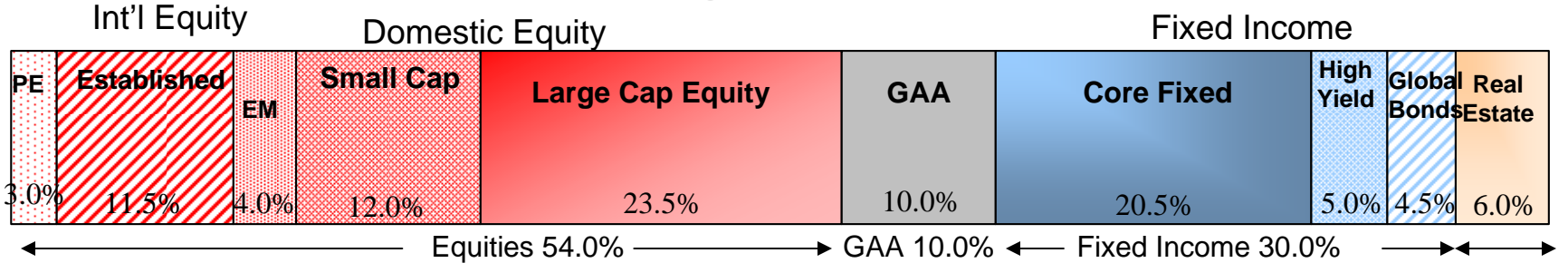


Vermont State Employees' Retirement System

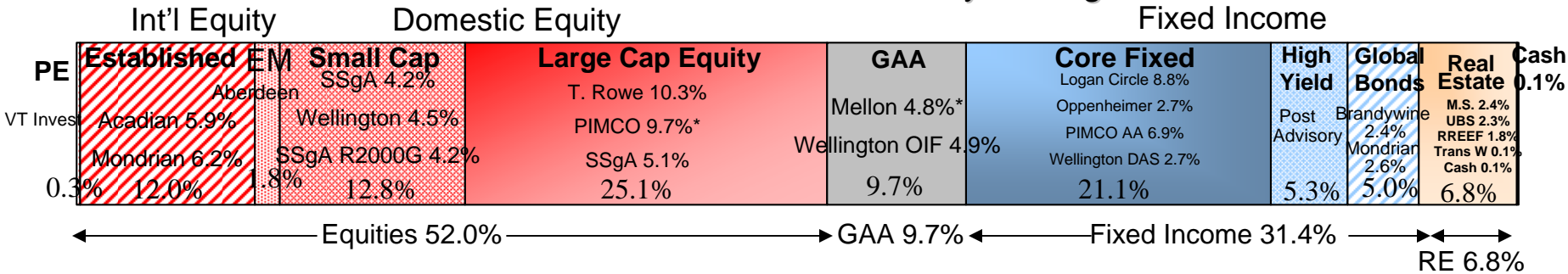


Plan Asset Allocation

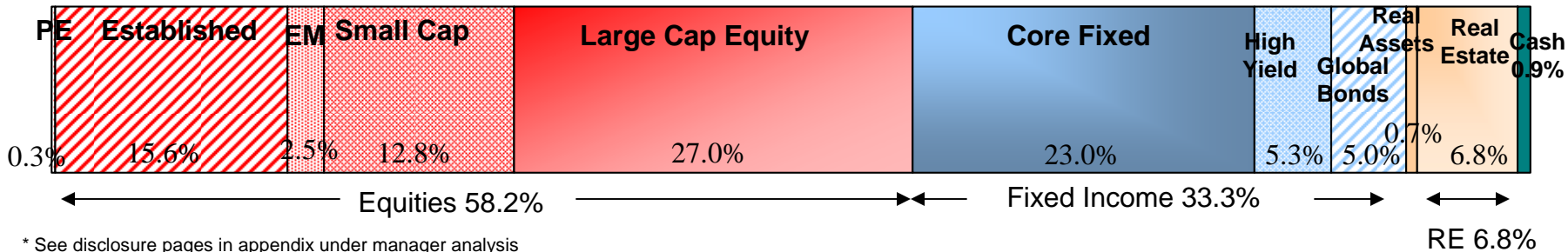
As of September 30, 2008
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class

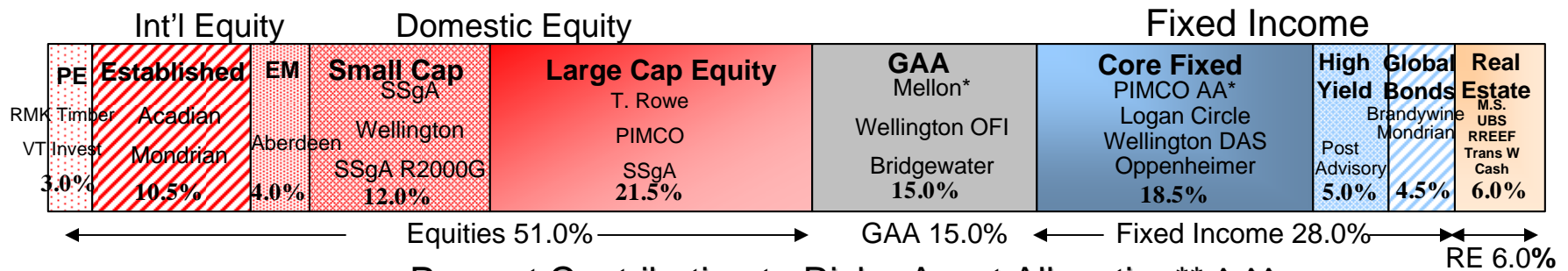


* See disclosure pages in appendix under manager analysis
Numbers may not add up to 100% due to rounding.

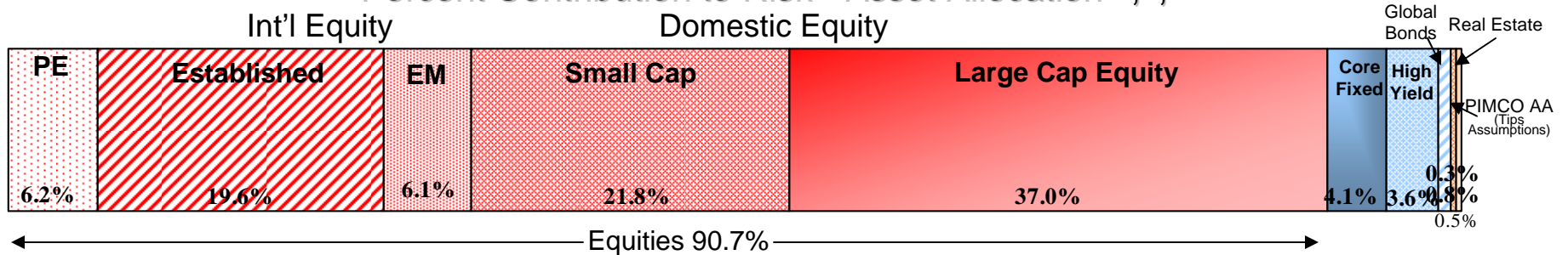


Plan Future Asset Allocation and Risk Budgeting

Future Target Asset Allocation



Percent Contribution to Risk - Asset Allocation**, ^, ^^



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

* See disclosure pages in appendix under manager analysis

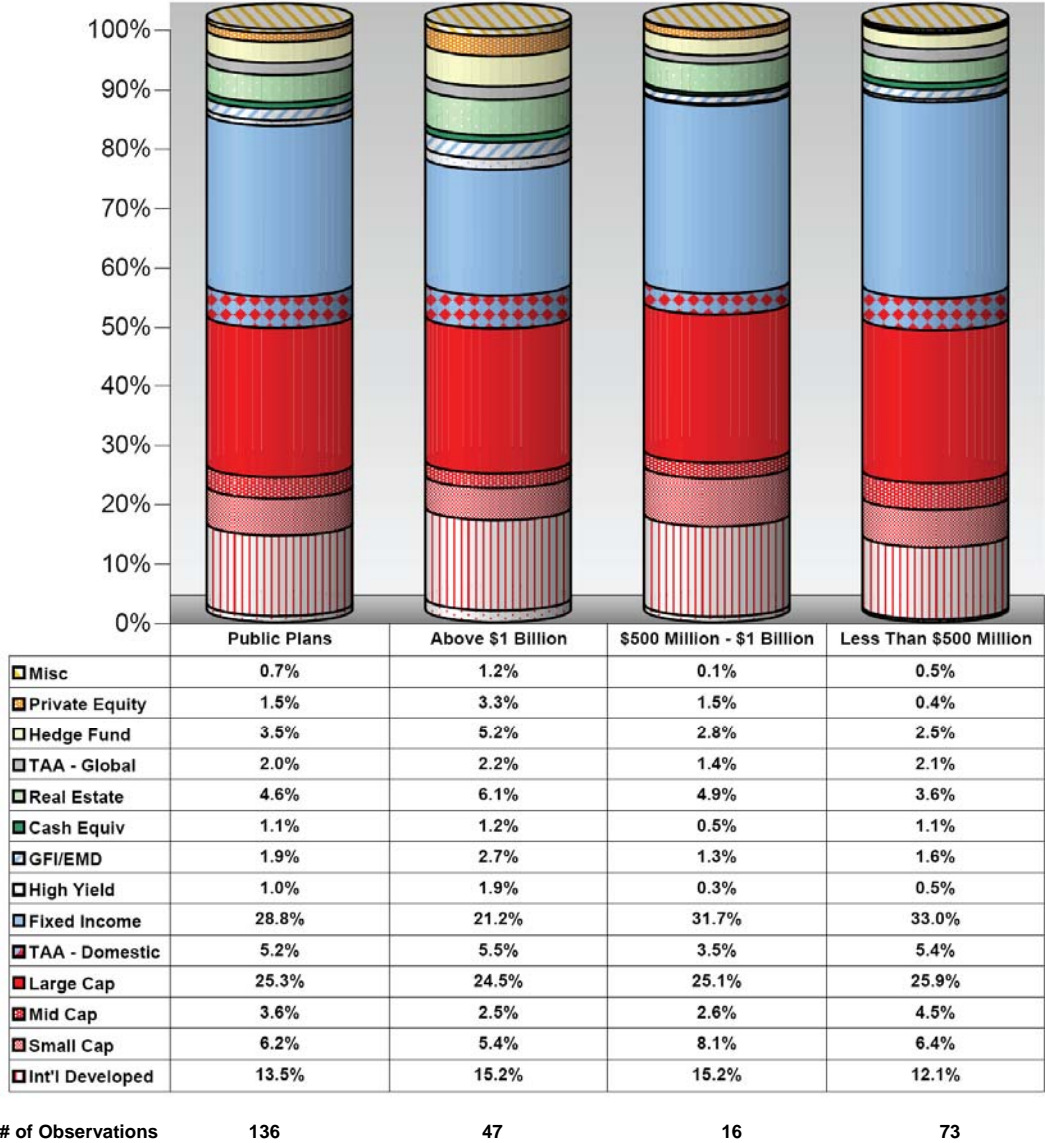
**Mellon GA 1 was modeled using the following asset classes: 30% Large Cap / 30% Int'l Equity / 20% Core Fixed Income / 20% Global Bonds.

^PIMCO AA was modeled using our Tips Assumptions.

^^Based on Target Allocation on page 7



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	Alt Invest	Cash	Total
Composite	\$287,962	\$47,574	\$51,344	\$47,894	\$241,123	\$60,513	\$158,753	\$57,316	\$77,647	\$2,931	\$110,731	\$676	\$1,144,465
T. Rowe	117,660	0	0	0	0	0	0	0	0	0	0	0	\$117,660
PIMCO	111,579	0	0	0	0	0	0	0	0	0	0	0	\$111,579
SSgA Equal Wgt	58,723	0	0	0	0	0	0	0	0	0	0	0	\$58,723
SSgA R-2000 Growth	0	0	0	47,894	0	0	0	0	0	0	0	0	\$47,894
SSgA R-2500	0	47,574	0	0	0	0	0	0	0	0	0	0	\$47,574
Wellington	0	0	51,344	0	0	0	0	0	0	0	0	0	\$51,344
Acadian	0	0	0	0	0	0	67,139	0	0	0	0	0	\$67,139
Mondrian	0	0	0	0	0	0	70,710	0	0	0	0	0	\$70,710
Aberdeen	0	0	0	0	0	0	20,903	0	0	0	0	0	\$20,903
Logan Circle	0	0	0	0	100,716	0	0	0	0	0	0	0	\$100,716
Oppenheimer	0	0	0	0	30,797	0	0	0	0	0	0	0	\$30,797
PIMCO AA	0	0	0	0	78,994	0	0	0	0	0	0	0	\$78,994
Wellington DAS	0	0	0	0	30,616	0	0	0	0	0	0	0	\$30,616
Post Advisory	0	0	0	0	0	60,513	0	0	0	0	0	0	\$60,513
Brandywine	0	0	0	0	0	0	0	28,013	0	0	0	0	\$28,013
Mondrian	0	0	0	0	0	0	0	29,302	0	0	0	0	\$29,302
Morgan Stanely	0	0	0	0	0	0	0	0	27,365	0	0	0	\$27,365
UBS Realty	0	0	0	0	0	0	0	0	26,369	0	0	0	\$26,369
RREEF	0	0	0	0	0	0	0	0	21,059	0	0	0	\$21,059
Transwestern	0	0	0	0	0	0	0	0	1,373	0	0	0	\$1,373
Real Estate Cash	0	0	0	0	0	0	0	0	1,481	0	0	0	\$1,481
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	54,402	0	\$54,402
Wellington OIF	0	0	0	0	0	0	0	0	0	0	56,329	0	\$56,329
Vermont Investment	0	0	0	0	0	0	0	0	0	2,931	0	0	\$2,931
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	676	\$676

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending September 30, 2008

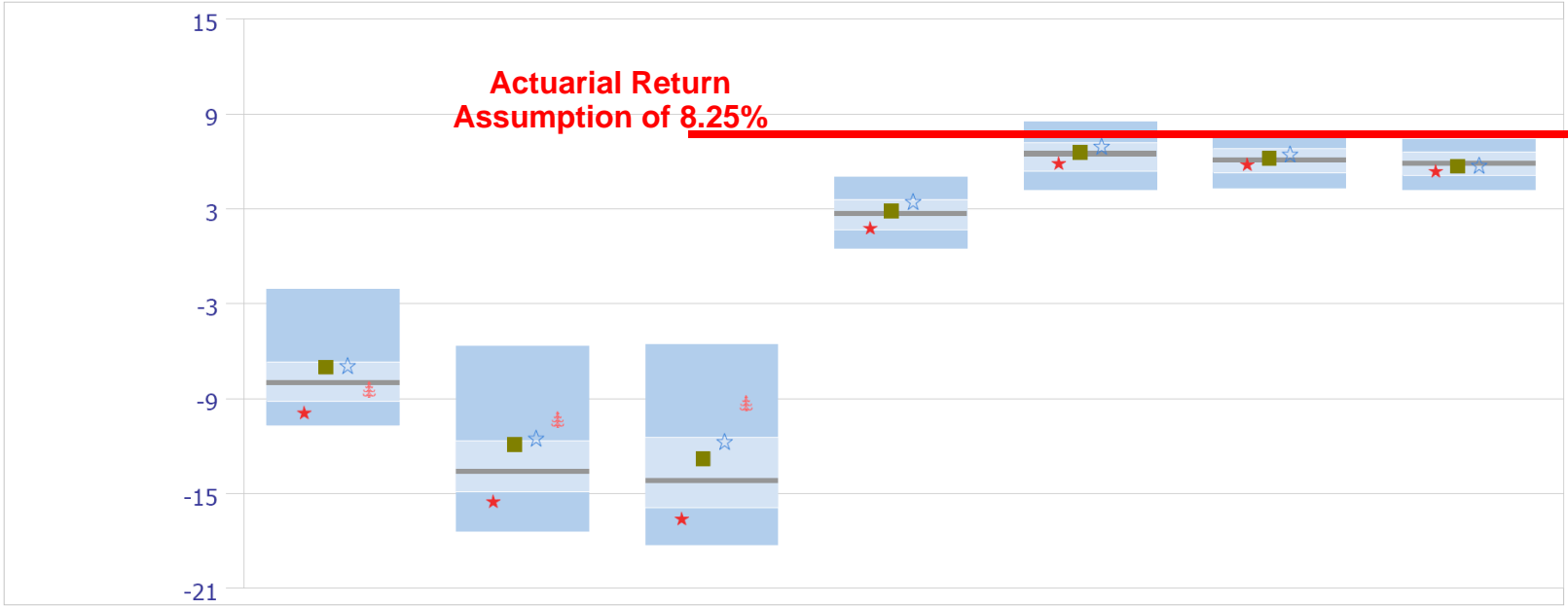
EMPLOYEES RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,279,302	1,378,572	1,406,488	934,947
Net External Growth	-8,484	-23,295	-32,307	-163,345
Return on Investment	-126,352	-210,811	-229,715	372,864
Income Received	218	422	530	129,262
Gain/Loss	-126,570	-211,233	-230,244	243,602
Ending Market Value	1,144,466	1,144,466	1,144,466	1,144,466

Return -9.9% -15.5% -16.6%



Total Public Funds – Total Rates of Return

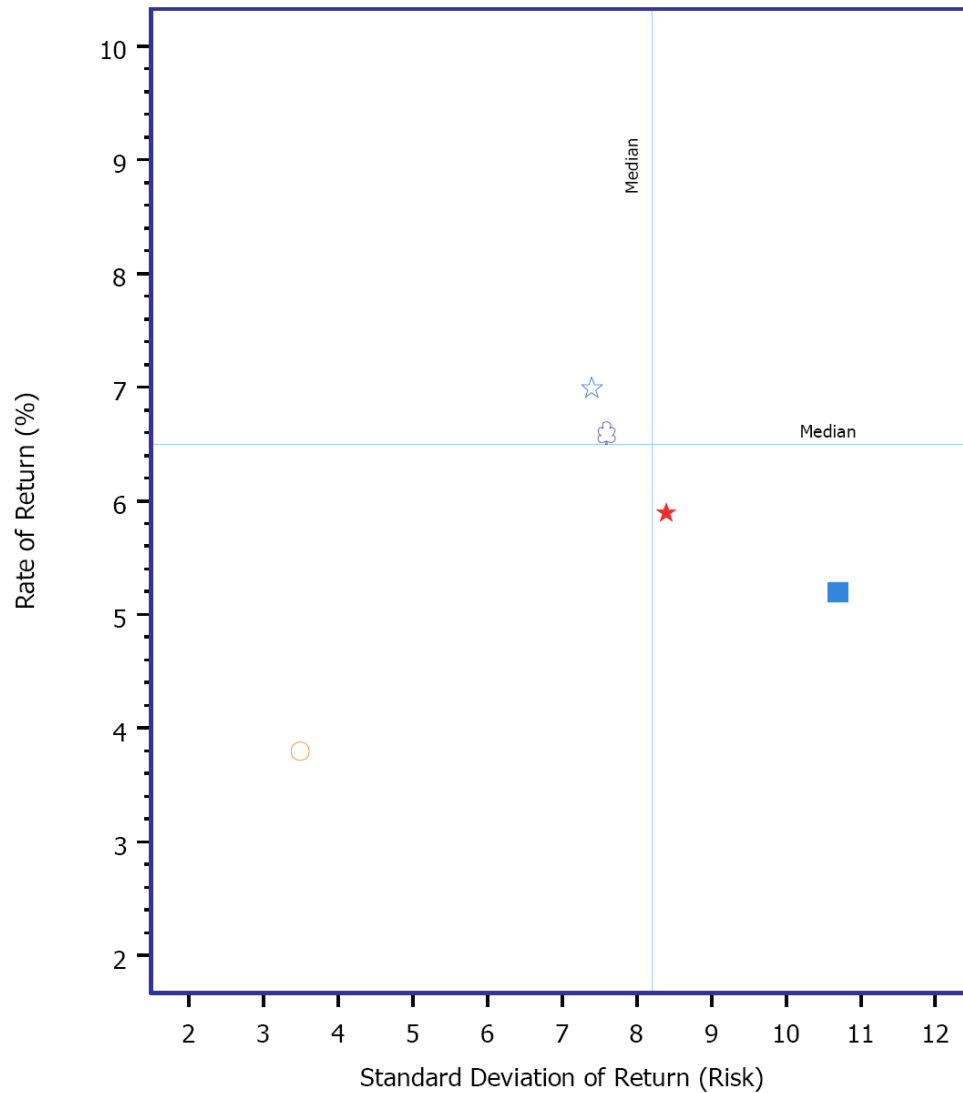


	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ ERS COMPOSITE	-9.9	86	-15.5	82	-16.6	84	1.8	73	5.9	63	5.8	63	5.4	67
■ ALLOC INDEX	-7.0	28	-11.9	26	-12.8	33	2.9	42	6.6	44	6.2	43	5.7	55
☆ POLICY INDEX	-6.9	28	-11.5	24	-11.7	25	3.5	28	7.0	32	6.5	29	5.8	54
‡ ERS CORE FIXED	-8.4	53	-10.3	15	-9.3	13								
Median	-8.0	--	-13.6	--	-14.2	--	2.7	--	6.5	--	6.1	--	5.9	--
Total Public Funds > \$1 Billion Median	-9.0	--	-14.1	--	-14.9	--	2.7	--	6.7	--	6.2	--	5.9	--

- **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*

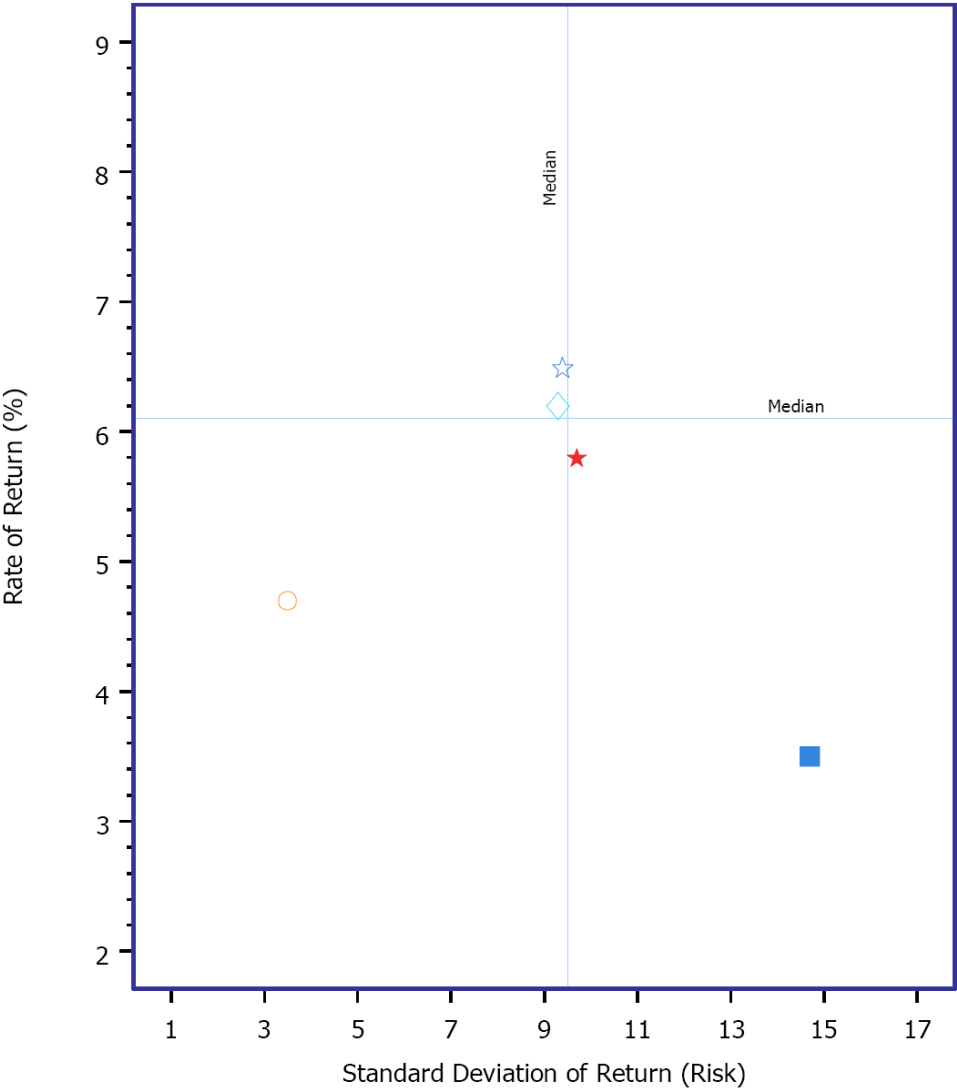


	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	5.9	8.4	0.3
☁ ALLOC INDEX	6.6	7.6	0.5
☆ POLICY INDEX	7.0	7.4	0.5
■ S&P 500	5.2	10.7	0.2
○ LB AGGREGATE	3.8	3.5	0.2
Median	6.5	8.2	0.4

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 7 Years*

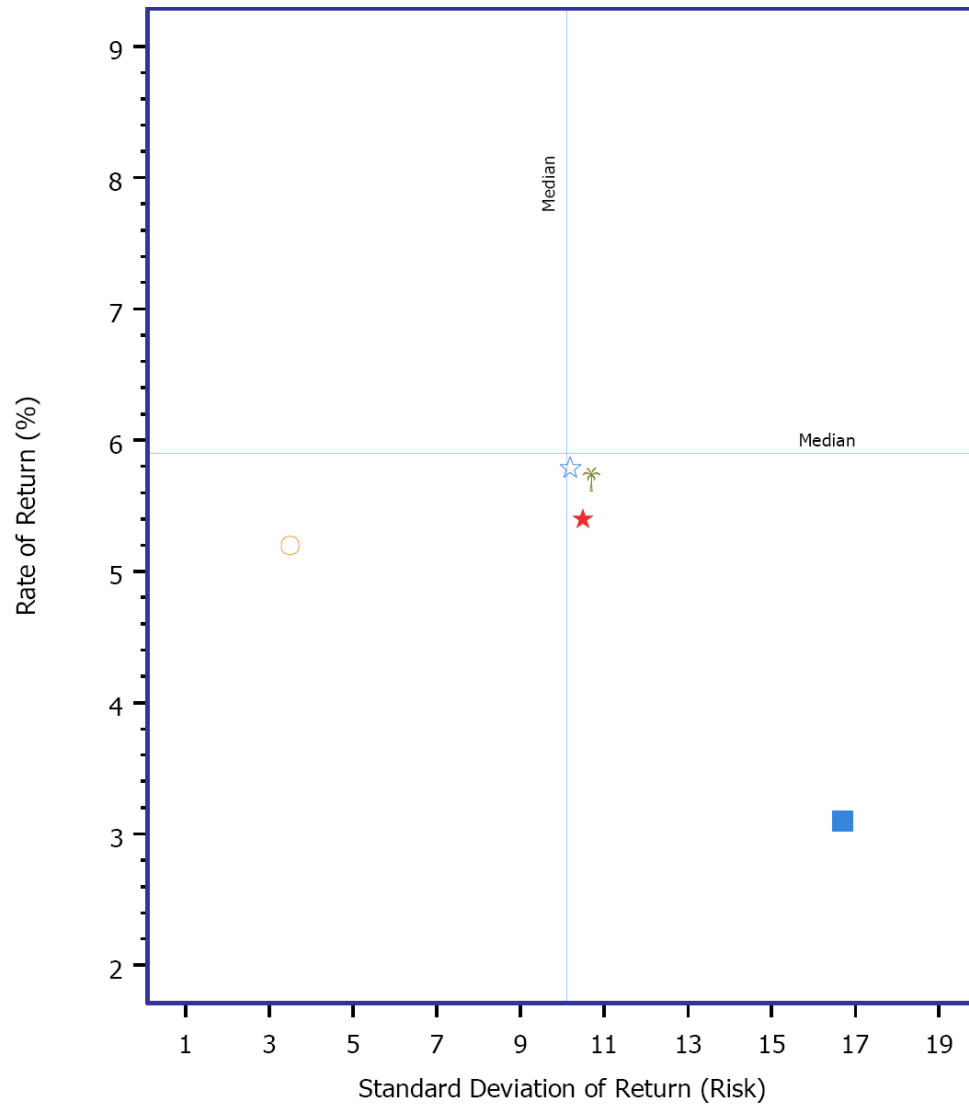


	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	5.8	9.7	0.3
◇ ALLOC INDEX	6.2	9.3	0.4
☆ POLICY INDEX	6.5	9.4	0.4
■ S&P 500	3.5	14.7	0.1
○ LB AGGREGATE	4.7	3.5	0.5
Median	6.1	9.5	0.4

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 10 Years*

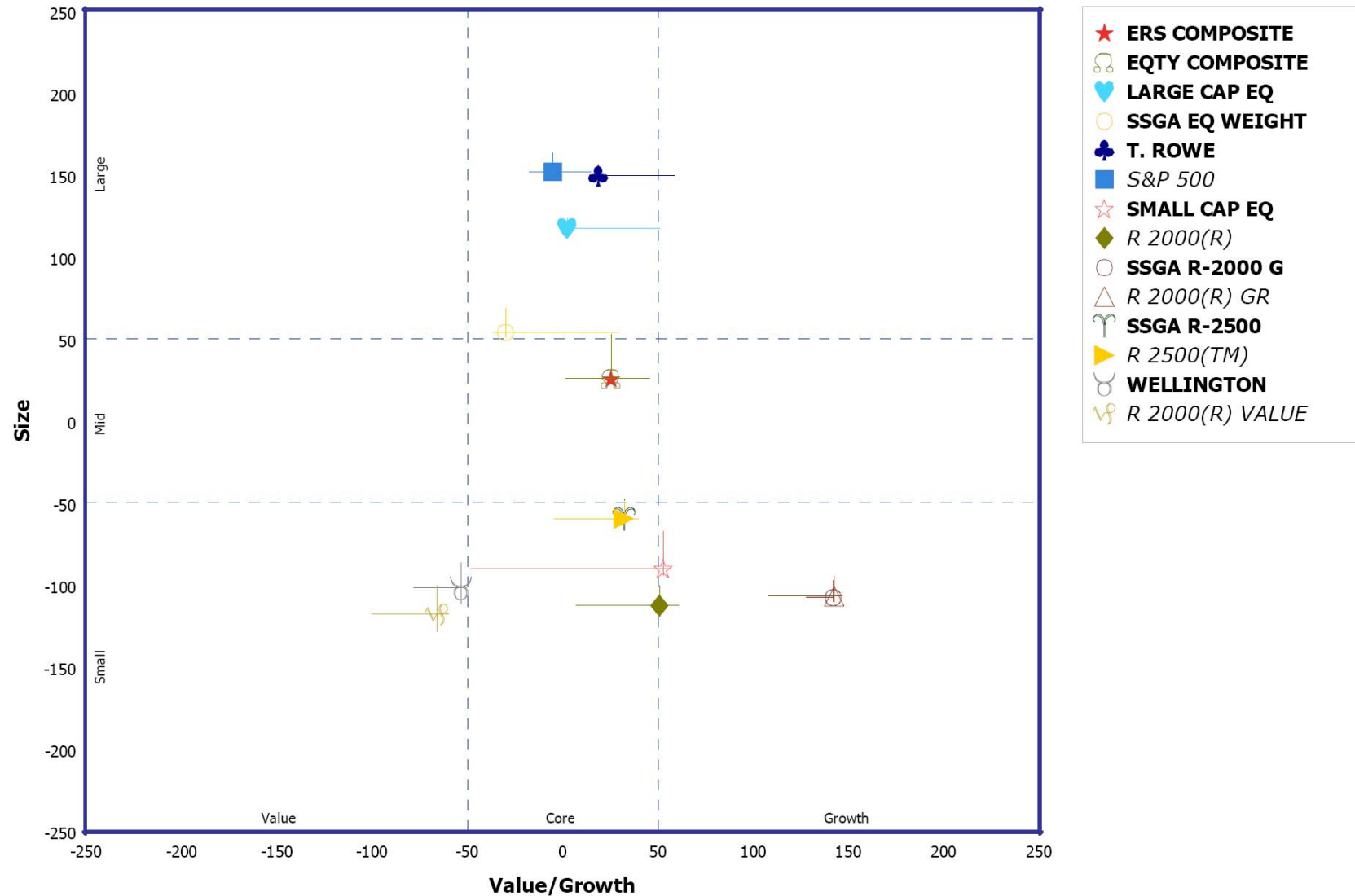


	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	5.4	10.5	0.2
✦ ALLOC INDEX	5.7	10.7	0.2
☆ POLICY INDEX	5.8	10.2	0.3
■ S&P 500	3.1	16.7	0.1
○ LB AGGREGATE	5.2	3.5	0.5
Median	5.9	10.1	0.3

Funded status as of Fiscal Year 2007 = 100.8%



Equity Style Comparison



*Vermont Pension Investment
Committee*

