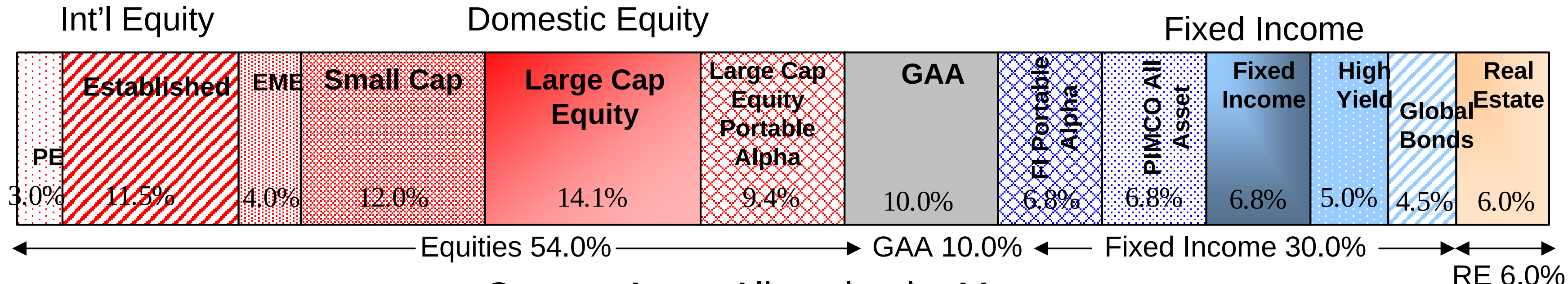
Vermont State Employees' Retirement System

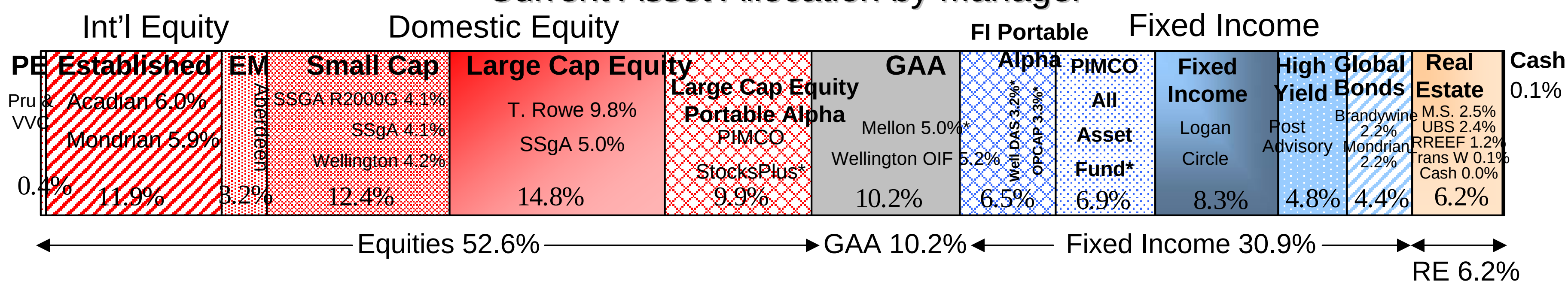
Plan Asset Allocation

As of March 31, 2009

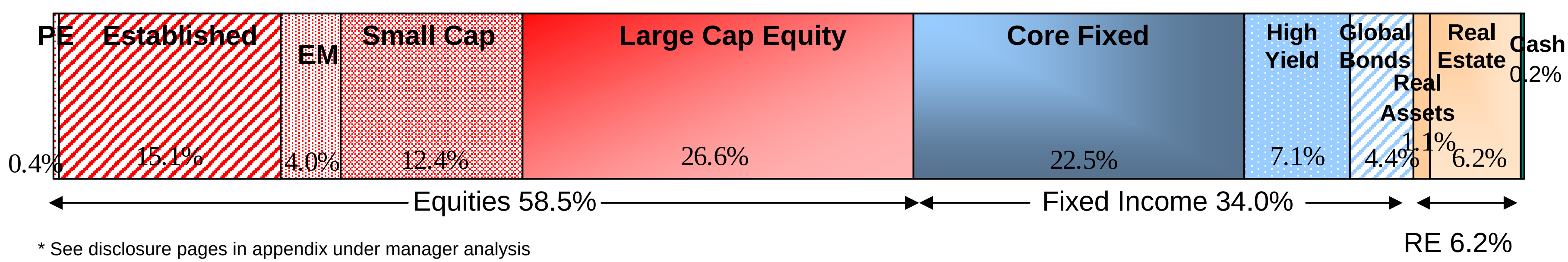
Target Asset Allocation



Current Asset Allocation by Manager

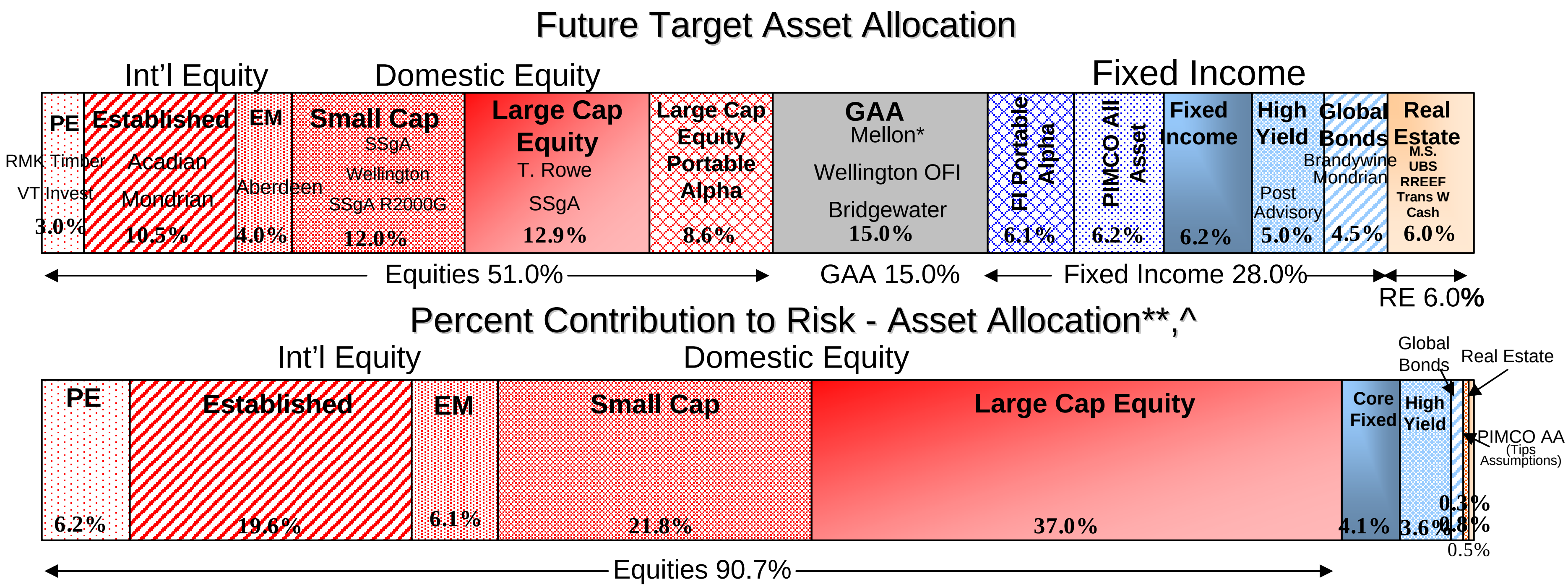


Current Asset Allocation by Asset Class



* 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



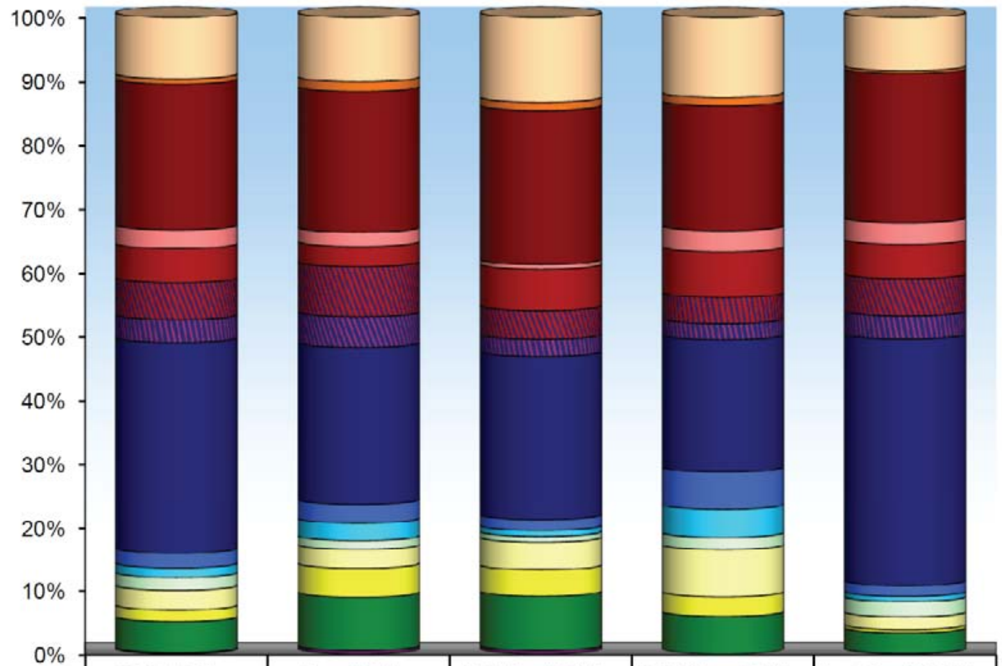
Numbers may not add up to 100% due to rounding.

* See disclosure pages in appendix under manager analysis

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

^PIMCO AA was modeled using our Tips Assumptions.

ICC Average Asset Allocation – Public Plans



	Public DB Plans	Above $2 Billion	$1 Billion - $2 Billion	$500 Million - $1 Billion	Less Than $500 Million
Int'l Dev'l	9.6%	10.1%	13.3%	12.5%	8.3%
Emerg Mkt	0.8%	1.5%	1.3%	1.3%	0.5%
Large Cap	22.8%	22.0%	24.2%	19.5%	23.3%
Mid Cap	3.0%	2.3%	0.7%	3.4%	3.5%
Small Cap	5.3%	3.1%	6.5%	7.1%	5.3%
TAA - Domestic	5.8%	7.9%	4.5%	4.1%	5.9%
TAA - Global	3.6%	4.8%	2.8%	2.5%	3.6%
Fixed Income	33.2%	24.6%	25.6%	20.8%	38.9%
GFI/EMD	2.3%	3.0%	1.7%	5.9%	1.7%
High Yield	1.5%	2.8%	1.0%	4.5%	0.8%
Cash Equiv	2.0%	1.4%	0.9%	2.0%	2.4%
Hedge Fund	3.1%	3.0%	4.4%	7.5%	2.0%
Private Equity	1.8%	4.6%	4.2%	3.0%	0.5%
Real Estate	4.9%	8.3%	8.5%	5.9%	3.2%
Misc	0.2%	0.6%	0.6%	0.0%	0.1%
# of Observations	**101**	**15**	**12**	**11**	**63**

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	$222,267	$36,673	$37,669	$36,689	$194,585	$42,773	$135,080	$39,904	$55,271	$3,184	$92,347	$683	$897,125
T. Rowe	88,712	0	0	0	0	0	0	0	0	0	0	0	$88,712
PIMCO	88,628	0	0	0	0	0	0	0	0	0	0	0	$88,628
SSgA Equal Wgt	44,927	0	0	0	0	0	0	0	0	0	0	0	$44,927
SSgA R-2000 Growth	0	0	0	36,689	0	0	0	0	0	0	0	0	$36,689
SSgA R-2500	0	36,673	0	0	0	0	0	0	0	0	0	0	$36,673
Wellington	0	0	37,669	0	0	0	0	0	0	0	0	0	$37,669
Acadian	0	0	0	0	0	0	53,426	0	0	0	0	0	$53,426
Mondrian	0	0	0	0	0	0	53,339	0	0	0	0	0	$53,339
Aberdeen	0	0	0	0	0	0	28,315	0	0	0	0	0	$28,315
Logan Circle	0	0	0	0	74,296	0	0	0	0	0	0	0	$74,296
Oppenheimer	0	0	0	0	29,630	0	0	0	0	0	0	0	$29,630
PIMCO AA	0	0	0	0	61,589	0	0	0	0	0	0	0	$61,589
Wellington DAS	0	0	0	0	29,070	0	0	0	0	0	0	0	$29,070
Post Advisory	0	0	0	0	0	42,773	0	0	0	0	0	0	$42,773
Brandywine	0	0	0	0	0	0	0	20,133	0	0	0	0	$20,133
Mondrian	0	0	0	0	0	0	0	19,771	0	0	0	0	$19,771
Morgan Stanely	0	0	0	0	0	0	0	0	22,238	0	0	0	$22,238
UBS Realty	0	0	0	0	0	0	0	0	21,596	0	0	0	$21,596
RREEF	0	0	0	0	0	0	0	0	10,212	0	0	0	$10,212
Transwestern	0	0	0	0	0	0	0	0	1,078	0	0	0	$1,078
Real Estate Cash	0	0	0	0	0	0	0	0	147	0	0	0	$147
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	44,733	0	$44,733
Wellington OIF	0	0	0	0	0	0	0	0	0	0	47,614	0	$47,614
Vermont Investment	0	0	0	0	0	0	0	0	0	3,184	0	0	$3,184
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	683	$683

(Dollars in 000's)

Total Fund Asset Growth Summary

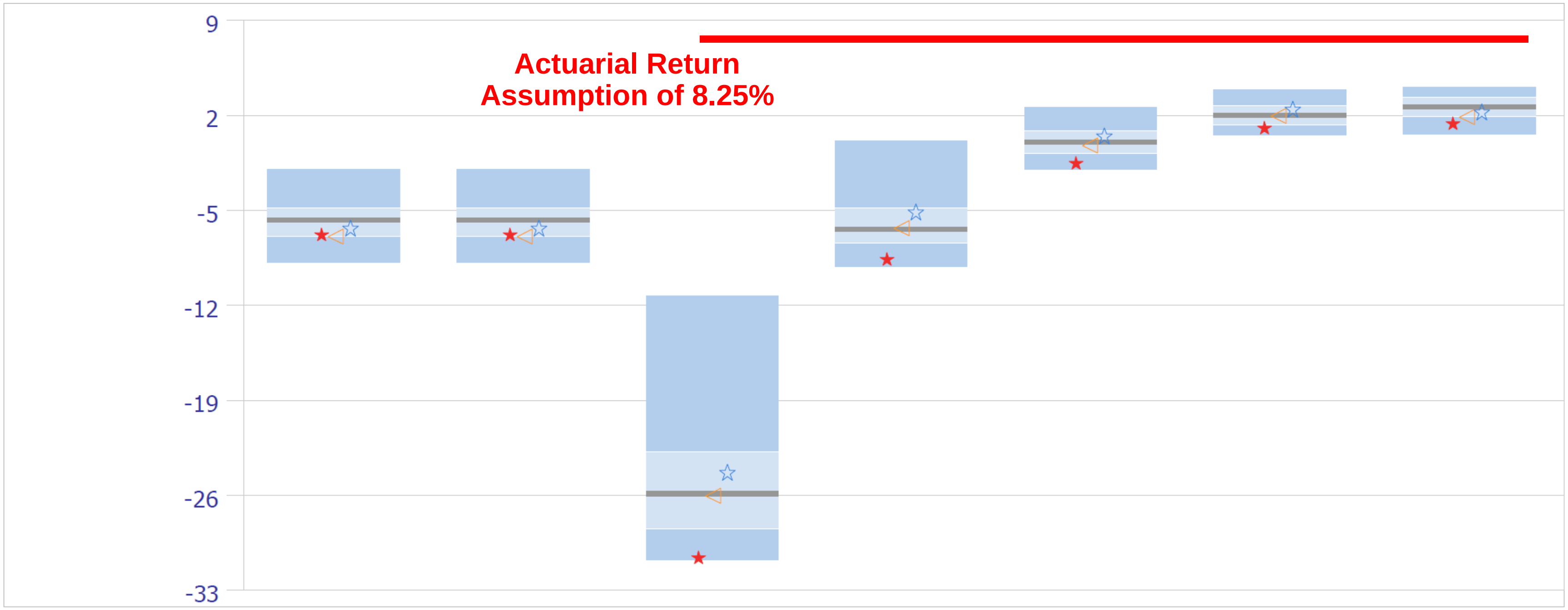
Periods Ending March 31, 2009

EMPLOYEES RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	948,964	948,964	1,297,338	934,947
Net External Growth	10,826	10,826	-9,163	-156,635
Return on Investment	-62,665	-62,665	-391,049	118,814
Income Received	139	139	527	129,531
Gain/Loss	-62,804	-62,804	-391,577	-10,717
Ending Market Value	897,126	897,126	897,126	897,126

Return	-6.8%	-6.8%	-30.6%

Total Public Funds – Total Rates of Return



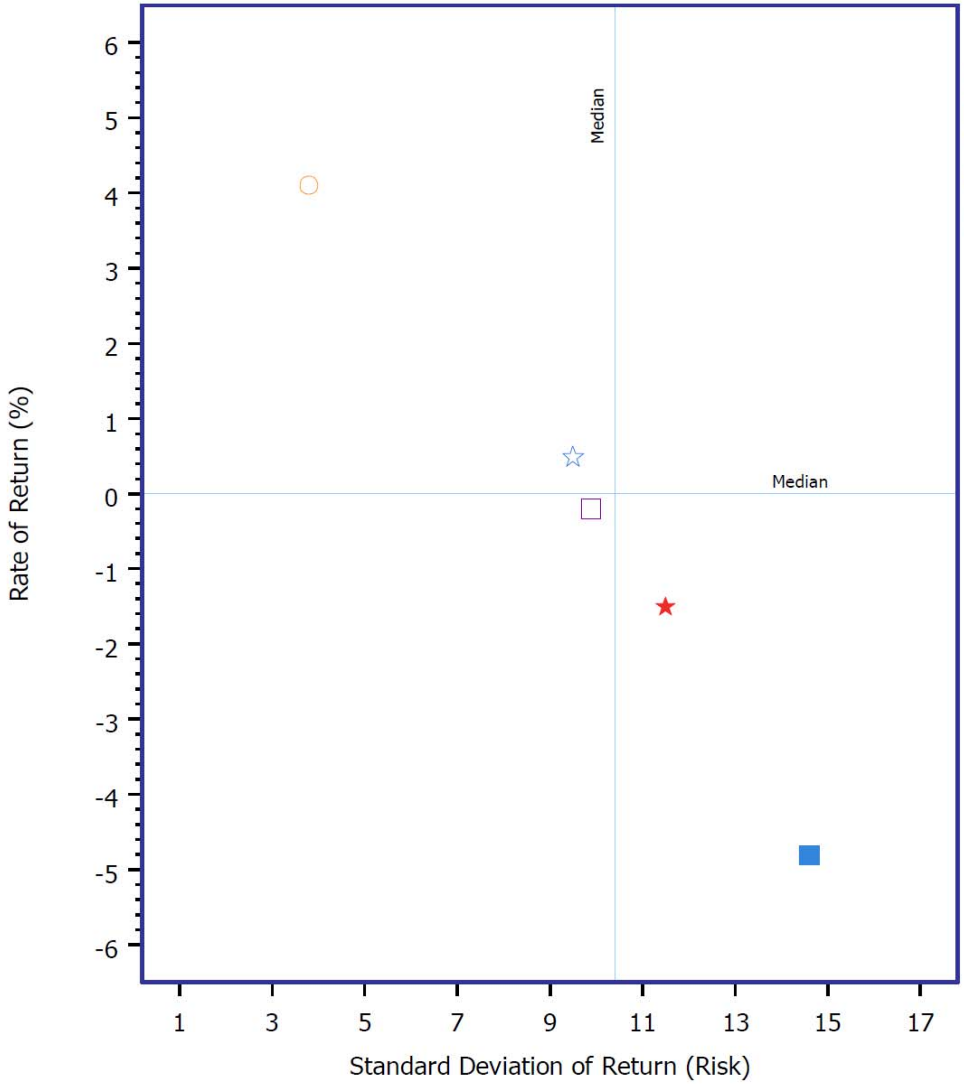
	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ **ERS COMPOSITE**	-6.8	73	-6.8	73	-30.6	93	-8.6	88	-1.5	89	1.1	84	1.4	86
◁ *ALLOC INDEX*	-6.9	74	-6.9	74	-26.0	51	-6.3	48	-0.2	57	2.0	51	1.9	75
☆ *POLICY INDEX*	-6.3	66	-6.3	66	-24.3	32	-5.1	28	0.5	34	2.5	30	2.3	61
Median	-5.7	--	-5.7	--	-25.9	--	-6.4	--	0.0	--	2.0	--	2.6	--
Total Public Funds > $1 Billion Median	-5.1	--	-5.1	--	-24.6	--	-5.7	--	0.1	--	2.0	--	2.6	--

•*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 Fund Risk / Return Analysis – 5 Years*

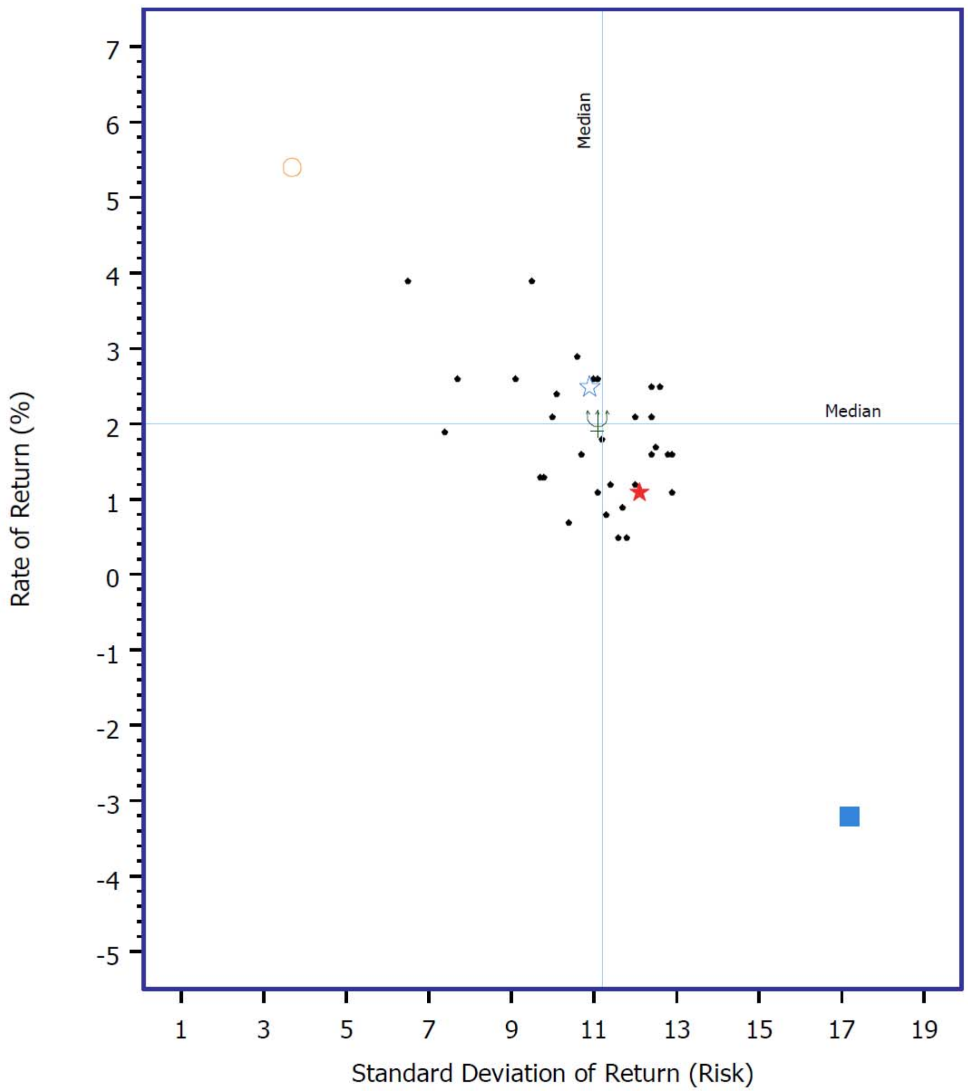


	Return		Standard Deviation		Sharpe Ratio	
★ **ERS COMPOSITE**	-1.5	89	11.5	77	-0.4	81
□ *ALLOC INDEX*	-0.2	57	9.9	36	-0.3	61
☆ *POLICY INDEX*	0.5	34	9.5	29	-0.2	40
■ *S&P 500*	-4.8	100	14.6	99	-0.5	100
○ *BC AGGREGATE*	4.1	1	3.8	1	0.3	1
Median	0.0	--	10.4	--	-0.3	--

Funded status as of Fiscal Year 2007 = 100.8%

*Ranked under Total Public Plans

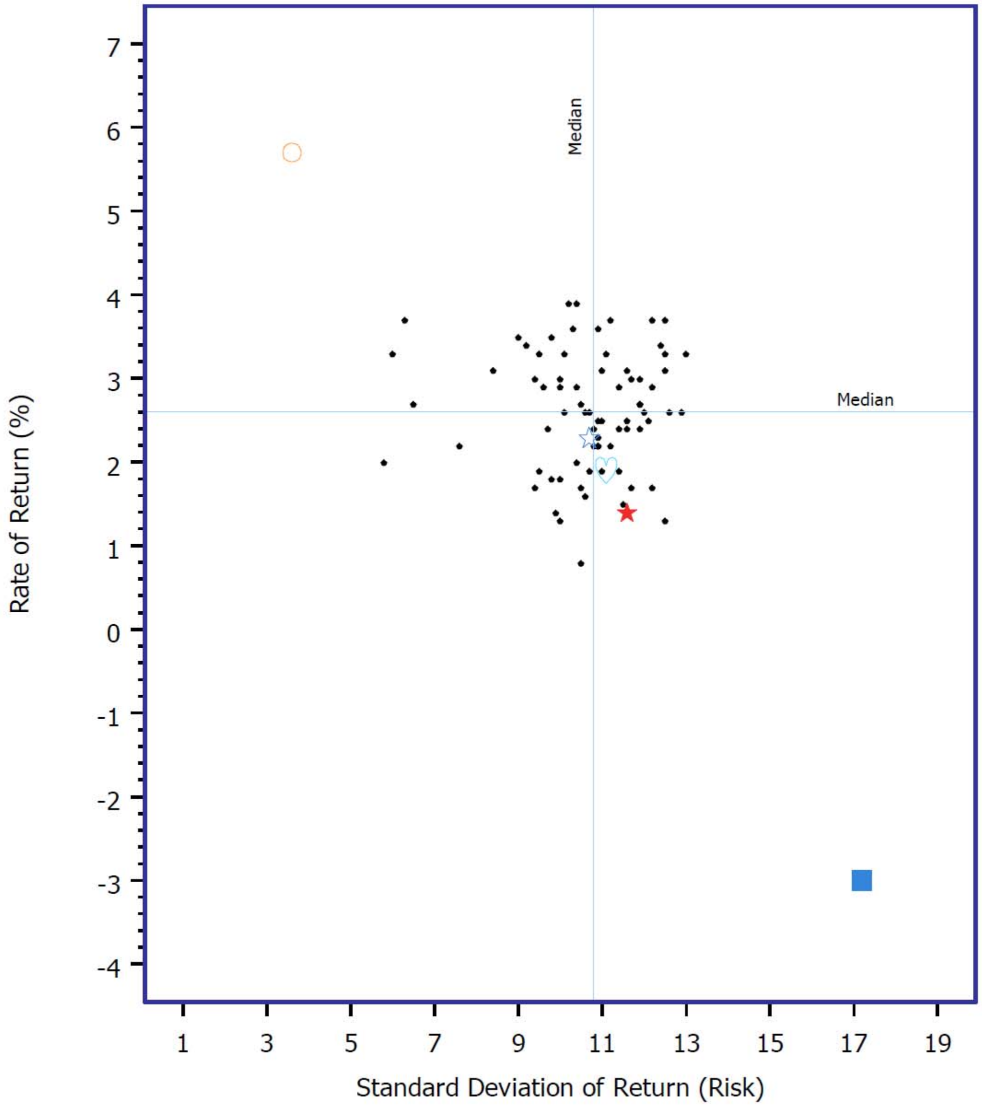
Total Fund Risk / Return Analysis – 7 Years*



	Return		Standard Deviation		Sharpe Ratio	
★ ERS COMPOSITE	1.1	84	12.1	70	-0.1	75
♆ ALLOC INDEX	2.0	51	11.1	49	-0.0	48
☆ POLICY INDEX	2.5	30	10.9	40	0.0	30
■ S&P 500	-3.2	100	17.2	100	-0.3	100
○ BC AGGREGATE	5.4	1	3.7	2	0.7	1
Median	2.0	--	11.2	--	-0.0	--

Funded status as of Fiscal Year 2007 = 100.8%

Total Fund Risk / Return Analysis – 10 Years*



	Return		Standard Deviation		Sharpe Ratio	
★ ERS COMPOSITE	1.4	86	11.6	66	-0.1	80
♡ ALLOC INDEX	1.9	75	11.1	60	-0.1	72
☆ POLICY INDEX	2.3	61	10.7	46	-0.0	61
■ S&P 500	-3.0	100	17.2	100	-0.3	99
○ BC AGGREGATE	5.7	1	3.6	1	0.6	1
Median	2.6	--	10.8	--	-0.0	--

Funded status as of Fiscal Year 2007 = 100.8%

*Ranked under Total Public Plans

Equity Style Comparison