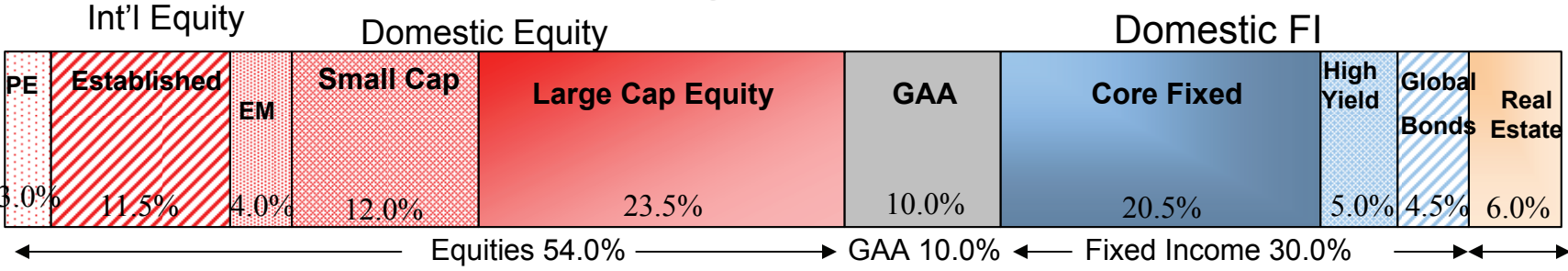


Vermont State Employees' Retirement System

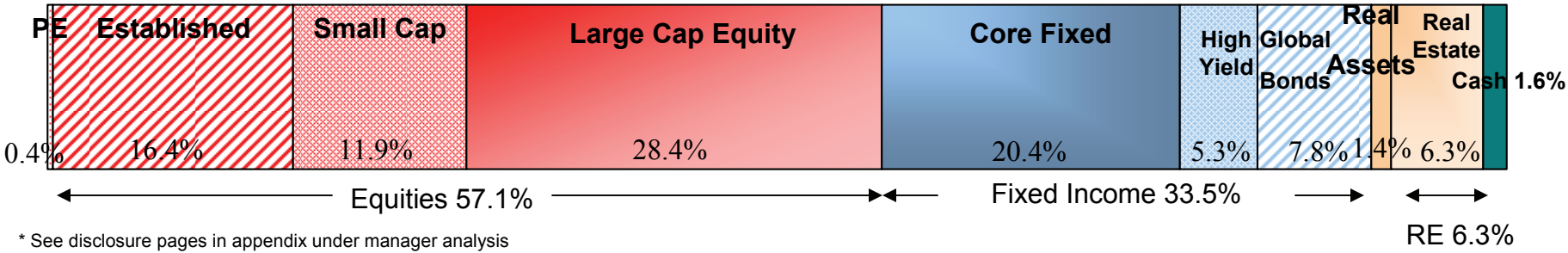
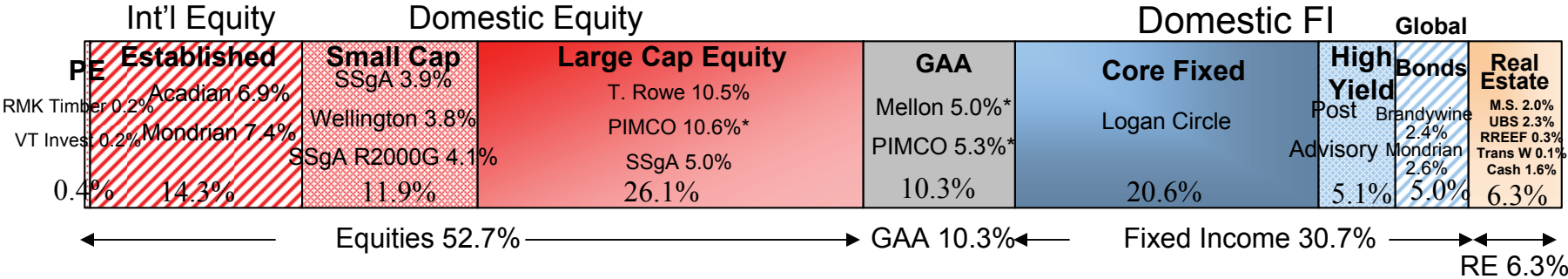


Plan Asset Allocation

As of December 31, 2007
Target Asset Allocation



Current Asset Allocation



* See disclosure pages in appendix under manager analysis
Numbers may not add up to 100% due to rounding.



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	\$360,403	\$54,357	\$52,453	\$57,029	\$284,128	\$69,799	\$197,140	\$68,894	\$86,878	\$2,266	\$144,755	\$469	\$1,378,571
T. Rowe	145,098	0	0	0	0	0	0	0	0	0	0	0	\$145,098
PIMCO	146,193	0	0	0	0	0	0	0	0	0	0	0	\$146,193
SSgA Equal Wgt	69,112	0	0	0	0	0	0	0	0	0	0	0	\$69,112
SSgA R-2000 Growth	0	0	0	57,029	0	0	0	0	0	0	0	0	\$57,029
SSgA R-2500	0	54,357	0	0	0	0	0	0	0	0	0	0	\$54,357
Wellington	0	0	52,453	0	0	0	0	0	0	0	0	0	\$52,453
Acadian	0	0	0	0	0	0	95,141	0	0	0	0	0	\$95,141
Mondrian	0	0	0	0	0	0	101,999	0	0	0	0	0	\$101,999
Logan Circle	0	0	0	0	284,128	0	0	0	0	0	0	0	\$284,128
Post Advisory	0	0	0	0	0	69,799	0	0	0	0	0	0	\$69,799
Brandywine	0	0	0	0	0	0	33,731	0	0	0	0	0	\$33,731
Mondrian	0	0	0	0	0	0	35,163	0	0	0	0	0	\$35,163
Morgan Stanely	0	0	0	0	0	0	0	27,911	0	0	0	0	\$27,911
UBS Realty	0	0	0	0	0	0	0	31,561	0	0	0	0	\$31,561
RREEF	0	0	0	0	0	0	0	4,180	0	0	0	0	\$4,180
Transwestern	0	0	0	0	0	0	0	1,190	0	0	0	0	\$1,190
Real Estate Cash	0	0	0	0	0	0	0	22,036	0	0	0	0	\$22,036
Mellon GA 1	0	0	0	0	0	0	0	0	0	69,299	0	0	\$69,299
PIMCO AA	0	0	0	0	0	0	0	0	0	72,659	0	0	\$72,659
RMK Timber	0	0	0	0	0	0	0	0	0	2,797	0	0	\$2,797
Vermont Investment	0	0	0	0	0	0	0	0	2,266	0	0	0	\$2,266
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	469	\$469

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending December 31, 2007

EMPLOYEES RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,406,488	1,322,949	1,322,949	934,947
Net External Growth	-9,012	-27,640	-27,640	-140,050
Return on Investment	-18,904	83,262	83,262	583,675
Income Received	108	502	502	128,839
Gain/Loss	-19,011	82,760	82,760	454,835
Ending Market Value	1,378,572	1,378,572	1,378,572	1,378,572

Return -1.3% +6.4% +6.4%



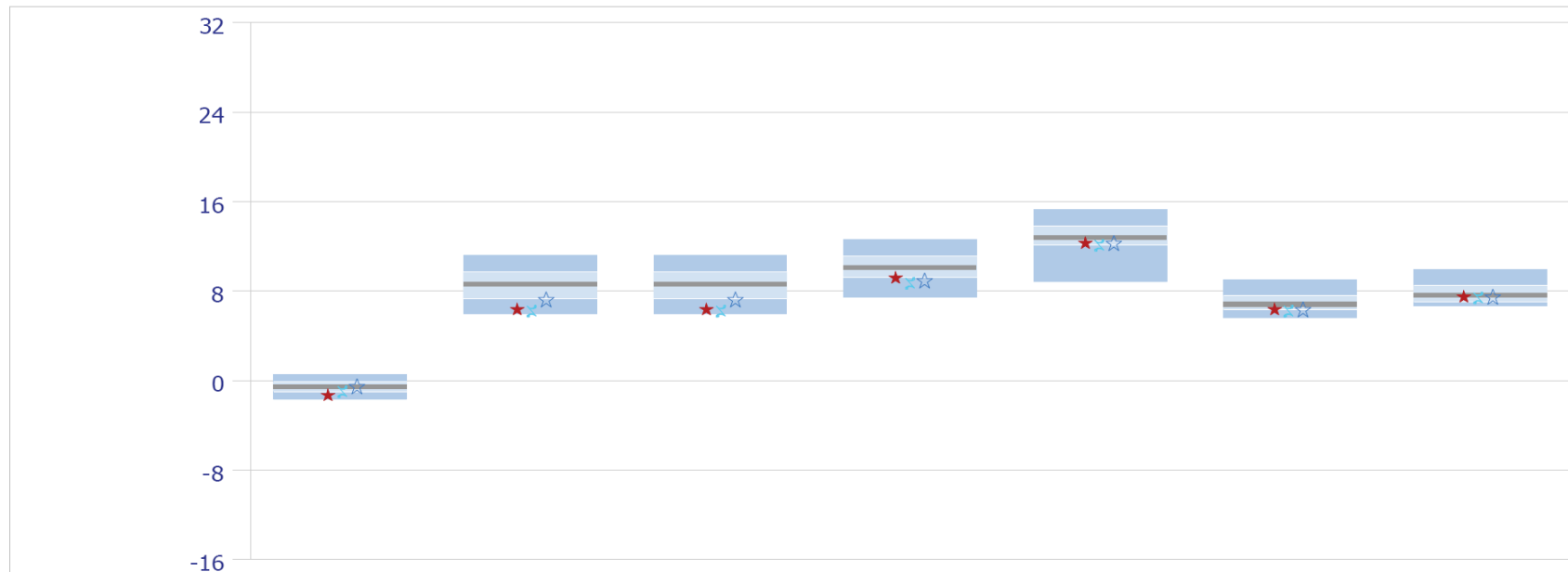
Total Public Funds > \$1 Billion – Total Rates of Return

VERMONT, STATE OF

Periods Ending December 31, 2007

Total Public Funds > \$1 Billion

Total Returns



	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ ERS COMPOSITE	-1.3	89	6.4	90	6.4	90	9.2	80	12.3	65	6.4	67	7.5	55
✧ ALLOC INDEX	-1.0	75	6.2	95	6.2	95	8.7	87	12.1	74	6.2	81	7.4	61
☆ POLICY INDEX	-0.5	45	7.3	75	7.3	75	9.0	84	12.3	67	6.4	67	7.5	53
Median	-0.6	--	8.6	--	8.6	--	10.1	--	12.8	--	6.8	--	7.6	--
Total Public Funds Median	-0.6	--	8.4	--	8.4	--	9.6	--	12.1	--	6.4	--	7.4	--

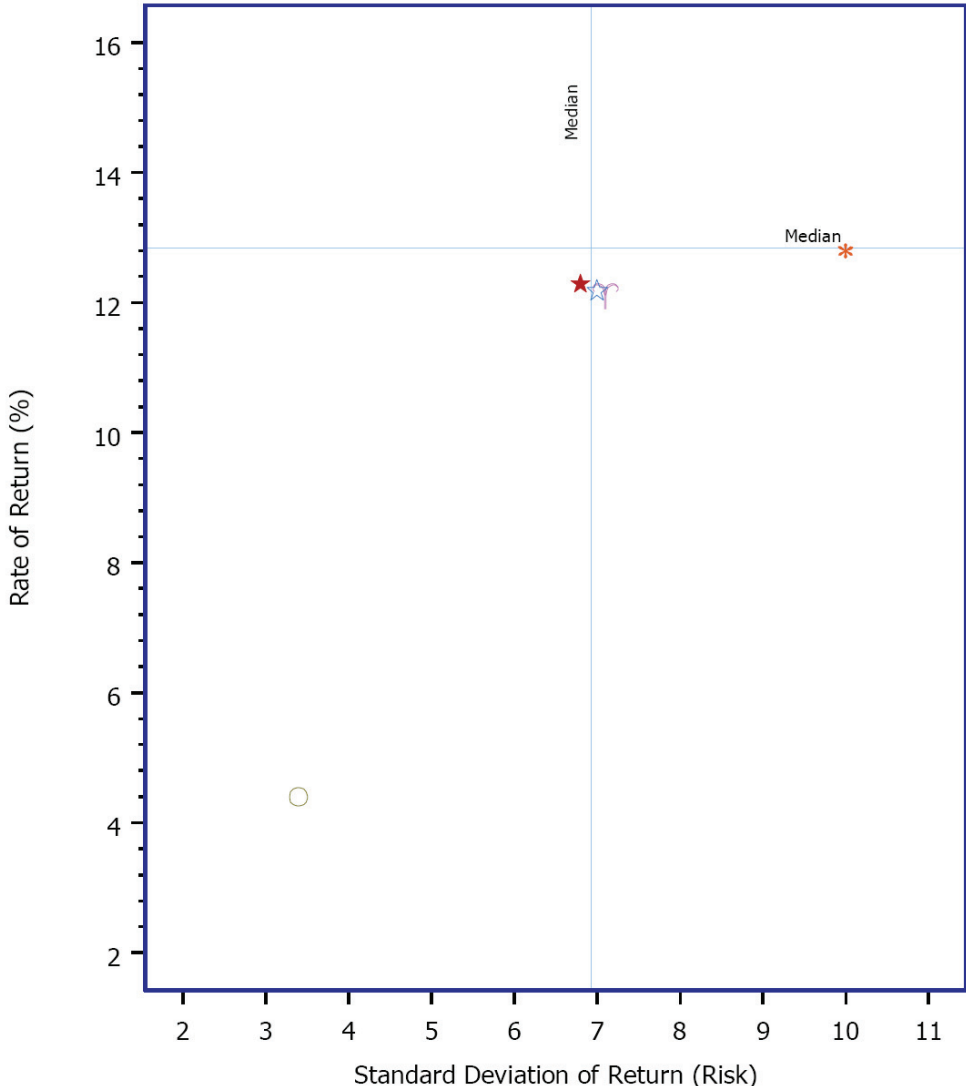
•Policy Index: Measures the effectiveness of Plan Structure. (Target asset class weights X Return of the respective passive benchmark)

•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 Fund Risk / Return Analysis – 5 Years*

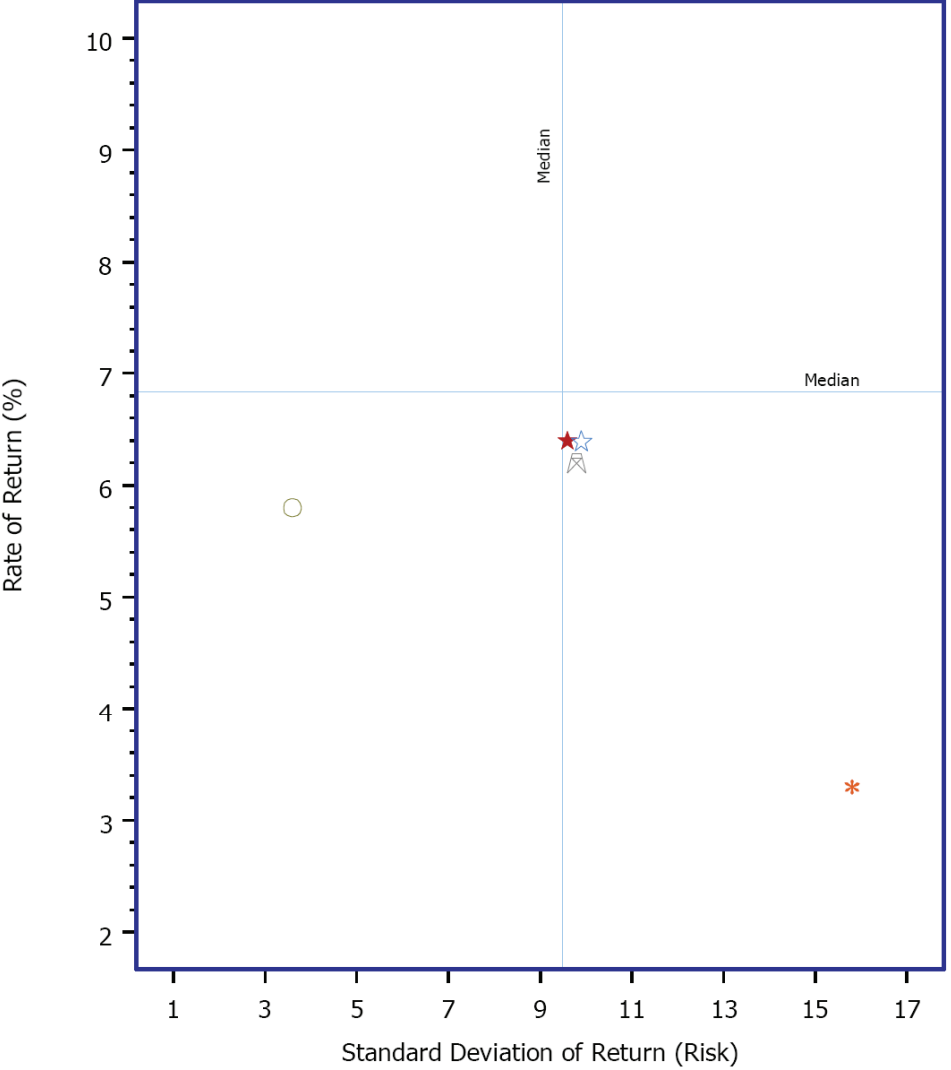


	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	12.3	65	6.8 47
∩ ALLOC INDEX	12.1	74	7.1 66
☆ POLICY INDEX	12.2	67	7.0 54
* S&P 500	12.8	51	10.0 100
○ LB AGGREGATE	4.4	100	3.4 2
Median	12.8	--	6.9 --

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 7 Years*

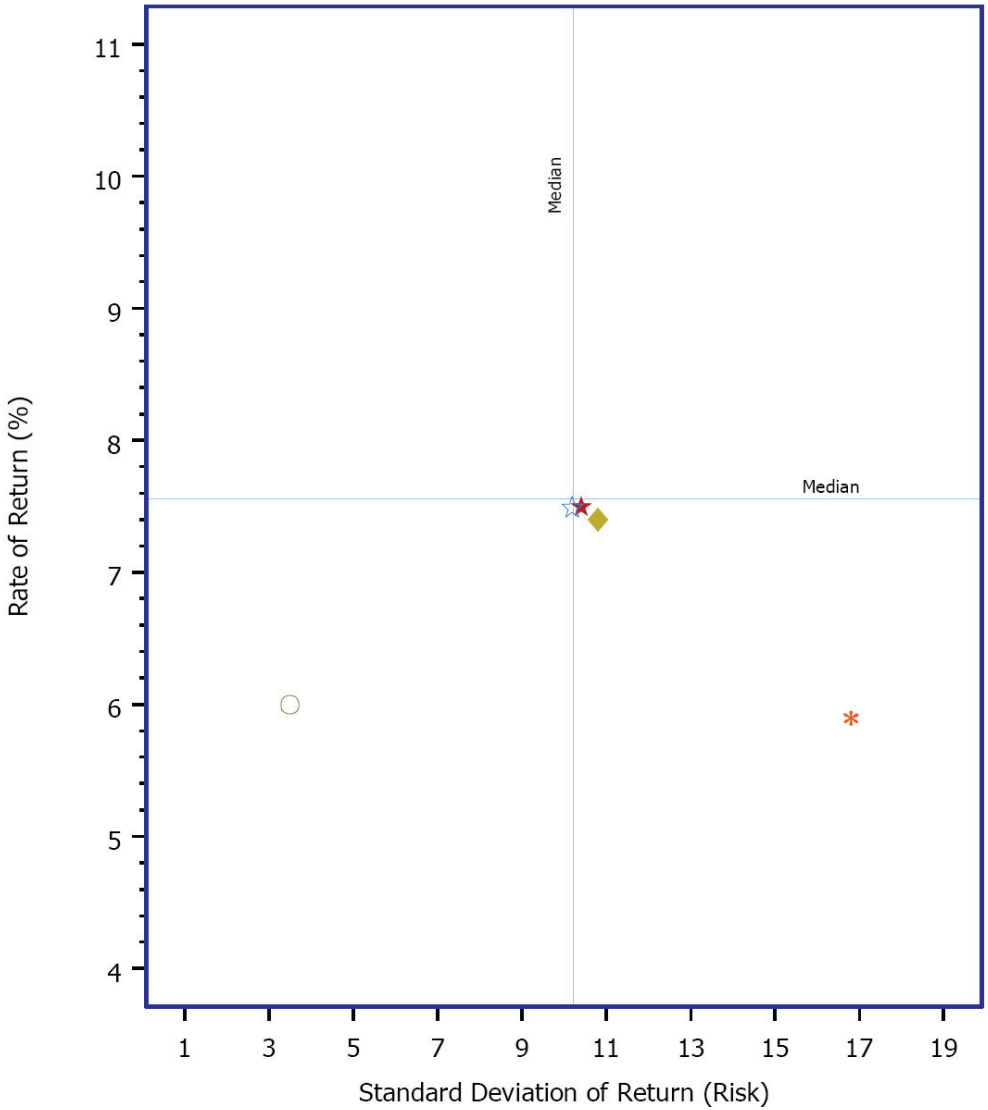


	Return		Standard Deviation		Sharpe Ratio
★ ERS COMPOSITE	6.4	67	9.6	55	0.4 66
⌘ ALLOC INDEX	6.2	81	9.8	61	0.4 66
☆ POLICY INDEX	6.4	67	9.9	63	0.4 66
* S&P 500	3.3	100	15.8	100	0.1 100
○ LB AGGREGATE	5.8	95	3.6	3	0.7 7
Median	6.8	--	9.5	--	0.4 --

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 10 Years*



	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	7.5 55	10.4 61	0.4 67
◆ ALLOC INDEX	7.4 61	10.8 79	0.4 67
☆ POLICY INDEX	7.5 53	10.2 50	0.4 67
* S&P 500	5.9 100	16.8 100	0.2 100
○ LB AGGREGATE	6.0 100	3.5 3	0.6 5
Median	7.6 --	10.2 --	0.4 --


Funded status as of Fiscal Year 2007 = 100.8%



VPIC Total Performance Summary

Vermont Pension Investment Committee (VPIC)																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	<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>Fee</u>
Teachers' Composite																
Teachers' Composite	(1.6)%	91	89	6.3%	87	89	9.1%	63	80	12.6%	39	67	(0.1)%	\$1,638,862,816	100%	0.38%
<i>Allocation Index</i>	(1.1)%			6.4%			8.6%			12.4%			0.4%			
<i>Policy Index</i>	(0.7)%			7.3%			9.4%			12.7%			1.3%			
Employees' Composite																
Employees' Composite	(1.3)%	86	86	6.4%	85	88	9.2%	62	78	12.3%	45	71	0.3%	\$1,378,571,759	100%	0.38%
<i>Allocation Index</i>	(1.0)%			6.2%			8.7%			12.1%			0.6%			
<i>Policy Index</i>	(0.5)%			7.3%			9.0%			12.3%			1.6%			
Municipal Composite																
Municipal Composite	(1.4)%	86		6.3%	87		9.6%	49		11.8%	65		0.3%	\$333,240,355	100%	0.38%
<i>Allocation Index</i>	(0.9)%			6.4%			8.8%			12.1%			0.8%			
<i>Policy Index</i>	(0.4)%			7.4%			9.5%			12.5%			1.7%			
Burlington Composite																
Burlington Composite	(3.1)%	100		5.5%	91		8.9%	66		11.3%	73		(1.3)%	\$125,964,930	100%	0.38%
<i>Policy Index</i>	(0.7)%			7.0%			8.5%			11.2%			1.4%			

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



VPIC Manager Performance Summary

Vermont Pension Investment Committee (VPIC)																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	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	% of BRS Portfolio	VPIC Inception Date	Annual Fee
Large Cap Equity																
Large Cap Equity Composite - Employees'	(4.0)%	66	5.4%	55	9.3%	48	13.1%	70	(2.3)%	\$360,404,260	26.1%	-	-			
Large Cap Equity Composite - Teachers'	(4.2)%	73	4.6%	58	8.3%	80	12.4%	92	(3.1)%	\$488,330,445	-	29.8%	-			
Large Cap Equity Composite - Municipal	(4.0)%	66	5.4%	55	10.4%	26	13.4%	66	(2.3)%	\$85,653,859	-	-	25.7%			
Standard & Poors 500	(3.3)%		5.5%		8.6%		12.8%		(1.4)%							
T. Rowe	(3.5)%	59	6.2%	40	n/a		n/a		(1.4)%	\$357,272,551	10.5%	10.1%	10.2%	10.2%	Dec-05	0.30%
PIMCO	(3.7)%	61	6.8%	34	n/a		n/a		(0.7)%	\$357,877,202	10.6%	10.0%	10.3%	10.0%	Dec-05	0.33%
Standard & Poors 500	(3.3)%		5.5%		8.6%		12.8%		(1.4)%							
SSgA	(5.5)%	88	0.5%	89	n/a		n/a		(7.6)%	\$257,055,392	5.0%	9.7%	5.2%	9.9%	Dec-05	0.05%
S&P 500 Equal Weighted	(4.9)%		1.5%		8.3%		16.0%		(6.8)%							
Small Cap Equity																
Small Cap Equity Composite - Employees'	(4.0)%	26	1.9%	34	6.9%	69	14.9%	79	(6.1)%	\$163,839,145	11.9%	-	-			
Small Cap Equity Composite - Teachers'	(4.1)%	26	1.8%	35	5.8%	80	14.4%	85	(6.1)%	\$196,696,603	-	12.0%	-			
Small Cap Equity Composite - Municipal	(4.1)%	26	1.9%	35	6.4%	74	14.4%	85	(6.1)%	\$34,028,691	-	-	10.2%			
Russell 2000	(4.6)%		(1.5)%		6.8%		16.2%		(7.5)%							
SSgA 2500	(4.2)%	29	1.5%	38	n/a		n/a		(6.6)%	\$136,323,531	3.9%	4.0%	3.4%	4.0%	Dec-05	0.07%
Russell 2500	(4.3)%		1.4%		8.4%		17.0%		(6.7)%							
Wellington	(5.9)%	36	(2.1)%	35	9.5%	11	n/a		(9.6)%	\$132,000,566	3.8%	3.9%	3.4%	4.0%	Dec-05	0.49%
Russell 2000 Value	(7.3)%		(9.8)%		5.3%		15.8%		(13.1)%							
SSgA Russell 2000 Growth	(2.1)%	34	n/a	n/a	n/a		n/a		(2.1)%	\$141,448,740	4.1%	4.1%	3.5%	4.1%	Dec-06	0.10%
Russell 2000 Growth	(2.1)%		7.0%		8.1%		16.5%		(2.1)%							
International Equity																
International Equity Composite - Employees'	(1.7)%	67	10.6%	65	19.0%	43	22.0%	63	(0.3)%	\$ 197,140,160	14.3%	-	-			
International Equity Composite - Teachers'	(1.3)%	61	10.9%	63	19.2%	41	23.1%	52	0.0%	\$ 228,259,370	-	13.9%	-			
International Equity Composite - Municipal	(1.7)%	68	10.6%	65	18.4%	47	21.7%	67	(0.3)%	\$ 47,810,120	-	-	14.3%			
Acadian	(3.7)%	86	8.7%	80	n/a		n/a		(2.3)%	\$214,420,331	6.9%	5.4%	7.1%	5.2%	Oct-05	0.48%
Mondrian	0.2%	31	12.4%	51	18.7%	45	24.3%	24	1.7%	\$275,860,708	7.4%	8.5%	7.3%	8.3%	Oct-05	0.36%
EAFE (After Taxes)	(1.8)%		11.2%		16.8%		21.6%		0.4%							
CITI EPAC	(1.4)%		12.9%		17.7%		22.1%		1.3%							
Core Fixed Income																
Logan Circle**	1.0%	95	4.4%	92	4.1%	92	4.9%	35	3.1%	\$642,168,826	20.6%	15.6%	24.6%	15.9%	Apr-06	0.33%
LB Aggregate	3.0%		7.0%		4.6%		4.4%		5.9%							
High Yield Fixed Income																
Post Advisory	(0.1)%	34	4.7%	21	6.0%	45	n/a		1.1%	\$176,890,734	5.1%	5.1%	5.0%	5.1%	Apr-06	0.42%
LB High Yield	(1.3)%		1.9%		5.4%		10.9%		(1.0)%							
Global Fixed Income																
Brandywine	2.6%	50	10.8%	24	n/a		n/a		8.5%	\$81,692,224	2.4%	2.5%	1.4%	2.3%	May-06	0.42%
Mondrian**	4.3%	1	11.5%	9	4.3%	46	7.1%	50	12.1%	\$83,101,341	2.6%	2.5%	1.4%	2.4%	May-06	0.36%
CITI WGBI	3.9%		10.9%		3.1%		6.8%		11.4%							

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

* Performance results should be consider preliminary.

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



VPIC Manager Performance Summary

State of Vermont																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	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	% of BRS Portfolio	VPIC Inception Date	Annual Fee
Real Estate[^]																
Total Real Estate											6.3%	8.0%	7.2%	8.5%		
Morgan Stanley	2.2%	24	16.2%	37	18.2%	33	16.7%	39	4.4%	\$81,074,665	2.0%	2.6%	2.3%	2.7%	Sep-06	0.88%
UBS Realty	1.9%	33	13.9%	50	17.2%	39	15.1%	50	4.3%	\$91,677,414	2.3%	2.9%	2.6%	3.1%	Sep-06	0.90%
RREEF	0.1%	57	18.1%	25	n/a		n/a		6.9%	\$12,142,971	0.3%	0.4%	0.3%	0.4%	Sep-06	
Transwestern / Aslan	0.0%	60	3.5%	76	n/a		n/a		-5.3%	\$3,456,130	0.1%	0.1%	0.1%	0.1%	Sep-06	
Real Estate Cash	1.0%	47	5.3%	72	n/a		n/a		2.6%	\$64,010,287	1.6%	2.0%	1.8%	2.2%	Sep-06	
NCREIF Property Index [^]	0.0%		12.2%		16.3%		14.4%		3.6%							
Private Investment																
Pru & VVC	7.3%		13.6%		11.5%		4.4%		8.8%	\$5,944,767	0.0%	0.4%	0.0%	0.0%		
Vermont Investments	0.0%		9.2%		(12.7)%		(8.4)%		0.2%	\$2,266,460	0.2%	0.0%	0.0%	0.0%		
Alternative Investments	0.0%		n/a		n/a		n/a		0.0%	\$474,144	0.0%	0.0%	0.1%	0.0%		
RMK Timber [^]	(0.3)%		(0.0)%		21.1%		13.3%		4.7%	\$2,796,949	0.2%	0.0%	0.0%	0.0%		1.00%
NCREIF Timber Index [^]	3.9%		15.3%		15.9%		12.0%		6.3%							
Global Asset Allocation																
Pimco All Asset	1.7%		9.6%		n/a		n/a		5.9%	\$183,102,632	5.3%	5.3%	5.2%	5.1%	May-06	0.83%
T-Bill + 5%	2.3%		10.2%		9.5%		8.2%		4.9%							
Mellon Global Alpha	(3.8)%		1.7%		n/a		n/a		(1.2)%	\$172,230,783	5.0%	4.9%	4.9%	4.9%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	(0.3)%		7.9%		9.3%		11.7%		2.5%							
Cash																
Employees' Cash	1.4%		6.3%		6.7%		4.6%		3.3%	\$468,946	0.0%	0.0%	0.0%	0.0%		
Teachers' Cash	1.4%		6.4%		5.7%		4.4%		3.3%	\$608,845	0.0%	0.0%	0.0%	0.0%		
Municipal Cash	1.4%		6.3%		5.2%		3.8%		3.2%	\$57,230	0.0%	0.0%	0.0%	0.0%		
Burlington Cash	n/a		n/a		n/a		n/a		n/a	\$215,491	0.0%	0.0%	0.0%	0.2%		
90 Day U.S. T-Bills	1.1%		5.0%		4.3%		3.1%		2.4%							

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.
[^] Performance reported on a quarterly basis. NCREIF is available 45 days after quarter end.

