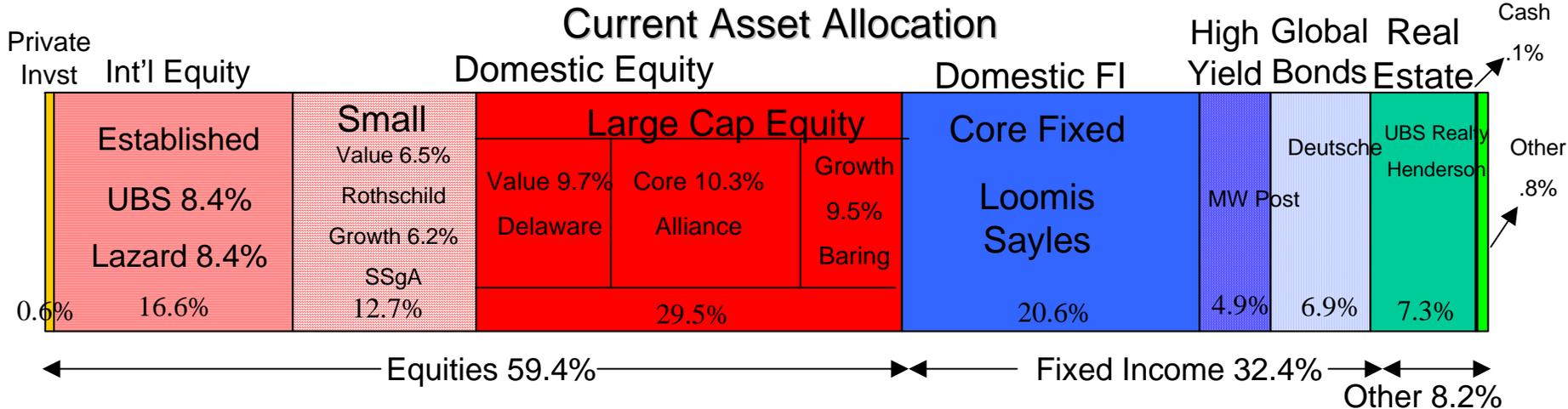
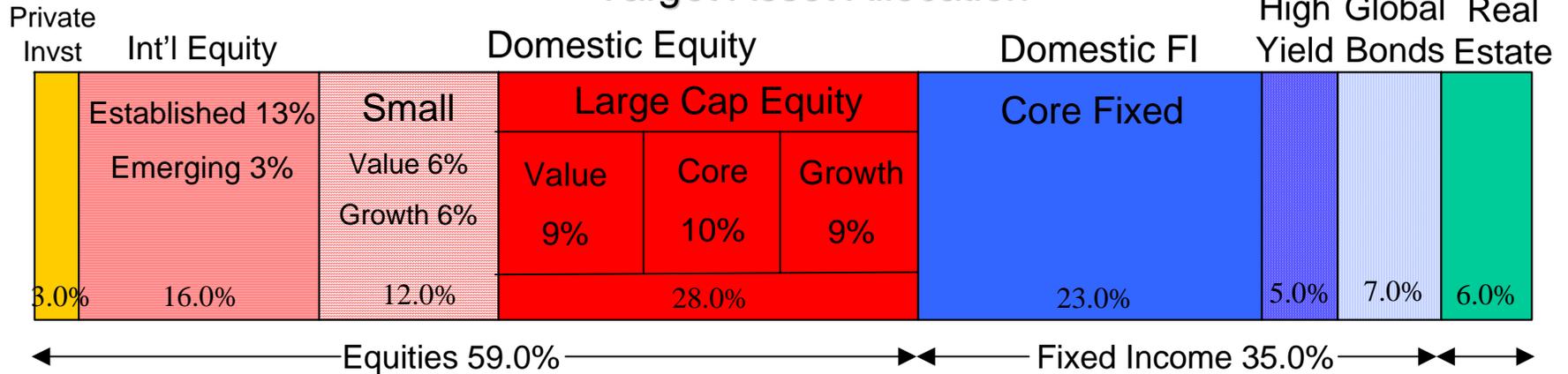


Plan Asset Allocation

As of June 30, 2004

Target Asset Allocation



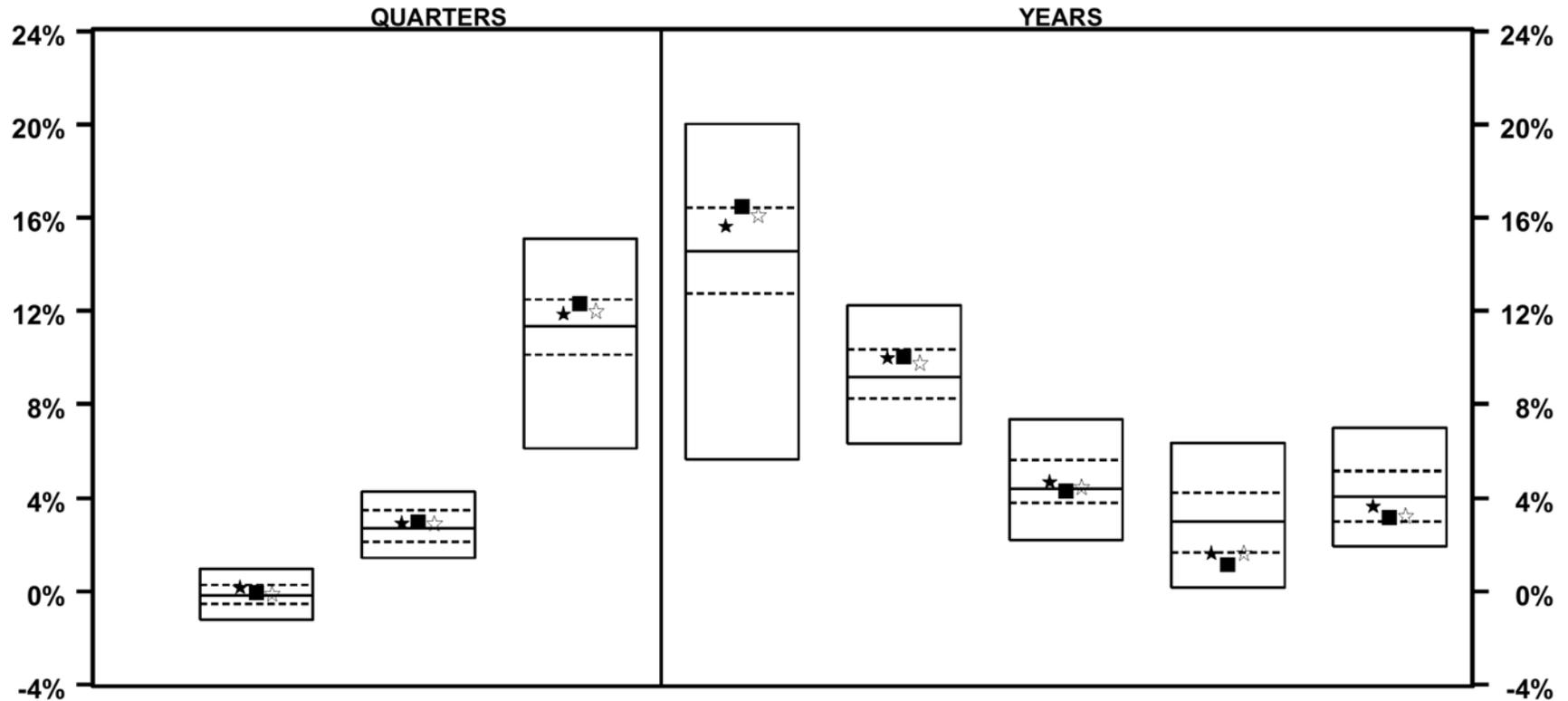
Asset Breakdown

	Dom Large Core	Dom Large Value	Dom Large Growth	Dom Small Value	Dom Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	Private Investment	Misc	Cash	Total
Composite	\$106,813	\$100,221	\$98,513	\$66,128	\$56,810	\$199,624	\$50,331	\$169,235	\$57,351	\$75,040	\$5,123	\$8,129	\$42,079	\$1,035,397
Alliance	106,813	0	0	0	0	0	0	0	0	0	0	0	315	\$107,128
Delaware	0	100,221	0	0	0	0	0	0	0	0	0	0	0	\$100,221
Baring	0	0	98,513	0	0	0	0	0	0	0	0	0	0	\$98,513
Rothschild	0	0	0	66,128	0	0	0	0	0	0	0	0	999	\$67,127
SSgA	0	0	0	0	56,810	0	0	0	0	0	0	0	7,843	\$64,653
Loomis	0	0	0	0	0	199,622	0	0	0	0	0	0	13,212	\$212,834
MW Post	0	0	0	0	0	0	50,331	0	0	0	0	0	865	\$51,196
UBS	0	0	0	0	0	0	0	84,523	0	0	0	0	1,999	\$86,522
Lazard	0	0	0	0	0	0	0	84,712	0	0	0	0	774	\$85,486
Deutsche	0	0	0	0	0	0	0	0	57,351	0	0	0	14,455	\$71,806
UBS Realty	0	0	0	0	0	0	0	0	0	40,775	0	0	0	\$40,775
Henderson	0	0	0	0	0	0	0	0	0	34,265	0	0	0	\$34,265
Vermont Inv	0	0	0	0	0	2	0	0	0	0	5,123	0	577	\$5,702
Wachovia	0	0	0	0	0	0	0	0	0	0	0	8,129	0	\$8,129
Cash	0	0	0	0	0	0	0	0	0	0	0	0	1,040	\$1,040

(Dollars in 000's)

Total Public Funds – Total Rates of Return

As of June 30, 2004



	LAST QTR		LAST 2 QTRS		LAST 3 QTRS		LAST YEAR		LAST 2 YEARS		LAST 3 YEARS		LAST 4 YEARS		LAST 5 YEARS	
★ ERS COMPOSITE	0.2	29	2.9	41	11.9	40	15.7	33	10.0	33	4.7	43	1.6	75	3.7	60
■ ALLOC INDEX	0.0	43	3.0	39	12.3	30	16.5	24	10.1	32	4.3	52	1.1	86	3.2	71
☆ POLICY INDEX	-0.1	44	2.9	41	12.0	35	16.1	30	9.8	39	4.5	47	1.7	75	3.3	70
MEDIAN	-0.2		2.7		11.4		14.6		9.2		4.4		3.0		4.1	

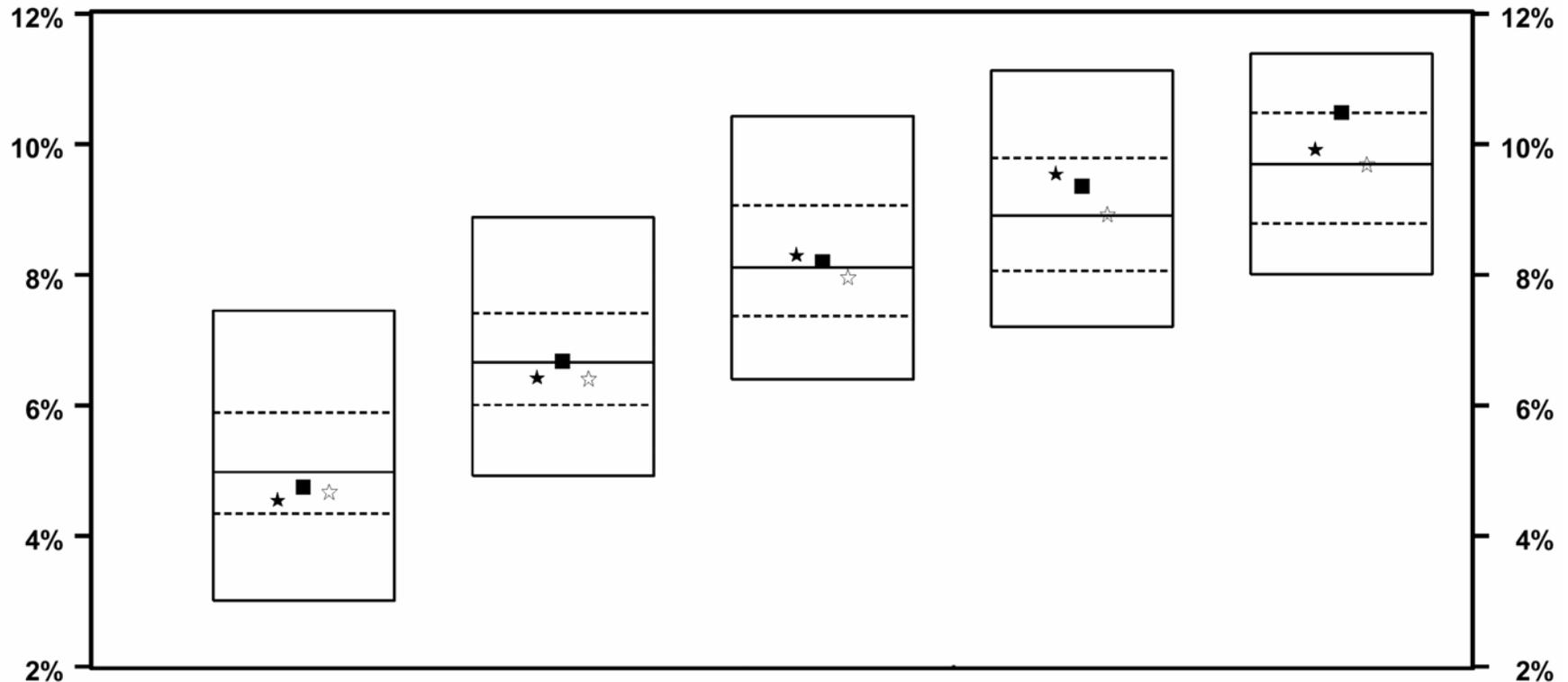
• *Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

• *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, 2004



	LAST 6 YEARS		LAST 7 YEARS		LAST 8 YEARS		LAST 9 YEARS		LAST 10 YEARS	
★ ERS COMPOSITE	4.6	66	6.4	56	8.3	42	9.5	34	9.9	42
■ ALLOC INDEX	4.8	58	6.7	49	8.2	47	9.4	38	10.5	24
☆ POLICY INDEX	4.7	61	6.4	56	8.0	54	8.9	48	9.7	49
MEDIAN	5.0		6.7		8.1		8.9		9.7	

• *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*)

Performance Detail (as of 6/30/04)

	2Q04	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last 1 Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Portfolio	Annual Fee
Vermont Composite (GROSS)	0.2%	29	35	2.9%	41	60	15.7%	33	56	4.7%	43	43	3.7%	60	67	\$1,035,397,319	100.0%	0.37%
Vermont Composite (NET)	0.2%			2.9%			15.6%			4.6%			N/A					
Median Public Fund	(0.2%)			2.7%			14.6%			4.4%			4.1%					
Median Large Fund	(0.1%)			3.1%			16.1%			4.4%			4.1%					
Allocation Index	(0.0%)			3.0%			16.5%			4.3%			3.2%					
Policy Index	(0.1%)			2.9%			16.1%			4.5%			3.3%					
Large Cap Equity																		
Total Large Cap Equity																\$305,861,889	29.6%	
Alliance	1.8%	21		3.4%	64		18.9%	72		(0.7%)	55		(2.2%)	74		\$107,127,432	10.3%	0.06%
Standard & Poors 500	1.7%			3.4%			19.1%			(0.7%)			(2.2%)					
Delaware	1.9%	29		3.7%	74		20.0%	70		3.7%	50		3.3%	55		\$100,221,456	9.7%	0.43%
Russell 1000 Value	0.9%			3.9%			21.1%			3.0%			1.9%					
Baring	2.9%	25		3.5%	47		17.4%	51		(3.4%)	61		(6.3%)	89		\$98,513,001	9.5%	0.39%
Russell 1000 Growth	1.9%			2.7%			17.9%			(3.7%)			(6.5%)					
Small Cap Equity																		
Total Small Cap Equity																\$131,779,419	12.7%	
Rothschild	2.7%	36		9.0%	47		29.0%	89		14.8%	47		14.1%	49		\$67,126,646	6.5%	0.65%
Russell 2500 Value	0.5%			6.7%			33.9%			12.4%			11.9%					
SSgA	(0.3%)	57		5.2%	37		N/A			N/A			N/A			\$64,652,773	6.2%	0.08%
Russell 2000 Growth	0.1%			5.7%			31.5%			(0.2%)			(0.5%)					
Russell 2000	0.5%			6.8%			33.4%			6.2%			6.6%					
Int'l Equity																		
Total Int'l Equity																\$172,008,229	16.5%	
UBS	(0.0%)	42		2.9%	76		27.8%	78		5.3%	43		2.8%	69		\$86,522,150	8.4%	0.60%
Lazard	(1.0%)	55		2.5%	83		25.5%	85		3.8%	69		1.6%	78		\$85,486,079	8.3%	0.50%
EAFE (After Taxes)	0.2%			4.6%			32.4%			3.9%			0.1%					
CITI EPAC	(0.1%)			4.3%			31.6%			3.9%			0.6%					

Note: Results for periods longer than one year are annualized



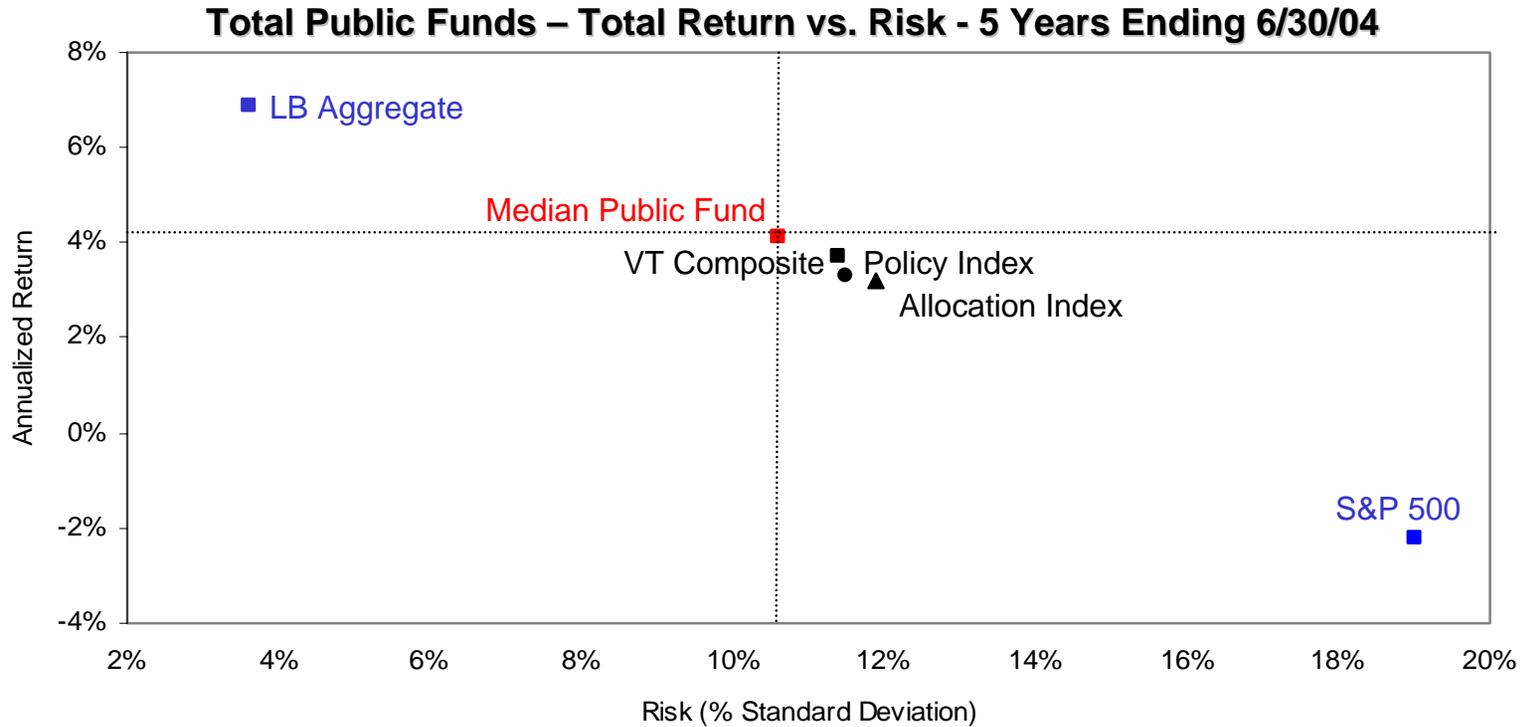
Performance Detail (as of 6/30/04)

	2Q04	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last 1 Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Portfolio	Annual Fee
Core Fixed																		
Total Core Fixed Income																\$212,834,808	20.6%	
Loomis, Sayles	(2.5%)	70		0.5%	30		1.9%	12		6.6%	48		7.1%	46		\$212,834,808	20.6%	0.15%
Lehman Aggregate Bond	(2.4%)			0.2%			0.3%			6.4%			6.9%					
Lehman U.S. Credit	(3.4%)			(0.3%)			0.1%			7.5%			7.5%					
High Yield Fixed																		
Total High Yield Fixed Income																\$51,195,813	4.9%	
MW Post	(0.4%)	21		N/A			N/A			N/A			N/A			\$51,195,813	4.9%	0.47%
Lehman High Yield	(1.0%)			1.4%			10.3%			9.3%			5.1%					
Global Bonds																		
Total Global Bonds																\$71,805,994	6.9%	
Deutsche	(3.6%)	91		(1.8%)	87		5.4%	54		12.2%	50		6.9%	69		\$71,805,994	6.9%	0.28%
CITI World Gov't Bond	(3.3%)			(1.5%)			5.7%			11.9%			7.0%					
Real Estate																		
Total Real Estate																\$75,040,709	7.2%	
UBS Realty	3.4%	17		5.8%	36		11.0%	44		7.7%	40		10.0%	25		\$40,775,357	3.9%	0.90%
Henderson	3.3%	19		6.3%	31		12.7%	37		5.0%	68		7.3%	65		\$34,265,352	3.3%	0.77%
NCREIF Property Index	2.0%			4.0%			8.1%			6.2%			8.5%					
Private Investment																		
Vermont Investments	0.0%			0.2%			0.4%			(11.8%)			(1.4%)			\$5,701,857	0.6%	
Miscellaneous																		
Wachovia	1.4%			2.9%			3.6%			3.2%			6.7%			\$8,128,533	0.8%	1%
NCREIF Timber Index	2.0%			5.9%			9.2%			1.8%			4.6%					
Cash																		
Vermont Cash	0.3%			0.6%			1.3%			1.7%			3.9%			\$1,040,068	0.1%	
90 Day U.S. T-Bills	0.2%			0.5%			1.0%			1.7%			3.3%					

Note: Results for periods longer than one year are annualized



Total Fund Risk / Return Analysis



	Annualized Return		Standard Deviation	
	Value	Rank	Value	Rank
Composite	3.7	60	11.4	29
Allocation Index	3.2	71	11.9	22
Policy Index	3.3	70	11.5	28
S&P 500	-2.2		19.0	
LB Aggregate	6.9		3.6	
Median Public Fund	4.1		10.6	