

State of Rhode Island and Providence Plantations



Office of the General Treasurer

Paul J. Tavares
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
JUNE 30, 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**

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

Regular Meeting June 28, 2006

A State Investment Commission ("SIC") meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, June 28, 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, Dr. Robert McKenna, Ms. Marcia Reback, Mr. John 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., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, Ms. Michelle Davidson 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. Mr. Treat moved, Dr. McKenna seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Britt, Mr. Costello, Ms. Gallogly, Dr. McKenna, Ms. Reback, Mr. Treat, and Treasurer Tavares.

VOTED: To approve the Minutes of the May 24, 2006 regular meeting.

Proposed Investment in Thomas, McNerney & Partners II, L.P. ("TMP II"). Ms. Michelle Davidson of Pacific Corporate Group ("PCG") gave a brief overview of TMP II. She noted that TMP II is being formed to make venture capital investments at all stages of development and across all sectors of the life sciences and medical technology industry. The Employees' Retirement System of RI ("ERSRI") previously invested \$15 million in TMP's first fund. Fund I has achieved top quartile returns, however it is largely unrealized.

Mr. Peter McNerney, Co-Founder and Partner represented TMP II. He stated that TMP II will focus on specific areas of sector emphasis which will include biotechnology, medical devices, pharmaceuticals, and other forms of medical product innovation. Fund I is invested in eleven companies, soon to be thirteen companies and is approximately 80% allocated. TMP II will build a portfolio of approximately 20 companies investing in four to five companies per year with an average investment size of \$15 million.

Mr. McNerney noted that Fund I has a gross IRR of 25 %. In prior funds during the time period of 1998 - 2000, returns were 73.9%; during 1994 - 1998 returns were 32.7% and pre-1994 returns were 29.9%. TPM II's current sector diversification is approximately 45% medical devices and approximately 55% biotech/pharmaceuticals. The three sectors are concentrated fairly heavily in three parts of the country: the northeast, the upper midwest and the west coast.

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, Dr. McKenna, Ms. Reback, Mr. Treat, and Treasurer Tavares.

VOTED: To invest up to \$15 million in Thomas, McNerney & Partners II, L.P. contingent upon satisfactory review and negotiation of investment and other legal documents.

Proposed Investment in First Reserve Fund XI, L.P. ("FR XI"). Ms. Davidson gave a brief overview of FR XI. She noted that ERSRI is invested in three prior First Reserve Funds - VIII, IX and X. FR XI is being formed to employ a top down, bottom up strategy, similar to prior funds focusing on energy infrastructure services. First Reserve has been employing the same strategy for approximately 14 years through five prior funds generating a net return of 27%.

Ms. Cathleen Ellsworth, Managing Director represented FR XI. She noted that Fund X is 95% committed and Fund XI will close in July. First Reserve has focused solely on energy for the last 25 years in all kinds of markets. She stated that First Reserve has a strong deal flow through strategic relationships, noting that 80% of current holdings are from proprietary sources. She stated that First Reserve is the largest and most well-known participant in the industry. Gross performance figures through 3/31/06 reveal that Funds VI, VII, VIII and IX have realized IRRs of 32%, 17%, 25%, and 89% respectively.

Ms. Ellsworth noted that energy is a global industry with more than 75% of the market outside the United States. She noted that natural gas and coal is becoming increasingly important and that 52% of the energy in the United States is produced by coal. There is an increasing demand for oilfield service and equipment and for manufacturing and service companies. There is also an increasing demand for ancillary businesses such as LNG, shipping and pipelines.

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

VOTED: To invest up to \$20 million in First Reserve Fund XI, L.P. contingent upon satisfactory review and negotiation of investment and other legal documents.

Proposed Investment in TA Associates Realty Fund VIII ("TA VIII"). Mr. Frank Blaschka of The Townsend Group gave a brief overview of TA VIII noting that it is a valued added fund in the enhanced return sector of the portfolio. TA Realty was formed in 1982 by Mike Ruane and Arthur Segal and currently manages \$8.6 billion in real estate assets, including \$4.9 billion in value added funds. TA VIII will continue the same strategy as in their six previous funds.

Mr. Michael Ruane, Managing Partner, Mr. Scott Van Houten, Partner/Acquisitions, and Mr. Reid Parker, Partner represented TA VIII. Mr. Ruane noted that TA VIII will have a strong emphasis on finding properties in major markets, particularly along the coastal regions and will not invest in specialized property types. He noted that TA Associates has been able to maintain targeted returns in a lower return environment not by taking on more leasing risk or life cycle risk, but by employing more leverage. It will likely have a floor of 50% loan to value over the life of the fund, with initial periods being 100% leveraged as they finance the first half of the portfolio before calling equity, and using shorter holding periods of underlying investments. He also noted that TA Associates always completes investments in one fund before starting another.

Mr. Parker reviewed statistics regarding the prior four funds stressing that the average size of an investment is approximately \$20 million. He noted that the investments are well diversified in the four major property types throughout the US. The last four funds are invested

as follows: approximately 46% in industrial space, 44% in office space, 8% in the multi-family space, and 2% in retail space. The four property types are concentrated fairly heavily in the west coast, the east coast and southwest. Mr. Van Houten reviewed some representative transactions.

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, Dr. McKenna, Ms. Reback, Mr. Treat, and Treasurer Tavares.

VOTED: To invest up to \$15 million in TA Realty Fund VIII contingent upon satisfactory review and negotiation of investment and other legal documents.

Real Estate Consultant - The Townsend Group - 1st Quarter Performance Report. Mr. Blaschka stated that ERSRI has committed \$305 million to 13 commingled fund investments. This is broken down as follows: 71% of the capital targeted for stable return investments has been committed; 65 % of the capital targeted to enhanced return investments has been committed; and all of the capital targeted for high return has been committed. Approximately \$94 million remains to be committed to future commingled fund investments in the stable return and likely enhanced return sectors.

Mr. Blaschka noted that the real estate portfolio is benchmarked to the NCREIF Property Index ("NPI"). The stable return investments outperformed the NPI for the first quarter by 130 basis points on a gross basis. The enhanced and high return investments are lagging due to the effects of the "J-curve" whereby fees on committed capital exceed distributions due to minimal invested capital and the early stages of the value-added process in the underlying investments.

Mr. Blaschka stated that gross return for the one year period ending 3/31/06 was 23.5% versus the benchmark's 20.2%. The portfolio outperformed the NPI over the past year by 330 basis points on a gross basis; it was 170 basis points below the NPI on a net of fee basis, with the high fee load attributed to the J-curve effect. Townsend anticipates the spread between the gross and net return will narrow as the portfolio matures.

Investment Manager Review - Fidelity Management Trust Co. ("Fidelity"). Ms. Caine gave a brief overview of Fidelity noting that they were retained in 1989 to provide a long-term, strategic allocation to the mortgage-oriented sector of the fixed income market. The market value of the portfolio at March 31, 2006 was \$415.8 million. The portfolio comprises 24.8% of the fixed income composite and 5.8% of the total fund composite. She noted that the portfolio has met their objective of returning 20 basis points over the Lehman Mortgage Index on the one-year, three-year, five-year, and since inception time periods.

Mr. Arthur Greenwood, Senior Vice President and Relationship Manager and Mr. William Irving, Portfolio Manager represented Fidelity. Mr. Greenwood noted that Fidelity has recently separated its institutional business from the retail mutual fund business, but that will not affect the ERSRI portfolio in any way. Mr. Irving noted that the portfolio is comprised of 57% in 30-year fixed rate mortgages, 14% in 15-20 year mortgages, 7% in commercial mortgage-backed securities, 18% in collateralized mortgage obligations, and 3% in asset-backed securities. He noted that the Fed has steadily raised short-term rates while long-term rates are more stable. Mortgage rate volatility was low and prepayments were stable.

Mr. Irving reported that California, Florida and the Northeast have had very strong home-price appreciation, and that Texas and Ohio have had much more subdued growth. High home prices together with higher interest rates have put strains on affordability. The housing market

is slowing in those regions and the number of months the housing supply is on the market is the highest it has been in several years. He also noted that the subprime market has grown considerably and has performed well.

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

VOTED: Pursuant to R.I.G.L. § 42-46-5(5) and R.I.G.L. § 42-46-5(7), the Commission votes to close the meeting to the public to discuss the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public and to discuss the question of the investment of public funds where premature disclosure would adversely affect the public interest regarding the Gateway Eight building.

The Commission went into Executive Session at 10:47 a.m.

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

VOTED: To reconvene the meeting into Open Session.

The Commission reconvened into Open Session at 11:15 a.m. There were no votes taken while the Commission was in Executive Session.

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

VOTED: To seal the Minutes of the Executive Session held today, June 28, 2006.

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

VOTED: To authorize the General Treasurer to negotiate the offers to acquire the Gateway Eight building received from the top bidders after the national marketing campaign, as discussed by the Commission in its June 28, 2006 Executive Session, and to authorize the General Treasurer, in his sole discretion, to accept an offer from any such bidder to purchase the Gateway Eight building, provided that the Treasurer determines such offer to be the highest and best offer available.

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

VOTED: To authorize the General Treasurer to execute, acknowledge and deliver any agreements, certificates, deeds and other documents which he deems appropriate to effect the purposes of the foregoing resolution and consummate the sale of the Gateway Eight building.

Deputy Treasurer for Finance Report. Ms. Caine distributed Wilshire's Capital Market Review. She noted that the pension fund was up 14% at the end of April and 11.3% at the end of May. She stated that the pension fund's hurdle rate is 8.25%. The capital markets so far in June don't appear to be as volatile as in May and she expects the plan to meet the hurdle rate by the end of June. She noted that the international markets have outperformed all other markets again for the fourth year in a row. The international portfolio was up 26%, the domestic equity portfolio was up 10.4 % and the fixed income portfolio was essentially flat.

Ms. Caine informed the Commission that there was a change in the policy index to better reflect the asset allocations. Historically the private equity portfolio and the real estate portfolio were folded into the Wilshire 5000 Index, a measure of the broad equity market. Since ERSRI now has significant investments in these assets, the real estate portfolio is now benchmarked to the NCREIF property benchmark and the private equity portfolio has been benchmarked to the S&P 500 plus 300 basis points.

Ms. Reback requested that the actuary be invited to a State Investment Commission meeting for a presentation regarding the hurdle rates.

Ms. Caine asked Commission members if they wished to have a July meeting or as has been past practice to cancel the July meeting.

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

VOTED: To cancel the July 26, 2006 meeting of the State Investment Commission.

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

VOTED: To adjourn the meeting.

There being no further business, the meeting was adjourned at 11:23 a.m.

Respectfully submitted,

Paul J. Tavares
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
June 30, 2006**

PORTFOLIO PERFORMANCE

June

The ERSRI portfolio posted a gain of 0.93% for the month of June, against the policy index of 0.32%. Domestic equities were down 0.23%, international equities gained 0.16%, and the fixed income asset class returned 0.16%. Additionally, the retirement fund earned \$382,705 from the securities lending program during this month.

Calendar Year to Date

For the six months ended June 30, 2006, the portfolio is up 5.14% against the policy index of 4.14%. Domestic equities were up 3.98%, international equities were up 9.96%, while fixed income generated a return of -0.27%.

Fiscal Year to Date

For the Fiscal Year ended June 30, 2006, the fund has gained 12.35%, against the policy index of 11.45%.

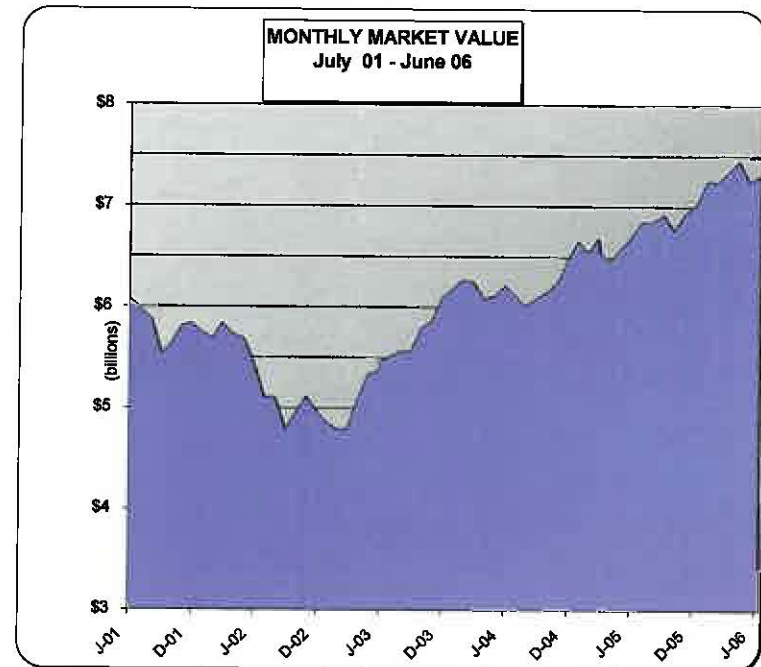
Index Performance Summary - June 30, 2006		
Market Indices	Jun-06	Calendar YTD
<u>Domestic Equity</u>		
S & P 500	0.14%	2.71%
DJ Wilshire 5000	0.18%	3.37%
Russell 2000	0.64%	8.21%
Russell 1000	0.13%	2.76%
Policy Index	0.32%	4.14%
<u>International Equity</u>		
MSCI ACWI	-0.10%	9.99%
<u>Fixed Income</u>		
Lehman AGG	0.21%	-0.72%
<u>Real Estate</u>		
NCREIF	3.62%	9.25%

ERSRI Performance By Asset Class	Jun-06	Calendar YTD
Domestic Equity	-0.23%	3.98%
Fixed Income	0.16%	-0.27%
International Equity	0.16%	9.96%
Total Fund Composite*	0.93%	5.14%
Manager Summary	Jun-06	CYTD
<u>DOMESTIC EQUITY</u>		
Shott	-2.88%	-2.83%
PIMCO	-0.06%	2.34%
SSgA Russell 1000	0.14%	2.77%
SSgA Core	1.29%	4.15%
Wasatch	-2.95%	0.80%
Northpointe	-0.59%	9.95%
Wellington	-1.11%	6.57%
Total Domestic Equity	-0.23%	3.98%
<u>FIXED INCOME</u>		
Brown Bros TIPS	0.25%	-2.18%
Brown Bros Core	0.80%	-0.16%
Fidelity	0.14%	0.29%
Taplin Canida & Habacht	0.01%	-0.30%
InState Fixed Income	0.00%	0.00%
Shenkman	-0.72%	1.76%
Mackay Shield	0.15%	3.48%
Total Fixed Income	0.16%	-0.27%
<u>INTERNATIONAL EQUITY</u>		
Mondrian	0.59%	10.86%
Goldman Sachs	-0.04%	9.46%
Boston Co	-0.06%	9.57%
Total International Equity	0.16%	9.96%
*Total Fund Composite includes all classes		

Market Valuation Report
June, 2006

Market Values

The total portfolio value increased in June by \$68.4 million to \$7.310 billion. This compares with an increase in value of \$1117 million for the same period in 2005. The domestic equity market values decreased by \$22.9 million, which includes a \$16.8 million transfer out; fixed income increased by \$3.4, while international values decreased by \$6.1 million. The cash accounts increased by \$ 15.0 including transfers out of \$4.3 million, and alternative investments increased by \$78.9 including transfers in of \$10.2 million.



Cash Flow

June's pension payroll of \$52.8 million was less than the \$ 54.2 million in contributions and wire transfers received by \$1.4 million. To meet other obligations, \$19.5 million was transferred from long-term investments.

Alternative Investments

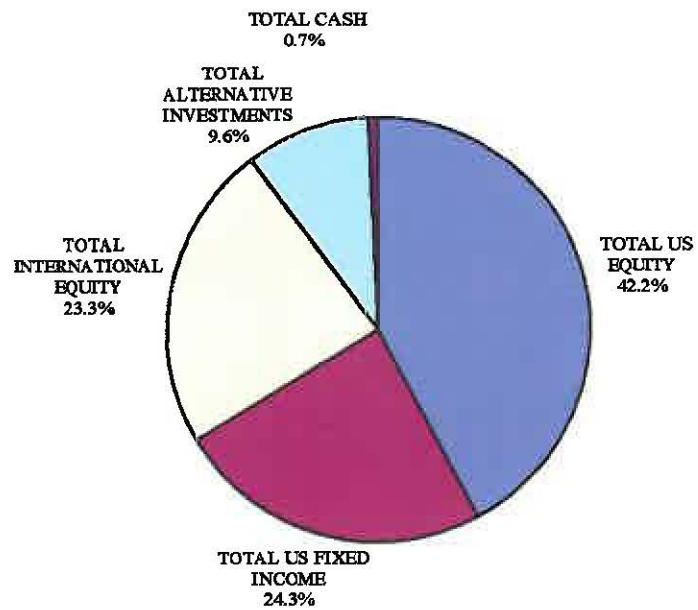
At this time the alternative investment asset class has unfunded commitments of approximately \$400 million on commitments of \$863 million.

CAPITAL CALLS Net of Distributions

June 2006	FYTD	UNFUNDED BALANCE
\$10,205,802	\$118,433,419	\$398,168,669
June 2005	FYTD	UNFUNDED BALANCE
\$9,518,535	\$46,626,662	\$421,372,336



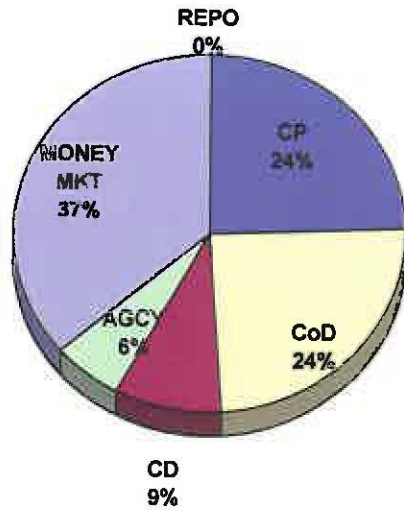
CURRENT ASSET CLASS ALLOCATION (IN MILLIONS)



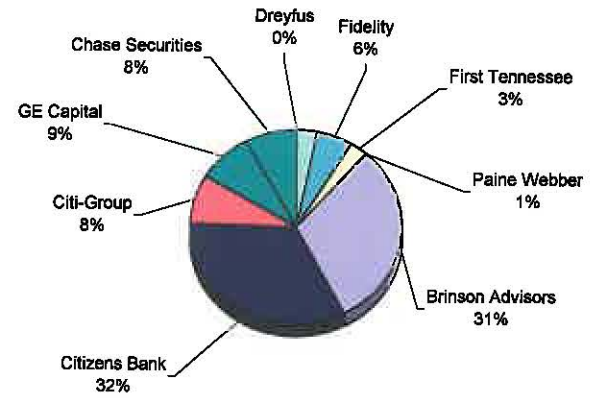
MANAGER	CURRENT PERIOD
TOTAL US EQUITY	3,083.1
TOTAL US FIXED INCOME	1,773.7
TOTAL INTERNATIONAL EQUITY	1,701.0
TOTAL ALTERNATIVE INVESTMENTS	698.8
TOTAL CASH	53.2
TOTAL	7,309.8

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT JUNE 30, 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
June, 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	8%	Aa3		P-1	A-1	Aa3	A+	Positive
Citigroup Inc.	2	8%	Aa1		P-1	A-1+	Aa1	AA-	Positive
Citizens Bank RI	3,4	33%	Aa2		P-1	A-1+	Aa2	AA-	Stable
Drayfus	6	0%	Aa3		P-1	A-1+	Aa3	AA-	Stable
First Tennessee Capital Markets	5	3%	A1		P-1	A-1	A1	A	Stable
Fidelity	6	6%				N/R		N/R	N/R
Merrill Lynch	2,5,6	0%	Aa3		P-1	A-1	Aa3	A+	Positive
GE Capital	2	9%	Aaa		P-1	A-1+	Aaa	AAA	Stable
Morgan Stanley	1,2,5	3%	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

August 28, 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 June 30, 2006.

**Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation
June 30, 2006**

Asset Class		
Cash/Short Term Investments		\$ 376,017,534
Equities - Domestic		\$ 3,051,066,108
Equities - International		\$ 1,636,132,721
Fixed Income - Government	\$ 876,774,907	
Fixed Income - Corporate	\$ 678,800,260	
Fixed Income - In State	\$ 21,313,071	
Total Fixed Income		\$ 1,576,888,238
Alternative Investments		\$ 455,735,260
Real Estate		\$ 214,139,224
Total Fund Investments		\$ 7,309,979,087
Plan Allocation		
State Employees & Teachers	85.30%	\$ 6,235,192,862
Municipal Employees	13.84%	\$ 1,011,459,876
State Police	0.52%	\$ 38,201,951
Judicial	0.34%	\$ 25,124,398
Total Fund Investments	100.00%	\$ 7,309,979,087

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

Monthly SIC Letter for Book.doc

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING June 30, 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												
NORTHPOINTE CAPITAL	369,359	5.05	-0.59	-3.68	9.95	9.95	16.42	16.42	16.31	21.23	15.93	
PIMCO	485,115	6.64	-0.06	-1.53	2.34	2.34	7.76	7.76	7.18	10.89	8.42	2.49
SSGA - CORE	328,618	4.50	1.29	-0.54	4.15	4.15	9.66	9.66	10.28	12.46	9.11	4.75
SSGA RUSSELL 1000	1,296,870	17.74	0.14	-1.65	2.77	2.77	9.11	9.11	8.52	12.07		
WASATCH ADVISORS	199,016	2.72	-2.95	-7.12	0.80	0.80	0.61	0.61	7.64	14.30	8.17	
WELLINGTON MANAGEMENT CO. LLC	400,427	5.48	-1.11	-5.48	6.57	6.57	16.59	16.59	12.60	20.78	17.10	
TOTAL US EQUITY	3,083,133	42.18	-0.23	-2.62	3.98	3.98	10.12	10.12	9.65	14.04	10.88	4.71
<i>RUSSELL 1000</i>			<i>0.13</i>	<i>-1.66</i>	<i>2.76</i>	<i>2.76</i>	<i>9.08</i>	<i>9.08</i>	<i>8.50</i>	<i>12.04</i>	<i>9.16</i>	<i>3.12</i>
<i>RUSSELL 2000</i>			<i>0.64</i>	<i>-5.02</i>	<i>8.21</i>	<i>8.21</i>	<i>14.58</i>	<i>14.58</i>	<i>11.98</i>	<i>18.70</i>	<i>13.25</i>	<i>8.50</i>
<i>RUSSELL 2000 GROWTH</i>			<i>0.06</i>	<i>-7.25</i>	<i>6.07</i>	<i>6.07</i>	<i>14.58</i>	<i>14.58</i>	<i>9.31</i>	<i>16.27</i>	<i>12.16</i>	<i>3.49</i>
<i>RUSSELL 2000 VALUE</i>			<i>1.23</i>	<i>-2.70</i>	<i>10.44</i>	<i>10.44</i>	<i>14.61</i>	<i>14.61</i>	<i>14.50</i>	<i>21.01</i>	<i>14.27</i>	<i>13.09</i>
<i>S&P 500</i>			<i>0.14</i>	<i>-1.44</i>	<i>2.71</i>	<i>2.71</i>	<i>8.63</i>	<i>8.63</i>	<i>7.47</i>	<i>11.22</i>	<i>8.37</i>	<i>2.49</i>
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			<i>0.18</i>	<i>-1.96</i>	<i>3.37</i>	<i>3.37</i>	<i>9.92</i>	<i>9.92</i>	<i>9.07</i>	<i>12.98</i>	<i>9.94</i>	<i>4.02</i>
INTERNATIONAL EQUITY												
GOLDMAN SACHS	565,912	7.74	-0.04	-0.34	9.46	9.46	29.41	29.41				
BANK OF IRELAND	4	0.00										
THE BOSTON COMPANY	573,961	7.85	-0.06	0.83	9.57	9.57	24.42	24.42				
MONDRIAN	561,097	7.68	0.59	2.09	10.86	10.86	24.64	24.64	22.89			
PUTNAM INVESTMENTS	6	0.00										
TRANSITION ACCOUNT INT EQUITY	66	0.00										
TOTAL INTERNATIONAL EQUITY	1,701,046	23.27	0.16	0.85	9.96	9.96	26.20	26.20	21.85	23.76	15.11	9.91
<i>MSCI AC WORLD ex US (GROSS)</i>			<i>-0.10</i>	<i>0.21</i>	<i>9.99</i>	<i>9.99</i>	<i>28.40</i>	<i>28.40</i>	<i>22.54</i>	<i>25.78</i>	<i>17.50</i>	<i>11.85</i>

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING June 30, 2006



	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
<i>MSCI EAFE (NET)</i>			-0.01	0.70	10.16	10.16	26.56	26.56	19.93	23.94	15.52	10.02
U.S. FIXED INCOME												
BROWN BROTHERS HARRIMAN - CORE	280,002	3.83	0.60	0.37	-0.16	-0.16	-0.16	-0.16	3.69	2.82	5.09	5.65
FIDELITY MANAGEMENT TRUST	464,573	6.36	0.14	0.15	0.29	0.29	0.87	0.87	3.84	3.81	4.39	5.42
BROWN BROTHERS HARRIMAN - TIPS	505,733	6.92	0.25	0.04	-2.18	-2.18	-1.71	-1.71	3.97			
MACKAY SHIELDS, LLC	121,238	1.66	0.15	1.35	3.48	3.48	6.76	6.76	8.69	10.72		
SHENKMAN CAPITAL MANAGEMENT	122,775	1.68	-0.72	-0.44	1.76	1.76	4.49	4.49	6.84	6.91		
TAPLIN, CANIDA & HABACHT	278,815	3.81	0.01	-0.08	-0.30	-0.30	1.05	1.05	4.00	3.81	7.54	6.54
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,773,711	24.26	0.16	0.16	-0.27	-0.27	0.66	0.66	4.43	3.96	6.01	5.79
<i>CSFB GLOBAL HIGH YIELD</i>			-0.56	0.38	3.49	3.49	5.02	5.02	7.53	8.92	11.76	9.66
<i>LB AGGREGATE</i>			0.21	-0.08	-0.72	-0.72	-0.81	-0.81	2.93	2.05	4.08	4.97
<i>LB CREDIT</i>			0.15	-0.39	-1.55	-1.55	-2.06	-2.06	2.92	1.97	5.21	5.67
<i>LB GOV/CREDIT</i>			0.23	-0.14	-1.15	-1.15	-1.52	-1.52	2.78	1.60	4.37	5.14
<i>CITIGROUP BIG</i>			0.22	-0.11	-0.78	-0.78	-0.81	-0.81	3.02	2.13	4.17	5.02
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			0.29	-0.82	-2.67	-2.67	-3.43	-3.43	3.76	2.22	5.29	5.98
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			0.27	0.02	-0.12	-0.12	0.44	0.44	3.33	2.94	3.65	4.72
ALTERNATIVE INVESTMENTS												
REAL ESTATE	214,433	2.93	0.05	1.42	1.58	1.58	2.46	2.46				
PRIVATE EQUITY	463,093	6.34	17.63	13.87	17.73	17.73	30.70	30.70	27.94	29.67	19.10	14.26
STATE ACCOUNT (IN DEFAULT)	21,313	0.29	1.23	2.78	2.78	2.78	2.95	2.95	2.88	4.17	4.82	5.22
TOTAL ALTERNATIVE INVESTMENTS	698,839	9.56	11.06	9.37	12.05	12.05	22.70	22.70	23.88	26.32	17.01	12.67

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING June 30, 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>			3.62	3.62	9.25	9.25	20.19	20.19	17.84	15.07	13.03	11.67
<i>S&P 500 PLUS 300 BP</i>			0.38	-0.65	4.19	4.19	11.71	11.71	10.57	14.32	11.69	5.87
CASH EQUIVALENTS												
CASH ACCOUNT (INSIDE)	19,607	0.27	1.42	4.97	5.76	5.76	10.35	10.35	10.69	13.97	25.74	39.86
CASH ACCOUNT (OUTSIDE)	33,636	0.46	0.23	0.84	1.74	1.74	3.38	3.38	2.63	3.27	2.79	2.73
TOTAL PLAN												
TOTAL PLAN	7,309,973	100.00	0.93	-0.07	5.14	5.14	12.35	12.35	12.06	14.53	11.52	7.29
¹ TOTAL PLAN BENCHMARK			0.32	-0.69	4.14	4.14	11.45	11.45	10.67	13.11	10.61	6.57

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING June 30, 2006



STATE STREET.
For Everything You Invest In™

Endnotes

1 As of 04/31/2006 42.5% W5000/25.0% LB AGG/20.0% MSCIAWORLDFREEexUSA/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% MSCIAWORLDFREEexUSA

ERSRI Monthly Market Value Report With Time Weighted Returns

June 30, 2006

	Calendar YTD			Benchmark Description	Current Month			Valuation Change			
	Performance	Benchmark	Alpha		Performance	Benchmark	Alpha	Market Value	Transfers	Market Value	Market Value
								5/31/2006	In/(out)	6/30/2006	Increase/decrease
Domestic Equity											
Shott Capital Management IRR	-2.83%	2.71%	-5.54%	S & P 500	-2.88%	0.14%	-3.02%	2,817,664	-	3,720,565	902,902
SSgA Russell 1000	2.77%	2.76%	0.01%	Russell 1000	0.14%	0.13%	0.01%	1,294,948,835	105,120	1,296,870,069	1,816,314
SSgA Core	4.15%	2.76%	1.39%	Russell 1000	1.29%	0.13%	1.16%	324,406,251	23,520	328,618,383	4,188,612
PIMCO	2.34%	2.71%	-0.37%	S & P 500	-0.06%	0.14%	-0.20%	490,368,996	(4,964,960)	485,115,463	(288,573)
NorthPointe Capital	9.95%	10.44%	-0.49%	Russell 2000 Value	-0.59%	1.23%	-1.82%	371,525,225	25,920	369,359,187	(2,191,958)
Wellington Mgmt	6.57%	8.21%	-1.64%	Russell 2000	-1.11%	0.64%	-1.75%	416,876,550	(11,971,200)	400,426,869	(4,478,481)
Wasatch Advisors	0.80%	8.21%	-7.41%	Russell 2000	-2.95%	0.64%	-3.59%	205,053,229	15,360	199,016,365	(8,052,225)
Transition Account	N/A	N/A	N/A		N/A	N/A	N/A	6,522	-	6,531	10
Total Domestic Equity	3.98%				-0.23%			3,106,003,071	(16,766,240)	3,083,133,432	(6,103,399)
International Equity											
Boston Company	9.57%	9.99%	-0.42%	MSCI ACWI	-0.06%	-0.10%	0.04%	574,266,445	38,880	573,965,300	(340,025)
Goldman Sachs	9.46%	9.99%	-0.53%	MSCI ACWI	-0.04%	-0.10%	0.06%	566,108,633	38,880	565,912,332	(235,181)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	661,954	-	652,633	(9,321)
Mondrian	10.86%	9.99%	0.87%	MSCI ACWI	0.59%	-0.10%	0.69%	566,732,029	(8,961,120)	561,097,093	3,326,184
								-	-	-	-
Total International Equity	9.96%				0.16%			1,707,769,061	(8,883,360)	1,701,627,358	2,741,657
Fixed Income											
Fidelity Management & Research	0.29%	-0.06%	0.35%	Lehman Mortgage Backed	0.14%	0.19%	-0.05%	463,873,578	32,160	464,573,206	667,468
Brown Brothers, Harriman	-0.16%	-0.78%	0.62%	Salomon Brd Inv Grade	0.60%	0.22%	0.38%	278,311,989	19,680	280,001,695	1,870,045
In-State Fixed Income		(Non performing)		N/A	0.00%	N/A	N/A	20,929,816	291,335	21,313,071	91,920
Taplin, Canida & Habacht	-0.30%	-1.55%	1.25%	Lehman Credit Index	0.01%	0.15%	-0.14%	278,762,995	19,680	278,814,969	32,294
Mackay Shields	3.48%	3.49%	-0.01%	CS First BosHiYield	0.15%	-0.56%	0.71%	121,048,457	9,600	121,238,206	180,149
Shenkman Capital Mgmt	1.76%	3.49%	-1.73%	CS First BosHiYield	-0.72%	-0.56%	-0.16%	123,654,818	9,600	122,774,836	(889,582)
Brown Bros TIPS	-2.18%	-1.77%	-0.41%	Lehman US TIPS Index	0.25%	0.28%	-0.03%	504,455,007	38,880	505,732,982	1,239,095
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Total Fixed Income	-0.27%				0.16%			1,791,036,640	420,935	1,794,446,964	2,991,389
Alternative Investments											
Private Equity	17.73%	N/A	N/A	N/A	17.63%	N/A	N/A	387,477,475	6,548,981	463,093,478	69,067,021
Real Estate	1.58%	9.72%	N/A	NCREIF + 100	0.05%	3.68%	-3.63%	211,117,382	3,656,820	214,432,818	(341,384)
								-	-	-	-
Total Alternatives	12.05%				11.06%			598,594,857	10,205,802	677,526,296	68,725,636
Cash Accounts											
Cash in Trust	5.76%	N/A	N/A		1.42%	N/A	N/A	21,022,966	(1,834,637)	19,807,316	418,987
Cash Outside Trust	1.74%	N/A	N/A		0.23%	N/A	N/A	17,170,835	(2,500,000)	33,635,722	18,964,887
Total Cash	3.93%	*			0.63%	*	0	38,193,800	(4,334,637)	53,243,037	19,383,874
	5.14%	4.14%	1.00%		0.93%	0.32%	0.61%	7,241,597,430	(19,357,500)	7,308,979,087	87,739,157

*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 June 30, 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									
SHOTT CAPITAL	S&P 500	-3.94	0.14	-4.08	-6.25	2.71	-8.96	3,721	1,055
SSGA RUSSELL 1000	RUSSELL 1000	0.14	0.13	0.01	2.77	2.76	0.01	1,296,870	105
SSGA - CORE	RUSSELL 1000	1.29	0.13	1.16	4.15	2.76	1.39	328,618	24
PIMCO	S&P 500	-0.06	0.14	-0.20	2.34	2.71	-0.37	485,115	-4,965
NORTHPOINTE CAPITAL	RUSSELL 2000 VALUE	-0.59	1.23	-1.82	9.95	10.44	-0.49	369,359	26
WELLINGTON MANAGEMENT CO. LLC	RUSSELL 2000	-1.11	0.64	-1.75	6.57	8.21	-1.64	400,427	-11,971
WASATCH ADVISORS	RUSSELL 2000	-2.95	0.64	-3.59	0.80	8.21	-7.41	199,016	15
TOTAL US EQUITY		-0.23			3.98			3,083,133	-15,711
INTERNATIONAL EQUITY									
THE BOSTON COMPANY	MSCI AC WORLD ex US (GROSS)	-0.06	-0.10	0.04	9.57	9.99	-0.42	573,961	39
GOLDMAN SACHS	MSCI AC WORLD ex US (GROSS)	-0.04	-0.10	0.06	9.46	9.99	-0.53	565,912	39
MONDRIAN	MSCI AC WORLD ex US (GROSS)	0.59	-0.10	0.69	10.86	9.99	0.87	561,097	-8,961
TRANSITION ACCOUNT INT EQUITY								66	0
TOTAL INTERNATIONAL EQUITY		0.16			9.96			1,701,046	-8,883
U.S. FIXED INCOME									
FIDELITY MANAGEMENT TRUST	LB MBS	0.14	0.19	-0.05	0.29	-0.06	0.35	464,573	33
BROWN BROTHERS HARRIMAN - CORE	CITIGROUP BIG	0.60	0.22	0.38	-0.16	-0.78	0.62	280,002	20
TAPLIN, CANIDA & HABACHT	LB CREDIT	0.01	0.15	-0.14	-0.30	-1.55	1.25	278,815	20
MACKAY SHIELDS, LLC	CSFB GLOBAL HIGH YIELD	0.15	-0.56	0.71	3.48	3.49	-0.01	121,238	13
SHENKMAN CAPITAL MANAGEMENT	CSFB GLOBAL HIGH YIELD	-0.72	-0.56	-0.16	1.76	3.49	-1.73	122,775	12
BROWN BROTHERS HARRIMAN - TIPS	LB U.S. TIPS	0.25	0.28	-0.03	-2.18	-1.77	-0.41	505,733	39
TRANSITION ACCOUNT FIXED INCOME								575	0
TOTAL US FIXED INCOME		0.16			-0.27			1,773,711	137

State of Rhode Island

RATES OF RETURN - Total
 Periods Ending June 30, 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)		1.23			2.78			21,313	124
PRIVATE EQUITY		17.63			17.73			463,093	7,738
REAL ESTATE	NCREIF PROPERTY LAG + 100 BPS	0.05	3.68	-3.63	1.58	9.72	-8.14	214,433	3,212
TOTAL ALTERNATIVE INVESTMENTS		11.06			12.05			698,839	11,073
CASH EQUIVALENTS									
CASH ACCOUNT (INSIDE)		1.42			5.76			19,607	-1,810
CASH ACCOUNT (OUTSIDE)		0.23			1.74			33,636	16,337
TOTAL CASH		0.63			3.93			53,243	14,527
TOTAL PLAN									
TOTAL PLAN	TOTAL PLAN BENCHMARK	0.93	0.32	0.61	5.14	4.14	1.00	7,309,973	1,144

State of Rhode Island

TOTAL PLAN

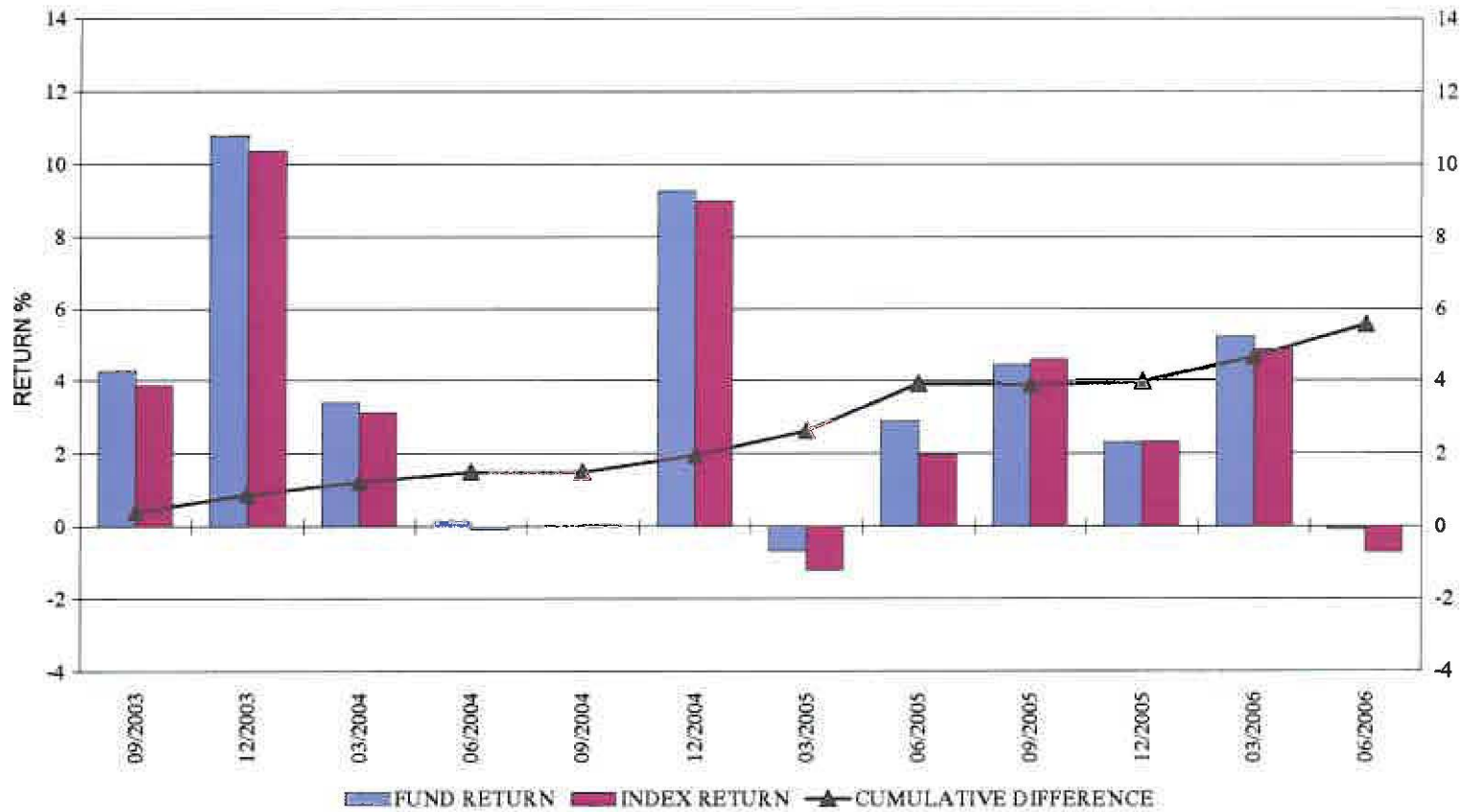
Index:

PERIODS: June 30, 2003 - June 30, 2006



STATE STREET.
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CUMULATIVE PERFORMANCE REPORT

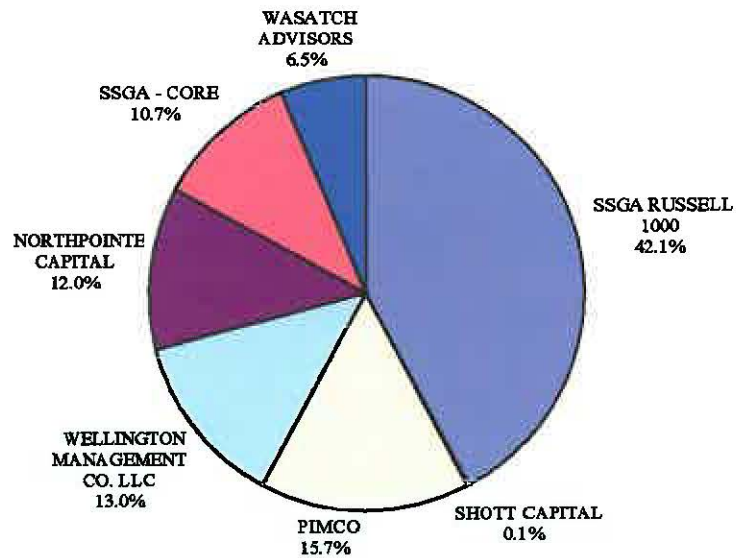


State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 06/30/2006



STATE STREET.
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CURRENT MANAGER ALLOCATION



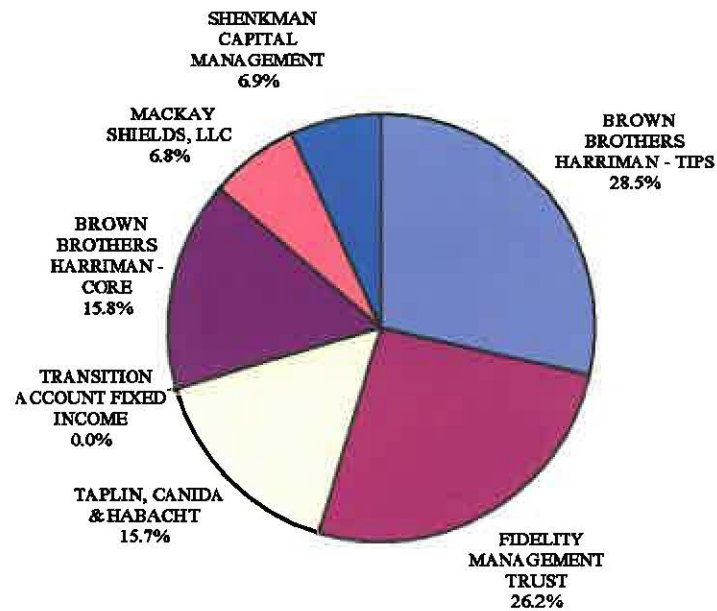
<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
SSGA RUSSELL 1000	1,296.9	1,338.8
SHOTT CAPITAL	3.7	0.0
PIMCO	485.1	449.8
WELLINGTON MANAGEMENT CO. LLC	400.4	380.8
NORTHPOINTE CAPITAL	369.4	348.7
SSGA - CORE	328.6	309.0
WASATCH ADVISORS	199.0	197.6
TOTAL	3,083.1	3,024.7

State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 06/30/2006



STATE STREET.
For Everything You Invest In™

CURRENT MANAGER ALLOCATION



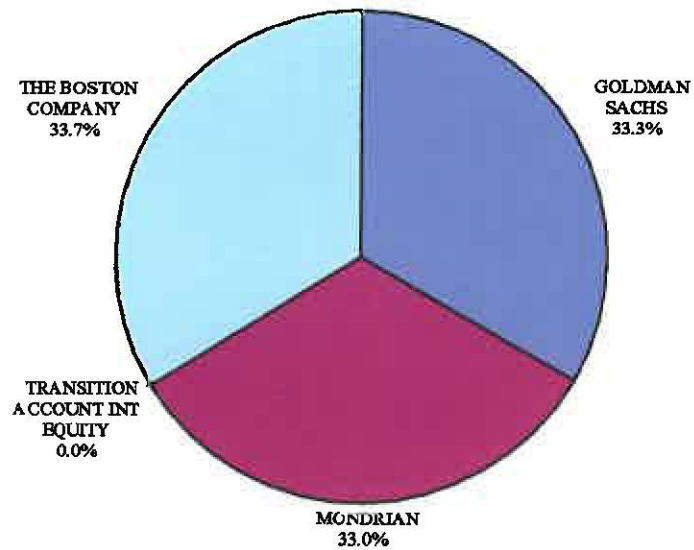
<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
BROWN BROTHERS HARRIMAN - TIPS	505.7	497.7
FIDELITY MANAGEMENT TRUST	464.6	412.5
TAPLIN, CANIDA & HABACHT	278.8	253.9
TRANSITION ACCOUNT FIXED INCOME	0.6	0.6
BROWN BROTHERS HARRIMAN - CORE	280.0	249.9
MACKAY SHIELDS, LLC	121.2	123.0
SHENKMAN CAPITAL MANAGEMENT	122.8	123.1
TOTAL	1,773.7	1,660.7

State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 06/30/2006



STATE STREET.
For Everything You Invest In™

CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
GOLDMAN SACHS	565.9	516.9
MONDRIAN	561.1	509.7
TRANSITION ACCOUNT INT EQUITY	0.1	0.1
THE BOSTON COMPANY	574.0	495.7
SSGA MSCI ALL COUNTRY WORLD EX-US		0.6
TOTAL	1,701.1	1,523.0

**ASSET ALLOCATION REPORT
JUNE 30th, 2006**

	Style Mandate	Actual (Millions \$)		Target (Millions \$)		Difference (Millions \$)
Domestic Equity						
SSgA Russell 1000	Passive	1,296.87	17.7%	1,480.27	20.25%	(183.40)
SSgA Core	Active core	328.62	4.5%	328.95	4.50%	(0.33)
PIMCO	Enhanced Equity	485.12	6.6%	493.42	6.75%	(8.31)
NorthPointe Capital	Small Cap Value	369.36	5.1%	365.50	5.00%	3.86
Wellington Mgmt	Small Cap Core	400.43	5.5%	402.05	5.50%	(1.62)
Wasatch Advisors	Small Cap Growth	199.02	2.7%	219.30	3.00%	(20.28)
TOTAL DOMESTIC EQUITY		3,083.13	42.1%	3,289.48	45.00%	(206.36)
International Equity						
Boston Company	MSCI ACWI	573.96	7.9%	548.25	7.50%	25.71
Goldman Sachs	MSCI ACWI	565.91	7.7%	548.25	7.50%	17.66
Mondrian	MSCI ACWI	561.10	7.7%	548.25	7.50%	12.85
Transition Account		0.07	0.0%	0.00	0.00%	0.07
TOTAL INT'L EQUITY		1,701.05	23.3%	1,644.74	22.50%	56.30
Domestic Fixed Income						
Fidelity Management & Research	Mortgages	464.57	6.4%	456.87	6.25%	7.70
Brown Brothers, Harriman	Opportunistic Core	280.00	3.8%	274.12	3.75%	5.88
Taplin, Canida & Habacht	Corporates	278.82	3.8%	274.12	3.75%	4.69
Mackay Shields	High yield	121.24	1.7%	137.06	1.88%	(15.82)
Shenkman Capital Mgmt	High yield	122.78	1.7%	137.06	1.88%	(14.29)
Brown Brothers, Harriman TIPS	TIPS	505.73	6.9%	548.25	7.50%	(42.51)
Transition Account		0.58	0.0%	0.00	0.00%	0.58
TOTAL FIXED-INCOME		1,773.71	25.0%	1,827.49	25.00%	(53.78)
Alternative Investments						
Real Estate	Real Estate	214.43	2.9%			
Shott Capital Mgmt	Alternative Distribution	3.72	0.0%			
Pacific Corp Group	Private Equity	463.09	6.3%			
In-State Fixed Income	Short/Int Govt	21.31	0.3%		0.00%	21.31
TOTAL ALTERNATIVE INVESTMENTS		702.56	9.6%	\$548.25	7.50%	154.31
CASH EQUIVALENTS	STIF, Yield+	53.24	0.7%	0.00	0.00%	53.24
TOTAL ASSETS		7,309.96	100.0%	7,309.96	100.00%	(0.00)

ALLOCATION BY MANAGEMENT STYLE

Domestic Equity						
Core		328.62	4.5%	328.95	4.50%	(0.33)
Index		1,296.87	17.7%	1,480.27	20.25%	(183.40)
Enhanced Equity		485.12	6.6%	493.42	6.75%	(8.31)
Active Small Cap		968.80	13.3%	986.85	13.50%	(18.04)
TOTAL DOMESTIC EQUITY		3,083.13	42.1%	3,289.48	45.00%	(210.08)
International Equity						
Active		1,701.05	23.3%	1,644.74	22.50%	56.30
TOTAL INT'L EQUITY		1,701.05	23.3%	1,644.74	22.50%	56.30
Domestic Fixed Income						
Mortgage		464.57	6.2%	456.87	6.25%	7.70
Core		280.00	4.0%	274.12	3.75%	5.88
Corporates		278.82	3.9%	274.12	3.75%	4.69
High Yield		244.59	3.8%	274.12	3.75%	(29.54)
TIPS		505.73	7.1%	548.25	7.50%	(42.51)
TOTAL FIXED-INCOME		1,773.71	25.0%	1,827.49	25.00%	(53.78)
Alternative Investments						
Real Estate		214.43	2.9%			
Other Alternative Investments		484.41	6.3%	\$548.25		
TOTAL ALTERNATIVE INVESTMENTS		698.84	9.3%	548.25	7.50%	150.59
CASH EQUIVALENTS	STIF, Yield+	53.24	0.7%	0.00	0.00%	53.24
TOTAL ASSETS		7,309.96	100.0%	7,309.96	100.00%	(0.00)

RHODE ISLAND STATE INVESTMENT COMMISSION

Domestic Equity Holdings By Top 10 Market Values Separately Managed

JUNE 30, 2006

<i>Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	EXXON MOBIL CORP	216,970	\$13,311,110	SSgA
2	CITIGROUP INC	225,333	10,870,064	SSgA
3	REDWOOD TR INC.	198,500	9,692,755	Wasatch,Wellington
4	BANK AMERICA CORP	193,400	9,302,540	SSgA
5	PFIZER INC	381,200	8,946,764	SSgA
6	MANOR CARE INC	184,800	8,670,816	Wellington
7	ADVANTA CORP	240,823	8,657,587	NorthPoint,Wellington
8	TETRA TECHNOLOGIES INC	272,150	8,243,424	NorthPoint,Wellington
9	COPART INC	331,170	8,133,535	Wasatch
10	PSS WORLD MED INC	456,915	8,064,550	Wasatch,Wellington
		3.05%	\$93,893,145	
Total Composite Equities		\$3,079,406,333		

International Equity Holdings By Top 10 Market Values

JUNE 30, 2006

<i>International Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	ROYAL DUTCH SHELL	696,800	\$23,432,331	Mondrian,Goldman,Boston Co.
2	ROYAL BANK SCOT GRP	681,496	22,410,998	Mondrian,Goldman,Boston Co.
3	TELEFONICA SA	1,050,722	17,492,441	Mondrian
4	CANON INC	354,450	17,394,607	Mondrian,Goldman,Boston Co.
5	BANCA INTESA SPA	2,939,238	17,212,812	Mondrian,Goldman
6	HBOS	978,767	17,016,620	Mondrian,Goldman,Boston Co.
7	TOYOTA MOTOR CORP	321,000	16,820,102	Mondrian
8	TOTAL SA	253,620	16,684,780	Mondrian,Goldman,Boston Co.
9	GLAXOSMITHKLINE	587,216	16,410,751	Mondrian,Boston Co.
10	BASF AG	200,664	16,108,028	Goldman
		10.64%	\$180,983,470	
Total Composite International Equities		\$1,700,974,731		

Top 10 Market Values SIC

FISCAL YEAR 2006

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ERSRI & MERSRI

ACCRUAL BASIS

	Actual Jul 05	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan 06	Actual Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	Projected TOTAL
EQUITIES													
SSgA Core			209,189			211,332			200,000			200,000	820,522
SSgA Russell 1000			33,240			31,811			40,000			40,000	145,051
Shott Capital			41,277			225			2,509			1,000	45,012
PIMCO			313,889			200,000			1,000			225,000	739,889
Wellington Mgmt			596,297			607,639			600,000			600,000	2,403,936
Wasatch Advisors			125,048			121,645			120,000			120,000	486,693
NorthPointe			494,212			495,262			480,000			480,000	1,949,474
			1,813,152			1,667,915			1,443,509			1,666,000	6,590,576
FIXED INCOME													
Brown Bros.			124,624			124,208			120,000			120,000	488,832
Fidelity			140,617			140,532			140,000			140,000	561,149
Taplin			161,909			163,025			160,000			160,000	644,933
Mackay Shields			136,668			138,332			140,000			140,000	555,000
Shenkman			137,502			137,872			140,000			140,000	555,374
Brown Bros.TIPS			137,007			137,338			140,000			140,000	554,345
			838,327			841,306			840,000			840,000	3,359,634
INT'L EQUITIES													
The Boston Co			522,466			543,700			550,000				1,066,166
Mondrian			250,948			282,822			250,000			250,000	1,033,770
Goldman Sachs Asset Mgmt			470,412			467,176			488,384			475,000	1,900,972
SSgA MSCI ACWI			0			0			0			0	0
	0		1,243,826	0		1,293,698			1,288,384			725,000	4,000,908
REAL ESTATE													
L & B Real Estate									100,000			100,000	200,000
ALTERNATIVE INVESTMENTS													
Other Alt Inv Mgmt Fees	881,233	775,539	0	0	21,810	906,443	886,829	219,291	207,497	401,744	606,207	583,151	5,489,744
SUB TOTAL-INV MGMT FEES	881,233	775,539	3,895,305	0	21,810	4,709,362	886,829	219,291	3,879,390	401,744	606,207	3,914,151	19,640,861
PROFESSIONAL FEES													
Legal	8,500	3,500	3,500	12,000	15,347	3,500	13,726	6,000	7,365	12,737	9,677	70,000	165,651
St St Bank Custodial	23,654	11,503	13,277	11,978	11,919	12,325	10,888	10,000	10,000	7,915	4,000	4,200	131,659
Pacific Corp Group		68,750	68,750	0	0	0	0	68,750	0	0	93,750	0	300,000
Wilshsire 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	35,625	0	0	35,625	0	0	35,625	0	15,000	35,500	157,375
	52,987	104,586	141,985	44,811	48,099	72,284	45,446	105,583	73,823	41,484	143,260	130,533	1,004,882
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	76,373	8,333	61,370	55,459	46,563	32,088	21,497	22,425	3,000	0	8,333	7,000	342,442
	76,373	8,333	61,370	55,459	46,563	3,223,242	21,497	22,425	3,000	3,680,498	8,333	7,000	7,214,093
TOTAL:	1,010,593	888,458	4,098,660	100,269	116,472	8,004,887	953,773	347,299	3,956,213	4,123,726	757,801	4,051,684	27,859,836

Note: Numbers in bold are actual.

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2006

	FY 2006-06												Projected TOTAL
	Actual July 2005	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2006	Actual February	Actual March	Actual April	Actual May	Actual June	
MEMBER BENEFITS	46,471,539	47,806,631	47,452,432	47,250,400	47,250,400	47,391,972	48,816,683	48,877,483	48,928,423	48,672,240	48,800,465	48,775,210	576,293,878
ADMINISTRATIVE EXPENSES	0	3,021	97,502	76,181	134,375	2,794,363	41,155	103,184	6,347	3,182,654	8,339	0	8,447,120
INVESTMENT EXPENSES	760,564	669,306	0	0	404,933	781,952	764,774	189,074	178,811	346,204	522,400	497,410	5,115,428
TOTAL OUTFLOW	47,232,103	48,278,958	47,549,934	47,326,581	47,789,708	50,968,287	49,622,611	49,169,741	49,113,581	52,201,098	49,331,205	49,272,620	587,856,426
CONTRIBUTIONS	34,225,197	20,790,797	29,239,090	28,890,956	28,965,097	44,361,432	33,232,665	35,296,828	37,360,690	35,131,183	32,614,800	51,544,371	411,653,106
OTHER INCOME*	8,144,259	7,048,050	7,710,133	3,438,936	3,450,255	2,993,488	3,782,660	9,737,861	4,531,478	4,228,106	7,288,588	18,612,285	80,966,088
TOTAL INCOME	42,369,458	27,838,847	36,949,223	32,329,892	32,415,352	47,354,920	37,015,325	45,034,889	41,892,168	39,359,289	39,903,388	70,156,656	492,619,204
DIFFERENCE	(4,862,647)	(20,440,111)	(10,600,712)	(14,996,689)	(15,374,356)	(3,613,367)	(12,607,286)	(4,135,052)	(7,221,413)	(12,841,809)	(9,427,817)	20,884,036	(65,237,222)

Municipal Employees Retirement System

	FY 2006-06												Projected TOTAL
	Actual July 2005	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2006	Actual February	Actual March	Actual April	Actual May	Actual June	
MEMBER BENEFITS	3,818,954	3,883,036	3,901,672	3,920,905	3,907,784	3,908,734	4,015,188	4,051,568	4,037,958	4,024,792	4,083,406	4,069,723	47,633,718
ADMINISTRATIVE EXPENSES	0	452	14,600	11,407	20,129	418,428	6,173	15,489	955	479,037	1,255	0	967,926
INVESTMENT EXPENSES	113,896	100,227	0	0	60,689	117,090	114,714	28,382	26,914	52,109	78,629	80,689	773,439
TOTAL OUTFLOW	3,932,950	3,983,716	3,916,272	3,932,312	3,988,602	4,444,252	4,136,075	4,065,438	4,065,827	4,555,938	4,173,290	4,150,412	49,375,083
CONTRIBUTIONS	2,758,951	2,565,838	2,208,511	3,703,497	3,474,528	3,353,939	5,191,597	3,604,408	3,204,454	4,112,813	4,050,208	2,630,672	40,859,216
OTHER INCOME*	1,220,685	1,055,431	1,154,504	514,941	449,355	448,245	567,390	1,461,780	679,161	636,393	1,097,041	2,694,810	11,979,737
TOTAL INCOME	3,979,636	3,621,069	3,363,015	4,218,438	3,923,883	3,802,184	5,758,987	5,066,188	3,883,615	4,749,206	5,147,249	5,325,482	52,838,953
DIFFERENCE	46,686	(362,646)	(553,257)	286,126	(64,719)	(642,068)	1,622,912	970,751	(182,212)	193,268	973,959	1,175,070	3,463,870

Juques/State Police
Retirement System

	Actual July 2005	Actual August	Projected September	Actual October	Actual November	Actual December	Actual January 2006	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	0	27	893	704	1,069	26,450	395	1,001	63	31,544	83	0	62,228
INVESTMENT EXPENSES	8,673	6,005	0	0	3,222	7,402	7,341	1,835	1,772	3,431	5,178	5,052	47,911
TOTAL OUTFLOW	20,673	20,033	14,893	14,704	18,291	47,852	21,736	16,836	15,835	48,975	19,260	19,052	278,140
CONTRIBUTIONS	720,000	475,000	475,000	580,000	500,000	730,000	510,000	500,000	490,000	480,000	779,800	760,000	7,009,800
OTHER INCOME*	71,461	63,240	70,594	31,768	25,350	28,335	36,310	84,484	27,863	41,906	72,239	168,719	732,269
TOTAL INCOME	791,461	538,240	545,594	621,768	525,350	758,335	546,310	594,484	517,863	521,906	852,039	928,719	7,742,069
DIFFERENCE	770,787	518,208	530,701	607,065	507,059	710,483	524,574	577,649	502,028	472,930	832,779	908,667	7,463,929

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

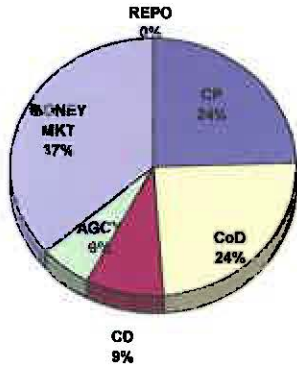
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**Rhode Island Employees Retirement System
Securities Lending Report
June, 2006**

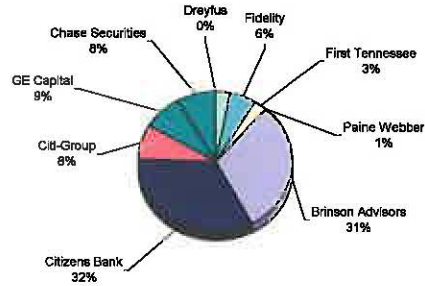
<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<u>DOMESTIC EQUITY</u>		
Wellington Mgmt. Co., LLP	50,141	173,485,181
Wasatch Advisors	10,968	76,345,809
NorthPointe Capital	36,942	162,922,956
SSgA Core	<u>16,159</u>	<u>26,867,587</u>
Total Domestic Equity	<u>\$ 114,210</u>	<u>\$ 439,621,533</u>
<u>INTERNATIONAL EQUITY</u>		
Goldman Sachs	51,022	124,557,636
Boston Company	65,689	123,855,740
Mondrian	<u>89,709</u>	<u>116,053,798</u>
Total International Equity	<u>\$ 206,420</u>	<u>\$ 364,467,174</u>
<u>FIXED INCOME</u>		
Brown Brothers, Harriman	17,219	118,340,156
Taplin, Canida & Habacht	2,242	28,536,002
MacKay Shields	3,661	13,838,665
Shenkman Capital Management	4,200	20,373,492
Brown Brothers, Harriman (TIPS)	<u>34,752</u>	<u>429,529,149</u>
Total Fixed Income	<u>\$ 62,075</u>	<u>\$ 610,617,464</u>
 TOTAL SECURITIES LENDING INCOME	 <u>\$ 382,705</u>	 <u>\$ 1,414,706,171</u>
 Calendar Year 2006 YTD	 <u>\$ 1,800,595</u>	

RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT JUNE 30, 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	0	0	0	0	0	0	0
Dreyfus	0	0	0	0	0	0	0
Dean Witter	0	0	9,985,944	0	0	0	9,985,944
Chase Securities	26,981,296	0	0	0	0	0	26,981,296
Paine Webber	0	0	0	0	0	0	0
Fidelity	0	0	0	18,816,719	0	0	18,816,719
First Tennessee	0	0	9,876,973	0	0	0	9,876,973
Brinson Advisors	0	0	0	104,758,900	0	0	104,758,900
Citizens Bank	0	30,217,242	0	0	82,743,068	0	112,960,310
GE Capital	28,981,135	0	0	0	0	0	28,981,135
Citi-Group	26,970,017	0	0	0	0	0	26,970,017
State St Bank	0	0	0	0	0	0	0
TOTALS	82,932,448	30,217,242	18,882,918	123,575,619	82,743,068	0	339,331,295
(%) PORTFOLIO	24%	9%	6%	36%	24%	0%	100%

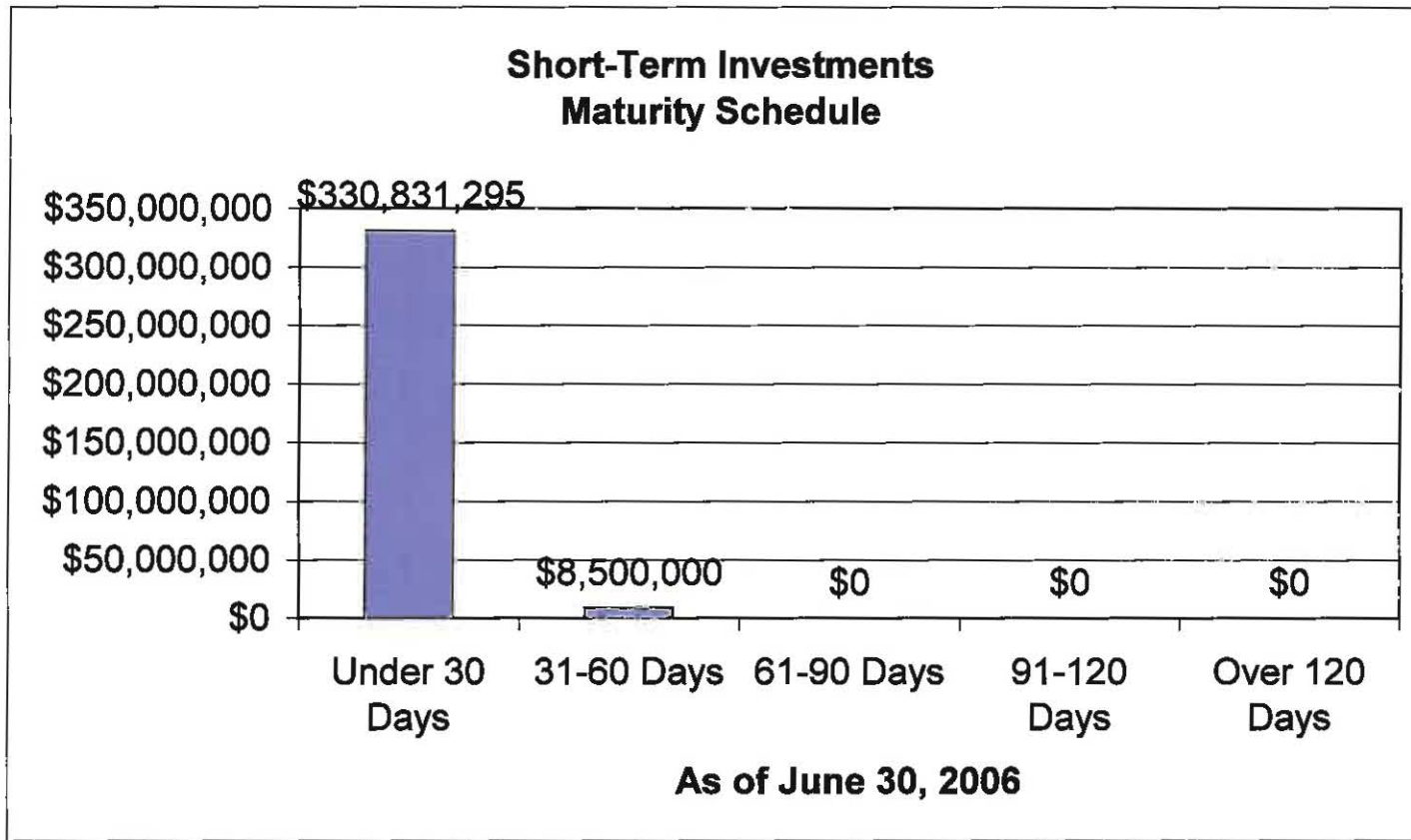
Note: Maximum participation by any one vendor limited to 35% of total portfolio.

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

Short Term Investments Portfolio by Fund

As of June 30, 2006

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	164,598,368	51,382	164,649,748
4904 PENSION C	0	0	0
4908 PAYROLL A	0	0	0
4916 GENERAL FUND H.A.V.A.	2,453,276	0	2,453,276
4920 GENERAL FUND (HIST PRES)	478,428	3,609	482,037
4955 HEALTH INSURANCE FUND	31,212,731	42,889	
5400 HIGHWAY FUND	2,043,242	857	2,044,099
5500 UNIVERSITY COLLEGE	0	0	0
6920 AUTO EQUIPMENT SERVICE	535,969	0	535,969
8000 T.D.I. RESERVE (DET)	96,177,390	7,409	96,184,799
8300 PERMANENT SCHOOL FUND	738,814	1,457	740,270
8400 EMP RETIREMENT FUND	19,170,459	37,110	19,207,569
8500 MUN EMP RETIREMENT FUND	22,904	0	22,904
8700 R.I. CLEAN WATER ACT	3,465,050	0	3,465,050
9000 BOND CAPITAL FUND	9,699,209	8,380	9,707,588
9700 STATE LOTTERY FUND	7,984,382	15,618	8,000,000
9800 INDUS. BLDG. & MTG. INS.	751,074	0	751,074
9900 SINKING FUND	0	0	0
4911 TANS	0	0	0
Subtotal	339,331,295	168,710	308,244,384
8702 CLEAN WATER 1993 SER. A	3,465,050		
8703 CLEAN WATER 1991 SERIES A	707		
8704 CLEAN WATER 96 SERIES A	162,939		
8706 CLEAN WATER CCDL 1994 (A)	12,544		
8707 CAP DEV. OF 1997 SERIES A	13,276		
8710 CLEAN WATER CCDL 2002 A	19,466		
8711 CLEAN WATER 2004 SERIES A	342,341		
8712 CLN WATER CCDL 2005 SER E	721,678		
8733 CAP DEV. OF 1997 SERIES A	882,001		
8737 RI POLLUT. CONT 94 SER. A	37,481		
8739 CCDL99A 1999A	6,361		
8742 POLLUTION CNTRL 2002 A	348,565		
8743 POLL.CONTRL 2004 SERIES A	45,530		
8744 POLLUTION CON 2005 SER C	947,039		
8745 POLUTION CTRL CCDL 2005 E	88,397		
9114 G.O. NOTE 1991 SER. B	8,500,000		
9116 BOND CCDL 1993 SERIES A	3,799		
9117 BOND CCDL 1994 SERIES A	169,579		
9120 BOND CCBL96A	841,979		
9121 CAP DEV OF 1997 SERIES A	1,415,514		
9123 CCDL 1998B	959,114		
9124 CCDL99A 1999A	2,264,661		
9125 MMG099 1999	1,325,199		
9126 BOND CAPITAL CCDL2000A	2,851		
9127 MULTI-MODAL GEN OBL 2000	1,666,692		
9128 BOND 2001	2,823		
9131 CCDL 2004 SERIES A	2,410		
9132 BOND CCDL 2005 SERIES C	16,061,081		
9133 BOND CCDL 2005 SERIES E	29,501,318		
Subtotal Bond Proceed Accounts	69,810,393		
Total Short Term Portfolio	409,141,688		



Maturities in \$Millions

Note: Includes \$206.3 Million of Money Market investments with no specific maturity

June, 2006	5.11%
May, 2006	4.94%
June, 2005	3.11%

**ABRAHAM TOURO FUND
INVESTMENT SUMMARY
JUNE 30, 2006**

<u>FUND NAME</u>	June Gain/Loss	TOTAL MARKET VALUE
Abraham Touro Fund (Fidelity Balanced Fund)	\$ (48,783)	\$ 2,154,904
<u>TOTALS</u>	\$ (48,783)	\$ 2,154,904

ING Life Insurance and Annuity Company



State of Rhode Island

Average Annual Total Returns as of 06/30/2006

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

THE PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. FOR MONTH-END PERFORMANCE WHICH MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA SHOWN PLEASE CALL 800-525-4225. INVESTMENT RETURN AND VALUE OF AN INVESTMENT WILL FLUCTUATE SO THAT, WHEN SOLD, AN INVESTMENT MAY BE WORTH MORE OR LESS THAN THE ORIGINAL COST.

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

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

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

Investment Options	Fund Benchmark (BM)	Returns Not Annualized						Average Annual Total Returns								Since Fund Inception	Fund Inception Date
		1-Mo		3-Mo		YTD		1-Yr		3-Yr		5-Yr		10-Yr			
		Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM		
Stability of Principal																	
ING Fixed Account - 457/401 - Base + 66 (***) + 043	MFR	0.30%	0.37%	0.92%	1.09%	1.84%	2.08%	3.75%	3.66%	4.09%	1.88%	4.62%	1.72%	5.44%	3.40%		
Money Market																	
ING VP Money Market Portfolio - Class I - 003	IBCM	0.40%	0.41%	1.17%	5.76%	2.23%	6.93%	4.04%	8.95%	2.23%	4.41%	2.08%	3.23%	3.78%	4.10%		08/01/1975
<i>The 7-day annualized yield as of 06/30/2006 is 4.92%. (+)</i>																	
Bonds																	
Intermediate-Term Bond																	
ING VP Intermediate Bond Portfolio - Class I - 004	IBHM	0.23%	0.21%	-0.11%	-0.08%	-0.50%	-0.72%	-0.18%	-0.81%	2.82%	2.05%	5.32%	4.98%	6.04%	6.22%		05/23/1973
Balanced																	
Moderate Allocation																	
Calvert Social Balanced Portfolio - 101	SPXRE	0.21%	0.14%	-1.52%	-1.44%	0.31%	2.69%	4.36%	8.64%	7.89%	11.21%	2.92%	2.50%	6.38%	8.33%		09/02/1986
ING VP Balanced Portfolio, Inc. - Class I - 008	SPXL	0.30%	0.17%	-1.66%	-0.86%	1.59%	1.34%	4.64%	4.83%	7.94%	7.56%	4.67%	3.77%	7.99%	7.83%		04/03/1989
ING Van Kampen Equity and Income Portfolio - Initial Class - 452	SPXRE	0.00%	0.14%	0.14%	-1.44%	2.24%	2.69%	8.44%	8.64%	11.95%	11.21%					4.29%	12/10/2001
Large Cap Value																	
Large Blend																	
AIM V.I. Core Equity Fund - Series J-Shares - 079	SPXRE	-0.29%	0.14%	-1.64%	-1.44%	4.05%	2.69%	10.66%	8.64%	10.65%	11.21%	2.39%	2.50%	6.93%	8.33%		05/02/1994
ING VP Growth and Income Portfolio - Class I - 001	SPXRE	-0.33%	0.14%	-2.92%	-1.44%	2.33%	2.69%	10.43%	8.64%	11.14%	11.21%	0.55%	2.50%	4.95%	8.33%		05/01/1975

Performance Update

See Performance Introduction Page for Important Information

Investment Options	Fund Benchmark (BM)	Returns Not Annualized						Average Annual Total Returns								Since Fund Inception	Fund Inception Date	
		1-Mo		3-Mo		YTD		1-Yr		3-Yr		5-Yr		10-Yr				
		Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	
Large Value																		
ING VP Index Plus Large Cap Portfolio - Class I - 035	SPXRE	0.39%	0.14%	-2.13%	-1.44%	2.06%	2.69%	7.77%	8.64%	10.79%	11.21%	2.02%	2.50%			8.45%		09/16/1996
Fidelity® VIP Equity-Income Portfolio - Initial Class - 108	RS3000V	-0.32%	0.69%	-0.12%	0.29%	5.08%	6.90%	12.69%	12.32%	13.46%	16.10%	5.19%	7.35%	8.55%	10.97%			10/09/1986
ING VP Value Opportunity Portfolio - Class I - 044	SPXRE	0.38%	0.14%	-0.03%	-1.44%	3.94%	2.69%	12.44%	8.64%	11.64%	11.21%	0.43%	2.50%			9.34%		12/13/1996
Large Blend																		
ING MFS Capital Opportunities Portfolio - Initial Class - 100	SPXRE	-0.32%	0.14%	-2.04%	-1.44%	1.79%	2.69%	5.87%	8.64%	9.46%	11.21%	-2.16%	2.50%			4.15%		11/28/1997
ING US\$ US Large Cap Equity Portfolio - Initial Class - 105	SPXRE	0.53%	0.14%	-2.18%	-1.44%	1.40%	2.69%	9.00%	8.64%	12.67%	11.21%	1.61%	2.50%			3.50%		11/28/1997
Large Growth																		
AIM V.I. Capital Appreciation Fund - Series I Shares - 076	SPXRE	-0.69%	0.14%	-5.97%	-1.44%	-0.36%	2.69%	10.93%	8.64%	10.37%	11.21%	0.62%	2.50%	4.77%	8.33%			05/05/1993
Fidelity® VIP Contrafund® Portfolio - Initial Class - 133	SPXRE	0.76%	0.14%	-0.75%	-1.44%	4.04%	2.69%	17.44%	8.64%	18.10%	11.21%	9.75%	2.50%	11.86%	8.33%			01/03/1995
Fidelity® VIP Growth Portfolio - Initial Class - 109	RS3000G	-0.94%	-0.35%	-4.11%	-4.22%	-0.00%	-0.32%	8.01%	6.85%	8.59%	8.95%	-1.54%	-0.44%	6.20%	5.24%			10/09/1986
Small/Mid/Small																		
Mid-Cap Growth																		
ING T. Rowe Price Diversified Mid Cap Growth Port - I Class - 449	RSMIDGRW	-0.45%	-0.41%	-5.08%	-4.70%	1.62%	2.55%	12.14%	13.03%	12.89%	16.85%					5.12%		12/10/2001
Small Blend																		
ING VP Small Company Portfolio - Class I - 042	RS2000	0.15%	0.64%	-4.01%	-5.03%	8.76%	8.20%	18.85%	14.56%	18.31%	18.69%	7.37%	8.50%			11.77%		12/27/1996
Global/International																		
Foreign Stock																		
ING JPMorgan International Portfolio - Initial Class - 104	MSCAPE	-0.81%	0.04%	0.07%	0.55%	9.04%	10.54%	28.73%	27.03%	20.67%	24.43%	6.04%	10.45%			6.44%		11/28/1997
World Stock																		
ING Oppenheimer Global Portfolio - Initial Class - 432	MSCIAC	-1.01%	0.00%	-3.22%	-0.61%	4.02%	6.42%	19.26%	18.59%	18.30%	18.28%					10.75%		05/01/2002

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

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

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

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

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

Additional Notes

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

AN INVESTMENT IN ING VP MONEY MARKET PORTFOLIO IS NOT INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY. THE FUND IS A MONEY MARKET FUND WHICH DOES NOT SEEK TO MAINTAIN A STABLE \$1.00 NET ASSET VALUE. WHILE THE FUND'S INVESTMENT OBJECTIVE INCLUDES THE PRESERVATION OF CAPITAL, IT IS POSSIBLE TO LOSE MONEY BY INVESTING IN THE FUND.

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

Performance Update

The returns listed do not include the impact of contract charges.

The CURRENT rate for the ING Fixed Account - 457/401 - is 3.750%, expressed as an annual effective yield, and is guaranteed not to drop below 3.40% through 12/31/2006. The annual rate of interest applied to your account may be higher or lower than the current rate. Restrictions apply to transfers of funds from the Fixed Account to other contract investment options. Please refer to your product prospectus / disclosure booklet and call your 800 number for more information. The chart shows the performance for each investment option for the time periods shown.

Effective December 2, 2005, the ING VP MagnaCap Portfolio - Class I merged into the ING VP Value Opportunity Portfolio - Class I.

Effective April 28, 2006, AIM V.I. Premier Equity Fund - Series I Shares merged into AIM V.I. Core Equity Fund - Series I Shares.

Effective April 28, 2006, AIM V.I. Growth Fund - Series I Shares merged into AIM V.I. Capital Appreciation Fund - Series I Shares.

Effective April 28, 2006, AIM V.I. Core Stock Fund - Series I Shares merged into AIM V.I. Core Equity Fund - Series I Shares.

Please note, the three or four digit number which appears next to each investment option is the fund number as assigned by ING.

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

Benchmark Id Benchmark Description

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

