

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
OCTOBER 31, 2006**

JAN ROBERTS

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Paul J. Tavares, Chair

**Mr. Jeffrey Britt
Ms. Rosemary Booth Gallogly
Ms. Marcia Reback**

**Mr. J. Michael Costello
Dr. Robert J. McKenna
Mr. John R. Treat**



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**RHODE ISLAND STATE INVESTMENT COMMISSION
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Wednesday, December 6, 2006 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 10/25/06 *
3. Alternative Investments Consultant - Pacific Corporate Group
 - Providence Equity Partners VI, L.P. *
 - Green Equity Investors V, L.P. *
 - Lighthouse Capital Partners VI, L.P. *
4. Real Estate Consultant - The Townsend Group
 - AEW Value Investors II, L.P. *
 - Heitman Value Partners II Fund *
5. Wilshire Associates Incorporated
 - Capital Market Review
6. Legal Counsel Report
7. Deputy Treasurer for Finance Report
8. Treasurer's Report
9. New Business

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

POSTED ON THURSDAY, NOVEMBER 30, 2006

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

Regular Meeting October 25, 2006

A State Investment Commission ("SIC") meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, October 25, 2006. The Treasurer called the meeting to order at 9:05 a.m.

Membership Roll Call. Present were: Mr. Jeffrey Britt, Mr. Michael Costello, Ms. Rosemary Booth Gallogly, Ms. Marcia Reback, Mr. John Treat, and General Treasurer Paul J. Tavares. Also present were: Ms. Joan M. Caine, Deputy Treasurer for Finance, Jayne Donegan, Esq., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, Mr. David Lindberg, of Wilshire Associates Incorporated, General Consultant to the Commission, Ms. Michelle Davidson and Mr. David Scopelliti of Pacific Corporate Group, Alternative Investments Consultant to the Commission, and other members of the Treasurer's Staff. Dr. Robert McKenna was absent.

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

VOTED: To approve the Minutes of the September 27, 2006 regular meeting.

Kayne Anderson Energy Fund IV, L.P. ("KA Fund IV"). Ms. Davidson gave a brief overview of KA Fund IV noting that it is a "re-up" as ERSRI had invested \$15 million in Kayne Anderson Fund III in 2004. KA Fund IV is being formed to pursue equity and equity-related investments in North American energy exploration and production companies.

Mr. Kevin D. Welsh, Senior Managing Director represented KA Fund IV. He noted that KA Fund IV will partner with experienced management teams and work to acquire, develop and exploit North American oil and gas assets. Investments will range from \$10 to \$100 million and look to finance an inflection point in a company's growth through the acquisition of a property or the acceleration of a developmental drilling opportunity. Approximately 70% of investments will be in natural gas and 30% in oil.

Kayne Anderson energy has earned top quartile returns across all three of its prior funds, yielding a net IRR of 33.8% and a gross IRR of 44.5% on its realized investments. The target size of Fund IV is approximately \$850 million with a hard cap of \$950 million. Investments will be made in approximately 12 to 18 companies with enterprise values up to \$250 million at the time of investment. Typical holding period is two to six years.

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

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

Nautic Partners VI, L.P. ("Nautic VI"). Mr. Scopelliti gave a brief overview noting that Nautic VI is being formed to make investments primarily in North America middle-market companies. The fund will invest principally in four sectors: business services, manufacturing, healthcare, and communications. Nautic VI is a "re-up" as ERSRI had invested \$20 million in Nautic Partners V, L.P. in 2001.

Mr. Rory Smith, Managing Director and Mr. Scott Hilinski, Managing Director represented Nautic VI. Mr. Smith reminded Commission members that Nautic Partners is the successor firm to Fleet Equity Partners, the private equity arm of Fleet Bank, which was formed in 1986. Nautic VI will be the second independent fund formed since Nautic Partners spun out from Fleet Bank in 2000. Nautic VI plans to continue the investment strategy in Fund V investing between \$25 million and \$75 million per investment across a range of opportunities including growth, consolidation, recapitalization and leveraged buyout transactions.

Mr. Hilinski noted the target size of the fund is \$1.2 billion and the general partner will commit at least 2% of the aggregate capital commitments. Nautic Partners has an aggregate IRR of 35.5% on 68 realized investments, and a 52.1% IRR on 5 realized investments in Fund V. As of September 30, 2006 Fund V reported a 30% gross IRR with 17 companies remaining in the portfolio.

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

VOTED: To invest up to \$20 million in Nautic Partners VI, L.P., contingent upon satisfactory review and negotiation of investment and other legal documents.

Castile Ventures III, L.P. ("Castile III"). Ms. Davidson gave a brief overview of Castile III which is being formed to continue the same investment strategy of its two predecessor funds by investing in early stage information technology ("IT") companies across the U.S., with a particular focus on investments in New England.

Ms. Nina F. Saberi, Founder and Partner and Mr. David Duval, Partner represented Castile III. Ms. Saberi noted that Castile III will focus on multiple sectors within IT, including communications and enterprise networking, components and subsystems, enterprise software, information technology infrastructure, and security. Castile III's proposed early stage portfolio allocation targets are: 30% on investments at pre-plan (formation) stage, 40% in pre-product (development) stage, and 30% in pre-revenue (initial expansion) stage.

Mr. Duval stated that Castile III will invest in 15 to 18 companies, committing an average of \$6 to \$10 million per investment. Castile aims to lead or co-lead each investment with an ownership percentage of at least 20% and to obtain at least one active board seat in the majority of its portfolio companies. Target size of the fund is \$100 million with a hard-cap of \$130 million. It is expected that 60% of investments will be in New England, 20% in the New York/New Jersey area and 20% on the west coast.

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

VOTED: To invest up to \$5 million in Castile Ventures III, L.P., contingent upon satisfactory review and negotiation of investment and other legal documents.

Deferred Compensation (457) Plan - ING. Ms. Caine welcomed the following representatives from ING to the meeting: Ms. Marlene Oien, Regional Manager, Mr. Richard Thornburg, National Accounts Manager, Mr. James Bogioian, Senior Fund Analyst and Mr. Michael Eldredge, Investment Product Manager. She explained that she's been working the last few months with ING to enhance the investment option menu that ING offers participants. She noted that ING is one of three 457 providers, the other two being Fidelity and VALIC.

Ms. Caine noted that in October of 2004, Phase I of changes to the investment options offered in ING's 457 plan was approved by the SIC. She and ING have discussed, subject to approval by the SIC, on additional proposed changes to the fund options offered as part of Phase II, to further enhance the diversification of the menu of options, including the addition of life cycle funds.

However, prior to proposing the new options she wanted to apprise the Commission of recent regulatory developments affecting ING. She reminded Commission members that in late 2003, market-timing and frequent trading activities at numerous financial institutions was disclosed. These activities were industry-wide and included mutual fund firms the SIC has had relationships with - Putnam Investments (terminated), Alliance Capital (529 Plan) and ING.

Between 2004 and 2006 numerous conference calls with representatives of ING and written communication from ING indicated that an internal investigation uncovered isolated cases of market timing and when questioned if RI's 457 plan and its participants were affected, ING responded that they did not affect Rhode Island's plan. A 6/12/06 letter from ING states that market timing/inappropriate frequent trading arrangements did not occur in ING's retirement services business.

The second regulatory development relates to a revenue share issue. ING offers its own proprietary funds as part of the plan as well as non-proprietary funds such as Oppenheimer and Janus funds. ING receive fees, called "revenue share" from these non-proprietary fund families for including them in ING's plans. Revenue sharing has been a standard practice and not unusual in the mutual fund world. However, the issue that arose was how well those revenue share arrangements have been disclosed to plan sponsors as well as participants.

In February 2005 as these regulatory issues were coming to light, Ms. Caine conducted a survey with all three 457 providers asking them for very specific details on expense ratios, management fees, 12(b)1 fees, etc. and also asked for specific detail on the revenue generated from these plans. Staff received responses from all three providers and ING provided details on revenue and expenses which indicated a range of net income between \$90 and \$191 million annually.

This past summer two high profile investigations in the states of New Hampshire and New York regarding ING reached a critical point. In New Hampshire the issue being investigated related to market-timing and failure to disclose revenue share arrangements. In New York the investigation focused on unions and the fact that ING paid a teachers union undisclosed fees over time to represent ING funds. In early October, 2006 the press revealed that New Hampshire had settled with ING in the amount of \$3 million. In the settlement agreement, ING does not admit or deny any wrongdoing, but admits it did not retained e-mails that were necessary

or requested as part of the investigation. The New York settlement, negotiated by the NY Attorney General's Office, amounted to \$30 million.

As a result of the settlement announcements on October 10th, Ms. Caine and Chief of Staff George Carvalho, had a conference call with Ms. Oien on October 12th to again inquire how these issues affected Rhode Island's plan. Ms. Oien responded that ING did not think that the issues affected Rhode Island's plan directly. Ms. Caine asked Ms. Oien how New Hampshire and New York arrived at the settlement figures. Ms. Oien did not know how New York's settlement figure was arrived at, but knew that New Hampshire settled for 10% of the New York's figure making it more of an arbitrary determination.

On October 24th Mr. Carvalho and Ms. Caine held a meeting with the Department of Administration (DOA), as they jointly manage the 457 plan with the SIC, and the Department of Business Regulation (DBR) to share information and coordinate efforts. Representatives of the DBR indicated that the agency had issued a subpoena to ING seeking information regarding the New Hampshire and New York settlements as well as additional information concerning the Rhode Island plan. The three agencies agreed that they would work in a cooperative effort to determine whether any participants in the Rhode Island plan had been impacted.

After summarizing these allegations and settlements, Ms. Caine indicated that she would like to give ING representatives the opportunity to share their perspective on these developments, but that she does have some specific questions she would like them to address. She reminded the Commission that in October 2004 they approved ING's proposal to remove Janus funds from ING's 457 investment menu, one of which was replaced with an Oppenheimer fund based on the fact that the expense ratio was the same, it was a better performing fund and it had higher Morningstar rank. She noted that the New Hampshire plan's replacement of the Janus fund with the Oppenheimer fund and the revenue share arrangements is highlighted in the New Hampshire documents.

ING has admitted both verbally and in writing that while it complied with the disclosure rules and regulations, its disclosure probably could have been better. Ms. Caine noted she still has questions as to where the revenue share is included in the data ING has provided us – is it in the 12 (b)-1 category, or expense ratio or some other category – and would like some clarification on that particular fund (Oppenheimer) to determine if the Rhode Island plan was affected in the same way as New Hampshire. Ms. Caine then asked the ING representatives to provide their perspective and suggested we go back to these questions.

Ms. Oien indicated that there were two items that they would like to discuss: 1) to provide a regulatory update, which Rich Thornburg will cover and 2) discuss investment option proposals/changes for the SIC's consideration, which Jim Bogoian and Mike Eldredge will assist with.

Mr. Thornburg of ING explained that the settlements took place on October 10, 2006 with the New York Attorney General's Office and the State Securities Bureau of the State of New Hampshire. He noted that the findings of the NY Attorney General related to the endorsement that ING had paid to the members' benefit trust of the NY State United Teachers since the inception of the program in 1989. The NY Attorney General findings stated that ING paid the endorsement but did not properly disclose the extent of the endorsement payment to the member benefit trust. At the same time, the state of New Hampshire had approached ING with an administrative action in June 2006 which related to various allegations that ING somehow encouraged market timing or acted in a way that encouraged market timing within some of the

funds that were included in the State of New Hampshire Deferred Compensation Plan. New Hampshire also claimed that ING inadequately disclosed revenue that was received in various fund substitutions. New Hampshire's Petition also refers to ING's alleged failure to retain e-mails related to the investigation.

Mr. Thornburg stated that on October 10th ING settled these matters with the NY Attorney General's Office and with the New Hampshire Securities Bureau. As part of that settlement ING neither admits nor denies the allegations. The settlement with the New York State United Teachers was \$30 million. That amount was specifically determined as a multiple of the endorsement that had been paid by ING over the course of this arrangement beginning in 1989 and was arrived at mutually between ING and the NY Attorney General's Office. That amount will be paid in the form of restitution to New York State United Teachers as a flat dollar amount of \$100 per participant. There are approximately 66,000 current and former members in the New York State United Teachers Union. The remaining balance of the \$30 million settlement will be distributed on the basis of the average month end balance of these participants during the determination period which begins in January of 2001 through June of 2006.

In the case of New Hampshire, ING agreed to a settlement, but had initially disagreed as to the facts. Mr. Thornburg clarified that the NY State Teachers Union settled with Attorney General Spitzer in June of this year, independent of ING's settlement, for \$100,000. ING agreed to set aside its differences with New Hampshire and saw an opportunity to work constructively with the NY Attorney General's Office to dispose of the allegations. Contemporaneously, the State of New Hampshire had allied themselves with the New York Attorney General's Office. ING saw a way to dispose of both matters at the same time and did so reaching agreement in the case of New Hampshire reaching a settlement in the amount of a fraction (10%) of the amount agreed upon by the NY Attorney General's Office. In the case of New Hampshire, the settlement will be distributed with \$225,000 going to the State Securities Bureau to cover the cost of the investigation and the balance, \$2,775,000, will be distributed to approximately 5,000 participants (\$555/participant) in the State of New Hampshire Deferred Compensation Plan.

ING is obliged to create a scheme of distribution and submit it to the State of New Hampshire within 60 days of the Order and are in the process of doing so. ING expects it to be a simple ratable distribution based on month-end balances during a determination period which is deemed to begin in May of 2000 and end in May of 2006. Mr. Thornburg noted that the findings and the Consent Agreement in the case of New Hampshire are available to the public on the websites of the State of New York and the State of New Hampshire.

Ms. Caine responded that she had copies of the New Hampshire documents and noted that the Oppenheimer fund is specifically mentioned in the Order and she questioned whether or not Rhode Island plan was affected in the same way as the New Hampshire plan given that we implemented the same fund substitution (the Janus fund replaced by the Oppenheimer fund). She asked ING to tell the Commission if our 457 plan was impacted or not.

Ms. Oien responded that she was not sure exactly what document Ms. Caine was referencing related to New Hampshire. She confirmed that ING did implement a fund substitution related to the Janus fund in late 2004 in Rhode Island's plan and without knowing the details of that document she couldn't be certain if what's there is factual. Ms. Caine responded that the document she was referring to was the New Hampshire Bureau of Securities Regulation's Order. Ms. Oien asked if that was the original administrative action filed in June of 2006. Mr. Carvalho responded, yes, it was the original Complaint (June, 2006) that outlines the funds involved, specifically the Janus Aspen Series.

Ms. Oien replied that New Hampshire had alleged that by virtue of the movement from the Janus Aspen Series to the receiving of whatever the alternative option they chose, that there was a revenue component that was not clear to them? Or that they were directed? Ms. Oien then stated that the administrative action alleges that (undisclosed revenue component), but that she does not know that there was a final factual finding as it relates to that allegation.

Mr. Thornberg then stated that what ING has agreed to in the settlement is to set aside that dispute and to move forward. Mr. Thornburg added that one of the key elements of the settlements with both New York and New Hampshire involves ING's agreement to enter into a new phase of disclosures related to their retirement products. This would take the form of a one page document that outlines fees and expenses on an average basis that a participant of the plan would pay. They are settling on the actual date that ING would distribute that document. In the New York agreement it is 180 days after the settlement date of October 10, 2006, that ING would have to make that disclosure document available to participants in all of their plans which would include 401k plans, 457 deferred compensation plans and 403(b) plans in all states. This disclosure, in terms of public policy, was sought after by the New York Attorney General's office as part of the settlement.

Ms. Caine noted that the New Hampshire Order says on page 8 that ING "received greater fees (excluding supplemental payments) on the investment products that were mapped into the Plan - the ING Oppenheimer Strategic Income Portfolio, the ING Oppenheimer Global Portfolio (which is the fund that Rhode Island added as a replacement) - than on the Janus Aspen Series of funds." Ms. Oien asked Mr. Eldredge if he recalled what the revenue share was on those particular funds as part of the fund substitution effort.

Ms. Caine informed the Commission that the Rhode Island Department of Business Regulation ("DBR") issued a subpoena to ING on October 19th for document production and the deadline for receipt of those documents is in early November. DBR may also follow up and put in writing some more detailed questions that relate to those options.

Mr. Carvalho asked if ING has done an analysis of Rhode Island's plan with respect to those investments. Mr. Eldredge replied that he and Mr. Bogoian were there today to discuss the analysis from the standpoint of the quality, substance and style of the funds offered in the plan. After working for several months with Ms. Caine, they have brought an investment option proposal before the Commission today. While the plan is a good one, there is an opportunity to improve a couple of funds. This analysis is in the presentation book and in that analysis is a revenue sharing column. Mr. Eldredge noted that there has been much discussion on the revenue share, an arrangement which is standard in the industry.

Ms. Caine said that before we get into discussion of the fund option analysis, there are a few more items to cover. She explained the importance of including life cycle funds, which are currently not offered in ING's RI 457 plan. These funds have become increasingly important tool for participants and, as part of Congress' Principal Protection Act, lifecycle funds are now the fall back provision/default option, replacing money market funds. She sees the absence of life cycle funds as the biggest investment option gap in the plan.

Ms. Caine explained that the SIC, as outlined in the contract, is charged with approving all funds, additions and deletions of funds options in the 457 plan. She noted that a Legg Mason fund appears to be part of ING's Rhode Island plan but that it was never approved by the

Commission and she would like ING to explain how that fund became part of our plan without approval.

Treasurer Tavares thanked George Carvalho and specifically Joan Caine for their continued due diligence. He stated that the SIC takes very seriously its due diligence requirement as it relates to any regulatory matters. Our track record is clear with Putman and other firms in the past. He stated that the Commission would not discuss any further investment fund proposals from ING until the SIC receives satisfactory answers to any pending regulatory questions. DBR has issued a subpoena for information and the SIC will work closely with DBR as well as with the Department of Administration. He stressed that he expects the full cooperation of ING with regard to those queries, in particular any and all actions that affected the Rhode Island plan. He would like clarification on the reasons and justification for the option change/transfer to the Oppenheimer fund, which may or may not offset the revenue share issue. He would also like ING to revisit the market timing issues and confirm if Rhode Island's plan was or was not affected. He expects full cooperation on the part of ING to determine if the State of Rhode Island has been affected by these issues before going forward with future investment option changes or continuing the relationship with ING.

The Treasurer will respect the timeframe put forth from DBR to ING for the production of information. He stated that he wanted Commission members to become familiar with the situation and the challenges before them which will transfer to a new administration. He and Ms. Caine will continue to work with DBR to gather the information they will be receiving. He told ING that they will be receiving a separate inquiry from the Treasurer's Office with specific questions and he expects a full and timely response to those questions.

Ms. Oien thanked the Commission and looks forward responding in specific detail to any questions. Mr. Thornburg stated that the Commission could expect ING's full cooperation in the investigation and that ING's general counsel would be in direct contact with DBR. Ms. Reback requested that Commission members receive a copy of the letter sent to ING.

Treasurer Tavares again thanked Ms. Caine for her hard work behind the scenes in this investigation. Ms. Caine said that she would be sharing her files with DBR and noted that the State of New Hampshire was significantly helped by their consultant in this investigation and that most state plans have a consultant to help oversee their 457 plan. She noted that, in addition to her other responsibilities, it is difficult to monitor all of the investment options in the 457 plan (60) effectively.

Treasurer Tavares again stated the 457 plan falls under the direction of the Department of Administration and Rhode Island does not have a consultant to advise and assist with the 457 plan. The SIC does not have an official role as to the administration of the plan and how it's presented to employees. The SIC's role is to review investments and performance. The Treasurer stated he is on the record dating back several years stating his position that the lack of a consultant for 457 plan is a weakness and there may be some future exposure that needs to be addressed and has communicated this to two former Directors of Administration as well as the current Director. The challenge is that the SIC cannot pay for a 457 plan consultant as the assets of the pension plan (the defined benefit plan) are exclusively for benefit of the pension fund participants. The compensation would either have to be funded by DOA or by the investment providers.

At one point a firm approached the Treasurer and offered consulting services for free, requiring access to the employee base. The Treasurer stated that a Request for Proposals should

be issued if a decision is made to hire a consultant. He has made Department of Administration aware of this proposal. While the SIC is fulfilling it's duty as it relates to the 457 plan, he remains concerned that the lack of consultant could be a problem at some point.

Ms. Caine noted that the three providers of the 457 plan are VALIC, Fidelity and ING and each offers 20 fund options for a total of 60 funds. The Treasurer stated that the 457 plan is regulated by legislation which states that the SIC shall select three firms to provide services to employees.

A discussion ensued regarding how employees make investment decisions in the plan. Ms. Gallogly mentioned that New Hampshire pays a consultant to assist its employees, but it's built into the fees that the participants pay. Rhode Island's three providers provide pamphlets and brochures for employees and toll-free telephone numbers and Internet services. Mr. Costello noted that one way to compensate a consultant would be to have each of the three providers pay one-third of the fees. Commission members also discussed various options for engaging a consultant to oversee and monitor the investment options of the three providers. Mr. Lindberg noted that Wilshire Associates provides investment advisory services to the state of Louisiana Deferred Compensation Program and the fee is rolled into the administrative fees.

Treasurer Tavares stated that Ms. Caine would continue to work with DBR and he will again notify the Department of Administration his concerns about oversight of the 457 plan in writing.

Brown Rudnick Berlack Israels, LLP ("Brown Rudnick") Contract. Mr. Carvalho reported that the contract with Brown Rudnick for general representation will expire on October 31, 2006. He and staff recommend renewal for one year under the current terms and conditions.

Mr. Britt suggested that perhaps the renewal should be for a shorter time period because a new administration is coming in. Treasurer Tavares stated that he didn't want to leave the new Treasurer without representation immediately upon taking office. He did not feel a one year renewal would be too long a period and is consistent with previous renewals. However, Treasurer Tavares did indicate that the SIC could recommend a shorter time period if the Commission chose to do so.

Ms. Reback moved, Mr. Treat seconded and the following motion was passed. The following members voted in favor: Mr. Costello, Ms. Gallogly, Ms. Reback, Mr. Treat, and Treasurer Tavares. Mr. Britt abstained from voting.

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, 2007 under the same terms and conditions of the existing contract.

Cash Management - Ocean Bank, FSB ("Ocean Bank"). Ms. Reback stated that she has a conflict of interest with regard to Ocean Bank. Treasurer Tavares asked that the record show that Ms. Reback will not participate in the discussions and will not vote on this issue.

Mr. Corsino Delgado, Cash Manager requested that Ocean Bank, formerly known as Home Loan and Investment Bank, headquartered in Warwick, RI be added to the approved list of short-term issuers for the State of Rhode Island. He noted that Ocean Bank is a \$300 million federal saving bank privately held by current CEO and founder John Murphy. It has a rating of

“outstanding” for Community Reinvestment Act (CRA) during the most recent regulatory examination. Ocean Bank is financially sound, with practically zero debt on its balance sheet.

He explained that Ocean Bank meets and/or exceeds all SIC criteria for short-term vendor selection except one which is that it must have a minimum investment grade credit of Aa2 and AAA from Moody's and S&P respectively. Being that Ocean Bank is a private company, it does not have a rating. As such, Ocean Bank's addition to the approved list of issuers requires SIC approval. Mr. Delgado noted that, if approved, the maximum amount invested would be \$1 million, initially starting with \$100,000 which is the FDIC insurance limit. No one fund would have more than \$100,000. He explained that there are other short-term vendors that offer CDs, however they are not active and their rates are not competitive.

Mr. Costello stated that he thought not having a rating agency rating was an important factor. Mr. Treat stated he was not familiar with the bank, its founder or any of its lending practices. Ms. Gallogly stated that perhaps DBR's banking division could be helpful in this determination. In light of the Commission's suggestions, Treasurer Tavares recommended that Mr. Delgado contact DBR and come back to the Commission in the near future with more information.

Note: Mr. Britt left the meeting at 11:00 a.m.

Wilshire Associates Incorporated - Capital Market Review. Mr. Lindberg noted that oil prices continue to drop, gasoline prices are moderating, and the Dow continues to climb and is up approximately 13% year-to-date. The US Equity market is up 12% year-to-date. Currently small cap stocks are outperforming large cap stocks. Developed markets are outperforming emerging markets with strong US equity returns across the board. In fixed income, high yield is up 8%. The pension fund is up approximately 9% through September, 2006.

Deputy Treasurer for Finance Report. Ms. Caine stated that State Street Global Advisors' ("SSgA") Global Markets Group handled the Wasatch Advisors transition to save on transaction costs. She noted that both the Wasatch portfolio and SSgA's Russell 1000 portfolio have been moved to an SSgA S&P 500 index portfolio to meet Wilshire's recommended allocations. Wilshire recommended a month ago to change the large cap exposure within the domestic equity portfolio from 70% to 75% and reduce small cap from 30% to 25%.

Ms. Caine distributed the Townsend Group's Second Quarter Performance Report noting that the real estate investments outperformed the NPI benchmark over the past year ending 6/30/06 by 270 basis points. She noted that the pension fund is up 9% year-to-date. The return for one year is 11.5%, the two-year annualized return is 14%, the three-year return is 14%, the four-year return is almost 16%, and the five year return is 10%.

Ms. Caine reminded Commission members that the next meeting of the SIC will be held on Wednesday, December 6, 2006 at 9:00 a.m.

Ms. Gallogly moved, Ms. Reback seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Ms. Gallogly, Ms. Reback, Mr. Treat, and Treasurer Tavares. Mr. Britt was not present for this vote.

VOTED: To adjourn the meeting.

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

Respectfully submitted,

Paul J. Tavares
General Treasurer

RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
October 31, 2006

PORTFOLIO PERFORMANCE

October

The ERSRI portfolio posted a gain of 2.54% for the month of October, against the policy index of 2.78%. Domestic equities gained 3.64%, international equities gained 3.48%, and the fixed income asset class returned 0.50%. Additionally, the retirement fund earned \$240,844 from the securities lending program during this month.

Calendar Year to Date

For the ten months ended October 31, 2006, the portfolio is up 11.71% against the policy index of 11.67%. Domestic equities were up 11.72%, international equities were up 19.29%, while fixed income generated a return of 3.73%.

Fiscal Year to Date

For the Fiscal Year ended June 30, 2007, the fund has gained 6.26%, against the policy index of 7.22%.

Index Performance Summary - October 31, 2006		
Market Indices	Oct-06	Calendar YTD
<u>Domestic Equity</u>		
S & P 500	3.26%	12.06%
DJ Wilshire 5000	3.63%	11.90%
Russell 2000	5.76%	14.95%
Russell 1000	3.40%	11.62%
Policy Index	2.78%	11.67%
<u>International Equity</u>		
MSCI ACWI	4.07%	18.99%
<u>Fixed Income</u>		
Lehman AGG	0.66%	3.74%
<u>Real Estate</u>		
NCREIF	4.01%	13.63%

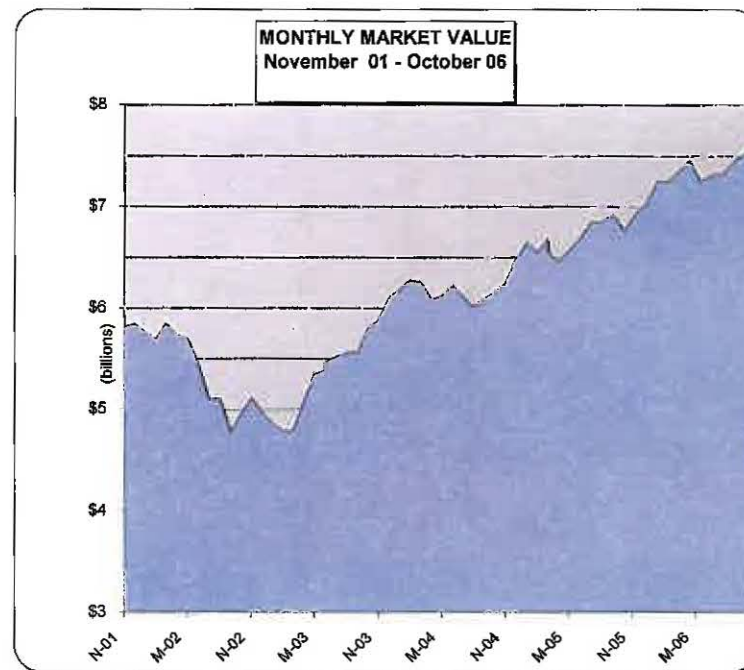
ERSRI Performance By Asset Class	Oct-06	Calendar YTD
Domestic Equity	3.64%	11.72%
Fixed Income	0.50%	3.73%
International Equity	3.48%	19.29%
Total Fund Composite*	2.54%	11.71%
Manager Summary	Oct-06	CYTD
<u>DOMESTIC EQUITY</u>		
Shott	8.03%	-18.54%
PIMCO	3.32%	12.15%
SSgA Russell 1000	0.00%	0.00%
SSgA Core	3.50%	14.02%
Wasatch	0.00%	0.00%
Northpointe	4.82%	14.24%
Wellington	4.09%	11.59%
Total Domestic Equity	3.64%	11.72%
<u>FIXED INCOME</u>		
Brown Bros TIPS	-0.21%	1.19%
Brown Bros Core	0.61%	3.64%
Fidelity	0.69%	4.47%
Taplin Canida & Habacht	0.63%	4.09%
InState Fixed Income	0.00%	0.00%
Shenkman	1.22%	6.47%
Mackay Shield	1.42%	8.43%
Total Fixed Income	0.50%	3.73%
<u>INTERNATIONAL EQUITY</u>		
Mondrian	4.08%	22.84%
Goldman Sachs	3.24%	17.99%
Boston Co	3.11%	17.11%
Total International Equity	3.48%	19.29%
*Total Fund Composite includes all classes		

Market Valuation Report
October, 2006

Market Values

The total portfolio value increased in August by \$143.8 million to \$7.66 billion. This compares with a decrease in value of \$156.2 million for the same period in 2005. The domestic equity market values increased by \$65.5 million, fixed income increased by \$0.9 million; while international values increased by \$61.1 million.

The cash accounts decreased by \$0.6 million including transfers out of \$4.4 million, and alternative investments increased by \$16.9 million including transfers in netting \$12.4 million.



Cash Flow

October's pension payroll of \$54.4 million was more than the \$ 39.2 million in contributions and wire transfers received by \$15.2 million.

To meet pension and other obligations, \$20.0 million was transferred from long-term investments.

Alternative Investments

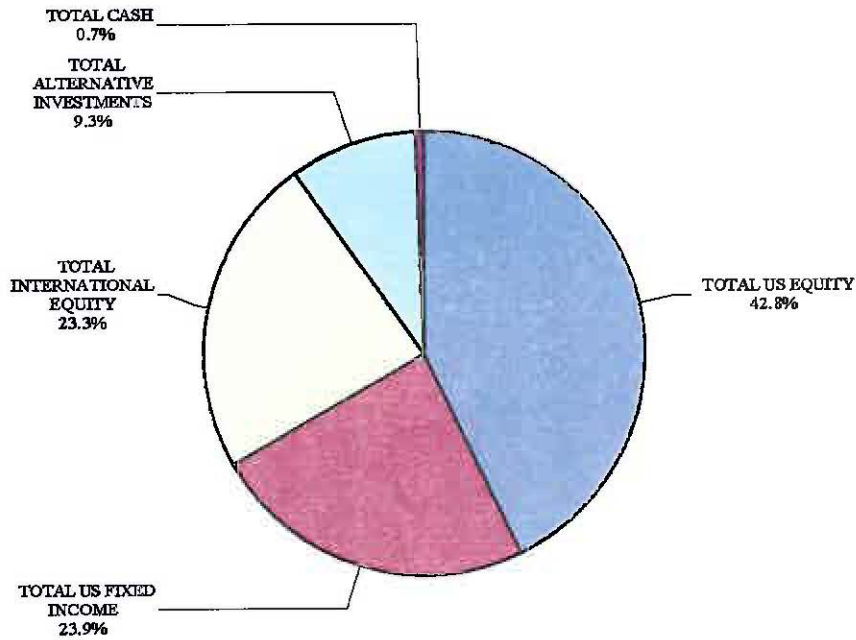
At this time the alternative investment asset class has unfunded commitments of approximately \$398 million on commitments of \$863 million.

**CAPITAL CALLS
Net of Distributions**

October 2006	FYTD	UNFUNDED BALANCE
\$9,807,260	\$484,199	\$397,684,470
October 2005	FYTD	UNFUNDED BALANCE
-\$175,961	\$51,141,940	\$465,460,148



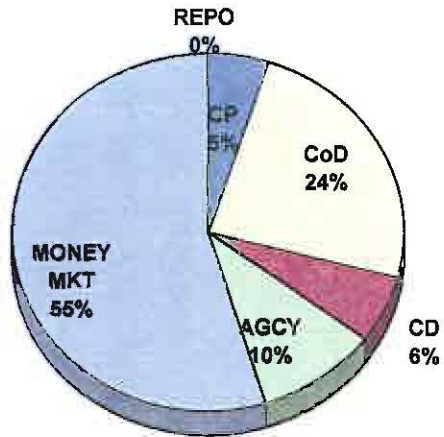
CURRENT ASSET CLASS ALLOCATION (IN MILLIONS)



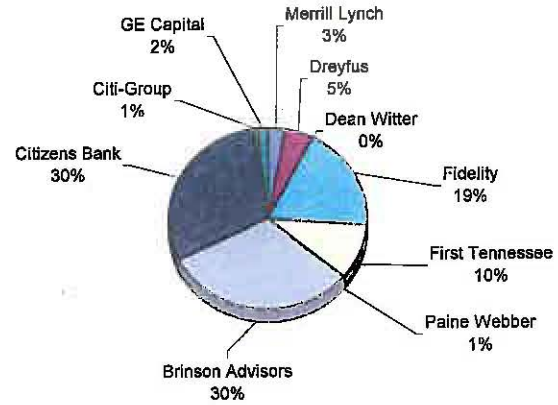
<u>MANAGER</u>	<u>CURRENT PERIOD</u>
TOTAL US EQUITY	3,293.1
TOTAL US FIXED INCOME	1,837.5
TOTAL INTERNATIONAL EQUITY	1,793.6
TOTAL ALTERNATIVE INVESTMENTS	712.5
TOTAL CASH	50.8
TOTAL	7,687.5

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT October 31, 2006

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
October, 2006**

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+	Positive
Citigroup Inc.	2	1%	Aa1		P-1	A-1+	Aa1	AA-	Positive
Citizens Bank RI	3,4	30%	Aa2		P-1	A-1+	Aa2	AA-	Stable
Dreyfus	6	5%	Aa3		P-1	A-1+	Aa3	AA-	Stable
First Tennessee Capital Markets	5	10%	A1		P-1	A-1	A1	A	Stable
Fidelity	6	19%				N/R		N/R	N/R
Memil Lynch	2,5,6	3%	Aa3		P-1	A-1	Aa3	A+	Positive
GE Capital	2	2%	Aaa		P-1	A-1+	Aaa	AAA	Stable
Morgan Stanley	1,2,5	0%	Aa3		P-1	A-1	Aa3	A+	Stable
Paine Webber	5	0%	Aa2		P-1	A-1+	Aa2	AA+	Stable
UBS Brinson Advisors	6	31%	Aa2		P-1	A-1+	Aa2	AA+	Stable
State Street Bank & Tru	1,3	0%	Aa2		P-1	A-1+	Aa2	AA	Stable

Instrument Codes

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

Ratings Definitions

Moody's Short-Term Debt Ratings:

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

S&P Short-Term Credit Ratings:

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

Moody's Issuer Rating Symbols:

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

Modifiers:

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

S&P Outlook Definitions:

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

Moody's Long-Term Debt Ratings:

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

Modifiers:

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

S&P Long-Term Debt Ratings:

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



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

Paul J. Tavares
General Treasurer

December 5, 2006

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 October 31, 2006.

**Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
October 31, 2006**

Asset Class		
Cash/Short Term Investments		\$ 292,758,644
Equities – Domestic		\$ 3,233,452,489
Equities – International		\$ 1,744,517,033
Fixed Income – Government	\$ 970,801,713	
Fixed Income – Corporate	\$ 733,845,924	
Fixed Income - In State	\$ 20,339,282	
Total Fixed Income		\$ 1,724,986,919
Alternative Investments		\$ 460,223,852
Real Estate		\$ 231,573,863
Total Fund Investments		\$ 7,687,512,801
Plan Allocation		
State Employees & Teachers	85.17%	\$ 6,547,794,095
Municipal Employees	13.92%	\$ 1,069,911,724
State Police	0.55%	\$ 42,088,202
Judicial	0.36%	\$ 27,718,780
Total Fund Investments	100.00%	\$ 7,687,512,801

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,

Joan M. Caine, CFA
Deputy Treasurer for Finance

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING October 31, 2006



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
U.S. EQUITY												
SSGA S&P 500 INDEX FUND	1,615,591	21.02										
NORTHPOINTE CAPITAL	383,904	4.99	4.82	8.67	-0.54	14.24	3.90	19.09	17.86	16.37	22.10	
PIMCO	531,798	6.92	3.32	8.56	6.26	12.15	9.59	16.75	12.05	11.35	13.88	7.19
SSGA - CORE	359,891	4.68	3.50	8.66	7.01	14.02	9.48	18.89	15.66	13.22	14.04	9.38
WELLINGTON MANAGEMENT CO. LLC	394,207	5.13	4.09	7.34	-0.80	11.59	4.71	19.33	16.60	14.39	23.55	
SSGA RUSSELL 1000	2,430	0.03										
WASATCH ADVISORS	1,814	0.02										
TOTAL US EQUITY	3,293,059	42.84	3.64	8.30	3.65	11.72	7.44	16.71	14.02	12.46	16.35	9.50
<i>RUSSELL 1000</i>			3.40	8.39	5.55	11.62	8.62	16.02	13.21	11.90	14.42	7.92
<i>RUSSELL 2000</i>			5.76	9.80	0.90	14.95	6.22	19.98	15.96	14.53	21.15	13.76
<i>RUSSELL 2000 GROWTH</i>			6.48	10.34	-2.69	10.96	4.61	17.07	13.95	11.07	19.04	9.51
<i>RUSSELL 2000 VALUE</i>			5.09	9.29	4.58	19.02	7.77	22.90	17.86	17.91	23.14	17.52
<i>S&P 500</i>			3.26	8.44	6.11	12.06	9.11	16.34	12.47	11.44	13.71	7.26
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			3.63	8.39	4.97	11.90	8.26	16.53	13.62	12.37	15.27	8.87
INTERNATIONAL EQUITY												
GOLDMAN SACHS	596,408	7.76	3.24	6.29	2.46	17.99	7.79	28.29	26.44			
THE BOSTON COMPANY	589,206	7.66	3.11	6.80	2.19	17.11	6.88	25.79				
MONDRIAN	607,870	7.91	4.08	8.55	7.01	22.84	10.80	30.44	24.97			
TRANSITION ACCOUNT INT EQUITY	66	0.00										
PUTNAM INVESTMENTS	6	0.00										
BANK OF IRELAND	4	0.00										
TOTAL INTERNATIONAL EQUITY	1,793,561	23.33	3.48	7.22	3.87	19.29	8.49	28.19	24.25	22.77	22.20	14.66

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING October 31, 2006



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
<i>MSCI AC WORLD ex US (GROSS)</i>			4.07	7.09	3.10	18.99	8.19	28.91	24.67	22.98	24.80	16.67
<i>MSCI EAFE (NET)</i>			3.89	6.91	3.77	18.94	7.97	27.52	22.72	21.41	22.79	14.56
U.S. FIXED INCOME												
BROWN BROTHERS HARRIMAN - CORE	290,752	3.78	0.61	2.78	4.41	3.64	3.81	5.01	3.37	4.21	5.16	5.33
FIDELITY MANAGEMENT TRUST	476,052	6.19	0.69	2.73	4.28	4.47	4.17	5.80	4.08	4.67	4.67	5.10
BROWN BROTHERS HARRIMAN - TIPS	523,332	6.81	-0.21	1.53	4.02	1.19	3.44	2.79	3.08			
MACKAY SHIELDS, LLC	127,055	1.65	1.42	4.17	5.47	8.43	4.78	10.54	7.91	10.02	16.97	
SHENKMAN CAPITAL MANAGEMENT	128,510	1.67	1.22	3.69	3.64	6.47	4.63	8.34	5.76	7.27	9.38	
TAPLIN, CANIDA & HABACHT	291,213	3.79	0.63	2.94	4.61	4.09	4.41	6.25	3.92	5.05	8.50	6.67
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,837,489	23.90	0.50	2.59	4.31	3.73	4.01	5.38	4.04	5.03	6.43	5.70
<i>CSFB GLOBAL HIGH YIELD</i>			1.38	4.07	4.66	8.63	4.96	10.29	6.86	8.85	14.11	11.12
<i>LB AGGREGATE</i>			0.66	3.10	4.60	3.74	4.49	5.19	3.14	3.93	4.17	4.51
<i>LB CREDIT</i>			0.80	3.81	5.32	3.70	5.34	5.36	2.98	4.17	5.73	5.45
<i>LB GOV/CREDIT</i>			0.63	3.22	4.75	3.36	4.57	4.88	2.83	3.74	4.35	4.57
<i>CITIGROUP BIG</i>			0.69	3.12	4.66	3.75	4.57	5.24	3.22	4.04	4.28	4.57
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			0.85	4.31	6.23	3.32	6.16	5.54	3.74	5.14	5.49	5.51
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			0.75	2.89	4.43	4.30	4.42	5.71	3.73	4.37	3.96	4.46
ALTERNATIVE INVESTMENTS												
REAL ESTATE	231,868	3.02	0.72	1.13	1.76	3.31	1.71	3.29				
PRIVATE EQUITY	460,331	5.99	0.80	3.35	16.75	20.54	2.38	26.19	29.61	25.76	20.07	14.94
STATE ACCOUNT (IN DEFAULT)	20,339	0.26	-0.14	-5.56	-1.79	-1.79	-4.44	-1.67	-0.53	1.86	3.07	3.81
TOTAL ALTERNATIVE INVESTMENTS	712,538	9.27	0.74	2.34	11.08	14.23	1.94	18.21	25.18	22.58	17.79	13.22

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING October 31, 2006



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
<i>NCREIF PROPERTY INDEX QTR LAG</i>			0.00	4.01	7.78	13.63	4.01	18.67	18.35	15.79	13.69	12.00
<i>S&P 500 PLUS 300 BP</i>			3.43	9.02	7.56	14.55	9.95	19.41	15.56	14.53	16.86	10.58
CASH EQUIVALENTS												
CASH ACCOUNT (INSIDE)	33,573	0.44	0.87	0.77	4.29	6.69	0.88	7.40	8.78	11.68	19.59	35.41
CASH ACCOUNT (OUTSIDE)	17,251	0.22	0.36	0.95	1.72	2.91	1.15	3.53	2.99	2.36	2.94	2.73
TOTAL PLAN												
TOTAL PLAN	7,687,470	100.00	2.54	6.00	4.44	11.71	6.26	16.57	14.42	13.54	15.45	10.23
<i>1 TOTAL PLAN BENCHMARK</i>			2.78	6.63	4.87	11.67	7.22	16.58	13.52	12.67	14.72	9.90

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING October 31, 2006



STATE STREET.
For Everything You Invest In™

Endnotes

1. As of 04/31/2006 42.5% W5000/25.0% LB AGG/20.0% MSCICWORLDFREEexUSA/5.0% NCREIF PROPERTY LAG/7.5% S&P 500 plus 300bps

Prior to 04/31/2006 52.5% W5000/25.0% LB AGG/22.5% MSCICWORLDFREEexUSA

ERSRI Monthly Market Value Report With Time Weighted Returns

October 31, 2006

	Calendar YTD			Benchmark Description	Current Month			Valuation Change			
	Performance	Benchmark	Alpha		Performance	Benchmark	Alpha	Market Value	Transfers	Market Value	Market Value
								9/30/2006	in/out	10/31/2006	Increase/Decrease
Domestic Equity											
Shctt Capital Management IRR	-18.54%	12.06%	-30.60%	S & P 500	8.03%	3.26%	4.77%	3,247,397	-	3,405,383	157,986
SSgA Russell 1000		11.62%		Russell 1000		3.40%		1,362,783,249	(1,316,415,361)	2,430,146	(43,937,742)
SSgA S&P 500		12.06%		S & P 500		3.26%		-	1,601,275,003	1,615,590,864	14,315,861
SSgA Core	14.02%	11.62%	2.40%	Russell 1000	3.50%	3.40%	0.10%	347,712,398	23,765	359,890,643	12,154,480
PIMCO	12.15%	12.06%	0.09%	S & P 500	3.32%	3.26%	0.06%	514,665,896	35,405	501,488,841	(13,202,460)
NorthPointe Capital	14.24%	19.02%	-4.78%	Russell 2000 Value	4.82%	5.09%	-0.27%	366,236,790	26,190	383,903,766	17,640,786
Wellington Mgmt	11.59%	14.95%	-3.36%	Russell 2000	4.09%	5.76%	-1.67%	402,911,658	(24,970,900)	394,206,640	16,265,882
Wasatch Advisors				Russell 2000				199,628,627	15,520	1,814,400	(197,829,747)
Transition Account	N/A	N/A	N/A		N/A	N/A	N/A	111,622	-	18,935	(92,687)
Total Domestic Equity	11.72%				3.64%			3,197,297,637	259,989,622	3,262,759,819	(194,527,640)
International Equity											
Boston Company	17.11%	18.99%	-1.88%	MSCI ACWI	3.11%	4.07%	-0.96%	571,418,472	39,285	589,210,814	17,753,057
Goldman Sachs	17.99%	18.99%	-1.00%	MSCI ACWI	3.24%	4.07%	-0.83%	577,647,631	39,285	596,408,103	18,721,187
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	663,559	663,559
Mondrian	22.84%	18.99%	3.85%	MSCI ACWI	4.08%	4.07%	0.01%	584,013,003	39,285	607,870,049	23,817,761
Total International Equity	19.29%				3.48%			1,733,079,106	117,855	1,794,152,526	60,955,564
Fixed Income											
Fidelity Management & Research	4.47%	4.32%	0.15%	Lehman Mortgage Backed	0.69%	0.73%	-0.04%	480,993,963	(7,967,505)	476,052,023	3,025,565
Brown Brothers, Harriman	3.64%	3.75%	-0.11%	Salomon Brd Inv Grade	0.61%	0.69%	-0.08%	288,980,533	19,885	290,751,748	1,751,330
In-State Fixed Income		(Non performing)		N/A	0.00%	N/A	N/A	20,367,414	-	20,339,282	(28,132)
Taplin, Canida & Habacht	4.09%	3.70%	0.39%	Lehman Credit Index	0.63%	0.80%	-0.17%	289,362,879	19,885	291,213,063	1,830,299
Mackay Shields	8.43%	8.63%	-0.20%	CS First BoshIYield	1.42%	1.38%	0.04%	125,270,266	9,700	127,054,727	1,774,761
Shenkman Capital Mgmt	6.47%	8.63%	-2.16%	CS First BoshIYield	1.22%	1.38%	-0.16%	126,956,277	9,700	128,510,492	1,544,515
Brown Bros TIPS	1.19%	1.55%	-0.36%	Lehman US TIPS Index	-0.21%	-0.17%	-0.04%	524,386,962	39,285	523,331,818	(1,094,429)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Total Fixed Income	3.73%				0.50%			1,856,318,294	(7,869,050)	1,857,253,153	8,803,909
Alternative Investments											
Private Equity	20.54%	N/A	N/A	N/A	0.80%	N/A	N/A	447,635,435	9,807,260	460,330,876	2,888,181
Real Estate	3.31%	14.46%	N/A	NCREIF + 100	0.72%	0.08%	0.64%	227,681,950	2,607,132	231,867,750	1,578,668
Total Alternatives	14.23%				0.74%			675,317,385	12,414,392	692,198,626	4,466,849
Cash Accounts											
Cash in Trust	6.10%	N/A	N/A		0.21%	N/A	N/A	45,402,159	(12,401,494)	33,573,214	572,549
Cash Outside Trust	2.23%	N/A	N/A		0.27%	N/A	N/A	5,979,090	8,000,000	17,250,624	3,271,534
Total Cash	4.39%	*			0.25%	*	0	51,381,249	(4,401,494)	50,823,838	3,844,083
Grand Total	11.71%	11.67%	0.04%		2.64%	2.78%	-0.24%	7,513,393,671	260,251,325	7,657,187,760	(118,457,235)

*Policy Index: (Effective 04/31/06)

- 42.5% Wilshire 5000
- 25.0% Lehman Aggregate
- 20.0% MSCI ACWI X-US
- 5.0% NCREIF 1 Qtr Lag

State of Rhode Island

RATES OF RETURN - Total

Periods Ending October 31, 2006



STATE STREET.
For Everything You Invest In™

PERFORMANCE SUMMARY REPORT

	Benchmark	1 Month Return			Calendar YTD Return			Value (000)	Net Flow (000)
		Fund	Index	Excess	Fund	Index	Excess		
U.S. EQUITY									
SSGA S&P 500 INDEX FUND	S&P 500		3.26					1,615,591	1,601,275
SSGA - CORE	RUSSELL 1000	3.50	3.40	0.10	14.02	11.62	2.40	359,891	24
PIMCO	S&P 500	3.32	3.26	0.06	12.15	12.06	0.09	531,798	35
NORTHPOINTE CAPITAL	RUSSELL 2000 VALUE	4.82	5.09	-0.27	14.24	19.02	-4.78	383,904	26
WELLINGTON MANAGEMENT CO. LLC	RUSSELL 2000	4.09	5.76	-1.67	11.59	14.95	-3.36	394,207	-24,971
SHOTT CAPITAL	S&P 500	4.87	3.26	1.61	-14.19	12.06	-26.25	3,405	0
SSGA RUSSELL 1000	RUSSELL 1000		3.40			11.62		2,430	-1,394,128
WASATCH ADVISORS	RUSSELL 2000		5.76			14.95		1,814	-202,026
TOTAL US EQUITY		3.64			11.72			3,293,059	-19,764
INTERNATIONAL EQUITY									
THE BOSTON COMPANY	MSCI AC WORLD ex US (GROSS)	3.11	4.07	-0.96	17.11	18.99	-1.88	589,206	28
GOLDMAN SACHS	MSCI AC WORLD ex US (GROSS)	3.24	4.07	-0.83	17.99	18.99	-1.00	596,408	39
MONDRIAN	MSCI AC WORLD ex US (GROSS)	4.08	4.07	0.01	22.84	18.99	3.85	607,870	39
TRANSITION ACCOUNT INT EQUITY								66	0
TOTAL INTERNATIONAL EQUITY		3.48			19.29			1,793,561	107
U.S. FIXED INCOME									
FIDELITY MANAGEMENT TRUST	LB MBS	0.69	0.73	-0.04	4.47	4.32	0.15	476,052	-7,968
BROWN BROTHERS HARRIMAN - CORE	CITIGROUP BIG	0.61	0.69	-0.08	3.64	3.75	-0.11	290,752	20
TAPLIN, CANIDA & HABACHT	LB CREDIT	0.63	0.80	-0.17	4.09	3.70	0.39	291,213	20
MACKAY SHIELDS, LLC	CSFB GLOBAL HIGH YIELD	1.42	1.38	0.04	8.43	8.63	-0.20	127,055	10
SHENKMAN CAPITAL MANAGEMENT	CSFB GLOBAL HIGH YIELD	1.22	1.38	-0.16	6.47	8.63	-2.16	128,510	10
BROWN BROTHERS HARRIMAN - TIPS	LB U.S. TIPS	-0.21	-0.17	-0.04	1.19	1.55	-0.36	523,332	39
TRANSITION ACCOUNT FIXED INCOME								575	0
TOTAL US FIXED INCOME		0.50			3.73			1,837,489	-7,869

State of Rhode Island

RATES OF RETURN - Total

Periods Ending October 31, 2006



STATE STREET.
For Everything You Invest In™

PERFORMANCE SUMMARY REPORT

	Benchmark	1 Month Return			Calendar YTD Return			Value (000)	Net Flow (000)
		Fund	Index	Excess	Fund	Index	Excess		
ALTERNATIVE INVESTMENTS									
STATE ACCOUNT (IN DEFAULT)		-0.14			-1.79			20,339	0
PRIVATE EQUITY		0.80			20.54			460,331	9,109
REAL ESTATE	NCREIF PROPERTY LAG + 100 BPS	0.72	0.08	0.64	3.31	14.46	-11.15	231,868	2,533
TOTAL ALTERNATIVE INVESTMENTS		0.74			14.23			712,538	11,642
CASH EQUIVALENTS									
CASH ACCOUNT (INSIDE)		0.87			6.69			33,573	-12,185
CASH ACCOUNT (OUTSIDE)		0.36			2.91			17,251	11,144
TOTAL CASH		0.63			5.05			50,824	-1,041
TOTAL PLAN									
TOTAL PLAN	TOTAL PLAN BENCHMARK	2.54	2.78	-0.24	11.71	11.67	0.04	7,687,470	-16,925

State of Rhode Island

TOTAL PLAN

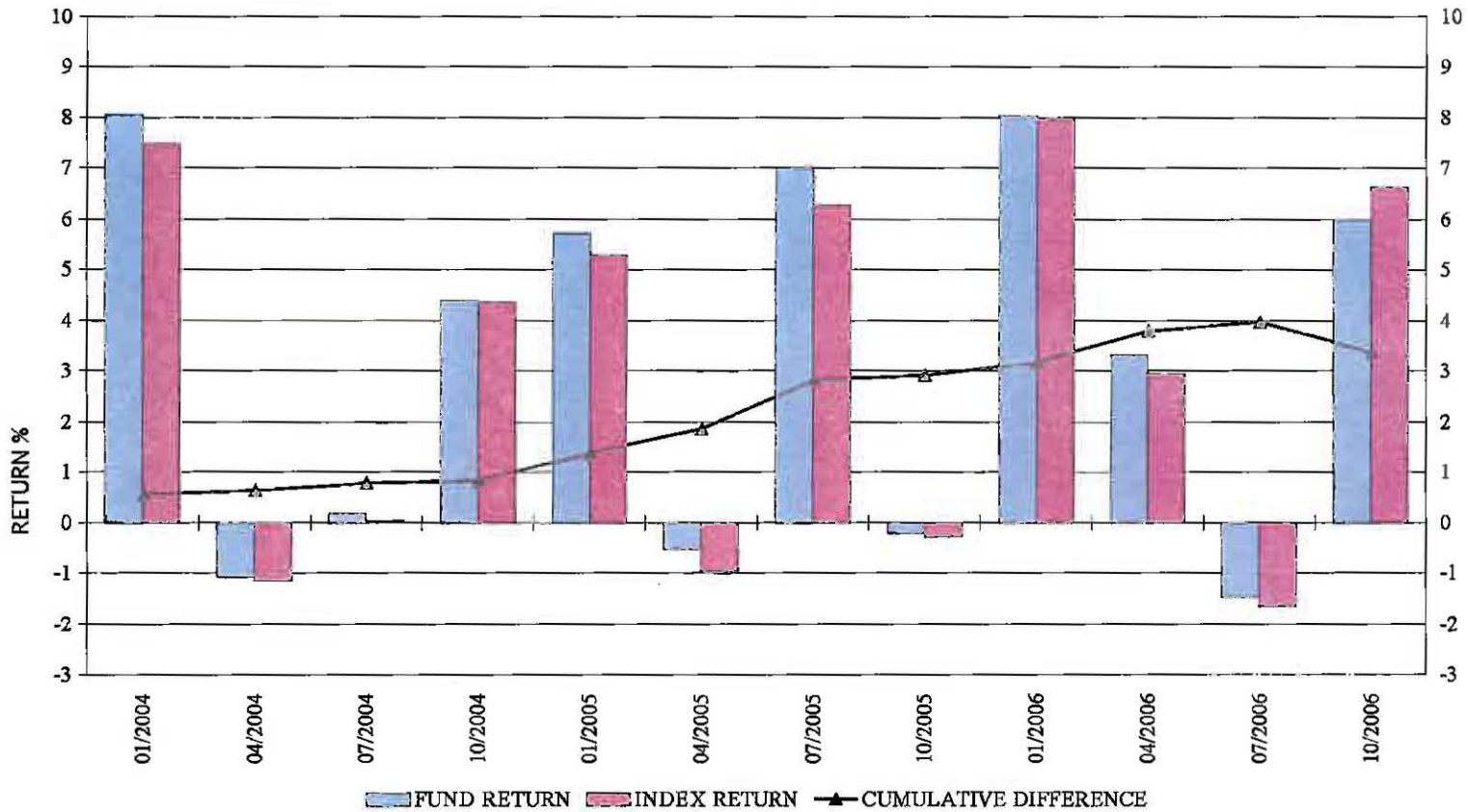
Index: TOTAL PLAN BENCHMARK

PERIODS: October 31, 2003 - October 31, 2006



STATE STREET.
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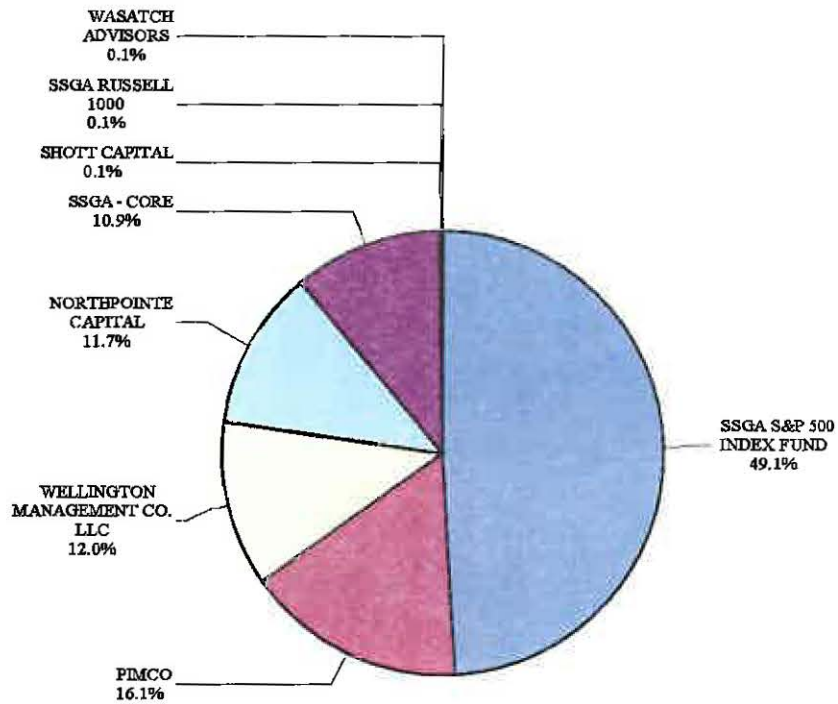
CUMULATIVE PERFORMANCE REPORT



State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 10/31/2006



CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
SSGA S&P 500 INDEX FUND	1,615.6	
PIMCO	531.8	455.2
WELLINGTON MANAGEMENT CO. LLC	394.2	370.2
NORTHPOINTE CAPITAL	383.9	334.9
SSGA - CORE	359.9	302.4
SHOTT CAPITAL	3.4	
SSGA RUSSELL 1000	2.4	1,367.8
WASATCH ADVISORS	1.8	187.9
TOTAL	3,293.0	3,018.4

State of Rhode Island

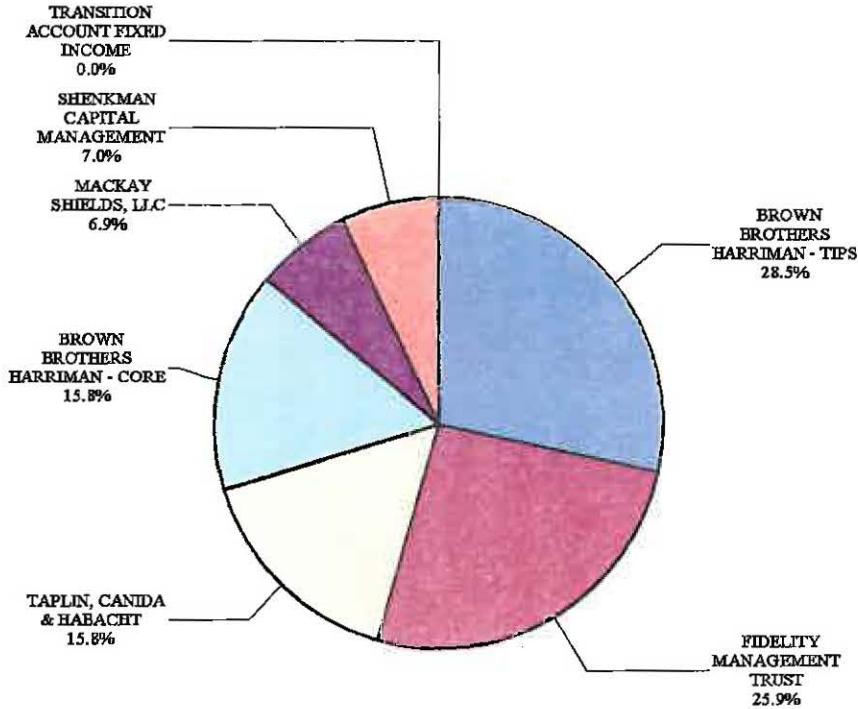
MANAGER ALLOCATION ANALYSIS

PERIOD ENDING 10/31/2006



STATE STREET.
For Everything You Invest In™

CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
BROWN BROTHERS HARRIMAN - TIPS	523.3	492.4
FIDELITY MANAGEMENT TRUST	476.1	409.8
TAPLIN, CANIDA & HABACHT	291.2	252.2
BROWN BROTHERS HARRIMAN - CORE	290.8	246.8
MACKAY SHIELDS, LLC	127.1	124.5
SHENKMAN CAPITAL MANAGEMENT	128.5	124.3
TRANSITION ACCOUNT FIXED INCOME	0.6	0.6
TOTAL	1,837.6	1,650.6

State of Rhode Island

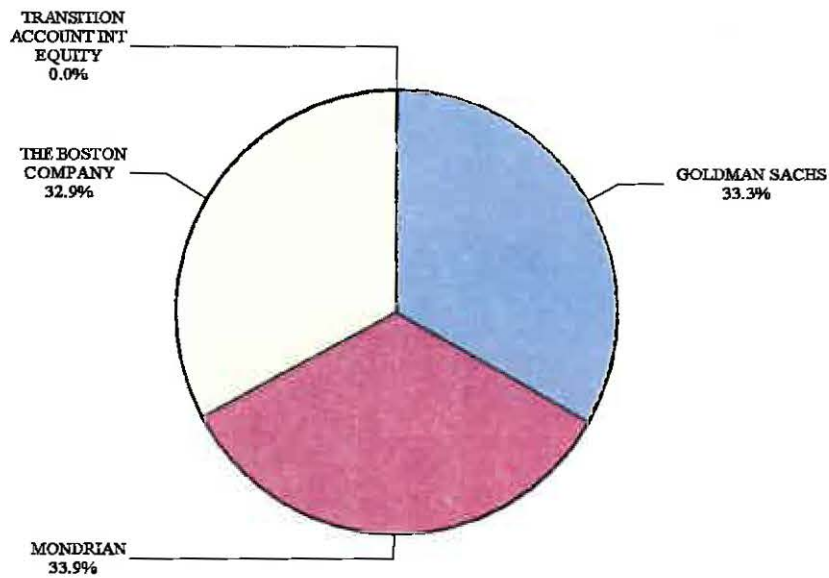
MANAGER ALLOCATION ANALYSIS

PERIOD ENDING 10/31/2006



STATE STREET.
For Everything You Invest In™

CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
GOLDMAN SACHS	596.4	533.1
MONDRIAN	607.9	505.9
THE BOSTON COMPANY	589.2	514.1
TRANSITION ACCOUNT INT EQUITY	0.1	0.1
SSGA MSCI ALL COUNTRY WORLD EX-US		0.6
TOTAL	1,793.6	1,553.8

**ASSET ALLOCATION REPORT
OCTOBER 31st, 2006**

	Style Mandate	Actual (Millions \$)		Target (Millions \$)		Difference (Millions \$)
Domestic Equity						
SSgA S&P 500 Index Fund	Passive	1,618.02	21.0%	1,364.53	17.75%	253.50
SSgA Core	Active core	359.89	4.7%	345.94	4.50%	13.95
PIMCO	Enhanced Equity	531.80	6.9%	518.90	6.75%	12.89
NorthPointe Capital	Small Cap Value	383.90	5.0%	384.37	5.00%	(0.47)
Wellington Mgmt	Small Cap Core	394.21	5.1%	422.81	5.50%	(28.60)
Wasatch Advisors	Small Cap Growth	1.81	0.0%	230.62	3.00%	(228.81)
Shott Capital	Alternative Distribution	3.42	0.0%	0.00	0.00%	3.42
TOTAL DOMESTIC EQUITY		3,293.06	42.8%	3,267.17	42.50%	25.88
International Equity						
Boston Company	MSCI ACWI	589.21	7.7%	512.75	6.67%	76.45
Goldman Sachs	MSCI ACWI	596.41	7.8%	512.75	6.67%	83.65
Mondrian	MSCI ACWI	607.87	7.9%	511.99	6.66%	95.88
Transition Account		0.07	0.0%	0.00	0.00%	0.07
TOTAL INT'L EQUITY		1,793.56	23.3%	1,537.49	20.00%	256.07
Domestic Fixed Income						
Fidelity Management & Research	Mortgages	476.05	6.2%	480.47	6.25%	(4.41)
Brown Brothers, Harriman	Opportunistic Core	290.75	3.8%	288.28	3.75%	2.47
Taplin, Canida & Habacht	Corporates	291.21	3.8%	288.28	3.75%	2.93
Mackay Shields	High yield	127.06	1.7%	144.14	1.88%	(17.09)
Shenkman Capital Mgmt	High yield	128.51	1.7%	144.14	1.88%	(15.63)
Brown Brothers, Harriman TIPS	TIPS	523.33	6.8%	576.56	7.50%	(53.23)
Transition Account		0.58	0.0%	0.00	0.00%	0.58
TOTAL FIXED-INCOME		1,837.49	23.9%	1,921.87	25.00%	(84.38)
Alternative Investments						
Real Estate	Real Estate	231.87	3.0%	384.4	5.00%	(152.5)
Pacific Corp Group	Private Equity	460.33	6.0%	576.56	7.50%	(116.2)
In-State Fixed Income	Short/Int Govt	20.34	0.3%	0.00	0.00%	20.3
TOTAL ALTERNATIVE INVESTMENTS		712.54	9.3%	\$960.93	12.50%	(248.40)
CASH EQUIVALENTS	STIF, Yfild+	50.82	0.7%	0.00	0.00%	50.82
TOTAL ASSETS		7,687.47	100.0%	7,687.47	100.00%	(0.00)

ALLOCATION BY MANAGEMENT STYLE

Domestic Equity						
Core		359.89	4.7%	345.94	4.50%	13.95
Index		1,618.02	21.0%	1,364.53	17.75%	253.50
Enhanced Equity		531.80	6.9%	518.90	6.75%	12.89
Active Small Cap		779.93	10.2%	1,037.81	13.50%	(257.88)
TOTAL DOMESTIC EQUITY		3,293.06	42.8%	3,267.17	42.50%	25.88
International Equity						
Active		1,793.56	23.3%	1,537.49	20.00%	256.07
TOTAL INT'L EQUITY		1,793.56	23.3%	1,537.49	20.00%	256.07
Domestic Fixed Income						
Mortgage		476.05	6.2%	480.47	6.25%	(4.41)
Core		290.75	3.8%	288.28	3.75%	2.47
Corporates		291.21	3.8%	288.28	3.75%	2.93
High Yield		256.14	3.3%	288.28	3.75%	(32.14)
TIPS		523.33	6.8%	576.56	7.50%	(53.23)
TOTAL FIXED-INCOME		1,837.49	23.9%	1,921.87	25.00%	(84.38)
Alternative Investments						
Real Estate		231.87	3.0%	384.37	5.00%	(152.51)
Other Alternative Investments		480.67	6.3%	\$576.56	7.50%	(95.89)
TOTAL ALTERNATIVE INVESTMENTS		712.54	9.3%	960.93	12.50%	(248.40)
CASH EQUIVALENTS	STIF, Yfild+	50.82	0.7%	0.00	0.00%	50.82
TOTAL ASSETS		7,687.47	100.0%	7,687.47	100.00%	(0.00)

RHODE ISLAND STATE INVESTMENT COMMISSION

Domestic Equity Holdings By Top 10 Market Values Separately Managed

OCTOBER 31, 2006

<u>RANK</u>	<u>Equities</u> <u>SECURITY NAME</u>	<u>PAR VALUES/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	EXXON MOBIL CORP	216,970	\$15,495,997	SSgA
2	HERCULES INC	714,600	13,005,720	Wellington,NorthPointe,SSgA
3	CITIGROUP INC	225,333	11,302,703	SSgA
4	BANK AMERICA CORP	196,700	10,596,229	SSgA
5	PFIZER INC	381,200	10,158,980	SSgA
6	ADVANTA CORP	250,923	9,846,219	Wellington,NorthPointe
7	FOUNDATION COAL HLDGS INC	247,693	9,092,810	Wellington,NorthPointe,Shott
8	INTERNATIONAL BUSINESS MAC	96,100	8,872,913	SSgA
9	MERCK & CO INC	193,000	8,766,060	SSgA
10	HEWLETT PACKARD CO	206,700	8,007,558	SSgA
		3.19%	\$105,145,189	
	Total Composite Equities	\$3,293,039,628		

International Equity Holdings By Top 10 Market Values

OCTOBER 31, 2006

<u>RANK</u>	<u>International Equities</u> <u>SECURITY NAME</u>	<u>PAR VALUES/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	DPT EMERGING MARKET	3,921,649	\$60,275,742	Mondrian
2	ROYAL BANK SCOT GRP	1,084,227	38,628,230	Mondrian,Goldman,Boston Co.
3	ROYAL DUTCH SHELL	890,239	30,849,371	Mondrian,Goldman,Boston Co.
4	TOTAL SA	380,448	25,760,279	Mondrian,Goldman,Boston Co.
5	GLAXOSMITHKLINE	960,494	25,646,636	Mondrian,Boston Co.
6	CANON INC	446,417	23,891,721	Mondrian,Goldman,Boston Co.
7	UNILEVER PLC	962,790	23,890,024	Mondrian,Goldman,Boston Co.
8	HBOS	1,120,621	23,232,504	Mondrian,Goldman,Boston Co.
9	BP PLC	1,980,635	22,023,215	Mondrian,Boston Co.
10	NATL AUSTRALIA BANK	709,764	20,970,400	Mondrian,Goldman,Boston Co.
		16.46%	\$295,168,122	
	Total Composite International Equities	\$1,793,484,507		

Top 10 Market Values SIC

FISCAL YEAR 2007

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ERSRI & MERSRI

ACCRUAL BASIS

	Actual Jul 06	Actual Aug	Actual Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan 07	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	Projected TOTAL
EQUITIES													
SSgA Core			209,189			211,332			200,000			222,371	842,892
SSgA Russell 1000			33,240			31,811			40,000			32,408	137,459
Shott Capital			2,447			225			2,509			2,718	7,899
PIMCO			313,889			200,000			1,000			225,000	739,889
Wellington Mgmt			596,297			607,639			600,000			652,373	2,456,309
Wasatch Advisors			118,277			121,645			120,000			126,713	486,636
NorthPointe			<u>494,212</u>			<u>495,262</u>			<u>480,000</u>			<u>542,135</u>	<u>2,011,609</u>
			1,767,551			1,667,915			1,443,509			1,803,718	6,682,663
FIXED INCOME													
Brown Bros.			124,624			124,208			120,000			129,732	498,564
Fidelity			140,617			140,532			140,000			148,636	569,785
Taplin			180,056			163,025			160,000			169,909	672,990
Mackay Shields			136,668			138,332			140,000			132,920	547,920
Shenkman			137,502			137,872			140,000			135,952	551,326
Brown Bros.TIPS			<u>137,007</u>			<u>137,338</u>			<u>140,000</u>			<u>136,883</u>	<u>551,228</u>
			856,474			841,306			840,000			854,032	3,391,813
INT'L EQUITIES													
The Boston Co			522,466			543,700			550,000			566,138	1,632,304
Mondrian			250,948			282,822			250,000			316,283	1,100,053
Goldman Sachs Asset Mgmt			470,412			467,176			488,384			488,465	1,914,437
SSgA MSCI ACWI			<u>0</u>			<u>0</u>			<u>0</u>			<u>0</u>	<u>0</u>
			1,243,826	0		1,293,698			1,288,384			1,370,886	4,646,794
REAL ESTATE													
L & B Real Estate				73,899					100,000			100,000	273,899
ALTERNATIVE INVESTMENTS													
Other Alt Inv Mgmt Fees	1,336,032	775,539	73,438	693,948	21,810	906,443	886,829	219,291	207,497	401,744	606,207	583,151	6,711,928
SUB TOTAL-INV MGMT FEES													
	1,336,032	775,539	3,941,289	767,847	21,810	4,709,362	886,829	219,291	3,879,390	401,744	606,207	4,711,788	21,707,127
PROFESSIONAL FEES													
Legal	36,171	8,822	8,767	6,510	15,347	3,500	13,726	6,000	7,365	12,737	9,677	17,791	146,412
St St Bank Custodial	23,654	11,503	13,277	11,978	11,919	12,325	10,888	10,000	10,000	7,915	10,235	12,861	146,555
Pacific Corp Group		93,750	68,750	0	0	0	0	68,750	0	0	93,750	0	325,000
Wilshire Assoc	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	249,997
Townsend	0	0	<u>35,625</u>	0	0	<u>35,625</u>	0	0	<u>35,625</u>	0	<u>15,000</u>	<u>35,625</u>	<u>157,500</u>
	80,658	134,908	147,253	39,321	48,099	72,284	45,446	105,583	73,823	41,484	149,496	87,110	1,025,464
OPERATING EXPENSE													
Retirement Transfers	0	0	0	0	0	3,191,154	0	0	0	3,680,498	0	0	6,871,652
Other Expense	8,333	8,333	33,007	2,552	46,563	32,088	21,497	22,425	3,000	0	8,333	8,333	194,466
	8,333	8,333	33,007	2,552	46,563	3,223,242	21,497	22,425	3,000	3,680,498	8,333	8,333	7,066,117
TOTAL:	1,425,023	918,780	4,121,548	809,720	116,472	8,004,887	953,773	347,299	3,956,213	4,123,726	764,036	4,807,231	29,798,708

Note: Numbers in bold are actual.

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2007	FY 2006-07												
	Actual July 2006	Actual August	Actual September	Actual October	Projected November	Projected December	Projected January 2007	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	49,578,730	50,240,812	50,353,437	50,286,681	47,250,400	47,391,972	48,816,683	48,877,483	48,928,423	48,672,240	48,800,465	48,775,210	587,952,586
ADMINISTRATIVE EXPENSES	30,852	7,525	97,502	35,665	134,375	2,794,363	41,155	103,184	6,347	3,182,654	8,339	0	6,441,961
INVESTMENT EXPENSES	1,139,595	404,779	0	654,009	404,933	781,952	764,774	189,074	178,811	346,204	522,400	497,410	5,883,941
TOTAL OUTFLOW	50,749,178	50,853,116	50,450,939	50,956,355	47,789,708	50,968,287	49,622,611	49,169,741	49,113,581	52,201,098	49,331,205	49,272,620	600,278,438
CONTRIBUTIONS	28,323,220	30,454,769	24,504,216	35,956,284	28,966,097	44,361,432	33,232,665	35,296,628	37,360,690	35,131,183	32,614,800	51,544,371	415,745,555
OTHER INCOME*	16,334,758	9,340,820	7,710,133	2,948,630	3,450,255	2,993,488	3,782,660	9,737,881	4,531,478	4,228,106	7,288,588	18,612,285	90,959,062
TOTAL INCOME	42,857,978	39,795,589	32,214,349	38,904,914	32,415,352	47,354,920	37,015,325	45,034,689	41,892,188	39,359,289	39,803,388	70,156,656	508,704,617
DIFFERENCE	(8,091,200)	(10,857,527)	(18,236,591)	(12,051,441)	(15,374,356)	(3,613,367)	(12,607,286)	(4,135,052)	(7,221,413)	(12,841,809)	(9,427,817)	20,884,036	(93,573,822)

Municipal Employees Retirement System

FISCAL YEAR 2007	FY 2006-07												
	Actual July 2006	Actual August	Actual September	Actual October	Projected November	Projected December	Projected January 2007	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	4,091,872	4,179,838	4,204,071	4,189,210	3,907,764	3,908,734	4,015,188	4,051,566	4,037,958	4,024,792	4,093,406	4,069,723	48,774,142
ADMINISTRATIVE EXPENSES	5,005	1,221	14,800	5,828	20,129	418,426	6,173	15,489	955	479,037	1,255	0	968,120
INVESTMENT EXPENSES	184,863	65,662	0	106,865	60,689	117,090	114,714	28,382	26,814	52,109	78,829	80,669	916,807
TOTAL OUTFLOW	4,281,740	4,246,721	4,218,871	4,301,903	3,988,602	4,444,252	4,136,075	4,095,438	4,065,827	4,555,938	4,173,290	4,150,412	50,658,868
CONTRIBUTIONS	2,505,378	3,560,211	4,502,208	3,257,542	3,474,528	3,353,939	5,191,597	3,604,408	3,204,454	4,112,813	4,050,208	2,630,672	43,447,956
OTHER INCOME*	2,649,790	1,515,246	1,154,504	481,807	449,355	448,245	567,390	1,461,780	679,161	636,393	1,097,041	2,694,810	13,835,525
TOTAL INCOME	5,155,168	5,075,459	5,656,710	3,739,349	3,923,883	3,802,184	5,758,987	5,066,188	3,883,615	4,749,206	5,147,249	5,325,482	57,283,481
DIFFERENCE	873,429	828,738	1,438,039	(562,554)	(64,719)	(642,068)	1,622,912	970,751	(182,212)	193,268	973,959	1,175,070	6,624,612

	Actual July 2006	Actual August	Projected September	Actual October	Actual November	Actual December	Actual January 2007	Actual February	Actual March	Actual April	Actual May	Projected June	Projected TOTAL
MEMBER BENEFITS	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000
ADMINISTRATIVE EXPENSES	313	76	893	380	1,069	26,450	395	1,001	63	31,544	83	0	62,268
INVESTMENT EXPENSES	11,574	4,111	0	6,972	3,222	7,402	7,341	1,835	1,772	3,431	5,178	5,052	57,890
TOTAL OUTFLOW	25,887	18,187	14,893	21,353	18,291	47,852	21,736	16,836	15,835	48,975	19,260	19,052	288,157
CONTRIBUTIONS	500,000	535,000	485,000	500,000	500,000	730,000	510,000	500,000	480,000	480,000	779,800	760,000	6,789,800
OTHER INCOME*	165,900	94,868	70,594	31,436	25,350	28,335	36,310	94,484	27,863	41,906	72,239	168,719	858,004
TOTAL INCOME	665,900	629,868	555,594	531,436	525,350	758,335	546,310	594,484	517,863	521,906	852,039	928,719	7,627,804
DIFFERENCE	640,013	611,680	540,701	510,083	507,059	710,483	524,574	577,649	502,028	472,930	832,779	909,667	7,339,646

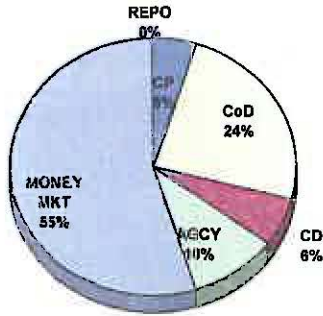
*Includes Income from Real Estate Investments, Private Equity, Securities Lending, and Cash Accounts.

Rhode Island Employees Retirement System Securities Lending Report October, 2006

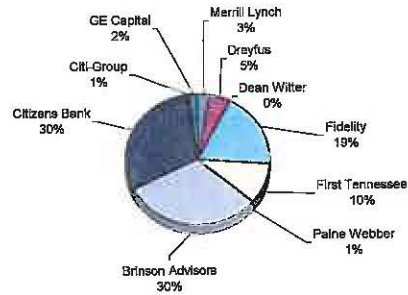
<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<u>DOMESTIC EQUITY</u>		
Wellington Mgmt. Co., LLP	49,599	170,120,602
Wasatch Advisors	287	3,551,757
NorthPointe Capital	49,319	196,532,947
SSgA Core	<u>5,242</u>	<u>24,771,027</u>
Total Domestic Equity	\$ <u>104,447</u>	\$ <u>394,976,333</u>
<u>INTERNATIONAL EQUITY</u>		
Goldman Sachs	27,150	74,117,373
Boston Company	30,597	85,214,806
Mondrian	<u>23,816</u>	<u>95,900,521</u>
Total International Equity	\$ <u>81,563</u>	\$ <u>255,232,701</u>
<u>FIXED INCOME</u>		
Brown Brothers, Harriman	9,936	98,278,357
Taplin, Canida & Habacht	5,576	44,648,840
Mackay Shields	5,635	23,199,044
Shenkman Capital Management	3,887	25,531,100
Brown Brothers, Harriman (TIPS)	<u>29,801</u>	<u>419,470,352</u>
Total Fixed Income	\$ <u>54,835</u>	\$ <u>611,127,694</u>
TOTAL SECURITIES LENDING INCOME	\$ <u>240,844</u>	\$ <u>1,261,336,728</u>
Calendar Year 2006 YTD	\$ <u>2,783,102</u>	

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT October 31, 2006

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%	
Merrill Lynch	5,267,847 3%	0 0%	0 0%	0 0%	0 0%	0 0%	5,267,847 3%
Dreyfus	0 0%	0 0%	0 0%	9,000,000 5%	0 0%	0 0%	9,000,000 5%
Dean Witter	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Chase Securities	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Paine Webber	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Fidelity	0 0%	0 0%	0 0%	36,236,651 31%	0 0%	0 0%	36,236,651 19%
First Tennessee	0 0%	0 0%	19,473,631 10%	0 0%	0 0%	0 0%	19,473,631 10%
Brinson Advisors	0 0%	0 0%	0 0%	60,262,531 31%	0 0%	0 0%	60,262,531 31%
Citizens Bank	0 0%	12,038,047 6%	0 0%	0 0%	46,399,264 24%	0 0%	58,437,311 30%
GE Capital	3,485,790 2%	0 0%	0 0%	0 0%	0 0%	0 0%	3,485,790 2%
Citi-Group	997,978 1%	0 0%	0 0%	0 0%	0 0%	0 0%	997,978 1%
State St Bank	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
TOTALS	9,761,614	12,038,047	19,473,631	106,499,182	46,399,264	0	193,161,738
(%) PORTFOLIO	5%	6%	10%	55%	24%	0%	100%

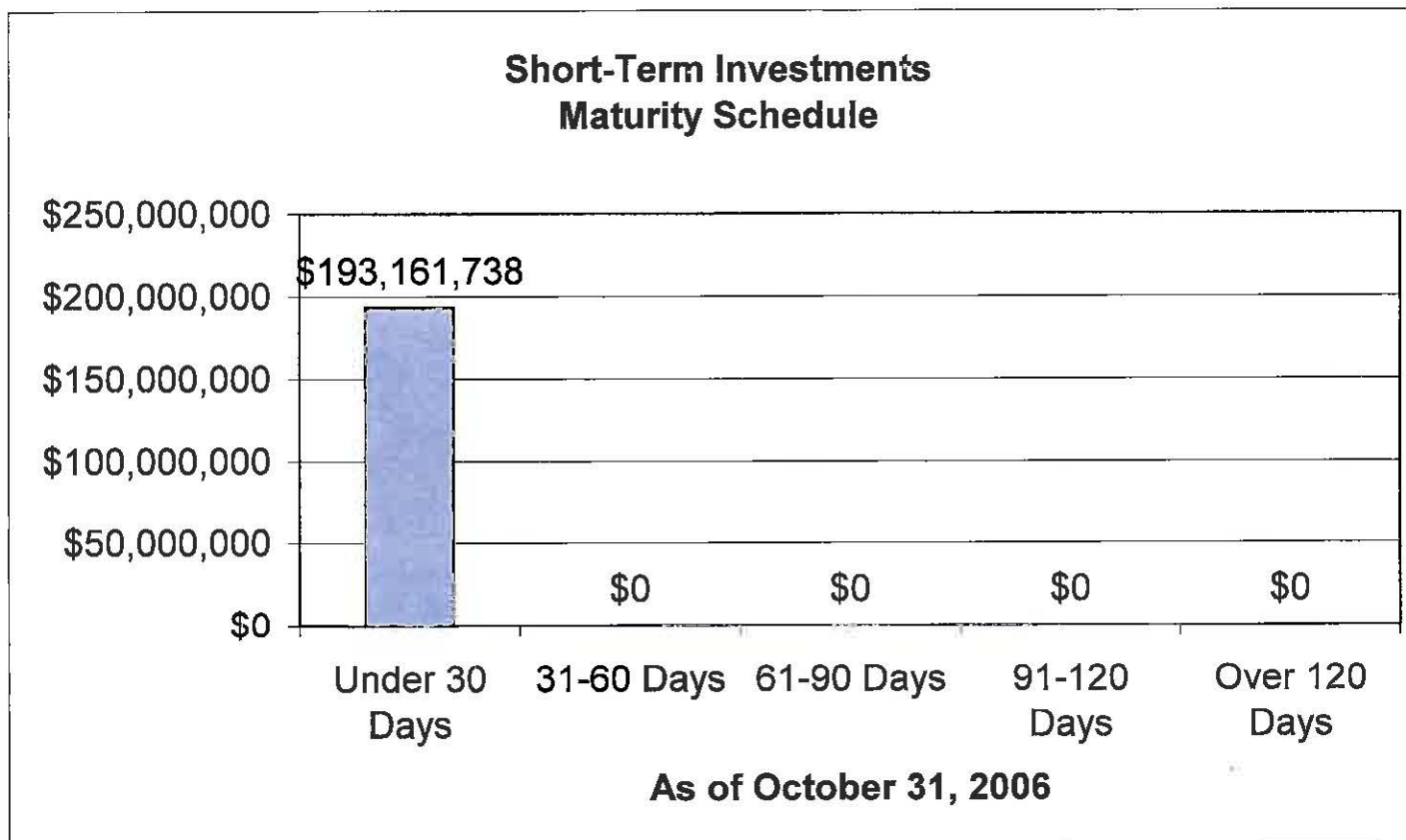
Note: Maximum participation by any one vendor limited to 35% of total portfolio.

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

Short Term Investments Portfolio by Fund

As of October 31, 2006

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	40,807,378	0	40,807,378
4904 PENSION C	3,499,516	484	3,500,000
4908 PAYROLL A	289,960	40	290,000
4916 GENERAL FUND H.A.V.A.	1,903,102	0	1,903,102
4920 GENERAL FUND (HIST PRES)	485,968	3,978	489,946
4955 HEALTH INSURANCE FUND	18,631,938	20,679	
5400 HIGHWAY FUND	7,192,464	0	7,192,464
5500 UNIVERSITY COLLEGE	3,099,917	83	3,100,000
6920 AUTO EQUIPMENT SERVICE	1,043,801	0	1,043,801
8000 T.D.I. RESERVE (DET)	91,544,499	2,257	91,546,757
8300 PERMANENT SCHOOL FUND	752,079	978	753,057
8400 EMP RETIREMENT FUND	6,077,225	12,567	6,089,791
8500 MUN EMP RETIREMENT FUND	830,517	0	830,517
8700 R.I. CLEAN WATER ACT	2,014,621	0	2,014,621
9000 BOND CAPITAL FUND	7,362	0	7,362
9700 STATE LOTTERY FUND	13,714,702	46,989	13,761,690
9800 INDUS. BLDG. & MTG. INS.	1,266,689	0	1,266,689
9900 SINKING FUND	0	0	0
4911 TANS	0	0	0
Subtotal	193,161,738	88,055	174,597,176
8702 CLEAN WATER 1993 SER. A	9		
8703 CLEAN WATER 1991 SERIES A	148,255		
8704 CLEAN WATER 96 SERIES A	12,601		
8706 CLEAN WATER CCDL 1994 (A)	6,202		
8707 CAP DEV. OF 1997 SERIES A	19,555		
8710 CLEAN WATER CCDL 2002 A	343,901		
8711 CLEAN WATER 2004 SERIES A	724,966		
8712 CLN WATER CCDL 2005 SER E	886,020		
8733 CAP DEV. OF 1997 SERIES A	8,547		
8737 RI POLLUT. CONT 94 SER. A	6,390		
8739 CCDL99A 1999A	343,568		
8742 POLLUTION CNTRL 2002 A	45,737		
8743 POLL.CONTRL 2004 SERIES A	951,354		
8744 POLLUTION CON 2005 SER C	88,799		
8745 POLLUTION CTRL CCDL 2005 E	670,128		
9114 G.O. NOTE 1991 SER. B	3,816		
9116 BOND CCDL 1993 SERIES A	7,735		
9117 BOND CCDL 1994 SERIES A	679,572		
9120 BOND CCBL96A	1,269,274		
9121 CAP DEV OF 1997 SERIES A	936,251		
9123 CCDL 1998B	2,249,893		
9124 CCDL99A 1999A	719,124		
9125 MMG099 1999	2,864		
9126 BOND CAPITAL CCDL2000A	1,664,486		
9127 MULTI-MODAL GEN OBL 2000	2,836		
9128 BOND 2001	2,420		
9131 CCDL 2004 SERIES A	16,122,843		
9132 BOND CCDL 2005 SERIES C	29,613,318		
9133 BOND CCDL 2005 SERIES E	32,344,267		
Subtotal Bond Proceed Accounts	89,874,733		
Total Short Term Portfolio	283,036,471		



Maturities in \$Millions

Note: Includes \$151.9 Million of Money Market investments with no specific maturity

October, 2006	5.18%
September, 2006	5.20%
October, 2005	3.80%

**ABRAHAM TOURO FUND
INVESTMENT SUMMARY
OCTOBER 31, 2006**

<u>FUND NAME</u>	October Gain/Loss	TOTAL MARKET VALUE
Abraham Touro Fund (Fidelity Balanced Fund)	\$ 60,210	\$ 2,277,336
<u>TOTALS</u>	\$ 60,210	\$ 2,277,336

