

State of Rhode Island and Providence Plantations



May 26
2004

Office of the General Treasurer

Paul J. Tavares
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
APRIL 30, 2004**

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Paul J. Tavares, Chair

**J. Michael Costello
Rosemary Booth Gallogly
Marcia Reback
John R. Treat**

**Sen. Daniel DaPonte
Dr. Robert J. McKenna
James E. Thorsen**



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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 Wednesday, May 26, 2004 at 9:00 a.m. in Room 135 of the State House.

AGENDA

1. Membership Roll Call
2. Approval of Minutes
 - State Investment Commission Meeting held on 4/28/04 *
3. Investment Manager Review
 - Wasatch Advisors Inc.
 - NorthPointe Capital
4. Alliance Capital/CollegeBound*fund* Update
 - Contract Amendments *
 - JP Morgan Plan *
5. General Consultant's Report – Wilshire Associates Incorporated
 - Capital Market Update
6. Legal Counsel Report
7. Deputy Treasurer for Finance Report
8. Treasurer's Report
9. New Business

* Commission members may be asked to vote on this item.

POSTED ON WEDNESDAY, MAY 19, 2004

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

Regular Meeting April 28, 2004

A State Investment Commission meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, April 28, 2004. There being a quorum present, the Treasurer called the meeting to order at 9:00 a.m.

Treasurer Tavares welcomed new Commission member Mr. John R. Treat who has replaced Mr. William Whitty and is an appointee of the Governor.

Membership Roll Call. Present were: Mr. Michael Costello, Senator Daniel DaPonte (arrived at 9:10 a.m.), Ms. Rosemary Booth Gallogly, Dr. Robert J. McKenna, Ms. Marcia Reback, Mr. James E. Thorsen, Mr. John R. Treat and General Treasurer Paul J. Tavares. Also present were: Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, Mr. William Bensusan, of Wilshire Associates Incorporated, Consultant to the Commission, Mr. Peter Martenson, of Pacific Corporate Group, Alternative Investments Consultant to the Commission, Jayne Donegan, Esq., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, and other members of the Treasurer's Staff.

State Investment Commission Minutes. Ms. Gallogly moved, Ms. Reback seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Thorsen, Mr. Treat, and Treasurer Tavares. (Note: Sen. DaPonte was not present for this vote.)

VOTED: To approve the Minutes of the March 24, 2004 Regular Meeting.

Pacific Corporate Group – Annual Strategy Plan for 2004. Mr. Peter Martenson of Pacific Corporate Group ("PCG"), Alternative Investments Consultant to the Commission, reviewed the private equity portfolio. He reminded Commission members that the allocation to private equity is 7.5% and is currently at 5%, which represents approximately \$305 million. The target allocations of the portfolio include 40-60% to corporate finance, 10-20% to venture capital, and 15-30% to special situations. PCG maintains a target allocation to international investments of 5-15%.

Mr. Martenson stated that PCG recommends new commitments ranging from \$90 million to approximately \$100 million in 2004. The focus will be on existing relationships and selectively expanding venture capital exposure. There are eight existing relationships coming back to market in 2004 which are: Aurora Equity Partners, Boston Ventures, Doughty Hanson & Co., Willis Stein & Partners, Matlin Patterson Global Opps., OCM Principal Opps., Providence Equity Partners, and VS&A Communications. PCG will also be looking at new relationships.

PCG recommends participating in 2004 in two new commitments in each of the three categories: corporate finance (approximately \$30 million), venture capital (approximately \$25 million), and special situations (approximately \$35 million). Mr. Martenson expects about half of the 2004 commitments to be in existing relationships. Those potential commitments were selected in order to manage the sub-sector allocation by strategy. These commitments are designed to take advantage of market opportunities while complying with the sub-sector allocations.

Investment Manager Review – Pacific Investment Management Co. (“PIMCO”). Mr. Bensur gave a brief overview noting that PIMCO was retained in 2000 to provide a strategic allocation to the return opportunities available in the domestic equity market. PIMCO’s assignment is to construct and actively manage a derivatives based enhanced index portfolio as a core-oriented component of the domestic equity allocation. Market value as of 3/31/03 was \$444.4 million, which represented approximately 15.3% of the equity composite and approximately 7.3% of the total fund.

Mr. William R. Benz, Managing Director and Mr. John F. Norris, Vice President represented PIMCO. Mr. Benz explained that PIMCO is a subsidiary of Allianz Dresdner Asset Management (“ADAM”). Separate subsidiaries are ADAM Equity, which has several equity subsidiaries including PEA Capital, and PAD Co., a distribution company. He stated that in February, 2004 the SEC issued a Wells Notice, which was a notice of pending market timing action naming PEA Capital and PAFM which are ADAM Equity subsidiaries.

PIMCO, the entity managing the RIERs funds, has not been named by the SEC. After the Wells Notice was leaked, the New Jersey Attorney General filed a complaint against PEA, PAD Co. and also named PIMCO. While PIMCO did have a relationship with a Canary Stearn entity, from a legal standpoint, PIMCO feels that there was no wrongdoing. From a judgment standpoint it regrets the association with Canary Stearn. PIMCO has since added staff dedicated to monitor market timing issues.

Mr. Benz stated that PIMCO’s StocksPLUS is an equity portfolio strategy designed to consistently and reliably outperform the S&P 500 Index, emphasizing moderate, consistent excess returns, index-like return volatility, low tracking error, and low probability of meaningful underperformance. PIMCO manages StocksPLUS by buying stock index futures to eliminate the risk of underperforming due to adverse stock selection. There is no leverage, they use futures only to track the stock market’s price return. They actively manage a diversified portfolio of short duration fixed income securities. PIMCO’s record is consistent with StocksPLUS outperforming the market index 163 out of 163 rolling three-year periods.

Mr. Norris stated that PIMCO currently has assets under management of \$394.6 billion. The market value of the StocksPLUS portfolio that PIMCO manages for RIERs, as of 3/31/04 was \$431,420,786. He noted that the last fifteen months have been very favorable for StocksPLUS which represents \$24 billion of their total assets. Over the next three to four years, PIMCO expects that the excess return will be in the 75 basis point range.

Investment Manager Review – State Street Global Advisors (“SSgA”). Mr. Bensur gave a brief overview noting that SSgA was retained in 1998 to provide a strategic core-oriented allocation to the overall US equity market. Market value at 12/31/03 was \$287.9 million, which represented approximately 9.9% of the equity composite and approximately 4.7% of the total fund.

Ms. Donna Watkins, Principal, Mr. Michael Arone, Principal (Large Cap Core Matrix Account), Mr. Thomas O’Brien, Principal (Russell 1000 Index Account), and Mr. James Francis, Principal (MSCI ACWI Account) represented SSgA.

Ms. Watkins noted that in September, 2003, the SEC began inquiries in the industry regarding market time and late trading. At that time, SSgA began their own internal inquiry. They found no evidence of illegal activity; however the firm found that 2 former and 3 current

employees had engaged in certain timed activities in trading relative to their own 401K retirement accounts. The remaining 3 employees resigned. It was determined that their activities did not affect any client investments. SSgA continues to cooperate with the SEC and monitor activity closely.

Mr. Francis stated the following market values as of 3/31/04: the active US core equity account is approximately \$294 million, the MSCI ACWI account is approximately \$732 million, and the Russell 100 Index fund is approximately \$1.26 billion, for a total of \$2.28 billion. He noted that indexing is used to control risks, lower costs and simplify oversight and is a growing market.

MSCI ACWI ex-US Composite. Mr. Francis stated that the portfolio outperformed by 5 basis points in the first quarter of 2004. Market value at 3/31/04 was approximately \$732 million. He noted that \$250 million was recently withdrawn, and Ms. Caine explained that the withdrawal was made to partially fund Delaware Int'l Advisers Ltd.

Russell 1000 Index Strategy. Mr. O'Brien stated that the portfolio outperformed by 2 basis points in the first quarter of 2004. Market value at 3/31/04 was approximately \$1.26 billion. He noted that value stocks continue to be favored by investors, and the value index outperformed growth in the first quarter of 2004 by approximately 224 basis points. For the last year, value outperformed growth by approximately 855 basis points. Financials led the way (up 5.31%), with consumer staples also strong (up 5.20%). Technology lagged (falling 2.11%).

Active Large Cap Core Equity Strategy. Mr. Arone stated that the portfolio outperformed the Russell 1000 Index for the first quarter of 2004. SSgA underperformed over the one-year timeframe, but outperformed over the three and five-year timeframes. Market value at 3/31/04 was approximately \$294 million. He noted that the portfolio is invested in companies that represent good relative valuations, exhibit financial strength through their cash flows, exhibit sound earnings quality, and have improving earnings growth expectations. Experience shows that those are the companies that outperform the market over the long-term which has allowed them to achieve the three and five-year results. Mr. Arone stated that there are attractive opportunities in energy and materials going forward.

Columbia Management Co. Fixed Income Portfolio Update. The Treasurer reported that Ms. Caine, Mr. Carvalho and he met with Brian Moynihan, Keith Banks and Roger Begin regarding the regulatory issues and the acquisition by Bank of America. He noted that Columbia manages both fixed income and small cap US equity portfolios as well as the majority of the State's short-term operating funds. Columbia acknowledged our concerns, and our need for proper reporting and due diligence. The firm will continue to be monitored.

Alliance Capital/CollegeBoundfund Update. Treasurer Tavares reported a review of existing contracts with Alliance to modify and strengthen them to the best interests of the SIC, the RI Higher Education Assistance Authority ("RIHEAA") and participants. The contracts are now under the review of Joseph Palumbo, Esq., RIHEAA's attorney, and it is hoped that the changes will be brought to the Commission at the next meeting. Alliance will continue to be monitored. The Treasurer noted that accounts continue to grow with nearly 12,000 accounts in Rhode Island representing approximately \$103 million. Nationally, assets total approximately \$4.5 billion. He noted that the tax parity bill has been submitted by Senator DaPonte.

Treasury Inflation Protection Securities ("TIPS") – Wilshire Associates Incorporated. Mr. Bensur described TIPS as an asset class category that has attractive attributes for pension

funds. He noted that TIPS have a low/negative correlation with other financial asset classes, which brings diversification benefits to the fund in the form of higher returns, lower risk, or both. It's a high quality asset class issued by the US Treasury and other sovereign entities designed for a real rate of return because the investors are compensated for movements in inflation. These securities provide protection from expected future benefits inflation.

Mr. Bensur noted that TIPS were slow to evolve, but now have wide-ranging institutional acceptance and appeal. The US TIPS market is approximately \$203 billion and growing, and the Non-US TIPS market is approximately \$270 billion. An allocation to TIPS provides meaningful diversification benefits when introduced within the context of a traditional or "nominal bond" fixed income allocation. The optimal mix between traditional or nominal bonds and TIPS is approximately 70%/30% respectively. A target of 30% of fixed income assets currently represents approximately \$400 million.

Mr. Bensur gave an overview of Brown Brothers Harriman & Co. ("BBH"), an existing manager that focuses on fixed income management and is a leader in TIPS management. The firm has \$39.5 billion of assets under management and \$1.5 billion in TIPS with an additional \$1.3 billion in TIPS mandates pending. He noted that this would be an opportunity to leverage off an existing relationship with BBH to have a separate and distinct account for a TIPS mandate.

Mr. Bensur recommended creating a strategic allocation to TIPS for the following reasons: TIPS provides meaningful diversification benefits, represents direct exposure to a real return asset, provides a useful hedge against future expected benefit increases, (e.g. RIERS automatic 3% COLA), and offers an additional high quality option for rebalancing the portfolio. He recommended adopting a US-based TIPS approach allowing for Non-US TIPS on an opportunistic basis, but limiting the foreign exposure to 25%.

Wilshire recommended that the fixed income investment structure (based on the total portfolio) be revised as follows:

| Market Segment | Current Policy | Recommended Policy |
|-----------------------|-----------------------|---------------------------|
| Core/Broad Market | 45.0% | 15.0% |
| Mortgage | 25.0% | 25.0% |
| Corporate | 15.0% | 15.0% |
| High Yield | 15.0% | 15.0% |
| TIPS | 0.0% | 30.0% |
| TOTAL | 100.0% | 100.0% |

Wilshire further recommends retaining Brown Brothers Harriman & Co. as the TIPS investment manager, which will also provide an opportunity to leverage the existing relationship. Mr. Bensur recommended funding the TIPS Strategy with the transfer of assets from the core

fixed income strategy managed by Columbia Management Co. (approximately \$400 million) and reallocating from other asset classes, as needed.

Mr. Thorsen recommended funding the TIPS Strategy as soon as possible to be in the forefront of this program.

Dr. McKenna moved, Ms. Reback seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Sen. DaPonte, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Thorsen, Mr. Treat, and Treasurer Tavares.

VOTED: To accept the recommendations of Wilshire Associates Incorporated as presented in the Treasury Inflation Protection Securities ("TIPS") Report dated April, 2004.

Wilshire Associates Incorporated – Capital Market Review. Mr. Bensus noted that there are meaningful signs of economic expansion and recovery. In the US equity market there is a shift from higher risk stocks to higher quality stocks and strong earnings reports. The international markets are performing well. As of April 27, 2004, the S&P 500 is up 2.8%, Nasdaq is up 1.5%, Russell is up 6.5% and the Wilshire 5000 is up 3.5%. International stocks are up 4.5% and the Lehman Aggregate is up .5%.

Deputy Treasurer for Finance Report. Ms. Caine stated that the \$250 million withdrawal that was mentioned by SSgA, was originally part of the Putnam Investments account and has now been used to partially fund Delaware Int'l Advisers, Ltd. Contract negotiations are nearly complete with Goldman Sachs. She noted that with these two new international managers joining Bank of Ireland Asset Management, the three international managers will each manage approximately \$460-\$470 million each instead of the previous two managers each having \$700 million to manage. Ms. Caine reported that the fiscal year-to-date performance is up 19.4%, which is 140 basis points over the benchmark.

Treasurer Tavares thanked Mr. Bensus and Treasury Staff for their fine work in implementing a good plan for the fund.

Dr. McKenna moved, Mr. Thorsen seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Sen. DaPonte, Ms. Gallogly, Dr. McKenna, Mr. Thorsen, Mr. Treat, and Treasurer Tavares. (Note: Ms. Reback was not present for this vote.)

VOTED: To adjourn the meeting.

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

Respectfully submitted,

Paul J. Tavares
General Treasurer

RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
April 30, 2004

PORTFOLIO PERFORMANCE

April

The ERSRI portfolio posted a loss of -2.39% for the month of April against the policy index of -2.47%. Domestic equities were down by -2.89%, international equities lost -2.59%, and the fixed income asset class lost -1.91%. Additionally, the retirement fund earned \$155,757 from the securities lending program during this month.

Calendar Year

For the four months ended April 30th, 2004, the portfolio is up 0.94% against the policy index of 0.58%. Domestic equities gained 0.06%, International equities were up 1.55%, and fixed income gained 0.63%.

Fiscal Year-to-Date

For the ten months ended April 30th, 2004, the fund gained 16.59%, against the fiscal year to date policy index of 15.29%.

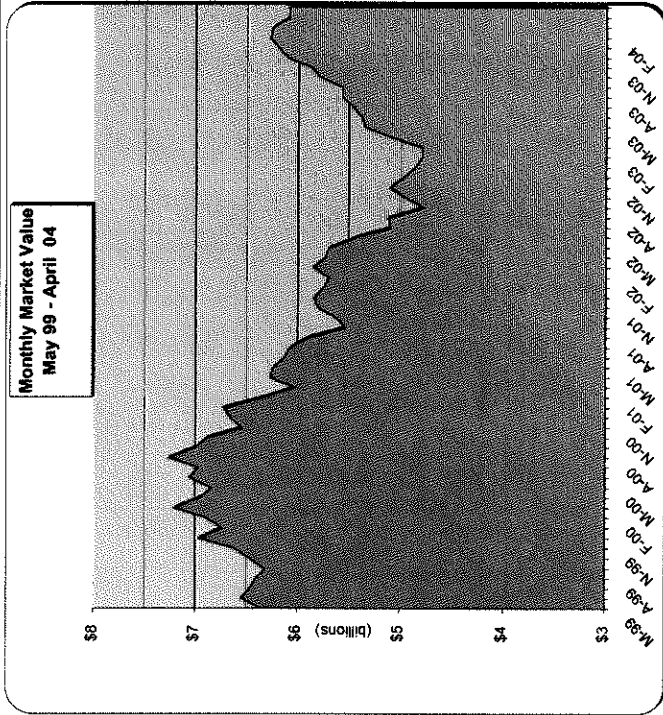
| ERSRI Performance By Asset Class | Apr-04 | Calendar YTD |
|-----------------------------------|---------------|--------------|
| Domestic Equity | -2.89% | 0.06% |
| Fixed Income | -1.91% | 0.63% |
| International Equity | -2.59% | 1.55% |
| Total Fund Composite* | -2.39% | 0.94% |
| Manager Summary | Apr-04 | CYTD |
| DOMESTIC EQUITY | | |
| Shott | 4.73% | 13.94% |
| SSgA Russell 1000 | -1.80% | 0.08% |
| PIMCO | -2.05% | -0.13% |
| SSgA Core | -2.58% | -0.58% |
| Wellington | -4.04% | -0.70% |
| Columbia | -4.61% | 0.04% |
| NorthPointe | -5.09% | 0.54% |
| Wasatch | -6.30% | 2.48% |
| Total Domestic Equity | -2.89% | 0.06% |
| FIXED INCOME | | |
| Instate Fixed Income | 0.56% | 2.22% |
| Mackay Shield | 0.10% | 4.08% |
| Shenkmn | -0.13% | 1.38% |
| Fidelity | -1.70% | 0.33% |
| Taplin Canida & Habacht | -2.36% | 0.32% |
| Brown Bros. Harriman | -2.53% | 0.19% |
| Columbia Mgmt | -2.76% | 0.05% |
| Total Fixed Income | -1.91% | 0.63% |
| INTERNATIONAL EQUITY | | |
| Bank of Ireland | -1.78% | 1.22% |
| SSgA - MSCI | -2.76% | 2.12% |
| Total International Equity | -2.59% | 1.55% |

*Total Fund Composite includes all classes

| Index Performance Summary - Apr. 30, 2004 | | |
|---|---------|--------------|
| Market Indices | Apr-04 | Calendar YTD |
| Domestic Equity | | |
| S & P 500 | -1.57% | 0.10% |
| Wilshire 5000 | -2.13% | 0.43% |
| Russell 2000 | -5.10% | 0.84% |
| Russell 2500 | -4.80% | 0.80% |
| Russell 1000 | -1.81% | 0.06% |
| Policy Index | -2.47% | 0.63% |
| International Equity | | |
| MSCI ACWI | -3.11% | 1.58% |
| Fixed Income | | |
| Lehman AGG | -2.60% | -0.02% |
| Real Estate | | |
| Wilshire RE Sec Ind | -13.88% | -3.45% |

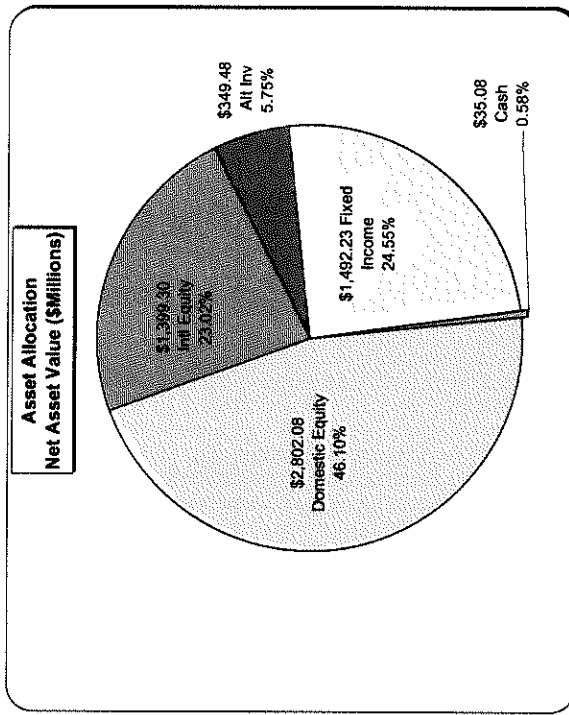
Market Values

The total portfolio value decreased in April by \$168.7 million to \$6.078 billion. This compares with an increase in value of \$295.6 million for the same period in 2003. The domestic equity market values decreased by \$97.2 million; fixed income decreased by \$28.92 million net of transfers, while international values were down by \$40.4 million net of transfers. The cash accounts were down \$1.6 million and alternative investments decreased in value by \$452,472.



Asset Allocation

The domestic equities portfolio is over-allocated by 1.4%. The fixed income portfolio is under-allocated by 0.7%. The international equity portfolio is over-allocated by 0.5%, while the alternative investment assets are under-allocated by 1.9%. Domestic and international equities targets each include an additional 2.5% for future real estate allocations. Rebalancing of these asset classes is on-going.



Cash Flow

April's pension payroll of \$42.0 million exceeded the \$27.5 million in contributions received by \$14.5 million. To meet this shortfall along with other obligations, \$18 million was transferred from long term investments.

Alternative Investments

At this time the alternative investment asset class has unfunded commitments of approximately \$396.9 million, on commitments of \$763 million.

**CAPITAL CALLS
Net of Distributions**

| APRIL 2004 | FYTD | UNFUNDED BALANCE |
|---------------|--------------|---------------------|
| \$2,918,727 | \$21,991,248 | \$396,258,057 |
| APRIL 2003 | FYTD | UNFUNDED BALANCE |
| \$757,277 | \$46,769,609 | \$337,956,412 |

Expenses

Expenses accrued during April totalled \$2,370,035 for private equity, investment management and other professional management fees.

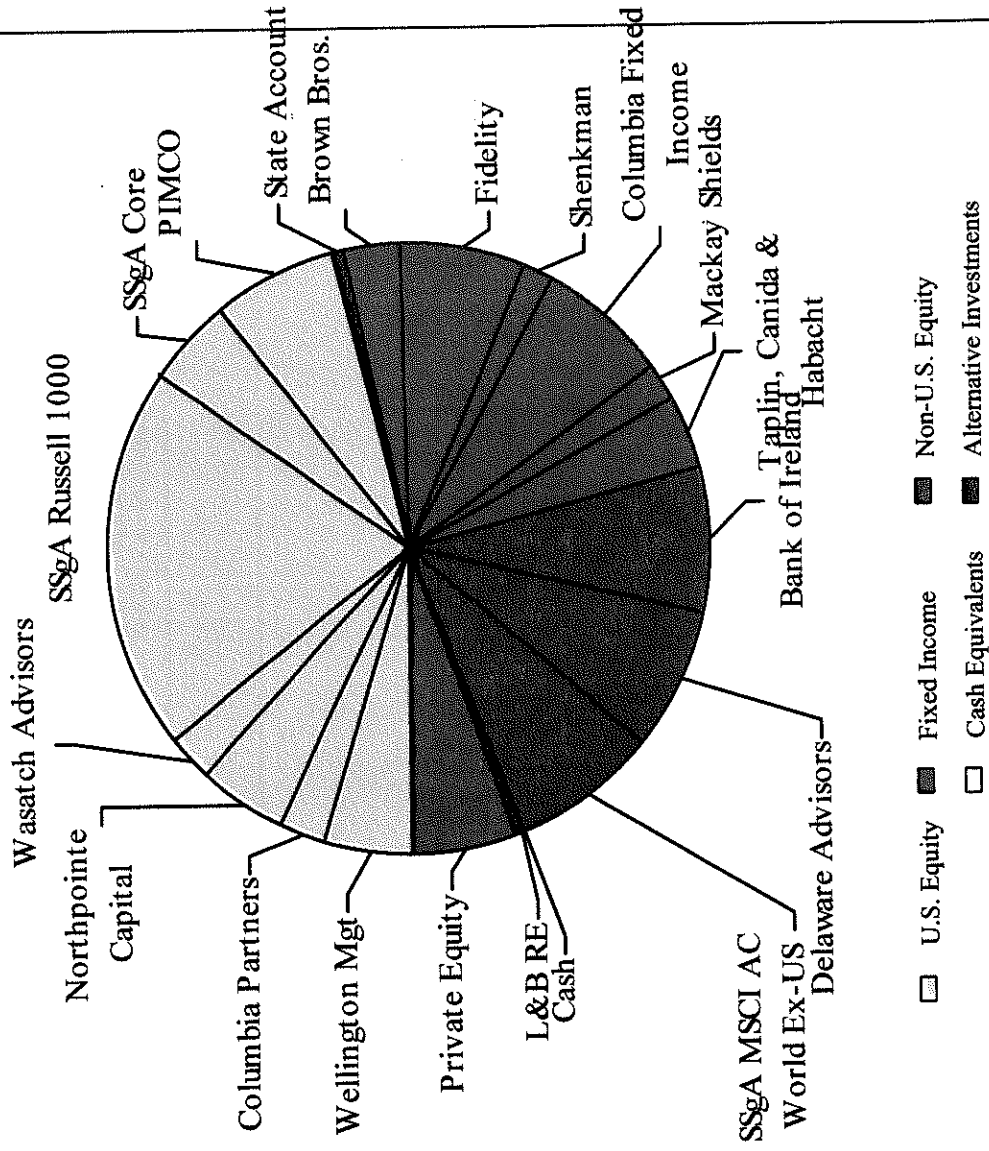
Short Term Cash

The short term cash portfolio had a 4.8 day weighted average maturity vs 4.7 days in March, and 10.8 days in April of 2003. Investments at April 30th totalled \$332.1 million. Interest earned during the month was \$ 131,923 of which \$ 7,739 was credited to the retirement accounts. The average investment rate of 0.96% was 6 basis points above the average 30 day treasury rate.

Individual Manager Allocation

April 30, 2004

\$ 6,078 MM



| Portfolio | \$MM | Allocation |
|--------------------------|----------------|--------------|
| Columbia Partners | \$ 151 | 2.4 |
| Northpointe Capital | 303 | 4.9 |
| PIMCO | 431 | 6.9 |
| SSgA - Core | 294 | 4.7 |
| SSgA Russell 1000 | 1,258 | 20.1 |
| Wasatch Advisors | 154 | 2.5 |
| Wellington Management | 306 | 4.9 |
| U.S. Equity | 2,899 | 46.4 |
| Brown Bros. Harriman | \$ 190 | 3.0 |
| Fidelity Mgmt. Trust | 410 | 6.6 |
| Columbia Fixed Income | 416 | 6.7 |
| Mackay Shields | 117 | 1.9 |
| Shenkman Capital | 118 | 1.9 |
| State Account | 22 | 0.4 |
| Taplin, Canida & Habacht | 247 | 4.0 |
| Fixed Income | 1,521 | 24.4 |
| Bank of Ireland | \$ 705 | 11.3 |
| Putnam Investments | 3 | 0.1 |
| SSGA | 732 | 11.7 |
| International Equity | 1,440 | 23.0 |
| L&B Real Estate | 19 | 0.3 |
| Private Equity | 331 | 5.3 |
| Contingency Reserve | 1 | 0.0 |
| Alternative Invest. | 350 | 5.6 |
| Cash Account (inside) | \$ 18 | 0.3 |
| Cash Account (outside) | 19 | 0.3 |
| Cash Equivalents | 37 | 0.6 |
| Total | \$6,247 | 100.0 |

U.S. Equity Fixed Income Non-U.S. Equity
 Cash Equivalents Alternative Investments

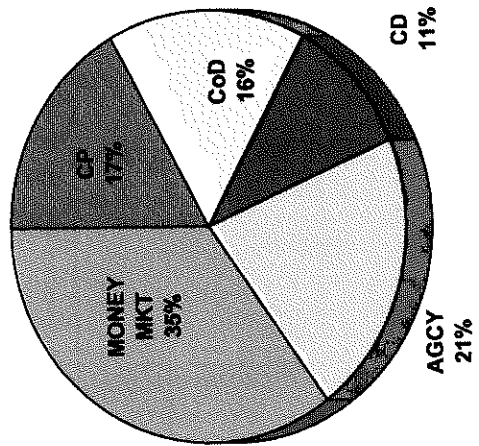
Market Environment

Quarter Ended April 30, 2004

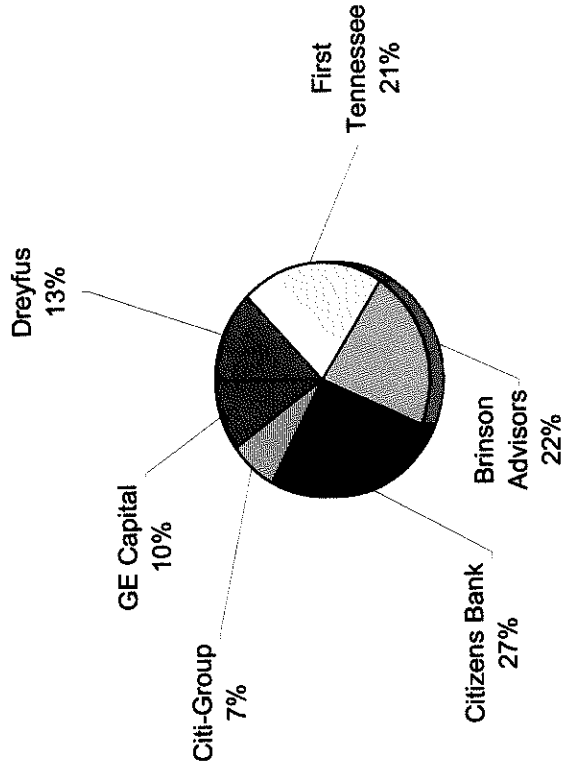
| | <u>QTR</u> | <u>YTD</u> | <u>1 YR.</u> | <u>2 YRS.</u> | <u>3 YRS.</u> | <u>4 YRS.</u> | <u>5 YRS.</u> |
|----------------------------------|------------|------------|--------------|---------------|---------------|---------------|---------------|
| U.S. EQUITY | | | | | | | |
| RUSSELL 2000 | -3.36 | 0.84 | 42.01 | 6.08 | 6.28 | 3.92 | 6.67 |
| RUSSELL 2000 GROWTH | -4.72 | 0.28 | 41.57 | 4.07 | -0.31 | -7.11 | -0.44 |
| RUSSELL 2000 VALUE | -2.00 | 1.39 | 42.45 | 7.52 | 12.28 | 15.16 | 12.92 |
| S&P 500 | -1.71 | 0.10 | 22.88 | 3.21 | -2.36 | -5.13 | -2.26 |
| WILSHIRE 5000 | -1.76 | 0.43 | 26.08 | 4.38 | -0.60 | -4.16 | -1.16 |
| INTERNATIONAL EQUITY | | | | | | | |
| MSCI AC WORLD FREE ex US (gross) | -0.03 | 1.57 | 41.32 | 9.45 | 2.08 | -3.13 | 0.40 |
| MSCI EAFE (net) | 0.56 | 1.98 | 40.23 | 8.36 | 0.37 | -4.08 | -0.73 |
| U.S. FIXED INCOME | | | | | | | |
| FB DOM PLUS HIGH YIELD | 0.48 | 2.43 | 16.47 | 13.88 | 11.21 | 8.26 | 5.85 |
| FB GLOBAL HIGH YIELD | 0.57 | 2.52 | 16.73 | 13.95 | 11.27 | 8.31 | 6.16 |
| LB AGGREGATE | -0.81 | -0.02 | 1.82 | 6.06 | 6.65 | 8.05 | 6.66 |
| LB GOV/CREDIT | -0.98 | -0.08 | 1.80 | 6.98 | 7.15 | 8.37 | 6.84 |
| CITIGROUP BROAD INV GRADE | -0.80 | 0.02 | 1.88 | 6.08 | 6.67 | 8.07 | 6.65 |
| CITIGROUP LARGE PENSION FUND | -1.45 | -0.19 | 1.66 | 7.58 | 7.79 | 9.05 | 7.14 |
| CITIGROUP LPF COLLATERALIZED | -0.46 | 0.17 | 1.88 | 4.49 | 5.73 | 7.45 | 6.30 |
| TOTAL PLAN | -1.13 | 0.58 | 22.82 | 6.74 | 2.59 | -0.10 | 1.84 |

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT APRIL 30, 2004

Portfolio By Instrument



Portfolio by Issuer



REPO = Repurchase Agreement
 CP = Commercial Paper
 CD = Certificate of Deposit
 CoD = Collateralized Deposit
 Agency = US Government Agency

**State of Rhode Island
Office of the General Treasurer
Short-Term Investments**

**Issuer Credit Ratings
April, 2004**

| Issuer | Type of Instrument | Month End % Portfolio | Issuer Ratings | | S-T Debt Rating | | L-T Debt Rating | | Credit Outlook |
|---------------------------------|--------------------|-----------------------|----------------|--|-----------------|------|-----------------|-----|----------------|
| | | | Moody's | | Moody's | S&P | Moody's | S&P | S&P |
| Chase Securities | 2,3,5 | 0% | Aa3 | | P-1 | A-1 | Aa3 | A+ | Stable |
| Citigroup Inc. | 2 | 7% | Aa1 | | P-1 | A-1+ | Aa1 | AA- | Stable |
| Citizens Bank RI | 3,4 | 27% | Aa2 | | P-1 | A-1+ | Aa2 | AA- | Negative |
| Dreyfus | 6 | 13% | Aa3 | | P-1 | A-1+ | Aa3 | AA- | Stable |
| First Tennessee Capital Markets | 5 | 21% | A1 | | P-1 | A-1 | A1 | A | Stable |
| GE Capital | 2 | 10% | Aaa | | P-1 | A-1+ | Aaa | AAA | Stable |
| Morgan Stanley | 1,2,5 | 0% | Aa3 | | P-1 | A-1 | Aa3 | A+ | Stable |
| Paine Webber | 5 | 0% | Aa2 | | P-1 | A-1+ | Aa2 | AA+ | Stable |
| UBS Brinson Advisors | 6 | 22% | Aa2 | | P-1 | A-1+ | Aa2 | AA+ | Stable |
| State Street Bank & Tru | 1,3 | 0% | Aa2 | | P-1 | A-1+ | Aa2 | AA | Stable |

Instrument Codes

- 1 Repurchase Agreement
- 2 Commercial Paper
- 3 Certificate of Deposit
- 4 Collateralized Deposit
- 5 US Agency Discount Note
- 6 Government Money Market

Ratings Definitions

Moody's Short-Term Debt Ratings:

- P-1 - Prime-1 have a superior ability for repayment of sr. S-T debt obligations
- P-2 - Prime-2 have a strong ability for repayment of sr. S-T debt obligations
- P-3 - Prime-3 have an acceptable ability for repayment of sr. S-T debt obligations
- NP - Not Prime

Moody's Issuer Rating Symbols:

- Aaa - Offer exceptional financial security (high-grade)
- Aa - Offer excellent financial security (high-grade)
- A - Offer good financial security
- Baa - Offer adequate financial security
- Ba - Offer questionable financial security
- B - Offer poor financial security
- Caa - Offer very poor financial security
- Ca - Offer extremely poor financial security
- C - Lowest rated class, usually in default

Modifiers:

- 1 - Higher end of letter rating category
- 2 - Mid-range of letter rating category
- 3 - Lower end of letter rating category

Moody's Long-Term Debt Ratings:

- Aaa - Best Quality
- Aa - High Quality
- A - Possess many favorable investment attributes
- Baa - Medium-grade obligations
- Ba - Possess speculative elements
- B - Generally lack characteristics of desirable investments
- Caa - Poor standing
- Ca - Speculative in a high degree
- C - Lowest rated class of bonds

Modifiers:

- 1 - Higher end of letter rating category
- 2 - Mid-range of letter rating category
- 3 - Lower end of letter rating category

S&P Short-Term Credit Ratings:

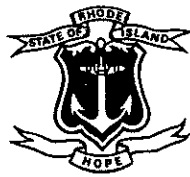
- A-1 - Highest rated, strong capacity to meet obligations
 - A-2 - Somewhat more susceptible to adverse effects of changes in financial conditions, satisfactory
 - A-3 - Exhibits adequate protection parameters
 - B - Significant speculative characteristics, faces major ongoing uncertainties
 - C - Vulnerable to non-payment
 - D - Payment default
- Modifiers:**
+ or - show relative standing within the category.

S&P Outlook Definitions:

- Positive - A rating may be raised
- Negative - A rating may be lowered
- Stable - A rating is not likely to change
- Developing - May be raised or lowered
- NM - Not meaningful

S&P Long-Term Debt Ratings:

- AAA - Highest rating, extremely strong
 - AA - Differs slightly from highest rating, very strong
 - A - Somewhat more susceptible to adverse effects of change in economic condition, strong
 - BBB - Exhibits adequate protection parameters
 - BB, B, CCC, CC, C - Have significant speculative characteristics. BB least speculative, C highest degree.
 - D - Payment default
- Modifiers:**
+ or - show relative standing within the category.



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

Paul J. Tavares
General Treasurer

May 14, 2004

State Investment Commission
Rhode Island State House
Providence, RI 02903

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 April 30, 2004.

**Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
April 30, 2004**

| Asset Class | | |
|-----------------------------|----------------|------------------|
| Cash/Short Term Investments | | \$ 281,990,198 |
| Equities – Domestic | | \$ 2,757,972,518 |
| Equities – International | | \$ 1,323,134,839 |
| Fixed Income – Government | \$ 616,407,926 | |
| Fixed Income – Corporate | \$ 727,022,510 | |
| Fixed Income – In State | \$ 22,164,086 | |
| Total Fixed Income | | \$ 1,365,594,523 |
| Alternative Investments | | \$ 348,976,756 |
| Other – Escrow | | \$ 500,000 |
| Total Fund Investments | | \$ 6,078,168,834 |
| Plan Allocation | | |
| State Employees & Teachers | 86.45% | \$ 5,254,656,824 |
| Municipal Employees | 12.92% | \$ 785,100,110 |
| State Police | 0.38% | \$ 23,388,174 |
| Judicial | 0.25% | \$ 15,023,726 |
| Total Fund Investments | 100.00% | \$ 6,078,168,834 |

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

Respectfully submitted,

Paul J. Tavares
General Treasurer

ERSRI Monthly Market Value Report With Time Weighted Returns
April 30, 2004

| | Calendar YTD | | | Benchmark Description | Valuation Change | | | |
|-----------------------------------|--------------|--------------|--------------|---------------------------------------|------------------------|----------------------|------------------------|--------------------------------|
| | Performance | Benchmark | Alpha | | Market Value 3/31/2004 | Transfers In(out) | Market Value 4/30/2004 | Market Value Increase/Decrease |
| | | | | | | | | |
| Domestic Equity | | | | | | | | |
| Shott Capital Management IRR | 13.94% | N/A | N/A | S & P 500 | 798,537 | 2,127,713 | 11,276 | |
| SSgA Russell 1000 | 0.08% | 0.06% | 0.02% | Russell 1000 | 114,313 | 1,235,620,905 | (22,692,617) | |
| SSgA Core | -0.58% | 0.06% | -0.64% | Russell 1000 | 27,500 | 286,297,606 | (7,571,711) | |
| PIMCO | -0.13% | -1.57% | 1.44% | S & P 500 | (14,959,850) | 407,933,250 | (8,557,334) | |
| NorthPointe Capital | 0.54% | 1.39% | -0.65% | Russell 2000 Value | 27,500 | 287,992,868 | (15,448,347) | |
| Wellington Mgmt | -0.70% | 0.84% | -1.54% | Russell 2000 | 27,500 | 293,741,745 | (12,351,634) | |
| Wasatch Advisors | 2.48% | 0.29% | 2.19% | Russell 2000 Growth | 15,400 | 144,471,996 | (9,709,254) | |
| Columbia Mgmt | 0.04% | 0.29% | -0.25% | Russell 2000 Growth | 14,850 | 143,889,410 | (6,956,185) | |
| Transition Account | N/A | N/A | N/A | N/A | - | 0 | 0 | |
| Total Domestic Equity | 0.06% | | | | (13,934,250) | 2,802,075,492 | (83,275,806) | |
| International Equity | | | | | | | | |
| Bank of Ireland | 1.22% | 1.58% | -0.36% | MSCI ACWI | 704,565,054 | 459,480,471 | (10,252,427) | |
| SSgA - MSCI | 2.12% | 1.58% | 0.54% | MSCI ACWI | 731,906,215 | 464,169,152 | (18,014,101) | |
| Transition Account | N/A | N/A | N/A | N/A | 3,220,733 | 12,338,205 | (6,641,317) | |
| Delaware | N/A | N/A | N/A | MSCI ACWI | - | 463,311,317 | (2,543,234) | |
| Total International Equity | 1.55% | | | | (2,941,778) | 1,399,299,145 | (37,451,079) | |
| Total Fixed Income | 0.63% | | | | 7,764 | 1,492,226,453 | (29,000,198) | |
| Alternative Investments | | | | | | | | |
| Pacific Corporate Group | 6.87% | N/A | N/A | Private Equity | (534,064) | 330,288,070 | 81,670 | |
| JMBI/Heitman Advisory Group | 0.00% | 0.00% | N/A | Wilshire Real Estate Securities Index | - | - | - | |
| L & B Real Estate Counsel | 0.90% | -3.45% | 4.35% | Wilshire Real Estate Securities Index | 18,698,349 | 18,698,297 | (52) | |
| Bank Acquisition Contingency | 0.35% | N/A | N/A | | 500,427 | 500,402 | 401 | |
| Total Alternatives | 6.53% | | | | (534,491) | 349,939,240 | 82,019 | |
| Cash Accounts | | | | | | | | |
| Cash in Trust | 7.69% | N/A | N/A | | 2,825,875 | 21,091,293 | 478,491 | |
| Cash Outside Trust | 0.35% | N/A | N/A | | 18,949,149 | 13,989,628 | (2,101,784) | |
| Total Cash | N/A | | | | (31,862) | 35,080,921 | (1,623,294) | |
| Fund Grand Total | 0.94% | 0.58% | 0.36% | | (17,434,617) | 6,076,168,780 | (151,288,357) | |

*Policy Index: (Effective 03/01/03)
52.5% Wilshire 5000
25.0% Lehman Aggregate
22.5% MSCI ACWI X-US

STATE OF RHODE ISLAND
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN
Periods Ending April 30, 2004

| | MKT VAL | % OF FUND | 1 Month | 3 Months | 6 Months | YTD | FYTD | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
|-----------------------------------|-----------|-----------|---------|----------|----------|-------|-------|--------|---------|---------|---------|---------|
| U.S. EQUITY | | | | | | | | | | | | |
| COLUMBIA PARTNERS | 143,889 | 2.37 | -4.61 | -5.61 | 2.37 | 0.04 | 20.56 | 34.94 | 7.08 | | | |
| NORTHPOINTE CAPITAL | 287,993 | 4.74 | -5.09 | -3.45 | 8.46 | 0.54 | 27.40 | 43.14 | 9.90 | | | |
| PIMCO | 407,933 | 6.71 | -2.05 | -1.95 | 6.13 | -0.13 | 14.87 | 22.42 | 3.23 | -2.08 | | |
| SHOTT CAPITAL | 2,128 | 0.04 | | | | | | | | | | |
| SSGA - CORE | 286,298 | 4.71 | -2.58 | -2.18 | 5.45 | -0.58 | 13.14 | 18.85 | 2.65 | 0.19 | -3.98 | 0.58 |
| SSGA RUSSELL 1000 | 1,235,621 | 20.33 | -1.80 | -1.79 | 6.11 | 0.08 | 15.73 | 23.95 | | | | |
| WASATCH ADVISORS | 144,472 | 2.38 | -6.30 | -1.05 | 5.25 | 2.48 | 21.92 | 40.42 | 0.72 | | | |
| WELLINGTON MANAGEMENT CO. LLC | 293,742 | 4.83 | -4.04 | -3.87 | 8.10 | -0.70 | 33.23 | 51.23 | 10.68 | | | |
| TOTAL US EQUITY | 2,802,075 | 46.10 | -2.89 | -2.41 | 6.25 | 0.06 | 19.04 | 29.40 | 5.44 | -0.03 | -5.62 | -0.94 |
| RUSSELL 1000 | | | -1.81 | -1.81 | 6.11 | 0.06 | 15.70 | 23.90 | 3.55 | -1.91 | -4.99 | -1.73 |
| RUSSELL 2000 | | | -5.10 | -3.36 | 6.54 | 0.84 | 25.97 | 42.01 | 6.08 | 6.28 | 3.92 | 6.67 |
| RUSSELL 2000 GROWTH | | | -5.02 | -4.72 | 4.01 | 0.28 | 24.83 | 41.57 | 4.07 | -0.31 | -7.11 | -0.44 |
| RUSSELL 2000 VALUE | | | -5.17 | -2.00 | 9.09 | 1.39 | 27.10 | 42.45 | 7.52 | 12.28 | 15.16 | 12.92 |
| S&P 500 | | | -1.57 | -1.71 | 6.27 | 0.10 | 15.26 | 22.88 | 3.21 | -2.36 | -5.13 | -2.26 |
| WILSHIRE 5000 | | | -2.13 | -1.76 | 6.41 | 0.43 | 17.09 | 26.08 | 4.38 | -0.60 | -4.16 | -1.16 |
| INTERNATIONAL EQUITY | | | | | | | | | | | | |
| SSGA TRANSITION ACCOUNT | 12,167 | 0.20 | | | | | | | | | | |
| BANK OF IRELAND | 459,480 | 7.56 | -1.78 | -1.06 | 12.55 | 1.22 | 23.26 | 33.21 | 3.72 | | | |
| DELAWARE INVESTMENT ADVISOR | 463,311 | 7.62 | | | | | | | | | | |
| PUTNAM INVESTMENTS | 170 | 0.00 | | | | | | | | | | |
| SSGA MSCI ALL COUNTRY WORLD EX-US | 464,169 | 7.64 | -2.76 | 0.31 | 12.57 | 2.12 | | | | | | |
| TRANSITION ACCOUNT INT EQUITY | 12,168 | 0.20 | | | | | | | | | | |
| TOTAL INTERNATIONAL EQUITY | 1,399,299 | 23.02 | -2.59 | -0.64 | 12.34 | 1.55 | 24.84 | 33.83 | 5.43 | -0.85 | -6.27 | 0.29 |
| MSCI AC WORLD FREE ex US (GROSS) | | | -3.11 | -0.03 | 11.71 | 1.57 | 29.28 | 41.32 | 9.45 | 2.08 | -3.13 | 0.40 |
| MSCI EAFE (NET) | | | -2.26 | 0.56 | 12.39 | 1.98 | 29.10 | 40.23 | 8.36 | 0.37 | -4.08 | -0.73 |
| U.S. FIXED INCOME | | | | | | | | | | | | |
| BROWN BROTHERS HARRIMAN | 185,373 | 3.05 | -2.53 | -0.65 | 1.33 | 0.19 | 1.02 | 2.97 | 7.42 | 7.56 | 8.81 | 7.27 |
| FIDELITY MANAGEMENT TRUST | 403,070 | 6.63 | -1.70 | -0.33 | 1.41 | 0.33 | 3.05 | 3.40 | 5.54 | 6.64 | 8.09 | 7.04 |
| COLUMBIA FIXED INCOME | 404,542 | 6.66 | -2.76 | -0.21 | 1.23 | 0.05 | -0.32 | 1.69 | 6.65 | 6.81 | 7.72 | 6.70 |
| MACKAY SHIELDS, LLC | 117,122 | 1.93 | 0.10 | 0.60 | 7.92 | 4.08 | 15.25 | 23.14 | | | | |
| SHENKMAN CAPITAL MANAGEMENT | 118,248 | 1.95 | -0.13 | 0.29 | 4.09 | 1.38 | 7.82 | 10.50 | | | | |
| STATE ACCOUNT | 22,166 | 0.36 | 0.56 | 1.65 | 3.35 | 2.22 | 5.65 | 6.81 | 6.80 | 6.80 | | |
| TAPLIN, CANIDA & HABACHT | 241,132 | 3.97 | -2.36 | -0.69 | 2.81 | 0.32 | 3.60 | 7.32 | 10.76 | 8.91 | 9.53 | 7.75 |

**STATE OF RHODE ISLAND
SUMMARY OF MANAGER PERFORMANCE
RATES OF RETURN
Periods Ending April 30, 2004**

| | MKT VAL | % OF FUND | 1 Month | 3 Months | 6 Months | YTD | FYTD | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
|---------------------------------------|-----------|-----------|---------|----------|----------|-------|-------|--------|---------|---------|---------|---------|
| U.S. FIXED INCOME | | | | | | | | | | | | |
| TOTAL US FIXED INCOME | 1,492,228 | 24.55 | -1.91 | -0.25 | 2.31 | 0.63 | 3.22 | 5.55 | 7.73 | 7.14 | 7.62 | 6.79 |
| FIRST BOSTON DOMESTIC PLUS HIGH YIELD | | | -0.10 | 0.48 | 6.23 | 2.43 | 11.71 | 16.47 | 13.88 | 11.21 | 8.26 | 5.85 |
| FIRST BOSTON GLOBAL HIGH YIELD | | | -0.14 | 0.57 | 6.33 | 2.52 | 11.80 | 16.73 | 13.95 | 11.27 | 8.31 | 6.16 |
| LB AGGREGATE | | | -2.60 | -0.81 | 1.24 | -0.02 | 0.15 | 1.82 | 6.06 | 6.65 | 8.05 | 6.66 |
| LB CREDIT | | | -3.15 | -0.98 | 1.60 | 0.02 | 0.37 | 3.29 | 8.51 | 8.15 | 9.36 | 7.20 |
| LB GOV/CREDIT | | | -3.07 | -0.98 | 1.17 | -0.08 | -0.62 | 1.80 | 6.98 | 7.15 | 8.37 | 6.84 |
| CITIGROUP BROAD INV GRADE | | | -2.60 | -0.80 | 1.32 | 0.02 | 0.21 | 1.88 | 6.08 | 6.67 | 8.07 | 6.65 |
| CITIGROUP LARGE PENSION FUND | | | -3.89 | -1.45 | 1.48 | -0.19 | -1.00 | 1.66 | 7.58 | 7.79 | 9.05 | 7.14 |
| CITIGROUP LPF COLLATERALIZED | | | -1.76 | -0.46 | 1.43 | 0.17 | 1.61 | 1.88 | 4.49 | 5.73 | 7.45 | 6.30 |
| ALTERNATIVE INVESTMENTS | | | | | | | | | | | | |
| L&B REAL ESTATE | 18,698 | 0.31 | 0.00 | 0.90 | 0.90 | 0.90 | 2.73 | 2.73 | 2.51 | 1.12 | 2.83 | 3.74 |
| PRIVATE EQUITY INVESTMENT | 330,288 | 5.43 | -0.02 | 4.61 | 8.89 | 6.87 | 22.20 | 24.31 | 5.07 | 1.59 | -3.02 | 5.10 |
| CONTINGENCY RESERVE FUND | 500 | 0.01 | 0.08 | 0.25 | 0.52 | 0.35 | 4.41 | 4.59 | 3.03 | | | |
| TOTAL ALTERNATIVE INVESTMENTS | 349,486 | 5.75 | -0.02 | 4.40 | 8.42 | 6.53 | 20.95 | 22.93 | 5.06 | 1.82 | | |
| NCREIF PROPERTY INDEX ONE OTR LAG | | | 0.00 | 2.76 | 4.78 | 2.76 | 6.97 | 8.99 | 7.86 | 7.67 | 8.80 | 9.31 |
| CASH EQUIVALENTS | | | | | | | | | | | | |
| CASH ACCOUNT (INSIDE) | 21,091 | 0.35 | 2.63 | 5.87 | 10.53 | 7.69 | 18.51 | 24.56 | 54.53 | 64.53 | | |
| CASH ACCOUNT (OUTSIDE) | 13,990 | 0.23 | 0.08 | 0.25 | 0.52 | 0.35 | 4.41 | 4.59 | 3.03 | 3.01 | | |
| TOTAL PLAN | | | | | | | | | | | | |
| TOTAL PLAN | 6,078,170 | 100.00 | -2.39 | -1.07 | 6.90 | 0.94 | 16.59 | 23.95 | 6.94 | 2.74 | -0.92 | 2.41 |
| TOTAL PLAN BENCHMARK* | | | -2.47 | -1.13 | 6.28 | 0.58 | 15.29 | 22.82 | 6.74 | 2.59 | -0.10 | 1.84 |

*52.5% W5000/25.0% LBAGG/22.5% MSCIAWORLDFREEexUSA

| Asset Allocation Report Market Values at April 30, 2004 (\$Millions) | | Style Mandate | Actual | | Target | | Difference | Cash | % of Total |
|--|--------------------------|-------------------|---------------|-------------------|----------------|-------------------|-----------------|--------------|---------------|
| Domestic Equity | | | | | | | | | |
| Shott Capital Mgmt | alternative distribution | 2.13 | 0.0% | 0.00 | 0.00% | 2.13 | 0.00 | 0.0% | |
| SSgA Russell 1000 | Passive | 1,235.62 | 20.3% | 1,230.83 | 20.25% | 4.79 | 0.11 | 0.0% | |
| SSgA Core | active core | 286.30 | 4.7% | 273.52 | 4.50% | 12.78 | 1.23 | 0.4% | |
| PIMCO | Enhanced Equity | 407.93 | 6.7% | 410.28 | 6.75% | -2.34 | 0.00 | 0.0% | |
| NorthPointe Capital | Small Cap Value | 287.99 | 4.7% | 273.52 | 4.50% | 14.48 | 12.35 | 4.3% | |
| Wellington Mgmt | Small Cap Core | 293.74 | 4.8% | 273.52 | 4.50% | 20.22 | 8.14 | 2.8% | |
| Wasatch Advisors | Small Cap Growth | 144.47 | 2.4% | 136.76 | 2.25% | 7.71 | 5.61 | 3.9% | |
| Columbia Mgmt | Small Cap Growth | 143.89 | 2.4% | 136.76 | 2.25% | 7.13 | 5.36 | 3.7% | |
| Transition Account | | 0.00 | 0.0% | 0.00 | 0.00% | 0.00 | 0.00 | 0.0% | |
| TOTAL DOMESTIC EQUITY | | \$2,802.08 | 46.1% | 2,735.18 | 45.00% | \$66.90 | \$32.81 | 1.2% | |
| International Equity | | | | | | | | | |
| Bank of Ireland | MSCI ACWI | 459.48 | 7.6% | 455.86 | 7.50% | 3.62 | 4.05 | 0.9% | |
| SSgA - MSCI-ACWI | MSCI ACWI | 464.17 | 7.6% | 455.86 | 7.50% | 8.31 | 0.11 | 0.0% | |
| Transition Account | MSCI ACWI | 12.34 | 0.2% | 0.00 | 0.00% | 12.34 | 11.30 | 91.6% | |
| Delaware | MSCI ACWI | 463.31 | 7.6% | 455.86 | 7.50% | 7.45 | 72.00 | | |
| TOTAL INT'L EQUITY | | \$1,399.30 | 23.0% | \$1,367.59 | 22.50% | \$31.71 | \$87.46 | 6.3% | |
| Domestic Fixed Income | | | | | | | | | |
| Columbia Mgmt | active core | 404.54 | 6.7% | 513.00 | 8.44% | -108.46 | 3.87 | 1.0% | |
| Fidelity Management & Research | mortgages | 403.07 | 6.6% | 379.89 | 6.25% | 23.18 | 70.35 | 17.5% | |
| Brown Brothers, Harriman | opportunistic core | 185.37 | 3.0% | 170.80 | 2.81% | 14.58 | 8.86 | 4.8% | |
| In-State Fixed Income | short/int govt | 22.16 | 0.4% | 0.00 | 0.00% | 22.16 | 0.00 | 0.0% | |
| Taplin, Canida & Habacht | corporates | 241.13 | 4.0% | 227.93 | 3.75% | 13.20 | 17.43 | 7.2% | |
| Mackay Shields | high yield | 117.12 | 1.9% | 113.97 | 1.88% | 3.16 | 9.64 | 8.2% | |
| Shenkman Capital Mgmt | high yield | 118.25 | 1.9% | 113.97 | 1.88% | 4.28 | 5.19 | 4.4% | |
| Transition Account | | 0.58 | 0.0% | 0.00 | 0.00% | 0.58 | 0.00 | 0.0% | |
| TOTAL FIXED-INCOME | | \$1,492.23 | 24.5% | \$1,519.54 | 25.00% | -\$27.32 | \$115.33 | 7.7% | |
| Alternative Investments | | | | | | | | | |
| JMB/ Heitman Advisory Corp | real estate | 0.00 | 0.0% | | | | 0.0 | | |
| L&B Real Estate Counsel | real estate | 18.70 | 0.3% | | | | | | |
| Shott Capital Mgmt | alternative distribution | 0.00 | 0.0% | | | | | | |
| Pacific Corp Group | Private Equity | 330.29 | 5.4% | 455.86 | 7.50% | -125.57 | 0.1 | 0.0% | |
| Bank Disposition | contingency | 0.50 | 0.0% | | | | - | | |
| TOTAL ALTERNATIVE INVESTMENTS | | \$349.49 | 5.7% | \$455.86 | 7.50% | -\$106.38 | 0.1 | 0.0% | |
| CASH EQUIVALENTS | STIF, Yield+ | 35.08 | 0.6% | 0.00 | 0.00% | 35.08 | 35.04 | 99.9% | |
| TOTAL ASSETS | | \$6,078.17 | 100.0% | \$6,078.17 | 100.00% | \$0.00 | \$270.74 | 4.5% | |
| Allocation By Management Style | | | | | | | | | |
| Domestic Equity | | | | | | | | | |
| Core | | 286.30 | 4.7% | 273.52 | 4.50% | 12.78 | 1.23 | 0.4% | |
| Index | | 1,235.62 | 20.3% | 1,230.83 | 20.25% | 4.79 | 0.11 | 0.0% | |
| Enhanced Equity | | 407.93 | 6.7% | 410.28 | 6.75% | (2.34) | - | 0.0% | |
| Alt Distribution | | 2.13 | 0.0% | - | 0.00% | 2.13 | - | 0.0% | |
| Active Small Cap | | 870.10 | 14.3% | 820.55 | 13.50% | 49.54 | 31.46 | 3.6% | |
| TOTAL DOMESTIC EQUITY | | \$2,802.08 | 46.1% | \$2,735.18 | 45.00% | \$66.90 | \$32.81 | 1.2% | |
| International Equity | | | | | | | | | |
| Active | | 1,399.30 | 23.0% | 1,367.59 | 22.50% | 31.71 | 87.46 | 6.3% | |
| TOTAL INT'L EQUITY | | \$1,399.30 | 23.0% | \$1,367.59 | 22.50% | \$31.71 | \$87.46 | 6.3% | |
| Domestic Fixed Income | | | | | | | | | |
| Mortgage | | 403.07 | 13.3% | 379.89 | 6.25% | 23.18 | 70.35 | 17.5% | |
| Core | | 612.08 | 3.4% | 683.79 | 11.25% | (71.72) | 12.73 | 2.1% | |
| Corporates | | 241.13 | 4.0% | 227.93 | 3.75% | 13.20 | 17.43 | 7.2% | |
| High Yield | | 235.95 | 3.9% | 227.93 | 3.75% | 8.01 | 14.82 | 6.3% | |
| TOTAL FIXED-INCOME | | \$1,492.23 | 24.5% | \$1,519.54 | 25.00% | (\$27.32) | \$115.33 | 7.7% | |
| Alternative Investments | | | | | | | | | |
| Real Estate | | 18.70 | 0.3% | | | | | | |
| Other Alternative Investments | | 330.79 | 5.4% | | | | 0.10 | | |
| TOTAL ALTERNATIVE INVESTMENTS | | \$349.49 | 5.7% | \$455.86 | 7.50% | (\$106.38) | 0.10 | | |
| CASH EQUIVALENTS | STIF, Yield+ | 35.08 | 0.6% | 0.00 | 0.00% | 35.08 | 35.04 | 99.9% | |
| TOTAL ASSETS | | \$6,078.17 | 100.0% | \$6,078.17 | 100.00% | \$0.00 | \$270.74 | 4.5% | |

RHODE ISLAND STATE INVESTMENT COMMISSION
Domestic Equity Holdings By Top 10 Market Values
Separately Managed

APRIL 30, 2004

| <i>Equities</i> | | | | |
|---------------------------------|-------------------------|--------------------------|---------------------------|-----------------------------------|
| RANK | SECURITY NAME | PAR VALUES/SHARES | BASE MARKET AMOUNT | MONEY MANAGERS |
| 1 | NEXTEL PARTNERS INC | 714,600 | \$9,539,910 | Wellington, NorthPointe |
| 2 | RED HAT INC | 399,300 | 9,068,103 | Wellington |
| 3 | O'REILLY AUTOMOTIVE INC | 189,875 | 8,523,489 | Wasatch |
| 4 | TRIAD HOSPS INC | 242,500 | 8,247,425 | Columbia, NorthPointe |
| 5 | RENT A CTR INC | 280,937 | 8,223,026 | Wasatch |
| 6 | MICROSOFT CORP | 310,400 | 8,061,088 | SSgA |
| 7 | FOOT LOCKER INC | 309,400 | 7,425,600 | Wellington |
| 8 | KENNAMETAL INC | 167,600 | 7,233,616 | Columbia, Wellington, NorthPointe |
| 9 | BANK AMER CORP | 89,200 | 7,179,708 | SSgA |
| 10 | EXXON MOBIL CORP | 163,670 | 6,964,159 | SSgA |
| | | 2.87% | \$80,466,123 | |
| Total Composite Equities | | | \$2,802,075,492 | |

International Equity Holdings By Top 10 Market Values

APRIL 30, 2004

| <i>International Equities</i> | | | | |
|---|----------------------|--------------------------|---------------------------|-----------------------|
| RANK | SECURITY NAME | PAR VALUES/SHARES | BASE MARKET AMOUNT | MONEY MANAGERS |
| 1 | CANON INC | 323,000 | \$16,946,853 | Bank of Ireland |
| 2 | NESTLE SA | 64,064 | 16,342,829 | Bank of Ireland |
| 3 | TOTAL SA EUR10 | 84,881 | 15,700,200 | Bank of Ireland |
| 4 | UBS | 195,793 | 13,915,105 | Bank of Ireland |
| 5 | SAMSUNG ELECTRS LTD | 24,401 | 11,583,378 | Bank of Ireland |
| 6 | E ON AG | 166,393 | 11,030,341 | Bank of Ireland |
| 7 | VODAFONE GROUP | 4,434,681 | 10,774,020 | Bank of Ireland |
| 8 | ING GROEP | 494,944 | 10,608,460 | Bank of Ireland |
| 9 | AVENTIS SA | 136,339 | 10,386,385 | Bank of Ireland |
| 10 | NIPPON TEL + TEL | 1,976 | 10,385,393 | Bank of Ireland |
| | | 9.12% | \$127,672,965 | |
| Total Composite International Equities | | | \$1,399,299,145 | |

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ACCRUAL BASIS

| | Actual Jul 03 | Actual Aug | Actual Sept | Actual Oct | Actual Nov | Actual Dec | Actual Jan 04 | Actual Feb | Projected Mar | Projected Apr | Projected May | Projected Jun | Projected TOTAL |
|-----------------------|------------------|---------------|----------------|---------------|---------------|---------------|------------------|---------------|------------------|------------------|------------------|------------------|--------------------|
| EQUITIES | | | | | | | | | | | | | |
| SSGA Core | 172,446 | | | | | 184,262 | | | 156,250 | | | 156,250 | 669,208 |
| SSGA Russell 1000 | 30,031 | | | | | 29,775 | | | 28,750 | | | 28,750 | 117,306 |
| Shott Capital | 3,316 | | | | | 4,061 | | | 4,000 | | | 4,000 | 15,377 |
| FIMCO | 210,435 | | | | | 225,000 | | | 225,000 | | | 225,000 | 885,435 |
| Columbia Equities | 227,523 | | | | | 233,767 | | | 200,000 | | | 200,000 | 861,290 |
| Wellington Mgmt | 458,480 | | | | | 482,467 | | | 235,000 | | | 235,000 | 1,410,947 |
| Wasatch Advisors | 88,452 | | | | | 88,119 | | | 150,000 | | | 150,000 | 476,571 |
| NorthPointe | 402,628 | | | | | 413,949 | | | 237,500 | | | 237,500 | 1,291,577 |
| FIXED INCOME | | | | | | | | | | | | | |
| Columbia Fixed Income | 172,549 | | | | | 170,214 | | | 193,750 | | | 82,500 | 536,513 |
| Brown Bros. | 71,509 | | | | | 79,307 | | | 82,500 | | | 82,500 | 315,816 |
| Figelity | 111,389 | | | | | 118,220 | | | 135,000 | | | 135,000 | 499,609 |
| Taplin | 127,577 | | | | | 129,644 | | | 135,000 | | | 135,000 | 527,221 |
| Mackay Shields | 125,851 | | | | | 126,619 | | | 125,000 | | | 125,000 | 502,470 |
| Shenkman | 113,199 | | | | | 117,719 | | | 115,000 | | | 115,000 | 460,918 |
| Brown Bros. TIPS | | | | | | | | | | | | 125,000 | |

ENRSRI & MERSRI

Judges/State Police Retirement System

| | Actual July 2003 | Actual August | Actual September | Actual October | Actual November | Actual December | Actual January 2004 | Actual February | Actual March | Actual April | Projected May | Projected June | Projected TOTAL |
|-------------------------|------------------|---------------|------------------|----------------|-----------------|-----------------|---------------------|-----------------|--------------|--------------|---------------|----------------|-----------------|
| MEMBER BENEFITS | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 168,000 |
| ADMINISTRATIVE EXPENSES | 193 | 176 | 13,885 | 14,428 | 605 | 166 | 223 | 259 | 972 | 14,886 | 320 | 22,670 | 68,763 |
| INVESTMENT EXPENSES | 4,408 | 1,775 | 16,299 | 3,714 | 1,015 | 18,435 | 8,625 | 146 | 16,408 | 91 | 850 | 22,670 | 94,436 |
| TOTAL OUTFLOW | 18,601 | 15,951 | 44,164 | 32,142 | 15,620 | 32,601 | 22,848 | 14,405 | 31,380 | 28,977 | 15,170 | 59,340 | 331,199 |
| CONTRIBUTIONS | 395,000 | 320,000 | 375,000 | 365,000 | 390,000 | 360,000 | 580,000 | 436,759 | 550,000 | 405,000 | 749,000 | 490,000 | 5,415,759 |
| OTHER INCOME* | 9,246 | 11,079 | 32,185 | 14,239 | 13,197 | 8,068 | 36,550 | 10,198 | 43,090 | 12,944 | 5,558 | 4,463 | 200,817 |
| TOTAL INCOME | 404,246 | 331,079 | 407,185 | 379,239 | 403,197 | 368,068 | 616,550 | 446,957 | 593,090 | 417,944 | 754,558 | 494,463 | 5,616,576 |
| DIFFERENCE | 385,645 | 315,128 | 363,021 | 347,097 | 387,577 | 335,467 | 593,702 | 432,552 | 561,710 | 388,967 | 739,388 | 435,123 | 5,285,377 |

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

CSFL04

| |
|---|
| Rhode Island Employees Retirement System Securities Lending Report April, 2004 |
|---|

| <u>INVESTMENT MANAGER</u> | <u>Income</u> | <u>Average Collateral Balance</u> |
|--|--------------------------|---------------------------------------|
| <u>DOMESTIC EQUITY</u> | | |
| Columbia Partners | \$ 6,292 | \$ 28,594,209 |
| Wellington Mgmt. Co., LLP | 11,007 | 61,515,468 |
| Wasatch Advisors | 10,665 | 34,213,960 |
| NorthPointe Capital | 15,830 | 44,824,671 |
| SSgA Core | <u>2,804</u> | <u>18,088,504</u> |
| Total Domestic Equity | <u>\$ 46,598</u> | <u>\$ 187,236,811</u> |
| | | |
| <u>INTERNATIONAL EQUITY</u> | | |
| Bank of Ireland | 70,505 | 135,101,936 |
| Delaware Investment Partners | <u>390</u> | <u>568,789</u> |
| Total International Equity | <u>\$ 70,895</u> | <u>\$ 135,670,726</u> |
| | | |
| <u>FIXED INCOME</u> | | |
| Fidelity Management Trust Co | 2,189 | 40,857,500 |
| Columbia Management | 19,882 | 141,560,549 |
| Brown Brothers, Harriman | 4,760 | 43,389,056 |
| Taplin, Canida & Habacht | 3,959 | 27,261,386 |
| MacKay Shields | 3,736 | 14,355,775 |
| Shenkman Capital Management | <u>3,738</u> | <u>13,562,932</u> |
| Total Fixed Income | <u>\$ 38,264</u> | <u>\$ 280,987,198</u> |
| | | |
| TOTAL SECURITIES LENDING INCOME | <u>\$ 155,757</u> | <u>\$ 603,894,735</u> |
| | | |
| Calendar Year 2004 YTD | <u>\$ 525,295</u> | |

ALTERNATIVE INVESTMENTS

FISCAL YEAR ANALYSES

CASH FLOW

| <u>FISCAL YEAR 2001</u> | <u>JUL 2000</u> | <u>AUG</u> | <u>SEPT</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>JAN 2001</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>YTD</u> |
|-------------------------------------|-----------------|------------|-------------|------------|------------|------------|-----------------|------------|------------|------------|------------|------------|------------|
| FUNDING | 7,850,261 | 7,940,976 | 2,416,691 | 3,796,586 | 2,964,509 | 4,678,116 | 3,051,803 | 1,099,337 | 2,863,015 | 9,106,342 | 4,013,476 | 1,925,133 | 51,708,245 |
| DISTRIB & RET OF CAPITAL | 454,835 | 6,038,639 | 1,926,442 | 3,217,130 | 4,769,473 | 856,092 | 665,329 | 3,042,558 | 1,987,251 | 3,733,464 | 765,820 | 1,167,650 | 28,644,683 |
| GAINS/LOSSES/INCOME | 2,947,475 | 1,573,768 | 8,843,848 | 944,012 | 788,589 | 1,599,978 | 742,481 | 2,806,532 | 1,217,223 | 446,040 | 189,909 | 1,116,919 | 23,216,774 |

| <u>FISCAL YEAR 2002</u> | <u>JUL 2001</u> | <u>AUG</u> | <u>SEPT</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>JAN 2002</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>YTD</u> |
|-------------------------------------|-----------------|------------|-------------|------------|------------|------------|-----------------|------------|------------|------------|------------|------------|------------|
| FUNDING | 2,811,969 | 2,446,774 | 887,809 | 7,070,705 | 2,539,487 | 4,008,151 | 7,307,155 | 6,607,182 | 4,926,838 | 2,754,691 | 3,785,407 | 3,374,775 | 48,520,943 |
| DISTRIB & RET OF CAPITAL | 1,900,266 | 572,212 | 1,949,501 | 48,098 | 1,255,339 | 1,773,166 | 2,539,580 | 559,306 | 2,194,701 | 637,233 | 1,183,349 | 3,353,124 | 17,965,675 |
| GAINS/LOSSES/INCOME | 443,245 | 20,359,100 | 398,539 | 23,394 | 479,230 | 1,882,213 | 10,453,060 | 301,945 | 213,708 | 871,873 | 1,101,240 | 2,851,061 | 39,378,608 |

| <u>FISCAL YEAR 2003</u> | <u>JUL 2002</u> | <u>AUG</u> | <u>SEPT</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>JAN 2003</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>YTD</u> |
|-------------------------------------|-----------------|------------|-------------|------------|------------|------------|-----------------|------------|------------|------------|------------|------------|------------|
| FUNDING | 5,688,208 | 908,809 | 4,008,692 | 2,784,612 | 6,031,671 | 10,055,487 | 5,964,640 | 8,945,952 | 8,302,275 | 1,559,849 | 7,039,468 | 7,321,599 | 68,611,262 |
| DISTRIB & RET OF CAPITAL | 8,481,884 | 0 | 109,159 | 971,928 | 45,320 | 2,377,624 | 14,171 | 594,985 | 1,877,116 | 802,572 | 4,510,023 | 3,341,833 | 23,126,615 |
| GAINS/LOSSES/INCOME | 648,632 | 0 | 0 | 2,743,091 | 374,518 | 1,236,224 | 63,688 | 1,116,815 | 286,585 | 3,307,790 | 725,727 | 605,961 | 11,109,051 |

| <u>FISCAL YEAR 2004</u> | <u>JUL 03</u> | <u>AUG</u> | <u>SEPT</u> | <u>OCT</u> | <u>NOV</u> | <u>DEC</u> | <u>JAN 04</u> | <u>FEB</u> | <u>MAR</u> | <u>APR</u> | <u>MAY</u> | <u>JUN</u> | <u>YTD</u> |
|-------------------------------------|---------------|------------|-------------|------------|------------|------------|---------------|------------|------------|------------|------------|------------|------------|
| FUNDING | 4,924,411 | 3,087,875 | 1,603,013 | 9,156,260 | 7,458,137 | 10,907,301 | 5,750,254 | 6,474,008 | 5,673,844 | 8,296,537 | | | 63,331,640 |
| DISTRIB & RET OF CAPITAL | 2,060,054 | 6,234,281 | 1,389,280 | 5,416,336 | 2,150,302 | 4,788,822 | 4,987,015 | 2,721,615 | 4,582,495 | 5,377,810 | | | 39,708,010 |
| GAINS/LOSSES/INCOME | 2,089,455 | 2,015,513 | 1,284,082 | 2,258,648 | 399,549 | 2,469,072 | 7,138,295 | 731,671 | 7,538,531 | 1,791,386 | | | 27,716,202 |

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 April 30, 2004

| | Principal | Interest* | Total Value @ Maturity |
|--------------------------------|-------------|-----------|---------------------------|
| 4901 GENERAL FUND | 39,566,599 | 11,780 | 39,578,379 |
| 4904 PENSION C | 4,500,000 | 129 | 4,500,129 |
| 4908 PAYROLL A | 500,000 | 449 | 500,449 |
| 4916 GENERAL FUND H.A.V.A. | 2,557,193 | 27,731 | 2,584,925 |
| 4920 GENERAL FUND (HIST PRES) | 451,657 | 0 | 451,657 |
| 5400 HIGHWAY FUND | 12,090,796 | 320 | 12,091,116 |
| 5500 UNIVERSITY COLLEGE | 0 | 1,937 | 1,937 |
| 5800 PROV. RIVER RELOCATION | 0 | 0 | 0 |
| 6920 AUTO EQUIPMENT SERVICE | 1,002,645 | 0 | 1,002,645 |
| 8000 T.D.I. RESERVE (DET) | 73,397,499 | 357 | 73,397,856 |
| 8300 PERMANENT SCHOOL FUND | 652,027 | 642 | 652,669 |
| 8400 EMP RETIREMENT FUND | 1,400,912 | 1,190 | 1,402,103 |
| 8500 MUN EMP RETIREMENT FUND | 1,950,000 | 217 | 1,950,217 |
| 8700 R.I. CLEAN WATER ACT | 1,502,929 | 0 | 1,502,929 |
| 9000 BOND CAPITAL FUND | 2,524,793 | 0 | 2,524,793 |
| 9400 R.I. HIGHER EDUCATION | 0 | 0 | 0 |
| 9700 STATE LOTTERY FUND | 35,719,788 | 3,570 | 35,723,358 |
| 9800 INDUS. BLDG. & MTG. INS. | 3,412,723 | 416 | 3,413,139 |
| 9900 SINKING FUND | 279,771 | 19,133 | 298,904 |
| 4911 TANS | 150,597,852 | 0 | 150,597,852 |
| Subtotal | 332,107,185 | 67,871 | 332,175,056 |
| 8702 CLEAN WATER 1993 SER. A | 15,728 | | |
| 8703 CLEAN WATER 1991 SERIES A | 695,446 | | |
| 8704 CLEAN WATER 96 SERIES A | 259,112 | | |
| 8706 CLEAN WATER CCDL 1994 (A) | 166,433 | | |
| 8707 CAP DEV. OF 1997 SERIES A | 74,971 | | |
| 8710 CLEAN WATER CCDL 2002 A | 488,031 | | |
| 8711 CLEAN WATER 2004 SERIES A | 752,367 | | |
| 8733 CAP DEV. OF 1997 SERIES A | 100,117 | | |
| 8737 RI POLLUT. CONT 94 SER. A | 6,340 | | |
| 8739 CCDL99A 1999A | 374,443 | | |
| 8741 BOND 2001 | 13 | | |
| 8742 POLLUTION CNTRL 2002 A | 45,643 | | |
| 8743 POLL.CONTRL 2004 SERIES A | 1,236,768 | | |
| 9114 G.O. NOTE 1991 SER. B | 3,786 | | |
| 9116 BOND CCDL 1993 SERIES A | 544,026 | | |
| 9117 BOND CCDL 1994 SERIES A | 991,878 | | |
| 9120 BOND CCBL96A | 1,667,327 | | |
| 9121 CAP DEV OF 1997 SERIES A | 1,055,928 | | |
| 9123 CCDL 1998B | 2,577,143 | | |
| 9124 CCDL99A 1999A | 1,874,678 | | |
| 9125 MMG099 1999 | 3,169 | | |
| 9126 BOND CAPITOL CCDL2000A | 5,047,534 | | |
| 9127 MULTI-MODAL GEN OBL 2000 | 2,813 | | |
| 9128 BOND 2001 | 1,043,991 | | |
| 9129 BOND CCDL 2002 SERIES A | 9,092,747 | | |
| 9131 CCDL 2004 SERIES A | 75,637,840 | | |
| Subtotal Bond Proceed Accounts | 103,758,270 | | |
| Total Short Term Portfolio | 435,865,455 | | |

* General Fund (4901,4911,4913,4914,4916), TDI (8000), & ISTE (5400), Lottery (9700), RI Ind Bldg (9800) and Auto Equip (6900) Investments do not reflect interest earnings on Brinson and Dreyfus MM, and Citizens Premium Investments due to nature of Money Market investments. Interest is posted on the 1st business day of the next month.

Short Term Interest Rate Performance
April 30, 2004

| <u>Date</u> | <u>Amount Invested (millions)</u> | <u>Money Market Funds</u> | <u>Weighted Interest Rate</u> | <u>30 Day Treasury Rate</u> | <u>Basis Point Difference</u> | <u>Date</u> | <u>Total Investment (millions)</u> |
|--------------|-----------------------------------|---------------------------|-------------------------------|-----------------------------|-------------------------------|-------------|------------------------------------|
| 4/01 | \$20.30 | \$1.47 | 0.97 | 0.94 | 3.14 | 4/01 | \$427.14 |
| 4/02 | \$23.60 | \$0.00 | 1.00 | 0.93 | 6.87 | 4/02 | \$408.43 |
| 4/05 | \$21.15 | \$0.00 | 0.99 | 0.92 | 7.17 | 4/05 | \$412.13 |
| 4/06 | \$20.90 | \$0.00 | 1.01 | 0.91 | 10.12 | 4/06 | \$412.88 |
| 4/07 | \$37.60 | \$0.00 | 0.97 | 0.92 | 4.72 | 4/07 | \$429.29 |
| 4/08 | \$35.30 | \$0.00 | 0.96 | 0.93 | 2.75 | 4/08 | \$425.08 |
| 4/09 | \$41.65 | \$0.00 | 0.97 | 0.91 | 6.22 | 4/09 | \$417.65 |
| 4/12 | \$51.99 | \$0.00 | 0.97 | 0.90 | 7.17 | 4/12 | \$431.54 |
| 4/13 | \$24.03 | \$0.00 | 0.98 | 0.88 | 10.25 | 4/13 | \$432.79 |
| 4/14 | \$28.81 | \$0.00 | 0.98 | 0.90 | 8.34 | 4/14 | \$433.64 |
| 4/15 | \$34.60 | \$0.00 | 0.98 | 0.91 | 6.57 | 4/15 | \$452.44 |
| 4/16 | \$90.24 | \$0.00 | 0.96 | 0.91 | 5.01 | 4/16 | \$413.88 |
| 4/19 | \$56.90 | \$0.00 | 0.96 | 0.89 | 7.24 | 4/19 | \$466.77 |
| 4/20 | \$70.10 | \$0.00 | 0.94 | 0.90 | 4.28 | 4/20 | \$523.37 |
| 4/21 | \$31.45 | \$0.00 | 0.96 | 0.91 | 4.69 | 4/21 | \$527.37 |
| 4/22 | \$25.60 | \$3.00 | 0.96 | 0.92 | 4.31 | 4/22 | \$538.56 |
| 4/23 | \$45.39 | \$0.00 | 0.94 | 0.89 | 4.65 | 4/23 | \$538.76 |
| 4/26 | \$29.70 | \$1.85 | 0.96 | 0.88 | 7.62 | 4/26 | \$547.91 |
| 4/27 | \$47.00 | \$0.96 | 0.96 | 0.87 | 8.89 | 4/27 | \$574.21 |
| 4/28 | \$13.65 | \$0.98 | 0.98 | 0.88 | 9.68 | 4/28 | \$574.91 |
| 4/29 | \$14.25 | \$0.00 | 0.98 | 0.86 | 11.75 | 4/29 | \$558.41 |
| 4/30 | \$25.50 | \$0.00 | 0.99 | 0.83 | 16.37 | 4/30 | \$435.87 |
| | \$789.69 | \$8.25 | 0.00 | 0.00 | 0.00 | | |
| | Amount Invested | | Weighted Average Rate | Average 30 day Rate | Basis Point Difference | | |
| | \$736.28 | \$7.28 | 0.96 | 0.90 | 6 | | |
| Money Market | \$7.28 | 99.02% | | | | | |
| Total | \$743.56 | 0.98% | | | | | |

SHORT TERM INVESTMENTS
April 30, 2004

| INSTRUMENT | SELLER | BALANCE | AVERAGE RATE | PERCENT OF TOTAL | GUIDELINES PERCENTAGE BY INSTITUTION | GUIDELINES PERCENTAGE BY INSTRUMENT |
|---------------------------------|---------------------|----------------|-----------------|---------------------|--|---|
| (14) CD's | Citizens Bank | 17,209,452.36 | 1.01% | 5.18% | 15% | 15% |
| | State Street Bank | 0.00 | 0.00% | 0.00% | | |
| | Sub-Total: | 17,209,452.36 | | 5.18% | | |
| (19) US AGCY OBLIG | First Tennessee | 34,772,675.67 | 0.96% | 10.47% | 35% | 75% |
| | Fleet National Bank | 0.00 | 0.00% | 0.00% | | |
| | Morgan Stanley | 279,771.33 | 0.98% | 0.08% | | |
| | Zions Bank | 0.00 | 0.00% | 0.00% | | |
| | Paine Webber | 0.00 | 0.00% | 0.00% | | |
| | Chase Securities | 0.00 | 0.00% | 0.00% | | |
| Sub-Total: | 35,052,447.00 | | 10.55% | | | |
| (15) COMMERCIAL PAPER | Fleet National Bank | 0.00 | 0.00% | 0.00% | 10% | 25% |
| | Dean Witter | 0.00 | 0.00% | 0.00% | | |
| | GE | 16,088,942.44 | 1.02% | 4.84% | | |
| | Citigroup | 11,394,943.11 | 1.00% | 3.43% | | |
| | Ford Motor Co | 0.00 | 0.00% | 0.00% | | |
| Sub-Total: | 27,483,885.55 | | 8.28% | | | |
| (17) GOVERNMENT MONEY MRKT | Fidelity | 0.00 | 0.00% | 0.00% | 35% | 50% |
| | Brinson Advisors | 36,227,894.92 | 0.92% | 10.91% | | |
| | Dreyfus | 21,074,621.15 | 0.90% | 6.35% | | |
| (16) REPURCHASE AGREEMENTS | M/S Dean Witter | 68,041,666.67 | 0.95% | 20.49% | 20% | 100% |
| | State Street Bank | 0.00 | 0.00% | 0.00% | | |
| | Sun Trust | 0.00 | 0.00% | 0.00% | | |
| | Paine Webber | 0.00 | 0.00% | 0.00% | | |
| Sub-Total: | 68,041,666.67 | | 20.49% | | | |
| (12) COLLATERALIZED DEPOSITS | Citizens Bank | 127,017,217.31 | 1.20% | 38.25% | 10% | 25% |
| | State Street Bank | 0.00 | 0.00% | 0.00% | | |
| | Chase Securities | 0.00 | 0.00% | 0.00% | | |
| Sub-Total: | 127,017,217.31 | | 0.00% | 38.25% | | |
| TOTAL: | | 332,107,184.96 | 0.97% | 100.00% | | |

SPECIAL FUNDS
 INVESTMENT SUMMARY
 APRIL 30, 2004

| <u>FUND NAME</u> | <u>EQUITIES</u> | <u>CASH & EQUIVALENTS</u> | <u>Gain/Loss</u> | <u>TOTAL MARKET VALUE</u> |
|--|-----------------|-----------------------------------|------------------|---------------------------|
| <u>Abraham Touro Fund</u> | \$0 | \$1,886,334 | (\$79,401) | \$1,886,334 |
| <u>State of Rhode Island Land Grant Fund</u> | 0 | \$64,722 | (\$163) | \$64,722 |
| TOTALS | \$0 | \$1,951,056 | (\$79,564) | \$1,951,056 |



U.S. FINANCIAL SERVICES

Thomas J. McInerney
Chief Executive Officer

March 29, 2004

Dear ING Client:

Over the past year, you have probably seen troubling headlines about mutual fund trading practices at some of the largest and most respected financial services companies in the country. Because ING sells mutual funds both as stand-alone products and as part of other savings vehicles like annuities, I want to make sure you know our stance on these issues as well as findings from an internal review we are conducting of our businesses.

Like many financial services companies, ING has responded to inquiries from governmental and regulatory agencies looking into these issues. In addition, we also initiated an internal review of trading practices in ING insurance, retirement, and mutual fund products. The goal of this review has been to identify whether there have been any inappropriate trading in those products or inappropriate activity by ING investment professionals, senior management and others associated with ING.

As a result of our internal review we found that there were several arrangements in place that allowed third parties to engage in frequent trading of mutual funds within our variable insurance and mutual fund products; in one instance this involved late trading. In addition, we identified other circumstances where frequent trading by mutual fund/variable product customers occurred despite measures we took to combat market timing. We also identified two investment professionals who engaged in improper frequent trading in ING Funds. Most of these arrangements existed prior to ING's acquisition of the business, and since learning of them, ING has moved quickly to terminate the arrangements, discipline or terminate employees who were involved, and appropriately modify policies and procedures.

It is important to note that, while our review is not yet fully complete, the issues identified so far do not represent a systemic problem in our businesses. Further ING will reimburse any ING fund or fund shareholders impacted by inappropriate trading for any profits that resulted. Based on our review to date, we don't expect those amounts to be material.

While our review has turned up a relatively small number of issues, our position is that we cannot tolerate any questionable activity. We have taken a number of actions already to reinforce this view. The foundation of our business is built on trust and integrity, and we can't allow that trust to be violated. We want to do everything in our power to protect the interests of our customers, and toward that end, we'll be announcing additional changes to our employee Code of Conduct, to our employee trading policy and to our management investment/trading disclosure requirements. We will also be issuing clarification to our market timing policies.

ING understands that we must earn the trust and confidence of our clients every day. One way we will do this is by conducting our business with the highest standards of ethical conduct with zero tolerance for noncompliance.

Sincerely,

Thomas J. McInerney
Chief Executive Officer
U.S. Financial Services

Performance Update

ING Life Insurance and Annuity Company

STATE OF RHODE ISLAND ING Custom Choice - Blend (wrapped)

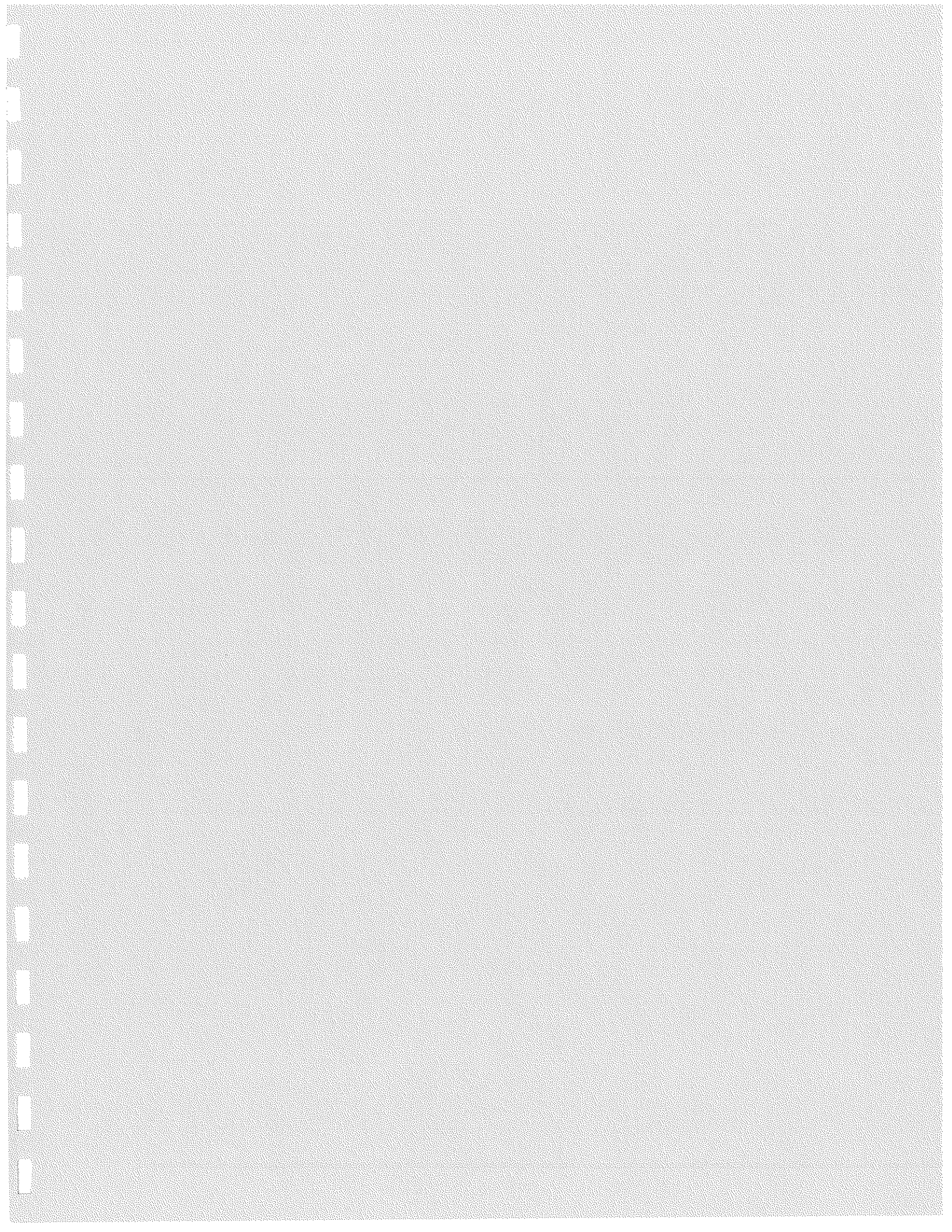
Average Annual Total Returns as of 03/31/2004

Past performance is no guarantee of future results. For month-end performance which may be higher / lower than shown, call 1-800-262-3862. Investing contains market risk, including the possible loss of principal. Consider the investment objectives, risks charges, expenses of the product and underlying fund options. The prospectus / prospectus summaries contain this and other information; you may obtain Separate Account / fund prospectuses by calling 1-877-882-5050, read carefully before investing. Current performance may be less than the figures shown. Please note that indexes are unmanaged and do not reflect the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly into any index.

| Investment Options | Fund Benchmark ID (BM) | 1-Mo.* Fund BM | 3-Mo.* Fund BM | YTD* Fund BM | 1-Yr Fund BM | 3-Yr Fund BM | 5-Yr Fund BM | 10-Yr Fund BM | Since Fund Inception | Fund Inception Date |
|--|------------------------|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|------------------|----------------------|---------------------|
| Global / International | | | | | | | | | | |
| ING JPMorgan Fleming International Portfolio - Initial Class - 104 | MSDUFAFE | 0.00% | 4.41% | 4.49% | 51.79% | -1.05% | 0.02% | 0.84% | 3.55% | 11/28/1997 |
| Janus Aspen Series Worldwide Growth Portfolio - Inst Shares - 123 | MSDUWIC | 2.02% | 5.38% | 5.38% | 42.29% | -3.18% | -0.40% | 10.65% | 09/13/1993 | |
| Aggressive Growth | | | | | | | | | | |
| AIM V.I. Capital Appreciation Fund - Series I Shares - 076 | SPXRE | -1.69% | 0.89% | 0.89% | 33.02% | -1.29% | -0.39% | 8.14% | 05/05/1993 | |
| ING VP Small Company Portfolio - Class R - 042 | RS2000 | 1.98% | 5.89% | 5.89% | 52.76% | 8.38% | 11.23% | 9.66% | 11.71% | 12/27/1996 |
| Janus Aspen Series Mid Cap Growth Portfolio - Inst Shares - 119 | RSMIDGRW | 1.04% | 4.86% | 4.86% | 41.76% | -3.07% | -4.16% | 2.29% | 09/13/1993 | |
| Growth | | | | | | | | | | |
| Fidelity® VIP Contrafund® Portfolio - Initial Class - 133 | SPXRE | 0.59% | 3.85% | 3.85% | 36.25% | 6.86% | 3.15% | -1.24% | 14.03% | 01/03/1995 |
| Fidelity® VIP Growth Portfolio - Initial Class - 109 | RS3000G | -2.55% | 1.31% | 1.31% | 38.53% | -2.42% | -2.67% | -5.54% | 10/09/1986 | |
| ING MFS Capital Opportunities Portfolio - Initial Class - 100 | SPXRE | -2.76% | 1.78% | 1.78% | 35.87% | -6.67% | -1.60% | -1.24% | 3.39% | 11/28/1997 |
| ING MFS Research Equity Portfolio - Initial Class - 105 | SPXRE | -2.01% | 3.71% | 3.71% | 33.55% | -2.54% | -2.13% | -1.24% | 1.54% | 11/28/1997 |
| ING VP Value Opportunity Portfolio - Class R - 041 | SPXRE | -1.76% | 1.57% | 1.57% | 31.40% | -3.75% | 2.02% | -1.24% | 9.54% | 12/13/1996 |
| Growth & Income (Stocks) | | | | | | | | | | |
| AIM V.I. Core Equity Fund - Series I Shares - 079 | SPXRE | -2.37% | 0.48% | 0.48% | 31.43% | 0.78% | -2.91% | -1.24% | 9.27% | 05/02/1994 |
| Fidelity® VIP Equity-Income Portfolio - Initial Class - 108 | RS3000V | -1.28% | 1.81% | 1.81% | 41.57% | 3.69% | 3.42% | 4.73% | 11.34% | 12.60% |
| ING VP Growth and Income Portfolio - Class R - 001 | SPXRE | -1.77% | 1.67% | 1.67% | 33.42% | -2.24% | -4.46% | -1.24% | 7.44% | 11.66% |
| ING VP Index Plus LargeCap Portfolio - Class R - 035 | SPXRE | -1.22% | 1.55% | 1.55% | 32.37% | -0.19% | -1.50% | -1.24% | 8.80% | 09/16/1996 |
| Growth & Income (Stocks & Bonds) | | | | | | | | | | |
| Calvert Social Balanced Portfolio - 101 | SPXRE | -0.17% | 2.28% | 2.28% | 23.35% | 2.35% | 0.82% | -1.24% | 8.28% | 11.66% |
| ING VP Balanced Portfolio, Inc. - Class R - 008 | SPX_L | -0.16% | 2.64% | 2.64% | 23.27% | 4.10% | 3.09% | 2.47% | 9.78% | 10.32% |
| Janus Aspen Series Balanced Portfolio - Inst Shares - 124 | SPXRE | 0.09% | 1.78% | 1.78% | 17.05% | 3.11% | 3.42% | -1.24% | 11.66% | 11.66% |
| ING VP Bond Portfolio - Class R - 004 | LEHM | 0.79% | 2.57% | 2.57% | 6.82% | 7.44% | 6.91% | 7.29% | 7.15% | 7.54% |
| Stability of Principal | | | | | | | | | | |
| ING Fixed Account - 457/401 - Base+40 (***) - 043 | MFR | 0.35% | 0.98% | 0.98% | 4.46% | 5.18% | 5.53% | 3.00% | 5.99% | 3.97% |

Performance Update

| Benchmark Id | Benchmark Description |
|--------------|---|
| IBCM | The Money Fund Report Averages™ - All Taxable is an average of the returns of over 250 money market mutual funds surveyed each month by IBC/Donoghue, Inc. |
| LEHM | The Lehman Brothers Aggregate Bond Index is an unmanaged index composed of securities from the Lehman Brothers Government/Corporate Bond Index, Mortgage-Backed Securities Index, and the Asset-Backed Securities Index, including securities that are of investment-grade quality or better, and have at least one year to maturity. |
| MFR | Returns are based upon historical average 30-day compound yields on a universe of taxable money market funds. The data for the universe, which includes approximately 980 funds, is compiled by MoneyNet, Inc. Goal of ING Fixed Account - 457/401 is to outperform the MFR by 150 - 200 basis points over 3 - 5 year time periods. |
| MSDUEAFE | Morgan Stanley Capital International Europe, Australia, Far East Index is a market value-weighted average of the performance of more than 900 securities listed on the stock exchanges of countries in Europe, Australia and the Far East. The MSCI EAFE returns assume reinvestment of all dividends. |
| MSDUWIC | The MSCI World Index (an equity index calculated by Morgan Stanley Capital International) is a market value-weighted average of the performance of more than 1,460 securities listed on the stock exchanges of the developed nations of the world. The MSCI World Index returns assume reinvestment of all dividends. |
| RS2000 | The Russell 2000 Index (a small cap index) consists of the smallest 2,000 companies in the Russell 3000 Index and represents approximately 10% of the Russell 3000 total market capitalization. The Russell 2000 returns assume reinvestment of all dividends. |
| RS3000G | The Russell 3000 Growth Index measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000 Growth or the Russell 2000 Growth indexes. |
| RS3000V | The Russell 3000 Value Index is a market capitalization-weighted index of value-oriented stocks of U.S. domiciled corporations. |
| RSMIDGRW | The Russell MidCap Growth Index is an unmanaged index of U.S. mid-cap growth stocks. |
| SPX | A benchmark consisting of a mix of 60% of an unmanaged stock index (The Standard & Poor's 500) and 40% of an unmanaged bond index (Lehman Aggregate Bond Index). |
| SPXRE | The Standard & Poor's (S&P) 500 Index is considered to be representative of the stock market in general. The S&P 500 returns assume reinvestment of all dividends. |



STATE OF RHODE ISLAND RETIREMENT PLANS INVESTMENT OPTIONS

PERFORMANCE UPDATE

AS OF MARCH 31, 2004

Understanding investment performance

As you review this update, please remember that the data listed below represents past performance, which does not guarantee future results. Also note that periods of market strength may not be repeated, and that share/unit price, yield and return vary. Performance fluctuates over time and current investment performance may be higher or lower than quoted in this table. Because of potential performance fluctuations, you could have a gain or loss when you sell your shares/units.

Short-term trading fees

As indicated below, some investment options impose a short-term trading fee. If you invest in any of these options, please note that you may be subject to this fee if you sell or redeem shares before holding them for the specified minimum period.

Money market funds

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in these funds.

For more information

To learn more or obtain the most recent month-end performance figures, call Fidelity at **1-800-343-0860** or visit **www.fidelity.com**.

| Fund No. | Fund Name | 7-Day Yield▲ | Cumulative Total Returns % Period Ending March 31, 2004 | | Average Annual Total Returns % Period Ending March 31, 2004 | | | | Fund Inception | Expense Ratio |
|--------------------------------------|---|--------------|--|------|--|--------|---------|--------------|----------------|---------------|
| | | | 3 Month | YTD | 1 Year | 5 Year | 10 Year | Life of Fund | | |
| LIFE-CYCLE♣ | | | | | | | | | | |
| 00370 | Fidelity Freedom 2000++ | | 1.61 | 1.61 | 10.97 | 4.43 | n/a | 7.60 | 10/17/96 | 0.70○ |
| 00371 | Fidelity Freedom 2010++ | | 2.23 | 2.23 | 20.15 | 4.33 | n/a | 8.80 | 10/17/96 | 0.81○ |
| 00372 | Fidelity Freedom 2020++ | | 2.46 | 2.46 | 29.68 | 3.19 | n/a | 8.67 | 10/17/96 | 0.88○ |
| 00373 | Fidelity Freedom 2030++ | | 2.47 | 2.47 | 34.22 | 2.27 | n/a | 8.16 | 10/17/96 | 0.91○ |
| 00369 | Fidelity Freedom Income++ | | 1.53 | 1.53 | 8.87 | 4.56 | n/a | 6.39 | 10/17/96 | 0.67○ |
| MONEY MARKET (SHORT-TERM)* | | | | | | | | | | |
| 00630 | Fidelity Retirement Money Market | 0.77 | 0.19 | 0.19 | 0.83 | 3.34 | 4.31 | 4.84 | 12/02/88 | 0.42 |
| BOND | | | | | | | | | | |
| 99474 | PIMCO Total Return - Administrative Class | | 2.63 | 2.63 | 5.93 | 7.71 | n/a | 8.29 | 9/08/94 | 0.68 |
| BALANCED/HYBRID | | | | | | | | | | |
| 00004 | Fidelity Puritar® | | 2.10 | 2.10 | 28.84 | 4.45 | 9.91 | 11.85 | 4/16/47 | 0.64 |
| DOMESTIC EQUITY - LARGE VALUE | | | | | | | | | | |
| 00023 | Fidelity Equity-Income | | 1.75 | 1.75 | 41.13 | 3.40 | 11.33 | 13.20 | 5/16/66 | 0.71 |
| DOMESTIC EQUITY - MID VALUE | | | | | | | | | | |
| 00039 | Fidelity Value | | 4.96 | 4.96 | 47.53 | 11.54 | 12.57 | 14.24 | 12/01/78 | 1.00 |

Please see important disclosures on the last page(s).

continued



AS OF MARCH 31, 2004

Cumulative Total Returns %
Period Ending March 31, 2004

Average Annual Total Returns %
Period Ending March 31, 2004

| Fund No. | Fund Name | Cumulative Total Returns % Period Ending March 31, 2004 | | Average Annual Total Returns % Period Ending March 31, 2004 | | | | Fund Inception | Expense Ratio |
|--------------------------------------|------------------------------|--|------|--|--------|---------|--------------|----------------|---------------|
| | | 3 Month | YTD | 1 Year | 5 Year | 10 Year | Life of Fund | | |
| DOMESTIC EQUITY - LARGE BLEND | | | | | | | | | |
| 00022 | Fidelity Contrafund® | 3.75 | 3.75 | 35.67 | 2.92 | 12.69 | 13.26 | 5/17/67 | 1.00 |
| 00330 | Fidelity Dividend Growth | 1.39 | 1.39 | 31.43 | 2.16 | 14.70 | 15.02 | 4/27/93 | 0.96 |
| 00027 | Fidelity Growth & Income | 1.34 | 1.34 | 23.40 | -1.00 | 10.70 | 13.91 | 12/30/85 | 0.70 |
| 00021 | Fidelity Magellan® | 1.42 | 1.42 | 30.35 | -2.20 | 9.50 | 19.21 | 5/02/63 | 0.72 |
| 00650 | Spartan® U.S. Equity Index++ | 1.64 | 1.64 | 34.93 | -1.35 | 11.48 | 11.86 | 2/17/88 | 0.19 |

DOMESTIC EQUITY - LARGE GROWTH

| | | | | | | | | | |
|-------|---------------------------|------|------|-------|-------|-------|-------|----------|------|
| 00312 | Fidelity Blue Chip Growth | 0.98 | 0.98 | 28.36 | -3.75 | 9.21 | 13.14 | 12/31/87 | 0.65 |
| 00093 | Fidelity OTC | 1.66 | 1.66 | 43.96 | -1.55 | 10.33 | 14.74 | 12/31/84 | 0.90 |

DOMESTIC EQUITY - MID GROWTH

| | | | | | | | | | |
|-------|---|------|------|-------|------|-------|-------|---------|------|
| 00337 | Fidelity Mid-Cap Stock◆◆■ | 3.15 | 3.15 | 41.28 | 9.78 | 15.20 | 14.92 | 3/29/94 | 0.69 |
| 93392 | Franklin Small-Mid Cap Growth - Class A◆**■ | 2.25 | 2.25 | 44.26 | 6.58 | 12.33 | 12.83 | 2/14/92 | 1.02 |

INTERNATIONAL/GLOBAL††

| | | | | | | | | | |
|-------|--------------------------------------|------|------|-------|------|-------|-------|----------|------|
| 00325 | Fidelity Diversified International▲▲ | 6.72 | 6.72 | 61.25 | 9.86 | 11.61 | 11.07 | 12/27/91 | 1.24 |
|-------|--------------------------------------|------|------|-------|------|-------|-------|----------|------|

MARKET INDICES^^

For comparison only. These are not Fidelity funds.

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Dow Jones Industrial Average | -0.41 | -0.41 | 32.39 | 3.05 | 13.26 |
| Lehman Brothers Intermediate Gov't/Credit Bond Index | 2.47 | 2.47 | 5.30 | 7.22 | 7.11 |
| Morgan Stanley EAFE® Index | 4.36 | 4.36 | 57.93 | 0.74 | 4.72 |
| Standard & Poor's 500™ Index | 1.69 | 1.69 | 35.12 | -1.20 | 11.68 |

The funds are arranged according to Morningstar categories. Categories for some equity funds may change over time. For details, please consult the fund's prospectus at fidelity.com.

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the inception date to the period indicated. The figures do not include the effects of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plan. If sales charges were included, returns would have been lower.

Fidelity Management & Research Company manages Fidelity mutual funds.

- ▲ The current yield more closely reflects the current earnings of the fund, while total return refers to a specific past holding period.
- ♣ The Fidelity Freedom Funds are managed by Strategic Advisers, Inc., a subsidiary of FMR Corp.
- ++ Fidelity is temporarily reimbursing a portion of the fund's expenses. Absent such reimbursement, returns would have been lower.
- The combined total expense ratio reflects expense reimbursements and reductions and is based on the total operating expense ratio of the fund plus a weighted average of the total operating expense ratios of the underlying Fidelity funds in which it was invested. This ratio may be higher or lower depending on the allocation of the fund's assets among the underlying Fidelity funds and the actual expenses of the underlying Fidelity funds.
- * An investment in a money market fund is not insured or guaranteed by the FDIC or by any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.
- ◆◆ **There is a 0.75% short-term trading fee on shares held less than 30 days.**
- Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.
- ◆ **There is a 2.00% short-term trading fee on shares held less than 30 days.**
- ** Investments in smaller companies may involve greater risks than those of larger, more well-known companies.
- †† Foreign investments, especially those in emerging markets, involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries and currency fluctuations. There are additional risks associated with those funds that concentrate their investments in one geographic location.
- ▲▲ **There is a 1.00% short-term trading fee on shares held less than 30 days.**

Non-Fidelity mutual funds are managed by non-Fidelity entities. Please consult the prospectus for more information. If applicable, class of shares will vary. Please consult your plan document or enrollment materials for the specific class of shares available through your plan. Performance information for non-Fidelity mutual funds was provided by a third-party. Fidelity Investments Institutional Services Company, Inc., is not affiliated with any of the outside fund companies.

^^ The following indices are defined for informational purposes only. All indices are unmanaged and performance of the indices are not illustrative of any particular investment. An investment cannot be made in any index.
Dow Jones Industrial Average (DJIA), published by Dow Jones and Company, is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends. It is not offered as a comparison for any investment option but rather as a general stock market indicator. **Lehman Brothers Intermediate Government/Credit Bond Index** is an unmanaged, market-value weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between one and ten years. **EAFE® Index (Morgan Stanley Capital International Europe, Australasia, Far East Index)** is an unmanaged index of over 1,000 foreign common stock prices and includes the reinvestment of dividends. The EAFE® Index is a registered service mark of Morgan Stanley and has been licensed for use by FMR Corp. The investment options offered through the plan are neither sponsored by nor affiliated with

AS OF MARCH 31, 2004

Morgan Stanley. **The Standard & Poor's 500SM Index (S&P 500[®])** is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks.

Although the information contained in this report has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited.

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Before investing in any investment option, please consider the investment objectives, risks, charges and expenses. For this and other information on any mutual fund or annuity available through the plan, call Fidelity at 1-800-343-0860 or visit www.fidelity.com for a free mutual fund prospectus or a fixed annuity fact sheet. Read it carefully before you invest.

Portfolio Director

Fixed and Variable Annuity

The information is current as of 03/31/2004.

Effective December 31, 2001, all future contributions for all existing and new participants will be directed to VALIC Retirement Services for investment into the mutual fund and fixed-interest option investments. All VALIC annuity investment options will be closed to current or future Plan participants after this date.

| Category/Funds | YTD Return | 1 Year Return | 3 Year Return | 5 Year Return | 10 Year Return | Since Inception | Expense Ratio | ITD Date |
|--|------------|---------------|---------------|---------------|----------------|-----------------|---------------|-----------|
| International Equity | | | | | | | | |
| <i>Large Cap Value</i> | | | | | | | | |
| Templeton Foreign ³ | 3.83 | 48.46 | 6.63 | 6.73 | 6.55 | | 2.03 | 10/5/1982 |
| <i>Large Cap Blend</i> | | | | | | | | |
| International Equities | 3.37 | 46.57 | (1.15) | (2.91) | 2.33 | | 1.48 | 10/2/1989 |
| <i>Large Cap Growth</i> | | | | | | | | |
| Putnam Global Equity ² | 3.15 | 41.54 | (1.18) | 1.56 | ** | 9.82 | 2.16 | 7/1/1994 |
| <i>Large Cap Value</i> | | | | | | | | |
| Vanguard Windsor II ³ | 4.48 | 40.80 | 2.92 | 2.29 | 11.51 | | 1.47 | 6/24/1985 |
| <i>Large Cap Blend</i> | | | | | | | | |
| Core Equity (Wellington/WAMU) | 0.79 | 32.01 | (1.51) | (4.10) | ** | 7.21 | 1.77 | 4/29/1994 |
| <i>Large Cap Growth</i> | | | | | | | | |
| Putnam New Opportunities ³ | 2.61 | 37.15 | (3.93) | (5.64) | 7.37 | | 1.78 | 8/31/1990 |
| American Century - 20th Century Ultra | 3.21 | 30.69 | 0.34 | (3.37) | 8.50 | | 1.83 | 11/2/1981 |
| Large Cap Growth (SunAmerica) | (0.04) | 27.05 | (4.55) | ** | ** | (13.91) | 1.90 | 12/8/2000 |
| Income & Growth (American Century) | 2.53 | 36.76 | 2.16 | ** | ** | (2.08) | 1.73 | 12/8/2000 |
| <i>Mid Cap Growth</i> | | | | | | | | |
| Putnam OTC & Emerging Growth ³ | 2.44 | 41.51 | (4.81) | (12.93) | 1.00 | | 2.04 | 11/1/1982 |
| Index | | | | | | | | |
| <i>Small Cap Blend</i> | | | | | | | | |
| Small Cap Index | 5.98 | 61.78 | 9.45 | 8.49 | 9.28 | | 1.32 | 5/1/1992 |
| <i>Mid Cap Blend</i> | | | | | | | | |
| Mid Cap Index | 4.72 | 47.32 | 9.39 | 10.43 | 13.63 | | 1.25 | 10/1/1991 |
| <i>Large Cap Blend</i> | | | | | | | | |
| Stock Index | 1.38 | 33.59 | (0.55) | 2.36 | 10.44 | | 1.20 | 4/20/1987 |
| Socially Responsible | | | | | | | | |
| <i>Large Cap Blend</i> | | | | | | | | |
| Social Awareness | 1.89 | 34.01 | (0.24) | (2.83) | 10.15 | | 1.45 | 10/2/1989 |
| Specialty | | | | | | | | |
| <i>Specialty - Technology</i> | | | | | | | | |
| Science & Technology (T. Rowe Price) | (3.19) | 43.83 | (6.78) | (10.16) | ** | 7.90 | 1.84 | 4/29/1994 |
| Lifestyle | | | | | | | | |
| <i>Mid Cap Blend</i> | | | | | | | | |
| Aggressive Growth Lifestyle | 2.48 | 37.58 | 2.55 | 2.17 | ** | 4.89 | 0.89 | 9/22/1998 |
| Moderate Growth Lifestyle | 2.53 | 29.20 | 4.46 | 4.34 | ** | 6.43 | 0.87 | 9/22/1998 |
| <i>Large Cap Blend</i> | | | | | | | | |
| Conservative Growth Lifestyle | 2.37 | 20.71 | 4.88 | 5.17 | ** | 6.76 | 0.89 | 9/22/1998 |
| Balanced | | | | | | | | |
| <i>Large Cap Blend Interm Corp Bond</i> | | | | | | | | |
| Asset Allocation | 1.73 | 22.42 | 3.06 | 1.51 | 8.09 | | 1.52 | 9/6/1983 |
| <i>Large Cap Value Interm Corp Bond</i> | | | | | | | | |
| Vanguard Wellington ³ | 1.93 | 26.33 | 5.16 | 5.52 | 10.59 | | 1.41 | 7/1/1929 |
| Non-US Govt Bond | | | | | | | | |
| <i>High Quality Med Duration</i> | | | | | | | | |
| International Government | 1.94 | 15.14 | 13.21 | 5.09 | 5.24 | | 1.57 | 10/1/1991 |
| Corporate Bond | | | | | | | | |
| <i>Long Term Corp Bond</i> | | | | | | | | |
| Capital Conservation | 2.28 | 4.44 | 5.76 | 5.45 | 5.89 | | 1.50 | 1/16/1986 |
| Vanguard Long-Term Corporate ³ | 4.71 | 8.44 | 9.17 | 7.43 | 7.50 | | 1.11 | 7/9/1973 |
| US Govt Bond | | | | | | | | |
| <i>Intermediate Government</i> | | | | | | | | |
| Government Securities | 2.44 | 2.22 | 5.72 | 5.86 | 5.90 | | 1.46 | 1/16/1986 |
| <i>Long Government</i> | | | | | | | | |
| Vanguard Long-Term Treasury ³ | 5.04 | 5.71 | 8.17 | 7.59 | 7.83 | | 1.08 | 5/19/1986 |
| Money Market | | | | | | | | |
| <i>Short Term Money Market Instruments</i> | | | | | | | | |
| Money Market I | (0.08) | (0.27) | 0.62 | 2.22 | 3.19 | | 1.44 | 1/16/1986 |

** performance figure is not available due to the inception date of the fund

Higher potential return generally involves greater risk, and short-term volatility is not uncommon when investing in various types of funds, including but not limited to: sector funds, emerging market funds, and small- and mid-cap funds. Risks for emerging markets include, for instance, risks relating to the relatively smaller size and reduced liquidity of these markets, high inflation rates and adverse political developments. Risks for smaller companies include for instance, business risks, significant stock price fluctuations and reduced liquidity. Investing in higher-yielding, lower-rated bonds has a greater risk of price fluctuation and loss of principal and income than U.S. government securities, such as U.S. Treasury bonds and bills. Treasuries are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risks associated with an investment in the fund. International fund unit values and returns will fluctuate with market conditions, currencies, and economic and political climates where investments are made. Government securities offer a high degree of safety and are guaranteed as to the timely payment of principal and interest if held to maturity.

The performance data quoted represent past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's units, when withdrawn, may be worth more or less than the original cost. Returns may be higher or lower than the performance stated due to recent stock market volatility. The funds' returns may have been achieved during favorable market conditions. There can be no assurance that the fund(s) will continue to achieve substantially similar performance as they previously experienced.

¹ Returns in this chart reflect the overall change in accumulation unit values from the beginning of the relevant period net of management fee, administrative fee and fund expenses

² These funds became available through the Portfolio Director contract on July 11, 1994. Returns prior to that time for the funds noted were calculated on a pro forma basis from the inception date of the underlying funds. Current applicable contract charges have been assessed in determining pro forma returns.

³ These funds became available through the Portfolio Director contract on July 1, 1996. Returns prior to that time for the funds noted were calculated on a pro forma basis from the inception date of the underlying funds. Current applicable contract charges have been assessed in determining pro forma returns.

⁴ The Federal Deposit Insurance Corporation or any other government agency does not insure any investment in the money market funds. Although the funds seek to preserve the value of your investment at \$1.000 per share, it is possible to lose money by investing in these funds.

