



Louisiana State Employees' Retirement System
A Component Unit of the State of Louisiana

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 1997

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Prepared by LASERS Staff

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INTRODUCTORY SECTION

Louisiana State Employees' Retirement System

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Letter of Transmittal

December 1, 1997

Dear Chairman and Members of LASERS Board of Trustees:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Louisiana State Employees' Retirement System for the fiscal year ended June 30, 1997. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the system. This comprehensive report is designed to comply with GASB, FASB, and all reporting standards of the Governmental Financial Officers Association. We believe this report enhances the presentation of the overall performance of the system to our membership and other interested parties.

The CAFR is divided into five sections: an Introductory Section, which contains the letter of transmittal, administrative organization, and professional service providers; a Financial Section, which contains the report of the Independent Auditors, the financial statements of the system and certain required supplementary information; an Investment Section, which contains a report on investment activity, investment policies, investment results, and various investment schedules; an Actuarial Section, which contains the Actuary's Certification Letter and the results of the annual actuarial valuation; and a Statistical Section, which includes significant data pertaining to the System. I trust that you and the members of the System will find this CAFR helpful in understanding your public employees' retirement system - a system which continues to maintain a strong and positive financial future.

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a single employer defined benefit pension plan under Section 401(a) of the Internal Revenue Code. It is a component unit of the State of Louisiana. LASERS was established by act of the Legislature in 1946 with the first members joining the System July 1, 1947. LASERS is currently operating under the retirement laws as substantially rewritten in 1972. A Board of Trustees administers programs and appoints key management personnel including the Executive Director, Assistant Director, Chief Investment Officer, and Legal Counsel.

BOARD OF TRUSTEES: Louis S. Quinn, Chairman
Cynthia Bridges
Virginia Burton

Mary Young Cannon
Leila Smith Detlefs
Ken Duncan

Sen. John J. Hainkel, Jr.
Benny G. Harris
Frank Jobert, Jr.

Barbara McManus
Kathy Singleton
Rep. Victor "Vic" Stelly

James O. Wood,
Executive Director

LASERS is a public trust fund created to provide retirement allowances and other benefits for state officers and employees and their beneficiaries. As of June 1997, LASERS had a total of 123,417 active and retired members. Funding for the System comes from three primary sources: employee contributions, employer contributions, and earnings from investments.

Major Initiatives

The System is currently rewriting the membership accounting and processing system and anticipates implementation in June 1998. When implemented, LASERS will have a state-of-the-art membership accounting and processing system fully interfaced with and supplement to our current state-of-the-art financial accounting system.

The system has also undertaken a major project to convert all paper documents for members and retirees to optical disks. This effort involves the conversion of approximately nine million images. Upon completion, all member records will be available for viewing at each work station which will improve both productivity and security of the records.

Additions to Plan Net Assets

The collection of employee and employer contributions, as well as income from investments, provided the reserves needed to finance retirement benefits and move the System closer to becoming a fully funded System as actuarially defined. Contributions and investment income (at market) for fiscal year ended June 1997 totaled \$1,082,673,159.

Contribution Type	1997	1996	Increase Amount	Increase Percentage
Member Contributions	\$126,793,791	\$126,073,816	\$ 719,975	0.6%
Employer Contributions	204,985,747	197,456,874	7,528,873	3.8%
Net Investment (less mgmt fees)	<u>735,749,729</u>	<u>543,499,808</u>	<u>192,249,921</u>	<u>35.4%</u>
Total	\$1,067,529,267	\$867,030,498	\$ 200,498,769	23.1%

Member and Employer contributions increased \$719,975 (0.6 percent) and \$7,528,873 (3.8 percent) respectively. The increase in contributions by members was attributable to higher salaries, as the contribution rate remained the same. The Employer contributions increased as a

result of a rate increase from 12.0 percent in 1996 to 12.4 percent in 1997, as well as an increase in salaries.

Deduction to Plan Net Assets

The primary purpose of the System is to provide benefits to its members at time of retirement and to their beneficiaries or survivors as well as benefits for permanently disabled members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees (including transfers to other retirement systems), and the cost of administering the System. The following table reflects the funds disbursed from the System during the year.

Disbursement Type	1997	1996	Increase Amount	Increase Percentage
Benefits	\$ 340,052,578	\$ 317,340,115	\$ 22,712,463	7.2%
Refunds	28,945,409	27,222,153	1,723,256	6.3%
Admin/Other	<u>6,773,910</u>	<u>6,458,932</u>	<u>314,978</u>	<u>9.1%</u>
Total	\$ 375,771,897	\$ 351,021,200	\$ 24,750,697	7.1%

Expenses increased \$24,750,697 or 7.1 percent due primarily to increased benefits paid out. Two major causes for the payment increase are: 1) a Cost of Living increase beginning July 1996, and 2) an increase in DROP benefit disbursements (88%).

Investments

The investments of the Louisiana State Employees' Retirement System (the "System") are governed by the Statement of Investment Objectives, Rules and Guidelines for the Investment Assets of the Louisiana State Employees' Retirement System (the "Statement"). The Statement requires the System to invest the assets solely in the interest of the participants and their beneficiaries, and in accordance with Louisiana Revised Statutes. Additionally, the investment objective shall be to preserve and enhance the System's principal over the long term, in both real and nominal terms. The Board of Trustees of the System and its investment advisors shall exercise judgment and care under the circumstances prevailing, which an institutional investor of ordinary prudence, discretion and intelligence exercises in their management of large investments.

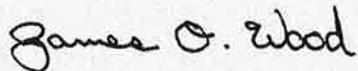
In accordance with the Statement, the System has set a total return target consistent with prudent investment management. LASERS target rate of return is 8.85%, which is composed of the actuarial target funding rate of 8.25%, administrative expenses of .10% and a buffer of .50%.

The target asset allocation as of June 30, 1997, was 47% equities, 47% fixed income, 4% real estate, and 2% capital markets. The allocation is expected to achieve an 8.85% total rate of return with the least possible amount of risk. The total market rate of return for the fiscal year 1997 was 17.6%. The System's annualized market rate of return over the prior three years was 16% and 11.1 % over the prior five years.

Acknowledgments

The compilation of this report is the combined effort of the System's staff with input from various divisions under the leadership of the Executive Director. It is intended to provide complete and reliable information as to the current status of the System, provide management information with which to make decisions, and to inform all members and interested parties.

Respectfully Submitted,



James O. Wood
Executive Director



Robert L. Borden, CFA
Chief Investment Officer



Wade H. Adams, CPA
Accounting Administrator

LASERS Board of Trustees and Providers of Professional Services

Board of Trustees

Louis S. Quinn, 1997 Chairman
Cynthia Bridges
Virginia Burton
Mary Young Cannon
Leila Smith Detlefs
Honorable Ken Duncan
Benny G. Harris
Senator Francis C. Heitmeier
Frank Jobert, Jr.
Barbara McManus
Kathy Singleton
Representative Victor "Vic" Stelly

Actuary

Hall Actuarial Associates

Auditor

Postlewaite Netterville APAC

Investment Consultant

New England Pension Consultants

Equity Managers

Trust Company of the West
American Express
Fayez Sarofim & Co.
Brandywine Asset Management
Thomson, Horstmann & Bryant
Loomis, Sayles & Company
Miller, Anderson & Sherrerd
JMC Capital Management

Fixed Income Managers

Loomis, Sayles Company
Orleans Capital Management
Trust Company of the West
Huff Asset Management
OffitBank

International Equity Managers

Delaware International Advisers, Ltd.
Schroder Capital Management International
Templeton International

Global Fixed Income Managers

Morgan Grenfell Investment Services
The Putnam Companies

Real Estate Managers

Equitable Real Estate
Heitman/JMB Advisory Corporation
L&B Real Estate Counsel
Metropolitan Life Insurance Co.
The O'Connor Group
PSI Realty
Westmark Realty Advisors

Private Equity

Brinson Partners
Pacific Corporate Group, Inc.

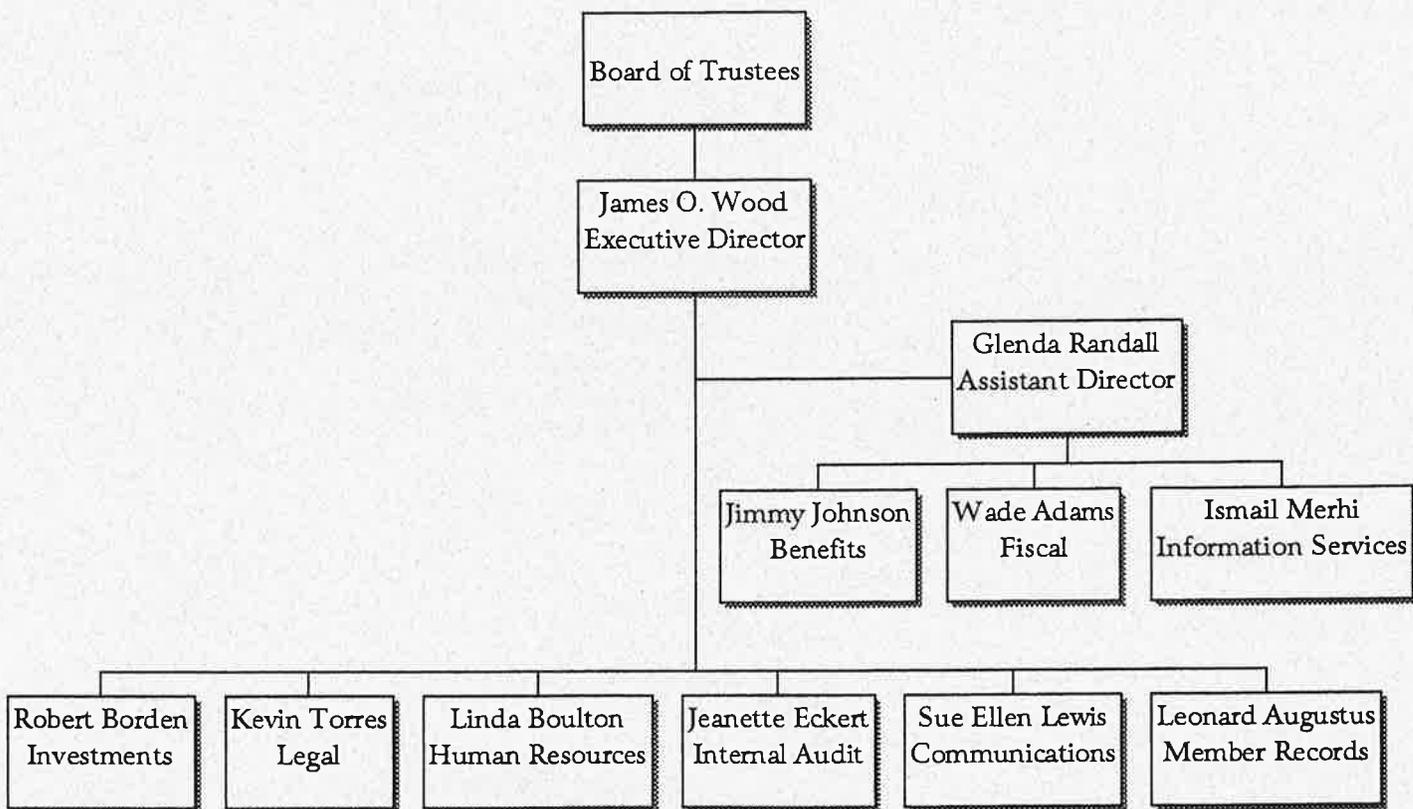
Tactical Asset Allocation Manager

INVESCO Capital Management

Custodian Banks

State Street Bank & Trust Company
Bank One

LASERS' Organizational Chart



FINANCIAL SECTION



Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

8550 UNITED PLAZA BLVD., SUITE 1001 • BATON ROUGE, LOUISIANA 70809 • TELEPHONE (504) 922-4600 • FAX (504) 922-4611

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of the Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the years ended June 30, 1997 and 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of LASERS' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets as of June 30, 1997 and 1996, and the changes therein for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 1997, on our consideration of LASERS' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

As discussed in Note B to the financial statements, in the year ended June 30, 1996, LASERS adopted Governmental Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The required supplementary information and supporting schedules listed in the foregoing table of contents, which are also the responsibility of the management of LASERS, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. We have not audited the financial statements of LASERS for any period prior to the year ended June 30, 1993. Accordingly, we do not express an opinion or any other form of assurance on any supplementary information prior to June 30, 1993.

Patricia J. Nettelle

Baton Rouge, Louisiana
September 23, 1997





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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Louisiana State Employees' Retirement System
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of Louisiana State Employees' Retirement System (LASERS), a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 23, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LASERS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LASERS' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 23, 1997

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS

JUNE 30, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Cash and cash equivalents (at fair value)	\$ 111,947,386	\$ 217,913,818
Receivables:		
Employer contributions	15,379,591	14,400,317
Member contributions	8,625,732	9,091,889
Interest and dividends	39,535,504	37,676,750
Investment proceeds	239,143,737	383,360,161
Open investment contracts	549,046,059	584,885,461
Other	<u>1,094,787</u>	<u>787,836</u>
Total receivables	<u>852,825,410</u>	<u>1,030,202,414</u>
Investments (at fair value):		
U.S. Government obligations	873,194,077	951,813,986
Bonds - Domestic	803,141,523	592,714,793
Bonds - International	432,186,354	452,349,796
Equity securities - Domestic	1,627,870,526	1,152,042,215
Equity securities - International	824,796,562	683,030,300
Real estate investments	104,511,519	108,169,343
Venture capital	<u>44,591,379</u>	<u>24,868,592</u>
Total investments	<u>4,710,291,940</u>	<u>3,964,989,025</u>
Property and equipment:		
Land	889,816	889,816
Building and improvements	4,781,893	4,780,820
Equipment	<u>7,337,538</u>	<u>4,643,323</u>
	13,009,247	10,313,959
Accumulated depreciation	<u>(4,889,042)</u>	<u>(4,249,265)</u>
Total property and equipment	<u>8,120,205</u>	<u>6,064,694</u>
TOTAL ASSETS	<u>5,683,184,941</u>	<u>5,219,169,951</u>
LIABILITIES		
Investment commitments payable	80,826,740	284,666,990
Accounts payable - open investment contracts	549,046,059	584,885,461
Accounts payable and other accrued liabilities	<u>8,716,028</u>	<u>5,682,139</u>
TOTAL LIABILITIES	<u>638,588,827</u>	<u>875,234,590</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 5,044,596,114</u>	<u>\$ 4,343,935,361</u>

(A schedule of funding progress is presented on page 34)

The accompanying notes are an integral part of these statements.

Louisiana State Employees' Retirement System

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
ADDITIONS		
Contributions:		
Employer	\$ 204,985,747	\$ 197,456,874
Member	<u>126,793,791</u>	<u>126,073,816</u>
Total contributions	<u>331,779,538</u>	<u>323,530,690</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	545,187,226	360,959,866
Interest and dividends	202,939,886	193,208,855
Other investment income	<u>2,766,509</u>	<u>2,649,539</u>
	750,893,621	556,818,260
Less investment expense	<u>15,143,892</u>	<u>13,318,452</u>
Net investment income	<u>735,749,729</u>	<u>543,499,808</u>
Other Income	<u>8,903,383</u>	<u>39,518,719</u>
Total additions	<u>1,076,432,650</u>	<u>906,549,217</u>
 DEDUCTIONS		
Retirement benefits	340,052,578	317,340,115
Refunds of member contributions	28,945,409	27,222,153
Administrative expenses	4,531,467	4,390,986
Other	<u>2,242,443</u>	<u>2,067,946</u>
Total deductions	<u>375,771,897</u>	<u>351,021,200</u>
 NET INCREASE	 700,660,753	 555,528,017
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	<u>4,343,935,361</u>	<u>3,788,407,344</u>
End of year	<u>\$5,044,596,114</u>	<u>\$4,343,935,361</u>

The accompanying notes are an integral part of these statements.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION

1. General Organization

The Louisiana State Employees' Retirement System ("LASERS" or the "System") is the administrator of a single-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the state's CAFR as a pension trust fund. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS).

In June 1991, the Governmental Accounting Standards Board issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens to or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

2. Plan Membership

The System is one of several public retirement systems in Louisiana. Each has specific membership requirements established by legislation with LASERS established for state officers and employees and their beneficiaries. Other public employers report members who retained membership in LASERS upon transfer to other public systems or as provided by specific legislation. A summary of government employers and members participating in LASERS at June 30, 1997 and 1996, follows:

<u>Type of Employer</u>	<u>1997</u>		<u>1996</u>	
	<u>Number of Employers</u>	<u>Number of Members</u>	<u>Number of Employers</u>	<u>Number of Members</u>
State Agencies	243	69,278	208	69,528
Other Public Employers	<u>124</u>	<u>166</u>	<u>107</u>	<u>152</u>
	<u>367</u>	<u>69,444</u>	<u>315</u>	<u>69,680</u>
 <u>Type of Active Members</u>				
Regular State Employees		62,865		63,469
Corrections Employees		5,616		5,441
Judges		340		287
Wildlife Agents		186		193
Legislators		94		95
Active Employees – After DROP		<u>343</u>		<u>195</u>
Total Active Members		<u>69,444</u>		<u>69,680</u>

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION (continued)

2. Plan Membership (continued)

At June 30, 1997 and 1996, membership consisted of:

	1997	1996
Retirees and beneficiaries currently receiving benefits	27,766	27,028
Terminated vested employees not yet receiving benefits	1,030	1,002
Deferred retirement option plan participants	2,562	2,320
Terminated nonvested employees who have not withdrawn contributions	22,615	21,768
Current active members	69,444	69,680
	123,417	121,798

3. Eligibility Requirements

All state employees except certain classes of employees specifically excluded by Statute become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

4. Retirement and Other Benefits

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty years of creditable service, to age sixty upon completing ten years of creditable service. Effective January 1, 1996, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The basic annual retirement benefit for substantially all members is equal to 2-1/2% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest thirty-six consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION (continued)

4. Retirement and Other Benefits (continued)

A member leaving employment before attaining minimum retirement age but after completing certain minimum service requirements becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw his accumulated contributions. The minimum service requirements for benefits vary depending upon the member's employer and service classification but generally is 10 years of service.

Deferred Benefits

The state legislature authorized the Louisiana State Employees' Retirement System to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, his status changes from active member to retiree even though he continues to work at his regular job and draws his regular salary for a period of up to three years. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. Interest at a rate of one-half percent less than the system's realized return on its portfolio will be credited after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account. The DROP program was designed to have no actuarial effect on LASERS' unfunded liability.

Employers participating in DROP are currently 112 at June 30, 1997. Current membership in the DROP program is 2,562 members at June 30, 1997 and 2,320 at June 30, 1996.

Effective January 1, 1996, members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amount may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Retirement Incentive Legislation

By act of legislation early retirement was available for members who so elected after meeting certain requirements and these benefits were actuarially equivalent to normal retirement. Effective August 31, 1995, this benefit is no longer available.

Disability Benefits

Substantially all members with ten or more years credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. PLAN DESCRIPTION (continued)

4. Retirement and Other Benefits (continued)

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age eighteen, or age twenty-three if the child remains a full time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Supplemental Benefit Adjustments

Current Statutes allow the Board of Trustees to make annual supplemental cost-of-living adjustments each year only when the actuary for the System and the State Legislative Auditor certify that LASERS is systematically approaching actuarial soundness and if such cost-of-living adjustments are not enacted by the legislature. The cost-of-living adjustments may not exceed more than three percent in any year. These adjustments are computed on the base retirement or survivors' benefit. Benefit increases have occurred under the Statutes in various years since 1970 and have been limited to the three percent amount. In addition, several other cost-of-living adjustments or supplemental benefit payments have occurred in the past as a result of legislation, some being paid from investment income and others being paid from funds appropriated by the state legislature. The last cost-of-living adjustment from this source was granted on September 1, 1991.

At June 30, 1992, new legislation was passed which established a funding mechanism for future cost-of-living adjustments for retirees. An Employee Experience Account was created to set aside a portion of net experience gain as determined by LASERS' actuary. Funds accrue in the account until such time there are sufficient amounts to grant a cost-of-living adjustment. At June 30, 1996, the balance in this account was approximately \$84,818,000. At June 30, 1997, the balance in the account was approximately \$212,948,000.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

LASERS' financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. Investment purchases and sales are recorded as of their trade date. State fund appropriations for supplemental benefits are recognized when drawn from the State Treasury. Employer and member contributions are recorded in the period the related salaries are earned. Administrative expenses are funded exclusively from investment earnings and are subject to budgetary control of the Board of Trustees. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Method Used to Value Investments

As required by GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, investments are reported at fair value (GASB #25 was first adopted in year ended June 30, 1996). Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

4. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation is computed using the straight-line method based upon useful lives of 40 years for building and 3 to 15 years for equipment and furniture.

LASERS is a 50% co-owner of the Louisiana Retirement Systems building and related land with Teachers' Retirement System of Louisiana and has the following leases with organizations that are included within the State of Louisiana as reporting entities:

Municipal Police Employees' Retirement System of Louisiana
Municipal Fire and Police Civil Service
Ethics Commission

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Compensated Absences

The System pays a lump sum amount for a maximum of 300 hours of accrued personal leave upon termination of employment. Accumulated personal leave (including benefits) of employees directly related to the administration of the System is accrued in the financial statements when earned.

C. CONTRIBUTIONS

1. Member Contributions

Member contribution rates for the System are established by Louisiana Revised Statute 11:62. Member contributions are deducted from their salary and remitted to the System by participating employers. The rates in effect during the years ended June 30, 1997 and 1996, for the various types of members are as follows:

<u>Type</u>	<u>% of Earned Compensation</u>	
	<u>1997</u>	<u>1996</u>
Judges, court officers and legislators, the Governor and Lt. Governor	11.5%	11.5%
Clerk of the House of Representatives and Secretary of the Senate	9.5%	9.5%
Certain Department of Corrections employees	9.0%	9.0%
Certain Department of Wildlife and Fisheries employees	8.5%	8.5%
All others	7.5%	7.5%

A savings account is established for member contributions less amounts transferred to reserves for retirement and amounts refunded to terminated members. If a member leaves covered employment or dies before any benefits become payable on his behalf, the accumulated contributions may be refunded to the member or his designated beneficiary. Similarly, accumulated contributions in excess of any benefits paid to a member or his survivors are refunded to the member's beneficiary or his estate upon cessation of any survivor's benefits.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

C. CONTRIBUTIONS (continued)

2. Employer Contributions

Each employer is required to contribute a percentage of each employee's earned compensation to finance participation of its employees in LASERS. The employer's contribution rate is established under Louisiana Revised Statutes 11:101-11:104 annually by the Actuarial Forecasting Committee as shown below for the years ended June 30, 1997 and 1996.

	1997	1996
Percent of members' earned compensation	12.4 %	12.0%

The State's pension cost and net pension obligation to LASERS for the year ended June 30, 1997 is as follows:

Annual required contribution	\$220,801,844
Interest on net pension obligation	(333,018)
Adjustment to annual required contribution	<u>2,862,053</u>
Annual pension cost-interest adjusted to end of year	223,330,879
Contributions made	<u>(217,372,013)</u>
Increase (decrease) in net pension obligation	5,958,866
Net pension obligation beginning of year	<u>(4,036,582)</u>
 Net pension obligation end of year	 <u>\$ 1,922,284</u>

The Annual Pension Cost (APC) has been adjusted with interest at the valuation rate to the end of the fiscal year in accordance with GASB's Statement No. 25.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (Value at MidYear)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/95	\$ 198,321,499	102.7	(\$ 8,113,103)
6/30/96	206,878,066	97.8	(4,036,582)
6/30/97	214,971,990	97.3	1,922,284

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

C. CONTRIBUTIONS (continued)

3. Transfer of Service

Any Louisiana public retirement or pension system member who has six months of creditable service and who has membership credit in any other such system has the option of transferring all of this credit to member's current system. The transferring system is required to transfer to member's current system the greater of all employee and employer contributions plus interest compounded annually at the board approved actuarial valuation rate of the transferring system or the actuarial liability. In the event that the contributions transferred are less than the contributions which would have been made had the service been in his current system, the member has the option of either paying the difference plus interest or having his credited service decreased based upon the amount of contributions transferred.

D. CASH AND INVESTMENTS

1. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

	1997	1996
Cash and equivalents deposited at bank	\$ 23,035,971	\$ 25,329,838
Cash held at money managers account	360,916	17,457,164
Short term investments	88,550,499	175,126,816
	\$111,947,386	\$ 217,913,818

The deposit at the bank is collateralized by pledge of government securities and insured by the Federal Deposit Insurance Corporation.

The policy for these types of holdings are: short-term funds may be invested in direct U. S. Government obligations such as U. S. Treasury Bills or repurchase agreements which are fully collateralized by U.S. Treasury issues. Unless expressly prohibited by the Board, excess cash may be invested in the Short Term Investment Fund of the Custodian Bank or negotiable certificates of deposit, or other short-term investment vehicles designated by the Board.

Funds may be invested in commercial paper subject to the following guidelines: Only U. S. Dollar Denominated paper of domestic companies will be used, paper must be rated P-1 by Moody's or A-1 by Standard and Poor's, but no lower by either. Prior approval shall be required for use of paper rated P-2 by Moody's or A-2 by Standard and Poor's. No more than \$10 million is to be invested in commercial paper of any one issuer.

The maximum maturity for commercial paper purchased with the cash reserves of any investment advisor shall be established by each advisor. However, under no circumstances will commercial paper having a maturity of longer than 270 days be purchased without prior Board approval.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CASH AND INVESTMENTS (continued)

2. INVESTMENTS

The investment powers of LASERS are authorized by State Statute. Title 11, Section 717 of the Louisiana Revised Statutes states that the prudent man rule shall apply to all investments of LASERS. This law specifically requires management of LASERS to exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income. The revised statutes also prohibit the system from investing more than 65% of its total portfolio in common stock. In addition, the Board of Trustees of LASERS has adopted certain investment policies, objectives, rules, and guidelines which are intended to protect and preserve LASERS' assets while providing an appropriate return for participants. LASERS' assets are divided among investment managers who were given a policy statement which established a real rate of return of at least 4% per annum in excess of the rate of inflation as measured by the consumer price index. The following summarizes the types of permissible investments under such objectives, rules and guidelines as of June 30, 1997:

Domestic Equity Securities

Domestic equity purchases are limited to common stocks traded over the counter or on a domestic stock exchange. Exceptions shall be approved by the Board in advance.

Basically, investment managers are limited to any one holding not to exceed 6% at market value of their managed portfolio. One manager is allowed to go to 8%. The purchase of stocks or convertibles in foreign companies through American Depositary Receipts (ADR's), which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges may be held by each domestic stock manager in proportions which each manager shall deem appropriate. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes so long as the common stocks underlying them meet the required equity standards aforementioned.

Equity securities, including domestic and international common stocks, are limited to 55% of the total assets of the System on a market basis as set by the policy of the Board of Trustees.

Domestic Debt Securities

Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage backed securities and other instruments deemed prudent by the investment managers. No more than 5% of the market value of LASERS' domestic fixed income assets may be invested in the debt securities of any one issuer, except two managers can invest up to 8% of their portfolios. None of the above limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies as defined in the most current issue of Moody's Bond Record.

International Investments

As part of its normal asset allocation for equity and fixed income securities, the System may invest a portion of its equity and fixed income allocation in international securities. International investments shall only be entered

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CASH AND INVESTMENTS (continued)

2. INVESTMENTS (continued)

International Investments (continued)

into through the selection of a qualified investment management organization as consistent with fiduciary responsibilities. An international manager employing an active currency management program may, upon specific authorization of the Board, deal in futures and options within the discipline of that currency management program.

No one holding in an international equity portfolio shall account for more than 6% of the portfolio at market value or more than 5% of the outstanding common stock of any one corporation.

The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or government entity. No single non-government debt security shall constitute more than 6% of the global bond portfolio, at market value.

Real Estate

Investments in real estate shall be limited to an initial investment value at market value of not more than 2% of total fund assets. Real estate investments are limited to; A direct investment in the property located at the intersection of Essen Lane and United Plaza Boulevard in Baton Rouge, Louisiana, investments in commingled real estate pools (both open and closed end) or real estate investment trusts (REITS), and separately managed accounts.

The Board specifically authorizes the purchase of real estate related debt securities as a portion of the debt securities portfolio to include securities issued by FNMA, FHLMC, and GNMA. Purchases other than those guaranteed by federal agencies cited above must be rated AAA by Standard and Poor's or AAA by Moody's. Reserves for future real estate investments may be held in large capitalization U. S. equities, subject to the 55% limit on all equity investments.

Real estate investments consist of separate investments in commingled funds which develop and own commercial real estate in various metropolitan areas of the U.S. Income from these investments will consist of changes in market values of the underlying properties, lease income and capital gains.

Options

The system may employ an options management service with the objective of providing volatility protection on equity investments and an enhanced rate of return over time.

Private Capital Market Investments

Investments in Private Capital Market Investments shall be limited to an initial investment value at market value of no more than 4% of total fund assets. Reserves for future Private Capital Market Investments may be held in large capitalization U. S. equities, subject to the 55% limit on all equity investments.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CASH AND INVESTMENTS (continued)

2. INVESTMENTS (continued)

Other

Any type of investment other than detailed previously shall be made only after specific guidelines are established by the Board of Trustees.

Derivatives

LASERS invests in various mortgage-backed securities such as interest-only strips and principal-only strips. LASERS invests in interest-only strips, in part to maximize yields and in part to hedge against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to pre-payment by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby pre-paying the mortgage underlying these securities, the cash flows from interest payments are reduced and the value of these securities declines. Conversely, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the investment would be higher than anticipated.

LASERS invests in principal-only strips, in part to maximize yields and in part to hedge against a decline in interest rates. These securities are based on cash flows from principal payments on underlying mortgages. Therefore, they are sensitive to a rise in interest rates which cause the collection of principal payments to be extended longer than anticipated. Conversely, if interest rates decline and homeowners refinance mortgages, thereby pre-paying the mortgages underlying these securities, the principal payments would be earlier than anticipated.

LASERS enters into contractual commitments involving financial instruments with off-balance-sheet risk. These financial instruments include forward contracts, futures contracts and options contracts and are entered into to hedge against foreign exchange rate risk.

Forward and futures contracts are for the delayed delivery of securities and/or currencies in which the seller agrees to make delivery at a specified future date at a specified price or yield for cash. Risks arise from the possible inability of counterparties to meet the terms of contracts and from movements in market values and interest rates.

Options are contracts that allow the holder to purchase or sell financial instruments for cash at a specified price at or within a specified period of time. Options bear the risk of an unfavorable change in the price of financial instruments underlying the option and the risk that a counterparty is unable to perform in accordance with the terms of the option.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CASH AND INVESTMENTS (continued)

2. INVESTMENTS (continued)

General

All investments of the System are registered in the System's name, or held by the custodial bank or its intermediaries in the System's name. The System's investments at June 30, 1997 and 1996, are categorized herein following to give an indication of the level of risk assumed by the entity. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the System's name. The categorization for the investments held at June 30, 1996, was the same as that shown herein following for investments held at June 30, 1997.

	Category			Carrying Amount (Fair Value)	Carrying Amount (Fair Value)
	1	2	3	6/30/97	6/30/96
Corporate Bonds	\$ 803,141,523	-	-	\$ 803,141,523	\$ 592,714,793
Treasury Bonds	30,196,022	-	-	30,196,022	26,870,844
Government Agency Bonds	495,178,836	-	-	495,178,836	498,256,627
International Bonds	432,186,354	-	-	432,186,354	452,349,796
Treasury Notes	347,819,219	-	-	347,819,219	426,686,515
Domestic Common Stocks	1,627,870,526	-	-	1,627,870,526	1,152,042,215
International Common Stocks	824,796,562	-	-	824,796,562	683,030,300
Total categorized	<u>\$ 4,561,189,042</u>	<u>-</u>	<u>-</u>	4,561,189,042	3,831,951,090
Real Estate Pools				104,511,519	108,169,343
Venture Capital				44,591,379	24,868,592
Total Investments				<u>\$ 4,710,291,940</u>	<u>\$ 3,964,989,025</u>

The System is also authorized by policy to contractually loan securities to investment brokers. The contract for a security loan provides that LASERS loan specific securities from its holdings to the broker in return for collateral. Securities under loan are maintained on the System's financial records and are classified in the preceding summary of investment risk. As the System does not have the ability to trade or sell the collateral received in the securities lending program, such collateral is not considered an asset of the System and a corresponding liability is not required on the statement of net plan assets. (See Note E)

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CASH AND INVESTMENTS (continued)

2. INVESTMENTS (continued)

The System has no investments of any single organization (other than those issued or guaranteed by the U. S. Government) that represents five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock.

During fiscal years 1997 and 1996, the System's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$545,187,226 and \$360,959,866, respectively.

This appreciation includes the following:

	<u>1997</u>	<u>1996</u>
Increase (decrease) in fair value of investments held at year end	\$ 250,466,416	\$ 191,560,504
Realized gains (losses) on investments sold	295,128,814	169,432,395
Unrealized gains (losses) on short-term investments	(408,004)	(33,033)
	<u>\$ 545,187,226</u>	<u>\$ 360,959,866</u>

E. SECURITIES LENDING PROGRAM

State statutes do not prohibit the System from participating in securities lending transactions, and the System has, pursuant to a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company ("State Street") to act as agent in lending the System's securities to broker-dealers and banks pursuant to a form of loan agreement. All investment assets are available for lending.

During the Fiscal Years, State Street lent, on behalf of the System, certain securities held by State Street as custodian and received cash (both United States and foreign currency), securities issued or guaranteed by the United States government, sovereign debt and irrevocable bank letters of credit as collateral. State Street did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was located in the United States or sovereign debt issued by foreign governments, 102% of the market value of the loaned securities; and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the Fiscal Years on the amount of the loans that State Street made on its behalf and State Street indemnified the System by agreeing to purchase replacement securities, or return cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon. There were no such failures by any borrower to return loaned securities or pay distributions thereon during the Fiscal Years. Moreover, there were no losses during the Fiscal Years resulting from a default of the borrowers or State Street.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

E. SECURITIES LENDING PROGRAM (continued)

During the Fiscal Years, the System and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The average duration of such investment pool as of June 30, 1997 was 46 days. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On June 30, 1997 the System had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the System as of June 30, 1997 were approximately \$745,000,000 and \$725,000,000, respectively.

F. OPEN INVESTMENT CONTRACTS

Open investment contracts include forwards and future contracts for the delayed delivery of currencies at a future date. The amounts that clear within the same broker/banks and consist of the same currency are offset. The receivables and payables include the same currencies clearing through different brokers/banks and LASERS has no right of offset. The System expects no significant loss or gain from these transactions.

G. REQUIRED SUPPLEMENTARY INFORMATION

In accordance with GASB No. 25, required supplementary information can be found in the attached schedules.

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REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

SCHEDULES OF FUNDING PROGRESS
FOR THE SIX YEARS ENDED JUNE 30, 1997
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/92	\$ 2,802,667	\$ 4,884,509	\$ 2,081,842	57.4%	\$ 1,454,371	143.1%
6/30/93	3,044,727	5,123,410	2,078,683	59.4%	1,504,147	138.2%
6/30/94	3,347,602	5,403,394	2,055,792	61.9%	1,546,465	132.9%
6/30/95	3,665,863	5,696,909	2,031,046	64.3%	1,547,977	131.2%
6/30/96	4,114,461	6,254,405	2,139,944	65.8%	1,584,357	135.1%
6/30/97	4,537,917	6,489,361	1,951,444	69.9%	1,607,371	121.4%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$234,955,874 from June 30, 1996 to June 30, 1997. There were no changes in benefit provisions during the year. There was a net experience gain of \$239,190,250 after allocating \$116,230,215 of excess investment income to the Experience Account in accordance with Act 1031.

SCHEDULES OF EMPLOYER CONTRIBUTIONS
FOR THE SIX YEARS ENDED JUNE 30, 1997

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1992	\$ 198,167,515	105.5%
1993	183,507,210	98.5%
1994	189,566,536	98.7%
1995	196,931,080	103.5%
1996	203,762,677	99.3%
1997	212,221,189	98.4%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

The difference between the Annual Required Contributions and the Annual Pension Cost is the amortization payment for the Net Pension Obligation.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL METHODS AND ASSUMPTIONS

JUNE 30, 1997

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 1997
Actuarial cost method	Projected unit credit
Amortization method	Increasing annuity
Remaining amortization period	32 years
Asset valuation method	Bonds at amortized cost and all other investments based on a four year average market value
Actuarial assumptions:	
Investment rate of return	8.25% per annum*
Mortality	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Annuity Mortality Table with females set at attained age plus one.
Termination, disability and retirement	Termination, disability, and retirement assumptions were projected based on a five year (1981-1986) experience study of the System's members.
Salary increases	Salary increases which range between 4.25% and 11.75% were projected based on a five year (1981-1986) experience study of the System's members.*
Cost-of-living adjustments	None.

*Includes inflation at 3.00%.

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SUPPORTING SCHEDULES

Louisiana State Employees' Retirement System

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

SCHEDULES OF REVENUES BY SOURCE AND EXPENSES BY TYPE FOR THE TEN YEARS ENDED JUNE 30, 1997

REVENUES BY SOURCE

Fiscal Year	(1)			(2)			Percentage (1)/(2)
	Member Contributions	Employer Contributions	Investment Income	Other Income	Total	Annual Covered Payroll	
1988	\$ 81,197,631	\$ 125,430,030	\$ 161,556,687	\$ 7,526,473	\$ 375,710,821	\$ 1,111,015,208	11.3
1989	81,925,366	127,080,229	182,123,813	7,062,570	398,191,978	1,141,080,541	11.1
1990	91,552,972	93,724,467	207,570,969	6,598,671	399,447,079	1,226,065,067	7.6
1991	102,446,164	142,951,649	226,880,011	8,482,042	480,759,866	1,368,479,924	10.4
1992	109,370,451	205,072,699	277,560,124	10,163,654	602,166,928	1,454,370,594	14.1
1993	114,443,629	177,407,603	129,734,299	9,419,817	431,005,348	1,504,147,368	11.8
1994	118,255,907	183,608,465	274,470,464	44,061,226*	620,396,062	1,546,464,828	11.9
1995	123,370,058	191,640,907	490,045,595**	25,949,910*	831,006,470	1,610,375,003	11.9
1996	126,073,816	197,456,874	556,818,260**	39,518,719*	919,867,669	1,645,266,843	12.0
1997	126,793,791	204,985,747	750,893,621**	8,903,383	1,091,576,542	1,653,141,267	12.4

EXPENSES BY TYPE

Fiscal Year	Benefits			Refunds			Administrative			Investment			Other			Expenses		
	Total	Administrative	Investment	Total	Administrative	Investment	Total	Administrative	Investment	Total	Total	Administrative	Investment	Total	Total	Administrative	Investment	Total
1988	\$ 223,013,862	\$ 24,792,168	\$ 1,904,259	\$ 228,006,030	\$ 2,205,430	\$ 835,500	\$ 230,211,560	\$ 2,205,430	\$ 835,500	\$ 3,040,960	\$ 250,355,289	\$ -	\$ -	\$ -	\$ 250,355,289	\$ -	\$ -	\$ -
1989	228,603,083	32,548,038	2,205,430	261,356,551	2,577,670	937,750	264,884,321	2,577,670	937,750	3,515,420	264,192,051	-	-	-	264,192,051	-	-	-
1990	234,066,889	26,880,996	2,577,670	263,465,555	2,895,998	1,861,982	266,363,535	2,895,998	1,861,982	4,757,980	264,463,305	-	-	-	264,463,305	-	-	-
1991	240,622,226	22,955,119	2,895,998	266,473,343	2,661,460	4,219,273	271,354,076	2,661,460	4,219,273	6,880,733	268,335,325	-	-	-	268,335,325	-	-	-
1992	248,353,452	23,820,931	2,661,460	274,835,843	2,661,460	4,219,273	281,716,576	2,661,460	4,219,273	7,490,796	279,576,104	-	-	-	279,576,104	-	-	-
1993	261,822,720	21,720,224	3,149,174	286,692,118	3,149,174	7,912,788	294,754,076	3,149,174	7,912,788	11,074,962	295,000,680	-	-	-	295,000,680	-	-	-
1994	275,503,281	23,955,748	4,787,926	304,247,055	4,787,926	8,358,479	317,393,457	4,787,926	8,358,479	13,144,375	313,542,004	-	-	-	313,542,004	-	-	-
1995	288,641,870	25,072,191	4,740,662	318,454,723	4,740,662	9,006,271	332,201,656	4,740,662	9,006,271	15,747,916	329,185,910	-	-	-	329,185,910	-	-	-
1996	317,340,115	27,222,153	4,390,986	348,953,254	4,390,986	13,318,452	366,662,736	4,390,986	13,318,452	20,637,418	364,339,652	-	-	-	364,339,652	-	-	-
1997	340,052,578	28,945,409	4,531,467	373,529,454	4,531,467	15,143,892	393,204,813	4,531,467	15,143,892	22,721,749	390,915,789	-	-	-	390,915,789	-	-	-

*Includes a payment from the State Treasurer as a result of a settlement of Texaco litigation.

**GASB 25 was adopted in 1996 and applied retroactively to July 1, 1994. As a result, investment income includes net appreciation (depreciation) in fair value of investments for 1996 and 1997 which can create significant fluctuations. Prior to 1995, the actuary's report reflects investment counseling expenses as a reduction of investment income which differs from the financial statements which reflect such fees in investment expenses.

Louisiana State Employees' Retirement System

**LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
SCHEDULES OF ADMINISTRATIVE AND INVESTMENT
EXPENSES - BUDGET AND ACTUAL (NON-GAAP BASIS)**

FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	1997		1996		Variance Favorable (Unfavorable)
	Actual	Budget	Actual	Budget	
Administrative expenses:					
Salaries and related benefits	\$ 2,595,939	\$ 2,776,132	\$ 2,501,389	\$ 2,585,247	\$ 83,858
Travel	120,621	222,670	90,630	219,907	129,277
Operating services	1,039,367	1,898,978	1,123,899	2,009,265	885,366
Supplies	122,399	149,099	117,579	168,650	51,071
Professional services	653,141	3,681,015	557,489	971,592	414,103
Capital acquisitions *	2,694,215	2,654,696	463,588	2,255,062	1,791,474
Total budget and actual expenditures	7,225,682	11,382,590	4,854,574	8,209,723	3,355,149
Capitalization of capital outlay *	(2,694,215)	(2,654,696)	(463,588)	(2,255,062)	(1,791,474)
Total administrative expenses	\$ 4,531,467	\$ 8,727,894	\$ 4,390,986	\$ 5,954,661	\$ 1,563,675
Investment expenses	\$ 15,143,892	\$ 14,800,000	\$ 13,318,452	\$ 14,100,000	\$ 781,548

* Includes \$999 and \$5,066 in 1997 and 1996, respectively, of operating service expenses for acquisition for the jointly owned building.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

**SCHEDULES OF MEETINGS ATTENDED BY AND
PER DIEM PAID TO BOARD MEMBERS**

FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	<u>1997</u>		<u>1996</u>	
	<u>Number of Meetings</u>	<u>Amount</u>	<u>Number of Meetings</u>	<u>Amount</u>
Cynthia Bridges	12	\$ 900	12	\$ 900
Virginia Burton	12	900	12	900
Mary Young Cannon	12	900	12	900
Leila Smith Detlefs	12	900	12	900
Benny Harris	9	675	6	450
Frank Jobert, Jr.	12	900	12	900
Barbara McManus	9	675	10	750
Jean Batiste-Mitchel	-	-	6	450
Louis Quinn, Chairman	11	825	10	750
Kathy Singleton	12	900	6	450
Cheryl C. Turner	-	-	7	<u>525</u>
Total		<u>\$ 7,575</u>		<u>\$ 7,875</u>

Note - No Per Diem was paid for special meetings.

LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
SCHEDULES OF INVESTMENTS AT AMORTIZED COST
FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	<u>6/30/97</u>	<u>6/30/96</u>
Corporate Bonds	\$ 780,912,686	\$ 587,426,882
Treasury Bonds	29,891,193	26,911,204
Government Agency Bonds	515,580,316	527,617,738
International Bonds	431,740,005	445,141,245
Treasury Notes	346,536,857	425,154,533
Domestic Common Stocks	1,197,413,597	921,513,676
International Common Stocks	632,526,281	516,319,282
Real Estate Pools	94,258,718	99,991,183
Venture Capital	<u>40,315,175</u>	<u>24,229,559</u>
 Total	 <u>\$ 4,069,174,828</u>	 <u>\$ 3,574,305,302</u>

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INVESTMENT SECTION



December 22, 1997

Board of Trustees
Louisiana State Employee Retirement System
8401 United Plaza Boulevard
Baton Rouge, LA 70809

Dear Trustees,

This letter summarizes the structure and performance of the Louisiana State Employee Retirement System (LASERS) through June 30, 1997. As of the June 30th end of your fiscal year, the Fund was in compliance with policy and State law, and had 37.0% of its asset base invested in US equities, 16.3% invested in non-US equities, 34.4% in US fixed income, 9.3% in global fixed income and 3.0% in real estate and private equity. The public equity portion of the Fund, combined with its real estate and private equity holdings, represented 51.4% of the total assets, below the applicable statutory limit of 55%. Louisiana State law has since been amended to allow up to 65% in equities, and to count real estate and private equity assets separately. The Fund has consistently had lower equity commitments and lower risk levels than the median nationwide public fund.

LASERS earned 17.4% during the year ending June 30, 1997, which ranks in the 68th percentile of all public funds within the Independent Consultants Cooperative (ICC) Universe. The Fund's Policy index (which measures the return the Fund would have earned had it been invested passively at the Fund's *target* allocation) earned 16.1%. The Fund's Allocation index (which measures the return the Fund would have earned had it been passively invested at its *actual* structure) earned 16.3%, indicating that structural deviations from the target commitments added 20 basis points of value to the Fund. Active management added an additional 110 basis points of value to the fund during the last year.

Over the last three years the Fund earned an average annual return of 15.9%, and active management added over 170 basis points per year in additional value during this period. Over the last one- and three-year time periods, LASERS easily surpassed the return targets specified in the Fund's policy statement. The Fund beat the total return requirement of 8.85% by 8.6% over the last year and by 7.1% over the last three years. The Fund also beat the real (inflation adjusted) return target of 3% by 11.7% over the last year and by 10.2% over the last three years.

The Fund has modestly underperformed the median public fund due primarily to a lower-than-average allocation to equities. It is important to note that the Fund's performance was considerably less volatile than the median public fund, with its three year risk level (standard deviation) ranking favorably in the bottom third of all public funds.

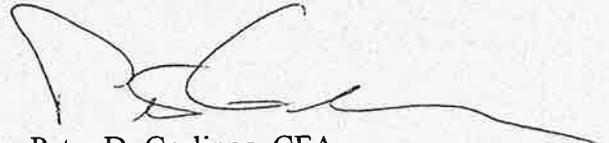
As previously mentioned, active management has added significant value to the LASERS Fund. Over the last year 10 of the 17 active managers were able to add value beyond their style specific passive benchmarks: this, in an environment where active management tended to underperform pure index strategies.

The LASERS Fund is structured to achieve a target 8.85% total rate of return with the lowest possible risk, based on NEPC's market projections over the next five years. Looking at this objective, the LASERS Fund has performed quite well and is positioned to continue to meet longer-term return targets at below-average levels of risk.

Sincerely,



Richard M. Charlton
President



Peter D. Gerlings, CFA
Vice President

Louisiana State Employees' Retirement System

8401 United Plaza Blvd. • Baton Rouge, LA • 70809
P.O. Box 44213 • Baton Rouge, LA • 70804-4213



VOICE: 504-922-0600 • TOLL-FREE: 1-800-256-3000
FAX: 504-922-0614 • TDD: 504-922-0612

December 23, 1997

Dear Members,

June 30, 1997 marked the end of a banner year for LASERS' investment portfolio. The incredible run of the U.S. equity markets continued for its' third straight, and strongest, year. This helped propel LASERS' investment performance to perhaps its best year ever, with a total market return of over 17%. This strong performance also resulted in the highest yield ever for LASERS' DROP participants, at over 13.5%, and a substantial increase in the Experience Account, which continues to give LASERS the ability to grant COLA's.

LASERS' long-term investment return target is 8.85%, yet LASERS' investment portfolio has returned 16% annualized for the trailing three years. This is due not only to the strong capital markets environment that has persisted over the last three years, but also due to active portfolio management decisions, which have added value of over 170 basis points per year compared to LASERS' passive benchmarks.

LASERS is committed to maintaining a broadly diversified portfolio, and achieving its' target rate of return for the least possible amount of risk. LASERS adopts carefully underwritten and conservative assumptions for future expected returns, and structures the investment portfolio so as to optimize the risk/return trade-off.

While pleasantly surprised by the recent performance of the stock market, LASERS remains cautious in its' approach to investing in these riskier asset classes. During the year, LASERS was subject to a State law that limited equity investments to 55% of the total assets. This law was changed as of June 30, 1997 to increase the limit of public equity securities to 65%. As of June 30, 1997, LASERS total equities, both public and private, totaled 51.4% of assets.

Looking forward into the next Fiscal Year, LASERS is well positioned to meet its long term goals and objectives. Further emphasis and efforts at LASERS will be placed on risk management and cost controls, in order to continue to be an effective and efficient provider of pension benefits.

Sincerely yours,

Robert Lee Borden, CFA
Chief Investment Officer

BOARD OF TRUSTEES: Louis S. Quinn, Chairman;
Cynthia Bridges
Virginia Burton

Mary Young Cannon
Leila Smith Detlefs
Ken Duncan

Benny G. Harris
Sen. Francis C. Heitmeier
Frank Jobert, Jr.

Barbara McManus
Kathy Singleton
Rep. Victor "Vic" Stelly

James O. Wood,
Executive Director

**STATEMENT OF INVESTMENT OBJECTIVES,
RULES AND GUIDELINES
FOR THE INVESTMENT ASSETS OF THE
LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM**

As Revised March 26, 1997

I. GENERAL

- A. Investments of the Louisiana State Employees' Retirement System (the "System") shall be in accordance with the Louisiana Revised Statutes.
- B. Investments of the Louisiana State Employees' Retirement System shall be made solely in the interest of the participants and their beneficiaries of the pension plan and for exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the reasonable expenses of administering the plan.
- C. The investment objectives shall be the preservation and enhancement of principal over the long term, in both real and nominal terms. For this purpose, short-term fluctuations in values will be considered secondary to long-term investment results.
- D. The Board of Trustees of the Louisiana State Employees' Retirement System (the "Board") and its investment advisors shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.
- E. The investments of the fund shall be diversified to minimize the risk of large losses unless, under particular circumstance, it is clearly prudent not to do so.
- F. The Board of Trustees may obtain outside investment counseling services.
- G. The Statement of Investment Objectives shall be revised to reflect modifications and revisions to the System, which may develop from time to time. It is also expected that this Statement will be reviewed at least once per year to insure its relevance to the System's needs and to communicate any material change therefore to the investment managers.

II. INVESTMENT

Assets of the System shall be invested to ensure that principal is preserved and enhanced over the long term, both in real and nominal terms. Reference Appendix I for an explanation of real and nominal terms.

- A. Total return, consistent with prudent investment management, is the primary goal of the System. Total return, as used herein, includes income less expense plus realized and unrealized gains and losses in the System's assets.
- B. A real rate of return of at least 4% per year should be earned. This is the return over the rate of inflation (as measured by the Consumer Price Index). Additionally, a nominal return goal for the System is 8.85%, net of investment management fees (8.25% actuarial rate of return net of fees plus 0.50% buffer plus 0.10% administrative expenses). The System is aware that there may be short term deviations from these objectives, and shall evaluate compliance with these and other performance expectations over the time frames outlined in paragraph G, below.
- C. Total fund return for the System shall consistently rank in the top half of New England Pension Consultant's Public Total Fund Universe, and shall meet or exceed the return of the System's Policy Index. (See Appendix I for an explanation of the Policy Index).
- D. Equity Composites
 - 1. Total return for domestic equity specialist managers shall meet or exceed the S&P 500 or an appropriate index based on the manager's style and consistently rank in the top half of New England Pension Consultant's appropriate Domestic Equity Specialist Fund Universe.
 - 2. Total return for international equity specialist managers shall meet or exceed the Morgan Stanley EAFE (Europe, Australia and Far East) international index or an appropriate index based on the manager's style and consistently rank in the top half of New England Pension Consultant's universe of international equity specialist managers. Emerging international equity managers shall meet or exceed the Morgan Stanley Emerging Markets Free Index.
- E. Fixed Income Composites
 - 1. Total return for domestic fixed income managers shall consistently meet or exceed the Lehman Brothers Aggregate Bond Index or an appropriate index based on the manager's style, and consistently rank in the top half of New England Pension Consultant's domestic Fixed Income Specialist Fund Universe.
 - 2. Total return for global fixed income managers shall meet or exceed the Salomon Brothers World Government Bond Index or an appropriate index based on the manager's style, and consistently rank in the top half of New England Pension Consultant's universe of global fixed income specialist managers.
- F. Total fund risk exposure and risk adjusted returns will be regularly evaluated and compared with other public Total Funds. Total fund risk exposure is expected to be midrange (25th to 75th percentile) relative to New England Pension Consultant's

universe of other public total funds. Risk-adjusted returns are expected to consistently rank in the top half of New England Pension Consultant's universe of comparable Public Total Funds. (See Appendix I for an explanation of risk adjusted returns).

- G. Normally, results will be evaluated over a three to five year time horizon, but shorter term results will be regularly reviewed and earlier action taken if in the best interest of the System.

III. TYPES OF INVESTMENTS

In fulfilling the investment objectives stated above, the Board of Trustees may invest the funds of LASERS in the following types of investments:

A. Domestic Equity Securities

1. Domestic equity purchases are limited to common stocks **traded over the counter or on a domestic stock exchange**. Exceptions shall be approved by the Board in advance.
2. No one holding shall account for more than 6% of the allowable equity portion of the portfolio at market value or more than 5% of the outstanding common stock of any one corporation.
3. The purchase of stocks or convertibles in foreign companies through common stock traded on U.S. exchanges or through American Depositary Receipts (ADR's), which are dollar denominated foreign securities traded over the counter in the U.S. or on the domestic U.S. stock exchanges may be held by each domestic stock manager in proportions which each manager shall deem appropriate.
4. Convertible bonds, convertible preferred stocks, warrants and rights may be purchased as equity substitutes so long as the common stocks underlying them meet required equity standards above.
5. Equity investments, including domestic and international common stocks and equity holdings in real estate and private equities, are limited to 55% of the total assets of the System on a market basis.

B. Domestic Debt Securities

1. Domestic fixed income investments may include U.S. Government and Federal Agency obligations, corporate bonds, debentures, commercial paper, certificates of deposit, Yankee bonds, mortgage backed securities and other instruments deemed prudent by the investment managers.
2. No more than 5% of the market value of LASERS' domestic fixed income assets may be invested in the debt securities of any one issuer. None of the above limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies as defined in the most current issue of Moody's Bond Record.

C. International Investments

1. As part of its normal asset allocation for equity and fixed income securities, the System may invest a portion of its equity and fixed income allocation in international securities. International investments shall only be entered into through the selection of a qualified investment management organization as consistent with fiduciary responsibilities. An international manager employing an active currency management program may, upon specific authorization of the Board, deal in futures and options within the discipline of that currency management program.
2. Limitations
 - a. International Equities:
No one holding in an international equity portfolio shall account for more than 6% of the portfolio at market value or more than 5% of the outstanding common stock of any one corporation
 - b. Global Bonds:
The global bond portfolio may hold no more than 30% of its assets, at market value, in the debt securities of any single foreign government or government entity. No single non-government debt security shall constitute more than 6% of the global bond portfolio, at market value.

D. Cash Equivalents

1. Short-term funds may be invested in direct U.S. Government obligations such as U.S. Treasury Bills or repurchase agreements which are fully collateralized by U.S. Treasury issues. Unless expressly prohibited by the Board, excess cash may be invested in the Short Term Investment Fund of the Custodian Bank(s) or negotiable certificates of deposit, or other short-term investment vehicles designated by the Board.
2. Funds may be invested in commercial paper subject to the following guidelines:
 - a. Only U.S. Dollar Denominated paper of domestic companies will be used.
 - b. Paper must be rated P-1 by Moody's or A-1 by Standard and Poor's, but no lower by either. Prior approval shall be required for use of paper rated P-2 by Moody's or A-2 by Standard and Poor's.
 - c. No more than \$10 million is to be invested in commercial paper of any one issuer.
 - d. The maximum maturity for commercial paper purchased with the cash reserves of any investment advisor shall be established by each advisor. However, under no circumstances will commercial paper having a maturity of longer than 270 days be purchased without prior Board approval.

E. Real Estate

Investments in real estate shall be limited to an initial investment value at market value of not more than 2% of total fund assets. Real estate investments are limited to:

1. A direct investment in the property located at the intersection of Essen Lane and United Plaza Boulevard in Baton Rouge, Louisiana.
2. Investments in commingled real estate pools (both open end and closed end) or real estate investment trusts (REITS).
3. Separately managed accounts.

The Board specifically authorizes the purchase of real estate related debt securities as a portion of the debt securities portfolio, to include securities issued by FNMA, FHLMC, and GNMA. Purchases other than those guaranteed by federal agencies cited above must be rated AAA by Standard and Poor's or Aaa by Moody. Reserves for future real estate investments may be held in large capitalization U.S. equities, subject to the 55% limit on all equity investments.

F. Options

The system may employ an options management service with objective of providing volatility protection on equity investments and an enhanced rate of return over time.

G. Private Capital Market Investments

Investments in Private Market Investments, including private equity and private debt, shall be limited to an initial investment value at market value of no more than 4% of total fund assets. Reserves for future private capital market investments may be held in large capitalization U.S. equities, subject to the 55% limit in all equity investments.

H. Economically Targeted Investments (ETI)

All ETI investments must not conflict with Louisiana or Federal law, and must be in the economic best interest of LASERS' plan participants and beneficiaries. ETI's must be consistent with LASERS' investment policy and asset allocation plan. ETI's must offer a potential investment return consistent with the level of risk in the proposed investment.

I. Other

Any type of investment other than detailed previously shall be made only after specific guidelines are established by the Board of Trustees.

IV. PORTFOLIO GUIDELINES

Full discretion, within the parameters of the investment policy guidelines disclosed herein, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions.

Compliance with all guidelines must be monitored by the investment managers on a regular basis (monthly or more frequently when unusual market conditions warrant) and based on then current market values. Securities which, at purchase, would move the portfolio out of compliance with the guidelines, based on the investment manager's most recent valuation, may not be purchased. In the event that the portfolio moves out of compliance with these guidelines (as identified in the investment manager's regular review of the portfolio), through market conditions or other changes outside the control of the manager, the manager

must bring the portfolio composition back into compliance with 45 days or make a written request to LASERS Investment Committee for a compliance waiver.

Additionally, the Board of Trustees establishes the following specific guidelines:

- A. There shall be no use of options, commodities, financial futures or other specialized investment activity without the prior approval of the Board.
- B. Uncovered options or futures contracts may not be purchased.
- C. Uncovered short positions may not be purchased.
- D. Short selling is not permitted.
- E. Commodities may not be purchased.
- F. Straight preferred stocks and tax exempt municipal securities should not normally be held unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.
- G. Every publicly traded security held in the portfolio must be judged liquid in normal market environments.
- H. Upon recommendation of investment counsel, covered call options may be written on eligible securities.
- I. The System may establish a Securities Lending Program subject to restrictions established by the Board, and consistent with Legal Statutes.

V. ASSET ALLOCATION (BY MAJOR ASSET CATEGORIES)

In order to have a reasonable probability of consistently earning the target return of 8.85% net of investment management fees; the Board has adopted the following asset allocation policy.

<u>Asset Class</u>	<u>Market Value Target%</u>	<u>Minimum Exposure(%)</u>	<u>Maximum Exposure(%)</u>
Equities	47%	40%	54%
Domestic Large Cap	22	17	27
Domestic Small Cap	10	8	12
Established International	12	9	15
Emerging International	3	0	5
Fixed Income	47%	40%	54%
Domestic (including mortgages)	30	25	35
Domestic High-Yield	7	5	9
Global Bonds	10	8	15
Real Estate	2	0	3
Private Capital Markets	4	0	5

The Board of Trustees shall review its asset allocation at least semi-annually to determine if the asset allocation is consistent with the exposure range established for the Fund.

Cash flow may be allocated on a prorata basis to/from each manager on the first business day following the Board meeting.

A change in liability structure or funded status may trigger a revision of the asset allocation.

This guideline is to be pursued by the System on a long-term basis, but will be revised if significant changes occur within the economic and/or capital market environments.

VI. CUSTODIANSHIP OF SECURITIES

LASERS may establish an arrangement with a financial institution(s), for the custody of its securities, subject to the approval of the Board of Trustees.

VII. ROLES AND RESPONSIBILITIES

A. Custodian Bank(s)

In order to maximize the System's return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly.

The custodian(s) will be responsible for performing the following functions:

1. Accept daily instructions from designated investment staff;
2. Advise designated investment staff daily of changes in cash equivalent balances;
3. Immediately advise designated investment staff of additions or withdrawals from account;
4. Notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings;
5. Resolve any problems that designated investment staff may have relating to the custodial account;
6. Safekeeping of securities;
7. Interest and dividend collections;
8. Daily cash sweep of idle principal and income cash balances;
9. Processing of all investment manager transactions;
10. Collection of proceeds from maturing securities;
11. Disbursement of all income or principal cash balances as directed;
12. Providing monthly statements by investment managers' accounts and a consolidated statement of all assets;

13. Providing a dedicated account representative and back-up to assist the LASERS staff in all needs relating to the custody and accountability of the Fund's assets; and
14. Managing the securities lending program.

B. Investment Managers

The duties and responsibilities of each of the registered investment advisors retained by the Board include:

1. Managing the assets under its management in accordance with the policy guidelines and objectives expressed herein, or expressed in Appendix II when exceptions are deemed prudent and desirable.
2. Meeting or exceeding the specific total return benchmarks expressed in Appendix II.
3. Exercising investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the investment objectives.
4. Promptly informing the Board regarding all significant matters pertaining to the investment of the fund assets, for example:
 - a. Substantive changes in investment strategy, portfolio structure and market value of managed assets,
 - b. The manager's progress in meeting the investment objectives set forth in this document, and
 - c. Significant changes in the ownership affiliations, organizational structure, financial condition, professional personnel staffing and clientele of the investment management organization.
 - d. Any material changes in the liquidity of the securities they hold in the LASERS portfolio.
5. Initiating written communication with the Board when the investment manager believes that this Investment Policy is inhibiting and/or should be altered. No deviation from the guidelines and objectives established in the Policy is permitted until after such communication has occurred and the Board has approved such deviation in writing.
6. Complying with all provisions pertaining to the investment manager's duties and responsibilities as a fiduciary. It is expected that System assets will be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent professional investment manager, acting in a like capacity and familiar with such matters, would use in the investment of System assets.
7. Using their best efforts to ensure that portfolio transactions are placed on a "best execution" basis.
8. The investment managers have sole responsibility for the exercise of ownership rights, where available, through proxy solicitations. They shall

exercise this responsibility strictly for the economic benefit of the System and its participants.

9. While the Board is sensitive to excessive turnover there shall be no specific limitation in this regard, recognizing the importance of providing flexibility to the managers to adjust to changing market conditions. Although the Board is appropriately sensitive to book losses, there is no justification to hold a particular security, nor to manage the collective assets, for the sole purpose of avoiding the recognition of a book loss.
10. Acknowledging in writing to the Board the investment manager's intention to comply with the Investment Policy as it currently exists or as modified in the future.
11. Submitting to the Board (and its designated consultants) exhibits, written material, etc. that will be used during periodic conferences with Board at least ten business days in advance of these conferences.

C. Domestic Equity Managers

Each manager holding equity securities is expected to comply with the following guidelines:

1. Equity holdings in any one company (including common and preferred stock and convertible securities) should not exceed 6% of the market value of the manager's portion of the System assets without the consent of the Board. Additionally, bonds of the companies in question would be included in the company exposure calculation if held in the manager's portfolio.
2. There shall be no short selling, securities lending, use of financial futures or other specialized investment activity without the prior approval of the Board.
3. No purchase shall be made by an investment manager which would cause a holding to exceed 5% of the market value of the issue outstanding.
4. Each equity manager may invest up to 10% of its monies in reserve and cash equivalent investments. However, these investments should be made on the basis of safety and liquidity, and only secondarily by yield available. Such securities shall reasonably carry the equivalent of S&P A1 or Moody P-1.

D. Domestic Fixed Income Managers

Each manager holding fixed income securities is expected to adhere to the following guidelines:

1. The overall average quality of each fixed income portfolio shall be AA or higher. Non-rated issues or issues below investment grade (below BAA) may be purchased up to a maximum of 15% of the portfolio. These quality restrictions will not apply to a manager that is hired by the System to manage a high-yield fixed income portfolio.
2. The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager. Active bond management is encouraged, as deemed appropriate by the investment managers.

3. Fixed income holdings in any one issuer should not exceed 8% of the market value of the manager's portion of the System assets without the consent of the Board, excepting U.S. Government or government agency obligations.
4. There shall be no use of options, financial futures or other specialized investment activity without the prior approval of the Board.
5. The average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the passive benchmark's duration by more than two years. See Appendix 1 for an explanation of duration.

D. Mortgage and Asset Backed Securities

Funds invested in mortgage-related and asset-backed securities are subject to the following guidelines:

1. Agency fixed and floating rate pass throughs, US Treasury securities and cash equivalents can be held without limitation.
2. Fixed rate PAC I, PAC II and Sequential Collateralized Mortgage Obligations can be held without limitation.
3. Inverse floating rate, interest only (I/O), principal only (P/O), and accrual CMOs in aggregate will be limited to 15% of the mortgage securities portfolio, with no more than 5% of the portfolio invested in accrual CMOs. In the event that other types of mortgage-related securities that have risk characteristics similar to those in this category are developed, the manager will inform the investment committee of those securities and they will be included in this 15% limitation.
4. All other types of mortgage-related securities not explicitly cited in (1), (2), (3) above will be limited to an aggregate 20% of the portfolio.
5. The manager must receive at least two competitive offers on the same or similar securities prior to purchasing each mortgage-backed security for the portfolio.
6. The average effective duration, as calculated by the manager, shall not exceed seven years. LASERS recognizes that the calculation of the duration of a mortgage-backed security involves assumptions as to the expected future prepayment rate for the security at the time of calculation and that prepayment rates cannot be precisely determined in advance. The manager is expected to calculate expected duration prior to the initial purchase of a security and on a routine basis in monitoring the portfolio's compliance with these guidelines.
7. The diversification of securities by maturity, quality, sector, coupon and geography, except as constrained above, is the responsibility of the manager.

F. International Equity Managers

These portfolios should be considered as "equity funds". The manager, however, may hold short-term reserves if such action is consistent with attainment of the primary investment objectives.

1. Short-term reserves may be held in U.S. dollar denominated securities or investment vehicles available through the System's custodian.
2. Equity securities are expected to be issued by non-U.S. corporations, although the manager has latitude to hold U.S. securities provided that such investment is consistent with attainment of the portfolio's investment objective.

3. Decisions as to the number of issues held and their geographic or industry distribution shall be left to the investment manager provided that equity holdings in any one company (including common stock and convertible securities) do not exceed 6% of the market value of the manager's portion of the System's portfolio without the consent of the Board. Additionally, bonds of the companies in question would be included in the System's exposure calculation if held in the manager's portfolio.
4. The managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than lever portfolio risk exposure or in the settlement of securities transactions.
5. Managers may contract to purchase securities for a fixed price at a future date up to but not to exceed one year beyond customary settlement provided that cash or cash equivalents are maintained sufficient to make payment in full.
6. Managers may purchase or sell currency on a spot basis to accommodate securities settlements.

G. Global Fixed Income Managers

The portfolios should be considered as "bond funds". The manager, however, may hold short-term reserves if such action is consistent with attainment of the primary investment objective.

1. Short-term reserves may be held in U.S. dollar denominated securities or investment vehicles available through the System's custodian.
2. Decisions as to the number of issues held and their geographic distribution shall be left to the investment manager.
3. The managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility rather than lever portfolio risk exposure. Currency contracts may be utilized to either hedge the portfolios currency risk exposure or in the settlement of securities transactions.
4. Upon specific authorization of the Board, global managers may employ an active currency management program and deal in futures and options within the discipline of that currency management program. In the context of this program, cross currency and proxy hedging is allowed.
5. Managers may contract to purchase securities for a fixed price at a date beyond customary settlement provided that sufficient cash or cash equivalents are maintained to make payment in full.
6. Managers may purchase or sell currency on a spot basis to accommodate securities settlements.
7. The overall average quality of each global fixed income portfolio shall be AA or higher. Non-rated issues may be purchased, provided that in the judgment of the manager, they are of a quality sufficient to maintain the average overall portfolio quality of AA or higher. Issues below investment grade (below BAA) may be purchased up to a maximum of 15% of the portfolio.
8. The average duration (interest rate sensitivity) of an actively managed global fixed income portfolio shall not differ from the passive benchmark by more than two years. See Appendix 1 for an explanation of duration.

H. Private Market Investments

1. Investment Objective

- a. Achieve a market rate of return commensurate with the perceived risk for each investment undertaken.
- b. To enhance the total diversification of LASERS' Total Fund by participating in private capital markets investments.

2. Target Asset Allocation

The System's allocation to direct placements shall remain within the limits authorized by the Investment Committee. The allocation range is 0% - 5% of the LASERS aggregate portfolio. For purposes of examining the System's overall asset allocation, the Private Markets target allocation is 4% of total fund assets subject to Investment Committee direction. Shortfalls from the target allocation will be funded as needed from over-allocated asset classes.

Private Markets amounts which are in excess of the specified dollar amount as a result of partial or full liquidation of positions or the receipt of income from investments shall be reallocated to the System's under-allocated asset classes.

3. Portfolio Performance

Performance shall be calculated by the investment consultant (using dollar - weighted returns) for each manager's Private Markets fund over the life of the investment. Investment returns will be compared to the return on similar investments which originated during the same period.

Managers shall maintain a comprehensive and responsive reporting system assessing the performance of both the individual investments in each manager's portfolio as well as the entire portfolio. It is in this manner that under-performing investments in each portfolio can be identified and managers can inform the Investment Committee of measures they are taking to correct the performance of such investments as appropriate.

4. Types of Investments

All investments not expressly excluded by these guidelines are eligible for use as investments in LASERS' Capital Markets Investments. Start-up/First Stage investing is to be accomplished through Venture Capital Limited Partnerships only.

The following investments may not be used:

- a. Real estate investments are not permitted unless they are part of an investment in an operating business. However, traditional (i.e., investment grade) real estate mortgages are acceptable.
- b. Investments as a franchisee are not permissible except as a limited partner.
- c. Personal investing in portfolio companies by investment management employees is not permitted.

5. Investment Guidelines

- a. Private Markets Investments will be made only with other pension fund sponsors.
- b. LASERS' initial investment in a fund will not exceed 25% of the initial value of the Fund.
- c. All investments must have a mechanism for exit.
- d. No more than 25% of the total Private Markets allocation may be invested with a single manager, general partner, or single fund.
- e. Preference will be given to those funds where the general partner is contributing at least 1% of total fund.
- f. References on the general partner must be checked prior to investing in a fund.
- g. An investment screening and review committee may be established by the Investment Committee to pre-qualify investment proposals. Evaluation of proposals will address the manager, the fund focus and strategy and the fund structure.

6. Strategy

The Private Markets Investments will be so diversified as to reduce the risk of any one investment to 2% of the assets of the LASERS total Fund.

The diversification strategy to be followed for the Private Markets asset class is:

25% Fund of Funds Manager (Fund)
25% Operating Business Manager (Fund)
50% Specialty Managers, 10%-15% per Manager (Fund)

I. Tactical Asset Allocation (TAA) Managers

Each TAA Manager is expected to adhere to the following guidelines:

1. Equity, fixed income, or cash commitment may vary from 0% to 100% of assets under management.
2. Within each asset class, the TAA manager is subject to the guidelines outlined in Section VII of the Statement of Investment Objectives, Rules and Guidelines.
3. Fully covered, or protected investments using options, futures or short sales are permitted in the interest of reducing volatility and protecting capital or changing asset mix.

J. Chief Investment Officer

The Chief Investment Officer is responsible for communicating with the investment counsel the financial information necessary to fulfill contractual obligations. The Chief Investment Officer also communicates the decisions of the Investment Committee to investment managers, custodian bank(s), actuary, and consultant. Additionally, the CIO provides oversight of the investment service providers and administrative and supervisory personnel of the LASERS investment division.

K. Investment Committee

The Investment Committee, at the direction of the full Board, shall review and approve or disapprove investment recommendations not governed by Investment Policy prior to their execution. The Committee may also review and recommend investment policy changes, deletions, or additions. The Committee also shall make recommendations to the full Board concerning contracts of a financial nature, when performed by other than LASERS staff persons, such as, although not limited to, those for investment counselors, custodial arrangements, option programs, and securities lending.

L. Board of Trustees

The Board of Trustees shall review the total investment program. The Board shall approve the investment policy and provide overall direction to the administrative staff in the execution of the investment policy.

M. Investment Consultant

The Investment Consultant shall assist the Board in developing and modifying policy objectives and guidelines, including the development of liability driven asset allocation strategies and recommendations on long term asset allocation and the appropriate mix of investment manager styles and strategies. Additionally, the consultant shall provide assistance in manager searches and selection, and investment performance calculation, evaluation, and analysis. The consultant shall provide timely information, written and/or oral, on investment strategies, instruments, manages and other related issues, as requested by the Board of Trustees, the Investment Committee, or the CIO.

VIII. QUARTERLY REPORTING REQUIREMENTS

Investment Managers shall submit a report to the Investment Committee Members, Staff, and Consultant within 30 days after the end of each calendar quarter in the following format:

A. Review of Organizational Structure

1. Organizational changes (i.e., ownership)
 2. Departures/additions to investment staff
 3. Assets under management
 - Total institutional assets and accounts
 - Total assets and accounts for product managed for LASERS
 - Product asset growth
- | | <u>Gains \$</u> | <u>Losses \$</u> |
|-------------------|-----------------|------------------|
| Current Year | | |
| Prior Year | | |
| Second Prior Year | | |

B. Summary of Investment Guidelines

1. Summarize guidelines and objectives
2. Discuss adherence to guidelines
3. Provide any comments and suggestions regarding policy constraints, guidelines, etc.

C. Review of Investment Process and Evaluation of Portfolio Management Process

1. Brief review of investment process
2. Discussion of any changes to the investment process
3. Investment strategy used over the past year and underlying rationale
4. Evaluation (in hindsight) of strategy's appropriateness
5. Evaluation of strategy's success/disappointments
6. Current investment strategy and underlying rationale
7. Comment on the manager's assessment of the current liquidity of the portfolio and the market(s) in which the portfolio is invested.
8. For manager's holding mortgage backed securities, results of current 'stress' tests on the portfolio, indicating how the manager believes it would respond to interest rate movements of plus or minus 100, 200, and 300 basis points from current levels.

D. Performance Review

1. Present total fund and asset class returns for last quarter, year-to-date, last year, three years and five years, and since inception versus designated benchmarks.
2. Discuss performance relative to benchmarks. (Global bond and international equity managers provide attribution analysis which identifies returns due to country allocation, stock selection, duration and currency decisions).
3. Provide portfolio characteristics relative to benchmark.

E. Derivatives Review

Each manager using derivatives shall also report the following information:

1. A list of all derivative positions as of quarter-end.
2. An assessment of how the derivatives positions affect the risk exposures of the total portfolio.
3. An explanation of any significant pricing discrepancies between the manager and custodian bank.
4. A statement certifying compliance with the investment policy throughout the quarter; or, if the portfolio has been out of compliance, an explanation.

F. Provide Portfolio Holdings

1. Present book value and current market value.
2. List individual securities by:
 - Standard and Poors sectors for domestic equities
 - Countries and by industry within country for international equities
 - Sector for domestic fixed income
 - Country for global bonds

G. Other Business

Include any other comments or information.

IX. ANNUAL REPORTING REQUIREMENTS

A. PROXY VOTING

Managers shall annually report to the Board, standing policies with respect to proxy voting, including any changes that have occurred in those policies, and note any instances where proxies were not voted in accordance with standing policies.

Additionally, investment managers shall provide a written annual report of the proxy votes for all shares of stock in companies held in the System's investment program. These reports shall specifically note any instances where proxies were not voted in accordance with standing policy. Additionally, all such reports shall specifically affirm that all proxy votes were determined and executed solely in the interest of the participants and their beneficiaries of the pension plan and for exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the reasonable expenses of administering the plan.

The annual proxy voting report shall be delivered within forty-five (45) days of the end of the quarter ending June 30 of each year. The proxy voting report should cover all proxies voted during the 12 months ending June 30.

B. COMMISSIONS & TRADING COSTS

The annual commission report should be delivered to the committee, staff, and NEPC within forty-five (45) days of the end of each calendar year. The report should cover all trades executed during the prior calendar year.

Each annual commission report should include the following:

1. **Broker Selection Policy.** Discussion of the firm's policy for selecting brokers, reviewing brokers, and negotiating brokerage commissions. This should include identification of any situations where the investment manager has a financial interest in brokers used to execute trades in the portfolio as well as a list of all broker-dealers used by the firm.
2. **Commission Expense.** Provide a review of the portfolio's actual commission expense over the prior year. At a minimum, this should be broken down by broker and include a distinction between commissions on listed versus unlisted securities, average commission per share, total shares traded, total commission expense, and total trading volume. In addition to a printed report, commission expense shall also be reported to LASERS on a Lotus 123 or Microsoft Excel spreadsheet, in a format provided by LASERS.
3. **Transaction Cost Analysis.** If the firm has a system for monitoring total transaction cost, commissions plus market impact, a copy of this analysis should be provided. If no such system is being used, the commission report should include complete explanation of how the firm monitors selected brokers for best execution.
4. **Soft Dollar Policy.** This should include a discussion of the firm's soft dollar policy, including the procedures in place to assure that any services

purchased by the firm with soft dollars provide economic benefit to the plan beneficiaries.

5. **Soft Dollar Expense Review.** Identify any goods and services purchased by the manager with soft dollars over the past year. This should report, at a minimum, the goods and services purchased, the total cost, and the share of that total cost paid by the LASERS portfolio. In addition to a printed report, the soft dollar expense review shall also be reported to LASERS on a Lotus 123 or Microsoft Excel spreadsheet, in a format provided by LASERS.

C. **OTHER ANNUAL REPORTING**

Managers shall annually report to the Board, standing policies with respect to ethics and professional practice.

If the manager has adopted the Association for Investment Management and Research (AIMR) code of ethics, that adoption should be noted. If they use a different code of ethics, their formal policy and code should be provided to LASERS. Additionally, whether the manager uses the AIMR code or their own, compliance and oversight procedures should be discussed. These reports shall specifically note any instances where the policies are known to have been violated in the prior year.

The annual ethics of professional practices report shall be delivered within forty five (45) days of the end of the of each calendar year.

X. **REVIEW OF INVESTMENT PROCESS**

On a timely basis, at least quarterly, the Board will review actual investment results achieved by each manager (with a perspective toward a three to five-year time horizon or a peak-to-peak or trough-to-trough market cycle) to determine whether;

- A. The investment managers performed satisfactorily when compared with:
The objectives set,
Other similarly managed funds.
- B. In addition to reviewing each investment manager's results, the Board will re-evaluate, from time to time, its progress in achieving the total fund, equity, fixed-income, and international equity segments objectives previously outlined.
- C. The periodic re-evaluation also will involve an evaluation of the continued appropriateness of: (1) the manager structure; (2) the allocation of assets among the managers; and (3) the investment objectives for the System's assets.
- D. The Board may appoint investment consultants to assist in the ongoing evaluation process. The consultants selected by the Board are expected to be familiar with the investment practices of similar retirement plans and will be responsible for suggesting appropriate changes in the System's investment program over time.
- E. Investment advisors to the System may be placed on a watch list in response to the Investment Committee's concerns about the manager's recent or long term investment results, failure of the investment advisor to comply with any of LASERS' investment guidelines, significant changes in the investment advisor's

firm, anticipated changes in the System's structure, or any other events which the Investment Committee concludes may lead to a change in the manager's status with the System.

As an example the process leading toward probationary status with regard to long term underperformance will normally be as follows:

An advisor will be placed on probationary status if both of these conditions exist:

1. Any advisor whose performance fails, over eight consecutive quarters or any eight quarters during a ten quarter period, to achieve median same style universe performance levels as defined by LASERS, and
2. During this same period the return does not meet the return of the benchmark index.

In no way does this preclude LASERS from placing an advisor on the watch list for performance in a lesser time period or taking other actions if deemed appropriate by LASERS. Any advisor on probationary status will not be eligible to receive additional investment funds from LASERS.

**STATEMENT OF INVESTMENT OBJECTIVES, RULES AND GUIDELINES
FOR THE INVESTMENT ASSETS OF
THE LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM**

This appendix to the Louisiana State Employees Retirement System (the "System") is written to provide additional background regarding the selection and interpretation of various standards contained within the Guidelines.

*** Preservation of capital in real and nominal terms...**

Capital is expected to increase in absolute (nominal terms, and also after consideration of the effects of inflation, i.e., in real terms. Real growth of principal is necessary to ensure that purchasing power is not eroded by inflation.

If System assets begin at \$100 and rise to \$110, a nominal return of 10% would be earned. If inflation were 6%, a real return of 4% would be earned (10%-6%).

*** Total return should be competitive with other Public Funds...**

Public Funds are typically more conservatively structured (have less money in equities) than many other types of institutional investment programs, such as corporate plans. As a result, they will usually trail other funds in up markets and do better in down markets. Accordingly, it is essential that a Public Fund peer group be used for comparative purposes.

*** Total return should meet or exceed the System's Policy Index...**

The Policy Index is constructed by using the targeted asset class percentages in section V applied to market rates of return. The System's Policy Index is calculated using the following target allocations and indexes:

Asset Class	Target % Rating	Index
Equities		
Domestic Large Cap	22%	S&P 500
Domestic Small Cap	10	Russell 2000
Established Int'l	12	MSCI-EAFE
Emerging Int'l	3	MSCI-Emerging Markets
Fixed Income		
Domestic	25%	LB Aggregate*
Public Mortgages	5	LB Mortgage Securities
Domestic High-Yield	7	Salomon High Yield
Global Bonds	10	Salomon World Gov't
Real Estate	2	FR NCREIF
Private Capital Market	4	NASDAQ + 300 Bps

*Lehman Brothers Aggregate Bond Index

*** Risk-adjusted returns...**

Risk-adjusted returns are usually calculated by isolating the return earned in excess of the risk free rate (the T-bill rate), and evaluating that return in relation to the extra risk (volatility, or standard deviation) incurred in earning the incremental return.

For example:

	<u>Return</u>	<u>Risk</u>	<u>Excess Return</u>	<u>Excess Return Divided By Risk</u>
T-Bills	8%	--	--	
S&P 500	12%	16%	4%	4/16 = 0.25
Manager A	12%	20%	4%	4/20 = 0.20

In this example, both the Equity Manager and the market earned 4% over T-Bills, but the Equity Manager incurred somewhat more risk and had lower risk-adjusted returns - not a desirable situation. A higher risk adjusted return indicates that more return was achieved for the amount of risk taken.

*** Duration not to differ by more than two years...**

Duration is a measure of interest rate sensitivity. It provides a ball park estimate of how much the current price of a security (or the current cost of funding a liability stream) will vary for a given change in interest rates. For example, the price of a bond having a duration of seven years will increase roughly 7% if interest rates decline 1%; also, the price of that bond will tend to decline 7% if rates go up 1%.

Duration may be the same as maturity, but usually is not. For example, a coupon bearing 20 year bond will typically have a duration in the 6-7 year range. However, a 20 year zero coupon bond will have a duration of 20 years.

Accordingly, it is appropriate to conclude that a 20 year zero coupon bond is roughly three times more volatile, or aggressive, than a 20 year coupon bearing bond.

The bond market, represented by the Lehman Brothers Aggregate Bond Index, has a duration of 5.0 years. The seven year guideline, then, would permit active bond managers to hold a bond portfolio some 40% more volatile than the market (seven years versus five years). Clearly, this latitude would permit a manager the opportunity to structure a portfolio which would appreciate somewhat more than the market in good times, when rates are declining. However, the risk of incurring higher losses than the market also exists if the manager extends to the maximum allowable term and rates increase.

APPENDIX II – Manager Classification, Benchmarks, and Exceptions
STATEMENT OF INVESTMENT OBJECTIVE, RULES AND GUIDELINES
FOR THE INVESTMENT ASSETS OF
THE LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM

This appendix to the Louisiana State Employees' Retirement System (the "System") is written to provide specific guidance regarding individual manager assignments or classification, benchmarks, and exceptions. This appendix, combined with the applicable sections of the Statement of Investment Objectives, Rules and Guidelines for the Investment Assets of the System, provides the complete statement of investment objectives, rules, and guidelines for each of LASERS' managers, exclusive of rules or guidelines directly incorporated into contracts or other similar agreements.

Manager Name /Product	Passive Benchmark	Peer Group Assignment & Benchmark	Guideline exceptions & clarifications
<u>U.S. Equity Managers</u>			
Brandywine	Russell 2000	NEPC Universe of Small Capitalization Value Managers	None
Thomson, Horstman & Bryant	Russell 2000	NEPC Universe of Small Capitalization Value Managers	None
JMC Capital	Russell 2000	NEPC Universe of Small Capitalization Growth Managers	None
TCW Earnings Momentum	Russell 2000	NEPC Universe of Small Capitalization Growth Managers	None
IDS Advisory	S&P 500	NEPC Universe of Large Capitalization Growth Managers	None
Fayez Sarofim	S&P 500	NEPC Universe of Large Capitalization Growth Managers	Individual position sizes are limited to 6% at purchase, may grow to 8% of portfolio market value.
Loomis Sayles Relative Value	S&P 500	NEPC Universe of Large Capitalization Value Managers	None
Miller Anderson	S&P 500	NEPC Universe of Large Capitalization Value Managers	None

Louisiana State Employees' Retirement System

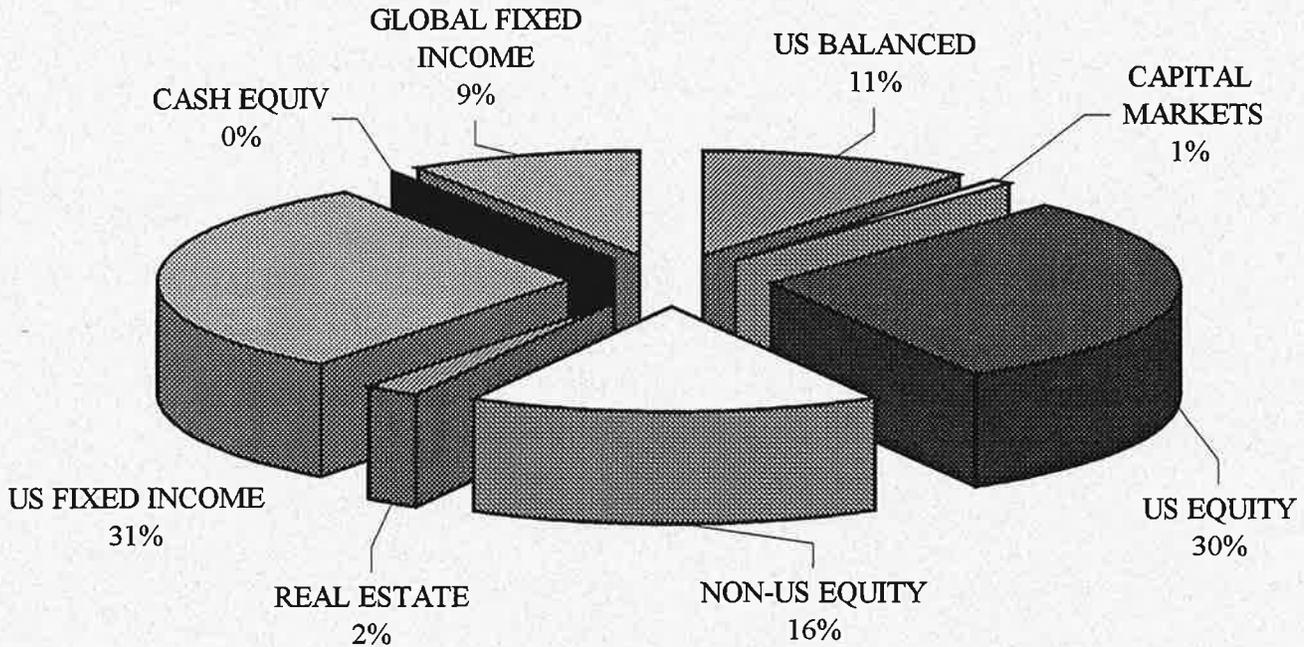
Manager Name	/Product	Passive Benchmark	Peer Group Assignment & Benchmark	Guideline exceptions & clarifications
<u>U.S. Bond Managers</u>				
Loomis Sayles FIM		Lehman Brothers Aggregate Bond Index	NEPC Universe of Core Fixed Income Managers	None
Orleans Capital Management		Lehman Brothers Aggregate Bond Index	NEPC Universe of Core Fixed Income Managers	None
TAMCO – Mortgage Securities		Lehman Brothers Mortgage Index + 100 Bps, annualized	NEPC Universe of Core Fixed Income Managers	None
Offitbank		CS First Boston High Yield Bond Index	NPEC Universe of High Yield Bond Managers	None
W.R. Huff		CS First Boston High Yield Bond Index	NPEC Universe of High Yield Bond Managers	None
<u>Non-U.S. Equity Managers</u>				
Delaware		MSCI-EAFE Index, Unhedged	NEPC Universe of International Equity Managers	None
Templeton		MSCI-EAFE Index, Unhedged	NEPC Universe of International Equity Managers	None
Schroder International Small Cap		Salomon Brothers EMI-EPAC Extended Market Index	NEPC Universe of International Equity Managers	None
Schroder International Emerging Markets		MSCI Investable Emerging Market Index	NEPC Universe of International Equity Managers	None
<u>Global Bond Managers</u>				
Morgan Grenfell Investment Services		Salomon Brothers World Government Bond Index, Unhedged	NEPC Universe of Global Bond Managers	None
Putnam Investments		Salomon Brothers World Government Bond Index, Unhedged	NEPC Universe of Global Bond Managers	None
<u>Tactical Asset Allocation Manager</u>				
INVESCO		50/50 combination of Lehman Brothers Aggregate Bond Index and S&P 500	NEPC Universe of Balanced Managers	None

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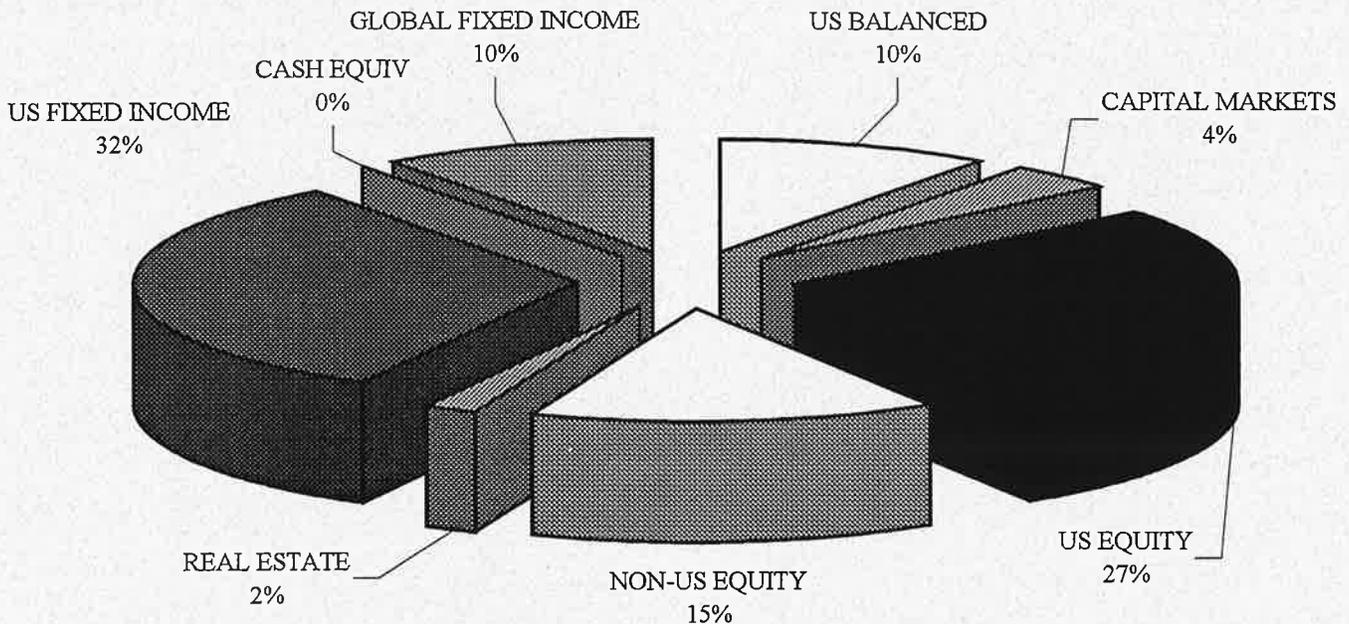
LASERS TOTAL PLAN ASSET ALLOCATION

June 30, 1997
\$4.99 BILLION

LASERS ACTUAL ALLOCATION



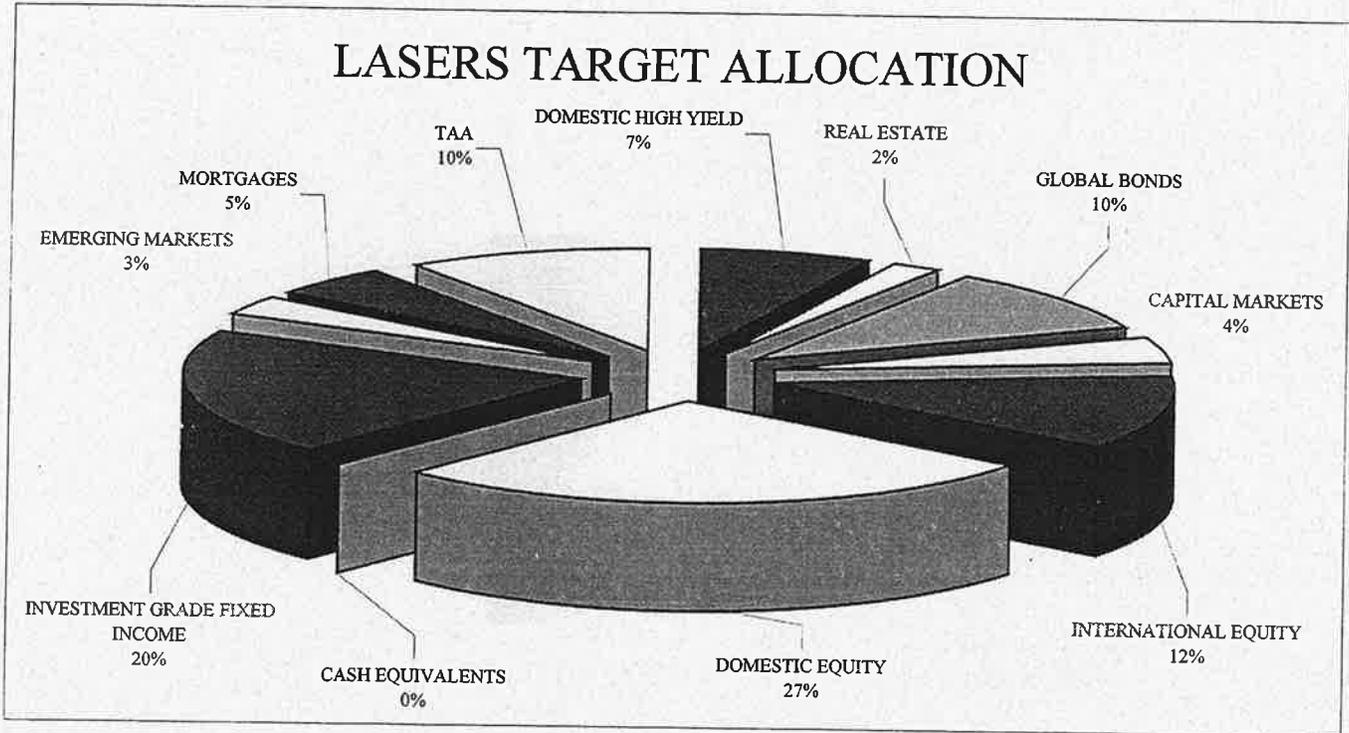
LASERS TARGET ALLOCATION



INDIVIDUAL MANAGER ALLOCATIONS

June 30, 1997

\$4.99 BILLION



LASERS ACTUAL ALLOCATION BY MANAGER

MANAGER	WEIGHT	\$MM
INTERNATIONAL EQUITY		
DELAWARE ITNL ADVISOR	4.8%	237.8
SCHRODERS-SMALL CO	2.2%	111.1
TEMPLETON	6.0%	297.4
TOTAL CORE INTL	12.9%	646.3
EMERGING MARKETS		
SCHRODERS-EMGR MKTS	3.4%	168.8
TOTAL EMERGING MARKETS	3.4%	168.8
TOTAL NON-US EQUITY	16.3%	815.1
DOMESTIC EQUITY		
SMALL CAP VALUE		
TH&B	2.9%	145.2
BRANDYWINE	2.9%	144.9
SMALL CAP GROWTH		
TCW	2.9%	144.1
JMC CAPITAL	1.7%	85.9
TOTAL SMALL CAP	10.4%	520.0
LARGE CAP VALUE		
LOOMIS SAYLES & CO	5.9%	295.9
MAS	3.8%	190.5
LARGE CAP GROWTH		
CHANCELLOR CAPTL MGM	5.0%	249.1
FAYEZ SAROFIM	4.9%	242.5
TOTAL LARGE CAP	19.6%	978.0
TOTAL DOMESTIC EQUITY	30.0%	1,498.0
TOTAL EQUITY	46.3%	2,313.1

MANAGER	WEIGHT	\$MM
TAA		
INVESCO	10.8%	539.8
TOTAL TAA	10.8%	539.8
INVESTMENT GRADE BONDS		
LOOMIS SAYLES & CO.	12.7%	633.7
ORLEANS CAPITAL	6.1%	305.0
TOTAL INVESTMENT GRADE	18.8%	938.7
MORTGAGES		
TCW	4.9%	245.2
DOMESTIC HIGH YIELD		
WR HUFF	3.6%	179.8
OFFITBANK	3.2%	160.1
TOTAL DOMESTIC HIGH YLD	6.8%	339.9
GLOBAL BONDS		
MORGAN GRENFELL	5.2%	258.9
PUTNAM	4.1%	204.7
TOTAL GLOBAL BONDS	9.3%	463.6
TOTAL FIXED INCOME	39.8%	1,987.3
CAPITAL MARKETS		
JOHN HANCOCK	0.5%	24.5
PATHWAY	0.4%	18.0
BRINSON	0.0%	2.4
TOTAL CAPITAL MARKETS	0.9%	45.0
REAL ESTATE	2.2%	109.0
CASH	0.0%	0.2
TOTAL PLAN ASSETS	100.0%	4,994.4

Louisiana State Employees' Retirement System

**Schedule of Brokerage Commission Paid
Year Ended June 30, 1997**

Brokerage Firms	Shares Traded	Commission	
		Dollar Amount	Per Share
Morgan Stanley(Intl. Basis Trade)*	26,063,600	\$ 2,083,006	\$ 0.0799
Interstate/Johnson Lane	6,691,700	64,680	0.0097
Merrill Lynch	6,485,391	92,149	0.0142
Investment Technology Gr.	4,428,957	88,143	0.0199
Instinet	3,899,090	146,686	0.0376
Autranet, Inc.	2,966,300	87,090	0.0294
Lehman Brothers Inc.	2,761,658	28,627	0.0104
Southcoast Capital Corp.	2,659,966	65,986	0.0248
Smith Barney Inc.	2,069,900	42,699	0.0206
Goldman Sachs	2,022,140	34,797	0.0172
Bear Stearns	1,974,700	33,176	0.0168
Morgan Stanley	1,893,750	62,174	0.0328
Prudential Securities	1,801,212	103,574	0.0575
Donaldson & Co. Inc.	1,542,800	30,856	0.0200
Jefferies & Co.	1,540,768	72,109	0.0468
Salomon Brothers Inc.	1,401,608	52,951	0.0378
Capital Institutional Services	1,325,900	50,813	0.0383
Elkins McSherry Co.	1,302,300	26,046	0.0200
Paine Weber Inc.	1,245,800	26,891	0.0216
Donaldson, Lufkin & Jenrette	1,180,385	32,952	0.0279
CS First Boston Corp.	1,132,600	42,641	0.0376
Deutsche Morgan Grenfell	1,053,914	26,276	0.0249
Broadcort Capital	1,051,700	62,347	0.0593
Lynch, Jones & Ryan	1,034,299	17,716	0.0171
Montgomery Securities	989,500	15,116	0.0153
Citation Group	861,900	57,314	0.0665
James Capel	825,800	18,606	0.0225
Weeden & Co.	822,340	38,482	0.0468
Natwest Securities	771,900	30,206	0.0391
Janney Montgomery, Scott	766,300	45,978	0.0600
Abel Noser Corp.	762,744	19,487	0.0255
IPS Brokerage Inc.	759,300	45,558	0.0600
Jones & Associates	704,027	44,922	0.0638
J.P. Morgan	671,650	19,851	0.0296
Dean Witter Reynolds Inc.	556,200	24,030	0.0432
Wilshire Associates	539,998	16,469	0.0305
Fidelity Capital Markets	492,900	29,123	0.0591
Lewco Securities	444,400	24,746	0.0557
Cantor Fitzgerald & Co.	388,000	19,251	0.0496
Vector Securities Inc.	270,400	16,224	0.0600
Societe Generale	99,850	16,610	0.1663
Others(98 Firms) **	20,983,973	385,602	0.0184
Total	111,241,620	\$ 4,241,960	\$ 0.0381

*Purchased a diversified \$215,000,000 international equity portfolio with one trade. This type of transaction negates market impact risks associated with purchasing large quantities of securities.

**Firms that had less than \$15,000 in commission.

LIST OF THE LARGEST DEBT HOLDINGS

June 30, 1997

	PAR VALUE	BOND DESCRIPTION	MARKET VALUE
1)	\$ 75,400,000.00	US Treasury Notes, 6.00% due 98/05/31	\$ 75,540,998
2)	\$ 19,680,000.00	Treasury (UK), 7.00% due 02/06/07	\$ 32,661,300
3)	\$ 29,875,000.00	GNMA TBA July 30, 7.50% due 99/12/15	\$ 29,958,948
4)	\$ 28,800,000.00	Canada Government, 7.5% due 03/12/01	\$ 22,498,320
5)	\$ 20,000,000.00	RJR Nabisco Inc., 9.250% due 13/08/15	\$ 20,537,400
6)	\$ 20,000,000.00	US Treasury Notes, 5.75% due 97/09/30	\$ 20,015,600
7)	\$ 18,747,400.00	FNMA Pool g01543, 6.00% due 11/06/01	\$ 18,120,487
8)	\$ 16,600,000.00	US Treasury Notes, 9.25% due 98/08/15	\$ 17,193,348
9)	\$ 15,800,000.00	US Treasury Notes, 6.50% due 05/08/15	\$ 15,755,602
10)	\$ 16,500,000.00	Philip Morris, 6.375% due 06/02/01	\$ 15,602,070

LIST OF LARGEST STOCK HOLDINGS

June 30, 1997

	SHARES	STOCK DESCRIPTION	MARKET VALUE
1)	200,600.00	Intel Corp.	\$ 28,447,588
2)	633,900.00	Philip Morris Cos. Inc.	\$ 28,050,075
3)	344,200.00	General Electric Co.	\$ 22,373,000
4)	215,000.00	Merck & Co. Inc.	\$ 21,997,188
5)	241,000.00	International Business Machines	\$ 21,750,250
6)	348,400.00	Computer Associates Intl Inc.	\$ 19,401,525
7)	283,700.00	Du Pont E I De Demours & Co.	\$ 17,837,638
8)	724,000.00	Westinghouse Electric Corp.	\$ 16,742,500
9)	413,024.00	Ford Motor Co.	\$ 15,694,912
10)	234,200.00	Coca Cola Co.	\$ 15,925,600

LASERS

SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN GROSS OF FEES
(Period Ending June 30, 1997)

	Mgt. Fees	MKT VAL \$ (Million)	Month	YTD	1 Year	2 Years	3 Years	4 Years	5 Years
U.S. EQUITY									
LARGE CAP GROWTH									
CHANCELLOR CAPITAL MGMT	35.1 bps	\$ 249.1	5.4	14.5	26.2	27.3	27.1	19.7	
FAYEZ SAROFIM	25.6 bps	\$ 242.5	4.7	21.7	37.1	34.4	32.6	23.6	19.5
S&P 500			4.4	20.5	34.6	30.2	28.8	21.3	19.7
TOTAL LARGE GROWTH	30.4 bps	\$ 491.6	5.1	17.9	31.2	30.1	29.4	21.1	18.9
LARGE CAP VALUE									
LOOMIS, SAYLES & COMPANY	23.4 bps	\$ 295.9	3.5	16.6	33.9				
MILLER ANDERSON & SHERRERD	35.2 bps	\$ 190.5	4.4						
S&P 500			4.4	20.5	34.6	30.2	28.8	21.3	19.7
TOTAL LARGE VALUE	28.0 bps	\$ 486.4	3.8	17.8	34.5	24.8	23.9	18.5	18.0
SMALL CAP GROWTH									
JMC CAPITAL MANAGEMENT	45.8 bps	\$ 85.9	7.6	0.0	6.1				
TCW	72.6 bps	\$ 144.1	6.8	4.9	-6.2	14.9	14.3		
RUSSELL 2000			4.3	10.2	16.3	20.0	20.1	15.9	17.9
TOTAL SMALL GROWTH	62.6 bps	\$ 230.0	7.1	3.0	-1.8	18.9	23.5	13.4	18.9
SMALL CAP VALUE									
BRANDYWINE ASSET MANAGEMENT	48.5 bps	\$ 144.9	6.9	19.3	35.4				
THOMSON, HORSTMANN & BRYANT	67.5 bps	\$ 145.2	5.6	11.4	26.6				
RUSSELL 2000			4.3	10.2	16.3	20.0	20.1	15.9	17.9
TOTAL SMALL VALUE	58.0 bps	\$ 290.1	6.3	15.2	30.8	27.3	21.5		
TOTAL U.S. EQUITY	39.9 bps	\$ 1,498.1	5.2	15.0	26.2	26.4	25.5	18.4	19.0
NON-US EQUITY									
DELAWARE INT'L ADVISORS	32.1 bps	\$ 237.8	3.7						
SCHRODERS SMALL CAP	25.0 bps	\$ 111.1	10.6	6.3	3.3	13.1	6.4	9.8	
TEMPLETON INTERNATIONAL	37.6 bps	\$ 297.4	6.5	17.5	29.8	23.6	19.9	20.7	17.4
MSCI EAFE			5.5	11.2	12.8	13.1	9.1	11.0	12.8
SCHRODERS EMERGING MARKETS	85.4 bps	\$ 168.8	10.6	24.0	19.8				
MSCI EMERGING MARKETS FREE			5.4	17.8	12.8	10.6	7.0	13.8	14.7
TOTAL NON-U.S. EQUITY	44.2 bps	\$ 815.1	6.6	14.4	19.1	21.1	15.2	15.9	14.5
TOTAL EQUITY	41.4 bps	\$ 2,313.2	5.7	14.8	23.5	24.4	22.1	17.4	17.7

Louisiana State Employees' Retirement System

LASERS

SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN GROSS OF FEES
(Period Ending June 30, 1997)

	Mgt. Fees	MKT VAL \$ (Million)	Month	YTD	1 Year	2 Years	3 Years	4 Years	5 Years
US FIXED INCOME									
INVESTMENT GRADE									
LOOMIS SAYLES & COMPANY	19.8 bps	\$ 633.7	1.6	3.7	9.6	7.6			
ORLEANS CAPITAL MANAGEMENT	8.4 bps	\$ 305.0	1.3	3.3	8.6	7.0			
LB AGGREGATE			1.2	3.1	8.2	6.6	8.5	6.0	7.1
TOTAL INVESTMENT GRADE	16.1 bps	\$ 938.7	1.5	3.6	9.3	7.4	9.7	7.0	8.0
HIGH YIELD									
W.R. HUFF ASSET MANAGEMENT CO	50.0 bps	\$ 179.8	1.9	5.1	16.8	14.3	15.7		
OFFITBANK	20.0 bps	\$ 160.1	1.4	5.7	14.5	12.3	12.4		
CS FIRST BOSTON HIGH YIELD			1.4	5.9	14.7	12.3	12.4	10.3	11.6
TOTAL HIGH YIELD	35.9 bps	\$ 339.9	1.7	5.4	15.6	13.3	14.0		
MORTGAGE									
TCW	23.2 bps	\$ 245.2	0.5	2.2	7.9	12.4	13.1		
LB MORTGAGE INDEX			1.2	3.9	9.1	7.5	9.0	6.4	6.9
TOTAL MORTGAGE	23.2 bps	\$ 245.2	0.5	2.2	7.9	12.4	14.0		
TOTAL U.S. FIXED INCOME	21.6 bps	\$ 1,523.8	1.4	3.8	10.2	9.6	11.2	6.2	7.3
GLOBAL FIXED INCOME									
PUTNAM COMPANY	27.3 bps	\$ 204.7	0.7	-1.0	5.3	5.2	6.7	3.8	
MORGAN GRENFELL	31.0 bps	\$ 258.9	1.3	-0.2	6.4	4.7	8.4	7.3	
SB WORLD GOVT BOND			1.2	-1.2	3.9	2.1	7.4	6.8	7.6
TOTAL GLOBAL FXD. INC.	25.7 bps	\$ 463.6	1.0	-0.5	5.9	5.0	7.5	5.6	
TOTAL FIXED INCOME	22.6 bps	\$ 1,987.4	1.3	2.7	9.2	8.3	10.2	6.0	7.2
TACTICAL ASSET ALLOCATION									
INVESCO	17.0 bps	\$ 539.8	3.8	14.4	27.2				
50% S&P 500, 50% LB AGGREGATE			2.8	4.7	13.5	14.3	15.9	11.7	11.9
TOTAL TAA	17.0 bps	\$ 539.8	3.8	14.4					
VENTURE CAPITAL									
JOHN HANCOCK MUTUAL LIFE INS	\$ 24.5		0.0	-5.6	68.1	35.3	29.3	19.2	
PATHWAY CAPITAL MANAGEMENT	\$ 18.0		0.0	8.3	12.9	11.6	7.9		
BRINSON PRIVATE MARKETS	\$ 2.4		0.0						
BRINSON VC PERF. INDICATOR			-0.4	12.6	24.1	34.5	29.8	27.7	25.3
TOTAL VENTURE CAPITAL	\$ 44.9		0.0	-0.3	44.5	25.9	21.7	14.0	
Note: Pacific Corp. Advisors receive an annual fee of \$45,000 to monitor John Hancock and Pathway Capital									

Louisiana State Employees' Retirement System

LASERS

SUMMARY OF MANAGER PERFORMANCE RATES OF RETURN GROSS OF FEES (Period Ending June 30, 1997)

	MKT VAL \$ (Million)	Month	YTD	1 Year	2 Years	3 Years	4 Years	5 Years
REAL ESTATE								
EQUITY REAL ESTATE								
EQUITABLE PRIME PROPERTY FUND	\$ 17.5	2.6	7.1	11.1	6.0	6.7	5.7	3.8
HEITMAN REAL ESTATE FUND FIVE	\$ 11.8	0.0	0.1	6.6	6.7	6.4	7.5	7.0
JMB GROUP TRUST FIVE	\$ 12.3	1.1	1.0	0.2	3.0	4.5	4.8	4.9
LEGBDIRFF & BABSON PROPERTY FOUR	\$ 13.3	1.2	4.0	7.6	9.2	7.6	6.2	5.3
METROPOLITAN TOWER FUND	\$ 18.7	6.2	6.2	13.4	11.7	8.2	7.7	6.2
PUBLIC STORAGE INSTITUTIONAL 3	\$ 4.6	0.0	3.5	20.2	15.1	12.3	8.2	6.4
RETAIL PROPERTY TRUST	\$ 8.8	0.0	4.9	6.5	3.4	2.3	2.4	1.0
TCW REALTY FUND SIX	\$ 16.0	2.5	4.9	8.5	8.0	8.9	8.6	7.2
NCREIF CUSTOM PROPERTY		2.6	5.0	10.9	10.1	9.2	7.2	5.8
TOTAL EQUITY REAL ESTATE	\$ 107.0	2.2	4.7	9.1	7.6	7.0	6.5	5.3
DEBT REAL ESTATE								
LOUISIANA HOUSING FIN	\$ 0.8	0.8	5.1	12.6	11.5	11.2	11.1	
SECURITY PACIFIC	\$ 0.8	0.0	-0.1	-7.1	4.1	4.8	6.2	
91 DAY T-BILL		0.4	2.7	5.5	5.6	5.6	5.0	4.7
TOTAL DEBT REAL ESTATE	\$ 2.0	0.4	2.7	3.6	8.2	8.2	8.8	
TOTAL REAL ESTATE	\$ 109.0	2.2	4.6	9.0	7.6	7.1	6.6	5.4
CASH EQUIVALENTS								
HOLDING ACCOUNT	\$ 0.2	0.5	2.7	5.5	5.8	5.3	4.5	
91 DAY T-BILL		0.4	2.7	5.5	5.6	5.6	5.0	4.7
TOTAL CASH EQUIVALENTS	\$ 0.2	0.5	2.7	5.5	5.8	5.3	4.5	
TOTAL PLAN (Sub-Classes)								
TOTAL ACTIVE INVESTMENTS	\$ 4,840.3	3.7	9.5	17.6	16.5	16.3	11.7	12.6
TOTAL PLAN W/O BALANCED	\$ 4,454.5	3.6	8.7	16.6	15.8	15.7	11.2	10.9
TOTAL PLAN*	\$ 4,994.5	3.6	9.3	17.6	16.2	16.0	11.4	11.1

*Total Plan (Assets) is calculated by adding the current holdings @ market value (\$4.822 billion) plus any unsettled assets less any unsettled liabilities (@ cost).

Note: Both the sum and the return of the *Total Debt and Equity Real Estate* headings are inclusive of their individual Cash Equivalent amounts in addition to the sum of their sub-accounts.

	Cash Equivalents	Sum to Sub-Accounts	Total
Real Estate Equity	\$ 4.0	\$ 103.0	\$ 107.0
<u>Real Estate Debt</u>	<u>\$ 0.5</u>	<u>\$ 1.5</u>	<u>\$ 2.0</u>
Total	\$ 4.5	\$ 104.5	\$ 109.0

SCHEDULE OF FEES
For Year Ended June 30, 1997

Investment by Security Type	Assets under Management (in millions)	Annual Fees (in dollars)
Fixed Income Managers		
U.S. Fixed Income	\$ 1,676.3	\$ 3,426,361
Global Fixed Income	432.2	1,474,138
Total Fixed Income	2,108.5	4,900,499
Equity		
U.S. Equity	1,627.9	5,359,600
Global Equity	824.8	3,374,707
Total Equity	2,452.7	8,734,307
Real Estate	104.5	399,590
Venture Capital	44.6	894,495
Consulting Fees	-	215,000
Total	\$ 4,710.3	\$ 15,143,892

Fee schedule represents securities under management. Short-term investments not included.

Louisiana State Employees' Retirement System

SECURITIES HOLDING DETAIL REPORT

June 30 ,1996

SECURITIES	COST (\$)	MARKET VALUE (\$)	% OF MARKET
FIXED INCOME			
Corporate Bonds	556,511,430.12	562,133,630.86	13.44%
Other Bonds	30,915,451.96	30,581,160.34	0.73%
Total Corporate Bonds	587,426,882.08	592,714,791.20	14.17%
Federal Agency Sponsored	144,423,814.87	143,008,558.85	3.42%
CMO'S	164,901,485.67	133,909,123.24	3.20%
Federal Sponsored	218,292,437.15	221,338,945.30	5.29%
U. S. Treasury Notes	425,154,532.30	426,686,514.63	10.20%
U. S. Treasury Bonds	26,911,203.93	26,870,845.20	0.64%
Total Domestic Bonds	1,567,110,356.00	1,544,528,778.42	36.92%
Foreign Corp Bonds	29,935,653.31	29,850,936.22	0.71%
Foreign Corp Yankee Bonds	56,943,197.50	58,361,489.72	1.40%
Foreign Govt Bonds	351,864,981.95	357,848,046.46	8.56%
Foreign Govt Yankee Bonds	6,397,411.84	6,289,323.15	0.15%
Total International Bonds	445,141,244.60	452,349,795.55	10.81%
TOTAL FIXED INCOME	2,012,251,600.60	1,996,878,573.97	47.74%
EQUITY			
Common Stock-Domestic	921,483,675.88	1,152,037,340.05	27.54%
Stock Warrants & Rights	30,000.00	4,875.00	0.00%
Total Domestic Stock	921,513,675.88	1,152,042,215.05	27.54%
Common Stock-ADR	24,989,620.96	33,064,495.00	0.79%
Common Stock -Foreign	491,329,661.16	649,640,772.85	15.53%
Preferred Stock -Foreign	0.00	325,031.50	0.01%
Total International Stock	516,319,282.12	683,030,299.35	16.33%
TOTAL EQUITY	1,437,832,958.00	1,835,072,514.40	43.87%
ALTERNATIVE INVESTMENT			
Real Estate Debt Securities	1,775,899.34	2,250,447.20	0.05%
Real Estate Investment Pool	98,215,283.44	105,918,896.36	2.53%
Venture Capital	24,229,554.92	24,868,591.66	0.59%
TOTAL ALTERNATIVE	124,220,737.70	133,037,935.22	3.18%
TOTAL SECURITIES	3,574,305,296.30	3,964,989,023.59	94.79%
Short-term Investments	217,946,849.54	217,913,818.00	5.21%
GRAND TOTAL INVESTMENTS	3,792,252,145.84	4,182,902,841.59	100.00%

Louisiana State Employees' Retirement System

SECURITIES HOLDING DETAIL REPORT

June 30 ,1997

SECURITIES	COST (\$)	MARKET VALUE (\$)	% OF MARKET
FIXED INCOME			
Corporate Bonds	735,216,959.43	756,787,609.96	15.69%
Other Bonds	45,695,727.02	46,353,912.38	0.96%
Total Corporate Bonds	780,912,686.45	803,141,522.34	16.65%
Federal Agency Sponsore CMO'S	167,201,374.70	167,927,331.41	3.48%
Federal Sponsored	170,950,579.35	148,911,621.42	3.09%
U. S. Treasury Notes	177,428,362.34	178,339,883.69	3.70%
U. S. Treasury Bonds	346,536,856.57	347,819,218.68	7.21%
Total Domestic Bonds	1,672,921,051.91	1,676,335,599.24	34.76%
Foreign Corp Bonds	26,861,232.55	29,142,303.29	0.60%
Foreign Corp Yankee Bon	81,911,839.95	86,463,412.56	1.79%
Foreign Govt Bonds	297,255,971.01	290,777,171.04	6.03%
Foreign Govt Yankee Bon	25,710,962.40	25,803,467.20	0.54%
Total International Bonds	431,740,005.91	432,186,354.09	8.96%
TOTAL FIXED INCOME	2,104,661,057.82	2,108,521,953.33	43.72%
EQUITY			
Common Stock-Domestic	1,197,407,106.84	1,627,783,201.70	33.76%
Stock Warrants & Rights	6,531.25	87,324.31	0.00%
Total Domestic Stock	1,197,413,638.09	1,627,870,526.01	33.76%
Common Stock-ADR	47,597,644.85	63,100,253.75	1.31%
Common Stock -Foreign	584,928,635.97	761,317,732.75	15.79%
Preferred Stock -Foreign	0.00	378,575.54	0.01%
Total International Stock	632,526,280.82	824,796,562.04	17.10%
TOTAL EQUITY	1,829,939,918.91	2,452,667,088.05	50.86%
ALTERNATIVE INVESTMENT			
Real Estate Debt Securitie	886,677.70	1,515,547.02	0.03%
Real Estate Investment Po	93,372,040.65	102,995,971.60	2.14%
Venture Capital	40,315,132.58	44,591,379.80	0.92%
TOTAL ALTERNATIVE	134,573,850.93	149,102,898.42	3.09%
TOTAL SECURITIES	4,069,174,827.66	4,710,291,939.80	97.68%
Short-term Investments	112,355,390.16	111,947,386.42	2.32%
GRAND TOTAL INVESTMENTS	4,181,530,217.82	4,822,239,326.22	100.00%

Louisiana State Employees' Retirement System

Detailed Listing of Investments as of June 30, 1997

Corporate Bonds - Domestic

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
360 COMMUNICATIONS	7.500	06/03/01	13,000,000		13,070,349.86	12,968,280.00
ADELPHIA COMMUNICATIONS CORP	12.500	02/05/15	2,555,000		2,531,921.29	2,708,300.00
ADELPHIA COMMUNICATIONS CORP	11.875	04/09/15	500,000		467,633.96	527,500.00
ADELPHIA COMMUNICATIONS CORP	9.875	05/03/01	2,065,000		1,739,269.99	2,023,700.00
ADELPHIA COMMUNICATIONS CORP	10.250	00/07/15	500,000		465,482.58	502,500.00
ADELPHIA COMMUNICATIONS CORP	9.875	07/03/01	1,000,000		966,250.00	960,000.00
AETNA SVCS INC	7.625	26/08/15	14,200,000		14,070,593.71	14,140,360.00
AGRICULTURE MINERALS + CHEMS	10.750	03/09/30	2,400,000		2,436,990.71	2,598,000.00
AK STL CORP	9.125	06/12/15	1,200,000		1,196,098.60	1,224,000.00
ALABAMA PWR CO	9.000	24/12/01	2,000,000		2,184,519.61	2,139,940.00
ALLEGHENY LUDLUM CORP	6.950	25/12/15	8,750,000		8,615,217.27	8,015,087.50
ALLIED WASTE NORTH AMER INC	10.250	06/12/01	1,000,000		1,000,000.00	1,065,000.00
AMERCO MED TERM NTS BOOK ENTRY	7.490	01/09/18	3,700,000		3,697,264.42	3,739,368.00
AMERICAN COMMUNICATIONS SVCS	1.000	05/11/01	3,000,000		1,621,580.07	1,800,000.00
AMERICAN STD INC	10.500	05/06/01	1,600,000		1,275,982.86	1,572,000.00
AMERICO LIFE INC	9.250	05/06/01	1,000,000		930,039.66	1,008,000.00
AMRESKO INC	10.000	04/03/15	1,000,000		997,358.00	1,015,000.00
APP FIN II MAURITIUS LTD	12.000	49/12/29	1,000,000		1,000,000.00	1,020,000.00
APPLE SOUTH INC	9.750	06/06/01	12,000,000		11,926,144.13	12,360,000.00
ARMCO INC	9.375	00/11/01	1,500,000		1,438,985.97	1,507,500.00
ASSOCIATES CORP NORTH AMER	6.750	99/10/15	5,000,000		5,097,887.89	5,038,750.00
ASSOCIATES CORP NORTH AMER	6.625	05/06/15	5,000,000		4,995,916.90	4,859,100.00
ATLANTIC RICHFIELD CO	10.875	05/07/15	7,700,000		9,778,427.98	9,502,570.00
BELL + HOWELL OPER CO30	9.250	00/07/15	1,000,000		953,563.40	1,031,250.00
BETHLEHEM STL CORP	10.375	03/09/01	1,250,000		1,240,491.40	1,300,000.00
BEVERLY ENTERPRISES	9.000	06/02/15	1,500,000		1,430,615.98	1,543,125.00
BOISE CASCADE CORP	7.350	16/02/01	1,750,000		1,669,272.50	1,644,247.50
BORDEN CHEMS + PLASTICS OPER	9.500	05/05/01	1,500,000		1,505,618.33	1,578,750.00
BRASCAN LTD	7.375	02/10/01	7,445,000		7,369,132.22	7,493,392.50
BRIGGS + STRATTON CORP	7.250	07/09/15	1,500,000		1,489,596.26	1,510,185.00
BROWNING FERRIS INDS INC	7.400	35/09/15	2,000,000		2,064,570.27	1,933,200.00
BRUNOS INC	10.500	05/08/01	4,675,000		4,685,783.44	4,710,062.50
CABLEVISION SYS CORP	9.875	13/02/15	460,000		446,887.36	476,100.00
CABLEVISION SYS CORP	9.875	23/04/01	2,000,000		1,886,710.16	2,060,000.00
CABLEVISION SYS CORP	9.250	05/11/01	1,750,000		1,719,733.53	1,802,500.00
CALIFORNIA ENERGY INC	10.250	04/01/15	1,000,000		973,036.09	1,075,200.00
CAMDEN PPTY TR	6.625	01/02/15	5,000,000		4,899,977.94	4,893,850.00
CAMDEN PPTY TR	7.000	06/11/15	2,600,000		2,539,226.42	2,537,730.00
CCPR SVCS INC	10.000	07/02/01	1,000,000		1,000,000.00	1,003,200.00
CELLULAR COMMUNICATIONS INTL	0.010	00/08/15	1,000,000		646,593.36	775,000.00
CENTENNIAL CELLULAR CORP	8.875	01/11/01	2,000,000		1,890,655.25	1,990,000.00
CENTURY COMMUNICATIONS CORP	9.750	02/02/15	1,500,000		1,466,987.42	1,563,750.00
CENTURY COMMUNICATIONS CORP	9.500	05/03/01	1,755,000		1,767,502.06	1,798,875.00
CENTURY TEL ENTERPRISES INC	6.550	05/12/01	2,000,000		1,998,833.42	1,926,600.00
CHEVRON CORP PROFIT SHARING/	8.110	04/12/01	2,000,000		2,000,000.00	2,093,960.00
CHIQUITA BRANDS INTL INC	9.125	04/03/01	1,500,000		1,462,868.19	1,530,000.00
CITICORP MEDIUM TERM SUB NTS	7.000	07/07/01	5,000,000		4,972,950.00	4,971,400.00

Louisiana State Employees' Retirement System

Detailed Listing of Investments as of June 30, 1997

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
CLARK OIL + REFNG CORP DEL	10.500	01/12/01	1,500,000		1,536,436.49	1,545,000.00
CLARK OIL + REFNG CORP DEL	9.500	04/09/15	1,000,000		1,016,147.61	1,025,000.00
COCA COLA CO	7.875	98/09/15	2,000,000		1,998,817.78	2,039,860.00
COLONIAL REALTY LTD PARTNSHP	7.050	03/12/15	3,600,000		3,600,000.00	3,561,624.00
COLUMBIA HCA HEALTHCARE CORP	7.000	07/07/01	4,000,000		3,978,800.00	3,958,000.00
COLUMBIA HEALTHCARE CORP	7.500	23/12/15	1,000,000		1,029,165.43	987,470.00
COMCAST CELLULAR HLDGS INC	9.500	07/05/01	4,600,000		4,620,738.54	4,623,000.00
COMCAST CORP	10.625	12/07/15	3,000,000		3,028,163.78	3,540,000.00
COMCAST CORP	9.375	05/05/15	1,250,000		1,262,453.53	1,312,500.00
COMCAST UK CABLE PARTNERS LTD	1.000	07/11/15	100,000		62,213.50	75,000.00
COMINCO LTD	6.875	06/02/15	3,000,000		2,914,967.72	2,853,720.00
COMMONWEALTH EDISON CO	9.875	20/06/15	3,000,000		3,075,338.94	3,351,840.00
CONSOLIDATED NAT GAS CO	5.875	98/10/01	5,000,000		4,972,717.15	4,976,350.00
CONTAINER CORP AMER	11.250	04/05/01	2,000,000		2,032,468.74	2,160,000.00
CONTAINER CORP AMER	10.750	02/05/01	2,575,000		2,593,209.42	2,781,000.00
CONTINENTAL CABLEVISION INC	9.000	08/09/01	2,840,000		2,623,705.21	3,174,892.80
CONTINENTAL CABLEVISION INC	9.500	13/08/01	530,000		487,163.27	599,689.70
COX COMMUNICATIONS INC NEW	6.875	05/06/15	4,700,000		4,599,102.49	4,611,640.00
CROWN CENT PETE CORP	10.875	05/02/01	1,000,000		997,812.53	1,045,000.00
CROWN PAPER CO	11.000	05/09/01	1,000,000		1,000,000.00	995,000.00
CSN IRON S A	9.125	07/06/01	1,000,000		995,500.00	973,750.00
CTC MANSFIELD FDG CORP	10.250	03/03/30	1,233,000		1,206,438.06	1,241,803.62
DEAN WITTER DISCOVER + CO	6.750	13/10/15	3,000,000		2,824,802.69	2,787,300.00
DEAN WITTER DISCOVER + CO	6.750	16/01/01	2,000,000		2,000,000.00	1,841,860.00
DEVELOPERS DIVERSIFIED RLTY CP	7.625	00/05/15	2,500,000		2,503,157.07	2,513,900.00
DI INDS INC	8.875	07/07/01	1,000,000		995,080.00	985,000.00
DIAL CALL COMMUNICATIONS INC	12.250	04/04/15	3,000,000		1,401,435.10	2,475,000.00
DIAMOND CABLE COMMUNICATIONS	1.000	07/02/15	700,000		424,331.37	414,750.00
DIGITAL EQUIP CORP	7.750	23/04/01	5,075,000		4,283,126.66	4,577,447.00
DILLARD DEPT STORES INC	7.150	02/09/01	4,000,000		4,035,396.89	4,055,000.00
DOMINION TEXTILE USA	9.250	06/04/01	1,000,000		1,018,016.20	1,030,000.00
DOMINION TEXTILE USA INC	8.875	03/11/01	1,000,000		943,584.39	1,010,000.00
DONOHUE FST PRODS INC	7.625	07/05/15	1,250,000		1,246,637.50	1,264,375.00
DUKE PWR CO	7.000	05/09/01	2,000,000		2,017,439.44	1,980,380.00
DUKE PWR CO MTN BK ENT	5.780	99/07/08	2,000,000		1,964,223.80	1,971,860.00
EASTMAN CHEM CO	7.250	24/01/15	3,000,000		3,051,627.82	2,864,370.00
ESSEX GROUP INC	10.000	03/05/01	1,000,000		1,032,639.75	1,052,500.00
EXIDE CORP	10.750	02/12/15	1,600,000		1,667,685.50	1,680,000.00
FEDERAL MOGUL CORP	8.800	07/04/15	1,000,000		996,970.00	1,046,230.00
FERRELLGAS PARTNERS L P	9.375	06/06/15	1,500,000		1,489,502.99	1,548,750.00
FORD MTR CO DEL	7.125	25/11/15	13,000,000		12,569,833.74	12,269,140.00
FORD MTR CR CO	7.500	03/01/15	5,000,000		5,179,130.83	5,133,050.00
FORD MTR CR CO	6.250	00/11/08	2,180,000		2,192,303.09	2,154,406.80
FORT HOWARD CORP	9.250	01/03/15	2,000,000		1,931,994.14	2,130,000.00
FORT HOWARD CORP	10.000	03/03/15	1,500,000		1,415,814.23	1,616,250.00
FORT HOWARD CORP	9.000	06/02/01	5,555,000		5,065,983.36	5,860,525.00
FREEMONT MCMORANRESURCE LP	8.750	04/02/15	1,000,000		910,989.69	1,017,500.00
FRUIT OF THE LOOM INC	7.375	23/11/15	6,000,000		5,632,380.58	5,540,400.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
GAYLORD CONTAINER CORP	11.500	01/05/15	1,000,000		1,018,305.09	1,051,250.00
GAYLORD CONTAINER CORP	9.750	07/06/15	1,000,000		998,500.00	997,500.00
GENERAL MTRS ACCEP CORP	6.875	01/07/15	1,000,000		990,537.15	1,004,010.00
GENERAL MTRS ACCEP CORPMTN	6.100	00/12/06	1,000,000		996,757.15	982,180.00
GENERAL MTRS CORP	7.000	03/06/15	2,000,000		2,028,983.39	2,006,020.00
GEORGIA PAC CORP	7.375	25/12/01	3,625,000		3,463,143.92	3,440,596.25
GIANT INDS INC	9.750	03/11/15	1,000,000		934,115.11	1,020,000.00
GRANITE BROADCASTING CORP	9.375	05/12/01	1,000,000		967,757.89	950,000.00
GTE CALIF INC	5.625	01/02/01	2,000,000		1,937,241.32	1,929,780.00
H M H PPTYS INC	9.500	05/05/15	2,000,000		1,967,303.93	2,080,000.00
HAMMONS JOHN Q HOTELS L P	9.750	05/10/01	2,000,000		2,025,090.65	2,097,500.00
HARRIS CHEM NORTH AMER INC	10.750	03/10/15	4,555,000		4,205,840.37	4,691,650.00
HARRIS CHEM NORTH ANER INC	10.250	01/07/15	1,475,000		1,293,832.52	1,534,000.00
HAYES WHEELS INTL INC DEL	9.125	07/07/15	1,200,000		1,200,000.00	1,197,000.00
HERITAGE MEDIA CORP	8.750	06/02/15	1,000,000		946,708.44	1,025,000.00
HERTZ CORP	6.700	02/06/15	3,000,000		3,012,095.45	2,974,500.00
HOLLINGER INTL PUBG INC	8.625	05/03/15	1,250,000		1,243,750.00	1,265,625.00
HONEYWELL INC	7.000	07/03/15	2,000,000		1,984,447.00	1,996,040.00
HOST MARRIOTT TRAVEL PLAZAS IN	9.500	05/05/15	1,500,000		1,452,441.76	1,571,250.00
HOUSEHOLD FIN CORP	6.875	07/03/01	3,000,000		2,981,664.54	2,915,010.00
ICG HLDGS INC	1.000	05/09/15	4,595,000		3,086,567.44	3,354,350.00
ICG HLDGS INC	12.500	03/05/01	7,000,000		4,200,398.54	4,690,000.00
ICG HLDGS INC	11.625	07/03/15	4,700,000		4,171,498.56	2,820,000.00
INTEGRATED HEALTH SVCS INC	9.500	07/09/15	700,000		700,000.00	715,750.00
INTERCEL INC	1.000	06/02/01	10,000,000		6,017,032.45	6,137,000.00
INTERCEL INC	1.000	06/05/01	7,750,000		4,527,209.35	4,863,125.00
INTERCEL INC	11.125	07/06/01	500,000		500,000.00	505,000.00
INTERNATIONAL BUSINESS MACHS	6.375	00/06/15	5,000,000		4,992,634.47	4,983,750.00
INTERNATIONAL CABELTEL INC	1.000	03/10/15	1,250,000		791,752.87	1,062,500.00
INTERNATIONAL CABLETEL INC	11.500	06/02/01	13,050,000		7,882,946.03	9,069,750.00
INTERNATIONAL CABLETRON	10.000	07/02/15	1,600,000		1,600,000.00	1,648,000.00
ISP HOLDINGS INC	9.000	03/10/15	1,500,000		1,506,805.27	1,545,000.00
ITT CORP NEW	7.750	25/11/15	2,000,000		1,845,963.01	1,829,920.00
JONES INTERCABLE INC	10.500	08/03/01	2,000,000		2,160,506.59	2,190,000.00
KAISER ALUM + CHEM CORP	9.875	02/02/15	1,500,000		1,491,693.39	1,537,500.00
LA QUINTA INNS INC	7.400	05/09/15	800,000		779,407.07	789,824.00
LA QUINTA INNS INC	7.250	04/03/15	6,125,000		5,896,352.46	5,965,688.75
LA QUINTA INNS INC	7.270	07/02/26	2,200,000		2,173,349.02	2,163,810.00
LAMAR ADVERTISING CO	9.625	06/12/01	1,000,000		987,781.01	1,025,000.00
LEHMAN BROS INC	7.625	06/06/01	7,250,000		7,222,760.93	7,360,707.50
LEHMAN BROTHERS HLDGS INC	7.250	03/10/15	2,000,000		1,993,070.75	2,009,360.00
LEHMAN BROTHERS HLDGS INC	6.125	01/02/01	3,000,000		2,993,790.73	2,942,460.00
LENFEST COMMUNICATIONS INC	8.375	05/11/01	2,000,000		1,832,434.02	1,970,000.00
LOEWS CORP	7.000	23/10/15	10,000,000		8,614,358.15	8,977,300.00
MAGELLAN HEALTH SVCS INC	11.250	04/04/15	4,250,000		4,242,229.38	4,738,750.00
MARCUS CABLE OPER CO L P	13.500	04/08/01	1,800,000		1,567,500.00	1,566,000.00
MAXUS ENERGY CORP	9.875	02/10/15	1,050,000		1,008,021.80	1,106,385.00
MAXUS ENERGY CORP	9.375	03/11/01	1,650,000		1,458,702.74	1,773,750.00

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MCDERMOTT INC MTN BK ENT	8.750	23/05/19	1,025,000		958,237.85	1,035,557.50
MCDERMOTT J RAY S A	9.375	06/07/15	1,500,000		1,466,901.34	1,522,500.00
MCI COMMUNICATIONS CORP	8.250	23/01/20	5,000,000		4,731,629.57	5,217,400.00
MEAD CORP	7.125	25/08/01	1,000,000		890,061.83	922,390.00
MERRILL LYNCH + CO INC	7.000	07/01/15	3,500,000		3,474,429.62	3,476,760.00
MFS COMMUNICATION	1.000	04/01/15	930,000		615,758.57	865,644.00
MID AMERN WASTE SYS INC	9.230	02/05/01	1,096,298		1,006,634.72	1,140,149.49
MID AMERN WASTE SYS INC	12.250	03/02/15	1,600,000		1,632,066.50	916,000.00
MISSISSIPPI PWR + LT CO	8.650	23/01/15	3,000,000		3,074,642.51	2,938,650.00
MOBILE ENERGY SVCS CO L L C	8.665	17/01/01	1,733,631		1,733,631.18	1,759,306.26
MONONGAHELA PWR CO	8.500	12/02/06	2,000,000		2,068,078.86	2,038,220.00
NABISCO INC	6.850	05/06/15	1,000,000		998,410.77	978,530.00
NATIONAL RE CORP	8.850	05/01/15	3,000,000		2,996,557.30	3,309,750.00
NATIONSBANK CORP	7.250	25/10/15	3,000,000		2,900,373.61	2,874,690.00
NATIONSBANK CORP	6.500	06/03/15	13,600,000		12,854,967.50	13,095,304.00
NATIONSBANK CORP MTN	5.800	01/01/31	1,000,000		960,284.41	969,650.00
NAVISTAR FINL CORP	8.875	98/11/15	1,500,000		1,479,592.02	1,526,250.00
NEWPORT NEWS SHIPBUILDING INC	8.625	06/12/01	1,200,000		1,200,000.00	1,242,000.00
NEWS AMER HLDGS INC	7.750	24/02/01	1,400,000		1,253,534.02	1,324,876.00
NEXTEL COMMUNICATIONS INC	1.000	04/08/15	2,300,000		1,772,930.21	1,759,500.00
NORTEK INC	9.250	07/03/15	1,500,000		1,491,362.77	1,510,500.00
NORTHERN STS PWR CO WI	7.375	26/12/01	3,000,000		2,920,674.06	2,890,380.00
NORTHWESTERN STL + WIRE CO	9.500	01/06/15	750,000		721,857.97	675,000.00
NUEVO ENERGY CO	9.500	06/04/15	800,000		800,000.00	832,000.00
OASIS RESIDENTIAL INC	7.250	06/11/15	1,100,000		1,097,759.69	1,092,036.00
OKLAHOMA GAS + ELEC CO	7.300	25/10/15	2,000,000		1,984,745.65	1,879,660.00
OLYMPUS COMMUNICATIONS LP	10.625	06/11/15	2,000,000		2,000,000.00	2,199,820.00
OMNIPOINT CORP	11.625	06/08/15	3,000,000		3,126,347.86	2,910,000.00
ONEOK INC	9.750	20/12/01	3,000,000		3,086,422.88	3,314,940.00
OUTDOOR SYS INC	8.875	07/06/15	4,100,000		4,062,204.00	3,982,125.00
OVERSEAS SHIPHOLDING GROUP INC	8.000	03/12/01	2,500,000		2,508,387.05	2,522,525.00
OWENS ILL INC	10.000	02/08/01	1,500,000		1,497,175.56	1,586,250.00
OWENS ILL INC	9.950	04/10/15	1,200,000		1,266,230.71	1,269,000.00
OWENS ILL INC	7.850	04/05/15	1,000,000		998,780.00	1,015,590.00
PACIFIC BELL	7.500	33/02/01	2,000,000		2,017,112.77	1,928,200.00
PAGING NETWORK INC	8.875	06/02/01	2,550,000		2,318,354.44	2,320,500.00
PAGING NETWORK INC	10.125	07/08/01	4,000,000		4,050,467.24	3,880,000.00
PAINE WEBBER GROUP INC	7.625	14/02/15	2,000,000		1,872,306.49	1,948,060.00
PARKER DRILLING CO	9.750	06/11/15	1,500,000		1,488,904.51	1,576,875.00
PENNSYLVANIA PWR + LT CO	7.875	23/02/01	3,000,000		3,033,249.34	2,921,580.00
PETROLEUM GOE SVCS A/S	7.500	07/03/31	2,000,000		1,986,578.83	2,015,180.00
PETROLEUM HEAT + PWR INC	10.125	03/04/01	1,000,000		1,011,849.83	1,015,000.00
PHILIP MORRIS COS INC	6.375	06/02/01	16,500,000		15,763,184.96	15,602,070.00
PHILIP MORRIS COS INC	7.750	27/01/15	11,050,000		10,879,940.62	10,836,072.00
PRESIDENTIAL LIFE CORP	9.500	00/12/15	1,000,000		975,194.65	1,050,000.00
PRIDE PETE SVCS INC	9.375	07/05/01	800,000		800,000.00	836,000.00
PRIME HOSPITALITY CORP	9.250	06/01/15	1,600,000		1,602,292.51	1,660,000.00
PRIME HOSPITALITY CORP	9.750	07/04/01	1,000,000		1,000,000.00	1,045,000.00

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PROGRESSIVE CORP OHIO	7.000	13/10/01	5,500,000		4,564,065.14	5,218,565.00
PULTE CORP	7.000	03/12/15	1,900,000		1,894,226.77	1,862,760.00
QWEST COMMUNICATIONS INTL INC	10.875	07/04/01	1,500,000		1,610,975.35	1,627,500.00
RALPHS GROCERY CO	11.000	05/06/15	11,255,000		11,166,514.25	12,169,468.75
RALSTON PURINA CO	7.750	15/10/01	2,000,000		2,079,754.41	2,027,600.00
RELIANCE GROUP HLDGS INC	9.000	00/11/15	1,500,000		1,418,113.58	1,560,000.00
REPAP NEW BRUNSWICK INC	9.125	00/07/15	1,000,000		989,066.84	990,000.00
REPAP WIS INC	9.250	02/02/01	1,250,000		1,158,641.78	1,262,500.00
REVLON CONSUMER PRODS CORP	10.875	10/07/15	1,500,000		1,459,633.59	1,533,750.00
REVLON CONSUMER PRODS CORP	9.375	01/04/01	1,000,000		1,019,465.79	1,030,000.00
RJR NABISCO INC	9.250	13/08/15	20,000,000		18,309,746.97	20,537,400.00
ROGERS CABLESYSTEMS LTD	9.625	02/08/01	1,000,000		981,069.32	1,055,000.00
ROUSE CO MTN BK ENTRY	8.430	05/04/27	1,900,000		1,920,324.39	2,041,607.00
RUSSIAN WI PO	1.000	20/12/15	3,858,000		2,502,877.50	2,565,570.00
SEAGATE TECHNOLOGY	7.370	07/03/01	2,000,000		1,966,966.76	2,008,420.00
SEAGATE TECHNOLOGY	7.450	37/03/01	2,000,000		2,000,000.00	2,009,520.00
SEAGATE TECHNOLOGY	7.875	17/03/01	3,500,000		3,494,750.00	3,498,075.00
SEALY CORP	10.250	03/05/01	1,500,000		1,500,658.31	1,575,000.00
SEARS ROEBUCK ACCEP CORP	6.125	06/01/15	2,000,000		1,905,759.66	1,880,800.00
SECURITY CAP INDL TR	7.950	08/05/15	3,000,000		2,995,274.76	3,115,320.00
SEQUA CORP	8.750	01/12/15	1,600,000		1,506,616.67	1,608,000.00
SFX BROADCASTING INC	10.750	06/05/15	1,000,000		1,051,595.11	1,080,000.00
SHERWIN WILLIAMS CO	6.500	02/02/01	2,000,000		1,998,949.30	1,983,020.00
SINCLAIR BROADCAST GROUP INC	10.000	05/09/30	1,000,000		1,000,000.00	1,030,000.00
SOUTHDOWN INC	10.000	06/03/01	1,000,000		1,000,000.00	1,087,500.00
SOUTHERN IND GAS + ELEC CO	7.600	23/04/01	3,000,000		3,112,222.29	2,969,400.00
STATER BROS HLDGS INC	11.000	01/03/01	1,000,000		1,077,167.32	1,081,250.00
STATION CASINOS INC	9.625	03/06/01	1,500,000		1,490,695.86	1,485,000.00
STEWART ENTERPRISES INC	6.700	03/12/01	1,000,000		1,000,000.00	977,010.00
STONE CONTAINER CORP	12.625	98/07/15	525,000		548,444.44	551,906.25
STONE CONTAINER CORP	9.875	01/02/01	3,900,000		3,726,014.42	3,880,500.00
STONE CONTAINER CORP	10.750	02/10/01	6,130,000		6,172,243.17	6,375,200.00
STONE CONTAINER CORP	11.500	04/10/01	1,790,000		1,825,279.47	1,879,500.00
STONE CONTAINER FIN CO CDA	11.500	06/08/15	1,500,000		1,500,000.00	1,564,800.00
SUN INTL LTD	9.000	07/03/15	1,400,000		1,393,602.11	1,426,250.00
SYNDER OIL CORP	8.750	07/06/15	1,000,000		991,819.17	1,002,500.00
SYSTEM ENERGY RES INC	7.710	01/08/01	6,500,000		6,598,473.99	6,624,215.00
SYSTEM ENERGY RES INC	7.800	00/08/01	7,000,000		7,000,000.00	7,042,280.00
TCI COMMUNICATIONS INC	6.875	06/02/15	2,000,000		1,861,590.70	1,891,660.00
TELE COMMUNICATIONS INC	7.250	05/08/01	7,000,000		6,386,376.43	6,788,300.00
TELE COMMUNICATIONS INC	7.875	13/08/01	10,000,000		9,121,036.40	9,763,500.00
TELEPORT COMMUNICATIONS GROUP	9.875	06/07/01	1,000,000		1,000,000.00	1,065,000.00
TELEPORT COMMUNICATIONS GROUP	1.000	07/07/01	7,500,000		4,962,086.66	5,409,375.00
TENET HEALTHCARE CORP	8.625	03/12/01	1,800,000		1,916,880.01	1,863,000.00
TENET HEALTHCARE CORP	8.000	05/01/15	1,000,000		993,821.99	1,002,500.00
TENET HEALTHCARE CORP	8.625	07/01/15	1,600,000		1,597,615.06	1,632,000.00
TERRA INDS	10.500	05/06/15	1,000,000		1,000,000.00	1,085,000.00
TEXACO CAP INC	6.875	23/08/15	7,700,000		7,008,730.44	6,988,674.00

Louisiana State Employees' Retirement System

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
TEXAS UTILS ELEC CO	8.750	23/11/01	3,500,000		3,385,474.55	3,694,425.00
TIME WARNER ENTMT CO L P	8.375	23/03/15	7,000,000		7,047,475.70	7,188,930.00
TIME WARNER ENTMT CO L P	7.250	08/09/01	12,000,000		10,429,608.33	11,846,520.00
TIME WARNER INC	7.450	98/02/01	2,000,000		2,012,365.46	2,011,920.00
TIME WARNER INC	7.480	08/01/15	2,000,000		1,964,271.68	1,988,940.00
TLC BEATRICE INTL HLDGS INC	11.500	05/10/01	1,000,000		1,000,000.00	1,130,000.00
TRACOR INC NEW	8.500	07/03/01	1,000,000		963,012.31	1,000,000.00
TRANSAMERICAN ENERGY CORP	11.500	02/06/15	800,000		800,000.00	776,000.00
TRANSOCEAN OFFSHORE INC	8.000	27/04/15	2,000,000		1,991,980.00	2,067,220.00
TRUMP ATLANTIC CITY ASSOCS	11.250	06/05/01	1,750,000		1,725,839.64	1,710,625.00
U S AIR INC	10.330	02/06/27	892,000		898,265.27	932,470.04
UCC INVS HLDG INC	10.500	02/05/01	4,050,000		4,074,708.86	4,404,375.00
UCC INVS HLDG INC	11.000	03/05/01	3,010,000		3,051,590.15	3,235,750.00
UNC INC	9.125	03/07/15	1,250,000		1,168,374.50	1,310,937.50
UNION CAMP CORP	9.250	21/08/15	5,000,000		5,131,157.26	5,441,900.00
UNION ELEC CO	8.250	22/10/15	1,000,000		1,010,978.03	1,031,550.00
UNION PAC CORP	7.000	16/02/01	3,000,000		2,986,905.02	2,813,610.00
UNIROYAL CHEM INC	9.000	00/09/01	450,000		423,455.98	457,875.00
UNISYS CORP	10.625	99/10/01	1,000,000		998,753.41	1,030,000.00
UNISYS CORP	11.750	04/10/15	1,000,000		1,000,000.00	1,092,500.00
UNIVERSAL OUTDOOR INC	9.750	06/10/15	1,000,000		993,916.66	1,035,000.00
US WEST CAP FDG INC	7.900	27/02/01	2,000,000		1,978,454.25	2,020,400.00
US WEST COMMUNICATION	8.875	31/06/01	4,000,000		4,218,777.76	4,267,280.00
VANGUARD CELLULAR SYS INC	9.375	06/04/15	1,250,000		1,238,612.43	1,262,500.00
VIACOM INC	8.000	06/07/07	2,200,000		2,010,245.95	2,134,000.00
WAL MART STORES INC	7.500	04/05/15	2,000,000		2,093,810.37	2,066,980.00
WARNER LAMBERT CO	6.625	02/09/15	4,000,000		3,970,913.98	3,990,560.00
WELLSFORD RESIDENTIAL PPTY TR	7.750	05/08/15	900,000		890,408.88	920,304.00
WESTERN WIRELESS CORP	10.500	06/06/01	2,700,000		2,712,110.53	2,787,750.00
WESTERN WIRELESS CORP	10.500	07/02/01	5,085,000		5,107,243.56	5,282,043.75
WESTPOINT STEVENS INC	8.750	01/12/15	1,250,000		1,189,478.53	1,287,500.00
WESTPOINT STEVENS INC	9.375	05/12/15	1,000,000		1,025,701.50	1,045,000.00
WHEELING PITTSBURGH CORP	9.375	03/11/15	1,000,000		920,189.49	960,000.00
WILLIAMS SCOTSMAN INC	9.875	07/06/01	1,500,000		1,502,137.47	1,515,000.00
WORLD COLOR PRESS INC	9.125	03/03/15	1,250,000		1,188,239.77	1,275,000.00
Total Corporate Bonds			775,797,929		735,216,959.43	756,787,609.96
Other Bonds						
BURLINGTON NORTHN RR CO	6.940	14/01/02	4,918,490		4,918,489.96	4,866,304.78
CITIBANK CR CARD MASTER TR I	6.839	04/02/15	5,000,000		5,007,545.48	4,989,050.00
COMPUTERVISION CORP	8.000	09/12/01	1,000,000		867,087.11	692,500.00
GREEN TREE FINL CORP	8.000	26/05/15	4,000,000		3,988,124.25	4,150,000.00
GREEN TREE FINL CORP	6.650	25/08/15	2,000,000		1,995,544.72	2,009,360.00
INTERCEL INC	1.000	06/02/01	300,000		1,488,550.28	1,942,500.00
K MART CORP PASS THRU TR	9.780	20/01/05	5,000,000		5,021,002.97	5,000,000.00
K MART CORP PASS THRU TR	8.540	15/01/02	1,970,750		1,970,750.40	1,911,627.89
NORTHWEST AIRLS PASSTHRU TR	7.670	15/01/02	12,154,088		12,171,567.38	12,299,936.57
ROCKEFELLER CTR PPTY INC	0.010	00/12/31	935,000		633,462.50	638,137.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
SOUTHERN PAC TRANSN CO	7.280	15/04/30	1,500,000		1,500,000.00	1,481,580.00
SOUTHWEST AIRLS CO	7.220	13/07/01	1,500,000		1,500,000.00	1,485,315.00
SOUTHWEST AIRLS CO	7.670	07/09/18	3,978,306		3,978,305.62	4,113,568.01
USAIR 1990 A PASS THRU TRS	11.200	05/03/19	719,007		655,296.35	774,032.63
Total Other Bonds			44,975,641		45,695,727.02	46,353,912.38

Federal Agency Sponsored

GNMA POOL 001885	8.500	24/10/20	924,028		923,316.70	957,524.38
GNMA POOL 008595	7.000	25/02/20	8,979,326		9,009,597.21	9,181,360.85
GNMA POOL 008597	6.500	25/02/20	9,467,579		9,512,790.16	9,680,599.78
GNMA POOL 008607	7.000	25/03/20	10,283,157		10,337,641.93	10,514,527.96
GNMA POOL 301562	7.500	22/10/15	3,208,783		3,257,538.57	3,235,832.67
GNMA POOL 302464	9.000	21/02/15	11,890		12,712.21	12,707.24
GNMA POOL 304555	9.000	21/06/15	293,071		302,955.54	313,216.87
GNMA POOL 316057	8.500	22/01/15	4,198,304		4,144,877.48	4,393,776.59
GNMA POOL 320939	7.500	22/04/15	2,647,890		2,660,773.29	2,670,212.12
GNMA POOL 331468	7.500	22/10/15	3,496,907		3,508,080.76	3,526,385.63
GNMA POOL 345645	8.000	24/03/15	5,268,587		5,421,197.61	5,401,882.51
GNMA POOL 352110	7.000	23/08/15	4,047,380		4,152,190.78	3,994,278.33
GNMA POOL 354622	7.500	08/07/15	3,907,704		4,061,811.01	3,993,165.71
GNMA POOL 358258	7.000	23/08/15	3,830,402		3,930,174.32	3,780,147.30
GNMA POOL 359417	8.000	23/10/15	7,025,782		7,232,017.76	7,225,454.61
GNMA POOL 360186	7.000	23/09/15	4,504,442		4,647,086.10	4,445,343.35
GNMA POOL 361341	7.500	08/07/15	3,124,066		3,257,769.39	3,192,389.61
GNMA POOL 366878	8.500	24/09/15	1,776,574		1,747,327.60	1,850,977.21
GNMA POOL 376237	8.000	24/07/15	5,094,691		5,217,542.00	5,223,586.45
GNMA POOL 376441	8.000	24/03/15	4,109,608		4,228,070.66	4,213,581.02
GNMA POOL 376537	8.500	24/06/15	3,092,422		3,049,291.41	3,221,932.48
GNMA POOL 385725	8.000	24/06/15	1,311,101		1,343,555.61	1,344,272.16
GNMA POOL 385725	8.000	24/06/15	3,975,156		4,087,806.39	4,075,727.29
GNMA POOL 385850	8.000	24/08/15	4,123,289		4,199,065.25	4,227,608.06
GNMA POOL 403993	8.000	24/11/15	2,460,847		2,534,491.36	2,523,106.18
GNMA POOL 410081	8.000	25/08/15	4,103,239		4,223,430.60	4,200,650.07
GNMA POOL 431785	7.500	26/12/15	2,488,435		2,488,434.73	2,495,427.23
GNMA POOL 780208	8.500	25/08/15	3,539,135		3,667,014.45	3,703,917.29
GNMA POOL 780231	8.500	21/12/15	3,530,390		3,666,379.48	3,704,685.49
GNMA POOL 780253	9.500	17/11/15	3,838,951		4,133,428.99	4,165,261.39
GNMA POOL 780474	7.500	23/12/15	2,371,693		2,383,859.19	2,389,481.15
GNMA POOL 423842	9.000	26/07/15	4,545,580		4,839,555.53	4,804,087.28
GNMA TBA JUL 30	8.000	99/12/15	9,095,000		9,259,846.88	9,305,276.40
GNMA TBA JUL 30	7.500	99/12/15	29,875,000		29,759,743.75	29,958,948.75
Total Federal Agency Sponsored			164,550,409		167,201,374.70	167,927,331.41

CMOS

BEAR STEARNS MTG SECS INC	6.500	24/04/28	7,000,000		6,539,352.75	6,538,523.39
CITICORP MTG SECS INC	7.500	25/04/25	6,768,800		6,798,925.96	6,811,105.20
CITICORP MTG SECS INC	6.500	07/03/25	1,628,086		1,629,744.65	1,630,626.04
FEDERAL HOME LN MTG CORP	5.400	06/07/15	10,000,000		9,974,879.70	9,728,100.00

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FEDERAL HOME LN MTG CORP	6.500	21/08/25	5,000,000		4,775,629.35	4,806,250.00
FEDERAL HOME LN MTG PC GTD	7.500	21/11/15	2,000,000		1,975,245.32	2,023,120.00
FEDERAL HOME LN MTG PC GTD	7.000	15/12/15	597,455		583,700.72	596,331.29
FEDERAL HOME LN MTG PC GTD	6.000	18/07/15	3,500,000		3,358,399.48	3,416,875.00
FEDERAL HOME LN MTG PC GTD	7.000	07/10/15	5,000,000		5,048,644.00	4,968,750.00
FEDERAL HOME LN MTG PC GTD	6.500	21/10/15	3,140,059		2,941,599.95	2,983,055.89
FEDERAL HOME LN MTG PC GTD	6.250	07/10/15	7,500,000		7,314,279.60	7,303,125.00
FEDERAL HOME LN MTG PC GTD	6.000	08/11/15	4,532,779		4,431,878.07	4,320,191.66
FEDERAL HOME LN MTG PC GTD	7.170	23/10/15	14,976,292		14,976,292.00	10,226,021.84
FEDERAL HOME LN MTG PC GTD	3.040	23/10/15	8,293,420		8,355,342.31	4,496,219.59
FEDERAL HOME LN MTG PC GTD	3.040	23/11/15	19,181,901		19,439,411.27	10,369,908.42
FEDERAL HOME LN MTG PC GTD	6.000	09/03/15	5,000,000		4,654,642.92	4,657,800.00
FEDERAL HOME LN MTG PC GTD	5.800	06/04/15	4,000,000		3,879,622.44	3,933,720.00
FEDERAL HOME LN MTG PC GTD	6.100	24/02/15	4,780,851		4,673,579.65	4,739,018.55
FEDERAL HOME LN MTG PC GTD	7.000	26/07/15	1,182,000		1,127,568.25	1,149,116.76
FEDERAL NATL MTG ASSN	8.500	23/08/25	3,000,000		3,006,647.49	3,015,000.00
FEDERAL NATL MTG ASSN	6.500	16/08/15	860,000		839,366.15	844,915.60
FEDERAL NATL MTG ASSN GTD	6.500	23/10/25	5,891,000		5,512,847.28	5,428,909.96
FEDERAL NATL MTG ASSN GTD	7.000	26/08/25	2,553,000		2,391,824.54	2,403,802.68
FEDERAL NATL MTG ASSN GTD CTF	7.500	23/10/25	4,476,090		4,470,261.24	4,532,040.87
FEDERAL NATL MTG ASSN REMIC	7.250	05/07/25	3,250,000		3,201,950.70	3,282,500.00
FEDERAL NATL MTG ASSN REMIC	6.000	06/08/25	3,500,000		3,418,372.47	3,380,755.00
FEDERAL NATL MTG ASSN REMIC	6.500	21/11/25	1,046,272		730,494.46	1,032,210.47
FEDERAL NATL MTG ASSN REMIC	7.000	23/07/25	1,744,000		1,594,745.06	1,684,041.28
FEDERAL NATL MTG ASSN REMIC	5.000	01/01/25	728,623		802,074.46	725,657.82
PAINE WEBBER MTG ACCEP CORP IV	7.500	23/07/25	10,362,275		10,499,973.10	10,428,593.91
PRUDENTIAL HOME MTG SECS CO	11.500	08/04/25	4,573,719		4,753,020.98	4,806,658.02
PRUDENTIAL HOME MTG SECS CO	7.340	23/12/26	14,143,042		14,143,041.92	9,552,153.94
RESIDENTIAL FDG MTG SEC CNDUIT	7.000	07/12/25	1,151,248		1,153,296.87	1,148,727.13
RESIDENTIAL FDG MTG SECS I INC	6.500	09/06/25	1,994,671		1,953,924.24	1,947,796.11
Total CMOS			173,355,583		170,950,579.35	148,911,621.42
Federal Sponsored						
FED HM LN PC 845163	7.928	22/09/01	5,051,878		5,162,848.46	5,239,757.34
FED HM LN PC 846125	7.664	25/04/01	4,796,423		4,894,784.77	4,973,315.12
FED HM LN PC E00300	7.000	09/05/01	3,693,616		3,631,582.84	3,703,994.76
FED HM LN PC E55901	6.500	09/01/01	1,333,439		1,345,817.43	1,316,224.02
FED HM LN PC G01543	6.000	11/06/01	18,747,400		17,833,918.33	18,120,486.77
FED HM LN PC G10195	7.000	09/04/01	3,633,900		3,437,887.33	3,648,653.14
FED HM LN PC G10405	6.500	10/11/01	3,002,826		2,951,978.03	2,957,783.66
FED HM LN PC G50212	8.000	99/10/01	8,218,608		8,449,244.68	8,367,569.82
FED HM LN PC 846317	5.861	26/08/01	8,785,801		8,900,484.88	8,813,256.63
FEDERAL HOME LN BKS	7.000	01/09/05	3,000,000		2,994,220.22	3,000,480.00
FEDERAL HOME LN BKS	8.000	06/10/02	3,000,000		3,002,973.91	2,998,590.00
FEDERAL HOME LN MTG CORP	7.880	06/08/02	2,500,000		2,501,006.76	2,528,900.00
FEDERAL HOME LN MTG CORP	6.930	00/09/05	915,000		915,000.00	913,856.25
FEDERAL NATL MTG ASSN	8.625	04/11/10	1,340,000		1,384,336.10	1,397,365.40
FEDERAL NATL MTG ASSN	7.650	06/10/06	2,000,000		2,000,000.00	2,008,440.00

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FEDERAL NATL MTG ASSN MTN	5.390	98/08/05	4,000,000		3,966,879.55	3,978,120.00
FEDERAL NATL MTG ASSN MTN	6.170	03/12/30	2,000,000		1,909,447.86	1,925,000.00
FEDERAL NATL MTG ASSN MTN	6.930	05/10/26	1,500,000		1,500,000.00	1,467,180.00
FEDERAL NATL MTG ASSN MTN	7.280	01/06/22	1,000,000		1,001,116.89	1,006,560.00
FNMA POOL 035451	6.009	26/09/01	2,812,679		125,992.67	127,414.34
FNMA POOL 050946	6.500	23/12/01	3,211,745		2,930,569.71	3,091,304.95
FNMA POOL 124410	7.751	22/07/01	5,244,110		5,314,651.89	5,495,670.12
FNMA POOL 125403	8.000	10/04/01	1,341,435		1,351,883.04	1,380,832.44
FNMA POOL 262390	6.000	09/02/01	984,791		931,690.01	958,014.90
FNMA POOL 266949	6.500	24/02/01	268,902		265,834.90	258,818.28
FNMA POOL 299113	8.500	24/12/01	4,975,861		5,168,675.66	5,176,438.00
FNMA POOL 302973	9.500	25/01/01	12,412		13,041.08	13,306.77
FNMA POOL 303036	7.882	24/10/01	4,521,661		4,615,294.86	4,691,947.05
FNMA POOL 303138	8.000	10/02/01	983,186		1,009,078.84	1,012,062.08
FNMA POOL 303178	6.000	24/12/01	1,850,929		1,750,179.24	1,731,192.57
FNMA POOL 303244	8.000	02/04/01	9,944,771		10,168,878.66	10,174,744.22
FNMA POOL 303387	8.000	02/07/01	6,598,658		6,597,201.17	6,751,251.58
FNMA POOL 303786	7.500	11/02/01	11,994,362		12,309,298.05	12,196,706.54
FNMA POOL 303976	6.500	99/01/01	9,362,561		9,226,198.25	9,248,454.73
FNMA POOL 306382	9.500	25/04/01	380,355		402,523.64	407,759.79
FNMA POOL 313073	7.500	10/12/01	1,744,018		1,752,973.05	1,775,079.00
FNMA POOL 313097	6.500	99/01/01	1,923,906		1,851,795.41	1,841,543.49
FNMA POOL 318393	6.000	03/03/01	786,574		773,119.17	766,885.76
FNMA POOL 320664	6.000	03/03/01	320,396		312,940.00	312,376.71
FNMA POOL 327640	8.000	25/11/01	411,176		410,381.81	420,682.00
FNMA POOL 328747	7.839	24/10/01	8,762,697		8,977,402.59	8,751,743.17
FNMA POOL 330128	6.574	25/09/01	6,599,498		6,738,202.52	6,599,662.95
FNMA POOL 330376	8.500	22/12/01	3,340,509		3,473,808.67	3,497,713.35
FNMA POOL 332518	8.000	26/04/01	466,252		464,064.00	477,032.19
FNMA POOL 341645	6.000	03/03/01	330,738		313,250.38	322,460.07
FNMA POOL 359435	7.500	22/12/01	2,071,723		2,049,197.16	2,089,187.58
FNMA POOL 373916	7.500	22/12/01	1,948,658		1,940,127.22	1,965,766.91
FNMA POOL 327211	7.500	11/07/01	231,907		232,896.95	235,529.88
FNMA POOL 332628	7.000	23/08/01	2,476,841		2,433,718.33	2,442,016.14
FNMA POOL 337214	6.000	03/05/01	396,534		369,614.70	386,608.60
FNMA POOL 345223	7.500	11/07/01	333,977		335,401.84	339,193.60
FNMA POOL 392003	5.773	27/06/01	5,032,592		5,034,951.03	5,034,951.02
Total Federal Sponsored			180,185,304		177,428,362.34	178,339,883.69
U.S. Treasury Notes						
UNITED STATES TREAS BILLS	0.010	97/08/21	348,000		344,140.78	345,501.36
UNITED STATES TREAS BILLS	0.010	97/09/18	12,953,000		12,791,609.45	12,808,055.93
UNITED STATES TREAS BILLS	0.010	98/06/25	3,000,000		2,842,950.00	2,839,650.00
UNITED STATES TREAS BILLS	0.010	97/08/14	574,000		570,439.60	570,452.68
UNITED STATES TREAS NTS	5.750	98/12/31	900,000		899,572.17	897,327.00
UNITED STATES TREAS NTS	6.250	02/02/28	3,500,000		3,443,314.97	3,480,295.00
UNITED STATES TREAS NTS	3.375	07/01/15	12,625,578		12,616,868.96	12,321,806.31
UNITED STATES TREAS NTS	6.250	99/03/31	2,500,000		2,495,558.56	2,508,600.00

Louisiana State Employees' Retirement System

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
UNITED STATES TREAS NTS	6.500	02/05/31	8,500,000		8,572,838.75	8,534,510.00
UNITED STATES TREAS NTS	7.875	01/08/15	750,000		782,968.45	790,432.50
UNITED STATES TREAS NTS	7.500	02/05/15	2,000,000		2,068,567.72	2,092,820.00
UNITED STATES TREAS NTS	6.250	03/02/15	2,000,000		1,962,966.23	1,984,380.00
UNITED STATES TREAS NTS	5.125	98/04/30	1,600,000		1,598,425.80	1,592,256.00
UNITED STATES TREAS NTS	5.750	03/08/15	2,500,000		2,375,666.96	2,414,050.00
UNITED STATES TREAS NTS	5.000	99/01/31	5,000,000		4,898,958.55	4,925,000.00
UNITED STATES TREAS NTS	5.875	04/02/15	5,000,000		4,763,421.62	4,844,550.00
UNITED STATES TREAS NTS	5.500	99/02/28	5,000,000		4,927,146.41	4,958,600.00
UNITED STATES TREAS NTS	6.750	99/06/30	11,150,000		11,327,071.52	11,285,918.50
UNITED STATES TREAS NTS	7.250	04/08/15	5,000,000		5,111,433.37	5,212,500.00
UNITED STATES TREAS NTS	6.875	99/08/31	3,000,000		3,026,597.58	3,044,520.00
UNITED STATES TREAS NTS	7.125	99/09/30	5,300,000		5,380,996.08	5,408,491.00
UNITED STATES TREAS NTS	7.750	99/11/30	3,000,000		3,079,417.79	3,104,520.00
UNITED STATES TREAS NTS	7.250	98/02/15	3,550,000		3,560,334.83	3,582,731.00
UNITED STATES TREAS NTS	7.125	00/02/29	2,000,000		2,028,008.78	2,043,740.00
UNITED STATES TREAS NTS	5.875	97/07/31	15,000,000		14,996,094.36	15,004,650.00
UNITED STATES TREAS NTS	6.500	05/08/15	1,390,000		1,398,236.95	1,386,094.10
UNITED STATES TREAS NTS	6.500	05/08/15	15,800,000		15,677,544.86	15,755,602.00
UNITED STATES TREAS NTS	5.750	97/09/30	20,000,000		19,977,530.64	20,015,600.00
UNITED STATES TREAS NTS	5.625	97/10/31	9,000,000		8,982,949.54	9,002,790.00
UNITED STATES TREAS NTS	5.750	00/10/31	7,100,000		7,025,921.21	6,986,826.00
UNITED STATES TREAS NTS	5.500	98/11/15	5,660,000		5,668,141.20	5,626,379.60
UNITED STATES TREAS NTS	5.500	98/11/15	8,500,000		8,401,368.83	8,449,510.00
UNITED STATES TREAS NTS	5.875	05/11/15	5,000,000		4,681,569.43	4,783,600.00
UNITED STATES TREAS NTS	5.000	99/02/15	5,000,000		4,915,081.11	4,921,100.00
UNITED STATES TREAS NTS	5.625	06/02/15	4,000,000		3,765,000.00	3,756,880.00
UNITED STATES TREAS NTS	9.250	98/08/15	16,600,000		17,007,914.44	17,193,948.00
UNITED STATES TREAS NTS	8.875	98/11/15	5,000,000		5,005,770.84	5,189,050.00
UNITED STATES TREAS NTS	6.125	98/03/31	9,690,000		9,706,435.79	9,720,232.80
UNITED STATES TREAS NTS	5.875	98/04/30	1,480,000		1,479,275.54	1,481,613.20
UNITED STATES TREAS NTS	6.375	99/05/15	9,640,000		9,642,918.26	9,688,200.00
UNITED STATES TREAS NTS	6.875	06/05/15	6,200,000		6,266,637.49	6,328,836.00
UNITED STATES TREAS NTS	6.875	06/05/15	4,515,000		4,551,860.15	4,608,821.70
UNITED STATES TREAS NTS	6.000	98/05/31	75,400,000		75,265,514.22	75,540,998.00
UNITED STATES TREAS NTS	8.875	99/02/15	3,500,000		3,565,792.26	3,652,040.00
UNITED STATES TREAS NTS	6.625	01/07/31	2,000,000		2,006,083.70	2,018,740.00
UNITED STATES TREAS NTS	6.000	99/08/15	5,600,000		5,576,959.66	5,586,000.00
UNITED STATES TREAS NTS	6.000	98/09/30	5,000,000		4,995,942.71	5,005,450.00
UNITED STATES TREAS NTS	8.500	97/07/15	2,000,000		2,001,493.90	2,002,500.00
UNITED STATES TREAS NTS	8.750	97/10/15	2,500,000		2,505,544.55	2,523,050.00
Total US Treasury Notes			347,325,578		346,536,856.57	347,819,218.68
US Treasury Bonds						
UNITED STATES TREAS BDS	7.250	16/05/15	7,400,000		7,733,074.49	7,716,794.00
UNITED STATES TREAS BDS	8.500	20/02/15	3,800,000		4,298,422.84	4,501,822.00
UNITED STATES TREAS BDS	7.250	22/08/15	8,470,000		8,895,214.17	8,841,917.70
UNITED STATES TREAS BDS	7.125	23/02/15	4,400,000		4,417,981.00	4,532,000.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
UNITED STATES TREAS BDS	6.500	26/11/15	4,800,000		4,546,500.00	4,603,488.00
Total US Treasury Bonds			28,870,000		29,891,192.50	30,196,021.70
Total Domestic Bonds			1,715,060,443		1,672,921,051.91	1,676,335,599.24
Foreign Corporate Bonds						
COMPANIA DE INVERS EN TELECOM	7.000	98/03/03	39,500		1,989,877.51	2,607,000.00
EURO INV BANK	3.000	06/09/20	220,000,000		1,941,812.06	2,005,483.16
EXPORT IMPORT BANK	4.375	03/10/01	820,000,000		7,984,935.18	8,097,524.68
GEN ELEC CAP CORP	8.125	07/02/23	4,300,000		4,483,145.43	4,652,062.50
INTL BANK RECON+DV	9.750	16/01/23	1,000,000		1,219,036.72	1,263,750.00
JAPAN DEVELOPMENT BANK	2.875	06/12/20	130,000,000		1,064,670.62	1,170,147.37
NACIONAL FINANCIER	11.250	98/05/15	65,330		2,087,711.81	3,135,840.00
NYKREDIT BANK	7.000	26/10/01	20,700,000		3,058,385.78	3,061,895.58
PIV INVEST FINANCE	4.500	00/12/01	2,710,000		2,362,907.44	2,466,100.00
ROCKEFELLER PROPS	0.000	00/12/31	1,000,000		668,750.00	682,500.00
Total Foreign Corporate Bonds			1,199,814,830		26,861,232.55	29,142,303.29
Foreign Corporate Yankee Bonds						
BELL CABLEMEDIA PLC	1.000	05/09/15	1,700,000		1,060,691.05	1,419,500.00
DIAMOND CABLE	1.000	04/09/30	5,788,000		3,566,009.55	4,832,980.00
DOMAN INDS LTD	8.750	04/03/15	1,000,000		902,152.76	965,000.00
DOMTAR INC	9.500	16/08/01	4,050,000		4,112,850.00	4,252,500.00
ELETSON HDLGS INC	9.250	03/11/15	1,000,000		956,817.34	1,010,000.00
EMPRESA NACIONAL DE ELECTRICID	7.875	27/02/01	6,000,000		5,971,216.10	5,995,860.00
ENDESA OVERSEAS CHILE	7.200	06/04/01	11,500,000		11,157,868.32	11,434,680.00
ENERSIS S A	7.400	16/12/01	1,950,000		1,842,189.66	1,889,413.50
GULF CDA RES LTD	9.250	04/01/15	1,250,000		1,185,059.92	1,309,375.00
MACMILLAN BLOEDEL LTD	6.750	06/02/15	4,625,000		4,385,891.17	4,377,423.75
MDC COMMUNICATIONS CORP	10.500	06/12/01	1,000,000		1,000,000.00	1,062,500.00
PHILIPS ELECTERS N V	7.750	25/05/15	7,000,000		6,973,535.02	6,949,460.00
REPAP NEW BRUNSWICK INC	9.875	00/07/15	1,250,000		1,251,946.20	1,262,500.00
ROGERS CABLESYSTEMS LTD	10.125	12/09/01	1,500,000		1,515,969.69	1,590,000.00
ROGERS CABLESYSTEMS LTD	10.000	05/03/15	1,000,000		995,831.19	1,080,000.00
ROGERS CABLESYSTEMS LTD	11.000	15/12/01	1,710,000		1,710,000.00	1,872,450.00
SEA CONTAINERS LTD	9.500	03/07/01	1,000,000		942,429.07	1,010,000.00
SIFTO CDA INC	8.500	00/07/15	1,250,000		1,187,107.10	1,271,875.00
STENA AB	10.500	05/12/15	1,000,000		1,000,000.00	1,090,000.00
TELEWEST PLC	9.625	06/10/01	2,000,000		1,995,733.57	2,060,000.00
TELEWEST PLC	1.000	07/10/01	6,910,000		4,453,539.37	4,975,200.00
TEMBEC FINANCE CORP	9.875	05/09/30	1,000,000		1,000,000.00	1,030,000.00
TRANSPORTACION MARITIMA MEX	9.250	03/05/15	7,000,000		6,177,678.48	6,903,750.00
TRANSPORTACION MARITIMA MEXICA	10.000	06/11/15	2,150,000		2,086,978.06	2,115,084.00
TRIZEC FINANCE	10.875	05/10/15	670,000		665,437.64	740,350.00
VERITAS,HLDGS GMBIT	9.625	03/12/15	1,000,000		995,305.47	1,030,000.00
VIDEOTRON LTD	10.250	02/10/15	1,500,000		1,491,022.32	1,590,000.00
YPF SOCIEDAD ANONIMA	7.500	02/10/26	4,643,585		4,634,087.92	4,714,120.70

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
YPF SOCIEDAD ANONMIA	7.000	02/10/26	6,741,433		6,694,492.98	6,629,390.61
Total Foreign Corporate Yankee Bonds			89,188,018		81,911,839.95	86,463,412.56
Foreign Government Bonds						
AUSTRALIA (CMNWLTH)	10.000	02/10/15	15,000,000		12,993,414.75	12,972,644.97
AUSTRALIA(CMNWLTH)	9.750	02/03/15	11,205,000		9,550,670.58	9,527,383.12
AUSTRALIA(CMNWLTH)	6.750	06/11/15	5,570,000		4,065,605.30	4,107,058.97
BULGARIA (NAT REP)	1.000	11/07/28	3,475,000		2,430,305.55	2,410,781.25
CANADA GOVT	7.500	03/12/01	28,800,000		22,568,259.05	22,498,320.12
CANADA GOVT	5.500	02/09/01	12,700,000		9,131,435.14	9,078,339.53
CONVERSION	9.500	05/04/18	8,183,000		15,365,711.72	15,517,115.88
DENMARK (KINGDOM)	8.000	06/03/15	126,535,000		23,010,397.30	21,476,185.83
DENMARK(KINGDOM)	7.000	04/12/15	47,600,000		7,811,540.69	7,691,989.82
DENMARK(KINGDOM)	9.000	00/11/15	66,000,000		12,770,121.52	11,328,278.88
FRANCE (GOVT OF)	5.500	01/10/12	87,345,000		16,363,997.55	15,500,891.17
GERMANY (FED REP)	8.000	02/07/22	13,700,000		9,826,619.10	9,013,126.86
GERMANY(FED REP)	7.250	02/10/21	24,100,000		16,940,626.28	15,412,634.70
GERMANY(FED)UNITY	8.000	02/01/21	14,040,000		9,697,492.45	9,184,438.30
ITALY (REP OF)	6.250	02/03/01	23,385,000,000		13,512,098.44	13,787,734.80
ITALY(REPUBLIC OF)	10.000	03/08/01	9,140,000,000		6,423,768.42	6,268,809.54
ITALY(REPUBLIC OF)	10.500	00/07/15	2,400,000,000		1,603,537.34	1,576,961.42
ITALY(REPUBLIC OF)	9.500	01/02/01	15,550,000,000		10,557,176.81	10,074,827.56
MEXICO(LTD MEX ST)	1.000	19/12/31	3,335,000		3,075,305.15	3,101,550.00
SPAIN (KINGDOM OF)	7.900	02/02/28	663,400,000		5,007,300.32	4,943,809.81
SPAIN(GOVT OF)	9.400	99/04/30	1,354,460,000		9,973,620.83	9,900,346.20
STH AFRICA REP	13.000	10/08/31	9,579,000		1,840,076.16	1,933,133.07
SWEDEN (KINGDOM OF)	5.500	02/04/12	37,900,000		4,803,731.58	4,850,000.91
SWEDEN KINGDOM OF	6.000	05/02/09	100,000,000		12,671,768.03	12,668,027.18
TREASURY	6.000	99/08/10	6,210,000		9,886,596.30	10,147,979.21
TREASURY	7.000	02/06/07	19,680,000		32,485,248.84	32,661,300.12
TREASURY	7.500	06/12/07	7,700,000		12,889,545.81	13,143,501.82
Total Foreign Government Bonds			53,141,517,000		297,255,971.01	290,777,171.04
Foreign Government Yankee Bonds						
MANITOBA PROV CDA	9.500	00/10/01	5,000,000		5,376,528.72	5,415,600.00
MANITOBA PROV CDA	6.125	04/01/19	75,000		72,936.26	72,417.00
QUEBEC PROV CDA	7.125	24/02/09	1,320,000		1,270,049.60	1,241,539.20
SASKATCHEWAN PROV CDA	8.000	04/07/15	2,000,000		2,139,225.72	2,115,940.00
SOUTH AFRICA REP	8.500	17/06/23	6,850,000		6,810,955.00	6,779,171.00
THAILAND KINGDOM	7.750	07/04/15	10,000,000		10,041,267.10	10,178,800.00
Total Foreign Government Yankee Bonds			25,245,000		25,710,962.40	25,803,467.20
Total International Bonds			54,455,764,848		431,740,005.91	432,186,354.09
Common Stock - Domestic						
Name						
3DX TECHNOLOGIES INC				71,800	741,862.50	700,050.00
ABBOTT LABS				58,000	1,610,680.30	3,871,500.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
ABERCROMBIE AND FITCH CO				100.700	1,754,069.40	1,837,775.00
ABR INFORMATION SVCS INC				56.900	1,037,553.55	1,650,100.00
ABT BLDG PRODS CORP				14.900	217,657.81	391,125.00
ACC CORP				64.000	1,057,048.27	1,976,000.00
ACCEPTANCE INSURANCE CO				13.500	267,690.90	307,125.00
ACETO CORP				10,560	156,240.25	154,440.00
ACMAT CORP				3.900	53,168.50	62,887.50
ACTEL CORP				66,700	930,263.09	1,138,068.75
ADAMS RESOURCES + ENERGY				1.200	7,398.00	16,800.00
ADMINISTAFF INC				72.400	1,443,476.23	1,751,175.00
ADVANCED LOGIC RESH INC				11.100	114,638.52	169,968.75
ADVANCED MARKETING SVCS INC				4.400	39,501.00	44,550.00
ADVANCED TECHNOLOGY LABS INC				79,700	2,593,352.80	3,427,100.00
ADVEST GROUP INC				1.100	10,870.15	26,125.00
ADVOCAT INC				10,000	102,900.00	113,750.00
AEROFLEX INC				10,500	45,607.50	53,812.50
AEROQUIP VICKERS INC				93,000	3,577,384.80	4,394,250.00
AFC CABLE SYS INC				11,200	134,610.10	302,400.00
ALASKA AIR GROUP INC				13,400	288,637.60	343,375.00
ALGIERS BANCORP INC				30,000	330,000.00	390,000.00
ALIGN RITE INTL INC				4,100	53,874.84	53,300.00
ALL AMERICAN COMMUNICATIONS IN				10,900	125,486.88	164,862.50
ALLEN TELECOM INC				50,200	1,152,408.30	1,041,650.00
ALLIANCE ENTMT CORP				8,700	50,623.34	2,446.88
ALLIANT TECHSYSTEMS INC				10,800	491,019.51	594,000.00
ALLIED GROUP INC				20,400	442,000.00	775,200.00
ALLIED LIFE FINL CORP				8,500	142,195.50	167,875.00
ALLIED PRODS CORP DEL				5,200	127,324.00	172,250.00
ALLIED RESH CORP				1,700	9,222.50	14,343.75
ALLIED SIGNAL INC				48,000	2,058,951.44	4,032,000.00
ALLOU HEALTH + BEAUTY CARE INC				7,500	45,300.50	52,500.00
ALLSTATE CORP				31,300	1,919,448.26	2,284,900.00
ALPHA INDS INC				56,700	751,710.20	471,318.75
ALPINE GROUP INC				7,200	48,847.68	81,450.00
ALPINE LACE BRANDS INC				1,900	11,476.00	10,806.25
AMB FINL CORP				48,100	505,050.00	691,437.50
AMCAST INDL CORP				17,000	295,288.01	425,000.00
AMCORE FINL INC				6,000	120,990.00	163,500.00
AMERICA WEST HLDG CORP				41,100	543,881.65	595,950.00
AMERICAN ANNUITY GROUP INC				74,500	819,739.30	1,341,000.00
AMERICAN BILTRITE INC				2,000	41,571.25	42,250.00
AMERICAN BK CONN WATERBURY				1,600	38,528.00	57,500.00
AMERICAN BLDGS CO NEW				2,900	65,003.50	78,300.00
AMERICAN GEN CORP				101,700	3,825,583.25	4,856,175.00
AMERICAN HERITAGE LIFE INVT				21,800	419,980.00	719,400.00
AMERICAN HOME PRODUCTS CORP				80,500	2,386,637.46	6,158,250.00
AMERICAN HOMEPATIENT INC				60,450	1,181,592.00	1,511,250.00
AMERICAN INTL GROUP INC				46,000	3,852,845.46	6,871,250.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
AMERICAN MEDSERVE CORP				42,600	700,509.90	553,800.00
AMERICAN RADIO SYS CORP				18,000	322,500.00	717,750.00
AMERICAN RESIDENTIAL SVCS INC				111,700	2,574,054.19	2,597,025.00
AMERICAN SAFETY RAZOR CO				24,000	203,359.66	435,000.00
AMERICAN VANGUARD CORP				1,800	13,009.50	13,500.00
AMERICAN WOODMARK CORP				15,900	75,800.75	248,437.50
AMERICREDIT CORP				91,600	1,702,817.30	1,923,600.00
AMERISTAR CASINOS INC				1,600	8,664.00	8,800.00
AMERON INTL CORP				5,900	201,337.50	334,087.50
AMES DEPT STORES INC				15,400	29,300.29	149,187.50
AMISTAR CORP				2,900	14,431.77	15,315.63
AML COMMUNICATIONS INC				5,300	17,487.25	15,071.88
AMOCO CORP				81,200	5,528,286.11	7,059,325.00
AMPCO PITTSBURGH CORP				8,800	102,129.40	129,250.00
AMPLICON INC				3,500	77,752.50	84,000.00
AMR CORP DEL				18,100	1,493,793.00	1,674,250.00
AMRESKO INC				43,700	1,061,049.65	939,550.00
AMVESTORS FINL CORP				15,300	172,448.09	286,875.00
ANALYSIS + TECHNOLOGY INC				1,900	26,288.50	30,221.88
ANALYSTS INTL CORP				80,400	1,270,637.50	2,693,400.00
ANHEUSER BUSCH COS INC				70,200	1,694,319.16	2,944,012.50
ANNTAYLOR STORES CORP				59,300	749,745.61	1,156,350.00
APACHE MED SYS INC				36,000	352,326.96	274,500.00
APPLEBEES INTL INC				60,400	1,521,284.50	1,615,700.00
APPLIED INDL TECHNOLOGIES INC				41,150	1,032,389.50	1,481,400.00
APPLIED MATERIALS INC				134,000	6,214,337.00	9,488,875.00
APPLIED VOICE TECHNOLOGY INC				57,300	1,016,809.62	1,060,050.00
APTARGROUP INC				11,800	418,837.08	533,950.00
AQUILA GAS PIPELINE CORP				12,200	172,434.00	170,037.50
ARCHER DANIELS MIDLAND CO				202,300	3,376,700.50	4,754,050.00
ARCTIC CAT INC				3,400	32,436.00	35,275.00
ARM FINCL INC				44,200	833,182.28	884,000.00
ARROW ELECTRS INC				12,900	693,991.68	685,312.50
ARVIN INDS INC				13,900	306,027.93	378,775.00
ASA HLDGS INC				12,400	277,514.72	354,950.00
ASPEN TECHNOLOGY INC				26,800	854,100.00	1,008,350.00
ASTEC INDS INC				19,200	212,752.31	238,800.00
ASTORIA FINL CORP				81,200	1,803,454.64	3,857,000.00
ASTRONICS CORP				4,500	29,078.55	28,406.25
ASTROTECH INTL CORP NEW				8,900	47,459.25	56,737.50
ATCHENSON CASTING CORP				2,700	43,254.00	44,887.50
ATLANTIC AMERN CORP				16,800	50,420.88	50,400.00
ATLANTIC RICHFIELD CO				27,800	1,519,279.20	1,959,900.00
ATLANTIS PLASTICS INC				3,900	27,495.00	26,325.00
ATRION CORP				6,300	89,993.00	99,225.00
AUSPEX SYS INC				19,000	192,401.08	182,875.00
AUTHENTIC FITNESS CORP				37,900	265,300.00	478,487.50
AUTOCAM CORP				8,489	97,980.11	101,868.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
BAIRNCO CORP				10.500	55,440.75	84,000.00
BALDWIN TECHNOLOGY INC				15.200	48,158.67	43,700.00
BALLARD MEDICAL PRODUCTS				67.400	1,238,445.64	1,352,212.50
BANCINSURANCE CORP				3.000	12,495.00	12,375.00
BANCTEC INC				13.800	273,349.12	357,000.00
BANGOR HYDRO ELEC CO				5.300	55,415.50	30,475.00
BANK NEW YORK INC				41.000	1,641,230.00	1,788,625.00
BANK PLUS CORP				77.100	765,540.90	838,462.50
BANKERS CORP				27.000	460,949.00	756,000.00
BANKNORTH GROUP INC DEL				4.800	158,434.00	212,750.00
BANKUNITED FINL CORP				75.700	544,900.00	747,537.50
BARNES GROUP INC				40.500	512,761.00	1,199,812.50
BARRETT RES CORP				30.200	713,046.23	904,112.50
BAY VIEW CAP CORP DEL				44.100	1,224,281.48	1,157,625.00
BDM INTL INC				47.200	572,177.20	1,085,600.00
BE AEROSPACE INC				84.800	2,052,595.76	2,681,800.00
BEAUTICONTROL COSMETICS INC				5.300	49,921.75	59,625.00
BEAZER HOMES USA INC				5.500	88,560.43	88,000.00
BECKMAN INSTRS INC NEW				57.100	2,449,190.30	2,755,075.00
BEL FUSE INC				3.900	41,366.75	51,918.75
BELL INDS				9.954	169,712.00	155,531.25
BELL MICROPRODUCTS INC				7.800	67,156.75	82,875.00
BELLSOUTH CORP				60.000	2,755,993.00	2,782,500.00
BELMONT HOMES INC				90.900	974,627.00	624,937.50
BENIHANA INC				3.200	25,728.00	28,800.00
BENTON OIL + GAS CO				116.700	1,600,223.04	1,750,500.00
BERGEN BRUNSWIG CORP				63.500	1,627,134.37	1,785,937.50
BERKSHIRE GAS CO				2.000	31,205.00	32,000.00
BILLING INFO CONCEPTS CORP				81.500	1,098,352.44	2,842,312.50
BINDLEY WESTN INDS INC				16.400	259,168.50	376,175.00
BIO RAD LABORATORIES INC				11.000	293,816.88	286,687.50
BLACK + DECKER CORPORATION				272.000	9,745,083.20	10,115,000.00
BLACK HAWK GAMING + DEV INC				4.900	32,208.50	28,787.50
BLACK HILLS CORP				7.700	220,566.50	219,450.00
BLAIR CORP				18.600	560,815.92	267,375.00
BLOUNT INTL INC				9.000	241,920.00	383,062.50
BMC WEST CORP				9.400	119,513.50	115,150.00
BOEING CO				110.000	5,292,355.00	5,836,875.00
BOLDER TECHNOLOGIES CORP				72.800	898,976.64	1,019,200.00
BORDERS GROUP INC				128.200	1,389,364.48	3,092,825.00
BOSTON SCIENTIFIC CORP				19.813	826,084.41	1,217,261.19
BOSTONFED BANCORP INC				38.000	473,339.40	672,125.00
BOWNE + CO INC				17.500	409,807.25	610,312.50
BREED TECHNOLOGIES INC				63.100	1,105,269.50	1,451,300.00
BRIDGEPORT MACHS INC				5.100	69,704.00	53,550.00
BRIGHTPOINT INC				92.512	1,195,277.72	3,012,422.00
BRISTOL MYERS SQUIBB CO				169.200	8,526,505.46	13,705,200.00
BROOKSTONE INC				4.000	35,503.60	34,000.00

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BROWN TOM INC				32,900	429,640.73	699,125.00
BRUSH WELLMAN INC				7,100	119,848.00	148,656.25
BTG INC				57,300	1,199,869.73	859,500.00
BUFFTON CORP				3,600	7,344.00	8,100.00
BURLINGTON COAT FACTORY WHSE				57,200	1,020,182.14	1,115,400.00
BURLINGTON NORTH N SAN				83,000	6,877,845.00	7,459,625.00
BUSINESS RESOURCE GROUP				2,800	14,812.00	10,500.00
BUTLER MFG CO DEL				1,100	36,069.00	36,437.50
BWAY CORP				3,500	65,905.00	81,375.00
C+D TECHNOLOGIES				3,500	81,334.40	125,125.00
CABOT CORP				42,800	1,044,425.50	1,214,450.00
CAIRN ENERGY USA INC				87,700	1,051,225.00	1,151,062.50
CALPINE CORP				57,200	973,436.80	1,086,800.00
CAMERON ASHLEY BUILDING PROD				11,500	93,035.00	159,562.50
CAPITAL BANCORP FLA				5,400	152,091.00	216,675.00
CAPITAL ONE FINL CORP				45,100	1,750,349.30	1,702,525.00
CAPITAL RE CORP				10,900	380,773.30	583,150.00
CARAUSTAR INDS INC				20,000	533,683.00	692,500.00
CARDINAL BANCSHARES INC				6,500	260,000.00	355,875.00
CARETENDERS HEALTHCORP				2,200	13,838.00	17,875.00
CAREY INTL INC				26,500	348,000.00	404,125.00
CARPENTER TECHNOLOGY CORP				13,900	508,227.00	635,925.00
CARSON PIRIE SCOTT + CO ILL				34,100	659,582.50	1,082,675.00
CASCADE CORP				24,000	332,507.20	463,500.00
CASE CORP				66,900	3,417,155.42	4,607,737.50
CASINO AMERICA INC				27,400	200,771.00	59,937.50
CASTELLE				2,600	11,154.00	12,350.00
CASTLE ENERGY CORP				3,600	34,794.00	48,150.00
CATERPILLAR INC				13,100	878,363.99	1,406,612.50
CATO CORP NEW				20,200	99,746.69	109,837.50
CATSKILL FINL CORP				39,900	420,225.00	618,450.00
CAVALIER HOMES INC				71,062	687,027.27	710,620.00
CENTEX CONSTR PRODS INC				19,800	296,727.24	386,100.00
CENTRAL HUDSON GAS + ELEC CORP				18,100	561,460.50	623,318.75
CENTRAL LA ELEC CO				20,000	531,041.13	562,500.00
CENTRAL ME PWR CO				59,400	733,315.10	735,075.00
CENTRAL SPRINKLER CORP				3,600	83,493.00	100,800.00
CENTRAL VT PUBLIC SERVICE				21,700	291,978.50	240,056.25
CENTRIS GROUP INC				5,500	98,636.25	116,187.50
CERADYNE INC CALIF				7,100	36,864.62	32,837.50
CFX CORP				5,040	66,984.00	105,840.00
CHAPARRAL STL CO				19,200	224,514.60	286,800.00
CHASE INDS INC				6,100	98,413.00	148,687.50
CHASE MANHATTAN CORP NEW				90,900	6,888,716.90	8,822,981.25
CHERRY CORP				9,300	108,231.47	120,900.00
CHESAPEAKE UTILS CORP				3,400	50,711.00	57,800.00
CHEVRON CORP				58,000	2,025,934.56	4,288,375.00
CHIPS + TECHNOLOGIES INC				19,500	216,649.58	202,312.50

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CHITTENDEN CORP				2,500	48,540.00	85,625.00
CHOCK FULL O NUTS CORP				3,900	27,865.50	28,518.75
CHROMCRAFT REVINGTON INC				4,100	101,390.50	117,362.50
CHRYSLER CORP				125,000	3,785,775.00	4,109,375.00
CHUBB CORP				19,300	1,139,279.00	1,290,687.50
CIBER INC				77,800	2,239,694.92	2,659,787.50
CIDCO INC				69,100	1,094,488.50	950,125.00
CINERGY CORP				22,700	789,506.00	790,243.75
CITATION CORP ALA				14,900	177,135.00	255,162.50
CITICORP				79,400	4,255,006.07	9,572,662.50
CITIZENS BKG CORP MICH				12,900	420,178.50	441,825.00
CITIZENS CORP				53,700	986,737.50	1,483,462.50
CITRIX SYS INC				72,600	1,946,343.88	3,185,325.00
CLEVELAND CLIFFS INC				24,900	955,838.40	1,014,675.00
CNF TRANSN INC				243,000	5,109,520.89	7,836,750.00
COCA COLA CO				234,200	5,306,414.48	15,925,600.00
COGNIZANT CORP				30,000	1,141,800.00	1,215,000.00
COHERENT COMMUNICATIONS SYT CP				45,100	871,250.45	1,127,500.00
COLD METAL PRODS INC				8,800	44,452.00	49,500.00
COLLECTIVE BANCORP INC				13,700	344,912.00	614,787.50
COLLINS + AIKMAN CORP				51,900	348,819.84	519,000.00
COLONIAL BANGROUP INC				19,400	354,726.00	470,450.00
COLONIAL GAS CO				6,800	149,159.50	143,225.00
COLUMBIA / HCA HEALTHCARE CORP				180,300	6,208,153.10	7,088,043.75
COMAIR HLDGS INC				76,500	1,869,975.52	2,118,093.75
COMFORT SYS USA INC				4,500	58,500.00	70,312.50
COMMERCE BANCORP INC N J				6,426	132,073.50	249,007.50
COMMERCE GROUP INC MASS				16,500	385,431.09	406,312.50
COMMERCIAL INTERTECH CORP				12,800	169,356.00	178,400.00
COMMERCIAL METALS CO				30,700	765,596.50	982,400.00
COMMONWEALTH ENERGY SYS				24,800	542,660.36	593,650.00
COMMUNICATIONS SYS				64,900	1,029,461.25	924,825.00
COMPAQ COMPUTER CORP				76,800	4,710,668.25	7,641,600.00
COMPUTER ASSOC INTL INC				348,400	15,288,646.56	19,401,525.00
COMPUTER PRODS INC				173,400	3,062,272.24	4,335,000.00
COMPUTERVISION CORP NEW				1,900	10,687.63	8,787.50
CONCEPTUS INC				47,600	614,239.55	440,300.00
CONCORD EFS INC				82,450	1,534,123.73	2,133,393.75
CONGOLEUM CORP NEW				9,200	119,109.00	108,100.00
CONNECTICUT ENERGY CORP				8,200	187,691.40	198,850.00
CONNECTICUT WTR SVC INC				2,000	52,580.00	56,500.00
CONSECO INC				5,024	108,828.48	185,888.00
CONSOLIDATED PRODS INC				70,664	929,968.90	1,316,117.00
CONTINENTAL HOMES HLDG CORP				6,400	113,228.00	112,800.00
CONTROL DATA SYS INC				76,500	1,653,069.18	1,137,937.50
COOPER COS INC				38,500	800,601.10	895,125.00
COOPER TIRE + RUBR CO				167,000	3,186,147.50	3,674,000.00
CORPORATE EXPRESS INC				272,100	3,482,916.73	3,928,443.75

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
COTELLIGENT GROUP INC				44.600	1,029,116.59	613,250.00
COTTON STS LIFE INS CO				1.625	14,352.00	27,015.63
COURIER CORP				1,400	26,656.00	25,025.00
COX RADIO INC				49,600	941,454.95	1,271,000.00
CP CLARE CORP				140,100	2,123,133.33	2,206,575.00
CPAC INC				5,700	60,690.68	69,112.50
CPC INTL INC				50,000	3,463,900.00	4,615,625.00
CRAFTMADE INTL INC				1,800	11,659.50	13,950.00
CRAIG JENNY INC				10,500	114,555.00	72,843.75
CRESTAR FINL CORP				19,600	737,861.60	761,950.00
CROMPTON + KNOWLES CORP				345,400	5,362,092.80	7,685,150.00
CROWN CORK + SEAL INC				127,100	6,067,638.50	6,791,906.25
CRUISE AMER INC				5,200	27,025.00	29,900.00
CSG SYS INTL INC				78,600	1,504,652.41	2,426,775.00
CSX CORP				23,700	863,568.75	1,315,350.00
CTG RES INC				7,600	175,962.71	167,200.00
CTS CORP				7,800	254,475.00	537,712.50
CULLEN FROST BANKERS INC				14,700	529,837.50	622,912.50
CULP INC				22,100	223,252.13	400,562.50
CUMMINS ENGINE INC				79,600	4,180,034.80	5,616,775.00
CURATIVE HEALTH SERVICES INC				66,800	1,476,213.90	1,920,500.00
CUSTOM CHROME INC				4,400	80,801.00	70,950.00
CVB FINL CORP				2,772	34,977.00	66,528.00
CYTYC CORP				47,100	1,181,541.25	1,277,587.50
D + N SVGS FINL CORP				3,600	44,244.00	69,300.00
D I Y HOME WHSE INC				5,600	25,124.00	21,000.00
D.R.HORTON INC				29,200	286,673.01	302,950.00
DAISYTEK INTL CORP				22,800	807,525.00	903,450.00
DAMES + MOORE INC				16,700	204,081.99	206,662.50
DANA CORP				34,000	1,251,692.60	1,292,000.00
DATA DOCUMENTS INC DEL				37,800	391,394.00	463,050.00
DATA GEN CORP				83,500	1,312,057.20	2,171,000.00
DATA PROCESSING CORP				29,500	551,418.90	689,562.50
DATARAM CORP				2,200	23,969.00	20,900.00
DAVCO RESTAURANTS INC				13,200	168,985.50	148,500.00
DAVOX CORP				31,300	1,084,067.50	1,118,975.00
DAW TECHNOLOGIES				6,400	18,490.50	14,000.00
DAWSON PROOTN SVCS INC				40,000	500,000.00	560,000.00
DECORATOR INDS INC				4,833	23,797.64	45,002.66
DEERE + CO				21,000	893,130.00	1,152,375.00
DEFIANCE INC				13,100	96,992.75	104,800.00
DELPHI FINL GROUP INC				4,772	78,129.80	183,722.00
DEPARTMENT 56 INC				19,300	450,994.06	428,218.75
DESIGNS INC				4,200	17,755.50	20,475.00
DETROIT DIESEL CORP				6,800	123,934.32	162,775.00
DEVON ENERGY CORP				33,600	756,601.69	1,234,800.00
DEVON GROUP INC NEW				5,000	143,387.50	178,750.00
DEWOLFE COS INC				3,100	15,562.00	15,112.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
OH TECHNOLOGY INC				4.700	83,056.64	76,375.00
DIGITAL MICROWAVE CORP				44.200	1,206,145.40	1,326,000.00
DILLARDS INC				42.200	1,277,816.00	1,461,175.00
DIME CMNTY BANCORP INC				28.600	502,437.50	572,000.00
DISCOUNT AUTO PTS INC				15.000	273,644.67	292,500.00
DISNEY WALT CO				67.200	2,781,264.31	5,392,800.00
DIXON TICONDEROGA CO				2.100	13,734.00	24,806.25
DOMINION HOMES INC				5.800	26,157.00	27,550.00
DONEGAL GROUP INC				6.400	118,656.00	156,000.00
DONNELLY CORP				10.900	174,412.65	182,575.00
DOVER CORP				100.000	4,356,320.00	6,162,500.00
DOW CHEM CO				61.400	4,493,289.85	5,334,125.00
DTE ENERGY CO				180.500	5,271,341.85	4,986,312.50
DU PONT E I DE NEMOURS + CO				283.700	8,615,275.02	17,837,637.50
DUCKWALL ALTO STORES INC NEW				3.900	53,656.00	50,212.50
DUKE PWR CO				18,799	436,500.00	901,186.65
DUN + BRADSTREET CORP				130.000	2,924,302.88	3,412,500.00
DURA AUTOMOTIVE SYS INC				46.200	996,697.18	1,293,600.00
DURAKON INDS INC				5.200	62,070.50	49,400.00
DURCO INTL INC				81.000	2,108,062.76	2,369,250.00
DYERSBURG CORP				17.200	85,517.30	144,050.00
E M C CORP MASS				272.000	4,889,745.00	10,608,000.00
EAGLE FINL CORP				4.000	96,672.70	121,500.00
EASTERN ENTERPRISES				8.000	267,419.00	277,500.00
EASTERN UTILS ASSOC				37.400	855,039.00	682,550.00
EASTMAN KODAK CO				130.500	8,491,892.00	10,015,875.00
EATON CORP				27.100	1,995,020.70	2,366,168.75
EATON VANCE CORP				13.600	251,511.50	378,250.00
EDO CORP				4.800	32,640.00	38,400.00
EL CHICO RESTAURANTS INC				5.700	54,467.06	52,012.50
EL PASO NAT GAS CO				25.400	1,368,012.00	1,397,000.00
ELECTRONIC ARTS				42.700	1,380,130.75	1,435,787.50
ELECTRONIC DATA SYS CORP NEW				89.000	3,360,896.00	3,665,687.50
ELLETT BROS INC				9.900	82,402.75	49,500.00
ELXSI CORP				7.500	42,187.50	54,375.00
EMC INS GROUP INC				20.400	264,191.44	252,450.00
EMERSON ELEC CO				39.000	1,171,084.59	2,147,437.50
ENERGYNORTH INC				2.300	44,580.50	52,037.50
ENEX RESOURCES CORP				1.200	12,253.00	11,925.00
ENGINEERED SUPPORT SYS INC				1.200	9,123.00	22,500.00
ENGLE HOMES INC				12.800	110,812.00	121,600.00
ENHANCE FINL SVCS GROUP INC				25.900	524,475.00	1,136,362.50
ENTERGY CORP				37.800	1,000,208.95	1,039,500.00
ENVOY CORP NEW				131.100	3,374,384.39	4,359,075.00
EQUINOX SYS INC				2.600	22,584.22	26,650.00
ERLY INDS INC				2.080	16,039.25	20,540.00
ESS TECHNOLOGY INC				34.300	518,528.56	460,906.25
ESSEX CNTY GAS CO				1.100	26,719.00	28,462.50

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ESTERLINE TECHNOLOGIES CORP				7.600	182,594.04	270,750.00
ETHAN ALLEN INTERIORS INC				39.900	849,682.99	2,274,300.00
EVEREST REINSURANCE HLDGS				53.900	1,757,625.10	2,135,787.50
EVERGREEN BANCORP INC DEL				2.700	44,326.75	44,887.50
EVERGREEN MEDIA				58.650	1,037,298.21	2,617,256.25
EXAR CORP				41.300	954,700.00	887,950.00
EXXON CORP				211.000	7,216,957.72	12,923,750.00
EXCEL INDS INC				16.000	198,000.00	312,000.00
EXECUTIVE RISK INC				34.000	872,525.00	1,768,000.00
EXIDE ELECTRS GROUP INC				2.500	28,715.56	29,531.25
FALCON DRILLING				37.400	409,376.98	2,155,175.00
FALCON PRODS INC				49.400	770,804.50	663,812.50
FAMILY GOLF CTRS INC				123.600	3,079,678.40	2,842,800.00
FARR COMPANY				5.700	28,654.92	89,062.50
FEDDERS USA INC				33.100	187,463.69	188,256.25
FEDERAL EXPRESS CORP				140.000	5,285,583.00	8,102,500.00
FEDERAL NATL MTG ASSN				287.100	8,584,125.98	12,524,737.50
FEDERATED DEPT STORES INC DEL				201.200	6,511,179.80	6,991,700.00
FIBERMARK INC				11.250	89,237.50	234,843.75
FIDELITY NATL FINL INC				12.480	166,975.46	210,600.00
FIGGIE INTL HLDGS INC				16.400	198,241.50	225,500.00
FINE HOST CORP				116.500	3,077,996.52	3,669,750.00
FINLAY ENTERPRISES INC				6.800	94,566.75	119,850.00
FIREARMS TRAINING SYS INC				88.700	1,176,631.75	1,219,625.00
FIRST ALIEN PARISH BANCORP INC				12.500	156,875.00	215,625.00
FIRST AMERICAN EINL CORP				10.300	308,298.75	401,700.00
FIRST AMERN CORP TENN				52.400	1,255,781.50	2,010,850.00
FIRST CASH INC				2.200	13,425.50	12,718.75
FIRST CHICAGO NBD CORP				110.000	4,323,335.00	6,655,000.00
FIRST CO BANCORP INC				73.682	859,576.68	1,409,168.25
FIRST CTZNS BANCSHARES INC N C				16.900	893,377.50	1,470,300.00
FIRST FINL CORP WIC				6.750	109,623.94	198,281.25
FIRST HAWAIIAN INC				10.600	359,700.00	361,725.00
FIRST LIBERTY FINL CORP				1.350	19,643.50	29,025.00
FIRST MIDWEST BANCORP INC DEL				33.625	763,825.00	1,065,492.19
FIRST REP BANCORP INC				9.200	192,786.00	213,900.00
FIRST SVGS BK WASH BANCORP INC				21.600	286,387.50	480,600.00
FIRST TEAM SPORTS INC				6.100	87,117.50	51,087.50
FIRST UN CORP				17.700	1,022,286.06	1,637,250.00
FIRST WESTN BANCORP INC				4.200	104,769.00	158,550.00
FIRSTBANK ILL CO				4.000	124,160.00	156,500.00
FLEET FINL GROUP INC				115.000	4,369,720.70	7,273,750.00
FLORIDA PUB UTILS CO				1.000	19,832.50	20,937.50
FLORIDA ROCK INDS INC				21.200	570,218.20	861,250.00
FLUSHING FINL CORP				68.400	1,024,589.08	1,530,450.00
FMC CORP				27.500	1,909,490.00	2,184,531.25
FOAMEX INTL INC				22.700	299,810.25	297,937.50
FORD MTR CO DEL				413.024	11,485,093.61	15,694,912.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
FOREST OIL CORP				81.600	680,950.00	904,750.00
FORTUNE BRANDS INC				100.000	3,021,906.07	3,731,250.00
FOSSIL INC				14.200	139,460.28	252,050.00
FOSTER L B CO				19.700	84,581.75	86,187.50
FOUNDATION HEALTH SYS INC				65.390	1,938,059.00	1,982,134.38
FRANKLIN COVEY CO				26.400	499,680.75	668,250.00
FRANKLIN ELECTR PUBLISHERS INC				7.400	88,483.75	72,150.00
FREMONT GEN CORP				13.300	371,973.50	535,325.00
FRIEDMAN INDS INC				5.512	18,635.81	32,383.00
FTP SOFTWARE INC				25.000	205,100.00	121,875.00
FUQUA ENTERPRISES INC				100	2,039.50	2,125.00
GAINSCO INC				17,800	166,074.00	166,875.00
GALEY + LORD INC				14.200	161,610.89	266,250.00
GALLAGHER ARTHUR J + CO				14.500	445,748.75	547,375.00
GARAN INC				2,600	51,727.00	52,000.00
GARDEN FRESH RESTAURANTCORP				3,500	37,294.09	41,562.50
GEHL CO				6,800	49,586.25	113,900.00
GENCORP INC				38,600	450,665.75	892,625.00
GENERAL CHEM GROUP INC				52,000	910,000.00	1,391,000.00
GENERAL ELEC CO				344.200	7,978,404.13	22,373,000.00
GENERAL MAGNAPLATE CORP				1,800	12,109.50	11,250.00
GENERAL MTRS CORP				191,800	9,914,769.26	10,692,850.00
GENERAL RE CORP				29,000	4,355,107.95	5,278,000.00
GENESCO INC				76,700	949,552.90	1,088,181.25
GENESYS TELECOMMUNICATIONS LAB				16,000	377,952.20	444,000.00
GENLYTE GROUP INC				12,000	102,592.50	157,500.00
GENRAD INC				86,900	1,342,245.90	1,966,112.50
GENSYM CORP				86,600	1,021,728.08	389,700.00
GENUINE PARTS CO				180,000	5,174,594.80	6,097,500.00
GEORGIA GULF CORP				160,000	5,229,311.50	4,850,000.00
GEORGIA PAC CORP				83,600	6,846,342.00	7,137,350.00
GIANT CEM HLDG INC				8,700	118,360.25	163,125.00
GIANT INDS INC				6,700	107,752.75	105,943.75
GILLETTE CO				149,100	5,174,933.79	14,127,225.00
GLATFELTER P H CO				26,800	469,339.92	536,000.00
GLEASON CORP				3,100	108,129.50	144,150.00
GLOBAL DIRECTMAIL CORP				44,900	1,321,360.41	1,170,206.25
GLOBAL INDL TECHNOLOGIES INC				16,200	305,699.40	332,100.00
GLOBAL INDUSTRIES INC				104,100	2,280,970.90	2,431,710.94
GNI INC				5,000	29,262.50	30,937.50
GOLDEN BOOKS FAM ENTERT. INC.				29,000	275,500.00	362,500.00
GOODYEAR TIRE AND RUBBER				65,700	3,549,771.00	4,159,631.25
GOODYS FAMILY CLOTHING INC				60,100	1,108,740.00	1,645,237.50
GPU INC				31,900	1,105,175.50	1,144,412.50
GRACO INC				50,200	976,313.52	1,512,275.00
GRADCO SYSTEMS				4,800	12,539.72	24,600.00
GRAHAM CORP				1,000	10,705.00	17,625.00
GRAHAM FIELD HEALTH PRODS INC				64,500	736,338.20	878,812.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
GRAND CASINOS INC				38,600	519,358.58	569,350.00
GRANITE CONSTR INC				16,300	319,112.00	321,925.00
GRAPHIC INDS INC				10,600	110,954.00	140,450.00
GREAT LAKES CHEMICAL CORP				119,800	6,187,898.00	6,274,525.00
GREAT PLAINS SOFTWARE INC				3,600	80,525.00	97,200.00
GREEN A P INDS INC				16,800	161,810.50	157,500.00
GREEN MOUNTAIN PWR CORP				4,500	116,427.50	106,593.75
GREENBRIER COS INC				11,800	147,190.50	133,487.50
GRIFFON CORP				12,500	120,716.72	171,093.75
GS FINL CORP				45,000	596,250.00	691,875.00
GT BICYCLES INC				8,800	82,377.00	70,400.00
GUARANTY NATL CORP NEW				8,378	119,685.67	201,072.00
GUIDANT CORP				40,100	1,579,345.06	3,408,500.00
GUILFORD MLS INC				42,000	622,164.50	874,125.00
GULF SOUTH MED SUPPLY INC				75,300	1,694,974.15	1,468,350.00
GUNDLE/SLT ENVIRONMENTAL INC				13,900	78,157.00	69,500.00
HAMPSHIRE GROUP LTD				2,500	29,000.00	36,875.00
HANCOCK HLDG CO				12,880	414,400.00	631,120.00
HANDY + HARMAN				26,100	437,089.50	453,487.50
HARDINGE BROS INC				4,600	122,659.00	134,550.00
HARLEYSVILLE GROUP INC				20,000	550,000.00	757,500.00
HARNISCHFEGER INDS INC				58,800	2,541,381.90	2,440,200.00
HARRAHS ENTMT INC				285,100	5,332,176.00	5,131,800.00
HARTFORD FINANCIAL SVCS GRP				16,300	1,025,249.49	1,348,825.00
HARTMARX CORP				25,500	136,257.95	210,375.00
HAVERTY FURNITURE COS INC				13,300	181,212.50	166,250.00
HAWKINS CHEM INC				6,825	46,374.50	56,306.25
HEALTHCARE RECOVERIES INC				58,700	878,423.50	1,137,312.50
HEALTHCARE SVCS GROUP INC				4,800	52,692.00	57,600.00
HEILIG MEYERS CO				15,000	282,840.00	294,375.00
HEIN WERNER CORP				1,600	10,280.00	12,800.00
HEINZ H J CO				46,800	1,181,528.40	2,158,650.00
HERBALIFE INTL INC				15,300	259,199.50	248,625.00
HERLEY INDUSTRIES INC				2,300	24,242.00	29,612.50
HEWLETT PACKARD CO				182,500	7,909,165.74	10,220,000.00
HEXCEL CORP NEW				49,600	967,009.50	855,600.00
HILITE INDUSTRIES INC				4,000	19,160.00	17,000.00
HILTON HOTELS CORP				57,200	1,415,151.30	1,522,950.00
HOLLY CORP				4,600	116,817.00	114,137.50
HOME DEPOT INC				90,000	4,683,460.00	6,210,000.00
HOME ST HLDGS INC				7,700	69,608.00	3,128.13
HOVNIANIAN ENTERPRISES INC				19,000	129,739.25	121,125.00
HUB GROUP INC				39,600	563,352.55	1,192,950.00
HUBCO INC				23,484	473,518.00	681,036.00
HURCO CO INC				5,200	27,533.00	30,550.00
HVIDE MARINE INC				34,600	637,407.43	765,525.00
IBP INC				53,700	1,276,932.30	1,248,525.00
ICN PHARMACEUTICALS INC				27,500	572,185.38	788,906.25

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
IHOP CORP NEW				5,300	129,399.50	164,300.00
II VI INC				28,200	621,704.71	592,200.00
ILC TECHNOLOGY INC				9,000	88,091.25	96,750.00
ILLINOIS CENT CORP				140,000	4,097,120.03	4,891,250.00
IMC GLOBAL INC				24,700	919,375.30	864,500.00
INDEPENDENCE HLDG CO NEW				5,900	42,448.50	59,368.75
INDIANA ENERGY INC				2,400	57,498.00	58,650.00
INDUSTRI MATEMATIK INTL CORP				53,100	536,875.50	862,875.00
INFERENCE CORP				86,300	1,060,034.91	361,381.25
INFORMATION STORAGE DEVICES IN				90,400	1,295,375.50	644,100.00
INGLES MKTS INC				20,200	264,980.36	330,775.00
INLAND STL INDS INC				140,000	3,256,208.00	3,657,500.00
INTEGRATED DEVICE TECHNOLOGY				116,500	1,307,840.05	1,223,250.00
INTEGRATED HEALTH SVCS INC				30,500	659,384.50	1,174,250.00
INTEL CORP				200,600	14,182,869.67	28,447,587.50
INTELLIGENT MED IMAGING INC				69,400	842,171.14	459,775.00
INTER TEL INC				68,300	1,018,637.20	1,451,375.00
INTERCHANGE FINL SVCS CORP				2,550	33,430.50	59,606.25
INTERMET CORP				22,400	280,558.50	359,800.00
INTERNATIONAL BUSINESS MACHS				241,000	13,339,880.13	21,750,250.00
INTERNATIONAL FLAVOURS				30,300	1,497,902.50	1,530,150.00
INTERNATIONAL IMAGING MATLS				4,200	68,843.01	68,250.00
INTERNATIONAL MULTIFOODS CORP				600	12,584.84	15,075.00
INTERNATIONAL NETWORK SVCS				47,000	1,327,048.79	1,222,000.00
INTERPOOL INC				51,600	579,097.40	761,100.00
INTERRA FINL INC				5,500	119,915.00	230,656.25
INTERSTATE HOTELS CO				96,400	2,559,295.84	2,837,775.00
INTERSTATE/JOHNSON LANE INC				4,000	43,441.25	94,000.00
INTERVOICE INC				13,000	137,056.09	119,437.50
INVESTORS TTILE INS CO				1,000	10,665.00	15,500.00
IPC INFORMATION SYS INC				5,100	53,829.00	94,350.00
IRWIN FINL CORP				6,000	124,995.00	177,000.00
ITI TECHNOLOGIES INC				6,600	103,476.50	150,975.00
ITLA CAP CORP				79,200	886,648.39	1,287,000.00
JEAN PHILIPPE FRAGRANCES INC				11,600	100,225.04	72,500.00
JETFAX INC				21,500	172,000.00	166,625.00
JOHNSON + JOHNSON				110,000	3,642,382.59	7,081,250.00
JPE INC				7,200	78,602.40	49,950.00
JSB FINL INC				31,000	967,125.00	1,340,750.00
JUST FOR FEET INC				140,000	2,418,687.50	2,441,250.00
JUSTIN INDS INC				53,100	569,371.01	677,025.00
K TRON INTL INC				1,800	19,647.00	27,000.00
KAMAN CORP				5,000	52,075.00	76,875.00
KAYE GROUP INC				7,900	59,998.92	39,500.00
KBK CAP CORP				2,300	13,029.50	12,362.50
KCS ENERGY INC				38,600	752,700.00	786,475.00
KEANE INC				63,300	851,934.84	3,291,600.00
KELLOGG CO				20,000	1,368,180.00	1,712,500.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
KENNAMETAL INC				46,900	1,982,932.00	2,016,700.00
KEY ENERGY GROUP INC				43,800	602,307.48	780,187.50
KEYSTONE AUTOMOTIVE INDS INC				7,000	108,500.00	119,000.00
KEYSTONE HERITAGE GROUP INC				3,200	75,531.00	100,600.00
KIMBERLY CLARK CORP				130,000	5,011,085.50	6,467,500.00
KNAPE + VOGT MFG CO				4,200	64,630.50	67,200.00
KOSS CORP				5,400	38,691.00	47,250.00
KROGER CO				393,200	8,906,844.70	11,402,800.00
LACLEDE GAS CO				16,200	366,048.50	352,350.00
LANDEC CORP				148,600	1,628,328.69	891,600.00
LANDRYS SEAFOOD REST INC				67,200	1,422,361.74	1,545,600.00
LANDSTAR SYS INC				7,900	178,646.43	222,187.50
LAWSON PRODS INC				1,700	37,468.00	45,900.00
LAWYERS TITLE CORP				8,200	151,317.20	154,775.00
LEARNING TREE INTL INC				38,650	505,077.96	1,715,093.75
LEASING SOLUTIONS INC				55,100	1,135,018.38	840,275.00
LEGATO SYSTEMS INC				171,700	3,918,146.69	3,176,450.00
LIBBEY INC				28,000	628,782.00	980,000.00
LIBERTY CORP S C				12,900	417,107.75	525,675.00
LIBERTY HOMES INC				3,800	43,602.00	36,100.00
LIFE RE CORP				60,500	1,323,282.00	2,820,812.50
LIFE USA HLDS INC				30,800	240,557.50	438,900.00
LIFETIME HOAN CORP				9,900	79,871.00	86,625.00
LILLY ELI + CO				86,500	5,011,681.55	9,455,531.25
LINDBERG CORP				8,300	54,488.25	74,700.00
LINENS N THINGS INC				44,400	1,251,818.50	1,315,350.00
LITTELFUSE INC				58,400	933,877.50	1,649,800.00
LOCKHEED MARTIN CORP				20,000	1,593,025.00	2,071,250.00
LONE STAR INDS INC				22,200	535,002.00	1,005,937.50
LONG BEACH FINL CORP				202,500	1,316,250.00	1,771,875.00
LONG IS BANCORP INC				30,000	865,625.00	1,089,375.00
LSI INDS INC				32,700	527,237.50	441,450.00
LTV CORP NEW				240,000	3,346,135.00	3,420,000.00
LTX CORP				52,000	292,062.50	338,000.00
LUBYS CAFETERIAS INC				20,600	407,354.00	410,712.50
LUND INTL HLDGS INC				8,700	132,373.00	97,875.00
M.D.C. HOLDINGS INC				22,800	155,503.75	210,900.00
MACNEAL SCHWENDLER CORP				11,100	101,633.00	120,712.50
MACROVISION CORP				24,500	323,630.30	333,812.50
MAF BANCORP INC				8,400	211,192.25	351,750.00
MAGNA GROUP INC				10,800	260,967.00	375,300.00
MAINE PUB SVC CO				1,300	15,951.00	15,925.00
MALLINCKRODT INC NEW				41,600	1,769,248.00	1,580,800.00
MAPCO INC				50,400	1,620,612.00	1,587,600.00
MARCUS CORP				4,000	87,320.00	102,500.00
MARINE DRILLING COS INC				71,900	448,470.69	1,411,037.50
MARINER HEALTH GROUP INC				22,200	178,537.83	342,712.50
MARISA CHRISTINA INC				7,100	68,121.50	66,562.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
MARK BROS JEWELERS INC				129,500	2,489,430.85	1,618,750.00
MARKER INTL				9,500	43,623.75	35,625.00
MARSH + MCLENNAN COS INC				104,000	5,053,726.00	7,423,000.00
MARSH SUPERMARKETS INC				9,100	115,194.06	125,125.00
MARSHALL INDS				14,300	442,139.00	532,675.00
MARTEK BIOSCIENCES CORP				74,200	1,649,163.75	871,850.00
MARTIN COLOR FI INC				3,500	29,015.00	28,000.00
MAS TECHNOLOGY LTD				7,600	114,005.00	113,050.00
MASCO CORP				197,000	5,774,434.00	8,224,750.00
MASTEC INC				39,150	936,324.56	1,852,284.38
MATERIAL SCIENCES CORP				81,300	1,184,353.00	1,255,068.75
MATTEL INC				100,000	2,482,356.00	3,387,500.00
MAX + ERMAS RESTAURANTS INC				3,800	25,264.50	26,125.00
MAXICARE HEALTH PLANS INC				43,200	963,541.60	966,600.00
MAXIMUS INC				22,100	398,643.57	395,037.50
MAXWELL SHOE INC				4,400	21,303.50	53,900.00
MAXXIM MED INC				7,500	108,743.25	130,312.50
MCCLAIN INDS INC				2,100	10,884.00	10,237.50
MCDONALD CO INVTS INC				3,300	63,789.00	151,387.50
MCDONALDS CORP				124,600	5,962,091.46	6,019,737.50
MCFARLAND ENERGY INC				4,000	40,285.00	73,250.00
MCGRATH RENTCORP				30,900	284,900.78	633,450.00
MCGRAW HILL COS INC				31,200	1,050,526.22	1,834,950.00
MCLEODUSA INC				24,600	580,770.33	830,250.00
MCRAE INDS INC				1,600	11,009.92	14,000.00
MEDCATH INC				61,000	1,106,953.88	907,375.00
MEDIA GEN INC				22,500	705,940.94	900,000.00
MEDIC COMPUTER SYS INC				128,400	2,157,506.49	2,856,900.00
MEDICAL ASSURN INC				7,606	221,005.73	308,993.75
MEDTRONIC INC				13,900	634,722.56	1,146,750.00
MEDUSA CORP				28,100	692,366.50	1,078,337.50
MELLON BK CORP				35,000	1,444,275.00	1,579,375.00
MERCK + CO INC				215,000	10,246,525.95	21,997,187.50
MERCURY AIR GROUP INC				6,250	43,596.51	39,449.97
MERIDIAN DATA INC				129,700	1,242,575.00	567,437.50
MERRILL CORP				5,600	123,124.00	203,700.00
MESA AIR GROUP INC				26,100	231,775.61	140,287.50
MESTEK INC				16,100	178,656.50	332,062.50
METHODE ELECTRS INC				50,000	957,540.00	993,750.00
METRIKA SYS CORP				53,000	822,000.00	824,812.50
METRO NETWORKS INC				93,300	1,884,209.48	2,262,525.00
METROWEST BKMASS				11,100	50,975.36	63,825.00
MFRI INC				2,600	20,904.00	24,700.00
MICROAGE INC				12,400	172,238.10	227,850.00
MICROSEMI CORP				81,700	1,113,638.96	1,041,675.00
MICROSOFT CORP				30,000	1,731,875.00	3,791,250.00
MID AMER BANCORP				6,762	120,988.00	169,472.63
MIDWEST EXPRESS HLDGS INC				5,100	127,772.00	139,612.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
MIKASA INC				18.400	241,846.88	262,200.00
MILLER INDS INC TENN				137.000	1,733,552.52	2,192,000.00
MILTOPE GROUP INC				1.600	5,564.00	5,300.00
MINNESOTA MNG + MFG CO				96.700	5,372,086.92	9,887,575.00
MISSISSIPPI CHEM CORP				28.092	581,958.80	582,909.00
MMI COS INC				47.600	1,164,365.16	1,243,550.00
MOBIL CORP				62.400	2,027,984.40	4,360,200.00
MOBILE AMER CORP FLA				4.255	42,698.00	43,081.88
MOBILE GAS SVC CORP				2.500	64,287.50	68,125.00
MOLTEN METAL TECH INC				97.900	2,028,642.00	489,500.00
MORGAN KEEGAN INC				29.800	327,800.00	592,275.00
MORGAN STANLEY DEAN WITTER				21.450	555,660.00	923,690.63
MORRISON FRESH COOKING INC				5.900	26,895.00	27,287.50
MOTOROLA INC				29.400	1,709,742.30	2,238,075.00
MOVADO GROUP INC				53.375	801,196.50	1,361,062.50
MRV COMMUNICATIONS INC				29.400	818,575.75	867,300.00
MTL INC				8.300	114,604.50	194,012.50
MYLAN LABS INC				140.000	2,144,721.00	2,065,000.00
MYLEX CORP				57.800	760,251.50	549,100.00
MYR GROUP INC				3.733	42,093.81	67,194.00
NAC RE CORP				14.400	472,212.00	696,600.00
NACCO INDS INC				7.528	398,962.13	424,861.50
NASH FINCH CO				9.600	165,802.43	212,400.00
NATIONAL AUTO CREDIT INC				25.900	230,400.50	229,862.50
NATIONAL BANCORP ALASKA INC				3.000	185,995.00	253,500.00
NATIONAL PENN BANCSHARES INC				1.050	24,790.00	35,437.50
NATIONAL PICTURE + FRAME CO				5.900	54,222.50	64,900.00
NATIONAL R V HLDGS INC				7.050	56,588.00	110,156.25
NATIONAL STANDARD CO				7.800	87,187.00	50,700.00
NATIONAL STEEL CORP				25.900	320,050.46	435,443.75
NATIONAL TECHICAL SYS INC				3.400	16,286.00	18,062.50
NATIONAL WESTN LIFE INS CO				1.900	165,376.00	169,575.00
NATIONSBANK CORP				73.400	2,971,858.39	4,738,887.50
NATURAL ALTERNATIVES INTL INC				4.400	31,801.00	33,550.00
NATURAL WONDERS INC				7.400	33,467.91	29,600.00
NAVIGATORS GROUP INC				6.600	119,714.00	119,625.00
NELLCOR PURITAN BENNETT INC				71.500	1,262,306.66	1,295,937.50
NEOPATH INC				125.100	2,246,318.76	2,376,900.00
NEOPROBE CORP				119.400	1,923,675.93	1,671,600.00
NETWORK EQUIP TECHNOLOGIES				17.300	218,834.50	311,400.00
NEW YORK BANCORP INC				32.250	433,485.50	1,120,687.50
NEWCOR INC				2.600	22,529.00	23,725.00
NEWPARK RES INC				107.000	1,321,655.21	3,611,250.00
NIKE INC				60.000	1,707,330.71	3,502,500.00
NORFOLK SOUTHN CORP				61.200	3,900,795.27	6,165,900.00
NORTECH SYS INC				100	522.75	525.00
NORTEK INC				8.900	91,489.25	214,712.50
NORTH AMERN MTG CO				10.700	230,307.71	253,456.25

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
NORTH CAROLINA NAT GAS CORP				3,400	103,126.00	113,475.00
NORTH FORK BANCORPORATION INC				115,454	1,326,367.21	2,467,829.25
NORTHWEST NAT GAS CO				13,200	326,217.45	345,675.00
NORTHWESTERN STL + WIRE CO				12,700	84,543.24	34,925.00
NORWOOD PROMOTIONAL PRODS INC				49,500	841,500.00	693,000.00
NU HORIZONS ELECTRS CORP				4,600	37,609.00	37,662.50
NUEVO ENERGY CO				44,300	1,450,071.95	1,816,300.00
NUI CORP				9,000	168,132.50	201,937.50
NVR INC				11,300	113,235.50	172,325.00
NYMAGIC INC				16,600	267,675.00	342,375.00
OCCUSYSTEMS INC				104,400	2,187,091.79	3,027,600.00
OCEANEERING INTL INC				72,100	1,290,427.80	1,333,850.00
OEC MED SYS INC				63,600	1,054,093.24	1,132,875.00
OGLEBAY NORTON CO				1,600	68,926.50	71,000.00
OLD AMER STORES INC				2,600	4,235.14	4,550.00
OLD DOMINION FGHT LINES INC				2,900	26,578.50	40,237.50
OLD REP INTL CORP				48,900	1,334,822.94	1,482,281.25
OLSTEN CORP				49,500	911,047.50	962,156.25
OLYMPIC STL INC				900	17,217.72	13,837.50
OMNI INS GROUP INC				4,700	43,006.75	58,750.00
OMNIPOINT CORP				93,300	1,676,507.17	1,551,112.50
ONBANCORP INC				10,500	347,166.71	535,500.00
ONE VY BANCORP WEST VA INC				42,375	1,114,821.78	1,779,750.00
ONEIDA LTD				13,000	217,624.00	346,937.50
OPEN TEXT CORP				100,000	687,500.00	937,500.00
OPTEK TECHNOLOGY INC				3,000	36,120.00	43,875.00
ORANGE + ROCKLAND UTILS INC				10,900	378,361.20	366,512.50
ORANGE CO INC NEW				8,300	66,756.22	64,325.00
ORION CAP CORP				20,500	843,062.50	1,511,875.00
OSHKOSH TRUCK CORP				7,100	91,759.00	101,175.00
OTTER TAIL PWR CO				500	16,707.50	16,500.00
OUTBACK STEAKHOUSE INC				32,800	450,193.49	793,350.00
OWENS CORNING				41,900	1,661,390.51	1,806,937.50
OXFORD HEALTH PLANS INC				14,700	217,045.01	1,054,725.00
P + F INDS INC CL				2,300	10,698.31	11,212.50
P A M TRANSN SVCS INC				2,800	20,503.00	23,450.00
P COM INC				31,000	899,194.60	1,023,000.00
PACIFIC CREST CAP INC				1,200	11,748.00	15,900.00
PARAGON TRADE BRANDS INC				10,000	171,460.55	170,625.00
PARK ELECTROCHEMICAL CORP				4,300	101,578.90	113,143.75
PARK OHIO INDS INC OHIO				20,700	281,359.42	315,675.00
PARKER HANNIFIN CORP				32,700	1,437,393.90	1,984,481.25
PARKVALE FINL CORP				2,625	58,621.50	72,515.63
PARLUX FRAGRANCES INC				11,200	49,510.52	25,900.00
PATHOGENSIS CORP				33,500	901,962.50	975,687.50
PATRICK INDS INC				11,100	147,994.00	183,150.00
PATTERSON DENTAL CO				40,900	1,019,452.17	1,403,381.25
PCD INC				46,500	523,447.25	813,750.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
PEAPOD INC				36,900	496,050.00	415,125.00
PEDIATRIC SVCS AMERICA INC				48,400	946,825.00	974,050.00
PENN ENGR MFG CORP				5,700	115,182.75	106,875.00
PEOPLES HERITAGE FINL GROUP				1,782	35,599.91	67,493.25
PEPSICO INC				358,800	7,424,222.48	13,477,425.00
PERINI CORP				4,800	37,148.00	35,400.00
PERIPHONICS CORP				134,600	2,068,965.72	2,893,900.00
PFF BANCORP INC				90,400	1,070,049.53	1,695,000.00
PFIZER INC				90,400	3,283,188.33	10,802,800.00
PHELPS DODGE CORP				62,000	3,636,148.00	5,281,625.00
PHILIP MORRIS COS INC				633,900	16,934,341.12	28,050,075.00
PHILLIPS PETE CO				33,800	1,385,299.40	1,478,750.00
PHYCOR INC				25,150	310,051.88	866,103.13
PICTURETEL CORP				4,100	43,214.00	38,950.00
PIERCE LEAHY CORP				7,200	129,600.00	129,600.00
PILLOWTEX CORP				7,400	105,117.00	162,337.50
PIONEER STD ELECTRS INC				15,800	213,786.74	213,300.00
PIPER JAFFRAY COS INC				8,000	105,937.37	164,000.00
PITT DESMOINES INC				1,650	45,694.00	53,625.00
PLANAR SYS INC				49,500	792,455.00	513,562.50
PLASTI LINE INC				3,500	32,602.50	38,937.50
PLENUM PUBG CORP				8,400	305,475.00	323,400.00
PLM INTL INC				7,400	26,221.00	43,475.00
PLYMOUTH RUBR INC				1,500	9,217.50	9,750.00
POLARIS INDS INC				20,300	483,345.10	661,018.75
POOL ENERGY SVCS CO				128,100	1,632,302.02	2,321,812.50
PORTEC INC				2,300	22,964.00	27,025.00
PPG INDS INC				100,000	4,561,397.00	5,812,500.00
PRAXAIR INC				135,000	3,722,515.00	7,560,000.00
PREMARK INTL INC				33,400	781,727.00	893,450.00
PRIDE INTL INC				112,200	1,842,585.45	2,692,800.00
PRIMA ENERGY CORP CO				4,350	39,401.25	73,950.00
PROCTER + GAMBLE CO				85,100	5,054,170.17	12,020,375.00
PROFESSIONALS INS CO MGMT GROU				2,090	41,638.50	59,826.25
PROVIDENCE ENERGY CORP				4,000	71,131.00	70,000.00
PROVIDENT FINL HLDGS INC				42,000	440,062.50	698,250.00
PROVIDIAN FINL CORP				28,600	779,115.68	918,775.00
PUBLIC SVC CO NM				38,600	683,955.00	689,975.00
PULASKI FURNITURE CORP				1,900	32,851.00	33,962.50
PULTE CORP				19,700	508,344.81	680,881.25
PXRE CORPORATION				30,082	710,597.65	925,021.50
QUANEX CORP				26,700	510,711.46	819,356.25
R + B INC				15,900	108,205.15	127,200.00
R + G FINANCIAL CORP				22,500	545,362.50	585,000.00
RACING CHAMPIONS CORP				36,100	547,662.50	559,550.00
RAINBOW TECHNOLOGIES INC				6,200	99,032.91	117,025.00
RALSTON PURINA CO				60,000	3,994,500.00	4,931,250.00
RAYMOND CORP				8,145	161,176.40	265,985.16

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
RAYMOND JAMES FINANCIAL INC				25.800	395,440.10	706,275.00
RAYTEL MED CORP				5.700	63,284.25	65,550.00
RAYTHEON CO				136.200	6,480,146.60	6,946,200.00
RCSB FINL INC				7.300	174,535.75	349,487.50
REDFED BANCORP INC				66.100	654,887.50	1,082,387.50
REEBOK INTL LTD				136.200	4,790,097.80	6,392,887.50
REEDS JEWELERS INC				3.500	24,640.00	28,000.00
REFAC TECHNOLOGY DEV CORP				4.200	26,905.00	45,150.00
REGAL BELOIT CORP				4.000	66,923.79	104,750.00
RELIASTAR FINL CORP				24.600	1,519,025.40	1,798,875.00
REMEDY CORP				42.300	1,204,576.85	1,692,000.00
RENTAL SVC CORP				45.000	899,677.15	1,181,250.00
REPUBLIC AUTOMOTIVE PTS INC				3.500	46,627.90	49,875.00
REPUBLIC ENGINEERED STEELS INC				39.000	195,000.00	51,187.50
REPUBLIC GROUP INC				17.710	192,475.50	356,413.75
REPUBLIC NY CORP				16.300	1,553,064.00	1,752,250.00
RESOURCE BANCSHARES MTG GRP IN				15.889	226,415.93	313,807.75
REX STORES CORP				12.500	203,836.71	126,562.50
REXENE CORPORATION				15.500	166,658.00	241,218.75
REXHALL INDS INC				2.257	15,049.42	13,048.28
RF MICRO DEVICES INC				9.700	135,465.20	185,512.50
RICHEY ELECTRONICS INC				7.700	62,870.50	64,487.50
RICHFOOD HLDGS INC				103.600	1,811,516.15	2,693,600.00
RIGHTON INTL CORP				1.100	4,328.50	4,950.00
RIGGS NATL CORP WASH D				95.200	1,215,315.97	1,963,500.00
RIGHT MGMT CONSULTANTS INC				5.200	72,795.50	59,150.00
RITE AID CORP				61.000	1,905,225.56	3,042,375.00
RJR NABISCO HLDGS CORP				82.900	2,685,389.43	2,735,700.00
RLJ CORP				11.000	255,750.00	400,812.50
ROANOKE ELEC STL CORP				6.900	103,388.56	115,575.00
ROBERTSON CECO CORP				6.200	48,534.00	52,700.00
ROCHESTER GAS + ELEC CORP				35.900	684,289.65	756,143.75
ROCK TENN CO				4.510	69,864.00	78,079.38
ROCKSHOX INC				62.000	912,151.43	1,069,500.00
ROHM + HAAS CO				43.800	3,301,032.52	3,944,737.50
ROHR INDS INC				11.900	228,437.30	261,056.25
ROTECH MED CORP				88.000	1,083,500.00	1,765,500.00
ROTTLUND INC				4.600	23,434.00	22,425.00
ROUGE STEEL CO				39.800	862,525.00	671,625.00
ROYAL DUTCH PETE CO				219.200	5,511,178.35	11,836,800.00
RUSSELL CORP				140.300	4,041,127.80	4,156,387.50
RUTHERFORD MORAN OIL CORP				20.900	608,712.50	491,150.00
RWD TECHNOLOGIES INC				27.100	455,895.00	467,475.00
RYANS FAMILY STEAK HOUSES INC				63.200	449,987.81	541,150.00
RYDER SYS INC				230.300	6,987,533.80	7,599,900.00
S + K FAMOUS BRANDS INC				4.700	52,181.75	51,700.00
SAFECO CORP				119.600	3,965,469.10	5,583,825.00
SAFETY COMPONENTS INTL INC				4.400	48,176.00	44,000.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
SALOMON INC				80,000	3,760,716.50	4,450,000.00
SANTA CRUZ OPERATION INC				23,400	102,754.88	83,362.50
SARA LEE CORP				160,000	4,795,009.62	6,660,000.00
SBC COMMUNICATIONS INC				67,418	3,371,537.11	4,171,488.75
SCHERING PLOUGH CORP				246,600	7,409,007.80	11,805,975.00
SCHNITZER STL INDS INC				6,300	181,086.12	187,425.00
SCHOTTENSTEIN HOMES INC				8,100	84,300.75	91,125.00
SCHULT HOMES CORP				3,600	63,746.14	57,150.00
SCHULTZ SAV O STORES INC				4,300	61,359.50	76,325.00
SCOTSMAN INDS INC				22,500	420,558.00	641,250.00
SCOTTS LIQUID GOLD INC				6,500	17,794.00	15,437.50
SEACOR SMIT INC				43,500	1,132,615.71	2,275,593.75
SEAGATE TECHNOLOGY				69,800	3,685,091.81	2,460,450.00
SECURITY CONN CORP				15,400	391,077.00	847,962.50
SECURITY FIRST NETWORK BANK				55,500	1,564,825.00	381,562.50
SELECTIVE INS GROUP INC				21,300	769,462.50	1,031,718.75
SELFCARE INC				83,200	862,129.00	1,040,000.00
SEMITOOL INC				9,600	104,409.00	111,600.00
SEPRACOR INC				55,000	1,354,375.00	1,419,687.50
SEQUENT COMPUTER SYS INC				36,000	606,114.60	758,250.00
SERVICE CORP INTL				47,200	996,096.65	1,551,700.00
SERVICE MERCHANDISE CO INC				117,900	690,736.32	353,700.00
SHELBY WILLIAMS INDS INC				3,500	45,788.75	47,687.50
SHELDAHL CO				79,500	1,423,737.50	1,639,687.50
SHELTER COMPONENTS CORP				11,375	142,551.50	135,078.13
SHILOH INDS INC				10,300	173,937.00	207,931.25
SHOLODGE INC				15,400	148,502.17	228,112.50
SHONEYS INC				44,800	258,789.68	266,000.00
SHOPKO STORES INC				46,900	528,689.10	1,195,950.00
SIEBEL SYS INC				55,500	942,561.81	1,789,875.00
SIGCORP INC				13,800	325,059.00	350,175.00
SIGNATURE RESORTS INC				22,800	556,587.82	788,025.00
SIGNET BANKING CORP				38,000	1,240,890.00	1,368,000.00
SIMPSON INDS INC				35,700	303,723.00	379,312.50
SJW CORP				1,600	55,650.00	84,000.00
SKYLINE CORP				5,500	131,065.00	135,437.50
SL INDS INC				3,400	25,120.00	33,150.00
SMART MODULAR TECHNOLOGIES INC				24,200	867,986.37	816,750.00
SMARTFLEX SYS INC				3,200	33,528.00	31,200.00
SMC CORP				6,100	47,644.00	48,800.00
SMITH A O CORP				41,900	890,981.39	1,490,068.75
SMITHFIELD COS INC				2,000	22,642.50	22,000.00
SOUTHDOWN INC				32,300	610,869.04	1,409,087.50
SOUTHERN CO				81,000	1,849,970.95	1,771,875.00
SOUTHERN ELECTRS CORP				13,100	71,324.00	168,662.50
SOUTHERN ENERGY HOMES INC				14,300	160,083.97	130,487.50
SOUTHERN N E TELECOMM CORP				100,000	3,859,307.00	3,887,500.00
SOUTHWEST SECS GROUP INC				6,900	94,476.00	134,550.00

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SOVEREIGN BANCORP INC				113.652	936,725.59	1,733,193.00
SPECIAL DEVICES INC				3.800	60,477.00	59,850.00
SPECIALTY EQUIP COS INC				16.600	216,039.00	244,850.00
SPECTRUM CTL INC				4.400	15,163.72	18,975.00
SPEIZMAN INDS INC				1.800	9,972.00	9,900.00
SPINE TECH INC				14.700	483,612.50	545,737.50
SPRINGS INDS INC				35.200	1,560,768.00	1,856,800.00
ST FRANCIS CAP CORP				2.700	69,295.50	104,625.00
ST JOSEPH LT + PWR CO				6.500	103,812.50	106,437.50
ST PAUL COS INC				79.600	4,214,622.30	6,069,500.00
STANDARD COML CORP				1.000	17,020.00	17,375.00
STANDARD MICROSYSTEMS CORP				22.900	481,019.76	203,237.50
STANDARD MTR PRODS INC				24.200	395,403.25	332,750.00
STANDARD PRODS CO				15.300	372,169.80	386,325.00
STANDARD REGISTER				22.700	747,942.60	695,187.50
STANDEX INTL CORP				37.800	1,068,719.23	1,134,000.00
STANHOME INC				6.700	183,330.09	220,262.50
STANLEY FURNITURE INC				2.800	23,387.00	64,750.00
STAPLES INC				86.800	699,621.45	2,018,100.00
STARRETT L S CO				12.800	292,696.50	408,000.00
STATE AUTO FINL CORP				10.050	163,200.61	226,125.00
STATE STREET SPIF				639.469	64,385,351.21	67,829,709.94
STATEWIDE FINL CORP				66.400	852,620.21	1,195,200.00
STATION CASINOS INC				32.600	308,126.50	273,025.00
STEEL TECHNOLOGIES INC				11.100	122,617.51	118,631.25
STEIN MART INC				108.100	2,017,476.34	3,243,000.00
STEPAN CHEM CO				14.700	237,037.50	361,987.50
STEPHAN CO				3.200	41,015.00	34,400.00
STERICYCLE INC				127.400	1,104,773.10	1,019,200.00
STERLING BANCORP				4.500	51,547.50	83,812.50
STERLING ELECTRS CORP				6.030	87,704.50	78,013.13
STEWART INFORMATION SVCS CORP				5.700	116,712.00	117,562.50
STIFEL FINL CORP				3.700	29,586.00	43,937.50
STOLT COMEX SEAWAY S.A				34.800	645,975.00	883,050.00
STONE ENERGY CORP				47.300	1,054,635.00	1,294,837.50
STRATTEC SEC CORP				5.200	81,676.75	107,250.00
STRATUS COMPUTER INC				5.000	170,145.00	250,000.00
STUART ENTMT INC				1.300	7,089.04	3,737.50
STUDENT LN CORP				18.500	681,235.00	785,093.75
STURM RUGER + CO INC				83.500	1,190,872.37	1,638,687.50
SUMITOMO BK CALIF				8.000	233,320.00	231,000.00
SUN HEALTHCARE GROUP INC				184.200	3,063,513.50	3,833,662.50
SUN MICROSYSTEMS INC				208.100	6,556,660.04	7,745,221.88
SUNDSTRAND CORP				190.300	6,583,360.10	10,276,200.00
SUNRISE ASSISTED LIVING INC				37.700	1,172,150.74	1,319,500.00
SUNRISE RES INC				8.800	26,652.00	35,200.00
SUNTRUST BKS INC				70.000	2,620,000.00	3,854,375.00
SUPERIOR CONSULTANT INC				31.900	769,127.06	1,176,312.50

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SUPERIOR SURGICAL MFG INC				7,200	63,977.00	84,600.00
SUPREMA SPECIALTIES INC				3,600	16,244.08	13,050.00
SUPREME INDS INC				3,916	25,554.99	33,775.50
SUPREME INTL CORP				3,700	58,851.60	59,200.00
SUSQUEHANNA BANCSHARES INC PA				4,800	139,992.00	188,400.00
SWING N SLIDE CORP				5,100	19,061.25	18,487.50
SYBRON CHEMS INC				10,500	130,970.00	204,750.00
SYLVAN INC				11,200	121,986.01	119,000.00
SYMETRICS INDS INC				1,300	10,939.50	11,700.00
SYMS CORP				16,100	131,839.00	159,993.75
SYNALLOY CORP				2,900	51,787.05	51,112.50
T R FINL CORP				75,200	968,200.00	1,894,100.00
TAB PRODS CO				3,100	26,248.00	30,612.50
TAITRON COMPONENTS INC				6,100	18,672.19	19,062.50
TALBOTS INC				51,900	1,597,331.40	1,764,600.00
TARRANT APPAREL GROUP				3,300	49,219.50	51,562.50
TBC CORP				29,900	209,102.25	250,412.50
TEGUMSEH PRODS CO				34,100	1,977,800.00	2,041,737.50
TEKTRONIX INC				30,000	1,481,520.00	1,800,000.00
TELTREND INC				5,000	91,725.00	73,125.00
TENNANT CO				7,000	162,680.00	232,750.00
TESORO PETE CORP				49,000	399,311.50	725,812.50
TETRA TECH INC NEW				82,800	1,815,050.00	1,997,550.00
TETRA TECHNOLOGIES INC DEL				127,500	2,410,451.30	3,028,125.00
TEXAS INDS INC				18,900	461,906.45	502,031.25
TEXAS INSTRS INC				142,500	8,413,248.50	11,978,906.25
TEXTRON INC				70,200	2,881,842.77	4,659,525.00
THOMSON PBE INC				6,100	39,894.00	31,262.50
THOR INDS INC				7,300	117,096.56	181,587.50
TIG HLDGS INC				33,200	890,454.20	1,037,500.00
TII INDS INC				5,700	34,686.06	33,487.50
TIPPERARY CORP				137,200	637,421.30	548,800.00
TITAN EXPL INC				61,700	661,268.75	748,112.50
TITAN HLDGS INC				8,179	109,159.33	194,251.25
TITAN INTL INC ILL				31,400	494,085.50	553,425.00
TJX COS INC NEW				52,600	1,104,266.80	1,387,325.00
TNP ENTERPRISES INC				11,100	260,157.80	257,381.25
TOOHUNTER INTL INC				4,500	36,767.50	32,625.00
TOLL BROS INC				30,900	581,631.74	567,787.50
TORCHMARK INC				106,700	4,897,717.97	7,602,375.00
TORO CO				18,100	541,396.14	685,537.50
TOTAL RENAL CARE HLDGS INC				48,900	1,240,821.40	1,965,168.75
TOYS R US INC				57,400	1,507,233.10	2,009,000.00
TRACOR INC NEW				63,000	1,027,222.56	1,582,875.00
TRACTOR SUPPLY CO				6,300	117,235.00	113,400.00
TRAK AUTO CORP				4,200	66,083.87	47,250.00
TRANS LEASING INTL INC				3,300	12,619.56	25,781.25
TRANSATLANTIC HLDGS INC				15,100	1,280,178.00	1,498,675.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
TRANSNET CORP				600	1,617.78	1,725.00
TRANSPORT CORP OF AMERICA				4,800	50,176.24	64,800.00
TRANSTECHNOLOGY CORP				9,500	121,217.50	216,125.00
TRANZONIC COMPANIES				3,100	44,849.00	65,100.00
TRAVEL PORTS AMER INC				6,572	18,073.00	17,662.25
TRENWICK GROUP INC				8,250	259,176.66	309,375.00
TRICO MARINE SVCS INC				16,700	351,308.75	364,268.75
TRIDENT MICROSYSTEMS INC				11,600	130,326.50	130,500.00
TRUSTED INFORMATION SYS INC				83,200	1,263,320.37	988,000.00
TRW INC				33,900	1,759,579.50	1,925,943.75
TUFECO TECHNOLOGIES INC				2,400	15,396.00	15,300.00
TUPPERWARE CORP				37,500	1,281,726.65	1,359,375.00
TUSCON ELEC PWR CO				29,200	470,775.99	423,400.00
TWIN DISC INC				5,200	118,411.50	149,500.00
TYSON FOODS INC (DEL)				186,000	3,656,962.52	3,557,250.00
U S CAN CORP				11,100	175,089.50	158,175.00
U S HOME CORP NEW				10,200	263,924.28	270,937.50
U S LONG DISTANCE CORP				114,200	1,266,675.92	1,969,950.00
U S OFFICE PRODS CO				41,300	1,089,608.15	1,262,231.25
UAL CORP				20,300	1,232,230.30	1,452,718.75
UCAR INTL INC				133,500	5,785,364.66	6,107,625.00
ULTRA PAC INC				1,600	10,814.08	10,500.00
ULTRAMAR DIAMOND SHAMROCK				36,000	1,130,544.00	1,174,500.00
ULTRATECH STEPPER INC				14,900	310,512.50	340,837.50
UNICO AMERN CORP				6,700	40,468.00	72,443.75
UNICOM CORP				130,000	3,114,262.00	2,892,500.00
UNION ACCEP CORP				3,700	38,535.50	38,850.00
UNION PAC CORP				21,000	819,853.52	1,466,062.50
UNITED BANKSHARES INC W VA				7,500	226,237.50	316,875.00
UNITED ILLUM CO				11,600	426,228.00	358,150.00
UNITED MERIDIAN CORP				41,500	733,310.12	1,245,000.00
UNITED NAT FOODS INC				77,100	1,051,512.50	1,619,100.00
UNITED STATES LIME + MINERALS				2,400	25,427.25	21,900.00
UNITED WASTE SYS INC				37,000	1,310,552.64	1,517,000.00
UNITIL CORP				4,000	88,598.00	81,500.00
UNIVERSAL FOODS CORP				47,600	1,667,428.00	1,814,750.00
UNIVERSAL FST PRODS INC				9,800	106,942.93	143,325.00
UPPER PENINSULA ENERGY CORP				5,100	97,104.00	99,450.00
UROCOR INC				44,000	441,171.15	412,500.00
URS CORP NEW				8,200	60,242.50	107,625.00
USBANCORP INC				1,900	90,801.00	103,550.00
USCS INTL INC				22,200	391,787.50	727,050.00
USF + G CORP				365,000	7,015,209.10	8,760,000.00
USX U S STL GROUP				130,000	4,061,759.00	4,550,000.00
UTAH MED PROBF INC				7,800	68,796.00	61,425.00
V F CORP				29,100	1,784,954.96	2,466,225.00
VALLEY FORGE CORP				2,700	33,335.18	49,781.25
VALLEY RES INC				2,000	22,540.00	21,625.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
VALUE CITY DEPT STORES INC				9,000	79,830.00	73,125.00
VARLEN CORP				10,230	244,722.00	274,931.25
VIAD CORP				358,000	5,863,121.00	6,891,500.00
VIDEO DISPLAY CORP				1,500	6,856.95	7,781.25
VIKING OFFICE PRODS INC				40,100	295,554.34	761,900.00
VINTAGE PETE INC				19,500	408,122.93	599,625.00
VIRCO MFG CO				2,970	27,103.50	76,848.75
VITAL SIGNS INC				8,700	150,423.00	152,793.75
VIVUS				81,100	1,245,339.02	1,931,193.75
WABAN INC				43,500	789,214.55	1,400,156.25
WABASH NATL CORP				55,700	927,586.15	1,552,637.50
WACHOVIA CORP NEW				45,000	2,031,795.00	2,624,062.50
WACKENHUT CORP				87,000	1,538,242.14	1,734,562.50
WAL MART STORES INC				268,000	6,232,473.52	9,061,750.00
WALGREEN CO				80,200	1,680,383.50	4,300,725.00
WALKER INTERACTIVE SYS				60,000	795,374.09	840,000.00
WALL DATA INC				37,100	680,836.31	978,512.50
WANDEL + GOLTERMANN TECH INC				4,500	56,148.75	41,062.50
WARNACO GROUP INC				140,200	3,410,809.25	4,468,875.00
WARNER LAMBERT CO				65,000	3,544,985.00	8,076,250.00
WASHINGTON HOMES INC NEW				7,200	33,218.50	27,000.00
WASHINGTON NATL CORP				22,800	525,517.50	649,800.00
WASHINGTON SVGS BK F S B				700	3,578.75	3,675.00
WASTE MGMT INC NEW				12,740	427,540.27	409,272.50
WEBB DEL CORP				16,000	301,006.50	260,000.00
WEBCO INDS INC				5,800	32,760.00	35,525.00
WELLS FINL CORP				42,800	472,443.75	642,000.00
WESTBRIDGE CAP CORP				5,500	41,471.68	53,281.25
WESTERN BEEF INC DEL				4,600	32,122.50	48,300.00
WESTERN DIGITAL CORP				63,400	1,823,576.10	2,005,025.00
WESTERN PWR + EQUIP CORP				2,700	12,245.57	14,681.25
WESTINGHOUSE AIR BRAKE CO NEW				22,700	282,988.00	454,000.00
WESTINGHOUSE ELEC CORP				724,000	12,961,734.20	16,742,500.00
WESTVACO CORP				119,000	3,463,835.50	3,741,062.50
WFS FINL INC				12,100	198,371.24	202,675.00
WHOLE FOODS MKT INC				57,600	804,706.14	1,908,000.00
WILLIAMS CLAYTON ENERGY INC				8,200	107,146.75	93,275.00
WILLIAMS CTLS INC				31,100	88,621.67	74,834.38
WILMAR INDS INC				74,100	1,249,870.20	1,806,187.50
WILSHIRE OIL CO TEX				8,400	47,521.50	44,625.00
WINNEBAGO IND INC				6,000	40,260.00	43,125.00
WINSLOW FURNITURE INC				6,800	63,853.34	74,375.00
WISER OIL CO DEL				7,600	127,262.00	140,125.00
WOLOHAN LMBR CO				6,900	64,422.88	84,093.75
WOLVERINE TUBE INC				12,700	351,492.50	354,012.50
WORLD ACCEPTANCE CORP				7,700	45,438.77	49,087.50
WORLD AWYS INC NEW				5,600	46,996.14	49,700.00
WORLD FUEL SERVICES CORP				7,500	122,537.00	164,062.50

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
WORLDTEX INC				11,300	66,653.50	90,400.00
WPL HLDGS INC				12,500	347,125.00	349,218.75
WPS RES CORP				10,700	311,033.50	286,225.00
WYLE ELECTRONICS				11,100	398,303.75	438,450.00
WYNNS INTL INC				21,625	262,353.61	613,609.38
XEROX CORP				90,000	4,694,193.00	7,098,750.00
YANKEE ENERGY SYS INC				7,400	162,722.00	181,300.00
YORK FINL CORP				5,170	79,821.00	102,753.75
YORK INTL CORP				73,000	2,942,692.50	3,358,000.00
ZARING NATL CORP				4,200	45,118.00	42,000.00
ZEIGLER COAL HLDG CO				16,000	406,563.40	374,000.00
Total Domestic Common Stock				45,364,720	1,197,407,106.84	1,627,783,201.70
Domestic Stock Warrants and Rights						
CELLULAR COMMUNICATIONS INTL				0	6,531.25	1,000.00
INTELCOM GROUP INC B C				6,270,000	0.00	45,449.31
INTERNATIONAL CALELTEL INC				1,875	0.00	1,875.00
NEXTEL COMMUNICATIONS INC				3,000	0.00	3,000.00
STERLING CHEMS HLDGS INC				1,200	0.00	36,000.00
Total Domestic Stock Warrants and Rights				6,276,075	6,531.25	87,324.31
Total Domestic Equity				51,640,795	1,197,413,638.09	1,627,870,526.01
Common Stock - ADR						
BANQUE NATIONALE DE PARIS				78,000	3,478,134.51	3,237,000.00
BRITISH PETE PLC				90,200	6,254,343.00	6,753,725.00
BRITISH STL PLC				46,000	1,149,250.00	1,161,500.00
ECSOFT GROUP PLC				15,100	151,000.00	211,400.00
ELAN PLC				62,000	1,633,672.36	2,805,500.00
GALLAHER GROUP PLC				100,000	1,761,104.49	1,843,750.00
KOMERCNI BANKA A S				40,000	1,055,461.90	690,625.00
KOREA INTL TST				32	1,104,257.14	1,261,440.00
NEWS CORP LTD				70,100	1,407,657.04	1,264,600.00
PECHINEY				84,140	488,590.77	1,651,247.50
PHILIPPINE LONG DISTANCE TEL				106,100	4,162,400.84	5,034,812.50
PLANNING SCIENCES INTL PLC				55,900	996,394.86	321,425.00
QANTAS AIRWAYS LTD				66,000	1,133,391.25	1,532,437.50
RAO GAZPROM				83,200	1,310,400.00	1,431,040.00
REPSOL S A				178,300	6,188,998.40	7,566,606.25
SAVILLE SYS PLC				37,400	956,176.35	1,944,800.00
SELECTED SOFTWARE TOOLS LTD				83,600	1,517,067.49	1,107,700.00
TELECOMUNICACOES BRASILEIRAS				50,000	1,455,194.39	7,593,750.00
TELEFONICA DE ESPANA S A				59,300	3,035,453.80	5,114,625.00
TELEFONICA DEL PERU SA				71,800	1,314,910.06	1,866,800.00
TELEFONOS DE MEXICO S A				121,000	3,716,454.40	5,792,875.00
THAILAND INTL FUND				48	1,524,000.00	892,320.00
YPF SOCIEDAD ANONIMA				65,700	1,803,331.80	2,020,275.00

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
Total Common Stock- ADR				1,563,920	47,597,644.85	63,100,253.75
Foreign Common Stock						
ACME METALS INC				7,000	108,742.59	119,875.00
AEGON				12,424	837,642.32	870,479.34
AIR NEW ZEALAND				1,120,000	2,945,739.28	3,415,756.53
ALBERT FISHER GRP				3,740,949	3,199,974.04	2,692,772.51
ALCATEL ALST(CGE)				67,518	7,292,923.21	8,464,278.87
ALFA SA				536,300	2,422,059.22	3,654,208.96
AMCOR LIMITED				845,000	5,577,140.39	5,570,642.50
AMER GROUP				128,000	2,550,514.51	2,304,083.59
ASSOCD BRIT FOODS				514,000	4,572,787.18	4,435,510.85
ASTRA AB				194,666	1,383,696.77	3,461,621.78
AXA UAP				97,358	6,017,462.01	6,061,102.17
BASS				500,000	6,833,582.54	6,099,661.65
BAYER AG				166,000	6,732,643.24	6,384,564.09
BCO BILBAO VIZCAYA				41,650	992,184.26	3,389,884.41
BCO CENTRAL HISPAN				72,000	2,221,687.10	2,638,742.40
BCO DE ANDALUCIA				19,800	1,946,614.69	3,365,742.85
BG				2,375,000	6,694,494.52	8,735,497.70
BICC				1,350,474	4,785,182.61	3,967,004.59
BIOCHEM PHARM INC				100,000	1,716,032.35	2,225,000.00
BK INTL INDONESIA				3,000,000	2,242,854.79	2,590,992.73
BLUE CIRCLE INDS				640,000	4,540,177.81	4,558,852.17
BOHLER UDDEHOLM				17,760	1,099,969.75	1,377,517.73
BOOTS CO				578,000	6,872,144.94	6,767,428.97
BPI SOC GESTORA				124,200	1,871,915.89	2,419,847.52
BRIERLEY INVMT LTD				3,681,304	2,076,059.14	3,592,696.62
BTR				1,112,000	3,498,317.51	3,803,193.13
CABLE + WIRELESS				860,000	6,854,583.51	7,907,924.23
CANON INC				170,000	4,473,873.98	4,635,146.87
CAPITAL PORTUGAL				11,405	681,901.23	1,730,959.65
CARTER HOLT HARVEY				2,476,286	4,727,525.59	6,394,140.12
CENTRICA				800,000	831,034.78	975,280.14
CEZ				48,000	1,968,063.61	1,325,842.82
CIE DE ST GOBAIN				33,000	4,482,267.63	4,817,118.63
COGNOS INC				52,900	838,284.22	1,646,512.50
COLES MYER LIMITED				649,532	2,496,339.36	3,352,630.42
CSR LIMITED				1,860,000	6,692,192.21	7,148,192.13
DAITO TRUST CONST				97,300	1,049,846.02	1,147,906.71
DEUTSCHE BANK AG				65,000	2,917,529.83	3,801,073.61
EISAI CO				300,000	5,673,828.31	5,689,066.01
ELECTRABEL				29,000	6,714,760.69	6,219,469.93
ELF AQUITAINE				109,174	9,471,431.94	11,789,654.02
ELKEM AS				118,000	1,540,545.63	2,312,999.84
ELSEVIER NV				268,000	4,526,525.40	4,486,449.90
EMP NAC ELECTRICID				41,000	1,419,923.01	3,448,492.53
ESSELTE AB				170,000	2,665,935.96	4,001,355.34

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
EVC INTERNATIONAL				24,435	1,082,549.76	619,816.19
EVN ENERG VERSORG				22,200	1,444,682.20	2,860,775.51
FIAT SPA				1,692,000	5,323,841.97	6,085,829.83
FIRST FINL CARIBBEAN CORP				3,800	65,227.00	123,975.00
FOSTERS BREWING GR				2,393,259	4,549,313.27	4,410,529.34
GEMSTAR GROUP LTD				104,500	1,923,239.53	1,920,187.50
GKN				425,000	6,771,365.12	7,317,305.56
GLAXO WELLCOME				338,000	6,721,053.75	6,975,416.62
GRANGES AB				45,900	619,337.15	617,351.97
HILLSDOWN HLDGS				1,039,893	2,566,540.63	2,924,873.75
HITACHI				833,000	7,502,401.33	9,317,833.71
HITACHI KOKI CO				115,000	1,059,806.99	823,079.39
HONG KONG ELECTRIC				1,588,000	4,833,864.83	6,395,224.33
HSBC HLDGS				194,740	1,223,563.05	5,856,818.67
HUTCHISON WHAMPOA				520,000	1,158,178.24	4,497,061.61
HYDER				228,166	2,268,596.45	3,085,361.56
IBERDROLA SA				750,000	7,180,675.92	9,485,275.31
INCHCAPE				936,000	4,461,138.84	4,408,532.54
INDIA FUND				892,650	1,280,260.48	1,485,637.92
ING GROEP NV				231,775	6,407,569.19	10,705,559.11
INMET MNG CORP				111,500	937,556.12	614,254.27
JARDINE MATHESON				844,314	4,827,130.80	5,994,629.40
JARDINE STRATEGIC				601,454	1,686,900.16	2,273,496.12
KOTTO MFG CO				163,000	1,125,542.67	1,247,819.29
KOMERCNI BANKA				10,000	496,381.55	518,486.02
KON BIJENKORF BEH				25,971	1,142,323.96	1,819,924.60
KVAERNER ASA				45,000	1,711,724.79	2,726,137.98
KWIK SAVE GROUP				255,725	2,212,186.44	1,295,961.94
KYUDENKO CORP				93,000	1,257,396.10	785,091.11
LERNOUT + HAUSPIE SPEECH PRODS				89,200	2,525,311.59	2,441,850.00
LONDON INS GR INC				194,600	1,830,534.42	3,752,184.57
MATSUSHITA ELC IND				307,000	5,608,559.17	6,197,411.59
MERITA LTD.				550,000	1,201,002.81	1,831,831.16
METSA SERLA OY				165,000	1,426,726.18	1,343,695.81
NATIONAL BK CDA MONTREAL QUE				324,800	2,375,418.07	4,073,069.73
NATIONAL POWER				336,027	2,529,029.21	2,919,284.65
NATL AUSTRALIA BK				553,000	7,811,288.78	7,858,838.60
NEWBRIDGE NETWORKS CORP				65,000	1,031,665.29	2,789,297.16
NICHIDO FIRE + MAR				204,000	1,124,625.20	1,490,377.99
NYCOMED				108,000	1,682,490.20	1,549,011.88
PAB K TJIWI KIMIA				1,812,887	1,578,614.86	2,106,273.83
PHILIP SVCS CORP				79,300	1,026,045.98	1,253,931.25
PHILIPS ELECTRONIC				95,000	3,643,870.87	6,817,154.10
PIONEER INTL LTD				980,889	2,116,617.69	3,762,320.01
POWERGEN				644,000	6,762,311.55	7,663,438.48
RENAULT (REGIE NATIONALE)				88,697	2,740,873.01	2,246,531.33
REPSOL SA				96,000	2,831,546.98	4,066,633.30
RHONE POULENC SA				146,624	3,526,445.01	5,993,891.61

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Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
RIO TINTO				274,000	4,474,281.08	4,772,232.14
ROYAL DUTCH PETROL				148,000	6,857,587.11	7,712,259.65
RWE AG				103,000	4,500,687.16	4,433,199.01
SAPPI				153,910	1,625,706.58	1,391,302.91
SCHRODER CAP FDS INC				48,726	66,000,000.00	111,078,417.89
SCHROEDER EMERGING MKT FD				62,263	123,750,000.00	168,821,573.18
SEMEN GRESIK				452,000	1,121,718.14	1,013,119.29
SGS HOLDING				485	644,213.46	1,037,966.87
SIEMENS AG				117,000	6,725,077.08	6,952,719.43
SIME DARBY BHD				1,445,000	4,474,084.85	4,809,025.66
SIMWARE INC				38,000	245,415.00	42,750.00
SINGAPORE FD INC				113,333	1,307,062.70	1,345,829.38
SONY CORP				54,000	2,433,120.92	4,714,321.89
SPARBANKEN SVERIGE				125,050	1,152,490.92	2,781,627.39
SPT TELECOM AS				19,500	1,971,586.03	2,046,168.03
STET				1,505,000	2,463,102.53	5,218,630.34
STORA KOPPARBERGS				208,800	2,273,754.34	3,402,419.44
STOREHOUSE				318,000	1,042,986.27	997,631.70
SWIRE PACIFIC				490,000	3,717,493.48	4,411,547.74
TATE + LYLE				154,000	1,158,007.84	1,144,389.73
TAYLOR WOODROW				1,355,000	4,011,758.79	3,991,575.31
TELECOM CORP OF NZ				1,232,000	5,592,704.15	6,262,220.31
TELEFONICA DE ESP				383,500	7,070,483.19	11,108,379.30
TF1 TV FRANCAISE				22,000	2,212,474.82	1,967,317.99
TURKISH GROWTH FUN				101,000	986,075.00	1,698,820.00
UNIDANMARK				50,000	2,495,820.95	2,812,667.59
UNION MINIERE				31,220	2,256,655.79	2,926,602.88
VA TECHNOLOGIE AG				15,000	1,579,871.97	2,745,593.33
VITRO SA				1,409,000	5,470,719.11	5,225,397.15
VOLVO(AB)				141,500	2,563,379.78	3,788,031.63
WEST JAPAN RAILWAY				1,600	5,421,121.63	6,278,072.23
WESTPAC BANK CORP				315,793	743,152.40	1,885,500.83
WHARF(HLDGS)				842,000	3,357,873.18	3,651,758.60
YOKOHAMA REITO CO				110,000	1,124,303.28	1,278,510.53
ZURICH VERSICHERUN				11,100	3,831,605.71	4,423,706.14
Total Foreign Common Stock				62,419,086	584,928,635.97	761,317,732.75
Foreign Stock Warrants and Rights						
MEXICO(UTD MEX ST)				5,131,000	0.00	0.00
Preferred Stock- Foreign						
HYDER				215,100	0.00	378,575.54
Total Foreign Equity				64,198,106.19	632,526,280.82	824,796,562.04
Real Estate Investment Pools						
EQUITABLE PRIME PROPERTY FUND				2,654	13,491,412.36	17,473,009.11

Louisiana State Employees' Retirement System

Detailed Listing of Investments as of June 30, 1997

Name	Coupon Rate	Maturity Date	Par Value	Shares	Amortized Cost	Market Value
HEITMAN REAL ESTATE FD V				48	12,000,000.00	11,757,928.00
JMB GROUP TRUST V				13,367,188	12,499,983.17	12,319,654.95
LENDARHOFF + ROBSON FD IV				129	12,892,768.00	13,311,068.11
METROPOLITAN TOWER FUND				51,214	11,488,897.12	18,722,821.43
PUBLIC STORAGE INST FD III				20	5,000,000.00	4,643,480.00
RETAIL PROPERTY TRUST				534,000	11,998,980.00	8,778,960.00
TCW REALTY FUND VI				280	14,000,000.00	15,989,050.00
Total Real Estate Investment Pools				13,955,533	93,372,040.65	102,995,971.60
Real Estate Debt Securities						
LOUISIANA HSG FIN AGY MTG REV				758,869	758,869.34	758,869.34
SECURITY PACIFIC				175,238	127,808.36	756,677.68
Total Real Estate Debt Securities				934,107	886,677.70	1,515,547.02
Venture Capital						
ABINGWORTH BIOVENTURE				1,927,948	2,316,291.27	3,029,797.82
ABINGWORTH BIOVENTURES				597,000	597,000.00	901,148.22
ADVENT V11				1,710,000	1,710,000.00	2,420,151.03
AUSTIN VENTURES IV				2,204,347	2,204,348.22	2,241,891.93
BATTERY VENTURES				2,775,000	2,775,000.00	2,765,456.77
BRINSON PARTNERSHIP FUND TRUST				2,447,772	2,447,772.00	2,447,772.00
CROSSPOINT VENTURE PARTNS III				3,000,000	3,000,000.00	4,483,938.00
GEOCAPITAL IV L P				660,000	660,000.00	620,689.74
GOLDER THOMA CRESSEY RAUNER				2,700,000	2,700,000.00	3,063,865.50
HELLMAN + FRIEDMAN CAPITAL				2,250,476	2,250,476.00	2,250,476.00
INTERWEST PARTNERS VI				320,000	320,000.00	320,000.00
KELSO INVESTMENT ASSOC. V LP				3,688,062	3,688,062.00	3,688,062.00
OCM OPPORTUNITIES FUND LP				4,000,000	4,000,000.00	4,000,000.00
OLYMPUS GROWTH FD II				3,184,469	3,184,468.86	3,184,468.86
RICE PARTNERS II				2,961,714	2,961,714.23	2,961,714.23
SPROUT CAPITAL VII L P				2,400,000	2,400,000.00	2,445,199.20
SUMMIT VENTURES IV				1,500,000	1,500,000.00	2,166,748.50
WELSH CARSON ANDERSON + STOWE				1,600,000	1,600,000.00	1,600,000.00
Total Venture Capital				39,926,789	40,315,132.58	44,591,379.80
Total Alternative Investments				54,816,428.91	134,573,850.93	149,102,898.42
Total Investments excluding Short-term					4,069,174,827.66	4,710,291,939.80
Short-term Investments					112,355,390.16	111,947,386.42
Grand Total					4,181,530,217.82	4,822,239,326.22

ACTUARIAL SECTION

Charles G. Hall
F.C.A., M.A.A.A., A.S.A.
Enrolled Actuary

1433 Hideaway Court
Baton Rouge, LA. 70806
(504) 924-6209

December 8, 1997

Board of Directors
LA STATE EMPLOYEES' RETIREMENT SYSTEM
Post Office Box 44213
Baton Rouge, Louisiana 70804-4213

Ladies and Gentlemen:

Pursuant to your request, we have completed our eleventh annual valuation of the Louisiana State Employees' Retirement System as of June 30, 1997. The valuation was prepared on the basis of the data submitted by the Retirement System office and the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

The 1997 Legislative Session produced no Bills which would have a prospective affect on funding. Notable changes in recent prior legislative sessions include the following Acts: Act 572 of 1992 established the Experience Account which provides for the pre-funding of retiree COLA's by accumulating excess investment income until the account is sufficient to cover the liability of increased benefits; Act 257 of 1992 re-established amortization schedules such that the current outstanding balance will be reamortized for a period which is the later of the year 2029 or the period established by Act 81 of 1988 with all payments increasing at a rate of 4.5% per year. The Texaco Settlement Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

- a) fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
- b) liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

On the basis of the current valuation, the total contribution rate payable by the employers for the year commencing July 1, 1997 should be set equal to 12.6% of payroll, plus a required legislative appropriation of \$4,113,643.

When compared to the prior year's employer's rate of 12.8%, the current employer's rate of 12.6% reflects a continued stabilization of the employer's rate from the prior year with some slight improvement. The current contribution rate, plus the required legislative appropriation, when taken together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

Board of Trustees

LASERS

December 8, 1997

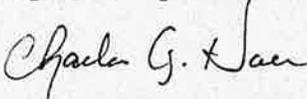
Page Two

The methodology for determining the actuarial value of assets, approved by the Board of Trustees, values fixed income securities at amortized value. The method values all other assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending on June 30, 1997 were in the amount of \$4,750,864,769. The Actuarial Value of Assets, when adjusted for the Experience Account Fund in the amount of \$212,947,619, and the side-fund assets from the Texaco Settlement Fund of \$84,727,619 yields assets for funding purposes of \$4,453,189,233.

In performing the June 30, 1997 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Louisiana State Employees' Retirement System. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 1997 actuarial valuation and supporting schedules of this certification have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(6) and assumptions which are appropriate for the purposes of this valuation. The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. Furthermore, we certify to the best of our knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principals and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,



Charles G. Hall, FCA, MAAA, ASA
Consulting Actuary

CGH/tt

EXHIBIT 5

PRINCIPLE PROVISIONS OF THE PLAN
(Including Acts of 1997 Regular Session)

EFFECTIVE DATE:

July 1, 1947; last amendment date - July 1, 1997.

EMPLOYEE:

Any person legally occupying a position in the state service.

EMPLOYER:

The State of Louisiana or any of its boards, commissions, departments, agencies and courts which are contributing members and those approved for membership by the legislature from which any employee receives his compensation.

ELIGIBILITY FOR PARTICIPATION:

Condition of employment in state service except the following: elected or appointed officials or employees who are contributing members of any other state system; public officials and state employees who receive a per diem in lieu of compensation; persons employed prior to 1/1/73 who work on a part-time basis and elect not to participate; patient or inmate help in state charitable, penal or correctional institutions; part-time students, interns and resident physicians; independent contractors; employees who are age 60 or older at time of employment; retirees of the retirement system who return to work under certain conditions; judges who failed to elect membership prior to 10/2/76; civilian employees who on 11/1/81 were within five years of retirement eligibility in the Federal Civil Service Retirement and Disability Fund; teachers employed after 9/10/82; nurses employed from employment pools at state charity hospitals; temporary, seasonal, part-time employees of DOCT, or as defined in federal law.

SERVICE:

Service as an "Employee", defined above.

CREDITABLE SERVICE:

For service prior to January 1, 1973: 1/4 year granted for each 89 day interval of service, not to exceed 1 credit per fiscal year. Minimum 50 days required for 1st Quarter credit.

For service on or after January 1, 1973, a member shall receive credit based on the ratio of actual pay to the annual base per calendar year. Fractional service shall be rounded to the next highest 1/10th, not to exceed 100 percent per year.

EXHIBIT 5 (Continued)

Principle Provisions

ADDITIONAL

CREDITABLE SERVICE:

1. Credit for service cancelled by withdrawal of accumulated contributions may be restored by member by paying into system the amount withdrawn plus interest at the Actuarial Valuation rate.
2. Maximum of 4 years of credit for military service may be obtained for each member with at least 2 years service, contingent on payment of Actuarial Cost.
3. Credit for educational leave or any period of training, up to a maximum of three years, for which a stipend was paid and the member was bound to return to the employ and does return to the employ of such agency.
4. Credit for service which was classified as a job appointment or emergency appointment not to exceed 2 years credit.
5. At retirement, all accumulated unused sick and annual leave shall be credited based on the following schedule:

1 - 26 Days	10% of a Year
27 - 52 Days	20% of a Year
53 - 78 Days	30% of a Year
79 - 104 Days	40% of a Year
105 - 130 Days	50% of a Year
131 - 156 Days	60% of a Year
157 - 182 Days	70% of a Year
183 - 208 Days	80% of a Year
209 - 234 Days	90% of a Year
235 - 260 Days	100% of a Year

Actuarial Equivalent Lump-sum is available after August 15, 1993.

EARNABLE COMPENSATION:

The base pay earned by an employee for a given pay period as reported by the employing agency including the full amount earned, expense allowances, over-time paid to employees of the legislative branch, per diem paid to members of the legislature, the clerk or sergeant-at-arms of the house and the president and secretary of the senate.

AVERAGE FINAL
COMPENSATION FOR
BENEFIT PURPOSES:

The average annual earned compensation for the thirty-six highest months of successive employment, or the highest thirty-six successive joined months where interruption of service occurred; part-time employees use the base pay the part-time employee would have received had employment been full-time.

EXHIBIT 5 (Continued)
Principle Provisions

ACCUMULATED CONTRIBUTIONS:

The sum of all amounts deducted from the earned compensation of a member and credited to the individual account in the employee's savings account, together with regular interest credited prior to July 1971.

EMPLOYEE CONTRIBUTIONS:

		<u>After June 30, 1989</u>
Individual Employees	7% of Compensation	7.5%
Agents of DOC	8.5% of Compensation	9.0%
WildLife Agents	8% of Compensation	8.5%
Legislators, Judges	11% of Compensation	11.5%

EMPLOYER CONTRIBUTIONS:

9% of Compensation by statute; 9.2% effective 8/1/80; 10.2% effective 7/1/84; 11.2% effective 9/11/85. Act 81 of 1988 requires employer rate to be actuarially determined and set annually.

RETIREMENT BENEFIT:

NORMAL RETIREMENT:

Eligibility:

Written application to the Board and,

1. Member has attained age 60 and 10 years of accredited service, or age 55 and 25 years of accredited service, or at any age and 30 years of accredited service.
2. Certain members of the Department of Public Safety and Corrections, 20 years of accredited service at any age (age 50 if employed after August 15, 1986, 20 years of service).
3. Service as a judge or court officer, 18 years of creditable service regardless of age, or age 50 and 20 years of accredited service, or age 55 and 12 years of accredited service, or age 70 without regard to accredited service.
4. Members of the legislature, governor, lieutenant governor and state treasurer, 16 years of such service without regard to age, or age 50 with 20 years of accredited service with 12 years of such service, or age 55 with 12 years of such service.

Benefit:

1. Annual pension equal to 2 1/2 percent of average compensation for each year of creditable service, plus \$300 supplemental benefit.
2. Annual pension equal to 2 1/2 percent of average compensation for each year of creditable service, plus \$300 supplemental benefit.

EXHIBIT 5 (Continued)

Principle Provisions

3. Annual pension equal to 3 1/2 percent of average compensation for each year of creditable service as a judge or court officer, plus benefit described in (1) above for other state service.

4. Annual pension equal to 3 1/2 percent of average compensation for each year of creditable service as a legislator, governor, lieutenant governor, employees of the legislature or state treasurer, plus benefit described in (1) above for other state service.

NOTE:

A. Benefit not to exceed 100% of average earnable compensation.

B. Retiree who returns to work shall have benefits suspended while so re-employed; benefit in same amount shall resume after re-employment ceases, but shall include any Cost-of-Living benefits or increases granted during suspension (these are not retroactive). Retirees who return to work during a July 1 to June 30 year will not have his benefits reduced if his compensation does not exceed 50% of his annual benefit.

C. The \$300 annual supplemental benefit is discontinued to persons who become members of the retirement system after 6/30/86 (Act 608 of 1986).

D. For members employed after January 1, 1990, the annual pension cannot exceed the maximum benefit provided under Section 415(b)(2)(F) of the Internal Revenue Service Code as adjusted for inflation and form of benefit other than life annuity or qualified joint and survivor annuity for retirement ages as follows:

<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>	<u>AGE</u>	<u>MAXIMUM</u>
48	\$23,004	56	\$48,547	64	\$111,613
49	25,175	57	53,561	65	125,000
50	27,573	58	59,175	66	134,377
51	30,225	59	65,476	67	144,637
52	33,161	60	72,567	68	155,873
53	36,417	61	80,568	69	168,190
54	40,034	62	89,623	70	181,709
55	44,060	63	99,903		

EARLY RETIREMENT:

Eligibility:

20 years of service credit regardless of attained age.

Benefit:

Normal retirement benefit based upon service accrued to date, actuarially reduced from the earliest date member would be eligible if employment had continued, to the earliest normal retirement date.

EXHIBIT 5 (Continued)
Principle Provisions

COST-OF-LIVING BENEFITS:

Act 572 of 1992 establishes an Experience Account which is credited with 50% of the excess investment experience gain and debited with 50% of the net investment experience loss. Balances in the experience account accrue interest at the average actuarial yield for the System portfolio. Once the balance of the experience account accumulates to a sum sufficient to grant retirees a COLA, the Board may grant such COLA with legislative approval.

DISABILITY RETIREMENT:

Eligibility:

10 years of creditable service; certification of disability by medical board (medical examination may be required once in every year for the first 5 years of disability retirement, and once in every 2 years thereafter, until age 60.)

Benefit:

- 1) The disability retirement annuity shall be equivalent to the regular retirement formula without reduction by reason of age for all classes of membership.
- 2) For judges and court officers, the benefit in (1) but not less than 50% of current salary.
- 3) For certain Wildlife agents; partial disabilities not eligible for (1) above receive 75% of the benefit in (1); total disability in-line-of-duty receive 60% of average compensation.

SURVIVOR'S BENEFITS:

Eligibility:

1. Surviving spouse with minor children, legally married 2 years prior to date of death of a member with 5 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service regardless of date earned.
2. Surviving spouse, legally married 2 years prior to death, of a deceased member with 10 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service regardless of date earned.
3. Surviving minor child, with no spouse of a deceased member with 5 years of service credit, 2 of which were earned immediately prior to death, or 20 years of service regardless of date earned.
4. Surviving handicapped or mentally retarded children.
5. Surviving spouse of a judge or court officer.
6. Beneficiary not eligible for (1), (2), (3), (4) or (5).

EXHIBIT 5 (Continued)
Principle Provisions

Benefit:

1. Greater of 75% of member's average compensation or \$300 per month. One-third of the benefit is designated for survivor, two-thirds for minor children.
2. Greater of 50% of member's average compensation or \$200 per month.
3. Greater of 75% of member's average compensation or \$300 per month.
4. Continuation of minor child's benefit described above in (1) or (3) whichever is applicable.
5. Survivor's benefit described in (1) or (2), but not less than the greater of 1/3 the member's compensation or 50% of the retirement pay which such member was entitled or receiving prior to death.
6. Return of member's accumulated contributions.

OPTIONAL FORMS
OF BENEFIT:

In lieu of receiving normal retirement benefit, member may elect to receive actuarial equivalent of retirement allowance in a reduced form as follows:

Option 1 - If a member dies before receiving present value of annuity in monthly payments, balance paid to designated beneficiary.

Option 2 - Reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 3 - 1/2 of reduced retirement allowance, if member dies, to be continued to designated beneficiary for his lifetime.

Option 4 - Other benefits of equal actuarial value may be elected with approval of board.

Initial Benefit Option - Maximum benefit actuarially reduced for partial lump-sum equal to not more than 36 months of maximum monthly pension.

- A. 90% of the maximum retirement allowance to member; if member dies, 55% of the maximum retirement allowance continued to beneficiary.
- B. 90% of the maximum retirement allowance to member; if member dies, 55% of the maximum retirement allowance continues to beneficiary adjusted based on the age and relationship of the beneficiary to the member.

EXHIBIT 5 (Continued)

Principle Provisions

C. Special reversionary annuities to Options 2, 3, and 4. Member's reduced benefit reverts to the maximum if the beneficiary predeceases the annuitant.

If divorced after retirement, optional benefit can revert to maximum benefit with actuarial adjustment.

REFUND OF CONTRIBUTIONS:

If a member ceases to be a member, except by death or retirement, he shall be paid such part of the amount of the accumulated contributions credited to his individual account in annuity savings fund as he shall demand, plus any accumulated interest thereon as of 6/30/71; if member of legislature, no interest. No interest credited after 6/30/71. Death prior to retirement - accumulated contributions credited to individual account in annuity savings fund are returnable to designated beneficiary, if any; otherwise, to his estate.

**WITHDRAWAL AFTER 10 YEARS
OF CREDITABLE SERVICE:**

Any member with credit for 10 years of service who withdraws from service may elect to leave accumulated contributions in system until age 60, when he may apply for retirement and begin receiving a retirement benefit based on the credits he had at date of withdrawal.

EXHIBIT 6

ACTUARIAL COST METHODS AND ASSUMPTIONS

COST METHOD:

The individual "Projected Unit Credit" cost method was used to calculate the funding requirements of the retirement system. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is accumulated from the participant's attained age to the anticipated retirement dates. That portion of the actuarial present value attributable to current year benefit accruals is called the Normal Cost. The actuarial present value of future benefits in proportion to service accrued on the date of valuation is called the actuarial accrued liability.

ACCOUNTING DISCLOSURE:

The Governmental Accounting Standards Board Statement No. 25 requires the disclosure of certain Actuarial Liabilities for Public Employees Retirement Systems. The disclosures illustrated in Exhibit 3 were developed using the Projected Unit Credit cost method. The statement of assets provided by the audit staff was the final draft prior to publication. Should the statement of assets received differ from the final audit report, a revised actuarial statement will be issued, but only to the extent that any difference in reporting affects the employer's contribution rate or the yield to the Actuarial Value of Assets.

MORTALITY ASSUMPTIONS:

Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the 1983 Sex Distinct Graduated Group Annuity Mortality Table, with female age set at attained age plus one.

DISABILITY ASSUMPTION:

Rates of total and permanent disability were projected by age in accordance with the 1981-86 disability experience study of the Retirement System. For mortality after disability, rates were on the Eleventh Actuarial Valuation of the Railroad Retirement Systems for permanent disabilities.

RETIREMENT ASSUMPTION:

Retirement without reduction in benefits can occur at any given age after satisfying the service eligibility requirements. Absent from the plan is a traditional "Normal Retirement Age". Since the age and service requirements are varied, the frequency of retirements will depend on the exposure plus intangibles such as health, economy, Social Security and other work patterns. The retirement rates were projected based on the 1981-86 experience study of the Retirement System.

EXHIBIT 6 (Continued)
Cost Methods & Assumptions

TERMINATION ASSUMPTIONS:

Voluntary termination or withdrawal rates were derived from the 1981-86 termination experience study of the Retirement System. During the first five years of employment, the probability of voluntarily terminating is a multiple of the attained age rate as follows:

	<u>Regular Members</u>	<u>Corrections & Wildlife</u>
1st year	1.3x	1.6x
2nd year	1.0x	1.2x
3rd year	1.0x	1.1x
4th year	1.0x	1.1x
5th year	1.0x	1.0x

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80% will not withdraw their accumulated employee contributions.

SALARY GROWTH:

The rate of annual salary growth is based on the 1981-86 salary growth experience study of the Retirement System.

FAMILY STATISTICS:

The composition of the Family was based on Age-Specific Fertility Rates from the 1983 Vital Statistics of the United States. 80% of the membership was assumed to be married with the wife assumed to be three (3) years younger than the husband. Sample rates are as follows:

<u>Age at Death</u>	<u>Number of Minor Chn.</u>	<u>Years for Youngest Child to Attain Majority</u>
25	1.3	17
30	1.8	15
35	2.2	13
40	2.1	10
45	1.7	8
50	1.2	4

EXHIBIT 6 (Continued)Cost Methods & AssumptionsASSUMPTION FOR INCOMPLETE DATA:

Records identified as containing suspicious data or errors in data were assumed to possess the same characteristics of "good data" in the same cohort.

INVESTMENT EARNINGS:

An effective annual rate of 8 1/4%, net expenses.

ASSET VALUATION:

Bonds are valued at amortized cost. Fixed assets are valued at cost minus depreciation. For the Plan Year Ending June 30, 1988 equities are valued on a four year weighted average. The computation of the average actuarial value of assets is the sum of the bonds at amortized cost, plus a weighted average of the change in the unrealized losses or (gains) in the market value of equities offset against the market value of equities. This value is determined in accordance with Reg. 1.412(c)(2)-1-(6)&(7) of the Internal Revenue Service Code and is subject to the Corridor Limits defined therein.

ADMINISTRATIVE EXPENSES:

Expenses are included in Aggregate Normal Cost and are assumed to be \$3,500,000 per year. Investment Manager fees are not included in Normal Cost but are treated as a direct offset to investment income. The Employer portion of the Normal Cost excludes an allocation for administrative expenses.

COST-OF-LIVING:

The liability for a cost-of-living raise already granted is included in the retiree reserve.

ACTUARIAL TABLES AND RATES
(STATE EMPLOYEES' ASSUMPTIONS)

Age	- Death Rates -		Remarriage	Disability	Retirement		Termination	Salary
	Male	Female	Rates	Rates	Rates	Dur	Rates	Scale
20	.00042	.00022	.09350	.00000	.00000	1	.27500	1.11750
21	.00044	.00024	.09152	.00000	.00000	2	.32400	1.10750
22	.00045	.00025	.08954	.00000	.00000	3	.16400	1.09750
23	.00047	.00027	.08757	.00000	.00000	4	.13700	1.08250
24	.00049	.00028	.08569	.00000	.00000	5	.11800	1.07750
25	.00052	.00030	.08402	.00000	.00000	6	.11000	1.07250
26	.00054	.00032	.08225	.00000	.00000	7	.10100	1.07050
27	.00057	.00034	.08028	.00000	.00000	8	.08500	1.06850
28	.00060	.00036	.07802	.00000	.00000	9	.07100	1.06650
29	.00064	.00038	.07556	.00000	.00000	10	.05800	1.06350
30	.00067	.00040	.07281	.00020	.00000	11	.03200	1.06050
31	.00072	.00043	.06976	.00020	.00000	12	.02400	1.05750
32	.00076	.00046	.06652	.00030	.00000	13	.02000	1.05450
33	.00082	.00049	.06308	.00030	.00000	14	.02000	1.05150
34	.00087	.00053	.05945	.00040	.00000	15	.01700	1.04850
35	.00096	.00056	.05582	.00050	.00000	16	.01700	1.04550
36	.00101	.00060	.05230	.00060	.00000	17	.01300	1.04250
37	.00107	.00064	.04890	.00080	.00000	18	.01300	1.04250
38	.00115	.00069	.04570	.00100	.00000	19	.01300	1.04250
39	.00125	.00074	.04271	.00120	.00000	20	.01300	1.04250
40	.00138	.00080	.03993	.00130	.50000	21	.01200	1.04250
41	.00152	.00086	.03769	.00140	.50000	22	.01200	1.04250
42	.00170	.00094	.03480	.00150	.50000	23	.01200	1.04250
43	.00191	.00102	.03256	.00170	.50000	24	.01200	1.04250
44	.00215	.00112	.03037	.00200	.65000	25	.01100	1.04250
45	.00243	.00124	.02822	.00240	.65000	26	.01100	1.04250
46	.00275	.00137	.02632	.00280	.32000	27	.00800	1.04250
47	.00310	.00152	.02455	.00320	.32000	28	.00700	1.04250
48	.00349	.00167	.02303	.00360	.42000	29	.00600	1.04250
49	.00390	.00183	.02154	.00450	.43000	30	.01400	1.04250
50	.00434	.00199	.02019	.00540	.43000	31	.01300	1.04250
51	.00480	.00217	.01889	.00670	.42000	32	.01300	1.04250
52	.00528	.00236	.01808	.00800	.42000	33	.02000	1.04250
53	.00578	.00257	.01733	.00670	.42000	34	.01500	1.04250
54	.00629	.00282	.01671	.00540	.42000	35	.01500	1.04250
55	.00681	.00311	.01622	.00670	.47000	36	.01500	1.04250
56	.00735	.00345	.01596	.00920	.34000	37	.01500	1.04250
57	.00793	.00383	.01584	.01040	.32000	38	.01500	1.04250
58	.00858	.00425	.01589	.01140	.32000	39	.00000	1.04350
59	.00932	.00471	.01622	.01040	.32000	40	.00000	1.04550
60	.01018	.00523	.01682	.00400	.32000	41	.00000	1.04850
61	.01118	.00579	.01764	.00330	.27000	42	.00000	1.05150
62	.01237	.00641	.01906	.00250	.27000	43	.00000	1.05450
63	.01377	.00710	.02061	.00250	.27000	44	.00000	1.05750
64	.01541	.00785	.02239	.00300	.27000	45	.00000	1.05750
65	.01732	.00869	.02446	.00400	.44000	46	.00000	1.05750
66	.01953	.00965	.02684	.00000	.32000	47	.00000	1.05750
67	.02200	.01078	.02952	.00000	.32000	48	.00000	1.05750
68	.02470	.01214	.03209	.00000	.32000	49	.00000	1.05750
69	.02757	.01376	.03504	.00000	.42000	50	.00000	1.05750
70	.03059	.01570	.03851	.00000	.50000	51	.00000	1.05750

ACTUARIAL TABLES AND RATES
(JUDGES & LEGISLATORS ASSUMPTIONS)

Age	- Death Rates -		Remarriage	Disability	Retirement	Dur	Termination	Salary
	Male	Female	Rates	Rates	Rates		Rates	Scale
20	.00042	.00022	.09350	.00000	.00000	1	.27500	1.04750
21	.00044	.00024	.09152	.00000	.00000	2	.32400	1.04750
22	.00045	.00025	.08954	.00000	.00000	3	.16400	1.04750
23	.00047	.00027	.08757	.00000	.00000	4	.13700	1.04750
24	.00049	.00028	.08569	.00000	.00000	5	.11800	1.04750
25	.00052	.00030	.08402	.00000	.00000	6	.11000	1.04750
26	.00054	.00032	.08225	.00000	.00000	7	.10100	1.04750
27	.00057	.00034	.08028	.00000	.00000	8	.08500	1.04750
28	.00060	.00036	.07802	.00000	.00000	9	.07100	1.04750
29	.00064	.00038	.07556	.00000	.00000	10	.05800	1.04750
30	.00067	.00040	.07281	.00020	.00000	11	.03200	1.04750
31	.00072	.00043	.06976	.00020	.00000	12	.02400	1.04750
32	.00076	.00046	.06652	.00030	.00000	13	.02000	1.04750
33	.00082	.00049	.06308	.00030	.00000	14	.02000	1.04750
34	.00087	.00053	.05945	.00040	.00000	15	.01700	1.04750
35	.00096	.00056	.05582	.00050	.00000	16	.01700	1.04750
36	.00101	.00060	.05230	.00060	.00000	17	.01300	1.04750
37	.00107	.00064	.04890	.00080	.00000	18	.01300	1.04750
38	.00115	.00069	.04570	.00100	.00000	19	.01300	1.04750
39	.00125	.00074	.04271	.00120	.00000	20	.01300	1.04750
40	.00138	.00080	.03993	.00130	.50000	21	.01200	1.04750
41	.00152	.00086	.03769	.00140	.50000	22	.01200	1.04750
42	.00170	.00094	.03480	.00150	.50000	23	.01200	1.04750
43	.00191	.00102	.03256	.00170	.50000	24	.01200	1.04750
44	.00215	.00112	.03037	.00200	.65000	25	.01100	1.04750
45	.00243	.00124	.02822	.00240	.65000	26	.01100	1.04750
46	.00275	.00137	.02632	.00280	.32000	27	.00800	1.04750
47	.00310	.00152	.02455	.00320	.32000	28	.00700	1.04750
48	.00349	.00167	.02303	.00360	.42000	29	.00600	1.04750
49	.00390	.00183	.02154	.00450	.43000	30	.01400	1.04750
50	.00434	.00199	.02019	.00540	.43000	31	.01300	1.04750
51	.00480	.00217	.01889	.00670	.42000	32	.01300	1.04750
52	.00528	.00236	.01808	.00800	.42000	33	.02000	1.04750
53	.00578	.00257	.01733	.00670	.42000	34	.01500	1.04750
54	.00629	.00282	.01671	.00540	.42000	35	.01500	1.04750
55	.00681	.00311	.01622	.00670	.47000	36	.01500	1.04750
56	.00735	.00345	.01596	.00920	.34000	37	.01500	1.04750
57	.00793	.00383	.01584	.01040	.32000	38	.01500	1.04750
58	.00858	.00425	.01589	.01140	.32000	39	.00000	1.04750
59	.00932	.00471	.01622	.01040	.32000	40	.00000	1.04750
60	.01018	.00523	.01682	.00400	.32000	41	.00000	1.04750
61	.01118	.00579	.01764	.00330	.27000	42	.00000	1.04750
62	.01237	.00641	.01906	.00250	.27000	43	.00000	1.04750
63	.01377	.00710	.02061	.00250	.27000	44	.00000	1.04750
64	.01541	.00785	.02239	.00300	.27000	45	.00000	1.04750
65	.01732	.00869	.02446	.00400	.44000	46	.00000	1.04750
66	.01953	.00965	.02684	.00000	.32000	47	.00000	1.04750
67	.02200	.01078	.02952	.00000	.32000	48	.00000	1.04750
68	.02470	.01214	.03209	.00000	.32000	49	.00000	1.04750
69	.02757	.01376	.03504	.00000	.42000	50	.00000	1.04750
70	.03059	.01570	.03851	.00000	.50000	51	.00000	1.04750

**Active Membership Data
Six Years Ended June 30, 1997**

Valuation Date	Total Active Members	Percent Change	Annual Payroll	Annual Average Pay	% Increase in Average Pay
1992	67,798	(4.4)	\$ 1,454,370,594	\$ 21,452	6.3
1993	68,463	1.0	1,504,147,368	21,970	3.4
1994	68,966	0.7	1,546,464,828	22,424	2.8
1995	66,628	(3.4)	1,547,977,166	23,233	0.1
1996	69,680	4.6	1,584,357,131	22,738	2.4
1997	69,444	(0.3)	1,607,371,721	23,146	1.5

Schedule of Retirants and Beneficiaries Added

Fiscal Year	Number of Annuitants*	Additions	Deletions	Percentage Change in Membership	Annual Annuities (thousands)	Percentage Change in Annuities
1992	25602	775	302	1.9%	258,424	7.1%
1993	25887	1043	758	1.1%	262,855	1.7%
1994	27093	1275	69	4.7%	271,402	3.3%
1995	27761	1074	406	2.5%	280,064	3.2%
1996	28030	1426	1157	1.0%	314,408	12.3%
1997	28796	1218	452	2.7%	333,391	6.0%

*Does not include Drop Participants

Summary of Actuarial and Unfunded Actuarial Liabilities

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Ratio Assets to Liabilities (a/b)	Covered Payroll (c)	UAAL as a Percentage of payroll ((b-a)/c)
1988	\$ 2,019,832	\$ 3,845,253	\$ 1,825,421	52.5	\$ 1,111,015	164.3
1989	2,179,402	4,021,933	1,848,531	54.0	1,141,080	162.0
1990	2,321,259	4,210,107	1,888,848	55.1	1,226,065	154.1
1991	2,516,742	4,499,312	1,982,570	55.9	1,368,480	144.9
1992	2,802,667	4,884,509	2,081,842	57.4	1,454,371	143.1
1993	3,044,727	5,123,410	2,078,683	59.4	1,504,147	138.2
1994	3,347,602	5,403,394	2,055,792	61.9	1,546,465	132.9
1995	3,665,863	5,696,909	2,031,046	64.3	1,547,977	131.2
1996	4,114,461	6,254,405	2,139,944	65.8	1,584,357	135.1
1997	4,537,917	6,489,361	1,951,444	69.9	1,607,371	121.4

The total actuarial accrued liability determined using the Projected Credit Unit cost method increased by \$234,955,874 from June 30, 1996 to June 30, 1997. There were no changes in benefit provisions during the year. There was a net experience gain of \$239,190,250 after allocating \$116,230,215 of excess investment income to the Experience Account in accordance with Act 1031.

UAAL includes Texaco Settlement Fund Assets for funding purposes.

**SUMMARY OF ACTUARIAL VALUES AND
PERCENTAGE COVERED BY NET ASSETS AVAILABLE FOR BENEFITS**
(in millions of dollars)

Valuation Date	(1) Retirees and Survivors	(2) Terminated Vested Members	(3) Active Member Contribution	(4) Active Employer Contribution	Net Assets Available For Benefits	(1)	(2)	(3)	(4)
1988	2,017.7	34.6	\$ 539.1	\$ 1,253.8	\$ 2,019.8	100.0	6.1	0.0	0.0
1989	2,164.7	23.8	574.3	1,259.1	2,173.4	100.0	100.0	36.6	0.0
1990	2,088.0	20.2	615.4	1,486.4	2,321.2	100.0	100.0	34.6	0.0
1991	2,155.5	17.9	674.2	1,651.6	2,516.7	100.0	100.0	50.9	0.0
1992	2,307.6	28.1	728.9	1,819.8	2,802.7	100.0	100.0	64.1	0.0
1993	2,340.3	30.3	790.6	1,962.2	3,044.7	100.0	100.0	85.3	0.0
1994	2,536.3	35.6	839.2	1,992.3	3,347.6	100.0	100.0	92.4	0.0
1995	2,651.2	46.1	886.9	1,785.1	3,665.9	100.0	100.0	91.6	0.0
1996	2,697.0	49.8	903.6	2,604.0	4,114.5	100.0	100.0	100.0	17.8
1997	2,808.5	53.9	938.2	2,688.8	4,537.9	100.0	100.0	100.0	27.4

Actuarial Present Value of Credited Projected Benefits were calculated beginning with the June 30, 1997 Actuarial Valuation in accordance with The National Council on Governmental Accounting Standard No. 6.

Louisiana State Employees' Retirement System

CHANGE IN UNFUNDED ACTUARIAL LIABILITIES (Dollar Amounts in Thousands)

	FISCAL YEAR ENDING JUNE 30TH					
	1997	1996	1995	1994	1993	1992
INCREASES:						
Unfunded Actuarial Liability at beginning of Fiscal Year	\$ 2,213,565	\$ 2,084,281	\$ 2,055,792	\$ 2,078,683	\$ 2,081,842	\$ 1,982,570
Interest on Unfunded Liability	182,619	171,953	169,603	171,491	171,752	163,562
Experience Account Allocation	116,230	73,841	20,574	8,548	(2,765)	27,275
Employer Deficit	3,430	1,505	38,970	2,610	(63,821)	66,577
Experience Loss	0	144,751	0	0	0	30,288
Texaco Adjustment	778	0	0	0	0	0
Total Incurred Increase	303,058	392,049	229,147	182,650	105,165	287,702
DECREASES:						
Texaco Settlement	0	0	7,119	36,000	0	0
Investment Gains	232,460	147,681	41,148	17,096	(5,530)	54,550
Employee Amtz. Payment	124,252	115,084	115,139	114,415	116,767	122,620
Experience Gain	123,738	0	37,252	38,028	0	0
Employer Credit	0	0	0	0	(2,912)	11,260
Total Incurred Decrease	480,451	262,765	200,659	205,540	108,325	188,430
Unfunded Actuarial Liability at end of Fiscal Year	\$ 2,036,172	\$ 2,213,565	\$ 2,084,281	\$ 2,055,792	\$ 2,078,683	\$ 2,081,842

Actuarial Funded Percentage	68.62	64.61	64.35	61.95	59.43	57.38
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Louisiana State Employees' Retirement System

AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

FISCAL YEAR	DESCRIPTION	AMORT. METHOD	AMORT. PERIOD	INITIAL LIABILITY	YEARS REMAIN	REMAINING BALANCE	MID-YEAR PAYMENT
1988	Initial Liability	I	40	\$ 1,825,421,035	32	\$ 2,417,987,783	\$ 124,734,244 *
1989	Change in Liability	I	36	(219,552,151)	32	(246,318,832)	(13,125,650)
1990	Change in Liability	I	36	105,002,368	32	117,803,722	6,277,435
1991	Change in Liability	I	36	47,088,257	32	52,829,018	2,815,112
1992	Legislative COLA	L	12	66,577,000	7	46,197,149	8,601,429
1992	Change in Liability	I	36	1,651,904	32	1,853,296	98,757
1993	Change in Liability	I	36	(67,422,552)	32	(75,642,366)	(4,030,773)
1994	Change in Liability	I	35	(48,680,987)	32	(53,007,637)	(2,824,631)
1995	Change in Liability	I	34	(57,826,272)	32	(61,155,614)	(3,258,814)
1996	Change in Liability	I	33	70,910,540	32	72,893,351	3,884,285
1997	Change in Liability	I	32	(239,190,250)	32	<u>(239,190,250)</u>	<u>(12,745,787)</u>
TOTAL OUTSTANDING BALANCE						\$ 2,034,249,620	\$ 110,425,607

EMPLOYER'S CREDIT BALANCE

1993	Contribution Variance L	L	5	\$ 2,911,762	1	\$ 678,135	\$ 705,554
1994	Contribution Variance L	L	5	2,609,956	2	1,169,366	632,423
1995	Contribution Variance L	L	5	(7,118,810)	3	(4,604,371)	(1,724,970)
1996	Contribution Variance L	L	5	1,504,500	4	1,249,323	364,558
1997	Contribution Variance L	L	5	3,429,831	5	<u>3,429,831</u>	<u>831,088</u>
TOTAL OUTSTANDING BALANCE						\$ 1,922,284	\$ 808,653

TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY **\$ 2,036,171,904**

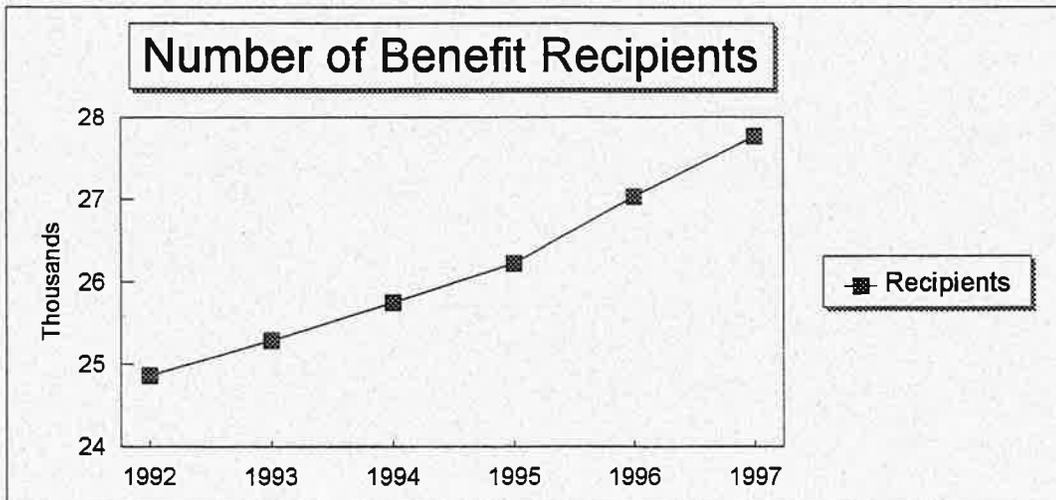
***Note:** LSU and Unfunded Judges equals 3.192635% of the Initial Liability mid-year payment.

Effective July 1, 1992, Amortization Periods changed in accordance with Act 257.

STATISTICAL SECTION

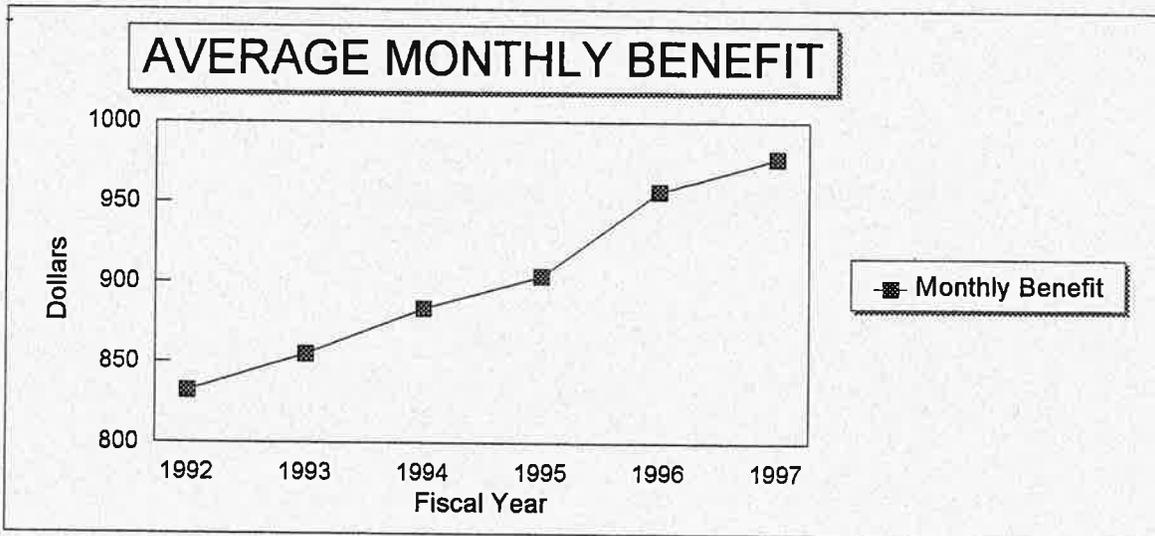
**NUMBER OF REGULAR RETIREES, DISABILITY RETIREES,
AND SURVIVORS RECEIVING BENEFITS**

<u>Fiscal Year</u>	<u>Recipients</u>	<u>Percent Increase</u>
1992	24,861	0.5%
1993	25,287	1.7%
1994	25,745	1.8%
1995	26,224	1.9%
1996	27,028	3.1%
1997	27,766	2.7%



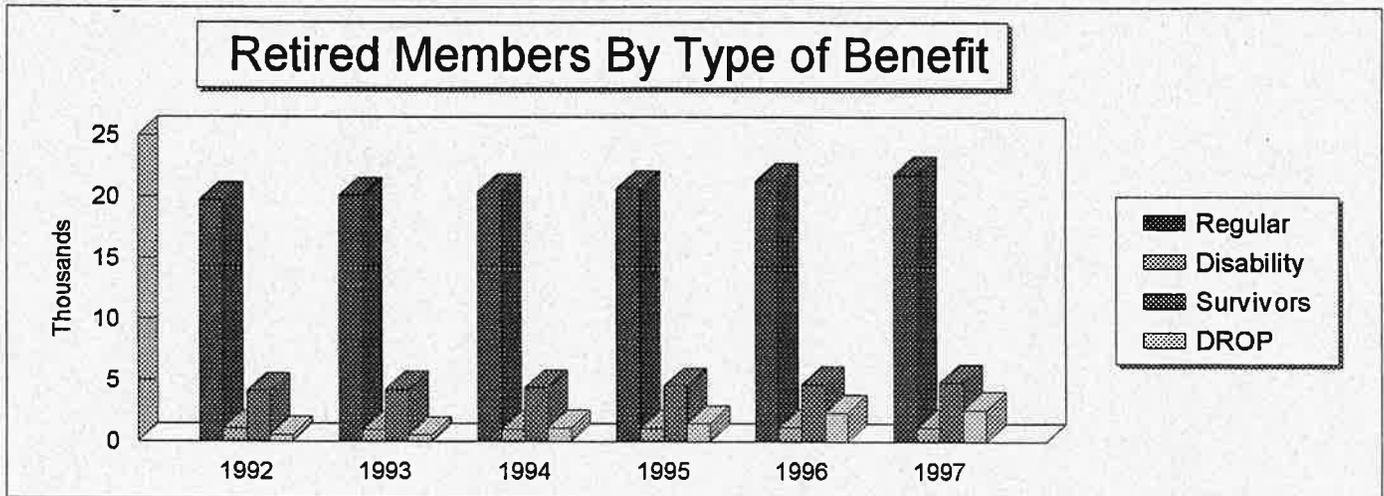
AVERAGE MONTHLY BENEFIT

<u>FISCAL YEAR</u>	<u>AVERAGE MONTHLY BENEFIT</u>	<u>% INCREASE EACH YEAR</u>
1992	\$832	2.6%
1993	855	2.7%
1994	883	3.3%
1995	903	2.3%
1996	956	5.9%
1997	977	2.2%



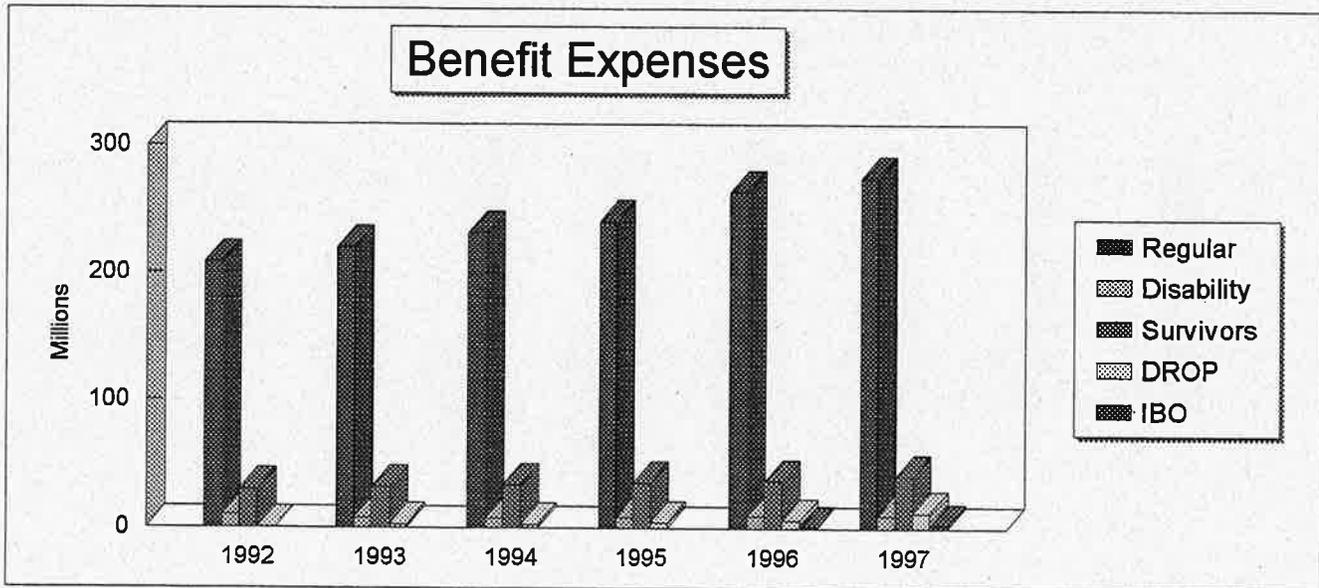
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

Fiscal Year	Deferred				Total
	Regular	Disability	Survivors	Retirement	
1992	19,730	1,035	4,096	538	25,399
1993	20,120	956	4,211	521	25,808
1994	20,407	994	4,344	1,072	26,817
1995	20,671	1,056	4,497	1,453	27,677
1996	21,297	1,111	4,620	2,320	29,348
1997	21,839	1,119	4,808	2,562	30,328



SCHEDULE OF BENEFIT EXPENSES BY TYPE

Fiscal Year	Regular	Disability	Survivors	Deferred Retirement Option	Initial Benefit Option	Total
1992	\$208,399,882	\$10,170,935	\$29,704,565	\$78,070		\$248,353,452
1993	219,954,925	7,797,056	31,603,382	2,467,357		261,822,720
1994	231,673,706	7,722,158	33,480,651	2,626,766		275,503,281
1995	240,636,381	8,381,662	35,294,322	4,329,505		288,641,870
1996	263,839,079	9,337,216	37,011,290	6,416,194	\$736,336	317,340,115
1997	274,892,988	10,117,627	40,556,909	12,078,910	2,406,144	340,052,578



SCHEDULE OF REVENUE BY SOURCE

Fiscal Year	Member Contributions	Employer Contributions			Investment Income	Other Income	Total
		Dollar Amount	% of Annual Covered Payroll	Income			
1992	\$109,370,451	\$205,072,699	14.1%	\$273,732,916	\$10,163,654	\$598,339,720	
1993	114,443,629	177,407,603	11.8%	121,821,511	9,419,817	423,092,560	
1994	118,255,907	183,608,465	11.9%	266,111,985	44,061,226 *	612,037,583	
1995	123,370,058	191,640,907	11.9%	322,249,560 **	25,949,910 *	663,210,435	
1996	126,073,816	197,456,874	12.0%	543,499,808 **	39,518,719 *	906,549,217	
1997	126,793,791	204,985,747	12.4%	735,749,729 **	8,903,383	1,076,432,650	

* Includes a State Treasurer payment resulting from a Texaco litigation settlement.

** As a result of GASB 25, adopted in 1996 and applied retroactively to July 1, 1994, investment income includes net appreciation (depreciation) in fair value of investments.

SCHEDULE OF EXPENSES BY TYPE

Fiscal Year	Benefit Payments	Administrative Expenses	Refunds	Other	Total
1992	\$248,353,452	\$3,053,525	\$23,820,931	\$520,988	\$275,748,896
1993	261,822,720	3,149,174	21,720,224	395,774	287,087,892
1994	275,503,281	4,787,926	23,955,748	936,570	305,183,525
1995	288,641,870	4,740,662	25,072,191	1,724,916	320,179,639
1996	317,340,115	4,390,986	27,222,153	2,067,946	351,021,200
1997	340,052,578	4,531,467	28,945,409	2,242,443	375,771,897

