

# Washington State Investment Board

*Fifteenth Annual Investment Report*

*June 30, 1996*



June 30, 1996

To All Stakeholders:

I am pleased to submit the fifteenth annual report of the Washington State Investment Board (WSIB) for fiscal year 1995-1996.

WSIB currently manages \$34.4 billion in assets, including the \$7.0 billion Labor and Industries Funds, and the \$0.5 billion Permanent and Other Funds.

As of June 30, 1996, retirement fund assets were at an all-time high, increasing by \$4.1 billion to \$26.8 billion. The 1996 fiscal year dollar increase was a record for the fund, and the investment return of 17.4% was the highest in ten years. Investment returns for the prior fiscal year were also strong, with returns of 16.5 percent, and an asset growth of \$3.4 billion. In both years, WSIB's composite rate of return exceeded the TUCS Public Fund Median performance.

Contributing to the WSIB's performance was a strong stock market, and impressive private equity results. The WSIB's venture capital and leveraged buy-outs portfolios each returned over 30 percent, and the real estate portfolio was up 19.5 percent.

During the fiscal year, additional funds were allocated to the international markets including a specific allocation to the emerging markets. International investments provide diversification benefits to the overall fund, and significantly increase WSIB's set of investment opportunities.

Thanks go to a hard-working and dedicated Board and its staff, which devotes untold hours to the fulfillment of the statutory mandate to "maximize return at a prudent level of risk."

  
SHERYL WILSON, Chair



Legislative Building  
PO Box 40021  
Olympia, Washington 98504-0021

**Washington State Auditor**  
**Brian Sonntag**

(360) 753-5277  
FAX (360) 753-0646  
TDD Relay 1-800-833-6388

January 23, 1997

Mr. Jim Parker, Executive Director  
State Investment Board  
2424 Heritage Court SW  
PO Box 40916  
Olympia, WA 98504-0916

Dear Mr. Parker:

Congratulations on obtaining an unqualified audit report for the fifth consecutive year. This is a significant achievement. Few state agencies have attained such a record.

The results of these audits confirm the Board's dedication to investing and managing funds entrusted to them under the highest standards of professional conduct in accordance with applicable statutes, regulations and board policies.

Finally, I wish to express my sincere appreciation for the assistance and cooperation the Board has provided our staff during the audit.

Sincerely,

  
BRIAN SONNTAG  
STATE AUDITOR

BS:MJ:pvh

( Editor's Note: This audit letter does not imply an actual audit of this Annual Report )





# Washington State Investment Board

## Fifteenth Annual Investment Report

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# The Washington State Investment Board

The Washington State Investment Board (WSIB) was created by statute in 1981 to "... exercise all the powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds." The law goes on to state "... the State Investment Board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired."

Currently, the board has management responsibility for 23 funds which are categorized in three classes: retirement, insurance and permanent and other funds. The board is composed of nine voting members and five non-voting members.

Although governed by an independent board, the WSIB is part of the Executive branch of state government. As a state agency, board members and staff are required to comply with all statutory requirements and rules established for all agencies, officials, and employees in the performance of their public duties.

In order to efficiently analyze investment issues, specific areas of responsibility have been assigned to committees of the board. The committees consist of selected board members and act as extensions of the board. Their functions are to analyze investment issues under their jurisdiction in greater detail than would be possible for the full board.

Recommendations are brought to the board at regular meeting dates for a full board vote. The board has established four committees which are appointed by the Chair and approved by the board as follows:

**Administrative** - This committee is responsible for organizational, personnel, budget, and legislative issues, as well as strategic asset allocation matters.

**Audit** - This committee oversees accounting and performance reporting, and nominates candidates for the non-voting positions on the board. In addition, the committee develops and monitors the Code of Conduct for the board, and develops corporate governance policies and other non-investment policies for consideration by the board.

**Private Markets** - This committee is responsible for development of policy and structure for private market investments (real estate, venture capital, leveraged buyouts, etc.). The Private Markets Committee also reviews individual real estate transactions, partnerships, and private equity investments for recommendations to the board.

**Public Markets** - This committee is responsible for the development of policy and structure for investments in the public markets, including both debt and equity.

## Investment Principle

*"The Board shall establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk." (RCW 43.33A.110)*

## Mission Statement

*To invest and to manage the entrusted funds in a manner consistent with statutes, regulations, board policies and the highest standard of professional conduct for the exclusive benefit of fund beneficiaries.*

# Washington Pension System Policy Roles

## LEGISLATIVE

### House Appropriations & Senate Ways and Means Committee

- Reviews Retirement Funding and Benefit Bills

### Joint Committee on Pension Policy

- Studies Issues
- Develops Retirement Policy
- Appoints State Actuary
- Recommends Legislation

### Office of State Actuary

- Performs Actuarial Services
- Advises on Pension Benefit Funding & Investment Policy
- Recommends Actuarial Assumptions and Contributions
- Staffs Joint Committee Pension Policy

### Office of Forecast Council

- Adopts Economic Assumptions
- Establishes Employer Contribution Rate

## EXECUTIVE

### Governor

- Appoints Three State Investment Board Members
- Appoints Director of Department of Retirement Systems

### Office of Financial Management

- Analyzes Impact of Retirement Legislation
- Advises Governor

### Department of Retirement Systems

- Collects Contributions
- Maintains Records
- Pays Retirement Benefits
- Provides Member Services
- Member, Investment Board

### State Investment Board

- Invests & Manages Assets for Exclusive Benefit of Fund Beneficiaries
- Maximizes Return at a Prudent Level of Risk
- Monitors and Reports Investment Performance
- Accounts for Investments
- Appoints Non-Voting Members

### Office of State Treasurer

- Receipt and Disbursement Agent
- Member, Investment Board

### Employee Retirement Benefits Board

- Authorizes Self-Directed Investment Options for Defined Contribution Retirement Plans
- Oversees Deferred Compensation Plans

# State Investment Board Members

## Ex-Officio Board Members

Daniel K Grimm	State Treasurer
Sheryl Wilson, Chair	Director, Department of Retirement Systems
Mark Brown	Director, Department of Labor and Industries

## Board Members Appointed by Governor

Jimmy W. Cason	Representative - Active Member, Law Enforcement Officers' and Fire Fighters' Retirement System
George Masten	Representative - Retired Member of a State Retirement System
Gary L. Moore	Representative - Active Member, Public Employees' Retirement System

## Board Member Appointed by Superintendent of Public Instruction

C.T. Purdom, Vice-Chair	Representative - Active Member, Teachers' Retirement System
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## Board Member Appointed by Speaker of the House

Jean Silver	State Representative
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## Board Member Appointed by President of the Senate

Sid Snyder	State Senator
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## Non-Voting Board Members Appointed by Voting Board Members

Charles Kaminski	Investment Professional
James Kirschbaum	Investment Professional
George Lobisser	Investment Professional
William Rex	Investment Professional
Paula Treneer	Investment Professional

# State Investment Board Staff

## EXECUTIVE STAFF

### James F. Parker, Executive Director

Formerly General Secretary and Chief Executive Officer for the General Board of Pension and Health Benefits of the United Methodist Church headquartered in Evanston, Illinois. Graduate of University of Michigan with a BBA and Garrett-Evangelical with a M. Div. Holds doctorate from Adrian (Michigan) College.

### Philip Halpern, Chief Investment Officer

Formerly Managing Director - Benefit Investments at J.C. Penney Co. Also served as Chief Investment Officer for Public Employees Retirement Systems of Idaho. Graduate of Grinnell College with MBA in Finance from U.C.L.A.

### Helen Small, CGFM, Deputy Director for Operations (Chief Operations Officer)

Formerly Assistant Director for Management Services with the Washington Department of Fisheries. Thirteen years in various management positions with the State of Oregon. Graduate of Eastern Oregon State College.

### Executive Support

**Sheila Geisler, Executive Assistant**  
**Ruth Dale, Secretary for Investments**  
**Cheryl Evans, Secretary for Operations**

## SENIOR INVESTMENT OFFICERS

### William P. Kennett, CFA

*Fixed Income*

Formerly a securities analyst at the Montana Board of Investments. Graduate of the University of Montana with an MBA and a BS in Business Administration.

### Terry Blaney, CFA

*Alternative Investments*

Formerly Managing Director - Acquisitions at Nynex Corporation. Previously with Citibank and L.F. Rothschild as a security analyst and ACF Industries as Director of Strategic Planning. Graduate of the University of Michigan with an MBA in Finance and Bachelor of Business Administration.

### Nancy Calkins

*Equity and Program Management*

Formerly Investment Officer for CALPERS, domestic and international external equity manager relations. Graduate with honors Master of Arts in Economics and Business Administration from California State University, Sacramento.

### Jeffrey A. Habersetzer

*Real Estate*

Formerly worked in the real estate related fields of fee appraisal and title insurance, and as a commercial sales and leasing associate. Graduate of University of Washington in Business Administration.

# State Investment Board Staff

## INVESTMENT STAFF

### Investment Officers

Thomas Bosworth  
Kellie Craine, CFA  
Matt Holbert  
Tanya Rhodes, CFA  
Toni Ritchey  
Tom Ruggels

### Assistant Investment Officers

David Almodovar  
Marisa Wulff  
Brian Kerrigan, CPA

## OPERATIONS STAFF

### Investment Accounting

Kris Logan, CPA  
Sandra Machado  
Ruth Kral  
Renee Long  
Waivanne Willie-Dueber

### Management Services

Scott Huntley

### Business Services

Sandra Joudrey, CPA  
Nelly Haun  
Nina Irwin  
John Lynch, JD  
Jeanne Ray  
C.J. Wolfer

### Systems and Office Services

Jim Lee  
Tom Edwards  
Frank Soiza  
  
Patricia Sheridan  
Casey Bell  
Elizabeth Furman  
Becky Jackson  
Marna Joubert  
Kimberly Lund  
Kristen Shultz  
Sandra Whitmore

# Investment Responsibility

The Washington State Investment Board has investment responsibility for the following twenty-three funds:

## RETIREMENT FUNDS

Public Employees' Retirement System (PERS) Plan I  
Public Employees' Retirement System (PERS) Plan II  
Teachers' Retirement System (TRS) Plan I  
Teachers' Retirement System (TRS) Plan II  
Law Enforcement Officers' & Firefighters' (LEOFF) Plan I  
Law Enforcement Officers' & Firefighters' (LEOFF) Plan II  
Washington State Patrol Retirement System (WSPRS)  
Judicial Retirement System (JRS)  
Volunteer Firefighters' Relief & Pension Fund

## LABOR & INDUSTRIES (INSURANCE) FUNDS

Accident Fund  
Medical Aid Fund  
Accident Reserve Fund  
Supplemental Pension Fund

## PERMANENT & OTHER FUNDS

Agricultural Permanent Fund  
Millersylvania Park Trust Fund  
Normal School Permanent Fund  
Permanent Common School Fund  
Scientific Permanent Fund  
State University Permanent Fund  
Game Special Wildlife Fund  
Self-Insurance Revolving Fund  
State Employees' Insurance Reserve Fund  
Radiation Perpetual Maintenance Fund

# Assets Under Management

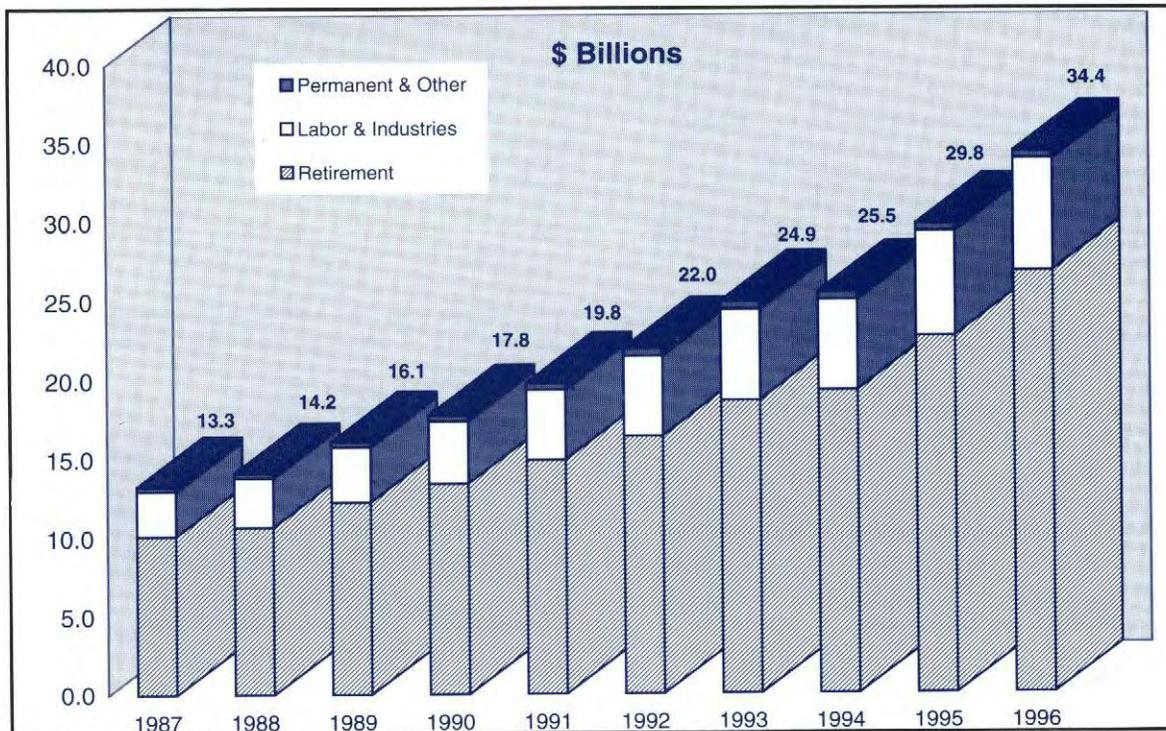
## TOTAL ASSETS BY FUND

June 30, 1996

(Billions)

Retirement	\$26.8
Labor & Industries	7.1
Permanent & Other	0.5
<b>Total</b>	<b><u>\$34.4</u></b>

## GROWTH OF ASSETS Past Ten Years (Fiscal Year Ending June 30)



# The State Investment Board Budget

WSIB is referred to as a "non-general fund" agency for budgetary purposes. The board receives no state tax monies, its funding comes from earnings on the assets managed. There are two ways portions of earnings are spent, appropriated and non-appropriated.

## The Biennial Budget (Appropriated)

WSIB follows the same budget process as any other state agency. The board receives a biennial (two-year) appropriation from the legislature, which covers normal department operation, including staff, facilities, equipment, supplies, etc.

The biennial budget is approved by the state legislature every odd-numbered year. The biennial budget funds WSIB from July 1 of the odd-numbered year, following passage of the state budget, to June 30 of the next odd-numbered year.

Like any other state agency, the board cannot operate in a deficit.

The appropriated operating expenses are funded based on a formula established by statute whereby each fund invested by WSIB pays a share proportional to the value of the assets of the fund. WSIB's operating budget is tiny in comparison to the assets managed. Currently, the operating budget is 0.0253 percent of the total assets managed (\$34.4 Billion). For Fiscal Year 1996, the appropriated operating expenditures were \$3,662,022, .0107 percent of the total assets managed.

## Investment Expenses (Non-Appropriated)

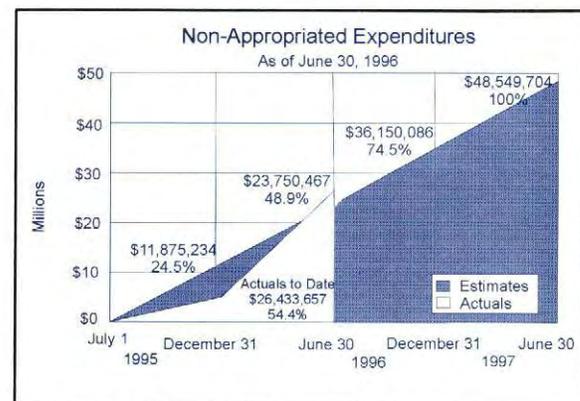
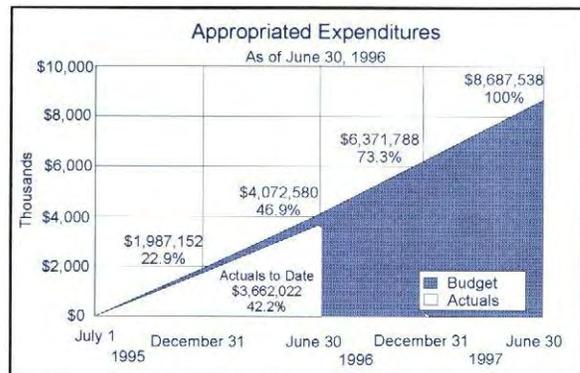
Fees and expenses associated with the management of investments are paid directly from investment earnings. Typically, these expenses include money manager, master custodial, consultant, and legal fees specifically related to an investment or group of investments. These expenses are classified as non-appropriated expenditures which do not require specific legislative appropriation.

Statutory authority for these expenditures is codified in RCW 43.84.160: "Investment counseling fees payable from earnings. Investment counseling fees established by contract shall be payable from the investment earnings derived from those assets being managed by investment counsel."

Total fees reported by WSIB do not include costs paid directly from partnership or commingled fund earnings, transaction fees or other fees paid net of income received. WSIB's reports capture only expenditures paid by the WSIB through wire transfer, voucher, or direct disbursement. Although investment expenses are not budgeted through the legislative process, estimates are prepared for monitoring and reporting purposes. Total expenditures for fiscal year 1996 exceeded the estimates by 27.0 percent because the estimates were not adjusted to reflect contracts executed after the beginning of the period. For fiscal year 1996, total non-appropriated expenditures were \$30,151,064, .0876 percent of the total assets managed.

## Total Expenses

### Operating and Investment Expenses



(See Annual Financial Report on the next page)

# Annual Financial Report

## Washington State Investment Board

Fiscal Year ended June 30, 1996

(Accrual Basis)

OBJECTS OF EXPENDITURE	BUDGET TO DATE	EXPENDITURES TO DATE	BUDGET VARIANCE
<b><u>APPROPRIATED</u></b>			
Salaries	\$ 2,179,910	\$ 1,976,983	\$ 202,927
Benefits	525,701	454,645	71,056
Personal Services	231,014	129,876	101,138
Goods & Services	995,446	976,075	19,371
Travel	97,503	99,985	(2,482)
Fixed Assets	43,006	36,421	6,585
Debt Service	0	191	(191)
Interagency Reimbursements	0	(12,155)	12,155
<b>SUBTOTAL - APPROPRIATED</b>	<b>\$ 4,072,580</b>	<b>\$ 3,662,022</b>	<b>\$ 410,557</b>
<b><u>NON-APPROPRIATED</u></b>			
<b><u>RETIREMENT FUNDS</u></b>			
Active Stock Mgrs	\$ 4,684,631	\$ 4,502,589	\$ 182,042
Passive Stock Mgrs	613,317	505,648	107,669
Enhanced Equity Mgrs	2,894,184	2,423,414	470,770
Global Managers	0	1,205,552	(1,205,552)
International Mgrs - Active	5,802,834	4,877,984	924,850
LBO Fees	3,500,000	5,250,000	(1,750,000)
Legal Fees - Real Estate	1,150,000	2,800,000	(1,650,000)
Legal Fees - Alt. Inv.	50,000	250,518	(200,518)
Gen Pension Consultants	350,000	341,667	8,333
Real Estate Consultants	180,000	508,775	(328,775)
Real Estate Advisors	1,316,667	116,319	1,200,348
Alternative Inv. Consultants	250,000	1,516,705	(1,266,705)
Alternative Inv. Mgrs	800,000	800,000	0
Custodian Bank Fees	1,617,432	1,803,928	(186,496)
Equity Commissions Paid	0	1,714,422	(1,714,422)
Other Fees	0	4,860	(4,860)
Accruals	0	827,808	(827,808)
<b>Total Retirement</b>	<b>\$ 23,209,065</b>	<b>\$ 29,450,188</b>	<b>\$ (6,241,124)</b>
<b><u>LABOR &amp; INDUSTRIES FUNDS</u></b>			
Consultants	\$ 40,000	\$ 160,000	\$ (120,000)
Domestic Passive Equity	46,049	44,628	1,421
Domestic Enhanced Equity	231,000	252,626	(21,626)
Custodian Bank Fees	205,338	227,805	(22,467)
<b>Total L &amp; I</b>	<b>522,387</b>	<b>685,059</b>	<b>(162,672)</b>
<b><u>PERMANENT FUNDS</u></b>			
Custodian Bank Fees	\$ 19,015	\$ 15,816	\$ 3,199
<b>Total Permanent Funds</b>	<b>19,015</b>	<b>15,816</b>	<b>3,199</b>
<b>SUBTOTAL NON-APPROPRIATED</b>	<b>23,750,467</b>	<b>30,151,064</b>	<b>(6,400,598)</b>
<b>TOTALS</b>	<b>\$ 27,823,047</b>	<b>\$ 33,813,086</b>	<b>(5,990,041)</b>

## Outside Help and Advice

Even with highly skilled professional staff, the board must rely on a variety of outside experts to provide advice and counsel, as well as specific investment services. The following list includes the consultants and advisors currently utilized by the board. Money management

firms hired by the board to manage a specific portion of the equity portfolio, and other assets managed by general partners in alternative investments and real estate, are listed on the pages describing those specific investment programs.

### **Legal Services**

Attorney General of Washington

### **General Pension Consultant**

Wilshire Associates  
Santa Monica, California

### **Master Custodian**

The Bank of New York  
New York, New York

### **Alternative Investments Consultant**

Brinson Partners  
Chicago, Illinois

### **Real Estate Consultant**

Pension Consulting Alliance  
Portland, Oregon

### **Labor & Industries Portfolio Consultant**

Conning Asset Management  
Hartford, Connecticut

### **Economic Advisor**

Strategic Economic Decisions  
Menlo Park, California

### **Securities Lending**

Mellon Trust  
Pittsburgh, Pennsylvania

The Bank of New York  
New York, New York

## Retirement Funds

- Department of Retirement Systems
- Asset Growth
- Fund Performance
- Investment Growth and Returns
- Asset Allocation
- U.S. Equity Program
- Fixed Income Program
- Non-U.S. Equity Program
- Alternative Investments Program
- Real Estate Program
- Investing in Washington

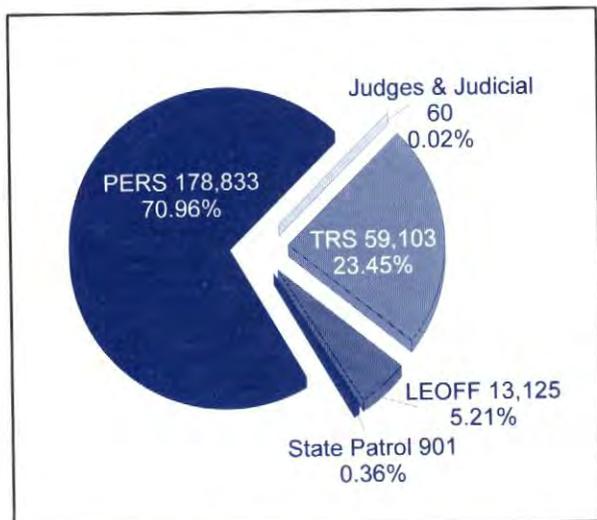
# Department of Retirement Systems

The Department of Retirement Systems (DRS) is the administrative arm of the State's multiple-employer defined benefit retirement systems. Headed by a cabinet-level director, who also serves as a voting member of the WSIB, DRS provides defined benefit pension plan coverage to state employees, teachers and classified educational employees; law enforcement officers and fire fighters; and other employees of participating political subdivisions.

Over the past five years, the retirement system membership has grown from 294,000 members to 354,187 members as of June 30, 1996 (including 14,229 inactive members).

Trust fund revenues totaled \$5,402 million for fiscal year 1996. This included \$508 million in member contributions and restorations, \$759 million in employer contributions, \$96 million in General Fund contributions, and \$4,039 million in investment earnings.

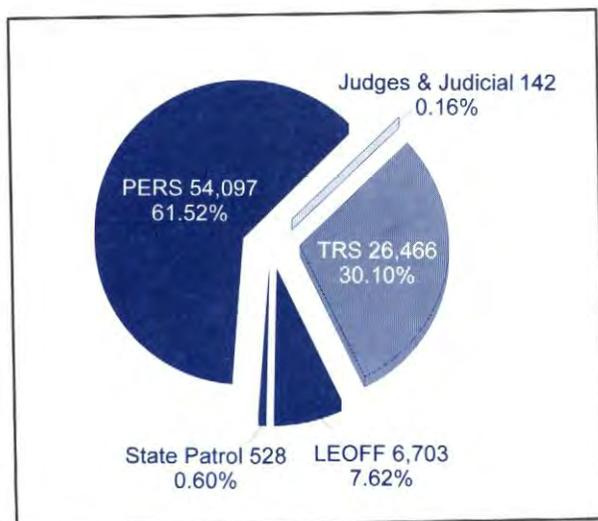
## Active Members by System



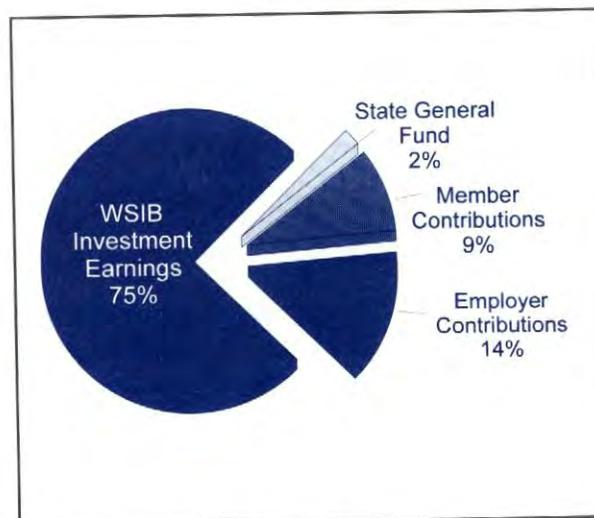
## Assets as of June 30, 1996

PERS I	\$7,194,007,792
PERS II	6,083,031,290
TRS I	6,266,416,043
TRS II	2,285,451,025
LEOFF I	3,579,353,650
LEOFF II	1,086,656,453
WSP	430,196,230
Vol FF	77,231,401
JUDICIAL	3,349,020
<b>TOTAL</b>	<b><u>\$27,005,692,904</u></b>

## Retired Members by System



## Trust Fund Revenues



# Asset Growth

Over the past nine years, the assets of the retirement funds have grown from \$10.0 billion to \$26.8 billion as of June 30, 1996.

This growth has three components: investment return, employer contribution and employee contribution. A broad variety of factors will determine how much of the total asset growth comes from any of the three contributors in the future.

Investment returns to the fund result from capital market returns, over which WSIB has no control, and from the asset allocation, over which WSIB *does* have control. General economic conditions and outlook will influence the returns demanded by investors in the capital markets. Prices of broad asset classes will go up and down accordingly.

WSIB manages this price uncertainty by using established financial principles to develop a strategic and tactical asset allocation policy. (Asset allocation is discussed in more detail on page 16.)

Employer contributions are driven by the obligation of the employer to fund the plan in a systematic and deliberate manner consistent with actuarial projections, existing statutes and availability of funds. The employee contributions are the more predictable of the three factors since most are statutory and less likely to change.

The long-range objective, of course, is to rely largely on investment returns to fund current and future retirement liabilities.

## State of Washington Retirement Trust Funds

Statement of Revenues, Expenses and Changes in Fund Balances  
Fiscal years ending June 30  
(Chart in thousands)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Fund Equity, Beginning	\$13,573,540	\$14,862,983	\$16,408,100	\$18,811,121	\$19,435,135
Pension Contributions	996,648	1,134,306	1,172,196	1,251,429	1,307,748
Earnings on Investments	1,028,818	1,202,423	2,143,587	389,736	3,164,327
Benefits Payments & Refunds	(732,408)	(790,305)	(911,321)	(1,016,124)	(1,070,432)
Other Income/(Expense)	(3,615)	(1,307)	(1,441)	(1,027)	(2,642)
Fund Equity, Ending	\$14,862,983	\$16,408,100	\$18,811,121	\$19,435,135	\$22,834,136

*Investment earnings include unrealized gains and losses.*

Source: State of Washington Comprehensive Annual Financial Report

# Retirement Fund Performance

While corporations may measure success using a combination of factors such as: return on equity, share value, net profit or sales volume, the Washington State Investment Board measures its performance by the achievement of expected returns on the assets under management, and comparisons to appropriate benchmarks. An important part of the asset allocation policy process is to set an expectation for performance of the individual asset classes, as well as the composite for the entire portfolio. Although returns will vary quarterly and annually, the long-term expectation should exceed the

actuarially assumed rate over time. Assets also differ in their behavior and volatility. For example, since public market investments can be priced instantaneously, fair market value can be determined with certainty. However, the private market investments such as leveraged buyouts (LBO), venture capital and real estate are very illiquid, are not easily priced, and may take years before offering the expected return to the investor. These characteristics must be kept in mind when reviewing quarterly and annual returns.

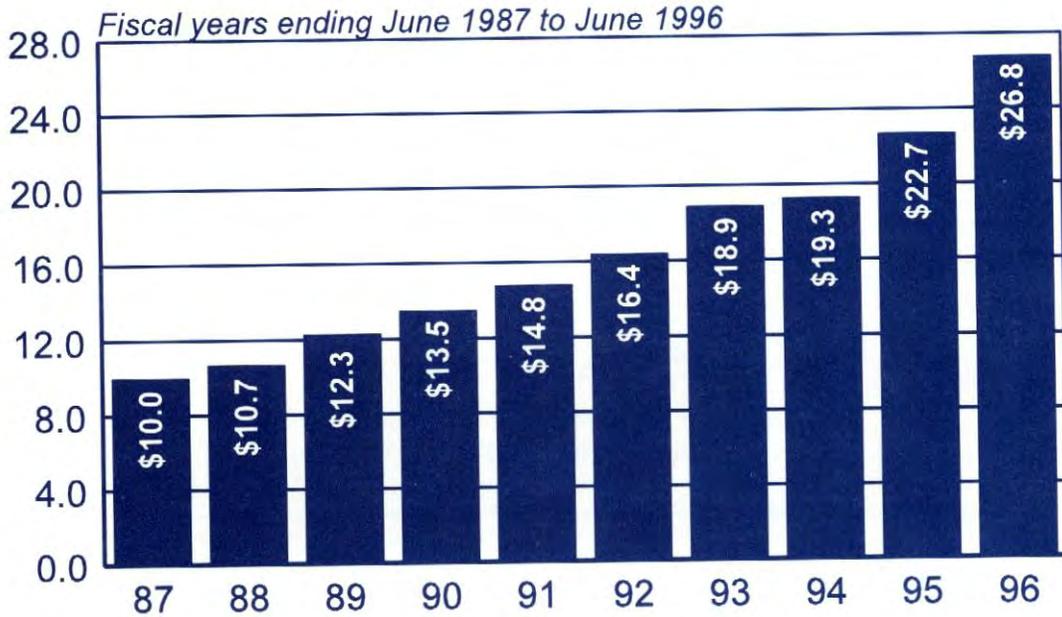
## RETIREMENT FUND Time-Weighted Returns Periods Ending June 30, 1996

	----- Annualized -----		
	One Year	Three Years	Five Years
<b>Total Fund</b>	17.4 %	11.8 %	11.8 %
<i>TUCS Public Fund Median *</i>	16.6	11.6	12.2
<i>TUCS Total Fund Median *</i>	17.3	12.0	12.7
<b>U. S. Equity</b>	25.7 %	16.6 %	16.1 %
<i>S &amp; P 500 Index</i>	26.1	17.2	15.7
<i>Wilshire 5000 Index</i>	26.2	16.8	16.1
<b>Fixed Income</b>	5.1 %	5.4 %	8.9 %
<i>Lehman Aggregate Bond Index</i>	5.0	5.3	8.3
<b>Cash</b>	5.4 %	4.8 %	5.0 %
<i>90 Day Treasury Bills</i>	5.6	4.9	4.6
<b>Non-US Equity</b>	16.6 %	10.0 %	12.6 %
<i>MSCI EAFE Index</i>	13.3	10.5	10.0
<b>Real Estate</b>	19.5 %	14.2 %	(2.3) %
<i>NCREIF Property Index</i>	9.5	7.2	2.0
<b>Alternative Investments</b>	35.1 %	24.2 %	17.8 %

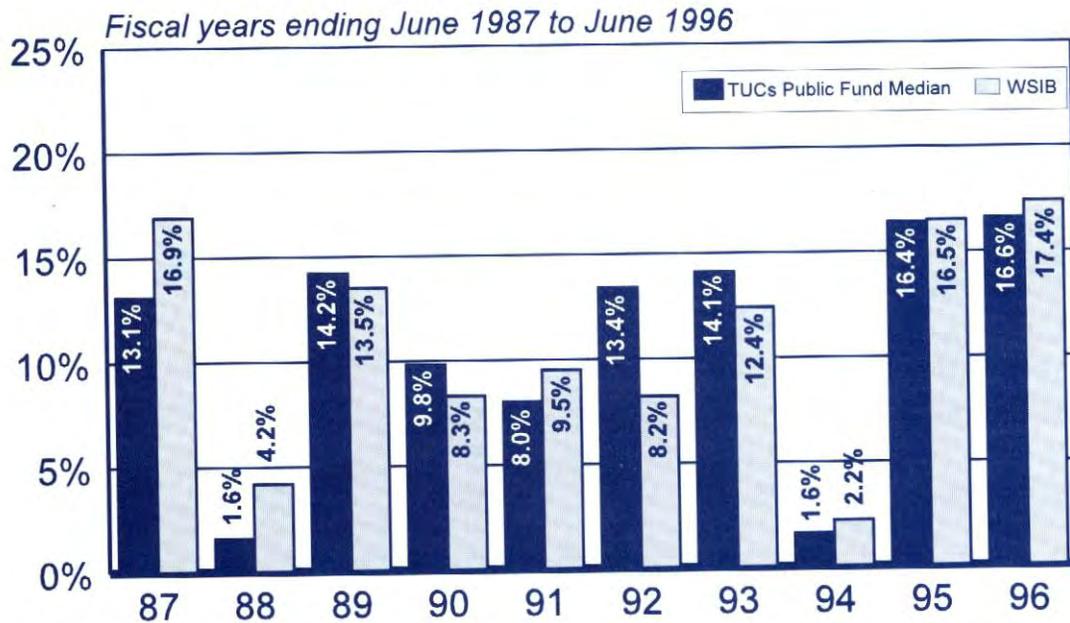
\* TUCS returns have been adjusted to reflect fees equivalent to those incurred by WSIB.

# Investment Growth and Returns

## Retirement Fund Historical Market Values (Billions)



## Retirement Fund Historical Rates of Return



# Asset Allocation

Investment performance depends on both the portfolio's allocation among asset classes (e.g. stocks, bonds, real estate, etc.) and asset selection. Studies suggest that more than 90 percent of investment returns can be explained by the asset allocation decision. Only 10 percent of return is explained by asset selection. In practical terms, for example, the decision to invest 35 percent of the portfolio in stocks is more important than the decision of whether to buy shares in Wal-Mart or Sears.

The board's asset allocation decision is the end result of considerable research and study involving the pension consultant, WSIB staff and numerous industry and actuarial studies. Both theoretical and practical evidence shows that the level of risk undertaken is related to the return expectation. For example, a higher return expectation will result in a higher level of risk; thus, it is imperative that the two, risk and return, be considered in tandem.

To analyze the risk/return trade-off, the board must first ask the following questions: How well is the plan funded and what return will the plan require to meet future funding requirements?

Consideration of the current funding level and future funding obligations is critical to the development of a sound strategic asset allocation policy.

In June 1994, the board adopted new asset allocation policy targets. The new targets increased the allocation to non-U.S. equity from 5 percent to 15 percent, lowering the allocation to domestic fixed income from 45 percent to 35 percent. The target allocation to real estate was lowered from 6 percent to 5 percent and the allocation to alternative investments was raised from 9 percent to 10 percent.

In December 1994, the board adopted an emerging markets mandate of 15 percent of the total non-U.S. equity program. One passive and two active emerging markets managers have been selected and funded. Additional emerging markets managers may be chosen by year-end.

WSIB's pension consultant is conducting an asset allocation study for WSIB which will be finalized by the end of 1996. Asset allocation targets may be adjusted by the board based on the findings of this study.

## Retirement Fund

as of June 30, 1996

Asset Class	Tactical Allocation (In 000's)	Percent	Policy Range	Policy Target
U.S. Equity	\$10,800,399	40.3%*	30-40%	35%
Fixed Income	8,751,159	32.7	30-40	35
Non-U.S. Equity	3,835,242	14.3	10-20	15
Alternative Investments	2,425,022	9.0	0-12	10
Real Estate	766,556	2.9	0-6	5
Cash	201,690	0.8	0-2	0
<b>TOTAL FUND</b>	<b><u>\$26,780,066</u></b>			

\*Unallocated funds targeted for Alternative Investments and Real Estate are invested in U.S. Equities.

# U.S. Equity Program

## THE PROGRAM

The WSIB U.S. equity program is externally managed, employing a combination of passive and active managers. The Public Market Equity -- Retirement Funds Policy states that the equity segment of the portfolio is to be managed to achieve the highest return possible consistent with the desire to control asset volatility.

To achieve this goal, the general strategy specifies that the equity portfolio will emphasize passive management in areas where markets are most efficient and seek opportunities to add value through structured and active specialty management in areas where markets are less efficient.

Approximately 70 percent of the Wilshire 5000 Index is comprised of S&P 500 stocks. WSIB's U.S. equity portfolio has been structured to contain a similar proportion of large capitalization issues. As the large cap market is generally efficient, the bulk of the large cap portfolio is invested passively in an S&P 500 index fund to control costs. Other managers have been hired to "enhance" returns over the S&P 500 Index return, by investing in a very disciplined manner.

The remaining 30 percent of the U.S. equity portfolio is invested in small and mid-cap companies. Approximately 60 percent of the funds invested in this segment of the portfolio are indexed. However, some opportunities to add value through active management may exist for these smaller companies because they are less well-studied by Wall Street investors. Consequently, the remainder of the small/mid-cap allocation is actively invested by managers who specialize in researching and investing in smaller companies that may be undervalued and/or possess growth potential.

## FISCAL YEAR HIGHLIGHTS

The U.S. equity markets were strong once again in fiscal year 1995-96. Small-cap stocks slightly outperformed large-cap stocks. The S&P 500 Index returned 26.1 percent for the year, and small-cap stocks, as measured by the Wilshire 4500 Index, returned 26.6 percent. The return of the broad U.S. equity market, represented by the Wilshire 5000 Index, was 26.2 percent for the fiscal year.

The WSIB U.S. equity portfolio returned 25.7 percent for the year, slightly below the 26.2 percent return of the Wilshire 5000 Index.

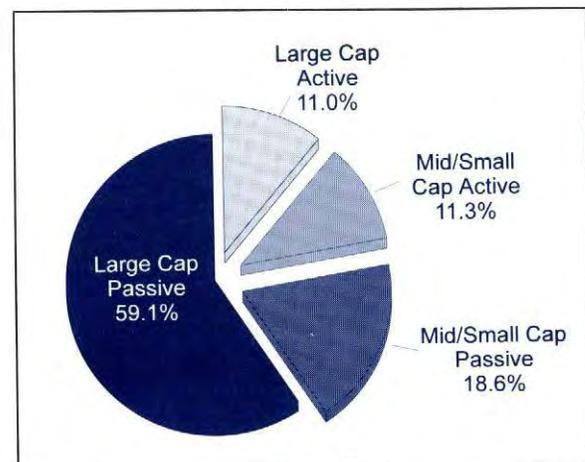
## Ten Largest Equity Holdings

June 30, 1996

General Electric	\$ 203,732,570
Coca Cola	153,502,446
AT&T	148,707,558
Exxon	146,658,292
Philip Morris	125,355,256
Merck	107,964,011
Royal Dutch	103,667,783
Johnson & Johnson	98,162,559
Microsoft	95,982,157
Pepsico	85,349,172
	<u>\$1,269,081,804</u>

## U.S. Equities Allocation

June 30, 1996



# U.S. Equity Program

## ALLOCATION TO U.S. EQUITIES

June 30, 1996

Manager	Investment Style	Market Value (In 000's)
<b>Large Cap U.S. Equities</b>		
<u>Passive Manager</u>		
Barclays Global Investors	S & P 500 Index	\$6,387,152
<u>Active Managers</u>		
Advanced Investment Management	Enhanced Index	285,290
Independence Investment Associates	Enhanced Index	491,677
Pacific Investment Management Company	Enhanced Index	406,409
Total Large Cap		<u>\$7,570,528</u>
<b>Mid/Small Cap U.S. Equities</b>		
<u>Passive Managers</u>		
Barclays Global Investors	Extended Market Index	\$1,648,366
Barclays Global Investors	Intermediate Value Index	357,652
<u>Active Managers</u>		
Chancellor LGT Asset Management	Small Cap Growth	409,381
Denver Investment Advisors	Mid Cap Growth	359,347
Putnam Investments	Small Cap Value	341,520
Wilke/Thompson Capital Management	Small Cap Growth	113,605
Total Mid/Small Cap		<u>\$3,229,871</u>
<b>Total U.S. Equities</b>		<u><b>\$10,800,399</b></u>

# Fixed Income Program

## THE PROGRAM

Fixed income securities constitute an important component of the portfolios of most institutional investors. Several factors make these instruments attractive in a pension portfolio. Fixed income securities offer diversification from a pure equity portfolio. They are somewhat less risky than equities, and help control the overall portfolio volatility.

The WSIB domestic fixed income program is internally managed with the Lehman Aggregate Index as the performance benchmark. WSIB may invest in the following fixed income instruments:

- U.S. treasuries (TSY) and government agencies (Agency)
- Investment grade and split-rated corporate bonds (Corp)
- Publicly traded mortgage backed securities (MTG)
- Privately placed mortgages
- Private placements of corporate debt
- Convertible securities
- Non-dollar bonds
- Asset-backed securities (ABS)
- Real estate mortgages

The fixed income management strategy is primarily one of sector selection. The portfolio is structured to be over- or under-weighted relative to the index's major sectors: Treasuries, Agencies, Corporates, Mortgage Backed Securities and Asset Backed Securities. As of June 30, 1996, the portfolio was under-weighted relative to the index in Governments, over-weighted in

Corporates, and similar to index weightings in Asset Backed Securities and Mortgages. While the total mortgage allocation differs only slightly from the index's, two-thirds of the WSIB portfolio mortgages are comprised of Collateralized Mortgage Obligations (CMOs), whose structure provides more stable cash flows than standard pass-through mortgages.

Individual sector structures may also be over- or under-weighted relative to that of the index. For example, the WSIB Corporate portfolio's allocation to industry and credit rating differ from the index, as do the Mortgage portfolio's allocation to coupon and maturity.

Credit rating is an attempt to rate a debt issuer's ability and willingness to repay debt obligations. Treasury and Agency debt have the highest rating since they are backed by the U.S. Treasury or governmental agencies. Most mortgage debt has agency equivalent ratings, but some structured product held may be Aaa or Aa. Investment grade Corporate debt ranges from Aaa (the highest) to Baa (the lowest.) More than half of all investment grade corporate debt issued is A rated. The portfolio's overall credit allocation reflects its large allocation to Corporates, its Corporate concentration in Baa rated companies, and the mortgage allocation to Agency and Aaa rated structured mortgage product.

For most of the last year the duration of the portfolio was about 5 percent longer than that of the index.

# Fixed Income Program

## FISCAL YEAR HIGHLIGHTS

The Fixed Income market had a roller coaster ride during the last 12 months, with the Lehman Aggregate Index returning 6.31 percent in the six months ending in December, and -1.21 percent in the six months ending in June. The bellwether 30-year treasury bond started out at 6.65 percent, rallied to a low of 5.95 percent by

the end of December, and then tailed off to 7.19 percent in mid-June before ending the year with a surge to 6.87 percent. Duration was a key to performance, with the 1-year treasury returning 5.71 percent for the year compared to 1.80 percent for the 30-year. The total portfolio had a return for the fiscal year of 5.1 percent, roughly the same as the Aggregate Index return of 5.0 percent.

## ALLOCATION TO FIXED INCOME June 30, 1996

<b>Sector</b>	<b>Market Value (In 000's)</b>
<b>Short - Term</b>	
Cash & Equivalents	\$ 214,795
Less: Pending Trades	(165,877)
<b>Total Short - Term</b>	<b>\$ 48,918</b>
<b>Long - Term</b>	
US Treasuries	\$2,671,389
Agencies	270,590
Corporates	2,933,792
Asset Backed	163,865
Mortgages	2,662,605
<b>Total Long - Term</b>	<b>\$8,702,241</b>
<b>Total Fixed Income</b>	<b><u>\$8,751,159</u></b>

# Fixed Income Program

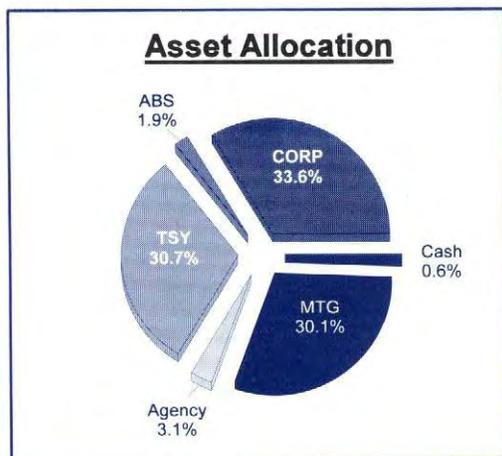
## CHARACTERISTICS OF THE FIXED INCOME PORTFOLIO

June 30, 1996

<u>Sector Distribution</u>	<u>WSIB Portfolio</u>	<u>Lehman Aggr. Index</u>
Cash	0.6 %	0.0 %
Treasury	30.7	45.0
Agency	3.1	6.6
Corporate	33.6	17.5
Asset Backed	1.9	1.3
Mortgages	<u>30.1</u>	<u>29.6</u>
	<u>100.0 %</u>	<u>100.0 %</u>

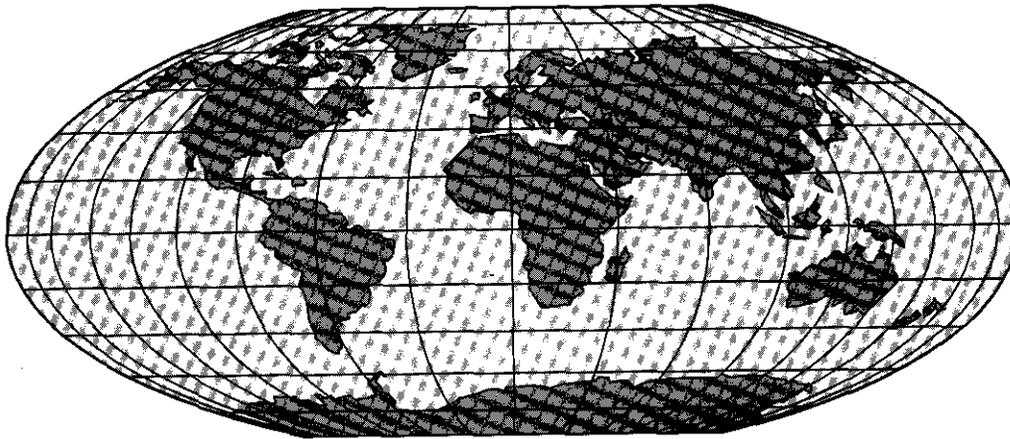
<u>Credit Distribution</u>	
TSY	30.9 %
AGY	25.8
Aaa	8.0
Aa	3.1
A	18.3
Baa	11.7
Other	<u>2.2</u>
	<u>100.0 %</u>

<u>Coupon Distribution</u>	
0 - 4.9 %	1.3 %
5 - 6.9	44.3
7 - 7.9	31.5
8 - 8.9	16.0
9 - 9.9	4.4
10 +	<u>2.5</u>
	<u>100.0 %</u>



<u>Effective Duration</u>	
0 - 1 years	6.6 %
1 - 3	22.6
3 - 4	8.8
4 - 6	30.2
6 - 8	15.5
8+	<u>16.3</u>
	<u>100.0 %</u>

# Non-U.S. Equity Program



## THE PROGRAM

Markets outside of the U.S. are considered to be less efficient than domestic markets, and therefore provide portfolio diversification as well as additional opportunities to enhance returns.

The WSIB's transition toward the new asset allocation policy adopted in 1994, which tripled the allocation to Non-U.S. equity, is essentially complete. As of June 30, 1996 the program represents 14.3 percent of the total Retirement Fund, with 15 percent as the target.

WSIB's non-U.S. equity program consists of a core component and a non-core component. The core component concentrates on MSCI EAFE portfolios (Morgan Stanley Capital International Index of Europe, Australia and the Far East). The non-core component is composed of a global portfolio and an emerging markets portfolio.

At fiscal year end the core component accounted for approximately 80 percent of the total Non-U.S. program. Approximately

55 percent of the core portfolio is actively invested in Europe and the Pacific Basin. This active allocation is divided among two Pacific Basin managers (Chancellor LGT and J.P. Morgan) and three European managers (Clay Finlay, Mercury Asset Management and UBS International Investment). The remaining 45 percent of the core portfolio is managed passively in European and Pacific Basin index funds by State Street Global Advisors.

Fifty-five percent of the non-core program is composed of an emerging markets equity portfolio. This portfolio is managed by two active managers (Genesis and Schroders) and one passive manager (State Street Global Advisors). The emerging markets equity program is not yet fully funded, and additional active manager(s) may be selected by year-end.

The remaining 45 percent of the non-core portfolio is managed by a global tactical asset allocator, Cursitor Eaton, who allocates among stocks, bonds and cash in various countries around the world, including the United States.

# Non-U.S. Equity Program

## FISCAL YEAR HIGHLIGHTS

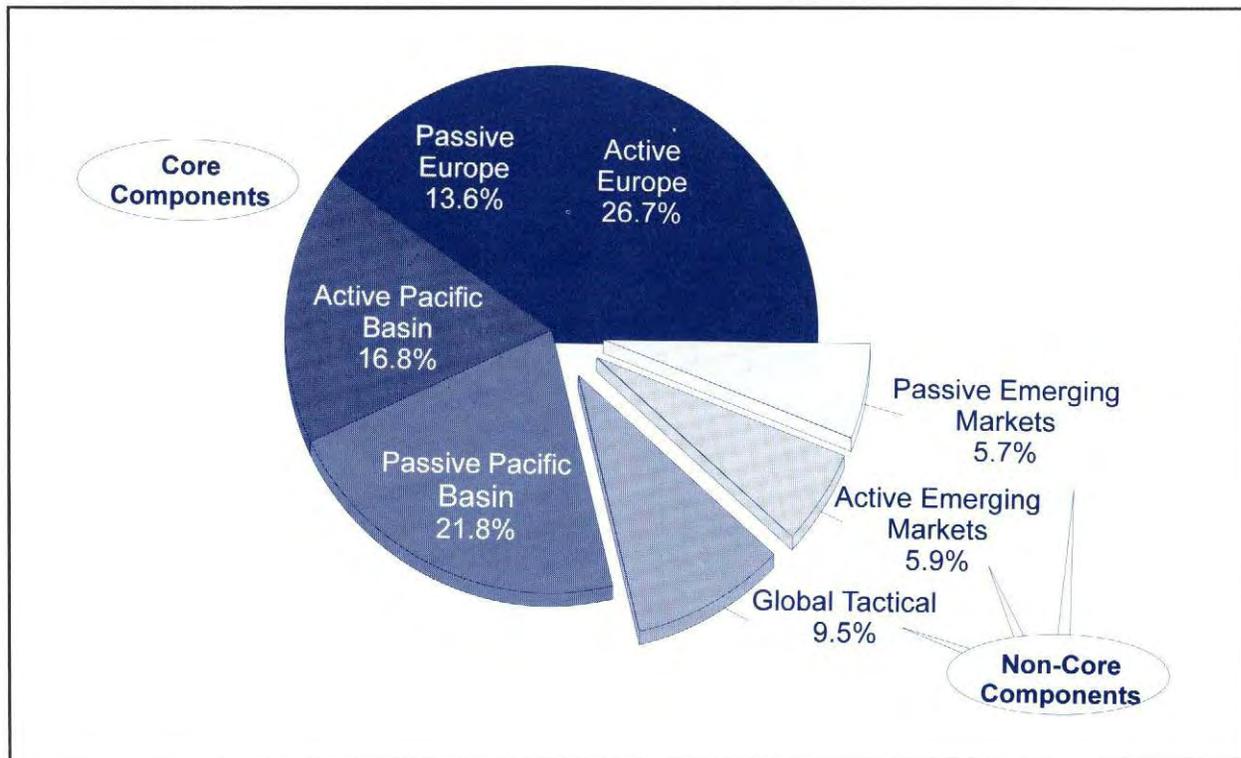
International stock returns were strong for the 1996 fiscal year. The MSCI EAFE returned 13.3 percent, though the appreciating dollar relative to most foreign currencies had a negative impact on returns for the U.S. investor. The emerging markets rebounded strongly during the second half of fiscal 1996 after a poor 1994-95. The rally of the Japanese market also helped boost non-U.S. equity returns during the

year. International bonds posted strong returns at the beginning of the fiscal year, but finished poorly, also dampened by the rising dollar.

WSIB's international composite returned 16.6 percent for fiscal 1996, outperforming the MSCI EAFE Index by 3.3 percent. Strong performance by WSIB's active regional managers in both the developed and emerging markets boosted performance.

## NON - U. S. EQUITY PROGRAM

Asset Allocation  
as of June 30, 1996



# Non-U.S. Equity Program

## Allocation To Non-U.S. Equity as of June 30, 1996

<u>Core International Program</u>	<u>Market Value (In 000's)</u>
<b>Passive European Manager</b> <i>State Street Global Advisors</i>	\$ 523,284
<b>Active European Managers</b> <i>Clay Finlay Inc.</i>	\$ 390,957
<i>Mercury Asset Management</i>	343,074
<i>UBS International Investment London</i>	288,115
Total Active European	<u>\$1,022,146</u>
<b>Passive Pacific Basin Manager</b> <i>State Street Global Advisors</i>	\$ 836,411
<b>Active Pacific Basin Managers</b> <i>Transition Account</i>	\$ 34
<i>Chancellor LGT Asset Management</i>	358,807
<i>J.P. Morgan Investment Management</i>	284,804
Total Active Pacific Basin	<u>\$ 643,645</u>
<b>Total Core International Program</b>	<u>\$3,025,486</u>
<b><u>Non-Core International Program</u></b>	
<b>Global Manager</b> <i>Cursor Eaton Asset Management</i>	\$ 364,840
<b>Passive Emerging Markets Managers</b> <i>State Street Global Advisors</i>	\$ 219,770
<b>Active Emerging Markets Managers</b> <i>Genesis Asset Managers</i>	\$ 163,390
<i>Schroder Capital Management</i>	61,756
Total Active Emerging Markets	<u>\$ 225,146</u>
<b>Total Non-Core International Program</b>	<u>\$ 809,756</u>
<b>TOTAL NON-U.S. EQUITY</b>	<b><u>\$3,835,242</u></b>

# Alternative Investments Program

## THE PROGRAM

Alternative investments are so named because they exhibit alternative portfolio characteristics to more traditional public stock and bond investments. For example, they are long-term, illiquid, and require active monitoring and management. They are, however, attractive to institutional investors with long investment horizons because they offer higher return potential than other asset classes and provide diversification benefits to the total portfolio. This diversification exists because alternative investments do not move in the same market cycles as other asset classes. Institutional investors with extended time horizons typically invest between 1 percent and 15 percent of the total portfolio in this asset class.

Generally, alternative investments portfolios involve investments in operating companies. However, they can also include investments in asset-driven situations such as natural resource-related entities, commodity-related entities, and other financial instruments. Examples of these various categories include, but are not limited to, investments in the following: venture capital (early, expansion, late), established companies (acquisitions, buyouts, distressed companies, equity and debt positions), energy (oil and gas), timberland, agribusiness, commodities, project financing, managed futures, hedge funds, risk arbitrage, joint ventures, and securitizations.

### **Alternative Investment Types:**

*Operating Companies:* WSIB's alternative investments have thus far been predominantly in ongoing businesses or operating companies. This should continue because of the large size of those markets compared to the asset-driven situation markets. With alternative investments, the WSIB has investments in all stages of the business life cycle from private start-up technology companies to large multi-national public concerns. Not only do the WSIB's investments in the venture area allow it to benefit financially from the dynamic entrepreneurial growth process, but it also allows the WSIB to see other benefits to the

economy through the extraordinary job creation generated by such growth.

*Asset-Driven Situations:* Asset-driven situations are non-traditional investments or undervalued securities that are expected to rise in value because of anticipated favorable events. These investments also may be in operating companies or entities, but are distinguished by the fact that the value of the investment is influenced predominantly by the underlying asset.

### **Alternative Investment Vehicles**

*Partnerships:* Partnership investments are best described as the purchase of a limited partnership interest in a fund or an entity such that the general partner manages the investment process with limited liability and input from limited partners. In most cases, the general partner puts up one percent of the monies raised and receives a carried interest ("sweat equity") of between 15-25 percent of the profits after return of the original invested capital. Most of WSIB's investments are in the form of limited partnerships.

*Direct Investments:* Direct investments involve the direct purchase of an interest in private or public companies without the use of an intermediary such as a general partner. Greater returns can be achieved because no management fee or carried interest needs to be paid to the general partner; however, it requires continual attention and involvement. Direct investments may be made in any of the major segments: venture capital, leveraged buyouts or special situations.

*Secondary Purchases:* Secondary purchases include either a partnership or direct interest from a third party whereby the monies are used to buy the interest and are not invested in the underlying investment. This is similar to buying stock from another holder as distinguished from purchasing an original issue share from the issuing company.

The objectives of the WSIB alternative investment program are to achieve risk adjusted returns of 300 - 600 basis points (3-6 percent) above public market returns, and to increase the portfolio value to its allocation

# Alternative Investments Program

target of 10 percent of the total retirement fund.

As of June 30, 1996, the Alternative Investment portfolio was valued at approximately \$2.4 billion. The portfolio consists of \$446 million invested in venture capital and other types of partnerships and \$2.0 billion invested in acquisition/buyout partnerships.

The venture capital and other portfolio consists of 44 partnerships representing approximately 900 individual company investments in a variety of industries. Companies that have benefited and grown from these investments include: Tasco, FemRX, Cell Therapeutics, Luxar Corporation, Oak Technology, Tag Heuer, Widmer Brewing, Sunglass Hut, Starbucks, and others.

The acquisition/buyout funds include investments in all five Kohlberg Kravis Roberts & Co. (KKR) funds, as well as five other well-known partnerships. In those funds are investments in such well-known companies as Autozone, Duracell, Safeway, Stop & Shop, Medco Behavioral Health Corporation, Borden, Bruner's, and World Color Press.

Asset driven situation funds include investments in natural resources and real estate. WSIB's principal natural resources investment in the portfolio is DAW Forest Products, and the single real estate investment is with BlackRock Asset Investors.

## **FISCAL YEAR HIGHLIGHTS**

WSIB's alternative investment portfolio increased in value from \$1.9 billion to \$2.4 billion during fiscal year 1996, and currently represents 9.0 percent of the total retirement fund.

The portfolio continues to be heavily weighted to the buyout market due to a large exposure to Kohlberg Kravis Roberts & Company (KKR). KKR investments are valued at approximately \$2.0 billion, representing 82 percent of the portfolio. Publicly traded securities represent over \$1.6 billion of portfolio holdings, nearly 67 percent of the

total. Most of the public securities are managed by KKR partnerships.

The program continues to seek new and unique investment opportunities. For example, WSIB recently invested in Doughty Hanson & Co. Fund II, the program's second investment in international private equity. This opportunity represents a co-investment made alongside Hancock International Private Equity Partners II, of which WSIB is a limited partner.

A strong IPO (Initial Public Offering) market continued through fiscal 1996 allowing some of WSIB's investments to go public and improve portfolio returns. WSIB's investment in Menlo Evergreen V and Menlo Ventures IV allowed WSIB to participate in the public offering of UUNet Technologies. The successful offering added an additional \$59 million in value to the portfolio.

Substantial capital continues to be raised in the private equity markets. Institutional and other investors funded private equity groups at record levels. During fiscal year 1996, investors committed \$33.9 billion to private equity. Of this amount, approximately 84 percent was committed to buyout funds.

Since inception in 1982, the alternative investment program has achieved an annualized 15.4 percent overall internal rate of return. Return on the KKR portfolio was 18 percent, and an 8.4 percent return has been achieved on the venture and other portfolio to date. Internal rate of return is the standard industry performance measure for the alternative investment industry.

Time weighted rates of return are also calculated for alternative investments. For fiscal 1996, time weighted returns were 31.9 percent for leveraged buyouts, and 30.2 percent for venture capital.

During the fiscal year, WSIB received \$518 million in cash distributions from existing limited partnerships. This unusually large amount represents investments made in the 1980's and is one of the largest ever received in a fiscal year.

# Alternative Investments Program

## ALLOCATION TO ALTERNATIVE INVESTMENTS

June 30, 1996

<u>Venture Capital</u>	<u>Market Value (000's)</u>
Austin Ventures IV, L.P.	\$ 6,294
Brentwood Associates IV, L.P.	1,254
CH Partners II, L.P.	4
Evergreen I, L.P. (Hancock)	2,747
Evergreen II, L.P. (Brentwood)	984
Evergreen III, L.P. (Hancock)	2,729
Evergreen IV, L.P. (Brentwood)	3,820
Frazier Healthcare II, L.P.	1,975
John Hancock Venture Capital Fund II, L.P.	5,873
Investech, L.P.	385
KBA Partners, L.P.	1,694
KBA Partners II, L.P.	659
Materia Ventures, L.P.	7,413
Menlo Evergreen V, L.P.	35,781
Menlo Venture Partners	129
Menlo Ventures III, L.P.	3,366
Menlo Ventures IV, L.P.	53,311
Menlo Ventures VI, L.P.	2,062
Paragon Venture Partners II	4,974
Phoenix Partners, L.P.	10
Phoenix Partners (Secondary)	4
Phoenix Partners II, L.P.	8,267
Phoenix Partners III, L.P.	15,253
Sprout Capital VII, L.P.	6,746
<b>Total Venture Capital</b>	<b><u>\$165,733</u></b>

# Alternative Investments Program

## ALLOCATION TO ALTERNATIVE INVESTMENTS

June 30, 1996

<u>Established Companies</u>	<u>Market Value (000's)</u>
<u>Acquisition / Buyout :</u>	
Clayton, Dublier & Rice Fund V	\$ 6,028
Code, Hennessy & Simmons II	7,139
Cypress Merchant Banking Partners	5,302
KKR 1982 Fund	612
KKR 1984 Fund	72,764
KKR 1986 Fund	384,040
KKR 1987 Fund	995,320
KKR 1993 Fund	267,473
KKR DAW Forest Products - Direct	3,000
KKR Red Lion Hotels, Inc.	255,963
TSG Capital Fund II	7,270
Welsh, Carson, Anderson & Stowe VII	<u>13,216</u>
Total Acquisition / Buyout	\$ 2,018,125
<u>Mezzanine</u>	
Capital Resources Lenders II	\$ 21,231
Capital Resources Lenders III	1,596
Equity Linked Investors	50,471
Green Mountain Partners	2,974
Rice Partners II, L.P.	<u>22,849</u>
Total Mezzanine	\$ 99,121
<u>Distressed / Restructuring</u>	
DDJ Galileo Fund	\$ 20,449
Joseph, Littlejohn & Levy Fund II	16,391
OCM Opportunities Fund	<u>16,453</u>
Total Distressed / Restructuring	\$ 53,293
<u>Special Situations</u>	
Banc Fund IV	\$ 2,859
Warburg Pincus Ventures	<u>40,431</u>
Total Special Situations	\$ 43,290
<u>Real Estate</u>	
Blackrock Asset Investors	\$ 36,023
<u>Natural Resources</u>	
Energy Recovery Fund	\$ 385
<u>International</u>	
Doughty Hanson & Company Fund II	\$ 3,074
Hancock Int'l Private Equity II - Partnerships	4,542
Hancock Int'l Private Equity II - Directs	<u>1,435</u>
Total International	\$ 9,050
<b>Total Established Companies</b>	<b><u>\$ 2,259,287</u></b>

# Real Estate Program

## THE PROGRAM

The real estate market is essentially private in nature and requires significant management oversight. Real estate investments are expected to offer rates of return substantially in excess of public fixed income securities.

The allocation target for WSIB's real estate portfolio is 5 percent of the total retirement fund. As of June 30, 1996, the real estate equity portfolio represented approximately 2.9 percent of the fund.

WSIB has a number of joint ventures, partnerships, and co-investments with other investors, giving WSIB an ownership interest in several hundred commercial real estate properties. As of June 30, 1996, the net equity value of the WSIB's real estate program was approximately \$767 million.

WSIB invests in virtually all property types. Currently, the real estate portfolio is concentrated in the Pacific region due to its substantial investment in Union Square and Pactrust. This concentration will diminish over time as the portfolio size increases and as investments are made in other regions.

### Property Type

Office	56 %
Industrial	26
Retail	10
Apartments	5
Other	<u>3</u>
	100%

### Property Location

Pacific	80 %
Northeast	11
Mountain	2
Mid-East	2
Southeast	2
Southwest	1
East North Central	1
West North Central	<u>1</u>
	100%

The majority of the real estate equity investments have been made with other institutional investors or in partnerships with an operating management group. Direct investments account for 34 percent of the WSIB's real estate portfolio. The largest single investment is One and Two Union Square in Seattle. The percentage of direct investments is expected to increase as recently approved programs, such as those described below, are funded.

### Net Investment Value

Partnerships	45%
Direct Investments	34
Commingled Funds	<u>21</u>
	100%

Increased control over the WSIB's invested capital will be accomplished by entering into relationships with real estate managers in which the WSIB is either the sole owner of the property or can control key decisions regarding the property, such as determining when the asset should be sold.

Specialty investments will be considered, from time to time, depending on market conditions and the specific opportunity. Such investments may be made on a co-investment basis with other institutional investors.

Over time, the WSIB will consolidate real estate holdings to a fewer number of properties while achieving greater management control over the real estate portfolio. In addition, the WSIB will seek to achieve greater geographic diversification of its investments.

# Real Estate Program

## FISCAL YEAR HIGHLIGHTS

During fiscal 1996, private real estate markets continued their recovery. For the year ending June 30, 1996, the NCREIF Index posted an 9.5 percent return consisting of an 9.4 percent income return and an appreciation of 0.1 percent. The appreciation return was virtually flat due to a sub-standard performance in the retail sector. The WSIB real estate portfolio, however, returned 19.5 percent in fiscal 1996.

Improving real estate market fundamentals (i.e., supply and demand conditions) were largely responsible for enhancements in property performance over the year. Overall, occupancies and rents showed growth, though levels of improvement varied by property sector and market location. Real estate continued to attract investment capital during the year which also helped to stabilize values.

Also of note during the fiscal year, in the third quarter, 1995, WSIB notified Equitable of its desire to liquidate its \$20.3 million investment in the Prime Property Fund. As of June 30, 1996, the investment had been reduced to \$3.7 million. In the second quarter of 1996, the WSIB also made a commitment to invest \$75 million with the Security Capital Group.

The commercial mortgage loan program was initiated in October, 1995. As of June 30, 1996, the program had funded 12 mortgages totaling approximately \$59 million. The target is to fund about \$120 million per year. This non-discretionary program is managed by the Principal Mutual Life Insurance Company. The goal of the program is to originate high quality first mortgages secured by geographically diversified income producing commercial real estate assets.

## **WSIB's Real Estate Value Ranges as of June 30, 1996**

<b><u>Property Value</u></b>	
Less than \$5 Million	6%
\$5 to \$10 Million	10
\$10 to \$20 Million	12
\$20 to \$50 Million	15
\$50 to \$100 Million	23
\$100 to \$150 Million	1
Greater than \$150 Million	<u>33</u>
	<u>100%</u>

# Real Estate Program

## ALLOCATION TO REAL ESTATE

June 30, 1996

<u>Advisor / Partner</u>	<u>Investment</u>	<u>Market Value (In 000's)</u>
<b>Direct and Partnership Investments</b>		
Jones Lang Wootton Realty Advisors	NEEP	\$ 86,958
Jones Lang Wootton Realty Advisors	WASHCAL/WASHCOP	63,663
Jones Lang Wootton Realty Advisors	Quadrant Lake Union	7,338
Lowe Enterprises	One & Two Union Square	261,903
Pactrust Realty Inc.	Pactrust	185,730
Subtotal		<u>\$ 605,592</u>
<b>Commingled Accounts</b>		
PM Realty Advisors	Americawest I	\$ 1,638
PM Realty Advisors	Americawest II	18,090
Equitable Real Estate Advisors	Prime Property Fund	3,710
Sentinel Real Estate Corp.	Sentinel SREF	22,507
The RREEF Funds	RREEF West VI	18,948
Copley	CILP	95,562
Subtotal		<u>\$ 160,455</u>
Other*		\$ 509
<b>Total Real Estate Equity</b>		<u><b>\$ 766,556</b></u>

\* Represents Centennial Limited Partnership's escrowed cash balance.

# Investing in Washington

The WSIB continually seeks the best investment opportunities no matter where they might be located. The state of Washington naturally attracts a good number of these investable dollars.

Washington investments can be found in all of the WSIB asset classes. The most tangible and visible of these investments is real estate. Market value of all Washington real estate in which the WSIB has an interest is approximately \$330 million; the WSIB's net investment in these properties is \$304 million.

WSIB's eleven billion dollar stock portfolio contains share ownership in most major U.S. corporations, many of which are headquartered in the state of Washington. They include:

- Boeing Company
- Cellpro, Inc.
- Eagle Hardware & Garden, Inc.
- Edmark Corporation
- Fluke Corporation
- Icos Corporation
- Microsoft Corporation
- Paccar, Inc.
- Price / Costco, Inc.
- Quality Food Centers, Inc.
- SAFECO Corporation
- Univar Corporation
- Weyerhaeuser Company

In addition to equity ownership, the WSIB also holds debt instruments issued by corporations, including some which are headquartered in the state of Washington. They include:

- Boeing Company
- Nordstrom, Inc.
- Price / Costco, Inc.
- Puget Sound Power & Light
- SAFECO Corporation
- Weyerhaeuser Company

The most direct impact the WSIB investments might have on the Washington economy is in non-traditional investments, frequently referred to as alternative investments.

These investments currently include leveraged buyouts and venture capital. Major LBO investments through Kohlberg, Kravis and Roberts (KKR) involve some household names that do a substantial amount of business in Washington. They include:

- Borden
- Duracell
- Motel 6
- Owens-Illinois
- Red Lion Hotels, Inc.

Since the inception of the venture capital program approximately 13 years ago, significant investments have been made in Washington-based ventures. Some of the companies that have benefited directly from WSIB investments made through various venture capital funds include:

- Applied Microsystems Corporation
- Burlington Resources, Inc.
- Cell Therapeutic, Inc.
- Freedom Chemical Company
- Luxar Corporation
- McCaw Cellular Communications
- Microrim, Inc.
- Pacer Corporation
- Pacific Linen
- Procyte Corporation
- Saros Corporation
- Sterling Healthcare Group
- Traveling Software
- ZymoGenetics Corporation

## Labor and Industries, Permanent and Other Funds

- Labor and Industries Funds
- Permanent and Other Funds

# Labor & Industries Funds

In addition to the responsibility of managing the retirement funds investment program, the Legislature also requires the State Investment Board to manage several other funds.

## Insurance Funds

The Department of Labor and Industry Portfolio consists of four separate funds:

**Accident Fund** - This fund earns revenue from employer premiums for industrial insurance and investment interest. The primary use is to pay disability benefits for injured workers, such as time loss compensation, permanent partial disability, certain travel and retraining expenses, burial awards, and administrative costs.

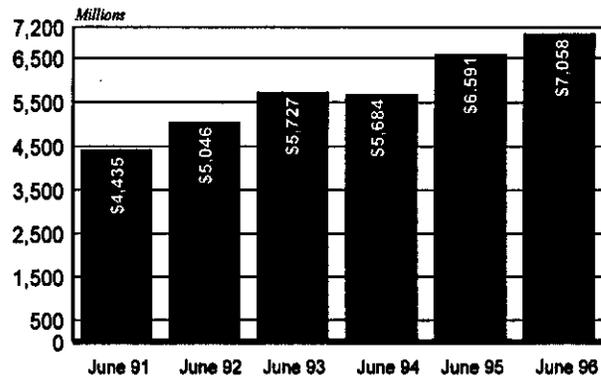
**Medical Aid Fund** - The Medical Aid Fund earns income from premiums paid by both the employer and employee and investment earnings. Payments are made for conservative medical care, hospital services, artificial appliances, physical and vocational rehabilitation, travel expenses, any other service required by the injured worker, and administrative costs.

**Accident Reserve Fund** - This fund is maintained by transfers of money from the Accident Fund at the time that a new pensioner is set-up. This pays the permanently disabled worker and survivors of deceased injured workers.

**Supplemental Pension Fund** - The Supplemental Pension Fund receives income from employer and employee premiums and investment earnings. These funds are used to supplement time loss and pensions based on older, lower schedules and to compensate for cost of living increases.

The Medical Aid Fund and the Accident Fund make up over 80 percent of the \$7.1 billion in assets. These funds have different goals and objectives than the retirement funds, and have a liability structure which results in a much larger concentration in fixed income instruments and only a small exposure to equities.

## Labor & Industries Historical Market Values



# Labor & Industries Funds

## LABOR & INDUSTRIES FUNDS

Asset Allocation

June 30, 1996

<u>Asset Class</u>	<u>Market Value (In 000's)</u>	<u>Percent</u>
<b>Short Term</b>		
Cash	\$ 131,657	1.8 %
Less: Pending Trades	(23,133)	(0.3)
Total Short-Term	\$ 108,524	1.5 %
<b>Long-Term Fixed Income</b>		
US Treasuries	\$ 489,690	6.9 %
Government Agencies	356,737	5.1
Corporate Bonds	2,955,928	41.9
Asset Backed Securities	180,128	2.6
Mortgages	2,080,748	29.5
Total Long-Term Fixed	\$6,063,231	86.0 %
<b>Equities</b>		
S & P 500 Index	\$ 433,566	6.1 %
Enhanced S & P 500 Index	108,851	1.5
Extended Markets	212,942	3.0
MSCI EAFE Index	130,819	1.9
Total Equity	\$ 886,178	12.5 %
<b>TOTAL</b>	<b>\$7,057,933</b>	<b>100.0 %</b>

# Labor & Industries Funds

## LABOR & INDUSTRIES FUNDS

Periods Ending June 30, 1996

	---- Annualized ----		
	One Year	Two Years	Three Years
Accident Fund	5.0 %	10.0 %	5.9 %
Medical Aid Fund	9.2	11.1	7.4
Accident Reserve Fund	8.7	13.7	7.9
Supplemental Pension Fund	6.0	7.8	5.9

### Characteristics of the L & I Long-Term Fixed Income Portfolio

June 30, 1996

<u>Sector Distribution</u>		<u>Effective Duration</u>	
Treasury	8.1 %	0 - 1 years	3.8 %
Agency	5.9	1 - 3	14.3
Corporate	48.7	3 - 4	11.5
Asset Backed	3.0	4 - 6	29.8
Mortgages	34.3	6 - 8	17.3
		8 +	23.3
Total	<u>100.0 %</u>		<u>100.0 %</u>
<u>Credit Distribution</u>		<u>Coupon Distribution</u>	
TSY	8.1 %	0 - 4.9%	6.6 %
AGY	30.2	5 - 6.9	38.1
AAA	13.4	7 - 7.9	28.8
AA	6.2	8 - 8.9	16.4
A	29.9	9 - 9.9	7.5
BAA	11.2	10 +	2.6
OTHER	1.0		
	<u>100.0 %</u>		<u>100.0 %</u>

# Permanent & Other Funds

## Permanent and Other Funds

The WSIB manages six permanent funds and four other funds, each with its own specific purpose and investment constraints.

In aggregate, the permanent and other funds total approximately \$585 million.

### Permanent Funds:

Agriculture Permanent Fund  
Millersylvania Park Trust Fund  
Normal School Permanent Fund  
Permanent Common School Fund  
Scientific Permanent Fund  
State University Permanent Fund

### Other Funds:

Game and Special Wildlife Fund  
Radiation Perpetual Maintenance Fund  
Self-Insurance Revolving Fund  
State Employees Insurance Reserve

Permanent Funds are considered a fiduciary fund type for financial reporting purposes. A fiduciary fund is used to account for assets held in a trustee capacity for individuals, organizations, or other funds. Operations of these funds must be carried out in compliance with trust indentures, statutes, or regulations.

Permanent Funds are nonexpendable trust funds in which the investment principal (corpus) remains intact as required by the Washington state laws and regulations. Earnings from these funds must be either reinvested (added to corpus) or distributed to a beneficiary fund.

The Agriculture College Permanent Fund, Normal School Permanent Fund, Scientific

Permanent Fund, and State University Fund were established through land grants from the federal government to benefit the Washington State colleges and universities. Proceeds from the sale of the land and timber are transferred from the Washington State Department of Natural Resources to the Washington State Investment Board for investment purposes (i.e. added to corpus). Investment earnings are distributed to various colleges and universities in the state for the purpose of bond repayment, capital development, and facilities maintenance.

The Millersylvania Park Trust Fund was established from a gift of cash and securities. The earnings on investments are used for financing construction of facilities for the common schools.

# Glossary

**Acquisitions/Buyouts.** The acquisition of a company or division usually involving leverage or some financial restructuring of the balance sheet.

**Active Management.** A style of investment management with the objective of attaining excess risk-adjusted performance versus the benchmark as a result of structuring a portfolio differently from the benchmark.

**Asset.** Anything owned that has value and is measurable in terms of money.

**Asset Class.** Categories of investments that share certain characteristics and exhibit similar patterns of return.

**Benchmark.** The performance objective represented by a model portfolio used to define the return against which another portfolio is to be evaluated.

**Beneficiary.** The recipient of fund benefits.

**Commingled Fund.** An investment fund in which the manager pools the assets of several trust accounts to permit more efficient management and to reduce administrative costs.

**Defined Benefit Plan.** A pension plan that promises to pay a specified amount to each person who retires, generally based upon a combination of years of service, age at retirement, and final compensation.

**Distressed Entities.** The investment of equity or debt capital into an entity with various degrees of management assistance to help fix the underlying problems of the company.

**Diversification.** A technique of reducing risk by spreading investments among different asset classes. Individual investments can be diversified as well. Stocks can be diversified by investments in different industries.

**Efficient Market.** The hypothesis that prices of securities fully reflect all available information.

**Ex-officio Member.** A member by virtue of office or position.

**Fiduciary.** One who holds something or acts in trust for another.

**Fixed Income.** Securities representing debt obligations and having fixed payments and maturities, as opposed to, for example, stock, which has no set dividend payment and/or maturity. Different types of fixed income securities include money market instruments, government and corporate bonds, mortgage-backed securities (including collateralized-mortgage-obligations), asset backed securities, preferred stock, and convertible issues.

**Index.** A group of securities that represents the universe of available investments in a specific class or sub-class of assets.

**Leveraged Buyout.** The purchase of assets or stock in a company using borrowed funds, with the expectation that operation of the company will enable repayment of these funds.

**Liquidity.** Describes the ease with which assets can be turned into cash.

**Non-voting Members.** Members, typically experts in the investment and economics fields, who are appointed by the board and act in an advisory capacity.

**Passive Management.** An investment strategy which seeks to attain specific benchmark performance at a low cost.

**Private Debt.** The infusion of debt capital into a company or entity with some type of equity participation.

**Private Equity.** The infusion of equity capital into a company conferring either a controlling interest or significant influence in the company's management.

**Risk (investment).** The degree of uncertainty and/or the amount of possible loss that characterizes some course of action. The greater the volatility of the

## Glossary

investment, the greater the degree of uncertainty of future investment returns.

**Stock.** Ownership of a corporation represented by shares that are claim on the corporation's earnings and assets.

**Style Risk.** Individual managers generally can be categorized as investing in certain segments of the market (e.g., market capitalization size or low/high price earning companies). Style risk is the degree of uncertainty and/or the amount of possible loss resulting from a style of management that differs from expectations. Style risk can occur either at the manager level, asset class level, or the consolidated portfolio level.

**TUCS Public Fund Median.** Trust Universe Comparison Services Median return of other public funds.

**TUCS Total Funds Median.** Trust Universe Comparison Services Median return of corporate and public funds.

**Venture Capital.** Equity financing of early, expansion, and later stage emerging, growing small businesses. Companies grow from start-up to medium size entities ready for their initial public companies.

**Volatility.** In financial matters, volatility of returns is the measurement used to define risk. It describes the spread of annual returns from lowest to highest over a particular period. The greater the volatility, the higher the risk.

**Voting Members.** The nine voting members of the board include four members which represent various stake holders in the pension systems, three ex-officio members, and one legislator from each house.

The Washington State Investment Board is an equal opportunity and affirmative action employer. Every effort will be made to provide reasonable accommodation and accessibility to WSIB employees and the public we serve.

**Special thanks to the following people for their work in producing WSIB's 1996 Annual Report:**

**Becky Jackson - Graphics  
Kristen Shultz - Word processing  
Marisa Wulff - Project coordination**

**Washington State Investment Board**

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# Washington State Investment Board

## Financial Statements and Schedule of Investments

June 30, 1996





# Washington State Investment Board

## Fifteenth Annual Investment Report Financial Statements and Schedules of Investments

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# Retirement Funds

- Asset Allocation Policy
- Statement of Investments
- Schedule of Participation
- Statement of Changes in Investment Balances
- Notes to Financial Statements
- Schedule of U.S. Investments
- Schedule of International and Global Investments
- Schedule of Derivatives

NOTE:

*The accompanying unaudited financial statements and schedules of investments were prepared from the official accounting records of the Washington State Investment Board. Asset listings reflect positions on a settlement date basis. Asset allocation information presented in the Annual Report is taken from master custodian records and is on a trade date basis. In some cases, reported numbers may differ slightly due to valuation and classification differences.*

# Strategic Asset Allocation Policy

Approved by the Board on November 17, 1994.

## PURPOSE:

This document outlines the strategic asset allocation policy and objectives for the Washington State Investment Board (SIB) Retirement Funds (Funds) and supersedes any prior board adopted policies.

The asset classes in which monies are invested and the mix among these assets are the greatest sources of return and risk to the Funds. Therefore, the apportionment and management of the asset allocation is the foundation of the investment program and crucial to its success. The Strategic Asset Allocation (SAA) Policy, when viewed along with the respective investment policies in each asset class, constitutes the board's view of a prudent and well-reasoned approach to the management of the entrusted funds.

## POLICY:

### Strategic Objectives & Constraints

The asset allocation is to be managed over time to maximize return at a prudent level of risk (RCW 43.33A.110 and RCW 43.33A.140), considered within the context of the following:

1. The portfolio opportunities lying on the efficient frontier;
2. The board's comfort level with risk;
3. The inclusion of multiple asset classes; and,
4. The liability assumptions including the assumed actuarial interest rate.

### Performance Objective

The SIB's performance objective is to exceed the return of a policy benchmark consisting of market indices weighted according to asset allocation targets. Based on the current allocation, the long-term performance objective consists of the following benchmark:

50% Wilshire 5000, 35% Lehman Aggregate, and 15% EAFE (Europe, Australia, Far East).

### Strategic Allocation

1. The strategic asset allocation target matches the broad allocation percentages defined in the performance objective. The target must be considered at all times when making investment decisions.
2. The range around the allocation targets is intended to keep the actual allocation close to the target while minimizing the transactions costs which result from rebalancing. The asset mix may deviate from the target within a range of plus or minus 5 percentage points for the public market asset classes. Deviations greater than 5 percentage points may require rebalancing to the target.
3. The allocation to specific investments within the target allocation is an investment structure decision and will be the responsibility of the appropriate SIB Committee. However, to maintain the expected return and risk posture of the Fund within the context of the objectives and constraints delineated above, the following permissible ranges have been established for specific investments.

<u>Asset Class</u>	<u>Long-Term Target</u>	<u>Policy Range</u>
U.S. Equity	35%	30-40%
Non-U.S. Equity	15%	10-20%
Fixed Income	35%	30-40%
Real Estate	5%	0-6%
Alternative Investments	10%	0-12%
Cash	0%	0-2%

### Allocation Management

1. Monies will be allocated to asset classes and investment managers based on target allocations.
2. Assets will be rebalanced when market value of assets fall outside policy range. The timing of the re-balancing will be based on market opportunities and the consideration of transaction costs, and therefore need not occur immediately.
3. Public Securities: Rebalancing will be accomplished first using normal cash flows and second through reallocation of assets within asset classes. This reallocation will be based on individual asset class policies or upon recommendations by the appropriate Committee.

Appraised Assets: Because of appraisal valuation and illiquid market nature of appraised assets, exceeding the maximum policy range allocation will trigger a conscious review by the Administrative Committee and the appropriate asset class committee rather than automatic rebalancing.

4. The above policy ranges are long-term and may deviate in the short-term as a result of funding schedules, interim market movements and market impact costs of implementation.

### Review of Strategic Asset Allocation Policy

Market and Fund condition are dynamic, not static. Therefore, the strategic asset allocation policy should be reviewed by the Committee at least annually and any suggested changes recommended to the board. A formal asset/liability review should be completed no less than every three years and more frequently if Fund objectives change.

### Reporting

SIB staff will report actual asset allocation to the board monthly.

### Responsibilities

1. Board - The SIB is responsible for approving SAA policy.
2. Administrative Committee - Responsible for reviewing and recommending SAA policy to the board. Responsible for monitoring allocation maintained within target ranges.
3. Public/Private Markets Committees - The Public/Private Markets Committees are responsible for structural investments within the strategic asset allocation policy (and appropriate asset class policies) and assisting with allocation management as indicated above.
4. Staff - Responsible for implementing and maintaining policy and reporting to Administrative Committee and Board.

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Statement of Investments - Unaudited  
June 30, 1996

	<b>COMMINGLED TRUST FUND (NOTE 2)</b>	<b>PLAN-SPECIFIC INVESTMENTS (NOTE 2)</b>	<b>TOTAL</b>	<b>PERCENT TO TOTAL</b>
<b><u>U.S. INVESTMENTS</u></b>				
Short - Term Securities	\$ 615,885,773	\$ 123,320,504	\$ 739,206,277	2.7%
Government Securities	2,943,645,093		2,943,645,093	10.9%
Mortgages and Mortgage Backed Securities	2,725,545,498		2,725,545,498	10.1%
Asset Backed Securities	325,598,307		325,598,307	1.2%
Corporate Obligations	2,921,816,233		2,921,816,233	10.8%
U.S. Corporate Stock	1,670,479,659		1,670,479,659	6.2%
U.S. Equity Index Funds	8,393,169,483		8,393,169,483	31.1%
Venture Capital	366,464,217		366,464,217	1.4%
Leveraged Buy-Outs	2,058,556,815		2,058,556,815	7.6%
Real Estate Equity	730,564,349		730,564,349	2.7%
Derivative Securities	7,276,875		7,276,875	0.0%
<i>Total U.S. Investments</i>	<u>\$ 22,759,002,302</u>	<u>\$ 123,320,504</u>	<u>\$ 22,882,322,806</u>	<u>84.7%</u>
<b><u>GLOBAL AND INTERNATIONAL INVESTMENTS:</u></b>				
Currencies	\$ 32,216,137		\$ 32,216,137	0.1%
Government Securities	141,138,692		141,138,692	0.5%
Corporate Obligations	30,760,503		30,760,503	0.1%
Corporate Stock and Warrants	1,802,443,800		1,802,443,800	6.7%
Commingled Investment Funds	1,815,932,486		1,815,932,486	6.7%
<i>Total Global and International</i>	<u>\$ 3,822,491,618</u>	<u>\$ -</u>	<u>\$ 3,822,491,618</u>	<u>14.2%</u>
Accrued Investment Income Receivable	\$ 305,604,186	\$ 517,113	\$ 306,121,299	1.1%
Accrued Management Fees Payable (Note 3)	(5,242,819)	-	(5,242,819)	0.0%
<b>TOTAL CARRYING VALUE, JUNE 30, 1996</b>	<u><b>\$ 26,881,855,287</b></u>	<u><b>\$ 123,837,617</b></u>	<u><b>\$ 27,005,692,904</b></u>	<u><b>100.0%</b></u>

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of Participation - Unaudited  
June 30, 1996

<u>RETIREMENT PLAN:</u>	<u>COMMINGLED TRUST FUND (NOTE 2)</u>	<u>PLAN-SPECIFIC INVESTMENTS (NOTE 2)</u>	<u>TOTAL</u>	<u>PERCENT TO TOTAL</u>
PERS I	\$ 7,172,445,410	\$ 21,562,381	\$ 7,194,007,792	26.64%
PERS II	6,051,829,833	31,201,457	6,083,031,290	22.52%
TEACHERS I	6,245,212,377	21,203,667	6,266,416,043	23.20%
TEACHERS II	2,270,286,865	15,164,160	2,285,451,025	8.46%
VOLUNTEER FIREFIGHTERS	76,984,812	246,590	77,231,401	0.29%
WASHINGTON STATE PATROL	429,134,699	1,061,531	430,196,230	1.59%
LEOFF I	3,560,609,416	18,744,234	3,579,353,650	13.25%
LEOFF II	1,075,351,875	11,304,578	1,086,656,453	4.02%
JUDICIAL	-	3,349,020	3,349,020	0.01%
	<b>\$ 26,881,855,287</b>	<b>\$ 123,837,617</b>	<b>\$ 27,005,692,904</b>	<b>100.00%</b>

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Statement of Changes in Investment Balances - Unaudited  
For the Fiscal Year Ended June 30, 1996

	<b>Commingled Trust Fund (Note 2)</b>	<b>Plan-Specific Investments (Note 2)</b>	<b>Total</b>
<b><u>Investment Balance Recap, June 30, 1995:</u></b>			
Investments (at Market Value)	\$ 22,538,050,333	\$ 66,667,246	\$ 22,604,717,579
Investment Earnings Receivable	135,163,254	440,365	135,603,619
Investment Management Fees Payable (Note 3)	(4,415,011)	-	(4,415,011)
<b>Total Investment Balance June 30, 1995</b>	<b>\$ 22,668,798,576</b>	<b>\$ 67,107,611</b>	<b>\$ 22,735,906,187</b>
<b><u>Fiscal Year 1996 Activity:</u></b>			
<b>Net Receipt from Retirement Plans</b>	-	\$ 219,563,981	\$ 219,563,981
<b>Investments in Commingled Funds</b>	612,065,000	(612,065,000)	-
<b>Withdrawals from Commingled Funds</b>	(444,083,000)	444,083,000	-
<b><u>Investment Earnings (Note 4):</u></b>			
Income	844,500,379	5,148,025	849,648,404
Capital Gains	367,067,100		367,067,100
Capital Losses	(117,553,555)		(117,553,555)
Market Gains and Losses (Realized and Unrealized)	2,980,510,975		2,980,510,975
Investment Expenses	(29,450,188)		(29,450,188)
<b>Net Investment Earnings</b>	<b>\$ 4,045,074,711</b>	<b>\$ 5,148,025</b>	<b>\$ 4,050,222,736</b>
<b>Total Investment Balance June 30, 1996</b>	<b>\$ 26,881,855,287</b>	<b>\$ 123,837,617</b>	<b>\$ 27,005,692,904</b>
<b><u>Investment Balance Recap, June 30, 1996:</u></b>			
Investments (at Market Value)	\$ 26,581,493,920	\$ 123,320,504	\$ 26,704,814,424
Investment Earnings Receivable	305,604,186	517,113	306,121,299
Investment Management Fees Payable (Note 3)	(5,242,819)		(5,242,819)
<b>Total Investment Balance June 30, 1996</b>	<b>\$ 26,881,855,287</b>	<b>\$ 123,837,617</b>	<b>\$ 27,005,692,904</b>

**WASHINGTON STATE INVESTMENT BOARD**  
**RETIREMENT FUNDS**  
**Notes to Financial Statements**  
**June 30, 1996**

**1. Significant Accounting Policies**

Retirement fund investments are reported at fair market value, with the exception of short-term investments, which are reported at cost, and commercial real estate mortgages, which are reported at unpaid principal, adjusted for estimated uncollectibles.

Dividend income is recorded on the ex-dividend date. Interest income is accrued when earned.

Monthly, the assets of the retirement Commingled Trust Fund are adjusted to fair market value. Unrealized gains and losses are included as investment earnings on the Statement of Changes in Investment Balance.

**2. The Commingled Trust Fund**

The Commingled Trust Fund (CTF) is a diversified pool of investments which is used as an investment vehicle for eight separate retirement plans. These plans hold "units" in CTF, which represent an undivided percentage ownership in the pool of investments. Plans are allowed to purchase or sell units in the CTF, based on the market value of the underlying assets, on the first business day of each month.

In addition to unit ownership in the CTF, each retirement plan holds its own short-term investments. These short-term investments are referred to as "plan-specific investments" in the accompanying financial statements and are used to manage the cash needs of the retirement plans.

**3. Fees and Expenses**

Investment related fees and expenses are paid from non-appropriated funds, and are deducted from investment earnings. The Schedule of Investment Expenses is a listing of non-appropriated fees and expenses paid during the fiscal year ending June 30, 1996. Management fees for many real estate and venture capital investments, and some commingled equity index funds are paid from the partnerships and are therefore not reflected here.

**4. Real Estate Legal Settlement**

The accompanying financial statements have been adjusted to reflect an accrual of legal settlement proceeds related to a real estate partnership. The net effect of this accrual increased the total value of net assets and income by approximately \$125 million.

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of U.S. Investments - Unaudited  
June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
<b><u>SHORT TERM SECURITIES:</u></b>				
<b>CASH AND CASH EQUIVALENTS</b>				
BONY SHORT-TERM INVESTMENT FUND	N/A	N/A	5,770,556	577,055,506
BOT MITSUBISHI TIME DEPOSIT	5.450	07/24/96	50,000,000	50,000,000
<i>TOTAL CASH AND CASH EQUIVALENTS</i>				<u>\$ 627,055,506</u>
<b>US TREASURY BILLS</b>				
US TREASURY BILL	N/A	08/22/96	80,000	78,197
US TREASURY BILL	N/A	08/29/96	3,165,000	3,092,509
US TREASURY BILL	N/A	10/17/96	12,230,000	11,996,972
US TREASURY BILL	N/A	11/14/96	150,000	145,892
<i>TOTAL TREASURY BILLS</i>				<u>\$ 15,313,570</u>
<b>COMMERCIAL PAPER</b>				
HELLER FINANCIAL CP	N/A	07/24/96	30,000,000	29,868,533
TEXTRON FIN CP	N/A	07/17/96	20,000,000	19,869,089
<i>TOTAL COMMERCIAL PAPER</i>				<u>\$ 49,737,622</u>
<b>DISCOUNT NOTES:</b>				
AMERICAN TEL & TEL DN	N/A	07/29/96	2,500,000	2,466,823
EI DU PONT DE NEMOURS DN	N/A	07/23/96	4,000,000	3,956,587
FORD MOTOR CREDIT DN	N/A	08/29/96	1,200,000	1,182,960
GEN ELEC CAP CORP DISC NT	N/A	07/29/96	16,500,000	16,422,887
HEWLETT PACKARD DISCOUNT NOTE	N/A	07/30/96	900,000	892,419
NAT'L RURAL UTIL DN	N/A	07/26/96	5,500,000	5,446,760
PITNEY BOWES CREDIT DN	N/A	07/23/96	4,000,000	3,959,597
PITNEY BOWES CREDIT DN	N/A	07/24/96	1,700,000	1,677,645
PROCTER & GAMBLE DN	N/A	08/23/96	4,500,000	4,434,908
SHELL OIL CO SERV-A DN	N/A	07/08/96	4,200,000	4,191,931
WAL-MART STORES DN	N/A	07/10/96	2,500,000	2,467,063
<i>TOTAL DISCOUNT NOTES</i>				<u>\$ 47,099,579</u>
<b>TOTAL SHORT-TERM</b>				<u>\$ 739,206,277</u>
<b><u>GOVERNMENT SECURITIES</u></b>				
<b>MUNICIPAL OBLIGATIONS:</b>				
ORANGE CTY TAXABLE PEN OBLIG SERIES		09/01/08	3,000,000	<u>\$ 3,000,000</u>
<b>TREASURIES:</b>				
US TREASURY NOTE	7.875	07/15/96	109,300,000	109,402,742
US TREASURY NOTE	7.500	12/31/96	80,000,000	80,775,200
US TREASURY NOTE	6.750	05/31/97	49,500,000	49,917,780
US TREASURY NOTE	8.500	07/15/97	50,000,000	51,328,000
US TREASURY NOTE	8.625	08/15/97	192,600,000	198,287,478
US TREASURY NOTE	5.750	09/30/97	10,000,000	9,978,100
US TREASURY NOTE	6.625	10/31/97	14,475,000	14,409,428
US TREASURY NOTE	5.625	01/31/98	62,500,000	62,109,375
US TREASURY NOTE	5.125	02/28/98	150,000,000	147,774,000
US TREASURY NOTE	6.125	03/31/98	9,700,000	9,687,875
US TREASURY NOTE	5.125	04/30/98	55,500,000	54,580,920
US TREASURY NOTE	5.875	04/30/98	12,100,000	11,997,906
US TREASURY NOTE	6.000	05/31/98	5,000,000	4,989,050
US TREASURY NOTE	5.125	12/31/98	66,400,000	64,750,624
US TREASURY NOTE	6.375	01/15/99	100,000,000	100,344,000
US TREASURY NOTE	8.875	02/15/99	160,095,000	170,075,322
US TREASURY NOTE	5.875	03/31/99	183,000,000	181,226,730
US TREASURY NOTE	6.750	06/30/99	120,000,000	121,406,400

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US TREASURY NOTE	6.375	07/15/99	100,000,000	100,187,000
US TREASURY NOTE	6.875	08/31/99	25,000,000	25,359,250
US TREASURY NOTE	7.875	11/15/99	69,000,000	72,072,570
US TREASURY NOTE	6.875	03/31/00	35,000,000	35,530,600
US TREASURY NOTE	5.875	06/30/00	28,250,000	27,707,035
US TREASURY NOTE	6.125	09/30/00	50,000,000	49,398,500
US TREASURY NOTE	7.750	02/15/01	15,000,000	15,766,350
US TREASURY NOTE	6.375	08/15/02	6,000,000	5,949,360
US TREASURY NOTE	6.250	02/15/03	227,000,000	223,097,870
US TREASURY NOTE	11.875	11/15/03	9,500,000	12,357,410
US TREASURY NOTE	5.875	02/15/04	42,000,000	40,123,020
US TREASURY NOTE	7.250	05/15/04	160,000,000	165,800,000
US TREASURY NOTE	7.875	11/15/04	59,000,000	63,425,000
US TREASURY NOTE	6.500	05/15/05	21,000,000	20,714,610
US TREASURY BOND	13.875	05/15/11	31,000,000	46,466,210
US TREASURY BOND	12.000	08/15/13	30,000,000	42,342,300
US TREASURY NOTE	9.875	11/15/15	25,300,000	32,961,093
US TREASURY NOTE	7.250	05/15/16	18,000,000	18,433,080
US TREASURY NOTE	8.750	05/15/17	75,000,000	88,992,000
US TREASURY NOTE	8.750	05/15/20	72,540,000	86,719,394
US TREASURY NOTE	7.875	02/15/21	52,500,000	57,553,125
<b>TOTAL TREASURIES</b>				<b>\$ 2,673,996,708</b>
<b>AGENCIES:</b>				
FEDERAL HOME LN BKS	9.500	02/25/04	10,000,000	11,556,200
FEDERAL HOME LN MTG CORP	8.140	05/20/04	10,000,000	10,034,400
FEDERAL HOME LN MTG CORP	7.740	06/01/04	55,000,000	55,799,150
FEDERAL NATL MTG ASSOC	8.450	10/21/96	35,000,000	35,300,650
FEDERAL NATL MTG ASSOC	9.050	04/10/00	5,000,000	5,407,800
FEDERAL NATL MTG ASSOC MTN	4.940	10/30/98	50,000,000	48,547,000
FEDERAL NATL MTG ASSOC MTN	6.250	06/16/00	21,500,000	21,258,125
FEDERAL NATL MTG ASSOC MTN	6.850	08/22/05	12,000,000	11,870,640
FEDERAL NAT'L MTG ASSOC MTN	6.625	03/21/06	25,000,000	24,308,500
PRIVATE EXPORT FUNDING CORP	8.400	07/31/01	7,000,000	7,478,520
STUDENT LOAN MKT ASSOC	6.130	06/30/97	25,000,000	25,076,000
TENNESSEE VALLEY AUTHORITY	8.250	09/15/34	10,000,000	10,011,400
<b>TOTAL AGENCIES</b>				<b>\$ 266,648,385</b>
<b>TOTAL US GOVERNMENT SECURITIES</b>				<b>\$ 2,943,645,093</b>
<b>MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				
<b>PASS THROUGH MORTGAGES:</b>				
FHLMC G 10372	6.500	08/01/10	21,255,098	20,716,919
FHLMC GOLD PL D62183	7.000	07/01/25	974,063	937,837
FHLMC GOLD PL D62902	7.500	08/01/25	1,942,855	1,918,569
FHLMC GOLD PL D63625	7.500	09/01/25	973,210	961,045
FHLMC GOLD PL D65317	7.500	11/01/25	2,956,496	2,919,540
FHLMC GOLD PL D65018	7.500	11/01/25	2,815,357	2,780,162
FHLMC GOLD PL D65071	7.500	11/01/25	940,939	929,178
FHLMC GOLD PL D65068	7.500	11/01/25	848,313	837,709
FHLMC GOLD PL D65132	7.500	11/01/25	4,807,980	4,747,876
FHLMC GOLD PL D65211	7.500	11/01/25	1,014,440	1,001,759
FHLMC GOLD PL D66251	7.500	12/01/25	998,447	985,966
FHLMC GOLD PL D66277	7.000	12/01/25	951,413	916,029
FHLMC GOLD PL D66280	7.500	12/01/25	907,312	895,971
FHLMC GOLD PL D65404	7.500	11/01/25	821,162	810,897
FHLMC GOLD PL D65566	7.500	11/01/25	2,893,500	2,857,328
FHLMC GOLD PL D65599	7.500	11/01/25	2,956,017	2,919,066
FHLMC GOLD PL D65612	7.500	11/01/25	4,754,640	4,695,203
FHLMC GOLD PL D66023	7.500	12/01/25	985,305	972,989

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FHLMC GOLD PL D66089	7.500	12/01/25	645,884	637,810
FHLMC GOLD PL D66120	7.000	12/01/25	861,218	829,189
FHLMC GOLD D66126	7.000	12/01/25	966,316	930,379
FHLMC GOLD PL D66145	7.500	12/01/25	756,740	747,280
FHLMC GOLD PL D67084	7.500	12/01/25	2,900,762	2,871,752
FHLMC GOLD PL D67085	7.500	12/01/25	2,830,280	2,801,974
FHLMC GOLD D67087	7.000	01/01/26	995,842	958,806
FHLMC GOLD PL D67132	7.500	12/01/25	623,693	615,897
FHLMC GOLD PL D67133	7.000	12/01/25	1,210,436	1,165,419
FHLMC GOLD PL D66386	7.500	12/01/25	1,936,600	1,912,392
FHLMC GOLD PL D66440	7.500	12/01/25	713,962	705,037
FHLMC GOLD PL D66447	7.500	11/01/25	983,518	971,223
FHLMC GOLD PL D66493	7.000	12/01/25	839,142	807,934
FHLMC GOLD PL D66580	7.500	12/01/25	835,911	825,462
FHLMC GOLD PL D66681	7.500	12/01/25	831,863	821,463
FHLMC GOLD PL D66700	7.500	12/01/25	907,429	896,087
FHLMC GOLD PL D66758	7.500	12/01/25	547,483	540,639
FHLMC GOLD PL D66797	7.000	01/01/26	947,254	912,025
FHLMC GOLD PL D67059	7.000	01/01/26	1,612,210	1,552,250
FHLMC GOLD PL D68081	7.000	02/01/26	4,359,779	4,197,639
FHLMC GOLD PL D68084	7.000	01/01/26	8,760,786	8,434,972
FHLMC GOLD D67217	7.000	01/01/26	996,360	959,305
FHLMC GOLD PL D67377	7.000	01/01/26	1,214,608	1,169,437
FHLMC GOLD PL D67484	7.000	02/01/26	878,790	846,107
FHLMC GOLD PL D67613	7.000	01/01/26	1,426,000	1,372,966
FHLMC GOLD PL D67616	7.000	01/01/26	1,760,833	1,695,346
FHLMC GOLD PL D68127	7.000	01/01/26	1,555,039	1,497,207
FHLMC GOLD PL D68122	7.000	02/01/26	1,240,695	1,194,552
FHLMC GOLD PL D68250	7.000	02/01/26	1,453,977	1,399,903
FHLMC GOLD PL D68275	7.000	02/01/26	976,012	939,714
FHLMC GOLD PL D68359	7.000	02/01/26	4,612,429	4,440,888
FHLMC GOLD PL D68463	7.000	02/01/26	4,040,058	3,889,808
FHLMC GOLD PL D68509	7.000	02/01/26	2,450,280	2,359,155
FHLMC GOLD PL C00303	6.500	03/01/24	3,893,143	3,858,347
FHLMC GOLD PL C00335	7.500	05/01/24	37,475,315	37,100,524
FHLMC GOLD PLC00441	7.500	01/01/26	18,409,037	18,178,905
FHLMC GOLD PLC00442	7.000	01/01/26	2,005,939	1,931,336
FHLMC GOLD PLC00425	7.500	10/01/25	8,033,902	7,933,479
FHLMC GOLD PLC80158	7.500	05/01/24	8,934,050	8,844,710
FHLMC GOLD PLC80321	7.500	06/01/25	2,227,757	2,199,908
FHLMC GOLD PLC80358	7.500	11/01/25	593,567	586,148
FHLMC GOLD PLC80364	7.000	12/01/25	2,008,689	1,933,984
FHLMC GOLD PLC80365	7.500	12/01/25	5,142,383	5,078,098
FEDERAL HOME LN MTG CORP	8.375	09/15/97	551,600	566,251
FEDERAL HOME LN MTG CORP	8.125	03/15/00	600,000	606,750
FEDERAL HOME LN MTG CORP	8.200	09/15/05	1,917,331	2,025,430
FHLMC GNOME 38-0021	9.000	05/01/03	3,127,028	3,220,839
FHLMC PC 16-0034	8.500	12/01/07	92,702	95,829
FHLMC PC 16-0037	8.500	01/01/08	100,574	103,967
FHLMC PC 16-0038	8.500	02/01/08	180,294	186,377
FHLMC PC 16-0039	8.500	03/01/08	488,914	505,409
FHLMC PC 16-0040	8.750	03/01/08	86,185	89,739
FHLMC PC 16-0045	8.750	05/01/08	9,055	9,429
FHLMC PC 16-0046	8.750	05/01/08	267,250	278,715
FHLMC PC 16-0047	8.750	05/01/08	86,068	89,761
FHLMC PC 16-0063	9.500	10/01/08	238,483	254,612
FHLMC PC 17-0019	8.500	02/01/08	608,482	629,012
FHLMC PC 17-0029	12.000	05/01/10	276,222	312,456
FHLMC PC 17-0141	11.000	09/01/15	153,882	170,209
FHLMC PC 17-0145	11.000	10/01/15	366,301	406,320
FHLMC PC 17-0147	11.000	11/01/15	1,589,704	1,769,797
FHLMC PC 17-0149	11.000	12/01/15	394,605	438,498
FHLMC PC 17-0186	9.500	08/01/16	1,329,538	1,423,536
FHLMC PC 17-0222	8.500	05/01/17	97,402	100,956

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FHLMC PC 36-0003	9.500	06/01/17	1,357,513	1,451,994
FHLMC SWAP 18-5401	9.250	05/01/12	454,114	478,804
FHLMC SWAP 26-0847	8.500	01/01/17	9,346	9,687
FHLMC SWAP 25-6790	11.000	09/01/15	228,292	254,155
FHLMC SWAP 29-4102	8.500	05/01/17	13,839	14,355
FHLMC SWAP 29-4881	8.000	06/01/17	270,018	275,111
FHLMC SWAP 29-9465	8.000	06/01/17	162,791	165,861
FHLMC SWAP 28-0417	8.500	09/01/16	5,480	5,675
FHLMC SWAP 28-4973	8.500	05/01/08	14,539	14,891
FHLMC SWAP 28-5569	8.500	01/01/17	76,276	78,998
FHLMC SWAP 28-5709	8.500	01/01/17	105,076	108,868
FHLMC SWAP 28-7894	8.500	03/01/17	184,325	190,831
FHLMC SWAP 28-7948	8.500	03/01/17	40,090	41,569
FHLMC SWAP 28-8409	8.500	02/01/17	28,284	29,294
FHLMC SWAP 28-9884	8.500	04/01/17	333,711	345,491
FHLMC SWAP 28-9135	8.500	03/01/17	88,511	91,877
FHLMC SWAP 28-9144	8.500	02/01/17	53,836	55,736
FHLMC SWAP 28-9152	8.500	03/01/17	175,889	182,098
FHLMC SWAP 28-9214	8.500	03/01/17	80,442	83,313
FHLMC SWAP 28-9373	8.500	04/01/17	105,095	108,929
FHLMC SWAP 28-9376	8.500	03/01/17	144,017	149,101
FHLMC SWAP 28-9434	8.500	04/01/17	1,367	1,419
FHLMC SWAP 28-9625	8.500	02/01/17	27,511	28,493
FHLMC SWAP 28-9630	8.500	03/01/17	114,905	118,961
FHLMC SWAP 29-0815	8.500	04/01/17	138,310	143,301
FHLMC SWAP 29-0070	8.500	04/01/17	12,121	12,567
FHLMC SWAP 29-0165	8.500	04/01/17	78,522	81,386
FHLMC SWAP 290303	8.500	04/01/17	114,725	118,819
FHLMC SWAP 29-1140	8.500	04/01/17	8,923	9,238
FHLMC SWAP 29-1274	8.000	04/01/17	1,962,539	2,000,885
FHLMC SWAP 29-1424	8.500	03/01/17	43,772	45,317
FHLMC SWAP 29-1470	8.500	04/01/17	39,855	41,262
FHLMC SWAP 29-2624	8.500	05/01/17	50,450	52,251
FHLMC SWAP 29-1802	8.500	04/01/17	38,613	40,006
FHLMC SWAP 29-2075	8.500	04/01/17	39,572	40,969
FHLMC SWAP 29-2320	8.500	03/01/17	77,696	80,438
FHLMC SWAP 30-3198	8.000	03/01/18	18,778	19,075
FHLMC GIANT SWAP 30-4278	9.000	07/01/18	11,882,272	12,453,097
FHLMC GIANT SWAP 30-4281	9.000	07/01/18	12,042,771	12,621,294
FHLMC GIANT WAM SWAP 30-6660	7.000	03/15/19	2,742,945	2,742,862
FHLMC GIANT NONGNOME 50-1731	8.000	12/01/04	2,159,001	2,188,212
FHLMC GIANT SWAP 538275	9.000	12/01/19	194,824	203,347
FHLMC GIANT SWAP 538318	10.000	12/01/19	4,012,596	4,316,024
FNMA CL 2463	11.000	09/01/15	582,538	648,119
FNMA GL 6222	9.000	04/01/16	3,909,937	4,109,071
FNMA CA 7423	11.250	05/01/14	385,482	427,914
FNMA PL 050763	7.000	07/01/08	1,945,827	1,931,835
FNMA 050965	6.500	01/01/24	97,519	91,515
FNMA MEGA 70449	11.000	12/01/19	5,629,988	6,282,724
FNMA MEGA 70453	10.500	12/01/19	3,136,104	3,438,926
OLIVE TOWER APT FNMA 073014	9.015	06/01/20	1,511,146	1,600,393
FNMA PASS THRU BALLOON #124459	9.000	01/01/99	512,088	523,610
FNMA PL 219662	7.000	08/01/23	1,152,785	1,113,151
FNMA PL 227422	7.000	08/01/23	2,590,756	2,501,686
FNMA 30YR 250551	7.000	05/01/26	9,958,186	9,578,481
FNMA 15 YR PL 250554	6.500	04/01/11	13,993,092	13,533,839
FNMA PL250529	6.500	03/01/26	11,957,752	11,184,205
FNMA 20YR PL 250582	6.500	04/01/16	1,728,470	1,644,741
FNMA 30YR 250576	7.000	06/01/26	2,020,000	1,942,977
FNMA 15 YR PL 250579	6.500	06/01/11	5,474,205	5,294,541
FNMA 16 YR PL 250613	6.500	06/01/11	1,009,208	976,093
FNMA 20YR PL 250591	6.500	05/01/16	2,362,662	2,248,215
FNMA 30YR 250609	7.000	06/01/26	5,048,860	4,859,528
FNMA PL 278016	6.000	04/01/24	3,249,558	2,960,152

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FNMA 20YR PL 298169	6.500	03/01/16	542,810	516,516
FNMA 30YR 303780	7.000	03/01/26	74,999,462	72,139,732
FNMA PL 307675	5.742	05/01/24	6,411,181	6,565,434
FNMA PL 319225	7.000	10/01/25	642,379	617,885
FNMA PL 320392	7.000	09/01/25	982,549	945,083
FNMA PL 320092	7.000	08/01/25	1,440,232	1,385,316
FNMA PL 320187	7.000	08/01/25	739,750	711,542
FNMA PL 320815	7.000	08/01/25	489,514	470,848
FNMA PL 321140	7.000	09/01/25	5,675,259	5,458,862
FNMA 15 YR PL 322608	6.500	05/01/11	659,594	637,947
FNMA PL 324943	7.000	09/01/25	493,138	474,335
FNMA DWARF PL 324308	6.500	09/01/08	45,974,045	44,809,982
FNMA PL 326670	7.000	11/01/25	6,466,163	6,219,608
FNMA PL 326744	7.000	12/01/25	5,827,160	5,604,970
FNMA PL 326752	7.000	12/01/25	5,801,706	5,580,487
FNMA PL 326477	7.000	10/01/25	6,936,227	6,671,749
FNMA 30YR 327055	7.000	05/01/26	1,000,936	962,770
FNMA 30YR 327062	7.000	05/01/26	1,009,161	970,681
FNMA PL 329170	7.000	10/01/25	518,835	499,051
FNMA PL 329681	7.000	01/01/26	483,044	464,625
FNMA 15 YR PL 329775	6.500	01/01/11	519,187	502,146
FNMA PL 329813	7.000	11/01/25	5,747,769	5,528,606
FNMA PL 329833	7.000	01/01/26	1,904,131	1,831,525
FNMA 20YR	6.500	04/01/16	243,947	232,130
FNMA PL330642	6.500	03/01/26	1,118,519	1,046,161
FNMA PL 330716	7.000	11/01/25	6,289,389	6,049,575
FNMA PL 330736	7.000	12/01/25	573,166	551,311
FNMA 20YR	6.500	04/01/16	1,009,570	960,665
FNMA PL 331009	7.000	12/01/25	5,968,593	5,741,010
FNMA PL331727	6.500	03/01/26	5,752,269	5,380,155
FNMA PL3331751	6.500	03/01/26	5,379,732	5,031,711
FNMA PL 331888	7.000	12/01/25	6,896,009	6,633,057
FNMA PL 333038	7.000	12/01/25	1,339,312	1,288,244
FNMA PL 332347	7.000	12/01/25	1,251,225	1,203,514
FNMA PL 333854	7.000	12/01/25	2,881,674	2,771,796
FNMA PL 335187	7.000	01/01/26	3,834,010	3,687,815
FNMA PL336239	6.500	03/01/26	4,067,947	3,804,788
FNMA PL336255	6.500	03/01/26	2,815,038	2,632,930
FNMA 30YR 337182	7.000	05/01/26	2,019,999	1,942,975
FNMA PL337262	6.500	02/01/26	2,338,936	2,187,631
FNMA PL337430	6.500	03/01/26	2,982,861	2,789,897
FNMA PL337428	6.500	03/01/26	3,036,659	2,840,214
FNMA PL337442	6.500	03/01/26	3,222,697	3,014,218
FNMA 20YR PL 338386	6.500	04/01/16	484,112	460,662
FNMA 20YR PL 338403	6.500	05/01/16	3,014,432	2,868,413
FNMA 20YR PL 338427	6.500	05/01/16	2,202,386	2,093,498
FNMA PL337764	6.500	02/01/26	2,609,674	2,440,854
FNMA PL338013	6.500	03/01/26	18,942,411	17,717,008
FNMA PL338017	6.500	03/01/26	5,386,412	5,037,960
FNMA PL338294	6.500	03/01/26	1,920,984	1,796,715
FNMA PL338708	6.500	03/01/26	4,988,822	4,666,095
FNMA 30YR 340236	7.000	04/01/26	10,177,203	9,789,146
FNMA PL339416	6.500	03/01/26	8,980,904	8,399,930
FNMA 20YR	6.500	03/01/16	110,359	105,013
FNMA 30YR 339705	7.000	05/01/26	2,020,000	1,942,975
FNMA 15 YR PL 339802	6.500	05/01/11	525,000	507,770
FNMA PL340581	6.500	03/01/26	3,490,100	3,264,326
FNMA PL340583	6.500	03/01/26	3,481,308	3,256,102
FNMA PL340577	6.500	03/01/26	7,981,823	7,465,471
FNMA 20YR	6.500	04/01/16	1,489,435	1,415,796
FNMA 20YR	6.500	04/01/16	1,352,317	1,285,458
FNMA 20YR	6.500	04/01/16	803,532	763,806
FNMA 30YR 342542	7.000	06/01/26	3,026,206	2,910,813
FNMA 20YR	6.500	05/01/16	1,011,755	961,732

**WASHINGTON STATE INVESTMENT BOARD**

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June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
FNMA 30YR 343273	7.000	04/01/26	2,020,000	1,942,977
FNMA 20YR	6.500	05/01/16	1,008,000	958,164
FNMA 20YR	6.500	05/01/16	1,141,216	1,084,794
FNMA 15YR 344166	6.500	06/01/11	625,078	604,567
FNMA 20YR	6.500	04/01/16	1,250,996	1,189,146
FNMA 20YR	6.500	05/01/16	1,267,539	1,204,871
FNMA 30YR 344568	7.000	04/01/26	504,999	485,743
FNMA 20YR	6.500	05/01/16	182,603	173,575
FNMA 20YR	6.500	05/01/16	1,091,610	1,037,640
FNMA 30YR 345101	7.000	05/01/26	3,030,000	2,914,463
FNMA 15YR 346538	6.500	05/01/11	547,327	529,363
FNMA 30YR 345903	7.000	06/01/26	1,005,648	967,936
FNMA 20YR	6.500	04/01/16	2,424,050	2,304,202
FNMA 30YR 346256	7.000	05/01/26	2,020,000	1,942,975
FNMA 30YR 346292	7.000	07/01/26	10,200,000	9,817,500
FNMA 30YR 346366	7.000	05/01/26	2,020,000	1,942,975
FNMA 30YR 347423	7.000	06/01/26	1,992,408	1,917,693
FNMA 30YR 347429	7.000	06/01/26	13,068,848	12,578,766
FNMA 20YR	6.500	05/01/16	474,057	450,619
FNMA 30YR 346902	7.000	06/01/26	1,010,000	971,489
FNMA 15YR 348359	6.500	06/01/11	1,707,614	1,651,582
FNMA 30YR 347578	7.000	06/01/26	1,010,000	972,125
FNMA 15YR 348020	6.500	06/01/11	9,983,107	9,658,646
FNMA 15YR 348027	6.500	06/01/11	10,960,570	10,600,833
FNMA 30YR 348512	7.000	06/01/26	1,010,000	971,489
FNMA 15YR 348831	6.500	06/01/11	2,020,000	1,953,704
FNMA 15YR 348832	6.500	06/01/11	1,039,072	1,004,969
FNMA 30YR 349023	7.000	06/01/26	6,060,000	5,828,932
FNMA 15YR 350191	6.500	06/01/11	15,430,038	14,923,732
FNMA 30YR 349359	7.000	06/01/26	3,468,083	3,335,842
GNMA SF 2733	6.500	06/15/03	73,082	71,827
GNMA SF 3617	7.000	10/15/03	251,759	249,642
GNMA II MULTI SGL 008445M	6.000	06/20/24	6,401,705	6,500,733
GNMA II MULTPL SGL FAML 008459M	6.500	07/20/24	19,399,737	19,702,935
GNMA SF 11025	7.250	11/15/05	122,692	122,763
GNMA 1 SF344991	7.500	07/15/23	377,040	373,269
GNMA PL 346878	7.000	11/15/23	22,369,521	21,558,626
GNMA 1 SF348915	7.500	08/15/23	1,757,935	1,740,354
GNMA 1 SF351889	7.500	08/15/23	1,643,654	1,628,252
GNMA I SF 352964	7.000	05/15/24	16,581,719	15,965,045
GNMA 1 SF354008	7.500	04/15/23	473,668	468,931
GNMA 1 SF355249	7.500	08/15/23	1,688,542	1,672,719
GNMA PL 357234	7.000	11/15/23	11,106,479	10,703,858
GNMA 1 SF357258	7.500	09/15/23	1,790,359	1,772,455
GNMA 1 SF358214	7.500	06/15/23	1,828,425	1,810,139
GNMA 1 SF364223	7.500	10/15/23	1,896,292	1,874,957
GNMA PL 364870	7.000	01/15/24	17,625,376	16,986,438
GNMA PL 366529	6.500	11/15/23	1,309,699	1,226,624
GNMA PL 368817	7.000	11/15/23	991,158	955,228
GNMA PL 370890	7.000	11/15/23	17,366,821	16,737,256
GNMA PL 372887	6.500	10/15/23	926,359	867,599
GNMA 1 SF375092	7.500	07/15/25	2,074,882	2,045,043
GNMA 1 SF378496	7.500	10/15/23	1,673,476	1,657,793
GNMA 1 SF379646	7.500	08/15/25	1,932,635	1,904,843
GNMA SF 21705	8.250	06/15/08	347,230	357,771
GNMA SF 22602	8.250	05/15/08	165,781	170,814
GNMA I SF 389464	6.500	03/15/24	2,384,291	2,233,053
GNMA 1 SF389658	7.500	07/15/25	1,996,017	1,967,312
GNMA 1 SF390366	7.500	07/15/25	1,642,988	1,619,360
GNMA 1 SF397840	7.500	07/15/25	1,997,779	1,969,049
GNMA 1 SF399725	7.500	07/15/25	1,858,914	1,832,183
GNMA SF 34245	10.000	12/15/09	539,168	587,520
GNMA SF 35688	10.000	12/15/09	269,459	293,721
GNMA SF 35292	10.000	01/15/10	230,720	251,493

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
GNMA SF 36127	10.000	11/15/09	86,459	94,213
GNMA SF 37913	10.000	12/15/09	495,978	540,457
GNMA SF 39407	10.000	01/15/10	190,314	207,382
GNMA 1 SF407645	7.500	07/15/25	2,147,269	2,116,391
GNMA 1 SF410088	7.500	08/15/25	5,737,520	5,655,008
GNMA 1 SF410615	7.500	07/15/25	1,975,632	1,947,220
GNMA 1 SF413883	7.500	07/15/25	1,981,149	1,952,658
GNMA SF 45231	10.500	12/15/10	358,123	391,808
GNMA GP 90133	9.000	05/15/09	394,320	421,228
GNMA GP 90150	9.000	08/15/09	119,089	127,155
GNMA GP 90178	9.000	05/15/09	171,941	183,674
GNMA GP 91485	9.000	05/15/09	368,126	393,247
GNMA II SF 120666	13.000	09/15/14	76,345	89,776
GNMA 1 SF 183602	8.500	12/15/21	202,335	208,277
GNMA 1 SF 184777	8.500	11/15/21	379,100	392,012
GNMA 1 SF 178138	8.500	08/15/21	536,888	555,174
GNMA 1 SF 202092	8.500	06/15/21	654,171	676,453
GNMA 1 SF 255739	8.500	06/15/21	79,432	81,764
GNMA 1 SF 294371	8.500	07/15/21	114,144	118,031
GNMA 1 SF 294485	8.500	06/15/21	37,227	38,495
GNMA 1 SF 295503	8.500	07/15/21	371,432	384,082
GNMA 1 SF 296059	8.500	05/15/21	231,487	239,371
GNMA 1 SF 296567	8.500	02/15/21	300,707	310,949
GNMA 1 SF 298100	8.500	05/15/21	141,584	146,406
GNMA 1 SF 298323	8.500	06/15/21	447,072	462,299
GNMA 1 SF 298355	8.500	09/15/21	187,372	193,754
GNMA 1 SF 298516	8.500	05/15/21	83,649	86,498
GNMA 1 SF 298598	8.500	12/15/21	2,603,559	2,692,236
GNMA 1 SF 298756	8.500	05/15/21	42,197	43,673
GNMA 1 SF 299113	8.500	06/15/21	202,920	209,832
GNMA 1 SF 299457	8.500	05/15/21	71,059	73,479
GNMA 1 SF 299966	8.500	06/15/21	114,760	118,669
GNMA 1 SF 300180	8.500	07/15/21	32,856	33,975
GNMA 1 SF 300164	8.500	06/15/21	64,916	67,127
GNMA 1 SF 301253	8.500	07/15/21	70,605	73,009
GNMA 1 SF 301296	8.500	05/15/21	195,644	202,308
GNMA 1 SF 301362	8.500	05/15/21	326,780	337,910
GNMA 1 SF 278964	8.500	05/15/21	659,449	681,909
GNMA 1 SF 282707	8.500	11/15/19	521,587	540,327
GNMA 1 SF 301691	8.500	07/15/21	267,507	276,619
GNMA 1 SF 302066	8.500	06/15/21	24,644	25,484
GNMA 1 SF 303333	8.500	06/15/21	675,085	698,078
GNMA 1 SF 304222	8.500	04/15/21	212,447	219,683
GNMA 1 SF 304229	8.500	07/15/21	197,439	204,164
GNMA 1 SF 304083	8.500	07/15/21	47,142	48,747
GNMA 1 SF 304677	8.500	08/15/21	255,019	263,705
GNMA 1 SF 304673	8.500	06/15/21	104,566	108,127
GNMA 1 SF 304909	8.500	03/15/21	15,153	15,669
GNMA 1 SF 306080	8.500	08/15/21	125,759	130,042
GNMA 1 SF 305295	8.500	07/15/21	339,212	349,175
GNMA 1 SF 305424	8.500	06/15/21	378,971	391,878
GNMA 1 SF 305397	8.500	05/15/21	303,066	313,389
GNMA 1 SF 305680	8.500	08/15/21	367,278	379,787
GNMA 1 SF 305722	8.500	06/15/21	76,490	79,095
GNMA 1 SF 305800	8.500	05/15/21	487,749	504,361
GNMA 1 SF 305900	8.500	07/15/21	57,218	59,220
GNMA 1 SF 305956	8.500	07/15/21	81,254	84,021
GNMA 1 SF 305957	8.500	06/15/21	139,310	144,055
GNMA 1 SF 306871	8.500	06/15/21	560,982	580,089
GNMA 1 SF 306129	8.500	10/15/21	409,034	421,047
GNMA 1 SF 306346	8.500	06/15/21	131,576	136,179
GNMA 1 SF 306448	8.500	07/15/21	137,921	141,972
GNMA 1 SF 306540	8.500	10/15/21	155,563	160,862
GNMA 1 SF 306617	8.500	05/15/21	660,344	683,449

**WASHINGTON STATE INVESTMENT BOARD**

**Retirement Funds**

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June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
GNMA 1 SF 306673	8.500	08/15/21	442,019	457,074
GNMA 1 SF 307780	8.500	06/15/21	231,347	239,442
GNMA 1 SF 307793	8.500	05/15/21	159,699	165,138
GNMA 1 SF 307797	8.500	05/15/21	358,047	370,242
GNMA 1 SF 307859	8.500	05/15/21	211,877	219,291
GNMA 1 SF 307895	8.500	06/15/21	315,635	326,385
GNMA 1 SF 307150	8.500	07/15/21	50,304	52,018
GNMA 1 SF 307425	8.500	11/15/21	634,421	653,054
GNMA 1 SF 307608	8.500	06/15/21	109,176	112,894
GNMA 1 SF 307626	8.500	07/15/21	301,740	312,017
GNMA 1 SF 307705	8.500	05/15/21	612,421	633,849
GNMA 1 SF 307926	8.500	06/15/21	152,171	157,354
GNMA 1 SF 307914	8.500	06/15/21	493,813	508,316
GNMA 1 SF 307938	8.500	06/15/21	314,155	324,856
GNMA 1 SF 308571	8.500	05/15/21	123,735	127,950
GNMA 1 SF 308658	8.500	05/15/21	326,776	337,906
GNMA 1 SF 308905	8.500	07/15/21	288,806	298,643
GNMA 1 SF 309021	8.500	06/15/21	153,749	158,986
GNMA 1 SF 309220	8.500	05/15/21	362,667	375,020
GNMA 1 SF 309221	8.500	05/15/21	258,151	266,944
GNMA 1 SF 309442	8.500	07/15/21	88,928	91,956
GNMA 1 SF 309461	8.500	08/15/21	30,946	31,855
GNMA 1 SF 310529	8.500	07/15/21	182,846	189,074
GNMA 1 SF 310530	8.500	07/15/21	475,000	491,178
GNMA 1 310560	8.500	08/15/21	500,811	517,868
GNMA 1 SF 310562	8.500	08/15/21	327,549	338,705
GNMA 1 SF 310595	8.500	09/15/21	151,641	156,805
GNMA 1 SF 309875	8.500	08/15/21	172,919	178,809
GNMA 1 SF 309950	8.500	07/15/21	469,789	485,789
GNMA 1 SF 310213	8.500	06/15/21	231,760	239,654
GNMA 1 SF 310334	8.500	08/15/21	172,480	178,355
GNMA 1 SF 310843	8.500	08/15/21	509,501	526,854
GNMA 1 SF 311090	8.500	08/15/21	65,935	67,872
GNMA 1 SF 311340	8.500	08/15/21	128,311	132,079
GNMA 1 SF 311350	8.500	11/15/21	152,056	157,235
GNMA 1 SF 311660	8.500	07/15/21	38,107	39,226
GNMA 1 SF 311807	8.500	08/15/21	97,307	100,712
GNMA 1 SF 311994	8.500	07/15/21	295,980	306,061
GNMA 1 SF 313176	8.500	07/15/21	481,604	498,455
GNMA 1 SF 313225	8.500	10/15/21	242,368	250,623
GNMA 1 SF 312980	8.500	12/15/21	325,762	336,858
GNMA 1 SF 313010	8.500	07/15/21	170,923	176,745
GNMA 1 SF 313022	8.500	08/15/21	650,023	672,163
GNMA 1 SF 313899	8.500	10/15/21	13,853	14,260
GNMA 1 SF 315047	8.500	10/15/21	359,456	371,698
GNMA 1 SF 315174	8.500	07/15/22	464,041	477,669
GNMA 1 SF 315277	8.500	10/15/21	224,186	231,822
GNMA 1 SF 316731	8.500	09/15/21	214,912	222,432
GNMA 1 SF 316739	8.500	11/15/21	299,957	310,452
GNMA 1 SF 319273	8.500	11/15/21	1,604,610	1,659,263
GNMA 1 SF 323069	8.500	04/15/22	424,165	436,623
GNMA 1 SF 323417	8.500	05/15/22	389,546	400,986
GNMA 1 SF 324927	8.500	05/15/22	371,220	382,122
GNMA PL 325672	7.000	11/15/23	675,203	651,144
GNMA 1 SSF 342587	8.500	12/15/22	323,815	333,326
GNMA 1 SF 780052	7.000	12/15/08	22,851,734	22,665,927
GNMA 1 SF780166	7.500	06/15/25	1,858,569	1,839,981
<b>TOTAL PASS THROUGH MORTGAGES</b>				<b>\$ 943,900,069</b>
<b>FHA PROJECT / SBA LOANS:</b>				
ALDERBROOK INN	9.500	10/01/03	436,667	436,667
AUBURN VILLA	7.500	02/02/18	871,529	860,217
BEVERLY FINANCE CORP 144A	8.360	07/15/04	10,000,000	10,291,000

**WASHINGTON STATE INVESTMENT BOARD**

**Retirement Funds**

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
BURIEN HAUS	7.500	12/01/17	530,160	524,392
CRIIMI MAE FIN CORP	7.000	01/01/33	9,955,791	9,408,213
FHA PRJ-REILLY MTG GRP #55	7.430	03/01/24	8,283,131	8,279,900
FOXCROFT APTS	7.500	11/01/18	3,848,869	3,788,750
LOWELL EMERSON APT (GNMA 383716)	7.000	03/15/29	4,547,202	4,336,890
MANZANITA MANOR	7.500	12/01/17	879,612	868,916
MISSION TOWERS	7.500	06/01/18	1,850,985	1,820,574
PINECREST APT/JACK NETTLESHIP	8.500	02/01/12	536,940	524,225
PLEASANTON CONV HOSPITAL	7.000	11/01/13	997,197	865,846
PRES JAMES MONROE MANOR	7.000	06/01/13	1,759,725	1,530,591
ST MARY'S COMMUNITY HOSP	8.000	08/01/01	1,469,196	1,441,517
SUTTER VILLAGE	7.500	02/02/18	1,202,945	1,187,331
SWALLOW'S HAVEN (BENITA)	8.000	12/01/16	793,121	786,943
TERRACE MANOR	7.500	07/01/00	555,795	537,965
THE COTTAGES/WILDWOOD APTS	7.500	05/01/18	1,067,783	1,049,417
UNITED CEREBRAL PALSY HOME	9.000	09/01/07	848,963	854,116
WATERS EDGE APTS	7.500	12/01/17	2,278,732	2,253,142
<b>TOTAL FHA PROJECT / SBA LOANS</b>				<b>\$ 51,646,610</b>
<b>FHA / VA RESIDENTIAL MORTGAGES:</b>				
ATLANTIC MORTGAGE	7.500	03/01/00	14,106	13,683
BANK OF AMERICA	5.620	06/01/99	72,349	67,116
BANK OF AMERICA	6.750	09/01/03	47,945	43,594
BANK OF AMERICA	6.750	09/01/97	8,585	8,422
BANK OF AMERICA	7.000	12/01/01	18,694	17,525
CONTINENTAL	6.450	10/01/99	63,684	60,094
CONTINENTAL MTG	7.300	04/01/03	200,014	188,218
EXECUTIVE HOUSE	11.500	06/01/11	174,454	178,556
FARMER'S HOME NOTES	7.350	08/03/96	62,231	62,329
FLEET REAL EST FUNDING	5.320	06/01/99	16,197	14,902
FLEET REAL EST FUNDING	5.440	06/01/99	34,034	31,417
GREAT WESTERN SAVINGS	5.900	03/01/02	5,312	4,709
HOMESIDE LENDING INC	6.250	11/01/99	51,805	48,525
HOMESIDE LENDING INC.	6.750	12/01/99	99,377	94,405
IST NATIONWIDE MORTGAGE	6.750	01/01/02	343,849	317,720
METMOR FINANCIAL	6.625	02/01/02	59,703	54,895
NATIONSBANC	6.750	11/01/01	122,126	113,280
NATIONSBANC	5.600	11/01/98	12,908	12,137
NATIONSBANC	6.000	03/01/02	300,226	267,432
SEATTLE MORTGAGE CO	6.750	07/01/02	197,117	181,489
SOURCE ONE	5.850	08/01/03	571,274	492,907
U S MORTGAGE	6.070	09/01/98	9,394	8,991
U S MORTGAGE	7.000	12/01/01	25,256	23,885
U S MORTGAGE	5.920	10/01/99	4,300	4,017
U S MORTGAGE	7.000	04/01/03	249,511	233,430
WELLS FARGO	5.210	04/01/97	15,348	15,348
WELLS FARGO	6.050	01/01/02	42,730	38,269
<b>TOTAL FHA / VA RESIDENTIAL MORTGAGES</b>				<b>\$ 2,597,293</b>
<b>CONVENTIONAL COMMERCIAL LOANS:</b>				
CCSF-ADC INC	7.270	02/01/06	5,467,081	5,467,081
CCSFERS SACRAMENTO (1) INC	7.270	02/01/06	3,479,052	3,479,052
CCSFERS STADIUM BUSINESS (3) INC.	7.270	02/01/06	4,970,074	4,970,074
GWINNETT 316 ASSOCIATES	7.450	01/22/06	2,128,241	2,128,241
KERZNER ASSOCIATES	7.250	04/15/06	2,789,540	2,789,540
SEAFIRST (SEC. PACIFIC)	10.170	05/01/99	958,035	958,035
<b>TOTAL CONVENTIONAL COMMERCIAL LOANS</b>				<b>\$ 19,792,023</b>
<b>CONVENTIONAL RESIDENTIAL MORTGAGES:</b>				
BANK OF AMERICA	11.250	03/01/10	144,850	148,156
BANK OF AMERICA	11.000	04/01/10	282,353	288,895

**WASHINGTON STATE INVESTMENT BOARD**

**Retirement Funds**

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June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
MAGNA MORTGAGE	15.250	10/01/09	772,824	805,104
METROPOLITAN SAVINGS & LOAN	10.500	05/01/09	433,236	437,672
METROPOLITAN SAVINGS & LOAN	10.375	11/01/08	255,998	261,737
NATIONSBANC	10.875	06/25/10	417,632	427,434
NATIONSBANC	12.250	09/01/10	128,341	132,489
NATIONSBANC	10.625	08/01/09	138,346	141,013
NATIONSBANC	10.625	12/01/09	277,471	282,896
WELLS FARGO	11.000	01/01/10	237,694	243,234
<i>TOTAL CONVENTIONAL RESIDENTIAL MORTGAGES</i>				<u>\$ 3,168,631</u>
<b>REAL ESTATE LOANS (SMALL LOAN PROGRAM):</b>				
CRYSTAL & SUNSET HOUSE	10.325	09/15/06	897,116	897,116
DREBICK INVESTMENTS/CHANDLER CT	10.000	12/15/01	2,533,975	2,533,975
HARBOR CLUB APTS	9.725	04/15/02	1,457,857	1,457,857
L & L LAND/ PORTCO	9.875	12/15/01	1,260,981	1,260,981
LA MIRADA (THOMAS MOORE)	9.875	03/15/01	563,489	563,489
MARINWOOD APT	10.375	12/15/00	859,005	859,005
MARVIN GARDEN APTS	10.375	06/15/01	3,633,064	3,633,064
MURPHY'S LANDING	10.275	09/15/01	1,309,813	1,309,813
ROY STREET APARTMENTS	10.125	01/01/01	1,970,887	1,970,887
SANTIAGO/CHERRY HILL	10.125	02/15/01	1,308,451	1,308,451
SHURGARD MINI-STORAGE	10.125	04/15/01	1,447,797	1,447,797
SPANISH HILLS APTS	9.875	05/15/01	1,930,031	1,930,031
TALISMAN APTS. DBSI INC.	9.750	01/15/01	2,905,678	2,905,678
UNITED GROCERS WAREHOUSE	10.125	07/15/06	665,828	665,828
WENDOVER APARTMENTS	9.625	02/15/02	1,139,238	1,139,238
WILDERNESS WEST LTD	9.500	11/01/04	1,641,794	1,641,794
<i>TOTAL REAL ESTATE LOANS</i>				<u>\$ 25,525,002</u>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>				
AFC 95-2A1 ARM REM	6.180	07/25/26	2,939,929	2,949,393
BANK MART RESTR 89-1	7.289	06/25/19	4,942,928	4,924,387
CMO BEAR STEARNS 92-1-A7 REMIC	8.000	05/25/23	1,691,430	1,706,329
BEAR S MTG SEC TR 93-08A3	5.950	08/25/24	23,780,000	23,599,034
BEAR S. MTG. SEC TR93-08A5	6.350	08/25/24	15,750,000	15,447,443
BEAR S MTG SEC INC 1993-08A6	6.500	08/25/24	15,110,000	14,598,073
CMC3 SECS CORP 1994-B A11	6.750	02/25/09	29,748,585	27,876,507
COUNTRYWIDE MTG 1994-3 A7	6.750	03/25/24	12,000,000	11,421,000
CWMBS REMIC	6.500	02/25/24	4,977,817	4,960,888
COUNTRYWIDE MTG 1994 I	6.250	07/25/09	22,724,000	20,063,020
CWFC 1994-8 A7	6.000	04/25/09	15,383,588	13,741,067
CWMBS 1994-G A6	6.500	04/25/24	15,170,930	13,930,555
INMC COUNTRYWIDE 95-1	7.725	07/25/25	6,021,914	6,076,894
RASTA 96-A3 CL A	6.700	07/25/26	5,000,000	5,010,250
CAL FED 89-FA3 CL A COFI+185 ARM	6.660	02/25/19	929,812	925,627
CMO CAPSTEAD SEC III 91-4B PAC	8.700	12/25/21	1,547,496	1,543,626
CHASE MTG FIN 1994-F A11	6.750	03/25/25	13,666,699	12,510,906
CHASE MTG FIN 1993-0 A4	5.900	12/25/09	20,375,347	19,045,244
CHASE MTG FIN 1993-0 A5	6.600	12/25/09	11,301,489	10,845,700
CHEMICAL 88-1A ARM YRCMT+178 REM	5.687	10/25/17	1,423,795	1,428,821
CMSI MTG 89-19 ARM COFI+125 REM	5.625	12/25/19	3,258,102	3,179,256
CMSI MTG 90-6-A4REMIC	9.500	07/25/18	2,598,977	2,618,467
DLJ 91-4 CL A ARM 3YRCMI+187	7.811	02/20/21	521,830	523,605
DLJ MTG 1993-14 A2	6.625	08/25/23	6,507,000	5,794,809
DLJ 93-Q18 IIA1 ARM 6MOLIB+1.123	4.600	01/25/24	4,514,203	4,429,557
FHLMC 1990 128H	8.750	09/15/19	6,788,893	6,931,181
FHLMC 90-1006C	9.150	10/15/20	6,347,647	6,593,041
FHLMC 1052 F	7.500	01/15/20	5,000,000	5,066,950
FHLMC 1994-1119 G	8.100	07/15/20	6,374,492	6,491,273
CMO FHLMC 1190 CL F REMIC	7.500	09/15/18	185,849	185,932
FHLMC 1992-1233H	7.000	04/15/07	8,744,000	8,449,415
FHLMC 1992 1341 J	7.000	08/15/06	20,500,000	20,128,745

**WASHINGTON STATE INVESTMENT BOARD**

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
FHLMC 1415 Y8	6.500	11/15/07	20,000,000	19,085,600
FHLMC 1992-1396E	7.000	03/15/22	6,000,000	5,599,980
FHLMC 14121	6.750	05/15/21	10,811,000	10,445,588
FHLMC 1992 1409 H	6.500	11/15/07	30,000,000	28,627,200
FHLMC 1992 1445 Y9	6.750	08/15/04	7,255,000	7,254,420
FHLMC 1993 1475 Y4	6.500	04/15/05	60,000,000	59,665,200
FHLMC 93-1475 Y7	5.950	04/15/05	39,156,000	38,433,963
FHLMC 1993-1478 G	6.500	06/15/07	20,000,000	19,416,400
FHLMC IO PAC REMIC	7.000	03/15/19	9,500,000	1,317,041
FHLMC 1523-PH IO PAC	6.500	02/15/18	17,448,661	964,597
FHLMC(7%) 1540-F PAC IOETTE REMIC	11.660	07/15/07	5,222,105	176,935
FHLMC 1993-1546 Y6	6.750	12/15/21	20,000,000	18,920,980
FHLMC 1993-1573 C	7.000	09/15/23	6,500,000	6,027,255
FHLMC 1993-1584G	6.000	09/15/18	16,903,000	16,180,904
FHLMC 1616 BC	5.700	08/15/06	15,000,000	14,370,900
FHLMC 1993-1591PN	5.950	06/15/19	10,000,000	9,541,900
FHLMC G-21 Y4	5.400	05/25/16	16,000,000	15,312,960
FHLMC 1617 H	6.500	10/15/23	5,563,000	4,903,562
FHLMC 1675 Q	6.500	02/15/24	12,564,000	11,051,169
FHLMC 1671 G	6.500	08/15/23	40,750,141	38,890,671
FHLMC (6.5) 1668-BA IO REMIC	6.500	01/15/09	13,556,974	1,076,600
FHLMC 1702-B TC	6.500	11/15/22	5,000,000	4,752,300
FHLMC(6.5%)1684-J IO PAC REMIC	6.500	08/15/20	9,961,828	1,133,297
FHLMC 1706 H	6.500	06/15/23	11,000,000	10,490,810
FHLMC 1994-1709 D	6.500	12/15/23	8,387,000	7,867,425
FHLMC 1754A	8.500	09/15/20	17,416,551	17,890,612
FHLMC 1727 Z	6.250	05/15/24	10,588,071	8,563,897
FNMA 91 - 108 H	7.500	04/05/20	7,241,745	7,305,610
FNMA 1992 138 Y5	7.500	09/25/21	33,484,000	34,149,327
FNMA 92-178-A	6.400	06/25/15	7,038,550	7,017,075
FNMA 1993-06 Y5	6.750	12/25/04	25,000,000	24,963,750
FNMA 1993-06 Y7	7.000	08/25/07	21,000,000	20,846,070
FNMA 1992 198 G	5.100	12/25/15	12,000,000	11,620,800
FNMA 93-28 Y6	7.000	03/25/08	21,727,000	21,038,254
FNMA CMO 1993-17E	7.500	09/25/97	3,005,804	3,020,262
FNMA 1993 - 50 PW	5.500	01/25/22	15,987,000	14,018,521
FNMA 1993-50 J	6.000	01/25/23	10,087,525	9,044,677
FNMA 1993-56 P6	6.750	02/25/21	10,000,000	9,721,100
FNMA 1993 53H	5.750	01/25/22	25,000,000	22,198,250
FNMA G1993-15 H	7.250	04/25/23	5,100,000	4,838,982
FNMA 1993-44 PH	6.750	05/25/19	25,000,000	24,303,500
FNMA (6.5)1993-71-A IO REMIC	6.500	07/25/07	25,949,314	1,276,862
FNMA 1993-95 Y5	6.750	04/25/08	21,012,900	20,531,263
FNMA 1993-85G	6.500	03/25/08	15,000,000	14,028,600
FNG 1993-22 HA	6.500	09/25/20	10,000,000	9,389,800
FNMA 1993-137 PE	5.800	04/24/07	15,672,000	15,257,476
FNMA 1993-134GB	6.500	01/25/08	19,000,000	18,315,240
FNMA 1993 - 166E	5.750	01/25/17	30,000,000	29,168,400
FNMA 1993-138E	5.750	12/25/16	10,000,000	9,731,200
FNMA 1993-168N	7.000	09/25/23	5,000,000	4,613,650
FNMA 1993-188 G	5.800	08/25/06	10,000,000	9,724,200
FNMA 1993-201 H	6.500	09/25/21	21,000,000	20,028,960
FNMA ACES 93-M2-M ARM 6MOLIB+175	5.159	11/25/03	778,005	791,121
FNMA 1994 -14 C	6.000	07/25/23	18,715,000	15,795,273
FNMA 1994-39PG	6.150	06/25/20	26,097,000	24,959,693
FNMA 1994-40 Y6	6.000	06/25/22	35,000,000	32,449,200
FNMA 1994-40 O	6.500	03/25/24	6,750,000	5,959,440
FNMA 93-225-VJ IO PAC REM	6.500	08/25/13	18,000,000	1,639,926
FNMA G1994-2D	6.450	01/25/24	5,000,000	4,453,900
FNMA 94-41PJ	6.500	06/25/23	25,000,000	23,782,750
FNMA 1994-50 PG	6.500	01/25/23	25,160,900	23,859,050
FNMA 1994-62 PH	6.900	11/25/23	10,000,000	9,771,300
FNMA 1994-62K	7.000	03/25/23	4,756,390	4,333,305
FNMA 1995-3A	8.250	11/25/23	18,085,000	18,277,424

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
FNMA PL 48080	6.124	11/01/26	581,232	576,146
FNMA 62689	6.124	06/01/28	477,358	473,181
FNMA PL 63961	6.124	09/01/17	492,197	487,890
FEDERAL NAT'L MTGE ASSN POO	-	07/01/28	9,498,931	9,415,340
FNMA PL 71189	6.124	04/01/18	41,635	41,271
FNMA PL 72944	6.091	02/01/17	40,445	40,091
FNMA PL 72978	6.124	11/01/18	1,144,827	1,134,809
FEDERAL NAT'L MTGE ASSN POO	-	10/01/19	1,262,306	1,251,197
FIRST BOSTON MTG SECS REMIC	7.050	07/25/23	2,998,216	3,010,479
GE CAP MTG 1994-10A15	6.500	03/25/24	32,150,000	29,082,890
GE CAPITAL MTG SERV 1994-12 A12	6.000	03/25/09	15,042,000	13,305,100
GE CAPITAL MTG SVC 1994-13 A7	6.500	04/25/24	19,426,898	18,028,142
GE CAPITAL MTG SERV 1994-14A4	7.500	04/25/24	15,000,000	14,348,400
GE CAP MTG 1994-17 A9	7.000	05/25/24	17,911,000	16,476,687
GE CAPITAL MTG SVC 1994-4 A8	6.500	01/25/24	14,852,375	13,074,843
GE CAP MTG SVC 1994-5 A6	5.500	02/24/25	15,000,000	14,325,450
GE CAPITAL MTG SVC 94-8 A8	6.000	02/25/24	18,886,361	16,659,545
GE CAP MTG 1994-9 A4	6.500	02/25/24	13,642,000	13,054,439
GE CAPITAL MTG SERV 1993-10A11	6.500	09/25/23	7,220,000	6,443,417
GE CAP MTG SERV 1994-7 A11	6.000	02/25/09	15,643,000	14,170,368
GE CAP MTG SERV 1994-1 A8	6.500	01/25/24	13,000,000	11,395,410
GE CAPITAL MTG SVC 1994-1	6.500	01/25/24	10,130,010	7,921,607
GE CAP MTG 1996-8 2A3	7.000	08/25/05	13,067,550	12,832,319
GNMA II ARM 008238M	7.250	08/20/23	4,488,827	4,553,377
GNMA II ARM 008505M	7.250	09/20/24	3,921,901	3,988,103
GNMA II PL 8781	5.000	01/20/26	2,084,349	2,022,796
GNMA II PL 8830	5.000	03/20/26	15,591,879	15,131,436
GNMA II PL 8814	5.000	02/20/26	2,564,781	2,489,043
GNMA 1994-4 PH	7.500	10/16/22	27,545,200	27,983,967
GREAT WSTN 88-5A CL A COFI+150	5.847	02/25/18	3,077,949	3,095,248
GRE 92-LBG A1 ARM 6MOLIB+137 REM	6.011	10/25/22	1,433,905	1,427,393
HOUSING SEC 1994-3 A7	7.250	11/25/24	15,000,000	13,953,600
PMAC 1994-4B A5	7.000	02/25/24	9,150,000	8,248,359
PHMSC 1992 48 A2	7.500	01/25/23	4,283,957	4,288,113
PHMSC 1992 42 Y2	6.650	01/25/08	5,391,715	5,385,461
PHMSC 1992 42 YB	6.900	01/25/08	7,223,429	7,229,569
PRU HOME 93-10 A1	6.500	02/25/00	12,070,140	11,987,327
PRUHOME MTG 1993-22 A5	6.500	07/23/25	24,354,843	23,495,848
PRU HOME 93-43 A7	6.750	10/25/23	17,281,425	15,508,869
PRUHOME MTG 1993-44 A18	6.750	11/25/23	10,000,000	8,889,300
CMO PRU HOME 1994-5-A1	7.000	02/25/24	3,545,454	3,530,492
PRU HOME MTG 1994-17 A4	6.250	04/25/24	10,321,000	8,841,485
PRU HOME MTG 1994-19 A6	7.050	05/25/24	10,922,464	9,935,499
PRUDENTIAL HOME MTG SECS REMIC	7.500	08/25/24	2,008,660	2,004,259
RESIDENTIAL FD MTG 94-S5 A8	6.500	02/25/24	12,199,970	10,954,597
RESIDENTIAL FD MTG S43 A7	6.500	11/25/23	4,798,000	4,145,328
RFMSI01993-S22A6	7.000	06/25/23	10,000,000	9,663,700
RESIDENTIAL FDG MTG SEC	7.000	08/25/23	5,993,000	5,577,925
RTC 91-M2-A3 ARM 1YRCMT+175REM	6.828	09/25/20	2,514,843	1,534,052
RTC 92-C7 A2 REMIC ARM LIB+120	4.388	06/25/23	745,399	742,946
RTC 92-16-A5 ARM COFI+204 REMIC	5.999	06/25/24	3,464,068	3,480,523
CMO RTC 1992-17 A-1 REMIC	8.769	12/25/20	857,019	864,902
SALOMON MTG SEC IV 1987-1 P-THRU	8.500	01/25/17	310,988	318,504
SALOMON BROS MTG SECS VII	6.500	08/25/09	5,147,463	5,162,648
CMO SEARS MTG FNG 1986-E	9.500	08/25/16	508,817	506,731
SASI P-THRU 93-5A1 CMT+299 REMIC	6.381	06/25/23	7,640,472	7,742,625
SASI 1993-7 TA7	6.250	12/25/23	25,509,146	20,822,096
CMO TRAVELERS MTG SEC INC 87-5A	9.000	07/25/17	631,659	657,883
UNITED STATES DEPT. VETERANS	7.750	12/15/14	8,018,000	8,116,990
WESTFED 91-02-A ARM	6.238	04/25/21	4,025,221	3,902,488

TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS

\$ 1,678,915,870

TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES

2,725,546,498

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
<b><u>ASSET BACKED SECURITIES:</u></b>				
ADVANTA CR CARD	6.025	04/15/99	6,200,000	6,195,598
BANC ONE AUTO TR	6.650	05/15/97	505,092	505,339
BANC ONE AUTO TR	6.900	04/15/98	6,000,000	6,051,960
BANC ONE CREDIT CARD 1994-A	7.150	12/15/98	3,500,000	3,517,325
BANC ONE CR CD 94-B ABS	7.550	12/15/99	15,000,000	15,304,350
BANKAMERICA MTN	6.113	10/01/98	10,000,000	10,024,400
CAPITAL ONE BANK NT MTN	8.330	02/07/97	2,000,000	2,021,360
ABS CARCO LN TR 91-3A	7.875	03/15/98	3,500,000	3,498,880
CARCO 1993-1A	5.843	01/18/00	8,000,000	7,991,520
CAT FIN ASSET TR ABS	6.300	05/25/02	18,000,000	17,920,260
CHEMT 1995-3A	6.230	04/15/05	25,000,000	24,259,500
CHRYSLER FIN FRN MTN	4.106	08/02/00	3,500,000	3,503,500
FNMA 95-W1 A7	8.200	04/25/25	10,000,000	10,062,700
FIRST CHICAGO MASTER TR	6.055	02/17/98	6,000,000	6,000,720
FIRST USA CR CD MASTER TR	6.025	04/15/99	6,000,000	6,000,360
FORD CR AUTO LN MASTER TR	6.875	01/15/99	6,000,000	6,037,500
FORD MTR CR MTN	7.020	10/10/00	9,500,000	9,560,610
GMAC MTN	7.550	01/14/97	4,000,000	4,031,240
GMAC MTN	7.375	02/27/97	7,000,000	7,055,790
HOUSEHOLD AFFINITY CR CD MASTER TR	6.045	03/15/99	5,000,000	5,000,800
IBM M/T/N/ V/R	6.175	04/14/97	3,500,000	3,502,030
MBNAM MASTER CR CARD TR V/R	6.088	07/15/98	4,200,000	4,200,210
NAT'L AUSTRALIA BANK	4.095	11/10/96	3,819,599	3,819,599
PREMIER AUTO TRUST 1993-2B ABS	5.000	10/15/98	1,696,121	1,683,926
PREMIER AUTO TRUST 93-6 A2 ABS	4.650	11/02/99	11,361,319	11,177,493
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	11/02/97	14,415,627	14,252,586
PREMIER AUTO TR 1994-3 A5	6.650	04/02/98	7,500,000	7,546,650
PREMIER AUTO TR	6.575	10/06/00	33,900,000	33,821,352
SEARS CREDIT AUTO 94-2A	7.250	02/15/98	7,500,000	7,611,225
SEARS CREDIT 1991-C A	8.650	07/15/98	4,000,000	4,004,880
STANDARD CRED 1992-3A	6.175	10/15/98	5,000,000	4,997,150
STANDARD CR CARD MASTER TR 94-1 A	4.650	02/07/97	3,500,000	3,473,995
STANDARD CR CARD MASTER TRUST	7.250	04/07/06	10,000,000	10,026,100
STD CR CARD 1995-6A ABS	6.750	06/07/00	10,000,000	10,075,000
STD CR CARD 1995-9A ABS	6.550	10/07/07	15,000,000	14,375,550
SUPERIOR WHOLESALE INV TR	6.213	01/15/99	5,500,000	5,503,850
TELE COMM MTN SER B	5.350	08/20/96	10,000,000	9,989,600
TEXAS UTILITIES 1ST MTG	6.266	05/01/99	17,003,400	17,003,400
MERITA EURO FRN MTN	6.175	09/11/03	4,000,000	3,990,000
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 325,598,307</b>
<b><u>CORPORATE OBLIGATIONS:</u></b>				
ABN-AMRO BNK NV (CHICAGO)	7.250	05/31/05	10,000,000	9,969,400
ANR PIPELINE	7.375	02/15/24	10,000,000	9,353,200
ANR PIPELINE	9.625	11/01/21	8,000,000	9,542,640
ATTMT 1996-2A	5.633	06/18/01	6,000,000	6,012,000
ALCAN ALUMINUM	6.375	09/01/97	10,000,000	10,015,800
AMERICAN EXPRESS MASTER TR	6.050	06/15/98	6,100,000	6,106,466
AMERICAN STORES	7.400	05/15/05	15,100,000	15,042,016
AMERICAN STORES	8.000	06/01/26	35,000,000	35,173,250
APACHE CORP	7.950	04/15/26	10,000,000	9,912,600
ARIZONA PUBLIC SERV	8.000	02/01/25	19,000,000	18,569,080
ASSOCIATES CORP NORTH AMER	6.000	06/15/01	6,700,000	6,405,669
ASSOCIATES CORP NORTH AME	7.875	09/30/01	10,000,000	10,404,300
ATLANTIC RICHFIELD MTN	8.950	06/20/01	5,000,000	5,415,700
ALANTIC RICHFIELD MTN	8.770	06/24/99	10,000,000	10,550,900
BALTIMORE GAS & ELEC CO	7.125	01/01/02	775,000	769,901
BANK ONE CORP	8.740	09/15/03	16,000,000	17,295,360
BANK OF NEW YORK	7.625	07/15/02	10,000,000	10,275,200
BANKAMERICA CORP	7.750	07/15/02	11,000,000	11,380,160
BANKERS TRUST CORP V/R	5.680	05/27/98	6,000,000	5,997,600

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BEAR STEARNS & CO	6.700	08/01/03	10,000,000	9,664,100
BEAR STEARNS CO	6.625	01/15/04	10,000,000	9,553,000
BEAR STEARNS CO FRN	5.180	03/09/99	8,000,000	8,010,160
B F PROPERTIES	7.500	02/25/02	1,219,306	1,165,327
BENEFICIAL CORP MTN	6.600	09/26/02	25,000,000	24,412,750
BOEING CO	8.750	08/15/21	20,000,000	22,676,000
BRASCAN LTD	7.375	10/01/02	22,000,000	21,555,380
BROAD RAFAEL PROPERTIES	10.250	06/01/00	4,091,804	4,001,784
BURLINGTON NORTHERN INC	7.000	08/01/02	25,000,000	24,591,750
BURLINGTON NO SANTA FE	6.375	12/15/05	6,250,000	5,796,438
CSX CORP	8.625	05/15/22	10,000,000	10,871,800
CANADIAN NAT'L RR	6.625	05/15/03	7,000,000	6,748,280
CANADIAN NAT'L RR	7.000	03/15/04	10,500,000	10,124,310
CAPITAL ONE BANK NOTE	8.625	01/15/97	6,000,000	6,076,380
CAPITAL ONE BK SR BK MTN	7.280	07/30/96	2,000,000	1,999,600
CARGILL INC	7.375	10/01/25	8,000,000	7,717,360
CARNIVAL CRUISE	7.200	10/01/23	14,000,000	13,043,940
CARTER HOLT HARVEY LTD	9.500	12/01/24	12,000,000	13,949,640
CASE CREDIT	6.125	02/15/03	20,000,000	18,830,400
CASE CORP	7.250	08/01/05	22,000,000	21,587,060
CENTRAL BANKSHARES OF THE SOUTH	7.000	05/01/03	10,000,000	9,648,500
CENTRAL PWR & LT CO	7.000	02/01/01	4,300,000	4,348,289
CHASE MANHATTAN CORP	8.800	02/01/00	10,000,000	10,150,700
CHESAPEAKE & POTOMAC TEL MD	6.625	10/01/08	1,000,000	924,930
CHESAPEAKE & POTOMAC TEL WA	7.000	02/01/09	100,000	95,384
CHICAGO & NW RR	13.500	02/01/98	3,958,700	4,299,228
CHICAGO & NW RR	14.750	08/01/98	9,832,198	11,109,105
CHRYSLER FINL CORP SR NT	6.688	11/15/96	6,000,000	6,004,260
CHRYSLER FINANCE CORP	8.125	12/15/96	12,000,000	12,120,000
CHRYSLER FINL FRN MTN	6.490	02/04/99	3,000,000	2,981,280
CHRYSLER FIN	6.050	11/28/97	4,000,000	3,995,920
CINCINNATI GAS & ELEC	6.900	06/01/25	30,000,000	28,940,400
CIRCUS CIRCUS ENTERPRISE	6.450	02/01/06	9,000,000	8,328,240
CITICORP	7.625	05/01/05	17,000,000	17,299,370
CITICORP	8.625	11/01/04	10,000,000	10,412,900
CITICORP MTN	8.800	02/01/00	10,000,000	10,149,800
CITICORP MTN	6.750	10/15/07	9,000,000	8,584,200
COFIRI INT'L INC EURO FRN	5.800	10/27/00	9,750,000	9,667,759
COLONIAL PIPELINE 144A	7.450	08/15/07	10,000,000	9,760,100
COLORADO INTERSTATE GAS	10.000	06/15/05	12,595,000	14,687,785
COLUMBIA HEALTHCARE	7.150	03/30/04	10,000,000	10,000,800
COLUMBIA HEALTHCARE	8.360	04/15/24	10,000,000	10,644,000
COMMERCIAL CREDIT CO	6.375	09/15/02	12,470,000	12,077,943
COMMONWEALTH EDISON CO	6.250	02/01/98	1,750,000	1,727,093
COMMONWEALTH EDISON CO	5.750	11/01/96	1,300,000	1,298,726
CONAGRA	7.400	09/15/04	26,000,000	25,988,820
CONSOLIDATED EDISON CO N Y	5.900	12/15/96	6,500,000	6,494,475
CONRAIL	9.750	06/15/20	10,000,000	12,183,000
ADOLPH COORS CO	6.760	07/15/02	15,000,000	14,700,000
COX COMM INC	6.875	06/15/05	11,000,000	10,627,650
DEAN WTR DISCV	6.875	03/01/03	5,000,000	4,933,050
DEAN WTR DISCV	6.750	10/15/13	10,000,000	9,048,500
DEER PARK REFINING LP 144A	6.470	12/15/08	5,000,000	4,759,800
DEERE & CO	8.950	06/15/19	9,000,000	10,188,000
JOHN DEERE CAP	8.625	08/01/19	2,000,000	2,127,500
DIMONT CORP	9.875	03/01/06	2,139,839	2,258,493
DONALDSON LUFKIN JENRETTE	6.875	11/01/05	10,000,000	9,477,000
ELEC DATA SYSTEM	7.125	05/15/05	15,000,000	14,809,650
FBG FINANCE LTD	6.750	11/15/05	20,000,000	18,888,400
FBG FINANCE LTD	7.875	06/01/16	27,000,000	26,907,390
FISHER SCIENTIFIC	7.125	12/05/05	9,000,000	8,559,450
FLORIDA GAS TRANSMISSION	8.630	11/01/04	8,000,000	8,490,000
FORD CAPITAL BV	9.500	07/01/01	5,000,000	5,512,100
FORD MOTOR CREDIT CORP	7.750	11/15/02	10,000,000	10,329,000

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FORD MOTOR CREDIT CORP	8.200	02/15/02	20,000,000	21,035,400
FORD MOTOR CREDIT MTN	8.050	03/28/97	3,000,000	3,041,730
FORD MTR CR MTN FRN	7.020	02/15/99	5,400,000	5,391,684
FORD MOTOR CR CORP MTN	7.600	03/29/00	5,000,000	5,136,600
GTE CORP	8.500	04/01/17	17,850,000	18,110,769
GTE CORP	10.300	11/15/17	5,000,000	5,477,500
GTE CORP	9.100	06/01/03	5,000,000	5,524,350
GTE CORP	7.830	05/01/23	15,000,000	14,740,350
GTE HAWAII	7.000	02/01/06	10,000,000	9,650,000
GENERAL ELECTRIC CAP CORP	8.375	03/01/01	5,000,000	5,308,300
GENERAL MTRS ACCEPT CORP	9.000	10/15/02	21,000,000	22,898,400
GENERAL MTRS ACCEPT CORP	8.500	01/01/03	25,000,000	26,620,750
GENERAL MTRS ACCEPT CORP	7.000	03/01/00	5,000,000	5,025,450
GEN MTRS ACC CORP MTN DTD	8.800	07/08/96	1,300,000	1,300,572
GEN MTRS ACCEPT CORP MTN	6.500	10/18/02	12,500,000	12,109,375
GEN MOTORS ACCEPT MTN	6.625	10/20/03	10,000,000	9,679,400
GENERAL MTRS	9.125	07/15/01	15,200,000	16,526,808
GEORGIA-PACIFIC	9.500	05/15/22	23,000,000	24,362,290
GEORGIA-PACIFIC	8.625	04/30/25	15,000,000	14,946,000
GEORGIA PACIFIC	7.700	06/15/15	10,000,000	9,645,800
GOLDMAN SACHS GR	7.875	01/15/03	12,000,000	12,055,080
GOLDMAN SACHS 144A	6.375	06/15/00	10,000,000	9,743,800
GREAT NORTHN RY CO	3.125	01/01/00	25,000	21,952
HANSON PLC	7.375	01/15/03	21,000,000	21,254,940
HANSON OVERSEAS	6.750	09/15/05	5,000,000	4,805,100
HEALTH & REHAB PROP FRN	6.925	07/13/99	2,000,000	2,007,320
HOUSEHOLD FINANCE CORP	9.625	07/15/00	3,000,000	3,273,960
HOUSEHOLD FIN CORP	4.408	08/23/96	2,355,664	2,352,720
HYDRO-QUEBEC	8.000	02/01/13	16,000,000	16,428,960
HYDRO-QUEBEC	8.050	07/07/24	25,000,000	26,501,000
HYDRO-QUEBEC MTN	6.380	01/15/02	5,000,000	4,833,100
IBM CREDIT CORP FLOAT SWAP	5.000	03/27/97	4,000,000	4,010,000
ITT DESTINATIONS	6.250	11/15/00	5,250,000	5,095,703
ITT DESTINATIONS	6.750	11/15/05	10,000,000	9,456,900
ITT CORPORATION	7.375	11/15/15	15,000,000	14,102,250
INDIANA BELL TEL INC	4.375	06/01/03	650,000	559,059
INDIANTOWN COGENERATION	9.260	12/15/10	15,900,000	17,481,891
INDIANTOWN COGENERATION	9.770	12/15/20	15,000,000	17,299,350
INTL BK FOR RECON & DEV	12.375	10/15/02	5,000,000	6,386,400
KANSAS GAS & ELEC	8.290	09/29/16	24,500,000	24,223,395
KERN RIVER FUNDING CORP	6.720	09/30/01	27,500,000	27,118,025
KEYCORP	6.750	03/15/06	25,000,000	23,872,250
LS POWER FUNDING	7.190	06/30/10	4,000,000	3,756,280
LEGRAND	8.500	02/15/25	23,250,000	25,220,670
GLAXO WELLCOME PLC	6.125	01/25/06	50,000,000	45,750,000
LORAL CORP	7.625	06/15/04	10,000,000	10,127,200
LORAL CORP	7.625	06/15/25	15,000,000	14,720,850
LOUISVILLE & NASHVILLE RR CO	2.875	04/01/03	25,000	19,222
LOUISVILLE GAS & ELEC CO	6.750	06/01/98	500,000	493,975
MBNA CORP MTN	6.500	09/15/00	10,000,000	9,814,400
MCI COMMUNICATIONS CORP	7.500	08/20/04	10,000,000	10,211,700
MCI COMMUNICATIONS CORP	8.250	01/20/23	9,000,000	9,209,520
MCI COMMUNICATIONS CORP	7.750	03/23/25	15,000,000	14,729,100
MANITOBA PROV CDA	9.125	01/15/18	9,000,000	10,507,320
MANITOBA PROV CDA	9.625	12/01/18	5,000,000	6,118,900
MERITA EURO FRN MTN	6.225	12/01/05	4,000,000	4,094,880
MERRILL LYNCH CMT-35	5.400	04/07/97	4,000,000	3,994,560
METHANEX CORP	7.750	08/15/05	9,000,000	8,844,840
MIDLAND BANK PLC	7.625	06/15/06	30,000,000	30,394,200
MONTANA PWR CO	7.500	04/01/01	1,000,000	990,890
MONTREAL CITY OF	5.000	11/01/04	1,112,000	939,529
MORGAN STANLEY & CO INC	7.280	05/15/06	10,000,000	9,895,000
MORGAN STANLEY	7.000	10/01/13	15,500,000	14,601,620
MORGAN STANLEY GROUP INC	6.375	12/15/03	8,200,000	7,779,504

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MOUNTAIN STS TEL & TELEG CO	5.500	06/01/05	100,000	88,952
NCNB CORP	9.375	09/15/09	15,000,000	17,191,200
NRG ENERGY CORP	7.625	02/01/06	20,000,000	18,704,200
NEW ENGLAND TEL & TELEG CO	6.125	10/01/06	200,000	181,612
NEW JERSEY BELL TEL CO	7.375	06/01/12	3,600,000	3,490,236
NEW YORK TEL CO	7.500	03/01/09	1,500,000	1,473,390
NEW YORK TEL CO	7.750	12/15/06	8,200,000	8,275,276
NEWS AMERICA HOLDINGS	9.250	02/01/13	10,000,000	10,868,900
NEWS AMERICA HOLDING	8.875	04/26/23	10,000,000	10,374,400
NEWS AMERICA HOLDINGS	9.500	07/15/24	15,000,000	16,526,100
NORANDA FOREST INC	6.875	11/15/05	23,000,000	21,764,670
NORDSTROM CREDIT INC MTN	9.600	07/01/98	6,900,000	7,259,628
NORSK HYDRO	7.150	11/15/25	15,000,000	14,033,400
NORTHERN TELECOM	7.875	06/15/26	10,000,000	10,255,500
NORTHROP-GRUMMAN	7.875	03/01/26	14,500,000	14,119,520
NORTHWEST PIPELINE	9.000	08/01/22	2,500,000	2,637,725
NORTHWOOD PULP & TIMBER LTD	8.950	06/30/05	15,000,000	15,693,750
NOVA SCOTIA PROV CDA	9.125	05/01/21	10,000,000	11,322,400
OKOBANK PERP EURO SUB FRN	7.375	09/27/49	6,000,000	6,147,600
PDV AMERICA INC	7.250	08/01/98	14,755,000	14,620,582
PDV AMERICA INC	7.750	08/01/00	9,250,000	9,061,670
PACIFIC GAS & ELEC CO	6.875	12/01/99	3,515,000	3,462,170
PACIFIC GAS & ELEC CO	6.625	06/01/00	925,000	912,679
PACIFIC GAS & ELEC CO	6.750	12/01/00	200,000	198,390
PACIFIC GAS & ELEC CO MTN	6.350	07/15/97	10,000,000	9,992,100
PACIFIC GAS TRAN	7.100	06/01/05	15,000,000	14,710,650
PANHANDLE EASTERN PIPELINE	7.950	03/15/23	10,000,000	9,618,300
PANHANDLE EASTERN	7.200	08/15/13	6,000,000	5,461,680
PANHANDLE EASTERN PIPELINE	7.875	08/15/04	5,000,000	5,141,450
PENNEY, JC	8.250	08/15/22	25,000,000	25,114,000
PETROLEUM NASIONAL BERHAD	6.875	07/01/03	15,000,000	14,772,000
PETROLEUM NASIONAL BERHAD	7.125	08/15/05	10,000,000	9,891,700
PETROLEUM NASIONAL BERHAD	7.750	08/15/15	10,000,000	10,020,000
PHIL SUBURBAN WTR	5.500	11/01/96	175,000	174,687
PHILIPS ELECTRONICS	7.750	05/15/25	10,000,000	9,868,400
PHILIPS ELECTRONICS	7.250	08/15/13	20,000,000	19,065,800
PHILIPS ELECTRONICS	7.750	04/15/04	10,000,000	10,202,500
PHILLIPS PETROLEUM	8.490	01/01/23	15,000,000	15,213,000
PHILLIPS PETROLEUM	7.920	04/15/23	10,000,000	9,903,900
PLACER DOME INC	7.125	05/15/03	4,500,000	4,417,695
PLACER DOME INC	7.750	06/15/15	15,000,000	14,290,200
POTOMAC ELEC PWR CO	4.500	05/15/99	1,700,000	1,586,831
PRICE COSTCO INC	7.125	06/15/05	10,000,000	9,727,800
PROGRESSIVE CORP	7.000	10/01/13	21,000,000	19,554,780
PROGRESSIVE CORP	6.600	01/15/04	10,000,000	9,589,400
PUBLIC SERVICE CO OF COLO	7.250	01/01/24	5,000,000	4,581,750
QUEBEC PROV CDA	7.500	07/15/23	17,500,000	16,748,550
QUEBEC PROVINCE CDA	8.625	01/19/05	39,000,000	41,988,960
RICOH FIN CORP MTN	7.600	11/07/96	10,000,000	10,071,700
RIO ALCOM LTD CDA	7.050	11/01/05	20,000,000	18,867,000
ROYAL BANK OF SCOTLAND	6.375	02/01/11	10,000,000	8,908,200
ROYAL CARIBBEAN CRUISES	8.125	07/28/04	21,000,000	21,166,740
RYDER SYSTEM	9.000	05/15/16	8,900,000	9,360,664
LIMAR / SAFEWAY	13.500	04/01/09	13,237,408	16,141,430
SAGA PETROLEUM A.S.	8.400	07/15/04	9,000,000	9,432,450
SAGA PETROLEUM A.S.	9.125	07/15/14	25,900,000	27,530,923
THE ST PAUL CO MTN	7.630	12/02/98	10,000,000	10,265,300
SALOMON INC SR NT	7.000	01/20/98	10,000,000	10,000,600
SANTANDER FIN ISSUANCES	7.875	04/15/05	20,000,000	20,578,800
SANTANDER FIN ISSUANCES	6.800	07/15/05	35,300,000	33,769,392
SASKATCHEWAN CDA	7.375	07/15/13	19,000,000	18,760,030
SCOTLAND INT FINANCE	6.500	02/15/11	36,500,000	32,728,455
SIGMT 1994-2A	6.035	09/15/00	7,500,000	7,486,950
SIGNET MASTER TR 1994-4	6.800	12/15/00	6,000,000	6,058,440

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SMURFIT CAPITAL	7.500	11/20/25	10,000,000	9,387,000
SOCIETY NATIONAL BANK	7.250	06/01/05	17,750,000	17,601,965
SOUTHERN IND GAS & ELEC CO	6.375	08/01/98	2,250,000	2,205,180
SOUTHERN NEW ENGLAND TEL CO	4.375	12/01/01	1,475,000	1,289,917
SOUTHERN UNION GAS	7.600	02/01/24	10,000,000	9,443,300
SOUTHWESTERN BELL TELE	7.200	10/15/26	5,000,000	4,709,700
SOUTHWESTERN PUBLIC SERV	8.500	02/15/25	10,000,000	10,483,500
SURWAY ASSOC (SAFEWAY)	13.900	04/01/05	20,139,900	22,633,421
TCI COMMUNICATIONS INC	6.820	09/15/10	10,000,000	9,946,900
TKR CABLE INC	10.500	10/30/07	25,000,000	27,406,250
TELECOMMUNICATIONS INC	9.250	01/15/23	21,000,000	20,700,960
TELECOMMUNICATIONS INC.	7.875	08/01/13	12,000,000	10,932,960
TELECOMMUNICAITON INC MTN	7.385	08/27/01	10,000,000	9,992,000
TELEKOMMALAYSIA	7.875	08/01/25	25,000,000	25,101,500
TEMPLE-INLAND	8.250	09/15/22	10,000,000	10,099,200
TENAGA NASIONAL BERHAD	7.875	06/15/04	14,500,000	14,995,175
TEXAS INSTRUMENTS	9.250	06/15/03	6,000,000	6,657,540
TEXAS UTILITIES	7.875	03/01/23	16,000,000	15,562,240
TEXAS UTILITIES	7.625	07/01/25	5,000,000	4,738,250
TEXTRON INC	8.750	07/01/22	17,000,000	17,764,490
TIME WARNER INC	9.125	01/15/13	17,250,000	18,015,555
TIME WARNER INC	7.750	06/15/05	30,000,000	29,286,600
TIME WARNER ENTERTAINMENT	10.150	05/01/12	24,000,000	27,644,400
TIME WARNER ENTERTAINMENT	8.375	07/15/33	10,000,000	9,602,400
TORCHMARK CORP	8.625	03/01/17	2,300,000	2,344,896
TOYOTA MOTOR CREDIT	5.650	06/13/97	4,000,000	3,995,160
TRANSCANADA PIPELINE	8.625	05/15/12	5,000,000	5,400,900
UNION BANK OF LOS ANGELES	7.350	02/01/01	2,883,000	2,763,788
UNION PACIFIC CO	8.350	05/01/25	25,000,000	25,387,500
UNION PACIFIC CORP	6.400	02/01/06	25,300,000	23,554,300
U S BANCORP	6.750	10/15/05	27,000,000	25,749,090
UNIV OF PUGET SOUND	8.250	07/01/02	990,000	1,004,178
WASHINGTON MUTUAL INC	7.250	08/15/05	20,460,000	20,074,124
WELLS FARGO & CO	8.750	05/01/02	4,500,000	4,812,300
WELLS FARGO & CO	8.375	05/15/02	5,000,000	5,285,100
WHIRLPOOL CORP	9.000	03/01/03	5,000,000	5,487,750
WILLIAMS HLDGS OF DEL	6.250	02/01/06	15,000,000	13,783,800
WILLIAMS COS	10.250	07/15/20	2,000,000	2,474,860
WILLIAMS COS	8.875	09/15/12	19,000,000	20,882,710
FIRST WARD PROPERTIES	8.000	11/15/06	2,012,703	1,884,917
SOCIETE GENERALE	6.750	11/08/05	25,000,000	23,593,750
CITICORP F/R/N	5.575	01/30/98	5,000,000	4,990,500
KANSALLIS-OSAKE EUR FRN	6.188	07/28/97	3,500,000	3,489,500
CASTLE PEAK POWER CO	6.870	08/01/03	10,000,000	9,495,000

**TOTAL CORPORATE OBLIGATIONS**

**\$ 2,921,816,233**

**U.S. CORPORATE STOCK:**

AAR CORP COM	91,100	1,856,163
ABC RAIL PRODS CORP COM	191,400	4,139,025
ADC TELECOMMUNICATIONS INC C	27,900	1,255,500
ABM INDS INC COM	71,900	2,813,088
ACT NETWORKS INC	48,600	1,579,500
AFLAC	47,312	1,425,274
AES CORPORATION	69,176	1,954,222
APS HLDG CORP CL A	249,300	5,484,600
A T & T CORP COM	304,000	18,848,000
ABBOTT LABS	96,500	4,197,750
ACCESS HEALTH MARKETING INC	36,300	1,715,175
ACCUSTAFF INC COM	31,500	858,375
ADTRAN INC	21,000	1,488,375
ADVANTA CORP	59,050	2,672,013
AIR EXPRESS INTERNATIONAL CO	30,700	867,275
AIRGAS INC	660,000	12,540,000

**WASHINGTON STATE INVESTMENT BOARD**  
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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
AIRNET SYSTEMS			140,700	2,251,200
ALAMO GROUP INC			117,400	2,142,550
ALBERTSONS INC			135,800	5,618,725
ALKERMES INC			173,400	2,124,150
ALLIED GROUP INC COM			85,100	3,701,850
ALLIED-SIGNAL INC			33,600	1,919,400
ALLSTATE CORP COM			46,300	2,112,438
ALTEON INC			110,500	1,215,500
ALTERNATIVE RES CORP			89,600	3,292,800
ALUMAX INC			278,800	8,462,475
ALUMINUM CO AMER			35,800	2,054,025
AMCAST INDUSTRIAL CORP			120,400	2,438,100
AMCORE FINL INC			96,800	1,911,800
AMERICAN EXPRESS CO			143,400	6,399,225
AMERICAN EXPRESS CO "DECS"			81,633	5,357,166
AMERICAN HERITAGE LIFE INVES			88,900	1,944,688
AMERICAN MGMT SYSTEMS			19,300	564,525
AMERICAN MED RESPONSE INC			114,700	4,043,175
AMERICAN ONCOLOGY RES INC			188,400	4,097,700
AMERON INC COM			37,600	1,485,200
AMERISOURCE HEALTH CORP CL A			134,400	4,468,800
AMOCO CORP			55,100	3,974,088
ANADARKO PETE CORP COM DEB			97,500	5,655,000
ANALOG DEVICES INC			134,550	3,414,206
ANALYSTS INTL CORP			48,000	2,016,000
APACHE CORPORATION COMMON			161,900	5,322,463
APOGEE ENTERPRISES INC COM			128,900	4,414,825
APPLE SOUTH INC			209,200	5,596,100
APPLEBEES INTL INC			59,000	1,910,125
APPLIED MATERIALS INC			61,300	1,869,650
ARBOR DRUGS INC			95,100	1,985,213
ARNOLD INDS COM			187,800	2,676,150
ARROW INTL INC			46,800	1,263,600
ASCEND COMMUNICATIONS			19,500	1,304,063
ASTEA INTL IINC			46,100	1,117,925
ATHENA NEUROSCIENCES INC			70,700	1,210,738
ATLANTIC SOUTHEAST AIRLS INC			72,000	2,034,000
ATRIA SOFTWARE INC			118,100	5,905,000
AUGAT INC			71,300	1,363,613
AUTOZONE INC			142,800	4,962,300
AVANT CORP COM			112,350	2,612,138
AVERY DENNISON CORP			39,200	2,151,100
AVID TECHNOLOGY INC			65,200	1,206,200
AVON PRODS INC			57,800	2,608,225
B G S SYS INC			84,400	3,291,600
BISYS GROUP INC			58,200	2,197,050
BAAN CO N V ORD NLG0.02			90,400	3,073,600
BAKER HUGHES INC			96,000	3,156,000
BALLARD MEDICAL PRO			43,000	822,375
BANC ONE CORP			89,760	3,051,840
BANKAMERICA CORP			28,100	2,128,575
BANTA CORPORATION			82,250	2,076,813
BARNES GROUP INC COM			62,300	3,185,088
BARNETT BANKS INC COM			61,800	3,769,800
BAXTER INTL INC			51,200	2,419,200
BAY NETWORKS INC COM			77,100	1,985,325
BEARINGS INC OHIL			136,700	3,690,900
BECKMAN INSTRS INC NEW COM			93,000	3,510,750
BED BATH & BEYOND			107,200	2,867,600
BELDEN INC			105,300	3,159,000
BEST BUY INC COM			104,300	2,398,900
BIOCHEM PHARMA INC			31,300	1,173,750
BIOGEN INC			39,600	2,173,050
BIRMINGHAM STEEL CORP			103,700	1,711,050

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
BLOCK DRUG CO INC CL A NON-V			137,094	5,757,948
BOEING CO			69,700	6,072,613
BOISE CASCADE OFFICE PRODS			84,200	2,915,425
BOOLE & BABBAGE INC COM			55,500	1,332,000
BORG WARNER AUTOMOTIVE INC			81,900	3,235,050
BOWATER INC COM			22,800	857,850
BRADY W H CO CL A NON VTG			72,200	1,606,450
BRINKER INTL INC			113,200	1,698,000
BRISTOL HOTEL GROUP			157,100	5,105,750
BRISTOL MYERS SQUIBB CO.			177,300	15,957,000
BROADVISION INC			26,700	186,900
BRODERBUND SOFTWARE INC			118,800	3,831,300
BUFFETS INC			171,100	2,095,975
BUSINESS OBJECTS S A SPONSOR			126,100	5,075,525
CAI WIRELESS SYS INC COM			314,845	2,912,316
CDW COMPUTER CTRS INC COM			138,500	9,625,750
CIGNA CORP			58,900	6,942,838
CPC INTL INC			54,700	3,938,400
CSX CORP			52,700	2,542,775
CUC INTL INC			293,200	10,408,600
CALI RLTY CORP			111,500	2,703,875
CALLAWAY GOLF CO COM			87,600	2,912,700
CAMBREX CORP			143,000	7,310,875
CAMCO INTL INC			85,900	2,909,863
CAREER HORIZONS INC COM			117,500	4,350,737
CARLISLE COMPANIES INC			75,000	3,984,375
CARPENTER TECHNOLOGY CORP CO			129,600	4,147,200
CASEYS GEN STORES INC COM			75,500	1,500,563
CASTLE A M & COMPANY			56,075	1,324,772
CENTEX CONSTR PRODS INC			174,800	2,490,900
CENTOCOR INC			29,100	869,363
CENTURY ALUM CO			141,600	2,230,200
CHASE MANHATTAN CORP NEW			59,900	4,230,438
CHESAPEAKE CORP			103,600	2,719,500
CHEVRON CORP			28,900	1,705,100
CHRYSLER CORPORATION COMMON			87,100	5,443,750
CITICORP			14,600	1,208,150
CLARCOR INC			84,400	2,088,900
COLGATE PALMOLIVE COMPANY CO			25,000	2,118,750
COMAIR HOLDINGS INC			93,225	2,517,075
COMCAST UK CABLE PRT			329,400	4,199,850
COMCAST CORP CL A SPL			49,300	912,050
COMMUNITY HEALTH SYS INC			176,300	9,123,525
COMMUNICATIONS SYS INC			88,400	1,215,500
COMPAQ COMPUTER CORP			71,700	3,522,263
COMPUSERVE CORP DEL			56,900	1,202,013
COMPUTER DATA SYS INC			43,200	961,200
CONCEPTUS INC			55,900	950,300
CONSOLIDATED STORES CORP COM			138,700	5,097,225
CORPORATE EXPRESS INC			61,900	2,476,000
CREDIT ACCEP CORP MICH			24,300	510,300
CROMPTON KNOWLES CORP			237,700	3,981,475
CULLEN FROST BK INC			71,600	1,986,900
CYTEC INDS INC			19,400	1,658,700
DALLAS SEMICONDUCTOR CORP CO			120,700	2,187,688
DANA CORP			85,600	2,653,600
DATALOGIX INTL INC COM			81,000	587,250
DEAN WITTER DISCOVER & CO			105,500	6,026,688
DELTA AIR LINES INC DEL COM			71	5,884
DEPARTMENT 56 INC			73,800	1,669,725
DIAGNOSTIC PRODUCTS CORP			18,000	693,000
DIAMOND HOME SERV			44,600	747,050
DIGITAL EQUIPMENT			28,100	1,268,013
DISCOUNT AUTO PTS INC			51,900	1,316,963

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DISCREET LOGIC INC			110,000	742,500
DOCUMENTUM INC			52,300	1,595,150
DOLLAR GEN CORP			192,453	5,629,250
DOLLAR TREE STORES INC			109,600	3,479,800
DONALDSON CO INC COM			103,500	2,665,125
DONNELLY CORP CL A			75,500	1,208,000
DOVER CORPORATION			100,600	4,627,600
DREYERS GRAND ICE CREAM INC			64,100	2,019,150
DURACELL INTL INC			14,900	642,563
EAGLE USA AIRFREIGHT INC			40,800	1,509,600
EASTMAN KODAK CO			96,500	7,502,875
EDMARK CORP			37,300	746,000
EDUCATIONAL MEDICAL INC.			76,765	384,938
ELECTRONIC ARTS			91,900	2,458,325
ENTERGY CORP			68,500	1,943,688
ENTERPRISE SYS INC			65,500	1,801,250
EPIC DESIGN TECHNOLOGY INC C			118,400	2,989,600
EVERGREEN MEDIA CORP CL A			88,700	3,791,925
EXECUTIVE RISK INC			26,400	1,009,800
EXIDE CORP COM			61,100	1,481,675
EXPERT SOFTWARE INC COM			54,800	424,700
EXTENDED STAY AMER INC COM			74,700	2,353,050
EXXON CORP			96,700	8,400,813
FAIR ISSAC & CO INC			78,700	3,482,475
FAMILY DOLLAR STORES			217,100	3,826,388
FASTENAL CO COMMON			107,000	4,654,500
FEDERAL NATL MTG ASSOC			58,400	1,956,400
FEDERATED DEPT STORES INC DE			70,200	2,395,575
FELCOR SUITE HOTELS INC			57,900	1,765,950
FERRO CORPORATION			25,500	675,750
FILENET CORP.			111,000	4,051,500
FINE HOST CORP			99,700	1,196,400
FIRST BANK SYS INC			77,200	4,477,600
FIRST BRANDS CORP			118,900	3,210,300
FIRST COLO BANCORP INC COM			142,800	1,892,100
FIRST DATA CORP COM			71,257	5,682,746
FIRST INDL RLTY TR INC			146,700	3,447,450
FIRST USA PAYMENTECH			75,900	3,036,000
FIRST WESTERN BANCORP INC			46,430	1,149,143
FISERV INC COM			127,000	3,810,000
FIRSTMERIT CORP			132,400	4,203,700
FLEET FINL GROUP INC			31,300	1,361,550
FLEETWOOD ENTERPRISES INC CO			31,500	976,500
FLOWERS INDUSTRIES INC COM			320,200	5,163,225
FLUKE CORP COM			63,000	2,543,625
FORD MTR CO DEL			191,300	6,193,338
FORE SYS INC			239,400	8,648,325
FOSTER WHEELER CORP			58,400	2,613,400
FRITZ COS INC			129,900	4,189,275
FRONTIER INS GROUP INC NEW			30,665	1,163,853
GTE CORP			303,000	13,559,250
GENERAL BINDING CORP COM			70,100	1,419,525
GENERAL ELEC CO			216,700	18,798,725
GENERAL MTRS CORP			67,400	3,530,075
GENERAL MOTORS CORP CLASS H			57,500	3,457,188
GENERAL NUTRITION COS INC			145,400	2,544,500
GENERAL RE CORP			3,900	593,775
GENTEX CORP COM			98,200	1,914,900
GENSYM CORP			39,500	869,000
GENZYME CORP COM			88,000	4,422,000
GLATFELTER PH & COMPANY COMM			209,200	3,765,600
GLYCOMED INC SUB DEB CONV			1,328,000	1,181,920
GOODYEAR TIRE & RUBR CO			74,000	3,552,000
GORMAN RUPP CO			64,750	857,938

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GRACO INC			148,950	3,016,238
GREENBRIER COS INC			160,200	2,222,775
GREENFIELD INDS INC DEL			70,700	2,333,100
GROSSMAN'S INC			158,000	256,750
GUIDANT CORP COM			71,900	3,541,075
GYMBOREE CORP COM			48,000	1,464,000
HCIA INC COM			93,200	5,871,600
HBO & CO			55,200	3,739,800
HFS INC			281,200	19,684,000
HALLIBURTON CO			37,500	2,081,250
HANCOCK FABRICS INC			165,500	1,820,500
HARBINGER CORP			76,200	2,114,550
HARLAND JOHN H CO			107,500	2,647,188
HARLEYSVILLE GROUP			104,900	3,094,550
HARPER GROUP COM			64,800	1,263,600
HEALTHSOUTH REHABILITATION C			63,000	2,268,000
HEALTHCARE COMPARE CORP COM			72,600	3,539,250
HEALTH MGMT ASSOC INC NEW CL			210,800	4,290,975
HEALTHCARE RLTG TR INC COM			96,600	2,294,250
HEALTH MGMT SYS INC			135,900	4,314,825
HELMERICH & PAYNE INCORPORAT			46,900	1,717,713
HERCULES INCORPORATED COMMON			101,400	5,615,025
HOME DEPOT INC			137,900	7,446,600
HOME SHOPPING NETWORK INC CO			216,400	2,596,800
HON INDS INC			119,000	3,391,500
ICOS CORP			153,300	1,341,375
IMC GLOBAL INC			24,000	903,000
IMCO RECYCLING INC			177,200	3,189,600
ITI TECHNOLOGIES INC COM			54,900	1,811,700
ITT CORP NEW			45,200	2,994,500
IDEXX LABS INC			150,400	5,903,200
INFINITY BROADCASTING CORP			235,750	7,072,500
INFORMIX CORP COM			90,700	2,040,750
INPUT/OUTPUT INC			148,800	4,817,400
INTEGRATED HEALTH SERVICES			33,800	802,750
INTEL CORP			64,100	4,707,312
INTELCOM GROUP INC COM			87,700	2,192,500
INTERMEDIA COMMUNICATIONS FL			12,900	416,025
INTIMATE BRANDS INC CL A			47,400	1,084,275
INTUIT			20,800	982,800
IONICS INC			51,600	2,425,200
ITRON INC COM			52,900	1,501,038
I2 TECHNOLOGIES INC			37,300	1,594,575
JSB FINL INC			75,900	2,514,188
JOHN ALDEN FINL CORP			78,100	1,727,963
JOHNSON & JOHNSON			248,400	12,295,800
JOSTENS INC			28,000	553,000
K2 INC			59,800	1,622,075
KAYDON CORP COMMON			46,900	2,016,700
KERR-MCGEE CORPORATION COMMO			21,500	1,308,813
KEYSTONE INTERNATIONAL INC			157,900	3,276,425
KIMBALL INTL INC CL B			71,900	1,986,238
KIMBERLY CLARK			58,300	4,503,675
KOHL'S CORP			77,400	2,834,775
KOMAG INC COM			36,400	960,050
LA QUINTA INNS INC			64,700	2,167,450
LAM RESH CORP COM			24,600	639,600
LANDAUER INC			82,900	1,751,263
LANDRYS SEAFOOD RESTAURANTS			129,100	3,195,225
LAWTER INTERNATIONAL INC			358,600	4,482,500
LEE ENTERPRISES INC COM			108,200	2,556,225
LIFE TECHNOLOGIES INC COM NE			19,900	626,850
LIGAND PHARMACEUTICALS INC CL B			147,514	2,452,420
LINCOLN NATL CORP IND			49,300	2,280,125

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LINCOLN TELECOMMUNICATIONS C			70,000	1,146,250
LIQUI BOX CORP			51,300	1,539,000
LOCKHEED MARTIN CORP			94,717	7,956,228
LOEWEN GROUP INC			178,300	5,393,575
LOGICON INC			99,000	2,957,625
LONE STAR STEAKHOUSE SALOON			129,900	4,903,725
LONG IS BANCORP INC			79,200	2,420,510
LONGS DRUG STORES CORP			20,600	919,275
LOWES COMPANIES INC COM			82,100	2,965,863
LUBY'S CAFETERIAS INC			102,500	2,408,750
MEMC ELECTR MATLS INC COM			50,300	1,949,125
MFS COMMUNICATIONS INC COM			172,200	6,479,025
MGIC INVT CORP WIS COM			49,100	2,755,738
MGM GRAND INC			24,700	984,913
MMI COS INC			25,200	778,050
MACROMEDIA INC COM			240,900	5,269,688
MANUFACTURED HOME CMNTYS INC			136,069	2,619,328
MANUGISTICS GROUP INC COM			77,900	1,324,300
MARCUS CORP			108,350	2,722,294
MARKER INTL			211,900	1,642,225
MARSH & MCLENNAN COS INC			105,800	10,209,700
MAXIS INC			53,700	1,060,575
MCAFEE ASSOCS INC			23,600	1,156,400
MEDAPHIS CORP			122,700	4,877,325
MEDPARTNERS / MULLIKIN INC			74,000	1,544,750
MEDTRONIC INC.			91,800	5,140,800
MEDUSA CORP NEW			175,700	5,446,700
MEDUSA CV			1,620,000	1,680,750
MENS WEARHOUSE INC			74,625	2,406,656
MERCK & CO INC			91,000	5,880,875
MERCURY FIN CO COM			270,199	3,445,037
MERIDIAN INS GROUP INC			80,800	1,105,910
META GROUP INC			59,700	1,462,650
METATOOLS INC			55,800	1,311,300
METRA BIOSYSTEMS INC			98,000	539,000
MICROSOFT CORP			42,500	5,105,313
MICRO WHSE INC			253,700	5,074,000
MICROWAVE PWR DEVICES INC DE			105,500	633,000
MILLIPORE CORP			103,300	4,325,688
MIRAGE RESORTS INC			53,000	2,835,500
MITCHELL ENERGY & DEV CORP			46,700	887,300
MOBIL CORP			89,900	10,102,513
MOBILE TELECOMMUNICATION			120,400	1,760,850
MONSANTO CO			262,500	8,531,250
MORGAN J P & CO INC			88,100	7,455,463
MORGAN STANLEY GROUP INC			40,600	1,994,475
MORTON INTL INC			120,900	4,503,525
MOVIE GALLERY INC			281,900	5,919,900
MUTUAL RISK MGMT LTD			84,400	2,637,500
MYERS INDS INC			86,333	1,607,952
MYRIAD GENETICS INC			49,800	1,245,000
NABI			72,600	984,601
NUJ CORP COM			98,100	1,753,538
NATIONAL COMPUTER SYS INC			161,900	3,460,613
NATIONAL EDUCATION CORP			232,500	3,313,125
NATIONSBANK CORP			79,000	6,527,375
NATIONWIDE HEALTH PPTYS INC			38,600	815,425
NELLCOR PURITAN BENNETT INC			41,700	2,022,450
NEOZYME II CORP 1 CLBL UNITS			38,800	1,707,200
NEUROMEDICAL SYS INC COM			74,800	1,122,000
NEW JERSEY RES CORP			113,000	3,248,750
NEWELL CO			61,800	1,892,625
NEWFIELD EXPL CO			211,800	8,233,725
NOKIA CORP ADR			42,100	1,557,700

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NORDSON CORP			74,100	4,186,650
NORDSTROM INC			10,000	445,000
NORTH AMERN VACCINE INC			90,600	1,653,450
NORTH FORK BANCORPORATION IN			23,700	619,163
NORTHFIELD LABS INC			29,600	436,600
NORWEST CORP			25,900	903,263
NYNEX CORP			144,500	6,863,750
OEA INC			52,700	1,976,250
OAK TECHNOLOGY INC COM			109,932	824,490
OCCUSYSTEMS INC COM			149,000	5,568,875
OFFICE DEPOT INC			99,225	2,009,306
OLIN CORP			20,000	1,785,000
OLYMPIC FINL LTD			85,400	1,964,200
ON ASSIGNMENT INC			37,300	1,389,425
OPEN MKT INC			86,400	2,106,000
ORACLE SYSTEMS CORP			203,400	8,021,486
OSHKOSH B GOSH INC			54,400	979,200
OUTBACK STEAKHOUSE INC			19,900	686,232
OXFORD HEALTH PLANS INC			363,200	14,936,600
P-COM INC COM			124,600	3,924,900
PHH CORP			76,100	4,337,700
PAGING NETWORK INC			59,700	1,432,800
PANENERGY CORP			70,300	2,311,113
PARK ELECTROCHEMICAL CORP			67,000	1,340,000
PARKER & PARSLEY PETE CO DEL			152,200	4,223,550
PEDIATRIC SVCS AMERICA INC			95,400	2,170,350
PENNCORP FINL GROUP INC			229,500	7,286,625
PENTAIR INC			114,900	3,447,000
PEOPLES CHOICE TV CORP COM			308,326	5,626,950
PEOPLES HERITAGE FINL GROUP			189,200	3,854,950
PEOPLESOFT INC COM			68,400	4,873,500
PEPSICO INC			347,800	12,346,900
PERRIGO CO			129,200	1,453,500
PERSEPTIVE BIOSYSTEMS INC			95,700	891,158
WTS PERSEPTIVE BIOSYSTEM			95,700	155,513
PERSONNEL GRP OF AMER			61,600	1,516,900
PETES BREWING			135,300	2,029,500
PFIZER INC			19,300	1,377,538
PHARMACOPEIA INC			47,700	977,850
PHELPS DODGE CORPORATION			13,200	821,700
PHILADELPHIA CONS HLDG CORP			58,000	1,131,000
PHILIP ENVIRONMENTAL INC			232,700	1,832,513
PHILIP MORRIS COS INC			127,600	13,270,400
PHILLIPS PETE CO			246,400	10,318,000
PHYCOR INC			99,150	3,767,700
PHYSICIAN RELIANCE NETWORK I			42,200	938,950
PHYSIO-CONTROL INTL CORP			49,200	867,150
PICTURETEL CORP			182,800	7,197,750
PIER 1 IMPORTS INC			197,900	2,968,500
PINNACLE SYS INC			56,900	1,180,675
PIONEER STD ELECTRS INC			107,700	1,427,025
PITNEY BOWES INC.			74,700	3,566,925
PITWAY CORP DEL CL A			54,750	2,545,875
PLAYERS INTL INC			517,500	5,045,625
POLARIS INDUSTRIES			58,150	1,984,369
POLICY MGMT SYS CORP COM			9,000	450,000
POPE & TALBOT INC			138,700	2,097,838
PRAXAIR INC			45,000	1,901,250
PREMISYS COMMUNICATIONS INC			132,200	8,064,200
PRICE/COSTCO INC			138,000	2,984,250
PRIME HOSPITALITY CORP COM			226,100	3,758,913
PRISM SOLUTIONS INC			43,600	1,024,600
PRODUCTION OPERATORS CORP			107,100	3,814,625
PROGRESS SOFTWARE CORP			50,000	818,750

**WASHINGTON STATE INVESTMENT BOARD**

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
PROJECT SOFTWARE & DEV INC			15,500	726,563
PROTOCOL SYS INC			57,800	1,329,400
PSINET INC			31,700	364,550
PURE SOFTWARE INC			27,800	945,200
QUALCOMM INC			23,800	1,264,375
QUALITY FOOD CTRS INC			51,500	1,326,125
QUICKRESPONSE SVCS INC			68,700	1,975,125
RAVEN INDS INC			85,300	1,727,325
RAYTHEON CO			84,800	4,377,800
REDMAN INDS INC NEW			68,400	1,419,300
REGAL BELOIT CORP			77,800	1,536,550
RENAISSANCE HOTEL			226,200	4,863,300
RICHFOOD HLDGS INC CLASS A			18,900	614,250
ROBBINS & MYERS INC			38,000	1,691,000
ROCK-TENN CO CL A			156,420	3,089,295
ROPER INDS INC NEW			190,900	9,306,375
RUDDICK CORP COM			249,600	3,244,800
SCI SYS INC			49,300	2,002,813
SDL INC			90,450	2,509,988
SQA INC COM			51,200	1,433,600
SYNC RESH INC			107,400	1,530,450
SAFECO CORP			26,600	940,975
SAFWAY INC COM NEW			19,600	646,800
SANIFILL INC			209,600	10,322,800
SARA LEE CORP			101,000	3,282,500
SBARRO INC			80,400	2,020,050
SCHERER R P CORP DEL			62,000	2,813,250
SCHERING PLOUGH CORP			84,500	5,302,375
SCHOLASTIC CORP			30,300	1,878,600
SCHULMAN A INC			73,600	1,803,200
CHARLES SCHWAB CORP NEW			75,500	1,849,750
SEQUUS PHARMACEUTICALS INC C			68,400	1,360,544
SHOPKO STORES INC			151,000	2,434,875
SIERRA PACIFIC RESOURCES			7,100	180,163
SIERRA SEMICONDUCTOR CORP			48,100	559,163
SIMPSON INDUSTRIES INC			200,150	1,851,388
SITEL CORP			91,500	3,785,813
J M SMUCKER CO CL A			91,000	1,785,875
SMUCKER J M CO CL B			121,900	2,270,388
SOLETRON			34,300	1,299,113
SONIC CORP			331,800	8,046,150
SOUTHWEST AIRLINES CO			62,600	1,823,225
SOUTHWEST GAS CORPORATION CO			96,700	1,559,288
SOVEREIGN BANCORP INC			332,500	3,325,000
SPECTRIAN CORP			44,200	629,850
SPORTS AUTH INC			139,800	4,578,450
SPRINGS INDUSTRIES INC CL A			71,600	3,597,900
SPRINT CORP			38,200	1,604,400
STANDARD REGISTER CO			147,500	3,632,188
STANHOME INC VTG COM			52,800	1,399,200
STAPLES INC			143,250	2,793,375
STERIS CORP			50,500	1,616,000
STERLING COMM INC			28,500	1,058,063
STEWART ENTERPRISES INC			188,100	5,878,125
STRATACOM INC			64,900	3,650,625
STUDIO PLUS HOTELS INC COM			61,900	2,042,700
SUMMIT MED SYS INC			74,000	1,443,000
SUN MICROSYSTEMS INC			55,100	3,244,013
SUNGARD DATA SYS INC			94,900	3,807,863
SUNGLASS HUT INTL INC COM			343,100	8,363,063
SUPERIOR SURGICAL MFG INC			33,600	399,000
SYBASE INC.			24,200	571,725
SYBRON CORP DEL			90,000	2,250,000
SYLVAN LEARNING SYS INC			53,900	2,034,725

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
SYNALLOY CORP			65,400	1,062,750
SYNOPSIS INC COM			228,000	9,063,000
TCA CABLE TV INC COM			76,500	2,314,125
TALBOTS INC			125,600	4,066,300
TECH DATA CORP			169,600	3,688,800
TECHNOLOGY SOLUTIONS CO			40,900	1,416,163
TECNOL MED PRODS INC			91,700	1,765,225
TCI LIBERTY MEDIA GRP SER A			43,950	1,164,675
TELEDYNE INC PFD SER E			16	246
TENNANT COMPANY			105,800	2,750,800
TENNECO INC			116,300	5,945,838
TERADYNE INC			53,200	917,700
TEXACO INC			20,300	1,702,663
TEXAS UTILS CO			74,900	3,201,975
THERMO FIBERTEK INC			58,500	987,188
THIOLKOL CORP DEL COM			107,400	4,242,300
3COM CORP COM			107,400	4,913,550
THREE D SYSTEMS CORP			2,000	44,000
3D SYS CORP DEL COM NEW			82,700	1,819,400
TIDEWATER INC			43,300	1,899,788
TIFFANY & CO NEW			50,900	3,715,700
TORO COMPANY			61,800	2,047,125
TOTAL RENAL CARE HLDGS INC			160,600	6,785,350
TOWER AUTOMOTIVE INC			179,100	4,387,950
TOYS R US			175,200	4,993,200
TRANSACTION SYS ARCHITECTS I			21,100	1,413,700
TRENWICK GROUP INC			61,300	3,065,000
TRIMAS CORP			75,700	1,769,488
TRUE NORTH COMMUNICATIONS IN			165,700	3,686,825
UGI CORP NEW COM			48,100	1,070,225
UST INC			82,000	2,808,500
USA WASTE SVCS INC			134,300	3,978,638
U S ROBOTICS CORP COM			49,000	4,189,500
UNIFI INC COM			46,300	1,302,188
UNICOM CORP			255,100	7,110,913
UNION CARBIDE CORP			39,500	1,570,125
UNIPHASE CORP			32,100	1,139,550
UNITED HEALTHCARE CORP COM			54,700	2,762,350
UNITED TECHNOLOGIES CORP			81,100	9,326,500
UNITED TELEVISION INC COM			1,500	147,000
UNITED WASTE SYS INC COM			55,200	1,780,200
UNITRODE CORP			88,000	1,705,000
UNIVERSAL CORP VA			184,800	4,897,200
UNIVERSAL FOODS CORP			98,900	3,646,938
UNOCAL CORP COM			67,000	2,252,875
US FREIGHTWAYS CORP			174,400	3,400,800
VARLEN CORP			19,500	450,495
VIDEOSERVER INC			95,100	3,708,900
VITALCOM INC			52,000	897,000
VODAFONE GROUP PLC			22,600	833,375
WD 40 CO			84,700	3,980,900
WICOR INC COM			100,400	3,790,100
WABASH NATL CORP			55,200	979,800
WALMART CO			352,700	8,949,763
WARNACO GROUP INC CL A			65,800	1,694,350
WASHINGTON GAS LIGHT COMPANY			74,400	1,636,800
WATSCO INC COM			113,850	2,390,850
WATSON PHARMACEUTICALS INC			57,874	2,191,978
WAUSAU PAPER MILL CO			183,940	3,625,903
WEATHERFORD ENTERRA INC			213,600	6,408,000
WELLS FARGO & CO			1	239
WERNER ENTERPRISE			79,000	2,054,000
WEST CO INC			73,300	2,199,000
WESTWOOD ONE INC			166,400	2,537,600

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
WHITMAN CORP			155,900	3,761,088
WONDERWARE CORP			83,900	1,583,613
WOODHEAD INC			127,600	1,499,300
WORLD ACCEP CORP DEL			107,400	778,650
WORLD COM INC GA			204,208	11,308,018
WYLE LABORATORIES COMMON			44,700	1,480,688
WYMAN-GORDON COMPANY COMMON			310,900	5,518,475
WYNNS INTL INC			33,900	957,675
XILINX INC			5,400	187,650
XEROX CORP			390,000	20,865,000
ZILOG INC			73,800	1,771,200
<b>TOTAL U.S. CORPORATE STOCK</b>				<b>\$ 1,670,479,659</b>
<b><u>U.S. EQUITY INDEX FUNDS</u></b>				
BZW BARCLAY EXTENDED MARKET				1,648,366,101
BZW BARCLAY INTERMEDIATE CAP VALUE				357,652,218
BZW BARCLAY EQUITY INDEX (S&P 500)				6,387,151,164
<b>TOTAL U.S. EQUITY INDEX FUNDS</b>				<b>\$ 8,393,169,483</b>
<b><u>VENTURE CAPITAL:</u></b>				
AUSTIN VENTURES IV				6,293,727
BANC FUND IV				2,859,048
BLACKROCK ASSET INVESTORS				36,022,948
BRENTWOOD ASSOCIATES IV LIQUIDATING TRUST				1,253,664
CAPITAL RESOURCE LENDERS II				21,231,411
CAPITAL RESOURCE LENDERS III				1,595,859
CH PARTNERS II, L.P.				3,923
DDJ GALILEO FUND, L.P.				20,448,693
DOUGHTY HANSON & CO. FUND II				3,073,501
ENERGY RECOVERY FUND, L.P.				385,369
EQUITY-LINKED INVESTORS, L.P.				50,470,742
EVERGREEN I, L.P. (HANCOCK)				2,747,405
EVERGREEN II, L.P. (BRENTWOOD)				983,619
EVERGREEN III, L.P. (HANCOCK)				2,728,622
EVERGREEN IV, L.P. (BRENTWOOD)				3,819,940
FRAZIER HEALTHCARE II, L.P.				1,974,992
GREEN MOUNTAIN PARTNERS, L.P.				2,973,673
HANCOCK INTERNATIONAL II - DIRECT FUND				1,435,107
HANCOCK INTERNATIONAL II - PARTNERSHIP FUND				4,541,628
JOHN HANCOCK VENTURE CAPITAL FUND, L.P. II				5,872,569
INVESTTECH, L.P.				384,938
JOSEPH, LITTLEJOHN & LEVY II				16,391,362
KBA PARTNERS, L.P.				1,694,305
KBA PARTNERS II, L.P.				658,982
MATERIA VENTURES, L.P.				7,413,344
MENLO EVERGREEN V, L.P.				35,780,936
MENLO VENTURE PARTNERS				128,630
MENLO VENTURES III				3,366,422
MENLO VENTURES IV, L.P.				53,311,433
MENLO VENTURES VI, L.P.				2,062,426
OCM OPPORTUNITIES FUND				16,453,000
PARAGON VENTURE PARTNERS II				4,974,336
PHOENIX PARTNERS				9,962
PHOENIX PARTNERS (SECONDARY)				3,972
PHOENIX PARTNERS II, L.P.				8,266,537
PHOENIX PARTNERS III, L.P.				15,252,500
RICE PARTNERS II, L.P.				22,849,141
SPROUT CAPITAL VII				6,745,551
<b>TOTAL VENTURE CAPITAL</b>				<b>\$ 366,464,217</b>

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<b><u>LEVERAGED BUY-OUTS:</u></b>				
<b>KKR PORTFOLIO:</b>				
AMERICAN RE-INSURANCE				126,040,240
AUTOZONE, INC. - 1982				611,528
AUTOZONE, INC. - 1984				30,032,965
BORDEN, INC.				353,227,551
BRUNO'S - GRIMSON ASSOCIATES				44,615,000
CABLE ASSOCIATES				5,770,261
CANADIAN GENERAL INSURANCE GROUP				21,587,000
DAW FOREST PRODUCTS COMPANY				3,000,000
DI ASSOC. INTERIM INVESTMENTS				1,424,118
DURACELL INTERNATIONAL, INC.				158,994,808
FLAGSTAR COMPANY, INC. (TW SERVICES)				6,898,333
FLEET NORSTAR FINANCIAL GROUP				87,864,923
GOLF ASSOCIATES				3,103,000
GRANUM - RADIO ASSOCIATES II				24,302,908
GRANUM COMMUNICATIONS, INC.				8,635,949
K-III - CHANNEL ONE ASSOCIATES				26,091,010
K-III - FP ASSOCIATES				18,535,000
K-III - HOLDINGS/MA ASSOCIATES				40,393,587
K-III - PRIME/MAGAZINE ASSOCIATES				42,122,080
K-III - PUBLISHING ASSOCIATES				16,782,300
MEDCO BEHAVIORAL CARE CORPORATION - MBC				18,604,000
MOTEL 6, INC.				409,540
NEWAY ANCHORLOK - BRAKE ASSOCIATES				8,632,000
NEWSQUEST MEDIA GROUP (REED REGIONAL)				16,485,836
OWENS-ILLINOIS, INC.				56,764,280
RED LION INNS				255,963,020
RELIANCE COMM/TEC - CMT ASSOCIATES				45,777,250
RESORT ASSOCIATES				25,685,000
SAFEWAY INC.				317,787,427
THE STOP & SHOP COMPANIES, INC.				88,928,593
UNION TEXAS PETROLEUM, INC.				42,321,508
WALTER INDUSTRIES, INC. - 1986				9,488,712
WALTER INDUSTRIES, INC. - 1993				10,966,867
WORLD COLOR PRESS - ALDEN				10,913,992
WORLD COLOR PRESS - GR ASSOCIATES				12,697,441
WORLD COLOR PRESS - WCP ASSOCIATES				37,713,495
<b>TOTAL KKR PORTFOLIO</b>				<b>\$ 1,979,171,522</b>
<b>OTHER:</b>				
CLAYTON, DUBILIER & RICE FUND V				6,027,740
CYPRESS MERCHANT BANKING PARTNERS				5,301,885
CODE, HENNESSY & SIMMONS II				7,139,009
TSG CAPITAL FUND II				7,269,838
WARBURG, PINCUS VENTURES, L.P.				40,431,280
WELSH, CARSON, ANDERSON & STOWE VII				13,215,541
<b>TOTAL OTHER</b>				<b>\$ 79,385,293</b>
<b>TOTAL LEVERAGED BUY-OUTS</b>				<b>\$ 2,058,556,815</b>
<b><u>REAL ESTATE EQUITY: (Note 4)</u></b>				
AMERICA WEST I				1,638,437
AMERICA WEST II				18,089,553
CENTENNIAL LIMITED PARTNERS				509,434
WASHNEEP LIMITED PARTNERSHIP				86,958,217
PACTRUST REALTY ASSOCIATES, LIMITED PARTNERSHIP				185,730,195
PRIME PROPERTY FUND (ELAS)				3,709,962
QUADRANT LAKE UNION CENTER				7,337,877
REEF REAL ESTATE EQUITY				18,947,738

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<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
SENTINEL REAL ESTATE FUND				22,506,655
TWO UNION SQUARE				60,237,697
TWO UNION SQUARE II				201,665,335
WASHCAL LIMITED PARTNERSHIP				63,663,249
PACTRUST / WSIB - LLC				59,500,000
WSIB HOLDING CORPORATIONS				70,000
<b>TOTAL REAL ESTATE EQUITY</b>				<b>\$ 730,564,349</b>
<b><u>DERIVATIVES</u></b>				<b>\$ 7,276,875</b>
<i>SEE ATTACHED SCHEDULE FOR DETAIL</i>				
<b>TOTAL U.S. INVESTMENTS - RETIREMENT FUNDS</b>				<b>22,882,322,805</b>

**WASHINGTON STATE INVESTMENT BOARD**  
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<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
<b>CURRENCIES:</b>				
FOREIGN CURRENCIES				12,389,689
U.S. DOLLARS				19,826,448
<b>TOTAL CURRENCIES</b>				<b>\$ 32,216,137</b>
<b>GOVERNMENT SECURITIES:</b>				
BUNDESREPUBLIC	6.750%	7/15/2004	11,020,000	7,405,388
BUNDESREPUBLIC	7.500%	11/11/2004	14,720,000	10,316,879
BUNDESREPUBLIC	7.375%	1/3/2005	28,780,000	20,002,677
BUNDESREPUBLIC	6.875%	5/12/2005	34,510,000	23,238,232
BUNDESREPUBLIC	6.500%	10/14/2005	37,920,000	24,858,417
U S TREASURY BOND	0.000%	5/15/2018	6,100,000	1,295,701
U S TREASURY NOTE	0.000%	5/15/2001	1,000,000	731,190
U S TREASURY NOTE	0.000%	2/15/2003	4,700,000	3,051,193
U S TREASURY NOTE	0.000%	5/15/2021	27,900,000	4,838,139
U S TREASURY STRIP	0.000%	11/15/2001	1,300,000	918,580
U S TREASURY STRIP	0.000%	8/15/2001	2,000,000	1,437,540
U S TREASURY STRIP	0.000%	11/15/2015	6,200,000	1,583,852
U S TREASURY STRIP	0.000%	8/15/2002	7,300,000	4,907,863
U S TREASURY STRIP	0.000%	8/15/2019	7,400,000	1,444,924
U S TREASURY STRIP	0.000%	2/15/2019	14,000,000	2,819,600
U S TREASURY STRIP	0.000%	2/15/2015	16,400,000	4,432,428
U S TREASURY STRIP	0.000%	8/15/2015	20,400,000	5,313,384
U S TREASURY STRIP	0.000%	5/15/2017	20,500,000	4,683,430
U S TREASURY STRIP	0.000%	8/15/2021	28,000,000	4,770,080
U S TREASURY STRIP	0.000%	8/15/2020	30,700,000	5,585,865
U S TREASURY STRIP	0.000%	8/15/2017	33,500,000	7,503,330
<b>TOTAL GOVERNMENT SECURITIES</b>				<b>\$ 141,138,692</b>
<b>CORPORATE OBLIGATIONS</b>				
<b>CORPORATE BONDS</b>				
DAIWA INTL FIN	1.750%	3/31/98	200,000,000	1,924,483
SODEXHO	6.000%	6/7/2004	2,520,000	462,662
SONY CORP CNV BDS	1.400%	9/30/2003	202,000,000	2,469,135
<b>TOTAL CORPORATE BONDS</b>				<b>\$ 4,856,281</b>
<b>CONVERTIBLE CORPORATE BONDS</b>				
ALPINE ELECTRONICS	2.800%	3/30/2001	63,000,000	1,093,774
BTM CAYMAN FINANCE	4.250%	3/31/2049	580,000,000	7,967,179
GUILBERT CNV BDS	3.500%	1/1/2004	3,692,940	727,250
IZUMIYA CO CNV DEB	0.800%	8/31/99	149,000,000	2,097,824
MATSUSHITA ELEC	2.700%	5/31/2002	45,000,000	526,605
NEC CORP 1.90	1.900%	3/30/2001	100,000,000	1,112,635
RELIANCE INDS LTD	3.500%	3/11/99	680,000	696,150
ROHM COMPANY 1.10	1.100%	3/31/2003	5,000,000	108,155
RYOBI LIMITED	2.800%	3/29/2002	50,000,000	535,747
SEKISUI HOUSE LTD	2.500%	1/31/2002	55,000,000	680,335
SXL CORPORATION	2.700%	3/29/2002	90,000,000	954,471
TELEKOM MALAYSIA	4.000%	10/3/2004	1,660,000	1,738,850
TOYOTA MTR CORP	1.200%	1/28/98	525,000,000	6,897,285
YAMANOUCI PHARMA-	1.250%	3/31/2014	70,000,000	767,965
<b>TOTAL CONVERTIBLE CORPORATE BONDS</b>				<b>\$ 25,904,223</b>
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 30,760,503</b>

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<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
<b><u>CORPORATE STOCK AND WARRANTS</u></b>				
<b>CORPORATE STOCK:</b>				
AALBERTS INDUSTR			45,184	4,433,597
AAMULEHTI YHTMAE			44,800	1,074,549
ABB AG			6,000	7,420,800
ABBAY NATIONAL			650,000	5,461,252
ACERINOX			53,000	5,529,894
ACOM CO LTD Y50			200,000	7,844,213
ADA FF10			28,343	1,746,688
ADVANTEST			9,950	395,708
AGRESSO ORD NOK2			175,000	1,052,218
AGUAS DE BARCELONA			52,700	1,944,072
AICHI CORPORATION			50,000	539,404
AISIN SEIKI CO Y50			39,000	588,316
AJINOMOTO CO INC			108,000	1,293,472
AKZO NV			12,200	1,463,284
ALCATEL ALSTHOM			40,000	3,494,843
ALLGON AB SER B			174,700	2,915,713
ALLIED DOMEQ			1,348,000	9,462,587
ALPS ELECTRIC			85,000	1,033,553
ALTANA IND-AKTIE			13,000	10,052,957
AMADA CO ORD			63,000	679,649
AMCOR LIMITED			65,700	445,783
AMWAY JAPAN LTD			150,000	7,542,512
ANRITSU Y50			24,000	333,516
AOYAMA TRADING			350,000	9,183,580
APCOA PARKING AG			94,599	8,525,796
ARABIAN OIL CO LTD			4,000	187,603
ARBED(ACIER REUN)			23,000	2,626,308
ARES SERONO CHF50			5,500	4,818,000
ARGYLL GROUP			840,290	4,528,353
ASAHI BANK ORD			164,000	1,904,187
ASAHI BANK ORD			400,000	4,644,359
ASAHI BREWERIES			40,000	468,093
ASAHI CHEMICAL IND			226,000	1,615,762
ASAHI GLASS CO			129,000	1,544,981
ASAHI GLASS CO			50,000	598,830
ASATSU CORP			22,000	955,385
ASSA ABLOY SWKR1			100,000	1,449,976
ASTRA AB SER A			150,000	6,626,843
ASTRA AB SERIES B			155,000	6,765,799
AUST AND NZ BANK			223,000	1,055,476
AUTOBACS SEVEN CO			80,000	7,752,788
AUTOLIV AB ORD			206,400	6,250,483
AXA ORD FRF60			112,857	6,127,088
AXIME (EX SEGIN)			20,105	2,797,251
AXIME (EX SEGIN)			68,000	9,460,985
BAER HLDGS AG ORD			6,100	6,588,000
BANCA POPULARE			220,000	2,694,106
BANG & OLUFSEN HLG			131,500	5,141,630
BANGKOK EXPRESSWAY			2,283,300	3,733,381
BANK OF TOKYO			220,000	5,108,795
BANK OF TOKYO MITS			108,000	2,517,828
BANK OF YOKOHAMA			74,000	673,158
BANQUE NATIONAL DE			200,000	7,032,497
BAT INDUSTRIES			1,150,000	8,947,818
BAUMAX AG			33,550	1,069,410
BAYER AG DEM5			330,000	11,668,640
BEGHIN-SAY FRF65			14,038	2,201,718
BEIERSDORF AG			4,300	4,243,142
BEMROSE CORP PLC			732,000	4,092,561

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BERGESEN DY AS 'A'			100,000	2,081,310
BK OF COMMERCE BHD			370,000	2,255,464
BOBST AG ORD			1,300	1,872,000
BREMBO SPA			426,000	5,035,921
BRIDGESTONE CO			70,000	1,337,539
BRITISH BIO-TECH			125,000	4,761,997
BRITISH GAS			2,200,000	6,150,023
BRITISH PETROLEUM			860,000	7,539,525
BRITISH PETROLEUM			764,012	6,698,009
BRITISH TECH GROUP			225,000	5,573,459
BROKEN HILL PROPTY			425,591	5,875,759
BROKEN HILL PROPTY			300,000	4,141,835
BTR ORD.			2,071,000	8,153,417
BULGARI SPA ITL500			395,600	6,252,626
BUT SA FRF 23			114,370	7,829,415
C.S.F.(THOMSON-CSF)			175,112	4,930,669
CANON INC			138,000	2,876,577
CANON INC			65,000	1,354,909
CANON SALES CO INC			35,000	975,955
CAPITA GROUP PLC			615,000	3,591,241
CARLTON COMMUNCTNS			1,025,000	8,245,846
CARRARO SPA ORD			258,500	1,362,463
CARREFOUR			15,000	8,400,467
CASINO GUICHARD			74,000	3,025,375
CASTORAMA DUBOIS			43,000	8,451,061
CENTRAL EURO MEDIA			302,500	7,260,000
CENTROS COMERCIALE			325,000	8,115,475
CENTURY TEXTILE			3,420	530,100
CHEUNG KONG(HOLDS)			600,000	4,302,214
CHEUNG KONG(HOLDS)			712,000	5,105,294
CHIBA BANK Y50			50,000	441,580
CHINA LIGHT&POWER			137,500	623,530
CHRISTIANIA BANK			500,000	1,179,409
CHUGAI PHARM.			198,000	1,936,917
CHUGOKU BANK			32,000	599,744
CHUO TR & BKG			70,000	691,168
CIBA CEIGY LTD			7,600	9,265,920
CIPE FRANCE FRF20			48,546	4,543,807
CIPUTRA DEVELOPMNT			420,500	858,717
CITIC PACIFIC LTD			2,388,000	9,625,798
CITIZEN WATCH			102,000	851,399
COBHAM PLC ORD 25P			529,300	5,223,950
COLOPLAST SER B			42,500	4,172,500
COMML BK OF KOREA			313,000	2,855,980
COMPAGNIE DE SUEZ			47,100	1,725,809
COOKSON GROUP ORD			1,500,000	6,604,286
COSMO OIL CO LTD			89,000	551,673
COSMO OIL CO LTD			255,000	1,580,636
CRA LTD			33,000	507,233
CREDIT FONCIER DE			135,000	895,797
CSR LIMITED			464,000	1,637,990
DAI NIPPON PRINTNG			81,000	1,569,940
DAI TOKYO FIRE			145,000	1,093,664
DAI-ICHI KANGYO BK			217,000	4,047,175
DAI-ICHI KANGYO BK			280,000	5,222,161
DAIDO STEEL CO LTD			300,000	1,486,561
DAIEI INC			83,000	1,001,646
DAIEI INC			100,000	1,206,802
DAIKIN KOGYO CO			170,000	1,865,058
DAINIPPON INK &			101,000	518,943
DAIWA BANK			105,000	727,647
DAIWA BANK			285,000	1,975,041

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DAIWA DANCHI			130,000	836,716
DAIWA HOUSE IND CO			45,000	699,397
DAIWA KOSHO LEASE			30,000	320,900
DAIWA SECURITIES			86,000	1,108,612
DASSAULT SYSTEMS			8,205	257,374
DASSAULT SYSTEMS			19,000	589,000
DBS LAND ORD SGD1			1,788,000	6,083,788
DDI CORP ORD			1,397	12,210,020
DE RIGO SPA-ADR			130,800	2,975,700
DELHAIZE FRERES			77,000	3,815,293
DEUTSCHE BANK AG			100,000	4,736,530
DEVELOPMENT BK OF			87,000	1,085,419
DHANA SIAM FIN AND			140,000	766,715
DIAMOND LEASE			70,000	953,556
DICKSON CONCEPTS			543,000	687,502
DOMNICK HUNTER GRP			778,653	4,788,496
DOWA MINING CO.			91,000	440,108
DRAKA HOLDING			153,436	4,751,566
DT PFANDBRIEF/HYPO			120,000	4,752,319
EAST INDIA HOTELS			71,000	1,899,250
EAST JAPAN RAILWAY			380	1,997,623
EBARA CORP Y50			46,000	735,966
EISAI CO			26,000	492,046
ELAN CORP ADR			85,000	4,866,250
ELECTROCOMPONENTS			1,300,000	7,712,378
ELECTROLUX AB			137,200	6,900,616
ELEKTA INSTR AB			71,300	2,681,504
ELEKTROWATT AG ORD			19,500	7,222,800
EMAIL LTD ORD			225,000	580,234
ENI (ENTE NAZION-			911,000	4,539,768
ERAMET SA FF20			25,000	1,685,639
ERG LTD ORD			1,146,246	1,505,017
ERICSSON LM TEL			320,000	6,880,000
ESEC HOLDING			1,550	6,727,000
ESSELTE AB SERIES			400,000	8,125,906
EXPRO INTL GROUP			675,000	3,627,116
FAMILY MART			16,500	736,149
FANUC CO.			32,000	1,275,553
FANUC CO.			100,000	3,986,103
FAST RETAILING CO			120,300	5,048,245
FILA HLDGS SPA ADR			82,500	7,115,625
FILTRONIC COMTEK			875,000	4,144,665
FLUGHAFEN WIEN SHS			51,500	3,540,685
FORBO HLDG AG			7,000	2,968,000
FRASER & NEAVE			36,000	372,581
FUERZAS ELEC CATAL			168,000	1,372,098
FUJI BANK			201,000	4,336,807
FUJI DENKI REIKI			69,000	883,160
FUJI ELEC CO LTD			425,000	2,304,123
FUJI FIRE & MARINE			170,000	948,071
FUJI PHOTO FILM			44,000	1,391,845
FUJITSU ORD			244,000	2,230,755
FUJITSU ORD			175,000	1,599,927
FUKUI BANK			60,000	346,133
GAKKEN GO LTD			120,000	890,839
GEA AG DM50			3,800	1,347,411
GEHE AG ORD DEM50			13,250	8,672,949
GIST-BROCADES NV			240,000	7,924,927
GODO STEEL Y50			37,000	257,085
GOODE DURRANT			322,500	1,918,271
GRAND OPTICAL-			35,450	4,573,526
GRASIM INDS LTD			50,000	918,500

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GROHE (FRIEDRICH)			5,000	1,450,562
GROUP DANONE ORD			48,000	7,276,124
GUCCI GROUP NV			21,700	1,415,925
GUILBERT SA FRF10			40,365	5,843,853
GUNZE ORD JPY50			154,000	967,252
HALMA ORD 10P			1,136,000	3,105,078
HAMMERSON PROPERTY			114,000	639,137
HANG SENG BANK			577,000	5,814,578
HANG SENG BANK			139,500	1,405,778
HANIL BANK			40,000	399,014
HANKYU CORP			80,000	469,556
HAVAS ADVERTISING			25,000	2,806,966
HAYS PLC ORD 1P			890,000	6,261,376
HEIJMANS N.V			53,010	4,815,982
HEIWA REAL ESTATE			70,000	575,974
HENDERSON LAND DEV			526,000	3,924,511
HENDERSON LAND DEV			342,000	2,551,678
HENKEL KGAA AG			15,500	6,709,427
HEWLEN-STUART PLC			900,000	1,858,984
HICOM HOLDING			623,000	1,773,932
HILTI INC PART			3,580	2,692,160
HINDALCO INDUS GDR			48,700	1,814,075
HIROSE ELECTRONICS			5,800	358,987
HITACHI METALS LTD			31,000	357,104
HITACHI ORD JPY50			294,000	2,741,635
HITACHI ORD JPY50			350,000	3,263,851
HITACHI TRNSPT SYS			40,000	438,837
HITACHI ZOSEN CORP			94,000	533,681
HITEC ASA NOK1			932,800	3,020,027
HOKKAIDO TAKUSHOKU			639,000	1,939,550
HOKUETSU BANK Y50			117,000	662,123
HONDA MOTOR CO.			80,000	2,077,162
HONDA MOTOR CO.			40,000	1,038,581
HONG KONG ELECTRIC			678,500	2,064,375
HONG KONG TELECOMM			1,349,200	2,422,919
HONSHU PAPER CO.			130,000	923,478
HORNBACK HLDG AG			31,000	2,671,535
HOSHIDEN ELECTRON			450,000	4,690,071
HOTEL PROPERTIES			2,088,000	3,700,291
HOYA CO			13,000	420,735
HSBS HOLDINGS			775,400	11,670,771
HSBS HOLDINGS			176,800	2,661,068
HUTCHISON WHAMPOA			1,404,000	8,833,725
HUTCHISON WHAMPOA			473,000	2,976,034
HYAKUGO BANK ORD			60,000	402,084
HYUNDAI ENG & CONS			68,043	2,810,654
IJM CORPORATION			256,000	443,521
IND BANK OF JAPAN			155,000	3,854,452
INDAH KIAT PAPER &			3,948,943	3,777,471
INDL MACCHINE AUTO			485,000	3,405,187
INDO-GULF FERTIL &			210,000	283,500
INDUSTRIAL FIN			1,500,000	6,619,125
INDUSTRIE NATUZZI			109,100	5,591,375
INDUSTRIES OXYGEN			805,000	1,110,567
ING GROEP NV			250,000	7,463,343
ING GROEP NV			200,000	5,970,674
INTERNATIO-MULLER			61,932	1,351,244
ITO-YOKADO CO.			36,000	2,175,535
ITO-YOKADO CO.			135,000	8,158,256
ITOCHU & CO. Y50//			122,000	854,379
ITOHAM FOOD			130,000	992,412
IZUMI CO. Y50			60,000	1,201,317

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JAMES HARDIE INDS			120,000	242,472
JAPAN AIR LINES			167,000	1,354,260
JAPAN AIRPORT TERM			12,000	170,049
JAPAN ENERGY CO			330,000	1,227,921
JAPAN TOBACCO			179	1,374,657
JARVIS PORTER GRP			1,076,980	4,114,569
JUROKU BANK			320	1,755
JUSCO Y50			35,000	1,148,747
K.S.B. NON.V PRF			16,600	2,140,386
KAJIMA CORP			117,000	1,208,722
KAKEN PHARM JPY50			150,000	1,230,115
KANEKA CORP Y50			51,000	343,637
KANSAI ELEC. POWER			78,000	1,789,907
KAO CORP.			51,000	690,071
KAO CORP.			75,000	1,014,811
KAWASAKI HEAVY IND			124,000	629,183
KAWASAKI HEAVY IND			130,000	659,627
KAWASAKI KISEN			212,000	717,133
KAWASAKI KISEN			350,000	1,183,946
KAWASAKI STEEL CRP			471,000	1,700,905
KAWASHO CORP Y50			90,000	437,740
KERAMIK HLDGS			4,000	2,544,000
KEYENCE CORP ORD			30,000	4,086,670
KIEKERT AG DEM5			135,000	3,730,018
KINDEN CORP Y50			36,000	572,682
KINKI NIPPON RLWY			152,000	1,096,434
KIRIN BREWERY CO.			99,000	1,212,836
KISSEI PHARMACEU			22,000	617,480
KITZ CORPORATION			45,000	234,504
KOA OIL CO LTD			24,000	276,467
KOKUYO CO Y50			10,000	277,016
KOMATSU Y50			160,000	1,579,813
KON NED PAPIERFABR			117,000	2,806,628
KONDOR WESSELS GRP			44,000	1,512,258
KONECRANES INTL			180,600	4,448,853
KONIN NIJVERDAL			113,000	5,229,150
KOREA ELECTRIC			110,900	2,689,325
KOREA EXCHANGE			209,440	2,375,891
KOREA MOBILE TELE			290	228,853
KSB KL SCHANZ			2,000	342,083
KUBOTA Y50			189,000	1,249,287
KYOCERA CORP.			16,000	1,133,662
KYOCERA CORP.			11,000	779,393
KYODO PRINTING CO			28,000	330,225
KYOWA HAKKO KOGYO			46,000	441,580
KYOWA HAKKO KOGYO			41,000	393,582
KYUSHU MATSUSHITA			213,000	3,855,732
LASMO			382,000	1,038,205
LEND LEASE CORP.			25,600	392,484
MACKIE INTL GROUP			317,500	1,503,921
MALAYAN BANKING			40,000	383,397
MALAYSIAN INTL			324,000	981,031
MANNESMANN AG			19,000	6,574,567
MARLEY ORD 25P			1,126,000	2,255,847
MARSCHOLLEK LAUTEN			8,500	8,946,780
MARSCHOLLEK LAUTEN			1,179	1,334,044
MARSCHOLLEK LAUTEN			2,060	2,168,278
MARTIN GRUPPEN			88,200	5,270,796
MARUBENI CORP. Y50			126,000	691,168
MARUBENI CORP. Y50			195,000	1,069,665
MARUI CO ORD JPY50			43,000	955,293
MATSUI CONST CO			84,000	672,737

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MATSUSHITA COMMUN			39,000	1,016,182
MATSUSHITA ELEC.			178,000	3,319,803
MATSUSHITA ELEC.			187,000	3,487,658
MATSUSHITA REFRIG.			9,000	70,598
MAYORA INDAH			1,915,680	1,050,083
MEDIOLANUM ITL1000			40,000	395,789
MEPC			715,000	4,508,309
MERITA LTD 'A'			770,000	1,813,942
METSA-SERLA OY 'B'			387,500	2,754,819
MINEBEA LTD			62,000	522,052
MISYS PLC ORD 5P			630,000	7,612,052
MITSUBISHI CHEM			308,300	1,426,219
MITSUBISHI CHEM			100,000	462,607
MITSUBISHI CORP.			133,000	1,750,960
MITSUBISHI ELECT.			188,000	1,313,147
MITSUBISHI ELECT.			260,000	1,816,054
MITSUBISHI ESTATE			110,000	1,518,559
MITSUBISHI GAS &			150,000	662,370
MITSUBISHI HVY IND			363,000	3,162,726
MITSUBISHI HVY IND			360,000	3,136,588
MITSUBISHI KAKOKI			80,000	625,343
MITSUBISHI METAL			326,000	1,776,339
MITSUBISHI OIL CO			89,000	760,788
MITSUBISHI RAYON			139,000	618,879
MITSUBISHI TR & BK			85,000	1,437,649
MITSUBISHI WAREHSE			13,000	232,949
mitsui & co.			132,000	1,198,354
mitsui engineering			132,000	403,072
mitsui fire and			71,000	565,378
mitsui fudosan co			70,000	947,157
mitsui fudosan co			85,000	1,150,119
mitsui mining			171,000	700,384
mitsui mining			280,000	1,146,828
mitsui osk lines			198,000	684,257
mitsui petroleum			50,000	402,267
mitsui petroleum			120,000	965,442
mitsui toastsu			450,000	1,781,404
mitsui trust &			78,000	912,781
mitsui trust &			200,000	2,340,464
mitsukoshi ltd			56,000	599,013
mizuno corp			120,000	1,130,005
mori seiki co			31,000	623,514
mos food svcs jpy			1,000	24,593
MOULINEX FF10			135,000	2,562,609
MURATA MANUFACTNG			52,000	1,972,938
MURATA MANUFACTNG			25,000	948,528
NACHI FUJIKOSHI			47,000	229,887
NAGASE & CO LTD			96,000	912,781
NAGOYA RAILROAD CO			75,000	383,297
NANTO BANK ORD			130,000	937,740
NATL AUSTRALIAN BK			300,000	2,766,727
NATSTEEL LTD			378,000	744,907
NAVIX LINE JPY50			124,000	378,643
NEC CORP.			210,000	2,284,696
NERA AS NWKR10			63,075	2,012,939
NESTLE CHAM AND			11,000	12,566,400
NEW JAPAN SECS			27,000	164,646
NEW OJI PAPER CO			91,000	787,036
NEW WORLD DEVEL			2,500,000	11,595,308
NEW WORLD DEVEL			354,000	1,841,896
NEW WORLD INFRASR			1,006	2,145
NEW ZEALAND			1,000,000	4,192,685

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NEWS CORP.			501,114	2,840,657
NEWS CORP.			513,000	2,908,035
NEWS STRAITS TIMES			662,000	3,424,825
NGK INSULATORS			39,000	438,563
NICHEI CO JPY50			140,000	9,343,573
NIKKO SECURITIES			97,000	1,090,784
NIPPON DENSETSU			68,000	814,408
NIPPON DENSO JPY50			103,000	2,241,178
NIPPON ELECTRIC			20,000	341,927
NIPPON EXPRESS CO.			102,000	997,806
NIPPON EXPRESS CO.			240,000	2,347,778
NIPPON HODO CO.			35,000	595,173
NIPPON LIGHT METAL			37,000	210,404
NIPPON MEAT PACKRS			37,000	527,702
NIPPON OIL CO.			254,000	1,725,379
NIPPON PAPER IND			116,000	726,458
NIPPON ROAD CO			140,000	1,208,265
NIPPON SHEET GLASS			250,000	1,227,372
NIPPON SHINPAN			25,000	178,278
NIPPON SHINYAKU			5,000	49,826
NIPPON STEEL CORP.			870,000	2,990,675
NIPPON STEEL CORP.			1,750,000	6,015,725
NIPPON SUISAN			24,000	102,468
NIPPON TEL&TEL CO			830	6,161,638
NIPPON TEL&TEL CO			250	1,855,915
NIPPON YAKIN KOGYO			54,000	256,226
NIPPON YUSEN KK			235,000	1,362,132
NIPPON ZEON CO			300,000	1,865,058
NISHI NIPPON RAIL			110,000	457,579
NISHIMATSU CONSTR.			36,000	394,953
NISHIMATSU CONSTR.			59,000	647,285
NISSAN DIESEL MTR			200,000	1,186,689
NISSAN MOTOR CO			278,000	2,472,975
NISSAN MOTOR CO			380,000	3,380,325
NISSHIN STEEL CO			121,000	470,150
NISSHINBO INDS			51,000	503,566
NISSIN FOOD PRODS			22,000	565,186
NKF HOLDING NV			98,000	3,373,959
NOKIA (AB) OY			122,200	4,488,958
NOKIA (AB) OY			64,950	2,385,907
NOMURA SECURITIES			127,000	2,484,732
NOMURA SECURITIES			301,000	5,889,011
NORDIC TELE HLDGS			220,000	3,223,175
NORMAN DATA			111,165	1,765,258
NORTHERN FOODS			1,400,000	4,065,849
NRJ SA ORD FRF10			9,300	1,230,590
NSK Y50			102,000	773,066
NSK Y50			71,000	538,115
NTH BROKEN HILL HG			219,000	628,469
OCE VAN DER			40,000	4,241,642
ODAKYU RAILWAY			70,000	472,298
OHYASHI CORP			87,000	788,234
OIL SEARCH LTD			1,133,400	1,096,063
OKAMURA CORP			70,000	586,853
OKUMURA CORP ORD			120,000	1,004,937
OLIVETTI & C SPA			3,778,000	2,033,199
OLYMPUS OPTICAL CO			420,000	4,223,807
OMMEREN CETECO,VAN			224,000	8,828,622
OMRON CORP			83,000	1,768,056
ONO PHARMACEUTICAL			50,000	1,723,350
ONODA CEMENT CO			74,000	425,544
ORIX CORP			116,600	4,327,994

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of International and Global Manager Investments - Unaudited  
June 30, 1996

<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
ORKLA AS NWKR25			100,000	5,241,817
OSAKA GAS CO			202,000	740,556
OSAKA SANOS KOGYO			150,000	630,828
OVERSEAS CHINESE			550,000	6,432,977
OVERSEAS CHINESE			55,000	435,936
OVERSEAS UNION BK			643,000	4,398,490
OXFORD MOLECULAR			930,000	4,405,187
P & O STEAM			342,800	2,587,371
PACE MICRO TECH			362,000	1,056,934
PANIN BANK ORD			1,184,875	1,069,750
PECHINEY SA-A SHS			82,885	3,274,111
PERNOD-RICARD FF20			55,092	3,537,723
PETROLEOS (CIA DE			40,000	1,341,149
PEUGEOT SA			24,000	3,217,747
PHATRA THANAKIT			400,000	2,789,488
PHOENIX MECCANO			625	309,000
PINAULT-PRINTEMPS			20,862	7,311,240
POHANG IRON &			11,228	704,692
POHJOLA SER B ORD			304,000	5,123,817
POLYGRAM ORD FL .5			107,000	6,325,865
POWERGEN ORD 50P			765,800	5,601,674
PRIMAGAZ ORD FRF10			72,921	8,102,333
PROPERTY PERFECT			279,100	1,099,641
PSION ORD 5P			907,500	4,932,831
PT SEMEN CIBINONG			709,000	1,524,076
PUBLIC BANK BERHAD			2,000,000	5,013,034
Q P CORP			32,000	310,112
QUICK RESTAURANTS			48,000	4,756,729
RADIO METER			65,500	4,026,089
RASHID HUSSAIN			141,000	508,923
RAYMOND WOOLLEN			31,400	628,000
REED INTERNATIONAL			480,000	8,028,576
REPSOL SA SPPT500			108,200	3,767,339
RESORTS WORLD			22,000	125,286
REUTERS HLDGS PLC			513,000	6,206,352
RHOEN-KLINIKUM			17,811	2,056,332
RHON-KLINIKUM AG			50,364	6,626,406
RICOH CO.			173,000	1,834,705
RICOH CO.			90,000	954,471
RIETER HLDGS AG			9,785	2,645,864
RINASCENTE (LA)			225,000	1,601,769
RIO TINTO ZIMC			175,000	2,590,076
RISO KAGAKU CORP			60,000	4,827,208
ROCHE HOLDINGS AG			760	5,803,360
ROHM COMPANY JPY50			19,000	1,257,634
ROHM COMPANY JPY50			8,000	529,530
ROTHMANS HLDGS LTD			101,000	563,802
RYOYO ELECTRO			25,000	539,404
SAGA PETROLEUM A/S			500,000	7,323,127
SAKURA BANK LTD			236,000	2,632,291
SAKURA BANK LTD			635,000	7,082,648
SAMSUNG ELECTR			6,501	328,391
SAMSUNG ELEC GDR			4,740	439,633
SAMSUNG ELECTRONIC			1,047	42,020
SAMSUNG ELECTRS			54,848	1,357,488
SAN IN GODO BANK			100,000	820,991
SANDEN CORP ORD			40,000	306,455
SANDEN CORP ORD			65,000	497,989
SANDOZ AG			7,000	8,013,600
SANKEN ELECTRIC CO			37,000	312,900
SANKYO ALUMINUM			210,000	1,232,584
SANKYO CO ORD			45,000	1,168,404

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of International and Global Manager Investments - Unaudited  
June 30, 1996

<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
SANKYO SEIKI			28,000	215,122
SANTOS LIMITED			159,000	550,043
SANWA BANK Y50			200,000	3,711,830
SANWA BANK Y50			130,000	2,412,690
SANYO ELECTRIC CO			165,000	1,009,188
SANYO INDS LTD Y50			30,000	192,266
SCHIBSTED A/S			170,000	2,201,563
SCHMALBACH LUBECA			12,400	2,439,050
SCHNEIDER SA			170,000	8,915,159
SCOTIA HOLDINGS			300,000	3,480,354
SECOM CO LTD ORD			10,000	661,913
SECURITAS AB B			255,000	5,238,038
SEFIMEG FF100			20,585	1,382,748
SEGA ENTERPRISES			11,000	514,902
SEIREN CO LTD			33,000	230,801
SEITA			60,879	2,795,766
SEIYU LTD			60,000	762,479
SEKISUI CHEMICAL			71,000	869,812
SEKISUI HOUSE ORD			85,000	971,384
SEMEN GRESIK PT			1,126,000	3,279,729
SENSHUKAI CO LTD			19,000	321,357
SENSOROR A/S			619,450	5,443,573
SERCO GROUP ORD 2P			890,000	7,456,981
SERVISAIR PLC ORD			500,000	2,911,943
SETON HEALTHCARE			703,000	5,371,579
SEVEN-ELEVEN JAPAN			38,000	2,428,415
SEVEN-ELEVEN JAPAN			120,000	7,668,678
SGL CARBON AG			43,000	5,035,195
SGL CARBON AG			53,100	6,217,880
SHARP CORP ORD			95,000	1,667,581
SHARP CORP ORD			520,000	9,127,811
SHIKOKU ELEC POWER			63,600	1,412,946
SHIMIZU CONSTR. CO			102,000	1,128,360
SHIN-ETSU CHEMICAL			62,950	1,208,585
SHINHAN BANK ORD			31,160	568,641
SHISEIDO CO.			34,000	435,180
SHIZUOKA BANK Y50			52,000	670,324
SHOWA DENKO KK			115,000	355,367
SHOWA DENKO KK			378,000	1,168,075
SHOWA LINE CO. Y50			102,000	214,482
SHOWA SHELL SEKIYU			36,000	375,206
SHOWA SHELL SEKIYU			65,000	677,455
SIEMENS AG DEM5			125,000	6,685,415
SIG SCHW IND HLDG			1,750	2,030,000
SIME DARBY BHD			1,252,000	3,464,528
SIME UEP PROP BHD			313,000	627,632
SING TAO ORD			2,458,000	1,429,033
SINGAPORE AIRLINES			500,000	5,210,179
SINGAPORE AIRLINES			151,000	1,573,474
SINGAPORE TELECOMM			438,000	1,167,420
SINTERCAST AB			90,900	6,178,256
SKANDIA GROUP			350,000	9,251,148
SKF AB			138,000	3,168,197
SMH NEUNBURG AG			10,500	7,308,000
SNOW BRAND MILK			145,000	987,612
SOC NATL ELF			115,655	8,518,275
SODEXHO			9,078	4,027,601
SONY CORP. Y50			32,000	2,109,344
SONY CORP. Y50			13,000	856,921
SOPHUS BERENDSEN			45,000	6,000,717
SOUTH WEST WATER			460,000	4,672,154
SOUTHCORP HLDGS			795,000	1,950,153

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of International and Global Manager Investments - Unaudited  
June 30, 1996

<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
STADSHYPOTEK AB			90,000	1,984,654
STANLEY ELECTRIC			62,000	430,792
STEEL & TUBE HLDGS			196,000	948,192
STET DI RISP			400,000	1,051,518
STORA KOPPARBERGS			342,500	4,526,455
STRAITS STEAMSHIP			1,500,000	5,018,785
STRATEC HOLDING AG			2,130	2,070,360
SUMITOMO BANK			220,000	4,264,034
SUMITOMO BANK			75,000	1,453,648
SUMITOMO CHEMICAL			206,000	984,988
SUMITOMO CORP. Y50			91,000	810,331
SUMITOMO ELECTRIC			91,000	1,306,180
SUMITOMO FORESTRY			23,000	342,750
SUMITOMO FORESTRY			90,000	1,341,196
SUMITOMO LIGHT MET			50,000	203,419
SUMITOMO MAR& FIRE			65,000	567,517
SUMITOMO METAL IND			471,000	1,446,846
SUMITOMO TRUST			30,000	411,410
SUN HUNG KAI PROPS			1,000,000	10,109,558
SUN HUNG KAI PROPS			89,000	899,751
SUZUKI MOTOR CORP			450,000	5,924,301
SWIRE PACIFIC LTD			1,341,500	11,438,852
SWIRE PACIFIC LTD			375,000	3,197,592
SYSTEM ETIKETTERIN			150,400	1,901,361
TABACALERA SA			10,000	504,103
TAISEI CORPORATION			120,000	853,538
TAISHO			35,000	758,365
TAKASHIMAYA CO.			33,000	512,891
TAKASHIMAYA CO.			140,000	2,175,901
TAKEDA CHEMICAL			90,000	1,596,270
TAKEDA CHEMICAL			700,000	12,415,432
TAMRO YHTYMAE OY			242,000	1,443,278
TAN CHONG MOTORS			1,192,000	1,730,515
TARMAC			2,250,000	3,878,708
TDK CORP			12,000	717,499
TEGE SA CHF25			30,000	1,368,000
TEIJIN LTD ORD			188,000	1,022,673
TELE DANMARK AS			100,000	5,019,806
TELECOM ITALIA MOB			4,750,000	10,609,880
TELEFONICA DE ESP			225,000	4,132,474
TELEKOMUNIKASI IND			1,706,000	2,567,068
TELEVISION			321,000	1,204,756
TEN ALLIED CO ORD			172,000	2,877,674
TENAGA NASIONAL			199,000	814,036
THAI FARMERS BK			404,800	4,433,805
THAMES WATER			350,000	3,082,000
THE WAREHOUSE GRP			247,900	442,284
THE YOKOHAMA			350,000	2,198,300
THORN EMI PLC			205,800	5,733,890
TNT			849,000	954,533
TOA GOSEI CHEMICAL			64,000	337,612
TOBU RAILWAY Y50			81,000	532,447
TOBU RAILWAY Y50			140,000	920,278
TOHO BANK ORD			1,000	7,360
TOHO CO. Y500			1,000	177,363
TOHO GAS			307,000	1,027,263
TOHOKU ELEC POWER			40,000	895,959
TOHOKU ELEC POWER			78,014	1,747,434
TOKAI BANK			139,000	1,804,535
TOKIO MARINE&FIRE			152,000	2,028,890
TOKIO MARINE&FIRE			140,000	1,868,715
TOKYO BROADCASTING			7,000	124,154

**WASHINGTON STATE INVESTMENT BOARD**

**Retirement Funds**

Schedule of International and Global Manager Investments - Unaudited  
June 30, 1996

<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
TOKYO ELEC.POWER			107,000	2,719,510
TOKYO ELEC.POWER			74,600	1,896,032
TOKYO ELECTRON			24,000	699,945
TOKYO GAS CO.			223,000	815,506
TOKYO GAS CO.			260,000	950,814
TOKYO STEEL MFG			18,000	353,812
TOKYU CORP.			103,000	786,295
TOMEN CORP(TOYO			250,000	962,242
TOPPAN PRINTING			77,000	1,126,349
TOPPAN PRINTING			100,000	1,462,790
TOPY INDUSTRIES			80,000	391,296
TORAY IND.INC.			223,000	1,541,306
TOSHIBA CERAMICS			39,000	431,432
TOSOH CORP.			99,000	440,784
TOSTEM CORPORATION			21,000	620,132
TOTAL SA SER B ORD			125,000	9,281,961
TOTO			44,000	663,741
TOYO CONSTRUCTION			240,000	1,226,550
TOYO ENGINEERING			31,000	209,161
TOYO EXTERIOR			140,000	3,276,650
TOYO KANETSU Y50			31,000	158,146
TOYO SEIKAN			20,000	698,482
TOYO TRUST & BANK			170,000	1,756,263
TOYOBO CO LTD			67,000	251,755
TOYODA AUTO LOOM			40,000	800,878
TOYOTA MOTOR CORP			315,000	7,890,839
TOYOTA MOTOR CORP			96,000	2,404,827
TSUBAKIMOTO CHAIN			150,000	1,024,410
UBE INDUS LTD			105,000	400,302
UBE INDUS LTD			480,000	1,829,951
UEKIGUMI CO LTD			29,000	156,957
UNI CHARM CORP			50,000	1,289,084
UNI DANMARK A/S			62,750	2,914,219
UNIDARE			200,000	698,866
UNION ASSURANCE			172,062	3,495,480
UNITED BISCUITS			820,000	2,648,859
UNITED ENGINEERS			1,400,000	9,713,254
UNITED OVERSEAS			137,200	1,303,240
UNITED OVERSEAS			601,000	1,056,553
UNITIKA Y50			44,000	133,150
URALITA S A ORD			240,000	2,241,501
VARTA AG DEM50			1,950	418,838
VEBA AG ORD DEM5			207,000	11,012,493
VENDOME UNIT			360,000	3,332,194
VIDEOTRON HOLDINGS			80,000	1,490,000
VODAFONE GROUP			1,550,000	5,765,259
VOGEL NOOT WARME			22,000	596,373
VOLKSWAGEN AG			5,100	1,897,276
VOLKSWAGEN AG			13,000	3,570,489
WAKO SECURITIES CO			16,000	128,287
WATERFORD WEDGEWOOD			4,354,325	5,702,837
WING TAI HLDGS			2,000,000	4,253,208
WINTERTHUR SCHWEIZ			4,000	2,384,000
WMC LIMITED AUD			585,000	4,180,871
WMC LIMITED AUD			464,475	3,319,504
WOLTERS KLUWER			33,300	3,787,021
YAMAICHI SECS CO			80,000	550,009
YAMANOUCHI			33,000	718,047
YAMATO TRANSPORT			35,000	412,781
YAMAZAKI BAKING			37,000	686,689
YAMAZAKI BAKING			55,000	1,020,753
YASKAWA ELEC			240,000	1,176,083

**WASHINGTON STATE INVESTMENT BOARD**  
**Retirement Funds**  
Schedule of International and Global Manager Investments - Unaudited  
June 30, 1996

<u>SECURITY NAME</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE / SHARES</u>	<u>BOOK &amp; MARKET VALUE</u>
YASUDA TRUST & BK			70,000	443,500
<b>TOTAL CORPORATE STOCK</b>				<b>\$ 1,799,435,785</b>
<b>STOCK WARRANTS:</b>				
BRITISH BIO TECH		7/17/96	15,625	92,212
CANON SALES CO INC		11/11/97	490	78,400
DCB HLDGS BERHAD		1/6/2000	277,500	358,352
DOWA MINING CO LTD		12/9/97	200	225,000
DRAKA HOLDINGS		7/31/96	20	15
EBARA CORP WTS		10/8/99	1,800	381,600
FRASER & NEAVE WTS		5/27/98	24,000	122,492
HEIJMANS NV CVA		7/1/96	30	81
HOTEL PROPERTIES		11/3/98	170,000	174,736
INDAH KIAT PULP &		4/6/2001	196,851	97,325
LION CORP WTS-99		6/18/99	340	72,080
MAEDA CORP WTS		2/5/97	100	151,250
NAGOYA RAILROAD CO		1/21/97	160	232,000
NEW OJI PAPER CO		7/30/98	80	12
PRIMAGAZ WTS		6/30/98	2,400	50,438
PROPERTY PERFECT		7/7/99	25,599	29,249
RIETER HOLDING		2/28/97	9,785	9,394
RINASCENTE ORD		12/31/99	11,250	9,155
SEKISUI HOUSE LTD		1/28/97	55	94,875
SODEXHO WTS		6/7/2004	504	76,694
STRAITS STEAMSHIP		12/12/2000	375,000	467,853
TEGE SA		6/20/2001	30,000	84,000
UNITED O/S LAND		6/9/97	149,472	109,135
UNITED OVERSEAS LD			60,100	29,822
VENTURE MFG		7/26/99	60,588	61,846
<b>TOTAL STOCK WARRANTS</b>				<b>\$ 3,008,015</b>
<b>TOTAL CORPORATE STOCK AND WARRANTS</b>				<b>\$ 1,802,443,800</b>
<b>COMMINGLED INVESTMENT FUNDS</b>				
CURSITOR FUND EAST				11,321,114
GENESIS ASSET MGRS LTD - EMERGING MARKETS				163,390,467
SCHRODER CAPITAL MGNT - EMERGING MARKETS				61,756,300
STATE STREET EMERGING MARKETS				219,770,000
STATE STREET INTERNATIONAL INDEX				1,359,694,605
<b>TOTAL COMMINGLED INVESTMENT FUNDS</b>				<b>\$ 1,815,932,486</b>
<b>TOTAL CARRYING VALUE, JUNE 30, 1996</b>				<b>\$ 3,822,491,618</b>

**WASHINGTON STATE INVESTMENT BOARD**  
Schedule of Derivatives (Unaudited)  
As of June 30, 1996

<u>DESCRIPTION</u>	<u>EXPIRATION DATE</u>	<u>NUMBER OF CONTRACTS</u>	<u>MARKET VALUE</u>	<u>MARKET EXPOSURE</u>
<b><u>OPTION CONTRACTS</u></b>				
<b>OPTIONS PURCHASED:</b>				
S&P 500 Index	21-Sep-96	1,400	\$ 1,305,000	\$ 93,888,200
S&P 500 Index	21-Dec-96	7,100	23,651,250	476,147,300
<i>TOTAL OPTIONS PURCHASED</i>			<b>\$ 24,956,250</b>	<b>\$ 570,035,500</b>
<b>OPTIONS WRITTEN:</b>				
S&P 500 Index	21-Sep-96	(1,400)	\$ (2,693,125)	\$ (93,888,200)
S&P 500 Index	21-Dec-96	(7,100)	(14,986,250)	(476,147,300)
<i>TOTAL OPTIONS WRITTEN</i>			<b>\$ (17,679,375)</b>	<b>\$ (570,035,500)</b>
<b>TOTAL OPTIONS</b>			<b>\$ 7,276,875</b>	<b>\$ -</b>
<b><u>FUTURES CONTRACTS</u></b>				
<b>EQUITY FUTURES:</b>				
S & P 500 Index	21-Sep-96	1,721	N/A	\$ 577,077,115
S & P 500 Index	19-Dec-96	107	N/A	35,878,705
			<b>\$ -</b>	<b>\$ 612,955,820</b>
<b>FIXED INCOME FUTURES:</b>				
Eurodollar 3M	31-Mar-97	(16)		\$ (15,755,600)
Eurodollar 3M	16-Jun-97	(7)		(6,889,750)
Eurodollar 3M	16-Sep-96	(40)		(39,354,000)
Eurodollar 3M	30-Sep-97	(3)		(2,951,550)
Eurodollar 3M	16-Dec-96	(42)		(41,371,050)
Eurodollar 3M				
<i>TOTAL FIXED INCOME FUTURES</i>			<b>N/A</b>	<b>\$ (106,321,950)</b>
<b>TOTAL FUTURES CONTRACTS</b>			<b>N/A</b>	<b>\$ 470,755,165</b>
<b>TOTAL DERIVATIVES</b>			<b>\$ 7,276,875</b>	<b>\$ 470,755,165</b>

# Labor & Industries Funds

- Investment Policy
- Statement of Investments
- Statement of Changes in Investment Balances
- Notes to Financial Statements
- Schedule of Investments

NOTE:

*The accompanying unaudited financial statements and schedules of investments were prepared from the official accounting records of the Washington State Investment Board. Asset listings reflect positions on a settlement date basis. Fixed income investments are reported at amortized cost in the financial statements, while equity investments are reported at market.*

*Asset allocation information presented in the Annual Report is taken from master custodian reports and is on a trade date basis. All asset allocation numbers reflect market value of investments.*

# Labor and Industries Funds Investment Policy

Approved by the Board on September 21, 1995

## PURPOSE:

This document outlines the investment policy and objectives for the Department of Labor and Industries (L&I) Workers' Compensation Funds managed by the Washington State Investment Board (SIB) and supersedes any prior Board adopted policies. These policies and objectives allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will insure prudence and care in the execution of the investment program.

## POLICY:

### Strategic Objectives

The portfolio is to be managed to achieve the highest return possible consistent with the need to:

1. Maintain the solvency of the funds.
2. Maintain premium rate stability.
3. Ensure sufficient assets are available to fund the expected liability payments.

Since achieving these objectives is partially dependent on the results of the insurance operations, it is of paramount importance to coordinate the level of risk taken on by the investments with the level of risk arising from insurance operations. As a result, the investment approach may need to be modified periodically as a result of exogenous changes occurring on the insurance side. Examples of events arising on the insurance side that could have an impact on investments include a change in the liability discount rate, an adjustment in the level of reserves, or a legislative change, such as an adjustment of benefit levels.

### Performance Objectives

Performance will be measured by comparing the total return for a period of each major sector to an appropriate market index, as approved by the Public Markets Committee. The investments are to be actively managed to exceed the returns of these market indices, with a volatility similar to or less than the indices.

### Investment Approach

The investment approach shall be to identify enhanced return opportunities across market segments and to invest where overall risks are understood and can be managed well within strategic risk and return objectives.

The SIB will manage four categories of fixed income risk:

- a. Interest Rate Risk
- b. Yield Curve Risk
- c. Credit Risk
- d. Reinvestment Risk

*Interest Rate Risk* is price volatility produced by changes in the overall level of interest rates. This risk is to be managed in a controlled manner using historical real return relationships and economic analysis.

*Yield Curve Risk* is price changes induced by the changing shape of the yield curve. Yield curve risk is to be managed, but in a controlled, disciplined fashion, by employing duration and maturity yield spread analysis.

*Credit Risk* is the uncertainty surrounding the borrower's ability to repay its obligations. Credit risk is to be actively managed, employing yield spread analysis and credit research.

*Reinvestment Risk* is to the uncertain future yield opportunities available to invest funds which become available due to call, maturity or coupon generated cash flow. Reinvestment risk is to be managed through call and prepayment risk analysis, and diversification of maturities.

The SIB will manage within the constraints of two categories of equity risk:

- a. Market Risk
- b. Firm-Specific Risk

*Market Risk*, or systematic risk, is the price volatility associated with changes in the overall equity market, and as such cannot be directly controlled by the manager. The general approach used by SIB is to determine a desired level of equity exposure within the guideline range, and then to gradually shift the degree of equity investment to that level. A long term time horizon is used; attempts to time short run market movements are not considered appropriate.

*Firm-Specific Risk*, or nonsystematic risk, is the price volatility associated with the varying unique characteristics of individual securities. This risk is to be managed by maintaining a well-diversified equity portfolio.

## **Investment Process**

### **A. Portfolio Constraints**

1. All assets under management by the SIB are to be invested to maximize return at a prudent level of risk in accordance with the requirements of statutes RCW 43.33A.110 and RCW 43.33A.140, which state in part that the SIB is to "...establish investment policies and procedures designed to attempt to limit fluctuations in industrial insurance premiums, and, subject to this purpose, to maximize return at a prudent level of risk."
2. No corporate fixed income issue shall exceed 3% of cost or 6% of market value of the Funds at the time of purchase (RCW 43.84.150).
3. No more than 15% of the lesser of the market value or the amortized cost of the fixed income portion of the portfolios shall be invested in securities rated less than single A. This recognizes the need of any insurance entity to maintain an overall high quality portfolio, while providing the portfolio manager sufficient flexibility to seek increased returns.
4. The maximum investment in equities measured at market value will be 125% of the Funds' consolidated contingency reserve. This constraint should be viewed from a long term perspective: short term fluctuations in the contingency reserve or the equity markets might cause equity investments to temporarily exceed this level.

### **B. General Strategies**

#### **Fixed Income**

1. The fixed income assets are to be managed to add value principally through credit valuation, sector selection, and interest rate level analysis.
2. Internal management is to be used unless special expertise is required or a special opportunity exists which can only be accessed by contracting with external managers.
3. A two-tier macro/micro management approach is to be used to implement the portfolio strategies. The "macro" component is to include strategic and some tactical decision processes, such as the allocation among different fixed income segments and the decision to set the appropriate asset dollar duration target, based on the analysis of the liability

durations. The "micro" component will address individual security selection within each fixed income segment utilizing credit, duration, and valuation analysis.

4. Value at the macro level is to be added through the allocation of cash flow and the re-deployment of existing assets to fixed income segments which offer a high current yield to maturity spreads relative to their historical norms and/or to other alternative investment choices. Within policy ranges, duration should be managed with cash flows and re-deployment of existing assets by concentrating purchases and re-deploying existing assets along those sections of the yield curve where the yield premium is high relative to historical norms.
5. Only when value cannot be found should U.S. Treasury issues be purchased. Under most market circumstances the fixed income segment will have a Treasury allocation well below its public market representation.

### **Equities**

1. The equity assets are to be managed to add value principally through increased exposure to the overall equity market.
2. Asset exposure to the equity markets will be measured by comparing the total market value of equity investments to the Funds' consolidated contingency reserve. The maximum equity allocation over the long term is 125% of the contingency reserve. A change in either the level of the contingency reserve, or the trend in the level of consolidated net income may result in a revision in the level of equity holdings.

### **C. *Specific Strategies***

1. Fixed income assets are to be allocated across the various fixed income sectors based upon:
  - a. The strategic (long-term) allocation to each fixed segment (as shown in Exhibit 1 of this policy).
  - b. The permissible range around each strategic allocation target.
  - c. The available yield spreads relative to Treasuries versus historical norms, after analysis for validity. When a fixed income segment exhibits a yield spread versus Treasuries greater than the historical norms, new cash flow and/or the re-deployment of existing assets may be made to that segment.
    - 1) Yield spreads shall be analyzed on a fully option-adjusted basis.
    - 2) Yield spreads shall be analyzed on a fully risk-adjusted basis.
  - d. The available yields of other fixed income alternatives.
2. Equity investments are allocated based on Public Markets Committee recommendations and Board approval.
3. Permissible Investments:
  - a. *U.S. Treasuries and Government Agencies* excluding mortgages and mortgage backed securities (MBS), including derivative securities whose deliverable instrument is a U.S. Treasury or government obligation.
  - b. *Investment Grade Corporate Bonds* rated BBB- or higher by Standard and Poor's and Baa3 or higher by Moody's Investors' Service at the time of purchase.

- c. Publicly traded *Mortgage Backed Securities*, including derivative securities whose deliverable instrument is a U.S. mortgage backed security.
- d. *Privately Placed Mortgages*, including single family residences, commercial whole loans, and privately placed mortgage backed securities.
- e. *Private Placements* of corporate debt.
- f. *Asset Backed Securities* rated BBB- or higher by Standard and Poor's and Baa3 or higher by Moody's Investors' Service.
- g. *Non-U.S. Dollar Bonds*
- h. *U.S. Equities*
- i. *Non-U.S. Dollar Equities*
- j. *Derivative products* used for hedging or establishing a long position. Use of derivatives for speculation is prohibited.

Other instruments may be added from time to time as they are developed or deemed appropriate.

Although fixed income securities that are rated below investment grade by Moody's or Standard & Poor's may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held.

### **Reporting**

- A. A management information system is to be used for reporting internally to senior staff on the implementation of this policy. Monthly reports should include, but are not limited to:
  - 1. Current market values, amortized book values, and unrealized gains or losses.
  - 2. Monthly and year-to-date realized gains and losses by sector. This information is to be provided to SIB by L&I.
  - 3. Aggregate and individual portfolio characteristics compared to guidelines.
  - 4. Delinquencies and defaults.
- B. Quarterly executive management reports are to be provided to the Public Markets Committee, and/or the Board consisting of all of the above items, as well as showing the status of policy compliance and identifying exceptions with explanations.

### **Responsibilities**

- A. Board - the SIB is responsible for approving the strategic policy.
- B. Public Markets Committee - responsible for reviewing and recommending strategic policy to the Board. Responsible for reviewing SIB Staff investment management guidelines.
- C. SIB Staff - responsible for implementing policy and reporting to the Public Markets Committee and the Board.

**WASHINGTON STATE INVESTMENT BOARD**  
**Labor and Industries Funds**  
Statement of Investments (Unaudited)  
June 30, 1996

	ACCIDENT FUND	MEDICAL AID FUND	ACCIDENT RESERVE FUND	SUPPLEMENTAL PENSION FUND	TOTAL	PERCENT TO TOTAL
<b>FIXED INCOME INVESTMENTS:</b>						
Short-Term (Cash)	\$ 22,761,343	\$ 30,349,755	\$ 46,381,671	\$ 32,692,381	\$ 132,185,150	1.9%
US Government and Agency Securities	409,594,941	141,420,805	183,380,138	6,799,394	741,195,278	10.9%
Mortgages and Mortgage Backed Securities	918,778,274	931,895,534	136,324,334	57,377,783	2,044,375,925	30.1%
Asset Backed Securities	58,137,035	103,256,971	8,880,482	9,173,815	179,448,303	2.6%
Corporate Obligations	1,394,425,818	892,854,783	473,209,995	45,084,018	2,805,574,614	41.3%
<b>Total Fixed Income Investments (Carried at Amortized Cost)</b>	<b>\$ 2,803,697,411</b>	<b>\$ 2,099,777,848</b>	<b>\$ 848,176,620</b>	<b>\$ 151,127,391</b>	<b>\$ 5,902,779,270</b>	<b>87.0%</b>
<b>EQUITY INVESTMENTS:</b>						
Corporate Stock	\$ -	\$ 72,819,461	\$ 34,674,741	\$ -	\$ 107,494,202	1.6%
Commingled Equity Index Funds	-	526,477,064	250,849,142	-	777,326,206	11.5%
<b>Total Equity Investments (Carried at Market Value)</b>	<b>\$ -</b>	<b>\$ 599,296,525</b>	<b>\$ 285,523,883</b>	<b>\$ -</b>	<b>\$ 884,820,408</b>	<b>13.0%</b>
<b>Total Equity and Fixed Income Investments</b>	<b>\$ 2,803,697,411</b>	<b>\$ 2,699,074,373</b>	<b>\$ 1,133,700,503</b>	<b>\$ 151,127,391</b>	<b>\$ 6,787,599,678</b>	<b>100.0%</b>
<b>ACCRUALS:</b>						
Accrued Investment Income Receivable	\$ 41,312,151	\$ 22,899,122	\$ 15,701,312	\$ 1,492,185	\$ 81,404,770	
Accrued Management Fees Payable (Note 2)	(38,634)	(88,650)	(41,020)	(1,641)	(169,945)	
<b>Total Accruals</b>	<b>\$ 41,273,517</b>	<b>\$ 22,810,472</b>	<b>\$ 15,660,292</b>	<b>\$ 1,490,544</b>	<b>\$ 81,234,825</b>	
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1996</b>	<b>\$ 2,844,970,928</b>	<b>\$ 2,721,884,845</b>	<b>\$ 1,149,360,795</b>	<b>\$ 152,617,935</b>	<b>\$ 6,868,834,503</b>	
<b>MARKET VALUE OF INVESTMENTS, JUNE 30, 1996</b>	<b>\$ 2,971,940,950</b>	<b>\$ 2,727,299,170</b>	<b>\$ 1,207,193,170</b>	<b>\$ 152,821,092</b>	<b>7,059,254,382</b>	
<b>UNREALIZED GAIN ON FIXED INCOME INVESTMENTS, JUNE 30, 1996</b>	<b>\$ 126,970,022</b>	<b>\$ 5,414,325</b>	<b>\$ 57,832,375</b>	<b>\$ 203,157</b>	<b>\$ 190,419,879</b>	

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**WASHINGTON STATE INVESTMENT BOARD**  
**Labor and Industries Funds**  
Statement of Changes in Investment Balances (Unaudited)  
June 30, 1996

	ACCIDENT FUND	MEDICAL AID FUND	ACCIDENT RESERVE FUND	SUPPLEMENTAL PENSION FUND	TOTAL
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1995</b>	<b>\$ 2,630,480,701</b>	<b>\$ 2,441,438,558</b>	<b>\$ 1,077,586,014</b>	<b>\$ 116,122,002</b>	<b>\$ 6,265,627,275</b>
<b>NET AMOUNT CONTRIBUTED (WITHDRAWN)</b>	<b>\$ (34,008,277)</b>	<b>\$ 15,704,984</b>	<b>\$ (21,317,197)</b>	<b>\$ 26,808,327</b>	<b>\$ (12,812,163)</b>
<b><u>INVESTMENT EARNINGS:</u></b>					
Interest, Dividend, and Other Investment Income	\$ 213,421,081	\$ 154,550,971	\$ 72,637,775	\$ 9,448,390	\$ 450,058,217
Capital Gains	5,781,161	12,595,922	6,029,225	239,216	24,645,524
Capital Losses	(1,817,738)	(2,793,537)	(2,464,435)		(7,075,710)
<i>Net Investment Earnings</i>	<u>\$ 217,384,504</u>	<u>\$ 164,353,356</u>	<u>\$ 76,202,565</u>	<u>\$ 9,687,606</u>	<u>\$ 467,628,031</u>
<b><u>OTHER CHANGES IN FUND BALANCE:</u></b>					
Residual Equity Transfer	\$ 31,114,000.0	\$ -	\$ (31,114,000.0)	\$ -	\$ -
Change in Reserve for Unrealized Market Gains and Losses (Equity Investments)	\$ -	\$ 100,387,947	\$ 48,003,413	\$ -	\$ 148,391,360
<i>Net Other Changes in Fund Balance</i>	<u>\$ 31,114,000</u>	<u>\$ 100,387,947</u>	<u>\$ 16,889,413</u>	<u>\$ -</u>	<u>\$ 148,391,360</u>
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1996</b>	<b><u>\$ 2,844,970,928</u></b>	<b><u>\$ 2,721,884,845</u></b>	<b><u>\$ 1,149,360,795</u></b>	<b><u>\$ 152,617,935</u></b>	<b><u>\$ 6,868,834,503</u></b>

# **Washington State Investment Board Labor & Industries Funds**

**Notes to Financial Statements  
June 30, 1996**

## **1. Significant Accounting Policies**

Labor & Industries (L & I) funds are insurance enterprise funds for financial reporting purposes. An enterprise fund uses the full accrual basis of accounting where revenues are recorded in the period earned and expenditures in the period incurred. Purchases and sales of investments are recorded on a settlement date basis pursuant to state accounting policies and procedures.

Noncurrent fixed income investments are reported at amortized cost, which is the par value of the investment increased or decreased by any unamortized premiums or discounts. Amortization is computed and recorded monthly using the scientific method.

Equity investments are reported at market value. Market value increases and decreases are not recorded to investment earnings in the accompanying unaudited financial statements. Rather, these gains and losses are reserved as part of the fund balance (net equity).

## **2. Fees and Expenses**

Investment related fees and expenses are paid from non-appropriated funds, and are deducted from investment earnings. The Schedule of Investment Expenses is a listing of non-appropriated fees and expenses paid during the fiscal year ending June 30, 1996.

**LABOR & INDUSTRIES**  
**Accident Fund**  
Schedule of Investments  
June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT-TERM (CASH):</b>					
PROVIDENT TEMPFUND	N/A	N/A	\$ 12,464,000	\$ 22,761,343	\$ 22,761,343
<b>TOTAL SHORT-TERM CASH</b>				<b>\$ 22,761,343</b>	<b>\$ 22,761,343</b>
<b>US GOVERNMENT SECURITIES</b>					
<b>US TREASURIES:</b>					
U S TREASURY	13.375	15-Aug-01	3,250,000	3,921,485	4,220,418
U S TREASURY	10.750	15-Feb-03	8,000,000	7,864,684	9,761,280
U S TREASURY	10.750	15-May-03	18,000,000	19,252,472	22,050,000
U S TREASURY	11.125	15-Aug-03	5,500,000	6,263,632	6,886,165
U S TREASURY	6.500	15-May-05	3,000,000	3,016,599	2,959,230
U S TREASURY	10.750	15-Aug-05	39,850,000	45,426,862	50,609,500
U S TREASURY	5.875	15-Nov-05	10,000,000	10,113,858	9,420,300
U S TREASURY	10.375	15-Nov-12	6,100,000	6,361,033	7,740,351
U S TREASURY	11.250	15-Feb-15	17,400,000	20,496,199	25,107,678
U S TREASURY	7.250	15-May-16	9,140,000	7,617,435	9,359,908
U S TREASURY	7.500	15-Nov-16	98,720,000	85,069,184	103,763,605
U S TREASURY	8.750	15-May-17	26,200,000	26,030,856	31,087,872
U S TREASURY	8.500	15-Feb-20	16,850,000	18,156,700	19,646,089
U S TREASURY	7.875	15-Feb-21	16,900,000	16,826,543	18,526,625
<b>TOTAL US TREASURIES</b>				<b>\$ 276,417,542</b>	<b>\$ 321,139,021</b>
<b>AGENCIES:</b>					
FEDERAL FARM CREDIT BK	7.950	1-Apr-02	15,000,000	15,019,839	15,079,650
FEDERAL NATL MTG ASSOC	7.800	10-Jun-02	35,000,000	34,937,589	35,191,450
FEDERAL HOME LN BKS	9.500	25-Feb-04	4,500,000	4,494,227	5,200,290
RESOLUTION FDG CORP	-	15-May-08	16,000,000	5,868,509	7,020,960
RESOLUTION FDG CORP	-	15-Jan-13	26,200,000	5,908,665	8,029,776
FEDERAL NATL MTG ASSOC	-	5-Jul-14	25,000,000	5,107,101	6,785,250
FEDERAL NATL MTG ASSOC	-	9-Oct-19	35,000,000	4,714,797	6,414,800
RESOLUTION FDG CORP	8.125	15-Oct-19	51,300,000	47,550,819	56,558,250
TENNESSEE VALLEY AUTHOR	8.250	15-Sep-34	10,000,000	9,575,854	10,011,400
<b>TOTAL AGENCIES</b>				<b>\$ 133,177,399</b>	<b>\$ 150,291,826</b>
<b>TOTAL US GOVERNMENT</b>				<b>\$ 409,594,941</b>	<b>\$ 471,430,847</b>
<b>MORTGAGES AND MORTGAGE-BACKED SECURITIES</b>					
<b>PASS THROUGH MORTGAGES:</b>					
FHLMC GOLD PL C00249	7.000	1-Jul-23	15,523,655	15,712,849	15,004,528
FEDERAL HOME LN MTG COR	8.375	15-Sep-97	140,000	139,667	143,718
FHLMC PC 16-0011	8.500	1-Oct-05	24,504	22,866	25,163
FHLMC PC 16-0012	8.500	1-Dec-05	4,910	4,582	5,042
FHLMC PC 16-0016	8.500	1-Aug-06	158,806	148,186	163,482
FHLMC PC 16-0034	8.500	1-Dec-07	482,048	449,812	498,312
FHLMC PC 16-0038	8.500	1-Feb-08	27,044	25,236	27,957
FHLMC PC 16-0039	8.500	1-Mar-08	713,814	666,396	737,898
FHLMC PC 16-0040	8.750	1-Mar-08	25,855	23,642	26,922
FHLMC PC 16-0043	8.750	1-Apr-08	26,662	24,377	27,761
FHLMC PC 16-0049	8.750	1-Jul-08	471,428	445,500	491,651
FHLMC PC 16-0079	10.250	1-May-09	666,945	616,091	713,104
FHLMC PC 17-0018	8.500	1-Feb-08	239,842	225,071	248,332
FHLMC PC 17-0019	8.500	1-Feb-08	30,424	28,390	31,451
FHLMC PC 17-0029	12.000	1-May-10	322,259	321,655	364,533

## LABOR & INDUSTRIES

### Accident Fund

#### Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FHLMC PC 17-0040	14.500	1-Dec-10	77,914	78,108	92,668
FHLMC PC 17-0149	11.000	1-Dec-15	1,042,512	1,042,512	1,158,472
FHLMC PC 17-0186	9.500	1-Aug-16	718,469	702,753	769,264
FHLMC SWAP 29-3905	8.500	1-May-17	132,806	122,804	137,494
FHLMC SWAP 28-4854	8.500	1-Dec-16	66,551	61,539	68,900
FHLMC SWAP 28-8013	8.500	1-Mar-17	230,072	212,745	238,283
FHLMC SWAP 28-8307	8.500	1-Mar-17	339,122	313,582	351,361
FHLMC SWAP 28-8720	8.500	1-Apr-17	21,827	20,183	22,597
FHLMC SWAP 28-9754	8.500	1-Mar-17	239,983	221,909	248,644
FHLMC SWAP 28-9978	8.500	1-Apr-17	53,967	49,903	55,999
FHLMC SWAP 29-1274	8.000	1-Apr-17	85,647	82,167	87,320
FHLMC GIANT SWAP 30-4272	8.500	1-Jun-18	6,948,696	6,434,241	7,196,695
FHLMC GIANT SWAP 30-4278	9.000	1-Jul-18	2,691,341	2,511,358	2,820,633
FHLMC GIANT SWAP 30-4281	9.000	1-Jul-18	2,725,199	2,566,796	2,856,114
FHLMC GIANT WAM SWAP 30-	7.000	15-Mar-19	1,702,130	1,525,534	1,703,320
FHLMC GIANT WAM SWAP 30-	8.500	15-Mar-19	2,240,490	2,114,463	2,306,448
FNMA CL 2463	11.000	1-Sep-15	61,575	60,382	68,507
FNMA GL 6222	9.000	1-Apr-16	716,105	670,454	752,576
FNMA CA 7423	11.250	1-May-14	35,859	36,486	39,806
GNMA SN 1470	6.500	15-Dec-02	239,780	239,780	223,220
GNMA SF 45231	10.500	15-Dec-10	93,996	70,776	102,837
<b>TOTAL PASS THROUGH MORTGAGES</b>				<b>\$ 37,992,792</b>	<b>\$ 39,811,012</b>
<b>OTHER MORTGAGES:</b>					
BANCBOSTON (MERIDIAN)	10.250	1-Aug-09	214,322	210,057	215,815
BANCBOSTON (MERIDIAN)	10.375	1-Mar-10	257,891	257,697	258,280
BICENTENNIAL MANOR	7.500	1-Aug-18	1,331,698	1,057,038	1,314,413
CRIMI MAE FIN CORP	7.000	1-Jan-33	10,085,216	10,009,577	9,530,519
HEATHERWOOD VALLEY	7.500	1-Jan-19	1,326,897	1,067,508	1,302,098
MCCORD MANOR	7.500	1-Feb-19	1,383,036	1,112,672	1,357,353
STRONGSVILLE SR CTR	7.500	1-Jul-19	3,061,440	2,449,195	3,001,681
U S MORTGAGE	6.750	1-Mar-02	24,276	23,427	22,432
VILLA RAINTREE	7.500	1-Nov-18	1,316,793	1,079,930	1,295,711
WESTIN INTERNATIONAL	9.150	1-Jul-02	31,188,130	31,188,130	31,310,699
<b>TOTAL OTHER MORTGAGES</b>				<b>\$ 48,455,230</b>	<b>\$ 49,609,000</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS</b>					
BSMSI 1993-3 A10	7.750	25-Feb-24	8,000,000	7,975,000	7,930,712
COUNTRYWIDE MTG 93-2 A3	6.500	25-Sep-08	12,897,344	12,705,899	12,606,754
COUNTRYWIDE MTG 1993-AA1	6.500	25-Oct-08	13,763,329	11,666,572	12,646,008
COUNTRYWIDE MTG 1993-3 A	7.000	25-Oct-23	19,000,000	19,032,656	18,988,410
COUNTRYWIDE MTG 1993-E A	6.500	25-Jan-24	4,448,752	3,962,865	4,180,048
CHEM MTG SEC 1993-3 A1	7.125	25-Jul-23	10,053,263	10,037,555	10,027,628
DLJ MTG ACC CORP 94-3A	6.500	25-Apr-24	9,737,340	9,007,039	8,598,110
FHLMC 1142G	7.950	15-Mar-20	5,184,887	5,116,835	5,268,773
FHLMC 1992-1188GC	7.500	15-Nov-19	13,000,000	13,138,125	12,980,240
FHLMC 1289 PL	7.500	15-Feb-21	15,000,000	14,990,625	14,976,900
FHLMC 1992-1332H	7.500	15-Apr-20	10,000,000	10,156,250	9,959,500
FHLMC 1992 1339-P1	7.500	15-Feb-20	10,000,000	10,156,250	9,969,800
FHLMC 1415 Y8	6.500	15-Nov-07	10,000,000	9,384,375	9,542,800
FHLMC 1992 1381 Y6	6.250	15-Jul-06	5,440,000	5,355,850	5,398,928
FHLMC 1992 1409 H	6.500	15-Nov-07	10,996,000	10,483,140	10,492,823
FHLMC 1992 1445 Y4	7.000	15-Oct-07	11,103,200	10,447,417	10,756,325
FHLMC 1993-1479 H	6.950	15-Jun-19	15,000,000	14,826,563	14,442,450
FHLMC 1993-1478 G	6.500	15-Jun-07	27,639,000	26,351,733	26,832,494
FHLMC 1993-1489 H	6.250	15-Oct-07	10,000,000	9,685,938	9,566,200

## LABOR & INDUSTRIES

### Accident Fund

#### Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FHLMC 1993-1515 Y7	6.500	15-Feb-08	8,406,000	8,110,477	8,152,475
FHLMC 1993-1513 L	6.500	15-Jul-07	21,243,000	20,542,180	20,604,860
FHLMC 1993-1546 Y6	6.750	15-Dec-21	10,000,000	9,792,188	9,460,490
FHLMC 1993 1559VG	6.500	15-Nov-21	21,220,000	21,156,428	20,441,014
FHLMC 1552 GB	6.500	15-Dec-21	13,450,000	12,820,555	12,869,095
FHLMC 1993 1584N	6.500	15-Sep-23	6,569,000	6,186,150	6,127,366
FHLMC 1993-1590GA	6.500	15-Oct-21	9,964,000	9,976,455	9,521,798
FHLMC 1616 BC	5.700	15-Aug-06	10,000,000	9,515,625	9,580,600
FHLMC 1648 HD	6.000	15-Jul-23	21,520,000	19,132,869	19,080,062
FHLMC 1193-1630PG	5.750	15-Apr-20	17,660,000	17,083,291	16,660,444
FHLMC 1993-1639M	6.000	15-Dec-08	13,500,000	12,457,969	11,961,527
FHLMC 1993-1629 E	5.500	15-Jun-16	8,000,000	7,825,000	7,710,720
FHLMC 1671 G	6.500	15-Aug-23	15,000,000	14,923,438	14,315,535
FHLMC 1695 EB	7.000	15-Mar-24	5,000,000	4,188,281	4,614,650
FHLMC 1697 PJ	6.000	15-Jul-08	15,000,000	13,596,094	14,011,350
FNMA 1992-22G	7.000	25-Apr-05	16,500,000	17,131,641	16,524,585
FNMA 1992-65 DA	7.500	25-Jan-18	1,692,428	1,654,348	1,700,651
FNMA 1992 135 E P11	7.300	25-Mar-15	10,000,000	9,975,000	10,066,000
FNMA 1993-06 Y5	6.750	25-Dec-04	12,000,000	11,900,625	11,982,600
FNMA 1992 193 HC	7.000	25-Jan-07	2,471,325	2,412,921	2,465,070
FNMA 1992 216 E	7.000	25-Mar-13	18,822,000	18,769,063	18,954,130
FNMA 1992 198 J	6.500	25-Dec-19	11,907,000	10,920,952	11,279,025
FNMA G 1993-3 J	7.000	25-Mar-22	4,000,000	3,408,125	3,757,240
FNMA 1993-28 Y5	6.500	25-Mar-07	15,000,000	14,770,313	14,491,200
FNMA 1993-44 PJ/	7.000	25-Dec-19	15,000,000	15,239,063	14,609,400
FNMA 1993-20PG	6.500	19-Feb-25	5,800,000	5,658,625	5,625,246
FNMA 1993-54 Y8	6.500	25-Apr-21	18,913,300	18,375,453	17,547,173
FNMA 1993-71 Z	6.500	25-May-08	16,169,815	15,509,946	15,321,057
FNG 1993-22 HA	6.500	25-Sep-20	10,285,000	10,106,620	9,657,409
FNMA 1993-84 Y5	6.500	25-Nov-20	7,769,000	7,313,482	7,473,467
FNMA 1993-137 PE	5.800	24-Apr-07	5,000,000	4,975,000	4,867,750
FNMA 1993 - 134D	5.900	25-Nov-05	10,000,000	9,971,875	9,804,400
FNMA 1993-139G	6.250	19-Jul-25	9,197,750	8,841,337	8,900,847
FNMA 1993-188 G	5.800	25-Aug-06	6,450,000	6,383,484	6,272,109
FNMA 1994 -14 C	6.000	25-Jul-23	20,000,000	15,225,000	16,879,800
FNMA 1994-40 Y6	6.000	25-Jun-22	10,000,000	9,520,313	9,271,200
FNMA 1993 X-225C NC	6.500	25-Mar-23	10,000,000	8,506,250	8,896,500
FNMA 1994 19B	5.000	25-Jan-24	16,800,000	13,892,625	14,653,296
FNMA 1994-51 PH	6.500	25-Jan-23	15,000,000	14,904,688	14,221,200
FNMA 1994 - 29 PE	6.000	25-May-18	10,000,000	9,671,875	9,734,700
FNMA 1994-60 C	7.000	25-Jan-24	4,823,000	4,012,887	4,469,763
FNMA 1994-62 PH	6.900	25-Nov-23	10,000,000	9,314,063	9,771,300
FNMA 1994-42PH	5.850	20-Dec-25	12,191,634	11,475,376	11,488,652
GE CAPITAL MTG SERV 1994-1	6.000	25-Mar-09	15,000,000	12,611,719	13,267,950
GE CAPITAL MTG SVC 1994-13	6.500	25-Apr-24	6,799,414	6,051,479	6,309,850
GE CAPITAL MTG SERV 1994-1	7.500	25-Apr-24	10,569,000	9,406,410	10,109,883
GE CAPITAL MTG SVC 1994-4	6.500	25-Jan-24	10,481,816	8,886,615	9,227,352
GE CAPITAL MTG 1992-13F	7.000	25-Dec-07	11,000,000	10,090,781	10,495,430
GE CAP MTG 1994-6A10	6.500	25-Mar-24	15,320,000	12,332,844	13,034,256
GE CAPITAL MTG 1994-21A	6.500	25-Aug-09	12,809,052	12,360,735	12,333,182
PRU-BACHE CMO TR 10I	7.965	1-Apr-19	16,889,225	16,048,141	17,008,784
PRU HOME 93-51 A14	6.750	25-Dec-23	6,250,000	5,868,164	5,624,938
PRUHOME MTG 1993-44 A18	6.750	25-Nov-23	13,000,000	10,773,750	11,556,090
PRUHOME MTG 1993-60 A5	6.750	25-Dec-23	3,703,851	3,125,125	3,184,308
PRU HOME MTG 1994-15 A8	6.800	25-Apr-24	14,000,000	12,180,000	12,505,500
PRUHOME MTG 1994-26 A6	7.000	25-Aug-09	5,812,000	5,010,126	5,402,254
RESIDENT FD MG 93-S45A12	6.500	25-Dec-23	7,000,000	6,636,875	6,390,790
RYLAND MTG SEC 1993-4 A2	7.500	25-Aug-24	7,134,234	6,964,796	7,172,467
SAXON MTG SEC 1994-2A7	6.750	25-Jan-24	3,000,000	2,354,063	2,631,570

## LABOR & INDUSTRIES

### Accident Fund

#### Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 832,330,252</b>	<b>\$ 837,217,262</b>
<b>TOTAL MORTGAGES AND MORTGAGE-BACKED SECURITIES</b>				<b>\$ 918,778,274</b>	<b>\$ 926,637,274</b>
<b>ASSET BACKED SECURITIES:</b>					
DISCOVER CARD TR 1993-3 A	6.200	15-Nov-03	7,000,000	6,969,270	6,669,110
DISCOVER CARD	6.800	16-Jun-00	15,000,000	14,927,550	15,117,000
DISCOVER CARD TR 1993-B	6.750	15-Feb-00	10,500,000	10,792,215	10,514,700
MID STATES TRUST IV	8.330	1-Apr-30	4,702,052	4,701,318	4,856,327
STANDARD CR CARD MASTER	7.250	7-Apr-06	14,000,000	13,352,500	14,036,540
STD CR CARD 1995-9A ABS	6.550	7-Oct-07	7,370,000	7,394,183	7,063,187
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 58,137,035</b>	<b>\$ 58,256,863</b>
<b>CORPORATE OBLIGATIONS:</b>					
ABN-AMRO BNK NV (CHICAGO	7.250	31-May-05	10,000,000	9,992,104	9,969,400
A T & T CORP	8.350	15-Jan-25	2,500,000	2,456,123	2,615,775
ANHEUSER BUSCH COS INC	9.000	1-Dec-09	20,000,000	19,620,356	22,870,400
ANHEUSER BUSCH COS INC	7.960	1-Dec-00	5,000,000	4,701,665	5,201,050
ASSOCIATED DRY GOODS	8.850	1-Mar-06	1,900,000	1,808,772	2,107,936
ASSOCIATES CORP NORTH A	6.000	15-Jun-01	3,300,000	2,997,347	3,155,031
ASSOCIATES CORP NORTH A	7.875	30-Sep-01	5,000,000	4,964,086	5,202,150
BOC GROUP INC 144A	7.450	15-Jun-06	10,000,000	9,997,600	10,162,500
BANK ONE CORP	7.250	1-Aug-02	7,000,000	7,053,084	7,051,800
BANK ONE DAYTON	6.625	15-Apr-03	5,100,000	5,033,744	4,943,685
BANK OF NEW YORK	8.500	15-Dec-04	5,500,000	5,461,826	5,910,300
BANKAMERICA CORP	7.750	15-Jul-02	5,000,000	4,785,940	5,172,800
BANKAMERICA CORP	7.875	1-Dec-02	5,405,000	5,195,167	5,614,011
BELLSOUTH CORP	6.300	15-Dec-15	9,871,800	9,840,433	9,216,905
BENEFICIAL CORP MTN	7.640	25-Nov-02	10,000,000	10,000,000	10,278,200
BOEING CO	8.750	15-Aug-21	15,000,000	14,928,233	17,007,000
BURLINGTON NORTHERN INC	7.000	1-Aug-02	12,750,000	12,496,128	12,541,793
BURLINGTON NORTHERN RR	9.250	1-Oct-06	4,000,000	4,614,899	4,381,120
CSR AMERICA INC	6.875	21-Jul-05	5,000,000	5,070,169	4,832,600
CANADIAN NAT'L RR	6.625	15-May-03	8,000,000	8,000,000	7,712,320
CANADIAN NAT'L RR	7.000	15-Mar-04	10,000,000	9,935,224	9,642,200
CAPITAL DESJARDINS	7.370	8-Aug-05	5,000,000	5,000,000	5,045,190
CARNIVAL CRUISE	6.150	1-Oct-03	8,500,000	8,384,229	7,835,980
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	6,000,000	5,969,276	6,473,040
CASE CREDIT	6.125	15-Feb-03	10,000,000	9,977,623	9,415,200
CASTLE PEAK POWER CO	6.870	1-Aug-03	5,000,000	5,000,000	4,747,500
CHASE MANHATTAN CORP	8.500	15-Feb-02	3,000,000	3,121,094	3,209,400
CHEMICAL BANK	7.000	1-Jun-05	10,000,000	9,966,449	9,736,400
CHEMICAL BANK	6.125	1-Nov-08	3,075,000	2,759,614	2,734,229
CHESAPEAKE & POTOMAC TE	5.875	1-Jun-04	750,000	652,621	685,530
CHESAPEAKE & POTOMAC TE	6.625	1-Oct-08	490,000	479,905	453,216
CHICAGO & NW RR	14.750	1-Aug-98	2,740,613	2,740,613	3,096,536
CHICAGO & NWESTN TRANS	6.250	30-Jul-12	5,051,961	5,051,961	4,679,278
CHRYSLER FINANCIAL CORP	6.625	15-Aug-00	10,000,000	9,808,943	9,927,100
CHUBB CORP	8.750	15-Nov-99	3,181,000	3,173,608	3,295,102
CINCINNATI BELL INC	7.375	1-Aug-11	750,000	664,431	710,888
CINCINNATI GAS & ELEC	6.900	1-Jun-25	5,000,000	5,000,000	4,823,400
CINCINNATI GAS & ELEC	6.450	15-Feb-04	8,000,000	7,987,413	7,617,040
CIRCUS CIRCUS ENTERPRISE	6.450	1-Feb-06	11,850,000	11,230,159	10,965,516
CITICORP MTN	8.800	1-Feb-00	5,000,000	5,000,000	5,074,900
COLORADO INTERSTATE GAS	10.000	15-Jun-05	4,750,000	5,783,898	5,539,260

**LABOR & INDUSTRIES**

**Accident Fund**

Schedule of Investments

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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
COLUMBIA HEALTHCARE	7.150	30-Mar-04	10,000,000	9,978,389	10,000,800
CONAGRA	7.400	15-Sep-04	10,000,000	9,973,461	9,995,700
CONSOLIDATED EDISON CO N	5.900	15-Dec-96	450,000	440,402	449,618
COOPER INDUSTRIES MTN	7.890	16-Nov-98	15,000,000	15,000,000	15,447,900
DAYTON HUDSON	6.625	1-Mar-03	13,000,000	12,995,600	12,467,910
DEAN WTTR DISCV	6.875	1-Mar-03	10,000,000	10,069,703	9,866,100
EATON CORP	7.000	1-Apr-11	25,000,000	20,053,716	23,342,250
ELEC DATA SYSTEM	7.125	15-May-05	10,000,000	9,969,228	9,873,100
FIRST UNION CORP	7.250	15-Feb-03	17,000,000	17,137,281	16,887,630
FLETCHER CHALLNG CAP CA	7.750	20-Jun-06	10,000,000	9,985,500	10,140,800
FLORIDA GAS TRANSMISSION	8.630	1-Nov-04	10,000,000	10,000,000	10,612,500
FLORIDA GAS TRANSMISSION	9.190	1-Nov-24	3,000,000	3,000,000	3,412,740
FORD HOLDINGS INC	9.250	1-Mar-00	15,000,000	14,800,970	16,162,200
FORD MOTOR CREDIT CO	8.000	15-Jun-02	17,000,000	17,175,496	17,771,800
FORD MOTOR CREDIT CORP	7.750	15-Nov-02	10,000,000	9,955,093	10,329,000
FORD MOTOR CREDIT CO	7.125	1-Dec-97	15,000,000	14,959,534	15,166,650
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	5,000,000	4,999,150	5,258,850
GTE CORP	8.750	1-Nov-21	15,000,000	14,908,986	16,671,300
GENERAL ELEC CREDIT COR	5.500	1-Nov-01	9,850,000	7,924,280	9,219,699
GENERAL MTRS ACCEPT COR	8.500	1-Jan-03	10,000,000	10,670,958	10,648,300
GEN MOTORS ACCEPT CORP	5.625	1-Feb-99	6,200,000	5,923,822	6,050,766
GENERAL TEL CO NW	6.250	1-Sep-98	1,000,000	998,904	965,750
GEORGIA-PACIFIC	9.950	15-Jun-02	15,000,000	17,831,757	16,996,800
GEORGIA-PACIFIC	9.500	15-May-22	5,000,000	5,232,006	5,296,150
GEORGIA-PACIFIC	8.625	30-Apr-25	5,000,000	5,155,905	4,982,000
GOLDMAN SACHS 144A	6.375	15-Jun-00	5,000,000	4,980,502	4,871,900
GOLDMAN SACHS 144A	6.750	15-Feb-06	15,000,000	14,964,000	14,151,150
GREAT WESTERN FIN	8.600	1-Feb-02	6,070,000	6,282,739	6,473,837
GREAT WESTERN FINANCIAL	6.375	1-Jul-00	5,000,000	4,775,423	4,911,200
HANSON PLC	7.375	15-Jan-03	10,000,000	10,341,254	10,121,400
HANSON OVERSEAS	6.750	15-Sep-05	20,000,000	20,069,627	19,220,400
HARRIS CORP	10.375	1-Dec-18	4,600,000	4,880,754	5,033,688
HERSHEY FOODS CORP	8.800	15-Feb-21	10,000,000	9,778,439	11,452,400
HOUSEHOLD FINANCE CORP	6.875	1-Mar-03	15,000,000	14,967,440	14,838,150
HOUSEHOLD FINANCE CO	8.250	15-Feb-05	10,000,000	9,952,250	10,567,100
HYDRO-QUEBEC	8.250	15-Jan-27	10,000,000	9,588,168	10,342,300
HYDRO-QUEBEC	9.375	15-Apr-30	25,000,000	24,978,093	28,955,500
HYDRO-QUEBEC	8.050	7-Jul-24	31,000,000	30,204,905	32,861,240
HYDRO QUEBEC MTN	7.000	12-Apr-05	3,000,000	3,017,738	3,017,730
ITT DESTINATIONS	6.750	15-Nov-05	5,000,000	4,992,827	4,728,450
INDIANTOWN COGENERATIO	9.260	15-Dec-10	5,000,000	5,000,205	5,497,450
INTER AMERN DEV BK	8.500	15-Mar-11	20,000,000	19,062,443	22,409,479
INTL BUSINESS MACHINES	8.375	1-Nov-19	15,000,000	13,338,819	16,207,050
ITALY - GLOBAL BD	6.875	27-Sep-23	5,000,000	4,128,638	4,508,600
KANSAS GAS & ELEC	6.760	29-Sep-03	8,899,906	8,899,906	8,577,275
KOREA ELECTRIC POWER	6.375	1-Dec-03	5,000,000	4,941,651	4,735,350
LORAL CORP	7.625	15-Jun-04	6,000,000	5,958,135	6,076,320
MBNA CORP MTN	6.500	15-Sep-00	7,000,000	6,996,850	6,870,080
MCI COMMUNICATIONS CORP	7.500	20-Aug-04	10,000,000	9,975,132	10,211,700
MANITOBA PROV CDA	9.625	1-Dec-18	20,000,000	19,395,060	24,475,600
MANITOBA PROV CDA	6.875	15-Sep-02	10,000,000	9,957,267	9,910,400
MORGAN STANLEY & CO INC	7.030	15-May-03	10,000,000	10,000,000	9,891,000
MORGAN STANLEY GROUP IN	6.375	15-Dec-03	7,500,000	7,451,246	7,115,400
NCNB CORP	9.375	15-Sep-09	5,000,000	5,479,342	5,730,400
NATIONAL BANK OF DETROIT	6.250	15-Aug-03	8,000,000	7,974,228	7,531,760
NEW JERSEY BELL TEL CO	7.375	1-Jun-12	3,500,000	3,287,048	3,393,285
NEW YORK TEL CO	7.500	1-Mar-09	1,000,000	584,413	982,260
NEW YORK TEL CO	7.750	15-Dec-06	1,800,000	1,731,558	1,816,524
NEW YORK TEL CO	8.625	15-Nov-10	15,000,000	14,221,161	16,536,150

## LABOR & INDUSTRIES

### Accident Fund

Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
NORFOLK SOUTHERN	9.000	1-Mar-21	20,000,000	19,860,298	23,245,600
NORTHROP-GRUMMAN	7.000	1-Mar-06	7,500,000	7,462,800	7,220,625
NORTHWEST PIPELINE	9.000	1-Aug-22	2,800,000	2,831,485	2,954,252
NOVA GAS TRANSMISSION	8.500	8-Dec-04	4,000,000	4,006,219	4,280,280
NOVA SCOTIA PROV CDA	9.375	15-Jul-02	25,000,000	24,896,046	27,388,500
ONTARIO PROV CDA	7.625	22-Jun-04	13,000,000	12,984,186	13,355,550
PNC FUNDING CORP	7.750	1-Jun-04	5,250,000	5,220,462	5,364,975
PNC BANK	7.875	15-Apr-05	5,000,000	5,306,338	5,144,700
PACIFIC GAS & ELEC CO	6.875	1-Dec-99	850,000	837,879	837,225
PACIFIC GAS & ELEC CO	6.625	1-Jun-00	1,058,000	1,037,810	1,043,907
PACIFIC GAS & ELEC CO	6.750	1-Dec-00	1,885,000	1,842,030	1,869,826
PACIFIC GAS & ELEC CO	8.800	1-May-24	10,000,000	9,972,362	11,034,200
PACIFIC GAS TRAN	7.100	1-Jun-05	10,000,000	10,106,414	9,807,100
PACIFIC TELECOM INC MTN	6.625	20-Oct-05	10,000,000	9,983,600	9,409,500
PACIFICORP HOLDINGS	7.200	1-Apr-06	7,500,000	7,457,850	7,205,100
PANHANDLE EASTERN PIPELI	7.250	15-May-05	10,000,000	10,000,000	9,871,900
PANHANDLE EASTERN PIPELI	7.875	15-Aug-04	10,000,000	9,987,119	10,282,900
PENNEY JC	6.125	15-Nov-03	10,000,000	9,844,228	9,411,700
PETROLIUM NASIONAL BERH	6.875	1-Jul-03	5,000,000	5,025,234	4,924,000
PHILIPS ELECTRONICS NV	7.750	15-May-25	5,000,000	4,983,062	4,934,200
PHILIPS ELECTRONICS NV	6.750	15-Aug-03	7,500,000	7,483,304	7,226,025
PHILIPS ELECTRONICS NV	7.250	15-Aug-13	2,500,000	2,250,814	2,383,225
PHILIPS ELECTRONICS NV	7.750	15-Apr-04	12,500,000	12,500,000	12,753,125
POTOMAC ELEC PWR CO	6.625	15-Feb-03	500,000	501,297	480,820
PROGRESSIVE CORP	6.600	15-Jan-04	10,000,000	9,133,586	9,589,400
PUBLIC SVC CO NEW MEXICO	7.500	15-Jun-02	498,000	494,426	472,612
QUESTAR PIPELINE	9.375	1-Jun-21	3,000,000	3,190,784	3,217,380
REPUBLIC NEW YORK CORP	8.375	15-Feb-07	1,000,000	931,866	1,069,500
ROCKWELL INTL CORP	8.875	15-Sep-99	19,000,000	18,733,330	20,193,580
ROYAL CARIBBEAN CRUISES	8.125	28-Jul-04	10,000,000	9,763,610	10,079,400
RYDER SYSTEM	9.000	15-May-16	1,900,000	1,744,523	1,998,344
SAFECO CORP	7.875	1-Apr-05	7,000,000	6,954,200	7,188,370
SAFECO CORP	8.120	1-Oct-98	5,000,000	5,000,000	5,179,150
SAFECO CORP	8.110	2-Oct-98	5,000,000	5,000,000	5,178,250
SAFERCO MTN	9.650	31-May-07	16,000,000	16,000,000	18,352,160
SAFERCO MTN	9.650	31-May-06	10,000,000	10,000,000	11,413,700
SAGA PETROLEUM A.S.	8.400	15-Jul-04	5,000,000	4,988,733	5,240,250
SANTANDER FIN ISSUANCES	6.800	15-Jul-05	14,300,000	14,709,490	13,679,952
SASKATCHEWAN CDA	8.000	15-Jul-04	10,000,000	9,931,772	10,470,100
SEARS ROEBUCK & CO	6.000	1-May-00	2,500,000	2,030,135	2,415,450
SOCIETY CORP	8.125	15-Jun-02	4,750,000	5,133,352	4,968,358
SOCIETY CORP	7.850	1-Nov-02	17,500,000	18,063,260	17,945,900
SOCIETY NATIONAL BANK	6.750	15-Jun-03	2,625,000	2,658,792	2,536,459
SOUTHWESTERN BELL TELE	7.200	15-Oct-26	10,000,000	9,987,500	9,419,400
TCI COMMUNICATIONS INC	6.820	15-Sep-10	5,000,000	5,000,000	4,973,450
TELE-COMMUN INC	9.250	15-Apr-02	7,000,000	7,588,379	7,443,310
TELECOMMUNICATIONS INC	8.250	15-Jan-03	10,000,000	9,996,234	10,105,400
TELECOMMUNICATIONS INC.	7.875	1-Aug-13	5,000,000	4,950,926	4,555,400
TELEKOMMALAYSIA	7.875	1-Aug-25	5,000,000	4,953,600	5,020,300
TENAGA NASIONAL BERHAD	7.875	15-Jun-04	8,000,000	7,955,868	8,273,200
TEXAS UTILITIES	6.750	1-Apr-03	5,000,000	4,975,253	4,847,500
TIME WARNER ENTERTAINME	7.250	1-Sep-08	25,500,000	21,855,461	23,940,165
TORCHMARK CORP	8.625	1-Mar-17	1,000,000	954,990	1,019,520
TRANSAMERICA FINANCE	6.800	15-Mar-99	5,500,000	5,498,992	5,522,220
TRANSCANADA PIPELINE	8.625	15-May-12	5,000,000	5,110,038	5,400,900
UNION BANK OF LOS ANGELE	7.350	1-Feb-01	657,000	655,923	629,833
UNION PACIFIC CO	7.600	1-May-05	13,000,000	13,002,668	13,140,920
UNION PACIFIC CO	8.350	1-May-25	5,000,000	4,994,564	5,077,500
UNION PACIFIC CORP	6.400	1-Feb-06	10,000,000	9,997,600	9,310,000

**LABOR & INDUSTRIES**  
**Accident Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
UNITED PARCEL SVC AMER IN	8.375	1-Apr-20	35,000,000	32,646,358	38,627,400
U S BANCORP	6.750	15-Oct-05	10,000,000	9,964,367	9,536,700
UNITED TECHNOLOGIES MTN	8.300	15-Dec-99	15,000,000	14,629,063	15,649,650
UNITED TELECOM	9.500	1-Apr-03	2,000,000	2,113,359	2,210,520
WEYERHAEUSER CO	8.500	15-Jan-25	5,000,000	5,002,791	5,454,650
WEYERHAEUSER CO	7.950	15-Mar-25	5,000,000	4,945,479	5,174,100
WILLIAMS HLDGS OF DEL	6.250	1-Feb-06	5,000,000	4,974,420	4,594,600
WILLIAMS COS	9.375	15-Nov-21	12,250,000	13,301,884	13,691,335
WISCONSIN BELL INC	7.250	1-Feb-07	500,000	331,719	464,450
WISCONSIN TEL CO	6.250	1-Aug-04	200,000	193,553	188,614
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b><u>\$ 1,394,425,818</u></b>	<b><u>\$ 1,451,581,107</u></b>
PLUS: ACCRUED INCOME RECEIVABLE				41,312,151	41,312,151
MINUS: ACCRUED MANAGEMENT FEES PAYABLE				(38,634)	(38,634)
<b>TOTAL ACCIDENT FUND</b>				<b><u>\$ 2,844,970,929</u></b>	<b><u>\$ 2,971,940,950</u></b>

**LABOR & INDUSTRIES**  
**Medical Aid Fund**  
Schedule of Investments  
June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT-TERM (CASH):</b>					
PROVIDENT TEMPFUND A	N/A	N/A	12,234,000	12,234,000	12,234,000
PROVIDENT TEMPFUND B	N/A	N/A	18,115,755	18,115,755	18,115,755
<b>TOTAL SHORT - TERM</b>				<b>\$ 30,349,755</b>	<b>\$ 30,349,755</b>
<b>US GOVERNMENT SECURITIES</b>					
<b>US TREASURIES:</b>					
U S TREASURY	8.500	15-Jul-97	5,000,000	5,079,785	5,132,800
U S TREASURY	8.625	15-Aug-97	2,000,000	1,998,675	2,059,060
US TREASURY - STRIP	-	15-Feb-00	18,000,000	14,566,820	14,316,120
U.S. TREASURY - STRIPS	-	15-Feb-00	30,500,000	24,617,211	24,279,220
U S TREASURY	6.375	15-Aug-02	6,000,000	6,261,464	5,949,360
U S TREASURY STRIPS	-	15-Feb-04	12,200,000	6,977,903	7,381,854
U S TREASURY	7.250	15-May-04	15,000,000	16,201,726	15,543,750
<b>TOTAL US TREASURIES</b>				<b>\$ 75,703,585</b>	<b>\$ 74,662,164</b>
<b>AGENCIES:</b>					
FNMA MED TERM NOTES	5.270	28-Jul-98	2,500,000	2,405,934	2,452,725
FEDERAL NATL MTG ASSOC	4.875	15-Oct-98	8,500,000	7,916,444	8,250,270
FEDERAL HOME LN BKS	6.100	22-Mar-99	6,000,000	5,701,620	5,941,860
FEDERAL HOME LN BKS	9.500	25-Feb-04	3,700,000	3,695,253	4,275,794
FEDERAL NATL MTG ASSOC	7.550	10-Jun-04	10,000,000	9,865,997	9,992,200
RESOLUTION FDG CORP STRIPS	-	15-Apr-06	25,000,000	11,928,850	12,771,500
GUARANTEED TRADE TR 1994-A	7.390	26-Jun-06	8,333,333	8,333,333	8,527,000
RESOLUTION FDG CORP STRIPS	-	15-Apr-07	36,301,000	15,869,790	17,207,037
<b>TOTAL AGENCIES</b>				<b>\$ 65,717,221</b>	<b>\$ 69,418,386</b>
<b>TOTAL US GOVERNMENT</b>				<b>\$ 141,420,805</b>	<b>\$ 144,080,550</b>
<b>MORTGAGES AND MORTGAGE BACKED SECURITIES</b>					
<b>PASS THROUGH MORTGAGES:</b>					
FHLMC GOLD PL 99004	8.000	1-Jul-99	7,125,981	7,276,295	7,250,678
FEDERAL HOME LN MTG CORP	8.375	15-Sep-97	42,000	41,884	43,116
FHLMC GNOME 38-0021	9.000	1-May-03	1,721,811	1,680,953	1,773,466
FHLMC PC 16-0079	10.250	1-May-09	666,945	616,091	713,104
FHLMC PC 17-0147	11.000	1-Nov-15	675,494	671,472	752,019
FHLMC PC 17-0186	9.500	1-Aug-16	718,469	702,753	769,264
FHLMC GIANT SWAP 30-4272	8.500	1-Jun-18	8,335,161	7,717,155	8,632,643
FHLMC GIANT SWAP 30-4278	9.000	1-Jul-18	2,951,732	2,754,335	3,093,533
FHLMC GIANT SWAP 30-4281	9.000	1-Jul-18	2,991,859	2,817,957	3,135,585
FNMA CL 2463	11.000	1-Sep-15	126,571	124,119	140,820
FNMA CA 7423	11.250	1-May-14	17,929	18,243	19,903
GNMA 1 SF393278	7.500	15-Aug-25	986,917	990,927	972,725
GNMA 1 SF409930	7.500	15-Aug-25	1,002,043	1,006,114	987,632
GNMA 1 SF410088	7.500	15-Aug-25	1,976,415	1,984,444	1,947,992
GNMA 1 SF414075	7.500	15-Aug-25	1,002,075	1,006,146	987,665
GNMA 1 SF414098	7.500	15-Aug-25	4,010,423	4,026,716	3,952,750
GNMA 1 SF413882	7.500	15-Jul-25	2,003,111	2,011,249	1,974,307
GNMA 1 SF413886	7.500	15-Aug-25	953,533	957,407	939,822
GNMA 1 SF415983	7.500	15-Aug-25	981,614	985,602	967,498
GNMA GP 90132	9.000	15-May-09	75,177	56,759	80,307

**LABOR & INDUSTRIES**

**Medical Aid Fund**

Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
GNMA GP 90178	9.000	15-May-09	171,941	129,816	183,674
GNMA II SF 120666	13.000	15-Sep-14	1,857,375	1,818,632	2,184,143
GNMA 1 SF334780	7.500	15-Aug-25	6,947,967	6,976,193	6,848,055
GNMA 1 SF 780052	7.000	15-Dec-08	8,309,722	8,387,625	8,242,155
<b>TOTAL PASS THROUGH MORTGAGES</b>				<b>\$ 54,758,887</b>	<b>\$ 56,592,855</b>
<b>OTHER MORTGAGES:</b>					
EUCLID APTS	7.500	1-May-19	1,485,367	1,190,097	1,456,818
MANCHESTER HEIGHTS	7.500	1-Feb-19	1,121,067	893,119	1,094,228
NATIONS Banc	10.500	25-Oct-09	254,968	254,968	257,624
VIRGINIA APTS	7.500	1-Jul-18	1,835,594	1,474,008	1,805,454
<b>TOTAL OTHER MORTGAGES</b>				<b>\$ 3,812,192</b>	<b>\$ 4,614,125</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
BSMSI 1993-3 A10	7.750	25-Feb-24	5,000,000	4,984,375	4,956,695
BEAR S. MTG. SEC TR93-08A5	6.350	25-Aug-24	15,000,000	14,729,063	14,711,850
COUNTRYWIDE MTG 93-2 A3	6.500	25-Sep-08	8,952,344	8,833,446	8,750,639
COUNTRYWIDE MTG 1993-AA10	6.500	25-Oct-08	8,908,880	7,551,668	8,185,649
COUNTRYWIDE MTG 94-13 A10	6.500	25-Jun-09	4,940,000	4,631,250	4,704,214
COUNTRYWIDE MTG 1994-3 A7	6.750	25-Mar-24	10,000,000	9,710,600	9,517,500
INMC 95-D A8	9.000	25-Oct-09	5,000,000	5,212,500	5,212,950
IND NATL MTG CORP 95HA11	8.250	25-Jun-25	10,000,000	10,112,500	10,233,300
DLJ MTG ACC CORP 94-3A	6.500	25-Apr-24	9,737,340	9,007,039	8,598,110
FHLMC 1989 107E	8.750	15-Aug-04	7,000,000	7,253,750	7,188,650
FHLMC 1990 128H	8.750	15-Sep-19	3,114,171	3,176,454	3,179,441
FHLMC 1994-1119 G	8.100	15-Jul-20	3,187,246	3,233,063	3,245,636
FHLMC 1992-1188GC	7.500	15-Nov-19	11,000,000	11,116,875	10,983,280
FHLMC 1271 G	7.000	15-Aug-06	10,478,000	10,510,744	10,270,116
FHLMC 1992-1332H	7.500	15-Apr-20	10,000,000	10,135,000	9,959,500
FHLMC 1992 1336 H	7.750	15-Jan-21	21,000,000	21,306,563	21,144,270
FHLMC 1992 1381 Y6	6.250	15-Jul-06	7,000,000	6,891,719	6,947,150
FHLMC 1992 1381 Y7	6.500	15-Feb-07	8,000,000	8,072,500	7,934,560
FHLMC 1992 1445 Y3	7.000	15-Oct-05	17,556,800	17,323,576	17,523,776
FHLMC 1992 1423 CC	6.750	15-Mar-04	20,000,000	19,737,500	20,029,600
FHLMC-GNMA93-12 E	6.000	25-Mar-08	7,481,250	7,308,246	7,199,357
FHLMC 1993-1505D	5.500	15-Aug-18	10,000,000	8,850,000	9,418,000
FHLMC 1993-1530G	6.500	15-Oct-21	10,000,000	9,511,719	9,580,000
FHLMC 1993 1620 PG	6.000	15-Aug-18	10,000,000	9,676,563	9,545,200
FHLMC 1993-1587 Z	6.500	15-Oct-08	5,088,656	4,326,611	5,476,347
FHLMC 1616 BC	5.700	15-Aug-06	16,094,000	15,413,253	15,419,018
FHLMC 1993-1591PN	5.950	15-Jun-19	13,000,000	12,727,813	12,404,470
FHLMC 1993-1639M	6.000	15-Dec-08	9,248,202	8,534,356	8,194,268
FHLMC 1669 EA	5.750	15-May-18	15,000,000	13,761,900	14,503,500
FHLMC 1993-1637 EA	5.950	15-Feb-19	6,003,847	5,998,218	5,858,428
FHLMC 1673 Y5	6.000	15-Feb-19	15,000,000	14,763,281	14,253,900
FHLMC 1994-1683 AB	5.250	15-Jul-20	25,000,000	23,609,375	22,534,750
FHLMC 1706 H	6.500	15-Jun-23	5,000,000	4,507,031	4,768,550
FHLMC 1994-1714 E	6.250	15-Sep-18	14,000,000	13,351,875	13,771,520
FHLMC/GNMA-29 Y5	6.250	25-Feb-18	15,000,000	14,240,625	14,672,100
FHLMC 1994 G-29 P	7.000	25-Feb-18	12,500,000	12,703,125	12,531,375
FHLMC/GNMA 29X	6.750	25-Feb-23	6,591,408	6,323,632	6,142,395
FHLMC 1994 - 1727 E	6.500	15-Apr-18	20,000,000	19,080,469	19,782,400
FHLMC 1989085E	9.500	15-Dec-18	6,892,221	8,013,730	8,911,855
FNMA 1991-85 G	8.000	25-Jun-15	1,649,965	1,721,120	1,670,623

**LABOR & INDUSTRIES**  
**Medical Aid Fund**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FNMA 1991-134H	7.950	25-Mar-20	2,613,644	2,573,214	2,646,942
FNMA 1992-48 H	7.500	25-Nov-05	23,750,000	23,669,063	24,144,488
FNMA 1992-108 E	7.000	25-May-04	3,155,204	3,064,492	3,166,339
FNMA 1992 135 E P11	7.300	25-Mar-15	7,715,000	7,695,713	7,765,919
FNMA 1992 175 PE	6.500	25-Oct-04	6,500,000	6,370,508	6,462,235
FNMA 1992-205K	6.500	25-May-21	16,000,000	14,542,500	15,181,440
FNMA 1993-28 Y5	6.500	25-Mar-07	20,000,000	19,845,313	19,321,600
FNMA 1993-G9 E	6.350	25-Aug-15	7,400,000	7,366,700	7,289,000
FNMA 1993-56 P6	6.750	25-Feb-21	10,000,000	9,120,313	9,721,100
FNMA 1993-44 PG	6.450	25-Sep-16	17,700,000	17,520,563	17,337,681
FNMA 1993-20PG	6.500	19-Feb-25	10,000,000	9,756,250	9,698,700
FNMA 1993-116E	6.500	25-Jul-22	3,000,000	2,742,660	2,864,850
FNMA 1993-85G	6.500	25-Mar-08	13,000,000	12,475,938	12,158,120
FNMA 1993-77G	6.500	19-Nov-25	47,000,000	45,920,469	46,106,530
FNMA 1993-84 Y9	6.450	25-Jun-18	12,000,000	11,816,250	11,732,268
FNMA 1993-149H	6.000	20-Sep-25	5,086,000	4,848,984	4,867,760
FNMA 1993-142B	6.250	19-Jun-25	6,650,000	6,396,469	6,437,267
FNMA 1993-138E	5.750	25-Dec-16	10,000,000	9,857,813	9,731,200
FBNA G93-33 H	6.600	25-Nov-20	5,320,000	4,857,825	5,055,702
FNMA 1993-204 EC	5.950	23-Oct-25	10,754,742	10,062,406	9,928,671
FNMA 1993-202N	6.500	25-Feb-22	5,000,000	4,805,950	4,801,250
FNMA1993-252E	6.000	25-Aug-17	13,000,000	12,605,938	12,677,730
FNMA 1994-37G	6.000	18-Nov-25	5,385,000	5,113,226	5,133,844
FNMA 1994-20-Z	6.500	25-Feb-09	14,308,683	13,578,772	14,098,098
FNMA 1994-23PC	6.000	17-Jul-25	10,382,000	10,041,341	10,093,796
FNMA 1994-42 PE	5.850	25-Jun-18	15,000,000	13,823,438	14,505,450
FNMA TRUST 1995-T5	7.000	20-Jun-35	4,225,931	4,163,863	4,012,733
GE CAPITAL MTG SVC 1994-13 A7	6.500	25-Apr-24	9,713,449	8,644,970	9,014,071
GE CAP MTG SVC 1994-5 A6	5.500	24-Feb-25	15,407,000	14,335,732	14,714,147
GE CAPITAL MTG SVC 94-1 A6	6.500	25-Jan-24	10,000,000	9,021,875	9,448,500
GE CAPITAL MTG 1994-21A	6.500	25-Aug-09	8,539,368	8,240,490	8,222,122
PRUHOME MTG 1994-11 A1	6.680	25-Apr-24	2,678,477	2,608,167	2,654,180
PRU HOME MTG 1994-14 A2	6.400	25-Apr-09	8,376,888	8,175,319	8,298,229
CMO PRU HOME 1994-5-A1	7.000	25-Feb-24	3,195,872	3,117,973	3,182,385
PRU HOME 1994-18A1	7.425	25-May-24	12,925,581	12,814,502	12,957,378
PRUHOME 1994-A7 AD	7.500	25-Aug-24	8,000,000	7,427,500	7,793,520
PRU BACHE TRUST 16 G	8.000	25-Dec-20	14,490,000	15,449,963	14,773,714
RESIDENT FD MTG 93-S45 A8	6.500	25-Dec-23	14,837,883	14,578,220	14,198,949
RFMSI01993-S22A6	7.000	25-Jun-23	7,433,000	7,010,248	7,183,028
RAS CORP 1995-KS 3-C	8.000	25-Oct-24	9,695,000	9,800,059	9,876,103
RTC SERIES 1992-7 A-2D	8.350	25-Jun-29	14,387,036	14,679,272	14,533,927
RTC 1993-3 A-2B	7.250	25-Oct-23	1,882,942	1,929,133	1,867,201
RYLAND MTG SEC 1993-4 A2	7.500	25-Aug-24	4,336,920	4,233,919	4,360,162
SASI 1993-7 TA1	6.250	25-Dec-23	3,824,314	3,532,710	3,758,612
VA VENDEE MTG TRUST 1992-1 B	7.750	15-Sep-10	3,622,832	3,704,912	3,658,445
VA VENDEE MTG 1994-1C	6.300	15-Sep-10	11,917,000	11,969,464	11,356,424
VA VENDEE MTF 94-2 3C	6.500	15-Nov-09	10,000,000	9,460,938	9,793,060
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 873,324,455</b>	<b>\$ 878,499,809</b>
<b>TOTAL MORTGAGE AND MORTGAGE BACKED SECURITIES</b>				<b>\$ 931,895,534</b>	<b>\$ 939,706,789</b>
<b>ASSET BACKED SECURITIES:</b>					
DISCOVER CARD TR 1993-2 A ABS	5.400	15-May-99	10,000,000	9,953,600	9,789,700
DISCOVER 1993-A. ABS	6.250	15-Aug-00	10,000,000	9,968,101	9,994,300
DISCOVER CARD TR 1993-B	6.750	15-Feb-00	10,000,000	10,323,438	10,014,000

**LABOR & INDUSTRIES**  
**Medical Aid Fund**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET MALUE</u>
FNMA 95-W1 A2	8.200	25-Apr-25	11,745,000	11,930,351	11,809,832
FIRST USA CREDIT CARD 92-1	5.200	15-Jun-98	4,164,667	4,136,035	4,151,794
GREENTREE 1995-3 A3 ABS	6.650	15-Aug-25	10,000,000	9,975,000	10,000,700
MBNA MA CR CD 95-C A	6.450	15-Feb-08	25,500,000	25,444,219	24,492,240
MID STATES TRUST IV	8.330	1-Apr-30	4,702,052	4,701,318	4,856,327
PREMIER AUTO TRUST 1993-2B AB	5.000	15-Oct-98	1,469,970	1,467,840	1,459,401
SCFC BOAT LOAN TR 1992-1 A	7.050	15-Apr-07	6,401,154	6,368,252	6,423,423
STD CR CARD 1995-3 A ABS	7.850	7-Feb-02	4,000,000	3,994,400	4,144,800
STD CR CARD 1995-6A ABS	6.750	7-Jun-00	5,000,000	4,994,419	5,037,500
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 103,256,971</b>	<b>\$ 102,174,018</b>
<b><u>CORPORATE OBLIGATIONS:</u></b>					
ABN-AMRO BNK NV (CHICAGO)	7.250	31-May-05	10,000,000	9,992,104	9,969,400
ALCAN ALUMINUM	6.375	1-Sep-97	8,000,000	7,986,969	8,012,640
AMERICAN EXPRESS CREDIT COR	7.750	1-Mar-97	1,700,000	1,679,719	1,718,054
AMERICAN EXPRESS CREDIT MTN	7.250	11-Feb-97	14,400,000	14,372,050	14,508,000
AMERICAN STORES	7.400	15-May-05	5,000,000	5,018,370	4,980,800
ASSOCIATES CORP M.T.N.	6.910	28-Jan-00	3,000,000	3,063,784	3,028,140
ASSOCIATES CORP NORTH AMER	7.500	15-May-99	3,000,000	2,993,249	3,064,080
ASSOCIATES CORP NORTH AME	6.625	15-Nov-97	20,000,000	19,978,554	20,086,000
ASSOCIATES CORP NORTH AME	6.000	15-Jun-00	4,000,000	3,988,175	3,879,480
ASSOCIATES CORP NORTH AME	7.875	30-Sep-01	7,500,000	7,408,692	7,803,225
BOC GROUP INC 144A	7.450	15-Jun-06	10,000,000	9,997,600	10,162,500
BEAR STERNS & CO	6.500	15-Jun-00	8,000,000	7,995,630	7,900,640
BELLSOUTH TELEC	6.500	15-Jun-05	5,650,000	5,616,886	5,443,154
BELLSOUTH CORP	6.300	15-Dec-15	6,910,260	6,888,303	6,451,833
BENEFICIAL CORP MTN	9.250	10-Sep-96	1,200,000	1,206,848	1,207,296
BENEFICIAL FIN	7.300	15-Nov-99	8,000,000	7,988,571	8,117,520
BENEFICIAL CORP MTN	7.270	22-Nov-99	10,000,000	10,000,000	10,137,800
BENEFICIAL CORP MTN	9.500	18-Jul-97	9,000,000	9,219,576	9,291,420
BURLINGTON NO SANTA FE	6.375	15-Dec-05	10,000,000	9,994,700	9,274,300
CIT GROUP HLDGS	8.750	1-Jul-97	7,775,000	7,886,065	7,953,436
CSR AMERICA INC	6.875	21-Jul-05	5,000,000	5,070,169	4,832,600
CARNIVAL CRUISE	7.050	15-May-05	10,000,000	10,077,997	9,762,800
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	5,000,000	4,974,397	5,394,200
CASE CREDIT	6.125	15-Feb-03	10,000,000	9,977,623	9,415,200
CHASE MANHATTAN CORP	8.800	1-Feb-00	10,000,000	10,000,000	10,150,700
CHICAGO & NW RR	14.750	1-Aug-98	2,740,613	2,740,613	3,096,536
CIRCUS CIRCUS ENTERPRISE	6.450	1-Feb-06	8,000,000	7,581,542	7,402,880
CITICORP	8.625	1-Nov-04	9,500,000	9,345,940	9,892,255
CITICORP MTN	8.800	1-Feb-00	5,000,000	5,000,000	5,074,900
COMMERCIAL CREDIT CO	6.125	1-Mar-00	25,000,000	24,954,570	24,364,750
COOPER INDUSTRIES MTN	7.750	15-Oct-96	10,000,000	10,000,000	10,054,500
ELEC DATA SYSTEM	7.125	15-May-05	10,000,000	9,969,228	9,873,100
EUROPEAN INVESTMENT BANK MT	6.910	13-Dec-96	5,000,000	5,007,492	5,023,800
FLETCHER CHALLNG CAP CAN	7.750	20-Jun-06	10,000,000	9,985,500	10,140,800
FORD HOLDINGS INC	9.250	15-Jul-97	5,025,000	5,111,966	5,178,866
FORD MOTOR CREDIT CO	8.875	15-Jun-99	6,115,000	6,288,390	6,463,555
FORD MOTOR CREDIT CO	8.000	1-Oct-96	3,000,000	3,013,710	3,014,700
FORD MOTOR CREDIT CO	7.125	1-Dec-97	10,000,000	9,973,023	10,111,100
FORD MOTOR CREDIT CORP	6.375	15-Apr-00	4,000,000	3,983,995	3,924,200
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	5,000,000	4,999,150	5,258,850

**LABOR & INDUSTRIES**  
**Medical Aid Fund**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
GTE CORP	9.100	1-Jun-03	5,000,000	5,310,726	5,524,350
GTE HAWAII	7.000	1-Feb-06	8,265,000	8,159,044	7,975,725
GTE NORTH	9.600	1-Jan-21	9,769,000	11,232,745	10,921,644
GENERAL MTRS ACCEPT CORP	8.000	1-Oct-99	5,000,000	4,892,932	5,187,950
GENERAL MTRS ACCEPT CORP	7.000	15-Aug-01	20,000,000	19,372,926	19,881,200
GEN MOTORS ACCEPT CORP	5.625	1-Feb-99	12,500,000	11,930,167	12,199,125
GENERAL MTRS ACCEPT CORP MT	7.750	12-May-97	10,000,000	10,020,182	10,131,100
GEORGIA-PACIFIC	9.950	15-Jun-02	10,835,000	12,880,473	12,277,355
GOLDMAN SACHS 144A	6.375	15-Jun-00	10,000,000	10,067,163	9,743,800
GOLDMAN SACHS 144A	6.750	15-Feb-06	15,000,000	14,964,000	14,151,150
GRAND METROPOLITAN	-	6-Jan-04	10,000,000	5,511,380	5,808,500
HELLER FINANCIAL INC	9.375	15-Mar-98	3,000,000	3,187,656	3,133,470
HOUSEHOLD FINANCE CORP	6.875	1-Mar-03	5,000,000	4,989,291	4,946,050
ITT DESTINATIONS	6.250	15-Nov-00	3,000,000	2,990,664	2,911,830
INTER AMERN DEV BK	7.500	15-Dec-96	3,700,000	3,664,897	3,726,492
INTL LEASE FINANCE	6.200	1-May-00	5,000,000	4,949,170	4,875,900
KANSAS GAS & ELEC	6.760	29-Sep-03	8,899,906	8,899,906	8,577,275
KERN RIVER FUNDING CORP	6.720	30-Sep-01	20,000,000	20,000,000	19,722,200
KOREA DEVELOPMENT BANK	6.250	1-May-00	9,000,000	8,984,227	8,752,140
KOREA TELECOM	7.400	1-Dec-99	6,400,000	6,676,062	6,497,216
MBNA AMER BANK NA	7.250	15-Sep-02	5,000,000	4,902,716	5,008,350
MBNA CORP	6.875	1-Jun-05	9,500,000	9,495,383	9,107,555
MONTANA POWER CO	8.250	1-Feb-07	12,500,000	13,361,967	13,063,500
MORGAN STANLEY & CO INC	7.030	15-May-03	10,000,000	10,000,000	9,891,000
NATIONASBANK CORP	6.500	15-Aug-03	10,000,000	9,261,308	9,595,700
NORANDA FOREST INC	6.875	15-Nov-05	7,500,000	7,493,400	7,097,175
NORTHERN TELECOM	8.750	12-Jun-01	11,555,000	12,661,683	12,405,448
NORTHROP-GRUMMAN	7.000	1-Mar-06	7,500,000	7,462,800	7,220,625
NOVA GAS TRANSMISSION	7.250	6-Jul-99	10,000,000	9,953,174	10,101,700
ONTARIO PROV CDA	11.500	10-Mar-13	3,495,000	3,887,994	3,908,528
ONTARIO PROV CDA	11.750	25-Apr-13	2,600,000	2,924,721	2,937,012
PNC FUNDING CORP	6.125	1-Sep-03	10,000,000	9,981,501	9,381,600
PACIFIC GAS TRAN	7.100	1-Jun-05	7,500,000	7,579,810	7,355,325
PACIFIC TELECOM INC MTN	6.625	20-Oct-05	10,000,000	9,985,750	9,409,500
PACIFICORP HOLDINGS	6.750	1-Apr-01	6,500,000	6,480,955	6,528,405
PACIFICORP HOLDINGS	7.200	1-Apr-06	7,500,000	7,457,850	7,205,100
PACIFICORP MTN	7.000	27-Jan-97	15,000,000	14,999,900	15,068,400
PANHANDLE EASTERN PIPELINE	8.625	1-Dec-99	5,000,000	4,994,152	5,214,850
PANHANDLE EASTERN PIPELINE	7.250	15-May-05	5,000,000	5,000,000	4,935,950
PHILIPS ELECTRONICS NV	7.750	15-Apr-04	5,000,000	4,990,911	5,101,250
PRICE COSTCO INC	7.125	15-Jun-05	10,000,000	9,976,682	9,727,800
PROGRESSIVE CORP	7.300	1-Jun-06	15,000,000	14,977,800	14,969,100
QUEBEC PROV CDA	9.125	1-Mar-00	5,750,000	6,280,812	6,160,780
QUEBEC PROVINCE CDA	7.500	15-Jul-02	5,000,000	4,751,433	5,117,900
ROYAL CARIBBEAN CRUISES	8.125	28-Jul-04	8,000,000	7,961,854	8,063,520
SANTANDER FIN ISSUANCES	6.800	15-Jul-05	10,000,000	10,307,969	9,566,400
SASKATCHEWAN CDA	8.000	15-Jul-04	12,000,000	11,918,127	12,564,120
SEARS ROEBUCK & CO	6.000	1-May-00	700,000	578,372	676,326
SMITH BARNEY HOLDINGS	6.875	15-Jun-05	10,000,000	9,934,352	9,630,000
SOCIETY CORP	7.850	1-Nov-02	2,500,000	2,647,168	2,563,700
SUN CO INC	8.125	1-Nov-99	8,500,000	8,495,363	8,774,125
TELEACOMMUNICATIONS INC	8.650	15-Sep-04	12,000,000	12,000,000	12,231,000
TCI COMMUNICATIONS INC	6.820	15-Sep-10	5,000,000	5,000,000	4,973,450

**LABOR & INDUSTRIES**

**Medical Aid Fund**

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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
TELE-COMMUN INC	9.250	15-Apr-02	10,000,000	10,822,017	10,633,300
TELECOMMUNICAITON INC MTN	7.385	27-Aug-01	20,000,000	20,000,000	19,984,000
TENAGA NASIONAL BERHAD	7.875	15-Jun-04	11,250,000	11,715,654	11,634,188
TIME WARNER ENTERTAINMENT	7.250	1-Sep-08	10,000,000	8,495,937	9,388,300
TRANSAMERICA FINANCE	6.800	15-Mar-99	7,000,000	6,998,717	7,028,280
UNION OIL OF CA MTN	6.700	15-Oct-07	10,000,000	9,915,849	9,287,000
UNION PACIFIC CO	7.600	1-May-05	10,000,000	10,001,281	10,108,400
U S BANCORP	6.750	15-Oct-05	5,100,000	5,158,733	4,863,717
U S BANCORP MTN	6.830	13-Nov-97	13,000,000	13,001,748	13,117,390
VIGINIA ELEC & PWR CO	9.375	1-Jun-98	5,000,000	5,330,464	5,242,200
WILLIAMS HLDGS OF DEL	6.250	1-Feb-06	5,000,000	4,974,420	4,594,600
WILLIAMS COS	7.500	15-Sep-99	5,000,000	5,021,139	5,025,000
WORLD SAVINGS AND LOAN	10.250	1-Oct-97	23,000,000	23,698,158	24,055,010
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 892,854,783</b>	<b>\$ 888,881,061</b>

**CORPORATE STOCK:**

A T & T CORP COM	50,500	3,131,000	3,131,000
ABBOTT LABS	13,300	578,550	578,550
ALBERTSONS INC	21,100	873,013	873,013
ALLIED-SIGNAL INC	5,800	331,325	331,325
ALLSTATE CORP COM	5,900	269,188	269,188
ALUMINUM CO AMER	5,500	315,563	315,563
AMERICAN EXPRESS CO	21,700	968,363	968,363
AMOCO CORP	9,800	706,825	706,825
ANADARKO PETE CORP COM DEB	15,200	881,600	881,600
ANALOG DEVICES INC	12,450	315,919	315,919
APPLIED MATERIALS INC	8,600	262,300	262,300
AVERY DENNISON CORP	6,800	373,150	373,150
AVON PRODS INC	7,600	342,950	342,950
BAKER HUGHES INC	13,900	456,963	456,963
BANKAMERICA CORP	6,300	477,225	477,225
BARNETT BANKS INC COM	10,100	616,100	616,100
BAXTER INTL INC	8,200	387,450	387,450
BOEING CO	8,900	775,413	775,413
BRISTOL MYERS SQUIBB CO.	23,700	2,133,000	2,133,000
CIGNA CORP	8,400	990,150	990,150
CPC INTL INC	9,200	662,400	662,400
CSX CORP	7,600	366,700	366,700
CHASE MANHATTAN CORP NEW	13,100	925,188	925,188
CHEVRON CORP	6,900	407,100	407,100
CHRYSLER CORPORATION COMMON	14,500	906,250	906,250
CITICORP	1,900	157,225	157,225
COLGATE PALMOLIVE COMPANY CO	3,800	322,050	322,050
COMPAQ COMPUTER CORP	10,700	525,638	525,638
DANA CORP	12,700	393,700	393,700
DEAN WITTER DISCOVER & CO	16,100	919,713	919,713
DIGITAL EQUIPMENT	4,700	212,088	212,088
DOVER CORPORATION	14,600	671,600	671,600
EASTMAN KODAK CO	14,800	1,150,700	1,150,700
ENTERGY CORP	19,400	550,475	550,475
EXXON CORP	20,600	1,789,625	1,789,625
FEDERAL NATL MTG ASSOC	9,600	321,600	321,600
FEDERATED DEPT STORES INC DE	10,700	365,138	365,138
FIRST BANK SYS INC	13,000	754,000	754,000
FLEET FINL GROUP INC	6,900	300,150	300,150

**LABOR & INDUSTRIES**

**Medical Aid Fund**

Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FORD MTR CO DEL			29,500	955,063	955,063
GTE CORP			41,700	1,866,075	1,866,075
GENERAL ELEC CO			31,000	2,689,250	2,689,250
GENERAL MTRS CORP			10,900	570,888	570,888
GENERAL RE CORP			1,900	289,275	289,275
GENERAL SIGNAL CORP COM			6,300	238,613	238,613
GOODYEAR TIRE & RUBR CO			11,900	571,200	571,200
HALLIBURTON CO			4,500	249,750	249,750
HERCULES INCORPORATED COMMON			14,600	808,475	808,475
HOME DEPOT INC			20,500	1,107,000	1,107,000
ITT CORP NEW			7,000	463,750	463,750
INTEL CORP			9,300	682,964	682,964
JOHNSON & JOHNSON			42,400	2,098,800	2,098,800
KERR-MCGEE CORPORATION COMMO			4,000	243,500	243,500
KIMBERLY CLARK			8,700	672,075	672,075
KOMAG INC COM			5,600	147,700	147,700
LAM RESH CORP COM			5,100	132,600	132,600
LINCOLN NATL CORP IND			7,900	365,375	365,375
LOCKHEED MARTIN CORP			14,500	1,218,000	1,218,000
LOWES COMPANIES INC COM			3,000	108,375	108,375
MARSH & MCLENNAN COS INC			14,700	1,418,550	1,418,550
MEDTRONIC INC.			14,100	789,600	789,600
MERCK & CO INC			22,200	1,434,675	1,434,675
MICROSOFT CORP			5,900	708,738	708,738
MOBIL CORP			8,900	1,000,138	1,000,138
MONSANTO CO			39,500	1,283,750	1,283,750
MORGAN J P & CO INC			11,400	964,725	964,725
MORGAN STANLEY GROUP INC			5,600	275,100	275,100
MORTON INTL INC			10,700	398,575	398,575
NATIONSBANK CORP			10,500	867,563	867,563
NYNEX CORP			19,900	945,250	945,250
OUTBACK STEAKHOUSE INC			3,700	127,591	127,591
PANENERGY CORP			17,300	568,738	568,738
PEPSICO INC			58,800	2,087,400	2,087,400
PFIZER INC			2,300	164,163	164,163
PHELPS DODGE CORPORATION			2,700	168,075	168,075
PHILIP MORRIS COS INC			19,800	2,059,200	2,059,200
PHILLIPS PETE CO			32,400	1,356,750	1,356,750
PITNEY BOWES INC.			12,300	587,325	587,325
POLICY MGMT SYS CORP COM			3,100	155,000	155,000
PRICE/COSTCO INC			24,200	523,325	523,325
PROVIDIAN CORP			11,000	471,625	471,625
RAYTHEON CO			10,800	557,550	557,550
SAFEWAY INC COM NEW			3,600	118,800	118,800
SARA LEE CORP			21,800	708,500	708,500
SCHERING PLOUGH CORP			5,200	326,300	326,300
SPRINT CORP			2,600	109,200	109,200
STAPLES INC			20,100	391,950	391,950
TENNECO INC			18,400	940,700	940,700
TERADYNE INC			9,900	170,775	170,775
TEXACO INC			4,700	394,213	394,213
TEXAS UTILS CO			17,500	748,125	748,125
TOYS R US			26,100	743,850	743,850
UST INC			20,500	702,125	702,125
UNITED HEALTHCARE CORP COM			7,700	388,850	388,850
UNITED TECHNOLOGIES CORP			11,400	1,311,000	1,311,000
UNOCAL CORP COM			9,700	326,163	326,163

**LABOR & INDUSTRIES**  
**Medical Aid Fund**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
WALMART CO			48,800	1,238,298	1,238,300
XEROX CORP			54,600	2,921,100	2,921,100
<b>TOTAL CORPORATE STOCK</b>				<b>\$ 72,819,459</b>	<b>\$ 72,819,461</b>
<b><u>EQUITY INDEX FUNDS:</u></b>					
BZW BARCLAY - EXTENDED MARKET			2,922,033	144,226,296	144,226,296
BZW BARCLAY - S&P 500			18,359,094	293,646,367	293,646,367
STATE STREET - MSCI EAFE FUND			842,749	88,604,401	88,604,401
<b>TOTAL EQUITY INDEX FUNDS</b>				<b>\$ 526,477,064</b>	<b>\$ 526,477,064</b>
PLUS: ACCRUED INVESTMENT INCOME RECEIVABLE				22,899,122	22,899,122
MINUS: ACCRUED MANAGEMENT FEES PAYABLE				(88,650)	(88,650)
<b>TOTAL MEDICAL AID FUND</b>				<b>\$ 2,721,884,845</b>	<b>\$ 2,727,299,170</b>

**LABOR & INDUSTRIES**  
**Accident Reserve Fund**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT - TERM (CASH):</b>					
PROVIDENT TEMPFUND A	N/A	N/A	9,285,000	9,285,000	9,285,000
PROVIDENT TEMPFUND B	N/A	N/A	37,096,671	37,096,671	37,096,671
<b>TOTAL SHORT-TERM</b>				<b>\$ 46,381,671</b>	<b>\$ 46,381,671</b>
<b>US GOVERNMENT SECURITIES</b>					
<b>US TREASURIES:</b>					
U S TREASURY	10.375	15-Nov-12	3,800,000	3,962,611	4,821,858
U S TREASURY	11.250	15-Feb-15	6,000,000	6,755,845	8,657,820
U S TREASURY	7.250	15-May-16	5,600,000	4,770,230	5,734,736
U S TREASURY	7.500	15-Nov-16	28,380,000	24,638,922	29,829,934
U S TREASURY	8.750	15-May-17	8,000,000	8,416,375	9,492,480
U S TREASURY	8.875	15-Aug-17	15,000,000	14,693,227	18,014,100
U S TREASURY	8.500	15-Feb-20	6,000,000	6,256,003	6,995,640
<b>TOTAL US TREASURIES</b>				<b>\$ 69,493,212</b>	<b>\$ 83,546,568</b>
<b>US AGENCIES:</b>					
STUDENT LOAN MKTNG ASSO	8.410	2-Dec-13	4,700,000	4,700,000	5,172,632
STUDENT LOAN MKTNG ASSO	8.410	1-Dec-14	5,200,000	5,200,000	5,732,428
STUDENT LOAN MKTNG ASSO	8.410	1-Dec-15	5,600,000	5,600,000	6,182,288
FEDERAL NATL MTG ASSOC	8.100	12-Aug-19	5,000,000	5,000,000	5,446,850
RESOLUTION FDG CORP	8.125	15-Oct-19	53,700,000	49,882,642	59,204,250
RESOLUTION FDG CORP STRIP	-	15-Jul-20	50,000,000	8,445,000	8,808,500
RESOLUTION FDG CORP STRIP	-	15-Jan-21	125,000,000	20,399,234	21,291,250
RESOLUTION FDG CORP	8.625	15-Jan-30	10,000,000	9,872,123	11,868,700
TENNESSEE VALLEY AUTHORI	8.250	15-Sep-34	5,000,000	4,787,927	5,005,700
<b>TOTAL AGENCIES</b>				<b>\$ 113,886,926</b>	<b>\$ 128,712,598</b>
<b>TOTAL US GOVERNMENT</b>				<b>\$ 183,380,138</b>	<b>\$ 212,259,166</b>
<b>MORTGAGES AND MORTGAGE BACKED SECURITIES</b>					
<b>PASS THROUGH MORTGAGES</b>					
FEDERAL HOME LN MTG CORP	8.375	15-Sep-97	56,000	55,736	57,487
FHLMC GNOME 38-0021	9.000	1-May-03	439,710	429,288	452,901
FHLMC PC 16-0040	8.750	1-Mar-08	43,092	39,403	44,870
FHLMC PC 16-0043	8.750	1-Apr-08	8,887	8,126	9,254
FHLMC PC 17-0040	14.500	1-Dec-10	77,914	78,108	92,668
FHLMC PC 17-0149	11.000	1-Dec-15	332,838	331,176	369,859
FHLMC PC 17-0217	8.000	1-Mar-17	345,315	331,826	351,827
FHLMC SWAP 29-3812	8.500	1-May-17	58,310	53,919	60,506
FHLMC SWAP 28-7996	8.500	1-Mar-17	35,524	32,848	36,791
FHLMC SWAP 28-8047	8.500	1-Feb-17	120,391	111,324	124,641
FHLMC SWAP 28-9338	8.500	1-Mar-17	37,762	34,918	39,095
FHLMC SWAP 28-9414	8.500	1-Mar-17	227,870	210,708	235,914
FHLMC SWAP 28-9442	8.500	1-Mar-17	98,403	90,992	101,876
FHLMC SWAP 29-1274	8.000	1-Apr-17	504,621	484,121	514,481
FHLMC SWAP 29-2081	8.500	1-May-17	116,276	107,519	120,381
FHLMC SWAP 29-2320	8.500	1-Mar-17	39,839	36,839	41,245
FHLMC GIANT SWAP 30-4272	8.500	1-Jun-18	2,916,277	2,700,729	3,020,359
FHLMC GIANT SWAP 30-4278	9.000	1-Jul-18	1,236,919	1,154,200	1,296,340
FHLMC GIANT SWAP 30-4281	9.000	1-Jul-18	1,253,185	1,180,343	1,313,387
FHLMC GIANT WAM SWAP 30-6	8.500	15-Mar-19	91,234	86,102	93,920
FNMA CL 805 (WESTSIDE)	9.500	1-Dec-09	318,161	263,283	340,366
FNMA CL 806 (WESTSIDE)	9.000	1-Jul-08	183,443	147,949	192,325

**LABOR & INDUSTRIES**  
**Accident Reserve Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FNMA CL 2463	11.000	1-Sep-15	85,521	84,174	95,149
FNMA CA 7423	11.250	1-May-14	17,929	18,243	19,903
GNMA SF 2967	6.500	15-Jul-03	1,838	1,226	1,812
GNMA II SF 120666	13.000	15-Sep-14	773,906	758,173	910,059
<b>TOTAL PASS THROUGH MORTGAGES</b>				<b>\$ 8,831,273</b>	<b>\$ 9,937,416</b>
<b>OTHER MORTGAGES:</b>					
CENTURY II APTS	7.500	1-Aug-18	1,539,745	1,233,665	1,511,398
CHARTER MTG CO FHA PROJ P	7.400	25-Jan-22	7,751,358	4,070,391	7,326,187
CRIIMI MAE FIN CORP	7.000	1-Jan-33	4,977,895	4,850,337	4,704,106
CROSSWINDS APTS	7.500	1-Mar-18	1,240,677	1,001,244	1,178,767
FHA PRJ-REILLY MTG GRP #55	7.430	1-Mar-24	2,385,535	2,576,378	2,384,605
NATIONSBANC	10.500	25-Oct-09	764,903	764,903	772,873
TERRACE APTS	7.500	1-Dec-18	805,394	647,950	789,954
TOWER HILL APTS	7.500	1-Aug-18	1,025,110	821,617	1,008,524
WAKONDA MANOR	7.500	1-Aug-18	1,688,379	1,350,727	1,659,474
<b>TOTAL OTHER MORTGAGES</b>				<b>\$ 17,317,212</b>	<b>\$ 21,335,888</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
COUNTRYWIDE MTG 1993-E A8	6.500	25-Jan-24	1,866,312	1,642,355	1,735,090
FHLMC 1993-1546 Y6	6.750	15-Dec-21	5,884,500	5,762,213	5,567,025
FHLMC 1993-1574 VA	7.000	15-Mar-23	4,037,975	3,576,762	3,662,483
FHLMC 1993-1639M	6.000	15-Dec-08	5,000,000	4,614,063	4,430,195
FHLMC 1706 H	6.500	15-Jun-23	10,450,000	9,419,695	9,966,270
FHLMC 1727 Z	6.250	15-May-24	10,588,071	8,271,599	9,362,633
FNMA 1993-06 Y7	7.000	25-Aug-07	10,000,000	9,570,313	9,926,700
FNMA G 1993-3 J	7.000	25-Mar-22	2,000,000	1,704,063	1,878,620
FNMA 1993-199Z	7.000	23-Oct-25	3,899,504	3,561,763	3,785,693
FNMA 1994-40 Y6	6.000	25-Jun-22	5,000,000	4,760,156	4,635,600
FNMA 1994 19B	5.000	25-Jan-24	5,000,000	4,096,875	4,361,100
FNMA 1994-62 PH	6.900	25-Nov-23	4,000,000	3,725,625	3,908,520
GE CAPITAL MTG SERV 1994-14	7.500	25-Apr-24	5,000,000	4,450,000	4,782,800
GE CAPITAL MTG SVC 1994-4 A	6.500	25-Jan-24	4,950,792	4,239,115	4,358,281
GE CAPITAL MTG 1992-13F	7.000	25-Dec-07	5,403,000	4,956,408	5,155,164
GE CAP MTG 1994-6A10	6.500	25-Mar-24	4,510,000	3,505,820	3,837,108
GE CAP MTG 1993-5F F	6.500	25-Apr-08	2,566,098	2,163,140	2,320,212
GE CAP MTG SERV 1994-1 A8	6.500	25-Jan-24	3,000,000	2,503,125	2,629,710
PRU HOME MTG 1993-51 A16	6.500	25-Dec-23	3,822,000	2,911,886	3,267,466
PRUHOME MTG 1993-62 A7	6.750	23-Dec-26	5,000,000	4,365,625	4,374,150
PRUHOME MTG 1993-44 A18	6.750	25-Nov-23	3,300,000	2,734,875	2,933,469
PRUHOME 1994-A7 AD	7.500	25-Aug-24	4,915,000	4,563,270	4,788,144
PRUHOME MTG 1994-26 A6	7.000	25-Aug-09	5,000,000	4,310,156	4,647,500
RESIDENTIAL FD MTG 94-S5 A8	6.500	25-Feb-24	4,879,988	4,016,840	4,381,839
RESIDENT FD MG 93-S45A12	6.500	25-Dec-23	5,010,000	4,750,106	4,573,980
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 110,175,849</b>	<b>\$ 115,269,752</b>
<b>TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				<b>\$ 136,324,334</b>	<b>\$ 146,543,056</b>
<b>ASSET BACKED SECURITIES:</b>					
DISCOVER CARD TR 1993-3 A A	6.200	15-Nov-03	3,000,000	2,986,830	2,858,190
MID STATES TRUST IV	8.330	1-Apr-30	1,880,821	1,880,527	1,942,531
STD CR CARD 1995-9A ABS	6.550	7-Oct-07	4,000,000	4,013,125	3,833,480
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 8,880,482</b>	<b>\$ 8,634,201</b>

**LABOR & INDUSTRIES**  
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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>CORPORATE OBLIGATIONS:</b>					
ABN-AMRO BNK NV (CHICAGO)	7.250	31-May-05	5,000,000	4,996,052	4,984,700
ANR PIPELINE	7.375	15-Feb-24	3,000,000	2,978,762	2,805,960
A T & T CORP	8.350	15-Jan-25	3,500,000	3,438,572	3,662,085
AMERICAN STORES	7.400	15-May-05	2,300,000	2,308,450	2,291,168
ANHEUSER BUSCH COS INC	7.375	1-Jul-23	5,000,000	4,960,631	4,785,850
BOEING CO	8.750	15-Aug-21	10,000,000	9,952,155	11,338,000
BOSTON GAS CO MTN	8.950	1-Jun-11	10,000,000	10,000,000	11,239,700
BURLINGTON NORTHERN RR	9.250	1-Oct-06	13,000,000	12,662,636	14,238,640
CANADIAN NAT'L RR	7.625	15-May-23	5,000,000	4,939,109	4,763,850
CAPITAL DESJARDINS	7.370	8-Aug-05	5,000,000	5,000,000	5,045,190
CARGILL INC	7.375	1-Oct-25	4,000,000	3,978,400	3,858,680
CARGILL INC	6.875	1-Feb-36	5,000,000	4,945,500	4,338,400
CARNIVAL CRUISE	7.700	15-Jul-04	5,000,000	4,802,761	5,024,100
CARNIVAL CRUISE	7.200	1-Oct-23	2,500,000	2,314,531	2,329,275
CHASE NEW SUB NOTE	6.500	15-Jan-09	6,000,000	5,236,537	5,518,620
CHICAGO & NWESTN TRANS	6.250	30-Jul-12	1,457,297	1,457,297	1,349,792
CINCINNATI GAS & ELEC	7.200	1-Oct-23	5,000,000	4,993,895	4,554,450
CINCINNATI GAS & ELEC	6.900	1-Jun-25	2,000,000	2,000,000	1,929,360
COLONIAL PIPELINE 144A	7.450	15-Aug-07	4,000,000	3,940,260	3,904,040
COMMONWEALTH EDISON CO	6.250	1-Feb-98	300,000	299,124	296,073
CONAGRA	7.400	15-Sep-04	5,000,000	4,986,730	4,997,850
DEER PARK REFINING LP 144A	6.470	15-Dec-08	3,000,000	3,000,000	2,855,880
EASTMAN CHEMICAL	7.250	15-Jan-24	3,000,000	2,969,875	2,824,620
FERRO CORP	8.000	15-Jun-25	3,000,000	2,958,446	2,973,750
FLORIDA GAS TRANSMISSION	9.190	1-Nov-24	2,000,000	2,000,000	2,275,160
FORD MOTOR CO	8.875	15-Nov-22	5,000,000	4,971,500	5,301,600
GTE CORP	8.750	1-Nov-21	10,000,000	9,939,324	11,114,200
GTE CORP	7.830	1-May-23	5,000,000	5,000,000	4,913,450
GENERAL REINSURANCE COR	9.000	12-Sep-09	15,000,000	15,000,000	16,834,200
GEORGIA-PACIFIC	9.625	15-Mar-22	4,000,000	4,079,512	4,286,480
GEORGIA-PACIFIC	8.125	15-Jun-23	2,000,000	1,965,878	1,915,720
GRAND METROPOLITAN	-	6-Jan-04	2,500,000	1,373,285	1,452,125
HYDRO-QUEBEC	8.250	15-Jan-27	20,000,000	19,176,336	20,684,600
HYDRO-QUEBEC	8.000	1-Feb-13	5,500,000	5,473,665	5,647,455
HYDRO-QUEBEC	8.050	7-Jul-24	5,000,000	4,779,983	5,300,200
INTER AMERN DEV BK	8.500	15-Mar-11	10,000,000	10,000,000	11,204,600
ITALY - GLOBAL BD	6.875	27-Sep-23	2,500,000	2,062,292	2,254,300
KANSAS GAS & ELEC	8.290	29-Sep-16	7,000,000	7,000,000	6,920,970
LORAL CORP	9.125	1-Feb-22	3,500,000	3,661,238	3,950,765
MCI COMMUNICATIONS CORP	7.750	15-Mar-24	5,000,000	4,979,248	4,912,000
MCI COMMUNICATIONS CORP	7.750	23-Mar-25	3,500,000	3,471,742	3,436,790
MANITOBA PROV CDA	9.625	1-Dec-18	13,000,000	12,831,874	15,909,140
MCDONALD'S CORP	7.050	15-Nov-25	5,000,000	4,973,400	4,636,250
MINNESOTA PWR & LT CO	6.500	1-Jan-98	300,000	300,299	295,545
MORGAN STANLEY & CO INC	7.030	15-May-03	5,000,000	5,000,000	4,945,500
NCNB CORP	9.375	15-Sep-09	3,525,000	3,862,936	4,039,932
NEW JERSEY BELL TEL CO	7.375	1-Jun-12	900,000	816,064	872,559
NORFOLK SOUTHERN	9.000	1-Mar-21	15,000,000	14,895,223	17,434,200
NORTHERN TELECOM	7.875	15-Jun-26	10,000,000	9,953,100	10,255,500
NORTHROP-GRUMMAN	7.875	1-Mar-26	5,000,000	4,940,500	4,868,800
NORTHWEST PIPELINE	9.000	1-Aug-22	5,000,000	5,137,872	5,275,450
NORTHWESTERN PIPELINE	7.125	1-Dec-25	3,000,000	2,988,000	2,755,500
ONTARIO HYDRO CDA	7.450	31-Mar-13	3,000,000	2,990,857	3,009,210
PACIFIC GAS & ELEC CO	6.875	1-Dec-99	825,000	705,391	812,600
PACIFIC GAS & ELEC CO	8.800	1-May-24	6,000,000	5,983,417	6,620,520
PACIFIC TELECOM INC MTN	6.625	20-Oct-05	5,000,000	4,991,800	4,704,750
PANHANDLE EASTERN PIPELIN	7.950	15-Mar-23	3,000,000	2,966,949	2,885,490

## LABOR & INDUSTRIES

### Accident Reserve Fund

#### Schedule of Investments

June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
PENNEY, JC	8.250	15-Aug-22	10,000,000	9,952,591	10,045,600
PETROLEUM NASIONAL BERHA	7.750	15-Aug-15	13,000,000	12,941,684	13,026,000
PHILLIPS ELECTRONICS NV	7.750	15-May-25	3,500,000	3,488,144	3,453,940
PHILIPS ELECTRONICS	6.750	15-Aug-03	2,500,000	2,494,435	2,408,675
PHILIPS ELECTRONIC	7.250	15-Aug-13	2,500,000	2,250,814	2,383,225
PHILLIPS PETROLEUM	8.490	1-Jan-23	5,500,000	5,500,000	5,578,100
PHILLIPS PETROLEUM	7.920	15-Apr-23	3,000,000	2,983,573	2,971,170
PLACER DOME INC	7.750	15-Jun-15	2,000,000	1,980,905	1,905,360
PUBLIC SVC CO NEW MEXICO	7.500	15-Jun-02	340,000	337,558	322,667
PUGET POWER AND LIGHT MT	7.350	1-Feb-24	3,000,000	3,000,000	2,872,770
ROYAL CARIBBEAN CRUISES	8.125	28-Jul-04	5,000,000	4,863,133	5,039,700
SAGA PETROLEUM A.S.	9.125	15-Jul-14	6,450,000	6,812,942	6,856,157
SASKATCHEWAN CDA	8.000	1-Feb-13	4,500,000	4,474,634	4,725,990
SASKATCHEWAN CDA	7.375	15-Jul-13	10,000,000	9,916,353	9,873,700
SEARS ROEBUCK & CO	6.000	1-May-00	925,000	760,135	893,717
SONOCO PRODUCTS	9.200	1-Aug-21	10,200,000	10,305,236	11,806,500
SOUTHERN NEW ENGLAND TE	4.375	1-Dec-01	140,000	141,139	122,433
SOUTHERN UNION GAS	7.600	1-Feb-24	5,100,000	5,032,520	4,816,083
SOUTHWESTERN BELL TELE	7.200	15-Oct-26	5,000,000	4,993,750	4,709,700
SOUTHWESTERN PUBLIC SER	8.500	15-Feb-25	1,500,000	1,499,250	1,572,525
SPRINT CORP	9.250	15-Apr-22	8,100,000	8,664,040	9,267,615
TELECOMMUNICATIONS INC.	9.800	1-Feb-12	3,860,000	4,233,668	4,170,653
TELECOMMUNICATIONS INC	9.250	15-Jan-23	5,500,000	5,479,639	5,421,680
TELECOMMUNICATIONS INC.	7.875	1-Aug-13	5,000,000	4,950,926	4,555,400
TELEKOMMALAYSIA	7.875	1-Aug-25	5,000,000	4,953,600	5,020,300
UNION OIL OF CA MTN	6.700	15-Oct-07	5,000,000	4,957,925	4,643,500
UNION PACIFIC CO	8.350	1-May-25	5,000,000	4,994,564	5,077,500
UNITED PARCEL SVC AMER IN	8.375	1-Apr-20	11,600,000	11,488,697	12,802,224
US WEST COMM	7.500	15-Jun-23	3,500,000	3,473,421	3,334,835
US WEST COMM	6.875	15-Sep-33	3,000,000	2,882,932	2,626,590
WEYERHAEUSER CO	8.500	15-Jan-25	10,850,000	11,200,214	11,836,591
WILLIAMS COS	9.375	15-Nov-21	4,000,000	4,250,663	4,470,640
WILLIAMS COS	8.875	15-Sep-12	3,000,000	3,457,644	3,297,270
CASTLE PEAK POWER CO	6.870	1-Aug-03	7,000,000	7,101,857	6,646,500
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 473,209,995</b>	<b>\$ 492,190,902</b>

#### CORPORATE STOCK:

A T & T CORP COM	23,000	1,426,000	1,426,000
ABBOTT LABS	5,900	256,650	256,650
ALBERTSONS INC	10,000	413,750	413,750
ALLIED-SIGNAL INC	2,600	148,525	148,525
ALLSTATE CORP COM	3,134	142,989	142,989
ALUMINUM CO AMER	2,500	143,438	143,438
AMERICAN EXPRESS CO	9,900	441,788	441,788
AMOCO CORP	4,700	338,988	338,988
ANADARKO PETE CORP COM DEB	6,900	400,200	400,200
ANALOG DEVICES INC	5,700	144,638	144,638
APPLIED MATERIALS INC	4,000	122,000	122,000
AVERY DENNISON CORP	3,700	203,038	203,038
AVON PRODS INC	3,200	144,400	144,400
BAKER HUGHES INC	6,600	216,975	216,975
BANKAMERICA CORP	2,900	219,675	219,675
BARNETT BANKS INC COM	4,600	280,600	280,600
BAXTER INTL INC	4,100	193,725	193,725
BOEING CO	5,400	470,475	470,475
BRISTOL MYERS SQUIBB CO.	12,500	1,125,000	1,125,000
CIGNA CORP	4,100	483,288	483,288

**LABOR & INDUSTRIES**

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CPC INTL INC			4,300	309,600	309,600
CSX CORP			3,600	173,700	173,700
CHASE MANHATTAN CORP NEW			6,200	437,875	437,875
CHEVRON CORP			3,000	177,000	177,000
CHRYSLER CORPORATION COMMON			6,700	418,750	418,750
CITICORP			900	74,475	74,475
COLGATE PALMOLIVE COMPANY CO			2,100	177,975	177,975
COMPAQ COMPUTER CORP			4,900	240,713	240,713
DANA CORP			5,800	179,800	179,800
DEAN WITTER DISCOVER & CO			7,400	422,725	422,725
DIGITAL EQUIPMENT			2,100	94,763	94,763
DOVER CORPORATION			6,800	312,800	312,800
EASTMAN KODAK CO			6,700	520,925	520,925
ENTERGY CORP			8,200	232,675	232,675
EXXON CORP			9,500	825,313	825,313
FEDERAL NATL MTG ASSOC			4,400	147,400	147,400
FEDERATED DEPT STORES INC DE			5,000	170,625	170,625
FIRST BANK SYS INC			5,900	342,200	342,200
FLEET FINL GROUP INC			3,100	134,850	134,850
FORD MTR CO DEL			14,100	456,488	456,488
GTE CORP			20,700	926,325	926,325
GENERAL ELEC CO			15,200	1,318,600	1,318,600
GENERAL MTRS CORP			5,100	267,113	267,113
GENERAL RE CORP			1,000	152,250	152,250
GENERAL SIGNAL CORP COM			2,300	87,113	87,113
GOODYEAR TIRE & RUBR CO			5,700	273,600	273,600
HALLIBURTON CO			2,700	149,850	149,850
HERCULES INCORPORATED COMMON			7,300	404,238	404,238
HOME DEPOT INC			9,800	529,200	529,200
ITT CORP NEW			3,400	225,250	225,250
INTEL CORP			4,500	330,467	330,467
JOHNSON & JOHNSON			19,400	960,300	960,300
KERR-MCGEE CORPORATION COMMO			2,000	121,750	121,750
KIMBERLY CLARK			4,100	316,725	316,725
KOMAG INC COM			2,600	68,575	68,575
LAM RESH CORP COM			2,400	62,400	62,400
LINCOLN NATL CORP IND			3,900	180,375	180,375
LOCKHEED MARTIN CORP			6,600	554,400	554,400
LOWES COMPANIES INC COM			1,400	50,575	50,575
MARSH & MCLENNAN COS INC			6,900	665,850	665,850
MEDTRONIC INC.			6,500	364,000	364,000
MERCK & CO INC			10,400	672,100	672,100
MICROSOFT CORP			2,700	324,338	324,338
MOBIL CORP			4,100	460,738	460,738
MONSANTO CO			18,000	585,000	585,000
MORGAN J P & CO INC			5,900	499,288	499,288
MORGAN STANLEY GROUP INC			2,900	142,463	142,463
MORTON INTL INC			4,900	182,525	182,525
NATIONSBANK CORP			5,300	437,913	437,913
NYNEX CORP			9,000	427,500	427,500
OUTBACK STEAKHOUSE INC			1,700	58,623	58,623
PANENERGY CORP			7,900	259,713	259,713
PEPSICO INC			26,800	951,400	951,400
PHELPS DODGE CORPORATION			1,300	80,925	80,925
PHILIP MORRIS COS INC			9,200	956,800	956,800
PHILLIPS PETE CO			16,200	678,375	678,375
PITNEY BOWES INC.			5,900	281,725	281,725
POLICY MGMT SYS CORP COM			1,500	75,000	75,000

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<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
PRICE/COSTCO INC			11,000	237,875	237,875
PROVIDIAN CORP			4,100	175,788	175,788
RAYTHEON CO			5,500	283,938	283,938
SAFEWAY INC COM NEW			2,000	66,000	66,000
SARA LEE CORP			9,700	315,250	315,250
SCHERING PLOUGH CORP			4,100	257,275	257,275
SPRINT CORP			2,400	100,800	100,800
STAPLES INC			11,250	219,375	219,375
TENNECO INC			8,500	434,563	434,563
TERADYNE INC			5,000	86,250	86,250
TEXACO INC			2,100	176,138	176,138
TEXAS UTILS CO			9,000	384,750	384,750
TOYS R US			11,800	336,300	336,300
UST INC			9,400	321,950	321,950
UNITED HEALTHCARE CORP COM			3,800	191,900	191,900
UNITED TECHNOLOGIES CORP			5,500	632,500	632,500
UNOCAL CORP COM			4,800	161,401	161,400
WALMART CO			24,200	614,075	614,075
XEROX CORP			26,700	1,428,450	1,428,450
<b>TOTAL CORPORATE STOCK</b>				<b>\$ 34,674,742</b>	<b>\$ 34,674,741</b>
<b><u>EQUITY INDEX FUNDS:</u></b>					
BZW BARCLAY - EXTENDED MARKET			1,392,175	68,715,235	68,715,235
BZW BARCLAY - S&P 500			8,744,061	139,918,961	139,918,961
STATE STREET - MSCI EAFE FUND			399,408	42,214,946	42,214,946
<b>TOTAL EQUITY INDEX FUNDS</b>				<b>\$ 250,849,142</b>	<b>\$ 250,849,142</b>
PLUS: ACCRUED INVESTMENT INCOME RECEIVABLE				15,701,312	15,701,312
MINUS: ACCRUED MANAGEMENT FEES PAYABLE				(41,020)	(41,020)
<b><u>TOTAL ACCIDENT RESERVE FUND</u></b>				<b>\$1,149,360,795</b>	<b>\$ 1,207,193,170</b>

**LABOR & INDUSTRIES**  
**Supplemental Pension Fund**  
Schedule of Investments  
June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT-TERM (CASH)</b>					
PROVIDENT TEMPFUND	N/A	N/A	32,692,381	32,692,381	32,692,381
<b>TOTAL SHORT-TERM</b>				<b>\$ 32,692,381</b>	<b>\$ 32,692,381</b>
<b>US GOVERNMENT SECURITIES:</b>					
<b>US TREASURIES:</b>					
TREASURY NOTE	6.750	30-Jun-99	2,500,000	\$ 2,485,976	\$ 2,529,300
<b>AGENCIES:</b>					
FNMA MED TERM NOTES	5.270	28-Jul-98	2,500,000	2,364,869	2,452,725
FNMA MED TERM NOTE	5.380	6-Jan-99	2,000,000	1,948,549	1,955,320
<b>TOTAL AGENCIES</b>				<b>\$ 4,313,418</b>	<b>\$ 4,408,045</b>
<b>TOTAL US GOVERNMENTS</b>				<b>\$ 6,799,394</b>	<b>\$ 6,937,345</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
BSMSI 1993-3 A10	7.750	25-Feb-24	439,144	437,772	435,341
COUNTRYWIDE MTG 93-2 A3	6.500	25-Sep-08	2,238,086	2,208,361	2,187,660
COUNTRYWIDE MTG 1994-3 A	6.750	25-Mar-24	2,000,000	1,942,120	1,903,500
FHLMC 1989 107E	8.750	15-Aug-04	3,000,000	3,108,750	3,080,850
FHLMC 1990 128H	8.750	15-Sep-19	1,868,503	1,905,873	1,907,665
FHLMC 1992-1332H	7.500	15-Apr-20	2,000,000	2,025,938	1,991,900
FHLMC 1992 1393 C	6.000	15-Jan-04	3,532,000	3,516,548	3,492,477
FHLMC 1992 1381 Y6	6.250	15-Jul-06	3,000,000	2,953,594	2,977,350
FHLMC 1992 1381 Y7	6.500	15-Feb-07	3,843,000	3,877,827	3,811,564
FHLMC 1993-1591PN	5.950	15-Jun-19	2,010,000	1,967,916	1,917,922
FHLMC 1669 EA	5.750	15-May-18	2,400,000	2,207,250	2,320,560
FHLMC 1989085E	9.500	15-Dec-18	1,723,055	2,003,432	2,227,964
FNMA 1992-48 H	7.500	25-Nov-05	2,500,000	2,503,500	2,541,525
FNMA 1992 135 E P11	7.300	25-Mar-15	3,000,000	2,992,500	3,019,800
FNMA 1993-44 PG	6.450	25-Sep-16	3,000,000	2,975,625	2,938,590
FNMA 1993-77G	6.500	19-Nov-25	3,213,000	3,139,201	3,151,921
FNMA 1993-84 Y9	6.450	25-Jun-18	2,192,300	2,158,730	2,143,388
FNMA 1993-204 EC	5.950	23-Oct-25	3,551,370	3,322,750	3,278,589
PRU HOME MTG 1994-14 A2	6.400	25-Apr-09	1,745,185	1,703,192	1,728,798
PRUHOME MTG 1993-13 A10	7.000	25-Apr-08	448,664	440,953	443,818
PRUHOME MTG 1993-22 A5	6.500	23-Jul-25	4,081,817	3,968,930	3,937,852
RTC SERIES 1992-7 A-2D	8.350	25-Jun-29	3,718,542	3,794,075	3,756,508
VA VENDEE MTG TRUST 1992	7.750	15-Sep-10	2,173,699	2,222,947	2,195,067
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 57,377,783</b>	<b>\$ 57,390,607</b>
<b>ASSET BACKED SECURITIES</b>					
CHEMT 1995-3A	6.230	15-Apr-05	3,000,000	2,998,594	2,911,140
FNMA 95-W1 A2	8.200	25-Apr-25	3,000,000	3,047,344	3,016,560
PREMIER AUTO TRUST 1993-	5.000	15-Oct-98	226,149	225,822	224,523
PREMIER AUTO TRUST 93-6	4.650	2-Nov-99	1,136,132	1,134,357	1,117,749
SCFC BOAT LOAN TR 1992-1	7.050	15-Apr-07	768,139	769,099	770,812
STD CR CARD 1995-3 A ABS	7.850	7-Feb-02	1,000,000	998,600	1,036,200
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 9,173,815</b>	<b>\$ 9,076,984</b>

**LABOR & INDUSTRIES**  
**Supplemental Pension Fund**  
Schedule of Investments  
June 30, 1996

<u>Description</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>CORPORATE OBLIGATIONS:</u></b>					
ALCAN ALUMINUM	6.375	1-Sep-97	2,000,000	1,997,345	2,003,160
ASSOCIATES CORP NORTH A	7.875	30-Sep-01	2,500,000	2,469,564	2,601,075
BELLSOUTH CORP	6.300	15-Dec-15	2,961,540	2,952,130	2,765,071
BENEFICIAL FIN	7.300	15-Nov-99	2,000,000	1,994,230	2,029,380
CIT GROUP HLDGS	8.750	1-Jul-97	2,000,000	2,024,956	2,045,900
CHASE MANHATTAN CORP	8.800	1-Feb-00	1,500,000	1,500,000	1,522,605
CHRYSLER FINANCE CORP	8.125	15-Dec-96	2,000,000	1,999,480	2,020,000
CITICORP MTN	8.800	1-Feb-00	2,000,000	2,010,647	2,029,960
DEAN WITTER DISCOVER	6.750	15-Aug-00	2,000,000	1,990,372	1,991,960
FORD HOLDINGS INC	9.250	15-Jul-97	2,000,000	2,031,329	2,061,240
ITT DESTINATIONS	6.250	15-Nov-00	2,000,000	1,993,776	1,941,220
KERN RIVER FUNDING CORP	6.720	30-Sep-01	2,500,000	2,500,000	2,465,275
NORDSTROM CREDIT	8.050	28-Aug-96	2,000,000	1,999,819	2,006,800
PACIFICORP HOLDINGS	6.750	1-Apr-01	2,500,000	2,492,675	2,510,925
PANHANDLE EASTERN PIPEL	8.625	1-Dec-99	2,000,000	1,997,661	2,085,940
ROYAL CARIBBEAN	7.125	18-Sep-02	2,500,000	2,482,957	2,425,375
SOCIETY BANK CLEVELAND	7.125	15-Apr-97	2,000,000	1,995,382	2,015,500
SUN CO INC	8.125	1-Nov-99	1,500,000	1,499,182	1,548,375
TELE-COMMUN INC	9.250	15-Apr-02	1,000,000	1,084,054	1,063,330
TELECOMMUNICAITON INC M	7.385	27-Aug-01	2,000,000	2,000,000	1,998,400
WILLIAMS COS	7.500	15-Sep-99	2,000,000	2,008,456	2,010,000
WORLD SAVINGS AND LOAN	10.250	1-Oct-97	2,000,000	2,060,003	2,091,740
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 45,084,018</b>	<b>\$ 45,233,231</b>
PLUS: ACCRUED INTEREST RECEIVABLE				1,492,185	1,492,185
MINUS: ACCRUED MANAGEMENT FEES PAYABLE				(1,641)	(1,641)
<b>TOTAL ACCIDENT FUND</b>				<b>\$152,617,935</b>	<b>\$152,821,092</b>

# Permanent and Other Funds

## Permanent Funds

- Investment Policy
- Statement of Investments
- Statement of Changes in Investments
- Notes to Financial Statements
- Schedule of Investments

## Other Funds

- Schedule of Investments

# Permanent Funds Investment Policy

Approved by the Board on September 21, 1995

## PURPOSE:

This document outlines the investment policies and objectives for the fixed income segment of the Washington State Investment Board (SIB) permanent funds and supersedes any prior board adopted policies. These policies and objectives allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the permanent funds' investment program.

These policies apply to the following funds:

- Agriculture Permanent Account
- Millersylvania Park Trust Account
- Normal School Permanent Account
- Permanent Common School Account
- Scientific Permanent Account
- State University Permanent Account

## POLICY:

### Return Objective

The permanent funds' fixed income investments are to be managed to achieve the highest return possible consistent with the desire to emphasize high current yield to maturity opportunities and to add value through active management.

### Performance Objective

The permanent funds' fixed income investments are to emphasize stability of income to support the operations of each irreducible trust. The permanent funds' fixed income investments are to be actively managed to exceed the return of the Lehman Aggregate Bond Index.

### Risk Tolerance

Risk will be managed in a prudent manner. However, due to the permanent and irreducible nature of the funds, the funds have an above average ability to tolerate volatility in the value of the portfolio; the funds have a below average ability to tolerate volatility in current income.

The SIB will manage the four major categories of fixed income risk:

- a. interest rate risk
- b. yield curve risk
- c. credit risk
- d. reinvestment risk

*Interest Rate Risk* is price volatility produced by changes in the overall level of interest rates. This risk is to be managed in a controlled manner using historical real return relationships and economic analysis.

*Yield Curve Risk* is price changes induced by the changing shape of the yield curve. Yield curve risk is to be managed, but in a controlled, disciplined fashion, by employing duration and maturity yield spread analysis.

*Credit Risk* is the uncertainty surrounding the borrower's ability to repay its obligations. Credit risk is to be actively managed, employing yield spread analysis and credit research.

*Reinvestment Risk* is the uncertain future yield opportunities available to invest funds which become available due to call, maturity or coupon generated cash flow. Reinvestment risk is to be managed through call risk analysis, and diversified maturities.

### **Permissible Fixed Income Purchases**

*Investment Grade* is defined as rated BBB - or higher by Standard and Poor's and Baa3 or higher by Moody's. If rated by only one of those agencies, investment grade is defined as rated BBB -or higher by Standard and Poor's or Baa3 or higher by Moody's.

- a. *U.S. Treasuries and Government Agencies* including derivative securities whose deliverable instrument is a U.S. Treasury or government obligation.
- b. *Investment Grade Corporate Bonds.*
- c. *Investment Grade Publicly-Traded Mortgage Backed Securities*, including derivative securities whose deliverable instrument is a U.S. mortgage-backed security.
- d. *Privately-Placed Mortgages*, including single family residences, commercial whole loans, and privately placed mortgage backed securities.
- e. *Private Placement* of corporate debt.
- f. *Investment Grade Asset Backed Securities.*
- g. *Investment Grade Convertible Securities.*
- h. *Yankee Bonds.*
- i. *Eurodollar Bonds.*
- j. *Non-Dollar Bonds.*

Other fixed income segments and instruments may be added from time to time as they are developed or deemed appropriate.

Although fixed income securities that are rated below investment grade by Moody's or Standard & Poor's may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held.

### **Constraints**

*Liquidity:* Liquidity needs are not a constraint due to the irreducible nature of the funds. Income generally is distributed to the beneficiaries monthly.

*Duration:* The portfolio duration range shall not exceed +/- 1.5 years of the Lehman Aggregate Bond Index.

*Time Horizon:* The time horizon is long due to the permanent nature of the funds.

*Tax Considerations:* The permanent funds are tax-exempt. Therefore, tax-exempt bonds generally will not be purchased.

*Legal:* SIB funds are governed by state statutes and are consistent with the prudent person principle. All assets under management by the SIB are to be invested to maximize return at a prudent level of risk (RCW 43.33A.140). No corporate fixed income issue shall exceed 3 percent of cost or 6 percent of market value of the fund (RCW 43.84.150). (See Exhibit 1 for statutory references for each permanent fund.)

### **PROCEDURES:**

#### **A. General Strategies**

1. The fixed income assets are to be managed to add value principally through credit, valuation, and interest rate level analysis.
2. Internal management is to be used unless special expertise is required or a special opportunity exists which can only be accessed by contracting with external managers.
3. A two-tier macro/micro management approach is to be used to implement the portfolio strategies. The "macro" component is to include strategic and some tactical decision processes such as the allocation among different fixed income segments. The "micro" component will address security selection within each fixed income segment utilizing credit, duration, and valuation analysis.
4. Within fixed income segments, value is to be added by purchasing bonds where the yield spread over the U.S. Treasury yield curve is such that the expected risks of not realizing the promised yield spread, either from credit or call risk, do not materially reduce the expected yield benefit.
5. Value at the macro level is to be added through the allocation of cash flow to fixed income segments which offer the highest current yield to maturity spreads relative to their historical norms.

6. Only when value cannot be found should U.S. Treasury issues be purchased. Under most market circumstances the fixed income segment will have a Treasury allocation well below its public market representation.

**B. Specific Strategies**

1. Fixed income assets are to be allocated across the various fixed income sectors based upon:
  - a. The strategic (long-term) allocation to each fixed income sector (as indicated in Exhibit 2 of this policy),
  - b. The available yield spreads relative to Treasuries versus historical norms. When a fixed income segment exhibits a yield spread versus Treasuries greater than historical norms new cash flow and/or the redeployment of existing assets shall be made to that segment.
    - 1) Yield spreads shall be analyzed on a fully option-adjusted basis.
    - 2) Yield spreads shall be analyzed on a fully risk-adjusted basis.
    - 3) Relative value assessments shall be made continuously and shall be considered when making sector decisions.

**Reporting**

- A. A management information system is to be used for reporting internally to senior staff on the implementation of this policy. This report is prepared monthly to include, but is not limited to:
  1. Current market value and allocation by sector compared to the index and the policy ranges,
  2. Aggregate and individual portfolio characteristics compared to guidelines,
  3. Delinquencies and defaults.
- B. An executive management report is to be provided to the Board quarterly showing market values and performance.

**Responsibilities**

- A. *Board* - The SIB is responsible for approving the strategic policy.
- B. *Public Markets Committee* - The Public Markets Committee is responsible for reviewing and recommending strategic policy to the Board and for reviewing staff investment management guidelines.
- C. *Staff* - The staff is responsible for implementing policy and reporting to the Public Markets Committee and the Board.

**WASHINGTON STATE INVESTMENT BOARD**  
**Permanent Funds**  
Statement of Investments (Unaudited)  
June 30, 1996

	<u>AGRICULTURAL</u>	<u>MILLERSYLVANIA PARK TRUST</u>	<u>NORMAL SCHOOL</u>	<u>COMMON SCHOOL</u>	<u>SCIENTIFIC</u>	<u>STATE UNIVERSITY</u>	<u>TOTAL</u>	<u>PERCENT TO TOTAL</u>
Short-term (Cash)	\$ 1,474,447	\$ 5,125	\$ 2,032,690	\$ 2,239,963	\$ 2,814,908	\$ 492,002	\$ 9,059,135	1.8%
US Government Securities	10,927,466		17,681,202	19,138,695	13,829,705	2,507,051	\$ 64,084,119	12.6%
Mortgages and Mortgage Backed Securities	28,827,569		66,447,787	51,831,274	40,079,137	5,093,145	\$ 192,278,912	37.7%
Asset Backed Securities	2,710,871		4,766,531	3,030,938	5,038,870	196,563	\$ 15,743,773	3.1%
Corporate Obligations	37,504,766		72,927,253	64,416,579	47,840,626	6,752,331	\$ 229,441,555	44.9%
<b>Total Investments</b>	<b>\$ 81,445,119</b>	<b>\$ 5,125</b>	<b>\$ 163,855,463</b>	<b>\$ 140,657,449</b>	<b>\$ 109,603,246</b>	<b>\$ 15,041,092</b>	<b>\$ 510,607,494</b>	<b>100.0%</b>
Accrued Income Receivable	\$ 1,239,190	\$ 22	\$ 2,406,646	\$ 1,856,380	\$ 1,653,493	\$ 211,680	\$ 7,367,411	
Accrued Income Distributions to Beneficiary Funds	(491,283)	(22)	(976,427)	(891,745)	(659,122)	(91,487)	\$ (3,110,086)	
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1996</b>	<b>\$ 82,193,026</b>	<b>\$ 5,125</b>	<b>\$ 165,285,682</b>	<b>\$ 141,622,084</b>	<b>\$ 110,597,618</b>	<b>\$ 15,161,285</b>	<b>\$ 514,864,820</b>	
<b>MARKET VALUE OF INVESTMENTS, JUNE 30, 1996</b>	<b>\$ 82,566,672</b>	<b>\$ 5,125</b>	<b>\$ 165,624,758</b>	<b>\$ 144,516,942</b>	<b>\$ 110,700,428</b>	<b>\$ 15,307,135</b>	<b>\$ 518,721,060</b>	
<b>UNREALIZED GAIN, JUNE 30, 1996</b>	<b>\$ 373,646</b>	<b>\$ -</b>	<b>\$ 339,076</b>	<b>\$ 2,894,858</b>	<b>\$ 102,810</b>	<b>\$ 145,850</b>	<b>\$ 3,856,240</b>	

**WASHINGTON STATE INVESTMENT BOARD**  
**Permanent Funds**  
Statement of Changes in Investments (Unaudited)  
June 30, 1996

	<u>AGRICULTURAL</u>	<u>MILLERSYLVANIA PARK TRUST</u>	<u>NORMAL SCHOOL</u>	<u>COMMON SCHOOL</u>	<u>SCIENTIFIC</u>	<u>STATE UNIVERSITY</u>	<u>TOTAL</u>
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1995:</b>							
Investment Balances	\$ 77,063,202	\$ 5,028	\$ 160,386,699	\$ 138,985,943	\$ 102,018,177	\$ 13,351,929	\$ 491,810,978
Accrued Interest and Other Receivables	1,217,933	25	2,473,603	2,110,535	1,564,491	200,147	7,566,735
Accrued Income Distributions to Beneficiary Funds	(482,868)	(50)	(989,834)	(902,352)	(630,205)	(81,912)	(3,087,221)
Total Carrying Value of Investment Balances	<u>\$ 77,798,267</u>	<u>\$ 5,003</u>	<u>\$ 161,870,468</u>	<u>\$ 140,194,127</u>	<u>\$ 102,952,464</u>	<u>\$ 13,470,164</u>	<u>\$ 496,290,492</u>
<b>CONTRIBUTIONS FROM TIMBER AND LAND SALES</b>	\$ 4,075,949	\$ 122	\$ 2,966,588	\$ 50,036	\$ 6,883,917	\$ 1,600,324	\$ 15,576,936
<b>DISTRIBUTED EARNINGS:</b>							
Interest Earnings	\$ 5,728,363	\$ 283	\$ 11,480,091	\$ 10,505,632	\$ 7,552,740	\$ 1,025,823	\$ 36,292,932
Investment Earnings Distributed to Beneficiaries	(5,395,338)	(283)	(10,958,691)	(9,441,492)	(6,749,740)	(924,623)	(33,470,167)
Amortization of Net Capital Losses Deferred in Prior Years	\$ 333,025	\$ -	\$ 521,400	\$ 1,064,140	\$ 803,000	\$ 101,200	\$ 2,822,765
<b>NET CAPITAL LOSSES DEFERRED TO FUTURE PERIODS :</b>							
Capital Gains	\$ 122,098	\$ -	\$ 174,146	\$ -	\$ 131,235	\$ 16,831	\$ 444,310
Capital Losses	(136,313)	-	(246,920)	-	(172,998)	(27,234)	(583,465)
Net Capital Losses Deferred to Future Periods	<u>\$ (14,215)</u>	<u>\$ -</u>	<u>\$ (72,774)</u>	<u>\$ -</u>	<u>\$ (41,763)</u>	<u>\$ (10,403)</u>	<u>\$ (139,155)</u>
<b>NET CAPITAL GAINS REINVESTED AS CORPUS:</b>							
Capital Gains	\$ -	\$ -	\$ -	\$ 592,420	\$ -	\$ -	\$ 592,420
Capital Losses	-	-	-	(278,639)	-	-	(278,639)
Net Capital Gain Reinvested as Corpus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 313,781</u>
<b>CARRYING VALUE OF INVESTMENTS, JUNE 30, 1996:</b>							
Investment Balances	81,445,119	5,125	163,855,463	140,657,449	109,603,246	15,041,092	510,607,494
Accrued Interest and Other Receivables	1,239,190	22	2,406,646	1,856,380	1,653,493	211,680	7,367,411
Accrued Income Distributions to Beneficiary Funds	(491,283)	(22)	(976,427)	(891,745)	(659,121)	(91,487)	(3,110,085)
Total Carrying Value of Investment Balances	<u>\$ 82,193,026</u>	<u>\$ 5,125</u>	<u>\$ 165,285,682</u>	<u>\$ 141,622,084</u>	<u>\$ 110,597,618</u>	<u>\$ 15,161,285</u>	<u>\$ 514,864,820</u>

**Washington State Investment Board  
Permanent Funds**

**Notes to Financial Statements  
June 30, 1996**

**Significant Accounting Policies:**

Investments are reported at amortized cost, which is the par value of the investment increased or decreased by any unamortized premiums or discounts. Purchases and sales of investments are recorded on a settlement date basis in accordance with state accounting requirements.

Permanent fund revenues and expenditures are accounted for using the full accrual basis of accounting. Accordingly, revenues are recorded when earned and expenditures are recorded when incurred.

Capital gains and losses from the sale of investments are considered corpus. Accordingly, capital gains are reinvested as part of the principal of the portfolio. However, capital losses are deferred and amortized against future income distributions to beneficiary funds. This process is necessary to meet legal requirements that preclude capital losses from eroding the corpus of the invested funds. In addition, the loss is allocated over the weighted average life of the portfolio in order to alleviate any adverse impact on the current programs supported by these distributions.

Interest earnings, amortization of premiums and discounts, and amortization of deferred capital losses are distributed to beneficiary funds on a monthly basis.

**PERMANENT FUNDS**  
**Agricultural Permanent Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT - TERM (CASH):</b>					
PROVIDENT TEMPFUND B	N/A	N/A	N/A	\$ 1,474,447	\$ 1,474,447
<b>US GOVERNMENT SECURITIES</b>					
<b>US TREASURIES:</b>					
U S TREASURY	11.125	15-Aug-03	500,000	514,922	626,015
U S TREASURY	11.875	15-Nov-03	125,000	124,052	162,598
TREASURY NOTE	6.500	15-Aug-05	1,000,000	1,040,129	985,310
U S TREASURY	10.750	15-Aug-05	1,010,000	1,145,981	1,282,700
U S TREASURY	7.250	15-May-16	1,235,000	1,156,962	1,264,714
U S TREASURY	7.500	15-Nov-16	5,000	4,303	5,255
<b>TOTAL US TREASURIES</b>				<b>\$ 3,986,349</b>	<b>\$ 4,326,592</b>
<b>AGENCIES:</b>					
FNMA MED TERM NOTE	5.300	25-Aug-98	1,600,000	1,563,034	1,570,896
FEDERAL NATL MTG ASSOC	4.875	15-Oct-98	500,000	465,673	485,310
FEDERAL HOME LN BKS	5.740	23-Dec-98	2,500,000	2,450,999	2,444,025
FNMA MED TERM NOTE	5.380	6-Jan-99	1,500,000	1,461,412	1,466,490
FEDERAL HOME LN MTG CO	8.000	5-Aug-09	1,000,000	1,000,000	1,005,160
<b>TOTAL AGENCIES</b>				<b>\$ 6,941,117</b>	<b>\$ 6,971,881</b>
<b>TOTAL US GOVERNMENT SECURITIES</b>				<b>\$ 10,927,466</b>	<b>\$ 11,298,473</b>
<b>MORTGAGES AND MORTGAGE BACKED SECURITIES:</b>					
<b>PASS THROUGH AND OTHER MORTGAGES:</b>					
BEVERLY FINANCE CORP 14	8.360	15-Jul-04	500,000	500,000	514,550
FHLMC PC 16-0079	10.250	1-May-09	66,695	61,614	71,310
FHLMC PC 17-0141	11.000	1-Sep-15	51,673	51,286	57,155
FHLMC PC 17-0147	11.000	1-Nov-15	14,656	14,181	16,316
FHLMC PC 17-0186	9.500	1-Aug-16	48,148	47,102	51,552
FHLMC PC 17-0217	8.000	1-Mar-17	78,122	75,070	79,595
FHLMC PC 17-0222	8.500	1-May-17	22,455	20,764	23,274
FHLMC SWAP 28-9650	8.500	1-Mar-17	134,141	124,038	138,982
FHLMC SWAP 290303	8.500	1-Apr-17	5,151	4,763	5,335
FHLMC SWAP 30-2846	8.500	1-Oct-17	180,403	166,816	186,984
FNMA PL 307056	7.500	1-Aug-25	2,376,703	2,380,416	2,344,758
GNMA GP 90132	9.000	15-May-09	112,765	85,139	120,460
<b>TOTAL PASS THROUGH AND OTHER MORTGAGES</b>				<b>\$ 3,531,190</b>	<b>\$ 3,610,271</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
FHLMC G 003 C	6.600	25-Jan-18	2,500,000	2,465,500	2,481,975
FHLMC 1992 1423 C	6.600	15-Sep-04	3,000,000	2,962,969	2,995,800
FHLMC 93-1619 PD	5.650	15-Jun-19	1,266,000	1,272,528	1,226,210
FHLMC 1602-AE	5.250	15-Sep-08	2,500,000	2,466,406	2,393,700
FNMA 1992-65 DA	7.500	25-Jan-18	846,214	827,174	850,326
FNMA 1993-06 Y5	6.750	25-Dec-04	3,200,000	3,173,500	3,195,360
FNMA 1993-207 Y4	5.500	25-Dec-17	3,000,000	2,965,313	2,883,180
FNMA 1993-223 PH	6.050	25-Oct-22	1,500,000	1,456,172	1,401,540
FNMA 1994-62 PH	6.900	25-Nov-23	1,000,000	931,406	977,130
GE CAP MTG 1994-10A15	6.500	25-Mar-24	800,000	699,125	723,680
GE CAPITAL MTG SVC 1994-	6.500	25-Jan-24	990,158	839,469	871,656
PRU HOME 93-51 A14	6.750	25-Dec-23	1,500,000	1,408,359	1,349,985
RESIDENT FD MG 93-S12A11	7.500	25-Dec-08	3,000,000	2,981,719	2,960,970
S B M VII 1994-15 A5	6.500	25-Jun-09	1,000,000	846,740	918,201

**PERMANENT FUNDS**  
**Agricultural Permanent Fund**  
Schedule of Investments  
June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<i>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</i>				<u>\$ 25,296,379</u>	<u>\$ 25,229,712</u>
<b>TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				<b><u>\$ 28,827,569</u></b>	<b><u>\$ 28,839,984</u></b>
<b><u>ASSET BACKED SECURITIES:</u></b>					
PREMIER AUTO TRUST 94-1	4.750	2-Nov-97	655,256	655,211	647,845
DISCOVER CARD TR 1993-B	6.750	15-Feb-00	2,000,000	2,055,660	2,002,800
<b>TOTAL ASSET BACKED SECURITIES</b>				<b><u>\$ 2,710,871</u></b>	<b><u>\$ 2,650,645</u></b>
<b><u>CORPORATE OBLIGATIONS:</u></b>					
ANR PIPELINE	9.625	1-Nov-21	1,000,000	1,239,268	1,192,830
AMERICAN GEN FIN CORP	5.875	1-Jul-00	2,000,000	1,988,002	1,927,560
ASSOCIATES CORP NORTH	6.000	15-Jun-01	550,000	482,130	525,839
ASSOCIATES CORP NORTH	8.375	15-Jan-98	1,500,000	1,558,806	1,542,735
ANZ BANKING GROUP	6.250	1-Feb-04	1,000,000	997,545	937,540
BANK OF NEW YORK	8.500	15-Dec-04	1,000,000	993,059	1,074,600
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	1,000,000	999,566	1,078,840
CHESAPEAKE & POTOMAC T	4.375	1-Jan-02	100,000	81,781	87,921
CITICORP MTN	8.800	1-Feb-00	500,000	502,662	507,490
EASTMAN CHEMICAL	7.250	15-Jan-24	1,000,000	989,958	941,540
FLETCHER CHALLNG CAP C	8.250	20-Jun-16	1,700,000	1,692,095	1,732,402
FORD MOTOR CREDIT CORP	6.250	26-Feb-98	1,000,000	999,274	998,050
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	500,000	502,683	525,885
GTE HAWAII	7.000	1-Feb-06	1,250,000	1,237,469	1,206,250
GEN MOTORS ACCEPT COR	5.625	1-Feb-99	1,000,000	955,455	975,930
LORAL CORP	7.625	15-Jun-04	1,000,000	993,023	1,012,720
MBNA CORP MTN	6.500	15-Sep-00	1,000,000	999,550	981,440
MCI COMMUNICATIONS COR	7.750	23-Mar-25	1,000,000	991,926	981,940
NEW ENGLAND TEL & TELE	6.125	1-Oct-06	505,000	403,819	458,570
NEW JERSEY BELL TEL CO	5.875	1-Dec-06	600,000	494,220	537,540
NEW JERSEY BELL TEL CO	7.375	1-Jun-12	65,000	33,853	63,018
NORTHWESTERN BELL TEL	6.000	1-Sep-01	350,000	273,004	333,064
PNC FUNDING CORP	7.750	1-Jun-04	1,000,000	994,374	1,021,900
PACIFIC GAS & ELEC CO	6.625	1-Jun-00	565,000	446,252	557,474
PANHANDLE EASTERN PIPE	7.875	15-Aug-04	1,000,000	998,712	1,028,290
PHILIPS ELECTRONIC	7.250	15-Aug-13	1,750,000	1,729,536	1,668,258
PHILLIPS PETROLEUM	9.375	15-Feb-11	1,250,000	1,479,223	1,438,975
PLACER DOME INC	7.750	15-Jun-15	500,000	495,226	476,340
POTOMAC ELEC PWR CO	4.500	15-May-99	210,000	198,636	196,020
PROGRESSIVE CORP	6.600	15-Jan-04	1,000,000	1,000,586	958,940
ROYAL CARIBBEAN CRUISE	8.250	1-Apr-05	1,000,000	991,794	1,017,320
SASKATCHEWAN CDA	7.375	15-Jul-13	2,000,000	2,030,701	1,974,740
SOCIETY CORP	8.125	15-Jun-02	850,000	929,562	889,075
SOUTHERN UNION GAS	7.600	1-Feb-24	1,250,000	1,250,000	1,180,413
TELE-COMMUN INC	9.250	15-Apr-02	1,000,000	1,064,904	1,063,330
TENAGA NASIONAL BERHAD	7.875	15-Jun-04	1,000,000	996,807	1,034,150
TIME WARNER ENTERTAINM	7.250	1-Sep-08	1,000,000	873,316	938,830
UNION PACIFIC CORP	6.400	1-Feb-06	1,500,000	1,499,640	1,396,500
WASTE MANAGEMENT	7.650	15-Mar-11	1,000,000	1,017,454	998,070
WISCONSIN BELL INC	7.250	1-Feb-07	100,000	98,894	92,890
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b><u>\$ 37,504,766</u></b>	<b><u>\$ 37,555,217</u></b>
PLUS: ACCRUED INCOME RECEIVABLE				1,239,190	1,239,190
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUN				(491,283)	(491,283)
<b>TOTAL AGRICULTURAL PERMANENT FUND</b>				<b><u>\$ 82,193,026</u></b>	<b><u>\$ 82,566,672</u></b>

**PERMANENT FUNDS**  
**Millersylvania Park Trust fund**  
 Schedule of Investments  
 June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>SHORT-TERM (CASH):</u></b>					
PROVIDENT TEMPFUND B	N/A	N/A	N/A	<u>\$ 5,125</u>	<u>\$ 5,125</u>
PLUS: ACCRUED INCOME RECEIVABLE				22	22
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUND				(22)	(22)
<b>TOTAL MILLERSYLVANIA PARK TRUST FUND</b>				<u><u>\$ 6,125</u></u>	<u><u>\$ 5,125</u></u>

**PERMANENT FUNDS**  
**Normal School Permanent Fund**  
 Schedule of Investments  
 June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT-TERM (CASH):</b>					
PROVIDENT TEMPFUND B	N/A	N/A	2,032,690	<u>\$ 2,032,690</u>	<u>\$ 2,032,690</u>
<b>US GOVERNMENT SECURITIES</b>					
<b>TREASURIES:</b>					
TREASURY NOTE	6.875	31-Mar-00	4,000,000	4,158,532	4,060,640
U S TREASURY	10.750	15-Feb-03	835,000	783,865	1,018,834
U S TREASURY	10.750	15-May-03	300,000	301,334	367,500
U S TREASURY	11.875	15-Nov-03	1,000,000	997,745	1,300,780
U S TREASURY	7.250	15-May-16	1,425,000	1,326,595	1,459,286
U S TREASURY	7.500	15-Nov-16	480,000	413,619	504,523
TOTAL TREASURIES				<u>\$ 7,981,690</u>	<u>\$ 8,711,562</u>
<b>AGENCIES:</b>					
FNMA MED TERM NOTE	5.300	25-Aug-98	2,000,000.00	1,953,791.99	1,963,620.00
FEDERAL NATL MTG ASSOC	4.875	15-Oct-98	500,000.00	465,673.15	485,310.00
FEDERAL HOME LN BKS	5.740	23-Dec-98	3,750,000.00	3,676,498.26	3,666,037.50
FNMA MED TERM NOTE	5.380	6-Jan-99	2,000,000.00	1,948,548.87	1,955,320.00
FEDERAL HOME LN MTG CORP	8.000	5-Aug-09	1,655,000.00	1,655,000.00	1,663,539.80
TOTAL AGENCIES				<u>\$ 9,699,512</u>	<u>\$ 9,733,827</u>
TOTAL US GOVERNMENT SECURITIES				<u>\$ 17,681,202</u>	<u>\$ 18,445,390</u>
<b>MORTGAGES AND MORTGAGE BACKED:</b>					
<b>PASS THROUGH MORTGAGES</b>					
FEDERAL HOME LN MTG CORP	8.375	15-Sep-97	47,600	47,696	48,864
FHLMC PC 16-0079	10.250	1-May-09	133,389	123,228	142,621
FHLMC PC 17-0029	12.000	1-May-10	30,691	30,634	34,717
FHLMC PC 17-0147	11.000	1-Nov-15	14,656	14,181	16,316
FHLMC PC 17-0217	8.000	1-Mar-17	155,226	149,163	158,154
FHLMC SWAP 29-9021	8.500	1-Aug-17	329,362	304,557	341,377
FHLMC SWAP 29-1802	8.500	1-Apr-17	92,894	85,898	96,247
FHLMC SWAP 30-3750	8.500	1-Apr-18	346,746	320,631	358,986
FNMA PL 307056	7.500	1-Aug-25	6,179,428	6,189,083	6,096,370
GNMA SF 27772	9.500	15-Nov-09	328,086	292,202	352,790
GNMA SF 27559	9.500	15-Aug-09	269,117	256,798	289,382
GNMA SF 29026	9.500	15-Jul-09	135,554	133,309	145,761
GNMA SF 30363	9.500	15-Sep-09	159,152	141,746	170,590
GNMA SF 30644	9.500	15-Jun-09	216,721	213,132	233,040
TOTAL PASS THROUGH MORTGAGES				<u>\$ 8,302,259</u>	<u>\$ 8,485,215</u>
<b>OTHER MORTGAGES:</b>					
BEVERLY FINANCE CORP 144A	8.360	15-Jul-04	2,000,000	2,000,000	2,058,200
CASA DE WOODS	7.000	1-Jan-14	368,855	273,875	336,502
FULTON WOODS APTS	7.500	1-Feb-18	1,336,465	1,137,735	1,319,399
HYDE PARK APTS	7.500	1-Apr-19	1,433,657	1,153,398	1,406,174
TOTAL OTHER MORTGAGES				<u>\$ 4,565,007</u>	<u>\$ 5,120,275</u>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
FHLMC G 003 C	6.600	25-Jan-18	4,000,000	3,944,800	3,971,160
FHLMC 1994-1429 G	7.000	15-Nov-07	1,466,667	1,372,709	1,425,188
FHLMC 1992 1423 C	6.600	15-Sep-04	7,000,000	6,913,594	6,990,200
FHLMC-GNMA93-12 E	6.000	25-Mar-08	5,500,000	5,344,453	5,292,760

**PERMANENT FUNDS**  
**Normal School Permanent Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
FHLMC 93-1619 PD	5.650	15-Jun-19	4,000,000	4,020,625	3,874,280
FHLMC 1602-AE	5.250	15-Sep-08	5,000,000	4,932,813	4,787,400
FNMA 1993-06 Y5	6.750	25-Dec-04	5,500,000	5,454,453	5,492,025
FNMA 1993-207 Y4	5.500	25-Dec-17	6,250,000	6,177,734	6,006,625
FNMA 1993-223 PH	6.050	25-Oct-22	1,500,000	1,456,172	1,401,540
GE CAP MTG 1994-10A15	6.500	25-Mar-24	252,000	220,224	227,959
GE CAPITAL MTG SVC 1994-4 A8	6.500	25-Jan-24	1,980,317	1,678,937	1,743,312
PRU HOME 93-51 A14	6.750	25-Dec-23	3,500,000	3,286,172	3,149,965
RESIDENT FD MG 93-S12A11	7.500	25-Dec-08	7,000,000	6,957,344	6,908,930
S B M VII 1994-15 A5	6.500	25-Jun-09	2,150,000	1,820,491	1,974,132
<i>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</i>				<u>\$ 53,580,521</u>	<u>\$ 53,245,477</u>
<b>TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				<u><b>\$ 66,447,787</b></u>	<u><b>\$ 66,850,967</b></u>
<b><u>ASSET BACKED SECURITIES:</u></b>					
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	2-Nov-97	655,256	655,211	647,845
DISCOVER CARD TR 1993-B	6.750	15-Feb-00	4,000,000	4,111,320	4,005,600
<b>TOTAL ASSET BACKED SECURITIES</b>				<u><b>\$ 4,766,531</b></u>	<u><b>\$ 4,653,445</b></u>
<b><u>CORPORATE OBLIGATIONS:</u></b>					
AMERICAN GEN FIN CORP	5.875	1-Jul-00	4,600,000	4,572,405	4,433,388
AMERICAN STORES	7.400	15-May-05	1,000,000	1,003,674	996,160
ANR PIPELINE	9.625	1-Nov-21	1,300,000	1,611,040	1,550,679
ANR PIPELINE	7.375	15-Feb-24	1,000,000	992,921	935,320
ANZ BANKING GROUP	6.250	1-Feb-04	2,000,000	1,995,090	1,875,080
ASSOCIATES CORP NORTH AME	8.375	15-Jan-98	2,500,000	2,598,009	2,571,225
ASSOCIATES CORP NORTH AME	6.000	15-Jun-00	2,075,000	2,068,865	2,012,480
BANK OF NEW YORK	8.500	15-Dec-04	1,000,000	993,059	1,074,600
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	1,800,000	1,799,219	1,941,912
CHASE MANHATTAN CORP	8.500	15-Feb-02	1,000,000	1,103,714	1,069,800
CHESAPEAKE & POTOMAC TEL MD	5.875	1-Jun-04	200,000	198,956	182,808
CHESAPEAKE & POTOMAC TEL MD	6.625	1-Oct-08	775,000	627,552	716,821
CHICAGO & NWESTN TRANS	6.250	30-Jul-12	971,531	971,531	899,861
CINCINNATI GAS & ELEC	6.450	15-Feb-04	1,000,000	998,427	952,130
CITICORP MTN	8.800	1-Feb-00	1,500,000	1,507,985	1,522,470
COMMONWEALTH EDISON CO	6.250	1-Feb-98	485,000	484,350	478,651
EASTMAN CHEMICAL	7.250	15-Jan-24	2,000,000	1,979,917	1,883,080
FERRO CORP	8.000	15-Jun-25	500,000	493,074	495,625
FIRST CHICAGO	8.250	15-Jun-02	1,000,000	1,098,700	1,051,940
FORD MOTOR CREDIT CORP	6.250	26-Feb-98	2,000,000	1,998,548	1,996,100
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	1,000,000	1,005,366	1,051,770
GEN MOTORS ACCEPT CORP	5.625	1-Feb-99	2,000,000	1,910,910	1,951,860
GTE HAWAII	7.000	1-Feb-06	2,500,000	2,474,938	2,412,500
LORAL CORP	7.625	15-Jun-04	2,000,000	1,986,045	2,025,440
MBNA CORP MTN	6.500	15-Sep-00	1,750,000	1,749,213	1,717,520
MCI COMMUNICATIONS CORP	7.750	23-Mar-25	2,500,000	2,479,816	2,454,850
MINNESOTA PWR & LT CO	6.500	1-Jan-98	275,000	275,000	270,916
NEW ENGLAND TEL & TELEG CO	6.125	1-Oct-06	700,000	691,260	635,642
NEW JERSEY BELL TEL CO	5.875	1-Dec-06	500,000	425,520	447,950
PACIFIC GAS & ELEC CO	6.875	1-Dec-99	250,000	246,150	246,243
PACIFIC GAS & ELEC CO	6.625	1-Jun-00	100,000	82,882	98,668
PACIFIC GAS & ELEC CO	6.750	1-Dec-00	255,000	247,890	252,947
PACIFIC TEL & TELEG CO	6.000	1-Nov-02	250,000	239,205	236,895
PANHANDLE EASTERN PIPELINE	7.875	15-Aug-04	1,500,000	1,498,068	1,542,435
PHILIPS ELECTRONIC	7.250	15-Aug-13	2,500,000	2,382,260	2,383,225
PHILLIPS ELECTRONICS NV	7.750	15-May-25	1,000,000	996,612	986,840

**PERMANENT FUNDS**  
**Normal School Permanent Fund**  
Schedule of Investments  
June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
PHILLIPS PETROLEUM	9.375	15-Feb-11	2,000,000	2,366,756	2,302,360
PLACER DOME INC	7.750	15-Jun-15	500,000	495,226	476,340
PNC FUNDING CORP	7.750	1-Jun-04	1,500,000	1,491,561	1,532,850
PROGRESSIVE CORP	6.600	15-Jan-04	2,500,000	2,501,464	2,397,350
ROYAL CARIBBEAN CRUISES	8.250	1-Apr-05	2,000,000	1,983,588	2,034,640
SASKATCHEWAN CDA	7.375	15-Jul-13	3,700,000	3,756,797	3,653,269
SOUTHERN UNION GAS	7.600	1-Feb-24	1,500,000	1,500,000	1,416,495
TELE-COMMUN INC	9.250	15-Apr-02	1,400,000	1,490,866	1,488,662
TENAGA NASIONAL BERHAD	7.875	15-Jun-04	2,000,000	1,993,613	2,068,300
TIME WARNER ENTERTAINMENT	7.250	1-Sep-08	2,000,000	1,746,633	1,877,660
TORCHMARK CORP	8.625	1-Mar-17	200,000	172,259	203,904
U S BANCORP	6.750	15-Oct-05	2,000,000	2,024,742	1,907,340
UNION PACIFIC CORP	6.400	1-Feb-06	750,000	749,820	698,250
WASTE MANAGEMENT	7.650	15-Mar-11	2,525,000	2,569,070	2,520,127
WISCONSIN BELL INC	7.250	1-Feb-07	300,000	296,685	278,670
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b><u>\$ 72,927,253</u></b>	<b><u>\$ 72,212,048</u></b>
PLUS: ACCRUED INCOME RECEIVABLE				2,406,646	2,406,646
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUND				(976,427)	(976,427)
<b>TOTAL NORMAL SCHOOL PERMANENT FUND</b>				<b><u>\$ 165,285,682</u></b>	<b><u>\$ 165,624,758</u></b>

**PERMANENT FUNDS**  
**Permanent Common School**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>SHORT - TERM (CASH):</u></b>					
PROVIDENT TEMPFUND B	N/A	N/A	2,239,963	\$ 2,239,963	\$ 2,239,963
<b><u>US GOVERNMENT SECURITIES</u></b>					
<b><u>TREASURIES:</u></b>					
TREASURY NOTE	7.126	30-Sep-99	1,000,000	1,026,966	1,021,720
U S TREASURY	10.750	15-Feb-03	1,000,000	959,883	1,220,160
U S TREASURY	11.875	15-Nov-03	1,500,000	1,496,610	1,951,170
TREASURY NOTE	6.500	15-Aug-05	2,000,000	2,080,257	1,970,620
U S TREASURY	10.375	15-Nov-12	200,000	213,624	253,782
U S TREASURY	7.250	15-May-16	1,500,000	1,644,026	1,536,090
U S TREASURY	7.500	15-Nov-16	1,960,000	1,694,404	2,060,136
<b>TOTAL TREASURIES</b>				<b>\$ 9,115,770</b>	<b>\$ 10,013,678</b>
<b><u>AGENCIES:</u></b>					
FEDERAL HOME LN BKS	5.740	23-Dec-98	4,750,000	4,656,898	4,643,648
FEDERAL NATL MTG ASSOC	9.400	10-Aug-98	1,000,000	998,013	1,061,250
FEDERAL NATL MTG ASSOC	4.875	15-Oct-98	500,000	465,673	485,310
FNMA MED TERM NOTE	5.300	25-Aug-98	2,000,000	1,953,792	1,963,620
FNMA MED TERM NOTE	5.380	6-Jan-99	2,000,000	1,948,549	1,955,320
<b>TOTAL AGENCIES</b>				<b>\$ 10,022,924</b>	<b>\$ 10,109,148</b>
<b>TOTAL US GOVERNMENT SECURITIES</b>				<b>\$ 19,138,695</b>	<b>\$ 20,122,826</b>
<b><u>MORTGAGES AND MORTGAGE BACKED SECURITIES</u></b>					
<b><u>PASS THROUGH AND OTHER MORTGAGES:</u></b>					
FEDERAL HOME LN MTG CORP	8.375	15-Sep-97	8,400	8,385	8,623
FHLMC PC 16-0040	8.750	1-Mar-08	189,607	173,858	197,426
FHLMC PC 16-0079	10.250	1-May-09	133,389	123,402	142,621
FHLMC PC 17-0003	8.000	1-Mar-06	25,951	25,505	26,506
FHLMC PC 17-0147	11.000	1-Nov-15	19,052	18,435	21,211
FNMA PL 307056	7.500	1-Aug-25	1,140,734	1,142,516	1,125,401
FNMA PL 311991	7.500	1-Aug-25	3,286,971	3,292,107	3,242,791
FNMA PL 311994	7.500	1-Aug-25	1,290,854	1,292,871	1,273,505
FNMA PL 330130	7.500	1-Nov-25	2,479,478	2,500,786	2,446,154
EXECUTIVE ESTATES	7.500	1-Oct-18	3,413,356	2,734,829	3,355,739
BEVERLY FINANCE CORP 144A	8.360	15-Jul-04	1,650,000	1,650,000	1,698,015
<b>TOTAL MORTGAGES</b>				<b>\$ 12,962,695</b>	<b>\$ 13,537,991</b>
<b><u>COLLATERALIZED MORTGAGE OBLIGATIONS:</u></b>					
FHLMC G 003 C	6.600	25-Jan-18	4,000,000	3,944,800	3,971,160
FHLMC 1992 1423 C	6.600	15-Sep-04	6,000,000	5,925,938	5,991,600
FHLMC 93-1619 PD	5.650	15-Jun-19	3,000,000	3,015,469	2,905,710
FHLMC 1994 - 1727 E	6.500	15-Apr-18	5,000,000	4,770,117	4,945,600
FNMA 1992-65 DA	7.500	25-Jan-18	1,974,499	1,930,073	1,984,093
FNMA 1993-207 Y4	5.500	25-Dec-17	4,000,000	3,953,750	3,844,240
FNMA 1993-223 PH	6.050	25-Oct-22	2,500,000	2,426,953	2,335,900
FNMA 1994-62 PH	6.900	25-Nov-23	2,000,000	1,862,813	1,954,260
GE CAP MTG 1994-10A15	8.500	25-Mar-24	1,000,000	873,906	904,600
GE CAPITAL MTG SVC 1994-4 A8	6.500	25-Jan-24	1,980,317	1,678,937	1,743,312
PRU HOME 93-51 A14	6.750	25-Dec-23	3,000,000	2,816,719	2,699,970
RESIDENT FD MG 93-S12A11	7.500	25-Dec-08	4,000,000	3,975,625	3,947,960
S B M VII 1994-15 A5	6.500	25-Jun-09	2,000,000	1,693,480	1,836,402
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 38,868,579</b>	<b>\$ 39,064,807</b>
<b>TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				<b>\$ 51,831,274</b>	<b>\$ 52,602,798</b>

**PERMANENT FUNDS**  
**Permanent Common School**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>ASSET BACKED SECURITIES:</u></b>					
NAT'L BK CR CD TR 95-1A	6.450	15-Apr-03	3,000,000	\$ 3,030,938	\$ 2,983,890
<b><u>CORPORATE OBLIGATIONS:</u></b>					
ANR PIPELINE	9.625	1-Nov-21	1,500,000	1,858,892	1,789,245
AT&T CORP	4.375	1-May-99	3,600,000	3,313,960	3,376,512
AMERICAN GEN FIN CORP	5.875	1-Jul-00	2,850,000	2,832,903	2,746,773
AMERICAN STORES	7.400	15-May-05	1,000,000	1,003,674	996,160
ASSOCIATES CORP NORTH AMER	6.000	15-Jun-01	3,850,000	3,374,912	3,680,870
BANK OF NEW YORK	8.500	15-Dec-04	1,250,000	1,241,324	1,343,250
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	1,000,000	999,566	1,078,840
CHESAPEAKE & POTOMAC TEL MD	5.875	1-Jun-04	609,000	612,309	556,650
CHICAGO & NWESTN TRANS	6.250	30-Jul-12	971,531	971,531	899,861
CITICORP MTN	8.800	1-Feb-00	1,000,000	1,005,324	1,014,980
COMMONWEALTH EDISON CO	6.250	1-Feb-98	465,000	463,664	458,913
EASTMAN CHEMICAL	7.250	15-Jan-24	2,350,000	2,326,402	2,212,619
FERRO CORP	8.000	15-Jun-25	500,000	493,074	495,625
FIRST CHICAGO	8.250	15-Jun-02	2,500,000	2,746,751	2,629,850
FORD MOTOR CREDIT CORP	6.250	26-Feb-98	1,500,000	1,498,911	1,497,075
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	1,000,000	1,005,366	1,051,770
GEN MOTORS ACCEPT CORP	5.625	1-Feb-99	1,165,000	1,113,105	1,136,958
HOUSEHOLD FINANCE CORP	7.625	15-Jan-03	2,000,000	2,138,661	2,056,320
INDIANA BELL TEL INC	4.375	1-Jun-03	300,000	166,453	258,027
LOUISVILLE GAS & ELEC CO	6.750	1-Jun-98	550,000	484,433	543,373
MBNA CORP MTN	6.500	15-Sep-00	1,000,000	999,550	981,440
MCI COMMUNICATIONS CORP	7.750	23-Mar-25	1,750,000	1,735,871	1,718,395
MICHIGAN BELL TEL CO	6.375	1-Feb-05	350,000	346,720	329,175
MOUNTAIN STS TEL & TELEG CO	5.500	1-Jun-05	1,190,000	705,085	1,058,529
NEW ENGLAND TEL & TELEG CO	6.125	1-Oct-06	525,000	527,843	476,732
NEW JERSEY BELL TEL CO	5.875	1-Dec-06	1,365,000	1,208,019	1,222,904
NORTHWESTERN BELL TEL CO	6.000	1-Sep-01	1,000,000	765,534	951,610
PNC FUNDING CORP	7.750	1-Jun-04	1,000,000	994,374	1,021,900
PACIFIC GAS & ELEC CO	6.875	1-Dec-99	1,225,000	1,047,398	1,206,588
PACIFIC GAS & ELEC CO	6.625	1-Jun-00	525,000	435,844	518,007
PACIFIC TEL & TELEG CO	6.500	1-Jul-03	400,000	356,678	381,284
PANHANDLE EASTERN PIPELINE	7.875	15-Aug-04	1,500,000	1,498,068	1,542,435
PHILIPS ELECTRONIC	7.250	15-Aug-13	1,000,000	952,904	953,290
PHILLIPS PETROLEUM	9.375	15-Feb-11	2,000,000	2,366,756	2,302,360
PLACER DOME INC	7.750	15-Jun-15	500,000	495,226	476,340
PROGRESSIVE CORP	6.600	15-Jan-04	2,250,000	2,251,318	2,157,615
ROYAL CARIBBEAN CRUISES	8.250	1-Apr-05	1,000,000	991,794	1,017,320
SAGA PETROLEUM A.S.	9.125	15-Jul-14	1,000,000	1,149,951	1,062,970
SASKATCHEWAN CDA	7.375	15-Jul-13	3,500,000	3,553,727	3,455,795
SEARS ROEBUCK & CO	6.000	1-May-00	4,330,000	3,677,488	4,183,559
SOUTHERN UNION GAS	7.600	1-Feb-24	1,000,000	1,000,000	944,330
TELE-COMMUN INC	9.250	15-Apr-02	1,000,000	1,064,904	1,063,330
TENAGA NASIONAL BERHAD	7.875	15-Jun-04	2,500,000	2,492,016	2,585,375
TIME WARNER ENTERTAINMENT	7.250	1-Sep-08	1,000,000	873,316	938,830
TORCHMARK CORP	8.625	1-Mar-17	300,000	258,389	305,856
UNION PACIFIC CORP	6.400	1-Feb-06	1,000,000	999,760	931,000
VIRGINIA ELEC & PWR CO	5.125	1-Feb-97	1,000,000	999,375	994,120
WASTE MANAGEMENT	7.650	15-Mar-11	1,000,000	1,017,454	998,070
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 64,416,579</b>	<b>\$ 65,602,830</b>
PLUS: ACCRUED INCOME RECEIVABLE				1,856,380	1,856,381
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUND				(891,745)	(891,745)
<b>TOTAL PERMANENT COMMON SCHOOL FUND</b>				<b>\$ 141,622,084</b>	<b>\$ 144,516,942</b>

**PERMANENT FUNDS**  
**Scientific Permanent Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>SHORT-TERM (CASH)</b>					
PROVIDENT TEMPFUND B	N/A	N/A	2,814,908	\$ 2,814,908	\$ 2,814,908
<b>US GOVERNMENT SECURITIES</b>					
<b>TREASURIES:</b>					
U S TREASURY	10.750	15-Feb-03	300,000	246,484	366,048
TREASURY NOTE	6.500	15-Aug-05	4,000,000	4,160,515	3,941,240
U S TREASURY	10.375	15-Nov-12	800,000	854,494	1,015,128
U S TREASURY	7.500	15-Nov-16	425,000	377,239	446,713
<b>TOTAL TREASURIES</b>				<b>\$ 5,638,733</b>	<b>\$ 5,769,129</b>
<b>AGENCIES:</b>					
FEDERAL HOME LN BKS	5.740	23-Dec-98	3,500,000	3,431,398	3,421,635
FEDERAL NATL MTG ASSOC	9.400	10-Aug-98	100,000	99,801	106,125
FEDERAL NATL MTG ASSOC	4.875	15-Oct-98	500,000	465,673	485,310
FNMA MED TERM NOTE	5.300	25-Aug-98	1,800,000	1,758,413	1,767,258
FNMA MED TERM NOTE	5.380	6-Jan-99	2,500,000	2,435,686	2,444,150
<b>TOTAL AGENCIES</b>				<b>\$ 8,190,972</b>	<b>\$ 8,224,478</b>
<b>TOTAL US GOVERNMENT SECURITIES</b>				<b>\$ 13,829,705</b>	<b>\$ 13,993,607</b>
<b>MORTGAGES AND MORTGAGE BACKED SECURITIES</b>					
<b>PASS THROUGH AND OTHER MORTGAGES:</b>					
FEDERAL HOME LN MTG CORP	8.375	15-Sep-97	25,200	25,155	25,869
FHLMC PC 17-0141	11.000	1-Sep-15	90,427	89,750	100,022
FHLMC PC 17-0147	11.000	1-Nov-15	3,810	3,687	4,242
FHLMC PC 17-0217	8.000	1-Mar-17	146,574	140,849	149,339
FNMA PL 311991	7.500	1-Aug-25	468,310	469,042	462,015
FNMA PL 311994	7.500	1-Aug-25	693,878	694,962	684,552
FNMA PL 312210	7.500	1-Jul-25	1,832,660	1,835,524	1,808,029
FNMA PL 315470	7.500	1-Jul-25	1,876,528	1,879,460	1,851,308
FNMA PL 319490	7.500	1-Aug-25	427,890	428,558	422,139
BEVERLY FINANCE CORP 144A	8.360	15-Jul-04	750,000	750,000	771,825
BITTERROOT MANOR	7.500	1-Jan-19	1,089,930	871,960	1,077,538
SKY PARK APTS	7.500	1-Feb-18	1,024,243	871,941	1,012,137
<b>TOTAL PASS THROUGH AND OTHER MORTGAGES</b>				<b>\$ 8,060,887</b>	<b>\$ 8,369,015</b>
<b>COLLATERALIZED MORTGAGE OBLIGATIONS:</b>					
FHLMC G 003 C	6.600	25-Jan-18	4,000,000	3,944,800	3,971,160
FHLMC 1992 1423 C	6.600	15-Sep-04	4,000,000	3,950,625	3,994,400
FHLMC-GNMA93-12 E	6.000	25-Mar-08	2,475,000	2,405,004	2,381,742
FHLMC 93-1619 PD	5.650	15-Jun-19	3,000,000	3,015,469	2,905,710
FHLMC 1602-AE	5.250	15-Sep-08	2,250,000	2,219,766	2,154,330
FNMA 1993-06 Y5	6.750	25-Dec-04	4,000,000	3,966,875	3,994,200
FNMA 1993-207 Y4	5.500	25-Dec-17	2,500,000	2,471,094	2,402,650
FNMA 1993-223 PH	6.050	25-Oct-22	1,000,000	970,781	934,360
GE CAP MTG 1994-10A15	6.500	25-Mar-24	500,000	436,953	452,300
GE CAPITAL MTG SVC 1994-4 A8	6.500	25-Jan-24	1,980,317	1,678,937	1,743,312
PRU HOME 93-51 A14	6.750	25-Dec-23	2,500,000	2,347,266	2,249,975
RESIDENT FD MG 93-S12A11	7.500	25-Dec-08	4,000,000	3,975,625	3,947,960
S B M VII 1994-15 A5	6.500	25-Jun-09	750,000	635,055	688,651
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b>				<b>\$ 32,018,249</b>	<b>\$ 31,820,750</b>
<b>TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES</b>				<b>\$ 40,079,137</b>	<b>\$ 40,189,765</b>

**PERMANENT FUNDS**  
**Scientific Permanent Fund**  
Schedule of Investments  
June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b>ASSET BACKED SECURITIES:</b>					
DISCOVER CARD TR 1993-B	6.750	15-Feb-00	3,500,000	3,597,405	3,504,900
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	2-Nov-97	1,441,563	1,441,465	1,425,259
<b>TOTAL ASSET BACKED SECURITIES</b>				<b>\$ 5,038,870</b>	<b>\$ 4,930,159</b>
<b>CORPORATE OBLIGATIONS:</b>					
ANR PIPELINE	7.375	15-Feb-24	1,000,000	992,921	935,320
ANR PIPELINE	9.625	1-Nov-21	1,000,000	1,239,262	1,192,830
AMERICAN GEN FIN CORP	5.875	1-Jul-00	2,800,000	2,783,203	2,698,584
ASSOCIATES CORP NORTH AME	8.375	15-Jan-98	2,000,000	2,078,409	2,056,980
BANK OF NEW YORK	8.500	15-Dec-04	1,000,000	993,059	1,074,600
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	1,000,000	999,566	1,078,840
CHESAPEAKE & POTOMAC TEL MD	6.625	1-Oct-08	500,000	404,872	462,465
CHICAGO & NWESTN TRANS	6.250	30-Jul-12	971,531	971,531	899,861
CINCINNATI GAS & ELEC	6.450	15-Feb-04	1,000,000	998,427	952,130
CITICORP MTN	8.800	1-Feb-00	1,000,000	1,005,324	1,014,980
EASTMAN CHEMICAL	7.250	15-Jan-24	1,500,000	1,484,937	1,412,310
FERRO CORP	8.000	15-Jun-25	1,000,000	986,149	991,250
FIRST CHICAGO	8.250	15-Jun-02	1,000,000	1,098,700	1,051,940
FORD MOTOR CREDIT CORP	6.250	26-Feb-98	1,500,000	1,498,911	1,497,075
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	400,000	402,146	420,708
GTE HAWAII	7.000	1-Feb-06	1,600,000	1,583,960	1,544,000
GEN MOTORS ACCEPT CORP	5.625	1-Feb-99	1,000,000	955,455	975,930
GENERAL TEL CO IND	6.250	1-Jul-97	400,000	400,000	406,420
HOUSTON LTG & PWR CO	6.750	1-Nov-97	100,000	99,217	99,768
ILLINOIS BELL TEL CO	4.375	1-Jul-03	250,000	170,051	213,595
LORAL CORP	7.625	15-Jun-04	1,000,000	993,023	1,012,720
MBNA CORP MTN	6.500	15-Sep-00	1,000,000	999,550	981,440
MCI COMMUNICATIONS CORP	7.750	23-Mar-25	1,000,000	991,926	981,940
NEW ENGLAND TEL & TELEG CO	6.125	1-Oct-06	600,000	596,571	544,836
NEW JERSEY BELL TEL CO	5.875	1-Dec-06	1,100,000	940,299	985,490
NEW JERSEY BELL TEL CO	7.375	1-Jun-12	700,000	364,567	678,657
NORTHWESTERN BELL TEL CO	6.000	1-Sep-01	70,000	54,601	66,613
PNC FUNDING CORP	7.750	1-Jun-04	1,000,000	994,374	1,021,900
PACIFIC GAS & ELEC CO	6.625	1-Jun-00	385,000	301,614	379,872
PANHANDLE EASTERN PIPELINE	7.875	15-Aug-04	1,300,000	1,298,326	1,336,777
PHIL SUBURBAN WTR	5.500	1-Nov-96	650,000	648,728	648,837
PHILLIPS ELECTRONICS NV	7.750	15-May-25	500,000	498,306	493,420
PHILIPS ELECTRONIC	7.250	15-Aug-13	1,500,000	1,429,356	1,429,935
PHILLIPS PETROLEUM	9.375	15-Feb-11	2,000,000	2,366,756	2,302,360
PLACER DOME INC	7.750	15-Jun-15	1,250,000	1,238,066	1,190,850
PROGRESSIVE CORP	6.600	15-Jan-04	1,000,000	1,000,586	958,940
ROYAL CARIBBEAN CRUISES	8.250	1-Apr-05	1,000,000	991,794	1,017,320
SAGA PETROLEUM A.S.	9.125	15-Jul-14	1,000,000	1,149,951	1,062,970
SASKATCHEWAN CDA	7.375	15-Jul-13	2,000,000	2,030,701	1,974,740
SEARS ROEBUCK & CO	6.000	1-May-00	1,055,000	921,404	1,019,320
SOUTHERN UNION GAS	7.600	1-Feb-24	1,000,000	1,000,000	944,330
TELE-COMMUN INC	9.250	15-Apr-02	500,000	532,452	531,665
TIME WARNER ENTERTAINMENT	7.250	1-Sep-08	900,000	785,985	844,947
TORCHMARK CORP	8.625	1-Mar-17	200,000	172,259	203,904
UNION PACIFIC CORP	6.400	1-Feb-06	1,250,000	1,249,700	1,163,750
U S BANCORP	6.750	15-Oct-05	1,500,000	1,518,557	1,430,505
WASTE MANAGEMENT	7.650	15-Mar-11	1,500,000	1,526,180	1,497,105
WISCONSIN BELL INC	7.250	1-Feb-07	100,000	98,894	92,890
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 47,840,626</b>	<b>\$ 47,777,618</b>
PLUS: ACCRUED INCOME RECEIVABLE				1,653,493	1,653,493
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUND				(659,122)	(659,122)
<b>TOTAL SCIENTIFIC PERMANENT FUND</b>				<b>\$ 110,597,617</b>	<b>\$ 110,700,428</b>

**PERMANENT FUNDS**  
**State University Permanent Fund**  
**Schedule of Investments**  
**June 30, 1996**

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>SHORT - TERM (CASH):</u></b>					
PROVIDENT TEMPFUND B	N/A	N/A	492,002	\$ 492,002	\$ 492,002
<b><u>US GOVERNMENT SECURITIES:</u></b>					
<b><u>US TREASURIES:</u></b>					
TREASURY NOTE	6.125	15-May-98	500,000	501,174	500,155
U S TREASURY	11.875	15-Nov-03	75,000	74,830	97,559
TREASURY NOTE	6.500	15-Aug-05	750,000	780,097	738,983
U S TREASURY	7.250	15-May-16	20,000	16,020	20,481
U S TREASURY	7.500	15-Nov-16	175,000	149,948	183,941
TOTAL US TREASURIES				\$ 1,522,069	\$ 1,541,118
<b><u>AGENCIES:</u></b>					
FEDERAL NATL MTG ASSOC	9.400	10-Aug-98	300,000	299,404	318,375
FNMA MED TERM NOTE	5.300	25-Aug-98	200,000	195,379	196,362
FEDERAL HOME LN BKS	5.740	23-Dec-98	500,000	490,200	488,805
TOTAL AGENCIES				\$ 984,983	\$ 1,003,542
TOTAL US GOVERNMENT SECURITIES				\$ 2,507,051	\$ 2,544,660
<b><u>MORTGAGES AND MORTGAGE BACKED SECURITIES:</u></b>					
<b><u>PASS THROUGH AND OTHER MORTGAGES:</u></b>					
FHLMC GIANT SWAP 30-4272	8.500	1-Jun-18	36,012	33,300	37,297
FNMA PL 315470	7.500	1-Jul-25	459,708	460,426	453,530
FNMA PL 330130	7.500	1-Nov-25	495,312	499,568	488,655
BEVERLY FINANCE CORP 144A	8.360	15-Jul-04	100,000	100,000	102,910
EAGLES MANOR	7.500	1-Jun-18	900,215	726,486	888,467
TOTAL PASS THROUGH AND OTHER MORTGAGES				\$ 1,819,781	\$ 1,970,859
<b><u>COLLATERALIZED MORTGAGE OBLIGATIONS:</u></b>					
FHLMC G 003 C	6.600	25-Jan-18	500,000	493,100	496,395
FHLMC 1992 1423 C	6.600	15-Sep-04	253,000	249,877	252,646
FHLMC 93-1619 PD	5.650	15-Jun-19	300,000	301,547	290,571
FHLMC 1602-AE	5.250	15-Sep-08	250,000	246,641	239,370
FHLMC 1993-1637 GA	5.800	15-Jun-23	252,181	239,454	229,911
FNMA 1993-06 Y5	6.750	25-Dec-04	300,000	297,516	299,565
FNMA 1993-207 Y4	5.500	25-Dec-17	285,000	281,705	273,902
FNMA 1993-223 PH	6.050	25-Oct-22	281,000	272,790	262,555
FNMA 1994-62 PH	6.900	25-Nov-23	254,000	236,577	248,191
GE CAP MTG 1994-10A15	6.500	25-Mar-24	100,000	87,391	90,460
GE CAPITAL MTG SVC 1994-4 A8	6.500	25-Jan-24	99,016	83,947	87,166
PRU HOME 93-51 A14	6.750	25-Dec-23	250,000	234,727	224,998
S B M VII 1994-15 A5	6.500	25-Jun-09	293,000	248,095	269,033
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS				\$ 3,273,364	\$ 3,264,762
TOTAL MORTGAGES AND MORTGAGE BACKED SECURITIES				\$ 5,093,145	\$ 5,235,620
<b><u>ASSET BACKED SECURITIES:</u></b>					
PREMIER AUTO TRUST 94-1 A3 ABS	4.750	2-Nov-97	196,577	\$ 196,563	\$ 194,353
<b><u>CORPORATE OBLIGATIONS:</u></b>					

**PERMANENT FUNDS**  
**State University Permanent Fund**  
 Schedule of Investments  
 June 30, 1996

<u>DESCRIPTION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
ANR PIPELINE	9.625	1-Nov-21	200,000	247,852	238,566
AMERICAN GEN FIN CORP	5.875	1-Jul-00	150,000	149,100	144,567
BANK OF NEW YORK	8.500	15-Dec-04	250,000	248,265	268,650
CARTER HOLT HARVEY LTD	8.875	1-Dec-04	200,000	199,913	215,768
CHICAGO & N WESTN TRANS	6.250	30-Jul-12	291,459	291,459	269,958
EASTMAN CHEMICAL	7.250	15-Jan-24	150,000	148,494	141,231
FLETCHER CHALLNG CAP CAN	8.250	20-Jun-16	300,000	298,605	305,718
FORD MOTOR CREDIT CORP	6.250	26-Feb-98	300,000	299,782	299,415
FORD MOTOR CREDIT CORP	8.200	15-Feb-02	100,000	100,537	105,177
GTE HAWAII	7.000	1-Feb-06	250,000	247,494	241,250
GENERAL MTRS ACCEPT CORP	8.400	15-Oct-99	250,000	265,502	262,403
MBNA CORP MTN	6.500	15-Sep-00	250,000	249,888	245,360
MCI COMMUNICATIONS CORP	7.750	23-Mar-25	250,000	247,982	245,485
MICHIGAN BELL TEL CO	6.375	1-Feb-05	200,000	198,361	188,100
MONTREAL CITY OF	5.000	1-Nov-04	28,000	17,169	23,657
NORTHWESTERN BELL TEL CO	6.000	1-Sep-01	80,000	62,401	76,129
PNC FUNDING CORP	7.750	1-Jun-04	250,000	248,593	255,475
PANHANDLE EASTERN PIPELINE	7.875	15-Aug-04	100,000	99,871	102,829
PHIL SUBURBAN WTR	5.500	1-Nov-96	150,000	149,787	149,732
PHILIPS ELECTRONIC	7.250	15-Aug-13	250,000	247,077	238,323
PHILLIPS PETROLEUM	9.375	15-Feb-11	250,000	295,845	287,795
PLACER DOME INC	7.750	15-Jun-15	250,000	247,613	238,170
PROGRESSIVE CORP	6.600	15-Jan-04	250,000	250,146	239,735
SAGA PETROLEUM A.S.	9.125	15-Jul-14	180,000	206,991	191,335
SASKATCHEWAN CDA	7.375	15-Jul-13	300,000	304,605	296,211
SEARS ROEBUCK & CO	6.000	1-May-00	350,000	277,534	338,163
SOCIETY CORP	8.125	15-Jun-02	150,000	164,040	156,896
SOUTHERN UNION GAS	7.600	1-Feb-24	150,000	150,000	141,650
TELE-COMMUN INC	9.250	15-Apr-02	100,000	106,490	106,333
TIME WARNER ENTERTAINMENT	7.250	1-Sep-08	100,000	87,332	93,883
UNION PACIFIC CORP	6.400	1-Feb-06	200,000	199,952	186,200
U S BANCORP	6.750	15-Oct-05	300,000	303,711	286,101
WISCONSIN BELL INC	7.250	1-Feb-07	100,000	92,749	92,890
WISCONSIN TEL CO	6.250	1-Aug-04	50,000	47,190	47,154
<b>TOTAL CORPORATE OBLIGATIONS</b>				<b>\$ 6,752,331</b>	<b>\$ 6,720,306</b>
PLUS: ACCRUED INCOME RECEIVABLE				211,680	211,680
MINUS: ACCRUED INCOME DISTRIBUTION TO BENEFICIARY FUND				(91,487)	(91,487)
<b>TOTAL STATE UNIVERSITY PERMANENT FUND</b>				<b>\$15,161,285</b>	<b>\$15,307,135</b>

**OTHER FUNDS**Schedule of Investments  
June 30, 1996

<u>DESCRIPTION</u>	<u>INVESTMENT CLASSIFICATION</u>	<u>COUPON RATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
<b><u>GAME AND SPECIAL WILDLIFE FUND</u></b>						
PROVIDENT TEMPFUND FNMA	SHORT - TERM (CASH) US GOVERNMENT SECURITY	N/A 5.55	N/A 3/12/99	N/A 4,100,000	\$ 2,491,083 4,026,036	\$ 2,491,083 3,996,557
<b>TOTAL GAME AND SPECIAL WILDLIFE FUND</b>					<b><u>\$ 6,517,119</u></b>	<b><u>\$ 6,487,640</u></b>
<b><u>UNIVERSITY OF WASHINGTON SELF INSURANCE REVOLVING FUND:</u></b>						
PROVIDENT TEMPFUND	SHORT - TERM (CASH)	N/A	N/A	N/A	<b><u>\$ 22,189,113</u></b>	<b><u>\$22,189,113</u></b>
<b><u>STATE EMPLOYEES INSURANCE RESERVE</u></b>						
PROVIDENT TEMPFUND FHLMC 1992 1456 C	SHORT - TERM (CASH) COLLATERALIZED MORTGAGE OBLIGATION	N/A 6.250	N/A 10/15/2011	N/A 606,456	\$ 32,274,391 606,456	\$32,274,391 604,982
<b>TOTAL STATE EMPLOYEES INSURANCE RESERVE</b>					<b><u>\$ 32,880,847</u></b>	<b><u>\$32,879,373</u></b>
<b><u>RADIATION PERPETUAL MAINTENTANCE FUND</u></b>						
BONY SHORT-TERM INVESTMENT FUND	SHORT - TERM (CASH)	N/A	N/A	N/A	<b><u>\$ 669,415</u></b>	<b><u>\$ 669,415</u></b>

# Broker Volume & Commissions Paid

- All Funds

DEALER	-----EQUITY-----		-----FIXED INCOME-----	
	VOLUME TRANSACTIONED	COMMISSIONS	LONG-TERM VOLUME TRANSACTIONED	SHORT-TERM VOLUME TRANSACTIONED
ABEL NOSER CORPORATION	339,420	985		
ABN AMRO BANK	3,089,211			
ABNER HERMAN & BROCK	80,312	162		
ADAMS HARKNESS HILL	4,095,399	3,231		
ADVEST & COMPANY	157,998	166		
ALEX BROWN & SONS	43,218,082	11,921		
ALFRED BERG	16,309,739			
ALLEN & COMPANY	459,397	732		
ALPHA MANAGEMENT A/C BROADCORT	264,571,425	471,712		
AMERICAN EXPRESS CREDIT CORP				97,310,000
ANZ MCCAUGHAN SECS MELBOURNE	1,201,906			
ASIA EQUITY	1,064,637			
AUTRANET, INC	4,438,115	7,384		
BACOT ALLAIN PARIS	655,108			
BAIN SECURITIES	2,237,463			
BAIRD (ROBERT W.) & COMPANY	13,846,532	8,476		
BANK AUSTRIA INV BANK	621,980			
BANK OF NEW YORK	462,666		386,667,464	93,924,783
BANK OF TOKYO				50,000,000
BANK SARASIN ET CIE, BASLE	677,137			
BANK VON ERNST UND CIE	8,077,924			
BANK VONTOBEL	7,528,036			
BANKERS TRUST	1,694,209	2,395	10,964,904	
BANKHAUS HERMANN LAMPE	973,316			
BANQUE CANTONALE	1,310,947			
BANQUE NATL PARIS	1,401,536		5,165,146	
BARCLAYS BANK	58,402,615			
BARING SECURITIES	18,339,977			
BEAR STEARNS	47,178,131	42,945	3,945,541,306	1,677,645
BEESON GREGORY LTD	3,079,690			
BERNSTEIN (SANFORD C.) & CO	13,348,067	13,224		
BHA LONDON			16,425,032	
BHF SECURITIES CORP	4,610,889			
BJORNSKOV AND CO COPENHAGEN	2,760,013			
BK OF NYC/BGK				605,000,000
BLACK & CO INC	215,335	894		
BLAIR WILLIAM & CO	6,559,706	3,008		
BNP CAP MKTS LTD	1,488,956			
BRADFORD (J.C.) & COMPANY	1,541,872	2,029		
BRIDGE TRADING CO	7,562,999	13,222		
BROADCOURT CAPITAL CORP.	2,588,473	4,395		
BROCKHOUSE & COOPER NY	8,254,916			
BSN MADRID	1,795,616			
BZW SECURITIES	19,442,133			
CANTELLA & CO INC	201,447	486		
CANTOR FITZGERALD & CO	26,269,941	25,417		
CAPITAL INSTITUTIONAL SVCS, INC	388,283	1,057		
CARNEGIE ESPANA MADRID	3,207,360			
CARNEGIE FONDKOMMISSION	18,117,224			
CARNEGIE INTL LTD LDN	10,153,998			
CARROLL MCENTEE GOVT DELS ONLY			4,065,225	
CAZENOVE INC	26,106,214			
CCF FOSTER & BRAITHWAITE	286,906			
CHAPMAN COMPANY (THE)	14,260,440	25,275		

<u>DEALER</u>	<u>-----EQUITY-----</u>		<u>-----FIXED INCOME-----</u>	
	<u>VOLUME</u> <u>TRANSACTIONED</u>	<u>COMMISSIONS</u>	<u>LONG-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>	<u>SHORT-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>
CHARLES SCHAWB & CO INC	1,043,913			
CHARTERHOUSE(724)TILNEY	2,362,484			
CHASE MANHATTAN	6,260,303		4,137,814	
CHEMICAL BANK			73,042,745	4,560,002
CHEUVREUX DE VIRIEU PAR	26,214,608			
CHICAGO CORPORATION	16,045,301	13,060		
CHRISTIANA BANK	3,127,687			
CITIBANK	8,551,483		72,756,805	610,755,102
CITICORP			266,654,120	497,039,618
CLEARY GULL & REILAND	1,638,468	4,016		
COLLINS STEWART & CO.	520,493			
COMMERZBANK AG, FRNKFRT			15,129,101	
CORRESPONDENT SERVICES CORP	8,834,427	13,386		
COSMO SECURITIES TOKYO	346,855			
COWEN & CO	20,077,627	12,748		
CREDIT AGRICOLE SECS INC	2,877,903			
CREDIT LYONNAIS	28,858,923			
CREDIT SUISSE	2,855,988		2,981,148	
CROSBY SECURITIES	16,450,009			
CSFB AUSTRALIA EQUITIES	841,991			
D.E. SHAW LONDON	6,080,412		16,715,966	
DAEWOO SECS CO LTD SEOUL	4,406,779			
DAIN BOSWORTH INC	8,432,862	618		
DAIWA SECURITIES	222,792,541		29,597,103	78,301,428
DAVY STOCKBROKERS	5,452,386			
DBS SECURITIES	4,930,575			
DEAN WITTER & CO	4,944,341	2,700	5,452,115	
DEN DANSKE BANK LONDON	1,985,268			
DEN NORSKE BANK	3,351,066			
DEUTSCHE BANK	30,191,893	21,102	46,952,319	
DEVELOPMENT BANK OF SINGAPORE	3,214,730			
DILLON READ	23,121,546	9,964	46,049,070	
DILLON WALDRON DUBLIN	1,164,815			
DIVIDEND REINVESTMENT PLAN	416,880			
DONALDSON LUFKIN & JENRETTE			414,211,548	
DONGSUH SECURITIES CO LTD SEOUL	341,630			
DOYLE PATERSON WELLNGTN	2,070,905			
DRESDNER BANK			14,825,523	
DUNLEVY & COMPANY INCORPORATED	659,940	425		
EAST/WEST SECURITIES	16,545,964	21,745		
EDWARDS (AG) & SON	2,905,697	4,016	7,523,993	
EQUITABLE SEC CORP	599,911			
EXECUTION SERVICE	2,965,137	3,084		
FACTSET DATA SYSTEMS INC	2,715,805	7,338		
FAHNESTOCK & COMPANY	279,090	1,470		
FG VALORES Y BOLSA SA SVB MADRID	90,270			
FIBA NORDIC SECS	39,287,630			
FIDELITY	2,438,431	555		
FINACOR ACTION DERIVES PARIS	623,524			
FIRST ALBANY CORPORATION	2,851,779	1,655		
FIRST ANALYSIS SECS CORP	2,209,535	4,194		
FIRST BOSTON	69,246,433	57,499	1,859,967,727	274,300,662
FIRST CHICAGO				15,242,891
FIRST NZ CAPITAL SECS LTD, WELLINGTO	2,394,543			

<u>DEALER</u>	<u>EQUITY</u>		<u>FIXED INCOME</u>	
	<u>VOLUME TRANSACTIONED</u>	<u>COMMISSIONS</u>	<u>LONG-TERM VOLUME TRANSACTIONED</u>	<u>SHORT-TERM VOLUME TRANSACTIONED</u>
FIRST OF MICHIGAN CORP NSCC	301,788	534		
FIRST PACIFIC SECS (AUSTRALIA) SYDNE	1,094,780			
FLEMING SECS	9,771,592			
FORD MOTOR CREDIT CO				1,182,960
FOX-PITT KELTON	1,509,588	1,596		
FOX-PITT KELTON LTD	222,322			
FUJI SECURITIES			9,723,771	
FURMAN SELZ MAGER DIETZ BIRNEY	7,193,293	5,839		
G K GOH SECURITIES	4,751,199			
GENA INC	6,051,834			
GENERAL ELECTRIC CAPITAL CORP				28,655,435
GENERALE BANK (BELGIAN)	225,928			
GERARD, CLAUER, MATTISON & CO	5,081,322	4,054		
GOLDMAN SACHS & COMPANY	228,327,408	53,895	656,443,469	1,091,898,839
GOLDSMITH & HARRIS	130,285	434		
GOODBODY STKBKRS DUBLIN	528,631			
GRANVILLE DAVIES LTD	2,289,470			
H LUNDEN FONDSKOMMISSION STOCKHOLM	17,260,903			
HAMBRECHT & QUIST	28,746,044	10,641		
HANIFEN IMHOFF	2,156,194	2,917		
HARTLEY POYNTON PERTH	728,368			
HENDERSON CROSTHWAITE	2,073,758			
HERZOG HEINE GEDULD INC	10,834,709			
HG ASIA	17,097,143			
HOARE GOVETT	21,465,279			
HONGKONG AND SHANGHAI BK KOREA	1,305,835			
HOWARD,WEIL,LABOUISSSE	3,472,712	4,432		
HSBC INVESTMENT BANK PLC	4,059,902			
HYUNDAI SECURITIES CO LTD	2,370,677			
IMI SECURITIES	5,882,126			
ING BARING (U.S) SEC INC	1,676,785			
INSTINET CORP	133,829,067	115,035		
INTERMOBILIARE SEC MILAN	3,697,879			
INTERSTATE/JOHNSON LANE CORP	512,817	690	14,271,343	
INVESTMENT TECH GROUP	102,202,437	50,713		
ISI GROUP INC	197,764	265		
J B WERE & SON	3,460,304			
J P MORGAN	22,545,786	27,182	533,517,213	371,294,466
JAMES CAPEL	143,117,190			
JANNEY MONTGOMERY SCOTT	1,719,290	3,412	10,014,131	19,798,817
JEFFERIES & COMPANY, INC	39,217,072	39,251		
JENSEN SECURITIES CO	111,287	369		
JONES & ASSOCIATES	12,619,003	11,306		
JOSEPHTHAL, LYON & ROSS	272,062	390		
JUDAH S.A. & CO				54,413,247
JULIUS BAER	5,911,095			
KAS ASSOCIATIE AMSTERDAM,	457,406			
KEEFE BRUYETTE & WOODS INC	5,426,584			
KEIJSER EFFECTEN	7,142,114			
KELBOURNE SECURITIES	9,533,912			
KEMPEN AND CO, AMSTERDAM	3,335,245			
KEMPER CAPITAL MARKETS	2,619,964	405		
KIM ENG SECURITIES	1,468,564			
KLEINWORT BENSON	42,918,663			

<u>DEALER</u>	<u>EQUITY</u>		<u>FIXED INCOME</u>	
	<u>VOLUME TRANSACTIONED</u>	<u>COMMISSIONS</u>	<u>LONG-TERM VOLUME TRANSACTIONED</u>	<u>SHORT-TERM VOLUME TRANSACTIONED</u>
LAZARD FRERES & COMPANY	600,437	276	32,305,587	
LEGG MASON WOOD WALKER, INC	1,487,354	4,389		
LEHMAN BROTHERS	62,410,535	71,829	102,766,744	57,177,470
LEWCO SECURITIES	6,940,647			
LIPPER ANALYTICAL SECS CORP	1,411,792	2,677		
LUNDEN FONDSKOMMISSION STOCKHOLM	2,760,085			
MABON NUGENT			9,536,252	
MACURIE BANK	427,662			
MAKINDO PT SECURITIES	169,355			
MARUMAN SECURITIES ASIA LTD, HK	227,701			
MARYLAND NATL BK			204,036,419	565,000,000
MASSONAUD FONTENAY	1,193,478			
MAXWELL Y ESPINOSA	4,081,181			
MC DONALD & CO	6,410,918	4,624	1,195,600	
MCINTOSH AND CO LTD, SYDNEY	2,287,341			
MEES PIERSON	10,542,511			
MERITA BANK	1,086,996			
MERRILL LYNCH	204,650,809	44,387	1,081,151,678	39,055,383
MFRS NYC/UBMBS			145,980,237	
MICHAUX ET COMPAGNIE	581,265			
MIDLAND BANK	506,714			
MITSUBISHI BANK				118,840,656
MONTGOMERY SECURITIES	44,756,965	26,206		
MORGAN GRENFELL	3,013,930			
MORGAN GUARANTY	3,256,282			398,950,432
MORGAN KEEGAN & CO	2,865,821			
MORGAN STANLEY	168,787,464	61,826	570,024,847	
NATIONAL CITY BROKERS DUBLIN	157,635			
NATIONSBANC CAPITAL MARKET INC			7,616,915	
NATL FINANCIAL SERVICES CORP	1,191,150	1,630		
NATWEST SECS	38,501,860	26,406		
NCB STOCKBROKERS	3,332,179			
NCNB NATL BK OF N CAROLINA			14,992,969	
NEEDHAM & CO	32,987,038	1,895		
NEUBERGER & BERMAN	884,194	1,050		
NEW JAPAN SECS	7,844,567			
NIKKO SECS	32,070,500		1,431,818	
NOMURA SECS	220,644,755	7,016	67,776,448	
NORTHERN TRUST COMPANY	16,455,378			
OCBC SEC SINGAPORE	1,628,614			
OKASAN SECS	214,767			
OPPENHEIMER & COMPANY	31,815,959	9,515	32,179,176	14,591,233
ORD MINNETT	8,860,111			
ORKLA FINANS	1,039,016			
ORO FINANCIAL INC	2,082,619	2,550		
OULDHOF EFFECTEN	22,580,350			
OVERSEAS CHIN SECS PTE	608,261			
PAINE WEBBER NORTHWEST	35,929,556	31,990	311,886,331	23,387,888
PANMURE GORDON & CO LDN	2,056,846			
PARIBAS LTD	11,489,712			
PATRICIA WARGNY PARIS	5,409,940			
PCS SECURITIES	5,009,276	7,165		
PEMBROKE CLEARING CORP	145,895	264		
PEREGRINE SECS	1,430,931			

<u>DEALER</u>	<u>-----EQUITY-----</u>		<u>-----FIXED INCOME-----</u>	
	<u>VOLUME</u> <u>TRANSACTIONED</u>	<u>COMMISSIONS</u>	<u>LONG-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>	<u>SHORT-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>
PEREIRE-TOD LTD	1,940,958			
PERSHING & COMPANY	49,067,613	51,830	9,935,100	
PETERBROECK CAMPENHOUT	9,879,757			
PETERCAM BRUSSELS	210,632			
PHILADELPHIA DTC				7,755,638
PHILLIPS DREW FD MGMNT	45,285,019			
PICTET AND CIE	450,579			
PIPER JAFFRAY & HOPWOOD INC	19,316,488	5,016		
PRIVATE LEDGER FINL SVCS	448,917	828		
PRUDENTIAL BACHE	32,756,350	30,228	9,194,978	
RAGEN MACKENZIE INCORPORATED	557,729			
RASHID HUSSAIN SECS KUALA LUMPUR	5,209,051			
RAUSCHER PIERCE REFSNES INC	2,926,432	4,944		
RAYMOND JAMES & ASSOC INC	10,711,586	15,045		
RHINE SECS	10,887,788			
ROBERTSON COLEMAN STEPHENS	48,887,003	7,016		
ROBINSON HUMPHREY & CO	5,475,235	1,449		
RODMAN & RENSHAW	2,350,856	3,750		
ROULSTON RESEARCH CORP	1,066,969	1,926		
ROYAL ALLIANCE ASSOCIATES,INC	858,816	300		
RUSSELL, FRANK, SECS INC.	77,686	168		
S G WARBURG ROWE PITMAN AKROYD	59,962,260	5,617	1,110,582	
SAL OPPENHEIM	2,804,400			
SALOMON BROS	68,646,588	50,714	1,980,726,646	125,941,503
SANWA BANK				15,000,129
SANYO SECS CO LTD TOKYO	3,965,799			
SASSOON SECURITIES LTD HONG KONG	628,911			
SBC ASIA LTD	606,938			
SCHAPIRO (M.A.)	7,339,114			
SCHRODER SECURITIES LTD	2,383,240			
SE BANKEN STOCKHOLM	98,123			
SEATTLE NORTHWEST			343,527,418	
SEI FUNDS EVALUATION	562,052	684		
SGST SECURITIES LIMITED (716)	627,807			
SHEARSON LEHMAN HUTTON INC	86,259,852	44,723	26,872,130	6,215,314
SHERWOOD SECS CORP	676,714			
SHRODER MUNCHMEYER HENGST	2,189,565			
SHRODER SECS	9,017,324			
SIGECO	2,788,311			
SIGNET BANK/MARYLAND			309,351,578	
SKANDINAVISKA ENSKILDA	19,728,778		451,947,411	
SMITH BARNEY SHEARSON				
SMITH NEW COURT	21,642,583			
SOC GEN STRAUSS TUR LDN	1,199,072			
SOCIEDAD DE VALORES Y BOLSA MADRID	969,425			
SOCIETE GENERAL	24,827,526			
SOUNDVIEW FINANCIAL	6,457,207	3,819		
SPEAR LEEDS & KELLOGG	4,100,835	1,685	3,072,609	
STANDARD & POORS	7,304,522	15,503		
STANDARD CHARTERED BANK	6,828,982			
STATE STREET BANK	1,273,477,482			
STEPHENS, INC.	198,688			
STIRLING HENDRY & CO	1,093,118			
SUMITOMO TRUST AND BANKING CO, TOKYO	30,291,655			

<u>DEALER</u>	<u>EQUITY</u>		<u>FIXED INCOME</u>	
	<u>VOLUME</u> <u>TRANSACTIONED</u>	<u>COMMISSIONS</u>	<u>LONG-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>	<u>SHORT-TERM</u> <u>VOLUME</u> <u>TRANSACTIONED</u>
SUN HUNG KAI SECS	5,620,649			
SUTRO & CO	2,283,259	7,284		
SWISS BANK	2,659,015			
THEODOOR GILISEN BKIER	8,453,057			
TIR SECS	14,527,997			
TROSTER SINGER STEVENS	5,462,638			
TUCKER ANTHONY & R L DAY INC	1,114,649	2,618		
U.S. CLEARING CORPORATION	908,144	1,845		
UBS SECURITIES	85,737,416	13,524	1,330,942,324	
VAN DOORN TRUST	7,398,355			
VECTOR SECURITIES, INC.	850,729			
VOLPE, WELTY & CO	2,548,239			
W I CARR FAR EAST LTD	13,837			
WAGNER STOTT CLEARING CORP.	149,160	330		
WAKO SECURITIES (TOKYO)	19,585,590			
WEEDEN & CO	23,467,256	28,611		
WERTHEIM AND CO INC	22,809,953	43,890		
WESSELS ARNOLD & HENDERSON	31,016,192	2,943		
WESTLB SECS PAC LTD TOK	806,693			
WESTPAC NOMINEES	1,807,631			
WHEAT, FIRST BUTCHER & SINGER	4,821,771	2,954		
WILLIAMS DE BROE HILL CHAPLIN AND CO	788,036			
WILSHIRE ASSOC	35,123,016	37,024		
WISE SPEKE NEWCASTLE-UPON-TYNE	2,467,338			
WOOD GUNDY CORP	359,706	1,260		
YAMAICHI SECS	5,511,832			
YAMATANE SECURITIES CO LTD TOKYO	224,968			
<b>TOTAL</b>	<b>5,415,607,670</b>	<b>1,845,274</b>	<b>15,518,357,898</b>	<b>5,267,271,541</b>

**Washington State Investment Board**

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