

# State of Rhode Island and Providence Plantations



Office of the General Treasurer

Paul J. Cavarea  
General Treasurer

**STATE OF RHODE ISLAND  
INVESTMENT COMMISSION MEETING**

**DATA AT  
JANUARY 31, 2005**

**MEMBERS OF THE STATE INVESTMENT COMMISSION**

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

**Mr. J. Michael Costello  
Dr. Robert J. McKenna  
Mr. James E. Thorsen**

**Ms. Rosemary Booth Gallogly  
Ms. Marcia Reback  
Mr. John R. Treat**



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, February 23, 2005 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 1/26/05 \*
  - State Investment Commission Executive Session held on 1/26/05 \*
3. Alternative Investments Consultant - Pacific Corporate Group
  - Annual Strategy Review – 2005
  - Performance Review – 9/30/04
4. Gateway Eight Litigation \*\*
5. General Consultant's Report – Wilshire Associates Incorporated
  - Capital Market Update
6. Legal Counsel Report
7. Deputy Treasurer for Finance Report
8. Treasurer's Report
9. New Business

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

\*\* Commission members may seek to convene in Executive Session to discuss this matter.

**POSTED ON THURSDAY, FEBRUARY 17, 2005**





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

**Regular Meeting January 26, 2005**

A State Investment Commission meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, January 26, 2005. The Treasurer called the meeting to order at 9:15 a.m. Because only three Commission members were present, and the minimum number of members required for a quorum were not present, the Treasurer rearranged the order of the Agenda to first address issues that did not require a vote.

Investment Manager Review – Shott Capital Management (“Shott”). Ms. Caine reminded Commission members that Shott was hired in 1998 for distribution management. Shott manages the liquidation and sale of the private equity portfolio companies that go public. They determine timing and try to achieve the best available price for the pension fund. Shott reports both IRR figures and time-weighted returns on a monthly basis.

Ms. Stacey Brenner, Managing Director and Mr. Whitley Porter, Vice President represented Shott. Ms. Brenner stated that Shott was formed in 1987 to enhance private equity returns to limited partners through a process integrating specialist expertise in research, trading and operations. She noted that the longer a stock is held, the more opportunity to add value. Every client is different as they have different investment objectives and a different private equity portfolio. Some clients are more venture oriented. She noted that 13% of Shott’s clients are in liquidation, 30% in enhanced liquidation and approximately 57% are active management clients. Shott has a self-imposed time limit of one year for holding a stock. The average holding period for RIERS is approximately 125 days.

Ms. Brenner explained that Shott is compensated on an incentive basis. They have a modest base fee, plus a 10% incentive fee for everything they earn over and above the distribution price. She stated that the pension fund’s average monthly net asset value is \$2 million since inception, and the fund has received over \$60 million in distributions. Both Mr. Porter and Ms. Brenner spend time attending annual meetings of venture capital firms, attending industry conferences, and visiting the companies.

Note: Jayne Donegan, Esq. joined the meeting at 9:35 a.m.

Mr. Porter noted that since inception of the account (September 30, 1998), Shott has received distributions of \$55.9 million and given back \$61.2 million. The realized gain is \$5.3 million. The market value of the account through 12/31/04 was \$160,769.73. Shott’s time-weighted return for RIERS is 9.58% since inception. In 2004 Shott received \$5.7 million and returned \$7.3 million. The IRR was 11.69% for fiscal year 2004. He then reviewed the top ten stocks distributed and the top ten undistributed holdings.

Wilshire Associates Incorporated – General Consultant Report. Mr. Bensur stated that for the calendar year 2004, the fund outpaced the policy benchmark by 75 basis points. He noted that the TIPS allocation did well due to its opportunistic nature. Both NorthPointe and Wellington are approximately 4% behind their respective benchmarks for the year; however, the small cap structure and exposure is working well on an absolute basis.

Mr. Bensus noted that international stocks are a bit behind for 2004, but given all the changes made to the fund in the last year, non-US equity returned 20% and US equity returned 12%. He stated that this is the third year in a row that non-US stocks have outperformed US stocks. Regarding the high-yield managers, Shenkman performed well through the third quarter of 2004, but performed poorly in the fourth quarter. MacKay Shields has performed well in most periods since inception.

Note: Mr. John Treat joined the meeting at 9:45 a.m.

Wilshire Associates Incorporated – Capital Market Update. Mr. Lindberg stated that last year the equity markets were up 12% in the US and up 20% internationally. Earnings have been very strong and interest rates have been rising slowly. The equity market is down 3.5% year to date and Nasdaq is down 7%. Last year small stocks outperformed large stocks. The MSCI ACWI index was up 21% last year, but is down 3.3% this year. The bond market was up 4.3% last year but is only up .6% this year.

Mr. Bensus noted that Wilshire's 2005 US equity return expectation is up from 7.75% in 2004 to 8%. Mr. Thorsen noted that achieving the actuarial assumed rate of return of 8.25% will be challenging on a going forward basis and requested that the minutes reflect that the Commission needs to address that situation. Ms. Caine noted that as of December 31, 2004, the fund returned 8.8% and 10.8% for the 15 and 20 year periods, respectively. Treasurer Tavares noted that the Retirement Board decided earlier this year to maintain the assumed rate of return at 8.25% based on the fact that the funds long-term rates of return were above this assumed rate of return.

Deputy Treasurer for Finance Report. Ms. Caine noted that on an absolute basis, the fund is overweighted in international equities, approximately \$124 million over target. She explained that staff has been dollar cost averaging out of the international portfolio to fund pension benefits and that staff will continue to utilize the non-us equity portfolio as a funding source in the near-term. She also reported that she and Mr. Bensus have been discussing some enhancements that could be made to the domestic equity portfolio. Mr. Bensus stated that the overwhelming investment theme in the institutional marketplace in the last three years has been hedge funds. Hedge funds use the raw material from the capital markets and there is only so much return available in the capital markets. While Wilshire does not recommend hedge funds as an asset class, certain investment techniques that are designed to transfer alpha opportunities on top of the market exposure can be utilized to maintain the systematic exposure to the equity market. Wilshire's plan it to bring some of these ideas on an educational basis to the Commission at its March meeting.

The Townsend Group ("Townsend") – Real Estate Consultant Report. Mr. Frank Blaschka, Principal of Townsend explained that both groups coming before the Commission today are Tier I Open End Core Funds ("OECF") that will serve as a stable return foundation for the retirement system ("RIERS"). Tier I funds are large, diversified funds that have good policies and procedures and strong teams. They are considered the anchor funds for the portfolio. Tier II funds are good performers, but either because of size or composition tend not to be as well diversified. They are a good addition on top of Tier I funds. Both groups before the Commission today will provide a solid base for the portfolio.

Mr. Blaschka explained that the reason for the recommendations of a \$50 million commitment to each fund is due to market conditions. The current capital market for core oriented real estate is very competitive and both funds are subject to substantial investment queues until committed capital is requested for investment. A larger commitment has more capital drawn down, thus leading to invested status sooner.

Proposed Real Estate Investment – JP Morgan Fleming Asset Management Strategic Property Fund (“SPF”). Ms. Anne S. Pfeifer, Managing Director and Portfolio Manager and Mr. John O’Shea, Vice President (Client Service and Marketing) represented the SPF. Mr. O’Shea stated that SPF has gross assets of \$10.8 billion with 148 clients. Ms. Pfeifer noted that JP Morgan Fleming has 30 years of real estate experience. She stressed that SPF focuses on high quality assets that are stabilized investments, with a high quality income stream.

Note: Dr. Robert McKenna joined the meeting at 10:25 a.m.

Ms. Pfeifer noted that open-end funds have an element of liquidity. SPF has \$7.2 billion of net assets, and a 7% income yield, which can be distributed to investors if they wish. The four property types are industrial, residential, retail and office. SPF’s total return target is NCREIF plus 100 basis points with a 5-10 year holding period, a 30% leverage guideline, and 1-3% operating cash target. SPF’s average client size is \$48 million and all investors are defined benefits plans.

Ms. Pfeifer stated that SPF’s investments include: 78 office buildings, 221 industrial buildings, 13,023 apartment units in 23 complexes, 23 super regional malls, and 220 neighborhood and community retail centers. SPF focuses on the following property types: retail (29%), residential (18%), office space (36%), industrial (11%), cash and other investments (6%). SPF uses a 15% market concentration risk guideline. The largest metropolitan statistical areas that SPF is exposed to are Los Angeles, CA at 9.9%, Chicago, IL at 8.6%, Dallas, TX at 7.6%, Atlanta, GA at 6.1% and New York, NY at 6.0%.

Ms. Pfeifer noted that SPF’s annualized returns as of 12/31/04 were 12.3% for one year, 9.3% for three years, 9.9% for five years, and 11.5% since inception in 1998. She stated that co-mingled open-ended funds allow you to rebalance, as clients are able to take income for benefit payments.

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

**VOTED: To invest up to \$50 million in JP Morgan Fleming Asset Management Strategic Property Fund contingent upon satisfactory review and negotiation of investment and other legal documents.**

Membership Roll Call. Present were: Mr. J. Michael Costello, Dr. Robert J. McKenna, Mr. James E. Thorsen, Mr. John R. Treat and General Treasurer Paul J. Tavares. Also present were: Mr. George Carvalho, Chief of Staff, Joan M. Caine, Deputy Treasurer for Finance, Mr. William Bensus and Mr. David Lindberg, of Wilshire Associates Incorporated, Consultant to the Commission, Jayne Donegan, Esq., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, Mr. Frank Blaschka, of The Townsend Group, Real Estate Consultant to the Commission, and other members of the Treasurer’s Staff. Ms. Rosemary Booth Gallogly and Ms. Marcia Reback were absent.

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

**VOTED: To approve the Minutes of the December 1, 2004 Regular Meeting.**

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

**VOTED: To approve the Minutes of the December 1, 2004 Executive Session.**

Proposed Real Estate Investment – Prudential Real Estate Investors (“PRISA”). Mr. J. Allen Smith, Managing Director and Senior Portfolio Manager and Mr. Kevin R. Smith, Vice President and Senior Asset Manager represented PRISA. Mr. K. Smith gave an organizational overview of PRISA noting it has \$7.6 billion in gross assets under management as of 9/30/04. PRISA had a total of 154 clients as of 12/31/04, 39 of which are public pension fund clients. Corporate pension fund clients total 62, Taft Hartley pension fund clients total 44 and there are 9 endowment and foundation clients.

Mr. Allen Smith noted that PRISA is a core real estate equity portfolio that generates a high proportion of its total return from income. PRISA focuses on five major commercial property types: office (36.3%), retail (20.5%), industrial (17.7%), apartment (21.2%), and hotel (4.3%). Assets are primarily completed, well-leased, income-producing properties. For one year, the total return before management fees was 15.3%; for three years, the return was 10.2%; and for five years, the return was 10.5%.

Mr. A. Smith noted that PRISA has a bias towards newer construction because of lower capital expenditure requirements. This has resulted in a high level of cash flow returns available for distribution or re-investment. The occupancy level of the properties are as follows: Office 89.3%, Industrial 90%, Retail 94.7%, and Residential 90.7%. High occupancy with a low level of lease expirations over the next few years has helped insulate PRISA from the tenant-oriented leasing market and contributed to the stability of the cash flow. He noted that it would take approximately 4-6 quarters to draw down the capital.

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

**VOTED: To invest up to \$50 million in Prudential Real Estate Investors (PRISA) contingent upon satisfactory review and negotiation of investment and other legal documents.**

Mr. Blaschka reported that he expected to bring an additional fund or two to the February SIC meeting which would be a good compliment to these two funds.

Brown Rudnick Berlack Israels, LLP (“Brown Rudnick”) – Renewal of Contract. Treasurer Tavares stated that the contract with Brown Rudnick for general representation has expired. He and staff recommend renewal for one year under the current terms and conditions.

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

**VOTED: To approve the engagement of Brown Rudnick Berlack Israels to serve as General Counsel to the State Investment Commission for a period of one year ending October 31, 2005 under the current terms and conditions of the existing contract.**

Brown Rudnick Berlack Israels, LLP ("Brown Rudnick") – Engagement for Gateway Eight Litigation. Treasurer Tavares stated that Brown Rudnick has been representing the SIC's interests in the Gateway Eight litigation, and that it is his and Staff's recommendation to formally confirm the engagement.

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

**VOTED: To approve the engagement of Brown Rudnick Berlack Israels to serve as Legal Counsel to the State Investment Commission in connection with the Gateway Eight Bankruptcy.**

Executive Session. Treasurer Tavares requested a motion to convene in Executive Session, pursuant to R.I.G.L. § 42-46-5(2) to discuss potential litigation regarding the Gateway Eight lease; and pursuant to R.I.G.L. § 42-46-5(7) to discuss the investment of public funds regarding the Gateway Eight lease. Mr. Thorsen moved, Mr. Costello seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Dr. McKenna, Mr. Thorsen, Mr. Treat, and Treasurer Tavares.

**VOTED: Pursuant to R.I.G.L. § 42-46-5(2) and R.I.G.L. § 42-46-5(7), the Commission voted to close the meeting to the public to discuss potential litigation regarding the Gateway Eight mortgage; and to discuss the investment of public funds regarding the Gateway Eight mortgage.**

The Commission went into Executive Session at 11:40 a.m.

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

**VOTED: To reconvene the meeting into Open Session.**

The Commission reconvened into Open Session at 11:55 a.m.

Treasurer's Report. The Treasurer reported that the article in The Providence Journal today stated that the Governor's proposal on pension reform contains some of the Treasurer's ideas and proposals. He noted that he is optimistic that something can be worked out and he will keep the Commission informed.

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

**VOTED: To adjourn the meeting.**

There being no further business, the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

Paul J. Tavares  
General Treasurer





RHODE ISLAND STATE INVESTMENT COMMISSION  
STAFF SUMMARY ANALYSIS  
PORTFOLIO HIGHLIGHTS  
January 31, 2005

**PORTFOLIO PERFORMANCE**

**January**

The ERSRI portfolio posted a loss of 1.43% for the month of January, against the policy index of -1.61%. Domestic equities were down -2.82%, international equities lost 1.18%, and the fixed income asset class gained 0.37%. Additionally, the retirement fund earned \$164,874 from the securities lending program during this month.

**Fiscal Year to Date**

For the seven months ended January 31, 2005, the fund gained 7.75%, against the policy index of 7.30%.

<b>Index Performance Summary - Jan 31, 2005</b>		
<b>Market Indices</b>	<b>Jan-05</b>	<b>Calendar YTD</b>
<b><u>Domestic Equity</u></b>		
S & P 500	-2.44%	-2.44%
DJ Wilshire 5000	-2.63%	-2.63%
Russell 2000	-4.17%	-4.17%
Russell 1000	-2.52%	-2.52%
Policy Index	-1.61%	-1.61%
<b><u>International Equity</u></b>		
MSCI ACWI	1.72%	1.72%
<b><u>Fixed Income</u></b>		
Lehman AGG	0.63%	0.63%
<b><u>Real Estate</u></b>		
NCREIF	0.00%	0.00%

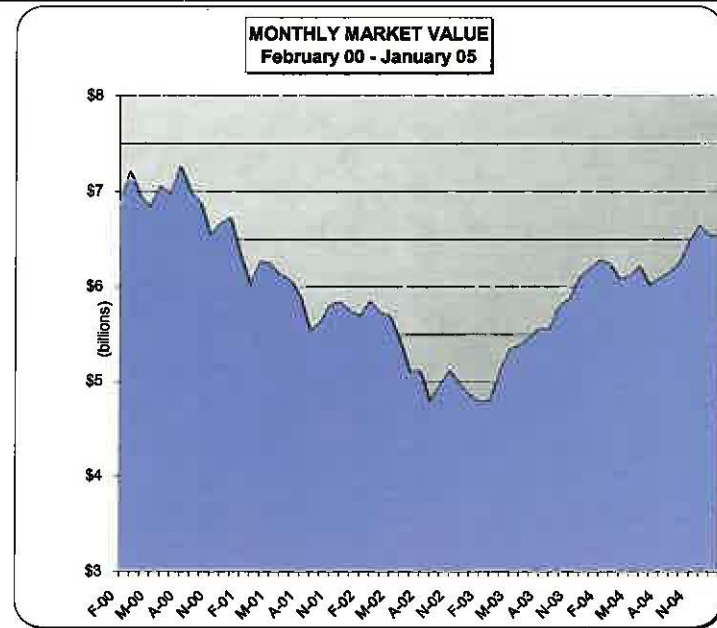
<b>ERSRI Performance By Asset Class</b>	<b>Jan-05</b>	<b>Calendar YTD</b>
Domestic Equity	-2.82%	-2.82%
Fixed Income	0.37%	0.37%
International Equity	-1.18%	-1.18%
<b>Total Fund Composite*</b>	<b>-1.43%</b>	<b>-1.43%</b>
<b>Manager Summary</b>	<b>Jan-05</b>	<b>CYTD</b>
<b><u>DOMESTIC EQUITY</u></b>		
PIMCO	-2.49%	-2.49%
SSgA Russell 1000	-2.52%	-2.52%
SSgA Core	-2.60%	-2.60%
Shott	-2.72%	-2.72%
Wasatch	-2.93%	-2.93%
NorthPointe	-3.58%	-3.58%
Wellington	-3.69%	-3.69%
<b>Total Domestic Equity</b>	<b>-2.82%</b>	<b>-2.82%</b>
<b><u>FIXED INCOME</u></b>		
Taplin Canida & Habacht	0.67%	0.67%
Fidelity	0.64%	0.64%
Brown Bros Core	0.62%	0.62%
Brown Bros TIPS	0.21%	0.21%
Mackay Shield	-0.23%	-0.23%
Shenkman	-0.28%	-0.28%
InState Fixed Income	0.01%	0.01%
<b>Total Fixed Income</b>	<b>0.37%</b>	<b>0.37%</b>
<b><u>INTERNATIONAL EQUITY</u></b>		
Goldman Sachs	-1.01%	-1.01%
Boston Company	-1.17%	-1.17%
Mondrian	-1.33%	-1.33%
<b>Total International Equity</b>	<b>-1.18%</b>	<b>-1.18%</b>

\*Total Fund Composite includes all classes



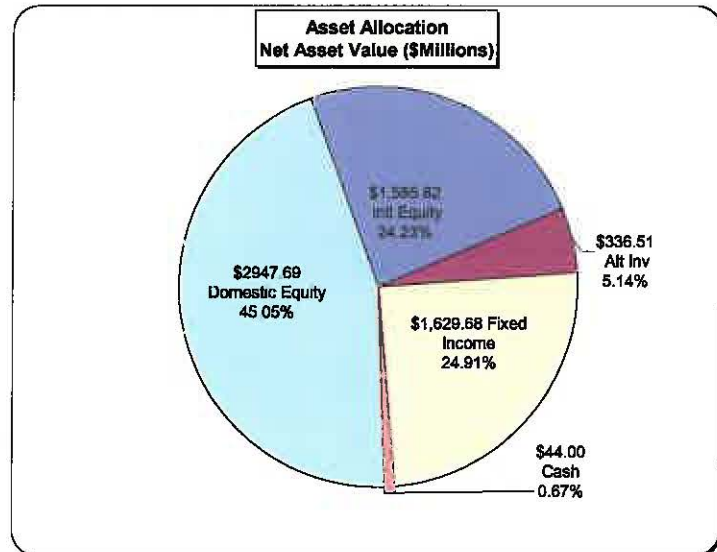
**Market Values**

The total portfolio value decreased in January by \$109.8 million to \$6.543 billion. This compares with an increase in value of \$97 million for the same period in 2004. The domestic equity market values decreased by \$85 million; fixed income increased by \$6 million net of transfers, while international values were down by \$35 million net of transfers. The cash accounts were up by \$ 3 million and alternative investments increased in value by \$2 million.



**Asset Allocation**

The domestic equities portfolio is properly allocated at 45%. The fixed income portfolio is under-allocated by 0.1%. The international equity portfolio is over-allocated by 1.7%, while the alternative investment assets are under-allocated by 2.4%. Domestic and international equities targets each include an additional 2.5% for future real estate allocations. Rebalancing of these asset classes is on-going.



### Cash Flow

January's pension payroll of \$49 million exceeded the \$31.8 million in contributions received by \$17.2 million. To meet this shortfall along with other obligations, \$13 million was transferred from long term investments.

### Alternative Investments

At this time the alternative investment asset class has unfunded commitments of approximately \$456 million on commitments of \$843 million.

#### **CAPITAL CALLS Net of Distributions**

JANUARY 2005	FYTD	UNFUNDED BALANCE
\$1,998,658	\$13,884,223	\$454,114,775
JANUARY 2004	FYTD	UNFUNDED BALANCE
\$763,239	\$14,397,811	\$393,550,072

### Short Term Cash

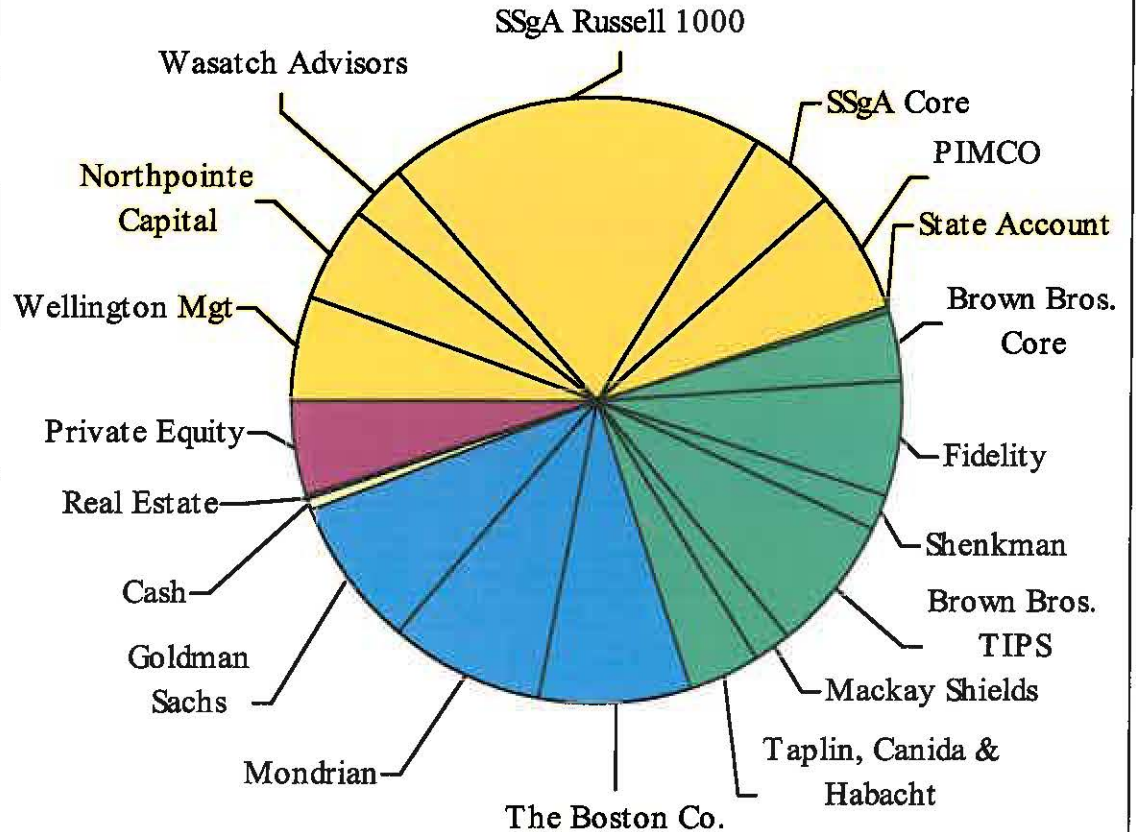
The short term cash portfolio had a 5 day weighted average maturity vs 6.3 days in December, and 8 days in January 2004. Investments at January 31, 2005 totaled \$256 million. Interest earned during the month was \$ 854,558 of which \$ 78,917 was credited to the retirement accounts. The average investment rate of 2.02% was 20 basis points above the average 30 day treasury rate.

## Individual Manager Allocation

January 31, 2005

\$ 6,544 MM

Portfolio	\$MM	Allocation
Northpointe Capital	\$ 326	4.98
PIMCO	443	6.77
SSgA - Core	297	4.54
SSgA Russell 1000	1,323	20.21
Wasatch Advisors	188	2.87
Wellington Management	<u>371</u>	<u>5.67</u>
U.S. Equity	2,947	45.04
Brown Bros. Harriman - Core	\$ 237	3.63
Fidelity Mgmt. Trust	396	6.06
Brown Bros. Harriman-TIPS	476	7.28
Mackay Shields	122	1.87
Shenkman Capital	122	1.86
State Account	22	0.34
Taplin, Canida & Habacht	<u>254</u>	<u>3.88</u>
Fixed Income	1,630	24.91
Goldman Sachs	\$ 525	8.02
The Boston Company	527	8.05
Mondrian	<u>532</u>	<u>8.13</u>
International Equity	1,586	24.23
Real Estate	\$ 1	0.02
Private Equity	<u>335</u>	<u>5.13</u>
Alternative Invest.	337	5.14
Cash Account (inside)	\$ 29	0.44
Cash Account (outside)	<u>15</u>	<u>0.24</u>
Cash Equivalents	44	0.68
<b>Total</b>	<b>\$ 6,544</b>	<b>100.0</b>



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

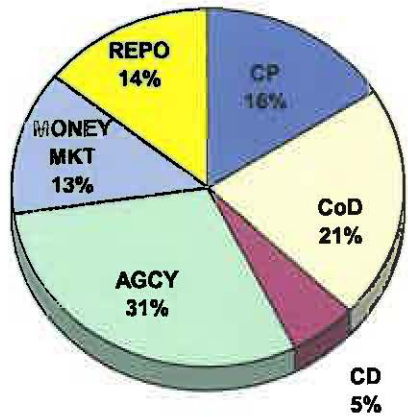
## Market Environment

### Quarter Ended January 31, 2005

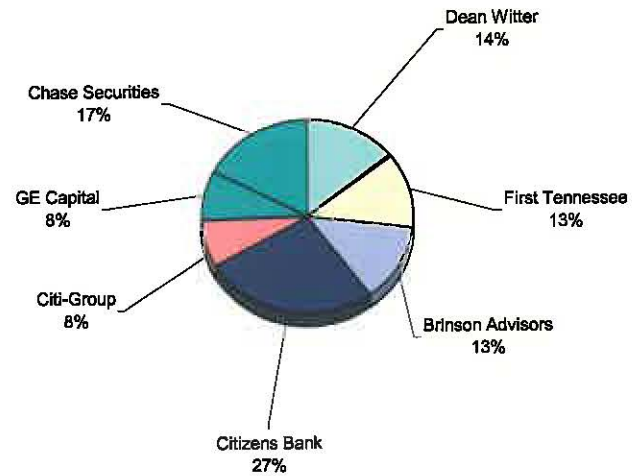
	<u>QTR</u>	<u>FYTD</u>	<u>1 YR.</u>	<u>2 YRS.</u>	<u>3 YRS.</u>	<u>4 YRS.</u>	<u>5 YRS.</u>
<b>U.S. EQUITY</b>							
RUSSELL 1000	5.33	5.09	6.57	20.23	3.83	-1.62	-1.44
RUSSELL 2000	7.22	6.21	8.67	31.05	10.29	6.64	6.05
RUSSELL 2000 GROWTH	7.29	3.29	3.71	29.10	5.45	-1.29	-4.28
RUSSELL 2000 VALUE	7.16	8.99	13.59	32.88	14.47	13.96	16.93
S&P 500	4.96	4.58	6.23	19.56	3.24	-1.99	-1.77
DOW WILSHIRE 5000 FREE FLOAT	5.59	5.32	7.14	21.62	4.94	-0.54	-1.13
<b>INTERNATIONAL EQUITY</b>							
MSCI AC WORLD FREE ex US (gross)	9.61	14.57	17.38	32.21	14.56	3.36	0.79
MSCI EAFE (net)	9.47	12.89	16.40	30.66	13.24	1.96	-0.20
<b>U.S. FIXED INCOME</b>							
FB GLOBAL HIGH YIELD	2.77	9.23	9.80	18.07	13.52	10.18	8.25
LB AGGREGATE	0.74	4.84	4.16	4.50	6.14	6.49	7.92
LB CREDIT	1.09	6.36	5.02	6.71	7.78	7.93	8.88
LB GOV/CREDIT	0.63	5.12	3.98	4.80	6.58	6.80	8.16
CITIGROUP BROAD INV GRADE	0.76	4.96	4.29	4.64	6.17	6.53	7.93
CITIGROUP LARGE PENSION FUND	1.78	8.10	6.76	6.59	8.15	7.96	9.48
CITIGROUP LPF COLLATERALIZED	0.95	4.59	4.67	4.04	5.38	5.93	7.48
<b>TOTAL PLAN</b>	<b>5.29</b>	<b>7.30</b>	<b>8.70</b>	<b>19.56</b>	<b>7.90</b>	<b>2.82</b>	<b>2.27</b>

**RHODE ISLAND STATE INVESTMENT COMMISSION**  
**SHORT TERM CASH INVESTMENTS AT JANUARY 31, 2005**

**Portfolio By Instrument**



**Portfolio by Issuer**



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

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

**Issuer Credit Ratings  
January, 2005**

Issuer	Type of Instrument	Month End % Portfolio	Issuer Ratings		S-T Debt Rating		L-T Debt Rating		Credit Outlook
			Moody's		Moody's	S&P	Moody's	S&P	S&P
Chase Securities	2,3,5	17%	Aa3		P-1	A-1	Aa3	A+	Stable
Citigroup Inc.	2	8%	Aa1		P-1	A-1+	Aa1	AA-	Stable
Citizens Bank RI	3,4	27%	Aa2		P-1	A-1+	Aa2	AA-	Stable
Dreyfus	6	0%	Aa3		P-1	A-1+	Aa3	AA-	Stable
First Tennessee Capital Markets	5	13%	A1		P-1	A-1	A1	A	Stable
Fidelity	6	0%				N/R		N/R	N/R
GE Capital	2	8%	Aaa		P-1	A-1+	Aaa	AAA	Stable
Morgan Stanley	1,2,5	14%	Aa3		P-1	A-1	Aa3	A+	Positive
Paine Webber	5	0%	Aa2		P-1	A-1+	Aa2	AA+	Stable
UBS Brinson Advisors	6	13%	Aa2		P-1	A-1+	Aa2	AA+	Stable
State Street Bank & Trust	1,3	0%	Aa2		P-1	A-1+	Aa2	AA	Stable

**Instrument Codes**

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

**Ratings Definitions**

**Moody's Short-Term Debt Ratings:**

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

**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

February 15, 2005

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 January 31, 2005.

**Employees' Retirement System of Rhode Island  
Composite Reporting Investment Valuation  
January 31, 2005**

Asset Class		
Cash/Short Term Investments		\$ 231,213,086
Equities – Domestic		\$ 2,907,694,621
Equities – International		\$ 1,551,076,195
Fixed Income – Government	\$ 882,232,547	
Fixed Income – Corporate	\$ 612,954,289	
Fixed Income – In State	\$ 22,041,532	
Total Fixed Income		\$ 1,517,228,368
Alternative Investments		\$ 336,514,296
Total Fund Investments		\$ 6,543,726,566
Plan Allocation		
State Employees & Teachers	86.4%	\$ 5,650,660,764
Municipal Employees	12.9%	\$ 846,893,437
State Police	0.4%	\$ 27,963,660
Judicial	0.3%	\$ 18,208,704
Total Fund Investments	100.0%	\$ 6,543,726,566

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**

**January 31, 2005**

	Calendar YTD			Benchmark Description	Current Month			Valuation Change			
	Performance	Benchmark	Alpha		Performance	Benchmark	Alpha	Market Value	Transfers	Market Value	Market Value
								12/31/2004	In/(out)	1/31/2005	Increase/decrease
<b>Domestic Equity</b>											
Shott Capital Management IRR	-2.72%	N/A	N/A	S & P 500	-2.72%	N/A	N/A	160,770	-	151,060	(9,710)
SSgA Russell 1000	-2.52%	-2.52%	0.00%	Russell 1000	-2.52%	-2.52%	0.00%	1,356,661,909	132,080	1,322,556,406	(34,237,583)
SSgA Core	-2.60%	-2.52%	-0.08%	Russell 1000	-2.60%	-2.52%	-0.08%	304,738,255	31,750	296,832,267	(7,937,738)
PIMCO	-2.49%	-2.44%	-0.05%	S & P 500	-2.49%	-2.44%	-0.05%	454,238,942	46,355	442,955,404	(11,329,893)
NorthPointe Capital	-3.58%	-3.87%	0.29%	Russell 2000 Value	-3.58%	-3.87%	0.29%	338,006,314	31,750	325,951,057	(12,087,007)
Wellington Mgmt	-3.69%	-4.17%	0.48%	Russell 2000	-3.69%	-4.17%	0.48%	385,237,226	31,750	371,033,429	(14,233,547)
Wasatch Advisors	-2.93%	-4.17%	1.24%	Russell 2000	-2.93%	-4.17%	1.24%	193,278,097	17,780	187,631,248	(5,664,629)
Transition Account	N/A	N/A	N/A		N/A	N/A	N/A	19,922	17,145	37,134	67
<b>Total Domestic Equity</b>	<b>-2.82%</b>				<b>-2.82%</b>			<b>3,032,341,435</b>	<b>308,610</b>	<b>2,947,148,005</b>	<b>(85,502,040)</b>
<b>International Equity</b>											
Boston Company	-1.17%	-1.72%	0.55%	MSCI ACWI	-1.17%	-1.72%	0.55%	538,117,994	(3,923,165)	527,815,923	(6,379,908)
Goldman Sachs	-1.01%	-1.72%	0.71%	MSCI ACWI	-1.01%	-1.72%	0.71%	545,556,328	(15,000,000)	525,075,789	(5,480,539)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	590,214	-	663,731	73,517
Mondrian	-1.33%	-1.72%	0.39%	MSCI ACWI	-1.33%	-1.72%	0.39%	537,101,448	(4,000,000)	532,266,787	(834,661)
<b>Total International Equity</b>	<b>-1.18%</b>				<b>-1.18%</b>			<b>1,621,365,984</b>	<b>(22,923,165)</b>	<b>1,585,822,230</b>	<b>(12,620,589)</b>
<b>Fixed Income</b>											
Fidelity Management & Research	0.64%	0.51%	0.13%	Citigroup Mortgage Index	0.64%	0.51%	0.13%	393,672,541	41,910	396,227,630	2,513,179
Brown Brothers, Harriman	0.62%	0.64%	-0.02%	Citigroup Brd Inv Grade	0.62%	0.64%	-0.02%	235,752,041	20,320	237,226,228	1,453,867
In-State Fixed Income		( Non performing/In Default)		N/A	0.01%	N/A	N/A	22,040,722	-	22,041,932	1,210
Taplin, Canida & Habacht	0.67%	0.79%	-0.12%	Lehman Credit Index	0.67%	0.79%	-0.12%	252,249,051	26,035	253,966,445	1,691,359
Mackay Shields	-0.23%	-0.02%	-0.21%	CS First BosHIYield	-0.23%	-0.02%	-0.21%	122,335,694	14,605	122,071,552	(273,747)
Sherkman Capital Mgmt	-0.28%	-0.02%	-0.26%	CS First BosHIYield	-0.28%	-0.02%	-0.26%	122,155,972	13,970	121,832,538	(337,404)
Brown Bros TIPS	0.21%	0.01%	0.20%	Lehman US TIPS Index	0.21%	0.01%	0.20%	475,302,504	1,778,586	476,284,368	(793,722)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	575,299	(61)	575,293	55
<b>Total Fixed Income</b>	<b>0.37%</b>				<b>0.37%</b>			<b>1,624,063,824</b>	<b>1,695,365</b>	<b>1,630,225,967</b>	<b>4,245,798</b>
<b>Alternative Investments</b>											
Private Equity	1.00%	N/A	N/A	S & P + 500	1.00%	N/A	N/A	333,194,984	(72,421)	335,454,430	2,331,857
Real Estate	0.00%	0.00%	N/A	NCREIF + 100	0.00%	0.00%	0.00%	1,196,418	(125,533)	1,070,885	0
Bank Acquisition Contingency	0.00%	N/A	N/A	N/A	0.00%	N/A	N/A	-	-	-	-
<b>Total Alternatives</b>	<b>1.00%</b>				<b>1.00%</b>			<b>334,391,412</b>	<b>(197,954)</b>	<b>336,525,315</b>	<b>2,331,857</b>
<b>Cash Accounts</b>											
Cash in Trust	-0.06%	0.17%	N/A		-0.06%	N/A	N/A	27,278,385	1,223,941	28,526,934	24,608
Cash Outside Trust	0.13%	N/A	N/A		0.13%	N/A	N/A	14,065,278	8,000,000	15,478,083	(7,587,185)
<b>Total Cash</b>	<b>N/A</b>	<b>*</b>	<b>0</b>		<b>N/A</b>	<b>*</b>	<b>0</b>	<b>41,343,663</b>	<b>10,223,941</b>	<b>44,005,028</b>	<b>(7,562,576)</b>
<b>Fund Grand Total</b>	<b>-1.43%</b>	<b>-1.61%</b>	<b>0.18%</b>		<b>-1.43%</b>	<b>-1.61%</b>	<b>0.18%</b>	<b>6,653,526,318</b>	<b>(10,693,203)</b>	<b>6,543,726,566</b>	<b>(99,103,550)</b>

0

\*Policy Index: (Effective 03/01/03)

52.5% Wilshire 5000

25.0% Lehman Aggregate

22.5% MSCI ACWI X-US

State of Rhode Island  
SUMMARY OF PERFORMANCE  
RATES OF RETURN  
PERIODS ENDING January 31, 2005



STATE STREET.  
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
<b>U.S. EQUITY</b>												
NORTHPOINTE CAPITAL	325,951	4.98	-3.58	7.37	13.97	-3.58	8.66	8.45	29.92			
PIMCO	442,955	6.77	-2.49	4.73	8.49	-2.49	5.00	6.40	19.84	3.39	-1.67	
SHOTT CAPITAL	151	0.00										
SSGA - CORE	296,832	4.54	-2.60	6.20	9.53	-2.60	5.70	6.89	18.65	4.75	1.06	-0.56
SSGA RUSSELL 1000	1,322,556	20.21	-2.52	5.34	8.92	-2.52	5.10	6.60				
WASATCH ADVISORS	187,631	2.87	-2.93	11.03	15.65	-2.93	9.39	14.42	31.80			
WELLINGTON MANAGEMENT CO. LLC	371,033	5.67	-3.69	8.54	14.23	-3.69	5.99	6.28	35.80			
TOTAL US EQUITY	2,947,148	45.04	-2.82	6.30	10.53	-2.82	5.64	6.82	23.81	6.09	-0.31	-2.15
<i>RUSSELL 1000</i>			-2.52	5.33	8.92	-2.52	5.09	6.57	20.23	3.83	-1.62	-1.44
<i>RUSSELL 2000</i>			-4.17	7.22	13.88	-4.17	6.21	8.67	31.05	10.29	6.64	6.05
<i>RUSSELL 2000 GROWTH</i>			-4.51	7.29	13.48	-4.51	3.29	3.71	29.10	5.45	-1.29	-4.28
<i>RUSSELL 2000 VALUE</i>			-3.87	7.16	14.24	-3.87	8.99	13.59	32.88	14.47	13.96	16.93
<i>S&amp;P 500</i>			-2.44	4.96	8.16	-2.44	4.58	6.23	19.56	3.24	-1.99	-1.77
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			-2.63	5.59	9.41	-2.63	5.32	7.14	21.62	4.94	-0.54	-1.13
<b>INTERNATIONAL EQUITY</b>												
GOLDMAN SACHS	525,076	8.02	-1.01	10.92	19.57	-1.01						
BANK OF IRELAND	873	0.01										
THE BOSTON COMPANY	526,943	8.05	-1.17			-1.17						
MONDRIAN	532,267	8.13	-1.33	9.24	17.53	-1.33	16.87					
PUTNAM INVESTMENTS	4	0.00										
SSGA MSCI ALL COUNTRY WORLD EX-US	590	0.01										
TRANSITION ACCOUNT INT EQUITY	67	0.00										

## State of Rhode Island

### SUMMARY OF PERFORMANCE

#### RATES OF RETURN

PERIODS ENDING January 31, 2005



**STATE STREET**  
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
TOTAL INTERNATIONAL EQUITY	1,585,820	24.23	-1.18	9.92	17.50	-1.18	14.65	16.53	28.81	11.66	1.15	-1.71
<i>MSCI AC WORLD ex US (GROSS)</i>			-1.72	9.61	18.01	-1.72	14.57	17.38	32.21	14.56	3.36	0.79
<i>MSCI EAFE (NET)</i>			-1.83	9.47	16.68	-1.83	12.89	16.40	30.66	13.24	1.96	-0.20
<b>U.S. FIXED INCOME</b>												
BROWN BROTHERS HARRIMAN - CORE	237,226	3.63	0.62	0.79	4.24	0.62	5.28	4.67	5.94	7.15	7.19	8.54
FIDELITY MANAGEMENT TRUST	396,228	6.06	0.64	1.07	5.49	0.64	4.79	5.15	5.12	6.25	6.68	7.97
BROWN BROTHERS HARRIMAN - TIPS	476,284	7.28	0.21	1.54	5.57	0.21	6.85					
MACKAY SHIELDS, LLC	122,072	1.87	-0.23	3.37	8.39	-0.23	9.89	10.20	21.79			
SHENKMAN CAPITAL MANAGEMENT	121,833	1.86	-0.28	1.29	6.64	-0.28	8.15	7.70	11.93			
STATE ACCOUNT	22,042	0.34	0.01	0.58	2.26	0.01	2.82	5.67	6.23	6.42	6.53	
TAPLIN, CANIDA & HABACHT	253,966	3.88	0.67	1.62	4.95	0.67	6.28	5.37	10.12	8.67	8.57	9.29
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,630,226	24.91	0.37	1.43	5.49	0.37	6.28	5.84	7.86	7.46	6.80	7.97
<i>FIRST BOSTON GLOBAL HIGH YIELD</i>			-0.02	2.77	7.85	-0.02	9.23	9.80	18.07	13.52	10.18	8.25
<i>LB AGGREGATE</i>			0.63	0.74	3.81	0.63	4.84	4.16	4.50	6.14	6.49	7.92
<i>LB CREDIT</i>			0.79	1.09	5.06	0.79	6.36	5.02	6.71	7.78	7.93	8.88
<i>LB GOV/CREDIT</i>			0.69	0.63	4.02	0.69	5.12	3.98	4.80	6.58	6.80	8.16
<i>CITIGROUP BROAD INVESTMENT GRADE</i>			0.64	0.76	3.93	0.64	4.96	4.29	4.64	6.17	6.53	7.93
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			1.43	1.78	6.61	1.43	8.10	6.76	6.59	8.15	7.96	9.48
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			0.51	0.95	3.62	0.51	4.59	4.67	4.04	5.38	5.93	7.48

#### ALTERNATIVE INVESTMENTS



State of Rhode Island  
SUMMARY OF PERFORMANCE  
RATES OF RETURN  
PERIODS ENDING January 31, 2005



STATE STREET.  
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
REAL ESTATE	1,071	0.02	0.00			0.00						
PRIVATE EQUITY	335,454	5.13	1.00	3.82	3.47	1.00	3.58	18.10	13.62	7.45	1.28	4.88
TOTAL ALTERNATIVE INVESTMENTS	336,525	5.14	1.00	4.00	3.65	1.00	3.83	17.71	13.28	7.10	1.95	
<i>NCREIF PROPERTY INDEX QTR LAG</i>			<i>0.00</i>	<i>3.42</i>	<i>6.66</i>	<i>0.00</i>	<i>6.66</i>	<i>12.41</i>	<i>10.09</i>	<i>8.61</i>	<i>8.99</i>	<i>9.54</i>
<i>NCREIF PROPERTY LAG + 100 BPS</i>			<i>0.08</i>	<i>3.65</i>	<i>7.13</i>	<i>0.08</i>	<i>7.22</i>	<i>13.42</i>	<i>11.10</i>	<i>9.62</i>	<i>9.99</i>	<i>10.55</i>
<b>CASH EQUIVALENTS</b>												
CASH ACCOUNT (INSIDE)	28,527	0.44	-0.06	4.03	7.44	-0.06	8.66	17.30	25.61	48.66	50.35	
CASH ACCOUNT (OUTSIDE)	15,478	0.24	0.13	0.42	0.77	0.13	0.85	1.26	2.92	2.51	2.85	
<b>TOTAL PLAN</b>												
TOTAL PLAN	6,543,725	100.00	-1.43	5.73	10.37	-1.43	7.75	9.40	20.30	8.37	2.96	1.98
<sup>1</sup> TOTAL PLAN BENCHMARK			-1.61	5.29	9.90	-1.61	7.30	8.70	19.56	7.90	2.82	2.27

**State of Rhode Island**  
SUMMARY OF PERFORMANCE  
RATES OF RETURN  
PERIODS ENDING January 31, 2005



**STATE STREET.**  
For Everything You Invest In<sup>®</sup>

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**Endnotes**

- 1 As of 02/2003 52.5% W5000/25.0% LB AGG/22.5% MSCIAWORLDFREEexUSA  
Prior to 02/2003 52.5% W5000/27.5% LB AGG/20% MSCIAWORLDFREEexUSA



Asset Allocation Report Market Values at January 31, 2005 (\$Millions)		Style Mandate	Actual		Target		Difference	Cash	% of Total
<b>Domestic Equity</b>									
Shott Capital Mgmt	Alternative Distribution	0.15	0.3%	0.00	0.00%	0.15	(0.00)	0.0%	
SSGA Russell 1000	Passive	1,322.56	20.2%	1,325.10	20.25%	-2.55	0.13	0.0%	
SSGA Core	Active core	296.83	4.5%	294.47	4.50%	2.36	3.20	1.1%	
PIMCO	Enhanced Equity	442.96	6.8%	441.70	6.75%	1.25	(0.03)	0.0%	
NorthPointe Capital	Small Cap Value	325.95	5.0%	327.19	5.00%	-1.24	9.42	2.9%	
Wellington Mgmt	Small Cap Core	371.03	5.7%	359.90	5.50%	11.13	16.83	4.5%	
Wasatch Advisors	Small Cap Growth	187.63	2.9%	196.31	3.00%	-8.68	10.40	5.5%	
Transition Account	Small Cap Growth	0.04	0.0%	0.00	0.00%	0.04	0.04	99.8%	
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$2,947.15</b>	<b>45.0%</b>	<b>2,944.68</b>	<b>45.00%</b>	<b>\$2.47</b>	<b>\$39.99</b>	<b>1.4%</b>	
<b>International Equity</b>									
Boston Company	MSCI ACWI	527.82	8.1%	490.78	7.50%	37.04	16.13	3.1%	
Goldman Sachs	MSCI ACWI	525.08	8.0%	490.78	7.50%	34.30	5.59	1.1%	
Transition Account	MSCI ACWI	0.66	0.0%	0.00	0.00%	0.66	0.65	98.5%	
Mondrian	MSCI ACWI	532.27	8.1%	490.78	7.50%	41.49	12.38	2.3%	
<b>TOTAL INT'L EQUITY</b>		<b>\$1,585.82</b>	<b>24.2%</b>	<b>\$1,472.34</b>	<b>22.50%</b>	<b>\$113.48</b>	<b>\$34.75</b>	<b>2.2%</b>	
<b>Domestic Fixed Income</b>									
Fidelity Management & Research	Mortgages	396.23	6.1%	408.98	6.25%	-12.76	54.07	13.8%	
Brown Brothers, Harriman	Opportunistic core	237.23	3.6%	245.39	3.75%	-8.16	3.15	1.3%	
In-State Fixed Income	Mortgages	22.04	0.3%	0.00	0.00%	22.04	(0.00)	0.0%	
Taplin, Canida & Habacht	Corporates	253.97	3.9%	245.39	3.75%	8.58	22.36	8.8%	
Mackay Shields	High yield	122.07	1.9%	122.69	1.88%	-0.62	16.87	13.8%	
Shenkman Capital Mgmt	High yield	121.83	1.9%	122.69	1.88%	-0.86	1.83	1.5%	
Brown Bros TIPS	TIPS	476.28	7.3%	490.78	7.50%	-14.50	14.19	3.0%	
Transition Account		0.58	0.0%	0.00	0.00%	0.58	0.00	0.0%	
<b>TOTAL FIXED-INCOME</b>		<b>1,630.23</b>	<b>24.9%</b>	<b>1,635.93</b>	<b>25.00%</b>	<b>-\$5.71</b>	<b>\$112.46</b>	<b>6.9%</b>	
<b>Alternative Investments</b>									
Real Estate	Real Estate	1.07	0.0%						
Shott Capital Mgmt	Alternative Distribution	0.00	0.0%						
Private Equity	Private Equity	335.45	5.1%	490.78	7.50%	-155.33	0.0	0.0%	
Bank Disposition	Contingency	0.00	0.0%						
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$336.53</b>	<b>5.1%</b>	<b>\$490.78</b>	<b>7.50%</b>	<b>-\$154.25</b>	<b>0.0</b>	<b>0.0%</b>	
<b>CASH EQUIVALENTS</b>		<b>44.01</b>	<b>0.7%</b>	<b>0.00</b>	<b>0.00%</b>	<b>44.01</b>	<b>44.01</b>	<b>100.0%</b>	
<b>TOTAL ASSETS</b>		<b>\$6,543.73</b>	<b>100.0%</b>	<b>\$6,543.73</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$231.21</b>	<b>3.5%</b>	
<b>Allocation By Management Style</b>									
<b>Domestic Equity</b>									
Core		296.83	4.5%	294.47	4.50%	2.36	3.20	1.1%	
Index		1,322.56	20.2%	1,325.10	20.25%	(2.55)	0.13	0.0%	
Enhanced Equity		442.96	6.8%	441.70	6.75%	1.25	(0.03)	0.0%	
Alt Distribution		0.15	0.0%	-	0.00%	0.15	(0.00)	0.0%	
Active Small Cap		884.65	13.5%	883.40	13.50%	1.25	36.69	4.1%	
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$2,947.15</b>	<b>45.0%</b>	<b>\$2,944.68</b>	<b>45.00%</b>	<b>\$2.47</b>	<b>\$39.99</b>	<b>1.4%</b>	
<b>International Equity</b>									
Active		1,585.82	24.2%	1,472.34	22.50%	113.48	34.75	2.2%	
<b>TOTAL INT'L EQUITY</b>		<b>\$1,585.82</b>	<b>24.2%</b>	<b>\$1,472.34</b>	<b>22.50%</b>	<b>\$113.48</b>	<b>\$34.75</b>	<b>2.2%</b>	
<b>Domestic Fixed Income</b>									
Mortgage		396.23	6.1%	408.98	6.25%	(12.76)	54.07	13.8%	
Core		259.27	4.0%	245.39	3.75%	13.88	3.15	1.2%	
Corporates		253.97	3.9%	245.39	3.75%	8.58	22.36	8.8%	
High Yield		244.48	3.7%	245.39	3.75%	(0.91)	18.70	7.8%	
TIPS		476.28	7.3%	490.78	7.50%	(14.50)	14.19	3.0%	
<b>TOTAL FIXED-INCOME</b>		<b>1,630.23</b>	<b>24.9%</b>	<b>1,635.93</b>	<b>25.00%</b>	<b>(5.71)</b>	<b>112.46</b>	<b>6.9%</b>	
<b>Alternative Investments</b>									
Real Estate		1.07	0.0%						
Other Alternative Investments		335.45	5.1%				0.01		
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$336.53</b>	<b>5.1%</b>	<b>\$490.78</b>	<b>7.50%</b>	<b>(\$154.25)</b>	<b>0.01</b>		
<b>CASH EQUIVALENTS</b>		<b>44.01</b>	<b>0.7%</b>	<b>0.00</b>	<b>0.00%</b>	<b>44.01</b>	<b>44.01</b>	<b>100.0%</b>	
<b>TOTAL ASSETS</b>		<b>\$6,543.73</b>	<b>100.0%</b>	<b>\$6,543.73</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$231.21</b>	<b>3.5%</b>	

\* Domestic and International equities targets each include an additional 2.5% for future real estate allocations.

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

JANUARY 31, 2005

<i>Equities</i>				
<b>RANK</b>	<b>SECURITY NAME</b>	<b>PAR VALUES/SHARES</b>	<b>BASE MARKET AMOUNT</b>	<b>MONEY MANAGERS</b>
1	INGRAM MICRO INC	516,000	\$9,535,680	Wellington,SSgA
2	HUMANA INC	272,100	9,324,867	Wellington
3	GENERAL ELEC CO	250,600	9,054,178	SSgA
4	TRIAD HOSPS INC	207,800	8,455,382	Wellington
5	AMERICREDIT CORP	326,250	8,009,438	Wasatch
6	EXXON MOBIL CORP	154,770	7,986,132	SSgA
7	PROVIDIAN FINL CORP	469,800	7,836,264	Wellington,SSgA
8	FOOT LOCKER INC	291,000	7,833,720	Wellington
9	BANK AMER CORP	168,400	7,808,708	SSgA
10	AFFILIATED MANAGERS INC	123,070	7,803,869	NorthPoint,Wellington
		2.84%	<b>\$83,648,238</b>	
	<b>Total Composite Equities</b>		<b>\$2,947,148,005</b>	

**International Equity Holdings By Top 10 Market Values**

JANUARY 31, 2005

<i>International Equities</i>				
<b>RANK</b>	<b>SECURITY NAME</b>	<b>PAR VALUES/SHARES</b>	<b>BASE MARKET AMOUNT</b>	<b>MONEY MANAGERS</b>
1	TOTAL SA	96,704	\$20,736,620	Mondrian,Goldman,Boston Co.
2	ING GROEP	713,695	20,541,841	Mondrian,Goldman
3	BANCA INTESA SPA	4,091,856	19,002,155	Mondrian,Goldman
4	HITACHI	2,603,071	17,311,032	Mondrian,Goldman
5	ROYAL DUTCH PETROL	290,015	16,842,083	Mondrian,Goldman,Boston Co.
6	BARCLAYS	1,445,904	15,871,823	Goldman,Boston Co.
7	RWE AG	272,326	15,701,230	Mondrian
8	KOREA MSCI EMERGING MKT	1,124,533	15,611,893	Goldman
9	TELEFONICA SA	855,513	15,568,245	Mondrian
10	TOYOTA MOTOR CORP	388,500	15,133,681	Mondrian,Goldman,Boston Co.
		10.87%	<b>\$172,320,603</b>	
	<b>Total Composite International Equities</b>		<b>\$1,585,822,230</b>	

Top 10 Market Values SIC





FISCAL YEAR 2005

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ERSRI & MERSRI

ACCRUAL BASIS

SUMMARY BY ASSET CLASS

	Actual Jul 04	Actual Aug	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan 05	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	Projected TOTAL
EQUITIES			1,530,635			1,470,207			1,471,000			1,471,000	5,942,842
FIXED INCOME			797,974			750,000			750,000			750,000	3,047,974
INTERNATIONAL EQUITIES	1,720		932,746	107,847		682,000			682,000			682,000	3,088,313
REAL ESTATE			91,430			85,000			85,000			85,000	346,430
ALTERNATIVE INVESTMENTS	1,118,844	21,209	378,160	106,554	468,844	612,780	610,427	25,000	210,000	15,000	50,000	50,000	3,666,818
<b>SUB TOTAL-INV MGMT FEES</b>	<b>1,122,283</b>	<b>21,209</b>	<b>3,730,945</b>	<b>214,401</b>	<b>468,844</b>	<b>3,599,987</b>	<b>610,427</b>	<b>25,000</b>	<b>3,198,000</b>	<b>15,000</b>	<b>50,000</b>	<b>3,038,000</b>	<b>16,092,377</b>
PROFESSIONAL FEES	58,891	24,313	141,542	40,434	126,417	82,559	78,724	97,083	70,833	36,333	28,333	132,783	918,045
OPERATING EXPENSE	0	0	0	2,126,026	0	2,250,000	0	0	2,253,000	0	0	2,250,000	8,879,026
<b>TOTAL:</b>	<b>1,180,974</b>	<b>45,522</b>	<b>3,872,487</b>	<b>2,380,861</b>	<b>595,261</b>	<b>5,932,546</b>	<b>689,151</b>	<b>122,083</b>	<b>5,521,833</b>	<b>51,333</b>	<b>78,333</b>	<b>5,420,783</b>	<b>25,889,448</b>

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2005

	FY 2004-05												
	Actual July 2004	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	42,552,485	43,783,950	44,061,033	43,990,891	44,230,390	43,892,989	45,437,321	46,280,000	46,260,000	46,260,000	41,120,000	41,120,000	528,969,059
ADMINISTRATIVE EXPENSES	0	30,383	152,407	1,886,022	134,375	2,014,324	67,980	838,800	838,800	838,800	745,600	745,600	8,293,091
INVESTMENT EXPENSES	966,733	18,324	2,346,464	92,032	404,933	3,544,084	527,118	140,000	2,520,000	140,000	140,000	3,500,000	14,339,688
TOTAL OUTFLOW	43,519,218	43,832,657	46,559,904	45,968,945	44,769,698	49,451,397	46,032,419	47,238,800	49,618,800	47,238,800	42,005,600	45,365,600	551,601,838
CONTRIBUTIONS	40,409,066	25,303,183	21,861,471	26,756,236	26,598,184	32,480,260	29,049,160	29,970,000	29,970,000	26,640,000	33,300,000	26,640,000	348,977,540
OTHER INCOME*	2,526,833	7,815,755	4,859,861	4,170,518	6,002,496	10,952,294	3,182,845	1,450,000	6,000,000	5,850,000	825,000	2,625,000	56,260,402
TOTAL INCOME	42,935,899	33,118,918	26,721,132	30,926,754	32,600,880	43,432,554	32,232,005	31,420,000	35,970,000	32,490,000	34,125,000	29,265,000	405,237,942
DIFFERENCE	(583,319)	(10,713,739)	(19,838,772)	(15,042,191)	(12,169,018)	(6,018,843)	(13,800,414)	(15,818,800)	(13,648,800)	(14,748,800)	(7,880,600)	(16,100,600)	(146,363,896)

Municipal Employees Retirement System

	Actual July 2004	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	3,425,810	3,522,109	3,533,738	3,557,657	3,617,871	3,590,150	3,703,442	3,713,850	3,713,850	3,713,850	3,301,200	3,301,200	42,694,727
ADMINISTRATIVE EXPENSES	0	4,549	22,819	282,867	20,129	301,896	10,189	87,500	87,500	87,500	87,500	87,500	1,079,749
INVESTMENT EXPENSES	144,745	2,743	501,051	13,793	60,689	531,168	79,002	17,250	310,500	138,000	138,000	86,250	2,023,191
TOTAL OUTFLOW	3,570,555	3,529,401	4,057,608	3,854,117	3,698,689	4,423,214	3,792,633	3,818,600	3,707,759	3,939,350	3,526,700	3,474,950	45,393,576
CONTRIBUTIONS	2,638,948	2,893,138	2,455,972	2,740,148	2,480,220	2,314,804	2,823,181	2,985,750	2,985,750	2,654,000	3,317,500	2,654,000	32,943,411
OTHER INCOME*	378,332	1,170,221	727,616	625,055	899,615	1,641,471	477,029	220,000	900,000	875,000	262,500	393,750	8,570,589
TOTAL INCOME	3,017,280	4,063,359	3,183,588	3,365,203	3,379,835	3,956,275	3,300,210	3,205,750	3,885,750	3,529,000	3,580,000	3,047,750	41,514,000
DIFFERENCE	(553,275)	533,958	(874,020)	(488,914)	(318,854)	(466,939)	(492,423)	(612,850)	177,991	(410,350)	53,300	(427,200)	(3,879,576)

**Judges/State Police  
Retirement System**

	Actual July 2004	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
<i>MEMBER BENEFITS</i>	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000
<i>ADMINISTRATIVE EXPENSES</i>	0	235	1,191	14,936	1,069	16,214	555	4,580	4,580	4,580	4,580	4,580	57,100
<i>INVESTMENT EXPENSES</i>	7,366	142	26,145	729	3,222	28,528	4,307	95	16,150	760	760	22,800	111,004
<i>TOTAL OUTFLOW</i>	21,366	14,377	41,336	29,665	18,291	58,742	18,862	18,675	34,730	19,340	19,340	41,380	336,104
<i>CONTRIBUTIONS</i>	625,000	415,000	410,000	325,000	410,000	635,000	410,000	445,600	557,000	557,000	779,800	501,300	6,070,700
<i>OTHER INCOME*</i>	19,252	60,534	38,236	33,029	47,765	88,158	26,007	10,250	43,050	14,350	4,100	4,100	388,831
<i>TOTAL INCOME</i>	644,252	475,534	448,236	358,029	457,765	723,158	436,007	455,850	600,050	571,350	783,900	505,400	6,459,531
<i>DIFFERENCE</i>	622,886	461,157	406,900	328,364	439,474	664,416	417,145	437,175	565,320	552,010	764,560	464,020	6,123,427

\*Includes Income from Real Estate Investments, Private Equity, Securities Lending, and Cash Accounts.

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**ALTERNATIVE INVESTMENTS**

**FISCAL YEAR ANALYSES**

**CASH FLOW**

<b><u>FISCAL YEAR 2002</u></b>	<b><u>JUL 2001</u></b>	<b><u>AUG</u></b>	<b><u>SEPT</u></b>	<b><u>OCT</u></b>	<b><u>NOV</u></b>	<b><u>DEC</u></b>	<b><u>JAN 2002</u></b>	<b><u>FEB</u></b>	<b><u>MAR</u></b>	<b><u>APR</u></b>	<b><u>MAY</u></b>	<b><u>JUN</u></b>	<b><u>YTD</u></b>
<b>FUNDING</b>	2,811,969	2,446,774	887,809	7,070,705	2,539,487	4,008,151	7,307,155	6,607,182	4,926,838	2,754,691	3,785,407	3,374,775	48,520,943
<b>DISTRIB &amp; RET OF CAPITAL</b>	1,900,266	572,212	1,949,501	48,098	1,255,339	1,773,166	2,539,580	559,306	2,194,701	637,233	1,183,349	3,353,124	17,965,875
<b>GAINS/LOSSES/INCOME</b>	443,245	20,359,100	398,539	23,394	479,230	1,882,213	10,453,060	301,945	213,708	871,873	1,101,240	2,851,061	39,378,608

<b><u>FISCAL YEAR 2003</u></b>	<b><u>JUL 2002</u></b>	<b><u>AUG</u></b>	<b><u>SEPT</u></b>	<b><u>OCT</u></b>	<b><u>NOV</u></b>	<b><u>DEC</u></b>	<b><u>JAN 2003</u></b>	<b><u>FEB</u></b>	<b><u>MAR</u></b>	<b><u>APR</u></b>	<b><u>MAY</u></b>	<b><u>JUN</u></b>	<b><u>YTD</u></b>
<b>FUNDING</b>	5,688,208	908,809	4,008,692	2,784,612	6,031,671	10,055,487	5,964,640	8,945,952	8,302,275	1,559,849	7,039,468	7,321,599	68,611,262
<b>DISTRIB &amp; RET OF CAPITAL</b>	8,481,884	0	109,159	971,928	45,320	2,377,624	14,171	594,985	1,877,116	802,572	4,510,023	3,341,833	23,126,615
<b>GAINS/LOSSES/INCOME</b>	648,652	0	0	2,743,091	374,518	1,236,224	63,688	1,116,815	286,585	3,307,790	725,727	605,961	11,109,051

<b><u>FISCAL YEAR 2004</u></b>	<b><u>JUL 03</u></b>	<b><u>AUG</u></b>	<b><u>SEPT</u></b>	<b><u>OCT</u></b>	<b><u>NOV</u></b>	<b><u>DEC</u></b>	<b><u>JAN 04</u></b>	<b><u>FEB</u></b>	<b><u>MAR</u></b>	<b><u>APR</u></b>	<b><u>MAY</u></b>	<b><u>JUN</u></b>	<b><u>YTD</u></b>
<b>FUNDING</b>	4,924,411	3,087,875	1,603,013	9,156,260	7,458,137	10,907,301	5,750,254	6,474,008	5,673,844	8,296,537	5,221,607	3,534,857	72,088,104
<b>DISTRIB &amp; RET OF CAPITAL</b>	2,060,054	6,234,281	1,389,280	5,416,336	2,150,302	4,788,822	4,987,015	2,721,615	4,582,495	5,377,810	3,254,901	7,039,908	50,002,819
<b>GAINS/LOSSES/INCOME</b>	2,089,455	2,015,513	1,284,082	2,258,648	399,549	2,469,072	7,138,295	731,671	7,538,531	1,791,386	1,864,424	8,034,926	37,615,552

<b><u>FISCAL YEAR 2005</u></b>	<b><u>JUL 04</u></b>	<b><u>AUG</u></b>	<b><u>SEPT</u></b>	<b><u>OCT</u></b>	<b><u>NOV</u></b>	<b><u>DEC</u></b>	<b><u>JAN 05</u></b>	<b><u>FEB</u></b>	<b><u>MAR</u></b>	<b><u>APR</u></b>	<b><u>MAY</u></b>	<b><u>JUN</u></b>	<b><u>YTD</u></b>
<b>FUNDING</b>	11,269,926	9,034,631	3,551,444	17,065,063	10,799,740	9,687,896	5,137,847	0	0	0	0	0	66,566,547
<b>DISTRIB &amp; RET OF CAPITAL</b>	6,810,042	7,627,585	3,522,840	3,572,094	3,098,474	9,796,703	3,139,189	0	0	0	0	0	37,566,927
<b>GAINS/LOSSES/INCOME</b>	3,484,802	5,456,821	4,316,856	18,627,181	5,113,221	14,695,497	2,805,862	0	0	0	0	0	54,500,240

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**Rhode Island Employees Retirement System  
Securities Lending Report  
January, 2005**

<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<b><u>DOMESTIC EQUITY</u></b>		
Wellington Mgmt. Co., LLP	14,365	74,501,749
Wasatch Advisors	3,983	22,285,860
NorthPointe Capital	6,872	60,342,115
SSgA Core	<u>2,979</u>	<u>13,430,596</u>
<b>Total Domestic Equity</b>	<b>\$ 28,198</b>	<b>\$ 170,560,320</b>
<b><u>INTERNATIONAL EQUITY</u></b>		
Goldman Sachs	35,172	108,705,616
Bank of Ireland	3,441	4,454,915
Boston Company	25,911	87,765,395
Mondrian	<u>22,681</u>	<u>98,597,559</u>
<b>Total International Equity</b>	<b>\$ 87,206</b>	<b>\$ 299,523,486</b>
<b><u>FIXED INCOME</u></b>		
Brown Brothers, Harriman	6,701	52,644,240
Taplin, Canida & Habacht	2,315	14,342,145
Mackay Shields	6,825	21,191,209
Shenkman Capital Management	5,145	16,745,353
Brown Brothers, Harriman (TIPS)	<u>28,484</u>	<u>378,663,685</u>
<b>Total Fixed Income</b>	<b>\$ 49,470</b>	<b>\$ 483,586,632</b>
 <b>TOTAL SECURITIES LENDING INCOME</b>	 <b>\$ 164,874</b>	 <b>\$ 953,670,438</b>
 <b>Calendar Year 2005 YTD</b>	 <b>\$ 164,874</b>	





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

Short Term Investments Portfolio by Fund

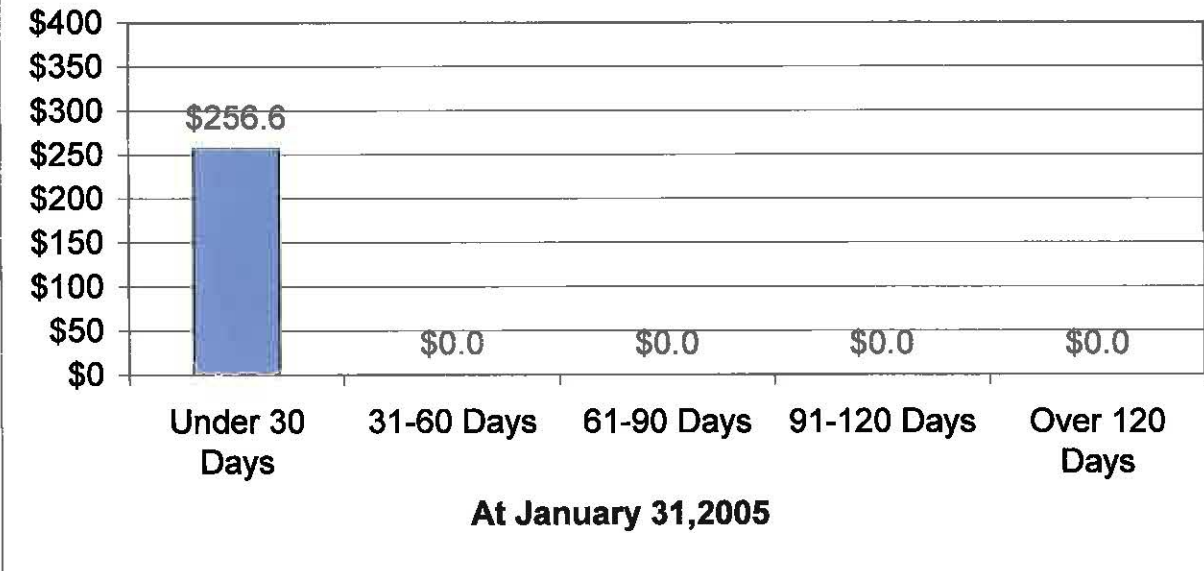
As of January 31, 2005

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	99,951,725	60,338	100,012,063
4904 PENSION C	4,799,250	1,017	4,800,267
4908 PAYROLL A	2,000,000	133	2,000,133
4916 GENERAL FUND H.A.V.A.	11,293,870	0	11,293,870
4920 GENERAL FUND (HIST PRES)	455,399	1,504	456,903
5400 HIGHWAY FUND	14,838,194	2,994	14,841,189
5500 UNIVERSITY COLLEGE	4,800,000	320	4,800,320
6920 AUTO EQUIPMENT SERVICE	1,009,727	0	1,009,727
8000 T.D.I. RESERVE (DET)	32,514,407	23,770	32,538,177
8300 PERMANENT SCHOOL FUND	700,380	770	701,150
8400 EMP RETIREMENT FUND	44,562	0	44,562
8500 MUN EMP RETIREMENT FUND	701,169	0	701,169
8700 R.I. CLEAN WATER ACT	10,626	0	10,626
9000 BOND CAPITAL FUND	576,930	0	576,930
9700 STATE LOTTERY FUND	28,873,056	31,221	28,904,277
9800 INDUS. BLDG. & MTG. INS.	3,545,288	0	3,545,288
9900 SINKING FUND	0	0	0
4911 TANS	0	0	0
Subtotal	206,114,582	122,068	206,236,650
8702 CLEAN WATER 1993 SER. A	14,145		
8703 CLEAN WATER 1991 SERIES A	690,696		
8704 CLEAN WATER 96 SERIES A	231,587		
8706 CLEAN WATER CCDL 1994 (A)	150,512		
8707 CAP DEV. OF 1997 SERIES A	49,882		
8710 CLEAN WATER CCDL 2002 A	369,389		
8711 CLEAN WATER 2004 SERIES A	719,247		
8733 CAP DEV. OF 1997 SERIES A	61,729		
8737 RI POLLUT. CONT 94 SER. A	6,340		
8739 CCDL99A 1999A	374,358		
8742 POLLUTION CNTRL 2002 A	45,377		
8743 POLL.CONTRL 2004 SERIES A	944,763		
9114 G.O. NOTE 1991 SER. B	3,786		
9116 BOND CCDL 1993 SERIES A	467,965		
9117 BOND CCDL 1994 SERIES A	989,942		
9120 BOND CCBL96A	1,667,102		
9121 CAP DEV OF 1997 SERIES A	990,372		
9123 CCDL 1998B	2,556,421		
9124 CCDL99A 1999A	1,611,661		
9125 MMG099 1999	3,169		
9126 BOND CAPITAL CCDL2000A	4,585,715		
9127 MULTI-MODAL GEN OBL 2000	2,813		
9128 BOND 2001	579,802		
9129 BOND CCDL 2002 SERIES A	4,318,135		
9131 CCDL 2004 SERIES A	29,020,306		
Subtotal Bond Proceed Accounts	50,455,214		
Total Short Term Portfolio	256,569,796		

\* General Fund (4901,4911,4916), TDI (8000), & ISTE (5400), Clean Water (8700), Lottery (9700), RI Ind Bldg (9800) and Auto Equip (6900) investments do not reflect interest earnings on Brinson, Fidelity and Dreyfus MM, and Citizens Premium Investments due to nature of Money Market investments. Interest is posted on the 1st business day of the next month.



**Short-Term Investments  
Maturity Schedule**



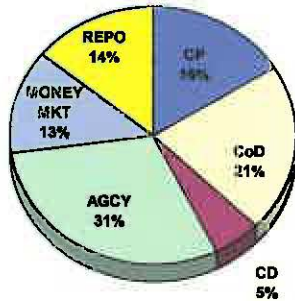
Maturities in \$Millions

Note: Includes \$121.4 Million of Money Market investments with no specific maturity

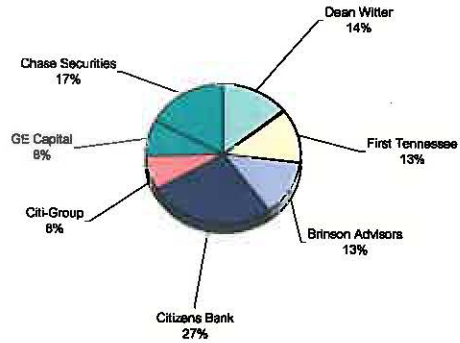
January, 2005	2.33%
December, 2004	2.05%
January, 2004	1.04%

**RHODE ISLAND STATE INVESTMENT COMMISSION**  
**SHORT TERM CASH INVESTMENTS AT JANUARY 31, 2005**

**Portfolio By Instrument**



**Portfolio by Issuer**



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

Vendor	CP	CD	Agency	Money Mkt	CoD	Repo	Total (\$)
Guidelines-Total/Vendor	25%/10%	25%/10%	75%/35%	50%/35%	25%/25%	100%/20%	
Dreyfus	0	0	0	155,282	0	0	155,282
	0%	0%	0%	0%	0%	0%	0%
Dean Witter	0	0	0	0	0	29,300,000	29,300,000
	0%	0%	0%	0%	0%	14%	14%
Chase Securities	0	0	36,480,137	0	0	0	36,480,137
	0%	0%	17%	0%	0%	0%	17%
Paine Webber	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Fidelity	0	0	0	93,774	0	0	93,774
	0%	0%	0%	0%	0%	0%	0%
First Tennessee	0	0	26,259,217	0	0	0	26,259,217
	0%	0%	13%	0%	0%	0%	13%
Brinson Advisors	0	0	0	26,695,421	0	0	26,695,421
	0%	0%	0%	13%	0%	0%	13%
Citizens Bank	0	11,155,778	0	0	44,025,422	0	55,181,200
	0%	5%	0%	0%	21%	0%	27%
GE Capital	16,973,871	0	0	0	0	0	16,973,871
	8%	0%	0%	0%	0%	0%	8%
Sun Trust	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
Citi-Group	15,996,680	0	0	0	0	0	15,996,680
	8%	0%	0%	0%	0%	0%	8%
State St Bank	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%
<b>TOTALS</b>	<b>32,969,551</b>	<b>11,155,778</b>	<b>61,719,354</b>	<b>26,944,477</b>	<b>44,025,422</b>	<b>29,300,000</b>	<b>206,114,582</b>
<b>(%) PORTFOLIO</b>	<b>16%</b>	<b>5%</b>	<b>30%</b>	<b>13%</b>	<b>21%</b>	<b>14%</b>	<b>100%</b>

**Note: Maximum participation by any one vendor limited to 35% of total portfolio.**



**SPECIAL FUNDS  
INVESTMENT SUMMARY  
JANUARY 31, 2005**

<b><u>FUND NAME</u></b>	<b><u>Gain/Loss</u></b>	<b><u>TOTAL MARKET VALUE</u></b>
<b>Abraham Touro Fund</b> ( Fidelity Balanced Fund)	<b>\$ (21,420)</b>	<b>\$ 1,987,560</b>
<b>Land Grant Fund *</b> ( IBT Treasury Mutual Fund)	<b>\$ -</b>	<b>\$ -</b>
<b><u>TOTALS</u></b>	<b>\$ (21,420)</b>	<b>\$ 1,987,560</b>

\* Investments in this fund have all been transferred to the University of Rhode Island as of 01/06/05.



ING Life Insurance and Annuity Company



State of Rhode Island

ING Custom Choice Classic

Average Annual Total Returns as of 12/31/2004

Mutual funds offered through a retirement plan are investments designed for retirement purposes. Early withdrawals will reduce your account value and if taken prior to age 59 1/2, a 10% IRS penalty may apply.

THE PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. FOR MONTH-END PERFORMANCE WHICH MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA SHOWN PLEASE CALL 800-262-3862. INVESTMENT RETURN AND VALUE OF AN INVESTMENT WILL FLUCTUATE SO THAT, WHEN SOLD, AN INVESTMENT MAY BE WORTH MORE OR LESS THAN THE ORIGINAL COST.

The returns assume reinvestment of all dividends (ordinary income and capital gains) and are net of management fees and other fund operating expenses.

The below investment options are in Variable Annuity Account D. Please Note that the figures do not include the product's applicable Separate Account Charge, which can range between 0.30% and 0.90% or other applicable contract charges; if included, performance would be less favorable.

YOU SHOULD CONSIDER THE INVESTMENT OBJECTIVES, RISKS AND CHARGES, AND EXPENSES OF THE FUNDS CAREFULLY BEFORE INVESTING. THE PROSPECTUS CONTAINS THIS AND OTHER INFORMATION. ANYONE WHO WISHES TO OBTAIN A FREE COPY OF THE FUND PROSPECTUSES MAY CALL THEIR ING REPRESENTATIVE OR THE NUMBER ABOVE. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.

Returns less than one year are not annualized. Fund Inception Date is the date of inception for the underlying fund, and is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

Investment Options	Relative Risk Level#	Fund Benchmark (BM)	Returns Not Annualized						Average Annual Total Returns						Since Fund Inception	Fund Inception Date
			1-Mo		3-Mo		YTD		1-Yr		3-Yr		5-Yr			
			Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM
<b>Global/International</b>																
ING JPMorgan International Portfolio - Initial Class	A	MSCIEAFE	4.41%	4.39%	13.89%	14.37%	16.89%	20.69%	16.89%	20.69%	8.03%	12.32%	-6.25%	-0.90%	5.07%	11/28/1997
ING Oppenheimer Global Portfolio - Service Class	A	MSCIAC	3.72%	3.90%	14.16%	12.31%	15.01%	15.76%	15.01%	15.76%					9.44%	05/01/2002
<b>Aggressive Growth</b>																
AIM V.I. Capital Appreciation Fund - Series I Shares	A	SPXRE	2.72%	3.39%	10.04%	9.22%	16.63%	10.87%	6.63%	10.87%	1.47%	3.59%	-6.51%	-2.29%	8.35%	12/06/1993
ING T. Rowe Price Diversified Mid Cap Growth Port - S Class	A	RSMIDGRW	4.04%	4.79%	12.22%	13.93%	8.56%	15.48%	8.56%	15.48%	3.10%	6.16%			3.32%	12/10/2001
ING VP Small Company Portfolio - Class I	A	RS2000	3.48%	2.96%	13.49%	14.09%	14.39%	18.32%	14.39%	18.32%	6.48%	11.48%	6.03%	6.51%	11.82%	12/27/1998
<b>Growth</b>																
Fidelity® VIP Contrafund® Portfolio - Initial Class	M	SPXRE	2.70%	3.39%	9.19%	9.22%	15.48%	10.87%	15.48%	10.87%	10.38%	3.59%	1.96%	-2.29%	14.12%	01/03/1995
Fidelity® VIP Growth Portfolio - Initial Class	M	RS3000G	3.06%	3.89%	8.47%	9.66%	3.38%	8.91%	3.38%	8.91%	-1.35%	0.25%	-6.79%	-8.88%	9.97%	8.30%
ING MFS Capital Opportunities Portfolio - Initial Class	M	SPXRE	4.37%	3.39%	11.75%	9.22%	12.88%	10.87%	12.88%	10.87%	0.32%	3.59%	-6.46%	-2.29%	4.54%	11/28/1997
ING UBS U.S. Large Cap Equity Portfolio - Initial Class	M	SPXRE	4.28%	3.39%	10.71%	9.22%	14.76%	10.87%	14.76%	10.87%	2.50%	3.59%	-4.66%	-2.29%	2.83%	11/28/1997
ING VP Value Opportunity Portfolio - Class I	M	SPXRE	2.01%	3.39%	7.59%	9.22%	10.15%	10.87%	10.15%	10.87%	0.53%	3.59%	0.24%	-2.29%	9.71%	12/13/1996

## Performance Update

See Performance Introduction Page for Important Information

Investment Options	Relative Risk Level#	Fund Benchmark (BM)	Returns Not Annualized						Average Annual Total Returns						Since Fund Inception	Fund Inception Date		
			1-Mo		3-Mo		YTD		1-Yr		3-Yr		5-Yr				10-Yr	
			Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM		
<b>Growth &amp; Income (Stocks)</b>																		
AIM-V1 Core Equity Fund - Series I Shares	M	SPXRE	3.34%	3.39%	7.48%	9.22%	8.97%	10.87%	8.97%	10.87%	4.66%	3.55%	5.47%	-2.29%	10.07%	12.08%		05/02/1994
Fidelity® VIP Equity-Income Portfolio - Initial Class	M	RS3000V	3.21%	3.26%	9.26%	10.81%	11.53%	16.95%	11.53%	16.95%	6.48%	9.15%	4.46%	6.10%	11.31%	13.84%		10/09/1986
ING VP Growth and Income Portfolio - Class I	M	SPXRE	3.74%	3.39%	9.90%	9.22%	8.39%	10.87%	8.39%	10.87%	0.83%	3.59%	-6.73%	-2.29%	7.91%	12.08%		05/01/1975
ING VP Index Plus LargeCap Portfolio - Class I	M	SPXRE	3.13%	3.39%	9.21%	9.22%	10.58%	10.87%	10.58%	10.87%	3.06%	3.59%	-3.05%	-2.29%			9.09%	09/16/1996
<b>Growth &amp; Income (Stocks &amp; Bonds)</b>																		
Convert Social Balanced Portfolio	M	SPXRE	2.27%	3.39%	5.85%	9.22%	8.26%	10.87%	8.26%	10.87%	4.30%	3.59%	0.46%	-2.29%	8.88%	12.08%		06/23/1986
ING VP Balanced Portfolio, Inc. - Class I	M	SPX_L	2.21%	2.91%	6.52%	7.54%	9.42%	9.34%	9.42%	9.34%	5.27%	5.36%	2.13%	2.20%	10.23%	10.78%		04/03/1989
ING Van Kampen Equity and Income Portfolio - Service Class	M	SPXRE	3.06%	3.39%	7.82%	9.22%	10.62%	10.87%	10.62%	10.87%	2.81%	3.59%					2.25%	12/10/2001
<b>Income</b>																		
ING VP Intermediate Bond Portfolio - Class I	M	LEHM	1.06%	0.92%	1.20%	0.95%	4.88%	4.34%	4.88%	4.34%	6.49%	6.20%	7.56%	7.71%	7.44%	7.72%		05/23/1973
<b>Stability of Principal</b>																		
ING VP Money Market Portfolio - Class I	O	IBCM	0.17%	0.18%	0.43%	0.49%	1.06%	1.34%	1.06%	1.34%	1.19%	1.57%	2.76%	2.80%	4.11%	3.66%		05/01/1975
The 7-day annualized yield as of 12/31/2004 is 1.92% (+)																		

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 risks of loss of income and principal than are investments in lower yielding fixed-income securities. Sector funds may involve greater-than average risk and are often more volatile than funds holding a diversified portfolio of stocks in many industries. Examples include: banking, biotechnology, chemicals, energy, environmental services, natural resources, precious metals, technology, telecommunications, and utilities.

### Additional Notes

(+) THE CURRENT YIELD MORE CLOSELY REFLECTS CURRENT EARNINGS.

AN INVESTMENT IN ING VP MONEY MARKET PORTFOLIO 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.

\*\*\* This investment option is not a mutual fund, but an investment option providing rates of return declared in advance. It is offered through ING Life Insurance Company and ING Life Insurance and Annuity Company.

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

The ING Oppenheimer Global Portfolio - Service Class was recently renamed from the ING MFS Global Growth Portfolio - Service Class due to sub-advisor change that took place on November 8, 2004.

The ING T. Rowe Price Diversified Mid Cap Growth Portfolio - Service Class was recently renamed from the ING Alger Aggressive Growth Portfolio - Service Class due to sub-advisor change that took place on November 8, 2004.

The ING Van Kampen Equity and Income Portfolio - Service Class was recently renamed from the ING UBS U.S. Allocation Portfolio - Service Class due to sub-advisor change that took place on November 8, 2004.

The above investment options are in Variable Annuity Account D. Please Note that the figures do not include the product's applicable Separate Account Charge, which can range between 0.30% and 0.90% or other applicable contract charges; if included, the performance would be less favorable.

For a performance report reflecting the charges or more information regarding product expenses, please contact your ING Representative.

## Performance Update

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

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





# STATE OF RHODE ISLAND RETIREMENT PLANS INVESTMENT OPTIONS

## PERFORMANCE UPDATE

AS OF DECEMBER 31, 2004

### Understanding investment performance

As you review this update, please remember that the data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current investment performance may be higher or lower than quoted in this table. To learn more or obtain the most recent month-end performance figures, call Fidelity at 1-800-343-0860 or visit [www.fidelity.com](http://www.fidelity.com).

Fund No.	Fund Name	Cumulative Total Returns % Period Ending December 31, 2004			Average Annual Total Returns % Period Ending December 31, 2004				Short-Term Trading Fee (%/Days)	Fund Inception	Expense Ratio
		7-Day Yield▲	3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund			
<b>LIFE-CYCLE♣</b>											
00370	Fidelity Freedom 2000++		3.02	4.52	4.52	3.09	n/a	7.25	n/a	10/17/96	0.71○
00371	Fidelity Freedom 2010++		5.56	7.24	7.24	2.41	n/a	8.59	n/a	10/17/96	0.81○
00372	Fidelity Freedom 2020++		8.16	9.55	9.55	0.81	n/a	8.73	n/a	10/17/96	0.87○
00373	Fidelity Freedom 2030++		9.35	10.45	10.45	-0.34	n/a	8.37	n/a	10/17/96	0.89○
00369	Fidelity Freedom Income++		2.44	3.89	3.89	3.85	n/a	6.09	n/a	10/17/96	0.68○
<b>MONEY MARKET (SHORT-TERM)*</b>											
00630	Fidelity Retirement Money Market	1.85	0.40	1.07	1.07	2.75	4.06	4.66	n/a	12/02/88	0.42
<b>BOND</b>											
99474	PIMCO Total Return - Administrative Class		1.31	4.88	4.88	8.19	8.27	7.89	2.00/7	9/08/94	0.68
<b>BALANCED/HYBRID</b>											
00004	Fidelity Puritan®		6.51	9.28	9.28	5.57	10.41	11.82	n/a	4/16/47	0.65
<b>DOMESTIC EQUITY - LARGE VALUE</b>											
00023	Fidelity Equity-Income		9.18	11.29	11.29	4.31	11.94	13.19	n/a	5/16/66	0.70
<b>DOMESTIC EQUITY - MID VALUE■</b>											
00039	Fidelity Value		11.39	21.21	21.21	12.40	13.38	14.43	n/a	12/01/78	0.95
<b>DOMESTIC EQUITY - LARGE BLEND</b>											
00330	Fidelity Dividend Growth		8.71	5.84	5.84	2.33	14.28	14.40	n/a	4/27/93	0.90
00027	Fidelity Growth & Income		8.03	9.84	9.84	-0.99	11.05	13.80	n/a	12/30/85	0.70
00021	Fidelity Magellan®		8.17	7.49	7.49	-3.87	10.16	19.00	n/a	5/02/63	0.64
00650	Spartan® U.S. Equity Index++		9.22	10.73	10.73	-2.43	11.87	11.87	n/a	2/17/88	0.10

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

continued



# AS OF DECEMBER 31, 2004

Cumulative Total Returns %  
Period Ending December 31, 2004

Average Annual Total Returns %  
Period Ending December 31, 2004

Fund No.	Name	Cumulative Total Returns %		Average Annual Total Returns %				Short-Term Trading Fee (%/Days)	Fund Inception	Expense Ratio
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund			
<b>DOMESTIC EQUITY - LARGE GROWTH</b>										
00312	Fidelity Blue Chip Growth	8.31	6.26	6.26	-5.86	8.82	12.86	n/a	12/31/87	0.68
00022	Fidelity Contrafund®	9.04	15.07	15.07	1.62	13.81	13.29	n/a	5/17/67	0.95
00093	Fidelity OTC	14.81	8.12	8.12	-8.94	11.04	14.50	n/a	12/31/84	0.91

## DOMESTIC EQUITY - MID GROWTH ■

00337	Fidelity Mid-Cap Stock	11.22	9.05	9.05	3.92	14.65	14.40	0.75/30	3/29/94	0.71
93392	Franklin Small-Mid Cap Growth - Class A	13.08	13.04	13.04	-4.71	12.47	12.93	2.00/30	2/14/92	0.98

## INTERNATIONAL/GLOBAL ††

00325	Fidelity Diversified International	13.94	19.66	19.66	4.11	13.00	11.37	1.00/30	12/27/91	1.15
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## MARKET INDICES ^^

For comparison only. These are not Fidelity funds.

Dow Jones Industrial Average	7.57	5.37	5.37	0.69	13.06
Lehman Brothers Intermediate Gov't/Credit Bond Index	0.44	3.04	3.04	7.21	7.16
Morgan Stanley EAFE® Index	15.33	20.42	20.42	-0.93	5.80
Standard & Poor's 500® Index	9.23	10.88	10.88	-2.30	12.07

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

Although the information contained in this report has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited. The trademarks and service marks appearing herein are the property of their respective owners.

### HISTORICAL PERFORMANCE

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

### SPECIFIC FUNDS

Fidelity Management & Research Company manages Fidelity mutual funds.

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

- ▲ The current yield more closely reflects the current earnings of the fund, while total return refers to a specific past holding period.
- ♣ The Fidelity Freedom Funds are managed by Strategic Advisers, Inc., a subsidiary of FMR Corp.
- ++ Fidelity is temporarily reimbursing a portion of the fund's expenses. Absent such reimbursement, returns would have been lower.
- The combined total expense ratio reflects expense reimbursements and reductions and is based on the total operating expense ratio of the fund plus a weighted average of the total operating expense ratios of the underlying Fidelity funds in which it was invested. This ratio may be higher or lower depending on the allocation of the fund's assets among the underlying Fidelity funds and the actual expenses of the underlying Fidelity funds.

### INDICES

^^ The following indices are defined for informational purposes only. All indices are unmanaged and performance of the indices are not illustrative of any particular investment. An investment cannot be made in any index.

**Dow Jones Industrial Average (DJIA)**, published by Dow Jones and Company, is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends. It is not offered as a comparison for any investment option but rather as a general stock market indicator. **Lehman Brothers Intermediate Government/Credit Bond Index** is an unmanaged, market-value weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between one and ten years. **EAFE® Index (Morgan Stanley Capital International Europe, Australasia, Far East Index)** is an unmanaged index of over 1,000 foreign common stock prices and includes the reinvestment of dividends. The EAFE® Index is a registered service mark of Morgan Stanley and has been licensed for use by FMR Corp. The investment options offered through the plan are neither sponsored by nor affiliated with Morgan Stanley. **The Standard & Poor's 500® Index (S&P 500®)** is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks.

### INVESTMENT RISK

- \* An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in these funds.
- Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.
- †† Foreign investments, especially those in emerging markets, involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries and currency fluctuations. There are additional risks associated with those funds that concentrate their investments in one geographic location.

AS OF DECEMBER 31, 2004

**Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit [www.fidelity.com](http://www.fidelity.com) for a free mutual fund prospectus. Read it carefully before you invest.**



# Portfolio Director

The information is current as of 12/31/2004.

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

Category/Funds		YTD Return	1 Year Return	3 Year Return	5 Year Return	10 Year Return	Since Inception	Expense Ratio	ITD Date
<b>International Equity</b>									
<i>Large Cap Value</i>									
	Templeton Foreign <sup>3</sup>	17.20	17.20	11.20	3.63	7.87		2.02	10/5/1982
<i>Large Cap Blend</i>									
	International Equities	16.91	16.91	6.60	(5.11)	3.20		1.41	10/2/1989
<i>Large Cap Growth</i>									
	Putnam Global Equity <sup>2</sup>	12.64	12.64	4.95	(4.45)	10.32		2.05	7/1/1994
<i>Large Cap Value</i>									
	Vanguard Windsor II <sup>3</sup>	17.07	17.07	7.43	6.51	12.49		1.48	6/24/1985
<i>Large Cap Blend</i>									
	Core Equity (Wellington/WAMU)	7.18	7.18	1.36	(4.04)	7.78		1.65	4/29/1994
<i>Large Cap Growth</i>									
	Putnam New Opportunities <sup>3</sup>	9.22	9.22	(0.36)	(12.85)	7.29		1.89	8/31/1990
	American Century Ultra Fund	9.81	9.81	1.48	(6.80)	9.45		1.84	11/2/1981
	Large Cap Growth (AIG SunAmerica)	4.45	4.45	(2.34)	**	**	(10.53)	1.76	12/8/2000
	Income & Growth (American Century)	11.90	11.90	4.60	**	**	0.44	1.63	12/8/2000
<i>Mid Cap Growth</i>									
	Putnam OTC & Emerging Growth <sup>3</sup>	7.07	7.07	(1.47)	(24.38)	0.72		2.18	11/1/1982
<b>Index</b>									
<i>Small Cap Blend</i>									
	Small Cap Index	16.95	16.95	10.10	5.30	10.43		1.28	5/1/1992
<i>Mid Cap Blend</i>									
	Mid Cap Index	15.12	15.12	9.22	8.17	14.78		1.21	10/1/1991
<i>Large Cap Blend</i>									
	Stock Index	9.63	9.63	2.37	(3.42)	10.85		1.18	4/20/1987
<b>Socially Responsible</b>									
<i>Large Cap Blend</i>									
	Social Awareness	9.71	9.71	2.02	(3.66)	10.74		1.43	10/2/1989
<b>Specialty</b>									
<i>Specialty - Technology</i>									
	Science & Technology (T. Rowe Price)	(0.01)	(0.01)	(3.77)	(19.42)	5.81		1.82	4/29/1994
<b>Lifestyle</b>									
<i>Mid Cap Blend</i>									
	Aggressive Growth Lifestyle	12.82	12.82	5.58	(0.96)	**	5.90	0.65	9/22/1998
	Moderate Growth Lifestyle	10.58	10.58	6.52	2.31	**	6.92	0.65	9/22/1998
<i>Large Cap Blend</i>									
	Conservative Growth Lifestyle	8.54	8.54	6.09	3.65	**	6.92	0.65	9/22/1998
<b>Balanced</b>									
<i>Large Cap Blend Interm Corp Bond</i>									
	Asset Allocation	7.63	7.63	4.74	1.10	8.59		1.48	9/6/1983
<i>Large Cap Value Interm Corp Bond</i>									
	Vanguard Wellington <sup>3</sup>	10.01	10.01	6.59	6.41	11.14		1.41	7/1/1929
<b>Non-US Govt Bond</b>									
<i>High Quality Med Duration</i>									
	International Government	9.76	9.76	14.83	7.05	5.78		1.52	10/1/1991
<b>Corporate Bond</b>									
<i>Long Term Corp Bond</i>									
	Capital Conservation	3.15	3.15	4.81	5.93	6.21		1.53	1/16/1986
	Vanguard Long-Term Corporate <sup>3</sup>	8.09	8.09	8.56	9.05	8.07		1.08	7/9/1973
<b>US Govt Bond</b>									
<i>Intermediate Government</i>									
	Government Securities	2.31	2.61	4.60	6.31	6.06		1.45	1/16/1986
<i>Long Government</i>									
	Vanguard Long-Term Treasury <sup>3</sup>	6.28	6.28	7.80	9.01	8.20		1.06	5/19/1986
<b>Money Market</b>									
<i>Short Term Money Market Instruments</i>									
	Money Market I	0.00	0.00	0.08	1.63	2.95		1.36	1/16/1986

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

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

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

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

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

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

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



International fund unit values and returns will fluctuate with market conditions, currencies, and economic climates where investments are made. Higher potential return generally involves greater risk, and short-term volatility is not uncommon when investing in various types of funds, including but not limited to: sector funds, emerging market funds and small & mid-cap funds.

Risks for emerging markets include, for instance, risks relating to the relatively smaller size and lesser liquidity of these markets, high inflation rates and adverse political developments. Risks for smaller companies include for instance, business risks, significant stock price fluctuations and illiquidity. Government securities offer a high degree of safety and are guaranteed as to the timely payment of principal and interest if held to maturity. Fund shares are not insured and their value and yield will vary with market conditions. Investing in higher-yielding, lower-rated bonds has a greater risk of price fluctuation and loss of principal and income than U.S. government securities, such as U.S. Treasury bonds and bills. Treasuries are guaranteed by the government for repayment of principal and interest if held to maturity. Investors should carefully assess the risk associated with an investment in the Fund.

An investment in a money market fund is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

For periods prior to inception of Class I shares (11/16/2001), performance is based on the past performance of Class A shares, adjusted to reflect that there are no sales charges paid by Class I shares. The Class A shares do not show the effect of operating expenses currently applicable to I shares. Effective 11/19/2001, SunAmerica Asset Management Corp. assumed management responsibilities.

Performance data does not include plan annual administrative charges of 0.27%. Plan administrative charges do not apply to the VALIC Fixed-Interest Option.

\*\* Performance figure not available due to the inception date of the fund.

\*\*\* A VALIC(The Variable Annuity Life Insurance Company Houston, Texas) fixed annuity applicable to policy form GFUA-398.

\*\*\*\* VALIC declares a portfolio interest rate monthly for the Fixed-Interest Option. That declared portfolio interest rate is guaranteed until the end of that month and is credited to all new and old deposits as well as credited interest. The contractual lifetime minimum guaranteed interest rate is 3%; however, VALIC guarantees – for calendar year 2002 – a minimum portfolio interest rate of 5.00%. All interest is compounded daily at the declared annual effective rate. VALIC's interest-crediting policy is subject to change, but any changes will not reduce the current rate below the contractually guaranteed minimum or money already credited to the account.

**Securities and investment advisory services are offered through VALIC Financial Advisors, Inc., member NASD/SIPC**

AIG VALIC, a member of American International Group, Inc., is the marketing name for the family of companies comprising VALIC Retirement Services Company; VALIC Financial Advisors, Inc. VALIC Trust Company; and the Variable Annuity Life Insurance Company ( VALIC).

