

**STATE OF RHODE ISLAND
INVESTMENT COMMISSION MEETING**

**DATA AT
DECEMBER 31, 2007**

**KENNETH E. GOODREAU
DEPUTY GENERAL TREASURER FOR FINANCE**

MEMBERS OF THE STATE INVESTMENT COMMISSION

Hon. Frank T. Caprio, Chair

**Mr. J. Michael Costello
Mr. Robert R. Gaudreau, Jr.
Dr. Robert J. McKenna
Mr. Andrew K. Reilly**

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



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

Frank Caprio
General Treasurer

**RHODE ISLAND STATE INVESTMENT COMMISSION
MEETING NOTICE**

The next meeting of the Rhode Island State Investment Commission has been scheduled for Wednesday, January 23, 2008 at 9:00 a.m. in Room 135 of the State House.

AGENDA

1. Membership Roll Call
2. Approval of Minutes
 - State Investment Commission Meeting held on 12/3/07 *
3. General Consultant Capital Markets Review - Wilshire
4. Alternative Investments Consultant – PCG
 - Review Allocations
5. Legal Counsel RFP Recommendations
6. Deputy Treasurer for Finance Report – Transition Manager Search
7. Treasurer's Report
8. New Business

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

POSTED ON THURSDAY JANUARY 17, 2008

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

Regular Meeting December 6, 2007

A State Investment Commission (SIC) meeting was held in Room 135, State House, Providence, Rhode Island on Thursday, December 6, 2007. The Treasurer called the meeting to order at 9:10 a.m.

Membership Roll Call. Present were: Mr. Michael Costello, Ms. Rosemary Booth Gallogly, Mr. Robert Giudici, Dr. Robert McKenna, Ms. Marcia Reback, Mr. Andrew Reilly, Mr. John Treat, and General Treasurer Frank T. Caprio. Also present were: Mr. Kenneth E. Goodreau, Deputy General Treasurer for Finance; Mr. Brian Gallogly, Esq., of Brown Rudnick Berlack Israels, Legal Counsel to the Commission; Mr. William Bensus, of Wilshire Associates Incorporated, General Consultant to the Commission; Ms. Lisa Tyrrell of the State Street Corporation; Ms. Michelle Davidson, of Pacific Corporate Group (PCG), Alternative Investments Consultant to the Commission; and other members of the Treasurer's staff. Mr. Robert Gaudreau was not present.

State Investment Commission Minutes. The Treasurer entertained a motion for approval of the minutes. Ms. Reback moved, Ms. Gallogly seconded and the motion was passed. The following members voted in favor: Mr. Costello, Ms. Gallogly, Mr. Giudici, Dr. McKenna, Ms. Reback, Mr. Reilly, Mr. Treat, and Treasurer Caprio.

VOTED: To approve the Minutes of the October 24, 2007 regular meeting.

Wilshire Associates Incorporated – Capital Markets Review. Prior to Mr. Bensus presenting his overview, Treasurer Caprio commented on a local press release made on December 5, 2007 regarding the action the Commission took last March to move collateral in a fund in the Securities Lending Program to a high quality, government oriented securities fund. The former fund was allowed under the guidelines, but is now not in favor because of investments in many mortgage and asset backed securities. He congratulated the Staff and Commission for making this decision. He also stated that the financial press and rating agencies are now surveying each state's cash and bond holdings. He concluded by stating that our portfolio is in a very favorable position, as there is no exposure to the sub prime investments which the press and rating agencies are concerned with. He then asked Mr. Bensus to proceed with the Capital Market Review.

Mr. Bensus began his overview by stating that the Bank of England has reduced their lending rate by 25 basis points which will help global trading. President Bush will be announcing a plan to provide some relief for the sub prime situation. As of December 3, 2007 the Federal Funds Rate was 4.50%. Mr. Bensus believes the Federal Reserve will cut rates an additional 25 to 50 basis points at their next meeting. The market has been very volatile both in the U.S. and abroad. The first two weeks of November were very negative and the market fell about 10% but regained approximately 5% in the last two weeks of the month. Mr. Bensus stated that recently the TIPS portfolios have performed

very well, as there has been a reduction of real interest rates in anticipation of the reduction in inflation. This allocation within ERSRI's portfolio has performed in excess of expectations.

The U.S. market is up about 6.5% through December 5, 2007. Large cap stocks have out performed small cap stocks. Mr. Bensur observed that emerging markets have continued to outperform developed markets; emerging markets are up approximately 43.5% as of December 5, 2007. U.S equity is at 6.5% which is slightly under the expectation of 8%. Non-U.S. equity is up about 18% which is considerably higher than expectations. Fixed income was expected to be up 5% but is slightly higher than anticipated at 7%.

Treasurer Caprio stated that the Commission had decided to exit half of the high yield portfolio during the first quarter of 2007 which has been a favorable decision. Mr. Bensur stated that the Staff and Commission members collectively reached the decision that the spreads did not adequately compensate for the risks associated with the high yield market. As spreads return to normal levels the Commission may consider re-entering this market.

Mr. Bensur went on to discuss asset allocation within the portfolio as compared to other large public pension funds. The U.S. equity portion of the portfolio is on target; the non-U.S equity portion is slightly higher than the average observation; fixed income is slightly lower as the allocations are moving more toward real estate and private equity investments; cash was about 5.5% as of September 1, 2007. Performance has been very solid for the quarter. Year to date the portfolio has performed in the top quartile as compared to other large public pension funds. Mr. Bensur stated that the non-U.S equity portion of the portfolio should be monitored to ensure a successful investment program. He then went on to give a review of The Boston Company who has been managing a portion of the portfolio's non-U.S. equity.

Manager Continuation Policy Analysis & Review – The Boston Company. Mr. Bensur stated that the non-U.S. equity allocation of the portfolio, since last reviewed, had a poor performance. Although the non-U.S. equity market went up 5.5% in October, our portfolio went up only 3.5%. The market was off approximately 4.5% in November; the Boston Company was up about 70 basis points over that benchmark. As discussed in the October SIC Meeting, The Boston Company seems to perform more favorably in down markets. Mr. Bensur remarked that The Boston Company is a good compliment statistically to our other two managers. He stated he is not sure this is the right time to exit The Boston Company, but a temporary alternative would be to have this allocation rolled into an index fund.

Mr. Guidici asked how the weakness of the dollar is affecting the portfolio. Mr. Bensur replied that it is necessary to have diversification. When the U.S. dollar weakens the portion of the portfolio in non U.S. equities does well; when the dollar strengthens the U.S. equity allocation does well. This is why exposure to many different investment strategies is important to earning the desired rate of return.

Proposed Investment in WLR Recovery Fund IV, L.P. Treasurer Caprio first stated that in his tenure with the Commission this is the first time the CEO – Chairman of a fund of this size has attended the SIC Meeting. He thanked Mr. Ross for his participation.

Ms. Michelle Davidson of PCG then began an overview of WLR Recovery Fund IV. WL Ross Company has set a target of \$2.5 billion and has committed to a \$4 billion cap for Fund IV. The Firm typically invests in companies in bankruptcy or reorganization. The Firm focuses on industries that have fallen out of favor with investors such as the auto, textile, natural resources and financial services industries. Mr. Ross is one of the pioneers and industry leaders in bankruptcy, restructuring, and privatization services. Many of the professionals at WL Ross Company began working together in 1976 while at Rothschild Inc. and have been together for more than a decade. In late 1997 they organized the Rothschild Recovery Fund, which was later renamed WLR Recovery Fund (Fund 1). The three previous distressed funds have all returned 25% net IRRs. The management fee of 1.5% on committed capital with a subsequent step-down to 1% is beneficial to the limited partners. Fund IV will have the ability to invest up to 50% in non-U.S. companies. Fund IV will primarily be managed by the Firm's New York based professionals in conjunction with its India based team and affiliates.

Mr. Costello asked how much committed exposure the portfolio has to this type of distressed investment and to date how much has been funded. Ms. Davidson replied approximately 7% of the Private Equity portfolio has been committed and approximately 5% has been funded.

There being no further questions from the Commission, Treasurer Caprio introduced Wilbur L. Ross, Jr., CEO – Chairman of WLR Ross & Company. Mr. Ross began by addressing the sub prime situation and explaining how distressed investing can be favorable due to the historically large amount of high yield paper in the market today. In addition, many economists believe that credit default rates are cyclical and inevitably there will be a correction from the current highs. When the correction does occur, a large amount of opportunity may result for distressed private equities practitioners.

One example of this type of investment within WLR Recovery Fund IV is American Home Mortgage (AHM), a mortgage service provider licensed in all fifty states. As a mortgage service provider, AHM administers a mortgage: calculating principal and interest, collecting payments from the mortgagor, and acting as an escrow agent. AHM has historically been regarded as a good quality service provider and prior to the sub prime debacle was highly valued. WL Ross & Company was able to buy the platform at a significant discount. This is a very attractive investment as the mortgage servicing business today is actually worth more because the loan portfolio will be longer lived than in an environment where borrowers found it easier to resell or refinance their homes.

Mr. Ross went on to explain the strategy used in the year 2000 to purchase and restructure the failed Kofuku Bank in Japan. WLR Ross & Company syndicated participation to AIG, State of Wisconsin, and Franklin Templeton. They installed new management, added stock ownership and cash bonuses as incentives, refocused marketing strategies, and introduced new products such as ATM/credit cards. The result was an 18% increase in equity which was double that of most Japanese Banks. The bank was sold in 2002 with a cash on cash multiple of 1.9x in two years.

The next investment Mr. Ross summarized was International Steel Group ("ISG") acquired in Fund I. This was a \$40 million investment that returned over 12x. Through ISG, WL Ross Company acquired a number of steel mills in the U.S., helping to consolidate a highly fragmented industry. The firm was instrumental in negotiating new labor contracts with union workers, reducing the unit cost of production in the process and creating North America's largest and lowest cost integrated steel maker.

Mr. Ross proceeded to give an overview of International Automotive Components ("IAC") Group. He explained that WL Ross Company created this platform consisting of four global companies which combined has approximately \$5 billion of revenues and no net debt. The Company has fifty seven facilities employing twenty one thousand people in seventeen countries. Auto manufacturers are trying to reduce the number of suppliers and have more collaborative relationships; IAC Group is filling this niche. Mr. Bensus asked if Delphi was part of this group. Mr. Ross stated Delphi was not as they have a weak position in the segments of the automotive industry that IAC Group is interested in acquiring.

Mr. Treat asked if the service fees American Home Mortgage charges the consumer will decline due to the large amount of expected foreclosures. Mr. Ross responded that since AHM is not the mortgagee and is only collecting fees associated with the mortgage, such as late fees, this investment in Fund IV will continue to be profitable.

Mr. Ross concluded by stating that WL Recovery Fund IV will not entertain any investment deals that are larger than the pocketbook of the fund. The Company has consistently generated low loss ratios through the previous three funds. They have global representation through their investment professionals in New York, Tokyo, and Mumbai. Mr. Ross continued by stating that Fund IV is complementary to ERSRI's current alternative investments and will provide the overall portfolio with an increased exposure to diversification.

Treasurer Caprio entertained a motion for investment in WLR Recovery Fund IV. Ms. Reback moved, Mr. Costello and Mr. Reilly seconded, and the motion was passed. The following members voted in favor: Mr. Costello, Ms. Gallogly, Mr. Giudici, Dr. McKenna, Ms. Reback, Mr. Reilly, Mr. Treat, and Treasurer Caprio.

VOTED: To invest up to \$20 million in WLR Recovery Fund IV, contingent upon satisfactory review and negotiation of investment and other legal documents.

Legal Counsel Report. Mr. Brian Gallogly from Brown, Rudnick, Berlack Israels, LLP, legal counsel to the Commission, indicated there were no legal developments for the month.

Deputy Treasurer for Finance Report. Mr. Goodreau commented that WLR Recovery Funds are an exemplary example of what private equity is all about. Mr. Ross's methodology is a true non-correlated asset class. WL Ross Recovery Funds have performed well despite not being based on heavy leverage; it is a true non-correlated and non-cyclical type of fund. Private equity should be more about building early stage companies rather than financial mechanics.

Mr. Costello stated that he felt the Commission should begin to revisit the size of the commitments we make to funds within the portfolio. While not dismissing smaller funds which can be very profitable, large funds should have a committed investment of at least \$15 to \$50 million. Mr. Goodreau agreed with Mr. Costello and further commented that he, along with Ms. Davidson, Mr. Reilly and the Treasurer, have been addressing the issue of extending or exiting the aged funds within the portfolio. He commented that managing and administering such funds has become an issue as they get closer to maturity. The goal is to sweep out old funds that are dragging on the IRR and get larger commitments to quality funds such as WLR Recovery IV. Mr. Goodreau stated this does not mean making radical changes in the portfolio, but rather monitoring those funds that go beyond ten years and looking toward new opportunities.

Mr. Reilly stated that this is the first time the portfolio has had a large portion of aged funds nearing maturity. The overall IRR on these funds has been very good. However, moving forward we should be looking at larger and higher caliber investments. Mr. Reilly mentioned that there is a great deal of administrative and legal costs associated with an exit or extension to a fund.

Mr. Treat asked what the administrative costs are in association with termination or extension of a mature fund and how it impacts the portfolio. Mr. Goodreau explained that according to the new FASB rules, private equity will come under the same scrutiny as other investments regarding fair market value. It is costly in dollar amount but has a bigger impact on our limited staff and budget issues. Although it is difficult to quantify it has to be addressed. Treasurer Caprio stated that State Street Bank & Trust has recently provided an additional service associated with monitoring private equity investments and FASB rules.

Treasurer Caprio agreed that the February 2008 Agenda should address the issue of liquidating the aged funds discussed at this meeting, adding that we should have a bid in place by that time. If the Commission decides to accept the bid the funds will be liquidated.

Mr. Goodreau read an excerpt explaining the changes to the terms of the Rhode Island 529 College Bound Fund, as follows: "Participants who choose an Age-Based

Education Strategies Portfolio for a Beneficiary born on or after January 1, 2008 will have their Accounts allocated first to Age-Group Category 1 and thereafter treated in a manner corresponding to that reflected in Schedule 3 to the Program Description. The aggregate annual Underlying Portfolio expenses and program maintenance fee for the Age-Based Aggressive 2008-2010 and the Age-Based 2008-2010 investment options are 0.94% and 0.92%, respectively, excluding any applicable distribution fee, which varies based upon the sales charge alternative selected by the Participant." Dr. McKenna remarked that Rhode Island's Fund was rated top in the country.

Treasurer Caprio entertained a motion to approve the changes in selected options for Rhode Island 529 College Bound Fund. Ms. Gallogly moved, Mr. Costello seconded and the motion was passed. The following members voted in favor: Mr. Costello, Ms. Gallogly, Mr. Giudici, Dr. McKenna, Ms. Reback, Mr. Reilly, Mr. Treat, and Treasurer Caprio.

VOTED: To approve the various changes in options to be selected by investors for The Rhode Island 529 College Bound Fund.

Mr. Goodreau thanked the Commission for approving the transfer of \$100 million through State Street Bank & Trust from the cash account to the technical equity pool. Although it is too early to claim a victory, he is encouraged with the positive results we have already seen. He again thanked the Commission for their feedback and cooperation.

Treasurer's Report. Treasurer Caprio expressed his sorrow after hearing that Mr. Frank Blaschka, Consultant for Real Estate Investments, The Townsend Group, had passed away. A package was sent along with condolences to The Townsend Group.

Dr. McKenna requested a schedule for the 2008 SIC Meetings. Treasurer Caprio assured the Commission members that a schedule for the 2008 SIC Meetings will be available shortly.

New Business. There being no questions and no new business, Treasurer Caprio entertained a motion to adjourn the meeting. Ms. Reback moved, Dr. McKenna seconded and the motion was passed. The following members voted in favor: Mr. Costello, Ms. Gallogly, Mr. Giudici, Dr. McKenna, Ms. Reback, Mr. Reilly, Mr. Treat, and Treasurer Caprio.

VOTED: To adjourn the meeting

There being no further business, the meeting was adjourned at 10:45 a.m.

Respectfully submitted,



Frank T. Caprio
General Treasurer

RHODE ISLAND STATE INVESTMENT COMMISSION
STAFF SUMMARY ANALYSIS
PORTFOLIO HIGHLIGHTS
December 31, 2007

PORTFOLIO PERFORMANCE

December

The ERSRI portfolio posted a gain of 0.2% for the month of December, against the policy index of -0.33%. Domestic equities were down 0.48%, international equities lost 1.16%, and the fixed income asset class returned 0.16%. Additionally, the retirement fund earned \$811,006 from the securities lending program during this month. If we factor out PE & RE investments, due to the way they are monitored the plan performance was -0.44% against its -0.55% index.

Calendar Year to Date

For the twelve months ended December 31, 2007, the portfolio is up 8.21% against the policy index of 9.14%. Domestic equities were up 4.00%, international equities were up 10.55%, while fixed income generated a return of 6.26%.

Fiscal Year to Date

For the Fiscal Year ended June 30, 2008, the fund has gained 1.44%, against the policy index of 1.99%.

Index Performance Summary - December 31, 2007		
Market Indices	Dec-07	Calendar YTD
<u>Domestic Equity</u>		
S & P 500	-0.69%	5.49%
DJ Wilshire 5000	-0.61%	5.61%
Russell 2000	-0.06%	-1.56%
Russell 1000	-0.65%	5.77%
Policy Index	-0.55%	8.71%
<u>International Equity</u>		
MSCI ACWI	-1.45%	17.12%
<u>Fixed Income</u>		
Lehman AGG	0.28%	6.97%
<u>Real Estate</u>		
NCREIF	3.56%	17.30%

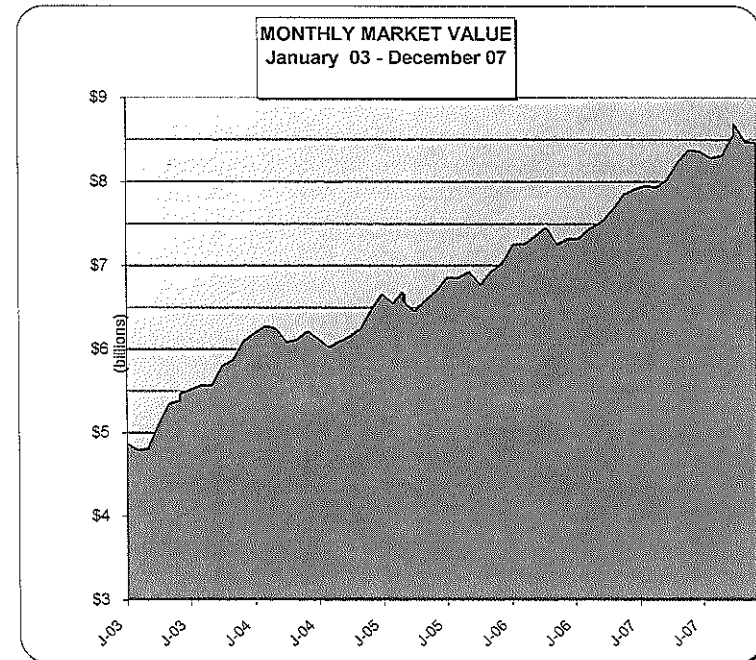
ERSRI Performance By Asset Class	Dec-07	Calendar YTD
Domestic Equity	-0.48%	4.00%
Fixed Income	0.16%	6.26%
International Equity	-1.16%	10.55%
Total Fund Composite*	-0.44%	6.22%
Manager Summary	Dec-07	CYTD
<u>DOMESTIC EQUITY</u>		
Shott	-1.80%	-14.12%
PIMCO	-0.67%	6.10%
SSgA S&P 500	-0.70%	5.52%
SSgA Core	-0.10%	7.78%
Wasatch	0.00%	0.00%
Northpointe	-0.94%	-5.86%
Wellington	-0.50%	-1.38%
Total Domestic Equity	-0.48%	4.00%
<u>FIXED INCOME</u>		
Brown Bros TIPS	-0.14%	11.25%
Brown Bros Core	-0.14%	4.72%
Fidelity	0.38%	4.46%
Taplin Canida & Habacht	0.39%	4.47%
Fixed Income Cash Acct	0.40%	0.00%
Shenkman		
Mackay Shield	0.21%	1.65%
Total Fixed Income	0.16%	6.26%
<u>INTERNATIONAL EQUITY</u>		
Mondrian	-1.34%	13.73%
Goldman Sachs	-1.08%	12.19%
Boston Co	-1.07%	7.04%
Total International Equity	-1.16%	10.55%

*Total Fund Composite includes all classes ex PE & RE

Market Valuation Report
December, 2007

Market Values

The total portfolio value decreased in December by \$1.4 million to \$8.47 billion. This compares with an increase in value of \$59.6 million for the same period in 2006. The domestic equity market values decreased by \$16.8 million, including transfers in of \$0.4 million; fixed income decreased by \$18.2 million, including transfers out of \$21.8 million; while international values decreased by \$19.8 million, including transfers in of \$0.2 million. The cash accounts decreased by \$17.4 million including transfers out netting \$6.9 million, and alternative investments increased by \$70.8 million, including transfers in netting \$21.9 million.



Cash Flow

December's pension payroll of \$57.8 million was more than the \$ 45.8 million in contributions and wire transfers received by \$12.0 million.

To meet pension and other obligations, \$7.0 million was transferred from long-term investments.

Alternative Investments

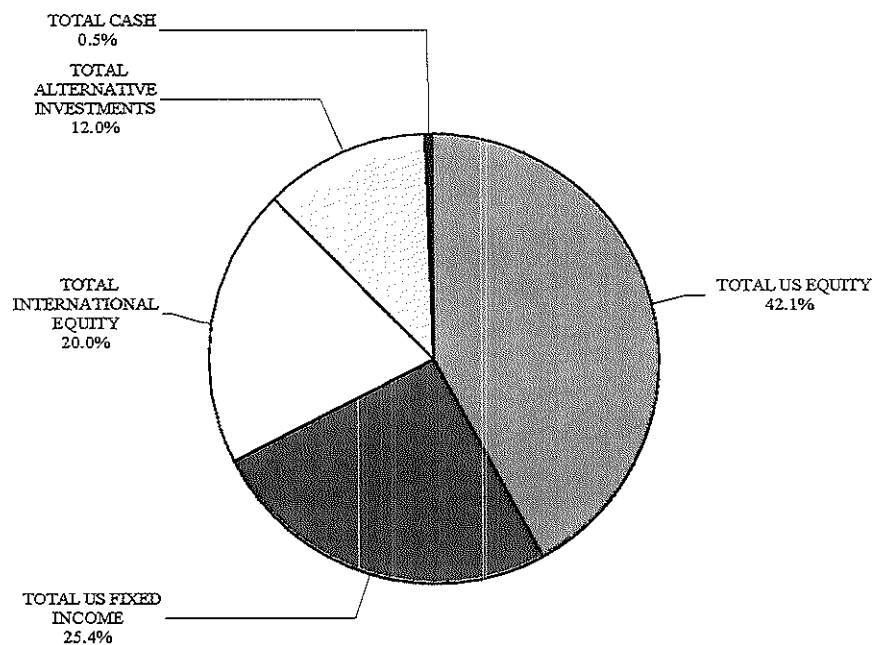
At this time the alternative investment asset class has unfunded commitments of approximately \$410 million on commitments of \$1,246 million.

CAPITAL CALLS Net of Distributions

December 2007	FYTD	UNFUNDED BALANCE
\$14,291,577	\$26,859,412	\$410,299,267
December 2006	FYTD	UNFUNDED BALANCE
-\$16,037,321	-\$8,802,504	\$406,971,173



CURRENT ASSET CLASS ALLOCATION (IN MILLIONS)



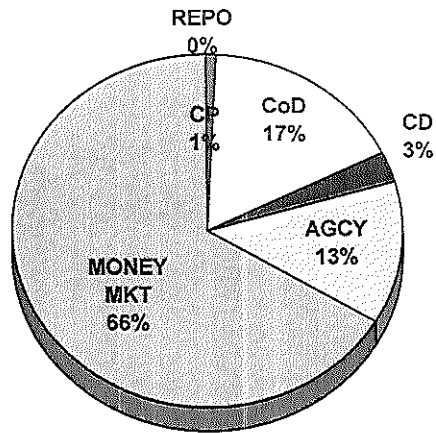
MANAGER	CURRENT PERIOD
TOTAL US EQUITY	3,564.8
TOTAL US FIXED INCOME	2,152.8
TOTAL INTERNATIONAL EQUITY	1,697.4
TOTAL ALTERNATIVE INVESTMENTS	1,011.9
TOTAL CASH	39.2
TOTAL	8,466.1

RHODE ISLAND STATE INVESTMENT COMMISSION

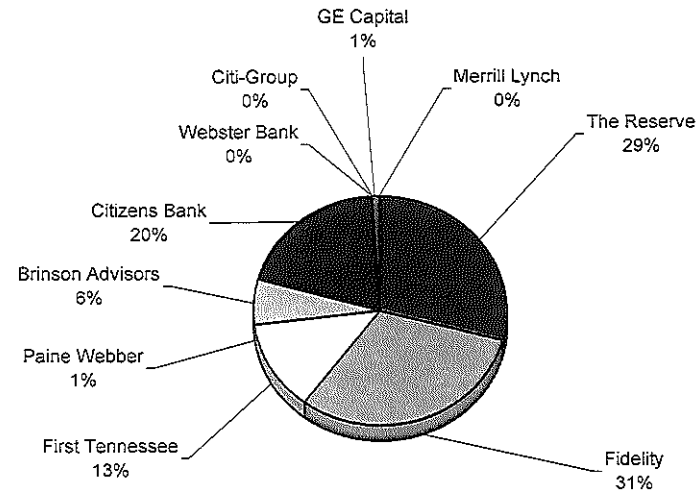
SHORT TERM CASH INVESTMENTS AT

DECEMBER 31, 2007

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
December, 2007**

Issuer	Type of Instrument	Month End % Portfolio	Issuer Ratings		S-T Debt Rating		L-T Debt Rating		Credit Outlook
			Moody's		Moody's	S&P	Moody's	S&P	S&P
Chase Securities	2,3,5	0%	Aa2		P-1	A-1+	Aa2	AA-	Stable
Citigroup Inc.	2	0%	Aa1		P-1	A-1+	Aa1	AA	Negative
RBS Citizens	3,4	20%	Aa2		P-1	A-1+	Aa2	AA-	Negative
First Tennessee Capital Markets	5	13%	A2		P-1	A-1	A2	A	Negative
Fidelity	6	31%				N/R		N/R	N/R
Merrill Lynch	2,5,6	0%	A1		P-1	A-1	A1	A+	Negative
The Reserve	6	29%	Aaa				Aaa	AAA	Stable
GE Capital	2	1%	Aaa		P-1	A-1+	Aaa	AAA	Stable
Morgan Stanley	1,2,5	0%	Aa3		P-1	A-1+	Aa3	AA-	Negative
Paine Webber	5	0%	Aaa		P-1	A-1+	Aaa	AA+	Stable
UBS Brinson Advisors	6	6%	Aaa		P-1	A-1+	Aaa	AA	Stable
Slate Street Bank & Tru	1,3	0%	Aa1		P-1	A-1+	Aa1	AA	Stable
Webster Bank	3,4	0%	A2		P-1	A-2	A3	BBB+	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:

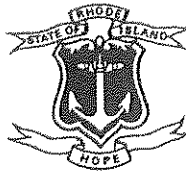
- Positive - A rating may be raised
- Negative - A rating may be lowered
- Stable - A rating is not likely to change
- Developing - May be raised or lowered
- NM - Not meaningful

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

Frank Caprio
General Treasurer

January 17, 2008

State Investment Commission
State of Rhode Island, State House
Providence, Rhode Island

This is to certify that the amounts so listed below belong to the credit of the Employees' Retirement, State Police and Judiciary Retirement Systems, and the Municipal Employees' Retirement System of the State of Rhode Island at the close of business on December 31, 2007.

Employees' Retirement System of Rhode Island
Composite Reporting Investment Valuation

December 31, 2007

Asset Class	
Cash/Short Term Investments	539,090,138
Equities - Domestic	3,512,786,073
Equities - International	1,647,700,412
<i>Fixed Income - Government</i>	\$1,165,324,173
<i>Fixed Income - Corporate</i>	\$589,528,837
<i>Fixed Income - In State</i>	\$0
Total Fixed Income	1,754,853,011
Alternative Investments	650,734,483
Real Estate	361,044,302
Total Fund Investments	8,466,208,420
Plan Allocation	
State Employees & Teachers	84.89% 7,186,554,470
Municipal Employees	14.10% 1,193,444,209
State Police	0.62% 52,504,749
Judicial	0.40% 33,704,992
Total Fund Investments	100.00% 8,466,208,420

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

Respectfully submitted,

Kenneth E. Goodreau, CMT

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING December 31, 2007



STATE STREET
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
U.S. EQUITY												
SSGA S&P 500 INDEX FUND	1,708,958	20.19	-0.70	-3.33	-1.33	5.52	-1.33	5.52				
NORTHPOINTE CAPITAL	376,657	4.45	-0.94	-8.22	-11.27	-5.86	-11.27	-5.86	5.80	6.92	9.38	15.79
PIMCO	534,289	6.31	-0.67	-2.95	-0.12	6.10	-0.12	6.10	10.78	8.55	9.19	12.94
SSGA - CORE	379,417	4.48	-0.10	-2.94	-0.92	7.78	-0.92	7.78	12.73	10.99	11.13	14.19
WELLINGTON MANAGEMENT CO. LLC	403,960	4.77	-0.50	-7.35	-10.70	-1.38	-10.70	-1.38	6.86	7.27	8.91	17.97
WELLINGTON TECHNICAL EQUITY	160,242	1.89	2.78	5.15								
SHOTT CAPITAL	1,312	0.02	-1.80	-23.52	-24.81	-14.12	-24.81	-14.12	-17.84			
TOTAL US EQUITY	3,564,834	42.11	-0.48	-4.00	-3.13	4.00	-3.13	4.00	9.62	8.53	9.56	14.49
<i>RUSSELL 1000</i>			-0.65	-3.23	-1.31	5.77	-1.31	5.77	10.51	9.08	9.65	13.43
<i>RUSSELL 2000</i>			-0.06	-4.58	-7.53	-1.56	-7.53	-1.56	7.94	6.80	9.57	16.25
<i>RUSSELL 2000 GROWTH</i>			0.63	-2.10	-2.09	7.06	-2.09	7.06	10.16	8.12	9.63	16.50
<i>RUSSELL 2000 VALUE</i>			-0.85	-7.28	-13.08	-9.78	-13.08	-9.78	5.55	5.27	9.28	15.80
<i>RUSSELL 3000</i>			-0.61	-3.34	-1.84	5.14	-1.84	5.14	10.30	8.89	9.65	13.63
<i>S&P 500</i>			-0.69	-3.33	-1.37	5.49	-1.37	5.49	10.52	8.62	9.18	12.83
<i>DOW WILSHIRE 5000 FREE FLOAT</i>			-0.61	-3.22	-1.81	5.61	-1.81	5.61	10.58	9.16	9.98	14.01
INTERNATIONAL EQUITY												
GOLDMAN SACHS	561,458	6.63	-1.08	-2.08	-0.57	12.19	-0.57	12.19	19.24	19.80		
THE BOSTON COMPANY	561,613	6.63	-1.07	-1.37	-1.75	7.04	-1.75	7.04	14.97	14.42		
MONDRIAN	574,236	6.78	-1.34	0.26	2.13	13.73	2.13	13.73	21.90	19.50		
TRANSITION ACCOUNT INT EQUITY	105	0.00										
PUTNAM INVESTMENTS	6	0.00										
BANK OF IRELAND	5	0.00										
TOTAL INTERNATIONAL EQUITY	1,697,421	20.05	-1.16	-1.06	0.04	10.55	0.04	10.55	18.46	17.76	18.44	21.11

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING December 31, 2007



STATE STREET.
For Everything You Invest In™

	MKT VAL	% of FUND	1 Month	3 Months	6 Months	YTD	FYTD	1 Year	2 Years	3 Years	4 Years	5 Years
<i>MSCI AC WORLD ex US (GROSS)</i>			-1.45	-0.62	4.04	17.12	4.04	17.12	22.04	20.37	20.62	24.52
<i>MSCI EAFE (NET)</i>			-2.25	-1.75	0.39	11.17	0.39	11.17	18.51	16.83	17.67	21.59
U.S. FIXED INCOME												
BROWN BROTHERS HARRIMAN - CORE	306,587	3.62	-0.14	1.62	3.40	4.72	3.40	4.72	4.44	3.93	4.18	4.66
FIDELITY MANAGEMENT TRUST	502,061	5.93	0.38	1.66	3.18	4.46	3.18	4.46	4.91	4.36	4.56	4.55
BROWN BROTHERS HARRIMAN - TIPS	576,191	6.81	-0.14	5.20	9.95	11.25	9.95	11.25	5.48	4.87		
MACKAY SHIELDS, LLC	135,218	1.60	0.21	-0.92	-1.04	1.65	-1.04	1.65	6.99	5.87	7.91	13.05
TAPLIN, CANIDA & HABACHT	306,804	3.62	0.39	0.68	1.91	4.47	1.91	4.47	4.67	4.03	4.45	6.36
FIXED INCOME CASH ACCOUNT	325,371	3.84	0.41	1.24	2.58		2.58					
TRANSITION ACCOUNT FIXED INCOME	575	0.01										
TOTAL US FIXED INCOME	2,152,807	25.43	0.16	2.14	4.26	6.26	4.26	6.26	5.26	4.60	5.04	5.90
<i>CSFB GLOBAL HIGH YIELD</i>			0.05	-1.04	-0.99	2.65	-0.99	2.65	7.18	5.52	7.09	10.97
<i>LB AGGREGATE</i>			0.28	3.00	5.93	6.97	5.93	6.97	5.64	4.56	4.50	4.42
<i>LB CREDIT</i>			0.15	2.19	4.31	5.11	4.31	5.11	4.68	3.77	4.13	4.84
<i>LB GOV/CREDIT</i>			0.19	3.10	6.20	7.23	6.20	7.23	5.49	4.44	4.38	4.44
<i>CITIGROUP BIG</i>			0.20	3.15	6.27	7.22	6.27	7.22	5.76	4.69	4.63	4.55
<i>CITIGROUP LARGE PENSION FUND INDEX</i>			0.07	3.77	7.39	7.32	7.39	7.32	5.49	4.92	5.34	5.28
<i>CITIGROUP L.P.F. COLLATERALIZED INDEX</i>			0.26	3.11	6.07	6.99	6.07	6.99	6.07	4.94	4.91	4.54

State of Rhode Island

SUMMARY OF PERFORMANCE

RATES OF RETURN

PERIODS ENDING December 31, 2007



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
ALTERNATIVE INVESTMENTS												
REAL ESTATE	361,045	4.26	0.76	2.84	6.51	25.69	6.51	25.69	14.09	10.54		
PRIVATE EQUITY	650,854	7.69	7.98	10.35	22.43	26.67	22.43	26.67	20.83	25.56	24.01	20.76
TOTAL ALTERNATIVE INVESTMENTS	1,011,899	11.95	5.30	7.56	16.18	26.24	16.18	26.24	18.38	23.13	22.06	19.20
¹ TOTAL ALTERNATIVES BENCHMARK			1.17	-0.07	3.44	12.19	3.44	12.19	15.28	14.35	14.12	15.64
NCREIF PROPERTY INDEX QTR LAG			3.56	3.56	8.31	17.30	8.31	17.30	17.46	18.03	16.60	14.79
S&P 500 PLUS 300 BP			-0.43	-2.48	0.22	8.65	0.22	8.65	13.63	11.73	12.28	15.96
CASH EQUIVALENTS												
CASH ACCOUNT (INSIDE)	20,490	0.24	1.55	4.72	8.76	10.85	8.76	10.85	10.61	9.24	11.69	16.13
CASH ACCOUNT (OUTSIDE)	18,754	0.22	0.20	0.69	1.54	3.72	1.54	3.72	3.73	3.41	2.86	3.21
TOTAL PLAN												
TOTAL PLAN	8,466,208	100.00	0.20	-0.52	1.44	8.21	1.44	8.21	11.50	10.75	11.37	14.38
² TOTAL PLAN BENCHMARK			-0.33	-0.73	1.99	9.14	1.99	9.14	12.28	10.78	11.18	14.12
TOTAL PLAN ex PE RE	7,454,309	88.05	-0.44	-1.51	-0.21	6.22	-0.21	6.22	10.64	9.75	10.52	13.91
³ TOTAL PLAN BENCHMARK ex PE RE			-0.55	-0.83	1.79	8.71	1.79	8.71	11.78	10.41	10.84	13.62

State of Rhode Island
SUMMARY OF PERFORMANCE
RATES OF RETURN
PERIODS ENDING December 31, 2007



STATE STREET
For Everything You Invest In™

Endnotes

- 1 As of 7/1/2000: 60% S&P 500 plus 300bps / 40% NCREIF PROPERTY LAG

- 2 As of 04/31/2006: 42.5% W5000 / 25.0% LB AGG / 20.0% MSCI AC WORLD FREE ex USA / 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% MSCI AC WORLD FREE ex USA

- 3 As of 01/01/1988: 48.57% Wilshire 5000 / 28.57% LB Aggregate / 22.86% MSCI AC World Free ex US

ERSRI Monthly Market Value Report With Time Weighted Returns

December 31, 2007

	Calendar YTD			Benchmark Description	Current Month			Valuation Change			
	Performance	Benchmark	Alpha		Performance	Benchmark	Alpha	Market Value	Transfers	Market Value	Market Value
								11/30/2007	In/(out)	12/31/2007	Increase/decrease
Domestic Equity											
Shott Capital Management IRR	-14.12%	5.49%	-19.61%	S & P 500	-1.80%	-0.69%	-1.11%	1,336,120	-	1,312,086	(24,034)
SSgA S&P 500	5.52%	5.49%	0.03%	S & P 500	-0.70%	-0.69%	-0.01%	1,720,731,374	201,123	1,708,957,888	(11,974,609)
SSgA Core	7.78%	5.77%	2.01%	Russell 1000	-0.10%	-0.65%	0.55%	379,711,203	43,578	379,416,579	(338,202)
PIMCO	6.10%	5.49%	0.61%	S & P 500	-0.67%	-0.69%	0.02%	537,810,510	65,448	534,288,662	(3,587,296)
NorthPointe Capital	-5.86%	-1.56%	-4.30%	Russell 2000	-0.94%	-0.06%	-0.88%	380,165,628	48,438	376,656,560	(3,557,507)
Wellington Mgmt	-1.38%	-1.56%	0.18%	Russell 2000	-0.50%	-0.06%	-0.44%	405,948,181	53,298	403,960,345	(2,041,134)
Wellington Tech Eq				Russell 3000	2.78%	-0.61%	3.39%	155,908,172	-	160,242,060	4,333,888
Transition Account	N/A	N/A	N/A		N/A	N/A	N/A	-	-	-	-
Total Domestic Equity	4.00%				-0.48%			3,581,611,189	411,885	3,564,834,180	(17,188,894)
International Equity											
Boston Company	7.04%	17.12%	-10.08%	MSCI ACWI	-1.07%	-1.45%	0.38%	567,645,100	64,638	561,617,315	(6,092,423)
Goldman Sachs	12.19%	17.12%	-4.93%	MSCI ACWI	-1.08%	-1.45%	0.37%	567,495,186	64,638	561,457,810	(6,102,014)
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	686,948	-	687,335	387
Mondrian	13.73%	17.12%	-3.39%	MSCI ACWI	-1.34%	-1.45%	0.11%	581,960,764	64,636	574,235,576	(7,789,824)
Total International Equity	10.55%				-1.16%			1,717,767,997	193,912	1,697,998,036	(19,983,873)
Fixed Income											
Fidelity Management & Research	4.46%	6.90%	-2.44%	Lehman Mortgage Backed	0.38%	0.28%	0.10%	500,106,791	34,830	502,061,466	1,919,845
Brown Brothers, Harriman	4.72%	7.22%	-2.50%	Salomon Brd Inv Grade	-0.14%	0.20%	-0.34%	306,991,655	34,911	306,586,629	(439,937)
Taplin, Canida & Habacht	4.47%	5.11%	-0.64%	Lehman Credit Index	0.39%	0.15%	0.24%	305,600,916	15,876	306,803,597	1,186,805
Mackay Shields	1.65%	2.65%	-1.00%	CS First BoshIyield	0.21%	0.05%	0.16%	134,874,256	61,560	135,218,079	282,263
Brown Bros TIPS	11.25%	11.63%	-0.38%	Lehman US TIPS Index	-0.14%	-0.16%	0.02%	576,926,466	57,024	576,191,121	(792,369)
Fixed Income Cash Acct					0.40%			345,978,151	(22,000,000)	325,371,315	1,393,164
Transition Account	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-	-
Total Fixed Income	6.26%				0.16%			2,170,478,235	(21,795,799)	2,152,232,207	3,549,771
Alternative Investments											
Private Equity	26.67%	N/A	N/A	N/A	7.98%	N/A	N/A	590,000,558	14,291,577	650,854,101	46,561,967
Real Estate	25.69%	18.32%	7.37%	NCREIF + 100	0.76%	3.62%	-2.86%	351,080,454	7,619,861	361,044,991	2,344,676
Total Alternatives	26.24%				5.30%			941,081,012	21,911,437	1,011,899,092	48,906,643
Cash Accounts											
Cash in Trust	10.85%	N/A	N/A		1.55%	N/A	N/A	27,001,939	(6,911,437)	20,490,454	399,952
Cash Outside Trust	3.72%	N/A	N/A		0.20%	N/A	N/A	29,648,758	-	18,754,451	(10,894,307)
Total Cash	7.34%				0.79%			56,650,697	(6,911,437)	39,244,906	(10,494,355)
Total Plan Ex PE & RE	6.22%	8.71%	-2.49%		-0.44%	-0.55%	0.11%	8,467,609,130	(6,190,002)	8,466,208,420	4,789,291
Total Plan	8.21%	9.14%	-0.93%		0.20%	-0.33%	0.53%				

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

42.5% Wisshire 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 December 31, 2007



STATE STREET.
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PERFORMANCE SUMMARY REPORT

	Benchmark	1 Month Return			Calendar YTD Return			Value (000)	Net Flow (000)
		Fund	Index	Excess	Fund	Index	Excess		
U.S. EQUITY									
SSGA S&P 500 INDEX FUND	S&P 500	-0.70	-0.69	-0.01	5.52	5.49	0.03	1,708,958	201
SSGA - CORE	RUSSELL 1000	-0.10	-0.65	0.55	7.78	5.77	2.01	379,417	72
PIMCO	S&P 500	-0.67	-0.69	0.02	6.10	5.49	0.61	534,289	65
NORTHPOINTE CAPITAL	RUSSELL 2000	-0.94	-0.06	-0.88	-5.86	-1.56	-4.30	376,657	48
WELLINGTON MANAGEMENT CO. LLC	RUSSELL 2000	-0.50	-0.06	-0.44	-1.38	-1.56	0.18	403,960	53
SHOTT CAPITAL	S&P 500	-1.80	-0.69	-1.11	-14.12	5.49	-19.61	1,312	0
WELLINGTON TECHNICAL EQUITY	RUSSELL 3000	2.78	-0.61	3.39				160,242	0
TOTAL US EQUITY		-0.48			4.00			3,564,834	440
INTERNATIONAL EQUITY									
THE BOSTON COMPANY	MSCI AC WORLD ex US (GROSS)	-1.07	-1.45	0.38	7.04	17.12	-10.08	561,613	65
GOLDMAN SACHS	MSCI AC WORLD ex US (GROSS)	-1.08	-1.45	0.37	12.19	17.12	-4.93	561,458	65
MONDRIAN	MSCI AC WORLD ex US (GROSS)	-1.34	-1.45	0.11	13.73	17.12	-3.39	574,236	65
TRANSITION ACCOUNT INT EQUITY								105	-1
TOTAL INTERNATIONAL EQUITY		-1.16			10.55			1,697,421	193
U.S. FIXED INCOME									
FIDELITY MANAGEMENT TRUST	LB MBS	0.38	0.28	0.10	4.46	6.90	-2.44	502,061	35
BROWN BROTHERS HARRIMAN - CORE	CITIGROUP BIG	-0.14	0.20	-0.34	4.72	7.22	-2.50	306,587	35
TAPLIN, CANIDA & HABACHT	LB CREDIT	0.39	0.15	0.24	4.47	5.11	-0.64	306,804	16
MACKAY SHIELDS, LLC	CSFB GLOBAL HIGH YIELD	0.21	0.05	0.16	1.65	2.65	-1.00	135,218	62
BROWN BROTHERS HARRIMAN - TIPS	LB U.S. TIPS	-0.14	-0.16	0.02	11.25	11.63	-0.38	576,191	57
FIXED INCOME CASH ACCOUNT		0.41						325,371	-22,000
TRANSITION ACCOUNT FIXED INCOME								575	0
TOTAL US FIXED INCOME		0.16			6.26			2,152,807	-21,796

State of Rhode Island

RATES OF RETURN - Total

Periods Ending December 31, 2007



STATE STREET
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PERFORMANCE SUMMARY REPORT

	Benchmark	1 Month Return			Calendar YTD Return			Value (000)	Net Flow (000)
		Fund	Index	Excess	Fund	Index	Excess		
ALTERNATIVE INVESTMENTS									
PRIVATE EQUITY		7.98			26.67			650,854	13,293
REAL ESTATE	NCREIF PROPERTY LAG + 100 BPS	0.76	3.62	-2.86	25.69	18.32	7.37	361,045	7,271
TOTAL ALTERNATIVE INVESTMENTS	TOTAL ALTERNATIVES BENCHMARK	5.30	1.17	4.13	26.24	12.19	14.05	1,011,899	20,564
CASH EQUIVALENTS									
CASH ACCOUNT (INSIDE)		1.55			10.85			20,490	-6,904
CASH ACCOUNT (OUTSIDE)		0.20			3.72			18,754	-10,959
TOTAL CASH		0.79			7.34			39,245	-17,862
TOTAL PLAN									
TOTAL PLAN	TOTAL PLAN BENCHMARK	0.20	-0.33	0.53	8.21	9.14	-0.93	8,466,208	-18,461
TOTAL PLAN ex PE RE	TOTAL PLAN BENCHMARK ex PE RE	-0.44	-0.55	0.11	6.22	8.71	-2.49	7,454,309	-39,025

State of Rhode Island

TOTAL PLAN

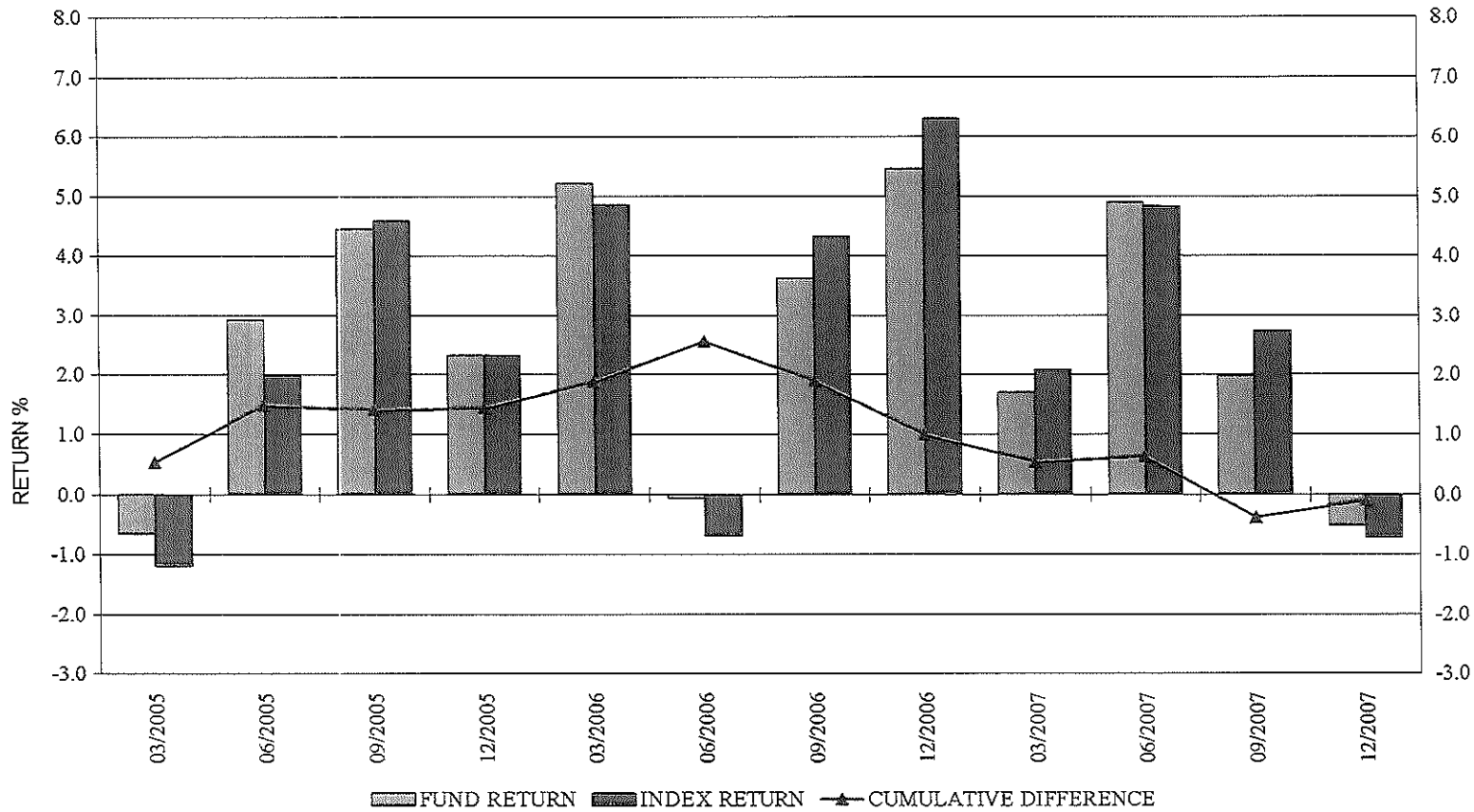
Index: TOTAL PLAN BENCHMARK

PERIODS: December 31, 2004 - December 31, 2007



STATE STREET.
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CUMULATIVE PERFORMANCE REPORT



State of Rhode Island

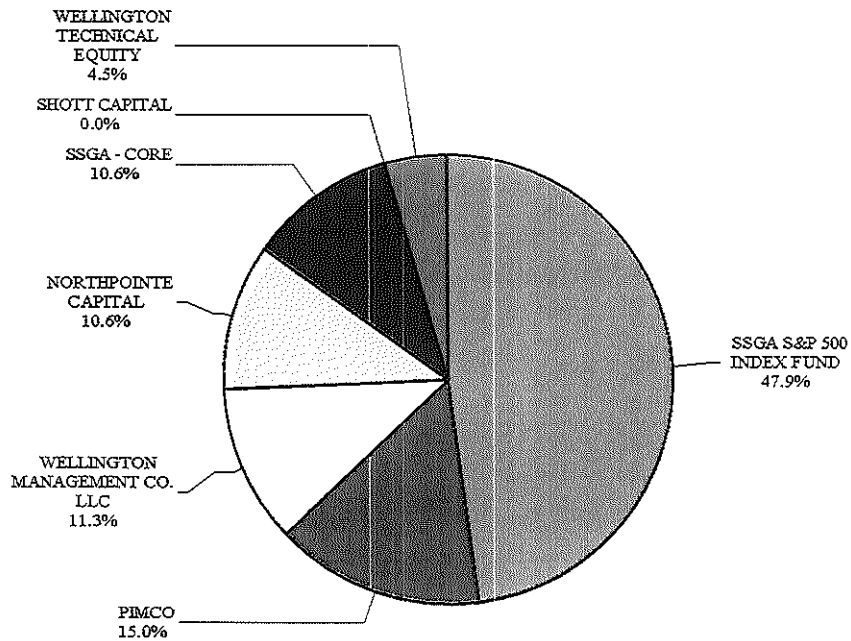
MANAGER ALLOCATION ANALYSIS

PERIOD ENDING 12/31/2007



STATE STREET.
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CURRENT MANAGER ALLOCATION



MANAGER	CURRENT PERIOD	ONE YEAR AGO
SSGA S&P 500 INDEX FUND	1,709.0	1,665.5
PIMCO	534.3	548.5
WELLINGTON MANAGEMENT CO. LLC	404.0	409.1
NORTHPOINTE CAPITAL	376.7	399.7
SSGA - CORE	379.4	372.2
SHOTT CAPITAL	1.3	3.7
WELLINGTON TECHNICAL EQUITY	160.2	
TOTAL	3,564.9	3,398.7

State of Rhode Island

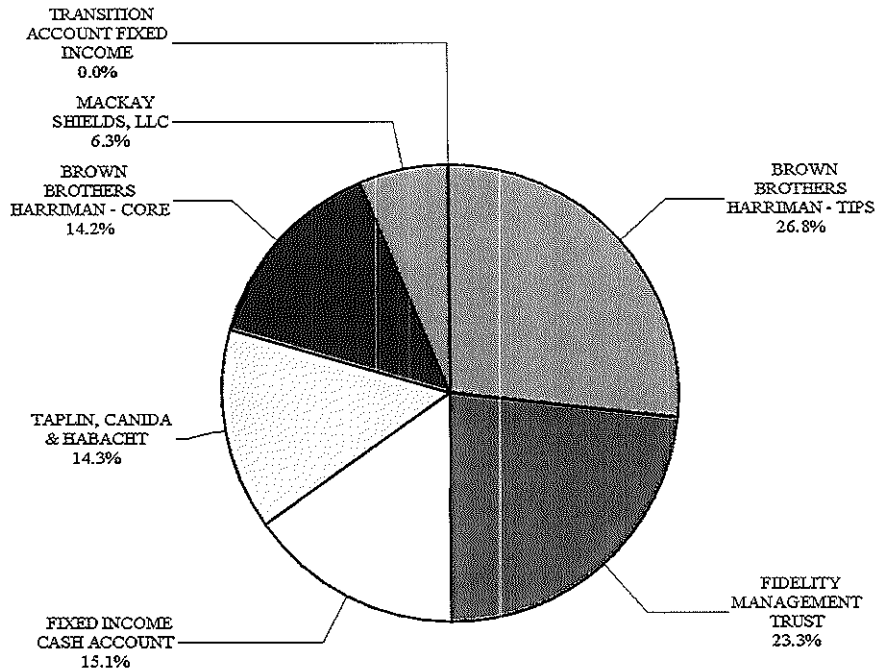
MANAGER ALLOCATION ANALYSIS

PERIOD ENDING 12/31/2007



STATE STREET
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CURRENT MANAGER ALLOCATION



<u>MANAGER</u>	<u>CURRENT PERIOD</u>	<u>ONE YEAR AGO</u>
BROWN BROTHERS HARRIMAN - TIPS	576.2	517.4
FIDELITY MANAGEMENT TRUST	502.1	480.2
FIXED INCOME CASH ACCOUNT	325.4	
TAPLIN, CANIDA & HABACHT	306.8	293.4
BROWN BROTHERS HARRIMAN - CORE	306.6	292.2
MACKAY SHIELDS, LLC	135.2	132.0
SHENKMAN CAPITAL MANAGEMENT		131.6
TRANSITION ACCOUNT FIXED INCOME	0.6	0.6
TOTAL	2,152.9	1,847.4

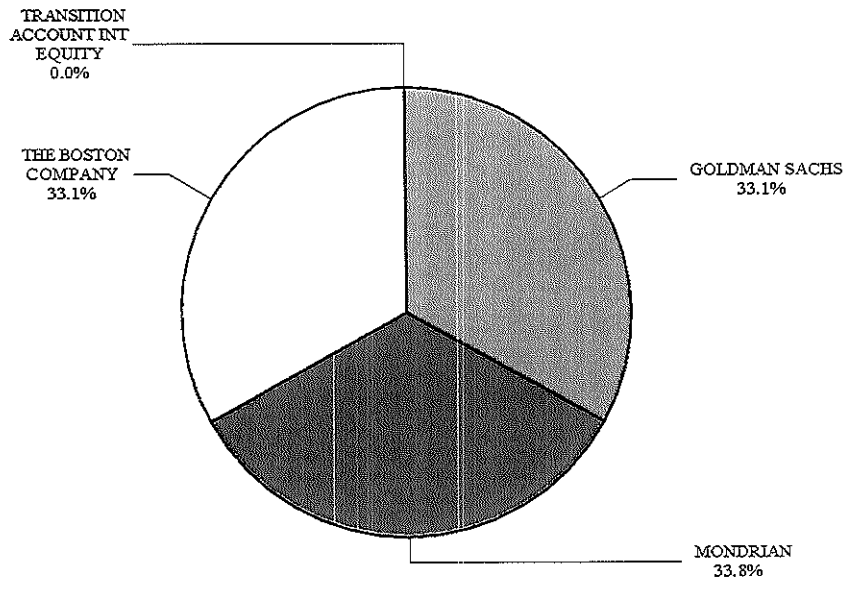
State of Rhode Island
MANAGER ALLOCATION ANALYSIS
PERIOD ENDING 12/31/2007



STATE STREET
For Everything You Invest In

CURRENT MANAGER ALLOCATION

MANAGER	CURRENT PERIOD	ONE YEAR AGO
GOLDMAN SACHS	561.5	640.7
MONDRIAN	574.2	638.4
THE BOSTON COMPANY	561.6	621.4
TRANSITION ACCOUNT INT EQUITY	0.1	0.1
TOTAL	1,697.4	1,900.6



**ASSET ALLOCATION REPORT
DECEMBER 31st, 2007**

	Style Mandate	Actual (Millions \$)		Target (Millions \$)		Difference (Millions \$)
Domestic Equity						
SSgA S&P 500 Index Fund	Passive	1,708.96	20.19%	1,731.34	20.45%	(22.38)
SSgA Core	Active core	379.42	4.48%	380.98	4.50%	(1.56)
PIMCO	Enhanced Equity	534.29	6.31%	546.07	6.45%	(11.78)
NorthPointe Capital	Small Cap Value	376.66	4.45%	423.31	5.00%	(46.65)
Wellington Mgmt	Small Cap Core	403.96	4.77%	465.64	5.50%	(61.68)
Wellington Technical Equity	Tactical Equity	160.24	1.89%	50.80	0.60%	109.44
Shott Capital	Alternative Distribution	1.31	0.02%	0.00	0.00%	1.31
TOTAL DOMESTIC EQUITY		3,564.84	42.11%	3,598.14	42.50%	(33.30)
International Equity						
Boston Company	MSCI ACWI	561.61	6.63%	564.70	6.67%	(3.08)
Goldman Sachs	MSCI ACWI	561.46	6.63%	564.70	6.67%	(3.24)
Mondrian	MSCI ACWI	574.24	6.78%	563.85	6.66%	10.39
Transition Account		0.11	0.00%	0.00	0.00%	0.11
TOTAL INT'L EQUITY		1,697.42	20.05%	1,693.24	20.00%	4.18
Domestic Fixed Income						
Fidelity Management & Research	Mortgages	502.06	5.93%	529.14	6.25%	(27.08)
Brown Brothers, Harriman	Opportunistic Core	306.59	3.62%	317.48	3.75%	(10.90)
Taplin, Canida & Habacht	Corporates	306.80	3.62%	317.48	3.75%	(10.68)
Mackay Shields	High yield	135.22	1.60%	158.74	1.88%	(23.52)
Shenkman Capital Mgmt	High yield	0.00	0.00%	158.74	1.88%	(158.74)
Brown Brothers, Harriman TIPS	TIPS	576.19	6.81%	634.97	7.50%	(58.77)
Fixed Income Cash Account		325.37	3.84%	0.00	0.00%	325.37
Transition Account		0.58	0.01%	0.00	0.00%	0.58
TOTAL FIXED-INCOME		2,152.81	25.43%	2,116.55	25.00%	36.25
Alternative Investments						
Real Estate	Real Estate	361.05	4.26%	423.3	5.00%	(62.3)
Pacific Corp Group	Private Equity	650.85	7.69%	634.97	7.50%	15.9
TOTAL ALTERNATIVE INVESTMENTS		1,011.90	11.95%	1,058.28	12.50%	(46.38)
CASH EQUIVALENTS	STIF, Yield+	39.24	0.46%	0.00	0.00%	39.24
TOTAL ASSETS		8,466.21	100.00%	8,466.21	100.00%	0.00

ALLOCATION BY MANAGEMENT STYLE

Domestic Equity						
Core		539.66	6.37%	431.78	4.50%	107.88
Index		1,708.96	20.19%	1,731.34	17.75%	(22.38)
Enhanced Equity		534.29	6.31%	546.07	6.75%	(11.78)
Active Small Cap		780.62	9.24%	888.95	13.50%	(108.33)
TOTAL DOMESTIC EQUITY		3,564.84	42.11%	3,598.14	42.50%	(33.30)
International Equity						
Active		1,697.42	20.05%	1,693.24	20.00%	4.18
TOTAL INT'L EQUITY		1,697.42	20.05%	1,693.24	20.00%	4.18
Domestic Fixed Income						
Mortgage		502.06	5.93%	529.14	6.25%	(27.08)
Core		306.59	3.62%	317.48	3.75%	(10.90)
Corporates		306.80	3.62%	317.48	3.75%	(10.68)
High Yield		135.79	1.60%	317.48	3.75%	(181.69)
TIPS		576.19	6.81%	634.97	7.50%	(58.77)
Other		325.37	3.84%	-	0.00%	325.37
TOTAL FIXED-INCOME		2,152.81	25.42%	2,116.55	25.00%	36.25
Alternative Investments						
Real Estate		361.05	4.26%	423.31	5.00%	(62.27)
Other Alternative Investments		650.85	7.69%	634.97	7.50%	15.89
TOTAL ALTERNATIVE INVESTMENTS		1,011.90	11.95%	1,058.28	12.50%	(46.38)
CASH EQUIVALENTS	STIF, Yield+	39.24	0.46%	0.00	0.00%	39.24
TOTAL ASSETS		8,466.21	100.00%	8,466.21	100.00%	0.00

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

DECEMBER 31, 2007

<i>Equities</i>				
<u>RANK</u>	<u>SECURITY NAME</u>	<u>PAR VALUES/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	EXXON MOBIL CORP	184,570	\$17,292,363	SSgA
2	TELEDYNE TECH	174,510	9,306,618	Wellington,NorthPointe
3	CHEVRON CORP	96,500	9,006,345	SSgA
4	APPLE INC	44,100	8,735,328	SSgA,Wellington
5	RED HAT INC.	417,700	8,704,868	Wellington
6	AMYLIN PHARMACEUTICALS INC	234,300	8,669,100	SSgA,Wellington
7	FOUNDATION COAL	162,100	8,510,250	Wellington,NorthPointe
8	TRIZETTO GROUP	484,500	8,415,765	Wellington,NorthPointe
9	AT + T INC	202,123	8,400,232	SSgA
10	BANK AMERICA CORP.	196,800	8,119,968	SSgA
		2.79%	\$95,160,837	
Total Composite Equities		\$3,409,107,207		

International Equity Holdings By Top 10 Market Values

DECEMBER 31, 2007

<i>International Equities</i>				
<u>RANK</u>	<u>SECURITY NAME</u>	<u>PAR VALUES/SHARES</u>	<u>BASE MARKET AMOUNT</u>	<u>MONEY MANAGERS</u>
1	DPT EMERGING MARKET	4,734,186	\$65,568,482	Mondrian
2	UNILEVER PLC	922,855	34,719,971	Mondrian,Goldman,Boston Co.
3	ROYAL DUTCH SHELL	735,150	30,901,255	Mondrian,Goldman,Boston Co.
4	TOTAL SA	340,195	28,266,230	Mondrian,Boston Co.
5	NOVARTIS AG	507,198	27,820,515	Mondrian,Boston Co.
6	BP PLC	2,067,265	25,307,856	Mondrian,Boston Co.
7	GLAXOSMITHKLINE	932,641	23,744,834	Mondrian,Boston Co.
8	RWE AG (NEU)	164,368	23,070,171	Goldman,Boston Co.
9	SANOFI AVENTIS	226,754	20,879,492	Mondrian,Boston Co.
10	TELEFONICA SA	634,606	20,616,291	Mondrian,Goldman
		17.71%	\$300,895,098	
Total Composite International Equities		\$1,698,886,105		

Top 10 Market Values SIC

FISCAL YEAR 2008

INVESTMENT MANAGER FEES, PROFESSIONAL FEES & OPERATING EXPENSES

ERSRI & MERSRI

ACCRUAL BASIS

	Actual Jul 07	Actual Aug	Actual Sept	Projected Oct	Projected Nov	Projected Dec	Projected Jan 08	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	Projected TOTAL
EQUITIES													
SSgA Core			260,984			242,895			254,599			222,371	980,848
SSgA Russell 1000/S&P 500			35,288			40,562			66,927			32,408	175,186
Shott Capital			1,446			2,751			2,195			2,718	9,111
PIMCO			0			200,000			1,000			225,000	426,000
Wellington Mgmt			690,947			634,038			647,075			679,274	2,651,334
Wasatch Advisors			0			121,645			120,000			126,713	368,359
NorthPointe			590,310			543,982			566,385			589,850	2,290,527
			1,578,976			1,785,873			1,658,181			1,878,334	6,901,364
FIXED INCOME													
Brown Bros.			143,304			140,551			141,829			129,732	555,417
Fidelity			160,096			157,334			158,790			148,636	624,856
Taplin			191,761			184,623			187,094			169,909	733,387
Mackay Shields			148,591			141,118			145,904			147,848	583,461
Brown Bros.TTFS			141,960			140,110			140,412			136,883	559,365
			785,712			763,736			774,030			733,008	3,056,486
INT'L EQUITIES													
The Boston Co			565,228			584,801			570,511			551,739	2,272,279
Mondrian			338,577			363,762			353,466			316,283	1,372,088
Goldman Sachs Asset Mgmt			475,637			523,450			532,968			499,383	2,031,438
SSgA MSCI ACWI			0			0			0			0	0
	0		1,379,442	0		1,472,013			1,456,945			1,367,405	5,675,805
REAL ESTATE													
L & B Real Estate	71,577	17,187	17,188	329,250	201,893	348,834	34,375	17,188	202,228	55,479	56,250	0	1,351,449
ALTERNATIVE INVESTMENTS													
Other Alt Inv Mgmt Fees	1,059,228	598,052	57,249	578,597	166,134	998,614	971,558	19,516	249,256	206,620	462,405	278,946	5,646,174
SUB TOTAL-INV MGMT FEES	1,130,805	615,239	3,818,567	907,847	368,027	5,369,069	1,005,933	36,704	4,340,640	262,099	518,655	4,257,693	22,631,278
PROFESSIONAL FEES													
Legal	0	0	12,581	0	6,701	3,500	13,726	6,000	7,365	12,737	9,677	17,791	90,076
St St Bank Custodial	10,784	8,495	35,791	18,017	8,948	15,129	9,541	10,000	10,949	10,619	11,995	12,861	163,129
Pacific Corp Group	0	0	0	93,750	93,750	0	0	93,750	0	0	93,750	0	375,000
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	35,625	157,500
	31,617	29,328	104,830	132,600	130,232	75,087	44,100	130,583	74,772	44,188	151,255	87,110	1,035,703
OPERATING EXPENSE													
Retirement Transfers	369,522	368,651	525,602	512,275	603,183	808,484	0	0	0	3,680,498	0	0	6,868,213
Other Expense	0	3,097	33,007	6,250	6,250	32,088	21,497	22,425	3,000	0	8,333	8,333	144,280
	369,522	371,747	558,608	518,525	609,433	840,572	21,497	22,425	3,000	3,680,498	8,333	8,333	7,012,494
TOTAL:	1,531,944	1,016,314	4,482,005	1,558,972	1,107,692	6,284,729	1,071,530	189,712	4,418,412	3,986,785	678,244	4,353,136	30,679,474

Note: Numbers in bold are actual.

CASH FLOW ANALYSIS - INCOME & EXPENSES

Employees Retirement System

FISCAL YEAR 2008

	FY 2007-08												
	Actual July 2007	Actual August	Actual September	Actual October	Actual November	Actual December	Projected January 2008	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	52,425,504	53,123,807	53,371,008	53,041,011	52,935,677	53,259,955	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	630,156,962
ADMINISTRATIVE EXPENSES	81,164	112,168	939,170	123,439	119,107	777,259	41,155	89,849	65,360	3,165,767	134,243	81,164	5,729,844
INVESTMENT EXPENSES	961,630	523,195	63,300	770,935	368,027	1,143,783	784,774	31,234	384,116	222,931	441,147	237,214	5,912,285
TOTAL OUTFLOW	53,468,298	53,759,170	54,373,478	53,935,385	53,422,811	55,180,997	52,805,928	52,121,083	52,449,476	55,388,697	52,575,390	52,318,378	641,799,090
CONTRIBUTIONS	67,315,617	24,268,735	31,456,913	39,521,411	50,419,000	41,453,000	33,232,665	45,847,529	37,662,635	42,576,485	39,989,274	51,824,521	505,567,785
OTHER INCOME*	7,285,447	10,151,633	8,518,524	3,050,830	3,844,958	3,705,916	3,782,660	8,925,708	11,598,390	6,200,118	13,473,498	16,040,178	96,477,858
TOTAL INCOME	74,601,064	34,420,368	39,975,437	42,572,241	54,263,958	45,158,916	37,015,325	54,673,237	49,261,025	48,776,603	53,462,772	67,864,699	602,045,643
DIFFERENCE	21,132,766	(19,338,802)	(14,398,041)	(11,363,144)	841,147	(10,022,081)	(15,790,603)	2,552,154	(3,188,451)	(6,612,095)	887,392	15,546,321	(39,753,447)

Municipal Employees Retirement System

	Actual July 2007	Actual August	Actual September	Actual October	Actual November	Actual December	Projected January 2008	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	4,451,916	4,467,625	4,500,775	4,497,408	4,495,051	4,530,782	4,450,000	4,450,000	4,450,000	4,450,000	4,450,000	4,450,000	53,643,557
ADMINISTRATIVE EXPENSES	13,354	18,455	154,522	20,453	19,780	129,077	6,173	14,745	10,731	520,429	22,069	13,354	943,140
INVESTMENT EXPENSES	158,218	86,082	10,415	127,741	51,879	189,944	114,714	5,126	63,063	36,648	72,521	39,029	955,380
TOTAL OUTFLOW	4,623,487	4,572,162	4,665,712	4,645,602	4,566,710	4,849,802	4,570,887	4,469,870	4,523,794	5,007,077	4,544,590	4,502,383	55,542,077
CONTRIBUTIONS	4,890,850	3,427,165	3,947,195	5,055,145	3,776,000	4,383,000	5,191,597	3,888,036	4,038,723	4,393,140	5,350,512	5,150,814	53,492,177
OTHER INCOME*	1,198,679	1,670,254	1,401,558	505,511	638,518	615,428	567,390	1,448,337	1,904,204	1,019,254	2,214,944	2,639,101	15,823,177
TOTAL INCOME	6,089,529	5,097,419	5,348,753	5,560,656	4,414,518	4,998,428	5,758,987	5,336,373	5,942,927	5,412,394	7,565,456	7,789,915	69,315,354
DIFFERENCE	1,466,042	525,258	683,041	915,054	(152,192)	148,625	1,188,100	866,502	1,419,133	405,317	3,020,866	3,287,532	13,773,277

Judges/State Police
Retirement System

	Actual July 2007	Actual August	Actual September	Actual October	Actual November	Actual December	Projected January 2008	Projected February	Projected March	Projected April	Projected May	Projected June	Projected TOTAL
MEMBER BENEFITS	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	168,000
ADMINISTRATIVE EXPENSES	925	1,278	10,702	1,468	1,429	9,324	395	989	732	35,787	1,518	925	65,473
INVESTMENT EXPENSES	10,956	5,962	721	9,171	3,748	13,721	7,341	344	4,305	2,520	4,937	2,703	66,481
TOTAL OUTFLOW	25,883	21,240	25,424	24,639	19,176	37,045	21,736	15,333	19,037	52,307	20,504	17,628	299,953
CONTRIBUTIONS	535,000	530,000	485,000	525,000	810,000	480,000	510,000	1,280,000	520,000	540,000	550,000	780,000	7,545,000
OTHER INCOME*	83,022	115,683	97,073	36,293	46,124	44,456	36,310	97,177	129,982	70,086	152,309	182,786	1,091,303
TOTAL INCOME	618,022	645,683	582,073	561,293	856,124	524,456	546,310	1,377,177	649,982	610,088	702,309	962,786	8,636,303
DIFFERENCE	592,138	624,443	556,649	536,654	836,948	487,411	524,574	1,361,844	630,945	557,781	681,504	945,158	8,336,349

*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
December, 2007**

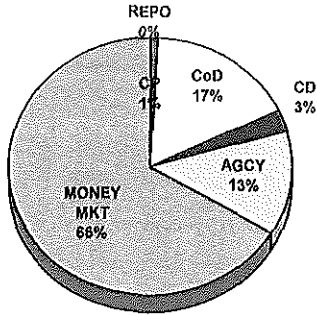
<u>INVESTMENT MANAGER</u>	<u>Income</u>	<u>Average Collateral Balance</u>
<u>DOMESTIC EQUITY</u>		
Wellington Terminal Equity	35,013	61,284,136
Wellington Mgmt. Co., LLP	215,401	211,627,221
NorthPointe Capital	132,638	201,781,592
SSgA Core	<u>20,699</u>	<u>50,104,007</u>
Total Domestic Equity	\$ <u>403,751</u>	\$ <u>524,796,955</u>
<u>INTERNATIONAL EQUITY</u>		
Goldman Sachs	5,602	9,895,844
Boston Company	23,066	38,380,203
Mondrian	<u>15,010</u>	<u>24,946,940</u>
Total International Equity	\$ <u>43,679</u>	\$ <u>73,222,987</u>
<u>FIXED INCOME</u>		
Brown Brothers, Harriman	21,819	37,455,118
Taplin, Canida & Habacht	6,445	18,507,981
Fidelity Management Trust Company	0	0
MacKay Shields	9,315	15,840,677
Brown Brothers, Harriman (TIPS)	<u>325,997</u>	<u>544,034,752</u>
Total Fixed Income	\$ <u>363,576</u>	\$ <u>615,838,528</u>
 TOTAL SECURITIES LENDING INCOME	 \$ <u>811,006</u>	 \$ <u>1,213,858,470</u>
 Calendar Year 2007 YTD	 \$ <u>3,977,088</u>	

RHODE ISLAND STATE INVESTMENT COMMISSION

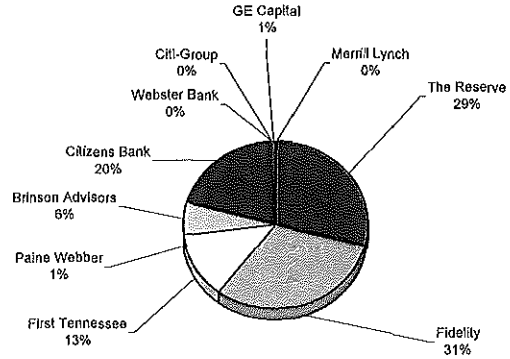
SHORT TERM CASH INVESTMENTS AT

DECEMBER 31, 2007

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%	75%/35%	25%/25%	100%/20%	
Merrill Lynch	0	0	0	0	0	0	0
The Reserve	0%	0%	0%	61,256,247	0%	0%	61,256,247
Chase Securities	0	0	0	0	0	0	0
Paine Webber	0	0	0	0	0	0	0
Fidelity	0	0	0	65,613,116	0	0	65,613,116
First Tennessee	0	0	27,161,878	0	0	0	27,161,878
Brinson Advisors	0	0	0	13,365,275	0	0	13,365,275
Citizens Bank	0	6,297,865	0	0	35,662,486	0	41,960,351
GE Capital	1,598,756	0	0	0	0	0	1,598,756
Webster Bank	0	0	0	0	0	0	0
Citi-Group	0	0	0	0	0	0	0
State St Bank	0	0	0	0	0	0	0
TOTALS	1,698,756	6,297,865	27,161,878	140,234,638	35,662,486	0	210,955,622
(%) PORTFOLIO	1%	3%	13%	66%	17%	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

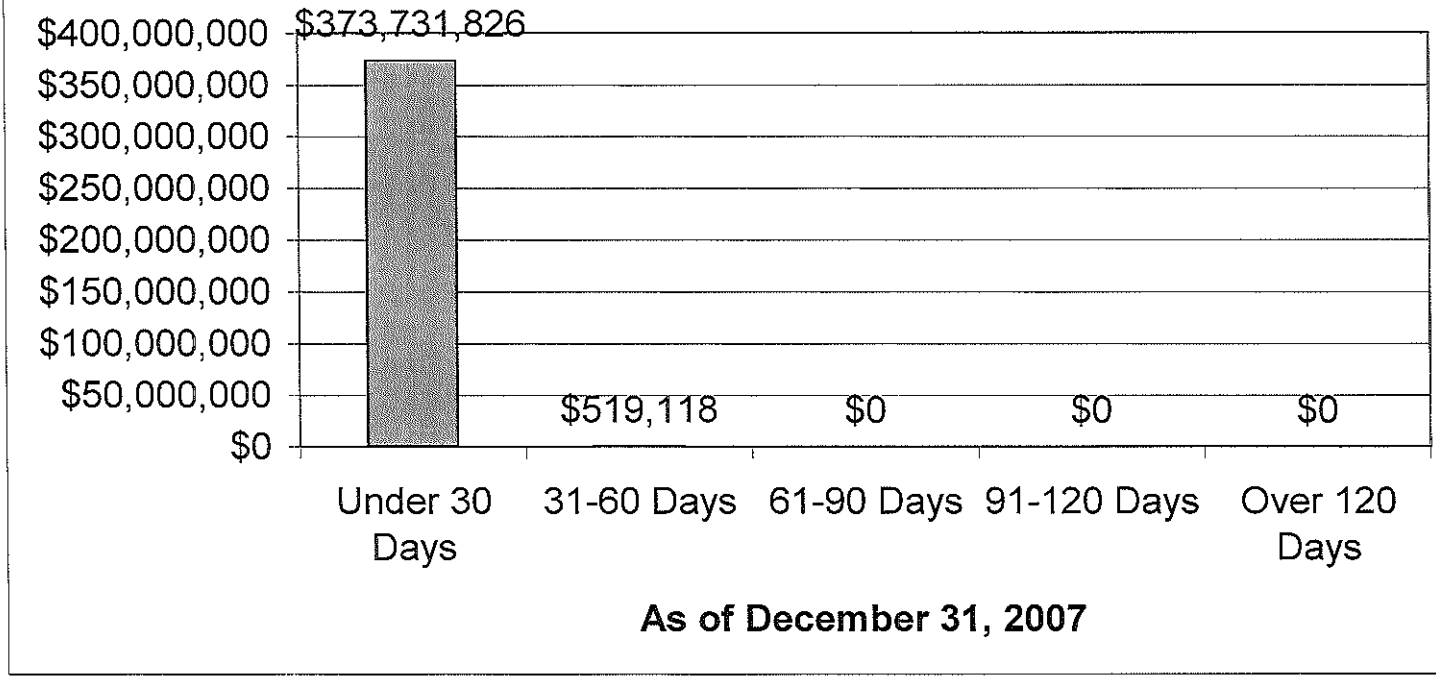
Short Term Investments Portfolio by Fund

As of December 31, 2007

	Principal	Interest*	Total Value @ Maturity
4901 GENERAL FUND	28,102,842	0	28,102,842
4904 PENSION C	0	0	0
4908 PAYROLL A	0	0	0
4916 GENERAL FUND H.A.V.A.	1,170,247	0	1,170,247
4918 RICAP	4,496,640	1,244	4,497,884
4920 GENERAL FUND (HIST PRES)	519,118	3,230	522,349
4955 HEALTH INSURANCE FUND	13,923,987	8,943	13,932,930
5400 HIGHWAY FUND	15,417,665	0	15,417,665
5500 UNIVERSITY COLLEGE	5,282,523	0	5,282,523
6920 AUTO EQUIPMENT SERVICE	519,729	0	519,729
8000 T.D.I. RESERVE (DET)	99,323,006	18,624	99,341,629
8300 PERMANENT SCHOOL FUND	778,746	1,471	780,217
8400 EMP RETIREMENT FUND	900,041	0	900,041
8500 MUN EMP RETIREMENT FUND	90,128	0	90,128
8700 R.I. CLEAN WATER ACT	905,683	0	905,683
9000 BOND CAPITAL FUND	2,814,390	0	2,814,390
9700 STATE LOTTERY FUND	34,654,923	14,444	34,669,367
9800 INDUS. BLDG. & MTG. INS.	2,055,956	0	2,055,956
4911 TANS	139,838,200	138,542	139,976,742
4917 TOBACCO SETTLEMENT	23,457,122	49,321	23,506,443
Subtotal	374,250,944	235,819	374,486,763
8703 CLEAN WATER 1991 SERIES A	46,149		
8706 CLEAN WATER CCDL 1994 (A)	6,069		
8707 CAP DEV. OF 1997 SERIES A	19,387		
8710 CLEAN WATER CCDL 2002 A	133,082		
8711 CLEAN WATER 2004 SERIES A	696,932		
8712 CLN WATER CCDL 2005 SER E	881,810		
8733 CAP DEV. OF 1997 SERIES A	7,062		
8737 RI POLLUT. CONT 94 SER. A	6,345		
8739 CCDL99A 1999A	328,682		
8746 POLUTION CTRL CCDL 2006 C	238,111		
8747 CLEAN WATER 2007 SERIES A	501,924		
9114 G.O. NOTE 1991 SER. B	3,798		
9117 BOND CCDL 1994 SERIES A	192,966		
9120 BOND CCBL96A	619,402		
9121 CAP DEV OF 1997 SERIES A	347		
9123 CCDL 1998B	2,102,681		
9125 MMG099 1999	2,851		
9126 BOND CAPITAL CCDL2000A	1,472,831		
9127 MULTI-MODAL GEN OBL 2000	2,822		
9131 CCDL 2004 SERIES A	11,145,400		
9132 BOND CCDL 2005 SERIES C	16,809,530		
9133 BOND CCDL 2005 SERIES E	4,423,115		
9134 BOND CCDL 2006 SERIES B	22,683		
9135 BOND CCDL 2006 SERIES C	40,680,794		
9136 GO BND-NTAX 2007 SERIES A	98,711,102		
9137 GO BND-TAX 2007 SERIES A	8,532,715		
Subtotal Bond Proceed Accounts	187,588,591		
Total Short Term Portfolio	561,839,535		

* 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 and Fidelity MM, and Citizens Premium Investments due to nature of Money Market Investments. Interest is posted on the 1st business day of the next month.

Short-Term Investments Maturity Schedule



Maturities in \$Millions

Note: Includes \$290.8 Million of Money Market investments with no specific maturity

December, 2007	4.60%
November, 2007	4.36%
December, 2006	5.21%

**ABRAHAM TOURO FUND
INVESTMENT SUMMARY
DECEMBER 31, 2007**

<u>FUND NAME</u>	September Gain/Loss	TOTAL MARKET VALUE
Abraham Touro Fund (Fidelity Balanced Fund)	\$ 3,634	\$ 2,436,637
<u>TOTALS</u>	\$ 3,634	\$ 2,436,637