

COMPONENT UNIT FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 1991

Teachers' Retirement System
of the State of Illinois

Highlights

	June 30, 1991	June 30, 1990
Membership		
Active	124,500*	101,987
Inactive	20,674*	19,989
Benefit recipients	46,650	46,097
Total	191,825	168,073
Contributions		
Member	\$ 310,969,000	\$ 283,780,000
State of Illinois	\$ 293,585,000	\$ 293,024,000
Unfunded pension benefit cost	\$ (6,394,212,000)	\$ (5,582,611,000)
Net assets (Book Value)	\$ 8,747,122,000	\$ 8,079,898,000
Investment Return	5.9%	10.4%
Benefits paid	\$ 573,019,000	\$ 519,597,000

**Estimated*



Teachers' Retirement System
of the State of Illinois

COMPONENT UNIT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1991

*Prepared by the
Finance and Accounting Departments
and
Public Information*



Board of Trustees



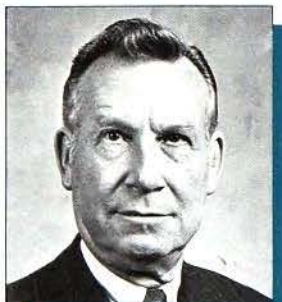
Robert Leininger
Springfield



Gary K. Anderson
Decatur



Anne Davis
Harvey



Hugh Brown
Evanston



Judith Fitch Tucker
Darien



Marjorie Cashin Shea
Springfield



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Carbondale



Bob Daniels
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Gary Kline
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Jo Ellen Keim
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Darrell Elder
Counseling Services

Curt Moore
Accounting

Tom Zimmerman
Investments



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Letter of Transmittal

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

The Management of the Illinois Teachers' Retirement System presents the Component Unit Financial Report for the year ended June 30, 1991. This report consists of six major sections: the Introduction, the Financial Statements, the Actuarial Summary, Membership and Benefits Information, Statistical Section, and the Investment Report. This report is a Component Unit Financial Report and is incorporated into the State of Illinois' Consolidated Annual Financial Report. It is the responsibility of TRS Management to ensure the accuracy and completeness of this report and that all material disclosures have been made. To the best of our knowledge, the information presented in this Component Unit Financial Report is accurate and fairly presents the financial position of the Illinois Teachers' Retirement System as of June 30, 1991, and the results of operations for the year ended June 30, 1991.

MAJOR INITIATIVES

During the fiscal year, two members of the Board of Trustees were reappointed to four-year terms by former Governor James R. Thompson. Gary Anderson, who was first appointed to the Board in 1981, is mayor of Decatur and President of Decatur Title Corporation. Bob Daniels has served on the Board since 1977 and is the Executive Director of the Illinois Education Association.

In January 1991, Trustees Hugh R. Brown and Anne Davis were re-elected to their seats on the Board. Brown was the first trustee to be elected by TRS retired members in 1987. Davis is a Harvey elementary school teacher who has served on the board since 1979. Also in January, Wheaton mathematics

teacher Gary Kline was elected to the Board of Trustees for a four-year term.

The Illinois General Assembly approved Senate Bill 1951 on January 8, 1991; Governor Thompson signed the legislation on January 14, 1991, making it Public Act 86-1488. While the legislation contained numerous administrative changes, there were three substantive changes that took effect when the bill became law.

The retroactivity of retirement benefits was changed to eliminate the one-year limitation on retroactivity and to make it possible for TRS to backdate a retirement benefit to make it effective the day following the last day of creditable service regardless of how long a member has been out of service or when they resigned.

The second substantive change allows retired TRS members to teach without restriction in colleges and universities.

The most significant change was to increase the amount of TRS support for the health insurance program. Previously, the System was limited to paying one-half of the premium for annuitants. The System now pays 75 percent of the premium.

FINANCIAL INFORMATION

A system of internal controls is in place to safeguard the System's assets and promote the efficient operation of the System. TRS is audited annually in addition to its own internal audit program with an Internal Auditor who reports directly to the Executive Director. The System operates according to an administrative budget approved annually by the Board of Trustees.

The financial statements of the

Illinois Teachers' Retirement System are prepared in conformity with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

REVENUES AND FUNDING

The major sources of revenue for TRS are member contributions, employer contributions from the State of Illinois and investment income. Revenue is accounted for on an accrual basis.

Active member contributions to the trust fund for FY91 were \$311 million, or 8 percent of their salaries, compared with \$284 million for the year ended June 30, 1990, an increase of \$27 million. This increase is attributable to salary increases and the inclusion in membership in the System of part-time and substitute teachers starting July 1, 1990.

Contributions from the State of Illinois for fiscal 1991 were \$294 million, an increase of \$1 million. While state underfunding remained the same for FY91, there was a slight increase in Early Retirement payments to account for the \$1 million increase.

State funding of the employer cost as required by law would maintain the unfunded pension benefit obligation at a fixed dollar amount; however, the State has not yet funded the System on this basis. For a number of years prior to 1982, the State funded the System by reimbursement of benefit payments. Subsequent to 1982, State appropriations have ranged from 44 percent to 66 percent of benefit payments. As a result, the State's debt to the System, the unfunded pension benefit obligation has grown dramatically in the last decade.

Revenues in Millions

Source of Revenue	1991	1990	Increase/Decrease	
			Amount	Percent
Member Contributions\$	311	\$ 284	\$ 27	9.5 %
State Contributions	294	293	1	0.3 %
Investment Income plus Realized Gain on Investments	662	814	(152)	(18.7)%
Total	\$1,267	\$1,391	\$ (124)	(8.9)%

The Illinois General Assembly passed a bill in FY89 requiring funding of the System on an actuarially sound basis beginning in FY90. The appropriation to provide that funding has not been in the State's budget in either of the last two years. Instead, the unfunded pension benefit obligation grew to over \$6 billion during FY91 as a result of the State's continued underfunding of the System. The current debt owed by the State of Illinois to the Teachers' Retirement System is \$6.4 billion, an increase of \$811.6 million from FY90.

Investment income dropped \$152 million from FY90 to \$662 million. For a detailed discussion of investment performance, see the Investment Report section of this report.

The results of an actuarial valuation conducted by the System's actuaries as of June 30, 1991, are included in the Actuarial Summary section of this report. The System's audited financial statements with related footnotes for the fiscal year ending June 30, 1991, are shown in the Financial Statements section.

The assets available for benefits continued to grow in FY91 to \$8.7 billion.

EXPENSES

Expenditures of the Teachers' Retirement System are attributable to benefit payments, refunds, health insurance premium subsidies and administrative expenses. During the year ended June 30, 1991, the System paid \$49 million more in benefit payments to recipients. This is attributable to more members in retirement and the 3 percent compounded annual increase in benefits. The 50 percent or \$5 million increase in the expenditure for health insurance premiums was due to a sizable increase from 50 percent to 75 percent in the portion

of premiums paid by TRS, combined with an increase in premiums of approximately 25 percent and an increase in the plan's enrollment. Administrative expense in FY90 included a \$35 million reclassification of accounts receivable. When the effects of this reclassification are removed, the rest of the change in administrative expense was an increase of \$1 million, which is primarily attributable to the transfer of \$860 thousand of prior service credit to other retirement systems prescribed by legislation.

INVESTMENTS

Investment income and realized gain on investments of \$662.6 million during FY91 were positive contributors to the fund's financial status. Investments totaled \$9.4 billion at market value at June 30, 1991. As trustee for members' funds, the System is responsible for investment of the fund under the prudent person standard. This standard has permitted the System to allocate trust funds across a broad group of asset classes, including stocks, bonds and real estate.

The System's total fund, time-weighted rate of return was 5.9 percent. Annualized three-year and five-year total returns of 10.2 percent and 9.3 percent, respectively, continue to outperform the rate of inflation for these periods, 4.8 percent and 4.4 percent, respectively. The System's long-term objective, to exceed the rate of inflation by 3 percent, has been achieved for both the three-year and five-year periods.

A summary of the System's investment activities during FY91 and historic performance results is presented in the Investment Report section which is followed by the Investment Listing.

INDEPENDENT AUDIT

The Teachers' Retirement System is audited annually by independent external auditors hired by the Illinois Auditor General's office. Each year the financial statements, records and internal controls of TRS are examined by these external auditors and, every other year, a compliance audit for the previous two years is performed to ensure compliance with all applicable statutes and codes. The Independent Auditor's Report is contained on page 9 of this report.

AWARDS

TRS participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program and has received the award each of the last two years. This report has been prepared in accordance with the requirements established by the GFOA for preparation of a Component Unit Financial Report and will be submitted to the GFOA for review this year.

ACKNOWLEDGMENTS

This report reflects the combined effort of the TRS staff under the leadership of the Board of Trustees and the Executive Director. The Accounting Department, under the management of Curt Moore, compiled the report. It is intended 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 members of the General Assembly and Illinois school districts outside of Chicago as well as being made available upon request to all members and retired members of the System. We hope that you find this report informative and helpful.


Fred Husmann
Executive Director

Expenses in Millions

Source of Expense	1991	1990	Increase/Decrease	
			Amount	Percent
Benefit Payments	\$ 558	\$ 509	\$ 49	9.6 %
Health Insurance	15	10	5	50.0 %
Refunds	19	22	(3)	(13.6)%
Administrative	8	42	(34)	(81.0)%
Total	\$ 600	\$ 583	\$ 17	2.9 %

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System
of the State of Illinois

For its Component Unit
Financial Report
for the Fiscal Year Ended
June 30, 1990

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



President



Executive Director

*Manual Training
Cummings School
Sangamon County
1917*



FINANCIAL STATEMENTS

Independent Auditors' Report

ARTHUR ANDERSEN & CO.

CHICAGO, ILLINOIS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Honorable Robert G. Cronson
Auditor General
State of Illinois

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

We have audited, as Special Assistant Auditors for the Auditor General, the accompanying statement of financial position of the TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS as of June 30, 1991, and the related statement of revenue, expense and changes in net assets for the year then ended. These financial statements and the schedules referred to below are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit. The financial statements of the Teachers' Retirement System of the State of Illinois as of June 30, 1990, were audited by other auditors whose report dated September 28, 1990, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Teachers' Retirement System of the State of Illinois as of June 30, 1991, and the results of its operations and the changes in its net assets for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of supplementary financial information on Pages 16 and 17 at June 30, 1991, and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 1991 information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary financial information for the years 1982 through 1990 has been derived from financial statements audited by other auditors whose reports thereon expressed an unqualified opinion.

Arthur Andersen & Co.
ARTHUR ANDERSEN & CO.

October 15, 1991

Financial Statements

Statements of Financial Position

Teachers' Retirement System of the State of Illinois

	June 30	
	1991	1990
Assets		
Cash - Note C	\$ 2,610,000	4,058,000
Receivables:		
Contributions from school districts:		
Salary deductions	16,893,000	12,228,000
Federal and trust funds	2,676,000	2,101,000
Members accounts	113,000	90,000
Total receivables	19,682,000	14,419,000
Investments - Note C (Market value 1991 \$9,438,303,000; 1990 \$8,910,482,000)	8,732,285,000	8,066,358,000
Property and equipment - Note A	980,000	1,172,000
Total assets	8,755,557,000	8,086,007,000
Liabilities		
Payables:		
Benefits	849,000	1,239,000
Refunds	350,000	79,000
Other - Note A	7,236,000	4,791,000
Total liabilities	8,435,000	6,109,000
Net Assets Available for Benefits	\$8,747,122,000	8,079,898,000
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits	\$5,742,766,000	5,121,234,000
Terminated members not yet receiving benefits	278,842,000	278,494,000
Current employees:		
Accumulated employee contributions	2,311,850,000	2,167,054,000
Employer-financed vested	2,227,297,000	1,960,401,000
Employer-financed nonvested	4,580,579,000	4,135,326,000
Total pension benefit obligation	15,141,334,000	13,662,509,000
Unfunded pension benefit obligation	(6,394,212,000)	(5,582,611,000)
Net Assets Available for Benefits - Note G	\$8,747,122,000	8,079,898,000

See notes to financial statements.

Statements of Revenue and Expense and Changes in Net Assets

Teachers' Retirement System of the State of Illinois

		Year Ended June 30	
		1991	1990
Revenue			
Contributions - Note E			
Members	\$	310,969,000	283,780,000
State of Illinois		262,504,000	263,507,000
School districts:			
Early retirement option		17,995,000	17,282,000
Federal and trust funds		13,086,000	12,235,000
Total contributions		604,554,000	576,804,000
Investment income - Note C			
Interest		302,000,000	315,940,000
Dividends		100,319,000	96,151,000
Other		61,222,000	53,440,000
Total investment income		463,541,000	465,531,000
Gain on sale of investments		199,079,000	348,398,000
Total revenue		1,267,174,000	1,390,733,000
Expense			
Benefits:			
Age retirement		414,337,000	378,827,000
Post-retirement		106,089,000	96,008,000
Survivor		28,793,000	26,209,000
Disability		8,658,000	8,222,000
Health insurance		15,142,000	10,331,000
		573,019,000	519,597,000
Refunds		19,416,000	21,662,000
Administrative expenses - Note A		6,655,000	6,175,000
Transfers/Prior service credit		860,000	35,472,000
Total expense		599,950,000	582,906,000
Revenue in Excess of Expense		667,224,000	807,827,000
Net Assets Available for Benefits			
At Beginning of Year		8,079,898,000	7,272,071,000
Net Assets Available for Benefits			
At End of Year	\$	8,747,122,000	8,079,898,000

See notes to financial statements.

Financial Statements

NOTES TO FINANCIAL STATEMENTS

Teachers' Retirement System of the State of Illinois
June 30, 1991

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of the Teachers' Retirement System of the State of Illinois are prepared using the accrual basis of accounting.

Investments accounting: Investments are valued on the basis of cost. Gain or loss on the sale of investments is determined based on average cost for stocks and identified cost for debt securities.

Investments authorized: Through the Board of Trustees, as authorized in Article 16 of the Illinois Pension Code, the System serves as fiduciary for the members' trust funds and is responsible for investment of such funds under authority of the "prudent person rule." The prudent person rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

Equipment: Equipment is stated on the basis of historical cost. Provisions for depreciation are computed by the straight-line method, based upon the estimated useful lives of the assets. Equipment is assigned a useful life of from three to ten years while vehicles are assigned a five-year life.

Prior service credit consists of an adjustment to reflect members' contributions for prior service credit on the cash basis to meet revenue recognition criteria for the year ended June 30, 1990, and transfer of members' accumulated contributions to other pension systems for the year ended June 30, 1991.

Administrative expenses and other payables include \$482,638 for accrued compensated absences for FY91.

NOTE B - PLAN DESCRIPTION

The System is the administrator of a cost-sharing multiple-employer public employee retirement plan. Members of the System consist of all teachers employed in the public common schools of Illinois outside of Chicago. The System was established by the State of Illinois and is governed by Article 16 of the Illinois Pension Code. The System is a component unit of the State of Illinois and is included in the State's financial statements as a pension trust fund.

The System has developed criteria to determine whether other entities should be included within its financial reporting entity. The criteria include, but are not limited to, whether the System exercises oversight responsibility on financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing arrangements.

Based on this criteria, the System has no other entities included in these financial statements.

Members are employed by 1,114 school districts and special districts. Member contributions are remitted by each employer district to the System. These employers are only responsible for employer contributions for teachers paid from federal and trust funds and for the employer's portion of the early retirement option. The State of Illinois provides employer contributions to fund the System. State contributions are based on annual appropriations which are less than statutory funding of normal cost and amortization of the unfunded pension benefit obligation over a 40-year period with a six-year phase-in as prescribed in Public Act 86-0273.

At June 30, 1991, the number of employers was:		At June 30, 1991, the System membership consisted of:	
Local school districts	951	Retirees and beneficiaries currently	
Special districts	127	receiving benefits	46,651
State agencies	<u>36</u>	Terminated members entitled to benefits	
	1,114	but not yet receiving them	10,000
		Current members:	
		Vested	81,000
		Nonvested	<u>43,500</u>
			181,151

Terminated and current members are estimated based on the latest available data.

The pension plan provides retirement benefits, health insurance, and death and disability benefits. A member qualifies for an age retirement annuity after attaining one of the following: age 62 with five years of service credit; age 60 with ten years; age 55 with 20 years. If retirement occurs between age 55 and 60 with less than 35 years of service, the annuity will be reduced at the rate of 1/2 percent for each month the member is under age 60. A member age 55 with less than 35 years of service credit may use the early retirement option to avoid a discount for early retirement if retirement occurs before July 1, 1995, and within six months of the last day of service requiring contributions and if the member and employer both make a one-time contribution to the System.

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

Member contributions, established by statute, are 8 percent of earnings allocated as follows: 6 1/2 percent for retirement, 1/2 percent for post-retirement increases and 1 percent for death benefits. If a member leaves covered employment, the System will refund a member's contributions upon request. The refund consists of actual contributions excluding the 1 percent death benefit contribution.

NOTE C - CASH AND INVESTMENTS

At June 30, 1991, the bank balance and carrying amount of the System's deposits were \$48,299,000 and \$2,610,000, respectively. Of the bank balance, \$46,787,000 was on deposit with the State Treasurer. The System's investments are categorized to give an indication of the level of risk at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party but not in the System's name.

Investments at June 30, 1991 and 1990 are summarized below:

Category 1:

	Cost		Market Value	
	1991	1990	1991	1990
Bonds	\$1,500,206,000	1,849,215,000	1,501,028,000	1,841,482,000
Corporate notes	1,299,274,000	768,994,000	1,303,622,000	769,404,000
Preferred stock	15,248,000	7,203,000	16,567,000	7,201,000
Short term investments	298,644,000	196,011,000	298,879,000	196,245,000
Common stock	3,295,255,000	2,953,954,000	3,969,839,000	3,584,124,000
Real estate	1,088,202,000	824,867,000	1,000,598,000	822,811,000
Alternative investments	92,547,000	97,074,000	92,746,000	91,873,000
Currency investments	58,654,000		57,496,000	
Accrued interest and dividends	<u>87,702,000</u>	<u>77,980,000</u>	<u>87,702,000</u>	<u>77,980,000</u>
	\$7,735,732,000	6,775,298,000	8,328,477,000	7,391,120,000
Mutual funds (Not categorized)	<u>996,553,000</u>	<u>1,291,060,000</u>	<u>1,109,826,000</u>	<u>1,519,362,000</u>
Total Investments	<u>\$8,732,285,000</u>	<u>8,066,358,000</u>	<u>9,438,303,000</u>	<u>8,910,482,000</u>

The System has nonrecourse mortgages totaling \$140,681,000 and \$136,823,000 on real estate equities at June 30, 1991 and 1990, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2011.

The real estate category includes \$146,436,000 of mortgages receivable which are fully secured by the properties.

At June 30, 1991, the System has investments with one organization (other than U.S. Government and U.S. Government guaranteed obligations) that exceed 5 percent of net assets available for benefits. The investments, reported at cost, are with Harris Bank of Chicago for \$550,953,000.

NOTE D - FUNDING STATUS AND PROGRESS

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

The pension benefit obligation is determined as of June 30, 1991 and 1990. Significant actuarial assumptions are summarized as follows:

- The present value of future pension payments is computed using a discount rate of 8 percent. The discount rate represents the estimated long-term rate of return on current and future investments.
- Future pension payments reflect an assumption of a 4 percent salary increase due to inflation and a 3 percent salary increase for merit adjustments.
- Future pension payments include post-retirement increases based on 3 percent of the pension payment of the previous year.

An experience analysis is required by statute to determine the adequacy of actuarial assumptions regarding mortality, service and compensation experience. The most recent experience analysis was performed using June 30, 1988, data. Based on this analysis, there were no changes in actuarial assumptions. During the period between experience analyses, the actuary develops annual actuarial estimates based upon the most recent experience analysis performed. The annual actuarial estimate performed in FY91 included a change in the mortality rate assumption resulting in a \$214,173,000 increase in the unfunded pension benefit obligation.

Financial Statements

A reconciliation of the unfunded pension benefit obligation for the years ended June 30, 1991 and 1990 is summarized below:

	1991	1990
Unfunded benefit obligation at beginning of year	\$5,582,611,000	4,641,888,000
Additions (deductions):		
Addition to health care reserves	21,600,000	21,600,000
Employer cost in excess of contributions	397,823,000	330,532,000
Amendments		642,310,000
Actuarial losses (gains) compared to assumptions:		
Salary increases	73,722,000	11,143,000
Investment income	(9,123,000)	(202,975,000)
Other	113,406,000	138,113,000
Change in post-retirement mortality assumptions	214,173,000	
Net additions	811,601,000	940,723,000
Unfunded benefit obligation at end of year	\$6,394,212,000	5,582,611,000

NOTE E - CONTRIBUTION REQUIREMENTS

Employer contributions made by the State of Illinois are based on annual appropriations and are not actuarially determined. The State appropriations are derived from three different sources. The largest appropriation is made from the Common School Fund (1991 - \$232,835,000; 1990 - \$234,300,000) and is based on a percentage of benefits estimated to be paid. The percentage of appropriations to benefits estimated to be paid was 41 percent.

The other two sources of State contributions are the General Revenue Fund and the State Pension Fund. The General Revenue Fund appropriation (1991 - \$5,711,000; 1990 - \$22,637,000) reimburses the System for certain minimum retirement allowances and in FY90 included additional State funding. The State Pension Fund appropriation (1991 - \$23,958,000; 1990 - \$6,570,000) represents a distribution to the System of money escheated to the State.

Total contributions from employers for 1991 and 1990 were \$293,585,000 and \$293,024,000, respectively, which were 7.8 and 8.6 percent of annual covered payroll, respectively.

In some instances, the school districts and special districts are responsible for employer contributions. These contributions are required for teachers paid from federal and trust funds and for the employers' portion of the early retirement option.

In 1989, the Illinois General Assembly passed Public Act 86-0273 which required a level of funding of the Teachers' Retirement System that would pay normal costs as determined by the actuaries plus amortization of the unfunded pension benefit obligation over 40 years after a seven-year phase-in. The employer and employee actuarial contributions requirement for 1991 and 1990 are \$624,881,000 and \$864,836,000, respectively. The actual contribution for 1991 and 1990 was \$604,554,000 and \$576,804,000, respectively. The actuary has determined that the shortfall in the 1991 contribution in comparison with that required will increase the actuarially determined contribution requirement for 1992 by \$1,626,000. However, the General Assembly did not appropriate money to provide the required level of funding in either FY91 or FY92. A schedule of funding drawn from actuarial valuations is presented below:

Fiscal Year	In Thousands of Dollars				
	Normal Cost	Amortization	Total Requirement	Actual Contribution	Difference
1991	\$ 216,783	\$ 112,548	\$ 329,331	\$ 293,585	\$ 35,746
1992	244,108	156,874	400,982	278,000	122,982

The underfunding in FY91 and FY92 means that in order to get back on schedule with the phase-in to the 40-year amortization, the State would have to make the following contributions in fiscal years 93 through 96:

Fiscal Year	In Thousands of Dollars			
	Estimated Covered Payroll	Normal Costs	Amortization	Total Requirement
1993	\$ 4,108,000	\$ 279,755	\$ 215,259	\$ 495,014
1994	4,272,000	290,923	267,855	558,778
1995	4,443,000	302,568	324,784	627,352
1996	4,621,000	314,690	385,392	700,082

NOTE F - PENSION DISCLOSURE

All of the System's full-time employees who are not eligible for another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which state agencies, including the System, participate on a cost-sharing basis. The financial position and result of operations of the SERS for FY91 and FY90 and the related GASB Statement 5 employer disclosures are included in the State's Comprehensive Annual Financial Report for years ended June 30, 1991, and 1990, respectively. The SERS also issues a separate component unit financial report (CUFR).

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, is included as an integral part of the SERS CUFR. Also included is a discussion of employer and employee obligations to contribute, the authority under which those obligations are established, as well as an explanation of the pension benefit obligation. The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits.

The pension benefit obligation at June 30, 1991, and June 30, 1990, for the SERS as a whole, determined through an actuarial valuation at that date was \$4,949.9 million and \$4,538.1 million, respectively. The SERS net assets available for benefits on these respective dates (valued at cost) were \$2,979.4 million and \$2,795.6 million, leaving unfunded pension benefit obligations of \$1,970.5 million and \$1,171.9 million. The System's FY91 and FY90 contribution requirements represented .006% and .005%, respectively of total contributions required of all state agency/department employers participating in SERS.

Ten-year historical trend information designed to provide information about SERS progress made in accumulating sufficient assets to pay benefits when due is presented in its separately issued CUFRs for the years ended June 30, 1991, and June 30, 1990, respectively.

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

The System's covered payrolls for FY91 and FY90 were \$2.8 million and \$2.6 million and the payrolls for all System employees were \$3.2 million and \$3.0 million, respectively.

The System's (i.e., the employers') actuarially determined contribution requirements for FY91 and FY90 were \$132.2 thousand and \$161.6 thousand, respectively, or 4.72% and 6.2% of the System's covered payrolls. For FY91, the System's and employees' contributions actually made were \$135.6 thousand and \$114 thousand, respectively, which represents 4.8% and 4.1%, respectively, of the current year covered payroll. For FY90, the System's and employees' contributions actually made were \$161.8 thousand and \$106.1 thousand, respectively, which represents 6.2% and 4.1%, respectively, of the covered payroll.

NOTE G - RESERVE BALANCES

The balances in the reserve accounts at June 30, 1991, and June 30, 1990, were as follows:

	Year Ended		These statutory reserve accounts are maintained in accordance with provisions of Illinois Revised Statutes, 1989, Chapter 108 1/2, Article 16. The reserve requirements for Fiscal 1991 are estimates. Final reserve allocations cannot be made until annual update processing is completed in early Fiscal 1992.
	June 30, 1991	June 30, 1990	
Members' Accumulated Contributions	\$ 3,378,117,000	3,053,438,000	
Post Retirement Increases:			
Minimum Retirement Allowance	1,616,000	1,437,000	
Supplementary Payments	422,000	366,000	
Health Insurance	75,704,000	64,677,000	
Employer's Contributions	5,291,263,000	4,959,980,000	
Total Reserves	\$ 8,747,122,000	8,079,898,000	
Unfunded PBO	6,394,212,000	5,582,611,000	
Pension Benefit Obligation	\$15,141,334,000	13,662,509,000	

Members' Accumulated Contributions: This reserve accumulates, with 6% interest, the contributions by members prior to retirement. Contributions are made by salary deduction (6 1/2% of salary) and are fully refundable upon withdrawal from the System, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death for those retiring or dying during the year, and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member balance in the reserve at the beginning of the fiscal year.

Minimum Retirement Allowance: In 1974, a minimum retirement allowance equal to \$15 per month for each year of credit service at retirement, up to a maximum of \$450 per month for 30 or more years of credited service was established. To qualify, annuitants are required to make a one-time contribution which is credited to the reserve. Interest at 6% is credited to the reserve annually, based upon the average reserve balance. The State of Illinois also appropriates funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve.

Financial Statements

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

Health Insurance: Effective February 28, 1987, Chapter 108 1/2, Paragraph 16-153.4 of the Illinois Revised Statutes established the Health Insurance Reserve. The Board of Trustees is authorized to transfer up to \$20 million annually from its investment earnings in excess of 4% per annum. Interest is credited to this account at a rate of 8% annually based on the System's actuarial rate of return assumption. Health insurance benefits paid to the System's members are charged to the reserve.

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

Required Supplemental Schedules

NOTE H - HISTORICAL TREND INFORMATION

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

Supplemental Schedule of Revenues by Source

(In millions of dollars)

Year Ended June 30	Employee Contributions	Employer Contributions				Investment Income	Total
		Employer Contributions	Percentage of Annual Covered Payroll	Actuarially Required Amount*	Percentage of Annual Covered Payroll		
1982	\$ 180	\$ 169	7.8%	\$ 277	12.7%	\$ 238	\$ 587
1983	189	161	7.0	373	16.3	132	482
1984	195	207	8.8	413	17.6	234	636
1985	207	238	9.6	446	18.0	445	890
1986	220	260	9.9	448	17.0	813	1,293
1987	238	280	9.9	448	15.8	835	1,353
1988	253	242	8.1	514	17.1	560	1,055
1989	268	260	8.2	566	17.8	560	1,088
1990	284	293	8.6	624	18.3	814	1,391
1991	311	294	7.8	691	18.3	662	1,267

* Changes in actuarial assumptions and actuarial method resulted in a \$80.7 million increase in the actuarially required amount for the year ended June 30, 1983. Changes in actuarial assumptions resulted in a \$53.2 million increase in the actuarially required amount for the year ended June 30, 1988.

Supplemental Schedule of Expense by Type

(In millions of dollars)

Year Ended June 30	Benefits		Administrative/Other Expenses		Total
	Benefits	Refunds	Expenses		
1982	\$ 238	\$ 27	\$ 2		\$ 267
1983	262	23	3		288
1984	291	24	3		318
1985	325	24	3		352
1986	360	26	4		390
1987	398	26	5		429
1988	436	21	5		462
1989	477	20	6		503
1990	520	22	41		583
1991	573	19	8		600

Supplemental Schedules

Supplemental Schedule of Funding Progress

(In millions of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)
	Net Assets	Pension	Percentage	Unfunded	Annual	Unfunded Pension
	Available	Benefit	Funded	Pension Benefit	Covered	Benefit Obligation
June 30	for Benefits	Obligation	(1)/(2)	Obligation	Payroll	as a Percentage
				(2) - (1)		of Covered Payroll
						(4)/(5)
1982	\$3,215	\$6,109	52.6%	\$2,894	\$2,177	132.9%
1983	3,410	6,690	51.0	3,280	2,287	143.4
1984	3,728	7,349	50.7	3,621	2,345	154.4
1985	4,265	7,982	53.4	3,717	2,472	150.3
1986	5,168	8,687	59.5	3,519	2,633	133.6
1987	6,092	9,950*	61.2	3,858	2,834	136.1
1988	6,684	10,922	61.2	4,238	3,007	140.9
1989	7,272	11,914	61.0	4,642	3,172	146.3
1990	8,080	13,663**	59.1	5,583	3,402	164.1
1991	8,747	15,141	57.8	6,394	3,777	169.3

Analysis of the dollar amounts of net assets available for benefits, pension obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

* Includes increases of \$55 million due to plan amendments and \$393 million due to changes in actuarial assumptions.

** Includes effect of COLA of 3% compounded of \$642 million dollars.

Supplemental Schedules

Administrative expenses for the years ended June 30, 1991 and 1990 are summarized below:

	1991	1990
Personal services	\$ 4,214,000	3,496,000
Professional services	497,000	737,000
Postage	310,000	256,000
Machine repair and rental	202,000	251,000
Other contractual services	286,000	294,000
Commodities	189,000	232,000
Occupancy expense	388,000	424,000
Provision for depreciation of equipment	569,000	485,000
	<u>\$ 6,655,000</u>	<u>6,175,000</u>

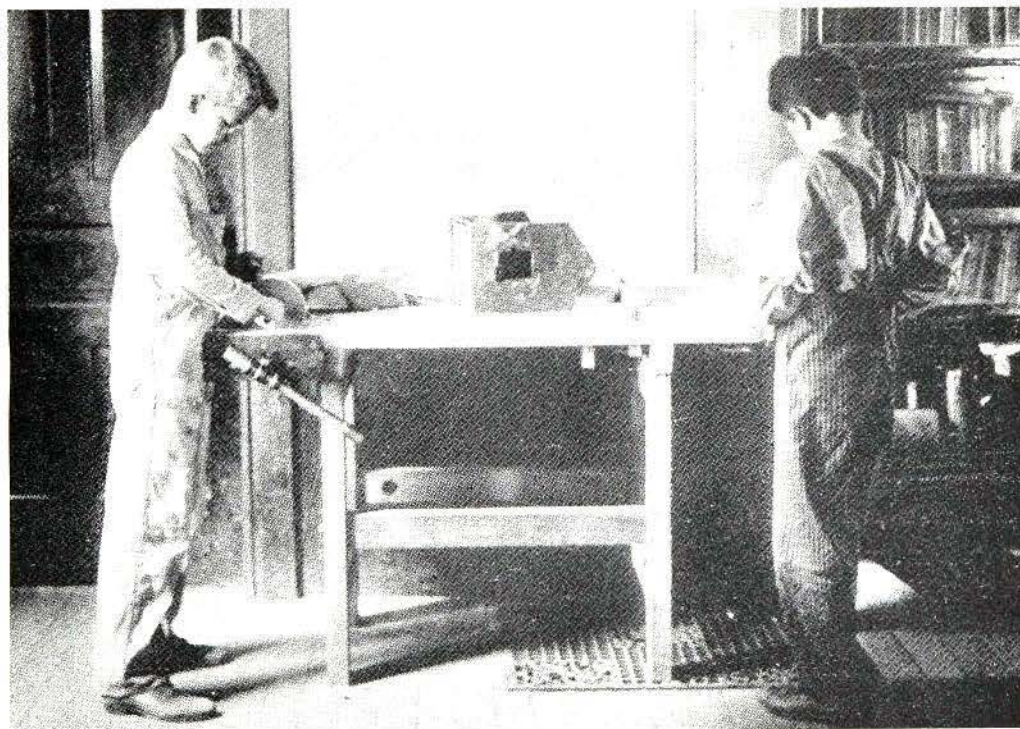
Cash receipts and disbursements for the years ended June 30, 1991 and 1990 are summarized below:

Cash balance at beginning of year	\$ 4,058,000	1,437,000
Cash receipts:		
Member contributions	308,075,000	285,705,000
Employer contributions	287,732,000	287,045,000
Investment income	502,721,000	560,614,000
Annuities returned	520,000	472,000
Investments sold	11,028,293,000	8,464,195,000
Total cash receipts	<u>\$12,127,341,000</u>	<u>9,598,031,000</u>

Cash disbursements:		
Benefits	574,002,000	519,300,000
Refunds	19,221,000	21,920,000
Administrative	5,774,000	5,843,000
Real Estate and investment manager expenses	106,651,000	85,552,000
Investments purchased	11,423,141,000	8,962,795,000
Total cash disbursements	<u>\$12,128,789,000</u>	<u>9,595,410,000</u>

Cash balance at end of year	<u>\$ 2,610,000</u>	<u>4,058,000</u>
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*Manual Training
Talbot School
Sangamon County
1917*



ACTUARIAL SUMMARY

Actuary's Certification

BUCK CONSULTANTS

55 West Monroe Street Suite 1700
Chicago, Illinois 60603

October 4, 1991

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

Subject: Pension Benefit Obligation as of June 30, 1991

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$15,141,334,000 as of June 30, 1991. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

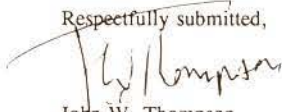
Effective with the current valuation, the assumed mortality rates of annuitants were revised to reflect the increase in annuitant and beneficiary longevity. This was accomplished by increasing the "rate-back" in the UP-1984 Mortality Table from 5 years to 6 years, thereby increasing the pension benefit obligation of the System by \$214,173,000 as of June 30, 1991. The amount of \$214,173,000 is included in the total pension benefit obligation of the System noted above.

The actuarial valuation was based on a census of retired members as of June 30, 1991, and a census of active and inactive members as of June 30, 1990, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation. We also understand that the outside auditor of the System has made an examination of the membership data.

The valuation is based on the provisions of TRS in effect on June 30, 1991. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary.

In our opinion, the amount of \$15,141,334,000 is a fair representation of the pension benefit obligation of the System as of June 30, 1991.

Respectfully submitted,


John W. Thompson
Consulting Actuary

JWT:kam
PSTK 7281362K A96

Buck Consultants Inc.
312-332-2285 Fax 312-332-5245

Actuarial Information

Introduction

A retirement plan can generally be described as a promise by the employer to provide for employees' pensions in return for services provided by the employees; as such, a pension is a form of deferred compensation. Retirement plans generally provide for retirement benefits, post-retirement increases, disability benefits, survivor benefits and group health insurance.

Since 1939, the Teachers' Retirement System of the State of Illinois has provided pension and ancillary benefits to all public elementary and secondary teachers except for those employed by the city of Chicago. Funding of these benefits comes from employee contributions, employer contributions (principally State appropriations) and investment income. Employee contributions established by the Illinois Pension Code are currently 8 percent of salary. Investment income and employer funding are primary determinants of the System's financial status. Benefits are an obligation of the State of Illinois and are an enforceable contract right.

To assess the funding status of the System, annual estimates of the pension benefit obligation are obtained through annual actuarial valuations. To estimate the amount, actuaries use demographic data (such as employee age, salary and service credits), economic assumptions (such as estimated salary increases and interest rates) and decrement assumptions (such as mortality and disability rates). These estimates are known as actuarial assumptions.

Actuarial Assumptions

Actuarial assumptions are projections based on past experience of the group and other groups with similar attributes. Assumptions should project future experience over terms of at least 50 years. Experience never coincides exactly with these projections. Differences that occur between assumptions and experience are called actuarial gains and losses. A review of the assumptions (an experience analysis) is required by statute. The most recent experience analysis was conducted in 1989 using demographic and economic data for the three-year period ended June 30, 1988. The review resulted in a change to the projected unit credit method from the attained age method.

Actuarial Valuation

An important step in an actuarial valuation is application of a cost method assigning portions of the total value of benefits to past, present and future periods of employee service. This allocation is accomplished by development of normal cost and the pension benefit obligation. Normal cost is the annual cost of service earned by System members during the fiscal year. Pension benefit obligation is a standardized disclosure of the present value of pension benefits, adjusted for the effects

of projected salary increases which are estimated to be payable in the future as a result of employee services to date.

There are several accepted actuarial cost methods. The actuarial cost method used by the System is the projected unit credit actuarial method. The current normal cost is 14.3 percent of payroll. Eight percent of normal cost is paid by the members' contributions. The remaining 6.3 percent is the employers' portion of the normal cost.

Actuarial Assumptions

- **Inflation assumption:** 4 percent per annum (included in investment returns and earnings progression assumption).
- **Investment return:** 8 percent per annum, compounded annually.
- **Retirement age:** Graduated rates for active members. Inactive members are assumed to retire at age 62. Sample annual rates of retirement per 1,000 participants for active members follow.

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

- **Mortality:** Active participants - UP 1984 Table, set back two years; nondisabled pensioners - UP 1984 Table, set back six years.
- **Disability:** Sample annual rates per 1,000 participants follow.

Age	Male	Female
20	.35	.70
30	.42	.84
40	.58	1.15
50	1.20	2.40

- **Separation:** Graduated rates based on age and sex variations.
- **Earnings progression:** Merit and longevity increases, adjusted for inflation. Approximates 7 percent per year to earliest date of retirement eligibility. Sample annual percentage increases follow.

Age	Unisex
20	9.7%
30	8.6
40	7.5
50	6.9
60	6.7

Reconciliation of Unfunded Pension Benefit Obligation

(In Millions of Dollars)

Year Ended June 30

	1991	1990
Unfunded pension benefit obligation at beginning of year	\$ 5,583	4,642
Additions (deductions):		
Amendments	-	642
Employer cost in excess of contributions	398	331
Addition to health care reserves	22	22
Actuarial losses (gains) compared to assumptions:		
Salary increases	74	11
Investment income	(9)	(203)
Other	112	138
Changes in post-retirement mortality assumptions	214	-
Net additions (deductions)	811	941
Unfunded pension benefit obligation at end of year	\$ 6,394	5,583

GASB Statement Number 5

The System complies with the reporting requirements of Statement Number 5 of the Governmental Accounting Standards Board, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers, November 1986. This statement prescribes financial disclosure requirements for public employee retirement systems including a standardized measure of the pension benefit obligation. The System uses this standardized measure for funding purposes as well as for financial reporting. The actuarial terminology used by Statement 5 is used consistently for all financial and funding exhibits.

Fiscal year 1991 actuarial gains and losses resulted from the following: average salaries increased by 7.9 percent compared to 7 percent assumption; and actuarial investment return (including interest, dividends, and realized gains) was 8.1 percent, compared to the 8 percent assumption.

Actuarial Valuation

(In Millions of Dollars)

	June 30	
	1991	1990
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits	\$ 5,743	5,121
Terminated employees not yet receiving benefits	279	279
Current employees:		
Accumulated employee contributions	2,312	2,167
Employer-financed vested	2,227	1,961
Employer-financed nonvested	4,580	4,135
Total pension benefit obligation	15,141	13,663
Net assets available for benefits, at cost	8,747	8,080
Unfunded pension benefit obligation	\$ 6,394	5,583

Employer Cost in Excess of Contributions

(In Millions of Dollars)

	Year Ended June 30	
	1991	1990
Employer normal cost	\$ 239	194
Interest on unfunded pension benefit obligation at beginning of year	447	423
	686	617
Minimum retirement benefit funded annually from the State General Revenue Fund and not included in the actuarial valuation of pension benefit obligation	6	7
	\$ 692	624
Deduct employer contributions:		
State of Illinois	263	264
Early retirement option	18	17
Federal and trust funds	13	12
	294	293
Employer cost in excess of contributions	\$ 398	331

Actuarial Information

Actuarial Funding

Current Funding Policy

On August 23, 1989, Public Act 86-0273 was enacted which provides for amortization of the System's unfunded pension benefit obligation over 40 years with a seven-year phase-in. Implementation of this legislation would provide financial stability for the System by funding benefits on an actuarially sound basis. This legislation was not implemented in FY90 or FY91 because State appropriations were insufficient to meet the funding requirements of Public Act 86-0273.

Advantages of Actuarial Funding

Retirement benefits earned during employment are part of the payroll expense for each employee. Sound financing of a retirement system requires that benefits

"Sound actuarial funding practices bolster membership confidence in retirement security."

accruing to each employee be paid for during the career of the employee by regular contributions to the retirement system based on a percentage of payroll. When an employee retires, the accumulated funds should be sufficient to provide for the benefits payable to that employee. The cost of benefits for current employees should be borne by current taxpayers and should not become a liability for future taxpayers.

Sound actuarial funding practices also protect the employer. Current assessment of costs for both the employer and contributing employees protects the employer from the future impact of increasing contributions to pay for benefits that were underfunded. In addition, current funding protects against funding problems caused by changes in the work force.

Sound actuarial funding practices bolster membership confidence in retirement security. An individual's retirement security should not depend on future taxpayers or be subject to short-term employer distress caused by economic cycles. When sound actuarial funding practices are used, investment earnings may provide an appropriate method to pay for additional cost of living adjustments required by annuitants.

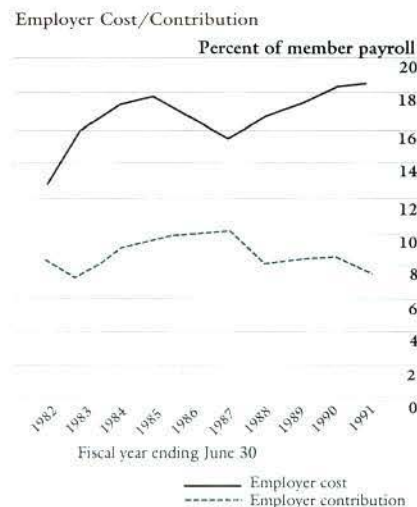
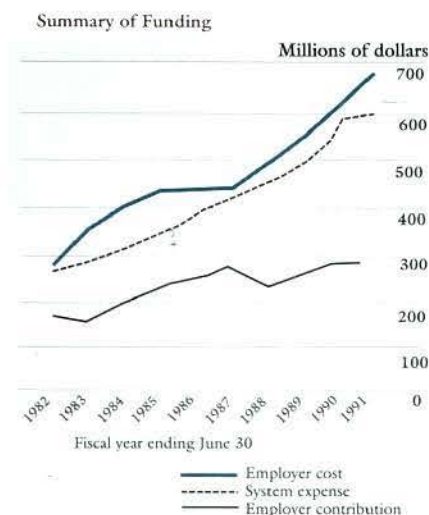
As a public pension plan, the Teachers' Retirement System is not covered by the Employee Retirement Income Security Act of 1974 (ERISA). That federal legislation did provide funding standards for private pension plans which the Teachers' Retirement System uses as a model. ERISA standards require annual funding to amortize the unfunded accrued benefit cost in the same manner as a home mortgage, with level annual payments of principal and interest over 30 years.

The Percentage of Benefits Covered by Net Assets exhibit compares the plan's net assets with the member's contributions, the amount necessary to cover the present value of benefits currently being paid, and the employer's portion of future benefits for active members.

A test of financial soundness of a pension system is its ability to pay all promised benefits when due. Column 1 represents the value of members' accumulated contributions. Column 2 represents the amount necessary to pay participants currently receiving benefits. Column 3 represents the employer's portion of future benefits for active members. The columns are arranged in order of priority: that is, members' contributions would be covered first, then current benefit recipients, and finally the employer portion of the active member benefits.

For a System receiving actuarially determined contribution amounts, the total of actuarial values in Columns 1 and 2 should generally be fully covered by assets and the portion of the actuarial value of Column 3 covered by assets should increase over time.

The Payroll Percentages test compares member payroll to unfunded pension benefit obligation, normal cost and normal cost plus interest. These percentages should decrease over the years if the System is growing stronger.



Test of Financial Soundness

The following three charts show ten-year trends representing differing perspectives on the System's actuarial status.

Funding Ratios*

(In Millions of Dollars)

	As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation	Funding Ratio	
					Cost	at Market
1982		\$ 3,215	\$ 2,734	\$ 6,109	\$ 52.6	\$ 44.8
1983		3,410	3,605	6,690	51.0	53.9
1984		3,728	3,630	7,349	50.7	49.4
1985		4,265	4,598	7,982	53.4	57.6
1986		5,168	5,952	8,687	59.5	68.5
1987		6,092	6,958	9,950	61.2	69.9
1988		6,684	7,055	10,923	61.2	64.6
1989		7,271	8,088	11,914	61.0	67.9
1990		8,080	8,924	13,663	59.1	65.3
1991		8,747	9,438	15,141	57.8	62.4

*As required by statute, the System's actuaries conducted an analysis of experience for the four-year periods ended June 30, 1981, and June 30, 1985, and for the three-year period ended June 30, 1988. For actuarial purposes, the effects of this analysis were reflected in the pension benefit obligation for the years ended June 30, 1982, and June 30, 1987, respectively; there was no effect on pension benefit obligation resulting from the three-year period ended June 30, 1988.

Percentage of Pension Benefit Obligation

(In Millions of Dollars)

Year Ended June 30	Members' Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members, Employer Portion (3)	Net Assets	Percentage of Benefits Covered by Net Assets		
					(1)	(2)	(3)
1982	\$ 1,100	\$ 2,365	\$ 2,644	\$ 3,215	100%	89%	0%
1983	1,264	2,565	2,861	3,410	100	84	0
1984	1,372	2,803	3,174	3,728	100	84	0
1985	1,472	3,130	3,380	4,265	100	89	0
1986	1,596	3,402	3,689	5,168	100	100	5
1987	1,718	3,777	4,455	6,092	100	100	13
1988	1,860	4,165	4,898	6,684	100	100	13
1989	2,004	4,528	5,382	7,272	100	100	14
1990	2,167	5,121	6,375	8,080	100	100	12
1991	2,312	5,743	7,086	8,747	100	100	10

Payroll Percentages

(In Millions of Dollars)

Year Ended June 30	Member Payroll (1)	UNFUNDED PENSION BENEFIT OBLIGATION			EMPLOYER'S COST			EMPLOYER CONTRIBUTIONS		
		Amount (2)	Percent of Payroll (3)	Employer's Normal Cost (4)	Percent of Payroll (5)	Interest on Unfunded Pension Benefit Obligation (6)	Total (7)	Percent of Payroll (8)	Employer Contribution (9)	Percent of Payroll (10)
1982	\$ 2,177	\$ 2,894	132.9%	\$ 138	6.3%	\$ 133	\$ 271	12.5%	\$ 169	7.8%
1983	2,287	3,280	143.4	164	7.2	203	367	16.1	161	7.0
1984	2,345	3,621	154.4	176	7.5	230	406	17.3	207	8.8
1985	2,472	3,716	150.3	184	7.4	253	437	17.7	238	9.6
1986	2,633	3,519	133.6	179	6.8	260	439	16.7	260	9.9
1987	2,834	3,838	135.4	194	6.9	246	440	15.5	280	9.9
1988	3,007	4,238	140.9	197	6.6	309	506	16.8	242	8.1
1989	3,172	4,642	146.3	220	6.9	339	559	17.6	260	8.2
1990	3,402	5,583	164.1	194	5.7	423	617	18.1	293	8.6
1991	3,777	6,394	169.3	239	6.3	447	686	18.2	294	7.8

Actuarial Information

State Funding Summary

(In Millions of Dollars)

FUNDING REQUIREMENTS					COVERAGE PERCENTAGE				
Fiscal Year Ended June 30	Normal Costs Plus Interest On Unfunded Pension Benefit Obligation	General Revenue Reimbursement Post-Retirement Increases	Statutory Requirements		System Expense	Employer Contributions	Statutory Requirements		System Expense
			Actuarial (Columns 1 and 2)	Minimum (4)[A]			Actuarial (7)[B]	Minimum (8)[C]	
	(1)	(2)	(3)	(4)[A]	(5)	(6)	(7)[B]	(8)[C]	(9)[D]
1982	271	6	277	202	267	169	61.0	83.7	63.3
1983	367	6	373	213	288	161	43.2	75.6	55.9
1984	406	7	413	218	318	207	50.1	95.0	65.1
1985	437	9	446	237	352	237	53.1	100.0	67.3
1986	439	9	448	253	390	260	58.0	102.8	66.7
1987	440	8	448	272	429	280	62.5	102.9	65.3
1988	506	8	514	289	462	242	47.1	83.7	52.4
1989	559	7	566	305	503	260	45.9	85.2	51.7
1990	617	7	624	327	583	293	47.0	89.6	50.3
1991	686	6	692	363	600	294	42.5	81.0	49.1

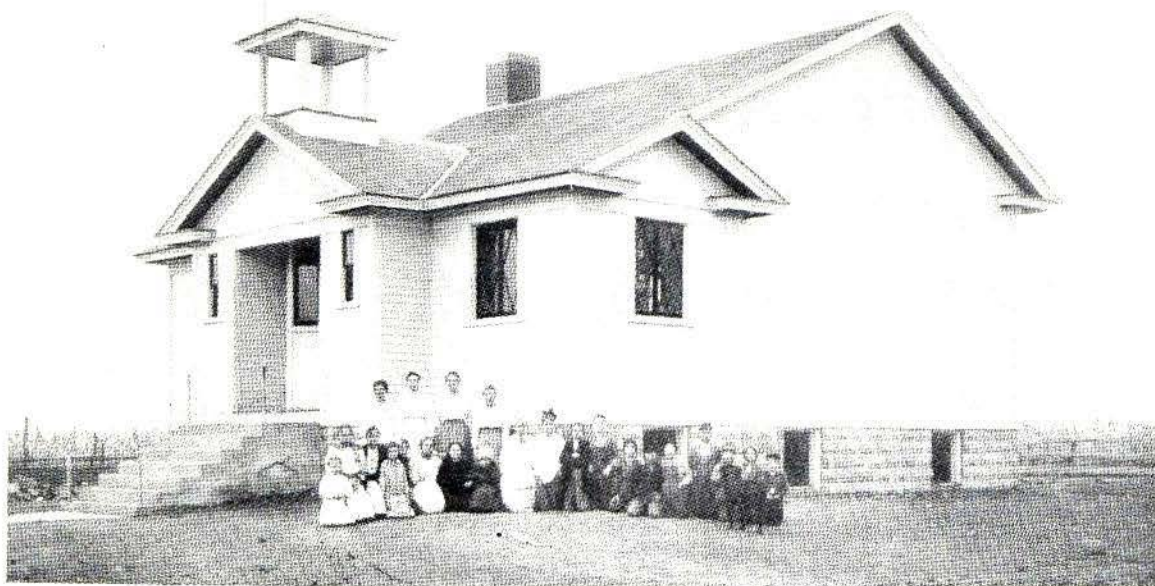
NOTE A - 9.6 percent of member payroll - the appropriate amount required by Section 16-158 of the Illinois Pension Code.

NOTE B - Employer contributions divided by actuarial requirement. (Col. 6/Col. 3)

NOTE C - Employer contributions divided by minimum requirement. (Col. 6/Col. 4)

NOTE D - Employer contributions divided by System expense. (Col. 6/Col. 5)

*Beaver Dam School
Sangamon County
1917*



MEMBERSHIP AND BENEFITS INFORMATION

Membership Information

Membership Profile

All certificated Illinois public school employees outside the city of Chicago are members of TRS. These members include full and part-time employees, subject to certain limitations as outlined in the "Plan Summary" on page 28.

Members are employed by 1,114 employers including public school districts.

System members do not contribute to Social Security; however, many earned coverage by that system through non-TRS employment. All TRS members hired after March 31, 1986, are required to contribute to Medicare.

As of June 30, 1990, (the most current fiscal year statistics available), there were 101,987 TRS members, a slight increase from the 100,857 members on June 30, 1989.

The average TRS member on June 30, 1990, was 43 years old. The average age of the member population has remained stable for the past five years although active member age had increased steadily since the early 1970s.

Fifty-seven percent of the active member population was in the 35-49 age group during FY90, compared to 40 percent of total membership in this same age group ten years ago. Despite this large percentage of educators moving toward retirement, there is a marked decrease in the number of teachers entering the field in the last ten years. During FY81, 6 percent of the total membership were age 20 to 24. In FY90, this age group composed only 1 percent of the total member population.

The number of active members who choose to work after age 55 has risen steadily in the past decade, from 9.8 percent during FY81 to 12.3 percent in FY91.

Contributions

Active members contributed \$311 million as their required 8 percent of salary to the System, up 10 percent from FY90.

The average annual salary for active members rose 6.9 percent from FY89 to FY90, from \$31,318 to \$33,464. Since

FY81, this figure has increased by 73 percent from \$19,361. Generally, the more years of service the member accrues, the higher salary he or she earns. Peak salaries averaging \$48,793 during FY90 were earned by the 400 members in the 36-40 years of service category, while those with under six years of service averaged \$23,022 annually.

Member Refunds

Members who withdraw from active service with the System may apply for a refund four months from the last day of teaching. The refund includes accumulated retirement contributions, exclusive of the 1 percent survivor benefit contribution and accumulated interest.

The System paid 2,144 former members \$9.8 million in refunds of retirement contributions during FY91. This is a decrease from the \$13.3 million paid in refunds in FY90. The total number of refunds decreased 21 percent, from 2,703 in FY90.

A refund of the 1 percent survivor benefit contribution was paid to 416 retired members in FY91, down from 532 members who received this refund in FY90. A total of \$1.8 million was paid for this refund, which is granted to retired members who request the refund and who do not have a beneficiary deemed a dependent under the Illinois Pension Code. Acceptance of this refund terminates the retired member's eligibility for survivor benefit coverage from the System.

Counseling Services

The System maintains two offices, in Springfield and Lisle, to serve members throughout the state. During FY91, the TRS offices received over 41,000 phone calls. In addition, staff members sent out over 170,000 letters and conducted office consultations with an average of 204 members monthly.

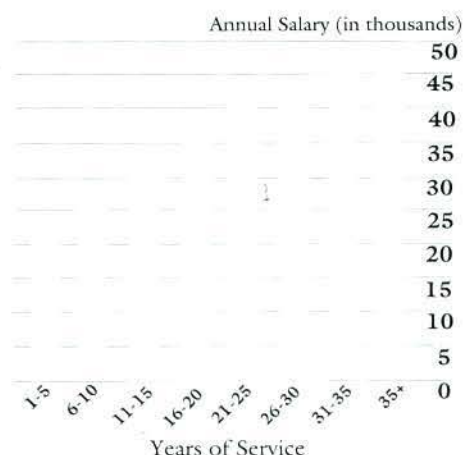
Individual retirement conferences are held around the state each year by the System's benefits counselors. During FY91, 6,511 members attended these conferences. An additional 10,538 members attended group meetings held by TRS around the state.

During FY88, the System initiated a program to help members plan for retirement. The seminars are designed to help members identify and plan to attain retirement goals. In FY90, 493 members attended these seminars. This number increased to 783 during fiscal 1991.

A series of guides designed for members, retired members and employers is published annually by the System. In addition, bulletins and newsletters are mailed to these audiences with current information concerning benefits, legislation and System administration.

Individual member statements of account are mailed annually to all members. These present up-to-date information on each member's TRS contributions and service.

Average Annual Salary
Active Members by Years of Service
As of June 30, 1990



Benefits Information

As a trust fund for its members and annuitants, the Teachers' Retirement System provides retirement annuities and disability and survivor benefits. The System also administers the TRS Health and Prescription Drug Insurance Plan. These benefits are in the System's plan as outlined in Article 16, Chapter 108 1/2 of the Illinois Revised Statutes.

Plan Design

The TRS plan is designed to pay specific benefits in amounts that are set forth by Illinois law. This design may only be changed by action of the Illinois General Assembly and the Governor. Benefits cannot be increased or reduced without a change in the TRS plan design.

Retirement Benefits

During FY91, the TRS plan provided retirement benefits for 40,571 annuitants. The average benefit of \$1,077 was up 6 percent from \$1,015 on June 30, 1990.

TRS Annuitant Profile June 30, 1991

Average Age:	73
Average Service:	26.7
Average Monthly Annuity:	\$1,077
Average Original Monthly Annuity:	\$852
Average Years in Retirement:	13

Overall, the System paid \$520.4 million in retirement annuities in FY91, up 10 percent from FY90. The number of annuitants receiving benefits rose during FY91, up 500 from June 30, 1990. The System offers retired members direct deposit of TRS annuity payments with participating financial institutions. At the end of FY91, 29,509 of the total 46,651 benefit recipients were participating in the direct deposit program. This represents 63.2 percent of all benefit participants.

Although the annuity for those members in retirement less than five years is higher than average at \$1,524, this amount drops to below the overall average after ten years in retirement—members retired between 11 and 15 years receive an average benefit of only \$928, below the \$1,077 average.

Average annuity also decreases as the retired member's age increases. Retirees aged 55 through 59 receive an average annuity of \$1,640 monthly, while those age 80 and over receive an average of only \$681.

Of the 2,097 TRS members who retired during FY91, the average age was 60, average service, 27.0, and average monthly benefit, \$1,728. These members retired with an average salary of \$37,236.

Members who are 55 or older and have 20 or more years of service may choose the early retirement option to avoid a reduction in their annuity if they retire before earning 35

years of service. Enacted in 1980, this option allows the member and employer to make a one-time contribution to TRS and avoid a reduced annuity. Current law calls for an end to the early retirement option after June 30, 1995. A nondiscounted annuity is granted to members with 35 or more years of service with no contributions required from either the member or the employer.

Use of Early Retirement Option

Year	Total Retire- ments	ERO Retire- ments	ERO % of Total	Average Payment	Average Salary
1981	1,750	419	23.9	4,924	21,092
1982	1,725	384	22.3	5,532	23,073
1983	1,946	468	24.0	5,801	24,889
1984	1,842	454	24.7	6,451	28,340
1985	2,336	645	27.6	5,924	28,331
1986	2,160	534	24.7	6,757	30,985
1987	2,093	552	26.4	7,191	32,202
1988	2,116	555	26.5	7,646	34,935
1989	2,044	630	30.8	7,798	37,141
1990	2,067	573	27.7	8,032	38,911
1991	2,097	627	29.9	8,339	40,746

Disability Benefits

Disability payments of \$8.7 million were made by the System during FY91, up 6 percent from FY90. A total of 1,142 nonoccupational disability benefits were paid to members whose average age was 58 and average years of service was 16.6.

There were 293 new nonoccupational disability benefits paid during FY91 and the average benefit for these new recipients was \$1,103. Of these new claims, 25 percent were for pregnancy-related disabilities; 13 percent were for mental illness; 14 percent for cancer and tumors, with other disabilities accounting for the remainder of the claims.

Survivor Benefits

A total of 1,214 death and survivor benefit claims were paid in FY91. Total payments rose from \$26.2 million in FY90 to \$28.8 million in FY91.

Average monthly survivor benefits of \$421 were paid to 4,967 survivors of TRS members and annuitants in FY91. The average age of the deceased was 72. There were 431 new claims during the year for monthly benefits and the average monthly benefit for FY91 claims was \$543.

Benefits Information

Health Insurance

Since 1981, the System has provided health and prescription drug insurance. The plan, administered by Blue Cross/Blue Shield, is available to annuitants electing coverage. Annuitants may also enroll their eligible dependents. On June 30, 1991, enrollment in the plan totaled 17,691 annuitants and 4,361 dependents.

Coverage Options

For annuitants and their dependents who qualify for Medicare, TRS provides Medicare supplement coverage. After the \$300 yearly deductible, the plan pays the balance of all claims that are reasonable and customary that Medicare does not pay. As of June 30, 1991, 12,774 members and 2,936 dependents were enrolled in this option.

Annuitants who do not qualify for free Medicare Part A coverage at age 65 may elect the Special Coverage Option. This option provides coverage for both hospital and physician services. It pays all claims that are reasonable and customary after a \$300 deductible and 80%-20% coinsurance of the next \$10,000 of covered expenses and 100 percent coverage thereafter. As of June 30, 1991, 1,032 annuitants and dependents were enrolled in this option.

Annuitants and their dependents under 65 are offered a major medical plan which provides coverage for both hospital and physician services. On June 30, 1991, 3,895 annuitants and 1,415 dependents were enrolled in this plan.

Premiums

The System pays 75 percent of the cost of the premium for participating annuitants; however, dependent premiums are the responsibility of the annuitants.

TRS Subsidy Payments

FY 1982	626,695	FY 1987	5,409,299
FY 1983	1,502,799	FY 1988	6,822,664
FY 1984	2,412,284	FY 1989	8,322,849
FY 1985	3,427,819	FY 1990	10,290,444
FY 1986	4,466,057	FY 1991	15,144,273

Reserve Account

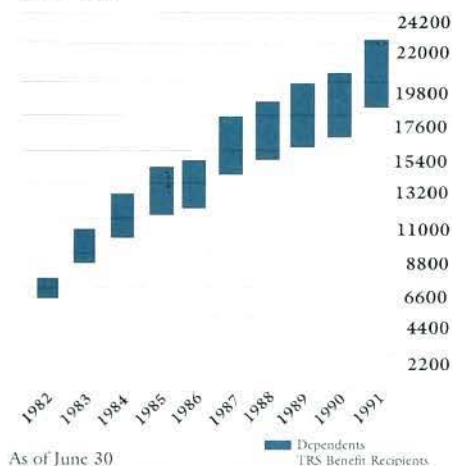
The System maintains a Health Insurance Reserve Account. On June 30, 1990, the reserve fund balance was \$64.7 million. During FY90, the account was credited with the required \$20 million plus \$6.2 million interest earned. Premium payments of \$15.2 million were charged to the account leaving a June 30, 1991, reserve fund balance of \$75.7 million.

Claims Experience

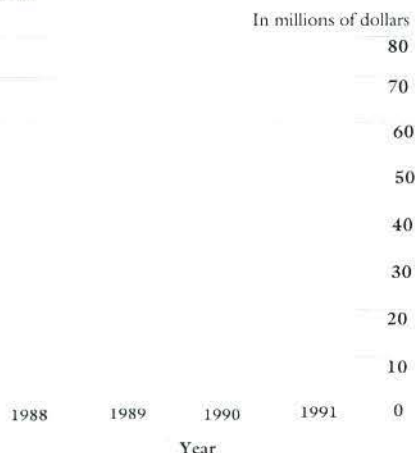
Year June 30	Premiums Paid	Retention* Fees	Claims Paid
1981	\$ 291,001	21,068	100,572
1982	1,597,841	115,684	1,207,864
1983	3,826,362	277,021	3,467,117
1984	6,242,236	368,008	5,962,159
1985	8,931,731	427,746	8,195,968
1986	11,640,732	539,458	9,859,427
1987	13,932,201	617,300	13,163,179
1988	17,066,035	735,546	17,714,923
1989	20,859,736	899,055	22,015,321
1990	26,048,490	1,122,690	24,921,796
1991	31,411,797	1,353,848	30,348,628

* Retention is the percentage of premiums paid to the insurance carrier to cover the administrative costs for processing claims and the risk involved in underwriting the contract. Because the claims paid and retention fee due to Blue Cross/Blue Shield this year would exceed the premiums paid, Blue Cross/Blue Shield forfeits the portion of the retention fee which exceeds the premiums paid.

Health Plan Enrollment
1982 - 1991



Health Insurance Reserve Account
Fund Balance
June 30



Legislative Issues

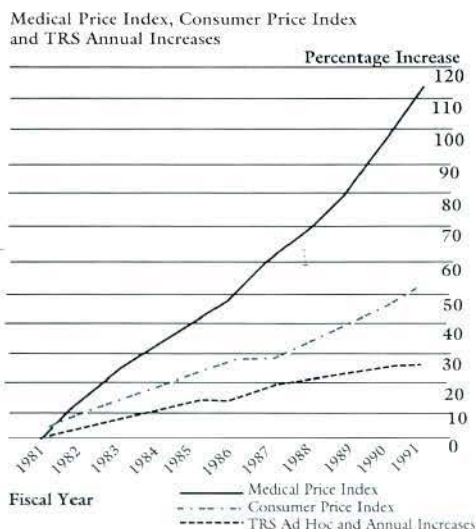
The Teachers' Retirement System plays an important role in providing economic security for its members in retirement. The System is designed not only as a defined benefit plan which replaces a set percentage of teachers' income based on the number of years which a member works as a teacher but also as a replacement for Social Security. These complementary roles are taken seriously by the Teachers' Retirement System as it works in support of equitable benefits which improve the retirement security of its members.

A recent survey of TRS members indicates that one-half of all active and retired teachers have never been employed outside the teaching profession. Those who have worked outside teaching average less than 10 years in other fields (see Table 1). Teachers' salaries and retirement benefits are the principal sources from which they must draw their lifetime income. Because teachers, most of whom are not highly compensated, are not able to set aside large sums during years of active employment, retirement benefits for teachers are, in part, designed to compensate for these lower salaries.

Table 1. TRS member employment outside teaching

	Never Employed Outside Teaching	Employed Outside Teaching	Avg. # of Yrs.
Retired members	46%	54%	9.3 yrs.
Active members			
Less than 45 years old	56%	44%	5 yrs.
45 or more years old	50%	50%	6.8 yrs.

In recent years, several legislative changes have substantially improved retirement security for TRS members and their survivors. Legislation approved in 1989 provides for annual increases based on current rather than original benefits and annual increases in benefits for survivors. These changes provide an important shield against the decline in purchasing power brought about by increasing health care costs and other economic trends (see below).

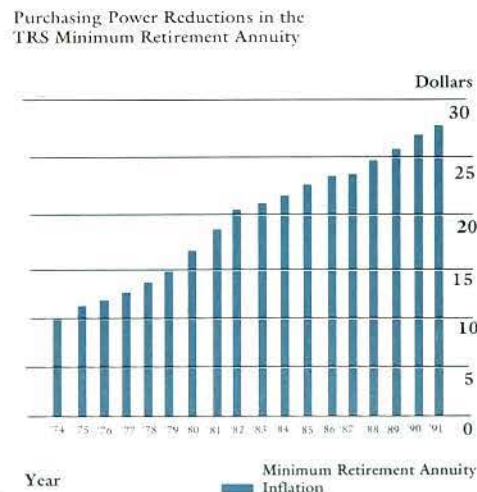


Unfortunately, TRS members in retirement for many years and those with small pensions are not significantly protected by these benefit improvements. Inflation hit many of these individuals too hard for the annual increase improvements by themselves to meaningfully increase their economic security. Many of these retirees rely on the TRS minimum retirement benefit as their bottom line protection. The minimum retirement benefit provides protection for the lowest paid and those in retirement the longest.

Minimum Retirement Benefits

The TRS minimum Retirement annuity was instituted in 1974 at \$10 per month for each year of creditable service in order to protect against the shrinking buying power of TRS annuities. Currently, annuitants who make a qualifying contribution are guaranteed a minimum retirement benefit of \$15 per month for each year of creditable service up to a maximum of \$450 per month. Over 6000 TRS annuitants rely on the minimum retirement benefit to protect their annuities. However, for many, the standard of living that this minimum supports does not approach that of their original annuity at the time they retired.

Because minimum retirement levels are an important protection for long-term retirees, these levels need to be increased over time. Since 1974, when the minimum retirement levels were introduced at \$10 per month for each year of creditable service, the cost of living has risen significantly. In order to maintain the same buying power, the \$10 per month would need to be \$25 per month. Unfortunately, this level has only been increased to \$15 per month. The TRS minimum retirement level maintains a significantly lower standard of living today than it did in 1974 (see below).



Legislative Issues

If the TRS minimum retirement level were increased to \$25 per month for each year of creditable service up to a maximum of \$750 per month, 10,405 TRS members would see an increase in monthly benefits averaging \$54 per month. This new floor for TRS benefits would significantly aid retirees hit hard by inflation. The annual increase based on current benefits will then protect these retirees from once again experiencing a dramatic loss in purchasing power.

Retirement Formula

In addition to a floor below which benefits will not fall, retirement security also flows from adequate benefits at retirement. The Teachers' Retirement System supports legislation to improve the retirement benefit formula for Illinois teachers by replacing the current graduated formula with one that will provide 2.2 percent of final average salary for each year of service credit (see Table 2). This improvement is necessary to provide TRS members with retirement benefits which compare favorably with not only teacher retirement benefits across the country, but also with other public employee retirement benefits in the State of Illinois.

Table 2. *Percent of final average salary at normal retirement age.*

Creditable Service	Current Formula	Proposed Formula
5	8.35%	11.00%
10	16.7%	22.00%
15	26.2%	33.00%
20	35.7%	44.00%
25	46.2%	55.00%
30	56.7%	66.00%
35	68.2%	75.00%
38 or more	75.00%	75.00%

Comparisons of TRS with teacher retirement plans in other states show that the benefits Illinois teachers receive still fall behind those provided to teachers outside of Illinois. All twelve other states that, like Illinois, have teachers' retirement plans which are not coordinated with Social Security provide teachers with better retirement formulas than TRS. Eight of these states provide a formula of 2 percent or greater per year of service. In 1990, the average newly retired TRS member received 1.86 percent of their final average salary for each year of service.

When the TRS plan is compared with other Illinois public employee plans, again the TRS retirement formula falls behind most others. Because the required employee contribution rates of the various systems differ greatly, the best method for comparison is to examine what members of the systems receive for each dollar they contribute. When the value of retirement benefits is expressed as a percentage of the accumulated value of a member's contributions, TRS comes in far behind most public employee plans in Illinois.

In fact, retirement benefits for educators in Illinois are lower than benefits offered to any other group of public employees. For example, under the Teachers' Retirement System, the value of a benefit at retirement for an employee who retires at age 60 with 20 years of service is 184.5 percent of the value of the employee's accumulated contributions. In other words, the employer (for TRS, the State of Illinois) contributes 84.5 cents for every dollar contributed by a teacher retiring at age 60 with 20 years of service. At the same time, the employer of a member retiring under these conditions under the Illinois Municipal Retirement Fund (I.M.R.F.), contributes \$2.14 for each dollar contributed by an I.M.R.F. member.

1992 Legislative Session

In 1992, the Teachers' Retirement System will again support legislation to improve the minimum retirement benefit and the TRS retirement formula. While TRS works closely with the Illinois General Assembly and the Governor in support of benefit improvements which increase retirement security for TRS members, the success of the System's benefit improvements is directly related to the involvement of TRS members and retirees.

In recent years, TRS members and retirees have increased their role in the legislative process by subscribing to the *TRS Legislative Update* and by contacting their elected officials regarding issues of interest to them. This active participation will help advance legislative efforts aimed at improving the retirement security of teachers throughout the State of Illinois.

Plan Summary

Administration

The Teachers' Retirement System was created and is governed by Chapter 108 1/2, Article 16 of the Illinois Revised Statutes. A Board of Trustees, comprised of the State Superintendent of Education, four persons appointed by the Governor, four elected members of the System and one elected annuitant, is authorized to carry out provisions of the Article. This Board appoints an executive director responsible for the general administration of the System.

Revenue

Three primary sources of revenue for the System are contributions from active members, appropriations from the State of Illinois and investment income. The required member contribution rate is 8 percent of gross earnings, designated as follows: 6 1/2 percent for retirement annuity, 1/2 percent for post-retirement increases and 1 percent for death benefits.

Membership

Membership in the System is mandatory for all individuals certified under the provisions of The School Code of Illinois and employed in positions requiring certification in the public schools of Illinois (outside Chicago). After July 1, 1990, TRS-covered employment includes all substitute and part-time teaching positions.

Service credit

A member is granted one year of credit for 170 paid days but not more than one year during a fiscal year ending June 30. Subject to limitations, optional credit is granted for substitute or part-time teaching prior to July 1, 1990, out-of-system service, an official leave of absence, and military service. Such service requires additional contributions. Up to one year of credit is also added at retirement for unused, uncompensated sick leave days established with TRS employers.

Disability benefits

A member with at least three years of creditable service disabled while employed as a teacher or within 90 days of such employment may be eligible for benefits if two licensed physicians verify the disability. However, no benefit will be paid while the member is entitled to receive salary (regular or sick leave) from the employer. In the case of disability due to pregnancy, only one physician must verify the disability. Part-time and substitute teachers must work as teachers for at least 340 hours in either the school year in which the disability occurs or the preceding school year to be eligible for disability benefits.

Disability benefits are 40 percent of current salary. The member continues to earn service credit while receiving disability benefits.

A disability retirement annuity is available for members who have received a disability benefit for the maximum period. This benefit pays 35 percent of the last salary or the amount computed by the retirement annuity formula, whichever is greater.

Occupational disability benefits are available to members disabled due to a duty-related accident or illness. This benefit pays 60 percent of current salary reduced by any amounts payable under a workers' compensation program. Service credit is earned during periods of occupational disability.

On January 1 following the fourth anniversary of the granting of disability, occupational disability or certain disability retirement benefits, the benefit increases 7 percent. Thereafter, the benefit increases 3 percent of the current benefit annually.

Death Benefits

Death benefits consist of a return of the member's accumulated contributions and the payment of survivor benefits.

Accumulated contributions are the member's contributions to the System plus the interest required by statute. Survivors of members receive a return of accumulated contributions. Survivors of annuitants receive accumulated contributions minus the amount received as retirement annuity.

Survivors of members are eligible for survivor benefits if death occurs while the member is employed as a teacher, during the first year following termination of employment, while on a creditable leave of absence, or while in receipt of disability or occupational disability benefits. Survivors of inactive members not meeting these requirements but with 20 years of service are eligible for survivor

benefits calculated as though the member had been in retirement. Beneficiaries of annuitants who have not taken a refund of survivor benefit contributions are also eligible for survivor benefits.

Survivor benefits are payable in one of two forms. A lump-sum settlement is available to dependent and nondependent beneficiaries. It consists of a cash settlement based on the final salary rate as a teacher. Monthly benefits are payable to dependent beneficiaries of annuitants and members with 1 1/2 years of credit and at least 60 days of creditable service during the 18 months preceding death. The System provides a 3 percent annual increase in the currently payable monthly survivor benefit.

If a member retired or is retiring and has no spouse or eligible child, he or she may take a refund of actual survivor benefit contributions, waiving all rights to have survivor benefits paid to beneficiaries; however, designated beneficiaries remain eligible for a return of the member's excess accumulated contributions (if any) upon the member's death. To restore eligibility for survivor benefits, the member must return to contributing service for at least one year and repay the refund with interest.

Retirement annuity

A member qualifies for a retirement annuity after attaining one of the following: age 62 with 5 years of service credit; age 60 with 10 years; or age 55 with 20 years. If retirement occurs between ages 55 and 60 with less than 35 years of service, the annuity will be reduced at the rate of 1/2 percent for each month the member is under age 60. A member age 55 with less than 35 years may use the early retirement option to avoid a discount for early retirement if retirement occurs before July 1, 1995, application for retirement occurs within six months of the last day of service requiring contributions, and the member and the employer both make a one-time contribution to the System. Substitute teachers must teach 85 or more days in a school term with one employer to be eligible for the early retirement option.

The annuity is determined by the average of the four highest consecutive salary rates within the last ten years of creditable service and the percentage of average salary to which the member is entitled. This percentage is determined by the following formula: 1.67 percent for each of the first ten years, plus 1.9 percent for each of the next ten years, plus 2.1 percent for each of the next ten years, plus 2.3 percent for each

year over 30. The maximum annuity, 75 percent of average salary, is achieved with 38 years of service.

An actuarial calculation is used if a member has no service after July 1, 1947, or if it provides a greater benefit. This calculation is based on interest and mortality rate factors which are subject to change.

Post-retirement increase

The System provides 3 percent compounded annual increases in the age or disability retirement annuity for qualifying annuitants beginning the later of: January 1 following the attainment of age 61 or January 1 following the first anniversary in retirement.

Refunds

The System will refund a member's contributions provided the member has officially resigned from a position requiring System membership, has not been reemployed in such a position, and submits the refund application not earlier than four months after termination of employment. The refund consists of all retirement contributions made by the member excluding interest and the 1 percent death benefit contribution. When the member accepts a refund, he or she forfeits all credit with the System. The credit may be reestablished if the member returns to teaching in a position requiring contributions to the System for one year and repays the refund with interest.

TRS Health and Prescription Drug Insurance Plan

Annuitants and beneficiaries of the System and their eligible dependents may enroll in the TRS Health and Prescription Drug Insurance Plan. This partially subsidized plan covers hospital and physicians' medical expenses and prescription drugs.

Special conditions

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, that member may receive a refund of contributions.

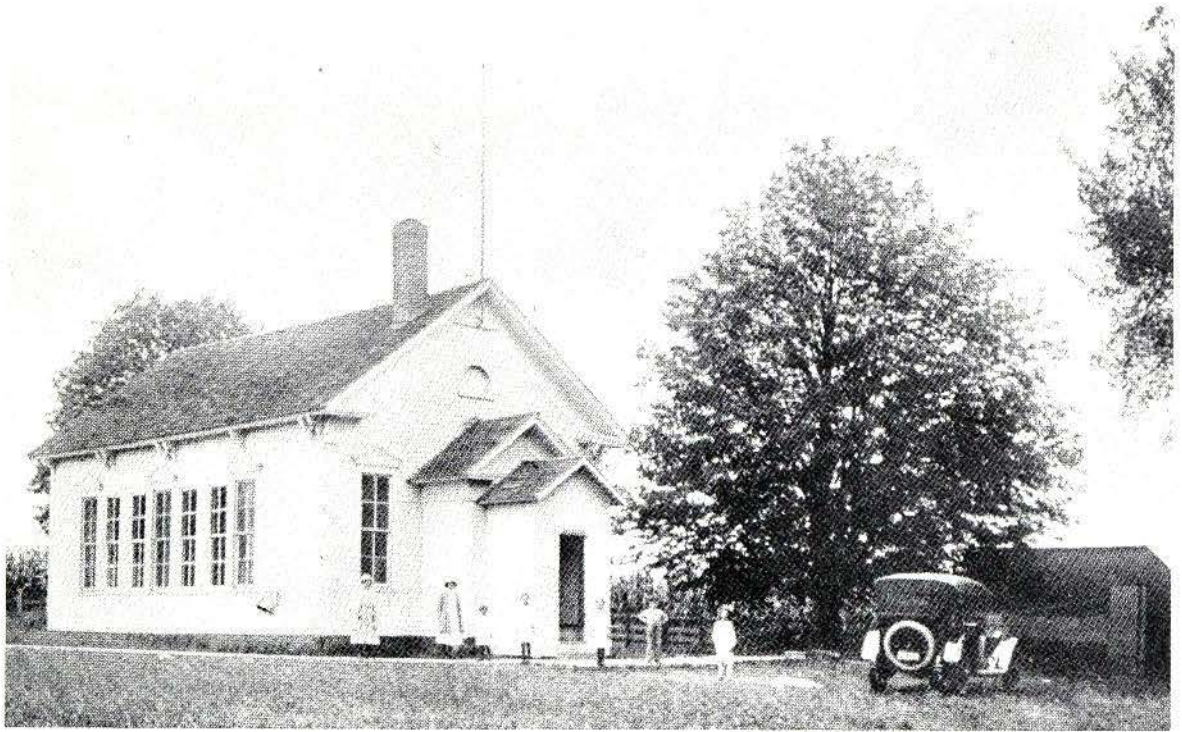
Conditions involving a claim for benefits may require further clarification. If any conflicts arise between material in this summary and that of the law, the law takes precedence.

Continuity of credit within Illinois

TRS is one of 13 systems included in the provisions of the Retirement Systems Reciprocal Act which assures continuous pension credit for public employment in Illinois.



*East Side School
Sangamon County
1917*



STATISTICAL SECTION

Exhibits

Active Members by Years of Age and Years of Service

Years of Age	<1	1-5	6-10	11-15	16-20	21-25
20-24	Total #	283	1,083			
	Average \$	9,126	19,389			
25-29	Total #	398	7,429	586		
	Average \$	10,209	21,921	25,427		
30-34	Total #	211	3,861	4,521	770	
	Average \$	10,317	23,228	26,567	29,351	
35-39	Total #	283	3,594	3,016	7,074	1,338
	Average \$	9,593	23,499	28,469	31,724	35,647
40-44	Total #	402	4,543	2,980	4,174	10,233
	Average \$	9,140	24,694	29,815	34,053	37,671
45-49	Total #	192	2,431	2,000	2,281	3,719
	Average \$	9,409	25,857	30,358	34,524	39,388
50-54	Total #	72	868	892	1,532	2,036
	Average \$	8,633	26,963	31,611	34,917	38,648
55-59	Total #	31	306	334	722	1,275
	Average \$	6,981	26,761	31,464	34,189	38,196
60-64	Total #	11	90	125	279	650
	Average \$	9,069	28,286	31,050	34,299	38,644
65-69	Total #	3	16	17	62	125
	Average \$	8,806	32,358	29,941	33,067	38,147
70-74	Total #	4	1	6	18	31
	Average \$	14,850	11,407	27,728	37,913	39,637
>74	Total #	2	2	2	1	
	Average \$	8,808	42,355	32,449	57,732	
Total	Total #	1,888	24,225	14,474	16,902	19,394
	Average \$	9,534	23,436	28,577	33,009	38,033

Years of Service						
26-30	31-35	36-40	41-45	46-50	51-55	
						1,366
						\$ 17,263
						8,413
						\$ 21,611
						9,363
						\$ 25053
						15,305
						\$ 29,085
1,884						24,216
41,258						\$ 33,451
7,197	797					18,617
42,076	42,725					\$ 36,928
2,579	3,690	536				12,205
41,140	43,869	43,670				\$ 38,983
1,685	1,751	1,928	69			8,101
40,452	43,494	47,353	48,047			\$ 40,887
849	605	621	241	7		3,478
40,246	41,276	46,488	49,484	41,189		\$ 40,667
211	142	101	69	31	5	782
40,240	41,158	42,234	50,775	46,807	31,388	\$ 40,388
27	19	15	4	9		134
41,801	41,625	35,417	47,655	37,673		\$ 38,274
						7
						\$ 32,137
14,436	7,012	3,205	394	42	15	101,987
41,473	43,359	34,674	48,923	45,950	36,915	33,024

Exhibits

Average Annual Salary for Active Members by Years of Service

Years of Service		1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Under 1	Total #	1,481	1,170	808	950	1,129	1,740	1,338	1,462	1,463	1,501
	Average \$	13,156	14,165	14,638	15,192	16,107	9,126	9,484	9,029	8,850	20,019
1-5	Total #	28,981	26,614	22,674	18,814	17,901	20,420	22,046	23,330	28,833	21,448
	Average \$	14,414	15,682	16,689	17,266	17,926	18,668	19,826	20,987	22,270	23,513
6-10	Total #	26,319	24,732	23,433	22,047	21,157	19,698	18,819	17,129	15,314	15,359
	Average \$	17,971	19,446	20,338	20,915	21,841	23,005	24,320	25,780	27,124	28,158
11-15	Total #	21,750	22,560	23,201	23,462	22,833	20,700	19,460	18,417	17,671	18,066
	Average \$	21,554	23,277	24,467	25,341	26,378	27,607	29,001	30,312	31,581	32,791
16-20	Total #	12,566	12,666	13,920	15,481	17,419	18,528	19,163	19,689	19,867	20,027
	Average \$	23,678	25,580	22,165	28,309	29,976	31,056	33,144	34,771	36,315	37,984
21-25	Total #	7,583	8,355	8,588	8,747	9,089	9,391	10,257	11,474	12,830	14,755
	Average \$	25,368	27,415	28,976	30,199	31,657	33,309	35,246	37,153	39,141	41,523
26-30	Total #	3,877	4,199	4,494	5,053	5,479	5,864	6,245	6,456	6,659	7,152
	Average \$	26,367	28,473	30,396	31,960	34,026	35,740	37,666	39,474	41,429	43,316
31-35	Total #	1,680	2,228	2,279	2,251	2,009	2,002	2,089	2,394	2,758	3,222
	Average \$	27,067	29,914	31,887	33,651	35,782	37,533	39,310	41,730	43,749	46,363
Over 35	Total #	317	455	436	421	430	483	517	426	462	457
	Average \$	24,347	26,889	30,042	31,494	33,930	37,533	40,492	43,465	45,979	48,146
Total #		104,554	102,979	99,833	97,226	97,446	98,826	99,934	100,777	105,857	101,987
Average \$		19,361	21,281	22,877	24,141	25,454	26,522	28,085	29,638	31,318	33,024

* Statistical information on the System's active membership is not yet available for FY91.

Active Members by Age

Years of Age	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
20-24	5,325	4,263	3,106	2,509	2,703	1,405	1,371	1,318	1,240	1,366
25-29	17,511	15,106	12,886	10,924	9,883	8,588	8,464	8,562	8,351	8,413
30-34	22,746	21,180	19,456	17,500	15,964	12,877	11,762	10,879	9,918	9,363
35-39	17,381	19,416	19,775	20,301	21,208	20,844	19,981	18,642	17,013	15,305
40-44	12,422	13,252	14,536	15,395	16,583	19,802	20,942	22,194	23,210	24,216
45-49	10,276	10,539	10,787	11,202	11,614	13,269	14,929	16,188	17,417	18,617
50-54	9,339	9,464	9,464	9,372	9,494	10,177	10,502	11,066	11,553	12,205
55-59	6,346	6,438	6,563	6,673	6,714	7,618	7,763	7,730	7,834	8,101
60-64	2,681	2,741	2,698	2,715	2,610	3,286	3,268	3,273	3,405	3,478
65-69	498	516	502	554	551	867	848	806	787	782
>69	29	64	60	81	122	93	104	119	129	141
104,554		102,979	99,833	97,226	97,446	98,826	99,934	100,777	100,857	101,987

Average Monthly Annuity for Retirees by Age

Age	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
<55										
55 Total #	126	148	164	176	169	173	167	171	178	191
Average \$	821	879	934	1160	1082	1258	1351	1373	1525	1624
56 Total #	123	149	159	216	183	204	206	209	216	259
Average \$	1021	1068	1220	1252	1407	1537	1533	1797	1754	1886
57 Total #	89	98	128	174	143	134	134	141	140	127
Average \$	1038	1164	1285	1431	1467	1563	1565	1534	1723	1963
58 Total #	95	110	117	159	141	136	137	141	131	168
Average \$	1068	1204	1353	1457	1438	1465	1630	1730	1725	1967
59 Total #	101	126	133	187	174	168	136	143	163	160
Average \$	1087	1075	1241	1415	1498	1566	1621	1786	1893	2043
60 Total #	322	340	382	372	334	333	343	337	366	319
Average \$	718	820	858	1030	1036	1080	1165	1303	1385	1451
61 Total #	173	183	164	207	155	175	186	180	192	186
Average \$	817	956	1108	1326	1264	1337	1367	1475	1667	1975
62 Total #	158	183	162	175	151	169	154	162	159	153
Average \$	701	799	955	977	950	1161	1337	1376	1300	1519
63 Total #	120	114	121	151	121	120	129	118	111	125
Average \$	770	995	971	1053	1100	1233	1304	1522	1558	1520
64 Total #	103	115	115	122	103	130	117	88	98	94
Average \$	833	915	979	1032	1098	1150	1401	1383	1489	1621
65 Total #	120	129	104	114	121	126	125	2109	100	95
Average \$	855	870	882	1015	1061	1274	1239	1302	1471	1642
66 Total #	88	97	79	84	74	79	95	92	81	75
Average \$	834	871	820	1065	1186	1295	1150	1318	1452	1637
67 Total #	30	43	29	56	52	37	42	41	35	44
Average \$	912	789	1020	1062	861	1114	1406	1483	1495	1733
68 Total #	34	37	28	32	36	33	40	24	30	28
Average \$	734	820	1109	865	740	1116	1481	1372	1538	1385
69 Total #	21	33	21	28	24	17	34	17	16	24
Average \$	605	862	946	949	696	1273	1262	1099	1470	1725
70 Total #	5	21	19	36	38	30	20	25	19	18
Average \$	788	862	1217	938	903	1107	1234	1170	1432	1493
>70 Total #	17	20	17	47	141	29	50	45	32	31
Average \$	193	337	1077	581	236	758	606	671	1631	1722
Total #	1725	1946	1842	2336	2160	2093	2116	2044	2067	2097
Average \$	836	927	1043	1162	1119	1294	1355	1463	1570	1728
Average Age	61	61	61	61	61	61	61	61	60	60

New Retirees by Years of Service

Years of Service	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
1-5	61	69	83	84	113	97	92	92	89	76
6-10	79	86	77	106	198	106	112	117	112	85
11-15	158	160	143	150	173	114	150	120	103	109
16-20	258	284	257	275	242	265	242	212	190	178
21-25	316	354	312	397	343	351	347	334	358	386
26-30	314	376	326	465	413	441	399	410	414	381
31-35	375	431	449	578	436	437	465	509	515	584
36-40	121	142	152	241	213	252	265	221	286	252
>40	43	44	43	40	29	30	44	29	35	46
Total:	1725	1946	1842	2336	2160	2093	2116	2044	2067	2097
Average Service	25.1	25.4	25.5	26.3	24.4	25.8	25.9	25.7	26.3	27.0

Exhibits

Retired Members by Years of Service and Years in Retirement

June 30, 1991

Years Retired		Years of Service				
		1-5	6-10	11-15	16-20	21-25
1-5	Total #	408	486	555	963	1,550
	Average Benefit	138	347	538	879	1,194
	Ave. Original Benefit	130	326	509	836	1,153
6-10	Total #	377	500	730	1,250	1,664
	Average Benefit	115	248	471	771	1,002
	Ave. Original Benefit	89	184	377	639	840
11-15	Total #	245	334	655	1,139	1,416
	Average Benefit	106	235	381	594	774
	Ave. Original Benefit	71	151	262	428	563
16-20	Total #	200	296	549	962	1,221
	Average Benefit	44	187	327	487	633
	Ave. Original Benefit	19	97	184	289	386
21-25	Total #	51	98	234	506	653
	Average Benefit	40	170	260	383	498
	Ave. Original Benefit	3	62	86	163	243
26-30	Total #	22	17	69	213	371
	Average Benefit	52	126	254	367	457
	Ave. Original Benefit	2	27	55	112	168
31-35	Total #	8	1	10	69	152
	Average Benefit	81	227	281	373	445
	Ave. Original Benefit	7	13	40	85	99
36-40	Total #		1		16	34
	Average Benefit		189		359	460
	Ave. Original Benefit		38		44	79
41-45	Total #				7	23
	Average Benefit				349	472
	Ave. Original Benefit				20	45
46-50	Total #				2	4
	Average Benefit				371	470
	Ave. Original Benefit				20	49
Totals	Total #	1,311	1,733	2,802	5,127	7,088
	Average Benefit	106	257	411	636	843
	Ave. Original Benefit	82	194	305	484	662

26-30	31-35	36-40	41-45	46-50	>50	Total	Average Age
1,764	2,162	1,108	101	28	3	9,128	
1,593	2,169	2,594	2,450	2,265	1,477	1,524	62
1,546	2,114	2,469	2,338	2,151	1,391	1,470	
1,850	2,203	870	121	33	6	9,604	
1,391	1,926	2,255	2,036	2,168	1,641	1,275	67
1,175	1,615	1,892	1,681	1,786	1,372	1,067	
1,348	1,283	693	191	25		7,329	
1,068	1,394	1,581	1,622	1,549		928	73
784	1,025	1,147	1,179	1,126		675	
1,204	1,221	1,275	575	114	8	7,625	
834	1,101	1,348	1,318	1,228	1,139	847	79
517	691	847	816	752	692	523	
631	571	659	507	109	2	4,021	
622	773	930	994	972	1,010	661	84
315	411	509	542	520	573	341	
314	348	399	240	35		2,028	
557	634	744	836	813		587	87
219	272	347	400	377		247	
147	107	56	33	4		587	
542	592	636	712	704		514	90
141	187	232	291	271		146	
53	45	24	4	1		178	
545	597	616	651	639		536	94
98	150	178	196	232		116	
17	4	5	1			57	
533	603	611	630			499	95
55	124	89	118			55	
5	2	1				14	
556	603	626				517	97
83	83	83				64	
7,333	7,946	5,090	1,773	349	19	40,571	
1,161	1,613	1,693	1,293	1,294	1,338	1,077	73
937	1,339	1,326	855	872	1,004	852	

Exhibits

Increases in Monthly Annuity for Retirees

Years Retired		1-5	6-10	11-15	16-20	21-25
1-5	Total #	408	486	555	963	1,550
	Average Auto Inc	6	16	27	43	41
	Average Ad Hoc	2	5	2	1	
6-10	Total #	377	500	730	1,250	1,664
	Average Auto Inc	19	38	80	129	160
	Average Ad Hoc	8	26	14	3	1
11-15	Total #	245	334	655	1,139	1,416
	Average Auto Inc	27	57	98	155	204
	Average Ad Hoc	9	26	21	11	7
16-20	Total #	200	296	549	962	1,221
	Average Auto Inc	10	49	92	143	190
	Average Ad Hoc	15	41	50	55	57
21-25	Total #	51	98	234	506	653
	Average Auto Inc	4	37	53	97	142
	Average Ad Hoc	34	72	121	122	113
26-30	Total #	22	17	69	213	371
	Average Auto Inc	4	21	41	81	117
	Average Ad Hoc	45	78	158	174	173
31-35	Total #	8	1	10	69	152
	Average Auto Inc	9	21	42	75	88
	Average Ad Hoc	65	193	200	213	258
36-40	Total #		1		16	34
	Average Auto Inc		37		52	82
	Average Ad Hoc		114		263	299
41-45	Total #				7	23
	Average Auto Inc				31	62
	Average Ad Hoc				298	365
46-50	Total #				2	4
	Average Auto Inc				35	69
	Average Ad Hoc				316	353
Totals	Total #	1,311	1,733	2,802	5,127	7,088
	Average Auto Inc	14	37	72	115	142
	Average Ad Hoc	9	26	34	37	39

26-30	31-35	36-40	41-45	46-50	>50	Total
1,764	2,162	1,108	101	28	3	9,128
48	55	125	112	113	87	53
						1
1,850	2,203	870	121	33	6	9,604
216	311	363	355	382	270	205
						3
1,348	1,283	693	191	25		7,329
281	367	430	438	417		245
3	2	4	5	7		8
1,204	1,221	1,275	575	114	8	7,625
255	341	423	413	379	343	260
62	69	78	89	97	104	64
631	571	659	507	109	2	4,021
184	240	297	317	305	321	199
123	122	124	135	148	117	121
314	348	399	240	35		2,028
150	186	236	269	256		169
188	176	162	167	180		170
147	107	56	33	4		587
121	153	185	225	212		122
280	253	219	196	220		246
53	45	24	4	1		178
101	140	160	174	194		113
345	307	278	281	213		307
17	4	5	1			57
74	130	104	127			71
404	349	417	386			372
5	2	1				14
102	104	105				84
370	416	438				369
7,333	7,946	5,090	1,773	349	19	40,571
185	241	314	344	323	277	184
39	33	53	95	100	56	40

Exhibits

Annuitants by Benefit Range

Benefit Range	Total	Cumulative Total	% of Total	Cumulative % of Total
1-100	682	682	1.68	1.68
101-200	1096	1778	2.70	4.38
201-300	1691	3469	4.17	8.55
301-400	2054	5523	5.06	13.61
401-500	2868	8391	7.07	20.68
501-600	3758	12149	9.26	29.95
601-700	2709	14858	6.68	36.62
701-800	2497	17355	6.15	42.78
801-900	2546	19901	6.28	49.05
901-1000	2434	22335	6.00	55.05
1001-1100	2145	24480	5.29	60.34
1101-1200	1878	26358	4.63	64.97
1201-1300	1807	28165	4.45	69.42
1301-1400	1588	29753	3.91	73.34
1401-1500	1436	31189	3.54	76.88
1501-1600	1266	32455	3.12	80.00
1601-1700	1144	33599	2.82	82.82
1701-1800	979	34578	2.41	85.23
1801-1900	748	35326	1.84	87.07
1901-2000	693	36019	1.71	88.78
2001-2100	644	36663	1.59	90.37
2101-2200	583	37246	1.44	91.80
2200+	3325	40571	8.20	100.00

Average Monthly Annuity

Years of Age	Count	Percent of Total	Average
<55	29	0.09	\$584
55-59	2505	6.17	\$1,640
60-64	6774	16.70	\$1,495
65-69	7648	18.85	\$1,279
70-74	7041	17.35	\$990
75-79	6254	15.41	\$876
80-84	5595	13.79	\$754
85-89	3364	8.29	\$642
>89	1361	3.35	\$596
Total:	40,571	100	\$1,077

Average Age: 72

Disability Benefits

New Fiscal Year Recipients

Year	Number of New Recipients	Average Age	Average Monthly Benefit	Average Service	Average Years in Receipt of Benefit
1982	332	41	\$649	11.	0.12
1983	382	42	\$690	12.	0.11
1984	366	43	\$747	13.	0.04
1985	337	43	\$759	13.	0.12
1986	356	42	\$829	13.	0.26
1987	343	43	\$884	14.	0.08
1988	339	44	\$904	14.	0.11
1989	340	45	\$972	14.	0.11
1990	292	44	\$1,016	14.	0.09
1991	293	44	\$1,103	14.	0.11

Monthly Survivor Benefits

New Fiscal Year Recipients

Year	Number	Average Age	Average Monthly Benefit
1982	369	65	355
1983	454	65	351
1984	384	75	361
1985	426	66	359
1986	410	66	387
1987	413	67	496
1988	485	68	442
1989	428	69	443
1990	471	68	477
1991	431	70	543

Membership Profile

As of June 30	Benefit Recipients	Inactive Members	Active Members	Total Members	Active Members per Benefit Recipient
1982	36,121	31,566	102,979	170,666	2.85
1983	37,505	32,385	99,833	169,723	2.66
1984	38,533	32,542	97,226	168,301	2.52
1985	40,113	29,991	97,446	167,550	2.43
1986	41,417	30,600	98,826	170,843	2.39
1987	42,659	28,400	99,934	170,993	2.34
1988	43,396	25,996	100,777	170,169	2.32
1989	45,718	20,834	100,857	167,409	2.21
1990	46,097	19,989	101,987	168,073	2.21
1991	46,680	20,674	124,500*	191,854*	2.67

*Estimated



*Bellefontain School
Sangamon County
1917*

INVESTMENT REPORT

Investment Summary

INTRODUCTION

The mission of the Teachers' Retirement System, to provide retirement security for members, is facilitated by management of the trust fund's investment portfolio, which totaled \$9.4 billion at market value on June 30, 1991. The System serves as fiduciary for the members' trust fund and is responsible for investment of the fund under authority of the prudent person rule which establishes a standard that fiduciaries shall prudently discharge their duties solely in the interests of fund participants and beneficiaries. By permitting optimal diversification of assets within the fund, the prudent person standard has enabled the System to enhance control over fund risk and return parameters. The prudent person standard also permits the System to establish an investment policy based solely upon member characteristics, plan characteristics, financial requirements of the trust fund and a particular risk/reward tradeoff.

The System has established a long-range Statement of Investment Objectives and Policies for managing and monitoring the fund. The investment policy establishes the fund's investment objective, to provide the greatest possible long-term benefits to members of the System by maximizing the total rate of return on investments within prudent parameters of risk. The investment policy also defines the responsibilities of the fiduciaries with respect to the fund, the statutory investment authority under the prudent person rule, the level of acceptable risk, asset restrictions, investment performance objectives and the guidelines within which outside investment managers operate.

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

The fund is managed by professional investment management firms based on statutory investment authority under the prudent person rule and investment policy guidelines adopted by the Board of Trustees. The System's staff coordinates and monitors the investments of the trust fund's assets and assists the Board of Trustees in the formulation and implementation of investment policy and long-term investment strategy.

ASSET CLASS/MANAGER COMPOSITION

Asset allocation is a risk management process designed to construct the optimal long-term asset mix which achieves a specific set of investment objectives. Of all the components of investment policy formulation, asset allocation on a secular basis will have the most impact on long-term total rate of return. Consequently, the establishment of allocations across the major asset classes is the most important decision in the pension investment management process.

Diversification is the key to effective risk management. Large institutional portfolios, such as the System's, tend to be well diversified within the asset classes utilized. Therefore, although most investment managers of specific asset classes focus on security selection, specific securities held will not have nearly as much impact on total performance as will the overall level of particular asset class commitments.

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

funds) has enabled the System to more effectively control the fund's risk/reward parameters.

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

At June 30, 1991, the System's asset class allocations and diversification by investment approach were as follows:

Asset Class	% of Total Fund		
	Active	Index	Total
Common Stock - U.S.	27.4	12.8	40.2
Bonds	32.6	3.5	36.1
Short-Term Investments	2.2	0.3	2.5
Currency Investments	0.6	0.0	0.6
Common Stock - International	5.1	2.4	7.5
Real Estate	11.7	0.0	11.7
Alternative Investments	1.4	0.0	1.4
Total	81.0	19.0	100.0

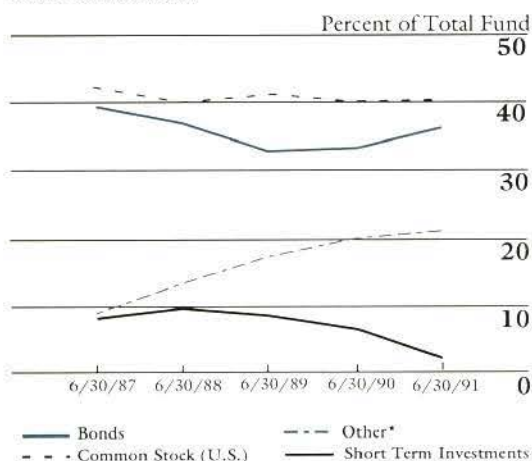
During FY91, the System's U.S. common stock holdings remained at 40.2% of the total fund, unchanged from a year earlier. International common stock allocations decreased to 7.5% of the total fund from 8.3% a year earlier, leaving fiscal year-end total common stock holdings at 47.7% of the total fund.

Bonds increased to 36.1% of the total fund from 33.2% a year earlier. This was largely attributable to the positive returns of the bond managers. Short-term investments decreased to 2.5% of the total fund from 6.6% a year earlier. Equity managers were holding lower levels of cash at year's end, while fixed income managers were holding slightly higher levels of cash at year's end.

Real estate equities represented 11.7% of the total fund at fiscal year's end. This compares to 10.4% from the previous fiscal year's end.

The fund's five-year asset class allocation history is represented below.

Asset Allocation



*Includes Common Stock (International), Real Estate Equity, Alternative Investments and Currency Investments.

The System has established relationships with investment management firms which utilize a diversity of management approaches. This policy tends to complement the diversification of asset classes. The managers have discretionary authority in the selection and retention of investments, subject to the provisions of the statutory investment authority and the Statement of Investment Objectives and Policies.

The System achieved a higher level of risk management capability during FY91 by continuing implementation of a long-term strategic plan designed to achieve a specific set of investment objectives. A globally diversified, multiple asset class, balanced-fund portfolio was designed in order to construct the optimal long-term asset mix. In implementing this strategy, two international fixed income managers were hired and three new international equity regional specialists were retained to provide a new balance between domestic and international investment approaches for fixed income and equities. On June 30, 1991, the following external investment management firms were employed by the System:

Fixed Income (Bonds) - U.S.

Bear Stearns Asset Management
Pacific Investment Management Company
State Street Bank and Trust Company

Fixed Income (Bonds) - International

Brinson Partners, Inc.
J. P. Morgan Investment Management, Inc.
Putnam Advisory Company

Equity (Common Stock) - U.S.

American National Bank of Chicago
Ariel Capital Management, Inc.
Brandywine Asset Management, Inc.

Brinson Partners, Inc.

Cedar Hill Associates, Inc.

Chase Investors Management Corp.*

Cozad Asset Management

Eagle Asset Management, Inc.

Hotchkis and Wiley

Husac Capital Management, Inc.

Keystone Investment Management Corp.

Lazard Freres Asset Management

Lehman Ark Management Company, Inc.

Lincoln Capital Management Company

Morgan Stanley Asset Management (The Chicago Group)

Munder Capital Management, Inc.

NCM Capital Management Group, Inc.

Oppenheimer Capital

RCM Capital Management

Denis Wong & Associates

Equity (Common Stock) - International

Bankers Trust Investment Management, Limited

Burgess Capital Corp.

Daiwa International Capital Management Corp.

Globe Finlay, Inc.

HD International, Limited

Murray Johnstone International, Inc.

PCM International

Scudder, Stevens & Clark, Inc.

State Street Bank and Trust Company

Real Estate Equity

Alex Brown Kleinwort Benson Realty Advisors Corp.

Bear Stearns/Capital Associates Development Corp.

Bennett & Kahnweiler Realty Advisors

Brinson Partners, Inc.

JMB Institutional Realty Corp.

Jones Lang Wootton Realty Advisors

MacFarlane Realty Advisors, Inc.

TCW Realty Advisors

Alternative Investments

Frontenac Company

Weiss, Peck & Greer

Tactical Asset Allocation

Brinson Partners, Inc.

Foreign Exchange Exposure Management

Matuschka and Company

N. M. Rothschild International Asset Management Limited

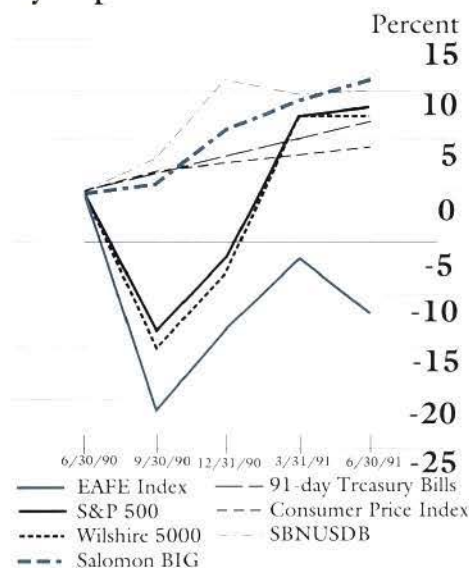
*Chase Investors Management Corp. became UBS Asset Management (New York), Inc. on June 28, 1991.

INVESTMENT RESULTS

Asset Class/Market Indices Returns

During FY91, domestic bonds was the best performing asset class as represented by the Salomon Broad Investment Grade (BIG) Bond Index which returned 10.9%. Non-U.S. dollar bonds was the next best performing asset class as represented by the Salomon Non-Dollar Bond Index which returned 9.9%. U.S. common stock, represented by the S&P 500 Index and the Wilshire 5000 Index, returned 7.4% and 7.0% respectively. Short-term investments, represented by 91-day Treasury Bills, returned 6.8%. International common stock, represented by the Europe, Australia and Far East (EAFE) Index, returned -11.5%. All major asset classes and market indices except the EAFE Index outperformed the 4.6% annual rate of inflation as represented by the Consumer Price Index (CPI).

Asset Class Cumulative Return By Representative Indices



Source: Harris Trust and Savings Bank

Total Fund Results

The System's total fund time-weighted rate of return for FY91 of 5.9% was primarily attributable to the resurgence of the bond markets. The System's total fund annualized three-year and five-year returns of 10.2% and 9.3%, respectively, continue to outperform the rate of inflation for these periods, 4.8% and 4.4%, respectively. The System's long term objective, to exceed the rate of inflation by 3%, has been achieved for the three- and five-year periods. The System's income rate of return during FY91 was 6.2%.

Investment Summary

U.S. Equity Results and Profile

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

During FY91, the System's portfolio of U.S. common stocks returned 7.7% compared to the S&P 500 return of 7.4% and the Wilshire 5000 return of 7.0%. For three- and five-years, U.S. common stocks generated annualized returns of 13.1% and 10.9%, respectively, below S&P 500 returns of 14.6% and 11.9% for the three-year and five-year periods, respectively. The portfolio's U.S. common stocks performed more favorably when compared with the three- and five-year Wilshire 5000 returns of 13.2% and 10.4%, respectively. Combined U.S. equity manager accounts, which include both common stock and short-term investments, returned 7.4% during FY91.

At fiscal year end, 43.5% of the System's investment portfolio was assigned to U.S. equity managers, including short-term investments, compared to 43.2% the prior fiscal year end. Within the U.S. common stock asset class, 27.2% of the asset class was allocated to an S&P 500 Index Fund and 3.1% to a Non-S&P 500 Index Fund at fiscal year end. The remaining 69.7% of the U.S. common stock asset class was allocated to active and enhanced index fund investment manager relationships. During FY91, the market value of assets assigned to U.S. equity managers increased from \$3.852 billion to \$4.109 billion due to \$289 million of dividend income/appreciation and \$32 million of reallocations from the U.S. equity asset class to other asset classes.

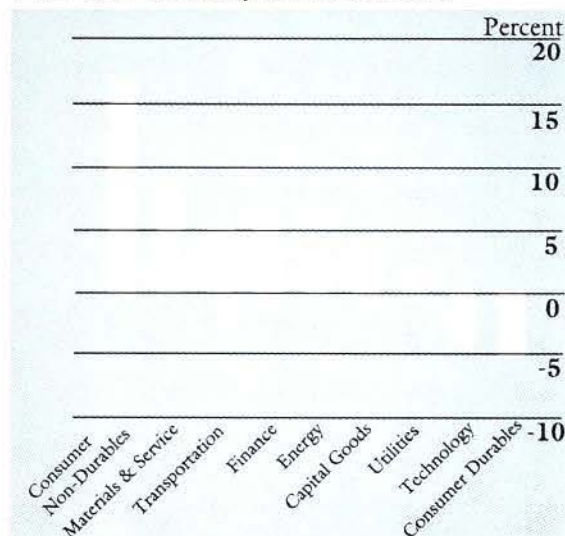
Major sector diversification changes took place during FY91 in the portfolio's U.S. common stocks. The following listing summarizes these changes and also provides a comparison with the S&P 500 and the Wilshire 5000 Indices:

Diversification by Industry Sector (%)

Sector	June 30, 1991			June 30, 1990		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Consumer Non-Durables	35.4	36.4	33.3	30.0	31.5	30.1
Technology	12.6	10.0	10.3	13.7	10.9	10.6
Materials and Service	11.6	9.8	11.8	12.1	10.7	12.4
Utilities	9.8	13.2	14.0	11.5	14.5	14.4
Finance	11.4	8.4	11.2	12.8	8.2	11.7
Energy	8.2	13.0	10.0	8.2	13.2	10.2
Capital Goods	6.0	5.2	5.1	6.4	5.9	5.5
Consumer Durables	2.5	2.3	2.5	3.0	3.1	3.0
Transportation	2.5	1.7	1.8	2.3	2.0	2.1

All S&P 500 industry sectors except Consumer Durables and Technology provided positive rates of return during FY91, with Consumer Non-Durables (16.7%), Materials and Service (9.3%), and Transportation (5.3%) the leading industry sector performers.

S&P 500 Industry Sector Returns



Source: Harris Trust and Savings Bank

U.S. equity managers made stock selection adjustments to their accounts during FY91, as evidenced by the following comparison of equity portfolio characteristics with the S&P 500 and the Wilshire 5000 Indices:

U.S. Equity Portfolio Profile

	June 30, 1991			June 30, 1990		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Capitalization (\$Bil)	14.91	18.27	14.15	14.40	16.03	12.10
Price/Earnings Ratio	14.77	14.27	18.05	13.44	13.06	16.56
Dividend Yield (%)	2.73	3.49	3.00	3.30	3.37	3.31
Beta	1.01	1.00	1.02	1.00	1.00	1.04
Diversification (R-Squared)	0.99	1.00	1.00	0.99	1.00	0.98
Five-Year Earnings Growth Rate (%)	12.54	10.99	11.32	11.62	9.24	10.02
Market/Book Ratio	3.13	3.01	3.47	2.84	2.73	3.24

International Equity Results

International equity manager objectives are to achieve a total annual investment return 6% in excess of the rate of inflation and in excess of the EAFE Index over longer time periods. During FY91, the portfolio's international common stocks returned -8.5%, as compared to a return of -11.5% for the 18 country foreign equity market EAFE Index.

The System's wide margin of outperformance over the benchmark EAFE Index is attributable primarily to the systematic underweighting of the Japan component of the international equity portfolio. The Japanese market substantially underperformed EAFE both in local currency and in U.S. dollar terms over the one-year period, while the TRS fund, maintaining its cautious view on Japanese equities, held only 21.8% of its foreign equities in Japan as compared to

50.7% Japan weighting in the EAFE Index.

The basket of EAFE currencies appreciated by 1.1% over the 12 months ended June 1991, which increased a -11.9% EAFE return in local (foreign) currency terms to -11.5% in U.S. dollar terms. The System's currency exposure managers also contributed to the excess return above the EAFE Index. At fiscal year end, 5.0% of the asset class was allocated to an EAFE Index Fund and 19.3% of the asset class was allocated to an EAFE ex-Japan Fund. The remaining 75.7% of the asset class was allocated to active managers. During FY91, the market value of assets assigned to international equity decreased from \$885 million to \$790 million due to \$102 million of market value depreciation and \$7 million of reallocations from other asset classes.

Alternative Investments Results

Alternative investments returned 1.2% during FY91. A representative alternative investments index is not available for relative performance comparison. Over the long term, however, and as a result of its higher risk orientation, alternative investments is expected to provide annualized returns over 10% in excess of returns provided by the S&P 500 and Wilshire 5000 Indices. On June 30, 1991, the System had a market value of \$134 million invested in four venture capital limited partnerships.

Fixed Income Results and Profile

Fixed income manager objectives are to achieve a total investment return 2% in excess of the rate of inflation and in excess of the bond market, as measured by the Salomon Broad Investment Grade (Salomon BIG) Index, on an annualized basis over a three- to five-year period, or a market cycle. During FY91, the System's bond portfolio, including all fixed income instruments with maturities greater than one year, generated a 11.7% total return, compared to the 10.9% return of the Salomon BIG Index.

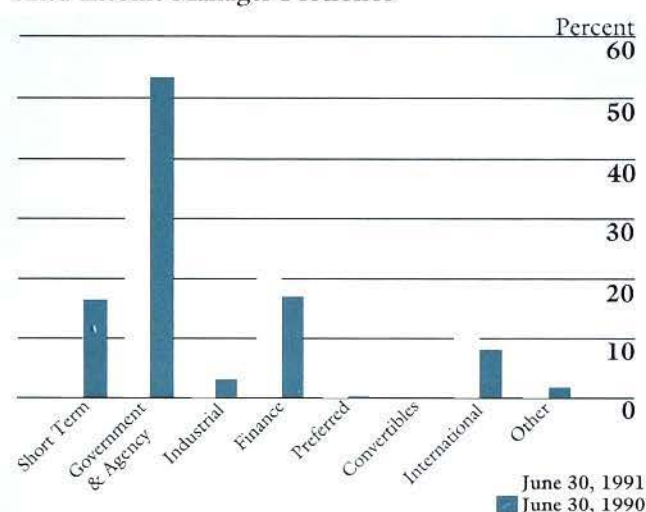
The total funds under management by fixed income managers, including short-term investments, generated a 11.5% total return during FY91. For a three- and five-year period, bonds generated 10.8% and 8.8% annualized returns, respectively, as compared to 10.5% and 9.1%, respectively for the BIG Index. During FY91, the market value of total assets assigned to fixed income managers, including short-term investments, increased from \$2.996 billion to \$3.153 billion due to \$329 million in interest income/appreciation and reallocation of \$172 million from the bonds asset class to other asset classes.

Financial futures contracts controlling approximately \$426 million of underlying U.S. Treasury Bonds and U.S. Treasury Notes, are included within the \$3.153 billion market value of total assets assigned to fixed income managers at fiscal year end. The futures contracts contributed substantially to the superior performance of the System's fixed income portfolio. Futures contracts continue to serve as a cost effective tool for implementation of portfolio strategies.

Fixed income assets invested in the international marketplace comprised \$539 million of the \$3.153 billion market value of total assets assigned to fixed income managers at fiscal year end. The System's international fixed income managers performed well in fiscal 1991, returning 11.5% versus the benchmark Salomon Brothers Non-U.S. Dollar Bond Index, which returned 9.9%.

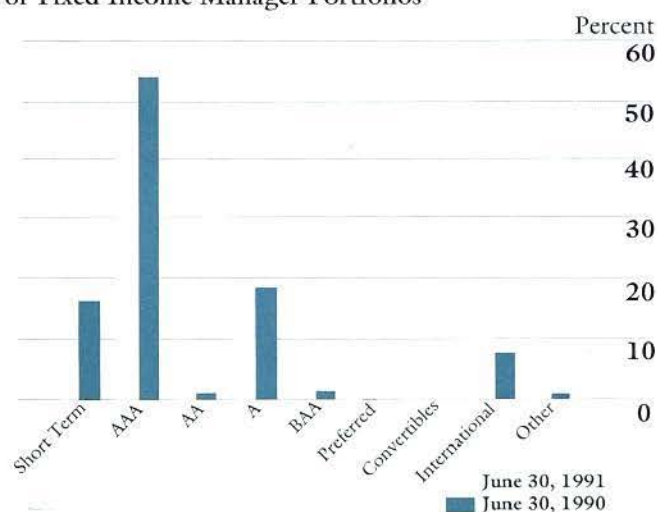
The following exhibits reflect changes made within fixed income manager portfolios during FY91 with regard to diversification by issuer type and quality ratings, as well as the underlying bond portfolio characteristics (excluding short-term investments) primarily affecting total return.

Diversification by Issuer Type For Fixed Income Manager Portfolios



Source: Harris Trust and Savings Bank

Diversification by Quality Rating For Fixed Income Manager Portfolios



Source: Harris Trust and Savings Bank

Bond Portfolio Profile

Characteristic	6/30/91		6/30/90	
	TRS	Salomon BIG	TRS	Salomon BIG
Maturity (years)	12.43	13.78	8.91	9.26
Duration (years)	5.36	4.38	4.52	4.61
Coupon (%)	9.26	9.05	9.48	9.04
Yield to Maturity (%)	8.27	8.25	8.89	8.94
Current Yield (%)	8.72	8.77	9.10	9.05

Investment Summary

Real Estate Equity Investment Results

Real estate equity investments made by the System's four closed-end fund managers and six separate account managers returned -2.0% during FY91. The income component of the total return was 5.5%, while capital depreciation accounted for -7.1%.

The closed-end funds' total return of -0.1% outperformed the -2.6% total return of the separate accounts. Over the long term, the real estate equity investment objective is to achieve a total investment return 6% in excess of the rate of inflation. During FY91, the market value of assets assigned to the System's real estate investment managers increased from \$990 million to \$1.175 billion. This increase resulted from \$38 million in income/reinvested income, \$235 million of reallocations from other asset classes to the real estate asset class, and a reduction of \$88 million for market value depreciation. The System will continue to progress toward

a 15% asset allocation target for the real estate equity asset class over the next one to two years.

Short-Term Investment Results

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

As an asset class, the System's short-term investments generated a total return of 6.2%, during FY91. For the five years, short-term investments returned 7.5%, underperforming the 10.9% return of U.S. common stocks and the 8.8% return of bonds. Total assets allocated to short-term investments decreased from \$584 million to \$232 million during FY91.

Investment Portfolio Summary*

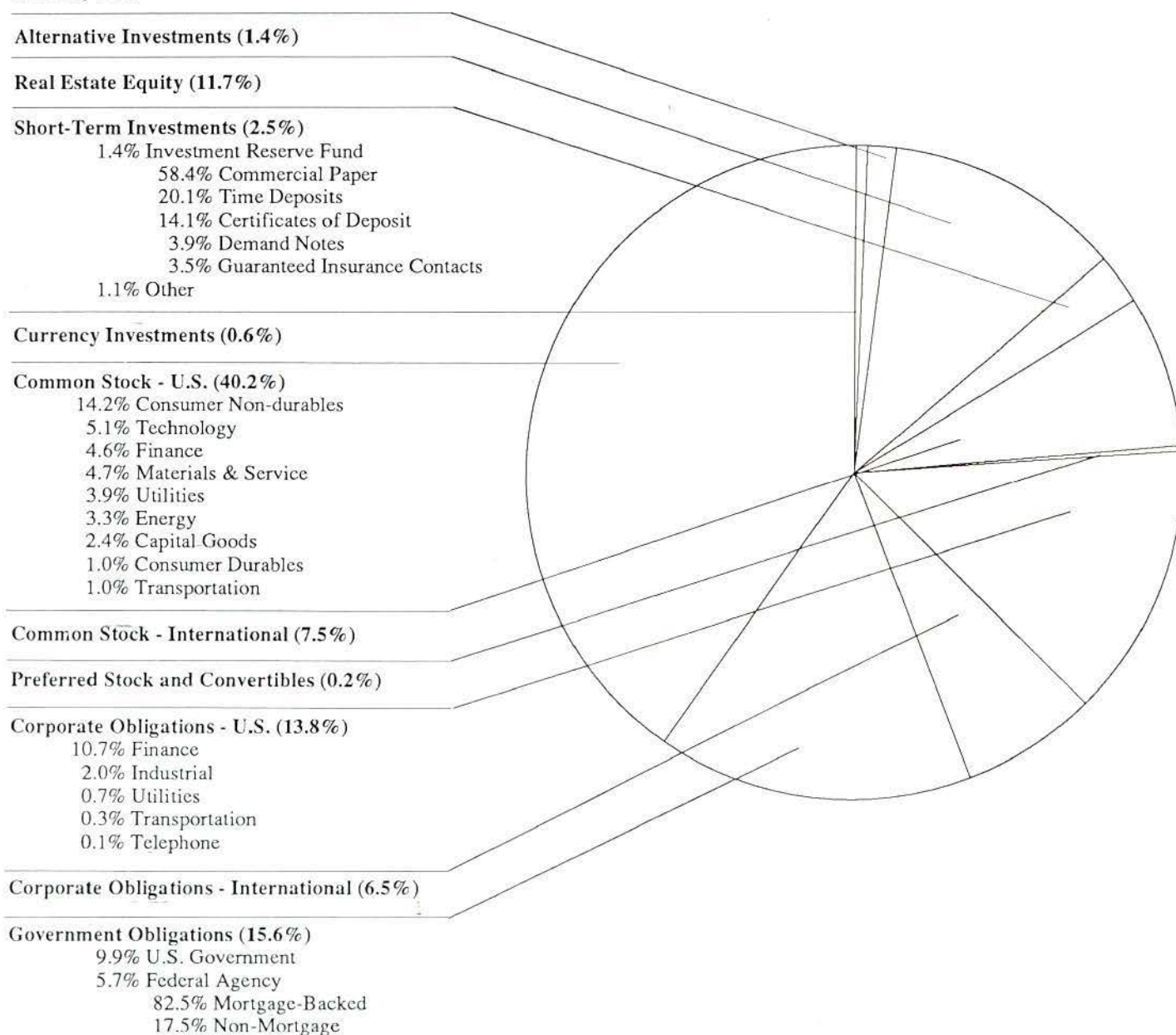
June 30, 1991

	Book Value	% of Total Book Value	Market Value	% of Total Market Value	Yield at Market
BONDS, CORPORATE NOTES AND PREFERRED STOCK					
Government Obligations					
U.S. Government	\$ 933,950,604	10.7%	\$931,046,605	9.9%	8.9%
Federal Agency	527,027,600	6.0	541,690,538	5.7	8.5
Municipal Bonds	921,108	.0	968,904	.0	9.3
Total Government Obligations	1,461,899,312	16.7	1,473,706,047	15.6	
Corporate Obligations					
Finance	1,010,871,526	11.5	1,017,137,434	10.7	9.5
Industrial and Miscellaneous	189,783,452	2.2	187,489,903	2.0	9.7
Public Utilities	62,100,274	.7	62,279,117	.7	9.8
Transportation	23,575,928	.3	23,616,573	.3	9.5
Telephone	12,943,186	.2	13,098,599	.1	8.5
Total Corporate Obligations	1,299,274,366	14.9	1,303,621,626	13.8	
International	614,858,324	7.0	616,717,868	6.5	4.3
Preferred Stock - U.S.	9,962,251	.1	11,831,890	.1	3.5
Preferred Stock - International	5,285,952	.1	4,734,665	.1	0.0
TOTAL BONDS, CORPORATE NOTES AND PREFERRED STOCK	3,391,280,205	38.8	3,410,612,096	36.1	
COMMON STOCK - U.S.	2,984,199,906	34.2	3,797,460,957	40.2	2.8
COMMON STOCK - INTERNATIONAL	750,258,281	8.6	710,577,202	7.5	1.6
SHORT-TERM INVESTMENTS**	229,242,311	2.6	231,717,017	2.5	6.2
REAL ESTATE EQUITY	1,186,727,012	13.6	1,101,118,524	11.7	5.5
VENTURE CAPITAL	131,923,627	1.5	129,321,285	1.4	9.7
CURRENCY INVESTMENT	58,653,852	.7	57,496,077	.6	0.0
TOTAL PORTFOLIO	\$ 8,732,285,194	100.0%	\$ 9,438,303,158	100.0%	5.0%

*For Investment purposes, financial futures contracts in the net amount of \$422,435,187 were classified according to the type of security controlled and correspondingly removed from the classification as short-term investments as follows: U.S. Government Obligations - \$426,343,812 and Common Stock U.S. - (\$3,908,625).

**Includes accrued interest and dividends totaling \$87,701,788.

Composition of Investments
(At Market Value)
June 30, 1991



Investment Summary

SUMMARY STATISTICS

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

Book/Market Value Reconciliation

Fiscal Years Ending June 30 (Millions)

	1987	1988	1989	1990	1991	Five Years 1987-1991
Beginning Book Value	\$5,168	6,092	6,684	7,272	8,080	5,168
Net Contributions Added	89	32	26	(6)	5	146
Investment Income	364	394	428	466	463	2115
Net Realized Gain (Loss)	471	166	134	348	199	1,318
Ending Book Value	6,092	6,684	7,272	8,080	8,747	8,747
Unrealized Gain (Loss) - Beginning of Period	780	866	371	817	844	780
Unrealized Gain (Loss) - During Period	86	(495)	446	27	(138)	(74)
Ending Market Value*	<u>\$6,958</u>	<u>7,055</u>	<u>8,089</u>	<u>8,924</u>	<u>9,453*</u>	<u>9,453*</u>

*Includes miscellaneous assets of \$15 million.

Performance Summary

Annualized Percent for Periods Ending June 30, 1991*

	1987	1988	1989	1990	1991	Annualized	
						3 Years	5 Years
Total Time-Weighted Return							
TRS	15.4	0.9	14.4	10.4	5.9	10.2	9.3
Inflation (CPI)	3.8	4.0	5.1	4.7	4.6	4.8	4.4
Common Stock-U.S. Returns							
TRS	23.8	-6.3	18.3	13.9	7.4	13.1	10.9
S&P 500	25.1	-6.8	20.5	16.4	7.4	14.6	11.9
Wilshire 5000	20.2	-5.9	19.5	13.3	7.0	13.2	10.4
Bond Returns							
TRS	4.8	6.7	13.8	7.3	11.5	10.8	8.8
Salomon BIG	5.6	8.4	12.5	8.0	10.9	10.5	9.1
Common Stock— International Returns							
TRS—	56.5	-7.7	12.9	20.9	-8.5	7.7	12.5
EAFE Index	58.8	3.9	9.4	3.2	-11.5	0.0	10.5
Real Estate Equity Returns	9.1	7.7	8.7	3.7	-2.0	3.4	5.4
Alternative Investments	14.0	2.0	6.9	-0.3	1.2	2.6	4.6
Short-Term Returns							
TRS	6.2	7.3	9.3	8.5	6.2	8.0	7.5
91-Day Treasury Bills	5.5	6.4	8.8	8.4	6.8	8.0	7.2
Income Rate of Return**	5.6	5.9	6.5	6.5	6.2	6.4	6.1
Cash Return***	16.2	9.5	9.4	12.4	10.3	10.7	11.5
Asset Allocation (Annual Average)							
Bonds	42.1	38.8	32.9	32.0	27.8	30.9	34.7
Common Stock-U.S.	41.1	40.6	40.8	41.8	39.7	40.8	40.8
Short-Term	8.3	9.1	9.0	5.9	5.6	6.9	7.7
Other****	8.5	11.5	17.3	20.3	26.9	21.4	16.8

* Performance calculations provided by Harris Trust and Savings Bank.

** Income return, based on average market value, includes real estate income, interest and dividends.

*** Cash return, based on beginning book value, includes real estate income, interest, dividends and realized gains/losses.

**** Includes Real Estate, Common Stock-International, Bonds-International, Alternative Investments and Currency Investments.





*Grey School
Jo Davies County*

INVESTMENT LISTING

Investment Listing

BONDS, CORPORATE NOTES AND PREFERRED STOCK

GOVERNMENT OBLIGATIONS

MOODY'S QUALITY RATING

COUPON RATE

MATURITY DATE

PAR VALUE

BOOK VALUE

MARKET VALUE

U.S. Government

U.S. Treasury Bonds

AAA	10.500%	02-15-1995	\$13,900,000	14,868,524	15,159,618
AAA	10.375	05-15-1995	2,400,000	2,558,184	2,611,488
AAA	11.625	11-15-2004	6,240,000	7,693,956	7,800,000
AAA	10.750	08-15-2005	7,700,000	9,177,595	9,114,875
AAA	10.375	11-15-2009	2,000,000	2,389,801	2,283,740
AAA	10.375	11-15-2012	3,250,000	3,623,871	3,749,688
AAA	12.000	08-15-2013	130,700,000	173,917,902	170,073,375
AAA	11.250	02-15-2015	3,000,000	3,881,429	3,811,860
AAA	9.250	02-15-2016	3,200,000	3,645,500	3,427,008
AAA	7.250	05-15-2016	2,500,000	2,295,383	2,173,425
AAA	7.500	11-15-2016	5,465,000	4,889,922	4,879,207
AAA	8.875	08-15-2017	2,000,000	1,958,750	2,069,380
AAA	8.750	08-15-2020	5,000,000	5,286,719	5,148,450
AAA	8.375	09-30-1991	1,795,000	1,875,382	1,805,662
AAA	8.375	06-30-1992	1,585,000	1,627,933	1,613,720
AAA	8.375	02-15-1993	3,000,000	2,977,031	3,068,430
AAA	7.750	11-15-1993	7,000,000	7,080,430	7,091,840
AAA	7.000	01-15-1994	9,000,000	8,597,813	8,957,790
AAA	12.625	08-15-1994	18,000,000	20,661,047	20,548,080
AAA	9.500	10-15-1994	21,100,000	22,328,078	22,293,416
AAA	11.625	11-15-1994	76,000,000	85,447,759	85,238,560
AAA	8.250	11-15-1994	7,300,000	7,353,983	7,457,388
AAA	11.250	02-15-1995	7,400,000	8,233,037	8,230,206
AAA	11.250	05-15-1995	2,875,000	3,177,971	3,209,219
AAA	10.500	08-15-1995	7,600,000	8,204,180	8,314,854
AAA	8.625	10-15-1995	1,000,000	994,590	1,028,750
AAA	8.875	02-15-1996	3,000,000	3,101,016	3,112,500
AAA	7.750	03-31-1996	3,000,000	3,010,781	2,984,070
AAA	7.375	05-15-1996	2,000,000	1,832,009	1,957,500
AAA	7.875	06-30-1996	10,000,000	9,963,500	9,993,700
AAA	7.875	07-15-1996	6,920,000	6,948,582	6,902,700
AAA	8.000	10-15-1996	2,000,000	2,004,375	2,002,500
AAA	7.250	11-15-1996	23,980,000	23,078,485	23,200,650
AAA	8.000	01-15-1997	2,000,000	1,997,500	1,998,740
AAA	8.500	05-15-1997	2,500,000	2,400,996	2,551,550
AAA	8.875	11-15-1997	5,600,000	5,651,625	5,806,500
AAA	7.875	01-15-1998	15,000,000	14,856,250	14,812,500
AAA	8.125	02-15-1998	5,700,000	5,527,295	5,707,125
AAA	9.250	08-15-1998	1,000,000	1,003,750	1,055,940
AAA	8.875	11-15-1998	1,810,000	1,890,319	1,876,735
AAA	8.875	02-15-1999	1,300,000	1,328,906	1,346,722
AAA	9.125	05-15-1999	2,500,000	2,595,516	2,625,775
AAA	8.875	05-15-2000	1,600,000	1,678,609	1,656,992
AAA	8.750	08-15-2000	2,900,000	3,005,352	2,983,375
AAA	7.750	02-15-2001	1,000,000	985,156	967,190

U.S. Treasury-Futures Contracts

Total U.S. Government

871,163,812 933,950,604 931,046,605

Federal Agency

Federal Farm Credit Banks Federal Home Loan Banks

Federal National Mortgage Debenture

FHA Project #221 FHLMC Groups

AAA	8.490%	06-05-1992	4,000,000	4,000,000	4,000,000
AAA	10.300	07-25-1995	1,000,000	1,088,540	1,083,120
AAA	7.750	04-25-1996	1,000,000	975,730	989,690
AAA	10.600	11-10-1995	1,000,000	1,082,188	1,096,250
AAA	11.950	01-10-1995	2,000,000	2,328,125	2,253,740
AAA	8.400	06-01-2007	1,340,292	1,226,294	1,289,200
AAA	6.250	VARIOUS	1,402,148	1,246,289	1,325,725
AAA	6.750		3,162,154	2,824,484	2,915,276
AAA	7.000		2,950,269	2,668,149	2,842,377
AAA	7.250		845,870	780,315	787,049
AAA	7.750		5,000,000	4,712,500	4,681,550
AAA	8.000		36,015,185	33,849,386	34,541,434
AAA	8.250		3,868,626	3,668,752	3,696,703
AAA	8.500		29,830,398	28,238,059	29,151,065
AAA	8.600		9,093,000	7,112,431	7,263,034
AAA	8.750		7,997,974	7,807,804	7,814,260
AAA	8.850		3,300,000	3,285,756	3,249,477
AAA	9.000		48,228,102	45,695,105	45,796,868
AAA	9.300		5,000,000	4,964,580	5,104,650
AAA	9.450		4,000,000	4,021,875	4,052,760
AAA	9.500		5,458,925	5,521,488	5,567,206
AAA	10.000		32,550,973	31,894,155	33,259,904
AAA	10.500		362,396	323,439	381,647
AAA	11.000		470,599	476,482	492,952
AAA	11.875		2,952,404	3,106,483	3,205,219
AAA	7.000	VARIOUS	3,561,687	3,285,656	3,333,490
AAA	7.500		15,483,086	14,216,942	14,628,707
AAA	8.000		25,168,033	24,058,006	24,339,586
AAA	8.250		4,315,384	4,127,633	4,184,831
AAA	8.500		6,287,742	6,174,480	6,206,946
AAA	8.545		15,624,089	14,686,644	15,428,788
AAA	8.750		2,153,357	2,101,060	2,112,451
AAA	9.000		3,579,342	3,129,811	3,165,069
AAA	9.250		11,931,679	10,836,016	11,027,019
AAA	9.500		831,841	837,560	849,995
AAA	9.850		2,200,000	2,282,156	2,317,744
AAA	10.000		6,332,194	5,761,909	6,228,308
AAA	10.450		10,000,000	10,475,000	10,742,300
AAA	10.500		5,076,742	5,194,142	5,376,686
AAA	11.000		655,000	671,170	698,597
AAA	11.500		7,284,101	7,771,226	7,844,030
AAA	12.750		3,297,891	3,556,569	3,648,291
AAA	13.250		266,423	283,660	295,729

FNMA Pools



GOVERNMENT OBLIGATIONS	MOODY'S QUALITY RATING	COUPON RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
Federal Agency (continued)						
FNMA Pools (continued)	AAA	14.750%		\$ 2,773,061	3,056,556	3,091,964
	AAA	15.750		2,292,807	2,423,084	2,613,800
	AAA	16.000		1,211,470	1,285,904	1,350,789
FNMA Pools Floating Rate Notes	AAA	0	VARIOUS	5,754,000	5,736,019	5,788,639
GMAC Mortgage KGKOG FHA Pool	AAA	5.018	04-25-1993	681,690	429,720	638,443
GNMA Pools	AAA	7.250	VARIOUS	6,273,406	4,964,099	5,814,632
	AAA	8.000		6,356,390	6,104,649	6,139,666
	AAA	8.500		7,825,081	7,471,276	7,616,539
	AAA	8.750		3,443,451	3,281,915	3,365,973
	AAA	9.000		11,189,452	10,634,830	11,142,338
	AAA	9.250		2,680,830	2,570,247	2,694,235
	AAA	9.500		9,484,660	9,527,671	9,680,487
	AAA	9.625		7,650,123	7,666,857	7,832,196
	AAA	10.000		850,932	779,294	885,760
	AAA	10.500		1,129,381	1,166,922	1,193,678
	AAA	11.000		5,530,805	5,769,570	5,974,192
	AAA	11.250		9,037,936	9,402,103	9,690,295
	AAA	11.500		2,370,357	2,484,443	2,625,906
	AAA	12.000		46,448	47,135	52,544
	AAA	12.500		6,617,974	7,447,285	7,552,761
	AAA	12.750		1,001,265	1,056,961	1,127,674
	AAA	13.000		521,783	558,572	590,267
	AAA	13.250		172,769	185,972	195,013
	AAA	13.500		1,579,150	1,694,772	1,802,416
Government Backed Trust Certificates	AAA	8.550	11-15-1993	4,040,609	4,050,205	4,092,895
	AAA	9.450	05-15-1994	3,000,000	3,052,620	3,106,800
	AAA	8.875	05-15-1995	6,000,000	5,927,468	6,169,200
	AAA	8.550	11-15-1997	2,100,000	2,079,441	2,134,650
	AAA	9.625	05-15-2002	7,250,000	7,572,423	7,629,900
	AAA	9.400	05-15-2002	5,000,000	4,969,688	5,206,000
Government Backed Trust Ctf Zero Coupon	AAA	0	05-15-1993	1,000,000	785,910	877,170
	AAA	0	11-15-1993	1,500,000	1,121,775	1,266,585
	AAA	0	11-15-1994	7,000,000	4,937,100	5,419,540
	AAA	0	05-15-2000	10,000,000	4,049,900	4,649,700
	AAA	0	11-15-2005	5,000,000	1,037,550	1,401,700
Guaranteed Mortgage Corporation II	A2	11.875	04-01-2006	1,364,320	1,441,677	1,409,097
	A2	11.000	12-01-2015	7,268,297	7,393,990	7,816,836
Inter American Development Bank	AAA	13.250	08-15-1994	2,000,000	2,297,860	2,290,360
Int'l Bank For Reconstruction and Development	AAA	8.625	10-01-1995	1,000,000	995,400	1,022,650
	AAA	9.520	07-20-1998	1,000,000	1,057,600	1,046,400
Residential Funding Mortgage	NR	10.000	07-25-2015	14,004,471	13,982,589	14,284,560
Resolution Funding Corp-Stripped Bonds	AAA	0	01-15-1996	13,000,000	7,721,220	9,058,400
	AAA	0	07-15-1998	5,000,000	2,760,900	2,773,600
	AAA	0	01-15-2001	10,000,000	4,066,500	4,434,200
	AAA	0	04-15-2006	23,500,000	6,506,915	6,492,110
Shipco 2296 Inc Govt GTD Bond	AAA	8.100	02-27-2002	1,000,000	921,250	979,750
Tennessee Valley Authority	AAA	8.250	11-15-1996	1,500,000	1,500,234	1,502,805
Treasury Stripped Securities	AAA	0	02-15-1995	8,000,000	6,029,680	6,068,800
	AAA	0	08-15-2001	10,000,000	4,348,800	4,280,100
	AAA	0	11-15-2015	60,000,000	8,325,000	7,546,800
Total Federal Agency				643,880,824	527,027,600	541,690,538
Municipal						
Arkansas State Development Finance Authority	A2	9.750	11-15-2005	925,737	921,108	968,904
Total Municipal				925,737	921,108	968,904
TOTAL GOVERNMENT OBLIGATIONS				\$1,515,970,373	1,461,899,312	1,473,706,047
CORPORATE OBLIGATIONS						
Finance						
Alaska Housing Finance Corporation	AAA	8.700%	11-01-2021	\$ 5,146,585	4,372,225	4,395,698
Alaska State Housing Finance Corporation	AAA	9.620	10-15-1994	5,000,000	5,018,200	5,214,950
American Express Company	AA2	11.950	01-15-1995	1,000,000	1,088,000	1,107,150
Associates Corporation Of North America	AA3	9.000	06-15-1993	1,000,000	1,002,320	1,022,920
Auburn Hills Trust	BAA3	12.375	05-01-2020	10,000,000	10,000,000	7,200,000
Bear Stearns Mortgage Capital Trust 1	NR	9.000	01-25-2021	964,914	934,761	933,854
Bell Atlantic Capital Funding	AA3	8.625	09-15-1993	1,000,000	999,270	1,021,980
British Gas Finance Inc	AAA	9.500	03-15-2018	1,000,000	998,750	983,590
Caterpillar Financial Services	A2	8.750	05-12-2000	8,000,000	8,079,440	8,200,000
Chase Manhattan Credit Card Master Trust	AAA	8.750	08-15-1999	6,500,000	6,494,475	6,526,390
Chase Mortgage Finance Corporation	NR	9.500	10-01-2024	4,733,797	4,702,732	4,770,768
Chemical Bank Credit Card Trust	AAA	8.750	12-15-1994	5,000,000	5,036,719	5,093,250
Chrysler Financial Corporation	A2	9.700	02-10-1992	2,000,000	1,974,260	1,938,660
	BA-1	9.500	06-01-2008	7,000,000	7,005,320	6,499,710
Citicorp	BAA2	7.875	07-15-1991	1,000,000	998,600	1,000,000
	A3	8.770	08-15-1992	5,000,000	4,969,000	5,070,350
	BAA2	10.150	02-15-1998	7,000,000	6,983,634	7,051,940
	BAA3	9.750	08-01-1999	1,500,000	1,476,232	1,447,500
	BAA2	8.500	01-01-2002	11,526,000	10,413,510	10,006,009
	BAA2	10.750	12-15-2015	3,000,000	2,991,250	2,946,990
Citicorp Homeowners Inc	A2	9.500	09-01-2016	2,578,306	2,655,126	2,423,608
	A-1	8.500	12-01-2016	3,401,314	3,202,550	3,182,371
Citicorp Mortgage Securities Inc	AA2	9.500	11-01-2004	41,533,612	40,767,836	41,741,280
	AA2	10.500	06-01-2019	5,449,125	5,495,102	5,592,164
	BAA3	12.500	01-15-1996	7,000,000	7,103,200	7,002,800
Citicorp Person To Person Inc	AAA	10.200	02-01-2016	16,968,715	17,140,618	17,553,457
Collateralized Mortgage Obligation Trust	AAA	11.450	09-01-2015	18,679,384	19,969,626	20,248,265
Collateralized Mortgage Securities Corporation	NR	8.000	08-25-2017	3,900,000	3,500,250	3,535,584
	AAA	0	06-26-2018	5,000,000	2,328,050	2,348,600
Collateralized Mtg Securities-Zero Coupon	A2	9.200	12-01-1991	3,000,000	2,943,281	3,033,270
College & University Facility Loan	BAA3	9.875	06-15-1996	5,000,000	5,000,000	5,015,450
Continental Bank Corporation	BAA2	9.800	08-01-1993	5,000,000	4,476,650	5,002,100
Continental Illinois Corporation	AAA	10.700	09-15-2017	5,000,000	5,000,000	5,564,150
Cooperative Utility Trust Certificates	BAA3	12.000	06-01-2017	11,000,000	11,033,393	12,168,200
CTC Beaver Valley Funding Corporation	AAA	9.500	08-01-2019	6,385,255	6,188,709	6,349,370

Investment Listing

CORPORATE OBLIGATIONS	MOODY'S QUALITY RATING	COUPON RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
Finance (continued)						
Dover Credit Card Trust	AAA	8.250%	04-15-1997	\$ 6,000,000	6,013,125	6,028,080
Dow Capital B V	A2	8.480	09-21-1992	2,000,000	1,992,580	2,034,920
Drexel Burnham Lambert CMO Trust Series	A2	8.000	07-01-2017	2,273,460	2,152,682	2,192,593
	AAA	8.950	04-20-2018	4,057,455	3,986,449	4,149,924
FBC Mortgage Securities Trust II	A2	8.000	09-01-2016	7,257,887	6,615,778	6,779,302
FBC Mortgage Securities Trust V	NR	9.000	01-20-2018	5,109,100	4,824,324	4,670,126
Financing Corporation	NR	10.700	10-06-2017	1,000,000	1,097,061	1,170,000
	NR	9.650	11-02-2018	6,300,000	6,992,523	6,715,422
Financing Corporation Coupons Stripped	AAA	0	06-06-2000	10,000,000	4,578,900	4,574,300
First Bank Systems Inc	BAA1	7.750	11-13-1991	9,000,000	8,995,500	9,007,740
	BAA2	9.500	06-19-1992	5,000,000	5,000,000	5,081,300
First Chicago Corporation	BAA1	9.875	08-15-2000	21,500,000	21,096,875	21,245,870
First Chicago Master Trust II	NR	8.400	06-15-1998	5,000,000	4,943,750	4,948,150
First Home Mortgage Acceptance Corporation	A2	11.000	02-01-2016	8,308,379	8,716,132	8,845,682
First Interstate Bank Corporation	NR	10.500	05-01-1994	20,000,000	20,549,600	21,187,200
First PV Funding Corporation	BA2	10.300	01-15-2014	2,000,000	2,005,000	1,853,000
	BA-1	10.150	01-15-2016	6,000,000	5,025,000	5,499,180
Fleet/Norstar Financial Group, Inc.	NR	7.850	12-15-1992	29,000,000	28,943,900	29,088,450
	BAA1	9.950	05-15-1993	20,000,000	20,113,800	20,569,800
	BAA2	9.900	06-03-1993	6,000,000	5,995,620	6,173,580
Ford Credit 1991-A Grantor Trust	AAA	7.800	02-15-1996	2,252,653	2,243,853	2,259,681
Ford Motor Credit Company	A2	8.950	06-08-1992	2,000,000	2,023,580	2,096,260
	A2	6.920	06-29-1992	5,000,000	4,995,700	4,992,850
	A2	9.260	10-19-1992	1,200,000	1,216,248	1,216,128
	A2	9.000	06-15-1993	1,000,000	998,400	1,017,550
	A2	7.500	03-01-1994	1,000,000	975,730	978,240
	A2	9.450	05-20-1994	2,500,000	2,549,950	2,567,225
Franklin Savings Association	AAA	8.000	12-30-1996	8,500,000	8,203,020	8,302,035
General Electric Capital Corporation	AAA	8.000	12-01-1992	2,500,000	2,496,500	2,511,550
	A2	8.000	03-01-2002	9,371,525	9,288,422	8,940,998
	AAA	8.813	03-15-2018	6,000,000	5,910,000	5,794,800
General Motors Acceptance Corporation	NR	10.150	03-12-1992	6,000,000	6,139,140	6,130,800
	NR	9.350	05-11-1992	7,000,000	7,143,640	7,133,420
	NR	8.750	07-09-1992	10,000,000	10,164,500	10,156,200
	A2	8.350	08-07-1992	4,000,000	4,056,480	4,046,080
	NR	7.600	08-10-1992	8,600,000	8,650,654	8,632,680
	A-1	9.250	11-01-1992	2,500,000	2,493,125	2,528,325
	AA3	8.700	02-01-1994	4,000,000	4,006,400	4,051,720
	A-1	8.000	04-15-1994	1,000,000	997,590	993,060
	AAA	8.200	08-08-1994	3,500,000	3,377,290	3,485,930
Great Western Federal Savings Bank	A3	10.150	03-15-1992	57,680,000	58,334,455	58,674,980
	A3	9.450	06-30-1993	6,000,000	6,021,000	5,988,840
	A3	9.800	12-01-1993	7,000,000	7,226,100	7,253,960
	BAA1	10.250	06-15-2000	11,200,000	11,123,700	11,420,192
Great Western Financial Corporation	A3	9.500	12-02-1991	1,000,000	1,013,520	1,026,420
Guardian Savings & Loan Association	NR	9.810	07-25-2018	11,807,963	11,933,423	11,845,040
Guardian Savings & Loan Assoc-Variable	AAA	9.935	01-25-2019	7,134,559	7,241,577	7,223,812
Home Owners Federal Savings & Loan	AAA	10.612	09-01-2017	8,022,236	8,069,868	8,162,705
Home Savings America	BAA1	10.250	12-05-1996	5,375,000	5,363,766	5,347,050
Household Finance Corporation	A3	9.350	10-01-1992	1,000,000	1,014,720	1,027,830
	A3	6.850	10-01-1992	6,000,000	5,971,200	6,000,000
	A2	9.000	02-01-1994	2,000,000	2,031,380	2,025,720
	AAA	8.150	03-19-1996	4,672,601	4,660,920	4,701,104
Imperial Savings & Loan Association	NR	8.800	00-00-0000	14,246,815	13,851,689	14,068,730
Irving Bank Corporation	A2	6.125	07-01-1992	4,100,000	4,027,986	4,027,184
ITT Financial Corporation	A2	9.250	11-01-1992	2,000,000	1,997,500	2,034,540
KFW International Finance Inc	AAA	9.310	06-01-1993	2,000,000	2,002,220	2,069,460
Lyons Funding Corporation	A2	10.700	07-01-2003	535,827	550,516	535,827
Marine Midland Banks Inc	AAA	7.625	03-01-2003	8,000,000	8,000,000	7,120,000
Maritrans Capital Corporation	A2	9.250	04-01-2007	4,000,000	4,000,000	4,015,400
MBNA Credit Card Trust	AAA	9.650	06-30-1994	4,150,000	4,251,289	4,289,938
	AAA	8.750	10-31-1995	6,100,000	6,178,263	6,235,420
Mellon Financial	BAA1	8.050	02-10-1992	19,000,000	19,000,000	19,032,300
Merrill Lynch & Company	A2	9.250	10-01-1991	5,000,000	5,007,950	5,034,450
	A2	9.000	11-23-1992	6,500,000	6,500,000	6,622,070
Mortgage Bankers Financial Corporation	AAA	9.900	03-01-2018	6,870,731	6,502,865	6,973,998
	NR	9.500	07-01-2018	8,177,039	7,995,064	8,016,360
National Credit Card Trust	AAA	8.750	08-15-1994	1,500,000	1,517,344	1,519,485
	AAA	9.850	03-31-1995	6,000,000	6,111,563	6,245,400
	AAA	9.450	12-31-1997	2,500,000	2,569,725	2,579,250
National Rural Utilities Coop Finance Company	NR	7.550	05-24-1993	2,350,000	2,359,424	2,344,243
NCNB Corporation	A3	9.375	09-15-2009	12,000,000	11,220,000	11,566,920
	A3	10.200	07-15-2015	10,300,000	10,264,563	10,687,692
NCNB Texas National Bank Dallas	A3	9.500	06-01-2004	11,700,000	11,401,533	11,506,365
Norstar Bancorporation Inc	A-1	13.375	05-01-2014	3,000,000	3,153,240	3,037,230
Norwest Financial Inc	AA3	8.250	02-01-1994	1,000,000	998,400	1,004,990
Paine Webber	BAA3	10.000	02-15-1992	5,000,000	5,066,450	5,086,350
Philip Morris Credit Corporation	A2	10.500	07-01-2008	2,785,110	2,785,110	2,919,157
	BAA2	10.500	07-01-2008	294,890	294,890	309,083
Private Export Funding Corporation	AAA	9.000	01-31-1996	1,000,000	1,009,420	1,028,300
	AAA	9.500	03-31-1999	3,000,000	3,096,900	3,156,480
	AAA	9.450	12-31-1999	4,200,000	4,407,282	4,399,038
Provident National Bank Of Philadelphia	AA2	8.900	01-27-1993	1,000,000	965,230	1,021,420
	A-1	8.900	01-27-1993	1,000,000	1,019,280	1,019,230
Pulte Homes Corporation	A2	12.000	01-01-2007	1,546,029	1,618,416	1,645,067
Rabobank Nederland	AAA	8.600	07-27-1992	1,000,000	1,001,440	1,016,260
	AAA	9.000	10-26-1992	1,000,000	1,009,400	1,023,960
Rothschild Mortgage Trust Zero Coupons	AAA	0	01-01-2019	8,350,000	4,467,751	4,476,686
Rural Electric Grantor Trust Certificate	AAA	9.730	12-15-2017	4,000,000	4,214,770	4,080,280
	AAA	9.580	12-15-2019	8,000,000	8,252,240	8,006,960
Ryland Acceptance Corporation	A2	9.550	04-25-1999	4,578,789	4,611,699	4,638,908
	NR	9.700	11-01-2006	13,000,000	13,231,563	13,300,690
	AAA	8.000	06-01-2007	2,705,980	2,592,678	2,718,995
	NR	10.750	01-01-2016	5,235,889	5,478,049	5,550,043
Salomon Brothers Mortgage Securities II Inc	AAA	11.500	09-01-2015	3,174,403	3,424,670	3,434,672
Salomon Brothers Mortgage Securities IV Inc	AAA	7.000	02-01-2017	3,346,822	2,913,827	2,958,791
Salomon Brothers Mortgage Securities VII Inc	NR	9.861	01-25-2018	8,110,425	8,120,563	8,335,976



CORPORATE OBLIGATIONS	MOODY'S QUALITY RATING	COUPON RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
Finance (continued)						
Salomon Inc	A2	9.875%	05-15-1992	\$ 8,000,000	8,170,160	8,397,520
	NR	7.250	06-22-1992	40,000,000	40,000,000	40,000,000
Santa Barbara Savings & Loan Association	AAA	8.000	12-31-1996	4,100,000	3,957,238	3,901,478
Sears Credit Card Trust 1991-A	AAA	8.850	03-15-1996	6,000,000	6,023,438	6,011,220
Sears Mortgage Securities Corporation	AAA	9.625	02-25-2012	3,000,000	2,929,380	3,076,890
Security Pacific National Bank	A3	10.150	03-15-1994	3,500,000	3,525,625	3,529,330
	A2	10.500	01-01-2018	5,016,507	5,061,969	5,165,447
Security Pacific Nat'l Bank-Floating Rate	A-1	6.654	01-18-1995	36,000,000	35,864,316	35,640,000
Southwest Savings Association	A-1	10.200	12-31-2018	3,859,995	3,879,295	3,869,684
Standard Credit Card Trust Certificates	AAA	7.875	07-07-1994	2,800,000	2,779,000	2,786,868
	AAA	9.375	07-10-1997	5,000,000	5,085,938	5,115,700
	AAA	9.250	07-07-1998	2,000,000	1,981,000	1,972,500
Texaco Capital Inc	A-1	8.625	06-30-2010	8,000,000	8,029,440	8,177,280
Toyota Motor Credit Corporation	AAA	8.750	09-15-1991	11,000,000	10,978,000	11,048,400
Travelers Mortgage Services Inc	NR	7.500	02-01-2017	6,964,706	6,206,295	6,616,471
	AA2	10.150	04-25-2019	11,174,395	10,675,039	11,397,883
U.S. Home Equity Loan	NR	8.500	04-15-2021	5,228,392	5,227,805	5,226,719
U.S. West Financial Services Inc	A2	9.250	08-02-1994	3,500,000	3,624,110	3,609,060
Western Federal Savings & Loan	NR	10.169	03-01-2019	11,894,701	11,742,754	12,121,653
Wilmington Trust Alameda Company	A2	10.500	01-01-2015	7,927,423	7,927,423	5,239,551
Total Finance				1,028,214,693	1,010,871,526	1,017,137,434
CORPORATE OBLIGATIONS						
Industrial and Miscellaneous						
Ahmanson (H.F.) & Company	BAA3	9.875	11-15-1999	10,000,000	9,894,000	9,795,700
Amoco Canada Petroleum Company	BAA3	13.500	09-01-2003	15,000,000	23,017,500	23,045,250
Champion International Corporation	BAA1	9.700	05-01-2001	5,000,000	5,000,000	4,964,050
Chrysler Corporation	BA3	12.000	11-15-2015	4,000,000	4,356,667	2,720,000
Dayton Hudson Corporation	A2	9.500	06-10-2015	5,000,000	5,058,600	5,151,950
	A3	9.700	06-15-2021	3,000,000	3,000,000	3,019,860
Disney (Walt) Company Zero Coupon	A-1	0	06-27-2005	4,600,000	2,133,500	1,955,000
Emerson Capital Corporation	A2	10.500	07-01-2008	709,184	709,184	743,317
	A2	10.500	07-01-2008	60,816	60,816	63,743
Georgia Pacific Corporation	BAA3	10.100	06-15-2002	6,000,000	5,996,220	5,797,500
General Motors Corporation	A-1	8.800	03-01-2021	3,000,000	2,997,990	2,987,580
Inner Pacificorp Inc	NR	8.700	03-02-1992	5,000,000	5,051,800	5,051,550
Interco, Inc	NR	14.500	12-15-2003	127	127	1
InterNorth Inc	BAA2	9.500	02-15-1992	7,657,000	7,777,674	7,724,994
Kimberly Clark Corporation	AA2	8.625	05-01-2001	4,000,000	3,986,720	3,950,800
Nerco Inc	BAA2	9.650	06-01-1999	5,000,000	5,097,000	5,228,150
Occidental Petroleum Corporation	BAA2	10.500	03-15-1993	11,000,000	10,972,500	11,018,920
	BA-1	8.950	04-15-1994	5,000,000	4,918,750	4,982,300
	BAA2	10.875	03-15-1996	6,600,000	6,855,750	6,866,112
	BAA2	10.125	09-15-2009	2,500,000	2,278,025	2,569,525
	BAA2	11.750	03-15-2011	2,000,000	2,041,944	2,207,480
	BAA2	11.125	06-01-2019	6,000,000	5,883,540	6,392,460
Phillips Petroleum Company	BAA1	13.875	03-15-1997	636,946	692,492	686,048
Rabobank Nederland	AAA	9.050	02-25-1993	1,000,000	1,003,740	1,027,070
Resorts International Inc	CAA	15.000	04-15-1994	84,000	84,000	45,360
Reynolds (R.J.) Industries Inc	BA-1	10.750	08-01-1993	10,000,000	10,095,000	10,018,200
Safeco Products	A2	9.460	05-31-1999	7,000,000	6,992,160	7,153,160
	A2	9.630	05-31-2000	4,000,000	3,995,760	4,130,000
Sears Roebuck & Company	A2	9.350	05-15-1993	10,000,000	10,021,700	10,243,900
Sonwil Corporation	NR	12.500	12-01-2008	9,208,040	11,309,245	11,253,975
Texas Eastern Corporation	BAA2	8.200	12-18-1991	10,000,000	9,922,100	10,059,300
237 Park Avenue Associates Floating Rate	A2	7.488	03-20-1999	9,720,439	9,642,338	8,359,578
United States Leasing International Inc	AAA	8.400	03-20-1992	5,000,000	5,000,000	5,000,000
Universal Corporation	AAA	8.600	06-30-1993	3,000,000	3,029,610	3,029,070
Walter (Jim) Corporation	CA	13.750	02-01-2003	800,000	907,000	248,000
Total Industrial and Miscellaneous				181,576,552	189,783,452	187,489,903
Public Utilities						
Central Power & Light Company	A-1	9.750	11-01-1994	1,000,000	992,500	1,018,000
Colorado Interstate Gas Company	BAA1	10.000	06-15-2005	2,000,000	2,014,740	2,008,820
Commonwealth Edison Company	BAA1	10.375	10-15-1992	2,200,000	2,197,800	2,283,512
	A3	7.900	04-15-1994	2,500,000	2,500,000	2,495,500
	BAA	9.125	10-15-2008	500,000	474,835	492,780
Connecticut Light & Power Company	BA-1	9.500	06-01-2019	2,000,000	1,977,500	1,997,700
Detroit Edison Company	BAA2	11.875	12-15-2000	2,201,000	2,343,565	2,334,953
Gulf States Utilities Company	BA3	15.000	09-01-2012	4,700,000	5,478,438	4,911,500
Long Island Lighting Company	BA-1	10.250	06-15-1994	11,000,000	10,978,000	11,417,890
	BA-1	5.250	03-01-1996	800,000	375,488	688,528
Louisiana Power & Light Company	BAA2	9.420	01-31-1992	1,000,000	1,000,000	1,032,190
	NR	10.500	04-01-1993	10,000,000	10,244,000	9,973,400
	BAA2	10.320	01-31-1999	1,250,000	1,250,000	1,323,050
Niagara Mohawk Power Corporation	NR	7.800	02-06-1992	4,450,000	4,471,761	4,470,871
Philadelphia Electric Company	BAA3	10.875	11-15-1995	2,250,000	2,311,875	2,317,500
System Energy Resources Inc	BA-1	9.875	09-01-1991	9,413,000	9,499,772	9,495,363
Wisconsin Gas Company	A-1	9.125	12-01-1997	4,000,000	3,990,000	4,017,560
Total Public Utilities				61,264,000	62,100,274	62,279,117
Telephone						
General Telephone Company California	AA3	9.375	06-15-2026	2,000,000	1,850,020	1,966,500
MCI Communications Corporation	BAA2	8.320	11-08-1991	8,000,000	7,988,000	8,033,680
United Telecommunications Inc	BAA3	8.250	08-15-1992	3,100,000	3,105,166	3,098,419
Total Telephone				13,100,000	12,943,186	13,098,599

Investment Listing

CORPORATE OBLIGATIONS	MOODY'S QUALITY RATING	COUPON RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
Transportation						
AMR Corporation	BAA1	8.900%	11-23-1992	\$ 7,000,000	6,987,750	7,102,410
	BAA1	8.850	12-14-1992	4,500,000	4,490,820	4,563,855
	BAA1	10.000	04-15-2021	3,000,000	2,981,070	2,933,940
Delta Air Lines Inc	A3	9.750	05-15-2021	2,000,000	1,988,400	1,969,060
Kansas City Southern Industries Inc	BAA2	12.000	10-01-2010	3,750,000	4,129,688	4,007,888
Union Pacific Railroad Company	AA-1	9.500	02-15-1999	3,000,000	2,998,200	3,039,420
Total Transportation				23,250,000	23,575,928	23,616,573
TOTAL CORPORATE OBLIGATIONS				1,307,405,245	1,299,274,366	1,303,621,626
TOTAL U.S. BONDS AND CORPORATE NOTES				\$2,823,375,618	2,761,173,678	2,777,327,673
INTERNATIONAL OBLIGATIONS						
ADT Ltd	NR	8.000%	07-31-2005		\$ 382,162	317,912
Australia Commonwealth	AA2	12.750	09-15-1992		3,343,144	3,173,310
	NR	12.500	03-15-1997		1,646,650	1,663,546
	NR	12.500	09-15-1997		2,296,606	2,335,085
	NR	12.000	11-15-2001		6,859,265	7,021,496
	NR	12.000	07-01-1991		6,272,420	6,164,130
Banco Centrale Madrid	AAA	10.000	02-14-1997		5,553,014	4,724,809
Banque Europeenne D'Investissement	AAA	9.000	05-24-1999		1,723,259	1,695,334
Banque Francaise Du Commerce Exterieur	NR	10.000	07-02-1991		6,567,080	6,514,640
Banque Indosuez Paris	AA-1	9.125	03-18-1996		3,906,962	3,829,402
Belgium (Kingdom Of)	AA-1	9.125	03-18-1996		96,140	3,942,031
BEI Banque Europeenne D' Investissement	NR	9.000	04-20-1999		1,263,601	1,119,793
Brinson Int'l Dollar Bond Fund	NR	0			51,018,708	56,692,391
Brinson Int'l Non-Dollar Bond Fund	NR	0			99,189,397	106,359,714
Buoni Poliennali Tesoro	NR	12.500	03-01-2001		7,827,148	7,608,696
Canada (Government Of)	AAA	10.250	03-01-1996		5,814,822	5,772,991
	AAA	9.250	10-01-1996		18,327,531	18,208,940
	AAA	9.500	10-01-1998		8,161,572	8,539,928
	AAA	10.500	03-01-2001		10,777,460	11,151,175
	AAA	10.750	10-01-2009		7,857,638	8,087,968
	AAA	10.250	03-15-2014		4,227,074	4,350,984
Chrysler Financial Corporation Eurobond	BAA2	13.250	11-29-1994		1,889,055	1,881,338
Credit Foncier De France	AAA	9.375	12-27-1999		9,022,824	7,935,583
Den Danske Copenhagen	NR	8.938	07-03-1991		2,315,987	2,291,278
Denmark (Kingdom Of)	NR	9.000	11-15-2000		4,294,347	4,217,528
Deutschland Bundes Republic	NR	7.000	09-20-1994		1,788,212	1,570,747
	NR	6.000	03-20-1997		5,427,899	4,864,515
	NR	7.125	12-20-1999		5,655,519	5,039,962
	NR	7.750	02-21-2000		5,896,618	5,266,167
	NR	8.500	08-21-2000		6,194,049	5,507,821
Dutch (Government Of) Netherland Kingdom	NR	6.750	02-15-1999		4,926,094	4,351,162
Elf Enterprise Finance	NR	8.750	06-27-2006		344,000	311,282
European Investment Bank	AAA	12.625	10-15-1999		9,966,180	9,966,180
France (B.T.A.N.)	NR	9.000	11-12-1992		5,896,488	5,022,087
	NR	9.000	11-12-1995		4,925,342	4,275,379
France (Government Of)	NR	8.000	10-12-1994		4,108,465	3,929,549
	NR	9.700	12-13-1997		9,955,560	8,362,355
	NR	8.125	05-25-1999		2,582,423	2,461,231
	NR	8.500	03-28-2000		12,105,294	10,421,743
	NR	9.500	04-25-2000		6,513,014	5,850,357
	NR	9.500	01-25-2001		196,281	183,327
	NR	10.000	02-26-2001		9,470,969	8,331,108
	NR	8.250	02-27-2004		12,602,038	11,687,916
	NR	8.500	12-26-2012		1,280,000	1,215,632
	NR	8.500	10-25-2019		16,931,173	15,710,055
Hanson Plc	NR	9.500	01-31-2006		268,650	236,261
Holland Niederlande	NR	6.000	04-15-1995		5,043,763	4,461,349
	NR	7.750	01-15-2000		9,611,145	8,290,470
	NR	9.000	07-01-2000		1,524,589	1,339,433
Hydro Quebec	AA3	9.400	02-01-2021		25,784,980	26,205,920
	AA3	9.375	04-15-2030		1,471,380	1,508,235
Industrial Bank Of Japan Ltd	AAA	8.500	11-30-1994		2,997,450	3,038,220
Int'l Bank For Reconstruction Euro Bond	AAA	7.625	10-30-1995		3,721,925	3,712,746
	AAA	6.750	03-15-2000		3,491,573	3,587,682
Ireland (Republic Of)	AA3	8.625	04-15-2001		1,979,300	1,965,220
Israel (State Of)	AAA	8.500	03-01-1993		1,000,000	1,000,000
	AAA	8.500	12-01-1994		4,000,000	4,000,000
	NR	8.500	12-01-1995		2,000,000	2,000,000
Italy (Republic of)	AAA	9.625	03-01-1999		2,032,480	2,070,160
Japan (Government Of)	NR	5.100	06-20-1996		3,512,417	3,352,141
	NR	4.900	03-20-1998		5,787,858	6,475,834
	NR	4.800	06-22-1998		6,064,359	6,411,810
	NR	4.700	12-21-1998		5,678,377	6,342,694
	NR	4.700	06-21-1999		5,977,478	6,315,047
	NR	6.400	03-20-2000		21,627,588	21,318,199
Kansallis-Osake-Pankki	A2	10.150	03-15-1993		2,010,720	2,084,060
	A2	10.000	03-15-1994		999,270	1,014,860
Montreal (City Of)	NR	11.500	09-20-2000		4,313,258	4,460,908
Municipal Finance Authority Canada	AAA	13.750	12-01-2005		439,051	483,280
New Brunswick (Province Of) Canada	A-1	9.750	05-15-2000		494,250	522,335
New South Wales Treasury Corporation	AAA	12.100	04-01-1995		7,891,650	7,622,063
	AAA	12.500	04-01-1997		6,558,396	6,345,093
	BAA1	13.875	10-01-1992		1,107,570	1,077,290
	BAA1	9.875	06-01-2020		5,575,020	5,701,355
Nordiska Insteringabanken	AAA	4.875	01-06-1994		614,973	689,381
Norges Kommunalbank	A2	7.875	05-17-1997		1,385,130	1,443,915
Norske Skog	NR	8.125	12-31-2000		266,867	250,829
Ontario Hydro	AA2	12.750	10-14-1992		2,362,426	2,350,018
	AA2	10.750	11-19-1995		1,720,243	1,776,305
	AA2	10.875	01-08-1996		13,470,298	13,368,266
PT Inti Indorayon Utama	NR	7.000	05-02-2006		650,000	545,675

INTERNATIONAL OBLIGATIONS	MOODY'S QUALITY RATING	COUPON RATE	MATURITY DATE	PAR VALUE	BOOK VALUE	MARKET VALUE
Quebec (Province Of) Canada	BA2	12.125	10-01-1993		1,632,900	1,633,320
	NR	15.000%	11-07-1993		\$ 11,801,161	12,218,114
Queensland Treasury Corporation	AAA	12.000	07-15-1999		5,352,614	5,420,703
	AAA	12.000	08-15-2001		3,195,961	3,340,989
Regional Municipality Of York	NR	11.750	04-17-2000		6,216,762	6,391,807
Royal Bank Of Canada	NR	8.375	07-02-1991		3,502,000	3,503,560
Saskatchewan (Province of) Canada	A2	9.125	02-15-2021		991,350	981,180
Spain (Kingdom of)	AA2	9.125	08-01-2000		1,020,160	1,014,360
Spanien (Government of)	AA2	13.450	04-15-1996		13,023,834	11,473,289
Svenska Handelsbanken	A2	9.700	03-04-1993		1,499,670	1,550,340
Swedish Export Credit Corporation	AAA	8.625	04-15-2026		1,632,520	1,838,480
Telecom Australia	AAA	12.500	11-15-2000		1,311,035	1,331,030
Tubos De Acero	NR	7.500	06-12-1997		750,000	738,750
United Kingdom (Government of)	NR	10.000	11-15-1996		2,094,439	1,986,315
TOTAL INTERNATIONAL OBLIGATIONS					614,858,324	616,717,868
PREFERRED STOCK - U.S.				SHARES	BOOK VALUE	MARKET VALUE
Federal Paper Board Company Inc 2.875%				35,700	1,962,214	2,017,050
RJR Nabisco Holdings Corporation 11.500%				45,000	939,814	1,575,000
Texaco Inc Variable Rate				314	11,571	16,250
Time Warner Inc Series C 8.750%				16	712	663
Time Warner Inc Series D 11.000%				133,292	5,030,660	6,282,927
Toledo Edison Company Adjustable Rate				80,000	2,017,280	1,940,000
TOTAL PREFERRED STOCK - U.S.					9,962,251	11,831,890
PREFERRED STOCK - INTERNATIONAL						
KSB AG				2,700	664,623	585,430
Rheinisch Westfaelisches				9,200	1,937,252	1,649,643
Smithkline Beecham Plc				25,000	1,309,265	1,338,150
Tate & Lyle				240,000	702,989	642,312
Winterthur Schweizer				1,130	671,823	519,130
TOTAL PREFERRED STOCKS - INTERNATIONAL					5,285,952	4,734,665
TOTAL BONDS, CORPORATE NOTES AND PREFERRED STOCK					\$3,391,280,205	\$3,410,612,096
SHORT TERM INVESTMENTS						
Accrued Interest and Dividends					NR	
Fleet/Norstar Financial Group, Inc.					BAA2	
Harris Bank Collective Investment Funds					NR	
Harris Bank Due To Broker					NR	
Harris Bank Master Trust Reserve Fund					NR	
Industrial Bank Of Japan-New York Branch					AAA	
ITT Financial Corporation					NR	
Prudential Funding Corporation					NR	
Swiss Bank Certificate of Deposit					AA2	
U.S. Treasury Bills					AAA	
					AAA	
					AAA	
					AAA	
					AAA	
					AAA	
Various Futures Contracts						
TOTAL SHORT TERM INVESTMENTS					\$229,510,433	229,242,311
CURRENCY INVESTMENTS						
CURRENCY INVESTMENTS			CURRENCY INVESTMENTS			
BOOK VALUE			BOOK VALUE			MARKET VALUE
MARKET VALUE			MARKET VALUE			MARKET VALUE
Australian Dollar Currency Fund			\$ 1,345,339			1,345,787
Australian Dollar Put Option			89,100			94,116
Austrian Schilling			993			980
Belgium Franc Currency Fund			27,582			27,229
British Pound Currency Fund			2,659,632			2,513,475
Canadian Dollar Currency Fund			2,537,930			2,560,421
Canadian Dollar Put Option			565,195			146,200
Danish Krone Currency Fund			240,146			235,436
Deutsch Mark Currency Fund			9,204,792			8,410,554
European Currency Unit Fund			583,515			544,769
French Franc Currency Fund			2,075,197			1,830,545
French Franc Put Option			726,425			771,750
German Mark Call Option			-265,329			-89,408
German Mark Put Option			1,688,529			2,593,625
Hong Kong Dollar Currency Fund			1,352,909			1,347,366
Indonesian Rupian Currency Fund			41,262			41,344
Italian Lira Currency Fund			-1,197,101			-1,133,398
Japanese Yen Currency Fund			15,442,913			15,492,661
Japanese Yen Put Option			2,119,631			3,685,000
Malaysian Ringit Currency Fund			1,068,731			1,067,327
Netherlands Guilder Currency Fund			3,444,003			3,196,258
New Zealand Dollar Currency Fund			197,624			196,842
Norwegian Krone Currency Fund			5,593			5,391
Singapore Dollar Currency Fund			1,158,722			1,163,890
Spanish Peseta Currency Fund			1,681,028			1,641,393
Spanish Peseta Put Option			330,023			370,127
Swedish Krone Currency Fund			47,260			46,845
Swiss Franc Currency Fund			450,698			429,079
Swiss Franc Put Option			588,000			652,313
Thailand Baht Currency Fund			367,228			361,170
United Kingdom Put Option			1,047,253			1,248,038
U.S. Index Put Option			330,182			320,000
U.S. Treasury Call Option			8,698,847			10,774,546
Various Forward Foreign Exchange Contracts			0			-4,395,594
TOTAL CURRENCY INVESTMENTS					\$58,653,852	57,496,077

Investment Listing

COMMON STOCK - U.S.

	SHARES	BOOK VALUE	MARKET VALUE
Air Transport			
Boeing Company	510,075	\$ 15,810,936	23,335,932
E Systems Inc	59,700	2,243,065	2,410,388
General Dynamics Corporation	67,000	3,800,971	2,805,626
Grumman Corporation	83,695	1,640,369	1,496,049
Instrument System Corporation	4,800	10,440	15,600
Lockheed Corporation	68,100	2,960,940	2,970,863
Loral Corporation	130,700	5,013,998	5,309,689
Martin Marietta Corporation	103,261	4,418,154	5,769,710
McDonnell Douglas Corporation	19,300	1,405,790	972,238
Microsemi Corporation	200,000	423,000	400,000
Northrop Corporation	21,200	829,282	537,950
Penn Central Corporation	12,000	297,300	270,000
Raytheon Company	148,579	10,727,361	11,886,320
Rockwell International Corporation	189,200	4,366,598	5,273,950
Textron Inc	164,600	4,580,159	5,287,776
Transtech Corporation	1,100	29,090	7,425
UNC Inc	8,700	84,133	41,325
United Technologies Corporation	110,700	5,149,592	4,926,150

Automobiles and Auto Parts

Arvin Industries Inc	73,000	1,188,951	1,624,250
Bandag Inc	10,400	655,058	1,071,200
Chrysler Corporation	113,639	2,495,705	1,619,356
Cooper Tire & Rubber Company	33,300	707,696	974,025
Cummins Engine Company Inc	7,300	397,686	291,088
Dana Corporation	156,400	5,687,474	5,122,100
Eaton Corporation	17,314	723,886	1,049,661
Echlin Inc	28,100	428,373	382,863
Ford Motor Credit Company	542,800	18,275,057	19,540,800
General Motors Corporation	667,300	26,209,095	27,192,475
General Motors Corporation Class E	86,500	2,519,799	4,043,875
General Motors Corporation Class H	5,400	133,164	90,450
Genuine Parts Company	63,550	2,171,155	2,724,706
Goodrich (B.F.) Company	96,400	3,699,752	3,807,800
Goodyear Tire & Rubber Company	79,283	2,970,459	2,636,160
Rolls Royce Plc	200,000	3,527,514	2,494,000
SPX Corporation	22,300	398,204	356,800
TBC Corporation	81,000	1,006,625	1,204,875
TRW Inc	158,900	6,635,522	6,693,663

Banking and Finance

Advanta Corporation	95,000	1,018,385	1,555,625
Ahmanson (H.F.) & Company	159,200	3,217,684	2,885,501
American Express Company	767,696	20,671,894	17,273,160
Ameritrust Corporation	29,000	466,075	583,625
AmSouth Bancorporation	20,000	559,825	567,500
BB&T Financial Corporation	112,296	2,328,434	2,330,142
Banc One Corporation	189,800	5,371,618	7,259,850
Bancorp Hawaii Inc	4,000	171,000	239,500
Bank Of Boston Corporation	37,680	751,368	259,051
Bank Of New York Company Inc	114,300	3,179,681	3,128,963
BankAmerica Corporation	330,000	8,277,290	11,962,500
Bankers Trust New York Corporation	90,046	3,425,470	4,355,976
Barclays Plc	16,800	437,095	478,800
Barnett Banks Inc	73,025	1,985,572	1,953,419
Bear Stearns Companies Inc	94,500	1,038,170	1,287,563
Beneficial Corporation	10,700	512,316	605,888
Block (H&R) Inc	69,200	2,013,011	3,806,000
Boatmans Bancshares Inc	15,200	578,304	611,800
Brazil Fund Inc	50,000	524,782	731,250
C&S / Sovran Corporation	70,901	1,664,986	1,692,762
Central Bancshares Of The South Inc	21,300	391,450	484,575
Chase Manhattan Corporation	204,088	4,745,988	3,316,428
Chemical Banking Corporation	64,787	1,970,426	1,384,822
Citicorp	166,300	4,077,033	2,411,350
Comerica Inc	19,800	664,687	764,775
Corestates Financial Corporation	45,608	1,573,702	1,761,609
Countrywide Credit Industries Inc	120,000	895,624	2,370,000
Dominion Bankshares Corporation	56,000	609,800	595,000
Dreyfus Corporation	25,000	701,750	912,500
Edwards (A.G.) Inc	11,100	381,873	352,425
Federal Home Loan Mortgage Corporation	274,500	18,982,117	22,097,250
Federal National Mortgage Association	277,800	7,360,294	13,751,100
First of America Bank Corporation	62,920	1,327,442	1,738,165
First American Corporation Tennessee	48,000	562,032	618,000
First Bank Systems Inc	46,000	715,875	845,250
First Chicago Corporation	28,913	922,556	603,559
First Fidelity Bancorporation	78,900	1,917,788	2,150,025
First Hawaiian Inc	10,000	243,750	290,000
First Interstate Bancorp	115,429	3,891,072	3,621,585
First Union Corporation	153,600	3,193,593	3,417,600
Firststar Corporation	9,300	254,681	331,313
Fiserv Inc	12,000	309,495	483,000
Fleet/Norstar Financial Group, Inc	54,282	1,383,797	1,200,990
Franklin Resources Inc	45,000	1,675,914	1,586,250
Golden West Financial Corporation	31,700	643,179	1,121,388
Great Western Financial Corporation	293,400	4,963,249	5,207,850
Green Tree Acceptance Inc	74,181	1,213,327	1,984,342
Household International Inc	143,600	5,727,744	6,479,951
Manufacturers Hanover Corporation	59,800	1,896,931	1,293,175
Manufacturers National Corporation	12,200	701,500	747,250
Marshall & Ilsley Corporation	13,000	519,311	513,500
MBNA Corporation	148,400	3,524,898	4,581,851
Mellon Bank Corporation	31,350	1,155,013	936,582
Mercantile Bancorporation Inc	22,300	668,031	669,000
Merrill Lynch & Company	50,400	1,793,828	1,934,100

COMMON STOCK - U.S.

	SHARES	BOOK VALUE	MARKET VALUE
Banking and Finance (continued)			
Michigan National Corporation	23,000	641,560	632,500
Morgan (J.P.) & Company Inc	259,975	9,830,761	13,551,198
National City Corporation	50,300	1,407,735	1,735,350
NBD Bankcorp Inc	52,600	1,467,618	1,821,275
NCNB Corporation	58,192	1,695,134	2,080,364
Norwest Corporation	275,138	5,540,486	7,566,295
Primerica Corporation	219,600	6,289,981	6,093,900
PNC Financial Corporation	69,917	2,578,595	2,525,751
Rouse Company	60,000	1,304,988	990,000
Salomon Inc	190,900	5,353,584	6,204,250
Security Pacific Corporation	135,781	3,838,488	3,122,963
Shawmut National Corporation	38,600	985,384	178,525
SEI Corporation	61,550	1,041,354	1,615,688
Signet Banking Corporation	35,000	560,660	564,375
Society Corporation	30,000	1,272,450	1,252,500
Standard Federal Bank	238,129	2,172,364	2,619,419
State Street Boston Corporation	83,200	4,017,334	3,723,200
Student Loan Marketing Association	493,700	23,262,201	25,721,000
Summit Bancorporation	48,000	657,745	684,000
Suntrust Banks Inc	161,100	3,973,685	4,853,138
Union Planters Corporation	85,156	1,094,904	1,064,450
U.S. Bancorp	127,800	3,482,505	3,834,000
Wachovia Corporation	5,000	253,642	249,375
Wells Fargo & Company	55,700	3,405,453	3,843,300
Westpac Banking Ltd	20,000	401,186	342,500

Beverages

Anheuser Busch Companies Inc	343,683	10,067,265	16,582,705
Brown Forman Corporation	20,300	815,995	1,558,025
Coca Cola Company	550,500	11,355,723	30,002,250
Coors (Adolph) Company	30,100	644,182	673,488
Pepsico Inc	1,291,900	21,389,734	37,465,100

Chemicals and Synthetic Fibers

Air Products & Chemicals Inc	118,100	5,578,708	7,956,988
American Cyanamid Company	159,500	6,796,794	10,307,688
Applied Extrusion Technologies Inc	32,200	310,400	273,700
Biogen Inc	74,802	1,628,339	2,019,654
Biorad Laboratories Inc	18,100	418,839	418,563
Browning Ferris Industries Inc	146,600	3,609,204	3,811,600
Chemical Waste Management Inc	50,000	1,135,748	993,750
Crompton & Knowles Corporation	58,000	964,150	1,580,500
Dexter Corporation	35,500	736,397	718,875
Dow Chemical Company	202,200	9,165,764	10,741,875
Dow Chemical Company Rights	78,489	0	618,101
Du Pont (E.I.) DeNemours & Company	373,000	10,562,958	17,111,376
Ethyl Corporation	60,300	1,500,760	1,628,100
First Brands Corporation	152,625	3,173,546	4,273,500
First Mississippi Corporation	205,816	2,358,123	2,341,158
FMC Corporation	36,600	1,177,656	1,610,400
Grace (W.R.) & Company	53,700	1,331,319	1,805,663
Great Lakes Chemical Corporation	19,000	1,503,888	1,548,500
Hercules Inc	85,000	3,133,909	3,145,000
Inceera Group Inc	11,700	508,227	1,096,875
Locite Corporation	19,800	313,868	660,825
Lubrizol Corporation	44,000	2,115,493	2,029,500
Lyondell Petrochemical Company	48,800	1,191,077	1,171,200
Monsanto Company	182,100	8,782,788	12,018,600
Nalco Chemical Company	107,400	2,781,352	3,047,475
NCH Corporation	28,400	1,520,624	1,874,400
NL Industries Inc	78,550	1,874,187	1,227,344
Olin Corporation	42,000	1,923,150	2,073,750
PPG Industries Inc	194,300	8,043,748	10,759,364
Quantum Chemical Corporation	14,351	526,220	186,563
Rohm & Haas Company	33,500	916,245	1,440,500
Rollins Environmental Services Inc	30,474	325,061	255,219
Sherwin Williams Company	127,300	2,625,513	3,102,938
Thiokol Corporation	148,013	1,815,590	2,238,697
Union Carbide Corporation	287,704	5,454,727	5,861,970
Valpar Corporation	1,900	62,833	84,788
W H Brady Company	39,708	1,357,238	1,439,415
Waste Management Inc	979,900	23,935,573	35,766,350
Wellman Inc	60,900	1,454,832	1,636,688
Witco Corporation	9,800	362,992	403,025

Conglomerates and Miscellaneous

Acuson	24,600	702,025	716,475
Adaptec Inc	73,000	749,775	885,125
Akzo N V Amhem	41,142	1,352,220	1,141,691
Alex Brown Inc	260,900	4,988,695	3,783,050
Alexander & Baldwin Inc	3,000	91,740	72,750
American National Bank Mini-Cap Fund	1,600,605	18,291,499	19,383,647
American National Bank Multiple	3,203,144	83,691,852	106,598,710
Amre Inc	170,000	1,120,843	998,750
Applied Biosystems Inc	10,700	296,925	141,775
Associated Communications Corp. Class A	9,200	171,350	131,100
Associated Communications Corp. Class B	124,800	1,935,855	1,716,000
Avery Dennison Corporation	29,900	726,198	740,025
Ball Corporation	9,900	284,640	311,850
Bassett Furniture Industries Inc	3,900	148,870	146,250
Beckman Instruments Inc	65,800	1,146,988	1,192,625
Brinson Partners Ex-Dex Fund	1,275,183	95,751,103	181,707,650
Broad Inc	331,900	2,856,655	3,816,850
Business Records Corporation	47,000	582,664	752,000
CDI Corporation	75,400	1,071,734	688,025

COMMON STOCK - U.S.

SHARES BOOK VALUE MARKET VALUE

Conglomerates and Miscellaneous (continued)

Cellular Communications Inc	167,267	\$ 4,830,265	5,185,277
Central Sprinkler Corporation	38,900	524,220	437,625
Chambers Development Inc	85,000	1,592,835	2,252,500
Chart House Enterprises Inc	56,500	725,363	565,000
Chemdesign Corporation	71,000	726,426	532,500
CMS Energy Corporation	329,200	9,805,896	8,353,451
Colonial Group Inc	74,300	777,894	1,040,200
Corning Incorporated	61,300	2,243,407	3,808,263
Datascope Corporation	36,004	1,585,965	2,160,240
Dial Corporation Arizona	85,300	2,942,935	2,921,525
DH Technology Inc	72,000	747,693	657,000
Electromagnetic Sciences Inc	153,000	869,329	1,663,875
Eljer Industries Inc	48,500	595,399	672,938
Equifax Inc	21,900	421,590	407,888
Excel Industries Inc	1,430	13,579	13,585
Fair Isaac & Company	65,000	458,958	520,000
Flightsafety International Inc	15,450	370,234	795,675
Gehl Company	48,000	434,592	276,000
General Parametrics Corporation	132,500	412,949	331,250
Gilbert Associates Inc	92,097	2,227,289	2,049,158
Hanson Plc	122,700	2,258,806	2,039,888
Harsco Corporation	60,000	1,470,292	1,650,000
Hillenbrand Industries Inc	6,500	187,330	290,875
HBO & Company	98,500	810,180	615,625
IMC Fertilizer Group Inc	49,600	2,110,480	2,287,800
Insituform North America Inc	48,000	247,304	546,000
Integrated Device Technology Inc	584,200	3,283,850	3,067,050
Intervoice Inc	32,000	285,875	344,000
ITT Corporation	147,800	6,989,823	8,313,750
Jacobs Jay Inc	38,500	245,250	298,375
Johnson Worldwide Association Inc	57,550	1,401,106	1,237,325
Jostens Inc	20,386	489,501	629,418
Keene Corporation	1,500	11,871	1,734
Ketema Inc	35,000	491,750	393,750
Keystone International Inc	40,000	660,400	1,245,000
Kinder-Care Learning Centers Inc	109,103	761,454	71,572
Kulicke & Soffa Industries Inc	80,000	540,000	630,000
Lam Research Corporation	150,200	842,931	1,295,475
Lechters Inc	30,000	484,938	907,500
Leggett & Platt Inc	65,250	1,938,132	2,145,094
Liton Industries Inc	36,741	2,976,915	2,829,057
Loews Corporation	116,800	9,842,490	11,694,601
MARC Inc	65,000	713,614	869,375
Marietta Corporation	49,000	305,588	324,625
Material Sciences Corporation	1,300	28,204	14,950
MCN Corporation	114,900	2,455,484	2,470,350
Medalist Industries Inc	37,000	335,495	277,500
Medusa Corporation	92,000	1,298,023	1,449,000
Merisel Inc	205,800	992,763	540,225
Michaels Stores Inc	6,200	47,509	50,375
Millipore Corporation	25,700	893,736	1,066,550
Minnesota Mining & Manufacturing Company	387,600	26,024,308	36,289,051
Morton International Inc Industry	69,600	3,134,674	3,671,400
MS Carriers Inc	60,800	1,023,388	1,124,800
Mueller Industries Inc	45,300	520,037	560,588
Nacco Industries Inc	2,000	34,878	91,750
National City Corporation	22,100	1,109,731	1,127,100
National Education Corporation	148,862	1,238,660	1,042,034
National Service Industries Inc	25,700	635,376	642,500
Nellcor Inc	114,288	2,231,379	2,228,616
Newmark & Lewis Inc	2,000	17,640	2,000
Northwest Gold Corporation	125,100	69,142	23,456
Ogden Corporation	22,766	613,079	429,709
Olsen Corporation	39,800	505,414	731,325
Ornicom Group	96,900	2,462,743	2,749,538
PDA Engineering	58,500	266,344	563,063
Pet Inc	52,000	750,615	923,000
PHH Corporation	42,500	1,040,238	1,232,500
Pinkertons Inc	23,600	625,026	616,550
Pioneer Hi-Bred International Inc	35,900	1,493,195	1,777,050
Power Gen Plc	16,720	353,974	388,740
Price (T Rowe) & Associates Inc	73,900	1,174,288	2,032,250
Receptech Corporation	40,000	500,000	655,000
Rubbermaid Inc	140,000	4,653,315	7,070,000
S&P 500 Index - Futures Contracts		-3,908,625	-3,908,625
Safecard Services Inc	262,505	2,001,752	2,198,479
Safety-Kleen Corporation	110,400	2,700,120	3,381,000
Safeway Inc	569,000	2,891,640	2,347,125
Sanford Corporation Illinois	61,100	1,051,072	1,664,975
Schwitzer Inc	123,000	778,257	922,500
Sealy Holdings Inc	70,515	140,890	8,814
Service Corporation International	37,600	918,022	817,800
Shelby Williams Industries Inc	95,600	915,562	836,500
Societe Nationale Elf Aquitaine	38,400	1,160,605	1,089,600
Sothebys Holdings Inc	47,000	565,421	564,000
Standex International Corporation	41,500	1,043,101	985,625
Stanhome Inc	81,075	2,409,678	2,716,013
Sterling Software Inc	152,700	1,455,771	1,736,963
Summagraphics Corporation	90,000	1,000,123	832,500
Systems Center Inc	75,000	679,657	731,250
Systems Industries Inc	300,600	455,409	450,900
Team Inc	70,000	697,094	577,500
Tekelec	68,700	707,023	1,150,725
Teledyne Inc	178,800	3,630,952	3,397,200
Tecor Inc	23,000	332,679	1,575,500
TRC Companies Inc	39,100	195,240	420,325
Trinova Corporation	50,000	1,144,637	1,275,000
Union Corporation	1,700	15,394	38,675
Valhi Inc	1,500	12,470	9,938
Variety Corporation	249,100	700,249	591,613
Venture Stores Inc	38,000	293,354	859,750
Versa Technologies Inc	65,000	796,192	926,250
Viacom Inc	149,100	3,567,418	3,988,425

COMMON STOCK - U.S.

SHARES BOOK VALUE MARKET VALUE

Construction

Armstrong World Industries Inc	135,800	3,966,023	3,938,200
Beazer Plc	211,700	1,374,248	1,217,275
CBI Industries Inc	11,700	361,252	383,175
Centex Corporation	9,400	254,106	353,675
Pedders Corporation	8,200	81,503	76,876
Fleetwood Enterprises Inc	11,200	256,029	345,800
Florida Rock Industries Inc	37,500	1,267,792	1,012,500
Fluor Corporation	45,700	1,043,984	2,147,900
Fuller H B Company	50,960	1,262,360	2,178,540
Greiner Engineering Inc	90,000	1,160,207	1,338,750
Homeowners Group Inc	74,000	594,501	573,500
Interface Inc	145,750	1,882,176	1,985,844
Johnson Controls Inc	19,700	608,323	600,850
JWP Inc	16,800	359,176	277,200
Kaufman & Broad Home Corporation	12,428	115,535	167,779
Manville Corporation	155,609	1,058,609	992,007
Masco Corporation	153,600	3,530,156	3,532,800
Morrison Knudsen Corporation	5,000	277,175	233,750
Owens Corning Fiberglas Corporation	20,400	328,588	543,150
PHM Corporation	10,600	144,455	133,826
Ryland Group Inc	13,000	325,910	250,250
Skyline Corporation	5,600	83,303	85,400
Standard Brands Paint Company	415,000	3,017,050	3,060,625
Toll Brothers Inc	600,000	4,048,428	4,800,000
USG Corporation	47,800	480,614	83,650
Zum Industries Inc	7,500	193,223	262,500

Electrical and Electronic

A A R Corporation	124,000	2,503,855	1,922,000
Advanced Micro Devices Inc	340,700	2,849,961	4,088,400
Airtel Corporation	42,000	1,617,744	1,585,500
AMP Inc	54,800	2,381,237	2,726,300
Andrew Corporation	4,300	92,773	135,450
Augat Inc	22,000	303,973	280,500
Avnet Inc	50,000	1,300,715	1,387,500
Bairco Corporation	1,500	47,484	11,438
BEI Electronics Inc	208,000	1,575,615	1,872,000
Commodore International Ltd	182,300	1,533,452	2,119,238
Computer Products Inc	330,000	909,899	866,250
Cray Computer Corporation	15,200	221,382	155,800
Cybertek Corporation	66,000	379,455	792,000
Cypress Semiconductor Corporation	70,070	771,541	1,191,190
Dallas Semiconductor Corporation	257,576	2,264,493	2,060,608
DSC Communications Corporation	20,500	309,245	153,750
Dynascan Corporation	139,500	960,613	732,375
EG & G Inc	69,200	2,635,321	2,785,300
Emerson Electric Company	416,742	13,771,438	19,430,596
Emulex Corporation	252,000	1,368,243	1,890,000
Esco Electronics Corporation	3,310	14,895	21,515
Federal Signal Corporation	35,800	878,990	895,000
Galileo Electro Optics Corporation	130,000	779,738	763,750
General Electric Company	1,135,300	51,688,257	84,012,200
Gentyle Group Inc	86,500	810,000	583,875
Giga Tronics Inc	81,000	563,419	648,000
Grainger (W.W.) Inc	66,600	2,018,816	3,121,875
Hadco Corporation	175,000	895,639	831,250
Harris Corporation	19,600	611,630	507,151
Hewlett Packard Company	290,900	13,061,819	14,763,175
Hubbell Inc	23,995	909,919	1,178,754
IDB Communications Group Inc	75,000	671,250	693,750
IMO Industries Inc	75,000	802,249	1,021,875
Intel Corporation	165,400	5,494,995	7,691,100
Kent Electronics Corporation	82,400	710,128	1,297,800
M/A-Com Inc	14,900	217,223	81,950
Magnetek Inc	50,000	427,516	675,000
Methode Electronics Inc	295,000	1,641,082	2,470,625
Molex Inc	91,700	1,960,044	2,498,825
Motorola Inc	121,800	5,911,030	8,099,700
National Presto Industries Inc	49,300	1,867,678	2,323,263
National Semiconductor Corporation	998,900	7,217,600	5,618,814
Perkin-Elmer Corporation	17,000	448,266	484,500
Pioneer Standard Electronics Inc	50,000	599,063	637,500
Quantum Corporation	143,500	1,435,564	1,488,813
Radiation Systems Inc	115,700	1,260,569	2,024,750
Raychem Corporation	18,600	789,810	483,600
Regional Electricity Cos England & Wales	25,000	494,050	781,250
Samsung Electronics Global Depository	27,000	707,670	717,022
Scientific Atlanta Inc	13,000	196,084	178,750
Sensomatic Electronics Corporation	100,000	1,412,800	2,350,000
Tektronix Inc	174,500	3,028,626	4,558,813
Teleflex Inc	21,300	524,325	612,375
Telefonos De Mexico	110,000	2,997,500	2,818,750
Tellabs Inc	66,500	635,261	997,500
Texas Instruments Inc	172,900	6,169,545	5,748,925
Thomas & Betts Corporation	9,000	406,978	486,000
Tyco Laboratories Inc	20,600	927,710	988,800
Varian Associates Inc	155,900	5,350,338	6,450,363
Westinghouse Electric Corporation	419,100	11,212,137	11,682,413
Westmark International Inc	43,000	1,088,567	1,531,875
Zenith Electronics Corporation	14,500	388,634	103,313

Food Soap and Tobacco

American Brands Inc	265,500	8,259,021	10,420,875
American Fructose Corporation Class A	114,173	2,659,835	2,511,806
American Fructose Corporation Class B	22,400	498,861	490,000
Archer Daniels Midland Company	305,090	4,517,391	7,207,751
Armor All Products Corporation	87,300	1,315,245	807,525
Bob Evans Farms Inc	58,400	777,189	1,065,800
Borden Inc	92,000	2,054,712	3,208,501
Brunos Inc	33,000	654,968	635,250
Campbell Soup Company	63,700	1,969,138	4,705,838

Investment Listing

COMMON STOCK - U.S.

Food Soap and Tobacco (continued)

	SHARES	BOOK VALUE	MARKET VALUE
Clorox Company	111,790	\$ 3,529,216	4,387,758
Colgate Palmolive Company	87,656	1,983,600	3,221,358
Conagra Inc	140,750	3,636,312	5,876,313
CPC International Inc	160,900	8,506,497	13,736,839
Dean Foods Company	46,684	2,028,280	2,118,287
Ecolab Inc	113,900	2,893,898	3,146,488
Fleming Companies Inc	139,694	4,682,215	5,552,867
Flowers Industries Inc	49,500	722,118	829,125
Food Lion Inc	56,600	772,855	990,500
General Mills Inc	98,900	2,505,176	5,587,850
Gerber Products Company	19,000	553,194	1,135,250
Heinz (H.J.) Company	226,900	5,437,872	8,366,938
Hershey Foods Corporation	64,000	1,546,831	2,608,000
Hormel (Geo. A.) & Company	50,000	955,196	968,750
International Multifoods Corporation	9,000	384,253	389,250
Karcher (Carl) Enterprises Inc	434,000	3,555,638	4,068,750
Kellogg Company	118,000	6,500,917	11,608,251
McCormick & Co Inc	14,680	189,977	587,200
McDonalds Corporation	830,084	22,350,014	27,289,012
Mr Coffee Inc	37,700	366,050	292,175
Nash Finch Company	49,275	990,385	936,225
Newport Corporation	135,000	1,260,294	1,113,750
Philip Morris Companies Inc	1,481,000	43,469,677	94,043,500
Premark International Inc	54,800	1,223,648	1,191,900
Procter & Gamble Company	349,564	14,984,765	27,047,516
Quaker Oats Company	38,400	1,442,192	2,380,800
Ralston Purina Company	91,600	3,545,507	4,488,400
RJR Nabisco Holdings Corporation	67,200	774,459	705,600
Sara Lee Corporation	170,000	3,697,770	6,863,750
Super Food Services Inc	43,800	785,338	624,150
Sysco Corporation	103,900	2,386,099	4,259,900
Tasty Baking Company	49,500	919,783	891,000
Topps Inc	69,400	340,945	988,950
Unilever NV	136,500	8,274,913	10,868,813
Universal Corporation	69,171	2,262,300	2,619,852
UST Inc	165,300	2,881,133	7,231,875
Whitman Corporation	52,000	412,156	689,000
Wrigley (Wm. Jr.) Company	9,800	302,066	585,550
Wrigley (Wm. Jr.) Company Class B	10,000	113,774	597,500

Health Care and Cosmetics

Abbott Laboratories	279,200	7,171,532	14,448,600
Alberto Culver Company	14,400	167,467	324,000
Alberto Culver Company Class A	54,000	1,125,526	1,019,250
Alza Corporation	14,200	682,594	804,075
American Home Products Corporation	274,800	11,541,266	16,384,951
Amgen Inc	15,000	1,819,722	1,768,125
Avon Products Inc	129,500	4,807,673	5,503,750
Bausch & Lomb Inc	31,950	1,542,091	2,583,957
Baxter International Inc	472,386	12,846,941	15,234,449
Becton Dickinson & Company	79,200	5,112,280	5,890,501
Bergen Brunswig Corporation	21,900	597,197	550,238
Beverly Enterprises Inc	153,000	944,092	1,434,375
Bindley Western Industries Inc	77,000	789,250	1,087,625
Biomec Inc	24,500	352,419	643,125
Block Drug Company Inc	23,055	738,138	1,268,025
Bristol-Myers Squibb Company	692,020	28,888,606	53,804,555
California Biotechnology Inc	80,000	688,125	930,000
Community Psychiatric Centers	72,450	2,202,363	2,173,500
Coventry Corporation	42,600	639,053	708,225
CR Bard Inc	26,900	355,189	756,563
Forest Laboratories Inc	15,000	469,093	540,000
FHP International Corporation	23,100	430,500	531,300
Gillette Company	229,972	4,725,588	7,876,541
Guest Supply Inc	107,000	709,564	922,875
Haemetrics Corporation	23,100	516,822	577,500
Healthdyne Inc	71,000	700,309	1,047,250
Healthsource Inc	25,800	371,573	677,250
Helen Of Troy Corporation	88,100	1,023,782	1,134,288
Helene Curtis Industries Inc	25,053	748,662	745,327
Hospital Staffing Services Inc	88,400	708,718	696,150
Humana Inc	130,300	4,684,161	6,238,114
Institutum Group Ltd	110,000	705,010	508,750
International Flavors & Fragrances Inc	37,100	2,215,949	2,861,338
Johnson & Johnson	334,300	15,232,119	27,914,050
Lifetime Corporation	40,000	859,158	1,075,000
Lilly (Eli) & Company	463,000	23,111,318	33,278,125
Manor Care Inc	32,400	660,188	619,651
Marion Merrell Dow Inc	78,489	2,655,065	2,727,493
McKesson Corporation	19,300	626,013	636,900
MDT Corporation	157,300	1,031,278	1,061,775
Medco Containment Services Inc	70,000	1,041,425	3,360,000
Medtronic Inc	15,700	1,046,822	1,774,100
Merck & Company Inc	502,100	26,440,575	58,306,364
Mylan Laboratories Inc	4,100	90,487	99,425
National Health Labs Inc	91,000	1,657,875	1,729,000
National Medical Enterprises Inc	242,400	8,819,414	10,574,702
Pfizer Inc	414,300	13,232,721	22,993,650
Qual-Med Inc	58,800	793,800	661,500
Safeguard Health Enterprises Inc	75,000	438,320	435,900
Schering Plough Corporation	371,500	11,476,223	18,482,125
Smithkline Beecham Plc	179,300	8,184,951	9,435,663
St Jude Medical Inc	34,600	1,065,771	1,505,100
Syntex Corporation	208,000	4,654,347	7,956,000
Takecare Inc	24,700	475,675	438,425
U.S. Healthcare Inc	6,750	84,312	217,688
Upjohn Company	249,700	7,832,672	10,581,039

COMMON STOCK - U.S.

Health Care and Cosmetics (continued)

Warner Lambert Company	83,100	3,089,111	6,024,750
Xoma Corporation	29,100	577,303	712,950
Insurance			
Aetna Life & Casualty Company	101,021	5,447,760	4,179,744
Alexander & Alexander Services Inc	20,400	539,078	459,000
American Family Corporation	120,000	1,865,917	2,610,000
American General Corporation	136,000	4,428,732	5,151,000
American International Group Inc	440,125	29,445,658	37,080,531
AON Corporation	93,000	3,318,308	3,510,750
Berkley (W.R.) Corporation	45,000	1,251,875	1,327,500
CNA Financial Corporation	31,100	1,866,310	2,480,225
Capital Holding Corporation	53,400	2,186,096	2,616,600
Chandler Insurance Ltd	165,000	1,354,863	556,875
Chubb Corporation	187,400	8,589,771	13,071,150
Cigna Corporation	118,600	6,458,916	5,529,726
Continental Corporation	29,200	1,140,305	795,700
General Re Corporation	92,600	5,672,490	8,808,576
Jefferson-Pilot Corporation	35,075	1,305,196	1,499,456
Lincoln National Corporation	21,000	1,039,811	963,375
Marsh & McLennan Companies Inc	36,800	2,416,348	2,879,600
MBIA Inc	48,000	1,678,695	1,476,000
National Insurance Group	35,000	469,875	293,125
Pacific Rim Holding Company	60,000	462,697	435,000
Progressive Corporation Ohio	70,000	2,653,171	3,718,750
Provident Life & Accident Insurance Co	113,089	1,870,230	2,035,602
Safeco Corporation	32,000	849,404	1,248,000
St Paul Companies	112,130	6,424,991	7,036,158
Stewart Information Services Corporation	36,000	591,175	414,000
Torchmark Corporation	53,900	2,370,669	2,600,675
Transamerica Corporation	162,500	5,549,743	5,260,938
Transatlantic Holdings Inc	40,000	1,005,683	1,360,000
Travelers Corporation	52,634	2,228,271	1,144,790
Trenwick Group Inc	19,000	439,622	536,750
Unum Corporation	25,800	1,082,050	1,647,975
USF&G Corporation	42,520	1,413,660	382,680
USLIICO Corporation	110,000	2,528,077	2,158,750
USLIFE Corporation	8,700	343,410	357,788
Washington National Corporation	4,600	130,947	67,275
Zenith National Insurance Corporation	40,400	690,715	656,500

Lelisure and Entertainment

American Television & Communications	51,172	2,114,708	1,957,329
Bally Manufacturing Corporation	17,100	266,624	66,263
Blockbuster Entertainment Corporation	77,000	974,207	654,500
Brunswick Corporation	245,000	4,413,076	3,460,626
Caesars World Inc	48,280	1,085,305	1,158,720
Capital Cities ABC Inc	42,300	15,806,557	18,141,413
Carolco Pictures Inc	492,000	4,480,404	4,797,000
CBS Inc	12,921	2,051,021	2,080,281
Circus Circus Enterprises Inc	9,010	269,052	662,235
Coachmen Industries Inc	120,500	789,987	632,625
Comcast Corporation-Class A Common	40,550	370,627	582,907
Comcast Corporation-Class A Special	16,425	395,847	227,897
General Cinema Corporation	194,995	4,175,022	4,582,383
Harley Davidson Inc	26,300	499,713	933,650
Hasbro Inc	258,340	4,681,879	7,168,935
Hilton Hotels Corporation	30,900	1,308,215	1,293,938
Huffy Corporation	173,800	3,194,193	4,410,176
King World Productions Inc	109,750	2,613,275	3,210,188
Lin Broadcasting Corporation	1,787	430,868	104,540
Lubys Cafeterias Inc	12,350	186,747	225,388
Marriott Corporation	48,200	1,048,351	855,550
Mattel Inc	81,000	1,577,826	2,065,500
Mirage Resorts Inc	29,300	773,035	761,800
Outboard Marine Corporation	83,800	1,563,633	1,351,276
Paramount Communications Inc	159,100	6,305,590	6,383,888
Piccadilly Cafeterias Inc	47,000	423,065	517,000
Promus Cos Inc	59,300	1,371,421	1,186,000
Ryans Family Steak Houses Inc	135,000	1,066,279	1,063,125
Shoneys Inc	19,275	264,729	298,763
Tele Communications Inc	637,792	9,053,286	8,769,640
Turner Broadcasting Systems Inc	121,500	1,794,135	1,625,063
United Artists Entertainment Co-Class A	6,000	66,500	83,250
United Artists Entertainment Co-Class B	85,000	1,202,490	1,158,125
United Gaming Inc	25,000	206,226	53,125
Viacom Inc	52,200	1,082,257	1,396,350
Walt Disney Company	138,800	9,276,055	15,476,200
Wendys International Inc	351,671	2,574,698	3,428,792

Machinery and Equipment

Acme Cleveland Corporation	2,800	37,326	16,800
Arco Inc	56,400	426,458	458,250
Black & Decker Corporation	31,500	604,876	488,250
Briggs & Stratton Corporation	27,100	833,158	890,913
Brown & Sharpe Manufacturing Co-Class A	1,400	24,512	13,650
Brown & Sharpe Manufacturing Co-Class B	600	0	5,850
BWIP Holdings Inc	55,100	801,275	798,950
Caterpillar Inc	69,100	3,431,299	3,411,814
Cincinnati Milacron Inc	13,600	295,379	170,000
Clark Equipment Company	10,100	300,688	290,375
Cooper Industries Inc	204,500	6,312,386	10,966,313
Crane Company	38,875	775,303	1,069,063
Cross & Trecker Corporation	5,500	112,924	28,875
Deere & Company	98,200	4,514,467	5,106,400

Mining - Metals			
Acme Steel Company	19,500	267,213	273,000
Alcan Aluminum Ltd	197,950	3,729,316	4,107,463
Allegheny Ludlum Corporation	51,900	1,176,407	1,303,988
Aluminum Company Of America	124,300	7,316,702	8,390,250
Amax Inc	119,200	2,821,224	2,756,501
Armco Inc	312,400	2,698,996	1,601,051
Asarco Inc	65,900	1,801,669	1,705,164
Bethlehem Steel Corporation	101,900	1,554,320	1,643,138
British Steel Plc	70,000	1,608,960	1,400,000
Carpenter Technology Corporation	5,100	251,807	248,625
Cleveland Cliffs Inc	8,000	250,469	250,000
Cyprus Minerals Company	117,192	2,481,938	2,563,575
Eastern Enterprises	60,707	1,639,899	1,472,145
Echo Bay Mines Ltd	43,500	713,193	402,375
Engelhard Corporation	22,450	447,035	665,082
Hecla Mining Company	45,000	686,993	517,500
Hornstake Mining Company	49,500	670,613	829,125
Inco Ltd	52,522	937,727	1,884,227
Inland Steel Industries Inc	16,300	507,003	350,450
Kermametals Inc	95,100	2,961,620	3,387,938
Lukens Inc	76,434	2,295,972	3,363,096
Nacco Industries Inc	20,400	544,060	935,851
National Intergroup Inc	10,900	226,281	173,038
Newmont Mining Corporation	35,300	1,256,546	1,403,175
Nucor Corporation	27,200	1,634,391	2,060,400
Phelps Dodge Corporation	17,100	675,449	1,107,225
Pitston Company	20,500	290,749	345,938
Placer Dome Ltd	118,522	1,785,517	1,622,066
Reynolds Metals Company	35,800	1,591,424	2,112,200
USX US Steel Group Inc	154,193	3,127,866	3,527,165
Westmoreland Coal Company	3,800	72,077	74,100
Worthington Industries Inc	19,900	464,064	512,425

Adobe Systems Inc	30,000	612,401	1,297,500
Alco Standard Corporation	20,383	524,566	642,065
Alpha Microsystems	70,000	286,350	218,750
Amдахl Corporation	270,783	3,706,251	3,960,202
Apple Computer Inc	203,000	8,527,002	8,424,500
Archive Corporation	196,300	1,453,021	809,738
Ashton Tate	113,600	2,376,282	1,192,800
ASK Computer System Inc	58,000	490,222	464,000
AST Research Inc	11,000	248,050	222,750
Autodesk Inc	50,700	2,178,645	2,458,950
Automatic Data Processing Inc	674,600	15,809,990	21,924,500
Banctec Inc	115,500	1,679,300	1,357,125
Compaq Computer Corporation	227,400	6,409,014	7,077,825
Computer Associates International Inc	98,100	1,503,674	993,263
Computer Sciences Corporation	62,500	3,944,089	4,320,313
Connor Peripherals Inc	160,100	3,923,767	2,581,613
Control Data Corporation	136,400	2,226,735	1,449,251
Gray Research Inc	103,600	6,041,491	3,418,800
Data General Corporation	50,300	785,659	748,213
Data Translation Inc	75,000	456,926	384,375
Dell Computer Corporation	16,000	360,944	392,000
Digital Communications Associates Inc	68,000	1,232,365	960,500
Digital Equipment Corporation	142,000	10,368,966	8,449,000
Duplex Products Inc	72,000	1,014,174	1,008,000
ECC International Corporation	1,000	10,456	6,250
Egghead Inc	218,000	2,662,775	3,106,500
Evans & Sutherland Computer Corporation	21,500	418,125	430,000
General Binding Corporation	59,500	1,002,437	1,145,375
Honeywell Inc	106,644	4,824,309	6,465,294
Hunt Manufacturing Company	81,700	922,294	1,245,925
Information Resources Inc	43,000	553,761	1,021,250
Intergraph Corporation	90,200	2,626,061	2,277,550
International Business Machines Corp	464,700	54,604,632	45,133,989
Intersolve Inc	110,249	897,489	1,019,803
Iomega Corporation	115,400	601,470	504,875
Komag Inc	50,000	507,955	762,500

Oil and Gas

Oil Support Services

Paper and Forest Products

Bemis Company Inc	24,900	408,463	843,488
Boise Cascade Corporation	86,236	2,875,428	2,199,019
Bowater Inc.	74,800	2,099,058	2,057,000
Champion International Corporation	114,700	3,300,845	3,254,613
Crown Cork & Seal Company Inc.	14,600	423,719	1,127,850
Federal Paper Board Company Inc.	90,900	2,319,280	2,783,813
Georgia Pacific Corporation	129,500	5,373,622	6,766,375
Glatfelter Company	14,900	745,451	838,125
International Paper Company	161,100	7,660,098	11,357,550
James River Corporation	42,644	1,137,710	1,071,431
Kimberly Clark Corporation	61,800	2,960,005	5,901,900

Investment Listing

COMMON STOCK - U.S.

Paper and Forest Products (continued)

	SHARES	BOOK VALUE	MARKET VALUE
Louisiana Pacific Corporation	18,258	\$ 466,064	746,296
Mead Corporation	31,500	843,601	1,039,500
Potlatch Corporation	14,900	391,277	633,250
Scott Paper Company	56,500	1,862,956	2,358,875
Sealright Inc.	114,265	1,914,306	2,785,209
Shorewood Packaging Corporation	146,470	1,230,112	1,556,244
Stone Container Corporation	35,100	661,700	759,038
Temple Inland Inc.	86,750	2,914,118	3,936,282
Union Camp Corporation	35,050	1,058,287	1,559,725
Westvaco Corporation	32,800	730,900	1,090,600
Weyerhaeuser Company	165,800	3,999,262	4,435,151
Willamette Industries Inc.	23,000	1,081,000	1,313,875

Photographic and Related

CPI Corporation	24,500	639,658	762,563
Eastman Kodak Company	455,450	18,135,864	17,648,688
Polaroid Corporation	127,486	3,357,163	3,139,344

Printing and Publishing

Affiliated Publications Inc.	19,400	138,463	177,025
American Greetings Corporation	63,400	2,289,535	2,036,726
Banta Corporation	44,000	1,027,988	1,199,000
Central Newspapers Inc.	44,720	699,173	905,580
Deluxe Corporation	66,800	1,924,267	2,955,900
Donnelley (R.R.) & Sons	39,000	1,361,643	1,686,750
Dow Jones & Company Inc.	45,300	1,905,021	1,223,100
Dow Jones & Company Inc. Class B	22,750	723,814	614,250
Dun & Bradstreet Corporation	142,848	6,281,567	6,767,424
Gannett Company Inc.	243,900	8,807,429	10,213,313
Gibson Greetings Inc.	13,000	302,250	312,000
Harcourt Brace & Jovanovich Inc.	36,500	458,392	18,250
Harland (John H.) Co.	58,000	1,218,915	1,290,500
Houghton Mifflin Company	18,900	482,388	441,788
Knight Ridder Inc.	38,700	1,599,646	1,901,138
Lee Enterprises Inc.	2,900	67,133	71,775
Lillian Vernon Corporation	73,000	738,088	657,000
McGraw-Hill Inc.	74,800	4,495,090	4,441,251
Meredith Corporation	1,400	45,739	38,500
Meredith Corporation Class B	6,400	234,488	176,000
New York Times Company	38,500	1,057,570	928,813
Readers Digest Association Inc.	38,700	1,003,888	1,339,988
Reuters Holdings Plc	115,500	5,291,199	4,230,188
Time Warner Inc.	78,900	6,707,725	6,953,063
Times Mirror Company Class A	41,036	1,621,784	1,210,562
Times Mirror Company Class C	48,236	1,283,355	1,422,962
Tribune Company	32,900	1,188,718	1,435,263
Washington Post Company	10,000	2,727,175	2,240,000
Western Publishing Group Inc.	53,800	778,629	618,700

Retail Trade

Albertsons Inc.	69,300	1,015,254	2,841,300
American Stores Company New	22,200	1,361,265	1,831,500
BHC Communications Inc.	81,359	4,107,448	4,240,838
Carlisle Companies Inc.	14,949	524,061	478,368
Charming Shoppes Inc.	149,100	2,655,778	3,093,825
Circuit City Stores Inc.	23,400	558,296	397,800
Claire's Stores Inc.	74,550	770,209	1,099,613
Consolidated Stores Corporation	27,600	297,702	200,100
CSS Industries Inc.	48,000	844,622	1,458,000
Dayton Hudson Corporation	164,131	9,773,501	11,735,367
Dillard Department Stores Inc.	21,800	1,310,149	2,645,976
Dollar General Corporation	93,463	1,286,781	1,619,246
Dress Barn Inc.	479,000	5,083,951	6,346,750
Fabri-Centers Of America Inc.	12,000	358,500	337,500
Gander Mountain Inc.	70,000	582,500	490,000
Gap Inc.	105,500	2,350,708	6,316,813
Giant Food Inc.	47,000	1,198,323	1,380,626
Great Atlantic & Pacific Tea Company	21,600	690,519	936,900
Handleman Company	246,275	3,141,546	3,293,928
Home Depot Inc.	89,549	891,825	4,040,899
Home Shopping Network Inc.	95,000	767,300	463,125
Jan Bell Marketing Inc.	45,000	565,574	517,500
K Mart Corporation	275,900	9,504,560	12,484,475
K-Swiss Inc.	15,500	362,549	313,875
Kroger Company	46,600	218,374	996,075
Limited Inc.	511,200	7,312,338	14,441,400
Longs Drug Stores Inc.	61,650	2,546,934	2,712,600
Lowes Companies Inc.	18,400	482,296	577,300
Marsh Supermarkets Inc. Class A	22,000	426,291	484,000
Marsh Supermarkets Inc. Class B	22,000	442,095	418,000
May Department Stores Company	160,277	6,340,385	8,534,751
Mercantile Stores Inc.	102,587	3,806,919	4,052,187
Merry Go Round Enterprises Inc.	25,300	478,690	683,100
Newell Companies Inc.	79,300	1,399,246	2,656,550
Nordstrom Inc.	43,000	1,292,744	1,698,500
Penney (J.C.) Company	159,000	7,802,050	8,427,000
Pep Boys Manny Moe & Jack	24,400	363,475	338,550
Pier 1 Imports Inc.	102,714	683,580	718,998
Price Company	33,000	1,195,885	1,782,000
Rite Aid Corporation	58,800	2,156,549	2,506,351
Ross Stores Inc.	248,000	1,931,324	3,255,000
Russ Berrie & Company Inc.	102,500	1,523,872	1,409,375
Safeway Inc.	78,000	1,523,680	1,433,250
Sears Roebuck & Company	224,800	8,771,762	8,514,301
Service Merchandise Inc.	393,750	1,892,016	4,085,156

COMMON STOCK - U.S.

Retail Trade (continued)

Spiegel Inc.	77,000	1,083,656	1,270,500
Super Value Stores Inc.	56,600	1,309,756	1,577,725
Syns Corporation	86,400	992,384	1,004,400
Tandy Corporation	242,600	8,618,917	6,489,550
Tiffany & Company	14,100	523,157	747,300
TJX Companies Inc.	50,900	822,504	916,200
Toys R Us	320,237	6,088,830	9,006,665
Tuesday Morning Inc.	85,000	993,629	1,296,250
Value City Department Stores Inc.	168,600	3,455,594	3,224,475
Waban Inc.	207,910	2,176,822	4,184,189
Wal-Mart Stores Inc.	1,456,100	22,243,431	62,248,275
Walgreen Company	323,900	7,255,211	10,769,675
Wetterau Inc.	10,900	282,883	303,838
Winn-Dixie Stores Inc.	41,300	945,022	1,584,888
Woolworth Corporation	274,100	7,815,967	8,428,575

Textiles and Apparel

Angelica Corporation	87,500	2,652,071	3,423,438
Brown Group Inc.	123,700	3,125,981	2,906,950
Claiborne (Liz) Inc.	286,600	9,453,713	13,434,376
Gantos Inc.	120,000	866,186	540,000
Genesco Inc.	325,700	1,684,077	1,547,075
Hartmarx Corporation	11,600	276,842	111,650
Jones Apparel Group Inc.	45,000	630,000	703,125
Kellwood Company	248,500	2,680,888	4,597,250
Lands End Inc.	26,600	327,764	558,600
Leslie Fay Companies Inc.	193,418	2,419,817	3,747,474
Melville Corporation	227,500	9,243,160	11,033,750
Nike Inc.	109,800	3,726,996	3,966,526
Oshkosh B Gosh Inc.	58,550	1,912,375	2,356,638
Petrie Stores Corporation	16,700	539,744	340,263
Phillips Van Heusen Corporation	34,000	741,864	969,000
Reebok International Ltd.	118,600	2,127,747	2,890,876
Russell Corporation	116,900	1,892,800	2,790,988
Springs Industries Inc.	8,900	212,959	264,775
Stride Rite Corporation	76,200	2,071,969	3,429,000
United States Shoe Corporation	207,600	2,088,401	2,646,900
VF Corporation	97,489	2,738,955	2,802,809

Transportation - Air

AMR Corporation	159,800	9,177,000	9,707,850
Atlantic Southeast Airlines Inc.	40,000	627,069	1,370,000
British Airways Plc	65,000	2,008,696	1,690,000
Comair Holdings Inc.	80,000	1,127,928	1,520,000
Delta Air Lines Inc.	53,200	3,385,996	3,650,850
Federal Express Corporation	30,700	1,370,791	1,181,950
Harper Group Inc.	20,500	525,313	533,000
Southwest Airlines Company	190,290	4,092,056	4,947,540
UAL Corporation	72,122	7,916,290	10,006,928
USAir Group Inc.	22,600	821,288	339,000

Transportation Excluding Air

Burlington Northern Inc.	103,100	2,759,123	2,964,125
Consolidated Freightways Inc.	96,750	1,499,716	1,548,000
Consolidated Rail Corporation	20,600	712,257	1,174,200
CSX Corporation	215,037	6,838,827	9,757,305
Illinois Central Corporation	42,000	792,594	897,750
K.L.M. Transport Services Inc.	65,000	637,934	820,625
Mapeco Inc.	46,000	2,024,669	2,294,251
Norfolk Southern Corporation	80,600	2,260,171	3,677,376
Roadway Services Inc.	57,100	2,574,197	2,940,650
Ryder System Inc.	328,600	6,815,211	6,325,550
Santa Fe Pacific Corporation	90,462	816,663	802,851
Union Pacific Corporation	138,900	9,757,664	11,598,150
Werner Enterprises Inc.	32,900	481,238	732,025
Yellow Freight System Inc.	76,800	2,376,042	2,323,200

Utilities

American Electric Power Company Inc.	345,500	9,611,572	9,803,563
American Telephone & Telegraph Company	666,330	19,172,760	25,487,123
Ameritech Corporation New	133,300	5,488,181	8,031,325
Arkla Inc.	247,700	4,731,286	4,118,013
Atmos Energy Corporation	95,000	1,638,443	1,662,500
Baltimore Gas & Electric Company	96,700	2,893,707	2,828,475
Bell Atlantic Corporation	242,600	7,282,338	11,462,850
Bellsouth Corporation	314,405	12,760,494	15,209,342
Carolina Power & Light Company	35,222	1,524,708	1,607,004
Centel Corporation	158,000	5,297,621	4,937,500
Centerior Energy Corporation	10,300	194,414	168,663
Central & South West Corporation	48,000	1,458,507	2,160,000
Cincinnati Gas And Electric Company	8,100	245,592	260,213
Columbia Gas System Inc.	25,000	993,166	478,126
Commonwealth Edison Company	188,866	6,208,692	6,822,785
Communications Satellite Corporation	57,400	1,768,571	1,643,075
Consolidated Edison Co Of New York Inc.	122,900	2,693,167	3,026,413
Consolidated Natural Gas Company	68,800	2,574,773	2,795,000
Detroit Edison Company	101,500	2,109,479	2,892,750
Dominion Resources Inc.	91,400	3,785,572	4,330,076
Duke Power Company	101,900	2,169,488	2,814,988
DPL Inc.	105,000	1,851,376	2,152,500
Enron Corporation	33,700	1,650,203	1,941,963
Enserch Corporation	32,100	807,434	569,775
Entergy Corporation	95,600	1,505,009	2,222,700
Ericsson (L.M.) Telephone Company	70,000	2,210,141	2,178,750

COMMON STOCK - U.S.

	SHARES	BOOK VALUE	MARKET VALUE
Utilities (continued)			
Florida Progress Corporation	45,000	\$ 1,665,168	1,760,625
FPL Group Inc	137,800	4,158,678	4,185,675
General Public Utilities Corporation	90,000	1,847,520	2,081,250
Grace Energy Corporation	126,912	2,194,871	1,935,408
GTE Corporation	790,100	17,820,027	23,406,713
Hawaiian Electric Industries Inc	12,000	380,062	382,500
Houston Industries Inc	63,700	1,942,262	2,277,275
Ipalco Enterprises Inc	10,000	251,590	275,000
Kansas Power And Light Company	88,862	2,043,420	2,121,580
Kentucky Utilities Company	15,500	303,335	350,688
Long Island Lighting Company	122,600	2,273,796	2,743,175
McCaw Cellular Communications Inc	17,255	488,909	366,669
MCI Communications Corporation	435,300	9,602,112	12,242,814
New York State Electric & Gas Corporation	65,000	1,803,035	1,600,625
Niagara Mohawk Power Corporation	68,300	1,133,671	1,050,113
Nicor Inc	12,725	504,910	550,356
Northeast Utilities	94,700	2,035,074	1,953,188
Northern States Power Company	32,300	939,771	1,118,388
Nynex Corporation	244,300	16,938,324	17,436,914
Ohio Edison Company	165,900	3,033,849	3,027,675
Oneok Inc	13,700	218,710	195,225
Pacific Enterprises	118,089	4,274,288	3,085,076
Pacific Gas & Electric Company	306,300	6,433,804	7,734,075
Pacific Telesis Group	411,900	13,515,030	17,402,775
Pacificorp	127,600	2,654,144	2,679,600
Panhandle Eastern Corporation	46,365	1,044,525	538,989
Pennsylvania Power And Light Company	7,200	307,404	314,100
Peoples Energy Corporation	17,100	334,656	423,225
Philadelphia Electric Company	262,300	4,750,302	5,278,788
Portland General Corporation	75,601	1,380,761	1,323,018
PSI Resources Inc	152,620	2,550,157	2,403,765
Public Service Company Of Colorado	95,969	2,265,262	2,171,299
Public Service Enterprise Group	214,375	5,210,752	5,546,954
San Diego Gas And Electric Company	317,100	12,821,473	11,851,613
Santa Fe Energy Resources Inc	32,384	409,406	416,944
SCE Corporation	216,400	7,064,928	8,412,550
Scottish Hydro Electric ADR	4,160	72,723	75,920
Scottish Power Plc ADR	8,840	153,580	153,551
Sonat Inc	21,400	824,308	847,975
Southern Company	234,347	5,364,481	6,444,543
Southern New England Telecommunications	35,000	1,277,524	1,128,750
Southwest Gas Corporation	110,000	2,094,025	1,265,000
Southwestern Bell Corporation	263,000	11,360,136	14,070,500
Teco Energy Inc	18,000	586,658	612,000
Telefonica De Espana	85,000	2,486,375	2,210,000
Telephone & Data System Inc	70,000	2,072,200	2,091,250
Texas Utilities Company	206,793	6,612,637	7,186,073
U S West Inc	394,900	12,267,733	13,969,412
U S West Newvector Group Inc	25,000	883,750	1,006,250
Union Electric Company	91,700	2,524,824	2,728,075
United Telecommunications Inc	339,994	10,376,606	10,029,823
Utilicorp United Inc	30,900	663,683	760,913
TOTAL COMMON STOCK-U.S.		\$2,984,199,906	3,797,460,957

COMMON STOCK - INTERNATIONAL

Acma Ltd	600,000	\$ 797,294	820,193
ADT Ltd	2,233,821	5,776,119	2,844,258
Advantest Corporation	500	0	16,733
Aegis Group Plc	138,000	665,646	420,812
AFP Group Plc	673,100	820,630	593,708
AGA	41,000	2,030,776	2,074,346
Agua Barcelona	13,500	429,522	403,002
Ahold Nv Zaandam	15,300	592,940	609,158
Air Liquide	4,400	532,724	465,797
Alcatel Alsthom Compagnie Generale	52,700	5,711,669	4,840,833
Algemene Bk Nederland	6,700	134,036	70,544
Allianz Aktiengesellschaft	1,180	1,692,643	1,464,817
Allied Lyons Plc	180,000	1,678,286	1,512,353
Alps Electric Company Ltd	220	156,750	53,625
Altana Industrie-Aktien	1,675	558,136	559,099
Aluminum Company Malaysia	600,000	616,924	506,466
Aluminum Company Malaysia Rights	300,000	0	72,737
Amalgamated Steel Mills	579,000	1,168,772	1,070,641
American Barrick Resources Corporation	30,000	673,806	689,763
American Standard Sanitaryware	69,600	1,326,279	1,197,398
Amoy Properties Ltd	2,500,000	1,168,082	1,360,972
Ampol Exploration Ltd	955,000	2,126,230	2,160,831
Angkasa	28,950	26,033	46,794
Antah Holding	295,000	426,675	320,267
Aoyama Trading Company Ltd	16,500	1,059,909	1,152,423
Argyll Group Plc	586,667	2,976,396	2,692,954
Asatsu Inc	14,000	611,400	707,896
Ascom Holding	225	622,516	401,579
Ashikaga Bank Ltd	59,000	499,156	506,513
Astra International	93,000	1,008,303	805,045
Astra International Series A	8,300	765,646	818,290
Banc Commerciale Italiana	969,100	3,447,622	3,250,600
Banca Nazionale	36,000	457,284	344,631
Banco Commercial Portugues	63,100	1,350,167	987,510
Banco De Santander	20,500	1,081,344	920,657
Banco Popular Espanol	6,400	622,030	657,131
Bangkok Insurance	33,000	561,344	580,635
Bank Of Ayudhya	18,500	466,942	303,807
Bank Of Ayudhya Rights	18,500	0	19,292
Bank Of Montreal	55,700	1,611,980	1,658,760
Bank Of Nova Scotia	196,200	2,870,550	2,835,519
Bankgesellschaft	1,380	3,511,992	3,094,330

COMMON STOCK - INTERNATIONAL

	SHARES	BOOK VALUE	MARKET VALUE
Bankinter (Banco Intercom)	7,700	620,545	559,395
Bankverein	11,000	2,452,935	2,246,779
Barclays Plc	190,000	1,331,339	1,315,929
Bass Plc	65,926	1,183,576	966,665
BAT Industries Plc	45,000	585,557	518,229
Bayer AG	8,776	1,406,240	1,309,406
Bayerische Vereinsbank	11,000	2,638,463	2,324,396
BBC Brown Boveri Series A	160	569,351	459,794
BBC Brown Boveri Warrants	535	0	4,485
BCE Inc	73,000	2,483,328	2,666,297
Blue Circle Industries Plc	64,000	320,483	247,063
Bobst AG	100	307,638	277,062
Boral Ltd	200,000	577,840	503,152
Bowater Plc	65,000	614,937	633,634
Brambles Industries Ltd	142,200	1,540,936	1,854,146
Brierley Investments Ltd	1,785,000	1,225,631	1,172,102
Brinson Partners Non U S Equity Fund		42,804,211	42,204,972
British Airport Authorities	130,000	943,907	929,893
British Gas Plc	1,108,400	4,991,408	4,341,748
British Petroleum Company Plc	85,000	605,309	451,524
Broken Hill Proprietary Ltd	192,398	1,571,874	1,881,508
BTR Ltd Warrants	7,793	0	9,986
BTR Nylex Ltd	1,932,964	3,988,773	4,403,273
BTR Plc	116,893	887,994	701,522
Cabin Company Ltd	31,000	379,443	381,158
Cable & Wireless Plc	367,097	3,456,149	3,149,832
Cadbury Schweppes Plc	345,700	2,185,225	1,945,717
Canon Inc	267,000	3,063,967	2,894,372
Cap Gemini Sogeti	21,038	1,597,008	1,113,572
Cap Gemini Sogeti Warrants	2,338	87,689	19,039
Carlton Communications Plc	20,000	139,164	147,926
Carrefour	2,900	1,002,037	869,053
Carter Holt Harvey Ltd	485,000	600,916	455,357
Casino Guichard Perrachon Et At Cie	21,800	597,784	443,810
Catalana De Gas	5,895	316,305	285,509
Cernex Sa "B"	165,000	1,296,900	1,637,853
CGI Informatique	32,980	2,316,454	1,595,282
Charoong Thai Wire & Cable	69,500	855,811	842,409
Cheung Kong Holdings Ltd	1,330,000	2,209,894	2,998,970
China Light & Power Company Ltd	150,000	260,364	378,817
Ciba Geigy	1,000	2,196,321	1,662,371
Cineplex Odeon Corporation	512,700	2,614,720	2,755,763
City Developments Ltd	650,000	1,150,053	1,172,433
CMB Packaging	35,000	1,249,073	809,444
CMK Corporation	30,000	692,410	722,447
Cogefar Impresit	126,000	486,825	410,953
Coles Myer Ltd	130,000	1,111,744	1,071,883
Columbus AG Baden Motor	510	598,516	473,196
Commerzbank AG	808,200	606,907	459,277
Compagnie Bancaire	35,200	3,204,516	2,751,784
Comptoirs Modernes	2,800	637,854	528,899
Credit National	7,800	1,763,742	1,446,934
Credito Fondiario	22,666	36,724	99,241
CS Holdings	1,160	1,365,075	1,390,207
CS Holdings Warrants	1,160	0	23,543
CSK Corporation	10,000	346,367	399,419
Cubiertas Y Mzov Compania General	3,400	495,465	529,640
Cycle & Carriage Ltd	500,000	1,460,553	1,644,924
Dai Nippon Printing Company Ltd	80,000	897,894	884,689
Dai Nippon Screen	61,000	744,195	652,385
Daiichi Chemical Industries Ltd	147,000	893,895	716,554
Daiichi Pharmaceutical Company Ltd	50,000	926,681	734,815
Daikin Industries (Kogyo) Ltd	85,000	1,052,772	1,026,559
Daimler-Benz AG	3,900	1,687,672	1,611,629
Dairy Farm International	1,300,000	1,825,599	1,842,546
Daiwa House Industries	400	297,500	112,500
Daiwa Koshu Lease Co Ltd	90,000	1,022,470	982,179
Delhaize Freres & Cie "Le Lion"	13,900	2,749,762	2,913,378
Deutsche Bank AG	13,780	5,685,090	4,793,502
Deutsche Bank AG Warrants	1,695	241,486	201,809
Deutsche Lufthansa AG	6,500	527,242	462,617
Development Bank of Singapore Ltd	200,000	619,841	751,560
Disneyland Euro-Dollar	23,250	497,147	443,036
Dixons Group Plc	200,000	666,544	658,532
Douglas Holding AG	2,600	1,220,448	1,140,405
Dracoma Dragados Y Construccione	42,100	1,140,924	980,577
Eaux (Compagnie Generale Des)	2,450	1,083,999	969,623
Electrabel NPV	3,000	452,673	340,124
Elf Aquitaine Snea	16,200	1,011,197	948,515
Elf Gabon	1,000	235,596	199,511
Elsevier NV	104,050	4,800,285	4,239,487
Empresa Nacional De Electricidad	100,000	1,892,500	2,062,500
Encor Inc	626,000	918,303	581,206
Encor Inc Warrants	300,000	363,636	1,314
Endesa	90,000	2,051,114	1,858,485
Enterprise Oil Plc	37,000	463,029	308,472
Eridania Zuccherifici	89,050	513,599	337,359
Eridania Zuccherifici Rights	89,050	0	5,353
Eurafrance	1,600	506,366	438,826
Family Mart Company Ltd	15,400	1,107,915	1,176,433
Family Mart Company Ltd Warrants	265	410,750	318,000
Fanuc Ltd	17,600	677,275	672,247
Finanziaria Telefonica	1,577,100	3,279,366	2,379,992
Fletcher Challenge Limited	732,000	1,571,968	1,560,038
Foster Brewing Ltd	1,150,000	1,354,098	1,384,819
Fuji Bank Limited Tokyo	28,000	524,044	521,501
Fuji Fire & Marine Insurance	89,000	724,432	645,568
Fuji Machine Manufacturing Company	48,000	830,950	1,086,072
Fuji Photo Film Company	60,000	1,494,158	1,462,356
Fuji Photo Film Company Warrants	510	716,550	366,563
Fujitsu Limited	79,000	684,609	626,485
GB-INNO-BM	19,450	751,588	696,469
GEA Agriculture	1,070	449,064	427,997
General Electric Company	100,000	338,668	304,936

Investment Listing

COMMON STOCK - INTERNATIONAL	SHARES	BOOK VALUE	MARKET VALUE
General Lumber	1,000,000	\$ 1,089,379	1,091,954
Genting Berhad	172,000	445,488	707,317
GKN Plc	120,000	703,832	663,722
Glaxo Holdings	236,742	5,739,552	6,596,682
Godo Steel	40,000	628,775	582,032
Granada Group Plc	154,600	129,166	353,573
Grand Metropolitan Plc	52,302	620,769	610,804
Grontmij	20,400	2,538,885	2,378,688
Groupe Assurances	1,660	692,417	496,647
Grupo Anaya	5,300	405,903	386,905
Guardian Royal Exchange	250,000	913,411	762,340
Haden Maclellan	180,000	430,978	367,870
Hankyu Department Stores	280	309,750	269,500
Hanson Plc	160,000	609,915	520,338
Haw Par Brothers International Ltd	900,000	1,301,946	1,281,339
Hidroel Cantabrico	32,800	619,638	583,444
Hidroela Hidroelectrica	493,800	2,729,457	2,461,168
Hillsdown Holdings Plc	600,880	2,883,043	2,027,225
Hilti	1,000	98,197	10,954
Hitachi Corporation	599,000	5,653,606	4,793,761
Hochtief AG	1,428	1,124,609	1,087,242
Hokuriku Electric Power Company Inc	47,000	936,686	871,957
Holzmann	1,000	930,329	804,408
Honda Motor Company	22,000	231,524	238,488
Hong Kong & China Gas Company	800,000	1,229,777	1,113,259
Hong Kong Telecommunications Ltd	500,000	416,776	418,761
Hong Leong Industries	1,531,000	3,669,002	3,904,490
Hunter Douglas	85,200	1,940,813	1,816,878
Hutchison Whampoa Ltd	750,000	1,095,018	1,430,228
IHC Caland	20,000	612,266	566,116
DMC Fertilizer Group Inc	1,087,000	440,376	165,270
Iberduero SA	183,000	1,256,783	1,105,475
India Magnum Fund	9,600	219,000	204,000
Industrial Bank Of Japan Ltd	40,000	1,017,344	1,024,376
Interdiscount Holding	1,164	3,312,679	2,355,000
Internationale Nederlanden	22,710	712,500	547,180
Ito-Yokado Company	32,000	891,211	1,040,673
Itoki Kosakusho	54,000	1,089,085	1,210,045
Jardine Matheson Holdings	470,000	1,969,992	2,089,293
JGC Corporation	46,200	794,820	726,026
Joshin Denki Company Limited	147,000	3,097,608	2,695,099
Kajima Corporation	298,650	3,642,544	3,085,373
KAO Corporation	92,000	878,199	783,124
Karstadt Agriculture	4,960	1,847,472	1,728,120
Kato Works Company Ltd	115,000	933,452	962,172
Katokichi Company Ltd	1,200	0	27,239
Kaufhof Holdings	1,620	219,906	187,695
Keck Seng	500,000	561,643	589,080
Keio Teito Electric Railway Company	99,000	740,670	635,994
Keppel Corporation Limited	989,000	3,395,799	4,179,268
Kinki Sharyo Company	42,000	249,094	238,342
Kirin Brewery Company	179,850	1,994,340	1,831,873
Kitz Corporation	50,000	489,031	469,263
Koa Fire & Marine Insurance Company	227,000	1,599,737	1,466,546
Kokusai Electric Company	20,000	552,398	538,380
Kokuyo Company Limited	36,000	903,299	942,892
Komatsu Forklift Company	50,000	592,995	531,104
Komori Corporation	1,400	25,121	45,835
Koninklijke Sphinx	3,800	350,519	349,856
Korea Asia Fund	97,000	1,003,950	1,081,550
Korea Fund Inc	71,407	1,157,553	1,008,624
Korea Growth Trust	5	173,000	146,800
Kwong Sang Hong	5,000,000	460,014	476,743
Kyocera Corporation	27,000	1,314,461	1,245,403
Kyushu Denki Kogyo Company	56,000	806,170	1,010,408
Kyushu Electric Power Company	8,000	141,905	158,895
Kyushu Matsushita Electric	78,000	1,706,855	1,804,590
Ladbroke Group	792,600	3,994,074	3,156,141
Lafarge Coppee	8,700	583,818	514,347
Landis & Gyr	2,600	2,710,552	1,826,031
Lend Lease Corporation	82,153	928,142	1,052,290
Lisnave Estado Navais De Lisboa	37,002	821,007	444,163
Lloyds Abbey Life Group	85,000	559,130	530,800
Malayan Banking	500,000	1,110,627	1,275,144
Malayan Credit Limited	1,000,000	1,011,797	1,043,676
Malayan United Industries	710,000	489,267	566,164
Malaysian International Shipping	330,000	1,013,273	1,010,777
Mandarin Oriental International	1,300,000	1,024,376	720,268
Mannesmann	18,220	3,690,383	2,824,707
Manweb	75,000	312,605	294,393
Matsushita Electric Industrial Ltd	243,000	3,112,059	2,952,430
Matsushita Industrial Company	30,000	763,712	720,265
Mentec Limited	660,129	1,662,785	865,805
MIM Holdings Ltd	646,100	911,860	941,562
Mitsubishi Bank Limited	174,000	3,215,755	3,215,435
Mitsubishi Estate Company	47,000	471,502	444,527
Mitsubishi Heavy Industries Limited	368,000	1,983,392	1,879,498
Mitsubishi Motor Company	500	406,250	350,000
Mitsui Marine & Fire Insurance Company	126,000	902,087	806,696
Mitsui Real Estate Development Company	118,000	1,196,100	1,081,706
Miura Company Limited	40,000	520,205	552,930
Mori Seiki Company	58,000	1,298,162	1,147,767
Muenchener Rueckversicherungs	660	978,809	917,621
Mycom Berhad	300,000	608,893	646,552
National Finance & Sec.	3,400	13,498	46,529
National Power ADR	27,280	577,536	613,800
National Westminster Bank	120,876	674,147	564,655
Natsteel Limited	90,000	360,885	536,018
NEC Corporation	251,000	2,945,524	2,556,576
Nestle SA	772	4,333,820	4,173,376

COMMON STOCK - INTERNATIONAL	SHARES	BOOK VALUE	MARKET VALUE
Netherlands Guilder Put Option	35,846	345,487	286,138
New Straits Times Press	131,000	419,379	295,734
New World Development Company Ltd	1,000,000	1,091,847	1,314,264
NGK Insulators Ltd	135,000	1,228,727	1,070,575
Nichicon Corporation	6,000	67,803	65,915
Nichido Fire & Marine Insurance Company	238,000	1,615,176	1,454,498
Nikkei Put Option		3,327,504	977,417
Nippon Comsys Corporation	52,000	603,663	593,964
Nippon Denso	72,000	911,380	832,888
Nippon Shokubai	54,000	613,185	510,733
Nomura Securities Company Ltd	263,000	4,159,647	3,080,622
Northern Electricity	120,000	374,990	348,406
Northern Telecom Ltd	121,931	2,396,996	4,450,482
Novo Nordisk Class B	15,796	794,168	1,046,043
NRJ SA	27,000	1,028,502	993,808
Nutricia	1,414	73,961	94,868
Obras Y Construcciones	6,452	622,895	483,501
Ohbayashi Road Construction Company	174,000	2,422,444	2,709,068
Okamura Corporation	293,000	3,659,400	3,419,220
Oliver Corporation	25,000	498,249	481,995
Onward Kashiwayama Company Ltd	73,000	901,006	897,566
Oriental Hotel	147,000	1,005,592	649,490
Orkla Borregaard	13,000	514,543	359,014
Overseas Chinese Banking Corporation	503,000	2,669,388	2,995,746
Pacific Carriers Ltd	1,505,000	952,841	1,553,659
Pacific Dunlop Ltd	533,450	2,037,349	2,103,062
Pan Malaysia Cement	309,000	441,959	365,801
Parkway Holding Ltd	1,000,000	823,690	879,183
Pechiney Cert D'Invest	8,750	454,489	513,028
Pegasus Gold Inc	180,991	2,156,513	2,398,131
Perlis Plantations	250,000	809,028	767,780
Petrofina SA	1,500	490,530	470,384
Petromed Inc	8,600	606,190	604,331
Peugeot SA	5,750	569,438	528,174
Pioneer Electronic Corporation	26,000	1,061,967	735,834
Pioneer International Ltd	964,000	1,892,661	1,796,713
Pirelli Spa	163,000	216,735	495,944
Procordia	20,000	629,636	611,406
PT Berlina	123,000	923,503	820,007
PT Indocement Tungal Prakasa	100,000	582,891	563,312
PT Multipolar	77,500	553,203	644,837
PT Sampoerna	200,000	581,648	581,240
PT Supreme Cable Manufacturing	80,000	349,922	262,534
PT Supreme Cable Manufacturing Rights	80,000	0	483,725
PT Ultrajaya	252,000	999,270	573,028
PT Unilever	500	3,333	5,116
Rank Organisation Plc	50,000	580,562	516,607
Redland Plc	265,500	2,936,370	2,377,138
Remy Et Associates SA	7,235	479,574	266,304
Renaissance Energy Ltd	80,000	957,272	1,051,068
Renong	2,000,000	1,145,644	1,056,034
Rentokil Group Plc	350,000	1,539,484	1,827,994
Resort World (Malaysia)	250,000	618,185	893,499
Reuters Holdings Plc	145,000	3,217,745	1,799,204
Rio Tinto Zinc	313,000	3,149,813	2,797,350
Rhone Poulenc SA	13,000	837,766	714,575
Roche Holding	1,586	4,679,224	4,823,403
Rothmans Holdings Ltd	100,000	795,020	977,925
Royal Bank Of Scotland	200,000	597,095	564,456
Royal Company Ltd	30,000	426,710	440,889
Royal Dutch Petroleum Company	17,767	1,413,877	1,379,955
S A Brewing Holdings Ltd	812,000	1,489,135	2,049,025
Saint Gobain	7,600	622,100	531,627
Saipem Spa	200,000	536,830	242,073
Salomon SA	4,000	1,051,483	954,395
Samsung Electronics	22,900	622,392	608,141
Sandoz AG	2,887	4,494,952	4,245,960
Sanki Engineering Company	21,000	349,788	368,208
Sanko Engineering & Construction Company	63,000	647,569	550,020
Sanko Metal Industrial Company	40,000	429,800	494,727
Sanwa Bank Ltd	75,000	1,238,830	1,173,159
Sanyo Engineering & Construction	70,000	830,948	906,515
Saskatchewan Oil And Gas Corporation	46,400	582,259	426,734
Schering AG	6,018	1,618,665	2,637,939
Schindler Holding AG	950	952,926	587,629
Schweizerische Rueckversicherungs	7,310	3,954,700	2,957,069
Seagram Company Ltd	47,400	2,747,113	4,959,594
Seano Transportation Company	99,000	1,652,067	1,584,582
Sekisui House Ltd	101,200	999,744	957,152
Sembawang Shipyard	180,000	617,927	653,432
Seoul International Trust	34	1,133,000	1,096,000
Sharp Corporation	45,000	551,632	497,637
Shell Transport & Trading Ltd	320,000	2,614,292	2,665,270
Shimachu Company Ltd	31,000	1,089,520	1,211,136
Shin Etsu Chemical Company Ltd	48,000	540,245	555,259
Shiseido Company Ltd	264,000	3,819,063	3,610,927
Shizuoka Bank Ltd	30,000	263,052	290,288
Showa Shell Oil	104,000	1,163,847	1,097,130
Shun Tak Holdings Ltd	1,250,000	548,155	716,725
Siam Cement Company Ltd	49,000	1,239,054	1,406,130
Siam Commercial Bank	21,000	533,557	538,313
Siam Commercial Bank Rights	24,000	0	86,117
Siemens AG	6,500	2,320,131	2,282,604
Sime Darby	680,000	1,067,973	914,124
Simon Engineering Plc	190,000	1,074,210	1,016,994
Sino Land Rights	1,400,000	0	478,031
Sirti	258,500	2,621,146	2,240,608
Smithkline Beecham Plc	3,000	193,977	160,578
Snow Brand Milk Products Company Ltd	140,000	922,243	855,587
Soures Da Costa	30,000	635,631	445,854

COMMON STOCK - INTERNATIONAL	SHARES	BOOK VALUE	MARKET VALUE
Sony Corporation	90,500	\$ 4,716,136	4,148,070
Southern Electric Plc	80,000	272,334	229,026
Spanish Peseta Put Option	102,456	199,930	191,270
State Street Bank Eafe Ex-Japan Index		161,961,214	152,660,883
State Street Bank Eafe Index Fund		40,611,364	39,551,621
Stolt Tankers & Terminals Holdings	20,600	492,076	535,600
Strabag Bau	2,660	1,117,887	1,056,654
Sumitomo Corporation	130,000	1,053,012	964,718
Sumitomo Corporation Warrants	370	335,976	102,916
Sumitomo Electric Industries	130,000	1,417,924	1,314,664
Sumitomo Marine & Fire Insurance	105,000	729,160	648,565
Sumitomo Realty & Development Company	291,700	2,449,501	2,120,112
Sun Hung Kai Properties Ltd	860,000	1,639,306	2,105,399
Swire Pacific Ltd	500,000	1,009,153	1,269,167
Swiss Franc Put Option	7,328	569,145	407,006
SME (Meridionale Di Electric)	64,000	194,053	145,570
Tabacalera Sa	13,500	635,242	585,482
Taiheiyu Bank	1,000	11,419	7,639
Taisei Prefab Construction Company Ltd	82,000	915,422	1,103,678
Taisei Road Construction Company Ltd	124,000	1,055,584	1,136,709
Taisho Pharmaceutical Company Ltd	40,000	697,007	619,864
Takaoka Electric Manufacturing Company	74,000	545,309	522,228
Takasago Thermal Engineering Company	20,000	429,857	433,614
Takeda Chemical Industries Ltd	160,000	2,110,608	1,722,814
Tasaki Shinju	40,000	758,658	666,427
Tate & Lyle	267,000	1,491,798	1,598,043
Tatsuta Electric Wire	99,000	799,195	792,291
TDK Corporation	112,000	4,332,980	4,815,733
Telefonica De Espana	725,035	6,298,182	6,256,893
Telekom Malaysia	1,338,000	3,266,558	5,575,000
Television Broadcasts Ltd	900,000	1,089,531	771,164
Telus Corporation	34,200	357,336	393,165
Tembaga Mulia	91,500	559,011	383,026
Thom EMI Plc	48,000	596,100	576,913
Time Engineering	500,000	552,982	450,790
Tiphook Plc	180,000	1,296,941	1,307,981
TNT (Thomas Nationwide)	1,105,000	1,281,322	661,077
Toda Construction Company Ltd	40,000	494,208	433,614
Tokai Senko	57,000	691,051	704,986
Tokatsu Foods Company Ltd	10,000	382,427	531,104
Tokio Marine & Fire Insurance Company	245,000	2,565,197	2,085,494
Tokyo Broadcasting System Inc	57,000	901,988	837,690
Tokyo Electron Ltd	65,000	1,290,536	1,626,779
Tokyo Ohka Kogyo Company Ltd	42,000	1,411,367	1,454,498
Tokyo Tekke Company Ltd	134,400	2,809,335	2,317,419
Tomei Industrial Holdings	634,500	139,805	151,247
Toshiba Corporation	94,000	676,417	499,922
Toshiba Engineering & Construction	215,000	2,297,247	2,440,169
Total Cie Francaise Des Petroles	22,385	2,882,835	2,767,128
Toyo Corporation	81,000	1,002,265	1,031,288
Toyo Kanetsu	80,000	671,167	622,774
Toyo Seikan Kaisha Ltd	36,000	1,025,540	1,021,466
Transcanada Pipelines Ltd	73,000	928,356	1,004,462
Transcanada Pipelines Ltd Warrants	30,000	113,982	42,043
Tytlfull Company Ltd	1,600,000	247,983	298,931
UMW Holdings	174,000	437,562	461,895
Unilever NV	7,200	389,858	573,678
Union Chemie Belegizue	1,100	741,564	495,310
Union Des Assurances De Paris	5,200	573,058	447,165
United Engineers Ltd	750,000	1,095,049	1,174,569
United Overseas Bank	284,000	1,145,717	1,135,678
UNP Industries	120,000	73,862	74,626
Uralita SA	33,000	1,219,902	553,583
Valeo SA	3,000	214,399	224,755
Vallehermoso SA	30,685	904,272	797,117
Van Der Horst Ltd	400,000	304,265	263,188
Vard AS Series A	20,420	414,752	212,558
Vard AS Series B	72,000	1,475,608	713,780
Veba AG	61,000	682,053	607,135
Viscofan Sa Envolnursa	32,000	935,047	779,146
VRG (Gern Beziit)	11,604	400,673	305,162
Waterford Glass Group Plc	1,257,274	792,131	591,397
Western Mining Corporation	304,668	1,067,343	1,145,034
Westfield Trust	250,000	382,280	377,748
Whitebread & Company Plc	11,050	94,667	80,295
Woodside Petroleum Ltd	500,000	1,073,613	1,315,405
Yamanouchi Pharmaceutical Company Ltd	3,100	3,299	58,865
YTL Corporation	862,000	1,009,274	968,100
Yokogawa Electric (Hokushin) Corporation	156,000	1,471,766	1,384,654
Yondenko Corporation	29,000	316,162	327,025
TOTAL COMMON STOCK-INTERNATIONAL		\$750,258,281	710,577,202

REAL ESTATE

Closed End Funds

Alex Brown-Profile Fund I	24,875,000	24,498,051
Bear Stearns Realty Partners	33,445,834	33,716,352
First Apartment Fund	22,682,995	20,507,416
JMB Group Trust III	25,832,490	29,648,852
TCW Realty Fund II	25,000,000	25,731,521

Total Closed End Funds

	131,836,319	134,102,192
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Properties

Adams Woods Office Building	7,532,826	4,000,000
Arapahoe Village	5,967,458	5,225,000
Bayport Center	13,746,307	13,746,307
Breckenridge Office Park	33,173,476	35,544,638
Corporate Campus East	23,795,099	21,300,000
Corporate West II Building	3,059,241	2,559,000

REAL ESTATE

Properties (continued)

Costa Mesa Courtyard	39,123,836	37,550,000
Crosswoods	16,945,821	16,020,000
Cypress Trace Shopping Center	26,631,223	15,100,000
Data General Building	7,377,568	6,580,396
Executive Drive Building, 330 South	7,994,285	5,400,000
Farmland- Arizona	981,032	981,032
Farmland- California	3,987,941	3,987,941
Forest Park Land	2,420,891	2,420,001
Forest Park Mall	30,149,461	21,600,000
Franklin/Lake Self Park	32,687,821	32,688,318
Gateway Plaza	3,295,414	4,900,000
Groves (S.J.) Office Building	6,887,467	4,160,000
GMO Land	8,110,622	8,111,894
Hartford Industrials	21,771,242	20,041,826
HSA Kensington	4,321,802	3,920,000
Interstate Crossings	9,773,946	7,340,000
Inver Grove	6,041,909	6,060,000
Laguna Hills Plaza	7,537,500	8,100,000
Lakes of Bellevue	23,630,816	19,000,000
Leed Commerce Center	3,001,085	3,140,000
Locust Street Apartments, 1015	13,524,128	9,150,000
Locust Street Building 1500	56,389,220	50,187,983
Mayhew Technology Center	13,697,147	17,650,001
Mendota Heights Business Park	16,709,079	12,100,000
Midwest Apartments	18,291,000	17,750,000
Montbello Industrial Park	12,964,548	12,964,548
Naperville Industrial Properties	8,442,000	9,365,000
Newmarket South	13,818,750	9,350,000
Norfolk Office Portfolio	44,469,575	41,738,000
North Lake Park	12,201,024	9,550,000
North-Tech	28,515,217	21,547,012
Oakbrook Center	75,610,129	75,610,129
Oakbrook Land Venture	4,166,112	4,707,638
Orlando Marriott Hotels	66,206,865	74,762,202
Portland/Boulder Apartment	24,253,204	24,253,204
Quail Lakes	8,705,239	6,450,000
Ridge Plaza Center	6,828,752	5,893,395
River Road Business Center	11,023,447	6,400,000
San Juan Corporate Plaza	6,571,776	5,725,000
Second & Harrison Apartments	3,517,500	3,517,500
Somerset Apartments	6,794,668	6,752,000
St. Charles Land Venture	14,026,716	18,800,000
St. Charles 3, 4, & 5	5,644,887	5,525,000
Stone Mountain Festival	26,857,583	25,175,000
Sunforest Apartments	25,426,500	25,426,500
Super 8 Motels	16,385,719	18,225,000
345 Fullerton Parkway	14,188,955	14,187,131
Time and Life Building	57,548,100	57,500,000
Towne North Shopping Center	9,329,399	6,050,000
Troy Trade Center	8,040,000	8,100,000
TRB-MIP Corporation	2,461,947	2,450,000
TRM-Meredith Park	1,257,079	1,257,079
TRS Springfield Office Building	4,704,507	4,704,507
Various Miscellaneous Net Assets	951,200	951,150
Williams Plaza I	27,032,738	17,350,000
Williams Plaza II	23,827,961	13,715,000
Wooddale Industrials	14,561,933	12,700,000

Total Properties

1,054,890,693	967,016,332
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TOTAL REAL ESTATE

\$1,186,727,012	1,101,118,524
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ALTERNATIVE INVESTMENTS

American Healthcare Inc	10,000,000	10,350,536
Bicycle Acquisition Corporation	973,000	1,405,460
	8,500,000	9,160,847
Chalk-Line Holdings Inc	745,710	797,832
	1,000,000	671,501
	8,000,000	8,190,748
County Seat Holdings Inc	601,820	601,820
	398,439	398,439
County Seat Stores Inc	380,175	380,175
	5,000,000	5,000,000
	5,137,881	5,137,881
DeVry Inc	701,992	1,443,828
	614,500	584,600
Frontenac Venture IV	6,877,012	2,208,973
Frontenac Venture V	17,500,000	19,728,392
Horne Fashions Inc	922,576	922,576
	11,313,371	11,313,371
Keller Graduate School Of Management	12,169,276	12,169,276
	739,291	1,520,544
	953,008	953,007
Levy Restaurants Limited Partnership	124,900	124,900
	61,900	61,900
	125,600	125,600
	1,250,000	625,000
	3,000,000	2,700,000
Marks Brothers Jewelers Inc	1,000,000	1,000,000
	600,000	600,000
	10,000,000	10,000,000
Net Worth Inc	515,800	515,800
Newtrend Limited Partnership	0	373,260
	1,558,688	1,558,688
	1,558,688	1,558,688
TWB/T/B Limited Partnership	4,600,000	2,500,000
W P G Enterprise Fund	15,000,000	14,637,643

TOTAL ALTERNATIVE INVESTMENTS

\$131,923,627	129,321,285
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Investment Listing

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