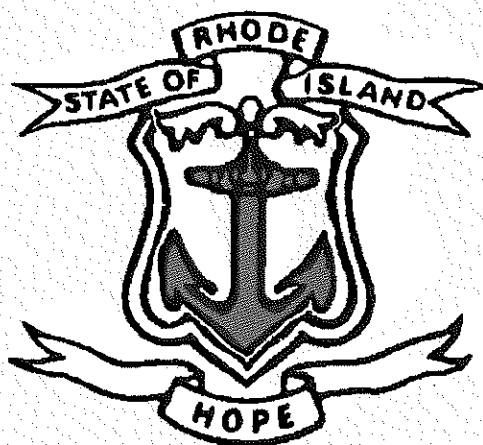
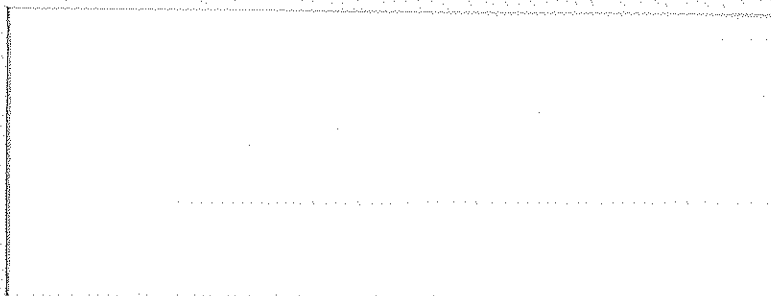


State of Rhode Island and Providence Plantations



Office of the General Treasurer

Nancy J. Mayer
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING
DECEMBER 15, 1998**

TREASURER'S STAFF

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Nancy J. Mayer, Chair

**Rosemary Booth Gallogly
Rep. Mark B. Heffner
Mr. James M. Seed**

**Mr. Kenneth R. Dulgarian
B. Gen. (Ret.) Jack A. Apperson
Sen. Paul J. Tavares**



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**RHODE ISLAND STATE INVESTMENT COMMISSION
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Tuesday, December 15, 1998 at 9:00 a.m. in Room 135 of the State House.

AGENDA

1. Approval of Minutes
 - State Investment Commission Meeting held on 10/28/98
 - Alternative Investments Committee Meeting held on 10/28/98
2. Finalist Interviews for International Equity Active/Passive Manager Search
3. General Consultant's Report - Wilshire Associates Incorporated
 - Capital Market Update
4. Treasurer's Report
5. Deputy General Treasurer for Finance Report
6. Legal Counsel Report
7. New Business

**State of Rhode Island and Providence Plantations
STATE INVESTMENT COMMISSION**

**Minutes of the Regular Meeting
October 28, 1998**

The following members were present at the meeting held in Room 135, State House, Providence. B. Gen. (Ret.) Jack A. Apperson, Ms. Rosemary Booth Gallogly, Designee of the Director of Administration, General Treasurer Nancy J. Mayer, Mr. James M. Seed, Senator Paul J. Tavares and Ms. Joann E. Flaminio, Ex-Officio. Also present were Ms. Barbara B. Schoenfeld, Legal Counsel to the Commission, Mr. William G. Bensur, Jr., of Wilshire Associates Incorporated, Consultant to the Commission, Mr. James E. Thorsen, Deputy Treasurer for Finance and other members of the Treasurer's Staff. Representative Mark B. Heffner was absent. (No appointment has yet been made for the position vacated by Mr. Dulgarian.)

There being a quorum present, the Treasurer called the meeting to order at 9:55 a.m.

State Investment Commission Minutes. Ms. Gallogly requested that the Minutes be amended to reflect that the open position vacated by Mr. Dulgarian has not been filled. Senator Tavares moved, Ms. Gallogly seconded and the following motion was passed unanimously. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer, Mr. Seed and Senator Tavares.

VOTED: To approve the Minutes of the September 23, 1998 Regular Meeting, as amended to reflect Mr. Dulgarian's vacant position.

Alternative Investment Committee Minutes. Senator Tavares moved, Mr. Seed seconded and the following motion was passed unanimously. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer, Mr. Seed and Senator Tavares.

VOTED: To approve the Minutes of the October 21, 1998 Meeting of the Alternative Investments Committee.

Alternative Investments Committee Recommendations. The Committee had met on October 21, 1998 to consider proposed alternative investments in VS&A Communications Partners III, L.P. and Parthenon Investors, L.P. The Treasurer gave a brief synopsis of VS&A Communications Partners III, L.P., which is being organized to invest in middle market companies engaged in the communications, business information, media, publishing, broadcasting, cable television, and related industries.

Senator Tavares moved, Mr. Seed seconded and the following motion was passed unanimously. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer, Mr. Seed and Senator Tavares.

VOTED: To invest \$15 million in VS&A Communications Partners III, L.P., as recommended by Pacific Corporate Group contingent upon satisfactory review and negotiation of investment and other legal documents.

A discussion followed regarding Parthenon Investors, L.P. Senator Tavares stated that he was uncomfortable with the length of time the principals had worked together. Although the principals had both previously been employed by the same firm, they did not have a track record together. Ms. Schoenfeld reported that in response to the Alternative Investments Committee's question, the two principals who had presented to the Committee were each investing \$5 million of their own money in the fund.

Mr. Seed moved, Gen. Apperson seconded and the following motion was passed. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer and Mr. Seed. Senator Tavares was opposed.

VOTED: To invest \$15 million in Parthenon Investors, L.P., as recommended by Pacific Corporate Group, contingent upon satisfactory review and negotiation of investment and other legal documents.

Alternative Investments Advisor. Ms. Schoenfeld explained to Commission members that the Alternative Investments Program is the only asset class where the SIC has not engaged a discretionary manager. Pacific Corporate Group serves as a consultant, but the SIC has retained authority to make all investment decisions for alternative investments. The program is now very active which demands increasing amounts of staff resources. At this point, it is viable to consider moving the relationship to a discretionary manager. A draft Request for Proposal was proposed for consideration and discussion.

A discussion followed wherein Senator Tavares expressed that he would like to see the Commission retain control over making investment decisions, but suggested that perhaps the legal work could be outsourced. Mr. Bensur suggested appointing a Chief Investment Officer to handle the management of the pension fund.

The Commission members agreed that instead of trying to put out an RFP and hire a new manager prior to the end of the year, it would be more prudent to extend Pacific Corporate Group's contract to March 31, 1999. That would allow the incoming Treasurer to decide how to proceed with the Alternative Investments Program.

Senator Tavares moved, Gen. Apperson seconded and the following motion was passed unanimously. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer, Mr. Seed and Senator Tavares.

VOTED: To request that Pacific Corporate Group extend its contract with the Treasurer's Office until March 31, 1999.

Treasurer's Report. The Treasurer reported that at the last Retirement Board Meeting, the Board voted to raise the investment assumption rate to 8.25% which is now

higher than the assumption rate of 8.0% that the SIC uses for the pension fund. This creates an impact on the unfunded liability of the pension fund.

Ms. Schoenfeld gave an update on the International Equity Active/Passive search. Three responses to the Request for Proposals were received, but the deadline was extended to accommodate Morgan Stanley Asset Management, which did not receive the RFP package, since it appears to have been lost in the mail. The other three firms (Baring Asset Management, Brinson Partners, Inc., and State Street Global Advisors) were offered an extended time period to amend or supplement their proposals. The Treasurer and her staff will interview all four firms and conduct due diligence site visits and will bring the finalists to the December meeting.

Meeting Dates. The Commission decided to cancel the November 25th and the December 23rd meetings and hold one meeting on Tuesday, December 15th at 9:00 a.m.

Note: Senator Tavares left the meeting at 10:40 a.m.

Consultant Report - Wilshire Associates Incorporated. Providing his Capital Market Update, Mr. Bensus reported that after experiencing significant declines in July and August, the US stock market rallied in September and October. Much of the recent reversal is credited to a comeback in the technology sector. Stabilization of European markets and positive actions taken by Asian governments to rectify their banking systems has instilled new confidence. However, the market still remains somewhat volatile.

As of 10/26/98 the yield on the benchmark 30-year US Treasury Bond was 5.11%. The broad US equity market has generated a 6.5% return through 10/26/98. Year-to-date, large stocks continue to lead small stocks. The S&P 500 Index, a large stock index has returned 11.9% and the Wilshire 4500 Index, a small stock index has fallen 8.9%. Large growth stocks have outpaced large value stocks by 16.9% while small value stocks have surpassed small growth stocks by 6.7%.

The UK/Europe region, as measured by the MSCI Europe Index, has returned 14.5% but the Pacific Basin region, as measured by the MSCI Pacific Index, has returned -6.0% through 10/26/98. Emerging Markets returns have dropped 23.3%.

Legal Counsel Report. Ms. Schoenfeld reported that after the Management Agreement had been signed between the RI Higher Education Assistance Authority and Collegiate Capital Group, Inc., Collegiate Capital announced that it will be purchased by Prudential. The Management Agreement has been signed and Prudential has assured the Treasurer's office that Prudential will not interfere with Collegiate's compliance with its contractual obligations or with Collegiate's contemplated investment strategy.

Ms. Schoenfeld reported that the Custodial Contract with State Street Bank and Trust Company was due to expire on December 31, 1998. She suggested requesting an extension to June 30, 1999 to allow the new Treasurer to consider how to proceed with either hiring a new custodian or maintaining State Street as the custodian.

Gen. Apperson moved, Ms. Gallogly seconded and the following motion was passed unanimously. The following members voted in favor: Gen. Apperson, Ms. Gallogly, Treasurer Mayer and Mr. Seed.

VOTED: To request that State Street Bank and Trust Company extend their contract with the Treasurer's Office until June 30, 1999.

There being no further business, the meeting was adjourned at 11:15 a.m.

Respectfully submitted,

Barbara B. Schoenfeld
Legal Counsel to the
State Investment Commission

**RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
OCTOBER 1998**

MARKET VALUES

The total portfolio value increased in October by \$213.7 Million to \$5.769 Billion (+4.15%), in line with broad market indices. This compares with a decrease in value of -\$173.8 Million (-2.56%) for the same period in 1997. For the first ten months of 1998, the fund increased in value by \$275.8 Million, for a period return of +5.72%.

The equity market values increased by \$188.8 Million (+7.18%). Fixed income decreased by -\$28.5 Million, net of transfers (-0.55%), while international equities increased by \$44.4 Million (+6.59%). Alternative investments increased by \$6.8 Million net of capital calls, cash distributions and transfers, while cash increased by \$2.1 Million.



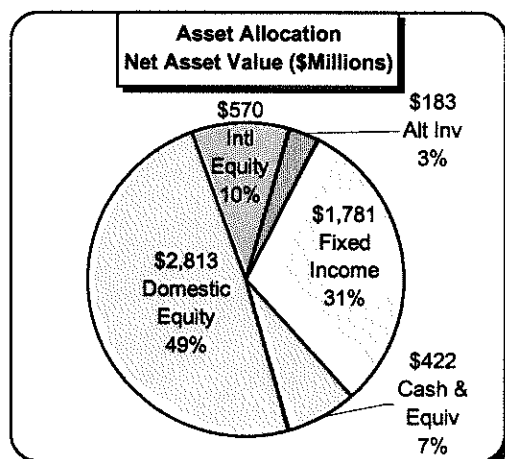
Brown Brothers' fixed income portfolio decreased in value by -\$21.9 Million, net of transfers. Fleet's fixed income portfolio decreased in value by -\$5.1 Million, net of transfers, while Fidelity's value decreased by -\$3.0 Million. The Loomis Sayles portfolio increased by \$3.4 Million, and Taplin, Canida & Habacht's portfolio decreased by -\$1.6 Million.

PERFORMANCE

Market Indices	Oct-98	YTD
Domestic Equity		
S & P 500	8.10%	14.72%
Wilshire 5000	7.44%	9.15%
Russell 2000	4.08%	-12.81%
Russell 2500	5.47%	-9.82%
International Equity		
MSCI EAFE	10.42%	9.80%
Fixed Income		
Lehman AGG	-0.53%	7.73%
Fund By Asset Class		
Domestic Equity	7.18%	6.62%
Fixed Income	-0.55%	6.07%
International Equity	6.59%	1.07%
Total Fund Composite*	4.15%	5.72%
Manager Summary		
DOMESTIC EQUITY		
Mackay-Shields	9.06%	-4.18%
ValueQuest	8.75%	1.09%
JP Morgan	8.36%	-2.83%
J W Seligman	8.26%	-6.96%
State Street Global Adv	7.72%	-4.51%
Brinson	7.55%	10.34%
Bankers Trust	7.54%	8.75%
Babson	6.41%	-13.11%
Provident	4.52%	19.74%
HLM Management	2.61%	-14.81%
Total Domestic Equity	7.18%	6.62%
FIXED INCOME		
InState F.I.	1.70%	10.93%
Loomis Sayles	1.39%	-9.49%
Fidelity	-0.71%	5.95%
Fleet	-0.75%	9.94%
Brown Bros	-0.96%	8.67%
Taplin Canida & Habecht	-1.64%	5.35%
Total Fixed Income	-0.55%	6.07%
INTERNATIONAL EQUITY		
Alliance	9.96%	11.12%
Schroder Emerging Markets	9.84%	-24.25%
Schroder Europe	4.81%	9.53%
Scudder	3.73%	-13.75%
Total International Equity	6.59%	1.07%
*Total Fund Composite includes all classes		

ASSET ALLOCATION

There is a 5.2% over-allocation in domestic equities; fixed income is over-allocated by 1.60%, the international equity asset class is under-allocated by 2.5%, while the alternative investments asset class is under-allocated by 4.3%. We expect that the over-allocation to equities and fixed income will persist due to the challenge of investing the alternative investment commitment in an orderly fashion.



Staff expects the asset mix to change significantly with implementation of the recent mandates within the domestic equity and fixed income portfolios. Cash and equivalents increased from \$318.9 Million in September to \$422.2 Million in October.

MANAGER FUNDING

The following eighteen cash transfers took place during October, principally to provide sufficient cash for alternative investment funding as well as retirement payroll.

Manager	Cash Out	Cash In
Provident	(\$5,000,000)	
Brown Brothers	(11,000,000)	
Fidelity	(1,000,000)	
Cash outside Trust		\$17,000,000
Cash In Trust	(15,250,000)	
ABS Capital	(98,195)	
AltaBioPharma	(1,000,000)	
Boston Ventures	(650,000)	
Fenway	(2,546,285)	2,754
Heritage	(483,276)	
Providence Equity	(467,564)	
SKM	(1,444,174)	
TH Lee	(104,347)	
Triumph	(28,651)	
Willis Stein	(133,941)	21,085
Crossroads		122,507
Heitman Realty		332,576
CVC		2,812
Total Transfers	(\$39,206,433)	\$17,481,734

At this time, the alternative investment asset class has an unfunded allocation of approximately \$251.7 Million, vs a commitment of \$381.9.

EXPENSES

Expenses for October 1998 were \$786,436 for a total fiscal year to date of \$6,716,144. This figure is in line with budget expectations and market conditions.

CASH FLOW

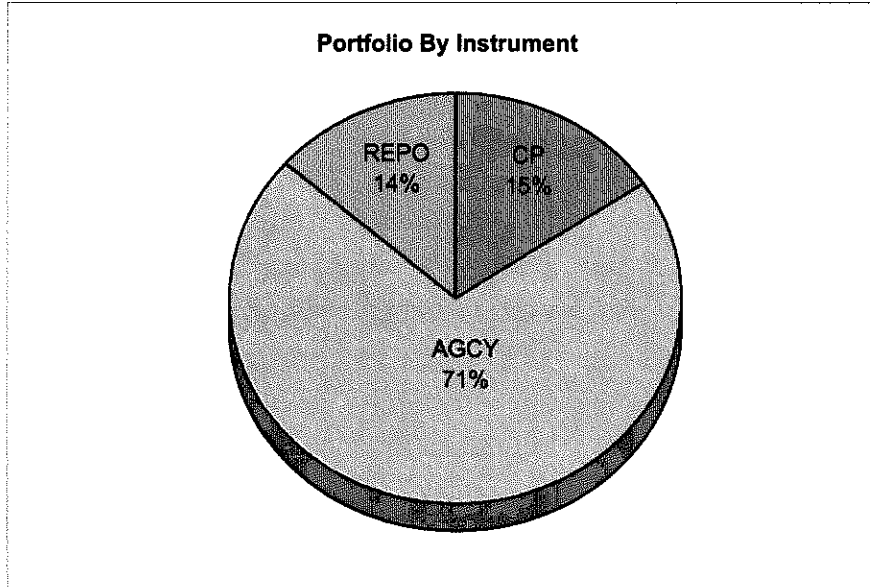
October's combined state and teacher contributions were insufficient to cover the month's pension payroll, requiring a transfer of \$14,250,000 from the long term plan; the municipal plan also required a transfer of \$1,000,000.

SHORT TERM CASH

The short-term cash portfolio had a 13.64 day weighted average maturity vs. 16.71 days in September, and 20.21 days in October 1997.

RHODE ISLAND STATE INVESTMENT COMMISSION

SHORT TERM CASH INVESTMENTS AT OCTOBER 31, 1998



REPO = Repurchase Agreement
CP = Commercial Paper
Agency = US Government Agency

Vendor	CP	ETD	Treasury	Agency	Money Mkt	Repo	Total (\$)
Guidelines-Total/Vendor	15%/15%	15%/15%	100%/100%	75%/35%	50%/35%	100%/20%	
Bear Stearns	5,957,337 2%	0 0%	0 0%	0 0%	0 0%	0 0%	5,957,337 2%
Citi-Corp	0 0%	0 0%	0 0%	0 0%	0 0%	3,469,854 1%	3,469,854 1%
Dean Witter	8,953,800 3%	0 0%	0 0%	50,574,936 18%	0 0%	0 0%	59,528,736 22%
BancAmerica	0 0%	0 0%	0 0%	45,598,159 16%	0 0%	0 0%	45,598,159 16%
First Tennessee	0 0%	0 0%	0 0%	58,989,314 21%	0 0%	0 0%	58,989,314 21%
Goldman Sachs	0 0%	0 0%	0 0%	0 0%	0 0%	17,000,000 6%	17,000,000 6%
Prudential	0 0%	0 0%	0 0%	40,550,535 15%	0 0%	0 0%	40,550,535 15%
Citi-Group	27,923,732 10%	0 0%	0 0%	0 0%	0 0%	0 0%	27,923,732 10%
State St Bank	0 0%	0 0%	0 0%	0 0%	0 0%	17,501,733 6%	17,501,733 6%
TOTALS	42,834,869	0	0	195,712,945	0	37,971,588	276,519,401
(%) PORTFOLIO	15%	0%	0%	71%	0%	14%	100%



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December 15, 1998

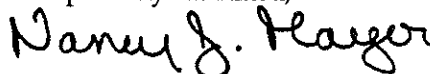
State Investment Commission
State of Rhode Island
State House
Providence, Rhode Island

This is to certify that the amounts so listed below belong to the credit of the Employees' Retirement, State Police and Judiciary Retirement Systems, and the Municipal Employees' Retirement System of the State of Rhode Island at the close of business on October 31, 1998.

Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
October 31, 1998

Asset Class		
Cash/Short Term Investments		\$422,278,417.93
Equities - Domestic		\$2,812,817,621.81
Equities - International		\$570,177,555.62
Fixed Income - Government	\$1,323,567,016.86	
Fixed Income - Corporate	\$430,323,917.00	
Fixed Income - In State	\$27,324,728.08	
Total Fixed Income		\$1,781,215,661.94
Alternative Investments		\$182,261,688.31
Other - Escrow		\$500,000.00
Total Fund Investments		\$5,769,250,945.61
Plan Allocation		
State Employees & Teachers	87.1009205%	\$5,025,070,679.58
Municipal Employees	12.7085599%	733,188,712.20
State Police	0.1174962%	6,778,650.63
Judicial	0.0730234%	4,212,903.20
Total Fund Investments		\$5,769,250,945.61

The amount listed for alternative investments designation is illiquid and does not have a readily determinable market value. It is based on appraisals only.

Respectfully submitted,

Nancy J. Mayer
General Treasurer

ERSRI Monthly Market Value Report With Time Weighted Returns
October 31, 1998

	Performance Update				Current Month			Valuation Change		
	Calendar YTD		Benchmark Description	Net of Xfers	Performance		Market Value 9/30/98	Transfers In/(out) 10/31/98	Increase/Decrease	
	Performance	Benchmark			Benchmark	Alpha				
Domestic Equity										
Bankers Trust	8.75%	9.15%	S&P 500	7.54%	7.44%	0.10%	852,239,672	36,000	916,530,342	64,254,670
Fleet Transition	-73.57%	14.72%	Wilshire 5000	-11.16%	8.10%	-19.26%	2,001,415	(3)	1,778,097	(223,315)
JP Morgan Investment Management	-2.83%	-2.05%	Russell 1000 Growth	8.36%	7.90%	0.46%	277,578,458	-	300,771,266	23,192,808
State Street Global Advisors	-4.51%	-2.05%	Russell 1000 Growth	7.72%	7.90%	-0.18%	275,455,499	-	296,716,344	21,260,845
Provident Investment Council	19.74%	12.46%	Russell 1000 Growth	4.52%	7.90%	-3.38%	471,612,028	(5,000,000)	487,704,334	21,092,306
Brinson Partners	10.34%	9.15%	Wilshire 5000	7.55%	7.44%	0.11%	262,867,463	-	282,716,407	19,848,944
Mackay Shields	-4.18%	9.15%	Wilshire 5000	9.06%	7.44%	1.62%	212,676,684	-	231,937,781	19,261,097
D.L. Babson	-13.11%	-9.82%	Russell 1000 Growth	6.41%	5.47%	0.94%	152,289,048	-	162,036,641	9,767,592
JW Seligman	-6.96%	-12.81%	Russell 2000 Sncap	8.26%	4.08%	4.18%	151,338,573	-	163,839,438	12,500,865
HLM Management	-14.81%	-12.81%	Russell 2500 Sncap	2.61%	4.08%	-1.47%	20,044,718	-	20,567,883	523,165
ValueQuest	1.09%	5.97%	Wilshire Large Value	8.75%	8.10%	0.65%	26,559,200	-	28,882,308	2,323,108
Total Domestic Equity	6.62%			7.18%			2,704,642,759	(4,964,003)	2,893,480,841	193,802,085
International Equity										
Alliance Capital Management	11.12%	9.80%	MSCI EAFE	9.96%	10.42%	-0.46%	204,989,305	8,000	225,420,849	20,423,544
Schroder Capital Management Int'l	9.53%	16.93%	MSCI Europe	4.81%	8.00%	-3.19%	297,124,720	(24,090,717)	282,660,757	9,626,754
Scudder Kemper	-13.75%	-19.30%	Wilshire Custom Asia	3.73%	-10.53%	14.26%	117,025,767	24,090,717	150,063,882	8,947,398
Schroder Capital Management Int'l	-24.25%	-28.65%	MSCI Emg Markets	9.84%	10.53%	-0.69%	55,038,287	-	60,455,681	5,417,394
Total International Equity	1.07%			6.59%			674,178,079	8,000	718,601,169	44,415,090
Fixed Income										
Fleet Investment Advisors	9.94%	7.73%	Lehman Aggregate	-0.75%	-0.53%	-0.22%	680,701,985	36,000	685,537,653	(5,200,342)
Fidelity Management & Research	5.95%	5.96%	Salomon Mortgage	-0.71%	-0.11%	-0.60%	295,105,963	(1,000,000)	292,019,431	(2,086,532)
Brown Brothers, Hamman	8.67%	6.75%	Lehman 1-3 yr	-0.96%	0.50%	-1.46%	635,759,088	(15,924,000)	613,841,306	(5,993,762)
In-State Fixed Income	10.93%	N/A	none	1.70%	N/A	-	27,760,651	(382,305)	27,570,792	192,446
Taplin, Canada & Habacht	5.35%	7.99%	Lehman Intermediate	-1.64%	-0.10%	-1.54%	97,437,223	-	95,835,990	(1,601,233)
Loomis, Sayles & Co.	-9.49%	-1.01%	Merrill/CS First Bos	1.39%	-0.02%	1.41%	247,837,302	-	251,290,036	3,452,734
Total Fixed Income	6.07%			-0.55%			1,994,602,202	(17,270,305)	1,966,095,208	(11,236,689)
Alternative Investments										
Pacific Corporate Group	16.96%	N/A		0.21%	N/A		108,207,340	6,364,913	113,709,343	(862,910)
Shott Capital Management	-60.34%	N/A		-60.34%	N/A		-	723,298	869,963	146,665
Bank Acquisition Contingency	0.00%	N/A		N/A	N/A		500,000	-	500,000	-
JMB/Heitman Advisory Group	N/A	N/A	Wilshire Real Estate	N/A	N/A		17,249,028	(332,576)	16,916,452	-
L & B Real Estate Counsel	N/A	N/A	Wilshire Real Estate	N/A	N/A		43,360,223	-	44,072,646	712,423
AETNA Realty Advisors, Inc	N/A	N/A	Wilshire Real Estate	N/A	N/A		47,390	-	50,894	3,504
Phoenix Home Life	N/A	N/A	Wilshire Real Estate	N/A	N/A		6,570,917	-	6,642,391	71,474
Total Alternatives	17.91%			0.58%			175,934,898	6,755,635	182,761,669	71,156
Cash Accounts										
Cash in Trust	N/A	-		N/A	-		6,127,480	376,672	6,542,542	38,380
Internal Cash	N/A	-		N/A	-		2,786	-	1,769,497	1,766,711
Total Cash							6,130,276	376,672	8,312,039	1,805,091
Fund Grand Total	5.72%			4.15%			5,555,488,214	(15,094,001)	5,769,250,946	228,856,733

RHODE ISLAND STATE INVESTMENT COMMISSION

Domestic Equity Holdings By Top 10 Market Values

OCTOBER 31, 1998

Equities

<u>RANK</u>	<u>SECURITY NAME</u>	<u>PAR VALUE/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	SCHERING PLOUGH CORP	417,700	\$42,970,888	Provident, Bankers, Brinson, SSGA
2	MCI WORLDCOM INC	737,300	40,735,825	Provident, Bankers, J.P. Morgan
3	MICROSOFT CORP	383,700	40,624,238	Provident, Bankers, SSGA, J.P. Morgan
4	PFIZER INC	365,400	39,211,988	Provident, Bankers, SSGA, J.P. Morgan
5	WARNER LAMBERT CO	495,200	38,811,300	Provident, Bankers, J.P. Morgan
6	GENERAL ELEC. CO	425,300	37,213,750	Bankers, SSGA, J.P. Morgan
7	PHILIP MORRIS COS INC	724,200	37,024,725	Brinson, Bankers, MacKay, J.P. Morgan
8	FEDERAL NATIONAL MTG.	390,200	27,631,038	Provident, Bankers, SSGA, J.P. Morgan
9	LUCENT TECHNOLOGIES INC	326,916	26,214,577	Provident, Bankers, SSGA, J.P. Morgan
10	TYCO INTL LTD	402,400	24,923,650	Provident, J.P. Morgan
		12.28%	\$355,361,979 of total equity market value	
			** Total Composite Equities **	\$2,893,480,841.

International Equity Holdings By Top 10 Market Values

OCTOBER 31, 1998

International Equities

<u>RANK</u>	<u>SECURITY NAME</u>	<u>COUNTRY</u>	<u>PAR VALUE/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	NOVARTIS AG	Switzerland	6,794	\$12,242,409	Alliance, Schroders
2	BRITISH TELECOM	England	779,745	10,081,075	Alliance, Schroders, Scudder
3	GLAXO WELLCOME	England	295,087	9,172,020	Alliance, Schroders
4	ROYAL DUTCH PETROL	Netherlands	804,373	9,025,457	Alliance, Schroders
5	ENDESA S.A.	Spanish	344,994	8,678,892	Alliance, Schroders, Scudder
6	SUEZ LYONN EAUX	France	46,876	8,393,497	Alliance, Schroders
7	LLOYDS TSB GROUP	England	673,876	8,322,982	Alliance, Schroders
8	ELF AQUITAINE	France	71,584	8,283,163	Alliance, Schroders, Scudder
9	BRITISH PETROLEUM	England	559,718	8,220,643	Alliance, Schroders
10	VIVENDI	France	35,741	8,162,019	Alliance, Schroders
			12.57%	\$90,582,157 of total international equity market value	
			** Total Composite International Equities **	\$720,888,163.	

Asset Allocation Report									
Market Values October 31, 1998		Style		Actual		Target		Difference	
Allocation by Manager		Mandate						Cash % of Total	
Domestic Equity									
Bankers Trust		passive core	916.53	15.9%	778.85	13.5%	137.68	6.20	0.7%
Fleet Transition		active core	1.78	0.0%	0.00	0.0%	1.78	0.00	0.0%
JP Morgan Investment Management		active core	300.77	5.2%	259.62	4.5%	41.15	0.49	0.2%
State Street Global Advisors		active core	296.72	5.1%	259.62	4.5%	37.10	2.44	0.8%
Provident Investment Council		large cap grwth	487.70	8.5%	432.69	7.5%	55.01	40.51	8.3%
Brinson Partners		lrge cap val	282.72	4.9%	230.77	4.0%	51.95	4.36	1.5%
MacKay Shields		lrge cap val	231.94	4.0%	230.77	4.0%	1.17	10.05	4.3%
D.L. Babson		sm cap value	162.04	2.8%	173.08	3.0%	-11.04	2.37	1.5%
JW Seligman		sm cap grwth	163.84	2.8%	173.08	3.0%	-9.24	11.34	6.9%
HLM Management		sm cap grwth	20.57	0.4%	28.85	0.5%	-8.28	1.39	6.8%
ValueQuest		contrarain value	28.88	0.5%	28.85	0.5%	0.04	1.52	5.2%
TOTAL DOMESTIC EQUITY			2,893.48	50.2%	2,596.16	45.0%	297.32	80.67	2.8%
International Equity									
Alliance Capital Management		passive EAFE	225.42	3.9%	173.08	3.0%	52.34	2.68	1.2%
Schroder Capital Management Intl		Europe	282.66	4.9%	288.46	5.0%	-5.80	65.09	23.0%
Scudder Kemper		Pac Basin	150.06	2.6%	288.46	5.0%	-138.40	80.66	53.7%
Schroder Capital Management Intl		emerging mkts	60.46	1.0%	115.39	2.0%	-54.93	0.00	0.0%
TOTAL INT'L EQUITY			718.60	12.5%	865.39	15.0%	-146.79	148.42	20.7%
Domestic Fixed Income									
Fleet Investment Advisors		active core	685.54	11.9%	609.41	10.6%	76.13	45.94	6.7%
Fidelity Management & Research		mortgages	292.02	5.1%	277.79	4.8%	14.23	0.91	0.3%
Brown Brothers, Hamman		opportunistic core	613.84	10.6%	609.41	10.6%	4.44	132.96	21.7%
In-State Fixed Income		short/int govt	27.57	0.5%	3.40	0.1%	24.17	0.25	0.9%
Taplin, Canida & Habacht		corporates	95.84	1.7%	93.75	1.6%	2.09	2.84	3.0%
Loomis, Sayles & Co.		convt/hi yield	251.29	4.4%	281.25	4.9%	-29.96	1.98	0.8%
TOTAL FIXED-INCOME			1,966.10	34.1%	1,875.01	32.5%	91.09	184.88	9.4%
Alternative Investments									
JMB/ Heitman Advisory Corp		real estate	16.92	0.3%					
L&B Real Estate Counsel		office/shopping	44.07	0.8%					
Aetna Realty Advisors, Inc.		cong. care	0.05	0.0%					
Phoenix Home Life		developmental	6.64	0.1%					
Shott Capital Mgmt		alternative distributi	0.87	0.0%					
Pacific Corp Group		various pvt eq	113.71	2.0%					
Bank Disposition		contingency	0.50	0.0%					
TOTAL ALTERNATIVE INVESTMENTS			182.76	3.2%	432.69	7.5%	-249.93	0.00	0.0%
CASH EQUIVALENTS		STIF, Yield+	8.31	0.1%	0.00	0.0%	8.31	8.31	100.0%
TOTAL ASSETS			5,769.25	100.0%	5,769.25	100.0%	0.00	422.28	7.3%

Allocation By Management Style

Domestic Equity									
Core			1,515.80	26.3%	1,298.08	22.5%	217.71	9.13	0.6%
Large Cap Growth			487.70	8.5%	432.69	7.5%	55.01	40.51	8.3%
Large Cap Value			514.65	8.9%	461.54	8.0%	53.11	14.41	2.8%
Small Cap			325.88	5.6%	346.16	6.0%	(20.28)	15.10	4.6%
Emerging Managers			49.45	0.9%	57.69	1.0%	(8.24)	1.52	3.1%
TOTAL DOMESTIC EQUITY			2,893.48	50.2%	2,596.16	45.0%	297.32	80.67	2.8%
International Equity									
Passive			225.42	3.9%	173.08	3.0%	52.34	2.68	1.2%
Active			432.72	7.5%	576.93	10.0%	(144.20)	145.75	33.7%
Emerging Markets			60.46	1.0%	115.39	2.0%	(54.93)	-	0.0%
TOTAL INT'L EQUITY			718.60	12.5%	865.39	15.0%	(146.79)	148.42	20.7%
Domestic Fixed Income									
Mortgage			977.56	16.9%	887.20	15.4%	90.36	46.85	4.8%
Core			641.41	11.1%	612.81	10.6%	28.60	133.21	20.8%
Corporates			95.84	1.7%	93.75	1.6%	2.09	2.84	3.0%
Convertible/High Yield			251.29	4.4%	281.25	4.9%	(29.96)	1.98	0.8%
TOTAL FIXED-INCOME			1,966.10	34.1%	1,875.01	32.5%	91.09	184.88	9.4%
Alternative Investments									
Real Estate			67.68	1.2%					
Other Alternative Investments			115.08	2.0%					
TOTAL ALTERNATIVE INVESTMENTS			182.76	3.2%	432.69	7.5%	(249.93)		
CASH EQUIVALENTS		STIF, Yield+	8.31	0.1%	0.00	0.0%	8.31	8.31	100.0%
TOTAL ASSETS			5,769.25	100.0%	5,769.25	100.0%	(0.00)	422.28	7.3%

Alternative Investments Funding

1998

Manager	Partnership Commitment	Prior Funding Thru 9/30/98	Current Month Funding	Cumulative Total at 10/31/98	Unfunded Balance	Market Values at 10/31/98
<i>ABS Capital Partners</i>	5,000,000	3,439,962	98,195	3,538,157	1,461,843	3,801,513
<i>Apollo RE Investment Fund IV L.P.</i>	15,000,000	1,050,000	0	1,050,000	13,950,000	1,048,453
<i>Alta BioPharma Partners, L.P.</i>	10,000,000	1,500,000	1,000,000	2,500,000	7,500,000	2,234,475
<i>Alta California Partners II L.P.</i>	10,000,000	0	0	0	10,000,000	0
<i>Aurora Equity Partners II</i>	15,000,000	922,289	0	922,289	14,077,711	923,652
<i>Blackstone Capital Ptnrs</i>	20,000,000	2,683,917	0	2,683,917	17,316,083	2,079,288
<i>Boston Ventures Ltd</i>	5,000,000	1,400,000	650,000	2,050,000	2,950,000	2,107,823
<i>Crossroads/Providence LP</i>	42,509,665	41,085,203	(122,507)	40,962,696	1,546,969	20,582,220
<i>CVC Capital Partners</i>	15,000,000	2,625,370	0	2,625,370	12,374,630	2,616,924
<i>Doughty Hanson II</i>	5,000,000	3,109,254	0	3,109,254	1,890,746	2,753,570
<i>Doughty Hanson III</i>	15,000,000	1,456,854	0	1,456,854	13,543,146	1,456,854
<i>Fenway</i>	15,000,000	455,172	2,546,285	3,001,457	11,998,543	2,998,702
<i>First Reserve Fund VIII L.P.</i>	15,000,000	890,925	0	890,925	14,109,075	905,459
<i>Harvest Partners III</i>	15,000,000	3,701,163	0	3,701,163	11,298,837	3,756,921
<i>Heritage Fund</i>	5,000,000	1,825,089	483,276	2,308,365	2,691,635	2,308,973
<i>Narragansett First Fund</i>	218,566	198,498	0	198,498	20,068	5,888
<i>Narragansett Capital Partners</i>	1,671,121	1,352,913	0	1,352,913	318,208	1,481,416
<i>Nordic Capital III</i>	7,500,000	452,277	0	452,277	7,047,723	553,471
<i>OCM Opportunities Fund</i>	8,000,000	8,000,000	0	8,000,000	0	10,423,456
<i>OCM Principal Opportunities</i>	5,000,000	3,250,000	0	3,250,000	1,750,000	3,405,323
<i>OCM Opportunities II</i>	12,000,000	6,600,000	0	6,600,000	5,400,000	5,989,038
<i>Parthenon Investors, L.P.</i>	15,000,000	0	0	0	15,000,000	0
<i>Providence Equity Partners</i>	10,000,000	6,093,526	467,564	6,561,090	3,438,910	9,805,363
<i>Providence Equity Partners III L.P.</i>	15,000,000	0	0	0	15,000,000	0
<i>SKM Equity Fund II</i>	10,000,000	4,133,754	1,444,174	5,577,928	4,422,072	5,584,924
<i>THL Equity Fund IV</i>	15,000,000	554,884	104,347	659,231	14,340,769	659,027
<i>TPG Partners</i>	10,000,000	3,707,388	0	3,707,388	6,292,612	3,715,110
<i>Triumph Partners III</i>	15,000,000	3,043,880	28,651	3,072,531	11,927,469	3,043,861
<i>VS & A Communications Ptnrs III L.P.</i>	15,000,000	0	0	0	15,000,000	0
<i>Wellspring Capital Partners</i>	15,000,000	0	0	0	15,000,000	0
<i>Welsh, Carson, Anderson & Stowe</i>	15,000,000	12,000,000	0	12,000,000	3,000,000	14,454,144
<i>Willis Stein</i>	5,000,000	3,894,224	112,856	4,007,080	992,920	5,013,493
<i>Real Estate Investments</i>	80,544,204	80,544,204	0	80,544,204	(0)	67,682,383
<i>Contingency Fund</i>	500,000	500,000	0	500,000	0	500,000
<i>Shott Capital Mgmt</i>	0	0	723,298	723,298		869,963
TOTALS:	\$462,943,557	\$200,470,746	\$7,536,139	\$208,006,884	\$255,659,970	\$182,761,687

	Actual Jul 98	Actual Aug	Actual Sept	Actual Oct	Projected Nov	Projected Dec	Projected Jan 99	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	PROJECTED TOTAL
EQUITIES													
Fleet/Vorstar	262,500	48,420			262,500		85,000	262,500		85,000	262,500	85,000	1,050,000
Banker Trust		1,533,289			500,000			500,000					3,033,289
Provident Investmt		222,093				200,000			200,000				822,093
Brinson		155,358				150,000			150,000				760,885
Mackay-Shield	48,728	144,121			120,000	130,000			130,000				582,849
David L. Babson		64,377			60,000								511,771
J & W Seigman		49,362			80,000								244,377
HLM Mgmt													289,362
ValueQuest													
JP Morgan													
State Street Global Advisors													
FIXED INCOME													
Brown Bros.		52,566				70,000			70,000				262,566
Fidelity		301,800				160,000			160,000				781,800
Taplin	40,933				17,500						17,500		99,433
Loomis Sayles	306,016				300,000						300,000		1,206,016
INTL EQUITIES													
Alliance Capital	65,231	70,244		383,174		50,000			50,000				285,475
Schroder		480,851				300,000			300,000				1,764,025
Schroder Emgrg Mkts	135,458	149,564				135,000			135,000				710,022
REAL ESTATE													
Heitman Advisory													0
L & B Real Estate													0
Actna													0
Phoenix													0
ALTERNATIVE INVESTMENTS													
Bigler/Crossroads				2,663		4,400			4,400			4,400	15,863
Narragansett Cap.				213,851		160,000			160,000			160,000	1,742,866
Other Alt Inv Mgmt Fees	89,777	159,238			160,000						160,000		0
PROFESSIONAL FEES													
Consulting													0
Legal													0
State Street Bank	82,725	273,751		84,665	82,000	82,000	82,000	82,000	82,000	82,000	82,000	82,000	1,097,141
Pacific Corp Group		0		68,750		68,750			68,750				275,000
Wilshire Assoc	16,667	33,333		33,333	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	216,669
OPERATING EXPENSE													
Retirement Transfers		816,007		0	500	750,000	500	500	750,000	500	500	750,000	3,066,007
Other Expense		0		0								500	4,000
TOTAL:	48,728	1,440,176	4,440,804	786,436	1,599,167	2,277,317	344,167	1,599,167	2,277,317	344,167	1,599,167	2,362,317	19,118,930

General Information

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State of Rhode Island and Providence Plantations
Office of the General Treasurer

Short Term Investments Portfolio by Fund

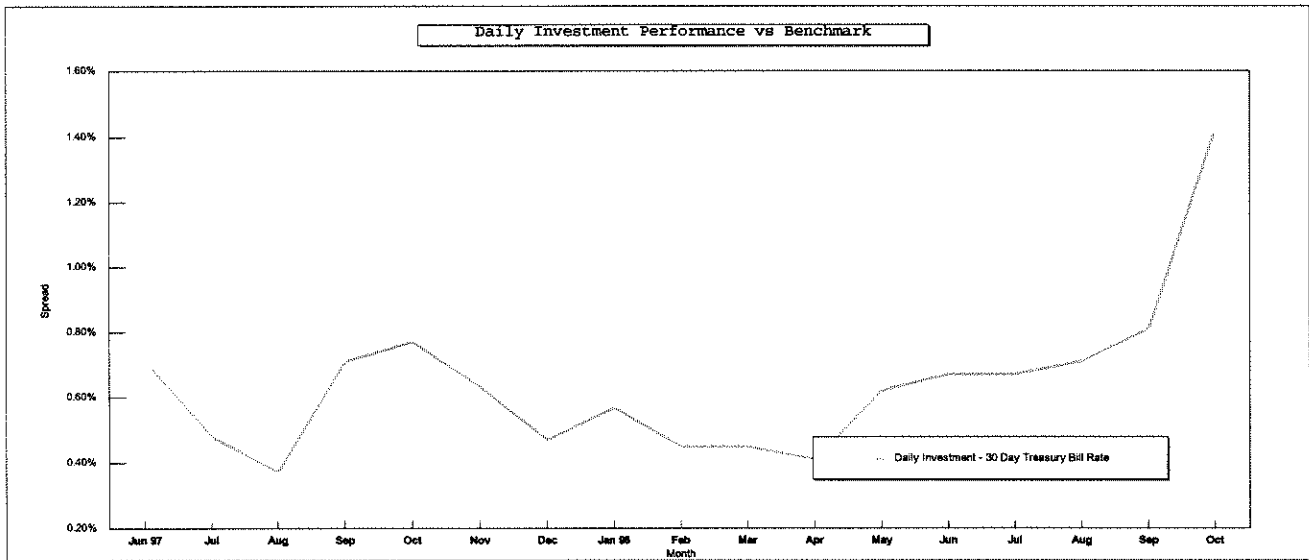
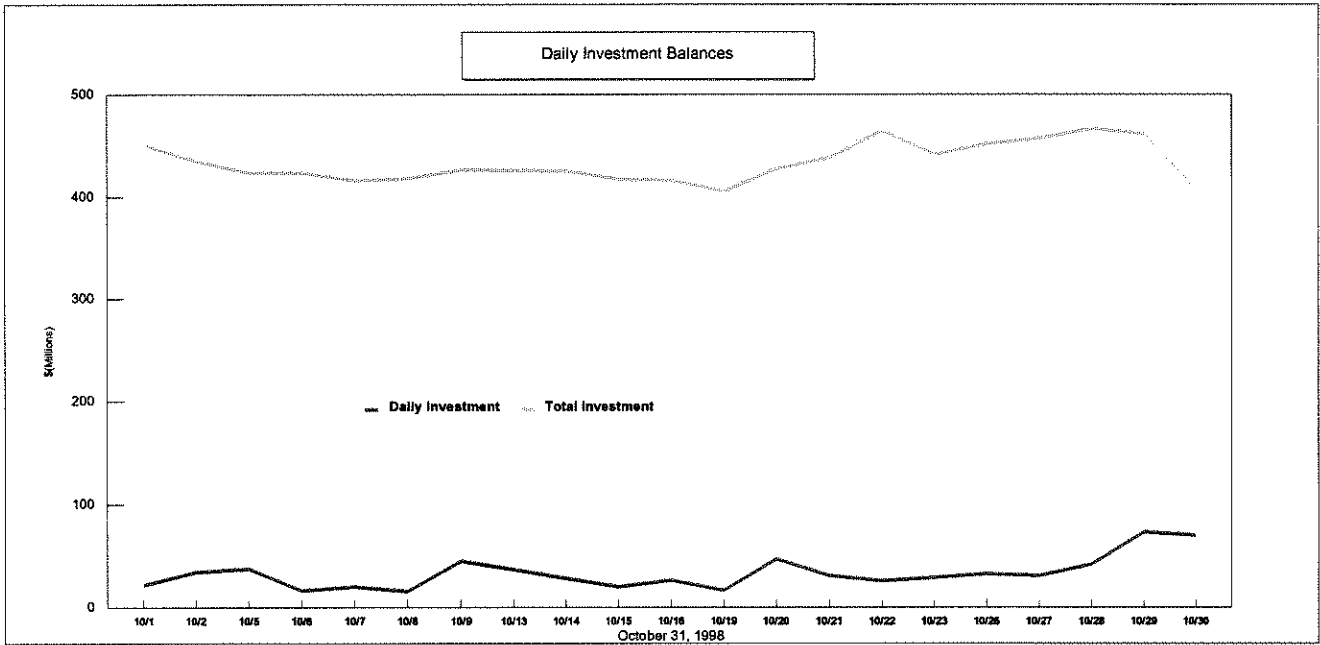
As of October 31, 1998

	Principal	Interest	Total Value @ Maturity
4901 GENERAL FUND	146,538,222	634,380	147,172,602
4902 GENERAL FUND	0	0	0
4904 PENSION C	6,000,000	2,625	6,002,625
4908 PAYROLL A	4,500,000	1,969	4,501,969
4920 GENERAL FUND (HIST PRES)	369,854	4,854	374,709
5200 RI UNDERGROUND STORAG TNK	3,489,795	8,682	3,498,477
5400 HIGHWAY FUND	23,613,017	33,986	23,647,003
5500 UNIVERSITY COLLEGE	8,496,161	3,839	8,500,000
5800 PROV. RIVER RELOCATION	649,569	431	650,000
6920 AUTO EQUIPMENT SERVICE	249,866	134	250,000
8000 T.D.I. RESERVE (DET)	47,645,419	746,546	48,391,965
8225 JOB DEVELOPMENT (DET)	6,494,648	5,352	6,500,000
8230 E.T. TARDY (DET)	636,736	3,264	640,000
8240 E.T. INTEREST (DET)	358,164	1,836	360,000
8300 PERMANENT SCHOOL FUND	358,583	1,417	360,000
8400 EMP RETIREMENT FUND	899,594	407	900,000
8500 MUN EMP RETIREMENT FUND	798,884	1,116	800,000
8700 R.I. CLEAN WATER ACT	2,599,679	2,188	2,601,867
9000 BOND CAPITAL FUND	8,592,214	12,171	8,604,385
9700 STATE LOTTERY FUND	12,387,866	34,947	12,422,812
9800 INDUS. BLDG. & MTG. INS.	1,841,132	8,868	1,850,000
4911 TANS PROCEEDS	0	0	0
Subtotal	276,519,401	1,509,012	278,028,413
8701 CLEAN WATER 1991 SER. B	99,168		
8702 CLEAN WATER 1993 SER. A	105,372		
8703 CLEAN WATER 1991 SERIES A	705,224		
8704 CLEAN WATER 96 SERIES A	786,368		
8705 CLEAN WATER 1992 SER. A	152,319		
8706 CLEAN WATER CCDL 1994 (A)	624,798		
8707 CAP DEV. OF 1997 SERIES A	156,322		
8708 CLEAN WATER BOND 1990 A&B	0		
8709 CLEAN WATER 1990 SER. C	0		
8733 CAP DEV. OF 1997 SERIES A	101,404		
8734 POLLUTION CONTROL 96A	129,603		
8735 RI POLLUTION CONTROL	6,169		
8736 RI POLLUT. CONT 93 SER. A	9,474		
8737 RI POLLUT. CONT 94 SER. A	93,423		
8738 POLLUTION CONTROL 1998B	2,129,263		
9101 BOND SALE A 11-4-87	65,752		
9102 BOND CAPITAL CCDL 1988	21,389		
9104 BOND CAPITAL 1989 SER. A	2,037		
9105 BOND CAPITAL 1989 SER. B	7,119		
9108 BOND SALE 1990 SER. A&B	123,885		
9114 G.O. NOTE 1991 SER. B	161,694		
9115 BOND CCDL 1992 SERIES A	1,452,798		
9116 BOND CCDL 1993 SERIES A	11,057,718		
9117 BOND CCDL 1994 SERIES A	5,216,789		
9118 BOND CCDL 1995 SER. A	155,211		
9119 CCDL 95 B	3,401		
9120 BOND CCBL96A	9,702,616		
9121 CAP DEV OF 1997 SERIES A	33,122,246		
9122 1998 MULTIMODAL GEN OBLIG	1,504,637		
9123 CCDL 1998B	61,127,919		
Subtotal Bond Proceed Accounts	128,824,115		
Total Short Term Portfolio	405,343,516		

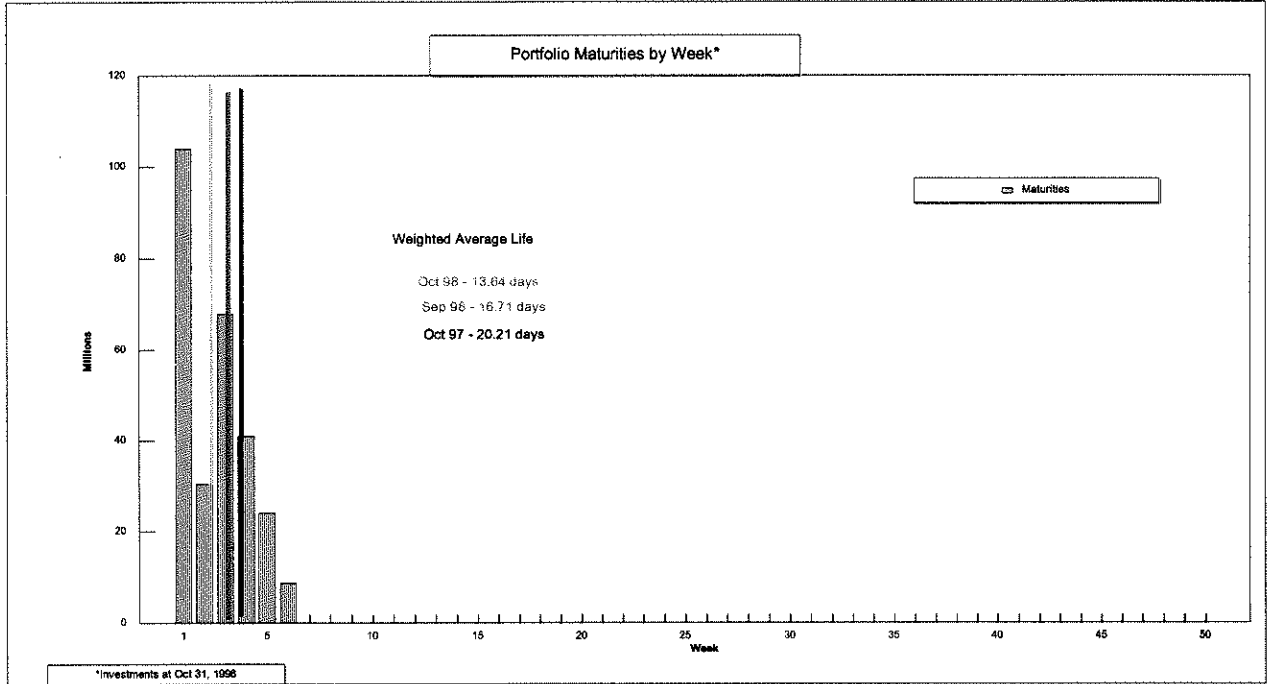
**Short Term Interest Rate Performance
1998**

<u>Date</u>	<u>Amount Invested (millions)</u>	<u>Weighted Interest Rate</u>	<u>30 Day Treasury Rate</u>	<u>Basis Point Difference</u>
10/01	\$22.69	5.12	3.88	124.42
10/02	\$34.79	5.15	3.88	126.55
10/05	\$38.09	5.19	3.58	161.16
10/06	\$16.68	5.16	3.58	157.90
10/07	\$20.59	5.16	3.58	157.77
10/08	\$16.36	5.13	3.58	155.47
10/09	\$45.73	5.13	3.14	199.36
10/13	\$37.35	5.11	3.14	196.61
10/14	\$28.78	5.03	3.56	146.60
10/15	\$20.94	5.13	3.70	143.11
10/16	\$26.88	4.84	3.77	106.98
10/19	\$17.10	4.83	3.24	158.90
10/20	\$47.58	4.77	3.50	126.71
10/21	\$31.01	4.74	3.57	116.55
10/22	\$26.28	4.62	3.47	115.19
10/23	\$29.44	4.77	3.41	135.94
10/26	\$33.00	4.84	3.19	165.40
10/27	\$31.37	4.91	3.34	156.54
10/28	\$42.85	5.06	3.55	150.83
10/29	\$73.50	4.89	3.57	131.53
10/30	\$70.89	5.03	4.06	96.96
	\$711.92	4.97	3.55	142
	total amount invested	weighted average rate	average 30 day rate	basis point difference

**RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM INVESTMENTS**



RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM INVESTMENTS



SUMMARY PORTFOLIO YIELDS

	WEIGHTED AVERAGE YIELD(%)
Oct 31, 1998	5.178%
Sep 30, 1998	5.394%
Oct 31, 1997	5.513%

SPECIAL FUNDS
 INVESTMENT SUMMARY
 OCTOBER 31, 1998

<u>FUND NAME</u>	<u>EQUITIES</u>	<u>CASH & EQUIVALENTS</u>	<u>FIXED INCOME</u>	<u>Gain/Loss</u>	<u>TOTAL MARKET VALUE</u>
<u>Abraham Touro Fund</u>	1,523,350	68,163	817,212	76,561	2,408,725
<u>State of Rhode Island Land Grant Fund</u>	59,009	0	0	(6,385)	59,009
<u>TOTALS</u>	<u>1,582,359</u>	<u>68,163</u>	<u>817,212</u>	<u>70,176</u>	<u>2,467,734</u>