

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1996

TEACHERS' RETIREMENT SYSTEM
A COMPONENT UNIT OF THE STATE OF ILLINOIS

*"The reasonable thing is
to learn from those
who teach."*

- SOPHOCLES -

Comprehensive Annual Financial Report

- MISSION STATEMENT -

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

CERTIFICATE OF ACHIEVEMENT

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Teachers' Retirement
System of the
State of Illinois

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

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



Arthur R. Lynch
President

Jeffrey L. Easer
Executive Director

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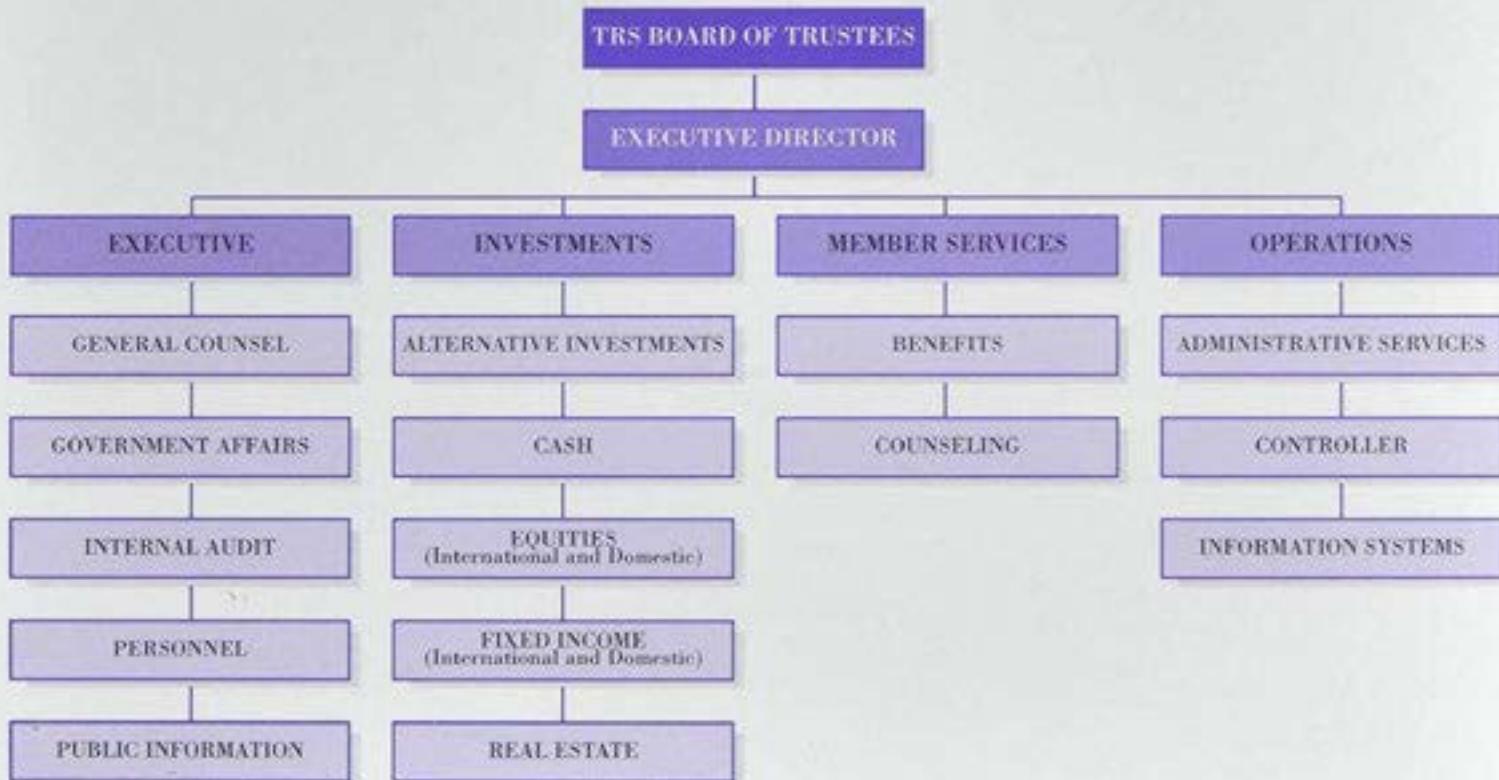
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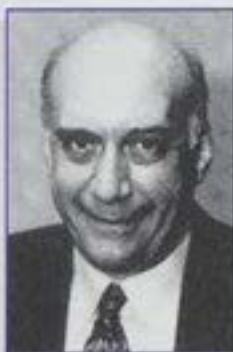
ORGANIZATIONAL STRUCTURE AND CABINET

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



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

BOARD OF TRUSTEES



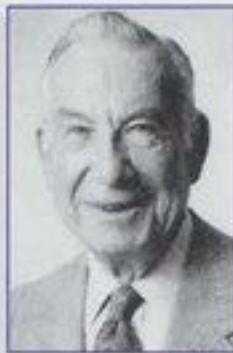
JOSEPH SPAGNOLO
President
Springfield



JUDITH TUCKER
Vice-President
Darien



RAY J. ALTHOFF
Edwardsville



HUGH R. BROWN
Evanston



JAMES BRUNER
Jacksonville



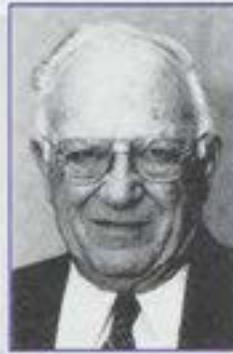
ANNE DAVIS
Harvey



SCOTT ESHELMAN
Algonquin



JAMES KANE
Long Grove



ROMAN MILLER
Waukegan



MARYLYN OGLESBY
Charleston

LETTER OF TRANSMITTAL



Teachers' Retirement System of the State of Illinois

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

Robert Daniels
Executive Director

December 16, 1996

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

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

This report consists of five sections:

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

FINANCIAL INFORMATION

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

REVENUES AND FUNDING

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

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

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

INTRODUCTION

LETTER OF TRANSMITTAL

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

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

EXPENSES

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

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

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

INDEPENDENT AUDIT

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

AWARDS

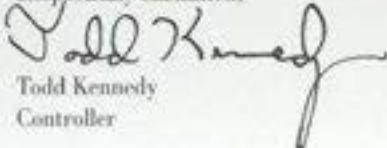
The Government Finance Officers Association of the United States and Canada (GFOA) awarded TRS a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 1995. The Certificate of Achievement is a prestigious national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

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Todd Kennedy
Controller

INTRODUCTION

EXECUTIVE DIRECTOR'S REPORT

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

FUND PERFORMANCE



ROBERT DANIELS

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

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

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

SYSTEM FUNDING

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

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

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

NEW INSURANCE PROGRAM

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

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

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

EXECUTIVE DIRECTOR'S REPORT

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

LEGISLATIVE DEVELOPMENTS

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

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

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

MEMBER SERVICES

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

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

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

TRS2000

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

IN CONCLUSION

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

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

Sincerely,


Robert Daniels
Executive Director

Section Two: Financial

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

- HENRY BROOKS ADAMS -

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

KPMG Peat Marwick LLP

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

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

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

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

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

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

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

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

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

November 15, 1996

KPMG Peat Marwick LLP



Member Firm of
KPMG Peat Marwick Goerdeler

STATEMENTS OF FINANCIAL POSITION

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

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

The accompanying notes are an integral part of these statements.

STATEMENTS OF REVENUE AND EXPENSE

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

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

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

NOTE B - PLAN DESCRIPTION

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

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

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

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

NUMBER OF EMPLOYERS AT JUNE 30, 1996 AND 1995		
	1996	1995
Local school districts	904	912
Special districts	143	129
State agencies	35	35
	1,082	1,076

SYSTEM MEMBERSHIP AT JUNE 30, 1996 AND 1995		
	1996	1995
Retirees and beneficiaries currently receiving benefits	59,684	59,634
Inactive members	37,072*	38,736
Current members	132,545*	128,796
	229,281	227,166

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

Member contributions, established by statute, are 8% of earnings allocated as: 6½% for retirement, ½% for post-retirement increases and 1% for death benefits. Effective July 1, 1995, members not employed by state agencies contribute an additional non-refundable 1/2 of 1% of salary toward health insurance benefits for retired members. TRS collects these funds as agent for the Illinois Department

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

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

NOTE C - CASH AND INVESTMENTS

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

INVESTMENT SUMMARY

	Book Value		Market Value	
	1996	1995 ²	1996	1995 ²
CATEGORY 1: CATEGORIZED				
BONDS (including short-term collateral)	\$3,100,401,000	\$3,081,940,000	\$3,096,771,000	\$3,165,938,000
CORPORATE NOTES	1,832,864,000	1,518,435,000	1,842,090,000	1,532,515,000
PREFERRED STOCK	45,172,000	18,714,000	49,911,000	21,817,000
SHORT TERM INVESTMENTS:				
Commercial paper (incl. short-term collateral)	863,419,000	235,185,000	865,541,000	235,185,000
U.S. Treasury bills	182,196,000	112,330,000	183,621,000	112,330,000
Other	280,217,000	(19,659,000) ¹	284,517,000	(38,812,000) ¹
COMMON STOCK	4,067,802,000	4,311,200,000	5,114,299,000	5,077,334,000
CURRENCY INVESTMENTS	47,551,000	87,344,000	50,157,000	83,588,000
	10,419,622,000	9,345,489,000	11,486,907,000	10,189,895,000
NOT CATEGORIZED:				
INVESTMENTS HELD BY BROKER/ DEALERS UNDER SECURITIES LOANS:				
Bonds	1,024,263,000	--	1,030,449,000	--
Corporate notes	35,548,000	--	48,557,000	--
Common stock	497,721,000	--	589,924,000	--
REAL ESTATE:				
Equity	2,028,046,000	2,060,516,000	1,890,800,000	1,901,964,000
Farmland	163,113,000	149,248,000	182,458,000	164,957,000
MUTUAL FUNDS	722,197,000	397,968,000	889,098,000	407,785,000
ALTERNATIVE INVESTMENTS:				
Limited partnerships	160,385,000	96,801,000	195,766,000	117,114,000
ACCRUED INVESTMENT INCOME	161,204,000	112,120,000	161,204,000	112,120,000
COLLECTIVE INVESTMENT FUNDS	405,788,000	336,926,000	405,788,000	336,926,000
INVESTMENTS AND COLLATERAL FROM SECURITY LENDING	\$15,617,887,000	\$12,499,068,000²	\$16,880,951,000	\$13,230,761,000²

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

NOTE D - FUNDING STATUS AND PROGRESS

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

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

- The present value of future pension payments is computed using a discount rate of 8%. The discount rate represents the estimated long-term rate of return on current and future investments.
- Future pension payments reflect an assumption of a 4% salary increase due to inflation and a composite 3.4% salary increase for merit adjustments.

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

¹ 4,700 retirements which occurred prior to 7/01/94 were not reported to the actuary until 6/30/95.

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

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

NOTE E - CONTRIBUTION REQUIREMENTS

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

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

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

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

NOTE F - PENSION DISCLOSURE FOR TRS AS AN EMPLOYER

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

NOTE G - RESERVE BALANCES

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1996

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

NOTE II - POST-RETIREMENT HEALTH CARE BENEFITS

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

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

NOTE I - HISTORICAL TREND INFORMATION

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

REQUIRED SUPPLEMENTAL SCHEDULES

SUPPLEMENTAL SCHEDULE OF REVENUE BY SOURCE							(in millions)	
Year Ended June 30	Employee Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Employer's Normal Cost Plus Interest	Percentage of Annual Covered Payroll	Other ¹ Employer Contributions	Investment Income	Total
1987	\$238	\$258	9.1%	\$440	15.5%	\$22	\$835	\$1,353
1988	253	220	7.3	506	16.8	22	560	1,055
1989	268	237	7.5	559	17.6	24	560	1,069
1990	284	269	7.9	617	18.1	24	814	1,391
1991	311	270	7.1	686	18.2	24	662	1,267
1992	351	247	6.2	771	19.4	25	1,114	1,737
1993	363	282	6.7	833	19.9	24	1,143	1,812
1994	413	278	6.3	918	20.8	205	989	1,885
1995	431	279	6.3	1,156	26.2	319	771	1,800
1996	399	341	7.2	1,307	27.6	49	1,554	2,343

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

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

REQUIRED SUPPLEMENTAL SCHEDULES

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

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

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

SUPPLEMENTAL SCHEDULES

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

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

⁴ Includes depreciation and is on the accrual basis.

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

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

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

Section Three: Actuarial

“To teach is to
learn twice.”

JOSEPH JOUBERT

ACTUARY'S CERTIFICATION

**BUC
CONSULTANTS**

One North Franklin, Suite 3500
Chicago, Illinois 60606

November 27, 1996

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

Subject: Pension Benefit Obligation as of June 30, 1996

Ladies & Gentlemen:

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

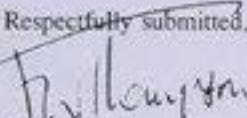
The June 30, 1996 valuation reflects the effects of the ongoing Early Retirement Incentive program. All ERI retirements have now been reflected in the retiree liability component of the pension benefit obligation at June 30, 1996.

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

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

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

Respectfully submitted,


John W. Thompson
Consulting Actuary
JWT:mak
ACTUARIAL

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

ACTUARIAL ASSUMPTIONS AND METHODS

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

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

ACTUARIAL ASSUMPTIONS AND METHOD

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

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

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

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

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

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

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	97	97
60	270	180
65	365	330
70	1,000	1,000

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

Disability: Adopted in FY93 valuation.

Sample annual rates per 1,000 participants:

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

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

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

Sample annual percentage increases:

<u>Age</u>	<u>Male & Female</u>
20	9.7 %
30	8.6
40	7.5
50	6.9
60	6.7

ACTUARIAL INFORMATION

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

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

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

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

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

Asset valuation method: Cost value.

ANNUAL ACTUARIAL VALUATION

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

ACTUARIAL VALUATION		(in millions)	
(Years Ended June 30)		1996	1995
Pension benefit obligation			
Retirees and beneficiaries currently receiving benefits	\$13,351	\$12,702	
Inactives (Terminated employees not yet receiving benefits)	488	427	
Current employees			
Accumulated employee contributions	3,002	2,846	
Employer-financed vested	3,890	3,157	
Employer-financed nonvested	5,411	4,849	
Total pension benefit obligation	\$26,142	\$23,081	
Net assets available for benefits (book value)	13,830	12,642	
Unfunded pension benefit obligation	\$12,312	\$11,339	
Funded Ratio	52.9%	52.7%	

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

¹ 4,280 retirements which occurred prior to 7/1/94 were not reported to the actuary until 6/30/95. 610 retirements which occurred prior to 7/1/95 were not reported to the actuary until 6/30/96.

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

ACTUARIAL INFORMATION

EMPLOYER'S NORMAL COST PLUS INTEREST

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

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

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

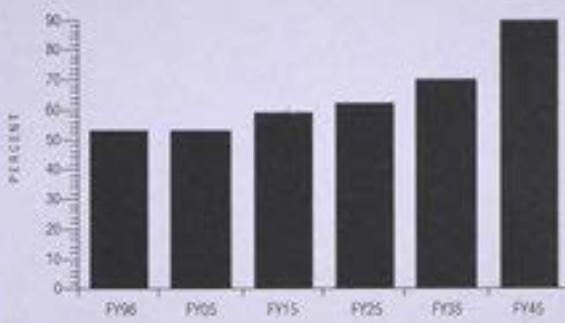
¹ State contributions exclude minimum and supplemental benefits not included in actuarially determined costs.

STATE FUNDING

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

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

TRS FUNDED RATIO
UNDER PA 88-0593 (SB533)



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

ACTUARIAL INFORMATION

STATE FUNDING REQUIREMENTS FOR FY98 AND FY97 UNDER PA 88-0593		FUNDED RATIO ¹				(in millions)			
		FY98	FY97	As of June 30	Net Assets at Cost	Net Assets at Market	Pension Benefit Obligation*	Funded Ratio* At Cost	Funded Ratio* At Market
Employer contribution reserve	\$460,439,000	\$377,969,000		1987	\$6,092	\$6,958	\$9,950	61.2%	69.9%
Minimum benefit reserve	7,387,000	8,113,000		1988	6,684	7,055	10,922	61.2	64.6
Supplemental benefit reserve	56,000	66,000		1989	7,272	8,089	11,914	61.0	67.9
Total state funding requirements	\$467,882,000	\$386,148,000		1990	8,080	8,924	13,663	59.1	65.3
Employer's normal cost as a percentage of active member payroll	8.38%	8.21%		1991	8,747	9,453	15,141	57.8	62.4
				1992	9,812	10,440	16,659	58.9	62.7
				1993	10,880	11,545	18,486	58.9	62.5
				1994	11,992	12,039	21,747	55.1	55.4
				1995	12,642	13,374	23,981	52.7	55.8
				1996	13,830	15,092	26,142	52.9	57.7

TESTS OF FINANCIAL CONDITION

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

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

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

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

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

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

ACTUARIAL INFORMATION

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

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

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

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

CASH FLOW: MEMBER AND EMPLOYER CONTRIBUTIONS MINUS EXPENSES (Expense-Benefits, refunds and administrative expenses)							(In millions)
Year	Member Contributions (1)	Employer Contributions (2)	Minimum, Supplemental and ERO Contributions (3)	Employer Contributions (All Sources) [(4)-(3)+(2)]	Member and All Sources of Employer Contributions [(5)=(1)+(4)]	Benefits, Refunds and Administrative Expenses (6)	Cash Flow [(7)=(5)-(6)]
1987	\$ 238	\$ 258	\$ 22	\$ 280	\$ 518	\$ 429	\$ 89
1988	253	220	22	242	495	462	33
1989	268	237	24	261	529	503	26
1990 ¹	284	269	24	293	577	583	(6)
1991	311	270	24	294	605	600	5
1992	351	247	25	272	623	673	(50)
1993	363	282	24	306	669	744	(75)
1994	395	305	5	310	705	907	(202)
1995	428	379	5	384	812	1,151	(339)
1996	424	468	6	474	898	1,155	(257)

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

PLAN SUMMARY

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

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

PLAN SUMMARY AND CHANGES

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

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

Contributions: Members contribute 8% of gross creditable earnings designated as 6½% for retirement annuity, ½% for post-retirement increases and 1% for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986 are required to contribute to Medicare. In addition, virtually all members pay a 1/2 of 1% con-

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

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

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

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

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

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

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

PLAN SUMMARY

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

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

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

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

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

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

The return of member contributions includes the 6½% contribution with interest and the ½% paid toward annual increases in annuity. Beneficiaries of

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

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

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

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

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

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

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

PLAN SUMMARY

ensures continuous pension credit for public employment in Illinois.

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

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

Section Four: Statistical

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

• EURIPIDES •

STATISTICAL SUMMARY

AVERAGE ANNUAL SALARY FOR ACTIVE MEMBERS BY YEARS OF SERVICE

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

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

STATISTICAL SUMMARY

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

STATISTICAL SUMMARY

ACTIVE MEMBERS BY YEARS OF AGE AND YEARS OF SERVICE

AGE	SUBS	YEARS OF SERVICE				
		0-5	6-10	11-15	16-20	21-25
20-24 Total #	2,827	3,606				
Avg. Salary	\$3,000	\$25,359				
25-29 Total #	3,314	12,144	1,679			
Avg. Salary	3,246	28,586	\$33,177			
30-34 Total #	1,875	4,532	5,394	1,002		
Avg. Salary	3,016	30,507	35,543	\$39,675		
35-39 Total #	2,443	3,323	2,797	3,845	1,320	
Avg. Salary	3,147	30,282	36,825	40,918	\$44,631	
40-44 Total #	3,544	4,170	3,280	2,747	6,337	2,418
Avg. Salary	3,203	30,646	36,967	43,083	47,199	\$50,765
45-49 Total #	3,562	3,963	4,024	2,983	3,659	9,141
Avg. Salary	3,532	33,169	39,505	44,212	48,929	52,877
50-54 Total #	1,811	1,422	1,862	1,736	2,042	2,788
Avg. Salary	3,787	34,655	41,121	45,682	49,585	53,751
55-59 Total #	1,026	400	543	548	953	1,020
Avg. Salary	3,398	37,275	41,670	45,300	49,303	52,965
60-64 Total #	520	117	122	130	229	332
Avg. Salary	3,429	40,003	43,134	45,912	50,406	51,087
65-69 Total #	270	22	13	19	34	51
Avg. Salary	2,657	40,382	40,091	39,938	50,958	54,114
70-74 Total #	85		2	3	4	4
Avg. Salary	3,050		47,178	47,463	45,324	52,048
>74 Total #	27	1			1	
Avg. Salary	3,773	48,054			18,954	
Totals	21,304	33,700	19,716	13,013	14,579	15,754
Avg. Salary	\$3,273	\$29,867	\$37,315	\$42,905	\$47,929	\$52,679

STATISTICAL SUMMARY

(As of June 30, 1996)

YEARS OF SERVICE						TOTALS
26-30	31-35	36-40	41-45	46-50	51-55	
						3,606
						\$25,359
						13,823
						29,144
						10,928
						33,833
						11,285
						37,206
						18,952
						41,644
3,647						27,417
\$56,088						47,023
6,284	986					17,120
57,473	\$58,730					51,129
1,131	1,169	198				5,962
56,376	60,038	\$61,901				51,925
326	247	239	25			1,767
56,010	59,796	62,379	\$59,888			53,113
74	45	32	31	4		325
55,644	55,764	63,375	58,585	\$57,305		53,419
9	9	7	4	2	1	45
50,635	—	52,637	52,342	67,954	52,633	\$38,279
3		2	1			3
52,744		44,964	53,450			56,073
11,474	2,456	478	61	6	4	111,241
\$56,865	\$59,383	\$62,027	\$59,649	\$55,747	\$51,625	\$41,903

STATISTICAL SUMMARY

RETired MEMBERS BY YEARS OF SERVICE AND YEARS IN RETIREMENT

YEARS RETIRED		YEARS OF SERVICE					
		1-5	6-10	11-15	16-20	21-25	26-30
1-5	Total #	602	540	543	728	1,526	2,463
	Avg. Benefit	\$189	\$507	\$731	\$1,027	\$1,462	\$1,986
	Avg. Orig. Benefit	\$179	\$482	\$684	\$969	\$1,396	\$1,901
6-10	Total #	428	526	638	1,066	1,770	1,881
	Avg. Benefit	166	404	623	1,024	1,398	1,857
	Avg. Orig. Benefit	132	318	499	838	1,165	1,548
11-15	Total #	335	448	669	1,140	1,534	1,611
	Avg. Benefit	144	311	559	900	1,177	1,601
	Avg. Orig. Benefit	93	187	376	635	841	1,151
16-20	Total #	205	272	569	1,007	1,246	1,160
	Avg. Benefit	128	280	457	697	902	1,237
	Avg. Orig. Benefit	69	148	263	425	560	781
21-25	Total #	146	225	408	772	961	957
	Avg. Benefit	58	228	393	580	744	980
	Avg. Orig. Benefit	19	99	181	287	382	519
26-30	Total #	30	58	131	309	413	411
	Avg. Benefit	72	230	350	497	634	770
	Avg. Orig. Benefit	4	67	92	163	246	311
31-35	Total #	7	7	34	117	202	163
	Avg. Benefit	71	207	354	500	600	725
	Avg. Orig. Benefit	1	24	55	113	158	215
36-40	Total #	1		3	30	86	66
	Avg. Benefit	103		402	503	602	722
	Avg. Orig. Benefit	19		39	89	99	141
41-45	Total #				2	10	18
	Avg. Benefit				477	605	728
	Avg. Orig. Benefit				24	65	110
46-50	Total #				1	9	5
	Avg. Benefit				452	647	696
	Avg. Orig. Benefit				15	41	33
>50	Total #					1	
	Avg. Benefit					601	
	Avg. Orig. Benefit					42	
TOTALS	1,754	2,076	2,995	5,172	7,758	8,735	
Avg. Benefit	\$154	\$370	\$550	\$820	\$1,134	\$1,584	
Avg. Orig. Benefit	\$121	\$278	\$394	\$587	\$862	\$1,262	

STATISTICAL SUMMARY

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

STATISTICAL SUMMARY

SCHEDULE OF AVERAGE MONTHLY PAYMENT AMOUNTS

(As of June 30, 1996)

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

¹ Includes 280 members who are receiving temporary or occupational disability benefits and counted as active members. The remaining 604 individuals receive permanent disability benefits.

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

STATISTICAL SUMMARY

BENEFITS STATISTICS		(As of June 30, 1996)
RETIREMENT BENEFITS		
Average age		70
Average service		28 years
Average age of 1,318 FY96 retirees		60
Average service of 1,318 FY96 retirees		26 years
Average monthly benefits of 1,318 FY96 retirees		\$2,246
Approximate number retired under the ERI in FY96		400
Number retired under the ERO in FY96		52
DISABILITY BENEFITS		
Average age		57
Average service		17 years
Average monthly benefits of 301 new disability claims		\$1,344
SURVIVOR BENEFITS		
Average age		74
Average monthly benefits of 575 new FY96 survivor benefits claims		\$720

RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS			(For fiscal year ended June 30)	
	Number of Annuitants at Beginning of Year	Added to Rolls	Removed from Rolls	Number of Annuitants at End of Year
1995	54,888	6,822	2,076	59,634
1996	59,634	2,063	2,033	59,664

SCHEDULE OF PARTICIPATING EMPLOYERS

S COUNTY REG VOC SYSTEM	BEAVIDERE SCHOOL	CASS SCHL	CONSOLIDATED H. S. DIST 230
ARRINGTON COMM UNIT SCHL	BEMENT SCHOOL	CATLIN COMM UNIT SCHOOL	COOP FOR EMPLOYMENT EDUCATION
ADAMS-PIKE ESR	BENJAMIN SCHOOL	CENTER CASS SCHOOL DIST 86	CORNELL SCHOOL
ADDISON SCHOOL DISTRICT #4	BENSENVILLE SCHOOL	CENTRAL A&M CUSD #21	CORRECTIONS SCHL DIST 428
ADLAKE STEVENSON H.S.	BENTON CONS HIGH SCHOOL	CENTRAL CITY SCHOOL	COURTIERVILLE SCHOOL
ADOLPH MEYER MNTL HEALTH & DEV	BENTON SCHOOL	CENTRAL COMMUNITY HIGH SCHL	COUNTRY CLUB HILLS SCHOOL
AERO	BERKELEY SCHOOL	CENTRAL COMMUNITY UNIT 4	COUNTY COMPTROLLER ROE
AKIN COM CONS	BERRYWYN N SCHOOL	CENTRAL COMMUNITY UNIT SCHOOL	COUNTY SUPT ESR
ALBERS SCHL	BETHALCO SCHOOL	CENTRAL IL ED SER CTR 14	COWDEN HERRICK HIGH SCHOOL
ALDEN HEBRON SCHL	BETHANY SCHOOL	CENTRAL IL VOC. EDUL. CO-OP	COWDEN HERRICK SCHOOLS
ALEDO COMM UNIT SCH DIST #201	BETHEL SCHOOL	CENTRAL SCHOOL	CRAB ORCHARD SCHL
ALEXIS SCHOOL	BICO SPEC ED COOP	CENTRAL SCHOOL	CRESCENT CITY SCHOOL
ALLEN TWP SCHOOL	BIG HOLLOW SCHOOL	CENTRALIA SCHOOL	CRESCENT IROQUOIS CO
ALLENDALE SCHOOL	BISMARCK SCHL	CENTRALIA TWP H.S	CRESTON SCHOOL
ALTAMONT CUSD #16	BLACKHAWK AREA SP ED	CENTURY UNIT SCHOOL	CRETE MONROE SCHL
ALTERNATIVE SCHOOL	BLOOM TWP HS	CERRO GORDO SCHOOL	CREVE COEUR PUBLIC SCHOOLS
ALTON COMM UNIT'S D H	BLOOMINGDALE SCHL DIST 13	CHAMPAIGN FORD CO ROE	CRYSTAL LAKE SCHOOL
ALTON MENTAL HEALTH CTR	BLOOMINGTON SCHOOL	CHAMPAIGN SCHL	CYPRESS SCHOOL
ALWOOD COMM. UNIT SCHOOL	BLUE ISLAND SCHOOL	CHAMPAIGN/FORD VOCATIONAL SYS.	DAKOTA SCHOOL
AMBRO SCHOOL	BLUE RIDGE SCHOOL	CHANEY MONGE SCHOOLS	DALLAS CITY COMM UNIT
ANN M. KILEY CENTER	BLUFFS COMMUNITY SCHOOL	CHANNAHON SCHOOL	DALZELL SCHOOL
ANNA C.C. SCHOOL	BLUFFORD GRADE SCHOOL	CHARLESTON SCHOOL	DAMANSVILLE SCHL
ANNA JONESBORO COMM	BMP THE COUNTY CO-OP	CHENOA SCHL	DANVILLE C.C. SCHL
ANNARAN SCHOOL	BOND CO CU SCHL	CHERRY SCHOOL	DARIEN PUBLIC SCHLS
ANTIOCH C.C. SCHL DIST 34	BOURBONNAIS SCHL	CHESTER COMM U SCHL	DAVEA
ANTIOCH COMM H.S.	BRACEVILLE SCHOOL	CHESTER EAST LINCOLN	DECATUR SCHL
APTAKISE TRIPP SCHL	BRADFORD COMM UNIT SCHL	CHESTER MENTAL HEALTH CTR	DEER CREEK - MACKINAW
ARMOR PARK SCHL	BRADLEY BOURBONNAIS	CHICAGO HHS SCHL	DEER PARK SCHOOL
ARCOLA SCHOOL	BRADLEY SCHL	CHICAGO READ M.H. CTR	DEERFIELD SCHL
AREA 3 LEARNING TECHNOLOGY HUB	BREESE SCHOOL	CHICAGO RIDGE SCHOOL	DEKALB CTY SPEC ED
ARGENTA SCHOOL	BREMEN COMM H.S.	CREATE MENTAL HEALTH CENTER	DEKALB SCHL
ARGO COMMITS	BRIMFIELD SCHOOL	CHRISTIAN MONTGOMERY ROE	DELABAR VOC ED REG
ARGO SUMMIT SCHOOL	BROOKWOOD SCHL	CHRISTOPHER COMM HS	DELAND WELDON SCHL
ARLINGTON HEIGHTS SCHOOLS	BROWN C.C.U. SCHL	CICERO SCHOOL	DELAVAN SCHOOL
ARMSTRONG SCHL	BROWN CASS MORGAN SCOTT ROE	CISSNA PARK CUSD 6	DEPT OF REHAB - 41-201
ARMSTRONG TWP HS	BROWNSTOWN SCHOOL	CLAY CITY COMM UNIT DIST #10	DEPT OF REHAB - 41-202
ARTHUR SCHOOL	BRUSSELS COMMUNITY UNIT SCHL	CLIFF BARSTOW SCHOOL	DEPT OF REHAB-CHILD HOSP.
ASHLAND - CHANDLERVILLE	BUNCOMBE SCHL	CLINTON SCHOOL	DEPT OF REHAB-VISUALLY IMPAIRED
ASHLEY SCHOOL	BUNKER HILL C.U. SCHL	CLINTON/MARION/WASHINGTON ROE	DEPT OF REHAB-SCHL FOR DEAF
ANITION C SCHOOL	BURBANK SCHOOL DIST 111	COAL CITY SCHOOL	DEPT OF REHABILITATION
ASST SUPT ESR	BUREAU OF AGENCY SUPPORT SEIN	COBDEN SCHOOL	DEPUE SCHOOL
ASTORIA SCHOOL	BUREAU VALLEY CUSD 340	COLCHESTER CUSD 180	DES PLAINES SCHOOL
ATHENS SCHOOL	BURNHAM SCHL	COLLINSVILLE SCHOOL	DESOTO GRADE SCHOOL
ATWOOD HAMMOND SCHL	BUSHNELL PRAIRIE SCHL	COLONA SCHOOL	DIAMOND LAKE SCHL
ATWOOD HEIGHTS SCHOOL	BUTLER SCHOOL	COLUMBIA UNIT SCHL	DIR. - DUPAGE INFORMED COOP
ALBURN SCHL	BYRON C.U.S.D. #26	COM. CON SCHL	DIETERICH SCHOLE
AURORA SCHOOL	CAHOKIA UNIT SCHOOL	COM U DIST 5	DIMMICK CONSOLIDATED SCHOOL
AURORA WEST SCHOOL	CAIRO SCHOOL	COM UNIT SCHOOL	DISTRICT 30 SCHOOLS
AVISTON SCHOOL	CALHOUN GREENE JERSEY ESR	CONDI CONS SCHL DIST 100	DIXON SCHOOL
AVOCAS SCHOOL	CALHOUN SCHOOL	COMM CONS SCHOOL DISTRICT 91	DODDS SCHOOL
AVON SCHOOL	CALUMET SCHL	COMM H.S. DIST 230	DOLDON SCHOOL
BAC REGIONAL VOCATIONAL SYSTEM	CAMBRIDGE SCHOOL	COMM H.S. DIST 155	DONGOLA SCHOOL
BALL CHATHAM SCHL	CANTON UNION SCHOOL	COMM UNIT DIST	DONOVAN CUSD 3
BANNOCKBURN SCHOOL	CAPITAL AREA VOC. CTR	COMM UNIT DIST 099	DOWNSERS GROVE COMM H.S.
BARRINGTON SCHOOL	CARBONDALE COMM H.S.	COMM UNIT SCHL 3	DOWNSERS GROVE SCHOOL
BARRY SCHL	CARBONDALE FLEM SCHL	COMM UNIT SCHL DIST 400	DUNLAP COMM UNIT SCHOOL
BARTELSO SCHOOL	CAREER DEVELOPMENT SYSTEM	COMM UNIT SCHL DIST 300	DUPAGE HIGH SCHOOL
BARTONVILLE PUBLIC SCHOOL	CAREER PREPARATION NETWORK	COMM UNIT SCHOOL DIST 11	DUPO SCHOOL
BASED	CARLEVILLE SCHL	COMM UNIT SCHOOL DIST 4	DUQUOIN COMM UNIT
BATAVIA SCHOOL	CARMI WHITE COUNTY	COMMUNITY CONS. SCHOOL	DURAND SCHOOL
BEACH PARK SCHOOL	CARRIER MILLS SCHL	COMMUNITY CONS. SCH. DIST 15	DWIGHT COMMON SCHL DIST 232
BEAVERSTOWN SCHOOL	CARROLL 20 DAVIDSON STEPHENSON	COMMUNITY CONSOLIDATED SD 054	DWIGHT TWP HS
BECK AREA VOCATIONAL CENTER	REG PROG SERV	COMMUNITY UNIT SCHL	E ALTON WOOD RIVER H.S.
BECKER CITY SCHOOL	CARROLLTON SCHL	COMMUNITY UNIT SCHL DIST 6	E CENTRAL IL ED SERV CTR
BLEECHER SCHOOL	CARTERVILLE C.U. SCHL	COMMUNITY UNIT SCHOOL	EAST ST LOUIS SCHOOL
BELLE VALLEY SCHOOL	CARTHAGE C.U.D. #038	COMMUNITY UNIT SD 201	EARLVILLE SCHOOL
BELLEVILLE SCHOOL	CARY SCHOOL	CONGERVIL EUREKA SCHL	EAST ALTON SCHL
BELLEVILLE TWP H.S.J	CASEY WESTFIELD COMM U SCHL		

SCHEDULE OF PARTICIPATING EMPLOYERS

EAST COLOMA SCHOOL	FOX LAKE SCHL	HARVARD SCHOOL	KANKAKEE AREA SPEC COOP 850
EAST DUBUQUE SCHOOL	FOX RIVER GROVE SCHOOL	HARVEY PUBLIC SCHOOL	KANKAKEE SCHOOL
EAST MAINE SCHOOL	FRANKPORT COMM UNIT	HAVANA SCHOOL	KANSAS SCHL
EAST MOLINE SCHOOL	FRANKPORT SCHOOL	HAWTHORN SCHOOL DIST 72	KASKASKIA SPEC ED 801
EAST PEORIA COM H.S.	FRANKLIN CUSD 1	HAZEL CREST SCHOOL	KEENEYVILLE SCHOOL
EAST PEORIA SCHOOL	FRANKLIN JEFFERSON CO SPEC ED	HENRY-SNAZHINE CU DIST 5	KELL SCHOOL DIST C2
EAST PRAIRIE SCHOOL	FRANKLIN PARK SCHL	HERITAGE DISTRICT #6	KENDALL CO SPED COOP
EAST RICHLAND C.U.SCHL	FREIBURG COMM H.S	HERRIN COMM UNIT SCHL	KENILWORTH SCHOOL
EASTLAND COMMUNITY UNIT DIST	FREIBURG SCHOOL	HERSCHER SCHOOL	KEWANEE SCHL
EDGAR CITY COMM UNIT DIST 86	FREIGHTON SCHOOL	HEYWORTH SCHOOL	KILDEER COUNTRYSIDE CUSD 96
EDINBURG COMM. UNIT #4	FREMONT SCHOOL	HIWARATHA SCHOOL	KINGS CONS SCHOOL DIST 144
EDMUND F LINDOP SCHL	FULTON CO CURA SCHOOL	HIGH MOUNT SCHOOL	KINNICKINNICK SCHOOL
EDUCATION FOR EMPLOYMENT	GALATIA COMM UNIT SCHL	HIGHLAND PARK TWP H.S.	KIRBY SCHOOL
EDUCATION FOR EMPLOYMENT	GALENA UNIT DISTRICT #20	HIGHLAND SCHOOL	KNOXVILLE SCHL
EDUCATION GRANTS	GALESBURG CUSD 926	HIGHLANDS SCHL	KOMAREK SCHOOL
EDUCATIONAL DEVELOP CTR	GALLATIN COUNTY UNIT SD	HILLSBORDO SCHOOL	LEASE
EDUCATIONAL SERV CTR 12	GALVA SCHL	HILLSIDE SCHOOL	LA GRANGE AREA DEPT SPEC ED
EDUCATIONAL SERVICE CTR 11	GARDNER S WILMINGTON	HINCKLEY BIG ROCK	LA GRANGE SCHL DIST 102
EDUCATIONAL SERVICE CTR 17	GARDNER SCHOOL	HINSDALE SCHOOL	LA GRANGE SOUTH SCHOOL
EDUCATIONAL SERVICE CTR 4	GAVIN SCHOOL	HINSDALE TWP H.S.	LADD SCHOOL
EDUCATIONAL THERAPY CTR	GEFF SCHOOL	HOLLIS CONS SCHL	LAHARPE COM UNIT SCHL
EDWARDS CO CU SCHOOL	GENESEO SCHL	HOMER COMM CONS SCHOOL	LAKE BLUFF SCHOOL DIST 85
EDWARDSVILLE SCHOOL	GENIVA SCHL	HOMECOOD FLOSSMOOR C	LAKE CO AREA VOC SYSTEM
EFFINGHAM CU DIST #40	GENOA KINGSTON SCHL	HOMWOOD SCHOOL	LAKE FOREST COMM H.S. 115
EGYPTIAN COMM UNIT SC	GEO ZELLER ZONE CTR	HONONEGAB COMMUNITY HS	LAKE FOREST SCHOOL
EGYPTIAN ED SERVICE CTR 18	GEORGETOWN RIDGE FARM CU 4	HOOVER SCHIRM SCHOOL	LAKE PARK COMM H.S
EISENHOWER COOPERATIVE	GERMANTOWN HILLS SCHL	HOYLETON CONS SD 829	LAKE VILLA C.C. SCHL
EL PASO SCHL	GERMANTOWN SCHOOL	HUNTLEY SCHOOL	LAKE ZURICH SCHOOL
ELDORADO COMM UNTE	GIANT CITY SCHOOL	HUTSONVILLE SCHOOL	LAMOILLE C.U.S
ELEMENTARY SCHOOL DIST 129	GIBSON CITY-MELVIN-SIBLEY CUSD	IL CAN REGIONAL OFFICE OF ED	LANSING SCHOOL
ELGIN MENTAL HEALTH CTR	GYFFORD SCHL	IL EDUCATION ASSOCIATION	LABAWAY SCHOOL
ELGIN SCHL	GIFTED PROGRAM	IL FEDERATION OF TEACHERS	LASALLE CO ROE
ELISABETH LUDEMAN CENTER	GILLESPIE SCHOOL	IL PURCHASED CARE REVIEW BD	LASALLE PERU TWP H.S.
ELK GROVE SCHL	GIBARD SCHOOL	IL STATE BOARD OF EDUC.	LASALLE SCHOOL
- ELMHURST CUSD	GLEN ELLYN SCHOOL	IL STATEWIDE FACILITATOR CTR	LAWRENCEVILLE COMM U
ELMWOOD COMM UNIT SCHL	GLENBARD TWP H.S.	IL VALLEY CENTRAL U.SCHL	LEBANON COMM UNIT SCHL
ELMWOOD PARK COMMUNITY	GLENCOE SCHL	IL VALLEY ED SERV CTR 9	LEE CENTER C.U.SCHL
SCHOOLS	GLENVIEW SCHOOL	ILLINI BLUFFS UNIT	LEEDOGLE ROE
ELVERADO COM UNIT SCHL	GOREVILLE COMMUNITY UNIT 1	ILLINI CENTRAL CUSD 180	LEEPERTOWN ELEM SCHL
EWWOOD SCHOOL	GOWEN SCHOOL DIST 62	ILLINOIS ASSN. OF SCHL BOARDS	LELAND SCHOOL
EMMONS SCHL	GRAND PRAIRIE SCHOOL	ILLIOPOLIS SCHOOL	LEMONT SCHL
ERIE COMM SCHOOL UNIT	GRAND RIDGE SCHL	INA SCHOOL	LEMONT TWP H.S.
ESWOOD COMM CONS	GRANITE CITY SCHOOL	INDIAN PRAIRIE C.M. SCHL	LENA WINSLOW SCHOOL
EVANSTON TOWNSHIP HS	GRANT COM H.S.	INDIAN VALLEY VOCATIONAL CTR	LEBOY COMMUNITY UNIT SCHOOLS
EVANSTONSKOKIE SD	GRANT PARK SCHL	INDUSTRY SCHOOL	LEWISTOWN COMM H.S.
EVERGREEN PARK COMM	GRANTS	IROQUOIS CO C.U.SCHL	LEWISTOWN SCHOOL
EVERGREEN PARK SCHOOL	GRASS LAKE SCHL	IROQUOIS WEST SCHL	LEXINGTON SCHL
EWING NORTHERN SCHOOL	GRAYMONT COMM CONS SCHOOL	IRVINGTON CONSOLIDATED SCHOOL	LEYDEN COM H.S.
FAIRFIELD COMM H.S.	GRAYSLAKE COMM H.S.	JASICA SCHOOL	LIBERTY SCHOOL
FAIRFIELD SCHOOL	GRAYSLAKE SCHOOL	JUKA COMM CONS SCHL 7	LIBERTYVILLE PUBLIC SCHLS
FAIRMONT SCHL	GRAYVILLE SCHL	JACKSON PERRY EDUCATIONAL SERV	LIBERTYVILLE H.S.
FAIRVIEW SCHOOL	GREENFIELD SCHOOL	JACKSONVILLE MI DEV CTR	LIBICK CREEK SCHL
FARMINGTON CENTRAL. UNIT SCHL	GREENVIEW SCHL	JACKSONVILLE SCHOOL	LIMESTONE COMM HS DIST 310
FARRINGTON SCHOOL	CREDLEY SCHL	JAMAICA COM U	LIMESTONE WALTERS SCHL
FENTON HIGH SCHOOL	GRIGGSVILLE CUSD #4	JAMP SPECIAL EDUCATION SERV	LINCOLN COMM H.S.
FIELD SCHOOL	GRUNDY AREA VOC CTR	JASPER COMM U	LINCOLN COMM H.S.
FIELDCREST CUSD 86	GURNEE SCHOOL, DIST 56	JASPER SCHOOL	LINCOLN DEVEL. CTR
FINDLAY SCHOOL	HALL TWP HS	JERSEYVILLE SCHOOL	LINCOLN ELEM SCHOOL
FISHER C.U.SCHL DIST #1	HAMILTON CO C.U.	JO DAVIESS CARROLL AVE	LINCOLN SCHOOL
FLANAGAN SCHOOL	HAMILTON JEFFERSON COOP	JOHNSBURG SCHL	LINCOLN WAY COMM H.S.
FLORA COM U SCHOOL	HAMILTON SCHL	JOHNSTON CITY CUSD 1	LINCOLN WAY AREA SPEC ED
FLOSSMOOR SCHL	HAMPTON SCHOOL	JOLIET SCHOOL	LINCOLNSHIRE PRAIRIE VIEW SCHL
FORD HEIGHTS SCHL	HARDIN CO COMM UNIT	JOLIET TOWNSHIP H.S.	LINCOLNWOOD SCHL
FORD IROQUOIS CO SP ED	HARLEM SCHOOL	JONESBORO SCHOOL	LINDA BLACKMAN, REG. SUPT.
FOREST PARK SCHOOL	HARMONY ENGE SCHOOL	JOPPA MAPLE GROVE UNIT	LISBON GRADE SCHOOL
FOREST RIDGE SCHOOL	HARRISBURG COMM UNIT	KANE CO ROE	LISLE PUBLIC SCHOOLS
FOUR RIVERS SPECIAL ED	HARRISON SCHL	KANELAND C.U.S.D. 302	LITCHFIELD SCHOOL
FOX DEVELOPMENT CENTER	HARTSBURG EMDEN SCHOOL	KANKAKEE AREA CAREER CTR	LIVINGSTON SCHOOL

SCHEDULE OF PARTICIPATING EMPLOYERS

LOCKPORT AREA SPEC ED COOP	MOMENCE COMM UNIT SCHL	OAK GROVE SCHOOL	POLO COMMUNITY UNIT SCHOOL
LOCKPORT SCHOOL DIST 91	MONSMOUTH PUBLIC SCHOOLS	OAK LAWN COMM HS DIST 629	PONTIAC ESMEN SCHOOL
LOCKPORT TOWNSHIP H.S.	MONROE SCHOOL	OAK LAWN HOMETOWN SCHOOL	PONTIAC SCHL DIST
LOGAN CONS'L SCHOOL	MONTICELLO COMM U SCHOOL	OAK PARK ELEM SCHOOL	PONTIAC SCHOOL
LOGAN-MASON-MENARD PUBLIC SCHL	MONTMORENCY SCHL	OAK PARK RIVER FOREST HS	PONTIAC TWP H.S.
LOMBARD SCHOOL	MORRIS COMM HS	OAKDALE SCHOOL	POPE CO COM UNIT SCHL
LOSTANT CUSD #425	MORRIS SCHOOL	OAKLAND SCHOOL	PORTA COMM UNIT
LOVEJOY SCHOOL	MORRISONVILLE SCHOOL	OAKWOOD C U SCHL	POSEN ROBBINS SCHOOL
LOVINGTON SCHOOL	MORTON GROVE SCHOOL	OLBONG COMM UNIT SCHL	POTOMAC COMM UNIT
LOW POINT WASHBURN #23	MORTON GROVE SCHOOL	ODELL SCHL	PRAIRIE CENTRAL SCHOOL
LUDLOW SCHL	MORTON TOWNSHIP SCHOOL	ODIN COMMUNITY HIGH SCHOOL	PRAIRIE DU ROCHER
O'DONS H.S.	MORTON UNIT SCHOOL	ODIN SCHOOL	PRAIRIE GROVE SCHOOL
O'DONS SCHOOL	MT CARROLL C U DIST	OFALLOON SCHL	PRAIRIE HILL SCHOOL
MAILEY DEVELOPMENT CENTER	MT OLIVE SCHL	OGDEN COMMUNITY CONS. SCHOOL	PRAIRIE HILLS ELEM SCHOOL DIST
MACOMB SCHL	MT PROSPECT SCHOOL	OGLESBY SCHOOL	PRAIRIEVIEW C C GR SCHL
MADDEN MENTAL HEALTH CENTER	MT PULASKI COMM UNITE	OHIO AND WABASH VALLEY VOC SYS	PRICHARD CLARK SCHL
MADISON SCHOOL	MT VERNON SCHOOL	OHIO COMMUNITY CONS	PRINCETON HIGH SCHOOL
MAERICKER SCHOOL	MT VERNON TWP H.S.	OHIO COMMUNITY H.S.	PRINCETON SCHL
MAHOMET SCHOOL	MT ZION SCHOOL	OLYMPIA SCHL	PRINCETONVILLE COMMUNITY UNIT
MALDEN SCHOOL	MULBERRY GROVE SCHL	OPATIKE BELLE RIVE GR SCHL	PROPHETSTOWN-LYNDON
MALTA COMM UNIT	MUNDELEIN CONS H.S.	OPHR SCHL	PROSPECT HTS SCHL
MANHATTAN SCHOOL DIST 314	MUNDELEIN SCHOOL DIST #75	ORANGEVILLE SCHOOL	PROVISO TWP H.S.
MANNHEIM SCHOOL	MURPHYSBORO SCHL	OREGON SCHOOL	PUFFER-HOFFY SCHL DIST 69
MANTENO COMM UNIT DIST 5	N BOONE COMM UNIT SCHOOL	ORION SCHOOL	PUTNAM CO COMM UNIT SCHL
MARENGO COMM HS	N CLAY COMM UNIT	ORLAND PARK SCHOOL	QUEEN BEE SCHOOL
MARENGO UNION ELEMENTARY CONS	N WAYNE COMM U SCHL	OSWEGO SCHOOL	QUINCY SCHOOL
MARION SCHOOL	NAPERVILLE COMMUNITY SCHOOL	OTTAWA SCHL	R O W Y A SCHOOL
MARISSA C U	NASHVILLE COMM H.S.	OTTAWA TWP HS	RACCOON SCHL
MAROA-FORSYTH COMM H.S.	NASHVILLE SCHL DIST 449	OTTER CREEK SCHOOL	RAMSEY COMMUNITY UNIT SCHOOL
MARQUARDT SCHOOL	NAUVOO SCHOOL	OUT OF STATE	RANDOLPH CO SPEC ED
MARSELLES SCHOOL DIST 150	NESEC - N DUPAGE SPEC ED COOP	PALATINE TWP HS	RANKIN SCHOOL
MARSHALL SCHL	NELSON SCHOOL	PALESTINE SCHOOL	RANTOUL CITY SCHOOL
MARTINSVILLE SCHL	NEOGA COMM UNIT 5 SCHL	PALOS HEIGHTS SCHOOL	RANTOUL TOWNSHIP H.S.
MASCOUTAH COMM UNIT	NEPONSET COMM U SCHL	PALOS SCHL	REAVIS TWP H.S.
MASSAC COUNTY UNIT SCHOOL	NETTLE CREEK SCHOOL	PANA SCHOOL	RED BUD SCHOOL
MATTISON SCHOOL	NEW ATHENS SCHOOL	PANHANDLE C U SCHL	RED HILL COMM UNIT
MAYWOOD SCHL	NEW BERLIN SCHL	PARIS SCHOOL	REED CUSTER COMM SCHL
MAZON-VERONA-KINSMAN COMM UNIT	NEW HOLLAND MIDDLETOWN #8	PARIS UNION SCHL	REG DIST-SYS VOC ED AND GIFTED
MCCELLIAN SCHL	NEW HOPE CSD	PARK FOREST SCHOOL	REG SUPT OF SCHOOLS
MFARLAND MENTAL HEALTH	NEW LENOX SCHOOL	PARK RIDGE SCHOOL	REGIONAL FILM LIBRARY
MCHENRY ELEM SCHOOL DIST #25	NEW SIMPSON HILL SCHL	PASS ADULT EDUCATION	REGIONAL OFFICE OF ED
MCHENRY H.S.	NEW TIER TOWNSHIP HS DIST 203	PATOKA C U SCHOOL	REGIONAL OFFICE OF EDUCATION
MCKINLEY SCHOOL	NEWARK C C GRADE SCHL	PATTON SCHOOL DIST 133	REGIONAL OFFICE OF EDUCATION
MCLEAN CO UNIT DIST	NEWARK COMM HS	PAWNEE CUSD #11	REGIONAL SUPT
MEDINA ELEMENTARY SCHOOL	NIANTIC-HARRISTOWN SCHOOLS	PAXTON HUCKLEY LOHA COMM UNIT	REGIONAL SUPT OF SCHOOLS
MENDOTA GRADE SCHOOL	NILES SCHOOL	PASOON SCHOOL	REGIONAL SUPT SCHOOLS
MENDOTA TWP HS	NILES TOWNSHIP H.S.	PEARL CITY SCHL	REGIONAL VOCATIONAL SYSTEM
MEHEDOSIA SCHL	NOKOMIS SCHL	PECATONICA SCHOOL	RHODES SCHOOL
MERIDAN COMM UNIT	NORRIDGE SCHOOL	PEKIN COMMUNITY HIGH SCHOOL	RICH TWP HS
MERIDIAN C U SCHL	NORRIS CITY-OMAHA ENFIELD	PEKIN SCHOOL	RICHLAND GRADE SCHOOL
MERIDIAN C U.S.D #15	NORTH CENTRAL REG EDUC LAB	PEMBROKE SCHOOL	RICHMOND BURTON HS
MERIDIAN COMM CONS	NORTH CHICAGO SCHOOL	PENNOVER SCHL	RICHMOND SCHOOL
METAMORA SCHOOL	NORTH GREENE DIST 3	PEORIA COUNTY ROE	RIDGE LAND SCHL
METAMORA TWP H.S.	NORTH PALOS SCHL	PEORIA H.S. COMM UNIT SCHL	RIDGEVIEW COMM UNIT SCHOOLS
METRO CNA SERVICES	NORTH PEKIN-MARQUETTE HTS	PEORIA SCHOOL	RIDGEWOOD COMM H.S.
MID-ILLINOIS ESC 15	NORTH SHORE SCHOOL DIST #12	PEOTONE SCHOOL	RILEY SCHOOL
MIDLAND	NORTH WAMAC SCHL	PERU SCHOOL	RIVER BEND COMM U SCHL
MIDDLEBURN SCHL	NORTHBROOK SCHOOL	PHILIP J ROCK SCHL & SERV CTR	RIVER FOREST SCHOOL
MIDWEST CENTRAL DIST 281	NORTHBROOK SCHOOL	PIKELAND SCHOOL	RIVER GRY SCHL
MILFORD SCHL	NORTHFIELD TWP H.S.	PINCKNEYVILLE SCHL	RIVER RIDGE C U SCHL
MILFORD TWP HS	NORTHWEST SCHOOL	PINCKNEYVL COMM HIGH SCHOOL	RIVER TRAILS SCHL
MILLBURN SCHL	NORTHWEST SPECIAL ED. DIST.	PLAINFIELD SCHL	RIVERDALE SCHOOL
MILLER SCHOOL	NORTHWESTERN IL ASSO	PLANO C U SCHOOL	RIVERDALE SCHOOL
MILLSTADT SCHOOL	NORTHWESTERN SCHOOL	PLEASANT HILL SCHL	RIVERSIDE BROOKFIELD SCHOOL
MINOKA COMM H.S.	NORWOOD SCHOOL	PLEASANT HILL SCHOOL	RIVERSIDE SCHOOL
MINOKA SCHOOL	NSSED	PLEASANT PLAINS SCHOOL	RIVERTON COMM UNIT
MOKENA SCHOOL	OFALLOON TWP H.S.	PLEASANT VALLEY SCHOOL	RIVERVIEW SCHOOL
MOLINE SCHOOL	OAK GROVE SCHOOL	PLEASANTDALE SCHOOL	ROANOKE BENSON SCHOOL

SCHEDULE OF PARTICIPATING EMPLOYERS

BORIN SCHOOL	SHERLAND SCHOOL	TACOP	WABASH COMM UNIT SCHL
ROCHELLE SCHOOL	SIGNAL HILL	TAYLORSVILLE SCHOOL	WALLACE
ROCHELLE TWP HS	SILVIS SCHOOL	TAZEWELL COUNTY ROE	WALTHAM SCHOOL
ROCHESTER SCHL	SINGER MENTAL HEALTH	TEACHERS' RETIREMENT SYSTEM	WALTONVILLE SCHOOL
ROCK FALLS H.S.	SKOKIE SCHOOL	TENCOSSIRSEA REG ED PROG	WARREN C. MURRAY DEV. CENTER
ROCK FALLS SCHOOLS	SKOKIE SCHOOL DIST. 69	THEUTOPOLIS SCHOOL	WARREN SCHL
ROCK ISLAND COUNTY ROE	SKOKIE SCHOOL DIST. 73.5	THOMASBORO SCHOOL	WARREN SCHOOL
ROCK ISLAND SCHOOL	SMITHTON SCHOOL	THOMPSONVILLE COMM H.S.	WARREN TWP HIGH SCHOOL
ROCKDALE SCHL	SO WILL CO COOP FOR SPEC ED	THOMPSONVILLE GR SCHL	WARRENSBURG LATHAM
ROCKFORD PUBLIC SCHOOLS	SOMONAUK COMM UNIT SCHL	THOMSON SCHOOL	WAISAWA SCHOOL
ROCKRIDGE COMM SCHL	SOUTH BELoit PUB SCHL	THORNTON FRACTIONAL	WASHINGTON COMM H.S.
ROCKTON SCHL	SOUTH CENTRAL COMM UNIT	THORNTON SCHOOL	WASHINGTON ELEMENTARY SCHOOL
ROE-CLO-COLUMBIA-EDMOUTON-SBY	SOUTH COOK ISC #4	THORNTON TWP HS	WATERLOO SCHOOL
ROE #12-CLY-RAWI-JASPLAW-ERICH	SOUTH FORK SCHOOL	TINLEY PARK MENTAL HEALTH CTR	WAUCONDA C USCHL
ROE PROFESSIONAL DEV. ALLIANCE	SOUTH METROPOLITAN ASSO #80	TINLEY PARK SCHOOL	WAUKESHA PUB SCHLS
ROE PROFESSIONAL SERVICES #93	SOUTH PEKIN GRADE SCHOOL	TISKILWA SCHOOL	WAVERLY COMMUNITY UNIT SCHL
ROE-PROJECT AREA 13 HUB	SOUTH WILMINGTON GRADE SCHOOL	TMCSEA	WAYNE CITY COMM U
ROME SCHOOL	SOUTHEASTERN COMM UNIT	TOLEDO SCHOOL	WEBER TWP HS
RONDOUT SCHOOL	SOUTHERN COMM UNIT #79	TOLONO SCHOOL	WENTWORTH WILSON SCHL
ROSELLE SCHOOL	SOUTHWEST COOK COOP	TONICA SCHOOL	WESTCLIFF SCHOOL
ROSEMONT SCHOOL	SOUTHWESTERN SCHL	TOWER HILL COMM H.S.	WEST CENTRAL IL SPEC ED COOP
ROSEVILLE SCHL	SPARTA C.U.	TOWER HILL SCHL	WEST CHICAGO ELEM SCHLS
ROSSVILLE COMMUNITY UNIT	SPEC ED COOP	TOWNSHIP H.S. DIST 214	WEST HARVEY-DIXMOOR SCHOOLS
ROUND LAKE COMM UNIT	SPEC ED SEJA #81	TOWNSHIP HIGH SCHOOL	WEST PIKE SCHOOL
ROXANA SCHL	SPEC ED TCJR	THEES	WEST RICHLAND C U SCHL
RUTLAND SCHOOL	SPEC ED DIST. OF LAKE CO.	THREMONT SCHOOL	WESTCHESTER SCHL
SALEM COMM H.S.	SPECIAL ED TEACHER	THE CITY SCHL	WESTERN SPRGS SCHOOL
SALEM SCHOOL	SPECIAL ED. DIST. - REGION 3	THE COUNTY EDUCATION SERV CTR	WESTMER COMM UNIT
SALT CREEK SCHOOL	SPECIAL PROJECTS	THE COUNTY SPE ED ASSO	WESTVILLE C USCHL
SANDOVAL C U DIST 801	SPEED ED COOP	THE POINT COMM SCHOOL	WEATHERFIELD SCHOOL
SANDRIDGE SCHOOL	SPAWN RIVER VALLEY SCHOOL	THE VALLEY SCHL	WHITING SCHOOL
SANDWICH SCHOOL	SPRING CRV ELEM SCHL	THE COUNTY SPEC ED CO-OP	WHITESIDE CO ROE
SANGAMON AREA SPECIAL ED	SPRING LAKE C U SCHL	TRIAD COMM SCHL	WHITESIDE SCHOOL
SANGAMON COUNTY ROE	SPRING VALLEY SCHOOL	TRICO COMM UNIT	WILCO AREA CAREER CENTER
SARATOGA SCHOOL	SPRINGFIELD SCHOOLS	TRIOPIA C U SCHL	WILL CO SCHOOL DISTRICT
SASED	ST ANNE COMM H.S.	TRITON SCHOOL DISTRICT 30-C	WILLIAMSTFIELD SCHOOL
SAUK VILLAGE SCHOOL	ST ANNE SCHOOL	TRUANT ALTERNATIVE PROG	WILLIAMSON CO. SUPT. OF SCHLS
SAUNEMIN ELEMENTARY	ST DAVID SCHOOL	TRUANTS ALT & OPT EDUC PROGRAM	WILLIAMSVILLE SCHL
SAVANNA C U S DIST	ST ELMO SCHL	TUSCOLA SCHOOL	WILLOW GROVE SCHOOL
SAVER	ST GEORGE SCHOOL DIST 258	TWIN RIVERS REG VOC DEL SYS	WILLOW SPRINGS SCHOOL
SCALES MOUND SCHOOL	ST JOSEPH OGDEN SCHL	TWO RIVERS PROFESSIONAL DEV. CTR	WILMETTE SCHOOL
SCHILLER PK SCHL	ST JOSEPH SCHOOL	UNION COMMUNITY UNIT SCH #15	WILMINGTTON COMM UNIT
SCHL DIST 89	ST LIBRARY SCHOOL	UNION RIDGE SCHOOL	WINGCHESTER C U SCHOOL
SCHOOL DIST 0880	ST ROSE SCHOOL	UNION SCHOOL	WINDSOR SCHOOL
SCHOOL DIST 100	ST. CHARLES SCHOOL	UNIT SCHOOL, DIST 221	WINFIELD SCHOOL
SCHOOL DIST 109	STAARK CITY CUSD #1000	UNITED TWP H.S.	WINNEBAGO SCHOOL
SCHOOL DIST 126	STAUNTON SCHOOL	UNITY POINT SCHOOL	WINNETKA SCHOOL
SCHOOL DIST NO 30	STERELEVILLE SCHOOL	URBANA SCHOOL DISTRICT 136	WINTHROP HARBOR SCHL
SCHOOL DISTRICT 86	STEIGER SCHL DIST 294	UTICA ELEM SCHL	WITT SCHOOL
SCHOOL DISTRICT 149	STEPHENSON AREA TECH ED SYS	V.I.T. SCHOOL	WM HOWE DEVLP CTR
SCHOOL DISTRICT 153	STEWARD SCHOOL	VALLEY VIEW SCHOOL	WOOD DALE SCHOOL
SCHEUNLER C U SCHL	STEWARTSON STRASBURG	VALMYER SCHOOL	WOOD RIVER SCHOOL
SEDC #100 0000 61 MARRON	STICKNEY CENTRAL SCHOOL	VANDALIA COMM SCHLS	WOODFORD CO SPEC ED
SEDOM	STOCKTON C USD #206	VENICE SCHOOL	WOODLAND COMM CONS SCHL DRS 50
SEJA #805 PAEC	STREATOR ELEMENTARY SCHOOLS	VERMILION ASSOC. SPEC EDUCATION	WOODLAND STREATOR
SEJA #844 NSSED	STREATOR TWP HIGH SCHOOL	VIENNA SCHL	WOODLAWN COMM H.S.
SELMAVILLE COMM SCHOOL	SULLIVAN SCHOOL	VIENNA TWP H.S.	WOODLAWN SCHOOL
SENECA GRADE SCHOOL	SUMMERSVILLE SCHOOL	VILLA GROVE SCHOOL	WOODRIDGE SCHOOL
SENECA TWP HIGH SCHOOL	SUMMIT HILL ADM OFF	VILLA PARK SCHOOL	WOODSTOCK COMM UNIT
SESSER VALIER COMM UNIT	SUNNYBROOK S.D. 171	VIRDEN COMM UNIT DIST 4	WORTH SCHOOL
SHABOONA SCHOOL	SUNSET RIDGE SCHOOL	VIRGINIA SCHOOL	YORKVILLE CUSD #15
SHAPIRO DEVELOPMENTAL CTR	SUPT ED SERV REG	VOCATIONAL ED PROJECT	YORKWOOD SCHL
SHAWNEE C U SCHOOL	SUPT ESRI	VOCATIONAL EDUCATION SYSTEM	ZEGLER BOYALTON C U
SHELBYVILLE SCHOOL	SWANSEA SCHOOL	W. CHICAGO COMM H.S.	ZION BENTON TWP H.S.
SHELDON COMMUNITY DIST. #5	SYCAMORE COMM UNIT SCHL	W. NORTHFIELD SCHL	ZION SCHOOL
SHERRARD SCHOOL	TAFT SCHOOL	W. WASHINGTON C USCHL	
SHILOH SCHOOL DIST. #1	TAMARIA SCHL	W. LINCOLN BROADWELL	
SHILOH VILLAGE SCHOOL	TAMPA CO COMM UNIT	WABASH & OHIO VALLEY SE DIST	



Section Five: Investments

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

ABRAHAM LINCOLN

ASSET CLASS AND MANAGER COMPOSITION

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

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

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

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

ASSET CLASS AND MANAGER COMPOSITION

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

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

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

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

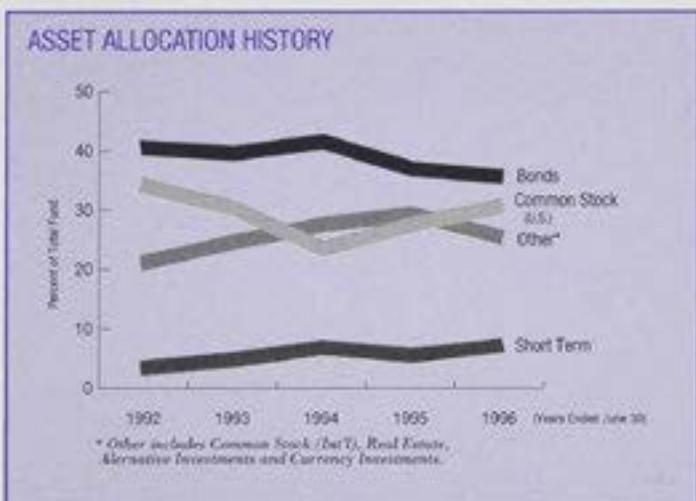
The following illustrates the System's asset class allocation on June 30, 1996:

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

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

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

ASSET CLASS AND MANAGER COMPOSITION



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

FIXED INCOME

(BONDS)-U.S.

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

FIXED INCOME (Bonds)

INTERNATIONAL

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

EQUITY

(COMMON STOCK) - U.S.

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

Lincoln Capital Management Company

Morgan Stanley Asset Management
(The Chicago Group)

Munder Capital Management, Inc.

Oppenheimer Capital

Pacific Investment Management Co.

Paradigm Asset Management Co., LLC

RCM Capital Management

Sturdivant & Company

Valenzuela Capital Management, Inc.

Zimmerman Investment
Management Company

EQUITY (COMMON STOCK) -
INTERNATIONAL

Blarologie International

Brandywine International

Brinson Partners, Inc.

Clay Finlay, Inc.

Daiwa International Capital
Management Corp.

Delaware International Advisors, Ltd.

Hotchkis & Wiley International

IDS International Corporation

Pyrford International Inc.

RCM International

Scudder, Stevens & Clark, Inc.

REAL ESTATE

EQUITY

Bear Stearns/Capital Associates
Realty Advisors

Capital Associates Realty Advisors

Commonwealth Realty Advisors Inc.

DLJ Real Estate Capital Partners, L.P.

Heitman Capital Management

K/B Realty Advisors

LaSalle Advisors Limited

LPC Realty Advisors I, Ltd.

Westmark Realty Advisors

Stone-Levy LLC

Cozad/Westchester

ALTERNATIVE

INVESTMENTS

Angelo Gordon & Co.

Apex Investment Partners

DLJ Merchant Banking, Inc.

Frontenac Company

Fenchurch Capital Management Ltd.

Penman Asset Management, L.P.

Sandler Capital Management

Trivest, Inc.

Veritas Sahler & Associates

Weiss, Peck & Greer Venture Partners, L.P.

TACTICAL ASSET

ALLOCATION

Brinson Partners, Inc.

Pyrford International, Inc.

FOREIGN EXCHANGE

EXPOSURE MANAGEMENT

A.G. Biasset

Pareto Partners

Zimmerman Investment Management Co.

CASH

MANAGEMENT

Atlantic Asset Management, Inc.

Harris Investment Management Co., Inc.

Hotchkis & Wiley

RETURN AND U.S. EQUITIES

ASSET CLASS AND MARKET INDICES RETURNS

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

TOTAL FUND RESULTS

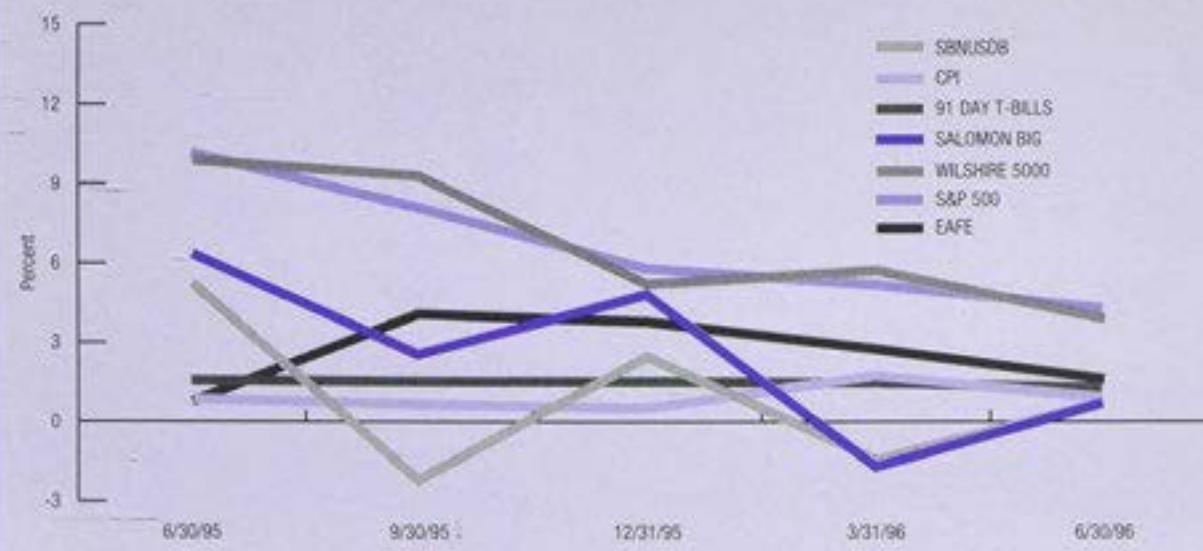
The System's FY96 total time-weighted rate of return of 16.3% was due primarily to the strength of its investments in alternative, real estate, U.S. and international stock markets. The total annualized

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

U.S. EQUITY RESULTS AND PROFILE

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

ASSET CLASS QUARTERLY RETURN BY REPRESENTATIVE INDICES



DIVERSIFICATION AND INDUSTRY RETURNS

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

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

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

DIVERSIFICATION BY INDUSTRY SECTOR (%)

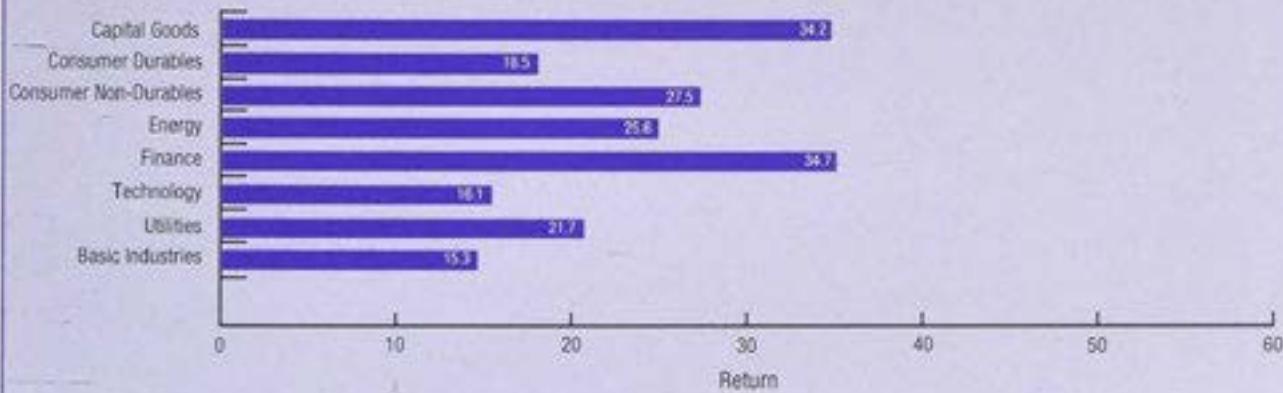
(As of June 30)	1996		1995	
	S&P 500	WIL 5000	S&P 500	WIL 5000
Sector	TBS		TRS	
Consumer Non-Durables	26.6	34.2	28.0	29.2
Technology	12.9	10.6	15.1	13.5
Basic Industries	19.4	8.8	12.0	20.9
Utilities	2.5	11.2	11.6	8.0
Finance	20.0	14.1	17.3	14.9
Energy	3.0	9.5	7.4	5.3
Capital Goods	11.0	8.7	5.5	4.1
Consumer Durables	4.6	2.9	3.1	4.1
			3.0	3.1

Numbers provided by Northern Trust Bank and Wilshire Compass

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

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

S&P 500 INDUSTRY RETURNS



INTERNATIONAL EQUITY, ALTERNATIVE AND FIXED INCOME

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

U.S. EQUITY PORTFOLIO PROFILE

(As of June 30)	1996			1995		
	TRS	S&P 500	WIL 5000	TRS	S&P 500	WIL 5000
Capitalization (\$Bil)	21.4	33.4	24.4	15.7	25.2	18.5
Price/Earnings Ratio	22.3	23.1	20.9	21.0	16.5	17.7
Dividend Yield (%)	1.7	2.2	1.9	2.5	2.9	2.4
Beta	1.1	1.0	1.1	1.0	1.0	1.1
Diversification (R-Squared)	1.0	1.0	0.9	1.0	1.0	1.0
Five-Year Earnings Growth Rate (%)	10.9	8.9	9.9	12.1	4.8	6.8
Market/Book Ratio	5.6	4.3	5.4	8.3	4.0	3.9

Numbers provided by Northern Trust Bank and Wilshire Compsys.

INTERNATIONAL EQUITY RESULTS

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

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

The TRS managers maintained their cautious view on Japanese equities, holding 14% of the System's foreign equities in Japan, compared to that country's 39.7% relative weighting in the EAFE Index. During FY96, the market value of assets assigned to international equity increased from \$1,456 billion to \$1,844 billion due to \$385 million of market value appreciation and \$3 million of reallocations from other asset classes.

ALTERNATIVE INVESTMENTS RESULTS

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

FIXED INCOME RESULTS AND PROFILE

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

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

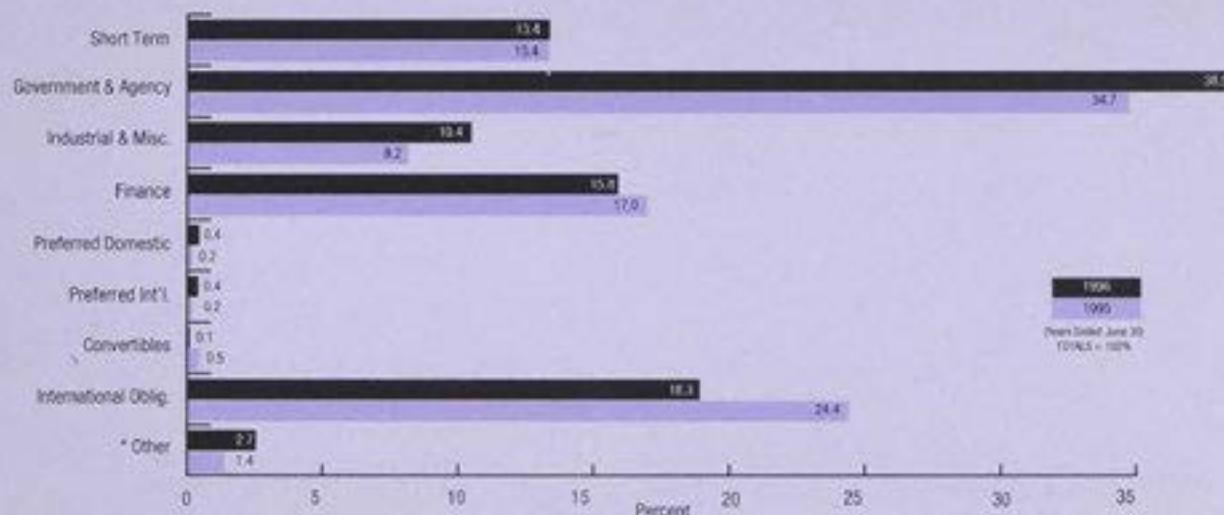
Fixed income assets invested in the international marketplace comprised \$1.508 billion of the

MANAGER PORTFOLIO DIVERSIFICATION

\$4,330 billion market value of total assets assigned to fixed income managers at fiscal year end. The System's international fixed income managers returned 6.6% in fiscal 1996, versus the benchmark Salomon Brothers Non-U.S. Dollar Bond Index, which returned -1.9%. The following exhibits

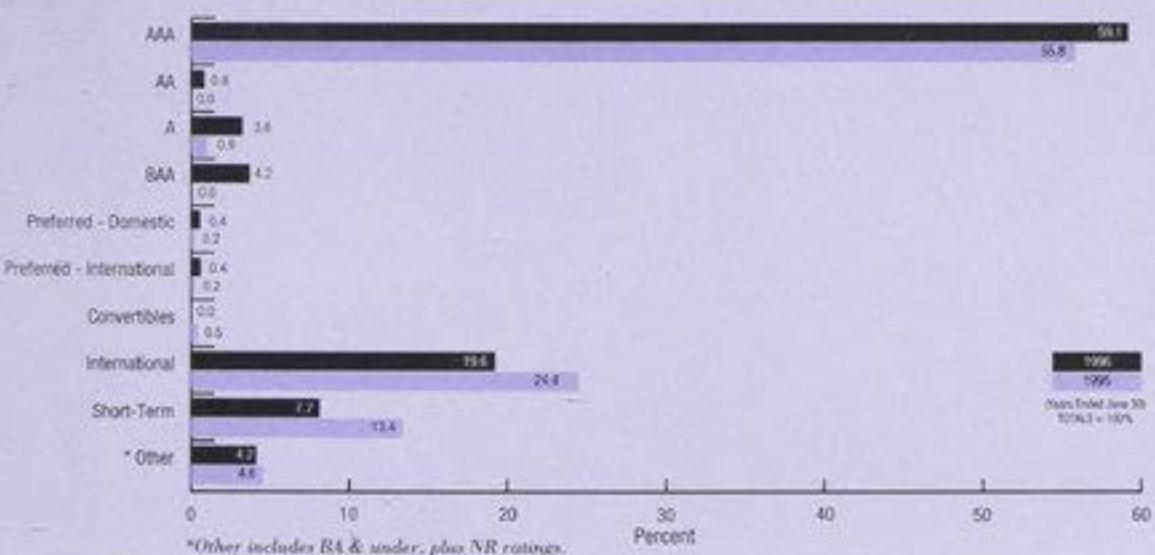
reflect changes made within fixed income manager portfolios during FY96 with regard to diversification by issuer type and quality ratings, as well as the underlying bond portfolio characteristics (excluding short-term investments) primarily affecting total return.

DIVERSIFICATION BY ISSUER TYPE FOR FIXED INCOME MANAGER PORTFOLIOS



*Other includes Utilities, Telephone, and Transportation.

DIVERSIFICATION BY QUALITY RATING FOR FIXED INCOME MANAGER PORTFOLIOS



*Other includes BA & under, plus NR ratings.

REAL ESTATE AND SHORT TERM RESULTS

BOND PORTFOLIO PROFILE

(As of June 30)	1996		1995	
Characteristic	TRS	Salomon BIG	TRS	Salomon BIG
Maturity (years)	8.49	8.45	14.31	13.60
Duration (years)	4.89	4.80	5.02	4.76
Coupon (%)	8.49	6.99	8.94	7.61
Yield to Maturity (%)	8.49	8.45	6.95	6.57
Current Yield (%)	6.88	7.03	7.68	7.15

REAL ESTATE EQUITY INVESTMENT RESULTS

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

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

agers increased from \$2,068 billion to \$2,238 billion. This increase resulted from \$102 million in income/reinvested income, \$28 million of reallocations to other asset classes from the real estate asset class, and an increase of \$40 million for market value appreciation.

SHORT-TERM INVESTMENT RESULTS

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

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

PORTFOLIO SUMMARY

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

* Includes accrued income and dividends totaling \$161,202,687.

INVESTMENTS AT MARKET VALUE

COMPOSITION OF INVESTMENTS AT MARKET VALUE

(June 30, 1996)

Alternative Investments (1.3%)

Real Estate Equity (14.5%)

Currency Investments (0.3%)

Common Stock-Int'l (9.9%)

Preferred Stock (0.4%)

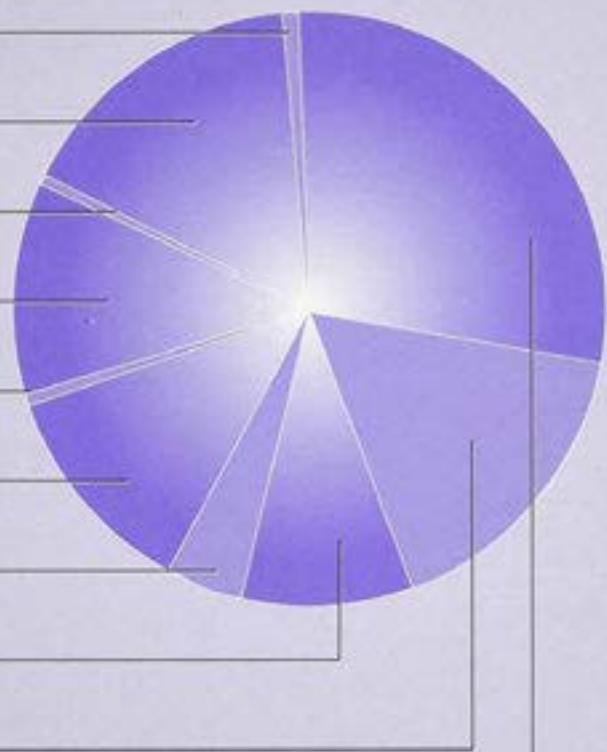
Corporate Obligations -U.S. (12.1%)

Short Term Investments (6.8%)

Corporate Obligations-Int'l (7.9%)

Government Obligations (16.5%)

Common Stock-U.S. (30.3%)



Alternative Investments (1.3%)

Real Estate Equity (14.5%)

Currency Investments (0.3%)

Common Stock-Int'l (9.9%)

Preferred Stock (0.4%)

Corporate Obligations -U.S. (12.1%)

1.4% - Basic Industries

0.7% - Consumer Non-Durables

0.1% - Energy

6.6% - Financial

2.1% - Miscellaneous

0.1% - Technology

0.5% - Transportation

0.6% - Utilities

Short Term Investments (6.8%)

4.6% Investment Reserve Fund

2.2% Other

(Percent of Total)

1.0% Commercial Paper

2.1% Variable Notes

11.0% Demand Notes

4.8% Medium Term Notes

0.9% Guaranteed Insurance

80.2% Other

Common Stock-U.S. (30.3%)

(Percent of Total)

26.6% Consumer Non-Durables

12.9% Technology

19.4% Basic Industries

2.5% Utilities

20.0% Finance

3.0% Energy

11.0% Capital Goods

4.6% Consumer Durables

Corporate Obligations-Int'l (7.9%)

Government Obligations (16.5%)

6.9% Federal Agency

9.6% U.S. Government

0.0% Municipal Bonds

SUMMARY STATISTICS

SUMMARY STATISTICS

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

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

* - Includes miscellaneous liabilities of \$328 million.

** - Includes prior period adjustment of \$133 million.

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

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

INVESTMENTS

INVESTMENT LISTING



BONDS, CORPORATE NOTES & PREFERRED STOCK

FY96 ANNUAL INVESTMENT LISTING FOR PERIOD ENDING 6/30/96

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
GOVERNMENT OBLIGATIONS						
U.S. GOVERNMENT						
UNITED STATES TREASURY BILLS						
	AAA	3.930	07/18/96	5,000,000	4,944,762	4,990,150
	AAA	5.650	11/14/96	6,760,000	6,596,378	6,628,721
	AAA	5.230	05/29/97	690,000	652,499	655,331
	AAA	4.730	07/25/96	15,250,000	15,054,385	15,202,268
	AAA	4.950	08/15/96	12,750,000	12,649,098	12,672,353
	AAA	N/A	08/29/96	9,845,000	9,617,335	9,764,763
	AAA	N/A	10/17/96	15,360,000	15,025,873	15,124,070
	AAA	N/A	10/24/96	12,050,000	11,746,808	11,853,344
	AAA	5.670	12/19/96	15,500,000	15,092,132	15,119,339
	AAA	5.250	06/26/97	44,405,000	41,924,927	42,011,571
	AAA	4.890	08/01/96	3,110,000	3,070,850	3,097,218
	AAA	5.160	04/03/97	310,000	293,768	297,426
	AAA	N/A	12/12/96	5,500,000	5,353,843	5,345,381
	AAA	N/A	08/22/96	7,000,000	6,650,000	6,945,960
	AAA	N/A	11/14/96	3,815,000	3,718,732	3,740,913
	AAA	N/A	10/17/96	6,000	5,876	5,968
	AAA	N/A	07/18/96	12,250,000	12,135,585	12,225,568
	AAA	N/A	08/22/96	18,070,000	17,663,623	17,940,077
UNITED STATES TREASURY BONDS						
	AAA	10.375	11/15/09	1,000,000	1,194,901	1,222,970
	AAA	10.750	02/15/03	500,000	630,469	610,080
	AAA	10.750	05/15/03	1,175,000	1,552,515	1,439,563
	AAA	10.750	08/15/05	850,000	1,034,590	1,079,101
	AAA	11.250	02/15/15	770,000	1,007,799	1,111,202
	AAA	11.750	02/15/01	1,000,000	1,355,000	1,213,280
	AAA	12.000	05/15/05	400,000	537,250	539,064
	AAA	12.000	08/15/13	850,000	1,191,063	1,198,237
	AAA	12.500	08/15/14	250,000	382,266	367,773
	AAA	6.250	08/15/23	3,600,000	3,447,820	3,263,616
	AAA	7.130	02/15/23	1,000,000	986,094	1,010,780
	AAA	7.250	05/15/16	3,500,000	3,251,594	3,582,040
	AAA	7.500	11/15/16	1,200,000	1,109,257	1,260,744
	AAA	7.625	02/15/25	3,000,000	3,083,438	3,232,500
	AAA	7.630	11/15/22	950,000	1,123,906	1,016,348
	AAA	8.000	11/15/21	3,400,000	3,643,852	3,780,902
	AAA	8.130	08/15/19	2,000,000	2,057,188	2,245,000
	AAA	8.130	08/15/21	3,200,000	3,248,743	3,603,488
	AAA	8.750	11/15/08	450,000	513,563	499,149
	AAA	9.880	11/15/15	500,000	704,063	650,860
	AAA	8.880	08/15/17	100,000	119,266	120,062
	AAA	5.130	11/30/98	9,605,000	9,029,248	9,372,367
	AAA	7.125	02/15/23	3,000,000	3,057,500	3,032,340
	AAA	8.000	11/15/21	2,500,000	2,784,380	2,778,905
	AAA	6.875	08/15/25	4,500,000	4,793,438	4,454,280
UNITED STATES TREASURY NOTES						
	AAA	5.250	12/31/97	2,780,000	2,792,234	2,750,893
	AAA	5.630	10/31/97	3,000,000	3,014,297	2,987,820
	AAA	5.600	02/15/99	21,810,000	21,553,614	21,159,190
	AAA	5.500	11/15/98	7,360,000	7,449,239	7,243,859
	AAA	4.750	10/31/98	2,300,000	2,256,766	2,228,493
	AAA	5.000	01/31/99	40,000,000	39,673,378	38,818,800
	AAA	5.630	11/30/00	1,000,000	995,000	968,590
	AAA	5.750	09/30/97	7,430,000	7,425,590	7,435,994
	AAA	5.880	08/15/98	6,000,000	6,108,750	5,963,460
	AAA	5.880	11/15/05	1,000,000	1,021,094	942,039
	AAA	5.880	02/15/04	4,300,000	3,885,813	4,109,854
	AAA	5.880	03/31/99	2,775,000	2,832,165	2,747,250
	AAA	6.125	09/30/00	44,600,000	43,685,182	44,077,288
	AAA	6.250	08/31/00	1,700,000	1,740,984	1,688,049
	AAA	6.330	03/31/01	10,000,000	9,994,763	9,961,178
	AAA	6.500	05/31/01	10,185,000	10,105,430	10,189,787
	AAA	6.500	08/15/05	10,555,000	10,362,875	10,463,219
	AAA	6.500	04/30/99	1,000,000	1,002,344	1,005,310

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	6.750	04/30/90	250,000	867,996	858,900
AAA	6.880	05/15/96	17,950,000	18,063,961	18,149,066
AAA	6.880	07/31/99	1,400,000	1,393,502	1,419,908
AAA	7.250	11/30/96	2,500,000	2,485,938	2,517,575
AAA	7.750	01/31/00	32,950,000	34,795,804	34,345,103
AAA	7.750	12/31/99	2,500,000	2,483,594	2,604,675
AAA	7.880	11/15/04	1,500,000	1,538,432	1,612,260
AAA	6.750	06/30/99	1,000,000	979,531	1,011,560
AAA	8.130	02/15/98	1,900,000	1,971,235	1,959,375
AAA	8.880	02/15/99	1,000,000	1,062,188	1,062,340
AAA	8.500	02/15/00	1,000,000	1,078,906	1,066,560
AAA	7.750	02/15/01	2,000,000	2,002,500	2,101,880
AAA	7.500	05/15/02	460,000	493,356	481,560
AAA	6.250	02/15/03	100,000	101,875	98,234
AAA	5.750	08/15/03	2,300,000	2,234,828	2,190,382
AAA	8.630	08/15/97	500,000	535,703	514,610
AAA	9.130	05/15/99	1,005,000	1,150,043	1,078,023
AAA	8.880	05/15/00	1,100,000	1,216,999	1,191,432
AAA	8.000	05/15/01	900,000	955,906	956,808
AAA	6.380	08/15/02	19,425,000	19,901,576	19,270,183
AAA	8.880	11/15/97	2,600,000	2,713,500	2,697,084
AAA	8.000	08/15/99	44,300,000	46,554,561	46,843,776
AAA	8.750	08/15/00	400,000	446,500	433,188
AAA	7.250	08/15/04	2,500,000	2,674,531	2,589,450
AAA	8.880	11/15/98	650,000	753,695	687,271
AAA	7.880	11/15/99	1,000,000	1,049,375	1,044,530
AAA	8.500	11/15/00	400,000	429,000	431,188
AAA	7.500	11/15/01	40,700,000	43,100,363	42,487,137
AAA	6.380	01/15/99	1,000,000	1,043,458	1,003,280
AAA	6.380	01/15/00	500,000	515,781	499,920
AAA	6.000	10/15/99	1,000,000	965,781	989,530
AAA	5.630	01/31/98	1,800,000	1,888,564	1,789,038
AAA	5.130	03/31/98	750,000	736,406	736,278
AAA	5.130	04/30/98	1,900,000	1,919,594	1,867,928
AAA	5.380	05/31/98	1,800,000	1,787,063	1,776,096
AAA	5.500	07/31/97	1,800,000	1,748,156	1,793,250
AAA	5.130	06/30/98	2,850,000	2,794,071	2,797,019
AAA	5.630	08/31/97	1,600,000	1,548,625	1,594,992
AAA	5.250	07/31/98	950,000	968,109	933,527
AAA	4.750	08/31/98	1,500,000	1,470,859	1,457,580
AAA	5.750	10/31/97	1,400,000	1,463,445	1,396,500
AAA	4.750	09/30/98	1,000,000	966,875	970,160
AAA	7.750	11/30/99	19,500,000	20,329,844	20,304,375
AAA	5.880	04/30/98	2,510,000	2,562,941	2,500,186
AAA	6.380	05/15/99	4,000,000	3,983,125	4,008,760
AAA	6.125	05/31/97	2,000,000	2,017,656	2,006,240
AAA	6.125	07/31/96	5,000,000	4,904,688	5,006,250
AAA	4.750	02/15/97	9,000,000	8,859,375	8,946,540
AAA	4.750	10/31/98	11,500,000	11,347,266	11,144,213
AAA	5.625	02/15/96	2,400,000	2,284,875	2,223,744
AAA	5.625	02/28/91	7,500,000	7,292,578	7,248,075
AAA	5.625	06/30/97	15,000,000	14,963,672	14,976,600
AAA	5.875	02/15/94	3,000,000	2,622,188	2,867,340
AAA	5.875	04/30/98	4,500,000	4,487,695	4,482,405
AAA	6.125	04/30/99	8,500,000	8,252,188	8,547,813
AAA	6.375	08/15/92	5,000,000	4,603,906	4,960,150
AAA	6.375	06/30/97	85,000,000	85,423,470	85,478,125
AAA	6.250	08/31/96	5,000,000	4,969,375	5,005,450
AAA	6.500	05/15/97	200,000,000	201,308,675	201,282,000
AAA	6.500	08/15/95	7,500,000	7,791,899	7,392,150
AAA	6.875	05/15/96	6,500,000	6,507,109	6,572,065
AAA	6.875	04/30/97	7,000,000	7,038,828	7,063,434
AAA	7.375	11/15/97	8,000,000	7,923,750	8,142,480
AAA	7.750	11/30/99	10,000,000	10,032,813	10,415,620
AAA	7.875	11/15/94	10,000,000	10,726,563	10,748,400
TOTAL U.S. GOVERNMENT			1,058,341,000	1,062,981,549	1,063,620,443

BONDS, CORPORATE NOTES & PREFERRED STOCK

FEDERAL AGENCY	Moody's Quality Rating	Rate	Maturity	Pac Value	Bnk Value	Market Value
FEDERAL HOME LOAN ASSOCIATION MULTICLASS	AAA	5.000	11/15/17	1,500,000	1,462,500	1,447,020
FEDERAL HOME LOAN BANKS	AAA	N/A	07/24/96	12,900,000	12,735,120	12,735,120
	AAA	7.010	06/14/06	500,000	500,000	498,985
	AAA	7.490	11/12/97	1,000,000	994,023	1,017,660
	AAA	7.650	10/28/99	500,000	493,438	516,250
	AAA	N/A	05/15/98	34,544	561,339	375,137
	AAA	N/A	12/15/23	78,621,139	4,704,180	3,931,057
FEDERAL HOME LOAN MORTGAGE CORPORATION	AAA	7.000	01/01/08	481,949	494,600	475,322
	AAA	8.500	11/01/08	151,803	150,751	162,052
	AAA	9.000	11/15/19	482,288	499,175	484,849
	AAA	8.500	03/01/23	587,926	612,545	594,907
	AAA	5.570	02/22/99	750,000	744,961	736,179
	AAA	5.700	09/15/08	1,603,546	1,660,883	1,680,717
	AAA	5.850	02/21/06	1,000,000	927,969	919,060
	AAA	7.500	07/01/26	500,000	492,031	500,000
	AAA	7.610	05/24/06	2,400,000	2,399,760	2,398,488
	AAA	7.900	04/27/05	400,000	412,848	403,124
	AAA	8.000	06/13/26	500,000	506,250	502,539
	AAA	8.500	10/01/04	48,437	46,272	48,437
	AAA	8.250	06/01/01	266,182	255,784	267,386
	AAA	8.500	01/01/08	9,300	8,884	9,614
	AAA	8.500	08/01/05	4,499	4,298	4,609
	AAA	8.500	05/01/08	586,213	560,017	602,850
	AAA	10.000	07/01/09	130,072	138,405	139,399
	AAA	10.000	09/01/09	5,842	5,305	6,334
	AAA	8.500	05/01/17	610,898	583,820	628,064
	AAA	8.500	12/01/07	8,582	8,198	8,854
	AAA	8.500	10/01/09	16,029	15,313	16,405
	AAA	10.500	04/01/11	70,029	62,501	76,112
	AAA	8.500	12/01/08	198,616	189,741	203,427
	AAA	8.500	12/01/09	4,680	4,470	4,783
	AAA	8.500	08/01/10	224,757	214,713	229,533
	AAA	8.500	02/01/11	19,656	18,777	20,261
	AAA	8.500	04/01/09	49,939	47,699	50,367
	AAA	8.500	05/01/09	809,881	773,690	832,153
	AAA	8.500	04/01/10	13,155	12,567	13,513
	AAA	8.500	01/01/10	80,466	76,870	82,528
	AAA	8.500	12/01/09	112,661	107,627	115,372
	AAA	8.500	09/01/10	101,814	97,264	104,647
	AAA	8.500	09/01/08	5,420	5,178	5,532
	AAA	8.500	09/01/08	14,222	13,586	14,702
	AAA	8.500	07/01/03	5,066	4,840	5,170
	AAA	8.500	10/01/07	364,034	347,766	375,038
	AAA	8.500	02/01/08	29,277	27,949	30,112
	AAA	8.500	09/01/08	159,965	152,816	164,861
	AAA	8.500	01/01/09	18,289	17,471	19,066
	AAA	8.500	02/01/08	143,823	137,396	147,463
	AAA	8.500	12/01/07	37,756	36,069	38,558
	AAA	8.250	10/01/07	76,146	72,791	77,639
	AAA	6.750	09/01/04	180,850	165,393	181,303
	AAA	8.500	12/01/08	146,543	139,995	151,077
	AAA	8.500	12/01/05	166,706	159,333	170,963
	AAA	8.500	08/01/08	6,394	6,168	6,573
	AAA	8.500	04/01/08	14,284	13,646	14,610
	AAA	11.000	12/01/09	122,491	124,022	129,381
	AAA	8.500	08/01/10	155,078	148,148	159,269
	AAA	8.500	07/01/09	101,991	97,434	105,075
	AAA	8.500	01/01/13	89,619	85,614	92,328
	AAA	6.750	01/01/09	421,253	372,743	421,253
	AAA	6.750	12/01/08	384,025	341,902	379,224
	AAA	6.750	11/01/08	326,156	290,075	321,159
	AAA	7.250	05/01/08	313,410	289,120	307,044
	AAA	8.500	12/01/09	17,388	16,611	17,783
	AAA	10.000	01/01/16	495,599	497,148	533,388
	AAA	8.500	06/01/15	106,587	101,824	109,885

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	8.000	01/01/17	18,269	18,465	18,601
AAA	8.000	05/01/17	228,344	230,306	232,495
AAA	8.500	06/01/17	682,912	652,395	701,052
AAA	8.500	10/01/10	272,393	260,220	280,479
AAA	10.000	02/01/10	98,994	105,336	106,665
AAA	7.000	04/01/17	814,538	736,648	797,993
AAA	8.000	06/01/09	1,406,334	1,300,359	1,414,244
AAA	8.500	09/01/08	190,032	181,540	194,843
AAA	6.250	02/01/07	207,045	184,885	197,469
AAA	6.250	06/01/08	235,845	208,649	224,089
AAA	8.500	03/01/08	15,865	15,166	16,341
AAA	8.500	04/01/09	1,030,410	984,363	1,057,780
AAA	4.488	04/01/24	19,995,578	19,695,644	20,420,484
AAA	7.000	08/12/26	16,300,000	15,668,375	15,693,803
AAA	9.500	03/01/21	267,878	280,351	286,670
AAA	8.500	02/01/18	215,796	225,749	223,443
AAA	9.000	02/01/21	117,724	125,155	123,597
AAA	6.500	02/01/24	459,454	460,531	433,178
AAA	8.000	04/01/25	183,967	189,385	185,518
AAA	8.000	06/01/25	301,667	310,552	304,210
AAA	8.500	12/01/24	391,427	407,818	401,945
AAA	7.500	11/01/25	481,325	486,966	475,308
AAA	7.500	02/01/23	147,580	149,794	146,289
AAA	8.500	02/01/21	7,896	8,169	8,076
AAA	8.000	05/01/21	1,164,264	1,124,242	1,178,992
AAA	8.500	09/01/21	176,135	174,594	182,023
AAA	8.500	09/01/21	106,120	105,192	109,821
AAA	8.000	06/01/22	144,826	146,727	146,500
AAA	7.500	08/01/22	148,372	154,725	146,982
AAA	7.500	03/01/23	536,891	544,945	531,694
AAA	7.000	06/01/23	571,913	573,879	554,069
AAA	7.500	06/01/23	235,940	246,041	233,656
AAA	7.500	07/01/23	362,967	376,919	359,453
AAA	7.000	10/01/23	21,780	22,260	21,052
AAA	7.000	11/01/23	666,983	682,199	643,425
AAA	6.500	11/01/23	472,824	477,479	445,784
AAA	6.500	11/01/23	426,425	415,695	396,381
AAA	6.500	01/01/24	412,918	411,195	389,304
AAA	7.000	11/01/23	316,550	320,112	305,965
AAA	8.000	11/01/24	243,143	250,304	245,497
AAA	9.000	12/01/24	281,110	292,618	293,144
AAA	8.500	01/01/25	349,718	354,986	349,873
AAA	8.500	01/01/25	429,844	447,843	441,393
AAA	8.500	02/01/25	329,715	343,522	338,311
AAA	8.500	03/01/25	377,983	393,811	393,616
AAA	8.500	03/01/25	342,678	357,028	346,747
AAA	8.500	03/01/25	242,835	253,004	249,360
AAA	8.500	03/01/25	424,918	442,711	436,333
AAA	8.500	04/01/25	459,069	468,916	462,162
AAA	8.000	04/01/25	224,201	230,805	226,091
AAA	8.500	04/01/25	395,288	411,840	405,909
AAA	8.500	04/01/25	440,320	458,759	452,152
AAA	8.500	04/01/25	549,793	572,815	561,646
AAA	8.500	04/01/25	576,121	600,247	591,602
AAA	8.500	04/01/25	516,884	538,529	530,773
AAA	8.500	04/01/25	324,214	337,790	332,926
AAA	8.500	04/01/25	452,370	471,313	464,525
AAA	8.500	04/01/25	357,313	372,276	366,914
AAA	8.500	04/01/25	489,994	510,513	503,161
AAA	8.500	04/01/25	528,550	550,683	542,752
AAA	8.500	04/01/25	329,989	343,807	338,855
AAA	6.500	04/01/24	212,240	194,233	199,440
AAA	8.500	01/01/25	300,837	313,435	308,170
AAA	8.500	01/01/25	432,936	451,065	444,569
AAA	8.500	04/01/25	387,477	403,702	397,888
AAA	8.000	04/01/25	229,908	236,680	232,064

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	8.500	05/01/25	467,640	487,222	489,295
AAA	8.000	06/01/25	324,435	333,991	327,170
AAA	8.000	06/01/25	263,236	270,989	265,455
AAA	8.500	06/01/25	629,494	646,384	637,075
AAA	8.000	07/01/25	348,446	358,709	351,384
AAA	8.000	08/01/25	389,224	400,688	392,505
AAA	8.000	10/01/25	59,803	61,564	60,307
AAA	8.000	12/01/25	948,041	975,963	956,033
AAA	8.000	07/01/25	2,329,262	2,388,601	2,339,822
AAA	8.000	09/01/25	201,892	207,839	203,594
AAA	7.000	03/01/26	1,017,288	1,005,843	979,455
AAA	6.000	03/01/26	1,413,999	1,273,925	1,285,410
AAA	6.500	01/01/11	1,456,465	1,462,154	1,409,581
AAA	7.500	11/01/10	931,122	946,689	936,066
AAA	6.500	11/01/10	379,185	378,415	366,979
AAA	8.000	11/01/06	189,295	190,391	193,293
AAA	7.750	06/01/07	213,692	213,893	215,506
AAA	7.500	02/01/08	238,871	246,784	240,899
AAA	7.500	02/01/08	103,223	106,642	104,099
AAA	7.000	09/01/08	442,076	458,239	438,067
AAA	6.000	01/01/09	483,569	481,076	461,504
AAA	6.500	02/01/09	69,476	65,590	67,717
AAA	6.500	04/01/09	1,265,149	1,166,358	1,174,634
AAA	7.000	10/01/09	23,801	22,604	23,516
AAA	6.000	06/01/11	30,300,000	28,661,906	28,434,126
AAA	5.500	02/01/99	224,099	227,811	215,976
AAA	5.500	10/01/00	247,731	250,053	233,717
AAA	6.500	06/01/01	352,918	343,323	346,301
AAA	6.000	05/01/99	155,269	151,776	151,970
AAA	7.000	01/01/97	436,214	442,007	437,985
AAA	6.000	05/01/98	92,516	94,510	90,250
AAA	6.000	05/01/98	161,978	164,965	158,536
AAA	8.000	10/15/19	12,323,055	12,348,385	12,434,702
AAA	8.600	06/15/21	13,956,863	13,976,293	14,358,122
AAA	7.750	01/15/20	2,784,072	2,695,761	2,822,352
AAA	7.500	09/15/18	278,773	284,218	279,294
AAA	N/A	07/15/07	1,000,000	1,001,719	1,009,680
AAA	N/A	07/15/06	248,877	3,222,963	1,870,937
AAA	6.000	03/15/07	1,569,000	1,516,781	1,471,875
AAA	5.400	09/15/14	2,950,000	2,896,646	2,915,869
AAA	6.000	07/15/19	2,045,000	1,959,366	1,956,799
AAA	6.500	03/15/19	18,313,138	3,061,758	2,101,597
AAA	6.000	01/15/06	10,063,012	1,306,643	809,344
AAA	9.500	12/15/23	800,000	598,000	613,248
AAA	10.000	12/15/23	500,000	378,750	448,750
AAA	6.500	01/15/24	1,082,943	1,283,783	1,002,722
AAA	5.000	12/15/12	1,000,000	968,086	987,500
AAA	5.250	11/15/16	3,056,673	2,943,480	2,987,896
AAA	6.000	07/15/11	4,702,913	492,112	362,140
AAA	7.500	11/15/20	1,908,552	274,044	201,582
AAA	8.500	09/15/24	1,240,959	1,280,236	1,277,021
AAA	4.750	07/25/11	4,500,000	4,289,063	4,436,685
AAA	10.000	09/17/23	1,263,228	1,316,652	1,350,075
AAA	9.125	06/15/20	9,054,223	9,379,609	9,331,463
AAA	9.500	01/15/21	8,045,622	8,288,028	8,405,100
AAA	8.000	05/01/11	59,476,767	61,056,619	60,457,539
AAA	8.850	03/15/08	1,026,989	1,022,556	1,057,593
NR	N/A	04/15/06	10,141,052	1,376,965	969,738
NR	8.000	10/15/18	3,726,663	776,732	725,535
NR	N/A	08/15/07	64,112	1,890,511	1,722,558
NR	7.000	07/15/18	2,264,112	339,617	266,033
NR	6.500	10/15/04	6,287,236	1,033,464	557,992
NR	7.000	04/15/01	6,876,477	926,176	337,377
NR	6.500	04/15/20	10,752,022	2,131,924	1,200,511
NR	7.000	06/25/11	3,966,062	420,774	271,398
NR	N/A	10/25/07	159,078	3,162,463	2,829,444

FEDERAL HOME LOAN MORTGAGE CORPORATION LO

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Fair Value	Book Value	Market Value
FEDERAL HOME LOAN MORTGAGE GLOBAL	NR	6.500	03/25/09	6,296,626	1,137,328	916,367
FEDERAL HOME LOAN MORTGAGE GOLD	AAA	6.930	09/05/00	500,000	506,094	497,655
	AAA	6.500	08/01/26	162,000,000	150,463,750	151,722,720
	AAA	8.000	07/01/26	765,143	766,899	766,337
	AAA	7.500	06/01/26	3,175,000	3,124,398	3,135,313
	AAA	7.000	06/01/24	461,424	429,846	445,127
FEDERAL HOUSING AUTHORITY	AAA	N/A	06/01/19	10,635,650	10,598,690	10,635,650
	AAA	N/A	08/01/22	27,649,400	28,038,223	27,649,400
	AAA	7.430	12/01/21	1,498,007	1,538,379	1,498,007
	AAA	7.430	06/01/24	35,052,228	35,139,853	35,052,228
	AAA	7.430	09/01/22	900,512	925,366	900,512
FEDERAL NATIONAL MORTGAGE ASSOC. REMIC	AAA	N/A	08/25/20	35,087	719,863	773,117
	AAA	9.250	07/25/19	12,782,362	11,951,529	13,169,795
	AAA	6.500	06/25/15	7,576,706	7,557,764	7,545,868
	AAA	5,600	11/25/16	5,000,000	4,963,281	4,835,900
	AAA	6,500	10/25/04	5,000,000	5,052,344	4,993,750
	AAA	6,500	09/25/08	105,333	3,360,126	2,541,754
	AAA	5,000	09/25/23	1,656,000	1,505,925	1,440,720
	AAA	5,250	03/25/12	3,300,000	3,173,219	3,261,819
	AAA	5,000	01/25/14	10,348,661	9,611,263	9,858,234
	AAA	6,500	03/25/18	9,637,695	1,605,279	956,111
	AAA	7,500	12/25/19	1,553,580	210,343	140,877
	AAA	8,500	02/25/24	1,176,263	1,155,678	1,153,162
	AAA	7,900	12/25/15	500,000	339,063	339,375
	AAA	8,000	12/25/20	900,000	937,467	916,029
	AAA	7,500	06/25/21	1,100,000	1,131,944	1,092,091
	AAA	7,500	06/25/07	9,957,786	10,234,737	10,144,494
	AAA	7,000	11/25/16	11,065,093	1,742,752	1,262,112
	AAA	5,300	04/25/07	3,000,000	2,859,375	2,935,290
	AAA	6,500	03/25/24	1,687,430	1,522,034	1,458,611
FEDERAL NATIONAL MORTGAGE ASSOC. VARIABLE	AAA	N/A	01/01/26	35,308,429	35,455,997	34,999,481
	AAA	N/A	06/25/08	647,452	668,494	687,108
	AAA	N/A	09/25/23	1,594,805	1,359,571	1,217,027
	AAA	N/A	09/25/23	1,974,609	1,853,664	1,904,866
	AAA	N/A	11/25/23	15,091,925	855,995	940,227
FEDERAL NATIONAL MORTGAGE ASSOC. ZERO CPN.	AAA	N/A	07/05/14	1,000,000	189,531	265,620
FEDERAL NATIONAL MORTGAGE ASSOCIATION	AAA	8,800	07/25/97	235,000	257,480	243,004
	AAA	8,500	03/01/11	37,474	36,621	38,823
	AAA	8,000	07/01/22	180,288	181,310	182,317
	AAA	10,000	06/01/20	145,416	154,232	158,367
	AAA	N/A	06/25/19	796,022	802,987	794,772
	AAA	6,500	06/25/03	300,000	300,000	292,257
	AAA	10,500	11/01/13	69,260	76,034	75,467
	AAA	6,500	09/01/25	37,675,000	34,602,133	35,237,804
	AAA	7,500	08/01/11	17,000,000	16,540,469	16,771,529
	AAA	4,880	10/15/98	2,000,000	1,868,594	1,942,820
	AAA	5,230	11/25/98	1,700,000	1,603,049	1,660,951
	AAA	5,350	03/10/98	500,000	496,195	497,335
	AAA	5,720	03/08/01	2,400,000	2,399,496	2,306,488
	AAA	5,870	10/15/03	200,000	190,506	188,656
	AAA	6,900	03/10/04	400,000	391,513	387,500
	AAA	7,300	07/10/02	900,000	960,188	894,933
	AAA	7,850	09/10/98	600,000	598,542	619,032
	AAA	8,280	01/10/25	500,000	525,625	550,885
	AAA	N/A	07/12/96	20,000,000	19,705,333	19,885,800
	AAA	6,500	06/01/08	547,402	520,374	533,541
	AAA	5,200	07/10/98	2,300,000	2,230,287	2,257,243
	AAA	7,750	12/01/23	47,510	48,839	47,006
	AAA	9,500	08/01/19	68,884	72,651	73,619
	AAA	8,500	04/01/98	24,327	25,034	24,920
	AAA	8,500	06/01/98	3,185	3,278	3,263
	AAA	7,500	05/01/07	189,797	198,279	191,185
	AAA	6,500	06/01/00	412,974	396,842	404,970
	AAA	9,500	01/01/19	22,026	23,231	23,547
	AAA	8,500	09/01/09	9,909	9,627	10,266
	AAA	16,000	09/01/12	176,107	186,674	211,658

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	8.000	08/01/19	1,657,657	1,724,999	1,694,423
AAA	9.000	06/01/20	28,911	30,121	30,383
AAA	15.750	12/01/11	332,037	349,053	399,065
AAA	7.500	03/01/22	33,822	32,871	33,473
AAA	9.000	06/01/17	85,154	88,719	89,490
AAA	7.500	02/01/22	237,748	231,061	235,444
AAA	8.000	06/01/22	478,053	477,903	483,432
AAA	7.500	06/01/07	422,667	422,205	425,757
AAA	10.500	08/01/15	361,583	396,951	393,500
AAA	8.500	06/01/22	89,906	93,053	92,490
AAA	10.500	05/01/12	467,151	512,844	509,269
AAA	10.500	06/01/12	348,486	382,573	379,272
AAA	10.500	05/01/12	368,134	404,143	401,325
AAA	7.750	04/01/24	21,189,102	21,751,938	20,807,275
AAA	8.500	09/01/06	12,753	13,434	13,211
AAA	7.000	12/01/07	469,171	467,851	465,502
AAA	8.000	01/01/23	116,637	119,295	117,730
AAA	8.000	01/01/23	273,630	280,435	276,878
AAA	7.500	01/01/23	199,409	198,942	197,477
AAA	8.250	06/01/05	619,740	593,789	634,930
AAA	7.000	12/01/23	448,466	452,810	432,209
AAA	7.500	06/01/23	335,925	344,743	332,358
AAA	7.500	08/01/23	224,421	233,187	222,037
AAA	6.000	08/01/23	484,412	476,313	442,782
AAA	7.000	09/01/08	396,750	411,132	393,897
AAA	5.500	09/01/00	380,265	382,285	358,518
AAA	7.000	10/01/23	432,370	444,901	417,505
AAA	6.000	10/01/08	23,405	23,467	22,366
AAA	14.750	08/01/12	992,694	1,094,178	1,183,162
AAA	15.750	08/01/12	411,197	436,190	494,205
AAA	7.000	05/01/24	1,450,605	1,456,952	1,398,021
AAA	8.000	07/01/24	430,519	427,492	434,286
AAA	9.000	03/01/25	4,849,194	5,073,009	5,059,795
AAA	9.000	04/01/25	5,125,295	5,361,539	5,347,887
AAA	9.000	04/01/25	805,680	851,503	840,671
AAA	8.000	03/01/10	730,974	747,192	746,507
AAA	6.500	01/01/26	4,605,185	4,545,461	4,367,276
AAA	6.000	02/01/09	566,653	568,158	541,505
AAA	10.500	03/01/14	38,184	41,918	41,573
AAA	6.000	12/01/08	35,341	35,114	33,772
AAA	7.000	04/01/24	390,386	374,038	376,964
AAA	7.000	04/01/24	151,089	144,763	145,612
AAA	6.000	01/01/09	560,220	556,631	535,358
AAA	6.500	02/01/24	792,430	794,656	746,120
AAA	6.500	01/01/24	505,678	462,301	476,126
AAA	6.500	02/01/24	26,553	24,666	25,002
AAA	6.500	03/01/09	40,720	38,818	39,689
AAA	6.500	03/01/09	26,739	25,419	26,062
AAA	7.000	05/01/24	416,277	393,252	401,187
AAA	7.000	06/01/24	503,297	475,301	485,052
AAA	8.500	09/01/24	349,515	355,578	358,690
AAA	8.500	12/01/24	14,759	14,510	15,146
AAA	7.500	10/01/24	195,013	184,165	192,882
AAA	13.250	09/01/11	85,436	90,963	99,880
AAA	12.750	10/01/11	799,311	862,007	920,279
AAA	8.000	12/01/09	512,415	523,784	523,394
AAA	8.000	12/01/09	234,335	259,978	259,739
AAA	9.000	03/01/25	6,466,928	6,765,012	6,747,786
AAA	9.000	04/01/25	4,125,878	4,316,055	4,305,064
AAA	7.000	07/01/09	1,467,354	1,488,905	1,453,737
AAA	9.000	05/01/25	9,732,705	10,181,322	10,155,396
AAA	8.000	09/01/10	20,532	20,987	20,968
AAA	7.000	01/01/26	13,809,130	13,826,391	13,282,588
AAA	7.000	02/01/11	995,001	974,479	981,628
AAA	8.500	01/01/25	379,495	373,092	389,457
AAA	8.500	03/01/12	3,109	3,060	3,222

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	9.000	04/01/25	180,245	189,538	188,073
AAA	6.500	09/01/10	1,429,136	1,439,029	1,382,232
AAA	7.500	12/01/25	585,117	595,265	577,253
AAA	7.000	11/01/25	481,328	477,417	462,975
AAA	8.250	10/01/08	162,513	156,063	166,496
AAA	6.500	01/01/26	608,937	601,611	569,545
AAA	6.500	02/01/26	2,636,978	2,603,192	2,466,392
AAA	6.000	01/01/11	287,532	284,465	271,896
AAA	6.500	01/01/26	1,579,773	1,481,531	1,477,377
AAA	6.500	02/01/26	3,045,978	3,014,090	2,848,933
AAA	6.500	02/01/26	919,276	909,652	859,808
AAA	8.000	05/01/11	319,000	309,629	306,530
AAA	6.500	03/01/26	5,005,094	4,711,944	4,681,314
AAA	8.000	03/01/11	24,691	25,239	25,216
AAA	6.500	03/01/26	18,348,171	17,740,841	17,628,803
AAA	6.500	04/01/26	18,125,670	17,060,787	16,953,121
AAA	7.000	05/01/26	1,008,935	972,676	970,464
AAA	6.500	04/01/26	9,192,363	8,672,420	8,597,709
AAA	8.000	05/01/11	737,402	753,763	752,379
AAA	8.000	05/01/11	229,930	235,632	234,600
AAA	7.500	07/01/26	505,000	498,609	0
AAA	8.000	06/01/11	252,066	257,659	256,901
AAA	8.250	07/01/08	407,627	388,902	419,224
AAA	10.000	04/01/16	164,800	174,792	179,502
AAA	9.000	10/01/05	17,942	19,069	18,632
AAA	9.000	10/01/21	534,770	547,636	560,000
AAA	8.500	12/01/98	29,053	29,297	29,761
AAA	8.500	01/01/99	13,005	13,383	13,322
AAA	7.500	04/01/23	657,325	677,662	650,345
AAA	8.000	06/01/02	115,601	118,861	117,910
AAA	5.353	12/01/27	554,063	556,834	549,215
AAA	10.500	01/01/16	174,271	191,317	191,098
AAA	11.500	03/01/11	25,193	26,877	26,205
AAA	8.500	05/01/03	14,338	15,104	14,825
AAA	9.000	11/01/04	233,482	248,148	242,455
AAA	9.000	11/01/97	2,671,322	2,802,384	2,731,427
AAA	10.000	11/01/17	77,944	78,480	84,921
AAA	11.500	10/01/15	53,010	56,555	59,684
AAA	11.500	05/01/19	265,630	283,394	299,413
AAA	16.000	09/01/12	186,553	198,446	224,213
AAA	16.000	09/01/12	15,647	16,480	18,395
AAA	11.500	04/01/19	147,348	157,282	166,088
AAA	11.500	06/01/19	166,665	177,811	187,362
AAA	11.500	06/01/19	30,571	32,616	34,459
AAA	11.000	06/01/19	186,343	190,944	208,587
AAA	7.000	05/01/09	1,296,030	1,287,838	1,386,775
AAA	7.500	09/01/02	555,545	524,990	556,428
AAA	8.750	04/01/07	505,694	493,842	521,897
AAA	8.750	08/01/18	350,406	341,537	362,169
AAA	11.500	01/01/15	191,196	203,982	217,007
AAA	11.000	12/01/15	1,483,341	1,635,847	1,633,588
AAA	11.500	01/01/16	70,407	75,115	79,912
AAA	11.500	07/01/14	15,376	16,404	17,015
AAA	11.500	02/01/15	48,522	51,767	54,631
AAA	11.500	11/01/15	57,411	61,250	64,372
AAA	11.500	01/01/16	50,333	53,699	57,128
AAA	11.500	08/01/11	162,853	169,766	174,254
AAA	11.500	01/01/20	33,422	35,657	37,475
AAA	11.500	10/01/15	233,364	248,979	262,825
AAA	8.250	09/01/09	233,661	223,146	239,133
AAA	6.500	07/01/26	(6,615,000)	(6,110,606)	(6,187,076)
AAA	9.000	11/01/10	1,050,754	1,108,545	1,104,269
NR	6.750	01/25/14	5,871,874	700,955	168,582
NR	N/A	02/25/17	43,220	872,616	695,008
FEDERAL NATIONAL MORTGAGE ASSOCIATION P/O GOVERNMENT NATIONAL MORTGAGE ASSOC. II VAR.	NR	N/A	691,711	625,998	250,254
	AAA	N/A	4,237,453	4,394,536	4,290,388

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	N/A	07/20/97	9,000,000	8,876,250	8,882,100
AAA	N/A	05/20/23	30,730,603	30,807,430	31,153,149
AAA	N/A	04/20/23	13,313,952	13,590,633	14,196,002
AAA	N/A	05/20/24	14,900,330	14,867,735	15,074,962
AAA	N/A	05/20/23	1,367,324	1,394,243	1,385,701
AAA	N/A	08/20/23	43,589,155	44,433,695	44,106,994
AAA	N/A	10/20/23	8,000,298	7,485,279	8,081,581
AAA	N/A	07/20/24	703,792	702,472	714,792
AAA	N/A	08/20/25	5,760,997	5,735,792	5,820,392
AAA	N/A	08/20/22	1,491,699	1,467,459	1,514,537
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
AAA	6.500	04/15/26	377,735	344,347	344,346
AAA	11.250	11/15/15	49,339	51,526	55,084
AAA	11.250	10/15/15	25,591	26,623	28,572
AAA	3.500	08/22/26	5,000,000	4,845,313	4,795,313
AAA	6.500	03/15/26	812,497	740,560	740,558
AAA	6.500	06/19/26	100,000,000	93,093,750	91,687,000
AAA	6.500	03/15/26	59,136	53,906	53,906
AAA	6.500	03/15/26	238,528	217,433	217,433
AAA	6.500	03/15/26	543,168	495,132	495,131
AAA	6.500	03/15/26	520,694	474,645	474,644
AAA	6.500	03/15/26	283,796	258,698	258,697
AAA	6.500	01/15/26	364,513	332,376	332,375
AAA	6.500	04/15/26	72,807	66,368	66,368
AAA	6.500	03/15/26	258,855	235,962	235,962
AAA	6.500	02/15/26	31,353	28,580	28,580
AAA	8.000	08/15/06	203,644	195,578	207,609
AAA	7.500	05/15/23	191,784	196,437	190,371
AAA	6.500	03/15/26	996,868	941,106	927,705
AAA	6.500	03/15/26	391,893	357,235	357,234
AAA	8.000	07/15/26	2,720,000	2,718,300	2,743,800
AAA	13.500	07/15/14	3,066	3,331	3,640
AAA	12.000	01/15/14	4,310	4,441	4,956
AAA	12.000	04/15/14	7,229	7,148	8,301
AAA	8.000	09/15/06	28,650	27,515	29,219
AAA	8.000	10/15/06	47,531	45,648	48,457
AAA	8.000	11/15/06	145,221	139,469	140,049
AAA	11.000	01/15/16	6,350	6,663	7,057
AAA	11.500	11/15/15	27,679	29,495	31,320
AAA	9.000	05/15/16	422,916	402,561	447,576
AAA	9.500	08/15/16	125,432	126,255	135,011
AAA	8.000	04/15/17	370,775	383,579	378,187
AAA	9.500	07/15/17	143,633	142,600	154,493
AAA	8.000	07/15/17	492,296	509,296	502,137
AAA	8.500	02/15/17	998,709	945,965	1,036,461
AAA	8.000	04/15/17	337,235	348,880	344,270
AAA	8.000	03/15/17	612,668	633,324	625,448
AAA	7.500	06/15/23	21,604	22,198	21,388
AAA	9.000	03/15/18	187,762	173,738	198,303
AAA	9.000	10/15/17	370,785	340,312	391,601
AAA	9.000	09/15/06	59,789	58,733	63,458
AAA	11.000	08/15/19	5,663	5,942	6,329
AAA	11.500	09/15/15	161,448	167,805	182,005
AAA	11.000	07/15/19	28,029	29,403	31,338
AAA	11.000	09/15/19	61,575	64,613	68,758
AAA	10.500	06/15/19	89,365	92,631	98,671
AAA	11.000	08/15/19	30,361	31,860	33,903
AAA	9.000	03/15/09	5,174	5,083	5,494
AAA	9.500	07/15/21	330,964	343,737	354,644
AAA	8.000	05/15/07	419,846	425,357	431,392
AAA	7.000	11/15/08	220,585	229,960	218,792
AAA	9.500	07/15/09	46,951	47,655	50,048
AAA	7.000	02/15/09	238,254	249,199	236,093
AAA	6.500	01/15/24	438,965	388,346	411,121
AAA	7.000	10/15/23	199,780	205,461	192,538
AAA	7.000	12/15/23	133,411	135,912	128,449
AAA	8.000	09/15/23	625,251	664,525	632,285

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	7.500	05/15/23	335,476	552,962	526,132
AAA	7.500	06/15/23	640,805	658,627	634,397
AAA	7.000	11/15/23	436,767	449,188	420,524
AAA	7.000	08/15/24	575,972	541,234	552,213
AAA	7.500	09/15/23	63,887	65,973	62,772
AAA	6.500	04/15/26	276,033	251,622	0
AAA	7.000	02/15/24	640,090	631,488	616,285
AAA	7.500	10/15/23	323,384	312,267	320,353
AAA	7.000	03/15/24	615,576	575,372	592,683
AAA	6.500	02/15/26	66,634	60,741	0
AAA	10.000	11/15/09	316,888	336,991	345,307
AAA	6.500	03/15/26	171,574	156,401	156,400
AAA	6.500	05/15/26	273,053	248,965	248,964
AAA	7.500	10/15/23	429,489	441,300	425,465
AAA	6.000	11/15/23	246,674	243,976	224,550
AAA	7.500	03/15/24	129,080	134,062	126,216
AAA	7.500	03/15/24	30,372	31,545	29,698
AAA	6.500	02/15/24	433,215	396,730	405,736
AAA	6.500	01/15/26	247,500	225,612	225,611
AAA	6.500	01/15/26	113,312	103,291	103,291
AAA	6.500	08/15/26	66,634	60,741	70,674
AAA	6.500	05/15/26	510,380	465,243	541,952
AAA	6.500	04/15/26	523,811	477,486	477,485
AAA	6.500	01/15/26	399,614	364,273	364,272
AAA	6.500	03/15/26	472,837	431,021	431,019
AAA	6.500	02/15/26	247,516	225,627	225,626
AAA	7.500	07/15/24	236,879	229,920	234,214
AAA	6.500	03/15/26	899,154	819,635	819,633
AAA	6.500	03/15/26	536,126	488,713	488,711
AAA	6.500	04/15/26	474,615	432,641	432,640
AAA	6.500	04/15/26	115,108	104,928	104,928
AAA	6.500	04/15/26	207,409	189,067	189,066
AAA	6.500	03/15/26	126,894	115,671	115,671
AAA	6.500	03/15/26	455,513	415,229	415,228
AAA	6.500	02/15/26	449,673	409,905	409,904
AAA	6.500	04/15/26	123,701	112,761	112,761
AAA	N/A	03/15/26	453,022	412,958	412,957
AAA	6.500	05/15/26	492,219	448,688	448,687
AAA	N/A	03/15/26	244,972	223,307	223,307
AAA	6.500	03/15/26	476,500	434,359	434,358
AAA	6.500	02/15/26	199,181	181,566	181,565
AAA	6.500	03/15/26	30,955	28,217	28,217
AAA	8.000	02/15/25	1,062,788	1,033,561	1,072,087
AAA	6.500	02/15/26	453,176	413,098	413,097
AAA	6.500	04/15/26	591,175	538,896	538,894
AAA	6.500	04/15/26	737,213	672,016	672,014
AAA	6.500	02/15/26	876,265	798,770	798,768
AAA	6.500	03/15/26	92,207	84,053	84,052
AAA	6.500	03/15/26	144,095	131,351	131,351
AAA	6.500	05/15/26	249,872	227,774	227,773
AAA	6.500	03/15/26	442,668	403,519	403,518
AAA	6.500	04/15/26	176,728	161,099	161,098
AAA	6.500	01/15/26	461,382	420,578	420,577
AAA	6.500	02/15/26	240,243	218,996	218,995
AAA	6.500	02/15/26	429,312	391,345	391,344
AAA	6.500	02/15/26	493,697	450,035	450,034
AAA	6.500	01/15/26	262,354	239,152	239,152
AAA	6.500	12/15/25	493,375	449,742	449,741
AAA	7.000	04/15/26	1,017,311	990,765	975,347
AAA	6.500	06/15/26	849,230	774,126	774,124
AAA	6.500	04/15/26	471,378	429,690	429,689
AAA	6.500	04/15/26	522,419	476,217	476,216
AAA	6.500	01/15/26	499,352	455,191	455,189
AAA	6.500	03/15/26	496,846	452,906	452,905
AAA	6.500	01/15/26	442,583	403,442	403,441
AAA	6.500	01/15/26	388,013	353,698	353,697

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	6.500	01/15/26	521,528	475,405	475,404
AAA	6.500	03/15/26	244,193	222,598	222,597
AAA	6.500	01/15/26	69,448	55,102	55,102
AAA	6.500	02/15/26	589,179	537,073	537,072
AAA	6.500	05/15/26	380,625	346,963	346,962
AAA	6.500	05/15/26	464,242	423,186	423,184
AAA	6.500	04/15/26	394,113	359,258	359,257
AAA	6.500	02/15/26	253,335	230,931	230,930
AAA	6.500	03/15/26	221,762	202,150	202,149
AAA	6.500	03/15/26	267,857	244,168	244,168
AAA	6.500	03/15/26	100,183	91,323	91,323
AAA	6.500	03/15/26	491,767	448,276	457,648
AAA	6.500	04/15/26	350,000	319,047	319,046
AAA	6.500	04/15/26	523,000	476,820	476,819
AAA	6.500	01/15/26	501,378	457,037	457,036
AAA	6.500	03/15/26	953,971	869,604	869,601
AAA	6.500	06/15/26	491,366	447,910	447,909
AAA	6.500	03/15/26	63,552	57,931	0
AAA	6.500	04/15/26	259,816	236,839	236,838
AAA	6.500	03/15/26	779,753	710,794	710,792
AAA	6.500	03/15/26	267,056	243,439	243,438
AAA	7.500	09/15/25	1,291,184	1,287,149	1,272,616
AAA	6.500	03/15/26	486,571	443,540	443,539
AAA	6.500	01/15/26	474,377	432,424	432,423
AAA	6.500	03/01/26	529,493	482,666	482,664
AAA	6.500	04/15/26	166,590	151,857	151,857
AAA	6.500	01/15/26	251,925	229,646	229,645
AAA	6.500	01/01/26	268,967	245,181	245,180
AAA	6.500	12/01/25	810,342	738,678	738,676
AAA	6.500	02/01/26	197,867	180,368	180,367
AAA	6.500	01/01/26	214,289	195,338	195,337
AAA	6.500	03/01/26	465,700	424,515	424,513
AAA	6.500	04/01/26	448,396	408,558	408,557
AAA	6.500	02/15/26	321,777	293,320	293,319
AAA	6.500	02/15/26	102,628	93,552	93,551
AAA	6.500	04/15/26	480,954	438,419	438,418
AAA	6.500	04/15/26	319,442	291,192	291,191
AAA	6.500	05/15/26	115,656	105,428	105,427
AAA	6.500	03/15/26	487,430	444,323	444,322
AAA	6.500	02/15/26	153,021	139,408	139,407
AAA	6.500	02/15/26	515,940	470,311	470,310
AAA	6.500	05/15/26	51,657	47,089	47,089
AAA	6.500	05/15/26	465,990	424,779	424,778
AAA	6.500	02/15/26	200,472	182,743	182,742
AAA	6.500	04/15/26	493,155	449,542	449,540
AAA	6.500	08/15/26	442,667	403,519	403,518
AAA	6.500	03/15/26	768,239	700,298	700,296
AAA	6.500	04/15/26	208,677	190,222	190,222
AAA	N/A	04/15/26	434,786	396,261	396,260
AAA	6.500	03/15/26	63,552	57,932	57,931
AAA	6.500	05/15/26	63,704	58,070	58,079
AAA	7.500	02/15/26	697,594	718,304	687,563
AAA	6.500	03/15/26	395,457	360,484	0
AAA	6.500	04/15/26	326,050	297,215	297,214
AAA	13.500	03/15/12	1,362	1,472	1,362
AAA	10.500	12/15/97	28,425	29,304	30,095
AAA	11.500	02/15/13	70,839	75,488	79,791
AAA	10.500	07/15/98	5,245	5,408	5,553
AAA	10.500	05/15/98	26,298	20,926	21,490
AAA	11.250	10/15/15	41,181	42,840	45,977
AAA	11.250	08/15/15	54,913	57,118	61,308
AAA	11.250	09/15/15	39,740	41,342	44,368
AAA	11.250	01/15/15	41,333	42,998	46,146
AAA	11.250	08/15/15	76,298	78,816	85,184
AAA	11.250	09/15/15	16,691	17,364	18,635
AAA	N/A	11/15/15	31,612	32,884	35,294

BONDS, CORPORATE NOTES & PREFERRED STOCK

Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
AAA	11.250	09/15/15	58,318	60,669	65,110
AAA	11.250	09/15/15	27,013	28,101	30,159
AAA	11.250	10/15/15	39,878	41,484	44,522
AAA	11.250	01/15/16	22,478	23,323	25,095
AAA	13.500	05/15/10	24,661	25,254	28,992
AAA	13.500	05/15/10	9,553	9,576	11,230
AAA	13.500	05/15/10	6,203	6,711	7,293
AAA	13.500	05/15/10	2,336	2,327	2,746
AAA	13.000	12/15/10	62,352	66,755	73,146
AAA	13.000	12/15/10	23,088	24,719	27,065
AAA	13.500	06/15/10	5,497	5,947	6,463
AAA	13.500	02/15/11	21,553	23,317	25,338
AAA	13.500	03/15/11	16,481	17,831	19,376
AAA	13.500	02/15/11	32,629	35,239	38,359
AAA	13.500	03/15/11	75,809	82,016	89,123
AAA	13.500	03/15/11	63,697	68,792	73,807
AAA	13.500	04/15/11	12,278	12,278	14,434
AAA	13.500	04/15/11	3,409	3,688	4,007
AAA	13.500	04/15/11	89,814	87,430	95,006
AAA	13.000	07/15/11	43,673	46,758	51,234
AAA	10,000	03/15/13	261,521	184,546	221,089
AAA	13,000	11/15/12	21,166	22,647	24,830
AAA	13,000	10/15/12	17,301	18,519	20,296
AAA	10,000	03/15/13	139,546	127,809	153,096
AAA	11.250	07/15/13	124,472	129,489	138,632
AAA	11.250	07/15/13	48,521	50,477	54,040
AAA	11.250	07/15/13	28,690	29,232	31,285
AAA	7,000	03/15/25	16,750,000	15,941,289	16,059,063
AAA	7,500	07/15/26	6,280,000	6,111,225	6,179,913
AAA	13.500	06/15/10	775	842	918
AAA	13.500	03/15/11	542	590	645
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION II	5.500	08/20/26	5,000,000	4,845,313	4,795,313
AAA	5,500	07/20/26	10,000,000	9,787,500	9,734,375
AAA	7,375	06/20/23	5,046,409	5,147,335	5,118,169
AAA	7,000	09/20/23	927,678	945,133	936,082
AAA	6,500	01/20/24	3,967,644	3,842,415	3,989,347
AAA	7,000	08/20/23	38,528,062	38,853,142	39,003,498
AAA	7,000	08/20/23	2,052,606	2,270,700	2,080,910
AAA	N/A	10/20/23	451,878	458,797	457,951
AAA	7,000	12/20/23	22,694,554	23,437,446	22,999,512
AAA	7,250	09/20/24	40,903,733	40,759,641	41,498,064
AAA	7,250	08/20/24	51,719,580	51,542,569	52,527,957
AAA	8,000	05/20/22	550,635	539,551	554,161
AAA	7,500	11/20/25	1,469,628	1,494,428	1,441,146
AAA	6,875	09/20/22	506,465	514,250	513,429
AAA	7,000	11/20/24	3,386,542	3,419,349	3,437,340
AAA	6,500	02/20/25	1,142,795	1,157,615	1,152,896
AAA	5,500	03/20/24	1,363,162	1,344,419	1,359,768
AAA	5,500	05/20/24	12,668,208	11,843,095	12,000,763
AAA	7,000	11/20/24	2,203,437	2,236,488	2,232,368
AAA	6,000	09/20/23	615,543	625,642	624,678
AAA	7,000	10/20/23	4,068,271	4,081,547	4,051,961
AAA	7,000	11/20/23	855,779	868,114	866,613
AAA	6,500	10/20/24	1,158,271	1,180,221	1,176,004
AAA	7,000	01/01/25	23,350,366	23,635,356	23,567,280
AAA	7,000	02/20/25	9,483,965	9,602,515	9,516,566
AAA	6,500	11/20/25	1,082,873	1,096,409	1,093,875
AAA	5,000	01/20/26	6,578,382	6,446,775	6,384,122
AAA	5,000	02/20/26	21,966,231	21,879,157	21,317,568
AAA	5,000	03/20/26	1,128,385	1,127,151	1,087,662
AAA	13.250	10/20/14	32,901	35,554	38,350
AAA	13.250	05/20/15	20,432	21,382	23,816
AAA	N/A	06/20/21	3,805,379	3,885,054	3,875,664
AAA	6,150	07/15/03	350,000	355,359	338,296
AAA	8,250	04/15/42	500,000	484,675	533,250
FEDERAL AGENCY TOTAL			1,697,763,163	1,479,792,578	1,479,911,192
TOTAL GOVERNMENT OBLIGATIONS			2,746,204,163	2,542,634,127	2,534,531,640

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
CORPORATE OBLIGATIONS						
BASIC INDUSTRIES						
AGRICULTURAL MINING & CHEMICALS INC.	BA	10.750	09/30/03	2,250,000	2,261,250	2,362,500
AMERICAN STANDARD INC.	BA	9.250	12/01/16	500,000	500,600	497,500
AMETEK INC.	BA	9.750	03/15/04	2,000,000	2,181,250	2,107,500
AMR CORPORATION	BAA	9.880	06/15/20	200,000	220,300	232,458
ATLANTIC RICHFIELD CO.	A	8.250	02/01/22	200,000	188,248	213,904
BALLY'S GRAND INC.	B	10.375	12/15/03	1,000,000	1,005,000	1,097,500
BUCKEYE CELLULOSE CORPORATION	BA	8.500	12/15/05	1,000,000	996,260	940,000
BUILDING MATERIALS CORPORATION	BA	N/A	07/01/04	2,500,000	1,906,250	1,862,500
BURLINGTON NORTHERN INC.	BAA	8.750	02/25/22	150,000	165,470	163,685
CATERPILLAR INC.	A	9.375	07/15/01	250,000	287,313	274,558
CLARK-SCHWEBEL INC.	B	10.500	04/15/06	500,000	500,000	530,000
COMCAST CORPORATION	B	10.630	07/15/12	2,200,000	2,242,625	2,299,000
CONTAINER CORPORATION	B	9.750	04/01/03	500,000	477,500	491,250
	B	11.250	05/01/04	2,000,000	2,000,000	2,065,000
	B	10.750	05/01/02	2,000,000	2,000,000	2,060,000
CSX CORPORATION	A	7.000	09/15/02	200,000	282,769	276,702
DAYTON HUDSON CORPORATION	BAA	9.700	06/15/21	250,000	270,035	292,745
DELTA AIR LINES INC.	BAA	10.500	04/30/16	1,000,000	1,219,440	1,188,120
DIAMOND SHAMROCK INC.	BAA	8.000	04/01/23	150,000	147,014	145,071
DOW CHEMICAL CO.	A	9.000	04/01/21	400,000	417,632	442,224
EMERSON CAPITAL CORPORATION	AA	N/A	07/01/08	770,000	770,000	926,703
EXXON CAPITAL CORPORATION	AAA	7.875	08/15/97	165,000	179,302	168,094
FEDERAL EXPRESS CORPORATION	BAA	10.000	09/01/98	250,000	268,303	266,393
FIGGIE INTERNATIONAL INC.	B	9.875	10/01/99	500,000	505,000	507,500
FORT HOWARD CORPORATION	B	9.000	02/01/06	5,750,000	4,973,652	5,524,000
	B	9.250	03/15/01	300,000	283,125	300,750
GEORGIA PACIFIC CORPORATION	BAA	9.625	03/15/22	300,000	300,660	321,486
	BAA	9.850	06/15/97	3,000,000	3,178,960	3,089,520
HARRIS CHEMICAL NORTH AMERICA INC.	B	10.75	10/15/03	4,580,000	4,414,887	4,476,950
HOLLINGER INTERNATIONAL INC.	B	9.250	02/01/06	1,000,000	1,000,000	915,000
HOMESIDE CORPORATION	BA	11.25	05/15/03	500,000	500,000	515,000
LENFEST COMMUNICATIONS INC.	BA	8.375	11/01/05	1,750,000	1,744,855	1,596,875
MAGNETEK INC.	B	10.750	11/15/98	750,000	710,625	735,000
MARITRANS CAPITAL CORPORATION	NR	9.250	04/01/07	4,000,000	4,000,000	3,538,750
MASCO CORPORATION	BAA	6.625	09/15/99	2,000,000	2,016,120	1,974,840
MID AMERICA WASTE	AAA	9.230	05/01/02	275,527	239,328	253,485
MOBILEMEDIA CORPORATION	B	9.375	11/01/07	1,500,000	1,500,000	1,342,500
NEWS AMERICAN HOLDINGS INC.	BAA	7.600	10/11/15	7,750,000	7,453,873	7,213,080
	BAA	12.000	12/15/01	9,085,000	11,065,530	9,839,951
NORMURA ASSET SECURITIES CORPORATION	AAA	N/A	02/25/25	38,089,489	444,442	411,366
PACIFIC LUMBER CO.	B	10.500	03/01/03	750,000	730,625	727,500
PHILIP MORRIS COMPANIES INC.	NR	8.880	07/01/96	5,000,000	5,175,000	5,001,000
PHILIP MORRIS CREDIT CORP.	AAA	10.500	07/01/08	294,890	294,890	334,903
	AAA	10.500	07/01/08	2,785,110	2,785,110	3,351,900
PHILLIPS PETROLEUM CO.	A	8.490	01/01/23	12,700,000	13,797,327	12,880,340
PURITY SUPREME INC.	BA	11.750	08/01/96	3,500,000	3,854,375	3,839,150
REPUBLIC PORTUGAL EUROCLEAR	A	5.750	10/08/03	200,000	168,232	186,630
RMF	AAA	9.150	11/29/27	800,000	738,500	711,750
RYDER SYSTEMS INC.	A	5.770	04/21/98	3,000,000	2,955,090	2,969,910
SAFERCO PRODUCTS	AAA	9.630	05/31/00	4,000,000	3,995,760	4,378,120
SANTA FE PACIFIC GOLD CORP.	AAA	9.450	05/31/99	7,000,000	6,992,160	7,506,890
SEARS ROEBUCK & CO.	BA	8.375	07/01/05	500,000	514,005	481,250
	A	9.250	08/01/97	4,050,000	4,504,694	4,180,127
SEQUA CORPORATION	B	6.250	04/15/98	26,860,000	29,908,384	28,116,779
SOCIEDAD ANONIMA	B	8.000	02/15/04	500,000	451,250	443,125
STONE CONTAINER CORPORATION	BA	10.250	12/15/00	1,000,000	1,080,000	1,031,250
	B	11.875	12/01/98	250,000	252,813	260,000
	B	12.625	07/15/98	200,000	207,250	210,500
	B	9.875	02/01/01	750,000	697,656	727,500
TCI COMMUNICATIONS INC.	BA	N/A	03/12/01	20,000,000	19,982,000	20,017,200
	BA	6.120	04/01/02	2,500,000	2,500,000	2,484,875

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
TEEKAY SHIPPING CORPORATION	BA	8.320	02/01/08	750,000	750,000	703,125
TENNECO INC.	RAA	10,000	08/01/96	2,850,000	3,063,465	3,037,559
	RAA	10,000	03/15/08	250,000	279,843	297,723
TEXAS PETROCHEMICALS	B	11.125	07/01/06	500,000	500,000	508,125
TIME WARNER INC.	RA	7.960	08/15/04	4,200,000	3,619,313	4,178,412
	RA	8.110	08/15/06	3,400,000	7,238,625	8,347,416
	BA	8.180	08/15/07	3,400,000	7,238,625	8,368,500
	BA	15.080	08/15/00	6,150,000	5,497,078	6,212,484
	BA	15.080	08/15/00	7,000,000	6,032,188	7,071,120
TRANSCONTINENTAL GAS PIPE LINE CORPORATION	RAA	9.000	11/15/96	702,000	723,657	709,125
UNION CARBIDE CORPORATION	RAA	8.750	08/01/22	300,000	304,665	311,745
UNIROYAL CHEMICAL INC.	B	9.000	09/01/00	300,000	282,375	303,000
WILMINGTON TRUST CO.	AAA	10.730	01/01/13	1,234,149	1,234,149	1,169,742
	AAA	N/A	01/01/13	950,142	950,142	933,265
	AAA	N/A	01/01/13	633,428	633,428	4,613,763
BASIC INDUSTRIES TOTAL				241,909,735	205,829,389	210,593,227
CAPITAL GOODS						
BROWNING FERRIS INDUSTRIES INC.	A	7.400	09/15/35	2,365,000	2,262,078	2,247,720
DEERE JOHN CAPITAL CORPORATION	A	8.625	08/01/19	1,000,000	1,051,175	1,063,750
STONE CONTAINER CORPORATION	B	11.500	10/01/04	395,000	392,164	398,950
WMX TECHNOLOGIES INC.	A	8.125	02/01/98	500,000	515,580	512,240
CAPITAL GOODS TOTAL				4,260,000	4,220,997	5,222,660
CONSUMER DURABLES						
EXIDE CORPORATION	B	12.250	12/15/04	500,000	426,844	410,000
GENERAL MOTORS CORPORATION	A	7.625	02/15/97	2,500,000	2,516,000	2,526,000
	A	8.800	03/01/21	200,000	212,025	224,138
STONE CONTAINER CORPORATION	B	10.750	10/01/02	2,180,000	2,162,255	2,201,800
CONSUMER DURABLES TOTAL				5,389,000	5,317,124	5,361,938
CONSUMER NON-DURABLES						
ABBEY HEALTHCARE GROUP INC.	B	9.500	11/01/02	2,000,000	2,087,500	2,050,000
ADELPHIA COMMUNICATIONS CORPORATION	B	12.500	05/15/02	750,000	754,531	761,250
ALLBRITTON COMMUNICATIONS CO.	B	9.750	11/30/07	500,000	497,500	457,500
AMERICAN BRANDS INC.	A	7.875	01/15/23	195,000	197,295	196,929
BURLINGTON INDUSTRIES INC.	BAA	7.250	09/15/05	200,000	207,544	192,612
CARTER HOLT HARVEY	BAA	8.875	12/01/04	250,000	252,668	269,710
CELOLISA ARAUCO Y CONSTITUCION	BAA	6.750	12/15/03	10,000,000	9,641,400	9,470,500
CENTURY COMMUNICATIONS	BA	9.500	03/01/05	240,000	240,600	231,600
	B	11.875	10/15/03	1,500,000	1,595,625	1,593,750
	BA	N/A	03/15/03	575,000	235,437	281,750
CF CABLE TV INC.	BA	9.125	07/15/07	1,000,000	1,017,500	1,007,500
CHAMPION HEALTHCARE CORPORATION	AAA	11.000	12/31/03	10,000,000	10,000,000	9,826,000
COCA COLA ENTERPRISES INC.	A	7.000	11/15/99	250,000	255,363	251,958
COLUMBIA /BCA HEALTHCARE CORP.	A	7.050	12/01/27	250,000	232,510	229,578
CONTINENTAL CABLEVISION INC.	BA	9.000	09/01/08	3,195,000	2,961,244	3,472,559
	BA	8.500	09/15/01	1,150,000	1,063,063	1,204,004
CONTINENTAL CORPORATION	BAA	8.250	04/15/99	250,000	249,673	255,598
COX COMMUNICATIONS INC.	BAA	7.250	11/15/15	8,000,000	8,176,240	7,535,760
CUMBERLAND FARMS INC.	AAA	10.500	10/01/03	1,000,000	953,750	955,000
DIAL CALL COMMUNICATIONS INC.	B	12.250	04/15/04	3,200,000	1,771,776	2,048,000
DIAMOND CABLE COMMUNICATIONS	B	N/A	12/15/05	1,500,000	847,530	881,250
DOANNE PRODUCTS	B	10.625	03/01/06	500,000	500,000	500,000
DOLE FOODS INC.	BAA	7.000	05/15/03	200,000	202,906	196,036
DU PONT E I DE NEMOURS & CO.	AA	8.125	03/15/04	250,000	249,253	263,078
FEDERATED DEPARTMENT STORES INC.	BA	8.125	10/15/02	525,000	532,875	514,500
GENERAL MEDICAL CORPORATION	B	10.875	06/15/03	1,200,000	1,182,000	1,221,000
GENESIS HEALTH VENTURES INC.	B	9.750	06/15/05	1,500,000	1,558,125	1,526,250
GRANITE BROADCASTING CORPORATION	AAA	10.375	05/15/05	1,250,000	1,289,063	1,225,000
GRIFFIN GAMING & ENTERTAINMENT INC.	B	N/A	06/30/00	500,000	476,250	481,250
GTE CORPORATION	BAA	8.850	03/01/98	150,000	160,938	155,516
	BAA	8.850	03/01/98	2,000,000	2,072,640	2,073,540

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
HAMMONS JOHN HOTELS	BAA	8.850	03/01/98	1,000,000	1,047,690	1,036,770
HARCOURT GENERAL INC.	B	8.875	02/15/04	1,275,000	1,250,406	1,192,125
HILTON HOTELS CORPORATION	BAA	8.250	06/01/02	250,000	248,570	262,538
HMH INC.	BAA	7.700	07/15/02	1,000,000	1,049,330	1,000,760
INFINITY BROADCASTING CORPORATION	B	9.500	05/15/05	1,500,000	1,515,000	1,432,500
INTEGRATED HEALTH SERVICES INC.	B	10.375	03/15/02	1,000,000	1,081,250	1,065,000
INTELCOM GROUP USA INC.	B	9.625	05/31/02	500,000	497,500	495,000
INTERNATIONAL CABLETEL INC.	AAA	12.500	05/01/06	2,500,000	1,363,625	1,362,500
ITT CORPORATION	B	N/A	10/15/03	1,600,000	998,500	1,164,000
K-III COMMUNICATIONS CORPORATION	BAA	6.750	11/15/05	250,000	235,963	236,423
KELLOGG CO.	BA	8.500	02/01/06	1,000,000	995,780	915,000
MAGELLAN HEALTH SERVICES INC.	AAA	5.900	07/15/97	360,000	359,100	359,734
MAY DEPARTMENT STORES CO.	A	7.150	08/15/04	1,000,000	1,048,380	987,340
MFS COMMUNICATIONS INC.	B	N/A	01/15/04	1,640,000	956,224	1,230,000
MICHAEL'S STORES INC.	BA	10.875	06/15/06	750,000	750,000	765,000
NABISCO BRANDS INC.	BAA	8.300	04/15/99	250,000	264,200	258,405
NEWS AMERICAN HOLDINGS INC.	BAA	6.700	06/15/02	1,000,000	1,017,990	975,410
PAGING NETWORK INC.	BAA	8.000	01/15/00	3,000,000	3,200,790	3,100,350
PATHMARK STORES INC.	BAA	7.750	12/01/95	1,450,000	1,455,580	1,297,402
PENNEY J. C. INC.	BAA	12.000	12/15/01	10,000,000	11,118,900	10,847,400
PAGING NETWORK INC.	B	10.125	08/01/07	1,000,000	1,065,000	982,500
PATHMARK STORES INC.	B	10.125	08/01/07	500,000	500,000	491,250
PENNEY J. C. INC.	B	9.625	05/01/03	500,000	466,250	465,000
PENNEY J. C. INC.	B	N/A	11/01/03	1,500,000	976,875	907,500
PHILIP MORRIS COMPANIES INC.	A	5.375	11/15/96	3,000,000	2,893,050	2,926,710
RALPH'S GROCERY CO.	A	6.000	05/01/06	222,000	198,794	198,142
RALSTON PURINA CO.	BAA	8.250	10/15/03	250,000	251,375	263,840
REVLON CONSUMER PRODUCTS CORPORATION	B	10.500	02/15/03	1,750,000	1,778,438	1,758,750
ROGERS CABLESYSTEMS	BA	10.125	09/01/12	1,150,000	1,176,128	1,104,000
SALOMON INC.	BAA	5.750	11/18/97	1,000,000	944,670	988,640
SEAGRAM JOSEPH E. & SONS INC.	BAA	9.300	05/01/21	160,000	162,869	158,853
SERVICE CORPORATION INTERNATIONAL	BAA	6.375	10/01/00	200,000	261,270	195,624
SINCLAIR BROADCAST GROUP INC.	B	10.000	09/30/05	250,000	258,438	238,750
SOUTHLAND CORPORATION	B	5.000	12/15/03	500,000	419,375	390,000
SWEETHEART CORPORATION	B	9.625	09/01/00	1,000,000	1,006,250	990,000
THRIFTY PAYLESS INC.	B	12.250	04/15/01	911,000	949,718	1,008,933
TIME WARNER INC.	BA	N/A	08/15/00	2,000,000	2,009,900	2,020,320
TYSON FOODS INC.	A	6.625	10/17/05	250,000	252,055	239,275
U.S. WEST COMMUNICATIONS	AA	8.875	06/01/31	300,000	304,575	318,507
VALASSIS INSERTS INC.	BA	9.375	03/15/99	500,000	519,300	502,175
WAL-MART STORES INC.	AA	5.875	10/15/05	250,000	249,163	228,325
XEROX CORPORATION	A	8.125	04/15/02	220,000	235,728	232,162
YOUNG BROADCASTING INC.	B	9.000	01/15/06	1,000,000	991,900	892,500
CONSUMER NON-DURABLES TOTAL				113,583,000	109,368,148	108,445,159
ENERGY						
AMERICAS FINANCE CORPORATION	BA	10.125	04/15/07	1,500,000	1,593,750	1,545,000
CALIFORNIA ENERGY	BA	N/A	01/15/04	2,000,000	1,811,250	1,920,000
CANADIAN OCCIDENTAL	BAA	5.950	11/09/98	4,500,000	4,430,070	4,431,285
CLARK OIL REFINING CORPORATION	BA	10.50	12/01/01	600,000	620,250	621,000
IMO INDUSTRIES INC.	B	11.75	05/01/06	500,000	492,820	511,250
KSC ENERGY INC.	B	11.00	01/15/03	1,000,000	1,036,250	1,056,250
MAXUS ENERGY CORPORATION	B	9.375	11/01/03	660,000	668,850	648,120
NUEVO ENERGY CO.	B	9.375	11/01/03	750,000	690,000	723,750
OCCIDENTAL PETROLEUM CORPORATION	BAA	12.50	06/15/02	1,500,000	1,640,625	1,620,000
SHELL OIL CO.	AA	9.500	08/15/97	2,450,000	2,589,234	2,536,779
SOUTHERN CALIFORNIA GAS CO.	A	6.950	12/15/98	250,000	249,578	251,965
		8.750	10/01/21	350,000	359,709	363,913

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
VINTAGE PETROLEUM INC.	B	9.000	12/15/95	1,000,000	954,688	947,500
ENERGY TOTAL				17,369,000	17,379,348	17,375,312
FINANCIAL SERVICES						
ACCESS FINANCIAL MORTGAGE	AAA	7.925	06/18/27	5,000,000	4,995,313	4,962,784
ADVANTA CORPORATION	AAA	7.260	10/15/96	5,000,000	5,056,700	5,016,000
AETNA LIFE ASSOCIATION	A	7.250	08/15/23	150,000	129,140	139,844
AFRICAN DEVELOPMENT BANK	AA	8.800	09/01/19	1,975,000	2,436,459	2,265,049
AIRPLANES TRUST	AAA	10.875	03/15/19	500,000	500,000	521,250
ALLSTATE CORPORATION	A	6.750	06/15/03	250,000	224,225	243,503
AMERICAN EXPRESS	AAA	6.600	05/15/90	400,000	390,480	399,748
AMERICAN GENERAL FINANCE CORPORATION	A	7.000	10/01/97	4,500,000	4,584,240	4,536,855
AMERICAN S.W. FINANCIAL SECURITIES CORP.	AAA	5.100	06/02/99	4,704,044	4,654,142	4,515,882
AMRESCO RESIDENTIAL SECURITIES CORPORATION	AAA	7.000	01/25/16	3,000,000	2,999,531	2,999,520
ASIAN DEVELOPMENT BANK	AAA	9.125	06/01/00	100,000	112,907	107,282
ASSOCIATES CORPORATION OF NORTH AMERICA	A	5.250	09/01/98	1,500,000	1,484,160	1,461,480
	A	5.875	08/15/97	500,000	497,935	498,325
	AA	6.375	11/15/95	200,000	192,304	188,384
	A	6.750	10/15/99	790,000	795,593	791,817
	A	6.750	07/15/97	4,750,000	4,797,215	4,779,165
AT&T CAPITAL CORPORATION	BAA	5.610	02/01/99	1,500,000	7,228,800	7,324,575
ATLAS AIR INC.	BA	12.25	12/01/02	1,000,000	1,000,000	1,087,500
AVCO FINANCIAL SERVICES INC.	A	5.500	04/01/00	250,000	227,035	238,328
BANC ONE CORPORATION	A	7.250	08/01/02	250,000	248,023	251,850
BANKAMERICA CORPORATION	A	9.700	06/01/00	500,000	574,190	549,755
BANKAMERICA MANUFACTURED HOUSING	AAA	6.650	10/10/26	2,293,000	2,276,161	2,272,822
BANKERS TRUST OF NEW YORK CORPORATION	N/R	4.700	07/01/96	6,000,000	5,826,060	5,995,380
	A	7.500	01/15/02	1,000,000	1,005,100	1,013,700
BARNETT BANKS INC.	A	8.500	01/15/97	200,000	226,898	209,596
BEAR STEARNS MORTGAGE CAPITAL	AAA	9.000	03/01/91	4,594	4,450	4,575
BEAR STEARNS MORTGAGE SECURITIES INC.	AAA	N/A	05/25/23	10,695,115	10,765,302	10,555,719
BELLSOUTH SAVINGS	AA	9.190	07/01/03	2,493,247	2,689,790	2,666,528
CAPITAL ONE BANK	BAA	8.130	02/27/98	4,000,000	4,082,360	4,000,000
	BAA	8.100	02/07/97	3,000,000	3,067,920	3,031,620
CFAC REMIC TRUST MANUFACTURED HOUSING	A	9.250	05/15/98	447,874	502,038	457,717
CHEMICAL MASTER CREDIT CARD	AAA	5.550	09/15/03	1,500,000	1,452,656	1,430,145
CHEMICAL MORTGAGE SECURITIES INC.	AAA	6.250	02/25/23	5,202,607	5,218,043	5,173,316
CHRYSLER FINANCIAL CORPORATION	A	6.625	08/15/00	300,000	309,108	297,813
	AAA	8.160	01/12/97	3,500,000	3,581,550	3,538,080
	AAA	7.380	03/12/97	3,500,000	3,551,660	3,531,290
	AAA	6.220	10/27/97	5,000,000	5,013,750	5,008,050
CIGNA CORPORATION	BAA	8.750	10/01/01	160,000	172,386	170,939
CIRCUIT CITY CREDIT CARD	AAA	8.000	11/15/03	300,000	302,484	312,000
CITIBANK GROUP HOLDINGS INC.	BA	6.350	07/31/98	4,500,000	4,480,650	4,487,220
CITIBANK N.Y.	A	9.000	01/25/17	0	3,229	0
	A	9.500	11/25/16	7,180,000	7,649,796	7,586,964
	A	N/A	07/10/97	7,000,000	6,205,000	6,992,300
CITICORP	A	9.500	02/01/02	250,000	296,425	278,458
	A	N/A	05/29/98	5,000,000	4,800,100	4,998,500
	A	N/A	01/31/98	7,130,000	7,098,274	7,123,227
CITICORP MORTGAGE SECURITIES INC.	A	N/A	05/25/19	1,744,431	1,734,765	1,761,876
	AAA	7.000	11/01/12	1,282,084	1,293,302	1,278,078
	A	7.110	10/25/19	384,112	382,040	385,683
	AAA	9.500	11/25/04	3,543,864	3,478,524	3,550,065
	AAA	10.500	06/25/19	877,197	884,599	950,389
	AA	7.340	11/01/18	2,364,299	2,364,299	2,387,942
	AAA	9.500	07/25/18	5,934,329	6,053,616	5,934,329
CMC SECURITIES CORPORATION	AAA	N/A	11/25/23	8,135,737	8,145,907	8,111,837
COLEMAN HOLDINGS INC.	AAA	N/A	05/27/98	2,450,000	1,953,875	2,048,813
COLLATERALIZED MORTGAGE OBLIGATION	AAA	9.400	08/01/16	4,359,349	4,669,812	4,333,454
	AAA	N/A	09/25/17	1,054,651	946,549	1,061,896
	AAA	10.200	02/01/16	6,111,086	6,164,314	6,409,061
	AAA	9.400	09/20/17	5,648,557	6,051,903	5,632,628
	AAA	9.000	04/01/18	8,712,890	8,310,180	9,050,515
COMMERCIAL CREDIT GROUP INC.	A	10.000	05/15/09	300,000	349,890	357,726

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
COMMERCIAL TRUST	AAA	7.250	04/23/17	226,070	232,146	223,102
CONTINENTAL CORPORATION	BAA	7.250	03/01/03	1,000,000	1,038,490	994,750
CORPORATE PROPERTIES INVESTMENTS	A	7.875	03/15/16	10,000,000	9,965,200	9,770,700
CTC MANSFIELD FUNDING CORPORATION	AAA	10.250	03/30/08	6,230,000	6,671,894	6,362,201
	BA	11.125	09/30/16	1,000,000	1,048,750	1,025,120
CWMBS INC.	AAA	7.500	09/25/25	22,000,000	21,773,125	21,278,816
	AA	8.250	05/25/30	1,500,000	1,541,250	1,525,305
	AAA	8.500	02/25/09	990,636	872,998	861,853
	AA	7.500	10/25/25	500,000	496,563	488,435
DAIWA MORTGAGE ACCEPTANCE CORPORATION	AAA	N/A	09/25/06	3,957,887	4,017,256	3,997,031
DBL MORTGAGE FUNDING CORPORATION	AAA	9.500	08/25/19	266,595	258,389	280,487
DEAN WITTER DISCOVER & CO.	AAA	N/A	02/01/99	1,750,000	1,750,534	1,744,890
	AAA	N/A	02/05/99	1,000,000	1,000,552	996,290
	A	7.760	06/22/04	7,000,000	6,992,300	7,192,150
	A	6.000	03/01/98	150,000	154,374	149,123
DELTA FUNDING HOME EQUITY LOAN	AAA	7.950	07/25/27	5,870,000	5,865,829	5,831,258
DIJ MORTGAGE ACCEPTANCE CORPORATION	AAA	N/A	03/25/24	51,611	50,337	49,659
	AAA	N/A	09/25/21	952,673	980,063	952,673
	AAA	N/A	05/25/23	3,465,691	3,584,825	3,513,345
	AAA	5.520	06/25/22	3,484,046	3,510,176	3,449,296
	AAA	8.031	12/22/02	1,895,961	1,961,134	1,952,840
EQCC HOME EQUITY LOAN	AAA	7.900	09/15/07	2,000,000	2,029,063	2,034,882
EURO BANK RECON & DEVELOPMENT	AAA	N/A	01/29/97	1,000,000	999,000	999,000
FILMC CORP. COLLATERALIZED MORT. OBLIGATION	AAA	10.750	11/30/05	965,508	1,044,559	994,473
FIRST BANK CORP. MORTGAGE SECURITIES	AAA	N/A	09/01/16	1,480,793	1,349,787	1,480,793
FIRST BANK SYSTEM	AAA	N/A	11/30/10	1,000,000	915,000	903,600
FIRST BOSTON MORTGAGE SECURITIES CORP.	AAA	N/A	02/25/18	2,823,570	2,895,039	2,753,856
FIRST CHICAGO CORPORATION	A	8.200	11/15/96	5,000,000	5,077,000	5,053,950
FIRST NATIONWIDE PARENT HOLDINGS LTD.	B	12.500	04/15/03	1,350,000	1,353,473	1,390,500
FIRST USA BANK WILMINGTON	AAA	N/A	03/24/97	2,000,000	2,002,132	2,004,220
FLEET FINANCIAL GROUP INC.	A	8.125	07/01/04	335,000	341,221	350,072
FORD CAPITAL	A	10.125	11/15/00	200,000	236,108	223,778
FORD CREDIT AUTO LEASE	AAA	6.350	10/15/98	1,950,552	3,972,157	3,959,125
FORD CREDIT AUTO LOAN	AAA	6.500	08/15/02	5,200,000	5,185,481	5,099,112
	A	6.500	11/15/99	1,000,000	999,531	1,002,810
FORD HOLDINGS INC.	A	9.250	03/01/00	189,000	213,060	203,644
FORD MOTOR CREDIT CO.	A	N/A	11/30/10	5,000,000	4,911,500	4,780,300
	A	6.250	12/08/05	785,000	884,274	816,837
	A	8.875	06/15/99	300,000	322,758	317,100
	A	5.320	09/15/98	6,500,000	6,203,275	6,347,510
	A	N/A	03/30/99	5,100,000	5,027,988	5,091,585
GENERAL ELECTRIC CAPITAL CORPORATION	AAA	6.780	08/26/96	11,290,000	11,191,600	11,208,600
	AAA	8.300	09/20/09	1,325,000	1,485,837	1,445,310
	AAA	6.233	08/31/98	4,500,000	4,524,345	4,501,035
	AAA	8.650	05/01/18	3,000,000	3,063,090	2,987,640
	AAA	8.000	03/02/02	1,737,070	1,721,772	1,719,699
GENERAL MOTORS ACCEPTANCE CORP. MORTGAGE	AAA	N/A	12/01/97	6,706	4,235	6,566
GENERAL MOTORS ACCEPTANCE CORPORATION	AAA	7.750	07/18/96	32,000,000	31,909,440	31,909,440
	A	5,500	12/15/01	250,000	222,035	231,048
	AAA	7.750	02/25/97	3,000,000	3,037,200	3,033,060
	AAA	8.800	07/03/96	3,000,000	3,084,690	3,000,270
	AAA	8.300	07/08/96	1,500,000	1,542,405	1,500,660
	A	8.880	06/01/10	10,000,000	10,936,565	11,155,300
	A	8.625	06/15/99	150,000	161,403	157,644
	A	5.625	02/01/99	2,000,000	1,943,100	1,951,860
	A	6.375	10/12/99	1,075,000	1,094,497	1,065,046
	AAA	7.750	01/28/97	1,000,000	1,028,790	1,009,410
	AAA	1.500	06/04/97	5,000,000	5,036,450	5,057,150
	AAA	6.500	05/15/97	3,000,000	3,004,560	3,009,270
	AAA	7.500	05/19/97	3,175,000	3,198,241	3,210,655
	A	6,000	12/07/98	825,000	818,281	815,488
	AAA	7.250	03/14/97	10,000,000	10,053,700	10,079,100
GOLDMAN GROUP L. P.	AAA	6.200	12/15/00	1,000,000	998,800	966,380
GREEN TREE FINANCIAL CORPORATION	AA	N/A	03/30/99	25,000,000	24,803,000	25,000,000
GREENWICH CAPITAL ACCEPTANCE INC.	AAA	7.260	01/25/23	2,683,752	2,724,008	2,700,526
	AAA	7.660	01/25/22	1,668,025	1,653,251	1,591,945

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
GUARDIAN S&L ASSN. HUNTINGTON BEACH	AAA	N/A	10/25/22	10,924,915	11,150,315	10,964,104
	AAA	5.690	01/25/23	4,025,341	4,060,845	4,044,373
	AAA	N/A	04/25/24	5,905,232	6,030,719	5,967,743
	AAA	N/A	03/25/20	968,706	975,971	912,809
	AAA	N/A	01/25/21	601,132	610,149	414,217
	AAA	N/A	02/25/20	235,823	252,194	124,839
	AAA	N/A	01/25/19	1,048,490	1,064,217	899,735
	BA	N/A	08/20/19	614,192	477,535	469,857
	AAA	N/A	06/25/20	786,564	789,513	416,387
	AAA	5.630	07/25/18	2,027,312	2,048,852	1,780,233
	AAA	N/A	02/25/20	241,653	239,538	140,008
HEALTH & REHAB PROPERTIES TRUST	BAA	6.737	07/13/99	3,025,000	3,010,400	3,020,856
	BAA	N/A	06/29/94	3,500,000	3,482,500	3,495,205
HELLER FINANCIAL INC.	A	7.000	05/15/02	1,500,000	1,566,030	1,488,165
HEWLETT-PACKARD	AA	5.625	11/20/00	1,300,000	0	864,218
HMO COLLATERALIZED MORTGAGE SECURITIES CORP.	AAA	11.45	09/01/15	3,312,739	3,535,192	3,572,557
HOLDEN FUNDING CORPORATION	AAA	7.340	11/01/35	10,000,000	9,657,000	9,674,000
HOME LOAN INVESTMENTS ASSOCIATION	AAA	7.240	04/15/12	1,871,193	1,871,193	1,871,193
HOUSEHOLD FINANCIAL CORPORATION	A	8.875	07/05/99	188,000	192,217	188,024
	A	6.890	05/11/98	4,000,000	4,073,708	4,031,880
	AAA	6.650	11/20/12	49,902	51,118	49,091
HOUSING SECURITIES INC.	AAA	N/A	04/25/23	3,219,624	3,223,649	3,219,624
	AAA	7.500	04/26/21	3,144,244	3,151,185	3,164,878
IMC HOME EQUITY LOAN	AAA	7.950	07/25/26	10,041,000	10,055,905	10,357,091
IMPERIAL S&L ASSOCIATION	AA	N/A	01/25/17	925,448	899,781	923,134
INDEPENDENT NATIONAL MORTGAGE CORPORATION	AAA	N/A	11/25/24	2,565,829	2,594,285	2,604,307
INTERNATIONAL FINANCE CORPORATION	AAA	15.250	05/11/99	177,000,000	663,200	742,539
INTERNATIONAL LEASE FINANCE CORPORATION	A	8.125	01/15/98	4,000,000	4,163,920	4,096,440
JENKINS EMPIRE ASSOCIATES	AAA	6.840	08/01/08	10,564,219	10,458,577	9,943,638
JORGENSEN EARLE M. CO.	B	10.75	03/01/00	950,000	910,417	940,500
KFW INTERNATIONAL FINANCE	NR	6.500	12/28/01	1,060,000	705,758	710,284
KIDDER PEABODY ACCEPTANCE	AAA	7.900	03/25/24	10,368,560	10,148,228	10,368,560
KREDITANST	AA	6.000	02/09/06	4,500,000	2,950,337	2,816,214
LCPL	AAA	5.960	09/15/01	1,376,188	1,376,833	1,375,541
LEHMAN BROTHERS HOLDINGS INC.	BAA	5.750	02/15/98	3,000,000	2,951,520	2,968,340
	BAA	8.750	03/15/05	250,000	269,303	267,715
	BAA	5.040	12/15/03	5,000,000	4,787,350	4,975,900
	AAA	7,000	05/15/97	2,140,000	2,156,093	2,153,342
	BAA	6.750	02/27/98	18,000,000	17,996,580	17,996,580
LEUCADIA NATIONAL CORPORATION	BA	8.250	06/15/05	1,000,000	1,064,860	1,005,000
LTC COMMERCIAL	AAA	9.200	08/04/23	1,500,000	1,614,141	1,554,375
LUMBERMANS	BAA	9.150	07/01/26	8,050,000	8,027,460	8,320,561
MANUFACTURERS HANOVER TRUST	AAA	N/A	04/30/97	3,000,000	2,959,300	2,991,600
MEPC FINANCIAL INC.	A	7.500	05/01/03	7,000,000	6,990,970	6,990,970
MERITA BANK LTD.	A	N/A	09/11/03	1,000,000	994,000	998,400
MERITA EURO	AAA	N/A	04/28/03	1,000,000	1,000,000	998,400
MERRILL LYNCH & CO. TRUST	AA	N/A	06/23/97	10,000,000	9,938,680	9,974,700
MERRILL LYNCH & COMPANY INC.	AA	8.000	06/01/07	200,000	196,274	208,094
MERRILL LYNCH MORTGAGE INVESTMENTS INC.	AAA	N/A	06/25/22	3,000,000	2,976,094	2,976,094
MHC INC.	AAA	N/A	12/16/25	480,113	486,409	478,012
	AAA	9.400	12/15/25	960,225	939,259	922,968
MONEY STORE, THE	AAA	6.820	03/15/19	2,100,000	2,100,000	2,100,000
MORGAN GUARANTY TRUST CO. N.Y.	AA	7.375	02/01/02	150,000	142,202	152,609
MORGAN J. P. ACCEPTANCE	AAA	9.000	10/20/07	540,076	554,928	540,579
MORGAN STATE GROUP INC.	A	N/A	03/09/99	10,050,000	9,900,255	10,017,639
MORTGAGE OBLIGATION STRUCTURED	AAA	6.350	10/25/18	1,442,505	1,456,930	1,427,503
NATIONAL AUSTRALIA BANK LTD. N.Y.	A	9.700	10/15/98	1,850,000	2,010,347	1,972,655
NATIONWIDE TRUST	A	12.220	02/15/25	3,000,000	2,961,210	3,122,813
NAVISTAR FINANCIAL CORPORATION	B	8.875	11/15/98	750,000	756,563	750,000
NCNB CORPORATION	A	8.500	11/01/96	1,000,000	1,030,860	1,007,600
	A	9.375	09/15/09	1,595,000	1,805,712	1,827,998
NEW YORK CITY TAX LEIN	AAA	6.810	05/25/05	3,000,000	3,000,000	3,000,000
NEWS AMERICAN HOLDINGS INC.	BAA	8.625	02/01/03	200,000	219,728	212,479
NISSAN AUTO TRUST	AAA	6.100	08/15/01	210,575	213,010	210,244
NOMURA ASSET SECURITIES CORPORATION	AAA	N/A	09/25/24	44,629,381	1,756,731	1,628,972
NORWEST FINANCIAL INC.	AA	7.875	02/15/02	250,000	261,900	259,933
	AA	8.500	08/15/98	500,000	496,765	519,570

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
OKOBANK	A	N/A	10/14/49	2,000,000	1,996,200	2,007,760
OWENS ILLINOIS INC.	B	10.500	06/15/02	1,500,000	1,584,375	1,533,750
	BA	11.000	12/01/03	2,000,000	2,205,000	2,150,000
P-B CMO TRUST REMIC	AAA	N/A	09/01/18	442,500	454,734	439,833
PACIFIC MUTUAL LIFE INSURANCE CO.	A	7.900	12/30/23	8,000,000	7,069,360	7,363,040
PAINTE WEBBER GROUP	BAA	6.250	06/15/98	300,000	302,283	295,917
	BAA	7.750	09/01/02	11,000,000	11,227,370	11,193,600
PIONEER AMERICANS ACQUISITION CORP.	B	13.375	04/01/05	300,000	0	316,500
PREMIER AUTO	AAA	6.500	11/02/97	5,127,959	5,121,299	5,117,929
	AAA	4.650	02/02/99	705,643	692,110	697,923
	AAA	6.500	03/06/00	1,000,000	998,571	992,600
PRUDENTIAL HOME FIFTEEN-YEAR MORTGAGE	AAA	7.400	05/25/07	10,358,544	10,517,160	10,358,544
PRUDENTIAL HOME MORTGAGE SECURITIES CO.	AAA	6.800	05/25/24	3,623,029	3,643,975	3,624,479
	AA	N/A	05/25/23	2,671,984	2,553,814	2,726,541
	AAA	6.900	04/25/23	8,342,822	8,338,911	8,329,723
PRUDENTIAL INSURANCE CO.	A	8.300	07/01/25	1,000,000	1,086,780	994,730
PRUDENTIAL SECURITIES FINANCIAL CORPORATION	AAA	6.830	09/25/09	790,425	788,573	792,488
REGIONAL COMMERCIAL MTC FUNDING TRUST	AA	N/A	06/25/98	13,000,000	13,000,000	13,000,000
REGIONAL NATIONAL FINDERS FINANCIAL	NR	N/A	03/31/99	2,163,433	2,147,361	2,109,348
RELIANCE GROUP HOLDINGS INC.	BA	9.000	11/15/00	1,500,000	1,321,125	1,287,000
REPAIR WISCONSIN INC.	B	9.250	02/01/02	1,000,000	975,000	935,000
REPUBLIC NEW YORK CORPORATION	A	7.750	05/15/09	100,000	98,633	102,026
RESIDENTIAL FUNDING MORTGAGE SECURITIES INC.	AAA	7.500	09/25/25	8,000,000	7,830,000	7,679,502
	AAA	N/A	02/25/07	1,416,625	1,457,796	1,416,625
	AAA	5.907	01/25/19	4,156,192	4,012,654	4,107,637
	AAA	8.092	04/25/07	1,292,870	1,296,506	1,307,025
	AAA	5.983	03/25/25	34,667,827	35,143,167	35,126,944
	AAA	8.000	05/25/26	1,194,086	1,201,549	1,217,968
	AAA	7.000	06/25/23	1,638,346	1,640,906	1,635,774
RESOLUTION FUNDING CORPORATION	AAA	8.625	01/15/21	860,000	953,822	998,942
RESOLUTION TRUST CORPORATION	AAA	7.1466	02/25/29	1,365,002	1,378,004	955,502
	AAA	7.500	08/25/23	349,188	358,627	351,042
	AAA	N/A	05/25/29	6,457,718	6,500,040	6,415,678
	AAA	N/A	05/25/29	10,064,356	10,174,459	9,913,391
	AAA	N/A	05/29/29	8,261,174	8,239,118	8,080,461
	AAA	N/A	05/25/29	3,565,082	3,552,156	3,575,029
	A	7.068	05/25/29	904,091	874,143	814,070
	AAA	N/A	01/25/21	928,590	932,072	928,590
	AAA	4.2875	05/25/24	14,394,819	14,394,819	14,427,927
	AAA	N/A	05/25/19	2,383,333	2,383,333	2,373,651
	AAA	N/A	12/25/29	5,261,011	5,311,982	5,261,011
	AAA	9.450	05/25/24	9,100,011	9,873,372	9,100,011
	AAA	6.9408	05/25/29	4,508,687	4,548,940	4,553,774
	AAA	4.950	03/25/20	1,203,851	1,210,231	1,148,474
	AAA	6.050	04/25/21	49,298	49,352	45,661
	BA	N/A	09/25/20	245,950	162,485	158,715
	AAA	N/A	05/25/24	2,000,000	2,092,500	2,142,300
	AAA	8.000	06/25/26	2,042,162	1,777,336	1,784,339
	A	7.2118	05/25/29	1,803,467	1,737,246	1,791,221
	B	6.900	02/25/27	1,151,406	1,019,354	1,002,783
RYLAND ACCEPTANCE CORPORATION	AAA	9.85	02/01/19	9,427,750	9,889,772	9,383,534
RYLAND MORTGAGE SECURITIES CORPORATION	BAA	N/A	10/25/23	1,072,184	929,785	1,067,212
	AAA	N/A	03/25/22	1,070,997	1,084,050	1,079,030
	AAA	N/A	12/25/21	2,151,232	2,171,347	2,159,832
S.C.I. TELEVISION	B	11.000	06/30/05	2,000,000	2,125,000	2,075,000
SALOMON BROTHERS MORTGAGE SECURITIES INC.	AAA	11.50	09/01/15	1,198,668	1,314,445	1,300,951
SALOMON INC.	BAA	6.750	02/15/03	14,175,000	13,533,790	13,569,161
	BAA	N/A	05/20/99	800,000	777,200	792,064
	AAA	8.770	02/23/98	1,000,000	1,016,410	1,030,760
	BAA	6.578	05/29/98	8,500,000	8,418,681	8,470,165
	BAA	8.910	02/16/98	6,200,000	6,417,062	6,407,142
SALOMON MORTGAGE SECURITIES INC.	AAA	N/A	12/25/17	593,391	594,133	593,391
	AAA	7.000	02/25/17	335,755	292,317	323,794
	AAA	N/A	03/25/24	3,975,635	3,996,755	3,975,635
	AAA	N/A	06/25/22	1,902,136	1,935,424	1,887,205
	AAA	N/A	03/25/24	6,073,345	6,219,484	6,217,203
	BA	N/A	04/25/24	1,727,926	1,578,892	1,555,133
	AAA	N/A	11/25/24	2,902,098	2,956,513	2,902,098
SANTANDER FINANCIAL ISSUANCES LTD.	A	7.250	11/01/15	200,000	202,726	188,968

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Date	Maturity	Pac Value	Book Value	Market Value
SAXON MORTGAGE SECURITIES CORPORATION	AAA	N/A	01/25/23	1,115,543	1,116,204	1,126,006
SEARS MORTGAGE SECURITIES CORPORATION	AAA	8.150	03/25/22	1,876,531	1,920,219	1,878,877
	AAA	N/A	06/25/22	1,424,368	1,443,953	1,424,813
SEARS ROEBUCK & CO.	A	9.375	11/01/11	250,000	257,413	291,585
SEC PACIFIC NATIONAL BANK	AA	6.540	03/25/18	827,582	761,376	818,090
SECURED FINANCE INC.	AAA	9.050	12/15/04	12,000,000	13,193,650	13,214,280
SHEARSON LEHMAN	AAA	N/A	01/24/19	2,227,894	2,264,656	2,191,713
	AAA	9.600	03/25/21	1,159,084	1,211,243	1,215,420
	AAA	N/A	10/16/96	8,000,000	7,978,875	7,984,000
SIGNET MASTER TRUST	AAA	4.850	12/15/96	1,615,000	1,585,934	1,608,427
SONWIL CORPORATION	AAA	N/A	12/01/01	17,938,476	18,005,551	18,499,404
SOUTHWEST SAVINGS ASSOCIATION DALLAS	AAA	N/A	12/31/18	146,892	141,536	139,878
SPIEGEL CHARGE	AAA	6.950	12/15/01	600,000	636,000	603,752
STANDARD CREDIT CARD MASTER TRUST	AAA	7.250	04/07/08	200,000	208,906	199,936
	AAA	5.900	02/07/01	950,000	949,269	935,750
	AAA	4.650	03/07/99	2,500,000	2,453,906	2,481,256
	AAA	5.500	02/07/00	790,000	784,336	771,482
	AAA	9.500	07/31/08	4,500,000	4,740,117	4,623,750
STRUCTURED ASSET SECURITIES CORPORATION	AAA	N/A	09/25/96	23,455,264	23,667,311	23,515,544
STUDENT LOAN MARKETING ASSOCIATION	AAA	N/A	04/25/04	15,306,149	15,306,149	15,301,251
	AAA	N/A	10/25/07	1,600,000	1,600,000	1,600,000
SUNTRUST BANKS INC.	A	7.375	07/01/02	110,000	110,409	112,189
SWEDBANK SPARBANKEN	BAA	7.500	10/29/99	4,950,000	5,005,400	4,976,780
TAUBMAN REALTY GROUP LTD. PARTNERSHIP	BAA	N/A	11/03/97	3,500,000	3,482,993	3,515,925
TEXACO CAPITAL INC.	A	8.500	02/15/03	100,000	113,499	106,920
	A	7.500	03/01/03	100,000	103,783	96,175
TMS TRUST	AAA	8.400	02/15/24	2,000,000	2,013,438	2,044,524
UASCO AUTO LO	AAA	3.00	05/07/99	15,245,948	593,842	453,540
UCC INVESTORS HOLDINGS INC.	B	10.500	05/01/02	3,050,000	3,114,075	3,202,500
	B	11.000	05/01/03	1,200,000	1,226,250	1,251,000
UNION FEDERAL SAVINGS BANK	AAA	4.875	02/15/00	1,675,096	1,621,964	1,645,045
WESTERN FEDERAL S&L ASSN. MARINA DEL REY	AAA	N/A	06/25/18	84,300	86,197	83,510
	AAA	N/A	05/25/21	4,992,999	4,789,255	4,576,313
	AAA	N/A	03/25/19	1,918,319	1,893,815	1,918,319
WESTERN FINANCIAL OWNER TRUST	AAA	6.950	11/20/03	2,500,000	2,498,276	2,502,250
WESTPAC BANKING	A	7.875	10/15/02	250,000	239,773	261,105
WESTPOINT STEVENS INC.	B	9.375	12/15/05	500,000	482,500	482,500
	BA	8.750	12/15/01	1,000,000	1,022,500	987,500
WILMINGTON TRUST CO.	AAA	10.752	01/01/13	639,497	639,497	606,124
	AAA	10.752	01/01/13	984,697	984,697	423,114
	AAA	10.752	01/01/13	329,297	329,297	171,509
	B	9.125	03/15/03	2,000,000	2,050,125	1,960,000
WORLD COLOR PRESS INC.						
WORLD OMNI AUTO LEASE SECURITIZATION TRUST	AAA	6.300	06/25/02	2,500,000	2,497,656	2,489,500
	AAA	6.050	11/25/01	2,000,000	2,000,000	1,988,740
WORLD S&L ASSOCIATION OAKLAND	A	9.900	07/01/00	200,000	220,000	214,362
FINANCIAL SERVICES TOTAL				1,265,891,240	1,035,699,294	1,037,263,914
MISCELLANEOUS						
BALTIMORE GAS & ELECTRIC CO.	AA	6.125	07/01/03	300,000	294,702	284,646
BRINSON PARTNERS INT'L. DOLLAR BOND FUND	NR	N/A	12/31/99	679,015	43,816,329	43,522,812
BRINSON PARTNERS NON-U.S. EX-JAPAN FUND	NR	N/A	12/31/99	1,850,314	224,739,388	231,520,522
CELLULAR COMMUNICATIONS INTERNATIONAL INC.	B	N/A	08/15/00	600	316,698	366,000
CONSUMER POWER CO.	BAA	8.750	02/15/98	250,000	275,438	257,055
DUKE POWER CO.	AA	6.250	05/01/04	300,000	292,125	281,973
LIBOR PROMISSORY NOTE	NR	N/A	N/A	40,000,000	40,000,000	40,000,000
NORTH ATLANTIC ENERGY CORPORATION	BA	9.050	06/01/02	705,000	726,432	697,668
OHIO EDISON CO.	BAA	8.750	06/15/22	250,000	243,625	248,465
SHOWBOAT INC.	BA	9.250	05/01/03	1,000,000	985,000	1,010,000
TEACHERS INSURANCE ANNUITY ASSOCIATION	NR	7.050	08/20/14	8,218,639	8,263,642	8,218,639
TOTAL RENAL CARE INC.	B	N/A	08/15/04	488,000	0	478,240
MISCELLANEOUS TOTAL				51,041,568	339,954,369	326,896,620

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
TECHNOLOGY						
CABLEVISION SYSTEMS CORPORATION	B	10.500	05/15/16	500,000	500,000	483,750
	B	9.250	11/01/05	1,500,000	1,500,000	1,395,000
COMDISC INC.	BAA	6.050	10/31/97	3,000,000	2,996,550	2,994,000
INTERNATIONAL CABLETEL INC.	B	N/A	02/01/96	2,100,000	1,200,255	1,168,125
MARTIN MARIETTA TECHNOLOGIES INC.	A	9.000	03/01/03	250,000	268,043	271,788
MOOG INC.	B	10.000	05/01/06	750,000	750,000	752,048
ROCKWELL INTERNATIONAL CORPORATION	AA	7.875	02/15/05	250,000	274,990	261,188
UNISYS CORPORATION	B	12.000	04/15/03	750,000	738,510	766,375
TECHNOLOGY TOTAL				9,100,000	8,228,345	8,052,063
TRANSPORTATION						
AMERICAN AIRLINES	AAA	7.450	11/26/96	1,186,000	1,186,000	1,186,000
AMR CORPORATION	BAA	7.600	01/27/97	9,500,000	9,788,895	9,563,175
	BAA	7.750	12/01/97	10,000,000	9,918,770	10,158,400
DELTA AIR LINES INC.	BAA	7.480	01/29/97	3,000,000	3,079,140	3,021,090
	BAA	9.375	09/11/97	4,550,834	4,550,834	4,977,474
UNITED AIR LINES INC.	BAA	9.490	01/02/93	3,610,000	3,695,665	3,899,926
	AAA	11.560	05/27/96	17,190,270	17,986,373	20,069,113
	AAA	11.560	05/27/96	16,402,232	17,979,377	19,082,972
	AAA	10.670	05/01/04	6,300,000	6,500,000	7,530,705
TRANSPORTATION TOTAL				71,947,337	74,685,054	79,428,856
UTILITIES						
ADESA CORPORATION	BAA	7.700	06/01/06	12,000,000	11,966,880	11,902,200
AES CORPORATION	BA	9.750	06/15/90	1,750,000	1,816,250	1,758,750
BELL TELEPHONE CO. PA	AA	7.700	01/15/23	400,000	420,429	370,728
BELLSOUTH TELECOMMUNICATIONS INC.	AAA	7.625	05/15/95	250,000	245,558	243,833
BOSTON EDISON CO.	BAA	9.375	08/15/21	270,000	307,584	289,621
CALPINE CORPORATION	AAA	9.250	02/01/94	750,000	705,000	701,250
CENTEL CAPITAL CORPORATION	BAA	9.000	10/15/19	200,000	246,356	227,404
CHILOGEN SA	BAA	6.500	01/15/06	1,000,000	991,300	931,560
CITIZEN UTILITIES CO.	AAA	7.000	11/01/25	200,000	191,806	186,042
CLEVELAND ELECTRIC ILLUM. CO.	BAA	7.375	06/01/03	1,000,000	929,870	886,210
CMS ENERGY CORPORATION	BA	9.875	10/01/99	1,000,000	1,058,750	1,000,000
COMMONWEALTH EDISON CO.	BAA	7.000	02/15/97	2,000,000	2,013,200	2,003,380
	BAA	7.625	04/15/13	1,000,000	1,041,290	978,490
	BAA	9.170	10/15/02	10,000,000	11,118,500	10,246,000
CONSUMER EDISON CO. N. Y. INC.	A	7.625	03/01/04	400,000	433,320	406,264
EL PASO ELECTRIC CO.	BA	8.900	02/01/06	1,000,000	1,000,000	982,500
ENRON CORPORATION	BAA	6.750	07/01/05	250,000	250,598	237,298
FERRELLGAS FINANCIAL L.P.	BA	10.000	08/01/01	300,000	316,500	306,750
FIRST PRIVATE FUNDING CORPORATION	BAA	10.150	01/15/16	5,800,000	5,050,000	6,068,500
INTELCOM GROUP INC.	AAA	N/A	09/15/05	600,000	0	360,000
INTERCEL INC.	B	N/A	02/01/06	195	1,128,100	1,062,750
JERSEY CENTRAL POWER & LIGHT CO.	BAA	6.375	05/01/03	100,000	99,160	94,836
KOREA ELECTRIC POWER CORPORATION	A	6.375	12/01/03	250,000	231,925	236,768
LONG ISLAND LIGHTING CO.	BA	8.750	02/15/97	10,000,000	10,277,000	10,135,200
LONG ISLAND LTD. CO.	BA	9.000	11/01/22	1,000,000	952,820	918,670
	BA	8.200	03/15/23	1,000,000	957,340	878,220
LOUISIANA POWER & LIGHT	AAA	10.320	01/31/99	1,250,000	1,250,000	1,388,672
MID-AMERICAN WASTE SYSTEMS INC.	CA	12.250	02/15/03	300,000	303,750	192,000
MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.	AA	9.500	05/01/00	200,000	238,351	216,760
NIAGARA MOHAWK POWER CORPORATION	BA	8.750	04/01/22	1,500,000	1,408,125	1,338,615
NORTHERN TELECOM LTD.	A	6.875	09/01/23	250,000	211,185	225,163
PACIFIC GAS & ELECTRIC CO.	A	8.000	10/01/25	200,000	200,194	197,622
	A	5.375	06/01/98	4,220,000	4,098,506	4,124,037
PAGING NETWORK INC.	B	8.875	02/01/06	500,000	437,500	452,500
PHILADELPHIA ELECTRIC CO.	BAA	5.625	11/01/01	1,000,000	981,240	930,000
PHILLIPS PETROLEUM CO.	A	7.200	11/01/23	250,000	224,798	229,508
RURAL ELECTRIC COOP	AAA	9.730	12/15/17	4,000,000	4,214,770	4,316,600
	AAA	9.580	12/15/19	8,000,000	8,252,240	8,716,560

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Moody's Quality Rating	Rate	Maturity	Par Value	Book Value	Market Value
SOUTHERN CALIFORNIA EDISON CO.	A	7.500	04/15/99	250,000	247,110	255,355
SOUTHWESTERN BELL TELEPHONE CO.	AA	6.625	04/01/05	500,000	503,870	483,771
TELEPORT COMMUNICATIONS GROUP INC.	B	11.125	07/01/07	2,550,000	1,484,483	1,484,483
TOLEDO EDISON CO.	BA	9.300	04/01/98	3,500,000	3,307,405	3,511,445
TRANSTEXAS GAS CORPORATION	B	11.500	06/15/02	750,000	745,213	746,251
TUSCON ELECTRIC POWER CO.	AAA	10.7324	01/01/13	3,156,212	3,156,212	2,969,798
UNITED ILLUM. CO.	BAA	7.375	01/15/98	150,000	149,267	150,611
VANGUARD CELLULAR SYSTEMS INC.	BAA	10.240	01/02/20	5,000,000	0	5,358,801
WESTERN WIRELESS CORPORATION	B	9.375	04/15/06	1,000,000	985,690	967,500
UTILITIES TOTAL		10.500	06/01/06	500,000	500,000	495,000
				91,546,407	87,139,543	92,163,669
CONVERTIBLE ISSUES						
VIACOM INC.	B	8.000	07/07/06	750,000	690,000	693,750
CONVERTIBLE ISSUES TOTAL				750,000	690,000	693,750
TOTAL CORPORATE OBLIGATIONS				1,878,769,295	1,868,412,414	1,890,616,366

	Shares	Book Value	Market Value
PREFERRED STOCKS			
PREFERRED STOCKS-DOMESTIC			
ATLANTIC RICHFIELD CO.	230,100	5,701,721	5,608,688
CELLULAR COMMUNICATIONS	54,929	1,749,293	2,904,371
CHAMPION HEALTHCARE CORPORATION	83,333	1,310,362	1,516,661
COUNTY SEAT HOLDINGS INC.	51,475	398,439	1
COUNTY SEAT STORES INC.	15,207	380,175	131,410
FIRST NATIONWIDE BANK	3,500	389,813	383,688
GRANITE BROADCASTING CORPORATION	25,200	636,677	1,684,847
RJR NABISCO HOLDINGS CORPORATION	1,285,600	8,423,458	8,354,400
TIME WARNER INC.	2,250	2,250,000	2,171,250
TOLEDO EDISON CO.	80,000	2,017,280	1,450,000
TOTAL PREFERRED STOCKS-DOMESTIC	1,831,591	23,257,217	24,202,314
PREFERRED STOCKS-INTERNATIONAL			
ARACRUZ CELULOSE S A	25,000	234,844	237,500
BALLAST NEDAM NV	20,000	980,487	958,407
CEMIG CIA ENERGY	70,000	1,605,360	1,890,000
CENTRAIS ELECTRICAS BRASILEIRAS S A	183,000	2,560,091	2,607,750
CESP-CIA ENERGY	6,097,000	248,316	212,524
COMPANHIA ENERGETICA MINAS GERAIS	10,119,000	252,328	269,074
COMPANHIA VALE DO RIO DOCE	8,200	163,301	164,000
ELETROBRAS CENTR-PREF BSHS	2,546,000	745,753	733,435
GDR REGS COMPAN BRAZIL	21,800	307,710	309,700
GROHE/FRIEDRICHAG	3,000	960,297	869,165
HENKEL	8,189	3,287,968	3,530,703
HORNBACH HOLDINGS AG	23,560	1,597,734	2,027,632
KSR KL SCHANZ BECK	9,600	1,169,302	1,236,146
MARSCHOLLEK LAUTEN	3,500	2,436,622	3,679,007
TELEBRAS PREF SHARES	22,360,000	926,189	1,556,847
TELECOMMUNICACOES BRASILEIRAS	50,200	2,291,360	3,495,175
USINAS SIDERURGICAS DE MINAS GERAIS S A	99,000	1,314,720	1,101,870
VALE RIO DOCE CIA	40,000	912,318	774,823
TOTAL PREFERRED STOCKS-INTERNATIONAL	41,617,040	21,915,199	25,703,738

BONDS, CORPORATE NOTES & PREFERRED STOCK

FOREIGN OBLIGATIONS

FOREIGN GOVERNMENT OBLIGATIONS

	Coupon	Maturity	Book	Market
ARGENTINA REPUBLIC EUROCLEAR	6.310	03/31/05	1,749,053	2,123,550
ASIAN DEVELOPMENT BANK	6.125	03/09/04	237,955	238,478
AUSTRALIA COMMONWEALTH OF	7.500	07/15/05	675,983	722,093
	10.000	10/15/02	6,351,889	6,187,643
	10.000	02/15/06	3,572,409	3,582,146
	6.750	11/15/06	1,245,360	1,350,654
	7.000	04/15/00	7,921,630	7,085,103
	9.500	08/15/03	6,724,182	6,538,168
AUSTRIA REPUBLIC OF	7.625	10/18/04	938,980	936,258
BELGIUM KINGDOM OF	5.100	11/21/98	26,763,171	26,553,169
	7.250	04/29/04	10,169,246	10,146,594
	8.500	10/01/07	1,232,598	1,432,748
	9.000	03/28/03	3,054,974	3,035,325
BRITISH COLUMBIA HYDRO & POWER	15.500	11/15/11	147,373	137,498
CANADA GOVERNMENT OF	6.250	02/01/98	(4,184,723)	(4,194,766)
	6.375	07/21/05	239,475	239,219
	6.500	06/01/04	6,048,229	6,280,899
	9.000	12/01/04	15,024,293	16,292,239
	8.750	12/01/05	68,294,105	69,292,164
	9.750	06/01/01	1,543,811	1,627,064
	7.500	09/01/00	12,516,622	12,952,989
	10.250	03/15/14	3,534,272	3,536,777
	4.250	12/01/26	3,411,091	3,332,479
	4.250	12/01/21	9,680,209	9,587,024
	5.750	03/01/99	2,058,336	2,162,434
	9.000	06/01/25	4,507,322	4,755,421
	N/A	07/17/96	3,450,440	3,450,440
COMMONWEALTH BANK AUSTRIA	9.500	10/25/04	9,217,766	9,245,109
CONVERSION	7.000	11/10/24	3,892,325	3,820,987
DENMARK KINGDOM OF	7.000	12/15/04	13,333,053	13,295,115
	8.000	11/15/01	4,246,594	4,189,839
	8.000	03/15/06	28,354,365	28,051,897
	8.000	05/15/03	12,175,115	12,650,306
	9.000	11/15/00	9,455,835	10,120,535
	9.000	11/15/98	21,624,918	21,990,064
DUTCH GOVERNMENT OF	6.250	07/15/98	44,013,066	43,045,076
	7.000	06/15/05	3,298,571	3,114,675
	7.500	01/15/23	2,206,569	2,098,360
	8.500	06/01/06	4,805,934	5,380,199
	8.500	03/15/01	9,171,748	10,483,568
	8.250	09/15/07	28,855,406	29,762,742
	8.250	02/15/02	706,664	657,294
	9.000	07/01/00	1,262,135	1,397,540
	9.000	05/15/00	4,025,742	3,989,455
EUROPEAN INVESTMENT BANK	9.125	06/01/02	307,645	276,865
FRANCE GOVERNMENT OF	5.000	03/16/99	6,206,644	6,238,551
	6.000	10/25/25	3,810,001	4,057,204
	6.750	10/25/04	5,917,116	6,348,720
	7.500	04/25/05	4,012,026	4,164,910
	7.750	04/12/00	3,329,506	3,365,465
	7.750	10/25/05	4,960,133	4,987,481
	8.500	10/25/08	3,835,646	3,818,210
	8.500	04/25/03	12,170,051	11,917,525
	8.500	12/26/12	4,631,469	5,155,092
	9.500	06/25/98	7,795,652	8,470,451
GERMANY FEDERAL REPUBLIC OF	5.750	08/22/00	7,914,054	7,342,969
	6.500	03/15/00	3,802,975	3,772,296
	6.500	07/15/03	13,270,518	13,524,442
	6.875	05/12/05	34,616,841	33,784,886
	6.000	02/16/06	1,576,707	1,576,717
	6.000	06/20/16	4,969,414	4,889,694
	6.250	01/04/24	9,531,122	9,360,378
	7.500	11/11/04	6,974,268	5,914,417
	8.750	05/22/00	20,899,513	19,130,835
	8.375	05/21/01	8,729,036	8,064,908

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Coupon	Maturity	Book	Market
HYDRO-QUEBEC CANADA	8.000	07/22/02	24,782,343	26,177,013
IRELAND REPUBLIC OF	8.750	07/20/00	3,392,791	3,391,637
	8.000	02/01/13	261,733	256,703
	8.625	04/15/01	247,413	266,830
	8.000	08/18/06	2,568,392	2,620,659
	8.000	10/18/00	4,046,689	4,169,063
ISRAEL GOVERNMENT	7.750	07/01/01	1,000,000	1,000,000
	7.750	12/01/01	4,000,000	4,000,000
ISRAEL STATE	7.600	04/30/05	1,000,000	1,000,000
	7.500	06/30/04	5,000,000	5,000,000
ITALY REPUBLIC OF	7.500	03/01/98	1,000,000	1,000,000
	8.500	01/01/04	4,733,218	5,080,235
	10.500	09/01/05	7,077,723	7,389,546
	10.500	11/01/00	10,937,382	11,535,342
	10.500	04/01/00	7,623,597	7,842,327
	10.500	07/15/00	14,900,503	16,150,411
	12.000	05/18/99	1,497,463	1,624,853
	12.000	09/01/01	2,819,008	2,968,037
	8.500	01/01/99	1,688,162	1,970,352
	8.500	04/01/99	3,216,945	3,282,290
	8.500	05/01/99	2,193,994	2,484,005
	9.000	10/01/03	2,814,745	3,019,406
	9.000	10/01/98	9,510,428	10,336,908
	9.500	12/01/99	8,549,336	9,926,040
	9.500	02/01/01	4,100,384	4,372,766
JAPAN GOVERNMENT OF	9.500	02/01/06	2,319,152	2,308,557
	4.100	12/22/03	10,209,699	10,569,102
	4.600	03/20/03	3,024,760	2,925,369
	4.800	06/21/99	4,244,199	4,219,971
	5.000	09/21/98	8,750,051	8,546,295
	5.500	03/20/02	5,334,847	5,282,910
	6.000	12/20/01	7,469,926	7,280,157
	6.400	03/20/00	89,761	0
	6.500	03/20/01	16,737,769	16,221,771
	6.700	06/20/00	11,428,215	10,725,259
	6.700	09/20/01	13,495,632	13,178,830
MANITOBA PROVINCE	8.875	09/15/21	249,060	287,995
MONTRÉAL CITY OF	11.500	09/20/00	4,313,258	4,223,630
NATIONAL AUSTRALIA	5.800	10/29/49	4,882,500	5,205,000
NEW ZEALAND GOVERNMENT OF	8.750	12/15/06	294,163	279,075
	10.000	03/15/02	1,268,243	1,216,909
	10.000	07/15/97	4,363,902	4,404,919
	6.500	02/15/00	12,639,723	12,551,749
	8.000	11/15/06	9,055,764	9,069,206
	8.000	02/15/01	16,398,902	16,124,350
	8.000	07/15/98	1,271,783	1,272,307
	8.000	04/15/04	3,258,512	3,268,710
	8.375	01/27/03	1,519,510	1,519,423
	9.375	07/15/02	289,945	273,885
	6.980	09/27/49	2,994,300	3,080,100
	17.000	11/05/11	179,010	165,152
	5.700	10/01/97	331,379	332,973
	7.375	01/27/03	394,080	383,276
QUEBEC PROVINCE	7.500	07/15/23	16,557,925	16,030,755
	7.125	02/09/24	976,170	913,770
	6.620	04/09/26	24,896,500	24,453,325
	N/A	10/21/01	3,368,750	3,448,375
QUEENSLAND TREASURY	8.000	05/14/97	2,437,573	2,646,394
SASKATCHEWAN PROVINCE	9.125	02/15/21	198,270	230,306
SPAIN GOVERNMENT OF	10.000	02/28/05	2,352,882	2,386,103
	10.300	06/15/02	19,461,956	20,406,345
	10.500	10/30/03	9,259,688	10,362,598
	12.250	03/25/00	8,117,433	8,397,018
	7.400	07/30/99	4,003,779	4,918,941
	8.200	02/28/09	3,129,771	3,700,815
	8.400	04/30/01	2,737,821	2,763,366
SPAIN KINGDOM OF	10.100	02/28/01	10,268,399	10,584,646
	8.000	05/30/04	792,330	936,659

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Coupon	Maturity	Book	Market
SWEDEN KINGDOM OF	10.250	05/05/90	13,768,593	14,141,492
	11.000	01/21/99	8,639,509	8,200,279
	13.000	06/15/01	11,479,127	12,361,716
TREUHANDANSTALT	6.250	07/29/99	7,906,142	8,265,664
	6.750	03/13/04	3,970,769	3,698,526
	6.875	06/11/03	5,972,687	5,917,932
UNITED KINGDOM TREASURY	6.750	11/26/04	23,986,311	24,604,495
	7.500	07/12/96	1,664,178	1,661,067
	7.000	11/06/01	15,346,526	15,983,160
	8.500	12/07/05	2,441,577	2,430,422
	8.750	09/01/97	3,114,932	3,201,718
	8.000	12/07/99	3,169,638	3,200,746
	8.000	06/10/03	5,108,011	5,395,044
	8.000	09/25/99	6,067,432	6,168,428
	9.750	08/27/02	25,767,874	26,023,094
TOTAL FOREIGN GOVERNMENT OBLIGATIONS			1,086,576,290	1,104,563,107
INTERNATIONAL CORPORATE OBLIGATIONS				
ABBEY NATIONAL TREASURY	8.375	10/01/03	1,663,191	1,688,454
	8.000	04/02/03	747,962	777,851
ARCYLL GROUP	8.125	03/10/99	2,773,617	2,838,720
AUTOBAHN & SCHNELL	8.500	03/03/03	759,459	764,283
BAYER VEREINSRK	15.500	05/19/97	685,084	745,827
BCO NAC DE	8.000	05/06/98	2,062,354	2,352,265
BELL CABLE MEDIA	N/A	09/15/03	0	303,750
BOC GROUP	6.750	02/18/04	1,369,830	1,415,864
CANADA GOVERNMENT OF	.000	02/10/99	3,648,976	3,649,178
CANADIAN NATIONAL RAILROAD CO.	7.625	05/15/23	244,668	238,193
CASTORAMA DUBOIS	13.150	01/01/03	56,107	63,400
CREDIT LYONNAIS	N/A	07/19/00	5,752,654	5,646,438
DEPFA FINANCE	7.125	11/11/03	706,468	738,056
DEUTSCHE BANK	8.250	01/07/04	1,061,998	1,263,862
DIAMOND CABLE COMMUNICATIONS	13.250	09/30/04	1,106,572	1,335,750
EURO INVESTMENT BANK	13.900	03/22/00	2,428,094	2,691,499
	8.875	03/27/02	781,210	789,459
EUROFIMA	7.700	02/02/04	1,512,104	1,829,746
EXP-IMP BANK JAPAN	7.750	10/08/02	1,473,222	1,485,556
FBG FINNACIAL LTD.	7.875	06/01/16	995,930	996,570
FLETCHER CAPITAL	8.250	06/20/16	1,194,420	1,222,872
GENERAL MOTORS ACCEPTANCE CORPORATION	8.000	04/10/97	3,555,860	3,548,510
	6.750	04/25/97	5,738,098	5,862,431
GLAXO WELLCOME	8.750	12/01/05	763,561	791,447
GRUPO TELEVISA	11.375	05/15/03	750,000	755,625
GULF CDA RESOURCES LTD.	9.250	01/15/04	2,018,750	1,950,000
HYDRO-QUEBEC CANADA	9.500	11/15/30	2,225,927	2,241,831
	N/A	09/30/99	1,676,750	1,674,850
JAPAN DEVELOPMENT BANK	5.000	10/01/99	4,463,662	4,004,741
KANSALLIS-OSAKE	N/A	01/08/00	17,511,880	17,905,104
	5.390	09/30/93	4,848,000	4,950,720
MALAYSIA	N/A	10/19/05	9,927,000	9,987,400
NAFIN FINANCE TRUST	N/A	03/31/99	643,702	784,512
NORTHUMBRIAN WATER	9.250	02/01/02	1,612,287	1,637,275
ONTARIO HYDRO	10.000	03/19/01	1,628,587	1,632,922
PETRO-CANADA INC.	8.600	10/15/01	160,565	158,358
PHILIPS ELECTRONICS	8.375	09/15/06	244,198	266,865
ROGERS CANTEL	9.375	06/01/08	1,500,000	1,455,000
SKANDINAViska ENSKILDA BANKEN	6.875	02/15/09	216,828	234,698
SWEDISH EXPORT CARD	6.500	06/05/01	1,612,106	2,164,429
SWEDISH EXPORT CREDIT CORPORATION	9.875	03/15/38	266,228	275,078
TELEWEST COMMUNICATIONS PLC	9.625	10/01/96	2,002,500	1,955,000
	11.000	10/01/97	1,515,000	1,475,000
TRIZEC FINANCIAL LTD.	10.875	10/15/05	1,524,375	1,507,500
UBS	N/A	N/A	369,046	264,106
UNION BANK NORWAY	N/A	12/29/99	5,272,969	5,376,263
TOTAL INTERNATIONAL CORPORATE OBLIGATIONS			102,111,197	104,745,230
TOTAL FOREIGN OBLIGATIONS			1,190,688,195	1,209,308,337

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Par Value	Book Value	Market Value
SHORT TERM INVESTMENTS			
ACCRUED INTEREST AND DIVIDENDS	1	161,203,687	161,203,687
ADVANTA NATIONAL BANK	18,500,000	18,483,720	18,500,000
AMERICAN BANKERS INSURANCE GROUP INC.	3,000,000	2,975,532	2,999,537
AMERITECH CORPORATION	20,000,000	19,737,500	19,737,500
AT&T	24,800,000	24,419,527	24,673,944
BRINSON PARTNERS US CASH MANAGEMENT FUND	69	69	69
CANADIAN WHEAT	5,000,000	4,933,646	4,933,645
CASH MARGIN REQ. ON FIN. FUTURES	30,000	30,000	30,000
CASH RECEIVED/WITHHELD FOR HARRIS FEES	291,902	291,902	291,902
COLUMBIA/ HCA HEALTHCARE CORPORATION	1,200,000	1,187,493	1,188,136
FEDERAL HOME LOAN MORTGAGE CORPORATION	3,740,000	3,721,067	3,728,369
FEDERAL HOME LOAN MORTGAGE CORPORATION	7,500,000	7,415,988	7,495,575
FORD MOTOR CREDIT CO.	31,000,000	30,594,580	30,818,340
FORD MOTOR CREDIT CO.	5,200,000	5,186,235	5,193,461
FORD MOTOR CREDIT CO. DISCOUNT NOTES	33,600,000	33,138,473	33,476,191
GENERAL ELECTRIC CAPITAL CORPORATION	1,500,000	1,475,046	1,485,375
LASALLE NATIONAL BANK STIF	291,266,017	291,224,387	291,266,017
NATIONAL RURAL UTILITIES	5,600,000	5,533,724	5,590,794
NORTHERN COLLECTIVE FUND	405,787,845	405,787,845	405,787,845
PITNEY BOWES	8,224,000	8,115,854	8,158,948
PRAEDEUM PACIFIC LLC.	10,068,943	9,972,616	9,974,547
PROCTOR & GAMBLE DISCOUNT NOTES	11,200,000	11,044,833	11,044,833
SOURCE ONE MORTGAGE SERVICES CORPORATION	1,000,000	989,889	991,675
VARIOUS OPTION CONTRACTS	6,814	(11,329,579)	(7,071,274)
WOOD FUNDING CORPORATION.	905,000	894,180	898,016
TOTAL SHORT TERM INVESTMENTS	887,420,591	1,035,029,113	1,040,397,130

	Book Value	Market Value
CURRENCY INVESTMENTS		
AUSTRALIAN DOLLAR	5,352,666	5,352,666
AUSTRIAN SCHILLING	11,553	11,553
BELGIAN FRANC	1,312,158	1,312,158
BRAZILIAN REAL	109,714	109,714
BRITISH POUND STERLING	7,118,240	7,118,240
CANADIAN DOLLAR	661,362	661,362
DANISH KRONE	1,463,132	1,463,132
FINNISH MARKKA	71,250	71,250
FRENCH FRANC	4,945,596	4,945,596
GERMAN DEUTSCHE MARK	3,194,925	3,194,925
HONG KONG DOLLAR	1,329,470	1,329,470
ITALIAN LIRA	2,769,553	2,769,553
INDONESIAN RUPIAH	75,894	75,894
JAPANESE YEN	9,039,547	9,039,547
MALAYSIAN RINGGIT	4,484	4,484
NETHERLANDS GUILDER	1,492,955	1,492,955
NEW ZEALAND DOLLAR	681,291	681,291
NORWEGIAN KRONE	2,300	2,300
SINGAPORE DOLLAR	3,137,524	3,137,524
SPANISH PESETA	1,428,200	1,428,200
SWEDISH KRONA	139,741	139,741
SWISS FRANC	487,726	487,726
THAILAND BAHT	418,751	418,751
VARIOUS OPTION CONTRACTS	2,303,327	4,908,429
TOTAL CURRENCY INVESTMENTS	47,551,357	50,156,459

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
COMMON STOCK			
Domestic			
AEROSPACE			
AAR CORPORATION	3,300	68,943	67,238
BOEING CO.	236,000	16,225,527	20,561,500
COLTEC INDUSTRIES INC.	200,000	3,085,847	2,850,000
GENERAL DYNAMICS CORPORATION	13,100	702,104	812,200
LOCKHEED MARTIN CORPORATION	274,400	14,762,001	23,049,600
LORAL SPACE & COMMUNICATIONS	248,000	3,463,642	3,410,000
MCDONNELL DOUGLAS CORPORATION	290,000	11,875,798	14,137,500
NORTHROP GRUMMAN CORPORATION	50,726	1,887,825	3,455,709
PRECISION CASTPARTS CORPORATION	18,600	559,161	781,200
ROHR INC.	20,900	331,059	436,200
SPL DEVICES INC.	15,000	245,000	240,000
SUNDSTRAND CORPORATION	216,000	6,438,669	7,911,000
AUTOMOTIVE AND PARTS			
APS HOLDINGS CORPORATION	15,000	235,000	330,000
AUTOZONE INC.	165,300	5,785,500	5,744,175
BORG WARNER AUTOMOTIVE INC.	6,000	189,941	237,000
CHRYSLER CORPORATION	84,900	4,452,564	5,306,250
DANA CORPORATION	110,000	2,586,075	3,410,000
EATON CORPORATION	3,200	188,592	187,600
FEDERAL-MOGUL CORPORATION	151,600	2,764,552	2,789,325
FORD MOTOR CO.	747,200	19,796,475	24,190,600
GENERAL MOTORS CORPORATION	581,600	26,007,639	30,461,300
GENUINE PARTS CO.	26,800	1,134,462	1,226,100
LEAR CORPORATION	32,600	600,217	1,149,150
STANDARD MOTOR PRODUCTS INC.	126,800	2,096,134	2,266,550
WALBRO CORPORATION	6,000	114,634	121,500
BEVERAGES			
ANHEUSER-BUSCH COMPANIES INC.	214,800	11,531,544	16,110,000
CANADAIGUA WINE INC.	87,800	2,744,715	2,634,000
COCA COLA CO.	953,200	20,690,748	46,706,300
COCA COLA ENTERPRISES INC.	55,800	1,948,542	1,932,075
NUCO2 INC.	4,300	116,350	132,225
PEPSICO INC.	1,646,800	31,666,915	58,461,400
PETE'S BREWING CO.	41,200	847,868	618,000
BROADCASTING			
CENTURY COMMUNICATION CORPORATION	40,000	330,625	340,000
COMCAST CORPORATION	131,000	2,594,440	2,423,500
GRANITE BROADCASTING CORPORATION	86,700	981,121	1,121,638
INTERNATIONAL FAMILY ENTERTAINMENT INC.	14,700	215,970	271,950
BUILDING			
AMRE INC.	284,100	1,994,368	6,072,638
BUTLER MANUFACTURING CO.	7,200	242,450	243,000
DAYTON SUPERIOR CORPORATION	75,500	982,441	990,938
FORTRESS GROUP INC.	84,100	758,562	735,875
FOSTER WHEELER CORPORATION	111,000	4,954,042	4,967,250
GEORGIA-PACIFIC CORPORATION	62,600	4,334,353	4,444,600
JOHNSON CONTROLS INC.	105,000	5,575,481	7,297,300
LOUISIANA PACIFIC CORPORATION	283,800	6,937,164	6,279,075
MASCO CORPORATION	26,800	771,045	810,700
NCI BUILDING SYSTEMS INC.	15,000	438,500	506,250
NORTEK INC.	18,000	188,151	209,250
ORCHARD SUPPLY HARDWARE STORE	10,000	226,500	302,500
SNAP-ON INC.	8,200	342,345	388,475
TECUMSEH PRODUCTS CO.	15,000	811,275	806,250
TYCO INTERNATIONAL LTD.	298,500	9,488,545	12,163,875

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
WEYERHAUSER CO.	206,900	\$610,805	8,793,250
YORK INTERNATIONAL CORPORATION	77,000	4,058,341	3,984,750
CHEMICALS			
AIR PRODUCTS & CHEMICALS INC.	10,100	557,405	582,013
ARCADIAN CORPORATION	211,300	3,535,296	4,173,175
ARCO CHEMICAL CO.	2,300	110,011	119,600
BETZ LAB INC.	10,000	452,070	438,750
DEXTER CORPORATION	15,000	438,675	446,250
DOW CHEMICAL CO.	66,300	4,677,743	5,008,800
DU PONT E. I. DE NEMOURS & CO.	249,300	16,741,182	19,725,863
EASTMAN CHEMICAL CO.	76,500	4,037,487	4,656,938
FMC CORPORATION	112,400	7,509,530	7,334,100
GRACE W. R. & CO.	426,100	28,838,636	30,199,833
HERCULES INC.	438,000	16,204,136	24,254,250
IMC GLOBAL INC.	28,000	1,066,023	1,053,500
LYONDELL PETROCHEMICAL CO.	7,100	174,464	171,288
MARK IV INDUSTRIES INC.	394,340	6,301,073	8,868,150
METHANEX CORPORATION	235,000	1,914,285	1,762,500
MONSANTO CO.	1,493,500	26,604,274	48,538,750
MORTON INTERNATIONAL INC.	214,400	6,964,104	7,906,400
NALCO CHEMICAL CO.	25,000	739,000	787,500
UNION CARBIDE CORPORATION	6,300	229,564	270,300
VERSA TECHNOLOGIES INC.	161,100	2,147,982	2,174,850
WITCO CORPORATION	8,500	309,244	292,188
COATINGS, PAINT, VARNISHES			
PPG INDUSTRIES INC.	75,800	3,546,627	3,695,250
SHERWIN-WILLIAMS CO.	150,000	4,512,545	6,975,000
CONGLOMERATE/DIVERSIFIED			
ALLIED SIGNAL INC.	250,000	10,396,060	15,995,000
COUNTY SEAT HOLDINGS INC.	90,273	601,820	1
CRANE CO.	19,100	580,226	783,100
DIAL CORPORATION	39,600	1,160,676	1,133,550
EMCOR GROUP INC.	375	0	23
HARCOURT GENERAL INC.	8,900	375,321	445,000
HARSCO CORPORATION	59,000	1,225,244	1,362,500
ILLINOIS TOOL WORKS INC.	78,101	3,885,006	5,281,563
INSLICO CORPORATION	16,400	581,244	549,400
ITT CORPORATION	65,300	3,844,993	4,326,125
KAMAN CORPORATION	36,200	837,193	924,600
MINNESOTA MINING & MANUFACTURING CO.	64,200	791,255	650,025
OGDEN CORPORATION	8,000	484,820	552,000
OMNICOM GROUP INC.	202,800	4,244,259	3,675,750
QUIXOTE CORPORATION	166,000	3,568,224	7,719,000
TENNECO INC.	165,900	1,914,238	1,119,825
TEXTRON INC.	316,800	13,586,694	16,196,400
TRW INC.	144,717	8,383,324	11,559,270
UNITED TECHNOLOGIES CORPORATION	1,900	159,575	170,763
95,800	6,171,387	11,017,000	
CONTAINERS			
BALL CORPORATION	104,100	3,129,109	2,966,850
CROWN CORK & SEAL CO. INC.	17,300	849,906	778,500
ROCK-TENN CO.	78,000	1,296,375	1,540,500
SHOREWOOD PACKAGING CORPORATION	166,100	2,289,891	2,553,788
TEMPLE INLAND INC.	56,900	2,891,341	2,669,075
COSMETICS/TOILETRIES			
ALBERTO-CULVER CO.	4,000	139,740	160,000
AVON PROD INC.	315,300	8,018,897	14,227,913
GILLETTE CO.	430,600	13,867,423	26,858,675

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
REXALL SUNDOWN INC.			
TAMBRANDS INC.	22,100	325,742	596,700
DATA PROCESSING			
ACTEL CORPORATION	19,350	289,605	357,975
ADAPTEC INC.	14,400	363,380	682,200
ALPHA MICROSYSTEMS	92,400	255,621	242,550
AMDAHL CORPORATION	341,400	3,039,846	3,670,050
AMERICAN SOFTWARE INC.	184,000	1,109,817	851,000
APPLE COMPUTER INC.	104,000	4,293,172	2,184,000
APPLIED VOICE TECH INC.	20,000	190,000	230,000
ASCEND COMMUNICATIONS INC.	413,400	22,377,443	23,253,750
ASPEN TECH. INC.	5,000	256,286	275,000
ATMEL CORPORATION	26,400	617,918	795,300
AUTO DATA PROCESSING INC.	795,800	13,200,766	30,737,775
BMC SOFTWARE INC.	67,000	2,129,311	4,003,250
CABLETRON SYSTEMS INC.	302,950	16,728,486	20,789,944
CDW COMPUTERS CENTERS INC.	6,600	317,983	458,700
CERIDIAN CORPORATION	9,400	362,685	474,700
CERION TECHNOLOGIES INC.	8,500	132,558	82,875
CISCO SYSTEMS INC.	1,308,900	45,970,491	74,116,463
COMPAQ COMPUTER CORP.	82,400	3,867,815	4,947,900
COMPUTER ASSOCIATES INTERNATIONAL INC.	113,100	7,520,843	8,030,100
COMPUTER SCI. CORPORATION	18,000	1,376,812	1,347,750
COMPUTER TASK GROUP INC.	96,400	977,937	2,723,300
CONCORD EFS INC.	28,575	582,016	1,014,413
D. H. TECHNOLOGY	159,413	1,496,683	3,825,912
DATA GENERAL CORPORATION	93,000	1,215,278	1,209,000
DESKTOP DATA	7,900	278,028	262,675
DEIBOLD INC.	5,700	218,935	275,025
DIGITAL EQUIPMENT CORPORATION	156,900	9,905,582	7,080,113
DSP COMMUNICATIONS INC.	13,200	314,512	678,150
ELECTRONIC ARTS	176,000	4,845,225	4,708,000
ELECTRONIC DATA SYSTEMS CORPORATION	396,100	13,410,344	21,290,375
ELECTRONIC FOR IMAGING INC.	3,200	112,850	222,000
EVANS & SUTHERLAND COMPUTER CORPORATION	93,200	1,471,456	1,980,300
FIRST DATA CORPORATION	236,894	6,305,780	18,892,297
HBO & CO.	77,600	4,674,742	5,257,400
INFORMATION RES INC.	149,700	2,052,046	1,833,825
INFORMIX CORPORATION	408,800	10,744,627	9,198,000
INSO CORPORATION	11,550	404,699	604,931
INTELLIGENT ELECTRONICS INC.	259,000	2,617,416	2,201,500
INTERNATIONAL BUSINESS MACHINES CORPORATION	116,200	10,348,140	11,503,800
KOMAG INC.	34,000	1,018,649	896,750
LOGICON INC.	45,100	322,571	1,347,363
MACNEAL SCHWENDLER CORPORATION	228,500	2,462,353	1,870,730
MACROMEDIA INC.	227,400	7,524,315	4,974,375
MAXIS INC. —	5,800	144,043	114,550
MCAFEE ASSOCIATES INC.	24,200	573,861	1,185,800
MEDIC COMPUTER SYSTEMS INC.	51,700	3,938,345	4,194,163
MICROSOFT CORPORATION	140,600	9,479,528	16,889,575
NETSCAPE COMMUNICATIONS CORPORATION	93,000	5,700,279	5,789,250
NEWBRIDGE NETWORKS CORPORATION	308,200	20,823,292	20,187,100
ORACLE CORPORATION	914,750	23,012,273	36,074,996
PARAMETRIC TECH. CORPORATION	400,800	14,211,223	17,384,700
PEOPLESOFIT INC.	185,900	10,725,311	13,245,375
PREMENOS TECH CORP.	2,900	105,363	52,925
PREMISYS INC.	132,300	5,717,907	8,070,300
PROJECT SOFTWARE & DEVELOPMENT INC.	7,050	191,387	330,469
QLOGIC CORPORATION	84,500	543,695	845,000
QUANTUM CORPORATION	61,800	1,094,336	903,825
RAPTOR SYSTEMS INC.	5,600	134,220	148,400
SCOPUS TECHNOLOGY INC.	41,200	784,597	638,600
SEAGATE TECHNOLOGY	4,300	218,046	193,500
SEI CORPORATION	167,600	3,657,059	3,540,550
STD MICROSYSTEMS CORPORATION	21,500	405,502	327,875

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
STERLING SOFTWARE INC.	321,300	22,146,127	24,740,100
STRATUS COMPUTER INC.	142,600	3,978,253	4,242,350
SUN MICROSYSTEMS INC.	13,600	594,800	806,700
SYBASE INC.	46,800	1,167,499	1,105,650
SYSTEMSOFT CORPORATION	13,200	203,170	626,400
THREE COM CORPORATION	568,200	26,349,838	25,995,150
TRIAD SYSTEMS CORPORATION	190,300	1,037,548	1,213,163
TRIPPOS INC.	45,500	255,038	398,125
VERITAS SOFTWARE CO.	7,500	284,406	322,500
VIASTOFT INC.	6,200	118,694	400,675
VISIO CORPORATION	4,400	163,986	158,400
WANG LABS INC.	133,800	1,588,171	2,325,475
XILINX INC.	153,000	5,960,299	4,857,750

DRUGS-GENERIC AND OTC

ABBOTT LABORATORIES	127,500	4,383,106	5,546,250
ALPHARMA INC.	81,300	1,849,988	1,615,838
AMERICAN HOME PRODUCTS CORPORATION	593,200	25,783,082	35,666,150
AMGEN INC.	198,500	10,989,060	10,719,000
BERGEN BRUNSWIG CORPORATION	33,400	801,416	926,850
BRISTOL MYERS SQUIBB CO.	147,500	8,992,793	13,275,000
CARDINAL HEALTH INC.	125,466	7,038,151	9,049,235
CENTOCOR	120,000	3,664,084	3,385,000
DURA PHARMACEUTICALS INC.	14,500	430,838	812,000
FOREST LAB INC.	109,000	4,941,311	4,210,125
GENZYME CORPORATION	134,400	7,935,310	6,753,600
JONES MEDICAL INDUSTRIES INC.	10,275	144,491	341,644
LILLY ELI & CO.	551,600	20,972,552	35,854,000
MERCK & CO.	336,700	17,050,537	21,759,238
NEUROMEDICAL SYSTEMS INC.	41,200	808,399	618,000
PAREXEL INTERNATIONAL CORPORATION	8,400	200,474	405,300
PETCO ANIMAL SUPPLIES INC.	13,475	243,852	387,406
PFIZER INC.	507,500	25,075,484	36,222,813
PHARMACEUTICAL RESOURCES INC.	91,900	671,749	470,908
PHARMACIA & UPJOHN INC.	610,300	18,858,329	27,082,063
PROCYTE CORPORATION	354,000	2,781,060	1,260,948
QUINTILES TRANSNATIONAL CORPORATION	7,100	208,175	466,825
SCHERER R. P. CORPORATION	18,000	741,276	816,750
SCHERING-PLOUGH CORPORATION	247,190	9,378,501	15,505,525
WARNER LAMBERT CO.	420,400	20,105,461	23,122,000

EDUCATION

SYLVAN LEARNING SYSTEMS INC.	10,800	339,258	407,700
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ELECTRONIC/ELECTRIC

ADVANCED MICRO DEVICES INC.	223,900	4,233,555	3,650,638
AFC CABLE SYSTEMS INC.	36,900	582,427	608,850
ALLIANT TECHSYSTEMS INC.	11,000	516,106	518,375
ALTERA CORPORATION	94,200	6,104,951	3,579,600
AMERICAN POWER CONVERSION CORPORATION	324,900	3,437,746	3,330,225
AMP INC.	279,900	9,290,503	11,230,988
AMPHENOL CORPORATION	225,100	5,058,686	5,177,300
AMX CORPORATION	10,000	88,750	78,750
ANALOG DEVICES INC.	113,500	3,049,018	2,880,063
AVNET INC.	21,000	1,003,264	884,625
BEI ELECTRONICS INC.	168,700	1,233,401	1,729,175
BELDEN INC.	123,500	2,066,885	3,705,000
C. P. CLARE CORPORATION	9,000	219,227	231,750
CFM TECHNOLOGIES INC.	49,700	511,393	497,000
CHECKPOINT SYSTEMS INC.	20,100	276,673	690,938
COOPER INDUSTRIES INC.	6,500	266,703	269,750
DALLAS SEMICONDUCTOR	49,800	1,015,551	902,625
DUPONT PHOTOMASKS INC.	48,400	918,522	992,200
DURACELL INTERNATIONAL INC.	60,900	2,211,559	2,626,313

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
ELECTROMAGNETIC SCIENCE INC.	133,300	950,499	1,949,513
EMERSON ELECTRIC CO.	121,900	7,212,157	11,016,713
FLEXTRONICS INTERNATIONAL LTD.	13,900	401,218	364,875
FLIR SYSTEMS INC.	30,000	392,500	367,500
GENERAL ELECTRIC CO.	590,000	24,854,434	51,182,500
HADCO CORPORATION	37,300	482,236	812,700
HARRIS CORPORATION	114,900	5,515,689	7,008,900
HONEYWELL INC.	108,300	3,991,561	5,902,350
INTEGRATED CIRCUIT SYSTEMS INC.	92,900	1,199,637	998,675
INTEL CORPORATION	559,800	25,410,380	41,110,033
KENT ELECTRIC CORPORATION	169,000	940,748	5,154,500
KEYTRONIC CORPORATION	17,000	128,313	110,500
LATTICE SEMICONDUCTOR CORPORATION	141,200	4,333,643	3,406,450
LINEAR TECH CORPORATION	110,000	2,216,131	3,300,000
LITTON INC.	4,000	170,278	374,000
MEASUREX CORPORATION	106,600	2,490,079	3,118,850
METHODE ELECTRONICS	164,150	515,634	2,790,550
MICRO LINEAR CORPORATION	449,282	2,233,126	3,369,653
MICROSEMI CORPORATION	76,900	715,593	701,713
MOLEX INC.	56,700	1,756,865	1,665,563
	35,000	791,958	1,111,250
MOTOROLA INC.	109,200	6,959,725	6,852,300
NATIONAL COMPUTER SYSTEMS INC.	115,400	1,780,032	2,466,675
OAK INDUSTRIES INC.	115,000	2,921,159	3,406,875
PHOENIX GOLD INTERNATIONAL INC.	20,000	195,000	171,240
RAYTHEON CO.	146,000	3,594,697	7,537,250
ROCKWELL INTERNATIONAL CORPORATION	337,500	14,629,107	19,364,063
SANMINA CORPORATION	18,600	451,380	502,200
SENSORMATIC ELECTRONIC CORPORATION	32,500	549,613	532,188
SILICON VALLEY GROUP INC.	18,300	327,641	343,125
SUNBEAM CORPORATION	170,000	2,447,659	2,507,500
TERADYNE INC.	211,600	4,437,865	3,650,100
TEXAS INSTRUMENTS INC.	55,400	2,874,679	2,763,075
THERMO ELECTRONIC CORPORATION	177,375	3,950,943	7,383,234
THOMAS & BETTS CORPORATION	6,000	268,446	225,000
UCAR INTERNATIONAL INC.	26,800	948,050	1,115,550
WHIRLPOOL CORPORATION	4,100	198,579	203,463
WYLE ELECTRIC	83,300	3,522,128	2,759,313
FILMED ENTERTAINMENT			
ASCENT ENTERTAINMENT GROUP INC.	7,600	139,614	191,900
CARMIKE CINEMAS INC.	113,500	2,126,003	3,064,500
CINERGI PICTURES ENTERTAINMENT INC.	116,400	634,861	261,900
REGAL CINEMAS INC.	20,700	522,955	947,025
TIME WARNER INC.	102,400	3,808,027	4,019,200
VIACOM	100,000	3,983,208	3,887,500
FINANCE			
AAMES FINANCIAL CORPORATION	10,400	178,858	373,100
AHMANSON H. F. & CO.	238,000	5,291,555	6,426,000
AMERICAN EXPRESS CO.	192,100	4,847,694	8,572,463
ASSOCIATES FIRST CAPITAL CORPORATION	65,800	1,968,200	2,516,850
BANK OF BOSTON CORPORATION	165,500	7,414,473	8,192,250
BANKAMERICA CORPORATION	140,300	5,361,521	10,627,725
BANKERS TRUST N.Y. CORPORATION	155,500	9,540,432	11,487,563
BENEFICIAL CORPORATION	13,800	671,039	774,525
CENTRAL FINANCIAL ACCEPTANCE CORPORATION	10,800	135,638	143,100
CHARTER ONE FINANCIAL INC.	22,200	672,681	774,225
CHASE MANHATTAN CORPORATION	380,560	20,555,661	26,877,050
CITICORP	396,600	15,394,604	25,371,150
COASTAL BANCORP INC.	15,000	258,750	270,000
COMERICA INC.	152,200	5,261,446	6,791,925
CORESTATES FINANCIAL CORPORATION	61,300	2,406,767	2,360,050
CREDIT ACCEPTANCE CORPORATION	43,900	1,000,241	921,900
DEAN WITTER DISCOVER & CO.	25,800	1,192,499	1,473,825
DVI INC.	3,900	59,615	61,825
FHLB M.C.	220,000	10,456,312	18,810,000

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
F.N.M.A.			
FIRST AMERICAN CORPORATION	1,256,900	23,243,399	45,111,150
FIRST CHICAGO CORPORATION	265,700	7,126,503	8,665,113
FIRST COMMERCE CORPORATION	154,200	5,659,144	6,033,075
FIRST MERCHANTS ACCEPTANCE CORPORATION	5,700	147,300	291,638
FIRST OF AMERICA BANK CORPORATION	7,259	158,549	143,168
FIRST REPUBLIC BANCORP INC.	183,100	7,100,716	8,193,725
FIRST UNION CORPORATION	25,000	331,100	384,375
FIRST USA PAYMENTTECH INC.	92,100	4,283,590	5,606,588
FIRST VIRGINIA BANKS INC.	4,100	125,756	164,000
FLEET FINANCIAL GROUP INC.	82,100	3,241,972	3,284,000
GCR HOLDINGS LTD.	83,100	3,562,057	3,614,850
GOLDEN W. FINANCIAL CORPORATION	5,000	118,125	132,500
GREAT WESTERN FINANCIAL CORPORATION	1,900	93,244	106,400
GREENTREE FINANCIAL CORPORATION	221,500	4,315,973	5,288,313
HELEN TROY LTD.	225,000	4,907,821	7,031,250
HIBERNIA CORPORATION	128,650	1,503,674	3,666,525
HOUSEHOLD INTERNATIONAL INC.	74,000	776,490	795,500
IMPERIAL CREDIT INC.	257,400	14,272,658	19,562,400
INVESTORS FINANCIAL SERVICES CORPORATION	19,838	388,407	600,100
KEY CORPORATION	13,100	262,188	304,575
LEADER FINANCIAL CORPORATION	6,800	221,114	263,500
LONG BANCORP INC.	3,100	104,420	138,725
M/A/R/C INC.	79,800	2,109,925	2,438,848
MELLON BANK CORPORATION	98,800	980,954	2,148,900
MET BANCORP	188,900	8,919,082	10,767,300
MORGAN J. P. & CO. INC.	15,000	262,500	262,500
NATIONSBANK CORPORATION	29,000	2,335,102	2,454,125
NORTH FORK BANCORPORATION INC.	113,400	6,389,425	9,369,675
NORTHERN TRUST CORPORATION	176,900	2,962,753	4,621,513
NORWEST CORPORATION	83,900	4,627,613	4,845,225
PAYMENT SERVICES INC.	515,200	14,400,082	17,967,600
PMI GROUP INC.	21,450	290,784	614,006
PNC BANK CORPORATION	109,000	4,865,251	4,632,500
PREMIER FINANCIAL BANCORP INC.	174,500	5,249,794	5,191,375
REGIONS FINANCIAL CORPORATION	58,100	791,163	784,350
ROLLINS TRUCK LEASING CORPORATION	1,500	64,617	70,125
SHELTER COMPONENTS CORPORATION	280,700	3,278,183	2,912,263
SILICON VALLEY BANCSHARES	45,900	612,044	774,563
SOUTH PACIFIC FUNDING CORPORATION	191,400	2,288,123	4,928,550
SOUTHERN NATIONAL CORPORATION	86,700	1,546,517	1,517,250
STANDARD FEDERAL BANCORPORATION INC.	86,700	3,526,527	3,337,950
STUDENT LOAN MARKETING ASSOCIATION	79,500	3,499,559	5,883,000
SUMMIT BANCORP	14,400	497,640	505,800
SUNAMERICA INC.	3,750	106,583	215,625
TRANSAMERICA FINANCIAL INC.	132,800	2,397,900	2,324,000
TRAVELERS GROUP INC.	416,650	7,358,878	19,009,656
WACHOVIA CORPORATION	29,500	1,207,567	1,290,625
WASHINGTON MUTUAL INC.	28,200	768,121	842,475
WELLS FARGO & CO.	36,900	7,390,049	8,823,713
WESTERN NATIONAL CORPORATION	231,400	2,964,491	4,251,975
FOOD			
ARCHER-DANIELS-MIDLAND CO.	295,770	5,175,692	5,656,601
CAMPBELL SOUP CO.	19,400	1,016,580	1,367,700
CONAGRA INC.	29,600	1,093,744	1,343,100
CPC INTERNATIONAL INC.	5,900	365,058	424,800
DOLE FOODS INC.	150,000	4,748,392	6,450,000
ESKIMO PIE CORPORATION	63,000	1,133,618	1,118,250
FLEMING COMPANIES INC.	258,800	6,709,454	3,720,250
GENERAL MILLS INC.	4,800	255,353	262,200
HEINZ H. J. CO.	5,200	187,642	175,275
IBP INC.	160,300	4,133,645	4,428,288
LANCASTER COLONY CORPORATION	90,000	3,126,553	3,363,750
MICHAEL FOODS	20,000	237,500	232,500
SANFILIPPO JOHN B. & SON CO.	295,700	2,574,890	1,259,913

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
	Shares		
SARA LEE CORPORATION	270,200	8,414,869	8,781,500
SMUCKER J.M. CO.	8,100	146,725	150,863
UNIVERSAL FOODS CORPORATION	11,500	381,119	424,063
WRIGLEY WILLIAM JR. CO.	31,300	1,644,625	1,589,650
FOOD SERVING			
BRINKER INTERNATIONAL INC.	205,800	3,175,298	3,007,000
DANCO RESTAURANTS INC.	59,100	644,711	517,325
EL CHICO RESTAURANTS INC.	58,900	589,113	471,200
LAUNDRY'S SEAFOOD RESTAURANTS INC.	20,100	366,544	497,475
LONGHORN STEAKS INC.	99,400	1,151,672	2,485,000
MCDONALDS CORPORATION	489,400	11,439,395	22,879,450
PICCADILLY CAFETERIAS INC.	153,300	1,435,265	1,609,650
SCOTSMAN INDUSTRIES INC.	148,800	1,708,712	2,994,600
SIZZLER INTERNATIONAL INC.	135,600	959,198	446,700
WENDY'S INTERNATIONAL INC.	60,100	1,184,656	1,119,363
GRAPHIC ARTS			
BANTA CORPORATION	121,250	2,715,656	3,061,563
BOWNE & CO. INC.	151,000	2,840,714	3,114,375
DONNELLEY R. R. & SONS CO.	325,000	10,913,651	11,334,375
STEVENS INTERNATIONAL INC.	105,900	677,210	264,750
VALASSIS COMMUNICATIONS INC.	30,100	542,091	556,850
HEALTH CARE CENTERS			
BEVERLY ENTERPRISES INC.	294,300	3,347,808	3,531,600
CHAMPION HEALTHCARE CORPORATION	172,108	189,632	1,957,729
COLUMBIA/HCA HEALTHCARE CORPORATION	418,100	17,865,134	22,420,613
COMMUNITY PSYCHIATRIC CENTERS	293,500	2,740,557	2,788,250
COMPDENT CORPORATION	7,200	261,217	334,800
COVENTRY CORPORATION	138,300	2,157,223	2,178,225
F. HEALTH CORPORATION	18,200	725,810	632,925
FHP INTERNATIONAL CORPORATION	87,700	2,393,990	2,400,788
HARBORSIDE HEALTHCARE CORPORATION	43,100	504,300	441,775
HCA INC.	7,900	364,683	497,700
HEALTH MANAGEMENT ASSOCIATES INC.	4,500	75,948	91,688
HEALTH SYSTEMS INTERNATIONAL INC.	36,500	1,142,476	990,063
HEALTHCARE COMPARE CORPORATION	30,100	5,621,926	3,904,875
HEALTHSOUTH CORPORATION	290,000	4,678,910	7,200,000
INTEGRATED HEALTH SERVICES INC.	112,300	3,156,153	2,667,125
LYNX THERAPEUTICS	52,993	87,680	26,497
	7,708	0	65,518
MAGELLAN HEALTH SERVICES INC.	158,500	3,628,696	3,407,750
MEDA INC.	125	0	1
MEDCATH INC.	9,300	264,733	111,600
NCS HEALTHCARE INC.	5,800	133,126	175,450
OCCUSYSTEMS INC.	15,500	334,384	579,313
OMNICARE INC.	41,100	710,336	1,089,150
ORTHODONTIC CENTERS OF AMERICA	21,100	346,632	559,150
OXFORD HEALTH PLANS INC.	99,100	4,080,733	4,075,488
PHYCOR INC.	20,663	488,372	785,175
RAMSEY HEALTH CARE INC.	206,900	2,059,768	620,700
REGENCY HEALTH SERVICES INC.	124,800	1,342,054	1,419,600
SAFEGUARD HEALTH ENTERPRISES INC.	131,100	963,842	2,392,575
SIERRA HEALTH SERVICES INC.	177,500	5,042,121	5,591,250
STERLING HEALTHCARE GROUP INC.	36,600	547,665	732,000
SUN HEALTHCARE GROUP INC.	178,700	2,664,414	2,546,475
TENET HEALTHCARE CORPORATION	545,000	8,802,432	11,649,375
TOTAL RENAL CARE HOLDINGS INC.	20,350	904,475	859,788
U. S. HEALTHCARE INC.	32,500	1,361,512	1,787,500
UNITED HEALTHCARE CORPORATION	138,000	7,712,062	6,969,000
UNIVERSAL HEALTH SERVICES INC.	10,600	183,724	276,925
UROCOR INC.	9,400	135,334	115,150
VIVRA INC.	104,000	3,572,596	3,419,600

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
HOME FURNISHINGS			
CROWN CRAFTS INC.	53,200	793,894	545,300
DEPARTMENT 56 INC.	54,400	1,329,456	1,230,800
ETHAN ALLEN INTERIORS INC.	138,000	3,223,605	3,415,500
FALCON PRODUCTS INC.	12,500	202,187	179,688
LEGGETT & PLATT INC.	162,900	3,028,535	4,320,475
PIER 1 IMPORTS INC.	178,000	1,840,889	2,670,000
SHAW INDUSTRIES INC.	350,000	4,879,643	4,593,750
SHELBY-WILLIAMS INDUSTRIES INC.	146,000	1,403,244	1,606,000
STANLEY FURNITURE CO. INC.	129,085	1,212,367	1,387,664
HOTELS/MOTELS/INNS			
AMERICAN TRAVELERS CORPORATION	354,500	3,111,386	8,153,500
COACHMEN INDUSTRIES INC.	183,600	2,380,832	6,426,000
HFS INC.	72,300	3,504,118	5,061,000
HOST MARRIOTT CORPORATION	669,000	8,100,327	8,697,000
MARRIOTT INTERNATIONAL	217,700	6,822,412	11,701,375
PRIME HOSPITALITY CORPORATION	8,400	140,154	139,650
SHOLODGE INC.	67,200	790,066	846,000
STUDIO PLUS HOTELS INC.	10,200	240,197	336,600
SUN INTERNATIONAL HOTELS LTD.	56,900	2,122,594	2,759,650
SUN B. LODGES AMERICA INC.	7,600	186,331	175,750
HOUSEHOLD PRODUCTS			
CLOROX CO.	12,200	1,055,905	1,081,225
COLGATE-PALMOLIVE CO.	101,700	7,393,650	8,619,075
KIMBERLY-CLARK CORPORATION	323,800	20,794,819	25,013,550
PROCTER & GAMBLE CO.	425,500	22,471,940	38,560,938
U.S.A. DETERGENTS INC.	8,100	204,106	322,988
HOUSEWARES			
NEWELL, CO.	63,900	1,591,035	1,956,938
PREMARK INTERNATIONAL INC.	56,600	880,068	1,047,100
INSURANCE			
ACE LTD.	19,700	752,540	925,900
AETNA LIFE & CASUALTY	152,200	10,874,730	10,882,300
ALLIED LIFE FINANCIAL CORPORATION	94,000	1,273,826	1,880,000
ALLAMERICA FINANCIAL CORPORATION	30,000	820,530	896,250
ALLSTATE CORPORATION	39,599	1,228,257	1,806,704
AMBAC INC.	104,200	3,733,068	5,431,425
AMERICAN BANKERS INSURANCE GROUP INC.	67,300	2,601,001	2,935,963
AMERICAN CORPORATION	16,100	319,717	430,675
AMERICAN GENERAL CORPORATION	331,800	10,425,194	12,069,225
AMERICAN INTERNATIONAL GROUP INC.	533,350	28,233,982	54,574,144
AMERICAN NATIONAL INSURANCE CO.	1,900	121,359	123,500
AON CORPORATION	125,700	3,056,015	6,379,275
CHANDLER INSURANCE LTD.	182,200	1,193,239	1,115,975
CIGNA CORPORATION	14,600	1,563,177	1,728,975
CMAC INVESTMENT CORPORATION	37,200	1,487,811	3,267,550
EQUITABLE	86,700	2,896,119	3,077,850
EVEREST REINSURANCE HOLDINGS INC.	330,300	7,078,014	8,546,513
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.	195,068	4,249,894	5,339,987
FIRST COLONY CORPORATION	68,400	1,661,511	2,129,400
GENERAL RE CORPORATION	103,000	12,236,769	15,681,750
ITT HARTFORD GROUP INC.	4,200	207,882	223,650
JOHN ALDEN FINANCIAL CORPORATION	75,800	1,688,539	1,677,075
LIFE REINSURANCE CORPORATION	123,900	3,100,872	3,825,413
LINCOLN NATIONAL CORPORATION	185,200	8,584,927	8,565,500
MBIA INC.	88,000	6,554,466	6,353,000
MGIC INVESTMENT CORPORATION	68,100	1,893,123	3,822,113
MID OCEAN LTD.	149,500	4,166,016	6,129,500
NATIONAL INSURANCE GROUP	141,300	1,614,296	347,800

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
OLD REPUBLIC INTERNATIONAL CORPORATION	57,300	1,253,121	1,231,950
OMNI INSURANCE GROUP INC.	25,000	225,000	231,250
PHIL CONSOLIDATED HOLDINGS CORPORATION	15,000	260,625	292,500
PROGRESSIVE CORPORATION	125,000	2,499,453	5,781,250
PROVIDIAN CORPORATION	23,900	1,010,342	1,024,713
PXRE CORPORATION	95,462	2,344,325	2,313,499
RELIANCE GROUP HOLDINGS INC.	374,600	2,917,099	2,809,500
SAFECO CORPORATION	20,300	777,165	718,113
ST. PAUL COMPANIES INC.	130,500	5,767,324	6,981,750
TIG HOLDINGS INC.	26,800	745,398	777,200
TRANSAMERICA CORPORATION	243,600	10,823,788	19,731,600
TRANSATLANTIC HOLDINGS INC.	33,000	1,741,696	2,310,000
TRIAD GUARANTY INC.	4,300	77,318	158,025
UNIONAMERICA HOLDINGS	120,000	2,948,700	1,815,000
UNUM CORPORATION	12,200	655,654	759,450
U.S. LIFE CORPORATION	165,000	3,941,441	5,424,375
<i>JEWELRY, SILVERWARE, TIME PIECES, CHINA</i>			
MARKS BROTHERS JEWELERS INC.	325,425	1,315,201	7,403,419
MICHAEL ANTHONY JEWELERS INC.	235,200	1,509,280	778,982
<i>LAND DEV/REAL ESTATE</i>			
BREWER C. HOMES INC.	115,500	1,260,607	404,250
WEBB CORPORATION	15,000	258,875	300,000
<i>LEATHER/SHOES</i>			
9 W. GROUP INC.	23,000	826,506	1,175,875
COLE KENNETH PRODUCTIONS INC.	15,000	202,625	296,250
NIKE INC.	8,200	297,720	842,550
<i>LEISURE/AMUSEMENT</i>			
AMERICAN CLASSIC VOYAGES CO.	85,300	1,218,103	629,000
BRUNSWICK CORPORATION	34,000	758,540	680,000
CARNIVAL CORPORATION	453,300	8,276,532	15,089,638
CIRCUS CIRCUS ENTERPRISES INC.	48,000	1,875,061	1,968,000
CPI CORPORATION	46,500	889,924	767,250
EASTMAN KODAK CO.	195,600	12,606,656	15,192,350
GAYLORD ENTERTAINMENT CO.	30,450	781,115	856,406
GTECH HOLDING CORPORATION	77,800	1,770,663	2,304,825
HARRAHS ENTERTAINMENT INC.	447,200	14,441,782	12,633,400
HASBRO INC.	196,700	6,414,655	7,032,025
HUFFY CORPORATION	216,850	2,615,190	2,791,944
INTERNATIONAL GAME TECH	93,100	1,410,894	1,571,063
KING WORLD PRODUCTIONS INC.	13,600	571,042	494,700
MATTEL INC.	804,000	19,489,796	23,037,400
MIRAGE RESORTS INC.	68,900	2,616,247	2,616,150
POLARIS INC.	96,500	2,573,069	2,951,813
TOY BIZ INC.	20,000	384,375	405,000
WALT DISNEY CO.	370,973	19,320,493	23,324,927
<i>MACHINERY</i>			
AGCO CORPORATION	173,400	4,240,766	4,811,650
APPLIED POWER INC.	232,400	4,699,388	6,507,200
BRIGGS & STRATTON CORPORATION	114,200	3,992,869	4,696,475
BUCKYRUS-ERIE CO.	6,000	58,500	61,500
BWIP HOLDING INC.	80,400	1,458,702	1,527,600
CATERPILLAR INC.	191,000	13,035,232	12,940,250
CIN MILACRON INC.	5,000	107,175	120,000
COML INTERTEC CORPORATION	55,100	1,085,169	1,425,713
CUMMINS ENGINE CO. INC.	50,100	1,863,736	2,822,788
DEERE & CO.	260,600	6,624,019	11,224,000
FEDERAL SIGNAL CORP.	133,333	1,917,047	3,133,326
GIDDINGS & LEWIS INC.	14,000	239,625	227,500
INGERSOLL-RAND CO.	20,900	803,943	914,375

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
KEYSTONE INTERNATIONAL INC.	110,600	2,393,724	2,294,950
LYDALL INC.	16,700	374,503	367,400
PALL CORPORATION	28,500	640,309	687,563
PARKER-HANNIFIN CORPORATION	15,900	654,412	673,263
REGAL-BELOIT CORPORATION	100,600	894,547	1,086,850
STEWART-STEVENSON SERVICES INC.	8,000	197,336	182,000
TRINOVA CORPORATION	102,600	2,892,483	3,424,275
WATTS INDUSTRY INC.	156,200	3,043,529	2,969,225
MANUFACTURING DISTRIBUTION			
BACOU USA INC.	53,600	827,274	951,400
BRIGHTPOINT INC.	13,425	259,908	288,638
YORK GROUP INC.	44,000	737,728	759,000
MEDICAL EQUIPMENT/SUPPLY			
ALLERGAN INC.	12,900	425,455	509,550
ARTERIAL VASCULAR ENERGY INC.	7,100	218,664	257,375
BARD C. R. INC.	31,000	948,152	1,057,875
BAUSCH & LOMB INC.	132,400	5,066,637	5,627,000
BAXTER INTERNATIONAL INC.	223,700	6,655,693	10,569,825
BECTON DICKINSON & CO.	145,400	5,856,529	11,668,350
BOSTON SCIENTIFIC CORPORATION	122,900	5,855,382	5,530,500
CYTEC CORPORATION	25,900	496,347	670,163
GUIDANT CORPORATION	151,000	4,309,530	7,436,750
GULF STATES MEDICAL SUPPLY INC.	11,200	229,474	436,800
HYCOR BIOMEDICAL INC.	173,400	798,549	780,300
JOHNSON & JOHNSON	931,500	27,923,202	46,109,250
MALLEINKRODT GROUP INC.	31,200	1,140,635	1,212,900
NORTH AMERICA VACCINE INC.	81,800	1,061,582	1,492,850
ORTHOLOGIC CORPORATION	12,800	206,528	163,200
SCHEIN HENRY INC.	18,400	505,705	703,800
SEROLOGICALS CORPORATION	10,000	210,767	265,000
SUNRISE MEDICAL INC.	195,300	3,508,305	3,759,525
METAL			
ALUMINUM COMPANY OF AMERICA	244,700	11,731,745	14,039,663
ALUMAX INC.	228,000	7,968,584	6,925,500
KENNAMETAL INC.	76,400	2,823,292	2,597,600
REYNOLDS METALS CO.	45,700	2,486,780	2,382,113
TITANIUM METALS CORPORATION	6,800	156,400	175,950
MINING/DIVERSIFIED			
ASARCO INC.	147,900	3,520,519	4,194,225
BATTLE MOUNTAIN GOLD CO.	16,000	158,210	116,000
CYPRUS AMAX MINERALS CO.	91,400	2,383,582	2,090,775
FREEPORT MC MORAN	300,000	6,605,748	9,562,500
PHELPS DODGE CORPORATION	12,750	279,141	380,906
PITTSTON CO. GROUP	103,500	6,226,724	6,442,875
167,600	2,126,837	3,624,350	
MOBILE/MODULAR HOMES			
CLAYTON HOMES INC.	204,500	3,951,817	4,088,000
REDMAN INDUSTRY INC.	120,000	1,221,880	2,490,000
MUTUAL FUNDS			
MFC ALLIED CAPITAL CORPORATION	36,400	622,425	664,300
OFFICE EQUIPMENT			
AMERICAN BUSINESS PRODUCTS INC.	160,000	2,644,699	3,500,000
AVERY DENNISON CORPORATION	173,400	5,959,186	9,315,325
LEXMARK INTERNATIONAL GROUP INC.	45,000	812,335	905,625

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
	Shares		
MILLER HERMAN INC.	81,630	1,803,588	2,499,919
MILLER INDUSTRIES INC.	14,700	279,197	420,788
OPEN PLAN SYSTEMS INC.	13,500	150,983	162,000
OXFORD CORP.	16,100	379,654	374,325
REYNOLDS & REYNOLDS CO.	99,000	4,111,459	5,271,750
STANDARD REGISTER CO.	12,100	273,952	297,963
XEROX CORPORATION	34,700	1,511,397	1,856,450
OIL AND GAS			
ABRAXAS PETROLEUM CORPORATION	25,000	128,125	162,500
AMERADA HESS CORPORATION	75,800	3,575,326	4,064,775
AMOCO CORPORATION	10,100	681,035	728,463
ANADARKO PETROLEUM CORPORATION	120,000	6,019,108	6,960,000
ASHLAND INC.	251,100	7,896,022	9,949,838
ATLANTIC RICHFIELD CO.	151,200	16,946,461	17,879,400
B.J. SERVICES CO.	77,400	2,209,263	2,718,675
BAKER HUGHES INC.	291,200	7,904,720	9,573,200
BARRETT RESOURCES CORP.	76,500	2,023,859	2,275,875
BROWN TOW INC.	15,000	208,125	256,875
BURLINGTON RESOURCES INC.	9,400	373,692	404,200
CASTLE ENERGY CORPORATION	81,300	1,074,387	843,488
CHEVRON CORPORATION	68,200	3,357,975	4,023,800
DEVON ENERGY CORPORATION	138,600	2,697,365	3,395,700
DIGICON INC.	37,333	325,975	625,328
DRESSER INDUSTRIES INC.	5,600	147,399	165,200
ENRON OIL & GAS CO.	77,400	1,683,450	2,357,525
EXXON CORPORATION	141,800	10,890,706	12,318,875
HALLIBURTON CO.	9,200	389,806	510,600
HELMERICH & PAYNE INC.	114,600	3,172,105	4,197,225
MCDERMOTT INTERNATIONAL INC.	6,700	144,074	139,863
MOBIL CORPORATION	55,300	4,747,478	6,214,338
MURPHY OIL CORPORATION	112,100	4,811,489	5,086,538
NOBLE AFFILIATES INC.	73,000	2,000,939	2,755,750
OCCIDENTAL PETROLEUM CORP.	45,500	989,076	1,126,125
ORYX ENERGY CO.	9,900	142,463	160,875
PENNZOIL CO.	4,900	227,334	226,625
PHILLIPS PETROLEUM CO.	42,800	1,668,735	1,792,250
POOL ENERGY SERVICES CO.	308,100	2,554,459	3,658,688
PRIDE PETROLEUM SERVICES INC.	144,600	837,029	2,960,550
SANTA FE ENERGY RESOURCES INC.	25,600	237,751	304,000
SOCIEDAD ANONIMA	213,000	4,016,449	4,792,500
SUN COMPANY INC.	91,192	2,615,805	2,769,957
TEXACO INC.	76,300	5,241,667	6,399,663
TIDEWATER INC.	28,800	1,182,181	1,263,600
TOSCO CORPORATION	14,500	652,068	728,625
TRICO MARINE SERVICES INC.	5,500	106,150	122,375
ULTRAMAR CORPORATION	342,275	6,805,199	9,925,975
USX - MARATHON GROUP	105,200	2,010,010	2,117,150
VALERO ENERGY-CORPORATION	174,800	4,108,652	4,379,000
VASTAR RESOURCES INC.	29,000	827,009	1,063,875
PAPER PRODUCTS			
ALCO STANDARD CORPORATION	10,500	615,070	475,125
BOISE CASCADE CORPORATION	66,400	2,396,696	2,431,900
BOWATER INC.	94,200	3,812,999	3,544,275
CARALSTAR INDUSTRIES INC.	130,000	2,396,250	3,445,000
CHAMPION INTERNATIONAL CORPORATION	95,100	3,954,006	3,970,425
CONSOLIDATED PAPERS INC.	21,000	1,016,291	1,092,000
CROWN VANTAGE INC.	78,150	1,279,029	1,133,175
INTERNATIONAL PAPER CO.	181,800	7,321,520	6,704,207
JAMES RIVER CORPORATION	5,800	149,903	152,975
MEAD CORPORATION	71,100	3,906,354	3,668,313
UNION CAMP CORPORATION	109,400	6,271,167	5,333,250
WILLAMETTE INDUSTRIES INC.	90,100	5,147,072	5,360,950

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
PLASTIC PRODUCTS			
GEON CO.	194,100	5,133,681	4,367,250
HANNA M.A. CO.	26,550	606,589	554,231
POLLUTION CONTROL			
BROWNING-FERRIS INDUSTRIES INC.	275,400	8,998,271	7,986,600
CLEAN HBR INC.	237,500	1,592,987	682,813
WMX TECHNOLOGIES INC.	27,300	820,539	894,075
PUBLISHING			
BELO A.H. CORPORATION	73,000	2,675,968	2,719,250
DUN & BRADSTREET CORPORATION	4,200	235,145	262,500
HOUGHTON MIFFLIN CO.	3,500	171,689	174,125
MCGRAW HILL COMPANIES INC.	27,900	1,124,329	1,276,425
MEREDITH CORPORATION	4,400	112,636	183,700
N.Y. TIMES CO.	28,300	807,479	916,763
READERS DIGEST ASSOCIATION INC.	190,000	8,948,148	8,075,000
SCRIPPS E. W. CO.	25,000	757,750	1,165,625
TIMES MIRROR CO.	10,000	415,590	435,000
RAIL EQUIPMENT			
GATX CORPORATION	64,200	2,531,851	3,097,650
RAILROADS			
BURLINGTON NORTHERN SANTA FE CORPORATION	6,900	469,920	558,038
CONRAIL INC.	50,000	2,658,813	3,318,750
CSX CORPORATION	200,000	1,730,723	9,650,000
DORSEY TRAILERS INC.	50,000	527,791	241,775
GENESEE & WYO INC.	2,000	34,000	41,000
ILLINOIS CENTRAL CORPORATION	253,250	6,129,133	7,200,156
NORFOLK SOUTHERN CORPORATION	97,700	6,594,983	8,280,075
REAL ESTATE INVESTMENT TRUST			
AMBASSADOR APARTMENTS INC.	100,000	1,598,047	1,687,500
CENTERPOINT PROPERTIES CORPORATION	139,100	2,712,522	3,373,175
CHELSEA G.C.A. REALTY INC.	51,500	1,448,888	1,635,125
COLONIAL PROPERTY TRUST	110,400	2,512,158	2,677,200
CRESCENT REAL ESTATE EQUITIES INC.	90,300	2,404,812	3,318,525
CWM MORTGAGE HOLDINGS INC.	248,200	2,961,968	4,219,400
DEBARTOLO REALTY CORPORATION	9,700	140,972	156,413
HOSPITALITY PROPERTIES TRUST	102,000	2,715,750	2,728,500
IRVINE APARTMENT COMMUNITIES INC.	68,400	1,175,964	1,376,550
LIBERTY PROPERTY TRUST	63,900	1,289,146	1,270,013
LTC PROPERTIES INC.	205,900	2,879,815	3,397,350
MACERICH CO.	119,400	2,307,836	2,507,400
REDWOOD TRUST	20,000	380,000	560,000
RFS HOTEL INVESTMENTS INC.	245,100	3,579,924	3,799,050
ROC COMMUNITIES INC.	65,700	1,301,465	1,568,588
SIMON PROPERTY GROUP	1,886,947	42,026,647	46,230,202
SOUTHWEST PROPERTY TRUST INC.	68,600	843,678	917,525
STORAGE USA INC.	103,400	2,812,790	3,334,650
TOWN COUNTRY TRUST	77,600	1,109,878	1,018,500
RETAIL STORES			
ALBERTSON'S INC.	326,000	12,400,332	13,488,250
AMERICAN STORES CO.	18,100	471,607	737,575
BARNETT INC.	10,500	168,055	301,875
BEST PRODUCTS INC.	106,900	683,887	177,026
BON-TON STORES INC.	241,600	1,388,866	1,238,200
BURLINGTON COAT FACTORY WHOLESALE CO.	188,000	2,304,246	1,974,000
CARSON PRAIRIE SCOTT & CO.	125,700	2,178,425	3,362,475
CHICO'S INC.	131,100	656,773	1,327,388

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
CLAIRE'S STORES INC.	142,500	1,283,304	3,918,750
CONS STORES CORPORATION	225,400	4,920,860	8,283,450
DAYTON-HUDSON CORPORATION	7,300	684,813	752,813
DRESS BARN INC.	228,400	2,553,614	2,396,200
DRUG EMPORIUM INC.	91,700	428,862	412,650
ECKERD JACK CORPORATION	46,400	784,918	1,049,800
FEDERATED DEPARTMENT STORES INC.	77,900	2,241,659	2,658,338
FRED'S INC.	78,400	799,301	862,400
GAP INC.	75,600	1,519,405	2,428,650
GENERAL NUTRITION	75,000	1,161,668	1,312,500
HANNAFORD BROTHERS CO.	50,000	1,231,486	1,631,250
HOME DEPOT INC.	128,000	5,416,595	6,912,000
HOME FASHIONS INC.	1,586	0	888
INTERTAN INC.	2	0	154,896
JUST FOR FEET INC.	268,500	2,029,606	1,198,875
KMART CORPORATION	13,000	431,314	687,375
KOHL'S CORPORATION	377,500	5,879,942	4,671,563
LOWES COMPANIES INC.	67,700	2,241,663	2,479,513
MACFRUGALS BARGAINS CLOSE OUTS INC.	306,400	10,121,526	11,068,700
MAY DEPARTMENT STORES CO.	16,700	242,592	296,425
MELVILLE CORPORATION	793,900	28,525,174	34,733,125
MEN'S WEARHOUSE INC.	55,500	1,994,673	2,247,750
MEYER FRED INC.	16,550	394,057	533,738
MICHAELS STORES INC.	75,300	2,373,773	2,226,625
NEWMARK & LEWIS INC.	149,100	2,792,565	2,534,700
NORDSTROM INC.	2,000	17,640	30
PAYLESS SHOESOURCE INC.	131,000	5,391,735	4,939,500
PENNEY J.C. CO.	105,644	2,640,359	3,354,197
PEP BOYS-MANNY MOE & JACK	327,500	15,125,353	17,193,750
PROFFITTS INC.	16,600	476,576	564,400
RENTERS CHOICE INC.	91,500	2,788,251	3,248,250
REVCO D. S. INC.	13,900	248,213	354,450
REX STORES CORPORATION	103,168	1,630,921	2,463,136
RHODES INC.	25,000	374,068	384,375
RITE AID CORPORATION	205,400	2,011,044	2,285,875
SAFeway INC.	33,600	933,141	999,600
SAKS HOLDINGS INC.	37,000	663,824	1,221,000
SEARS ROEBUCK & CO.	37,000	1,255,797	1,262,625
TJX COMPANIES INC.	140,000	4,467,435	6,307,500
TOYS R US INC.	187,600	3,120,360	6,331,500
TUESDAY MORNING CORPORATION	154,700	3,635,159	4,408,950
W. MARINE INC.	148,000	872,698	1,979,500
WALGREEN CO.	10,300	320,584	736,450
WET SEAL INC.	221,700	4,022,496	7,426,950
WOOLWORTH CORPORATION	72,300	1,552,529	1,721,608
	304,200	5,285,828	6,844,500
RUBBER			
COOPER TIRE & RUBBER CO.	53,700	1,337,455	1,194,825
GOODRICH B. F. CO.	17,800	689,634	665,275
GOODYEAR TIRE & RUBBER CO.	16,300	729,753	782,400
SECURITIES			
MERRILL LYNCH & CO. INC.	21,400	1,265,231	1,393,675
PAINE WEBBER GROUP INC.	98,900	1,716,646	2,348,875
SERVICES			
ACCUSTAFF INC.	403,000	11,281,677	10,981,750
ALTERNATIVE RESOURCES CORPORATION	10,100	283,165	371,175
BLOCK B. & R. INC.	213,600	8,298,595	6,995,400
CAMBRIDGE TECH PARTNERS INC.	24,900	419,692	759,450
CUC INTERNATIONAL INC.	265,300	8,294,465	9,418,150
DENDRITE INTERNATIONAL	13,800	280,597	476,100
EAGLE RIVER INTERACTIVE INC.	10,000	131,250	197,500

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
EQUIFAX INC.	284,000	4,445,434	7,455,000
EQUITY CORPORATION INTERNATIONAL	10,100	283,382	272,700
GENERAL PHYSICS CORPORATION	162,100	816,512	668,663
GREENWICH AIR SERVICES INC.	67,100	1,652,923	1,300,450
HA LO INDUSTRIES INC.	5,700	129,247	148,200
HEALTHCARE SERVICE GROUP	35,000	324,063	315,000
INTELLIQUEST INFORMATION GROUP INC.	5,100	119,282	167,025
IRON MOUNTAIN INC.	13,000	210,658	273,000
MANPOWER INC.	103,000	3,006,215	4,074,150
MEDAPHIS CORPORATION	97,000	4,171,930	3,855,750
MEDQUIST INC.	9,700	178,763	175,813
METROMAIL CORPORATION	46,400	956,731	1,038,200
NATIONAL AUTO CREDIT INC.	198,000	2,862,738	2,252,250
NHP INC.	10,000	180,000	206,250
NICHOLS RESEARCH CORPORATION	163,400	2,313,500	5,106,250
OLSTEN CORPORATION	169,650	3,449,204	4,983,469
PITTSTON BRINKS GROUP	78,900	1,749,985	2,297,963
REGISTRY INC.	5,500	159,564	160,875
SERVICE CORPORATION INTERNATIONAL	63,600	3,095,623	3,657,000
TEAM INC.	130,900	943,398	269,916
URS CORPORATION	29,766	1,269,343	234,407
WACKENHUT CORRECTIONS CORPORATION	18,800	225,248	627,450
SPECIAL INVESTMENT FUND			
BRINSON PARTNERS JAPAN ONLY EQUITY FUND	301,976	30,537,164	33,496,172
BRINSON PARTNERS NON-U.S. EX-JAPAN EQ. FUND	554,298	66,182,463	74,436,090
BRINSON PARTNERS U.S. INTER-CAP. EQUITY FUND	456,877	42,717,053	68,296,768
BRINSON/FIRST CHICAGO INDEX FUND	951,741	175,613,746	291,081,776
SPECIALTY INSTRUMENTS			
HEWLETT-PACKARD CO.	386,400	24,655,899	38,495,100
NEWPORT CORPORATION	174,100	1,560,059	1,719,238
PERKIN-ELMER CORPORATION	20,200	705,163	974,650
TEKTRONIX INC.	90,500	4,195,645	4,049,875
STEEL-IRON			
ALLEGY LUDLUMM CORPORATION	97,100	1,886,562	1,832,763
ALASKA STEEL HOLDINGS CORPORATION	31,600	934,477	1,236,350
BETHLEHEM STEEL CORPORATION	24,100	334,809	296,108
CITATION CORPORATION	20,000	245,000	240,000
J&L SPECIALTY STEEL INC.	217,300	3,373,771	3,232,338
LTV CORPORATION	224,200	3,778,630	2,550,275
LUKENS INC.	104,500	3,203,203	2,494,938
NUCOR CORPORATION	17,100	975,578	865,688
SCHNITZER STEEL INDUSTRIES INC.	92,300	2,726,219	2,469,025
USX-U.S. STEEL GROUP	305,100	9,752,585	8,657,213
TELECOMMUNICATIONS			
360 COMMUNICATIONS CO.	50,000	1,170,738	1,200,000
ADTRAN INC.	37,200	2,563,971	2,636,550
AIRTOUCH COMMUNICATIONS INC.	3,400	93,854	96,050
ALLEN GROUP INC.	114,700	2,543,069	2,494,725
ALLTEL CORPORATION	25,000	713,813	748,750
AMERITECH CORPORATION	33,500	1,477,693	1,989,063
ANIXTER INTERNATIONAL INC.	184,500	3,180,561	2,744,438
ASSOCIATED GROUP INC.	110,750	1,990,371	3,350,188
AT&T CORPORATION	19,350	263,723	578,081
BELL ATLANTIC CORPORATION	719,600	39,496,608	44,615,200
BELLSOUTH CORPORATION	4,500	252,368	286,875
CELLULAR COMMUNICATIONS P.R. INC.	75,700	2,350,560	3,179,400
CENTURY TELEPHONE ENTERPRISES INC.	121,075	2,200,703	3,934,938
	200,000	5,942,788	6,375,000
	124,300	996,032	963,325

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
EIS INTERNATIONAL INC.	15,000	229,219	382,500
FRONTIER CORPORATION	175,000	5,110,932	5,359,375
GENERAL INSTRUMENT CORPORATION	31,700	740,340	915,338
GLENAYRE TECHNOLOGIES INC.	454,400	21,541,811	22,720,000
GLOBALSTAR TELECOMMUNICATIONS LTD.	103,200	5,632,419	4,566,600
GTE CORPORATION	36,700	1,360,138	1,642,325
INTELCOM GROUP INC.	56,900	1,400,771	1,422,500
LCI INTERNATIONAL INC.	12,900	211,150	404,738
MCI COMMUNICATIONS CORPORATION	258,300	5,701,771	6,618,938
MFS COMMUNICATIONS INC.	625,200	19,211,993	23,523,150
NEXTEL COMMUNICATIONS INC.	3,200	32,000	3,200
NYNEX CORPORATION	346,400	15,059,269	16,454,000
P-COM INC.	131,582	224,590	4,144,833
PACIFIC TELESIS GROUP	419,500	11,656,730	14,158,125
PAIRGAIN TECHNOLOGIES INC.	140,000	8,043,740	8,729,600
QUALCOMM INC.	340,800	16,350,690	18,105,000
SBC COMMUNICATIONS INC.	256,700	10,892,239	12,642,475
SPRINT CORPORATION	308,900	7,987,303	12,973,800
STRATACOM INC.	339,800	12,426,492	19,113,750
TELEPHONE & DATA SYSTEMS INC.	23,700	967,762	1,066,500
TELEPORT COMMUNICATIONS GROUP INC.	6,200	100,618	118,575
TELLABS INC.	74,500	4,146,084	4,982,188
TRANSACTION NETWORK SERVICES	17,250	265,632	370,875
U.S. WEST COMMUNICATIONS GROUP	320,900	10,253,121	16,268,800
VANGUARD CELLULAR SYSTEMS INC.	153,000	3,193,467	3,327,750
VTEL CORPORATION	33,000	324,188	317,625
WESTELL TECHNOLOGIES INC.	131,300	4,982,643	5,153,525
WORLDCOM INC.	187,600	6,013,327	10,388,359
TEXTILES			
BURLINGTON INDUSTRIES INC.	302,600	3,653,697	4,274,225
DELTA & PINE LTD. CO.	41,300	1,350,031	1,744,925
DONNKENNY INC.	15,000	194,375	292,500
HAGGAR CORPORATION	69,600	1,248,574	939,600
HARTMARC CORPORATION	274,600	1,587,736	1,716,250
KELLWOOD CO.	221,400	3,647,073	4,068,225
NAUTICA ENTERPRISES INC.	49,600	964,059	1,426,000
NORTON MCNAUGHTON INC.	105,800	1,411,323	767,050
SUPREME INTERNATIONAL CORPORATION	5,000	86,250	86,250
TOMMY HILFIGER	82,700	2,831,609	4,434,788
V.F. CORPORATION	2,600	147,073	155,025
WARNACO GROUP INC.	173,600	3,958,902	4,470,200
WELLMAN INC.	110,800	2,180,759	2,589,950
TORACCO			
AMERICAN BRANDS INC.	268,500	10,516,206	12,183,188
PHILIP MORRIS COMPANIES INC.	492,700	33,548,548	51,240,800
RJR NABISCO HOLDINGS CORPORATION	314,900	9,816,340	9,998,075
U.S.T. INC.	6,800	224,611	232,900
TRANSPORTATION			
AIR EXPRESS INTERNATIONAL CORPORATION	104,000	2,782,750	2,938,000
AMR CORPORATION	205,900	18,042,283	18,736,900
AVIATION SALES CO.	3,000	57,848	61,500
FEDERAL EXPRESS CORPORATION	85,600	5,505,149	7,019,200
RYDER SYSTEMS INC.	542,100	12,645,294	15,246,563
U.S. AIR GROUP	160,800	2,563,866	2,894,400
TRUCKING			
ALLIED HOLDINGS INC.	124,600	1,739,323	1,308,300
COVENANT TRANSPORTATION INC.	15,000	176,250	255,000
KLM TRANSPORT SERVICES INC.	118,300	1,317,158	1,449,175
LANDSTAR SYSTEMS INC.	53,200	1,120,422	1,542,800

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
M.S. CARRIERS	98,200	2,029,138	2,013,100
U.S. FREIGHTWAYS CORPORATION	162,200	3,194,322	3,162,900
UTILITIES-DIVERSIFIED			
CMS ENERGY CORPORATION	239,000	5,720,802	7,161,250
CONSOLIDATED EDISON CO. OF N.Y. INC.	4,500	130,590	131,625
N.Y. STATE ELECTRIC & GAS CORPORATION	140,000	3,197,887	3,430,000
NIAGARA MOHAWK POWER CORPORATION	520,400	5,416,933	4,033,100
NIPSCO INDUSTRIES INC.	195,200	6,387,347	7,856,800
PACIFIC GAS & ELECTRIC CO.	118,900	2,755,740	2,764,425
PECO ENERGY CO.	138,800	3,974,030	3,668,800
PUBLIC SERVICE ENTERPRISE GROUP INC.	152,700	4,249,080	4,199,250
UTILITIES-ELECTRIC			
ALLEGHENY POWER SYSTEM	4,500	112,768	138,938
SYNERGY CORPORATION	5,300	144,393	169,600
EDISON INTERNATIONAL	465,200	7,867,551	8,199,150
ENERGY CORPORATION	424,200	11,202,146	12,036,675
F.P.L. GROUP INC.	41,200	1,610,544	1,895,200
FLORIDA PROGRESS CORPORATION	6,400	207,947	222,400
GENERAL PUBLIC UTILITIES CORPORATION	223,300	5,948,354	7,871,325
ILLINOVA CORPORATION	74,600	1,909,208	2,144,750
INTERNATIONAL CABLETEL INC.	2,400	0	2,400
NEW ENGLAND UTILITIES	78,400	1,190,504	1,048,600
OKLAHOMA GAS & ELECTRIC CO.	6,000	215,998	237,750
P.P. & L. RESOURCES INC.	146,200	3,448,434	3,453,975
PACIFICORP	266,100	5,579,231	5,929,725
PINNACLE WEST CAPITAL CORPORATION	168,300	3,713,705	5,112,113
TEXAS UTILITIES CO.	193,100	6,839,032	8,255,025
UNICOM CORPORATION	8,300	224,099	231,363
UNION ELECTRIC CO.	2,300	85,615	92,575
UTILITIES-GAS			
ATMOS ENERGY CORPORATION	135,500	1,881,437	4,149,688
CONN ENERGY CORPORATION	172,000	3,597,644	3,268,000
CONSOLIDATED NATURAL GAS CO.	15,200	626,158	794,200
EASTERN ENTERPRISES	102,800	2,774,274	3,418,100
ENRON CORPORATION	193,000	5,095,556	7,888,875
EQUITABLE RESOURCES INC.	127,300	3,776,429	3,596,225
NICOR INC.	28,700	773,746	814,363
PEOPLES ENERGY CORPORATION	33,500	899,482	1,122,250
USX DELHI GROUP	10,000	125,965	122,500
WILLIAMS COMPANIES INC.	14,000	466,715	693,000
TOTAL COMMON STOCK-DOMESTIC		114,872,917	3,590,678,878
COMMON STOCK			
International	Shares	Book Value	Market Value
3G GROUP ORD	145,000	995,821	995,805
ABB AB	3,150	247,341	332,768
6,122	5,232,931	7,571,490	
ABBEY NATIONAL	397,000	2,435,172	3,337,119
ABN-AMRO HOLDINGS	42,028	1,854,029	2,255,281
ABOTTZ EQUITY	2,739,000	526,129	512,256
ACCOR	2,660	277,517	372,010
ACERINOX SA	19,187	1,073,789	1,997,788
ADIDAS AG	8,267	451,301	694,642
AEGON	115,473	2,889,564	5,317,034
AGUAS DE BARCELONA	44,300	1,627,286	1,644,644
AHOLD (KON)	20,727	887,170	1,123,168
AIR LIQUIDE(L)	3,000	533,945	529,695
AIR NEW ZEALAND	500,000	714,502	1,592,738

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
	Shares		
AKZO NOBEL	24,255	2,731,888	2,905,769
ALCATEL ALST	21,550	1,994,551	1,879,464
ALLIANZ AG HOLDINGS	949	1,688,685	1,642,818
ALLIED IRISH BANKS	22,900	164,755	119,991
ALPINE ELECTRONICS	17,000	336,238	317,728
ALTANA	6,000	3,913,085	4,633,578
ALUSUISSE-LONZA	666	446,124	549,657
AMANO CORPORATION	216,000	2,632,060	3,209,919
AMCOR LTD.	575,548	3,982,619	3,918,312
AMERICAN STANDARD	34,800	1,039,406	589,134
AMMB HOLDINGS	52,000	731,028	729,371
AMOY PROPERTIES	2,574,000	3,397,903	3,109,117
ANGLO AMERICAN CORPORATION SA	26,500	1,996,343	1,679,771
ANGLO AMERICAN GOLD INVESTMENT CO. LTD.	4,558	465,276	395,753
ARAB-MALAYSIAN	4,500	46,969	38,925
ARES-SERONO SA	116,000	449,023	455,576
ARGENTARIA CORPORATION	178,000	778,499	777,542
ARGENTINA INVESTMENTS	2,000	1,028,878	1,757,689
ASA LTD.	37,000	1,474,080	1,613,159
ASAHI BANK	200,000	3,672,631	4,500,000
ASAHI DIAMOND	85,000	3,770,919	3,315,000
ASE TEST LTD.	225,000	2,300,242	2,605,188
ASHANTI GOLDFIELDS-GDR	139,000	1,863,439	1,812,189
ASIA PULP & PAPER LTD.	12,000	178,191	139,500
ASIA SATELLITE TELE-SP	45,000	1,022,500	888,750
ASICS CORPORATION	32,120	382,060	393,470
ASS GEN FRANCE-AGF	6,400	165,325	190,400
ASSOCIATED BRITIAN FOODS	260,000	840,182	948,170
ASTRA AB	73,100	2,032,990	1,979,341
AUMAR	960,000	3,520,181	5,765,071
AUSTRALIA & NEW ZEALAND BANK	1,100	44,446	48,125
AUSTRALIA GAS LIGHT CO.	68,890	1,543,877	3,037,871
AUTOLIV AB	65,000	2,085,030	2,830,900
AXA	125,340	1,510,631	1,617,889
AXIME	847,889	2,050,689	4,017,324
AYALA CORPORATION	678,921	2,040,207	2,826,678
AYALA LAND INC.	16,400	314,306	499,239
B C E MOBILE COMMUNICATIONS INC.	47,428	2,283,611	2,584,092
BAA ORD	7,000	304,267	978,973
BANGKOK BANK	297,900	459,595	562,826
BANK NOVA SCOTIA	345,000	495,291	618,893
BANK OF IRELAND	6,850	200,799	222,456
BARCLAYS ORD	169,256	1,302,348	1,229,447
BARRICK GOLD CORPORATION	64,800	767,777	877,606
BASF AG	51,787	1,193,423	1,258,982
BASS ORD	20,000	150,367	136,731
BAT INDUSTRIES ORD	10,730	42,855	75,150
BAYER AG	42,000	287,247	504,117
BC TELECOM INC.	47,100	1,171,146	1,277,820
BCA FIDEURAM SPA	3,990	1,088,396	1,140,262
BCA POP BERGAMO-CV	450,000	3,242,963	5,652,968
BCE INC.	329,500	2,196,483	2,564,939
BCO CENTRAL HISPAN	344,510	7,717,376	12,165,301
BCO LATINOAMERICAN	150,175	2,312,843	2,919,596
BCO POPULAR	306,000	534,237	662,701
BCO SANTANDER SA	16,000	215,220	243,705
BDNI (BK DAGANG NAS)	298,600	9,674,085	11,794,700
BEIERSDORF AG	70,533	1,485,065	1,435,800
BELL CABLEMEDIA PLC	3,000	131,237	168,750
BELTECNO CORPORATION	13,688	2,024,476	2,438,857
BENETTON GROUP	23,200	904,291	1,082,057
BIC	1,602,500	1,499,593	1,342,509
	3,300	1,574,231	3,251,979
	250,100	4,610,807	4,189,175
	26,000	672,902	303,414
	15,000	164,950	193,738
	7,100	901,947	1,008,129

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
BIOCHEM PHARMA INC.	5,000	171,820	187,500
BK NIAGA	800,000	1,692,807	1,993,555
BLUE CIRCLE INDUSTRIES	295,000	2,994,840	5,006,235
BOBST AG	265	413,316	382,156
BOHLER UDDEHOLM	2,500	194,739	195,696
BOMBARDIER INC.	3,000	97,497	119,796
BOOKER ORD	200,000	1,156,371	1,169,981
BOOTS CO.	318,880	2,818,801	2,868,731
BORAL	330,700	899,911	858,914
BQF NATIONAL PARIS	4,620	200,723	162,159
BQF PARIBAS	7,000	454,449	433,740
BRAMBLES INDUSTRIES LTD.	23,000	396,441	320,045
BRAZIL FUND	236,666	4,293,721	5,650,401
BREMBO SPA	11,500	145,723	135,789
BRIDGESTONE CORPORATION	240,000	3,398,679	4,573,096
BRITISH PETROLEUM CO.	35,011	2,281,472	3,741,801
	560,920	3,290,811	4,919,816
	111	9,928	11,563
BRITISH AIRWAYS	49,300	242,521	424,366
BRITISH GAS	1,136,000	5,045,493	3,177,129
BRITISH TELECOM	216,630	1,243,028	1,164,605
	53,000	2,796,762	2,848,750
BRL HARDY LTD.	933,000	1,026,967	1,703,613
BROKEN HILL PROPERTY	422,226	5,278,950	5,838,727
BSES GDR	60,000	968,750	1,155,000
BTR ORD	40,100	199,660	157,945
BUENOS AIRES EMBOTELLADORA S A	60,000	1,339,790	795,000
BURMAH CASTROL	55,700	895,288	881,455
BURNS PHILP & CO.	580,158	1,392,333	1,095,870
C & P HOMES INC.	1,385,800	878,373	1,203,319
CABLE & WIRELESS	71,030	454,374	469,597
CANADIAN IMPERIAL BANK	48,000	1,004,752	1,548,274
CANADIAN NATIONAL REALTY CO.	98,521	1,468,506	1,810,323
CANADIAN PACIFIC	105,875	1,755,414	2,318,063
CANON INC.	666,000	8,765,826	13,844,008
CANON SALES COMPANIES INC.	16,250	440,645	451,862
CARADON ORD	225,000	774,851	753,379
CARLTON COMMUNICATIONS	410,000	1,902,829	3,299,876
CARREFOUR	8,780	3,292,254	4,918,471
CARTER HOLT HARVEY	1,484,600	3,487,718	3,386,688
CASINO GUICH-PERR	4,000	136,400	164,250
CASTORAMA DUBOIS	26,620	2,957,885	5,243,079
CATE TEN KON	76,500	3,507,705	3,535,940
CBR (CIMENTERIES)	28,500	1,527,862	2,131,227
CBR/HEIDELBERGER	5,700	0	13,827
CELSIUS AB	55,000	520,968	721,160
CENTRAL TRANSMISSION RENTAL GROUP PLC	56,100	632,932	31,584
CENTROS	151,906	2,046,529	3,791,282
CESAR CO.	69,000	535,797	685,691
CHEUNG KONG(HOLDINGS)	467,000	2,654,938	3,363,401
CHILE FUNDS INC.	120,000	2,899,081	2,940,000
CHILECTRA S A	21,000	1,065,102	1,155,000
CHINA NORTH INDUSTRIES	3,000,000	3,131,189	1,950,000
CHINA RESOURCES	6,434,000	2,652,030	4,529,962
CHINESE BANK	53,600	0	429,104
	536,000	3,399,374	6,265,675
CHO HUNG BANK	46,250	630,577	571,967
CHODAI CO.	9,000	316,583	311,802
CHRISTIAN DIOR	9,365	1,259,753	1,218,773
CHRISTIANIA BANK	515,000	1,621,545	1,212,875
CHUGOKU ELECTRIC POWER	600	13,202	13,293
CI KASEI CO.	134,000	1,862,943	1,246,114
CIBA GEIGY AG	2,480	1,391,159	3,007,742
	4,747	2,695,960	5,783,706
CIE BANCAIRE	12,875	1,433,727	1,450,493
CIE DE ST GOBAIN	48,604	4,873,910	6,594,765
CIE DE SUEZ	15,850	622,812	579,722

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
	Shares		
CIE FIN PARIBAS	31,140	1,975,389	1,838,792
CITIC PACIFIC	60,000	230,484	242,612
CITIZEN WATCH CO.	162,000	1,354,187	1,348,462
CITY DEVELOPMENTS	510,400	1,303,827	3,977,612
CLARIANT	1,500	526,277	547,677
CLARINS	6,760	956,536	1,038,636
CLUB MEDITERRANEE	10,242	964,899	917,120
COCA-COLA AMATIL	353,289	1,971,213	3,928,924
COCO'S JAPAN CO.	47,000	576,814	561,335
COMALCO LIMITED	26,200	133,252	152,593
COMFORT GROUP	403,000	372,116	399,717
COMMERCIAL UNION	163,300	1,469,396	1,471,628
COMMERZBANK AG	370	89,121	76,569
COMPANHIA SIDERURGICA NACIONAL	9,000	229,959	234,000
CONSERV CAMPOFRIO	22,100	1,121,003	834,255
COOKSON GROUP	630,000	2,983,496	2,775,693
CPT TELEFONICA DE	500,000	976,426	1,015,769
CR LOCAL DE FRANCE	4,771	0	388,297
CRA LIMITED	105,850	1,357,986	1,629,525
CREDICORP LTD.	79,500	1,016,338	1,401,188
CREDIT COMMERCIAL	11,400	486,312	528,343
CREDIT LOCAL DE FR	20,200	1,669,684	1,644,015
CREDIT SAISON CO.	20,000	430,773	483,202
CREDITITO ITALIANO	489,000	550,111	572,892
CRH ORD	30,800	203,912	309,978
CS HOLDING	11,900	1,080,805	1,131,387
CSF(THOMSON)	66,545	1,710,853	1,870,356
CSR LIMITED ORD	1,240,000	4,157,981	4,381,970
CYCLE & CARRIAGE	33,000	371,852	353,029
DAH SING FINANCIAL	58,000	171,165	175,706
DAI-ICHI KANGYO BANK	117,000	2,291,301	2,176,050
DAI-NIPPON PRINTNG	183,000	2,227,109	3,537,038
DAIUCHI PHARM CO.	127,000	1,663,094	1,956,785
DAIMLER-BENZ AG	6,134	3,208,063	3,282,293
DAIMLER-BENZ CAPITAL	6,134	0	846
DAIWA HOUSE CO.	200,000	2,932,726	3,099,786
DAIWA SECURITIES CO.	323,000	3,802,614	4,152,163
DALGETY	662,500	4,648,414	3,638,899
DANIELI & C. DL	375,000	1,154,520	1,333,170
DANKA BUSINESS SYSTEMS PLC	40,000	1,384,758	1,170,000
DANZAS HOLDING AG	1,200	1,098,270	1,255,942
DAO HENG BANK	923,000	2,486,550	3,565,249
DASSAULT SYSTEMS SA	17,000	391,000	527,000
DAVID JONES LTD.	868,000	1,285,907	1,202,358
DBS LAND	116,000	424,319	397,761
DCB HOLDINGS	114,000	326,619	390,614
DDI CORPORATION	268	1,978,492	2,335,853
DE LA RUE CO. ORD	387	4,321	3,578
DEGUSSA AG	3,530	1,263,621	1,198,273
DEN DANSKE BANK AS	21,100	1,113,368	1,413,741
DENSO CORPORATION	33,000	655,076	716,051
DEUTSCHE BANK AG	39,190	1,845,876	1,853,746
DEVELOPMENT BANK SINGAPORE	261,000	1,732,232	3,254,410
DICKSON CONCEPTS INTERNATIONAL	550,000	423,055	703,420
DONGFANG ELECTRIC	1,145,000	515,254	286,962
DRAGADOS Y CONSTRUCTION	6,094	73,490	80,563
DT PFANDBRIEF/HYPOTHEKAR	66,000	2,926,245	2,610,255
EAST JAPAN RAILWAY	317	1,520,455	1,661,304
EAUX(CIE GENERALE)	10,487	1,131,703	1,171,277
EDARAN OTOMOBIL	65,000	580,937	622,570
EDISON ITALY	100,000	491,118	603,392
EISAI CO.	140,000	2,385,598	2,642,112
ELAN CORPORATION	7,000	0	132,106
ELECTRABEL	36,000	1,443,427	2,056,500
ELECTROCOMPONENTS	22,050	4,129,480	4,708,410
ELEKTROWATT AG	544,000	2,827,053	3,234,612
	12,495	4,790,855	4,622,047

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
ELF AQUITAINE	126,677	8,872,325	9,315,770
ELSEVIER	554,000	4,907,735	5,405,741
EMAIL LIMITED	416,800	1,029,005	1,082,538
EMI GROUP PLC	215,290	5,995,323	6,001,092
EMP NAC ELECTRICIDAD	29,744	1,463,020	1,855,563
EMPRESA NACIONAL DE ELECTRICIDAD	10,300	211,107	221,450
ENATOR AB	55,000	834,804	1,263,996
ENDESA BV	11,200	703,151	697,953
ENI	664,800	2,491,090	3,315,327
ERICSSON L.M. TELEPHONE CO.	220,000	2,796,579	4,730,000
	29,480	415,085	635,297
ESC MEDICAL SYSTEMS LTD.	9,650	215,250	255,663
ESEC HOLDING SA	650	2,328,537	2,817,281
ESSELTE AB	170,000	2,954,794	3,432,946
F & C EMERGING MARKET BRAZILIAN INVESTMENT CO.	120,000	5,552,591	4,650,000
FAMILYMART CO.	4,400	193,882	195,761
FERNZ CORPORATION	474,000	1,398,576	1,412,502
FGN FD INC. MEXICO	140,000	1,641,525	1,633,128
FILINVEST DEVELOPMENT	1,038,000	460,870	544,752
FILINVEST LAND	2,970,000	697,083	1,218,607
FILTRONIC COMTEK	350,000	1,126,681	1,658,639
FINANCE ONE	63,000	493,739	406,772
FINNAIR	8,400	59,098	57,494
FIRST BANGKOK CITY	82,000	173,700	135,591
FIRST OLSEN TANKER	17,400	174,000	149,987
FIRST PACIFIC ORD	2,188,000	2,262,961	3,363,653
FISHER ALBERT	807,692	823,826	586,694
FLETCHER CHALLENGE BUILDING	562,750	1,246,862	1,098,707
FLETCHER CHALLENGE ENERGY	705,750	1,373,541	1,556,784
FLETCHER CHALLENGE FORESTS DIVISION	9,294	0	11,524
FLETCHER CHALLENGE PAPER	332,500	525,594	642,336
FOKUS BANK A/S	50,000	253,342	272,452
FOR&COL EMERGING MARKETS PERUVIAN INVEST. CO.	110,000	1,668,280	1,889,800
FORBO HOLDINGS	2,400	794,594	1,016,259
FOREIGN CURRENCY REALIZED GAIN	0	5,201,525	0
FORMOSA FUND UNITS	200	1,774,713	1,750,000
	160	1,064,000	1,400,000
FORTIS AMEV	77,832	1,386,199	2,229,635
FPR BANK HOLDING CO.	505,000	167,736	179,408
FRASER & NEAVE	205,880	1,996,510	2,129,542
FUJI DENKI REIKI	59,000	743,395	753,066
FUJI MACHINE	34,000	687,314	957,834
FUJISAWA PHARMA CO.	317,000	3,331,518	3,323,609
FUJITSU	225,000	2,587,776	2,051,329
FURUKAWA CO.	200,000	1,245,843	1,048,457
GALERIES LAFAYETTE	4,400	1,327,798	1,500,782
GDR BSES LTD.	44,500	640,800	856,625
GEA AG	2,300	922,093	814,440
GEHE AG	4,500	1,097,530	3,921,384
GENESIS CHILE FUND	85,000	3,223,934	3,527,509
GETRONICS	17,796	156,162	394,077
GIO AUSTRALIA HOLDINGS	463,259	874,178	1,141,221
GIST-BROCADES	100,000	3,010,839	3,299,184
GIST-BROCADES	100,000	0	89,045
GKN ORD	256,600	1,798,790	3,939,105
GLAXO WELCOME	163,290	2,014,086	2,198,427
GOLD MINES OF KALG.	619,190	689,900	677,392
GOLDLION HOLDINGS	2,505,000	1,208,116	2,152,020
GOURMET KINNEY CO.	75,000	788,161	950,449
GPE BRUXELLES LAM	5,166	955,671	646,368
	166	20,937	48
GRANADA GROUP ORD	111,800	1,192,339	1,496,515
GREAT EAGLE HOLDINGS	643,000	2,074,963	3,881,465
GREAT UNIVERSE STORES ORD	229,100	2,408,052	2,326,241
GRiffin GAMING & ENTERTAINMENT INC.	5	0	78
GROLSCHE	16,100	520,372	660,223
GRUMA SA	67,600	213,574	313,029

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Shares	Book Value	Market Value
GUANGSHEN RAILWAY		8,500	169,534	162,563
GUCCI GROUP		68,900	3,642,959	4,494,300
GUINNESS ORD		5,348	256,611	346,568
HAFSLUND ASA		122,100	994,356	887,862
HAKUTO NEW WORD		50,500	253,268	322,594
HANG LUNG DEVELOPMENT CO.		5,000	162,247	149,975
HANG SENG BANK		300,000	607,250	563,899
HANSABANK		22,900	172,286	230,753
HANSON ORD		280,000	1,133,291	406,797
HANSON ORD		624,000	2,356,532	1,750,031
HANSON ORD		467,800	7,989,561	6,636,679
HARRISONS & CROSFIELD ORD		450,070	996,820	951,049
HARTWALL		1,500	32,373	36,644
HEILIT & WOERNER		2,400	913,290	192,359
HEINEKEN		11,687	1,520,477	2,611,261
HENDERSON INVESTMENTS		2,574,000	2,142,855	2,311,055
HENDERSON LAND DEVELOPMENT HK		300,000	2,120,282	2,247,844
HENNES & MAURITZ		24,900	1,513,841	2,391,744
HILLSDOWN HOLDINGS ORD		280,384	604,655	755,852
HIROSE ELECTRIC		6,900	388,827	425,883
HITACHI		690,000	5,947,568	6,416,557
HITACHI METALS		198,000	2,342,896	2,274,513
HM SAMPOERNA		139,000	1,344,251	1,582,599
HOECHST AG		125,960	3,104,330	4,269,971
HOKURIKU ELECTRIC POWER		42,840	837,039	968,621
HOLDERBK FN GLARIS		2,400	1,836,007	1,917,469
HOLLANDSCHE BETON		10,500	1,552,262	2,026,749
HONDA MOTOR CO.		7,000	148,856	181,246
HONG KONG ELECTRIC		600,000	1,899,841	1,829,289
HONG KONG LAND HOLDINGS		66,000	153,098	148,500
HONG KONG TELECOMM		1,745,600	3,254,591	3,134,559
HONG LEONG CREDIT		965,000	2,347,317	4,563,379
HONG LEONG FINANCE		84,000	381,291	299,985
HONG LEONG PROPERTIES		2,574,000	3,362,595	2,991,464
HOUSING & COMMUNITY BANK		6,000	193,475	139,793
HSBC HOLDINGS		541,455	4,226,244	8,183,992
HUANENG POWER INTERNATIONAL INC.		76,400	1,528,000	1,365,650
HUHTAMAKI OY		33,000	1,076,340	1,100,935
HUME INDUSTRIES		643,000	2,236,774	3,143,759
HUNTER DOUGLAS		2,858	145,924	195,054
HUTCHISON WHAMPOA		886,000	3,175,082	5,574,163
HYDER ORD		87,000	934,557	964,489
HYSAN DEVELOPMENT		372,000	975,478	1,138,959
IBERDROLA SA		18,600	0	9,852
ICI AUSTRALIA		280,572	2,577,042	2,877,665
IDEC IZUMI CORPORATION		103,000	487,127	903,075
IMASCO LTD.		137,000	1,225,153	1,336,464
IMPERIAL CHEMICAL INDUSTRIES		60,000	930,693	1,225,790
I.N.A.		74,890	1,063,318	916,925
INDAH KIAT PULP & PAPER		3,400	172,384	167,025
INDEPENDENT NEWS		256,000	364,824	381,579
ING GROEP		569,500	457,515	556,654
INTELCOM GROUP INC.		453,000	1,674,977	1,551,636
INTER-EUROPA BANK		157,091	1,957,040	4,684,201
INTERNATIONAL CONTAINER		1,609	0	2,225
INTL UNP HOLDINGS LTD.		3,630	0	67,155
ISETAN CO.		10,200	1,906,186	2,478,778
ITO-YOKADO CO.		421,300	271,526	285,423
ITOCHU CORPORATION		1,220,000	369,509	446,674
ITOCHU WAREHOUSE		70,000	1,193,681	1,180,471
JAPAN ASSOCIATES FINANCE CO.		31,000	1,542,331	1,868,168
JARDINE MATHESON		360,000	2,332,617	2,514,109
JOYO BANK		101,000	780,949	580,116
JUEL VERITE OHKUBO		11,000	1,544,876	1,283,676
		484,703	3,648,188	3,562,567
		195,000	1,271,423	1,477,367
		78,000	604,896	846,242

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
JULIUS BAER HOLDINGS	2,496	2,335,899	2,692,126
JURUKU BANK	183,016	1,033,782	1,012,076
JURONG SHIPYARD	169,000	954,159	856,075
JUSCO CO.	59,000	1,534,170	1,931,075
KAGA ELECTRONICS	100,800	1,519,976	1,277,403
KAJIMA CORPORATION	104,000	1,100,359	1,071,432
KAMIGUMI CO.	200,000	1,940,879	1,823,403
KEANEMATSU ELECTRIC	101,000	1,058,418	1,012,901
KAO CORPORATION	225,000	1,956,579	3,035,967
KARSTADT AG	5,270	1,920,434	2,130,989
KATOKICHI	36,000	784,415	869,763
KAWASAKI STEEL CO.	678,000	2,484,220	2,441,628
KAWASIO CORPORATION	187,000	712,803	906,997
KEDAH CEMENT HOLDINGS	300,000	366,762	555,444
KEPPEL CORPORATION	578,000	3,035,001	4,832,023
KERRY GROUP	22,800	143,972	236,749
KESKO	9,100	117,036	134,755
KEYENCE CORPORATION	22,800	2,639,011	3,097,233
KIMBERLY CLARK MEXICO	18,000	324,036	328,892
KINGFISHER ORD	195,000	1,493,013	1,959,691
KIRIN BEVERAGE	100,000	1,345,537	1,467,840
KITAGAWA INDUSTRIES ORD	14,000	477,643	597,347
KLM	4,680	167,777	149,694
KOITO INDUSTRIES	105,000	1,169,544	1,292,357
KOLBENSCHMIDT AG	9,200	1,157,521	1,188,352
KOMATSU	78,000	676,416	768,018
KONINK PTT NEDERLA	35,908	1,077,882	1,358,908
KOOR INDUSTRIES LTD.	105,000	1,885,885	1,813,250
KOREA FUND INC.	180,000	4,042,875	3,802,500
KOREA INTERNATIONAL INVESTMENTS	19,115	1,826,438	1,814,396
KOREA MOBILE TELECOM	3,900	48,750	66,066
KOWLOON MOTOR BUS	200	376	326
KRUNG THAI BANK LTD.	500,000	1,058,197	2,342,520
KTK TELECOMM ENG	88,000	855,208	1,034,964
KUMAGAI GUMI	1,287,000	1,684,962	1,155,528
KYOCERA CORPORATION	257,400	0	39,238
KYUSHU ELECTRIC POWER	33,000	1,997,211	2,331,677
LAFARGE	70,801	1,734,613	1,594,370
LAIR LIQUIDE	29,830	1,941,590	1,804,894
LAND & GENERAL	3,901	611,731	688,779
LIGHT SERVICE ELECTRIC SA	500	840	1,232
LION NATHAN LTD.	618,000	230,122	165,563
LIPPO LIFE INSURANCE	854,300	2,022,661	2,229,754
LLOYD'S GROUP ORD	102,000	162,539	136,950
LONRHO ORD	215,285	857,796	1,053,679
L'OREAL	369,460	1,151,251	1,061,997
LUFTHANSA AG	3,480	1,031,660	1,155,212
LVMH MOET HENNESSY	6,610	1,056,636	933,646
LYONNAISE DES FAUX	7,866	1,492,532	1,864,035
MABUCHI MOTOR CO.	5,750	534,261	549,060
MAEZAWA KAISEI INDUSTRIES	18,000	1,246,202	1,145,862
MAGNUM CORPORATION	5,000	313,144	214,706
MALAYAN BANKING	376,200	0	636,222
MALAYSIA INTERNATIONAL SHIP	752,400	677,705	1,272,443
MALAYSIAN RES CP	823,300	4,746,702	7,918,567
MANNESMANN AG	243,333	628,049	755,753
MAPFRE VIDA SEGURO	1,141,000	1,018,784	2,789,284
MARIEBERG TIDNING	193,000	24,490	307,835
MARKE & SPENCER	500	362	681
MARUBENI CORPORATION	21,578	5,919,195	7,387,464
MARUETSU	8,300	471,476	466,092
MARUI CO.	49,875	1,257,922	1,247,683
MATSUSHITA ELECTRIC WORKS	303,000	2,132,707	2,215,064
	963,000	5,132,319	5,267,812
	81,000	773,341	729,617
	18,000	317,725	398,778
	354,000	3,736,615	3,840,635

BONDS, CORPORATE NOTES & PREFERRED STOCK

		Book Value	Market Value
	Shares		
MATSUSHITA ELECTRICAL INDUSTRIES	626,000	8,922,747	11,642,795
MEDIOLANUM	46,850	360,847	466,055
METACORP BHD	194,000	570,464	539,772
METRO BANK & TRUST CO.	23,700	665,212	664,866
MEXICO FUND INC.	400,000	6,359,330	6,100,000
MICHELIN CGDE	54,400	2,256,912	2,662,808
MINEBEA CO.	235,000	1,744,985	1,973,242
MIRAI INDUSTRY CO.	46,000	596,217	1,350,413
MISYS ORD	240,000	2,527,220	2,899,316
MITSUBA CORPORATION	89,000	1,684,082	1,119,752
MITSUBISHI CHEMICAL	594,000	2,743,861	2,740,247
MITSUBISHI EST CO.	29,000	313,823	399,234
MITSUBISHI HEAVY INDUSTRIES	668,000	4,049,530	5,803,929
MITSUBISHI MATERIALS	82,000	436,099	445,567
MITSUBISHI MOTORS	152,000	1,310,380	1,330,355
MITSUI ENGINEERING & SHIPBUILDING	1,167,000	3,281,805	3,553,613
MITSUI FUDOSAN	403,000	4,462,590	5,437,754
MITSUI O.S.K. LINES	663,000	2,031,416	2,284,852
MITSUI TOATSU CHEMICAL	404,000	1,579,139	1,594,858
MITSUI TRUST & BANKING	52,000	520,509	606,829
MIZUNO CORPORATION	127,000	1,249,147	1,192,597
MO OCH DOMSJÖ AB	70,000	1,292,097	1,813,825
MOLSON COMPANIES LTD.	97,755	2,039,249	1,581,947
MONEY MARKET OBLIGATIONS INSTITUTIONAL SHARES	3,000,000	3,000,000	3,000,000
MORGAN STAN INDIA	200,000	1,847,818	2,250,000
MOS FOOD SERVICE	19,000	435,638	465,971
MULTI-PURPOSE HOLDINGS MALAYSIA	1,287,000	1,804,667	2,073,394
MUNCHENER RUCKVERS	173	329,046	356,877
NAMCO LTD.	10,000	330,284	330,948
NAT WEST ORD	286,000	2,206,899	2,735,896
NATIONAL AUSTRALIA BANK	704,368	5,374,166	6,513,867
	97,000	898,518	897,038
NATIONAL FOODS LTD.	1,313,172	1,384,926	1,488,283
NEC CORPORATION	360,000	3,965,532	3,905,730
NEERA AS	4,500	150,750	141,750
NESTLE SA	25,000	962,438	796,577
NEW SOUTH AFRICA FUND INC.	5,518	4,802,938	6,299,862
NEW WORLD DEVELOPMENT CO.	75,000	1,238,562	1,031,259
NEWS CORPORATION	266,000	644,736	1,233,653
NEXT ORD	416,551	2,338,633	2,363,768
NFC ORD	92,000	320,069	811,063
NGK SPARK PLUG CO.	160,000	381,034	459,913
NICHICON CORPORATION	79,000	1,021,284	878,698
NICHIDO FIRE & MARINE	85,000	1,213,785	1,232,165
	15,000	0	115,832
NICHIEI CO.	599,250	4,264,819	4,627,476
NICHIEI CONSTRUCTION	48,400	2,809,496	3,221,224
NICHI GAKKAN CO.	84,000	884,078	987,920
NICHIMEN CORPORATION	6,000	280,247	311,892
NINTENDO CO.	222,000	880,980	993,773
NIPPON DENWA	33,200	2,243,913	2,469,909
NIPPON ELECTRIC GLASS	34,000	328,132	365,775
NIPPON EXPRESS CO.	26,000	497,217	443,269
NIPPON FIRE & MARINE	50,000	493,173	487,760
NIPPON KOEI CO.	89,000	575,487	580,161
NIPPON OIL CO.	182,000	1,262,407	1,576,332
NIPPON SHINPAN CO.	576,000	3,398,786	3,901,791
NIPPON SHOKUBAI CO.	203,000	1,593,096	1,443,588
NIPPON STEEL CORPORATION	107,000	1,057,278	1,034,052
NIPPON TELEPHONE & TELEGRAPH	687,000	2,669,011	2,355,035
NISHIMATSU CONSOLIDATED CO.	822	6,897,254	6,085,281
NISSAN MOTOR CO.	120,000	1,362,225	1,312,850
NISSHIN STEEL CO.	210,000	1,603,191	1,862,880
NKF HOLDING	324,000	1,566,279	1,255,413
	37,500	1,320,593	1,289,543
	37,500	0	45,035
NKK CORPORATION	1,218,000	3,113,256	3,686,703

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
NOKIA (AB)	60,140	2,394,939	2,213,480
NOKIA CORPORATION	51,100	1,194,014	1,866,461
NOMURA SECURITIES	262,400	9,604,844	9,708,800
NORANDA INC.	140,900	2,725,215	2,731,458
NORSK HYDRO A.S.	58,000	915,337	1,187,054
NSK	81,700	3,431,584	3,993,088
NTN CORPORATION	85,000	626,883	642,431
NYCOMED	64,000	412,685	452,204
OBAYASHI CORPORATION	50,500	631,915	699,602
OCE V/D GRINTEN	401,000	3,040,615	3,623,020
OHSO FOOD SERVICE	39,462	1,710,132	2,068,395
OI ELECTRIC CO.	36,000	819,454	672,836
OIL SEARCH LTD.	28,000	832,062	599,900
OITA BANK	2,000,000	1,823,393	1,999,103
OJI PAPER CO.	122,000	983,475	1,029,968
OKABE	151,000	1,711,596	1,302,329
OMEGA SOUTH AFRICA FUND	82,000	679,925	799,927
OMRON CORPORATION	40,000	4,003,672	3,780,000
OMV AG	24,000	452,300	509,824
ONWARD KASUYAMA CO.	5,850	568,998	589,770
ORANGE ORD	110,000	1,474,797	1,795,141
ORKLA A/S	331,500	1,222,718	1,161,486
OUTOKUMPU OY	20,750	324,115	363,125
OZEMAIL LTD.	42,000	2,015,292	2,211,020
PAB K TJIWI KIMIA	94,200	1,819	1,825
PACE MICRO TECH ORD	94,200	1,593,710	1,581,472
PACIFIC DUNLOP ORD	10,300	152,116	132,613
PACIFIC MAGAZINE & PRINTING	101,000	99,017	103,061
PANAMERICAN BEVERAGES INC.	151,000	400,957	445,774
PARMALAT FINANZ	2,041,564	6,067,978	4,595,475
PASMINCO LIMITED	477,936	1,077,049	1,222,516
PATERSON ZOCHONES	32,700	1,258,962	1,463,325
PECHINEY	381,000	338,032	511,977
PEREGRINE INDIAN	76,000	109,985	107,070
PEREGRINE INVESTMENT HOLDINGS	300,000	1,727,447	1,845,867
PETROLEUM GEO. SERVICES	40,200	2,133,326	1,662,300
PETRON CORPORATION	20,000	1,515,000	0
PEUGEOT SA	181,200	0	22,472
PHARMACIA & UPJOHN INC.	1,812,000	3,350,281	2,610,057
PHILIPPINE LONG DISTANCE TELEPHONE CO.	14,700	318,392	420,870
PHILIPPINE NATIONAL BANK	439,200	181,324	201,160
PHILIPS ELECTRIC	6,830	976,872	914,072
PHILLIPINE COMM. INTERNATIONAL BANK	18,100	717,166	803,188
PIGEON CORPORATION	67,100	3,757,244	3,900,188
PILKINGTON ORD	21,000	341,689	350,668
PINault PRINTEMPS	3,800	147,972	123,975
PIONEER INTERNATIONAL LTD. ORD	77,790	2,440,794	2,529,200
PIRELLI SPA	24,000	321,804	308,080
PLUTONIC RESOURCES LTD.	35,000	477,125	823,267
POHJOLA	277,575	762,464	780,626
POLISH INV. CO.	12,687	2,081,393	4,438,263
POLYGRAM	489,700	918,933	1,426,045
PORTUGAL TELECOM	206,000	310,497	344,677
POSGOLD LTD.	235,000	1,296,358	1,202,216
POWERGEN ORD	130,000	1,997,542	2,196,489
PREMIER FARRELL ORD	220,000	1,948,690	2,981,000
PROMISE CO.	45,000	1,602,943	2,657,294
PRUDENTIAL CORPORATION	110,000	2,061,990	2,887,500
PT TELEKOMUNIKASI INDONESIA	49,000	1,159,714	1,285,195
KOMERCI BANKA	136,950	333,912	337,371
PLIVA	621,600	5,400,303	4,544,170
PROMISE CO.	27,500	273,188	287,989
PT TELEKOMUNIKASI INDONESIA	7,000	300,477	344,623
KOMERCI BANKA	170,000	1,063,513	1,071,085
PLIVA	30,000	1,019,601	892,500
PROMISE CO.	25,000	660,000	671,875
PT TELEKOMUNIKASI INDONESIA	40,000	949,250	1,510,000

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
QANTAS AIRWAYS			
QBE INS GROUP LTD.	822,000	1,377,845	1,390,951
QPL INTERNATIONAL HOLDINGS	982,966	3,963,027	5,840,995
RAS	794,000	499,943	743,662
RECKITT & COLMAN ORD	42,900	439,020	443,412
REDLAND ORD	100,000	1,063,599	1,050,342
REED INTERNATIONAL	420,170	2,889,002	2,614,638
REGAL HOTELS INTERNATIONAL	205,700	3,353,860	3,440,585
RELIANCE INDUSTRIES	5,000,000	1,329,399	1,340,399
RENAISSANCE ENERGY LTD.	140,000	1,872,683	1,802,500
RENONG BERHAD	266,700	5,890,487	7,040,613
REPSOL SA	2,730,400	5,404,477	4,142,211
RESORTS WORLD	137,400	4,411,119	4,774,650
REUTERS HOLDINGS	160,290	5,093,762	5,569,488
RHONE-POULENC SA	429,000	2,324,303	2,458,502
RICOH CO	465,800	2,665,516	5,637,946
RINNAI CORPORATION	100,600	2,655,876	7,293,500
RISO KAGAKU CORPORATION	73,000	1,701,945	1,914,243
RJ REYNOLDS BHD	96,000	1,022,631	1,015,271
ROAD BUILDER (M)	65,800	1,565,432	1,559,739
ROCHE HLDG AG GENUSSCHEINE	3,000	254,830	240,689
ROHM CO.	134,000	429,326	394,792
ROTHMANS HOLDINGS	167,200	562,213	743,766
ROTHMANS PALL MALL	757	4,366,120	5,772,832
ROUSSEL-UCLAF	58,000	1,824,644	3,828,418
ROYAL	431,800	1,673,556	2,412,917
ROYAL DUTCH PETROLEUM	45,000	317,187	473,390
RTZ CORPORATION	3,920	551,074	940,358
RWE AG	38,000	1,138,966	1,188,312
RYOHIN KEIKAKU CO.	13,200	1,673,055	2,029,500
RYOYO ELECTRIC CORP.	50,440	5,875,701	7,289,994
S.C. EIVILA	564,028	5,742,817	8,351,751
SAGA PETROLEUM	151,320	4,495,036	5,895,133
SAKURA BANK	3,000	206,238	270,228
SALOMON SA	17,000	427,468	365,775
SAMSUNG ELECTRONIC GOODS	10,000	1,100,000	0
SAN MIGUEL CORPORATION	309,945	3,965,386	4,556,226
SANDOZ AG	17,775	6,135,168	8,289,086
SANGETSU CO.	87,000	2,072,552	2,324,019
SANKYO CO.	21,000	499,544	543,739
SANSEI YUSOKI CO.	88,000	864,987	1,267,630
SANTA ISABEL AS	46,000	1,152,563	1,276,500
SANWA BANK	143,000	2,662,774	2,646,579
SANWA SHUTTER CORPORATION	109,000	994,008	1,023,567
SANTO ELECTRIC CO.	93,000	521,603	567,233
SANTO SHINPAN FINANCIAL	14,000	1,152,205	894,744
SAP AG	33,000	1,351,007	4,900,009
SARAWAK ENTERPRISE	836,000	3,762,893	1,608,143
SASIB DI RISP	157,000	426,917	312,361
SCANIA AB	5,235	141,457	145,160
SCANIA AB	5,230	141,322	145,416
SCHERING AG	24,600	1,589,719	1,789,062
SCHLUMBERGER LTD.	90,600	6,764,280	7,633,050
SCHMALBACH LUBECO	9,700	1,699,581	1,905,397
SCHNEIDER SA	112,620	4,629,128	5,906,357
SCHW BANKVEREIN	145	305	475
SCHW RUCKVERSICHER	7,290	1,353,719	1,438,605
SCOT & NEWCASTLE ORD	850	412,756	872,648
SCOT HYDRO-ELECTRIC ORD	116,000	1,117,918	1,186,855
SCOT POWER ORD	430,000	2,142,489	1,984,307
SEC CORPORATION	177,000	966,690	836,047
SECOM	96,000	494,795	558,399
	72,000	4,146,674	4,752,519

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
SEITA	10,000	262,992	458,408
SEKISUI CHEMICAL	268,000	2,891,527	3,274,103
SEKISUI HOUSE	123,000	1,423,639	1,401,741
SEMBAWANG CORPORATION	95,000	751,319	471,130
SENKO CO.	244,000	1,512,751	1,510,471
SENSHUKAI CO.	55,000	965,550	927,656
SGL CARBON AG	27,200	2,399,328	3,189,764
SGS HOLDING	1,763	1,995,813	4,218,579
	3,500	985,846	1,537,970
	35,000	1,250,320	1,255,625
SGS THOMSON MICROELECTRONICS	165,000	2,692,043	2,888,271
SHARP CORPORATION	133,300	1,763,379	1,953,106
SHELL TRANSPORT & TRADING ORD	24,000	570,090	367,598
SHIBAURA ELECTRONICS	10,000	383,687	439,446
SHIMAMURA CO.	100,000	1,380,761	1,914,574
SHIN-ETSU CHEMICAL CO.	6,000	0	114,874
SHIN-ETSU CO. LTD.	6,300	154,315	148,465
SHINJIN BANK	152,000	1,625,753	1,940,101
SHISEIDO CO.	117,000	1,598,099	1,564,034
SHIZUOKA BANK	39,700	439,178	575,181
SIAM COMMERCIAL BANK	48,500	345,024	688,390
SIEBE ORD	191,410	9,191,384	10,223,456
SIEMENS AG	450	893,392	1,664,195
SIG SCHW IND HG AG	1,231,600	2,617,320	3,413,914
SIME DARBY	64,800	501,479	684,038
SINGAPORE AIRLINES	300,000	1,852,639	2,029,756
SINGAPORE LAND	98,200	1,695,793	1,927,127
SINGAPORE PRESS	310,000	1,831,926	2,146,227
SINGAPORE TECH INDUSTRIES	337,000	901,768	962,487
SINGAPORE TELECOMM	120,000	809,125	958,452
SKAND ENSKILDA BANK	116,300	2,195,333	3,075,085
SKANDIA GROUP	106,300	1,374,107	2,523,057
SKF	17,000	341,857	358,025
SKYLARK CO.	3,167,000	819,727	821,969
SM PRIME HOLDINGS	39,100	2,068,206	3,022,911
SMC CORPORATION	5,175	3,804,034	3,597,052
SMH AG NEUENBURG	343,000	1,048,993	1,093,859
SMITH & NEPHEW	13,000	590,195	706,875
SMITHKLINE BEECHAM	323,793	1,154,963	3,463,874
	416,000	21,007,474	22,611,400
SMURFIT(JEFFERSON)	47,600	111,392	128,689
SOCIEDAD ANONIMA	529,661	1,269,770	1,427,261
SOCIEDAD QUIMICA MINERA DE CHILE	147,000	3,001,707	3,307,500
SOKKIA	7,000	295,842	379,750
SOMMER-ALLIBERT	53,000	759,369	613,666
SONAE INVESTIMENTOS	3,600	1,274,222	914,841
SONY CORPORATION	85,000	1,906,491	2,221,283
SONY MUSIC ENTERTAINMENT	26,300	1,573,781	1,728,796
SOPHUS BERENDSEN	23,700	1,349,471	1,101,974
SOUTH AFRICA BREWS	32,500	2,192,614	4,344,988
SOUTH CHINA MORNING POST	50,000	1,937,996	1,466,343
SOUTHCORP HOLDINGS	1,000,000	592,594	684,688
SOUTHERN WATER ORD	29,000	74,283	71,897
SPARBANKEN SVERIGE	27,000	276,991	420,354
SPT TELECOM	117,250	1,265,904	1,519,583
SQUARE CO. LTD.	26,600	2,755,250	3,246,377
SSANGYONG INVESTMENT	3,000	157,199	175,867
SSANGYONG OIL REFINERIES	3,235	0	58,224
ST. JAMES PLACE CAPITAL	27,600	693,398	639,645
STET	376,300	995,770	707,463
Straits Steamship	277,160	861,995	936,522
	199,000	588,438	635,352
	16,250	9,159	20,377
SULZER	2,230	1,039,283	1,336,236
	1,600	923,406	1,027,763
SUMITOMO BAKELITE	133,000	1,004,841	982,176
SUMITOMO BANK	255,000	4,712,265	4,928,659

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
SUMITOMO CORPORATION	200,000	2,018,068	1,775,995
SUMITOMO ELECTRIC INDUSTRIES	289,000	3,660,910	4,136,664
SUMITOMO MARINE & FIRE	45,000	386,569	391,804
SUMITOMO METAL INDUSTRIES	1,644,000	5,131,969	5,036,994
SUMITOMO METAL MINING	538,000	4,759,178	4,827,843
SUMITOMO TRUST & BANK	414,000	5,472,781	5,661,668
SUN HUNG KAI PROPERTIES	261,600	1,470,885	2,644,472
SUN INTL HOTELS LTD.	6	89	291
SUN LIFE CORPORATION	50,000	183,862	174,438
SUNGEI WAY HOLDINGS	150,000	514,907	703,322
SUZUKI MOTOR CORPORATION	126,000	1,208,977	1,654,192
SWEDISH MATCH CO.	97,200	336,518	301,750
SWIRE PACIFIC	1,024,500	4,873,673	8,268,288
SYNTHELABO	9,200	589,083	777,352
T.I.M. SPA	2,100,000	2,858,887	4,691,781
TA ENTERPRISE	1,000,000	1,670,824	1,562,938
TACORP HOLDINGS LTD.	450,000	1,307,595	2,036,488
TAIPEI FUND UNITS	350	2,909,850	2,975,000
TAISEI CORPORATION	90,000	650,008	638,374
TAIWAN FUND INTERNATIONAL	110,000	1,020,580	1,251,250
TALISMAN ENERGY INC.	313,000	6,598,059	7,287,266
TAMPELLA AB	159,000	544,461	302,870
TAYLOR WOODROW ORD	1,450,000	1,976,319	3,503,341
TDK CORPORATION	42,000	1,420,712	2,504,262
TECHNOLY RESOURCES	218,000	630,709	760,069
TECHTRONIC INDUSTRIES	11,980,000	1,236,697	1,655,989
TECK CORPORATION	24,000	374,336	492,073
TELE DE MEX SA	33,900	1,315,963	1,135,650
TELEBRAS SA	832,709	0	16,503
TELECOM CORPORATION OF NEW ZEALAND	3,040,010	8,085,682	12,745,238
TELECOM ITALIA	396,000	702,236	851,155
TELEFONICA DE ESPANA	436,011	5,445,107	8,025,473
TELEKOM MALAYSIA	229,418	1,905,539	2,041,069
TELEVISION BROADCAST	326,000	1,332,588	1,223,434
TENAGA NASIONAL	480,000	1,948,630	2,019,797
TESCO ORD	765,766	3,110,835	3,498,061
TEVA PHARMA INDUSTRIES	50,000	2,249,792	1,893,750
TF1 - TV FRANCAISE	14,000	1,443,675	1,598,990
THAI FARMERS BANK	86,700	897,110	948,921
THAKRAL CORPORATION	750,000	585,000	401,169
THK CO.	55,000	1,479,567	1,328,805
THYSSEN AG	8,100	1,600,521	1,479,887
TINGYI CAYMAN ISLANDS	575,000	139,478	157,850
TOKIO MARINE & FIRE	200,000	2,044,294	2,662,169
TOKUSHU PAPER	150,000	1,567,206	1,545,334
TOKYO ELECTRIC POWER	97,700	2,526,067	2,476,237
TOKYO STEEL	148,000	2,845,739	2,901,035
TOKYO TATEMONO CO.	224,000	1,079,628	1,447,928
TOKYU CORPORATION	438,000	2,881,807	3,334,367
TOMKINS ORD	809,689	3,120,174	3,050,801
TOMRA SYSTEMS	21,000	130,902	213,344
TOOLEX ALPHA	4,000	34,000	96,000
TORAY INC.	310,000	2,039,917	2,136,664
TORNET FASTIGHETS	17,200	0	139,970
TOSHIBA CORPORATION	260,000	1,219,605	1,422,255
TOSTEM CORPORATION	63,000	2,047,622	1,855,222
TOTAL	46,941	2,696,040	3,481,197
TOYO TRUST & BANKING	96,000	965,145	989,014
TOYOTA MOTOR CORPORATION	70,000	1,591,602	1,748,644
TRANSCANADA PIPELINE LTD.	233,700	3,528,461	3,447,075
TRANZ RAIL HOLDINGS LTD.	10,000	125,000	138,750
TRELLEBORG	110,000	1,332,859	1,375,891
UNICEM	44,000	276,822	321,461
UNILEVER	109,600	15,312,328	15,965,700
	2,580	358,017	373,322
	33,000	655,221	656,308
UNION ASSUR FEDERA	10,600	1,286,143	1,367,435

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Shares	Book Value	Market Value
UNION BANK	144,000	1,672,622	969,586
UNITED DOMINION INDUSTRIES LTD.	33,000	802,230	759,000
UNITED ENG (MALAY)	261,000	1,753,531	1,309,522
UNY CO.	36,000	414,390	712,221
UPM-KYMMEENE OY	135,650	2,458,212	2,805,817
URALITA	120,000	1,143,359	1,123,114
USINOR SACLOR	83,000	1,100,265	1,197,057
UTD OS BANK	198,340	1,672,417	1,396,982
VALEO	23,600	1,246,134	1,262,915
VALMET CORPORATION	92,000	782,660	1,554,524
VAN DER HORST	14,600	180,965	246,683
VAN OMMEREN (KON)	200,000	1,052,129	935,175
VEBA AG	105,000	3,310,632	4,133,568
VENDEX INTERNATIONAL	106,170	3,528,660	5,640,684
VER NED UITGEVERS	7,400	255,743	257,938
VODAFONE GROUP ORD	23,400	259,552	363,269
VODAFONE GROUP PLC	708,103	2,163,670	2,635,032
VOLKSWAGEN AG	36,000	1,162,481	1,327,500
WACOAL CORPORATION	3,750	1,258,967	1,393,177
WERNER SODERSTROM	151,000	1,930,088	2,051,238
WESTMONT INDUSTRIES	19,000	262,297	366,505
WESTPAC BANK CORPORATION	2,013,290	2,985,207	3,080,811
WHARF HOLDINGS	366,500	1,012,564	1,623,992
WHITBREAD ORD	1,281,000	4,166,938	4,584,013
WILLIS CORROON GROUP PLC	179,000	2,005,683	1,977,455
WILSON & HORTON	317,300	3,776,020	3,767,938
WINTERTHUR	271,500	1,646,736	1,894,110
WMC LTD.	1,438	849,089	855,918
WOLSELEY ORD	805,887	5,078,076	5,771,875
WOLTERS KLUWER	152,000	978,012	1,073,400
WOODSIDE PETROLEUM	38,600	0	561
XEBIO CO.	48,800	3,245,298	5,543,245
YAMAICHI SECURITIES CO.	477,000	1,561,877	2,868,225
YAMATAKE-HONEYWELL	39,700	683,388	1,487,596
YAMATO KOGYO CO.	124,000	843,473	859,114
YAMATO TRANSPORT	29,000	473,195	526,143
YASUDA TRUST & BANKING	32,000	323,512	382,185
YODOGAWA STEEL WORKS	230,000	2,585,680	2,705,019
YOKOGAWA ELECTRIC CORPORATION	125,000	959,570	789,762
YOKOHAMA REITO	107,000	814,300	816,511
YOSHIMOTO KOGYO CO.	26,000	205,816	260,747
YTL CORPORATION	115,000	1,146,386	1,520,263
YURTEC	51,000	782,598	771,847
ZARDOYA OTIS	483,000	1,559,791	2,516,331
ZENECA GROUP	50	836	880
ZURICH VERSICHERUNG	3,700	383,047	354,085
	3,700	0	35,062
TOTAL COMMON STOCK-INTERNATIONAL	148,100	2,179,186	3,273,341
	9,370	2,055,463	2,552,766

	Units	Book Value	Market Value
REAL ESTATE			
Closed End Funds			
BEAR STEARNS REALTY PARTNERSHIP	1	95,542,784	103,644,260
DLJ REAL ESTATE	1	5,926,718	5,926,718
JMB GROUP TRUST III	1	26,762,582	26,762,582
LASALLE ADVISORS PROFILE	1	5,701,393	5,701,393
TCW REALTY FUND II	1	6,094,212	6,094,212
TOTAL-CLOSED END FUNDS		140,047,689	148,129,162

BONDS, CORPORATE NOTES & PREFERRED STOCK

PROPERTIES

	Book Value	Market Value
1090 GEMINI ROAD	1,883,867	1,700,000
1500 LOCUST	60,841,274	55,600,000
1600 DOWNS DRIVE	2,799,536	2,400,000
1670 FRONTENAC	3,087,775	3,260,000
1674 FRONTENAC	2,701,625	3,610,000
1700 DOWNS DRIVE	5,223,244	5,210,000
230 GERRY DRIVE	3,097,164	3,070,000
2301 WINDOR CT.	8,293,640	7,410,000
330 SOUTH EXECUTIVE DRIVE	9,046,399	6,900,000
3605 SWENSON AVENUE	3,856,112	3,210,000
3900 NORTHWOODS	9,567,985	6,550,000
4200 COMMERCE COURT	5,595,141	2,450,000
451 KINGSTON CT.	2,866,183	2,100,000
6240 CARMEN	6,555,850	6,850,000
800 WEST THORNDALE	4,100,823	2,620,000
865 XENIUM LANE	2,972,896	4,050,000
ARLINGTON ROAD	7,020,000	7,126,467
AUTUMN CHASE	9,990,841	11,240,000
BAYTECH	1,328,202	1,540,048
BIRCH	2,040,836	2,773,423
BRECKENRIDGE PLACE	37,179,800	22,981,448
BRELL AUSTIN CORPORATION	2,829,793	3,805,063
BRELL BIXBY CORPORATION	1,612,507	1,617,969
BRELL BRIDGES CORPORATION	1,591,513	1,797,724
BRELL CREEKSIDE CORPORATION	3,805,405	3,776,058
BRELL GRAND PRAIRIE CORPORATION	5,909,113	7,166,483
BRELL ICC CORPORATION	1,256,736	1,080,194
BRELL OAKLEAF CORPORATION	2,176,685	1,219,293
BRELL RICHARDSON CORPORATION	3,976,147	5,554,563
BRELL SILVER HILLS CORPORATION	1,376,859	1,973,946
BRELL TORANCE CORPORATION	1,867,520	3,273,367
BRELL CANYON PLAZA CORPORATION	1,362,107	1,111,765
BRELL LONGWOOD CORPORATION	1,529,385	1,859,539
CALIFORNIA MORTGAGE PORTFOLIO I	7,414,998	7,917,713
CALIFORNIA MORTGAGE PORTFOLIO II	53,703,102	56,862,963
CALIFORNIA MORTGAGE PORTFOLIO III	9,308,863	9,845,369
CAMERON COURT	3,352,696	3,221,577
CANTERWOOD	14,873,308	17,500,000
CAPITAL BUSINESS CENTER	3,294,971	5,410,000
CENTRE POINT PLAZA	1,622,713	2,277,203
CLACKAMAS TOWN CENTER	106,312,133	105,151,844
COBBLESTONE COURT	17,619,070	13,766,554
CORPORATE CAMPUS EAST III	26,735,009	17,709,579
COSTA MESA	40,792,543	25,900,000
CROSSROADS I	7,600,718	7,360,000
CRYSTAL COURT	6,268,304	5,020,494
CYPRESS TRACE	30,980,246	16,650,000
DATA GENERAL	7,565,321	5,300,000
DORAL FINANCIAL PLAZA	11,381,229	11,479,392
ELMWOOD INDUSTRIAL CENTER	2,105,632	2,105,632
EXCHANGE PARK	5,242,588	5,250,042
FACTORY STORES AT HERSHY	19,371,781	24,200,000
FARIFAX COURT	13,843,676	11,335,914
FOREST PARK MALL	7,433,229	7,400,000
FRANKLIN/LAKE SELF PARK	27,956,405	16,950,000
GATEWAY PLAZA	13,867,757	11,383,677
GATEWAY OAKS PLAZA LAND	3,000,000	3,000,000
GM - EL PASO	11,816,021	11,910,000
GMO LAND	22,343,717	16,050,000
GOOD LUCK LAND	447,060	388,000
HAMPTON ROADS PORTFOLIO	28,698,311	28,698,311
HARTFORD INDUSTRIALS	14,255,048	14,255,048
HEBRON	5,368,989	5,387,745

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
HYTEK	1,047,563	1,233,413
IMC PARHAM OFFICE	721,147	1,775,000
INTERSTATE CROSSINGS	9,911,543	5,012,190
ITC/LUNDY	4,570,548	8,665,604
KINGSTON COURT LAND	2,938,730	2,440,000
LAGUNA HILLS	7,248,423	8,040,000
LAKES OF BELLEVUE	29,434,822	33,100,000
MAYHEW TECH CENTER	16,279,800	17,400,000
MENDOTA HEIGHTS	18,398,248	11,000,000
METROPLEX MIRAMAR	18,425,790	22,752,259
MIZNER	9,650,533	10,978,723
MONTBELLO INDUSTRIAL PARK	13,811,440	12,900,000
MONTGOMERY LANE	480,000	435,000
NEW MARKET	11,302,768	8,700,000
NORTH LAKE BUSINESS PARK	29,296,916	18,316,265
NORTHLAND	2,379,214	3,271,805
OAKBROOK CENTER LAND	75,616,704	71,300,000
OAKS OF EAGLE CREEK	22,374,467	28,000,000
OAKS OF OAKBROOK	12,935,371	15,200,000
OLYMPUS	996,574	1,732,501
ORLANDO MARRIOTT AIRPORT HOTEL	46,375,774	43,400,000
ORLANDO MARRIOTT INT'L HOTEL	82,644,209	51,700,000
PACIFIC SHORES LIMITED PARTNERSHIP	7,080,611	7,080,611
PARK PLACE - MUIRICKIRK	7,276,114	9,950,000
PARKWAY CROSSING	1,452,564	1,788,000
PEMBROOK LAND	1,893,131	3,500,000
PLAZA AT BUCKLAND HILLS	13,416,739	25,919,757
POTOMAC	37,114,392	42,874,363
RESIDENZ	16,435,776	18,600,000
RICHARDSON CENTER	8,492,032	8,500,000
RIDGE PLAZA	7,755,126	3,329,690
RIDGEWOOD COURT	9,454,459	7,955,306
RIVA 400 LAND	1,841,640	3,193,000
RIVER ROAD BUSINESS CENTER	11,902,773	7,175,000
ROYAL EAGLE PLAZA	14,734,275	6,134,979
SAN JUAN CORPORATE PLAZA	3,330,000	3,330,000
SAN MARCO ON BROKEN SOUND	21,712,704	22,281,313
SAN REMO	8,381,779	8,900,000
SCHOOL STREET	13,714,687	14,200,000
SEEQ1 1846	2,295,895	2,530,400
SEEQ1 1847	1,672,392	2,659,554
SEMINOLE TOWNE PLAZA	58,096,278	72,000,000
SOMERSET	34,244,005	29,400,000
SOUTH PARK SQUARE	4,976,942	5,941,379
ST. CHARLES #12	6,168,650	6,110,000
ST. CHARLES LAND	8,900,000	8,900,000
STONE MOUNTAIN FESTIVAL	30,073,777	23,575,000
SUNFOREST APARTMENTS	25,471,858	28,000,000
SUPER 8 MOTELS	14,764,022	14,955,000
SWAN CREEK	549,333	652,500
TECH WEST I	9,801,923	6,470,000
TETCOM OFFICE BUILDINGS	3,930,211	6,100,000
THE AVENUES	64,532,807	78,200,000
THE YARDS PLAZA	14,906,447	12,556,541
THUNDERBIRD INDUSTRIAL CENTER	1,763,057	1,763,057
TIMBER HOLLOW	12,282,994	13,800,000
TIME & LIFE BUILDING	70,435,580	36,500,000
TR KOLL FLORHAM PARK	29,382,316	31,657,913
TR KOLL HOTEL CIRCLE CORPORATION	2,646,041	2,695,822
TR KOLL IMPERIAL CORPORATION	1,085,661	1,492,843
TR KOLL KL 85 E. COLORADO BLVD.	1,466,606	1,049,927
TR KOLL KL CORONA IND. BUILDINGS	598,118	1,125,551
TR KOLL KL PRADO IND. CENTER	655,160	916,962
TR KOLL LOT 7 CORPORATION	848,895	631,638
TR KOLL PHASE III CORPORATION	593,297	727,495
TR KOLL TUSTIN CORPORATION	447,624	1,067,127
TR KOLL VOSS CORONA CORPORATION	4,008,974	2,096,510

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
TR KOLL WESTCHESTER CORPORATION	2,287,098	3,516,377
TR ROAD LOUDON	1	656,000
TROY TRADE CENTER	2,927,812	2,927,812
VERMONT SHOPPING CENTER	1,257,587	9,500,000
VILLAGE PARK PLAZA	18,854,725	23,712,014
WEDGEWOOD I	10,477,954	7,935,000
WEST CHAPMAN	1,784,979	1,447,434
WEST TOWN CORNERS	20,425,066	14,297,262
WESTLAND PARK PLAZA	9,162,257	5,360,146
WHITE OAK CENTER I	13,521,843	13,521,843
WILDWOOD	10,539,651	9,300,000
WILLIAMS PLAZA I	28,394,941	14,700,000
WILLIAMS PLAZA II	28,318,662	16,100,000
WILLOW KNOLLS COURT	11,554,301	14,817,355
FARMLAND		
A. McCALLISTER	294,769	426,750
AGLE	296,167	473,614
ALEXANDER	426,880	533,900
ANDERSON	218,360	298,376
BADGER MOUNTAIN	2,543,239	2,543,239
BARKELY	2,698,993	2,919,899
BARLING	342,521	380,000
BARTEL	647,184	712,000
BATTS	364,222	462,660
BECKNER	349,034	382,645
BEMENT	1,256,820	1,323,560
BESECKER	235,927	282,996
BETHANY	1,446,990	1,744,215
BLACK BAYOU	1,067,930	1,125,502
BLISS	560,506	747,486
BLUE RIDGE	230,171	252,000
BOYER	84,326	122,157
BRADEN	1,015,050	1,109,460
BRADEN 2	2,389,201	2,565,120
BUCK LAKE	851,367	940,100
CALLAWAY	465,638	603,950
CENTERVILLE	492,667	549,993
CHILD ESTATE	264,223	360,924
CISCO	1,285,100	1,546,800
CLAYBAUGH	1,073,892	1,116,150
COLOBRAS	1,231,526	1,678,394
CORNER GROVE	312,717	430,050
COURT CREEK	853,859	985,594
DAHMS	1,007,195	1,070,650
DARR	960,421	1,341,270
DAVIS	540,220	790,794
DELAND	1,402,174	1,527,825
DICK	283,949	408,456
DONALDSON	140,065	157,660
EASON TRUST	3,575,198	3,862,073
ERB	450,371	623,623
FELLMY	131,311	177,503
FILLERS	157,478	170,000
FISCHER	326,937	404,000
FRYBARGER	272,754	332,200
GALESVILLE	947,950	986,000
GREEN	179,745	260,000
HAACK	545,731	563,200
HAGEMEISTER	237,897	294,835
HAMMOND	916,487	1,027,200
HARLOW	403,237	463,773
HEAD	221,087	339,600
HOESMAN	269,156	355,959
HOLLY LANE	810,536	1,017,867
HUNT	164,987	216,328

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
HURLOCK	218,388	277,745
HUSTED	265,163	306,998
HYATT	190,252	224,613
IDC-COLES	1,260,773	1,828,930
IDC-MCDONOUGH	612,382	837,330
IDC-PIATT	2,388,264	3,147,680
INDIANA UNIVERSITY	171,272	256,000
JAMES	154,091	157,788
JEFFERIES	1,434,265	1,307,250
KEIBER	9,627,657	9,000,143
KLEMME	273,652	309,120
KNEDLER	211,195	294,000
KUHLMAN	188,332	252,336
LAKE CITY	1,308,416	1,539,615
LEHMAN	209,568	232,401
LINDSEY	5,472,239	5,375,347
LOSASSO	148,051	211,209
LYTLE	1,621,882	2,196,000
MADDOX	8,481,558	9,052,400
MARINE	378,858	528,000
MARLIN - LEMONS 1	908,011	896,000
MARLIN - LEMONS 2	258,708	320,000
MCKAY	157,723	226,500
MCMAHON	222,108	368,971
MELVIN	187,574	224,775
MERIDIAN	8,911,613	9,338,900
MIDDAY	373,782	544,000
MIDDLESWORTH	252,557	280,016
MILLER	229,212	319,680
MOYER	178,905	254,000
NAFZIGER	163,567	189,970
NEESE	286,366	374,567
NUGENT	773,431	781,000
NORTHWEST MUTUAL	4,014,254	4,689,960
O. REESER	324,898	446,424
ODUM TRUST	359,414	473,475
OTIS	222,414	223,630
P. ALMONDS IV	5,827,067	5,504,000
P. ALMONDS IX	1,485,915	1,440,000
P. ALMONDS VII	341,244	344,000
P. ALMONDS VIII	2,822,086	2,688,000
PEOPLES STREET	470,465	633,000
PETERSON	172,586	240,720
PETERSON	6,228,555	6,228,365
PHOENIX	790,702	1,094,969
PHOENIX MUTUAL	1,644,470	2,021,492
PORTAGE CREEK	1,306,778	1,944,000
PREM. VINEYARDS 1	2,497,420	2,112,000
PRESS	491,561	814,854
RE RESOURCES	163,827	170,000
REDLIN TRUST	281,699	362,373
REESE	366,965	471,000
RIVER LAKE	262,961	304,948
RIVERSIDE	425,135	425,100
ROSE	91,220	130,942
RUSSELL	748,127	1,077,600
RUSSELL (IN)	1,065,611	1,278,949
SAAVERDA	242,938	236,775
SACHS	639,974	751,571
SACK	603,840	775,456
SAE CORPORATION	926,992	590,040
SAXE TRUST	546,513	542,400
SAYBROOK	1,958,565	2,271,037
SCHAIBLE	182,440	244,066
SCHUMACHER	136,320	193,664
SERENOA CITRUS	2,510,924	2,299,853
SERENOA GROVE	2,981,466	3,200,305

BONDS, CORPORATE NOTES & PREFERRED STOCK

	Book Value	Market Value
SERENOA VEGETABLES	4,668,007	5,229,102
SEYMORE	479,275	555,278
SHAWBACK	330,997	452,000
SMITH	102,493	148,000
STEINMAN	939,967	1,063,566
STONE KING	186,740	232,580
SUDDUTH	556,714	654,480
SUNWORLD	9,066,306	10,974,000
TENNECO	679,757	1,019,200
TENNECO WEST	8,357,537	13,046,000
TERRA FARMS	153,528	192,168
THOMPSON	170,403	246,615
THOMPSON	294,370	384,750
VALLEY WEST	1,422,177	1,422,177
WALL ESTATE	396,928	508,446
WATSON	331,867	414,469
WHITE	289,479	415,511
WHITSON	174,224	243,299
WILLOW BRANCH	1,254,599	1,346,725
WINROCK	697,332	753,250
WRIGHT	972,691	1,411,981
WYFFEL	148,732	191,542
YAZOO RIVER	483,320	489,775
YOUNGER	318,283	401,035
ZARTMAN	394,821	516,896
ZEWADSKI	353,187	434,340
<i>OTHER</i>		
MISCELLANEOUS ASSETS	120,847,047	120,542,520
REAL ESTATE RESERVES	(7,963,929)	0
TOTAL PROPERTIES	2,191,158,440	2,073,258,604
TOTAL REAL ESTATE	2,331,186,129	2,221,387,769

	Book Value	Market Value
<i>ALTERNATIVE INVESTMENTS</i>		
ANGELO GORDON & COMPANY	25,770,990	26,348,488
APEX INVESTMENT FUND III L.P.	2,810,600	2,810,600
DLJ MERCHANT BANKING	31,193,719	31,097,502
FENCHURCH BETA FUND	5,000,000	3,338,414
FRONTENAC VENTURE IV	541,380	1,285,619
FRONTENAC VENTURE V	5,152,383	6,140,610
FRONTENAC VI LIMITED PARTNERSHIP	10,015,259	13,311,813
LEVY-RESTAURANT	1,436,800	1,436,800
PENMAN PRIVATE EQUITY	4,934,915	4,934,915
SANDLER CAPITAL MANAGEMENT	11,920,232	15,563,232
TRIVEST COMPANY	792,451	792,451
TWB/F/B LIMITED PARTNERSHIP	100,000	100,000
VSA & A PRIVATE EQUITY FUND	3,223,810	3,223,810
WPG ENTERPRISE FUND II	39,250,766	56,789,292
WPG ENTERPRISE FUND I, L.P.	18,242,060	28,672,417
TOTAL ALTERNATIVE INVESTMENTS	160,385,364	195,765,872
TOTAL FUND	14,100,245,392	15,362,254,316

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