Annual Financial Report of the University of California Retirement System

Defined Contribution Plan and
Tax-Deferred 403(b) Plan
Fiscal Year Ended June 30, 1997

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UCRS Plan Administration

Summary Statement

This report contains information about the University of California Defined Contribution Plan and Tax-Deferred 403(b) Plan for the fiscal year ended June 30, 1997, and includes audited financial statements. Significant statistics relating to both plans and their participants as of the 1996–97 fiscal year end are as follows:

Net assets	$4,515,732,000
Total contributions	$343,705,000
Net dividend and interest income	$192,651,000
Plan administrative expenses	$5,980,000

Defined Contribution Plan

Active Plan Participation

Pretax Account		
Senate Faculty and Non-Faculty Academics	12,724	participants
Management/Senior Professional	36,650	participants
Professional/Support Staff	58,737	participants
Hastings College of the Law	306	participants
▪ Average Pretax Account monthly contribution	$66	
▪ Average Pretax Account value	$4,664	
Safe Harbor		
UC	28,352	participants
Hastings College of the Law	54	participants
California State University	1,479	participants
▪ Average Safe Harbor monthly contribution	$91	
▪ Average Safe Harbor Pretax Account value	$1,464	
After-Tax Account		
Senate Faculty and Non-Faculty Academics	303	participants
Management/Senior Professional	895	participants
Professional/Support Staff	313	participants
▪ Average After-Tax Account monthly contribution	$432	
▪ Average After-Tax Account value	$19,630	

Inactive Plan Participation	102,869	participants

Tax-Deferred 403(b) Plan

Active Plan Participation

Senate Faculty and Non-Faculty Academics	5,431	participants
Management/Senior Professional	16,597	participants
Professional/Support Staff	14,735	participants
Hastings College of the Law	81	participants
▪ Average percent of salary contributed	9%	
▪ Average monthly contribution	$389	
▪ Average Plan account value	$36,834	
▪ Outstanding Loan Program loans	9,173	
▪ Aggregate outstanding loan principal	$63.2	million

Inactive Plan Participation	37,614	participants

Plan Overview and Administration

The University established the Defined Contribution Plan (the DC Plan) and the Tax-Deferred 403(b) Plan (the 403(b) Plan) to complement employees' University of California Retirement Plan (UCRP) pension benefits. The plans cover virtually all employees of the University of California, its affiliate, Hastings College of the Law, and Associated Students of UCLA. The plans are defined contribution plans described under §401(a) and §403(b) of the Internal Revenue Code (IRC).

Benefits from the DC and 403(b) plans are based on participants' mandatory and voluntary contributions, plus earnings, and vesting is immediate. While their savings accumulate, employees enjoy significant reductions in their personal income taxes due to the plans' tax-deferred design.

A defined contribution plan was first made available to University employees through the Supplemental Retirement Program in 1967, in which employees could invest after-tax contributions in two University-managed annuity funds. Two years later, the 403(b) Plan was added for voluntary pretax savings. Over the years, Plan features have been expanded to include:

- six University-managed investment fund options for building retirement savings;
- externally managed mutual fund investment options;
- a Loan Program, through which participants can borrow their 403(b) Plan savings; and
- money management flexibility in line with ERISA 404(c) regulations.

Currently, all contributions are deducted from participants' wages; there are no matching employer contributions.

The President of the University of California is the Plan Administrator of the plans and delegates the responsibility for the day-to-day management and operation of the plans to the Employee Benefits Plan Administration department. This department conducts policy research, implements regulations to preserve the plans' qualification and/or tax-deferred status with the Internal Revenue Service, and provides participant recordkeeping, accounting, reporting, and receipt and disbursement of Plan assets to eligible participants.

Plan Progression

1967	Supplemental Retirement Program established with Fixed (Savings) and Variable (Equity) annuity investment options.
1969	Tax-Deferred Annuity Plan (aka the 403(b) Plan) established for investment of pretax contributions in Fixed and Variable annuities.
1978	Variable Bond Fund added to annuity investment options.
1985	Money Market and Insurance Company Contract funds added as University-managed investment fund options.
1986–87	Mutual fund investment options offered through Fidelity Investments and Calvert Social Investment Fund to 403(b) Plan participants. 403(b) Plan Loan Program established under IRC §72(p).
1990	Multi-Asset Fund added as sixth University-managed investment fund option, and DC Plan expanded to accept mandatory pretax contributions from UCRP members.
1991	Part-time employees at UC and The California State University (CSU) not otherwise covered by a retirement system contribute to the DC Plan in lieu of paying Social Security taxes.
1994–95	DC Plan investment options expanded to include Fidelity Investments mutual funds. Plan participation extended to non-exempt student employees in lieu of paying Social Security taxes.

Plan Overview and Administration, continued

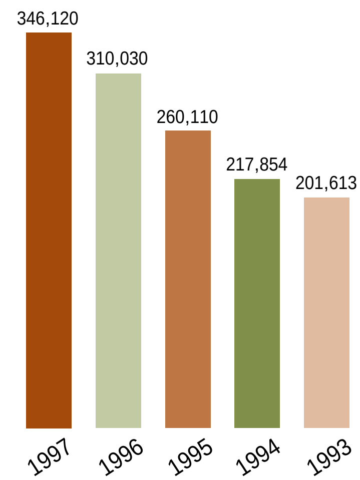
For services rendered in connection with the plans, an administrative fee equal to .0125% of the net assets is charged to the investment funds each month, based on the previous month's net assets. The fee is deducted prior to the calculation of interest factors and unit values. Included in the administrative fee are charges for investment management.

Twice a year, Employee Benefits Plan Administration sends each participant a personalized statement of account activity, showing contributions and earnings/losses in each investment fund and summarizing transactions during the period. Separate statements are sent to participants who have loans from the 403(b) Plan with details of loan and repayment transactions. Summary plan descriptions are updated periodically to reflect legislative, Plan, and administrative changes. These booklets are available through local Benefits Offices and are mailed directly to active participants once every five years, in line with ERISA disclosure requirements.

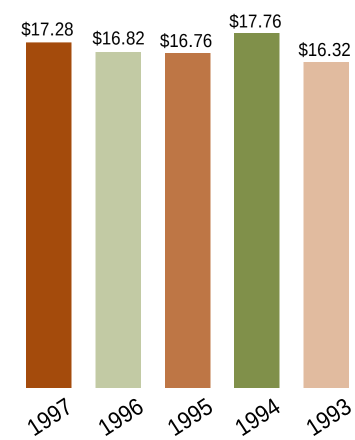
To help participants better understand the plans' benefits and effectively manage their accounts, Employee Benefits Plan Administration maintains two electronic sources for participants to use to obtain direct information about the plans. *bencom.fone* is an interactive toll-free telephone service that is available 24 hours a day, 7 days a week, through which participants can retrieve personal financial information about their accounts. Brochures with complete information about *bencom.fone* are available from UCRS Customer Service and local Benefits Offices. Participants who have access to the Internet with a web browser such as Netscape can find current, comprehensive information about the plans on the *UCbencom* home page at www.ucop.edu/bencom.

Plan Administration Costs

Number of Accounts (Plan Balances)



Per Capita Plan Administrative Costs



Changes in the Plans

The following Plan changes occurred during fiscal year 1996–97. The changes were mandated by legislation or recommended by the President of the University and approved by The Regents.

All currently effective Plan provisions are contained in the Defined Contribution Plan and Tax-Deferred 403(b) Plan documents.

Date	Change
January 1997	▪ Expanded existing UCRS Board membership provisions to exclude from membership on the UCRS Board University employees who may have a potential conflict of interest in certain policy decisions. ▪ In accordance with federal legislation, approved a provision to the Tax-Deferred 403(b) Plan to eliminate the rule that prohibited participants from changing a salary reduction agreement more than once a year.

Contributions

Nearly all employees (except student employees who satisfy certain work and courseload requirements) participate in the DC Plan as a condition of employment. Mandatory and voluntary contributions are held in two separate accounts—the Pretax Account and the After-Tax Account. Rates for mandatory contributions to the Pretax Account are based on covered compensation and are specified by The Regents, and vary depending on whether the employee is a member of UCRP and, if so, the membership classification (see chart). Pretax Account contributions, which are deducted from gross salary and thereby reduce taxable income, may be invested in and transferred among any of the six University-managed investment funds, as well as among Fidelity Investments mutual funds.

Pretax Account Contribution Rates

UCRP Membership Classification	Contribution Rate
With Social Security	2% to 4%* less $19 a month
Without Social Security	3% less $19 a month
Safety	3% less $19 a month
Tier Two	0%
Safe Harbor (Non-UCRP members; i.e., part-time employees and non-exempt students)	7.5%

* *The contribution rate is 2% of annual earnings up to the Social Security wage base ($65,400 in 1997), then 4% on any subsequent earnings.*

Voluntary DC Plan contributions, which employees can make on an after-tax basis, are held in the Plan's After-Tax Account. The maximum amount employees may contribute to the After-Tax Account is the lesser of 10% of gross University salary or the limits defined in IRC §415(c). These contributions are deducted from net income and also may be invested in and transferred among any of the University-managed funds and the Fidelity funds. Also in the After-Tax Account are direct and 60-day rollovers of UCRP accumulations from members who have left University employment, as well as rollovers from other employer-sponsored 401(a) and 401(k) plans.

The 403(b) Plan houses voluntary contributions that are made on a pretax basis only. Within certain IRC limits, which vary depending on the employee's salary, length of University employment, and prior contribution history, 403(b) Plan participants may make voluntary contributions as a percentage of their salary or in flat dollar amounts. 403(b) Plan contributions may be invested in and transferred among any of the University-managed funds, as well as among Fidelity Investments mutual funds and the Calvert Social Investment Fund.

The 403(b) Plan also accepts rollovers from other employer-sponsored 403(b) plans.

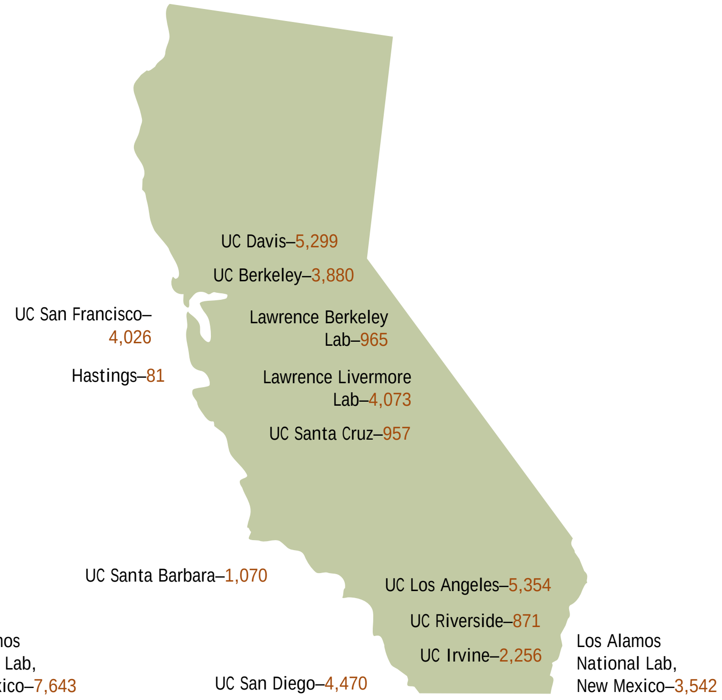
Participants' contributions to the UC-managed investment funds during the fiscal years ended June 30, 1988, through June 30, 1997, are listed in the **Supplementary Schedules,** *Revenues By Source*, beginning on page 28.

Participation

At 1996–97 fiscal year end, 138,302 active employees (including 1,479 CSU employees) were making mandatory contributions to the DC Plan Pretax Account and 1,511 employees were also contributing voluntarily to the Plan's After-Tax Account. Participants contributing to the 403(b) Plan numbered 36,844 at fiscal year end.

DC Plan Active Participation
June 30, 1997

403(b) Plan Active Participation
June 30, 1997



- Pretax Account
- After-Tax Account
- *CSU Safe Harbor*

- 403(b) Plan

The following table shows the number of participant accounts in each investment fund as of June 30 of the fiscal years shown. The numbers reflect participants who may have Plan accumulations in more than one investment fund.

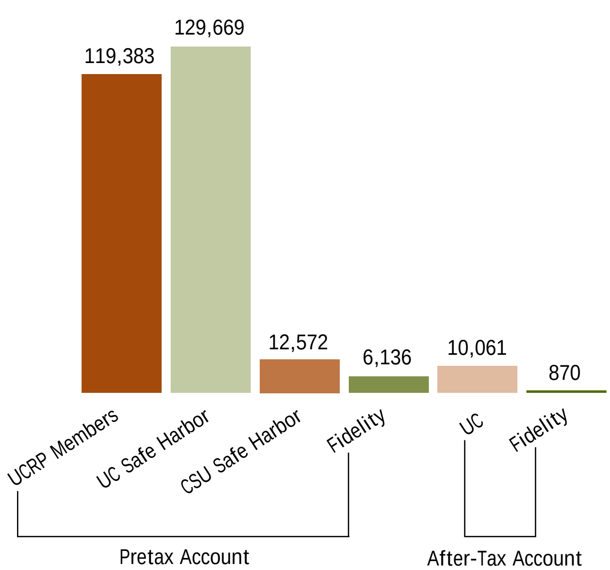
Participant Accounts by Fund

Fiscal Year End June 30	Savings	Insurance Company Contract	Money Market	Equity	Bond	Multi-Asset
1997	301,222	10,455	6,400	59,455	19,611	24,693
1996	274,224	10,040	6,030	49,172	18,469	21,331
1995	233,203	9,831	5,892	37,982	16,484	17,900
1994	208,765	7,461	5,479	34,121	17,330	16,167
1993	190,363	6,963	5,598	29,845	14,337	11,647
1992	174,778	6,557	5,768	25,156	12,078	7,086
1991	149,453	6,658	5,769	19,412	10,347	2,087
1990	57,133	6,070	5,022	17,890	9,387	N/A
1989	59,836	4,951	3,868	15,520	8,077	N/A
1988	23,344	3,604	2,602	14,420	7,034	N/A

Total Accounts by Plan

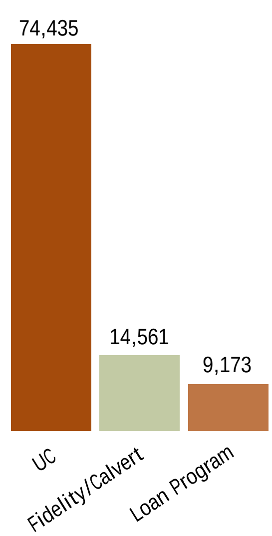
DC Plan – $981.7 million

- Six University investment funds
- Fidelity Investments mutual funds



403(b) Plan – $4.2 billion

- Six University investment funds
- Fidelity Investments mutual funds
- Calvert Social Investment Fund



Investment Management

The plans' assets are held in commingled investment funds under a master trust arrangement. As Plan Trustees, The Board of Regents is responsible for the investment management of the six University-managed investment funds, consistent with fiduciary laws of the State of California. The Treasurer of The Regents is the investment manager and custodian for all of the trust's assets, exclusive of assets held in accounts through custodial agreements with mutual fund companies. The Treasurer's function is executed under the policies established by the Regents' Committee on Investments to protect the interests of all participants and their beneficiaries.

Trust assets are held separately under a custodial agreement with State Street Bank & Trust Co. The bank carries insurance against loss of property caused by employee dishonesty, theft, misplacement, damage, distribution, or mysterious disappearance.

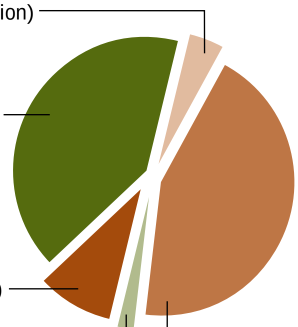
Proxy Voting Policy

The following summarizes Regents' policy on proxy voting.

The Regents, as shareholder, have instructed the Treasurer to vote with management recommendations on most proxy issues that are of a routine business management nature. When the proxy issue is controversial or relates to social matters, it is submitted by the Treasurer to be voted upon by all members of the Board of Regents.

Asset Distribution by Fund

Of the six University-managed funds, the Savings and Equity funds comprise the bulk of the trust's $4.5 billion asset base. The chart below illustrates the percentages of assets held and the market value of the investments in each investment fund as of June 30, 1997.



The Multi-Asset Fund is not represented in the chart because it consists exclusively of assets held in the Savings, Equity, Bond, and Money Market funds. At June 30, 1997, the market value of the Multi-Asset Fund's investments totaled $335,044,000 and investments were allocated among the four funds as follows: 35% Savings, 37% Equity, 20% Bond, and 8% Money Market.

Investment Performance

The Savings, Insurance Company Contract (ICC), and Money Market funds generate returns primarily through interest earnings, and interest factors represent the percentage earned for each dollar invested. Interest is calculated monthly on the net earnings of the respective fund and then allocated to participants' accounts on a pro rata basis.

The Equity, Bond, and Multi-Asset funds generate returns (gain or loss) through increases or decreases in the unit values. Similar to mutual fund share prices, unit values change each month based on the current fair value of the investment portfolio and are determined by dividing the net assets of the funds by the number of units outstanding. Earnings, as well as market fluctuations, are reflected in the unit values.

Interest Factors and Unit Values – Fiscal Year 1996–97

	Interest Factors			Unit Values		
Effective Date	Savings	Insurance Company Contract	Money Market	Equity	Bond	Multi-Asset
06/30/97	.4964%	.6048%	.4571%	$193.444	$90.607	$21.506
05/31/97	.5136%	.6232%	.4663%	$186.910	$88.185	$21.080
04/30/97	.4953%	.5981%	.4470%	$176.062	$85.956	$20.485
03/31/97	.5367%	.6235%	.4545%	$169.139	$84.078	$20.067
02/28/97	.4626%	.5605%	.4115%	$173.200	$87.116	$20.331
01/31/97	.5183%	.6201%	.4553%	$172.468	$85.959	$20.205
12/31/96	.5133%	.6232%	.4653%	$164.902	$85.926	$19.845
11/30/96	.4945%	.6056%	.4490%	$166.988	$89.654	$20.066
10/31/96	.5156%	.6283%	.4614%	$155.065	$84.934	$19.299
09/30/96	.4909%	.6055%	.4463%	$154.466	$79.375	$18.963
08/31/96	.5091%	.6262%	.4582%	$147.694	$76.167	$18.483
07/31/96	.5075%	.6297%	.4562%	$144.327	$75.901	$18.286

Historical Investment Performance

Annualized Rates of Return at June 30

	1-Year	5-Year	10-Year	20-Year
Savings	6.2%	6.7%	8.0%	8.8%
Insurance Company Contract	7.6	8.0	8.5	N/A
Money Market	5.6	4.7	6.2	8.3
Equity	27.3	18.5	13.2	14.9
Bond	19.8	12.1	11.5	N/A
Multi-Asset	15.9	11.5	N/A	N/A
1-Year T-Bills	5.7%	4.9%	6.0%	7.9%
S&P 500 Stock Index*	34.6	19.7	14.6	15.9
Lehman Gov't/Corp/Yankee Bond Index	7.9	7.3	8.7	9.4

Cumulative Rates of Return at June 30

	1-Year	5-Year	10-Year	20-Year
Savings	6.2%	38.6%	109.8%	443.3%
Insurance Company Contract	7.6	46.9	127.0	N/A
Money Market	5.6	26.1	82.9	388.3
Equity	27.3	133.8	244.5	1,503.3
Bond	19.8	76.9	198.1	N/A
Multi-Asset	15.9	71.9	N/A	N/A
1-Year T-Bills	5.7%	27.2%	79.4%	359.8%
S&P 500 Stock Index*	34.6	146.1	291.6	1,808.1
Lehman Gov't/Corp/Yankee Bond Index	7.9	42.1	131.2	505.7

** Source: ©Stocks, Bonds, Bills, and Inflation 1997 Yearbook™ Ibbotson Associates, Chicago (annually updates work by Roger G. Ibbotson and Rex A. Sinquefield). Used with permission. All rights reserved. Rates of return provided through Ibbotson Associates monthly updates as of June 30, 1997.*

Fund Objectives

UC-Managed Investment Funds

Savings Fund – Seeks to maximize interest returns while protecting principal. Invests in U.S. Treasury and government agency securities of up to five years in maturity.

Insurance Company Contract Fund – Seeks to maximize interest returns while protecting principal. Invests in pooled insurance contracts issued by highly rated insurance companies.

Money Market Fund – Seeks to preserve principal, maintain liquidity, and generate interest income. Invests in short-term securities, including U.S. Treasuries and commercial paper with maturities of 13 months or less, with an average maturity of 90 days.

Equity Fund – Seeks long-term capital appreciation with moderate risk. Invests in high-quality, mostly large capitalization growth-oriented global common stocks; small representation in alternative equities and registered investment companies.

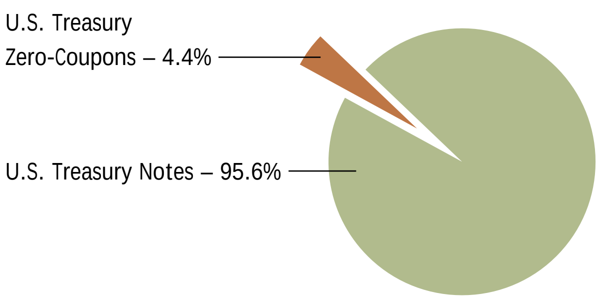
Bond Fund – Seeks to maximize long-term return from current income and price appreciation. Invests in high-quality, call-protected global corporate and government bonds with long-term maturities.

Multi-Asset Fund – Seeks diversified total return with emphasis on interest income. Contributions to this Fund are invested in fixed percentages in the existing Savings, Equity, Bond, and Money Market funds.

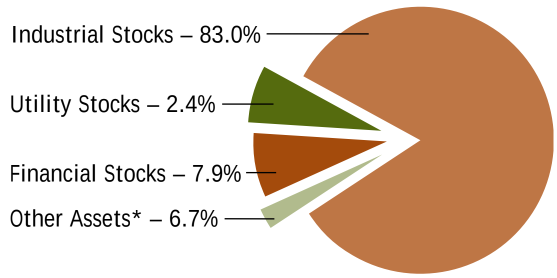
All of the funds are diversified among strategic asset classes or economic sectors, appropriate to the funds' individual investment objectives.

The charts below illustrate the diversity of the holdings within each fund.

Savings Fund

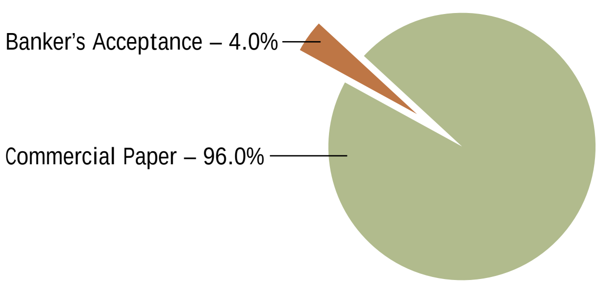


Equity Fund

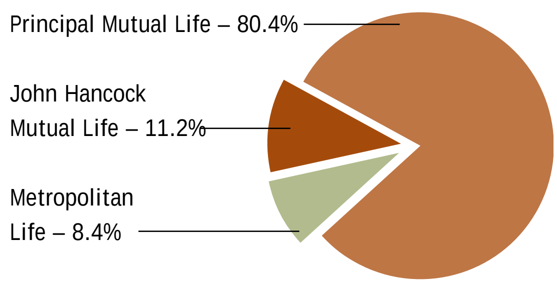


* *Other assets include alternative equities and registered investment company holdings.*

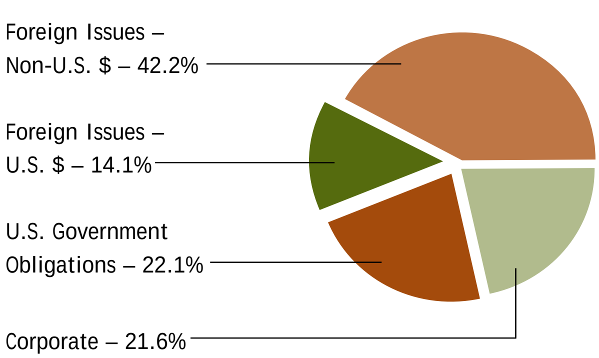
Money Market Fund



Insurance Company Contract Fund



Bond Fund



Externally Managed Mutual Funds

In addition to the UC-managed investment funds, Plan participants may invest DC and 403(b) Plan contributions in externally managed mutual funds through Fidelity Investments. Participants in the 403(b) Plan may also invest in the Calvert Social Investment Fund Managed Growth Portfolio.

Participant accounts at the 1997 fiscal year end and contributions and transfers to these externally managed funds during fiscal 1996-97 were as follows:

DC Plan Mutual Fund Participation

	DC Plan – Pretax	DC Plan – After-Tax
	Fidelity	Fidelity
Participant accounts at 6/30/97	6,136	870
Assets at 6/30/97 (rounded)	$33,891,300	$12,727,200
Contributions in fiscal 1996–97 (rounded)	$4,739,100	$1,910,500
Transfers from UC in fiscal 1996–97 (rounded)	$6,674,400	$2,932,800

403(b) Plan Mutual Fund Participation

	403(b) Plan	
	Fidelity	Calvert
Participant accounts at 6/30/97	14,152	409
Assets at 6/30/97 (rounded)	$600,393,400	$13,812,800
Contributions in fiscal 1996–97 (rounded)	$44,305,800	$1,086,900
Transfers from UC in fiscal 1996–97 (rounded)	$24,442,100	$263,500

Tax-Deferred 403(b) Plan Loan Program

As permitted by IRC §72(p), 403(b) Plan participants with at least $1,000 in the University-managed investment funds can borrow their money in the Plan without incurring taxes or penalties. The Loan Program offers short-term loans with terms of five years or less, and long-term loans, available only for the purchase of a principal residence, with terms of up to 15 years. Monthly repayments of principal and interest, minus an administrative fee, are credited proportionately to the investment fund(s) from which the participant borrowed the money. The interest rate is fixed at the time the loan is granted and equals the most recent four-quarter average rate of return of the University's Short-Term Investment Pool. During fiscal 1996–97, short-term interest rates ranged from 6.60% to 6.85%; interest rates on long-term loans ranged from 6.50% to 6.75%. The loan application fee is $35 per application; the administrative fee is 0.35% for short-term loans and 0.25% for long-term loans.

The table below reflects Loan Program activity since inception (April 1987) through fiscal 1996–97.

Loans Funded

Fiscal Year End June 30	Number	Amount (rounded to nearest 000)
1997	3,567	$32,561
1996	3,471	$28,569
1995	3,136	$24,687
1994	3,175	$25,625
1993	2,784	$21,277
1992	2,465	$18,750
1991	1,933	$16,619
1990	1,719	$14,694
1989	1,478	$11,969
1988	1,741	$13,794
1987	410	$3,969

At June 30, 1997, the aggregate outstanding balance of 9,173 active loans was $63,168,000.

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INDEPENDENT AUDITOR'S REPORT

Board of Regents
University of California
Oakland, California

We have audited the accompanying statements of net assets available for benefits of the University of California Defined Contribution Plan and Tax Deferred 403(b) Plan (Plans) as of June 30, 1997 and 1996, and the related statements of changes in net assets available for benefits for the years then ended. These financial statement are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 1997 and 1996, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Plan's management. The information included in the supplemental schedules for the fiscal year ended June 30, 1997 and 1996 has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole. The information included in the supplemental schedules for other fiscal years presented was audited by other auditors.

Deloitte & Touche LLP

October 6, 1997

Financial Statements

Statements of Plan Net Assets

($ in thousands)

June 30	1997	1996
Assets		
Investments, at fair value:		
Pooled investments	$ 166,992	$ 88,067
Common stocks, alternative equities, and registered investment companies	1,626,217	1,235,993
Bonds	393,486	315,583
Insurance company contracts (at contract value)	185,634	157,899
U.S. Treasury and Federal Agency obligations	1,933,926	1,798,031
Short-term investments	72,375	63,613
Investment of cash collateral	1,555,655	
Participant 403(b) Plan loans	63,168	
Total Investments	5,997,453	3,659,186
Receivables:		
Contributions	21,332	17,321
Interest and dividends	56,907	32,467
Securities sales and other		8,567
Total Receivables	78,239	58,355
Total Assets	6,075,692	3,717,541
Liabilities		
Payable for securities purchased	6,321	2,686
Participant withdrawals and other payables	15	16
Securities collateral payable under securities lending agreements	1,553,624	
Total Liabilities	1,559,960	2,702
Net Assets Held in Trust for Pension Benefits	$4,515,732	$3,714,839

See Notes to Financial Statements.

Statements of Changes in Plan Net Assets

($ in thousands)

For the years ended June 30	1997	1996
Additions		
Participant contributions	$ 343,705	$ 320,079
Investment Income:		
Net appreciation in fair value of investments and foreign currency exchange contracts	414,987	196,306
Interest, dividends, and other investment income	261,060	177,837
Less investment expenses	(68,409)	
Total Investment Income	607,638	374,143
Total Additions	951,343	694,222
Deductions		
Benefit Payments:		
Plan(s) benefit payments	890	926
Participant withdrawals	143,580	174,113
Total Benefit Payments	144,470	175,039
Administrative Expenses	5,980	5,216
Total Deductions	150,450	180,255
Increase in Net Assets Held in Trust for Pension Benefits	800,893	513,967
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	3,714,839	3,200,872
End of Year	$4,515,732	$3,714,839

See Notes to Financial Statements.

Notes to Financial Statements

Fiscal Years ended June 30, 1997 and 1996

Note 1 – Description of the Plans and Significant Accounting Policies

General. The plans consist of two defined contribution plans structured under §401(a) and §403(b) of the Internal Revenue Code (IRC) of 1986, as amended. The plans were created to provide savings incentives and additional retirement security for all eligible University employees. The Defined Contribution Plan (the DC Plan) was established by resolution of The Regents of the University of California (The Regents) to accept after-tax contributions, effective July 1, 1967, and pretax contributions, effective November 1, 1990. The Tax-Deferred 403(b) Plan (the 403(b) Plan), also established by Regental resolution, became effective July 1, 1969. The Office of the Treasurer of the University of California (the Treasurer) manages six investment funds to which participants may direct the investment of their contributions, as follows: the Savings Fund, Insurance Company Contract Fund, Money Market Fund, Equity Fund, Bond Fund, and Multi-Asset Fund. Participants in the 403(b) Plan may also invest contributions in and transfer Plan accumulations to mutual funds offered through Fidelity Investments and the Calvert Group on a custodial-plan basis. DC Plan investment options were expanded effective November 1, 1994 to include contributions and transfers of Plan accumulations to Fidelity Investments mutual funds. Such investments, however, are not accounted for in the accompanying financial statements. Participants' interests in the plans are fully and immediately vested and are distributable at death, retirement, or termination of employment. Participants may also elect to defer distribution of the account until age 70½ or separation from service after age 70½, whichever is later, in accordance with IRC minimum distribution requirements. In-service withdrawals are permitted in conformance with applicable IRC regulations. The plans also accept rollover contributions from other 401(a), 401(k), and 403(b) plans.

Use of Estimates in the Preparation of Financial Statements. 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 net assets available for benefits at the date of the financial statements and the reported amounts of changes in net assets availabe for benefits during the reporting period. Actual results could differ from those estimates.

Basis of Accounting. The financial statements have been prepared on the accrual basis of accounting.

Financial Reporting. The financial statements have been prepared in accordance with generally accepted accounting principles, as outlined in Governmental Accounting Standards Board (GASB) Statement No. 25. Certain recently issued GASB Statements (including GASB No. 25) have been adopted by the plans, as described below. Where applicable, the Statements have been applied retroactively.

GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Notes Disclosures for Defined Contribution Plans,* was adopted by the plans on July 1, 1996. GASB No. 25 establishes reporting and disclosure standards for defined benefit pension plans and for pension trust funds included in the financial reports of plan sponsors. GASB No. 25 supercedes all previous financial reporting standards allowed for governmental defined benefit plans including GASB No. 5, *Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers,* and Financial Accounting Standards Board Statement No. 35, *Accounting and Reporting by Defined Benefit Pension Plans,* previously relied upon by the plans. GASB No. 25 requires a statement of plan net assets, a statement of changes in plan net assets, investments be carried at fair value with unrealized gains and losses included in the statement of changes in plan net assets, and, when applicable, certain footnote disclosures regarding actuarial methods, contribution requirements, and funding progress. The effect of such adoption was not significant to the plans.

GASB No. 28, *Accounting and Financial Reporting for Securities Lending Transactions,* was adopted by the plans on July 1, 1996. GASB No. 28 establishes accounting and financial reporting standards for securities lending transactions and requires the plans to record cash and certain securities received as collateral under securities lending transactions as assets, and liabilities resulting from these transactions in the statement of plan net assets. Revenues from and costs of securities lending transactions, such as borrower rebates and agent fees, are reported as investment income and expenditures, respectively, in the statement of changes in plan net assets.

Defined Contribution Plan. Defined Contribution Plan Pretax Account contributions are required for all employees who are members of the University's defined benefit plan, the University of California Retirement Plan (UCRP). As a condition of employment, UCRP members are required to contribute a percentage of their gross monthly compensation on a pretax basis, dependent upon their UCRP membership status, as follows:

i) For the 83,100 members with Social Security benefits: 2% of covered compensation up to the Social Security wage base, plus 4% of covered compensation in excess of the wage base, if any, less $19 per month;

ii) For the 9,820 members without Social Security benefits: 3% of covered compensation less $19 per month;

iii) For the 395 members with Safety benefits: 3% of covered compensation less $19 per month.

There are 89 UCRP members who elected Tier Two membership status, in which they do not contribute to UCRP and, therefore, are not required to contribute to the Defined Contribution Plan Pretax Account.

The Pretax Account also includes mandatory contributions from part-time, seasonal, or temporary employees at UC and The California State University who do not currently contribute to a retirement system (Safe Harbor participants). Effective April 1, 1995, Safe Harbor participation was expanded to include UC student employees who do not meet certain work appointment and courseload requirements, and certain resident aliens with F-1 and J-1 visa status. Safe Harbor participants contribute 7.5% of gross salary (up to the Social Security wage base) to the Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to contribute up to 10% of their gross compensation to the Defined Contribution Plan After-Tax Account and defer taxation on the earnings until the accumulations are withdrawn.

Tax-Deferred 403(b) Plan. The Tax-Deferred 403(b) Plan is available to all University employees except students who normally work fewer than 20 hours per week. Participants may generally contribute, on a pretax basis, the lesser of $9,500, 20% of their adjusted gross University salary (up to $30,000), or their maximum exclusion allowance annually. Taxation of contributions and earnings thereon is deferred until the accumulations are withdrawn.

Valuation of Investments. Investments are reported at fair value. Securities listed on a stock exchange are valued at the last sale price on the last business day of the fiscal year. Securities not listed on any stock exchange and securities for which no sale was reported as of the close of trading are valued at the last sale price within five days of the last business day of the fiscal year or at the quoted price of a dealer who regularly trades in the security being valued.

Debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Interests in alternative equities and venture capital partnerships are valued based upon the valuations determined by the general partners of the respective partnerships. Securities received as distributions from the venture capital partnerships are valued in accordance with the valuation methods described above for securities.

Investments in registered investment companies are valued based upon the net asset value (NAV) per share of the companies. The NAV is determined by adding the value of all portfolio holdings and other assets, subtracting the liabilities, and dividing the result by the total number of shares outstanding. Values of the portfolio holdings are reported at quoted market prices or, in the absence of quoted prices, at amounts representing estimates of fair values using methods determined by the directors of the companies.

The Money Market Fund is valued at cost which approximates market. The Insurance Company Contract Fund is valued at contract value, plus reinvested interest. The Equity, Bond, and Multi-Asset funds are valued at net asset value per unit.

Accounting for Investments. Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Dividend income is recorded on ex-dividend date, and interest income is accrued as earned.

Contributions to the Equity, Bond, and Multi-Asset funds are credited to participant accounts as units. The value of a unit changes each month based on the current fair value of the investment portfolio. Earnings of each fund, as well as market fluctuations, are reflected in the unit values.

Administrative Expenses. An administrative fee equal to .0125% of the net assets is charged to the funds each month, based upon the previous month's net assets. Administrative fees for the fiscal years ended June 30, 1997 and 1996, totaled $5,980,000, and $5,216,000, respectively, and included approximately $1,113,000 and $642,000, which was paid to the Treasurer for investment management fees.

Income Tax Status. The Internal Revenue Service has determined and informed the University by letter dated January 9, 1997, that the DC Plan and related trust are designed in accordance with applicable sections of the IRC of 1986, as amended, applicable to defined contribution plans. The DC Plan has been amended since receiving the determination letter. However, the DC Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and is therefore qualified under §401(a) and the related trust tax exemption under §501(a). The Plan Administrator and the Plan's tax counsel believe that the 403(b) Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, including the amendments resulting from the Tax Reform Act of 1986 and subsequent legislation. Therefore, no provision has been made in the financial statements for federal income taxes.

Under current federal and state income tax laws, a participating employee is not subject to income taxes on contributions to and income from the plans until such participating employee's account is distributed. In the case of a partial or full withdrawal, the participating employee will be subject to income taxes on any amount withdrawn that exceeds their own after-tax contributions, unless the amount is directly rolled over to an IRA or other employer plan.

Reclassification. Certain amounts in 1996 have been reclassified to conform with the 1997 financial statement presentation.

Note 2 – Investments and Securities Lending Transactions

Pooled investments of $166,992,000 and $88,067,000 in 1997 and 1996, respectively, represent amounts held in the plans' general operating accounts with the Treasurer. These monies are pooled with the monies of other University agencies and invested by the Treasurer in the Short-Term Investment Pool. These assets are not required to be categorized under GASB No. 3, as they are not individually identifiable.

The plans' remaining investments are categorized as Risk Category 1, the lowest risk, which is defined by GASB Statement No. 3 as insured or registered or securities held by the plans or its agent in the plans' name. For the years ended June 30, 1997 and 1996, State Street Bank and Trust was the master custodian for the majority of the investments of the plans. There are no individual investments in excess of 5% of the net assets held in trust for pension benefits at June 30, 1997 and 1996.

The plans participate in a securities lending program as a means to augment income. Securities are lent to select brokerage firms for which collateral is received in excess of the market value of such investments during the period of the loan. Collateral may be cash or securities issued by the U.S. Government or its agencies, or the sovereign or provincial debt of foreign countries. Securities held as collateral cannot be pledged or sold by the plans unless the borrower defaults. Loans of domestic equities and all fixed income securities are initially collateralized at 102% of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105%. All borrowers are required to provide additional collateral by the next business day if the value falls less than 100% of the fair value of securities lent. The plans receive interest and dividends during the loan period, as well as a fee from the brokerage firm. Securities on loan for cash collateral are not considered to be categorized. At June 30, 1997, the plans had no credit risk exposure to borrowers because the amounts the plans owe the borrowers exceed the amounts the borrowers owe the plans. The plans are fully indemnified by the custodial bank against any losses incurred as a result of borrower default.

Securities loans immediately terminate upon notice by either the plans or the borrower. Cash collateral is invested by the plans' lending agent, as an agent for the plans, in the Short-Term Investment Pool in the plans' name, with guidelines approved by the Treasurer. At June 30, 1997, the securities in this pool had weighted average maturity of 47 days.

Securities Lending Transactions *($ in thousands)*

	Investments					
	Owned Not Lent	Lent for Cash Collateral	Lent for Securities Collateral	Total Owned	Investment of Cash Collateral	Total
Corporate equity securities	$1,499,824	$ 27,695	$ 821	$1,528,340		$1,528,340
U.S. and state gov't obligations	560,775	1,430,830	29,362	2,020,967	$ 30,272	2,051,239
Corporate debt securities	126,105	5,416		1,131,521	815,173	946,694
Foreign debt securities:						
U.S. $ denominations	75,838	5,540		81,378	659,117	740,495
Foreign currency denominations	139,519		26,402	165,921		165,921
Alternative equities and						
Registered investment cos.	97,877			97,877		97,877
Insurance contracts	185,634			185,634		185,634
Pooled investments	166,992			166,992	51,093	218,085
	$2,852,564	$1,469,481	$56,585	$4,378,630	$1,555,655	$5,934,285

The plans' investment portfolio includes certain foreign denominated securities. To reduce the exposure to foreign currency fluctuations inherent in such investments, the plans may enter into foreign currency forward contracts. Under the plans' investment policies, such instruments are not permitted for speculative use or to create leverage.

At June 30, 1997, the plans had net unrealized gain of $371 thousand on outstanding forward commitments to sell $11,539,650 in foreign currency with contracts maturing through September 25, 1997. Any gains or losses at contract maturity are offset by gains or losses on the currency in the plans' portfolio of foreign securities.

Net appreciation (depreciation) in fair value of investments and foreign currency exchange contracts includes both realized and unrealized gains and losses on investments. The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of Plan assets held at fiscal year end. Unrealized gains and losses on investments and foreign currency exchange contracts sold in the current year that had been held for more than one year include the net appreciation (depreciation) reported in the prior years .

($ in thousands)

Net Appreciation in Fair Value of Investments	1997	1996
Unrealized Appreciation (Depreciation)		
Common stocks, alternative equities, and registered investment companies	$254,281	$166,449
Bonds	26,346	(3,258)
U.S. Treasury and Agency obligations	29,531	(16,646)
Multi-Asset Fund	36,556	19,579
Foreign currency exchange contracts	211	144
Pooled investment	(781)	1,665
Investment of cash collateral	2,030	
Total	$348,174	$167,933
Realized Gains		
Sales of securities	$66,812	$28,373
Net Appreciation	$414,986	$196,306

($ in thousands)

Unrealized Appreciation (Depreciation) in Fair Value of Investments	1997	1996
Investments at fair value as determined by quoted market price:		
Common stocks	$272,904	$175,647
Registered investment companies	6,258	1,587
Fixed income	66,514	(16,303)
Pooled investments	(781)	1,665
Investment of cash collateral	2,030	
Investments at estimated fair value:		
Alternatives equities	1,038	5,193
Foreign currency exchange contracts	211	144
Total	$348,174	$167,933

Note 3 – Plan Termination

The Regents intend and expect to continue the plans indefinitely, but reserve the right to amend or discontinue the plans at any time by Regental action. In the event of full or partial Plan termination, or upon complete discontinuance of contributions under the plans, the rights of all affected participants to the value of their accounts will be nonforfeitable.

Supplementary Schedules

Supplementary Combining Schedule of Plan Net Assets

June 30, 1997 *($ in thousands)*	Savings Fund	Insurance Company Contract Fund
Assets		
Investments, at fair value:		
Pooled investments	$ 7,060	$ 886
Common stocks, alternative equities, and registered investment companies		
Bonds		
Insurance company contracts (at contract value)		185,634
U.S. Treasury and Federal Agency obligations	1,933,926	
Short-term investments		
Investment of cash collateral	1,403,297	271
Multi-Asset Fund		
Participant 403(b) Plan loans	28,507	3,724
Total Investments	3,372,790	190,515
Receivables:		
Contributions	10,078	679
Interest and dividends	48,346	
Total Receivables	58,424	679
Total Assets	3,431,214	191,194
Liabilities		
Allocable to Multi-Asset Fund	117,027	
Payable for securities purchased		
Participant withdrawals and other payables	15	
Securities collateral payable under securities lending agreements	1,401,406	271
Total Liabilities	1,518,448	271
Net Assets Held in Trust for Pension Benefits	$1,912,766	$190,923

Money Market Fund	Equity Fund	Bond Fund	Multi-Asset Fund
$ 479	$ 155,165	$ 3,401	
	1,626,217		
		393,486	
72,375			
147	75,831	76,108	
			$335,044
2,245	16,601	5,182	6,909
75,246	1,873,814	478,177	341,953
276	6,891	1,080	2,328
1,010	2,204	5,347	
1,286	9,095	6,427	2,328
76,532	1,882,909	484,604	344,281
28,216	122,715	67,085	
	6,321		
146	75,793	76,007	
28,362	204,829	143,092	
$48,170	$1,678,080	$341,512	$344,281

Supplementary Schedules

Supplementary Combining Schedule of Changes in Plan Net Assets

For the year ended June 30, 1997 *($ in thousands)*	Savings Fund	Insurance Company Contract Fund
Additions		
Participant contributions	$ 160,098	$ 14,960
Investment Income:		
Net appreciation in fair value of investments and foreign currency exchange contracts	31,412	(7)
Interest, dividends, and other investment income	170,121	12,890
Less investment expenses	(59,417)	(18)
Total Investment Income	142,116	12,865
Total Additions	302,214	27,825
Deductions		
Benefit Payments:		
Plan(s) benefit payments	4	
Participant withdrawals	81,098	5,776
Total Benefit Payments	81,102	5,776
Administrative Expenses	2,862	257
Total Deductions	83,964	6,033
Transfers from (to) other funds	(48,211)	10,010
Increase in Net Assets Held in Trust for Pension Benefits	170,039	31,802
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	1,742,727	159,121
End of Year	$1,912,766	$190,923

Money Market Fund	Equity Fund	Bond Fund	Multi-Asset Fund
$ 6,316	$ 104,870	$ 18,241	$ 39,222
(4)	319,018	28,013	36,555
2,473	35,650	32,067	7,858
(11)	(4,397)	(4,566)	
2,458	350,271	55,514	44,413
8,774	455,141	73,755	83,635
	726	160	
2,589	37,001	8,206	8,910
2,589	37,727	8,366	8,910
104	2,206	551	
2,693	39,993	8,917	8,910
697	32,586	360	4,558
6,778	447,794	65,198	79,283
41,392	1,230,286	276,314	264,998
$48,170	$1,678,080	$341,512	$344,281

Supplementary Schedules

Savings Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions*	Employer Contributions**	Investment & Other Income***	Total
1997	$160,097,381	$ 0	$110,703,577	$270,800,958
1996	163,422,838	0	107,847,818	271,270,656
1995	176,870,167	0	103,431,402	280,301,569
1994	200,458,162	0	93,626,743	294,084,905
1993	154,885,160	0	90,265,328	245,150,488
1992	153,087,694	0	84,945,460	238,033,154
1991	115,376,492	0	76,953,756	192,330,248
1990	71,432,390	0	61,643,127	133,075,517
1989	71,209,250	9,796,935	62,567,970	143,574,155
1988	63,163,644	17,256,076	51,939,001	132,358,721

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$3,528	$2,862,006	$129,308,968	$132,174,502
1996	3,607	2,712,778	186,200,935	188,917,320
1995	3,718	2,473,890	83,284,597	85,762,205
1994	3,796	2,167,962	115,362,087	117,533,845
1993	5,841	1,876,705	82,258,551	84,141,097
1992	7,311	1,620,953	83,377,299	85,005,563
1991	7,372	1,343,876	43,628,137	44,979,385
1990	7,460	1,183,972	56,888,446	58,079,878
1989	7,654	1,057,477	35,106,727	36,171,858
1988	7,802	878,827	14,334,950	15,221,579

* *The increase in participant contributions since fiscal year 1991 reflects UCRP member and Safe Harbor contributions to the Defined Contribution Plan, which are automatically invested in the Savings Fund.*

** *In compliance with IRC nondiscrimination rules, employer contributions to the Tax-Deferred 403(b) Plan in behalf of employees were discontinued as of January 1, 1989.*

*** *This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the value of investments.*

Insurance Company Contract Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions	Employer Contributions*	Investment & Other Income**	Total
1997	$14,959,615	$ 0	$12,872,440	$27,832,055
1996	16,215,596	0	11,571,231	27,786,827
1995	13,980,946	0	9,331,955	23,312,901
1994	9,914,100	0	7,645,307	17,559,407
1993	10,671,042	0	6,796,709	17,467,751
1992	11,245,774	0	6,006,679	17,252,453
1991	13,499,183	0	5,293,101	18,792,284
1990	12,314,646	0	4,055,757	16,370,403
1989	10,559,258	63,475	2,755,383	13,378,116
1988	6,832,202	88,295	1,528,110	8,448,607

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$0	$257,158	$ (4,234,047)	$ (3,976,889)
1996	0	224,613	8,608,033	8,832,646
1995	0	178,709	(12,569,383)	(12,390,674)
1994	0	144,204	2,786,967	2,931,171
1993	0	122,772	2,563,556	2,686,328
1992	0	104,732	9,983,505	10,088,237
1991	0	91,003	3,941,024	4,032,027
1990	0	68,609	2,688,600	2,757,209
1989	0	45,996	(3,263,692)	(3,217,696)
1988	0	24,730	(2,675,864)	(2,651,134)

* *In compliance with IRC nondiscrimination rules, employer contributions to the Tax-Deferred 403(b) Plan in behalf of employees were discontinued as of January 1, 1989.*

** *This includes investment and miscellaneous income. Insurance Company Contract Fund investments are valued at contract value, and consequently, there are no realized gains or losses from investment activity.*

Supplementary Schedules

Money Market Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions	Employer Contributions*	Investment & Other Income**	Total
1997	$6,315,743	$ 0	$2,462,705	$ 8,778,448
1996	5,759,976	0	2,311,922	8,071,898
1995	5,786,838	0	2,051,300	7,838,138
1994	5,642,518	0	1,285,890	6,928,408
1993	6,768,144	0	1,313,908	8,082,052
1992	8,163,012	0	2,103,704	10,266,716
1991	9,006,400	0	2,926,581	11,932,981
1990	7,948,509	0	2,443,604	10,392,113
1989	6,023,011	18,310	1,513,178	7,554,499
1988	3,981,347	23,753	786,972	4,792,072

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$0	$104,278	$ 1,892,786	$ 1,997,064
1996	0	91,185	5,284,875	5,376,060
1995	0	81,056	4,759,453	4,840,509
1994	0	74,093	7,530,172	7,604,265
1993	0	69,400	9,987,027	10,056,427
1992	0	65,755	12,160,348	12,226,103
1991	0	57,776	5,471,284	5,529,060
1990	0	43,269	79,830	123,099
1989	0	26,309	(2,667,234)	(2,640,925)
1988	0	14,453	(2,220,192)	(2,205,739)

* *In compliance with IRC nondiscrimination rules, employer contributions to the Tax-Deferred 403(b) Plan in behalf of employees were discontinued as of January 1, 1989.*

** *This includes investment and miscellaneous income. Money Market Fund investments are valued at cost, and, consequently, there are no realized gains or losses from investment activity.*

Equity Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions	Employer Contributions*	Investment & Other Income**	Total
1997	$104,870,494	$ 0	$96,593,943	$201,464,437
1996	82,239,563	0	53,653,830	135,893,393
1995	65,878,260	0	29,535,145	95,413,405
1994	61,513,618	0	34,727,984	96,241,602
1993	55,893,771	0	21,358,796	77,252,567
1992	48,237,947	0	20,792,681	69,030,628
1991	39,834,656	0	25,666,911	65,501,567
1990	35,312,788	0	31,059,535	66,372,323
1989	30,590,057	824,951	15,407,148	46,822,156
1988	34,270,997	1,541,614	18,448,468	54,261,079

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$725,690	$2,206,222	$ 4,414,738	$ 7,346,650
1996	766,096	1,717,907	(27,120,817)	(24,636,814)
1995	677,524	1,242,542	24,915,180	26,835,246
1994	705,513	1,063,750	21,756,997	23,526,260
1993	650,998	887,878	8,115,323	9,654,199
1992	581,751	696,793	(2,420,159)	(1,141,615)
1991	544,190	524,116	16,647,403	17,715,709
1990	504,139	457,396	15,065,970	16,027,505
1989	457,960	371,516	32,300,555	33,130,031
1988	452,784	373,021	41,213,153	42,038,958

* *In compliance with IRC nondiscrimination rules, employer contributions to the Tax-Deferred 403(b) Plan in behalf of employees were discontinued as of January 1, 1989.*

** *This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the value of investments.*

Supplementary Schedules

Bond Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions	Employer Contributions*	Investment & Other Income**	Total
1997	$18,240,547	$ 0	$28,971,252	$47,211,799
1996	17,769,554	0	24,349,821	42,119,375
1995	18,100,906	0	21,513,815	39,614,721
1994	21,376,194	0	22,117,678	43,493,872
1993	18,273,886	0	21,707,890	39,981,776
1992	16,040,820	0	13,232,066	29,272,886
1991	14,934,903	0	13,115,372	28,050,275
1990	13,804,373	0	10,473,596	24,277,969
1989	12,278,264	129,039	7,128,237	19,535,540
1988	11,719,558	236,733	5,249,651	17,205,942

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$159,744	$550,757	$7,846,249	$8,556,750
1996	155,970	469,110	4,850,286	5,475,366
1995	130,777	382,872	28,350,611	28,864,260
1994	150,442	420,150	8,738,583	9,309,175
1993	123,835	333,326	4,282,411	4,739,572
1992	110,398	235,582	2,428,834	2,774,814
1991	90,294	172,921	3,607,775	3,870,990
1990	77,319	139,012	(2,687,832)	(2,471,501)
1989	64,104	100,912	484,160	649,176
1988	42,454	83,768	9,182,798	9,309,020

* *In compliance with IRC nondiscrimination rules, employer contributions to the Tax-Deferred 403(b) Plan in behalf of employees were discontinued as of January 1, 1989.*

** *This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the value of investments.*

Multi-Asset Fund
Revenues by Source and Expenses by Type

Revenues by Source

Fiscal Year	Participant Contributions	Employer Contributions	Investment & Other Income*	Total
1997	$39,221,625	$0	$7,858,276	$47,079,901
1996	34,669,080	0	6,474,289	41,143,369
1995	32,646,210	0	5,449,843	38,096,053
1994	29,907,781	0	4,123,061	34,030,842
1993	24,133,501	0	2,780,621	26,914,122
1992	13,092,325	0	3,454,641	16,546,966
1991	4,061,611	0	279,971	4,341,582

Expenses by Type

Fiscal Year	Benefits	Administrative Expenses	Refunds, Transfers & Other Activity	Total
1997	$0	$0	$ 4,352,010	$ 4,352,010
1996	0	0	(3,710,316)	(3,710,316)
1995	0	0	20,056,321	20,056,321
1994	0	0	(14,402,096)	(14,402,096)
1993	0	0	(18,144,538)	(18,144,538)
1992	0	0	(31,221,193)	(31,221,193)
1991	0	0	(10,959,895)	(10,959,895)

* *This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the value of investments.*

Supplemental Schedules

Equity, Bond, and Multi-Asset Funds

Units and Unit Values

As of June 30	Equity		Bond		Multi-Asset	
	Total Units	Unit Value	Total Units	Unit Value	Total Units	Unit Value
1997	8,582,150	$193.444	3,712,522	$90.607	15,687,097	$21.506
1996	8,084,111	151.944	3,653,348	75.645	14,283,878	18.552
1995	7,310,298	123.293	3,487,598	69.627	12,130,314	16.534
1994	6,948,242	97.146	3,669,258	56.934	11,322,518	14.304
1993	6,552,236	94.845	3,480,372	61.597	8,263,969	14.001
1992	6,036,229	82.746	3,237,700	51.230	5,085,728	12.510
1991	5,414,349	73.669	2,956,727	43.279	1,409,780	11.245
1990	5,091,511	67.024	2,686,944	39.264	N/A	N/A
1989	4,785,035	58.120	2,257,881	37.665	N/A	N/A
1988	4,761,412	50.385	1,896,603	31.623	N/A	N/A

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None of the Regents or UCRS Board members received any compensation from the plans for services rendered during fiscal year 1996–97.

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