

State of Rhode Island and Providence Plantations



Office of the General Treasurer

Paul J. Tanareo
General Treasurer

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
MAY 31, 2006**

STEPHEN F. IAFRATE

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
Office of the General Treasurer

Paul J. Tavares
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Wednesday, June 28, 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 5/24/06 *
3. Alternative Investments Consultant - Pacific Corporate Group
 - Thomas, McNerney & Partners II, L.P. *
 - First Reserve Fund XI, L.P. *
4. Real Estate Consultant - The Townsend Group
 - TA Associates Realty Fund VIII *
 - 1st Quarter Performance Report
5. Investment Manager Reviews
 - Fidelity Management Trust Co.
6. Gateway Eight Update */**
7. General Consultant's Report - Wilshire Associates Incorporated
 - Capital Market Review
8. Legal Counsel Report
9. Deputy Treasurer for Finance Report
10. Treasurer's Report
11. New Business

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

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

POSTED ON THURSDAY, JUNE 22, 2006

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

Regular Meeting May 24, 2006

A State Investment Commission ("SIC") meeting was held in Room 135, State House, Providence, Rhode Island on Wednesday, May 24, 2006. The Treasurer called the meeting to order at 9:05 a.m.

Membership Roll Call. Present were: 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: Ms. Joan M. Caine, Deputy Treasurer for Finance, Jayne Donegan, Esq., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission, Mr. William G. Bensur of Wilshire Associates Incorporated, Consultant to the Commission, Ms. Tara Blackburn of Pacific Corporate Group, Alternative Investments Consultant to the Commission, and other members of the Treasurer's Staff. Mr. Jeffrey Britt was absent.

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

VOTED: To approve the Minutes of the April 19, 2006 Regular Meeting and to approve and seal the Minutes of the April 19, 2006 Executive Session.

Proposed Investment in Centerbridge Partners, L.P. ("Centerbridge"). Ms. Tara Blackburn of Pacific Corporate Group ("PCG") gave a brief overview of Centerbridge. She noted that Centerbridge is being formed to make both private equity and distressed debt investments. This is the first fund for Centerbridge which was formed by Mark Gallogly, former Senior Managing Director and the Head of Private Equity at The Blackstone Group, and Jeffrey Aronson, former Partner at Angelo, Gordon & Co. Target size of the fund is \$3 billion.

Mr. Aronson noted that Centerbridge will pursue a multi-stage strategy making private equity investments in leveraged buyouts, corporate partnerships, build-ups, or other opportunities using a value investment strategy. The fund will also pursue distressed debt investments in situations where Centerbridge believes it can influence the reorganization process and ultimately own the company. Centerbridge intends to make investments of \$50 million to \$300 million per portfolio company, investing primarily in North America. The general partner has made a minimum commitment of \$50 million.

Centerbridge believes that there will be significant distressed investment opportunities as default rates climb from historically low levels and revert to historical averages. Centerbridge will invest in private companies and privately held instruments, the shares of which are not publicly traded.

Mr. Costello moved, Ms. Reback seconded and the following motion was passed unanimously. The following members voted in favor: Mr. Costello, Dr. McKenna, Ms. Reback, Mr. Treat, and Treasurer Tavares. NOTE: Ms. Gallogly recused herself from this vote.

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

Investment Manager Review - Wellington Management Co. ("Wellington"). Mr. Bensur from Wilshire Associates Incorporated gave a brief overview of Wellington, which was retained in 2002 to provide a long-term, strategic exposure to the small stock, core-oriented segment of the US equity market. The market value of this portfolio as of March 31, 2006 was \$436.1 million and comprises approximately 13.1% of the US equity composite and approximately 6.0% of the total fund.

Ms. Elizabeth O'Hara, Vice President and Relationship Manager and Mr. Kenneth Abrams, Senior Vice President and Portfolio Manager represented Wellington. Ms. O'Hara noted that there have been no material changes to the firm. Mr. Abrams noted that Wellington uses the Russell 2000 Index as a benchmark. Although markets have been volatile, Wellington's year-to-date performance through May 19, 2006 was 8.1% versus the benchmark's 7.7%.

Wellington's sector weights are as follows: 19.6% in information technology; 16.8% in consumer discretionary; 16.4% in healthcare; 14.5 % in financials; 14% in industrials; and 5.8% in energy. Wellington pursues a bottom-up, research intensive investment process with an opportunistic approach to style and sectors. Mr. Abrams also noted that Wellington has had seven years of outperformance. Wellington clients have received 17.6% annualized for seven years and the S&P has returned just 1.8%. Ms. Caine noted that while the total domestic equity portfolio was on target, Wellington's portfolio was approximately \$25 million over-allocated at the end of May which will be drawn down to rebalance to target.

Mr. Abrams reported that one way to buy portfolio "insurance" is to sell calls on our more volatile stocks. It is not a derivative because Wellington has the underlying collateral. He noted that the portfolio could pick up 100 to 150 basis points and that the process is within their guidelines. He has not sold calls yet as he wanted the opportunity to explain the process and obtain permission to do so. There were no objections.

Investment Manager Review - The Boston Company Asset Management ("TBC"). Mr. Bensur gave a brief overview of TBC noting that it was retained in 2004 to provide a long-term, strategic exposure to the non-US, or international equity market. As of March 31, 2006 the portfolio's market value was \$569.1 million, and comprises 33.6% of the non-US equity composite and 7.9% of the total fund.

Mr. Joseph P. Gennaco, Director of Client Services and Mr. Kirk Henry, Director of International Value Equity and Portfolio Manager represented TBC. Mr. Gennaco noted that TBC has \$64.2 billion of assets under management. He stated that Mr. David Cameron has recently become the new Chief Investment Officer at TBC. First quarter 2006, TBC returned 9.0%, slightly behind the MSCI ACWI ex-US benchmark at 9.8%. As of May 23, 2006, TBC is slightly ahead of the benchmark.

Mr. Henry noted that TBC has a bottom-up, value oriented, stock-picking process. The portfolio is well diversified by country and sector and has a fundamental, research driven process. TBC invests in a minimum of twelve countries with a maximum of 30% per economic sector, and normally has 120-160 holdings. Approximately 15% of the portfolio is in emerging markets. Sector weights are as follows: 24.8% in financials; 12.3% in consumer discretionary; 10.8% in materials; and 10.4% in consumer staples. The largest holdings in the portfolio are in France, United Kingdom, Japan, Singapore and Ireland.

Mr. Henry noted that the stocks that performed the best in 2004 were also the best performers in 2005 which is unusual. TBC will be selling those international stocks that

outperformed as they get more expensive and will buy stocks that are lagging as they are the least expensive. The emerging markets have done well but the market has driven the large cap stocks up which is starting to make a correction. Therefore, TBC is shifting more holdings to the mid-cap sector because of better valuations and that will provide protection in the decline. He noted that the hardest hit emerging markets lately were Russia, Turkey and Brazil. The markets holding up are Malaysia and Thailand. He noted that in the long-term they are positive regarding China even though the market growth has slowed.

457 Plan - VALIC Fund Options. Ms. Caine reported that the 457 (Deferred Compensation) Plan has three providers: Fidelity, Aetna (ING), and VALIC. Each of those providers offers twenty options for a total of 60 options for participants. She noted that one of VALIC's options - the SunAmerica Core Bond Fund - will be closing on May 31, 2006 affecting approximately 131 plan participants representing approximately \$46.5 million. The two replacement options provided by VALIC from which to choose are the PIMCO Total Return Fund and the Franklin Templeton Total Return Fund. Both funds have been top quartile performers and either one will be a better option for participants than the SunAmerica fund.

Ms. Caine noted that both proposed funds are rated three star funds by Morningstar. She noted that PIMCO has 85% of its assets under management in fixed income while Franklin Templeton has only 24% of its assets in fixed income, making the PIMCO fund more comparable to the fund which is closing. The majority of Franklin's assets are in international and domestic equities. PIMCO is an institutional, high-quality firm with an emphasis on fixed income and a firm with which the SIC already has a relationship. Ms. Caine recommended choosing the PIMCO fund to replace the SunAmerica fund that is closing.

Mr. Bensus also recommended the PIMCO fund noting that PIMCO also manages the StocksPlus program for the pension fund. He also noted that PIMCO is a much larger institution than Franklin Templeton.

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

VOTED: To approve the PIMCO Total Return Fund as the replacement for the SunAmerica Core Bond Fund as part of the 457 Deferred Compensation Plan that VALIC manages for the State.

457 Deferred Compensation Plan. Treasurer Tavares requested that the Minutes reflect the following concerns he has regarding the State's 457 Deferred Compensation Plan. He noted that the 457 Plan is offered to all state employees and is administered by the Department of Administration ("DOA"). By statute the SIC is responsible for selecting the investments offered in the deferred compensation plan. The SIC is also responsible for monitoring performance. Each of the three firms - Aetna (ING), Fidelity and VALIC offer 20 options each for a total of 60 options offered to employees.

Treasurer Tavares noted that the General Treasurer's Office does not have enough staff to professionally monitor 60 funds. He also expressed concerns that state employees may not be receiving appropriate advice and consultation with regard to these services/funds. He noted that the Investments Department headed by Joan Caine is funded by the retirement system and investment proceeds, and that the expenses of monitoring the 457 Plan legally cannot be borne by the SIC. The Treasurer reported that he has written letters to both Governor Carcieri and his

predecessor Governor Almond expressing his concerns and recommending that the DOA hire a consultant solely for the monitoring of the 457 Plan. His letters noted that he felt there are exposures in this area that need to be addressed. He has also brought this issue to the attention of the respective Directors of Administration under the two governors.

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

Ms. Caine reported that most state 457 Plans are employing a consultant. Mr. Bensus noted that Wilshire Associates Incorporated does have the capability to serve as a 457 Plan consultant. Ms. Caine noted that the levels of service from the three providers vary. Fidelity is highly automated with online services and toll free telephone numbers. Aetna (ING) is similar to Fidelity and VALIC operates on a more face-to-face basis with participants. VALIC regularly solicits new participants by attending the state's open enrollments.

Ms. Caine suggested that she conduct a survey amongst other Chief Investment Officers nationwide to see what other states do. Ms. Caine also noted that most participants use only one provider and that each provider is well diversified in their fund offerings. Ms. Caine also noted that VALIC's parent, AIG, has been in litigation with regulators since June, 2005 and is now in settlement discussions regarding misstatement of financial results. A settlement has been reached with three regulators: the Securities and Exchange Commission, the New York Attorney General's Office, and the New York Insurance Commissioner whereby AIG is providing \$300 million to a trust to make restitution to various entities.

She explained that prior to the establishment of Beacon Mutual and between 1985 to 1991, anyone who provided workers' compensation insurance in Rhode Island had to deposit a portion of the premiums into a residual market pool. AIG had misclassified its workers' compensation premiums in Rhode Island and did not put enough money in the pool. Ms. Caine has spoken to the Attorney General's office and the Insurance Commissioner at the Department of Regulation ("DBR"), Joseph Torti, who is spearheading the state's effort to seek restitution. Approximately \$100 million of that \$300 million is coming to Rhode Island and will go to those insurers who overpaid into the residual pool. Mr. Torti indicated that DBR is in discussions with AIG for additional restitution for the state and that while AIG has been cooperating, he expects it will take a long time to reach an agreement.

Wilshire Associates Incorporated - Capital Market Review. Mr. Bensus noted that small stocks rallied to start the year outperforming large cap stocks. Emerging markets continue to outperform. Through May 22, 2006, the S&P 500 is up 1.4%, small cap stocks are up 5% and the total market is up 1.8%. The non-US equity market is up 9.8% and emerging markets were up 22.5% and are now up 8%. The market has fallen off quite a bit in just the last ten days.

Deputy Treasurer for Finance Report. Ms. Caine reported that as of April 30, 2006 the fund was up 14.3% which was 40 basis points ahead of the benchmark. She also reported that a Purchase and Sales Agreement has been signed on the Gateway Eight building. The due diligence period will end on June 2nd and she expects to close by June 28th. Ms. Caine noted that the Commission members will be kept up-to-date on this matter.

General Treasurer's Report. The Treasurer distributed copies of an article from The Providence Journal regarding legislation in both the House and Senate concerning divestiture of holdings of companies who do business in Sudan. The movement in Rhode Island is being led by and he has met with a Brown University group called Students Taking Action Now. He noted that although he is extremely sympathetic and the situation in Sudan is horrific, he has concerns

with the legislation as presented. There was a hearing at the State House regarding the proposed legislation.

He reported to Commission members that prior to his term as Treasurer, legislation was passed regarding divestiture of holdings in South Africa which was very successful. That legislation employed the "Sullivan Principles" where the US State Department spelled out how divestment should occur. There was a four year period in which to divest and there was a "hold harmless" clause where no one was required to sell any security at a loss. The legislation today is very different. The US State Department has not created an official list of holdings for divestiture. Representative Langevin has written to Secretary of State Condoleeza Rice to ask that the State Dept. prepare an official list of companies whose holdings should be divested.

The legislation before the House and Senate now is unique in that it is mandating that groups hire a private vendor to supply the list of companies to divest from and is also suggesting certain vendors to use. Also the legislation designates the divestiture period to be 50% of the portfolio within six months and 100% within twelve months. Based on an unofficial list obtained, the Treasurer believes the pension fund has approximately \$44 million in targeted companies.

Treasurer Tavares reported that the California State Treasurer has asked that CALSTERS develop a policy that would be consistent with the ultimate goal. The Treasurer suggested to the sponsors of the legislation that rather than manage the situation by legislation, that perhaps a resolution would be appropriate requesting that the SIC research the matter and take appropriate action.

That was not acceptable to the Brown student group as they did not trust the SIC to do the right thing and wanted it mandated. The Treasurer noted that this is an extremely emotional issue, and he is very sympathetic to Sudan's situation. However, he has informed the legislators that the proposed legislation is not prudent and is not in the best interests of the pension plan recipients.

Ms. Caine stated that a review of the pension fund portfolio indicates holdings in three companies known to do business in Sudan - Siemens, Total SA and Royal Dutch Shell. She noted that those positions are in separately managed accounts and the commingled funds do not include any of those investments. She expressed concerns related to the private equity portfolio where assets are illiquid and a forced liquidation would result in substantial losses. Divestiture would also diminish the fund's ability to continue to broadly participate in the private equity marketplace in the future.

Mr. Bensus stated that he would present the Asset Liability Study at the June 28th meeting.

Mr. Treat moved, Mr. Costello 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. (Note: Dr. McKenna was not present for this vote.)

VOTED: To adjourn the meeting.

There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

Paul J. Tavares
General Treasurer

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

PORTFOLIO PERFORMANCE

May

The ERSRI portfolio posted a loss of 2.61% for the month of May, against the policy index of -2.50%. Domestic equities were down 3.30%, international equities lost 4.41%, and the fixed income asset class returned 0.12%. Additionally, the retirement fund earned \$401,839 from the securities lending program during this month.

Calendar Year to Date

For the five months ended May 31, 2006, the portfolio is up 4.17% against the policy index of 3.81%. Domestic equities were up 4.23%, international equities were up 9.78%, while fixed income generated a return of -0.43%.

Fiscal Year to Date

For the Fiscal Year ended June 30, 2006, the fund has gained 11.32%, against the policy index of 11.09%.

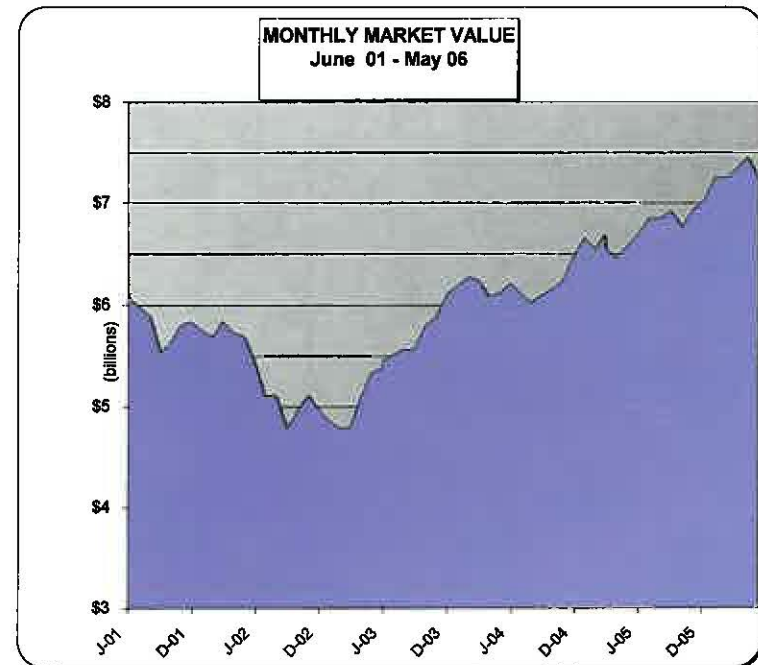
Index Performance Summary - May 31, 2006		
Market Indices	May-06	Calendar YTD
<u>Domestic Equity</u>		
S & P 500	-2.88%	2.57%
DJ Wilshire 5000	-3.21%	3.18%
Russell 2000	-5.62%	7.52%
Russell 1000	-2.95%	2.62%
Policy Index	-2.50%	3.81%
<u>International Equity</u>		
MSCI ACWI	-4.61%	10.10%
<u>Fixed Income</u>		
Lehman AGG	-0.11%	-0.93%
<u>Real Estate</u>		
NCREIF	5.43%	5.43%

ERSRI Performance By Asset Class	May-06	Calendar YTD
Domestic Equity	-3.30%	4.23%
Fixed Income	0.12%	-0.43%
International Equity	-4.41%	9.78%
Total Fund Composite*	-2.61%	4.17%
Manager Summary	May-06	CYTD
<u>DOMESTIC EQUITY</u>		
Shott	-9.20%	1.09%
PIMCO	-2.98%	2.40%
SSgA Russell 1000	-2.95%	2.63%
SSgA Core	-3.50%	2.82%
Wasatch	-3.58%	3.87%
Northpointe	-3.71%	10.60%
Wellington	-4.20%	7.76%
Total Domestic Equity	-3.30%	4.23%
<u>FIXED INCOME</u>		
Brown Bros TIPS	0.31%	-2.42%
Brown Bros Core	-0.02%	-0.76%
Fidelity	-0.04%	0.14%
Taplin Canida & Habacht	0.18%	-0.32%
InState Fixed Income	0.00%	0.00%
Shenkman	-0.23%	2.50%
Mackay Shield	0.51%	3.33%
Total Fixed Income	0.12%	-0.43%
<u>INTERNATIONAL EQUITY</u>		
Mondrian	-3.99%	10.20%
Goldman Sachs	-4.91%	9.51%
Boston Co	-4.33%	9.64%
Total International Equity	-4.41%	9.78%
*Total Fund Composite includes all classes		

Market Valuation Report
May, 2006

Market Values

The total portfolio value decreased in May by \$206.1 million to \$7.242 billion. This compares with an increase in value of \$121.5 million for the same period in 2005. The domestic equity market values decreased by \$251.5 million, which includes a \$144.8 million transfer out; fixed income increased by \$123.3, of which \$120.8 represents transfers in, while international values decreased by \$78.6 million. The cash accounts increased by \$0.2 including transfers in netting \$1.7 million, and alternative investments increased by \$0.9 including transfers in of \$4.8 million.



Cash Flow

May's pension payroll of \$52.9 million exceeded the \$ 36.7 million in contributions and wire transfers received by \$16.2 million. To meet this shortfall along with other obligations, \$17.5 million was transferred from long-term investments.

Alternative Investments

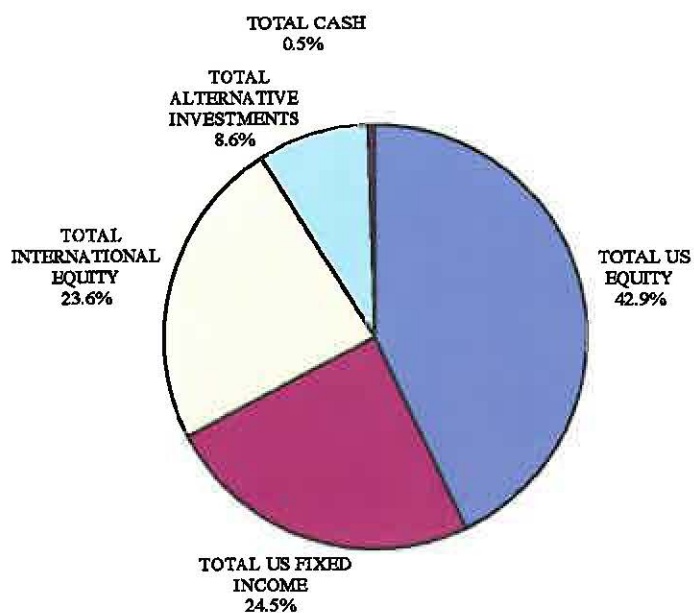
At this time the alternative investment asset class has unfunded commitments of approximately \$408 million on commitments of \$863 million.

CAPITAL CALLS Net of Distributions

May 2006	FYTD	UNFUNDED BALANCE
\$4,139,747	\$108,227,617	\$408,374,471
May 2005	FYTD	UNFUNDED BALANCE
\$6,246,078	\$37,108,127	\$430,890,871



CURRENT ASSET CLASS ALLOCATION (IN MILLIONS)

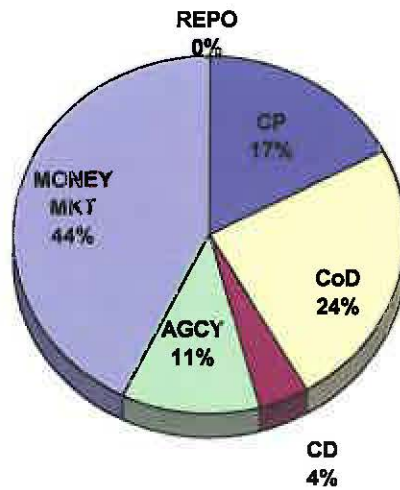


MANAGER	CURRENT PERIOD
TOTAL US EQUITY	3,106.0
TOTAL US FIXED INCOME	1,770.7
TOTAL INTERNATIONAL EQUITY	1,707.2
TOTAL ALTERNATIVE INVESTMENTS	619.5
TOTAL CASH	38.2
TOTAL	7,241.6

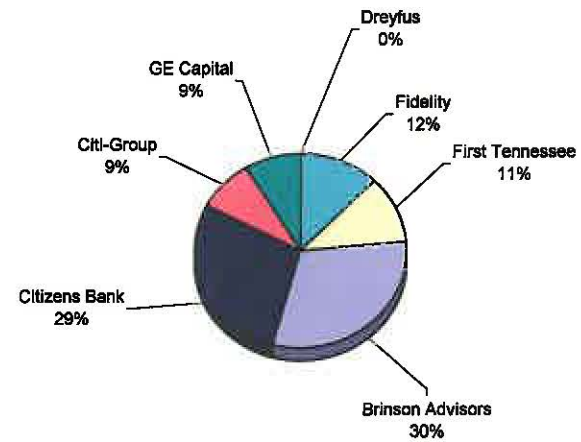
RHODE ISLAND STATE INVESTMENT COMMISSION

SHORT TERM CASH INVESTMENTS AT MAY 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
May, 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			
Chase Securities	2,3,5	0%	Aa3	P-1	A-1	Aa3	A+	Stable		
Citigroup Inc.	2	9%	Aa1	P-1	A-1+	Aa1	AA-	Stable		
Citizens Bank RI	3,4	29%	Aa2	P-1	A-1+	Aa2	AA-	Stable		
Dreyfus	6	0%	Aa3	P-1	A-1+	Aa3	AA-	Stable		
First Tennessee Capital Markets	5	11%	A1	P-1	A-1	A1	A	Stable		
Fidelity	6	12%			N/R		N/R	N/R		
Merrill Lynch	2,5,6	0%	Aa3	P-1	A-1	Aa3	A+	Stable		
GE Capital	2	9%	Aaa	P-1	A-1+	Aaa	AAA	Stable		
Morgan Stanley	1,2,5	0%	Aa3	P-1	A-1	Aa3	A+	Negative		
Palne 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 & Trust	1,3	0%	Aa2	P-1	A-1+	Aa2	AA	Stable		

Instrument Codes

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

Ratings Definitions

Moody's Short-Term Debt Ratings:

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

Moody's Issuer Rating Symbols:

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

Modifiers:

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

Moody's Long-Term Debt Ratings:

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

Modifiers:

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

S&P Short-Term Credit Ratings:

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

S&P Outlook Definitions:

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

S&P Long-Term Debt Ratings:

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



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

Paul J. Tavares
General Treasurer

June 26, 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 May 31, 2006.

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

Asset Class		
Cash/Short Term Investments		\$ 312,015,583
Equities -- Domestic		\$ 3,052,571,685
Equities -- International		\$ 1,666,684,942
Fixed Income -- Government	\$ 927,057,754	
Fixed Income -- Corporate	\$ 664,706,779	
Fixed Income -- In State	\$ 20,929,816	
Total Fixed Income		\$ 1,612,694,349
Alternative Investments		\$ 386,516,465
Real Estate		\$ 211,117,382
Total Fund Investments		\$ 7,241,600,407
Plan Allocation		
State Employees & Teachers	86.15%	\$ 6,238,713,223
Municipal Employees	12.99%	\$ 940,390,608
State Police	0.52%	\$ 37,715,117
Judicial	0.34%	\$ 24,781,459
Total Fund Investments	100.00%	\$ 7,241,600,407

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 May 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												
NORTHPOINTE CAPITAL	371,525	5.13	-3.71	1.92	10.89	10.60	17.11	22.29	18.65	22.63	15.02	
PIMCO	490,369	6.77	-2.98	-0.51	2.47	2.40	7.83	8.07	8.24	11.33	6.18	1.99
SSGA - CORE	324,406	4.48	-3.50	0.07	3.32	2.82	8.26	9.25	10.67	12.18	7.11	4.38
SSGA RUSSELL 1000	1,294,949	17.88	-2.95	-0.40	2.77	2.63	8.96	9.42	9.42	12.51		
WASATCH ADVISORS	205,053	2.83	-3.58	-0.73	3.16	3.87	3.67	7.64	10.46	17.50	7.15	
WELLINGTON MANAGEMENT CO. LLC	416,877	5.76	-4.20	-0.91	8.93	7.76	17.89	23.12	14.89	21.75	14.85	
TOTAL US EQUITY	3,106,003	42.89	-3.30	-0.18	4.47	4.23	10.38	12.13	10.99	14.75	8.93	4.33
<i>RUSSELL 1000</i>			<i>-2.95</i>	<i>-0.40</i>	<i>2.77</i>	<i>2.62</i>	<i>8.94</i>	<i>9.38</i>	<i>9.40</i>	<i>12.48</i>	<i>7.05</i>	<i>2.62</i>
<i>RUSSELL 2000</i>			<i>-5.62</i>	<i>-1.05</i>	<i>7.03</i>	<i>7.52</i>	<i>13.85</i>	<i>18.24</i>	<i>13.95</i>	<i>19.16</i>	<i>11.64</i>	<i>9.10</i>
<i>RUSSELL 2000 GROWTH</i>			<i>-7.04</i>	<i>-2.80</i>	<i>5.85</i>	<i>6.01</i>	<i>14.51</i>	<i>18.21</i>	<i>11.08</i>	<i>16.99</i>	<i>9.69</i>	<i>4.03</i>
<i>RUSSELL 2000 VALUE</i>			<i>-4.14</i>	<i>0.77</i>	<i>8.26</i>	<i>9.10</i>	<i>13.22</i>	<i>18.22</i>	<i>16.66</i>	<i>21.20</i>	<i>13.28</i>	<i>13.70</i>
<i>S&P 500</i>			<i>-2.88</i>	<i>-0.35</i>	<i>2.60</i>	<i>2.57</i>	<i>8.48</i>	<i>8.64</i>	<i>8.44</i>	<i>11.64</i>	<i>6.35</i>	<i>1.96</i>
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			<i>-3.21</i>	<i>-0.33</i>	<i>3.33</i>	<i>3.18</i>	<i>9.72</i>	<i>10.61</i>	<i>10.13</i>	<i>13.47</i>	<i>7.91</i>	<i>3.64</i>
INTERNATIONAL EQUITY												
GOLDMAN SACHS	566,109	7.82	-4.91	2.99	14.35	9.51	29.47	33.85				
BANK OF IRELAND	4	0.00										
THE BOSTON COMPANY	574,262	7.93	-4.33	4.25	14.49	9.64	24.50	26.48				
MONDRIAN	566,732	7.83	-3.99	2.99	14.21	10.20	23.91	26.62	24.22			
PUTNAM INVESTMENTS	6	0.00										
TRANSITION ACCOUNT INT EQUITY	66	0.00										
TOTAL INTERNATIONAL EQUITY	1,707,179	23.57	-4.41	3.40	14.35	9.78	25.99	29.01	23.06	24.28	13.88	9.25
<i>MSCI AC WORLD ex US (GROSS)</i>			<i>-4.61</i>	<i>3.22</i>	<i>15.40</i>	<i>10.10</i>	<i>28.53</i>	<i>30.95</i>	<i>23.92</i>	<i>26.97</i>	<i>16.24</i>	<i>11.00</i>

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING May 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 EAFE (NET)</i>			-3.88	4.03	15.30	10.17	26.56	28.24	21.24	24.93	14.36	9.10
U.S. FIXED INCOME												
BROWN BROTHERS HARRIMAN - CORE	278,312	3.84	-0.02	-1.27	0.16	-0.76	-0.75	0.06	3.66	2.71	5.16	5.75
FIDELITY MANAGEMENT TRUST	463,874	6.41	-0.04	-0.69	1.02	0.14	0.72	1.20	4.20	3.68	4.65	5.45
BROWN BROTHERS HARRIMAN - TIPS	504,455	6.97	0.31	-2.28	-1.14	-2.42	-1.95	-1.48	3.95			
MACKAY SHIELDS, LLC	121,048	1.67	0.51	1.73	4.39	3.33	6.61	7.66	9.34	11.76		
SHENKMAN CAPITAL MANAGEMENT	123,655	1.71	-0.23	0.58	3.40	2.50	5.25	6.81	7.81	7.82		
TAPLIN, CANIDA & HABACHT	278,763	3.85	0.18	-1.12	0.81	-0.32	1.03	1.51	4.41	3.92	6.91	6.58
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	1,770,682	24.45	0.12	-1.06	0.62	-0.43	0.50	1.14	4.69	4.01	5.80	5.76
<i>CSFB GLOBAL HIGH YIELD</i>			0.28	1.73	4.94	4.07	5.62	7.38	8.67	10.17	10.93	9.44
<i>LB AGGREGATE</i>			-0.11	-1.27	0.01	-0.93	-1.02	-0.48	3.11	1.91	4.25	5.01
<i>LB CREDIT</i>			-0.17	-1.94	-0.74	-1.70	-2.21	-1.44	3.05	1.83	5.21	5.74
<i>LB GOV/CREDIT</i>			-0.06	-1.46	-0.44	-1.38	-1.74	-1.10	2.87	1.39	4.54	5.19
<i>CITIGROUP BIG</i>			-0.13	-1.34	-0.01	-0.99	-1.03	-0.46	3.21	2.00	4.30	5.04
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			-0.23	-3.20	-1.48	-2.96	-3.71	-2.80	4.04	1.89	5.40	6.00
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			-0.27	-1.15	0.65	-0.39	0.16	0.51	3.63	2.92	3.79	4.69
ALTERNATIVE INVESTMENTS												
REAL ESTATE	211,117	2.92	-0.00	1.37	1.51	1.53	2.41	2.41				
PRIVATE EQUITY	387,477	5.35	-3.06	-2.93	2.58	0.08	11.11	22.35	19.54	22.29	13.58	10.94
STATE ACCOUNT (IN DEFAULT)	20,930	0.29	1.53	1.53	1.54	1.54	1.71	1.72	2.54	3.94	4.65	5.07
TOTAL ALTERNATIVE INVESTMENTS	619,525	8.56	-1.88	-1.34	2.76	0.89	10.48	21.27	19.03	21.49	13.29	10.59

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING May 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	5.43	10.11	5.43	15.99	20.06	17.24	14.42	12.45	11.40
<i>S&P 500 PLUS 300 BP</i>			-2.54	0.42	4.09	3.80	11.29	11.72	11.54	14.74	9.70	5.33
CASH EQUIVALENTS												
CASH ACCOUNT (INSIDE)	21,023	0.29	1.93	3.90	4.81	4.27	8.80	9.48	10.50	14.40	27.42	40.04
CASH ACCOUNT (OUTSIDE)	17,171	0.24	0.33	0.91	1.82	1.51	3.14	3.39	2.54	3.21	2.76	2.76
TOTAL PLAN												
TOTAL PLAN	7,241,583	100.00	-2.61	0.42	5.69	4.17	11.32	13.52	12.56	14.60	10.03	6.80
¹ TOTAL PLAN BENCHMARK			-2.50	0.36	5.26	3.81	11.09	12.19	11.46	13.49	9.31	6.17

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING May 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% 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

May 31, 2006

	Calendar YTD			Benchmark Description	Current Month			Valuation Change			
	Performance	Benchmark	Alpha		Performance	Benchmark	Alpha	Market Value	Transfers	Market Value	Market Value
								4/30/2006	In/Out	5/31/2006	Increase/Decrease
Domestic Equity											
Shott Capital Management IRR	1.09%	2.57%	-1.48%	S & P 500	-9.20%	-2.88%	-6.32%	3,009,976	-	2,817,684	(192,313)
SSgA Russell 1000	2.63%	2.62%	0.01%	Russell 1000	-2.95%	-2.95%	0.00%	1,484,313,359	(149,894,880)	1,294,948,635	(39,469,844)
SSgA Core	2.82%	2.62%	0.20%	Russell 1000	-3.50%	-2.95%	-0.55%	336,155,841	23,520	324,408,251	(11,773,111)
PIMCO	2.40%	2.57%	-0.17%	S & P 500	-2.98%	-2.88%	-0.10%	500,388,051	5,035,040	490,388,996	(15,052,095)
NorthPointe Capital	10.60%	9.10%	1.50%	Russell 2000 Value	-3.71%	-4.14%	0.43%	385,798,600	25,920	371,525,225	(14,289,295)
Wellington Mgmt	7.76%	7.52%	0.24%	Russell 2000	-4.20%	-5.62%	1.42%	435,139,001	12,000	416,876,550	(18,274,451)
Wasatch Advisors	3.87%	7.52%	-3.65%	Russell 2000	-3.58%	-5.62%	2.04%	212,662,341	15,360	205,053,229	(7,624,472)
Transition Account	N/A	N/A	N/A		N/A	N/A	N/A	4,359	-	6,522	2,162
Total Domestic Equity	4.23%				-3.30%			3,357,469,529	(144,763,040)	3,106,003,071	(106,683,419)
International Equity											
Boston Company	9.64%	10.10%	-0.46%	MSCI ACWI	-4.33%	-4.61%	0.28%	600,203,113	38,880	574,266,445	(25,975,548)
Goldman Sachs	9.51%	10.10%	-0.59%	MSCI ACWI	-4.91%	-4.61%	-0.30%	595,293,145	38,880	566,108,633	(29,223,382)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	660,392	-	661,954	1,562
Mondrian	10.20%	10.10%	0.10%	MSCI ACWI	-3.99%	-4.61%	0.62%	590,257,951	38,880	566,732,029	(23,564,802)
Total International Equity	9.78%				-4.41%			1,786,414,601	116,640	1,707,769,061	(78,762,180)
Fixed Income											
Fidelity Management & Research	0.14%	-0.25%	0.39%	Lehman Mortgage Backed	-0.04%	-0.19%	0.15%	416,028,093	48,032,160	463,873,578	(186,675)
Brown Brothers, Harriman	-0.76%	-0.99%	0.23%	Salomon Brd Inv Grade	-0.02%	-0.13%	0.11%	243,338,071	35,019,680	278,311,969	(45,782)
In-State Fixed Income		(Non performing)		N/A	0.00%	N/A	N/A	20,929,813	(291,335)	20,929,816	291,338
Taplin, Canida & Habacht	-0.32%	-1.70%	1.38%	Lehman Credit Index	0.18%	-0.17%	0.35%	256,256,259	22,019,680	278,762,995	487,056
Mackay Shields	3.33%	4.07%	-0.74%	CS First BoshHlyield	0.51%	0.28%	0.23%	120,424,158	9,600	121,048,457	614,899
Shenkman Capital Mgmt	2.50%	4.07%	-1.57%	CS First BoshHlyield	-0.23%	0.28%	-0.51%	123,926,495	9,600	123,654,818	(261,277)
Brown Bros TIPS	-2.42%	-2.04%	-0.38%	Lehman US TIPS Index	0.31%	0.29%	0.02%	486,839,163	16,038,880	504,455,007	1,576,963
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Total Fixed Income	-0.43%				0.12%			1,667,742,054	120,838,265	1,791,036,640	2,456,322
Alternative Investments											
Private Equity	0.08%	N/A	N/A	N/A	-3.06%	N/A	N/A	389,874,347	1,223,432	387,477,475	(3,620,304)
Real Estate	1.53%	5.83%	N/A	NCREIF + 100	0.00%	0.08%	-0.08%	207,809,801	3,547,943	211,117,382	(240,362)
Total Alternatives	0.89%				-1.88%			597,684,148	4,771,376	598,594,857	(3,860,666)
Cash Accounts											
Cash in Trust	4.27%	N/A	N/A		1.93%	N/A	N/A	20,935,928	(752,140)	21,022,966	839,177
Cash Outside Trust	1.51%	N/A	N/A		0.33%	N/A	N/A	17,451,502	2,500,000	17,170,835	(2,780,667)
Total Cash	*				*	0		38,387,430	1,747,860	38,193,800	(1,941,490)
Total	4.17%	3.81%	0.36%		-2.61%	-2.50%	-0.11%	7,447,697,763	(17,308,899)	7,241,597,430	(188,791,434)

*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 May 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									
SHOTT CAPITAL	S&P 500	-6.39	-2.88	-3.51	-2.40	2.57	-4.97	2,818	0
SSGA RUSSELL 1000	RUSSELL 1000	-2.95	-2.95	0.00	2.63	2.62	0.01	1,294,949	-149,895
SSGA - CORE	RUSSELL 1000	-3.50	-2.95	-0.55	2.82	2.62	0.20	324,406	24
PIMCO	S&P 500	-2.98	-2.88	-0.10	2.40	2.57	-0.17	490,369	5,035
NORTHPOINTE CAPITAL	RUSSELL 2000 VALUE	-3.71	-4.14	0.43	10.60	9.10	1.50	371,525	26
WELLINGTON MANAGEMENT CO. LLC	RUSSELL 2000	-4.20	-5.62	1.42	7.76	7.52	0.24	416,877	29
WASATCH ADVISORS	RUSSELL 2000	-3.58	-5.62	2.04	3.87	7.52	-3.65	205,053	15
TOTAL US EQUITY		-3.30			4.23			3,106,003	-144,764
INTERNATIONAL EQUITY									
THE BOSTON COMPANY	MSCI AC WORLD ex US (GROSS)	-4.33	-4.61	0.28	9.64	10.10	-0.46	574,262	39
GOLDMAN SACHS	MSCI AC WORLD ex US (GROSS)	-4.91	-4.61	-0.30	9.51	10.10	-0.59	566,109	39
MONDRIAN	MSCI AC WORLD ex US (GROSS)	-3.99	-4.61	0.62	10.20	10.10	0.10	566,732	39
TRANSITION ACCOUNT INT EQUITY								66	0
TOTAL INTERNATIONAL EQUITY		-4.41			9.78			1,707,179	117
U.S. FIXED INCOME									
FIDELITY MANAGEMENT TRUST	LB MBS	-0.04	-0.19	0.15	0.14	-0.25	0.39	463,874	48,032
BROWN BROTHERS HARRIMAN - CORE	CITIGROUP BIG	-0.02	-0.13	0.11	-0.76	-0.99	0.23	278,312	35,020
TAPLIN, CANIDA & HABACHT	LB CREDIT	0.18	-0.17	0.35	-0.32	-1.70	1.38	278,763	22,020
MACKAY SHIELDS, LLC	CSFB GLOBAL HIGH YIELD	0.51	0.28	0.23	3.33	4.07	-0.74	121,048	10
SHENKMAN CAPITAL MANAGEMENT	CSFB GLOBAL HIGH YIELD	-0.23	0.28	-0.51	2.50	4.07	-1.57	123,655	10
BROWN BROTHERS HARRIMAN - TIPS	LB U.S. TIPS	0.31	0.29	0.02	-2.42	-2.04	-0.38	504,455	16,039
TRANSITION ACCOUNT FIXED INCOME								575	0
TOTAL US FIXED INCOME		0.12			-0.43			1,770,682	121,130

State of Rhode Island

RATES OF RETURN - Total

Periods Ending May 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)		1.53			1.54			20,930	-319
PRIVATE EQUITY		-3.06			0.08			387,477	9,718
REAL ESTATE	NCREIF PROPERTY LAG + 100 BPS	-0.00	0.08	-0.08	1.53	5.83	-4.30	211,117	3,308
TOTAL ALTERNATIVE INVESTMENTS		-1.88			0.89			619,525	12,707
CASH EQUIVALENTS									
CASH ACCOUNT (INSIDE)		1.93			4.27			21,023	-315
CASH ACCOUNT (OUTSIDE)		0.33			1.51			17,171	-411
TOTAL CASH		0.88			3.28			38,194	-726
TOTAL PLAN									
TOTAL PLAN	TOTAL PLAN BENCHMARK	-2.61	-2.55	-0.06	4.17	3.76	0.41	7,241,583	-11,537

State of Rhode Island

TOTAL PLAN

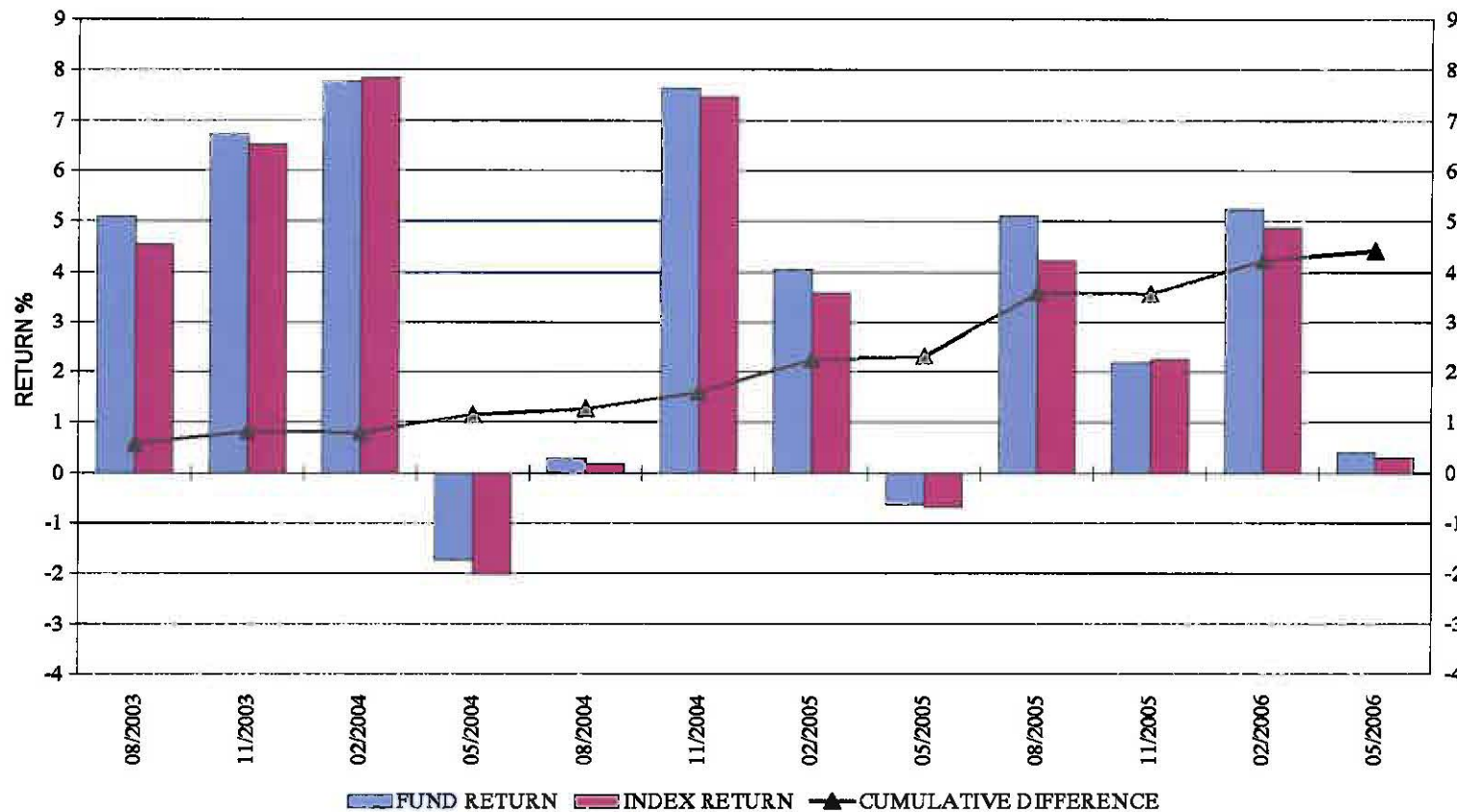
Index:

PERIODS: May 31, 2003 - May 31, 2006



STATE STREET
For Everything You Invest In™

CUMULATIVE PERFORMANCE REPORT

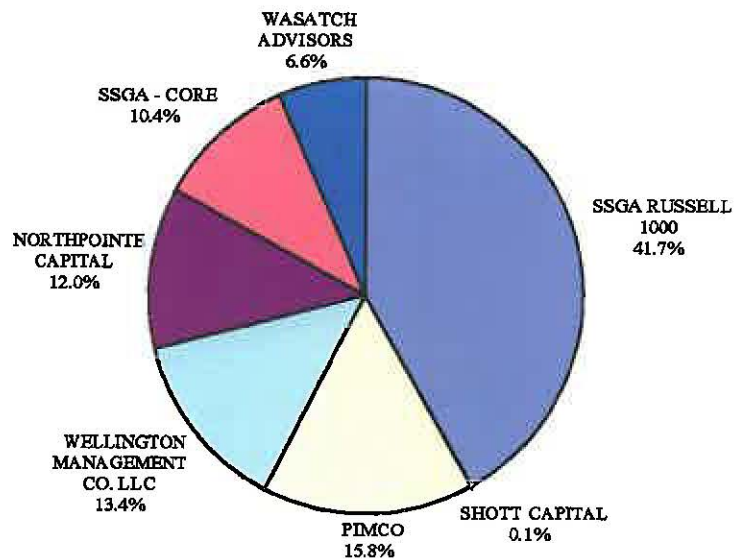


State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 05/31/2006



STATE STREET.
For Everything You Invest In™

CURRENT MANAGER ALLOCATION



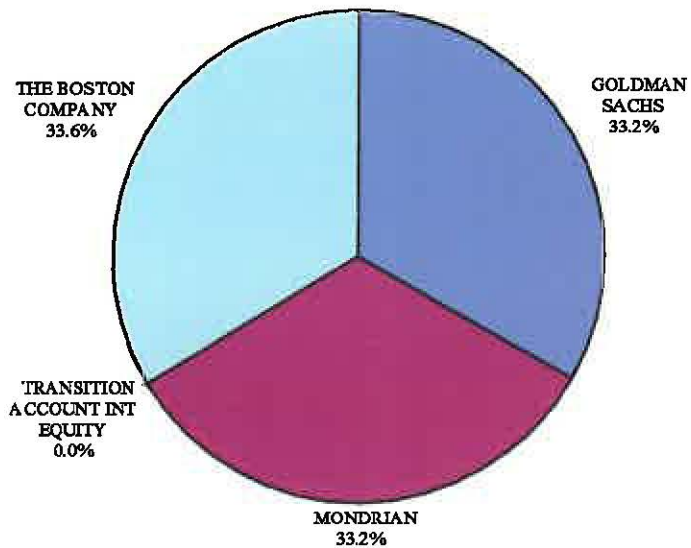
<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
SSGA RUSSELL 1000	1,294.9	1,353.0
SHOTT CAPITAL	2.8	5.9
PIMCO	490.4	448.8
WELLINGTON MANAGEMENT CO. LLC	416.9	364.6
NORTHPOINTE CAPITAL	371.5	333.9
SSGA - CORE	324.4	308.7
WASATCH ADVISORS	205.1	190.3
TOTAL	3,106.0	3,005.2

State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 05/31/2006



STATE STREET.
For Everything You Invest In

CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
GOLDMAN SACHS	566.1	499.9
MONDRIAN	566.7	498.7
TRANSITION ACCOUNT INT EQUITY	0.1	0.1
THE BOSTON COMPANY	574.3	517.9
SSGA MSCI ALL COUNTRY WORLD EX-US		0.6
TOTAL	1,707.2	1,517.2

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

	Style Mandate	Actual (Millions \$)		Target (Millions \$)		Difference (Millions \$)
Domestic Equity						
SSgA Russell 1000	Passive	1,294.95	17.9%	1,466.42	20.25%	(171.47)
SSgA Core	Active core	324.41	4.5%	325.87	4.50%	(1.47)
PIMCO	Enhanced Equity	490.37	6.8%	488.81	6.75%	1.56
NorthPointe Capital	Small Cap Value	371.53	5.1%	362.08	5.00%	9.45
Wellington Mgmt	Small Cap Core	416.88	5.8%	398.29	5.50%	18.59
Wasatch Advisors	Small Cap Growth	205.05	2.8%	217.25	3.00%	(12.19)
TOTAL DOMESTIC EQUITY		3,106.00	42.9%	3,258.71	45.00%	(152.71)
International Equity						
Boston Company	MSCI ACWI	574.26	7.9%	543.12	7.50%	31.14
Goldman Sachs	MSCI ACWI	566.11	7.8%	543.12	7.50%	22.99
Mondrian	MSCI ACWI	566.73	7.8%	543.12	7.50%	23.61
Transition Account		0.07	0.0%	0.00	0.00%	0.07
TOTAL INT'L EQUITY		1,707.18	23.6%	1,629.36	22.50%	77.82
Domestic Fixed Income						
Fidelity Management & Research	Mortgages	463.87	6.4%	452.60	6.25%	11.28
Brown Brothers, Harriman	Opportunistic Core	278.31	3.8%	271.56	3.75%	6.75
Taplin, Canida & Habacht	Corporates	278.76	3.8%	271.56	3.75%	7.20
Mackay Shields	High yield	121.05	1.7%	135.78	1.88%	(14.73)
Shenkman Capital Mgmt	High yield	123.66	1.7%	135.78	1.88%	(12.12)
Brown Brothers, Hamiman TIPS	TIPS	504.46	7.0%	543.12	7.50%	(38.66)
Transition Account		0.58	0.0%	0.00	0.00%	0.58
TOTAL FIXED-INCOME		1,770.68	25.0%	1,810.39	25.00%	(39.71)
Alternative Investments						
Real Estate	Real Estate	211.12	2.9%			
Shott Capital Mgmt	Alternative Distribution	2.82	0.0%			
Pacific Corp Group	Private Equity	387.48	5.4%			
In-State Fixed Income	Short/Int Govt	20.93	0.3%		0.00%	20.93
TOTAL ALTERNATIVE INVESTMENTS		622.34	8.6%	\$543.12	7.50%	79.23
CASH EQUIVALENTS	STIF, Yield+	38.19	0.5%	0.00	0.00%	38.19
TOTAL ASSETS		7,241.58	100.0%	7,241.58	100.00%	0.00

ALLOCATION BY MANAGEMENT STYLE

Domestic Equity						
Core		324.41	4.5%	325.87	4.50%	(1.47)
Index		1,294.95	17.9%	1,466.42	20.25%	(171.47)
Enhanced Equity		490.37	6.8%	488.81	6.75%	1.56
Active Small Cap		993.46	13.7%	977.61	13.50%	15.84
TOTAL DOMESTIC EQUITY		3,106.00	42.9%	3,258.71	45.00%	(155.53)
International Equity						
Active		1,707.18	23.6%	1,629.36	22.50%	77.82
TOTAL INT'L EQUITY		1,707.18	23.6%	1,629.36	22.50%	77.82
Domestic Fixed Income						
Mortgage		463.87	6.2%	452.60	6.25%	11.28
Core		278.31	4.0%	271.56	3.75%	6.75
Corporates		278.76	3.9%	271.56	3.75%	7.20
High Yield		245.28	3.8%	271.56	3.75%	(26.28)
TIPS		504.46	7.1%	543.12	7.50%	(38.66)
TOTAL FIXED-INCOME		1,770.68	25.0%	1,810.39	25.00%	(39.71)
Alternative Investments						
Real Estate		211.12	2.9%			
Other Alternative Investments		408.41	5.4%	\$543.12		
TOTAL ALTERNATIVE INVESTMENTS		619.52	8.3%	543.12	7.50%	76.41
CASH EQUIVALENTS	STIF, Yield+	38.19	0.5%	0.00	0.00%	38.19
TOTAL ASSETS		7,241.58	100.0%	7,241.58	100.00%	(0.00)

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

MAY 31, 2006

<i>Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	EXXON MOBIL CORP	216,970	\$13,215,643	SSgA
2	CITIGROUP INC	225,333	11,108,917	SSgA
3	ADVANTA CORP	282,323	10,333,022	NorthPoint,Wellington
4	GENERAL ELEC CO	297,300	10,185,498	SSgA
5	BANK AMERICA CORP	193,400	9,360,560	SSgA
6	REDWOOD TR INC.	198,500	9,123,060	Wasatch,Wellington
7	COPART INC	331,170	9,087,305	Wasatch
8	PFIZER INC	381,200	9,019,192	SSgA
9	BEACON ROOFING SUPPLY INC	237,400	8,949,980	NorthPoint,Wellington
10	MINERALS TECHNOLOGIES INC.	149,000	8,692,660	NorthPoint,Wellington
		3.18%	\$99,075,837	
Total Composite Equities		\$3,113,233,518		

International Equity Holdings By Top 10 Market Values

MAY 31, 2006

<i>International Equities</i>				
RANK	SECURITY NAME	PAR VALUES/SHARES	BASE MARKET AMOUNT	MONEY MANAGERS
1	ROYAL DUTCH SHELL	696,800	\$22,992,682	Mondrian,Goldman,Boston Co.
2	ROYAL BANK SCOT GRP	636,002	20,518,190	Mondrian,Goldman,Boston Co.
3	KOREA MSCI EMERGING MKT	848,874	18,195,608	Goldman
4	HBOS	1,061,355	18,163,004	Mondrian,Goldman,Boston Co.
5	TELEFONICA SA	1,092,233	17,915,279	Mondrian
6	BANCA INTESA SPA	3,032,178	17,594,229	Mondrian,Goldman
7	GLAXOSMITHKLINE	616,305	17,068,710	Mondrian,Boston Co.
8	TOYOTA MOTOR CORP	322,400	17,053,180	Mondrian
9	TAKED PHARMACEUTICAL CO	262,400	16,992,454	Mondrian
10	TOTAL SA	253,620	16,483,575	Mondrian,Goldman,Boston Co.
		10.70%	\$182,976,911	
Total Composite International Equities		\$1,710,643,825		

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	Projected Jan 06	Projected 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			1,000			1,000	43,502
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	1,948,474
			1,813,152			1,667,915			1,442,000			1,666,000	6,589,067
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			475,000			475,000	1,887,588
SSgA MSCI ACWI			0			0			0			0	0
	0		1,243,826	0		1,293,698			1,275,000			725,000	3,987,524
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	300,000	5,206,593
SUB TOTAL-INV MGMT FEES													
	881,233	775,539	3,895,305	0	21,810	4,709,362	886,829	219,291	3,864,497	401,744	606,207	3,631,000	19,342,817
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	165,851
St St Bank Custodial	23,654	11,503	13,277	11,978	11,919	12,325	10,888	10,000	10,000	12,000	4,000	4,200	135,744
Pacific Corp Group		68,750	68,750	0	0	0	0	68,750	0	0	68,750	0	275,000
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	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	45,570	118,260	130,533	983,967
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	70,000	7,000	404,109
	76,373	8,333	61,370	55,459	46,563	3,223,242	21,497	22,425	3,000	3,680,498	70,000	7,000	7,275,760
TOTAL:	1,010,593	888,458	4,098,660	100,269	116,472	8,004,887	953,773	347,299	3,941,320	4,127,812	794,467	3,768,533	27,602,544

Note: Numbers in bold are actual.

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2006	FY 2005-06												
	Actual July 2005	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2006	Actual February	Actual March	Actual April	Actual May	Projected June	Projected TOTAL
MEMBER BENEFITS	46,471,539	47,806,831	47,452,432	47,250,400	47,250,400	47,391,972	48,818,683	48,877,483	48,928,423	48,672,240	48,800,465	48,500,000	576,018,668
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	2,250,000	8,697,120
INVESTMENT EXPENSES	760,564	669,306	0	0	404,933	781,952	764,774	189,074	176,811	348,204	522,400	242,683	4,860,701
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	50,992,683	589,576,489
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	39,000,000	399,108,735
OTHER INCOME*	8,144,259	7,048,050	7,710,133	3,438,936	3,450,255	2,993,488	3,782,680	9,737,861	4,531,478	4,228,106	7,288,588	6,146,706	68,500,519
TOTAL INCOME	42,369,456	27,838,847	36,949,223	32,329,892	32,415,352	47,354,920	37,015,325	45,034,689	41,892,168	39,359,289	39,903,388	45,146,706	467,609,254
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)	(5,845,977)	(121,967,235)

Municipal Employees Retirement System

	Actual July 2005	Actual August	Actual September	Actual October	Actual November	Actual December	Actual January 2006	Actual February	Actual March	Actual April	Actual May	Projected June	Projected TOTAL
MEMBER BENEFITS	3,818,954	3,883,038	3,901,672	3,920,905	3,907,784	3,908,734	4,015,188	4,051,566	4,037,958	4,024,792	4,083,406	3,850,000	47,413,995
ADMINISTRATIVE EXPENSES	0	452	14,600	11,407	20,129	418,428	6,173	15,489	955	479,037	1,255	484,465	1,452,391
INVESTMENT EXPENSES	113,996	100,227	0	0	60,689	117,090	114,714	26,382	26,914	52,109	78,629	36,374	729,124
TOTAL OUTFLOW	3,932,950	3,983,716	3,916,272	3,932,312	3,988,602	4,444,252	4,136,075	4,095,438	4,065,827	4,555,938	4,173,290	4,370,839	49,595,510
CONTRIBUTIONS	2,758,951	2,585,838	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	2,600,000	40,828,544
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	921,290	10,206,207
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	3,521,280	51,034,751
DIFFERENCE	46,686	(362,646)	(553,257)	286,126	(64,719)	(642,068)	1,622,912	970,751	(182,212)	193,268	973,959	(849,559)	1,439,241

Judges/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	188,000
ADMINISTRATIVE EXPENSES	0	27	883	704	1,069	26,450	385	1,001	83	31,544	83	27,951	90,180
INVESTMENT EXPENSES	6,673	6,005	0	0	3,222	7,402	7,341	1,835	1,772	3,431	5,178	2,107	44,967
TOTAL OUTFLOW	20,673	20,033	14,883	14,704	18,291	47,852	21,736	16,836	15,835	48,975	19,280	44,058	303,146
CONTRIBUTIONS	720,000	475,000	475,000	590,000	500,000	730,000	510,000	500,000	480,000	480,000	779,800	435,000	6,884,800
OTHER INCOME*	71,461	63,240	70,594	31,768	25,350	28,335	36,310	94,484	27,863	41,906	72,239	53,373	616,923
TOTAL INCOME	791,461	538,240	545,594	621,768	525,350	758,335	546,310	594,484	517,863	521,906	852,039	488,373	7,301,723
DIFFERENCE	770,787	518,208	530,701	607,065	507,059	710,483	524,574	577,649	502,028	472,930	832,779	444,315	6,988,577

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

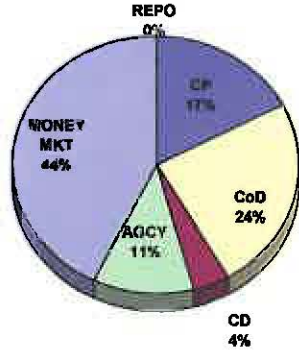
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Rhode Island Employees Retirement System Securities Lending Report May, 2006

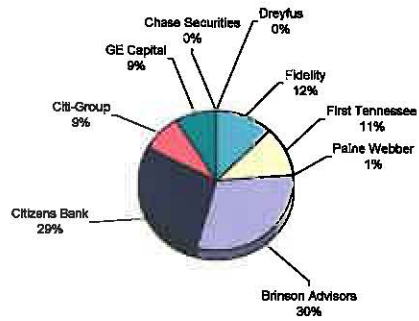
<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<u>DOMESTIC EQUITY</u>		
Wellington Mgmt. Co., LLP	45,904	155,527,982
Wasatch Advisors	6,042	62,573,697
NorthPointe Capital	24,757	145,547,850
SSgA Core	<u>27,177</u>	<u>21,388,500</u>
Total Domestic Equity	<u>\$ 103,880</u>	<u>\$ 385,038,029</u>
 <u>INTERNATIONAL EQUITY</u>		
Goldman Sachs	106,806	140,822,453
Boston Company	88,272	149,028,910
Mondrian	<u>30,746</u>	<u>117,598,594</u>
Total International Equity	<u>\$ 225,824</u>	<u>\$ 407,449,958</u>
 <u>FIXED INCOME</u>		
Brown Brothers, Harriman	31,223	113,576,203
Taplin, Canida & Habacht	1,316	19,353,862
MacKay Shields	3,177	15,011,817
Shenkman Capital Management	2,766	18,852,004
Brown Brothers, Harriman (TIPS)	<u>33,652</u>	<u>420,764,658</u>
Total Fixed Income	<u>\$ 72,134</u>	<u>\$ 587,558,545</u>
 TOTAL SECURITIES LENDING INCOME	 <u>\$ 401,839</u>	 <u>\$ 1,380,046,531</u>
 Calendar Year 2006 YTD	 <u>\$ 1,417,890</u>	

**RHODE ISLAND STATE INVESTMENT COMMISSION
SHORT TERM CASH INVESTMENTS AT MAY 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	0	0	0	0	0	0	0
Dreyfus	0	0	0	162,292	0	0	162,292
Dean Witter	0	0	0	0	0	0	0
Chase Securities	0	0	0	0	0	0	0
Palne Webber	0	0	0	0	0	0	0
Fidelity	0	0	0	24,205,353	0	0	24,205,353
First Tennessee	0	0	22,882,659	0	0	0	22,882,659
Brinson Advisors	0	0	0	61,027,393	0	0	61,027,393
Citizens Bank	0	8,213,722	0	0	48,866,119	0	57,079,841
GE Capital	16,958,565	0	0	0	0	0	16,958,565
Cit-Group	17,189,184	0	0	0	0	0	17,189,184
State St Bank	0	0	0	0	0	0	0
TOTALS	34,147,759	8,213,722	22,882,659	85,395,039	48,866,119	0	199,505,298
(%) PORTFOLIO	17%	4%	11%	43%	24%	0%	100%

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

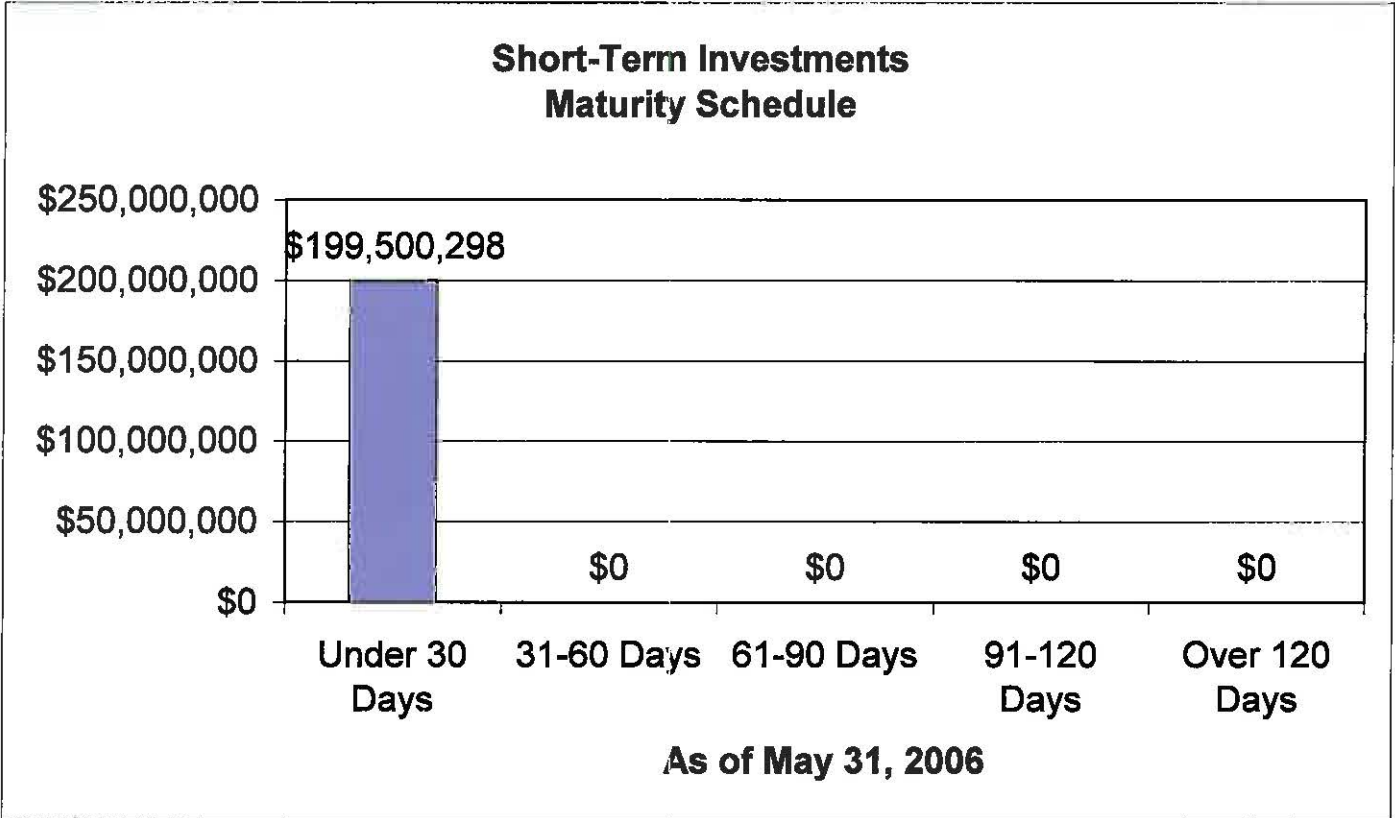
State of Rhode Island and Providence Plantations
Office of the General Treasurer

Short Term Investments Portfolio by Fund

As of May 31, 2006

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	42,385,853	0	42,385,853
4904 PENSION C	3,599,511	489	3,600,000
4908 PAYROLL A	299,959	41	300,000
4916 GENERAL FUND H.A.V.A.	5,098,534	0	5,098,534
4920 GENERAL FUND (HIST PRES)	478,428	3,609	482,037
4955 HEALTH INSURANCE FUND	12,684,860	29,580	
5400 HIGHWAY FUND	121,583	0	121,583
5500 UNIVERSITY COLLEGE	0	0	0
6920 AUTO EQUIPMENT SERVICE	532,501	0	532,501
8000 T.D.I. RESERVE (DET)	91,524,889	43,821	91,568,709
8300 PERMANENT SCHOOL FUND	735,294	1,393	736,687
8400 EMP RETIREMENT FUND	1,157,175	0	1,157,175
8500 MUN EMP RETIREMENT FUND	1,216,138	0	1,216,138
8700 R.I. CLEAN WATER ACT	3,451,314	0	3,451,314
9000 BOND CAPITAL FUND	1,195,222	0	1,195,222
9700 STATE LOTTERY FUND	34,275,940	24,060	34,300,000
9800 INDUS. BLDG. & MTG. INS.	748,097	0	748,097
9900 SINKING FUND	0	0	0
4911 TANS	0	0	0
Subtotal	199,505,298	102,992	186,893,850
8702 CLEAN WATER 1993 SER. A	710		
8703 CLEAN WATER 1991 SERIES A	178,437		
8704 CLEAN WATER 96 SERIES A	12,588		
8706 CLEAN WATER CCDL 1994 (A)	13,323		
8707 CAP DEV. OF 1997 SERIES A	19,535		
8710 CLEAN WATER CCDL 2002 A	343,687		
8711 CLEAN WATER 2004 SERIES A	724,236		
8712 CLN WATER CCDL 2005 SER E	885,131		
8733 CAP DEV. OF 1997 SERIES A	37,614		
8737 RI POLLUT. CONT 94 SER. A	6,384		
8739 CCDL99A 1999A	349,796		
8742 POLLUTION CNTRL 2002 A	45,691		
8743 POLL. CONTRL 2004 SERIES A	950,397		
8744 POLLUTION CON 2005 SER C	88,710		
8745 POLUTION CTRL CCDL 2005 E	673,978		
9114 G.O. NOTE 1991 SER. B	3,812		
9116 BOND CCDL 1993 SERIES A	335,714		
9117 BOND CCDL 1994 SERIES A	845,093		
9120 BOND CCBL96A	1,420,535		
9121 CAP DEV OF 1997 SERIES A	962,515		
9123 CCDL 1998B	2,273,281		
9124 CCDL99A 1999A	1,547,850		
9125 MMG099 1999	2,861		
9126 BOND CAPITAL CCDL2000A	1,845,063		
9127 MULTI-MODAL GEN OBL 2000	2,833		
9128 BOND 2001	2,508		
9131 CCDL 2004 SERIES A	18,879,110		
9132 BOND CCDL 2005 SERIES C	34,643,581		
9133 BOND CCDL 2005 SERIES E	43,903,663		
Subtotal Bond Proceed Accounts	110,998,637		
Total Short Term Portfolio	310,503,935		

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



Maturities in \$Millions

Note: Includes \$134.3 Million of Money Market investments with no specific maturity

May, 2006	4.94%
April, 2006	4.73%
May, 2005	2.93%

