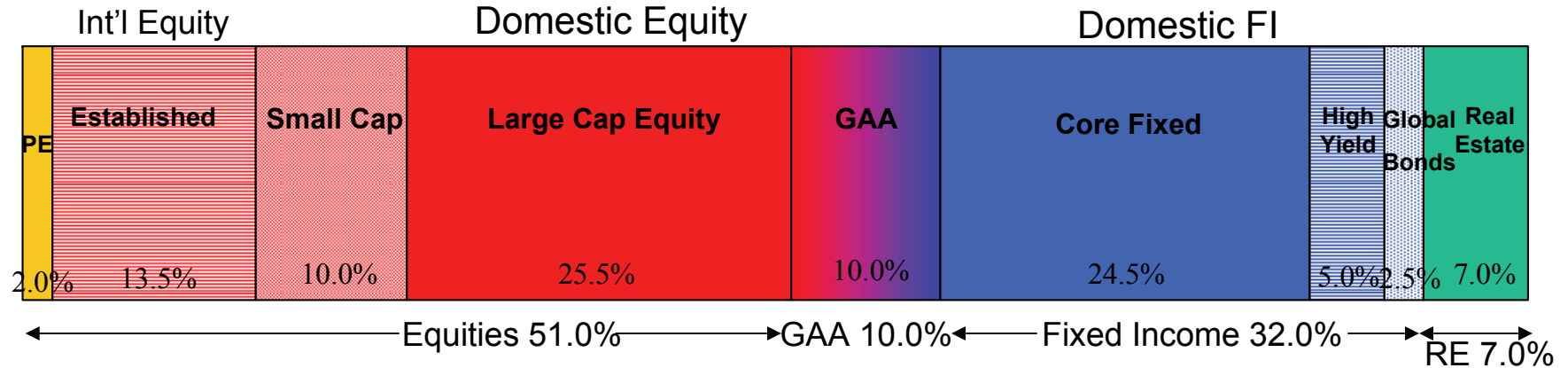


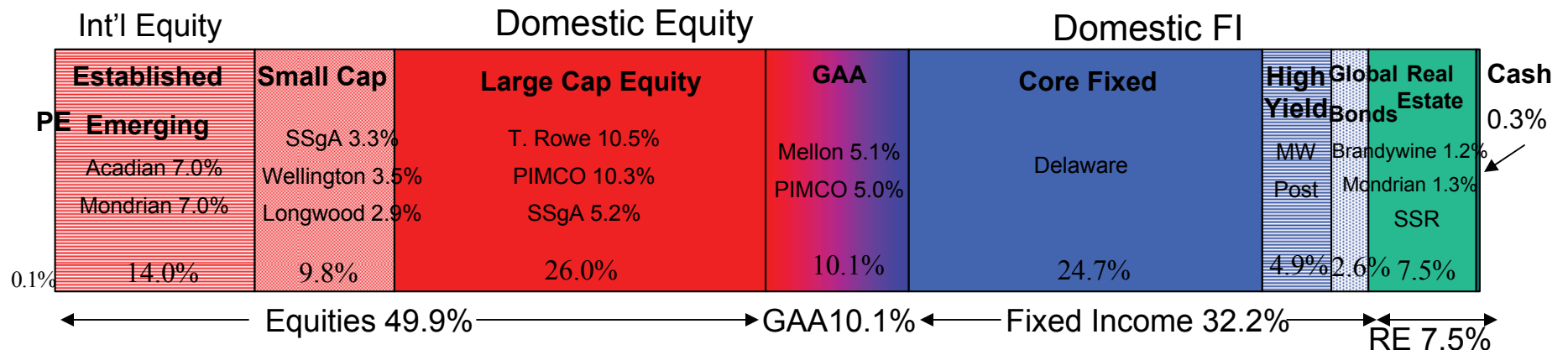
Plan Asset Allocation

As of September 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
Composite	\$76,123	\$9,766	\$10,222	\$8,604	\$72,537	\$14,281	\$40,942	\$7,579	\$22,047	\$474	\$29,573	\$941	\$293,089
T. Rowe	30,684	0	0	0	0	0	0	0	0	0	0	0	\$30,684
PIMCO	30,079	0	0	0	0	0	0	0	0	0	0	0	\$30,079
SSgA	15,360	0	0	0	0	0	0	0	0	0	0	0	\$15,360
SSgA 2500	0	9,766	0	0	0	0	0	0	0	0	0	0	\$9,766
Wellington	0	0	10,222	0	0	0	0	0	0	0	0	0	\$10,222
Longwood	0	0	0	8,604	0	0	0	0	0	0	0	0	\$8,604
Acadian	0	0	0	0	0	0	20,500	0	0	0	0	0	\$20,500
Mondrian	0	0	0	0	0	0	20,442	0	0	0	0	0	\$20,442
Delaware	0	0	0	0	72,533	0	0	0	0	0	0	0	\$72,533
MW Post	0	0	0	0	0	14,281	0	0	0	0	0	0	\$14,281
Brandywine	0	0	0	0	0	0	0	3,623	0	0	0	0	\$3,623
Mondrian	0	0	0	0	0	0	0	3,956	0	0	0	0	\$3,956
SSR Tower Fund	0	0	0	0	0	0	0	0	22,047	0	0	0	\$22,047
Mellon GAA	0	0	0	0	0	0	0	0	0	0	15,009	0	\$15,009
PIMCO AA	0	0	0	0	0	0	0	0	0	0	14,564	0	\$14,564
Vermont Cash	0	0	0	0	4	0	0	0	0	0	0	930	\$934
Legacy Accounts	0	0	0	0	0	0	0	0	0	0	0	11	\$11
Alt. Assets	0	0	0	0	0	0	0	0	0	474	0	0	\$474

Total Fund Asset Growth Summary

Periods Ending September 30, 2006

MUNICIPAL SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	279,761	263,975	256,875	163,148
Net External Growth	1,228	5,909	6,266	37,020
Return on Investment	12,100	23,205	29,948	92,920
Income Received	29	2,169	3,495	24,951
Gain/Loss	12,071	21,036	26,453	67,969
Ending Market Value	293,089	293,089	293,089	293,089

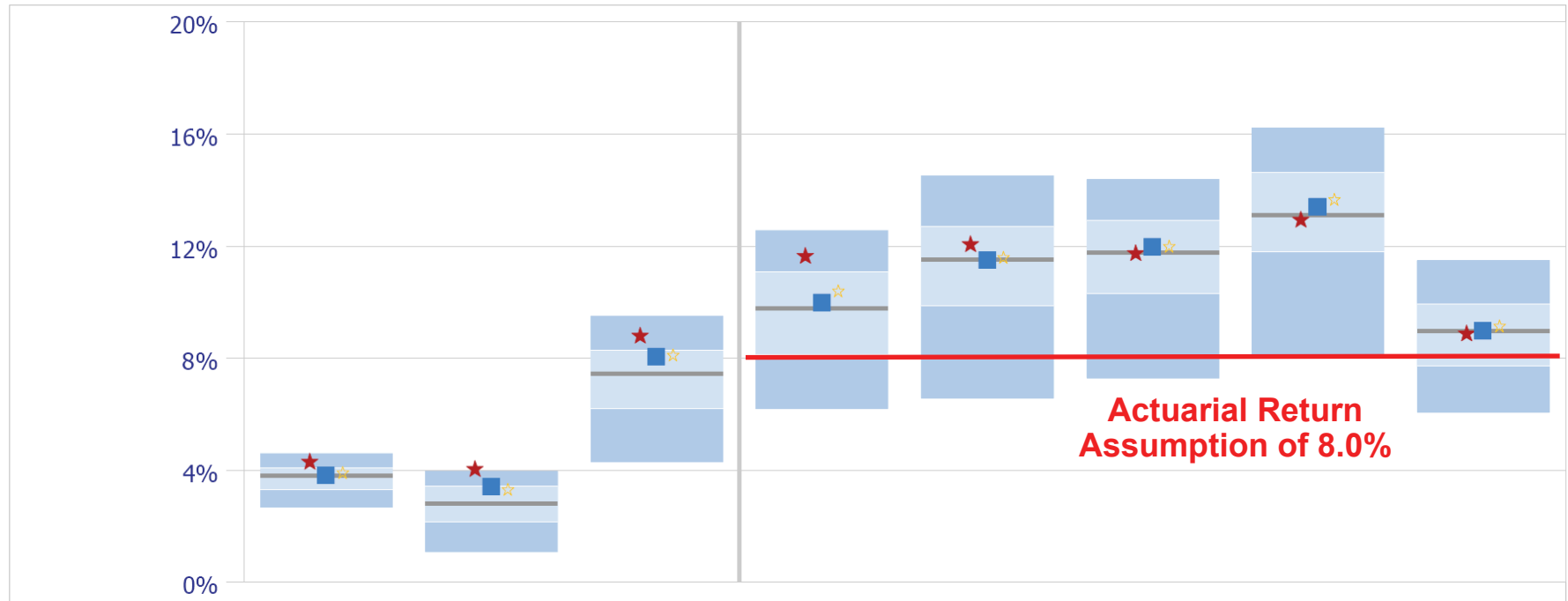
Return +4.3% +8.8% +11.7%



Total Public Funds – Total Rates of Return

Periods Ending September 30, 2006

Total Returns



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ MUNI COMPOSITE	4.3	9	4.0	4	8.8	13	11.7	11	12.1	42	11.8	50	12.9	56	8.9	52
■ ALLOC INDEX	3.8	47	3.4	25	8.1	30	10.0	44	11.5	50	12.0	43	13.4	42	9.0	49
☆ POLICY INDEX	3.9	37	3.3	30	8.1	29	10.4	35	11.6	48	12.0	42	13.7	38	9.2	42
Median	3.8		2.8		7.4		9.8		11.5		11.8		13.1		9.0	

•*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.

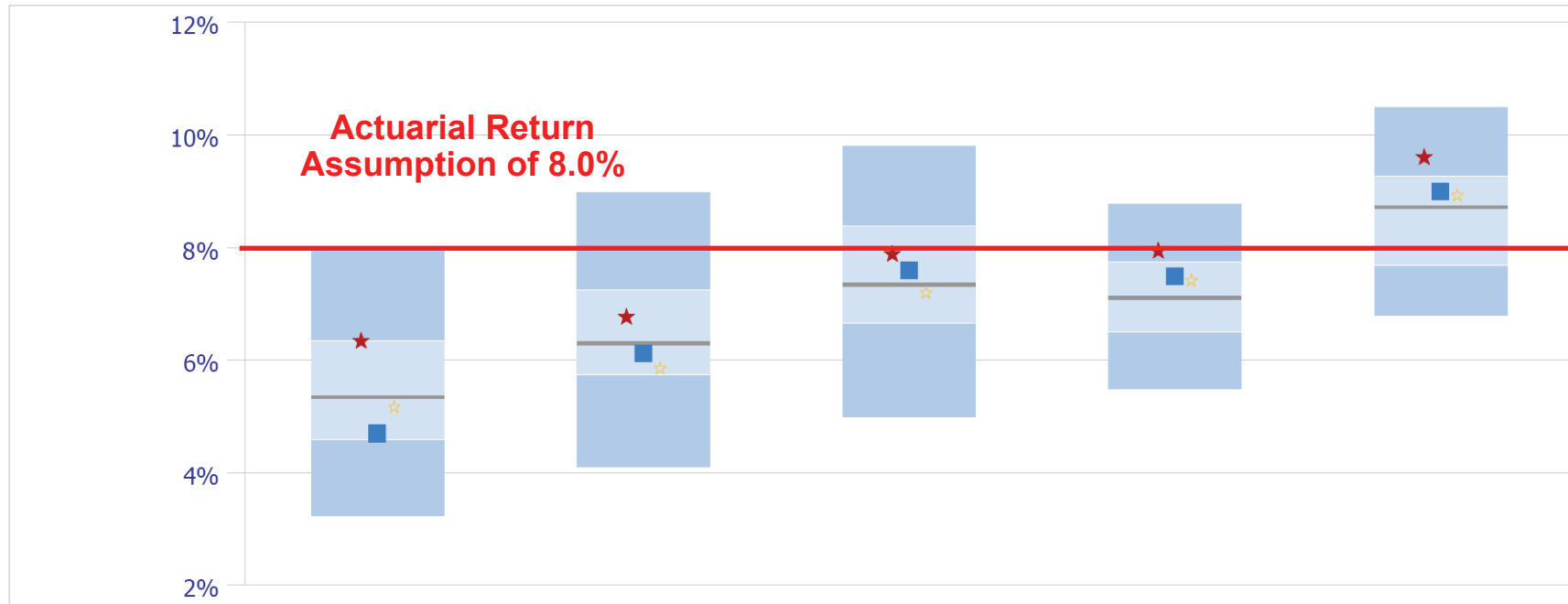
•*Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending September 30, 2006

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ MUNI COMPOSITE	6.3	24	6.8	38	7.9	37	7.9	16	9.6	15
■ ALLOC INDEX	4.7	68	6.1	58	7.6	44	7.5	34	9.0	38
☆ POLICY INDEX	5.2	53	5.9	70	7.2	60	7.4	36	8.9	41
Median	5.3		6.3		7.3		7.1		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 September 30, 2006																		
<u>Quarter</u>	<i>Public</i> Rank	<i>Large</i> Rank	<u>YTD</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>Market Value</u>	<u>% of Total</u> <u>Portfolio</u>	<u>Annual</u> <u>Fee</u>	
Teachers' Composite																		
Teachers' Composite	4.1%	23	27	9.2%	7	11	11.3%	20	34	12.3%	39	62	9.4%	34	49	\$1,505,923,362	100%	0.42%
<i>Allocation Index</i>	3.8%			8.9%			10.6%			12.2%			9.1%					
<i>Policy Index</i>	3.7%			8.1%			10.3%			12.1%			9.2%					
Employees' Composite																		
Employees' Composite	4.2%	17	23	8.9%	12	20	11.3%	20	34	12.0%	42	67	9.3%	37	52	\$1,260,779,059	100%	0.41%
<i>Allocation Index</i>	3.9%			8.4%			10.5%			11.8%			9.1%					
<i>Policy Index</i>	3.6%			7.9%			9.9%			11.6%			9.0%					
Municipal Composite																		
Municipal Composite	4.3%	9		8.8%	13		11.7%	11		11.8%	50		8.9%	52		\$293,088,902	100%	0.44%
<i>Allocation Index</i>	3.8%			8.1%			10.0%			12.0%			9.0%					
<i>Policy Index</i>	3.9%			8.1%			10.4%			12.0%			9.2%					
Medians																		
Median Public Fund	3.8%			7.4%			9.8%			11.8%			9.0%					
Median Public Fund >\$500M	3.7%			7.8%			10.5%			12.3%			9.3%					
Median Large Fund	3.8%			7.9%			10.7%			12.7%			9.4%					

Note: Returns are gross of manager fees and should be considered preliminary. 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 September 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
Large Cap Equity															
Large Cap Equity Composite - ERS	5.6%	46	8.9%	15	11.8%	13	12.5%	40	8.2%	30	\$329,206,144	26.1%	-	-	
Large Cap Equity Composite - TRS	5.3%	53	8.8%	17	11.3%	19	11.6%	90	7.3%	43	\$456,087,164	-	30.3%	-	
Large Cap Equity Composite - MRS	5.6%	46	8.8%	17	13.3%	7	13.0%	30	7.8%	35	\$76,131,917	-	-	26.0%	
Standard & Poors 500	5.7%		8.5%		10.8%		12.3%		7.0%						
T. Rowe	5.8%	10	9.1%	13	n/a		n/a		n/a		\$315,060,113	10.5%	10.1%	10.5%	0.30%
PIMCO	6.1%	8	9.2%	12	n/a		n/a		n/a		\$315,451,296	10.5%	10.2%	10.3%	0.33%
Standard & Poors 500	5.7%		8.5%		10.8%		12.3%		7.0%						
SSgA	4.2%	75	8.3%	56	n/a		n/a		n/a		\$230,821,203	5.2%	10.0%	5.2%	0.05%
S&P 500 Equal Weighted	3.9%		8.1%		10.9%		16.3%		12.8%						
Small Cap Equity															
Small Cap Equity Composite - ERS	(0.8)%	82	3.2%	87	3.7%	87	13.6%	92	10.6%	98	\$143,471,150	11.4%	-	-	
Small Cap Equity Composite - TRS	(0.9)%	82	3.2%	87	3.8%	87	13.4%	93	9.5%	100	\$176,513,111	-	11.7%	-	
Small Cap Equity Composite - MRS	(0.8)%	82	3.3%	85	4.9%	83	13.6%	92	12.3%	96	\$28,591,935	-	-	9.8%	
Russell 2000	0.4%		8.7%		9.9%		15.5%		13.8%						
SSgA 2500	0.5%	54	6.8%	57	n/a		n/a		n/a		\$117,830,236	3.8%	4.0%	3.3%	0.08%
Russell 2500	0.5%		6.9%		8.8%		16.1%		14.4%						
Wellington	3.6%	10	10.9%	27	11.0%	34	n/a		n/a		\$122,476,291	4.0%	4.1%	3.5%	0.48%
Russell 2000 Value	2.6%		13.3%		14.0%		19.0%		17.0%						
Longwood	(6.7)%	94	(7.7)%	100	(9.0)%	99	n/a		n/a		\$108,269,504	3.5%	3.7%	2.9%	0.77%
Russell 2000 Growth	(1.7)%		4.2%		5.9%		11.8%		10.1%						
International Equity															
International Equity Composite - ERS	6.4%	7	20.7%	1	26.0%	2	23.5%	43	15.9%	58	\$ 174,908,426	13.9%	-	-	
International Equity Composite - TRS	6.4%	7	20.4%	1	24.8%	3	25.0%	18	16.8%	41	\$ 213,561,839	-	14.2%	-	
International Equity Composite - MRS	6.4%	7	20.7%	1	25.3%	3	23.2%	49	15.9%	58	\$ 40,942,724	-	-	14.0%	
Acadian	6.1%	10	22.4%	1	n/a		n/a		n/a		\$193,716,767	6.9%	5.7%	7.0%	0.48%
Mondrian	6.6%	5	18.9%	6	21.3%	20	25.4%	13	19.0%	19	\$235,688,431	6.9%	8.5%	7.0%	0.36%
EAFE (After Taxes)	3.9%		14.5%		19.2%		22.3%		14.3%						
CITI EPAC	4.0%		14.2%		19.4%		22.8%		14.7%						
Core Fixed Income															
Delaware**	3.9%	36	3.4%	35	4.3%	21	4.3%	23	5.8%	19	\$567,178,800	20.8%	15.5%	24.7%	0.33%
LB Aggregate	3.8%		3.1%		3.7%		3.4%		4.8%						
High Yield Fixed Income															
MW Post	2.9%	90	5.6%	47	6.9%	46	n/a		n/a		\$153,719,735	5.1%	5.0%	4.9%	0.42%
LB High Yield	4.1%		7.4%		8.1%		9.1%		10.5%						
Global Fixed Income															
Brandywine	2.0%	42	5.5%	14	5.5%	5	n/a		n/a		\$66,603,276	2.3%	2.2%	1.2%	0.42%
Mondrian**	1.1%	82	3.0%	84	2.1%	86	4.3%	74	7.4%	63	\$65,515,526	2.2%	2.2%	1.3%	0.36%
CITI WGBI	1.4%		4.2%		2.2%		4.1%		7.3%						

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



VPIC Manager Performance Summary

State of Vermont															
Investment Performance "Flash" Report															
Periods Ending September 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
Real Estate^A															
Total Real Estate												6.7%	8.3%	7.5%	
Morgan Stanley	4.2%	32	12.4%	39	20.7%	29	18.2%	39	13.0%	46	\$67,483,112	0.0%	4.5%	0.0%	0.90%
UBS Realty - TRS	3.9%	36	10.6%	59	15.8%	57	16.3%	53	12.8%	47	\$57,911,766	0.0%	3.8%	0.0%	0.90%
UBS Realty - ERS	3.9%	36	10.6%	59	15.8%	57	16.3%	53	12.8%	47	\$69,874,761	5.5%	0.0%	0.0%	0.90%
RREEF	0.8%	73	n/a		n/a		n/a		n/a		\$4,530,350	0.4%	0.0%	0.0%	
Transwestern / Aslan	(4.7)%	97	(9.1)%	96	n/a		n/a		n/a		\$1,139,709	0.1%	0.0%	0.0%	
Henderson (Cash)	1.7%		3.7%		n/a		n/a		n/a		\$8,963,123	0.7%	0.0%	0.0%	
SSR	5.3%	25	13.8%	34	20.1%	32	13.9%	66	10.0%	62	\$22,047,066	0.0%	0.0%	7.5%	1.11%
<i>NCREIF Property Index</i>	3.5%		11.6%		17.6%		16.4%		12.4%						
Private Investment															
Pru & VVC	0.0%		3.6%		3.6%		(0.0)%		(0.5)%		\$5,583,314	0.0%	0.4%	0.0%	
Vermont Investments	0.0%		2.1%		5.7%		7.2%		(2.2)%		\$5,667,297	0.4%	0.0%	0.0%	
Alternative Investments	0.0%		0.9%		1.2%		(11.0)%		(12.1)%		\$474,144	0.0%	0.0%	0.2%	
Alternative Investment															
Mellon Global Alpha	6.6%		n/a		n/a		n/a		n/a		\$159,789,267	5.4%	5.1%	5.1%	0.65%
<i>60%MSCI World / 40% CITI WGBI</i>	3.3%		8.2%		9.3%		11.6%		9.2%						
Pimco All Asset	4.2%		n/a		n/a		n/a		n/a		\$156,021,653	5.2%	5.0%	5.0%	0.83%
<i>T-Bill + 5%</i>	2.6%		7.4%		9.7%		7.9%		7.4%						
RMK Timber ^A	31.6%		41.2%		48.4%		18.1%		12.5%		\$5,509,854	0.4%	0.0%	0.0%	1.00%
<i>NCREIF Timber Index</i>	3.5%		18.6%		19.7%		13.9%		7.6%						
Cash															
Employees' Cash	1.9%		4.8%		9.7%		5.2%		3.7%		\$943,734	0.1%	0.0%	0.0%	
Teachers' Cash	3.8%		7.6%		9.5%		5.7%		3.8%		\$481,648	0.0%	0.0%	0.0%	
Municipal Cash	1.2%		3.6%		4.8%		3.5%		3.0%		\$934,595	0.0%	0.0%	0.3%	
<i>90 Day U.S. T-Bills</i>	1.3%		3.5%		4.5%		2.7%		2.3%						

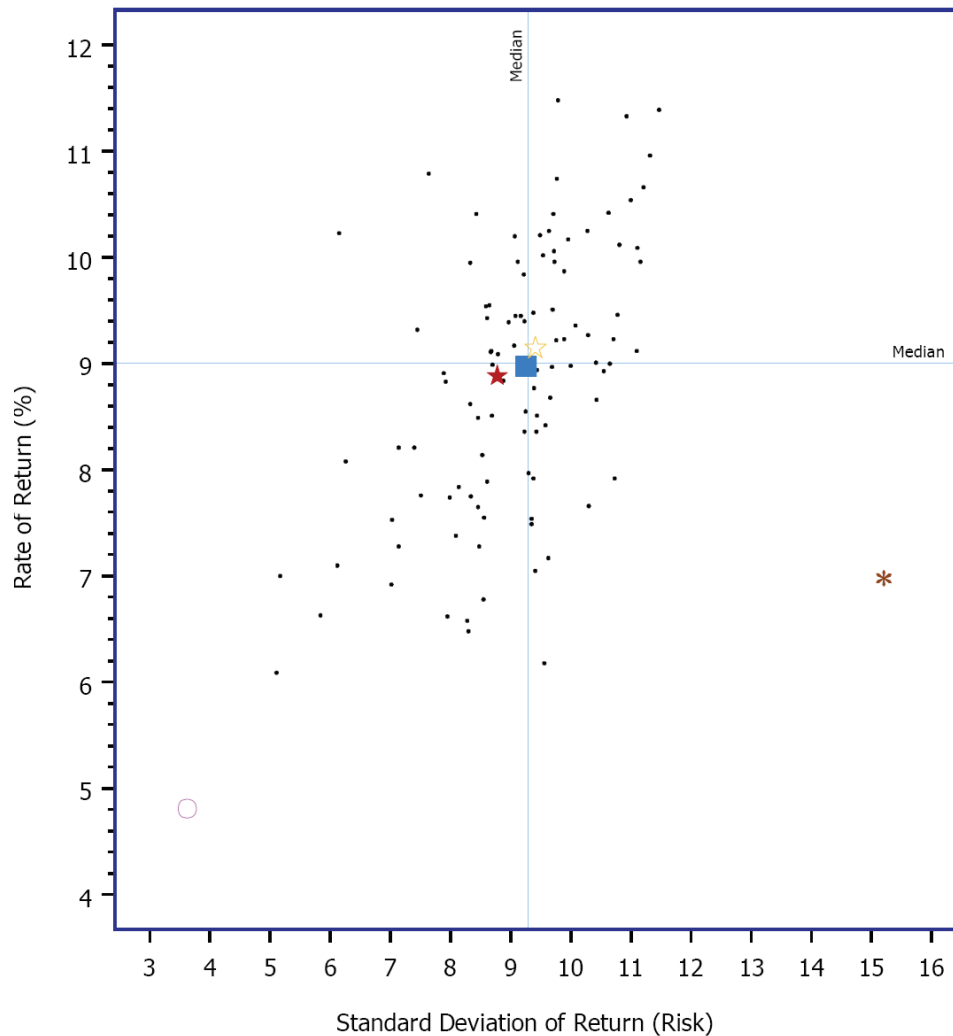
Note: Returns are gross of manager fees and should be considered preliminary. Results for periods longer than one year are annualized.
^AIndividual manager allocations may not equal 100% as a result of residual cash in the State Street legacy accounts.
^AReturns reported on a quarterly basis.



Total Fund Risk / Return Analysis

5 Years Ending September 30, 2006

Total Public Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
★ MUNI COMPOSITE	8.9	52	8.8 59 0.8 45
■ ALLOC INDEX	9.0	49	9.3 49 0.7 53
☆ POLICY INDEX	9.2	42	9.4 43 0.7 51
* <i>S&P 500</i>	7.0	86	15.2 1 0.4 97
○ <i>LB AGGREGATE</i>	4.8	98	3.6 100 0.7 64
Median	9.0	9.3	0.8

Funded status as of Fiscal Year 2006 = 104.3%

