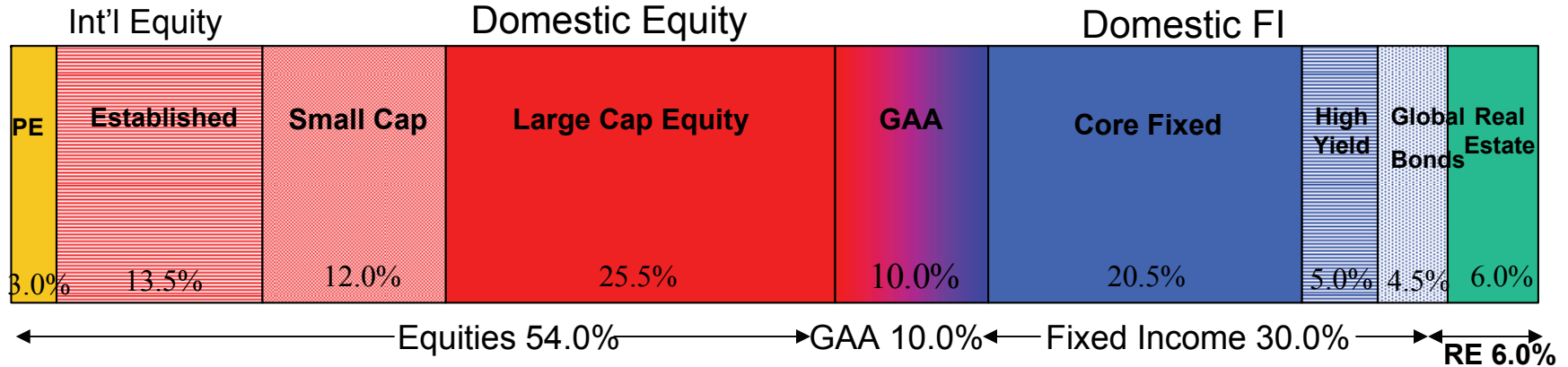


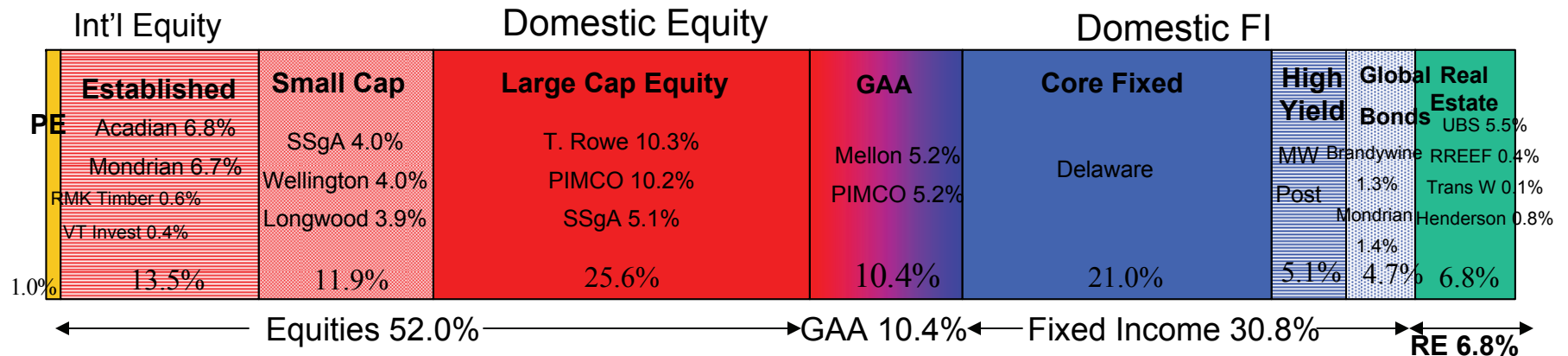
# Plan Asset Allocation

As of June 30, 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
<b>Composite</b>	\$311,776	\$48,214	\$49,227	\$47,216	\$255,327	\$62,669	\$164,466	\$56,577	\$73,475	\$5,764	\$134,007	\$9,151	\$1,217,869
T. Rowe	124,809	0	0	0	0	0	0	0	0	0	0	0	\$124,809
PIMCO	124,492	0	0	0	0	0	0	0	0	0	0	0	\$124,492
SSgA	62,475	0	0	0	0	0	0	0	0	0	0	0	\$62,475
LC Transition Account	0	0	0	0	0	0	0	0	0	0	0	6	\$6
SSgA 2500	0	48,214	0	0	0	0	0	0	0	0	0	0	\$48,214
Wellington	0	0	49,227	0	0	0	0	0	0	0	0	0	\$49,227
Longwood	0	0	0	47,216	0	0	0	0	0	0	0	0	\$47,216
Acadian	0	0	0	0	0	0	82,385	0	0	0	0	0	\$82,385
Mondrian	0	0	0	0	0	0	82,081	0	0	0	0	0	\$82,081
IE Transition Account	0	0	0	0	0	0	0	0	0	0	0	2	\$2
Delaware	0	0	0	0	255,327	0	0	0	0	0	0	0	\$255,327
MW Post	0	0	0	0	0	62,669	0	0	0	0	0	0	\$62,669
Brandywine	0	0	0	0	0	0	0	29,014	0	0	0	0	\$29,014
Mondrian	0	0	0	0	0	0	0	27,563	0	0	0	0	\$27,563
UBS Realty	0	0	0	0	0	0	0	0	67,427	0	0	0	\$67,427
RREEF	0	0	0	0	0	0	0	0	5,090	0	0	0	\$5,090
Transwestern	0	0	0	0	0	0	0	0	958	0	0	0	\$958
Henderson (Cash)	0	0	0	0	0	0	0	0	0	0	0	9,056	\$9,056
Mellon GAA (Dollars in 000's)	0	0	0	0	0	0	0	0	0	0	63,306	0	\$63,306
PIMCO AA	0	0	0	0	0	0	0	0	0	0	63,002	0	\$63,002
RMK Timber	0	0	0	0	0	0	0	0	0	0	7,699	0	\$7,699
Vermont Investment	0	0	0	0	0	0	0	0	0	5,764	0	0	\$5,764
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	87	\$87

# Total Fund Asset Growth Summary

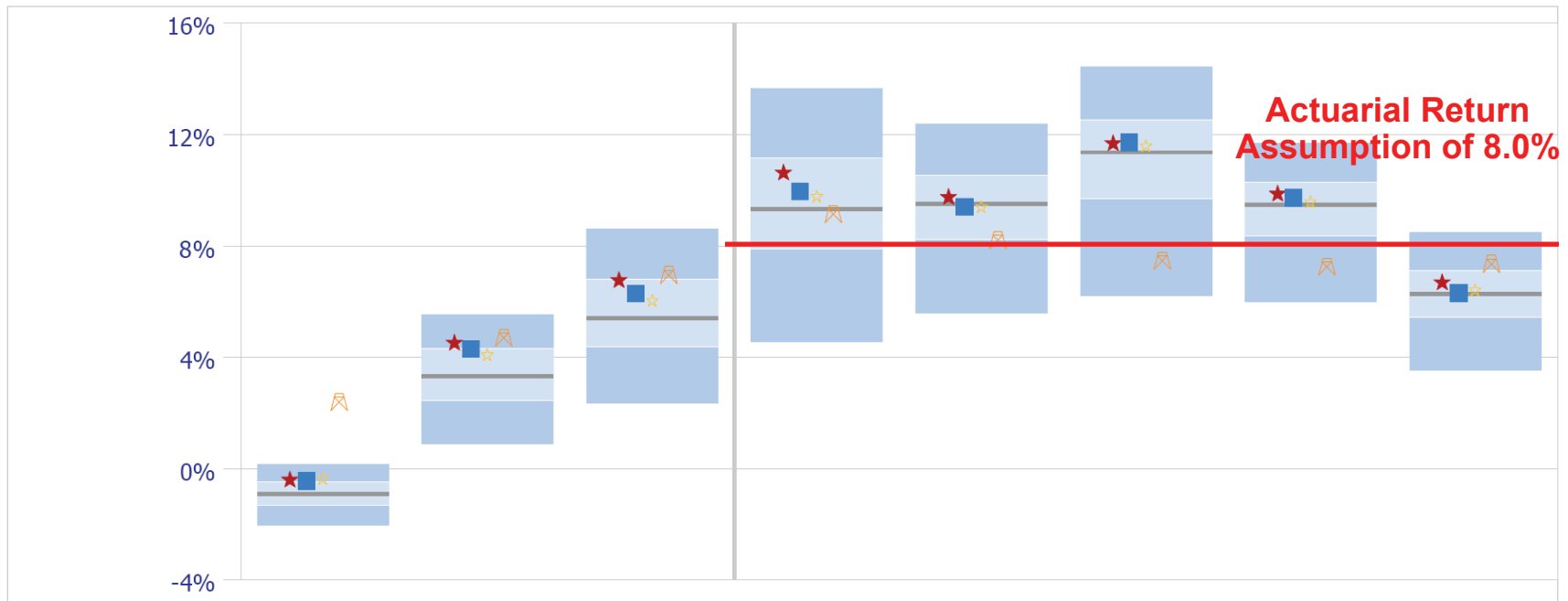
As of June 30, 2006

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
<b>Beginning Market Value</b>	1,226,609	1,173,785	1,117,158	934,947
<b>Net External Growth</b>	-3,130	-7,945	-16,795	-97,695
<b>Return on Investment</b>	-5,609	52,030	117,506	380,617
<b>Income Received</b>	5,014	10,337	25,994	127,815
<b>Gain/Loss</b>	-10,623	41,693	91,512	252,802
<b>Ending Market Value</b>	1,217,869	1,217,869	1,217,869	1,217,869

Return -0.4%      +4.5%      +10.6%

# Total Public Funds – Total Rates of Return

As of June 30, 2006



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ ERS COMPOSITE	-0.4	17	4.5	15	6.8	25	10.6	34	9.8	43	11.7	42	9.9	37	6.7	36
■ ALLOC INDEX	-0.4	20	4.3	25	6.3	35	10.0	42	9.4	50	11.7	40	9.7	40	6.3	48
☆ POLICY INDEX	-0.3	14	4.1	31	6.0	38	9.8	44	9.4	50	11.6	44	9.6	44	6.4	45
<b>Median</b>	-0.9		3.3		5.4		9.3		9.5		11.3		9.5		6.3	

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

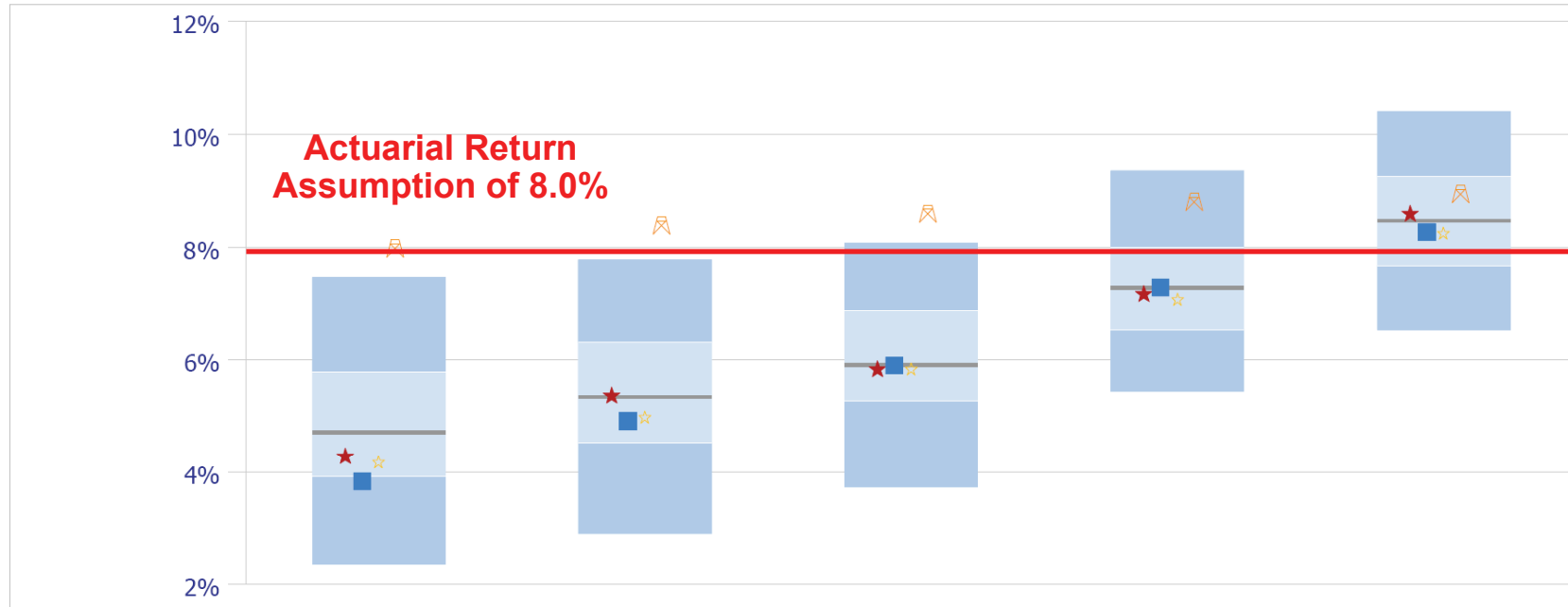
•Allocation Index: Measures the effectiveness of deviating from the target policy weights. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

•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

As of June 30, 2006



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
★ ERS COMPOSITE	4.3 62	5.4 47	5.8 56	7.2 52	8.6 43
■ ALLOC INDEX	3.8 81	4.9 64	5.9 51	7.3 49	8.3 58
☆ POLICY INDEX	4.2 66	5.0 63	5.8 54	7.1 56	8.3 58
<b>Median</b>	4.7	5.3	5.9	7.3	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)



# VPIC Total Performance Summary

State of Vermont																		
Investment Performance "Flash" Report																		
Periods Ending June 30, 2006																		
Quarter	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee	
<b>Teachers' Composite</b>																		
<b>Teachers' Composite</b>	<b>(0.1)%</b>	7	11	<b>5.0%</b>	9	15	<b>10.4%</b>	36	62	<b>11.9%</b>	34	59	<b>7.1%</b>	24	39	<b>\$1,427,246,519</b>	100%	0.42%
Allocation Index	(0.1)%			4.9%			10.5%			12.1%			6.9%					
Policy Index	(0.4)%			4.3%			10.3%			12.1%			6.6%					
<b>Employees' Composite</b>																		
<b>Employees' Composite</b>	<b>(0.4)%</b>	17	23	<b>4.5%</b>	15	29	<b>10.6%</b>	34	55	<b>11.7%</b>	42	67	<b>6.7%</b>	36	49	<b>\$1,217,869,445</b>	100%	0.42%
Allocation Index	(0.4)%			4.3%			10.0%			11.7%			6.3%					
Policy Index	(0.3)%			4.1%			9.8%			11.6%			6.4%					
<b>Municipal Composite</b>																		
<b>Municipal Composite</b>	<b>(0.3)%</b>	11		<b>4.3%</b>	25		<b>11.3%</b>	19		<b>11.4%</b>	48		<b>6.7%</b>	35		<b>\$279,760,508</b>	100%	0.44%
Allocation Index	(0.4)%			4.1%			9.8%			11.9%			6.2%					
Policy Index	(0.6)%			4.0%			10.2%			11.8%			6.5%					
<b>Medians</b>																		
<b>Median Public Fund</b>	<b>(0.9)%</b>			<b>3.3%</b>			<b>9.3%</b>			<b>11.3%</b>			<b>6.3%</b>					
<b>Median Public Fund &gt;\$500M</b>	<b>(0.9)%</b>			<b>3.8%</b>			<b>10.8%</b>			<b>12.1%</b>			<b>6.6%</b>					
<b>Median Large Fund</b>	<b>(0.9)%</b>			<b>3.8%</b>			<b>10.8%</b>			<b>12.4%</b>			<b>6.7%</b>					

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

# VPIC Manager Performance Summary

State of Vermont															
Investment Performance "Flash" Report															
Periods Ending June 30, 2006															
	Quarter	Rank	YTD	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	Annual Fee
<b>Large Cap Equity</b>															
Large Cap Equity Composite - ERS	(1.7)%	64	3.2%	29	10.1%	28	11.5%	47	3.4%	39	\$311,781,744	25.6%	-	-	
Large Cap Equity Composite - TRS	(1.8)%	68	3.2%	29	9.0%	41	10.8%	90	3.0%	45	\$423,908,073	-	29.7%	-	
Large Cap Equity Composite - MRS	(1.7)%	64	3.1%	30	13.3%	12	12.2%	43	3.7%	33	\$71,114,907	-	-	25.4%	
Standard & Pooors 500	(1.4)%		2.7%		8.6%		11.2%		2.5%						
T. Rowe	(1.5)%	57	3.1%	30	n/a		n/a		n/a		\$293,755,835	10.2%	9.9%	10.0%	0.30%
PIMCO	(1.5)%	56	3.0%	32	n/a		n/a		n/a		\$294,522,962	10.2%	9.9%	10.1%	0.33%
Standard & Pooors 500	(1.4)%		2.7%		8.6%		11.2%		2.5%						
SSgA	(2.2)%	79	3.9%	17	n/a		n/a		n/a		\$218,515,819	5.1%	9.9%	5.3%	0.05%
S&P 500 Equal Weighted	(2.1)%		4.0%		11.9%		16.8%		8.0%						
<b>Small Cap Equity</b>															
Small Cap Equity Composite - ERS	(6.0)%	83	4.1%	83	11.3%	61	16.5%	86	7.2%	97	\$144,656,808	11.9%	-	-	
Small Cap Equity Composite - TRS	(6.0)%	83	4.1%	83	8.5%	74	16.5%	86	4.7%	100	\$171,855,275	-	12.0%	-	
Small Cap Equity Composite - MRS	(6.0)%	83	4.1%	83	10.8%	63	17.0%	78	10.1%	94	\$28,813,134	-	-	10.3%	
Russell 2000	(5.0)%		8.2%		14.6%		18.7%		8.5%						
SSgA 2500	(4.5)%	65	6.2%	53	n/a		n/a		n/a		\$116,200,697	4.0%	4.1%	3.5%	0.08%
Russell 2500	(4.3)%		6.3%		13.5%		19.2%		9.7%						
Wellington	(1.0)%	18	7.1%	47	11.6%	45	n/a		n/a		\$117,267,420	4.0%	4.1%	3.5%	0.47%
Russell 2000 Value	(2.7)%		10.4%		14.6%		21.0%		13.1%						
Longwood	(12.2)%	97	(1.0)%	100	4.4%	96	n/a		n/a		\$111,857,012	3.9%	3.9%	3.3%	0.76%
Russell 2000 Growth	(7.3)%		6.1%		14.6%		16.3%		3.5%						
<b>International Equity</b>															
International Equity Composite - ERS	2.4%	5	13.5%	2	30.2%	20	23.6%	66	11.2%	63	\$ 164,468,147	13.5%	-	-	
International Equity Composite - TRS	2.5%	4	13.1%	3	28.8%	38	24.6%	51	12.1%	47	\$ 196,817,518	-	13.8%	-	
International Equity Composite - MRS	2.4%	5	13.5%	2	28.4%	42	23.4%	72	11.8%	50	\$ 38,498,991	-	-	13.8%	
Acadian	2.0%	9	15.3%	1	n/a		n/a		n/a		\$180,553,182	6.8%	5.5%	6.9%	0.48%
Mondrian	2.8%	4	11.6%	19	24.4%	73	24.7%	49	14.5%	21	\$219,223,676	6.7%	8.3%	6.9%	0.36%
EAFE (After Taxes)	0.7%		10.2%		26.6%		23.9%		10.0%						
CITI EPAC	0.9%		9.9%		27.4%		24.4%		10.4%						
<b>Core Fixed Income</b>															
Delaware**	(0.1)%	74	(0.5)%	54	(0.3)%	46	3.1%	16	5.9%	22	\$550,272,230	21.0%	15.8%	25.0%	0.33%
LB Aggregate	(0.1)%		(0.7)%		(0.8)%		2.1%		5.0%						
<b>High Yield Fixed Income</b>															
MW Post	0.3%	14	2.6%	24	5.3%	29	n/a		n/a		\$148,335,102	5.1%	5.0%	5.0%	0.42%
LB High Yield	0.3%		3.2%		4.8%		8.6%		8.7%						
<b>Global Fixed Income</b>															
Brandywine	2.4%	47	3.5%	23	n/a		n/a		n/a		\$65,322,228	2.4%	2.3%	1.3%	0.42%
Mondrian**	2.3%	54	1.9%	61	0.0%	77	4.3%	59	8.4%	54	\$65,212,807	2.3%	2.4%	1.4%	0.36%
CITI WGBI	3.2%		2.7%		(0.4)%		4.2%		8.5%						

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

\*Individual manager allocations may not equal 100% as a result of residual cash in the State Street legacy accounts.

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



# VPIC Manager Performance Summary

State of Vermont															
Investment Performance "Flash" Report															
Periods Ending June 30, 2006															
	Quarter	YTD	Last Year	Last 3 Years	Last 5 Years	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	Annual Fee					
<b>Real Estate<sup>^</sup></b>															
<b>Total Real Estate</b>							6.8%	8.5%	7.5%						
Morgan Stanley	3.7%	28	7.9%	46	21.5%	27	17.5%	37	12.2%	44	\$64,807,278	0.0%	4.5%	0.0%	0.90%
UBS Realty - TRS	3.4%	35	6.5%	62	15.6%	59	15.7%	47	11.8%	48	\$55,882,737	0.0%	3.9%	0.0%	0.90%
UBS Realty - ERS	3.4%	35	6.5%	62	15.6%	59	15.7%	47	11.8%	48	\$67,426,591	5.5%	0.0%	0.0%	0.90%
RREEF	4.1%	20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$5,089,981	0.4%	0.0%	0.0%	
Transwestern / Aslan	(3.9)%	97	(4.6)%	96	n/a	n/a	n/a	n/a	n/a	n/a	\$958,190	0.1%	0.0%	0.0%	
Henderson (Cash)	0.9%		1.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$9,056,134	0.7%	0.0%	0.0%	
SSR	3.7%	28	8.1%	46	20.1%	31	12.8%	67	9.0%	65	\$20,989,598	0.0%	0.0%	7.5%	1.12%
NCREIF Property Index	4.0%		7.8%		18.7%		15.8%		12.0%						
<b>Alternative Investments<sup>^</sup></b>															
Pru & VVC	1.2%		3.6%		8.8%		(0.2)%		(0.9)%		\$5,899,834	0.0%	0.4%	0.0%	
Vermont Investments	(0.2)%		2.1%		5.8%		7.1%		(3.4)%		\$5,764,630	0.5%	0.0%	0.0%	
Alternative Investments	0.6%		0.9%		1.4%		(11.0)%		(12.1)%		\$474,777	0.0%	0.0%	0.2%	
RMK Timber	3.9%		7.3%		18.8%		8.5%		6.3%		\$7,699,139	0.6%	0.0%	0.0%	1.00%
NCREIF Timber Index	12.0%		25.4%		31.3%		16.7%		8.8%						
<b>Global Asset Allocation</b>															
Mellon Global Alpha	n/a		n/a		n/a		n/a		n/a		\$149,722,538	5.2%	5.1%	5.0%	0.65%
60%MSCI World / 40% CITI WGBI	1.0%		4.8%		9.8%		11.8%		7.2%						
Pimco All Asset	n/a		n/a		n/a		n/a		n/a		\$149,005,494	5.2%	5.0%	5.0%	0.83%
T-Bill + 5%	2.4%		4.7%		9.2%		7.5%		7.4%						
<b>Cash</b>															
Employees' Cash	1.4%		2.9%		8.9%		4.6%		3.5%		\$87,071	0.0%	0.0%	0.0%	
Teachers' Cash	2.1%		3.7%		6.4%		4.6%		3.1%		\$331,766	0.0%	0.0%	0.0%	
Municipal Cash	1.3%		2.4%		4.6%		3.5%		3.1%		\$614,852	0.0%	0.0%	0.2%	
90 Day U.S. T-Bills	1.2%		2.2%		4.0%		2.4%		2.3%						

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

\*Individual manager allocations may not equal 100% as a result of residual cash in the State Street legacy accounts.

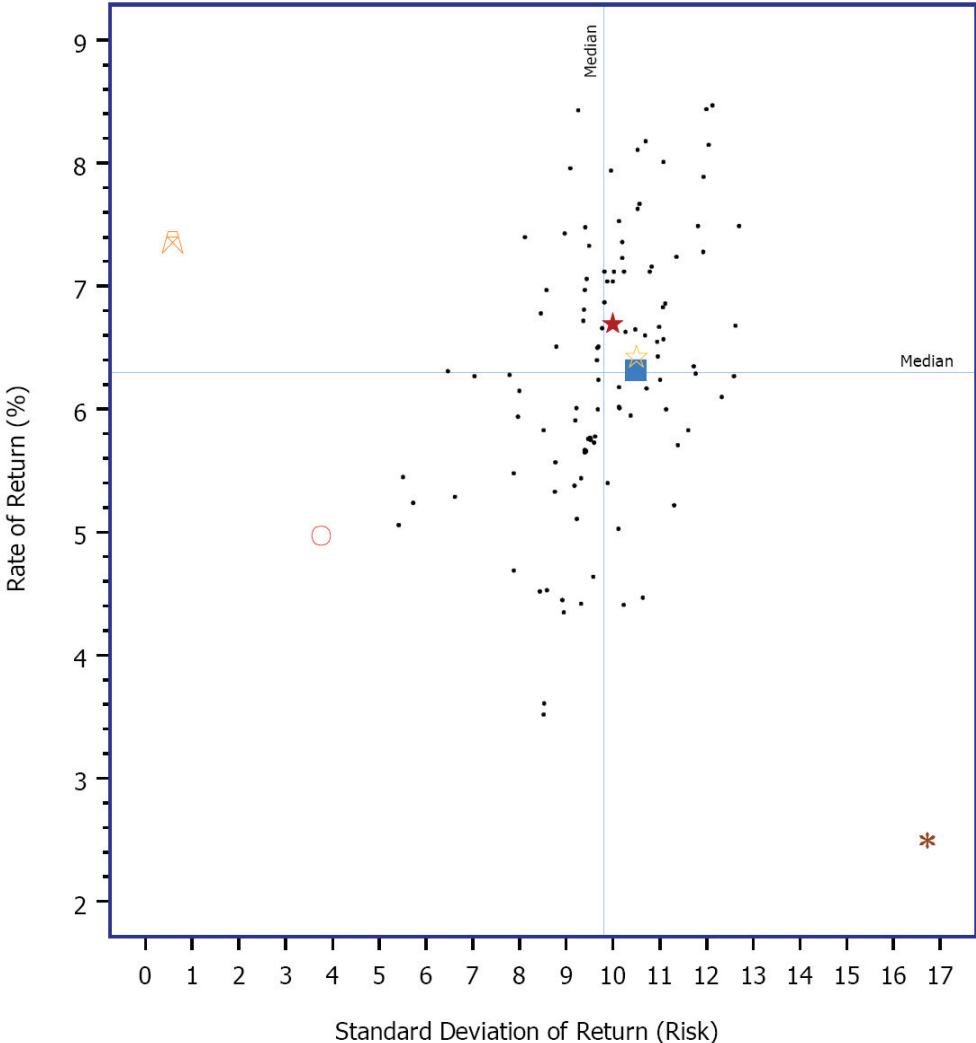
<sup>^</sup>Returns reported on a quarterly basis.





# Total Fund Risk / Return Analysis

Total Public Funds – Total Return vs. Risk - 5 Years Ending 06/30/06



	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	6.7	10.0	0.5
■ ALLOC INDEX	6.3	10.5	0.4
☆ POLICY INDEX	6.4	10.5	0.4
* S&P 500	2.5	16.7	0.1
○ LB AGGREGATE	5.0	3.8	0.7
<b>Median</b>	<b>6.3</b>	<b>9.8</b>	<b>0.5</b>

**Funded status as of June 30, 2005 = 97.8%**

