Miscellaneous                     | 43,349                 | 467,210                |
| Total Cash Receipts               | <u>\$5,558,668,893</u> | <u>\$4,785,382,027</u> |
| Disbursements                     |                        |                        |
| Refunds                           |                        |                        |
| Separation Beneficiaries          | \$ 61,955,959          | \$ 93,419,884          |
| Annuity Payments                  | 2,515,424              | 2,524,667              |
| Retirement Annuities              | 232,678,027            | 211,515,761            |
| Disability Benefits               | 29,274,660             | 25,038,146             |
| Survivor Annuities                | 32,335,903             | 29,841,494             |
| Retirement to Other Systems       | 1,849,714              | 2,038,904              |
| Investment Purchases              | 5,183,841,650          | 4,411,199,474          |
| Administrative Expenses           | 7,248,321              | 5,115,857              |
| Total Cash Disbursements          | <u>\$5,551,699,658</u> | <u>\$4,780,694,187</u> |
| Cash Balance at End of year       | <u>\$ 13,906,477</u>   | <u>\$ 6,937,242</u>    |

15

# FURNITURE, FIXTURES AND EQUIPMENT

Year Ended December 31, 1980

|                                   | Balance<br>December 31<br>1979 | Additions         | Deletions       | Balance<br>December 31<br>1980 |
|-----------------------------------|--------------------------------|-------------------|-----------------|--------------------------------|
| Furniture, Fixtures and Equipment | \$1,126,509                    | \$ 67,367         | \$83,607        | \$1,110,269                    |
| Accumulated Depreciation          | 631,957                        | 82,271            | 14,481          | 699,747                        |
|                                   | <u>\$ 494,552</u>              | <u>\$(14,904)</u> | <u>\$69,126</u> | <u>\$ 410,522</u>              |

# LAND AND BUILDINGS

Year Ended December 31, 1980

|                          | Balance<br>December 31<br>1979 | Additions          | Deletions | Balance<br>December 31<br>1980 |
|--------------------------|--------------------------------|--------------------|-----------|--------------------------------|
| Land and Buildings       | \$3,281,927                    | \$1,579,920        |           | \$4,861,847                    |
| Accumulated Depreciation | 372,552                        | 63,021             |           | 435,573                        |
|                          | <u>\$2,909,375</u>             | <u>\$1,516,899</u> |           | <u>\$4,426,274</u>             |



# ADMINISTRATIVE EXPENSE

December 31, 1980

With Comparative Figures for 1979

|                                     | 1980                      | 1979                      |
|-------------------------------------|---------------------------|---------------------------|
| Personal Services:                  |                           |                           |
| Salaries and Wages                  | \$2,731,083               | \$2,476,410               |
| Retirement Contributions            | 356,573                   | 334,150                   |
| Insurance                           | 217,771                   | 229,930                   |
| Bureau of Employment Services       | 1,823                     | 36                        |
| Supplies:                           |                           |                           |
| Office Supplies                     | 74,928                    | 48,864                    |
| Printing and Publications           | 50,287                    | 61,638                    |
| Dues and Subscriptions              | 8,349                     | 9,085                     |
| Other Services and Charges:         |                           |                           |
| Professional Services:              |                           |                           |
| Auditing                            | 2,826                     | 4,358                     |
| Actuarial                           | 41,415                    | 22,353                    |
| Investment                          | 183,156                   | 174,908                   |
| Medical                             | 112,506                   | 74,113                    |
| Employee Training                   | 23,902                    | 7,555                     |
| Communication                       |                           |                           |
| Telephone and Telegraph             | 49,357                    | 53,271                    |
| Freight, Express and Drayage        | 8,483                     | 8,532                     |
| Postage                             | 222,265                   | 227,236                   |
| Transportation and Travel           | 75,018                    | 56,312                    |
| Utilities                           | 125,734                   | 113,167                   |
| Rentals:                            |                           |                           |
| Equipment                           | 1,049,230                 | 828,075                   |
| Office Space                        | 41,268                    | 38,719                    |
| Repair and Maintenance:             |                           |                           |
| Equipment                           | 924                       | 2,674                     |
| Building                            | 167,906                   | 190,027                   |
| Microfilm                           | 22,002                    | 21,000                    |
| Retirement Study Commission         | 61,997                    | 47,182                    |
| Taxes—Real Property                 | 17,147                    | 12,279                    |
| Miscellaneous                       | 7,668                     | 2,954                     |
|                                     | <u>\$5,653,618</u>        | <u>\$5,044,828</u>        |
| Depreciation on:                    |                           |                           |
| Building                            | \$ 63,023                 | \$ 62,941                 |
| Equipment and Fixtures              | 82,271                    | 97,707                    |
|                                     | <u>\$ 145,294</u>         | <u>\$ 160,648</u>         |
| <b>TOTAL ADMINISTRATIVE EXPENSE</b> | <u><u>\$5,798,912</u></u> | <u><u>\$5,205,476</u></u> |



GABRIEL, ROEDER, SMITH & COMPANY  
ACTUARIES & CONSULTANTS2090 First National Building  
Detroit, Michigan 48226  
Area 313: 961-3346

May 8, 1981

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

Dear Members:

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, 1979. These valuations indicate that the contribution rates, established by the Retirement Board for benefits then in effect, meet the basic objective.

We believe the assumptions used in these valuations produce results which are reasonable.

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/



# ACTUARIAL DATA

## Summary of Assumptions Adopted by Retirement Board After Consulting with Actuary

a. *Investment Return.* 6.5 percent annually, compounded annually. Considering other financial assumptions, the 6.5 percent rate translates to an assumed real rate of return of 2 percent; the real rate of return is the rate of investment return over the inflation rate. Adopted 1978.

b. *Individual Employee Pay Increases.* An employee's pay is assumed to increase each year, in accordance with a table consisting of a percent increase for each age. For sample ages, the following table describes annual increase percents. Adopted 1978.

| Age | Merit & Seniority | Base (Economy) | Increase Next Year |
|-----|-------------------|----------------|--------------------|
| 30  | 2.8%              | 4.5%           | 7.3%               |
| 40  | 2.2               | 4.5            | 6.7                |
| 50  | 1.2               | 4.5            | 5.7                |
| 60  | 0.2               | 4.5            | 4.7                |

18 c. *Active Employee Total Payroll.* Increasing 4.5% annual-

### Summary of Unfunded Accrued Liabilities

Each time a new benefit is added which applies to service already rendered, an "unfunded accrued liability" is created. Laws governing PERS require that these additional liabilities be financed systematically over a period of future years. Also, if actual financial experiences are less favorable than assumed financial experiences, the difference is added to unfunded accrued liabilities.

In an inflationary economy, the value of dollars is decreasing. This environment results in employee pay increasing in dollar amounts and retirement benefits increasing in dollar amounts resulting in unfunded accrued liabilities increasing

| Valuation Year | Computed Accrued Liabilities | Reported Assets | Unfunded Accrued Liabilities (UAL) | Active Member Payroll | UAL As A % of Active Member Payroll |
|----------------|------------------------------|-----------------|------------------------------------|-----------------------|-------------------------------------|
| 1975           | \$5,062,572,867              | \$2,728,081,120 | \$2,334,491,747                    | \$2,119,609,572       | 110                                 |
| 1976           | 5,572,087,877                | 3,044,403,350   | 2,527,684,527                      | 2,345,597,631         | 108                                 |
| 1977           | 6,447,763,978                | 3,480,227,838   | 2,967,536,140                      | 2,694,428,033         | 110                                 |
| 1978           | 7,575,886,508                | 4,014,673,343   | 3,561,213,165                      | 3,055,713,793         | 117                                 |
| 1979           | 8,964,203,137                | 4,666,621,722   | 4,297,581,415                      | 3,217,159,922         | 134                                 |

The System has 3 divisions which are rated separately by experience for purposes of determining the employer contribution rates. Accordingly, the aggregate numbers presented on this and the fol-

ly, compounded annually, which is the base portion of the individual pay increase assumption. In effect, this assumes no change in the number of active employees. Adopted 1978.

The following tables of assumed probabilities, adopted in 1976, for the indicated risk areas are used by the actuary and are on file at PERS:

d. *Retirement Ages for Age & Service Retirement*

e. *Withdrawal From Covered Employment*

f. *Death After Retirement*

g. *Death Before Retirement*

h. *Disability Retirement*

i. *Funding Method.* An entry age normal cost method of valuation is used in determining age and service benefit liabilities and current service cost. Adopted 1975.

in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. Unfunded accrued liabilities' dollars divided by active employee payroll dollars provides an index which clarifies understanding. The smaller the ratio of unfunded liabilities to active member payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the system is becoming financially stronger or weaker.

Following page are indicative only of the overall condition of the system and are not indicative of the status of any one division.



**Short-Term Solvency Test**

The PERS financing objective is to pay for benefits through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, the system will *pay all promised benefits when due—the ultimate test of financial soundness.*

A short-term solvency test is one means of checking a system's progress under its funding program. In a short-term solvency test, the plan's present assets (cash and investments) are compared with: 1) Active member contributions on deposit; 2) The liabilities for future benefits to present retired lives; 3) The liabilities for service already rendered by active members. In a system that has been

following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is very rare.

It is wise to pay attention to both fundamental and short-term solvency tests.

| Valuation Year | Computed Accrued Liabilities For   |                                    |   | Reported Assets | Portion of Accrued Liabilities Covered by Reported Assets |     |     |
|----------------|------------------------------------|------------------------------------|---|-----------------|---|-----|-----|
|                | (1)<br>Active Member Contributions | (2)<br>Retirants and Beneficiaries | (3)<br>Active Members (Employer Financed Portion) |                 | (1)   | (2) | (3) |
| 1975           | \$ 800,955,144                     | \$1,288,584,888                    | \$2,973,032,835                                   | \$2,738,081,120 | 100   | 100 | 21  |
| 1976           | 897,123,686                        | 1,442,585,779                      | 3,232,378,412                                     | 3,044,403,350   | 100   | 100 | 22  |
| 1977           | 1,001,600,424                      | 1,682,721,114                      | 3,763,442,440                                     | 3,480,227,838   | 100   | 100 | 21  |
| 1978           | 1,126,362,844                      | 1,923,018,416                      | 4,526,505,248                                     | 4,014,673,343   | 100   | 100 | 21  |
| 1979           | 1,216,190,275                      | 2,413,903,288                      | 5,334,109,574                                     | 4,666,621,722   | 100   | 100 | 19  |

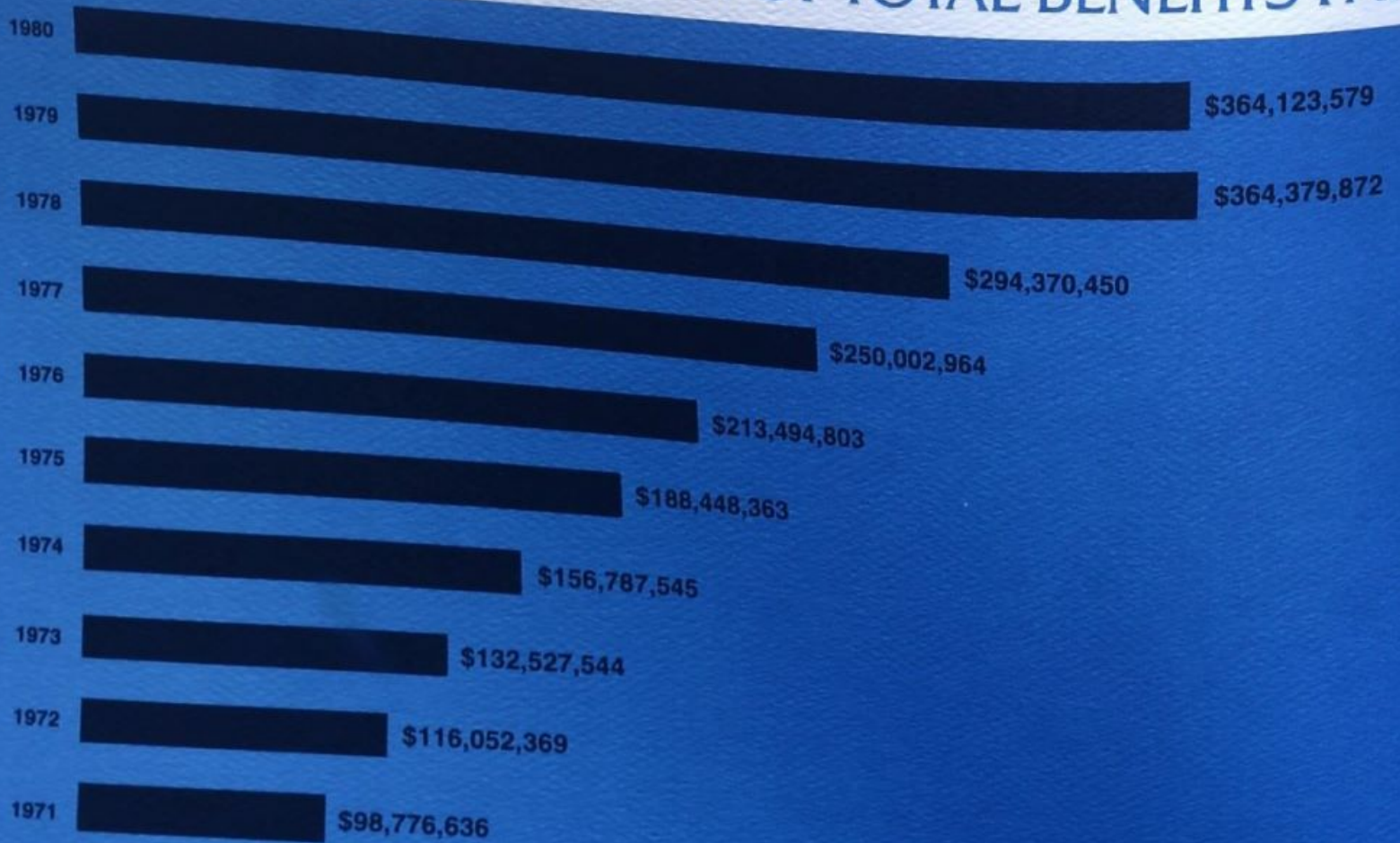


# STATISTICAL TABLES

- Revenues by Source
- 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 – Law Enforcement
- Net Benefit Payments by Category
- New Benefit and Refund Payments by Year
- New Benefit Payments by Type and Year

20

## A TEN-YEAR COMPARISON OF TOTAL BENEFITS PAID





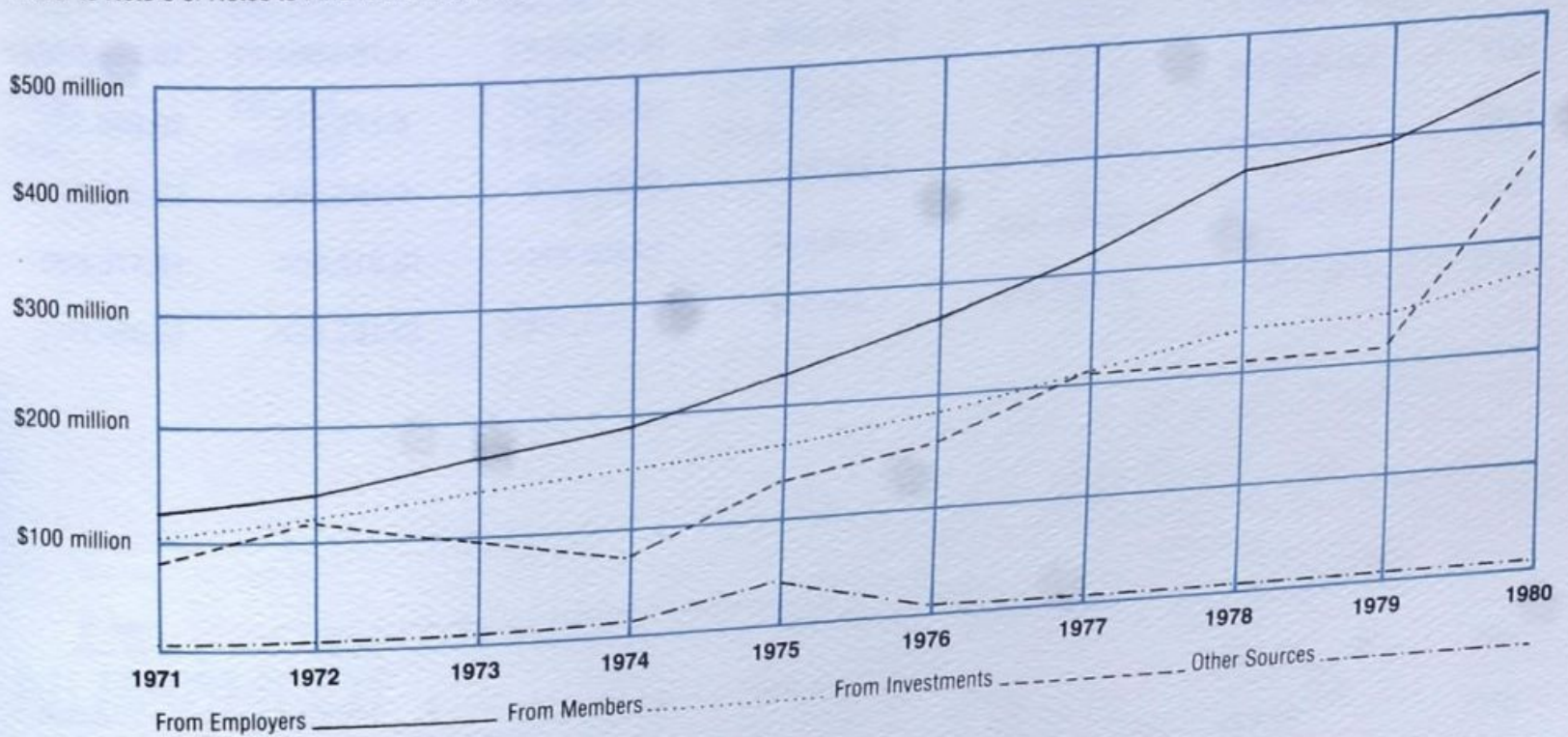
PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

# REVENUES BY SOURCE

## Last Ten Years

|      | Member Contributions | Employer Contributions | Investment Income (Net) | Other     | Total          |
|------|----------------------|------------------------|-------------------------|-----------|----------------|
| 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             | 90,868    | 515,302,876    |
| 1976 | 179,683,373          | 262,752,079            | 151,840,150             | 14,409    | 594,366,470    |
| 1977 | 201,919,726          | 309,575,701            | 202,686,233             | 60,423    | 714,196,069    |
| 1978 | 234,747,412          | 378,228,720            | 208,163,680             | 204,640   | 821,200,235    |
| 1979 | 248,550,285          | 394,820,271            | 218,710,495             | 184,250   | 862,285,691    |
| 1980 | 269,246,190          | 439,006,229            | 329,014,384*            |           | 1,037,451,053  |

\*Refer to Note 3 of Notes to Financial Statements.



21

# DISBURSEMENTS BY TYPE

## Last Ten Years

|      | Benefit Payments | Refunds      | Administrative Expense | Total         |
|------|------------------|--------------|------------------------|---------------|
| 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   |
| 1980 | 299,609,180      | 64,514,399   | 5,798,912              | 369,922,491   |



# BENEFIT PAYMENTS BY TYPE

Last 10 Years

|         | BENEFITS<br>Annuities | Disabilities | Other Systems | Survivors    | CPI        | Post Retirement<br>Legislative Incr. |
|---------|-----------------------|--------------|---------------|--------------|------------|--------------------------------------|
| 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                           |
| 22 1980 | 170,755,615           | 21,862,642   | 1,849,714     | 21,521,104   | 19,101,857 | 18,956,041                           |

|      | Health Care | Death Benefits | Separation   | REFUNDS<br>Beneficiaries | Other      | Total All<br>Payments |
|------|-------------|----------------|--------------|--------------------------|------------|-----------------------|
| 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           |
| 1980 | 44,182,218  | 1,379,989      | 61,560,229   | 2,515,380                | 438,790    | 364,123,579           |



PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

# MEMBER COUNT

Last 10 Years

|      | Active Contributing | Inactive | Total   |
|------|---------------------|----------|---------|
| 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 |
| 1980 | 258,559             | 52,782   | 311,341 |

# MEMBER CONTRIBUTION RATES

Last 10 Years

| Calendar Year | Contribution Rate |
|---------------|-------------------|
| 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               |
| 1980          | 8.5               |

# NUMBER OF EMPLOYER UNITS

| Calendar Year | State | County | Sheriffs | Municipalities | Villages | Miscellaneous | Libraries | Townships | TOTALS |
|---------------|-------|--------|----------|----------------|----------|---------------|-----------|-----------|--------|
| 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  |
| 1980          | 253   | 193    | 88       | 284            | 560      | 327           | 248       | 1,275     | 3,228  |



# EMPLOYER CONTRIBUTION RATES — STATE

*Last Ten Years*

| Calendar Year | CURRENT COSTS |        |                   | UNFUNDED LIABILITY |        | Total     |
|---------------|---------------|--------|-------------------|--------------------|--------|-----------|
|               | Normal        | Health | Survivor Benefits | Prior Service      | Health |           |
| 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     |
| 1980          | 6.41          | 1.31   | 1.34              | 3.92               | 0.73   | 13.71     |

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

# EMPLOYER CONTRIBUTION RATES — LOCAL

*Last Ten Years*

24

| Calendar Year | CURRENT COSTS |        |                   | UNFUNDED LIABILITY |        | Total    |
|---------------|---------------|--------|-------------------|--------------------|--------|----------|
|               | Normal        | Health | Survivor Benefits | Prior Service      | Health |          |
| 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    |
| 1980          | 6.79          | 1.75   | 1.38              | 3.33               | 0.70   | 13.95    |

(1) Effective 7-1-77

# EMPLOYER CONTRIBUTION RATES — LAW ENFORCEMENT

| 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     |
| 1980          | 11.82         | 1.75   | 0.94              | 2.89               | 0.70   | 18.10     |

(1) Effective 7-1-77



# NET BENEFIT PAYMENTS BY CATEGORY

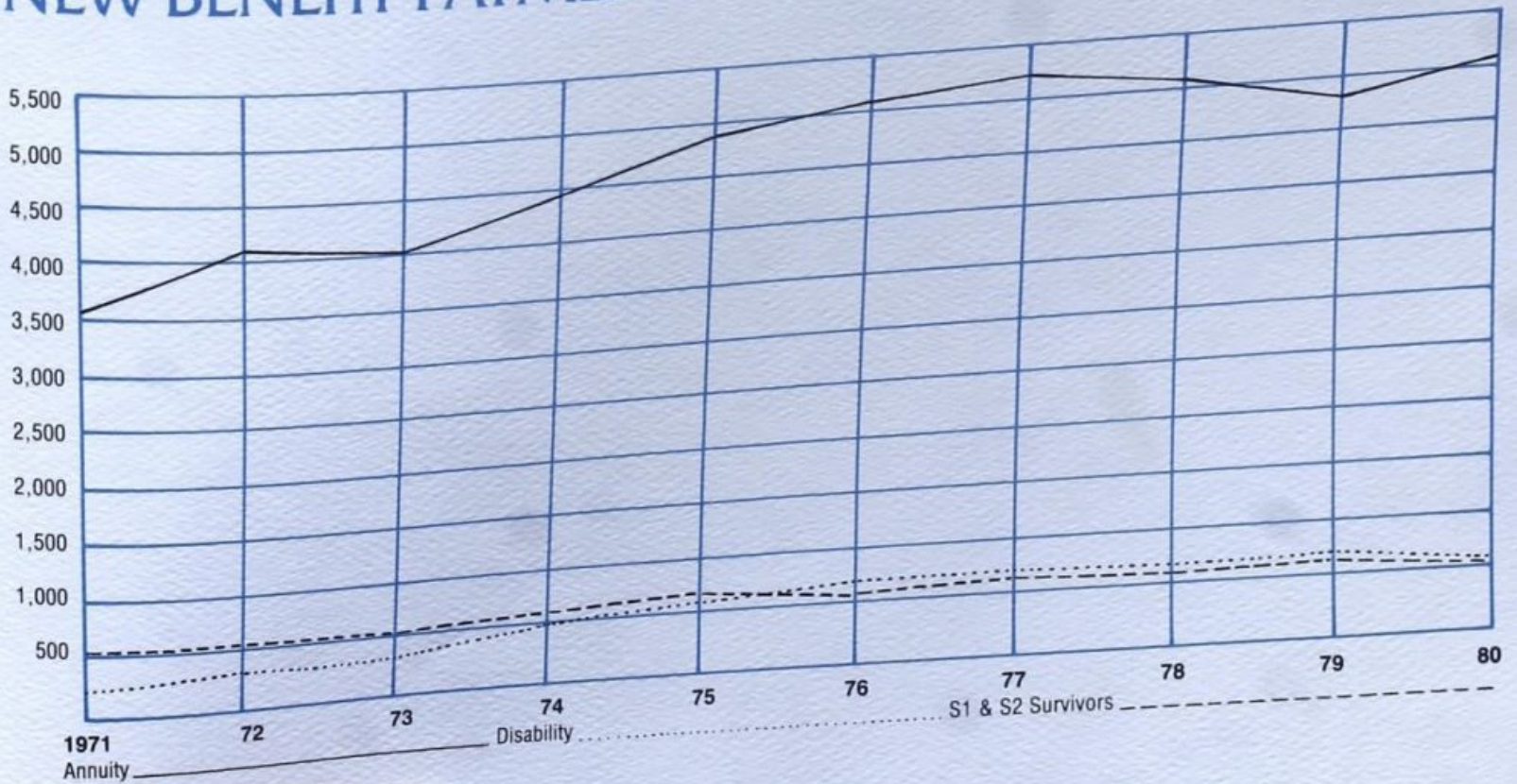
| As of Year-end | Annuities | Disabilities | Survivors | Total  |
|----------------|-----------|--------------|-----------|--------|
| 1971           | 33,075    | 1,723        | 5,907     | 40,705 |
| 1972           | 35,517    | 1,937        | 6,308     | 43,762 |
| 1973           | 37,953    | 2,187        | 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 |
| 1980           | 58,798    | 5,184        | 9,354     | 73,336 |

# NEW BENEFIT AND REFUND PAYMENTS BY YEAR

| Year Ending Dec. 31 | Annuity | Disability | S1 & S2 Survivors | Refund |
|---------------------|---------|------------|-------------------|--------|
| 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 |
| 1980                | 5,068   | 715        | 727               | 36,831 |

25

# 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, the stock market had its best performance in five years, with the New York Stock Exchange up over twenty-five percent. At the same time, interest rates, which affect the prices of bonds, were up to levels that had rarely been seen before. These high interest rates afforded an opportunity to purchase bonds at very attractive returns. The retirement system purchased \$442,596,000.00 par value of bonds at an average yield of 12.03%. Major purchases included U.S. Treasury and Agency securities and AAA-telephone bonds.

The short-term portfolio (monies invested for 180 days or less) increased considerably during the year in anticipation of more favorable market conditions. The unsettled economy led to a diversification of the short-term portfolio into U.S. Treasury Bills and Agency discount notes, as well as high grade commercial paper. At year end, the PERS short-term portfolio totaled \$596,900,000 with a yield of 14.20%.

The effect of high interest rates on stock market strategy during 1980 was to keep the stock portfolio less-than-fully invested throughout the year. For the full year, a total of \$36.3 million in net sales of common stocks was made. At year end, the market value of common stocks was over \$1,560,000,000, which was a thirty-two percent increase in total appreciation from the previous year end. Value Line Asset Management became the system's outside investment advisor on July 1, 1980.

The new administration in Washington is making efforts to reduce inflation and the federal deficit. Realistically, it may be 1982 before many positive results are felt. For the year 1981, it is expected that both interest rates and the stock market will be highly volatile pending resolution of the many economic problems currently facing the new administration.

## INVESTMENT PORTFOLIO SUMMARY

Year Ended December 31, 1980

|                        | Par Value              | Market Value           | Book Value             | Yield | % of Portfolio |
|------------------------|------------------------|------------------------|------------------------|-------|----------------|
| U.S. Gov't. & Agencies | \$ 472,678,188         | \$ 349,401,543         | \$ 415,050,489         | 10.54 | 9.49           |
| Canadian               | 401,175,000            | 276,881,838            | 359,856,891            | 10.48 | 8.06           |
| Corporate              | 2,994,178,052          | 1,895,004,293          | 2,632,262,827          | 9.64  | 60.12          |
| Mortgages (Capehart)   | 35,857,249             | 28,685,798             | 35,036,953             | 4.57  | .72            |
| Stocks (At Cost)       | 1,076,140,222          | 1,561,516,728          | 1,076,140,222          | 4.94  | 21.61          |
| Total Portfolio        | <u>\$4,980,028,711</u> | <u>\$4,111,490,200</u> | <u>\$4,518,347,382</u> | 8.74  | <u>100.00</u>  |



# SCHEDULE OF INVESTMENT ACTIVITY

Year Ended December 31, 1980

|                                     | Beginning<br>Balance          | Additions                     | Deletions                     | Ending<br>Balance             |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Bonds and Notes (Par Value)         |                               |                               |                               |                               |
| U.S. Gov't. and Agencies            |                               |                               |                               |                               |
| U.S. Treasury                       | \$ 193,450,000                | \$ 92,500,000                 | \$ 97,650,000                 | \$ 188,300,000                |
| U.S. Gov't. Insured Merchant Marine | 13,713,000                    | —                             | 8,213,000                     | 5,500,000                     |
| U.S. Agencies and Guar. Obligations | 74,601,372                    | 211,147,048                   | 6,870,232                     | 278,878,188                   |
| Total U.S. Gov't. and Agencies      | <u>\$ 281,764,372</u>         | <u>\$ 303,647,048</u>         | <u>\$ 112,733,232</u>         | <u>\$ 472,678,188</u>         |
| Canadian Obligations                | \$ 373,225,000                | \$ 171,395,000                | \$ 143,445,000                | \$ 401,175,000                |
| Corporate                           |                               |                               |                               |                               |
| Industrial                          | \$ 869,827,818                | \$ 462,275,000                | \$ 312,656,038                | \$1,019,446,780               |
| Utilities                           | 1,852,254,580                 | 484,381,000                   | 472,104,308                   | 1,864,531,272                 |
| Finance and Insurance               | 64,030,000                    | 52,600,000                    | 6,430,000                     | 110,200,000                   |
| Total Corporate                     | <u>\$2,786,112,398</u>        | <u>\$ 999,256,000</u>         | <u>\$ 791,190,346</u>         | <u>\$2,994,178,052</u>        |
| Mortgages (Capehart)                | \$ 42,400,155                 | —                             | \$ 6,542,906                  | \$ 35,857,249                 |
| Stocks (At Cost)                    |                               |                               |                               |                               |
| Common                              | \$1,154,582,617               | \$ 340,229,897                | \$ 437,040,135                | \$1,057,772,379               |
| Preferred                           | —                             | 655,542                       | 655,542                       | —                             |
| Convertible Preferred               | 18,643,505                    | 23,519,765                    | 23,795,427                    | 18,367,843                    |
| Total Stocks                        | <u>\$1,173,226,122</u>        | <u>\$ 364,405,204</u>         | <u>\$ 461,491,104</u>         | <u>\$1,076,140,222</u>        |
| <b>TOTAL PORTFOLIO</b>              | <u><u>\$4,656,728,047</u></u> | <u><u>\$1,838,703,252</u></u> | <u><u>\$1,515,402,588</u></u> | <u><u>\$4,980,028,711</u></u> |



# DETAILED LISTING OF BOND PORTFOLIO

DECEMBER 31, 1980

## U.S. GOVERNMENT AND AGENCIES

| Bond Name                                | Coupon | Maturity   | Par Value     | Book Value    | Market Value  |
|--|--------|------------|---------------|---------------|---------------|
|  |        |            | \$            | \$            | \$            |
| FEDERAL HOUSING ADMINISTRATION           | 4.63%  | 12/01/1992 | 3,400.00      | 2,241.98      | 2,720.00      |
| FEDERAL HOUSING ADMINISTRATION           | 4.13%  | 04/01/1986 | 48,000.00     | 45,304.23     | 38,400.00     |
| FHA—ASPEN STRATFORD APARTMENTS           | 7.50%  | 05/01/2019 | 2,222,681.18  | 1,333,608.71  | 1,411,402.54  |
| FHA—BROOKCHESTER SECTION VI              | 7.50%  | 10/01/2020 | 2,052,111.69  | 1,308,221.21  | 1,303,090.92  |
| FHA—CAMBRIDGE SQUARE OF BLOOMINGTON      | 7.50%  | 10/01/2019 | 3,374,481.05  | 2,024,688.63  | 2,142,795.46  |
| FHA—CAMBRIDGE VILLAGE                    | 7.50%  | 08/01/2018 | 1,567,670.29  | 1,067,987.63  | 995,470.63    |
| FHA—CANTON TOWERS                        | 7.50%  | 08/01/2018 | 4,600,629.32  | 3,717,536.75  | 2,921,399.61  |
| FHA—CARLTON-GREEN APARTMENTS             | 9.50%  | 11/01/2019 | 3,501,195.92  | 3,313,007.08  | 2,450,837.14  |
| FHA—CHESTNUT HILLS GARDENS               | 7.50%  | 05/01/2019 | 21,180,479.14 | 14,934,334.55 | 13,449,604.25 |
| FHA—CLIFFVIEW APARTMENTS                 | 7.50%  | 10/01/2020 | 3,997,925.43  | 2,548,677.47  | 2,538,682.64  |
| FHA—130 CLINTON STREET                   | 7.50%  | 10/01/2019 | 3,694,431.72  | 2,222,768.42  | 2,345,964.14  |
| FHA—DOUGLAS MANOR                        | 7.50%  | 04/01/2019 | 3,263,156.88  | 1,957,894.13  | 2,072,104.61  |
| FHA—EARHART WOODS                        | 7.50%  | 02/01/2019 | 4,341,682.06  | 3,012,046.28  | 2,756,968.10  |
| FHA—FAIRINGTON APARTMENTS                | 7.50%  | 02/01/2021 | 4,448,500.00  | 3,086,186.91  | 2,824,797.49  |
| FHA—HARBOUR TOWN APARTMENTS              | 7.50%  | 10/01/2020 | 2,577,683.91  | 1,643,273.49  | 1,636,829.28  |
| FHA—HIGHVIEW PARK                        | 7.50%  | 10/01/2018 | 1,289,702.87  | 878,611.24    | 818,961.32    |
| FHA—JAMESTOWN APTS. OF JAMESTOWN         | 7.50%  | 02/01/2020 | 3,390,805.48  | 2,034,483.29  | 2,153,161.47  |
| FHA—LIMA CLUB                            | 7.50%  | 11/01/2018 | 2,058,573.53  | 1,402,421.56  | 1,307,194.19  |
| FHA—MC MILLEN WOODS                      | 7.50%  | 03/01/2019 | 2,499,772.29  | 1,998,992.89  | 1,587,355.40  |
| FHA—MONUMENT SQUARE APARTMENTS           | 7.50%  | 09/01/2019 | 2,200,791.27  | 1,499,289.29  | 1,397,502.45  |
| FHA—MT. VERNON PLAZA                     | 7.50%  | 12/01/2018 | 7,820,441.64  | 5,513,419.23  | 4,965,980.44  |
| FHA—PARK BLUFF APARTMENTS                | 7.50%  | 07/01/2019 | 3,722,005.82  | 2,233,203.49  | 2,363,473.69  |
| FHA—ROSLYN PLAZA                         | 7.50%  | 10/01/2019 | 3,336,630.12  | 2,306,446.28  | 2,118,760.12  |
| FHA—STANFORD TOWNHOUSES                  | 7.50%  | 01/01/2019 | 3,941,315.94  | 2,704,728.99  | 2,502,735.62  |
| FHA—TAMARIND SQUARE                      | 7.50%  | 09/01/2018 | 1,232,416.56  | 839,589.82    | 782,584.51    |
| FHA—TRAFALGOR SQUARE                     | 9.44%  | 01/01/2020 | 1,645,328.57  | 1,406,755.94  | 1,151,729.99  |
| FHA—TUDOR RIDGE                          | 7.50%  | 12/01/2018 | 3,679,771.15  | 2,943,816.91  | 2,336,654.68  |
| FHA—TWIN OAKS                            | 7.50%  | 05/01/2018 | 1,814,905.22  | 1,236,413.08  | 1,152,464.81  |
| FHA—VANDALIA ELDERLY                     | 7.50%  | 07/01/2018 | 1,487,862.92  | 1,013,615.43  | 944,792.95    |
| FHA—WESLEY CAMILLA TOWERS                | 7.50%  | 05/01/2019 | 9,002,587.57  | 6,341,013.13  | 5,716,643.10  |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION    | 7.90%  | 09/10/1986 | 9,500,000.00  | 9,527,842.64  | 7,552,500.00  |
| FmHA —ALLEN EDMONDS SHOE CORP.           | 9.20%  | 08/15/2008 | 567,986.20    | 567,986.20    | 396,851.96    |
| FmHA —CARADON INDUSTRIES                 | 8.86%  | 05/01/1998 | 1,309,489.07  | 1,294,757.24  | 939,689.35    |
| FmHA —ENDRIES FASTENER                   | 9.20%  | 10/20/2008 | 244,229.96    | 244,229.96    | 170,643.47    |
| FmHA —FRIDAY CANNING                     | 9.30%  | 10/26/1993 | 13,382,666.17 | 13,382,666.17 | 10,492,010.27 |
| FmHA —HOLIDAY INN OF LAS CRUCES          | 10.05% | 12/01/2004 | 4,012,956.15  | 4,043,073.57  | 3,093,587.89  |
| FmHA —NORLAND CORPORATION                | 9.20%  | 07/15/2008 | 393,726.27    | 393,726.27    | 275,096.54    |
| FmHA —OCONOMOWOC CANNING                 | 9.20%  | 09/25/2008 | 6,226,785.90  | 6,226,785.90  | 4,350,655.31  |
| FmHA —PACKAGING SERVICES                 | 10.13% | 09/15/1999 | 1,360,930.57  | 1,366,030.07  | 1,068,602.68  |
| FmHA —PROPRIETORS INSURANCE              | 10.08% | 06/01/1994 | 3,006,754.58  | 3,021,788.39  | 2,352,484.78  |
| FmHA —ROBERT ENDRIES                     | 9.20%  | 08/20/2008 | 102,098.56    | 102,098.56    | 71,336.26     |
| FmHA —SHELL PATTERNS                     | 14.00% | 03/27/1995 | 146,436.55    | 146,436.55    | 102,315.22    |
| FmHA —TEXFI INDUSTRIES                   | 9.20%  | 08/30/2008 | 10,005,000.00 | 10,005,000.00 | 10,079,337.14 |
| GOVERNMENT NATIONAL MORTGAGE ASSOCIATION | 9.25%  | 02/01/2014 | 6,358,388.77  | 6,175,587.24  | 4,864,167.40  |
| GNMA—AIKEN-SPEIR, INC.                   | 9.00%  | 07/01/2009 | 2,933,913.78  | 2,136,255.97  | 2,208,063.51  |
| GNMA—BANCO MORTGAGE                      | 9.50%  | 11/01/2009 | 247,602.12    | 209,223.79    | 193,129.65    |
| GNMA—BANCO MORTGAGE                      | 11.00% | 09/01/2010 | 10,004,315.34 | 8,503,668.04  | 8,534,681.41  |
| GNMA—CENTRAL MORTGAGE COMPANY            | 9.50%  | 09/01/2009 | 993,809.67    | 862,129.89    | 775,171.54    |
| GNMA—CITIZENS & SOUTHERN FINANCE         | 9.50%  | 08/01/2009 | 1,014,389.76  | 879,983.12    | 791,224.01    |
| GNMA—CITIZENS & SOUTHERN FINANCE         | 10.00% | 12/01/2009 | 1,969,771.31  | 1,718,625.48  | 1,599,454.30  |
| GNMA—COLLATERAL INVESTMENTS              | 10.00% | 04/01/2009 | 2,866,618.53  | 2,087,256.62  | 2,157,417.10  |
| GNMA—COUNTRYWIDE FUNDING                 | 9.00%  | 10/01/2009 | 992,880.18    | 861,323.56    | 774,446.54    |
| GNMA—CHARLES F. CURRY COMPANY            | 9.50%  | 09/01/2009 | 1,007,095.63  | 881,523.50    | 785,534.59    |
| GNMA—DREW MORTGAGE                       | 9.50%  | 10/01/2009 | 1,016,396.64  | 881,724.09    | 792,789.37    |
| GNMA—ECONOMY SAVINGS & LOAN              | 9.50%  | 11/01/2009 | 1,012,457.74  | 886,216.97    | 789,717.03    |
| GNMA—ECONOMY SAVINGS & LOAN              | 10.00% | 11/01/2009 | 746,098.13    | 652,835.86    | 597,773.82    |
| GNMA—GENSTAR PACIFIC FINANCIAL CORP.     | 9.50%  | 11/01/2009 | 991,410.32    | 862,837.09    | 773,300.04    |
| GNMA—GRAHAM MORTGAGE COMPANY             | 10.75% | 01/01/2015 | 2,975,610.39  | 2,535,172.45  | 2,320,976.10  |
| GNMA—GRAHAM MORTGAGE COMPANY             | 10.00% | 01/01/2010 | 5,586,911.81  | 5,195,827.99  | 4,637,136.80  |
| GNMA—I C M MORTGAGE COMPANY              | 9.50%  | 09/01/2009 | 7,071,133.01  | 6,178,402.47  | 5,665,391.76  |
| GNMA—JUSTICE MORTGAGE                    | 9.50%  | 10/01/2009 | 1,003,582.04  | 872,488.99    | 782,793.99    |
| GNMA—KISSELL COMPANY                     | 10.00% | 11/01/2009 | 4,981,443.65  | 4,719,917.85  | 3,885,526.04  |
| GNMA—KISSELL COMPANY                     | 11.00% | 01/01/2010 | 8,939,045.62  | 8,765,157.13  | 7,161,963.34  |
| GNMA—KISSELL COMPANY                     | 11.00% | 02/01/2010 | 960,114.53    | 960,114.53    | 819,073.70    |
| GNMA—KISSELL COMPANY                     | 11.00% | 03/01/2010 | 4,997,818.39  | 4,997,818.39  | 4,263,638.86  |
| GNMA—KISSELL COMPANY                     | 11.00% | 03/01/2010 | 5,003,297.88  | 4,828,182.46  | 4,268,313.42  |
| GNMA—KISSELL COMPANY                     | 11.00% | 07/01/2009 | 2,937,939.37  | 2,805,732.09  | 2,506,356.07  |
| GNMA—KISSELL COMPANY                     | 11.50% | 03/01/2010 | 2,001,132.00  | 1,973,491.35  | 1,760,996.15  |
| GNMA—LARSON MORTGAGE                     | 9.50%  | 08/01/2009 | 476,619.00    | 402,743.06    | 371,762.82    |
| GNMA—LAUIER MORTGAGE CORPORATION         | 9.50%  | 10/01/2009 | 1,966,959.51  | 1,717,402.34  | 1,534,228.41  |
| GNMA—LOMAS & NETTLETON                   |        |            |               |               |               |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                                | Coupon | Maturity   | Par Value        | Book Value       | Market Value     |
|--|--------|------------|------------------|------------------|------------------|
| GNMA—LOMAS & NETTLETON                   | 10.00% | 11/01/2009 | \$ 495,154.65    | \$ 432,022.44    | \$ 396,717.90    |
| GNMA—LOMAS & NETTLETON                   | 10.00% | 12/01/2009 | 4,952,827.95     | 3,987,026.50     | 3,968,205.75     |
| GNMA—MAJESTIC SAVINGS & LOAN             | 9.50%  | 09/01/2009 | 1,000,810.16     | 870,079.21       | 780,631.92       |
| GNMA—MANNING SAVINGS & LOAN              | 10.00% | 01/01/2010 | 1,011,511.85     | 883,808.47       | 810,423.29       |
| GNMA—MASON MC DUFFIE                     | 9.50%  | 08/01/2009 | 818,079.07       | 691,276.81       | 638,101.67       |
| GNMA—MID-STATES MORTGAGE                 | 9.50%  | 08/01/2009 | 970,966.07       | 842,313.07       | 757,353.53       |
| GNMA—MILLIKIN MORTGAGE COMPANY           | 9.50%  | 10/01/2009 | 994,295.14       | 870,319.91       | 775,550.20       |
| GNMA—MORTGAGE CORP. OF THE SOUTH         | 9.50%  | 08/01/2009 | 965,363.12       | 840,167.97       | 752,983.23       |
| GNMA—NEW YORK GUARDIAN MORTGAGE          | 9.50%  | 09/01/2009 | 990,184.35       | 864,554.18       | 772,343.79       |
| GNMA—NORTH AMERICAN MORTGAGE             | 9.50%  | 10/01/2009 | 1,986,278.15     | 1,691,439.83     | 1,549,296.95     |
| GNMA—PIONEER SAVINGS & LOAN              | 9.50%  | 07/01/2009 | 991,079.04       | 859,761.06       | 773,041.65       |
| GNMA—RAINIER MORTGAGE                    | 9.50%  | 06/01/2009 | 1,950,863.27     | 1,703,348.33     | 1,521,673.35     |
| GNMA—RESERVE SAVINGS & LOAN              | 9.50%  | 01/01/2010 | 980,497.51       | 799,105.48       | 764,788.05       |
| GNMA—SECURITY PACIFIC                    | 9.50%  | 10/01/2009 | 146,686.17       | 123,950.46       | 114,415.21       |
| GNMA—SECURITY PACIFIC                    | 10.00% | 11/01/2009 | 4,940,144.56     | 4,359,677.58     | 3,958,043.82     |
| GNMA—SHERWOOD & ROBERTS                  | 9.50%  | 10/01/2009 | 1,000,771.73     | 870,984.23       | 780,601.94       |
| GNMA—STANDARD FEDERAL SAVINGS & LOAN     | 9.50%  | 10/01/2009 | 2,001,873.81     | 1,740,378.78     | 1,561,461.56     |
| GNMA—STANWELL MORTGAGE                   | 9.50%  | 09/01/2009 | 980,730.13       | 850,783.39       | 764,969.50       |
| GNMA—STOCKTON WHATLEY DAVIN              | 9.50%  | 10/01/2009 | 1,000,958.78     | 868,331.74       | 780,747.84       |
| GNMA—UNITED SAVINGS & LOAN               | 9.50%  | 09/01/2009 | 965,242.47       | 844,889.32       | 752,889.12       |
| GNMA—UNITY SAVINGS ASSOCIATION           | 9.50%  | 07/01/2009 | 997,145.11       | 865,023.39       | 777,773.18       |
| GNMA—UNIVERSITY SAVINGS                  | 9.50%  | 01/01/2010 | 1,008,805.15     | 822,176.20       | 786,868.01       |
| GNMA—UTAH MORTGAGE                       | 9.50%  | 07/01/2009 | 992,274.74       | 863,589.19       | 773,974.29       |
| GNMA—WESTERN MORTGAGE LOAN               | 9.50%  | 07/01/2009 | 998,251.82       | 813,575.23       | 778,636.41       |
| GNMA—WESTERN MORTGAGE LOAN               | 9.50%  | 08/01/2009 | 1,001,117.48     | 876,290.70       | 780,871.63       |
| GNMA—WESTERN PACIFIC FINANCE             | 9.50%  | 06/01/2009 | 962,782.93       | 835,214.19       | 750,970.68       |
| GNMA—WESTLAND MORTGAGE                   | 9.50%  | 09/01/2009 | 969,514.92       | 842,871.00       | 756,221.63       |
| GRACE LINE, INC.                         | 5.10%  | 02/01/1992 | 777,000.00       | 768,414.10       | 459,191.46       |
| OFFSHORE LOGISTICS INC.                  | 9.13%  | 12/15/2000 | 1,777,000.00     | 1,777,000.00     | 1,285,890.50     |
| U.S. TREASURY                            | 7.63%  | 02/15/2007 | 1,000,000.00     | 992,414.11       | 675,625.00       |
| U.S. TREASURY                            | 7.88%  | 02/15/2000 | 71,500,000.00    | 66,869,806.51    | 49,424,375.00    |
| U.S. TREASURY                            | 8.00%  | 08/15/2001 | 8,500,000.00     | 8,056,728.22     | 5,979,218.75     |
| U.S. TREASURY                            | 8.38%  | 08/15/2000 | 69,000,000.00    | 67,157,771.60    | 50,111,250.00    |
| U.S. TREASURY                            | 8.63%  | 08/15/1993 | 5,800,000.00     | 5,793,157.06     | 4,440,625.00     |
| U.S. TREASURY                            | 10.38% | 05/15/1995 | 5,000,000.00     | 4,281,250.00     | 4,359,375.00     |
| WASHINGTON METRO. AREA TRANSIT AUTHORITY | 10.38% | 11/15/2009 | 27,500,000.00    | 23,742,500.00    | 24,200,000.00    |
| WATERMAN STEAMSHIP COMPANY               | 7.75%  | 07/01/2013 | 500,000.00       | 500,000.00       | 311,249.99       |
| TOTAL U.S. GOVERNMENT AND AGENCIES       | 9.15%  | 11/01/1994 | 2,946,000.00     | 2,946,000.00     | 2,250,832.37     |
|  |        |            | \$472,678,187.29 | \$415,050,488.50 | \$349,401,542.92 |
| <b>CANADIAN</b>                          |        |            |                  |                  |                  |
| BRITISH COLUMBIA HYDRO & POWER           | 5.88%  | 01/02/1992 | \$ 650,000.00    | \$ 548,095.51    | \$ 374,835.49    |
| BRITISH COLUMBIA HYDRO & POWER           | 6.25%  | 06/01/1992 | 1,525,000.00     | 1,265,909.14     | 901,503.75       |
| BRITISH COLUMBIA HYDRO & POWER           | 10.25% | 10/01/1999 | 7,050,000.00     | 6,093,626.68     | 5,500,973.99     |
| BRITISH COLUMBIA HYDRO & POWER           | 9.63%  | 06/01/2005 | 6,300,000.00     | 5,552,938.51     | 4,600,826.99     |
| BRITISH COLUMBIA HYDRO & POWER           | 8.63%  | 12/01/2006 | 6,565,000.00     | 5,077,634.92     | 4,340,318.45     |
| BRITISH COLUMBIA HYDRO & POWER           | 8.38%  | 06/15/2007 | 17,660,000.00    | 14,182,411.38    | 11,339,662.60    |
| HYDRO QUEBEC                             | 8.63%  | 12/01/2006 | 500,000.00       | 326,532.16       | 335,649.99       |
| HYDRO QUEBEC                             | 10.00% | 11/15/2005 | 16,150,000.00    | 15,400,850.96    | 11,908,525.50    |
| HYDRO QUEBEC                             | 8.60%  | 09/15/2006 | 25,225,000.00    | 21,806,296.30    | 16,209,585.00    |
| HYDRO QUEBEC                             | 10.00% | 07/15/2008 | 12,600,000.00    | 12,469,200.38    | 9,252,936.00     |
| HYDRO QUEBEC                             | 10.00% | 02/01/2009 | 850,000.00       | 686,520.00       | 623,781.00       |
| HYDRO QUEBEC                             | 11.25% | 10/15/2009 | 25,000,000.00    | 24,696,749.90    | 20,554,499.99    |
| HYDRO QUEBEC                             | 10.75% | 06/15/2010 | 22,000,000.00    | 21,096,192.57    | 17,110,719.99    |
| HYDRO QUEBEC                             | 9.25%  | 09/01/1997 | 25,000,000.00    | 25,000,000.00    | 17,477,499.99    |
| HYDRO QUEBEC                             | 5.38%  | 04/15/1992 | 1,400,000.00     | 1,038,869.64     | 744,632.00       |
| HYDRO QUEBEC                             | 8.75%  | 07/15/1999 | 2,200,000.00     | 1,754,378.74     | 1,479,323.99     |
| HYDRO QUEBEC                             | 7.88%  | 02/01/2002 | 4,575,000.00     | 4,015,726.09     | 2,760,417.74     |
| HYDRO QUEBEC                             | 7.50%  | 01/01/2003 | 10,500,000.00    | 8,399,993.25     | 6,031,199.99     |
| HYDRO QUEBEC                             | 8.25%  | 01/01/2004 | 21,805,000.00    | 18,365,793.01    | 13,252,642.90    |
| HYDRO QUEBEC                             | 10.25% | 01/15/2005 | 13,250,000.00    | 11,913,238.35    | 10,016,735.00    |
| MANITOBA HYDRO-ELECTRIC                  | 9.75%  | 08/01/2005 | 24,550,000.00    | 23,591,921.00    | 17,682,873.99    |
| MANITOBA HYDRO-ELECTRIC                  | 8.00%  | 10/15/2003 | 1,245,000.00     | 1,171,467.16     | 766,783.05       |
| MANITOBA HYDRO-ELECTRIC                  | 9.25%  | 06/15/2004 | 2,550,000.00     | 2,072,974.91     | 1,791,731.99     |
| MANITOBA HYDRO-ELECTRIC                  | 9.38%  | 12/01/2004 | 5,880,000.00     | 4,340,755.68     | 4,178,621.99     |
| MANITOBA HYDRO-ELECTRIC                  | 9.25%  | 01/15/2006 | 4,450,000.00     | 3,446,106.17     | 3,114,376.99     |
| MANITOBA HYDRO-ELECTRIC                  | 9.25%  | 06/30/2001 | 12,450,000.00    | 9,591,028.92     | 8,835,018.00     |
| MANITOBA HYDRO-ELECTRIC                  | 8.63%  | 12/01/2006 | 10,250,000.00    | 8,501,922.76     | 6,725,640.00     |
| NEW BRUNSWICK ELECTRIC POWER COMMISSION  | 9.38%  | 05/01/2001 | 1,050,000.00     | 1,048,464.96     | 743,851.50       |



| Bond Name                               | Coupon | Maturity   | Par Value        | Book Value       | Market Value     |
|---|--------|------------|------------------|------------------|------------------|
| NEW BRUNSWICK ELECTRIC POWER COMMISSION | 8.75%  | 08/01/2007 | \$ 5,200,000.00  | \$ 5,045,391.52  | \$ 3,389,775.99  |
| NEW BRUNSWICK ELECTRIC POWER COMMISSION | 9.00%  | 02/15/1997 | 5,000,000.00     | 4,980,578.18     | 3,360,499.99     |
| NOVA SCOTIA POWER CORP.                 | 10.50% | 09/15/2000 | 400,000.00       | 352,012.00       | 310,239.99       |
| NOVA SCOTIA POWER CORP.                 | 9.63%  | 06/01/2008 | 3,250,000.00     | 2,265,505.50     | 2,300,739.99     |
| PROVINCE OF NEW BRUNSWICK               | 8.38%  | 12/15/1998 | 2,250,000.00     | 2,058,963.84     | 1,457,369.99     |
| PROVINCE OF NEW BRUNSWICK               | 10.13% | 01/15/2004 | 2,500,000.00     | 1,897,750.00     | 1,878,774.99     |
| PROVINCE OF ONTARIO                     | 5.50%  | 04/01/1996 | 1,650,000.00     | 1,287,758.80     | 829,273.50       |
| PROVINCE OF ONTARIO                     | 5.63%  | 04/15/1997 | 600,000.00       | 451,605.27       | 300,257.99       |
| PROVINCE OF ONTARIO                     | 7.38%  | 02/15/1999 | 1,750,000.00     | 1,568,423.98     | 1,058,749.99     |
| PROVINCE OF ONTARIO                     | 7.85%  | 05/15/2001 | 4,000,000.00     | 3,786,008.70     | 2,490,559.99     |
| PROVINCE OF ONTARIO                     | 7.70%  | 05/15/2002 | 2,000,000.00     | 1,885,787.70     | 1,216,859.99     |
| PROVINCE OF ONTARIO                     | 7.30%  | 12/15/2002 | 1,550,000.00     | 1,364,738.00     | 896,039.50       |
| PROVINCE OF ONTARIO                     | 7.90%  | 10/15/2003 | 6,000,000.00     | 5,557,770.72     | 3,708,959.99     |
| PROVINCE OF ONTARIO                     | 8.88%  | 03/01/2005 | 9,250,000.00     | 8,928,149.99     | 6,334,769.99     |
| PROVINCE OF ONTARIO                     | 9.25%  | 11/15/2005 | 6,000,000.00     | 4,483,350.50     | 4,248,059.99     |
| PROVINCE OF ONTARIO                     | 8.40%  | 01/15/2007 | 15,950,000.00    | 14,933,817.22    | 10,281,529.50    |
| PROVINCE OF ONTARIO                     | 8.38%  | 09/15/2007 | 10,700,000.00    | 9,101,908.99     | 6,866,404.00     |
| PROVINCE OF ONTARIO                     | 8.75%  | 01/05/2008 | 6,500,000.00     | 5,860,312.85     | 4,345,704.99     |
| PROVINCE OF ONTARIO                     | 9.38%  | 06/01/2008 | 1,795,000.00     | 1,564,387.75     | 1,280,965.84     |
| PROVINCE OF ONTARIO                     | 9.75%  | 03/01/2009 | 8,000,000.00     | 7,087,822.96     | 5,922,079.99     |
| PROVINCE OF ONTARIO                     | 8.63%  | 05/01/2007 | 100,000.00       | 71,526.81        | 64,000.00        |
| PROVINCE OF SASKATCHEWAN                | 8.70%  | 11/15/2006 | 7,000,000.00     | 6,352,877.68     | 4,648,839.99     |
| PROVINCE OF SASKATCHEWAN                | 8.63%  | 05/15/2007 | 7,050,000.00     | 6,122,336.76     | 4,620,851.99     |
| PROVINCE OF SASKATCHEWAN                | 9.25%  | 04/15/2008 | 4,450,000.00     | 4,433,244.80     | 3,066,361.49     |
| PROVINCE OF SASKATCHEWAN                | 8.75%  | 01/15/1998 | 5,000,000.00     | 4,959,261.40     | 3,348,999.99     |
| REGIONAL MUNICIPALITY OF PEEL           |        |            |                  |                  |                  |
| TOTAL CANADIAN                          |        |            | \$401,175,000.00 | \$359,856,890.97 | \$276,881,837.51 |
| <b>CORPORATE</b>                        |        |            |                  |                  |                  |
| ACF INDUSTRIES                          | 11.60% | 05/15/2000 | \$ 3,430,000.00  | \$ 3,312,540.19  | \$ 2,904,935.59  |
| ACF INDUSTRIES                          | 11.00% | 10/01/1989 | 1,202,000.00     | 1,202,000.00     | 1,083,338.55     |
| ACCELERATION CORP.                      | 10.50% | 09/01/1994 | 4,600,000.00     | 4,600,000.00     | 3,747,435.99     |
| ALABAMA POWER COMPANY                   | 4.63%  | 05/01/1987 | 600,000.00       | 500,222.92       | 371,651.99       |
| ALABAMA POWER COMPANY                   | 4.88%  | 05/01/1989 | 1,100,000.00     | 941,387.28       | 603,526.00       |
| ALABAMA POWER COMPANY                   | 4.63%  | 05/01/1994 | 250,000.00       | 210,390.46       | 105,214.99       |
| ALABAMA POWER COMPANY                   | 8.63%  | 11/01/1999 | 1,300,000.00     | 1,306,639.36     | 772,706.99       |
| ALABAMA POWER COMPANY                   | 8.50%  | 07/01/2001 | 5,250,000.00     | 5,057,711.82     | 3,048,044.99     |
| ALABAMA POWER COMPANY                   | 7.50%  | 01/01/2002 | 3,570,000.00     | 3,570,000.00     | 1,871,679.59     |
| ALABAMA POWER COMPANY                   | 7.88%  | 04/01/2002 | 3,535,000.00     | 2,833,233.12     | 1,934,528.74     |
| ALABAMA POWER COMPANY                   | 7.75%  | 09/01/2002 | 7,500,000.00     | 7,213,768.56     | 4,034,849.99     |
| ALABAMA POWER COMPANY                   | 7.75%  | 09/01/2002 | 2,475,000.00     | 2,316,375.44     | 1,481,262.74     |
| ALABAMA POWER COMPANY                   | 8.88%  | 08/01/2003 | 8,750,000.00     | 8,400,625.94     | 5,162,499.99     |
| ALABAMA POWER COMPANY                   | 8.25%  | 12/01/2003 | 4,500,000.00     | 4,426,992.08     | 2,925,809.99     |
| ALABAMA POWER COMPANY                   | 9.75%  | 06/01/2004 | 4,500,000.00     | 4,954,492.50     | 3,552,499.99     |
| ALABAMA POWER COMPANY                   | 10.88% | 10/01/2005 | 5,000,000.00     | 3,763,012.90     | 3,222,131.99     |
| ALABAMA POWER COMPANY                   | 9.35%  | 07/15/2000 | 4,350,000.00     | 1,675,580.00     | 1,636,659.99     |
| AMERICAN BROADCASTING CO.               | 11.38% | 07/01/2010 | 2,000,000.00     | 4,930,195.48     | 4,152,499.99     |
| AMERICAN CAN COMPANY NOTES              | 8.38%  | 03/15/2006 | 6,250,000.00     | 15,657,810.00    | 14,104,912.50    |
| AMERICAN CYANAMID COMPANY               | 12.38% | 08/01/2010 | 15,750,000.00    | 523,680.00       | 504,260.00       |
| AMERICAN STANDARD                       | 4.63%  | 02/01/1994 | 1,000,000.00     | 420,412.98       | 361,139.49       |
| AMERICAN TELEPHONE & TELEGRAPH COMPANY  | 4.38%  | 05/01/1999 | 850,000.00       | 8,154,251.44     | 6,016,141.49     |
| AMERICAN TELEPHONE & TELEGRAPH COMPANY  | 8.63%  | 07/01/2006 | 1,000,000.00     | 705,045.93       | 449,640.00       |
| ANCHOR HOCKING                          | 4.38%  | 04/01/1992 | 2,600,000.00     | 2,147,332.76     | 1,418,117.99     |
| APPALACHIAN POWER COMPANY               | 7.50%  | 12/01/1998 | 500,000.00       | 503,314.70       | 353,074.99       |
| APPALACHIAN POWER COMPANY               | 10.13% | 06/01/1995 | 2,500,000.00     | 2,169,481.36     | 1,348,474.99     |
| APPALACHIAN POWER COMPANY               | 7.63%  | 02/01/2002 | 7,440,000.00     | 6,999,532.28     | 3,932,783.99     |
| APPALACHIAN POWER COMPANY               | 7.50%  | 12/01/2002 | 2,300,000.00     | 1,883,971.40     | 1,304,950.99     |
| APPALACHIAN POWER COMPANY               | 8.13%  | 07/01/2003 | 6,500,000.00     | 5,809,895.71     | 3,765,319.99     |
| APPALACHIAN POWER COMPANY               | 8.50%  | 03/01/2004 | 500,000.00       | 391,489.50       | 280,529.99       |
| APPALACHIAN POWER COMPANY               | 7.45%  | 03/15/2002 | 1,000,000.00     | 781,356.32       | 518,020.00       |
| APPALACHIAN POWER COMPANY               | 4.88%  | 05/01/1991 | 1,500,000.00     | 1,019,219.94     | 655,050.00       |
| ARIZONA PUBLIC SERVICE                  | 4.38%  | 02/01/1993 | 500,000.00       | 369,323.53       | 236,544.99       |
| ARKANSAS POWER & LIGHT COMPANY          | 5.75%  | 03/01/1996 | 1,600,000.00     | 1,617,326.55     | 1,128,911.99     |
| ARKANSAS POWER & LIGHT COMPANY          | 10.50% | 06/01/2004 | 19,600,000.00    | 19,299,183.60    | 13,700,008.00    |
| ARKANSAS POWER & LIGHT COMPANY          | 9.20%  | 07/15/2000 | 11,100,000.00    | 10,622,942.07    | 7,136,412.00     |
| ARMCO STEEL COMPANY                     | 8.50%  | 09/01/2001 | 379,493.13       | 363,428.41       | 287,621.63       |
| ARMCO STEEL COMPANY                     | 7.50%  | 05/01/1984 | 3,500,000.00     | 2,433,217.04     | 1,679,719.99     |
| ATCHINSON TOPEKA & SANTA FE             | 4.50%  | 07/01/1992 | 1,000,000.00     | 761,473.91       | 461,660.00       |
| ATLANTIC CITY ELECTRIC COMPANY          | 5.13%  | 02/01/1996 | 2,750,000.00     | 2,378,331.65     | 1,586,749.99     |
| ATLANTIC CITY ELECTRIC COMPANY          | 7.50%  | 04/01/2002 | 500,000.00       | 500,400.65       | 283,604.99       |
| ATLANTIC CITY ELECTRIC COMPANY          | 3.25%  | 01/01/1983 | 1,800,000.00     | 1,714,676.05     | 1,548,179.99     |
| ATLANTIC CITY ELECTRIC COMPANY          | 3.85%  | 06/01/1983 | 800,000.00       | 800,000.00       | 657,056.00       |
| ATLANTIC REFINING COMPANY               | 9.00%  | 06/01/1986 |                  |                  |                  |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                               | Coupon | Maturity   | Par Value     | Book Value    | Market Value  |
|---|--------|------------|---------------|---------------|---------------|
| BALTIMORE & OHIO RAILROAD               | 9.00%  | 06/01/1987 | \$ 700,000.00 | \$ 700,000.00 | \$ 559,881.00 |
| BALTIMORE & OHIO RAILROAD               | 9.00%  | 06/01/1991 | 800,000.00    | 795,055.34    | 590,096.00    |
| BALTIMORE & OHIO RAILROAD               | 9.00%  | 06/01/1992 | 800,000.00    | 794,781.53    | 584,888.00    |
| BALTIMORE & OHIO RAILROAD               | 9.00%  | 06/01/1993 | 800,000.00    | 794,526.50    | 577,264.00    |
| BALTIMORE GAS & ELECTRIC COMPANY        | 4.38%  | 07/15/1992 | 3,855,000.00  | 3,112,357.58  | 1,937,561.54  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 4.50%  | 07/15/1994 | 1,500,000.00  | 1,017,589.40  | 713,445.00    |
| BALTIMORE GAS & ELECTRIC COMPANY        | 5.13%  | 04/15/1996 | 6,200,000.00  | 5,065,557.49  | 3,021,817.99  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 6.13%  | 08/01/1997 | 5,263,000.00  | 4,345,480.62  | 2,828,178.30  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 7.00%  | 12/15/1998 | 1,100,000.00  | 843,270.32    | 633,545.00    |
| BALTIMORE GAS & ELECTRIC COMPANY        | 7.25%  | 04/15/2001 | 5,750,000.00  | 4,850,890.91  | 3,328,387.49  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 7.63%  | 09/01/2001 | 3,000,000.00  | 2,487,624.08  | 1,810,349.99  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 7.50%  | 07/01/2002 | 7,850,000.00  | 6,578,377.06  | 4,643,902.99  |
| BALTIMORE GAS & ELECTRIC COMPANY        | 7.50%  | 09/15/2002 | 1,000,000.00  | 769,861.08    | 590,860.00    |
| BALTIMORE GAS & ELECTRIC COMPANY        | 8.13%  | 02/01/2004 | 10,600,000.00 | 9,943,805.82  | 6,663,690.00  |
| BELL TELEPHONE OF PENNSYLVANIA          | 8.25%  | 09/15/2007 | 5,550,000.00  | 5,291,610.54  | 3,434,062.49  |
| BELL TELEPHONE OF PENNSYLVANIA          | 4.75%  | 05/01/2001 | 3,000,000.00  | 2,000,281.01  | 1,282,829.99  |
| BETHLEHEM STEEL CORPORATION             | 4.38%  | 02/01/2003 | 2,500,000.00  | 2,399,442.10  | 953,500.00    |
| BETHLEHEM STEEL CORPORATION             | 8.45%  | 03/01/2005 | 3,400,000.00  | 3,326,249.12  | 2,073,829.99  |
| BIG THREE INDUSTRIES                    | 8.38%  | 03/01/2001 | 12,950,000.00 | 12,219,739.16 | 8,045,187.50  |
| BIG THREE INDUSTRIES                    | 8.55%  | 04/01/2001 | 2,050,000.00  | 1,665,032.96  | 1,387,890.99  |
| BORDEN CO.                              | 9.85%  | 10/01/2009 | 7,000,000.00  | 6,390,714.06  | 5,171,319.99  |
| BORDEN CO.                              | 8.50%  | 04/01/2004 | 7,955,000.00  | 6,886,994.56  | 5,350,214.80  |
| BOSTON EDISON COMPANY                   | 9.38%  | 06/15/2009 | 5,850,000.00  | 5,048,489.94  | 4,184,095.49  |
| BOSTON EDISON COMPANY                   | 4.25%  | 06/01/1992 | 3,000,000.00  | 3,013,953.87  | 1,351,829.99  |
| BOSTON EDISON COMPANY                   | 4.75%  | 11/01/1995 | 2,900,000.00  | 2,914,857.50  | 1,234,790.99  |
| BOSTON EDISON COMPANY                   | 6.13%  | 06/01/1997 | 1,460,000.00  | 1,473,918.74  | 712,830.40    |
| BUCKEYE FEDERAL SAVINGS & LOAN          | 6.88%  | 11/01/1998 | 1,100,000.00  | 1,106,315.48  | 578,072.00    |
| BUCYRUS ERIE CO.                        | 10.75% | 09/01/1989 | 22,500,000.00 | 22,500,000.00 | 18,650,699.99 |
| BURLINGTON NORTHERN, INC.               | 9.00%  | 06/01/1999 | 2,500,000.00  | 1,960,170.37  | 1,774,449.99  |
| BURLINGTON NORTHERN, INC.               | 9.25%  | 08/01/1991 | 1,340,000.00  | 1,318,038.28  | 1,025,193.80  |
| BURLINGTON NORTHERN, INC.               | 9.25%  | 08/01/1993 | 770,000.00    | 756,171.64    | 578,678.10    |
| BURLINGTON NORTHERN, INC.               | 9.25%  | 08/01/1994 | 775,000.00    | 760,543.04    | 576,662.00    |
| CALIFORNIA ELECTRIC POWER COMPANY       | 9.25%  | 06/15/1998 | 5,000,000.00  | 5,000,000.00  | 4,764,099.99  |
| CALIFORNIA ELECTRIC POWER COMPANY       | 5.13%  | 05/01/1990 | 300,000.00    | 224,529.53    | 177,227.99    |
| CAMBRIDGE ELECTRIC LIGHT COMPANY        | 5.00%  | 07/01/1991 | 2,075,000.00  | 1,469,853.28  | 1,157,891.49  |
| CARBORUNDUM COMPANY                     | 6.25%  | 06/01/1997 | 359,000.00    | 364,449.95    | 181,399.10    |
| CARGILL, INC.                           | 9.25%  | 05/15/2000 | 11,800,000.00 | 11,795,084.83 | 8,632,172.00  |
| CARGILL, INC.                           | 9.50%  | 12/15/2000 | 5,000,000.00  | 5,000,000.00  | 4,856,449.99  |
| CARLISLE CORP.                          | 8.25%  | 06/01/2002 | 10,000,000.00 | 6,951,426.42  | 6,667,000.00  |
| CARNATION COMPANY                       | 11.00% | 06/01/2000 | 15,000,000.00 | 15,000,000.00 | 12,660,000.00 |
| CARNATION COMPANY                       | 5.00%  | 04/01/1991 | 734,000.00    | 628,106.24    | 476,835.76    |
| CAROLINA POWER & LIGHT COMPANY          | 7.50%  | 03/01/1996 | 896,000.00    | 818,969.96    | 634,690.56    |
| CAROLINA POWER & LIGHT COMPANY          | 5.13%  | 04/01/1996 | 700,000.00    | 512,716.91    | 329,496.99    |
| CAROLINA POWER & LIGHT COMPANY          | 6.38%  | 10/01/1997 | 1,500,000.00  | 983,854.16    | 801,135.00    |
| CAROLINA TELEPHONE & TELEGRAPH COMPANY  | 7.75%  | 05/01/2003 | 1,500,000.00  | 1,252,700.70  | 892,680.00    |
| CAROLINA TELEPHONE & TELEGRAPH COMPANY  | 7.75%  | 10/01/2001 | 1,000,000.00  | 1,005,149.62  | 613,270.00    |
| CAROLINA TELEPHONE & TELEGRAPH COMPANY  | 8.10%  | 11/01/2003 | 750,000.00    | 750,000.00    | 469,942.50    |
| CAROLINA TELEPHONE & TELEGRAPH COMPANY  | 9.00%  | 05/01/2008 | 3,900,000.00  | 2,990,009.60  | 2,656,796.99  |
| CARTER HAWLEY HALE STORES, INCORPORATED | 5.50%  | 10/01/1983 | 201,000.00    | 193,936.92    | 172,864.01    |
| CENTRAL HUDSON GAS & ELECTRIC COMPANY   | 7.75%  | 02/01/2002 | 1,000,000.00  | 1,012,653.61  | 555,160.00    |
| CENTRAL ILLINOIS LIGHT COMPANY          | 5.50%  | 03/01/1997 | 550,000.00    | 308,060.17    | 262,932.99    |
| CENTRAL ILLINOIS LIGHT COMPANY          | 9.25%  | 03/01/2005 | 500,000.00    | 500,000.00    | 339,309.99    |
| CENTRAL ILLINOIS PUBLIC SERVICE         | 4.50%  | 05/01/1994 | 4,100,000.00  | 3,787,729.61  | 1,902,112.99  |
| CENTRAL ILLINOIS PUBLIC SERVICE         | 4.63%  | 06/01/1995 | 2,500,000.00  | 1,956,664.12  | 1,140,549.99  |
| CENTRAL ILLINOIS PUBLIC SERVICE         | 5.88%  | 05/01/1997 | 2,000,000.00  | 1,268,749.70  | 1,025,240.00  |
| CENTRAL ILLINOIS PUBLIC SERVICE         | 7.50%  | 04/01/2001 | 3,250,000.00  | 2,988,418.22  | 1,938,364.99  |
| CENTRAL ILLINOIS PUBLIC SERVICE         | 7.50%  | 05/01/2002 | 1,680,000.00  | 1,375,720.82  | 994,862.40    |
| CENTRAL LOUISIANA ELECTRIC COMPANY      | 9.13%  | 10/01/2008 | 6,200,000.00  | 6,065,921.44  | 4,179,481.99  |
| CENTRAL MAINE POWER COMPANY             | 7.50%  | 04/01/1999 | 1,000,000.00  | 1,009,268.50  | 579,660.00    |
| CENTRAL POWER & LIGHT COMPANY           | 7.50%  | 05/01/1999 | 2,500,000.00  | 2,500,000.00  | 1,362,749.99  |
| CENTRAL TELEPHONE COMPANY               | 7.00%  | 02/01/2001 | 1,250,000.00  | 1,027,113.34  | 700,287.50    |
| CENTRAL TELEPHONE COMPANY               | 7.60%  | 10/01/1997 | 2,450,000.00  | 2,242,961.10  | 1,490,849.49  |
| CENTRAL TELEPHONE CO. OF VIRGINIA       | 8.13%  | 12/01/1998 | 3,100,000.00  | 3,079,675.48  | 1,965,802.99  |
| CHESAPEAKE & OHIO RAILWAY CO.           | 8.20%  | 09/01/2007 | 1,400,000.00  | 1,379,300.80  | 850,136.00    |
| CHESAPEAKE & OHIO RAILWAY CO.           | 11.75% | 03/01/1991 | 979,000.00    | 967,359.69    | 886,102.69    |
| CHESAPEAKE & OHIO RAILWAY CO.           | 11.75% | 03/01/1992 | 979,000.00    | 966,821.24    | 887,091.48    |
| CHESAPEAKE & OHIO RAILWAY CO.           | 11.75% | 03/01/1993 | 979,000.00    | 966,351.32    | 883,606.24    |
| CHESAPEAKE & OHIO RAILWAY CO.           | 11.75% | 03/01/1994 | 979,000.00    | 965,930.35    | 880,551.76    |
| CHESAPEAKE & OHIO RAILWAY CO.           | 11.75% | 03/01/1995 | 979,000.00    | 965,548.54    | 877,859.51    |
| CHESAPEAKE & POTOMAC TELEPHONE—MD.      | 4.38%  | 01/01/2002 | 9,300,000.00  | 5,401,135.39  | 3,700,562.99  |
| CHESAPEAKE & POTOMAC TELEPHONE—MD.      | 5.88%  | 06/01/2004 | 8,025,000.00  | 6,813,490.26  | 3,939,793.49  |



| Bond Name                                 | Coupon | Maturity   | Par Value     | Book Value    | Market Value  |
|---|--------|------------|---------------|---------------|---------------|
|   |        |            | \$            | \$            | \$            |
| CHESAPEAKE & POTOMAC TELEPHONE—VIRGINIA   | 7.25%  | 06/01/2012 | 650,000.00    | 467,345.99    | 359,124.99    |
| CHESAPEAKE & POTOMAC TELEPHONE—WASH. D.C. | 7.00%  | 02/01/2009 | 1,500,000.00  | 1,236,117.36  | 843,420.00    |
| CHESAPEAKE & POTOMAC TELEPHONE—VA.        | 5.00%  | 03/01/2000 | 2,250,000.00  | 1,645,883.37  | 994,747.50    |
| CHESAPEAKE & POTOMAC TELEPHONE—WEST VA.   | 7.25%  | 05/01/2009 | 6,650,000.00  | 5,846,311.81  | 3,801,472.49  |
| CHESAPEAKE & POTOMAC TELEPHONE—WEST VA.   | 7.25%  | 02/01/2013 | 1,750,000.00  | 1,420,417.50  | 992,057.50    |
| CINCINNATI BELL, INC.                     | 4.38%  | 08/01/2002 | 475,000.00    | 405,994.36    | 184,879.49    |
| CINCINNATI BELL, INC.                     | 7.38%  | 08/01/2011 | 6,350,000.00  | 5,476,100.92  | 3,699,192.49  |
| CINCINNATI BELL, INC.                     | 4.50%  | 10/01/1993 | 3,331,000.00  | 2,928,250.64  | 1,626,194.20  |
| CINCINNATI BELL, INC.                     | 8.38%  | 10/01/2009 | 100,000.00    | 87,984.72     | 65,537.99     |
| CINCINNATI BELL, INC.                     | 5.88%  | 07/01/1997 | 4,350,000.00  | 2,969,495.14  | 2,032,952.99  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 7.38%  | 11/01/2001 | 3,250,000.00  | 3,781,539.24  | 2,526,784.49  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 8.13%  | 08/01/2003 | 8,200,000.00  | 3,003,525.56  | 2,032,094.99  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 9.15%  | 11/01/2004 | 2,000,000.00  | 8,057,590.72  | 5,549,103.99  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 8.55%  | 10/15/2006 | 4,000,000.00  | 1,908,394.72  | 1,268,419.99  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 9.13%  | 04/15/2008 | 8,625,000.00  | 3,981,916.55  | 2,678,879.99  |
| CINCINNATI GAS & ELECTRIC COMPANY         | 8.45%  | 03/15/2007 | 9,725,000.00  | 5,848,785.00  | 5,692,499.99  |
| CITICORP                                  | 8.13%  | 07/01/2007 | 5,750,000.00  | 6,451,078.75  | 6,034,945.99  |
| CITICORP                                  | 10.88% | 06/01/2010 | 800,000.00    | 5,750,000.00  | 5,144,524.99  |
| CITICORP                                  | 6.63%  | 08/01/1999 | 12,000,000.00 | 542,828.92    | 489,200.00    |
| CITIES SERVICE COMPANY                    | 8.38%  | 12/01/1997 | 5,164,000.00  | 4,715,776.54  | 7,921,440.00  |
| CITIES SERVICE COMPANY                    | 8.88%  | 03/01/2005 | 5,950,000.00  | 5,955,302.14  | 3,355,980.31  |
| CITIZENS UTILITIES                        | 9.63%  | 12/15/1999 | 4,894,000.00  | 4,894,000.00  | 4,402,999.99  |
| CLARK EQUIPMENT                           | 8.50%  | 12/01/2001 | 4,275,000.00  | 3,794,085.68  | 3,200,675.99  |
| COLONIAL PIPELINE CORPORATION             | 4.83%  | 06/01/1990 | 608,000.00    | 530,492.92    | 2,481,551.99  |
| COLONIAL PIPELINE CORPORATION             | 4.74%  | 06/01/1990 | 616,000.00    | 542,810.29    | 349,879.68    |
| COLONIAL PIPELINE CORPORATION             | 5.46%  | 06/01/1990 | 10,000,000.00 | 10,000,000.00 | 377,484.80    |
| COLONIAL PIPELINE CORPORATION             | 9.95%  | 06/01/2002 | 1,000,000.00  | 839,497.30    | 6,301,899.99  |
| COLONIAL PIPELINE CORPORATION             | 9.13%  | 10/01/1995 | 200,000.00    | 124,834.00    | 750,000.00    |
| COLUMBIA GAS SYSTEM INC.                  | 7.50%  | 05/01/1998 | 2,000,000.00  | 1,677,937.90  | 120,007.99    |
| COLUMBIA GAS SYSTEM INC.                  | 9.13%  | 05/01/1996 | 3,450,000.00  | 3,244,010.97  | 1,455,279.99  |
| COLUMBIA GAS SYSTEM INC.                  | 10.25% | 05/01/1999 | 800,000.00    | 803,862.62    | 2,677,199.99  |
| COLUMBIA GAS SYSTEM INC.                  | 4.38%  | 05/01/1992 | 1,000,000.00  | 1,003,840.30  | 357,079.99    |
| COLUMBUS & SOUTHERN OHIO ELECTRIC CO.     | 6.25%  | 10/01/1997 | 1,550,000.00  | 1,519,029.20  | 480,980.00    |
| COLUMBUS & SOUTHERN OHIO ELECTRIC CO.     | 7.00%  | 06/01/1998 | 1,500,000.00  | 1,513,727.00  | 810,448.49    |
| COLUMBUS & SOUTHERN OHIO ELECTRIC CO.     | 7.63%  | 05/01/1999 | 1,600,000.00  | 1,220,755.30  | 844,080.00    |
| COLUMBUS & SOUTHERN OHIO ELECTRIC CO.     | 5.25%  | 04/01/1996 | 1,100,000.00  | 782,845.91    | 754,160.00    |
| COMMONWEALTH EDISON COMPANY               | 5.75%  | 12/01/1996 | 3,350,000.00  | 2,667,748.85  | 546,249.00    |
| COMMONWEALTH EDISON COMPANY               | 6.25%  | 02/01/1998 | 1,400,000.00  | 1,105,036.98  | 1,726,388.99  |
| COMMONWEALTH EDISON COMPANY               | 7.50%  | 01/01/2001 | 4,000,000.00  | 4,000,000.00  | 802,718.00    |
| COMMONWEALTH EDISON COMPANY               | 9.25%  | 08/01/1996 | 20,000,000.00 | 20,000,000.00 | 2,790,679.99  |
| COMMONWEALTH EDISON COMPANY               | 10.00% | 04/01/1999 | 4,000,000.00  | 4,000,000.00  | 14,091,600.00 |
| COMMONWEALTH EDISON COMPANY               | 9.13%  | 06/01/1998 | 250,000.00    | 181,430.71    | 2,684,599.99  |
| COMMONWEALTH EDISON COMPANY               | 4.88%  | 02/01/1990 | 1,000,000.00  | 819,972.70    | 133,607.49    |
| CONNECTICUT LIGHT & POWER COMPANY         | 7.38%  | 12/01/2001 | 3,350,000.00  | 2,869,441.85  | 533,320.00    |
| CONNECTICUT LIGHT & POWER COMPANY         | 7.63%  | 04/01/2003 | 750,000.00    | 750,966.60    | 1,813,589.49  |
| CONNECTICUT LIGHT & POWER COMPANY         | 3.25%  | 12/01/1982 | 500,000.00    | 382,514.45    | 614,865.00    |
| CONNECTICUT LIGHT & POWER COMPANY         | 9.38%  | 04/01/2009 | 710,000.00    | 673,123.02    | 365,999.99    |
| CONOCO INC.                               | 5.00%  | 10/01/1987 | 2,000,000.00  | 1,745,757.39  | 451,297.30    |
| CONSOLIDATED EDISON OF NEW YORK           | 4.75%  | 06/01/1990 | 2,650,000.00  | 1,939,997.14  | 1,104,559.99  |
| CONSOLIDATED EDISON OF NEW YORK           | 4.75%  | 06/01/1991 | 7,000,000.00  | 5,909,096.68  | 1,396,894.49  |
| CONSOLIDATED EDISON OF NEW YORK           | 4.63%  | 12/01/1993 | 20,200,000.00 | 10,642,483.55 | 3,321,415.98  |
| CONSOLIDATED EDISON OF NEW YORK           | 5.00%  | 01/01/1996 | 4,650,000.00  | 2,753,027.20  | 9,294,020.00  |
| CONSOLIDATED EDISON OF NEW YORK           | 5.90%  | 12/15/1996 | 6,800,000.00  | 4,164,366.92  | 2,352,481.49  |
| CONSOLIDATED EDISON OF NEW YORK           | 6.25%  | 08/01/1997 | 1,550,000.00  | 1,221,043.73  | 3,530,967.99  |
| CONSOLIDATED EDISON OF NEW YORK           | 7.90%  | 04/01/1999 | 2,820,000.00  | 1,961,993.28  | 956,396.50    |
| CONSOLIDATED EDISON OF NEW YORK           | 6.85%  | 10/01/1998 | 11,975,000.00 | 9,873,447.31  | 1,551,507.59  |
| CONSOLIDATED EDISON OF NEW YORK           | 8.90%  | 01/15/2000 | 1,000,000.00  | 820,138.00    | 8,108,272.50  |
| CONSOLIDATED EDISON OF NEW YORK           | 9.38%  | 09/15/2000 | 5,575,000.00  | 3,543,815.70  | 691,250.00    |
| CONSOLIDATED EDISON OF NEW YORK           | 7.90%  | 09/01/2001 | 8,475,000.00  | 5,153,084.06  | 3,381,627.74  |
| CONSOLIDATED EDISON OF NEW YORK           | 7.90%  | 04/15/2002 | 12,200,000.00 | 8,226,245.70  | 5,122,120.49  |
| CONSOLIDATED EDISON OF NEW YORK           | 7.75%  | 02/15/2003 | 10,750,000.00 | 8,080,171.50  | 7,426,750.00  |
| CONSOLIDATED EDISON OF NEW YORK           | 8.40%  | 10/15/2003 | 1,500,000.00  | 1,164,388.51  | 6,638,125.00  |
| CONSOLIDATED EDISON OF NEW YORK           | 9.13%  | 03/01/2004 | 1,000,000.00  | 953,854.72    | 999,375.00    |
| CONSOLIDATED EDISON OF NEW YORK           | 7.75%  | 10/01/1996 | 550,000.00    | 468,299.26    | 640,550.00    |
| CONSOLIDATED EDISON OF NEW YORK           | 8.13%  | 06/01/1997 | 1,650,000.00  | 1,665,768.20  | 363,439.99    |
| CONSOLIDATED NATURAL GAS COMPANY          | 4.63%  | 09/01/1994 | 2,000,000.00  | 1,718,639.46  | 635,513.99    |
| CONSOLIDATED NATURAL GAS COMPANY          | 6.00%  | 07/01/1997 | 4,275,000.00  | 3,777,004.95  | 938,500.00    |
| CONSUMERS POWER COMPANY                   | 6.88%  | 05/01/1998 | 4,900,000.00  | 4,203,868.00  | 2,196,409.49  |
| CONSUMERS POWER COMPANY                   | 6.63%  | 10/01/1998 | 2,350,000.00  | 1,959,779.68  | 2,428,047.99  |
| CONSUMERS POWER COMPANY                   | 8.13%  | 08/01/2001 |               |               | 1,362,999.99  |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                            | Coupon | Maturity   | Par Value     | Book Value    | Market Value  |
|--------------------------------------|--------|------------|---------------|---------------|---------------|
| CONSUMERS POWER COMPANY              | 7.50%  | 11/01/2001 | \$ 200,000.00 | \$ 160,916.90 | \$ 105,339.99 |
| CONSUMERS POWER COMPANY              | 7.50%  | 06/01/2002 | 500,000.00    | 403,988.74    | 262,339.99    |
| CONSUMERS POWER COMPANY              | 7.50%  | 10/01/2002 | 2,875,000.00  | 2,338,617.56  | 1,505,349.99  |
| CONSUMERS POWER COMPANY              | 8.63%  | 08/01/2003 | 4,750,000.00  | 3,843,613.24  | 2,780,792.49  |
| CONSUMERS POWER COMPANY              | 8.88%  | 06/01/2007 | 1,500,000.00  | 1,136,874.21  | 891,990.00    |
| CONTINENTAL GROUP INC.               | 10.38% | 05/01/2009 | 5,700,000.00  | 5,662,935.18  | 3,919,490.99  |
| CONTINENTAL OIL COMPANY              | 8.85%  | 05/01/2008 | 7,600,000.00  | 7,307,980.25  | 4,963,939.99  |
| CONTINENTAL OIL COMPANY              | 9.13%  | 11/01/1999 | 4,500,000.00  | 4,224,244.26  | 3,297,284.99  |
| CONTINENTAL OIL COMPANY              | 8.88%  | 06/01/2001 | 1,000,000.00  | 991,909.88    | 709,870.00    |
| CROWN ZELLERBACH CORPORATION         | 5.88%  | 12/01/1989 | 1,520,000.00  | 1,358,995.04  | 1,039,862.40  |
| CUTLER HAMMER, INC.                  | 4.80%  | 06/01/1990 | 957,000.00    | 842,118.21    | 628,835.13    |
| DALLAS POWER & LIGHT COMPANY         | 9.30%  | 08/01/1994 | 2,500,000.00  | 2,500,000.00  | 1,807,549.99  |
| DANA CORPORATION                     | 4.88%  | 01/01/1996 | 2,000,000.00  | 1,967,410.01  | 944,840.00    |
| DAYTON POWER & LIGHT COMPANY         | 8.88%  | 11/15/2008 | 2,500,000.00  | 2,456,783.12  | 1,691,474.99  |
| DAYTON POWER & LIGHT COMPANY         | 5.63%  | 05/01/1997 | 400,000.00    | 348,113.44    | 182,387.99    |
| DAYTON POWER & LIGHT COMPANY         | 6.75%  | 06/15/1998 | 1,585,000.00  | 1,585,000.00  | 815,244.74    |
| DAYTON POWER & LIGHT COMPANY         | 8.00%  | 11/01/2003 | 2,250,000.00  | 1,912,501.68  | 1,278,607.49  |
| DELAWARE POWER & LIGHT COMPANY       | 4.45%  | 06/01/1993 | 2,500,000.00  | 1,785,698.50  | 1,163,174.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 4.63%  | 10/01/1994 | 4,400,000.00  | 3,598,656.52  | 1,969,703.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 6.38%  | 09/01/1997 | 2,050,000.00  | 1,588,435.38  | 1,055,831.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 7.00%  | 11/01/1998 | 4,150,000.00  | 3,424,338.12  | 2,305,075.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 8.75%  | 01/01/2000 | 2,100,000.00  | 1,639,305.72  | 1,398,095.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 8.38%  | 12/01/2000 | 1,000,000.00  | 708,273.20    | 634,760.00    |
| DELMARVA POWER AND LIGHT COMPANY     | 7.63%  | 12/01/2001 | 6,650,000.00  | 6,122,117.54  | 3,873,358.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 8.00%  | 08/01/2002 | 6,250,000.00  | 5,082,184.56  | 3,571,999.99  |
| DELMARVA POWER AND LIGHT COMPANY     | 8.00%  | 07/01/2003 | 2,645,000.00  | 1,947,074.20  | 1,589,168.89  |
| DENVER & RIO GRANDE WESTERN RR E T C | 9.63%  | 07/01/2008 | 10,380,000.00 | 10,038,808.48 | 7,267,764.60  |
| DENVER & RIO GRANDE WESTERN RR E T C | 6.00%  | 09/01/1981 | 228,000.00    | 228,000.00    | 214,896.84    |
| DENVER & RIO GRANDE WESTERN RR E T C | 6.00%  | 03/01/1982 | 223,000.00    | 223,000.00    | 203,842.06    |
| DETROIT EDISON COMPANY               | 6.00%  | 03/01/1983 | 113,000.00    | 113,000.00    | 97,877.20     |
| DETROIT EDISON COMPANY               | 6.00%  | 12/01/1996 | 5,000,000.00  | 5,016,374.40  | 2,349,999.99  |
| DETROIT EDISON COMPANY               | 6.40%  | 10/01/1998 | 3,000,000.00  | 2,952,157.80  | 1,481,699.99  |
| DETROIT EDISON COMPANY               | 8.13%  | 06/15/2001 | 180,000.00    | 179,383.77    | 99,224.99     |
| DIAMOND SHAMROCK CORPORATION         | 7.38%  | 11/15/2001 | 2,500,000.00  | 2,494,703.38  | 1,440,624.99  |
| DIAMOND SHAMROCK CORPORATION         | 9.13%  | 11/15/2000 | 5,650,000.00  | 5,591,184.00  | 3,900,307.99  |
| DIAMOND SHAMROCK CORPORATION         | 7.70%  | 12/15/2001 | 17,250,000.00 | 16,588,169.14 | 10,850,595.00 |
| DIAMOND STATE TELEPHONE COMPANY      | 8.50%  | 04/01/2008 | 17,850,000.00 | 17,085,361.95 | 11,344,032.00 |
| DIAMOND STATE TELEPHONE COMPANY      | 4.75%  | 04/01/1994 | 525,000.00    | 529,623.21    | 256,294.49    |
| DIAMOND STATE TELEPHONE COMPANY      | 7.00%  | 12/01/2008 | 1,300,000.00  | 1,040,350.23  | 722,605.00    |
| DIAMOND STATE TELEPHONE COMPANY      | 8.20%  | 08/01/2011 | 1,000,000.00  | 904,060.58    | 635,230.00    |
| DOW CHEMICAL COMPANY                 | 7.75%  | 12/01/2013 | 5,250,000.00  | 4,782,141.84  | 3,146,534.99  |
| DOW CHEMICAL COMPANY                 | 8.90%  | 11/01/2000 | 1,000,000.00  | 702,330.00    | 712,500.00    |
| DOW CHEMICAL COMPANY                 | 8.50%  | 02/01/2005 | 14,725,000.00 | 13,625,936.50 | 10,197,062.50 |
| DOW CHEMICAL COMPANY                 | 8.50%  | 01/15/2006 | 9,600,000.00  | 8,300,947.38  | 6,371,135.99  |
| DOW CHEMICAL COMPANY                 | 7.88%  | 07/15/2007 | 19,150,000.00 | 17,554,269.76 | 12,010,880.00 |
| DOW CHEMICAL COMPANY                 | 8.63%  | 02/15/2008 | 15,650,000.00 | 14,263,096.35 | 10,476,892.50 |
| DOW CHEMICAL COMPANY                 | 4.50%  | 01/15/1990 | 1,540,000.00  | 1,328,675.35  | 950,210.80    |
| DOW CHEMICAL COMPANY                 | 5.00%  | 04/01/1991 | 2,100,000.00  | 1,835,734.95  | 1,280,495.99  |
| DOW CHEMICAL COMPANY                 | 9.75%  | 01/02/2000 | 3,121,100.99  | 3,121,100.99  | 2,430,588.60  |
| DRESSER INDUSTRIES                   | 9.75%  | 07/02/1999 | 2,910,479.10  | 2,910,479.10  | 2,270,872.21  |
| DU PONT D'NEMOURS, E. I.             | 9.38%  | 05/15/2000 | 9,000,000.00  | 7,277,925.75  | 6,613,650.00  |
| DU PONT D'NEMOURS, E. I.             | 8.45%  | 11/15/2004 | 6,800,000.00  | 6,327,513.44  | 4,861,999.99  |
| DUKE POWER COMPANY                   | 8.50%  | 05/01/2006 | 2,250,000.00  | 1,654,265.31  | 1,551,329.99  |
| DUKE POWER COMPANY                   | 5.38%  | 04/01/1997 | 700,000.00    | 470,403.82    | 334,935.99    |
| DUQUESNE LIGHT COMPANY               | 6.38%  | 02/01/1998 | 9,360,000.00  | 8,244,155.45  | 4,994,215.19  |
| DUQUESNE LIGHT COMPANY               | 5.13%  | 02/01/1996 | 500,000.00    | 371,134.24    | 231,729.99    |
| DUQUESNE LIGHT COMPANY               | 5.25%  | 02/01/1997 | 2,588,000.00  | 2,590,749.23  | 1,192,679.79  |
| DUQUESNE LIGHT COMPANY               | 6.38%  | 02/01/1998 | 4,250,000.00  | 4,272,842.75  | 2,224,959.99  |
| DUQUESNE LIGHT COMPANY               | 7.00%  | 01/01/1999 | 1,100,000.00  | 912,456.25    | 609,873.00    |
| DUQUESNE LIGHT COMPANY               | 7.75%  | 07/01/1999 | 940,000.00    | 818,949.48    | 565,259.60    |
| DUQUESNE LIGHT COMPANY               | 7.75%  | 07/01/2003 | 5,000,000.00  | 4,409,196.70  | 2,928,949.99  |
| EATON CORPORATION                    | 12.25% | 01/01/2010 | 3,300,000.00  | 3,267,444.22  | 2,042,237.99  |
| EATON CORPORATION                    | 7.88%  | 12/01/2003 | 1,250,000.00  | 1,250,000.00  | 1,060,874.99  |
| EL PASO ELECTRIC COMPANY             | 8.75%  | 07/15/2001 | 5,000,000.00  | 2,036,508.26  | 1,339,547.99  |
| EL PASO ELECTRIC COMPANY             | 4.63%  | 02/01/1992 | 1,000,000.00  | 4,968,647.10  | 3,374,699.99  |
| EL PASO ELECTRIC COMPANY             | 6.75%  | 05/01/1998 | 1,250,000.00  | 886,109.98    | 495,340.00    |
| EL PASO ELECTRIC COMPANY             | 9.00%  | 11/01/2004 | 1,000,000.00  | 1,064,718.40  | 675,337.49    |
| EL PASO ELECTRIC COMPANY             | 10.50% | 11/01/2005 | 1,500,000.00  | 977,575.36    | 663,420.00    |
| ELIZABETHTOWN GAS COMPANY            | 6.50%  | 08/01/1993 | 1,200,000.00  | 1,492,686.50  | 1,165,349.99  |
| EMPIRE DISTRICT ELECTRIC COMPANY     | 6.50%  | 02/01/1998 | 1,000,000.00  | 1,205,046.34  | 689,736.00    |
|                                      |        |            |               | 803,127.10    | 525,760.00    |



| Bond Name                           | Coupon | Maturity   | Par Value      | Book Value     | Market Value  |
|-------------------------------------|--------|------------|----------------|----------------|---------------|
| EMPIRE DISTRICT ELECTRIC COMPANY    | 7.38%  | 04/01/1999 | \$1,350,000.00 | \$1,324,982.08 | \$ 757,566.00 |
| EXXON CORPORATION                   | 6.00%  | 11/01/1997 | 2,300,000.00   | 1,650,938.54   | 1,333,999.99  |
| EXXON CORPORATION                   | 6.50%  | 07/15/1998 | 11,970,000.00  | 8,218,349.36   | 7,152,075.00  |
| EXXON TRANSPORTATION                | 6.63%  | 05/01/1998 | 2,820,000.00   | 2,543,220.66   | 1,843,941.59  |
| FMC CORP.                           | 9.50%  | 01/15/2000 | 3,300,000.00   | 2,782,019.79   | 2,439,293.99  |
| FEDERATED DEPT. STORES              | 7.13%  | 03/15/2002 | 1,250,000.00   | 780,017.03     | 769,500.00    |
| FIRST BANC GROUP OF OHIO, INC.      | 9.00%  | 11/01/1996 | 10,000,000.00  | 10,000,000.00  | 7,073,000.00  |
| FLORIDA POWER & LIGHT COMPANY       | 4.38%  | 12/01/1986 | 355,000.00     | 321,301.12     | 235,244.29    |
| FLORIDA POWER & LIGHT COMPANY       | 4.50%  | 08/01/1992 | 600,000.00     | 605,057.76     | 294,419.99    |
| FLORIDA POWER & LIGHT COMPANY       | 4.63%  | 03/01/1995 | 1,100,000.00   | 809,142.76     | 501,556.00    |
| FLORIDA POWER & LIGHT COMPANY       | 5.00%  | 12/01/1995 | 1,450,000.00   | 1,425,394.00   | 679,151.00    |
| FLORIDA POWER & LIGHT COMPANY       | 6.00%  | 12/01/1996 | 500,000.00     | 511,037.12     | 260,304.99    |
| FLORIDA POWER & LIGHT COMPANY       | 6.75%  | 12/01/1997 | 4,700,000.00   | 4,673,935.94   | 2,640,365.99  |
| FLORIDA POWER & LIGHT COMPANY       | 7.00%  | 06/01/1998 | 1,000,000.00   | 1,013,085.68   | 575,000.00    |
| FLORIDA POWER & LIGHT COMPANY       | 7.00%  | 12/01/1998 | 100,000.00     | 85,897.00      | 57,183.00     |
| FLORIDA POWER & LIGHT COMPANY       | 7.63%  | 01/01/2001 | 2,950,000.00   | 2,949,225.92   | 1,781,416.49  |
| FLORIDA POWER & LIGHT COMPANY       | 7.63%  | 06/01/2002 | 500,000.00     | 463,483.97     | 299,194.99    |
| FLORIDA POWER & LIGHT COMPANY       | 7.50%  | 01/01/2003 | 2,206,000.00   | 1,939,799.10   | 1,175,219.99  |
| FLORIDA POWER & LIGHT COMPANY       | 10.13% | 03/01/2005 | 2,430,000.00   | 2,165,583.82   | 1,651,632.20  |
| FLORIDA POWER & LIGHT COMPANY       | 6.13%  | 08/01/1997 | 1,000,000.00   | 707,584.30     | 1,270,865.69  |
| FLORIDA POWER CORPORATION           | 7.88%  | 08/01/1999 | 750,000.00     | 475,258.10     | 622,810.00    |
| FLORIDA POWER CORPORATION           | 8.00%  | 12/01/2003 | 1,000,000.00   | 768,266.68     | 459,922.50    |
| FLORIDA POWER CORPORATION           | 8.75%  | 10/01/2006 | 3,080,034.76   | 2,805,841.60   | 655,560.00    |
| FLORIDA POWER CORPORATION           | 6.38%  | 07/01/1993 | 1,200,002.00   | 1,200,002.00   | 2,057,555.62  |
| FOURTH SWANSEA PROPERTIES INC.      | 9.25%  | 05/15/1989 | 7,100,000.00   | 7,111,494.44   | 927,961.54    |
| FRUIT GROWERS EXPRESS               | 9.75%  | 06/01/1995 | 11,075,000.00  | 11,007,297.86  | 5,119,880.99  |
| GATX CORPORATION                    | 9.50%  | 05/01/1996 | 3,000,000.00   | 2,646,496.74   | 7,758,702.00  |
| GATX CORPORATION                    | 8.15%  | 06/01/1997 | 6,000,000.00   | 5,975,941.20   | 1,832,339.99  |
| GATX CORPORATION                    | 9.00%  | 11/15/1998 | 500,000.00     | 352,045.00     | 3,939,719.99  |
| GATX CORPORATION                    | 8.50%  | 05/01/2004 | 1,314,500.00   | 1,198,523.48   | 863,337.31    |
| GENERAL ELECTRIC COMPANY            | 5.75%  | 11/01/1991 | 15,250,000.00  | 9,725,167.50   | 9,374,480.00  |
| GENERAL ELECTRIC COMPANY            | 8.00%  | 07/15/2007 | 6,000,000.00   | 5,882,424.45   | 4,376,579.99  |
| GENERAL MOTORS ACCEPTANCE CORP.     | 9.75%  | 05/01/2003 | 10,000,000.00  | 9,722,948.61   | 8,505,700.00  |
| GENERAL MOTORS ACCEPTANCE CORP.     | 12.00% | 06/01/2005 | 300,000.00     | 245,343.18     | 169,652.99    |
| GENERAL MOTORS ACCEPTANCE CORP.     | 5.00%  | 12/01/1989 | 700,000.00     | 489,019.75     | 323,602.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 4.38%  | 05/01/1993 | 950,000.00     | 680,937.71     | 427,661.50    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 4.50%  | 06/01/1994 | 3,300,000.00   | 2,671,750.08   | 1,690,688.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 6.00%  | 10/01/1996 | 2,700,000.00   | 2,238,448.64   | 1,488,590.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 6.75%  | 12/01/1997 | 3,600,000.00   | 3,095,290.80   | 2,047,067.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.13%  | 12/01/1998 | 4,300,000.00   | 2,798,345.68   | 2,528,958.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.63%  | 12/01/2001 | 10,450,000.00  | 10,029,946.64  | 6,549,223.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.50%  | 04/01/2007 | 4,800,000.00   | 4,587,821.55   | 3,139,487.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.88%  | 04/01/2008 | 1,000,000.00   | 866,549.89     | 737,170.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 10.13% | 05/01/2009 | 5,500,000.00   | 5,301,435.84   | 4,264,809.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 10.75% | 10/01/2009 | 5,700,000.00   | 3,076,430.03   | 4,264,809.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 4.63%  | 06/01/1995 | 1,000,000.00   | 829,420.30     | 2,539,121.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 6.50%  | 11/01/1997 | 2,000,000.00   | 1,783,154.54   | 535,580.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.63%  | 03/01/2000 | 250,000.00     | 247,728.19     | 1,311,599.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.00%  | 03/01/2001 | 1,355,000.00   | 977,622.68     | 153,254.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.50%  | 08/01/2002 | 4,000,000.00   | 3,381,114.62   | 779,057.24    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.13%  | 11/01/2003 | 1,500,000.00   | 1,296,330.00   | 2,448,519.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 10.75% | 07/01/2004 | 4,000,000.00   | 3,983,325.00   | 1,170,554.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 9.38%  | 08/01/2005 | 2,905,000.00   | 2,119,014.54   | 2,833,879.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 4.50%  | 07/01/1993 | 1,000,000.00   | 719,052.58     | 1,310,881.24  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 4.88%  | 09/01/1995 | 2,330,000.00   | 2,028,055.70   | 465,280.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 6.38%  | 08/01/1998 | 1,000,000.00   | 885,114.46     | 1,249,112.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.50%  | 12/01/2001 | 2,000,000.00   | 1,647,789.58   | 592,840.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 6.25%  | 07/01/1997 | 1,000,000.00   | 987,819.54     | 1,059,799.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.38%  | 03/01/2007 | 1,250,000.00   | 976,442.08     | 620,360.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.50%  | 11/01/2001 | 3,000,000.00   | 2,456,639.40   | 727,549.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.63%  | 05/01/2003 | 2,500,000.00   | 2,402,062.72   | 1,736,879.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 11.00% | 10/01/2004 | 6,000,000.00   | 6,017,236.85   | 1,949,074.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 11.88% | 06/01/2010 | 1,355,000.00   | 1,348,210.40   | 4,993,259.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 10.75% | 09/01/2004 | 500,000.00     | 283,680.00     | 1,053,390.54  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.63%  | 04/01/2001 | 1,000,000.00   | 137,962.56     | 295,359.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.63%  | 09/01/2002 | 200,000.00     | 145,461.18     | 585,470.00    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.00%  | 09/01/2003 | 1,500,000.00   | 2,423,099.99   | 119,453.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 9.25%  | 06/01/2005 | 2,500,000.00   | 425,532.20     | 1,023,180.00  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 12.00% | 06/01/2010 | 500,000.00     | 487,666.73     | 2,090,399.99  |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 7.75%  | 03/01/2003 | 500,000.00     |                | 295,149.99    |
| GENERAL TELEPHONE CO. OF CALIFORNIA | 8.25%  | 02/01/2004 | 500,000.00     |                | 310,079.99    |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                                 | Coupon | Maturity   | Par Value       | Book Value    | Market Value  |
|---|--------|------------|-----------------|---------------|---------------|
| GENERAL TELEPHONE CO. OF THE SOUTHWEST    | 6.88%  | 03/01/1998 | \$ 1,000,000.00 | \$ 850,643.10 | \$ 566,190.00 |
| GENERAL TELEPHONE CO. OF THE SOUTHWEST    | 7.75%  | 10/01/2003 | 2,150,000.00    | 1,418,697.82  | 1,265,403.99  |
| GENERAL TELEPHONE CO. OF THE SOUTHWEST    | 8.38%  | 05/01/2007 | 1,700,000.00    | 1,678,753.89  | 1,061,989.99  |
| GENERAL TELEPHONE CO. OF THE SOUTHWEST    | 12.25% | 11/01/2009 | 2,500,000.00    | 2,132,550.00  | 2,137,999.99  |
| GENERAL TELEPHONE CO. OF UPSTATE NEW YORK | 9.13%  | 04/01/2004 | 5,500,000.00    | 5,369,012.88  | 3,694,624.99  |
| GENERAL TELEPHONE CO. OF WISCONSIN        | 7.13%  | 02/01/1999 | 500,000.00      | 494,601.33    | 284,884.99    |
| GEORGIA POWER COMPANY                     | 6.63%  | 09/01/1998 | 561,000.00      | 535,301.04    | 287,506.88    |
| GEORGIA POWER COMPANY                     | 8.13%  | 09/01/1999 | 1,000,000.00    | 1,001,773.84  | 586,810.00    |
| GEORGIA POWER COMPANY                     | 8.13%  | 06/01/2001 | 2,735,000.00    | 2,739,713.36  | 1,675,187.49  |
| GEORGIA POWER COMPANY                     | 7.63%  | 11/01/2001 | 4,000,000.00    | 4,027,444.06  | 2,183,999.99  |
| GEORGIA POWER COMPANY                     | 7.50%  | 12/01/2002 | 6,650,000.00    | 6,650,000.00  | 3,707,374.99  |
| GREAT NORTHERN NEKOOSA                    | 8.70%  | 04/01/2008 | 13,300,000.00   | 12,963,148.72 | 8,805,797.00  |
| GULF STATES UTILITIES COMPANY             | 6.75%  | 10/01/1998 | 400,000.00      | 303,974.68    | 217,427.99    |
| GULF STATES UTILITIES COMPANY             | 8.13%  | 09/01/1999 | 850,000.00      | 663,632.04    | 537,497.50    |
| GULF STATES UTILITIES COMPANY             | 8.50%  | 08/01/2003 | 3,500,000.00    | 2,572,429.80  | 2,159,219.99  |
| GULF STATES UTILITIES COMPANY             | 8.63%  | 03/01/2004 | 500,000.00      | 395,240.76    | 311,974.99    |
| GULF STATES UTILITIES COMPANY             | 10.13% | 04/01/2009 | 1,250,000.00    | 1,107,549.59  | 886,300.00    |
| HALLIBURTON COMPANY                       | 11.75% | 06/01/2010 | 10,500,000.00   | 10,422,433.29 | 8,437,170.00  |
| HALLIBURTON COMPANY                       | 9.25%  | 04/01/2000 | 7,600,000.00    | 5,999,815.67  | 5,687,687.99  |
| HARRIS CORP.                              | 10.20% | 06/01/2005 | 2,500,000.00    | 2,057,961.02  | 2,001,724.99  |
| HARSCO CORP.                              | 7.75%  | 12/15/2001 | 2,500,000.00    | 2,051,466.88  | 1,645,199.99  |
| HARSCO CORP.                              | 9.88%  | 04/01/2000 | 1,000,000.00    | 933,107.20    | 753,440.00    |
| HARTFORD ELECTRIC LIGHT COMPANY           | 12.25% | 05/01/2010 | 16,100,000.00   | 16,023,635.02 | 13,929,076.00 |
| HARTFORD ELECTRIC LIGHT COMPANY           | 4.25%  | 04/01/1993 | 200,000.00      | 198,643.50    | 86,273.99     |
| HAWAIIAN TELEPHONE COMPANY                | 9.38%  | 04/01/2008 | 4,350,000.00    | 4,352,066.35  | 2,775,169.49  |
| HAWAIIAN TELEPHONE COMPANY                | 6.75%  | 04/01/1998 | 500,000.00      | 403,027.25    | 279,704.99    |
| HAWAIIAN TELEPHONE COMPANY                | 8.00%  | 09/01/2001 | 1,600,000.00    | 1,574,695.84  | 998,416.00    |
| HEINZ, H. J. COMPANY                      | 4.50%  | 07/15/1995 | 750,000.00      | 618,082.58    | 329,609.99    |
| HERSHEY FOODS                             | 6.63%  | 10/31/1992 | 6,238,000.00    | 5,824,350.88  | 4,414,133.55  |
| HERTZ CORP.                               | 9.50%  | 03/15/2009 | 8,100,000.00    | 6,426,055.92  | 5,869,745.99  |
| HONEYWELL, INC.                           | 11.50% | 06/01/2000 | 5,000,000.00    | 5,000,000.00  | 4,377,549.99  |
| HOOKER TAFT COMPANY                       | 9.38%  | 06/15/2009 | 1,700,000.00    | 1,214,742.84  | 1,215,890.99  |
| HOUSTON LIGHTING & POWER COMPANY          | 9.75%  | 10/03/1995 | 2,601,219.62    | 2,601,219.62  | 1,939,157.20  |
| HOUSTON LIGHTING & POWER COMPANY          | 5.25%  | 04/01/1996 | 1,000,000.00    | 479,050.00    | 478,750.00    |
| HOUSTON LIGHTING & POWER COMPANY          | 5.25%  | 01/01/1997 | 2,635,000.00    | 1,801,299.48  | 1,240,689.74  |
| HOUSTON LIGHTING & POWER COMPANY          | 6.75%  | 11/01/1997 | 950,000.00      | 634,167.88    | 532,256.50    |
| HUMBLE PIPE LINE COMPANY                  | 6.75%  | 04/01/1998 | 500,000.00      | 326,077.65    | 278,649.99    |
| HUNTINGTON BANCSHARES, INC.               | 5.63%  | 06/01/1997 | 500,000.00      | 354,039.02    | 303,414.99    |
| ILLINOIS BELL TELEPHONE COMPANY           | 8.88%  | 09/15/1997 | 10,500,000.00   | 10,397,336.66 | 6,903,645.00  |
| ILLINOIS BELL TELEPHONE COMPANY           | 4.88%  | 07/01/1997 | 5,450,000.00    | 3,738,055.65  | 2,569,075.49  |
| ILLINOIS BELL TELEPHONE COMPANY           | 6.00%  | 07/01/1998 | 1,500,000.00    | 866,818.28    | 798,165.00    |
| ILLINOIS BELL TELEPHONE COMPANY           | 4.38%  | 07/01/2003 | 3,520,000.00    | 1,885,620.46  | 1,376,918.39  |
| ILLINOIS POWER COMPANY                    | 12.25% | 08/05/2017 | 9,250,000.00    | 9,250,000.00  | 8,339,337.50  |
| ILLINOIS POWER COMPANY                    | 5.85%  | 10/01/1996 | 4,150,000.00    | 2,971,070.88  | 2,184,891.99  |
| ILLINOIS POWER COMPANY                    | 6.38%  | 01/01/1998 | 7,800,000.00    | 5,834,010.58  | 4,264,025.99  |
| ILLINOIS POWER COMPANY                    | 6.75%  | 10/01/1998 | 2,000,000.00    | 1,259,623.04  | 1,133,599.99  |
| ILLINOIS POWER COMPANY                    | 7.60%  | 10/01/2001 | 1,700,000.00    | 1,099,928.62  | 1,022,346.00  |
| ILLINOIS POWER COMPANY                    | 7.63%  | 06/01/2003 | 4,250,000.00    | 3,042,427.86  | 2,538,822.49  |
| ILLINOIS POWER COMPANY                    | 8.63%  | 07/01/2006 | 1,000,000.00    | 776,918.44    | 644,230.00    |
| ILLINOIS POWER COMPANY                    | 8.25%  | 11/01/2007 | 3,900,000.00    | 3,191,323.90  | 2,457,077.99  |
| ILLINOIS POWER COMPANY                    | 8.88%  | 08/01/2008 | 5,000,000.00    | 3,966,854.32  | 3,549,999.99  |
| INDIANA & MICHIGAN ELECTRIC COMPANY       | 4.75%  | 11/01/1988 | 635,000.00      | 639,118.88    | 356,381.05    |
| INDIANA & MICHIGAN ELECTRIC COMPANY       | 4.38%  | 08/01/1993 | 800,000.00      | 799,292.54    | 342,295.99    |
| INDIANA BELL TELEPHONE COMPANY            | 4.38%  | 06/01/2003 | 2,750,000.00    | 2,333,219.10  | 1,062,627.49  |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 4.50%  | 08/01/1994 | 500,000.00      | 503,089.24    | 233,724.99    |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 5.13%  | 04/01/1996 | 4,900,000.00    | 3,686,049.61  | 2,361,897.99  |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 7.13%  | 05/01/1998 | 2,000,000.00    | 2,018,233.95  | 1,176,619.99  |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 7.40%  | 03/01/2002 | 1,400,000.00    | 1,223,486.64  | 823,242.00    |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 7.65%  | 03/15/2003 | 1,000,000.00    | 920,442.70    | 602,110.00    |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 9.88%  | 09/15/2005 | 500,000.00      | 405,213.00    | 363,634.99    |
| INDIANAPOLIS POWER & LIGHT COMPANY        | 9.30%  | 06/01/2006 | 1,100,000.00    | 1,092,796.25  | 761,255.00    |
| INGERSOLL—RAND COMPANY                    | 4.75%  | 01/01/1991 | 1,700,000.00    | 1,463,628.83  | 1,054,798.99  |
| INTERSTATE POWER COMPANY                  | 4.38%  | 05/01/1993 | 2,000,000.00    | 1,470,126.00  | 903,900.00    |
| INTERSTATE POWER COMPANY                  | 4.63%  | 05/01/1995 | 600,000.00      | 404,955.57    | 261,695.99    |
| INTERSTATE POWER COMPANY                  | 7.75%  | 05/01/1999 | 590,000.00      | 559,464.27    | 348,902.40    |
| INTERSTATE POWER COMPANY                  | 10.00% | 05/01/2004 | 3,500,000.00    | 3,526,226.47  | 2,491,719.99  |
| INTERSTATE POWER COMPANY                  | 10.25% | 10/15/2005 | 500,000.00      | 502,335.50    | 363,314.99    |
| INTERSTATE POWER COMPANY                  | 8.38%  | 09/15/2002 | 2,000,000.00    | 1,986,789.44  | 1,239,539.99  |
| INTERSTATE POWER COMPANY                  | 9.00%  | 03/15/2008 | 6,600,000.00    | 6,478,716.75  | 4,259,837.99  |
| IOWA ELECTRIC LIGHT & POWER               | 6.25%  | 09/01/1996 | 500,000.00      | 297,819.84    | 266,554.99    |
| IOWA ELECTRIC LIGHT & POWER               | 7.63%  | 05/01/2002 | 1,650,000.00    | 1,324,351.82  | 951,489.00    |



| Bond Name                             | Coupon | Maturity   | Par Value       | Book Value      | Market Value  |
|---------------------------------------|--------|------------|-----------------|-----------------|---------------|
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 5.00%  | 04/15/1990 | \$ 1,400,000.00 | \$ 1,218,506.33 | \$ 819,238.00 |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 4.88%  | 05/01/1991 | 2,907,000.00    | 2,706,739.38    | 1,611,902.42  |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 7.25%  | 06/01/1993 | 500,000.00      | 461,630.50      | 307,434.99    |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 5.88%  | 07/15/1997 | 5,700,000.00    | 4,902,294.20    | 2,957,615.99  |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 7.63%  | 04/01/1999 | 2,000,000.00    | 1,898,598.91    | 1,228,919.99  |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 7.88%  | 08/15/1999 | 3,242,000.00    | 2,824,922.64    | 2,041,163.20  |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 8.75%  | 04/01/2006 | 4,900,000.00    | 4,854,767.08    | 3,221,112.99  |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 8.75%  | 09/01/2008 | 1,350,000.00    | 1,257,155.58    | 879,390.00    |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 6.63%  | 01/01/1998 | 1,400,000.00    | 1,172,972.30    | 765,282.00    |
| IOWA ILLINOIS GAS & ELECTRIC COMPANY  | 8.75%  | 03/01/2006 | 5,200,000.00    | 5,171,017.21    | 3,386,343.99  |
| IOWA POWER & LIGHT COMPANY            | 8.75%  | 09/15/2007 | 5,000,000.00    | 4,924,194.80    | 3,080,799.99  |
| IOWA POWER & LIGHT COMPANY            | 8.25%  | 01/15/2009 | 6,325,000.00    | 6,263,000.53    | 4,493,722.74  |
| IOWA POWER & LIGHT COMPANY            | 9.75%  | 06/01/2002 | 4,000,000.00    | 3,552,767.32    | 2,339,519.99  |
| IOWA POWER & LIGHT COMPANY            | 7.38%  | 05/01/1995 | 1,700,000.00    | 1,700,000.00    | 1,366,255.99  |
| IOWA PUBLIC SERVICE COMPANY           | 10.75% | 12/01/2005 | 2,750,000.00    | 2,733,939.50    | 2,032,607.49  |
| IOWA PUBLIC SERVICE COMPANY           | 10.13% | 08/01/2007 | 6,080,000.00    | 5,837,801.36    | 3,737,071.99  |
| IOWA PUBLIC SERVICE COMPANY           | 8.00%  | 08/01/2008 | 2,300,000.00    | 2,128,222.24    | 1,492,906.99  |
| IOWA PUBLIC SERVICE COMPANY           | 8.75%  | 09/01/2009 | 9,000,000.00    | 8,726,099.64    | 6,403,050.00  |
| IOWA PUBLIC SERVICE COMPANY           | 9.00%  | 04/01/2000 | 1,000,000.00    | 703,191.67      | 711,450.00    |
| IOWA PUBLIC SERVICE COMPANY           | 9.75%  | 06/01/1997 | 1,150,000.00    | 881,601.10      | 605,360.00    |
| IOWA PUBLIC SERVICE COMPANY           | 6.13%  | 02/01/2003 | 1,000,000.00    | 988,849.45      | 576,300.00    |
| IOWA PUBLIC SERVICE COMPANY           | 7.38%  | 07/01/2005 | 2,500,000.00    | 2,448,404.00    | 1,706,199.99  |
| IOWA SOUTHERN UTILITIES               | 9.25%  | 11/01/1999 | 3,750,000.00    | 3,750,000.00    | 2,861,737.49  |
| IOWA SOUTHERN UTILITIES               | 10.00% | 10/01/1995 | 2,150,000.00    | 3,750,000.00    | 965,479.00    |
| IOWA SOUTHERN UTILITIES               | 4.75%  | 05/15/1997 | 3,985,000.00    | 1,755,987.20    | 1,962,253.84  |
| KANSAS CITY POWER & LIGHT COMPANY     | 5.75%  | 04/01/1998 | 1,200,000.00    | 3,921,311.98    | 661,236.00    |
| KANSAS CITY POWER & LIGHT COMPANY     | 6.75%  | 06/01/2001 | 1,500,000.00    | 1,003,871.20    | 892,590.00    |
| KANSAS CITY POWER & LIGHT COMPANY     | 7.75%  | 05/01/2006 | 1,000,000.00    | 1,233,782.08    | 643,620.00    |
| KANSAS CITY POWER & LIGHT COMPANY     | 8.88%  | 01/01/1991 | 300,000.00      | 982,971.61      | 147,662.99    |
| KANSAS CITY POWER & LIGHT COMPANY     | 4.63%  | 04/01/1999 | 2,000,000.00    | 302,086.98      | 1,201,839.99  |
| KANSAS GAS & ELECTRIC COMPANY         | 7.63%  | 04/01/1999 | 2,000,000.00    | 1,912,914.21    | 1,239,699.99  |
| KANSAS POWER AND LIGHT COMPANY        | 7.88%  | 05/01/2001 | 3,650,000.00    | 1,751,697.85    | 2,147,075.99  |
| KENNECOTT COPPER CORPORATION          | 7.88%  | 09/01/2002 | 2,500,000.00    | 2,597,718.00    | 1,619,924.99  |
| KENTUCKY POWER CO.                    | 8.88%  | 11/01/2006 | 1,500,000.00    | 1,954,769.60    | 1,156,964.99  |
| KENTUCKY POWER CO.                    | 9.88%  | 10/01/2000 | 10,000,000.00   | 1,195,497.60    | 6,189,599.99  |
| KEWANEE INDUSTRIES                    | 11.25% | 01/15/2007 | 10,000,000.00   | 10,000,000.00   | 318,879.99    |
| KOPPERS CORP.                         | 7.60%  | 12/01/1989 | 3,800,000.00    | 319,838.91      | 8,653,200.00  |
| KRAFTCO CORPORATION                   | 10.00% | 03/01/1996 | 350,000.00      | 10,000,000.00   | 1,675,685.99  |
| LANCASTER COLONY CORP.                | 5.25%  | 12/01/2001 | 550,000.00      | 3,818,882.10    | 191,001.99    |
| LONG ISLAND LIGHTING COMPANY          | 7.50%  | 09/01/2002 | 750,000.00      | 315,260.54      | 303,236.99    |
| LONG ISLAND LIGHTING COMPANY          | 7.63%  | 04/01/1993 | 1,400,000.00    | 551,010.68      | 350,264.99    |
| LONG ISLAND LIGHTING COMPANY          | 4.40%  | 04/01/1990 | 200,000.00      | 608,877.50      | 741,664.00    |
| LONG ISLAND LIGHTING COMPANY          | 5.00%  | 02/01/1997 | 500,000.00      | 1,107,910.53    | 91,643.99     |
| LOUISIANA POWER & LIGHT COMPANY       | 5.63%  | 03/01/1998 | 1,000,000.00    | 153,827.72      | 263,334.99    |
| LOUISIANA POWER & LIGHT COMPANY       | 7.13%  | 01/01/2002 | 500,000.00      | 441,240.95      | 531,660.00    |
| LOUISIANA POWER & LIGHT COMPANY       | 7.50%  | 11/01/2002 | 1,800,000.00    | 1,010,774.94    | 264,429.99    |
| LOUISIANA POWER & LIGHT COMPANY       | 7.50%  | 06/01/2003 | 486,000.00      | 423,108.68      | 1,007,082.00  |
| LOUISIANA POWER & LIGHT COMPANY       | 8.00%  | 07/15/1981 | 561,000.00      | 1,575,519.75    | 466,035.12    |
| LOUISIANA POWER & LIGHT COMPANY       | 7.63%  | 02/01/1983 | 187,000.00      | 485,763.38      | 507,772.32    |
| LOUISVILLE & NASHVILLE RAILROAD E T C | 8.63%  | 02/01/1985 | 1,204,410.79    | 560,790.60      | 156,756.48    |
| LOUISVILLE & NASHVILLE RAILROAD E T C | 10.00% | 11/01/1990 | 2,932,365.81    | 186,882.73      | 881,544.38    |
| LOUISVILLE & NASHVILLE RAILROAD E T C | 9.25%  | 10/30/1991 | 2,350,000.00    | 1,204,410.79    | 2,004,917.15  |
| LOUISVILLE & NASHVILLE RAILROAD E T C | 5.63%  | 06/01/1996 | 2,920,000.00    | 2,932,365.81    | 1,214,902.99  |
| LOUISVILLE & NASHVILLE RAILROAD E T C | 6.75%  | 06/01/1998 | 1,100,000.00    | 1,735,985.17    | 1,674,415.59  |
| LOUISVILLE GAS & ELECTRIC COMPANY     | 7.50%  | 07/01/2002 | 9,073,496.54    | 2,308,201.75    | 665,984.00    |
| LOUISVILLE GAS & ELECTRIC COMPANY     | 9.50%  | 09/15/1997 | 2,030,000.00    | 936,534.72      | 6,810,022.09  |
| LOUISVILLE GAS & ELECTRIC COMPANY     | 9.75%  | 11/15/2005 | 18,350,000.00   | 9,073,496.54    | 1,449,765.09  |
| LYONDELL PROPERTIES, INC.             | 8.50%  | 11/01/2006 | 10,300,000.00   | 2,000,896.50    | 12,341,476.00 |
| MADISON GAS & ELECTRIC COMPANY        | 8.88%  | 06/01/2001 | 1,550,000.00    | 15,770,576.70   | 7,123,171.00  |
| MARATHON OIL COMPANY                  | 5.00%  | 07/01/1991 | 4,154,348.24    | 10,323,938.81   | 818,865.00    |
| MASCO CORP.                           | 10.38% | 04/01/1994 | 5,800,000.00    | 1,562,229.58    | 3,375,740.29  |
| MASSACHUSETTS ELECTRIC COMPANY        | 7.95%  | 07/15/2002 | 1,070,000.00    | 4,154,348.24    | 3,891,625.99  |
| MATCO TOOLS CORP.                     | 5.00%  | 05/01/1990 | 900,000.00      | 5,614,024.08    | 434,933.60    |
| MAY DEPARTMENT STORES CO.             | 4.38%  | 12/01/1992 | 1,050,000.00    | 881,261.41      | 292,796.99    |
| METROPOLITAN EDISON COMPANY           | 4.63%  | 07/01/1995 | 600,000.00      | 881,475.36      | 318,737.99    |
| METROPOLITAN EDISON COMPANY           | 7.00%  | 09/01/1998 | 500,000.00      | 779,670.60      | 236,639.99    |
| METROPOLITAN EDISON COMPANY           | 8.13%  | 08/01/1999 | 8,200,000.00    | 506,027.04      | 223,779.99    |
| METROPOLITAN EDISON COMPANY           | 9.00%  | 09/01/2008 | 1,850,000.00    | 460,785.90      | 4,135,341.99  |
| METROPOLITAN EDISON COMPANY           | 4.88%  | 08/01/1994 | 3,900,000.00    | 8,000,023.44    | 930,106.00    |
| METROPOLITAN EDISON COMPANY           | 4.63%  | 08/01/1996 | 5,200,000.00    | 1,419,234.00    | 1,795,598.99  |
| MICHIGAN BELL TELEPHONE COMPANY       | 6.38%  | 02/01/2005 | 5,200,000.00    | 2,954,945.28    | 2,756,415.99  |
| MICHIGAN BELL TELEPHONE COMPANY       |        |            |                 | 3,999,684.38    |               |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                             | Coupon | Maturity   | Par Value       | Book Value      | Market Value    |
|---------------------------------------|--------|------------|-----------------|-----------------|-----------------|
| MICHIGAN BELL TELEPHONE COMPANY       | 7.75%  | 06/01/2011 | \$ 7,950,000.00 | \$ 7,122,769.24 | \$ 4,700,437.49 |
| MICHIGAN BELL TELEPHONE COMPANY       | 7.00%  | 11/01/2012 | 5,300,000.00    | 4,318,963.20    | 2,940,492.99    |
| MICHIGAN CONSOLIDATED GAS COMPANY     | 7.00%  | 09/01/1993 | 500,000.00      | 421,912.64      | 294,564.99      |
| MICHIGAN CONSOLIDATED GAS COMPANY     | 8.13%  | 07/15/1998 | 1,250,000.00    | 1,152,489.32    | 766,712.50      |
| MINNESOTA GAS COMPANY                 | 8.00%  | 06/01/1994 | 323,000.00      | 323,000.00      | 215,201.98      |
| MINNESOTA POWER & LIGHT               | 6.50%  | 01/01/1998 | 1,250,000.00    | 981,167.45      | 670,437.50      |
| MINNESOTA POWER & LIGHT               | 8.13%  | 04/01/2001 | 350,000.00      | 323,343.85      | 213,489.49      |
| MINNESOTA POWER & LIGHT               | 8.70%  | 09/01/2006 | 1,000,000.00    | 971,998.52      | 637,920.00      |
| MINNESOTA POWER & LIGHT COMPANY       | 4.63%  | 03/01/1995 | 2,000,000.00    | 1,271,078.91    | 834,000.00      |
| MISSISSIPPI POWER & LIGHT             | 5.13%  | 01/01/1996 | 5,300,000.00    | 3,671,308.05    | 2,298,079.99    |
| MISSISSIPPI POWER & LIGHT COMPANY     | 6.38%  | 11/01/1996 | 175,000.00      | 136,609.28      | 87,130.74       |
| MISSISSIPPI POWER & LIGHT COMPANY     | 7.75%  | 05/01/2002 | 500,000.00      | 406,511.55      | 279,129.99      |
| MISSISSIPPI POWER & LIGHT COMPANY     | 7.75%  | 02/01/2003 | 1,300,000.00    | 995,021.05      | 722,657.00      |
| MISSISSIPPI POWER & LIGHT COMPANY     | 8.25%  | 09/01/2003 | 3,475,000.00    | 3,309,449.22    | 2,033,465.74    |
| MISSISSIPPI POWER & LIGHT COMPANY ETC | 9.88%  | 05/01/2004 | 7,200,000.00    | 7,171,771.33    | 4,917,383.99    |
| MISSISSIPPI POWER & LIGHT COMPANY ETC | 7.38%  | 03/15/1983 | 350,000.00      | 349,592.30      | 309,854.99      |
| MISSISSIPPI POWER & LIGHT COMPANY ETC | 7.38%  | 03/15/1984 | 350,000.00      | 349,446.93      | 295,291.49      |
| MISSISSIPPI POWER & LIGHT COMPANY ETC | 9.50%  | 10/01/1990 | 1,100,000.00    | 1,093,287.00    | 863,830.00      |
| MISSOURI PACIFIC RAILROAD COMPANY     | 9.50%  | 10/01/1991 | 1,450,000.00    | 1,440,638.78    | 1,127,041.49    |
| MISSOURI PACIFIC RAILROAD COMPANY ETC | 9.50%  | 10/01/1994 | 950,000.00      | 943,019.60      | 720,499.00      |
| MISSOURI PACIFIC RAILROAD COMPANY ETC | 7.50%  | 06/01/1998 | 125,000.00      | 114,594.85      | 69,498.74       |
| MISSOURI PACIFIC RAILROAD COMPANY ETC | 8.13%  | 06/01/1999 | 500,000.00      | 507,927.62      | 295,004.99      |
| MISSOURI PACIFIC RAILROAD COMPANY ETC | 10.38% | 11/01/2004 | 1,800,000.00    | 1,769,894.40    | 1,267,955.99    |
| MONONGAHELA POWER COMPANY             | 8.63%  | 12/01/2007 | 6,725,000.00    | 6,512,298.86    | 3,982,746.74    |
| MONONGAHELA POWER COMPANY             | 10.75% | 10/15/1999 | 4,431,000.00    | 4,431,000.00    | 3,439,519.44    |
| MONONGAHELA POWER COMPANY             | 8.63%  | 10/01/2001 | 1,500,000.00    | 1,495,267.86    | 955,830.00      |
| MONTANA DAKOTA UTILITIES COMPANY      | 9.25%  | 09/15/2003 | 2,850,000.00    | 2,356,533.16    | 1,907,875.49    |
| MONTANA DAKOTA UTILITIES COMPANY      | 5.00%  | 04/01/2000 | 5,945,000.00    | 4,751,060.24    | 2,658,306.74    |
| MONTANA DAKOTA UTILITIES COMPANY      | 4.50%  | 06/01/2002 | 4,900,000.00    | 4,134,312.76    | 1,956,471.99    |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 7.38%  | 11/01/2011 | 4,100,000.00    | 3,660,003.98    | 2,387,265.99    |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 7.75%  | 06/01/2013 | 14,250,000.00   | 13,556,812.05   | 8,647,327.50    |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 7.88%  | 11/15/2016 | 500,000.00      | 419,055.44      | 309,374.99      |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 9.63%  | 07/31/1996 | 2,000,000.00    | 2,000,000.00    | 1,549,979.99    |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 10.38% | 07/31/1995 | 2,250,000.00    | 2,250,000.00    | 1,704,869.99    |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 8.13%  | 07/15/1994 | 1,450,000.00    | 1,386,926.36    | 968,962.50      |
| MOUNTAIN STATES TELEPHONE & TELEGRAPH | 7.50%  | 05/15/1997 | 3,350,000.00    | 2,774,640.06    | 2,031,071.49    |
| MUSTANG FUEL CORPORATION              | 9.88%  | 08/01/1999 | 11,500,000.00   | 11,008,619.34   | 8,388,905.00    |
| MUSTANG FUEL CORPORATION              | 5.63%  | 04/01/1992 | 1,498,000.00    | 1,514,384.74    | 813,399.02      |
| NATIONAL FUEL GAS COMPANY             | 6.38%  | 12/01/1996 | 400,000.00      | 405,058.56      | 215,579.99      |
| NATIONAL FUEL GAS COMPANY             | 7.63%  | 07/01/2002 | 1,000,000.00    | 902,629.76      | 589,120.00      |
| NATIONAL FUEL GAS COMPANY             | 4.63%  | 04/01/1999 | 1,900,000.00    | 1,919,845.32    | 824,524.00      |
| NATIONAL FUEL GAS COMPANY             | 6.13%  | 10/01/2006 | 4,900,000.00    | 4,186,701.32    | 2,430,595.99    |
| NATIONAL FUEL GAS COMPANY             | 6.38%  | 09/01/2008 | 2,500,000.00    | 1,572,203.52    | 1,275,699.99    |
| NEW BEDFORD GAS & EDISON COMPANY      | 8.20%  | 06/01/2004 | 2,000,000.00    | 1,571,929.64    | 1,289,999.99    |
| NEW ENGLAND POWER COMPANY             | 7.38%  | 10/15/2007 | 2,500,000.00    | 1,410,925.00    | 1,430,874.99    |
| NEW ENGLAND POWER COMPANY             | 4.88%  | 11/01/2000 | 1,750,000.00    | 1,222,124.80    | 766,535.00      |
| NEW ENGLAND POWER COMPANY             | 4.63%  | 06/01/2005 | 3,750,000.00    | 2,851,492.88    | 1,484,849.99    |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 6.63%  | 04/01/2008 | 850,000.00      | 559,189.70      | 450,389.50      |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 4.63%  | 05/01/1991 | 1,800,000.00    | 1,516,404.87    | 886,842.00      |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 5.63%  | 01/01/1997 | 650,000.00      | 498,718.82      | 312,188.49      |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 6.25%  | 09/01/1997 | 1,950,000.00    | 1,342,727.02    | 988,708.50      |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 6.50%  | 09/01/1998 | 2,613,000.00    | 2,396,693.28    | 1,347,889.91    |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 9.38%  | 03/01/2005 | 2,750,000.00    | 2,731,837.17    | 1,768,304.99    |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 8.63%  | 11/01/2007 | 5,500,000.00    | 5,453,930.44    | 3,266,834.99    |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 4.63%  | 10/01/1997 | 5,450,000.00    | 5,317,871.92    | 2,440,346.49    |
| NEW ENGLAND TELEPHONE & TELEGRAPH CO. | 4.63%  | 01/01/2002 | 7,350,000.00    | 5,725,774.30    | 3,045,766.49    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 4.63%  | 01/01/2004 | 3,575,000.00    | 2,229,951.18    | 1,437,221.49    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 11.63% | 08/01/2019 | 23,600,000.00   | 21,811,305.00   | 20,885,999.99   |
| NEW JERSEY BELL TELEPHONE COMPANY     | 4.75%  | 04/01/1990 | 3,425,000.00    | 2,815,473.16    | 1,881,626.49    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 4.50%  | 11/01/1991 | 2,250,000.00    | 1,681,174.20    | 1,122,367.49    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 4.63%  | 12/01/1994 | 500,000.00      | 339,253.96      | 221,779.99      |
| NEW JERSEY BELL TELEPHONE COMPANY     | 6.25%  | 08/01/1997 | 1,125,000.00    | 887,819.06      | 573,300.00      |
| NEW JERSEY BELL TELEPHONE COMPANY     | 6.50%  | 08/01/1998 | 5,950,000.00    | 5,311,473.84    | 3,084,063.49    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 7.38%  | 02/01/2001 | 3,350,000.00    | 3,031,138.08    | 1,877,540.99    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 7.63%  | 02/01/2002 | 1,700,000.00    | 1,483,603.46    | 967,521.00      |
| NEW JERSEY BELL TELEPHONE COMPANY     | 7.75%  | 08/01/2002 | 2,100,000.00    | 1,926,693.24    | 1,209,200.99    |
| NEW JERSEY BELL TELEPHONE COMPANY     | 8.25%  | 12/01/2003 | 4,100,000.00    | 3,450,103.26    | 2,483,697.99    |
| NIAGARA MOHAWK POWER CORP.            | 8.35%  | 08/01/2007 | 6,900,000.00    | 4,711,115.88    | 4,147,244.99    |
| NIAGARA MOHAWK POWER CORP.            | 7.00%  | 01/01/1984 | 97,000.00       | 97,000.00       | 81,906.79       |
| NIAGARA MOHAWK POWER CORP.            | 9.75%  | 08/01/2000 | 1,500,000.00    | 1,130,745.00    | 1,115,954.99    |
| NORFOLK & WESTERN RAILWAY ETC.        | 4.63%  | 08/01/1990 | 1,000,000.00    | 1,001,478.80    | 537,980.00      |



| Bond Name                               | Coupon | Maturity   | Par Value     | Book Value    | Market Value  |
|---|--------|------------|---------------|---------------|---------------|
|   |        |            | \$            | \$            | \$            |
| NORTHERN INDIANA PUBLIC SERVICE COMPANY | 4.63%  | 05/15/1995 | 2,100,000.00  | 1,521,556.72  | 963,144.00    |
| NORTHERN INDIANA PUBLIC SERVICE COMPANY | 6.88%  | 10/01/1998 | 950,000.00    | 817,118.60    | 540,322.00    |
| NORTHERN INDIANA PUBLIC SERVICE COMPANY | 8.13%  | 07/15/2003 | 250,000.00    | 184,776.14    | 158,124.99    |
| NORTHERN INDIANA PUBLIC SERVICE COMPANY | 11.75% | 12/15/2009 | 1,000,000.00  | 992,746.52    | 824,410.00    |
| NORTHERN INDIANA PUBLIC SERVICE COMPANY | 6.13%  | 06/01/1995 | 1,400,000.00  | 1,157,601.47  | 764,050.00    |
| NORTHERN STATES POWER COMPANY OF MINN.  | 5.88%  | 08/01/1996 | 2,750,000.00  | 2,037,110.40  | 1,428,954.99  |
| NORTHERN STATES POWER COMPANY OF MINN.  | 6.75%  | 05/01/1998 | 500,000.00    | 499,971.35    | 280,479.99    |
| NORTHERN STATES POWER COMPANY OF MINN.  | 4.50%  | 08/01/1994 | 750,000.00    | 507,300.76    | 349,199.99    |
| NORTHERN STATES POWER OF WISCONSIN      | 4.88%  | 06/01/1998 | 5,420,000.00  | 4,737,663.80  | 2,475,801.79  |
| NORTHWESTERN BELL TELEPHONE COMPANY     | 6.00%  | 09/01/2001 | 4,690,000.00  | 3,547,067.88  | 2,392,322.09  |
| NORTHWESTERN BELL TELEPHONE COMPANY     | 4.38%  | 03/01/2003 | 6,005,000.00  | 4,512,325.72  | 2,297,693.14  |
| NORTHWESTERN BELL TELEPHONE COMPANY     | 5.00%  | 02/01/2006 | 700,000.00    | 312,109.00    | 1,169,492.49  |
| OHIO BELL TELEPHONE COMPANY             | 5.38%  | 03/01/2007 | 500,000.00    | 411,078.42    | 315,188.99    |
| OHIO BELL TELEPHONE COMPANY             | 6.75%  | 07/01/2008 | 500,000.00    | 388,080.84    | 277,224.99    |
| OHIO BELL TELEPHONE COMPANY             | 4.50%  | 04/01/1989 | 500,000.00    | 371,528.51    | 255,579.99    |
| OHIO EDISON COMPANY                     | 4.75%  | 06/01/1991 | 2,850,000.00  | 2,483,175.96  | 1,553,107.49  |
| OHIO EDISON COMPANY                     | 7.50%  | 08/01/2002 | 3,000,000.00  | 2,960,175.05  | 1,944,839.99  |
| OHIO EDISON COMPANY                     | 9.50%  | 05/15/2008 | 150,000.00    | 152,129.76    | 80,423.99     |
| OHIO EDISON COMPANY                     | 4.63%  | 04/01/1989 | 1,000,000.00  | 890,185.44    | 516,040.00    |
| OHIO POWER COMPANY                      | 6.50%  | 08/01/1997 | 700,000.00    | 700,000.00    | 327,781.99    |
| OHIO POWER COMPANY                      | 5.13%  | 01/01/1997 | 5,242,482.96  | 5,242,482.96  | 3,972,124.48  |
| OKLAHOMA GAS & ELECTRIC COMPANY         | 9.15%  | 06/06/1995 | 750,000.00    | 439,095.00    | 447,435.00    |
| OLEFINS PROPERTIES INC.                 | 8.13%  | 05/15/2003 | 1,000,000.00  | 1,002,200.50  | 565,770.00    |
| ORANGE & ROCKLAND UTILITIES             | 7.63%  | 02/01/2003 | 500,000.00    | 400,470.00    | 370,989.99    |
| OTTER TAIL POWER CO.                    | 9.50%  | 01/01/2000 | 6,750,000.00  | 5,948,830.00  | 5,845,432.49  |
| OWENS CORNING FIBERGLAS                 | 12.00% | 05/01/2010 | 2,250,000.00  | 2,064,847.89  | 1,541,969.99  |
| OWENS CORNING FIBERGLAS                 | 8.50%  | 02/15/2000 | 1,000,000.00  | 843,750.84    | 561,830.00    |
| P. P. G. INDUSTRIES                     | 6.88%  | 12/01/1999 | 11,500,000.00 | 10,116,726.44 | 6,612,500.00  |
| PACIFIC GAS & ELECTRIC COMPANY          | 7.75%  | 12/01/2005 | 2,425,000.00  | 2,098,521.12  | 1,152,020.49  |
| PACIFIC GAS & ELECTRIC COMPANY          | 4.50%  | 11/01/1994 | 7,660,000.00  | 6,819,155.20  | 3,158,294.59  |
| PACIFIC NORTHWEST BELL TELEPHONE        | 4.50%  | 12/01/2000 | 2,845,000.00  | 2,152,083.70  | 1,123,035.29  |
| PACIFIC NORTHWEST BELL TELEPHONE        | 4.50%  | 04/01/2003 | 3,600,000.00  | 3,336,128.14  | 1,959,407.99  |
| PACIFIC NORTHWEST BELL TELEPHONE        | 6.75%  | 12/01/2007 | 1,600,000.00  | 1,336,442.40  | 849,472.00    |
| PACIFIC NORTHWEST BELL TELEPHONE        | 5.13%  | 09/01/1990 | 950,000.00    | 784,057.52    | 527,193.00    |
| PACIFIC POWER AND LIGHT COMPANY         | 7.75%  | 10/01/2002 | 2,000,000.00  | 1,806,740.40  | 1,081,739.99  |
| PACIFIC POWER AND LIGHT COMPANY         | 4.63%  | 11/01/1990 | 2,200,000.00  | 1,431,751.00  | 1,123,957.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 5.13%  | 02/01/1993 | 3,150,000.00  | 2,373,483.75  | 1,266,929.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 4.63%  | 04/01/1999 | 4,250,000.00  | 3,375,216.07  | 1,675,094.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 4.63%  | 05/01/2000 | 4,000,000.00  | 2,527,145.96  | 1,877,799.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 6.00%  | 11/01/2002 | 6,260,000.00  | 4,176,461.90  | 3,091,250.59  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 6.50%  | 07/01/2003 | 1,250,000.00  | 967,688.76    | 792,187.50    |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 8.65%  | 04/01/2005 | 2,500,000.00  | 1,764,696.75  | 1,374,999.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 7.25%  | 02/01/2008 | 500,000.00    | 287,810.66    | 275,829.99    |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 7.63%  | 06/01/2009 | 2,000,000.00  | 1,617,864.89  | 1,339,999.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 9.50%  | 06/15/2011 | 2,800,000.00  | 2,373,283.00  | 1,805,999.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 8.88%  | 07/01/2015 | 1,450,000.00  | 1,251,128.86  | 897,187.50    |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 8.38%  | 02/01/2017 | 3,300,000.00  | 2,911,979.44  | 2,140,874.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 9.00%  | 01/15/2018 | 6,000,000.00  | 4,973,671.68  | 4,139,999.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 9.63%  | 07/15/2018 | 1,450,000.00  | 1,265,906.32  | 983,912.00    |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 9.63%  | 11/01/2014 | 10,000,000.00 | 10,000,000.00 | 6,173,899.99  |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 11.75% | 06/01/1989 | 15,300,000.00 | 10,000,000.00 | 10,624,626.00 |
| PACIFIC TELEPHONE & TELEGRAPH COMPANY   | 9.00%  | 06/15/1999 | 6,000,000.00  | 6,000,000.00  | 5,051,459.99  |
| PARKER—HANNIFIN CORP.                   | 12.00% | 07/15/2010 | 950,000.00    | 954,171.83    | 397,451.49    |
| PENNEY, J C COMPANY                     | 5.00%  | 05/01/1990 | 1,000,000.00  | 995,899.96    | 372,359.99    |
| PENNEY, J C COMPANY                     | 4.63%  | 05/01/1991 | 200,000.00    | 205,365.44    | 75,731.99     |
| PENNSYLVANIA ELECTRIC COMPANY           | 6.25%  | 11/01/1996 | 1,000,000.00  | 990,943.51    | 448,450.00    |
| PENNSYLVANIA ELECTRIC COMPANY           | 8.00%  | 05/01/1999 | 2,307,498.20  | 2,307,498.20  | 1,823,200.47  |
| PENNSYLVANIA ELECTRIC COMPANY           | 10.25% | 04/01/2000 | 900,000.00    | 904,291.98    | 466,731.00    |
| PENNSYLVANIA ELECTRIC COMPANY           | 4.63%  | 12/01/1991 | 2,250,000.00  | 1,270,756.81  | 1,114,627.49  |
| PENNSYLVANIA MART PROPERTIES            | 5.63%  | 06/01/1996 | 7,100,000.00  | 6,169,859.62  | 3,918,773.99  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 6.75%  | 11/01/1997 | 5,150,000.00  | 4,184,449.48  | 2,887,398.99  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 7.00%  | 01/01/1999 | 3,900,000.00  | 3,652,587.29  | 2,461,718.99  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 8.13%  | 06/01/1999 | 6,375,000.00  | 5,369,825.55  | 3,615,453.74  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 7.25%  | 02/01/2001 | 3,125,000.00  | 2,689,374.74  | 1,838,718.74  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 7.63%  | 02/01/2002 | 10,300,000.00 | 9,223,357.83  | 5,938,567.99  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 7.50%  | 01/01/2003 | 21,065,000.00 | 20,012,574.23 | 14,669,876.65 |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 9.75%  | 05/01/2005 | 16,200,000.00 | 15,923,582.96 | 11,269,692.00 |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 8.25%  | 12/01/2006 | 9,350,000.00  | 8,017,543.20  | 5,773,250.99  |
| PENNSYLVANIA POWER & LIGHT COMPANY      | 8.50%  | 12/01/2007 | 1,500,000.00  | 1,150,745.82  | 950,445.00    |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                               | Coupon | Maturity   | Par Value       | Book Value      | Market Value  |
|---|--------|------------|-----------------|-----------------|---------------|
| PENNSYLVANIA POWER COMPANY              | 4.38%  | 06/01/1993 | \$ 1,150,000.00 | \$ 1,154,178.00 | \$ 495,362.50 |
| PETROLEUM FACILITIES INC.               | 4.70%  | 06/01/1989 | 148,000.00      | 135,597.82      | 96,454.56     |
| PETROLEUM FACILITIES INC.               | 4.70%  | 12/01/1989 | 355,000.00      | 325,805.62      | 226,937.29    |
| PETROLEUM FACILITIES INC.               | 4.70%  | 06/01/1990 | 334,000.00      | 305,591.20      | 201,311.81    |
| PHILADELPHIA ELECTRIC COMPANY           | 5.00%  | 10/01/1989 | 700,000.00      | 575,469.16      | 395,296.99    |
| PHILADELPHIA ELECTRIC COMPANY           | 6.50%  | 03/01/1993 | 2,915,000.00    | 2,770,777.00    | 1,613,889.74  |
| PHILADELPHIA ELECTRIC COMPANY           | 4.50%  | 05/01/1994 | 4,000,000.00    | 3,863,496.91    | 1,679,519.99  |
| PHILADELPHIA ELECTRIC COMPANY           | 6.13%  | 10/01/1997 | 1,300,000.00    | 1,060,330.60    | 624,000.00    |
| PHILADELPHIA ELECTRIC COMPANY           | 7.75%  | 12/15/2000 | 600,000.00      | 475,556.00      | 340,403.99    |
| PHILADELPHIA ELECTRIC COMPANY           | 7.38%  | 12/15/2001 | 10,025,000.00   | 8,991,419.03    | 5,402,873.49  |
| PHILADELPHIA ELECTRIC COMPANY           | 7.50%  | 06/15/1998 | 3,395,000.00    | 2,714,490.57    | 1,901,199.99  |
| PHILADELPHIA ELECTRIC COMPANY           | 7.50%  | 01/15/1999 | 4,650,000.00    | 3,860,265.00    | 2,605,441.49  |
| PHILADELPHIA ELECTRIC COMPANY           | 8.50%  | 01/15/2004 | 2,750,000.00    | 2,520,951.61    | 1,677,499.99  |
| PHILADELPHIA ELECTRIC COMPANY           | 9.13%  | 03/01/2006 | 15,910,000.00   | 15,608,198.19   | 10,182,400.00 |
| PHILADELPHIA ELECTRIC COMPANY           | 8.63%  | 03/15/2007 | 2,000,000.00    | 1,750,242.27    | 1,195,459.99  |
| PHILADELPHIA ELECTRIC COMPANY           | 8.63%  | 07/15/2003 | 7,500,000.00    | 7,272,282.16    | 4,535,024.99  |
| PHILLIPS PETROLEUM COMPANY              | 9.13%  | 03/15/2008 | 9,000,000.00    | 8,939,377.30    | 5,605,469.99  |
| PIONEER-STANDARD ELECTRONICS, INC.      | 8.88%  | 11/15/2000 | 9,350,000.00    | 7,980,355.30    | 6,780,339.50  |
| PITTSBURGH & LAKE ERIE RAILROAD CO. ETC | 10.13% | 10/01/1999 | 5,000,000.00    | 5,000,000.00    | 3,859,149.99  |
| PITTSBURGH & LAKE ERIE RAILROAD CO. ETC | 6.25%  | 04/01/1981 | 187,000.00      | 186,843.72      | 183,878.96    |
| PLANTATION PIPELINE                     | 6.25%  | 04/01/1983 | 92,000.00       | 91,636.00       | 79,375.75     |
| POTOMAC EDISON                          | 7.00%  | 02/01/1999 | 2,775,000.00    | 2,520,737.48    | 1,811,714.24  |
| POTOMAC EDISON                          | 7.63%  | 05/01/1999 | 500,000.00      | 449,665.20      | 281,359.99    |
| POTOMAC ELECTRIC POWER                  | 8.63%  | 12/01/2007 | 500,000.00      | 496,058.54      | 296,934.99    |
| POTOMAC ELECTRIC POWER                  | 5.25%  | 12/01/1994 | 200,000.00      | 139,427.32      | 97,473.99     |
| POTOMAC ELECTRIC POWER                  | 5.00%  | 12/15/1995 | 1,000,000.00    | 571,029.40      | 458,820.00    |
| POTOMAC ELECTRIC POWER                  | 4.50%  | 05/15/1999 | 4,000,000.00    | 2,612,811.29    | 1,571,399.99  |
| POTOMAC ELECTRIC POWER                  | 5.13%  | 04/01/2001 | 2,250,000.00    | 2,048,523.13    | 950,490.00    |
| POTOMAC ELECTRIC POWER                  | 5.88%  | 05/01/2002 | 1,560,000.00    | 1,112,002.35    | 730,891.20    |
| POTOMAC ELECTRIC POWER                  | 6.63%  | 02/15/2003 | 4,250,000.00    | 3,524,387.15    | 2,157,044.99  |
| POTOMAC ELECTRIC POWER                  | 7.75%  | 03/15/2004 | 4,150,000.00    | 3,769,083.80    | 2,440,946.99  |
| POTOMAC ELECTRIC POWER                  | 4.38%  | 02/15/1998 | 1,000,000.00    | 1,009,499.35    | 398,739.99    |
| POTOMAC ELECTRIC POWER                  | 7.75%  | 10/01/2007 | 300,000.00      | 275,268.00      | 173,513.99    |
| PROCTER AND GAMBLE                      | 7.00%  | 05/15/2002 | 4,000,000.00    | 2,853,627.31    | 2,452,359.99  |
| PROCTER AND GAMBLE                      | 8.25%  | 03/01/2005 | 4,550,000.00    | 3,403,941.20    | 3,111,244.49  |
| PUBLIC SERVICE COMPANY OF COLORADO      | 5.38%  | 05/01/1996 | 3,475,000.00    | 3,053,720.54    | 1,624,597.24  |
| PUBLIC SERVICE COMPANY OF COLORADO      | 5.88%  | 07/01/1997 | 2,750,000.00    | 2,168,169.90    | 1,352,559.99  |
| PUBLIC SERVICE COMPANY OF NEW MEXICO    | 7.25%  | 04/01/1999 | 900,000.00      | 896,629.30      | 516,366.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 4.38%  | 08/01/1992 | 2,600,000.00    | 1,537,416.22    | 1,294,799.99  |
| PUBLIC SERVICE ELECTRIC AND GAS         | 4.38%  | 06/01/1993 | 1,800,000.00    | 1,340,329.00    | 868,446.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 7.25%  | 12/01/1993 | 1,500,000.00    | 1,515,606.24    | 919,650.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 4.63%  | 09/01/1994 | 5,425,000.00    | 3,640,919.80    | 2,592,444.74  |
| PUBLIC SERVICE ELECTRIC AND GAS         | 4.75%  | 09/01/1995 | 3,750,000.00    | 2,605,673.70    | 1,770,787.49  |
| PUBLIC SERVICE ELECTRIC AND GAS         | 6.25%  | 06/01/1997 | 6,300,000.00    | 4,843,867.41    | 3,433,751.99  |
| PUBLIC SERVICE ELECTRIC AND GAS         | 7.00%  | 06/01/1998 | 1,500,000.00    | 1,144,670.55    | 862,500.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 7.63%  | 04/01/1999 | 1,000,000.00    | 818,142.27      | 612,170.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 8.38%  | 05/15/2001 | 1,750,000.00    | 1,284,062.63    | 1,140,999.99  |
| PUBLIC SERVICE ELECTRIC AND GAS         | 8.50%  | 03/01/2004 | 1,500,000.00    | 1,285,680.94    | 946,875.00    |
| PUBLIC SERVICE ELECTRIC AND GAS         | 8.45%  | 09/01/2006 | 4,250,000.00    | 3,283,064.79    | 2,736,914.99  |
| PULLMAN LEASING CO.                     | 8.13%  | 09/01/2007 | 4,000,000.00    | 3,658,855.60    | 2,475,479.99  |
| PULLMAN LEASING CO.                     | 9.63%  | 08/01/1999 | 6,500,000.00    | 6,173,316.96    | 4,651,139.99  |
| RELIANCE ELECTRIC COMPANY               | 12.25% | 06/01/2000 | 4,600,000.00    | 4,600,000.00    | 3,988,889.99  |
| ROCHESTER GAS & ELECTRIC COMPANY        | 9.63%  | 12/15/1994 | 3,750,000.00    | 3,449,641.20    | 2,956,087.49  |
| ROCHESTER GAS & ELECTRIC COMPANY        | 4.50%  | 11/15/1991 | 2,100,000.00    | 2,104,700.30    | 1,053,254.99  |
| ROCHESTER GAS & ELECTRIC COMPANY        | 6.25%  | 09/15/1997 | 4,250,000.00    | 3,060,094.60    | 2,153,559.99  |
| ROCHESTER GAS & ELECTRIC COMPANY        | 8.00%  | 08/15/1999 | 3,250,000.00    | 2,717,391.26    | 1,963,487.49  |
| ROCHESTER GAS & ELECTRIC COMPANY        | 9.13%  | 09/01/2000 | 1,500,000.00    | 1,147,925.00    | 1,011,030.00  |
| ROCHESTER TELEPHONE CORPORATION         | 8.38%  | 09/15/2007 | 5,100,000.00    | 4,987,736.16    | 3,084,326.99  |
| ROCHESTER TELEPHONE CORPORATION         | 7.63%  | 03/01/2001 | 4,700,000.00    | 4,491,513.59    | 2,852,147.99  |
| ROCKWELL INTERNATIONAL                  | 9.50%  | 03/01/2005 | 3,000,000.00    | 2,440,874.23    | 2,141,459.99  |
| ST. LOUIS SOUTHWESTERN RAILWAY          | 9.38%  | 07/15/1996 | 11,150,000.00   | 9,425,609.84    | 8,153,437.50  |
| SAN DIEGO GAS & ELECTRIC COMPANY        | 9.75%  | 10/01/1990 | 2,000,000.00    | 2,000,000.00    | 1,644,039.99  |
| SAN DIEGO GAS & ELECTRIC COMPANY        | 4.63%  | 10/01/1990 | 6,450,000.00    | 6,233,183.60    | 3,224,225.99  |
| SANTA FE NATURAL RESOURCES              | 8.38%  | 01/15/2004 | 2,000,000.00    | 1,995,722.06    | 1,176,719.99  |
| SEABOARD COAST LINE                     | 8.35%  | 06/01/2002 | 2,400,000.00    | 1,779,827.49    | 1,587,863.99  |
| SEABOARD COAST LINE                     | 9.25%  | 05/15/1983 | 596,000.00      | 596,426.70      | 544,332.76    |
| SEABOARD COAST LINE                     | 9.25%  | 05/15/1984 | 596,000.00      | 596,577.21      | 527,656.68    |
| SEABOARD COAST LINE                     | 9.25%  | 05/15/1985 | 331,000.00      | 331,397.44      | 285,365.02    |
| SECOND SWANSEA PROPERTIES INC.          | 8.35%  | 03/15/1996 | 500,000.00      | 509,063.78      | 329,999.99    |
| SHELL FUNDING CORPORATION               | 6.25%  | 02/01/1992 | 1,309,950.47    | 1,185,209.70    | 877,548.91    |
| SHELL FUNDING CORPORATION               | 4.50%  | 06/01/1983 | 1,003,000.00    | 971,865.65      | 871,185.74    |



| Bond Name                               | Coupon | Maturity   | Par Value       | Book Value      | Market Value  |
|---|--------|------------|-----------------|-----------------|---------------|
|   |        |            | \$ 1,162,000.00 | \$ 1,093,120.57 | \$ 948,203.62 |
| SHELL FUNDING CORPORATION               | 4.75%  | 06/01/1985 | 2,000,000.00    | 1,360,460.00    | 1,392,859.99  |
| SHELL OIL CORPORATION                   | 8.75%  | 05/15/2005 | 3,587,256.00    | 3,038,724.14    | 2,221,228.92  |
| SHELL OIL CORPORATION                   | 4.50%  | 04/15/1990 | 4,436,231.00    | 3,854,115.41    | 2,673,272.80  |
| SHELL OIL CORPORATION                   | 5.00%  | 03/15/1991 | 6,750,000.00    | 6,021,141.74    | 5,105,227.49  |
| SMITH INTERNATIONAL                     | 9.85%  | 05/15/2004 | 7,250,000.00    | 7,250,000.00    | 5,295,617.49  |
| SOCIETY BANK                            | 9.75%  | 10/01/1996 | 15,900,000.00   | 12,814,111.02   | 12,206,748.00 |
| SOHIO/BP TRANS ALASKA PIPELINE CAPITAL  | 9.75%  | 12/01/1999 | 40,351,000.00   | 40,351,000.00   | 31,190,112.46 |
| SOHIO/BP TRANS ALASKA PIPELINE CAPITAL  | 10.63% | 01/01/1998 | 3,500,000.00    | 2,762,284.70    | 2,850,294.99  |
| SOHIO/BP TRANS ALASKA PIPELINE CAPITAL  | 9.75%  | 01/01/1998 | 10,300,000.00   | 7,094,159.51    | 6,810,999.98  |
| SOHIO PIPELINE                          | 8.75%  | 05/01/2001 | 2,250,000.00    | 2,163,797.28    | 1,187,099.99  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 6.50%  | 09/01/1998 | 1,091,000.00    | 766,337.13      | 609,498.06    |
| SOUTH CAROLINA ELECTRIC AND GAS         | 7.25%  | 01/01/2002 | 1,590,000.00    | 1,589,003.97    | 1,070,531.09  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 9.13%  | 02/01/2006 | 2,000,000.00    | 1,570,741.56    | 1,251,519.99  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 8.40%  | 12/01/2006 | 2,100,000.00    | 2,076,591.81    | 1,542,638.99  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 10.13% | 04/01/2009 | 6,300,000.00    | 4,662,627.01    | 4,549,040.99  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 9.88%  | 06/01/2009 | 1,650,000.00    | 1,650,000.00    | 1,401,377.99  |
| SOUTH CAROLINA ELECTRIC AND GAS         | 12.15% | 06/01/2010 | 2,000,000.00    | 1,719,020.20    | 942,700.00    |
| SOUTH CAROLINA ELECTRIC AND GAS         | 5.00%  | 06/01/1996 | 2,100,000.00    | 1,013,107.78    | 991,179.00    |
| SOUTH CAROLINA ELECTRIC AND GAS         | 5.00%  | 12/01/1997 | 2,520,000.00    | 2,233,045.45    | 1,088,488.79  |
| SOUTHERN BELL TELEPHONE & TELEGRAPH     | 4.38%  | 03/01/1998 | 500,000.00      | 320,987.20      | 216,964.99    |
| SOUTHERN BELL TELEPHONE & TELEGRAPH     | 4.75%  | 09/01/2000 | 3,650,000.00    | 1,948,638.02    | 1,426,200.99  |
| SOUTHERN BELL TELEPHONE & TELEGRAPH     | 4.38%  | 08/01/2003 | 10,000,000.00   | 8,188,428.94    | 8,195,300.00  |
| SOUTHERN BELL TELEPHONE & TELEGRAPH     | 10.90% | 12/01/2019 | 500,000.00      | 294,245.57      | 285,444.99    |
| SOUTHERN BELL TELEPHONE & TELEGRAPH     | 5.25%  | 05/15/1991 | 2,100,000.00    | 1,926,473.46    | 1,284,023.99  |
| SOUTHERN CALIFORNIA EDISON              | 6.13%  | 08/15/1991 | 1,450,000.00    | 1,238,662.09    | 900,653.00    |
| SOUTHERN CALIFORNIA EDISON              | 7.13%  | 01/15/1994 | 4,650,000.00    | 4,182,658.44    | 2,814,412.49  |
| SOUTHERN CALIFORNIA EDISON              | 7.38%  | 08/15/1997 | 2,560,000.00    | 2,362,151.10    | 2,280,857.59  |
| SOUTHERN CALIFORNIA EDISON              | 12.75% | 11/01/1999 | 725,000.00      | 603,890.60      | 337,472.99    |
| SOUTHERN CALIFORNIA GAS COMPANY         | 4.75%  | 10/01/1995 | 1,600,000.00    | 1,263,603.72    | 849,632.00    |
| SOUTHERN INDIANA GAS & ELECTRIC COMPANY | 6.00%  | 09/01/1996 | 4,125,000.00    | 3,179,076.60    | 2,211,412.49  |
| SOUTHERN INDIANA GAS & ELECTRIC COMPANY | 6.38%  | 08/01/1998 | 100,000.00      | 95,058.28       | 62,059.00     |
| SOUTHERN INDIANA GAS & ELECTRIC COMPANY | 8.00%  | 08/01/2001 | 800,000.00      | 769,159.83      | 505,096.00    |
| SOUTHERN INDIANA GAS & ELECTRIC COMPANY | 8.35%  | 01/15/2007 | 948,000.00      | 938,588.28      | 901,462.68    |
| SOUTHERN INDIANA GAS & ELECTRIC COMPANY | 4.75%  | 12/01/1981 | 8,200,000.00    | 6,431,633.68    | 3,181,845.99  |
| SOUTHERN NATURAL GAS COMPANY            | 4.38%  | 12/01/2001 | 1,000,000.00    | 654,173.61      | 602,470.00    |
| SOUTHERN NEW ENGLAND TELEPHONE COMPANY  | 7.75%  | 06/01/2004 | 5,850,000.00    | 4,400,439.00    | 4,109,624.99  |
| SOUTHERN NEW ENGLAND TELEPHONE COMPANY  | 9.63%  | 12/01/2010 | 7,500,000.00    | 7,327,868.32    | 5,981,249.99  |
| SOUTHERN NEW ENGLAND TELEPHONE COMPANY  | 10.35% | 07/01/1994 | 5,600,000.00    | 5,600,000.00    | 4,031,999.99  |
| SOUTHERN PACIFIC TRANSPORTATION CO.     | 10.00% | 09/01/1994 | 1,540,000.00    | 1,514,725.08    | 1,181,749.79  |
| SOUTHERN PACIFIC TRANSPORTATION CO.     | 9.25%  | 08/01/1991 | 525,000.00      | 515,952.48      | 400,254.74    |
| SOUTHERN RAILWAY E T C                  | 9.25%  | 08/01/1992 | 535,000.00      | 525,380.00      | 403,368.60    |
| SOUTHERN RAILWAY E T C                  | 9.25%  | 08/01/1993 | 1,600,000.00    | 1,057,553.20    | 839,744.00    |
| SOUTHERN RAILWAY E T C                  | 4.75%  | 10/01/1992 | 10,660,000.00   | 9,085,926.70    | 5,039,834.79  |
| SOUTHWESTERN BELL TELEPHONE             | 4.63%  | 08/01/1995 | 4,750,000.00    | 3,285,733.04    | 2,094,227.49  |
| SOUTHWESTERN BELL TELEPHONE             | 4.50%  | 08/01/1997 | 3,200,000.00    | 1,948,652.90    | 1,570,687.99  |
| SOUTHWESTERN BELL TELEPHONE             | 5.88%  | 06/01/2003 | 3,000,000.00    | 1,974,710.00    | 1,629,779.99  |
| SOUTHWESTERN BELL TELEPHONE             | 6.75%  | 06/01/2008 | 6,105,000.00    | 3,983,495.44    | 3,250,912.49  |
| SOUTHWESTERN BELL TELEPHONE             | 6.88%  | 02/01/2011 | 3,850,000.00    | 3,666,927.06    | 2,309,999.99  |
| SOUTHWESTERN BELL TELEPHONE             | 7.75%  | 09/01/2009 | 7,550,000.00    | 6,600,505.28    | 4,454,499.99  |
| SOUTHWESTERN BELL TELEPHONE             | 7.38%  | 05/01/2012 | 999,000.00      | 881,019.22      | 659,110.23    |
| SOUTHWESTERN BELL TELEPHONE             | 8.45%  | 05/01/2001 | 4,250,000.00    | 4,253,168.70    | 2,805,637.49  |
| SOUTHWESTERN BELL TELEPHONE             | 8.88%  | 02/01/2006 | 3,325,000.00    | 3,325,000.00    | 2,602,244.74  |
| SOUTHWESTERN PUBLIC SERVICE             | 10.13% | 11/01/1999 | 8,400,000.00    | 8,470,192.18    | 5,809,187.99  |
| SOUTHWESTERN PUBLIC SERVICE             | 8.88%  | 06/01/2001 | 10,500,000.00   | 8,725,148.00    | 7,395,885.00  |
| SQUARE D COMPANY                        | 8.75%  | 07/01/2005 | 1,750,000.00    | 1,005,370.00    | 1,004,605.00  |
| STALEY, A. E., MFG. CO.                 | 6.00%  | 01/15/1998 | 2,000,000.00    | 1,402,120.00    | 1,375,000.00  |
| STANDARD OIL COMPANY—CALIFORNIA         | 8.38%  | 06/15/2005 | 2,000,000.00    | 1,402,846.80    | 1,284,599.99  |
| STANDARD OIL COMPANY—INDIANA            | 7.88%  | 08/01/2007 | 4,550,000.00    | 3,588,845.50    | 3,132,174.49  |
| STANDARD OIL COMPANY—INDIANA            | 8.50%  | 01/01/2000 | 18,365,000.00   | 15,823,798.80   | 12,169,016.30 |
| STANDARD OIL COMPANY—INDIANA            | 8.38%  | 03/15/2007 | 3,500,000.00    | 3,269,165.20    | 2,481,219.99  |
| STANDARD OIL COMPANY—OHIO               | 9.25%  | 11/15/2000 | 2,613,000.00    | 2,237,120.31    | 1,601,586.08  |
| STANDARD OIL COMPANY—OHIO               | 4.63%  | 04/01/1994 | 885,000.00      | 755,256.32      | 493,537.95    |
| STANLEY WORKS                           | 5.38%  | 03/15/1996 | 14,100,000.00   | 11,675,182.92   | 9,779,760.00  |
| STATEWIDE STATIONS INC.                 | 8.85%  | 01/15/2001 | 16,900,000.00   | 16,614,421.41   | 11,668,774.00 |
| STATEWIDE STATIONS INC.                 | 9.35%  | 11/15/2003 | 2,904,479.21    | 2,904,479.21    | 2,261,311.33  |
| STAUFFER CHEMICAL                       | 10.50% | 06/25/1996 | 500,000.00      | 429,033.73      | 322,089.99    |
| STUDEBAKER-WORTHINGTON, INC.            | 5.50%  | 04/01/1992 | 13,635,000.00   | 12,382,461.69   | 8,573,278.95  |
| SWIFT CREEK MINING & EQUIPMENT          | 8.13%  | 01/15/2004 | 5,000,000.00    | 4,814,073.35    | 3,766,649.99  |
| TRW INC.                                | 9.88%  | 04/15/2000 | 3,554,000.00    | 2,699,687.12    | 1,814,388.07  |
| TRW INC.                                | 5.50%  | 04/01/1996 |                 |                 |               |
| TRW INC.                                |        |            |                 |                 |               |
| TAMPA ELECTRIC COMPANY                  |        |            |                 |                 |               |



Detailed Listing of Bond Portfolio (Continued)

| Bond Name                              | Coupon | Maturity   | Par Value       | Book Value      | Market Value    |
|--|--------|------------|-----------------|-----------------|-----------------|
| TAMPA ELECTRIC COMPANY                 | 7.25%  | 12/01/1998 | \$ 1,800,000.00 | \$ 1,504,816.92 | \$ 1,067,651.99 |
| TAMPA ELECTRIC COMPANY                 | 7.25%  | 01/01/2001 | 8,050,000.00    | 7,338,987.47    | 4,687,997.99    |
| TAMPA ELECTRIC COMPANY                 | 7.38%  | 01/01/2002 | 8,900,000.00    | 7,846,366.70    | 5,223,498.99    |
| TEXACO, INC.                           | 7.75%  | 06/01/2001 | 11,800,000.00   | 8,188,544.21    | 7,478,250.00    |
| TEXACO, INC.                           | 8.88%  | 05/01/2005 | 7,000,000.00    | 5,549,418.16    | 4,902,379.99    |
| TEXACO, INC.                           | 8.50%  | 04/01/2006 | 10,000,000.00   | 7,433,495.38    | 6,850,000.00    |
| TEXAS ELECTRIC SERVICE COMPANY         | 4.50%  | 12/15/1989 | 6,924,000.00    | 5,915,017.74    | 4,286,717.64    |
| TIME, INC.                             | 5.13%  | 02/01/1996 | 500,000.00      | 389,147.10      | 241,959.99      |
| TOLEDO EDISON COMPANY                  | 9.38%  | 04/15/2009 | 2,780,000.00    | 2,466,908.69    | 2,034,848.79    |
| TOLEDO EDISON COMPANY                  | 6.13%  | 08/01/1997 | 2,500,000.00    | 2,422,326.32    | 1,239,974.99    |
| TUCSON ELECTRIC POWER CO.              | 3.38%  | 02/01/1986 | 1,525,000.00    | 1,318,034.45    | 974,581.75      |
| TUCSON ELECTRIC POWER CO.              | 7.65%  | 05/01/2003 | 4,800,000.00    | 4,239,928.20    | 2,879,999.99    |
| TUCSON ELECTRIC POWER CO.              | 8.50%  | 10/01/2009 | 2,425,000.00    | 2,330,202.48    | 1,519,553.49    |
| UNION CARBIDE COMPANY                  | 4.88%  | 02/01/1996 | 1,200,000.00    | 848,898.34      | 524,700.00      |
| UNION CARBIDE COMPANY                  | 8.50%  | 01/15/2005 | 7,250,000.00    | 4,863,130.00    | 4,807,692.49    |
| UNION CARBIDE COMPANY                  | 7.50%  | 12/15/2006 | 23,300,000.00   | 14,216,993.60   | 13,930,837.00   |
| UNION CARBIDE COMPANY                  | 9.35%  | 08/15/2009 | 1,000,000.00    | 719,430.00      | 713,230.00      |
| UNION CARBIDE COMPANY                  | 4.50%  | 12/31/1996 | 4,534,561.58    | 3,682,691.79    | 2,617,167.56    |
| UNION ELECTRIC OF MISSOURI             | 8.63%  | 01/15/1999 | 1,780,641.81    | 1,780,641.81    | 1,281,527.91    |
| UNION ELECTRIC OF MISSOURI             | 4.75%  | 07/01/1991 | 3,350,000.00    | 3,376,352.70    | 1,747,728.49    |
| UNION ELECTRIC OF MISSOURI             | 4.50%  | 11/01/1993 | 4,200,000.00    | 4,223,527.14    | 1,914,947.99    |
| UNION ELECTRIC OF MISSOURI             | 4.50%  | 04/01/1995 | 1,800,000.00    | 1,020,646.46    | 782,405.99      |
| UNION ELECTRIC OF MISSOURI             | 5.50%  | 05/01/1996 | 2,500,000.00    | 2,436,160.46    | 1,192,924.99    |
| UNION ELECTRIC OF MISSOURI             | 5.50%  | 03/01/1997 | 3,250,000.00    | 3,166,134.46    | 1,523,924.99    |
| UNION ELECTRIC OF MISSOURI             | 7.00%  | 04/01/1998 | 1,940,000.00    | 1,337,568.80    | 1,076,855.19    |
| UNION ELECTRIC OF MISSOURI             | 7.63%  | 04/01/2001 | 3,200,000.00    | 2,964,265.99    | 1,858,367.99    |
| UNION ELECTRIC OF MISSOURI             | 8.13%  | 10/01/2001 | 900,000.00      | 633,755.56      | 551,358.00      |
| UNION ELECTRIC OF MISSOURI             | 8.38%  | 02/01/2004 | 1,575,000.00    | 1,182,329.36    | 966,845.25      |
| UNION LIGHT, HEAT & POWER COMPANY      | 8.88%  | 09/01/2006 | 500,000.00      | 372,895.00      | 320,394.99      |
| UNION LIGHT, HEAT & POWER COMPANY      | 8.63%  | 12/01/2007 | 1,250,000.00    | 957,261.14      | 756,250.00      |
| UNION LIGHT, HEAT & POWER COMPANY      | 5.00%  | 07/01/1989 | 1,250,000.00    | 1,171,453.58    | 742,837.50      |
| UNION OIL COMPANY OF CALIFORNIA        | 4.38%  | 07/01/1993 | 1,700,000.00    | 1,708,177.26    | 786,878.99      |
| UNION OIL COMPANY OF CALIFORNIA        | 8.00%  | 10/01/2003 | 350,000.00      | 297,116.56      | 217,234.49      |
| UNION OIL COMPANY OF CALIFORNIA        | 6.63%  | 06/01/1998 | 1,000,000.00    | 593,490.00      | 611,520.00      |
| UNION PACIFIC RR E T C                 | 8.63%  | 03/01/2006 | 18,475,000.00   | 16,791,100.36   | 12,618,794.50   |
| UNION TANK CAR COMPANY E T C           | 5.38%  | 03/01/1981 | 230,000.00      | 230,000.00      | 227,980.59      |
| UNION TANK CAR COMPANY E T C           | 9.63%  | 12/15/1994 | 2,000,000.00    | 1,966,939.28    | 1,433,199.99    |
| UNION TANK CAR COMPANY E T C           | 9.80%  | 06/01/1995 | 3,250,000.00    | 3,221,131.08    | 2,353,324.99    |
| UNION TANK CAR COMPANY E T C           | 9.50%  | 12/15/1995 | 1,000,000.00    | 882,477.40      | 702,760.00      |
| UNION TANK CAR COMPANY E T C           | 8.30%  | 12/01/1996 | 1,200,000.00    | 1,185,438.08    | 747,924.00      |
| UNITED TELEPHONE CO. OF FLORIDA        | 9.80%  | 06/01/1999 | 7,000,000.00    | 6,565,970.39    | 5,219,479.99    |
| UNITED TELEPHONE CO. OF OHIO           | 10.00% | 11/15/2004 | 2,000,000.00    | 1,975,947.68    | 1,464,939.99    |
| UNITED TELEPHONE CO. OF OHIO           | 10.25% | 03/15/2005 | 2,000,000.00    | 1,682,000.00    | 1,290,649.05    |
| UTAH POWER & LIGHT CO.                 | 9.00%  | 09/15/2008 | 1,682,000.00    | 3,420,510.80    | 2,373,804.99    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 8.50%  | 03/01/2007 | 3,500,000.00    | 1,994,463.62    | 1,264,839.99    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 4.88%  | 06/01/1991 | 2,000,000.00    | 1,486,288.13    | 1,060,819.99    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 4.50%  | 12/01/1993 | 1,400,000.00    | 1,403,037.84    | 631,568.00      |
| VIRGINIA ELECTRIC & POWER COMPANY      | 4.50%  | 05/01/1995 | 600,000.00      | 393,064.41      | 258,077.99      |
| VIRGINIA ELECTRIC & POWER COMPANY      | 5.13%  | 02/01/1997 | 3,100,000.00    | 2,754,015.46    | 1,387,156.99    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 6.88%  | 12/01/1997 | 2,253,000.00    | 2,206,779.38    | 1,237,505.30    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 7.13%  | 01/01/1999 | 5,600,000.00    | 4,935,912.53    | 3,059,895.99    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 7.38%  | 03/01/2001 | 5,150,000.00    | 4,739,590.41    | 2,842,542.49    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 9.25%  | 03/01/2006 | 5,225,000.00    | 5,191,908.14    | 3,444,842.49    |
| VIRGINIA ELECTRIC & POWER COMPANY      | 8.75%  | 09/01/2006 | 1,150,000.00    | 1,150,000.00    | 720,797.00      |
| VIRGINIA ELECTRIC & POWER COMPANY      | 8.63%  | 03/01/2007 | 400,000.00      | 344,223.33      | 246,991.99      |
| WEST PENN POWER COMPANY                | 10.25% | 04/01/2009 | 9,000,000.00    | 8,931,072.18    | 6,471,449.99    |
| WEST PENN POWER COMPANY                | 4.50%  | 03/01/1992 | 1,500,000.00    | 1,163,251.66    | 737,790.00      |
| WEST PENN POWER COMPANY                | 4.88%  | 12/01/1995 | 5,700,000.00    | 3,894,422.78    | 2,583,011.99    |
| WEST PENN POWER COMPANY                | 7.13%  | 07/01/1998 | 1,300,000.00    | 1,119,219.88    | 752,024.00      |
| WESTERN ELECTRIC COMPANY INCORPORATED  | 7.88%  | 07/01/1999 | 2,250,000.00    | 1,923,541.62    | 1,397,069.99    |
| WESTERN MASSACHUSETTS ELECTRIC COMPANY | 5.50%  | 06/15/1997 | 14,840,000.00   | 11,387,903.92   | 7,367,763.19    |
| WESTINGHOUSE ELECTRIC COMPANY          | 4.38%  | 05/01/1992 | 2,700,000.00    | 2,723,705.18    | 1,222,424.99    |
| WESTVACO CORP.                         | 5.38%  | 04/01/1992 | 6,700,000.00    | 5,740,334.89    | 4,008,073.99    |
| WESTVACO CORP.                         | 9.75%  | 04/01/2000 | 4,850,000.00    | 4,352,969.57    | 3,612,958.99    |
| WEYERHAEUSER COMPANY                   | 8.13%  | 08/15/2007 | 1,000,000.00    | 702,800.00      | 4,599,566.24    |
| WHEELABRATOR FRYE                      | 8.63%  | 10/01/2000 | 7,650,000.00    | 7,451,338.00    | 6,442,982.99    |
| WISCONSIN ELECTRIC POWER COMPANY       | 11.75% | 07/15/2005 | 5,135,000.00    | 4,834,533.16    | 2,996,272.49    |
| WISCONSIN ELECTRIC POWER COMPANY       | 6.88%  | 11/15/1997 | 5,220,000.00    | 5,206,347.20    | 3,027,756.59    |
| WISCONSIN ELECTRIC POWER COMPANY       | 6.88%  | 05/15/1998 | 1,250,000.00    | 1,145,460.57    | 738,162.50      |



PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

| Bond Name                            | Coupon | Maturity   | Par Value                 | Book Value                | Market Value              |
|--------------------------------------|--------|------------|---------------------------|---------------------------|---------------------------|
| WISCONSIN MICHIGAN POWER             | 6.63%  | 10/01/1998 | \$ 530,000.00             | \$ 499,026.32             | \$ 292,480.49             |
| WISCONSIN PUBLIC SERVICE CORPORATION | 7.25%  | 04/01/1999 | 2,000,000.00              | 1,784,857.58              | 1,182,419.99              |
| WISCONSIN TELEPHONE COMPANY          | 4.88%  | 05/01/1995 | 2,000,000.00              | 1,829,106.77              | 996,840.00                |
| WITCO CHEMICAL CORP.                 | 9.50%  | 08/15/2009 | 8,500,000.00              | 8,347,919.94              | 5,997,514.99              |
| WITCO CHEMICAL CORP.                 | 12.00% | 12/01/1984 | 8,000,000.00              | 8,000,000.00              | 6,467,599.99              |
| WOOLWORTH (F. W.) CO.                | 9.00%  | 06/01/1999 | 11,050,000.00             | 8,169,691.79              | 7,512,895.00              |
| WORTHINGTON INDUSTRIES               | 9.25%  | 12/01/1998 | 15,000,000.00             | 15,000,000.00             | 10,775,850.00             |
| XEROX CORP.                          | 5.38%  | 04/01/1991 | 3,712,500.00              | 3,330,698.16              | 2,258,907.74              |
| <b>TOTAL CORPORATE</b>               |        |            | <b>\$2,994,178,052.21</b> | <b>\$2,632,262,827.85</b> | <b>\$1,895,004,293.08</b> |

CAPEHART MORTGAGES

|                                 |       |            |                        |                        |                        |
|---------------------------------|-------|------------|------------------------|------------------------|------------------------|
| FORT BRAGG                      | 4.25% | 04/01/1983 | \$ 558,120.41          | \$ 535,097.96          | \$ 446,496.33          |
| FORT BRAGG                      | 4.00% | 07/01/1983 | 509,417.52             | 488,404.05             | 407,534.02             |
| FORT HUACHUCA                   | 4.00% | 10/01/1983 | 438,128.83             | 420,056.05             | 350,503.06             |
| FORT LEWIS                      | 4.25% | 08/01/1985 | 898,766.29             | 874,050.23             | 719,013.03             |
| FORT LEWIS                      | 4.50% | 06/01/1988 | 413,075.87             | 413,075.87             | 330,460.70             |
| FORT LEWIS                      | 4.50% | 09/01/1988 | 775,928.13             | 775,928.13             | 620,742.50             |
| FORT LEWIS                      | 4.50% | 12/01/1988 | 595,921.53             | 595,921.53             | 476,737.22             |
| FORT ORD                        | 4.00% | 08/01/1984 | 464,747.16             | 450,804.75             | 371,797.73             |
| FORT RILEY                      | 4.50% | 01/01/1988 | 976,401.64             | 947,109.59             | 781,121.31             |
| FORT RILEY                      | 4.50% | 03/01/1988 | 850,921.87             | 825,394.30             | 680,737.50             |
| FORT RILEY                      | 4.50% | 05/01/1988 | 876,567.50             | 850,270.44             | 701,254.00             |
| FORT RILEY                      | 4.50% | 06/01/1988 | 869,696.46             | 843,605.54             | 695,757.17             |
| FORT RILEY                      | 4.50% | 07/01/1988 | 1,029,493.66           | 998,608.88             | 823,594.93             |
| FORT RILEY                      | 4.50% | 09/01/1988 | 1,006,924.84           | 976,717.15             | 805,539.87             |
| FORT RILEY                      | 4.50% | 10/01/1988 | 421,483.64             | 417,795.67             | 337,186.91             |
| FORT RILEY                      | 4.50% | 09/01/1985 | 454,702.03             | 450,723.41             | 363,761.62             |
| FORT SILL                       | 4.50% | 10/01/1985 | 906,546.98             | 875,951.09             | 725,237.58             |
| FORT SILL                       | 4.00% | 09/01/1984 | 810,269.54             | 775,833.12             | 648,215.64             |
| RUSSWOOD                        | 4.00% | 01/01/1985 | 558,534.69             | 514,550.08             | 446,827.75             |
| YUMA HOUSING                    | 4.50% | 11/01/1986 | 862,490.44             | 794,569.35             | 689,992.35             |
| 2ND CUMBERLAND HOUSING          | 4.50% | 01/01/1987 | 615,754.57             | 567,263.93             | 492,603.66             |
| 3RD CUMBERLAND HOUSING          | 4.50% | 08/01/1986 | 188,315.49             | 189,727.78             | 150,652.39             |
| 4TH CUMBERLAND HOUSING          | 4.50% | 11/01/1986 | 1,161,675.22           | 1,183,456.70           | 929,340.18             |
| CUTLER NRS                      | 4.50% | 01/01/1988 | 1,188,546.97           | 1,218,260.68           | 950,837.58             |
| MAYPORT QUARTERS                | 4.50% | 03/01/1988 | 926,710.81             | 949,878.46             | 741,368.65             |
| MAYPORT QUARTERS                | 4.50% | 04/01/1988 | 541,644.25             | 541,644.25             | 433,315.40             |
| MAYPORT QUARTERS                | 4.50% | 08/01/1987 | 529,757.93             | 529,757.93             | 423,806.34             |
| 5TH NEWPORT                     | 4.50% | 06/01/1987 | 2,314,872.87           | 2,216,490.68           | 1,851,898.30           |
| 6TH NEWPORT                     | 4.00% | 08/01/1984 | 834,326.23             | 835,369.18             | 667,460.98             |
| ALTUS AFB                       | 4.25% | 01/01/1987 | 745,945.68             | 747,810.59             | 596,756.54             |
| BEALE AFB                       | 4.25% | 02/01/1987 | 749,720.72             | 751,595.01             | 599,776.58             |
| BEALE AFB                       | 4.25% | 04/01/1987 | 758,087.83             | 725,869.11             | 606,470.26             |
| BEALE AFB                       | 4.00% | 06/01/1983 | 561,905.33             | 538,024.44             | 449,524.26             |
| BEALE AFB                       | 4.00% | 10/01/1984 | 147,644.06             | 141,369.18             | 118,115.25             |
| BLYTHEVILLE AFB                 | 4.00% | 12/01/1981 | 176,054.97             | 168,573.49             | 140,843.98             |
| CHARLESTON AFB                  | 4.00% | 02/01/1982 | 170,872.71             | 163,611.50             | 136,698.17             |
| CLINTON-SHERMAN AFB             | 4.00% | 06/01/1983 | 554,150.00             | 554,150.00             | 443,320.00             |
| CLINTON-SHERMAN AFB             | 4.50% | 11/01/1986 | 661,874.69             | 656,083.26             | 529,499.75             |
| CLINTON-SHERMAN AFB             | 4.50% | 01/01/1987 | 1,167,247.12           | 1,127,850.93           | 933,797.69             |
| KINCHELOE AFB                   | 4.00% | 10/01/1984 | 637,345.02             | 610,257.88             | 509,876.02             |
| KINCHELOE AFB                   | 4.00% | 12/01/1984 | 1,739,789.21           | 1,665,848.18           | 1,391,831.37           |
| LAUGHLIN AFB                    | 4.00% | 03/01/1985 | 1,097,977.61           | 1,051,313.58           | 878,382.09             |
| LAUGHLIN AFB                    | 4.00% | 08/01/1985 | 902,595.79             | 902,595.79             | 722,076.63             |
| LUKE AFB                        | 4.50% | 05/01/1988 | 628,278.09             | 628,278.09             | 502,622.47             |
| LUKE AFB                        | 4.50% | 02/01/1987 | 623,296.67             | 623,296.67             | 498,637.34             |
| MALMSTROM AFB                   | 4.50% | 05/01/1987 | 797,325.27             | 807,291.81             | 637,860.22             |
| MINOT AFB                       | 4.50% | 06/01/1987 | 492,092.90             | 479,790.57             | 393,674.32             |
| MINOT AFB                       | 4.25% | 11/01/1984 |                        |                        |                        |
| TURNER AFB                      |       |            |                        |                        |                        |
| VANCE AFB                       |       |            |                        |                        |                        |
| <b>TOTAL CAPEHART MORTGAGES</b> |       |            | <b>\$35,857,248.37</b> | <b>\$35,036,952.93</b> | <b>\$28,685,798.70</b> |



# DETAILED LISTING OF STOCK PORTFOLIO

DECEMBER 31, 1980

## COMMON

| Name                                    | Shares  | Cost             | Market Value     |
|---|---------|------------------|------------------|
| ABBOTT LABS                             | 400,000 | \$ 14,196,313.00 | \$ 22,600,000.00 |
| AETNA LIFE & CASUALTY                   | 95,000  | 3,672,376.50     | 3,360,625.00     |
| AIR PRODUCTS & CHEMICALS INC.           | 453,901 | 14,393,914.43    | 18,780,153.88    |
| ALLIED CHEMICAL CORP.                   | 1,635   | 87,473.45        | 87,472.50        |
| ALUMINUM CO. OF AMERICA                 | 258,100 | 12,253,393.00    | 15,389,212.50    |
| AMERICAN BRANDS                         | 121,787 | 7,620,042.00     | 9,438,492.50     |
| AMERICAN CYANAMID CO.                   | 230,100 | 7,460,916.55     | 7,507,012.50     |
| AMERICAN HOME PRODUCTS CORP.            | 412,300 | 12,083,199.69    | 11,595,937.50    |
| AMERICAN HOSPITAL SUPPLIES<br>AMP, INC. | 409,200 | 16,256,708.56    | 19,692,750.00    |
| ARCHER DANIELS MIDLAND                  | 440,000 | 12,146,593.00    | 22,715,000.00    |
| ARMCO INC.                              | 525,000 | 16,287,062.00    | 19,490,625.00    |
| ATLANTIC RICHFIELD CO.                  | 514,450 | 10,712,145.00    | 19,549,100.00    |
| BANKAMERICA CORP.                       | 664,200 | 15,852,342.14    | 42,259,725.00    |
| BAXTER TRAVENOL LABORATORIES            | 532,000 | 9,984,653.34     | 16,093,000.00    |
| BLACK & DECKER MFG.                     | 346,000 | 14,349,403.00    | 18,294,750.00    |
| BRISTOL-MYERS CO.                       | 584,000 | 13,061,239.50    | 10,731,000.00    |
| BROWNING-FERRIS INDUSTRIES              | 318,200 | 9,962,429.42     | 16,029,325.00    |
| BURLINGTON NORTHERN                     | 400,000 | 8,839,665.50     | 9,400,000.00     |
| CPC INTERNATIONAL INC.                  | 290,000 | 10,357,636.00    | 18,668,750.00    |
| CENTRAL & SOUTHWEST CORP.               | 156,000 | 10,025,337.50    | 9,828,000.00     |
| 44 CHAMPION INTERNATIONAL               | 400,000 | 6,159,505.00     | 5,150,000.00     |
| CHASE MANHATTAN CORP.                   | 81,700  | 1,873,127.00     | 2,001,650.00     |
| CHESEBROUGH-PONDS, INC.                 | 329,700 | 13,740,961.50    | 15,866,812.50    |
| COCA-COLA CO.                           | 460,000 | 13,215,819.62    | 12,937,500.00    |
| CONOCO, INC.                            | 243,700 | 9,542,050.00     | 8,133,487.50     |
| DART & KRAFT, INC.                      | 280,000 | 10,406,096.50    | 18,305,000.00    |
| DELTA AIRLINES                          | 300,000 | 10,421,509.00    | 13,050,000.00    |
| DISNEY, WALT PRODUCTIONS                | 300,000 | 15,304,368.00    | 17,700,000.00    |
| DRESSER INDUSTRIES                      | 220,000 | 11,152,105.00    | 11,275,000.00    |
| DUN & BRADSTREET COS.                   | 454,000 | 8,376,531.50     | 24,289,000.00    |
| EASTMAN KODAK CO.                       | 287,200 | 9,740,856.50     | 16,370,400.00    |
| ECKERD, JACK CORP.                      | 172,600 | 20,642,628.32    | 12,038,850.00    |
| EMERSON ELECTRIC                        | 421,600 | 8,384,257.07     | 13,912,800.00    |
| EXXON CORP.                             | 268,400 | 9,659,234.68     | 9,796,600.00     |
| FAIRCHILD INDUSTRIES INC.               | 643,760 | 28,439,479.59    | 51,903,150.00    |
| FLORIDA POWER AND LIGHT CO.             | 260,600 | 6,218,816.50     | 8,469,500.00     |
| FLUOR CORP.                             | 138,400 | 4,491,391.61     | 3,615,700.00     |
| GENERAL ELECTRIC CO.                    | 600,000 | 17,383,838.00    | 36,000,000.00    |
| GENERAL RE CORP.                        | 240,000 | 12,029,676.92    | 14,700,000.00    |
| GENERAL SIGNAL CORP.                    | 240,000 | 11,028,125.00    | 12,870,000.00    |
| GETTY OIL                               | 175,000 | 6,391,171.50     | 7,831,250.00     |
| GRACE, W. R.                            | 380,300 | 17,005,271.00    | 34,940,062.50    |
| GREAT NORTHERN NEKOOSA                  | 440,000 | 17,546,597.50    | 25,960,000.00    |
| GULF OIL CORP.                          | 207,500 | 7,359,853.00     | 8,066,562.50     |
| HALLIBURTON                             | 365,000 | 14,284,908.00    | 15,877,500.00    |
| HEWLETT PACKARD                         | 402,000 | 9,778,601.00     | 33,567,000.00    |
| HOLIDAY INNS, INC.                      | 297,200 | 14,659,043.50    | 26,599,400.00    |
| HOSPITAL CORP. OF AMERICA               | 307,800 | 15,340,366.96    | 8,310,600.00     |
| HUGHES TOOL                             | 102,300 | 4,810,405.00     | 5,549,775.00     |
| INTERNATIONAL MINERALS & CHEMICALS      | 300,000 | 8,832,099.50     | 28,987,500.00    |
| JOHNSON & JOHNSON                       | 375,000 | 13,755,794.50    | 24,562,500.00    |
| JOY MANUFACTURING                       | 201,700 | 14,465,243.73    | 20,119,575.00    |
| K MART CORP.                            | 36,200  | 1,788,630.00     | 2,013,625.00     |
| LEASEWAY TRANSPORTATION CORP.           | 500,000 | 17,740,796.00    | 8,937,500.00     |
|   | 263,217 | 5,074,809.66     | 7,764,901.50     |



| Name                               | Shares     | Cost               | Market Value       |
|------------------------------------|------------|--------------------|--------------------|
| LUBRIZOL CORP.                     | 195,000    | \$ 13,404,489.50   | \$ 12,870,000.00   |
| MACY, R. H. & CO.                  | 150,000    | 6,889,138.00       | 6,375,000.00       |
| MARATHON OIL                       | 685,000    | 20,135,304.00      | 48,463,750.00      |
| MASCO CORP.                        | 400,000    | 8,609,387.00       | 12,150,000.00      |
| McDERMOTT, J. RAY                  | 72,200     | 1,760,572.50       | 2,960,200.00       |
| McDONALDS CORP.                    | 170,000    | 8,342,950.00       | 8,287,500.00       |
| McGRAW HILL, INC.                  | 430,000    | 9,849,222.50       | 19,887,500.00      |
| MELVILLE CORP.                     | 230,700    | 9,105,967.50       | 8,016,825.00       |
| MINNESOTA MINING & MFG.            | 230,700    | 20,631,735.62      | 20,496,600.00      |
| MOBIL OIL CORP.                    | 347,400    | 4,491,824.00       | 9,302,400.00       |
| MORGAN, J. P. & CO.                | 115,200    | 9,379,685.50       | 9,287,337.50       |
| MOTOROLA INC.                      | 179,900    | 20,458,040.00      | 31,974,000.00      |
| NALCO CHEMICAL                     | 438,000    | 10,027,659.50      | 12,937,500.00      |
| OWENS-ILLINOIS, INC.               | 250,000    | 9,704,475.50       | 10,200,000.00      |
| PERKIN-ELMER                       | 400,000    | 11,738,413.50      | 42,513,150.00      |
| PFIZER, INC.                       | 611,700    | 13,937,654.06      | 22,395,100.00      |
| PHILIP MORRIS                      | 418,600    | 9,247,322.50       | 11,287,500.00      |
| PHILLIPS PETROLEUM                 | 300,000    | 12,876,190.50      | 14,272,500.00      |
| QUAKER OATS CO.                    | 330,000    | 10,684,792.00      | 20,562,500.00      |
| RAYTHEON CO.                       | 350,000    | 9,661,925.00       | 9,150,000.00       |
| REVC O D. S., INC.                 | 300,000    | 12,096,687.00      | 18,854,000.00      |
| REVLON, INC.                       | 171,400    | 7,889,183.50       | 9,000,000.00       |
| REYNOLDS METALS                    | 300,000    | 17,426,252.00      | 16,800,000.00      |
| RYDER SYSTEM, INC.                 | 350,000    | 10,055,086.68      | 9,873,102.00       |
| SEARLE, G. D. & CO.                | 280,088    | 6,535,198.92       | 6,105,864.63       |
| SPERRY CORP.                       | 225,101    | 14,925,886.12      | 18,900,000.00      |
| ST. REGIS PAPER                    | 700,000    | 16,755,173.80      | 23,341,012.50      |
| STALEY, A. E. MFG. CO.             | 368,300    | 7,472,498.00       | 8,169,600.00       |
| STANDARD OIL OF CALIFORNIA         | 236,800    | 6,799,778.00       | 5,617,350.00       |
| STANDARD OIL OF INDIANA            | 208,050    | 9,736,178.25       | 29,223,150.00      |
| TENNECO, INC.                      | 293,700    | 8,933,107.00       | 31,950,000.00      |
| TEXACO, INC.                       | 400,000    | 5,775,057.95       | 8,191,596.88       |
| TEXAS INSTRUMENTS, INC.            | 158,675    | 10,421,708.00      | 14,400,000.00      |
| TIME INCORPORATED                  | 300,000    | 973,410.00         | 1,316,175.00       |
| TRAVELERS CORP.                    | 10,900     | 1,246,633.70       | 1,806,105.00       |
| TRINITY INDUSTRIES                 | 28,840     | 6,839,239.50       | 6,880,875.00       |
| UNION CARBIDE CORP.                | 177,000    | 2,108,576.00       | 3,401,700.00       |
| UNION PACIFIC CORP.                | 133,400    | 11,605,502.50      | 12,261,000.00      |
| UPJOHN CO.                         | 244,000    | 8,876,587.50       | 38,272,500.00      |
| VALLEY NATIONAL BANK OF ARIZONA    | 486,000    | 12,117,553.00      | 17,536,500.00      |
| WARNER COMMUNICATIONS              | 259,800    | 5,133,375.00       | 5,272,500.00       |
| WEYERHAEUSER CO.                   | 148,000    | 6,093,842.67       | 11,591,974.13      |
| WOOLWORTH, F. W.                   | 149,333    | 1,054,094.51       | 1,204,612.50       |
| XEROX CORP.                        | 35,300     | 14,818,275.50      | 12,375,000.00      |
|                                    | 500,000    | 14,499,933.80      | 14,765,115.13      |
|                                    | 246,599    | \$1,057,772,379.32 | \$1,539,483,228.15 |
|                                    | 30,631,736 |                    |                    |
| <b>TOTAL COMMON</b>                |            |                    |                    |
|                                    | 97,400     | \$ 3,813,767.50    | \$ 4,663,025.00    |
| <b>CONVERTIBLE PREFERRED</b>       | 17,700     | 786,640.00         | 730,125.00         |
| ARMCO INC.                         | 207,100    | 6,604,436.00       | 9,215,950.00       |
| McDERMOTT, J. RAY                  | 161,400    | 7,162,999.50       | 7,424,400.00       |
| TIME INCORPORATED                  | 483,600    | \$ 18,367,843.00   | \$ 22,033,500.00   |
| WEYERHAEUSER                       |            |                    |                    |
| <b>TOTAL CONVERTIBLE PREFERRED</b> |            | \$1,076,140,222.32 | \$1,561,516,728.15 |
| <b>TOTAL STOCK PORTFOLIO</b>       | 31,115,336 |                    |                    |



# PLAN STATEMENT for the PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

## 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.

## 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.

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 Peace Officers who have earnings other than their compensation as a Peace Officer.

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 at service termination or death. 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 purchase by the member for:
- Military service not being used for a military retirement allowance,
  - An authorized leave of absence not to exceed one year,
  - Comparable public service outside of Ohio or with the federal government that is not being used for other retirement purposes,
  - Service restored by redeposit which had been cancelled by an earlier refund,
  - Service in an Ohio police or fire department or the State Highway Patrol that is not being used for other retirement purposes,
  - 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.

A full benefit at age 65 or with 30 or more years of service credit is based on 2% of final average salary multiplied by years of service. 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.

### Peace Officers' Benefits

A special retirement option is provided for full-time sheriffs and deputy sheriffs, and for full-time township constables or police officers who were employed after January 1, 1981. The option, which is available at age 52 or later, requires certification of satisfactory completion of the Peace Officers Training School and 25 years or more of total service credit (including military service) as a peace officer.

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 peace officer 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.

Peace officers 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 for the performance of duty, 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 bene-



fits 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, except that the benefit will be resumed if the remarriage ends in divorce, annulment, dissolution or death within two years after the survivor benefit ceased.

48

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. If the parent(s) are dependent, 65 or older, or incompetent, monthly benefits will be paid if they so elect.
  - e. If none of the foregoing, a refund is made to the estate of the deceased.
- 2) By specific designation in writing by the member 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 for 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.



