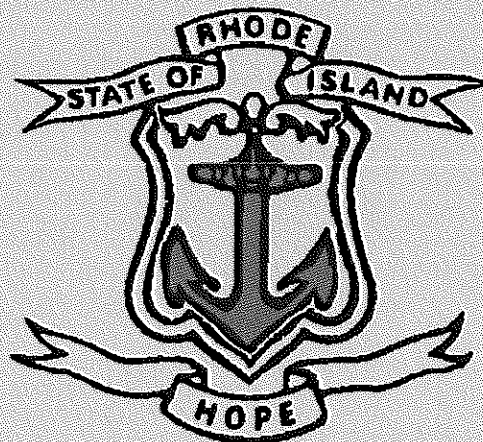
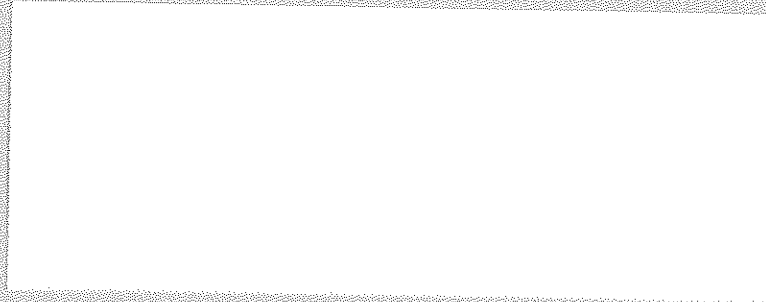


# State of Rhode Island and Providence Plantations



Office of the General Treasurer  
Paul J. Cavares  
General Treasurer

**STATE OF RHODE ISLAND  
INVESTMENT COMMISSION MEETING**

**DATA AT  
JULY 31, 2001**

**MEMBERS OF THE STATE INVESTMENT COMMISSION**

**Hon. Paul J. Tavares, Chair**

**J. Michael Costello  
Rosemary Booth Gallogly  
Marcia Reback  
William J. Whitty**

**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, August 22, 2001 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 6/27/01 \*
3. Investment Manager Reviews
  - Brown Brothers Harriman
  - Fidelity Management Trust Co.
4. Alternative Investment Consultant – Pacific Corporate Group
  - Alternative Investment Portfolio Review (as of 3/31/01)
  - Harvest Partners IV, L.P. – Proposed Alternative Investment \*
5. General Consultant's Report – Wilshire Associates Incorporated
  - Portfolio Performance and Manager Continuation Policy Review (6/30/01)
  - Capital Market Update
6. Legal Counsel Report
7. Deputy Treasurer for Finance Report
8. Treasurer's Report
9. New Business

\* Commission members will be asked to vote on this item.



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

**Minutes of the Regular Meeting June 27, 2001**

A State Investment Commission meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, June 27, 2001. There being a quorum present, the Treasurer called the meeting to order at 9:10 a.m.

Membership Roll Call. Present were: Mr. J. Michael Costello, Ms. Rosemary Booth Gallogly, Designee of the Director of Administration, Mr. James E. Thorsen, Mr. William J. Whitty and General Treasurer Paul J. Tavares. Also present were: Ms. Joan M. Caine, Deputy Treasurer for Finance, Ms. Donna Kling, of Wilshire Associates Incorporated, Consultant to the Commission, Andrew M. Hodgkin, Esq., Legal Counsel to the Commission, Mr. Peter Martinson, of Pacific Corporate Group, Alternative Investments Consultant to the Commission, and other members of the Treasurer's Staff. Absent were: Senator Daniel DaPonte and Ms. Marcia Reback. Dr. Robert J. McKenna joined the meeting at 9:30 a.m.

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

**VOTED: To approve the Minutes of the May 23, 2001 Regular Meeting.**

Fleet Investment Advisors. Ms. Kling gave a brief overview of Fleet Investment Advisors, which was retained in 1983 to provide a long-term, strategic exposure to the core-oriented segment of the fixed income market. Fleet manages the portfolio in an active top-down manner. At 3/31/2001 the Fleet portfolio represented approximately 33.3% of the fixed income composite and approximately 12.2% of the total fund. The market value as of 3/31/2001 was approximately \$735.7 million.

Ms. Mary McGoldrick, Senior Vice President and Mr. Glenn Migliozi, Managing Director in charge of fixed income represented the firm. Mr. Migliozi stated that Fleet has \$125 billion of assets under management. Ms. McGoldrick noted that the composition of the portfolio is as follows: 66% is in treasury securities; 21% is in agency securities and 13% is in corporate securities. By comparison, the Lehman Aggregate benchmark has approximately 24% in treasuries.

Ms. McGoldrick reviewed performance of this portfolio, noting that Fleet was up 2.23% in the first quarter of 2001 versus the Lehman Aggregate's 3.03% return. Fleet's 3-year annualized average is +6.86% versus the benchmark's +6.87% and the 5-year annualized average is +7.64% versus the benchmark's +7.48%.

Shott Capital Management. Ms. Caine gave a brief overview of Shott Capital Management stating that Shott was hired in September, 1998 to handle stock distributions.

Ms. Stacey T. Brenner, Managing Director, Mr. Paul Reese, Senior Managing Director and Sarah Pitts, Associate represented the firm. Mr. Reese stated that in-kind distributions are the predominant form of distribution for US venture capital partnerships. He explained that

successful management of these distributions requires fundamental research, valuation judgment, compliance with SEC regulations governing sales of restricted securities, and trading expertise. In calendar year 2000, Shott received \$5.8 billion in distributions and returned \$6.4 billion in cash-back to clients.

Mr. Reese also stated that through 5/31/2001, Shott received \$737 million in distributions and returned \$733 million in cash-back to clients. Shott has a long-term track record managing institutional money, with net returns in excess of 20% per annum. Ms. Brenner gave an account summary of Rhode Island's portfolio, stating that since inception Shott has received distributions of \$37.5 million and returned \$41.4 million. Market value as of 5/31/2001 was \$630,186. The annualized IRR is 574% since inception (9/30/98).

Alliance Capital Management. The Treasurer gave a brief overview of the *CollegeBoundfund*, highlighting that on November 1, 2000 there were \$8.5 million in assets and as of June 20, 2001 there are over \$400 million in assets. Ms. Caine reported that Alliance merged with Sanford C. Bernstein early in 2001. She noted that Alliance was coming before the Commission today to request replacement of Alliance's International Growth Fund with AllianceBernstein International Value Fund as well as to add AllianceBernstein Small Cap Value Fund to the portfolio.

Mr. Richard Davies, Mr. Scott Sipple, Senior Vice President and Dr. Peter Mazareas, Consultant represented the firm. Mr. Davies stated that as of 6/27/2001 the account balance is \$455 million. Mr. Sipple stated that the general performance of the underlying mutual funds were exceeding their respective benchmarks. Mr. Sipple reported that one notable exception is the International Premier Growth Fund which underperformed its EAFE benchmark. He noted that the best performer was the Age-based Growth Fund and the worst performer was the Aggressive Growth Fund.

He noted that the proposed funds - AllianceBernstein International Value Fund and the AllianceBernstein Small Cap Value Fund - had returned 2.30% (year-to-date through 5/31/01) and 9.30% respectively.

In summary, Mr. Sipple stated that the underlying mutual funds generally outperform their respective benchmarks. The portfolios added meaningful value to investors in a difficult market. The New Ibbotson portfolios introduce AllianceBernstein value disciplines as a complement to existing Alliance Capital mutual funds. Adding AllianceBernstein Small-Cap Value will complement the small growth style of Alliance Quasar along with the replacement of underperforming Alliance International Premier Growth with AllianceBernstein International Value. He noted that the proposed introduction of funds will not increase expense ratios.

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

**VOTED: To approve the addition of two new CollegeBoundfund options:  
AllianceBernstein Small Cap Value Fund and AllianceBernstein International Value Fund. Alliance's International Value Fund replaces the International Premier Growth Advisor Fund.**

Pacific Corporate Group ("PCG"). Ms. Caine gave a brief overview of the Alternative Investment Program which was established to participate in attractive long-term investment

opportunities and to provide diversification to the overall investment portfolio. The allocation to alternative investments is 7.5% of the total fund.

Mr. Peter Martinson represented the firm. Mr. Martinson stated that as of 6/30/2001 the program had \$503.3 million of aggregate commitments to 33 partnership vehicles and \$52.5 million of outstanding real estate investments through two remaining real estate vehicles which date back to 1982. The majority of the investments were completed between 1996–1998. During 2000, the partnerships drew down \$71.5 million, distributed \$59.5 million and increased in value by \$63.9 million. Of the \$503.3 million of commitments, only \$265 million has been drawn down.

Mr. Martinson noted that as of 12/31/2000, \$205.6 million of partnership capital has been distributed, which is primarily from the Crossroads Providence investment, but also includes sizable distributions from Providence Equity Partners and Welsh, Carson, Anderson & Stowe VII. A majority of the remaining investments are relatively young and are either midway through or beginning their investment cycle. The real estate investments continue to liquidate their positions. Since inception the private equity portfolio has generated an overall IRR of 20.7% net of partnership fees and expenses.

The Treasurer stated that the Heitman Real Estate Fund has been rated by PCG as performing “below expectations with concern” and that there are several additional partnerships that are rated as performing “below expectations”. They are: L & B Property Fund, SKM Equity Fund II, VS&A Communication Partners III and Wellspring Capital Partners II. Mr. Martinson stated that PCG is taking a pro-active approach by monitoring the status of these investments along with their plans for liquidation by keeping the lines of communication open with management. The Treasurer asked Ms. Caine to continue to monitor these partnerships closely with PCG.

Public Hearing Regarding Short-Term Investment Policies. Andrew M. Hodgkin, Esq. requested that the Public Hearing advertised in the Providence Journal (a copy of which is attached) be commenced as the next order of business.

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. Thorsen, Mr. Whitty and Treasurer Tavares.

**VOTED: To open the State Investment Commission Meeting to a Public Hearing pursuant to Notice published on May 26, 2001 in the Providence Journal (a copy of which is attached) for the purpose of promulgating Rules and Regulations.**

Mr. Hodgkin confirmed with Commission members that the Short-Term Investment Policies were in the final form they wished to adopt as Rules and Regulations of the State Investment Commission. He noted that no written comments were received and no one from the public was in attendance for the purpose of commenting at the Public Hearing. Then, after a description by Mr. Hodgkin of the Procedures for Adoption of Rules in the Administrative Procedures Act, R.I.G.L. Chapter 42-35 and brief discussion, Mr. Costello moved, Dr. McKenna seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Dr. McKenna, Mr. Thorsen, Mr. Whitty and Treasurer Tavares.

WHEREAS, the Rhode Island State Investment Commission ("SIC") desires to promulgate a rule and regulation of the SIC, pursuant to the authority of Section 35-10-8 of the Rhode Island General Laws ("RIGL"), for Short Term Investment Policies ("Policies"), as proposed by the SIC at its meeting of May 23, 2001 and attached as an Exhibit hereto; and

WHEREAS, the SIC has determined that the promulgation of such rule is reasonably necessary to carry out the responsibilities of the SIC, that the proposal is not unduly burdensome to any private persons, nor overlapping with any other regulations, and would result in no adverse economic impact on small business or any city or town; and

WHEREAS, in connection with such Policies, the SIC has complied with procedures for adoption of rules set forth in the Rhode Island Administrative Procedures Act, RIGL Chapter 42-35, by, among other acts, giving thirty (30) day notice of its intended action by publishing a Notice of Public Hearing in the Providence Journal on May 26, 2001, conducting a Public Hearing on this 27<sup>th</sup> day of June, 2001, affording all interested parties reasonable opportunity to comment on the proposed Policies and otherwise complying with all of the requirements of RIGL Section 42-35-3;

**VOTED: That the Short Term Investment Policies attached hereto are hereby approved and adopted as the rule and regulation of the SIC; and further**

**VOTED: That the Chairman or his designee, acting singly and on behalf of the SIC, be and hereby is authorized to file such rule and regulation with the Secretary of State pursuant to RIGL Section 42-35-4 and to take such further action as may be necessary or desirable in his sole discretion to effect the Policies as rule and regulation of the SIC.**

**VOTED: That any and all prior investment rules of the SIC on record with the Secretary of State, as described in materials presented to the SIC at its meeting of May 23, 2001, are hereby repealed in their entirety.**

Mr. Hodgkin noted that the new Short-Term Investment Policies will be duly filed with the Office of the Secretary of State, whereupon the Public Hearing portion of the meeting concluded.

Consultant Report – Wilshire Associates Incorporated. Ms. Kling distributed her Capital Market Update, noting that there have been five interest rate reductions in the first six months of 2001 (from 6.5% to 4.0%). She noted that growth stocks have been underperforming value by approximately 17% year-to-date and that the best performing sector year-to date has been small value stocks, which are up approximately 6.8%. Small stocks in general are outperforming larger stocks. Non-US returns have been disappointing.

Deputy Treasurer for Finance Report. Ms. Caine noted that the State Street Brokerage has been handling the international transition for the fund and \$140 million has been withdrawn from Fleet Investment Advisors and \$130 million from Fidelity Management Trust Co. as both were overallocated. State Street Brokerage was able to transfer 33% of the international portfolio in-kind, and another 14% was crossed internally. Thus 47% of the total transaction was done with no commission costs. Open market trades amounted to only 27% and external crosses were 26%. Total savings to the fund by using State Street Brokerage was \$4 million.



Ms. Caine also noted that the total fund is down 9.7% for the fiscal year (through 5/31/01) and that the actuarial rate of return will not be met. She reported that Zurich Scudder has put themselves up for sale and Wilshire Associates will monitor it closely.

General Treasurer's Report. Treasurer Tavares announced that Diane Bourne has been promoted to Assistant Executive Director of the Employees' Retirement System. Ms. Bourne is an eight-year veteran of the retirement system and was the former head of Member Services.

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. Thorsen, Mr. Whitty and Treasurer Tavares.

**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  
July 31, 2001

PORTFOLIO PERFORMANCE

July

The ERSRI portfolio posted a loss of -0.70% for the month of July, against the Policy Index of -0.69%. Domestic and international equities were down -1.84% and -2.58% respectively, while the fixed income asset class gained 1.66%. Additionally, the retirement fund earned \$144,694 from the securities lending program during the month of July.

Calendar Year-to-Date

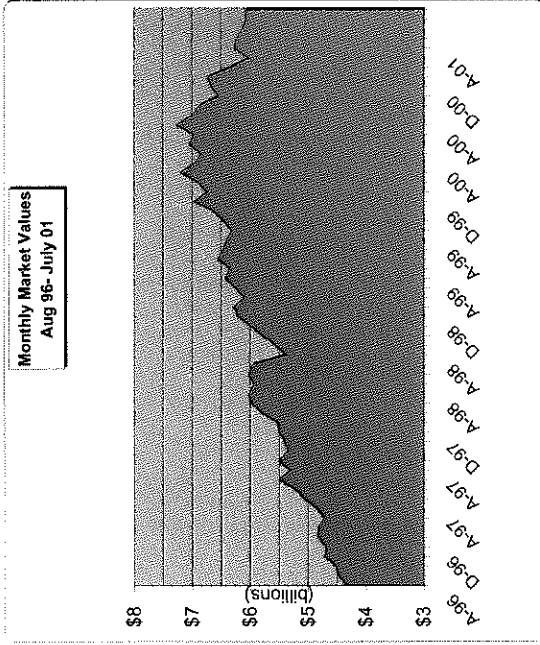
On a calendar year basis, the portfolio is down -7.52%, against the Policy Index of -5.23%. Domestic and international equities have fallen by -9.73% and -18.05% respectively, while fixed income registered a gain of 4.67%.

| Index Performance Summary - July 2001 |        | Calendar |         |
|---------------------------------------|--------|----------|---------|
| Market Indices                        | Jul-01 | Calendar | YTD     |
| <b>Domestic Equity</b>                |        |          |         |
| S & P 500                             | -0.98% |          | -7.60%  |
| Wilshire 5000                         | -1.65% |          | -7.34%  |
| Russell 2000                          | -5.41% |          | 1.08%   |
| Russell 2500                          | -3.58% |          | 0.13%   |
| Russell 1000                          | -1.37% |          | -8.32%  |
| Policy Index                          | -0.69% |          | -5.23%  |
| <b>International Equity</b>           |        |          |         |
| MSCI EAFE                             | -1.82% |          | -16.17% |
| MSCI ACWI                             | -2.22% |          | -15.19% |
| <b>Fixed Income</b>                   |        |          |         |
| Lehman AGG                            | 2.24%  |          | 5.92%   |
| <b>Real Estate</b>                    |        |          |         |
| Wilshire                              | -2.00% |          | 7.57%   |

| ERSRI Performance By Asset Class           | CALENDAR      |                |
|--|---------------|----------------|
|  | Jul-01        | YTD            |
| Domestic Equity                            | -1.84%        | -9.73%         |
| Fixed Income                               | 1.66%         | 4.67%          |
| International Equity                       | -2.58%        | -18.05%        |
| <b>Total Fund Composite*</b>               | <b>-0.70%</b> | <b>-7.52%</b>  |
| <b>Manager Summary</b>                     |               |                |
|  | Jul-01        | CYTD           |
| <b>DOMESTIC EQUITY</b>                     |               |                |
| SSgA Russell Value                         | -0.19%        | -1.46%         |
| PIMCO                                      | -0.50%        | -6.52%         |
| SSgA Core                                  | -1.14%        | -5.27%         |
| JP Morgan                                  | -1.19%        | -6.62%         |
| SSgA Wilshire 5000                         | -1.70%        | -7.74%         |
| Provident Investment Counsel               | -7.61%        | -32.53%        |
| Shott Capital Management                   | -22.00%       | -13.30%        |
| <b>Total Domestic Equity</b>               | <b>-1.84%</b> | <b>-9.73%</b>  |
| <b>FIXED INCOME</b>                        |               |                |
| Fleet Investment Advisors                  | 2.33%         | 4.47%          |
| Taplan, Canida & Habacht                   | 2.05%         | 8.19%          |
| Brown Brothers Harriman                    | 1.84%         | 5.97%          |
| Fidelity Management                        | 1.78%         | 5.66%          |
| InState Fixed Income                       | 0.53%         | 3.98%          |
| Loomis Sayles & Co                         | -0.34%        | -0.47%         |
| <b>Total Fixed Income</b>                  | <b>1.66%</b>  | <b>4.67%</b>   |
| <b>INTERNATIONAL EQUITY</b>                |               |                |
| Bank of Ireland                            | -2.16%        | N/A            |
| Putnam Investments                         | -2.54%        | N/A            |
| Zurich Scudder Investments                 | -3.61%        | -19.78%        |
| <b>Total International Equity</b>          | <b>-2.58%</b> | <b>-18.05%</b> |
| *Total Fund Composite includes all classes |               |                |

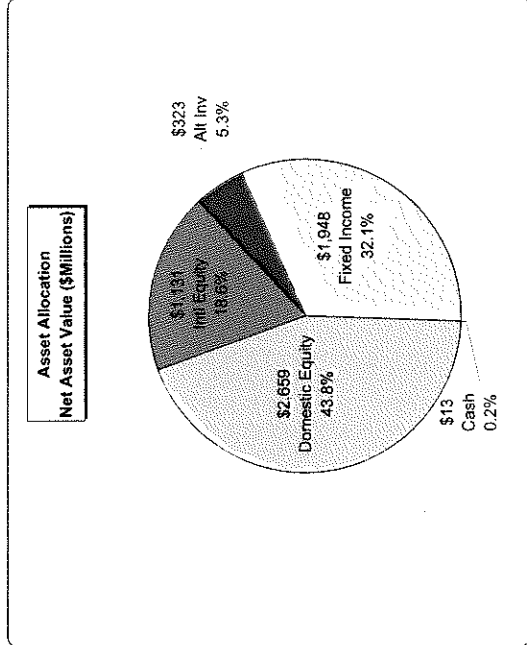
**Market Values**

The total portfolio value decreased in July by \$53 million to \$6.073 billion. This compares with a decrease in value of \$87 million for the same period in 2000. The domestic equity market values depreciated by \$50.3 million during the month of July; fixed income increased by \$31.7 million, net of transfers, while international equity values were down by \$29.9 million. Alternative investments increased by \$4.9 million, while the cash accounts declined by \$9.9 million.



**Asset Allocation**

The domestic equities portfolio is under-allocated by 1.2%. The fixed income portfolio is over-allocated by 4.6%. The international equity portfolio is under-allocated by 1.4%, while the alternative investment assets remain under-allocated by 2.2%.

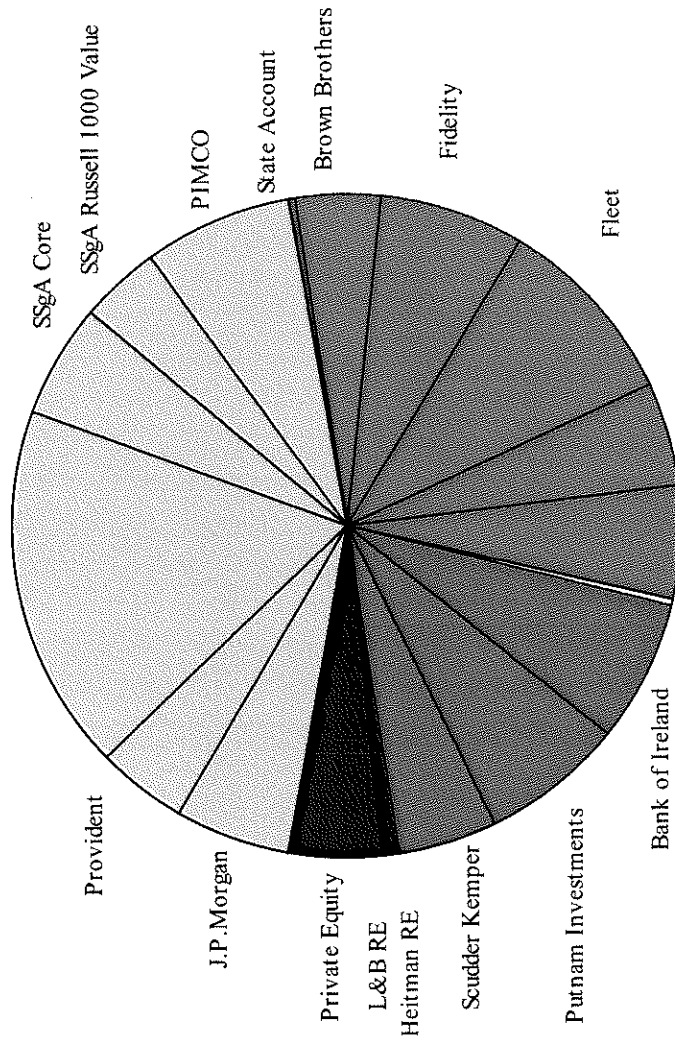


# Individual Manager Allocation

July 31, 2001

\$ 6,073 MM

| Portfolio                   | \$MM           | % Allocation |
|-----------------------------|----------------|--------------|
| J.P. Morgan                 | \$ 341         | 5.6          |
| PIMCO                       | 432            | 7.1          |
| Provident Investment        | 252            | 4.2          |
| Shott Capital               | 1              | 0.0          |
| SSgA Core                   | 332            | 5.5          |
| SSgA Russell 1000 Value     | 234            | 3.9          |
| SSgA Wilshire 5000          | <u>1,069</u>   | <u>17.6</u>  |
| <b>U.S. Equity</b>          | <b>2,660</b>   | <b>43.8</b>  |
| Brown Bros. Harrimen        | \$ 249         | 4.1          |
| Fidelity Mgmt. Trust        | 447            | 7.4          |
| Fleet Investment            | 591            | 9.7          |
| Loomis Sayles               | 290            | 4.8          |
| State Account               | 27             | 0.4          |
| Taplin, Canida & Habacht    | <u>344</u>     | <u>5.7</u>   |
| <b>Fixed Income</b>         | <b>1,947</b>   | <b>32.1</b>  |
| Bank of Ireland             | \$ 418         | 6.9          |
| Putnam Investments          | 421            | 6.9          |
| SSGA Transitions Account    | 4              | 0.1          |
| Schroder Capital Mgmt.      | 1              | 0.0          |
| Scudder Kemper Investments  | 287            | 4.7          |
| <b>International Equity</b> | <b>1,130</b>   | <b>18.6</b>  |
| Heitman Real Estate         | \$ 3           | 0.1          |
| L&B Real Estate             | 49             | 0.8          |
| Private Equity              | <u>270</u>     | <u>4.5</u>   |
| <b>Alternative Invest.</b>  | <b>322</b>     | <b>5.3</b>   |
| Cash Account (inside)       | \$ 4           | 0.1          |
| Cash Account (outside)      | <u>8</u>       | <u>0.1</u>   |
| <b>Cash Equivalents</b>     | <b>12</b>      | <b>0.4</b>   |
| <b>Total</b>                | <b>\$6,073</b> | <b>100.0</b> |



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

## Market Environment

### Quarter Ended July 31, 2001

|                             | <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> |
|-----------------------------|-------------|------------|--------------|---------------|---------------|---------------|---------------|
| <b>U.S. EQUITY</b>          |             |            |              |               |               |               |               |
| RUSSELL 1000                | -2.94       | -8.32      | -14.70       | -2.77         | 4.19          | 7.68          | 15.11         |
| RUSSELL 1000 GROWTH         | -6.16       | -16.38     | -35.06       | -10.13        | 0.06          | 4.69          | 12.78         |
| RUSSELL 1000 VALUE          | -0.23       | -1.47      | 8.74         | 1.64          | 5.91          | 8.74          | 15.78         |
| WILSHIRE 5000               | -2.34       | -7.34      | -14.98       | -2.93         | 3.70          | 6.89          | 13.95         |
| <b>INTERNATIONAL EQUITY</b> |             |            |              |               |               |               |               |
| MSCI AC WORLD EX USA        | -8.60       | -15.17     | -22.59       | -7.17         | -1.31         | -1.10         | 2.88          |
| MSCI EAFE                   | -9.16       | -16.16     | -21.71       | -7.62         | -2.17         | -0.32         | 3.12          |
| <b>U.S. FIXED INCOME</b>    |             |            |              |               |               |               |               |
| 70% ML HY/30% FB CONV HY    | 0.93        | 5.17       | 0.05         | -0.10         | -0.13         | 2.21          | 4.95          |
| LB AGGREGATE                | 3.24        | 5.92       | 12.69        | 9.27          | 6.96          | 7.19          | 7.90          |
| SSBI BROAD INV GRADE        | 3.32        | 6.01       | 12.80        | 9.28          | 6.97          | 7.20          | 7.91          |
| SSBI LARGE PENSION FUND     | 4.17        | 6.14       | 13.86        | 9.95          |               |               |               |
| SSBI LPF MORTGAGE           | 2.64        | 5.60       | 12.50        | 9.44          |               |               |               |
| <b>TOTAL PLAN</b>           |             |            |              |               |               |               |               |
| TOTAL PLAN BENCHMARK        | -2.10       | -5.29      | -9.39        | -0.25         | 4.03          | 5.74          | 10.38         |

*Employees' Retirement Systems of Rhode Island  
Summary of Transfers by Asset Class  
July 31, 2001*

**Manager Funding**

A summary of cash transfers by asset class which took place during July is presented at right. Such transfers are required to provide sufficient cash for alternative investment funding (\$3.9 mm) as well as to meet current retirement payroll obligations (\$10.5mm).

**Cash Flow**

July's pension payroll of \$35.4 million exceeded the \$25.8 million in contributions received by \$9.6 million. The transfer of \$10.5 million from long term investments to short term was sufficient to cover that shortfall, as well as other investment management expenses.

**Alternative Investments**

At this time the alternative investment asset class has unfunded commitments of approximately \$226.3 million, on commitments of \$493 million.

**CAPITAL CALLS  
Net of Contributions**

|                  |             |                         |
|------------------|-------------|-------------------------|
| <b>JULY 2001</b> | <b>FYTD</b> | <b>UNFUNDED BALANCE</b> |
|------------------|-------------|-------------------------|

\$842,048                      \$842,048                      \$226,362,119

|                  |             |                         |
|------------------|-------------|-------------------------|
| <b>JULY 2000</b> | <b>FYTD</b> | <b>UNFUNDED BALANCE</b> |
|------------------|-------------|-------------------------|

\$7,318,238                      \$7,318,238                      \$135,577,629

| <b>Asset Class</b> | <b>Cash In</b>    | <b>Cash Out</b>   |
|--------------------|-------------------|-------------------|
| Domestic Equities  | 389,825           | 766,332           |
| Int'l Equities     | 1,694,478         | 1,632,633         |
| Fixed Income       | 84,645            | 141,129           |
| Real Estate        | 0                 | 679,244           |
| Venture Capital    | 3,950,543         | 1,911,171         |
| Cash outside Trust | 10,142,897        | 10,500,000        |
| Cash in Trust      | 3,105,433         | 13,950,543        |
| <b>TOTAL</b>       | <b>19,367,821</b> | <b>29,581,053</b> |

**Expenses**

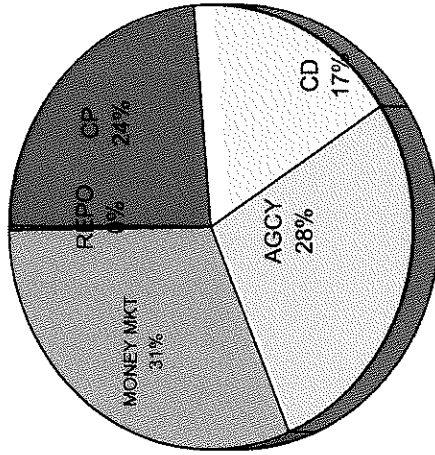
Expenses paid during July totalled \$1,159,653, was comprised solely of private equity management fees.

**Short Term Cash**

The short term cash portfolio had a 5.2 day weighted average maturity vs 5.9 days in June, and 15.9 days in July of 2000. Investments at July 31st totalled \$343.9 million. Interest earned during the month was \$802,781, of which \$42,125 was credited to the retirement accounts. The average investment rate of 3.71% was 27 basis points over the average 30 day treasury rate.

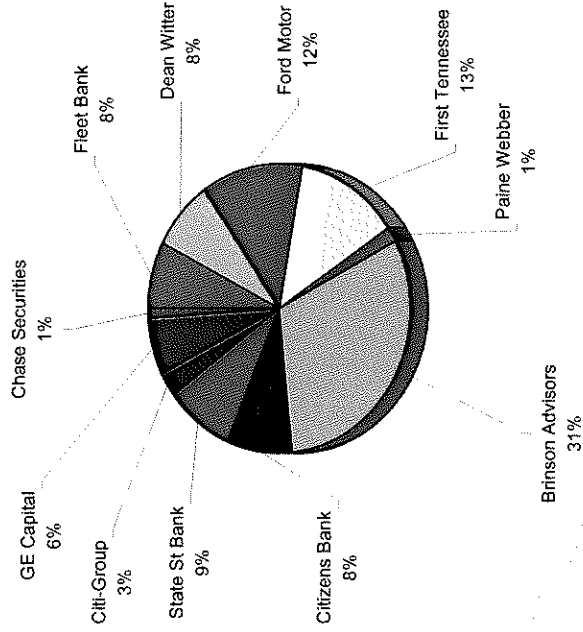
**RHODE ISLAND STATE INVESTMENT COMMISSION  
SHORT TERM CASH INVESTMENTS AT JULY 31, 2001**

**Portfolio By Instrument**



|        |                          |
|--------|--------------------------|
| REPO   | = Repurchase Agreement   |
| CP     | = Commercial Paper       |
| CD     | = Certificate of Deposit |
| Agency | = US Government Agency   |

**Portfolio by Issuer**





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

**Issuer Credit Ratings  
July, 2001**

| Issuer                             | Issuer Ratings |  | S-T Debt Rating |      |  | L-T Debt Rating |      | Credit Outlook |
|------------------------------------|----------------|--|-----------------|------|--|-----------------|------|----------------|
|                                    | Moody's        |  | Moody's         | S&P  |  | Moody's         | S&P  | S&P            |
| FleetBoston                        | A2             |  | P-1             | A-1  |  | A2              | A    | Positive       |
| Bear Stearns                       | A2             |  | P-1             | A-1  |  | A2              | A    | Negative       |
| Chase Securities                   | Aa2            |  | P-1             | A-1+ |  | Aa2             | AA-  | Stable         |
| Citigroup Inc.                     | Aa2            |  | P-1             | A-1+ |  | Aa2             | AA-  | Stable         |
| Citizens Bank RI                   | Aa3            |  | P-1             | A-1+ |  | Aa3             | AA-  | Stable         |
| First Tennessee Capital Markets    | A1             |  | P-1             | N/A  |  | A1              | A-   | Negative       |
| Ford Motor Credit                  | A2             |  | P-1             | A-1  |  | A2              | A    | Negative       |
| GE Capital                         | Aaa            |  | P-1             | A-1+ |  | Aaa             | AAA  | Stable         |
| Morgan Stanley Dean Witter         | Aa3            |  | P-1             | A-1+ |  | Aa3             | AA-  | Stable         |
| Paine Webber                       | Aa1            |  | P-1             | A-1+ |  | Aa1             | AA+  | Stable         |
| Prudential Securities Incorporated | A2             |  | P-1             | A-2  |  | A2              | BBB+ | Stable         |
| State Street Bank & Trust Company  | Aa2            |  | P-1             | A-1+ |  | Aa2             | AA   | Stable         |
| SunTrust Equitable Securities      | Aa3            |  | P-1             | A-1  |  | Aa3             | A+   | Stable         |
| Zions Bank                         | A2             |  | P-1             | A-2  |  | A3              | BBB+ | Stable         |

**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

**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

August 10, 2001

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 July 31, 2001.

**Employees' Retirement System of Rhode Island  
Composite Reporting Investment Valuation  
July 31, 2001**

| Asset Class                 |                |                  |
|-----------------------------|----------------|------------------|
| Cash/Short Term Investments |                | \$ 111,723,148   |
| Equities – Domestic         |                | \$ 2,631,350,320 |
| Equities – International    |                | \$ 1,098,014,429 |
| Fixed Income – Government   | \$ 987,655,570 |                  |
| Fixed Income – Corporate    | \$ 895,296,355 |                  |
| Fixed Income – In State     | \$ 26,825,029  |                  |
| Total Fixed Income          |                | \$ 1,909,776,955 |
| Alternative Investments     |                | \$ 322,479,871   |
| Other – Escrow              |                | \$ 500,000       |
| Total Fund Investments      |                | \$ 6,073,844,722 |
| Plan Allocation             |                |                  |
| State Employees & Teachers  | 86.92%         | \$ 5,279,085,517 |
| Municipal Employees         | 12.75%         | \$ 774,267,571   |
| State Police                | 0.20%          | \$ 12,508,628    |
| Judicial                    | 0.13%          | \$ 7,983,006     |
| Total Fund Investments      | 100.00%        | \$ 6,073,844,722 |

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**  
July 31, 2001

|                                   | Calendar YTD |           | Performance |              | Benchmark Description  | Performance   |           | Valuation Changes |                      |                    |                      |                   |
|-----------------------------------|--------------|-----------|-------------|--------------|------------------------|---------------|-----------|-------------------|----------------------|--------------------|----------------------|-------------------|
|                                   | Performance  | Benchmark | Alpha       | Net of Xfers |                        | Current Month | Benchmark | Alpha             | Market Value 6/30/01 | Transfers In/(Out) | Market Value 7/31/01 | Increase/Decrease |
|                                   |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| <b>Domestic Equity</b>            |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| Shott Capital Management IRR      | -13.30%      | N/A       | N/A         | N/A          | S & P 500              | -22.00%       | N/A       | N/A               | 1,211,582            | (515,018)          | 564,199              | (132,366)         |
| JP Morgan Investment Management   | -6.62%       | -8.32%    | 1.70%       | 0.18%        | Russell 1000           | -1.19%        | -1.37%    | 0.18%             | 345,080,494          | 15,390             | 340,994,390          | (4,101,494)       |
| Provident Investment Council      | -32.53%      | -16.38%   | -16.15%     | -5.11%       | Russell 1000 Growth    | -7.61%        | -2.50%    | -5.11%            | 272,556,183          | 15,390             | 251,817,761          | (20,753,812)      |
| SSgA Core                         | -5.27%       | -8.32%    | 3.05%       | -2.51%       | Russell 1000           | -1.14%        | 1.37%     | -2.51%            | 335,798,689          | 15,390             | 331,989,285          | (3,824,794)       |
| SSgA Russell Value                | -1.46%       | -1.47%    | 0.01%       | 0.02%        | Russell 1000 Val.      | -0.19%        | -0.21%    | 0.02%             | 234,052,419          | 15,390             | 233,611,656          | (456,153)         |
| SSgA Wilshire 5000                | -7.74%       | -7.34%    | -0.40%      | -0.05%       | Wilshire 5000          | -1.70%        | -1.65%    | -0.05%            | 1,087,311,472        | 53,865             | 1,068,875,777        | (18,489,560)      |
| PIMCO                             | -6.52%       | -7.60%    | 1.08%       | 0.48%        | S & P 500              | -0.50%        | -0.98%    | 0.48%             | 433,663,663          | 23,085             | 431,511,453          | (2,175,295)       |
| <b>Total Domestic Equity</b>      | -9.73%       |           |             | -1.84%       |                        | -1.84%        |           |                   | 2,709,674,502        | (376,508)          | 2,659,364,520        | (49,933,475)      |
| <b>International Equity</b>       |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| Bank of Ireland                   | N/A          | -15.19%   | N/A         | 0.06%        | MIS All Country EX US  | -2.16%        | -2.22%    | 0.06%             | 428,855,744          | (272,514)          | 419,443,258          | (9,139,372)       |
| Putnam Investments                | N/A          | -15.19%   | N/A         | -0.32%       | MIS All Country EX US  | -2.54%        | -2.22%    | -0.32%            | 433,285,718          | 1,010,911          | 423,377,432          | (10,919,197)      |
| Zurich Scudder Investments        | -19.78%      | -15.19%   | -4.59%      | -1.39%       | MIS All Country EX US  | -3.61%        | -2.22%    | -1.39%            | 297,705,300          | 18,525             | 286,965,895          | (10,757,930)      |
| <b>Total International Equity</b> | -18.05%      |           |             | -2.58%       |                        | -2.58%        |           |                   | 1,160,735,975        | 61,845             | 1,130,817,239        | (29,980,581)      |
| <b>Fixed Income</b>               |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| Fleet Investment Advisors         | 4.47%        | 5.92%     | -1.45%      | 0.09%        | Lehman Aggregate       | 2.33%         | 2.24%     | 0.09%             | 577,322,945          | 27,930             | 590,814,670          | 13,463,795        |
| Fidelity Management & Research    | 5.66%        | 5.60%     | 0.06%       | -0.08%       | Salomon Mortgage       | 1.78%         | 1.86%     | -0.08%            | 438,914,170          | 21,375             | 446,727,758          | 7,792,213         |
| Brown Brothers, Harriman          | 5.97%        | 6.00%     | -0.03%      | -0.47%       | Salomon Brd Inv Grade  | 1.84%         | 2.31%     | -0.47%            | 244,417,379          | 10,260             | 248,913,276          | 4,485,637         |
| In-State Fixed Income             | 3.98%        | N/A       | N/A         | N/A          | N/A                    | 0.53%         | N/A       | N/A               | 26,825,594           | (141,129)          | 26,825,029           | 140,565           |
| Taplin, Canada & Habacht          | 8.19%        | 8.14%     | 0.05%       | -0.56%       | Lehman Corporate       | 2.05%         | 2.61%     | -0.56%            | 337,251,784          | 12,540             | 344,192,010          | 6,827,686         |
| Loomis, Sayles & Co.              | -0.47%       | 2.97%     | -3.44%      | -0.77%       | MerrillFirst Bosh/Conv | -0.34%        | 0.43%     | -0.77%            | 291,459,045          | 12,540             | 290,486,880          | (984,705)         |
| <b>Total Fixed Income</b>         | 4.67%        |           |             | 1.66%        |                        | 1.66%         |           |                   | 1,916,190,917        | (56,484)           | 1,947,959,624        | 31,825,191        |
| <b>Alternative Investments</b>    |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| Pacific Corporate Group           | -26.34%      | N/A       | N/A         | N/A          |                        | 1.76%         | N/A       | N/A               | 264,416,403          | 2,039,372          | 269,990,745          | 3,534,969         |
| JMB/Heitman Advisory Group        | -2.88%       | 7.57%     | -10.45%     | 4.68%        |                        | 2.68%         | -2.00%    | 4.68%             | 3,815,376            | (679,244)          | 3,231,256            | 95,124            |
| L & B Real Estate Counsel         | 3.93%        | 7.57%     | -3.64%      | 2.00%        |                        | 0.00%         | -2.00%    | 2.00%             | 49,256,173           | -                  | 49,256,173           | 0                 |
| Bank Acquisition Contingency      | 0.00%        | N/A       | N/A         | N/A          |                        | N/A           | N/A       | N/A               | 500,000              | -                  | 500,000              | 0                 |
| <b>Total Alternatives</b>         | -22.64%      |           |             | 1.50%        |                        | 1.50%         |           |                   | 317,987,952          | 1,360,128          | 322,978,174          | 3,630,093         |
| <b>Cash Accounts</b>              |              |           |             |              |                        |               |           |                   |                      |                    |                      |                   |
| Cash in Trust                     | N/A          | N/A       | N/A         | N/A          |                        | N/A           | N/A       | N/A               | 22,013,302           | (11,202,214)       | 11,045,051           | 233,962           |
| Internal Cash                     | N/A          | N/A       | N/A         | N/A          |                        | N/A           | N/A       | N/A               | 624,077              | -                  | 1,680,116            | 1,056,039         |
| <b>Total Cash</b>                 | N/A          | *         |             |              |                        | N/A           | *         |                   | 22,637,379           | (11,202,214)       | 12,725,167           | 1,290,001         |
| <b>Fund Grand Total</b>           | -7.52%       | -5.23%    | -2.29%      | -0.70%       |                        | -0.70%        | -0.69%    | -0.01%            | 6,127,226,725        | (10,213,232)       | 6,073,844,723        | (43,168,770)      |

\*Policy Index:

52.5% Wilshire 5000

27.5% Lehman Aggregate

20.0% MSCI ACWI X-US

**STATE OF RHODE ISLAND  
SUMMARY OF MANAGER PERFORMANCE  
RATES OF RETURN  
Periods Ending July 31, 2001**

|                                     | MKT VAL   | % OF FUND | 1 Month | 3 Months | 6 Months | YTD    | PYTD   | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
|-------------------------------------|-----------|-----------|---------|----------|----------|--------|--------|--------|---------|---------|---------|---------|
| <b>U.S. EQUITY</b>                  |           |           |         |          |          |        |        |        |         |         |         |         |
| J.P. MORGAN                         | 340,994   | 5.61      | -1.19   | -2.08    | -10.13   | -6.62  | -1.19  | -12.14 | -5.26   |         |         |         |
| PIMCO                               | 431,511   | 7.11      | -0.50   | -1.92    | -10.02   | -6.52  | -0.50  |        |         |         |         |         |
| PROVIDENT INVESTMENT                | 251,818   | 4.15      | -7.61   | -11.90   | -33.61   | -32.53 | -7.61  | -46.70 | -21.17  | -8.63   | 0.54    | 5.90    |
| SHOTT CAPITAL                       | 564       | 0.01      | -11.28  | 0.25     | -29.27   | -21.34 | -11.28 | -40.66 | 17.32   |         |         |         |
| SSGA - CORE                         | 331,989   | 5.47      | -1.14   | -0.90    | -5.92    | -5.27  | -1.14  | -14.04 | -3.95   |         |         |         |
| SSGA RUSSELL 1000 VALUE             | 233,612   | 3.85      | -0.19   | -0.23    | -1.85    | -1.46  | -0.19  | 8.84   |         |         |         |         |
| SSGA WILSHIRE 5000                  | 1,068,869 | 17.60     | -1.70   | -2.46    | -11.20   | -7.74  | -1.70  |        |         |         |         |         |
| TOTAL US EQUITY                     | 2,659,357 | 43.79     | -1.84   | -2.93    | -12.35   | -9.73  | -1.84  | -17.60 | -7.87   | -0.40   | 5.60    | 9.90    |
| <b>RUSSELL 1000</b>                 |           |           |         |          |          |        |        |        |         |         |         |         |
| RUSSELL 1000 GROWTH                 |           |           | -1.37   | -2.94    | -11.24   | -8.32  | -1.37  | -14.70 | -2.77   | 4.19    | 7.68    | 15.11   |
| RUSSELL 1000 VALUE                  |           |           | -2.50   | -6.16    | -21.79   | -16.38 | -2.50  | -35.06 | -10.13  | 0.06    | 4.69    | 12.78   |
| WILSHIRE 5000                       |           |           | -0.21   | -0.23    | -1.85    | -1.47  | -0.21  | 8.74   | 1.64    | 5.91    | 8.74    | 15.78   |
|                                     |           |           | -1.65   | -2.34    | -10.76   | -7.34  | -1.65  | -14.98 | -2.93   | 3.70    | 6.89    | 13.95   |
| <b>INTERNATIONAL EQUITY</b>         |           |           |         |          |          |        |        |        |         |         |         |         |
| BANK OF IRELAND                     | 417,560   | 6.88      | -2.16   |          |          |        | -2.16  |        |         |         |         |         |
| PUTNAM INVESTMENTS                  | 421,494   | 6.94      | -2.54   |          |          |        | -2.54  |        |         |         |         |         |
| SSGA TRANSITION ACCOUNT             | 3,766     | 0.06      |         |          |          |        |        |        |         |         |         |         |
| BARING ASSET MANAGEMENT             | 72        | 0.00      |         |          |          |        |        |        |         |         |         |         |
| SCHRODER CAPITAL MANAGEMENT         | 959       | 0.02      |         |          |          |        |        |        |         |         |         |         |
| SCUDDER KEMPER INVESTMENTS          | 286,966   | 4.73      | -3.61   | -10.73   | -17.75   | -19.78 | -3.61  | -27.75 | -7.47   | -0.33   | -10.77  | -7.40   |
| TOTAL INTERNATIONAL EQUITY          | 1,130,817 | 18.62     | -2.58   | -10.11   | -17.68   | -18.05 | -2.58  | -24.07 | -5.41   | -1.20   | -1.23   | 2.44    |
| <b>MSCI AC WORLD EX USA (GROSS)</b> |           |           |         |          |          |        |        |        |         |         |         |         |
| MSCI EAFE (NET)                     |           |           | -2.26   | -8.60    | -16.49   | -15.17 | -2.26  | -22.59 | -7.17   | -1.31   | -1.10   | 2.88    |
|                                     |           |           | -1.82   | -9.16    | -16.12   | -16.16 | -1.82  | -21.71 | -7.62   | -2.17   | -0.32   | 3.12    |

**STATE OF RHODE ISLAND  
SUMMARY OF MANAGER PERFORMANCE  
RATES OF RETURN  
Periods Ending July 31, 2001**

|  | MKT VAL   | % OF FUND | 1 Month | 3 Months | 6 Months | YTD    | PYTD  | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
|--|-----------|-----------|---------|----------|----------|--------|-------|--------|---------|---------|---------|---------|
| <b>U.S. FIXED INCOME</b>                   |           |           |         |          |          |        |       |        |         |         |         |         |
| BROWN BROTHERS HARRIMEN                    | 248,913   | 4.10      | 1.84    | 3.59     | 4.32     | 5.97   | 1.84  | 14.08  | 9.36    | 7.41    | 7.19    | 7.12    |
| FIDELITY MANAGEMENT TRUST                  | 446,728   | 7.36      | 1.78    | 2.89     | 4.18     | 5.66   | 1.78  | 12.55  | 9.34    | 7.44    | 7.85    | 8.14    |
| FLEET INVESTMENT                           | 590,815   | 9.73      | 2.33    | 3.30     | 3.60     | 4.47   | 2.33  | 11.24  | 8.88    | 6.67    | 8.28    | 8.13    |
| LOOMIS SAYLES                              | 290,487   | 4.78      | -0.34   | 0.31     | -6.69    | -0.47  | -0.34 | -3.97  | 1.37    | 1.39    | 2.92    |         |
| STATE ACCOUNT                              | 26,825    | 0.44      | 0.53    | 1.62     | 3.34     | 3.98   | 0.53  | 7.08   |         |         |         |         |
| TAPLIN, CANIDA & HABACHT                   | 344,192   | 5.67      | 2.05    | 3.70     | 5.12     | 8.19   | 2.05  | 13.50  | 8.65    | 6.75    | 8.11    | 8.24    |
| TOTAL US FIXED INCOME                      | 1,947,960 | 32.07     | 1.66    | 2.73     | 2.45     | 4.67   | 1.66  | 9.78   | 7.91    | 6.26    | 7.50    | 7.70    |
| <b>70% MERRILL LYNCH HY/30% FB CONV HY</b> |           |           |         |          |          |        |       |        |         |         |         |         |
| LB AGGREGATE                               |           |           | 1.46    | 0.93     | -1.00    | 5.17   | 1.46  | 0.05   | -0.10   | -0.13   | 2.21    | 4.95    |
| SSBI BROAD INV GRADE                       |           |           | 2.24    | 3.24     | 4.22     | 5.92   | 2.24  | 12.69  | 9.27    | 6.96    | 7.19    | 7.90    |
| SSBI LARGE PENSION FUND                    |           |           | 2.31    | 3.32     | 4.29     | 6.01   | 2.31  | 12.80  | 9.28    | 6.97    | 7.20    | 7.91    |
| SSBI LPF MORTGAGE                          |           |           | 3.05    | 4.17     | 4.29     | 6.14   | 3.05  | 13.86  | 9.95    |         |         |         |
|  |           |           | 1.86    | 2.64     | 3.98     | 5.60   | 1.86  | 12.50  | 9.44    |         |         |         |
| <b>ALTERNATIVE INVESTMENTS</b>             |           |           |         |          |          |        |       |        |         |         |         |         |
| HEITMAN REAL ESTATE                        | 3,231     | 0.05      | 2.68    | 0.58     | -3.74    | -2.88  | 2.68  | 2.66   | 11.14   | 10.31   | 10.33   | 9.09    |
| L&B REAL ESTATE                            | 49,256    | 0.81      | 0.00    | 1.43     | 3.93     | 3.93   | 0.00  | 8.12   | 7.61    | 9.08    | 12.68   | 11.23   |
| PRIVATE EQUITY INVESTMENT                  | 269,991   | 4.45      | 1.76    | -2.27    | -13.14   | -26.34 | 1.76  | -19.95 | 5.85    | 6.54    | 7.97    | 12.60   |
| TOTAL ALTERNATIVE INVESTMENTS              | 322,478   | 5.31      | 1.50    | -1.69    | -10.76   | -22.64 | 1.50  | -16.38 |         |         |         |         |
| NCREIF PROPERTY INDEX                      |           |           | 0.00    |          |          |        | 0.00  |        |         |         |         |         |
| <b>CASH EQUIVALENTS</b>                    |           |           |         |          |          |        |       |        |         |         |         |         |
| CASH ACCOUNT (INSIDE)                      | 4,369     | 0.07      | 6.07    | 10.29    | 14.23    | 14.85  | 6.07  | 18.06  |         |         |         |         |
| CASH ACCOUNT (OUTSIDE)                     | 8,354     | 0.14      | 0.33    | 1.07     | 2.44     | 2.99   | 0.33  | 5.86   |         |         |         |         |
| <b>TOTAL PLAN</b>                          |           |           |         |          |          |        |       |        |         |         |         |         |
| TOTAL PLAN                                 | 6,073,336 | 100.00    | -0.70   | -2.41    | -8.55    | -7.52  | -0.70 | -10.65 | -1.83   | 1.97    | 5.41    | 8.09    |
| TOTAL PLAN BENCHMARK                       |           |           | -0.70   | -2.10    | -7.85    | -5.29  | -0.70 | -9.39  | -0.25   | 4.03    | 5.74    | 10.38   |

1.  $\frac{1}{x^2} = x^{-2}$   
2.  $\frac{d}{dx} x^{-2} = -2x^{-3}$   
3.  $= -2x^{-3}$   
4.  $= -\frac{2}{x^3}$   
5.  $= -\frac{2}{x^3}$   
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| Asset Allocation Report<br>Market Values at July 31, 2001<br>(\$Millions) | Style                    | Actual            |               | Target            |               | Difference        | Cash            | % of<br>Total |
|---|--------------------------|-------------------|---------------|-------------------|---------------|-------------------|-----------------|---------------|
|   | Mandate                  |                   |               |                   |               |                   |                 |               |
| <b>Domestic Equity</b>  |                          |                   |               |                   |               |                   |                 |               |
| Shott Capital Mgmt  | alternative distribution | 0.56              | 0.0%          | 0.00              | 0.0%          | 0.56              | 0.15            | 25.8%         |
| JP Morgan Investment Management   | active core              | 340.99            | 5.6%          | 303.69            | 5.0%          | 37.30             | 1.60            | 0.5%          |
| Provident Investment Council  | Active lrg cap grwth     | 251.82            | 4.1%          | 303.69            | 5.0%          | -51.87            | 21.50           | 8.5%          |
| SSgA Core   | active core              | 331.99            | 5.5%          | 303.69            | 5.0%          | 28.30             | 4.77            | 1.4%          |
| SSgA Russell  | lrg cap value Index      | 233.61            | 3.8%          | 303.69            | 5.0%          | -70.08            | 0.00            | 0.0%          |
| SSgA Wilshire 5000  | Equity Index             | 1,068.88          | 17.6%         | 1,062.92          | 17.5%         | 5.95              | (0.01)          | 0.0%          |
| PIMCO   | enhanced equity          | 431.51            | 7.1%          | 455.54            | 7.5%          | -24.03            | 0.03            | 0.0%          |
| <b>TOTAL DOMESTIC EQUITY</b>  |                          | <b>\$2,659.36</b> | <b>43.8%</b>  | <b>\$2,733.23</b> | <b>45.0%</b>  | <b>-\$73.87</b>   | <b>\$28.04</b>  | <b>1.1%</b>   |
| <b>International Equity</b>   |                          |                   |               |                   |               |                   |                 |               |
| Bank of Ireland   | M/S all country ex US    | 419.44            | 6.9%          | 425.17            | 7.0%          | -5.73             | 12.08           | 2.9%          |
| Putnam Investments  | M/S all country ex US    | 423.38            | 7.0%          | 425.17            | 7.0%          | -1.79             | 13.61           | 3.2%          |
| Zurich Scudder Investments  | M/S all country ex US    | 286.97            | 4.7%          | 364.43            | 6.0%          | -77.46            | 7.09            | 2.5%          |
| <b>TOTAL INT'L EQUITY</b>   |                          | <b>\$1,130.82</b> | <b>18.6%</b>  | <b>\$1,214.77</b> | <b>20.0%</b>  | <b>-\$83.95</b>   | <b>\$32.80</b>  | <b>2.9%</b>   |
| <b>Domestic Fixed Income</b>  |                          |                   |               |                   |               |                   |                 |               |
| Fleet Investment Advisors   | active core              | 590.81            | 9.7%          | 551.20            | 9.1%          | 39.61             | 12.20           | 2.1%          |
| Fidelity Management & Research  | mortgages                | 446.73            | 7.4%          | 417.58            | 6.9%          | 29.15             | 5.79            | 1.3%          |
| Brown Brothers, Harriman  | opportunistic core       | 248.91            | 4.1%          | 200.44            | 3.3%          | 48.48             | 8.43            | 3.4%          |
| In-State Fixed Income   | short/int govt           | 26.83             | 0.4%          | 0.00              | 0.0%          | 26.83             | 0.17            | 0.6%          |
| Taplin, Canida & Habacht  | corporates               | 344.19            | 5.7%          | 250.55            | 4.1%          | 93.65             | 10.39           | 3.0%          |
| Loomis, Sayles & Co.  | convt/hi yield           | 290.49            | 4.8%          | 250.55            | 4.1%          | 39.94             | 1.19            | 0.4%          |
| <b>TOTAL FIXED-INCOME</b>   |                          | <b>\$1,947.96</b> | <b>32.1%</b>  | <b>\$1,670.31</b> | <b>27.5%</b>  | <b>\$277.65</b>   | <b>\$38.18</b>  | <b>2.0%</b>   |
| <b>Alternative Investments</b>  |                          |                   |               |                   |               |                   |                 |               |
| JMB/ Heitman Advisory Corp  | real estate              | 3.23              | 0.1%          |                   |               |                   |                 |               |
| L&B Real Estate Counsel   | real estate              | 49.26             | 0.8%          |                   |               |                   |                 |               |
| Shott Capital Mgmt  | alternative distribution | 0.00              | 0.0%          |                   |               |                   |                 |               |
| Pacific Corp Group  | Private Equity           | 269.99            | 4.4%          |                   |               |                   |                 |               |
| Bank Disposition  | contingency              | 0.50              | 0.0%          |                   |               |                   |                 |               |
| <b>TOTAL ALTERNATIVE INVESTMENTS</b>                                      |                          | <b>\$322.98</b>   | <b>5.3%</b>   | <b>\$455.54</b>   | <b>7.5%</b>   | <b>-\$132.56</b>  | <b>\$0.00</b>   | <b>0.0%</b>   |
| <b>CASH EQUIVALENTS</b>   | STIF, Yield+             | 12.73             | 0.2%          | 0.00              | 0.0%          | 12.73             | 12.72           | 100.0%        |
| <b>TOTAL ASSETS</b>   |                          | <b>\$6,073.84</b> | <b>100.0%</b> | <b>\$6,073.84</b> | <b>100.0%</b> | <b>\$0.00</b>     | <b>\$111.75</b> | <b>1.8%</b>   |
| <b>Allocation By Management Style</b>                                     |                          |                   |               |                   |               |                   |                 |               |
| <b>Domestic Equity</b>  |                          |                   |               |                   |               |                   |                 |               |
| Core  |                          | 672.98            | 11.1%         | 607.38            | 10.0%         | 65.60             | 6.37            | 0.9%          |
| Large Cap Growth  |                          | 251.82            | 4.1%          | 303.69            | 5.0%          | (51.87)           | 21.50           | 8.5%          |
| Large Cap Value   |                          | 233.61            | 3.8%          | 303.69            | 5.0%          | (70.08)           | -               | 0.0%          |
| Enhanced Equity   |                          | 1,500.39          | 24.7%         | 1,518.46          | 25.0%         | (18.07)           | 0.02            | 0.0%          |
| Alt Distribution  |                          | 0.56              | 0.0%          | -                 | 0.0%          | 0.56              | 0.15            | 0.0%          |
| <b>TOTAL DOMESTIC EQUITY</b>  |                          | <b>\$2,659.36</b> | <b>43.8%</b>  | <b>\$2,733.23</b> | <b>45.0%</b>  | <b>(\$73.87)</b>  | <b>\$28.04</b>  | <b>1.1%</b>   |
| <b>International Equity</b>   |                          |                   |               |                   |               |                   |                 |               |
| Passive   |                          | 419.44            | 6.9%          | 425.17            | 7.0%          | (5.73)            | 12.08           | 2.9%          |
| Active  |                          | 710.34            | 11.7%         | 789.60            | 13.0%         | (79.26)           | 20.70           | 2.9%          |
| Emerging Markets  |                          | 1.03              | 0.0%          | -                 | 0.0%          | 1.03              | 0.02            | 0.0%          |
| <b>TOTAL INT'L EQUITY</b>   |                          | <b>\$1,130.82</b> | <b>18.6%</b>  | <b>\$1,214.77</b> | <b>20.0%</b>  | <b>(\$83.95)</b>  | <b>\$32.80</b>  | <b>2.9%</b>   |
| <b>Domestic Fixed Income</b>  |                          |                   |               |                   |               |                   |                 |               |
| Mortgage  |                          | 446.73            | 17.1%         | 417.58            | 6.875%        | 29.15             | 5.79            | 1.3%          |
| Core  |                          | 866.55            | 4.5%          | 751.64            | 12.375%       | 114.91            | 20.80           | 2.4%          |
| Corporates  |                          | 344.19            | 5.7%          | 250.55            | 4.125%        | 93.65             | 10.39           | 3.0%          |
| Convertible/High Yield  |                          | 290.49            | 4.8%          | 250.55            | 4.125%        | 39.94             | 1.19            | 0.4%          |
| <b>TOTAL FIXED-INCOME</b>   |                          | <b>\$1,947.96</b> | <b>32.1%</b>  | <b>\$1,670.31</b> | <b>27.5%</b>  | <b>\$277.65</b>   | <b>\$38.18</b>  | <b>2.0%</b>   |
| <b>Alternative Investments</b>  |                          |                   |               |                   |               |                   |                 |               |
| Real Estate   |                          | 52.49             | 0.9%          |                   |               |                   |                 |               |
| Other Alternative Investments   |                          | 270.49            | 4.5%          |                   |               |                   |                 |               |
| <b>TOTAL ALTERNATIVE INVESTMENTS</b>                                      |                          | <b>\$322.98</b>   | <b>5.3%</b>   | <b>\$455.54</b>   | <b>7.5%</b>   | <b>(\$132.56)</b> |                 |               |
| <b>CASH EQUIVALENTS</b>   | STIF, Yield+             | 12.73             | 0.2%          | 0.00              | 0.0%          | 12.73             | 12.73           | 100.0%        |
| <b>TOTAL ASSETS</b>   |                          | <b>\$6,073.84</b> | <b>100.0%</b> | <b>\$6,073.84</b> | <b>100.0%</b> | <b>\$0.00</b>     | <b>\$111.75</b> | <b>1.8%</b>   |



# RHODE ISLAND STATE INVESTMENT COMMISSION

## Domestic Equity Holdings By Top 10 Market Values

JULY 31, 2001

### *Equities*

| <b>RANK</b>                     | <b>SECURITY NAME</b> | <b>PAR VALUES/SHARES</b> | <b>BASE MARKET AMOUNT</b> | <b>MONEY MANAGERS</b>     |
|---------------------------------|----------------------|--------------------------|---------------------------|---------------------------|
| 1                               | GENERAL ELC. CO      | 819,500                  | \$35,648,250              | SSgA,Provident,J.P.Morgan |
| 2                               | PFIZER INC           | 852,300                  | 35,131,806                | SSgA,Provident,J.P.Morgan |
| 3                               | MICROSOFT CORP       | 427,100                  | 28,269,749                | SSgA,Provident,J.P.Morgan |
| 4                               | AOL TIME WARNER INC  | 597,200                  | 27,142,740                | SSgA,Provident,J.P.Morgan |
| 5                               | CISCO SYS INC        | 982,300                  | 18,879,806                | SSgA,Provident,J.P.Morgan |
| 6                               | CITIGROUP INC        | 346,533                  | 17,399,422                | SSgA,J.P.Morgan           |
| 7                               | EXXON MOBIL CORP     | 400,970                  | 16,744,507                | SSgA,J.P.Morgan           |
| 8                               | FEDERAL HOME LN MTG  | 188,100                  | 12,873,564                | SSgA,Provident,J.P.Morgan |
| 9                               | JOHNSON & JOHNSON    | 228,500                  | 12,361,850                | SSgA,J.P.Morgan           |
| 10                              | INTEL CORP           | 404,300                  | 12,052,183                | SSgA,J.P.Morgan           |
|                                 |                      | 8.13%                    | \$216,503,877             |                           |
| <b>Total Composite Equities</b> |                      | <b>\$2,662,566,203</b>   |                           |                           |

## International Equity Holdings By Top 10 Market Values

JULY 31, 2001

### *International Equities*

| <b>RANK</b>                                   | <b>SECURITY NAME</b> | <b>PAR VALUES/SHARES</b> | <b>BASE MARKET AMOUNT</b> | <b>MONEY MANAGERS</b>         |
|---|----------------------|--------------------------|---------------------------|-------------------------------|
| 1   | ING GROEP NV CVA     | 1,148,618                | \$37,425,430              | Bank of Ireland,Zurich,Putnam |
| 2   | TOTAL FINA ELF       | 252,110                  | 35,866,758                | Bank of Ireland,Zurich,Putnam |
| 3   | GLAXOSMITHLINE       | 1,123,874                | 32,467,371                | Bank of Ireland,Zurich,Putnam |
| 4   | SHELL TRNSPT+TRDG    | 3,795,590                | 32,105,229                | Bank of Ireland,Zurich,Putnam |
| 5   | NESTLE SA            | 134,839                  | 28,882,858                | Bank of Ireland,Zurich,Putnam |
| 6   | VODAFONE GROUP       | 12,337,128               | 26,989,709                | Bank of Ireland,Zurich,Putnam |
| 7   | AVENTIS SA           | 268,284                  | 20,621,395                | Bank of Ireland,Zurich,Putnam |
| 8   | BARCLAYS ORD         | 608,660                  | 18,051,887                | Bank of Ireland,Zurich        |
| 9   | ASTREZENECA ORD      | 362,369                  | 17,993,056                | Bank of Ireland,Putnam        |
| 10  | ROYAL DUTCH PETROL   | 232,000                  | 13,529,123                | Bank of Ireland,Zurich        |
|   |                      | 23.42%                   | \$263,932,817             |                               |
| <b>Total Composite International Equities</b> |                      | <b>\$1,127,051,357</b>   |                           |                               |

## Alternative Investments Funding

2 0 0 1

| Manager                                    | Inception Date | Partnership Commitment | Prior Funding Thru 6/30/01 | Current Month Funding | Cumulative Total at 7/31/01 | Unfunded Balance     | Market Values at 7/31/01 |
|--|----------------|------------------------|----------------------------|-----------------------|-----------------------------|----------------------|--------------------------|
| <i>ABS Capital Partners</i>                | May 1996       | 5,000,000              | 3,092,725                  | 0                     | 3,092,725                   | 1,907,275            | 2,196,798                |
| <i>Apollo RE Investment Fund IV L.P.</i>   | Apr 1998       | 15,000,000             | 13,112,766                 | 0                     | 13,112,766                  | 1,887,234            | 15,191,985               |
| <i>Alta BioPharma Partners, L.P.</i>       | Mar 1998       | 10,000,000             | 7,492,435                  | 0                     | 7,492,435                   | 2,507,565            | 8,155,161                |
| <i>Alta California Partners II L.P.</i>    | Oct 1998       | 10,000,000             | 7,053,607                  | 500,000               | 7,553,607                   | 2,446,393            | 6,384,557                |
| <i>Alta California Partners III L.P.</i>   | Jan 2001       | 15,000,000             | 2,250,000                  | 750,000               | 3,000,000                   | 12,000,000           | 2,749,230                |
| <i>Aurora Equity Partners II</i>           | Mar 1998       | 15,000,000             | 9,581,443                  | 0                     | 9,581,443                   | 5,418,557            | 10,468,122               |
| <i>Blackstone Capital Pturs</i>            | Jun 1997       | 20,000,000             | 11,759,776                 | 0                     | 11,759,776                  | 8,240,224            | 13,197,405               |
| <i>Boston Ventures Ltd</i>                 | Sept 1996      | 5,000,000              | 4,053,033                  | 0                     | 4,053,033                   | 946,967              | 3,452,901                |
| <i>Crossroads/Providence LP</i>            | Dec 1988       | 37,319,303             | 36,801,840                 | (7,081)               | 36,794,759                  | 0                    | 12,970,449               |
| <i>CVC Capital Partners</i>                | Mar 1998       | 15,000,000             | 10,076,220                 | 1,055,549             | 11,131,769                  | 3,868,231            | 14,474,695               |
| <i>CVC Capital Partners III</i>            | Mar 2001       | 20,000,000             | 0                          | 0                     | 0                           | 20,000,000           | 0                        |
| <i>Doughty Hanson II</i>                   | Mar 1996       | 5,000,000              | 1,850,572                  | (19,966)              | 1,830,606                   | 3,169,394            | 742,430                  |
| <i>Doughty Hanson III</i>                  | Nov 1997       | 15,000,000             | 9,232,531                  | (4,411)               | 9,228,120                   | 5,771,880            | 8,117,858                |
| <i>Fenway</i>                              | Aug 1998       | 15,000,000             | 7,007,884                  | 103,950               | 7,111,834                   | 7,888,166            | 6,119,035                |
| <i>First Reserve Fund VIII L.P.</i>        | Apr 1998       | 15,000,000             | 13,106,216                 | 0                     | 13,106,216                  | 1,893,784            | 16,374,005               |
| <i>First Reserve Fund IX L.P.</i>          | Jan 2001       | 20,000,000             | 2,043,796                  | 0                     | 2,043,796                   | 17,956,204           | 2,043,796                |
| <i>Harvest Partners III</i>                | Dec 1997       | 15,000,000             | 12,292,784                 | 0                     | 12,292,784                  | 2,707,216            | 13,224,651               |
| <i>Heritage Fund</i>                       | May 1997       | 5,000,000              | 3,960,448                  | 0                     | 3,960,448                   | 1,039,552            | 4,119,163                |
| <i>Narragansett Capital Partners</i>       | Jan 1987       | 1,671,121              | 762,385                    | 0                     | 762,385                     | 908,736              | 228,474                  |
| <i>Navis Partners V</i>                    | Feb 2001       | 20,000,000             | 379,386                    | 0                     | 379,386                     | 19,620,614           | 379,386                  |
| <i>Nordic Capital III</i>                  | Feb 1998       | 10,000,000             | 7,663,912                  | 0                     | 7,663,912                   | 2,336,088            | 6,970,636                |
| <i>OCM Opportunities Fund</i>              | Jan 1996       | 8,000,000              | 1,430,038                  | 0                     | 1,430,038                   | 6,569,962            | 4,217,280                |
| <i>OCM Principal Opportunities</i>         | Nov 1996       | 5,000,000              | 4,633,633                  | 0                     | 4,633,633                   | 366,367              | 5,994,439                |
| <i>OCM Opportunities II</i>                | Oct 1997       | 12,000,000             | 10,636,036                 | (1,113,696)           | 9,522,340                   | 2,477,660            | 12,256,140               |
| <i>Parthenon Investors, L.P.</i>           | Feb 1999       | 15,000,000             | 10,104,560                 | 0                     | 10,104,560                  | 4,895,440            | 13,018,010               |
| <i>Parthenon Investors II, L.P.</i>        | Dec 2000       | 20,000,000             | 459,534                    | 0                     | 459,534                     | 19,540,466           | 510,083                  |
| <i>Providence Equity Partners</i>          | Dec 1996       | 10,000,000             | 4,038,220                  | 0                     | 4,038,220                   | 5,961,780            | 10,690,888               |
| <i>Providence Equity Partners III L.P.</i> | Dec 1998       | 15,000,000             | 6,872,569                  | 94,542                | 6,967,111                   | 8,032,889            | 8,698,060                |
| <i>Providence Equity Partners IV L.P.</i>  | Sep 2000       | 25,000,000             | (9)                        | 0                     | (9)                         | 25,000,009           | 0                        |
| <i>SKM Equity Fund II</i>                  | Dec 1996       | 10,000,000             | 7,784,244                  | 0                     | 7,784,244                   | 2,215,756            | 7,353,197                |
| <i>THL Equity Fund IV</i>                  | Dec 1997       | 9,000,000              | 7,168,370                  | 0                     | 7,168,370                   | 1,831,630            | 9,025,468                |
| <i>TPG Partners</i>                        | Apr 1997       | 10,000,000             | 7,464,374                  | 252,498               | 7,716,872                   | 2,283,128            | 7,646,407                |
| <i>Triumph Partners III</i>                | Feb 1998       | 15,000,000             | 9,084,669                  | 55,430                | 9,140,099                   | 5,859,901            | 9,670,390                |
| <i>VS &amp; A Communications Pturs III</i> | Nov 1998       | 15,000,000             | 6,153,441                  | 0                     | 6,153,441                   | 8,846,559            | 5,218,703                |
| <i>Wellspring Capital Partners</i>         | Sep 1998       | 15,000,000             | 8,537,238                  | 0                     | 8,537,238                   | 6,462,762            | 8,532,235                |
| <i>Welsh, Carson, Anderson &amp; Stowe</i> | Oct 1995       | 15,000,000             | 13,109,098                 | (226,147)             | 12,882,951                  | 2,117,049            | 16,473,210               |
| <i>Willis Stein</i>                        | Jun 1996       | 5,000,000              | 3,613,319                  | 0                     | 3,613,319                   | 1,386,681            | 3,125,497                |
| <i>Real Estate Investments</i>             | Various        | 80,544,204             | 57,958,412                 | (598,620)             | 57,359,792                  | 0                    | 53,071,549               |
| <i>Contingency Fund</i>                    |                | 500,000                | 500,000                    | 0                     | 500,000                     | 0                    | 500,000                  |
| <b>TOTALS:</b>                             |                | <b>\$574,034,628</b>   | <b>\$323,121,505</b>       | <b>\$842,048</b>      | <b>\$323,963,553</b>        | <b>\$226,362,119</b> | <b>\$323,562,293</b>     |

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**Retirement Systems  
Investment Earnings  
Fiscal Year 2002 to Date Summary**

**ERSRI  
&  
MERSRI**                      **at July 31, 2001**

|                         | <i>LONG TERM</i>   | <i>SHORT TERM</i> | <i>TOTAL</i>       |
|-------------------------|--------------------|-------------------|--------------------|
| INTEREST SOLD           | 1,570,173          |                   | 1,570,173          |
| SECURITIES LENDING      | 144,694            |                   | 144,694            |
| DIVIDENDS               | 1,850,179          |                   | 1,850,179          |
| INTEREST                | 9,991,736          | 42,125            | 10,033,861         |
| MISCELLANEOUS           | (537,473)          |                   | (537,473)          |
| CAPITAL GAINS/LOSSES    | (15,363,524)       |                   | (15,363,524)       |
|                         | -----              | -----             | -----              |
| <b>GRAND<br/>TOTAL:</b> | <b>(2,344,216)</b> | <b>42,125</b>     | <b>(2,302,091)</b> |

FISCAL YEAR 2002

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

CASH BASIS

ERSRI & MERSRI

|                                    | Actual<br>Jul 01 | Projected<br>Aug | Projected<br>Sept | Projected<br>Oct | Projected<br>Nov | Projected<br>Dec | Projected<br>Jan 02 | Projected<br>Feb | Projected<br>Mar | Projected<br>Apr | Projected<br>May | Projected<br>Jun | PROJECTED<br>TOTAL |
|------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| <b>EQUITIES</b>                    |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Prudential Investmt</i>         |                  | 300,000          | 300,000           | 300,000          | 300,000          | 300,000          | 300,000             | 300,000          | 300,000          | 300,000          | 300,000          | 300,000          | 0                  |
| <i>JP Morgan</i>                   |                  | 275,000          | 275,000           | 275,000          | 275,000          | 275,000          | 275,000             | 275,000          | 275,000          | 275,000          | 275,000          | 275,000          | 1,200,000          |
| <i>SS&amp;A Core</i>               |                  | 275,000          | 275,000           | 275,000          | 275,000          | 275,000          | 275,000             | 275,000          | 275,000          | 275,000          | 275,000          | 275,000          | 1,100,000          |
| <i>SS&amp;A Russell</i>            |                  | 30,000           | 30,000            | 30,000           | 30,000           | 30,000           | 30,000              | 30,000           | 30,000           | 30,000           | 30,000           | 30,000           | 120,000            |
| <i>Shoft Capital</i>               |                  | 7,500            | 7,500             | 7,500            | 7,500            | 7,500            | 7,500               | 7,500            | 7,500            | 7,500            | 7,500            | 7,500            | 30,000             |
| <i>SS&amp;A Wilshire 5000</i>      |                  | 55,000           | 55,000            | 55,000           | 55,000           | 55,000           | 55,000              | 55,000           | 55,000           | 55,000           | 55,000           | 55,000           | 220,000            |
| <b>FIXED INCOME</b>                |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Fleet Investment Advisors</i>   |                  | 262,500          | 262,500           | 262,500          | 262,500          | 262,500          | 262,500             | 262,500          | 262,500          | 262,500          | 262,500          | 262,500          | 1,050,000          |
| <i>Brown Bros.</i>                 |                  | 130,000          | 130,000           | 130,000          | 130,000          | 130,000          | 130,000             | 130,000          | 130,000          | 130,000          | 130,000          | 130,000          | 520,000            |
| <i>Fidelity</i>                    |                  | 350,000          | 350,000           | 350,000          | 350,000          | 350,000          | 350,000             | 350,000          | 350,000          | 350,000          | 350,000          | 350,000          | 1,400,000          |
| <i>Taplin</i>                      |                  | 200,000          | 200,000           | 200,000          | 200,000          | 200,000          | 200,000             | 200,000          | 200,000          | 200,000          | 200,000          | 200,000          | 800,000            |
| <i>Loomis Sayles</i>               |                  | 400,000          | 400,000           | 400,000          | 400,000          | 400,000          | 400,000             | 400,000          | 400,000          | 400,000          | 400,000          | 400,000          | 1,600,000          |
| <b>INT'L EQUITIES</b>              |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Bank of Ireland</i>             |                  | 250,000          | 250,000           | 250,000          | 250,000          | 250,000          | 250,000             | 250,000          | 250,000          | 250,000          | 250,000          | 250,000          | 1,000,000          |
| <i>Putnam Investments</i>          |                  | 350,000          | 350,000           | 350,000          | 350,000          | 350,000          | 350,000             | 350,000          | 350,000          | 350,000          | 350,000          | 350,000          | 1,400,000          |
| <i>Scudder</i>                     |                  | 350,000          | 350,000           | 350,000          | 350,000          | 350,000          | 350,000             | 350,000          | 350,000          | 350,000          | 350,000          | 350,000          | 1,400,000          |
| <b>REAL ESTATE</b>                 |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Heitman Advisory</i>            |                  | 0                | 0                 | 0                | 0                | 0                | 0                   | 0                | 0                | 0                | 0                | 0                | 0                  |
| <i>L &amp; B Real Estate</i>       |                  | 0                | 0                 | 0                | 0                | 0                | 0                   | 0                | 0                | 0                | 0                | 0                | 0                  |
| <b>ALTERNATIVE INVESTMENTS</b>     |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Other Alt Inv Mgmt Fees</i>     | 1,142,986        | 200,000          | 200,000           | 200,000          | 200,000          | 200,000          | 200,000             | 200,000          | 200,000          | 200,000          | 200,000          | 200,000          | 2,942,986          |
| <b>SUB TOTAL - INV MGMT FEES</b>   | 1,142,986        | 200,000          | 3,435,000         | 200,000          | 200,000          | 3,435,000        | 200,000             | 200,000          | 3,435,000        | 0                | 0                | 3,435,000        | 15,882,986         |
| <b>PROFESSIONAL FEES</b>           |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Consulting</i>                  |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  | 0                  |
| <i>Legal</i>                       |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  | 0                  |
| <i>State Street Bank Custodial</i> |                  | 36,000           | 36,000            | 36,000           | 36,000           | 36,000           | 36,000              | 36,000           | 36,000           | 36,000           | 36,000           | 36,000           | 144,000            |
| <i>Pacific Corp Group</i>          |                  | 68,750           | 68,750            | 68,750           | 68,750           | 68,750           | 68,750              | 68,750           | 68,750           | 68,750           | 68,750           | 68,750           | 275,000            |
| <i>Wilshire Assoc</i>              | 16,667           | 16,667           | 16,667            | 16,667           | 16,667           | 16,667           | 16,667              | 16,667           | 16,667           | 16,667           | 16,667           | 16,667           | 200,004            |
| <b>OPERATING EXPENSE</b>           |                  |                  |                   |                  |                  |                  |                     |                  |                  |                  |                  |                  |                    |
| <i>Retirement Transfers</i>        |                  | 3,000,000        | 3,000,000         | 3,000,000        | 3,000,000        | 3,000,000        | 3,000,000           | 3,000,000        | 3,000,000        | 3,000,000        | 3,000,000        | 3,000,000        | 12,000,000         |
| <i>Other Expense</i>               |                  | 3,000            | 3,000             | 3,000            | 3,000            | 3,000            | 3,000               | 3,000            | 3,000            | 3,000            | 3,000            | 3,000            | 6,000              |
| <b>TOTAL:</b>                      | 1,159,653        | 216,667          | 6,556,417         | 216,667          | 216,667          | 6,559,417        | 216,667             | 216,667          | 6,556,417        | 16,667           | 16,667           | 6,559,417        | 28,507,990         |

## CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

### FISCAL YEAR 2002

| FY 2001-02<br>Actual<br>July<br>2001 | Projected<br>August | Projected<br>September | Projected<br>October | Projected<br>November | Projected<br>December | Projected<br>January<br>2002 | Projected<br>February | Projected<br>March | Projected<br>April | Projected<br>May | Projected<br>June | Projected<br>TOTAL |
|--------------------------------------|---------------------|------------------------|----------------------|-----------------------|-----------------------|------------------------------|-----------------------|--------------------|--------------------|------------------|-------------------|--------------------|
| MEMBER BENEFITS                      | 32,000,000          | 32,000,000             | 32,000,000           | 32,000,000            | 32,000,000            | 32,000,000                   | 32,000,000            | 32,000,000         | 32,000,000         | 32,000,000       | 32,000,000        | 384,602,286        |
| ADMINISTRATIVE<br>EXPENSES           | 0                   | 1,000,000              | 1,000,000            | 1,000,000             | 1,000,000             | 1,000,000                    | 1,000,000             | 1,000,000          | 1,000,000          | 1,000,000        | 1,000,000         | 11,000,000         |
| INVESTMENT<br>EXPENSES               | 993,475             | 1,200,000              | 1,200,000            | 1,200,000             | 1,200,000             | 1,200,000                    | 1,200,000             | 1,200,000          | 1,200,000          | 1,200,000        | 1,200,000         | 14,193,475         |
| TOTAL OUTFLOW                        | 33,593,475          | 34,200,000             | 34,200,000           | 34,200,000            | 34,200,000            | 34,200,000                   | 34,200,000            | 34,200,000         | 34,200,000         | 34,200,000       | 34,200,000        | 409,795,761        |
| CONTRIBUTIONS                        | 24,368,335          | 21,000,000             | 21,000,000           | 21,000,000            | 21,000,000            | 21,000,000                   | 21,000,000            | 21,000,000         | 21,000,000         | 21,000,000       | 21,000,000        | 255,368,335        |
| OTHER INCOME*                        | 590,788             | 2,500,000              | 2,500,000            | 2,500,000             | 2,500,000             | 2,500,000                    | 2,500,000             | 2,500,000          | 2,500,000          | 2,500,000        | 2,500,000         | 28,090,788         |
| TOTAL INCOME                         | 24,959,123          | 23,500,000             | 23,500,000           | 23,500,000            | 23,500,000            | 23,500,000                   | 23,500,000            | 23,500,000         | 23,500,000         | 23,500,000       | 23,500,000        | 283,459,123        |
| DIFFERENCE                           | (8,636,638)         | (10,700,000)           | (10,700,000)         | (10,700,000)          | (10,700,000)          | (10,700,000)                 | (10,700,000)          | (10,700,000)       | (10,700,000)       | (10,700,000)     | (10,700,000)      | (126,536,638)      |

### Municipal Employees Retirement System

| Actual<br>July<br>2001     | Projected<br>August | Projected<br>September | Projected<br>October | Projected<br>November | Projected<br>December | Projected<br>January<br>2002 | Projected<br>February | Projected<br>March | Projected<br>April | Projected<br>May | Projected<br>June | Projected<br>TOTAL |
|----------------------------|---------------------|------------------------|----------------------|-----------------------|-----------------------|------------------------------|-----------------------|--------------------|--------------------|------------------|-------------------|--------------------|
| MEMBER BENEFITS            | 2,802,346           | 2,900,000              | 2,900,000            | 2,900,000             | 2,900,000             | 2,900,000                    | 2,900,000             | 2,900,000          | 2,900,000          | 2,900,000        | 2,900,000         | 34,702,346         |
| ADMINISTRATIVE<br>EXPENSES | 0                   | 150,000                | 150,000              | 150,000               | 150,000               | 150,000                      | 150,000               | 150,000            | 150,000            | 150,000          | 150,000           | 1,650,000          |
| INVESTMENT<br>EXPENSES     | 145,714             | 200,000                | 200,000              | 200,000               | 200,000               | 200,000                      | 200,000               | 200,000            | 200,000            | 200,000          | 200,000           | 2,345,714          |
| TOTAL OUTFLOW              | 2,948,060           | 3,250,000              | 3,250,000            | 3,250,000             | 3,250,000             | 3,250,000                    | 3,250,000             | 3,250,000          | 3,250,000          | 3,250,000        | 3,250,000         | 38,698,060         |
| CONTRIBUTIONS              | 1,505,428           | 1,600,000              | 1,600,000            | 1,600,000             | 1,600,000             | 1,600,000                    | 1,600,000             | 1,600,000          | 1,600,000          | 1,600,000        | 1,600,000         | 19,105,428         |
| OTHER INCOME*              | 86,652              | 375,000                | 375,000              | 375,000               | 375,000               | 375,000                      | 375,000               | 375,000            | 375,000            | 375,000          | 375,000           | 4,211,652          |
| TOTAL INCOME               | 1,592,080           | 1,975,000              | 1,975,000            | 1,975,000             | 1,975,000             | 1,975,000                    | 1,975,000             | 1,975,000          | 1,975,000          | 1,975,000        | 1,975,000         | 23,317,080         |
| DIFFERENCE                 | (1,355,980)         | (1,275,000)            | (1,275,000)          | (1,275,000)           | (1,275,000)           | (1,275,000)                  | (1,275,000)           | (1,275,000)        | (1,275,000)        | (1,275,000)      | (1,275,000)       | (15,380,980)       |

Judges/State Police Retirement System

|                         | Actual July 2001 | Projected August | Projected September | Projected October | Projected November | Actual December | Projected January 2002 | Projected February | Projected March | Projected April | Projected May | Projected June | Projected TOTAL |
|-------------------------|------------------|------------------|---------------------|-------------------|--------------------|-----------------|------------------------|--------------------|-----------------|-----------------|---------------|----------------|-----------------|
| MEMBER BENEFITS         | 7,678            | 7,500            | 7,500               | 7,500             | 7,500              | 7,500           | 7,500                  | 7,500              | 7,500           | 7,500           | 7,500         | 7,500          | 90,178          |
| ADMINISTRATIVE EXPENSES | 0                | 3,250            | 3,250               | 3,250             | 3,250              | 3,250           | 3,250                  | 3,250              | 3,250           | 3,250           | 3,250         | 3,250          | 35,750          |
| INVESTMENT EXPENSES     | 3,797            | 4,250            | 4,250               | 4,250             | 4,250              | 4,250           | 4,250                  | 4,250              | 4,250           | 4,250           | 4,250         | 4,250          | 50,547          |
| TOTAL OUTFLOW           | 11,475           | 15,000           | 15,000              | 15,000            | 15,000             | 15,000          | 15,000                 | 15,000             | 15,000          | 15,000          | 15,000        | 15,000         | 176,475         |
| CONTRIBUTIONS           | 317,942          | 350,000          | 350,000             | 350,000           | 350,000            | 350,000         | 350,000                | 350,000            | 350,000         | 350,000         | 350,000       | 350,000        | 4,167,942       |
| OTHER INCOME*           | 2,258            | 8,250            | 8,250               | 8,250             | 8,250              | 8,250           | 8,000                  | 8,000              | 8,000           | 8,000           | 8,000         | 8,000          | 91,508          |
| TOTAL INCOME            | 320,200          | 358,250          | 358,250             | 358,250           | 358,250            | 358,250         | 358,000                | 358,000            | 358,000         | 358,000         | 358,000       | 358,000        | 4,259,450       |
| DIFFERENCE              | 308,725          | 343,250          | 343,250             | 343,250           | 343,250            | 343,250         | 343,000                | 343,000            | 343,000         | 343,000         | 343,000       | 343,000        | 4,082,975       |

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

ALTERNATIVE INVESTMENTS

FISCAL YEAR ANALYSES  
CASH FLOW

| FISCAL YEAR              | JUL       | AUG       | SEPT      | OCT       | NOV       | DEC       | JAN       | FEB       | MAR        | APR       | MAY       | JUN       | YTD        |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|
| FISCAL YEAR 1999         |           |           |           |           |           |           |           |           |            |           |           |           |            |
| FUNDING                  | 7,541,470 | 3,002,627 | 7,539,316 | 6,956,433 | 3,010,334 | 6,553,062 | 5,360,631 | 4,784,922 | 10,481,384 | 8,451,170 | 5,527,463 | 7,448,986 | 76,657,798 |
| DISTRIB & RET OF CAPITAL | 4,074,945 | 1,091,360 | 1,828,927 | 143,592   | 52,642    | 2,118,583 | 1,173,899 | 314,341   | 3,295,430  | 2,498,433 | 2,419,342 | 1,834,848 | 20,846,342 |
| GAINS/LOSSES/INCOME      | 1,077,292 | 158,475   | 1,771,770 | 343,364   | 35,695    | 1,584,290 | 3,078,622 | 481,227   | 1,462,144  | 1,387,253 | 692,624   | 2,192,543 | 14,265,299 |
| FISCAL YEAR 2000         |           |           |           |           |           |           |           |           |            |           |           |           |            |
| FUNDING                  | 9,823,066 | 5,110,752 | 9,901,425 | 6,380,627 | 3,468,723 | 8,796,622 | 8,253,423 | 8,993,081 | 8,615,559  | 7,611,390 | 4,752,500 | 3,911,269 | 85,618,437 |
| DISTRIB & RET OF CAPITAL | 936,824   | 943,255   | 614,451   | 625,662   | 1,479,086 | 2,264,032 | 613,896   | 626,829   | 4,401,772  | 1,193,941 | 908,508   | 621,479   | 15,229,735 |
| GAINS/LOSSES/INCOME      | 4,494,508 | 482,472   | 2,183,904 | 1,137,446 | 917,857   | 433,686   | 1,006,405 | 288,160   | 9,976,668  | 1,546,109 | 502,193   | 2,169,983 | 25,139,411 |
| FISCAL YEAR 2001         |           |           |           |           |           |           |           |           |            |           |           |           |            |
| FUNDING                  | 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 |
| DISTRIB & RET OF CAPITAL | 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 |
| 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 |
| FISCAL YEAR 2002         |           |           |           |           |           |           |           |           |            |           |           |           |            |
| FUNDING                  | 2,811,969 |           |           |           |           |           |           |           |            |           |           |           | 2,811,969  |
| DISTRIB & RET OF CAPITAL | 1,900,266 |           |           |           |           |           |           |           |            |           |           |           | 1,900,266  |
| GAINS/LOSSES/INCOME      | 443,245   |           |           |           |           |           |           |           |            |           |           |           | 443,245    |



**Rhode Island Employees Retirement System  
Securities Lending Report  
July, 2001**

| <u>INVESTMENT MANAGER</u>              | <u>Income</u>           | <u>Average Collateral Balance</u> |
|--|-------------------------|-----------------------------------|
| <b><u>DOMESTIC EQUITY</u></b>          |                         |                                   |
| Provident Investment Council           | 4,564                   | 13,544,864                        |
| JP Morgan Investment Management        | 2,719                   | 8,185,625                         |
| SSgA Core                              | <u>6,438</u>            | <u>22,158,358</u>                 |
| <b>Total Domestic Equity</b>           | <b><u>\$13,721</u></b>  | <b><u>\$43,888,847</u></b>        |
| <b><u>INTERNATIONAL EQUITY</u></b>     |                         |                                   |
| Bank of Ireland                        | 392                     | 846,354                           |
| Putnam Investments                     | 1,652                   | 4,475,107                         |
| Zurich, Scudder Investments            | <u>30,561</u>           | <u>59,555,680</u>                 |
| <b>Total International Equity</b>      | <b><u>\$32,605</u></b>  | <b><u>\$64,877,141</u></b>        |
| <b><u>FIXED INCOME</u></b>             |                         |                                   |
| Fleet Investment Advisors              | 72,162                  | 298,942,509                       |
| Brown Brothers, Harriman               | 8,779                   | 22,162,295                        |
| Taplin, Canida & Habacht               | 9,964                   | 28,407,563                        |
| Loomis, Sayles & Co.                   | <u>7,463</u>            | <u>17,587,144</u>                 |
| <b>Total Fixed Income</b>              | <b><u>\$98,368</u></b>  | <b><u>\$367,099,512</u></b>       |
| <b>TOTAL SECURITIES LENDING INCOME</b> | <b><u>\$144,694</u></b> | <b><u>\$475,865,499</u></b>       |

Calendar Year 2001 YTD

**\$ 1,275,725**



**General Information**

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| <b>III. A. Daily Investment Balances Graph</b>             | <b>3.</b>   |
| <b>B. Daily Investment Performance vs. Benchmark Graph</b> | <b>-</b>    |
| <b>IV. A. Treasury Bill Yield Curve Graph</b>              | <b>4.</b>   |
| <b>B. comparative Market Yields Graph</b>                  |             |
| <b>V. A. Portfolio Maturities by Week Graph</b>            | <b>5.</b>   |
| <b>B. Summary Portfolio Yields</b>                         |             |

**Short Term Invest Rate Performance  
July 2001**

| <u>Date</u> | <u>Amount Invested (millions)</u> | <u>Weighted Interest Rate</u> | <u>30 Day Treasury Rate</u> | <u>Basis Point Difference</u> | <u>Date</u> | <u>Total Investr (millions)</u> |
|-------------|-----------------------------------|-------------------------------|-----------------------------|-------------------------------|-------------|---------------------------------|
| 7/02        | \$84.85                           | 3.90                          | 3.41                        | 48.93                         | 7/02        | \$564.54                        |
| 7/03        | \$113.25                          | 3.73                          | 3.30                        | 43.36                         | 7/03        | \$496.15                        |
| 7/05        | \$88.42                           | 3.76                          | 3.27                        | 48.82                         | 7/05        | \$484.99                        |
| 7/06        | \$78.06                           | 3.70                          | 3.42                        | 27.81                         | 7/06        | \$474.87                        |
| 7/09        | \$47.81                           | 3.64                          | 3.40                        | 23.65                         | 7/09        | \$466.96                        |
| 7/10        | \$43.70                           | 3.66                          | 3.41                        | 24.71                         | 7/10        | \$465.30                        |
| 7/11        | \$45.20                           | 3.61                          | 3.41                        | 19.72                         | 7/11        | \$466.40                        |
| 7/12        | \$53.96                           | 3.69                          | 3.41                        | 27.51                         | 7/12        | \$455.66                        |
| 7/13        | \$72.85                           | 3.61                          | 3.43                        | 18.36                         | 7/13        | \$464.90                        |
| 7/16        | \$57.60                           | 3.75                          | 3.47                        | 27.57                         | 7/16        | \$460.44                        |
| 7/17        | \$72.78                           | 3.67                          | 3.48                        | 19.47                         | 7/17        | \$457.56                        |
| 7/18        | \$61.97                           | 3.68                          | 3.53                        | 14.93                         | 7/18        | \$453.78                        |
| 7/19        | \$38.40                           | 3.70                          | 3.56                        | 14.03                         | 7/19        | \$461.33                        |
| 7/20        | \$97.71                           | 3.68                          | 3.49                        | 18.82                         | 7/20        | \$470.36                        |
| 7/23        | \$24.40                           | 3.71                          | 3.47                        | 24.45                         | 7/23        | \$462.64                        |
| 7/24        | \$26.81                           | 3.69                          | 3.47                        | 22.30                         | 7/24        | \$466.44                        |
| 7/25        | \$20.10                           | 3.68                          | 3.48                        | 19.89                         | 7/25        | \$467.98                        |
| 7/26        | \$31.19                           | 3.72                          | 3.48                        | 23.66                         | 7/26        | \$472.47                        |
| 7/27        | \$51.55                           | 3.71                          | 3.58                        | 13.18                         | 7/27        | \$478.65                        |
| 7/30        | \$26.00                           | 3.75                          | 3.56                        | 19.00                         | 7/30        | \$481.05                        |
| 7/31        | \$59.79                           | 3.81                          | 3.62                        | 19.02                         | 7/31        | \$431.25                        |
|             | <b>Total Amount Invested</b>      | <b>Weighted Average Rate</b>  | <b>Average 30 day Rate</b>  | <b>Basis Point Difference</b> |             |                                 |
|             | \$1,196.40                        | 3.71                          | 3.44                        | 27                            |             |                                 |

INTEREST

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

Short Term Investments Portfolio by Fund

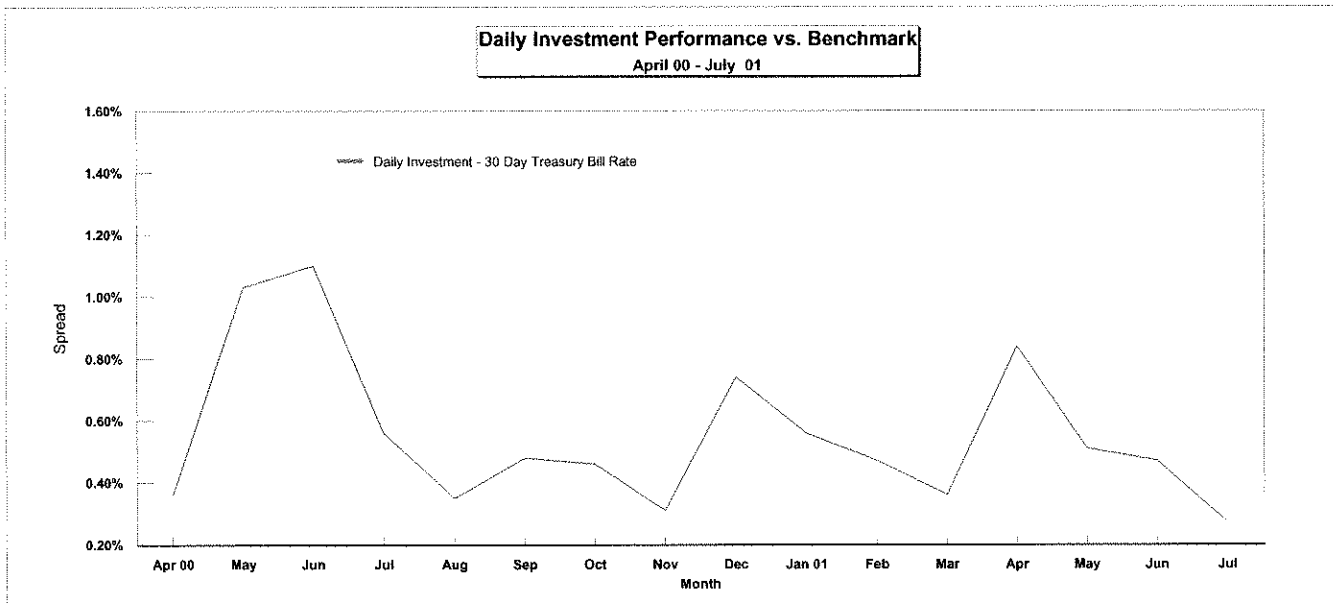
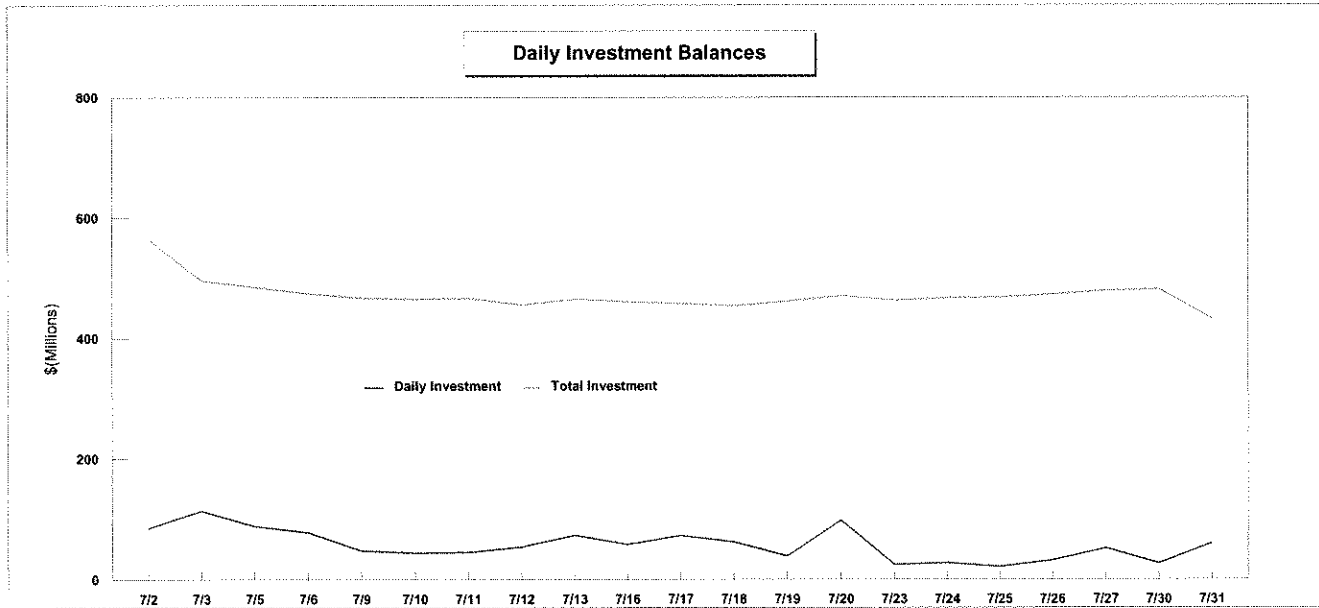
As of July 31, 2001

|                                 | Principal   | Interest* | Total Value @<br>Maturity |
|---------------------------------|-------------|-----------|---------------------------|
| 4901 GENERAL FUND               | 219,779,204 | 220,377   | 219,999,582               |
| 4902 GENERAL FUND               | 0           | 0         | 0                         |
| 4904 PENSION C                  | 6,199,339   | 661       | 6,200,000                 |
| 4908 PAYROLL A                  | 799,915     | 85        | 800,000                   |
| 4920 GENERAL FUND (HIST PRES)   | 430,703     | 2,489     | 433,192                   |
| 5200 RI UNDERGROUND STORAGE TNK | 300,903     | 216       | 301,120                   |
| 5400 HIGHWAY FUND               | 0           | 0         | 0                         |
| 5500 UNIVERSITY COLLEGE         | 0           | 0         | 0                         |
| 5800 PROV. RIVER RELOCATION     | 0           | 0         | 0                         |
| 6920 AUTO EQUIPMENT SERVICE     | 0           | 0         | 0                         |
| 8000 T.D.I. RESERVE (DET)       | 51,845,359  | 40,545    | 51,885,904                |
| 8300 PERMANENT SCHOOL FUND      | 615,446     | 506       | 615,952                   |
| 8400 EMP RETIREMENT FUND        | 600,000     | 1,813     | 601,813                   |
| 8500 MUN EMP RETIREMENT FUND    | 550,000     | 1,661     | 551,661                   |
| 8700 R.I. CLEAN WATER ACT       | 4,012,120   | 6,305     | 4,018,426                 |
| 9000 BOND CAPITAL FUND          | 23,393,040  | 29,431    | 23,422,471                |
| 9400 R.I. HIGHER EDUCATION      | 0           | 0         | 0                         |
| 9700 STATE LOTTERY FUND         | 29,173,109  | 46,950    | 29,220,059                |
| 9800 INDUS. BLDG. & MTG. INS.   | 3,007,867   | 3,934     | 3,011,802                 |
| 9900 SINKING FUND               | 3,260,000   | 10,303    | 3,270,303                 |
| 4911 TANS PROCEEDS              | 0           | 0         | 0                         |
| Subtotal                        | 343,967,005 | 365,278   | 344,332,283               |
| 8701 CLEAN WATER CCDL2000 A     | 2,555       |           |                           |
| 8702 CLEAN WATER 1993 SER. A    | 52,255      |           |                           |
| 8703 CLEAN WATER 1991 SERIES A  | 693,324     |           |                           |
| 8704 CLEAN WATER 96 SERIES A    | 311,009     |           |                           |
| 8706 CLEAN WATER CCDL 1994 (A)  | 190,436     |           |                           |
| 8707 CAP DEV. OF 1997 SERIES A  | 154,157     |           |                           |
| 8733 CAP DEV. OF 1997 SERIES A  | 99,811      |           |                           |
| 8737 RI POLLUT. CONT 94 SER. A  | 44,366      |           |                           |
| 8738 POLLUTION CONTROL 1998B    | 5,544       |           |                           |
| 8739 CCDL99A 1999A              | 409,749     |           |                           |
| 8740 POLLUTION CONTROL CCDL200A | 3,801,019   |           |                           |
| 9108 BOND SALE 1990 SER. A&B    | 1,916       |           |                           |
| 9114 G.O. NOTE 1991 SER. B      | 19,311      |           |                           |
| 9115 BOND CCDL 1992 SERIES A    | 34,959      |           |                           |
| 9116 BOND CCDL 1993 SERIES A    | 3,195,963   |           |                           |
| 9117 BOND CCDL 1994 SERIES A    | 1,811,575   |           |                           |
| 9118 BOND CCDL 1995 SER. A      | 5,178       |           |                           |
| 9120 BOND CCBL96A               | 2,492,189   |           |                           |
| 9121 CAP DEV OF 1997 SERIES A   | 2,436,034   |           |                           |
| 9123 CCDL 1998B                 | 11,830,321  |           |                           |
| 9124 CCDL99A 1999A              | 32,508,760  |           |                           |
| 9125 MMG099 1999                | 3,467,770   |           |                           |
| 9126 BOND CAPITOL CCDL2000A     | 22,171,935  |           |                           |
| 9127 MULTI-MODAL GEN OBL 2000   | 1,544,220   |           |                           |
| Subtotal Bond Proceed Accounts  | 87,284,374  |           |                           |
| Total Short Term Portfolio      | 431,251,379 |           |                           |

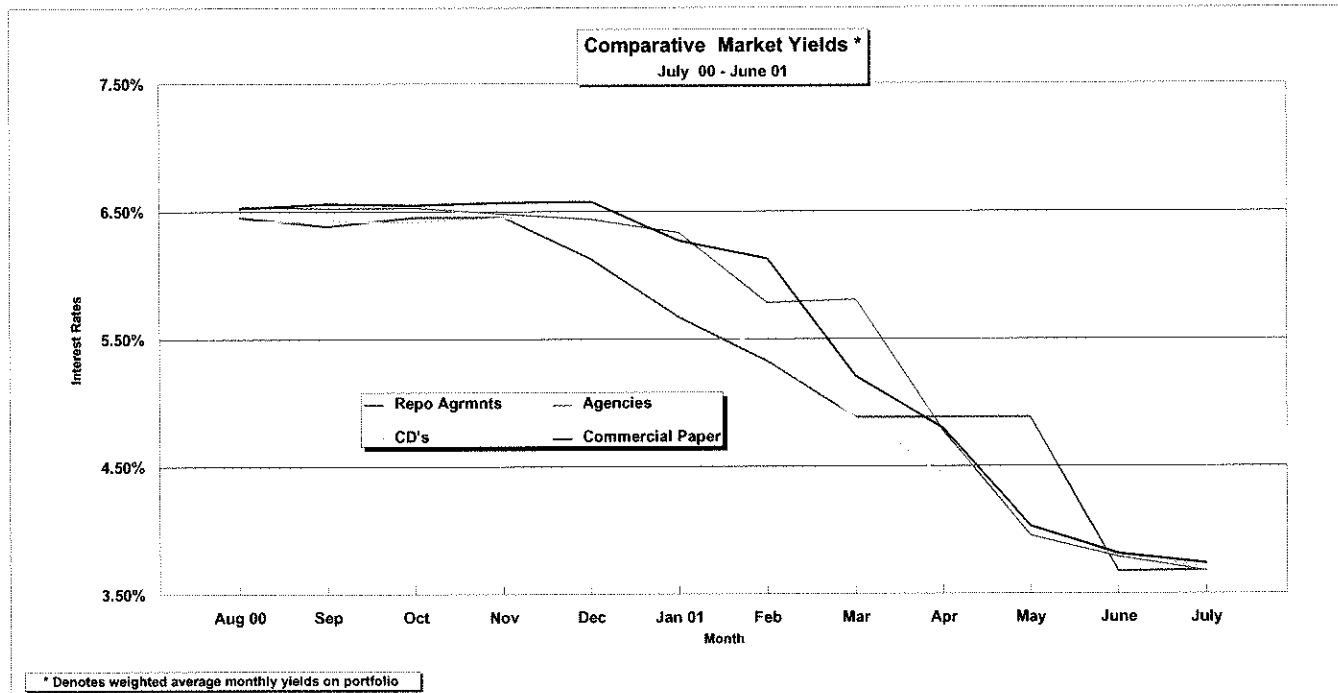
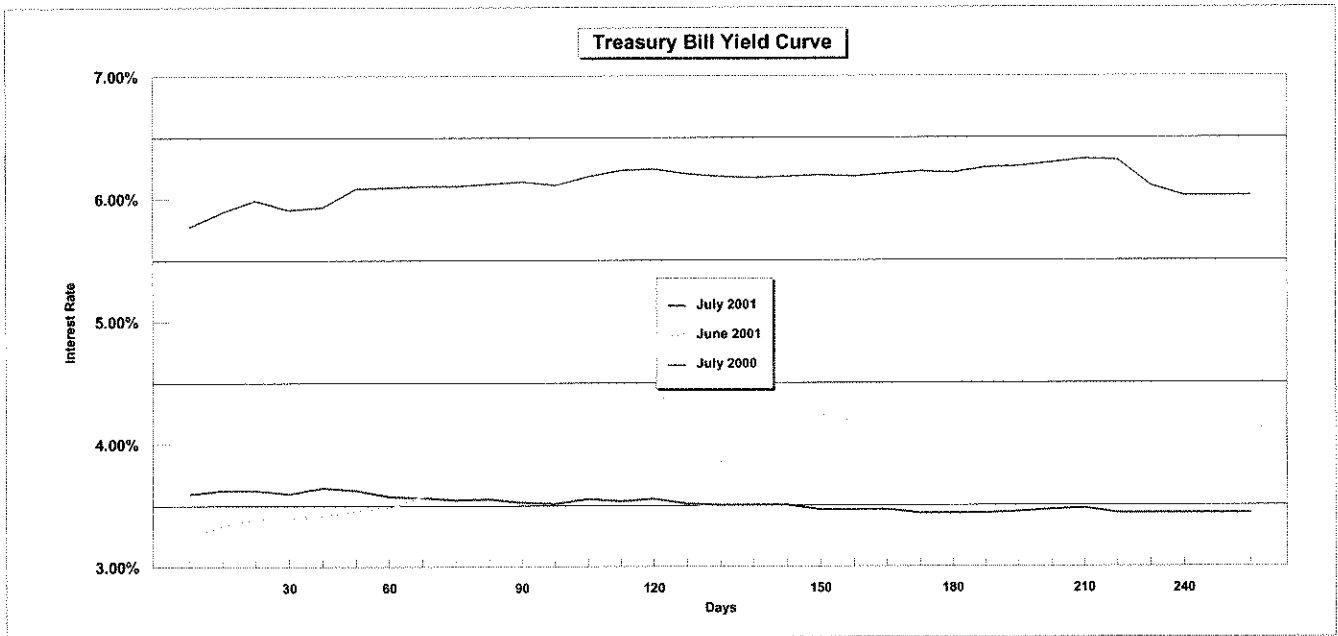
\* General Fund (4901) & TDI (8000) Investments w/Brinson Advisors do not reflect interest earnings due to nature of Monet Market investments. Principal balances w/ Brinson @ July 31 are GF \$70,959,344 and TDI \$36,449,184. Interest is posted on the 1st business day of the next month.

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

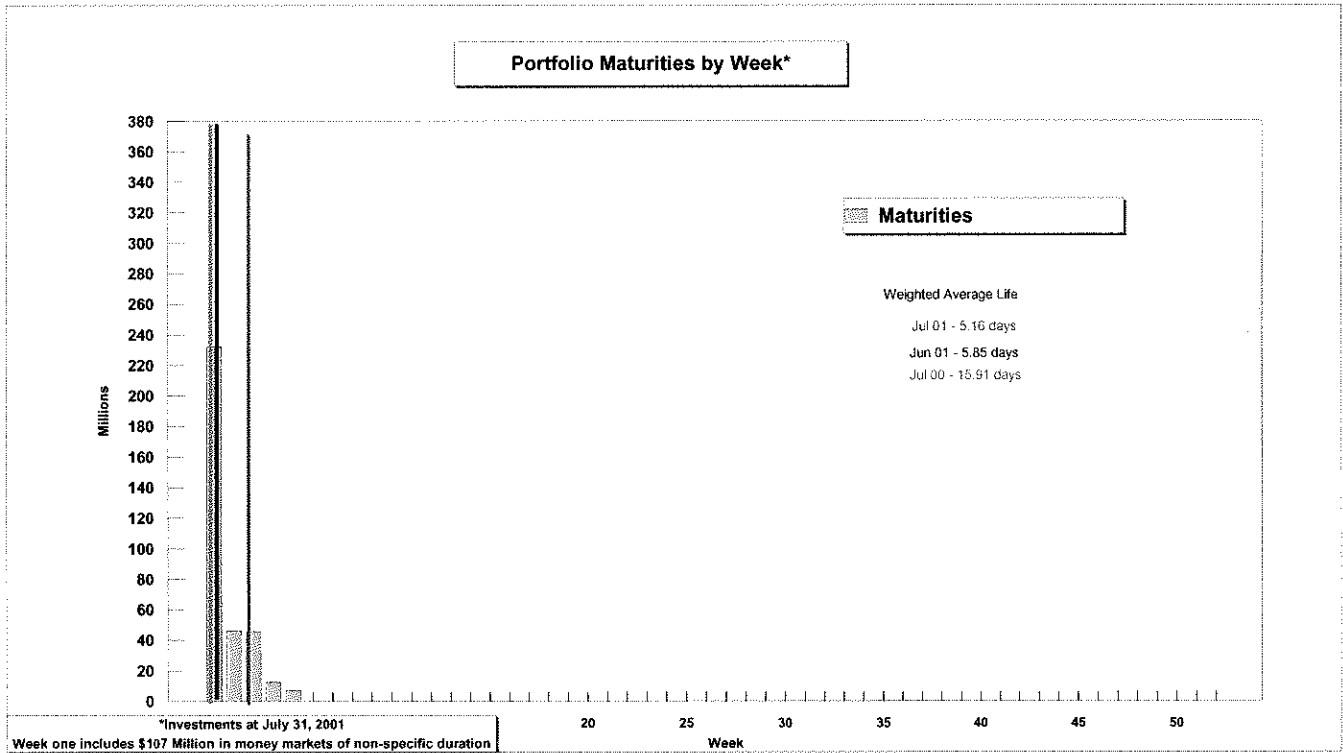
July 31, 2001



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



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



**SUMMARY PORTFOLIO YIELDS**

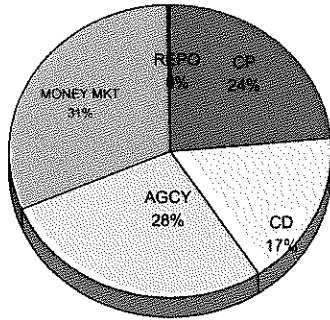
|                      | <b>WEIGHTED<br/>AVERAGE<br/>YIELD(%)</b> |
|----------------------|--|
| <b>July 31, 2001</b> | <b>3.7%</b>                              |
| <b>June 30, 2001</b> | <b>3.8%</b>                              |
| <b>July 31, 2000</b> | <b>6.5%</b>                              |



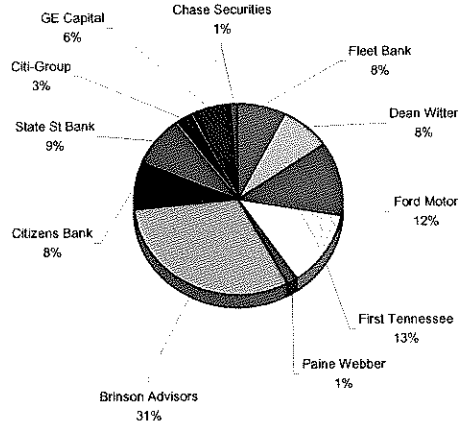
RHODE ISLAND STATE INVESTMENT COMMISSION

SHORT TERM CASH INVESTMENTS AT JULY 31, 2001

Portfolio By Instrument



Portfolio by Issuer



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

| Vendor                         | CP                | CD                | Agency            | Money Mkt          | Repo            | Total (\$)         |
|--------------------------------|-------------------|-------------------|-------------------|--------------------|-----------------|--------------------|
| <b>Guidelines-Total/Vendor</b> | <b>15%/15%</b>    | <b>25%/10%</b>    | <b>75%/35%</b>    | <b>50%/35%</b>     | <b>100%/20%</b> |                    |
| Fleet Bank                     | 6,977,637<br>2%   | 0<br>0%           | 19,266,167<br>6%  | 0<br>0%            | 0<br>0%         | 26,243,803<br>8%   |
| Bear Stearns                   | 0<br>0%           | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 0<br>0%            |
| Zions Bank                     | 0<br>0%           | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 0<br>0%            |
| Dean Witter                    | 0<br>0%           | 0<br>0%           | 25,931,649<br>8%  | 0<br>0%            | 0<br>0%         | 25,931,649<br>8%   |
| Chase Securities               | 0<br>0%           | 4,000,000<br>1%   | 0<br>0%           | 0<br>0%            | 0<br>0%         | 4,000,000<br>1%    |
| Paine Webber                   | 0<br>0%           | 0<br>0%           | 4,996,403<br>1%   | 0<br>0%            | 0<br>0%         | 4,996,403<br>1%    |
| Ford Motor                     | 42,955,972<br>12% | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 42,955,972<br>12%  |
| First Tennessee                | 0<br>0%           | 0<br>0%           | 44,777,505<br>13% | 0<br>0%            | 0<br>0%         | 44,777,505<br>13%  |
| Brinson Advisors               | 0<br>0%           | 0<br>0%           | 0<br>0%           | 107,408,528<br>31% | 0<br>0%         | 107,408,528<br>31% |
| Citizens Bank                  | 0<br>0%           | 27,217,040<br>8%  | 0<br>0%           | 0<br>0%            | 0<br>0%         | 27,217,040<br>8%   |
| GE Capital                     | 21,990,628<br>6%  | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 21,990,628<br>6%   |
| Prudential                     | 0<br>0%           | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 0<br>0%            |
| Sun Trust                      | 0<br>0%           | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 0<br>0%            |
| Citi-Group                     | 9,185,477<br>3%   | 0<br>0%           | 0<br>0%           | 0<br>0%            | 0<br>0%         | 9,185,477<br>3%    |
| State St Bank                  | 0<br>0%           | 28,460,000<br>8%  | 0<br>0%           | 0<br>0%            | 800,000<br>0%   | 29,260,000<br>9%   |
| <b>TOTALS</b>                  | <b>81,109,714</b> | <b>59,677,040</b> | <b>94,971,723</b> | <b>107,408,528</b> | <b>800,000</b>  | <b>343,967,005</b> |
| <b>(%) PORTFOLIO</b>           | <b>24%</b>        | <b>17%</b>        | <b>28%</b>        | <b>31%</b>         | <b>0%</b>       | <b>100%</b>        |

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SPECIAL FUNDS  
 INVESTMENT SUMMARY  
 July 31, 2001

| <u>FUND NAME</u>                             | <u>EQUITIES</u>    | <u>CASH &amp;<br/>EQUIVALENTS</u> | <u>FIXED INCOME</u> | <u>Gain/Loss</u>  | <u>TOTAL MARKET VALUE</u> |
|--|--------------------|-----------------------------------|---------------------|-------------------|---------------------------|
| <u>Abraham Touro Fund</u>                    | \$1,459,152        | \$50,997                          | \$781,556           | (\$17,529)        | \$2,291,705               |
| <u>State of Rhode Island Land Grant Fund</u> | 0                  | \$64,766                          | 0                   | (\$0)             | \$64,766                  |
| <b><u>TOTALS</u></b>                         | <b>\$1,459,152</b> | <b>\$115,764</b>                  | <b>\$781,556</b>    | <b>(\$17,529)</b> | <b>\$2,356,471</b>        |



## Performance Update

### STATE OF RHODE ISLAND

#### Aetna Government Custom Choice Classic sm Variable Annuity Account D, Group Annuity Contract

#### Average Annual Total Returns as of 06/30/2001

Investment returns and principal values fluctuate so that, if surrendered, an investment may be worth more or less than the original amount. Results are historical and not intended to portray future performance. Current performance may be less than the figures shown.

| Investment Options  | Relative Risk Level | 1-Mo*  | 3-Mo*  | YTD*    | 1-Yr    | 3-Yr   | 5-Yr   | 10-Yr  | Since     | Fund       |
|---|---------------------|--------|--------|---------|---------|--------|--------|--------|-----------|------------|
|   |                     |        |        |         |         |        |        |        | Inception | Inception  |
| <b>Global / International</b>   |                     |        |        |         |         |        |        |        |           |            |
| Janus Aspen Series Worldwide Growth Portfolio - 123                         | A                   | -4.00% | 3.78%  | -13.86% | -29.13% | 5.88%  | 14.19% |        | 17.50%    | 09/13/1993 |
| PPI Scudder International Growth Portfolio - 104                            | A                   | -3.05% | -1.05% | -17.49% | -27.57% | 0.46%  |        |        | 6.08%     | 11/28/1997 |
| <b>Aggressive Growth</b>  |                     |        |        |         |         |        |        |        |           |            |
| AIM V.I. Capital Appreciation Fund - 076                                    | A                   | -1.88% | 6.64%  | -16.08% | -31.22% | 3.82%  | 8.17%  |        | 12.86%    | 05/05/1993 |
| Aetna Small Company VP - 042  | A                   | 4.43%  | 15.36% | 5.13%   | -5.46%  | 10.83% |        |        | 16.17%    | 12/27/1996 |
| Janus Aspen Series Aggressive Growth Portfolio - 119                        | A                   | -4.37% | 8.05%  | -26.81% | -51.08% | 8.02%  | 9.58%  |        | 15.25%    | 09/13/1993 |
| <b>Growth</b>   |                     |        |        |         |         |        |        |        |           |            |
| Aetna Value Opportunity VP - 041  | M                   | -2.41% | 5.10%  | -0.35%  | 4.48%   | 12.04% |        |        | 19.23%    | 12/13/1996 |
| Fidelity® VIP Growth Portfolio - Initial Class - 109                        | M                   | -2.16% | 8.15%  | -10.02% | -24.12% | 8.06%  | 13.58% | 16.22% |           | 10/09/1986 |
| Fidelity® VIP II Contrafund® Portfolio - Initial Class - 133                | M                   | -2.57% | 3.34%  | -10.31% | -15.50% | 4.29%  | 12.61% |        | 16.56%    | 01/03/1995 |
| PPI MFS Capital Opportunities Portfolio - 100                               | M                   | -4.84% | 3.73%  | -12.78% | -24.13% | 8.53%  |        |        | 12.63%    | 11/28/1997 |
| PPI MFS Research Growth Portfolio - 105                                     | M                   | -3.70% | 4.65%  | -13.14% | -22.22% | 1.64%  |        |        | 5.47%     | 11/28/1997 |
| <b>Growth &amp; Income (Stocks)</b>   |                     |        |        |         |         |        |        |        |           |            |
| AIM V.I. Growth and Income Fund - 079                                       | M                   | -3.29% | 7.83%  | -14.38% | -27.95% | 2.38%  | 10.73% |        | 12.96%    | 05/02/1994 |
| Aetna Growth and Income VP - 001  | M                   | -1.19% | 7.08%  | -10.26% | -19.16% | -2.18% | 8.77%  | 10.65% |           | 05/01/1975 |
| Aetna Index Plus Large Cap VP - 035   | M                   | -2.19% | 5.19%  | -8.30%  | -16.79% | 4.01%  |        |        | 14.80%    | 09/16/1996 |
| Fidelity® VIP Equity-Income Portfolio - Initial Class - 108                 | M                   | -3.37% | 5.25%  | -1.32%  | 9.46%   | 4.00%  | 11.07% | 14.46% |           | 10/09/1986 |
| <b>Growth &amp; Income (Stocks &amp; Bonds)</b>                             |                     |        |        |         |         |        |        |        |           |            |
| Aetna Balanced VP, Inc. - 008   | M                   | -0.75% | 4.15%  | -3.40%  | -7.58%  | 4.23%  | 10.45% | 10.75% |           | 04/03/1989 |
| Calvert Social Balanced Portfolio - 101                                     | M                   | -0.58% | 3.91%  | -3.51%  | -9.39%  | 2.73%  | 9.01%  | 9.35%  |           | 09/02/1986 |
| Janus Aspen Series Balanced Portfolio - 124                                 | M                   | -1.16% | 2.05%  | -3.86%  | -7.07%  | 10.07% | 15.44% |        | 14.52%    | 09/13/1993 |
| <b>Income</b>   |                     |        |        |         |         |        |        |        |           |            |
| Aetna Bond VP - 004   | M                   | 0.22%  | 0.26%  | 3.65%   | 9.82%   | 4.89%  | 6.02%  | 6.85%  |           | 05/15/1973 |
| <b>Stability of Principal</b>   |                     |        |        |         |         |        |        |        |           |            |
| Aetna Money Market VP - 003   | C                   | 0.29%  | 0.98%  | 1.98%   | 5.01%   | 4.78%  | 4.77%  | 4.29%  |           | 08/01/1975 |
| <i>The 7-day annualized Subaccount yield as of 06/30/2001 is 3.37%. (+)</i> |                     |        |        |         |         |        |        |        |           |            |

(+) The current yield reflects the deduction of all charges under the Contract that are deducted from the total return quotations shown. The current yield more closely reflects current earnings.

An investment in Aetna Money Market VP is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund is a money market fund which does not seek to maintain a stable \$1.00 net asset value. While the fund's investment objective includes the preservation of capital, it is possible to lose money by investing in the fund.

The chart shows the performance for each investment option for the time periods shown.

\* Returns not annualized.

## Performance Update

Investment Options are listed in asset class order, each of which has unique risk characteristics. The returns assume reinvestment of all dividends (ordinary income and capital gains) and are net of management fees and other fund operating expenses. These numbers reflect the deductions from the Separate Account (0.70% for the Aetna Managed funds, and 0.85% for all other funds), investment advisory fees, and all other expenses of the funds.

Mutual Fund prospectuses and disclosure booklets, containing more complete information regarding charges and expenses, are available by calling 1-800-584-6001. Please read them carefully before investing. Not all investments options are available under all contracts; please check your disclosure booklet for options available under your plan.

The Aetna Fixed Account - 457/401 -Base+40 is not part of the Separate Account. The returns as of June 30, 2001 for the 1, 3 month, YTD, 1, 3, 5, 10 year periods are 0.47%, 1.43%, 2.88%, 5.91%, 5.95%, 6.07%, 6.60%, respectively, and do not include the impact of contract charges.

The CURRENT rate for the Aetna Fixed Account - 457/401 -Base+40 is 5.85%, expressed as an annual effective yield, and is guaranteed not to drop below 5.00% through 12/31/2001. The annual rate of interest applied to your account may be higher or lower. Restrictions apply to transfers of funds from the Fixed Account to other contract investment options. Please refer to your product prospectus / disclosure booklet and call your 800 number for more information.

Anyone who wishes to obtain a free copy of the disclosure book and/or fund prospectuses may call their Aetna representative. Relative Risk Level: C=Conservative, M=Moderate, A=Aggressive. Relative Risk Level is a measure of Risk Level against all funds offered under the contract as determined by Aetna Life Insurance and Annuity Company.

The relative risk levels correspond to the asset class descriptions as described in marketing material.

Please note, the three digit number which appears next to each investment option is the fund number as assigned by ING Aetna Financial Services. Group Annuity available from Aetna Life Insurance and Annuity Company, 151 Farmington Avenue, Hartford, CT 06156.

The risks of investing in small company stocks may include relatively low trading volumes, a greater degree of change in earnings and greater short-term volatility.

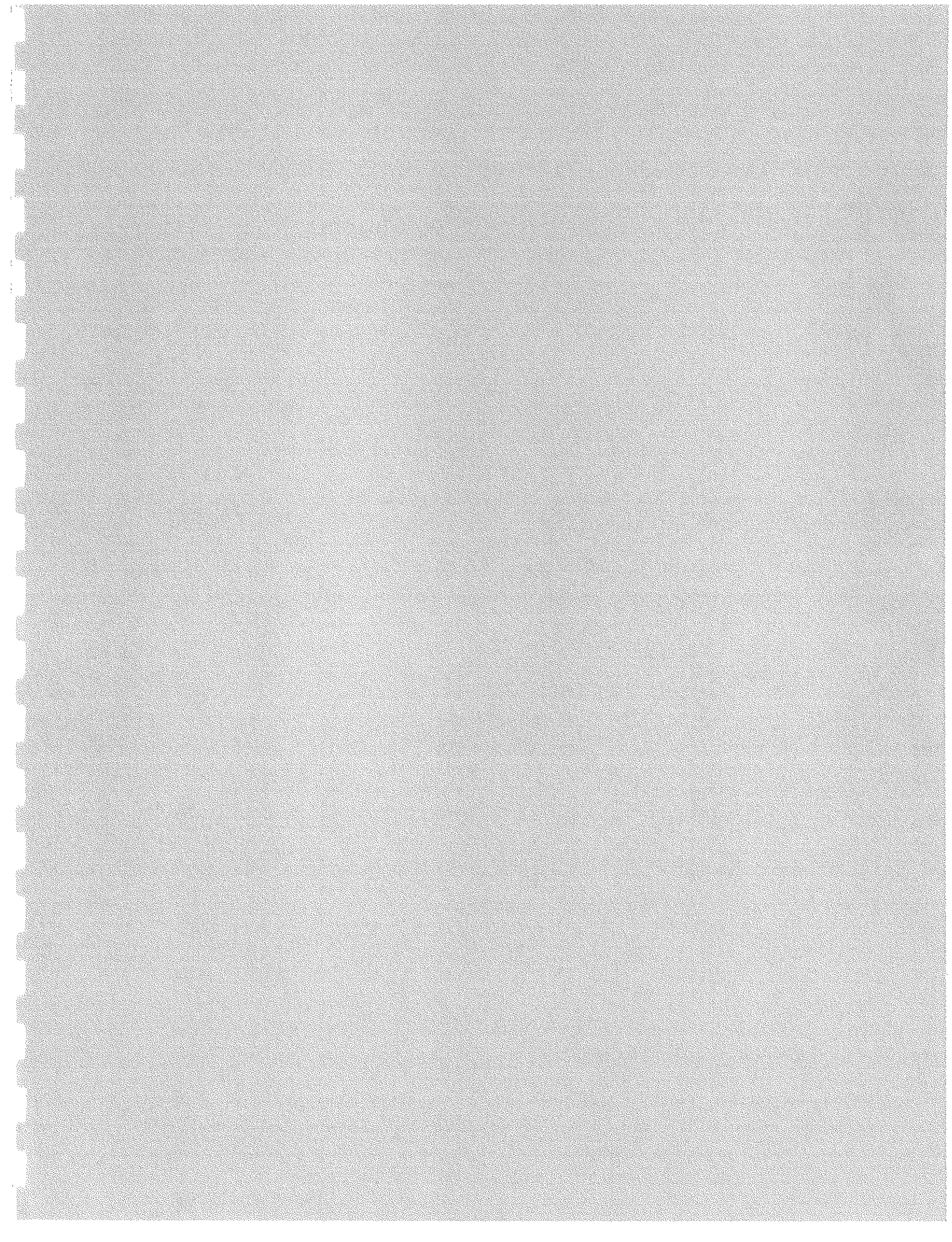
Foreign investing involves special risks such as currency fluctuation and public disclosure, as well as economic and political risks.

Some of the Funds invest in securities guaranteed by the U.S. Government as to the timely payment of principal and interest; however, shares of the Funds are not insured nor guaranteed.

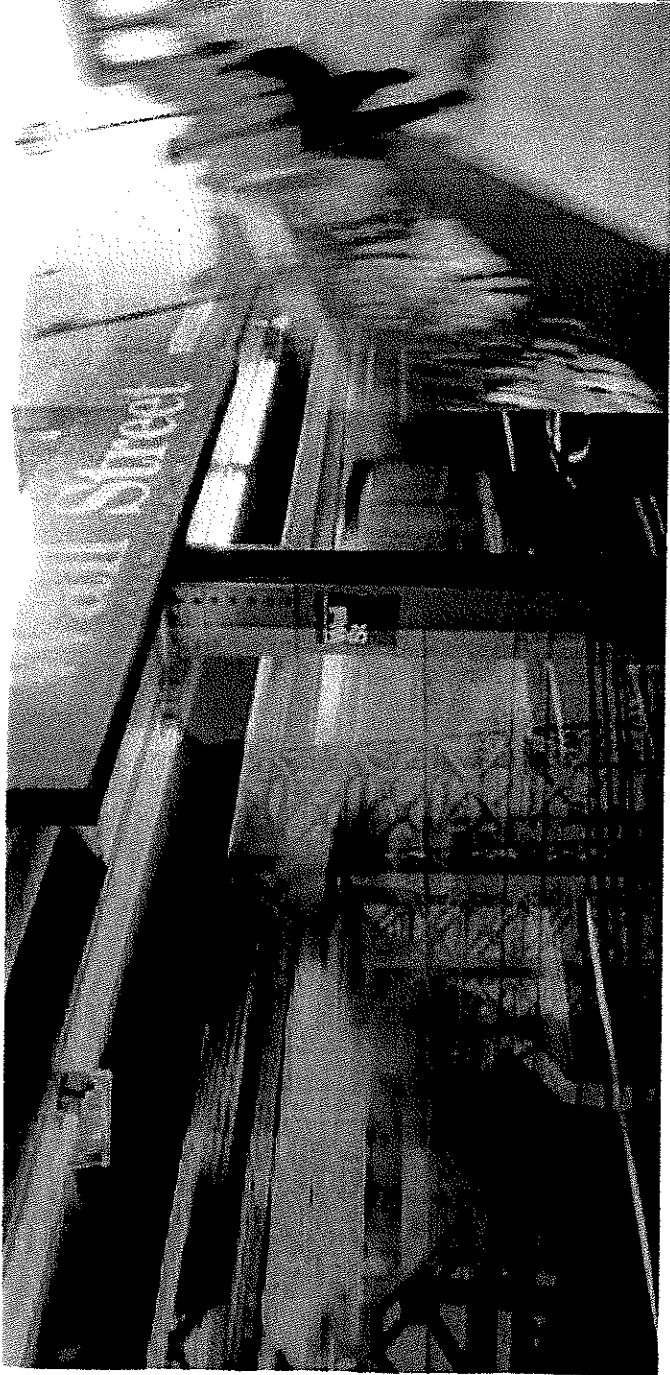
High yielding fixed-income securities generally are subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yielding fixed-income securities.

The principal risks of investing in technology funds are those generally attributed to stock investing. Stocks of smaller companies tend to be less liquid, more volatile and sensitive to expected changes in interest rates. Because the Fund's investments are concentrated in information technology industries, the value of its shares will be especially affected by factors peculiar to those industries and may fluctuate more widely than the value of shares of more diversified portfolios.

Insurance products and/or third party administration services are offered by Aetna Life Insurance and Annuity Company. Securities offered through Aetna Investment Services, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.



THE MEANING OF LEADERSHIP



INVESTMENT

# State of Rhode Island

FIDELITY INVESTMENTS TAX-EXEMPT SERVICES COMPANY<sup>SM</sup>

82 DEVONSHIRE STREET, BOSTON, MA 02109

A DIVISION OF FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY

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REVIEW

INVESTMENT  
SERVICES

AUGUST 2001



# FUND PERFORMANCE

## HISTORICAL PERFORMANCE

Average Annual Total Return for Periods  
Ending June 30, 2001

| Fund Name  | YTD<br>06/30/01 | % Lipper<br>Peers |        | 1 YR          |             | 3 YRS  |        | 5 YRS        |        | 10 YRS |              | % Lipper<br>Peers |        |
|--|-----------------|-------------------|--------|---------------|-------------|--------|--------|--------------|--------|--------|--------------|-------------------|--------|
|  |                 | Beaten            | Beaten | Beaten        | Beaten      | Beaten | Beaten | Beaten       | Beaten | Beaten | Beaten       | Beaten            | Beaten |
| Managed Income Portfolio II                            | 2.96            |                   |        | 6.11          | 5.95        |        |        | 6.04         |        |        | N/A          |                   |        |
| LB 1-3 Yr Gov't Credit                                 | 4.33            |                   |        | 9.53          | 6.48        |        |        | 6.58         |        |        | 6.47         |                   |        |
| PIMCO:Total Return;Admn                                | 2.45            | 9%                |        | 10.25         | 6.24        | 91%    |        | 7.80         | 95%    |        | N/A          |                   | N/A    |
| LB Aggregate Bond                                      | 3.62            |                   |        | 11.23         | 6.26        |        |        | 7.48         |        |        | 7.87         |                   |        |
| <b>Lipper Intermediate Investment Grade Debt Funds</b> | <b>3.35</b>     |                   |        | <b>10.16</b>  | <b>5.22</b> |        |        | <b>6.58</b>  |        |        | <b>7.41</b>  |                   |        |
| Fidelity Puritan                                       | 0.20            | 79%               |        | 7.44          | 5.33        | 69%    |        | 11.56        | 79%    |        | 13.23        |                   | 98%    |
| 60% RS 3000V/40% LB Aggr                               | 1.30            |                   |        | 11.64         | 6.10        |        |        | 12.08        |        |        | 12.71        |                   |        |
| <b>Lipper Balanced Funds</b>                           | <b>-2.54</b>    |                   |        | <b>-2.27</b>  | <b>4.18</b> |        |        | <b>9.81</b>  |        |        | <b>10.80</b> |                   |        |
| Fidelity Equity-Inc                                    | -1.05           | 67%               |        | 10.07         | 5.19        | 69%    |        | 13.33        | 83%    |        | 15.45        |                   | 91%    |
| Russell 3000 Value                                     | -0.34           |                   |        | 11.64         | 5.37        |        |        | 14.71        |        |        | 15.72        |                   |        |
| <b>Lipper Equity Income Funds</b>                      | <b>-2.05</b>    |                   |        | <b>7.11</b>   | <b>3.52</b> |        |        | <b>10.81</b> |        |        | <b>12.59</b> |                   |        |
| Fidelity Dividend Growth                               | -1.23           | 97%               |        | 2.78          | 10.61       | 97%    |        | 19.02        | 99%    |        | N/A          |                   | N/A    |
| Fidelity Gro & Inc                                     | -5.75           | 84%               |        | -8.29         | 4.09        | 63%    |        | 13.38        | 63%    |        | 15.68        |                   | 89%    |
| Fidelity Magellan Fund                                 | -6.12           | 81%               |        | -15.43        | 6.13        | 81%    |        | 14.19        | 74%    |        | 15.44        |                   | 85%    |
| S&P 500  | -6.70           |                   |        | -14.83        | 3.89        |        |        | 14.48        |        |        | 15.10        |                   |        |
| <b>Lipper Large-Cap Core Funds</b>                     | <b>-8.55</b>    |                   |        | <b>-15.62</b> | <b>2.86</b> |        |        | <b>11.95</b> |        |        | <b>12.99</b> |                   |        |

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# FUND PERFORMANCE

## HISTORICAL PERFORMANCE

Average Annual Total Return for Periods  
Ending June 30, 2001

| Fund Name                                       | YTD<br>06/30/01 | % Lipper<br>Peers |        | 1 YR          | % Lipper<br>Peers |             | 3 YRS        | % Lipper<br>Peers |              | 5 YRS | % Lipper<br>Peers |        | 10 YRS       | % Lipper<br>Peers |     |
|---|-----------------|-------------------|--------|---------------|-------------------|-------------|--------------|-------------------|--------------|-------|-------------------|--------|--------------|-------------------|-----|
|   |                 | Beaten            | Beaten |               | Beaten            | Beaten      |              | Beaten            | Beaten       |       | Beaten            | Beaten |              |                   |     |
| Fidelity Sprt US Eq Indx                        | -6.56           | 97%               | 89%    | -14.74        | 88%               | 3.83        | 14.31        | 93%               | 14.88        | 86%   | 14.88             | 86%    | 14.88        | 86%               | 86% |
| S&P 500   | -6.70           |                   |        | -14.83        |                   | 3.89        | 14.48        |                   | 15.10        |       | 15.10             |        | 15.10        |                   | 86% |
| <b>Lipper S&amp;P 500 Index Objective Funds</b> | <b>-6.97</b>    |                   |        | <b>-15.16</b> |                   | <b>3.38</b> | <b>13.96</b> |                   | <b>14.67</b> |       | <b>14.67</b>      |        | <b>14.67</b> |                   |     |
| Fidelity Blue Chip Grow                         | -9.76           | 87%               | 81%    | -22.09        | 62%               | 4.40        | 13.59        | 65%               | 16.83        | 93%   | 16.83             | 93%    | 16.83        | 93%               | 93% |
| S&P 500   | -6.70           |                   |        | -14.83        |                   | 3.89        | 14.48        |                   | 15.10        |       | 15.10             |        | 15.10        |                   | 93% |
| <b>Lipper Large-Cap Growth Funds</b>            | <b>-16.27</b>   |                   |        | <b>-30.82</b> |                   | <b>2.46</b> | <b>11.60</b> |                   | <b>13.34</b> |       | <b>13.34</b>      |        | <b>13.34</b> |                   |     |
| Fidelity Contrafund                             | -10.17          | 18%               | 40%    | -15.10        | 57%               | 5.49        | 13.62        | 63%               | 17.01        | 85%   | 17.01             | 85%    | 17.01        | 85%               | 85% |
| S&P 500   | -6.70           |                   |        | -14.83        |                   | 3.89        | 14.48        |                   | 15.10        |       | 15.10             |        | 15.10        |                   | 85% |
| <b>Lipper Multi-Cap Core Funds</b>              | <b>-6.34</b>    |                   |        | <b>-12.71</b> |                   | <b>5.12</b> | <b>12.37</b> |                   | <b>13.98</b> |       | <b>13.98</b>      |        | <b>13.98</b> |                   |     |
| Fidelity OTC                                    | -14.10          | 58%               | 23%    | -40.94        | 56%               | 8.65        | 13.48        | 66%               | 15.51        | 73%   | 15.51             | 73%    | 15.51        | 73%               | 73% |
| NASDAQ Comp. ex div                             | -12.60          |                   |        | -45.56        |                   | 4.45        | 12.75        |                   | 16.33        |       | 16.33             |        | 16.33        |                   | 73% |
| <b>Lipper Multi-Cap Growth Funds</b>            | <b>-16.10</b>   |                   |        | <b>-31.59</b> |                   | <b>6.90</b> | <b>11.29</b> |                   | <b>14.23</b> |       | <b>14.23</b>      |        | <b>14.23</b> |                   |     |
| Fidelity Value Fund                             | 11.87           | 69%               | 54%    | 27.88         | 34%               | 6.39        | 11.30        | 31%               | 15.21        | 58%   | 15.21             | 58%    | 15.21        | 58%               | 58% |
| S&P 500   | -6.70           |                   |        | -14.83        |                   | 3.89        | 14.48        |                   | 15.10        |       | 15.10             |        | 15.10        |                   | 58% |
| <b>Lipper Mid-Cap Value Funds</b>               | <b>8.33</b>     |                   |        | <b>25.43</b>  |                   | <b>9.27</b> | <b>13.97</b> |                   | <b>13.81</b> |       | <b>13.81</b>      |        | <b>13.81</b> |                   |     |

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# FUND PERFORMANCE

## HISTORICAL PERFORMANCE

Average Annual Total Return for Periods  
Ending June 30, 2001

| Fund Name                           | YTD<br>06/30/01 | % Lipper<br>Peers Beaten |  | 1 YR          | % Lipper<br>Peers Beaten |  | 3 YRS        | % Lipper<br>Peers Beaten |  | 5 YRS        | % Lipper<br>Peers Beaten |  | 10 YRS       | % Lipper<br>Peers Beaten |     |
|-------------------------------------|-----------------|--------------------------|--|---------------|--------------------------|--|--------------|--------------------------|--|--------------|--------------------------|--|--------------|--------------------------|-----|
|                                     |                 |                          |  |               |                          |  |              |                          |  |              |                          |  |              |                          |     |
| Fidelity Mid-Cap Stock              | -5.07           | 19%                      |  | 2.09          | 53%                      |  | 21.60        | 90%                      |  | 22.20        | 95%                      |  | N/A          |                          |     |
| S&P MidCap 400                      | 0.97            |                          |  | 8.87          |                          |  | 14.28        |                          |  | 18.54        |                          |  | 17.60        |                          |     |
| <b>Lipper Mid-Cap Core Funds</b>    | <b>-0.40</b>    |                          |  | <b>1.08</b>   |                          |  | <b>11.67</b> |                          |  | <b>14.23</b> |                          |  | <b>14.78</b> |                          |     |
| Franklin Str:SmCp I;A               | -14.85          | 40%                      |  | -30.93        | 39%                      |  | 12.58        | 66%                      |  | 13.94        | 67%                      |  | N/A          |                          |     |
| Russell 2500 Growth                 | -2.81           |                          |  | -23.92        |                          |  | 7.33         |                          |  | 8.95         |                          |  | 12.83        |                          |     |
| <b>Lipper Mid-Cap Growth Funds</b>  | <b>-12.67</b>   |                          |  | <b>-25.41</b> |                          |  | <b>9.48</b>  |                          |  | <b>10.54</b> |                          |  | <b>14.18</b> |                          |     |
| Fidelity Lw-Priced Stk              | 17.34           | 70%                      |  | 32.31         | 64%                      |  | 10.93        | 71%                      |  | 16.23        | 81%                      |  | 18.79        |                          | 96% |
| Russell 2000                        | 6.94            |                          |  | 0.65          |                          |  | 5.31         |                          |  | 9.62         |                          |  | 13.50        |                          |     |
| <b>Lipper Small-Cap Value Funds</b> | <b>14.93</b>    |                          |  | <b>29.63</b>  |                          |  | <b>8.73</b>  |                          |  | <b>13.09</b> |                          |  | <b>15.05</b> |                          |     |
| Fidelity Dvds Intl                  | -9.53           | 86%                      |  | -14.39        | 88%                      |  | 6.94         | 93%                      |  | 11.78        | 94%                      |  | N/A          |                          |     |
| MS EAFE (Net MA tax)                | -14.78          |                          |  | -23.69        |                          |  | -1.14        |                          |  | 3.02         |                          |  | 6.45         |                          |     |
| <b>Lipper International Funds</b>   | <b>-14.26</b>   |                          |  | <b>-24.04</b> |                          |  | <b>-0.29</b> |                          |  | <b>4.26</b>  |                          |  | <b>7.73</b>  |                          |     |
| Templeton Fds:For;A                 | -4.45           | 98%                      |  | -3.03         | 99%                      |  | 5.90         | 92%                      |  | 7.06         | 80%                      |  | 10.03        |                          | 81% |
| MS EAFE (Net MA tax)                | -14.78          |                          |  | -23.69        |                          |  | -1.14        |                          |  | 3.02         |                          |  | 6.45         |                          |     |
| <b>Lipper International Funds</b>   | <b>-14.26</b>   |                          |  | <b>-24.04</b> |                          |  | <b>-0.29</b> |                          |  | <b>4.26</b>  |                          |  | <b>7.73</b>  |                          |     |

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# FUND PERFORMANCE

## HISTORICAL PERFORMANCE

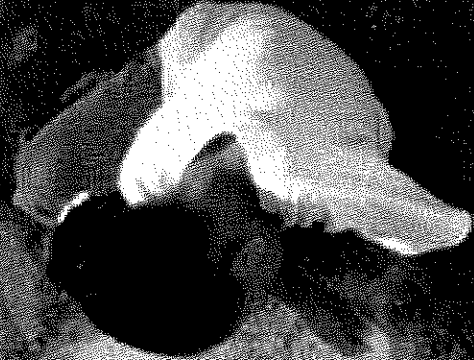
Average Annual Total Return for Periods  
Ending June 30, 2001

| Fund Name                              | YTD<br>06/30/01 | % Lipper<br>Peers<br>Beaten |  | 1 YR          | % Lipper<br>Peers<br>Beaten |  | 3 YRS       | % Lipper<br>Peers<br>Beaten |  | 5 YRS        | % Lipper<br>Peers<br>Beaten |              | 10 YRS | % Lipper<br>Peers<br>Beaten |
|--|-----------------|-----------------------------|--|---------------|-----------------------------|--|-------------|-----------------------------|--|--------------|-----------------------------|--------------|--------|-----------------------------|
|  |                 |                             |  |               |                             |  |             |                             |  |              |                             |              |        |                             |
| Fidelity Freedom Income                | 0.91            | 59%                         |  | 3.25          | 46%                         |  | 6.51        | 90%                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom Income                     | 1.49            |                             |  | 3.67          |                             |  | 5.74        |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Income Funds</b>             | <b>0.56</b>     |                             |  | <b>4.69</b>   |                             |  | <b>4.21</b> |                             |  | <b>8.66</b>  |                             | <b>11.20</b> |        |                             |
| Fidelity Freedom 2000                  | -0.42           | 83%                         |  | -0.19         | 76%                         |  | 7.17        | 84%                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom 2000                       | 0.44            |                             |  | 0.54          |                             |  | 5.71        |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Flexible Portfolio Funds</b> | <b>-4.49</b>    |                             |  | <b>-5.74</b>  |                             |  | <b>3.64</b> |                             |  | <b>9.28</b>  |                             | <b>10.36</b> |        |                             |
| Fidelity Freedom 2010                  | -2.85           | 47%                         |  | -5.54         | 14%                         |  | 7.50        | 85%                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom 2010                       | -1.56           |                             |  | -4.48         |                             |  | 5.13        |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Equity Income Funds</b>      | <b>-2.05</b>    |                             |  | <b>7.11</b>   |                             |  | <b>3.52</b> |                             |  | <b>10.81</b> |                             | <b>12.59</b> |        |                             |
| Fidelity Freedom 2020                  | -5.21           | 61%                         |  | -11.07        | 63%                         |  | 7.25        | 68%                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom 2020                       | -4.03           |                             |  | -10.22        |                             |  | 3.94        |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Multi-Cap Core Funds</b>     | <b>-6.34</b>    |                             |  | <b>-12.71</b> |                             |  | <b>5.12</b> |                             |  | <b>12.37</b> |                             | <b>13.98</b> |        |                             |
| Fidelity Freedom 2030                  | -6.61           | 42%                         |  | -13.96        | 51%                         |  | 6.80        | 66%                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom 2030                       | -5.32           |                             |  | -13.10        |                             |  | 3.11        |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Multi-Cap Core Funds</b>     | <b>-6.34</b>    |                             |  | <b>-12.71</b> |                             |  | <b>5.12</b> |                             |  | <b>12.37</b> |                             | <b>13.98</b> |        |                             |
| Fidelity Freedom 2040                  | -7.46           | 32%                         |  | N/A           | N/A                         |  | N/A         | N/A                         |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| FID Freedom 2040                       | -6.20           |                             |  | -15.13        |                             |  | N/A         |                             |  | N/A          | N/A                         | N/A          | N/A    | N/A                         |
| <b>Lipper Multi-Cap Core Funds</b>     | <b>-6.34</b>    |                             |  | <b>-12.71</b> |                             |  | <b>5.12</b> |                             |  | <b>12.37</b> |                             | <b>13.98</b> |        |                             |

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CollegeBoundfund<sup>SM</sup> Analysis  
Second Quarter



# Underlying Funds in the Portfolios

- The Alliance Fund
- Growth & Income
- Premier Growth
- Technology
- Quasar
- AllianceBernstein Small Cap Value
- AllianceBernstein International Value
- High Yield
- U.S. Government Portfolio
- Quality Bond Fund
- AFD Exchange Reserves



# Underlying Fund Performance Annualized Through 6/30/01 - Equity Funds

|  | 2Q     | 1 Year  | 3 Years |
|--|--------|---------|---------|
| Alliance Fund - Advisor                          | 13.77% | -15.28% | -1.77%  |
| Russell MidCap Growth                            | 16.18% | -31.51% | 6.98%   |
| Growth & Income - Advisor                        | 6.32%  | 10.98%  | 11.45%  |
| Russell 1000 Value                               | 4.88%  | 10.34%  | 5.35%   |
| Premier Growth - Institutional                   | 5.19%  | -32.32% | 1.94%   |
| Russell 1000 Growth                              | 8.42%  | -36.17% | 0.68%   |
| Alliance Oquasar - Institutional                 | 18.79% | -12.92% | 1.40%   |
| Russell 2000 Growth                              | 18.12% | -23.26% | 2.19%   |
| AllianceBernstein Small Cap Value - Advisor*     | 10.00% |         |         |
| Russell 2500 Value                               | 10.00% |         |         |
| Alliance Technology - Advisor                    | 15.36% | -42.24% | 12.32%  |
| Goldman Sachs Technology Index                   | 14.65% | -51.12% | 9.16%   |
| AllianceBernstein International Value - Advisor* | 1.40%  |         |         |
| MSCI EAFE Index                                  | -1.25% |         |         |

\* Since Inception of Fund (3/29/01)



# Age-Based Aggressive Growth Portfolio Performance-R Share Class

| <i>Beneficiary's Year of Birth</i> | <i>YTD (Thru 6/30/01)</i> | <i>Aggregate Total Return at NAV (Inception thru 6/30/01)</i> |
|------------------------------------|---------------------------|---|
| <1984                              | -4.74%                    | -4.74%  |
| 1984-1986                          | -2.95%                    | -4.40%  |
| 1987-1989                          | -3.67%                    | -2.78%  |
| 1990-1992                          | -4.71%                    | -7.00%  |
| 1993-1995                          | -5.41%                    | -9.19%  |
| 1996-1998                          | -6.42%                    | -12.50%   |
| 1999-2001                          | -7.65%                    | -13.10%   |

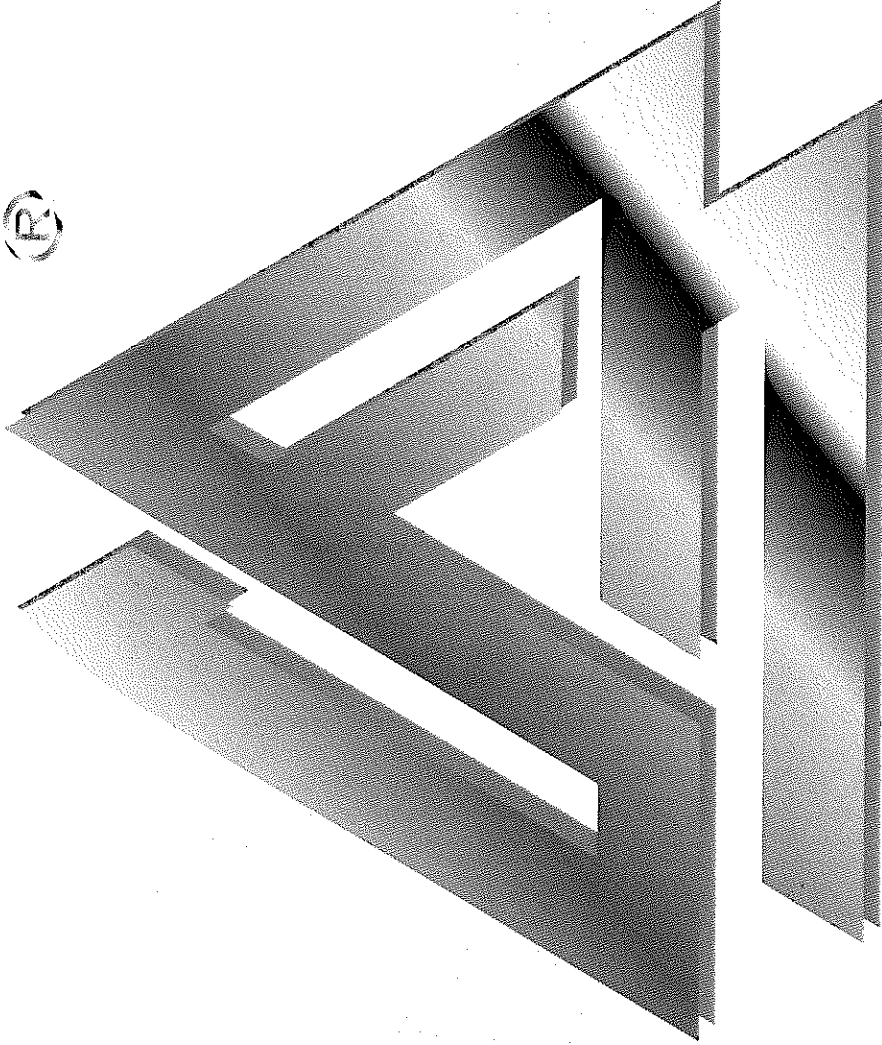
# Age-Based Growth Portfolio Performance-R Share Class

| <i>Beneficiary's Year of Birth</i> | <i>YTD (Thru 6/30/01)</i> | <i>Aggregate Total Return at NAV (Inception thru 6/30/01)</i> |
|------------------------------------|---------------------------|---|
| <1984                              | -0.30%                    | -0.90%  |
| 1984-1986                          | -1.32%                    | -2.50%  |
| 1987-1989                          | -2.44%                    | -4.20%  |
| 1990-1992                          | -3.27%                    | -5.20%  |
| 1993-1995                          | -5.49%                    | -8.70%  |
| 1996-1998                          | -6.29%                    | -10.60%   |
| 1999-2001                          | -7.20%                    | -12.30%   |

# Static Portfolio Performance-R

## Share Class

| <i>Portfolio</i>   | <i>YTD (Thru 6/30/01)</i> | <i>Aggregate Total Return at NAV (Inception thru 6/30/01)</i> |
|--|---------------------------|---|
| <b>Aggressive Growth</b>                                 | -7.56%                    | -14.31%   |
| <b>Balanced</b>  | -3.61%                    | -6.50%  |
| <b>Growth</b>  | -7.46%                    | -12.77%   |
| <b>S&amp;P 500 (With Dividends)<br/>(9/30/00-6/3/01)</b> |                           | -13.99%   |
| <b>NASDAQ Composite<br/>(10/6/00-6/30/01)</b>            |                           | -35.69%   |



Alliance Capital



