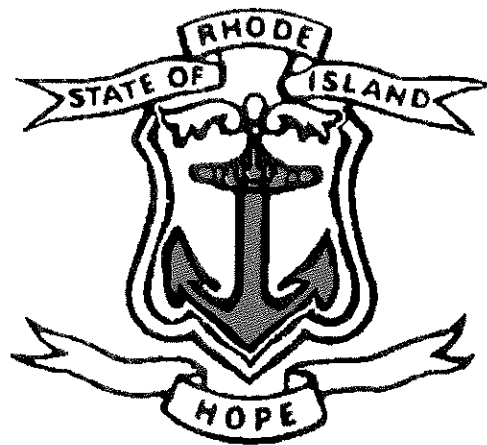


State of Rhode Island and Providence Plantations



Office of the General Treasurer

Nancy J. Mayer
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING
MARCH 25, 1997**

PRESS

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Nancy J. Mayer, Chair

**Robert L. Carl, Jr., Ph.D.
Rep. Mark B. Heffner
Mr. James M. Seed**

**Mr. Kenneth R. Dulgarian
Mr. Karl F. Ericson
Sen. Paul J. Tavares**



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Nancy J. Mayer
General Treasurer

RHODE ISLAND STATE INVESTMENT COMMISSION MEETING NOTICE

The next meeting of the Rhode Island State Investment Commission has been scheduled for Tuesday, March 25, 1997 at 9:00 a.m. in Room 135 of the State House.

AGENDA

STATE INVESTMENT COMMISSION Regular Meeting to be Held on March 25, 1997

1. Approval of Minutes
 - Special Meeting held on February 4, 1997
2. Investment Manager Review
 - Provident Investment Counsel - Domestic Equity Large Stock Growth Manager
3. Technical Modification to Investment Policy Statement for David L. Babson & Co., Inc. Small Stock/Value Oriented Portfolio
 - To reflect the Wilshire Quantum Small Value Index
 - To remove the language prohibiting the use of Real Estate Investment Trusts
4. Revised Allocation Guidelines for the Alternative Investments Program to incorporate real estate (Proposed by Pacific Corporate Group)
5. General Consultant's Report - Wilshire Associates Incorporated
 - 1996 Year-end Performance Report
 - Capital Market Update
6. Treasurer's Report
7. Deputy General Treasurer for Finance Report
8. Legal Counsel Report
9. New Business

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

**Minutes of the Special Meeting
February 4, 1997**

The following members were present at the meeting held in Room 135, State House, Providence: Mr. Kenneth Dulgarian, Mr. Karl F. Ericson, General Treasurer Nancy J. Mayer, Chair, Mr. James M. Seed and Senator Paul J. Tavares. Also present were Ms. Barbara Braun 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. Rosemary Booth Gallogly, Designee of the Director of Administration joined the meeting at 8:50 a.m. Representative Mark B. Heffner was absent.

There being a quorum present, Treasurer Mayer called the meeting to order at 8:45 a.m.

The Treasurer welcomed new member Senator Paul J. Tavares, who has been appointed to replace Senator M. Teresa Paiva Weed.

Minutes. Mr. Ericson moved, Mr. Seed seconded, and the following motion passed unanimously. The following members voted in favor: Mr. Dulgarian, Mr. Ericson, Treasurer Mayer, Mr. Seed and Senator Tavares.

VOTED: To approve the Minutes of the January 28, 1997 Regular Meeting and the January 28, 1997 Closed Session.

Note: Ms. Booth Gallogly joined the meeting at 8:50 a.m.

Heritage Fund II, L.P. The Treasurer introduced Mr. Scott Richter of Pacific Corporate Advisors, Inc., the Commission's Alternative Investment Consultant. Mr. Richter gave an overview of Heritage Fund II, L.P. for the Commission to consider as a proposed alternative investment. The fund was initially targeting a capitalization of \$300 million but has received significant interest and will likely target a capitalization of \$350 million.

Mr. Richter introduced Mr. Peter Z. Hermann and Mr. Michael F. Gilligan, principals of the general partner, HF Partners II, L.L.C. Along with Mr. Michel Reichert, the principals have been professionally associated for over 18 years. The fund will specialize in the acquisition and recapitalization of successful, family-owned manufacturing, service and distribution companies with revenues between \$25 and \$300 million. Focusing on private family companies has allowed the general partner to develop expertise and participate in a sector that has historically been underserved. The segment can offer more transaction opportunities, greater market and capital inefficiencies and more attractive valuations. They focus on manufacturers of value-

added products (industrial products, consumer products, food and transportation). They do not invest in high tech, bio-tech or retail companies.

Mr. Gilligan stressed that the general partner has a successful track record dating back to 1988 that includes aggregate investments of approximately \$130 million in 14 platform portfolio companies and 12 add-ons. The net IRR on these investments is approximately 36.6%.

Mr. Ericson moved, Mr. Seed seconded and the following motion passed. The following members voted in favor: Ms. Booth Gallogly, Mr. Dulgarian, Mr. Ericson, Treasurer Mayer, and Mr. Seed. Senator Tavares abstained because of his unfamiliarity with the Commission's Alternative Investments Program.

VOTED: To invest \$5 million in Heritage Fund II, L.P., as recommended by Pacific Corporate Advisors, Inc. contingent upon satisfactory review and negotiation of investment and other legal documents.

Interviews for Emerging Markets Equity Investment Manager. Mrs. Schoenfeld reviewed the search process for the Commission. She stated that 19 firms responded to the RFP. On-site interviews were conducted by Treasurer Mayer, Mrs. Schoenfeld and Mr. Bensur at the following six firms: John Govett & Co., Limited; Montgomery Asset Management; Morgan Grenfell Asset Management Incorporated; Morgan Stanley Asset Management; Schroder Capital Management International and State Street Global Advisors. Three finalists were invited to appear before the Commission today.

Schroder Capital Management International. Treasurer Mayer introduced Ms. Sharon L. Haugh, Senior Vice President and Executive Director in Schrodgers' New York office and Mr. John Troiano, Managing Director in Schrodgers' London office. Ms. Haugh stated that Schrodgers' emerging markets strategy is managed out of its London office and it manages over \$20 billion for U.S. clients and over \$120 billion worldwide. As of 12/31/96 the firm managed \$2.2 billion in dedicated emerging market mandates.

Mr. Troiano explained that Schrodgers has a long record of innovation and early investment in emerging markets. The firm depicted itself as having well-established global on-the-ground research, a unique investment approach that accounts for a continually changing universe and a risk control approach. They have eleven emerging markets offices around the world with 39 emerging markets analysts and specialists.

Mr. Troiano described the firm's categorization of early stage, emerging and more developed markets. Country selections are ranked by economic potential, but portfolios are run on a regional basis.

Montgomery Asset Management. The Treasurer introduced Mr. Mark B. Geist, President, Dr. Bryan Sudweeks, Senior Portfolio Manager and Managing Director and Ms. Angeline Ee, Portfolio Manager and Director of Research. Mr. Geist gave an overview of the firm, including a discussion of a possible pending disposition of the asset management business by Montgomery Securities. As of 12/31/96 the firm had \$7.4 billion under management, with \$2.1 billion in emerging markets.

Dr. Sudweeks described the emerging markets investment team which consists of 21 portfolio managers and 23 analysts. Montgomery has one office in San Francisco and believes having all personnel in one location is beneficial. He noted that their investment team was created to combine global views, local expertise and state of the art quantitative tools. He described the process of asset allocation as a combination of quantitative analysis and seasoned portfolio manager judgment.

Ms. Ee emphasized that many of their managers are from or grew up in the countries of these emerging markets and are completely comfortable with the various languages and cultures. She described how Montgomery constructs a portfolio through broad diversification and broad capitalization. They place strong emphasis on local roots and qualitative judgments.

State Street Global Advisors. The Treasurer introduced Mr. Nicholas Lopardo, Chairman/CEO, Mr. Jeffrey P. Davis, CFA/Vice President, Mr. Anthony W. Ryan, CFA/Managing Director and Mr. Robert A. Shann, Vice President. Mr. Lopardo gave an overview. The Treasurer observed that State Street is publicly owned and asked what effect a takeover would have on the Global Advisors business. Mr. Lopardo responded that he did not think that State Street is likely to be acquired at the present time.

They have 11 non-U.S. offices, with assets under management of \$232.4 billion as of 9/30/96. Their global portfolio management team consists of 65 investment professionals and 30 country analysts.

Mr. Ryan described State Street's investment philosophy highlighting that misvaluations are easier to capture across markets than within markets and that their disciplined approach better identifies periods of extreme misvaluation. They take a country allocation approach, offering research which showed that country influence explains 53% more of a stock's return in the emerging markets than the developed markets.

Mr. Davis explained that the cost of investing in emerging markets is very high. Therefore, State Street believes that indexing offers a low cost opportunity to invest in emerging markets, producing savings of 300 basis points. State Street launched the first emerging markets index fund in 1991 and maximized liquidity by buying entire markets. They currently evaluate 27 emerging equity markets around the world.

- Note: Mr. Ericson left the meeting at 11:45 a.m.

Mr. Lopardo summarized by stating that by focusing on country allocation, State Street has had consistent performance, consistent value added, and a risk oriented approach focusing on diversification and cost control.

Emerging Markets Allocation. Mr. Bensus requested that the Commission correct its allocation to Emerging Markets to reflect a percentage of the total fund rather

than a fixed dollar amount as previously voted at \$75 million. At the time, the \$75 million was 2% of the total fund.

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

VOTED: To express the allocation to Emerging Markets in percentage form rather than in a dollar amount in order to be consistent with the format of the Asset Allocation Plan. The allocation to Emerging Markets will be two percent (2%).

Mr. Bensur provided a performance summary of the three finalist candidates for Emerging Markets Equity Investment Manager. A discussion followed regarding the qualifications of each of the finalists. The Commission members deliberated over the selection of a firm with most members expressing strong interest in Schroders. Mr. Bensur pointed out that the already existing relationship with Schroders permits them to offer a very attractive, discounted fee proposal for the combined mandates.

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

VOTED: To hire Schroder Capital Management International as the Emerging Markets Equity Investment Manager for a commingled fund product, subject to the successful negotiation of an appropriate contract and fee structure.

Note: Mr. Dulgarian left the meeting at 12:45 p.m.

Mr. Bensur reported that Schrodgers' European equity mandate is operating under a performance fee arrangement, which would have to be replaced by a flat fee arrangement at a reduced rate to reflect the additional emerging markets mandate.

There being no further business, the meeting was adjourned at 12:50 p.m.

Respectfully submitted,

Barbara Braun Schoenfeld
Legal Counsel to the
State Investment Commission

RHODE ISLAND STATE INVESTMENT COMMISSION

STAFF SUMMARY ANALYSIS

FEBRUARY 1997 PORTFOLIO HIGHLIGHTS

MARKET VALUES

The total portfolio value increased in February by \$10.1 Million to \$4,831.8 Billion (+0.22%). This compares with an increase in value of \$22.1 Million (+1.45%) for the same period in 1996.

The equity market value decreased by \$8.8 Million (-0.39%). Fixed Income values increased by \$6.2 Million. International equities increased by \$13.6 Million. Alternative investments increased by \$11,398 net of capital calls; real estate values decreased by \$721,078, and cash decreased by \$235,978. All market values are net of transfers.

- The top three equity manager performers for February were as follows:

| <i>Manager</i> | <i>Market Value Gains (\$)</i> | <i>Percentage Gains</i> |
|----------------|------------------------------------|-----------------------------|
| Mackay Shield | \$2.9 Million | +1.38% |
| Value Quest | \$239,972 | +0.96% |
| Babson | \$1.3 Million | +0.93% |

- Brown Brothers' fixed income portfolio increased in value by \$651,607. Fleet's fixed income portfolio increased in value by \$1.0 Million, while Fidelity's value increased by \$814,876. The Loomis Sayles portfolio increased by \$3.5 Million.

ASSET ALLOCATION

- We continue to report a slight over-allocation in domestic equities as well as fixed-income, while being under-allocated in alternative investments and international equities.
- Cash and equivalents decreased slightly from \$183.9 Million to \$182.4 Million.

INVESTMENT MANAGER FUNDING

- A cash distribution for \$268,666 was received from the Crossroads Providence Partnership.
- Supplemental funding of \$318,473 was provided to ABS Capital Partners, \$350,684 to Doughty Hanson, \$800,000 to OCM Opportunities, \$250,000 to OCM Principal Opportunities Fund, \$57,758 to Providence Equity Partners, and 363,971 to Willis Stein. Initial funding for \$55,978 was provided to SKM Equity Partners.

At this time, all managers are essentially fully funded with the exception of the alternative investment asset class, which has an unfunded balance of approximately \$198 Million, and Schroder Emerging Markets, whose unfunded balance is approximately \$96 Million.

COMMISSIONS/EXPENSES

FEBRUARY

- The average commission cost per share was \$.050 cents, slightly lower than the previous month's \$.053 cents.
- Total shares traded in February were 2.7 million, up by 400,000 from the previous month.
- Commissions paid for the month were \$135,902, up slightly from January.
- There were 364 commissionable trades during February, an increase of 59 trades over January.
- Expenses for fiscal 1997 are in line with budget expectations and market conditions.

CASH FLOW

January's combined state and teacher contributions were not sufficient to cover the month's pension payroll, requiring an additional transfer of \$1,000,000. Municipal contributions were also insufficient to meet pension payroll and required a transfer of \$1,000,000 from the long term plan.

SHORT TERM CASH

The short term cash portfolio had a 31.64 day weighted average maturity vs 29.11 days in January.

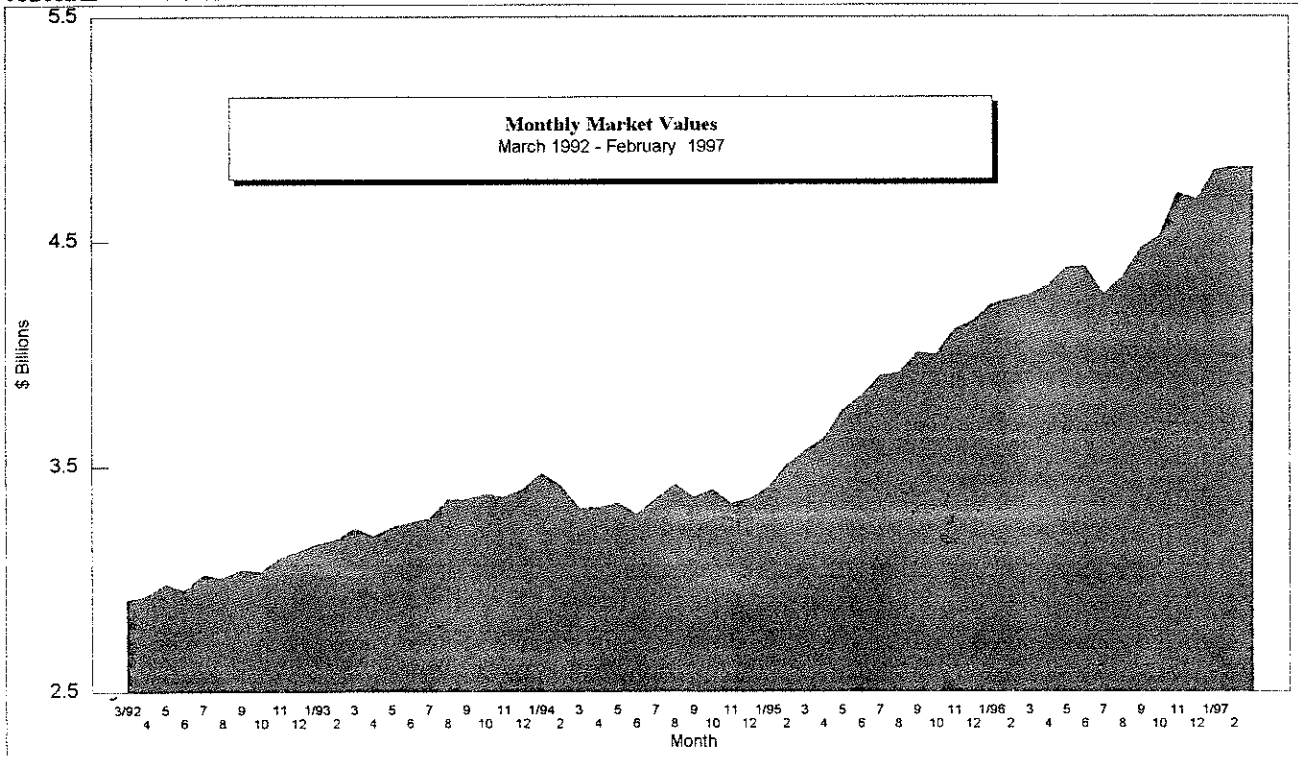
RHODE ISLAND STATE INVESTMENT COMMISSION

Market Value Report

EMPLOYEES' RETIREMENT SYSTEMS Market Values at February 28, 1997

| <u>ASSET CLASS</u> | <u>NET ASSET VALUE \$ (millions)</u> |
|-------------------------|--------------------------------------|
| Domestic Equity | 2,233.51 |
| Real Estate | 92.33 |
| Fixed Income | 1,654.74 |
| Alternative Investments | 62.48 |
| International Equity | 606.31 |
| Cash & Equivalents | 182.44 |
| Total | 4,831.83 |

ERSRI - 87.1301565%
MERSRI - 12.7406768%
ST POL - 00.0865566%
JUDICIAL - 00.0426101%



RHODE ISLAND STATE INVESTMENT COMMISSION

TIME WEIGHTED PERFORMANCE REPORT

| |
|---|
| Rhode Island Employees' Retirement Systems Performance as of February 28, 1997 |
|---|

| <u>DOMESTIC EQUITY</u> | <u>FEBRUARY 1997</u> | <u>YTD</u> |
|---------------------------------|----------------------|------------|
| Fleet | 0.07% | 5.83% |
| Bankers Trust | -0.05% | 5.26% |
| Provident | -2.02% | 5.87% |
| Brinson | 0.83% | 4.43% |
| Mackay-Shields | 1.38% | 3.69% |
| Babson | 0.93% | 1.84% |
| J & W Seligman | -4.16% | -4.76% |
| HLM Management | -7.51% | -8.42% |
| ValueQuest | 0.96% | 5.97% |
| Total Domestic Equity | -0.39% | 4.23% |
| <u>INTERNATIONAL EQUITY</u> | | |
| Alliance | 1.62% | -1.88% |
| Schroders | 2.96% | 2.58% |
| Scudder | 1.92% | 1.48% |
| Total International Equity | 2.24% | 0.86% |
| <u>FIXED INCOME</u> | | |
| Fleet | 0.10% | 0.06% |
| Fidelity | 0.47% | 1.17% |
| Brown Brothers | 0.26% | 0.74% |
| In-State F.I. | 0.75% | 0.87% |
| Taplin, Canida & Habacht | 0.44% | 0.69% |
| Loomis Sayles | 1.71% | 3.19% |
| Total Fixed Income | 0.37% | 0.67% |

RHODE ISLAND STATE INVESTMENT COMMISSION

SUMMARY PORTFOLIO

PERFORMANCE REPORT

| <u>ASSET CLASS</u> | <u>FEBRUARY 1997</u> | <u>YTD</u> |
|------------------------------|----------------------|--------------|
| Domestic Equity | -0.39% | 4.23% |
| International Equity | 2.24% | 0.86% |
| Fixed Income | 0.37% | 0.67% |
| TOTAL FUND COMPOSITE* | 0.22% | 2.47% |

| <u>INDICES</u> | <u>FEBRUARY 1997</u> | <u>YTD</u> |
|-----------------------------|----------------------|------------|
| <u>Domestic Equity</u> | | |
| S & P 500 | 0.80% | 7.06% |
| Wilshire 3000 | 0.06% | 5.43% |
| Russell 2000 | -2.43% | -0.48% |
| Russell 2500 | -1.49% | 1.23% |
| <u>International Equity</u> | | |
| MSCI EAFE | 1.64% | -1.92% |
| <u>Fixed Income</u> | | |
| Lehman AGG | 0.25% | 0.56% |

* Total Fund Composite includes all asset classes.

RHODE ISLAND STATE INVESTMENT COMMISSION

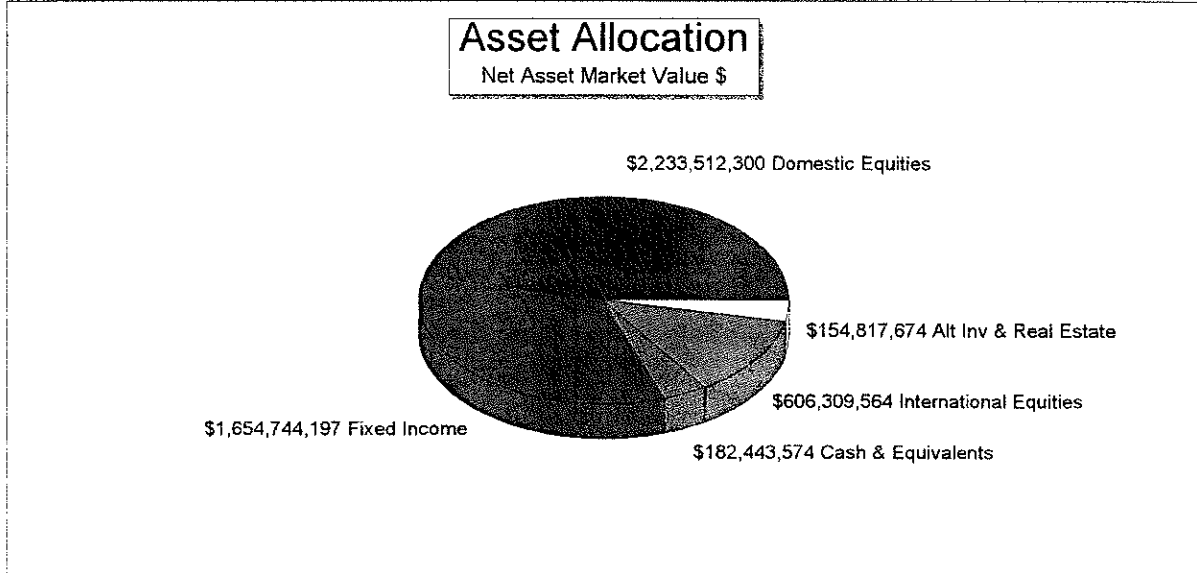
EMPLOYEES' RETIREMENT SYSTEMS

ASSET ALLOCATION

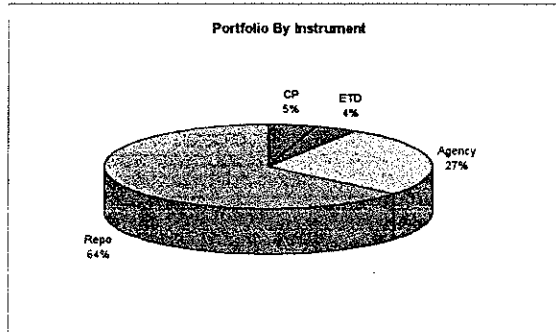
February 28, 1997

PERCENTAGE OF TOTAL DOLLARS

| <u>ASSET CLASS</u> | <u>ACTUAL</u> | <u>TARGET</u> | <u>ACTUAL/TARGET DIFFERENCE</u> |
|-----------------------|---------------|---------------|-------------------------------------|
| Domestic Equity | 47.09% | 45.00% | 2.09% |
| Fixed Income | 36.19% | 32.50% | 3.69% |
| Alt Inv & Real Estate | 3.20% | 7.50% | -4.30% |
| International Equity | 12.91% | 15.00% | -2.09% |
| Cash | 0.61% | 0.00% | 0.61% |
| | 100.00% | 100.00% | 0.00% |



RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT FEBRUARY 28, 1997



| Vendor | CP | ETD's | Treasuries | Agencies | Money Mkt | Repos | Total |
|---------------------------|-----------|-----------|------------|------------|-----------|-------------|-------------|
| Guidelines - Total/Vendor | 15%/15% | 15%/15% | 100%/100% | 75%/35% | 50%/35% | 100%/20% | |
| Bank of Boston | 0 | 7,500,000 | 0 | 0 | 0 | 0 | 7,500,000 |
| | 0% | 4% | 0% | 0% | 0% | 0% | 4% |
| Bear Stearns | 7,992,960 | 0 | 0 | 0 | 0 | 0 | 7,992,960 |
| | 5% | 0% | 0% | 0% | 0% | 0% | 5% |
| Citi-Corp | 0 | 0 | 0 | 0 | 0 | 17,833,889 | 17,833,889 |
| | 0% | 0% | 0% | 0% | 0% | 10% | 10% |
| Dean Witter | 0 | 0 | 0 | 4,433,388 | 0 | 0 | 4,433,388 |
| | 0% | 0% | 0% | 3% | 0% | 0% | 3% |
| Fidelity | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| First Tennessee | 0 | 0 | 0 | 20,282,414 | 0 | 0 | 20,282,414 |
| | 0% | 0% | 0% | 12% | 0% | 0% | 12% |
| Goldman Sachs | 0 | 0 | 0 | 0 | 0 | 26,237,709 | 26,237,709 |
| | 0% | 0% | 0% | 0% | 0% | 15% | 15% |
| Merrill Lynch | 0 | 0 | 0 | 14,816,242 | 0 | 0 | 14,816,242 |
| | 0% | 0% | 0% | 9% | 0% | 0% | 9% |
| Mesirow | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Prudential | 0 | 0 | 0 | 6,735,681 | 0 | 19,791,229 | 26,526,910 |
| | 0% | 0% | 0% | 4% | 0% | 12% | 15% |
| State Street Bank | 0 | 0 | 0 | 0 | 0 | 23,200,000 | 23,200,000 |
| | 0% | 0% | 0% | 0% | 0% | 14% | 14% |
| Wachovia | 0 | 0 | 0 | 0 | 0 | 22,860,634 | 22,860,634 |
| | 0% | 0% | 0% | 0% | 0% | 13% | 13% |
| Totals | 7,992,960 | 7,500,000 | 0 | 46,267,725 | 0 | 109,923,460 | 171,684,145 |
| % Portfolio | 5% | 4% | 0% | 27% | 0% | 64% | 100% |



State of Rhode Island and Providence Plantations

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Nancy J. Mayer
General Treasurer

March 25, 1997

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

This is to certify that the amounts so listed on the following page 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 February 28, 1997.

The amounts listed for our real estate and alternative investments designations are illiquid and do not have a readily determinable market value. They are based on appraisals only.

Respectfully submitted,


Nancy J. Mayer
General Treasurer

csic/mthlyltr

COMPOSITE REPORTING

BALANCE SHEET

FEBRUARY 28, 1997

| ASSET CLASS | | MARKET <u>VALUES</u> |
|------------------------------------|----------------------|-------------------------|
| <i>Cash/Short Term Investments</i> | | |
| <i>Short Term Investment Fund</i> | | |
| <i>Money Market Instruments</i> | | 182,443,574.36 |
| <i>Equities - Domestic</i> | | 2,233,512,299.71 |
| <i>Equities - International</i> | | 606,309,563.88 |
| <i>Fixed Income - Government</i> | 1,568,844,343.44 | |
| <i>Fixed Income - Corporate</i> | 58,715,350.86 | |
| <i>Fixed Income - In State</i> | <u>27,184,502.40</u> | 1,654,744,196.70 |
| <i>Real Estate</i> | | 92,332,902.55 |
| <i>Alternative Investments</i> | | 61,984,771.85 |
| <i>Other - Escrow</i> | | 500,000.00 |
| | | ===== |
| TOTAL FUND INVESTMENTS | | \$4,831,827,309.05 |

ERSRI - 87.1301565%
MERSRI - 12.7406768%
ST POL - 00.0865566%
JUDC'L - 00.0426101%
NAV

Balsheet.xls

TIME WEIGHTED ERSI MARKET VALUE CHANGE REPORT
3/01/97-3/31/97

MONTHLY CHANGE

| PORTFOLIO | BENCHMARK DESCRIPTION | MARKET VALUE | | TRANSFERS IN/OUT | MARKET VALUE 2/28/97 | NET INCREASE/ (DECREASE) | MARKET VALUE | | BENCHMARK % OF CHANGE | MKT VARIANCE TO BENCHMARK | CALENDAR YTD | |
|-------------------------|--------------------------------|---------------|-----------|------------------|----------------------|--------------------------|--------------|-----------|-----------------------|---------------------------|--------------|--|
| | | 1/31/97 | 2/28/97 | | | | PERFORMANCE | BENCHMARK | | | | |
| DOMESTIC EQUITY | | | | | | | | | | | | |
| FLEET | S&P 500 | 459,672,515 | 0 | 0 | 459,992,355 | 309,840 | 0.07% | 0.80% | -0.73% | 5.83% | 7.06% | |
| BANKERS | W. 3000 | 680,258,701 | 25,650 | 25,650 | 679,976,908 | (307,443) | -0.05% | 0.06% | -0.11% | 5.26% | 5.43% | |
| PROVIDENT | RUSSEL 1000 CRVTH | 380,644,885 | 0 | 0 | 372,936,857 | (7,707,728) | -2.02% | 0.38% | -2.40% | 5.87% | 6.33% | |
| BRINSON | W. 5000 | 218,191,899 | 0 | 0 | 220,004,869 | 1,812,970 | 0.83% | -0.05% | 0.88% | 4.43% | 5.30% | |
| ACKY-SHILDS | W. 5000 | 210,832,086 | 0 | 0 | 213,735,808 | 2,913,722 | 1.38% | -0.05% | 1.43% | 3.69% | 5.50% | |
| BARSON | RUSSEL 2500 SMLCAP | 148,154,723 | 0 | 0 | 149,533,799 | 1,379,075 | 0.93% | -1.49% | 2.42% | 1.84% | 1.23% | |
| JV SULLIGMAN | RUSSEL 3000 SMLCAP | 138,421,415 | 0 | 0 | 132,662,588 | (5,758,826) | -4.16% | -2.43% | -1.73% | -4.76% | -0.48% | |
| HLM Management | RUSSEL 2000 | 22,670,382 | 0 | 0 | 20,968,386 | (1,701,997) | -7.51% | -2.43% | -5.08% | -8.42% | -0.48% | |
| VALUEQUEST LTD | W. LARGE VALUE | 24,982,377 | 0 | 0 | 25,222,349 | 239,972 | 0.96% | 1.17% | -0.21% | 5.97% | 6.40% | |
| TOTAL EQUITY | | 2,283,818,584 | 25,650 | 25,650 | 2,275,023,917 | (8,820,316) | -0.39% | | | 4.23% | | |
| FIXED INCOME | | | | | | | | | | | | |
| FLEET | LEHMAN AGG | 1,055,512,351 | 25,650 | 25,650 | 1,056,626,044 | 1,087,843 | 0.10% | 0.25% | -0.15% | 0.06% | 0.56% | |
| FIDELITY | SALOMON MORT. | 174,207,509 | 0 | 0 | 175,022,385 | 814,876 | 0.47% | 0.11% | 0.36% | 1.17% | 0.96% | |
| BROWN BROS. | LEHMAN 1-3YR | 253,738,683 | 68,000 | 68,000 | 254,458,290 | 651,607 | 0.26% | 0.24% | 0.02% | 0.74% | 0.71% | |
| IN STATE FL. | W. STATE FL. | 27,514,571 | 0 | 0 | 27,546,826 | 32,255 | 0.75% | N/A | N/A | 0.87% | N/A | |
| TAP IN CANADA & HARBUR | LB INT GOV/TX ORP | 20,993,579 | 0 | 0 | 21,086,911 | 93,332 | 0.44% | 0.42% | 0.02% | 0.69% | 0.56% | |
| LOOMIS SAYLES COMPANY | MERLINC/INTST BOSTON COMPOSITE | 210,367,130 | 0 | 0 | 213,954,043 | 3,586,913 | 1.73% | 0.85% | 3.19% | 2.16% | | |
| TOTAL FIXED INCOME | | 1,742,334,023 | 93,650 | 93,650 | 1,748,694,499 | 6,266,826 | 0.37% | | | 0.67% | | |
| ALTERNATIVE INVESTMENTS | | | | | | | | | | | | |
| ALTERNATIVE INVESTMENT | | 60,151,141 | 1,822,233 | 1,822,233 | 61,984,772 | 11,398 | 0.22% | N/A | N/A | 6.93% | N/A | |
| BANK ACQUISITION | | 500,000 | 0 | 0 | 500,000 | 0 | 0.00% | N/A | N/A | 0.00% | N/A | |
| TOTAL | | 60,651,141 | 1,822,233 | 1,822,233 | 62,484,772 | 11,398 | 6.93% | | | 6.93% | | |

PORTFOLIO

| BENCHMARK DESCRIPTION | MARKET VALUE 12/31/07 | TRANSFERS IN/OUT | MARKET VALUE 2/28/07 | NET INCREASE/ (DECREASE) | MARKET VALUE % OF CHANGE NET OF TRIPS | BENCHMARK % OF CHANGE | MKT VARIANCE TO BENCHMARK | CALENDAR YTD PERFORMANCE | CALENDAR YTD BENCHMARK |
|-----------------------|-----------------------|------------------|----------------------|--------------------------|---------------------------------------|-----------------------|---------------------------|--------------------------|------------------------|
|-----------------------|-----------------------|------------------|----------------------|--------------------------|---------------------------------------|-----------------------|---------------------------|--------------------------|------------------------|

INTERNATIONAL EQUITY

| | | | | | | | | | |
|-------------------------|-------------|-------|-------------|------------|-------|-------|--------|--------|--------|
| ALLIANCE | 190,538,776 | 5,700 | 193,640,051 | 3,095,275 | 1.62% | 1.64% | -0.02% | -1.88% | -1.92% |
| SCHRODERS | 242,582,755 | 0 | 249,772,538 | 7,189,782 | 2.96% | 1.32% | 1.64% | 2.58% | 1.59% |
| SCHUDDER | 176,874,210 | 0 | 180,275,599 | 3,401,389 | 1.92% | 1.93% | -0.01% | 1.48% | 3.52% |
| SCHRODERS EMERGING MKTS | | | | | | | | | |
| TOTAL INTL EQUITY | 609,995,741 | 5,700 | 623,688,188 | 13,686,747 | 2.24% | | | 0.86% | |

REAL ESTATE

| | | | | | | | | | |
|-------------------|------------|-----------|------------|-----------|--------|-----|-----|--------|-----|
| HEITMAN | 34,418,595 | 0 | 33,697,989 | (720,606) | -2.09% | N/A | N/A | -0.18% | N/A |
| L & B | 37,190,488 | 0 | 37,190,020 | (468) | 0.00% | N/A | N/A | 0.00% | N/A |
| AETNA | 9,410,182 | (251,215) | 9,158,963 | (4) | 2.75% | N/A | N/A | 2.77% | N/A |
| PHOENIX | 12,285,931 | 0 | 12,285,931 | 0 | 0.00% | N/A | N/A | 31.60% | N/A |
| TOTAL REAL ESTATE | 93,205,195 | (251,215) | 92,332,903 | (721,078) | -0.51% | | | 0.59% | |

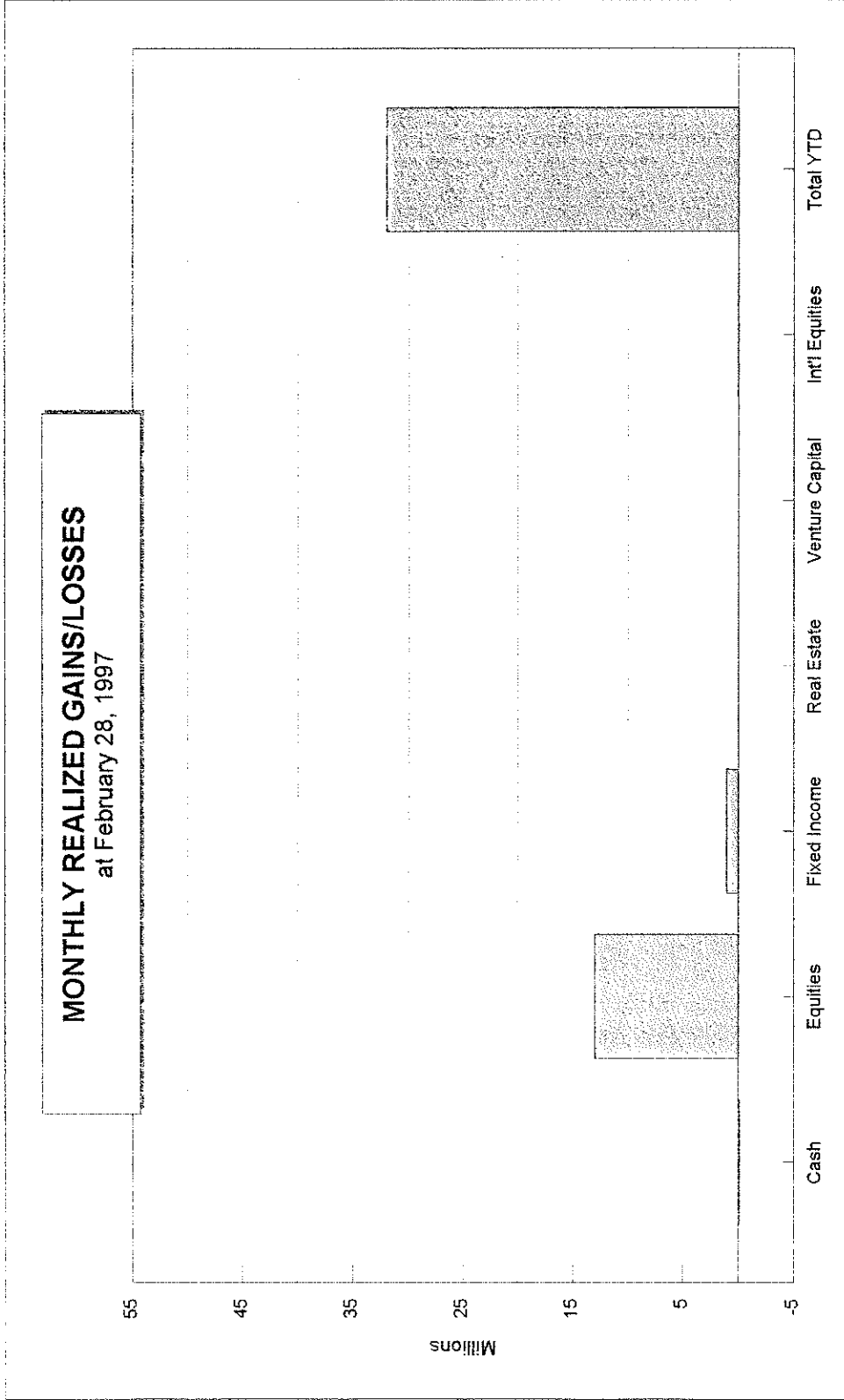
CASH ACCOUNTS

| | | | | | | | | | |
|---------------|------------|---|------------|-------------|-----|-----|-----|-----|-----|
| CASH ACCOUNT | 27,569,210 | 0 | 24,284,144 | (3,285,065) | N/A | N/A | N/A | N/A | N/A |
| INTERNAL CASH | 2,269,799 | 0 | 5,318,886 | 3,049,087 | N/A | N/A | N/A | N/A | N/A |
| TOTAL CASH | 29,839,009 | 0 | 29,603,030 | (235,978) | N/A | | | | |

GRAND TOTAL

| | | | | | | | | | |
|--|---------------|-----------|---------------|------------|-------|--|--|-------|--|
| | 4,819,943,692 | 1,696,019 | 4,831,827,209 | 10,187,598 | 0.22% | | | 2.47% | |
|--|---------------|-----------|---------------|------------|-------|--|--|-------|--|

**RHODE ISLAND STATE INVESTMENT COMMISSION
 EMPLOYEES RETIREMENT SYSTEM
 LONG TERM INVESTMENTS**



GNSIS

RHODE ISLAND STATE INVESTMENT COMMISSION

Domestic Equity Holdings By Top 10 Market Values

FEBRUARY 28, 1997

Equities

| <u>RANK</u> | <u>SECURITY NAME</u> | <u>PAR VALUE/SHARES</u> | <u>BASE MARKET AMOUNT</u> | <u>MONEY MANAGERS</u> |
|-------------|---------------------------|-------------------------|---|---|
| 1 | MERCK & CO INC | 466,400 | \$42,967,100 | Fleet,Bankers,Provident |
| 2 | INTEL CORP | 254,700 | 36,107,188 | Fleet,Bankers,Value Quest |
| 3 | AMERICAN INTL GROUP INC | 280,925 | 33,991,925 | Fleet,Bankers,Provident,MackKay-Shields,Value Quest |
| 4 | MICROSOFT CORP | 329,300 | 32,106,750 | Bankers,Provident |
| 5 | FEDERAL NATL MTG ASSN | 772,900 | 30,916,000 | Fleet,Bankers,Provident, Value Quest |
| 6 | PFIZER INC | 279,900 | 25,645,838 | Fleet,Bankers,Provident |
| 7 | PEPSICO INC | 740,900 | 24,449,700 | Fleet,Bankers |
| 8 | PROCTER & GAMBLE CO | 201,200 | 24,169,150 | Fleet,Bankers |
| 9 | AUTOMATIC DATA PROCESSING | 557,700 | 23,771,963 | Fleet,Bankers,MackKay-Shields |
| 10 | EXXON CORP | 218,900 | 21,944,725 | Fleet,Bankers |
| | | 13.26% | \$296,070,339 of total equity market value | |
| | | | ** Total Composite Equities ** | \$2,233,641,628 |

International Equity Holdings By Top 10 Market Values

FEBRUARY 28, 1997

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 | Denmark | 10,709 | \$12,240,741 | Alliance,Schroeder |
| 2 | ROYAL DUTCH PETROL | Netherlands | 58,965 | 10,204,260 | Alliance,Schroeder |
| 3 | BRITISH PETROLEUM | England | 806,728 | 8,943,419 | Alliance,Schroeder |
| 4 | ROCHE HLDGS AG | Switzerland | 983 | 8,273,732 | Alliance,Schroeder |
| 5 | LLOYDS TSB GROUP | England | 966,272 | 8,016,363 | Alliance,Schroeder |
| 6 | ELF AQUITAINE | France | 77,035 | 7,369,154 | Alliance,Schroeder |
| 7 | BAYER AG | Denmark | 155,280 | 6,553,781 | Alliance,Schroeder |
| 8 | HONDA MOTOR CO | Japan | 179,000 | 5,532,105 | Alliance,Scudder |
| 9 | HSBC HLDGS | Hong Kong | 217,136 | 5,299,434 | Scudder |
| 10 | VEBA AG | Denmark | 92,280 | 5,280,515 | Alliance,Schroeder |
| | | | 12.93% | \$77,713,504 international equity market value | |
| | | | ** Total Composite International Equities ** | \$601,116,061 | |

Asset Allocation Monitoring Report
Market Values at February 28, 1997

ERSRI
&
MERSRI

| Asset Class | Style | February 28, 1997 | | Target | | Difference | Cash | % of Total |
|--|----------------|-------------------|----------------|-----------------|----------------|-----------------|---------------|---------------|
| | | Actual | | | | | | |
| | | \$ | % | \$ | % | | | |
| Domestic Equity | | | | | | | | |
| <i>Fleet</i> | active | 459.98 | 9.52% | 434.86 | 9.00% | 25.12 | 2.30 | 0.50% |
| <i>Bankers</i> | passive | 679.98 | 14.07% | 652.30 | 13.50% | 27.68 | 3.48 | 0.51% |
| Total Core | | 1,139.96 | 23.59% | 1,087.16 | 22.50% | | | |
| <i>Provident</i> | growth | 372.94 | 7.72% | 362.39 | 7.50% | 10.55 | 6.87 | 1.84% |
| Total Growth | | 372.94 | 7.72% | 362.39 | 7.50% | | | |
| <i>Brinson Partners</i> | large cap | 220.00 | 4.55% | 193.27 | 4.00% | 26.73 | 4.32 | 1.96% |
| <i>Mackay-Shields</i> | large cap | 213.74 | 4.42% | 193.27 | 4.00% | 20.46 | 4.85 | 2.27% |
| Total Large Cap Value | | 433.74 | 8.98% | 386.55 | 8.00% | | | |
| <i>David L. Babson</i> | value | 149.53 | 3.09% | 144.95 | 3.00% | 4.58 | 9.60 | 6.42% |
| <i>J.W. Seligman</i> | s/c growth | 132.66 | 2.75% | 144.95 | 3.00% | -12.29 | 9.44 | 7.12% |
| Total Small Cap | | 282.20 | 5.84% | 289.91 | 6.00% | | | |
| <i>HLM Management</i> | sml grwth | 20.97 | 0.43% | 24.16 | 0.50% | -3.19 | 0.50 | 2.39% |
| <i>ValueQuest Ltd</i> | lrg value | 25.22 | 0.52% | 24.16 | 0.50% | 1.06 | 0.15 | 0.61% |
| Total Emerging Managers | | 46.19 | 0.96% | 48.32 | 1.00% | | | |
| TOTAL DOMESTIC EQUITY | | 2,275.02 | 47.08% | 2,174.32 | 45.00% | 100.70 | 41.51 | 1.82% |
| International Equity | | | | | | | | |
| <i>Alliance</i> | core | 193.64 | 4.01% | 144.95 | 3.00% | 48.69 | 1.77 | 0.91% |
| <i>Schroder</i> | Euro/region | 249.77 | 5.17% | 241.59 | 5.00% | 8.18 | 3.43 | 1.37% |
| <i>Scudder</i> | Pac Basin | 180.28 | 3.73% | 241.59 | 5.00% | -61.32 | 12.18 | 6.76% |
| <i>Schroder Emerging Markets</i> | | | | 96.64 | 2.00% | -96.64 | 0.00 | |
| TOTAL INT'L EQUITY | | 623.69 | 12.91% | 724.77 | 15.00% | -101.09 | 17.38 | 2.79% |
| Domestic Fixed Income | | | | | | | | |
| <i>Fidelity</i> | Mort.-bk sec | 175.02 | 3.62% | 120.80 | 2.50% | 54.23 | 21.65 | 12.37% |
| <i>In-State</i> | n/a | 27.55 | 0.57% | 24.16 | 0.50% | 3.39 | 0.05 | 0.19% |
| Total Mortgage | | 202.57 | 4.19% | 144.95 | 3.00% | | | |
| <i>Fleet</i> | Fixed/Inc. | 1,056.63 | 21.87% | 1,087.16 | 22.50% | -30.54 | 47.22 | 4.47% |
| <i>Brown Bros (Short)</i> | Short Term F/ | 254.46 | 5.27% | 120.80 | 2.50% | 133.66 | 18.43 | 7.24% |
| Total Other Fixed Income | | 1,311.08 | 27.13% | 1,207.96 | 25.00% | | | |
| <i>Taplin, Canida & Habacht</i> | core/fixed inc | 21.09 | 0.44% | 24.16 | 0.50% | -3.07 | 1.57 | 7.46% |
| Total Emerging Managers | | 21.09 | 0.44% | 24.16 | 0.50% | | | |
| <i>Loomis Sayles & Co</i> | | 213.95 | 4.43% | 193.27 | 4.00% | 20.68 | 5.03 | |
| TOTAL FIXED-INCOME | | 1,748.69 | 36.19% | 1,570.34 | 32.50% | 178.35 | 93.95 | 5.37% |
| Real Estate | | | | | | | | |
| <i>Heitman</i> | core | 33.70 | 0.70% | 38.65 | 0.80% | -4.96 | 0.00 | 0.00% |
| <i>L&B</i> | core | 37.19 | 0.77% | 37.69 | 0.78% | -0.50 | 0.00 | 0.00% |
| <i>Aetna</i> | cong. care r/e | 9.16 | 0.19% | 12.08 | 0.25% | -2.92 | 0.00 | 0.00% |
| <i>Phoenix</i> | deve. r/e | 12.29 | 0.25% | 12.56 | 0.26% | -0.28 | 0.00 | 0.00% |
| Total Real Estate | | 92.33 | 1.91% | 100.99 | 2.09% | (8.65) | | |
| Alternative Investments | | | | | | | | |
| <i>Crossroads & Narragansett</i> | venture cap. | 42.85 | 0.89% | | | | 0.00 | |
| <i>Pacific Corp Group</i> | venture cap. | 19.14 | 0.40% | | | | | |
| <i>Bank Acquisition</i> | n/a | 0.50 | 0.01% | | | | | |
| Total Alternative Investments | | 62.48 | 1.29% | 261.40 | 5.41% | (198.92) | 0.00 | 0.00% |
| TOTAL ALTERNATIVE INVESTMENTS AND REAL ESTATE | | 154.82 | 3.20% | 362.39 | 7.50% | (207.57) | 0.00 | 0.00% |
| <i>Cash Equivalents</i> | | 29.60 | 0.61% | 0.00 | 0.00% | 29.60 | 29.49 | 99.63% |
| TOTAL ASSETS | | 4,831.83 | 100.00% | 4,831.83 | 100.00% | -0.00 | 182.33 | 3.77% |

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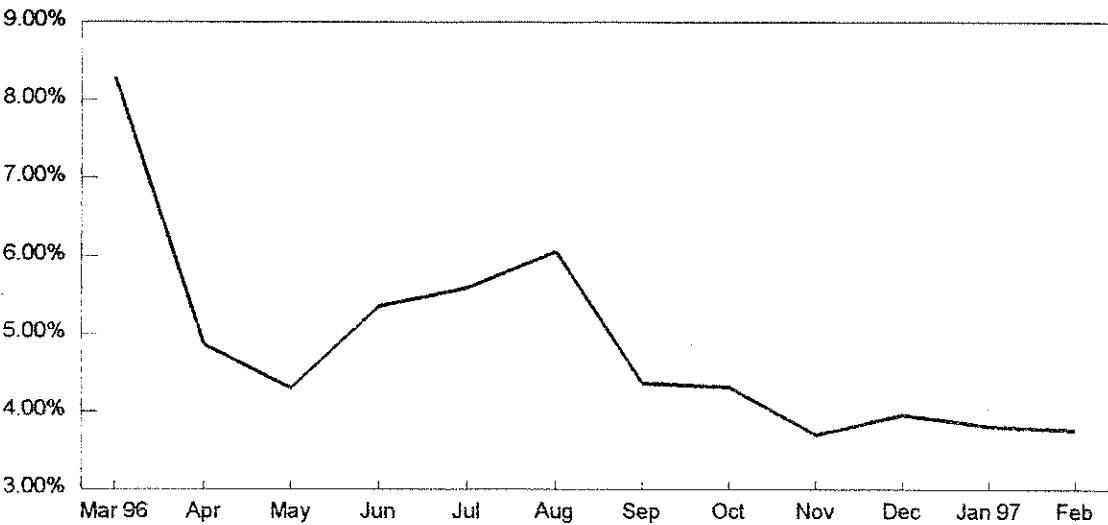
Alternative Investments Funding

1997

| Manager | Partnership Commitment | Prior Funding Thru 1/31/97 | Current Month Funding | Cumulative Total at 2/28/97 | Unfunded Balance |
|--|---------------------------|-------------------------------------|-----------------------------|--------------------------------------|---------------------|
| <i>Boston Ventures Ltd</i> | \$5,000,000 | \$450,000 | | \$450,000 | \$4,550,000 |
| <i>Crossroads/Providence LP</i> | \$45,000,000 | \$44,344,232 | | \$44,344,232 | \$655,768 |
| <i>Narragansett First Fund</i> | 239,647 | 239,647 | | 239,647 | 0 |
| <i>Narragansett Capital Partners</i> | 2,096,124 | 2,096,124 | | 2,096,124 | 0 |
| <i>OCM Opportunities Fund</i> | 8,000,000 | 5,600,000 | 800,000 | 6,400,000 | 1,600,000 |
| <i>OCM Principal Opportunities</i> | 5,000,000 | 500,000 | 250,000 | 750,000 | 4,250,000 |
| <i>Welsh, Carson, Anderson & Stowe</i> | 15,000,000 | 5,250,000 | | 5,250,000 | 9,750,000 |
| <i>Doughty Hanson</i> | 5,000,000 | 1,190,075 | 350,684 | 1,540,759 | 3,459,241 |
| <i>Willis Stein</i> | 5,000,000 | 1,953,203 | 363,971 | 2,317,174 | 2,682,826 |
| <i>ABS Capital Partners</i> | 5,000,000 | 318,470 | 318,473 | 636,943 | 4,363,057 |
| <i>Providence Equity Partners</i> | 10,000,000 | 1,623,473 | 57,758 | 1,681,231 | 8,318,769 |
| <i>SKM Equity Fund II</i> | 10,000,000 | 0 | 55,978 | 55,978 | 9,944,022 |
| TOTALS: | \$115,335,771 | \$63,565,224 | \$2,196,864 | \$65,762,088 | \$49,573,683 |

EMPLOYEES RETIREMENT SYSTEM

CASH PERCENTAGE OF TOTAL PORTFOLIO



**Retirement Systems
 Investment Earnings
 Fiscal Year 1997 to Date Summary**

**ERSRI
 &
 MERSRI** at February 28, 1997

| | LONG TERM | SHORT TERM | TOTAL |
|---------------------------|-------------|------------|-------------|
| <i>INTEREST SOLD</i> | 13,656,277 | | 13,656,277 |
| <i>SECURITIES LENDING</i> | 0 | | 0 |
| <i>DIVIDENDS</i> | 32,851,481 | | 32,851,481 |
| <i>INTEREST</i> | 83,637,295 | 381,393 | 84,018,689 |
| <i>MISCELLANEOUS</i> | 16,764,067 | | 16,764,067 |
| <i>CAPITAL GAINS</i> | 182,543,233 | | 182,543,233 |
| GRAND | ===== | ===== | ===== |
| TOTAL: | 329,452,354 | 381,393 | 329,833,747 |

| | Actual Jul 96 | Actual Aug | Actual Sep | Actual Oct | Actual Nov | Actual Dec | Actual Jan 97 | Actual Feb | Projected Mar | Projected Apr | Projected May | Projected Jun | PROJECTED TOTAL |
|--------------------------------|------------------|---------------|---------------|---------------|---------------|---------------|------------------|---------------|------------------|------------------|------------------|------------------|--------------------|
| EQUITIES | | | | | | | | | | | | | |
| Fleet/Norstar | | 525,000 | 67,598 | | 262,500 | 69,698 | | | 262,500 | 262,500 | 60,000 | | 1,312,500 |
| Banker Trust | | | 592,582 | | | 602,160 | | | 60,000 | | | 585,000 | 2,364,742 |
| Provident Investment | | | 179,151 | | 165,949 | 141,442 | | | 175,000 | 175,000 | 130,000 | | 695,101 |
| Brinson | | | 139,519 | | | | | | | 60,000 | | | 540,961 |
| Manckay-Silfield | 98,978 | 103,814 | | | 103,682 | | | | 60,000 | 60,000 | | | 426,474 |
| David L. Robinson | 117,334 | 120,771 | | | 123,984 | | | | 75,000 | 75,000 | | | 512,089 |
| J & W Sellmann | 59,407 | | | | 57,506 | | | | 25,000 | | 25,000 | | 166,913 |
| HLM Mgmt | | | | | | | | | | | | 25,000 | 126,981 |
| ValueQuest | | 51,981 | | | | | | | | | | | |
| FIXED INCOME | | | | | | | | | | | | | |
| Brown Bros. | | | | 94,133 | | 95,586 | | | 160,000 | | | 160,000 | 509,720 |
| Fidelity | 14,906 | | 204,866 | | 207,732 | | | | 150,000 | | 150,000 | | 712,598 |
| Taplun | | | | | 15,043 | | | | 13,000 | | | | 55,949 |
| Loomis Sayles | | | | | 63,614 | | | | | | | | 63,614 |
| INT'L EQUITIES | | | | | | | | | | | | | |
| Alliance Capital | | | 27,044 | | 27,313 | | | | 30,000 | | | | 114,357 |
| Schroder | | 133,204 | | | | 114,322 | | | 85,000 | | | 85,000 | 417,526 |
| Schäffer | | | | | 310,451 | | | | 95,000 | | | | 500,451 |
| Schroder Eng'g Mkts | | | | | | | | | | | | | 0 |
| REAL ESTATE | | | | | | | | | | | | | |
| Hefmann Advisory | | | | | | | | | | | | | 0 |
| L & B Rent Estate | | | | | | | | | | | | | 0 |
| Actia | | | | | | | | | | | | | 0 |
| Phoenix | | | | | | | | | | | | | 0 |
| ALTERNATIVE INVESTMENTS | | | | | | | | | | | | | |
| Bigley/Crossroads | | | 4,690 | | | 4,541 | | | 4,500 | | | 4,500 | 18,231 |
| Narmgauseff Cap. | | | | | | | | | | | | | 0 |
| PROFESSIONAL FEES | | | | | | | | | | | | | |
| Consulting | | | | | | | | | | | | | 0 |
| Legal | | | | | | | | | | | | | 0 |
| State Street Bank | | | 62,500 | | | 62,500 | | | 45,000 | 45,000 | 45,000 | 45,000 | 270,000 |
| Pacific Corp Group | | 16,667 | | 33,351 | | 33,333 | | | 16,667 | 16,667 | 16,667 | 16,667 | 237,500 |
| Willsire Assac | | | | | | | | | | | | | 200,020 |
| OPERATING EXPENSE | | | | | | | | | | | | | |
| Retirement Transfers | | 716,640 | 128,166 | | | | 937,523 | | 900,000 | 1,000 | 900,000 | 1,000 | 3,582,328 |
| Other Expense | 16,667 | 3,750 | | | | | | | 2,000 | 1,000 | 1,000 | 1,000 | 8,750 |
| TOTAL: | 307,292 | 1,486,642 | 1,591,301 | 127,484 | 1,337,775 | 1,123,583 | 937,523 | 0 | 3,103,251 | 635,167 | 1,521,917 | 922,167 | 13,094,102 |

CASH FLOW ANALYSIS

Employees Retirement System

| | FY 1996-97 | Actual July 1996 | Actual August | Actual September | Actual October | Actual November | Actual December | Actual January 1997 | Actual February | Projected March | Projected April | Projected May | Projected June | Projected TOTAL |
|-------------------------|------------|------------------|---------------|------------------|----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|---------------|----------------|-----------------|
| MEMBER BENEFITS | | 20,649,261 | 20,830,029 | 20,842,083 | 22,239,222 | 21,689,611 | 21,454,576 | 22,253,184 | 22,073,322 | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 252,031,288 |
| ADMINISTRATIVE EXPENSES | | 0 | 626,523 | 111,504 | 0 | 0 | 0 | 937,523 | 0 | 6,000 | 6,000 | 6,000 | 6,000 | 1,699,550 |
| INVESTMENT EXPENSES | | 267,282 | 666,409 | 1,272,489 | 110,872 | 1,163,463 | 977,180 | 0 | 0 | 650,000 | 650,000 | 650,000 | 650,000 | 7,057,695 |
| TOTAL OUTFLOW | | 20,916,543 | 22,122,961 | 22,226,076 | 22,350,094 | 22,853,074 | 22,431,756 | 23,190,707 | 22,073,322 | 20,656,000 | 20,656,000 | 20,656,000 | 20,656,000 | 260,789,533 |
| CONTRIBUTIONS | | 16,841,030 | 13,432,680 | 15,805,518 | 13,110,467 | 15,676,411 | 20,304,617 | 22,545,843 | 22,833,898 | 18,500,000 | 18,500,000 | 18,500,000 | 18,500,000 | 214,550,464 |
| OTHER INCOME* | | 168,281 | 3,240,077 | 1,110,353 | 3,950,460 | (2,586,261) | 2,172,564 | 2,447,869 | 539,315 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 21,942,658 |
| TOTAL INCOME | | 17,009,311 | 16,672,757 | 16,915,871 | 17,060,927 | 13,090,150 | 22,477,181 | 24,993,712 | 23,373,213 | 21,000,000 | 21,000,000 | 21,000,000 | 21,000,000 | 235,593,122 |
| DIFFERENCE | | (3,907,232) | (5,450,204) | (5,310,205) | (5,289,167) | (9,762,924) | 45,425 | 1,803,005 | 1,299,891 | 344,000 | 344,000 | 344,000 | 344,000 | (25,195,411) |

Municipal Employees Retirement System

| | Actual July 1996 | Actual August | Actual September | Actual October | Actual November | Actual December | Actual January 1997 | Actual February | Projected March | Projected April | Projected May | Projected June | Projected TOTAL |
|-------------------------|------------------|---------------|------------------|----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|---------------|----------------|-----------------|
| MEMBER BENEFITS | 1,977,601 | 1,909,417 | 2,021,425 | 2,106,332 | 2,090,014 | 2,190,996 | 2,111,757 | 2,151,615 | 2,150,000 | 2,150,000 | 2,150,000 | 2,150,000 | 25,159,157 |
| ADMINISTRATIVE EXPENSES | 0 | 93,074 | 16,662 | 0 | 0 | 0 | 0 | 0 | 500 | 500 | 500 | 500 | 111,736 |
| INVESTMENT EXPENSES | 39,702 | 96,999 | 189,037 | 16,470 | 172,840 | 145,166 | 0 | 0 | 85,000 | 85,000 | 85,000 | 85,000 | 1,002,214 |
| TOTAL OUTFLOW | 2,017,303 | 2,101,490 | 2,227,124 | 2,122,802 | 2,262,854 | 2,336,162 | 2,111,757 | 2,151,615 | 2,235,500 | 2,235,500 | 2,235,500 | 2,235,500 | 26,273,107 |
| CONTRIBUTIONS | 1,170,042 | 1,478,894 | 1,333,516 | 1,150,064 | 1,255,835 | 1,313,452 | 1,365,651 | 1,437,714 | 1,400,000 | 1,400,000 | 1,400,000 | 1,400,000 | 16,105,168 |
| OTHER INCOME* | 24,996 | 481,336 | 164,951 | 586,868 | (384,207) | 322,749 | 358,529 | 78,862 | 35,000 | 35,000 | 35,000 | 35,000 | 1,774,084 |
| TOTAL INCOME | 1,195,038 | 1,960,230 | 1,498,467 | 1,736,932 | 871,628 | 1,636,201 | 1,724,180 | 1,516,576 | 1,435,000 | 1,435,000 | 1,435,000 | 1,435,000 | 17,879,252 |
| DIFFERENCE | (822,265) | (141,260) | (728,657) | (385,870) | (1,391,226) | (699,961) | (387,577) | (635,039) | (800,500) | (800,500) | (800,500) | (800,500) | (6,393,855) |

Judges/State Police

| | Actual July 1996 | Actual August | Actual September | Actual October | Actual November | Actual December | Actual January 1997 | Actual February | Projected March | Projected April | Projected May | Projected June | Projected July | Projected August | Projected Total |
|-------------------------|------------------------|------------------|---------------------|-------------------|--------------------|--------------------|---------------------------|--------------------|--------------------|--------------------|------------------|-------------------|-------------------|---------------------|--------------------|
| MEMBER BENEFITS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ADMINISTRATIVE EXPENSES | 0 | 793 | 0 | 0 | 0 | 50 | 0 | 0 | 50 | 50 | 50 | 50 | 50 | 50 | 1,043 |
| INVESTMENT EXPENSES | 308 | 844 | 1,609 | 142 | 1,472 | 1,237 | 0 | 0 | 300 | 300 | 300 | 300 | 300 | 300 | 6,812 |
| TOTAL OUTFLOW | 308 | 1,637 | 1,609 | 142 | 1,472 | 1,287 | 0 | 0 | 350 | 350 | 350 | 350 | 350 | 350 | 7,855 |
| CONTRIBUTIONS | 119,190 | 120,557 | 122,895 | 130,198 | 125,331 | 188,045 | 125,611 | 125,438 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 1,557,265 |
| OTHER INCOME* | 194 | 4,097 | 1,404 | 4,997 | (3,272) | 2,749 | 2,556 | 800 | 200 | 200 | 200 | 200 | 200 | 200 | 14,325 |
| TOTAL INCOME | 119,384 | 124,654 | 124,299 | 135,195 | 122,059 | 190,794 | 128,167 | 126,238 | 125,200 | 125,200 | 125,200 | 125,200 | 125,200 | 125,200 | 1,571,590 |
| DIFFERENCE | 119,076 | 123,017 | 122,690 | 135,053 | 120,587 | 189,507 | 128,167 | 126,238 | 124,850 | 124,850 | 124,850 | 124,850 | 124,850 | 124,850 | 1,563,735 |

*Includes Income from Real Estate Investments, Venture Capital, Securities Lending, and Cash Accounts.

General Information

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

Short Term Investments Portfolio by Fund

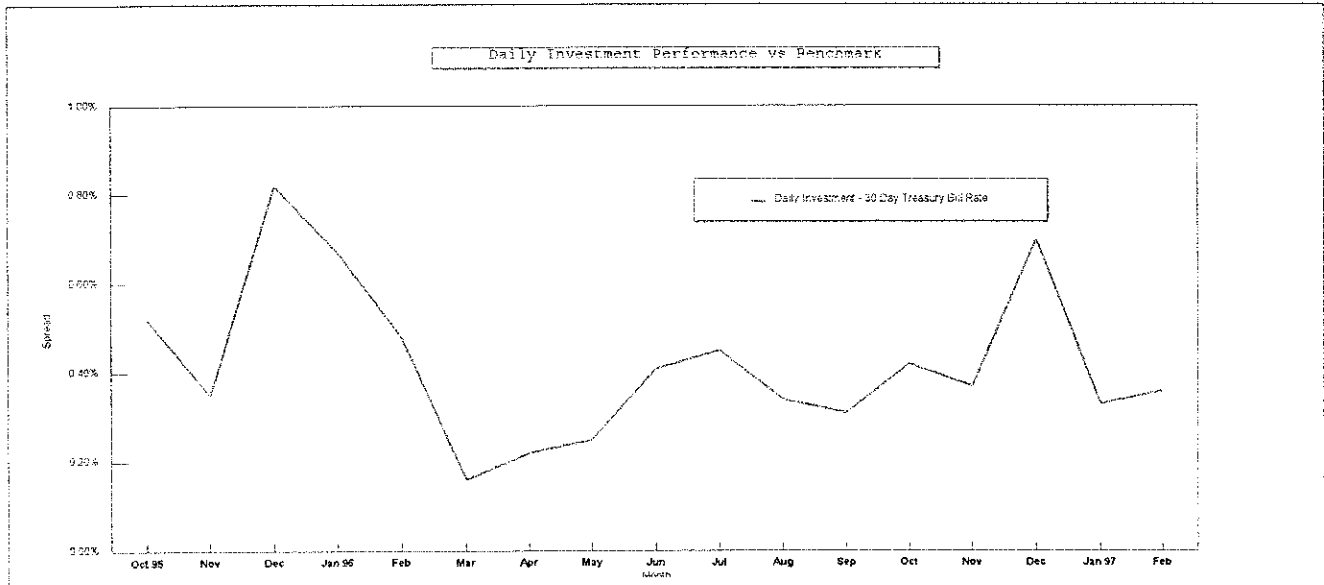
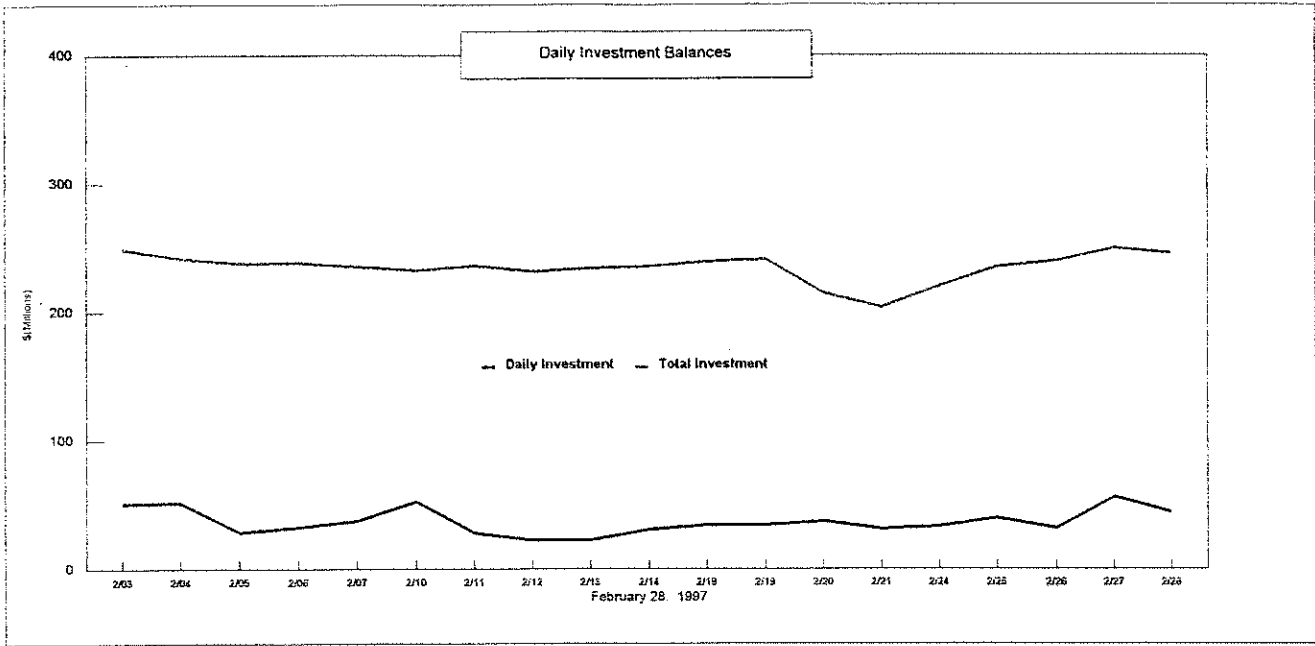
As of February 28, 1997

| | Principal | Interest | Total Value @ Maturity | Rate of Return % |
|------------------------------------|-------------|-----------|---------------------------|---------------------|
| 4901 General Fund | 48,586,737 | 31,265 | 48,618,002 | 5.2342 |
| 4902 General Fund | 1,000,000 | 448 | 1,000,448 | 5.3750 |
| 4904 Pension C | 6,500,000 | 2,911 | 6,502,911 | 5.3750 |
| 4920 General Fund - Hist Pres | 337,709 | 4,449 | 342,158 | 5.2700 |
| 5200 RI Underground Storage | 3,732,035 | 33,965 | 3,766,000 | 5.1938 |
| 5400 Highway Fund | 7,499,571 | 4,714 | 7,504,285 | 5.2239 |
| 5500 University College | 2,800,000 | 1,232 | 2,801,232 | 5.2800 |
| 5800 Prov River Relocation | 2,417,922 | 6,223 | 2,424,145 | 5.2173 |
| 8000 TDI Reserve | 55,522,844 | 1,256,154 | 56,778,998 | 5.4054 |
| 8225 Job Development | 6,647,642 | 29,826 | 6,677,468 | 5.1959 |
| 8230 ET Tardy | 706,252 | 3,078 | 709,330 | 5.2300 |
| 8300 Permanent School Fund | 299,656 | 344 | 300,000 | 5.1659 |
| 8400 Employees Retirement | 4,992,200 | 20,367 | 5,012,567 | 5.2078 |
| 8500 Municipal Emp Retirement | 378,518 | 1,482 | 380,000 | 5.2204 |
| 8700 RI Clean Water Act | 499,213 | 787 | 500,000 | 5.1581 |
| 9000 Bond Capital | 2,900,676 | 1,473 | 2,902,148 | 5.2484 |
| 9200 Narragansett Bay Water | 4,109,382 | 18,963 | 4,128,345 | 5.1819 |
| 9286 Narr Bay Cash Restricted | 1,163,928 | 4,686 | 1,168,613 | 5.2201 |
| 9400 Higher Education | 299,783 | 217 | 300,000 | 5.2038 |
| 9700 State Lottery Fund | 8,200,000 | 20,703 | 8,220,703 | 5.1866 |
| 9800 Industrial Bldg Mtg Ins | 1,298,849 | 1,151 | 1,300,000 | 5.1848 |
| 4911 TANS Proceeds | 11,791,229 | 6,918 | 11,798,146 | 5.2800 |
| Subtotal | 171,684,145 | 1,451,356 | 173,135,501 | 5.3785 |
| 8701 Clean Water 1991 Ser B | 613,615 | | | |
| 8702 Clean Water 1993 Ser A | 181,395 | | | |
| 8703 Clean Water 1991 Ser A | 295 | | | |
| 8704 CCDL 1989 Ser A | 1,044,919 | | | |
| 8705 Clean Water 1992 Ser A | 256,338 | | | |
| 8706 Clean Water CCDL 1994 (A) | 1,298,290 | | | |
| 8708 Clean Water Bond 1990 A&B | 21,607 | | | |
| 8709 Clean Water 1990 Ser C | 833 | | | |
| 8734 Pollution Control 96A | 2,569,304 | | | |
| 8735 RI Pollution Control | 57,219 | | | |
| 8736 RI Pollution Control 93 Ser A | 153,267 | | | |
| 8737 RI Pollution Control 94 Ser A | 2,025,912 | | | |
| 9101 Bond Sale A 87 | 65,453 | | | |
| 9102 Bond Capital CCDL 1988 | 21,560 | | | |
| 9104 Bond Capital 1989 Ser A | 2,029 | | | |
| 9105 Bond Capital 1989 Ser B | 88,172 | | | |
| 9108 Bond Sale 1990 Ser A&B | 262,204 | | | |
| 9114 GO Note 1991 Ser B | 185,671 | | | |
| 9115 Bond CCDL 1992 Ser A | 3,561,443 | | | |
| 9116 Bond CCDL 1993 Ser A | 16,249,922 | | | |
| 9117 Bond CCDL 1994 Ser A | 15,746,051 | | | |
| 9118 Bond CCDL 1995 Ser A | 898,940 | | | |
| 9119 Bond CCDL 1995 Ser B | 3,386 | | | |
| 9120 Bond CCDL 1996 Ser A | 14,413,399 | | | |
| 9204 Narr Bay 1991 Ser B | 551,755 | | | |
| 9205 Narr Bay 1992 Ser A | 137,055 | | | |
| 9206 Narr Bay 1993 Ser A | 3,909 | | | |
| 9207 Narr Bay CCDL 1994 Ser A | 2,755,097 | | | |
| 9208 Narr Bay 96 A | 9,782,404 | | | |
| 9291 BV Dist Comm Bond 1987 | 32,831 | | | |
| 9292 BV Dist Comm Bond 1988 | 12,481 | | | |
| 9294 BV 1991 Ser B Note | 239,949 | | | |
| 9295 BVDC 1992 Ser A | 190,991 | | | |
| 9298 BVDC Bond 1990 Ser A & B | 48,242 | | | |
| Subtotal Bond Proceed Accounts | 73,475,941 | | | |
| Total Short-Term Portfolio | 245,160,086 | | | |

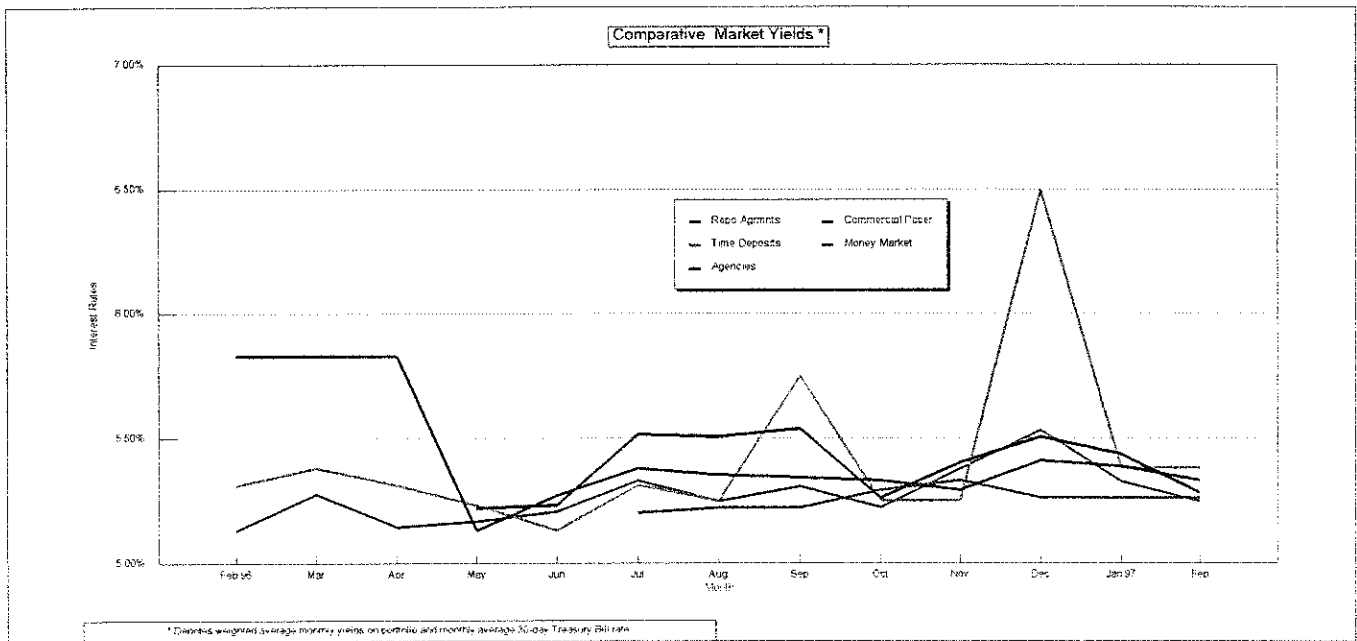
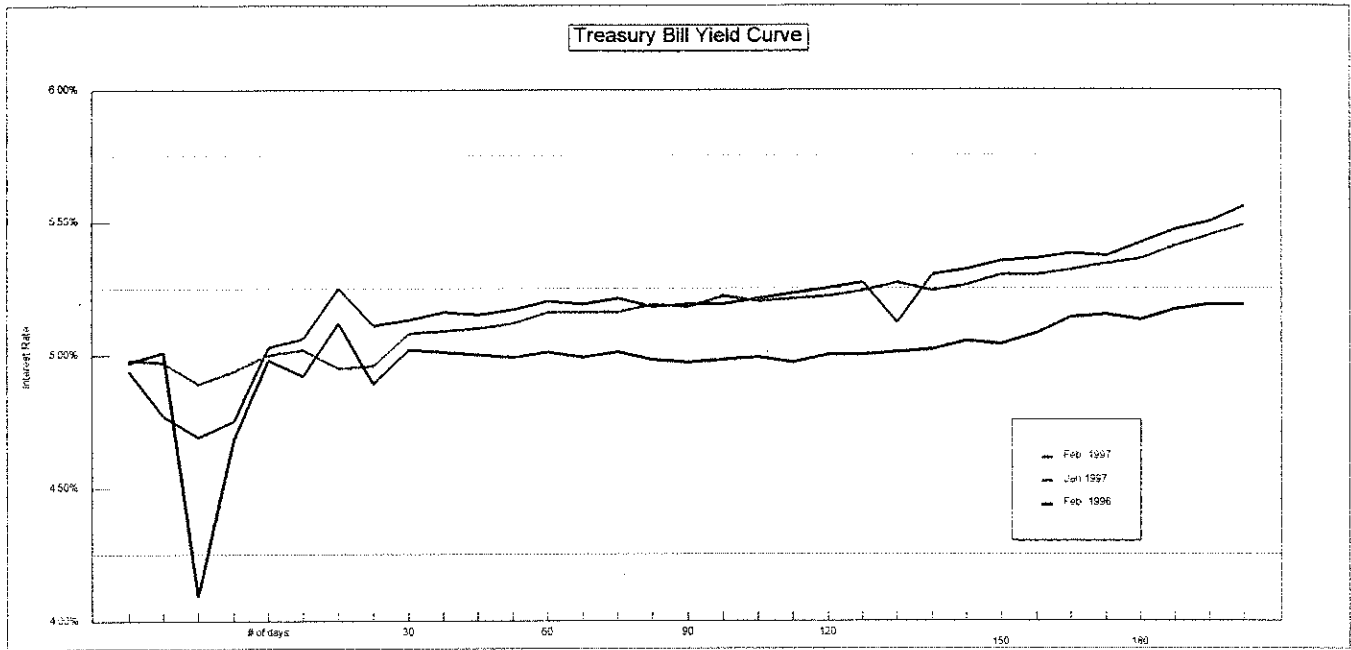
**Short Term Interest Rate Performance
1997**

| <u>Date</u> | <u>Amount Invested (millions)</u> | <u>Weighted Interest Rate</u> | <u>30 Day Treasury Rate</u> | <u>Basis Point Difference</u> |
|-------------|---|---------------------------------------|-------------------------------------|---------------------------------------|
| 2/03 | \$50.78 | 5.24 | 4.94 | 30.00 |
| 2/04 | \$51.44 | 5.17 | 4.90 | 27.00 |
| 2/05 | \$28.56 | 5.19 | 4.92 | 27.00 |
| 2/06 | \$32.55 | 5.25 | 4.95 | 30.00 |
| 2/07 | \$37.41 | 5.21 | 4.88 | 33.00 |
| 2/10 | \$52.34 | 5.21 | 4.88 | 33.00 |
| 2/11 | \$28.04 | 5.19 | 4.90 | 29.00 |
| 2/12 | \$22.48 | 5.19 | 4.90 | 29.00 |
| 2/13 | \$22.37 | 5.21 | 4.90 | 31.00 |
| 2/14 | \$30.51 | 5.12 | 4.85 | 27.00 |
| 2/18 | \$33.56 | 5.21 | 4.90 | 31.00 |
| 2/19 | \$33.87 | 5.18 | 4.83 | 35.00 |
| 2/20 | \$36.96 | 5.12 | 4.50 | 62.00 |
| 2/21 | \$30.67 | 5.09 | 4.56 | 53.00 |
| 2/24 | \$32.65 | 5.13 | 4.60 | 53.00 |
| 2/25 | \$39.20 | 5.19 | 4.76 | 43.00 |
| 2/26 | \$31.28 | 5.20 | 4.79 | 41.00 |
| 2/27 | \$55.81 | 5.20 | 4.79 | 41.00 |
| 2/28 | \$43.92 | 5.27 | 4.98 | 29.00 |
| | \$694.40 | 5.19 | 4.83 | 36 |
| | total | weighted | average | basis |
| | amount | average | 30 day | point |
| | invested | rate | rate | difference |

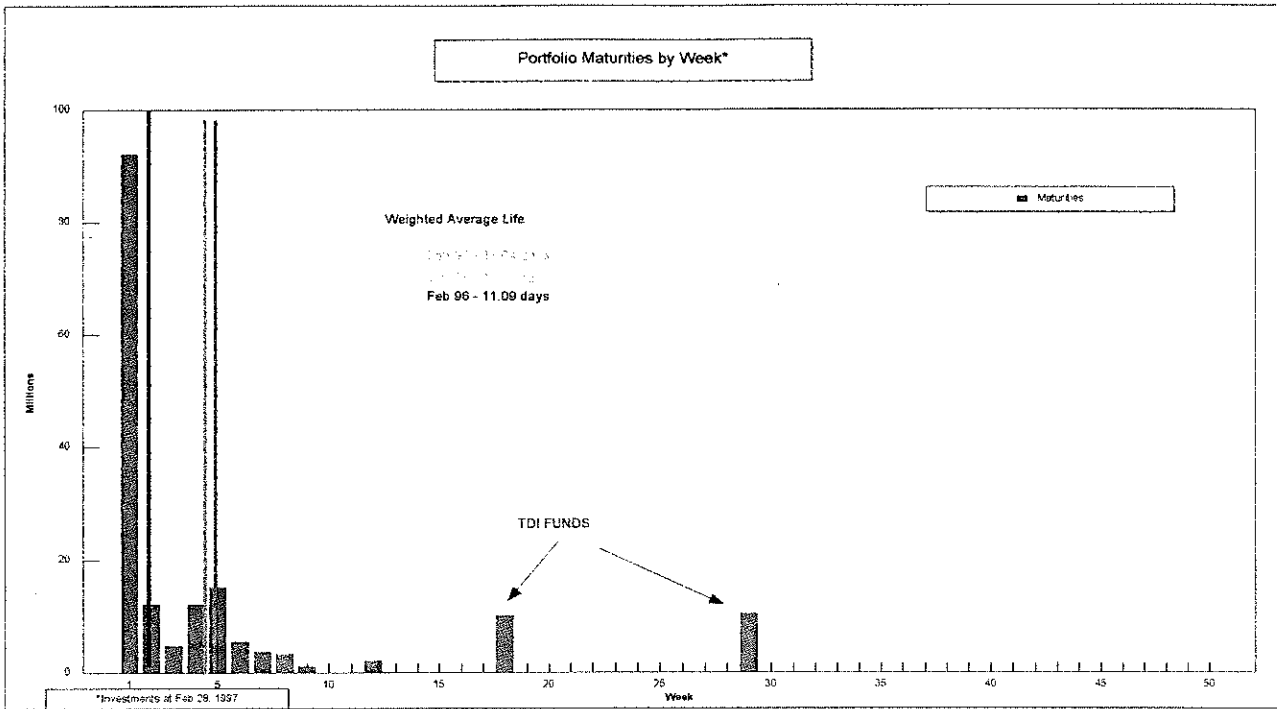
**RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM INVESTMENTS**



RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM INVESTMENTS



RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM INVESTMENTS



SUMMARY PORTFOLIO YIELDS

| | WEIGHTED AVERAGE YIELD (%) |
|--------------|---|
| Feb 28, 1997 | 5.275% |
| Jan 31, 1997 | 5.361% |
| Feb 29, 1996 | 5.190% |

SPECIAL FUNDS
 INVESTMENT SUMMARY
 FEBRUARY 28, 1997

| FUND NAME | EQUITIES | CASH & EQUIVALENTS | FIXED INCOME | Gain/Loss | TOTAL MARKET VALUE |
|---|-----------|-----------------------|--------------|-----------|--------------------|
| <u>Abraham Touro Fund</u> | 1,346,370 | 110,608 | 575,172 | (23,686) | 2,032,150 |
| <u>Rhode Island Temporary Disability Insurance Fund</u> | 0 | 0 | 1,014,063 | (2,473) | 1,014,063 |
| <u>State of Rhode Island Land Grant Fund</u> | 44,129 | (1,445) | 0 | (2,676) | 42,684 |
| <u>TOTALS</u> | 1,390,499 | 109,163 | 1,589,235 | (28,835) | 3,088,897 |