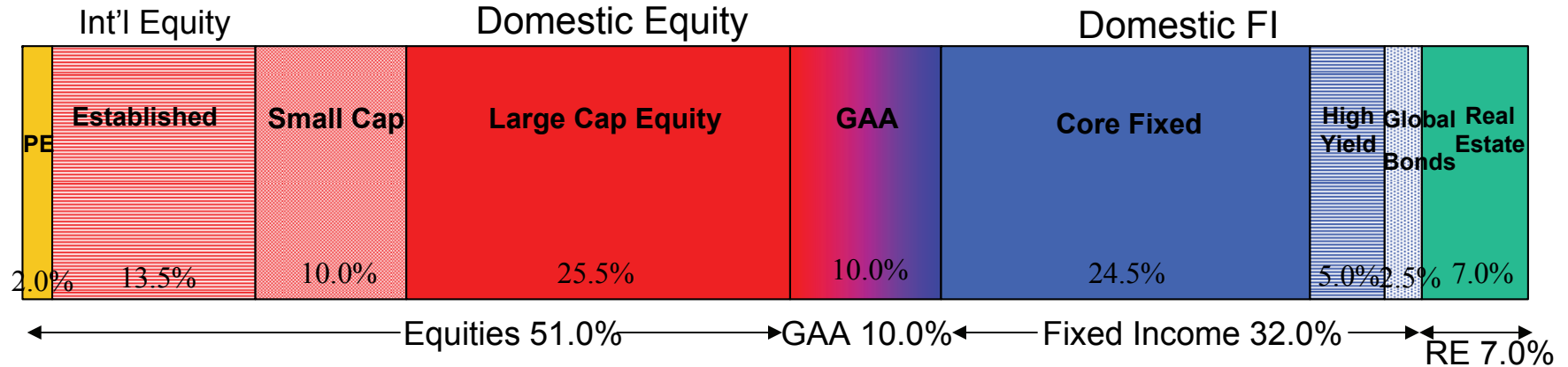


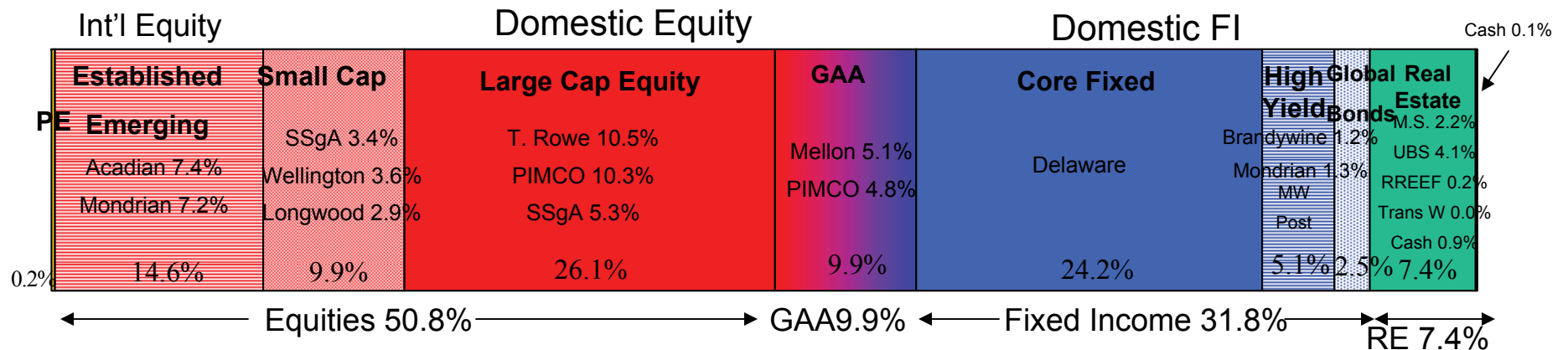
Plan Asset Allocation

As of December 31, 2006

Target Asset Allocation



Current Asset Allocation



Asset Breakdown

	Dom Large Cap	Dom Small Core	Dom Small Value	Dom Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	Private Investment	Alt Invest	Cash	Total
Composite	\$81,331	\$10,606	\$11,110	\$9,037	\$75,556	\$15,776	\$45,560	\$7,813	\$22,980	\$474	\$30,973	\$363	\$311,579
T. Rowe	32,875	0	0	0	0	0	0	0	0	0	0	0	\$32,875
PIMCO	32,009	0	0	0	0	0	0	0	0	0	0	0	\$32,009
SSgA	16,447	0	0	0	0	0	0	0	0	0	0	0	\$16,447
SSgA 2500	0	10,606	0	0	0	0	0	0	0	0	0	0	\$10,606
Wellington	0	0	11,110	0	0	0	0	0	0	0	0	0	\$11,110
Longwood	0	0	0	9,037	0	0	0	0	0	0	0	0	\$9,037
Acadian	0	0	0	0	0	0	23,008	0	0	0	0	0	\$23,008
Mondrian	0	0	0	0	0	0	22,552	0	0	0	0	0	\$22,552
Delaware	0	0	0	0	75,552	0	0	0	0	0	0	0	\$75,552
MW Post	0	0	0	0	0	15,776	0	0	0	0	0	0	\$15,776
Brandywine	0	0	0	0	0	0	0	3,726	0	0	0	0	\$3,726
Mondrian	0	0	0	0	0	0	0	4,087	0	0	0	0	\$4,087
Morgan Stanley	0	0	0	0	0	0	0	0	6,667	0	0	0	\$6,667
UBS Realty	0	0	0	0	0	0	0	0	12,737	0	0	0	\$12,737
RREEF	0	0	0	0	0	0	0	0	519	0	0	0	\$519
Transwestern	0	0	0	0	0	0	0	0	148	0	0	0	\$148
Real Estate Cash	0	0	0	0	0	0	0	0	2,909	0	0	0	\$2,909
Mellon GAA	0	0	0	0	0	0	0	0	0	0	16,116	0	\$16,116
PIMCO AA	0	0	0	0	0	0	0	0	0	0	14,857	0	\$14,857
Vermont Cash	0	0	0	0	4	0	0	0	0	0	0	359	\$363
Legacy Accounts	0	0	0	0	0	0	0	0	0	0	0	4	\$4
Alt. Assets	0	0	0	0	0	0	0	0	0	474	0	0	\$474

Total Fund Asset Growth Summary

Periods Ending December 31, 2006

MUNICIPAL SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	293,089	263,975	263,975	163,148
Net External Growth	2,312	8,222	8,222	39,333
Return on Investment	16,179	39,382	39,382	109,098
Income Received	88	2,257	2,257	25,040
Gain/Loss	16,091	37,126	37,126	84,059
Ending Market Value	311,579	311,579	311,579	311,579

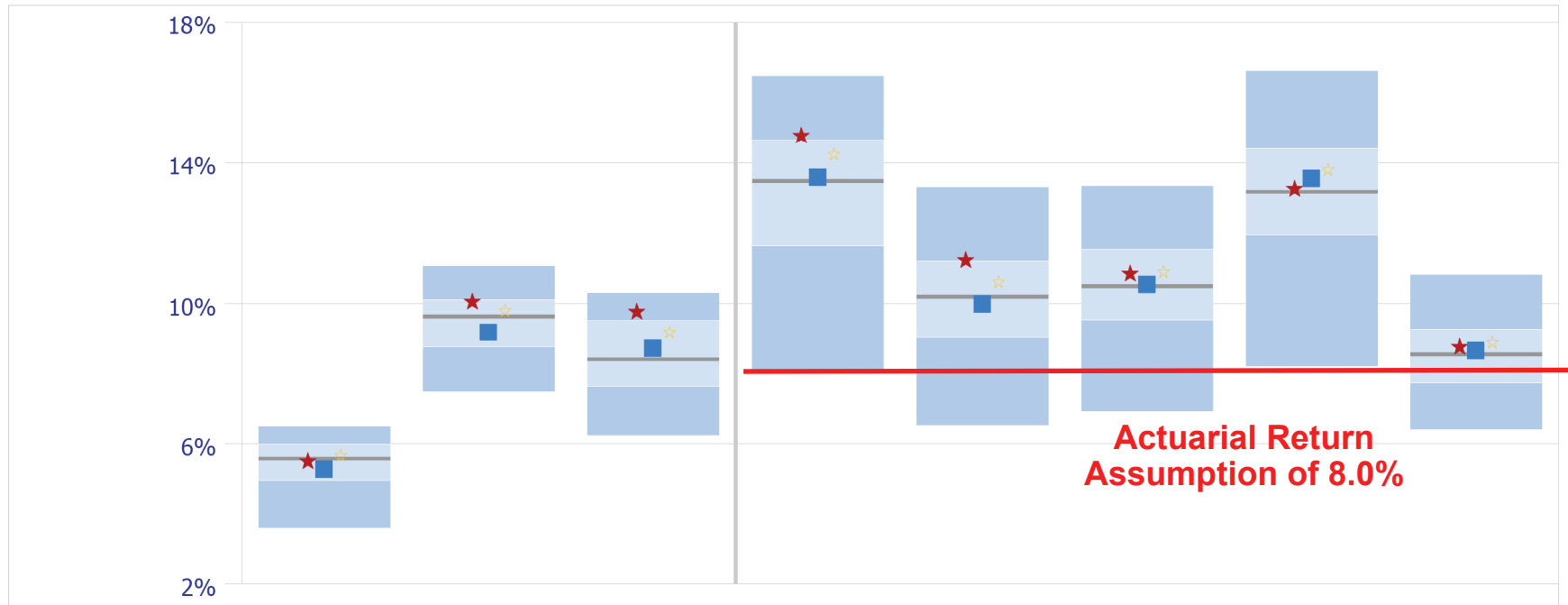
Return +5.5% +14.8% +14.8%



Total Public Funds – Total Rates of Return

Periods Ending December 31, 2006

Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ MUNI COMPOSITE	5.5	52	10.1	32	9.8	11	14.8	22	11.2	23	10.9	40	13.3	48	8.8	42
■ ALLOC INDEX	5.3	65	9.2	65	8.7	42	13.6	47	10.0	57	10.6	47	13.6	39	8.7	46
☆ POLICY INDEX	5.7	44	9.8	43	9.2	33	14.3	32	10.6	39	10.9	38	13.8	36	8.9	37
Median	5.6		9.6		8.4		13.5		10.2		10.5		13.2		8.5	

•*Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

•*Allocation Index*: Measures the effectiveness of *deviating from the target policy weights*. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

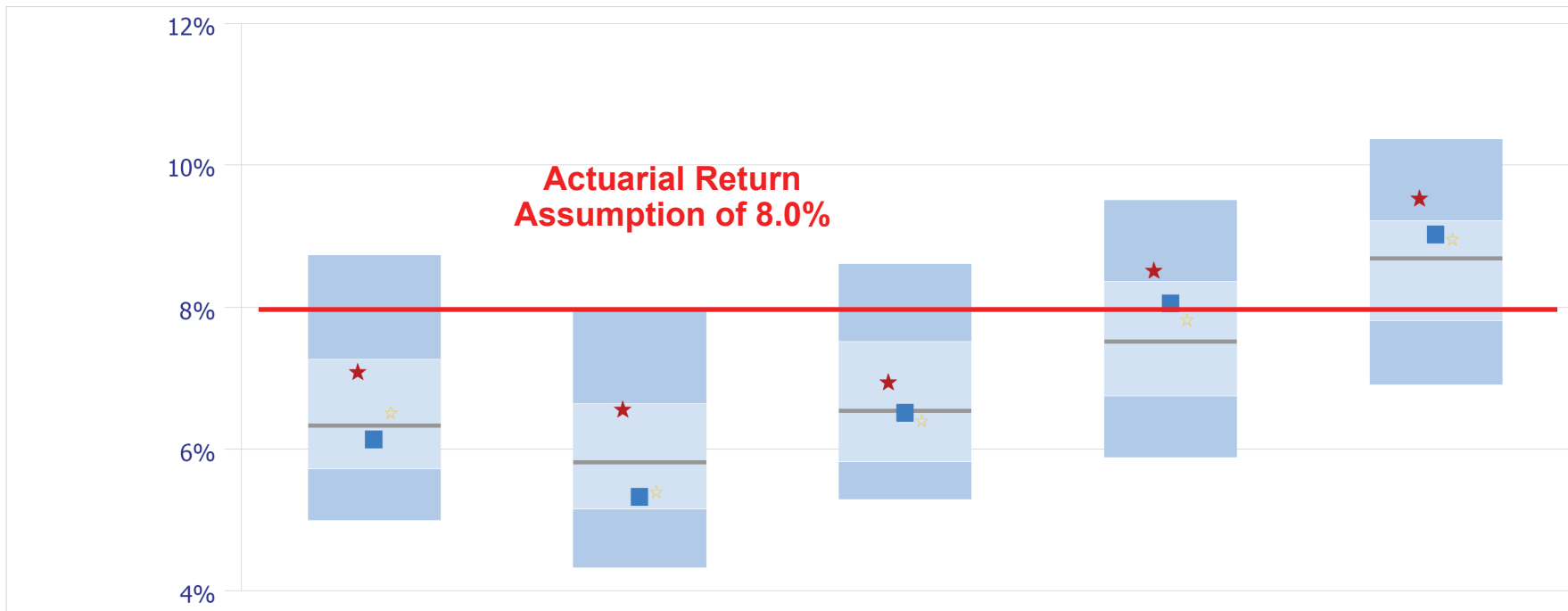
•*Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending December 31, 2006

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ MUNI COMPOSITE	7.1	30	6.6	27	6.9	37	8.5	20	9.5	15
■ ALLOC INDEX	6.1	55	5.3	63	6.5	52	8.1	35	9.0	36
☆ POLICY INDEX	6.5	45	5.4	62	6.4	55	7.8	40	9.0	38
Median	6.3		5.8		6.5		7.5		8.7	

•Policy Index: Measures the effectiveness of Plan Structure. (Target asset class weights X Return of the respective passive benchmark)

•Allocation Index: Measures the effectiveness of deviating from the target policy weights. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

•Composite: Actual composite return = actual asset class weights times the actual manager return. Measures the effectiveness of the managers. (Actual composite return - Allocation Index)



VPIC Total Performance Summary

State of Vermont																	
Investment Performance "Flash" Report																	
Periods Ending December 31, 2006																	
<u>Quarter</u>	<i>Public</i> Rank	<i>Large</i> Rank	<u>Last</u> <u>Year</u>	<i>Public</i> Rank	<i>Large</i> Rank	<u>Last</u> <u>3 Years</u>	<i>Public</i> Rank	<i>Large</i> Rank	<u>Last</u> <u>5 Years</u>	<i>Public</i> Rank	<i>Large</i> Rank	<u>Fiscal</u> <u>YTD</u>	<u>Market Value</u>	<u>% of Total</u> <u>Portfolio</u>	<u>Annual</u> <u>Fee</u>		
Teachers' Composite																	
Teachers' Composite	6.0%	26	43	15.7%	9	17	11.2%	31	57	9.5%	19	32	10.3%	\$1,576,329,648	100%	0.40%	
Allocation Index	5.6%			14.7%			10.7%			9.2%			9.4%				
Policy Index	5.7%			14.3%			11.0%			9.0%			9.6%				
Employees' Composite																	
Employees' Composite	5.5%	57	75	14.9%	20	33	10.9%	39	66	9.2%	26	47	9.9%	\$1,322,957,648	100%	0.42%	
Allocation Index	5.5%			14.1%			10.5%			8.9%			9.5%				
Policy Index	5.6%			13.9%			10.5%			8.8%			9.4%				
Municipal Composite																	
Municipal Composite	5.5%	52		14.8%	22		10.9%	40		8.8%	42		10.1%	\$311,579,347	100%	0.45%	
Allocation Index	5.3%			13.6%			10.6%			8.7%			9.2%				
Policy Index	5.7%			14.3%			10.9%			8.9%			9.8%				
Medians																	
Median Public Fund	5.6%			13.5%			10.5%			8.5%			9.6%				
Median Public Fund >\$500M	5.8%			14.5%			11.4%			9.0%			10.0%				
Median Large Fund	5.9%			14.3%			11.4%			9.2%			9.8%				

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.



VPIC Manager Performance Summary

Vermont Municipal Employees Pension Plan

State of Vermont Investment Performance "Flash" Report Periods Ending December 31, 2006															
	Quarter	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Fiscal YTD	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	VPIC Inception Date	Annual Fee
Large Cap Equity															
Large Cap Equity Composite - Employees'	6.8%	31	16.4%	19	10.9%	40	7.1%	35	12.8%	\$347,604,050	26.3%	-	-		
Large Cap Equity Composite - Teachers'	6.9%	31	16.2%	21	10.0%	89	6.6%	44	12.6%	\$475,203,180	-	30.1%	-		
Large Cap Equity Composite - Municipal	6.9%	31	16.3%	20	11.7%	24	6.9%	37	12.8%	\$81,331,528	-	-	26.1%		
Standard & Poors 500	6.7%		15.8%		10.4%		6.2%		12.7%						
T. Rowe	7.2%	20	16.9%	15	n/a		n/a		13.4%	\$329,442,886	10.5%	10.0%	10.6%	Dec-05	0.30%
PIMCO	6.5%	73	16.3%	20	n/a		n/a		12.9%	\$330,526,747	10.5%	10.1%	10.3%	Dec-05	0.33%
Standard & Poors 500	6.7%		15.8%		10.4%		6.2%		12.7%						
SSgA	7.1%	26	15.9%	27	n/a		n/a		11.6%	\$244,159,679	5.3%	10.0%	5.3%	Dec-05	0.05%
S&P 500 Equal Weighted	7.1%		15.9%		13.6%		11.1%		11.3%						
Small Cap Equity															
Small Cap Equity Composite - Employees'	7.5%	71	11.0%	89	11.7%	91	9.5%	99	6.7%	\$154,389,516	11.7%	-	-		
Small Cap Equity Composite - Teachers'	7.5%	72	10.9%	91	11.2%	96	7.1%	99	6.6%	\$189,769,608	-	12.0%	-		
Small Cap Equity Composite - Municipal	7.6%	71	11.1%	87	11.2%	96	9.7%	99	6.7%	\$30,754,072	-	-	9.9%		
Russell 2000	8.9%		18.3%		13.6%		11.4%		9.4%						
SSgA 2500	8.6%	38	16.0%	59	n/a		n/a		9.2%	\$127,968,268	4.0%	4.1%	3.4%	Dec-05	0.07%
Russell 2500	8.7%		16.2%		14.1%		12.2%		9.2%						
Wellington	8.7%	62	20.5%	38	17.7%	37	n/a		12.6%	\$133,125,010	4.2%	4.2%	3.6%	Dec-05	0.49%
Russell 2000 Value	9.0%		23.5%		16.5%		15.4%		11.8%						
Longwood*	5.0%	93	(3.0)%	98	n/a		n/a		(2.0)%	\$113,819,830	3.5%	3.7%	2.9%	Dec-05	0.76%
Russell 2000 Growth	8.8%		13.4%		10.5%		6.9%		6.9%						
International Equity															
International Equity Composite - Employees'	11.3%	34	34.3%	2	21.9%	36	16.9%	42	18.4%	\$ 192,060,485	14.5%	-	-		
International Equity Composite - Teachers'	11.1%	35	33.7%	4	23.0%	12	17.4%	40	18.2%	\$ 230,028,734	-	14.6%	-		
International Equity Composite - Municipal	11.3%	34	34.3%	2	21.4%	43	16.7%	45	18.4%	\$ 45,561,565	-	-	14.6%		
Acadian	12.2%	18	37.4%	1	n/a		n/a		19.1%	\$212,789,536	7.3%	5.9%	7.4%	Oct-05	0.48%
Mondrian	10.3%	48	31.1%	14	22.3%	20	19.4%	20	17.6%	\$254,853,380	7.2%	8.7%	7.2%	Oct-05	0.36%
EAFE (After Taxes)	10.4%		26.3%		19.9%		15.0%		14.7%						
CITI EPAC	9.6%		25.2%		20.2%		15.2%		13.9%						
Core Fixed Income															
Delaware**	1.4%	26	4.9%	28	4.4%	25	6.0%	22	5.4%	\$577,221,609	20.1%	15.0%	24.2%	Apr-06	0.33%
LB Aggregate	1.2%		4.3%		3.7%		5.1%		5.1%						
High Yield Fixed Income															
MW Post	3.4%	67	9.3%	55	n/a		n/a		6.4%	\$159,956,569	5.0%	4.9%	5.1%	Apr-06	0.42%
LB High Yield	4.2%		11.9%		8.5%		10.2%		8.4%						
Global Fixed Income															
Brandywine	2.9%	19	8.5%	15	n/a		n/a		4.9%	\$68,505,062	2.3%	2.2%	1.2%	May-06	0.42%
Mondrian**	2.3%	36	5.5%	67	3.8%	68	7.9%	67	3.5%	\$34,993,631	2.2%	2.2%	1.3%	May-06	0.36%
CITI WGBI	1.8%		6.1%		2.9%		8.4%		3.3%						

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

*Longwood was terminated on 12/31/06. The assets were liquidated during 1/07 and invested in State Street's Russell 2000 index product.

**Annualized returns includes historic performance from the legacy global portfolio.



VPIC Manager Performance Summary

State of Vermont

Investment Performance "Flash" Report Periods Ending December 31, 2006

	Quarter	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Fiscal YTD	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	VPIC Inception Date	Annual Fee
Real Estate[^]															
Total Real Estate											6.7%	8.3%	7.4%		
Morgan Stanley	4.8%	26	18.3%	33	18.8%	35	14.4%	31	9.2%	\$70,348,534	1.9%	2.4%	2.1%	Sep-06	0.89%
UBS Realty	5.4%	21	16.6%	41	17.4%	46	14.1%	32	9.5%	\$134,391,319	3.7%	4.6%	4.1%	Sep-06	0.90%
RREEF	6.4%	18	n/a		n/a		n/a		7.2%	\$5,477,718	0.2%	0.2%	0.2%	Sep-06	
Transwestern / Aslan	(7.9)%	99	(16.3)%	97	n/a		n/a		(12.2)%	\$1,563,896	0.0%	0.1%	0.0%	Sep-06	
Real Estate Cash	0.5%	71	n/a		n/a		n/a		n/a	\$30,694,870	0.8%	1.0%	0.9%	Sep-06	
NCREIF Property Index	3.5%		15.5%		16.6%		13.1%		7.1%						
Private Investment															
Pru & VVC	10.1%		14.0%		2.2%		1.4%		10.1%	\$6,014,038	0.0%	0.4%	0.0%		
Vermont Investments	(44.9)%		(43.7)%		(12.2)%		(12.2)%		(44.9)%	\$3,124,283	0.2%	0.0%	0.0%		
Alternative Investments	0.0%		0.9%		(11.0)%		(12.2)%		0.0%	\$474,144	0.0%	0.0%	0.2%		
Alternative Investment															
Mellon Global Alpha	7.4%		n/a		n/a		n/a		14.5%	\$171,579,057	5.5%	5.3%	5.2%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	5.7%		14.4%		9.9%		9.6%		9.2%						
Pimco All Asset	2.2%		n/a		n/a		n/a		6.6%	\$159,165,437	5.1%	4.9%	4.8%	May-06	0.83%
T-Bill + 5%	2.5%		10.1%		8.2%		7.5%		5.1%						
RMK Timber [^]	9.8%		55.0%		22.3%		14.6%		44.5%	\$5,282,590	0.4%	0.0%	0.0%		1.00%
NCREIF Timber Index [^]	0.8%		19.6%		13.7%		7.8%		0.8%						
Cash															
Employees' Cash	1.3%		5.2%		5.1%		3.7%		2.3%	\$1,170,259	0.1%	0.0%	0.0%		
Teachers' Cash	1.5%		5.2%		4.8%		3.3%		2.5%	\$1,139,658	0.0%	0.1%	0.0%		
Municipal Cash	1.3%		4.8%		3.7%		3.2%		2.4%	\$359,246	0.0%	0.0%	0.1%		
90 Day U.S. T-Bills	1.3%		4.8%		3.1%		2.4%		2.6%						

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

[^]Returns reported on a quarterly basis.

^{^^}Inception dates represent

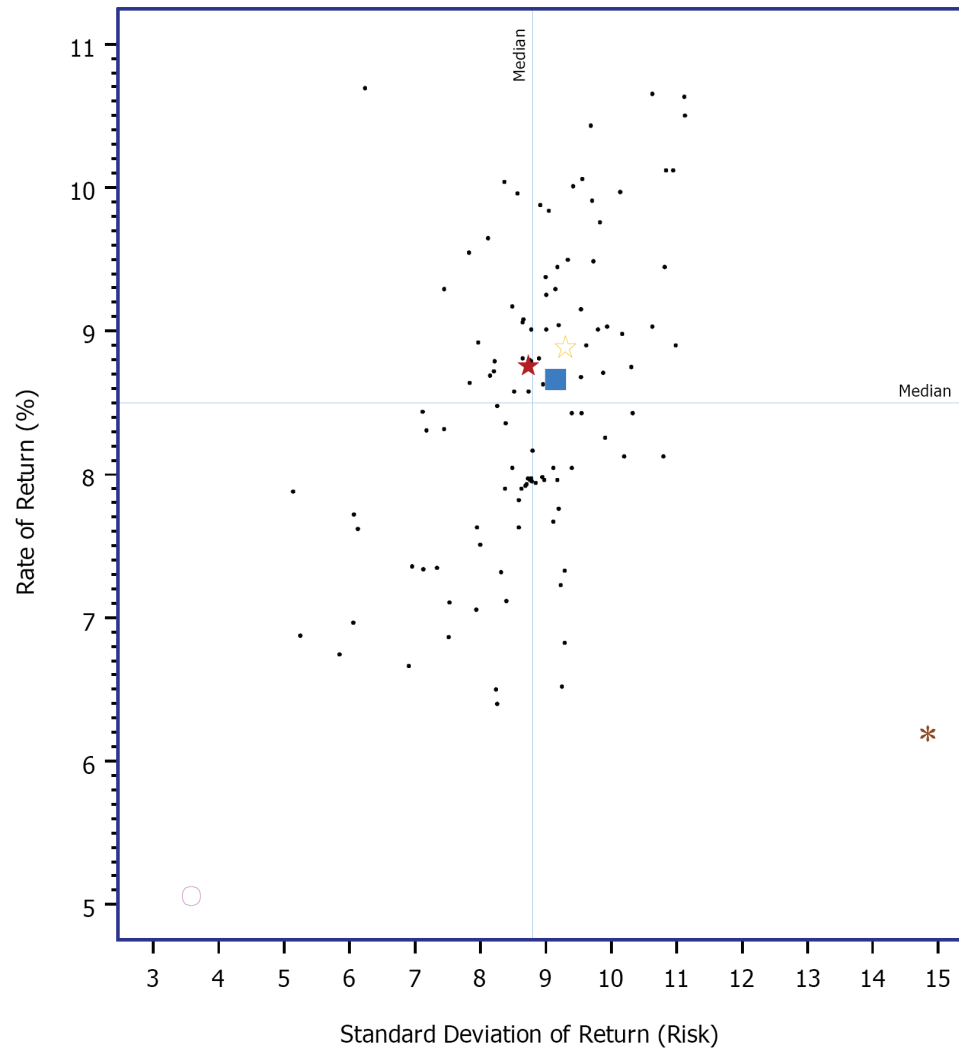


Total Fund Risk / Return Analysis – 5 Years

Vermont Municipal Employees
Pension Plan

5 Years Ending December 31, 2006

Total Public Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
★ MUNI COMPOSITE	8.8	42	0.7
■ ALLOC INDEX	8.7	46	0.7
☆ POLICY INDEX	8.9	37	0.7
* S&P 500	6.2	96	0.3
○ LB AGGREGATE	5.1	100	0.7
Median	8.5	8.8	0.7

Funded status as of Fiscal Year 2006 = 104.3%

