

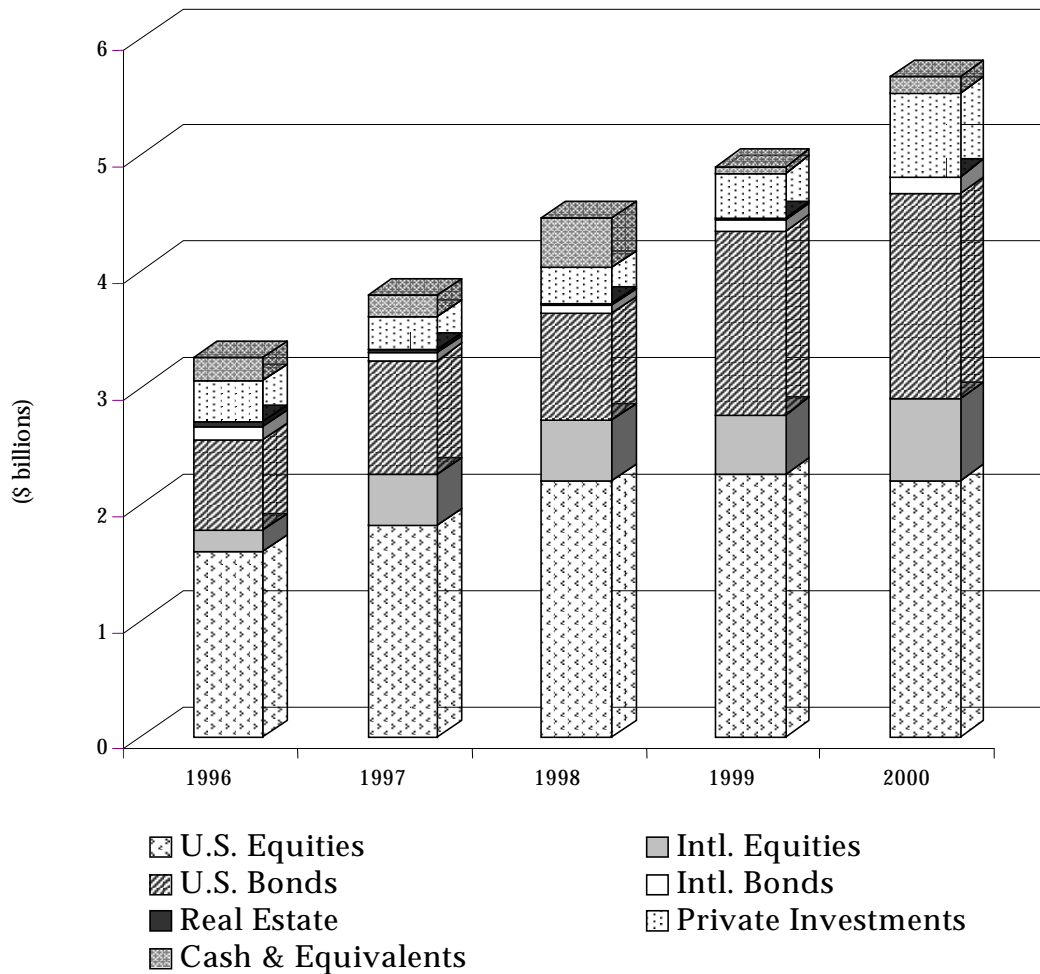


INVESTMENT SECTION

DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Five-Year Investment Comparison



<i>(expressed in millions)</i>	Fiscal Years ending June 30,				
	1996	1997	1998	1999	2000
U.S. Equities	\$ 1,585.5	\$ 1,813.1	\$ 2,199.3	\$ 2,248.2	\$ 2,197.6
Intl. Equities	185.2	436.2	520.9	519.2	702.3
U.S. Bonds	779.7	982.5	912.7	1,572.3	1,761.4
Intl. Bonds	110.5	68.3	71.2	102.9	152.9
Real Estate	42.2	26.6	13.4	4.9	- *
Private Investments	354.1	280.7	316.1	391.8	708.0
Cash & Equivalents	191.7	185.9	418.5	58.8	141.6
Totals	\$ 3,248.9	\$ 3,793.3	\$ 4,452.1	\$ 4,898.1	\$ 5,663.8

**less than 0.1% under management*

Note: For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the asset classes used in the financial section on pages 20-21.



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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When Calling Long Distance
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Telephone (302) 739-4208
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August 22, 2000

Dear Board Members, Participants and Beneficiaries:

The Board of Pension Trustees Investment Committee (Committee) oversees the investment of the retirement funds of the Delaware Public Employees' Retirement System. The Committee's investment oversight includes the the nine retirement plans [State Employees', Special, New State Police, Judiciary, County & Municipal Police/Firemen's (FICA and Non-FICA), County & Municipal Other Employees', Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] that the Board administers and the three commingled pension funds [County & Municipal Police/Firemen's COLA Fund, Post-Retirement Increase Fund, and Delaware Local Government Retirement Investment Pool (DELRIP)] that the Board manages.

The Committee consists of six members appointed by the Board. The Committee operates within the following investment objectives established by the Board:

- To realize a real return of 3% per year over long periods.
- To control portfolio risk so as to limit downside price fluctuation of the total Fund.
- To realize as high a rate of total return as possible consistent with all of the above.

Investment decisions are further dictated by the Board's internal investment policy which requires a minimum of 20 - 25% of the total assets of the System to be invested in fixed income investments, such as bonds, cash equivalents, and certain real estate investments. The Committee monitors this policy with the assistance of the Investment Advisor. Also, the Committee reviews prospective risk levels and rates of return of all classes of assets. Hence, the Committee assures investment diversification by selecting managers whose demonstrated performance reflects different management styles and asset class expertise. Most importantly, the Committee closely monitors the performance of all investment managers, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives.

Board Members, Participants and Beneficiaries

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August 22, 2000

The Fund returned 16.8% for fiscal year 2000. The total Fund's annualized rate of return over the last five, ten, and fifteen years was 16.7%, 13.8%, and 13.2%, respectively. This long-term return is well in excess of the actuarial assumption rate of 8.5%. As reported by a major performance ranking comparison service, the System's investment performance ranks in the top decile for this fiscal year and in the top quartile of public funds for the three, five and ten year periods. For the period ending June 30, 2000, the Fund market value totaled \$5.7 billion representing a growth in assets of \$766 million.

On behalf of our Trustees, we thank our dedicated professional staff at the Office of Pensions, our investment advisor, and our money managers, who all work diligently to assure the successful operation of the Board of Pension Trustees Investment Committee.

Respectfully submitted,

Elva B. Ferrari

Elva B. Ferrari, Chair

Board of Pension Trustees Investment Committee

Investment Activity

The U.S. stock markets performed well, but the bond markets were weak during the fiscal year ending June 30, 2000. For the fiscal year, the S&P 500 stock index returned 7.4% and the Lehman Aggregate bond index returned 4.6%.

For the fiscal year, the Delaware Public Employees' Retirement System (System) had a return of 16.8%. This performance ranks the System in the top decile of public funds for this fiscal year and in the top quartile of public funds for the three, five and ten year periods.

Return data for the total System was calculated on a time-weighted basis in accordance with the standards of the Association for Investment Management & Research (AIMR). Valuations, where available, are based on published national securities exchanges prices.

Investment Philosophy and Objectives

In the investment of public funds, adequate funding of employee pensions is a paramount concern. Excessive risk taking could jeopardize that funding. An appropriate balance must be struck between risks taken and returns sought to ensure the long-term health and affordability of the plans involved. For over 20 years, the System has been managed to control the extent of downside risk to which assets are exposed while maximizing the potential for long-term gain.

Specific investment objectives are:

- ◆ To realize a real return (Fund less CPI) of 3% per year over long periods (about 15 years).
- ◆ To control portfolio risk so as to limit downside price fluctuation of the total Fund in any 12-month period.
- ◆ To realize as high a rate of total return as possible, consistent with all of the above.

To achieve these objectives, these investment policies are employed:

- ◆ Allocate a minimum of 20-25% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments.
- ◆ Maintain a widely diversified portfolio, so as to minimize the risk of overexposure to any one market sector or investment style.
- ◆ Closely monitor the performance of all investment managers against specific absolute objectives and in relation to other managers following the same investment objectives.

Investment Process

While the objectives and policies have been repeatedly reaffirmed, the implementation process undergoes continuous evolution. The increasing volume of investment information and the complexities of the global marketplace necessitate the ongoing development and use of advanced information systems. Computer technology is now used as a tool in every aspect of investment management, from asset allocation decisions to manager selection and performance measurement.

General Management

During each year, the Board carries out a number of general management practices to assure that the appropriate policies, controls, and resources are in place. Areas that are reviewed at least annually include:

- ◆ Investment objectives and policies based on an analysis of cash flow and liabilities.
- ◆ Management tools for decision making.
- ◆ Long term risk and return levels for various investment options.
- ◆ Manager organizations, performance, transaction costs, fees and expenses, proxy voting procedures, and adherence to investment philosophy.
- ◆ Fund performance versus externally measured universes of similar funds.
- ◆ Internal and external audits.
- ◆ Contacts with other leading state investment funds to compare management practices.
- ◆ Policy objectives and performance of the Private Program (including venture capital, limited partnerships, and private convertible bonds).

INVESTMENT SECTION

Investment Results

In Fiscal 2000, the investment process achieved:

- A time-weighted total return of 16.8% based on market values.
- Payments of benefits and expenses exceeding net employer and member contributions by \$58.7 million.
- Net interest and dividend income of \$155.5 million.
- Net appreciation of \$668.9 million.
- Growth in total Fund assets from \$4.9 billion to \$5.7 billion.
- Overall volatility well below that of an all common stock portfolio.

The System is invested for long-term results and each single year's returns must be viewed in relation to longer periods.

	Fiscal Years Ending June 30,					Five Years	Ten Years	Fifteen Years
	1996	1997	1998	1999	2000	ending 06/30/00*	ending 06/30/00*	ending 06/30/00*
Total Fund Return	20.0%	17.8%	18.0%	11.1%	16.8%	16.7%	13.8%	13.2%
Consumer Price Index (CPI)	2.8%	2.3%	1.7%	2.0%	3.7%	2.5%	2.9%	3.2%
Fund Real Return	17.2%	15.5%	16.3%	9.1%	13.1%	14.2%	11.0%	10.0%

**(All Returns Greater Than One Year Are Annualized)*

Chart I on page 47 summarizes the cash flows and total Fund returns for each of the last five fiscal years and the cumulative results for 5-year and 10-year periods ending June 30, 2000.

Chart II on page 47 summarizes the total Fund and asset class segment returns for each of the last five fiscal years and the annualized returns for the 3-year and 5-year periods ending June 30, 2000.

Charts III and IV on page 48 show the quarterly cumulative total Fund performance for the 5-year and 10-year periods ending June 30, 2000 compared to indices representative of some of the asset classes in which the Fund invests.

One investment objective is to achieve an annualized rate of total return over any 15-year period that is at least 3 percentage points greater than inflation. The most recent 15-year result is a real rate of return of 10.0% (13.2% Fund less 3.2% CPI) measured on a time-weighted basis. During this period, risk as measured by relative volatility, was approximately 51% of the level that would have been experienced by a fund invested 100% in the S&P 500. The real rate of return from such a 100% stock portfolio would have been 16.0% (19.2% S&P 500 less 3.2% CPI). These are not typical real rates of return and should not be expected going forward. The last 15 years encompassed periods of exceptional returns in both the bond and stock markets which are unlikely to be repeated.

	Periods Ending June 30, 2000 <i>(All Returns Greater Than One Year Are Annualized)</i>		
	Five Years	Ten Years	Fifteen Years
Total Fund Return	16.7%	13.8%	13.2%
S&P 500 Index % Return	23.8%	17.8%	17.6%
Relative Return vs. S&P 500 Index	70.1%	77.7%	74.8%
Relative Risk vs. S&P 500 Index	55.3%	57.3%	51.1%

**Chart I
Calculated Returns**

*(Dollar values expressed in thousands)
(All returns for periods greater than one year are annualized)*

	Fiscal Years Ending June 30,					Five Years	Ten Years
	1996	1997	1998	1999	2000	ending 6/30/00	ending 6/30/00
Beginning Market Value	\$ 2,732.5	\$ 3,248.9	\$ 3,793.3	\$ 4,452.1	\$ 4,898.1	\$2,732.5	\$1,731.8
Net Contributions/(Withdrawals)	(18.7)	(19.6)	(30.4)	(43.6)	(58.7)	(171.0)	(292.4)
Net Investment Income	113.7	123.8	130.2	126.9	155.5	650.1	1,132.6
Net Appreciation/(Depreciation)	421.4	440.2	559.0	362.7	668.9	2,452.2	3,091.8
Ending Market Value	\$ 3,248.9	\$ 3,793.3	\$ 4,452.1	\$ 4,898.1	\$ 5,663.8	\$ 5,663.8	\$ 5,663.8
Time Weighted Total Return on Market Value	20.0%	17.8%	18.0%	11.1%	16.8%	16.7%	13.2%
Consumer Price Index	2.8%	2.3%	1.7%	2.0%	3.7%	2.5%	2.9%

**Chart II
Investment Performance Summary**

(All returns for periods greater than one year are annualized)

	Fiscal Years Ending June 30,					Three Years	Five Years
	1996	1997	1998	1999	2000	Ending 6/30/00	Ending 6/30/00
(1) Total Fund	20.0%	17.8%	18.0%	11.1%	16.8%	15.3%	16.7%
(2) Equity and Private Equity Segment**	27.3%	14.4%	16.0%	11.2%	33.6%	19.9%	20.2%
(3) Fixed Income and Cash Segment***	5.7%	7.3%	7.8%	6.1%	5.2%	6.4%	6.4%
(4) Tactical Asset Allocation Segment****	19.3%	24.4%	27.0%	13.4%	7.0%	15.5%	18.0%
Consumer Price Index*	2.8%	2.3%	1.7%	2.0%	3.7%	2.4%	2.5%
S&P 500 Index	26.1%	34.6%	30.2%	22.7%	7.4%	19.7%	23.8%
Russell 3000 Index	26.0%	30.6%	28.8%	20.1%	9.6%	19.2%	22.8%
MSCI EAFE Index	13.3%	12.8%	6.1%	7.6%	17.2%	10.2%	11.3%
Lehman Gov't Corp	4.7%	7.8%	11.3%	2.7%	4.3%	6.0%	6.1%
90-Day T-Bill	5.1%	5.1%	5.1%	4.5%	5.5%	5.0%	5.1%
60/40 S&P/Lehman Gov't Corp Mix	17.2%	23.4%	22.5%	15.2%	6.5%	14.6%	16.8%
60/40 MSCI World/Salomon WGBI	10.9%	14.7%	12.1%	11.5%	8.7%	10.8%	11.6%

* A benchmark for establishing the Total Fund real return.

** Includes convertible securities and private equity; excludes equity portion of tactical asset allocation portfolios.

*** Excludes fixed income and cash segments of tactical asset allocation portfolios.

**** Comprises investment accounts which tactically rebalance among stocks, bonds and cash (including foreign stocks, bonds and cash beginning in 1997) to optimize the risk/return characteristics of the mix. The underlying assets in these accounts are generally passively invested in index vehicles.

Chart III

Total Return Performance Comparison - 5 Years

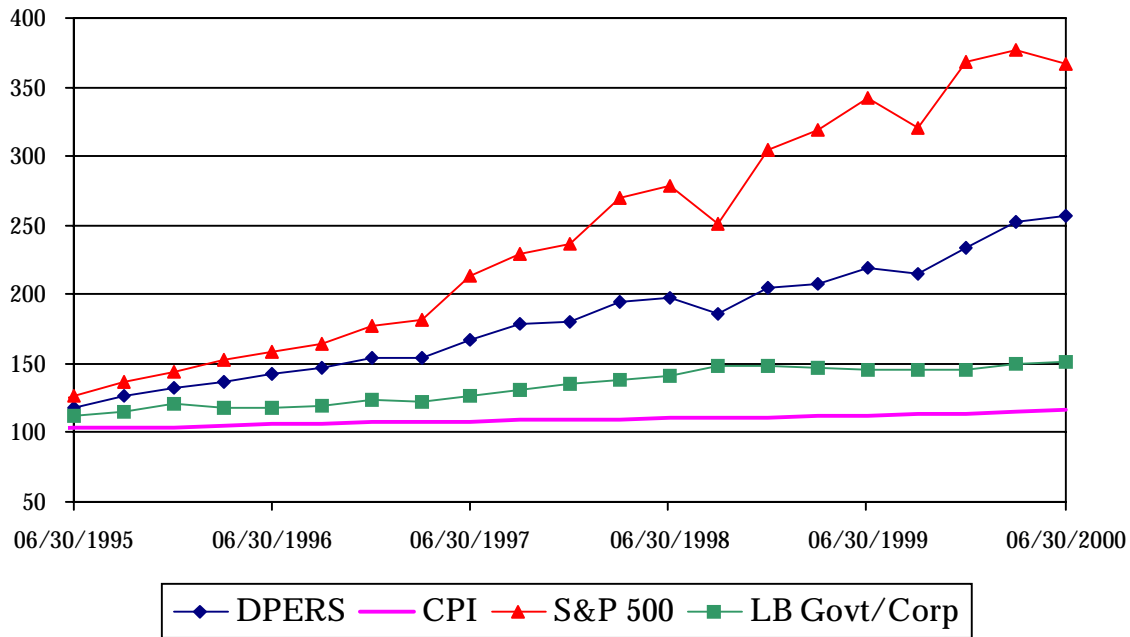
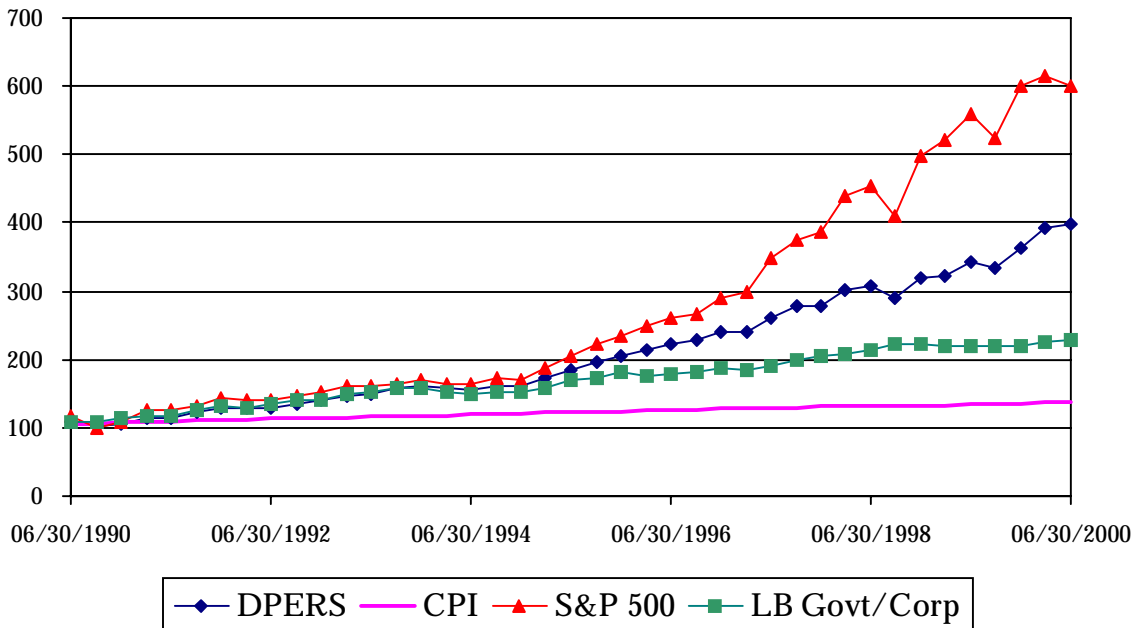


Chart IV

Total Return Performance Comparison - 10 Years



List of Largest Assets Directly Held*

as of June 30, 2000 (excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares/Par (\$)
CISCO SYS INC	\$ 33,942,820	0.60%	534,007 shares
THRUCOMM INC SR SUB DEBT 10.000% 12/31/2004	20,475,000	0.36%	\$ 6,300,000
GENERAL ELECTRIC CO	15,582,000	0.28%	294,000 shares
INTEL CORP.	14,785,838	0.26%	110,600 shares
VITRIA TECHNOLOGY INC.	12,356,908	0.22%	202,158 shares
ORACLE CORP.	11,197,125	0.20%	133,200 shares
SERACARE INC. SUB DEBT 12.000% 02/13/2005	\$ 11,002,421	0.19%	\$ 7,858,872
EQUITY OFFICE PPTYS TR	10,573,967	0.19%	383,636 shares
PFIZER INC.	10,302,000	0.18%	214,625 shares
FOUNDRY NETWORKS INC.	9,829,490	0.17%	89,359 shares
Total	\$ 150,047,569	2.65%	

Fixed Income	Market Value	% of Total Fund	Par (\$)
UNITED STATES TREAS NTS 6.375% 09/30/2001	\$ 27,951,840	0.49%	\$ 28,000,000
UNITED STATES TREAS NTS 5.875% 10/31/2001	25,796,940	0.46%	\$ 26,000,000
UNITED STATES TREAS NTS 6.250% 02/28/2002	25,412,280	0.45%	\$ 25,500,000
UNITED STATES TREAS NTS 5.875% 11/30/2001	19,837,400	0.35%	\$ 20,000,000
UNITED STATES TREAS NTS 6.250% 06/30/2002	15,456,445	0.27%	\$ 15,500,000
UNITED STATES TREAS NTS 5.875% 09/30/2002	14,339,195	0.25%	\$ 14,500,000
UNITED STATES TREAS NTS 8.125% 08/15/2021	12,559,282	0.22%	\$ 10,280,000
UNITED STATES TREAS NTS 6.375% 04/30/2002	9,987,500	0.18%	\$ 10,000,000
FEDERAL NATIONAL MTG ASSN NT 5.750% 04/15/2003	9,915,597	0.18%	\$ 10,240,000
FEDERAL NATIONAL MTG ASSN NT 5.750% 07/15/2003	9,657,800	0.17%	\$ 10,000,000
Total	\$ 170,914,279	3.02%	

*A complete list of portfolio holdings is available for review upon request.



New Economy – Old Economy

Cell phones, laptop computers and the Internet are among the dramatic technologies of the new millennium. The companies that provide these products and services are growing rapidly and their stock prices have risen substantially. Many stock market analysts now refer to this group of companies as the “new economy”. In contrast, companies that make everyday items like cars, washing machines, soap and toothpaste are now referred to as the “old economy”.

These “new economy” technologies have been the clear winners in the stock market during the last five years. The table below shows the percent return from the technology sector of the S&P 500 stock market index compared to the total return for the S&P 500 stock market index excluding the technology sector.

	Technology Sector <u>Return</u>	S&P 500 excluding <u>Technology</u>
1995	40.8%	37.3%
1996	44.4%	20.7%
1997	28.6%	33.9%
1998	79.6%	21.1%
1999	<u>73.3%</u>	<u>9.0%</u>
5 Years (annualized)	52.1%	24.0%

During these five years, the technology sector grew from 9% of the total market value of the S&P 500 index at the end of 1994 to 30% of the total market value at the end of 1999.

The Delaware Retirement Fund has participated in these “new economy” technology stocks in two ways. First, the fund has owned many of the large publicly traded technology stocks. Second, the fund has participated in a number of venture capital partnerships that invest in small technology companies before their stock becomes publicly traded. When these private technology companies issue public stock for the first time (an initial public offering, or IPO), the fund benefits from the difference between the public stock price and the original private stock cost.

However, it is important to understand that both the technology sector returns and the total stock market returns have been substantially above average during the last five years. The table below presents the annualized returns for the five-year periods of the last three decades.

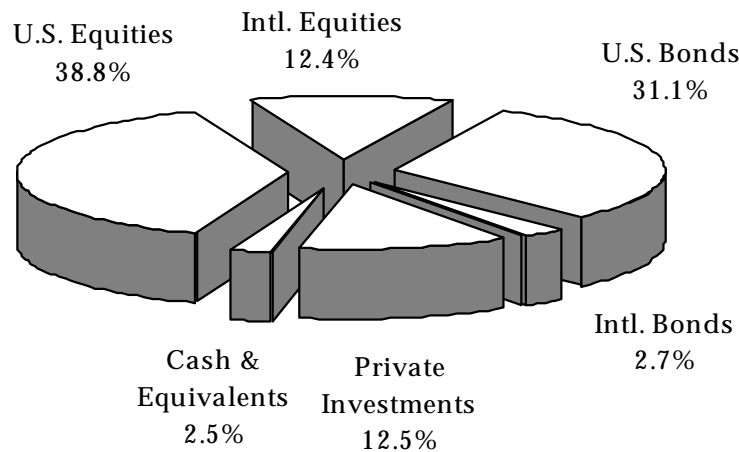
	Technology Sector <u>Return</u>	S&P 500 excluding <u>Technology</u>
1970-74	-10.6%	-1.1%
1975-79	14.8%	14.7%
1980-84	14.0%	14.6%
1985-89	3.2%	22.2%
1990-94	12.8%	8.4%
1995-99	<u>52.1%</u>	<u>24.0%</u>
30 Years (annualized)	12.9%	13.5%

The stock market success of these “new economy” companies during the last five years presents important challenges for the future. The stock prices for these companies are much higher than they were a few years ago. Investors are expecting their rapid growth to continue. In our dynamic economy, however, there is always the next wave of new products and services just waiting to be invented, and many of the “old economy” companies are rapidly incorporating these new technologies into their existing businesses. Do today’s stock prices reflect the changes that will occur? Of course, no one knows for sure. But it is probably too much to expect that the stock market returns of these “new economy” companies will be as high for the next five years as they have been for the last five years.

Asset Allocation

To achieve investment objectives, monies are deployed in diverse asset classes offering the risk and return characteristics desired. The following chart illustrates the diversification of assets at the end of the fiscal year. The accompanying table shows the 5-year history and trends in asset allocation. For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the asset classes used in the financial section on pages 20-21.

Asset Allocation as of 6/30/2000



	Fiscal Years ending June 30,				
	1996	1997	1998	1999	2000
U.S. Equities	48.8%	47.8%	49.4%	45.3%	38.8%
Intl. Equities	5.7%	11.5%	11.7%	10.5%	12.4%
U.S. Bonds	24.0%	25.9%	20.5%	31.6%	31.1%
Intl. Bonds	3.4%	1.8%	1.6%	2.1%	2.7%
Real Estate	1.3%	0.7%	0.3%	0.1%	0.0%*
Private Investments	10.9%	7.4%	7.1%	9.2%	12.5%
Cash & Equivalents	5.9%	4.9%	9.4%	1.2%	2.5%

**less than 0.1% under management*

Individual investment managers are selected for each asset class based on a rigorous set of performance and organizational criteria. In addition to a proven track record of managing a given class of assets, they must have a clearly stated and consistently applied investment policy and decision making process, continuity of personnel, and a well-defined plan for retaining key personnel and controlling growth.

All investment managers are expected to meet and maintain a number of organizational and performance criteria in order to continue as managers. One manager was terminated during the fiscal year, one manager had its responsibilities reduced, one real estate fund terminated, and six managers were given additional responsibilities in the area of private equity. At the end of the fiscal year, the money managers of the Fund and their responsibilities were:

Investment Manager	Responsibility	Calendar Year Retained
<u>U.S. Equities</u>		
Barclays Global Investors	Equities	1977
Cadence Capital Management	Equities	1989
Fidelity Management Trust Co.	Equities	1995
Froley, Revy Investment Co.	Convertible Securities	1984
Lincoln Capital Management	Equities	1978
Mellon Capital Management	Equities	1984
Oaktree Capital Management	Convertible Securities	1995
T. Rowe Price Associates	Equities	1971
Trinity Investment Management	Equities	1982
<u>International Equities</u>		
Barclays Global Investors	International Equities	1999
Mellon Capital Management	International Equities	1996
Oaktree Capital Management	International Convertible Securities	1995
<u>U.S. Bonds</u>		
Lincoln Capital Management	Fixed Income	1995
Mellon Capital Management	Fixed Income	1984
T. Rowe Price Associates	Fixed Income	1996
Loomis Sayles & Company LPP	Fixed Income	1998
<u>Real Estate</u>		
Allegis Realty Investors LLC	Real Estate	1979
<u>Private Investments</u>		
Accel Partners	Venture Capital	1984
Advanced Technology Ventures	Venture Capital	1990
Brentwood Associates	Venture Capital	1983
The Carlyle Group	Private Equity	1996
Cherry Tree Ventures	Venture Capital	1984
Coller Isnard Ltd.	Venture Capital	1994
Equity Linked Investors	Private Equity	1984
MeriTech Capital Partners	Venture Capital	1999
Oaktree Capital Management	Distressed Debt	1997
One Liberty Ventures	Venture Capital	1982
ONSET Enterprise Associates	Venture Capital	1989
Pecks Partners	Private Equity	1986
Spectra Enterprise Associates	Venture Capital	1986
Summit Ventures	Venture Capital	1988
T. Rowe Price Recovery Fund	Distressed Debt	1988
T. Rowe Price Threshold Funds	Venture Capital	1984
TCW Asset Management	Distressed Debt	1990
Trident Management	Venture Capital	1999
Weston Presidio Capital	Venture Capital	1995
<u>Cash & Equivalents</u>		
T. Rowe Price Associates	Cash & Equivalents	1983

INVESTMENT SECTION

Investment Summary

(Dollar values expressed in thousands)

	Market Value as of June 30, 2000	Percent of Total Investment Assets	Total FY 2000 Investment Fees	Basis Points
Equities				
U.S. Equities	\$ 2,197,570	38.8%		
Intl. Equities	702,316	12.4%		
Sub-Total	\$ 2,899,886	51.2%	\$ 10,507	
Fixed Income				
U.S. Bonds	\$ 1,761,455	31.1%		
Intl. Bonds	152,924	2.7%		
Sub-Total	\$ 1,914,379	33.8%	\$ 2,250	
Other Asset Allocations				
Real Estate	\$ -			
Private Investments	707,980	12.5%		
Cash & Equivalents	141,596	2.5%		
Sub-Total	\$ 849,576	15.0%	\$ 6,904	
Other Investment Services				
Custodian/Investment Advisor Fees			\$ 1,516	
Pension Office Support Staff Expenses			191	
Grand Totals	\$ 5,663,841	100.0%	\$ 21,368	26 bp*

* Other fees include Private Investment fees detailed on page 30. These fees have been excluded from the basis point calculation since they have already been netted from income.

Schedule of Broker Commissions

The System has no commission recapture, directed payment, or “soft dollar” arrangements. Broker selection is the responsibility of individual investment managers.

Appendix A (pages 55 - 57) is a complete schedule of all commissions paid during Fiscal 2000. Appendix B (on page 58) is a schedule of commissions paid during Fiscal 2000 which totaled over \$20,000.

Appendix - A

Broker Commission Summary for Fiscal Year 2000

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
ABEL NOSER CORPORATION	108,800	\$0.02	\$2,294,638.59	\$2,278.60
ABN AMRO INCORPORATED	235,700	\$0.02	\$2,068,698.91	\$5,549.84
ADAMS HARKNESS & HILL	6,000	\$0.05	\$189,242.47	\$300.00
ADVEST INC	4,400	\$0.05	\$35,540.78	\$220.00
ARNESON, KERCHEVILLE, EHRENBERG	16,000	\$0.05	\$412,584.75	\$800.00
ARNHOLD & S. BLEICHROEDER, INC.	2,900	\$0.05	\$115,903.00	\$145.00
AUTRANET INC.	221,100	\$0.04	\$7,547,047.77	\$8,599.50
AVALON REASEARCH GROUP INC	9,800	\$0.05	\$624,836.38	\$490.00
BAIRD ROBERT W	68,100	\$0.05	\$1,758,764.37	\$3,455.00
BAKER WATTS (FERRIS,INC)	12,600	\$0.05	\$328,942.17	\$677.50
BANC/AMERICA SEC, LCC,	410,250	\$0.05	\$8,139,633.56	\$20,512.50
BANK OF AMERICA-MONTGOMERY SEC	31,100	\$0.05	\$1,458,901.00	\$1,555.00
BARING SECURITIES INC.	2,800	\$0.05	\$157,695.49	\$140.00
BARRINGTON RESEARCH ASSOCIATES	23,308	\$0.05	\$284,907.73	\$1,177.40
BB&T CAPITAL MARKETS	15,000	\$0.05	\$626,137.49	\$750.00
BEARS STEARNS & CO	3,557,605	\$0.05	\$109,250,276.04	\$176,474.99
BERNARD, HEROLD & CO INC.	5,000	\$0.05	\$109,619.08	\$250.00
BERNSTEIN SANFORD & CO INC	140,000	\$0.05	\$4,685,897.64	\$7,000.00
BLACK AND COMPANY	1,700	\$0.05	\$59,871.26	\$85.00
BLAIR (WILLIAM) & CO	16,100	\$0.05	\$1,389,676.59	\$805.00
BLAYLOCK PARTNERSHIP L P	1,000	\$0.05	\$59,310.52	\$50.00
BLOOMBERG	1,188,400	\$0.02	\$42,121,780.04	\$23,768.00
BNY ESI & CO - ALPHA DIVISION	4,100	\$0.05	\$122,862.86	\$205.00
BRADFORD, J.C. & CO	14,000	\$0.05	\$246,782.99	\$700.00
BRIDGE TRADING CO.	353,900	\$0.05	\$7,680,614.63	\$16,746.00
BROADCORT CAP CORP/SUB OF MLPFS	2,400	\$0.03	\$77,646.76	\$72.00
BROWN BROTHERS HARRIMAN & CO	10,300	\$0.05	\$316,129.59	\$541.50
BT ALEX BROWN INCORPORATED	3,000	\$0.05	\$50,648.70	\$150.00
B-TRADE SECURITIES LLC	1,566,510	\$0.02	\$41,337,998.92	\$31,348.60
BUNTING WARBURG INCORPORATED	48,400	\$0.03	\$329,631.53	\$1,537.90
BYN ESI & CO - ALPHA DIVISION	4,500	\$0.05	\$382,337.85	\$225.00
CANACCORD CAP CORP/CDS	103,400	\$0.05	\$660,432.84	\$4,978.61
CANTOR FITZGERALD & CO	1,072,067	\$0.04	\$23,440,483.68	\$44,040.68
CAPITAL INSTITUTIONAL SVCS	15,300	\$0.05	\$624,469.62	\$695.00
CHAPIN DAVIS	153,600	\$0.05	\$3,435,670.42	\$7,680.00
CHARLES SCHWAB	2,200	\$0.05	\$60,126.00	\$110.00
CHASE HAMBRECHT & QUIST	8,200	\$0.05	\$544,972.00	\$410.00
CIBC OPPENHEIMER CORP	1,146,585	\$0.05	\$33,896,332.52	\$51,612.40
CITATION GROUP, THE	288,200	\$0.05	\$7,144,212.71	\$14,590.00
CONNING & CO/BCC CLRG	40,800	\$0.05	\$993,605.74	\$2,040.00
CORRESPONDENT SERVICES CORP	7,600	\$0.03	\$147,997.93	\$238.00
COWEN & COMPANY	81,850	\$0.05	\$2,845,478.97	\$4,092.50
CREDIT SUISSE FIRST BOSTON CORP	1,582,000	\$0.04	\$48,225,662.58	\$69,091.00

(continued on next page)

INVESTMENT SECTION

Broker Commission Summary (continued)

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
DAIN RAUSCHER INCORPORATED	145,500	\$0.05	\$3,519,745.65	\$7,690.00
DAVIDSON, D.A., & SOMpany, INC	371,600	\$0.05	\$7,250,605.21	\$18,580.00
DB CLEARING SECURITIES	684,800	\$0.05	\$10,353,828.83	\$34,831.50
DL&J SECURITIES CORP	73,700	\$0.05	\$1,939,877.08	\$3,498.50
DONALDSON LUFKIN JENRETTE	2,247,047	\$0.05	\$64,764,663.82	\$107,173.60
DOWLING PARTNERS SECURITIES LLC	24,700	\$0.05	\$233,858.29	\$1,235.00
DRESDNER SECURITIES (USA) INC	57,600	\$0.05	\$1,138,932.18	\$2,908.95
EDGE SECURITIES INC	4,500	\$0.05	\$127,810.33	\$225.00
EDWARDS A G & SONS INC	8,200	\$0.05	\$574,555.64	\$410.00
ESI SECURITIES COMPANY	91,550	\$0.04	\$3,787,318.62	\$3,970.00
FACTSET DATA SYSTEMS, INC.	26,900	\$0.05	\$920,145.19	\$1,350.50
FIDELITY CAP MKTS (DIV OF NFSC)	122,900	\$0.04	\$3,657,134.90	\$4,781.00
FIDELITY INST'L	73,300	\$0.05	\$2,307,536.44	\$3,665.00
FIRST ALBANY CORP.	73,600	\$0.05	\$2,230,164.66	\$3,680.00
FIRST ANALYSIS SECURITIES CORP	21,500	\$0.05	\$541,270.83	\$1,152.50
FIRST OPTIONS OF CHICAGO	45,000	\$0.05	\$361,396.28	\$2,250.00
FIRST UNION CAPITAL MARKETS	358,600	\$0.05	\$8,708,203.09	\$17,945.00
FIRST UNION SECURITIES	1,900	\$0.05	\$67,888.00	\$95.00
FOURTEEN RESEARCH CO	700	\$0.05	\$19,040.73	\$35.00
FOX-PITT, KELTON, INC	20,200	\$0.05	\$561,672.25	\$1,010.00
FRANK RUSSELL SEC/PAINE WEBBER	10,800	\$0.05	\$462,849.45	\$578.00
FREIMARK, BLAIR & CO INC/BCC CLRG	2,000	\$0.05	\$54,995.60	\$100.00
FURMAN SELZ LLC	126,600	\$0.06	\$2,646,941.82	\$7,077.00
GERARD KLAUER MATTISON & CO	43,900	\$0.05	\$946,264.16	\$2,207.50
GOLDMAN SACHS & CO	1,814,400	\$0.05	\$56,242,844.43	\$90,165.03
GOLDSMITH & HARRIS	25,000	\$0.05	\$597,023.23	\$1,250.00
GREEN STREET ADVISORS INC	197,000	\$0.05	\$4,664,933.96	\$9,850.00
HOAK BREEDLOVE WESNESKI & CO	19,800	\$0.05	\$490,008.03	\$990.00
HOWARD, WEIL, LABOUISE, FRIEDRICH	60,900	\$0.05	\$1,288,520.35	\$3,217.50
HSBC SECURITIES, INC/JAMES CAPEL	201,100	\$0.02	\$937,049.26	\$4,860.40
ING BARINGS LLC	1,000	\$0.05	\$55,850.00	\$50.00
INSTINET	2,446,429	\$0.02	\$60,009,906.86	\$56,762.04
INTERSTATE JOHNSON LANE CORP	23,700	\$0.05	\$462,387.41	\$1,185.00
INVESTMENT TECHNOLOGY GROUP	7,675,817	\$0.02	\$207,505,939.38	\$154,617.34
ISI GROUP, INC./BT ALEX BROWN INC	64,200	\$0.05	\$1,394,394.16	\$3,210.00
JANNEY, MONTGOMERY, & SCOTT	26,600	\$0.05	\$701,420.60	\$1,330.00
JB OXFORD & COMPANY #89925	7,600	\$0.04	\$236,297.13	\$304.00
JEFFERIES & CO INC	852,231	\$0.04	\$18,589,034.78	\$32,966.93
JOHNSON RICE & CO.	43,500	\$0.05	\$672,853.38	\$2,200.00
JONES & ASSOCIATES	265,300	\$0.04	\$7,054,166.71	\$11,337.00
KEEFE, BRUYETTE & WOODS	24,100	\$0.05	\$998,285.86	\$1,205.00
KING, C.L. & ASSOC.	31,000	\$0.05	\$358,981.45	\$1,550.00
KLEINWORT, BENSON NORTH AMERICA	7,000	\$0.03	\$112,570.73	\$225.59
KNIGHT SECURITIES, L.P.	158,546	\$0.03	\$2,421,026.02	\$4,756.38
LAZARD FRERES & CO	26,900	\$0.05	\$374,147.65	\$1,345.00
LEERINK, SWANN & CO.	5,300	\$0.05	\$399,452.00	\$265.00
LEGG MASON WOOD WALKER	805,800	\$0.05	\$18,509,282.56	\$40,508.50
LEHMAN BROTHERS INC	878,300	\$0.05	\$22,726,376.29	\$42,273.50
LEWCO SEC/AGT HAMBRECHT & QUIST	88,800	\$0.05	\$3,196,228.21	\$4,693.50
LYNCH, JONES, & RYAN	5,500	\$0.05	\$193,356.82	\$275.00
MAXUS CORP	16,800	\$0.05	\$490,194.32	\$905.00
MCDONALD & CO	99,200	\$0.05	\$2,117,406.85	\$4,960.00
MERRILL LYNCH PIER FEN SMITH	1,590,972	\$0.04	\$39,016,383.94	\$67,778.50
MILLER, TABAK, HIRSCH & COMPANY	8,500	\$0.04	\$73,924.16	\$340.00
MONNESS, CRESPI, HARDT & CO INC	3,000	\$0.06	\$77,227.50	\$165.00
MORGAN (J.P.) SECURITIES INC	472,675	\$0.05	\$18,390,317.42	\$21,588.75
MORGAN KEEGAN & CO INC	86,500	\$0.05	\$2,111,439.36	\$4,395.00
MORGAN STANLEY	1,277,881	\$0.05	\$41,145,049.68	\$58,595.33

Broker Commission Summary (continued)

Broker	# of Shares	Commissions Per Share	Total Dollar Amount of Trades	Total Commission
NATIONSBANC MONTGOMERY SEC'S/SAN	138,200	\$0.06	\$3,937,491.72	\$8,243.00
NATL INVESTOR SERV CORP #82632	62,800	\$0.03	\$491,770.17	\$2,009.60
NEEDHAM & COMPANY	2,100	\$0.05	\$113,202.00	\$105.00
NESBITT BURNS SECURITIES, INC	86,700	\$0.03	\$391,704.80	\$2,513.50
NEUBERGER & BERMAN	72,900	\$0.05	\$2,452,136.77	\$3,652.50
OFF THE RECORD RESEARCH	1,200	\$0.05	\$134,520.00	\$60.00
OPPENHEIMER	436,300	\$0.04	\$16,706,627.94	\$17,452.00
PAINE WEBBER JACKSON/CURTIS INC	574,700	\$0.05	\$15,247,490.28	\$29,310.00
PCS SECURITIES, INC	19,500	\$0.05	\$1,178,102.90	\$975.00
PFORZHEIMER (CARL H.) & CO NYC	3,100	\$0.06	\$127,071.97	\$170.50
PIPER ,JAFFRAY & HOPWOOD	2,600	\$0.05	\$130,066.00	\$130.00
PRUDENTIAL SECURITIES, INC	811,600	\$0.05	\$17,408,730.07	\$39,379.00
QUAKER SEC	850,900	\$0.02	\$26,602,857.68	\$17,083.00
RAYMOND JAMES & ASSOCIATES	49,900	\$0.05	\$848,327.18	\$2,495.00
RBC DOMINION SECURITIES CORP	100,695	\$0.05	\$1,204,801.40	\$4,948.75
ROBERT BRANDT	21,600	\$0.03	\$773,132.87	\$648.00
ROBERT W. BAIRD	2,400	\$0.05	\$81,040.00	\$120.00
ROBERTSON, STEPHENS & CO.	339,311	\$0.05	\$9,440,237.25	\$17,269.55
ROBINSON HUMPHREY CO INC	35,646	\$0.05	\$1,088,464.55	\$1,782.30
ROCHDALE SECURITIES CORP	2,600	\$0.21	\$165,320.10	\$535.00
SALOMON SMITH BARNEY	866,100	\$0.04	\$22,732,962.85	\$36,386.00
SANDERS MORRIS MUNDY	34,800	\$0.05	\$770,125.60	\$1,740.00
SANDLER O'NEILL & PARTNERS, LP	16,300	\$0.05	\$326,405.58	\$815.00
SANFORD BERNSTEIN	41,700	\$0.05	\$1,883,274.00	\$2,085.00
SCHWAB (CHARLES) & CO	1,156,500	\$0.03	\$42,315,282.53	\$33,860.00
SCOTIA CAPITAL MKTS (USA) INC	61,200	\$0.04	\$532,470.02	\$2,373.60
SEI FINL SERVICES,CO/MLPFS	5,000	\$0.05	\$330,008.45	\$250.00
SG COWEN & COMPANY	31,800	\$0.05	\$1,859,842.00	\$1,590.00
SHARPE CAPITAL, INC.	4,000	\$0.05	\$25,011.60	\$200.00
SMITH BARNEY INC	754,550	\$0.05	\$18,718,074.22	\$37,209.50
SOUNDVIEW FINANCIAL	6,600	\$0.05	\$325,882.00	\$330.00
SOUNDVIEW TECHNOLOGY GROUP INC	40,000	\$0.05	\$904,887.15	\$2,000.00
SOUTHCOAST CAPITAL LLC	70,000	\$0.05	\$856,412.39	\$3,500.00
SPEAR, LEEDS, & KELLOGG	1,185,280	\$0.03	\$43,809,194.73	\$32,086.45
STANDARD & POOR'S SECURITIES INC	243,166	\$0.05	\$6,939,997.59	\$12,158.30
STATE ST BROKERAGE SVCS INC	20,700	\$0.05	\$511,311.20	\$1,035.00
STEPHENS, INC.	25,800	\$0.05	\$974,767.12	\$1,290.00
STUART, FRANKEL AND CO.	859,700	\$0.03	\$45,585,105.47	\$28,735.00
SUNTRUST EQUITABLE SECURITIES CL	10,700	\$0.05	\$258,254.13	\$535.00
SUTRO AND COMPANY INCORPORATED	1,700	\$0.05	\$8,945.94	\$85.00
THOMAS WEISEL PARTNERS, LLC	40,100	\$0.05	\$1,852,399.56	\$2,005.00
TROSTER SINGER CORP	51,100	\$0.02	\$2,410,055.25	\$885.50
U.S. BANCORP PIPER JAFFRAY INC	98,250	\$0.05	\$2,173,618.02	\$4,912.50
U.S. CLEARING INST TRADING	87,200	\$0.04	\$2,878,105.82	\$3,864.00
UBS WARBURG	21,100	\$0.05	\$773,749.00	\$1,055.00
VERITAS	614,900	\$0.03	\$20,459,297.69	\$15,372.50
WACHOVIA SECURITIES	9,200	\$0.05	\$139,691.66	\$460.00
WARBURG DILLON READ DTC#645	265,900	\$0.06	\$7,033,798.19	\$15,444.00
WEEDEN AND CO	386,000	\$0.05	\$8,395,968.55	\$17,665.50
WEISS PECK & GREER	6,400	\$0.03	\$366,115.07	\$192.00
WERE, J.B.	151,800	\$0.01	\$196,405.60	\$981.44
WILLIAM BLAIR & CO.	30,000	\$0.05	\$1,674,896.00	\$1,500.00
YORK SECURITIES INC	2,400	\$0.03	\$20,328.24	\$76.80
YORKTON SECURITIES INC.	600	\$0.03	\$4,965.72	\$19.20
TOTALS:	47,350,321	\$0.037	\$1,323,645,688.60	\$1,774,335.85

Avg cents/share = \$0.03747

INVESTMENT SECTION

Schedule of Broker Commissions Over \$20,000

The following is a list of brokers who received \$20,000 or more in commissions during Fiscal Year 2000.

Appendix - B

Broker Commission Summary for Fiscal Year 2000

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
BEARS STEARNS & CO	3,557,605	\$0.05	\$109,250,276.04	\$176,474.99
INVESTMENT TECHNOLOGY GROUP	7,675,817	\$0.02	\$207,505,939.38	\$154,617.34
DONALDSON LUFKIN JENRETTE	2,247,047	\$0.05	\$64,764,663.82	\$107,173.60
GOLDMAN SACHS & CO	1,814,400	\$0.05	\$56,242,844.43	\$90,165.03
CREDIT SUISSE FIRST BOSTON CORP	1,582,000	\$0.04	\$48,225,662.58	\$69,091.00
MERRILL LYNCH PIER FEN SMITH	1,590,972	\$0.04	\$39,016,383.94	\$67,778.50
MORGAN STANLEY	1,277,881	\$0.05	\$41,145,049.68	\$58,595.33
INSTINET	2,446,429	\$0.02	\$60,009,906.86	\$56,762.04
CIBC OPPENHEIMER CORP	1,146,585	\$0.05	\$33,896,332.52	\$51,612.40
CANTOR FITZGERALD & CO	1,072,067	\$0.04	\$23,440,483.68	\$44,040.68
LEHMAN BROTHERS INC	878,300	\$0.05	\$22,726,376.29	\$42,273.50
LEGG MASON WOOD WALKER	805,800	\$0.05	\$18,509,282.56	\$40,508.50
PRUDENTIAL SECURITIES, INC	811,600	\$0.05	\$17,408,730.07	\$39,379.00
SMITH BARNEY INC	754,550	\$0.05	\$18,718,074.22	\$37,209.50
SALOMON SMITH BARNEY	866,100	\$0.04	\$22,732,962.85	\$36,386.00
DB CLEARING SECURITIES	684,800	\$0.05	\$10,353,828.83	\$34,831.50
SCHWAB (CHARLES) & CO	1,156,500	\$0.03	\$42,315,282.53	\$33,860.00
JEFFERIES & CO INC	852,231	\$0.04	\$18,589,034.78	\$32,966.93
SPEAR, LEEDS, & KELLOGG	1,185,280	\$0.03	\$43,809,194.73	\$32,086.45
B-TRADE SECURITIES LLC	1,566,510	\$0.02	\$41,337,998.92	\$31,348.60
PAINE WEBBER JACKSON/CURTIS INC	574,700	\$0.05	\$15,247,490.28	\$29,310.00
STUART, FRANKEL AND CO.	859,700	\$0.03	\$45,585,105.47	\$28,735.00
BLOOMBERG	1,188,400	\$0.02	\$42,121,780.04	\$23,768.00
MORGAN (J.P.) SECURITIES INC	472,675	\$0.05	\$18,390,317.42	\$21,588.75
BANC/AMERICA SEC, LCC,	410,250	\$0.05	\$8,139,633.56	\$20,512.50

Glossary Of Terms Used

Fair Value (Market Value):

The value at which an investment could be sold in a transaction between a willing buyer and a willing seller. All assets with regularly traded markets are shown at the fair value as determined by the custodian bank based on quoted market values. All other assets are adjusted to market value monthly except real estate which is adjusted quarterly to appraised values, venture capital which is adjusted quarterly based on individual partnership procedures, and any private placement or partnership participation where values are supplied periodically by the respective management organizations in accordance with established procedures.

Time-Weighted Total Return:

The measure used for judging investment management of the Fund. It is based on market value and minimizes or eliminates any distortion in the rate of return caused by the timing of cash flows into or out of the Fund.

Private Investments:

Private Investments include investments in Venture Capital, Private Equity, and certain Convertible Securities.

This report was prepared by Pension Office Staff with input from the Board of Pension Trustees and the Investment Committee.