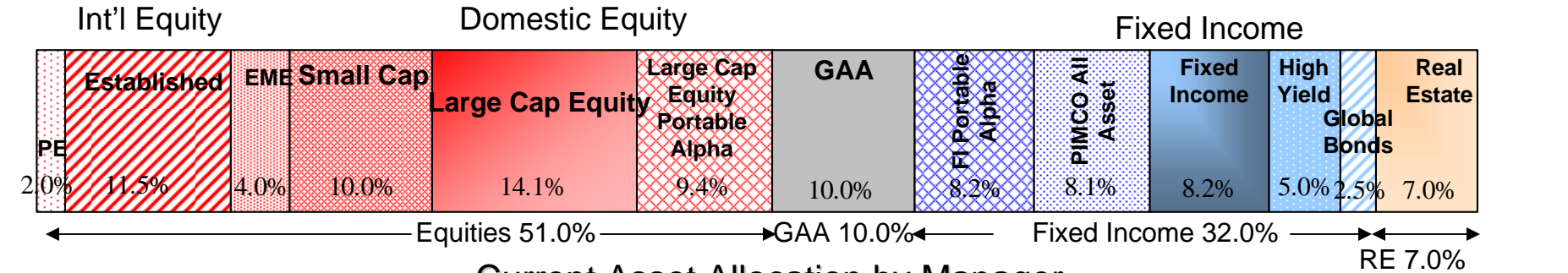


Vermont Municipal Employees' Retirement System

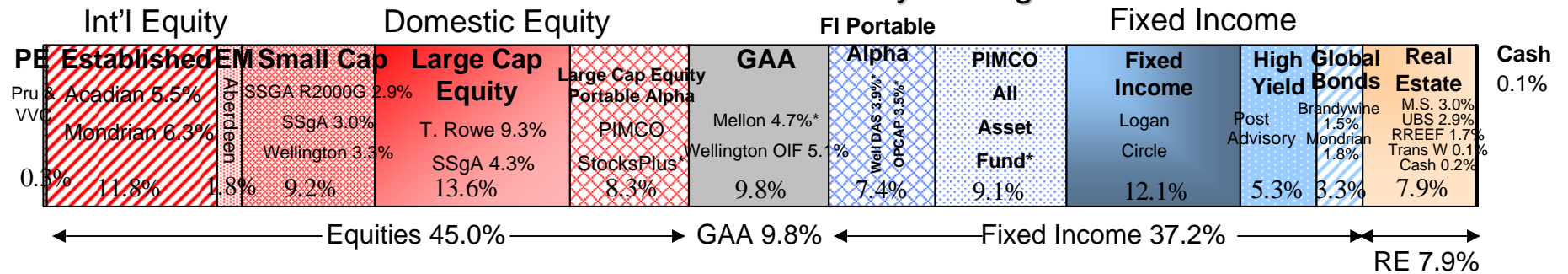


Plan Asset Allocation

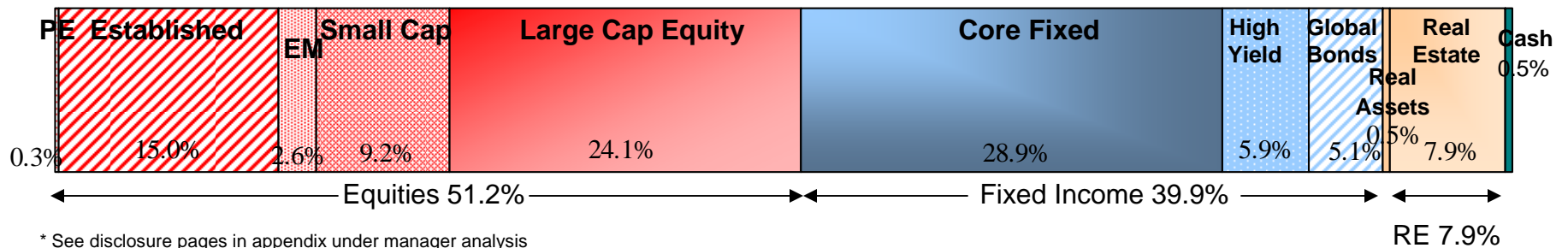
As of December 31, 2008
Target Asset Allocation



Current Asset Allocation by Manager



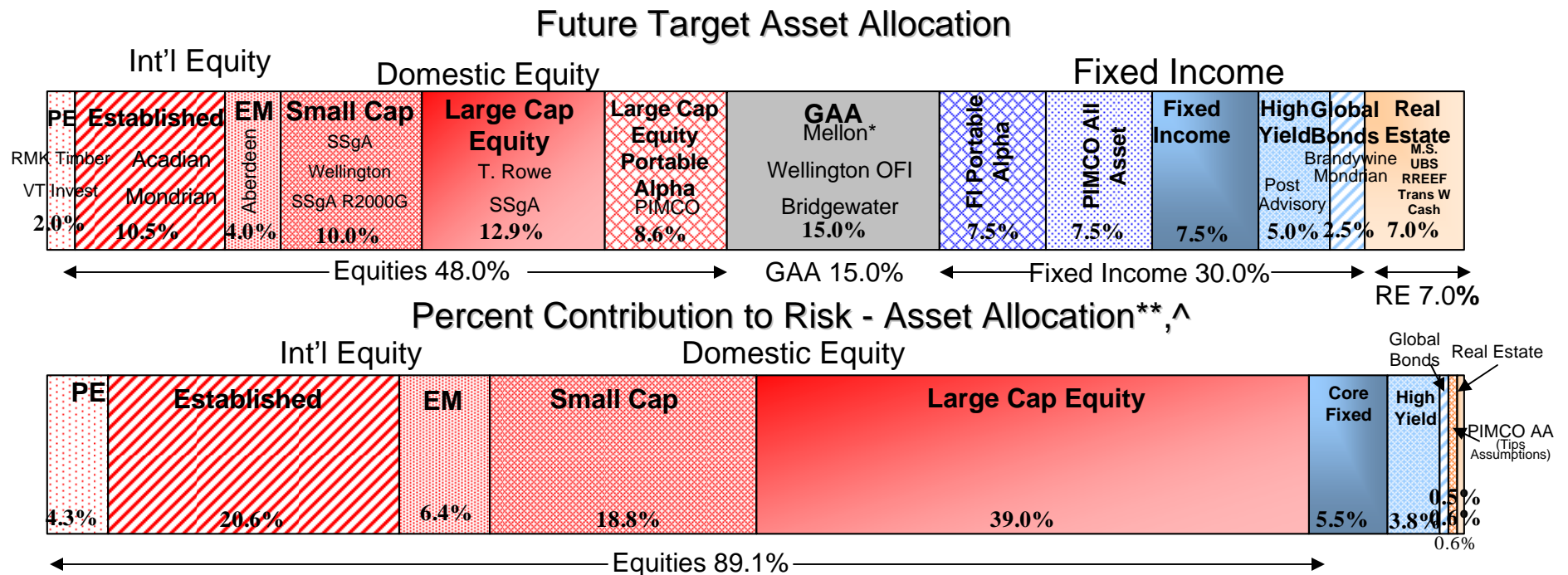
Current Asset Allocation by Asset Class



* See disclosure pages in appendix under manager analysis
Numbers may not add up to 100% due to rounding.



Plan Future Asset Allocation and Risk Budgeting



Numbers may not add up to 100% due to rounding.

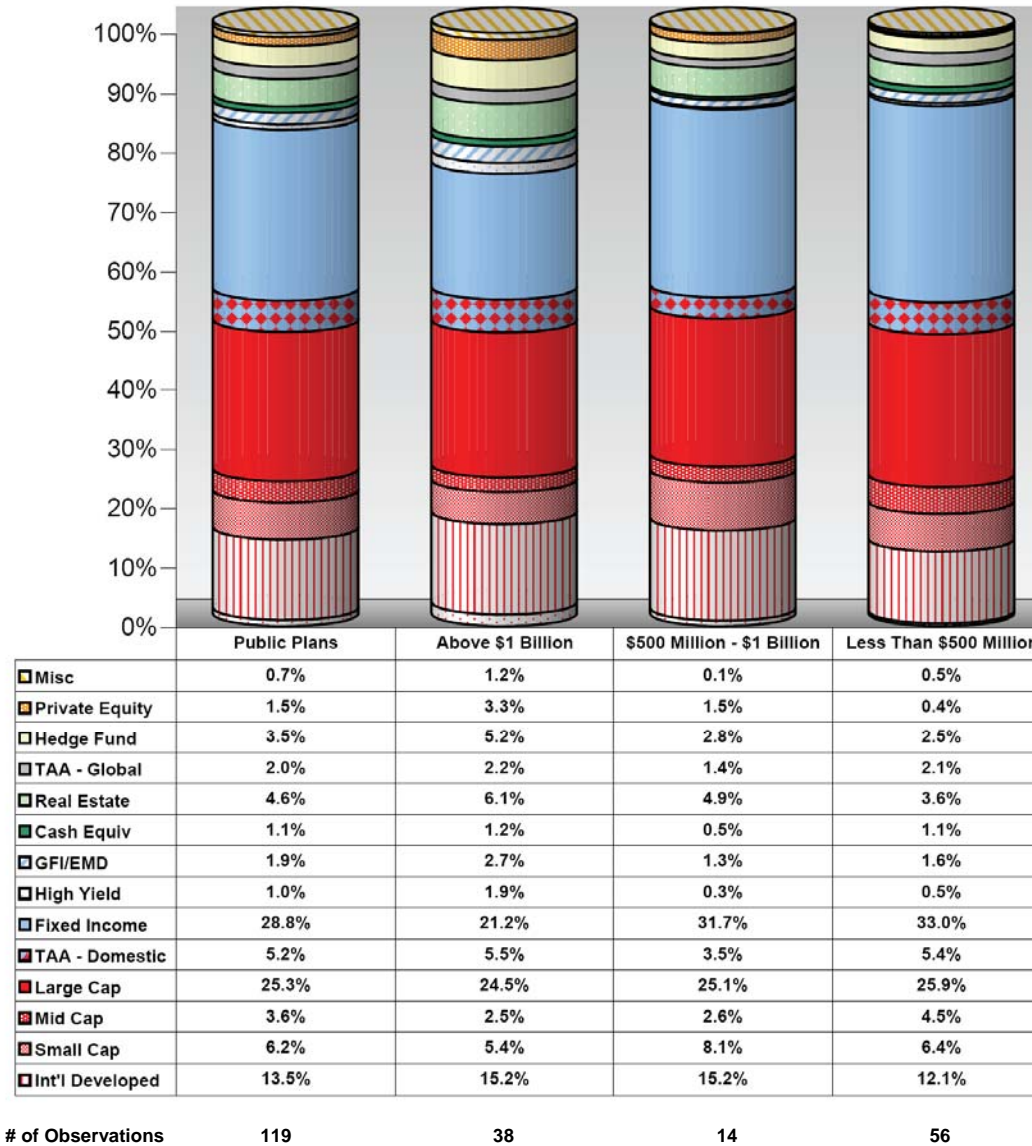
* See disclosure pages in appendix under manager analysis

**Mellon GA 1 was modeled using the following asset classes: 30% Large Cap / 30% Int'l Equity / 20% Core Fixed Income / 20% Global Bonds.

^PIMCO AA was modeled using our Tips Assumptions.



ICC Average Asset Allocation – Public Plans



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	GAA	Cash	Total
Composite	\$51,686	\$7,162	\$7,771	\$6,921	\$67,659	\$12,444	\$32,101	\$7,838	\$18,667	\$767	\$23,148	\$139	\$236,303
T. Rowe	21,977	0	0	0	0	0	0	0	0	0	0	0	\$21,977
PIMCO	19,514	0	0	0	0	0	0	0	0	0	0	0	\$19,514
SSgA Equal Wgt	10,195	0	0	0	0	0	0	0	0	0	0	0	\$10,195
SSgA R-2000 Growth	0	0	0	6,921	0	0	0	0	0	0	0	0	\$6,921
SSgA R-2500	0	7,162	0	0	0	0	0	0	0	0	0	0	\$7,162
Wellington	0	0	7,771	0	0	0	0	0	0	0	0	0	\$7,771
Acadian	0	0	0	0	0	0	12,910	0	0	0	0	0	\$12,910
Mondrian	0	0	0	0	0	0	14,965	0	0	0	0	0	\$14,965
Aberdeen	0	0	0	0	0	0	4,226	0	0	0	0	0	\$4,226
Logan Circle	0	0	0	0	28,534	0	0	0	0	0	0	0	\$28,534
Oppenheimer	0	0	0	0	8,381	0	0	0	0	0	0	0	\$8,381
PIMCO AA	0	0	0	0	21,530	0	0	0	0	0	0	0	\$21,530
Wellington DAS	0	0	0	0	9,210	0	0	0	0	0	0	0	\$9,210
Post Advisory	0	0	0	0	0	12,444	0	0	0	0	0	0	\$12,444
Brandywine	0	0	0	0	0	0	0	3,563	0	0	0	0	\$3,563
Mondrian	0	0	0	0	0	0	0	4,275	0	0	0	0	\$4,275
Morgan Stanely	0	0	0	0	0	0	0	0	7,182	0	0	0	\$7,182
UBS Realty	0	0	0	0	0	0	0	0	6,759	0	0	0	\$6,759
RREEF	0	0	0	0	0	0	0	0	4,095	0	0	0	\$4,095
Transwestern	0	0	0	0	0	0	0	0	268	0	0	0	\$268
Real Estate Cash	0	0	0	0	0	0	0	0	363	0	0	0	\$363
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	11,180	0	\$11,180
Wellington OIF	0	0	0	0	0	0	0	0	0	0	11,968	0	\$11,968
Vermont Cash	0	0	0	0	4	0	0	0	0	0	0	139	\$143
Alt. Assets	0	0	0	0	0	0	0	0	0	767	0	0	\$767

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending December 31, 2008

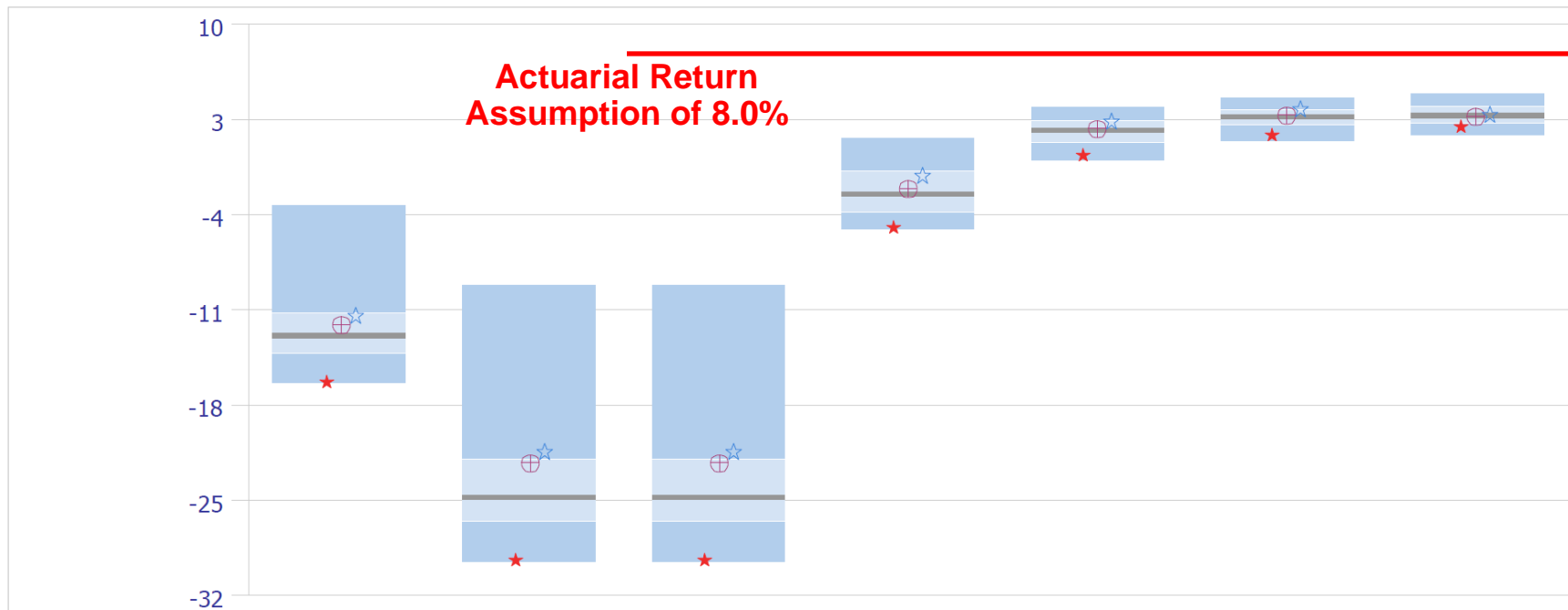
MUNICIPAL SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	282,392	333,240	333,240	163,148
Net External Growth	15	1,658	1,658	43,442
Return on Investment	-46,105	-98,595	-98,595	29,713
Income Received	5	70	70	25,153
Gain/Loss	-46,110	-98,665	-98,665	4,559
Ending Market Value	236,303	236,303	236,303	236,303

Return	-16.3%	-29.4%	-29.4%
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Total Public Funds – Total Rates of Return*



	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ MUNI COMPOSITE	-16.3	94	-29.4	93	-29.4	93	-4.9	92	0.4	92	1.9	87	2.5	80
⊕ ALLOC INDEX	-12.1	38	-22.3	26	-22.3	26	-2.1	38	2.3	43	3.3	43	3.2	59
☆ POLICY INDEX	-11.4	30	-21.4	22	-21.4	22	-1.1	27	2.9	24	3.8	20	3.4	46
Median	-12.9	--	-24.8	--	-24.8	--	-2.5	--	2.2	--	3.2	--	3.3	--

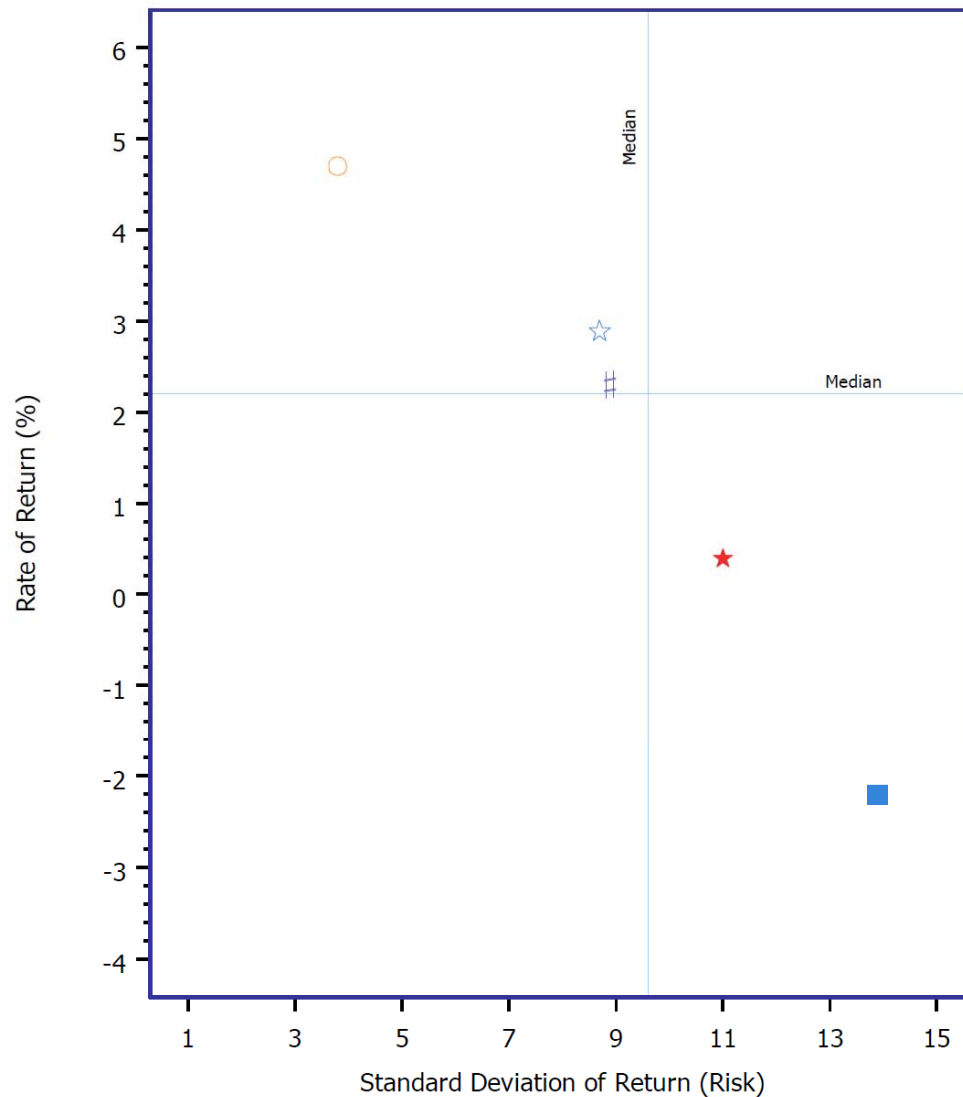
• *Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

• *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 Fund Risk / Return Analysis – 5 Years*

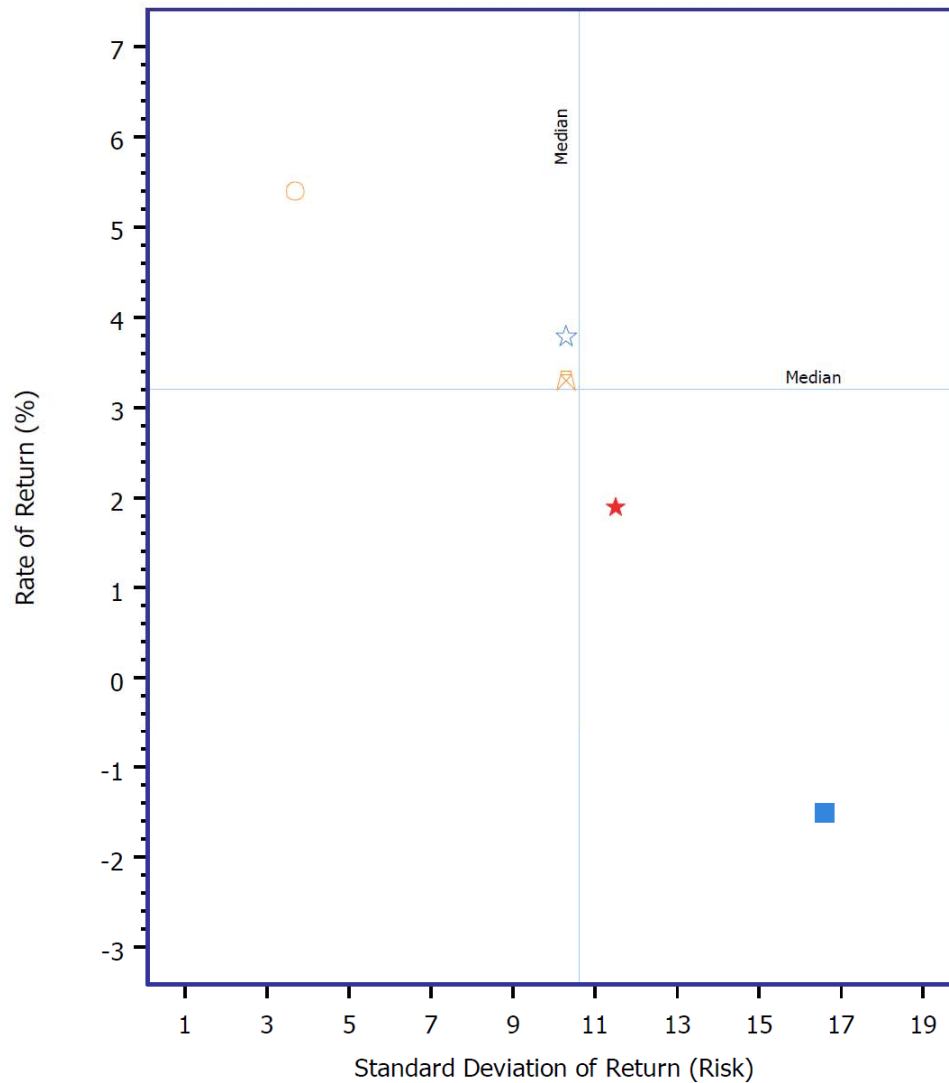


	Return		Standard Deviation		Sharpe Ratio
★ MUNI COMPOSITE	0.4	92	11.0	82	-0.2 83
# ALLOC INDEX	2.3	43	8.9	30	-0.1 44
☆ POLICY INDEX	2.9	24	8.7	25	0.0 22
■ S&P 500	-2.2	99	13.9	99	-0.3 94
○ BC AGGREGATE	4.7	2	3.8	1	0.4 1
Median	2.2	--	9.6	--	-0.1 --

Funded status as of Fiscal Year 2007 = 106.2%



Total Fund Risk / Return Analysis – 7 Years*

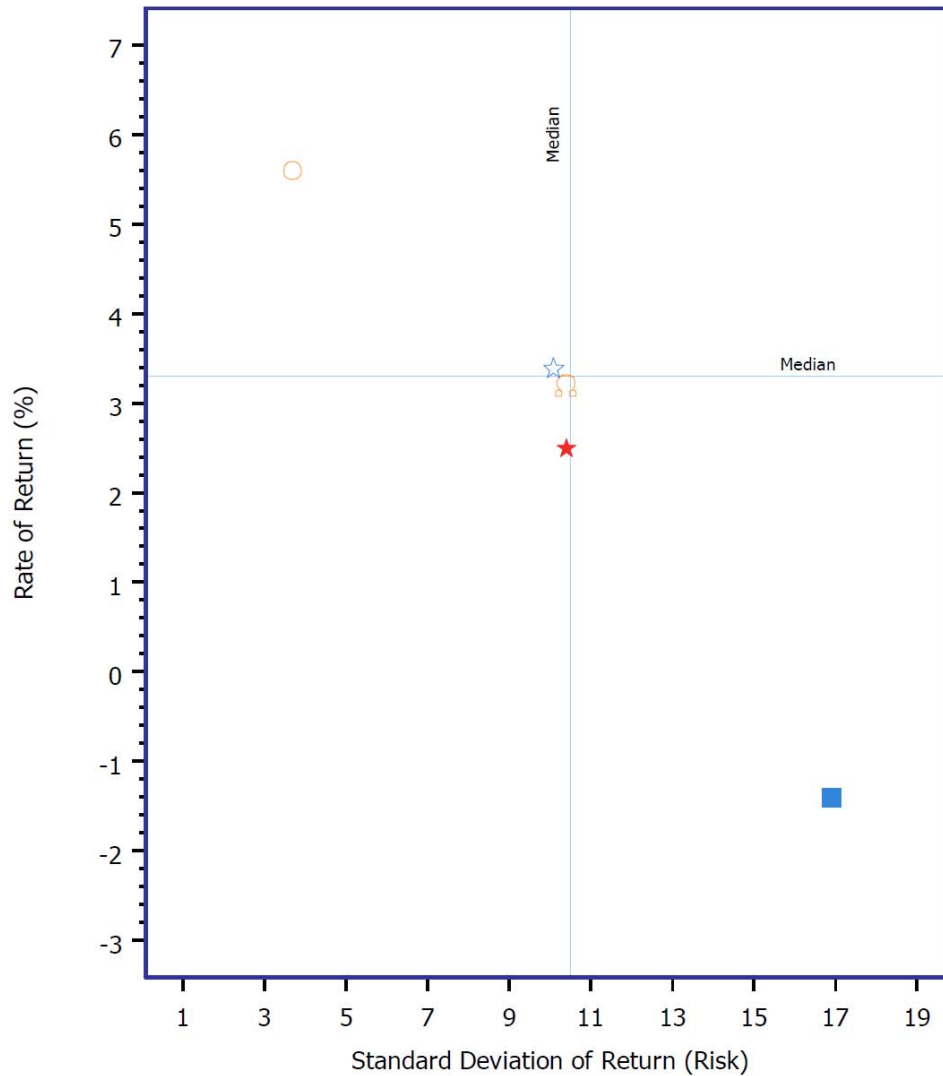


	Return		Standard Deviation		Sharpe Ratio
★ MUNI COMPOSITE	1.9	87	11.5	73	-0.0
✎ ALLOC INDEX	3.3	43	10.3	42	0.1
☆ POLICY INDEX	3.8	20	10.3	40	0.1
■ S&P 500	-1.5	100	16.6	100	-0.2
○ BC AGGREGATE	5.4	2	3.7	1	0.7
Median	3.2	--	10.6	--	0.1

Funded status as of Fiscal Year 2007 = 106.2%



Total Fund Risk / Return Analysis – 10 Years*

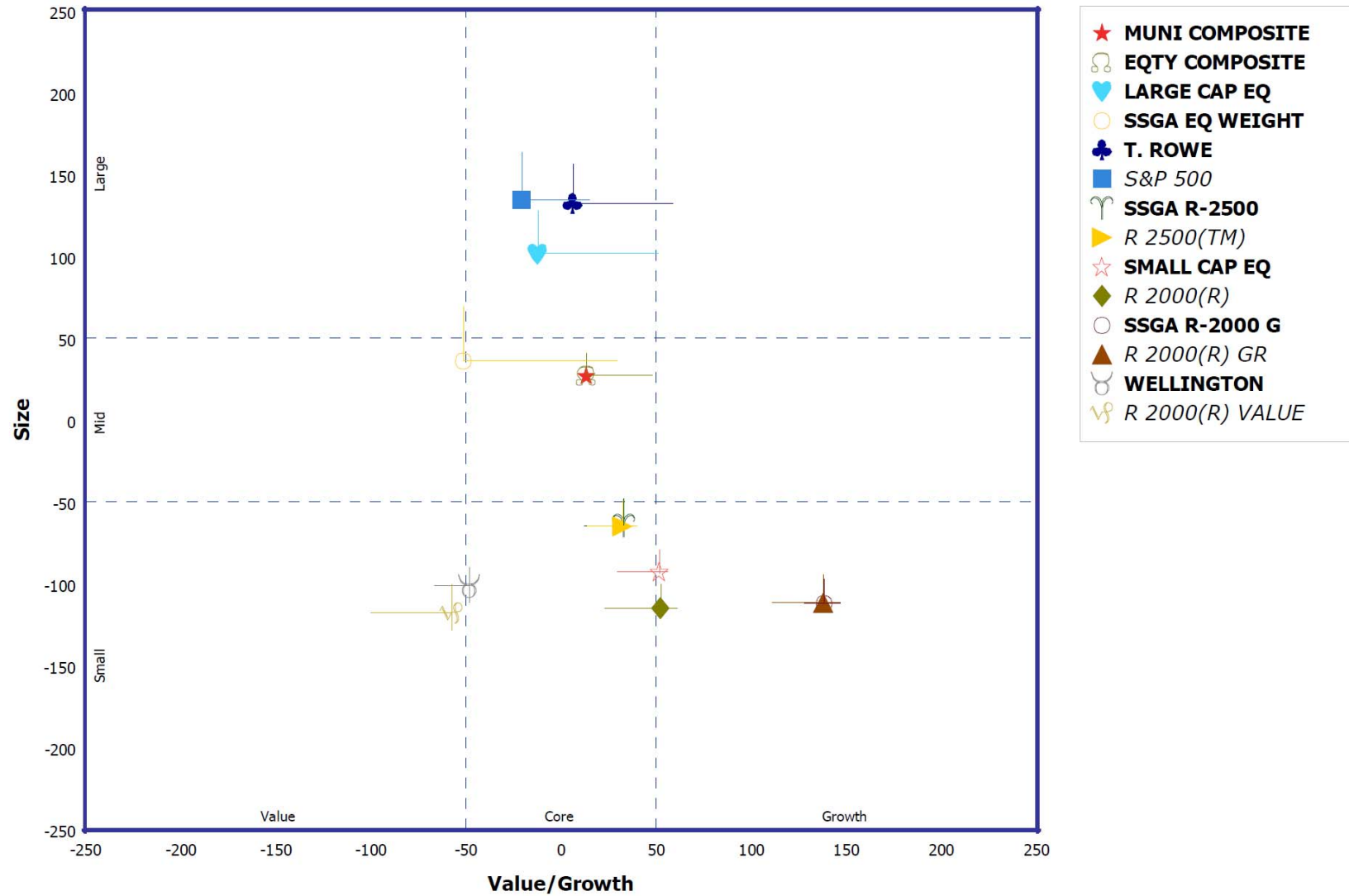


	Return	Standard Deviation	Sharpe Ratio
★ MUNI COMPOSITE	2.5	10.4	0.0
○ ALLOC INDEX	3.2	10.4	0.0
☆ POLICY INDEX	3.4	10.1	0.0
■ S&P 500	-1.4	16.9	-0.2
○ BC AGGREGATE	5.6	3.7	0.6
Median	3.3	10.5	0.0

Funded status as of Fiscal Year 2007 = 106.2%

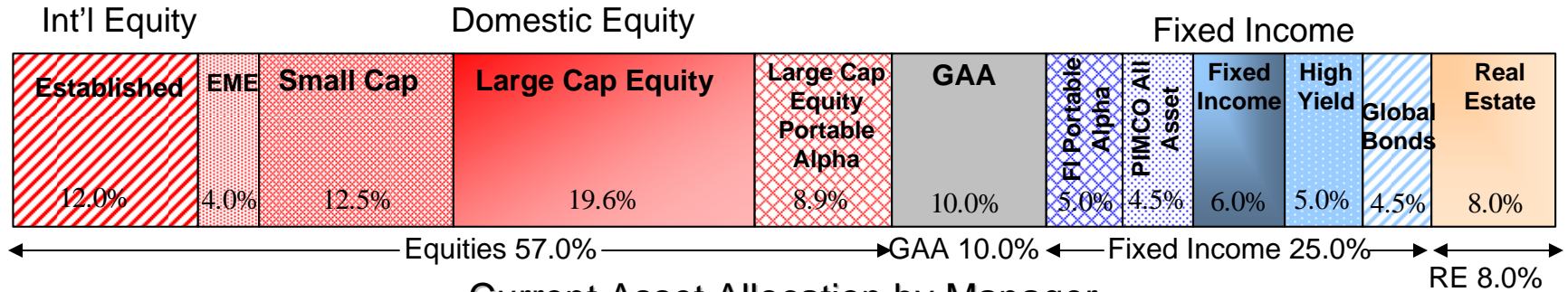


Equity Style Comparison

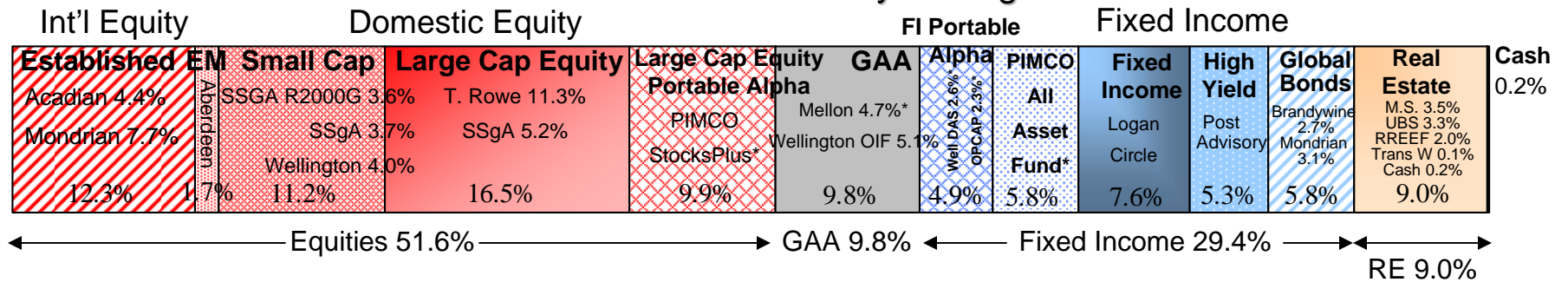


Plan Asset Allocation

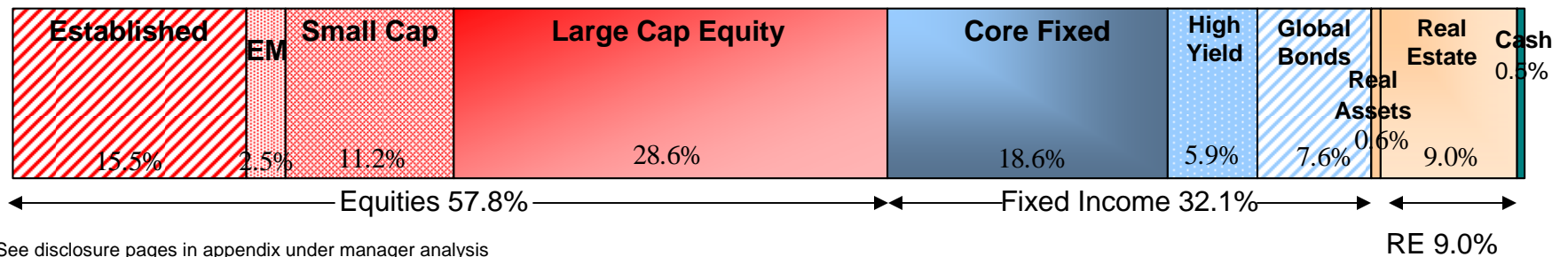
As of December 31, 2008
Target Asset Allocation



Current Asset Allocation by Manager



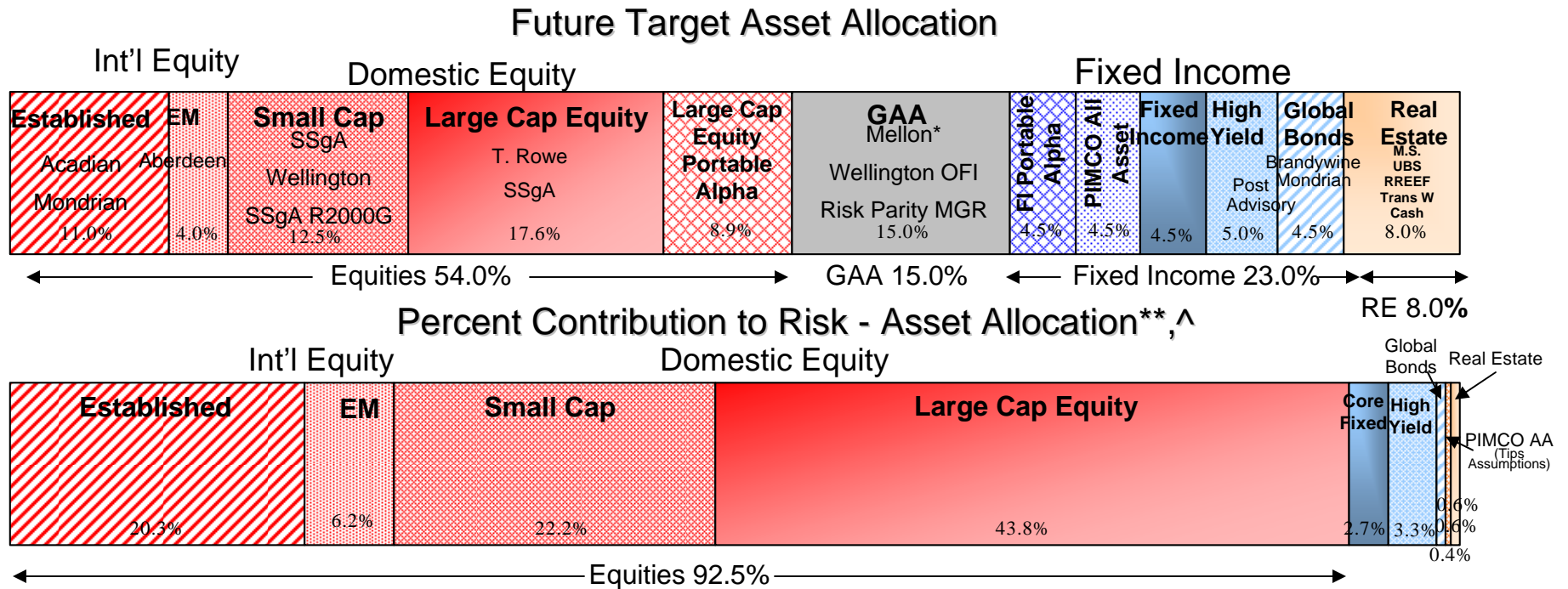
Current Asset Allocation by Asset Class



* See disclosure pages in appendix under manager analysis
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Plan Future Asset Allocation and Risk Budgeting



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* See disclosure pages in appendix under manager analysis

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