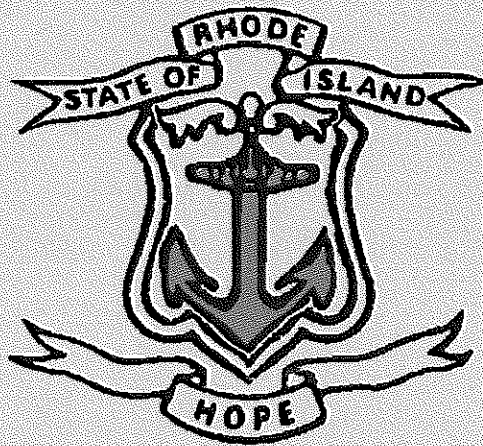


# State of Rhode Island and Providence Plantations



Office of the General Treasurer

Paul J. Tanares  
General Treasurer

**STATE OF RHODE ISLAND  
INVESTMENT COMMISSION MEETING**

**DATA AT  
DECEMBER 31, 2004**

**JAN ROBERTS**

**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, January 26, 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 12/1/05 \*
3. Investment Manager Review
  - Shott Capital Management
4. Real Estate Investments - The Townsend Group
  - JP Morgan Fleming Asset Management Strategic Property Fund \*
  - Prudential Real Estate Investors Separate Account (PRISA) \*
5. Brown Rudnick Berlack Israels, LLP
  - Renewal of Contract \*
  - Engagement for Gateway Eight Litigation \*
6. Gateway Eight Litigation \*\*
7. General Consultant's Report – Wilshire Associates Incorporated
  - Capital Market Update
8. Legal Counsel Report
9. Deputy Treasurer for Finance Report
10. Treasurer's Report
11. 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, JANUARY 20, 2005**



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

**Regular Meeting December 1, 2004**

A State Investment Commission meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, December 1, 2004. There being a quorum present, Treasurer called the meeting to order at 9:10 a.m.

Membership Roll Call. Present were: Mr. J. Michael Costello, Senator Daniel DaPonte, Ms. Rosemary Booth Gallogly, Ms. Marcia Reback, Mr. James E. Thorsen, Mr. John R. Treat, and General Treasurer Paul J. Tavares. Dr. Robert J. McKenna arrived at 9:20 a.m. Also present were: Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, Mr. William Bensus, of Wilshire Associates Incorporated, Consultant to the Commission, Jayne Donegan, Esq. and Kevin Nulton, Esq. of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, Mr. Peter Martenson and Mr. Rick Freitas of Pacific Corporate Group, Alternative Investments Consultant to the Commission, Mr. Frank Blaschka of The Townsend Group, Real Estate Consultant to the Commission, and other members of the Treasurer's Staff.

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

**VOTED: To approve the Minutes of the October 27, 2004 Regular Meeting.**

Proposed Alternative Investment – Kayne Anderson III, L.P. (“Kayne Anderson”). Mr. Martenson of Pacific Corporate Group (“PCG”) gave a brief overview of Kayne Anderson, which is being formed to make active private equity investments in well managed oil and gas exploration and production (“E&P”) companies with enterprise values ranging from \$25 to \$500 million. The Fund will focus on E&P companies that are undertaking lower risk development drilling activities, rather than on higher risk exploration activities. Investments will be concentrated in North America and will be in the range of \$10 to \$50 million. The Fund target size is \$550 million.

Mr. Kevin Welsh, Managing Director of Institutional Account Management and Mr. Daniel Weingeist, Partner and Managing Director of Energy Investments represented Kayne Anderson. Mr. Welsh noted that Kayne Anderson has \$2.5 billion in private equity and hedge funds under management. The principals have completed 39 investments with 22 energy companies since 1991. He stated that Kayne Anderson provides strategic equity capital to finance acquisition and development opportunities.

Mr. Weingeist stated that the Fund's strategy is to invest in strong management teams with the intent to exit within a relatively short time horizon (2 to 4 years). Kayne Anderson provides capital to well managed companies, establishes a high degree of involvement with companies post investment, and exits investments following realization of value. He noted that all companies are 50-80% hedged against fluctuations in oil prices. Kayne Anderson Fund I returned 29.1% and Fund II returned 55.0% as of 9/30/04.

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

**VOTED: To invest up to \$15 million in Kayne Anderson III, L.P., contingent upon satisfactory review and negotiation of investment and other legal documents.**

Treasurer Tavares requested that the Commission members approve a change in the order of items on the Agenda so that the presentations from Alliance Capital and Fidelity Management Trust Co. would precede the discussion on Gateway Eight. All were in favor of the change.

CollegeBoundfund – Alliance Capital (“Alliance”). Mr. Richard A. Davies, Executive Vice President and head of Retirement and College Savings Plans and Ms. Jennifer DeLong, Senior Vice President and Director of 529 Product Management represented Alliance. Mr. Davies updated the Commission on progress made since the settlement with the New York Attorney General and the SEC. A \$250 million fund has been set up to compensate shareholders with an independent distribution consultant. The SEC has approved the nominee and is still reviewing the methodology for determining payments. Alliance has since improved their governance procedures with the establishment of a Code of Ethics Oversight Committee, a Compliance Controls Committee and an Independent Compliance Consultant. Alliance has also reduced management fees which resulted in a positive impact on CollegeBoundfund participants.

Ms. DeLong reported that the CollegeBoundfund has total assets of \$5.2 billion. There are 441,000 accounts in total, and 12,800 in Rhode Island. The average balance in a Rhode Island account is \$9,300. The majority of the accounts are in the age-based (4-6 year olds) portfolios. The CollegeBoundfund’s portfolios have consistently outperformed its competitors (Putnam, John Hancock (Manulife), Fidelity Advisors, and Franklin/Templeton).

Mr. Davies discussed Alliance’s proposal, as requested by General Treasurer Tavares, to add a Total Stock Market Index Option for participants. The option would be a broad market index managed by Vanguard that tracks the Wilshire 5000 index. It would have large, mid and small cap US equity exposure and be passively managed using index sampling. Direct investors will pay an annual fee of 45 basis points (Admiral shares of Vanguard Fund priced at 15 basis points, plus program management and shareholder servicing fees of 30 basis points). Ms. DeLong explained that the option would be available to participants as of 12/15/04.

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

**VOTED: To direct Alliance Capital as Program Manager to add the Vanguard Total Stock Market Index Portfolio as an investment option available to Rhode Island residents (and other eligible accounts) purchasing directly from the program.**

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

**VOTED: To authorize Alliance Capital to (1) enter into an agreement with the Vanguard Group, Inc. to arrange for the purchase and redemption for the Rhode Island Higher Education Savings Trust of shares of the Vanguard Total Stock Market Index Fund in response to CollegeBoundfund participants' purchase and redemption directions; and (2) take any other actions that may be necessary in connection with the administration of the Vanguard Total Stock Market Index Portfolio.**

Investment Manager Review – Fidelity Management Trust Co. (“Fidelity”). Mr. Bensus gave a brief overview of Fidelity, which was retained in 1989 to provide a long-term, strategic allocation to the mortgage-oriented sector of the fixed income market. As of 9/30/04, the Fidelity portfolio represented approximately 25% of the fixed income composite and approximately 6% of the total fund. Market value as of 9/30/04 was \$391.8 million.

Mr. Arthur Greenwood, Relationship Manager, Mr. Thomas Silvia, Bond Group Leader and Mr. William Irving, Portfolio Manager represented Fidelity. Mr. Greenwood reported that Mr. David Murphy had been promoted to the Head of Fixed Income and that Mr. Silvia had been promoted to Bond Group Leader and has transitioned his portfolio management responsibilities to Mr. Irving. Mr. Irving has been a quantitative analyst at Fidelity since 1999. Mr. Silvia emphasized that he would still be very involved in the mortgage strategy and portfolio construction of the RIRS portfolio.

Mr. Silvia reported that the portfolio returned 6.00% as of 10/31/04, which was 43 basis points above the benchmark, and the 3-year return is 5.94%, which is 108 basis points above the benchmark. Year-to-date the portfolio has returned 4.83%, which is 60 basis points above the benchmark. Contributing to performance in the last year was an out-of-benchmark exposure to securitized sectors – ABS, CMOs and CMBS. Fidelity has focused on Agency MBS with better prepayment characteristics. Commission members thanked Mr. Silvia for his many years of managing the RIRS portfolio.

Mr. Irving noted that the FOMC has raised the federal funds target rate 100 basis points since June 2004. Contained inflation fears and strong foreign demand have kept longer maturity Treasury yields low. He noted that in response to those factors together with anticipated future Fed moves, the yield curve has flattened considerably over the past year. In spite of low mortgage rates, refinancing activity this year has been slow because most borrowers that are willing and able to refinance have already done so. Home prices have appreciated significantly faster than inflation. Fidelity intends to increase its focus on hybrid ARMs, continue to seek opportunities in the non-Agency residential sector, and maintain its CMBS positions.

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

**VOTED: 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 lease; and to discuss the investment of public funds regarding the Gateway Eight lease.**

The Commission went into Executive Session at 10:22 a.m.

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

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

The Commission reconvened into Open Session at 11:00 a.m.

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

**VOTED: That the Commission, on behalf of the Employees' Retirement System of Rhode Island, having reviewed in detail the proposal (the "Proposal") of Gateway Eight Limited Partnership (the "Developer") for an extension, suspension of debt payments and ultimate refinancing transaction with respect to the Developer's building located at One American Express Plaza, Providence, Rhode Island, as such Proposal has been outlined by legal counsel to the Commission, reject the Proposal and exercise its legal rights and remedies against the Developer, including but not limited to, foreclosure of the Developer's interest in such building, all in accordance with advice of counsel; and**

**VOTED: that the General Treasurer be, and he hereby is authorized, empowered and directed to execute, acknowledge and deliver any and all certificates, agreements and other documents, take any and all steps and to do any and all things as he may deem necessary or advisable, in his sole discretion, in order to effect the purposes of the foregoing vote.**

Wilshire Associates Incorporated – Manager Continuation Policy Analysis. Mr. Bensur briefly reviewed the investment managers noting that it is Wilshire's recommendation to continue to retain all of the following US Equity Managers for their current assignments: NorthPointe Capital, PIMCO StocksPlus, State Street Global Advisors, Wasatch Advisors, Inc. and Wellington Management Co. Wilshire also recommends continuing to retain The Boston Company Asset Management, Goldman Sachs Asset Management and Mondrian Investment Partners Ltd. for their Non-US Equity assignments.

Of the five fixed income managers, Wilshire recommends continuing to retain the following: Brown Brothers Harriman & Co., Fidelity Management Trust Co., MacKay Shields, and Taplin, Canida & Habacht. With regard to Shenkman Capital Management's high-yield, fixed income portfolio, it is Wilshire's recommendation to formally put them on the "Watch List" for possible termination based on the portfolio's underperformance. Mr. Bensur distributed his Capital Market Review.

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



**VOTED: To accept Wilshire Associates' recommendations in the Manager Continuation Policy Analysis presented at the December 1, 2004 meeting.**

Citation for Senator Daniel DaPonte. The Treasurer stated that since the approval of the Separation of Powers issue in November, 2004, that today's meeting would be the last for Senator Daniel DaPonte. He thanked Sen. DaPonte for his loyal and diligent service to the Commission and presented him with a Citation of Appreciation. Sen. DaPonte stated that it was his privilege to have served on the Commission with the Treasurer, Ms. Caine and staff.

Treasurer Tavares stated that with respect to the Separation of Powers amendment he had proposed to the General Assembly, that the State Investment Commission remain a nine member board, with two public members replacing the legislators. No decision has been made on that as of yet.

Deputy Treasurer for Finance Report. Ms. Caine distributed a list of proposed 2005 meeting dates and times to Commission members.

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

**VOTED: To accept the proposed list of 2005 meeting dates and times as recommended.**

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

**VOTED: To adjourn the meeting.**

There being no further business, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

Paul J. Tavares  
General Treasurer

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

**Minutes of the Closed Session  
December 1, 2004**

A Closed Session of the State Investment Commission ("SIC") was held in Room 135, State House, Providence, Rhode Island. Present were: Mr. J. Michael Costello, Senator Daniel DaPonte, Ms. Rosemary Booth Gallogly, Dr. Robert McKenna, Ms. Marcia Reback, Mr. James E. Thorsen, Mr. John R. Treat, and General Treasurer Paul J. Tavares. Also present were Mr. George Carvalho, Chief of Staff, Ms. Joan M. Caine, Deputy Treasurer for Finance, Jayne Donegan, Esq. and Kevin Nulton, 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 Jan Roberts, Assistant to the Commission.

The SIC went into Closed Session at 10:22 a.m. pursuant to R.I.G.L. § 42-46-5(2) and R.I.G.L. § 42-46-5(7) to discuss potential litigation and the investment of public funds, both with regard to the Gateway Eight mortgage.

Gateway Eight Limited Partnership. The Treasurer introduced Mr. Frank Blaschka of The Townsend Group, the Real Estate Consultant to the Commission, and Kevin Nulton, Esquire, of Brown Rudnick Berlack Israels, who has been working extensively with the staff on this issue. The Treasurer gave a brief history of the original transaction. In 1989, the pension fund purchased \$23 million in bonds issued by RI Industrial Facilities Corporation ("RIIFC"), which were secured by the American Express Building located across from the State House. The bond issue had a 10-year maturity (12/99). In 1999, a refinance plan was signed for a five-year mortgage loan with a balloon payment due December 1, 2004. The balloon payment (due today) of \$22 million was not expected to be made

Ms. Caine explained that she and George Carvalho have been working closely with Messrs. Blaschka and Nulton on the various options available to the Commission. Mr. Nulton explained that the loan matures today (December 1, 2004). The lease signed in 1999 had a ten-year term, but the tenant had an option to terminate it early after five years. If the tenant terminated the lease, it had to pay a termination fee of approximately \$830,000. The tenant exercised that option in January of 2004 and vacated the building. The building is now vacant.

The lease expires in January of 2005. The tenant has continued to pay rent and is expected to pay for December 2004, January 2005 and the termination fee of \$830,000. The Developer has identified a potential new tenant – Investors Bank & Trust Company (the "new tenant"). However the new tenant does not want to sign a lease until July 2005. The new tenant is also requesting extensive renovations (approximately \$5 million) to the property.

The developer has submitted a proposal for the Commission's consideration. The proposal is for the pension fund to extend the loan, suspend debt payments, and wait to see if the lease can be signed in July 2005. During that seven month period, the proposal calls for utilizing the December and January rental payments and the termination fee to pay the operating expenses for the property, which would be approximately \$700,000 to \$800,000.

Mr. Nulton noted that if the lease is signed, the proposal calls for the loan to be restructured in the following manner: a new lender (Fleet/Bank of America), from whom Gateway has a commitment letter, would loan \$17 million, \$15 million of which would go to reduce the pension fund indebtedness; and \$2 million of which would be used to partially finance the \$5 million of tenant improvements to the property. The developer would contribute \$2.5 million toward tenant improvements to the property. Cash flow from the new lease would not only pay debt service, but would pay the balance of the improvements to the property. The remaining balance of the pension fund's loan would be converted to a junior position (unsecured) either in the form of a second mortgage or mezzanine debt. After the interest has accrued the unsecured loan balance owed to the RIERS would be approximately \$7.7 million.

It is the developer's goal to have the lease signed, to have the tenant improvements done, to have the closing occur and five years from then to sell the building for a sale price of \$26 million. The projections indicate that the pension fund loan would be paid down by \$15 million and that the unsecured balance of \$7.7 million would earn an interest rate of 5.75%. Mr. Nulton explained that there are no guarantees that the lease will be signed by July 1, 2005 or at all. The developer has indicated that if the Commission does not accept this proposal, that he plans to fight in court or bankruptcy court to retain the building. The developer was asked if he would contribute to the carrying costs over the next seven months and he has refused.

Mr. Blaschka explained that the issue is complicated by the fact that the land the building is on is subject to a ground lease and is not owned by the developer. He said that having a lease in place is obviously better than the present situation of a vacant building with no lease in place. However, the lease terms offered are not particularly attractive. He thought that the \$5 million of tenant improvements in the proposed lease was high. He also thought that the sales price of \$26 million might well not be a realistic figure and that no one knows what interest rates will be in another five years.

Mr. Blaschka noted that the developer is looking for approximately \$230 per square foot in five years, when he plans to sell the building. He stated that there are not many Class A office buildings (the highest price per square foot) trading in Providence, but that the highest sales price per square foot is \$158 per square foot. He felt that the developer was being unrealistic. He indicated that accepting this proposal included a fair amount of risk and could well put the fund in a worse position five years from now.

A discussion followed regarding the details of the transaction including operating expenses, management fees, terms and conditions, condition of the building, etc. Ms. Gallogly stated that she, and Ms. Caine, had toured the building two weeks ago. She noted that the building appeared to be in very good condition.

Mr. Nulton explained that if RIERS moves to foreclose on the building, the developer will most likely file for bankruptcy. At that point the court would supervise a plan of reorganization. A bankruptcy filing will automatically impose a stay or a prohibition (a court-ordered injunction against the pension fund exercising any of its rights). The court then takes supervision for the activities of the property and then the court can approve a plan of reorganization that would get RIERS paid at some point of time in the future. The only realistic chance for that to occur is if a replacement lease is signed.

Mr. Nulton said that he thought it highly unlikely that accepting the developer's proposal would put RIRS in a better position. The Treasurer noted that it would be his recommendation not to accept the developer's proposal, to call the loan due and make demand. This could lead to the developer filing for bankruptcy, or perhaps submitting a different proposal.

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

**VOTED: To reconvene in Open Session.**

Reconvene to Open Session. At 11:00 a.m. the Commission reconvened into Open Session.

Respectfully submitted,

Paul J. Tavares  
General Treasurer



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

**PORTFOLIO PERFORMANCE**

**November**

The ERSRI portfolio posted a gain of 3.02% for the month of December, against the policy index of 3.09%. Domestic equities were up 3.85%, international equities gained 3.94%, and the fixed income asset class gained 1.21%. Additionally, the retirement fund earned \$112,860 from the securities lending program during this month.

**Calendar Year**

For the twelve months ended December 31st, 2004, the portfolio is up 13.14% against the policy index of 12.39%. Domestic equities gained 12.71%, international equities were up 20.05%, and fixed income gained 6.37%.

**Fiscal Year to Date**

For the six months ended December 31st, 2004, the fund gained 9.21%, against the policy index of 9.06%.

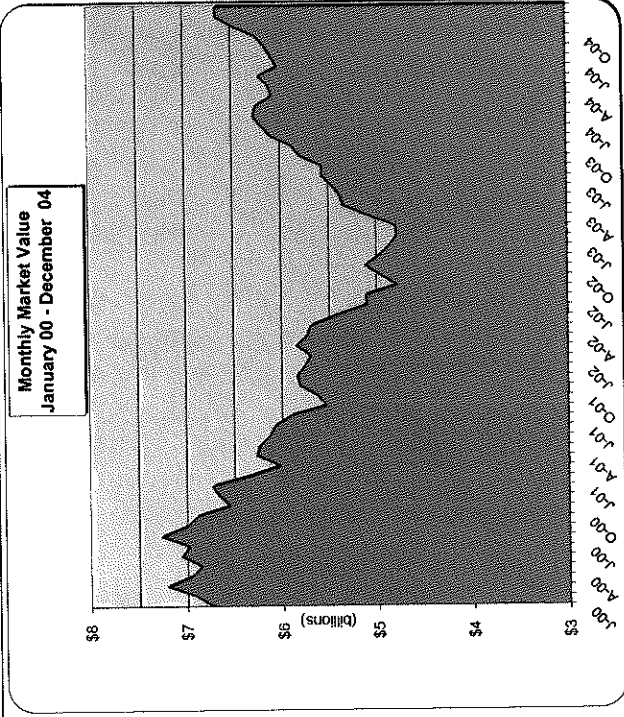
ERSRI Performance By Asset Class		Dec-04	Calendar YTD
Domestic Equity		3.85%	12.71%
Fixed Income		1.21%	6.37%
International Equity		3.94%	20.05%
<b>Total Fund Composite*</b>		<b>3.02%</b>	<b>13.14%</b>
Manager Summary		Dec-04	CYTD
<b><u>DOMESTIC EQUITY</u></b>			
Wasatch		6.28%	22.08%
Wellington		4.87%	13.99%
SSgA Russell 1000		3.63%	11.44%
SSgA Core		3.54%	11.55%
PIMCO		3.38%	11.14%
Shott		3.21%	11.29%
NorthPointe		3.18%	17.11%
<b>Total Domestic Equity</b>		<b>3.85%</b>	<b>12.71%</b>
<b><u>FIXED INCOME</u></b>			
Mackay Shield		2.05%	14.27%
Brown Bros TIPS		1.62%	N/A
Taplin Canada & Habacht		1.37%	5.73%
Shenkrman		1.02%	9.17%
Brown Bros		0.98%	4.91%
Fidelity		0.65%	5.18%
InState Fixed Income		0.02%	6.26%
<b>Total Fixed Income</b>		<b>1.21%</b>	<b>6.37%</b>
<b><u>INTERNATIONAL EQUITY</u></b>			
Goldman Sachs		4.21%	N/A
Boston Company		4.15%	N/A
Mondrian		3.55%	N/A
<b>Total International Equity</b>		<b>3.94%</b>	<b>20.05%</b>

\*Total Fund Composite includes all classes

Index Performance Summary - Dec 31, 2004		
Market Indices	Dec-04	Calendar YTD
<b><u>Domestic Equity</u></b>		
S & P 500	3.40%	10.87%
DJ Wilshire 5000	3.61%	12.49%
Russell 2000	2.96%	18.32%
Russell 2500	3.92%	18.30%
Russell 1000	3.62%	11.39%
Policy Index	3.09%	12.39%
<b><u>International Equity</u></b>		
MSCI ACWI	4.29%	21.38%
<b><u>Fixed Income</u></b>		
Lehman AGG	0.92%	4.34%
<b><u>Real Estate</u></b>		
NCREIF	3.42%	12.41%

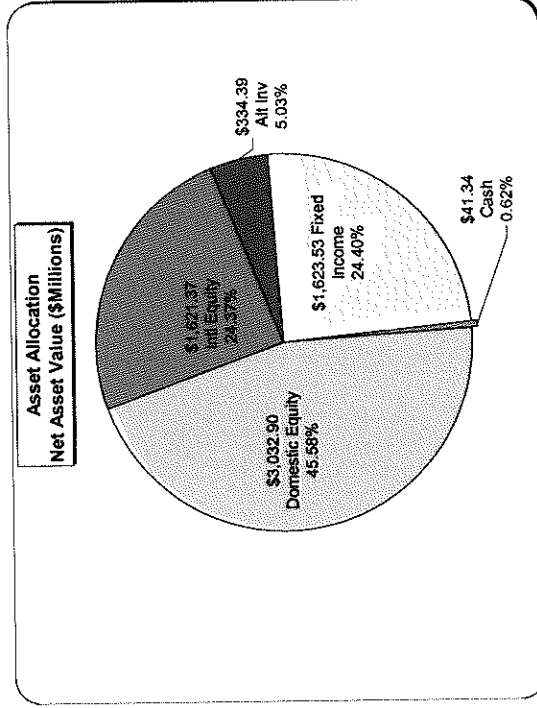
### Market Values

The total portfolio value increased in December by \$182 million to \$6.653 billion. This compares with an increase in value of \$223 million for the same period in 2003. The domestic equity market values increased by \$103 million; fixed income increased by \$14 million net of transfers, while international values were up by \$61 million net of transfers. The cash accounts were up by \$18 million and alternative investments decreased in value by \$13.8 million.



### Asset Allocation

The domestic equities portfolio is over-allocated by 0.6%. The fixed income portfolio is under-allocated by 0.6%. The international equity portfolio is over-allocated by 1.9%, while the alternative investments are under-allocated by 2.5%. 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**

December's pension payroll of \$47.5 million exceeded the \$34.8 million in contributions received by \$12.7 million. To meet this shortfall along with other obligations, \$22 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.

**Short Term Cash**

The short term cash portfolio had a 6.3 day weighted average maturity vs 4.4 days in November, and 11 days in December of 2003. Investments at December 31 totaled \$201 million. Interest earned during the month was \$ 780,293 of which \$ 67,199 was credited to the retirement accounts. The average investment rate of 2.12% was 18 basis points above the average 30 day treasury rate.

**CAPITAL CALLS  
Net of Distributions**

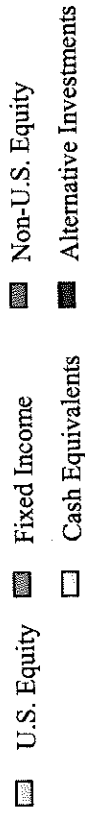
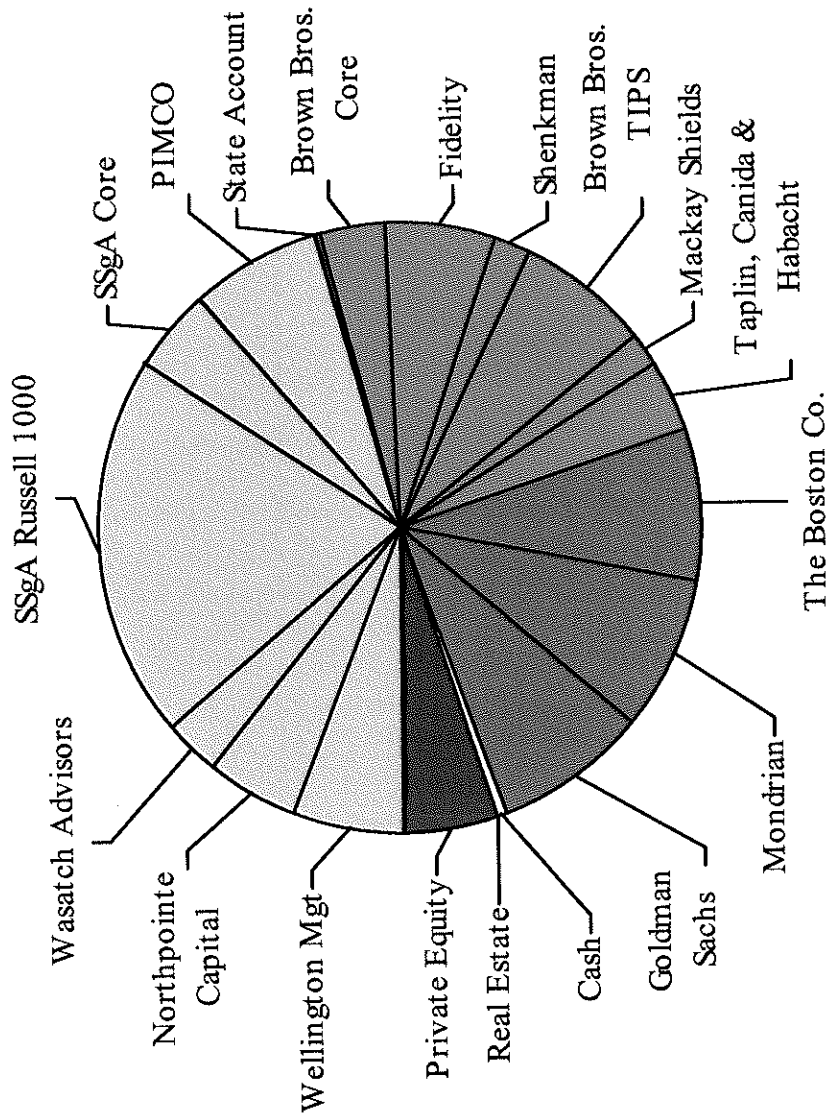
DECEMBER 2004	FYTD	UNFUNDED BALANCE
-\$108,807	\$11,885,565	\$456,113,433
DECEMBER 2003	FYTD	UNFUNDED BALANCE
\$6,033,839	\$13,634,572	\$394,313,311



# Individual Manager Allocation

December 31, 2004

\$ 6,653 MM



Portfolio	SMM	Allocation
Northpointe Capital	\$ 338	5.08
PIMCO	454	6.83
SSgA - Core	305	4.58
SSgA Russell 1000	1,357	20.39
Wasatch Advisors	193	2.90
Wellington Management	<u>385</u>	<u>5.79</u>
<b>U.S. Equity</b>	3,032	45.57
Brown Bros. Harriman - Core	\$ 236	3.54
Fidelity Mgmt. Trust	394	5.92
Brown Bros. Harriman-TIPS	475	7.14
Mackay Shields	122	1.84
Shenkman Capital	122	1.84
State Account	22	0.33
Taplin, Canida & Habacht	252	<u>3.79</u>
<b>Fixed Income</b>	1,624	24.41
Goldman Sachs	\$ 546	8.20
The Boston Company	538	8.09
Mondrian	<u>537</u>	<u>8.07</u>
<b>International Equity</b>	1,621	24.37
Real Estate	\$ 1	0.02
Private Equity	<u>333</u>	<u>5.01</u>
<b>Alternative Invest.</b>	334	5.03
Cash Account (inside)	\$ 27	0.41
Cash Account (outside)	<u>14</u>	<u>0.21</u>
<b>Cash Equivalents</b>	41	0.62
<b>Total</b>	<b>\$ 6,653</b>	<b>100.0</b>

## Market Environment

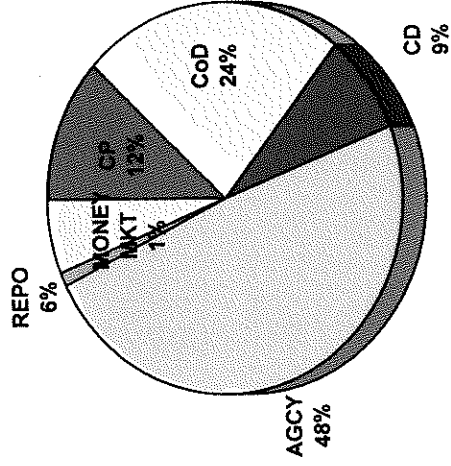
### Quarter Ended December 31, 2004

	<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	9.80	7.81	11.40	20.29	4.27	-0.19	-1.76
RUSSELL 2000	14.09	10.83	18.33	32.00	11.48	9.16	6.61
RUSSELL 2000 GROWTH	15.08	8.16	14.31	30.31	5.79	1.82	-3.57
RUSSELL 2000 VALUE	13.20	13.37	22.25	33.61	16.50	15.88	17.23
S&P 500	9.23	7.19	10.88	19.45	3.59	-0.52	-2.30
DOW WILSHIRE 5000 FREE FLOAT	10.19	8.17	12.49	21.69	5.43	1.07	-1.44
<b>INTERNATIONAL EQUITY</b>							
MSCI AC WORLD FREE ex US (gross)	15.41	16.57	21.36	31.00	13.56	4.20	0.02
MSCIEAFE (net)	15.32	15.00	20.25	29.09	11.89	2.42	-1.13
<b>U.S. FIXED INCOME</b>							
FB GLOBAL HIGH YIELD	4.55	9.25	11.95	19.68	13.88	11.80	8.17
LB AGGREGATE	0.95	4.18	4.34	4.22	6.20	6.75	7.71
LB CREDIT	1.27	5.52	5.25	6.46	7.80	8.45	8.64
LB GOV/CREDIT	0.81	4.40	4.21	4.44	6.59	7.07	8.00
CITIGROUP BROAD INV GRADE	1.00	4.29	4.48	4.34	6.22	6.79	7.74
CITIGROUP LARGE PENSION FUND	1.59	6.58	6.60	5.82	8.01	8.05	9.15
CITIGROUP LPF COLLATERALIZED	1.29	4.06	4.80	3.93	5.55	6.20	7.20
<b>TOTAL PLAN</b>	8.99	9.06	12.39	19.32	8.02	3.94	1.92

**RHODE ISLAND STATE INVESTMENT COMMISSION**

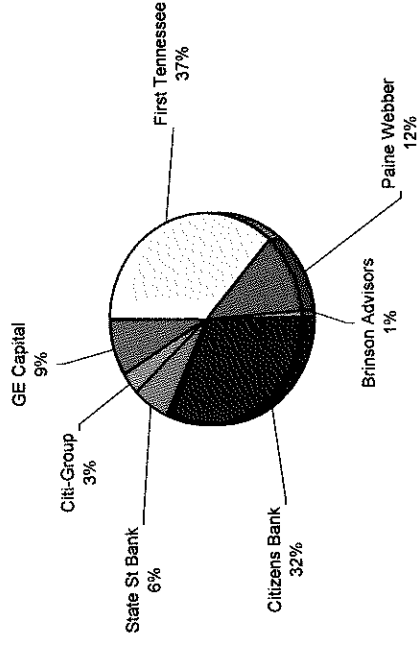
**SHORT TERM CASH INVESTMENTS AT DECEMBER 31, 2004**

**Portfolio By Instrument**



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

**Portfolio by Issuer**



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

**Issuer Credit Ratings  
December, 2004**

Issuer	Type of Instrument	Month End % Portfolio	Issuer Ratings		S-T Debt Rating		L-T Debt Rating		Credit Outlook
			Moody's	Moody's	S&P	Moody's	S&P	S&P	
Chase Securities	2,3,5	0%	Aa3	P-1	A-1	Aa3	A+	Stable	
Citigroup Inc.	2	3%	Aa1	P-1	A-1+	Aa1	AA-	Stable	
Citizens Bank RI	3,4	32%	Aa2	P-1	A-1+	Aa2	AA-	Stable	
Dreyfus	6	0%	Aa3	P-1	A-1+	Aa3	AA-	Stable	
First Tennessee Capital Markets	5	37%	A1	P-1	A-1	A1	A	Stable	
Fidelity	6	0%			N/R		N/R	N/R	
GE Capital	2	9%	Aaa	P-1	A-1+	Aaa	AAA	Stable	
Morgan Stanley	1,2,5	0%	Aa3	P-1	A-1	Aa3	A+	Positive	
Paine Webber	5	12%	Aa2	P-1	A-1+	Aa2	AA+	Stable	
UBS Brinson Advisors	6	1%	Aa2	P-1	A-1+	Aa2	AA+	Stable	
State Street Bank & Tru	1,3	6%	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

January 13, 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 December 31, 2004.

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

Asset Class		
Cash/Short Term Investments		\$ 220,701,328
Equities – Domestic		\$ 2,997,104,225
Equities – International		\$ 1,576,216,508
Fixed Income – Government	\$ 873,336,834	
Fixed Income – Corporate	\$ 629,746,780	
Fixed Income – In State	\$ 22,040,722	
Total Fixed Income		\$ 1,525,124,336
Alternative Investments		\$ 334,379,922
Total Fund Investments		\$ 6,653,526,319
Plan Allocation		
State Employees & Teachers	86.4%	\$ 5,746,082,697
Municipal Employees	12.9%	\$ 861,192,153
State Police	0.4%	\$ 28,043,868
Judicial	0.3%	\$ 18,207,601
Total Fund Investments	100.0%	\$ 6,653,526,319

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

Respectfully submitted,

Paul J. Tavares  
General Treasurer

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

	Calendar YTD		Benchmark Description	Current Month		Valuation Change	
	Performance	Benchmark		Alpha	Transfers		Market Value Increase/Decrease
					1/30/2004	12/31/2004	
<b>Domestic Equity</b>							
Short Capital Management IRR	11.29%	N/A	N/A	N/A	(413)	160,770	(5,393)
SSGA Russell 1000	11.44%	11.40%	0.04%	3.62%	85,280	1,356,661,909	47,471,662
SSGA Core	11.55%	11.40%	0.15%	3.62%	20,500	304,738,255	10,411,945
PIMCO	11.14%	10.88%	0.26%	3.40%	29,330	454,238,942	14,866,421
NorthPointe Capital	17.11%	22.25%	-5.14%	2.39%	(9,979,500)	338,006,314	10,421,111
Wellington Mgmt	13.99%	18.33%	-4.34%	2.96%	20,500	385,237,226	17,865,327
Wasatch Advisors	22.08%	18.33%	3.75%	2.96%	11,480	193,278,097	11,418,853
Transition Account	N/A	N/A	N/A	N/A	11,170	19,922	(66)
<b>Total Domestic Equity</b>	<b>12.71%</b>				<b>(9,801,053)</b>	<b>3,032,341,435</b>	<b>112,471,860</b>
<b>International Equity</b>							
Boston Company	N/A	N/A	N/A	4.29%	517,363,961	538,117,994	20,754,033
Goldman Sachs	N/A	N/A	N/A	4.29%	-	545,556,328	22,038,883
Transition Account	N/A	N/A	N/A	N/A	(517,314,351)	590,214	275,572
Mondrian	N/A	N/A	N/A	4.29%	-	537,101,448	18,393,126
<b>Total International Equity</b>	<b>20.05%</b>				<b>49,610</b>	<b>1,621,365,984</b>	<b>61,461,614</b>
<b>Fidelity Management &amp; Research</b>							
Brown Brothers, Harriman	5.18%	4.81%	0.37%	0.74%	27,060	393,672,541	2,525,560
In-State Fixed Income	4.91%	4.48%	0.43%	0.96%	13,120	235,752,041	2,283,996
Taplin, Canida & Habacht	6.26%	N/A	N/A	N/A	-	22,040,722	-
Mackay Shields	5.73%	5.25%	0.48%	1.31%	16,810	252,249,051	3,398,640
Shenman Capital Mgmt	14.27%	11.95%	2.32%	1.50%	9,430	122,335,694	2,456,396
Brown Bros TIPS	9.17%	11.95%	-2.78%	1.50%	9,020	122,155,972	1,239,173
Transition Account	N/A	N/A	N/A	1.74%	(6,000,000)	475,302,504	7,556,819
<b>Total Fixed Income</b>	<b>6.37%</b>				<b>(31)</b>	<b>575,289</b>	<b>61</b>
<b>Alternative Investments</b>							
Private Equity	19.46%	N/A	N/A	N/A	(5,924,591)	1,624,083,825	19,460,646
Real Estate	N/A	0.00%	N/A	0.00%	(1,193,479)	1,196,418	-
Bank Acquisition Contingency	0.00%	N/A	N/A	N/A	(503,352)	-	-
<b>Total Alternatives</b>	<b>19.92%</b>				<b>(15,617,636)</b>	<b>334,391,412</b>	<b>1,755,892</b>
<b>Cash Accounts</b>							
Cash in Trust	19.38%	N/A	N/A	N/A	15,553,285	27,278,385	154,012
Cash Outside Trust	1.22%	N/A	N/A	N/A	(6,000,000)	14,065,278	8,948,770
<b>Total Cash</b>	<b>N/A</b>	<b>*</b>	<b>0</b>	<b>0</b>	<b>9,553,285</b>	<b>41,343,663</b>	<b>9,102,782</b>
<b>Fund Grand Total</b>	<b>13.14%</b>	<b>12.39%</b>	<b>0.75%</b>	<b>3.09%</b>	<b>(21,740,385)</b>	<b>6,653,526,319</b>	<b>204,252,794</b>

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

**State of Rhode Island**

**SUMMARY OF PERFORMANCE**

**RATES OF RETURN**

PERIODS ENDING December 31, 2004



**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	338,006	5.08	3.18	13.48	12.69	17.11	12.69	17.11	30.50			
PIMCO	454,239	6.83	3.38	9.29	7.69	11.14	7.69	11.14	19.86	3.91	-0.10	
SHOTT CAPITAL	161	0.00										
SSGA - CORE	304,738	4.58	3.54	10.12	8.52	11.55	8.52	11.55	19.17	5.76	1.91	-0.04
SSGA RUSSELL 1000	1,356,662	20.39	3.63	9.80	7.82	11.44	7.82	11.44				
WASATCH ADVISORS	193,278	2.90	6.28	16.74	12.69	22.08	12.69	22.08	31.17			
WELLINGTON MANAGEMENT CO. LLC	385,237	5.79	4.87	16.56	10.06	13.99	10.06	13.99	36.04			
TOTAL US EQUITY	3,032,341	45.57	3.85	11.41	8.70	12.71	8.70	12.71	24.06	6.64	1.14	-1.59
<b>RUSSELL 1000</b>			3.62	9.80	7.81	11.40	7.81	11.40	20.29	4.27	-0.19	-1.76
<b>RUSSELL 2000</b>			2.96	14.09	10.83	18.33	10.83	18.33	32.00	11.48	9.16	6.61
<b>RUSSELL 2000 GROWTH</b>			3.59	15.08	8.16	14.31	8.16	14.31	30.31	5.79	1.82	-3.57
<b>RUSSELL 2000 VALUE</b>			2.39	13.20	13.37	22.25	13.37	22.25	33.61	16.50	15.88	17.23
<b>S&amp;P 500</b>			3.40	9.23	7.19	10.88	7.19	10.88	19.45	3.59	-0.52	-2.30
<b>DOW WILSHIRE 5000 FREE FLOAT</b>			3.61	10.19	8.17	12.49	8.17	12.49	21.69	5.43	1.07	-1.44
<b>INTERNATIONAL EQUITY</b>												
GOLDMAN SACHS	545,556	8.20	4.21	15.85								
BANK OF IRELAND	38	0.00										
THE BOSTON COMPANY	538,080	8.09	4.15									
MONDRIAN	537,101	8.07	3.55	13.32	17.06		17.06					
PUTNAM INVESTMENTS	5	0.00										
SSGA MSCI ALL COUNTRY WORLD EX-US	514	0.01										
TRANSITION ACCOUNT INT EQUITY	70	0.00										



**State of Rhode Island**

**SUMMARY OF PERFORMANCE**

**RATES OF RETURN**

PERIODS ENDING December 31, 2004



**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	1,621,364	24.37	3.94	14.55	15.56	20.05	15.56	20.05	26.06	10.16	1.24	-1.56
<i>MSCI AC WORLD ex US (GROSS)</i>			4.29	15.41	16.57	21.36	16.57	21.36	31.00	13.56	4.20	0.02
<i>MSCI EAFE (NET)</i>			4.39	15.32	15.00	20.25	15.00	20.25	29.09	11.89	2.42	-1.13
<b>U.S. FIXED INCOME</b>												
BROWN BROTHERS HARRIMAN - CORE	235,752	3.54	0.98	1.07	4.63	4.91	4.63	4.91	5.76	7.15	7.45	8.41
FIDELITY MANAGEMENT TRUST	393,673	5.92	0.65	1.35	4.13	5.18	4.13	5.18	4.83	6.31	6.89	7.83
BROWN BROTHERS HARRIMAN - TIPS	475,303	7.14	1.62	2.48	6.63	6.63	6.63					
MACKAY SHIELDS, LLC	122,336	1.84	2.05	5.65	10.14	14.27	10.14	14.27	24.75			
SHENKMAN CAPITAL MANAGEMENT	122,156	1.84	1.02	3.29	8.45	9.17	8.45	9.17	12.49			
STATE ACCOUNT	22,041	0.33	0.02	1.12	2.81	6.26	2.81	6.26	6.53	6.61	6.69	9.15
TAPLIN, CANIDA & HABACHT	252,249	3.79	1.37	1.81	5.57	5.73	5.57	5.73	9.96	8.58	9.17	
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,624,084	24.41	1.21	2.16	5.89	6.37	5.89	6.37	7.89	7.59	7.28	7.89
<i>FIRST BOSTON GLOBAL HIGH YIELD</i>			1.50	4.55	9.25	11.95	9.25	11.95	19.68	13.88	11.80	8.17
<i>LB AGGREGATE</i>			0.92	0.95	4.18	4.34	4.18	4.34	4.22	6.20	6.75	7.71
<i>LB CREDIT</i>			1.31	1.27	5.52	5.25	5.52	5.25	6.46	7.80	8.45	8.64
<i>LB GOV/CREDIT</i>			1.06	0.81	4.40	4.21	4.40	4.21	4.44	6.59	7.07	8.00
<i>CITIGROUP BROAD INVESTMENT GRADE</i>			0.96	1.00	4.29	4.48	4.29	4.48	4.34	6.22	6.79	7.74
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			1.66	1.59	6.58	6.60	6.58	6.60	5.82	8.01	8.05	9.15
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			0.74	1.29	4.06	4.80	4.06	4.80	3.93	5.55	6.20	7.20

**ALTERNATIVE INVESTMENTS**

**State of Rhode Island**

**SUMMARY OF PERFORMANCE  
RATES OF RETURN**

PERIODS ENDING December 31, 2004



**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	1,196	0.02										
PRIVATE EQUITY	333,195	5.01	0.35	2.13	2.55	19.46	2.55	19.46	13.91	8.57	-3.06	4.67
TOTAL ALTERNATIVE INVESTMENTS	334,391	5.03	0.54	2.33	2.80	18.92	2.80	18.92	13.54	8.05	-1.87	
NCREIF PROPERTY INDEX QTR LAG			3.42	3.42	6.66	12.41	6.66	12.41	10.09	8.61	8.99	9.54
NCREIF PROPERTY LAG + 100 BPS			3.48	3.65	7.13	13.42	7.13	13.42	11.10	9.62	9.99	10.55
<b>CASH EQUIVALENTS</b>												
CASH ACCOUNT (INSIDE)	27,278	0.41	1.12	5.12	8.72	19.38	8.72	19.38	27.29	49.85	50.58	
CASH ACCOUNT (OUTSIDE)	14,065	0.21	0.14	0.42	0.72	1.22	0.72	1.22	2.90	2.52	2.95	
<b>TOTAL PLAN</b>												
TOTAL PLAN	6,653,524	100.00	3.02	9.16	9.21	13.14	9.21	13.14	20.00	8.43	3.59	2.25
1 TOTAL PLAN BENCHMARK			3.09	8.99	9.06	12.39	9.06	12.39	19.32	8.02	3.94	1.92

**State of Rhode Island**

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING December 31, 2004



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

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**Endnotes**

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



Asset Allocation Report Market Values at December 31, 2004 (\$Millions)		Style Mandate	Actual		Target	Difference	Cash	% of Total
<b>Domestic Equity</b>								
Shott Capital Mgmt	Alternative Distribution	0.16	0.0%	0.00	0.00%	0.16	0.16	100.0%
SSgA Russell 1000	Passive	1,356.66	20.4%	1,347.34	20.25%	9.32	0.00	0.0%
SSgA Core	Active core	304.74	4.6%	299.41	4.50%	5.33	2.74	0.9%
PIMCO	Enhanced Equity	454.24	6.8%	449.11	6.75%	5.13	0.00	0.0%
NorthPointe Capital	Small Cap Value	338.01	5.1%	332.68	5.00%	5.33	13.24	3.9%
Wellington Mgmt	Small Cap Core	385.24	5.8%	365.94	5.50%	19.29	11.87	3.1%
Wasatch Advisors	Small Cap Growth	193.28	2.9%	199.61	3.00%	-6.33	7.77	4.0%
Transition Account	Small Cap Growth	0.02	0.0%	0.00	0.00%	0.02	0.00	0.0%
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$3,032.34</b>	<b>45.6%</b>	<b>2,994.09</b>	<b>45.00%</b>	<b>\$38.25</b>	<b>\$35.77</b>	<b>1.2%</b>
<b>International Equity</b>								
Boston Company	MSCI ACWI	538.12	8.1%	499.01	7.50%	39.10	22.42	4.2%
Goldman Sachs	MSCI ACWI	545.56	8.2%	499.01	7.50%	46.54	4.86	0.9%
Transition Account	MSCI ACWI	0.59	0.0%	0.00	0.00%	0.59	0.58	98.2%
Mondrian	MSCI ACWI	537.10	8.1%	499.01	7.50%	38.09	17.29	3.2%
<b>TOTAL INT'L EQUITY</b>		<b>\$1,621.37</b>	<b>24.4%</b>	<b>\$1,497.04</b>	<b>22.50%</b>	<b>\$124.32</b>	<b>\$45.15</b>	<b>2.8%</b>
<b>Domestic Fixed Income</b>								
Fidelity Management & Research	Mortgages	393.67	5.9%	415.85	6.25%	-22.17	49.69	12.6%
Brown Brothers, Harriman	Opportunistic core	235.75	3.5%	249.51	3.75%	-13.76	8.18	3.5%
In-State Fixed Income	Mortgages	22.04	0.3%	0.00	0.00%	22.04	0.00	0.0%
Taplin, Canida & Habacht	Corporates	252.25	3.8%	249.51	3.75%	2.74	16.05	6.4%
Mackay Shields	High yield	122.34	1.8%	124.75	1.88%	-2.42	15.60	12.8%
Shenkman Capital Mgmt	High yield	122.16	1.8%	124.75	1.88%	-2.60	1.16	1.0%
Brown Bros TIPS	TIPS	475.30	7.1%	499.01	7.50%	-23.71	7.71	1.6%
Transition Account		0.58	0.0%	0.00	0.00%	0.58	0.00	0.0%
<b>TOTAL FIXED-INCOME</b>		<b>1,624.08</b>	<b>24.4%</b>	<b>1,663.38</b>	<b>25.00%</b>	<b>-\$39.30</b>	<b>\$98.40</b>	<b>6.1%</b>
<b>Alternative Investments</b>								
Real Estate	Real Estate	1.20	0.0%					
Shott Capital Mgmt	Alternative Distribution	0.00	0.0%					
Private Equity	Private Equity	333.19	5.0%	499.01	7.50%	-165.82	0.0	0.0%
Bank Disposition	Contingency	0.00	0.0%					
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$334.39</b>	<b>5.0%</b>	<b>\$499.01</b>	<b>7.50%</b>	<b>-\$164.62</b>	<b>0.0</b>	<b>0.0%</b>
<b>CASH EQUIVALENTS</b>		<b>41.34</b>	<b>0.6%</b>	<b>0.00</b>	<b>0.00%</b>	<b>41.34</b>	<b>41.34</b>	<b>100.0%</b>
<b>TOTAL ASSETS</b>		<b>\$6,653.53</b>	<b>100.0%</b>	<b>\$6,653.53</b>	<b>100.00%</b>	<b>\$0.00</b>	<b>\$220.68</b>	<b>3.3%</b>
<b>Allocation By Management Style</b>								
<b>Domestic Equity</b>								
Core		304.74	4.6%	299.41	4.50%	5.33	2.74	0.9%
Index		1,356.66	20.4%	1,347.34	20.25%	9.32	0.00	0.0%
Enhanced Equity		454.24	6.8%	449.11	6.75%	5.13	-	0.0%
All Distribution		0.16	0.0%	-	0.00%	0.16	0.16	0.0%
Active Small Cap		916.54	13.8%	898.23	13.50%	18.32	32.68	3.6%
<b>TOTAL DOMESTIC EQUITY</b>		<b>\$3,032.34</b>	<b>45.6%</b>	<b>\$2,994.09</b>	<b>45.00%</b>	<b>\$38.25</b>	<b>\$35.77</b>	<b>1.2%</b>
<b>International Equity</b>								
Active		1,621.37	24.4%	1,497.04	22.50%	124.32	45.15	2.8%
<b>TOTAL INT'L EQUITY</b>		<b>\$1,621.37</b>	<b>24.4%</b>	<b>\$1,497.04</b>	<b>22.50%</b>	<b>\$124.32</b>	<b>\$45.15</b>	<b>2.8%</b>
<b>Domestic Fixed Income</b>								
Mortgage		393.67	5.9%	415.85	6.25%	(22.17)	49.69	12.6%
Core		257.79	3.9%	249.51	3.75%	8.29	8.18	3.2%
Corporates		252.25	3.8%	249.51	3.75%	2.74	16.05	6.4%
High Yield		246.07	3.7%	249.51	3.75%	(4.44)	16.77	6.8%
TIPS		475.30	7.1%	499.01	7.50%	(23.71)	7.71	1.6%
<b>TOTAL FIXED-INCOME</b>		<b>1,624.08</b>	<b>24.4%</b>	<b>1,663.38</b>	<b>25.00%</b>	<b>(39.30)</b>	<b>98.40</b>	<b>6.1%</b>
<b>Alternative Investments</b>								
Real Estate		1.20	0.0%				0.01	
Other Alternative Investments		333.19	5.0%					
<b>TOTAL ALTERNATIVE INVESTMENTS</b>		<b>\$334.39</b>	<b>5.0%</b>	<b>\$499.01</b>	<b>7.50%</b>	<b>(\$164.62)</b>	<b>0.01</b>	
<b>CASH EQUIVALENTS</b>		<b>41.34</b>	<b>0.6%</b>	<b>0.00</b>	<b>0.00%</b>	<b>41.34</b>	<b>41.34</b>	<b>100.0%</b>
<b>TOTAL ASSETS</b>		<b>\$6,653.53</b>	<b>100.0%</b>	<b>\$6,653.53</b>	<b>100.00%</b>	<b>(\$0.00)</b>	<b>\$220.68</b>	<b>3.3%</b>

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

DECEMBER 31, 2004

<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	GENERAL ELEC CO	250,600	\$9,146,900	SSgA
2	HUMANA INC	272,100	8,078,649	Wellington
3	AMERICREDIT CORP	326,250	7,976,813	Wasatch,SSgA
4	EXXON MOBIL CORP	154,770	7,933,510	SSgA
5	BANK AMER CORP	168,400	7,913,116	SSgA
6	FOOT LOCKER INC	291,000	7,836,630	Wellington
7	CNF INC	155,400	7,785,540	Wellington,SSgA
8	PROVIDIAN FINL CORP	469,800	7,737,606	Wellington,SSgA
9	TRIAD HOSPS INC	207,800	7,732,238	Wellington
10	JOHNSON + JOHNSON	120,200	7,623,084	SSgA
		2.63%	\$79,764,086	
<b>Total Composite Equities</b>		<b>\$3,032,341,435</b>		

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

DECEMBER 31, 2004

<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	ING GROEP	713,695	\$21,594,197	Goldman Sachs
2	TOTAL SA	93,725	20,472,485	Goldman Sachs,Boston Company
3	BANCA INTESA SPA	4,091,856	19,688,963	Goldman Sachs
4	HITACHI	2,691,071	18,646,047	Goldman Sachs
5	TOYOTA MOTOR CORP	446,100	18,153,967	Goldman Sachs,Boston Company
6	BARCLAYS	1,489,795	16,761,123	Goldman Sachs,Boston Company
7	ROYAL DUTCH PETROL	290,015	16,694,489	Goldman Sachs,Boston Company
8	TELEFONICA SA	855,513	16,117,181	Goldman Sachs,Boston Company
9	REPSOL YPF SA	602,733	15,697,111	Goldman Sachs,Boston Company
10	GLAXOSMITHKLINE	651,171	15,277,252	Boston Company
		11.05%	\$179,102,815	
<b>Total Composite International Equities</b>		<b>\$1,621,365,984</b>		

Top 10 Market Values SIC



FISCAL YEAR 2005

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

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ACCURAL 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
		1,535,850		1,474,000		1,471,000		1,471,000		1,471,000		5,951,850
		772,860		750,000		750,000		750,000		750,000		3,022,860
		1,187,000		1,182,000		1,182,000		1,182,000		1,182,000		4,733,000
		91,430		85,000		85,000		85,000		85,000		346,430
1,118,844	21,209	378,160	106,554	468,844	612,780	1,400,000	25,000	210,000	15,000	50,000	50,000	4,456,391
1,118,844	21,209	3,965,300	106,554	468,844	4,103,780	1,400,000	25,000	3,698,000	15,000	50,000	3,538,000	18,510,531
58,691	24,313	141,542	44,600	130,583	82,434	33,833	97,083	70,833	36,333	28,333	132,783	881,361
0	0	0	2,126,026	0	2,250,000	0	0	2,253,000	0	0	2,250,000	8,879,026
1,177,535	45,522	4,106,842	2,277,180	599,427	6,436,214	1,433,833	122,083	6,021,833	51,333	78,333	5,920,783	28,270,918



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	Projected 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	46,260,000	46,260,000	46,260,000	46,260,000	41,120,000	41,120,000	529,791,738
ADMINISTRATIVE EXPENSES	0	30,383	152,407	1,886,022	134,375	2,014,324	838,800	838,800	838,800	838,800	745,600	745,600	9,063,911
INVESTMENT EXPENSES	966,733	18,324	2,346,464	92,032	404,933	3,544,084	1,260,000	140,000	2,520,000	140,000	140,000	3,500,000	15,072,570
TOTAL OUTFLOW	43,519,218	43,832,657	46,559,904	45,968,945	44,769,698	49,451,397	48,358,800	47,238,800	49,618,800	47,238,800	42,005,600	45,365,600	553,928,219
CONTRIBUTIONS	40,409,066	25,303,163	21,861,471	26,756,236	26,598,184	32,480,260	29,970,000	29,970,000	29,970,000	26,640,000	33,300,000	26,640,000	349,898,380
OTHER INCOME*	2,526,833	7,815,755	4,859,661	4,170,518	6,002,496	10,952,294	5,250,000	1,450,000	6,000,000	5,850,000	825,000	2,625,000	58,327,557
TOTAL INCOME	42,935,899	33,118,918	26,721,132	30,926,754	32,600,680	43,432,554	35,220,000	31,420,000	35,970,000	32,490,000	34,125,000	29,265,000	408,225,937
DIFFERENCE	(583,319)	(10,713,739)	(19,838,772)	(15,042,191)	(12,169,018)	(6,018,843)	(13,138,800)	(15,818,800)	(13,648,800)	(14,748,800)	(7,880,600)	(16,100,600)	(145,702,282)

Municipal Employees Retirement System

	Actual July 2004	Actual August	Actual September	Actual October	Actual November	Actual December	Projected 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	3,713,850	3,713,850	3,713,850	3,713,850	3,301,200	3,301,200	42,705,135
ADMINISTRATIVE EXPENSES	0	4,549	22,819	282,667	20,129	301,896	87,500	87,500	87,500	87,500	87,500	87,500	1,157,060
INVESTMENT EXPENSES	144,745	2,743	501,051	13,793	60,689	531,168	155,250	17,250	310,500	138,000	138,000	86,250	2,099,439
TOTAL OUTFLOW	3,570,555	3,529,401	4,057,608	3,854,117	3,698,689	4,423,214	3,956,600	3,818,600	3,707,759	3,939,350	3,526,700	3,474,950	45,557,543
CONTRIBUTIONS	2,638,948	2,893,138	2,455,972	2,740,148	2,480,220	2,314,804	2,985,750	2,985,750	2,985,750	2,654,000	3,317,500	2,654,000	33,105,980
OTHER INCOME*	378,332	1,170,221	727,616	625,055	899,615	1,641,471	785,000	220,000	900,000	875,000	262,500	393,750	8,875,560
TOTAL INCOME	3,017,280	4,063,359	3,183,588	3,365,203	3,379,835	3,956,275	3,770,750	3,205,750	3,885,750	3,529,000	3,580,000	3,047,750	41,984,540
DIFFERENCE	(553,275)	(533,956)	(874,020)	(488,914)	(318,854)	(466,939)	(185,850)	(612,850)	(177,991)	(410,350)	(53,300)	(427,200)	(3,573,003)

Judges/State Police Retirement System

	Actual July 2004	Actual August	Actual September	Actual October	Actual November	Actual December	Projected January 2005	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	188,000
ADMINISTRATIVE EXPENSES	0	235	1,191	14,936	1,069	16,214	4,580	4,580	4,580	4,580	4,580	4,580	81,125
INVESTMENT EXPENSES	7,366	142	26,145	729	3,222	28,528	8,550	95	16,150	760	760	22,800	115,247
TOTAL OUTFLOW	21,366	14,377	41,336	29,665	18,291	58,742	27,130	18,675	34,730	19,340	19,340	41,380	344,372
CONTRIBUTIONS	625,000	415,000	410,000	325,000	410,000	635,000	557,000	445,600	557,000	557,000	779,800	501,300	6,217,700
OTHER INCOME*	19,252	60,534	38,236	33,029	47,765	88,158	36,900	10,250	43,050	14,350	4,100	4,100	399,724
TOTAL INCOME	644,252	475,534	448,236	358,029	457,765	723,158	593,900	455,850	600,050	571,350	783,900	505,400	6,617,424
DIFFERENCE	622,886	461,157	406,900	328,364	439,474	664,416	566,770	437,175	565,320	552,010	764,560	464,020	6,273,052

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

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**ALTERNATIVE INVESTMENTS**

FISCAL YEAR ANALYSES

CASH FLOW

<u>FISCAL YEAR 2002</u>	<u>JUL 2001</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>IAN 2002</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	2,811,969	2,446,774	887,809	7,070,705	2,539,487	4,008,151	7,307,155	6,607,182	4,926,838	2,754,691	3,785,407	3,374,775	48,520,943
<b>DISTRIB &amp; RET OF CAPITAL</b>	1,900,266	572,212	1,949,501	48,098	1,255,339	1,773,166	2,539,580	559,306	2,194,701	637,233	1,183,349	3,353,124	17,965,875
<b>GAINS/LOSSES/INCOME</b>	443,245	20,359,100	396,539	23,394	479,230	1,882,213	10,453,060	301,945	213,708	871,873	1,101,240	2,851,061	39,378,608

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

<u>FISCAL YEAR 2004</u>	<u>JUL 03</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>IAN 04</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	4,924,411	3,087,875	1,603,013	9,156,260	7,458,137	10,907,301	5,750,254	6,474,008	5,673,844	8,296,537	5,221,607	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

<u>FISCAL YEAR 2005</u>	<u>JUL 04</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>IAN 05</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>FUNDING</b>	11,269,926	9,034,631	3,551,444	17,085,063	10,799,740	9,687,896	0	0	0	0	0	0	61,428,700
<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	0	0	0	0	0	0	34,437,738
<b>GAINS/LOSSES/INCOME</b>	3,484,802	5,456,821	4,316,856	18,627,181	5,113,221	14,695,497	0	0	0	0	0	0	51,694,378

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<b>Rhode Island Employees Retirement System</b> <b>Securities Lending Report</b> <b>December, 2004</b>
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<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<b><u>DOMESTIC EQUITY</u></b>		
Wellington Mgmt. Co., LLP	10,220	79,253,234
Wasatch Advisors	2,959	42,252,467
NorthPointe Capital	4,433	64,381,500
SSgA Core	<u>2,655</u>	<u>15,334,111</u>
<b>Total Domestic Equity</b>	<b><u>\$ 20,267</u></b>	<b><u>\$ 201,221,312</u></b>
<b><u>INTERNATIONAL EQUITY</u></b>		
Goldman Sachs	31,439	106,720,522
Bank of Ireland	5,020	16,399,436
Boston Company	11,259	54,032,603
Mondrian	<u>16,304</u>	<u>93,945,999</u>
<b>Total International Equity</b>	<b><u>\$ 64,022</u></b>	<b><u>\$ 271,098,561</u></b>
<b><u>FIXED INCOME</u></b>		
Brown Brothers, Harriman	4,646	47,936,856
Taplin, Canida & Habacht	2,923	21,931,988
Mackay Shields	6,145	22,112,697
Shenkman Capital Management	5,133	20,976,811
Brown Brothers, Harriman (TIPS)	<u>9,725</u>	<u>239,969,406</u>
<b>Total Fixed Income</b>	<b><u>\$ 28,572</u></b>	<b><u>\$ 352,927,757</u></b>
<b>TOTAL SECURITIES LENDING INCOME</b>	<b><u>\$ 112,860</u></b>	<b><u>\$ 825,247,630</u></b>
<b>Calendar Year 2004 YTD</b>	<b><u>\$ 1,451,047</u></b>	



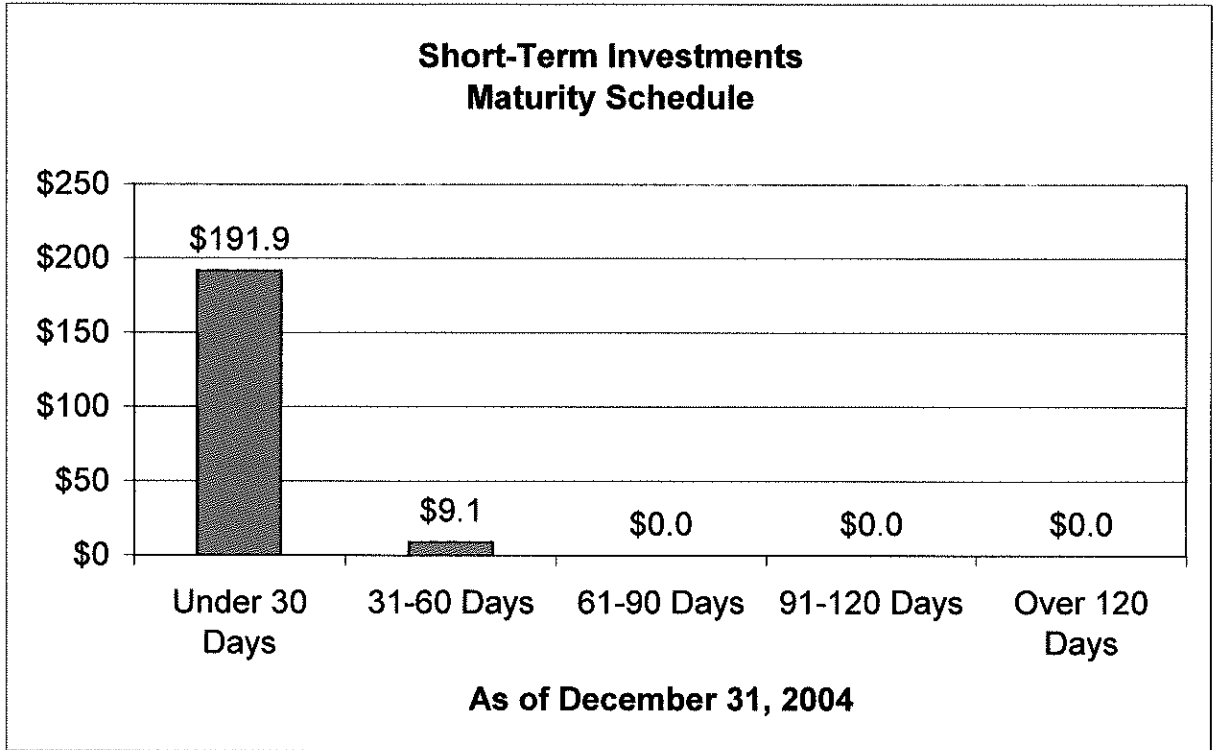
State of Rhode Island and Providence Plantations  
Office of the General Treasurer

Short Term Investments Portfolio by Fund

As of December 31, 2004

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	47,471,581	6,650	47,478,231
4904 PENSION C	3,199,705	295	3,200,000
4908 PAYROLL A	1,500,000	0	1,500,000
4916 GENERAL FUND H.A.V.A.	3,839,471	250	3,839,721
4920 GENERAL FUND (HIST PRES)	455,438	0	455,438
5400 HIGHWAY FUND	2,130,860	0	2,130,860
5500 UNIVERSITY COLLEGE	4,000,000	0	4,000,000
6920 AUTO EQUIPMENT SERVICE	1,007,896	0	1,007,896
8000 T.D.I. RESERVE (DET)	41,973,027	0	41,973,027
8300 PERMANENT SCHOOL FUND	0	0	0
8400 EMP RETIREMENT FUND	9,838,796	0	9,838,796
8500 MUN EMP RETIREMENT FUND	651,167	0	651,167
8700 R.I. CLEAN WATER ACT	9,905	0	9,905
9000 BOND CAPITAL FUND	576,416	0	576,416
9700 STATE LOTTERY FUND	29,058,266	115,121	29,173,387
9800 INDUS. BLDG. & MTG. INS.	3,538,860	0	3,538,860
9900 SINKING FUND	0	0	0
4911 TANS	0	0	0
Subtotal	149,251,387	122,317	149,373,703
8702 CLEAN WATER 1993 SER. A	15,718		
8703 CLEAN WATER 1991 SERIES A	696,113		
8704 CLEAN WATER 96 SERIES A	259,361		
8706 CLEAN WATER CCDL 1994 (A)	166,584		
8707 CAP DEV. OF 1997 SERIES A	49,956		
8710 CLEAN WATER CCDL 2002 A	369,848		
8711 CLEAN WATER 2004 SERIES A	719,944		
8733 CAP DEV. OF 1997 SERIES A	63,109		
8737 RI POLLUT. CONT 94 SER. A	6,346		
8739 CCDL99A 1999A	374,701		
8742 POLLUTION CNTRL 2002 A	45,418		
8743 POLL.CONTRL 2004 SERIES A	1,240,147		
9114 G.O. NOTE 1991 SER. B	3,789		
9116 BOND CCDL 1993 SERIES A	468,537		
9117 BOND CCDL 1994 SERIES A	990,850		
9120 BOND CCBL96A	1,668,628		
9121 CAP DEV OF 1997 SERIES A	991,960		
9123 CCDL 1998B	2,571,015		
9124 CCDL99A 1999A	1,623,269		
9125 MMQ099 1999	3,171		
9126 BOND CAPITOL CCDL2000A	4,591,419		
9127 MULTI-MODAL GEN OBL 2000	2,816		
9128 BOND 2001	683,011		
9129 BOND CCDL 2002 SERIES A	4,374,094		
9131 CCDL 2004 SERIES A	29,819,274		
Subtotal Bond Proceed Accounts	51,799,076		
Total Short Term Portfolio	201,050,463		

\* 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.



Maturities in \$Millions

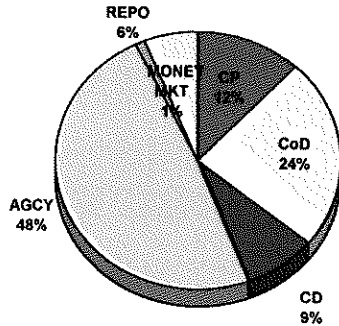
Note: Includes \$36.8 Million of Money Market investments with no specific maturity

#### Summary Portfolio Yields

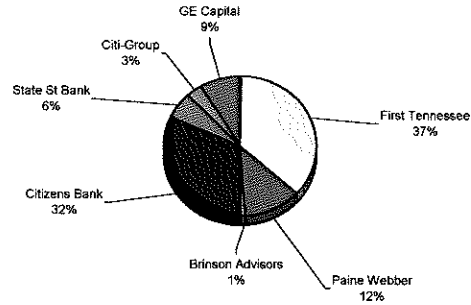
December, 2004	2.05%
November, 2004	1.88%
December, 2003	1.09%

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

**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	155,044	0	0	155,044
Dean Witter	0	0	0	0	0	0	0
Chase Securities	0	0	0	0	0	0	0
Paine Webber	0	0	17,874,038	0	0	0	17,874,038
Fidelity	0	0	0	93,619	0	0	93,619
First Tennessee	0	0	54,662,884	0	0	0	54,662,884
Brinson Advisors	0	0	0	1,242,483	0	0	1,242,483
Citizens Bank	0	12,805,438	0	0	35,348,220	0	48,153,658
GE Capital	12,980,379	0	0	0	0	0	12,980,379
Sun Trust	0	0	0	0	0	0	0
Citi-Group	4,989,282	0	0	0	0	0	4,989,282
State St Bank	0	0	0	0	0	9,100,000	9,100,000
<b>TOTALS</b>	<b>17,969,661</b>	<b>12,805,438</b>	<b>72,536,921</b>	<b>1,491,146</b>	<b>35,348,220</b>	<b>9,100,000</b>	<b>149,251,387</b>
(%) PORTFOLIO	12%	9%	48%	1%	24%	6%	100%

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





**SPECIAL FUNDS  
INVESTMENT SUMMARY  
DECEMBER 31, 2004**

<u>FUND NAME</u>	<u>Gain/Loss</u>	<u>TOTAL MARKET VALUE</u>
Abraham Touro Fund ( Fidelity Balanced Fund)	\$ 14,175	\$ 2,008,980
Land Grant Fund * ( IBT Treasury Mutual Fund)	\$ (64,068)	\$ 556
<u>TOTALS</u>	\$ (49,892)	\$ 2,009,536

\* Investments in this fund are in the process of being transferred to the University of Rhode Island



**CollegeBoundfund Underlying Mutual Fund Performance  
December 31, 2004**

Fund Name	1-MO Cum Tot Return	3-MO Cum Tot Return	YTD Cum Tot Return	1 YRS Cum Tot Return	2 YRS Ann Tot Return	3 YRS Ann Tot Return	5 YRS Ann Tot Return	10 YRS Ann Tot Return
<b>VALUE FUNDS</b>								
AllianceBernstein Int'l Value;Adv	4.25	13.52	24.87	24.87	34.20	20.53	--	--
Lipper International Multi Cap Value Average	4.34	14.54	21.63	21.63	30.27	14.74	--	--
MSCI EAFE IX GD	4.39	15.36	20.70	20.70	29.60	12.31	--	--
AllianceBernstein Small Cap Value;Adv	3.01	11.64	19.25	19.25	30.24	16.02	--	--
Lipper Mid Cap Value Funds Average	3.55	12.17	19.06	19.06	29.02	12.39	--	--
RUSSELL 2500 VALUE IX TR	3.18	13.64	21.58	21.58	32.74	16.67	--	--
AllianceBernstein Value;Adv	2.96	9.24	13.71	13.71	21.30	8.53	--	--
Lipper Multi Cap Value Average	3.38	9.97	14.39	14.39	22.11	6.87	--	--
Russell 1000 Value IX Tr	3.35	10.38	16.49	16.49	23.08	8.57	--	--
AllianceBernstein Growth & Income;Adv	3.64	8.73	12.14	12.14	21.66	2.94	4.09	--
Lipper Large Cap Value Funds Average	3.03	8.97	11.94	11.94	19.86	4.70	3.35	--
Russell 1000 Value IX Tr	3.35	10.38	16.49	16.49	23.08	8.57	5.27	--
AllianceBernstein REIT;Adv	5.34	16.47	35.19	35.19	37.13	24.74	22.13	--
Lipper Real Estate Funds Average	5.41	15.83	32.05	32.05	34.63	23.62	21.41	--
NAREIT Equity Index	4.85	15.23	31.58	31.58	34.33	23.27	21.95	--
<b>GROWTH FUNDS</b>								
AllianceBernstein Mid-Cap Growth;Adv	5.59	19.31	19.53	19.53	40.89	10.27	-1.50	--
Lipper Mid-Cap Growth Average	4.31	13.15	12.79	12.79	23.69	3.42	-3.41	--
Russell Midcap Growth	4.79	13.94	15.48	15.48	28.38	6.16	-3.36	--
AllianceBernstein Large Cap Growth;Adv (former)	3.19	10.21	8.49	8.49	15.57	-3.25	-11.10	--
Lipper Large Cap Growth Funds Average	3.78	9.72	7.18	7.18	16.48	-0.51	-8.22	--
Russell 1000 Grow IX Tr	3.92	9.17	6.30	6.30	17.44	-0.18	-9.29	--
AllianceBernstein Small Cap Growth;Inst'l	3.76	13.88	14.30	14.30	30.49	5.95	2.92	--
Lipper Small Cap Growth Funds Average	4.11	14.22	10.65	10.65	26.30	3.85	-1.82	--
Russell 2000 Grow IX Tr	3.59	15.08	14.31	14.31	30.31	5.79	-3.57	--
AllianceBernstein Global Technology;Adv (former)	2.70	14.87	5.29	5.29	22.32	-5.05	-13.62	--
Lipper Science & Technology Funds Average	3.41	15.84	3.97	3.97	27.11	-2.71	-16.49	--
Goldman Sachs Technology	3.19	14.79	2.67	2.67	25.97	-1.77	-15.90	--
<b>FIXED INCOME FUNDS</b>								
AllianceBernstein High Yield;Adv	1.46	4.69	8.63	8.63	16.43	9.52	3.01	--
Lipper High Current Yield Funds Average	1.37	4.37	9.89	9.89	16.95	10.56	4.94	--
CSFB High Yield	1.50	4.56	11.96	11.96	19.68	13.88	8.17	--
AllianceBernstein Quality Bond;Adv	0.80	1.03	3.79	3.79	3.84	5.21	--	--
Lipper Int. Investment Grade Debt Funds Average	0.84	1.00	3.85	3.85	4.21	5.50	--	--
Lehman Aggregate Bd Tr	0.92	0.95	4.34	4.34	4.22	6.19	--	--
AllianceBernstein US Gov't Bond;Adv	0.88	0.69	3.67	3.67	2.27	4.73	--	--
Lipper General U.S Government Funds Average	0.87	0.65	3.19	3.19	2.26	4.75	--	--
Lehman Govt Bd Tr	0.90	0.49	3.48	3.48	2.92	5.70	--	--
<b>STABLE VALUE OPTION</b>								
Principal-Protection Income Portfolio; R	0.34	1.00	4.10	4.10	4.26	--	--	--
Lipper Money Market	0.11	0.27	0.60	0.60	0.53	--	--	--

