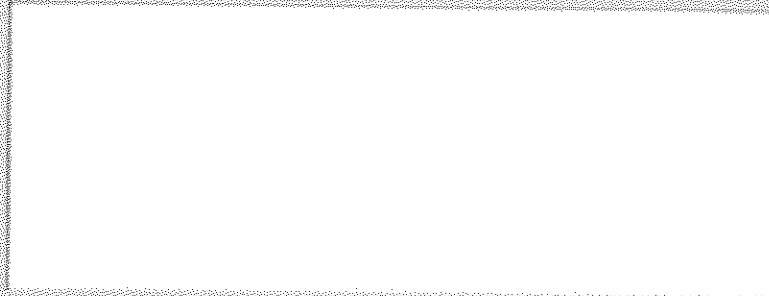


State of Rhode Island  
and Providence Plantations



June 23  
2004

Office of the General Treasurer

Paul J. Tavares  
General Treasurer

**STATE OF RHODE ISLAND  
INVESTMENT COMMISSION MEETING**

**DATA AT  
MAY 31, 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**



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

Paul J. Tavares  
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION  
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Wednesday, June 23, 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 5/26/04 \*
3. Alternative Investment
  - Proposed Investment – Leeds Weld Equity Partners IV, L.P. \*
4. Investment Manager Review
  - Wellington Management Co.
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 THURSDAY, JUNE 17, 2004**



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

**Regular Meeting May 26, 2004**

A State Investment Commission ("SIC") meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, May 26, 2004. There being a quorum present, the Treasurer called the meeting to order at 9:12 a.m.

Membership Roll Call. Present were: Mr. Michael Costello, Ms. Rosemary Booth Gallogly, Dr. Robert J. McKenna, 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 Bensus and Mr. David Lindberg, of Wilshire Associates Incorporated, 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. Absent were: Senator Daniel DaPonte, Ms. Marcia Reback and Mr. James E. Thorsen.

State Investment Commission Minutes. Dr. McKenna moved, Mr. Costello seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Mr. Treat and Treasurer Tavares.

**VOTED: To approve the Minutes of the April 28, 2004 Regular Meeting.**

Investment Manager Review – Wasatch Advisors Inc. ("Wasatch"). Mr. Bensus gave a brief overview noting that Wasatch was retained in 2002 to provide a long-term, strategic allocation to the small stock/growth oriented segment of the US equity market. Market value at 3/31/04 was \$154.2 million representing approximately 5.3% of the US equity composite and approximately 2.5% of the total fund.

Mr. Shane Calhoun, Client Relations Manager represented Wasatch. Mr. J.B. Taylor, Jr., Portfolio Manager was conferenced in by telephone. Mr. Calhoun noted that Wasatch has \$9.1 billion in assets under management as of 3/31/04, with \$2.8 billion in small cap core growth equity style. Mr. Taylor stated that Wasatch invests primarily in core stocks of America's Best Growth Companies ("ABGC"). The stocks are of the highest quality with the most predictable earnings growth, and the ability to grow despite economic concerns or short-term market fluctuations.

For the first quarter of 2004 the portfolio is up 9.26% versus the Russell 2000 benchmark at 6.26%. Wasatch has outperformed the benchmark consistently over the last twelve years. The majority of the portfolio is comprised of: 32.3% in financial services, 27.0% in consumer discretionary, 19.8% in health care. Mr. Taylor then reviewed the top ten holdings. He stated that going forward more companies are priced closer to fair value based on expected earnings. Technology could continue to lead, but Wasatch is sticking to more stable and predictable earnings growth companies.

Investment Manager Review - NorthPointe Capital ("NorthPointe") Mr. Bensus gave a brief overview noting that NorthPointe was retained in 2002 to provide a long-term, strategic allocation to the small stock/value-oriented segment of the US equity market. Market value at 3/31/04 was \$303.4 million, which represents approximately 10.5% of the US equity composite and approximately 4.9% of the total fund.

Ms. Mary Champagne, Portfolio Manager represented NorthPointe. She noted that value stocks have outperformed growth stocks. She stated that 2003 was very speculative, which produced a challenging market environment for small cap value managers. The index was dominated by the smallest of the small stocks and low quality issues. Stocks whose beginning year share prices were below \$5 gained over 95.7% in the year, stocks with negative expected earnings rose 74% last year, and stocks with the lowest return on equity were up 78.6% last year.

Ms. Champagne noted that the portfolio is comprised of: 25.2% financials, 19.4% consumer discretionary, 9.2% technology, and 9.4% materials and processing. NorthPointe returned 64.1% for the last year (period ending 3/31/04), and 5.9% for the first quarter of 2004.

Alliance Capital ("Alliance")/CollegeBoundfund ("CBF") Update. Treasurer Tavares stated that in light of the recent issues, staff has been negotiating with Alliance to amend the SIC's contract with Alliance. The proposed Amendment No. Six effects two significant changes. The contract called for fixed annualized expense minimums that ranged from 90 – 110 basis points. With the reduction of fees that was instituted by Alliance at the request of the Securities and Exchange Commission ("SEC") and the Attorney General of NY, the minimum fees payable under the contract exceeded what was being charged. The Amendment changes the language in the contract to replace minimums with direct pass throughs, which reflect the lower rates.

The second change is with regard to termination language in the contract in the event of contract breaches. The existing language stated that the contract automatically renewed for an additional five year term. The Amendment would allow the SIC and RIHEAA to decline to extend the Agreement in the event that Alliance has breached the Agreement during its initial term. The Amendment also eliminates the cure period (90 days) for any breaches identified by SIC or RIHEAA from the beginning of the contract to the date of the amendment, which covers the issues that came to light last fall.

With the change, if the SIC or RIHEAA finds that Alliance has not addressed the issues related to market timing, they may, at renewal, declare that a breach did occur during the term of the contact. The Treasurer noted that Alliance has been extremely cooperative with regard to these changes.

The Treasurer distributed materials from Alliance relating to the CBF. There are two reports detailing the status of the corrective actions called for in their settlements with the NY Attorney General and the SEC. There are also additional actions listed which Alliance has undertaken on its own to ensure the development of a corporate culture, and practices, which will guard against the future occurrence of wrongdoings. There are also remarks drawn from a speech that Alliance CEO, Lew Sanders, gave at the Council of Institutional Investors.

Treasurer Tavares stated that Alliance is moving swiftly with the actions it was directed to take and is moving ahead with the process for compensating CBF shareholders. It's choice for compensation consultant is awaiting SEC approval, and compensation might take place this fall. The Treasurer noted that from November 2003 through May 2004, approximately 340 RI accounts were transferred to other 529 plans. Out of a total of 11,990 accounts, that represents only 2.8%. Over this period, new accounts outnumbered closed accounts and deposits exceeded withdrawals.

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

**VOTED: To approve the Sixth Amendment to the Management Agreement by and among the SIC, the Rhode Island Higher Education Assistance Authority and Alliance Capital Management L.P., which Amendment gives the SIC additional flexibility in the event that Alliance breaches the Agreement and makes favorable changes with regard to the fee structure of Alliance's management of the CollegeBoundfund, and to ratify and approve the amendments to the Management Agreement previously entered into by such parties.**

JPMorgan Division of CollegeBoundfund. Ms. Caine reminded Commission members that in spring of 2000, JPMorgan approached Alliance because they wanted to jointly manage a 529 Plan. JPMorgan wanted to leverage the success of Alliance's Cbf to distribute to their high net worth private clients group. The plan hasn't been the success that either Alliance or JPMorgan thought it would be for the following reasons: lack of interest from JPMorgan Private Bank, which was the primary driver of the plan's creation, turnover of JPMorgan Private Bank senior management, which resulted in limited internal support for the product and the merger with Banc One, which manages the Indiana 529 Plan creating uncertainty for future viability of JPMorgan plan. Ms. Caine also noted that after two years the plan fell significantly short of JPMorgan's initial projections with only \$25 million (2,400 accounts) in assets under management versus projections of approximately \$500 million.

She noted that Alliance and JPMorgan have mutually decided to terminate and dissolve this program. Of the 2,400 accounts, 40% are New York residents, 24% are Texas residents, 12% are Connecticut residents and 10% are New Jersey residents. The strategy would be to dissolve the program and transfer those assets from the JPMorgan/Alliance Plan to the traditional Cbf options. Ms. Caine expects that not all participants will stay with the Cbf, as some participants may choose to transfer to other state plans.

The assets will automatically transfer to the Cbf to appropriate asset allocation strategies similar to the risk/return profile that these participants initially chose. The transfer will not count as the once-per-year investment change, a restriction imposed by the IRS. The target date for asset transfer is August 23, 2004. Participants will receive a mailing from JPMorgan 60 days prior to the target date informing them of the plan dissolution and transition to the Cbf. A second mailing will go out 30 days prior to the target date restating the points in the first mailing. A third mailing will be a consolidated confirmation of account transition to the Cbf. Ms. Caine noted that the liquidation costs will be borne by the funds themselves.

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

**VOTED: To approve the dissolution of JP Morgan's Higher Education Plan, a division of Rhode Island's 529 Plan. Further, to approve the mapping or transfer of existing JP Morgan accounts to the asset allocation portfolios recommended by Alliance in their presentation on the JP Morgan Higher Education Plan dated May 26, 2004.**

Treasurer Tavares noted that the plan for compensation to participants must be approved by the SEC and is in process. He also noted that he has asked Alliance to develop a low-cost, passive index investment option for Rhode Islanders. A general agreement has been reached and soon the Commission will be presented with a broad market Index Fund option to vote upon.

The Treasurer noted that it will not be necessary to have Alliance/CBf on the agenda as a monthly item going forward.

Wilshire Associates Incorporated – Capital Market Review. Mr. Bensus noted that there are meaningful signs of economic expansion. The strong quarterly earnings reports in the US Equity Market are expected to continue. There is a rotation from small speculative stocks to larger defensive stocks. In 2003 small stocks outperformed larger stocks and lower quality stocks outperformed higher quality stocks. As of May 25, 2004, the S&P is up .7%, Nasdaq is down 1.9%, the Russell 2000 is up 1.5% and the Wilshire 5000 is up .9%. International stocks are down .2%, emerging markets are down 4.5%, and the Lehman Aggregate is down 1.0%.

Deputy Treasurer for Finance Report. Ms. Caine noted that the fund was down 2.4% for the last month versus the benchmark's -2.5% decline. Fiscal year-to-date the fund is up 16.6% versus the benchmark 15.3%.

Ms. Caine reminded Commission members that Delaware International Advisers Ltd. and Goldman Sachs were hired recently to manage the international portfolio. Treasury received an announcement from Delaware Investments, the parent company of Delaware International, which is owned by Lincoln National Insurance Co. that it has agreed to a management buyout of Delaware International. The management team we hired will still be in place. She noted that Jayne Donegan, Esq. will be involved as we need to consent to the assignment of our contract.

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

**VOTED: To adjourn the meeting.**

There being no further business, the meeting was adjourned at 11:05 a.m.

Respectfully submitted,

Paul J. Tavares  
General Treasurer





**RHODE ISLAND STATE INVESTMENT COMMISSION  
STAFF SUMMARY ANALYSIS  
PORTFOLIO HIGHLIGHTS  
May 31, 2004**

**PORTFOLIO PERFORMANCE**

**May**

The ERSRI portfolio posted a gain of 0.79% for the month of May against the policy index of 0.70%. Domestic equities were up by 1.38%, international equities gained 0.10%, and the fixed income asset class lost -0.83%. Additionally, the retirement fund earned \$168,302 from the securities lending program during this month.

**Calendar Year**

For the five months ended May 31st, 2004, the portfolio is up 1.74% against the policy index of 1.28%. Domestic equities gained 1.44%, international equities were up 1.66%, and fixed income lost -0.21%.

**Fiscal Year-to-Date**

For the eleven months ended May 31st, 2004, the fund gained 17.51%, against the fiscal year to date policy index of 16.10%.

ERSRI Performance By Asset Class	May-04	Calendar YTD
Domestic Equity	1.38%	1.44%
Fixed Income	-0.83%	-0.21%
International Equity	0.10%	1.66%
<b>Total Fund Composite*</b>	<b>0.79%</b>	<b>1.74%</b>
<b>Manager Summary</b>		
	<b>May-04</b>	<b>CYTD</b>
<b>DOMESTIC EQUITY</b>		
Wasatch	3.44%	6.00%
Columbia	1.73%	1.78%
SSgA Russell 1000	1.46%	1.53%
PIMCO	1.39%	1.26%
SSgA Core	1.35%	0.76%
Wellington	1.30%	0.59%
NorthPointe	-0.08%	0.46%
Shott	-0.18%	14.26%
<b>Total Domestic Equity</b>	<b>1.38%</b>	<b>1.44%</b>
<b>FIXED INCOME</b>		
Instate Fixed Income	0.54%	2.77%
Fidelity	-0.16%	0.17%
Brown Bros. Harriman	-0.46%	-0.27%
Taplin Canida & Habacht	-0.96%	-0.65%
Mackay Shield	-1.64%	2.37%
Shenkman	-1.77%	-0.42%
<b>Total Fixed Income</b>	<b>-0.83%</b>	<b>-0.21%</b>
<b>INTERNATIONAL EQUITY</b>		
Delaware	0.15%	N/A
Bank of Ireland	0.10%	1.32%
SSgA- MSCI	0.10%	2.22%
<b>Total International Equity</b>	<b>0.10%</b>	<b>1.66%</b>
*Total Fund Composite includes all classes		

Index Performance Summary - May 31, 2004		
Market Indices	May-04	Calendar YTD
<b>Domestic Equity</b>		
S & P 500	1.37%	1.47%
Wilshire 5000	1.38%	1.81%
Russell 2000	1.59%	2.44%
Russell 2500	2.04%	2.86%
Russell 1000	1.44%	1.50%
Policy Index	0.70%	1.33%
<b>International Equity</b>		
MSCI ACWI	0.32%	1.90%
<b>Fixed Income</b>		
Lehman AGG	-0.40%	-0.42%
<b>Real Estate</b>		
Wilshire RE Sec Inde	7.58%	3.86%

**Cash Flow**

May's pension payroll of \$45.3 million exceeded the \$31.3 million in contributions received by \$14 million. To meet this shortfall along with other obligations, \$20 million was transferred from long term investments.

**Alternative Investments**

At this time the alternative investment asset class has unfunded commitments of approximately \$395.4 million, on commitments of \$763 million.

**Short Term Cash**

The short term cash portfolio had a 2.4 day weighted average maturity vs 4.8 days in April, and 10.8 days in May of 2003. Investments at May 31st totaled \$315.9 million. Interest earned during the month was \$ 348,271 of which \$ 7,963 was credited to the retirement accounts. The average investment rate of 0.98% was 10 basis points above the average 30 day treasury rate.

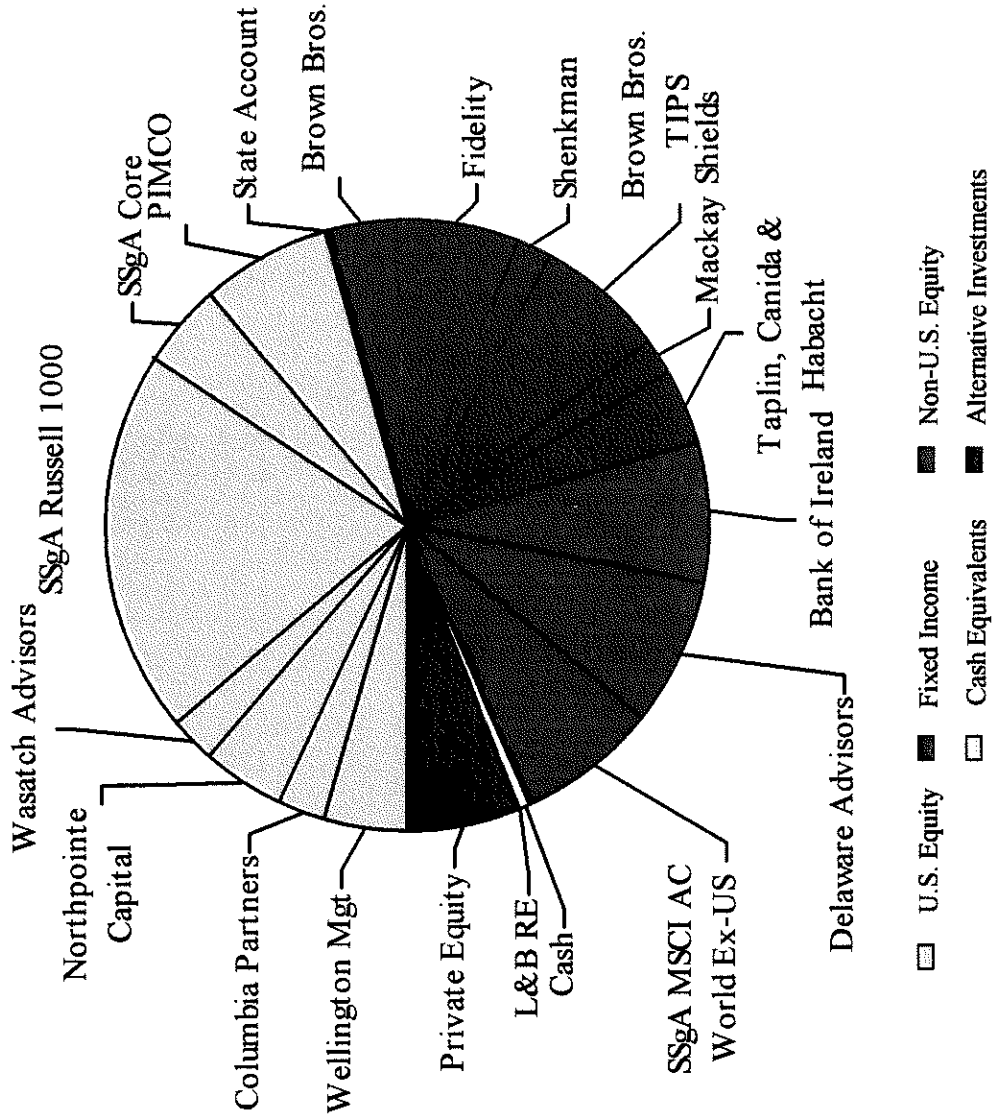
**CAPITAL CALLS  
Net of Distributions**

MAY 2004	FYTD	UNFUNDED BALANCE
\$1,966,916	\$23,958,164	\$395,478,556
MAY 2003	FYTD	UNFUNDED BALANCE
\$2,529,445	\$49,299,054	\$351,119,704

# Individual Manager Allocation

May 31, 2004

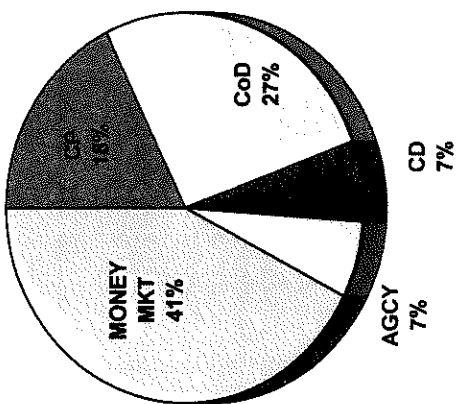
\$ 6,110 MM



Portfolio	SMM	Allocation
Columbia Partners	\$146	2.40
Northpointe Capital	278	4.55
PIMCO	414	6.77
SSgA - Core	275	4.50
SSgA Russell 1000	1,235	20.22
Wasatch Advisors	149	2.45
Wellington Management	278	4.54
<b>U.S. Equity</b>	<b>2,777</b>	<b>45.44</b>
Brown Bros. Harriman	\$ 226	3.70
Fidelity Mgmt. Trust	382	6.26
Brown Bros. Harriman-TIPS	436	7.14
Mackay Shields	115	1.89
Shenkman Capital	116	1.90
State Account	22	0.36
Taplin, Canida & Habacht	239	3.91
<b>Fixed Income</b>	<b>1,538</b>	<b>25.17</b>
Bank of Ireland	\$ 460	7.53
SSGA	452	7.39
Delaware Investment Advisors	476	7.79
<b>International Equity</b>	<b>1,388</b>	<b>22.71</b>
L&B Real Estate	19	0.31
Private Equity	350	5.73
Contingency Reserve	1	0.01
<b>Alternative Invest.</b>	<b>369</b>	<b>6.05</b>
Cash Account (inside)	\$ 23	0.38
Cash Account (outside)	16	0.26
<b>Cash Equivalents</b>	<b>39</b>	<b>0.63</b>
<b>Total</b>	<b>\$6,110</b>	<b>100.0</b>

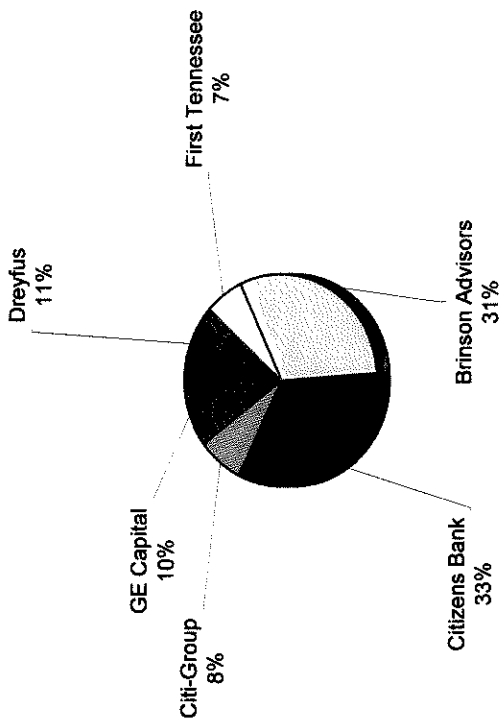
**RHODE ISLAND STATE INVESTMENT COMMISSION  
SHORT TERM CASH INVESTMENTS AT MAY 31, 2004**

**Portfolio By Instrument**



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

**Portfolio by Issuer**



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

Issuer Credit Ratings  
May, 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	8%	Aa1		P-1	A-1+	Aa1	AA-	Stable
Citizens Bank RI	3,4	33%	Aa2		P-1	A-1+	Aa2	AA-	Negative
Dreyfus	6	11%	Aa3		P-1	A-1+	Aa3	AA-	Stable
First Tennessee Capital Markets	5	7%	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	31%	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-1 have a strong ability for repayment of sr. S-T debt obligations
- P-3 - Prime-1 have an acceptable ability for repayment of sr. S-T debt obligations
- NP - Not Prime

**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.

**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

**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

**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 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

June 11, 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 May 31, 2004.

**Employees' Retirement System of Rhode Island  
Composite Reporting Investment Valuation  
May 31, 2004**

Asset Class		
Cash/Short Term Investments		\$ 255,486,513
Equities – Domestic		\$ 2,740,342,482
Equities – International		\$ 1,368,590,189
Fixed Income – Government	\$ 857,273,438	
Fixed Income – Corporate	\$ 497,746,181	
Fixed Income – In State	\$ 22,147,654	
Total Fixed Income		\$ 1,377,167,273
Alternative Investments		\$ 368,347,744
Other – Escrow		\$ 500,000
Total Fund Investments		\$ 6,110,434,201
Plan Allocation		
State Employees & Teachers	86.42%	\$ 5,280,628,591
Municipal Employees	12.94%	\$ 790,544,336
State Police	0.39%	\$ 23,877,683
Judicial	0.25%	\$ 15,383,592
Total Fund Investments	100.00%	\$ 6,110,434,201

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

Monthly SIC Letter for Book.doc



**ERSRI Monthly Market Value Report With Time Weighted Returns**  
**May 31, 2004**

	Calendar YTD		Benchmark Description	Current Month		Valuation/Change			
	Performance	Benchmark		Alpha	Performance	Benchmark	Transfers In/Out	Market Value	Market Value
								4/30/2004	5/31/2004
<b>Domestic Equity</b>									
Shott Capital Management IRR	14.26%	N/A	N/A	N/A	N/A	(929,139)	2,127,713	1,181,096	(17,476)
SSGA Russell 1000	1.53%	1.50%	0.03%	1.44%	0.02%	(17,915,760)	1,235,620,905	1,235,452,268	17,747,123
SSGA Core	0.76%	1.50%	-0.74%	1.44%	-0.09%	(14,979,750)	286,297,606	275,128,148	3,810,292
PIMCO	1.26%	1.47%	-0.21%	1.37%	0.02%	29,565	407,933,250	413,641,329	5,678,514
NorthPointe Capital	0.46%	2.62%	-2.16%	1.21%	-1.29%	(9,979,750)	287,992,868	277,795,181	(217,937)
Wellington Mgmt	0.59%	2.44%	-1.85%	1.59%	-0.29%	(19,979,750)	293,741,745	277,529,252	3,767,267
Wasatch Advisors	6.00%	2.28%	3.72%	1.99%	1.45%	11,340	144,471,996	149,451,586	4,968,250
Columbia Mgmt	1.78%	2.28%	-0.50%	1.99%	-0.26%	10,935	143,889,410	146,396,491	2,496,146
Transition Account	N/A	N/A	N/A	N/A	N/A	-	-	0	0
<b>Total Domestic Equity</b>	<b>1.44%</b>			<b>1.38%</b>		<b>(63,732,309)</b>	<b>2,802,075,493</b>	<b>2,776,575,349</b>	<b>38,232,165</b>
<b>International Equity</b>									
Bank of Ireland	1.32%	1.90%	-0.58%	0.32%	-0.22%	49,005	459,480,471	460,001,990	472,514
SSGA - MSCI	2.22%	1.90%	0.32%	0.32%	-0.22%	(12,950,995)	451,700,643	451,700,643	482,486
Transition Account	N/A	N/A	N/A	N/A	N/A	(11,852,585)	12,338,205	235,946	(248,664)
Delaware	N/A	N/A	N/A	0.32%	N/A	11,891,228	463,311,317	475,918,739	716,193
<b>Total International Equity</b>	<b>1.66%</b>			<b>0.10%</b>		<b>(12,863,357)</b>	<b>1,389,299,145</b>	<b>1,387,857,318</b>	<b>1,421,529</b>
<b>Total Fixed Income</b>									
Columbia Mgmt Fixed Income	N/A	N/A	N/A	N/A	N/A	(359,794,032)	404,541,752	-	(4,747,720)
Fidelity Management & Research	0.17%	-0.15%	0.32%	-0.32%	0.16%	(19,973,270)	403,070,170	382,449,096	(647,804)
Brown Brothers, Harriman	-0.27%	-0.42%	0.15%	-0.43%	-0.03%	41,484,251	185,372,829	225,948,669	(888,411)
In-State Fixed Income	2.77%	N/A	N/A	N/A	N/A	(137,753)	22,164,086	22,147,654	121,320
Taplin, Canida & Habacht	-0.65%	-0.68%	0.03%	-0.70%	-0.26%	16,605	241,132,170	238,824,289	(2,324,486)
Mackay Shields	2.37%	0.91%	1.46%	-1.58%	-0.06%	9,315	117,122,441	115,213,548	(1,918,208)
Shenckman Capital Mgmt	-0.42%	0.91%	-1.33%	-1.58%	-0.19%	8,910	118,247,766	116,161,719	(2,094,957)
Brown Bros TIPS	N/A	N/A	N/A	N/A	N/A	436,378,390	-	436,381,104	2,713
Transition Account	N/A	N/A	N/A	N/A	N/A	-	575,238	-	6,154
<b>Total Fixed Income</b>	<b>-0.21%</b>			<b>-0.83%</b>		<b>57,972,417</b>	<b>1,492,226,452</b>	<b>1,537,707,469</b>	<b>(12,491,400)</b>
<b>Alternative Investments</b>									
Pacific Corporate Group	13.45%	N/A	N/A	N/A	N/A	(889,694)	330,288,070	349,882,870	20,484,494
JMB/Hellman Advisory Group	N/A	N/A	N/A	N/A	N/A	-	-	-	-
L & B Real Estate Counsel	2.54%	3.86%	-1.32%	7.58%	-5.95%	-	18,698,297	19,002,472	304,175
Bank Acquisition Contingency	1.23%	N/A	N/A	N/A	N/A	-	500,402	500,809	407
<b>Total Alternatives</b>	<b>12.82%</b>			<b>5.90%</b>		<b>(889,694)</b>	<b>349,486,769</b>	<b>369,386,151</b>	<b>20,789,076</b>
<b>Cash Accounts</b>									
Cash in Trust	8.64%	N/A	N/A	N/A	N/A	1,693,565	21,091,293	22,981,746	196,888
Cash Outside Trust	0.43%	N/A	N/A	N/A	N/A	1,862,247	13,989,628	15,926,168	74,293
<b>Total Cash</b>	<b>N/A</b>			<b>0</b>		<b>3,555,813</b>	<b>35,080,921</b>	<b>38,907,914</b>	<b>271,181</b>
<b>Fund Grand Total</b>	<b>1.74%</b>	<b>1.28%</b>	<b>0.46%</b>	<b>0.70%</b>	<b>0.09%</b>	<b>(15,957,130)</b>	<b>6,078,168,780</b>	<b>6,110,434,201</b>	<b>48,222,551</b>

\*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 May 31, 2004**

	MKT VAL	% OF FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
<b>U.S. EQUITY</b>												
COLUMBIA PARTNERS	146,396	2.40	1.73	-3.98	1.74	1.78	22.65	25.89	10.13			
NORTHPOINTE CAPITAL	277,795	4.55	-0.08	-5.42	4.28	0.46	27.30	30.99	11.50			
PIMCO	413,641	6.77	1.39	-2.12	6.71	1.26	16.47	17.78	4.16	-1.97		
SHOTT CAPITAL	1,181	0.02										
SSGA - CORE	275,128	4.50	1.35	-2.15	5.14	0.76	14.66	15.28	3.67	0.38	-3.66	0.85
SSGA RUSSELL 1000	1,235,452	20.22	1.46	-1.72	6.38	1.53	17.41	18.95				
WASATCH ADVISORS	149,452	2.45	3.44	-1.37	7.56	6.00	26.11	32.94	3.95			
WELLINGTON MANAGEMENT CO. LLC	277,529	4.54	1.30	-3.41	5.90	0.59	34.97	36.71	14.82			
TOTAL US EQUITY	2,776,575	45.44	1.38	-2.49	5.87	1.44	20.68	22.67	6.91	0.11	-5.29	-0.66
RUSSELL 1000			1.44	-1.75	6.36	1.50	17.37	18.91	4.76	-1.66	-4.02	-1.02
RUSSELL 2000			1.59	-2.69	4.53	2.45	27.98	30.29	9.38	5.98	5.91	6.70
RUSSELL 2000 GROWTH			1.99	-2.68	2.73	2.28	27.31	29.76	8.31	-0.42	-4.49	-0.08
RUSSELL 2000 VALUE			1.21	-2.70	6.33	2.61	28.63	30.81	10.00	11.78	15.95	12.51
S&P 500			1.37	-1.73	6.79	1.47	16.84	18.33	4.30	-2.14	-4.31	-1.52
WILSHIRE 5000			1.38	-1.84	6.38	1.81	18.70	20.46	5.73	-0.48	-2.97	-0.45
<b>INTERNATIONAL EQUITY</b>												
SSGA TRANSITION ACCOUNT	224	0.00										
BANK OF IRELAND	460,002	7.53	0.10	-2.88	8.78	1.32	23.38	25.86	3.91	-0.83		
DELAWARE INVESTMENT ADVISOR	475,919	7.79	0.15									
PUTNAM INVESTMENTS	10	0.00										
SSGA MSCI ALL COUNTRY WORLD EX-US	451,701	7.39	0.10	-2.08	9.97	2.22						
TRANSITION ACCOUNT INT EQUITY	226	0.00	-1.66									
TOTAL INTERNATIONAL EQUITY	1,387,857	22.71	0.10	-2.73	9.12	1.66	24.97	26.75	5.37	0.91	-6.25	0.31
MSCI AC WORLD FREE ex US (GROSS)			0.32	-2.20	9.67	1.89	29.69	33.28	9.04	3.14	-2.43	1.44
MSCI EAFE (NET)			0.34	-1.38	10.32	2.32	29.53	32.66	7.86	1.70	-3.41	0.39
<b>U.S. FIXED INCOME</b>												
BROWN BROTHERS HARRIMAN	225,941	3.70	-0.46	-2.18	0.75	-0.27	0.56	0.84	6.67	7.17	8.69	7.18
FIDELITY MANAGEMENT TRUST	382,449	6.26	-0.16	-1.34	1.04	0.17	2.89	2.65	5.10	6.30	8.05	7.00
COLUMBIA FIXED INCOME	6	0.00										
BROWN BROTHERS HARRIMAN	436,381	7.14	-1.64	-1.04	5.21	2.37	13.36	16.76				
MACKAY SHIELDS, LLC	115,214	1.89	-1.77	-1.37	1.32	-0.42	5.91	7.85				
SHENKMAN CAPITAL MANAGEMENT	116,162	1.90	0.54	1.63	3.33	2.77	6.22	6.81	6.80			
STATE ACCOUNT	22,148	0.36										

**STATE OF RHODE ISLAND  
SUMMARY OF MANAGER PERFORMANCE  
RATES OF RETURN  
Periods Ending May 31, 2004**

	MKT VAL	% OF FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
<b>U.S. FIXED INCOME</b>												
TAPLIN, CANIDA & HABACHT	238,824	3.91	-0.96	-2.61	1.10	-0.65	2.60	2.93	9.46	8.06	9.26	7.54
TRANSITION ACCOUNT FIXED INCOME	575	0.01	0.00									
TOTAL US FIXED INCOME	1,337,699	25.17	-0.83	-2.06	1.07	-0.21	2.36	2.67	6.92	6.48	7.39	6.61
FIRST BOSTON DOMESTIC PLUS HIGH YIELD			-1.54	-1.05	3.21	0.85	9.99	13.16	13.21	9.97	8.23	5.74
FIRST BOSTON GLOBAL HIGH YIELD			-1.58	-1.06	3.24	0.90	10.04	13.25	13.25	9.96	8.31	6.05
LB AGGREGATE			-0.40	-2.26	0.60	-0.42	-0.25	-0.45	5.40	6.29	7.96	6.76
LB CREDIT			-0.70	-2.90	0.43	-0.68	-0.33	-0.57	7.42	7.57	9.27	7.34
LB GOV/CREDIT			-0.51	-2.68	0.39	-0.59	-1.12	-1.52	6.22	6.76	8.25	6.95
CITIGROUP BROAD INV GRADE			-0.43	-2.28	0.59	-0.41	-0.22	-0.39	5.40	6.28	7.97	6.75
CITIGROUP LARGE PENSION FUND			-0.62	-3.46	0.35	-0.81	-1.62	-2.27	6.78	7.33	9.02	7.29
CITIGROUP LPF COLLATERALIZED			-0.32	-1.64	0.81	-0.16	1.28	1.50	3.94	5.40	7.34	6.38
<b>ALTERNATIVE INVESTMENTS</b>												
L&B REAL ESTATE	19,002	0.31	1.63	1.63	2.54	2.54	4.40	4.40	3.35	1.19	3.24	4.08
PRIVATE EQUITY INVESTMENT	349,883	5.73	6.15	10.89	13.74	13.45	29.72	28.00	7.93	5.55	-1.56	6.36
CONTINGENCY RESERVE FUND	500	0.01	0.88	1.05	1.32	1.23	5.33	5.41	3.40			
TOTAL ALTERNATIVE INVESTMENTS	369,385	6.05	5.90	10.37	13.10	12.82	28.09	26.57	7.83	5.30		
NCREIF PROPERTY INDEX ONE QTR LAG			0.00	2.76	4.78	2.76	6.97	8.99	7.86	7.67	8.80	9.31
<b>CASH EQUIVALENTS</b>												
CASH ACCOUNT (INSIDE)	22,982	0.38	0.88	5.65	10.17	8.64	19.56	22.64	46.95	64.01		
CASH ACCOUNT (OUTSIDE)	15,926	0.26	0.08	0.25	0.52	0.43	4.50	4.58	2.99	2.90		
<b>TOTAL PLAN</b>	6,110,425	100.00	0.79	-1.72	5.92	1.74	17.51	18.81	7.56	3.13	-0.73	2.57
TOTAL PLAN			0.70	-2.02	5.66	1.28	16.10	17.66	7.20	2.78	0.67	2.46
TOTAL PLAN BENCHMARK*												

\*52.5% W5000/25.0% LBAGG/22.5% MSCIACWORLDFREEexUSA



Asset Allocation Report Market Values at May 31, 2004 (\$Millions)	Style	Actual		Target		Difference	Cash	% of Total
	Mandate							
<b>Domestic Equity</b>								
Shott Capital Mgmt	alternative distribution	1.18	0.0%	0.00	0.00%	1.18	0.00	0.0%
SSgA Russell 1000	Passive	1,235.45	20.2%	1,237.36	20.25%	-1.91	0.00	0.0%
SSgA Core	active core	275.13	4.5%	274.97	4.50%	0.16	2.98	1.1%
PIMCO	Enhanced Equity	413.64	6.8%	412.45	6.75%	1.19	0.00	0.0%
NorthPointe Capital	Small Cap Value	277.80	4.5%	274.97	4.50%	2.83	11.53	4.1%
Wellington Mgmt	Small Cap Core	277.53	4.5%	274.97	4.50%	2.56	7.95	2.9%
Wasatch Advisors	Small Cap Growth	149.45	2.4%	137.48	2.25%	11.97	7.84	5.2%
Columbia Mgmt	Small Cap Growth	146.40	2.4%	137.48	2.25%	8.91	5.79	4.0%
Transition Account		0.00	0.0%	0.00	0.00%	0.00	0.00	0.0%
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$2,776.58</b>	<b>45.4%</b>	<b>2,749.70</b>	<b>45.00%</b>	<b>\$26.88</b>	<b>\$36.09</b>	<b>1.3%</b>
<b>International Equity</b>								
Bank of Ireland	MSCI ACWI	460.00	7.5%	458.28	7.50%	1.72	4.86	1.1%
SSgA - MSCI-ACWI	MSCI ACWI	451.70	7.4%	458.28	7.50%	-6.58	0.16	0.0%
Transition Account	MSCI ACWI	0.24	0.0%	0.00	0.00%	0.24	0.14	61.0%
Delaware	MSCI ACWI	475.92	7.8%	458.28	7.50%	17.64	14.25	
<b>TOTAL INT'L EQUITY</b>		<b>\$1,387.86</b>	<b>22.7%</b>	<b>\$1,374.85</b>	<b>22.50%</b>	<b>\$13.01</b>	<b>\$19.41</b>	<b>1.4%</b>
<b>Domestic Fixed Income</b>								
Columbia Mgmt	active core	0.00	0.0%	0.00	0.00%	0.00	0.01	0.0%
Fidelity Management & Research	mortgages	382.45	6.3%	381.90	6.25%	0.55	15.20	4.0%
Brown Brothers, Harriman	opportunistic core	225.95	3.7%	229.14	3.75%	-3.19	46.28	20.5%
In-State Fixed Income	short/intl govt	22.15	0.4%	0.00	0.00%	22.15	0.00	0.0%
Taplin, Canida & Habacht	corporates	238.82	3.9%	229.14	3.75%	9.68	11.81	4.9%
Mackay Shields	high yield	115.21	1.9%	114.57	1.88%	0.64	6.84	5.9%
Shenkman Capital Mgmt	high yield	116.16	1.9%	114.57	1.88%	1.59	7.12	6.1%
Brown Bros TIPS	TIPS	436.38	7.1%	458.28	7.50%	-21.90	73.28	16.8%
Transition Account		0.58	0.0%	0.00	0.00%	0.58	0.01	1.0%
<b>TOTAL FIXED-INCOME</b>		<b>1,537.71</b>	<b>25.2%</b>	<b>1,527.61</b>	<b>25.00%</b>	<b>\$10.10</b>	<b>\$160.55</b>	<b>10.4%</b>
<b>Alternative Investments</b>								
JMB/ Heitman Advisory Corp	real estate	0.00	0.0%				0.0	
L&B Real Estate Counsel	real estate	19.00	0.3%					
Shott Capital Mgmt	alternative distribution	0.00	0.0%					
Pacific Corp Group	Private Equity	349.88	5.7%	458.28	7.50%	-108.40	0.5	0.2%
Bank Disposition	contingency	0.50	0.0%				-	
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$369.39</b>	<b>6.0%</b>	<b>\$458.28</b>	<b>7.50%</b>	<b>-\$88.90</b>	<b>0.5</b>	<b>0.1%</b>
<b>CASH EQUIVALENTS</b>	STIF, Yield+	38.91	0.6%	0.00	0.00%	38.91	38.91	100.0%
<b>TOTAL ASSETS</b>		<b>\$6,110.43</b>	<b>100.0%</b>	<b>\$6,110.43</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$255.49</b>	<b>4.2%</b>
<b>Allocation By Management Style</b>								
<b>Domestic Equity</b>								
Core		275.13	4.5%	274.97	4.50%	0.16	2.98	1.1%
Index		1,235.45	20.2%	1,237.36	20.25%	(1.91)	0.00	0.0%
Enhanced Equity		413.64	6.8%	412.45	6.75%	1.19	-	0.0%
Ait Distribution		1.18	0.0%	-	0.00%	1.18	-	0.0%
Active Small Cap		851.17	13.9%	824.91	13.50%	26.26	33.11	3.9%
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$2,776.58</b>	<b>45.4%</b>	<b>\$2,749.70</b>	<b>45.00%</b>	<b>\$26.88</b>	<b>\$36.09</b>	<b>1.3%</b>
<b>International Equity</b>								
Active		1,387.86	22.7%	1,374.85	22.50%	13.01	19.41	1.4%
<b>TOTAL INT'L EQUITY</b>		<b>\$1,387.86</b>	<b>22.7%</b>	<b>\$1,374.85</b>	<b>22.50%</b>	<b>\$13.01</b>	<b>\$19.41</b>	<b>1.4%</b>
<b>Domestic Fixed Income</b>								
Mortgage		382.45	6.3%	381.90	6.25%	0.55	15.20	4.0%
Core		248.10	4.1%	229.14	3.75%	18.96	46.29	18.7%
Corporates		238.82	3.9%	229.14	3.75%	9.68	11.81	4.9%
High Yield		231.96	3.8%	229.14	3.75%	2.82	13.97	6.0%
TIPS		436.38	7.1%	458.28	7.50%	(21.90)	73.28	16.8%
<b>TOTAL FIXED-INCOME</b>		<b>1,537.71</b>	<b>25.2%</b>	<b>1,527.61</b>	<b>25.00%</b>	<b>10.10</b>	<b>160.55</b>	<b>10.4%</b>
<b>Alternative Investments</b>								
Real Estate		19.00	0.3%					
Other Alternative Investments		350.38	5.7%				0.54	
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$369.39</b>	<b>6.0%</b>	<b>\$458.28</b>	<b>7.50%</b>	<b>(\$88.90)</b>	<b>0.54</b>	
<b>CASH EQUIVALENTS</b>	STIF, Yield+	38.91	0.6%	0.00	0.00%	38.91	38.91	100.0%
<b>TOTAL ASSETS</b>		<b>\$6,110.43</b>	<b>100.0%</b>	<b>\$6,110.43</b>	<b>100.00%</b>	<b>(\$0.00)</b>	<b>\$255.49</b>	<b>4.2%</b>

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

MAY 31, 2004

<i>Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	NEXTEL PARTNERS INC	619,950	\$10,111,385	Wellington, NorthPointe
2	RED HAT INC	309,400	8,455,902	Wellington
3	TRIAD HOSPS INC	236,000	8,344,960	Columbia, NorthPointe
4	MICROSOFT CORP	311,600	8,210,660	SSgA
5	RENT A CTR INC	270,712	7,999,540	Wasatch
6	AFFILIATED MANAGERS GROUP	156,870	7,647,413	Columbia, Wellington, NorthPointe
7	O'REILLY AUTOMOTIVE INC	157,975	7,097,817	Wellington
8	BANK AMER CORP	84,200	6,999,546	SSgA
9	FOOT LOCKER INC	296,300	6,992,680	Wellington
10	EXXON MOBIL CORP	154,770	6,693,803	SSgA
		2.83%	\$78,553,704	
Total Composite Equities		\$2,775,618,434		

International Equity Holdings By Top 10 Market Values

MAY 31, 2004

<i>International Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	NESTLE SA	64,604	\$16,789,624	Bank of Ireland
2	TOTAL SA EUR10	84,881	15,931,383	Bank of Ireland
3	UBS	195,793	14,032,040	Bank of Ireland
4	CANON INC	274,300	13,525,763	Bank of Ireland
5	E ON AG	166,393	11,531,082	Bank of Ireland
6	ING GROEP	494,944	11,169,331	Bank of Ireland
7	SAMSUNG ELECTRS LTD	24,401	10,891,901	Bank of Ireland
8	HSBC HLDGS	713,277	10,579,757	Bank of Ireland
9	VODAFONE GROUP	4,434,681	10,427,704	Bank of Ireland
10	NOVARTIS AG	230,206	10,313,757	Bank of Ireland
		13.73%	\$125,192,342	
Total Composite International Equities		\$911,714,399		



CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2004

	FY 2003-04												Projected TOTAL
	Actual July 2003	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2004	Actual February	Actual March	Actual April	Actual May	Projected June	
MEMBER BENEFITS	38,021,120	39,132,922	40,430,514	40,030,681	40,433,605	40,254,915	41,688,982	41,739,227	42,311,322	41,958,890	41,899,694	39,925,000	488,226,872
ADMINISTRATIVE EXPENSES	30,379	27,356	2,112,712	2,163,035	89,372	24,069	32,033	36,461	135,301	2,036,367	36,441	2,362,500	9,086,026
INVESTMENT EXPENSES	696,090	276,418	2,871,377	556,803	149,978	2,681,933	1,238,804	20,607	2,282,895	12,560	(40,635)	3,570,000	14,316,830
TOTAL OUTFLOW	38,747,589	39,436,696	45,814,603	42,750,519	40,672,955	42,960,917	42,959,819	41,796,295	44,729,518	44,007,817	41,895,500	45,857,500	511,629,728
CONTRIBUTIONS	39,110,571	18,169,970	20,475,754	21,466,447	26,277,579	27,170,108	29,076,056	30,015,760	29,270,358	27,461,361	28,399,275	23,625,000	320,518,239
OTHER INCOME*	1,460,222	1,725,619	4,904,196	2,134,799	1,950,307	1,446,900	5,249,645	1,437,852	5,995,344	1,770,703	2,400,221	2,625,000	33,100,808
TOTAL INCOME	40,570,793	19,895,589	25,379,950	23,601,246	28,227,886	28,617,008	34,325,701	31,453,612	35,265,702	29,232,064	30,799,496	26,250,000	353,619,047
DIFFERENCE	1,823,204	(19,541,107)	(20,434,653)	(19,149,273)	(12,445,069)	(14,343,909)	(8,634,118)	(10,342,683)	(9,463,816)	(14,775,753)	(11,096,004)	(19,607,500)	(158,010,681)

Municipal Employees Retirement System

	FY 2003-04												Projected TOTAL
	Actual July 2003	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2004	Actual February	Actual March	Actual April	Actual May	Projected June	
MEMBER BENEFITS	3,144,487	3,270,011	3,194,235	3,170,133	3,285,973	3,264,885	3,318,850	3,298,111	3,416,897	3,369,091	3,375,757	3,300,000	39,408,430
ADMINISTRATIVE EXPENSES	4,538	4,087	315,988	320,654	13,248	3,596	4,789	5,447	20,217	304,254	5,452	331,250	1,333,520
INVESTMENT EXPENSES	103,988	41,294	371,462	82,542	22,232	400,723	185,189	3,079	341,113	1,877	(6,083)	131,250	1,678,666
TOTAL OUTFLOW	3,253,013	3,315,392	3,881,685	3,573,329	3,321,453	3,669,204	3,508,828	3,306,637	3,707,759	3,675,222	3,375,126	3,762,500	42,350,148
CONTRIBUTIONS	2,300,995	1,640,728	2,345,799	2,992,926	2,221,368	2,276,985	2,522,158	2,095,203	3,707,759	4,889,221	2,813,909	2,905,000	32,682,051
OTHER INCOME*	218,141	257,789	733,496	316,468	43,830	289,110	784,772	214,821	895,831	264,561	359,329	393,750	4,771,898
TOTAL INCOME	2,519,136	1,868,517	3,079,295	3,309,394	2,265,198	2,566,095	3,306,930	2,310,024	4,603,590	5,153,782	3,173,238	3,298,750	37,453,949
DIFFERENCE	(733,877)	(1,446,875)	(802,390)	(263,935)	(1,056,255)	(1,103,109)	(201,898)	(996,613)	895,831	1,478,560	(201,888)	(463,750)	(4,896,199)



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	Actual 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	13,865	14,428	605	166	223	259	972	14,886	274	22,670	68,717
INVESTMENT EXPENSES	4,408	1,775	16,299	3,714	1,015	18,435	8,625	146	16,408	91	(302)	22,670	93,284
TOTAL OUTFLOW	18,601	15,951	44,164	32,142	15,620	32,601	22,848	14,405	31,380	28,977	13,972	59,340	330,001
CONTRIBUTIONS	395,000	320,000	375,000	365,000	390,000	360,000	580,000	436,759	550,000	405,000	365,000	490,000	5,031,759
OTHER INCOME*	9,246	11,079	32,185	14,239	13,197	8,068	36,550	10,198	43,090	12,944	17,845	4,463	213,104
TOTAL INCOME	404,246	331,079	407,185	379,239	403,197	368,068	616,550	446,957	593,090	417,944	382,845	494,463	5,244,863
DIFFERENCE	385,645	315,128	363,021	347,097	387,577	335,467	593,702	432,552	561,710	388,967	368,873	435,123	4,914,862

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

CSFL04

<b>Rhode Island Employees Retirement System</b> <b>Securities Lending Report</b> <b>May, 2004</b>
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<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<b><u>DOMESTIC EQUITY</u></b>		
Columbia Partners	\$ 6,592	\$ 32,449,937
Wellington Mgmt. Co., LLP	9,559	55,429,954
Wasatch Advisors	12,318	37,127,051
NorthPointe Capital	9,738	40,838,924
SSgA Core	<u>1,417</u>	<u>9,959,493</u>
<b>Total Domestic Equity</b>	<b><u>\$ 39,623</u></b>	<b><u>\$ 175,805,359</u></b>
<b><u>INTERNATIONAL EQUITY</u></b>		
Bank of Ireland	53,010	96,391,427
Delaware Int'l Advisors	<u>41,368</u>	<u>52,564,391</u>
<b>Total International Equity</b>	<b><u>\$ 94,378</u></b>	<b><u>\$ 148,955,818</u></b>
<b><u>FIXED INCOME</u></b>		
Fidelity Management Trust Co	1,382	30,280,645
Columbia Management	3,386	23,168,907
Brown Brothers, Harriman	6,893	48,817,318
Taplin, Canida & Habacht	2,797	23,875,670
Mackay Shields	4,071	13,525,766
Shenkman Capital Management	4,124	13,525,766
Brown Brothers, Harriman (TIPS)	<u>11,647</u>	<u>90,838,044</u>
<b>Total Fixed Income</b>	<b><u>\$ 34,301</u></b>	<b><u>\$ 244,032,116</u></b>
<b>TOTAL SECURITIES LENDING INCOME</b>	<b><u>\$ 168,302</u></b>	<b><u>\$ 568,793,293</u></b>
<b>Calendar Year 2004 YTD</b>	<b><u>\$ 693,597</u></b>	

**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>IAN 2001</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	7,850,261	7,940,976	2,416,691	3,798,586	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
<b>DISTRIB &amp; RET OF CAPITAL</b>	454,835	6,058,639	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
<b>GAINS/LOSSES/INCOME</b>	2,947,475	1,573,768	8,843,848	944,012	788,589	1,599,978	742,481	2,806,552	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>IAN 2002</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	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
<b>DISTRIB &amp; RET OF CAPITAL</b>	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	17,966,875
<b>GAINS/LOSSES/INCOME</b>	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>IAN 2003</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	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
<b>DISTRIB &amp; RET OF CAPITAL</b>	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
<b>GAINS/LOSSES/INCOME</b>	648,652	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>IAN 04</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	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	5,221,607	68,553,247	68,553,247
<b>DISTRIB &amp; RET OF CAPITAL</b>	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	3,254,901	42,962,911	42,962,911
<b>GAINS/LOSSES/INCOME</b>	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	1,864,424	29,580,626	29,580,626



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 May 31, 2004**

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	11,092,769	2,222	11,094,991
4904 PENSION C	4,599,842	558	4,600,400
4908 PAYROLL A	0	0	0
4916 GENERAL FUND H.A.V.A.	2,559,148	0	2,559,148
4920 GENERAL FUND (HIST PRES)	451,833	364	452,197
5400 HIGHWAY FUND	93,715	0	93,715
5500 UNIVERSITY COLLEGE	12,000,000	1,200	12,001,200
5800 PROV. RIVER RELOCATION	0	0	0
6920 AUTO EQUIPMENT SERVICE	1,503,210	0	1,503,210
8000 T.D.I. RESERVE (DET)	102,857,954	6,340	102,864,294
8300 PERMANENT SCHOOL FUND	652,535	145	652,680
8400 EMP RETIREMENT FUND	7,007,949	0	7,007,949
8500 MUN EMP RETIREMENT FUND	650,075	126	650,201
8700 R.I. CLEAN WATER ACT	1,403,614	546	1,404,160
9000 BOND CAPITAL FUND	22,525,417	421	22,525,838
9400 R.I. HIGHER EDUCATION	0	0	0
9700 STATE LOTTERY FUND	31,419,983	20,389	31,440,372
9800 INDUS. BLDG. & MTG. INS.	3,415,811	1,032	3,416,843
9900 SINKING FUND	0	0	0
4911 TANS	113,735,378	10,156	113,745,534
Subtotal	315,969,233	43,499	316,012,732
8702 CLEAN WATER 1993 SER. A	15,739		
8703 CLEAN WATER 1991 SERIES A	695,957		
8704 CLEAN WATER 96 SERIES A	259,303		
8706 CLEAN WATER CCDL 1994 (A)	166,555		
8707 CAP DEV. OF 1997 SERIES A	75,026		
8710 CLEAN WATER CCDL 2002 A	488,389		
8711 CLEAN WATER 2004 SERIES A	752,920		
8733 CAP DEV. OF 1997 SERIES A	100,190		
8737 RI POLLUT. CONT 94 SER. A	6,344		
8739 CCDL99A 1999A	374,717		
8741 BOND 2001	13		
8742 POLLUTION CNTRL 2002 A	45,677		
8743 POLL.CONTRL 2004 SERIES A	1,237,677		
9114 G.O. NOTE 1991 SER. B	3,789		
9116 BOND CCDL 1993 SERIES A	544,437		
9117 BOND CCDL 1994 SERIES A	992,606		
9120 BOND CCBL96A	1,668,550		
9121 CAP DEV OF 1997 SERIES A	1,056,703		
9123 CCDL 1998B	2,579,134		
9124 CCDL99A 1999A	1,876,119		
9125 MMG099 1999	3,171		
9126 BOND CAPITOL CCDL2000A	5,051,254		
9127 MULTI-MODAL GEN OBL 2000	2,816		
9128 BOND 2001	1,044,968		
9129 BOND CCDL 2002 SERIES A	9,099,546		
9131 CCDL 2004 SERIES A	75,493,320		
Subtotal Bond Proceed Accounts	103,634,918		
Total Short Term Portfolio	419,604,151		

\* General Fund (4901,4911,4913,4914,4916), TDI (8000), & ISTE A (5400), Lottery (9700), RI Ind Bldg (9800) and Auto Equip (6900) Investments do not reflect interest earnings on Brinson, Fidelity 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 Invest Rate Performance**  
**May 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>
5/03	\$18.40	\$17.62	0.97	0.83	14.00	5/03	\$433.60
5/04	\$19.30	\$16.70	0.95	0.83	12.00	5/04	\$451.20
5/05	\$22.21	\$11.14	0.93	0.89	4.00	5/05	\$460.11
5/06	\$20.50	\$0.96	0.95	0.89	5.92	5/06	\$462.01
5/07	\$54.67	\$0.00	0.96	0.86	10.20	5/07	\$446.83
5/10	\$47.25	\$0.00	1.00	0.88	11.74	5/10	\$443.34
5/11	\$27.05	\$0.00	0.96	0.88	7.59	5/11	\$438.49
5/12	\$51.20	\$0.00	0.97	0.87	10.40	5/12	\$445.50
5/13	\$49.00	\$0.00	1.01	0.88	12.71	5/13	\$444.20
5/14	\$14.60	\$24.00	1.00	0.86	14.35	5/14	\$444.00
5/17	\$50.44	\$0.00	0.99	0.85	14.25	5/17	\$462.24
5/18	\$18.90	\$0.00	0.98	0.87	11.04	5/18	\$461.84
5/19	\$28.26	\$1.10	1.01	0.89	11.87	5/19	\$468.84
5/20	\$56.89	\$0.00	0.96	0.89	7.08	5/20	\$514.23
5/21	\$55.38	\$0.00	0.97	0.88	9.00	5/21	\$509.14
5/24	\$27.70	\$0.00	0.99	0.89	9.68	5/24	\$504.04
5/25	\$40.90	\$0.00	0.99	0.89	9.98	5/25	\$516.74
5/26	\$28.75	\$0.00	0.96	0.92	3.73	5/26	\$523.35
5/27	\$16.50	\$7.50	0.96	0.91	5.00	5/27	\$511.75
5/28	\$43.55	\$0.00	0.96	0.91	5.10	5/28	\$419.60

			<u>Weighted Average Rate</u>	<u>30 day Rate</u>	<u>Basis Point Difference</u>	
Total Amount Invested	\$691.43	89.74%	0.98	0.88	10	9,361.08
Money Market	\$79.02	10.26%				
Total	<u>\$770.45</u>	<u>100.00%</u>				

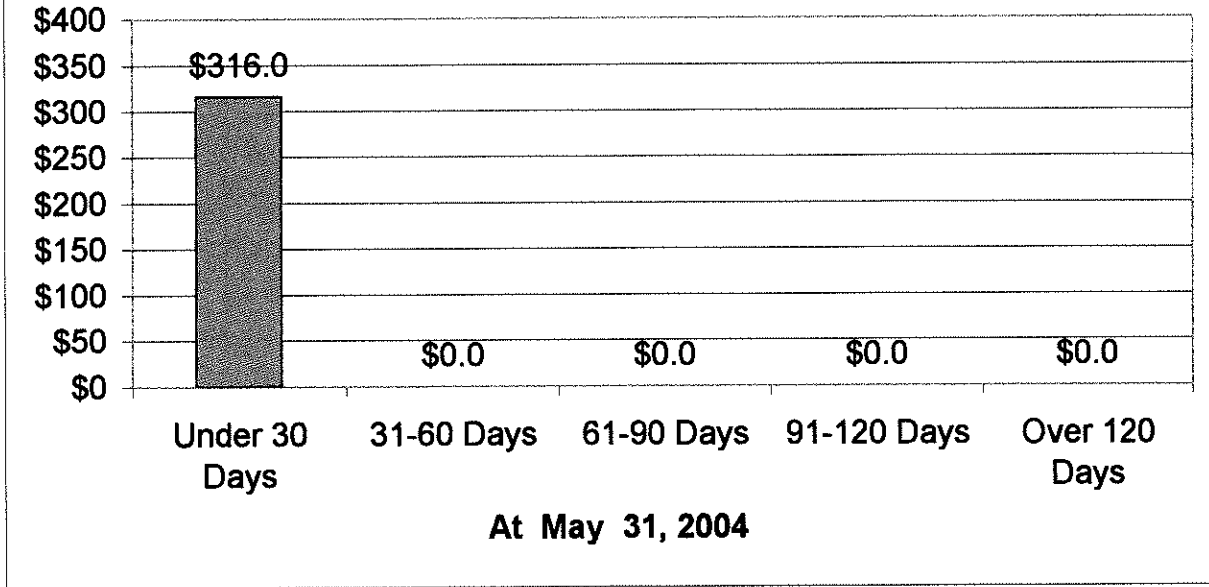
INTEREST

SHORT TERM INVESTMENTS  
May 31, 2004

INSTRUMENT	SELLER	BALANCE	AVERAGE RATE	PERCENT OF TOTAL	GUIDELINES PERCENTAGE BY INSTITUTION	GUIDELINES PERCENTAGE BY INSTRUMENT
(14) CD's	Citizens Bank	12,261,654.22	1.00%	3.88%		
	State Street Bank	0.00	0.00%	0.00%		
	Sub-Total:	12,261,654.22		3.88%	15%	15%
(19) US AGCY OBLIG	First Tennessee	12,091,613.89	0.96%	3.83%		
	Fleet National Bank	0.00	0.00%	0.00%		
	Morgan Stanley	0.00	0.00%	0.00%		
	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:	12,091,613.89		3.83%	35%	75%
(15) COMMERCIAL PAPER	Fleet National Bank	0.00	0.00%	0.00%		
	Dean Witter	0.00	0.00%	0.00%		
	GE	18,891,539.78	1.02%	5.98%		
	Citigroup	14,093,433.67	1.02%	4.46%		
	Ford Motor Co	0.00	0.00%	0.00%		
	Sub-Total:	32,984,973.45		10.44%	10%	25%
(17) GOVERNMENT MONEY MKKT	Fidelity	500,000.00	0.92%	0.16%		
	Brinson Advisors	57,256,611.63	0.94%	18.12%		
	Dreyfus	21,090,163.19	0.88%	6.67%	35%	50%
(16) REPURCHASE AGREEMENTS	M/S Dean Witter	44,979,768.17	0.93%	14.24%		
	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:	44,979,768.17		14.24%	20%	100%
(12) COLLATERALIZED DEPOSITS	Citizens Bank	134,804,448.12	1.16%	42.66%		
	State Street Bank	0.00	0.00%	0.00%		
	Chase Securities	0.00	0.00%	0.00%		
	Sub-Total:	134,804,448.12	0.00%	42.66%	10%	25%
	TOTAL:	315,969,232.67	0.98%	100.00%		



**Short-Term Investments  
Maturity Schedule**



Maturities in \$Millions

Note: Includes \$213.65 Million of Money Market investments with no specific maturity

**Summary Portfolio Yields**

May, 2004	1.04%
April, 2004	1.05%
May, 2003	1.28%



SPECIAL FUNDS  
 INVESTMENT SUMMARY  
 MAY 31, 2004

FUND NAME	EQUITIES	CASH & EQUIVALENTS	Gain/Loss	TOTAL MARKET VALUE
<u>Abraham Touro Fund</u>	\$0	\$1,896,355	\$10,021	\$1,896,355
<u>State of Rhode Island Land Grant Fund</u>	0	\$64,744	\$22	\$64,744
<u>TOTALS</u>	\$0	\$1,961,100	\$10,044	\$1,961,100

