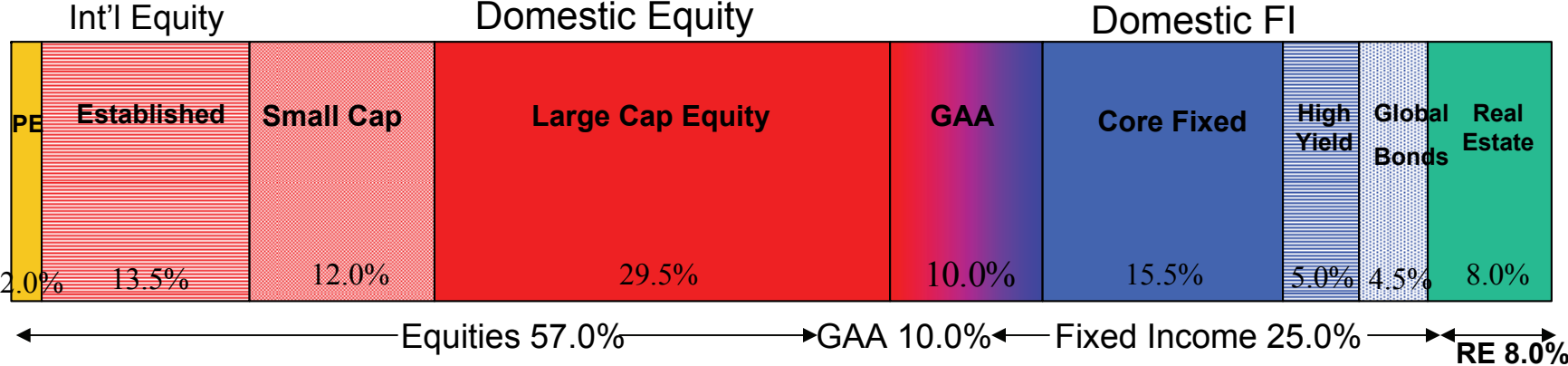


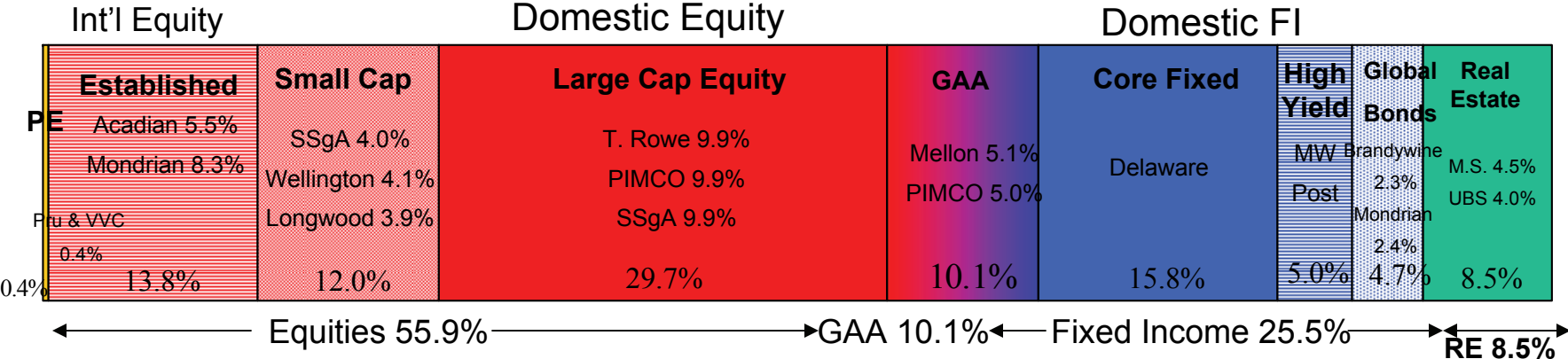
Plan Asset Allocation

As of June 30, 2006

Target Asset Allocation



Current Asset Allocation



Asset Breakdown

	Domestic Large Core	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	Alt Invest	Private Investment	Cash	Total
Composite	\$423,904	\$58,270	\$58,169	\$55,415	\$225,129	\$71,797	\$196,813	\$66,466	\$120,690	\$144,352	\$5,900	\$342	\$1,427,247
T. Rowe	140,944	0	0	0	0	0	0	0	0	0	0	0	\$140,944
PIMCO	141,663	0	0	0	0	0	0	0	0	0	0	0	\$141,663
SSgA	141,297	0	0	0	0	0	0	0	0	0	0	0	\$141,297
LC Transition Account	0	0	0	0	0	0	0	0	0	0	0	3	\$3
SSgA 2500	0	58,270	0	0	0	0	0	0	0	0	0	0	\$58,270
Wellington	0	0	58,169	0	0	0	0	0	0	0	0	0	\$58,169
Longwood	0	0	0	55,415	0	0	0	0	0	0	0	0	\$55,415
Acadian	0	0	0	0	0	0	78,854	0	0	0	0	0	\$78,854
Mondrian	0	0	0	0	0	0	117,959	0	0	0	0	0	\$117,959
IE Transition Account	0	0	0	0	0	0	0	0	0	0	0	4	\$4
Delaware	0	0	0	0	225,124	0	0	0	0	0	0	0	\$225,124
MW Post	0	0	0	0	0	71,792	0	0	0	0	0	0	\$71,792
Mondrian	0	0	0	0	0	0	0	33,712	0	0	0	0	\$33,712
Brandywine	0	0	0	0	0	0	0	32,754	0	0	0	0	\$32,754
Mondrian - Legacy	0	0	0	0	0	0	0	0	0	0	0	8	\$8
Morgan Stanely	0	0	0	0	0	0	0	0	64,807	0	0	0	\$64,807
UBS Realty	0	0	0	0	0	0	0	0	55,883	0	0	0	\$55,883
Mellon GAA	0	0	0	0	0	0	0	0	0	72,349	0	0	\$72,349
PIMCO AA	0	0	0	0	0	0	0	0	0	72,003	0	0	\$72,003
Pru & VVC	0	0	0	0	0	0	0	0	0	0	5,900	0	\$5,900
Vermont Investment	0	0	0	0	5	5	0	0	0	0	0	327	\$337

(Dollars in 000's)

Total Fund Asset Growth Summary

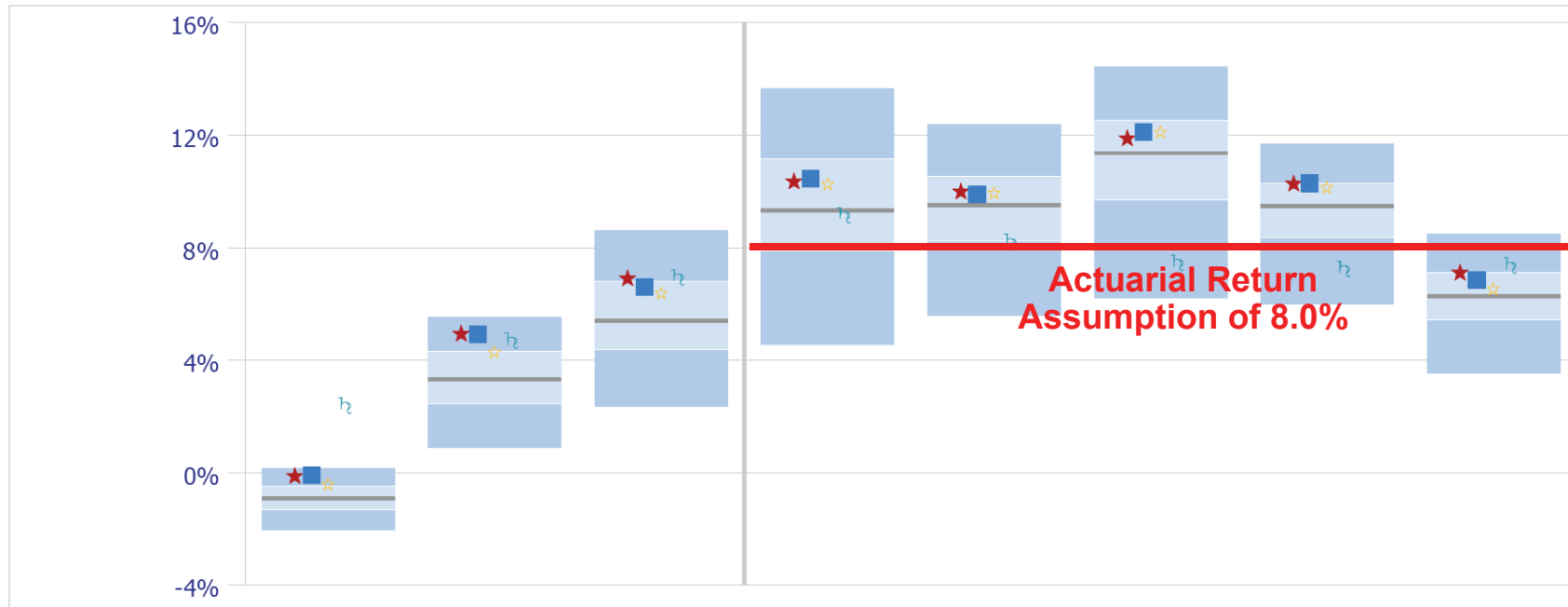
As of June 30, 2006

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,438,655	1,378,365	1,325,794	1,106,102
Net External Growth	-8,433	-17,887	-33,774	-143,236
Return on Investment	-2,975	66,768	135,227	464,381
Income Received	6,207	11,091	24,741	139,158
Gain/Loss	-9,182	55,677	110,485	325,223
Ending Market Value	1,427,247	1,427,247	1,427,247	1,427,247

Return -0.1% +5.0% +10.4%

Total Public Funds – Total Rates of Return

As of June 30, 2006



	One Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
★ TRS COMPOSITE	-0.1	7	5.0	9	6.9	21	10.4	36	10.0	37	11.9	34	10.3	24	7.1	24
■ ALLOC INDEX	-0.1	7	4.9	10	6.6	28	10.5	36	9.9	39	12.1	31	10.3	24	6.9	31
☆ POLICY INDEX	-0.4	17	4.3	25	6.4	34	10.3	39	10.0	38	12.1	31	10.2	29	6.6	42
Median	-0.9		3.3		5.4		9.3		9.5		11.3		9.5		6.3	
MEDIAN > \$500M	-0.9		3.8		6.5		10.8		10.3		12.1		10.0		6.6	

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

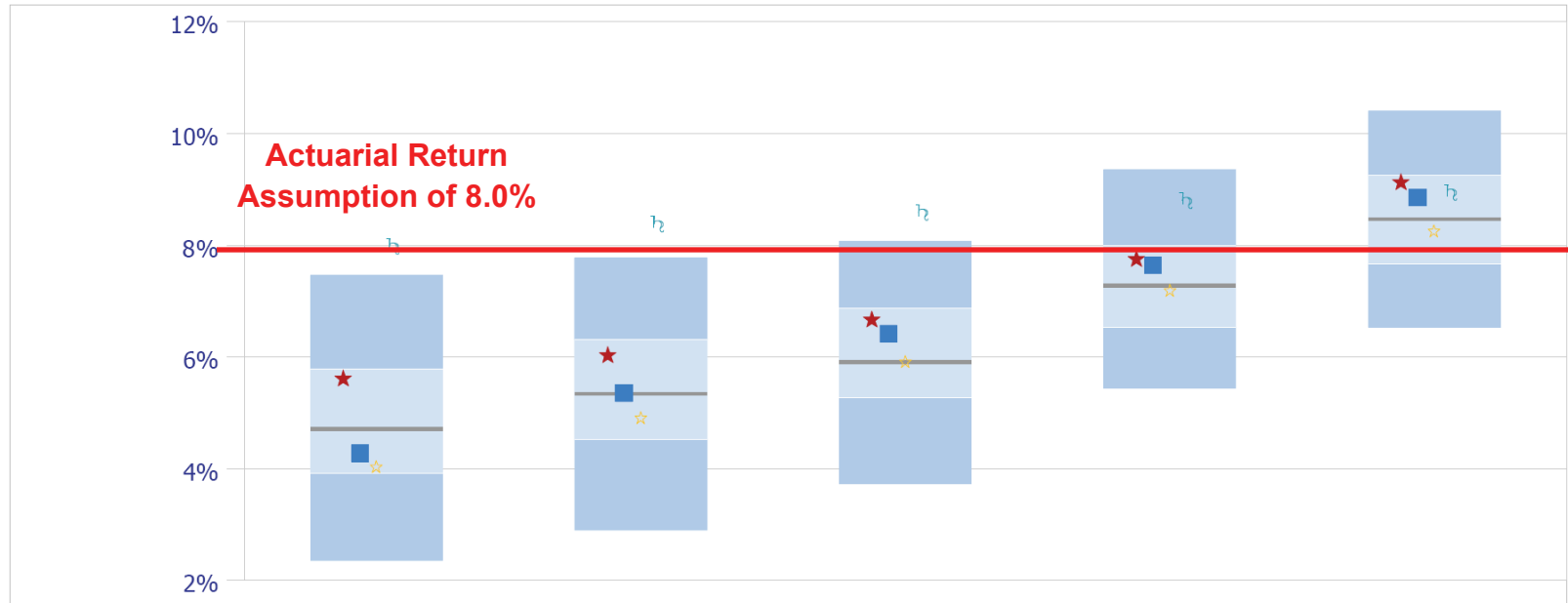
•Allocation Index: Measures the effectiveness of deviating from the target policy weights. (Policy Index - Allocation Index) Allocation Index = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

•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

As of June 30, 2006



	Six Years	Seven Years	Eight Years	Nine Years	Ten Years
★ TRS COMPOSITE	5.6 31	6.0 29	6.7 29	7.8 33	9.1 25
■ ALLOC INDEX	4.3 62	5.4 48	6.4 35	7.6 40	8.9 35
☆ POLICY INDEX	4.0 70	4.9 64	5.9 49	7.2 50	8.3 58
Median	4.7	5.3	5.9	7.3	8.5
MEDIAN > \$500M	4.6	5.4	6.1	7.2	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)



VPIC Total Performance Summary

State of Vermont																		
Investment Performance "Flash" Report																		
Periods Ending June 30, 2006																		
Quarter	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee	
Teachers' Composite																		
Teachers' Composite	(0.1)%	7	11	5.0%	9	15	10.4%	36	62	11.9%	34	59	7.1%	24	39	\$1,427,246,519	100%	0.42%
Allocation Index	(0.1)%			4.9%			10.5%			12.1%			6.9%					
Policy Index	(0.4)%			4.3%			10.3%			12.1%			6.6%					
Employees' Composite																		
Employees' Composite	(0.4)%	17	23	4.5%	15	29	10.6%	34	55	11.7%	42	67	6.7%	36	49	\$1,217,869,445	100%	0.42%
Allocation Index	(0.4)%			4.3%			10.0%			11.7%			6.3%					
Policy Index	(0.3)%			4.1%			9.8%			11.6%			6.4%					
Municipal Composite																		
Municipal Composite	(0.3)%	11		4.3%	25		11.3%	19		11.4%	48		6.7%	35		\$279,760,508	100%	0.44%
Allocation Index	(0.4)%			4.1%			9.8%			11.9%			6.2%					
Policy Index	(0.6)%			4.0%			10.2%			11.8%			6.5%					
Medians																		
Median Public Fund	(0.9)%			3.3%			9.3%			11.3%			6.3%					
Median Public Fund >\$500M	(0.9)%			3.8%			10.8%			12.1%			6.6%					
Median Large Fund	(0.9)%			3.8%			10.8%			12.4%			6.7%					

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 June 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	(1.7)%	64	3.2%	29	10.1%	28	11.5%	47	3.4%	39	\$311,781,744	25.6%	-	-	
Large Cap Equity Composite - TRS	(1.8)%	68	3.2%	29	9.0%	41	10.8%	90	3.0%	45	\$423,908,073	-	29.7%	-	
Large Cap Equity Composite - MRS	(1.7)%	64	3.1%	30	13.3%	12	12.2%	43	3.7%	33	\$71,114,907	-	-	25.4%	
Standard & Pooers 500	(1.4)%		2.7%		8.6%		11.2%		2.5%						
T. Rowe	(1.5)%	57	3.1%	30	n/a		n/a		n/a		\$293,755,835	10.2%	9.9%	10.0%	0.30%
PIMCO	(1.5)%	56	3.0%	32	n/a		n/a		n/a		\$294,522,962	10.2%	9.9%	10.1%	0.33%
Standard & Pooers 500	(1.4)%		2.7%		8.6%		11.2%		2.5%						
SSgA	(2.2)%	79	3.9%	17	n/a		n/a		n/a		\$218,515,819	5.1%	9.9%	5.3%	0.05%
S&P 500 Equal Weighted	(2.1)%		4.0%		11.9%		16.8%		8.0%						
Small Cap Equity															
Small Cap Equity Composite - ERS	(6.0)%	83	4.1%	83	11.3%	61	16.5%	86	7.2%	97	\$144,656,808	11.9%	-	-	
Small Cap Equity Composite - TRS	(6.0)%	83	4.1%	83	8.5%	74	16.5%	86	4.7%	100	\$171,855,275	-	12.0%	-	
Small Cap Equity Composite - MRS	(6.0)%	83	4.1%	83	10.8%	63	17.0%	78	10.1%	94	\$28,813,134	-	-	10.3%	
Russell 2000	(5.0)%		8.2%		14.6%		18.7%		8.5%						
SSgA 2500	(4.5)%	65	6.2%	53	n/a		n/a		n/a		\$116,200,697	4.0%	4.1%	3.5%	0.08%
Russell 2500	(4.3)%		6.3%		13.5%		19.2%		9.7%						
Wellington	(1.0)%	18	7.1%	47	11.6%	45	n/a		n/a		\$117,267,420	4.0%	4.1%	3.5%	0.47%
Russell 2000 Value	(2.7)%		10.4%		14.6%		21.0%		13.1%						
Longwood	(12.2)%	97	(1.0)%	100	4.4%	96	n/a		n/a		\$111,857,012	3.9%	3.9%	3.3%	0.76%
Russell 2000 Growth	(7.3)%		6.1%		14.6%		16.3%		3.5%						
International Equity															
International Equity Composite - ERS	2.4%	5	13.5%	2	30.2%	20	23.6%	66	11.2%	63	\$ 164,468,147	13.5%	-	-	
International Equity Composite - TRS	2.5%	4	13.1%	3	28.8%	38	24.6%	51	12.1%	47	\$ 196,817,518	-	13.8%	-	
International Equity Composite - MRS	2.4%	5	13.5%	2	28.4%	42	23.4%	72	11.8%	50	\$ 38,498,991	-	-	13.8%	
Acadian	2.0%	9	15.3%	1	n/a		n/a		n/a		\$180,553,182	6.8%	5.5%	6.9%	0.48%
Mondrian	2.8%	4	11.6%	19	24.4%	73	24.7%	49	14.5%	21	\$219,223,676	6.7%	8.3%	6.9%	0.36%
EAFE (After Taxes)	0.7%		10.2%		26.6%		23.9%		10.0%						
CITI EPAC	0.9%		9.9%		27.4%		24.4%		10.4%						
Core Fixed Income															
Delaware**	(0.1)%	74	(0.5)%	54	(0.3)%	46	3.1%	16	5.9%	22	\$550,272,230	21.0%	15.8%	25.0%	0.33%
LB Aggregate	(0.1)%		(0.7)%		(0.8)%		2.1%		5.0%						
High Yield Fixed Income															
MW Post	0.3%	14	2.6%	24	5.3%	29	n/a		n/a		\$148,335,102	5.1%	5.0%	5.0%	0.42%
LB High Yield	0.3%		3.2%		4.8%		8.6%		8.7%						
Global Fixed Income															
Brandywine	2.4%	47	3.5%	23	n/a		n/a		n/a		\$65,322,228	2.4%	2.3%	1.3%	0.42%
Mondrian**	2.3%	54	1.9%	61	0.0%	77	4.3%	59	8.4%	54	\$65,212,807	2.3%	2.4%	1.4%	0.36%
CITI WGBI	3.2%		2.7%		(0.4)%		4.2%		8.5%						

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 June 30, 2006															
	Quarter	YTD	Last Year	Last 3 Years	Last 5 Years	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	Annual Fee					
Real Estate[^]															
Total Real Estate							6.8%	8.5%	7.5%						
Morgan Stanley	3.7%	28	7.9%	46	21.5%	27	17.5%	37	12.2%	44	\$64,807,278	0.0%	4.5%	0.0%	0.90%
UBS Realty - TRS	3.4%	35	6.5%	62	15.6%	59	15.7%	47	11.8%	48	\$55,882,737	0.0%	3.9%	0.0%	0.90%
UBS Realty - ERS	3.4%	35	6.5%	62	15.6%	59	15.7%	47	11.8%	48	\$67,426,591	5.5%	0.0%	0.0%	0.90%
RREEF	4.1%	20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$5,089,981	0.4%	0.0%	0.0%	
Transwestern / Aslan	(3.9)%	97	(4.6)%	96	n/a	n/a	n/a	n/a	n/a	n/a	\$958,190	0.1%	0.0%	0.0%	
Henderson (Cash)	0.9%		1.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$9,056,134	0.7%	0.0%	0.0%	
SSR	3.7%	28	8.1%	46	20.1%	31	12.8%	67	9.0%	65	\$20,989,598	0.0%	0.0%	7.5%	1.12%
<i>NCREIF Property Index</i>	4.0%		7.8%		18.7%		15.8%		12.0%						
Alternative Investments[^]															
Pru & VVC	1.2%		3.6%		8.8%		(0.2)%		(0.9)%		\$5,899,834	0.0%	0.4%	0.0%	
Vermont Investments	(0.2)%		2.1%		5.8%		7.1%		(3.4)%		\$5,764,630	0.5%	0.0%	0.0%	
Alternative Investments	0.6%		0.9%		1.4%		(11.0)%		(12.1)%		\$474,777	0.0%	0.0%	0.2%	
RMK Timber	3.9%		7.3%		18.8%		8.5%		6.3%		\$7,699,139	0.6%	0.0%	0.0%	1.00%
<i>NCREIF Timber Index</i>	12.0%		25.4%		31.3%		16.7%		8.8%						
Global Asset Allocation															
Mellon Global Alpha	n/a		n/a		n/a		n/a		n/a		\$149,722,538	5.2%	5.1%	5.0%	0.65%
<i>60%MSCI World / 40% CITI WGBI</i>	1.0%		4.8%		9.8%		11.8%		7.2%						
Pimco All Asset	n/a		n/a		n/a		n/a		n/a		\$149,005,494	5.2%	5.0%	5.0%	0.83%
<i>T-Bill + 5%</i>	2.4%		4.7%		9.2%		7.5%		7.4%						
Cash															
Employees' Cash	1.4%		2.9%		8.9%		4.6%		3.5%		\$87,071	0.0%	0.0%	0.0%	
Teachers' Cash	2.1%		3.7%		6.4%		4.6%		3.1%		\$331,766	0.0%	0.0%	0.0%	
Municipal Cash	1.3%		2.4%		4.6%		3.5%		3.1%		\$614,852	0.0%	0.0%	0.2%	
<i>90 Day U.S. T-Bills</i>	1.2%		2.2%		4.0%		2.4%		2.3%						

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

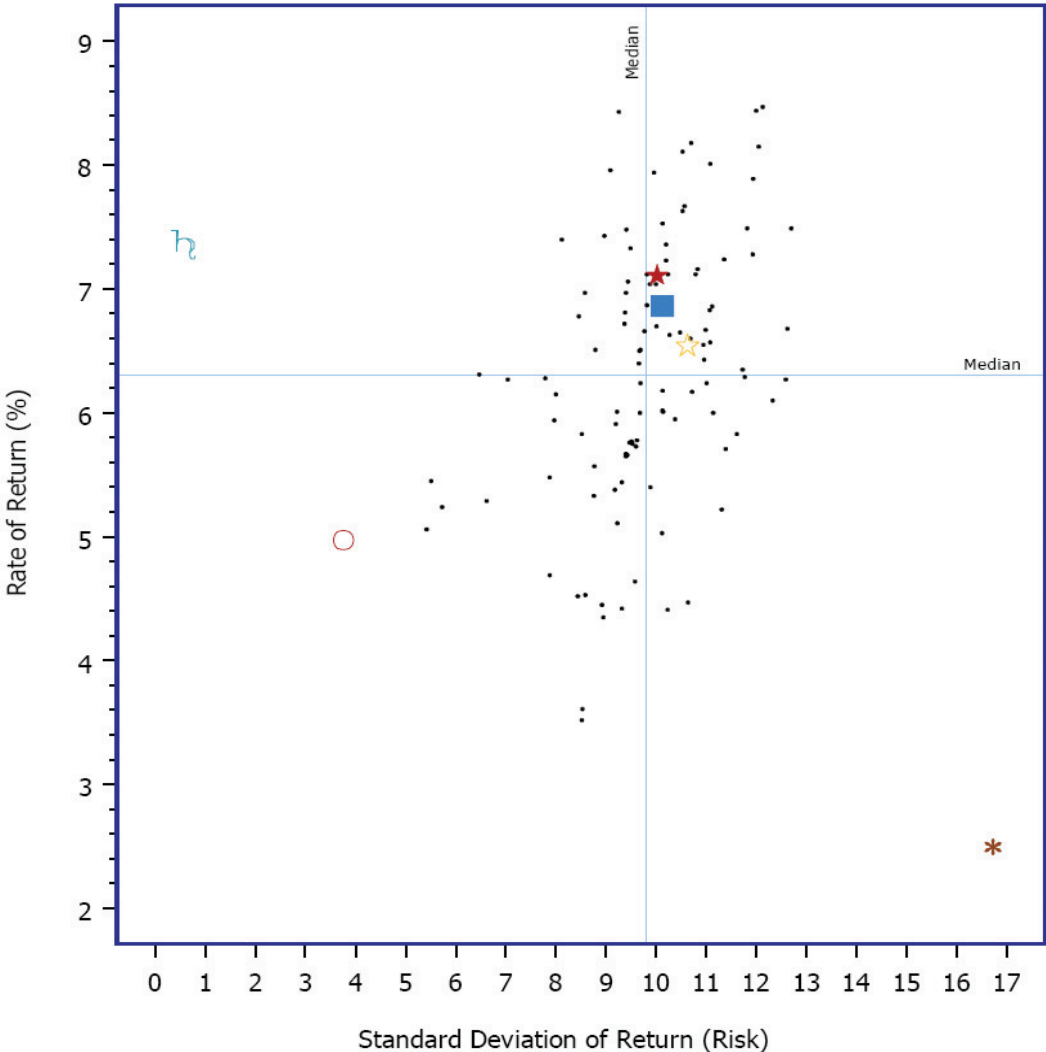
*Individual manager allocations may not equal 100% as a result of residual cash in the State Street legacy accounts.

[^]Returns reported on a quarterly basis.



Total Fund Risk / Return Analysis

Total Public Funds – Total Return vs. Risk - 5 Years Ending 6/30/06



	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	7.1	10.0	0.5
■ ALLOC INDEX	6.9	10.1	0.5
☆ POLICY INDEX	6.6	10.6	0.4
* S&P 500	2.5	16.7	0.1
○ LB AGGREGATE	5.0	3.8	0.7
Median	6.3	9.8	0.5

Funded status as of June 30, 2005 = 90.7%

