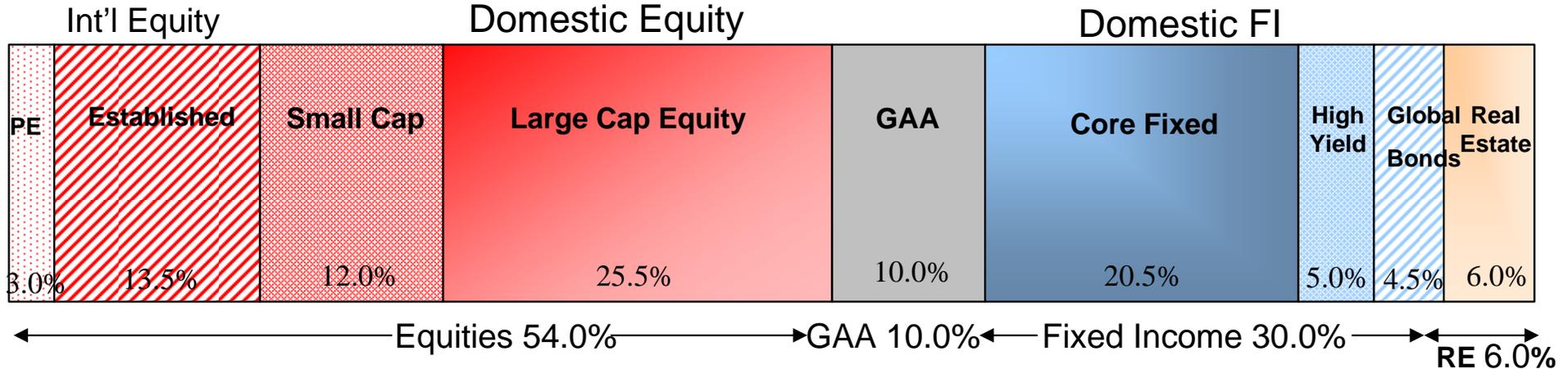


Vermont State Employees' Retirement System

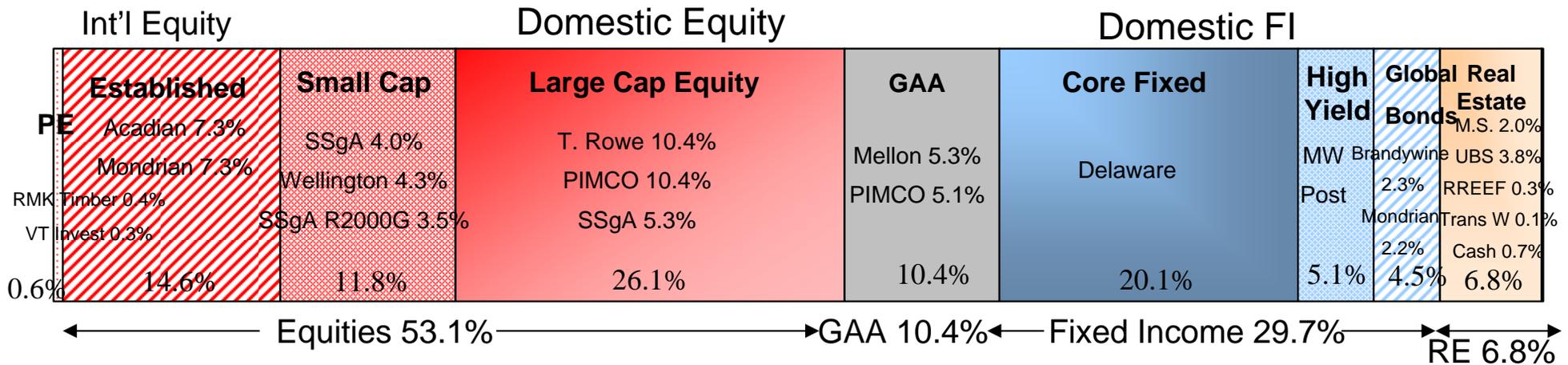
Plan Asset Allocation

As of March 31, 2007

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	\$350,638	\$54,496	\$58,142	\$46,897	\$269,922	\$68,561	\$196,439	\$59,736	\$92,082	\$3,402	\$144,730	\$900	\$1,345,945
T. Rowe	139,531	0	0	0	0	0	0	0	0	0	0	0	\$139,531
PIMCO	139,360	0	0	0	0	0	0	0	0	0	0	0	\$139,360
SSgA Equal Wgt	71,747	0	0	0	0	0	0	0	0	0	0	0	\$71,747
SSgA R-2000 Growth	0	0	0	46,897	0	0	0	0	0	0	0	0	\$46,897
SSgA R-2500	0	54,496	0	0	0	0	0	0	0	0	0	0	\$54,496
Wellington	0	0	58,142	0	0	0	0	0	0	0	0	0	\$58,142
Acadian	0	0	0	0	0	0	98,490	0	0	0	0	0	\$98,490
Mondrian	0	0	0	0	0	0	97,949	0	0	0	0	0	\$97,949
Delaware	0	0	0	0	269,922	0	0	0	0	0	0	0	\$269,922
MW Post	0	0	0	0	0	68,561	0	0	0	0	0	0	\$68,561
Brandywine	0	0	0	0	0	0	0	30,735	0	0	0	0	\$30,735
Mondrian	0	0	0	0	0	0	0	29,001	0	0	0	0	\$29,001
Morgan Stanley	0	0	0	0	0	0	0	0	27,031	0	0	0	\$27,031
UBS Realty	0	0	0	0	0	0	0	0	50,822	0	0	0	\$50,822
RREEF	0	0	0	0	0	0	0	0	3,948	0	0	0	\$3,948
Transwestern	0	0	0	0	0	0	0	0	980	0	0	0	\$980
Real Estate Cash	0	0	0	0	0	0	0	0	9,301	0	0	0	\$9,301
Mellon GAA	0	0	0	0	0	0	0	0	0	0	71,530	0	\$71,530
PIMCO AA	0	0	0	0	0	0	0	0	0	0	68,444	0	\$68,444
RMK Timber	0	0	0	0	0	0	0	0	0	0	4,756	0	\$4,756
Vermont Investment	0	0	0	0	0	0	0	0	0	3,402	0	0	\$3,402
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	900	\$900

(Dollars in 000's)

Total Fund Asset Growth Summary

Periods Ending March 31, 2007

EMPLOYEES RETIREMENT SYSTEM COMPOSITE

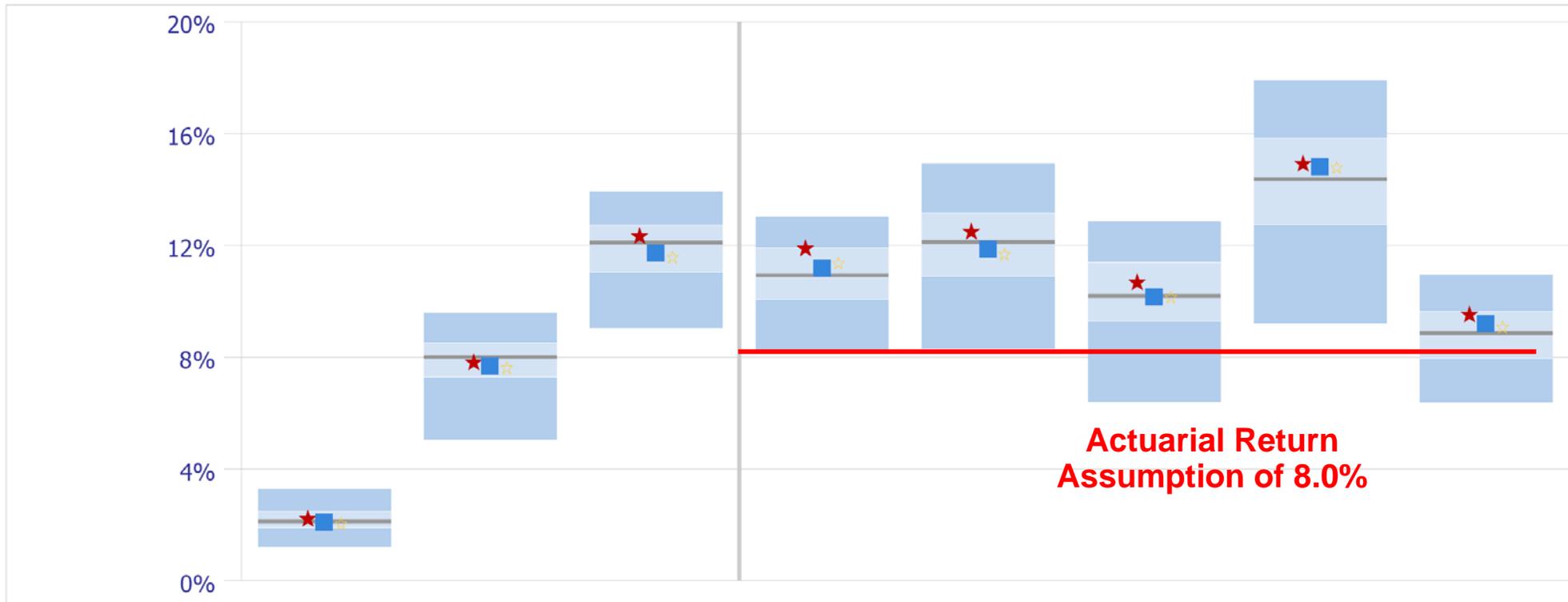
	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,322,949	1,322,949	1,226,609	934,947
Net External Growth	-6,325	-6,325	-24,171	-118,736
Return on Investment	29,321	29,321	143,507	529,734
Income Received	318	318	5,854	128,655
Gain/Loss	29,003	29,003	137,653	401,078
Ending Market Value	1,345,945	1,345,945	1,345,945	1,345,945

Return	+2.2%	+2.2%	+11.9%
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Total Public Funds – Total Rates of Return

Periods Ending March 31, 2007

Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ ERS COMPOSITE	2.2	32	7.8	55	12.3	41	11.9	25	12.5	40	10.7	41	14.9	38	9.5	26
■ ALLOC INDEX	2.1	52	7.7	67	11.7	62	11.2	46	11.9	53	10.2	51	14.8	42	9.2	41
☆ POLICY INDEX	2.0	57	7.6	68	11.6	64	11.4	42	11.7	60	10.2	51	14.8	43	9.1	44
Median	2.1		8.0		12.1		10.9		12.1		10.2		14.4		8.8	

• *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.

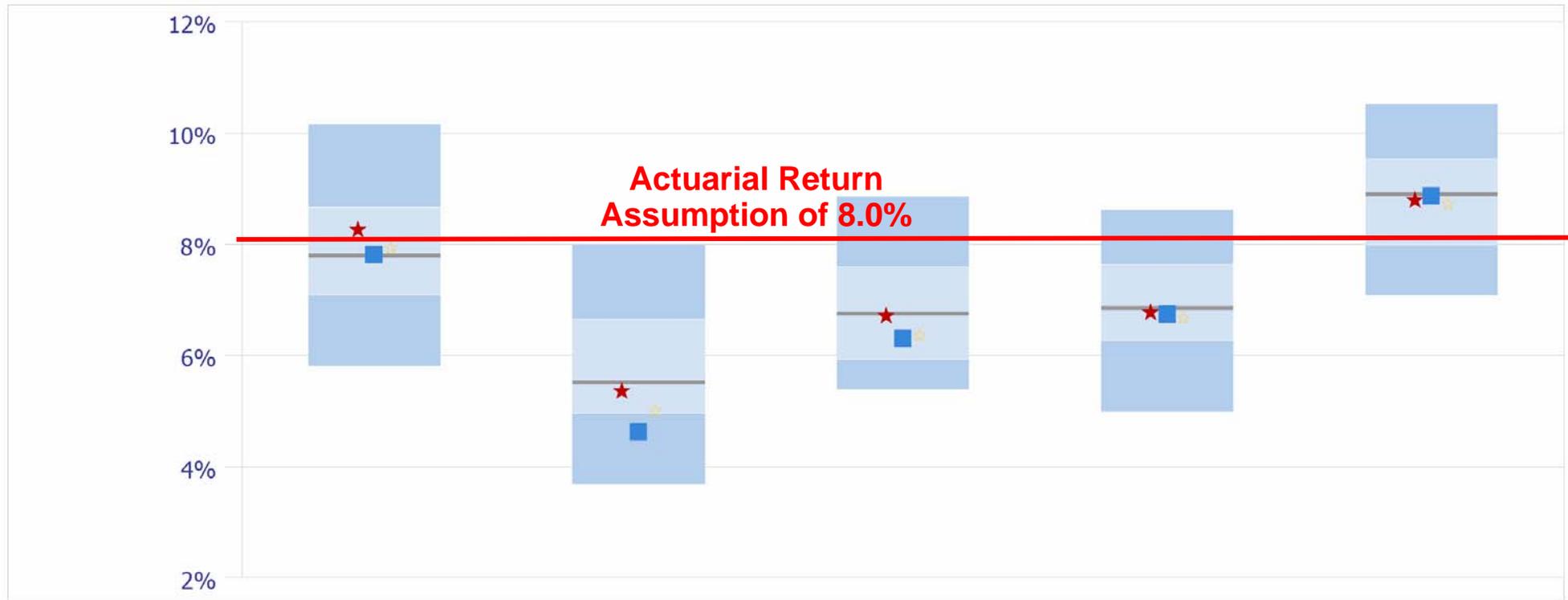
• *Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending March 31, 2007

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ ERS COMPOSITE	8.3	33	5.4	53	6.7	51	6.8	52	8.8	54
■ ALLOC INDEX	7.8	49	4.6	83	6.3	62	6.8	54	8.9	50
☆ POLICY INDEX	7.9	47	5.0	69	6.4	60	6.7	56	8.7	57
Median	7.8		5.5		6.8		6.9		8.9	

• *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.

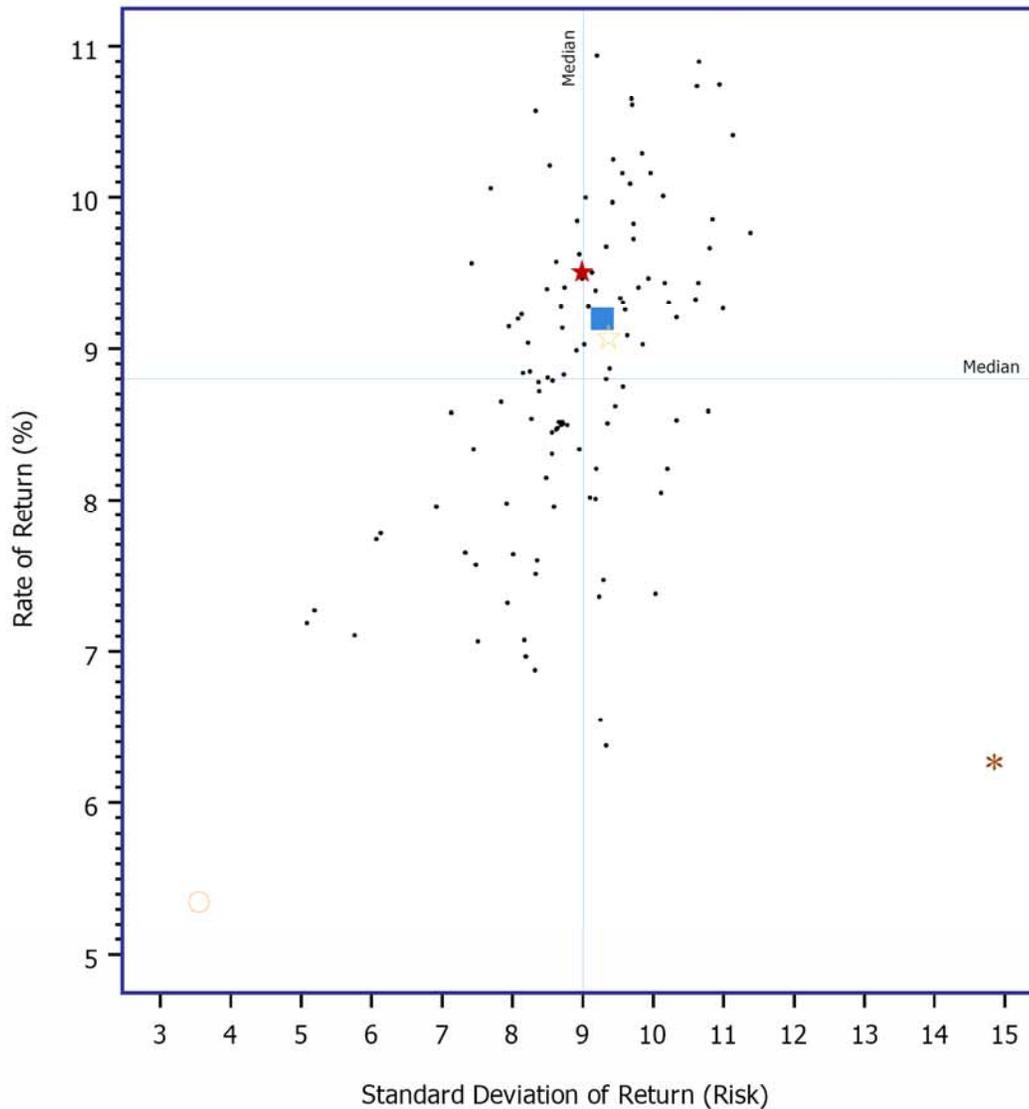
• *Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Fund Risk / Return Analysis - 5 years

5 Years Ending March 31, 2007

Total Public Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	9.5	26	9.0
■ ALLOC INDEX	9.2	41	9.3
★ POLICY INDEX	9.1	44	9.4
* S&P 500	6.3	95	14.8
○ LB AGGREGATE	5.4	99	3.6
Median	8.8	9.0	0.7

Funded status as of Fiscal Year 2006 = 99.3%

VPIC Managers

VPIC Total Performance Summary

State of Vermont																
Investment Performance "Flash" Report																
Periods Ending March 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>Annual</u> <u>Fee</u>
Teachers' Composite																
Teachers' Composite	2.4%	27	43	12.8%	6	19	11.0%	30	51	9.7%	21	35	12.9%	\$1,593,269,032	100%	0.38%
<i>Allocation Index</i>	2.2%			11.6%			10.4%			9.6%			11.8%			
<i>Policy Index</i>	2.0%			11.7%			10.7%			9.4%			11.9%			
Employees' Composite																
Employees' Composite	2.2%	32	52	11.9%	25	35	10.7%	41	61	9.5%	26	42	12.3%	\$1,345,945,293	100%	0.39%
<i>Allocation Index</i>	2.1%			11.2%			10.2%			9.2%			11.7%			
<i>Policy Index</i>	2.0%			11.4%			10.2%			9.1%			11.6%			
Municipal Composite																
Municipal Composite	2.2%	33		12.2%	15		10.8%	38		8.9%	47		12.5%	\$320,147,988	100%	0.43%
<i>Allocation Index</i>	2.1%			11.0%			10.2%			9.0%			11.5%			
<i>Policy Index</i>	2.0%			11.3%			10.5%			9.1%			11.5%			

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 March 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	VPIC Inception Date	Annual Fee
Large Cap Equity															
Large Cap Equity Composite - Employees'	1.5%	32	12.5%	32	10.9%	51	7.1%	60	14.5%	\$350,637,783	26.1%	-	-		
Large Cap Equity Composite - Teachers'	1.7%	30	12.4%	33	10.0%	78	6.5%	74	14.5%	\$477,231,791	-	30.0%	-		
Large Cap Equity Composite - Municipal	1.5%	32	12.5%	33	11.6%	36	7.0%	61	14.4%	\$82,515,184	-	-	25.8%		
Standard & Poors 500	0.6%		11.8%		10.1%		6.3%		13.5%						
T. Rowe	0.8%	54	12.6%	31	n/a		n/a		14.3%	\$331,974,360	10.4%	10.0%	10.3%	Dec-05	0.30%
PIMCO	1.4%	34	12.8%	25	n/a		n/a		14.5%	\$330,073,776	10.4%	9.9%	10.1%	Dec-05	0.33%
Standard & Poors 500	0.6%		11.8%		10.1%		6.3%		13.5%						
SSgA	3.0%	6	12.4%	34	n/a		n/a		14.9%	\$248,336,622	5.3%	10.0%	5.3%	Dec-05	0.05%
S&P 500 Equal Weighted	2.8%		12.1%		13.2%		10.8%		14.4%						
Small Cap Equity															
Small Cap Equity Composite - Employees'	3.4%	31	3.7%	78	10.9%	81	9.4%	96	10.3%	\$159,535,820	11.9%	-	-		
Small Cap Equity Composite - Teachers'	3.4%	31	3.6%	78	10.1%	87	7.7%	98	10.2%	\$193,039,787	-	12.1%	-		
Small Cap Equity Composite - Municipal	3.4%	30	3.8%	77	10.7%	84	9.0%	96	10.4%	\$33,284,854	-	-	10.4%		
Russell 2000	1.9%		5.9%		12.0%		10.9%		11.5%						
SSgA 2500	3.6%	30	8.1%	43	n/a		n/a		13.1%	\$132,509,171	4.0%	4.2%	3.4%	Dec-05	0.07%
Russell 2500	3.6%		8.2%		13.3%		12.1%		13.1%						
Wellington	4.9%	19	16.9%	11	17.3%	20	n/a		18.1%	\$136,688,934	4.3%	4.2%	3.6%	Dec-05	0.50%
Russell 2000 Value	1.5%		10.4%		14.5%		13.6%		13.4%						
SSgA Russell 2000 Growth	n/a		n/a		n/a		n/a		n/a	\$116,662,356	3.5%	3.7%	3.3%	Dec-06	0.10%
Russell 2000 Growth	2.5%		1.6%		9.4%		7.9%		9.5%						
International Equity															
International Equity Composite - Employees'	2.8%	82	24.6%	11	21.7%	26	16.8%	48	21.7%	\$ 196,439,440	14.6%	-	-		
International Equity Composite - Teachers'	3.0%	80	24.8%	11	22.8%	11	17.5%	43	21.7%	\$ 228,759,614	-	14.4%	-		
International Equity Composite - Municipal	2.8%	82	24.6%	11	21.4%	28	16.6%	51	21.7%	\$ 46,845,759	-	-	14.6%		
Acadian	2.0%	92	23.9%	16	n/a		n/a		21.5%	\$213,888,362	7.3%	5.8%	7.3%	Oct-05	0.48%
Mondrian	3.7%	57	25.3%	8	22.8%	15	19.2%	21	21.9%	\$258,156,451	7.3%	8.6%	7.3%	Oct-05	0.36%
EAFE (After Taxes)	4.1%		20.2%		19.8%		15.8%		19.4%						
CITI EPAC	3.8%		19.4%		20.0%		16.0%		18.3%						
Core Fixed Income															
Delaware**	1.7%	37	7.0%	36	3.9%	35	6.3%	17	7.1%	\$587,020,680	20.1%	15.1%	24.0%	Apr-06	0.33%
LB Aggregate	1.5%		6.6%		3.3%		5.4%		6.7%						
High Yield Fixed Income															
MW Post	2.8%	29	9.7%	53	7.7%	47	n/a		9.4%	\$164,403,172	5.1%	5.0%	5.1%	Apr-06	0.42%
LB High Yield	2.6%		11.6%		8.6%		10.4%		11.3%						
Global Fixed Income															
Brandywine	1.0%	65	8.5%	37	n/a		n/a		5.9%	\$69,196,824	2.3%	2.2%	1.2%	May-06	0.42%
Mondrian**	1.4%	39	7.3%	53	3.6%	68	8.2%	70	4.9%	\$35,471,273	2.2%	2.2%	1.3%	May-06	0.36%
CITI WGBI	1.2%		7.8%		2.7%		9.0%		4.5%						

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 Growth 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 March 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	VPIC Inception Date	Annual Fee
Real Estate[^]															
Total Real Estate															
											6.8%	8.5%	7.4%		
Morgan Stanley	4.9%	14	19.1%	28	19.4%	31	15.7%	28	14.6%	\$73,823,145	2.0%	2.5%	2.2%	Sep-06	0.89%
UBS Realty	3.5%	41	17.2%	34	17.9%	41	14.3%	38	13.3%	\$138,798,015	3.8%	4.7%	4.1%	Sep-06	0.90%
RREEF	3.1%	49	15.1%	52	n/a		n/a		10.5%	\$10,783,389	0.3%	0.4%	0.3%	Sep-06	
Transwestern / Aslan	(3.7)%	98	(18.7)%	98	n/a		n/a		(15.4)%	\$2,675,263	0.1%	0.1%	0.1%	Sep-06	
Real Estate Cash	1.2%	62	n/a		n/a		n/a		n/a	\$25,400,897	0.7%	0.9%	0.8%	Sep-06	
NCREIF Property Index	3.6%		16.6%		17.4%		13.7%		12.1%						
Private Investment															
Pru & VVC	9.3%		21.7%		5.1%		3.0%		20.3%	\$5,967,276	0.0%	0.4%	0.0%		
Vermont Investments	8.9%		(40.1)%		(9.7)%		(10.7)%		(40.0)%	\$3,401,666	0.3%	0.0%	0.0%		
Alternative Investments	0.0%		0.6%		(11.0)%		(12.2)%		0.0%	\$474,144	0.0%	0.0%	0.1%		
RMK Timber [^]	n/a		n/a		n/a		n/a		n/a	\$4,756,288	0.4%	0.0%	0.0%		1.00%
NCREIF Timber Index [^]	6.5%		13.7%		14.7%		10.4%		11.1%						
Global Asset Allocation															
Mellon Global Alpha	2.1%		n/a		n/a		n/a		16.9%	\$170,645,488	5.3%	5.2%	5.1%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	2.0%		12.4%		9.8%		10.1%		11.3%						
Pimco All Asset	2.6%		n/a		n/a		n/a		9.3%	\$163,439,502	5.1%	5.0%	4.9%	May-06	0.83%
T-Bill + 5%	2.5%		10.3%		8.6%		7.7%		7.7%						
Cash															
Employees' Cash	1.4%		5.1%		5.5%		3.9%		3.7%	\$900,048	0.1%	0.0%	0.0%		
Teachers' Cash	1.3%		5.0%		5.2%		3.5%		3.8%	\$697,240	0.0%	0.0%	0.0%		
Municipal Cash	1.4%		5.2%		4.1%		3.4%		3.9%	\$73,926	0.0%	0.0%	0.0%		
90 Day U.S. T-Bills	1.2%		5.1%		3.4%		2.6%		3.9%						

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

[^]Returns reported on a quarterly basis.

