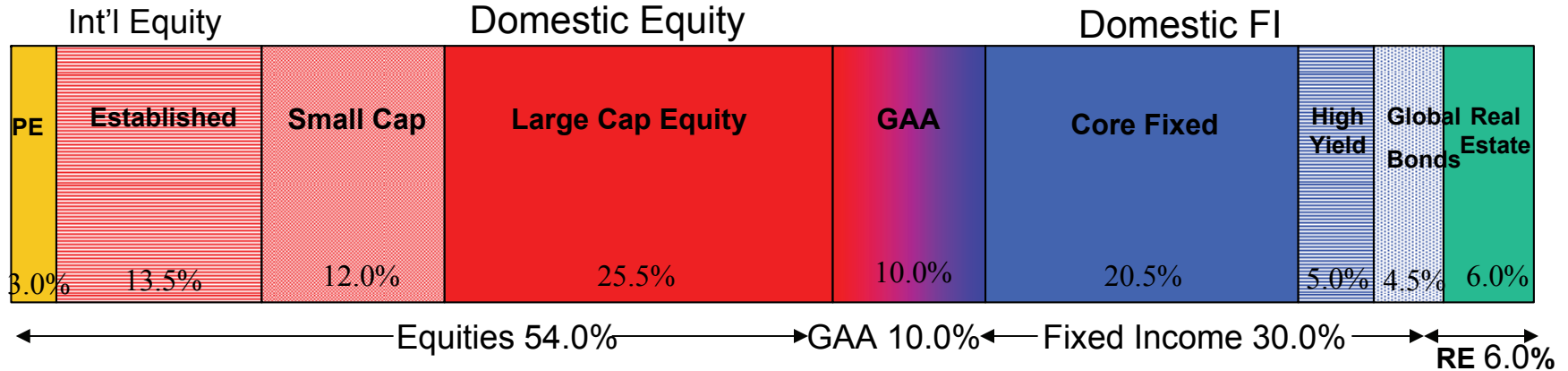


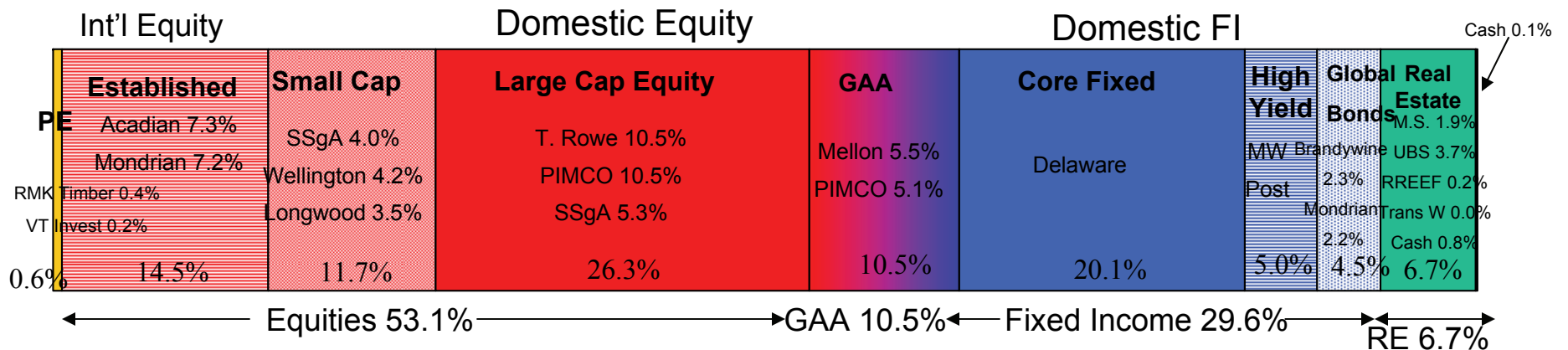
Plan Asset Allocation

As of December 31, 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	\$347,598	\$52,629	\$55,410	\$46,351	\$265,417	\$66,707	\$192,058	\$59,039	\$88,785	\$3,124	\$144,664	\$1,176	\$1,322,958
T. Rowe	138,466	0	0	0	0	0	0	0	0	0	0	0	\$138,466
PIMCO	139,440	0	0	0	0	0	0	0	0	0	0	0	\$139,440
SSgA	69,692	0	0	0	0	0	0	0	0	0	0	0	\$69,692
SSgA 2500	0	52,629	0	0	0	0	0	0	0	0	0	0	\$52,629
Wellington	0	0	55,410	0	0	0	0	0	0	0	0	0	\$55,410
Longwood	0	0	0	46,351	0	0	0	0	0	0	0	0	\$46,351
Acadian	0	0	0	0	0	0	96,598	0	0	0	0	0	\$96,598
Mondrian	0	0	0	0	0	0	95,460	0	0	0	0	0	\$95,460
Delaware	0	0	0	0	265,417	0	0	0	0	0	0	0	\$265,417
MW Post	0	0	0	0	0	66,707	0	0	0	0	0	0	\$66,707
Brandywine	0	0	0	0	0	0	0	30,428	0	0	0	0	\$30,428
Mondrian	0	0	0	0	0	0	0	28,611	0	0	0	0	\$28,611
Morgan Stanely	0	0	0	0	0	0	0	0	25,759	0	0	0	\$25,759
UBS Realty	0	0	0	0	0	0	0	0	49,208	0	0	0	\$49,208
RREEF	0	0	0	0	0	0	0	0	2,006	0	0	0	\$2,006
Transwestern	0	0	0	0	0	0	0	0	573	0	0	0	\$573
Real Estate Cash	0	0	0	0	0	0	0	0	11,239	0	0	0	\$11,239
Mellon GAA	0	0	0	0	0	0	0	0	0	0	72,522	0	\$72,522
PIMCO AA	0	0	0	0	0	0	0	0	0	0	66,859	0	\$66,859
RMK Timber	0	0	0	0	0	0	0	0	0	0	5,283	0	\$5,283
Vermont Investment	0	0	0	0	0	0	0	0	0	3,124	0	0	\$3,124
Legacy Accounts	0	0	0	0	0	0	0	0	0	0	0	6	\$6
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	1,170	\$1,170

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending December 31, 2006

EMPLOYEES RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,261,467	1,173,785	1,173,785	934,947
Net External Growth	-7,353	-22,654	-22,654	-112,403
Return on Investment	68,844	171,826	171,826	500,414
Income Received	364	10,859	10,859	128,337
Gain/Loss	68,479	160,968	160,968	372,077
Ending Market Value	1,322,958	1,322,958	1,322,958	1,322,958

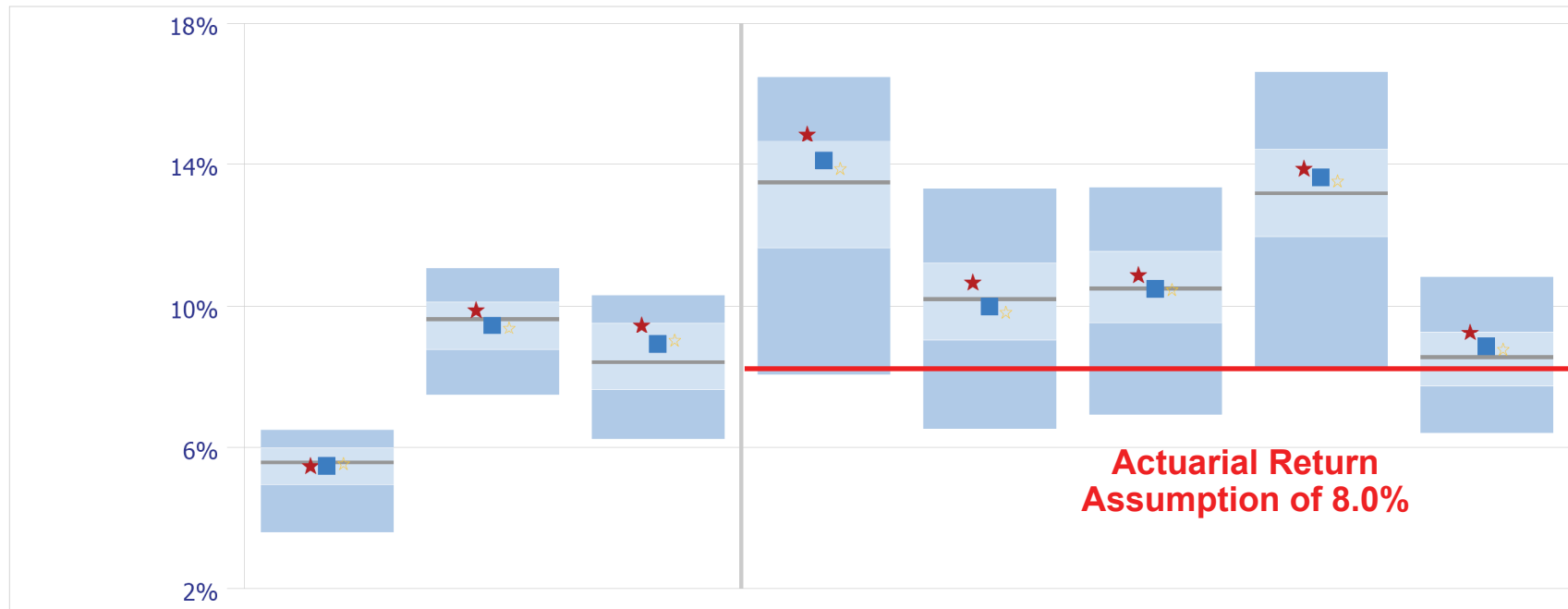
Return	+5.5%	+14.9%	+14.9%
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Total Public Funds – Total Rates of Return

Periods Ending December 31, 2006

Total Returns



	One Quarter	Two Quarters	Three Quarters	One Year	Two Years	Three Years	Four Years	Five Years
★ ERS COMPOSITE	5.5 57	9.9 39	9.5 27	14.9 20	10.7 38	10.9 39	13.9 33	9.2 26
■ ALLOC INDEX	5.5 55	9.5 56	8.9 42	14.1 34	10.0 58	10.5 49	13.6 39	8.9 38
☆ POLICY INDEX	5.6 50	9.4 58	9.0 37	13.9 37	9.8 62	10.5 50	13.5 39	8.8 41
Median	5.6	9.6	8.4	13.5	10.2	10.5	13.2	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.

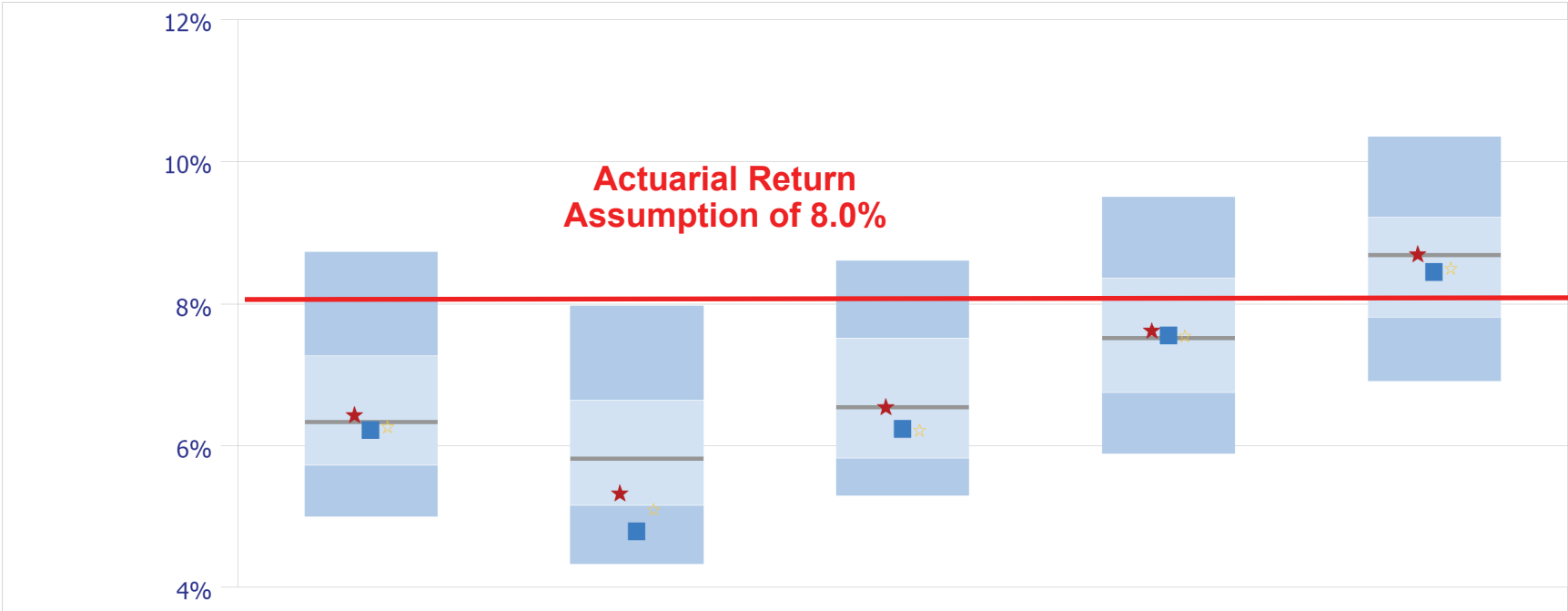
•*Composite*: Actual composite return = actual asset class weights times the actual manager return. Measures the *effectiveness of the managers*. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending December 31, 2006

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ ERS COMPOSITE	6.4	48	5.3	64	6.5	50	7.6	45	8.7	49
■ ALLOC INDEX	6.2	54	4.8	87	6.2	61	7.5	48	8.5	60
☆ POLICY INDEX	6.3	52	5.1	76	6.2	63	7.5	48	8.5	56
Median	6.3		5.8		6.5		7.5		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 December 31, 2006																
<u>Quarter</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last Year</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last 3 Years</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last 5 Years</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Fiscal YTD</u>	<u>Market Value</u>	<u>% of Total Portfolio</u>	<u>Annual Fee</u>	
Teachers' Composite																
Teachers' Composite	6.0%	26	43	15.7%	9	17	11.2%	31	57	9.5%	19	32	10.3%	\$1,576,329,648	100%	0.40%
Allocation Index	5.6%			14.7%			10.7%			9.2%			9.4%			
Policy Index	5.7%			14.3%			11.0%			9.0%			9.6%			
Employees' Composite																
Employees' Composite	5.5%	57	75	14.9%	20	33	10.9%	39	66	9.2%	26	47	9.9%	\$1,322,957,648	100%	0.42%
Allocation Index	5.5%			14.1%			10.5%			8.9%			9.5%			
Policy Index	5.6%			13.9%			10.5%			8.8%			9.4%			
Municipal Composite																
Municipal Composite	5.5%	52		14.8%	22		10.9%	40		8.8%	42		10.1%	\$311,579,347	100%	0.45%
Allocation Index	5.3%			13.6%			10.6%			8.7%			9.2%			
Policy Index	5.7%			14.3%			10.9%			8.9%			9.8%			
Medians																
Median Public Fund	5.6%			13.5%			10.5%			8.5%			9.6%			
Median Public Fund >\$500M	5.8%			14.5%			11.4%			9.0%			10.0%			
Median Large Fund	5.9%			14.3%			11.4%			9.2%			9.8%			
Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.																



VPIC Manager Performance Summary

Vermont State Employees
Pension Plan

State of Vermont															
Investment Performance "Flash" Report															
Periods Ending December 31, 2006															
	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'	6.8%	31	16.4%	19	10.9%	40	7.1%	35	12.8%	\$347,604,050	26.3%	-	-		
Large Cap Equity Composite - Teachers'	6.9%	31	16.2%	21	10.0%	89	6.6%	44	12.6%	\$475,203,180	-	30.1%	-		
Large Cap Equity Composite - Municipal	6.9%	31	16.3%	20	11.7%	24	6.9%	37	12.8%	\$81,331,528	-	-	26.1%		
Standard & Poors 500	6.7%		15.8%		10.4%		6.2%		12.7%						
T. Rowe	7.2%	20	16.9%	15	n/a	n/a	n/a	n/a	13.4%	\$329,442,886	10.5%	10.0%	10.6%	Dec-05	0.30%
PIMCO	6.5%	73	16.3%	20	n/a	n/a	n/a	n/a	12.9%	\$330,526,747	10.5%	10.1%	10.3%	Dec-05	0.33%
Standard & Poors 500	6.7%		15.8%		10.4%		6.2%		12.7%						
SSgA	7.1%	26	15.9%	27	n/a	n/a	n/a	n/a	11.6%	\$244,159,679	5.3%	10.0%	5.3%	Dec-05	0.05%
S&P 500 Equal Weighted	7.1%		15.9%		13.6%		11.1%		11.3%						
Small Cap Equity															
Small Cap Equity Composite - Employees'	7.5%	71	11.0%	89	11.7%	91	9.5%	99	6.7%	\$154,389,516	11.7%	-	-		
Small Cap Equity Composite - Teachers'	7.5%	72	10.9%	91	11.2%	96	7.1%	99	6.6%	\$189,769,608	-	12.0%	-		
Small Cap Equity Composite - Municipal	7.6%	71	11.1%	87	11.2%	96	9.7%	99	6.7%	\$30,754,072	-	-	9.9%		
Russell 2000	8.9%		18.3%		13.6%		11.4%		9.4%						
SSgA 2500	8.6%	38	16.0%	59	n/a	n/a	n/a	n/a	9.2%	\$127,968,268	4.0%	4.1%	3.4%	Dec-05	0.07%
Russell 2500	8.7%		16.2%		14.1%		12.2%		9.2%						
Wellington	8.7%	62	20.5%	38	17.7%	37	n/a	n/a	12.6%	\$133,125,010	4.2%	4.2%	3.6%	Dec-05	0.49%
Russell 2000 Value	9.0%		23.5%		16.5%		15.4%		11.8%						
Longwood*	5.0%	93	(3.0)%	98	n/a	n/a	n/a	n/a	(2.0)%	\$113,819,830	3.5%	3.7%	2.9%	Dec-05	0.76%
Russell 2000 Growth	8.8%		13.4%		10.5%		6.9%		6.9%						
International Equity															
International Equity Composite - Employees'	11.3%	34	34.3%	2	21.9%	36	16.9%	42	18.4%	\$ 192,060,485	14.5%	-	-		
International Equity Composite - Teachers'	11.1%	35	33.7%	4	23.0%	12	17.4%	40	18.2%	\$ 230,028,734	-	14.6%	-		
International Equity Composite - Municipal	11.3%	34	34.3%	2	21.4%	43	16.7%	45	18.4%	\$ 45,561,565	-	-	14.6%		
Acadian	12.2%	18	37.4%	1	n/a	n/a	n/a	n/a	19.1%	\$212,789,536	7.3%	5.9%	7.4%	Oct-05	0.48%
Mondrian	10.3%	48	31.1%	14	22.3%	20	19.4%	20	17.6%	\$254,853,380	7.2%	8.7%	7.2%	Oct-05	0.36%
EAFE (After Taxes)	10.4%		26.3%		19.9%		15.0%		14.7%						
CITI EPAC	9.6%		25.2%		20.2%		15.2%		13.9%						
Core Fixed Income															
Delaware**	1.4%	26	4.9%	28	4.4%	25	6.0%	22	5.4%	\$577,221,609	20.1%	15.0%	24.2%	Apr-06	0.33%
LB Aggregate	1.2%		4.3%		3.7%		5.1%		5.1%						
High Yield Fixed Income															
MW Post	3.4%	67	9.3%	55	n/a	n/a	n/a	n/a	6.4%	\$159,956,569	5.0%	4.9%	5.1%	Apr-06	0.42%
LB High Yield	4.2%		11.9%		8.5%		10.2%		8.4%						
Global Fixed Income															
Brandywine	2.9%	19	8.5%	15	n/a	n/a	n/a	n/a	4.9%	\$68,505,062	2.3%	2.2%	1.2%	May-06	0.42%
Mondrian**	2.3%	36	5.5%	67	3.8%	68	7.9%	67	3.5%	\$34,993,631	2.2%	2.2%	1.3%	May-06	0.36%
CITI WGBI	1.8%		6.1%		2.9%		8.4%		3.3%						

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 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 December 31, 2006

	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											6.7%	8.3%	7.4%		
Morgan Stanley	4.8%	26	18.3%	33	18.8%	35	14.4%	31	9.2%	\$70,348,534	1.9%	2.4%	2.1%	Sep-06	0.89%
UBS Realty	5.4%	21	16.6%	41	17.4%	46	14.1%	32	9.5%	\$134,391,319	3.7%	4.6%	4.1%	Sep-06	0.90%
RREEF	6.4%	18	n/a		n/a		n/a		7.2%	\$5,477,718	0.2%	0.2%	0.2%	Sep-06	
Transwestern / Aslan	(7.9)%	99	(16.3)%	97	n/a		n/a		(12.2)%	\$1,563,896	0.0%	0.1%	0.0%	Sep-06	
Real Estate Cash	0.5%	71	n/a		n/a		n/a		n/a	\$30,694,870	0.8%	1.0%	0.9%	Sep-06	
NCREIF Property Index	3.5%		15.5%		16.6%		13.1%		7.1%						
Private Investment															
Pru & VVC	10.1%		14.0%		2.2%		1.4%		10.1%	\$6,014,038	0.0%	0.4%	0.0%		
Vermont Investments	(44.9)%		(43.7)%		(12.2)%		(12.2)%		(44.9)%	\$3,124,283	0.2%	0.0%	0.0%		
Alternative Investments	0.0%		0.9%		(11.0)%		(12.2)%		0.0%	\$474,144	0.0%	0.0%	0.2%		
Alternative Investment															
Mellon Global Alpha	7.4%		n/a		n/a		n/a		14.5%	\$171,579,057	5.5%	5.3%	5.2%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	5.7%		14.4%		9.9%		9.6%		9.2%						
Pimco All Asset	2.2%		n/a		n/a		n/a		6.6%	\$159,165,437	5.1%	4.9%	4.8%	May-06	0.83%
T-Bill + 5%	2.5%		10.1%		8.2%		7.5%		5.1%						
RMK Timber^	9.8%		55.0%		22.3%		14.6%		44.5%	\$5,282,590	0.4%	0.0%	0.0%		1.00%
NCREIF Timber Index^	0.8%		19.6%		13.7%		7.8%		0.8%						
Cash															
Employees' Cash	1.3%		5.2%		5.1%		3.7%		2.3%	\$1,170,259	0.1%	0.0%	0.0%		
Teachers' Cash	1.5%		5.2%		4.8%		3.3%		2.5%	\$1,139,658	0.0%	0.1%	0.0%		
Municipal Cash	1.3%		4.8%		3.7%		3.2%		2.4%	\$359,246	0.0%	0.0%	0.1%		
90 Day U.S. T-Bills	1.3%		4.8%		3.1%		2.4%		2.6%						

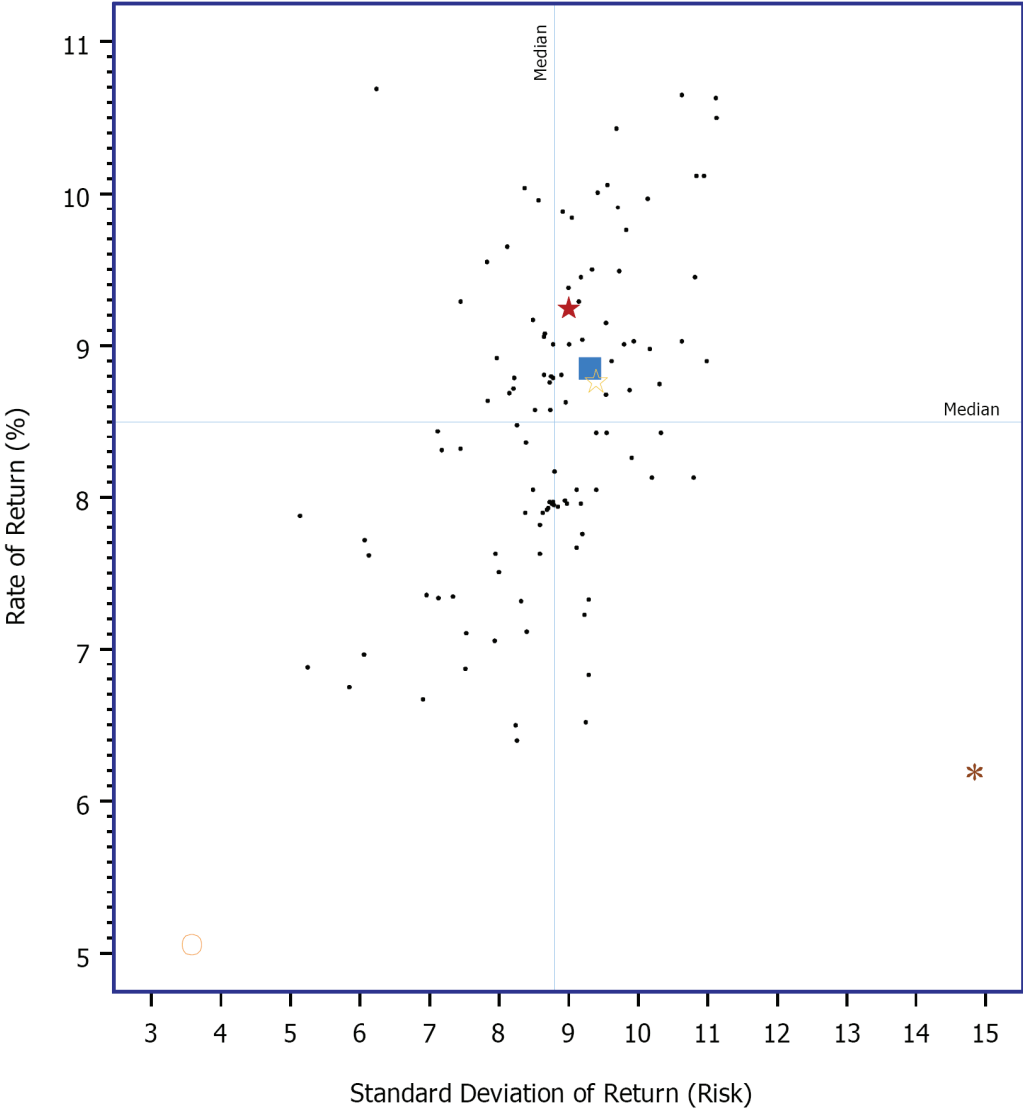
Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

^Returns reported on a quarterly basis.

^^Inception dates represent



Total Fund Risk / Return Analysis - 5 Years



	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	9.2	9.0	0.8
■ ALLOC INDEX	8.9	9.3	0.7
☆ POLICY INDEX	8.8	9.4	0.7
* S&P 500	6.2	14.8	0.3
○ LB AGGREGATE	5.1	3.6	0.7
Median	8.5	8.8	0.7

Funded status as of Fiscal Year 2006 = 99.3%

