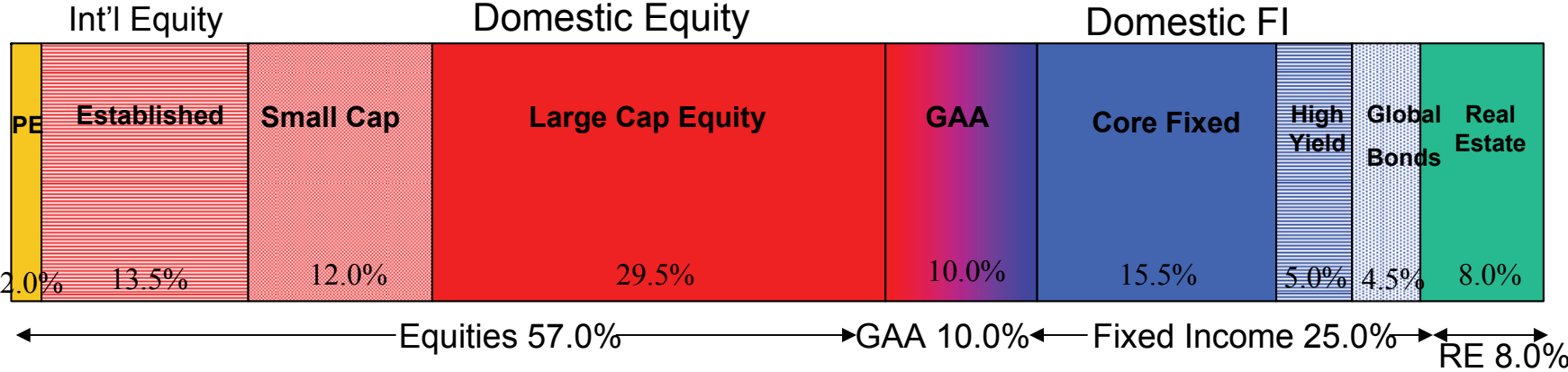


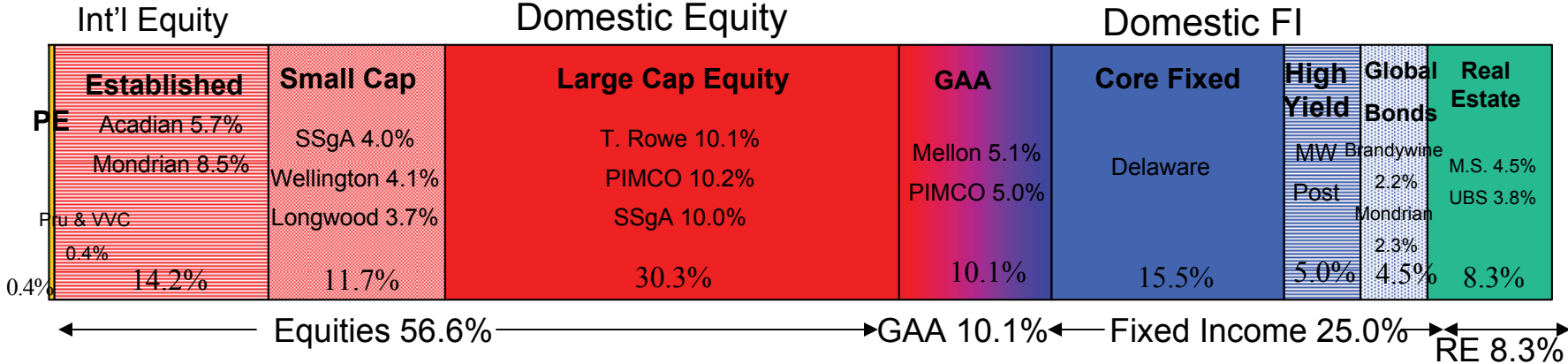
Plan Asset Allocation

As of September 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	\$456,046	\$59,605	\$61,276	\$55,632	\$232,950	\$74,926	\$213,557	\$67,266	\$125,395	\$153,162	\$5,583	\$525	\$1,505,923
T. Rowe	152,303	0	0	0	0	0	0	0	0	0	0	0	\$152,303
PIMCO	153,367	0	0	0	0	0	0	0	0	0	0	0	\$153,367
SSgA	150,376	0	0	0	0	0	0	0	0	0	0	0	\$150,376
SSgA 2500	0	59,605	0	0	0	0	0	0	0	0	0	0	\$59,605
Wellington	0	0	61,276	0	0	0	0	0	0	0	0	0	\$61,276
Longwood	0	0	0	55,632	0	0	0	0	0	0	0	0	\$55,632
Acadian	0	0	0	0	0	0	85,775	0	0	0	0	0	\$85,775
Mondrian	0	0	0	0	0	0	127,782	0	0	0	0	0	\$127,782
Delaware	0	0	0	0	232,945	0	0	0	0	0	0	0	\$232,945
MW Post	0	0	0	0	0	74,926	0	0	0	0	0	0	\$74,926
Mondrian	0	0	0	0	0	0	0	33,869	0	0	0	0	\$33,869
Brandywine	0	0	0	0	0	0	0	33,397	0	0	0	0	\$33,397
Morgan Stanely	0	0	0	0	0	0	0	0	67,483	0	0	0	\$67,483
UBS Realty	0	0	0	0	0	0	0	0	57,912	0	0	0	\$57,912
Mellon GAA	0	0	0	0	0	0	0	0	0	77,242	0	0	\$77,242
PIMCO AA	0	0	0	0	0	0	0	0	0	75,920	0	0	\$75,920
Pru & VVC	0	0	0	0	0	0	0	0	0	0	5,583	0	\$5,583
Legacy Accounts	0	0	0	0	0	0	0	0	0	0	0	48	\$48
Vermont Investment	0	0	0	0	5	0	0	0	0	0	0	477	\$482

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending September 30, 2006

TEACHERS' RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,427,247	1,378,365	1,363,037	1,106,102
Net External Growth	19,578	1,692	-8,565	-123,658
Return on Investment	59,099	125,866	151,452	523,480
Income Received	48	11,139	17,178	139,206
Gain/Loss	59,050	114,727	134,274	384,273
Ending Market Value	1,505,923	1,505,923	1,505,923	1,505,923

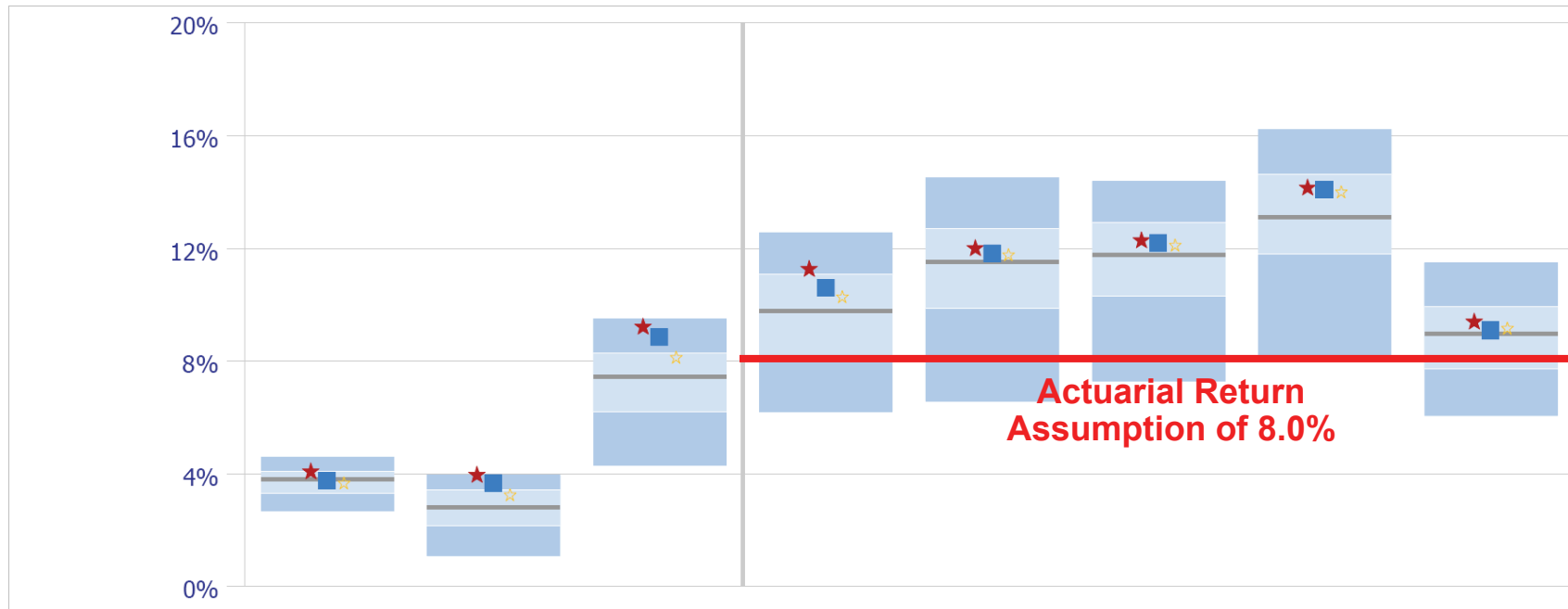
Return +4.1% +9.2% +11.3%



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	
★ TRS COMPOSITE	4.1	23	4.0	4	9.2	7	11.3	20	12.0	42	12.3	39	14.2	33	9.4	34
■ ALLOC INDEX	3.8	51	3.7	12	8.9	13	10.6	30	11.8	45	12.2	39	14.1	33	9.1	44
☆ POLICY INDEX	3.7	55	3.3	33	8.1	27	10.3	36	11.8	46	12.1	39	14.0	33	9.2	41
Median	3.8		2.8		7.4		9.8		11.5		11.8		13.1		9.0	
MEDIAN > \$500M	3.7		2.9		7.8		10.5		12.3		12.3		13.9		9.3	

•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.

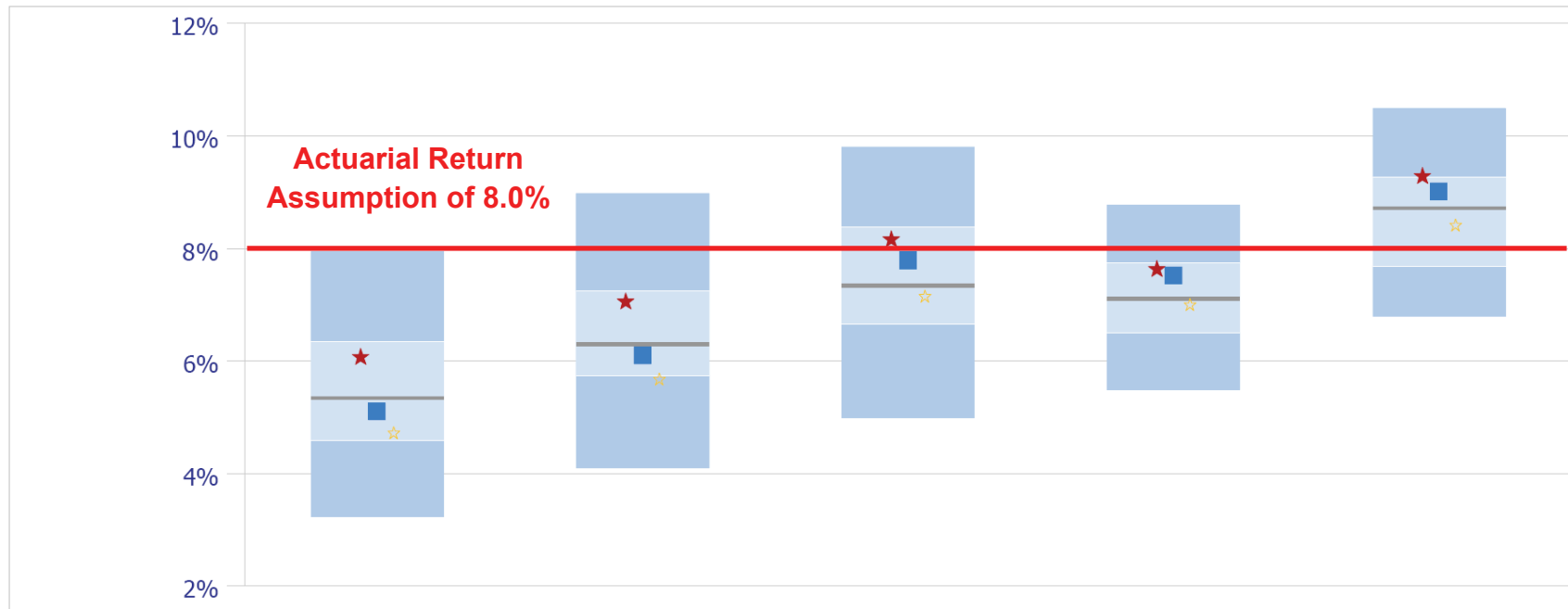
•Composite: Actual composite return = actual asset class weights times the actual manager return. Measures the effectiveness of the managers. (Actual composite return - Allocation Index)



Total Public Funds – Total Rates of Return

Periods Ending September 30, 2006

Total Returns



	Six Years		Seven Years		Eight Years		Nine Years		Ten Years	
★ TRS COMPOSITE	6.1	32	7.1	30	8.2	29	7.6	29	9.3	23
■ ALLOC INDEX	5.1	56	6.1	60	7.8	41	7.5	34	9.0	37
☆ POLICY INDEX	4.7	66	5.7	77	7.2	63	7.0	50	8.4	60
Median	5.3		6.3		7.3		7.1		8.7	
MEDIAN > \$500M	5.3		6.3		7.6		7.0		8.6	

•*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)



VPIC Total Performance Summary

State of Vermont																		
Investment Performance "Flash" Report																		
Periods Ending September 30, 2006																		
<u>Quarter</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>YTD</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>Market Value</u>	<u>% of Total Portfolio</u>	<u>Annual 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 State Teachers
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

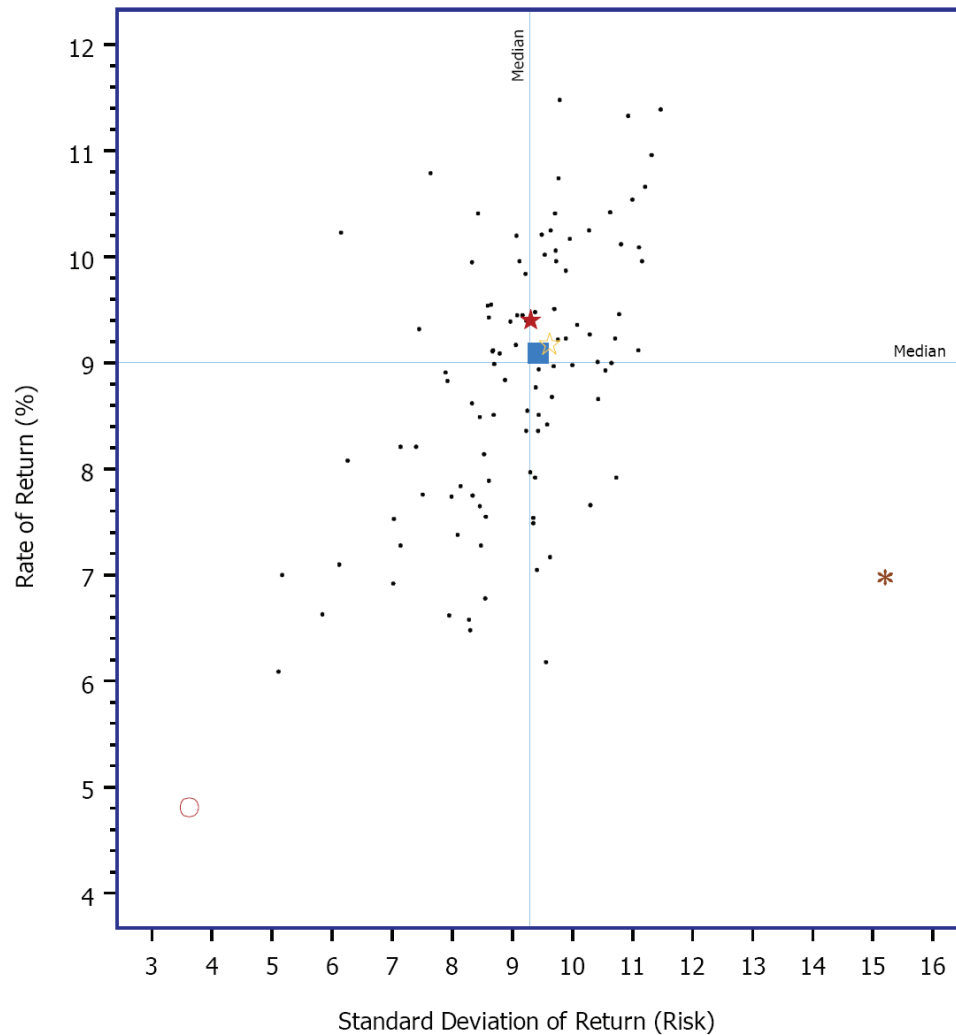
State of Vermont															
Investment Performance "Flash" Report															
Periods Ending September 30, 2006															
	Quarter	Rank	YTD	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	Annual Fee
Real Estate^A															
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%						
<p>Note: Returns are gross of manager fees and should be considered preliminary. Results for periods longer than one year are annualized.</p> <p>^AIndividual manager allocations may not equal 100% as a result of residual cash in the State Street legacy accounts.</p> <p>^AReturns reported on a quarterly basis.</p>															



Total Fund Risk / Return Analysis

5 Years Ending September 30, 2006

Total Public Funds - Total Returns



	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	9.4	34	9.3 48
■ ALLOC INDEX	9.1	44	9.4 42
☆ POLICY INDEX	9.2	41	9.6 37
* S&P 500	7.0	86	15.2 1
○ LB AGGREGATE	4.8	98	3.6 100
Median	9.0		9.3 0.8

Funded status as of Fiscal Year 2006 = 84.6%

