

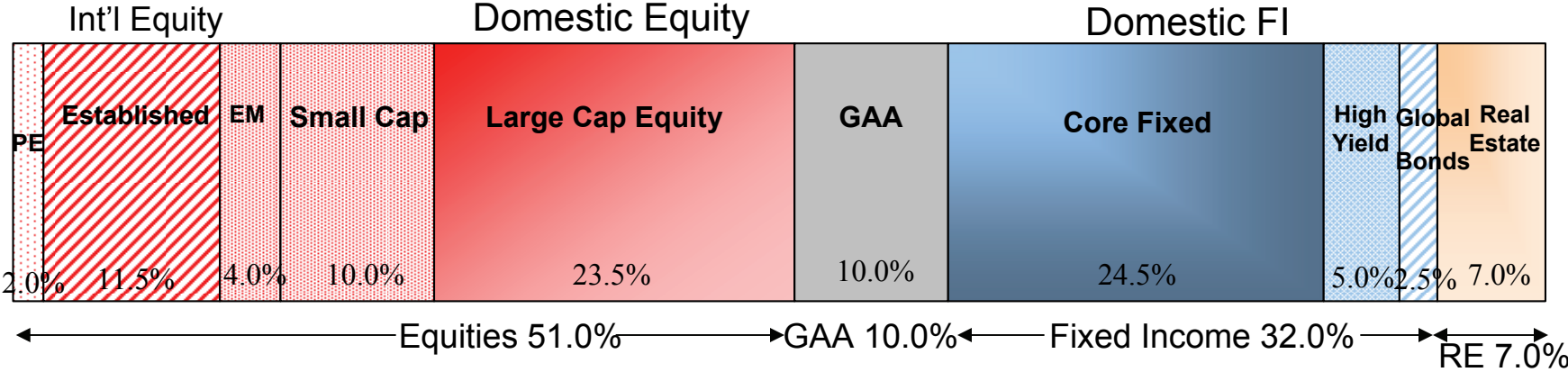
Vermont Municipal Employees' Retirement System



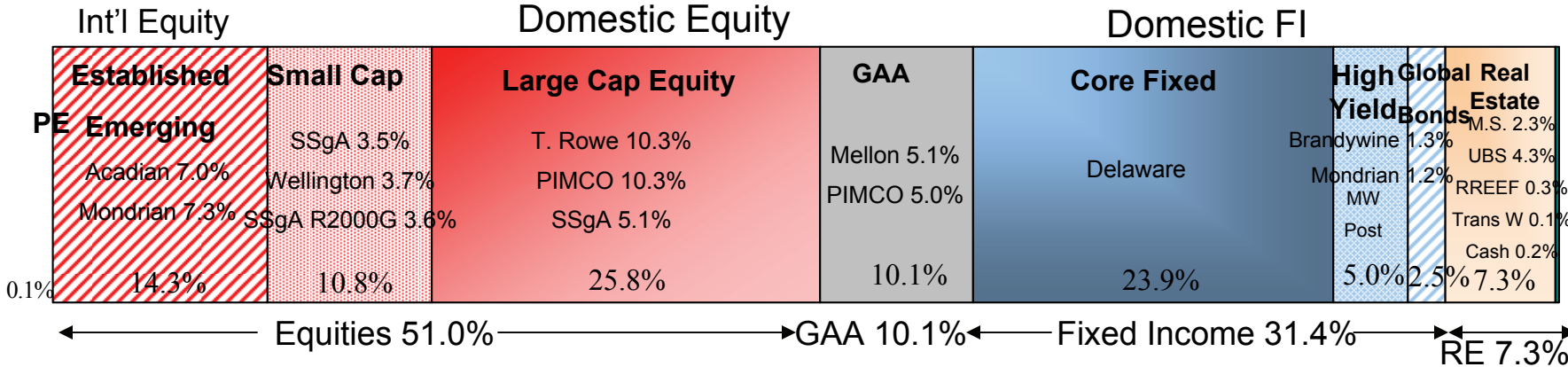
Plan Asset Allocation

As of June 30, 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	\$84,721	\$11,520	\$12,037	\$11,846	\$78,438	\$16,333	\$46,983	\$8,382	\$24,091	\$474	\$32,910	\$816	\$328,549
T. Rowe	33,926	0	0	0	0	0	0	0	0	0	0	0	\$33,926
PIMCO	33,914	0	0	0	0	0	0	0	0	0	0	0	\$33,914
SSgA Equal Wgt	16,881	0	0	0	0	0	0	0	0	0	0	0	\$16,881
SSgA R-2000 Growth	0	0	0	11,846	0	0	0	0	0	0	0	0	\$11,846
SSgA R-2500	0	11,520	0	0	0	0	0	0	0	0	0	0	\$11,520
Wellington	0	0	12,037	0	0	0	0	0	0	0	0	0	\$12,037
Acadian	0	0	0	0	0	0	23,084	0	0	0	0	0	\$23,084
Mondrian	0	0	0	0	0	0	23,899	0	0	0	0	0	\$23,899
Delaware	0	0	0	0	78,434	0	0	0	0	0	0	0	\$78,434
MW Post	0	0	0	0	0	16,333	0	0	0	0	0	0	\$16,333
Brandywine	0	0	0	0	0	0	0	4,316	0	0	0	0	\$4,316
Mondrian	0	0	0	0	0	0	0	4,066	0	0	0	0	\$4,066
Morgan Stanley	0	0	0	0	0	0	0	0	7,580	0	0	0	\$7,580
UBS Realty	0	0	0	0	0	0	0	0	14,168	0	0	0	\$14,168
RREEF	0	0	0	0	0	0	0	0	1,112	0	0	0	\$1,112
Transwestern	0	0	0	0	0	0	0	0	284	0	0	0	\$284
Real Estate Cash	0	0	0	0	0	0	0	0	947	0	0	0	\$947
Mellon GAA	0	0	0	0	0	0	0	0	0	0	16,595	0	\$16,595
PIMCO AA	0	0	0	0	0	0	0	0	0	0	16,315	0	\$16,315
Vermont Cash	0	0	0	0	4	0	0	0	0	0	0	816	\$820
Alt. Assets	0	0	0	0	0	0	0	0	0	474	0	0	\$474

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending June 30, 2007

MUNICIPAL SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	320,148	311,579	279,761	163,148
Net External Growth	-3,348	-1,663	1,877	37,669
Return on Investment	11,749	18,634	46,912	127,732
Income Received	8	19	136	25,058
Gain/Loss	11,740	18,615	46,776	102,674
Ending Market Value	328,549	328,549	328,549	328,549

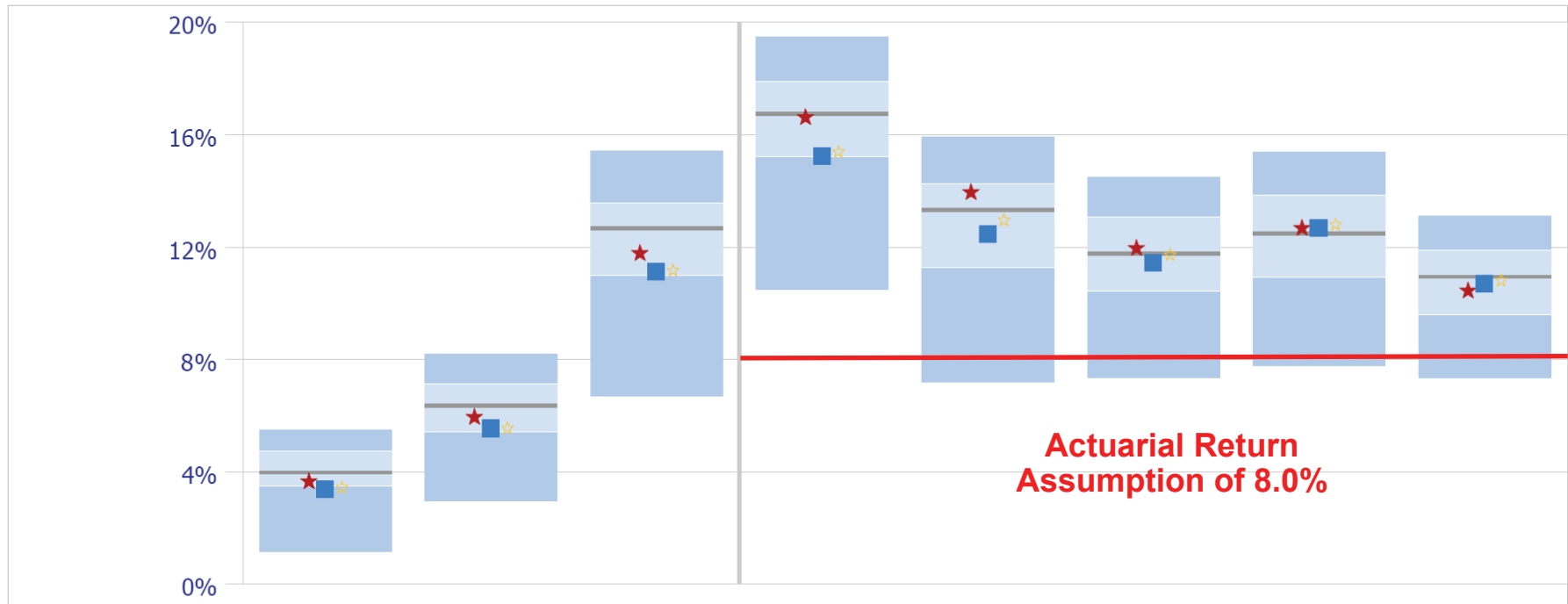
Return +3.7% +6.0% +16.6%



Total Public Funds – Total Rates of Return

Periods Ending June 30, 2007

Total Returns



**Actuarial Return
Assumption of 8.0%**

	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ MUNI COMPOSITE	3.7	62	6.0	60	11.8	62	16.6	52	14.0	29	12.0	46	12.7	45	10.4	63
■ ALLOC INDEX	3.4	77	5.6	72	11.1	74	15.3	73	12.5	60	11.4	60	12.7	44	10.7	55
☆ POLICY INDEX	3.5	75	5.6	72	11.2	74	15.4	72	13.0	56	11.7	50	12.8	41	10.8	54
Median	4.0		6.3		12.7		16.8		13.3		11.8		12.5		10.9	

•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.

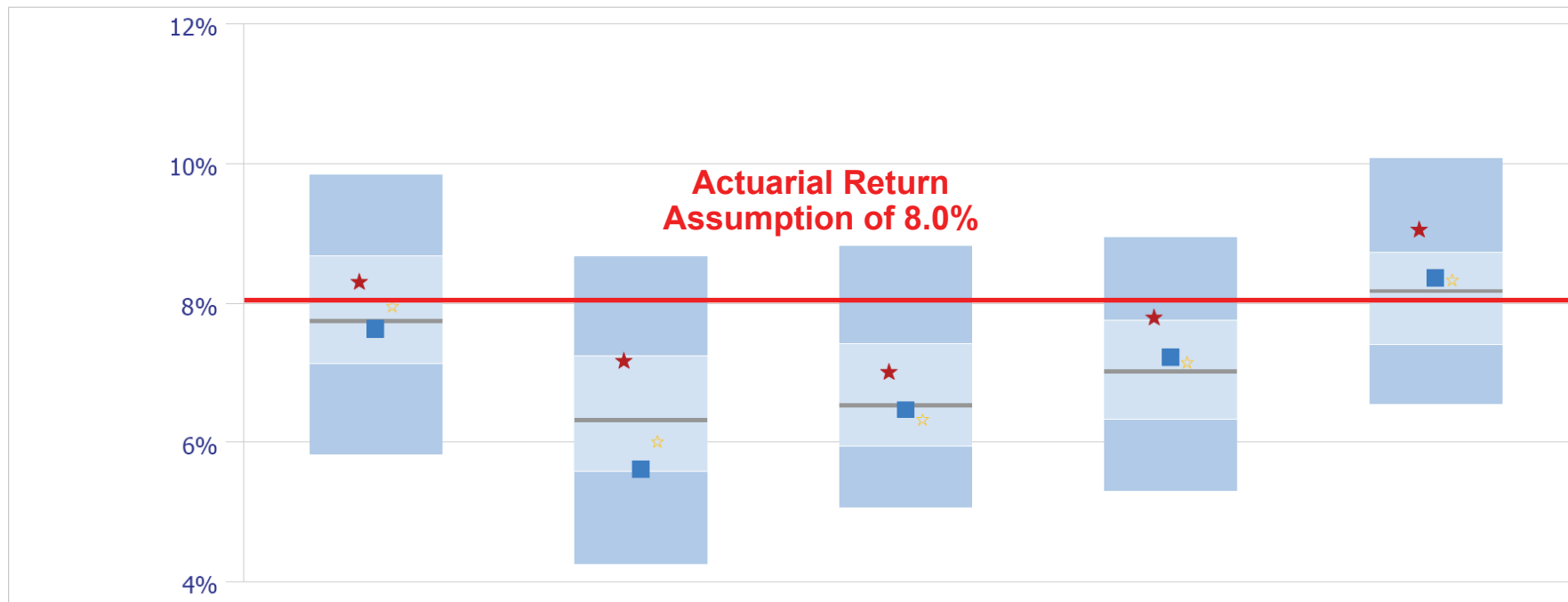
•Composite: Actual composite return = actual asset class weights times the actual manager return. Measures the effectiveness of the managers. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending June 30, 2007

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ MUNI COMPOSITE	8.3	36	7.2	26	7.0	36	7.8	24	9.1	18
■ ALLOC INDEX	7.6	59	5.6	72	6.5	51	7.2	45	8.4	40
☆ POLICY INDEX	8.0	48	6.0	57	6.3	60	7.2	46	8.3	44
Median	7.8		6.3		6.5		7.0		8.2	

•*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.

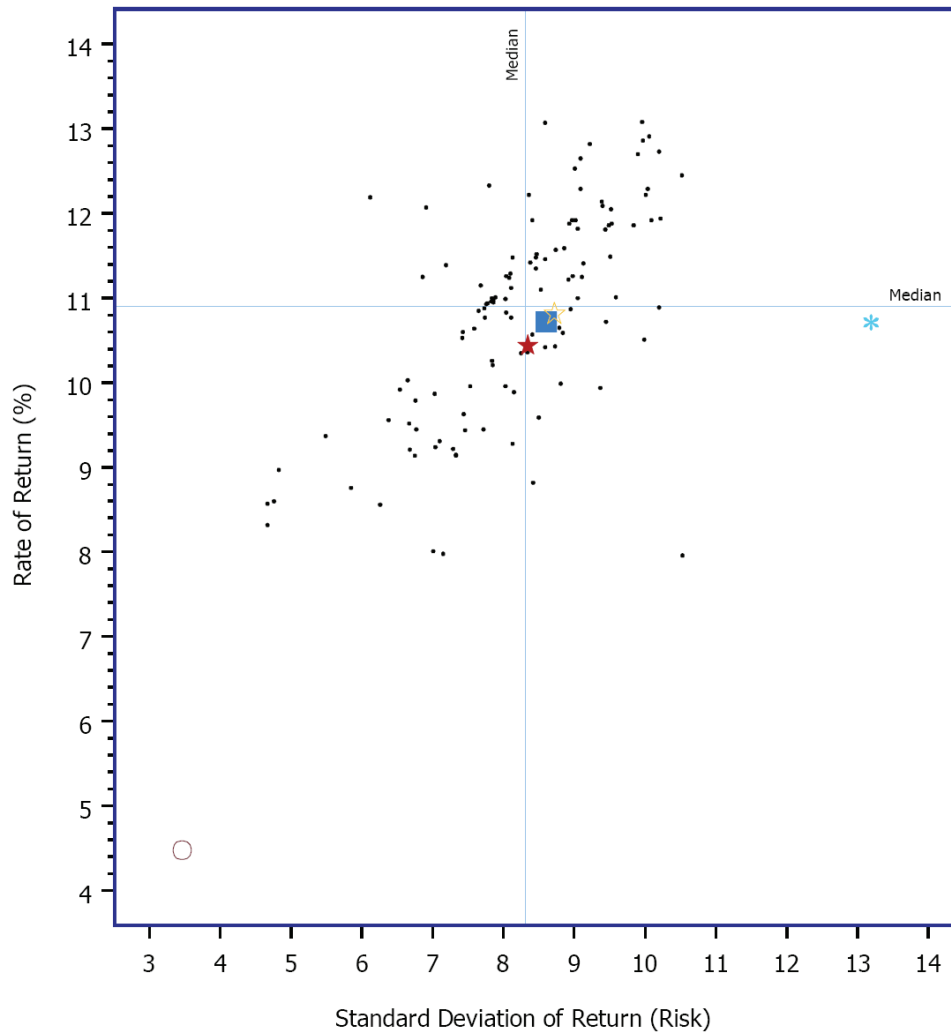
•*Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Fund Risk / Return Analysis

5 Years Ending June 30, 2007

Total Public Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
★ MUNI COMPOSITE	10.4	63	8.3 51
■ ALLOC INDEX	10.7	55	8.6 62
☆ POLICY INDEX	10.8	54	8.7 62
* S&P 500	10.7	56	13.2 100
○ LB AGGREGATE	4.5	100	3.5 2
Median	10.9	8.3	1.0

Funded status as of Fiscal Year 2006 = 104.3%



VPIC Managers

State of Vermont

Investment Performance "Flash" Report Periods Ending September 30, 2007

	<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>Fiscal</u> <u>YTD</u>	<u>Market Value</u>	<u>% of Total</u> <u>Portfolio</u>	<u>Fee</u>
Teachers' Composite																			
Teachers' Composite	1.5%	75	79	8.1%	66	77	14.5%	60	71	12.8%	47	71	14.2%	30	52	1.5%	\$1,685,170,086	100%	0.38%
<i>Allocation Index</i>	1.6%			7.6%			13.6%			12.3%			13.9%			1.6%			
<i>Policy Index</i>	2.0%			8.1%			14.3%			12.7%			14.1%			2.0%			
Employees' Composite																			
Employees' Composite	1.7%	65	73	7.8%	68	80	13.7%	68	79	12.4%	48	80	13.8%	40	64	1.7%	\$1,406,755,760	100%	0.39%
<i>Allocation Index</i>	1.7%			7.3%			13.2%			11.9%			13.5%			1.7%			
<i>Policy Index</i>	2.1%			7.8%			13.7%			12.0%			13.6%			2.1%			
Municipal Composite																			
Municipal Composite	1.7%	65		7.7%	70		13.7%	69		12.6%	55		13.1%	61		1.7%	\$336,546,961	100%	0.40%
<i>Allocation Index</i>	1.7%			7.3%			13.0%			11.9%			13.3%			1.7%			
<i>Policy Index</i>	2.1%			7.8%			13.5%			12.3%			13.7%			2.1%			

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



State of Vermont

Investment Performance "Flash" Report Periods Ending September 30, 2007

	Quarter	Rank	YTD	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'	1.8%	42	9.8%	40	17.3%	42	14.1%	53	15.8%	70	1.8%	\$375,235,113	26.7%	-	-			
Large Cap Equity Composite - Teachers'	1.1%	48	9.2%	48	16.7%	46	13.0%	75	15.1%	85	1.1%	\$509,777,311	-	30.3%	-			
Large Cap Equity Composite - Municipal	1.8%	42	9.8%	40	17.3%	42	15.2%	40	15.4%	83	1.8%	\$87,728,919	-	-	26.1%			
Standard & Poors 500	2.0%		9.1%		16.4%		13.1%		15.5%		2.0%							
T. Rowe	2.1%	21	10.1%	17	17.9%	31	n/a		n/a		2.1%	\$356,932,055	10.7%	10.2%	10.4%	Dec-05	0.30%	
PIMCO	3.1%	6	10.8%	13	18.0%	30	n/a		n/a		3.1%	\$357,699,431	10.8%	10.1%	10.4%	Dec-05	0.33%	
Standard & Poors 500	2.0%		9.1%		16.4%		13.1%		15.5%		2.0%							
SSgA	(2.2)%	97	6.3%	87	13.9%	79	n/a		n/a		(2.2)%	\$258,109,857	5.2%	9.9%	5.2%	Dec-05	0.05%	
S&P 500 Equal Weighted	(1.9)%		6.8%		14.3%		14.5%		20.1%		(1.9)%							
Small Cap Equity																		
Small Cap Equity Composite - Employees'	(2.1)%	78	6.2%	74	14.2%	72	11.8%	87	16.0%	69	(2.1)%	\$170,739,954	12.1%	-	-			
Small Cap Equity Composite - Teachers'	(2.2)%	79	6.1%	74	14.1%	73	12.0%	86	15.9%	70	(2.2)%	\$205,005,653	-	12.2%	-			
Small Cap Equity Composite - Municipal	(2.1)%	78	6.2%	74	14.2%	72	12.0%	86	16.5%	63	(2.1)%	\$35,154,115	-	-	10.4%			
Russell 2000	(3.1)%		3.2%		12.4%		13.4%		18.7%		(3.1)%							
SSgA 2500	(2.5)%	35	5.9%	47	15.0%	47	n/a		n/a		(2.5)%	\$137,033,474	4.0%	4.1%	3.5%	Dec-05	0.07%	
Russell 2500	(2.5)%		6.0%		15.2%		15.0%		19.5%		(2.5)%							
Wellington	(4.0)%	31	4.1%	33	13.1%	32	16.4%	4	n/a		(3.9)%	\$134,657,995	4.0%	4.0%	3.4%	Dec-05	0.50%	
Russell 2000 Value	(6.3)%		(2.7)%		6.1%		12.5%		18.7%		(6.3)%							
SSgA Russell 2000 Growth	(0.0)%	63	n/a		n/a		n/a		n/a		(0.0)%	\$139,208,253	4.1%	4.1%	3.5%	Dec-06	0.10%	
Russell 2000 Growth	0.0%		9.4%		18.9%		14.1%		18.7%		0.0%							
International Equity																		
International Equity Composite - Employees'	1.4%	58	12.5%	62	25.2%	57	25.1%	44	24.3%	60	1.4%	\$ 203,021,226	14.4%	-	-			
International Equity Composite - Teachers'	1.4%	58	12.4%	64	24.9%	60	25.4%	40	25.2%	51	1.4%	\$ 238,286,474	-	14.1%	-			
International Equity Composite - Municipal	1.4%	58	12.5%	62	25.2%	57	24.5%	46	24.2%	60	1.4%	\$ 48,643,839	-	-	14.5%			
Acadian	1.4%	60	12.8%	60	26.7%	43	n/a		n/a		1.4%	\$222,226,207	7.2%	5.7%	7.2%	Oct-05	0.48%	
Mondrian	1.5%	58	12.1%	68	23.7%	67	24.1%	51	25.9%	30	1.5%	\$267,725,332	7.2%	8.4%	7.2%	Oct-05	0.36%	
EAFE (After Taxes)	2.2%		13.2%		24.9%		23.2%		23.6%		2.2%							
CITI EPAC	2.7%		14.5%		25.5%		24.0%		24.0%		2.7%							
Core Fixed Income																		
Delaware**	2.1%	88	3.3%	85	4.7%	84	4.2%	48	5.3%	21	2.1%	\$622,709,241	20.1%	15.3%	24.1%	Apr-06	0.33%	
LB Aggregate	2.8%		3.8%		5.1%		3.9%		4.1%		2.8%							
High Yield Fixed Income																		
MW Post	1.2%	38	4.8%	13	8.3%	30	7.2%	42	n/a		1.2%	\$172,628,727	5.0%	5.1%	4.9%	Apr-06	0.42%	
LB High Yield	0.3%		3.2%		7.6%		7.5%		12.7%		0.3%							
Global Fixed Income																		
Brandywine	5.8%	47	8.0%	2	11.0%	6	n/a		n/a		5.8%	\$76,819,892	2.3%	2.3%	1.4%	May-06	0.42%	
Mondrian**	7.5%	11	6.9%	41	9.4%	32	5.0%	55	7.2%	63	7.4%	\$76,787,500	2.4%	2.3%	1.3%	May-06	0.36%	
CITI WGBI	7.2%		6.8%		8.7%		4.6%		7.0%		7.2%							

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 the legacy global portfolio.



State of Vermont

Investment Performance "Flash" Report Periods Ending September 30, 2007

	<u>Quarter</u>	<i>Rank</i>	<u>YTD</u>	<i>Rank</i>	<u>Last Year</u>	<i>Rank</i>	<u>Last 3 Years</u>	<i>Rank</i>	<u>Last 5 Years</u>	<i>Rank</i>	<u>Fiscal YTD</u>	<u>Market Value</u>	<u>% of ERS Portfolio</u>	<u>% of TRS Portfolio</u>	<u>% of MRS Portfolio</u>	<u>VPIC Inception Date</u>	<u>Annual Fee</u>
Real Estate[^]																	
Total Real Estate													6.2%	8.0%	7.1%		
Morgan Stanley	2.1%	51	13.7%	26	19.1%	21	19.5%	32	16.8%	26	2.1%	\$79,536,468	2.0%	2.6%	2.3%	Sep-06	0.88%
UBS Realty	2.3%	50	11.8%	39	17.8%	32	18.0%	45	15.1%	39	2.3%	\$149,168,390	3.8%	4.8%	4.3%	Sep-06	0.90%
RREEF	6.8%	6	18.0%	12	25.6%	9	n/a		n/a		6.8%	\$12,116,121	0.3%	0.4%	0.3%	Sep-06	
Transwestern / Asian	0.0%	68	9.2%	53	0.6%	92	n/a		n/a		0.0%	\$2,928,267	0.1%	0.1%	0.1%	Sep-06	
Real Estate Cash	1.5%		4.2%		4.7%		n/a		n/a		1.5%	\$2,042,477	0.1%	0.1%	0.1%	Sep-06	
<i>NCREIF Property Index</i>	3.6%		12.2%		17.3%		18.0%		14.8%		3.6%						
Private Investment																	
Pru & VVC	1.4%		5.8%		16.5%		7.4%		2.3%		1.4%	\$5,688,626	0.0%	0.3%	0.0%		
Vermont Investments	0.2%		9.2%		(39.8)%		(10.9)%		(8.9)%		0.2%	\$3,032,170	0.2%	0.0%	0.0%		
Alternative Investments	0.0%		n/a		n/a		n/a		n/a		0.0%	\$474,144	0.0%	0.0%	0.1%		
RMK Timber [^]	5.0%		0.2%		10.1%		22.4%		14.1%		5.0%	\$2,811,434	0.2%	0.0%	0.0%		1.00%
<i>NCREIF Timber Index[^]</i>	2.3%		10.9%		11.9%		15.2%		11.2%		2.3%						
Global Asset Allocation																	
Mellon Global Alpha	2.7%		5.7%		13.5%		n/a		n/a		2.7%	\$172,672,775	5.1%	5.0%	5.1%	May-06	0.65%
<i>60%MSCI World / 40% CITI WGBI</i>	2.8%		8.2%		13.8%		12.2%		13.0%		2.8%						
Pimco All Asset	4.1%		7.8%		10.2%		n/a		n/a		4.1%	\$174,007,466	5.1%	5.1%	5.0%	May-06	0.83%
<i>T-Bill + 5%</i>	2.6%		7.8%		10.4%		9.3%		8.1%		2.6%						
Cash																	
Employees' Cash	1.9%		4.8%		6.2%		6.5%		4.4%		1.9%	\$866,599	0.1%	0.0%	0.0%		
Teachers' Cash	1.9%		4.9%		6.4%		5.5%		4.2%		1.9%	\$398,912	0.0%	0.0%	0.0%		
Municipal Cash	1.8%		4.9%		6.2%		5.1%		3.5%		1.8%	\$190,994	0.0%	0.0%	0.1%		
<i>90 Day U.S. T-Bills</i>	1.3%		3.9%		5.2%		4.1%		2.9%		1.3%						

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

[^] Returns reported on a quarterly basis.

