# 2004 Annual Report

# Minnesota State Board of Investment

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This annual report can be accessed on our website at www.sbi.state.mn.us

### MINNESOTA STATE BOARD OF INVESTMENT



**Board Members** Governor

Tim Pawlenty State Auditor

Patricia Anderson

Secretary of State Mary Kiffmeyer

Attorney General Mike Hatch

### **Executive Director**

Howard J. Bicker

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An Equal Opportunity Employer The Minnesota State Board of Investment (SBI) is pleased to present its report for the fiscal year ending June 30, 2004.

### **Investment Environment**

After three years of lackluster performance, the U.S. and international stock markets provided strong returns during Fiscal Year 2004. The U.S. stock market increased 20.5%, as measured by the Russell 3000. The market improvement was a result of the U.S. economic recovery, strong consumer confidence and improving unemployment data. This strong performance was somewhat muted by concerns about terrorism, the war in Iraq, the presidential election, record high oil prices, and a 25 basis point increase in the federal funds rate.

International stock markets were very strong during the year. The Morgan Stanley Capital International (MSCI) All Country World Index excluding the United States (ACWI Ex U.S.), which represents the developed and emerging international markets outside the U.S., returned 32.1% for the fiscal year.

The U.S. bond market, as measured by the Lehman Brothers Aggregate Bond Index, returned 0.3% for the fiscal year. The economic recovery and higher commodity pricing raised fears of inflation which resulted in higher inflation rates. Mortgage securities and corporate bonds outpaced U.S. Treasury securities to allow the overall market to end in positive territory.

### **SBI Results**

Within this investment environment, the retirement assets under the Board's control improved as follows:

- The Basic Retirement Funds increased 16.6% during fiscal year 2004. Over the latest ten year period, the Funds have experienced an annualized return of 9.8%. (See page 9.)
- The Post Retirement Fund was up 16.3% for the year. Overall, the Fund provided a ten year annualized return of 9.4%. (See page 12.)
- The lifetime Post Retirement benefit increase for Fiscal Year 2004 will be 2.5%. The increase will be payable to eligible retirees effective January 1, 2005.

**On June 30, 2004, assets under management totaled \$47.1 billion.** This total is the aggregate of several separate pension funds, trust funds and cash accounts, each with different investment objectives. In establishing a comprehensive management program, the Board develops an investment strategy for each fund which reflects its unique requirements. The primary purpose of this annual report is to communicate the investment goals, policies and performance of each fund managed by the Board. Through the investment programs presented in this report, the Minnesota State Board of Investment seeks to enhance the management and performance of the funds under its control.

Sincerely,

Aloward Bicker

Howard Bicker Executive Director

### State Board of Investment

Governor Tim Pawlenty, Chair State Auditor Patricia Anderson Secretary of State Mary Kiffmeyer State Attorney General Mike Hatch

### Investment Advisory Council

The Legislature has established a seventeen member Investment Advisory Council to advise the Board and its staff on investmentrelated matters.

The Board appoints ten members experienced in finance and investment. These members traditionally have come from the Minneapolis and St. Paul corporate investment community.

The Commissioner of Finance and the Executive Directors of the three statewide retirement systems are permanent members of the Council.

Two active employee representatives and one retiree representative are appointed to the Council by the Governor.

The Council has formed three committees organized around broad investment subjects relevant to the Board's decision-making process: Asset Allocation, Stock and Bond Managers and Alternative Investments.

All proposed investment policies are reviewed by the appropriate Committee and the full Council before they are presented to the Board for action.

#### Members of the Council

Michael L. Troutman, Chair Strategic Planning & Development Board of Pensions Evangelical Lutheran Church in America

Malcolm W. McDonald, Retired Vice Chair Director & Corporate Secretary Space Center, Inc.

*Frank Ahrens, II* Governor's Appointee Active Employee Representative

Gary Austin Executive Director Teachers Retirement Association

David Bergstrom Executive Director Mn. State Retirement System

John E. Bohan, Retired V.P., Pension Investments Grand Metropolitan- Pillsbury

*Kerry Brick* Pension Investment Officer Cargill, Inc.

Douglas Gorence Chief Investment Officer U of M Foundation Investment Advisors *Kenneth F. Gudorf* Chief Executive Officer Agio Capital Partners

Peggy Ingison Commissioner Mn. Dept. of Finance

*Heather Johnston* Governor's Appointee Active Employee Representative

*P. Jay Kiedrowski, Retired* Executive Vice President Wells Fargo & Company

Hon. Kenneth Maas Governor's Appointee Retiree Representative

*Judith W. Mares* Financial Consultant Mares Financial Consulting, Inc.

Gary R. Norstrem, Retired Treasurer City of St. Paul

Daralyn Peifer Chief Investment Officer General Mills, Inc.

Mary Vanek Executive Director Public Employees Retirement Assoc.

### Staff, Consultants & Custodians

Howard Bicker Executive Director

Mansco Perry III Assistant Executive Director

### Investment Staff

**Public Equities** Stephanie Gleeson Analyst, International Equities

Susan Sutton Analyst, Domestic Equities

Fixed Income and Internal Investments Michael J. Menssen Mgr., Internal Investments

*Tammy Brusehaver* Analyst, Fixed Income

*Alternative Assets* John N. Griebenow Mgr., Alternative Investments

Andrew Christensen Analyst, Alternative Investments

*Cash Management Steven Kuettel* Mgr., Short Term Accounts

*Public Programs James E. Heidelberg* Mgr., Public Programs

Deborah Griebenow Analyst, Shareholder Services

### Administrative Staff

*Finance and Accounting L. Michael Schmitt* Administrative Director

*William Nicol* Accounting Supervisor, Senior

David Nkwonta Accounting Officer, Intermediate

*Nancy L. Wold* Accounting Officer, Intermediate

*Kathy Leisz* Accounting Officer, Intermediate

John Bottomley Accounting Officer

Support Services Charlene Olson Administrative Assistant to the Executive Director

Carol Nelson Office Administrative Specialist, Intermediate

Sondra Wagner Customer Services Specialist

### Consultants

General Consultant *Richards & Tierney, Inc.* Chicago, Illinois

Special Projects Consultant Pension Consulting Alliance Studio City, California

### **Custodian Banks**

Retirement and Trust Funds State Street Bank & Trust Co. Boston, Massachusetts

State Cash Accounts *Wells Fargo & Company* St. Paul, Minnesota

### Introduction

The Minnesota State Board of Investment is responsible for the investment management of various retirement funds, trust funds and cash accounts. On June 30, 2004, the market value of all assets was \$47.1 billion.

## Constitutional and Statutory Authority

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

### **Prudent Person Rule**

The prudent person rule, as codified in Minnesota Statutes Section 11A.09, requires all members of the Board, Investment Advisory Council, and SBI staff to "...act in good faith and ... exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom." Minnesota Statutes Section 356A.04 contains similar codification of the prudent person rule applicable to the investment of pension fund assets.

### Authorized Investments

In addition to the prudent person rule, *Minnesota Statutes* Section

11A.24 contains a specific list of asset classes available for investment, including common stocks, bonds, short term securities, real estate, private equity, and resource funds. The statutes prescribe the maximum percentage of fund assets that may be invested in various asset classes and contain specific restrictions to ensure the quality of the investments.

#### **Investment Policies**

Within the requirements defined by state law, the State Board of Investment, in conjunction with SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its management. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards.

The Board has adopted guidelines concerning investments in stock markets outside the U.S. The guidelines do not prohibit investment in any market, but do require that additional notification and/or presentation be provided to SBI staff or the SBI Administrative Committee in certain cases (refer to page 52 for more information on these guidelines).

The Board, its staff, and the Investment Advisory Council have conducted detailed analyses of each of the funds under the SBI's control that address investment objectives, asset allocation policy and management structure. These studies guide the on-going management of these funds and are updated periodically.

#### Important Notes

Reader should note that the SBI's returns in this report are shown *after* transactions costs and fees are deducted. Performance is computed and reported after all applicable charges to assure that the Board's focus is on true net returns.

Due to the large number of individual securities owned by the funds managed by the SBI, this report contains only summarized asset listings. A complete list of securities is available upon request from the State Board of Investment.

### Funds Under Management

			<i>Market Value June 30, 2004</i>
<b>Basic Retirement Funds</b> The Basic Retirement Funds contain the currently working participants in eight s			\$18.8 billion
Teachers Retirement Fund Public Employees Retirement Fund State Employees Retirement Fund Public Employees Police and Fire I Highway Patrol Retirement Fund Correctional Employees Fund Public Employees Correctional Fun Judges Retirement Fund	Fund	\$6.883 billion 4.912 billion 4.163 billion 2.294 billion 218 million 247 million 73 million 35 million	
<b>Post Retirement Fund</b> The Post Retirement Investment Fund i retirement benefits to be paid to retired benefit increases are permitted based or performance.	employees. Lifetime retirement		\$18.4 billion
Supplemental Investment Fund (SIF) The Supplemental Investment Fund inc state employees retirement plan, other of plans, and various retirement programs firefighters. Participants may choose an with different investment objectives des participant needs and objectives.	lefined contribution retirement for local police and nong seven separate accounts		\$1.0 billion
Income Share Account Common Stock Index Account Growth Share Account Bond Market Account International Share Account Fixed Interest Account Money Market Account	stocks and bonds passively managed stocks actively managed stocks actively managed bonds non-U.S. stocks stable value investments short-term debt securities	\$467 million 192 million 136 million 93 million 59 million 52 million 44 million	
Non-Retirement Funds Assigned Risk Plan The Minnesota Workers Compensa provides worker compensation insu to obtain coverage through private	rance for companies unable	\$263 million	\$1.6 billion
<b>Permanent School Fund</b> The Permanent School Fund is a tra of Minnesota public schools.	ust established for the benefit	\$578 million	
<b>Environmental Trust Fund</b> The Environmental Trust Fund is a protection and enhancement of Mir funded with a portion of the procee	nnesota's environment. It is	\$342 million	

Market Value June 30, 2004

<b>State Deferred Compensation Plan</b> The State Deferred Compensation Plan offers eleven mutual funds, a money market fund, a fixed interest fund, and the Minnesota Fixed Fund. The assets for each offering are shown below. (Benchmarks are shown in parentheses).		<i>\$2.5 billion</i>
Large Cap Equity:		
Janus Twenty (S&P 500)	\$261 million	
Smith Barney Appr Y (S&P 500)	109 million	
Vanguard Institutional Index Plus (S&P 500)	387 million	
Mid Cap Equity:		
Vanguard Mid-Cap Index (MSCI US Mid-Cap 450)	37 million	
Small Cap Equity:		
T. Rowe Price Small-Cap Stock (Russell 2000)	325 million	
Balanced:		
Dodge & Cox Balanced Fund (60% S&P 500/40% Lehman Agg)	150 million	
Vanguard Balanced Index Inst. Fund (60% Wilshire 5000, 40% Lehman Agg)	161 million	
Bond:		
Dodge & Cox Income Fund (Lehman Aggregate)	72 million	
Vanguard Total Bond Market Index Inst. (Lehman Aggregate)	43 million	
International:		
Fidelity Diversified International (MSCI EAFE-Free)	130 million	
Vanguard Inst. Dev. Markets Index Fund (MSCI EAFE)	21 million	
Stable Value:		
Fixed Interest	101 million	
Money Market	52 million	
MN Fixed Fund	671 million	
State Cash Accounts		\$4.8 billion
These accounts are the cash balances of state government funds,		
including the Invested Treasurers Cash Fund, transportation funds,		
and other miscellaneous cash accounts. Assets are invested in high		
quality, liquid, debt securities.		
Miscellaneous Accounts	\$392 million	
Total Assets Under SBI Management		\$47.1 billion

### Growth in Assets Fiscal Years 2000-2004



Year Ending June 30

The "Combined Funds" represent the assets of both active and retired public employees who participate in the defined benefit plans of three state-wide retirement systems: Teachers Retirement Association (TRA), Public Employees Retirement Association (PERA) and the Minnesota State Retirement System (MSRS). On June 30, 2004, the Combined Funds had a market value of \$37.2 billion.

The Combined Funds are so named because they represent the combined assets of both the Basic Retirement Funds (the funds for active employees) and Post Retirement Fund (the fund for retired employees). Unlike most other public and corporate pension plans, the assets of active and retired employees are separated under statute and therefore managed and accounted for separately. More information on the structure and performance of the Basic and Post Funds is contained in the following chapters.

While the Combined Funds do not exist under statute, the Board finds it instructive to review asset mix and performance of all defined benefit pension assets under its control. This more closely parallels the structure of other public and corporate pension plan assets and therefore allows for more meaningful comparison with other pension fund investors. The comparison universe used by the SBI is the Master Trust portion of the Trust Universe Comparison Service (TUCS). This universe contains information on public and corporate pension and trust funds with a balanced asset mix and over \$1 billion in size.

It is important to note that the historical data on the Combined Funds presented in this report reflect only the Basic Retirement Funds through fiscal year 1993. Both the Basic and Post Funds are included thereafter. This distinction is necessary due to the very different asset allocation strategies employed by the two funds in the past. The Basic Funds have always been managed to maximize total rates of return over the longterm and, therefore, its asset allocation has historically included a substantial stock segment. In contrast, until the post retirement benefit increase formula was changed in 1993, the Post Retirement Fund was managed to maximize current income which necessitated a large commitment to bonds. As a result, the investment goals of the two funds were incompatible for analytical purposes until fiscal year 1994.



### Figure 1. Performance of Capital Markets -FY 1995-2004

### Asset Allocation

As illustrated in Figure 1 on the prior page, historical evidence strongly indicates that U.S. common stocks will provide the greatest opportunity to maximize investment returns over the long-term. As a result, the Board has chosen to incorporate a large commitment to common stocks in its asset allocation policy for the retirement funds. In order to limit the short run volatility of returns exhibited by common stocks, the Board includes other asset classes such as bonds, real estate, and resource investments in the total portfolio. These assets diversify the Funds and reduce wide fluctuations in investment returns on a year to year basis. This diversification should not impair the Funds' ability to meet or exceed their actuarial return targets over the long-term.



### Asset Mix Compared to Other Pension Funds

Comparisons of the Combined Funds' actual asset mix to the median allocation to stocks, bonds and other assets of the funds in TUCS on June 30, 2004 are displayed in Figure 2. It shows that the Combined Funds were overweighted in domestic equities, international equities, and alternative investments relative to the median allocation in TUCS and underweighted in their allocation to bonds. Historical data on the Combined Funds' asset mix is shown in Figure 3.

#### Figure 2. Combined Funds Asset Mix Comparison as of June 30, 2004



	Combined Funds	Median Allocation in TUCS*
Domestic Equity	49.7%	47.5%
International Equity	15.3	12.6
Bonds	22.8	26.2
Alternatives**	8.6	5.8
Cash	3.6	4.7

\* Represents the median allocation by asset class, and does not add to 100%.

\*\* TUCS may include assets other than alternatives.

Return Objectives

The Combined Funds are evaluated relative to the following total rate of return objectives:

-Provide Real Returns. Over a twenty year period, the Combined Funds are expected to produce returns that exceed inflation by 3-5 percentage points on an annualized basis.

#### Figure 3. Combined Funds Historical Asset Mix FY 2000-2004

### *—Match or Exceed Market*

*Returns.* Over a ten year period, the Combined Funds are expected to match or exceed a composite of market indices weighted using the asset mix of the Combined Funds.

### **Investment Results**

#### Comparison to Inflation

Over the last twenty years, the Combined Funds exceeded inflation by 8.1 percentage points, an amount well in excess of the return objective cited above. Historical results compared to inflation are shown in Figure 4.

#### Comparison to Other Funds

While the SBI is concerned with how its returns compare to other pension investors, universe comparison data should be used with great care. There are two primary reasons why such comparisons will provide an "apples-to-oranges" look at performance:

- —*Differing Allocations.* Asset allocation has a dominant effect on returns. The allocation to stocks among the funds in TUCS typically ranges from 20-90%, a very wide range for meaningful comparison. In addition, it appears that many funds do not include alternative asset holdings in their reports to TUCS. This further distorts comparisons among funds.
- -Differing Goals/Liabilities. Each pension fund structures its portfolio to meet its own liabilities and risk tolerance. This may result in different choices on asset mix. Since asset mix will largely determine investment results, a universe ranking may not be relevant to a discussion of how well a plan sponsor is meeting its long-term liabilities.

Figure 4. Combined Funds Performance vs. Inflation



\* Includes Basic Funds only through 6/30/93, Basic and Post Funds thereafter.

Figure 5. Combined Funds Performance Compared to Other Pension Funds



\* Compared to public and corporate plans greater than \$1 billion, gross of fees.

With these considerations in mind, the performance of the Combined Funds compared to other public and corporate pension funds with over \$1 billion in assets in the Master Trust portion of TUCS is displayed in Figure 5 on the previous page. It shows that the Combined Funds have ranked below the median over the last ten year period.

### Comparison to Market Returns

The Combined Funds' performance is also evaluated relative to a composite of market indices which is weighted in a manner that reflects the actual asset allocation of the Combined Funds. Performance results and a breakdown of the composite index are shown in Figure 6. The Combined Funds exceeded the composite index by 0.2 percentage point over the last ten years and, therefore, met their stated performance goal. The Funds exceeded the composite index over the last five years by 0.1 percentage point, and by 0.5 percentage point over the most recent fiscal year. These results are largely a measure of value added or lost from active management after all fees and expenses have been taken into consideration.

18.0 16.0 14.0 Combined 12.0 Funds\* Percent 10.0 Composite 8.0 Index 6.0 4.0 2.0 0.0 1 Yr. 3 Yr. 5 Yr. 10 Yr. Annualized

	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Combined Funds*</b>	16.5%	3.1%	2.2%	9.6%
Composite Index	16.0	3.2	2.1	9.4

#### Composite Index for Period Ending on June 30, 2004

Asset Class	Market Index	Composite Index Wts.*
Domestic Stocks	Russell 3000	50.0%
Int'l. Stocks	MSCI ACWI Free ex. U.S.	15.0
Domestic Bonds	Lehman Aggregate	24.5
Alternative Investments	Alternative Investments	8.5
Unallocated Cash	3 Month T-Bills	2.0
Total		100.0%

\* Weights are reset in the composite at the start of each month to reflect the combined allocation policies of the Basic and Post Funds.

Figure 6. Combined Funds Performance vs. Composite Index

### **Basic Retirement Funds**

The Basic Retirement Funds accumulate the retirement assets of public employees during their working years. On June 30, 2004, the Funds covered over 346,000 active employees and had a market value of \$18.8 billion.

Figure 7 identifies the eight different retirement funds which comprise the Basic Funds. The Basic Funds invest the pension contributions that employees and employers make to defined benefit pension plans during the employees' years of active service.

### Investment Objectives

The State Board of Investment (SBI) has one overriding responsibility with respect to its management of the Basic Funds: to ensure that sufficient funds are available to finance promised benefits at the time of retirement.

#### Actuarial Assumed Return

Employee and employer contribution rates are specified in state law as a

percentage of an employee's salary. The rates are set so that contributions plus expected investment earnings will cover the projected cost of the initially promised pension benefits. In order to meet these projected pension costs, the Basic Retirement Funds must generate investment returns of at least 8.5% on an annualized basis, over time.

#### **Time Horizon**

Normally, pension assets will accumulate in the Basic Retirement Funds for thirty to forty years during an employee's years of active service. This provides the Basic Funds with a long investment time horizon and permits the Board to take advantage of the long run return opportunities offered by common stocks and other equity investments in order to meet its actuarial return target.

Figure 7. Composition of Basic Funds as of June 30, 2004



Notes: Percentages may differ slightly due to rounding of values.

#### **Return Objective**

The Board measures the performance of the Basic Retirement Funds relative to a composite of market indices that is weighted using the Funds' long-term asset allocation policy. The Basic Funds are expected to match or exceed their composite index over a ten year period. *Performance is reported net of all fees and costs* to assure that the Board's focus is on its true net return.

### Asset Allocation

The allocation of assets among stocks, bonds, alternative investments and cash can have a dramatic impact on investment results. In fact, asset allocation decisions overwhelm the impact of individual security selection within a total portfolio. The asset allocation of the Fund is under constant review.

#### Long-Term Allocation Policy

Based on the Basic Funds' investment objectives and the expected long run performance of the capital markets, the current longterm asset allocation policy for the Basic Funds is as follows:

Domestic Stocks	45%
International Stocks	15
Bonds	24
Alternative Assets	15
Unallocated Cash	1

It should be noted that the unfunded allocation to alternative investments in the Basic Funds is held in

### **Basic Retirement Funds**

Figure 8. Basic Funds Asset Mix as of June 30, 2004



Notes: Percentages may differ slightly due to rounding of values. Uninvested portions of the allocation to Alternative Assets are held in Domestic Stocks.

domestic stocks until it is needed for investment. As a result, the actual amount invested in domestic stocks was above its long-term target.

Figure 8 presents the actual asset mix of the Basic Funds at the end of fiscal year 2004. Historical asset mix data are displayed in Figure 9.

During Fiscal Year 2004, the Board provisionally revised its long term asset allocation targets for the Basic Funds. Upon the Post Retirement Fund achieving its alternative investment target, the Basic Funds' allocation target may increase from 15% to 20% by decreasing the fixed income target from 24% to 19%. Additionally, the Basic Funds will invest in yield-oriented investments as part of its allocation to alternative investments.

#### **Total Return Vehicles**

The SBI invests the majority of the Basic Funds' assets in *common stocks* (both domestic and international). A large allocation is consistent with the investment time horizon of the Basic Funds and the advantageous long-term risk-return characteristics of common stocks. Including international stocks in the asset mix allows the SBI to diversify its holdings across world markets and offers the opportunity to enhance returns and reduce the risk/volatility of the total portfolio. The rationale underlying the inclusion of *private equity* (e.g., venture capital and leverage buyouts) is similar.

The Board recognizes that this sizable policy allocation to common stock and private equity likely will produce more volatile portfolio returns than a more conservative policy focused on fixed income securities. It is understood that this policy may result in quarters, or even years, of disappointing results. Nevertheless, the long run return benefits of this policy are expected to compensate for the additional volatility.

#### **Diversification Vehicles**

The Board includes other asset classes in the Basic Funds both to provide some insulation against highly inflationary or deflationary environments and to diversify the portfolio sufficiently to avoid excessive return volatility.

*Real Estate* and *resource* (oil and gas) investments provide an inflation hedge that other financial assets cannot offer. In periods of rapidly rising prices, these assets have appreciated in value at a rate at least equal to the inflation rate. Further, even under more normal financial conditions, such as low to moderate inflation, the returns on these assets are not highly correlated with common stocks. As a result, their inclusion in the Basic Funds serves to dampen return volatility.

The allocation to **bonds** acts as a hedge against a deflationary economic environment. In the event of a major deflation, high quality fixed income assets, particularly long-term bonds, are expected to





### **Basic Retirement Funds**

protect principal and generate significant capital gains. Bonds, like real estate and resource funds, under normal financial conditions, help to diversify the Basic Funds, thereby controlling return volatility.

### Yield oriented alternative

*investments* provide the opportunity for higher long term returns than those typically available from bonds yet still generate sufficient current income. Typically, these investments (e.g., subordinated debt, mezzanine or resource income investments such as producing properties) are structured more like fixed income securities with the opportunity to participate in the appreciation of the underlying assets. While these investments may have an equity component, they display a return pattern more like a bond. As such, they will help reduce the volatility of the total portfolio, but should also generate higher returns relative to more traditional bond investments.

#### **Investment Management**

All assets in the Basic Retirement Funds are managed externally by outside money management firms retained by contract. In order to gain greater operating efficiency, the Basic Funds share the same domestic stock, international stock, fixed income, and alternative investment managers with the Post Fund.

More information on the structure, management and performance of these pools of managers is included in the **Investment Pool** section of this report.

#### Investment Performance

As stated earlier, the Basic Funds are expected to match or exceed the return of a composite of market indices over a ten year period. Performance relative to this standard will measure two effects:

- The ability of the managers selected by the SBI, in aggregate, to add value to the returns available from the broad capital markets.
- The impact of the SBI's rebalancing activity. The SBI rebalances the total fund when market movements take the stock (domestic and international), bond, or cash segments above or below long term asset allocation targets. This policy imposes a low risk discipline of "buy lowsell high" between asset classes on a total fund basis.

For the ten year period ending June 30, 2004, the Basic Funds outperformed the composite index by 0.2 percentage point annualized. The Fund exceeded the composite index by 0.2 percentage point over the last five years, and by 0.3 percentage point over the most recent fiscal year. Actual returns relative to the total fund composite index for each of the last five years are shown in Figure 10.





						Ann	ualize	ł
	2000	2001	2002	2003	2004	3 Yr.	5 Yr.	10 Yr.
<b>Basic Funds</b>	10.5%	-7.4%	-8.2%	1.9%	16.6%	3.0%	2.3%	9.8%
Composite Index	10.6	-8.4	-8.1	2.4	16.3	3.0	2.1	9.6

### **Post Retirement Fund**

The assets of the Post Retirement Fund are used to finance monthly annuities to retired public employees. These annuities may be adjusted upwards over the life of a retiree based on a formula that reflects both inflation and investment performance. On June 30, 2004, the Post Fund had a market value of \$18.4 billion and more than 121,000 retiree participants.

The Post Retirement Fund includes the assets of retired public employees covered by nine statewide retirement plans; the eight plans which participate in the Basic Retirement Funds as well as the Legislative and Survivors Retirement Fund.

#### Benefit Increase Formula

The retirement benefit increase formula of the Post Retirement Fund is based on a combination of two components:

— *Inflation Component*. Each year, retirees receive an inflation-based adjustment equal to 100% of inflation, up to a maximum specified in statute. The inflation component is granted regardless of investment performance. The cap is necessary to maintain the actuarial soundness of the entire plan. It is the difference between the return assumption for the Basic Funds, and the return assumption for the Post Fund.

The return assumption in the Basic Funds is 8.5%. The return assumption for the Post Fund was 5.0% through fiscal year 1997. In fiscal year 1998, the return assumption for the Post Fund was changed to 6.0%. This means the cap on the inflation adjustment was 3.5% for fiscal years 1993-1997. Since fiscal year 1998, the inflation cap has been 2.5%. Retirees were given a one time permanent adjustment in their pension to compensate them for the reduction in the inflation adjustment cap.

— Investment Component. Each year, retirees can also receive an investment-based adjustment, provided net investment gains are above the amount needed to finance the Post Fund's actuarial assumption and the inflation adjustment. Investment gains and losses are spread over five years to smooth out the volatility of returns. In addition, all accumulated investment losses must be recovered before an investment-based adjustment is granted.

#### **Investment Objective**

#### Time Horizon

The time horizon of the Post Fund is 15 to 20 years and corresponds to the length of time a typical retiree can be expected to draw benefits. While this is shorter than the time horizon of the Basic Funds, it is still sufficiently long to allow the Board to take advantage of the long run return opportunities offered by common stocks in order to meet its actuarial return target as well as to finance retirement benefit increases.

Figure 11. Post Fund Asset Mix as of June 30, 2004



Notes: Percentages may differ slightly due to rounding of values. Uninvested portions of the Alternative Assets allocation are held in Bonds.

### Post Retirement Fund

### **Return Objective**

The Board measures the performance of the Post Retirement Fund relative to a composite of market indices using its long-term asset allocation policy. The Post Fund is expected to match or exceed its composite index over a ten year period. Performance is reported net of all fees and costs to assure that the Board's focus is on true net return.

#### Asset Allocation

The current long-term asset allocation for the Post Fund is as follows:

Domestic Stocks	45%
Int'l. Stocks	15
Bonds	25
Alternative Assets	12
Unallocated Cash	3

The Post Fund's year-end asset mix is presented in Figure 11 on the previous page. Historical asset mix data are shown in Figure 12.

The SBI invests the majority of the Post Fund's assets in common stocks (both domestic and international). A large allocation is consistent with the moderately long time horizon of the Post Fund and the advantageous long term risk-return characteristics of common stocks. Including international stocks in the asset mix allows the SBI to diversify its holdings across world markets and offers the opportunity to enhance returns and reduce the risk/volatility of the total portfolio.

As with the Basic Funds, the Board recognizes that this sizable allocation will be likely to produce more volatile portfolio returns than a more conservative policy focused on fixed income securities. It is understood that this policy may result in quarters, or even years, of disappointing results. Nevertheless, the long run return benefits of this policy are expected to compensate for the additional volatility. The asset allocation is under constant review. During Fiscal Year 2004, the SBI revised its long term asset allocation targets for the Post Fund. The

allocation target for alternative investments was increased from 5% to 12%, while decreasing domestic equity from 50% to 45% and decreasing fixed income from 27% to 25%. Additionally, the Post Fund will invest in private equity, real estate, and resource investments as well as yield-oriented investments as part of its allocation to alternative investments.

### **Diversified Vehicles**

The Board includes other asset classes in the Post Fund both to provide some insulation against highly deflationary environments and to diversify the portfolio sufficiently to avoid excessive return volatility. Including private equity in the Post Fund is intended to enhance returns and reduce the risk of the total portfolio.

Real Estate and resource (oil and gas) investments provide an inflation hedge that other financial assets cannot offer. In periods of rapidly rising prices, these assets have appreciated in value at a rate at least equal to the inflation rate. Further, even under more normal financial conditions, such as low to moderate inflation, the returns on these assets are not highly correlated with common stocks. As a result, their inclusion in the Post Fund also serves to dampen return volatility.

The bonds in the Post Fund act as a hedge against a deflationary economic environment. In the event of a major deflation, high quality fixed income assets, particularly long term bonds, are expected to protect principal and generate significant gains. And, under more normal financial conditions, bonds diversify the Post Fund, thereby controlling return volatility on a year-to-year basis.

Yield oriented alternative *investments* provide the opportunity



Figure 12. Post Fund Historical Asset Mix FY 2000-2004



### **Post Retirement Fund**

for higher long term returns than those typically available from bonds, yet still generate sufficient current income to be compatible with the objectives of the Post Fund. Typically, these investments (e.g., subordinated debt, mezzanine or resource income investments such as producing properties) are structured more like fixed income securities with the opportunity to participate in the appreciation of the underlying assets. While these investments may have an equity component, they display a return pattern more like a bond. As such, they will help reduce the volatility of the total portfolio but should also generate higher returns relative to more traditional bond investments.

#### Investment Management

In order to gain greater operating efficiency, the Basic and Post Funds share the same domestic stock, fixed income, international stock, and alternative investment managers. More information on the structure, management and performance of these pools of managers is included in the **Investment Pool** section of this report.

#### Investment Performance

#### **Total Fund Performance**

As stated earlier, the Post Fund is expected to exceed the return of a composite of market indices over a ten year period. The Post Fund's performance exceeded its composite market index by 0.3 percentage point for the most recent ten year period. The fund exceeded the composite index over the last five years by 0.2 percentage point, and by 0.6 percentage point over the most recent fiscal year.

Actual returns relative to the total fund composite index for each of the last five years are shown in Figure 13.

Figure 13. Post Fund's Performance vs. Composite Index FY 2000-2004



Figure 14. Historical Benefit Increases Granted				
	Benefit			
Fiscal Year*	Increase			
1995	6.4%			
1996	8.0			
1997	10.1			
1998	9.8			
1999	11.1			
2000	9.5			
2001	4.5			
2002	0.7			
2003	2.1			
2004	2.5			
* Payable beginning January 1, of the following calendar year.				

#### **Benefit Increase**

The Post Fund will provide a benefit increase of 2.5% for fiscal year 2004 payable beginning January 1, 2005. As noted earlier, this increase is comprised of two components:

- --Inflation component of 2.5% which is the maximum allowable increase. The increase in the Consumer Price Index for wage earners (CPI-W) for the twelve months ending June 30, 2004 was 3.2%. (This is the same inflation index used to calculate increases in Social Security payments).
- -*Investment component* of 0%. This represents a portion of the market value increase that exceeds the amount needed to cover the actuarial assumed rate of return (6.0% beginning FY98) and the inflation adjustment.

Benefit increases for the past ten years are shown in Figure 14.

More detail on the calculation for the fiscal year 2004 benefit increase is included in the **Statistical Data** section.

To gain greater operating efficiency, external managers are grouped into several "Investment Pools" which are segregated by asset class. The various retirement funds participate in one or more of the pools corresponding to their individual asset allocation strategies.

The Basic Retirement Funds, Post Retirement Fund and Supplemental Investment Fund share many of the same stock and bond managers. This is accomplished by grouping managers together, by asset class, into several Investment Pools. The individual funds participate in the Investment Pools by purchasing "units" which function much like shares of a mutual fund.

This investment management structure allows the State Board of Investment (SBI) to gain greater operating efficiency within asset classes and to keep management costs as low as possible for all participants.

### Domestic Stock Pool

The Basic Retirement Funds have participated in the Domestic Stock Pool since its inception in January 1984. The Post Retirement Fund has participated in the Pool since July 1993. In addition, the Growth Share Account, Common Stock Index Account, and the stock portion of the Income Share Account in the Supplemental Investment Fund have utilized a portion of the Pool.

As of June 30, 2004, the dollar value of each fund's participation in the Pool was:

Basic Funds \$9.0 billion (active, passive and semi-passive)

Post Fund	\$9.5 billion
(active, passive and	semi-passive)

Growth Share Account \$134 million (active and semi-passive)

Common Stock Index Account \$192 million (passive) Stock portion of the Income Share Account \$289 million (passive)

### Management Structure

The SBI uses a three-part approach to the management of the Domestic Stock Pool:

- -Active Management. At the end of fiscal year 2004, approximately 33% of the Domestic Stock Pool was actively managed by a group of external money managers. The assets allocated to each of the managers ranged from \$30 to \$900 million. The actively managed segment of the Pool includes managers in the SBI's Emerging Manager Program. Generally, firms designated as Emerging Managers by the SBI are smaller organizations or managing newer products than the larger active domestic equity managers in the Domestic Stock Pool.
- *Semi-Passive Management.* At the end of fiscal year 2004, approximately 33% of the Domestic Stock Pool was

managed by a group of three semi-passive external money managers with portfolios ranging from \$1.8 to \$2.5 billion.

— Passive Management. At the end of fiscal year 2004, approximately 34% of the Stock Pool was managed passively by a single manager with a portfolio of \$6.5 billion.

The goal of the Domestic Stock Pool is to add value to the asset class target which is the Russell 3000 Index since October 1, 2003. The Russell 3000 Index can be segmented into sub-indexes or Russell style indexes. Each active manager is expected to add incremental value over the long run relative to a Russell style index which reflects its investment approach or style.

Assets are allocated to managers within each Russell style index in the same proportion as the Russell 3000 Index. This is done to minimize the misfit or style bias that the Domestic Stock Pool may experience.

Prior to October 1, 2003, the performance of active managers in the Domestic Stock Pool was measured against customized benchmarks which reflected the manager's unique investment approach or style. This type of active manager structure could result in misfit or style bias. "Misfit" is defined as the difference between the aggregate benchmarks of the active managers and the asset class targets.

The SBI attempted to compensate for active manager misfit through the use of a *completeness fund*. A "completeness fund" is so named because it is intended to fill in, or complete, any areas of market exposure that are not being covered by the aggregate benchmarks of the active managers. The completeness fund has not been used since December 31, 2003. Since that time, the SBI has attempted to control misfit by allocating assets on the basis of managers' investment style indexes.

The SBI's completeness fund was passively managed when it was first introduced in October 1990 until December 1994. During fiscal year 1995, the completeness fund moved from being entirely passively managed to a structure that was half passive/half semi-passive. At the start of fiscal year 1996, the completeness fund was allocated entirely to semipassive management. Semi-passive approaches provide the potential to outperform the completeness fund benchmark, but also incorporate procedures that constrain the level of risk/volatility relative to the benchmark.

During fiscal year 1997, several current active managers modified their investment processes in order to increase the probability of producing value added in their portfolios. Three managers (Alliance Capital Mgmt., Franklin Portfolio Assoc., and Oppenheimer Capital) were asked to increase the level of active risk in their portfolio resulting in a reduction in the number of issues held at any one time. During fiscal year 2000, Brinson (now UBS Global Asset Mgmt.) was asked to eliminate investments in small postventure companies (about 7% of their portfolio) and to increase the active risk in their portfolio as well. In effect, these managers now hold

more concentrated portfolios and make larger bets on their "best" stock ideas.

A description of each domestic stock manager's investment approach is included in the **Investment Manager Summaries** section.

#### FY 2004 Changes

During fiscal year 2004, there were several changes made to the Domestic Stock Pool. The Board retained nine new active managers:

- Barrow, Hanley, Mewhinney & Strauss, Inc.
- Lord Abbett & Co. LLC
- LSV Asset Management;
- Systematic Financial Mgmt., L.P.
- McKinley Capital Management
- Turner Investment Partners
- Goldman Sachs Asset Mgmt.
- Hotchkis & Wiley Capital Mgmt.
- Martingale Asset Management;

and two emerging managers:

- Kenwood Capital Management/ American Express Asset Mgmt.
- U.S. Bancorp Asset Management.

Figure 15. Domestic Stock Pool Performance FY 2000-2004



\* Reflects Wilshire 5000 as reported prior to FY 2000, the Wilshire 5000 Investable from 7/1/2000 thru 9/30/03; and the Russell 3000 since 10/1/2003.

- FLAAsset Management, LLC
- GeoCapital Corporation
- Lincoln Equity Mgmt., LLC;

and three emerging managers:

- Artemis Investment Mmgt. LLC
- Valenzuela Capital Partners, LLC
- U.S. Bancorp Asset Management.

#### **Investment Performance**

A comprehensive monitoring system has been established to ensure that the many elements of the Domestic Stock Pool conform to the SBI's investment policies. Published performance benchmarks are used for each active, emerging and semipassive stock manager. These benchmarks enable the SBI to evaluate the managers' results, both individually and in aggregate, with respect to risk incurred and returns achieved.

Two primary long run *risk objectives* have been established for the domestic stock managers:

— *Investment Approach.* Each manager (active, emerging, semipassive, or passive) is expected to hold a portfolio that is consistent, in terms of risk characteristics, with the manager's stated investment approach. In the short run, the active stock managers may depart from their risk targets as part of their specific investment strategies.

— Diversification. The passive and semi-passive managers are expected to hold highly diversified portfolios, while each active domestic stock manager is expected to hold a less diversified portfolio.

The domestic stock managers successfully fulfilled their long-term risk objectives during fiscal year 2004. In general, the managers constructed portfolios consistent with their stated investment approaches and maintained levels of diversification that were appropriate to their respective active, semipassive and passive approaches.

The Board's return objectives for its active and semi-passive stock managers are measured against the performance of published Russell style indices that represent a manager's specific investment approach. This index is commonly referred to as a "benchmark portfolio." A benchmark portfolio takes into account the equity market forces that at times favorably or unfavorably impact certain investment styles. Thus, a Russell style index or benchmark is a more appropriate return target against which to judge a manager's performance than a broad market index.

Figure 16. Domestic Stock Manager Perfor	mance F1 2004	ł
	Actual Return	Benchmark Return
Active Managers		
Large Cap Core (Russell 1000)		
Franklin Portfolio Associates	21.1%	20.6%
New Amsterdam Partners	24.5	23.0
UBS Global Asset Management	19.2	19.6
Voyageur-Chicago Equity (Emerging)	18.3	19.5
Large Cap Growth (Russell 1000 Grow	th)	
Alliance Capital Management	11.9	17.3
Cohen Klingenstein & Marks	15.1	19.1
Holt-Smith & Yates (Emerging)	14.3	19.6
Zevenbergen Capital (Emerging)	26.7	19.0
Large Cap Value (Russell 1000 Value)		
Barrow, Hanley*	2.7	0.9
Bay Isle Financial (Emerging)	18.0	22.1
Earnest Partners (Emerging)	23.9	25.1
Lord Abbett & Co.*	1.7	0.9
LSV Asset Mgmt.*	2.0	0.9
Oppenheimer Capital	21.0	20.8
Systematic Financial Mgmt.*	1.2	0.9
Small Cap Growth (Russell 2000 Grow	th)	
McKinley Capital**	4.0	5.7
Next Century Growth (Emerging)	29.0	30.5
Turner Investment Partners**	4.6	5.7
Winslow-Small Cap (Emerging)	23.2	31.5
Small Cap Value (Russell 2000 Value)	10.6	7.0
AEAM/Kenwood (Emerging)**	10.6	7.8
Goldman Sachs**	5.2	7.8
Hotchkis & Wiley**	11.0	7.8
Martingale Asset Mgmt.**	12.3	7.8
Peregrine Capital Mgmt. (Emerging)**	35.2	35.6
Semi-Passive Managers (Russell 1000)		
Barclays Global Investors	20.2	19.5
Franklin Portfolio Associates	19.1	19.5
J.P. Morgan Investment Mgmt.	19.5	19.5
Passive Manager (Russell 3000)		
Barclays Global Investors	20.5	20.6
Historical Aggregate	20.3	20.5
SBI Domestic Equity Asset Class Target		20.6
* Manager was retained April 1, 2004.		
* Manager was retained January 1, 2004.		

Individual active managers are expected to exceed their benchmark by 0.50-1.00 percentage point annualized, over time. The semipassive managers are expected to exceed their benchmark by 0.15-0.30 percentage point, over time, and the passive manager is expected to track its index within 0.10 percentage point annualized, over time.

In aggregate, the Domestic Stock Pool underperformed the Russell 3000 Index by 0.3 percentage point for the fiscal year. The active and passive component underperformed their respective benchmarks, while the semi-passive component outperformed. Relative to their aggregate benchmarks, the active manager group's underperformance was due to a small cash holding, negative security selection, and a slight overweight in technology stocks, which performed poorly. The semi-passive managers outperformed due to good security selection. The passive segment tracked the index during the year. Figure 15 provides more detail on the historical performance of the entire pool. Individual manager performance relative to their respective benchmarks was disappointing. Eleven active managers outperformed their benchmarks while thirteen underperformed. One semipassive manager outperformed, one matched, and one underperformed the benchmark. The passive manager trailed its target, the Russell 3000 index. Individual manager performance for fiscal year 2004 is shown in Figure 16.

Historical information on individual manager performance and portfolio characteristics is included in the **Statistical Data** section. Section II of the Annual Report provides **Summarized Asset Listings** for each manager and the Pool in aggregate.

### **Bond Pool**

The Basic Retirement Funds have participated in the Bond Pool since its inception in July 1984. The Post Retirement Fund has participated in the Pool since July 1993. In addition, the Bond Market Account in the Supplemental Investment Fund has utilized portions of the Pool since July 1986.

As of June 30, 2004, the dollar value of each fund's participation in the Pool was:

Basic Funds (active and semi-passi	\$4.0 billion				
Post Fund (active and semi-passi	\$4.5 billion				
Bond Market Account (active and semi-passi	\$93 million				

#### Investment Management

The SBI uses a two-part approach for the management of the Bond Pool:

- Active Management. No more than one-half of the Bond Pool will be actively managed. At the end of fiscal year 2004, approximately 50% of the Bond Pool was actively managed by a group of five external money managers with portfolios of \$635 million to \$1.3 billion each.
- Semi-Passive Management. At least one-half of the assets allocated to the Bond Pool will be managed by semi-passive managers. At the end of fiscal year 2004, approximately 50% of the bond segment was invested by three managers with portfolios of approximately \$1.4 billion each.

The group of *active* bond managers is retained for its blend of investment styles. Each active manager has the goal of adding incremental value to the Lehman Aggregate Bond Index by focusing on high quality fixed income securities across all sectors of the market. The managers vary, however, in the emphasis they place



\* Lehman Brothers Aggregate Bond Index.

on interest rate anticipation and in the manner in which they approach issue selection and sector weighting decisions. In keeping with the objective of utilizing the Bond Pool as a deflation hedge, the active managers are restricted regarding the duration of their portfolios. This requirement is designed to prevent the total pool from assuming an excessively short-lived position and thus, severely diluting its deflation hedge capacity. In addition, the duration restriction helps to avoid extreme variability in total returns. The SBI constrains the duration range of the active managers' portfolios to a band of plus or minus two years around the duration of the Lehman Aggregate. The active bond managers focus on high quality (BBB or better) rated bonds. Some managers have been granted authority to invest a limited portion of their portfolios in BB and B rated dollar denominated debt or in nondollar denominated issues. The

managers use this additional authority on a tactical basis. The goal of the *semi-passive* managers is to add incremental value to the Lehman Brothers Aggregate Bond Index through superior bond selection and sector allocation. Semipassive managers' portfolios are constrained to plus or minus 0.2 years around the duration of the Lehman Aggregate. Semi-passive managers seek to add value by exploiting perceived mispricings among individual securities or by making alterations in the sector weightings within the portfolio. Although the managers seek to exceed the performance of the index, the possibility exists that the semipassive approach may slightly underperform the target index during some periods.

A description of each bond manager's investment approach is included in the **Investment Manager Summaries** section.

	Actual Return	Benchmark Return
Active Managers		
American Express Asset Mgmt.	0.5%	0.3%
Deutsche Asset Mgmt.	1.0	0.3
Dodge & Cox Investment Mgmt.	2.0	0.3
Morgan Stanley Investment Mgmt.	2.6	0.3
Western Asset Mgmt.	3.8	0.3
Semi-Passive Managers		
BlackRock Financial Mgmt.	0.5	0.3
Goldman Sachs Asset Mgmt.	1.5	0.3
Lincoln Capital Mgmt.	0.6	0.3
Aggregate Bond Pool	1.5	0.3
Asset Class Target		
Lehman Aggregate	0.3	

### Investment Performance

The SBI constrains the *risk* of the active bond managers' portfolios to ensure that they fulfill their deflation hedge and total fund diversification roles. As noted earlier, the managers are restricted in terms of the duration of their portfolios and the quality of their fixed income investments. The active and semi-passive bond managers successfully fulfilled their long-term risk objectives during fiscal year 2004. The managers constructed portfolios consistent with their stated investment approaches and maintained appropriate levels of quality and duration.

The *returns* of each of the Board's bond managers are compared to the Lehman Aggregate. Due to the broad diversification of each manager, customized benchmarks are not deemed necessary for the bond managers at this time. Individual active managers are expected to exceed the target by 0.25 percentage point annualized, over time, and each semi-passive manager is expected to exceed the target by 0.10 percentage point annualized, over time. In total, the Pool outperformed the Lehman Aggregate index by 1.2 percentage points for the recent fiscal vear. Relative to the benchmark, the pool benefited from several of the portfolios short duration positioning. The pool also benefited from overweighting corporates and security selection across several sectors.

Performance over longer periods has been positive, exceeding the benchmark by 0.3 percentage point over the ten year period ending June 30, 2004. In general, the manager's decision to hold portfolios with a modestly longer duration than the index, along with exposure and security selection in the spread sectors (corporate and mortgage

securities) accounted for the relative performance over the longer term. The relative performance of individual active managers retained by the Board over the fiscal year was good; all five managers exceeded the benchmark's performance. Among the semi-passive managers, all three managers outperformed the index over the fiscal year.

Figure 17 shows historical performance for the entire Pool. Individual manager performance for fiscal year 2004 is shown in Figure 18.

Historical information on individual manager performance and portfolio characteristics is included in the **Statistical Data** section. Section II of this report provides **Summarized Asset Listings** for each manager and the Pool in aggregate.

### International Stock Pool

The SBI began its international stock program in October 1992. The Basic Retirement Funds have participated in the International Stock Pool since its inception. The Post Retirement Fund began utilizing the Pool in October 1993. The International Share Account in the Supplemental Investment Fund has participated in the Pool since September 1994.

On June 30, 2004, the dollar value of each fund's participation in the International Stock Pool was:

Basic Funds	\$2.9 billion
(active and passive)	
De et Frand	¢2 0 1;11;
Post Fund	\$2.8 billion
(active and passive)	
International	
Share Account	\$59 million
(active and passive)	

#### Management Structure

Currently, the SBI uses a two part approach to the management structure of the International Stock Pool:

- Active Management. The target is to have at least one-third of the International Stock Pool managed actively. At the end of fiscal year 2004, approximately 60% of the Pool was actively managed by a group of 9 external managers with portfolios ranging from \$100 to over \$500 million each. Six of these managers manage portfolios in the developed markets and three manage portfolios in the emerging markets.
- Passive Management. The target is to have at least one-third of the International Stock Pool managed passively. At the end of fiscal year 2004, approximately 40% of the International Stock Pool was

passively managed by a single manager.

As discussed in the next section entitled FY 2004 Changes, the Board approved a change in the management structure of the International Stock Pool to allow the use of semi-passive management in the Pool, which will impact the weightings of the different management approaches in the Pool.

As of July 1, 1999, the SBI began using the combined market capitalization weights of the Morgan Stanley Capital International (MSCI) developed and emerging markets indices as target weights for the developed versus emerging markets within the International Stock Portfolio. Six of the *active* managers invest entirely in developed markets, and use a variety of investment approaches in an effort to maximize value added to the MSCI World ex

Figure 19. International Stock Pool Performance FY 2000-2004



	2000	2001	2002	2003	2004	3 Y r.	5 Yr.	10 Yr.
Int'l. Stock Pool	16.9%	-22.1%	-7.0%	-6.2%	30.9%	4.5%	0.8%	5.0%
Composite Index*	16.4	-23.9	-8.7	-5.4	32.1	4.5	0.2	3.7

\* MSCI All Country World Index (ACWI) ex U.S. since 10/1/03. Composite of EAFE-Free and Emerging Markets Free from 5/1/96 through 9/30/03. EAFE Free through 4/30/96.

U.S. index, over time. These managers address currency management as part of their investment process. Their views on currency may be factored into their country and security selection, or they may explicitly hedge currency exposure on an opportunistic basis.

Three of the nine active managers invest entirely in emerging markets. They are expected to add incremental value, over time, relative to the MCSI Emerging Markets Free index of markets in developing countries throughout the world. The *passive* manager in the International Stock Pool designs its portfolio to consistently and inexpensively track the MSCI World ex U.S. index. Previously, a portion of the currency exposure of the index fund was managed in a dynamic hedging program designed to avoid currency losses during periods of U.S. dollar strength. The *currency overlay* program was terminated as of December 1999. All contracts that were in place matured by December 2000.

A description of each international stock manager's investment approach

Figure 20. International Manager Performance FY 2004						
	Actual					
	Return	Benchmark				
Active Managers: Developed Markets						
American Express Asset Mgmt.	24.8%	32.0%				
Britannic Capital Mgmt.	30.3	32.0				
Invesco Global Asset Mgmt.	31.2	32.0				
Marathon Asset Mgmt.*	41.2	35.3				
T. Rowe Price International, Inc.	21.6	32.0				
UBS Global Asset Mgmt.	28.7	32.0				
Active Managers: Emerging Markets						
Alliance Capital Mgmt.	34.0	33.1				
Capital International	28.7	33.1				
Morgan Stanley Investment Mgmt.	33.4	33.1				
Passive EAFE Manager						
State Street Global Advisors	32.1	32.0				
Aggregate International Pool	30.9					
Asset Class Target**	32.1					

\* Marathon's performance was measured against a custom benchmark through 9/30/03 and against the MSCI World ex U.S. index (net) beginning 10/1/03.

\*\* The asset class target was comprised of the EAFE Free and Emerging Markets Free (EMF) index through 9/30/03 and the MSCI All Country World Index (ACWI) ex U.S. beginning 10/1/03. The weighting of each index fluctuates with changes in market capitalization. is included in the **Investment** Manager Summaries section.

### FY 2004 Changes

During the fiscal year 2004, the Board terminated one active emerging markets equity manager, Schroders Investment Management.

Following a review of the International Equity Program structure, the Board approved a change to add Canada to the developed markets benchmark and to the asset class target. As of October 1, 2003 the developed markets managers' benchmark changed from the MSCI EAFE Free (net) index to the MSCI World ex U.S. (net) index. Marathon Asset Management, a developed markets manager who previously was measured against a custom index, is also being benchmarked to the MSCI World ex U.S. index as of October 1, 2003. As of the same date, the Program's asset class target changed from the MSCI EAFE Free + EMF (net) index to the MSCI All Country World Index (ACWI) ex U.S. (net). In addition, the Board approved up to a 10% allocation to semi-passive management, which has not yet been funded. Going forward, at least 25% of the Program will remain passively managed. In aggregate, at least 33% of the program will be passively and semi-passively managed and at least 33% of the program will be actively managed. The program has been at least 33% actively managed and at least 33% passively managed.

### **Investment Performance**

Similar to the Domestic Stock Pool, two long term *risk objectives* have been established for the international stock managers:

— *Investment Approach*. Each manager (active or passive) is expected to hold a portfolio that is consistent with the manager's stated investment approach.

— *Diversification*. While the index manager is expected to hold a well diversified portfolio which closely tracks its target index, each active manager is expected to hold a more concentrated portfolio.

The international stock managers successfully fulfilled their long-term risk objectives during fiscal year 2004. In general, the managers constructed portfolios consistent with their stated investment approaches and maintained appropriate levels of diversification.

The Board's *return objectives* for the international stock program are stated relative to the Morgan Stanley Capital International (MSCI) indices. The indices are capitalization weighted and measured in U.S. dollar terms, with currencies unhedged.

Individual active managers are expected to exceed their index by at least 1.00 percentage point annualized, over time, and the index manager is expected to track its index by  $\pm 0.50$  percentage point, annually.

Performance results for the International Stock Pool are shown in Figure 19, (on page 20). In aggregate, performance over the last five and ten year periods exceeded the benchmark by 0.6 and 1.3 percentage points annualized, respectively. The Pool underperformed the target for the year by 1.2 percentage points.

Individual manager performance during fiscal year 2004 is shown in Figure 20, (on page 21). Overall, the fiscal year proved to be a period of strong market performance, which was helped by U.S. dollar weakness. The markets were influenced by signs of structural change and economic recovery in Japan, strong growth across Asian economies led by China, and the integration of Central European countries into the European Union. The relative performance of the active managers was mixed. Five of the six developed markets managers underperformed their respective benchmarks for the year. However three of the four emerging markets managers outperformed the MSCI Emerging Markets Free index, which returned 33.1% for the year. In the developed markets, the market's bias to small cap lesser quality stocks, which perform well in periods of economic recovery, hurt the active managers who tend to focus on larger, well established companies with high quality earnings. The passively managed portion of the program had positive tracking error of 0.1% for the year relative to the MSCI World ex U.S. index.

More information on the performance and portfolio composition of individual managers is included in the **Statistical Data** section. Section II of this report provides **Summarized Asset Listings** for each manager and the Pool in aggregate.

### Alternative Investment Pools

Like the stock and bond segments, alternative assets (private equity, real estate, resource fund and yieldoriented investments) are also managed on a pooled basis. In July 2003, separate pools that had been established for the Basic and Post Retirement Funds were combined to create one alternative investment pool.

#### Statutory Constraints

The statutory constraints regarding the SBI's investments to alternative

assets are the same in both the Basic and Post Funds:

Generally, each investment must involve at least four other investors and the SBI's participation in an investment may not exceed 20% of the total investment.

### Management Structure

The Basic and Post Retirement Funds have participated in the Alternative Investment Pool since its inception in July 2003. The Alternative Investment Pool was created in July 2003 from separate pools that had been previously established for the Basic and Post Retirement Funds.

Given their long investment time horizon, the Basic and Post Funds are especially well suited to alternative investments. As of June 30, 2004, up to 15% of the market value of the Basic Retirement Funds are targeted for alternative investments compared to an actual invested percentage of 12.7%. Market value plus unfunded commitments can be 1.5 times the market value allocation.

For the Post Fund, as of June 30, 2004, the Board has allocated up to 12% of the market value of the Fund to alternative investments compared to an actual invested percentage of 4.3%. Market value plus unfunded commitments can be 1.5 times the market value allocation.

A breakdown of the combined Post and Basic Funds segment is shown in Figure 21 (on page 23). As of June 30, 2004, the market value of current alternative investments was \$3.2 billion, or 8.6% of the Combined Funds.

Descriptions of each of the Funds' alternative investments are included in the **Investment Manager Summaries** section.

### **Real Estate Pool**

The real estate investment strategy calls for the establishment and maintenance of a broadly diversified real estate portfolio comprised of investments that provide overall diversification by property type and location. The main component of this portfolio consists of investments in diversified Real Estate Investment Trusts (REITs), open-end commingled funds and closed-end commingled funds. The remaining portion of the portfolio can include investments in less diversified, more focused (specialty) commingled funds and REITs.

Prospective real estate managers are reviewed and selected based on the manager's experience, investment strategy and performance history. During fiscal year 2004, the SBI approved and closed on a commitment with TA Realty. The SBI will continue to review real estate managers for possible inclusion in the pool.

### Private Equity Pool

The private equity investment strategy, which includes leveraged buyouts and venture capital, is to establish and maintain a broadly diversified private equity portfolio comprised of investments that provide diversification by industry type, stage of corporate development and location.

Prospective private equity managers are reviewed and selected based, primarily, on the manager's experience, investment strategy, diversification potential and performance history. During fiscal year 2004, the SBI approved and closed on commitments with Hellman and Friedman and Silver Lake Partners. The SBI will continue to review and add new private equity investments, as attractive opportunities are identified, to replenish commitments that will expire within the next five years.

### **Resource Fund Pool**

The strategy for resource investments is to establish and maintain a portfolio of resource investment vehicles that provide an inflation hedge and additional diversification. Resource investments will include oil and gas investments, energy service industry investments and other investments that are diversified geographically and by type.

Resource investments are selected based on the manager's experience, investment strategy and performance history. During fiscal year 2004, the SBI approved and closed on a commitment with First Reserve. The SBI will continue to review resource investments for possible inclusion in the pool.

### Yield-Oriented Pool

The strategy for yield-oriented investments will target funds that typically provide a current return and may have an equity component such as subordinated debt or mezzanine investments. Yield-oriented investments will provide diversification by including investments in the private equity, resource and real estate categories.

Managers are selected based on the manager's performance, experience and investment strategy.

During fiscal year 2004, the SBI approved and closed on commitments with Merit Capital, Merit Energy and Summit Partners. The SBI will continue to review yield-oriented investment opportunities for inclusion in the pool.

#### Investment Performance

The SBI reviews performance of its alternative investments relative to inflation, as measured by changes in the Consumer Price Index (CPI). The Alternative Investment Pool has provided a positive contribution to overall fund performance for both the Basic and Post Retirement Funds. The Pool provided a 16.6% return in Fiscal Year 2004 and has provided a 13.3% return annualized over the past ten years. Performance of the Alternative Investment Pool is shown in Figure 22 (on page 24) for June 30, 2004.

Figure 21. Alternative Investments as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

At this time, benchmarks have not been established for the alternative investment fund managers. The longterm nature of these investments and the lack of comprehensive data on the returns provided by the alternative investment markets preclude comprehensive performance evaluation. In the future, as markets for these asset classes become more institutionalized, the SBI hopes to integrate appropriate performance standards for these assets into its performance analysis.

A listing of individual investment funds can be found in the Statistical Data Section.

**Alt. Investments** 

Inflation



Figure 22. Alternative Investments FY 2000-2004

26.4%

3.2

1.1

2.1

3.7

5.6% -2.0% 1.6% 16.6% 5.1% 9.2% 13.3%

3.3

2.1

2.7

2.5

The Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options to state and local public employees. The Fund serves approximately 33,000 individuals who participate in defined contribution or supplemental retirement savings plans. On June 30, 2004, the market value of the entire Fund was \$1.0 billion.

The different participating groups use the Supplemental Investment Fund (SIF) for a variety of purposes:

- It functions as the sole investment manager for all assets of the Unclassified Employees Retirement Plan, Public
  Employees Defined Contribution Plan, Hennepin County
  Supplemental Retirement Plan, and the Post Retirement Health Care Savings Plan.
- It is one of the investment vehicles offered to public employees as part of the Individual Retirement Account Plan and College Supplemental Retirement Plan offered by Minnesota State Colleges and Universities (MnSCU).

### **Fund Structure**

A wide diversity of investment goals exists among the SIF's participants. In order to meet those needs, the Supplemental Investment Fund has been structured much like a "family of mutual funds." Participants may allocate their investments among one or more accounts that are appropriate for their needs, within statutory requirements and rules established by the participating organizations. Participation in the SIF is accomplished through the purchase or sale of shares in each account.

### Fund Management

The Supplemental Investment Fund offers seven different investment options (See Figure 23). The objectives, asset allocation, management and performance of each account in the Fund are explained in the following sections.

### Share Values

Each account in the SIF establishes a share value and participants may buy or sell shares monthly, based on the most recent share value.

In the Income Share Account, the Growth Share Account, the Common Stock Index Account, the International Share Account and the Bond Market Account, shares are priced monthly based on the market value of each account. Individuals measure the performance of these accounts by changes in share values, which in turn are a function of the income and capital appreciation (or depreciation) generated by the securities in the accounts.

In the Money Market Account and the Fixed Interest Account, share values remain constant and the accrued interest income is credited to the accounts through the purchase of additional shares. Interest income is distributed to participants of the Fixed Interest and Money Market Accounts.

Figure 23. Accounts in the Supplemental Investment Fund

Income Share	a balanced portfolio of U.S. common stocks, fixed income, and cash.
Growth Share	an actively managed portfolio of U.S. common stocks.
Common Stock Index	a passively managed portfolio of U.S. common stocks.
International Share	a portfolio of both actively and passively managed non-U.S. stocks.
Bond Market	a portfolio of both actively and semi-passively managed fixed income securities.
Money Market	a portfolio of short-term, liquid debt securities.
Fixed Interest	a portfolio of stable value instruments such as insurance company investment contracts, bank investment contracts, and security backed contracts.

The investment returns shown in this report are calculated using a timeweighted rate of return formula. *These returns are net of investment management fees and transaction costs. They do not, however, reflect any administrative expenses deducted by the retirement systems to defray their own administrative costs.*  The distribution of assets in the Supplemental Investment Fund as of June 30, 2004 are shown by Account in Figure 24 and by Plan in Figure 25.

Figure 24. Composition by Account as of June 30, 2004



#### Figure 25. Participation by Plan as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

### **Income Share Account**

### Objective

The Income Share Account resembles the Basic and Post Retirement Funds in terms of investment objectives. The Account seeks to earn a high rate of return both from capital appreciation (increases in market value) and current yield (dividends from stock and interest on bonds). The Income Share Account pursues this objective within the constraints of protecting against adverse financial environments and limiting short run portfolio return volatility.

The SBI invests the Income Share Account in a balanced portfolio of common stocks and fixed income securities with the following longterm asset mix: 60% domestic common stocks, 35% bonds, 5% cash equivalents.

Domestic common stocks provide the potential for significant long-term capital appreciation, while bonds provide both a hedge against deflation and the diversification needed to limit excessive portfolio return volatility.

At the close of fiscal year 2004, the value of the Income Share Account was \$467 million.

#### Management

The Income Share Account's investment management structure combines internal and external management. SBI staff manage the fixed income segment. The common stock segment is managed externally as part of a passively managed index fund designed to track the Russell 3000 Index. The manager for this portion of the Account is Barclays Global Investors.

### Performance

Similar to the other SBI funds which utilize a multi-manager investment structure, the Board evaluates the performance of the Income Share Account on two levels:

- *Total Account.* The Income Share Account is expected to exceed the returns of a composite of market indices weighted in the same proportion as its long term asset allocation.
- Individual Manager. The passive stock manager is expected to closely track the performance of the Russell 3000. The internal bond manager for the Account is expected to exceed the performance of the Lehman Brothers Aggregate Bond Index.

The Income Share Account provided a return of 12.7% for fiscal year 2004, exceeding its benchmark by 0.5 percentage point. Over the most recent ten years, the Income Share Account has matched its benchmark. Figure 26 shows a ten year history of performance results.

Figure 26. Income Share Account FY 2000-2004



\* 60% Russell 3000/35% Lehman Aggregate Bond Index/5% T-Bills composite since 10/1/03. 60% Wilshire 5000/35% Lehman Aggregate Bond Index/5% T-Bills composite through 9/30/03.

### **Growth Share Account**

#### Objective

The investment objective of the Growth Share Account is to generate high returns from capital appreciation. To achieve this objective, the Account is invested primarily in U.S common stock.

At the close of fiscal year 2004, the value of the Growth Share Account was \$134 million.

#### Management

The assets of the Growth Share Account are invested by the external active and semi-passive domestic equity managers. This allocation reflects a more aggressive investment than is available through passive management. Since July 1997, these assets have been managed by the same active and semi-passive managers utilized by the Basic and Post Retirement Funds in the Domestic Stock Pool. (Prior to July 1997, the Account used only active managers.) The Account may hold a small amount of cash that represents new contributions received prior to their investment in the market and cash that may be held by the individual managers in the Account.

#### Performance

Like the Income Share Account, the Board evaluates the performance of the Growth Share Account on two levels:

— Total Account. The Growth Share Account is expected to exceed the returns of the Russell 3000 Index.

— Individual Manager.

Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The Growth Share Account provided a return of 20.2% for the fiscal year, underperforming its benchmark by 0.4 percentage point. Individual manager performance relative to their benchmarks was mixed. See the discussion starting on page 15 concerning the Domestic Stock Pool. Over the last ten year period, the Account has trailed its benchmark by 0.4 percentage point. A ten year history of performance results is shown in Figure 27.





Russell 3000 since 10/1/03. 100% Wilshire 5000 investable from July 1999 to September 2003. 100% Wilshire 5000 from November 1996 to June 1999. 95% Wilshire 5000/5% T-Bills composite through October 1996.

### Common Stock Index Account

#### Objective

The investment objective of the Common Stock Index Account is to generate returns that track the performance of the broad U.S. common stock market as represented by the Russell 3000 Index. To accomplish this objective, the SBI allocates all the assets of the Account to passively managed domestic stocks. At the end of fiscal year 2004, the Account had a market value of \$192 million.

#### Management

The Account participates in the passive portfolio of the Domestic Stock Pool, which is managed by Barclays Global Investors.

#### Performance

The performance objective of the Common Stock Index Account is to track the performance of the Russell 3000. The SBI recognizes that the Account's returns may deviate slightly from those of the Russell 3000 due to the effects of management fees, timing of new contributions and tracking error.

During fiscal year 2004, the Common Stock Index Account produced a return of 20.5%, which slightly trailed the Russell 3000 by 0.1 percentage point. Over the most recent five and ten year periods, the Account has outperformed the Account benchmark by 0.1 percentage point, for each time period. Total Account results for the last ten years are shown in Figure 28.

25 20 15 10 Percent Stock Index 5 0 Benchmark -5 -10 -15 -20 2000 2001 2002 2003 2004 3 Yr. 5 Yr. 10 Yr. Annualized 2000 2001 2002 2003 2004 3 Yr. 5 Yr. 10 Yr. Stock Index 9.9%-15.2% -17.6% 0.8% 20.5% 0.1% -1.4% 11.4% 9.5 -15.8 Benchmark\* -17.3 0.8 20.6 0.2 -1.5 11.3

\* Russell 3000 since 10/1/03. Wilshire 5000 Investable from 7/1/00 to 9/30/03. Wilshire 5000 through 6/30/00.

Figure 28. Common Stock Index Account FY 2000-2004

### International Share Account

### Objective

The investment objective of the International Share Account is to earn a high rate of return by investing in the stock of companies outside the U.S.

Typically, a majority of the Account is invested in the five largest international markets (United Kingdom, Japan, Germany, France and Switzerland). Most of the remainder is invested in other well established markets in Canada, Europe and the Pacific region. In addition, a portion of the Account is invested in developing countries or "emerging markets" around the world including those in Latin America, Asia and Africa. At the end of fiscal year 2004, the Account had a market value of \$59 million.

#### Management

The structure of the International Share Account combines both active and passive management. Approximately one third of the Account is passively managed and is designed to consistently and inexpensively track the return of the Morgan Stanley Capital International Index Free (World Free ex U.S. Index). The remainder of the Account is actively managed by a group of international developed and emerging markets stock managers who buy and sell stocks in an attempt to maximize market value. The Account uses the same active and passive managers utilized by the Basic and Post Retirement Funds in the International Stock Pool.

#### Performance

The Board evaluates the performance of the International Share Account on two levels:

— *Total Account*. The International Share Account is expected to exceed the returns of its index, which is the Morgan Stanley Capital International (MSCI) All Country World Index Free ex-USA (ACWI Free ex-U.S.).

#### — Individual Manager.

Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The International Share Account is expected to exceed the performance of MSCI ACWI Free ex-U.S. During fiscal year 2004, the International Share Account produced a return of 31.0%, which was 1.1 percentage points below the ACWI Free ex-U.S. index. Over the most recent three and five year periods, the International Share Account has exceeded its benchmark by 0.2 and 0.7 percentage points, respectively. The account has exceeded its benchmark by 1.2 percentage points annualized since the account began on September 1, 1994.

See the discussion on performance of the international managers beginning on page 20. Total Account results since the account began are shown in Figure 29.





						Annualized		
								Since
	2000	2001	2002	2003	2004	3 Yr.	5 Yr.	9/1/94
Int'l. Share	17.0%	-22.0%	-6.7%	-6.2%	31.0%	4.7%	0.9%	4.7%
Benchmark*	16.4	-23.9	-8.7	-5.4	32.1	4.5	0.2	3.5

\* The International Equity Asset Class Target is MSCI ACWI Free ex-U.S. (net) since 10/1/03. EAFE Free from 9/30/03 to 4/30/96; composite of EAFE-Free and Emerging Markets Free since 5/1/96.
## Supplemental Investment Fund

### Bond Market Account

#### Objective

The objective of the Bond Market Account is to earn above market returns from fixed income securities. The Account is invested primarily in investment-grade government bonds, corporate bonds and mortgage securities with intermediate to long maturities. As such, it is a more conservative investment alternative than the accounts described in the previous sections. At the end of fiscal year 2004, the market value of the Account was \$93 million.

The Account earns investment returns through interest income and capital appreciation. Because bond prices move inversely with interest rates, the Account entails some risk for investors. However, historically, it represents a lower risk alternative than the investment options that include common stocks.

### Management

The Bond Market Account invests in the Bond Pool utilized by the Basic and Post Funds. Since July 1997, the structure of the accounts has included active and semi-passive managers. (Prior to July 1997, the Bond Market Account used only active managers).

#### Performance

The Board evaluates the performance of the Bond Market Account on two levels:

— Total Account. The Account is expected to exceed the returns of the Lehman Aggregate.

— Individual Manager.

Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The Bond Market Account is expected to exceed the performance of the bond market, as represented by the Lehman Brothers Aggregate Bond Index. For fiscal year 2004, the Account outperformed by 1.2 percentage point. For the most recent five and ten year periods, the Account has outperformed by 0.5 and 0.4 percentage point annualized, respectively. See the discussion regarding bond manager performance on page 18. Total Account results for the last ten years are shown in Figure 30.



4.6

11.2



8.6

10.4

0.3

6.4

6.9

7.4

Benchmark

## Supplemental Investment Fund

### Money Market Account

### Objective

The Money Market Account invests solely in short-term, liquid debt securities. The Account's investment objectives are to preserve capital and offer competitive money market returns. At the end of fiscal year 2004, the Money Market Account had a market value of \$44 million.

### Management

The Account utilizes the same cash manager as the Basic and Post Retirement Funds, which is State Street Bank & Trust Company.

### Performance

The Account is expected to produce returns competitive with those available from short-term debt securities. The Money Market Account exceeded that target in fiscal year 2004 with a 1.3% return versus a 1.0% return for the 3 Month Treasury Bill. Total Account results for prior years are shown in Figure 31.





<b>Money Market</b>
3 Month T-Bills

						muanz	cu
2000	2001	2002	2003	2004	3 Yr.	5 Yr.	10 Yr.
5.9%	6.2%	2.6%	1.6%	1.3%	1.9%	3.5%	4.5%
5.4	5.5	2.3	1.4	1.0	1.5	3.1	4.1

## Supplemental Investment Fund

### Fixed Interest Account

### Objective

The investment objectives of the Fixed Interest Account are to protect investors from loss of their original investment and to provide competitive interest rates using somewhat longer term investments than typically found in a money market account. At the end of fiscal year 2004, the Account totaled \$52 million.

#### Management

The assets in the Account are invested primarily in stable value instruments such as insurance company investment contracts, bank investment contracts, and security backed contracts with varying maturities, typically 3 to 5 years. The assets also may be invested in comparable investments offered by non-U.S. financial institutions. The interest rate credited changes monthly and reflects the blended interest rate available from all investments in the pool along with any cash held for liquidity purposes.

The manager for the Account is Galliard Capital Management, a unit of Wells Fargo Bank. Galliard has managed the Account since November 1994.

Performance results for the Fixed Interest Account are shown in Figure 32.

#### Performance

The Fixed Interest Account is expected to exceed the returns of its custom benchmark, the 3-year Constant Maturity Treasury plus 45 basis points. During fiscal year 2004, the Fixed Interest Account provided a return of 4.4%, which was 1.5 percentage points above its benchmark. Over the most recent three and five year periods, the Fixed Interest Account has exceeded its benchmark by 1.2 and 1.5 percentage points, respectively for each period. The Account has exceeded its benchmark by 1.0 percentage points annually since the account began on November 1, 1994.





\* 3 Year Constant Maturity Treasury plus 45 basis points.

5.4

3.9

2.5

2.9

3.1

4.2

5.1

6.5

Benchmark\*

The State Deferred Compensation Plan (Plan) provides Public employees with a tax-sheltered retirement savings program that is a supplemental plan to their primary retirement plan. (In most cases, the primary plan is either: TRA, PERA, or MSRS.)

### **Program Structure**

The State Deferred Compensation Plan was restructured effective March 1, 2004 to provide all daily valued options. Plan participants have three sets of investment options from which to choose. The first is a set of actively managed options that includes six mutual funds, a Money Market Account, a Fixed Interest Account, and a fixed fund option. The second is a set of five passively managed mutual funds. The third is a mutual fund window which offers hundreds of funds. The SBI has no direct management responsibilities for funds within the mutual fund window.

### Actively Managed Options

The Plan offers a range of actively managed options that allows participants the flexibility to create an investment program that satisfies their needs.

### Large-Cap Equity

One option is a concentrated fund of large cap stocks. The fund is expected to outperform the S&P 500, over time. Currently, Janus Twenty is the mutual fund offered.

Another option is a diversified portfolio of large cap stocks that is expected to outperform the S&P 500, over time. Currently, Smith Barney Appreciation Y is the mutual fund offered.

#### Small-Cap Equity

This option invests primarily in companies with small market capitalizations. The fund is expected to outperform the Russell 2000, over time. T. Rowe Price Small-Cap Stock Fund is the fund currently offered.

#### **Balanced Fund**

This option is a mix of stocks and bonds in the same fund. The fund invests in mid to large-cap stocks and in high quality bonds. The fund is expected to outperform a weighted benchmark of 60% S&P 500 and 40% Lehman Gov-Corporate. The fund currently

Figure 33. State Deferred Compensation Plan (457 Plan) For Fiscal Years Ending June 30.

		Annua	alized	Since
Actively Managed	2004	3 Yr.	5 Yr.	Inception
Janus Twenty	22.1%	-2.9%	-7.0%	
(S&P 500)	19.1	-0.7	-2.2	
Smith Barney Appreciation Y* (S&P 500)				8.4% 8.9
(S&P 500)				8.9
T. Rowe Price Small-Cap Stock	27.9	7.4	10.9	
(Russell 2000)	33.4	6.2	6.6	
Fidelity Diversified International	32.2	9.1	13.2	
(MSCI EAFE-Free)	32.4	3.9	12.7	
Dodge & Cox Balanced Fund**				14.6
(60% S&P 500/40% Lehman Aggre	egate)			9.6
Dodge & Cox Income Fund	1.6	7.1	7.6	
(Lehman Aggregate)	0.3	6.4	6.9	
Money Market	1.3	1.9	3.5	
(CPI)	1.0	1.5	3.1	
Fixed Interest	4.4	5.3	5.7	
(3 year CMT + 45 b.p.)	2.9	3.1	4.2	
Minnesota Fixed Fund	4.8	5.3	5.6	
(contin	ued on nex	kt page)		

## State Deferred Compensation Plan (457 Plan)

Figure 33 (cont.) State Deferred Compensation Plan (457 Plan) For Fiscal Year Ending June 30.

		4	alizad	Simoo	
			alized	Since	
Passively Managed	2004	3 Yr.	5 Yr.	Inception	
Vanguard Institutional Index	19.1%	-0.7%	-2.1%		
(S&P 500)	19.1	-0.7	-2.2		
Vanguard Mid Cap Index***				5.8%	
(MSCI US Midcap 450)				5.9	
Vanguard Institutional Dev. Mkt	s.*			13.2	
(MSCI EAFE)				12.7	
Vanguard Balanced Fund*				5.6	
(60% Wilshire 5000/				5.6	
40% Lehman Aggregate)					
Vanguard Total Bond Market Fu	ınd*			1.1	
(Lehman Aggregate)				1.2	

\* This option was added December 1, 2003.

\*\* The Dodge & Cox Balanced Fund was added October 1, 2003.

\*\*\* The Vanguard mid-cap option was added January 1, 2004.

offered is the Dodge & Cox Balanced Fund.

### Bond Fund

This option invests primarily in investment grade securities in the U.S. bond market. The fund is expected to outperform the Lehman Aggregate, over time. The fund currently offered is the Dodge & Cox Income Fund.

### International Equity

This option invests primarily in stocks of companies located outside the United States. The fund is expected to outperform the Morgan Stanley Capital International (MSCI) Index of Europe, Australasia and the Far East Free (EAFE-Free), over time. The fund currently offered is the Fidelity Diversified International Fund.

### Money Market

This option invests in short term debt instruments which is expected to outperform the return on 3 month U.S. Treasury bills. This Deferred Compensation Money Market Fund is invested by State Street Bank & Trust.

### Fixed Interest

This option invests in stable value instruments which are primarily investment contracts and security backed contracts. The option is expected to outperform the return of the 3 year Constant Maturity Treasury +45 basis points, over time. Currently, Galliard Capital Management, Inc. manages the option.

### Fixed Fund

The Minnesota Fixed Fund option invests participant balances in the general accounts of three insurance companies that have been selected by the SBI. The three insurance companies provide a new rate each quarter in advance. A blended yield rate is calculated and then credited to the participants. The three insurance companies are Great-West Life, Minnesota Life, and Principal Life.

### Passively Managed Options

The plan offers a range of passively managed options that allows participants the flexibility to create an investment program that satisfies their needs.

### Large-Cap Equity

This option is a passive domestic stock portfolio that tracks the S&P 500. The fund currently offered is the Vanguard Institutional Index Plus Fund.

### Mid-Cap Equity

This option invests in companies with medium market capitalizations that track the MSCI U.S. Midcap 450 index. The fund currently offered is the Vanguard Mid Capitalization Index Institutional Fund.

### Balanced Fund

This option is a mix of stocks and bonds. The fund is expected to track a weighted benchmark of 60% Wilshire 5000/40% Lehman Aggregate. The fund currently offered is the Vanguard Balanced Index Fund.

### Bond Fund

This option invests in a broad range of U.S. fixed income securities. The fund is expected to track the performance of the Lehman Aggregate Bond Index. The fund is currently offered is the Vanguard Total Bond Market Index Fund.

## State Deferred Compensation Plan (457 Plan)

### International Equity

This option invests in international equities and is expected to track the MSCI index of Europe, Australasia and the Far East (EAFE). The fund currently offered is the Vanguard Institutional Developed Market Fund.

Performance results for the mutual fund investment options for FY 2004 are shown in Figure 33 on pages 34 and 35.

## Assigned Risk Plan

### The Minnesota Workers Compensation Assigned Risk Plan was established in 1983 to provide workers' compensation coverage to Minnesota employers rejected by a private insurance carrier. On June 30, 2004, the market value of the Plan's portfolio was \$264 million.

The Assigned Risk Plan operates as a non-profit, tax-exempt entity and is administered by the Department of Commerce. The Plan provides disability income, medical expenses, retraining expenses and death benefits, with payments being made either periodically or in lump sum.

### **Investment Objectives**

The SBI recognizes that the Assigned Risk Plan has limited tolerance for risk due to erratic cash flows, no allowance for surplus, and generally short duration liabilities.

Therefore, the SBI has established two investment objectives for the Plan:

- to minimize mismatch between assets and liabilities
- to provide sufficient liquidity (cash) for payment of on-going claims and operating expenses

Performance relative to these objectives is measured against a composite index that reflects the asset allocation of the portfolio.

### Asset Allocation

The SBI believes that due to the uncertainty of premium and liability cash flows, the Plan should be invested very conservatively.

The **bond** segment is invested to fund the shorter-term liabilities (less than 10 years) and the common stock segment is invested to fund the longer-term liabilities. The result is a high fixed income allocation which minimizes the possibility of a future fund deficit. The smaller **stock** exposure provides higher expected returns and hedges some of the inflation risk associated with the liability stream.

The asset allocation may fluctuate in response to changes in the liability stream projected by the Plan's actuary and further analysis by the SBI staff. Figure 34 presents the actual asset mix of the Assigned Risk Plan at the end of fiscal year 2004. The current long term asset allocation targets for the Fund are as follows:

Domestic Stocks	20%
Domestic Bonds	80

### Investment Management

Voyageur Asset Management manages the bond segment of the Assigned Risk Plan, and GE Asset Management manages the equity segment of the Plan.

### **Bond Segment**

The bond segment is designed to fund the shorter-term liabilities of the Plan with a target duration of 3 years. The segment is actively managed to add incremental value through sector, security, and yield curve decisions.

Figure 34. Assigned Risk Plan Asset Mix as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

## Assigned Risk Plan

### Stock Segment

The stock segment is structured to fund the longer-term liabilities of the Plan. Currently, the equity segment is managed with a broadly diversified portfolio of high quality, large capitalization companies.

### Investment Performance

Due to the focus on liability matching, the composition of the Assigned Risk Plan's investment portfolio is conservatively structured. While active management is utilized, return enhancement plays a secondary role.

The Assigned Risk Plan is measured against a composite index which is weighted to reflect the asset allocation of the Plan:

- the target for the fixed income component is a custom benchmark which reflects the duration target established for the bond segment (approximately 3 years).
- the target for the equity component is the S&P 500.

During fiscal year 2004, the *bond* segment outperformed its benchmark by 0.3 percentage point. The *stock* segment underperformed its benchmark by 4.5 percentage points.

*Overall*, the Assigned Risk Plan provided a return of 3.8% for fiscal year 2004, matching its composite index. For the most recent five year period, the Account matched its composite index. For the most recent ten year period, the Account has outperformed its composite index by 0.5 percentage point, annualized.

Historical performance results are presented in Figure 35.

Figure 35. Assigned Risk Plan Performance FY 2000-2004



						A	nnualiz	ed
	2000	2001	2002	2003	2004	3 Yr.	5 Yr.	10 Yr.
Assigned Risk	5.1%	6.2%	2.1%	7.1%	3.8%	4.3%	4.8%	8.5%
Composite Index*	5.5	5.2	2.8	6.8	3.8	4.4	4.8	8.0
Stock Segment	7.0	-5.9 -	14.8	-0.8	14.6	-1.1	-0.5	12.7
S&P 500	7.2 -	14.8 -	18.0	0.3	19.1	-0.7	2.2	11.8
Bond Segment	4.2	9.5	6.5	7.4	0.5	4.8	5.6	6.4
Benchmark	4.8	10.5	8.2	7.9	0.2	5.4	6.3	6.7

\* Weighted 20% stocks, 80% bonds.

## **Permanent School Fund**

The Permanent School Fund is a trust fund created by the Minnesota State Constitution and designated as a long-term source of revenue for public schools. Proceeds from land sales, mining royalties, timber sales, lake shore and other leases are invested in the Fund. Income generated by the Fund's assets is used to offset state school aid payments. On June 30, 2004, the market value of the Fund was \$578 million.

### **Investment Objective**

The State Board of Investment (SBI) invests the Permanent School Fund to produce a growing level of spendable income, within the constraints of maintaining adequate portfolio quality and liquidity that will assist in offsetting state expenditures on school aid.

#### **Investment Constraints**

The Fund's investment objectives are influenced by the legal provisions under which its investments must be managed. These provisions require that the Fund's principal remain inviolate. Any net realized capital gains from stock or bond investments must be added to the principal. Moreover, if the Fund realizes net capital losses, these losses must be offset against interest and dividend income before such income can be distributed. Finally, all interest and dividend income must be distributed in the year in which it is earned.

### Asset Allocation

In order to produce a growing level of spendable income, the Fund is invested to grow over time, and, therefore, has exposure to equities. The current asset allocation is 50% stock/48% fixed income/2% cash.

Prior to FY 1998, the Permanent School Fund had been invested entirely in fixed income securities for more than a decade. While this asset allocation maximized current income, it limited the long term growth of the Fund and caused the income stream to lose value in inflation adjusted terms, over time.

To solve both issues, a proposal to introduce equities to the Fund's asset mix was discussed. Since this modification would reduce short term income and have budgetary implications for the state, the consent of the executive and legislative branches was necessary.

A proposal to introduce equities was presented during fiscal year 1997. It was favorably received by the Legislature and incorporated into the K-12 education finance bill. As a result, the Fund allocation was shifted to a 50% stock/48% fixed income/2% cash allocation during July 1997.

Figure 36 presents the actual asset mix of the Permanent School Fund at the end of fiscal year 2004.

### Investment Management

SBI staff manage all assets of the Permanent School Fund. Given the unique constraints of the Fund, management by SBI staff is considered to be the most cost effective at this time.





Note: Percentages may differ slightly due to rounding of values.

## **Permanent School Fund**

### Stock Segment

The stock segment of the Fund is passively managed to track the performance of the S&P 500.

#### **Bond Segment**

The bond segment is actively managed to add incremental value through sector, security and yield curve decisions and its performance is measured against the Lehman Brothers Aggregate Bond Index.

### **Investment Performance**

The *stock* segment of the Permanent School Fund underperformed its benchmark, the S&P 500, during the fiscal year by 0.1 percentage point. By investing in all of the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. The portfolio is periodically rebalanced to maintain an acceptable tracking error relative to the benchmark.

The *bond* segment outperformed its benchmark by 0.8 percentage points during the current fiscal year.

*Overall*, the Permanent School Fund provided a return of 10.2% for fiscal year 2004, outperforming its composite index by 0.7 percentage point.

Total account results for the last three, five and ten years are shown in Figure 37.

### Spendable Income

Spendable income generated by the portfolio over the last five fiscal years is shown below:

<b>Fiscal Year</b>	Millions
2000	\$21
2001	\$24
2002	\$21
2003	\$19
2004	\$16



						Aı	nualiz	ed
	2000	2001	2002	2003	2004	3 Yr.	5 Yr.	10 Yr.
<b>Total Fund</b>	6.1%	<b>6 -2.6%</b>	-6.2%	6.3%	10.2%	3.2%	2.6%	7.1%
Composite*	6.2	-2.3	-5.2	5.7	9.5	3.1	2.6	6.8
Stock Segment	7.4	-14.7	-18.2	0.7	19.0	-0.7	-2.1	N/A
S&P 500	7.2	-14.8	-18.0	0.3	19.1	-0.7	-2.2	N/A
Bond Segment	4.7	11.2	7.1	11.9	1.1	6.6	7.1	7.9
Lehman Agg	4.6	11.2	8.6	10.4	0.3	6.4	6.9	7.4

\* 50% S&P 500/ 48% Lehman Aggregate/ 2% 3 Month T-Bills. Prior to July 1, 1997, the Fund's benchmark was 100% Lehman Aggregate.

Figure 37. Permanent School Performance FY 2000-2004

## **Environmental Trust Fund**

The Environmental Trust Fund was established in 1988 by the Minnesota Legislature to provide a long-term, consistent and stable source of funding for activities that protect and enhance the environment. On June 30, 2004, the market value of the Fund was \$342 million.

By statute, the State Board of Investment (SBI) invests the assets of the Environmental Trust Fund. The Legislature funds environmental projects from a portion of the market value of the Fund.

### **Investment Objective**

The Environmental Trust Fund's investment objective is long-term growth in order to produce a growing level of spending within the constraints of maintaining adequate portfolio quality and liquidity.

### **Investment Constraints**

In November 1998, Minnesota voters passed a constitutional amendment to continue the mandate that 40 percent of the net proceeds from the state lottery be credited to the Fund through 2025.

The amendment also provides for spending 5.5 percent of the Fund's market value annually, since fiscal year 2000. The amendment eliminates the accounting restrictions on capital gains and losses and the provision that the principal must remain inviolate.

### Asset Allocation

After the constitutional amendment was adopted in November 1998, SBI staff worked with the Legislative Commission on Minnesota Resources to establish an asset allocation policy that is consistent with the Commission's goals for spending and growth of the Fund. The SBI approved a 70% stock and 30% fixed income asset allocation which was implemented July 1, 1999. The allocation positions the Fund for the best long-term growth potential while meeting the objective of the Fund to produce a growing level of spending.

Figure 38 presents the actual asset mix of the Environmental Trust Fund at the end of fiscal year 2004. The current long term asset allocation targets for the Fund are:

Domestic Stocks	70%
Domestic Bonds	28
Cash	2

### Investment Management

SBI staff manage all assets of the Environmental Trust Fund. Given the unique constraints of the Fund, management by SBI staff is considered to be the most cost effective at this time.

#### Stock Segment

The stock segment of the Fund is passively managed to track the performance of the S&P 500.

### **Bond Segment**

The bond segment is actively managed to add incremental value

Figure 38. Environmental Trust Fund Asset Mix as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

## **Environmental Trust Fund**

through sector, security and yield curve decisions and its performance is measured against the Lehman Brothers Aggregate Bond Index.

### **Investment Performance**

During the Fiscal Year, the *stock* segment exceeded the S&P 500 benchmark, returning 0.1 percentage point more than the S&P 500. By investing in all of the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. The portfolio is periodically rebalanced to maintain an acceptable tracking error relative to the benchmark subject to keeping trading costs at a minimum.

The *bond* segment outperformed its benchmark by 1.2 percentage points during the fiscal year.

*Overall*, the Environmental Trust Fund provided a return of 13.7% for fiscal year 2004, outperforming its composite index by 0.4 percentage point. For the most recent three-year period, the fund exceeded its composite benchmark by 0.2 percentage point. The fund experienced modest outperformance over the last five and ten years due to the incremental value added by both the stock and bond segments. Performance results are presented in Figure 39.

Spendable income generated by the Fund follows:

<b>Fiscal Year</b>	Millions
2000	\$13
2001	\$13
2002	\$17
2003	\$17
2004	\$15

Figure 39. Environmental Trust Fund Performance FY 2000-2004



\* Weighted 50% S&P 500/ 48% Lehman Aggregate, and 2% 3 Month T-Bills through June 1999. Weighted 70% S&P 500/ 28% Lehman Aggregate/ and 2% 3 month T-Bill beginning July 1, 1999.

The Closed Landfill Investment Fund is a trust fund created by the Legislature to invest moneys to pay for the long-term costs of maintaining the integrity of landfills in Minnesota once they are closed. On June 30, 2004 the market value of the Fund was \$20.0 million.

### **Investment Objective**

The investment objective of the Closed Landfill Investment Fund is to generate high returns from capital appreciation. The Fund will be used by the Commissioner of the Pollution Control Agency to pay for the longterm costs of maintaining the integrity of landfills in Minnesota once they are closed. By statute, the assets of the Fund are unavailable for expenditure until after fiscal year 2020.

#### Asset Allocation

Since July 1999, the Closed Landfill Investment Fund has been invested entirely in common stock. Given the long time horizon of this Fund and the lack of need for any short or midterm withdrawals, this strategy will maximize the long-term gain of the Fund.

### Investment Management

SBI staff manage all assets of the Closed Landfill Investment Fund. The assets are managed to passively track the performance of the S&P 500 index.

#### Investment Performance

The Closed Landfill Investment Fund outperformed its benchmark, the S&P 500, during the fiscal year by 0.1 percentage point. By investing in all the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis.





The State Board of Investment (SBI) manages the cash balances in more than 400 state agency accounts with the objectives of preserving capital and providing competitive money market returns. On June 30, 2004, the total value of these accounts was \$4.4 billion.

### **Internal Cash Pools**

The SBI invests these cash accounts in short-term, liquid, high quality debt securities on a non-leveraged basis. These investments include U.S. Treasury and Agency issues, repurchase agreements, bankers acceptances, high grade corporates, and commercial paper. On June 30, 2004, the combined value of all agency cash balances was \$4.4 billion.

### **Pool Structure**

Most of the cash accounts are managed by SBI staff through two pooled investment vehicles, which operate much like money market mutual funds:

- Treasurer's Cash Pool. This pool contains cash balances from the Invested Treasurer's Cash and other accounts necessary for the operation of state agencies. The Treasurer's Cash Pool had an average daily balance of \$3.8 billion during the year.
- Trust Fund Pool. This pool contains cash balances of trust fund and retirement-related accounts that are managed internally. The Trust Fund Pool had an average daily balance of \$107.0 million during the year.

Staff also manages approximately \$700 million of assets in separately managed dedicated accounts because of special legal restrictions. The vast majority of these assets are related to state or state agency debt issuance including debt service reserves and proceeds.

### **Investment Performance**

The SBI measures the performance of both pools against customized benchmarks which reflect the maturity structure of each pool.

For fiscal year 2004, the Trust Fund Pool and the Treasurer's Cash Pool outperformed their respective benchmarks. Both pools also outperformed the total return on 3 Month Treasury Bills.

Trust Fund Pool	<b>1.1%</b>
Benchmark	0.5
<b>Treasurer's Cash Pool</b>	<b>1.1</b>
Benchmark	0.5
3 Month Treasury Bills	1.0

Since January 1997, the Trust Fund Pool is measured against the IBC All Taxable Money Fund Index.

Since January 2003, the Treasurer's Cash Pool is measured against the MFR Money Market Index.

### Treasurer's Cash Pool

On June 30, 2004, the Treasurer's Cash Pool was dominated by high quality commercial paper holdings. The composition of the pool is shown in Figure 41. At the end of the fiscal year, the pool had a current yield of 1.2% and an average maturity of 56 days.

### Securities Lending Program

The SBI participates in securities lending programs in which securities held by the SBI are loaned to banks

Figure 41. Invested Treasurer's Cash Fund Distribution as of June 30, 2004



Note: Percentages may differ slightly due to rounding of values.

## **Cash Management & Related Programs**

and security dealers for a daily fee. These loans are fully collateralized. Currently, the majority of the SBI's securities lending activity is undertaken by the SBI's master custodian bank, State Street Bank and Trust. State Street Bank generated additional income of approximately \$12.8 million during fiscal year 2004.

An additional lending program began during fiscal year 2000 with Wells Fargo. This program generated additional income of approximately \$162,000 during fiscal year 2004.

### Certificate of Deposit Program

The SBI manages a certificate of deposit (CD) program in which it purchases CD's from Minnesota financial institutions. The SBI receives a market rate of return on these investments, using the average secondary CD market rate quoted by the New York Federal Reserve Bank.

The SBI's Certificate of Deposit program provides a reliable source of capital to Minnesota financial institutions, regardless of size, many of which do not have access to the national CD market. The Board designed the program so that no single institution is favored in the allocation of assets. Only the cash reserves of the retirement funds are used in the program.

During fiscal year 2004, the SBI purchased over \$295 million of CD's from Minnesota financial institutions. Since it began the program in 1980, the SBI has purchased over \$4.4 billion of CD's from approximately 500 financial institutions throughout the state.

### Securities Repurchase Program

In recent years, community banks throughout Minnesota have experienced an increased need for funds due to a reduction in local deposits and a reduced ability to sell investments held in bank portfolios due to changes in federal accounting requirements. The SBI created the Securities Repurchase Program to help meet the increased needs of banks throughout the state.

Under the program, the SBI temporarily buys securities such as Treasuries and Governments from banks under a repurchase agreement (repo). At the end of the agreement period, the securities are returned to the selling banks (i.e. "repurchased") and the bank pays the SBI principal and interest.

The transactions are fully collateralized and range in size from \$100,000 to \$2 million per institution. For ease of administration, the program uses the same rates, offering dates and maturity dates as the SBI's CD program.

During fiscal year 2004, the SBI purchased \$28.4 million in repos from Minnesota financial institutions.

## **Other Deferred Compensation Programs**

In addition to the statewide 457 plan, the State Board of Investment (SBI) has responsibilities for several other deferred compensation-related programs:

- The SBI selects investment product providers for the Minnesota State Colleges and Universities (MnSCU) and the Minnesota Historical Society for their IRC 401(a) defined contribution retirement plans.
- The SBI is responsible for managing the assets in the Minnesota College Savings Plan, and directing all investments. The Minnesota Higher Education Services Office (MHESO) is responsible for the overall administration of the MN College Savings Plan (529 Plan).

The investment product providers currently used by these programs are shown in Figure 42. Figure 42. Investment Product Providers Selected or Approved by the SBI

MnSCU 401(a) Plans (effective July 1, 2000) Teachers Insurance & Annuity Association- College Retirement Equities Fund (TIAA-CREF) Wells Fargo Bank Minnesota, N.A.

### Historical Society 401(a) Plan (effective July 1, 2000)

Teachers Insurance & Annuity Association-College Retirement Equities Fund (TIAA-CREF)

### Minnesota College Savings Plan (529 Plan)

Teachers Insurance & Annuity Association-College Retirement Equities Fund (TIAA-CREF)

### Legislative Update

Only one item of interest to the State Board of Investment was passed during the 2004 legislative session.

Laws of Minnesota 2004, Chapter 175, authorizes the SBI to invest certain assets of the Metropolitan Council designated as reserves for retiree healthcare costs. The SBI will work with the Met Council in fiscal year 2005 to determine the appropriate allocation of these assets in the non-retirement trust pools managed by Staff.

### Police and Fire Fund Activity

### Mergers with PERA

Under state law, local police and salaried firefighter plans may consolidate with the Public Employees Retirement Association (PERA). When a merger is approved, assets are transferred from the local plan to the State Board of Investment (SBI).

By statute, the Executive Director of the SBI has authority to accept assets in-kind or to require that individual holdings be converted to cash prior to the transfer. Since the investments made by local plans are similar to those made by the SBI, most assets can be transferred at their stated market value.

Since 1987, 44 plans with total assets of \$603 million have merged with PERA. After consolidation, these assets are managed as part of the Basic and Post Retirement Funds. (Please note that there remain several local police salaried firefighter plans that have not merged with PERA. These plans also have the statutory authority to invest in the Supplemental Investment Fund [SIF]).

### Volunteer Fire Plans Investment

Volunteer firefighter retirement plans are not eligible to be consolidated with PERA. They may invest their assets with the SBI through the SIF. There are more than 700 local volunteer firefighter plans with investment authority.

During fiscal year 2004, an additional 5 volunteer firefighter plans selected the SIF for all or a portion of their retirement assets.

As of the end of fiscal year 2004, there were 227 plans participating in the SIF.

The SBI expects this growth trend to continue as volunteer firefighter plans become more familiar with the SBI and its ability to offer a variety of investment options at a low administrative cost.

### Local Plan Performance Reports

The SBI provides the local plans that participate in the SIF reports displaying their annual returns and market values from the SIF in compliance with *Minnesota Statutes*, Chapter 356. The local plans are responsible for providing their specific data to the Office of the State Auditor.

### Mandate on Northern Ireland

### Requirements

The SBI is responsible for implementing certain statutory provisions concerning its investments in U.S. companies with operations in Northern Ireland. The statute requires the State Board of Investment (SBI) to:

- Annually compile a list of U.S. corporations with operations in Northern Ireland in which the SBI invests.
- Annually determine whether those corporations have taken affirmative action to eliminate religious or ethnic discrimination. The statute lists nine goals modeled after the MacBride Principles.
- Sponsor, co-sponsor and support resolutions that encourage U.S. companies to pursue affirmative action in Northern Ireland, where feasible.

The statute does not require the SBI to divest existing holdings in any companies and does not restrict future investments by the SBI.

### Implementation

The SBI uses the services of the Investor Responsibility Research Center (IRRC), Washington D.C., to monitor corporate activity in Northern Ireland. In January 2004, the SBI held stocks or bonds in 58 of 64 corporations identified by IRRC as having operations in Northern Ireland.

The SBI filed shareholder resolutions with four of these corporations during the 2004 proxy season. The resolution asked corporations to sign the MacBride Principles and to implement affirmative action programs.

The voting results on the four resolutions are shown below:

	Affirmative
Company	Vote
Claire's Stores	0.8%
Interpublic	11.1%
Teletech Holdings	6.1%
Yum Brands	13.4%

### **Tobacco Issues**

At its September 1998 meeting, the Board adopted a resolution that required each active and semipassive equity manager to divest by September 2001 shares of any company which obtained more than 15 percent of its revenues from the manufacture of consumer tobacco products. Staff notified each active and semi-passive equity manager of the policy.

At the close of fiscal year 2001, the SBI had divested from its active portfolios all shares of companies covered by its divestment resolution.

#### **Directives to Stock Managers**

At its December 1997 meeting, the Board adopted a resolution requiring the SBI's stock managers to provide written justification to SBI staff if a manager made new or additional purchases of stock in companies which obtained more than 50% of their revenues from the sale of tobacco.

At its June 1998 meeting, the Board took further action regarding SBI investment in tobacco-related stocks.

The first resolution required the SBI active and semi-passive equity managers to discontinue purchases of shares of any company that generated more than 15 percent of its revenue from the manufacture of consumer tobacco products. The second resolution required the SBI staff to prepare and submit to the Board a plan for divestiture of shares of any company that generated more than 15 percent of its revenue from the manufacture of consumer tobacco products held in the SBI's actively and semi-passively managed equity portfolios.

The policy requiring divestment follows directly from the latter resolution.

#### Shareholder Resolutions

During the 2004 proxy season, the SBI co-sponsored one company resolution. The resolution filed at RJ Reynolds requested a committee of independent directors to determine the companys past and present involvement directly or indirectly in any cigarette smuggling throughout the world. The resolution was withdrawn due to a technicality.

### **Proxy Voting**

As a stockholder, the State Board of Investment (SBI) is entitled to participate in corporate annual meetings through direct attendance or casting its votes by proxy. Through proxy voting, the Board directs company representatives to vote its shares in a particular way on resolutions under consideration at annual meetings. These resolutions range from routine issues, such as those involving the election of corporate directors and ratification of auditors, to matters such as merger proposals and corporate social responsibility issues. In effect, as a shareholder the SBI can participate in shaping corporate policies and practices.

#### Voting Process

The Board recognizes its fiduciary responsibility to cast votes on proxy issues. Except for the shares held by active international managers, the SBI does not delegate the duty to its external investment managers. Rather, the SBI actively votes all shares according to guidelines established by its Proxy Committee.

The Board delegates proxy voting responsibilities to its Proxy Committee which is comprised of a designee of each Board member. The four member Committee meets only if it has a quorum and casts votes on proxy issues based on a majority vote of those present. In the unusual event that it reaches a tie vote or a quorum is not present, the Committee will cast a vote to abstain.

#### **Voting Guidelines**

The Committee has formulated guidelines by which it votes on a wide range of corporate governance and social responsibility issues. Each year the Proxy Committee reviews existing guidelines and determines which issues it will review on a case-by-case basis.

#### Corporate Governance Issues

The voting guidelines for major corporate governance issues are summarized below:

**Routine Matters.** In general, the SBI supports management on routine matters such as uncontested election of directors; selection of auditors; and limits on director and officer liability or increases in director and officer indemnification permitted under the laws of the state of incorporation.

#### Shareholder Rights Issues. In

general, the SBI opposes proposals that would restrict shareholder ability to effect change. Such proposals include instituting super-majority requirements to ratify certain actions or events; creating classified boards; barring shareholders from participating in the determination of the rules governing the board's actions (e.g. quorum requirements and the duties of directors); prohibiting or limiting shareholder action by written consent; and granting certain stockholders superior voting rights over other stockholders.

In general, the SBI supports proposals that preserve or enhance shareholder rights to effect change. Such proposals include requiring shareholder approval of poison pill plans; repealing classified boards; adopting secret ballot of proxy votes; reinstating cumulative voting; and adopting anti-greenmail provisions.

**Executive Compensation**. In general, the SBI supports efforts to have boards of directors comprised of a majority of independent directors, to have compensation committees made up entirely of independent directors, and to have executive compensation linked to a company's long-term performance.

**Buyout Proposals.** In general, the SBI supports friendly takeovers and management buyouts.

**Special Cases.** The Proxy Committee evaluates hostile takeovers, contested election of directors, compensation agreements that are contingent upon corporate change in control, and recapitalization plans on a case-by-case basis. In addition, the Committee may review corporate governance issues affecting companies incorporated or headquartered in Minnesota on a case-by-case basis.

#### Social Responsibility Issues

The voting guidelines for major social responsibility issues are shown below:

*Northern Ireland*. The SBI supports resolutions that call for the adoption of the MacBride Principles as a means to encourage equal employment opportunities in Northern Ireland. The SBI also supports resolutions that request companies to submit reports to shareholders concerning their labor practices or their sub-contractors' labor practices in Northern Ireland.

**Tobacco and Liquor**. In general, the SBI supports a variety of tobacco and liquor related resolutions including those that call for corporations to limit their promotion of tobacco and liquor products and to report on their involvement in tobacco issues.

*Environmental Protection*. In general, the SBI supports resolutions that require a corporation to report or disclose to shareholders company efforts in the environmental arena. In addition, the SBI supports resolutions that request a corporation to report on progress toward achieving the objectives of the Ceres Principles (formerly known as the Valdez Principles), an environmental code of conduct for corporations.

### Other Social Responsibility Issues.

In general, the SBI supports proposals that require a company to report or disclose to shareholders company efforts concerning a variety of social responsibility issues. In the past, these reporting resolutions have included issues such as affirmative action programs, animal testing procedures, nuclear plant safety procedures and criteria used to evaluate military contract proposals.

### Summary of FY 2004 Proposals

During fiscal year 2004 the SBI voted proxies for approximately 2,100 U.S. corporations.

As in past years, the issues on corporate ballots included a broad range of proposals in the *corporate governance* area, as reflected in information provided by the Investor Responsibility Research Center (IRRC), Washington, D.C.:

- Shareholders submitted 50 proposals to redeem "poison pills" (an anti-takeover device) or submit them to shareholder vote. This proposal received average support of 61.7%.
- Resolutions to expense options at time of grant were on 33 ballots with an average support of 53.5%.
- Other proposals included the repeal of classified boards which were supported by an average of 70.4% of shares voted; shareholder approval of severance packages to top executives ("golden parachutes") which received support from an average of 51.8% of shares voted; cumulative voting which was supported by an average of 35.1% of shares voted; proposals to increase board independence received support from an average of 27.3% of shares voted; proposals to require performancebased stock options received average support of 40.2% of shares voted; and a variety of proposals to restrict executive compensation received average support of 11.1%.

In the *social responsibility* area, the environment, global labor standards, fair employment issues-both domestic and international, and tobacco were the major issues, as reflected in information provided by the IRRC:

 A variety of environmental issues received 34 resolutions and received average support ranging from 5.6% to 15.1%.

- Political giving issues received 35 proposals with an average support level of 9.5%.
- Executive pay and social performance issues received fourteen resolutions with an average support level of 8.3%.
- Equal employment issues received six resolutions with an average support of 33.8%.
- Resolutions on a variety of tobacco-related issues were on ten ballots with an average support of 5.4%.
- Human rights issues received ten resolutions with an average support level of 8.0%.
- Northern Ireland issues received seven proposals this year with an average support of 9.9%.
- Global Labor Standards received seventeen proposals this year with an average support of 13.0%.

### Guidelines on International Investing

As noted in prior sections of this report, the State Board of Investment (SBI) made its first international stock investments in 1992. The benefits of international investing include: increased investment opportunity, greater diversification and potential for higher return. Approximately one-half of the world's markets lie outside the U.S.

The United Kingdom, Japan, Germany and France comprise nearly two-thirds of the value of the international markets. Together with eighteen (18) other countries in Europe, Canada, and the Pacific Basin, these countries comprise the developed international stock markets. Many of the emerging markets in Latin America, Eastern Europe, the Middle East, Africa and Asia may require special investment considerations and/or limitations on investment.

### Guidelines

Based on information compiled from U.S. State Department reports, the Task Force grouped countries into three broad categories as indicated below by groups I, II and III. *It is important to note that the guidelines listed below do not prohibit an active stock manager from purchasing the stock of any country*. Rather, they require additional notification and/or that a presentation be given by the manager regarding the firm's investment strategy for investments to countries in Groups II and III.

**Group I.** These countries have legal structures that generally respect the rights of workers and human rights. Because these countries have strong

protections for workers and human rights, there is little concern that economic and social disruptions may occur which would have an adverse effect on financial markets. As a result, active stock managers are authorized to invest in companies domiciled in these countries without additional notification to the SBI.

Group II. These countries have legal protections for workers and human rights, but violations have been cited in the State Department reports. It is thought that violations of this type may lead to economic and social disruption in these countries, which may have an adverse effect on their financial markets. An active stock manager may, however, invest in companies domiciled in the countries shown under "Group II" if the manager believes that it would be a breach of fiduciary responsibility not to do so. If a manager chooses to invest in one or more of these markets, the manager must notify the SBI in writing.

Group III. These countries lack basic protections for workers and human rights and do not appear to be making progress in establishing an appropriate legal structure to address these issues. The potential for economic, political and social unrest is seen to be greater in these countries, which may adversely affect the stability of these financial markets. An active stock manager may, however, invest in companies domiciled in countries shown under "Group III" if the manager believes that it would be a breach of fiduciary responsibility not to do so. If a manager chooses to invest in one or more of these markets, the manager must appear before the SBI to present its reasons for the decision to do so.

### **Review Process**

The Board established an International Investing Guidelines Task Force to recommend guidelines that address these limitations as well as other concerns related to international investing.

When the Task Force made its original report to the Board in December 1992, they expected that the country groupings would be updated periodically to reflect changes in the world markets. The Board has adopted the following review process regarding guidelines:

 Staff will review reports from the US State Department regarding worker and human rights issues and designate countries "Group I, II or III" using the existing policy guidelines adopted by the Board.

Staff will report on the countries included in the International Program asset class target which will be reviewed by the SBI Administrative Committee.

Figure 43 displays the country groupings.

Group I	Group I	Group II	Group III
EAFE Countries	Non-EAFE Countries	Non-EAFE Countries	Non-EAFE Countries
Australia	Argentina	Bangladesh	Burma
Austria	Barbados	Brazil	China
Belgium	Bermuda	Bulgaria	Cote d'Ivoire
Denmark	Bolivia	Colombia	Croatia
Finland	Botswana	Ghana	Dominican Republic
France	Canada	Guatemala	Ecuador
Germany	Chile	India	Egypt
Hong Kong	Costa Rica	Indonesia	Iran
Ireland	Cyprus	Israel	Jordan
Italy	Czech Republic	Korea, Republic of	Kazakhstan
Japan	Estonia	Kuwait	Kenya
Netherlands	Greece	Malaysia	Lebanon
New Zealand	Hungary	Mauritania	Liberia
Norway	Jamaica	Mongolia	Oman
Portugal	Latvia	Morocco	Pakistan
Singapore	Lithuania	Namibia	Paraguay
Spain	Luxembourg	Nepal	Russia
Sweden	Malawi	Nigeria	Saudi Arabia
Switzerland	Mauritius	Peru	Syria
United Kingdom	Mexico	Philippines	Turkmenistan
	Panama	Romania	Ukraine
	Papua New Guinea	South Africa	United Arab Emirates
	Poland	Sri Lanka	Uzbekistan
	Slovak Republic	Swaziland	
	Slovenia	Thailand	
	Taiwan	Turkey	
	Trinidad & Tobago	Venezuela	
	Tunisia	Vietnam	
	Uruguay	Zambia	
		Zimbabwe	

\* As of May 2001

Domestic Equity Program Managers

Active Managers Large Cap Core (Russell 1000)

### Franklin Portfolio Associates

Franklin's investment decisions are quantitatively driven and controlled. The firm believes that consistent application of integrated multiple valuation models produces superior investment results. The firm's stock selection model is comprised of 40 valuation measures each of which falls into one of the following groups: relative value, future value, fundamental momentum, long-term growth, price action, and management signals.

Franklin utilizes a quantitative approach and seeks to add value by focusing on buying and selling the right stock rather than attempting to time the market or pick the right sector or industry groups. Franklin was retained by the SBI as an active manager in April 1989.

#### New Amsterdam Partners

New Amsterdam Partners believes that investment results are evaluated by actual return, and therefore, investment opportunities should be evaluated by expected return. The investment process combines quantitative analysis with a fundamental overlay. The firm describes its style as growth at a reasonable price (GARP). The strategy seeks to identify and capitalize on mispriced securities. A proprietary quantitative model generates expected returns for stocks. The 100 stocks with the highest expected returns are subjected to further examination and fundamental analysis. New Amsterdam was retained by the SBI in April 1994.

### UBS Global Asset Management (formerly Brinson Partners)

UBS focuses on price to value as the cornerstone of their investment process. They discount all future cash flows of a company to calculate the intrinsic value from an owner's perspective, and then compare that value estimate to the current stock price. The resulting price to value differences, applied over a broad range of companies, become the building blocks of the security selection process. Portfolio construction focuses on market sensitivity, common factor exposures, industry weightings, and individual stock selection. UBS was retained by the SBI in July 1993.

#### Voyageur Asset Management

Voyageur's strategy is focused on achieving consistent, superior performance with near-benchmark risk. They seek high quality companies with exceptional financial strength and proven growth characteristics. They believe that sound fundamental analysis reveals those companies with superior earnings achievement and potential. Their screening process identifies companies that over the past five years have had higher growth in sales, earnings, return on equity, earnings stability and have lower debt ratios relative to the market sales, operating income, earnings growth rate consistency greater than the market, and lower debt ratios relative to the market. Voyageur was retained by the SBI in July 2000.

### Large Cap Growth (Russell 1000 Growth)

### Alliance Capital Management

Alliance searches for companies likely to experience high rates of earnings growth at an early stage and at a reasonable price. Alliance invests in a wide range of medium to large growth companies. Industry exposures are a result of individual stock selection. The firm's decisionmaking process is based on the belief that investment success stems from the correct marriage of fundamentals and price. Alliance adjusts position sizes to take advantage of short-term price movements. Alliance is not an active market timer and rarely raises cash above minimal levels. They manage a concentrated stock portfolio of about 40 to 60 companies. The firm was retained by the SBI in March 1983.

### Cohen Klingenstein & Marks, Inc.

Cohen Klingenstein & Marks seeks to outperform the market by focusing on two variables: economic cycles and security valuation. Within economic cycles, they believe that stocks exhibit predictable patterns that reflect changing expectations on corporate profits and interest rates. Similarly, they believe that stock prices normally reflect earnings expectations. The firm exploits short run inefficiencies through an unbiased process that relates the price of a stock to consensus earnings expectations. The firm was retained by the SBI in April 1994.

#### Holt-Smith & Yates Advisors

Holt-Smith & Yates invests in companies demonstrating superior growth in earnings over a long period of time. They use bottom-up fundamental analysis, focusing on historical and forecasted sales and

earnings trends, profit margin trends, debt levels and industry conditions. They seek to purchase large-cap companies that meet their strict valuation criteria and that have superior fundamentals to that of the benchmark. Companies must currently have a five year projected growth rate of over 20% and a PEG (P/E ratio to growth rate) ratio of below 150%. They hold concentrated portfolios, with low turnover. Holt-Smith was retained by the SBI in July 2000.

### Zevenbergen Capital

Zevenbergen Capital's investment philosophy is founded on the principles that superior fundamentals drive stock price appreciation and exceptional management combined with balance sheet strength provides capital protection. The firm employs a forward looking, bottom-up investment process designed for long-term results. Portfolios are constructed with companies presenting established and prospective revenue, cash flow and earnings growth, while diversification and risk control are accomplished through a blend of company size, expected growth rates, and appropriate portfolio weightings. The firm remains fully invested to ensure market participation. Zevenbergen was retained by the SBI in April 1994.

### Large Cap Value (Russell 1000 Value)

# Barrow, Hanley, Mewhinney & Strauss, Inc. (BHMS)

BHMS believes that markets are inefficient, and can best be exploited through adherence to a valueoriented investment process dedicated to the selection of securities on a bottom-up basis. Stocks in their portfolio must reflect all three value characteristics: price/ earnings and price/book ratios below the market and dividend yields above the market. The stocks must also be attractive according to the firm's dividend discount and relative return models. Analysts provide fundamental analysis in the final step of their investment process. BHMS was retained by the SBI in March 2004.

### **Bay Isle Financial**

Bay Isle Financial believes that companies with strong fundamentals and management will outperform and that these companies can be found at a discount to fair value. To capitalize on these ideas, they perform rigorous fundamental analysis on cash flow growth and balance sheet strength and evaluate a company's business, major competitors and management strength. Bay Isle closely monitors risk levels relative to the benchmark and the portfolio is diversified across most industry sectors. Bay Isle was retained by the SBI in July 2000.

### Earnest Partners

Earnest Partners utilizes a proprietary valuation and performance model and rigorous fundamental review to identify stocks with the most attractive relative returns. They have identified six performance drivers - valuation measures, operating trends, market trends, growth measures, profitability measures and macroeconomic measures - and have done extensive research to determine which combination of performance drivers, or return patterns, precede outperformance for stocks in each sector. They select stocks whose return patterns suggest favorable performance and control risk using a statistical approach designed to

measure and control the prospects of substantially under-performing the benchmark. The portfolio is diversified across industry groups. Earnest Partners was retained by the SBI in July 2000.

### Lord Abbett & Co.

Lord Abbett applies both quantitative valuation models and fundamental research. A dividend discount model is run using normalized earnings and long-term growth rates to rank stocks. The top ranked stocks represent the value universe and become the focus of their fundamental bottom-up research. The industry analysts identify companies with the strongest fundamentals and the most attractive valuations. They are also looking for the catalyst that will cause a stock price to reach a higher valuation target over a 12-18 month horizon. Lord Abbett was retained by the SBI in March 2004.

#### LSV Asset Management

LSV's philosophy is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. They use quantitative techniques to rank securities based on fundamental measures of value, past performance, and indicators of near-term appreciation potential. Their risk control discipline limits the portfolio's industry and sector concentrations. LSV was retained by the SBI in March 2004.

#### **Oppenheimer Capital**

Oppenheimer Capital's strategy is to buy companies that are selling at a price below their determination of the company's intrinsic value. Their

process is bottom-up based on fundamental analysis. Factors considered when evaluating companies include a strong industrial or commercial position, often where there are significant barriers to entry. They look for companies that are financially sound and have a management team that is devoted to the interest of shareholders. They believe that discretionary cash flow, cash that remains after a company spends what is needed to sustain its commercial position, is a primary determinant of a firm's potential to build value for shareholders. The firm was retained by the SBI in July 1993.

### Systematic Financial Management

Systematic's objective is to invest in companies with positive earnings surprise to provide the portfolio with consistent, above-market returns. They do this by seeking wellmanaged companies that are trading at compelling valuations, exceeding investor expectations, increasing sales and improving margins, and generating strong free cash flow. The process begins with a quantitative screen to rank companies by sector based on low forward price/earnings and positive earnings catalyst using a 16-factor model. Rigorous fundamental analysis follows. Systematic was retained by the SBI in March 2004.

### Small Cap Growth (Russell 2000 Growth)

### McKinley Capital Management

McKinley uses a quantitative process to systematically search for and identify early signs of accelerating growth. The process includes a linear regression model to identify common stocks that are inefficiently priced relative to the market while adjusting each security for its stock price volatility. The earnings model identifies securities with strong earnings acceleration, positive earnings surprises, and substantive reasons for continued earnings growth. Qualitative inputs are used in the final portfolio construction. These include the use of economic factors, Wall Street research, and industry themes. The manager ensures that earnings estimates are reasonable and sustainable. McKinley was retained by the SBI in December 2003.

#### Next Century Growth Investors

Next Century Growth's (NCG) goal is to invest in the highest quality and fastest growing companies in America. They believe that growth opportunities exist regardless of the economic cycle. NCG uses fundamental analysis to identify companies that will surpass consensus earnings estimates which they believe to be the number one predictor of future out-performance. Their investment process focuses on growth companies that have superior top line revenue growth (15% or greater), high profitability, and strong balance sheets that are well poised to outperform the market. NCG believes in broad industry diversification; sector exposures are limited to twice the benchmark weighting and individual positions to five percent. Next Century was retained by the SBI in July 2000.

#### **Turner Investment Partners**

Turner manages a small growth portfolio with the philosophy that earnings expectations drive stock prices. They pursue a bottom-up strategy that blends quantitative, fundamental, and technical analysis. They screen securities within sector and market capitalization groups using factors appropriate for each specific group. Companies are ranked within sectors based on multiple earnings growth and valuation factors. Fundamental research seeks companies that have a rate of growth exceeding industry peers, earnings that meet or exceed market consensus estimates, and earnings estimates that are being revised upwards. Technical analysis is used to evaluate trends in trading volume and price, and to identify attractive entry and exit points. The SBI retained Turner in December 2003.

### Winslow Capital Management

Winslow Capital is a fundamental, "bottom-up" investment firm with all portfolio managers acting as research analysts. They believe investing in companies with consistent and sustainable growth provides the best opportunity for achieving superior portfolio returns over the long term. The objective is to achieve a weighted average annual earnings growth rate in excess of 25%, over a 2-3 year time horizon. These companies tend to have consistently strong sales and earnings growth, high return on equity, low debt to capital, strong cash flow, high inside ownership, steady or rising margins, a high level of earnings stability, and a sustainable competitive advantage. Hands-on research includes frequent, direct communication with senior management of portfolio holdings. The research process allows implementation of their investment philosophy in all market environments and delivers superior returns with a low relative level of volatility. Winslow Capital was retained by the SBI in April 1994 to manage a large cap portfolio. This mandate was changed to a small cap focus in July 2000.

### Small Cap Value (Russell 2000 Value)

### American Express Asset Management Group/Kenwood Capital

Kenwood's small cap value product seeks to own a portfolio of stocks that represents the best opportunities in each sector based on valuation and indicators of improving cash flow and earnings. They look for higher quality stocks that are undervalued based on demonstrable fundamentals, rather than distressed value stocks. Their quantitative appraisal model ranks stocks on their potential excess return. It incorporates a dozen or so sector models who's weightings vary over time in relation to the stock attributes that are most important in determining relative performance. American Express/Kenwood was retained by the SBI in December 2003.

#### Goldman Sachs Asset Management

Goldman Sachs manages a small cap portfolio using a strong valuation discipline to purchase wellpositioned, cash generating businesses run by shareholderoriented management teams. Portfolio managers are organized by industry, and use industry-specific valuation measures to categorize companies within their area. They decompose the historic financial reports, meet with management to evaluate their competitive position within the industry, and evaluate each company's valuation attractiveness relative to other comparable companies within the sector. Goldman Sachs was retained by the SBI in December 2003.

### Hotchkis and Wiley Capital Management

Hotchkis and Wiley manages a small value portfolio, where they seek to exploit mis-priced securities in the small cap market by investing in "undiscovered" and "out of favor" companies. They invest in stocks where the present value of the company's future cash flows exceeds the current market price. Industry analysts determine a company's normal earnings power, or sustainable earnings level under equilibrium economic and competitive market conditions, which becomes the basis for security valuation. Hotchkis and Wiley was retained by the SBI in December 2003.

### Martingale Asset Management

Martingale manages a small value portfolio with the philosophy that they can exploit the long-term link between undervalued company fundamentals and current market prices to achieve superior investment returns. They use a quantitative process to identify stocks with low price/earnings ratios and high cash flow to price versus peers. It examines multiple characteristics of quality, value and momentum. Value traps are avoided by favoring stocks with positive relative strength and earnings estimate revisions versus peers. Each stock is given a score or ranking based on their valuation process. Martingale builds a portfolio of the highest ranked stocks while controlling industry and sector weights, and ensuring the average company size resembles the benchmark. Martingale was retained by the SBI in December 2003.

### Peregrine Capital Management, Inc.

Peregrine's Small Cap Value investment process begins with their

proprietary valuation analysis, which is designed to identify the small cap value stocks most likely to outperform. The valuation analysis identifies the most under-priced securities on a sector-by-sector basis. Drawing on thirty years of data, the analysis looks at different combinations of sixty fundamental factors most relevant in each sector to identify stocks that offer significant value relative to the companies' underlying fundamentals. The focus of the team's fundamental research is to determine if one or more of the style's "Value Buy Criteria" are present – these include short-term problems, unrecognized assets, take-over potential, and catalysts for change. The portfolio is diversified and sector weights are aligned closely to the benchmark. This allows stock selection to drive performance. Peregrine was retained by the SBI in July 2000.

### Semi-Passive Managers

### Semi-Passive Managers (Russell 1000)

### **Barclays Global Investors**

Barclays uses a Core Alpha Model which disaggregates individual equity returns for each of the stocks in their universe into three inputs: fundamental, expectational, and technical. The fundamental inputs look at measures of underlying company value including earnings, book value, cash flow, and sales. These factors help identify securities that trade at prices below their true economic value. The expectational inputs incorporate future earnings and growth rate forecasts made by over 2500 security analysts. The technical inputs provide a measure of recent changes in company fundamentals, consensus expectations, and performance. Estimated alphas are used in a

portfolio optimization algorithm to identify the optimal portfolio that maximizes the portfolio's alpha while maintaining a risk level specified by the SBI. The firm was retained by the SBI for semi-passive management in January 1995.

### Franklin Portfolio Associates

For the semi-passive product, Franklin adds incremental value to a benchmark by buying stocks ranked the highest and selling stocks ranked the lowest, while maintaining the portfolio's systematic risk and industry weightings at levels similar to the benchmark. Franklin attempts to allocate 75% or more of the total risk level set by the client to specific stock selection and the rest to systematic and industry risk. The firm always remains fully invested. The SBI retained Franklin as a semipassive manager in January 1995.

### J.P. Morgan Fleming Asset Management

J.P. Morgan manages a semi-passive portfolio for the SBI and believes that superior stock selection is necessary to achieve excellent investment results. To accomplish this objective, they use fundamental research and a systematic valuation model. Analysts forecast earnings and dividends for the 650 stock universe and enter these into a stock valuation model that calculates an expected return for each security. The stocks are ranked according to their expected return within their economic sector. Stocks most undervalued are placed in the first quintile. The portfolio includes stocks from the first four quintiles, favoring the highest ranking stocks whenever possible, and sells those in the fifth quintile. In addition, the portfolio will closely approximate the sectors and style of the

benchmark. The firm remains fully invested at all times. The firm was retained by the SBI in January 1995.

### Passive Passive Manager (R3000)

#### **Barclays Global Investors**

For the passive account, Barclays seeks to minimize tracking error subject to trading costs, and controls overall investment and operational risks. Their strategy is to invest across the broad market while excluding smaller, illiquid securities from the investment universe. An optimized approach is taken to security selection. Optimization effectively trades off expected tracking error with cost of trading to determine which trades should be executed. Barclays was retained by the SBI for passive management in July 1995.

Portfolio statistics for each of the domestic equity managers can be found in the Statistical Data section of this report.

### International Program Managers

### Active Developed

#### American Express Asset Management

American Express's objective is to focus on key forces of change in the markets and the companies that will benefit. They believe that a good understanding of the likely impact of these changes at a company level, complemented with an appreciation of the ability of management to exploit these changes, creates significant opportunities to pick winners and avoid losers. Companies are analyzed within a macroeconomic and global sector/ thematic framework. "Top down" views on macroeconomics and trends in global sectors combine with "bottom-up" company analysis along regional and global sector lines. Analysts propose a rating of A through to E for approximately 150-200 stocks in each region reflecting the expected performance on a 12month view. American Express was retained by the SBI in February 2000. In December 2003, the Threadneedle team replaced the original investment team.

### Britannic Asset Management International (formerly Blairlogie Capital Management)

Britannic has developed a model that ranks countries based on a collection of current and historical data. The model has been adapted to use similar types of data to separately rank sectors. Their quantitative analysis is enhanced with significant qualitative assessments to evaluate factors that a model cannot review. They continuously strive for the optimum combination of quantitative inputs and those based on the portfolio managers' judgment, but believe that objective, measurable facts must always be the starting point for making sound investment decisions. Britannic's approach combines top-down analysis with bottom-up stock selection. Their process is based on an underlying objective of producing premium returns consistently above their benchmark in any market environment, while carefully controlling risk and limiting volatility. Britannic's portfolio is broadly diversified in international markets, in terms of both country and stock selection. Britannic was retained by the SBI in February 2000.

#### INVESCO Global Asset Management

**INVESCO** employs a systematic process that identifies undervaluedcompanies, combined with a consistently applied portfolio design process to control the predictability and consistency of returns. INVESCO managers believe they can add value by identifying and investing in stocks which are attractively priced relative to the sustainable growth potential of the company. Portfolios are constructed on a bottom-up basis. They select individual companies rather than countries, themes, or industry groups. This is the first of four cornerstones of their investment approach. Secondly, they conduct financial analysis on a broad universe of non-U.S. companies, with key financial data adjusted to be comparable across countries and currencies. Third, INVESCO believes that using the firm's own local investment professionals enhances fundamental company research. Finally, they manage risk and ensure broad diversification relative to the clients' benchmark utilizing a statistics-based portfolio construction approach instead of utilizing country or industry constraints. INVESCO was retained by the SBI in February 2000.

#### Marathon Asset Management

Marathon uses a blend of qualitative disciplines to construct portfolios. The resulting style and emphasis of the portfolio may vary over time and by market, depending on Marathon's perception of what represents the best value opportunity. Since the firm believes that competition determines profitability, Marathon is attracted to industries where the level of competition is declining. They will hold a sector position as long as the level of competition does not increase. At the stock level, Marathon tracks a company's competitive position relative to the attractiveness of their products or services and determines whether the company is following an appropriate reinvestment strategy for their current competitive position. Marathon was retained by the SBI in November 1993.

#### T. Rowe Price International

The T. Rowe Price investment approach links a broad macroeconomic framework with an awareness of the attractiveness of individual stock opportunities within each market and sector. Stocks are selected using fundamental analysis that emphasizes growth at a reasonable price. The aim is to identify companies whose prospects are attractive over a two-year investment horizon and whose fundamental earnings growth will be above average within its industry or geographic region. Several quantitative tools are used to evaluate a security's prospects, however, it is ultimately the managers' seasoned judgment that will cause a stock to be introduced, held, or excluded from portfolios. Country and industry weightings result directly from stock selection. T. Rowe Price was retained by the SBI in November 1993.

# UBS Global Asset Management, Inc. (formerly Brinson Partners, Inc.)

UBS is a fundamental, long-term, value-oriented investor. The focus of UBS' fully active strategy is to pick the most attractive stocks, industries, countries and currencies. Their investment research process identifies discrepancies between a security's fundamental value and its observed market price - both across and within global equity markets. They exploit these discrepancies

using a disciplined fundamental approach. Their research teams evaluate companies in their sectors around the world and assign relative price/value rankings based on the present value of each company's expected future cash flows. The portfolio construction group utilizes this global network of resources to systematically develop portfolio strategy. Currency strategies are developed separately and coordinated with country allocations. UBS was retained by the SBI in April 1993 with an active country/passive stock mandate. In October of 1999, UBS converted the portfolio to a fully active mandate.

### Passive

#### State Street Global Advisors

State Street manages an international index portfolio designed to track the Morgan Stanley Capital International Index of the World ex. United States. State Street uses a full replication strategy to construct the index by country. Stock index and country futures, approved by the Commodity Futures Trading Commission, are also used to minimize tracking error and allow for cash in flow and out flow. State Street was retained by the SBI in October 1992.

### **Emerging Markets**

#### Alliance Capital Management

Alliance Capital's emerging markets equity process focuses on fundamental research-driven stock selection, which is structured by industry within the emerging markets regions. Alliance's regional portfolio management and research teams, focused on Asia, Eastern Europe/

Middle East/Africa and Latin America, construct portfolios within their respective regions. These regional portfolios are aggregated to establish Alliance's total emerging markets exposure in the portfolio. Alliance believes that investment success in the emerging markets stems from investing in those companies in each region with quality managements in growth businesses and with superior fundamentals. Alliance further believes that these companies can best be identified through rigorous fundamental research, conducted by internal, on-the-ground analysts. Although the investment philosophy emphasizes bottom-up stock selection, parameters are established at the portfolio level to manage risk. Exposures by region are maintained close to the benchmark weights, and deviations are made when an excess or a lack of opportunities exist within a particular region. Maximum position constraints are imposed at the stock and country level, and industry exposures are generally a by-product of stock selection. The SBI retained Alliance Capital in January 2001.

### Capital International, Inc.

Capital International, Inc. has a long history of investing in emerging markets for its affiliate, Capital Guardian Trust Company, one of the Capital Group Companies. Capital is distinguished by its extensive commitment to fundamental research, with a large team of experienced analysts focused on gathering in-depth information firsthand on companies throughout the world. Their philosophy can best be described as value-oriented with research efforts focused on trying to identify the difference between the underlying value of a company and the price of its securities in its home market. This basic, fundamental

approach is blended with macroeconomic and political judgments on the outlook for economies, industries, currencies and markets. A critical ingredient in this blending process is the recognition that the relative importance of each factor will vary from time to time, and none can be treated as being of paramount importance at all times. The account is divided among seven portfolio managers and a research portfolio. The research portfolio is managed by a team of research analysts who select stocks within the sectors they cover. All portfolio managers are free to make their own decisions (within risk control limits) as to sector, quality emphasis, cash reserves, and issue selection. The SBI retained Capital International, Inc. in January 2001.

### Morgan Stanley Investment Management

Morgan Stanley Investment Management is an emerging markets specialist. Their belief is that the emerging markets are a distinct asset class offering a diverse set of investment opportunities. As both macroeconomic and stock-specific factors drive the emerging markets, Morgan Stanley integrates both topdown country allocation and bottomup stock selection in order to produce superior performance over the medium to long term. Effective investment management requires a dedicated manager who utilizes a set of investment tools tailored to the return and risk potential of this asset class. Morgan Stanley's core investment style combines growth and value as both are potential drivers of performance in emerging markets investing. They believe that growth-oriented companies trading at attractive valuations offer the best return prospects in the emerging markets. Morgan Stanley Investment Management was

retained by the SBI for emerging market management in January 2001.

Portfolio statistics for each of the international managers can be found in the Statistical Data section of this report.

### Fixed Income Program Managers

### Active

### American Express Asset Management Group

American Express manages portfolios using a bottom-up relative value approach in combination with a top-down, macro outlook that guides the firm's relative value decisions. The firm employs in-depth fundamental research and credit analysis combined with proprietary valuation disciplines to identify individual relative value opportunities across market sectors. The duration and maturity structure of the portfolio are managed using a rigorous quantitative approach centered on the firm's proprietary interest rate forecasting models. American Express is committed to diversification of sources of active risk in the portfolios it manages, and believes that proper diversification combined with consistent evaluation of risk-reward tradeoffs leads to superior risk-adjusted performance. American Express was retained by the SBI in July 1993.

### Deutsche Asset Management

Deustche believes there are significant pricing inefficiencies inherent in bond markets and that diligent credit analysis, security

structure evaluation, and relative value assessment can be used to exploit these inefficiencies. The firm avoids interest rate forecasting and sector rotation because they believe these strategies will not deliver consistent out performance versus the benchmark over time. The firm's value added is derived primarily from individual security selection. Portfolio managers and analysts research bonds within their sector of expertise and construct portfolios from the bottom up, bond by bond. Sector weightings are a byproduct of the bottom-up security selection. Deutsche was retained by the SBI in February 2000.

### Dodge & Cox

Dodge & Cox manages a high quality, diversified portfolio of securities that are selected through fundamental analysis. The firm believes that by combining fundamental research with a longterm investment horizon it is possible to uncover inefficiencies in the valuation of market sectors and individual securities. When this fundamental research effort is combined with a disciplined program of risk analysis, attractive returns are possible over the long-term. To seek superior returns, Dodge & Cox emphasizes sector and security selection, strives to build portfolios that have a higher yield than the broad bond market, and analyzes portfolio and individual security risk. Dodge & Cox was retained by the SBI in February 2000.

### Morgan Stanley Investment Management

Morgan Stanley (formerly Miller Anderson & Sherrerd) focuses on four key decisions in structuring portfolios: interest-rate sensitivity, yield-curve exposure, portfolio credit quality, and portfolio prepayment risk. Through a value philosophy and a team approach, the firm seeks to minimize portfolio exposure to extreme market forecasts embedded in bond yields based on its proprietary research. The firm initiates positions when it believes they are relatively cheap, and holds them until value diminishes or until superior values are found elsewhere. It's interest rate and yield-curve strategy is driven by a proprietary term-structure which assesses Treasury yields in terms of the market's inflation, economic growth, and risk premium expectations. Value is added in the corporate sector by selecting the most attractive corporate bonds and controlling credit risk through broad diversification and strict position limits. Mortgage securities are often used to replace U.S. Treasuries in portfolios, and the firm has significant expertise in managing the prepayment risks of mortgages. Morgan Stanley was retained by the SBI in July 1984.

### Western Asset Management

Western emphasizes the use of multiple strategies and active sector and issue selection, while constraining overall interest rate risk relative to the benchmark. Multiple strategies are proportioned so that results do not depend on one or two opportunities, and no single adverse market event would have an overwhelming effect. This approach adds consistent value over time and can reduce volatility. Long term value investing is Western Asset's fundamental approach. In making their sector decision, the firm seeks out the greatest long-term value by analyzing all fixed income market sectors and their economic expectations. Individual issues are identified based on relative credit

strength, liquidity, issue structure, event risk, covenant protection, and market valuation. Western believes that successful interest rate forecasting is extremely difficult to accomplish consistently and consequently keeps portfolio duration within a narrow band around the benchmark. Western was retained by the SBI in July 1984.

### Semi-Passive

### BlackRock Financial Management

BlackRock manages a semi-passive index portfolio that closely tracks the Lehman Aggregate. BlackRock's strategy is a controlled-duration, sector rotation style, which can be described as active management with tighter duration, sector, and quality constraints. BlackRock seeks to add value through: 1) controlling portfolio duration within a narrow band relative to the benchmark, 2) relative value sector/sub-sector rotation and security selection, 3) rigorous quantitative analysis of the valuation of each security and of the portfolio as a whole, 4) intense credit analysis and review, and 5) the judgment of experienced portfolio managers. Advanced risk analytics measure the potential impact of various sector and security strategies to ensure consistent value added and controlled volatility. BlackRock was retained by the SBI in April 1996.

### Goldman Sachs Asset Management

Goldman manages a semi-passive portfolio that closely tracks the Lehman Aggregate. Goldman manages the portfolio within a riskcontrolled framework. The firm relies primarily on sector allocation and security selection strategies to generate incremental return relative to the benchmark. To a lesser degree, term structure and highly controlled

interest rate anticipation strategies are also implemented. Portfolios are diversified among various sectors and individual securities. Goldman combines long-term strategic investments with short-term tactical trading opportunities. Strategic investments are based on fundamental and quantitative sector research and seek to optimize the long-term risk/return profile of portfolios. Tactical trades between sectors and securities within sectors are implemented to take advantage of short-term market anomalies. Goldman was retained by the SBI in July 1993.

### Lincoln Capital Management Company

Lincoln manages a semi-passive portfolio that closely tracks the Lehman Aggregate. Lincoln's process relies on a combination of quantitative tools and active management judgment. Explicit quantification and control of risks are at the heart of their investment process. Lincoln uses proprietary risk exposure analysis to analyze 25 interest rate factors, and over 43 spread-related factors, including those relating to credit quality, sector classification and sub-sector representations. Lincoln analyzes every bond in the index for all relevant factors, and capitalization weights the results to calculate index level risk exposures. For each interest rate factor, the portfolio is very closely matched to the index to ensure that the portfolio earns the same return as the index for any change in interest rates. For each spread factor, the portfolio can deviate slightly from the index as a means of seeking value-added. Setting active risk exposures that must fall within pre-established limits controls risk. To control credit risk, corporate holdings are diversified across a large number of

issues. Lincoln was retained by the SBI in July 1988.

Portfolio statistics for each of the bond managers can be found in the Statistical Data section of this report.

### Alternative Investment Managers

### Private Equity

### Adams Street Partners Funds: Venture Partnership Acquisition Fund I Venture Partnership Acquisition Fund II

Adams Street (formerly Brinson Partners) Venture Partnership Acquisition Funds I and II were formed in 1988 and 1990, respectively. The limited partnerships are currently selling remaining fund investments. Fund I and II invest exclusively in secondary venture capital limited partnership interests which are sold by investors who, for a variety of reasons, have decided to sell some or all of their venture capital holdings. Adams Street Partners is based in Chicago, Illinois.

### Blackstone Group Funds: Blackstone Capital Partners Fund II Blackstone Capital Partners Fund IV

Blackstone Capital Partners Funds II and IV are limited partnerships which were formed in 1993 and 2002, respectively and have ten year terms. Based in New York, the funds will invest in a variety of private equity transactions. The 1993 Fund is currently liquidating its assets.

### Blum Capital Funds: BLUM Strategic Partners BLUM Strategic Partners II

BLUM Strategic Partners, L.P., and BLUM Strategic Partners II were organized in 1998 and 2001 respectively, and have ten year terms. Based in San Francisco, the funds will focus on value-oriented private and public equity investments located primarily in the U.S.

#### ChiCorp Management, Inc. Funds: Banc Fund IV Banc Fund V

Banc Fund IV was formed in 1996 and has an eight year term. Fund V was formed in 1998 and has a nine year term. Based in Chicago, Illinois, the funds will invest primarily in subregional banks, located primarily in the Midwest, which have demonstrated above average growth and are likely acquisition targets.

#### Contrarian Capital Management Fund: Contrarian Capital Fund II

Contrarian Capital Fund II was formed in 1997 with a term of 7 years. Based in Greenwich, CT the fund focuses on investments in distressed debt securities.

### Coral Group Inc. Funds: Coral Partners II Coral Partners IV Coral Partners V

Coral Partners II, IV and V are Minnesota-based venture capital limited partnerships managed by the Coral Group. These funds make technology and healthcare venture capital investments. They were formed in 1991, 1994 and 1998, respectively, and have eleven year terms. Funds II and IV are currently selling remaining assets.

### **Crescendo Ventures**

### Funds: Crescendo Venture Fund II Crescendo Venture Fund III Crescendo Venture Fund IV

Crescendo Venture Funds II, III and IV were organized in 1997, 1999 and 2000 respectively and have ten year terms. Based in Minneapolis, Minnesota, the funds will pursue opportunistic venture capital investments throughout the U.S. with an emphasis on Minnesota and the Midwest.

### CVC Management Fund: Citigroup Venture Capital Equity Partners

Citigroup Venture Capital Equity Partners was formed in 2001 to make private equity investments in a diversified, global portfolio of companies. Based in New York, the fund has a term of 13 years.

### CSFB Merchant Banking Fund: DLJ Merchant Banking Partners III

DLJ Merchant Banking Partners III was formed in 2000 with a term of ten years. Based in New York with offices worldwide, the Fund's investments will involve a variety of transactions, including leveraged and unleveraged acquisitions, recapitalizations, restructurings, workouts, expansion financings and other, similar situations.

### CSFB Strategic Partners Funds: DLJ Strategic Partners CSFB Strategic Partners II

DLJ Strategic Partners and CSFB Strategic Partners II were formed in 2001 and 2003 with terms of 10 years each for the purpose of investing in secondary private equity limited partnership interests which are sold by investors who, for a variety of reasons, have decided to liquidate all or a portion of their private equity holdings.

### DSV Management Ltd. Fund: DSV Partners IV

DSV Partners IV limited partnership was formed in 1985 and is currently in liquidation. DSV Partners IV is the fourth venture fund to be managed by DSV Management Ltd. since the firm's inception in 1968. The firm has offices in Princeton, New Jersey, and California. DSV focuses on startup and early stage investments.

### Fox Paine and Company Funds: Fox Paine Capital Fund I Fox Paine Capital Fund II

Fox Paine Capital Funds I and II were formed in 1998 and 2000 and have ten year terms. Based in Foster City, CA, the funds focus on private equity investments in middle market operating businesses in a wide variety of industries.

### Golder, Thoma, Cressey and Rauner Funds: Golder, Thoma and Cressey Fund III Golder, Thoma and Cressey Fund IV Golder, Thoma and Cressey Fund V

Based in Chicago, Golder, Thoma and Cressey Funds III, IV and V are venture capital limited partnerships and were formed in 1987, 1993 and 1996, respectively. Fund III and IV is currently in liquidation. The funds invest in growing private businesses, find and build companies in fragmented industries and invest in small leveraged buyouts. In addition, each fund is diversified geographically and by industry.

### GTCR Golder Rauner Funds: GTCR Golder Rauner Fund VI GTCR Golder Rauner Fund VII

GTCR Golder Rauner Funds VI and VII, formed in 1998 and 2000, are funds of a successor firm to the private equity firm of Golder, Thoma, Cressey and Rauner. The SBI has several investments with Golder, Thoma, Cressey and Rauner. The funds have ten year terms. Based in Chicago, the funds focus primarily on a wide variety of private equity investments in consolidating and fragmented industries.

### Goldman Sachs Capital Partners Fund: GS Capital Partners 2000

GS Capital Partners 2000 was formed in 2000 by Goldman Sachs Advisors. Based in New York, the fund will focus on investments in the U.S. and internationally in four areas: merchant banking, telecommunications, broadband, and technology. The fund has an overceted term of ten years

### expected term of ten years.

### Goldner Hawn Johnson and Morrison Fund: GHJM Marathon Fund IV

GHJM Marathon Fund IV was organized in 1998 and has a 10 year term. Based in Minneapolis, the fund will pursue primarily middle market private equity investments located in the midwest and other parts of the U.S.

### Hellman and Friedman Funds: Hellman and Friedman III Hellman and Friedman IV Hellman and Friedman V

Hellman and Friedman III, IV, and V were organized in 1994, 2000 and 2004 and have ten year terms. Based in San Francisco, the funds will pursue opportunistic private equity

investments located in the U.S. and internationally.

### Kohlberg, Kravis, Roberts & Co. (KKR) Funds: KKR 1986 Fund KKR 1987 Fund

KKR 1993 Fund KKR 1996 Fund KKR Millennium Fund (2001)

KKR's Funds are structured as limited partnerships. The funds invest in large leveraged buyouts but may include other types of investments as well. The partnerships' portfolio companies are often mature, low technology companies with very diversified operations. Kohlberg, Kravis, Roberts and Co. operates offices in New York and San Francisco. The funds were formed in the years cited above and have terms of twelve years. The 1986 and 1987 Fund are being liquidated.

#### Matrix Partners Fund: Matrix Partners III

Matrix Partners III is a venture capital limited partnership that was formed in 1990. The fund is undergoing an orderly liquidation of holdings. Investment emphasis is on high-technology firms in the early and expansion stages of corporate development.

### Piper Jaffray Ventures Funds: Piper Jaffray Healthcare Fund II Piper Jaffray Healthcare Fund III Piper Jaffray Healthcare Fund IV

Piper Jaffray Healthcare Funds II, III, and IV were organized in 1997, 1999 and 2003, respectively, with ten year terms. Based in Minneapolis, Minnesota, the funds will focus on a geographically diverse portfolio of healthcare venture capital investments.

### Silver Lake Partners Fund: Sliver Lake Partners II

Silver Lake Partners II was formed in 2003, with a term of 12 years. With offices in New York and Menlo Park, the fund will focus primarily on large-scale private equity investing in technology companies.

### Smith Barney Venture Corp. Fund: First Century III

First Century III was formed in 1984. It is structured as a limited partnership and is in the process of liquidating its holdings. The general partner and manager of the partnership is Smith Barney Venture Corp., a subsidiary of Smith Barney Harris Upham and Co. Smith Barney Venture has offices in New York and San Francisco. This is the third fund formed by the firm since 1972. The partnership invests primarily in early stage, high technology companies diversified by location and industry group.

### Stamps, Woodsum and Co. Funds: Summit Ventures I Summit Ventures II Summit Ventures V

Summit Ventures I, II and V are limited partnerships formed in 1986, 1988 and 1998. Fund I and II are being liquidated. The funds were formed by Stamps, Woodsum & Co., the managing general partners of the fund. Stamps and Woodsum focus on profitable, expansion stage firms that have not yet received any venture backing. The majority of the partnership investments are in high tech firms. Investments are diversified by location and industry type.

### Thoma Cressey Equity Partners Funds: Thoma Cressey Fund VI Thoma Cressey Fund VII

Thoma Cressey is one of two successor firms to the private equity firm of Golder, Thoma, Cressey and Rauner. The SBI has several investments with Golder, Thoma, Cressey and Rauner. Thoma Cressey Fund VI, formed in 1998, and Thoma Cressey Fund VII, formed in 2000, have ten year terms. Based in Chicago, the funds focus primarily on a wide variety of private equity investments in consolidating and fragmented industries.

### Thomas, McNerney & Partners Fund: Thomas, McNerney & Partners

Based in Minneapolis, with additional offices in New York and San Francisco, Thomas, McNerney & Partners was formed in 2002 to make venture capital investments in all stages of development and across all sectors of the health care industry. The Fund has an expected term of 10 years.

### T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the SBI's venture capital limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

## Vestar Capital Partners

*Fund: Vestar Capital Partners IV* Vestar Capital Partners IV is a limited partnership that was formed in 1999 and has a ten year term. Based in New York, the fund will

invest primarily in a number of private middle market companies.

### E.M. Warburg Pincus & Co., Inc. Funds: Warburg, Pincus Ventures Warburg Pincus Equity Partners Warburg, Pincus Private Equity Partners VIII

Warburg Pincus is based in New York, New York. These funds will invest private equity in a wide variety of businesses located domestically and abroad. The SBI committed to the first fund in 1994, the second fund in 1998, and the third fund in 2002. The funds have 12 year terms.

### Welsh, Carson, Anderson and Stowe Funds: Welsh, Carson, Anderson and Stowe Fund VIII Welsh, Carson, Anderson and Stowe Fund IX

Welsh, Carson, Anderson and Stowe Funds VIII and IX were formed in 1998 and 2000 and have twelve year terms. Based in New York, N.Y., the funds focus on private equity investments in the healthcare and information services industries.

### William Blair Capital Partners Fund: William Blair Capital Partners VII

Formed in 2001 with a ten-year term, William Blair Capital Partners VII is based in Chicago and will seek investments in a broad spectrum of private companies at various stages of development.

### Real Estate

### Colony Advisors Funds: Colony Investors II Colony Investors III

Colony Investors II and III are closed-end commingled real estate

funds managed by Colony Capital Inc. of Los Angeles, CA. The funds' strategy is to invest in undervalued equity and debt real estate-related assets. The SBI committed to Fund II in 1994 and Fund III in 1998. Fund II is in the process of liquidating its holdings and Fund III will terminate in 2008.

### Equity Office Properties Trust Fund: Equity Office Properties Trust (EOP)

Equity Office Properties Trust (EOP), based in Chicago, is the successor entity to three Zell/ Merrill Lynch Real Estate funds in which the SBI had prior investments. In 1997, the Zell/ Merrill Lynch Real Estate funds were combined into a single publicly traded entity and the SBI received shares in EOP. Like the original Zell/Merrill Lynch Real Estate funds, EOP focuses primarily on office property real estate investments located throughout the U.S. As a publicly-traded company, EOP has an indefinite life.

### Heitman Advisory Corp. (HAC) Funds: HAC Group Trust II HAC Group Trust V

HAC Group Trusts are closed-end commingled funds managed by the Heitman Advisory Group. The majority of the trust investments are equity real estate. The real estate portfolios are diversified by the type and location of the properties. Heitman manages the trusts' whollyowned properties. Heitman Advisory is based in Chicago. The SBI committed to the Group Trusts in 1985 and 1991. Both funds are in the process of liquidating their holdings.

### LaSalle Advisors Fund: LaSalle Income Parking Fund

The Income Parking Fund is a closed-end commingled fund managed by LaSalle Advisors of Chicago, Illinois. The fund's main strategy is to acquire unleveraged parking facilities to maximize current return to the investors. The SBI committed to the Fund in 1991. The fund is expected to terminate in 2005.

### Morgan Stanley (Lend Lease) Fund: Prime Property Fund

Prime Property Fund was formed in 1973 by the New York-based Lend Lease Real Estate Group, Inc. Morgan Stanley acquired the management rights in 2003. The account is an open-end commingled real estate fund and the SBI's commitment was made in 1981. The fund has no termination date and investors retain the option to withdraw all or a portion of their investment. The fund makes equity investments in existing real estate and is diversified by location and property type. Management of the fund's properties is contracted to outside firms or is conducted by joint venture partners.

### TA Associates Realty

Fund: TA Realty Associates Fund III TA Realty Associates Fund IV TA Realty Associates Fund V TA Realty Associates Fund VI TA Realty Associates Fund VI

TA Realty Associates Funds III, IV, V, VI and VII are closed-end, commingled real estate funds managed by TA Associates Realty of

Boston, MA. The funds invest in small to medium sized properties generally diversified by location and type. On-site management of properties is contracted to outside firms. The SBI committed to the funds in 1994, 1997, 1999, 2002, and 2004 respectively. Each fund has a ten year term.

### UBS Realty Investors Fund: RESA

Real Estate Separate Account (RESA) is an open-end commingled real estate fund managed by UBS Realty, acquired from Aetna Life Insurance Company. The fund was formed in 1978 and the SBI's commitment was made in 1982. The fund has no termination date; investors have the option to withdraw all or a portion of their investments. RESA invests primarily in existing equity real estate. Investments are diversified by location and type of property. On-site management of properties is contracted to outside firms or conducted by a joint venture partner.

### **Resource Funds**

### Apache Corporation Fund: Apache Acquisition Net Profits Interest

Apache Corporation is a Houston based oil and gas company. Apache Acquisition Net Profits Interest is a private placement that was formed in 1986 to acquire a non-operating interest in the net profit generated by oil and gas properties acquired in 1986 from Occidental Petroleum Company. The fund will remain in effect throughout the producing life of the properties.

### First Reserve Corp. Funds: AMGO I AMGO II First Reserve V First Reserve VII First Reserve VIII First Reserve IX First Reserve X

American Gas and Oil (AMGO) funds were formed in 1981, 1983, 1990, 1996, 1998, 2001, and 2003 respectively, and are structured as limited partnerships. Funds I, II and V are currently undergoing an orderly liquidation of holdings. The other funds have ten year terms, after which they will sell remaining fund investments over, typically, a period of years. The general partner and manager of the funds is First Reserve Corp. The general partner's longterm investment strategy is to create diversified portfolios of oil and gas investments.

### Simmons & Company Funds: OFS Investments, II OFS Investments, III OFS Investments, IV

The Funds serve as vehicles for investment in the oil field service (OFS) and equipment industry. The General Partner is located in Houston, Texas. Fund II was formed in 1992, Fund III was formed in 1994 and Fund IV was formed in 1998. All funds have a 10 year term. Funds II and III are liquidating their holdings.

### T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the SBI's resource limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

### Yield-Oriented

### BlackRock Financial Management Fund: Carbon Capital

Carbon Capital was formed in 2001 and has an eight year term. Based in New York, the fund will focus on mezzanine real estate loans secured by commercial property assets, primarily in the U.S.

### Capital Trust, Inc.

*Fund: CT Mezzanine Partners II* CT Mezzanine Partners II was formed in 2001 with a six-year term. The fund is based in New York and plans to make mezzanine debt and other high yield investments in commercial real estate assets and operating companies located primarily in the United States.

### Churchill Capital, Inc.

*Fund: Churchill Capital Partners II* Churchill Capital Partners II was formed in 1992 and has a twelve year term. Based in Minneapolis, Minnesota, the fund provides subordinated debt to established small and medium-sized companies.

### Citicorp Capital Investors, Ltd. Funds: Citicorp Mezzanine Partners II Citicorp Mezzanine Partners III

Citicorp Mezzanine Funds are limited partnerships formed in 1994 and 1999 by Citicorp Capital Investors Ltd. of New York, New York. The Funds will invest in a broad range of transactions utilizing
subordinated debt and equity securities. The Funds have expected terms of 10 years.

#### CSFB Investment Partners Fund: DLJ Investment Partners II

DLJ Investment Partners II is a limited partnership formed in 1999 with an expected term of ten years. Based in New York, the Fund will invest in a variety of securities, including subordinated debt with warrants, preferred stock with warrants, common stock or other securities, including interests in joint ventures.

### Equinox Investment Partners Fund: KB Mezzanine Fund II

KB Mezzanine Fund II is a limited partnership formed in 1994 by Kleinwort Benson Group, a leading London-based merchant banking firm. In 1996, the fund manager reorganized and changed its name to Equinox Investment Partners. Fund II invests in a broad range of transactions including utilizing subordinated debt and equity securities. The SBI committed to the fund in 1994. The fund has an 8 year term and is currently liquidating investments.

### GMAC, L.L.C.

Funds: Institutional Commercial Mortgage Fund II Institutional Commercial Mortgage Fund III Institutional Commercial Mortgage Fund IV Institutional Commercial Mortgage Fund V

Institutional Commercial Mortgage Funds II, III, IV and V are funds formed in 1995, 1996, 1997, and 1999 respectively, with ten year terms. Based in Los Angeles, California, the funds focus on mortgage investment in real estate located throughout the U.S. GMAC assumed responsibility for the funds from C.B. Richard Ellis in 2001.

#### Goldman Sachs Mezzanine Partners Funds: GS Mezzanine Partners II GS Mezzanine Partners III

GS Mezzanine Partners II and III are limited partnerships formed in 2000 and 2003, respectively, with expected terms of ten years. Based in New York, the Funds' investment objectives are to achieve long-term capital appreciation and current returns through investments in mezzanine securities. These securities will principally include fixed income securities such as debt and preferred stock, often with an equity component, such as warrants, options, a convertible feature, or common stock associated with the debt or preferred stock purchase.

### GTCR Golder Rauner Fund: GTCR Capital Partners

GTCR Capital Partners is a limited partnership formed in 1999 with an expected term of ten years. Based in Chicago, the Fund will make mezzanine investments primarily in companies in which a GTCR Equity Fund invests or has invested. GTCR invests in consolidating, fragmented industries by teaming with top executives to build companies through acquisition and internal growth.

### Merit Capital Partners (William Blair Mezzanine Partners) Funds: William Blair Mezzanine Capital Partners III Merit Capital Partners IV

William Blair Mezzanine Capital Partners III and Merit Capital Partners IV are limited partnerships formed in 1999 and 2004 with expected terms of ten years. Based in Chicago, the Funds will invest primarily in fixed rate subordinated debt securities. These securities generally will be purchased with a significant equity component in the form of warrants, common stock or contingent interest.

#### Merit Energy Company Funds: Merit Energy Partners B, C, D and E

Merit Energy Partners B, C, D, and E were formed in 1996, 1998, 2000 and 2003, respectively, and each fund has an eight year initial term. Based in Dallas, TX, the funds will focus on resource investments in producing oil and gas properties.

#### Prudential Capital Group Fund: Prudential Capital Partners

Prudential Capital Partners L.P. was formed in 2001 with a 10-year term. Based in Chicago, the Fund will make mezzanine investments, typically including convertible debt, preferred stock and warrants, with a specific focus on middle market companies.

### Stamps, Woodsum & Co. Funds: Summit Subordinated Debt Fund I Summit Subordinated Debt Fund II Summit Subordinated Debt Fund III

Summit Subordinated Debt Funds I, II and III are limited partnerships formed in 1994, 1996, and 2004 respectively, with ten year terms. The funds were formed by Stamps, Woodsum & Co., the managing general partners of the fund. The fund will invest in many of the same companies as the Summit Venture funds. Investments by this partnership will principally take the form of subordinated debt with

equity features. These yieldoriented investments will provide current income over the life of the investment with the potential for additional returns.

#### T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the Board's venture capital limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

#### TCW/Crescent Mezzanine

Funds: TCW/Crescent Mezzanine Partners TCW/Crescent Mezzanine Partners II TCW/Crescent Mezzanine Partners III

TCW/Crescent Mezzanine Partners, L.P., TCW/Crescent Mezzanine Partners II, and TCW/Crescent Mezzanine Partners III are Los Angeles based limited partnerships formed in 1996, 1999, and 2001, respectively. The Funds will make mezzanine investments including subordinated debt with equity participations primarily in profitable, middle market companies. The Funds are expected to terminate in 2006, 2009, and 2011, respectively.

#### Windjammer Capital Investors Fund: Windjammer Mezzanine and Equity Fund II

Windjammer Mezzanine and Equity Fund II is a limited partnership formed in 2000 with an expected term of ten years. The Fund will provide subordinated debt and/or preferred stock accompanied by warrants or other forms of equity participation and, in certain instances, common stock to middle market companies. The Fund will seek to generate both current income and substantial capital gains while limiting its risk.

### Assigned Risk Plan Managers

#### GE Asset Management

GE Asset Management manages the stock portfolio for the Assigned Risk Plan. Their strategy is to neutralize the style bet and focus on fundamental, bottom-up stock selection to add value. This is accomplished by combining the expertise of three portfolio managers, each with different styles ranging from value to growth, supported by a staff of thirteen industry analysts. Each analyst is responsible for one or more industries and together provide analytical coverage across the full spectrum of industries. The three portfolios are combined to create a well-diversified portfolio while maintaining a style-neutral position between value and growth. GE Asset Management was retained by the SBI in January 1995.

#### Voyageur Asset Management

Voyageur manages the fixed income portfolio for the Assigned Risk Plan. The main objective for the portfolio is to provide cash for the payment of workers compensation claims on the required dates. Because of the uncertainty of premium and liability cash flows, the fund is invested conservatively. Voyageur uses a topdown approach to bond selection. They focus on sector analysis and security selection. Yield curve and duration analysis are secondary considerations. Voyageur has managed the bond portfolio since July 1991.

### Stable Value Manager

#### Galliard Capital Management, Inc.

Galliard Capital Management manages the Fixed Interest Account in the Supplemental Investment Fund. The stable value fund is managed to protect principal and provide competitive interest rates using instruments somewhat longer than typically found in money market-type accounts. The manager invests cash flows to optimize yields. The manager invests in high quality instruments diversified among traditional insurance and bank investment contracts and alternative investment contracts with U.S. and non-U.S. financial institutions. To maintain necessary liquidity, the manager invests a portion of the portfolio in its Stable Return Fund and in cash equivalents. The Stable Return Fund is a large, daily priced fund consisting of a wide range of stable value instruments that is available to retirement plans of all sizes. The firm was retained by the SBI in November 1994.

### State Deferred Compensation Plan Non-SIF Mutual Fund Managers

#### Janus Twenty Fund

The fund is an actively managed large cap equity option. The investment objective of this fund is long-term growth of capital from increases in the market value of the stocks it owns. The fund will concentrate its investments in holdings of between twenty to thirty

common stocks. This nondiversified fund seeks to invest in companies that the portfolio manager believes have strong current financial positions and offer growth potential. The fund was retained by the SBI in July, 1999.

### Smith Barney Appreciation Y Fund

The fund is an actively managed large cap equity option. The manager seeks to build a portfolio providing low volatility and consistent returns by investing in a blend of value and growth stocks. The manager selects dividend-paying blue chip stocks at reasonable valuations and growth stocks that have been discounted by the market. The manager will hold significant cash positions if the market is judged to be too pricey. The fund was retained by the SBI in December 2003.

### T. Rowe Price Small Cap Stock Fund

The small-cap equity option is currently offered through the T. Rowe Price Small Cap Stock Fund. The strategy of this fund is to invest primarily in stocks of small to medium-sized companies that are believed to offer either superior earnings growth or appear undervalued. The fund normally invests at least 80% of assets in equities traded in the U.S. over-thecounter market. The manager does not favor making big bets on any particular sector or any particular stock. The fund's combination of growth and value stocks offers investors relatively more stable performance compared to other small cap stock funds. The fund was retained by the SBI in July, 1999.

### Dodge & Cox Balanced Fund

The fund offers a mix of stocks and bonds to investors seeking diversification in one investment option. The manager, Dodge & Cox, typically has a mix of 60 percent to 65 percent stocks and 30 percent to 35 percent bonds, and changes the mix between stocks and bonds slowly. The manager follows a disciplined value approach for the equity portfolio and has a larger exposure to mid-cap stocks than other balanced mutual funds. The manager emphasizes mid-quality corporate bonds and attractively priced mortgage-backed securities in the bond portfolio. The duration of the bond portfolio is kept close to that of the overall bond market. The fund was retained by the SBI in October 2003.

### Dodge & Cox Income Fund

The objective of this fund is a high and stable rate of current income with capital appreciation being a secondary consideration. This portfolio is invested primarily in intermediate term, investment-grade quality corporate and mortgage bonds and, to a lesser extent, government issues. While it invests primarily in the U.S. bond market, the fund may invest a small portion of assets in dollar-denominated foreign securities. The duration of the portfolio is kept near that of the bond market as a whole. The fund was retained by the SBI in July, 1999.

### Fidelity Diversified International Fund

The goal of this fund is capital appreciation by investing in securities of companies located outside of the United States. While the fund invests primarily in stocks, it may also invest in bonds. Most investments are made in larger companies located in developed countries. The manager uses a bottom-up stock selection process based on the extensive fundamental research available from the company's many security analysts. Sector and country weightings are reviewed for risk control. The manager also uses a rigorous computer-aided quantitative analysis supplemented by relevant economic and regulatory factors. The manager rarely invests in currency to protect the account from exchange fluctuations. The fund was retained by the SBI in July, 1999.

### Vanguard Institutional Index Plus Fund

The passively managed fund tracks the S&P 500 index. This fund attempts to provide investment results, before fund expenses, that parallel the performance of the Standard & Poor's 500 Index. The fund invests in all 500 stocks listed in the S&P 500 index in approximately the same proportions as they are represented in the index. The managers have tracked the S&P 500's performance with a high degree of accuracy. The fund may use futures and options for temporary purposes, but generally remains fully invested in common stocks. The fund was retained by the SBI in July, 1999.

### Vanguard Mid Capitalization Index Institutional Fund

The fund is passively managed to track the performance of the MSCI US Mid Cap 450 index, an index of stocks of medium-size U.S. companies. The manager holds positions in all companies in the index and uses futures and options for handling cash needs. The fund was retained by the SBI in January 2004.

### Vanguard Balanced Index Fund Institutional

The fund portfolio provides a diversified portfolio of stocks and bonds by investing in a mix of 60 percent stocks and 40 percent bonds. The manager does not change the asset mix. The fund is passively managed with the equity portfolio invested to track the returns of the Wilshire 5000 index, a broad market index encompassing stocks of all sizes from the vary large to the very small, and the bond portfolio invested to track the returns of the Lehman Aggregate Bond index. The fund was retained by the SBI in December 2003.

### Vanguard Total Bond Market Index Fund Institutional

The fund is passively managed to track the performance of the Lehman Aggregate Bond index. The manager uses an index sampling technique to invest in investment-grade corporate, U.S. Treasury, mortgage-backed and asset-backed securities of varying maturities in order to create a portfolio of intermediate duration like the Lehman Aggregate. The fund was retained by the SBI in December 2003.

### Vanguard Institutional Developed Markets Index Fund

The fund is passively managed to track the returns of the MSCI EAFE index. The fund is invested in the Vanguard European Stock Index Fund and the Vanguard Pacific Stock Index Fund. The fund has minimal exposure to emerging markets. The European Stock Index Fund tracks the MSCI Europe Index, a capitalization weighted benchmark of the region's largest stocks and markets. The Pacific Stock Index Fund tracks the MSCI Pacific Index, which includes mostly large companies from Japan, Australia, Hong Kong, Singapore and New Zealand. The fund was retained by the SBI in December 2003.

### State Deferred Compensation Plan Minnesota Fixed Fund Managers

### Principal Life

The manager invests in fixed income securities, commercial mortgages, mortgage-backed securities and residential whole loans, with lesser amounts invested in stock, cash equivalents and direct real estate. The manager relies upon in-house analysis and prefers investments that offer more call protection. The manager strongly prefers private placements to corporate bonds in the belief that private placements offer higher yields and superior protective covenants compared to public bonds. A portion of the fixed income portfolio is invested in US dollardenominated foreign corporate bonds. Mortgage-backed bonds are actively managed to prices at or below par to reduce prepayment risk. Conservative underwriting standards, small loan sizes and an emphasis on industrial properties minimizes commercial loan risk.

### Minnesota Life

Investment decisions support an asset/liability match for the company's many product lines. A conservative investment philosophy uses a number of active and passive investment strategies to manage general account assets and cash flow. Assets are primarily invested in a widely diversified portfolio of high quality fixed income investments that includes public and private corporate bonds, commercial mortgages, residential mortgage securities and other structured investment products, providing safety of principal and stable, predictable cash flow to meet liabilities and to invest in and produce consistent results in all phases of the economic cycle.

### Great-West Life

The Company observes strict asset/ liability matching guidelines to ensure that the investment portfolio will meet the cash flow and income requirements of its liabilities. The manager invests in public and privately placed corporate bonds, government and international bonds, common stocks, mortgage loans, real estate, redeemable preferred stocks and short-term investments. To reduce portfolio risk, the manager invests primarily in investment grade fixed maturities rated by third-party rating agencies or by the manager if private placements. Mortgage loans reflect a broadly diversified portfolio of commercial and industrial mortgages subject to strict underwriting criteria.

# Statistical Data

### Stock Manager Risk Factor Exposure Glossary

The following definitions describe the risk factors that the State Board of Investment (SBI) uses in monitoring its stock managers. The terms are referred to in the Risk Factor Exposure table that follows this glossary.

SBI analysis of a stock manager's portfolio, in part, utilizes the BARRA E3 model. The BARRA model contains a number of risk factors that the SBI has found to correlate highly with a manager's investment style. That is, a manager tends to exhibit consistent exposures to many of these risk factors over time. The benchmark construction process includes identifying these persistent exposures and capturing them in the benchmark portfolio.

Factor exposures are calibrated relative to an estimation universe of the top 1,500 stocks ranked by capitalization plus smaller companies chosen to ensure a reasonable number of companies in each industry. An exposure level of 0 for a particular stock to a particular factor indicates that the stock has the same exposure as the capitalizationweighted average of the stocks in the estimation universe. Around that zero exposure, deviations are measured in standard deviation units. Thus, an exposure level of +1 indicates that the stock has a greater exposure to the factor than roughly 68% of the stocks in the estimation universe.

### Beta

Forecasts the sensitivity of a stock's return to the return on the market portfolio. The BARRA E3 beta is a forecasted beta, based on a company's exposure to a number of common risk factors and industries.

### Volatility (Vlty.)

Captures relative volatility using measures of both longterm historical volatility and near-term volatility. Other proxies for volatility, corrections for thin trading and changes in volatility are also included in this descriptor.

### Momentum (Mom.)

Indicates common variation in returns related to recent stock price behavior. Stocks that had positive excess returns in the recent past are grouped separately from those that displayed negative excess returns.

### Size

Measures differences in stock returns due to differences in the market capitalization of companies.

### Size Nonlinearity (Size Non.)

Describes deviations from linearity in the relationship between returns and a measure of market capitalization.

### Trading Activity (Trad. Acvty.)

Measures the amount of relative trading in each stock. Stocks that are highly traded are likely to be those with greater institutional interest. Such stocks may display different returns behavior compared with those that are not widely held by institutions.

#### Growth

Uses historical growth and profitability measures to predict future earnings growth.

#### Earnings Yield (E/Y)

Combines current and historical earnings-to-price ratios with a measure of analyst-predicted earnings-to-price. Stocks with similar values of earnings yield behave in a similar fashion with respect to their returns.

#### Value

Distinguishes between value stocks and growth stocks using the ratio of book value of equity to market capitalization.

### Earnings Variability (Earn. Var.)

Measures the variability in earnings and cash flows using both historical measures and analyst predictions.

### Leverage (Lev.)

Indicates the financial leverage of a company using debt-tototal assets and other measures.

#### Current Sensitivity (Curr. Sens.)

Measures the sensitivity of a company's stock return to the return on a basket of foreign currencies.

### Dividend Yield (Div. Yld.)

Predicts dividend yield using the past history of dividends and the market price behavior of the stock.

### Average Turnover (Avg T/O)

Measures the total equity asset sales divided by the average value of the equity assets in the manager's portfolio. The reported number represents the median of twelve trailing monthly calculations.

### Equity Allocation (Eqty. Alloc.)

Measures the percent of the manager's total portfolio invested in common stocks, preferred stocks and convertible securities.

		<b>D</b> (			<b>G</b> !		Trad.	a a	<b>T</b> ( <b>T</b> 7	<b>T</b> 7 <b>T</b>	Earn.	•	Curr.		0	Eqty
		Beta	Vity.	Mom.	Size	Non	Acvty	Growth	E/Y	Value	Var.	Lev.	Sens.	Yld	1/0	Alloc.
Large Cap	Core (Rus	ssell 1	<u>000)</u>													
Franklin Po	rtfolio As	sociat	es													
	June-03	1.11	0.25	0.18	-0.48	0.07	0.49	0.04	0.05	0.09	0.19	0.20	0.00	-0.16	11.94	99.6%
	June-04	1.00	-0.04	0.05	0.21	0.09	0.16	-0.02	0.38	0.11	-0.02	-0.08	-0.02	0.09	9.75	99.7%
Benchmark																
	June-03					0.01	0.42	-0.03	-0.21	0.05	0.20	0.25	0.01	-0.18		100.0%
	June-04	1.00	-0.07	-0.07	0.20	0.08	0.00	-0.03	0.05	-0.03	-0.05	-0.05	-0.01	0.07	N.A.	100.0%
New Amster	dam Part	tners														
	June-03	0.96	-0.03	0.28	-1.30	-0.20	0.56	0.01	0.28	0.10	-0.16	0.29	0.01	-0.45	3.05	98.6%
	June-04	1.05	-0.05	0.16	-0.06	0.10	0.30	0.25	0.23	-0.16	-0.20	0.12	0.03	-0.18	5.89	96.8%
Benchmark																
	June-03	1.01	0.17	0.06	-1.08	-0.10	0.42	0.03	0.13	0.11	0.00	0.20	-0.19	-0.18	N.A.	100.0%
	June-04	1.00	-0.07	-0.07	0.20	0.08	0.00	-0.03	0.05	-0.03	-0.05	-0.05	-0.01	0.07	N.A.	100.0%
UBS Global		0		0.06	0.00	0.00	0.10	0.10	0.10	0.00	0.00	0.00	0.02	0.10	2 22	06.000
	June-03 June-04			0.06		0.06 0.08	0.19 0.09	-0.10 -0.13	0.18 0.20	0.08 0.15	0.08	0.29 0.16	0.03 0.05	0.10 0.05	3.22 4.71	96.2% 97.4%
Benchmark	Julie-04	0.95	-0.17	-0.21	0.04	0.08	0.09	-0.13	0.20	0.15	0.03	0.10	0.05	0.05	4./1	97.4%
Deneminark	June-03	1.02	0.02	-0.06	0.06	0.09	0.13	-0.05	-0.01	-0.01	0.00	0.04	-0.01	-0.01	ΝA	100.0%
	June-04				0.20	0.08	0.00	-0.03	0.05	-0.03		-0.05		0.07		100.0%
Voyageur-C	hicago Ec	quity (	Emerg	ging)												
	June-03	1.02	-0.06	0.40	0.01	0.11	0.24	0.36	-0.14	-0.37	-0.25	-0.42	0.21	-0.46	2.48	97.8%
	June-04	1.00	-0.10	0.19	0.06	0.11	0.08	0.37	-0.21	-0.42	-0.33	-0.37	-0.13	-0.48	3.08	95.7%
Benchmark																
	June-03	0.94	-0.17	0.06	0.03	0.09	0.12	0.06	0.14	-0.18	-0.26	-0.12	0.05	-0.18	N.A.	100.0%
	June-04	1.00	-0.07	-0.07	0.20	0.08	0.00	-0.03	0.05	-0.03	-0.05	-0.05	-0.01	0.07	N.A.	100.0%
Large Cap (	Growth (1	Russel	1 1000	Growt	h)											
Alliance Cap				SIGHT	<u></u>											
04	June-03	0		0.04	0.74	0.14	-0.07	0.23	-0.13	-0.21	-0.19	-0.13	0.14	-0.32	1.25	99.8%
	June-04			0.08	0.61	0.14	0.08	0.40	-0.26	-0.28	-0.15	-0.32	0.16	-0.43	2.26	99.8%
Benchmark																
	June-03	1.00	-0.13	0.07	0.67	0.14	-0.07	0.05	-0.02	-0.27	-0.26	-0.21	0.02	-0.17	N.A.	100.0%
	June-04	1.06	-0.01	-0.03	0.39	0.10	0.07	0.15	-0.21	-0.40	-0.20	-0.28	-0.05	-0.30	N.A.	100.0%

						Size	Trad.				Earn.		Curr.	Div.	Avg.	Eqty
		Beta	Vlty.	Mom	Size	Non	Acvty	Growth	E/Y	Value	Var.	Lev.	Sens.	Yld	T/O	Alloc.
Cohen, Klin	genstein	& Ma	rks													
	June-03			0.13	0.26	0.12		0.32	-0.22	-0.21			0.03		0.36	99.5%
	June-04	1.15	0.11	0.11	0.27	0.12	0.22	0.35	-0.21	-0.29	-0.16	-0.04	-0.14	-0.48	1.65	89.3%
Benchmark																
	June-03					0.09		0.10	-0.18	-0.11	0.05	0.07				100.0%
	June-04	1.06	-0.01	-0.03	0.39	0.10	0.07	0.15	-0.21	-0.40	-0.20	-0.28	-0.05	-0.30	N.A.	100.0%
Holt-Smith	& Vator (	Fmore	ring)													
1101t-Sillitii	June-03			-0.05	-0.21	0.06	0.53	0.27	-0.04	-0.22	-0.28	-0.08	-0.04	-0.63	0.74	96.3%
	June-04					0.00	0.31	0.21	-0.13				-0.28		3.16	98.3%
Benchmark	June-04	1.05	0.00	0.12	-0.05	0.07	0.51	0.21	-0.15	-0.54	-0.50	-0.12	-0.20	-0.55	5.10	70.570
Deneminaria	June-02	1.12	0.18	0.23	-0.58	0.01	0.59	0.28	0.00	-0.13	-0.08	0.03	0.01	-0.55	N.A.	100.0%
	June-03					0.10		0.15	-0.21	-0.40			-0.05			100.0%
	vane oc	1100	0.01	0.00	0.07	0110	0.07	0110	0.21	0110	0.20	0.20	0100	0.00		1001070
Zevenberge	n Capital	(Eme	rging)													
	June-03	1.28	0.51	0.56	-0.64	-0.08	0.85	0.83	-0.24	-0.18	0.14	0.02	0.13	-0.66	4.83	98.4%
	June-04	1.36	0.75	0.86	-0.57	-0.10	0.77	0.90	-0.50	-0.41	0.16	0.05	0.11	-0.71	3.43	97.8%
Benchmark																
	June-03	1.06	0.08	0.12	0.10	0.02	0.12	0.15	-0.13	-0.25	-0.11	-0.16	0.05	-0.35	N.A.	100.0%
	June-04	1.06	-0.01	-0.03	0.39	0.10	0.07	0.15	-0.21	-0.40	-0.20	-0.28	-0.05	-0.30	N.A.	100.0%
			11 4 0 0													
Large Capit		(Russe	<u>ell 100</u>	<u>0 Value</u>	<u>e)</u>											
Barrow Har	•	0.01	0.21	0.17	0.07	0.00	0.04	0.14	0.42	0.24	0.04	0.12	0.11	0.52	C 00	06 40/
Benchmark	June-04	0.81	-0.31	-0.17	-0.07	0.09	-0.04	-0.14	0.42	0.24	-0.04	0.15	-0.11	0.53	6.09	96.4%
Deneminark	June-04	0.03	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.10	0.02	0.44	ΝΔ	100.0%
	June-04	0.95	-0.15	-0.12	0.00	0.00	-0.00	-0.20	0.50	0.54	0.10	0.19	0.02	0.44	IN.A.	100.070
Bay Isle Fin	ancial (E	mergi	ng)													
-	June-03	1.04	0.02	-0.11	0.22	0.11	0.17	0.16	0.14	0.12	0.11	-0.10	-0.05	0.01	7.75	95.9%
	June-04	1.07	0.05	-0.03	-0.03	0.10	0.28	0.21	0.18	0.29	0.14	0.13	-0.23	-0.26	5.44	97.5%
Benchmark																
	June-03	0.97	-0.03	-0.07	-0.23	0.08	0.16	-0.14	0.09	0.08	0.04	0.13	-0.06	0.02	N.A.	100.0%
	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%
Earnest Par		0	0.													
	June-03						0.49	-0.01	0.41	0.18	0.13	1.02	-0.10	-0.13	1.25	98.3%
	June-04	1.00	0.00	0.17	-0.24	0.03	0.35	0.06	0.57	0.11	0.14	0.74	-0.19	-0.04	2.09	96.6%
Benchmark																
	June-03						0.38	0.01	-0.09	0.22			-0.12			100.0%
	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%

		Beta	Vlty.	Mom.	Size		Trad. Acvty	Growth	E/Y		Earn. Var.	Lev.	Curr. Sens.		0	Eqty Alloc.
Lord Abbet	t & Co.															
Benchmark	June-04	0.98	-0.01	-0.19	0.18	0.11	-0.01	-0.29	-0.03	0.13	0.22	-0.02	-0.07	0.16	3.53	97.0%
20100111	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%
LSV Asset M	Agmt.															
	June-04	0.95	0.03	0.17	-0.52	-0.04	0.24	-0.26	0.73	0.64	0.27	0.42	0.08	0.43	1.68	99.4%
Benchmark	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%
	vane o i	0.70	0110	0.112	0.00	0100	0.000	0.20	0.00	0101	0110	0117	0.02	0	1 111 11	1001070
Oppenheim	er Capita	1														
	June-03	1.01	-0.01	-0.17	0.28	0.12	0.08	0.07	0.28	0.05	-0.01	0.35	0.03	0.17	2.28	88.4%
	June-04	0.97	-0.15	-0.28	0.37	0.12	-0.01	-0.05	0.33	0.25	0.02	0.14	0.03	0.20	1.36	94.6%
Benchmark																
	June-03	1.01	-0.01	-0.21	0.10	0.11	0.17	-0.17	0.11	0.15	0.10	0.31	0.01	0.26	N.A.	100.0%
	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%
Systematic 1	Financial	Mgm	t.													
	June-04	1.09	0.23	0.22	-0.18	0.04	0.36	-0.05	0.21	0.23	0.34	0.30	0.14	0.06	12.54	95.8%
Benchmark																
	June-04	0.93	-0.13	-0.12	0.00	0.06	-0.06	-0.20	0.30	0.34	0.10	0.19	0.02	0.44	N.A.	100.0%
Small Cap (	Growth (H	Russel	2000	Growt	<u>h)</u>											
McKinley C	apital															
Benchmark	June-04	1.18	1.31	1.91	-2.48	-1.25	0.45	0.48	-0.43	-0.39	0.49	0.55	0.46	-0.80	10.35	93.7%
	June-04	1.21	1.24	0.87	-2.59	-1.46	0.18	0.49	-0.60	-0.14	0.61	0.52	-0.04	-0.68	N.A.	100.0%
Next Centur	rv Growt	h (Em	erging	()												
	June-03				-2.31	-0.96	0.84	1.21	-0.46	-0.32	0.33	0.03	0.09	-0.84	9.49	99.2%
	June-04	1.32	1.53	1.68	-2.47	-1.27	0.47	1.00	-0.66	-0.47	0.61	0.18	0.28	-0.87	7.26	99.3%
Benchmark																
	June-03	1.13	0.74	0.39	-2.18	-0.85	0.31	0.40	-0.32	-0.02	0.42	0.38	-0.13	-0.62	N.A.	100.0%
	June-04							0.49	-0.60	-0.14						100.0%
Turner Inve	stment Pa	artner	s													
	June-04			1.63	-2.38	-1.06	0.47	0.59	-0.46	-0.23	0.63	0.45	0.01	-0.83	15.04	97.1%
Benchmark																
	June-04	1.21	1.24	0.87	-2.59	-1.46	0.18	0.49	-0.60	-0.14	0.61	0.52	-0.04	-0.68	N.A.	100.0%

		Beta	Vlty.	Mom.	Size		Trad. Acvty	Growth	E/Y		Earn. Var.		Curr. Sens.		0	Eqty Alloc.
Winslow-Sn	nall Cap (	Emer	ging)													
	June-03			0.72	-2.45	-1.17	0.26	0.83	-0.24	-0.15	0.07	0.17	-0.29	-0.85	4.42	96.5%
	June-04	1.11	1.04	1.03	-2.56	-1.42	0.16	1.00	-0.39	-0.39	0.28	0.10	-0.19	-0.89	6.38	61.2%
Benchmark																
	June-03						0.23	0.76	-0.21	-0.01	0.27			-0.82	N.A.	100.0%
	June-04	1.21	1.24	0.87	-2.59	-1.46	0.18	0.49	-0.60	-0.14	0.61	0.52	-0.04	-0.68	N.A.	100.0%
<u>Small Cap V</u>	Value (Ru	ssell 20	000 Va	due)												
AEAM/Ken				<u>iiuc)</u>												
	June-04	-	-	0.95	-2.58	-1.41	-0.08	-0.07	0.24	0.44	0.54	0.90	0.23	-0.47	13.27	98.2%
Benchmark																
	June-04	0.92	0.70	0.40	-2.64	-1.52	-0.19	-0.30	-0.11	0.78	0.61	0.86	0.04	-0.05	N.A.	100.0%
Goldman Sa																
	June-04	0.92	0.64	0.52	-2.67	-1.58	-0.10	-0.02	0.09	0.36	0.39	0.78	0.08	-0.21	3.30	97.2%
Benchmark	June-04	0.02	0.70	0.40	264	1 5 2	0.10	-0.30	-0.11	0.78	0.61	0.86	0.04	0.05	NI A	100.0%
	June-04	0.92	0.70	0.40	-2.04	-1.32	-0.19	-0.50	-0.11	0.78	0.01	0.80	0.04	-0.05	IN.A.	100.0%
Hotchkis &	Wilev															
	June-04	0.99	0.71	0.38	-2.35	-1.07	0.35	-0.26	0.39	1.10	0.79	1.02	-0.02	-0.34	7.62	96.6%
Benchmark																
	June-04	0.92	0.70	0.40	-2.64	-1.52	-0.19	-0.30	-0.11	0.78	0.61	0.86	0.04	-0.05	N.A.	100.0%
Martingale	-															
	June-04	0.91	0.66	0.71	-2.58	-1.38	0.05	-0.25	0.39	0.73	0.51	0.84	0.15	-0.04	9.28	98.9%
Benchmark				0.40			0.40				0.44	0.04				100.004
	June-04	0.92	0.70	0.40	-2.64	-1.52	-0.19	-0.30	-0.11	0.78	0.61	0.86	0.04	-0.05	N.A.	100.0%
Peregrine C	anital M	mt (L	Imera	ing)												
I eregrine C	June-03	-	-	-	-2 65	-1 44	-0.05	-0.11	0.01	0.78	0.53	0.85	-0.46	-0.28	5 96	97.4%
	June-04						0.03	-0.29	-0.10	0.81	0.72		-0.12		6.61	98.4%
Benchmark						,		,								,,
	June-03	0.84	0.40	-0.05	-2.61	-1.39	-0.49	-0.23	0.11	0.57	0.46	0.64	-0.17	-0.16	N.A.	100.0%
	June-04	0.92	0.70	0.40	-2.64	-1.52	-0.19	-0.30	-0.11	0.78	0.61	0.86	0.04	-0.05	N.A.	100.0%
AGGREGA																
	June-03						0.26	0.22	-0.03	-0.04			0.04			97.2%
<b>D</b> 1 -	June-04	1.04	0.12	0.15	-0.24	-0.12	0.15	0.12	0.08	0.05	0.06	0.11	0.03	-0.14	4.99	96.8%
Benchmark	L 02	1.07	0.10	0.05	0.20	0.04	0.24	0.04	0.07	0.01	0.05	0.10	0.00	0.10	<b>N</b> T 4	100.00/
	June-03						0.24	0.04	-0.06	-0.01			0.00			100.0%
	June-04	1.00	0.01	-0.02	-0.02	-0.04	0.00	-0.02	0.02	-0.01	0.00	0.01	-0.01	0.04	IN.A.	100.0%

			Cons.	Cons.	Basic	Cap.							
		Cash	Non Dur.	Dur.	Mat.	Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Large Cap Core (Russell 10	00)												
Franklin Portfolio Associate													
Ju	ne-03	0.36	30.81	3.22	2.70	3.29	5.28	28.68		6.03	16.96	2.65	100.00
Ju	ne-04	0.33	26.13	7.08	9.05	6.08	8.64	16.67	1.20	1.03	23.79		100.00
Benchmark													
	ne-03		28.40	4.05	5.91	5.21	4.96	26.77	1.82	6.21	15.40	1.27	100.00
Ju	ne-04		33.87	2.33	4.14	5.94	5.97	17.78	1.21	5.80	21.92	1.04	100.00
New Amsterdam Partners													
Ju	ne-03	1.39	32.52	6.98	15.20	3.45	2.35	13.21	2.27	6.00	16.61		100.00
Ju	ne-04	3.15	39.62	2.25	5.09	0.18	5.09	19.88	1.14	2.24	21.37		100.00
Benchmark													
	ne-03		33.18	2.07	6.54	5.80	2.65	16.85	3.09	8.69	20.18	0.95	100.00
Ju	ne-04		33.87	2.33	4.14	5.94	5.97	17.78	1.21	5.80	21.92	1.04	100.00
UBS Global Asset Managem	nent												
0	ne-03	3.80	28.62	1.26	8.85	7.55	2.09	13.36	3.14	7.72	23.62		100.00
Ju	ne-04	2.60	37.90		4.58	7.38	1.67	8.06	3.31	6.31	28.18		100.00
Benchmark													
Ju	ne-03		33.18	2.12	3.89	6.08	5.13	18.71	1.82	6.53	21.54	1.00	100.00
Ju	ne-04		33.87	2.33	4.14	5.94	5.97	17.78	1.21	5.80	21.92	1.04	100.00
Voyageur-Chicago Equity (E	Imerai	na)											
••• •••	ne-03	2.23	44.08	2.24	4.00	5.39		24.01			18.05		100.00
	ne-04	4.29	42.48	2.67	2.76	4.73	1.46	25.73			15.88		100.00
Benchmark													
Ju	ne-03		42.74	2.01	0.90	6.34	0.09	13.20	2.65	4.00	27.97	1.10	100.00
Ju	ne-04		33.87	2.33	4.14	5.94	5.97	17.78	1.21	5.80	21.92	1.04	100.00
Large Cap Growth (Russell		browth	D)										
Alliance Capital Managemen		0.15	E7 84			2.07		10.40			20.52		100.00
	ne-03 ne-04	0.15 0.19	57.86 50.04			2.97 3.72		18.49 30.42			20.53 15.63		100.00 100.00
Ju	116-04	0.19	50.04			5.12		30.42			15.05		100.00
	ne-03		48.34	0.20	0.93	4.40	2.47	20.02	2.13	4.80	16.60	0.11	100.00
	ne-04		48.14	1.91	1.81	7.66	1.31	28.13	1.18	0.21	8.44	1.20	100.00

		Cons.			Cap.							
	Cash	Non Dur.	Dur.	Mat.	Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Cohen Klingenstein & Marks												
June-0				0.32	1.61		36.07			15.05		100.00
June-04	4 10.74	40.08		4.56			33.70			10.93		100.00
Benchmark												
June-0		41.48	1.41	0.86	2.47		31.39	0.97	0.99	20.10		100.00
June-04	1	48.19	1.93	1.75	7.62	1.31	28.08	1.20	0.21	8.51	1.21	100.00
Holt-Smith & Yates (Emerging)												
June-0	3 3.67	47.91			4.81		32.63			10.98		100.00
June-04	1.71	50.52					32.57			15.20		100.00
Benchmark												
June-0	3	38.38	1.00	4.32	3.72		32.52			20.07		100.00
June-04	1	48.14	1.91	1.81	7.66	1.31	28.13	1.18	0.21	8.44	1.20	100.00
Zevenbergen Capital (Emerging	)											
June-0	3 1.64	48.19	1.32				38.01			10.84		100.00
June-04	4 2.18	41.92	1.69				42.78			11.42		100.00
Benchmark												
June-02	3	46.77	1.73	2.48	5.13	1.65	28.15	0.88	0.33	11.29	1.60	100.00
June-04	1	48.14	1.91	1.81	7.66	1.31	28.13	1.18	0.21	8.44	1.20	100.00
Large Capital Value (Russell 100	0 Value	)										
Barrow, Hanley												
June-02	3 3.64	27.28	5.10		4.21	14.18	2.15	2.10	9.65	29.00	2.70	100.00
Benchmark												
June-04	1	19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00
Bay Isle Financial (Emerging)												
June-0	4.11	30.57	3.94	4.41	2.08	6.59	14.69		2.89	30.73		100.00
Benchmark June-04	1 2.54	35.98		4.30	2.19	4.35	23.88			26.77		100.00
June-02	3	32.55	3.77	6.25	4.95	4.94	12.21	2.05	7.80	24.36	1.13	100.00
June-04	1	19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00
Earnest Partners (Emerging)												
June-0				1.89	2.20	14.19	7.99	2.90	7.70	36.45		100.00
June-04	4 3.41	26.39		2.95	1.75	14.21	10.80	1.94	3.85	34.71		100.00
Benchmark												
June-0		32.68	5.06	5.41	4.79	4.45	19.57	2.65	7.44	17.32		100.00
June-04	1	19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00

		Cash	Cons. Non Dur.		Basic Mat.	-	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Lord Abbett & Co.							0.						
	June-04	2.97	30.97	3.04	11.36	7.28	9.46	9.26	2.51	5.90	17.18	0.07	100.00
Benchmark													
	June-04		19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00
LSV Asset Mgmt.													
8	June-04	0.57	13.45	8.80	5.23	2.31	12.01	6.81	1.87	12.34	36.62		100.00
Benchmark													
	June-04		19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00
<b>Oppenheimer</b> Capital													
	June-03	11.59	29.69	0.65	1.61	2.05	2.84	9.21	1.83	4.19	33.80	2.54	100.00
	June-04	5.42	36.84	1.89	2.81	1.98	5.29	9.72	2.10	3.63	27.26	3.05	100.00
Benchmark													
	June-03		17.31	2.65	4.88	5.47	9.09	9.55	2.26	12.85	33.85	2.09	100.00
	June-04		19.43	2.74	6.49	4.21	10.68	7.30	1.25	11.46	35.56	0.89	100.00
Systematic Financial Mg	mt.												
, O	June-04	4.20	20.62	2.79	7.08	4.89	11.84	11.41	0.94	6.54	29.15	0.54	100.00
Benchmark													
	June-04		19.50	2.73	6.50	4.21	10.71	7.31	1.25	11.29	35.61	0.89	100.00
Small Cap Growth (Russ	sell 2000 (	Growth	)										
McKinley Capital			-										
	June-04	6.27	37.57	9.58	4.10	7.58	2.98	20.70	1.93		7.16	2.14	100.00
Benchmark													
	June-04		38.84	3.51	3.92	5.41	4.12	30.12	2.03	0.82	11.04	0.19	100.00
Next Century Growth (E	(merging)												
v x	June-03		47.60	4.55		1.23	3.47	30.84	7.83		3.73		100.00
	June-04	0.67	44.43	2.96	1.06	2.64	2.31	30.69	7.21	2.37	5.66		100.00
Benchmark													
	June-03		38.69	4.25	3.29	4.45	5.43	28.67	1.62	1.03	12.56		100.00
	June-04		38.84	3.51	3.92	5.41	4.12	30.12	2.03	0.82	11.04	0.19	100.00
Turner Investment Partn	ers												
	June-04	2.86	35.27	2.69	3.59	6.26	4.08	31.71	2.27	1.02	10.25		100.00
Benchmark													
	June-04		38.84	3.51	3.92	5.41	4.12	30.12	2.03	0.82	11.04	0.19	100.00
	01		20.0.	2.01	0.72	0		20.12		0.02	11.01	···/	

		Cash	Cons. Non Dur.			Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Winslow-Small Cap (En	nerging)												
•	June-03	3.52	60.50	4.39	4.94	4.99		18.82	0.99		1.83		100.00
	June-04	38.83	30.01	8.13	2.31			14.87	1.27		4.59		100.00
Benchmark													
	June-03		60.89	5.33	3.87	2.43		22.59	1.34		3.55		100.00
	June-04		38.84	3.51	3.92	5.41	4.12	30.12	2.03	0.82	11.04	0.19	100.00
Small Cap Value (Russe		lue)											
AEAM/Kenwood (Emer		1.04	22.25	<b>7</b> 00		0.04		10.01				0.07	100.00
Dan alamanla	June-04	1.84	23.35	5.88	11.21	8.34	5.64	10.81	3.22	6.31	22.44	0.96	100.00
Benchmark	June-04		20.12	5.84	11.49	8.65	4.78	9.25	3.04	5.59	30.71	0.53	100.00
Goldman Sachs													
	June-04	2.84	15.50	9.18	11.61	7.28	4.85	11.13	3.18	5.69	28.04	0.70	100.00
Benchmark													
	June-04		20.12	5.84	11.49	8.65	4.78	9.25	3.04	5.59	30.71	0.53	100.00
TT / 11 * 0 TT/1													
Hotchkis & Wiley	June-04	3.43	25.80	7.93	14.68		1.07	2 77	14.11	6.86	23.34		100.00
Benchmark	June-04	5.45	23.80	1.95	14.00		1.07	2.11	14.11	0.80	23.34		100.00
Deneminark	June-04		20.12	5.84	11.49	8.65	4.78	9.25	3.04	5.59	30.71	0.53	100.00
Martingale Asset Mgmt	•												
	June-04	1.15	26.16	5.79	9.88	6.90	3.77	6.02	5.16	5.40	28.75	1.02	100.00
Benchmark													
	June-04		20.12	5.84	11.49	8.65	4.78	9.25	3.04	5.59	30.71	0.53	100.00
Peregrine Capital Mgm	t (Emerci	ng)											
i cregi ne Capitai Mgin	June-03	11g) 2.65	21.92	5.89	10.54	8.12	6.23	14.75	4.04	3.78	22.09		100.00
	June-04	1.63		8.05	15.19	7.79	2.80		5.33		23.78		100.00
Benchmark													
	June-03		21.09	6.11	10.01	7.98	4.61	11.84	2.99	7.16	27.88	0.33	100.00
	June-04		20.12	5.84	11.49	8.65	4.78	9.25	3.04	5.59	30.71	0.53	100.00
AGGREGATE (ACTIV				1.50	275	150	2.25	21.26	1.20	2.94	10.52	1 00	100.00
June- June-		2.81 3.17		1.52 3.04	3.75 4.83	4.56 3.88	3.35 4.38		1.39 1.81		19.53		100.00 100.00
Benchmark	04	3.17	33.82	5.04	4.00	3.00	4.38	10.14	1.01	3.17	21.19	0.30	100.00
June-	03		34.91	2.41	3.69	5.01	4.51	21.94	1.89	5.31	19.47	0.86	100.00
June-			33.53	2.51	4.41	6.03	5.85		1.32		21.84		100.00

### EXTERNAL SEMI-PASSIVE STOCK MANAGERS

		Beta Vty.	Mom.	Size		Trad. Actvy		E/Y	Value	Earn Var.	Lev.	Curr. Sens.		Avg T/O	Eqty Alloc.
Semi-Passiv	e Manage	ers (Russell	<u>1000)</u>												
Barclays Gl	obal Inve	stors													
	June-03	0.93 -0.11	-0.02	0.15	-0.03	-0.20	-0.06	0.14	0.02	-0.05	-0.12	-0.01	0.05	3.27	99.3%
Benchmark															
	June-04	0.99 -0.07	-0.06	0.15	0.06	0.01	-0.04	0.12	-0.02	-0.05	-0.05	-0.02	0.03	6.59	99.2%
Franklin Po	rtfolio As	sociates													
	June-03	0.93 -0.12	0.01	0.13	0.00	-0.21	-0.04	0.13	0.04	-0.02	-0.10	0.03	0.07	6.20	99.7%
Benchmark															
	June-04	0.99 -0.08	-0.01	0.21	0.07	0.03	-0.01	0.17	0.04	-0.06	-0.08	-0.01	0.09	6.50	99.7%
J.P. Morgan	Investme	ent Mgmt.													
	June-03	0.96 -0.09	-0.03	0.19	0.00	-0.07	0.02	0.08	0.05	-0.04	-0.06	-0.01	0.00	5.40	99.7%
Benchmark															
	June-04	1.01 -0.08	-0.07	0.25	0.10	0.08	0.00	0.11	0.02	-0.06	-0.02	0.04	0.04	4.11	99.6%
AGGREGA	TE SEMI	-PASSIVE	EQUIT	<u>'Y</u>											
	June-03	0.94 -0.11	-0.01	0.16	-0.01	-0.16	-0.03	0.12	0.04	-0.04	-0.09	0.00	0.04	3.74	99.5%
	June-04	1.00 -0.08	-0.05	0.20	0.07	0.04	-0.02	0.13	0.01	-0.06	-0.05	0.00	0.05	5.44	99.5%
Benchmark															
	June-03	0.93 -0.12	-0.05	0.16	-0.04	-0.24	-0.04	0.03	0.02	-0.04	-0.09	-0.01	0.07	N.A.	100.0%
	June-04	1.00 -0.07	-0.07	0.20	0.08	0.00	-0.03	0.05	-0.03	-0.05	-0.05	-0.01	0.07	N.A.	100.0%

# EXTERNAL SEMI-PASSIVE STOCK MANAGERS

		Cash	Cons. Non Dur.			Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Semi-Passive Managers (	Russell 1	<u>000)</u>											
<b>Barclays Global Investor</b>	S												
	June-03	0.75	33.42	2.44	3.23	5.45	7.60	15.15	1.27	6.55	22.57	1.57	100.00
Benchmark	June-04	0.79	34.14	3.09	3.72	4.45	5.93	17.45	1.70	5.62	21.49	1.62	100.00
Franklin Portfolio Associ	iates												
	June-03	0.35	32.95	0.86	4.54	6.35	7.33	15.00	1.31	7.86	23.10	0.37	100.00
Benchmark													
	June-04	0.35	32.35	2.75	5.70	7.16	6.84	16.89	1.31	4.76	21.68	0.21	100.00
J.P. Morgan Investment	0												
	June-03	0.31	32.63	2.61	4.87	5.76	7.22	14.85	1.16	7.02	23.04	0.53	100.00
Benchmark	June-04	0.39	33.74	2.98	4.42	6.31	5.94	17.58	0.73	5.74	21.89	0.27	100.00
AGGREGATE SEMI-PA	ASSIVE E	EQUIT	Y										
	June-03	0.50	33.02	2.11	4.13	5.78	7.40	15.01	1.24	7.04	22.86	0.91	100.00
	June-04	0.53	33.51	2.96	4.51	5.83	6.19	17.34	1.27	5.42	21.67	0.78	100.00
Benchmark													
	June-03		32.94	2.11	4.33	5.96	7.16	15.49	1.29	7.06	22.89	0.77	100.00
	June-04		33.87	2.33	4.14	5.94	5.97	17.78	1.21	5.80	21.92	1.04	100.00

# EXTERNAL DOMESTIC STOCK MANAGERS

# Annualized Performance Summary Periods Ending June 30, 2004

	1 Year		3 Yea			lears
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Large Cap Core						
Franklin Portfolio Associates	21.1%	20.6%	-2.2%	2.7%	0.9%	1.9%
New Amsterdam Partners	24.5	23.0	2.4	3.5	6.8	6.1
UBS Global Asset Management	19.2	19.6	4.8	1.0	0.9	0.2
Voyageur-Chicago Equity	18.3	19.5	-1.2	0.6		1.6
Frank Russell 1000		19.5		-0.3		-1.6
Large Cap Growth						
Alliance Capital Management	11.9	17.3	-4.6	-2.4	-4.2%	-3.4
Cohen, Klingenstein & Marks	15.1	19.1	-8.9	1.3	-6.8	-0.5
Holt-Smith & Yates	14.3	19.6	-3.2	3.0		
Zevenbergen Capital	26.7	19.0	-3.9	-1.0	-8.3	1.9
Frank Russell 1000 Growth		17.9		-3.7		-6.5
Large Cap Value						
Barrow, Hanley						
Bay Isle Financial	18.0	22.1	-2.5	3.2		
Earnest Partners	23.9	25.1	3.0	10.4		
Lord Abbett & Co.						
LSV Asset Mgmt.						
Oppenheimer Capital	21.0	20.8	1.7	0.1	3.4	2.1
Systematic Financial Mgmt.						
Frank Russell 1000 Value		21.1		3.0		1.9
Small Cap Growth						
McKinley Capital						
Next Century Growth	29.0	30.5	-4.1	2.6		
Turner Investment Partners						
Winslow-Small Cap	23.2	31.5	-2.4	3.5		
Frank Russell 2000 Growth		31.5		-0.2		-0.5
Small Cap Value						
AEAM/Kenwood						
Goldman Sachs						
Hotchkis & Wiley						
Martingale Asset Mgmt.						
Peregrine Capital Mgmt.	35.2	35.6	11.9	14.1		
Frank Russell 2000 Value		35.2		12.2		12.8
Aggregate	20.3		-0.3		-1.5	

### EXTERNAL DOMESTIC STOCK MANAGERS

## Annualized Performance Summary Periods Ending June 30, 2004

	1 Yea	r	3 Yea	ars	5 1	Years
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Semi-Passive Managers						
Barclays Global Investors	20.2%	19.5%	1.8%	1.1%	-1.7%	-3.2%
Franklin Portfolio Associates	19.1	19.5	0.4	1.1	-3.3	-3.2
J.P. Morgan Investment Mgmt.	19.5	19.5	0.0	1.1	-3.3	-3.2
Frank Russell 1000		19.5		-0.3		-1.6
Passive Manager						
Barclays Global Investors	20.5	20.6	0.0	0.2	-1.4	-1.5
Frank Russell 3000		20.5		0.2		-1.1
Aggregate (1)						
Capital Markets Data						
Russell 3000		20.5		0.2		-1.1
Wilshire 5000		21.2		0.8		-1.0
3-Month-Treasury Bills		1.0		1.5		3.1
Inflation		3.3		2.1		2.7

(1) Aggregate of all Domestic Stock Managers retained during the time period shown.

# Statistical Data

### Bond Manager Portfolio Characteristics Glossary

The bond manager portfolio statistics glossary is designed to define terminology the State Board of Investment uses in evaluating a bond manager's investment philosophy, risk characteristics and performance data. The definitions refer to categories shown in the Portfolio Characteristics table that follows this glossary.

### Number of Issues (# of Issues)

The number of different bond issues held in the manager's portfolio.

### Average Quality Weightings (Avg. Qual.)

The average rating given the portfolio's securities by Moody's Corp. A security's rating indicates the financial strength of its issuer and other factors related to the likelihood of full and timely payment of interest and principal.

### Coupon

The annual interest payment received on the manager's total portfolio stated as a percent of the portfolio's face value.

### Yield to Maturity (Yield to Mat.)

The compounded annualized return that the manager's total portfolio would produce if it were held to maturity and all cash flows were reinvested at an interest rate equal to the yield to maturity.

### Duration

A measure of the average life of the total portfolio. Duration is a weighted average maturity where the time in the future that each cash flow is received is weighted by the proportion that the present value of the cash flow contributes to the total present value (or price) of the total portfolio.

### Term to maturity (Term. to Mat.)

A measure of the average life of the total portfolio. Term to maturity is the number of years remaining until the average bond in the portfolio makes its final cash payment.

### EXTERNAL ACTIVE BOND MANAGERS

## Portfolio Characteristics FY2003 - 2004

	# Of Issues	Avg. Qual.	Avg. Coupon	Yield To Mat.	Duration	Term To Mat.
American Express Asset Mar	nagement					
June-04 June-03	309 300	AA+ AA+	5.16% 5.13	4.48% 3.37	4.38 Yrs. 4.28	6.3 Yrs. 5.8
Deutsche Asset Management	t					
June-04 June-03	193 145	AA+ AA+	5.71 5.81	4.72 3.43	4.86 4.35	6.7 5.9
Dodge & Cox Asset Manager	ment					
June-04 June-03	133 121	AA AA	5.92 6.16	4.36 3.67	3.52 3.46	5.7 5.6
Morgan Stanley						
June-04 June-03	903 785	AA+ AA+	5.32 8.55	5.60 4.51	4.10 2.95	4.7 4.5
Western Asset Management						
June-04 June-03	482 528	AA/Aa2 AA-	5.95 6.61	5.76 4.40	4.95 4.14	8.1 10.2
Lehman Aggregate						
June-04 June-03	6,976 7,454	AA+ Agency	5.32 5.83	4.59 3.30	4.60 3.95	6.8 6.7

# EXTERNAL ACTIVE BOND MANAGERS

# Sector Weights FY2003- 2004 (In Percentages)

	Gov't.	Corp.	Mtge.	ABS	Misc.	Intl.	High Yld	Cash
American Express Asse	t Managem	ent						
June 04	31	23	38	1	1	1	0	5
June-03	24	22	43	1	0	2	2	6
Deutsche Asset Manage	ment							
June-04	11	30	43	7	7	0	0	2
June-03	9	34	31	17	8	0	0	1
Dodge & Cox Asset Ma	nagement							
June-04	20	37	41	0	0	0	0	2
June-03	13	41	40	0	0	0	0	6
Morgan Stanley								
June 04	17	23	35	0	0	0	0	25
June-03	13	27	51	0	0	0	0	9
Western Asset Manager	nent							
June 04	32	31	21	4	10	2	0	0
June-03	22	36	24	6	10	2	0	0
Lehman Aggregate								
June-04	35	25	39	1	0	0	0	0
June-03	34	27	34	2	3	0	0	0

### Abbreviations:

Gov't.	Government securities	Misc.	Miscellaneous or other
Corp.	Corporate securities	Int'l.	Non-dollar securities
Mtge.	Mortgage-backed securities	High Yld	Securities rated below investment grade
ABS	Asset-backed securities		

# Statistical Data

# EXTERNAL SEMI-PASSIVE BOND MANAGERS

Portfolio Characteristics

June 2003 - June 2004

	# Of Issues	Avg. Qual.	Avg. Coupon	Yield To Mat.	Dur.	Term To Mat.
BlackRock Financial						
June-04	880	AAA	5.10	4.51%	4.76 Yrs.	7.0 Yrs.
June-03	848	AA+	5.67	2.89	3.77	7.0
Goldman Sachs Asset Mana	agement					
June-04	290	AA	5.13	4.74	4.56	7.4
June-03	332	AA	5.39	3.52	3.98	6.0
Lincoln Capital Manageme	nt					
June-04	962	AA+	5.48	4.72	4.70	7.2
June-03	934	AA+	5.70	3.09	3.88	6.1
Lehman Aggregate						
June-04	6,976	AAA	6.40	4.60	4.66	7.8
June-03	7,454	AA+	5.83	3.30	3.95	6.7

# Sector Weights June 2003- June 2004 (In Percentages)

	Gov't.	Corp.	Mtge.	ABS	Misc.	Cash
Blackrock Financial						
June-04	37	19	37	3	0	4
June-03	34	21	28	3	2	12
Goldman Sachs Asset M	lanagement					
June-04	33	17	49	0	1	0
June-03	26	29	39	3	3	0
Lincoln Capital Manag	ement					
June-04	35	23	38	3	0	1
June-03	38	21	30	3	2	6
Lehman Aggregate						
June-04	35	25	39	1	0	0
June-03	34	27	34	2	3	0

### EXTERNAL BOND MANAGERS

### Annualized Performance Summary Periods Ending June 30, 2004

	1 }	lear	3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Active Managers						
American Express Asset Mgmt. (1)	0.5%	0.3%	5.1%	6.4%	6.2%	6.9%
Deutsche	1.0	0.3	7.0	6.4		
Dodge & Cox	2.0	0.3	7.9	6.4		
Morgan Stanley	2.6	0.3	6.5	6.4	7.3	6.9
Western Asset Management	3.8	0.3	8.4	6.4	8.7	6.9
Semi-Passive Managers						
BlackRock Financial	0.5	0.3	6.6	6.4	7.2	6.9
Goldman Sachs Asset Mgmt.	1.5	0.3	6.8	6.4	7.3	6.9
Lincoln Capital Management	0.6	0.3	6.6	6.4	7.1	6.9
Aggregate (2)	1.5%	0.3%	6.7%	6.4%	7.3%	6.9%
Capital Markets Data						
Lehman Aggregate (3)	0.3%		6.4%		7.3%	
3 month Treasury Bills	1.0		1.5		3.1	
Inflation	3.3		2.1		2.7	

(1) Prior to 1/1/96, manager had a government/corporate mandate only.

(2) Aggregate of all active and semi-passive managers retained during the time period shown.

(3) Lehman Brothers Aggregate Bond Index was used beginning 7/1/94. Prior to that time, the Salomon Broad Investment Grade Bond Index was used.

### INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION DEVELOPED MARKETS MANAGERS

### Fiscal Year 2004

Local Returns	State Street Global Advisors	American Express	Britannic Asset Mgmt.	UBS Global Asset Mgmt.	INVESCO Global Asset Mgmt.
Country Selection	0.0%	-0.7%	-0.1%	-1.5%	-1.6%
Stock Selection	0.2	-5.3	-1.0	-1.7	1.7
Timing	0.2	-0.7	-0.2	-0.8	-0.5
<b>Currency Returns</b>					
Currency Effect	0.0	-0.2	0.0	0.0	-0.1
Hedging Activity	0.0	0.0	0.0	-0.3	0.0
Timing	-0.2	0.5	0.2	1.5	0.1
Base Return					
Total Value Added	0.2%	-6.9%	-1.2%	-3.0%	-0.4%

Note: All attribution numbers are based on gross returns, not net returns as found in the 'front part of the annual report'.

### **Definitions:**

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Selection - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Effect - The difference between the currency effect of a manager's unhedged portfolio and the benchmark that is caused by the timing of purchases and sales of securities and spots to cover them.

Hedging Effect - The difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Base Return – The return after conversion from local currencies to U.S. dollars.

Total Value Added - The difference between the portfolio's base return and the benchmark's base return.

# Statistical Data

### INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION DEVELOPED MARKETS MANAGERS

### Fiscal Year 2004

	Marathon Asset Mgmt.	T. Rowe Price Int'l
Local Returns		
Country Selection	1.2%	-2.5%
Stock Selection	9.0	-7.0
Timing	0.0	0.5
Currency Returns		
Currency Effect	0.2	0.1
Hedging Activity	0.1	0.0
Timing	-0.6	-0.3
Base Return		
Total Value Added	10.4%	-9.9%

Note: All attribution numbers are based on gross returns, not net returns as found in the 'front part of the report'.

### **Definitions:**

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Selection - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Effect - The difference between the currency effect of a manager's unhedged portfolio and the benchmark that is caused by the timing of purchases and sales of securities and spots to cover them.

Hedging Effect - The difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Base Return – The return after conversion from local currencies to U.S. dollars.

Total Value Added - The difference between the portfolio's base return and the benchmark's base return.

### INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION EMERGING MARKETS MANAGERS

### Fiscal Year 2004

	Alliance Capital Ltd	Capital Int'l Inc	Morgan Stanley
Local Returns			
Country Selection	0.6%	1.4%	0.3%
Stock Selection	1.5	-0.1	4.0
Timing	0.3	-0.4	1.3
Currency Returns			
Currency Effect	0.1	0.3	-2.0
Hedging Activity	0.0	-0.4	0.0
Timing	-0.9	-3.5	-1.7
Base Return			
Total Value Added	1.4%	-3.8%	0.8%

Note: All attribution numbers are based on gross returns, not net returns as found in the 'front part of the report'.

#### **Definitions:**

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Selection - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

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Hedging Effect - The difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Base Return – The return after conversion from local currencies to U.S. dollars.

Total Value Added - The difference between the portfolio's base return and the benchmark's base return.

### EXTERNAL INTERNATIONAL STOCK MANAGERS

### Annualized Performance Summary Periods Ending June 30, 2004

	1 Year		3 Years		5 Years	
	Actual B	enchmark	Actual	Benchmark	Actual 1	Benchmark
Active EAFE						
American Express Asset Mgmt.	24.8%	32.0%	0.4	3.8		
Britannic (Blairlogie) Capital Mgmt.	30.3	32.0	3.5	3.8		
Invesco Global Asset Mgmt.	31.2	32.0	5.2	3.8		
Marathon Asset Mgmt. (1)	41.2	35.3	9.9	7.8	6.9	2.9
T. Rowe Price International, Inc.	21.6	32.0	0.5	3.8	-1.2	0.0
UBS Global (2)	28.7	32.0	4.0	3.8	3.3	0.0
Active Emerging Markets						
Alliance Capital Mgmt.	34.0	33.1	14.5	13.6		
Capital International	28.7	33.1	8.3	13.6		
Morgan Stanley Investment Mgmt.	33.4	33.1	13.9	13.6		
<b>Passive EAFE</b> State Street Global Advisors	32.1	32.0	4.1	3.8	0.2	0.0
Equity Only* <b>Total Program**</b>	30.9 <b>30.9</b> %	32.1 <b>32.1%</b>	4.5 <b>4.5%</b>	4.5 <b>4.5%</b>	0.8 <b>0.8%</b>	0.2 <b>0.2%</b>

- \* Equity managers only. Includes impact of terminated managers. Since 10/1/03, the International Equity asset class target is MSCI ACWI Free ex. U.S. (net). From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) plus Emerging Markets Free (net), and from 7/1/99 to 12/31/00 the target was MSCI EAFE Free (net) plus Emerging Markets Free (gross). From 7/1/99 to 9/30/03, the weighting of each index fluctuated with market capitalization. From 10/1/01 to 5/31/02 all international benchmarks being reported were the MSCI Provisional indices. From 12/31/96 to 6/30/99 the benchmark was fixed at 87% EAFE Free (net)/13% Emerging Markets Free (gross). On 5/1/96, the portfolio began transitioning from 100% EAFE Free (net) to the 12/31/96 fixed weights. 100% EAFE Free (net) prior to 5/1/96.
- \*\* Includes impact of currency overlay unrealized gain/loss through December 2001, when all contracts had matured. Since 10/1/03, the International Equity asset class target is MSCI ACWI Free ex. U.S. (net). From 1/1/01 to 9/30/03, the target was MSCI EAFE Free (net) plus Emerging Markets Free (net), and from 7/1/99 to 12/31/00 the target was MSCI EAFE Free (net) plus Emerging Markets Free (gross). From 7/1/99 to 9/30/03, the weighting of each index fluctuated with market capitalization. From 10/1/01 to 5/31/02 all international benchmarks being reported were the MSCI Provisional indices. From 12/31/96 to 6/30/99 the benchmark was fixed at 87% EAFE Free (net)/13% Emerging Markets Free (gross). On 5/1/96, the portfolio began transitioning from 100% EAFE Free (net) to the 12/31/96 fixed weights. 100% EAFE Free (net) prior to 5/1/96.
- (1) As of 10/1/03, Marathon's benchmark is MSCI World ex U.S. (net). Through 9/30/03 Marathon was measured against a custom composite benchmark: 55% Citigroup EMI EPAC and 45% Citigroup PMI EPAC.
- (2) Fully active since 10/1/99. Active country/passive stock from inception 4/1/93 to 9/30/99.

# Statistical Data

REAL ESTATE	MARKET \$ VALUE	UNFUNDED \$ COMMITMENT	PERIOD (YEARS)
Colony Capital			
Colony Investors II	\$2,653,808	\$1,517,672	9.2
Colony Investors III	39,745,894	0	6.5
Equity Office Properties Trust	107,222,268	0	12.6
Heitman			
Heitman Advisory Fund II	58,117	0	18.6
Heitman Advisory Fund V	1,174,290	0	12.6
Lasalle Income Parking Fund	2,562,943	355,599	12.8
Morgan Stanley (Lend Lease)	162,652,483	0	22.7
T.A. Associates Realty			
Realty Associates Fund III	26,774,326	0	10.1
Realty Associates Fund IV	42,758,736	0	7.4
Realty Associates Fund V	53,220,886	0	5.1
Realty Associates Fund VI	43,480,755	4,000,000	2.0
Realty Associates Fund VII	0	75,000,000	0.0
UBS Realty	181,072,780	0	22.2
Real Estate Total	\$663,377,285	\$80,873,271	

RESOURCE	MARKET \$ VALUE	UNFUNDED \$ COMMITMENT	PERIOD (YEARS)
Apache Corp III	\$8,666,430	\$0	17.5
First Reserve			
First Reserve I	70,197	0	22.7
First Reserve II	112,781	0	21.4
First Reserve V	193,019	0	14.2
First Reserve VII	19,144,875	0	8.0
First Reserve VIII	63,183,397	0	6.2
First Reserve IX	55,722,774	25,453,753	3.2
First Reserve X	0	100,000,000	0.0
Simmons			
Simmons - SCF Fund II	2,981,999	2,293,371	12.9
Simmons - SCF Fund III	20,487,685	1,619,663	9.0
Simmons - SCF Fund IV	36,500,840	6,467,093	6.3
T. Rowe Price	9,447,000	0	N/A
Resource Total	\$216,510,997	\$135,833,879	

YIELD-ORIENTED	MARKET \$ VALUE	UNFUNDED \$ COMMITMENT	PERIOD (YEARS)
Carbon Capital	\$46,673,131	\$3,815,692	2.1
CT Mezzanine Partners	11,348,995	63,195,903	2.8
Churchill Capital Partners II	2,168,642	22,662	11.7
Citicorp Mezzanine			
Citicorp Mezzanine Partners	10,663,431	0	9.5
Citicorp Mezzanine Partners III	54,581,292	33,185,517	4.7
DLJ Investment Partners II	7,792,342	33,922,074	4.5
GS Mezzanine Partners			
GS Mezzanine Partners II	66,375,680	9,945,413	4.3
GS Mezzanine Partners III	6,833,319	68,544,917	1.0
GTCR Capital Partners	47,744,213	10,410,578	4.6
GMAC Institutional Advisors			
Institutional Commercial Mortgage Fd II	4,499,583	102,500	8.9
Institutional Commercial Mortgage Fd III	16,960,774	224,948	7.6
Institutional Commercial Mortgage Fd IV	11,290,803	0	6.5
Institutional Commercial Mortgage Fd V	35,978,626	0	4.9
KB Mezzanine Partners Fund II	4,118,492	1	8.7
Merit Energy Partners			
Merit Energy Partners B	40,294,174	0	8.0
Merit Energy Partners C	83,466,587	1	5.7
Merit Energy Partners D	88,457,206	12,594,290	3.1
Merit Energy Partners E	0	100,000,000	0.0
Merit Capital Partners (fka William Blair)			
William Blair Mezzanine Fund III	38,896,695	10,898,400	4.5
Merit Mezzanine Fund IV	0	75,000,000	0.0
Prudential Capital Partners	58,166,703	29,811,554	3.2
Summit Partners	, ,	, , ,	
Summit Sub. Debt Fund I	79,394	2,000,000	10.3
Summit Sub. Debt Fund II	19,886,217	4,725,000	6.9
Summit Sub. Debt Fund III	4,275,000	40,725,000	0.4
T. Rowe Price	151,600	0	N/A
TCW/Crescent Mezzanine	,		
TCW/Crescent Mezzanine Partners	12,244,700	2,869,961	8.2
TCW/Crescent Mezzanine Partners II	32,154,399	12,520,954	5.6
TCW/Crescent Mezzanine Partners III	40,582,143	25,069,274	3.3
Windjammer Mezz. & Equity Fund II	30,943,414	31,206,669	4.2
Yield-Oriented Total	\$776,627,553	\$570,791,309	

	MARKET	UNFUNDED	PERIOD
PRIVATE EQUITY	\$ VALUE	<b>\$ COMMITMENT</b>	(YEARS)
Bank Fund		<b>*</b> •	
Banc Fund IV	\$2,467,589	\$0	8.4
Banc Fund V	68,213,904	0	6.0
Blackstone Capital Partners			
Blackstone Capital Partners II	5,289,172	2,728,810	10.6
Blackstone Capital Partners IV	24,552,081	46,452,074	2.0
BLUM Capital Partners			
Blum Strategic Partners I	36,827,266	1,227,456	5.5
Blum Strategic Partners II	33,629,406	9,902,693	3.0
Brinson Partners			
Brinson Partners I	270,078	1,200,000	16.1
Brinson Partners II	530,706	0	13.6
Citigroup Venture Capital Equity	33,574,017	58,197,642	2.6
Contrarian Capital Fund II	29,039,806	3,755,605	7.1
Coral Partners			
Coral Partners Fund II	397,523	1,930,685	13.9
Coral Partners Fund IV	4,816,613	0	9.9
Coral Partners Fund V	5,835,978	375,000	6.0
Crescendo	, ,	,	
Crescendo II	1,840,565	0	7.5
Crescendo III	3,259,983	0	5.7
Crescendo IV	23,106,315	22,837,500	4.3
DLJ/CSFB	20,100,010	,,	
DLJ Merchant Banking Partners III	55,176,521	38,398,265	3.8
DLJ Strategic Partners	51,010,274	27,911,820	3.4
CSFB Strategic Partners II	39,772,268	57,122,129	1.0
DSV Partners IV	1,261,952	0	19.2
First Century Partners III	427,578	0	19.5
Fox Paine Capital Fund	427,570	0	17.5
Fox Paine Capital Fund	30,746,525	0	6.2
Fox Paine Capital Fund II	26,382,151	20,602,418	4.0
Golder,Thoma, Cressey, Rauner	20,362,131	20,002,418	4.0
Golder, Thoma, Cressey, Kauner Golder, Thoma, Cressey Fund III	171,500	0	16.7
•	,	0	10.7
Golder, Thoma, Cressey & Rauner Fund IV	210,514	-	
Golder, Thoma, Cressey & Rauner Fund V	19,224,038	0	8.0
GTCR Golder Rauner	22.014.452	0.00.000	
GTCR VI	33,016,679	862,222	6.0
GTCR Fund VII	106,880,459	46,046,875	4.4
GS Capital Partners 2000	25,365,367	14,498,065	3.8

	MARKET	UNFUNDED	PERIOD
PRIVATE EQUITY (cont.)	\$ VALUE	<b>\$ COMMITMENT</b>	(YEARS)
GHJM Marathon Fund IV	\$9,571,512	\$6,519,000	5.2
Hellman & Friedman	\$9,571,512	\$0,519,000	0.2
Hellman & Friedman Capital Partners III	3,932,222	7,886,316	9.8
Hellman & Friedman Capital Partners IV	83,997,413	45,392,252	4.5
Hellman & Friedman Capital Partners V	0	160,000,000	0.0
Kohlberg Kravis Roberts		;;;	
KKR 1986 Fund	13,371,454	0	18.2
KKR 1987 Fund	25,928,826	576,348	16.6
KKR 1993 Fund	23,013,254	0	10.5
KKR 1996 Fund	110,818,506	0	7.8
KKR Millennium Fund	46,043,000	150,983,000	1.6
Matrix Partners III	318,459	0	18.9
Piper Jaffray Healthcare			
Piper Jaffray Healthcare Fund II	5,782,378	0	7.3
Piper Jaffray Healthcare Fund III	9,745,919	999,998	5.4
Piper Jaffray Healthcare Fund IV	2,919,722	4,443,457	0.8
Silver Lake Partners II	0	100,000,000	0.0
Summit Partners			
Summit Ventures I	10,894	0	19.5
Summit Ventures II	192,048	1,500,000	16.1
Summit Ventures V	7,097,258	2,125,000	6.2
T. Rowe Price	50,438,511	0	N/A
Thoma Cressey			
Thoma Cressey Fund VI	20,165,137	1,085,000	5.9
Thoma Cressey Fund VII	19,265,056	28,270,000	3.8
Thomas, McNerney & Partners	5,387,771	23,400,000	1.7
Vestar Capital Partners IV	27,186,589	21,334,113	4.5
Warburg Pincus			
Warburg, Pincus Ventures	49,676,656	0	9.5
Warburg Pincus Equity Partners	59,677,687	0	6.0
Warburg Pincus Private Equity VIII	50,587,046	47,000,000	2.2
Welsh, Carson, Anderson & Stowe			
Welsh, Carson, Anderson & Stowe VIII	76,901,237	1,000,000	5.9
Welsh, Carson, Anderson & Stowe IX	63,587,958	46,250,000	4.0
William Blair Capital Partners	33,955,738	12,900,000	3.3
Zell/ Chilmark	197,436	0	14.0
Private Equity Total	\$1,463,066,517	\$1,015,713,743	

### Time-Weighted Rate of Return

In measuring the performance of a manager or fund whose investment objective is to maximize the total value of an investment portfolio, the proper measuring tool is the timeweighted total rate of return. This performance measure includes the effect of income earned as well as realized and unrealized portfolio market value changes. In addition, the time-weighted total rate of return nets out the influence of contributions made to and distributions taken from the manager or fund. These are variables over which the manager or fund generally has no control.

The calculation of a portfolio's true time-weighted return requires that the portfolio be valued every time that there is a capital flow in or out. Because most portfolios are not valued that frequently, it is usually necessary to estimate the time-weighted total rates of return by approximating the required valuations.

In 1968, the Bank Administration Institute (BAI) commissioned a study, conducted by the University of Chicago, which considered desirable methods of estimating time-weighted returns. The BAI report is considered to be the definitive work in the field of performance measurement because of the academic reputations and thorough scientific efforts of its authors.

When monthly data are available, the BAI study recommends employing a technique called the linked internal rate of return (LIRR). State Street Bank, the SBI's performance measurement consultant, calculates the LIRR by solving the following equation for R:

VB \* (1 + R) + 
$$C_{i*}(1 + R)^{ti} = VE_{i=1}^{ti}$$

Where:

VB = Value of the fund at the beginning of the month

VE = Value of the fund at the end of the month

 $C_i =$  Net cash flow on the ith day of the month

- n = Number of cash flows in the month
- R = Internal rate of return
- ti = Time from cash flow i to the end of the period, expressed as a percentage of the total number of days in the month

The internal rate of return, R, is a proxy for the true timeweighted return over the month. It approximates the interim valuations by assuming a uniform growth of the invested assets throughout the period.

The IRR's calculated for each month can be linked together to estimate the time-weighted return for a longer period. For example, given three consecutive monthly IRR's (R1, R2, and R3), the quarterly time-weighted return (TWRQ) is:

$$TWRQ = (1 + R1)*(1 + R2)*(1 + R3) - 1$$

State Street's performance methodology is also in compliance with the mandatory requirements of the Association for Investment Management and Research (AIMR).

# Calculation of January 1, 2005 Benefit Increase

Actuarial value of required reserves at January 1, 2005 Less: Reserves not eligible for increase Actuarially determined eligible reserves at Janaury 1, 2005	\$22,201,715,063 805,298,235 21,396,416,828
CPI Inflation rate capped at 2.5% Dollar cost of inflationary increase	2.500% 534,910,421
June 30, 2004 total required reserves	22,549,676,868
June 30, 2004 total required reserves	
adjusted for inflationary increase	23,084,587,289
Market value of Assets at June 30, 2004	18,403,077,602
Less:Inflation adjusted required reserves	23,084,587,289
Current year excess market value	-4,681,509,686
Negative balance carry forward	-4,236,763,260
Excess market value available for	
investment based benefit increase	-444,746,426
Divided by 5 year pay out period	5
Current year portion of excess market value	-88,949,285
Second year portion	-\$360,557,487
Third year portion	-\$558,850,315
Fourth year portion	-\$593,357,973
Fifth year portion	\$68,733,579
Total five year excess market value	-\$1,532,981,481
Greater of current year excess market value	
or cost of transition adjustment	-1,532,981,481
Divided by eligible required reserves at January 1, 2005	21,396,416,828
Investment based increase for FY2004	0.0000%
Summary:	
Investment Based Benefit Increase	0.0000%
Inflation Based Benefit Increase	2.5000%
Total Benefit Increase	2.5000%
Total Dollar Value of January 1, 2005 Benefit Increase	\$534,910,421

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	\$ Volume
508 SECURITIES INC.	79,210.74	108.25	0.00	0.00	0.00
A & C BROKERAGE	137,530.33	111.00	0.00	0.00	0.00
ABBEY NATIONAL	0.00	0.00	0.00	0.00	334,890,368.05
ABD SECURITIES	31,346,241.14	43,056.70	0.00	0.00	0.00
ABG SECURITIES	8,308,468.79	16,642.52	0.00	0.00	0.00
ABN AMRO ASIA SECS LTD	8,584,443.66	15,253.83	0.00	0.00	0.00
ABN AMRO EQUITIES AUSTRALIA LT	285,881.02	426.04	0.00	0.00	0.00
ABN AMRO SECURITIES	6,670,970.53	15,173.62	36,967,389.18	0.00	591,339,698.05
ABN AMRO, HOARE, GOVETTE	620,332.91	1,754.42	0.00	0.00	0.00
ABN-AMRO BANK	252,170.41	754.25	0.00	0.00	0.00
ACCESS SECURITIES	186,456,793.49	231,338.52	0.00	0.00	0.00
ADAMS HARKNESS & HILL	28,911,109.49	63,924.50	0.00	0.00	0.00
ADVEST CO.	5,668,434.57	14,549.03	21,776,266.98	0.00	0.00
AISEL & CO	0.00	0.00	0.00	0.00	9,113,969.27
AK CAPITAL	0.00	0.00	607,858.06	0.00	0.00
ALBERT E S	1,637,461.50	1,896.57	0.00	0.00	0.00
ALFA SECURITIES (ISTANBUL)	163,707.99	774.25	0.00	0.00	0.00
ALLEN & COMPANY	5,342,153.94	3,877.00	0.00	0.00	0.00
AMADON CORPORATION	368,124.11	1,840.00	107,439,767.01	0.00	0.00
AMERICAN EXPRESS CREDIT	0.00	0.00	0.00	0.00	328,001,904.17
AMERICAN GENERAL FINANCE	0.00	0.00	0.00	0.00	52,976,370.83
AMERICAN TECHNOLOGY RES. INC.	3,126,346.49	7,456.50	0.00	0.00	0.00
AMES ( A. E. ) & CO	11,414.55	0.00	0.00	0.00	0.00
AMHERST SECURITIES GROUP INC.	0.00	0.00	90,381,177.11	0.00	0.00
ANCORA SECURITIES	21,714,196.62	35,809.00	0.00	0.00	0.00
APAX PARTNERS & CO LONDON	492,356.18	977.87	0.00	0.00	0.00
ARNHOLD	2,151,723.97	2,513.73	0.00	0.00	0.00
ASSENT LLC	5,268,395.66	3,537.00	0.00	0.00	0.00
AUERBACH GRAYSON	956,839.69	7,877.40	0.00	0.00	0.00
AUTRANET	11,402,585.67	25,162.00	0.00	0.00	0.00
AVALON RESEARCH GROUP INC	2,770,616.93	3,186.00	0.00	0.00	0.00
B RILEY AND CO. INC.	4,152,499.80	11,226.50	0.00	0.00	0.00
BA SECURITIES, INC.	1,859,536.39	2,500.00	1,164,125,005.44	0.00	5,726,596,627.12
BAIRD, ROBERT W & CO.	0.00	0.00	577,822.50	0.00	0.00
BANC OF AMSTERDAM	0.00	0.00	11,318,062.50	0.00	0.00
BANC ONE CAPITAL CORP.	0.00	0.00	25,243,385.18	0.00	1,092,038.30
BANCO BILBAO VISCAYA	17,558.46	52.83	0.00	0.00	0.00
BANCO DE INV	666,294.41	2,226.02	0.00	0.00	0.00
BANCO EXTERIOR DE ESPANA	29,309.97	102.23	0.00	0.00	0.00
BANCO PACTUAL S.A.	2,045,778.38	5,260.30	0.00	0.00	0.00
BANCO SANT	862,747.46	2,671.96	0.00	0.00	0.00
BANCO SANTANDER DE NEGOCIOS	4,344,127.43	9,437.92	0.00	0.00	0.00
BANCO WARB	528,193.80	0.00	0.00	0.00	0.00
BANCONE CAPITAL CORP	0.00	0.00	0.00	0.00	427,112,248.98

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	
BANKAMERICA	0.00	0.00	814,014.07	0.00	0.00
BANK AUSTR	238,559.68	1,439.99	0.00	0.00	0.00
BANK OF AMERICA	0.00	0.00	174,206,322.82	0.00	0.00
BANK OF CHINA GROUP SECS	258,928.32	644.96	0.00	0.00	0.00
BANK OF NEW YORK	285,828.20	0.00	0.00	0.00	0.00
BANK OF NY SECURITIES INC	917,990.40	843.83	21,389,341.70	0.00	0.00
BANK OF NY/BARCLAY LONDON	0.00	0.00	2,117,610.00	0.00	0.00
BANK ONE KENTUCKY N.A.	0.00	0.00	2,934,500.00	0.00	0.00
BANK SARASIN	3,285,285.38	8,208.40	0.00	0.00	0.00
BANKERS TRUST	0.00	0.00	2,136,562.50	0.00	0.00
BANKRUPTCY	17,575,964.09	0.00	8,124,970.15	0.00	0.00
BANQUE NATIONALE DE PARIS	22,573,152.72	55,523.17	4,393,719.37	0.00	0.00
BANQUE ROTHSCHILD	74.26	0.00	0.00	0.00	0.00
BARCLAYS BANK	0.00	0.00	143,992,234.02	0.00	0.00
BARCLAYS CAPITAL INC	0.00	0.00	401,610,958.74	0.00	703,316,605.00
BARCLAYS DEZOETE WEDD	0.00	0.00	66,885,062.77	0.00	0.00
BARING SECURITIES	17,532,176.80	27,575.13	15,887,976.65	0.00	0.00
BARNARD JACOBS AND CO (PTY) LTD	11,041,365.43	27,504.10	0.00	0.00	0.00
BARRETT & CO.	0.00	0.00	550,480.00	0.00	0.00
BAUM GEORGE K. & CO.	0.00	0.00	102,431.00	0.00	0.00
BAYERISCHE HYPO- UND VEREINSBA	568,819.03	2,153.56	0.00	0.00	0.00
BB & T CAPITAL MARKETS	0.00	0.00	4,705,722.66	0.00	0.00
BBVA SECURITIES	30,715.68	92.42	0.00	0.00	0.00
BEAL M. R. & CO	801,554.02	627.00	0.00	0.00	0.00
BEAR STEARNS SECURITIES	515,286,455.00	646,012.68	684,478,009.34	0.00	0.00
BEAR, STEARNS & CO.	226,425,147.88	267,384.01	4,507,862,125.98	4,480.00	0.00
BELL SECURITIES	2,899,631.43	8,725.07	0.00	0.00	0.00
BENDER MEN	1,008,741.17	3,662.01	0.00	0.00	0.00
BERKSHIRE EQUITY SALES INC	224,480.23	448.07	0.00	0.00	0.00
BERNSTEIN SANFORD	468,201,592.47	413,742.44	0.00	0.00	0.00
BHC SECURITIES INC.	4,529,219.33	20,168.00	0.00	0.00	0.00
BHF SECURITIES	1,729,808.12	3,539.98	0.00	0.00	0.00
BISYS FUND	2,975,549.18	0.00	0.00	0.00	0.00
BLAIR & COMPANY	108,321,709.61	133,760.10	451,971.30	0.00	0.00
BLAYLOCK & PARTNERS	1,976,072.14	1,682.85	0.00	0.00	0.00
BLOOMBERG	95,892.22	50.34	0.00	0.00	0.00
BMO CREDIT	2,710,202.38	5,409.58	0.00	0.00	0.00
BNP PARIBAS	0.00	0.00	17,518,071.51	0.00	0.00
BNP PARIBAS PEREGRINE SEC., ASIA	246,200.83	2,280.61	0.00	0.00	0.00
BNP PRIME	3,527,589.16	12,092.74	0.00	0.00	0.00
BNY/ITC DEALERS	0.00	0.00	46,942,510.63	0.00	0.00
BOLGER & CO INC	10,373.00	0.00	0.00	0.00	0.00
BRANDT (ROBERT) & CO	29,395,585.25	30,270.97	0.00	0.00	0.00
BRIDGE TRADING CO.	46,557,920.58	67,932.30	0.00	0.00	0.00

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	
BRIDGEWELL	2,041,849.91	4,055.31	0.00	0.00	0.00
BROADCORT CAPITAL	3,803,694.95	1,979.25	0.00	0.00	0.00
BROCKHOUSE & COOPER	43,337.69	107.96	0.00	0.00	0.00
BROWN (ALEX) & SONS INC.	3,247,474,852.23	4,281,357.45	1,413,301,049.22	0.00	13,500,019.49
BROWN BROS. HARRIMAN	1,293,740.78	2,965.00	0.00	0.00	0.00
BTN RESEARCH	1,211,907.63	2,500.00	0.00	0.00	0.00
B-TRADE SERVICES LLC	40,098,020.13	45,846.92	0.00	0.00	0.00
BUCKINGHAM RESEARCH GRP	23,484,004.99	23,115.95	0.00	0.00	0.00
BUNTING WARBURGER SEC	14,145,167.66	28,249.14	0.00	0.00	0.00
BURNS FRY & TIMMINS	10,066,075.78	8,520.45	0.00	0.00	0.00
BURTON J VINCENT CHESLEY & CO.	499,420.88	280.00	0.00	0.00	0.00
C.L. KING & ASSOC.	11,194,574.85	14,586.50	0.00	0.00	0.00
CA IB INVESTMENT	706,848.32	3,644.44	0.00	0.00	0.00
CAI CHEUVREUX, LONDON	1,858,945.83	4,635.78	0.00	0.00	0.00
CAMBRIDGE GROUP INV	0.00	0.00	2,446,492.50	0.00	0.00
CANADIAN I	5,357,053.15	7,142.68	0.00	0.00	0.00
CANTOR FITZGERALD	405,947,777.10	462,920.18	4,566,509.83	0.00	0.00
CAPITAL CALL	123,324.00	0.00	0.00	0.00	0.00
CAPITAL INST. SERVICES	13,153,825.67	26,790.00	0.00	0.00	0.00
CARIS & CO	362,206.93	1,374.00	0.00	0.00	0.00
CARLIN EQUITIES	3,116,791.52	6,545.00	0.00	0.00	0.00
CARNEGIE	5,089,886.43	8,149.82	0.00	0.00	0.00
CARROLL MCENTEE & MCG	0.00	0.00	10,415,600.00	0.00	3,805,786.87
CAZENOVE & CO.	51,222,177.82	89,813.18	0.00	0.00	0.00
CHARLES, AK	129,278.58	120.00	0.00	0.00	0.00
CHASE MANHATTAN BANK	0.00	0.00	37,285,167.50	0.00	0.00
CHASE SECURITIES INC	0.00	0.00	603,222,889.99	0.00	0.00
CHEMICAL BANK	0.00	0.00	234,163,949.25	0.00	0.00
CHEUVREUX	22,987,571.51	52,490.96	222,889.08	558.62	0.00
CHICAGO CORP	0.00	0.00	3,018,045.80	0.00	0.00
CHINA INTERNATIONAL CAP CORP	232,420.10	579.48	0.00	0.00	0.00
CHINA SECURITIES CO LTD	658,672.51	939.36	0.00	0.00	0.00
CHRISTOPHER (B.C.) & CO.	0.00	0.00	2,860,841.10	0.00	0.00
CINORDIC	9,592,155.45	21,960.85	0.00	0.00	0.00
CISCO OF AMERICA INC	0.00	0.00	2,454,250.25	0.00	0.00
CITATION GROUP	270,142,141.20	308,005.37	0.00	0.00	0.00
CITIBANK	556,410.73	1,860.00	0.00	0.00	0.00
CITIBANK NA TOKYO	851,436.83	1,706.28	0.00	0.00	0.00
CITIGROUP GLOBAL MARKETS INC	1,297,304.12	742.12	98,289,638.92		5,503,947,407.63
CITIGROUP INC	0.00	0.00	2,531,030.96		1,156,248,690.56
CJS SECURITIES	372,466.10	1,023.45	2,551,050.96	0.00	0.00
	10,994,107.74		0.00	0.00	
CL GLAZER INC. CLARKE & CO		29,004.11	39,674,882.81	0.00	0.00
	0.00	0.00			0.00
CLARKE GX & CO.	0.00	0.00	8,417,139.06	0.00	0.00

Broker § Yolume § Yolume § Yolume S Yolume   CLSALID TRIST 453.321.12 1.593.99 0.00 0.00 0.00   COCHRAN CARONIA SECURITIES LLC 1.809.717.16 2.555.00 0.00 0.00 0.00   COMMERZBANN AG 16.580.941.87 41.296.07 0.00 0.00 0.00   COMMERZBANN AG 190.22.30 476.88 0.00 0.00 0.00   CONTRYUDE 0.00 0.00 82.737.356.89 0.00 0.00   CONTRYUDE 0.00 0.00 4.306.59 0.00 0.00 0.00   CREDIT AGRI INDOSUEZ CHEUVREAUN 1.874.22.03 4.688.31 0.00 0.00 0.00   CREDIT TAGRI INDOSUEZ CHEUVREAUN 1.874.22.03 4.688.31 0.00<		Stock	Stock	Bond	Bond	Short Term
COCHRAN CARONIA SECURTIES 1,809,717.16 2,655.00 0.00 0.00 0.00   COLONIAL MANAGEMENT ASSOCITES 0.00 0.00 0.00 0.00 0.00   COMMERZANR AG 16,580,941.87 41,296,07 0.00 0.00 0.00   COMMERZANR AG 0.00 201,624.00 0.00 0.00   CONTRYWDE 0.00 82,737,558.99 0.00 0.00   CONTRYWDE 0.00 82,737,558.99 0.00 0.00   CREDIT AGR 7,022,069.8 4,396,59 0.00 0.00   CREDIT AGR TARINDOSUEZ CHEUVREAUX 1,874,222.0 4,688.31 0.00 0.00 0.00   CREDIT SUISSE CURTIES 76,425,461.00 169,679,71 0.00 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON ITD 219,9505,21 408,831.84 49,066,562.50 0.00 0.00 CREWS & ASSOCIATES 0.00 0.00 CREWS & ASSOCIATES 0.00 0.00 0.00   CREWS & ASSOCIATES 0.00 0.00 548,893.60 0.00 0.00 </th <th>Broker</th> <th>\$ Volume</th> <th></th> <th>\$ Volume</th> <th></th> <th>s \$Volume</th>	Broker	\$ Volume		\$ Volume		s \$Volume
COLONIAL MANAGEMENT ASSOCIATES 0.00 7,168,433.59 0.00 0.00   COMMERZBANK AG 16,580,941,87 41,296,07 0.00 0.00 0.00   COMMUREXENTS 190,262,30 476,88 0.00 0.00 0.00   CONTRYME 0.00 0.00 82,737,356,89 0.00 0.00   CONTRYME 0.00 0.00 82,737,356,89 0.00 0.00   CONTRYME 7,789,3541,13 96,051,10 10,175,00 0.00 0.00   CREDIT FARR 7,022,06,98 4,396,59 0.00 0.00 0.00   CREDIT RESEARCH & TRADING 2,818,760,34 3,897,50 0.00 0.00 0.00   CREDIT RESEARCH & TRADING 2,818,760,34 3,897,50 0.00 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 12,950,052,01 408,818,4 49,065,62,50 0.00 0.00 0.00   CRM IFOREIGN 62,640,00 0.00 5,946,53 0.00 0.00 0.00   CRM IFOREIGN 5,3154,282,144 </td <td>CLSA LTD TRUST</td> <td>453,321.12</td> <td>1,593.99</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	CLSA LTD TRUST	453,321.12	1,593.99	0.00	0.00	0.00
COMMERZBANKAG 16,580,941,87 41,296,07 0.00 0.00 0.00   COMPUTERSH 190,262,30 476,88 0.00 0.00 0.00 0.00   CONPUTERSH 0.00 0.00 201,624,00 0.00 0.00 0.00   COUNTRYMIDE 0.00 0.00 82,737,356,89 0.00 0.00   COUNTRYOUTE 1,022,206,98 4,306,59 0.00 0.00 0.00   CREDIT AGRINDOSUEZ CHEUVREAUX 1,874,222,03 4,688,31 0.00 0.00 0.00   CREDIT SUISSE CHAITES 76,425,461,00 169,679,71 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950,952,01 408,831,84 49,066,562,50 0.00 0.00   CREWS & ASSOCIATES 0.00 6.00 2,617,621,35 0.00 0.00   CREWT & ASSOCIATES 0.00 0.00 548,893,60 0.00 0.00   CREWT & ASSOCIATES 0.00 0.00 539,537,857,895 0.00 0.00   CREWT & ASSOCIATES 0.00	COCHRAN CARONIA SECURITIES LLC	1,809,717.16	2,655.00	0.00	0.00	0.00
COMPUTERSH 190.262.30 476.88 0.00 0.00 0.00   CORNY CAPTAL MARKETS INC 0.00 0.00 82.737.356.89 0.00 0.00   COUNTRYWIDE 0.00 82.737.356.89 0.00 0.00   CREDIT AGRI INDOSUEZ CHEUVREAUX 1.874.222.06.98 4.396.59 0.00 0.00 0.00   CREDIT AGRI INDOSUEZ CHEUVREAUX 1.874.222.03 4.688.31 0.00 0.00 0.00   CREDIT RISIBANCH & TRADING 2.818.760.34 3.897.50 0.00 0.00 0.00   CREDIT SUSSE 168.262.485.68 50.0739 0.000 0.00 0.00   CREDIT SUSSE FIRST BOSTON LTD 219.950.052.01 408.831.84 49.066.562.50 0.00 0.00   CREMIT SUSSE 6.62.400.0 0.00 0.00 0.00 0.00   CRENT SUSSE TIRST BOSTON LTD 219.950.052.01 408.831.84 49.066.562.50 0.00 0.00   CRENT SUSSE 6.02.400.0 0.00 0.00 0.00 0.00   CRENT SUSSE FIRST BOSTON LTD 2.798.60.12	COLONIAL MANAGEMENT ASSOCIATES	0.00	0.00	7,168,433.59	0.00	0.00
CORBY CAPITAL MARKETS INC 0.00 0.00 201,624.00 0.00 0.00   COUNTRYWIDE 0.00 0.00 82,737,356,83 0.00 0.00   COWENKCO 77,789,351,13 96,611,01 10,175.00 0.00 0.00   CREDIT AGR 7.022,206.98 4,396.59 0.00 0.00 0.00   CREDIT AGR 7.022,206.98 4,396.59 0.00 0.00 0.00   CREDIT AGR INMOSUEZ CHEUVREAUX 1.874,222.03 4.688.31 0.00 0.00 0.00   CREDIT SUISSE 18,262,485.68 50,697.39 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950,052.01 408,831.84 49,066,562.50 0.00 0.00   CRMIN & ASSOCIATES 0.00 0.00 0.00 0.00 0.00 0.00   CRNIN & ASSOCIATES 0.00 0.00 0.00 0.00 0.00 0.00   CRNIN & ASSOCIATES 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	COMMERZBANKAG	16,580,941.87	41,296.07	0.00	0.00	0.00
COUNTRYWIDE: 0.00 82,737,356.89 0.00 0.00   CCWENACO 77,799,354.13 96,051.10 10,175.00 0.00 0.00   CREDIT AGRI INDOSUEZ CHEUVREAUX 1,874,222.03 4,688.31 0.00 0.00 0.00   CREDIT SUNNAIS SECURITIES 76,422,461.00 169,679.71 0.00 0.00 0.00   CREDIT SUISSE 18,262,485.68 50,697.39 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,90,052.01 408,831.84 49,066,562.30 0.00 0.00   CREWYS ASSOCIATES 0.00 0.00 2,617,621.35 0.00 0.00   CREWTS ASSOCIATES 0.00 0.00 2,617,621.35 0.00 0.00   CRENTEDER OUST & MERH 1913,601.42 6,75969 0.000 0.000 0.00   CANNEGIE AG STOCKHOLM, SWEDEN 2,789,660.12 5,586.16 0.00 0.00 0.00   DAL DAVIDSON 15,054,265 59,814.00 18,750,697.60 0.00 0.00   DAL DAVIDSON 15,054,055 59	COMPUTERSH	190,262.30	476.88	0.00	0.00	0.00
COWEN&CO 77,789,354.13 96,051.10 10,175.00 0.00 0.00   CREDIT AGR 70,22,206,98 4,396,59 0.00 0.00 0.00   CREDIT LYONNAIS SECURITIES 76,425,461.00 169,679,71 0.00 0.00 0.00   CREDIT RESEARCH & TRADING 2,818,760.34 3,897.50 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950,052.01 408,831.84 49,066,562.30 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950,052.01 408,831.84 49,066,562.30 0.00 0.00   CRENT SUISSE FIRST BOSTON LTD 1919,500,052.01 408,831.84 49,066,562.30 0.00 0.00   CRENT RCO INC 0.00 0.00 2,617,621.35 0.00 0.00 0.00   CCRNIR & CO INC 0.00 0.00 2,514,675.00 0.00 0.00 0.00 0.00   D CARNEGIE AG STOCKHOLM, SWEDEN 2,788,660.12 55,861.6 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	CORBY CAPITAL MARKETS INC	0.00	0.00	201,624.00	0.00	0.00
CREDIT AGR 7.022,206,98 4,396,59 0.00 0.00   CREDIT AGR INDOSUEZ CHEUVREAUX 1,874,222.03 4,688.31 0.00 0.00   CREDIT INDINAIS SECURITIES 76,425,461.00 169,679.71 0.00 0.00   CREDIT RUISSE FIRST BOSTON LITD 219,950,052.01 408,831.84 49,066,52.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LITD 219,950,052.01 408,831.84 49,066,52.00 0.00 0.00   CREWS ASSOCIATES 0.00 0.00 2.617,621.35 0.00 0.00   CRENT RERNER 1.913,601.42 6.796.90 0.00 0.00 0.00   CRUTIEDEN GUST & MERH 1.913,601.42 5.586.16 0.00 0.00 0.00   CARNEGIE AG STOCKHOLM, SWEDEN 2.798,660.12 5.586.16 0.00 0.00 0.00   DAANECHE INC 25.720,945.55 5.984.100 18,750,497.60 0.00 0.00   DALAUSCHER INC 11,809,422.2 2.330.29 0.00 0.00 0.00   DALAUSCHER INC 11,809,422.16 55.55	COUNTRYWIDE	0.00	0.00	82,737,356.89	0.00	0.00
CREDIT AGRI INDOSUEZ CHEUVREAUX 1.874,222.03 4.688.31 0.00 0.00   CREDIT LYONNAIS SECURTITES 76,425,461.00 169,679.71 0.00 0.00 0.00   CREDIT SUISSE TRADING 2.818,760.34 3,897.50 0.00 0.00 0.00   CREDIT SUISSE FIRS DOSTON LTD 219,950.052.01 408,831.84 44,066,562.50 0.00 0.00 0.00   CREWIS & ASSOCIATES 0.00 0.00 2.617,621.35 0.00	COWEN&CO	77,789,354.13	96,051.10	10,175.00	0.00	0.00
CREDIT LYONNAIS SECURITIES 76,425,461.00 169,679,71 0.00 0.00   CREDIT RESEARCH & TRADING 2,818,760.34 3,897,50 0.00 0.00   CREDIT SUISSE 18,262,485.68 50,697,39 0.00 0.00   CREDIT SUISSE FIRST BOSTON LITD 219,950,052.01 440,066,562.50 0.00 0.00   CREWIS SUISSE FIRST BOSTON LITD 219,950,052.01 0.00 2,617,621.35 0.00 0.00   CRONIN & CO INC 0.000 0.00 548,893.60 0.00 0.00   CRONIN & CO INC 0.000 53,154,322.14 113,726.06 2,514,087.50 0.00 0.00   DA.DAVIDSON 18,653,293.66 32,372.75 0.00 0.00 0.00   DALN AVIDSON 18,653,293.66 59,814.00 18,750,697.60 0.00 0.00   DALNA SBCM 46,170,895.97 76,026.48 0.00 0.00 0.000   DALNA SBCM 11,3977.54 384,48 0.00 0.00 0.000   DALNA SBCM 11,1061,926.42 1.00.00 0.000	CREDIT AGR	7,022,206.98	4,396.59	0.00	0.00	0.00
CREDIT RESEARCH & TRADING 2,818,760.34 3,897.50 0.00 0.00   CREDIT SUISSE 18,262,485.68 50,697.39 0.00 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950.052.01 408,831.84 49,066,552.50 0.00 0.00   CREWS & ASSOCIATES 0.00 0.00 2,617,621.35 0.00 0.00   CRM (FOREIGN) 662,640.00 0.00 0.00 0.00 0.00   CRUTEDEN GUST & MERH 1,913,601.42 6,796,90 0.00 0.00 5,34,538,789.59   D CARNEGIE AG STOCKHOLM, SWEDEN 2,798,660.12 5,586.16 0.00 0.00 0.00   DAL DAVIDSON 18,653,293.66 32,372.75 0.00 0.00 0.00   DAIWA SEC 46,170,895.97 76,026.48 0.00 0.00 0.00   DAIWA SEC 48,010,42.22 23,930.29 0.00 0.00 0.00   DAIWA SEC T1,808.17 130.55 0.00 0.00 0.00   DAIWA SEC 10,019,26.49 18,800.24 0.00 <td>CREDIT AGRI INDOSUEZ CHEUVREAUX</td> <td>1,874,222.03</td> <td>4,688.31</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	CREDIT AGRI INDOSUEZ CHEUVREAUX	1,874,222.03	4,688.31	0.00	0.00	0.00
CREDIT SUISSE 18,262,485.68 50,697.39 0.00 0.00   CREDIT SUISSE FIRST BOSTON LTD 219,950,052.01 408,831.84 49,066,562.50 0.00 0.00   CREWS & ASSOCIATES 0.00 0.00 2,017,21.35 0.00 0.00   CRM (TOREGIN) 662,640.00 0.00 0.00 0.00 0.00   CROTITEDEN GUST & MERH 1,913,601.42 6,796.90 0.00 0.00 5,38,678.95   D CARNEGIEA G STOCKHOLM, SWEDEN 2,798,660.12 5,586.16 0.000 0.00 0.00   D.A. DAVIDSON 18,653,293.66 32,372.75 0.00 0.00 0.00   DAIN RAUSCHER INC 25,720,964.56 59,814.00 18,750,697.60 0.00 0.00   DAINA SBCM 416,170,895.97 76,026.48 0.000 0.000 0.000   DAIVA SBCA 113,977.54 384.48 0.00 0.00 0.000   DAIVS 71,808.17 130.56 0.00 0.00 0.000   DAVY (HE) 116,619,2649 1.00 0.00	CREDIT LYONNAIS SECURITIES	76,425,461.00	169,679.71	0.00	0.00	0.00
CREDIT SUISSE FIRST BOSTON LTD 219,950,052.01 408,831.84 49,066,52.50 0.00 0.00   CREWS & ASSOCIATES 0.00 0.00 2,617,621.35 0.00 0.00   CRONIN & COINC 0.00 0.00 548,893,60 0.00 0.00   CRONIN & COINC 0.00 0.00 548,893,60 0.00 0.00   CRATTEDEN GUST & MERH 1,913,601.42 6,796.90 0.00 0.00 5,394,538,789.59   D CARNEGIE AG STOCKHOLM, SWEDEN 2,798,660.12 5,586.16 0.00 0.00 0.00   DAN RAUSCHER INC 25,729,660.12 5,586.16 0.00 0.00 0.00   DAIN RAUSCHER INC 25,720,945.65 59,814.00 18,750,697.60 0.00 0.00   DAINA SEC. AMERICA 12,189,042.22 23,930.29 0.00 0.00 0.00   DAINA SEC. AMERICA 12,189,042.22 23,930.29 0.00 0.00 0.00   DAINA SEC. AMERICA 12,189,042.21 13,956 0.00 0.00 0.00   DAINA SEC. AMERICA	CREDIT RESEARCH & TRADING	2,818,760.34	3,897.50	0.00	0.00	0.00
CREWS & ASSOCIATES 0.00 2.617.621.35 0.00 0.00   CRM (FOREIGN) 662,640.00 0.00 0.00 0.00 0.00 0.00   CRM (FOREIGN) 662,640.00 0.00 0.00 0.00 0.00 0.00   CRUTTEDEN GUST & MERH 1.913,601.42 6.796.90 0.00 0.00 5,394,538,789.59   D CARNEGIE AG STOCKHOLM, SWEDEN 2.798,660.12 5,586.16 0.00 0.00 0.00   DAIN RAUSCHER INC 25,720,964.56 59,814.00 18,750,697.60 0.00 0.00   DAIWA SBCM 46,170,895.97 76,026.48 0.00 0.00 0.00   DAIWA SBC. AMERICA 12,189,042.22 23,930.29 0.00 0.00 0.00   DAVIS 71,808.17 130.56 0.00 0.00 0.00 0.00   DAVIS 71,808.17 130.56 0.00 0.00 0.00 0.00   DAVIS 71,808.17 153.50 0.00 0.00 0.00 0.00 0.00 0.00 0.00	CREDIT SUISSE	18,262,485.68	50,697.39	0.00	0.00	0.00
CRM (FOREIGN) 662,640.00 0.00 0.00 0.00 0.00   CRONIN & CO INC 0.00 0.00 548,893.60 0.00 0.00   CRONIN & CO INC 0.01 0.00 548,893.60 0.00 0.00   CRUTTEDEN GUST & MERH 1.913,601.42 6,796.59 0.00 0.00 5,394,538,789.59   D CARNEGIE AG STOCKHOLM, SWEDEN 2.798,660.12 5,586.16 0.00 0.00 0.00   D.A. DAVIDSON 18,653,293.66 32,372.75 0.00 0.00 0.00   DAIW RAUSCHER INC 25,720,964.55 59,814.00 18,750,697.60 0.00 0.00   DAIWA SEC. AMERICA 12,189,042.22 23,930.29 0.00 0.00 0.00   DAVIS SC. AMERICA 113,977.54 384.48 0.00 0.00 0.00   DAVIS SC. AMERICA 12,189,042.22 23,930.23 0.00 0.00 0.00   DAVIS SC. AMERICA 12,189,042.23 30.00 0.00 0.00 0.00   DAVIS (FER 511,2189,042.21 130.55	CREDIT SUISSE FIRST BOSTON LTD	219,950,052.01	408,831.84	49,066,562.50	0.00	0.00
CRONIN & CO INC0.00548,893.600.000.00CRUTTEDEN GUST & MERH1,913,601.426,796.900.000.000.00CS FIRST BOSTON53,154,282.14113,726.062,514,087.500.005,394,538,789.59D CARNEGIE AG STOCKHOLM, SWEDEN2,798,660.125,586.160.000.000.00D.A. DAVIDSON18,653,293.6652,327.750.000.000.00DAIN RAUSCHER INC25,720,964.5659,814.0018,750,697.600.000.00DAIWASEC. AMERICA12,189,042.2223,393.290.000.000.00DALA & BROACHA113,977.54384.480.000.000.00DAVS71,808.17130.560.000.000.00DAVY (1+E)11,061,926.4918,600.240.000.000.00DAS SICKER581,237.79724.830.000.000.00DBS VICKER581,237.79724.830.000.000.00DEMANTER REYNOLDS108,086.10150.000.000.000.00DEUTSCHE BANK AG /LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.000.000.000.00DEUTSCHE BANK AG NEW YORK0.000.000.000.000.00DEUTSCHE BANK AG NEW YORK0.000.000.000.000.00DEUTSCHE BANK AGNESSIC2,79,469.045,58.25420,462,683.290.000.00DEUTSCHE BANK AG NEW YORK0	CREWS & ASSOCIATES	0.00	0.00	2,617,621.35	0.00	0.00
CRUTTEDEN GUST & MERH1,913,601.426,796.900.000.000.00CS FIRST BOSTON53,154,282.14113,726.062,514,087.500.005,394,538,789.59D CARNEGIE AG STOCKHOLM, SWEDEN2,798,660.125,586.160.000.000.00D.A. DAVIDSON18,653,293.6632,372.750.000.000.00DAIN RAUSCHER INC25,720,964.5559,814.0018,750,697.600.000.00DAIWA SBCM46,170,895.9776,026.480.000.000.00DAIWA SEC. AMERICA12,189,042.2223,930.290.000.000.00DAVIS71,808.17130.560.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DBS VICKER581,237.79724.830.000.000.00DEUT SCHE BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DEUT SCHE BANK AG / LONDON4,486,461.7155.8550,848,071.640.000.00DEUT SCHE BANK AG / LONDON4,486,461.7155.82420,462,683.290.000.00DEUT SCHE BANK AG NEW YORK0.000.000.000.00 <tr<< td=""><td>CRM (FOREIGN)</td><td>662,640.00</td><td>0.00</td><td>0.00</td><td>0.00</td><td>0.00</td></tr<<>	CRM (FOREIGN)	662,640.00	0.00	0.00	0.00	0.00
CS FIRST BOSTON53,154,282.14113,726.062,514,087.500.005,394,538,789.59D CARNEGIE AG STOCKHOLM, SWEDEN2,798,660.125,586.160.000.000.00D.A. DAVIDSON18,653,293.6632,372.750.000.000.00DAIN RAUSCHER INC25,720,964.5659,814.0018,750,697.600.000.00DAIWA SBC46,170,895.9776,026.480.000.000.00DAIWA SBC.113,977.54384.480.000.000.00DAIVA SEC.71,808.17130.560.000.000.00DAVIS71,808.17130.560.000.000.00DAVY (J-E)11,061,926.4918,600.240.000.000.00DESN KLIMITID, SINGAPORE12,212.1655.230.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG VORK0.000.000.000.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK GOVT SEC INC2,729,469.045,582.54420,462,683.290.000.00DEUTSCHE BANK GOVT SEC INC2,729,469.041,846.83	CRONIN & CO INC	0.00	0.00	548,893.60	0.00	0.00
D CARNEGIE AG STOCKHOLM, SWEDEN 2,798,660.12 5,586.16 0.00 0.00   D.A. DAVIDSON 18,653,293.66 32,372.75 0.00 0.00 0.00   DAIN RAUSCHER INC 25,720.964.56 59,814.00 18,750,697.60 0.00 0.00   DAIWA SBCM 46,170,895.97 76,026.48 0.00 0.00 0.00   DALVA SBCM 12,189,042.22 23,930.29 0.00 0.00 0.00   DAVIS T1,808.17 130.56 0.00 0.00 0.00   DAVY (1+E) 11,061,926.49 18,600.24 0.00 0.00 0.00   DBS BANK LIMITID, SINGAPORE 12,212.16 55.23 0.00 0.00 0.00   DEAN WITTER REYNOLDS 108,086.10 150.00 0.00 0.00 0.00   DEUTSCHE BANK 856,377,363.14 485,958.68 50,848,071.64 0.00 0.00   DEUTSCHE BANK AG / LONDON 4,486,461.71 535.80 0.00 0.00 0.00   DEUTSCHE BANK AG NEW YORK 0.00 0.00 0.00	CRUTTEDEN GUST & MERH	1,913,601.42	6,796.90	0.00	0.00	0.00
D.A. DAVIDSON18,653,293.6632,372.750.000.000.00DAIN RAUSCHER INC25,720,964.5659,814.0018,750,697.600.000.00DAIWA SBCM46,170,895.9776,026.480.000.000.00DAIWA SEC. AMERICA12,189,042.2223,930.290.000.000.00DAIVA SEC. AMERICA113,977.54384.480.000.000.00DAVIS71,808.17130.560.000.000.00DAVIS11,061,926.4918,600.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG /LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SCURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SCURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SCURITIES<	CS FIRST BOSTON	53,154,282.14	113,726.06	2,514,087.50	0.00	5,394,538,789.59
DAIN RAUSCHER INC 25,720,964.56 59,814.00 18,750,697.60 0.00 0.00   DAIWA SBCM 46,170,895.97 76,026.48 0.00 0.00 0.00   DAIWA SBC. AMERICA 12,189,042.22 23,930.29 0.00 0.00 0.00   DALAL & BROACHA 113,977.54 384.48 0.00 0.00 0.00   DAVY (J+E) 11,061,926.49 18,600.24 0.00 0.00 0.00   DAS BANK LIMITID, SINGAPORE 12,212.16 55.23 0.00 0.00 0.00   DEAN WITTER REYNOLDS 108,086.10 150.00 0.00 0.00 0.00   DEUTSCHE BANK 856,377,363.14 485,958.68 50,848,071.64 0.00 0.00   DEUTSCHE BANK AG / LONDON 4,486,461.71 535.80 0.00 0.00 0.00   DEUTSCHE BANK GOVT SEC INC 2,779,469.04 5,558.25 420,462,683.29 0.00 0.00   DEUTSCHE BANK GOVT SEC INC 2,779,469.04 5,558.25 420,462,683.29 0.00 0.00   DEUTSCHE BANK SECS <	D CARNEGIE AG STOCKHOLM, SWEDEN	2,798,660.12	5,586.16	0.00	0.00	0.00
DAIWA SBCM46,170,895.9776,026.480.000.000.00DAIWA SEC. AMERICA12,189,042.2223,930.290.000.000.00DALAL & BROACHA113,977.54384.480.000.000.00DAVIS71,808.17130.560.000.000.00DAYY (J+E)11,061,926.4918,600.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DEAN WITER REYNOLDS108,086.10150.000.000.000.00DEAN WITER REYNOLDS108,086.10150.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	D.A. DAVIDSON	18,653,293.66	32,372.75	0.00	0.00	0.00
DAIWA SEC. AMERICA12,189,042.2223,930.290.000.000.00DALAL & BROACHA113,977.54384.480.000.000.00DAVIS71,808.17130.560.000.000.00DAVY (J+E)11,061,926.4918,600.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DES VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE BANK GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000	DAIN RAUSCHER INC	25,720,964.56	59,814.00	18,750,697.60	0.00	0.00
DALAL & BROACHA113,977.54384.480.000.000.00DAVIS71,808.17130.560.000.000.00DAVY (J+E)11,061,926.4918,600.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DES VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DAIWA SBCM	46,170,895.97	76,026.48	0.00	0.00	0.00
DAVIS71,808.17130.560.000.000.00DAVY (J+E)11,061,926.4918,60.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DBS VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DAIWA SEC. AMERICA	12,189,042.22	23,930.29	0.00	0.00	0.00
DAVY (J+E)11,061,926.4918,600.240.000.000.00DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DBS VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DALAL & BROACHA	113,977.54	384.48	0.00	0.00	0.00
DBS BANK LIMITID, SINGAPORE12,212.1655.230.000.000.00DBS VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE EQ. PVT, LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DAVIS	71,808.17	130.56	0.00	0.00	0.00
DBS VICKER581,237.79724.830.000.000.00DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DAVY (J+E)	11,061,926.49	18,600.24	0.00	0.00	0.00
DEAN WITTER REYNOLDS108,086.10150.000.000.000.00DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE MANK SECS0.000.000.000.000.00DEUTSCHE MANK SECS0.000.000.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DBS BANK LIMITID, SINGAPORE	12,212.16	55.23	0.00	0.00	0.00
DEMATTED MOMMESS LLC267,626.251,125.000.000.000.00DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES39,086,875.17103,136.200.000.000.00	DBS VICKER	581,237.79	724.83	0.00	0.00	0.00
DEUTSCHE BANK856,377,363.14485,958.6850,848,071.640.000.00DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE BANK SECS0.000.000.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEAN WITTER REYNOLDS	108,086.10	150.00	0.00	0.00	0.00
DEUTSCHE BANK AG / LONDON4,486,461.71535.800.000.000.000.00DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.000.000.00DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEMATTED MOMMESS LLC	267,626.25	1,125.00	0.00	0.00	0.00
DEUTSCHE BANK AG NEW YORK0.000.005,423,721.500.000.00DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.001,840,762,688.71DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK	856,377,363.14	485,958.68	50,848,071.64	0.00	0.00
DEUTSCHE BANK CAPITAL920,532.461,846.8396,644,085.930.000.00DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.001,840,762,688.71DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK AG / LONDON	4,486,461.71	535.80	0.00	0.00	0.00
DEUTSCHE BANK GOVT SEC INC2,779,469.045,558.25420,462,683.290.000.00DEUTSCHE BANK SECS0.000.000.000.001,840,762,688.71DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK AG NEW YORK	0.00	0.00	5,423,721.50	0.00	0.00
DEUTSCHE BANK SECS0.000.000.001,840,762,688.71DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK CAPITAL	920,532.46	1,846.83	96,644,085.93	0.00	0.00
DEUTSCHE EQ. PVT., LTD.5,109,821.841,351.150.000.000.00DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK GOVT SEC INC	2,779,469.04	5,558.25	420,462,683.29	0.00	0.00
DEUTSCHE M2,527,021.508,539.600.000.000.00DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE BANK SECS	0.00	0.00	0.00	0.00	1,840,762,688.71
DEUTSCHE MORGAN GREINFELL3,640,132.73839.410.000.000.00DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE EQ. PVT., LTD.	5,109,821.84	1,351.15	0.00	0.00	0.00
DEUTSCHE S4,412,468.8714,606.920.000.000.00DEUTSCHE SECURITIES5,556,955.9316,480.880.000.000.00DEUTSCHE SECURITIES ASIA39,086,875.17103,136.200.000.000.00	DEUTSCHE M	2,527,021.50	8,539.60	0.00	0.00	0.00
DEUTSCHE SECURITIES 5,556,955.93 16,480.88 0.00 0.00 0.00   DEUTSCHE SECURITIES ASIA 39,086,875.17 103,136.20 0.00 0.00 0.00	DEUTSCHE MORGAN GREINFELL	3,640,132.73	839.41	0.00	0.00	0.00
DEUTSCHE SECURITIES ASIA 39,086,875.17 103,136.20 0.00 0.00 0.00	DEUTSCHE S	4,412,468.87	14,606.92	0.00	0.00	0.00
	DEUTSCHE SECURITIES	5,556,955.93	16,480.88	0.00	0.00	0.00
DIRECT BROKERAGE SVCS. 8,790,374.92 17,895.00 0.00 0.00 0.00	DEUTSCHE SECURITIES ASIA	39,086,875.17	103,136.20	0.00	0.00	0.00
	DIRECT BROKERAGE SVCS.	8,790,374.92	17,895.00	0.00	0.00	0.00
	Stock	Stock	Bond	Bond	Short Term	
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Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commission		
DONALDSON	20,712,123.52	30,776.00	0.00	0.00	0.00	
DONGWON SECURITY	190,119.49	379.41	0.00	0.00	0.00	
DOUGHERTY CO	471,453.19	1,470.00	0.00	0.00	0.00	
DOWLING & PARTNERS SEC LLC	62,441.55	49.50	0.00	0.00	0.00	
DRESDNER BANK - KLEINWORT BENS	692,060.87	34.60	0.00	0.00	0.00	
DRESDNER BANK AG NEW YORK	15,000,409.00	23,597.80	0.00	0.00	0.00	
DRESDNER K	3,462,715.84	17.24	2,666,780.00	0.00	0.00	
DSP MERRILL LYNCH	2,155,556.72	8,575.76	0.00	0.00	0.00	
DSP MERRILL LYNCH BOMBAY INDIA	9,074,793.01	11,061.74	0.00	0.00	0.00	
EASTERN BANK CAPITAL MARKETS	0.00	0.00	167,803.60	0.00	0.00	
EDGE SECURITIES	7,284,306.15	16,355.00	0.00	0.00	0.00	
EDWARDS A.G. & SONS	29,951,715.98	44,432.10	746,398.80	0.00	0.00	
EGS SECURITIES	65,282.50	196.00	0.00	0.00	0.00	
EMPIRICAL	70,387.21	80.90	0.00	0.00	0.00	
ENSKILDA SECURITIES	17,155,852.20	33,812.95	0.00	0.00	0.00	
ESTATE INVESTMENT CO	0.00	0.00	2,862,534.41	0.00	0.00	
EXANE, PARIS	16,057,207.32	33,105.46	0.00	0.00	0.00	
EXECUTION SERVICES INC	170,828,292.94	211,501.35	0.00	0.00	0.00	
F P MAGLIO & CO INC	36,782,716.55	30,215.00	0.00	0.00	0.00	
FERRIS BAKER WATTS INC	307,850.29	1,755.50	73,704.05	0.00	0.00	
FHLMC	0.00	0.00	58,990,363.55	0.00	0.00	
FIDELITY C	125,781,519.83	135,142.53	0.00	0.00	0.00	
FIDELITY CAPITAL MARKETS	0.00	0.00	208,764.00	0.00	0.00	
FIFTH THIRD SECURITIES INC	0.00	0.00	0.00	0.00	516,464,847.22	
FINANCIAL BROKERAGE	275,897.93	1,386.77	0.00	0.00	0.00	
FIRSTALBANY	30,944,456.06	92,445.20	6,745,946.87	0.00	0.00	
FIRST ANALYSIS SEC. CORP.	4,107,375.97	5,751.00	0.00	0.00	0.00	
FIRST BOSTON CORPORATION	1,294,226,320.70	1,113,616.78	8,829,914,982.73	0.00	13,487,363.18	
FIRST MARATHON SEC., LTD	0.00	0.00	27,267.60	0.00	0.00	
FIRST NATL BANK CAP MKTS	0.00	0.00	2,281,040.24	0.00	0.00	
FIRST PACIFIC	2,699,145.39	9,480.20	0.00	0.00	0.00	
FIRST SOUTHWEST CO.	15,830,309.20	16,735.00	0.00	0.00	0.00	
FIRST TENN BANK, NA	0.00	0.00	7,329,321.97	0.00	0.00	
FIRST UNION CAP MKTS	111,014,912.85	173,501.65	66,933,744.33	0.00	0.00	
FLEMING (ROBERT) INC	32,754,065.08	55,415.70	0.00	0.00	0.00	
FLEMING MA	3,647,130.90	9,122.88	0.00	0.00	0.00	
FORD FINANCIAL SERVICES	0.00	0.00	0.00		1,309,522,029.99	
FOX PITT KELTON INC	29,594,593.83	52,984.48	0.00	0.00	0.00	
FRANCOEUR & CO	0.00	0.00	2,978,503.84	0.00	0.00	
FRANK RUSSEL	17,109,123.51	17,740.00	0.00	0.00	0.00	
FREDDIE MAC SECS AND TRADE	0.00	0.00	2,377,401,961.79	0.00	0.00	
FREIMARK BLAIR	136,585.30	120.00	0.00	0.00	0.00	
FRIEDMAN, BILLINGS & RAMSEY	25,562,316.91	41,683.91	0.00	0.00	0.00	
FULCRUM GLOBAL PARTNERS	25,757,047.69	78,237.90	0.00	0.00	0.00	

	Stock Stock Bond		Bond	Bond	Short Term	
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commission	ns \$Volume	
GGETLL	1,754,115.61	4,865.65	0.00	0.00	0.00	
G.K. GOH	5,732,383.80	25,375.82	0.00	0.00	0.00	
GARDNER RICH & COLE	21,057,239.26	12,421.00	0.00	0.00	0.00	
GENERAL ELEC CAPITAL CORP	0.00	0.00	0.00	0.00	5,641,476,905.17	
GERSON	33,657,088.21	32,862.50	0.00	0.00	0.00	
GLEN HILL	23,221.23	23.25	0.00	0.00	0.00	
GLOBAL SECURITIES	2,743,267.90	10,951.92	0.00	0.00	0.00	
GMAC FINANCIAL SERVICES	0.00	0.00	0.00	0.00	1,031,282,336.97	
GOLDMAN SACHS & COMPANY	2,458,016,384.18	2,412,552.81	13,796,997,470.28	429,364.91	3,470,375,898.74	
GOODBODY STOCKBROKERS	2,016,971.77	2,027.70	0.00	0.00	0.00	
GORDON HASKETT & CO.	12,849,278.02	6,756.00	0.00	0.00	0.00	
GREEN STREET	1,532,125.56	1,909.65	0.00	0.00	0.00	
GREENFIELD ARBITRAGE PARTNERS	288,541.59	435.00	7,277,804,743.72	0.00	0.00	
GREENWICH CAPITAL MARKETS INC	0.00	0.00	879,026,866.11	0.00	49,651,527,122.36	
GRIFFIN KUBIK STEPHENS & THOMPSO	0.00	0.00	203,515.80	0.00	0.00	
GRISWOLD	31,484,195.93	23,197.80	0.00	0.00	0.00	
GROSS & CO. INC.	114,216.72	356.00	0.00	0.00	0.00	
G-TRADE SEC	2,031,361.00	1,737.30	0.00	0.00	0.00	
GUZMAN & CO.	25,318,914.83	27,944.72	0.00	0.00	0.00	
HARBORSIDE	3,156,355.71	5,267.40	0.00	0.00	0.00	
HBSC SECURITIES	0.00	0.00	242,766,928.94	0.00	0.00	
HC BROKERAGE	48,520.58	205.34	0.00	0.00	0.00	
HC ISTANBU	4,182,714.61	14,468.90	0.00	0.00	0.00	
HDFC BANK	131,136.87	526.65	0.00	0.00	0.00	
HELEN BOE	0.00	0.00	881,611.25	0.00	0.00	
HENDERSON BROTHERS	515,997,873.04	477,731.63	0.00	0.00	0.00	
HENDERSON CROSTHWAIT	128,210.61	320.50	0.00	0.00	0.00	
HIBERNIA SOUTH COAST CAP INC	2,784,656.72	9,097.25	0.00	0.00	0.00	
HOARE GOVETT	99,664,004.74	192,730.11	0.00	0.00	0.00	
HOEFFER & ARNETT	2,331,774.58	8,190.00	0.00	0.00	0.00	
HOENIG & CO.	7,869,200.31	8,874.05	0.00	0.00	0.00	
HOENIG (FAR EAST) LIMITED	1,200,831.90	2,993.26	0.00	0.00	0.00	
HOUGH, WILLIAM R. & CO.	0.00	0.00	5,211,323.92	0.00	0.00	
HSBC ASSET MANAGEMENT	891,528.26	1,513.02	0.00	0.00	0.00	
HSBC BANK	55,139,838.50	468,851.94	0.00	0.00	0.00	
HSBC JAMES CAPEL	10,726,202.31	18,379.14	0.00	0.00	0.00	
HSBC SECURITIES INC	10,714,230.09	16,360.67	5,885,205.00	0.00	24,837,902,571.77	
IBJ INTL LTD	12,802,451.81	19,236.82	0.00	0.00	0.00	
ICICI BROKERAGE SERVICES LTD	289,579.25	0.00	0.00	0.00	0.00	
ING BANK	4,081,877.32	15,632.00	0.00	0.00	0.00	
ING BARING	6,491,670.87	19,467.63	0.00	0.00	0.00	
ING BARING SECURITIES	1,766,285.92	5,940.50	0.00	0.00	0.00	
INGALLS & SNYDER	53,790.02	105.00	0.00	0.00	0.00	
INSTINET	670,329,990.05	362,119.27	0.00	0.00	0.00	

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	s \$Volume
INSTITUTIONAL SERVICES UNLIMITED	10,736,777.66	13,905.00	0.00	0.00	0.00
INTERFUND TRANSFER	105,704.64	0.00	0.00	0.00	0.00
INTERMONTE	2,119,828.57	4,257.61	0.00	0.00	0.00
INTERNAL CROSS	22,416.60	0.00	0.00	0.00	0.00
INTERNAL SWAP BROKER	71,886.12	0.00	0.00	0.00	0.00
INTERSTATE	0.00	0.00	2,030,244.20	0.00	0.00
INVESTEC H	356,300.02	1,062.98	0.00	0.00	0.00
INVESTEC SECURITIES	6,907,863.75	14,598.28	0.00	0.00	0.00
INVESTEC SECURITIES LTD	527,554.90	1,320.57	0.00	0.00	0.00
INVESTMENT	15,226,031.29	7,650.31	0.00	0.00	0.00
INVESTMENT RESOURCES OF TEXAS	136,406.28	114.00	0.00	0.00	0.00
INVESTMENT TECHNOLOGY CORP	2,149,439,180.37	1,430,974.34	0.00	0.00	0.00
INVESTMENT TECHNOLOGY GRP INC	415,972.58	208.09	0.00	0.00	0.00
ISI GROUP	59,521,587.90	106,845.85	0.00	0.00	0.00
ITG POSIT	7,091,872.62	3,941.90	0.00	0.00	0.00
J AND E DAVY DUBLIN IRELAND	627,947.18	1,550.49	0.00	0.00	0.00
J P MORGAN & CO	58,595,613.19	119,980.07	1,190,000.00	0.00	0.00
J P MORGAN SECURITIES INC	309,852,626.04	458,900.47	516,359,962.73	0.00	4,013,722,501.74
J.B. WERE & SON	4,079,746.10	12,297.29	0.00	0.00	0.00
JACKSON PARTNERS & ASSOCIATES INC	76,399,949.39	42,457.00	0.00	0.00	0.00
JACKSON SECURITIES	30,233,947.97	40,167.35	0.00	0.00	0.00
JAMES B MCCREERY CO	0.00	0.00	689,879,930.92	0.00	0.00
JANNEY MONTGOMERY SCOTT	7,285,619.48	19,284.15	0.00	0.00	0.00
JEAN PIERRE PINATTON	303,649.52	235.40	0.00	0.00	0.00
JEFFERIES & CO	458,044,173.76	582,071.74	4,847,206.03	0.00	0.00
JOHNSON RICE & CO	2,846,915.22	6,298.00	0.00	0.00	0.00
JONES & ASSOCIATES	197,121,864.64	234,221.39	0.00	0.00	0.00
JP MORGAN	25,200,285.95	58,528.41	7,958,528.00	0.00	0.00
JULIUS BAER	4,577,294.30	8,259.83	0.00	0.00	0.00
KALB VOORHIS & CO	774,234.56	1,791.96	0.00	0.00	0.00
KASASSOCIATES	5,255,602.68	9,282.40	0.00	0.00	0.00
KAUFMAN BROTHERS	954,008.56	706.50	0.00	0.00	0.00
KBC FINANCE	2,413,984.91	4,414.45	111,987.50	0.00	0.00
KEB SMITH BARNEY SECS	19,437,186.76	11,608.02	0.00	0.00	0.00
KEEFE BRUYETTE & WOOD	66,588,875.79	114,134.14	4,513,679.60	0.00	0.00
KEMPER CAP	0.00	0.00	3,932,928.87	0.00	0.00
KINNARD (JOHN G.) & CO	7,710,742.32	14,600.25	0.00	0.00	0.00
KLEINWORT	730,242.38	1,450.30	0.00	0.00	0.00
KLEINWORTH BENSON INC	90,545,758.05	138,256.04	0.00	0.00	0.00
KNIGHT SECURITIES	149,311,077.91	258,074.64	0.00	0.00	0.00
KWS ASSOCIATES INC.	231,059.08	250.00	0.00	0.00	0.00
LARRAIN VIAL	120,005.72	295.35	0.00	0.00	0.00
LASKER STONE AND STERN	3,577,502.53	9,427.35	0.00	0.00	0.00
LAWRENCE	14,490,940.32	16,739.15	0.00	0.00	0.00

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commission	
LAZARD BROS CAPITAL MKT	2,843,556.80	3,383.95	0.00	0.00	0.00
LAZARD FRERES & CO	14,654,412.52	17,598.00	1,688,848.00	0.00	0.00
LEERINK SW	12,040,288.79	11,977.85	0.00	0.00	0.00
LEGG MASON	19,791,155.32	43,017.65	58,569,508.20	0.00	0.00
LEHMAN BROS INC	1,385,130,344.15	1,250,891.21	423,239,351.60	0.00	2,062,191,432.10
LEHMAN BROTHERS	0.00	0.00	2,986,370.78	0.00	0.00
LEHMAN BROTHERS INC	851,140,721.49	983,642.14	7,219,317,218.89	1,020.00	14,841,634.30
LEHMAN GOVT SECURITIES	344,022.49	512.69	4,105,763,448.09	0.00	0.00
LIQUIDNETI	281,650,774.24	205,785.02	0.00	0.00	0.00
LOEWEN	183,300.20	457.54	0.00	0.00	0.00
LOOP CAPITAL	1,172,095.80	2,210.00	0.00	0.00	0.00
LYNCH, JONES & RYAN	199,235,624.90	274,908.84	0.00	0.00	0.00
MACQUARIE EQUITIES	1,999,536.41	6,016.66	0.00	0.00	0.00
MAGNA SECURITIES CORP	6,133,530.92	15,764.25	513,825.00	0.00	0.00
MAINFIRST	1,576,223.80	2,599.79	0.00	0.00	0.00
MALONEY & CO	2,448,678.90	2,121.52	0.00	0.00	0.00
MARUSAN SECURITIES CO. LTD	4,795,219.84	7,182.05	0.00	0.00	0.00
MAXCOR FINANCIAL INC	299,655.25	1,782.00	0.00	0.00	0.00
MCDANIEL LEWIS & CO	4,095,690.20	2,468.36	0.00	0.00	0.00
MCDONALD & COMPANY	12,346,736.19	28,020.26	19,461,165.30	0.00	0.00
MERRILL LYNCH	577,696,248.09	915,882.37	16,700,519.83	0.00	3,952,227,235.59
MERRILL LYNCH INTERNATIONAL	2,279,016.48	6,875.72	0.00	0.00	0.00
MERRILL LYNCH P F & S	3,224,184.33	7,400.63	1,010,431,963.15	280.00	10,390,500.80
MERRILL LYNCH PIERCE	11,767,490.09	10,923.74	18,336,781.25	0.00	0.00
MERRIL-PERFORMANCE MEASURE	1,224,875,088.50	1,304,504.53	3,986,204,833.70	61,660.28	6,012,373.50
MERRIMAN	1,481,715.58	2,949.75	0.00	0.00	0.00
MERRION CAPITAL GROUP	3,731,948.40	5,772.26	0.00	0.00	0.00
MESIROW AND COMPANY	0.00	0.00	13,277,479.17	0.00	0.00
MESIROW FINANCIAL INC	0.00	0.00	3,004,380.00	0.00	149,877,690.27
MIDLAND MANAGEMENT CORP	469,766.88	864.99	0.00	0.00	0.00
MIDWEST RESEARCH	73,498,668.52	72,489.76	0.00	0.00	0.00
MILLER TABAK HIRCH	206,056.28	940.50	0.00	0.00	0.00
MINOT MCDUFFIE	0.00	0.00	14,122.31	0.00	0.00
MIZUHO CORP	647,125.10	1,296.84	0.00	0.00	0.00
MIZUHO INT	222,389.34	443.89	0.00	0.00	0.00
MIZUHO SECURITIES	1,960,236.19	3,506.24	63,639,866.25	0.00	0.00
MONNESS CRESPI HARDT	1,303,224.53	4,697.50	0.00	0.00	0.00
MONTGOMERY SECURITIES	211,416,020.79	222,125.85	1,438,122,567.96	0.00	0.00
MORGAN GRENFELL	641,111.12	1,878.64	0.00	0.00	0.00
MORGAN KEEGAN INC.	32,909,300.68	62,587.50	6,980,028.78	0.00	0.00
MORGAN STANLEY	140,043,721.49	293,005.78	235,425,204.26	0.00	0.00
MORGAN STANLEY & CO	2,787,692,942.49	1,413,074.15	7,722,067,364.41		4,321,122,484.09
MORGAN STANLEY INDIA SEC PRVT	7,689,317.47	9,981.96	0.00	0.00	0.00
NATIONAL AUSTRALIA BANK LIMITED	0.00	0.00	3,915,125.00	0.00	0.00
	0.00	0.00	5,715,125.00	0.00	0.00

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commission	ns \$Volume
NATIONAL FINANCIAL	23,188,162.53	31,805.63	0.00	0.00	0.00
NBC CAP MKTS CORP INC	0.00	0.00	4,157,360.00	0.00	0.00
NBC LEVESQUE	1,693,888.35	4,224.16	0.00	0.00	0.00
NCNB CAPITAL	0.00	0.00	2,095,540.00	0.00	0.00
NED DAVIS & CO	73,335.05	141.20	0.00	0.00	0.00
NESBITT BURNS	3,430,126.06	7,943.49	0.00	0.00	0.00
NEUBERGER & BERMAN	30,171,018.33	51,117.49	0.00	0.00	0.00
NEWBRIDGE SECURITIES	286,184.61	237.00	0.00	0.00	0.00
NOMURA INTL LONDON-SECS	1,926,282.44	3,860.28	0.00	0.00	0.00
NOMURA SEC	4,250,737.08	12,772.09	196,105.39	0.00	0.00
NOMURA SECURITIES INTL	76,827,134.61	113,990.37	379,810,210.88	0.00	19,170,000,000.00
NOMURA SINGAPORE LTD	188,661.48	948.24	0.00	0.00	0.00
NORDEA INV	0.00	0.00	3,167,339.16	0.00	0.00
NUMIS SECURITIES LTD	1,082,267.36	1,612.89	0.00	0.00	0.00
NUTMEG SECURITIES	190,048,462.87	107,266.98	0.00	0.00	0.00
ODDO FINANCE	1,166,258.17	2,337.20	0.00	0.00	0.00
OPPENHEIMER & CO	165,616,970.26	203,497.67	3,979,124.65	0.00	0.00
ORMES CAPITAL	28,736,957.62	31,622.40	0.00	0.00	0.00
OSCAR GRUSSMAN	16,043,727.80	19,743.00	0.00	0.00	0.00
OTA LTD PARTNERSHIP	98,449.28	143.57	0.00	0.00	0.00
OYAK MENKU	913,070.20	2,793.37	0.00	0.00	0.00
PACIFIC CR	7,562,605.06	17,918.20	0.00	0.00	0.00
PACIFIC GROWTH EQUITIES	2,469,211.66	5,498.50	0.00	0.00	0.00
PACIFIC SECURITIES INC.	442,731.15	884.76	0.00	0.00	0.00
PAINE WEBBER INC	0.00	0.00	1,411,917,368.69	0.00	0.00
PAINE WEBBER J & C	19,179,409.14	33,861.80	34,492,240.83	0.00	0.00
PARAMOUNT BROKERAGE CO	5,416,077.01	6,650.56	0.00	0.00	0.00
PARIBAS CAPITAL MARKETS	631,139.40	1,363.91	0.00	0.00	0.00
PARIBAS CO	0.00	0.00	13,937,507.37	0.00	0.00
PARK RAYMOND	227,436.48	1,162.69	0.00	0.00	0.00
PARKMIX LTD	613,197.10	3,082.01	0.00	0.00	0.00
PAULSEN, DOWLING	7,990,043.05	6,687.00	0.00	0.00	0.00
PCS SECURITIES INC.	9,693,227.16	13,995.00	0.00	0.00	0.00
PENSION FINANCIAL SERVICES INC.	1,263,839.08	954.32	0.00	0.00	0.00
PERSH PERSHING DIV OF DLJ	829,567.04	2,070.60	0.00	0.00	0.00
PERSHING SECURITIES LTD	48,520,151.41	47,721.89	16,167,407.52	0.00	0.00
PETRON SECURITIES LTD	0.00	0.00	32,526,145.39	0.00	0.00
PHILLIPS & DREW	4,918,465.12	0.00	0.00	0.00	0.00
PICTET & CO	13,022,476.06	22,613.30	0.00	0.00	0.00
PIONEER SECURITIES INC.	0.00	0.00	559,438,610.51	0.00	249,953.25
PIPER, JAFFRAY & HOP S	58,360,377.05	105,740.50	35,942,657.22	0.00	0.00
POLCARI	2,160,833.85	4,382.70	0.00	0.00	0.00
PORTALES P	76,512.41	80.00	0.00	0.00	0.00

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	\$ Volume
PRECURSOR	3,539,963.38	6,255.50	0.00	0.00	0.00
PRESSPRICH (R.W.) & COMPANY	0.00	0.00	14,111,048.31	0.00	0.00
PREVISION INVESTMENT CO	0.00	0.00	17,620,083.10	0.00	0.00
PRIME EXEC	453,596.05	738.00	0.00	0.00	0.00
PRIME MONEY FUND	0.00	0.00	3,405,657.82	0.00	0.00
PRUDENTIAL EQUITY GROUP	219,799,694.36	315,568.66	0.00	0.00	0.00
PRUDENTIAL FUNDING CORP	0.00	0.00	0.00	0.00	228,875,563.34
PRUDENTIAL SECURITIES INC	74,888,809.42	84,481.36	4,561,996.20	0.00	0.00
PULSE TRADE	130,302,903.42	64,734.90	0.00	0.00	0.00
PUNK ZIEGE	528,089.08	1,090.50	0.00	0.00	0.00
Q&R CLEARING CORP	1,135,096.16	1,229.75	0.00	0.00	0.00
R W PRESSPRICH & CO. INC.	0.00	0.00	21,005,511.04	0.00	0.00
RAFFLES NOMINEES	400,556.03	2,358.22	0.00	0.00	0.00
RAYMOND JAMES & ASSOCIATES	51,878,423.42	100,532.71	316,525.00	0.00	0.00
<b>RBC DOMINION SECURITIES</b>	30,323,332.59	64,090.36	7,968,360.02	0.00	0.00
REBOOK TRANSACTION	505,933.90	0.00	40,886,611.06	0.00	398,109.22
REINHEIMER NORDBERG	958,941.52	1,341.00	0.00	0.00	0.00
REINVESTMENT	9.41	0.00	0.00	0.00	0.00
RENAISSANCE CAPITAL	2,495,832.45	173.77	0.00	0.00	0.00
RESEARCH CAPITAL CORP	225,527.59	301.15	0.00	0.00	0.00
REUBEN ALSTEAD & CO INC.	0.00	0.00	188,286,839.20	0.00	0.00
ROBBINS AND HENDERSON	750,245.13	732.88	0.00	0.00	0.00
ROBERT VAN SECURITIES	947,144.60	1,634.00	5,005,800.00	0.00	0.00
ROBERT W. BAIRD & CO	39,553,358.01	85,707.17	258,471.10	0.00	0.00
ROCHDALE SECURITIES CORP	70,071,730.31	91,632.38	0.00	0.00	0.00
RUSSELL FRANK SECURITIES INC.	307,043.05	745.00	0.00	0.00	0.00
RYAN BECK & CO.	1,007,333.82	3,401.50	0.00	0.00	0.00
SALOMON BROTHERS	302,021,539.79	456,680.72	7,552,611,332.46	2,025.10	0.00
SALOMON BROTHERS INC NY	106,499,367.37	200,433.35	0.00	0.00	0.00
SALOMON SM	2,412,537.36	7,994.57	0.00	0.00	0.00
SALOMON SMITH BARNEY HOLDINGS	18,381,848.08	32,151.65	0.00	0.00	0.00
SALOMON SOFT DOLLARS	10,189.90	10.00	0.00	0.00	0.00
SAMSUNG SECURITIES	1,801,784.42	5,114.61	0.00	0.00	0.00
SAMUEL A R	7,386,420.27	12,660.52	0.00	0.00	0.00
SAMUELS CH	5,914,729.03	16,322.75	0.00	0.00	0.00
SANDERS, MORRIS & MUNDY INC.	18,925,500.34	35,613.70	0.00	0.00	0.00
SANDLER O NEIL	11,018,417.18	15,450.05	0.00	0.00	0.00
SANFORD C.	21,606,173.42	39,380.80	0.00	0.00	0.00
SBC WARBURG, LONDON	294,564.56	1,097.07	0.00	0.00	0.00
SBCI SEC	0.00	0.00	3,711,562.50	0.00	0.00
SCHRODER INV MGT	932,609.70	0.00	0.00	0.00	0.00
SCOTIA BOND CO LTD	43,503.67	130.90	0.00	0.00	0.00
SCOTIA CAPITAL MARKET	60,145.53	179.90	0.00	0.00	0.00

Iroder\$ Commissions\$ Volume\$ Commissions\$ VolumeSCOTIA MCLEOD9,474,759.0315,247.756,516,345.390,0000,000SCATTE NORFIELLOW13,162,234.1522,1872.552,410,755.170,0000,000SEASDNGOOD & MAYER0,0000,000279,300.000,0000,000SEATTEL NORTHWEST SECURITIES COR0,0001,596.490,0000,0000,000SELURIY PLANNING COMPANY864,623.521,303.500,0000,0000,000SERVICE ASST MANAGEMENT COMPA3,931,255.111,688.460,0000,0000,000SG COWEN SECURITIES3,941,223.411,692.660,0000,0000,000SIDOTT6,241,637.6212,506.250,0000,0000,000SIMMONS FIRST NATL BANK0,0000,0001,0000,0000,000SIMMONS FIRST NATL BANK53,256.97.100,0000,0000,000SOCIETE GENERAL9,842.5053.550,0000,0000,000SOCIETE GENERAL9,842.5053.500,0000,0000,000SOCIETE GENERAL9,845.510,0000,0000,0000,000SOCIETE GENERAL9,845.519,759.203,002.42.800,0000,000SOCIETE GENERAL9,759.08.110,0000,0000,0000,000SOCIETE GENERAL7,360.81.110,0000,0000,000SOCIETE GENERAL7,376.81.140,0000,0000,000SOCIETE GENERAL7,376.88.1		Stock	Stock	Bond	Bond	Short Term
SCOTT & STRINGFELLOW         13,162,234.15         27,872.35         2.410,755.17         0.00         0.00           SEASONGOD & MAYER         0.00         0.00         279,300.00         0.00         0.00           SEATLE NORTHWEST SECURTIES COR         0.00         0.00         732,577.35         0.00         0.00           SECURTY PLANNING COMPANY         864,623.52         1.596,49         0.00         0.00         0.00           SENVICE ASSET MANAGEMENT COMPA         3.973,255.11         1.688.64         0.00         0.00         0.00           SCURTINES TMANAGEMENT COMPA         3.973,255.11         1.658.64         0.00         0.00         0.00           SIDOTT         6.261,637.62         12,560.25         0.00         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         35.616,179.05         0.00         0.00           SOCIETE GE         5.328,314.04         14,003.55         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00	Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commission	ns \$ Volume
SEASONGOOD & MAYER         0.00         279,300.00         0.00         0.00           SEATLE NORTHWENT SECURTIES COR         0.00         0.00         732,577,35         0.00         0.00           SECURTY LENNNN COMPANY         844,623,52         1.564,64         0.000         0.00         0.00           SELVINVESTMENT         243,329,25         1.303,50         0.00         0.00         0.00           SECURTY EXCURTIES CORP         6,417,324,39         13,232,35         0.00         0.00         0.00           SIDOTI         6,261,677,62         21,260,25         0.00         0.00         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         2,673,691,67         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         2,673,691,67         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         2,673,691,67         0.00         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         2,673,691,67         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00	SCOTIA MCLEOD	9,474,759.03	15,247.79	6,516,345.39	0.00	0.00
SEATTLE NORTHWEST SECURITIES COR         0.00         732,577,35         0.00         0.00           SECURTY PLANNING COMPANY         864,633.52         1,596,49         0.00         0.00         0.00           SELINVESTMENT         243,329.25         1,658,64         0.00         0.00         0.00           SG COWEN SECURTIES CORP         6,417,324,39         13,293,25         0.00         0.00         0.00           SIDOTI         6,261,637,62         12,560,25         0.00         0.00         0.00           SIMMONS +         1,382,38,68         1,087,05         0.00         0.00         0.00           SIMMONS +         1,382,38,68         1,087,05         0.00         0.00         0.00           SIMMONS +         1,382,38,68         1,087,05         0.00         0.00         0.00           SIMTENATICAALSECURTIES         53,236,973,10         56,378,50         0.00         0.00         0.00           SCIETE GENERAL         9,442,50         53,53         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00         0.00 <td< td=""><td>SCOTT &amp; STRINGFELLOW</td><td>13,162,234.15</td><td>27,872.35</td><td>2,410,755.17</td><td>0.00</td><td>0.00</td></td<>	SCOTT & STRINGFELLOW	13,162,234.15	27,872.35	2,410,755.17	0.00	0.00
SECURITY PLANNING COMPANY         864,623.52         1,596.49         0.00         0.00         0.00           SEI INVESTMENT         243,329.25         1,303.50         0.00         0.00         0.00           SEQUER ISEST MANAGEMENT COMPA         3,973.255.11         1.658.84         0.000         0.000         0.000           SG COWEN SECURITIES CORP         6,417,324.39         13.293.25         0.000         0.000         0.000           SIDOTI         6,261,637,62         12.560.25         0.000         0.000         0.000           SIMMONS FIRST NATL BANK         0.00         0.000         35.616,179.05         0.00         0.000           SIMTITI BARNEY & COMPANY         0.00         0.000         2,673,691.67         0.00         0.000           SOCIETE GENERAL         8,984.20         53.35         0.000         0.000         0.000           SOCIETE GENERAL         9,945.20         53.308.25         0.000         0.000         0.000           SOCIETE GENERAL         0.00         0.000         300,424.80         0.00         0.000           SOUTIVIEST SECURTITES         0.00         300,424.80         0.00         0.000           SOUTIVIEST SECURTITES         1,381,481.35         4,587.84 <td< td=""><td>SEASONGOOD &amp; MAYER</td><td>0.00</td><td>0.00</td><td>279,300.00</td><td>0.00</td><td>0.00</td></td<>	SEASONGOOD & MAYER	0.00	0.00	279,300.00	0.00	0.00
SEINVESTMENT         243,329,25         1,303.50         0.00         0.00           SERVICE ASSET MANAGEMENT COMPA         3,973,255.11         1,688.64         0.00         0.00           SG COWEN SECURITIES CORP         6,417,324.32         13,293.25         0.00         0.00           SG SECURITIES         3,981,025.14         6,929.66         0.00         0.00           SIDTI         6,261,637.62         12,560.25         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.000         35,616,179.05         0.00         0.000           SVINTERNATIONAL SECURITIES         53,236,973.10         56,378.50         0.000         0.000         0.000           SOCIETE GE         8,785,814.44         14,093.55         0.000         0.000         0.000           SOCIETE GENERAL         9,842.50         5,350         0.000         0.000         0.000           SOLIPUEWE         2,297,592.22         5,308.25         0.00         0.000         0.000           SOLUTHWENT SECURITIES         10,092,985.82         10,841.45         0.000         0.000           SNANTIISHWARLALLID         3,368,137.13         14,432.87         0.00         0.000           SNANGYONG INVESTMENTS         1,336,813.71	SEATTLE NORTHWEST SECURITIES COR	0.00	0.00	732,577.35	0.00	0.00
SERVICE ASSET MANAGEMENT COMPA         3,973,255.11         1,658.64         0.00         0.00           SG COWEN SECURITIES CORP         6,417,324.39         13,293.25         0.00         0.00           SG ECURITIES         3,981,025.14         6,929,66         0.00         0.00           SIDOTI         6,261,677,62         12,550.25         0.00         0.00         0.00           SIMMONS F         1,338,238.68         1,057.05         0.00         0.00         0.00           SIMTONS FIRST NATL BANK         0.00         0.00         3,5616,79.05         0.00         0.00           SKINTERNATIDAL SECURITIES         53,236,973,75.10         50.00         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00         0.00         0.00           SOCIETE GENERALE NA         0.002         5,308,25         0.00         0.00         0.00           SOUTHWEST SECURITIES         10,092,985,82         10,841,45         0.00         0.00         0.00           SOVEREIGN SECURTIES         10,092,985,81,73         9,759,21         30,800,311,65         0.00         0.00           SOVEREIGN SECURTIES         10,092,985,82         14,842,87         0.00	SECURITY PLANNING COMPANY	864,623.52	1,596.49	0.00	0.00	0.00
SG COWEN SECURITIES CORP         6,417,324.39         13,293.25         0.00         0.00           SG SECURITIES         3,981.025.14         6,929.66         0.00         0.00           SIDOTI         6,261,637.62         12,560.25         0.00         0.00           SIMMONS +         1,3382.38         12,567.55         0.00         0.00           SIMMONS FLEXT NATLBANK         0.00         12,567.378.50         0.00         0.00           SCIETE GENERAL         53,236,973.10         56,378.50         0.00         0.00           SOCIETE GENERAL         9,842.50         53.55         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00           SOUTHIVEST SECURITIES         10,76,592.02         5,308.25         0.00         0.00           SOVEREIGN SECURITIES         10,899,581.73         9,759.21         30.800,311.65         0.00         0.00           SOVEREIGN SECURTIES         1,789,981	SEI INVESTMENT	243,329.25	1,303.50	0.00	0.00	0.00
SG SECURITIES3,981,025,146,929,660.000.00SIDOTI-6,261,637,6212,560,250.000.00SIMMONS +1,338,238,681,057,050.000.00SIMMONS FIRST NATL BANK0.000.000.000.00SKINTERNATIONAL SECURITIES53,236,973,1056,378,500.000.00SOCIETE GE8,785,814414,093,550.000.00SOCIETE GE8,785,814414,093,550.000.00SOCIETE GENERALE NA0.000.000.000.00SOCIETE GENERALE NA0.000.000.000.00SOUTHVEST SECURITIES10,002,985,8210,841,450.000.00SUVEREIGN SECURITIES11,092,985,8210,841,450.000.00SUKANTISHWARLALLTD3,368,137,1313,432,870.000.00SSANGYONG INVESTMENTS1,34,81,1314,437,840.000.00STANDARD & POOR SECURITIES17,75,08,769176,935,00.000.00STATUS SECURITIES75,73,648,99,8114,43,180.000.00STANDARD & POOR SECURITIES17,364,499,81174,242,77,711,160.000.00STATUS SECURITIES75,37,451,77746,100.000.000.00STATUS SECURITIES75,37,451,77746,100.000.000.00STATUS SECURITIES75,37,451,77746,100.000.00STANDARD & COMPANY4,71,39,053,7712,93,08,80.000.00STATUS SECURITIES <td>SERVICE ASSET MANAGEMENT COMPA</td> <td>3,973,255.11</td> <td>1,658.64</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	SERVICE ASSET MANAGEMENT COMPA	3,973,255.11	1,658.64	0.00	0.00	0.00
SIDOTI         6,26,637,62         12,500.25         0.00         0.00           SIMMONS +         1,338,238,68         1,057,05         0.00         0.00           SIMMONS FIRST NATL BANK         0.00         0.00         35,616,179,05         0.00         0.00           SIMTER BARNEY & COMPANY         0.00         0.00         2,673,691,67         0.00         0.00           SOCIETE GE         8,785,814,04         14,093,55         0.00         0.00         0.00           SOCIETE GENERALE         9,842,50         5330         0.00         0.00         0.00           SOCIETE GENERALE NA         0.000         0.00         0.00         1,165,79,192,71           SOUNDVIEW         2,976,592,02         5,308,25         0.00         0.00         0.00           SOVEREIGN SECURITIES         10,092,985,82         10,841,45         0.00         0.00         0.00           SNARGYONG INVESTMENTS         1,381,481,35         4,587,84         0.00         0.00         0.00           SNARGYONG INVESTMENTS         1,381,481,35         4,587,950,00         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,088,11         0.764,935,00         0.00         0.00         0.00 <td< td=""><td>SG COWEN SECURITIES CORP</td><td>6,417,324.39</td><td>13,293.25</td><td>0.00</td><td>0.00</td><td>0.00</td></td<>	SG COWEN SECURITIES CORP	6,417,324.39	13,293.25	0.00	0.00	0.00
SIMMONS +         1,338,238.68         1,057.05         0,00         0,00         0,00           SIMMONS FIRST NATL BANK         0,00         0,00         35,616,179,05         0,00         0,00           SKINTERNATIONAL SECURITIES         55,236,973,10         56,378,50         0,00         0,00         0,00           SOCIETE GE         8,785,814,04         14,093,55         0,00         0,00         0,00           SOCIETE GENERAL         9,842,50         35,30         0,00         0,00         1,65,796,192,71           SOUNDVIEW         2,976,592,02         2,308,25         0,00         0,00         0,00           SOUTHWEST SECURITIES         10,092,985,82         10,841,45         0,00         0,00         0,00           SOVEREION SECURITIES         0,00         0,00         300,242,80         0,00         0,00           SS KANTIISHWARLALLDD         3,368,137,13         13,432,87         0,00         0,00         0,00           SS KANTIISHWARLALLDD         3,368,137,13         13,432,87         0,00         0,00         0,00           STANDAD & POOR SECURTIES         11,797,508,76         17,6935,50         0,00         0,00         0,00           STANDAR & POOR SECURITIES         157,368,499,81 <t< td=""><td>SG SECURITIES</td><td>3,981,025.14</td><td>6,929.66</td><td>0.00</td><td>0.00</td><td>0.00</td></t<>	SG SECURITIES	3,981,025.14	6,929.66	0.00	0.00	0.00
SIMMONS FIRST NATL BANK         0.00         35,616,179.05         0.00         0.00           SK INTERNATIONAL SECURITIES         53,236,973.10         56,378.50         0.00         0.00         0.00           SMITH BARNE Y & COMPANY         0.00         0.00         2,673,691.67         0.00         0.00           SOCIETE GE         8,785,814.04         14,093.55         0.00         0.00         0.00           SOCIETE GENERAL         9,842.50         33.50         0.00         0.00         0.00           SOUTHWEST SECURITIES         10,92,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         0.00         0.00         300,242.80         0.00         0.00           SSAGYONG INVESTMENTS         1,381,481.35         4,587.84         0.00         0.00         0.00           SSAAGYONG SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD BANK OF SA JOHANNESBUR         566,708.49         1.413.18         0.00         0.00         0.00           STATE ST BK & TRUST         157,368.499.81         174,242.67         7,701.16         0.00         0.00           STATE ST BK & TRUST         753,745.17         746.10 <td>SIDOTI</td> <td>6,261,637.62</td> <td>12,560.25</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	SIDOTI	6,261,637.62	12,560.25	0.00	0.00	0.00
SK INTERNATIONAL SECURITIES         53,236,973.10         56,378.50         0.00         0.00         0.00           SMITH BARNEY & COMPANY         0.00         0.00         2,673,691.67         0.00         0.00           SOCIETE GE         8,785,814.04         14,093.55         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00         0.00           SOUND VIEW         2,976,592.02         5,308.25         0.00         0.00         0.00           SOVEREIGN SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SPEAR_LEEDS & KELLOGG         17,899,581.75         9,759.21         30,800,311.65         0.00         0.00           SSANGYONG INVESTMENTS         1,381,481.35         4,587.84         0.00         0.00         0.00           STANDARD POOR SECURITIES         11,975.086.71         176,935.50         0.00         0.00         0.00           STANDARD BANK OF SA JOHANNESBUR         566,708.49         1,413.18         0.00         0.00         0.00           STATO RAD SA OF SA JOHANGYN         1,	SIMMONS +	1,338,238.68	1,057.05	0.00	0.00	0.00
SMITH BARNEY & COMPANY         0.00         0.00         2.673,691.67         0.00         0.00           SOCIETE GE         8,785,814.04         14,093.55         0.00         0.00         0.00           SOCIETE GENERAL         9,842.50         53.50         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00         0.00         0.00         0.00         0.00           SOUNDVIEW         2.976,592.02         5.082.55         0.00         0.00         0.00           SOUTHWEST SECURITIES         10.092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         10.092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         10.092,985.82         10,841.45         0.00         0.00         0.00           SSKANTISHWARLALID         3.368,137.13         13.432.87         0.00         0.00         0.00           SSGAEXTERNAL         5.736,088.11         0.00         0.00         0.00         0.00         0.00           STANDARD & POOR SECURITIES         17,75,08.76         17,635,59         0.00         0.00         0.00           STATO BARD GANG F SAJOHANESBUR         566,708.49         1413.	SIMMONS FIRST NATL BANK	0.00	0.00	35,616,179.05	0.00	0.00
SOCIETE GE         8,785,814.04         14,093,55         0.00         0.00         0.00           SOCIETE GENERAL         9,842.50         53,50         0.00         0.00         0.00           SOUTHE GENERALE NA         0.00         0.00         0.00         0.00         0.00           SOUTNUEW         2,976,592.02         5,308.25         0.00         0.00         0.00           SOUTREIGN SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         0.00         300,242.80         0.00         0.00         0.00           SSANGYONG INVESTMENTS         1,381,481.35         13,432.87         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00         0.00         0.00         0.00         0.00	SK INTERNATIONAL SECURITIES	53,236,973.10	56,378.50	0.00	0.00	0.00
SOCIETE GENERAL         9,842.50         53.50         0.00         0.00         0.00           SOCIETE GENERALE NA         0.00	SMITH BARNEY & COMPANY	0.00	0.00	2,673,691.67	0.00	0.00
SOCIETE GENERALE NA         0.00         0.00         0.00         1,165,796,192,71           SOUNDVIEW         2,976,592,02         5,308.25         0.00         0.00         0.00           SOUTHWEST SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         0.00         0.00         300,242.80         0.00         0.00           SPEAR,LEEDS & KELLOGG         17,899,581.75         9,759.21         30,80,311.65         0.00         0.00           SS KANTIISHWARLAL LITD         3,368,137.13         13,42.87         0.00         0.00         0.00           SSARGYONG INVESTMENTS         1,381,481.35         4,587.84         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,97,5008.76         176,935.50         0.00         0.00         0.00           STATE DARD OF INVESTMENT         0.00         1413.18         0.00         0.00         0.00           STATE ST EK & TRUST         157,368,499.81         174,24.67         7,701.16         0.00         0.00           STATE ST EK & TRUST         157,368,499.81         11,027,968.8         0.00         0.00         0.00           STATE ST EK & TRUST         7,819,582.97	SOCIETE GE	8,785,814.04	14,093.55	0.00	0.00	0.00
SOUNDVIEW         2.976,592.02         5.308.25         0.00         0.00         0.00           SOUTHWEST SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         0.00         0.00         300,242.80         0.00         0.00           SPAR,LEEDS & KELLOGG         17.899,581.75         9.759.21         30,800,311.65         0.00         0.00           SSANGYONG INVESTMENTS         1,381,481.35         4,587.84         0.00         0.00         0.00           STANDARD & POOR SECURITIES         17.975,008.76         176,935.50         0.00         0.00         0.00           STANDARD & POOR SECURITIES         157,368,499.81         174,242.67         7,701.16         0.00         0.00           STATE ST BK & TRUST         157,368,499.81         174,242.67         7,701.16         0.00         0.00           STEVEN AMES         753,745.17         746.10         0.00         0.00         0.00           STEVEN AMES         0.00         0.00         10,0796.88         0.00         0.00           STEVEN AMES         0.00         0.00         10,0796.88         0.00         0.00           STIFELNICOLAUS & COMPANY         4,713,390.35 <td< td=""><td>SOCIETE GENERAL</td><td>9,842.50</td><td>53.50</td><td>0.00</td><td>0.00</td><td>0.00</td></td<>	SOCIETE GENERAL	9,842.50	53.50	0.00	0.00	0.00
SOUTHWEST SECURITIES         10,092,985.82         10,841.45         0.00         0.00         0.00           SOVEREIGN SECURITIES         0.00         0.00         300,242.80         0.00         0.00           SPEAR,LEEDS & KELLOGG         17,899,581.75         9,759.21         30,800,311.65         0.00         0.00           SS ANATIISHWARLALLTD         3,368,137.13         13,432.87         0.00         0.00         0.00           SSGA EXTERNAL         5,736,088.11         0.00         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD & POOR SECURITIES         157,368,499.81         174,242.67         7,701.16         0.00         0.00           STATUS SECURITIES         157,368,499.81         174,242.67         7,701.16         0.00         0.00           STATUS SECURITIES         753,745.17         746.10         0.00         0.00         0.00           STEVEN AMES         0.00         0.00         11,007,96.88         0.00         0.00           STEVEN AMES         0.00         0.00         0.00         0.00         0.00         0.00           STIFELNICOLAUS & COMPANY         4,713	SOCIETE GENERALE NA	0.00	0.00	0.00	0.00	1,165,796,192.71
SOVEREIGN SECURITIES         0.00         300,242.80         0.00         0.00           SPEAR,LEEDS & KELLOGG         17,899,581.75         9,759,21         30,800,311.65         0.00         0.00           SS KANTIISHWARLALLTD         3,368,137.13         13,432.87         0.00         0.00         0.00           SSANGYONG INVESTMENTS         1,381,481.35         4,587.84         0.00         0.00         0.00           SSGA EXTERNAL         5,736,088.11         0.00         0.00         0.00         0.00           STANDARD & POOR SECURITIES         117,975,008.76         176,935.50         0.00         0.00         0.00           STANDARD BANK OF SA JOHANNESBUR         566,708.49         1,413.18         0.00         0.00         0.00           STATE BOARD OF INVESTMENT         0.00         0.00         25,137,559.00         0.00         0.00           STATUS SECURITIES         753,745.17         746.10         0.00         0.00         0.00           STEPHENS, INC.         7,819,582.97         12,930.85         4,500,108.05         0.00         0.00           STIFEL NICOLAUS & COMPANY         4,713,390.35         5,074.50         0.00         0.00         0.00           SUN EQUITIES INC         0.00         0.	SOUNDVIEW	2,976,592.02	5,308.25	0.00	0.00	0.00
SPEAR,LEEDS & KELLOGG17,899,581.759,759.2130,800,311.650.000.00SS KANTIISHWARLALLTD3,368,137.1313,432.870.000.000.00SSANGYONG INVESTMENTS1,381,481.354,587.840.000.000.00SSGA EXTERNAL5,736,088.110.000.000.000.00STANDARD & POOR SECURITIES117,975,008.76176,935.500.000.000.00STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.000.00STEVEN AMES73,745.17746.100.0000.000.00STEVEN AMES0.000.000.000.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.00SUN EQUITIES INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.485,342.070.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00SWISS BANK243,926,617.94386,043.224,00,995,503.390.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SOUTHWEST SECURITIES	10,092,985.82	10,841.45	0.00	0.00	0.00
SS KANTIISHWARLALLTD3,368,137.1313,432.870.000.000.00SSANGYONG INVESTMENTS1,381,481.354,587.840.000.000.00SSGA EXTERNAL5,736,088.110.000.000.000.00STANDARD & POOR SECURITIES117,975,008.76176,935.500.000.000.00STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEVEN AMES0.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00SUN EQUITIES INC28,024,230.6065,967.150.000.000.00SUNE GAUTAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSURUFANNA FINANCIAL GROUP20,277.4853.400.000.000.00SUNSS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00THOMAS C BOWLES & CO.1,063,11	SOVEREIGN SECURITIES	0.00	0.00	300,242.80	0.00	0.00
SSANGYONG INVESTMENTS1,381,481.354,587.840.000.000.00SSGA EXTERNAL5,736,088.110.000.000.000.00STANDARD & POOR SECURITIES117,975,008.76176,935.500.000.000.00STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SPEAR,LEEDS & KELLOGG	17,899,581.75	9,759.21	30,800,311.65	0.00	0.00
SSGA EXTERNAL5,736,088.110.000.000.000.00STANDARD & POOR SECURITIES117,975,008.76176,935.500.000.000.00STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.6260,58.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SS KANTIISHWARLAL LTD	3,368,137.13	13,432.87	0.00	0.00	0.00
STANDARD & POOR SECURITIES117,975,008.76176,935.500.000.000.00STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC28,024,230.6065,967.150.000.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,53.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SSANGYONG INVESTMENTS	1,381,481.35	4,587.84	0.00	0.00	0.00
STANDARD BANK OF SA JOHANNESBUR566,708.491,413.180.000.000.000.00STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STEVEN AMES0.000.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC28,024,230.6065,967.150.000.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SSGA EXTERNAL	5,736,088.11	0.00	0.00	0.00	0.00
STATE BOARD OF INVESTMENT0.000.0025,137,559.000.000.00STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC28,024,230.6065,967.150.000.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STANDARD & POOR SECURITIES	117,975,008.76	176,935.50	0.00	0.00	0.00
STATE ST BK & TRUST157,368,499.81174,242.677,701.160.0025,987,766,230.68STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STEVEN AMES0.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STANDARD BANK OF SA JOHANNESBUR	566,708.49	1,413.18	0.00	0.00	0.00
STATUS SECURITIES753,745.17746.100.000.000.00STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STEVEN AMES0.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STATE BOARD OF INVESTMENT	0.00	0.00	25,137,559.00	0.00	0.00
STEPHENS, INC.7,819,582.9712,930.854,500,108.050.000.00STEVEN AMES0.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STATE ST BK & TRUST	157,368,499.81	174,242.67	7,701.16	0.00	25,987,766,230.68
STEVEN AMES0.000.0011,007,296.880.000.00STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STATUS SECURITIES	753,745.17	746.10	0.00	0.00	0.00
STIFEL NICOLAUS & COMPANY4,713,390.355,074.500.000.000.00STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STEPHENS, INC.	7,819,582.97	12,930.85	4,500,108.05	0.00	0.00
STOKES HOYT & CO.0.000.0040,700.000.000.00SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STEVEN AMES	0.00	0.00	11,007,296.88	0.00	0.00
SUN EQUITIES INC0.000.0036,321,371.150.000.00SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STIFEL NICOLAUS & COMPANY	4,713,390.35	5,074.50	0.00	0.00	0.00
SUNTRUST CAPITAL MARKETS INC28,024,230.6065,967.150.000.000.00SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	STOKES HOYT & CO.	0.00	0.00	40,700.00	0.00	0.00
SUSQUEHANNA FINANCIAL GROUP20,277.4853.400.000.000.00SVENSKA HANDELSBANKEN1,543,128.303,082.000.000.000.00SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SUN EQUITIES INC	0.00	0.00	36,321,371.15	0.00	0.00
SVENSKA HANDELSBANKEN         1,543,128.30         3,082.00         0.00         0.00         0.00           SWISS AMERICAN SECURITIES         562,622.50         1,127.50         0.00         0.00         0.00           SWISS BANK         243,926,617.94         386,043.32         4,407,995,503.39         0.00         0.00           TEATHER AND GREENWOOD         5,421,629.62         6,058.03         0.00         0.00         0.00           THOMAS C BOWLES & CO.         1,063,117.88         4,326.00         12,114,857.45         0.00         0.00	SUNTRUST CAPITAL MARKETS INC	28,024,230.60	65,967.15	0.00	0.00	0.00
SWISS AMERICAN SECURITIES562,622.501,127.500.000.000.00SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SUSQUEHANNA FINANCIAL GROUP	20,277.48	53.40	0.00	0.00	0.00
SWISS BANK243,926,617.94386,043.324,407,995,503.390.000.00TEATHER AND GREENWOOD5,421,629.626,058.030.000.000.00THOMAS C BOWLES & CO.1,063,117.884,326.0012,114,857.450.000.00	SVENSKA HANDELSBANKEN	1,543,128.30	3,082.00	0.00	0.00	0.00
TEATHER AND GREENWOOD         5,421,629.62         6,058.03         0.00         0.00         0.00           THOMAS C BOWLES & CO.         1,063,117.88         4,326.00         12,114,857.45         0.00         0.00	SWISS AMERICAN SECURITIES	562,622.50	1,127.50	0.00	0.00	0.00
THOMAS C BOWLES & CO.         1,063,117.88         4,326.00         12,114,857.45         0.00         0.00	SWISS BANK	243,926,617.94	386,043.32	4,407,995,503.39	0.00	0.00
	TEATHER AND GREENWOOD	5,421,629.62	6,058.03	0.00	0.00	0.00
THOMAS WEISEL PARTNERS 71 949 150 61 128 594 88 0.00 0.00 0.00	THOMAS C BOWLES & CO.	1,063,117.88	4,326.00	12,114,857.45	0.00	0.00
110/11/3 WEISEE FAMINERS /1,747,130.01 120,374.00 0.00 0.00 0.00 0.00	THOMAS WEISEL PARTNERS	71,949,150.61	128,594.88	0.00	0.00	0.00
THOMASON INV         1,468,413.46         9,564.50         0.00         0.00         0.00	THOMASON INV	1,468,413.46	9,564.50	0.00	0.00	0.00
TMR SECURITIES INC         0.00         0.00         10,735,434.88         0.00         0.00	TMR SECURITIES INC	0.00	0.00	10,735,434.88	0.00	0.00

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissions	\$ Volume
TOKAI BANK LONDON	1,881,985.01	3,137.65	0.00	0.00	0.00
TOKYO MITSUBISHI	4,880,638.85	6,684.70	0.00	0.00	0.00
TORONTO DOMINION SEC INC	95,531,019.00	92,702.10	0.00	0.00	24,990,083.33
TROIKA MOSCOW	133,910.00	0.00	0.00	0.00	0.00
TULLET LIBERTY INC	67,168.89	235.00	0.00	0.00	0.00
U.S. CLEARING	60,610,140.81	66,419.70	0.00	0.00	0.00
UBS AG	83,489,681.32	163,476.77	2,480,507.80	0.00	0.00
UBS SECURITIES	139,450,435.47	299,788.25	922,025.00	0.00	8,862,681,375.19
UBS WARBUR	653,766.48	667.60	34,513,045.24	0.00	0.00
UBS WARBURG	294,398.68	881.90	0.00	0.00	0.00
UBS-DB CORPORATION	450,761.21	1,155.00	54,079,883.72	0.00	0.00
UNITED FINANCIAL CORPORATION	1,194,958.40	0.00	0.00	0.00	0.00
UNITED SERVICES PLANNING ASSOC	0.00	0.00	124,076,883.86	0.00	0.00
UNTERBURG HARRIS & DESANTIS	12,013,812.51	38,016.80	0.00	0.00	0.00
UNX INC.	25,485.62	16.50	0.00	0.00	0.00
UOB KAY HIAM PVT LTD, SINGAPORE	50,587.65	151.28	0.00	0.00	0.00
UTENDAHL	950,475.51	1,455.00	14,158,780.69	0.00	0.00
VANDHAM SECURITIES	4,293,890.25	5,930.00	0.00	0.00	0.00
VERITAS SECURITIES	686,789.49	938.00	0.00	0.00	0.00
VIANET DIRECT INC.	26,830.16	16.00	0.00	0.00	0.00
WACHOVIA BANK	0.00	0.00	10,002,812.51	0.00	0.00
WAGNER STOTT & CO.	315,144,851.44	277,894.58	0.00	0.00	0.00
WALL STREET PLANNING INC.	0.00	0.00	2,623,431.00	0.00	4,072,319.10
WARBURG DI	11,831,371.95	11,258.17	0.00	0.00	0.00
WARBURG S.G.	8,304,760.58	18,089.00	0.00	0.00	0.00
WARBURG, DILLON READ	138,695,548.59	294,795.95	0.00	0.00	0.00
WASHINGTON NATIONAL EQUITY CO	0.00	0.00	944,905.72	0.00	0.00
WAVE SECURITIES	30,693,292.00	15,291.50	0.00	0.00	0.00
WEDBUSH SECURITIES	19,540,046.91	45,607.75	0.00	0.00	0.00
WEEDEN & COMPANY	138,239,928.45	166,637.66	0.00	0.00	0.00
WEISS	21,516,108.09	20,048.40	0.00	0.00	0.00
WELLS FARGO BANK	7,020,332.57	11,099.50	0.00	0.00	0.00
WELLS FARGO INSTITUTL BROK & SAL	0.00	0.00	110,858.00	0.00	25,000,000.00
WERE STOCKBROKING LTD	6,369,517.57	19,090.47	0.00	0.00	0.00
WESTDEUTSCHE LANDESBANK	5,173,337.18	10,326.01	0.00	0.00	0.00
WESTMINSTER	58,179,346.81	172,580.00	0.00	0.00	0.00
WESTPAC AUSTRALIA	0.00	0.00	28,915.07	0.00	0.00
WESTPAC BK	0.00	0.00	4,407,954.69	0.00	0.00
WEXFORD CLEARING SVCS CORP	14,020,924.28	11,194.00	0.00	0.00	0.00
WHEATON FIRST SECURITIES INC	4,615,959.10	6,205.50	3,663,355.48	0.00	0.00
WHITE CAP TRADING	1,699,891.59	1,181.95	0.00	0.00	0.00
WILIAM R. HOUGH & CO	312,514.72	0.00	42,677.50	0.00	0.00
WILLIAM BLAIR & CO.	0.00	0.00	11,766,600.88	0.00	0.00
WILLIAM JENNINGS & CO INC.	1,832,150.86	1,878.10	0.00	0.00	0.00

## By Broker for Fiscal Year 2004

	Stock	Stock	Bond	Bond	Short Term
Broker	\$ Volume	\$ Commissions	\$ Volume	\$ Commissio	ons \$Volume
WILLIAM SMITH SECURITIES	562,835.06	573.42	0.00	0.00	0.00
WILLIAMS CAP GROWTH	21,833,931.78	21,429.85	0.00	0.00	0.00
WILLIAMS CAP GRP LP	0.00	0.00	0.00	0.00	49,940,416.67
WILLIAMS CAPITAL GROUP LP NY	8,146,470.39	9,640.00	0.00	0.00	0.00
WILLIAMS D BROE	5,256,455.35	8,261.27	0.00	0.00	0.00
WR HAMBREC & CO	1,170,002.01	1,182.50	0.00	0.00	0.00
YAMNER & CO INC (CLS THRU 443)	106,795,972.08	18,783.73	0.00	0.00	0.00
YATIRIN FINANSMAN	235,595.62	1,038.91	0.00	0.00	0.00
YUANTA SECURITIES CO LTD	2,372,839.59	3,379.74	0.00	0.00	0.00
ZIONS CAPITAL MARKETS	0.00	0.00	14,328,935.06	0.00	155,439.83
BROKER NOT AVAILABLE*	4,606,354,611.37	893,350.03	1,717,246,815.31	0.00	22,558,316,698.67
ALL BROKERS COMBINED	33,855,202,864.99	33,325,929.24	88,854,162,704.11	499,388.91	201,167,910,522.40

\*Includes transactions where broker data was incomplete, income reinvestment transactions and transfers and adjustments between funds.

Note: Totals may not add due to rounding

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## **Independent Auditor's Report**

Members of the State Board of Investment and Howard J. Bicker, Executive Director State Board of Investment

We have audited the accompanying financial statements of the State of Minnesota's Supplemental Investment Fund and the Post Retirement Investment Fund as of and for the year ended June 30, 2004, as shown on pages 116-121. These financial statements are the responsibility of the State Board of Investment's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 audit provides a reasonable basis for our opinion.

The financial statements present only the Supplemental Investment Fund and the Post Retirement Investment Fund of the State of Minnesota and are not intended to present fairly the financial position and results of operation of the State Board of Investment or the State of Minnesota in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements of the Supplemental Investment Fund and the Post Retirement Investment Fund, referred to above, present fairly, in all material respects, the net assets as of June 30, 2004, and the changes in net assets and results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated December 14, 2004, on our consideration of the State Board of Investment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing Members of the State Board of Investment and Howard J. Bicker, Executive Director Page 2

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules on pages 123-170 are presented for the purpose of additional analysis and are not a required part of the financial statements of the Supplemental Investment and Post Retirement Funds of the State of Minnesota. Such information has been subject to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

James R. Molen

James R. Nobles Legislative Auditor

December 14, 2004

Claudia J. Gudvangen

Claudia J. Gudvangen, CPA Deputy Legislative Auditor

## STATE BOARD OF INVESTMENT SUPPLEMENTAL AND POST INVESTMENT FUNDS STATEMENT OF ASSETS AND LIABILITIES JUNE 30, 2004 AMOUNTS IN (000)'S

	SUPPLEMENTAL INVESTMENT FUND (5)		POST RETIREMEN INVESTMENT FUND (6)	
ASSETS:				
Investments (at market value) (2), (3):				
Common Stock	\$	673,278	\$	12,321,296
Alternative Equities		0		784,918
Fixed Income Securities		409,601		4,526,060
Short Term Securities		108,692		781,659
Short Term Securities-Lending Collateral(4b)		73,966		2,169,266
Total Investments (4a)	\$	1,265,537	\$	20,583,199
Cash		0		0
Security Sales Receivable		0		0
Accounts Receivable-Fee Refunds		0		0
Accounts Receivable-Mortality		0		120,990
Accounts Receivable-Participants		0		0
Accrued Interest		1,838		0
Accrued Dividends		0		0
Accrued Short Term Gain		156		821
Reserve Adjustment	_	0	_	0
TOTAL ASSETS	\$	1,267,531	\$	20,705,010
LIABILITIES:				
Management Fees Payable	\$	178	\$	6,838
Security Purchases Payable		0		0
Accounts Payable-Participants		0		2,745
Accounts Payable-Mortality		0		123,083
Payable to MSRS		0		0
Reserve Adjustment		0		0
Securities-Lending Collateral (4b)	_	73,966		2,169,266
TOTAL LIABILITIES	\$	74,144	\$	2,301,932
NET ASSETS AT JUNE 30, 2004	\$	1,193,387	\$	18,403,078

## STATE BOARD OF INVESTMENT SUPPLEMENTAL AND POST INVESTMENT FUNDS STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2004 AMOUNTS IN (000)'S

		SUPPLEMENTAL INVESTMENT FUND		POST RETIREMENT INVESTMENT FUND	
FROM UNDISTRIBUTED INCOME:					
Net Investment Income	\$	86,270	\$	1,598,543	
Realized Gains (Losses)		41,283		34,146	
Unrealized Gains (Losses)		69,363		990,319	
TOTAL INCOME	\$	196,916	\$	2,623,008	
Less Distribution To					
Participant Accounts	(	196,916)	(	2,623,008)	
Undistributed Dedicated Income		0	,	0	
Net Change From Undistributed Income	\$	0	\$	0	
Additions To Participant Accounts Participant Contributions		270,298		1,599,763	
Participant Contributions Income Distribution		196,920		2,623,007	
Participant Contributions Income Distribution Income To Be Distributed		196,920 0		2,623,007 0	
Participant Contributions Income Distribution Income To Be Distributed Total Additions	\$	196,920	\$	2,623,007	
Participant Contributions Income Distribution Income To Be Distributed	\$	196,920 0 467,218	\$	2,623,007 0 4,222,770	
Participant Contributions Income Distribution Income To Be Distributed Total Additions Deductions From Participant Accounts	\$	196,920 0	\$ \$	2,623,007 0	
Participant Contributions Income Distribution Income To Be Distributed Total Additions Deductions From Participant Accounts Withdrawals		196,920 0 467,218 768,856		2,623,007 0 4,222,770 2,352,626	
Participant Contributions Income Distribution Income To Be Distributed Total Additions Deductions From Participant Accounts Withdrawals Total Deductions	\$	196,920 0 467,218 768,856 768,856	\$	2,623,007 0 4,222,770 2,352,626 2,352,626	
Participant Contributions Income Distribution Income To Be Distributed Total Additions Deductions From Participant Accounts Withdrawals Total Deductions Net From Participant Transactions	\$ (\$	196,920         0         467,218         768,856         768,856         301,638)	\$ \$	2,623,007 0 4,222,770 2,352,626 2,352,626 1,870,144	
Participant Contributions Income Distribution Income To Be Distributed Total Additions Deductions From Participant Accounts Withdrawals Total Deductions Net From Participant Transactions TOTAL CHANGE IN ASSETS	\$ (\$	196,920         0         467,218         768,856         768,856         301,638)	\$ \$	2,623,007 0 4,222,770 2,352,626 2,352,626 1,870,144	

## STATE BOARD OF INVESTMENT SUPPLEMENTAL AND POST INVESTMENT FUNDS STATEMENT OF OPERATIONS YEAR ENDED JUNE 30, 2004 AMOUNTS IN (000)'S

		PLEMENTAL /ESTMENT FUND	POST RETIREMENT INVESTMENT FUND		
<b>INVESTMENT INCOME:</b>					
Interest	\$	19,764	\$	228,547	
Dividends	\$	65,680	\$	1,377,804	
Short Term Gains		1,617		10,869	
Security Lending Gross Earnings(4c)		886		22,851	
Less: Borrower Rebates	(	564)	(	14,691)	
Less: Fees Paid to Agents	(	72)	(	1,887)	
Security Lending Net Earnings		250		6,273	
Income Before Expenses	\$	87,311	\$	1,623,493	
Management Fees		1,041		24,950	
NET INCOME	\$	86,270	\$	1,598,543	
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS Realized:					
Proceeds From Sales	\$	722,721	\$	2,883,572	
Cost Of Securities Sold	+	681,438	+	2,849,426	
Net Realized Gain (Loss)	\$	41,283	\$	34,146	
Unrealized:	·	,	·	,	
Beginning Of Period	(	52,682)	(	1,208,543)	
End Of Period	× *	16,681	Ì	218,224)	
Increase (Decrease) In		· · · ·	<u> </u>	· /	
Unrealized Appreciation	\$	69,363	\$	990,319	
NET REALIZED AND UNREALIZED					
GAIN (LOSS) ON INVESTMENTS	\$	110,646	\$	1,024,465	

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2004

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Financial Reporting Entity and Basis of Presentation:</u> This report includes financial statements for the Supplemental Investment, and Post Retirement Trust Funds of the State of Minnesota, which are administered by the State Board of Investment under authority of *Minnesota Statutes* Chapter 11A.

The financial statements presented for these funds are based on the preferred accounting practices described in the American Institute of Certified Public Accountants audit guide, "Audits of Investment Companies". These practices, and the significant accounting policies which follow, conform with generally accepted accounting principles.

<u>Authorized Investments:</u> *Minnesota Statutes*, Section 11A.24 broadly restricts investments to obligations and stocks of the U.S. and Canadian governments, their agencies and their registered corporations; short term obligations of specified high quality; international securities; restricted participation as a limited partner in venture capital, real estate or resource equity investments; and restricted participation in registered mutual funds.

<u>Risk Categories:</u> At June 30, 2004, all investments of the Investment Trust Funds and pooled investment accounts are in risk category 1, and are insured or registered, or are held by the state or its agent in the state's name. In addition, all security lending transactions are collateralized by at least 100% of the value of loaned securities. A State Board of Investment policy, which limits transactions to those with primary government securities dealers whose net excess capital is greater than \$200,000,000 reduces the state's investment risk for repurchase agreements.

<u>Security Valuation:</u> All securities are valued at market except for U.S. Government short-term securities and commercial paper, which are valued at market less accrued interest. Accrued short-term interest is recognized as income as part of "Short-Term Gain". For long-term fixed income securities the SBI uses the Merrill Lynch valuation system. This pricing service is capable of providing prices for both actively traded and privately placed bonds. For equity securities the State Board uses a valuation service provided by Financial Control Systems, Inc. The basis for determining the fair value of investments that are not based on market quotations includes audited financial statements, analysis of future cash flows, and independent appraisals. <u>Recognition of Security Transactions:</u> Security transactions are accounted for on the date the securities are purchased or sold.

<u>Income Recognition:</u> Pool dividend income is recorded on the ex-dividend date. Pool interest and dividend income are accrued monthly. Short-term interest is accrued monthly and is presented as "Accrued Short-Term Gain".

<u>Amortization of Fixed Income Securities:</u> Premiums and discounts on fixed income purchases are amortized over the remaining life of the security using the "Effective Interest Method".

Loaning Securities: State Statutes do not prohibit the SBI from participating in security lending. As such, domestic and international corporate securities as well as certain US Government and Government Agency securities are loaned out by the State Board to banks and brokers for additional income. Collateral in the amount of 100% of the market value of the security loaned is required. The collateral held and the market value of securities on loan for the State Board as of June 30, 2004 were \$4,668,704,112.81 and \$4,552,158,475.11 respectively.

The SBI utilizes State Street Bank (SSB) to manage its Securities Lending program. SSB provides the SBI indemnification in the event a borrower defaults by failing to return a loaned security.

#### 2. PORTFOLIO LISTING

Asset listings summarizing the securities held by these funds can be found starting on page 153 of this report. A complete listing is available by contacting the State Board's office. Fixed income and equity securities are presented at market value.

#### 3. COST OF INVESTMENTS

At June 30, 2004, the cost of investments for the Trust Funds, excluding security lending collateral, was:

Supplemental Investment Fund	\$ 1,176,389,747
Post Retirement Fund	\$ 18,632,977,140

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2004

#### 4. LOANED SECURITIES

4(a) The market value of loaned securities outstanding at June 30, 2004 was:

Supplemental Investment Fund	\$	78,322,957
Post Retirement Fund	\$2	,265,299,430

4(b) In accordance with GASB\_28, Accounting and Financial Reporting for Security Lending Transactions, the amount of cash collateral is concurrently an asset and a liability at the balance sheet date.

Non-cash collateral is considered an asset and a liability only if the lender has the right to sell collateral absent of borrower default. There is no such right in our case.

4(c) In accordance with GASB\_28, Accounting and Financial Reporting for Security Lending Transactions, gross lending income, borrower rebate and agent fees must be reported on the face of the Statement of Operations.

#### 5. SUPPLEMENTAL INVESTMENT FUND

The Supplemental Investment Fund serves as an investment vehicle for the various state and locally administered pension plans. During Fiscal Year 2004 the fund included seven separate accounts with different investment objectives. Financial information on the individual accounts is shown on pages **124 to 141** of this report. Participation in the Supplemental Investment Fund accounts is determined in accordance with various statutory requirements.

#### 6. POST RETIREMENT INVESTMENT FUND

The Post Retirement Investment Fund (POST) serves as an investment vehicle for the Defined Benefit Pension Funds of the State of Minnesota. The fund invests amounts certified by the various pension funds as reserves required for the payment of retirement benefits. Assets of the POST Fund are held in custody at State Street Bank in Boston.

Participation in the POST Fund is equal to the actuarially determined required reserves for retirement benefits as of June 30, 2004. It includes a 6% assumed income distribution, in accordance with *Minnesota Statutes* Section 11A.18, a monthly proration of unrealized gains or losses and any mortality gains or losses as determined by an independent actuary hired by the State Legislature. The difference between this participation and the accrued fair value of the POST Fund is listed as Undistributed Earnings.

Pursuant to *Minnesota Statutes* Section 11A.18, Subdivision 9, the inflation increase is based on the change during the Fiscal Year in the *Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor.* In addition to the inflation based increase, a portion of the June 30, 2004 net market value in excess of Required Reserves is available for distribution as an investment based benefit increase to pension fund participants in January 2004.

The benefit increase is stated as a percentage of eligible required reserves. In accordance with statutory provisions, the amount available for the benefit increase is certified to each participating pension fund for distribution to eligible individuals. Annuitants and other individuals receiving benefits at May 31, 2004 are eligible to receive the January 1, 2005 benefit increase.

Investment Based Benefit Increase	0.000
Total Benefit Increase	2.500%

#### 7. POOLED INVESTMENT ACCOUNTS

The State Board of Investment manages five pooled investment accounts for the Investment Trust Funds, the Supplemental Investment Fund and the Defined Benefit Pension Funds of the State of Minnesota. Our master custodian, State Street Bank and Trust hold the assets of the pooled accounts. Financial information on these pooled accounts is shown on pages **142 to 149** of this report.

#### 8. DERIVATIVE INSTRUMENTS

In accordance with GASB Technical Bulletin 2003-1, effective June 15, 2003, MSBI has reported derivative activity at fair value on these financial statements. Derivative activity is conducted through contracts traded on government regulated exchanges. Its primary purpose is to improve performance or to expose cash to market conditions without the expense of purchasing the actual security. The June 30, 2004, value reflects the average fair value of futures and options through out the year.

At 06/30/04 SBI held outstanding long positions with a notional value of \$1,099,168,423 and estimated fair value of \$5,697,856 along with short positions with a notional value of \$324,188,359 and estimated fair value of (\$4,625,463.22). The fair value of these contracts is a component of Unrealized Gain/Loss. Derivatives in asset backed and mortgage backed securities have a fair value of \$4,106,914,019 on 06/30/04. The fair value of this component is included in Fixed Income Securities.

# SCHEDULE OF PARTICIPATION June 30, 2004 AMOUNTS IN (000)'S

		PLEMENTAL VESTMENT FUND	POST RETIREMENT INVESTMENT FUND			
Teacher's Retirement Fund	\$	0	\$	9,969,710		
Public Employees Retirement Fund	•	0	Ŧ	6,244,887		
State Employees Retirement Fund		0		3,244,126		
Public Employees Police & Fire Fund		0		2,165,865		
Public Employees Consolidation Fund		0		2,224		
Highway Patrolmen's Retirement Fund		0		341,427		
Legislators & Survivors Retirement Fund		0		40,695		
<b>Correctional Employees Retirement Fund</b>		0		225,519		
Judges Retirement Fund		0		97,000		
Income Share Account		466,657		0		
Growth Share Account		133,517		0		
Money Market Account		95,870		0		
<b>Common Stock Index Account</b>		191,829		0		
International Stock Account		58,842		0		
Bond Market Account		93,398		0		
Stable Value Account		153,274		0		
TOTAL PARTICIPATION	\$	1,193,387	\$	22,331,453		
Adjustments						
Undistributed Earnings		0	(	3,928,375)		
NET ASSETS	\$	1,193,387	\$	18,403,078		

Notes are an integral part of the Financial Statements

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Footnotes to Supplemental Financial Statements150

# STATE BOARD OF INVESTMENT MINNESOTA SUPPLEMENTAL INVESTMENT FUND COMBINING STATEMENT OF NET ASSETS JUNE 30, 2004 AMOUNTS IN (000)'S

	INCOME SHARE ACCOUNT		GROWTH SHARE ACCOUNT		MONEY MARKET ACCOUNT	
ASSETS:						
Investments (at market value) (2), (3):						
Common Stock	\$	288,965	\$	133,595	\$	0
Alternative Equities		0		0		0
<b>Fixed Income Securities</b>		163,625		0		0
Short Term Securities		12,312		0		95,760
Securities-Lending Collateral (4b)		24,546		7,089		0
Total Investments (3)	\$	489,448	\$	140,684	\$	95,760
Cash		0		0		0
Security Sales Receivable		0		0		0
Account Receivable- Fee Refunds		0		0		0
Account Receivable-Mortality		0		0		0
Account Receivable-Participants		0		0		0
Accrued Interest		1,728		0		0
Accrued Dividend		0		0		0
Accrued Short Term Gain		44		0		111
TOTAL ASSETS	\$	491,220	\$	140,684	\$	95,871
LIABILITIES:						
Management Fees Payable	\$	17	\$	78	\$	1
Security Purchases Payable		0		0		0
Accounts Payable-Participants		0		0		0
<b>Options Premiums Received</b>		0		0		0
Securities-Lending Collateral (4b)		24,546		7,089		0
TOTAL LIABILITIES	\$	24,563	\$	7,167	\$	1
NET ASSETS AT JUNE 30, 2004	\$	466,657	\$	133,517	\$	95,870

	STOCK INDEX ACCOUNT		INT'L SHARE CCOUNT		BOND MARKET ACCOUNT		STABLE VALUE		PLEMENTAL VESTMENT IND TOTAL
A	CCOUNT	A	COUNT	A	CCOUNT	A	ACCOUNT		
\$	191,838	\$	58,880	\$	0	\$	0	\$	673,278
	0		0		0		0		0
	0		0		93,421		152,555		409,601
	0		0		0		620		108,692
	10,317		11,293		20,721		0		73,966
\$	202,155	\$	70,173	\$	114,142	\$	153,175	\$	1,265,537
	0		0		0		0		0
	0		0		0		0		0
	0		0		0		0		0
	0		0		0		0		0
	0		0		0		0		0
	0		0		0		110		1,838
	0		0		0		0		0
	0		0		0		1		156
\$	202,155	\$	70,173	\$	114,142	\$	153,286	\$	1,267,531
	-		-	·	-		-		
\$	9	\$	38	\$	23	\$	12		178
	0		0		0		0		0
	0		0		0		0		0
	0		0		0		0		0
	10,317		11,293		20,721		0		73,966
\$	10,326	\$	11,331	\$	20,744	\$	12	\$	74,144
	,				,				<i>,</i>
\$	191,829	\$	58,842	\$	93,398	\$	153,274	\$	1,193,387

# Notes are an integral part of the Financial Statements 125

# STATE BOARD OF INVESTMENT MINNESOTA SUPPLEMENTAL INVESTMENT FUND COMBINING STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2004 AMOUNTS IN (000)'S

SHARE         SHARE         MARKET           ACCOUNT         ACCOUNT         ACCOUNT         ACCOUNT           FROM UNDISTRIBUTED INCOME:         \$             27,804         \$             27,103         \$             1,284           Realized Gains (Losses)         21,573         4,105         0           Unrealized Gains (Losses)         22,684         9,322         0           TOTAL INCOME         \$             72,061         \$             40,530         \$             1,284           Less Distributions to participants Accounts         0         0         0         0         0           Net Change In Undistributed Income         \$             0         0         \$             0         0         \$             0         0         0         0           FROM PARTICIPANT TRANSACTIONS:         Additions To Participant Accounts         \$             15,257             5             13,282             5             58,061         1           Income Distributions         72,062             40,530             1,284           Income To Be Distributed         0             0             0          0         0           0         0         0           110come To Be Distributed         0         0         0           0		INCOME	GROWTH	MONEY
FROM UNDISTRIBUTED INCOME: <ul> <li>Net Investment Income</li> <li>\$ 27,804</li> <li>\$ 27,103</li> <li>\$ 1,284</li> </ul> Realized Gains (Losses)       21,573       4,105       0         Unrealized Gains (Losses)       22,684       9,322       0         TOTAL INCOME       \$ 72,061       \$ 40,530       \$ 1,284         Less Distributions to participants Accounts       (\$ 72,061)       (\$ 40,530)       \$ 1,284         Undistributed Dedicated Income       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       \$ 15,257       \$ 13,282       \$ 58,061         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         Total Additions       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334) <td< th=""><th></th><th>SHARE</th><th>SHARE</th><th>MARKET</th></td<>		SHARE	SHARE	MARKET
Net Investment Income       \$ 27,804       \$ 27,103       \$ 1,284         Realized Gains (Losses)       21,573       4,105       0         Unrealized Gains (Losses)       22,684       9,322       0         TOTAL INCOME       \$ 72,061       \$ 40,530       \$ 1,284         Less Distributions to participants Accounts       (\$ 72,061)       (\$ 40,530)       (\$ 1,284)         Undistributed Dedicated Income       0       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0       \$ 0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       \$ 15,257       \$ 13,282       \$ 58,061         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       \$ (\$ 102,334)       \$ (\$ 65,734)       \$ (\$ 3,003)         NE		ACCOUNT	ACCOUNT	ACCOUNT
Realized Gains (Losses)       21,573       4,105       0         Unrealized Gains (Losses)       22,684       9,322       0         TOTAL INCOME       \$ 72,061       \$ 40,530       \$ 1,284         Less Distributions to participants Accounts       (\$ 72,061)       (\$ 40,530)       (\$ 1,284)         Undistributed Dedicated Income       0       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0       \$ 0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 15,257       \$ 13,282       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	FROM UNDISTRIBUTED INCOME:			
Unrealized Gains (Losses) TOTAL INCOME       22,684       9,322       0         Iters Distributions to participants Accounts       \$ 72,061       \$ 40,530       \$ 1,284         Less Distributions to participants Accounts       0       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0       0         FROM PARTICIPANT TRANSACTIONS:       0       \$ 0       \$ 0       \$ 0         Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       \$ 2,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       \$ (\$ 102,334)       \$ 65,734)       \$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Net Investment Income	\$ 27,804	\$ 27,103	\$ 1,284
TOTAL INCOME       \$ 72,061       \$ 40,530       \$ 1,284         Less Distributions to participants Accounts       (\$ 72,061)       (\$ 40,530)       (\$ 1,284)         Undistributed Dedicated Income       0       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0       \$ 0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       \$ 15,257       \$ 13,282       \$ 58,061         Income To Be Distributed       0       0       0       0         Otal Additions       \$ 15,257       \$ 13,282       \$ 58,061         Income To Be Distributed       0       0       0       0         Oeductions From Participant Accounts       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Realized Gains (Losses)	21,573	4,105	0
Less Distributions to participants Accounts       (\$ 72,061)       (\$ 40,530)       (\$ 1,284)         Undistributed Dedicated Income       0       0       0       0         Net Change In Undistributed Income       \$ 0       \$ 0       \$ 0       \$ 0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Unrealized Gains (Losses)	22,684	9,322	0
Undistributed Dedicated Income       0       0       0       0         Net Change In Undistributed Income       \$       0       \$       0       \$       0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       Participant Contributions       \$       15,257       \$       13,282       \$       58,061         Income Distributions       \$       15,257       \$       13,282       \$       58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$       87,319       \$       53,812       \$       59,345         Deductions From Participant Accounts        \$       119,546       \$       62,348         Net change In Participation       (\$       102,334)       (\$       65,734)       (\$       3,003)         TOTAL CHANGE IN ASSETS       (\$       102,334)       (\$       65,734)       (\$       3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	TOTAL INCOME	\$ 72,061	\$ 40,530	\$ 1,284
Net Change In Undistributed Income       \$       0       \$       0       \$       0         FROM PARTICIPANT TRANSACTIONS:       Additions To Participant Accounts       \$       15,257       \$       13,282       \$       58,061         Participant Contributions       \$       15,257       \$       13,282       \$       58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$       87,319       \$       53,812       \$       59,345         Deductions From Participant Accounts       \$       189,653       \$       119,546       \$       62,348         Net change In Participation       (\$       102,334)       (\$       65,734)       (\$       3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Less Distributions to participants Accounts	(\$ 72,061)	(\$ 40,530)	(\$ 1,284)
FROM PARTICIPANT TRANSACTIONS:         Additions To Participant Accounts         Participant Contributions       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)	Undistributed Dedicated Income	0	0	0
Additions To Participant Accounts         Participant Contributions       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Net Change In Undistributed Income	\$ 0	\$ 0	\$ 0
Participant Contributions       \$ 15,257       \$ 13,282       \$ 58,061         Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       \$ 568,991       199,251       98,873	FROM PARTICIPANT TRANSACTIONS:			
Income Distributions       72,062       40,530       1,284         Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Withdrawals       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	<b>Additions To Participant Accounts</b>			
Income To Be Distributed       0       0       0         Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Withdrawals       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       \$ 189,653       \$ 119,546       \$ 62,348         Net change In Participation       \$ 102,334       \$ 65,734       \$ 3,003         TOTAL CHANGE IN ASSETS       \$ 102,334       \$ 65,734       \$ 3,003         NET ASSETS:       Beginning Of Period       \$ 568,991       199,251       98,873	Participant Contributions	\$ 15,257	\$ 13,282	\$ 58,061
Total Additions       \$ 87,319       \$ 53,812       \$ 59,345         Deductions From Participant Accounts       \$ 189,653       \$ 119,546       \$ 62,348         Withdrawals       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       189,653       \$ 119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Income Distributions	72,062	40,530	1,284
Deductions From Participant Accounts         Withdrawals       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       189,653       119,546       \$ 62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Income To Be Distributed	0	0	0
Withdrawals       \$ 189,653       \$ 119,546       \$ 62,348         Total Deductions       189,653       119,546       62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Total Additions	\$ 87,319	\$ 53,812	\$ 59,345
Total Deductions       189,653       119,546       62,348         Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	<b>Deductions From Participant Accounts</b>			
Net change In Participation       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	Withdrawals	\$ 189,653	\$ 119,546	\$ 62,348
TOTAL CHANGE IN ASSETS       (\$ 102,334)       (\$ 65,734)       (\$ 3,003)         NET ASSETS:       Beginning Of Period       568,991       199,251       98,873	<b>Total Deductions</b>	189,653	119,546	62,348
NET ASSETS:         Beginning Of Period         568,991         199,251         98,873	Net change In Participation	(\$ 102,334)	(\$ 65,734)	(\$ 3,003)
Beginning Of Period         568,991         199,251         98,873	TOTAL CHANGE IN ASSETS	(\$ 102,334)	(\$ 65,734)	(\$ 3,003)
	NET ASSETS:			
End Of Period         \$ 466,657         \$ 133,517         \$ 95,870	Beginning Of Period	568,991	199,251	98,873
	End Of Period	\$ 466,657	\$ 133,517	\$ 95,870

	STOCK INDEX ACCOUNT		INT'L SHARE CCOUNT	BOND MARKET ACCOUNT			STABLE VALUE CCOUNT	IN	PLEMENTAL VESTMENT IND TOTAL
				-					
\$	14,389	\$	5,094	\$	6,981	\$	3,615	\$	86,270
	7,680		2,704		2,150		3,071		41,283
_	35,716		8,634	(	6,518)	(	475)		69,363
\$	57,785	\$	16,432	\$	2,613	\$	6,211	\$	196,916
(\$	57,785)	(\$	16,432)	(\$	2,613)	(\$	6,211)	(\$	196,916)
	0		0		0		0		0
\$	0	\$	0	\$	0	\$	0	\$	0
\$	39,849 57,785 0	\$	15,967 16,432 0	\$	6,797 2,615 0	\$	121,085 6,212 0	\$	270,298 196,920 0
\$	97,634	\$	32,399	\$	9,412	\$	127,297	\$	467,218
\$	187,463 187,463	\$	22,853 22,853	\$	78,448 78,448	\$	108,545 108,545	\$	768,856 768,856
(\$	89,829)	\$	9,546	(\$	69,036)	\$	18,752	(\$	301,638)
(\$	89,829)	\$	9,546	(\$	69,036)	\$	18,752	(\$	301,638)
\$	281,658 191,829	\$	49,296 58,842		<u>162,434</u> 93,398	\$	134,522 153,274	\$	1,495,025 1,193,387
φ	191,029	φ	50,042	φ	25,598	φ	133,274	φ	1,175,507

# STATE BOARD OF INVESTMENT MINNESOTA SUPPLEMENTAL INVESTMENT FUND COMBINING STATEMENT OF OPERATIONS YEAR ENDED JUNE 30, 2004 AMOUNTS IN (000)'S

	INCOME SHARE		GROWTH SHARE		MONEY MARKET	
	A	ACCOUNT		CCOUNT	ACCOUNT	
<b>INVESTMENT INCOME:</b>						
Interest	\$	8,851	\$	0	\$	0
Dividends		18,627		27,438		0
Short Term Gains		307		0		1,289
Security Lending Gross Earnings (4c)		345		74		0
Less: Borrower Rebates	(	219)	(	50)		0
Less:Fees Paid to Agents	(	27)	(	5)		0
Security Lending Net Earnings		99		19		0
Income Before Expenses	\$	27,884	\$	27,457	\$	1,289
Management Fees		80		354		5
NET INCOME	\$	27,804	\$	27,103	\$	1,284
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS Realized:						
Proceeds From Sales		150,000		119,556		0
<b>Cost Of Securities Sold</b>		128,427		115,451		0
Net Realized Gain (Loss)	\$	21,573	\$	4,105	\$	0
Unrealized:		-		·		
Beginning Of Period		19,396	(	30,669)		0
End Of Period		42,080	(	21,347)		0
Increase (decrease) In			_			
Unrealized Appreciation	\$	22,684	\$	9,322	\$	0
NET REALIZED AND UNREALIZED						
GAIN (LOSS) ON INVESTMENTS	\$	44,257	\$	13,427	\$	0

STOCK INDEX ACCOUNT		INTERNATIONAL SHARE ACCOUNT		Μ	BOND MARKET ACCOUNT		STABLE VALUE ACCOUNT		PLEMENTAL /ESTMENT ND TOTAL
\$	0	\$	0	\$	7,068	\$	3,845	\$	19,764
	14,410		5,205		0		0		65,680
	0		0		0		21		1,617
	128		140		199		0		886
(	83)	(	66)	(	146)		0	(	564)
(	10)	(	20)	(	10)		0	(	72)
	35	.,	54		43		0		250
\$	14,445	\$	5,259	\$	7,111	\$	3,866	\$	87,311
	56	-0	165		130		251		1,041
\$	14,389	\$	5,094	\$	6,981	\$	3,615	\$	86,270
	187,477		22,856		78,456		164,376		722,721
	179,797		20,152		76,306	-	161,305	-	681,438
\$	7,680	\$	2,704	\$	2,150	\$	3,071	\$	41,283
(	40,344)	(	6,268)		2,023		3,180	(	52,682)
(	4,628)		2,366	(	4,495)		2,705		16,681
\$	35,716	\$	8,634	(\$	6,518)	(\$	475)	\$	69,363
\$	43,396	\$	11,338	(\$	4,368)	\$	2,596	\$	110,646

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
PARTICIPATION			
Alaska Fire	\$ 11,204	\$ 0	\$ 0
Alborn Fire	27,270	9,730	0
Alden Fire	0	18,978	0
Almelund Fire	32,888	102,464	1
Amboy Fire	0	0	0
Argyle Fire	11,424	25,673	0
Arrowhead Fire Relief Assoc	14,083	15,017	0
Askov Fire	54,186	0	0
Audubon Fire	50,440	0	0
Austin Part-time Fire	162,434	127,612	0
Avon Fire	0	14,549	0
Babbitt Fire Relief Assoc.	118,390	0	0
Backus Fire Relief Assoc.	0	0	0
Bagley Fire	82,873	0	1,266
Balsam Fire	113,704	77,086	106
Barnum Fire	15,295	0	0
Beaver Creek Fire	0	0	2
Bemidji Fire	0	0	14
Benson Fire	44,570	44,249	0
Bertha Fire	31,072	21,532	0
Bigfork Fire	9,729	44,841	0
Bird Island Fire	36,890	32,554	0
Biwabik Township Fire	21,348	0	0
<b>Blooming Prairie Fire</b>	36,676	0	0
Bloomington Fire	72,256,116	0	0
Boyd Fire	10,002	8,314	0
Bricelyn Fire	140,851	0	0
Brooklyn Park Fire	3,063,051	0	0
Brooten Fire	0	0	0
Brownsville Fire Relief	0	0	1,020
Buffalo Lake Fire	77,698	101,679	0
Caledonia Fire	65,519	22,383	0
Canby Fire	61,800	63,989	1,322
Centennial Fire Relief	0	0	59,336
Center City Fire	93,997	19,193	0
Ceylon Fire	31,150	26,645	0
Chaska Fire	653,220	0	0
Chatfield Fire	30,930	42,357	0
Cherry Fire	31,832	11,277	439
Chisago City Fire	328,778	27,388	0

A	STOCK INDEX ACCOUNT	INTERNATIONAI SHARE ACCOUNT	A BON MARI ACCO	KET	VA	ABLE ALUE COUNT	INVE	EMENTAL STMENT D TOTAL
\$	16,554	\$ 0	\$	0	\$	0	\$	27,758
Ψ	10,826	ψ	Ψ	Ő	Ψ	0	Ψ	47,826
	26,454	ů 0		ů 0		0		45,432
	0	ů 0		ů 0		0		135,353
	47,295	ů 0	18	3,403		0		65,698
	0	0		0		0		37,097
	15,066	0	2	2,624		0		46,789
	0	0	_	0		0		54,186
	0	0		0		0		50,440
	Ő	ů 0		ů 0		0		290,046
	14,662	0		Õ		0		29,211
	63,090	0	112	2,211		0		293,691
	50,081	0		0		0		50,081
	0	0	34	1,062		0		118,201
	0	0		0		0		190,896
	184,125	0		0		0		199,420
	11,317	0	10	),095		0		21,414
	258,667	0		9,871		0		418,552
	46,744	0		5,699		0		171,262
	0	0		0		0		52,604
	47,281	9,672		0		0		111,524
	0	0		0		0		69,444
	18,342	0		0		0		39,690
	32,730	0	46	5,337		0		115,742
	1,682,935	0		0		0	7	3,939,051
	0	0		0		0		18,316
	0	0		0		0		140,851
	2,575,154	0		0		0		5,638,204
	155,801	0		0		0		155,801
	11,096	0	e	5,220		0		18,336
	0	0		0		0		179,377
	0	15,459		0		0		103,361
	0	0		0		0		127,111
	0	0	123	3,458		0		182,794
	13,582	5,629		3,144		0		140,545
	28,290	0		0		0		86,086
	0	0		0		0		653,220
	0	0		0		0		73,287
	0	0		0		0		43,547
	0	0	47	7,753		0		403,919

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
PARTICIPATION			
Chokio Fire	\$ 97,592	\$ 0	\$ 0
Clarissa Fire Relief	0	12,295	0
Clarkfield Fire	134,443	30,865	0
Clear Lake Fire	195,227	137,389	0
Cleveland Fire	0	0	2,316
Cohasset Fire	13,571	28,886	0
Colerane Fire	0	0	17,768
Columbia Heights Fire	0	448,787	0
Coon Rapids Fire	1,103,210	0	0
Crane Lake Fire	36,038	41,727	7,336
Dakota Fire Relief	11,029	4,886	0
Dawson Fire	155,777	72,819	0
Deer Creek Fire	25,719	46,431	0
Delano Fire	0	35,626	0
Dover Fire	57,452	4,998	31,695
East Grand Forks Fire	690,378	0	0
Edgerton Fire	115,668	0	0
Edina Fire	0	1,618,305	457,228
Elbow Lake Fire	84,209	39,082	0
Elk River Fire	666,251	159,534	8,914
Elmore Fire	0	23,242	0
Emmons Fire	46,649	0	0
Excelsior Fire	1,253,700	458,100	0
Eyota Fire	43,205	0	29,488
Farmington Cataract	101,705	0	0
Fayal Fire	21,002	16,001	1,799
Fergus Falls Fire	0	355,567	0
Forest Lake Fire	222,511	0	0
Frazee Fire	123,699	29,520	0
Frost Fire	13,008	12,061	0
Glencoe Fire	0	127,065	0
Glenville Fire Relief	16,299	0	15,517
Glenwood Fire	69,005	45,322	0
Golden Valley Fire	1,089,446	804,826	0
Gonvick Fire	29,111	27,490	0
Good Thunder Fire	116,893	52,200	0
Goodland Fire	0	31,491	0
Grand Marais Fire	47,336	38,753	64,379
Grand Meadow Fire	37,092	34,517	0
Grand Rapids Fire	484,298	0	0

	STOCK INDEX ACCOUNT	INT	TERNATIONAL SHARE ACCOUNT	BOND MARKET ACCOUNT	STABLE VALUE ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$	0	\$	0	\$ 0	\$ 0	\$ 97,592
Φ	12,329	φ	0	\$ 21,484	\$ 0 0	46,109
	8,763		0	31,285	0	205,357
	0,705		0	0	0	332,616
	37,333		0	16,664	0	56,313
	0		0	0	0	42,457
	0		0	16,483	0	34,251
	449,412		ů 0	217,634	0	1,115,834
	0		ů	0	0	1,103,210
	3,424		ů	ů 0	0	88,525
	0		ů 0	8,760	0	24,675
	0		0	0	0	228,596
	0		0	0	0	72,150
	37,997		0	0	0	73,623
	27,692		5,692	51,022	0	178,551
	0		0	0	0	690,378
	66,664		0	0	0	182,332
	1,271,781		180,863	583,509	0	4,111,686
	0		0	0	0	123,291
	201,508		0	300,339	0	1,336,547
	14,365		0	0	0	37,607
	67,446		20,815	0	0	134,910
	458,594		0	0	0	2,170,394
	21,464		0	39,363	0	133,520
	99,203		0	0	0	200,907
	11,762		6,286	3,327	0	60,177
	358,848		0	341,157	0	1,055,572
	38,293		0	0	0	260,804
	22,594		0	58,946	0	234,759
	12,625		0	0	0	37,694
	0		0	0	0	127,065
	0		0	0	0	31,815
	45,937		0	57,431	0	217,695
	828,245		490,660	309,885	0	3,523,063
	0		0	0	0	56,601
	64,986		0	0	0	234,079
	0		0	0	0	31,491
	0		0	109,506	0	259,974
	36,313		0	0	0	107,922
	0		0	0	0	484,298

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
PARTICIPATION			
Greenwood Fire	\$ 24,742	\$ 80,495	\$ 0
Grey Eagle Fire	91,245	12,490	0
Hackensack Fire	33,842	0	0
Hamel Fire	272,934	17,512	360,672
Hanska	0	9,748	0
Harmony Fire	0	5,351	0
Hawley Fire	38,804	0	0
Hayward Fire	0	67,584	0
Hector Fire	400,800	0	0
Henning Fire	33,254	13,810	0
Hibbing Fire	39,080	61,511	0
Hinckley Fire	12,669	11,121	0
Holdingford Fire	7,597	6,834	0
Holland Fire	12,934	6,478	3
Houston Fire	8,364	7,056	0
Hovland Area Fire	0	0	0
Industrial Fire	41,147	0	0
Isanti Fire	0	267,990	0
Jacobson Fire	18,510	22,075	12,671
Jasper Fire	0	32,793	0
Kabetogama Fire	0	94,591	0
Kandiyohi Fire	28,904	24,889	0
Kelliher Fire	20,505	29,450	0
Kerkhoven Fire	35,453	32,536	0
Kettle River Fire	43,227	20,086	0
Kiester Fire	0	10,686	0
Kimball Fire	38,980	35,119	0
La Crescent Fire	27,878	49,541	0
La Salle Fire Relief	9,686	9,611	0
Lafayette Fire	112,626	22,678	10,474
Lake City Fire	299,113	0	0
Lake Crystal Fire	129,547	43,648	0
Lake Henry Fire	25,026	0	0
Lakeville Fire	581,876	586,187	0
Leroy Fire Relief Assoc	51,711	0	789
Lewiston Fire	80,823	78,715	0
Lexington Firemen's Relief Assn	0	0	80,718
Linwood Fire	346,784	0	0
Lismore Fire	25,711	22,437	0
Little Falls Fire	0	0	0

STOCK INDEX ACCOUNT	IN	TERNATIONAL SHARE ACCOUNT		BOND MARKET ACCOUNT		STABLE VALUE CCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 0	\$	0	\$	10,832	\$	0	\$ 116,069
\$ 0 0	φ	18,388	φ	10,852	Φ	0	122,123
0		0		0		0	33,842
0		17,332		0		0	668,450
0		5,385		0		0	15,133
23,163		14,131		0		0	42,646
44,824		0		0		0	83,628
94,402		0		0		0	161,986
0		0		0		0	400,800
35,502		15,254		27,500		0	125,321
58,592		27,749		27,500		0	186,931
11,805		3,697		14,264		0	53,555
7,223		0		0		0	21,654
15,631		29,665		28,140		0	92,851
7,193		7,891		20,140		0	30,504
10,922		0		0		0	10,922
38,814		0		0		0	79,961
174,325		180,911		0		0	623,226
0		0		0		0	53,257
0		0		0		0	32,793
0		0		0		0	94,591
22,441		0		25,579		0	101,813
30,483		0		25,577		0	80,438
34,024		0		0		0	102,013
20,574		0		0		0	83,887
11,416		11,253		0		0	33,355
18,131		0		0		0	92,230
27,165		ů 0		23,510		0	128,093
9,732		ů 0		25,510		0	29,030
46,745		ů 0		66,461		0	258,984
0		ů 0		00,101		0	299,113
121,033		ů 0		0		0	294,229
0		0		0		0	25,026
910,648		ů 0		ů		0	2,078,711
0		ů 0		4,018		0	56,518
0		ů 0		0		0	159,538
0		ů 0		0		0	80,718
0		ů 0		0		0	346,784
23,333		0		0		0	71,482
195,984		0		0		0	195,984

	INCOME SHARE ACCOUNT		GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	
PARTICIPATION					
Littlefork Fire	\$	92,375	\$ 6,012	\$ 0	
Lowry Fire		0	0	0	
Madison Fire		64,870	56,994	0	
Madison Lake Fire		14,840	13,236	0	
Mahtomedi Fire		430,201	0	0	
Mapleton Fire		66,624	30,084	0	
Mapleview Fire		36,377	58,393	0	
Maplewood Fire		0	0	0	
Marietta Fire		7,327	3,461	0	
Marine St. Croix Fire		82,785	104,741	0	
Mayer Fire		98,922	0	0	
Maynard Fire		55,001	0	0	
McDavitt Fire		58,495	39,835	0	
McGrath Fire		9,608	5,142	0	
McIntosh Fire		28,489	33,496	0	
MedFord Fire		29,479	38,489	0	
Medicine Lake Fire		393,613	0	6	
Menahga Fire		56,186	0	0	
Mendota Heights Fire		0	204,658	0	
Milaca Fire		50,263	0	0	
Milan Fire		29,002	26,688	0	
Minneapolis Fire		0	0	0	
Minneapolis Fire (Health Insuran		2,079,527	0	0	
Minneapolis Police		0	0	0	
Minneota Fire		25,081	10,480	0	
Minnetonka Fire		4,316,449	0	0	
Montrose Fire		5,551	7,422	0	
Morris Fire		59,864	36,903	14	
Morristown Fire		135,886	0	0	
Murdock Fire		15,684	14,509	0	
Myrtle Fire Relief		9,969	0	10,044	
New Brighton Fire		0	962,805	0	
New Germany Fire		39,610	0	0	
New Ulm Fire		65,926	0	0	
New York Mills Fire		91,803	0	0	
Nicollet Fire		104,899	46,193	0	
Nodine Fire		0	0	0	
North Branch Fire		39,676	36,886	0	
North Star Fire		0	0	0	
Northfield Fire		697,826	430,011	0	

STOCK INDEX ACCOUNT		INTERNATIONAL SHARE ACCOUNT		BOND MARKET ACCOUNT	V	TABLE TALUE COUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL	
\$	68,802	\$ 0	\$	0	\$	0	\$ 167,189	
Ψ	42,056	ф 0	Ŷ	ů 0	Ŷ	0 0	42,056	
	60,177	0		0		0	182,042	
	0	11,220		0		0	39,296	
	0	0		0		0	430,201	
	0	0		0		0	96,708	
	0	10,922		46,360		0	152,052	
	2,688,576	0		693,960		0	3,382,536	
	2,634	0		0		0	13,423	
	115,094	0		34,203		0	336,823	
	140,327	0		41,854		0	281,103	
	0	0		0		0	55,001	
	0	9,417		13,165		0	120,911	
	0	0		6,593		0	21,342	
	38,900	0		0		0	100,885	
	26,440	0		0		0	94,408	
	0	26,994		0		0	420,613	
	0	0		67,487		0	123,673	
	213,473	59,758		338,539		0	816,428	
	57,095	0		0		0	107,358	
	28,333	0		0		0	84,023	
	34,308,695	0		31,781,592		0	66,090,286	
	0	0		0		0	2,079,527	
	53,570,616	28,247,205		18,270,029		0	100,087,850	
	10,595	6,190		15,029		0	67,375	
	0	0		0		0	4,316,449	
	9,135	0		0		0	22,108	
	39,506	24,371		0		0	160,658	
	242,994	0		0		0	378,880	
	14,764	8,643		0		0	53,601	
	0	0		0		0	20,014	
	0	0		580,879		0	1,543,684	
	0	0		0		0	39,610	
	216,030	0		0		0	281,956	
	0	0		0		0	91,803	
	47,051	49,851		0		0	247,994	
	40,608	17,357		42,426		0	100,391	
	38,852	24,691		0		0	140,105	
	16,562	0		0		0	16,562	
	597,178	0		0		0	1,725,016	

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	
PARTICIPATION				
Northrop Fire	\$ 16,416	\$ 20,090	\$ 0	
Norwood Young America Fire	95,710	85,895	107,275	
Osakis Fire	0	122,254	0	
Ottertail Fire	189,470	0	0	
Owatonna Fire	330,037	612,278	51,075	
Pennock Fire	29,563	23,765	0	
Pequaywan Lake Fire	0	0	0	
Pine Island Fire	118,226	69,952	0	
Pine River Fire Relief	100,778	0	0	
Pipestone Fire	102,286	0	0	
Plymouth Fire Relief	0	0	0	
Porter Fire	15,319	16,063	13,661	
Randall Fire	84,706	26,110	0	
Randolph Fire	99,239	0	0	
Red Lake Falls Fire	51,337	0	0	
Redwood Falls Fire	0	0	0	
Remer Fire	5,101	4,559	0	
Renville Fire	36,808	37,414	0	
Rice Lake Fire	158,343	101,273	0	
Robbinsdale Fire	534,562	169,336	55,842	
Rose Creek Fire	29,743	16,192	1,643	
Roseau Fire	0	799	0	
Rosemount Fire	560,286	178,803	0	
Roseville Fire	0	1,680,210	0	
Rush City Fire	179,351	78,029	0	
Ruthton Fire	6,875	5,780	6,544	
Saint Clair Fire	70,691	69,320	1,056	
Saint Michael Fire	0	19,106	0	
Saint Peter Fire	0	94,277	0	
Sandstone Fire	81,913	0	0	
Savage Fire Relief Assoc	554,821	0	0	
Scandia Valley Fire	248,738	0	0	
Schroeder Fire	0	88,924	0	
Shakopee Fire	0	509,723	0	
Sherburn Fire	196,642	0	0	
Shevlin Fire	16,825	0	0	
Silver Bay Fire	57,335	56,085	0	
Solway Fire	60,274	0	0	
Spring Lake Park Fire	0	0	0	
Starbuck Fire	21,094	17,226	0	
STOCK INDEX ACCOUNT	INTERNATION SHARE ACCOUNT	AL BOND MARKET ACCOUNT	STABLE VALUE ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
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\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,507
\$ 0 0	\$ 0 0	117,533	<b>3 0 0</b>	406,414
125,768	6,368	89,578	0	343,969
125,700	0,508	0,578	0	189,470
56,651	60,606	0	0	1,110,647
24,241	25,691	0	0	103,261
14,040	25,091	0	0	14,040
0	0	ů 0	0	188,178
ů 0	ů 0	ů	0	100,778
91,740	ů 0	ů	0	194,026
0	ů 0	871,910	0	871,910
67,238	0	25,091	0	137,371
42,861	0	0	0	153,677
111,771	0	0	0	211,010
0	0	0	0	51,337
0	0	29,155	0	29,155
4,725	4,894	0	0	19,279
9,624	0	33,008	0	116,853
87,232	0	13,407	0	360,255
169,932	99,513	0	0	1,029,186
16,636	0	0	0	64,213
0	0	0	0	799
180,535	0	0	0	919,624
1,783,174	811,766	2,241,938	0	6,517,088
74,676	0	0	0	332,056
11,888	0	0	0	31,088
72,661	0	30,415	0	244,144
19,997	17,367	0	0	56,470
49,261	53,428	470	0	197,436
0	0	0	0	81,913
0	0	0	0	554,821
0	0	0	0	248,738
6,414	0	0	0	95,339
531,438	97,817	0	0	1,138,979
0	0	0	0	196,642
0	0	28,137	0	44,962
0	10,959	0	0	124,379
0	0	72,157	0	132,431
706,292	0	0	0	706,292
17,698	4,522	0	0	60,539

#### STATE BOARD OF INVESTMENT MINNESOTA SUPPLEMENTAL INVESTMENT FUND SCHEDULE OF PARTICIPATION JUNE 30, 2004

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT	
PARTICIPATION				-
Stephen Fire	\$ 48,891	\$ 64,133	\$ 0	
Stewart Fire	55,577	0	0	
Stewartville Fire	113,259	53,877	0	
Stillwater Fire	213,807	134,455	126,794	
Sturgeon Lake Fire	0	9,091	0	
Thomson Township Fire	9,567	9,315	0	
Tofte Fire	25,293	0	0	
Truman Fire	47,724	46,812	0	
Two Harbors Fire	80,212	192,568	0	
Vadnais Heights Fire	55,569	0	0	
Vergas Fire	115,258	0	0	
Vermilion Lake Fire	94,371	0	0	
Verndale Fire	0	6,786	0	
Wabasha Fire	60,060	28,329	0	
Waconia Fire	170,698	177,117	0	
Warba-Feeley-Sago Fire	50,260	0	0	
Warroad Area Fire	150,901	0	0	
Williams Fire	48,217	19,586	0	
Willow River Fire	0	11,976	0	
Winnebago Fire	11,838	0	0	
Woodbury Fire	1,352,217	830,038	81,230	
Woodstock Fire	14,937	13,125	0	
Wrenshall Fire Relief	0	0	0	
Wright Fire	74,510	0	0	
Wykoff Fire	53,217	0	0	
Wyoming Fire	92,245	0	0	
Zumbro Falls Fire	130,712	22,585	0	
Deferred Comp	0	0	52,083,131	
Hennepin County	59,399,816	26,484,693	7,535,205	
MnSCU DCR	181,764,448	37,504,192	6,262,242	
MSRS-Health	3,417,323	2,087,211	20,250,379	
Pera-DCP	8,399,977	4,179,852	860,227	
Unclassified	109,547,113	48,092,682	7,258,399	
TOTAL PARTICIPATION	\$ 466,657,431	\$ 133,516,647	\$ 95,870,040	
Adjustments				
Unrealized Appreciatior				
(Depreciation) of Investments	0	0	0	
Undistributed Earnings	0	0	0	
NET ASSETS	\$ 466,657,431	\$ 133,516,647	\$ 95,870,040	_

STOCK INDEX ACCOUNT	IN	FERNATIONAL SHARE ACCOUNT		BOND MARKET ACCOUNT	 VA	ABLE ALUE COUNT	IN	PLEMENTAL /ESTMENT ND TOTAL
\$ 0	\$	0	\$	0	\$	0	\$	113,024
27,041	Φ	0	φ	0	Φ	0	φ	82,618
54,642		35,289		0		0		257,068
0		0		0		0		475,056
10,951		0		8,454		0		28,496
14,891		0		0,454		0		33,773
27,726		0		0		0		53,019
43,983		0		28,208		0		166,727
45,905 0		40,839		36,771		0		350,389
ů 0		0		0		0		55,569
ů 0		0		0		0		115,258
ů 0		0		0		0		94,371
6,989		ů 0		0		0		13,775
7,885		ů 0		0		0		96,274
33,557		ů 0		0		0		381,372
0		ů 0		0		0		50,260
ů		ů 0		0		0		150,901
20,656		ů 0		0 0		0		88,459
19,277		ů 0		18,896		0		50,150
0		Ő		0		0		11,838
938,318		346,783		239,049		0		3,787,635
7,735		0		4,418		0		40,215
17,315		0		0		0		17,315
0		0		0		0		74,510
0		0		0		0		53,217
0		0		94,078		0		186,323
23,256		0		18,058		0		194,611
0		0		0	101.2	285,588		153,368,720
14,154,671		1,828,152		6,926,504	- )	0		116,329,041
14,987,976		14,634,724		7,332,270	12.9	04,592		275,390,444
3,380,606		710,001		4,536,802		17,979		49,800,301
3,342,002		644,481		1,412,592		94,855		20,633,986
46,296,459		9,845,629		14,285,049		371,119		257,196,450
\$ 191,828,704	\$	58,842,176	\$	93,398,040	\$ 153,2			193,387,171
0		0		0		0		0
0		0		0		0		0
\$ 191,828,704	\$	58,842,176	\$	93,398,040	 \$ 153,2	274,133	\$ 1,	193,387,171

### STATE BOARD OF INVESTMENT MINNESOTA POOLED INVESTMENT ACCOUNTS SCHEDULE OF ASSETS AND LIABILITIES

## JUNE 30, 2004

### AMOUNTS IN (000)'S

	IN	ALTERNATIVE INVESTMENTS ACCOUNT(4)		DOMESTIC BOND ACCOUNT
ASSETS:				
Investments (at market value) (2),(3):				
Common Stock	\$	0	\$	44,403
Alternative Equities		3,117,643		0
Fixed Income Securities		0		8,724,767
Short Term Securities		64,400		1,015,962
Securities-Lending Collateral(4b)		3,785		1,902,274
Total Investments	\$	3,185,828	\$	11,687,406
Cash		1,255		577
Security Sales Receivable	0			699,902
Accounts Receivable-Fee Refunds		0		0
Accounts Receivable-Mortality		0		0
Accounts Receivable-Participants		0		0
Accrued Interest		0		71,734
Accrued Dividends		1,939		0
Accrued Short Term Gain		31		(438)
TOTAL ASSETS	\$	3,189,053	\$	12,459,181
LIABILITIES:				
Management Fees Payable		0		1,920
Security Purchases Payable		0		1,980,485
Accounts Payable-Participants		0		0
<b>Options Premiums Received</b>		0		0
Securities-Lending Collateral(4b)		3,785		1,902,274
TOTAL LIABILITIES	\$	3,785	\$	3,884,679
NET ASSETS AT JUNE 30, 2004	\$	3,185,268	\$	8,574,502

DOMESTIC EQUITY ACCOUNTS		INTERNATIONAL EQUITY ACCOUNT		POOLED INVESTMENT FUND TOTAL		
\$ 18,963,031	\$	5,673,152	\$	24,680,586		
0		0		3,117,643		
650		479		8,725,896		
142,159		46,405		1,268,926		
1,019,467		1,107,725		4,033,251		
\$ 20,125,307	\$	6,827,761	\$	41,826,302		
(368)		41,784		43,248		
42,594		10,620		753,116		
0		0		0		
0		0		0		
0		0		0		
4		1		71,739		
18,784		13,200		33,923		
214		(619)		(812)		
\$ 20,186,535	\$	6,892,747	\$	42,727,516		
6,750		3,740		12,410		
42,560		9,283		2,032,328		
0		0		0		
0		0		0		
 1,019,467		1,107,725		4,033,251		
\$ 1,068,777	\$	1,120,748	\$	6,077,989		
\$ 19,117,758	\$	5,771,999	\$	36,649,527		

### STATE BOARD OF INVESTMENT MINNESOTA POOLED INVESTMENT ACCOUNTS SCHEDULE OF CHANGES IN NET ASSETS JUNE 30, 2004 AMOUNTS IN (000)'S

	ALTERNATIVE INVESTMENTS ACCOUNT(4)			OMESTIC BOND ACCOUNT
FROM INVESTMENT ACTIVITY:				
Net Investment Income	\$	413,440	\$	402,560
Realized Gains (Losses)	(	28,846)		27,510
Unrealized Gains (Losses)		99,377	(	305,421)
TOTAL INCOME	\$	483,971	\$	124,649
Less Distribution To				
Participant Accounts	(	384,595)	(	432,355)
Undistributed Dedicated Income		0		2,286
Net Change In Undistributed Income	\$	99,376	(\$	305,420)
FROM PARTICIPANT TRANSACTIONS:				
Additional To Participant Accounts				
Participant Contributions		320,234		0
Income Distribution		384,595		432,355
Income To Be Distributed		0	(	2,286)
Total Additions	\$	704,829	\$	430,069
<b>Deductions From Participant Accounts</b>				
Withdrawals		711,643		122,999
Total Deductions	\$	711,643	\$	122,999
Net Change In Participation	(\$	6,814)	\$	307,070
TOTAL CHANGE IN ASSETS	\$	92,562	\$	1,650
NET ASSETS:				
Beginning Of Period		3,092,706		8,572,852
End Of Period	\$	3,185,268	\$	8,574,502

	OOMESTIC EQUITY ACCOUNTS		ERNATIONAL EQUITY ACCOUNT	POOLED INVESTMENT FUND TOTAL		
\$	280,224	\$	119,720	\$	1,215,944	
	1,778,841		353,532	\$	2,131,037	
	1,350,519		1,033,579		2,178,054	
\$	3,409,584	\$	1,506,831	\$	5,525,035	
(	2,060,238)	(	476,762)	(	3,353,950)	
	1,173		3,511		6,970	
\$	1,350,519	\$	1,033,580	\$	2,178,055	
(	319 2,060,238 1,173)	(	57,004 476,762 3,511)	(	377,557 3,353,950 6,970)	
\$	2,059,384	\$	530,255	\$	3,724,537	
\$	1,644,078 1,644,078	\$	<u>662,334</u> 662,334	\$	<u>3,141,054</u> <u>3,141,054</u>	
\$	415,306	(\$	132,079)	\$	583,483	
\$	1,765,825	\$	901,501	\$	2,761,538	
<u> </u>	17,351,933		4,870,498		33,887,989	
\$	19,117,758	\$	5,771,999	\$	36,649,527	

### STATE BOARD OF INVESTMENT MINNESOTA POOLED INVESTMENT ACCOUNTS SCHEDULE OF OPERATIONS YEAR ENDED JUNE 30, 2004 AMOUNTS IN (000)'S

	ALTERNATIVE INVESTMENTS ACCOUNT(4)			DOMESTIC BOND ACCOUNT		
Interest	\$	0	\$	385,494		
Dividends		422,141		8,842		
Short Term Gains		307		12,297		
Security Lending Gross Earnings(4c)		72		18,266		
Less: Borrower Rebates	(	29)	(	13,442)		
Less: Fees Paid to Agents	(	10)	(	874)		
Security Lending Net Earnings		33		3,950		
Income Before Expenses	\$	422,481	\$	410,583		
Management Fees		9,041		8,023		
NET INCOME	\$	413,440	\$	402,560		
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS Realized:						
Proceeds From Sales	\$	705,409	\$	47,138,354		
Cost Of Securities Sold	Ŧ	734,255	+	47,110,844		
Net Realized Gain (Loss)	(\$	28,846)	\$	27,510		
Unrealized:						
Beginning Of Period	(	42,168)		306,426		
End Of Period		57,209		1,005		
Increase (Decrease)						
In Unrealized Appreciation	\$	99,377	(\$	305,421)		
NET REALIZED AND UNREALIZED						
GAIN (LOSS) ON INVESTMENTS	\$	70,531	(\$	277,911)		

	OMESTIC EQUITY CCOUNTS		INTERNATIONAL EQUITY ACCOUNT		POOLED VESTMENT JND TOTAL
\$	19	\$	12	\$	385,525
	298,492		131,767		861,242
	2,826	(	2,121)		13,309
	11,301		13,686		43,325
(	7,531)	(	6,443)	(	27,445)
(	848)	(	1,978)	(	3,710)
	2,922		5,265		12,170
\$	304,259	\$	134,923	\$	1,272,246
	24,035		15,203		56,302
\$	280,224	\$	119,720	\$	1,215,944

\$ 14,854,716 13,075,875	\$	2,950,551	\$ 65,649,030
13,075,875           \$ 1,778,841	\$	2,597,019 353,532	\$ 63,517,993 2,131,037
2,405,793	(	237,953)	2,432,098
3,756,312		795,626	 4,610,152
\$ 1,350,519	\$	1,033,579	\$ 2,178,054
\$ 3,129,360	\$	1,387,111	\$ 4,309,091

### STATE BOARD OF INVESTMENT MINNESOTA POOLED INVESTMENT ACCOUNTS SCHEDULE OF PARTICIPATION JUNE 30, 2004 AMOUNTS IN (000)'S

	ALTERNATIVE INVESTMENT ACCOUNTS	DOMESTIC BOND ACCOUNT
Teachers Retirement Fund	\$ 895,285	\$ 1,437,812
Public Employees Retirement Fund	616,936	1,037,555
State Employees Retirement Fund	525,653	877,967
Public Employees Police & Fire Fund	290,023	483,558
Highway Patrolmen's Retirement Fund	28,604	45,343
Judges Retirement Fund	3,850	6,482
Police & Fire Consolidation Fund	9,052	15,235
<b>Correctional Employees Retire. Fund</b>	30,948	52,104
TOTAL BASIC RETIREMENT FUNDS	\$ 2,400,351	\$ 3,956,056
Post Retirement Fund	784,917	4,525,046
Supplemental Income Share Account	0	0
Supplemental Growth Share Account	0	0
Supplemental Index Share Account	0	0
Supplemental Bond Market Account	0	93,400
Supplemental International Equity Account	0	0
TOTAL PARTICIPATION	\$ 3,185,268	\$ 8,574,502

OOMESTIC EQUITY ACCOUNTS	INTERNATIONAL EQUITY ACCOUNT		POOLED INVESTMENT FUNDS TOTAL		
\$ 3,296,595	\$ 1,044,539	\$	6,674,231		
2,361,283	751,240		4,767,014		
2,000,135	636,004		4,039,759		
1,101,914	350,338		2,225,833		
104,123	32,973		211,043		
14,751	4,693		29,776		
34,666	11,030		69,983		
118,560	37,723		239,335		
\$ 9,032,027	\$ 2,868,540	\$	18,256,974		
9,471,420	2,844,617		17,626,000		
288,954	0		288,954		
133,526	0		133,526		
191,831	0		191,831		
0	0		93,400		
0	58,842		58,842		
\$ 19,117,758	\$ 5,771,999	\$	36,649,527		

#### NOTES TO THE SUPPLEMENTAL FINANCIAL STATEMENTS JUNE 30, 2004

#### **1. PORTFOLIO LISTING:**

Asset listings summarizing securities held by these funds can be found starting on page **153** of this report. Fixed income and equity securities are presented at market value.

#### 2. COST OF INVESTMENTS:

At June 30, 2004 the cost plus accrued income of investments for the Minnesota Pooled Investment Accounts and the individual accounts of the Minnesota Supplemental Investment Fund, excluding security lending collateral, was:

#### MINNESOTA POOLED INVESTMENT ACCOUNTS

Stock Index Account

Bond Market Account

Fixed Interest Account

DOMESTIC ACCOUNTS	
Equity Account	\$ 15,368,196,187
Bond Account	\$ 8,575,417,485
Alternative Investement Accounts	\$ 3,128,059,623
INTERNATIONAL ACCOUNTS	
Equity Account	\$ 4,980,112,866
SUPPLEMENTAL INVESTMENT FUND	
Income Share Account	\$ 424,099,896
Growth Share Account	\$ 154,941,615
International Share Account	\$ 56,514,367
Money Market Account	\$ 95,871,167

### 3. LOANED SECURITIES:

The market value of loaned securities outstanding at June 30, 2004 for the Minnesota Pooled Investment Accounts included in the total investments figure was:

\$

\$

\$

196,466,191

97,915,311

150,581,201

Equity Account (Domestic)	\$ 667,132,962
Equity Index Account (Domestic)	\$ 344,878,608
Bond Account (Domestic)	\$ 2,078,798,655
International Equity Account	\$ 1,125,269,666

The market value for non-pooled investment account	nts inclu	udes:
Money Market Account	\$	193,199,751
Income share Account Fixed Income	\$	9,755,099

#### 4. UNDISTRIBUTED INCOME:

The Undistributed Dedicated Income of the pooled investments consists of the unrealized gains/losses plus the difference between cash basis used in the Minnesota Statutes 11A.14 Subd. 12 distribution and the fair value accrual basis used in these financials.

### **External Stock and Bond Managers' Fees**

Total Payments for Fiscal Year 2004

Active Domestic Stock Managers (1)	
Alliance Capital	\$ 4,011,325
American Express Kenwood	175,101
Artemis Investment Management	165,067
Barrow Hanley Mewhinney Staus	216,484
Bay Isle Corp.	225,256
Cohen Klingenstein & Marks	1,263,110
Earnest Partners	201,670
FLA Asset Management*	(458,920)
Franklin Portfolio	1,103,911
GeoCapital Corp.*	(666,505)
Goldman Sachs Asset Management	386,802
Holt Smith & Yates Advisors	258,698
Hotchkis and Wiley Capital Management	564,111
Lord Abbett & Co LLC	250,373
LVS Asset Management	241,363
Lincoln Capital*	(344,520)
Martingale Asset Management	394,698
Mc Kinley Capital Management	501,486
New Amsterdam Partners	1,047,606
Next Century	304,557
Oppenheimer Capital	1,061,696
Peregrine Capital Management	1,543,158
Systematic Financial Management	178,926
Turner Investment Partners	573,561
UBS Global Asset Management (Brinson)	1,209,987
U S Bank Corp.*	126,764
Valenzuela Capital*	57,819
Voyageur Asset Management	235,032
Winslow Capital	846,284
Zevenbergen Capital	628,333
Passive Domestic Stock Managers (2)	
Barclays Global Investors	963,499
	, -
Semi-Passive Domestic Stock Managers (2)	
Barclays Global Investors	2,762,970
Franklin Portfolio	1,646,128
JP Morgan	2,277,169

#### **External Stock and Bond Managers' Fees**

Total Payments for Fiscal Year 2004

Active Domestic Bond Managers (2)	
American Express	835,900
Deutsche Asset	1,104,472
Dodge & Cox	907,974
Morgan Stanley	1,147,607
Western Asset Management	1,308,983
Semi-Passive Domestic Bond Managers (3)	
BlackRock Inc.	\$ 879,614
Goldman Sachs	1,064,112
Lincoln Capital Management	517,821
International Stock Managers (2)	
Alliance Capital	1,098,839
American Express	1,610,905
Britannic Asset Management (Blairlogie)	1,213,456
UBS Global Asset Management (Brinson)	1,407,178
Capital International	1,280,856
Invesco Global	1,535,168
Marathon Asset Management	1,979,846
Morgan Stanley Investment Management	1,652,433
Schroder Investment Management (SIMA)	1,064,276
State Street Global Advisors	481,267
T. Rowe Price International	2,101,527
Assigned Risk Plan	
GE Investment Management	193,421
Voyager Asset Management	189,480

\* Manager Terminated in Fiscal '04

- (1) Most active stock managers, with the exception of Emerging Equity Managers, are compensated on a performance-based fee formula. Four fee options are available and fees earned range from zero to twice the manager's base fee, depending on the manager's performance relative to an established benchmark.
- (2) The passive stock manager, international stock managers, active bond managers and two semi-passive bond managers are compensated based on a specified percentage of assets under management.
- (3) One semi-passive bond manager is compensated on a performance-based fee formula. Fees earned range from 5 to 10 basis points of assets under management, depending on the manager's performance relative to an established benchmark.

#### ALLIANCE CAPITAL MANAGEMENT L.P.

#### **BAY ISLE FINANCIAL LLC**

Equities	Market Value	%	Equities	Market Value 9	6
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	250,220,533.40	25.87	CONSUMER DISCRETIONARY	6,527,984.10	13.76
CONSUMER STAPLES	98,155,800.00	10.15	CONSUMER STAPLES	0.00	0.00
ENERGY	4,950,975.00	0.51	ENERGY	2,082,148.71	4.39
FINANCIALS	137,601,998.00	14.22	FINANCIALS	9,537,065.57	20.10
HEALTH CARE	159,631,984.00	16.50	HEALTH CARE	8,231,328.00	17.35
INDUSTRIALS	34,723,080.00	3.59	INDUSTRIALS	9,841,807.94	20.74
INFORMATION TECHNOLOGY	279,633,786.00	28.91	INFORMATION TECHNOLOGY	10,236,410.20	21.58
MATERIALS	0.00	0.00	MATERIALS	0.00	0.00
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	0.00	0.00	TELECOMMUNICATIONS SERVICES	0.00	0.00
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	0.00	0.00	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	964,918,156.40	99.75	Total Equities	46,456,744.52	97.92
Cash Equivalents	1,603,461.73	0.17	Cash Equivalents	956,373.91	2.02
Payable for Investments Purchased	(6,683,026.18)	(0.69)	Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	7,052,028.70	0.73	Receivables for Investments Sold	0.00	0.00
Dividend Receivable	491,734.75	0.05	Dividend Receivable	27,731.97	0.06
Short Term Interest Receivable	2,424.46	0.00	Short Term Interest Receivable	1,352.93	0.00
Tax Refund Receivable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
			Tax Refundable	0.00	0.00
Grand Total	\$967,384,779.86	100.00 %	/o		
			Grand Total	\$47,442,203.33	100.00 %

#### BARROW, HANLEY, MEWHINNEY & STRAUSS, INC. COHEN, KLINGENSTEIN, & MARKS INC.

Equities	Market Value	%	Equities	Market Value	6
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	41,171,855.00	16.26	CONSUMER DISCRETIONARY	118,228,557.25	20.05
CONSUMER STAPLES	10,058,700.00	3.97	CONSUMER STAPLES	48,536,037.00	8.23
ENERGY	35,141,824.00	13.88	ENERGY	0.00	0.00
FINANCIALS	69,614,929.66	27.49	FINANCIALS	64,481,362.00	10.93
HEALTH CARE	37,666,552.00	14.88	HEALTH CARE	85,843,271.30	14.56
INDUSTRIALS	25,170,250.00	9.94	INDUSTRIALS	15,266,664.84	2.59
INFORMATION TECHNOLOGY	0.00	0.00	INFORMATION TECHNOLOGY	201,864,141.25	34.23
MATERIALS	1,912,900.00	0.76	MATERIALS	29,576,816.50	5.02
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	3,619,000.00	1.43	TELECOMMUNICATIONS SERVICES	19,075,230.00	3.23
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	20,642,545.00	8.15	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	244,998,555.66	96.76	Total Equities	582,872,080.14	98.84
Cash Equivalents	7,884,587.12	3.11	Cash Equivalents	6,622,793.32	1.12
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	0.00	0.00
Dividend Receivable	303,877.50	0.00	Dividend Receivable	155,949.59	0.03
Short Term Interest Receivable	9,151.32	0.00	Short Term Interest Receivable	40,873.54	0.01
Tax Refund Receivable	0.00	0.00			
			Grand Total	\$589,691,696.59	100.00 %
Grand Total	\$253,196,171.60	100.00 %	/0		

#### EARNEST PARTNERS

#### GOLDMAN SACHS ASSET MANAGEMENT

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	8,508,765.00	15.79	CONSUMER DISCRETIONARY	17,699,080.73	17.98
CONSUMER STAPLES	0.00	0.00	CONSUMER STAPLES	3,142,074.18	3.19
ENERGY	9,050,928.14	16.80	ENERGY	6,778,866.72	6.89
FINANCIALS	18,235,627.75	33.85	FINANCIALS	29,619,121.09	30.09
HEALTH CARE	5,966,374.00	11.07	HEALTH CARE	3,751,366.96	3.81
INDUSTRIALS	3,410,467.00	6.33	INDUSTRIALS	13,967,863.03	14.19
INFORMATION TECHNOLOGY	4,292,175.00	7.97	INFORMATION TECHNOLOGY	8,855,176.50	9.00
MATERIALS	0.00	0.00	MATERIALS	7,050,394.69	7.16
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	2,394,688.00	4.44	TELECOMMUNICATIONS SERVICES	413,372.88	0.42
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	656,930.00	1.22	UTILITIES	4,841,722.88	4.92
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	52,515,954.89	97.47	Total Equities	96,119,039.66	97.64
Cash Equivalents	1,334,860.30	2.48	Cash Equivalents	2,172,565.52	2.21
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	(258,818.81)	(0.61)
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	305,555.83	0.73
Dividend Receivable	27,096.66	0.05	Dividend Receivable	98,024.70	0.23
Short Term Interest Receivable	1,501.96	0.00	Short Term Interest Receivable	3,243.09	0.01
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
Tax Refundable	0.00	0.00	Tax Refundable	0.00	0.00
Grand Total	\$53,879,413.81	100.00 %	% Grand Total	\$98,439,609.99	100.00 %

#### FRANKLIN PORTFOLIO ASSOC.

#### HOLT-SMITH AND YATES ADVISORS

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	120,420,280.50	18.16	CONSUMER DISCRETIONARY	10,075,696.00	23.92
CONSUMER STAPLES	54,061,351.00	8.15	CONSUMER STAPLES	2,027,760.00	4.81
ENERGY	58,968,578.00	8.89	ENERGY	0.00	0.00
FINANCIALS	150,686,606.00	22.72	FINANCIALS	6,370,698.00	15.13
HEALTH CARE	82,184,143.00	12.39	HEALTH CARE	8,882,428.00	21.09
INDUSTRIALS	46,442,835.00	7.00	INDUSTRIALS	4,259,020.00	10.11
INFORMATION TECHNOLOGY	97,287,289.00	14.67	INFORMATION TECHNOLOGY	9,766,912.00	23.19
MATERIALS	20,168,118.00	3.04	MATERIALS	0.00	0.00
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	23,151,544.00	3.49	TELECOMMUNICATIONS SERVICES	0.00	0.00
UNCLASSIFIED	8,330,420.00	1.26	UNCLASSIFIED	0.00	0.00
UTILITIES	0.00	0.00	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	661,701,164.50	99.77	Total Equities	41,382,514.00	98.25
Cash Equivalents	722,890.88	0.11	Cash Equivalents	733,829.26	1.74
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	0.00	0.00
Dividend Receivable	828,435.25	0.12	Dividend Receivable	1,860.00	0.00
Short Term Interest Receivable	1,397.26	0.00	Short Term Interest Receivable	833.47	0.00
			Long Term Interest Receivable	0.00	0.00
Grand Total	\$663,253,887.89	100.00 %	76 Tax Refundable	0.00	0.00
			Grand Total	\$42,119,036.73	100.00 %

#### HOTCHKIS AND WILEY CAPITAL MANAGEMENT LLCLORD ABBETT & CO, LLC

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	27,578,670.00	26.56	CONSUMER DISCRETIONARY	29,920,135.00	11.93
CONSUMER STAPLES	4,166,674.00	4.01	CONSUMER STAPLES	22,759,838.00	9.08
ENERGY	5,067,097.00	4.88	ENERGY	20,484,682.00	8.17
FINANCIALS	24,360,421.00	23.46	FINANCIALS	39,784,898.52	15.86
HEALTH CARE	2,180,940.00	2.10	HEALTH CARE	27,587,646.00	11.00
INDUSTRIALS	22,631,237.00	21.79	INDUSTRIALS	38,027,268.60	15.16
INFORMATION TECHNOLOGY	4,961,280.00	4.78	INFORMATION TECHNOLOGY	28,307,467.00	11.29
MATERIALS	2,780,169.00	2.68	MATERIALS	23,704,239.00	9.45
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	971,500.00	0.94	TELECOMMUNICATIONS SERVICES	8,674,195.00	3.46
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	7,037,689.00	6.78	UTILITIES	3,316,230.00	1.32
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	101,735,677.00	97.97	Total Equities	242,566,599.12	96.73
Cash Equivalents	2,695,943.28	2.60	Cash Equivalents	8,332,750.23	3.32
Payable for Investments Purchased	(681,849.19)	(0.66)	Payable for Investments Purchased	(793,620.31)	(0.32)
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	426,335.02	0.17
Dividend Receivable	90,741.25	0.09	Dividend Receivable	234,027.75	0.09
Short Term Interest Receivable	3,120.57	0.00	Short Term Interest Receivable	9,087.12	0.00
Tax Refundable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
			Tax Refundable	0.00	0.00
Grand Total	\$103,843,632.91	100.00 %	<i>6</i>		
			Grand Total	\$250,775,178.93	100.00 %

#### KENWOOD CAPITAL MANAGEMENT, LLC

#### LSV ASSET MANAGEMENT

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	7,680,666.00	16.59	CONSUMER DISCRETIONARY	32,154,648.00	12.57
CONSUMER STAPLES	2,228,100.50	4.81	CONSUMER STAPLES	12,590,340.00	4.92
ENERGY	2,310,382.00	4.99	ENERGY	33,651,767.00	13.16
FINANCIALS	10,354,306.82	22.36	FINANCIALS	89,564,770.92	35.03
HEALTH CARE	2,758,296.00	5.96	HEALTH CARE	10,422,491.00	4.08
INDUSTRIALS	7,667,342.25	16.56	INDUSTRIALS	20,658,654.00	8.08
INFORMATION TECHNOLOGY	4,500,962.00	9.72	INFORMATION TECHNOLOGY	14,298,444.00	5.59
MATERIALS	4,506,454.00	9.73	MATERIALS	9,017,211.00	3.53
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	439,633.00	0.95	TELECOMMUNICATIONS SERVICES	10,037,136.00	3.93
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	3,181,250.50	6.87	UTILITIES	21,474,576.00	8.40
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	45,627,393.07	98.53	Total Equities	253,870,037.92	99.28
Cash Equivalents	822,140.60	1.78	Cash Equivalents	1,467,416.87	0.57
Payable for Investments Purchased	(744,527.84)	(1.61)	Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	574,433.06	1.24	Receivables for Investments Sold	0.00	0.00
Dividend Receivable	28,432.00	0.06	Dividend Receivable	372,459.25	0.15
Short Term Interest Receivable	991.68	0.00	Short Term Interest Receivable	1,386.20	0.00
Long Term Interest Receivable	73.81	0.00	Tax Refundable	0.00	0.00
Tax Refundable	0.00	0.00			
			Grand Total	\$255,711,300.24	100.00 %
Grand Total	\$46,308,936.38	100.00 %	6		

#### MARTINGALE ASSET MANAGEMENT LP

#### NEW AMSTERDAM PARTNERS LLC

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	18,373,394.00	17.49	CONSUMER DISCRETIONARY	70,369,958.00	17.77
CONSUMER STAPLES	5,350,248.00	5.09	CONSUMER STAPLES	55,824,321.00	14.09
ENERGY	3,599,567.00	3.43	ENERGY	24,708,698.00	6.24
FINANCIALS	32,986,937.00	31.40	FINANCIALS	80,567,536.25	20.34
HEALTH CARE	4,294,798.00	4.09	HEALTH CARE	51,763,222.00	13.07
INDUSTRIALS	18,762,735.00	17.86	INDUSTRIALS	24,550,189.00	6.20
INFORMATION TECHNOLOGY	6,049,387.00	5.76	INFORMATION TECHNOLOGY	63,033,995.00	15.91
MATERIALS	8,480,286.00	8.07	MATERIALS	8,317,244.00	2.10
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	206,025.00	0.20	TELECOMMUNICATIONS SERVICES	0.00	0.00
UNCLASSIFIED	356,402.00	0.34	UNCLASSIFIED	0.00	0.00
UTILITIES	5,696,976.00	5.42	UTILITIES	9,243,120.00	2.33
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	104,156,755.00	99.13	Total Equities	388,378,283.25	98.06
Cash Equivalents	779,388.95	0.74	Cash Equivalents	7,290,290.67	1.84
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	0.00	0.00
Dividend Receivable	130,655.35	0.12	Dividend Receivable	396,548.00	0.86
Short Term Interest Receivable	1,276.50	0.00	Short Term Interest Receivable	10,056.66	0.02
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
Tax Refundable	0.00	0.00	Tax Refundable	0.00	0.00
Grand Total	\$105,068,075.80	100.00	% Grand Total	\$396,075,178.58	100.00 %

#### MCKINLEY CAPITAL MANAGEMENT INC NEXT CENTURY GROWTH INVESTORS LLC

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	21,563,237.56	12.19	CONSUMER DISCRETIONARY	6,213,243.58	19.61
CONSUMER STAPLES	13,814,414.25	7.81	CONSUMER STAPLES	0.00	0.00
ENERGY	7,266,078.75	4.11	ENERGY	1,911,919.25	6.03
FINANCIALS	14,838,176.55	8.39	FINANCIALS	2,032,171.95	6.41
HEALTH CARE	44,522,892.45	25.18	HEALTH CARE	6,152,964.15	19.42
INDUSTRIALS	16,176,225.20	9.15	INDUSTRIALS	6,575,109.30	20.75
INFORMATION TECHNOLOGY	43,921,749.35	24.84	INFORMATION TECHNOLOGY	8,739,412.27	27.58
MATERIALS	9,439,599.25	5.34	MATERIALS	0.00	0.00
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	0.00	0.00	TELECOMMUNICATIONS SERVICES	0.00	0.00
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	0.00	0.00	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	171,542,373.36	97.00	Total Equities	31,624,820.50	99.81
Cash Equivalents	5,518,460.22	3.12	Cash Equivalents	166,855.73	0.53
Payable for Investments Purchased	(955,444.14)	(0.54)	Payable for Investments Purchased	(247,065.46)	(0.78)
Receivables for Investments Sold	717,322.37	0.41	Receivables for Investments Sold	139,604.09	0.44
Dividend Receivable	18,810.10	0.01	Dividend Receivable	0.00	0.00
Short Term Interest Receivable	4,376.06	0.00	Short Term Interest Receivable	330.36	0.00
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
Tax Refundable	0.00	0.00	Tax Refundable	112.15	0.00
Grand Total	\$176,845,897.97	100.00 %	% Grand Total	\$31,684,657.37	100.00 %

#### Summarized Asset Listing - Domestic Stock Managers

#### **OPPENHEIMER CAPITAL**

#### SYSTEMATIC FINANCIAL MANAGEMENT, LP

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	144,127,250.00	20.26	CONSUMER DISCRETIONARY	20,433,462.00	13.68
CONSUMER STAPLES	83,628,000.00	11.76	CONSUMER STAPLES	2,167,902.00	1.45
ENERGY	37,571,500.00	5.28	ENERGY	18,257,607.00	12.22
FINANCIALS	194,492,750.00	27.34	FINANCIALS	43,080,711.00	28.84
HEALTH CARE	43,928,000.00	6.18	HEALTH CARE	11,440,161.00	7.66
INDUSTRIALS	64,952,000.00	9.13	INDUSTRIALS	12,791,840.00	8.56
INFORMATION TECHNOLOGY	70,452,000.00	9.90	INFORMATION TECHNOLOGY	16,798,820.00	11.24
MATERIALS	8,280,000.00	1.16	MATERIALS	8,593,340.00	5.75
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	26,004,000.00	3.66	TELECOMMUNICATIONS SERVICES	6,455,332.00	4.32
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	0.00	0.00	UTILITIES	4,235,517.00	2.84
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
		0.00			
Total Equities	673,435,500.00	94.68	Total Equities	144,254,692.00	96.56
Cash Equivalents	37,264,629.23	5.24	Cash Equivalents	5,590,344.85	3.74
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	(2,022,326.56)	(1.35)
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	1,416,076.51	0.95
Dividend Receivable	540,500.00	0.08	Dividend Receivable	145,412.50	0.10
Short Term Interest Receivable	43,203.37	0.01	Short Term Interest Receivable	5,813.17	0.00
Long Term Interest Receivable	18,509.74	0.00	Long Term Interest Receivable	0.00	0.00
Tax Refundable	0.00	0.00	Tax Refundable	0.00	0.00
Grand Total	\$711,302,342.34	100.00 %	% Grand Total	\$149,390,012.47	100.00 %

#### PEREGRINE CAPITAL MANAGEMENT

#### TURNER INVESTMENT PARTNERS INC.

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	31,244,138.40	20.45	CONSUMER DISCRETIONARY	17,167,822.61	12.91
CONSUMER STAPLES	5,736,389.60	3.76	CONSUMER STAPLES	1,537,302.20	1.16
ENERGY	4,862,147.00	3.18	ENERGY	4,789,919.50	3.60
FINANCIALS	37,257,588.49	24.39	FINANCIALS	13,033,433.35	9.80
HEALTH CARE	7,574,549.70	4.96	HEALTH CARE	29,036,300.46	21.84
INDUSTRIALS	28,939,340.90	18.95	INDUSTRIALS	16,238,242.15	12.21
INFORMATION TECHNOLOGY	15,026,544.30	9.84	INFORMATION TECHNOLOGY	40,272,433.65	30.29
MATERIALS	15,107,049.80	9.89	MATERIALS	5,168,963.70	3.89
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	868,535.50	0.57	TELECOMMUNICATIONS SERVICES	2,121,080.70	1.60
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	4,422,152.60	2.90	UTILITIES	1,064,517.10	0.80
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	151,038,436.29	98.88	Total Equities	130,430,015.42	98.10
Cash Equivalents	2,559,244.99	1.68	Cash Equivalents	2,020,535.87	1.52
Payable for Investments Purchased	(1,231,768.16)	(0.81)	Payable for Investments Purchased	(92,660.50)	(0.07)
Receivables for Investments Sold	304,769.16	0.20	Receivables for Investments Sold	594,666.65	0.45
Dividend Receivable	77,832.38	0.05	Dividend Receivable	0.00	0.00
Short Term Interest Receivable	1,755.11	0.00	Short Term Interest Receivable	2,526.86	0.00
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	3,268.97	0.00
Tax Refundable	0.00	0.00	Tax Refundable	0.00	0.00
Grand Total	\$152,750,269.77	100.00 %	6 Grand Total	\$132,958,353.27	100.00 %

#### UBS GLOBAL ASSET MANAGEMENT

#### WINSLOW CAPITAL MANAGEMENT INC

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	101,685,713.00	13.99	CONSUMER DISCRETIONARY	27,605,743.36	20.87
CONSUMER STAPLES	12,426,028.00	1.71	CONSUMER STAPLES	0.00	0.00
ENERGY	12,374,238.00	1.70	ENERGY	0.00	0.00
FINANCIALS	202,637,667.00	27.88	FINANCIALS	5,974,532.00	4.52
HEALTH CARE	156,937,260.00	21.59	HEALTH CARE	33,363,077.40	25.22
INDUSTRIALS	104,142,812.00	14.33	INDUSTRIALS	27,137,121.00	20.51
INFORMATION TECHNOLOGY	27,623,232.00	3.80	INFORMATION TECHNOLOGY	34,188,119.21	25.84
MATERIALS	12,111,443.63	1.67	MATERIALS	0.00	0.00
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	44,928,151.00	6.18	TELECOMMUNICATIONS SERVICES	0.00	0.00
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	36,774,662.31	5.06	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	711,641,206.94	97.92	Total Equities	128,268,592.97	96.96
Cash Equivalents	14,547,689.44	2.00	Cash Equivalents	6,124,332.48	4.63
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	(2,635,396.77)	(1.99)
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	524,553.58	0.40
Dividend Receivable	536,474.50	0.07	Dividend Receivable	1,607.50	0.00
Short Term Interest Receivable	14,811.92	0.00	Short Term Interest Receivable	5,317.27	0.00
Margin Receivable	43,700.00	0.01	Long Term Interest Receivable	0.00	0.00
Payable for Interest Compensation	(2.75)	0.00	Tax Refundable	0.00	0.00
Grand Total	\$726,783,880.05	100.00 %	% Grand Total	\$132,289,007.03	100.00 %

#### VOYAGEUR ASSET MANAGEMENT INC

#### ZEVENBERGEN CAPITAL INVESTMENTS, LLC

Equities	Market Value	%	Equities	Market Value	%
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	8,250,736.00	18.45	CONSUMER DISCRETIONARY	31,714,235.66	23.44
CONSUMER STAPLES	3,526,090.00	7.89	CONSUMER STAPLES	6,253,169.00	4.62
ENERGY	696,800.00	1.56	ENERGY	0.00	0.00
FINANCIALS	7,109,107.00	15.90	FINANCIALS	14,853,022.00	10.98
HEALTH CARE	9,230,760.00	20.64	HEALTH CARE	30,971,515.00	22.89
INDUSTRIALS	6,776,048.00	15.15	INDUSTRIALS	1,985,368.00	1.47
INFORMATION TECHNOLOGY	6,868,540.00	15.36	INFORMATION TECHNOLOGY	45,521,479.00	33.64
MATERIALS	1,268,000.00	2.84	MATERIALS	0.00	0.00
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	0.00	0.00	TELECOMMUNICATIONS SERVICES	2,236,774.00	1.65
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	0.00	0.00
UTILITIES	0.00	0.00	UTILITIES	0.00	0.00
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00	BONDS	0.00	0.00
Total Equities	43,726,081.00	97.79	Total Equities	133,535,562.66	98.68
Cash Equivalents	954,818.19	2.14	Cash Equivalents	1,987,423.54	1.47
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	(465,999.30)	(0.34)
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	251,734.20	0.19
Dividend Receivable	29,716.25	0.07	Dividend Receivable	14,439.00	0.01
Short Term Interest Receivable	1,366.52	0.00	Short Term Interest Receivable	1,751.43	0.00
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	0.00	0.00
Tax Refundable	0.00	0.00	Tax Refundable	0.00	0.00
Grand Total	\$44,711,981.96	100.00	% Grand Total	\$135,324,911.53	100.00 %

#### BARCLAYS GLOBAL INVESTORS

#### J.P. MORGAN FLEMING ASSET MANAGEMENT (Semi - Passive)

BARCLAYS GLOBAL INVE	STORS		J.P. MORGAN FLEMING ASSET	MANAGEMENT		
(Semi - Passive)			(Semi - Passive)			
Equities	Market Value	%	Equities	Market Value	%	
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	0.00	0.00	
CONSUMER DISCRETIONARY	360,194,637.68	14.48	CONSUMER DISCRETIONARY	320,299,618.83	15.16	
CONSUMER STAPLES	162,226,417.11	6.52	CONSUMER STAPLES	154,660,994.00	7.32	
ENERGY	156,080,247.35	6.27	ENERGY	131,925,294.00	6.24	
FINANCIALS	510,954,052.71	20.54	FINANCIALS	446,315,167.00	21.12	
HEALTH CARE	357,710,867.71	14.38	HEALTH CARE	295,237,913.00	13.97	
INDUSTRIALS	257,034,354.08	10.33	INDUSTRIALS	219,997,330.00	10.41	
INFORMATION TECHNOLOGY	431,787,338.02	17.36	INFORMATION TECHNOLOGY	340,709,664.00	16.12	
MATERIALS	87,109,233.40	3.50	MATERIALS	63,707,209.00	3.02	
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.00	0.00	
TELECOMMUNICATIONS SERVICES		3.37	TELECOMMUNICATIONS SERVICES			
UNCLASSIFIED	83,918,849.03			69,413,092.00	3.29	
	0.00	0.00	UNCLASSIFIED	0.00	0.00	
UTILITIES	62,881,664.87	2.53	UTILITIES	64,814,283.00	3.07	
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00	
BONDS	0.00	0.00	BONDS	649,619.10	0.03	
Total Equities	2,469,897,661.96	99.28	Total Equities	2,107,730,183.93	99.75	
Cash Equivalents	11,798,847.20	0.47	Cash Equivalents	3,251,023.95	0.15	
Payable for Investments Purchased	(21,788,672.96)	(0.88)	Payable for Investments Purchased	(3,952,626.82)	(0.19)	
Receivables for Investments Sold	25,677,026.05	1.03	Receivables for Investments Sold	3,947,114.94	0.19	
Dividend Receivable	2,173,518.17	0.09	Dividend Receivable	1,926,396.00	0.09	
Short Term Interest Receivable	16,596.36	0.00	Short Term Interest Receivable	7,521.80	0.00	
Long Term Interest Receivable	0.00	0.00	Long Term Interest Receivable	4,410.71	0.00	
Margin Receivable	69,000.00	0.00	Tax Receivable	0.00	0.00	
Tax Receivable	38.15	0.00	Margin Receivable	14,700.00	0.00	
Payable for Interest Compensation	0.00	0.00	Payable for Interest Compensation	(9.71)	0.00	
Grand Total	\$2,487,844,014.93	100.00 %	6 Grand Total	\$2,112,928,714.80	100.00 %	6
FRANKLIN PORTFOLIO A	SSOCIATES		BARCLAYS GLOBAL INVESTOR	S		
(Semi - Passive)			(Passive)			
Equities	Market Value %		Equities	Market Value	%	
COMMINGLED FUND	0.00	0.00	COMMINGLED FUND	46,044,036.20	0.71	
CONSUMER DISCRETIONARY	268,591,816.68	14.98	CONSUMER DISCRETIONARY	868,134,088.28	13.43	
CONSUMER STAPLES	125,380,368.88	6.99	CONSUMER STAPLES	498,913,779.61	7.72	
ENERGY	124,573,198.87	6.95	ENERGY	384,440,909.47	5.95	
FINANCIALS	378,906,686.27	21.14	FINANCIALS	1,358,784,210.57	21.02	
HEALTH CARE	256,562,121.74	14.31	HEALTH CARE	891,097,343.65	13.79	
INDUSTRIALS	207,105,786.00	11.55	INDUSTRIALS	751,143,813.26	11.62	
INFORMATION TECHNOLOGY	285,983,352.00	15.95	INFORMATION TECHNOLOGY	1,040,258,689.30	16.09	
MATERIALS	37,698,922.00	2.10	MATERIALS	209,972,194.88	3.25	
RIGHTS/WARRANTS	0.00	0.00	RIGHTS/WARRANTS	0.02	0.00	
TELECOMMUNICATIONS SERVICES	63,420,206.72	3.54	TELECOMMUNICATIONS SERVICES	203,547,854.57	3.15	
UNCLASSIFIED	0.00	0.00	UNCLASSIFIED	467,679.37	0.01	
UTILITIES	38,510,527.00	2.15	UTILITIES	199,718,567.87	3.09	
ALL NON U.S.	0.00	0.00	ALL NON U.S.	0.00	0.00	
BONDS	0.00	0.00	BONDS	0.00	0.00	
Total Equities	1,786,732,986.16	99.67	Total Equities	6,452,523,167.05	99.82	
Cash Equivalents	3,139,750.91	0.18	Cash Equivalents	3,448,139.19	0.05	
Payable for Investments Purchased	0.00	0.00	Payable for Investments Purchased	(5,836.89)	0.00	
Receivables for Investments Sold	0.00	0.00	Receivables for Investments Sold	662,640.00	0.01	
Dividend Receivable	2,696,171.60	0.15	Dividend Receivable	7,306,745.41	0.11	
Short Term Interest Receivable	5,161.06	0.00	Long Term Interest Receivable	24.66	0.00	
Tax Refundable	0.00	0.00	Short Term Interest Receivable	6,051.05	0.00	
		0.00			0.00	
	0.00		Tax Refundable	,	0.00	
Grand Total	\$1,792,574,069.73			329.49 (9.63)	0.00 0.00	

#### AGGREGATE DOMESTIC EQUITY POOL\*

Equities	Market Value	%
COMMINGLED FUND	46,044,036.20	0.24
CONSUMER DISCRETIONARY	2,986,155,966.62	15.61
CONSUMER STAPLES	1,389,172,098.33	7.26
ENERGY	1,091,545,372.76	5.71
FINANCIALS	3,994,035,554.47	20.88
HEALTH CARE	2,664,930,566.52	13.93
INDUSTRIALS	2,006,374,803.55	10.49
INFORMATION TECHNOLOGY	3,141,238,798.05	16.43
MATERIALS	573,969,787.85	3.00
RIGHTS/WARRANTS	0.02	0.00
TELECOMMUNICATIONS SERVICES	571,896,199.40	2.99
UNCLASSIFIED	9,154,501.37	0.05
UTILITIES	488,512,931.13	2.55
ALL NON U.S.	0.00	0.00
BONDS	649,619.10	0.00
Total Equities	18,963,680,235.37	99.16
Cash Equivalents	141,791,388.43	0.74
Payable for Investments Purchased	(42,559,639.89)	(0.22)
Receivables for Investments Sold	42,593,860.16	0.22
Long Term Interest Receivable	26,287.89	0.00
Short Term Interest Receivable	203,279.10	0.00
Payable for Interest Compensation	(22.09)	0.00
Dividend Receivable	18,655,197.43	0.10
Tax Refund Receivable	479.79	0.00
Margin Receivable	127,400.00	
Grand Total	\$19,124,518,466.19	100.00 %

\* Aggregate of all managers in the Domestic Equity Account in the Financial Statements. Includes Active, Semi-Passive, and Passive managers.

#### AMERICAN EXPRESS ASSET MGMT

#### INVESCO GLOBAL ASSET MGMT.

Exposure by Country	Market Value	%	Exposure by Country	Market Value	%
AUSTRALIA	15,989,164.43	3.10	AUSTRALIA	8,809,337.78	1.77
CANADA	18,281,790.11	3.54	CANADA	7,065,925.04	1.42
DENMARK	2,266,879.67	0.44	DENMARK	11,704,628.23	2.35
EURO	148,662,626.52	28.82	EURO	118,876,975.97	23.90
HONG KONG	17,354,176.83	3.36	HONG KONG	4,682,706.61	0.94
JAPAN	114,963,555.84	22.29	JAPAN	114,326,036.24	22.98
NORWAY	5,903,543.18	1.14	NORWAY	5,652,109.93	1.14
UNITED KINGDOM	133,706,729.33	25.92	UNITED KINGDOM	97,067,029.68	19.51
SINGAPORE	7,241,828.14	1.40	SWEDEN	13,787,364.74	2.77
SWEDEN	5,890,042.71	1.14	SWITZERLAND	57,475,386.79	11.55
SWITZERLAND	39,974,731.03	7.75	UNITED STATES	57,385,936.43	11.54
UNITED STATES	3,328,557.04	0.65			
			Dividend Receivable	1,003,771.64	0.20
Dividend Receivable	625,057.86	0.12	Long Term Interest Receivable	0.00	0.00
Payable for Investments Purchased	(228,643.12)	(0.04)	Payable for Investment Purchased	(997,549.38)	(0.20)
Receivables for Investments Sold	1,722,607.71	0.33	Receivable for Investment Sold	318,792.02	0.06
Short Term Interest Receivable	654.76	0.00	Short Term Interest Receivable	13,173.67	0.00
Tax Refundable	166,226.16	0.03	TAX Refundable	308,466.03	0.06
Unrealized on fx payables	0.00	0.00	Unrealized on fx receivables	(466.22)	(0.00)
Unrealized on fx receivables	0.00	0.00	Unrealized on Income receivables	3,389.36	0.00
Unrealized on Income receivables	1,723.18	0.00	Unrealized on Investment payables	(2,338.00)	(0.00)
Unrealized on Investment payables	(1,641.82)	(0.00)			
Unrealized on Investment receivables	(7,564.95)	(0.00)	Grand Total	\$497,480,676.56	100.00 %
Grand Total	\$515,842,044.61	100.00	/0		

#### BRITANNIC ASSET MANAGEMENT

#### MARATHON ASSET MGMT.

			MARATHON ASSET MGM1.		
Exposure by Country	Market Value	%			
AUSTRALIA	3,582,881.45	1.06	Exposure by Country	Market Value	%
CANADA	15,242,495.20	4.51	AUSTRALIA	19,917,156.62	3.48
DENMARK	2,226,710.41	0.66	CANADA	24,535,088.48	4.29
EURO	103,386,203.50	30.62	DENMARK	7,119,871.26	1.24
HONG KONG	3,388,950.37	1.00	EURO	126,574,021.50	22.12
JAPAN	75,474,668.29	22.35	HONG KONG	34,894,920.02	6.10
UNITED KINGDOM	80,931,561.71	23.97	JAPAN	140,511,032.70	24.56
SINGAPORE	4,469,436.88	1.32	NEW ZEALAND	2,762,430.39	0.48
SWEDEN	8,466,934.50	2.51	NORWAY	3,912,192.89	0.68
SWITZERLAND	33,478,674.98	9.92	UNITED KINGDOM	131,931,212.59	23.06
UNITED STATES	4,895,803.23	1.45	SINGAPORE	9,851,402.94	1.72
			SWEDEN	17,625,283.06	3.08
Dividend Receivable	482,752.91	0.14	SWITZERLAND	19,084,933.74	3.34
Payable for Investments Purchased	(3,380,130.16)	(1.00)	UNITED STATES	33,154,230.19	5.79
Receivables for Investments Sold	4,847,241.56	1.44			
Short Term Interest Receivable	7,667.71	0.00			
TAX Refundable	184,149.74	0.05	Dividend Receivable	1,051,766.12	0.18
Unrealized on fx payables	(6,707.52)	(0.00)	Payable for Interest Compensation	(13.35)	(0.00)
Unrealized on fx receivables	5,260.00	0.00	Payable for Investments Purchased	(1,186,650.80)	(0.21)
Unrealized on Income receivables	2,668.04	0.00	Receivables for Investments Sold	318,135.58	0.06
Unrealized on Investment payables	(13,216.80)	(0.00)	Short Term Interest Receivable	14,235.25	0.00
Unrealized on Investment receivables	(19,593.32)	(0.01)	Tax Refundable	95,999.42	0.02
			Unrealized on fx payables	952.66	0.00
Grand Total	\$337,654,412.68	100.00 %	Unrealized on fx receivables	(806.49)	(0.00)
			Unrealized on Income receivables	472.61	0.00
			Unrealized on Investment payables	(2,146.28)	(0.00)
			Unrealized on Investment receivables	(3,106.96)	(0.00)

Grand Total

\$572,162,614.14 100.00 %

		r a
Market Value	%	
6,792,694.16	1.27 <b>E</b>	) x
13,804,580.27	2.58	
4,075,551.79	0.76	
182,610,747.27	34.18	
8,981,845.69	1.68	
131,356,584.71	24.59	
128,222,101.59	24.00	
3,780,893.49	0.71	
10,613,153.02	1.99	
38,010,853.57	7.11	
5,784,325.01	1.08	
457,851.24	0.09	
(589,661.30)	(0.11)	
0.00	0.00	
4,378.48	0.00	
355,397.00	0.07	
0.00	0.00	
(3,179.57)	(0.00)	
22,352.95	0.00	
6,809.09	0.00	
\$534,287,278.46	100.00 %	
	$\begin{array}{c} 6,792,694.16\\ 13,804,580.27\\ 4,075,551.79\\ 182,610,747.27\\ 8,981,845.69\\ 131,356,584.71\\ 128,222,101.59\\ 3,780,893.49\\ 10,613,153.02\\ 38,010,853.57\\ 5,784,325.01\\ 457,851.24\\ (589,661.30)\\ 0.00\\ 4,378.48\\ 355,397.00\\ 0.00\\ (3,179.57)\\ 22,352.95\\ 6,809.09\\ \end{array}$	6,792,694,16 $1.27$ E $13,804,580,27$ $2.58$ $4,075,551,79$ $0.76$ $182,610,747,27$ $34.18$ $8,981,845,69$ $1.68$ $131,356,584,71$ $24.59$ $128,222,101,59$ $24.00$ $3,780,893,49$ $0.71$ $10,613,153,02$ $1.99$ $38,010,853,57$ $7.11$ $5,784,325,01$ $1.08$ $457,851,24$ $0.09$ $(589,661,30)$ $(0.11)$ $0.00$ $0.00$ $4.378,48$ $0.00$ $355,397,00$ $0.07$ $0.00$ $0.00$ $(3,179,57)$ $(0.00)$ $22,352,95$ $0.00$ $6,809,09$ $0.00$ $0.00$ $0.00$

#### UBS GLOBAL ASSET MANAGEMENT

Exposure by Country	Market Value	%
AUSTRALIA	11,763,873.40	2.31
CANADA	10,488,856.18	2.06
DENMARK	16.20	0.00
EURO	177,340,366.22	34.79
HONG KONG	542.94	0.00
JAPAN	120,238,670.87	23.59
NEW ZEALAND	2,389.89	0.00
NORWAY	113.56	0.00
UNITED KINGDOM	142,228,394.35	27.90
SINGAPORE	5,217.85	0.00
SWEDEN	813.71	0.00
SWITZERLAND	40,450,474.91	7.94
UNITED STATES	5,857,616.01	1.15
Dividend Receivable	1,468,354.38	0.29
Payable for Investments Purchased	0.00	0.00
Receivables for Investments Sold	0.00	0.00
Short Term Interest Receivable	7,162.46	0.00
TAX Refundable	184,642.89	0.04
Unrealized on fx payables	(347,064.29)	(0.07)
Unrealized on fx receivables	31,803.44	0.01
Unrealized on Income receivables	12,514.79	0.00
Unrealized on Investment payables	0.00	0.00
Unrealized on Investment receivables	0.00	0.00
Grand Total	\$509,734,759.76	100.00 %

#### STATE STREET GLOBAL ADVISORS (Passive)

#### Exposure by Country

		Market Value	%
	AUSTRALIA	104,364,351.96	4.57
	CANADA	133,637,155.60	5.85
	DENMARK	16,788,005.28	0.73
	EURO	708,660,614.29	31.00
	HONG KONG	33,815,179.84	1.48
	ISRAEL	1.44	0.00
	JAPAN	512,564,346.49	22.42
	MALAYSIA	10,469.93	0.00
	NEW ZEALAND	4,920,035.36	0.22
	NORWAY	11,090,877.86	0.49
	UNITED KINGDOM	535,412,962.23	23.42
	SINGAPORE	16,972,197.24	0.74
	SWEDEN	51,013,764.98	2.23
	SWITZERLAND	151,650,279.59	6.63
	THAILAND	4.38	0.00
	UNITED STATES	254,648.92	0.01
	Dividend Receivable	4,169,472.70	0.18
	Long Term Interest Receivable	677.16	0.00
	Margin Variation Receivable	24,092.52	0.00
6	Other Payable	(13,776.10)	(0.00)
	Payable for Interest Compensation	(14.59)	(0.00)
	Payable for Investments Purchased	(206,217.20)	(0.01)
	Receivables for Investments Sold	31,242.27	0.00
	Short Term Interest Receivable	353.88	0.00
	TAX Refundable	947,027.69	0.04
	Unrealized on Income receivables	44,083.89	0.00
	Unrealized on Investment payables	(5,495.47)	(0.00)
	Unrealized on Investment receivables	5,020.59	0.00
¢	Frand Total	\$2,286,151,362.73	100.00 %

#### ALLIANCE CAPITAL MANAGEMENT L.P.

#### (Emerging Markets)

Exposure by Country	Market Value	%
BRAZIL	2,600,874.07	1.42
CHILE	72,958.74	0.04
CZECH REPUBLIC	1,425,907.72	0.78
EGPYT	382,343.70	0.21
HONG KONG	12,511,982.15	6.81
HUNGARY	3,332,917.95	1.81
INDIA	12,377,204.53	6.74
INDONESIA	2,792,555.00	1.52
ISRAEL	1,318,534.99	0.72
MALAYSIA	4,134,656.26	2.25
MEXICO	2,873,810.13	1.56
TAIWAN	22,883,170.07	12.45
SOUTH AFRICA	27,070,836.86	14.73
SOUTH KOREA	33,424,597.37	18.19
THAILAND	7,211,028.55	3.92
TURKEY	3,758,293.24	2.05
6 UNITED STATES	45,165,155.93	24.58
Dividend Receivable	485,655.77	0.26
Payable for Investments Purchased	(1,643,205.30)	(0.89)
Receivables for Investments Sold	1,603,320.54	0.87
Short Term Interest Receivable	682.24	0.00
Tax Refundable	3,241.73	0.00
Unrealized on fx receivables	(401.00)	(0.00)
Unrealized on Income receivables	745.19	0.00
Unrealized on Investment payables	(21,884.30)	(0.01)
Unrealized on Investment receivables	295.22	0.00
Grand Total	\$183,765,277.35	100.00 %

%

#### Summarized Asset Listing - International Stock Managers

#### CAPITAL INTERNATIONAL (Emerging Markets)

## MORGAN STANLEY DEAN WITTER INV. (Emerging Markets)

Exposure by Country	Market Value	%	Exposure by Country	Market Value	%	
BRAZIL	5,476,989.40	3.55	BRAZIL	4,228,032.09	2.30	
CHILE	141,866.84	0.09	EGPYT	2,790,151.55	1.51	
CZECH REPUBLIC	888,860.01	0.58	EURO	2,313.30	0.00	
EGYPT	13,826.78	0.01	HONG KONG	10,589,124.72	5.75	
HONG KONG	6,491,227.38	4.21	INDIA	8,395,805.70	4.56	
HUNGARY	2,356,634.77	1.53	INDONESIA	5,874,482.75	3.19	
INDIA	4,228,554.21	2.74	ISRAEL	82.86	0.00	
INDONESIA	3,550,507.05	2.30	JAPAN	46,272.28	0.03	
ISRAEL	406,131.97	0.26	JORDAN	0.03	0.00	
MALAYSIA	9,163,075.14	5.94	MALAYSIA	2,136,123.68	1.16	
MEXICO	4,994,024.57	3.24	MEXICO	2,787,291.99	1.51	
TAIWAN	15,296,143.61	9.92	TAIWAN	20,025,443.88	10.87	
PHILLIPINES	403,811.02	0.26	POLAND	375,996.54	0.20	
POLAND	1,051,421.93	0.68	UNITED KINGDOM	384,103.26	0.21	
UNITED KINGDOM	1,341,825.65	0.87	SINGAPORE	1,043,622.16	0.57	
SINGAPORE	181,183.78	0.12	SOUTH AFRICA	24,190,850.25	13.13	
SOUTH AFRICA	12,318,748.44	7.99	SOUTH KOREA	28,026,280.76	15.21	
SOUTH KOREA	23,442,740.11	15.20	THAILAND	11,706,448.51	6.35	
THAILAND	1,302,084.71	0.84	TURKEY	8,972,630.78	4.87	
TURKEY	2,386,789.81	1.55	UNITED STATES	51,115,959.10	27.75	
UNITED STATES	58,877,926.30	38.17				
			Dividend Receivable	474,621.98	0.26	
Dividend Receivable	454,324.81	0.29	Other receivables	51,957.08	0.02	
Margin Receivable	3,266.01	0.00	Payable for Investments Purchased	(639,410.00)	(0.35)	
Payable for Investments Purchased	(411,424.96)	(0.27)	Receivables for Investments Sold	1,628,257.66	0.88	
Receivables for Investments Sold	150,403.17	0.10	Short Term Interest Receivable	4,109.99	0.00	
Short Term Interest Receivable	4,251.64	0.00	TAX Refundable	175.49	0.00	
TAX Refundable	5,181.84	0.00	Unrealized on fx payables	(1,290.03)	(0.00)	
Unrealized on fx payables	(274,737.32)	(0.18)	Unrealized on fx receivables	20.54	0.00	
Unrealized on fx receivables	491.43	0.00	Unrealized on Income receivables	(619.40)	(0.00)	
Unrealized on Income receivables	(931.66)	(0.00)	Unrealized on Investment receivables	534.10	0.00	
Unrealized on Investment payables	0.00	0.00				
Unrealized on Investment payables	(935.01)	(0.00)				
Unrealized on Investment receivables	190.08	0.00	Grand Total	\$184,209,373.60	100.00	%
Grand Total	\$154,244,453.51	100.00	%			

#### AGGREGATE INTERNATIONAL STOCK POOL\*

Exposure by Country	Market Value	%
AUSTRALIA	171,219,459.80	2.96
BRAZIL	12,305,895.56	0.21
CANADA	223,055,890.88	3.86
CHILE	214,825.58	0.00
CZECH REPUBLIC	2,314,767.73	0.04
DENMARK	44,181,662.84	0.76
EGPYT	3,186,322.03	0.06
EURO	1,566,113,868.57	27.12
HONG KONG	132,710,656.55	2.30
HUNGARY	5,689,552.72	0.10
INDIA	25,001,564.44	0.43
INDONESIA	12,217,544.80	0.21
ISRAEL	1,724,751.26	0.03
JAPAN	1,209,481,167.42	20.94
JORDAN	0.03	0.00
MALAYSIA	15,444,325.01	0.27
MEXICO	10,655,126.69	0.18
NEW ZEALAND	7,684,855.64	0.13
NORWAY	26,558,837.42	0.46
PHILLIPINES	403,811.02	0.01
POLAND	1,427,418.47	0.02
SINGAPORE	43,545,782.48	0.75
SOUTH AFRICA	63,580,435.55	1.10
SOUTH KOREA	84,893,618.24	1.47
SWEDEN	107,397,356.72	1.86
SWITZERLAND	380,125,334.61	6.58
TAIWAN	58,204,757.56	1.01
THAILAND	20,219,566.15	0.35
TURKEY	15,117,713.83	0.26
UNITED KINGDOM	1,251,225,920.39	21.66
UNITED STATES	265,820,158.16	4.60
Total	5,761,722,948.15	99.76
Dividend Receivable	10673629.41	0.18
Long Term Interest Receivable	677.16	0.18
Margin Variation Receivable	27358.53	0.00
Other Payables	(13776.10)	(0.00)
Other Receivable	258523.80	0.00
Payable for Interest Compensation	(27.94)	(0.00)
Pavable for Investments Purchased	(9282892.22)	(0.16)
Receivables for Investments Sold	10620000.51	0.18
Short Term Interest Receivable	56670.08	0.00
TAX Refundable	2250507.99	0.00
Unrealized on fx payables	(628846.50)	(0.01)
Unrealized on fx receivables	32722.13	0.00
Unrealized on Income receivables	86398.95	0.00
Unrealized on Investment payables	(47657.68)	(0.00)
Unrealized on Investment receivables	(17416.15)	(0.00)
GRAND TOTAL	\$5,775,738,820.12	100.00 %

\* Aggregate of all managers in the International Equity Account in the Finanical Statements. Includes Terninated, and Emerging Markets.

#### ALTERNATIVE ASSETS

Asset listing for the Alternative Asset Pools can be found on pages of this report.

Fixed Income U.S. AGENCY

U.S. CORPORATE

U.S. MUNICIPALS

U.S. PREFERRED STOCK

PRIVATE PLACEMENTS

Payable for Investments Purchased

Receivables for Investments Sold

Payable for Interest Compensation

Long Term Interest Receivable

Short Term Interest Receivable

Unrealized on FX Receivables

Unrealized on FX Payables

FOREIGN RELATED

MISCELLANEOUS

**Total Fixed Income** 

**Cash Equivalent** 

U.S.

Non U.S.

**Grand Total** 

U.S. MTG. REL.

U.S. TREASURY

YANKEE

Market Value

\$62,855,625.90

177,501,646.72

284,654,945.45

162,457,524.26

9,977,197.20

13,537,155.64

710,984,095.17

70759953.07

(13883657.41)

9051578.80

6599151.70

\$783,582,144.39

71180.34

(157.28)

0.00

0.00

0.00

0.00

0.00

0.00

0.00

%

8.02

22.65

36.33

0.00

0.00

20.73

0.00

1.27

1.73

0.00

90.74

9.03

0.00

(1.77)

1.16

0.84

0.01

(0.00)

0.00

0.00

100.00 %

Fixed Income	Market Value	%
U.S. AGENCY	\$16,333,974.08	2.05
U.S. CORPORATE	274,320,908.58	34.39
U.S. MTG. REL.	358,188,909.05	44.90
U.S. MUNICIPALS	0.00	0.00
U.S. PREFERRED STOCK	0.00	0.00
U.S. TREASURY	130,666,857.00	16.38
PRIVATE PLACEMENTS	0.00	0.00
YANKEE	0.00	0.00
FOREIGN RELATED	0.00	0.00
MISCELLANEOUS	0.00	0.00
Total Fixed Income	779,510,648.71	97.72
Cash Equivalent		
U.S.	56,256,256.46	7.05
Non U.S.	0.00	0.00
Payable for Investments Purchased	(46,435,920.96)	(5.82)
Receivables for Investments Sold	0.00	0.00
Long Term Interest Receivable	8,337,941.41	1.05
Short Term Interest Receivable	29,657.44	0.00
Payable for Interest Compensation	(69.24)	(0.00)
Grand Total	\$797,698,513.82	100.00 %

#### DODGE & COX INC.

#### MORGAN STANLEY INVESTMENT MANAGEMENT

#### DEUTSCHE ASSET MANAGEMENT

Fixed Income	Market Value	%
U.S. AGENCY	\$3,890,378.79	0.61
U.S. CORPORATE	161,723,561.32	25.46
U.S. MTG. REL.	325,514,745.04	51.25
U.S. MUNICIPALS	40,891,444.91	6.44
U.S. PREFERRED STOCK	5,094,749.18	0.80
U.S. TREASURY	68,269,275.26	10.75
PRIVATE PLACEMENTS	0.00	0.00
YANKEE	10,406,920.58	1.64
FOREIGN RELATED	0.00	0.00
MISCELLANEOUS	0.00	0.00
Total Fixed Income	615,791,075.08	96.96
Cash Equivalent		
U.S.	29,828,685.32	4.70
Non. U.S.	0.00	0.00
Payable for Investments Purchased	(24,702,293.86)	(3.89)
Receivables for Investments Sold	8,538,115.05	1.34
Long Term Interest Receivable	5,625,485.87	0.89
Short Term Interest Receivable	36,941.10	0.01
Payable for Interest Compensation	0.00	0.00
Other Payables	0.00	0.00

Fixed Income	Market Value	%
U.S. AGENCY	\$8,666,727.20	1.14
U.S. CORPORATE	157,658,163.78	20.71
U.S. MTG. REL.	371,355,679.24	48.78
U.S. MUNICIPALS	0.00	0.00
U.S. PREFERRED STOCK	7,272,332.30	0.96
U.S. TREASURY	121,580,103.85	15.97
PRIVATE PLACEMENTS	0.00	0.00
YANKEE	7,730,075.18	1.02
FOREIGN RELATED	0.00	0.00
MISCELLANEOUS	15,190,206.62	2.00
Total Fixed Income	689,453,288.17	90.56
Cash Equivalent		
U.S.	207,089,337.62	27.20
Non U.S.	0.00	0.00
Payable for Investments Purchased	(187,281,655.33)	(24.60)
Receivables for Investments Sold	45,810,699.22	6.02
Long Term Interest Receivable	6,317,117.13	0.83
Short Term Interest Receivable	171,146.31	0.02
Payable for Interest Compensation	(393.14)	(0.00)
Other Payables	(197,031.25)	(0.03)
Grand Total	\$761,362,508.73	100.00 %

#### WESTERN ASSET MANAGEMENT

Fixed Income	Market Value	%
U.S. AGENCY	\$30,044,223.15	2.35
U.S. CORPORATE	340,694,691.13	26.65
U.S. MTG. REL.	584,459,393.76	45.72
U.S. MUNICIPALS	0.00	0.00
U.S. PREFERRED STOCK	23,019,451.01	1.80
U.S. TREASURY	297,703,160.39	23.29
PRIVATE PLACEMENTS	921,200.00	0.07
YANKEE	39,594,439.84	3.10
FOREIGN RELATED	77,413,138.36	6.06
MISCELLANEOUS	2,213,430.25	0.17
Total Fixed Income	1,396,063,127.89	109.22
Cash Equivalent		
U.S.	256,325,839.79	20.05
Non U.S.	0.00	0.00
Payable for Investments Purchased	(407,588,644.11)	(31.89)
Receivables for Investments Sold	24,235,168.48	1.90
Long Term Interest Receivable	11,302,459.40	0.88
Short Term Interest Receivable	344,912.00	0.03
Margin Variation Receivable	800,728.74	0.06
Payable for Interest Compensation	(2,056.26)	(0.00)
Other Payables	(1,448,559.67)	(0.11)
Unrealized on Foreign Currency	0.00	0.00
Unrealized on fx Receivables	401,951.56	0.03
Unrealized on fx Payables	(2,216,699.54)	(0.17)
Grand Total	\$1,278,218,228.28	100.00 %

#### **GOLDMAN SACHS ASSET MANAGEMENT**

#### (Semi-Passive)

Fixed Income	Market Value	%
U.S. AGENCY	\$200,706,071.73	14.01
U.S. CORPORATE	243,799,266.86	17.02
U.S. MTG. REL.	688,187,205.02	48.05
U.S. MUNICIPALS	0.00	0.00
U.S. PREFERRED STOCK	4,532,695.00	0.32
U.S. TREASURY	260,459,507.60	18.18
PRIVATE PLACEMENTS	1,625,716.80	0.11
YANKEE	8,578,894.00	0.60
FOREIGN RELATED	0.00	0.00
MISCELLANEOUS	0.00	0.00
Total Fixed Income	1,407,889,357.01	98.29
Cash Equivalent		
U.S.	266,618,086.99	18.61
Non. U.S.	0.00	0.00
Payable for Investments Purchased	(591,778,768.97)	(41.32)
Receivables for Investments Sold	339,255,971.56	23.69
Long Term Interest Receivable	10,042,012.11	0.70
Short Term Interest Receivable	313,319.62	0.02
Payable for Interest Compensation	(1,563.94)	(0.00)
Grand Total	\$1,432,338,414.38	100.00 %

#### LINCOLN CAPITAL MANAGEMENT

(Semi-Passive)

%

8.51

17.49

40.37

0.00 0.00

26.63

0.00 2.43

0.00 (0.00)

(Semi-Passive)	
Fixed Income	Market Value
U.S. AGENCY	\$122,990,623.50
U.S. CORPORATE	252,712,466.78
U.S. MTG. REL.	583,388,389.10
U.S. MUNICIPALS	0.00
U.S. PREFERRED STOCK	0.00
U.S. TREASURY	384,871,310.70
PRIVATE PLACEMENTS	0.00
YANKEE	35,054,138.36
FOREIGN RELATED	0.00
MISCELLANEOUS	(53,156.25)
Total Fixed Income	1,378,963,772.19

BLACKROCK INC

Total Fixed Income	1,378,963,772.19	95.43
Cash Equivalent		
U.S.	239,029,745.43	16.54
Non U.S.	0.00	0.00
Payable for Investments Purchased	(411,433,523.86)	(28.47)
Receivables for Investments Sold	226,385,729.88	15.66
Long Term Interest Receivable	11,549,925.10	0.80
Short Term Interest Receivable	394,303.80	0.03
Margin Variation Receivable	291,906.25	0.02
Tax Refund Receivable	4,024.22	0.00
Payable for Interest Compensation	(3,077.25)	(0.00)
Other Payables	(150,183.34)	(0.01)
Grand Total	\$1,445,032,622.42	100.00 %

Fixed Income	Market Value	%
U.S. AGENCY	\$150,881,282.86	10.45
U.S. CORPORATE	320,761,154.26	22.23
U.S. MTG. REL.	808,851,904.56	56.04
U.S. MUNICIPALS	1,780,000.00	0.12
U.S. PREFERRED STOCK	0.00	0.00
U.S. TREASURY	348,402,467.99	24.14
PRIVATE PLACEMENTS	0.00	0.00
YANKEE	13,197,943.76	0.91
FOREIGN RELATED	0.00	0.00
MISCELLANEOUS	730,785.89	0.05
Total Fixed Income	1,644,605,539.32	113.95
Cash Equivalent		
U.S.	36,557,976.45	2.53
Non U.S.	0.00	0.00
Payable for Investments Purchased	(299,113,925.33)	(20.73)
Receivables for Investments Sold	47,518,995.13	3.29
Long Term Interest Receivable	13,623,396.22	0.94
Short Term Interest Receivable	30,708.79	0.00
Payable for Interest Compensation	(416.87)	(0.00)
Grand Total	\$1,443,222,273.71	100.00 %

%

		<b>0</b> /
Fixed Income	Market Value	%
U.S. AGENCY	\$596,368,907.21	6.92
U.S. CORPORATE	\$1,929,171,859.43	22.37
U.S. MTG. REL.	\$4,004,601,171.22	46.44
U.S. MUNICIPALS	\$42,671,444.91	0.49
U.S. PREFERRED STOCK	\$39,919,227.49	0.46
U.S. TREASURY	\$1,774,410,207.05	20.58
PRIVATE PLACEMENTS	\$2,546,916.80	0.03
YANKEE	\$124,539,608.92	1.44
FOREIGN RELATED	\$90,950,294.00	1.05
MISCELLANEOUS	\$18,081,266.51	0.21
Total Fixed Income	8,623,260,903.54	100.00
Cash Equivalent		
U.S.	1,162,465,881.13	0.13
Non. U.S.	0.00	0.00
Payable for Investments Purchased	(1,982,218,389.83)	(0.23)
Receivables for Investments Sold	700,796,258.12	0.08
Long Term Interest Receivable	73,397,488.94	0.01
Short Term Interest Receivable	1,392,169.40	0.00
Payable for Interest Compensation	(7,733.98)	(0.00)
Other Payables	(1,795,774.26)	(0.00)
Tax Refund Receivables	4,024,22	0.00
Margin Variation Receivable	1,092,634,99	0.01
Unrealized on fx Receivables	401,951.56	0.00
Unrealized on fx Payables	(2,216,699.54)	(0.00)
Grand Total	\$8,576,572,714.29	100.00 %

\* Aggregate of all managers in the Bond Account in the Financial Statements. Includes both Active and Semi-Passive managers.

Market Value

%

#### BOND MARKET ACCOUNT

	Market Value	%
BONDS	\$93,422,302.20	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$93,422,302.20	100.00 %

#### COMMON STOCK INDEX ACCOUNT

	Market Value	%
EQUITIES	\$191,838,582.19	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$191,838,582.19	100.00 %

#### **INCOME SHARE ACCOUNT**

%		Market Value	%	
.00	EQUITIES	\$288,965,516.04	61.92	
.00	BONDS	\$165,353,847.55	35.43	
.00 %	CASH EQUIVALENTS	\$12,341,717.93	2.64	
	Short Term Interest Receivable	14,421.87	0.00	
	Grand Total	\$466,675,503.39	100.00 %	D

#### INTERNATIONAL EQUITY ACCOUNT

0.00		Market Value	%
0.00	EQUITIES	\$58,880,334.87	100.00
0.00 %	CASH EQUIVALENTS	\$0.00	0.00
	Grand Total	\$58,880,334.87	100.00 %

#### FIXED INTEREST ACCOUNT MONEY MARKET ACCOUNT

	Market Value	%
GIC POOL	51,269,790.39	98.59
CASH EQUIVALENTS	619,386.84	1.19
Short Term Interest Receivable	1,384.67	0.00
Long Term Interest Receivable	125,503.26	0.24
Accrued expense	(15,663.97)	(0.03)
Grand Total	\$52,000,401.19	100.00 %

# CASH EQUIVALENTS \$43,736,790.00 99.88 Short Term Interest Receivable \$50,629.22 0.12 Grand Total \$43,787,419.22 100.00 %

#### SUPPLEMENTAL INVESTMENT FUND

<b>GROWTH</b>	SHARE	ACCOUNT

	Market Value	%
EQUITIES	\$133,594,600.88	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$133,594,600.88	100.00 %

#### **DEFERRED COMPENSATION MONEY FUND**

CASH EQUIVALENTS	\$52,083,747.37	100.00
Grand Total	\$52,083,747.37	100.00 %

	Market Value	%
INCOME SHARE	\$466,675,503.39	42.72
GROWTH SHARE	133,594,600.88	12.23
COMMON STOCK INDEX	191,838,582.19	17.56
INTERNATIONAL SHARE	58,880,334.87	5.39
BOND MARKET	93,422,302.20	8.55
MONEY MARKET	43,787,419.22	4.01
FIXED INTEREST	52,000,401.19	4.76
DEFERRED COMPENSATION	52,083,747.37	4.77
Grand Total	\$1,092,282,891.31	100.00 %

#### **Summarized Asset Listing - Other Funds**

#### ASSIGNED RISK PLAN

F	Maalaat Valaa	%
Equities COMMINGLED FUND	Market Value 95,976.14	0.15
CONSUMER DISCRETIONARY	8,142,796.27	13.00
CONSUMER STAPLES	4,520,216.17	7.21
ENERGY	5,066,580.35	8.09
FINANCIALS	13,669,075.94	21.82
HEALTH CARE	7,970,293.48	12.72
INDUSTRIALS	10,013,395.21	15.98
INFORMATION TECHNOLOGY	8,382,334.80	13.38
MATERIALS	1,933,602.63	3.09
RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	1,764,634.82	2.82
UNCLASSIFIED	0.00	0.00
UTILITIES	1,096,103.84	1.75
ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00
Total Equities	\$62,655,009.65	100.00 %
Fixed Income	Market Value	%
U.S. AGENCY	48,189,170.30	18.29
U.S. CORPORATE	0.00	0.00
U.S. MTG. REL.	88,393,591.73	33.55
U.S. TREASURY	49,744,834.66	18.88
MISCELLANEOUS	0.00	0.00
Fixed Income Total	186,327,596.69	70.72
Cash Equivalents	13,145,542.17	4.99
Payable for Investments Purchased	-137,875.76	-0.05
Receivables for Investments Sold	180,035.46	0.07
Dividend Receivable	51,685.81	0.02
Short Term Interest Receivable	22,161.11	0.01
Long Term Interest Receivable	1,210,848.39	0.46
Payable for Interest Compensation	0.00	0.00
Grand Total	\$263,455,003.52	100.00 %

#### June 30, 2004

	CLOSED LANDFILL INVE	ESTMENT FUND	
		Market Value	%
%	EQUITIES	19,979,649.34	99.86
0.15	BONDS	0.00	0.00
3.00	CASH EQUIVALENTS	27,020.26	0.14
7.21	Grand Total	\$20,006,669.60	100.00 %
8.09			
1.82	EMERGENCY MEDICAL	SERVICES	
2.72		Market Value	%
5.98	EQUITIES	7,009,997.72	62.08
3.38	BONDS	3,873,752.14	34.31
3.09	CASH EQUIVALENTS	407,844.98	3.61
0.00	Short Term Interest Receivable	365.30	0.00
2.82	Grand Total	\$11,291,960.14	100.00 %
0.00			
1.75	ENVIRONMENTAL TRUS	T FUND	
0.00		Market Value	%
0.00	EQUITIES	239,272,510.87	69.89
0.00 %	BONDS	101,044,107.60	29.51
	CASH EQUIVALENTS	2,037,311.33	0.60
%	Short Term Interest Receivable	1,261.75	0.00
8.29	Grand Total	\$342,355,191.55	100.00 %
0.00			
3.55			
8.88	ETHEL CURREY FUND		
0.00		Market Value	%
0.72	EQUITIES	354,088.82	55.68
4.99	BONDS	280,272.97	44.07
0.05	CASH EQUIVALENTS	1,558.81	0.25
0.07	Grand Total	\$635,920.60	100.00 %
0.02			
0.01			
0.46	IRON RANGE RESOURCE	ES	
0.00		Market Value	%
	CASH	127,056.12	0.26
0.00 %	EQUITIES	23,859,350.59	49.11
	BONDS	24,600,279.66	50.63
	Grand Total	\$48,586,686.37	100.00 %
	LIFETIME FISH & WILDI		
%		Market Value	%
0.00	EQUITIES	1,834,675.57	70.82
9.10	BONDS	750,615.46	28.97
5.11	CASH EQUIVALENTS	5,373.44	0.21
1.50	Coursed Takal	£2 500 ((A 47	100.00 0/

#### INTERNAL FIXED ACCOUNT

Fixed Income	Market Value	%
U.S. AGENCY	0.00	0.00
U.S. CORPORATE	192,362,299.59	49.10
U.S. MTG. REL.	102,312,847.54	26.11
U.S. TREASURY	17,637,315.80	4.50
MISCELLANEOUS	0.00	0.00
Fixed Income Total	312,312,462.93	79.71
Cash Equivalents	75,522,855.34	19.28
Payable for Interest Compensation	(128.32)	(0.00)
Long Term Interest Receivable	3,885,964.86	0.99
Short Term Interest Receivable	81,483.42	0.02
Grand Total	\$391,802,638.23	100.00 %

	Market Value	%
EQUITIES	1,834,675.57	70.82
BONDS	750,615.46	28.97
CASH EQUIVALENTS	5,373.44	0.21
Grand Total	\$2,590,664.47	100.00 %

# PERMANENT SCHOOL FUND Market Value %

		Market Value	%	
	EQUITIES	311,351,966.44	53.87	
	BONDS	258,150,839.20	44.66	
	CASH EQUIVALENTS	8,507,178.83	1.47	
	INTEREST RECEIVABLE	6,756.28	0.00	
ó	Grand Total	\$578,016,740.75	100.00 %	

#### INTERNAL EQUITY ACCOUNT

Equities	Market Value	%
COMMINGLED FUND	0.00	0.00
CONSUMER DISCRETIONARY	70,273,698.72	11.60
CONSUMER STAPLES	47,213,054.47	7.79
ENERGY	33,928,870.41	5.60
FINANCIALS	108,537,121.35	17.92
HEALTH CARE	71,103,133.49	11.74
INDUSTRIALS	66,142,616.69	10.92
INFORMATION TECHNOLOGY	87,449,929.63	14.44
MATERIALS	15,946,972.79	2.63
RIGHTS/WARRANTS	0.00	0.00
TELECOMMUNICATIONS SERVICES	18,279,652.78	3.02
UNCLASSIFIED	0.00	0.00
UTILITIES	15,093,104.71	2.49
ALL NON U.S.	0.00	0.00
BONDS	0.00	0.00
Total Equities	533,968,155.04	88.16
Cash Equivalents	70,795,494.19	11.69
Dividend Receivable	602,547.79	0.10
Short Term Interest Receivable	63,039.86	0.01
Margin Variation Receivable	285,200.00	0.05
Grand Total	\$605,714,436.88	100.00 %

#### WINONA STATE UNIVERSITY

	1 1		
	Market Value	%	
EQUITIES	2,052,196.42	39.70	
BONDS	3,102,771.10	60.02	
CASH EQUIVALENTS	14,730.87	0.28	
Grand Total	\$5,169,698.39	100.00 %	6

Notes applicable to all Summarized Asset Listings:

The data source for the Summarized Asset Listings was State Street Bank &

Trust, the SBI's custodian.

Market value figures in the Summarized Asset Listings may

not reconcile to the amounts shown for various Accounts in the Financial Statements

due to minor pricing differences between

Financial Control Systems and State Street Bank as well as

trade adjustments that were reflected in the Financial Statements.

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