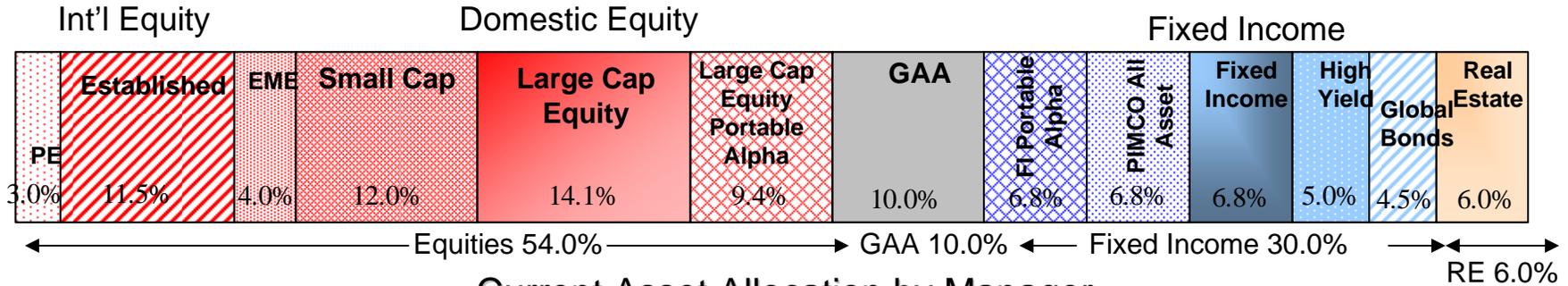


Vermont State Employees' Retirement System

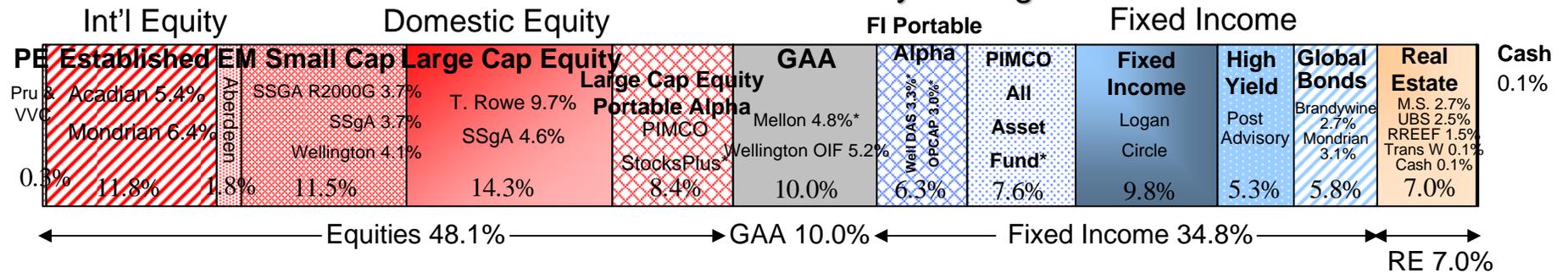


Plan Asset Allocation

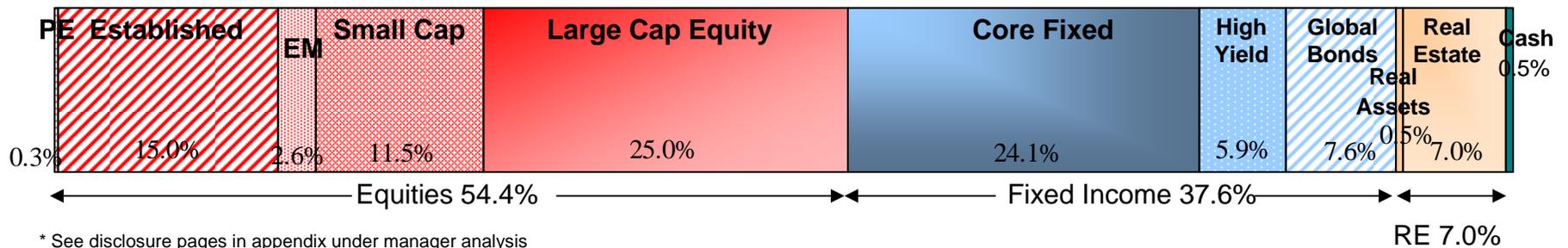
As of December 31, 2008
Target Asset Allocation



Current Asset Allocation by Manager



Current Asset Allocation by Asset Class

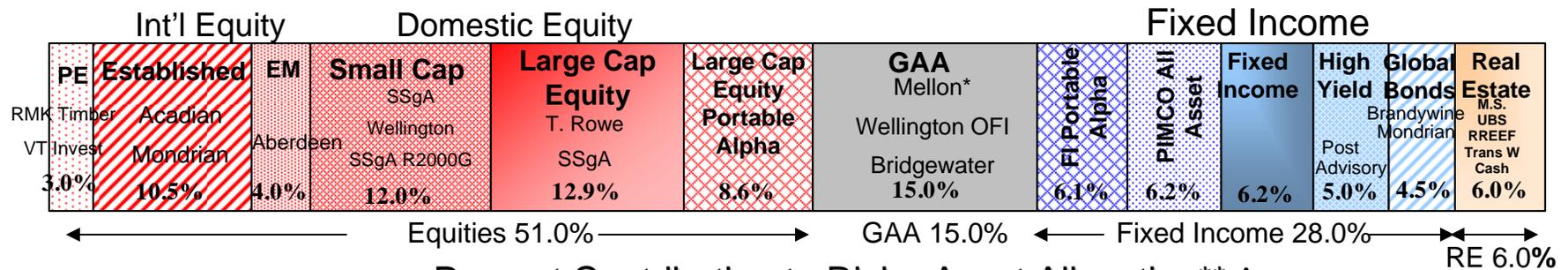


* See disclosure pages in appendix under manager analysis
Numbers may not add up to 100% due to rounding.

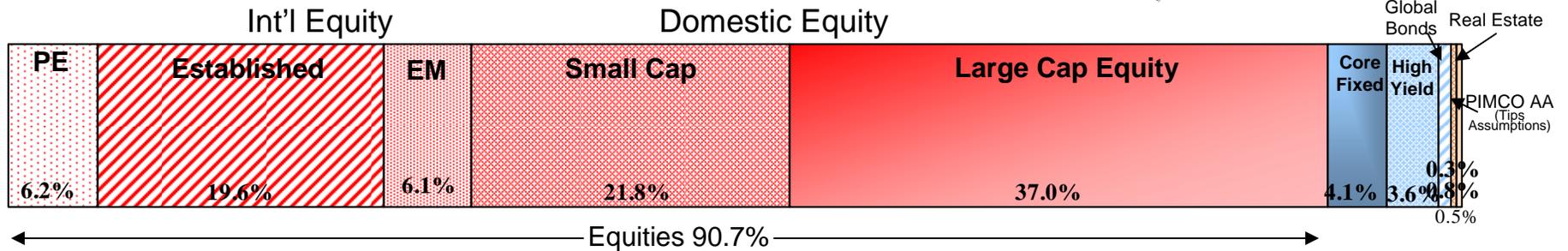


Plan Future Asset Allocation and Risk Budgeting

Future Target Asset Allocation



Percent Contribution to Risk - Asset Allocation**, ^



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

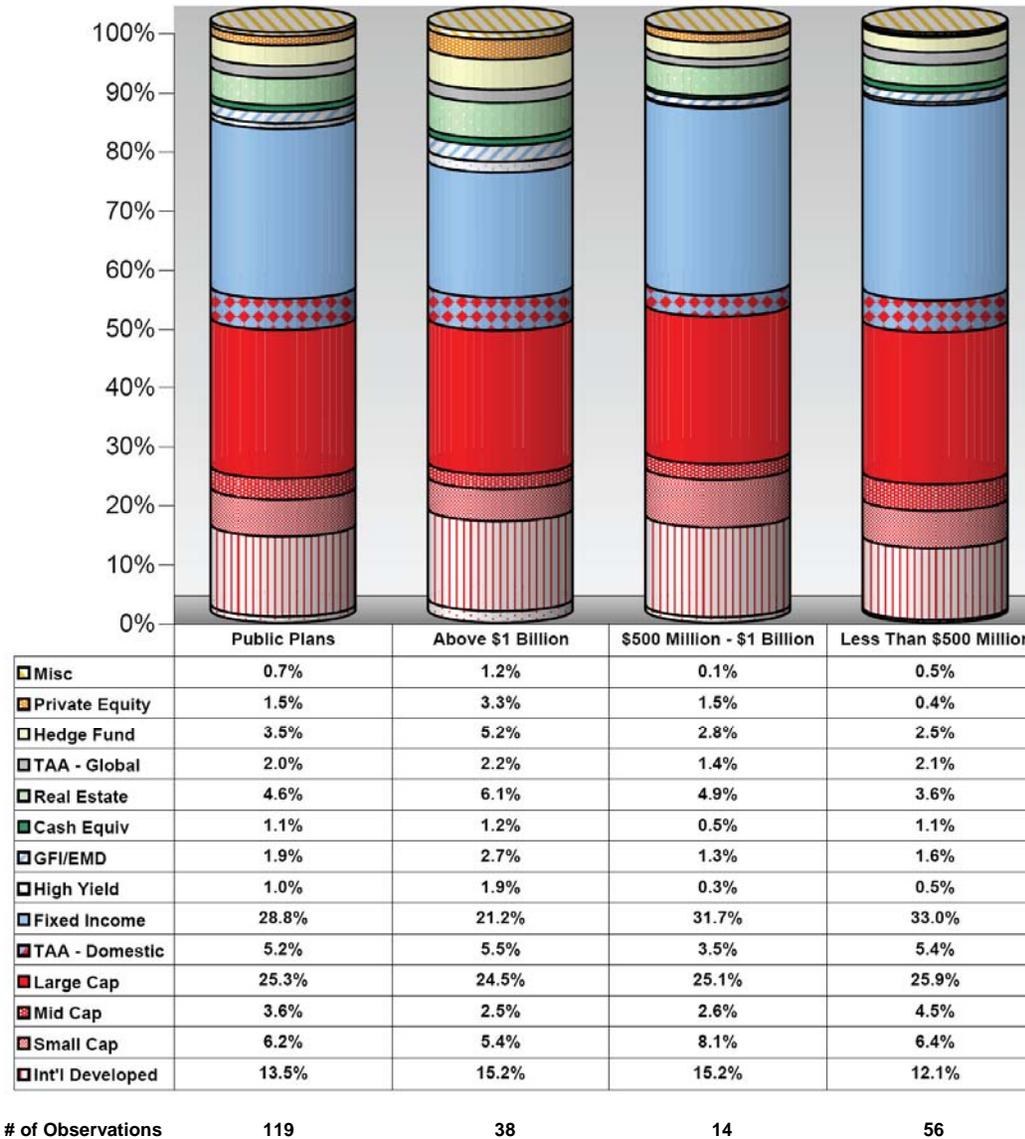
* See disclosure pages in appendix under manager analysis

**Mellon GA 1 was modeled using the following asset classes: 30% Large Cap / 30% Intl' 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	\$215,265	\$35,086	\$39,052	\$34,757	\$225,801	\$49,872	\$128,309	\$55,428	\$66,524	\$3,013	\$95,142	\$594	\$948,843
T. Rowe	91,954	0	0	0	0	0	0	0	0	0	0	0	\$91,954
PIMCO	80,091	0	0	0	0	0	0	0	0	0	0	0	\$80,091
SSgA Equal Wgt	43,220	0	0	0	0	0	0	0	0	0	0	0	\$43,220
SSgA R-2000 Growth	0	0	0	34,757	0	0	0	0	0	0	0	0	\$34,757
SSgA R-2500	0	35,086	0	0	0	0	0	0	0	0	0	0	\$35,086
Wellington	0	0	39,052	0	0	0	0	0	0	0	0	0	\$39,052
Acadian	0	0	0	0	0	0	51,510	0	0	0	0	0	\$51,510
Mondrian	0	0	0	0	0	0	60,185	0	0	0	0	0	\$60,185
Aberdeen	0	0	0	0	0	0	16,614	0	0	0	0	0	\$16,614
Logan Circle	0	0	0	0	93,262	0	0	0	0	0	0	0	\$93,262
Oppenheimer	0	0	0	0	28,718	0	0	0	0	0	0	0	\$28,718
PIMCO AA	0	0	0	0	72,469	0	0	0	0	0	0	0	\$72,469
Wellington DAS	0	0	0	0	31,352	0	0	0	0	0	0	0	\$31,352
Post Advisory	0	0	0	0	0	49,872	0	0	0	0	0	0	\$49,872
Brandywine	0	0	0	0	0	0	0	25,665	0	0	0	0	\$25,665
Mondrian	0	0	0	0	0	0	0	29,763	0	0	0	0	\$29,763
Morgan Stanely	0	0	0	0	0	0	0	0	25,596	0	0	0	\$25,596
UBS Realty	0	0	0	0	0	0	0	0	24,088	0	0	0	\$24,088
RREEF	0	0	0	0	0	0	0	0	14,593	0	0	0	\$14,593
Transwestern	0	0	0	0	0	0	0	0	955	0	0	0	\$955
Real Estate Cash	0	0	0	0	0	0	0	0	1,292	0	0	0	\$1,292
Mellon GA 1	0	0	0	0	0	0	0	0	0	0	45,726	0	\$45,726
Wellington OIF	0	0	0	0	0	0	0	0	0	0	49,416	0	\$49,416
Vermont Investment	0	0	0	0	0	0	0	0	0	3,013	0	0	\$3,013
Vermont Cash	0	0	0	0	0	0	0	0	0	0	0	594	\$594

(Dollars in 000's)



Total Fund Asset Growth Summary

Periods Ending December 31, 2008

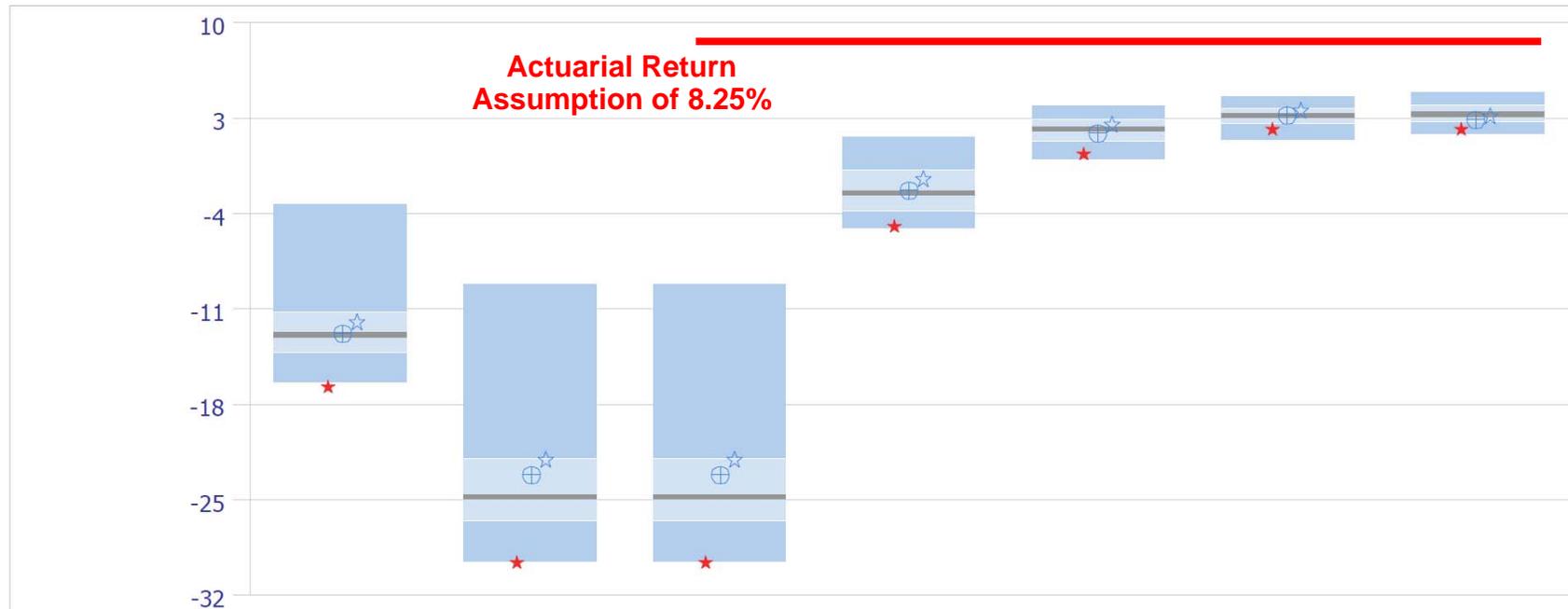
EMPLOYEES RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,144,293	1,378,572	1,378,572	934,947
Net External Growth	-4,142	-27,437	-27,437	-167,487
Return on Investment	-191,309	-402,293	-402,293	181,381
Income Received	130	552	552	129,392
Gain/Loss	-191,439	-402,846	-402,846	51,990
Ending Market Value	948,841	948,841	948,841	948,841

Return -16.7% -29.6% -29.6%



Total Public Funds – Total Rates of Return



	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ ERS COMPOSITE	-16.7	97	-29.6	95	-29.6	95	-4.9	92	0.4	92	2.2	78	2.2	87
⊕ ALLOC INDEX	-12.8	48	-23.2	34	-23.2	34	-2.3	47	1.9	56	3.2	49	2.9	70
☆ POLICY INDEX	-11.9	36	-22.0	24	-22.0	24	-1.4	31	2.6	31	3.6	27	3.2	61
Median	-12.9	--	-24.8	--	-24.8	--	-2.5	--	2.2	--	3.2	--	3.3	--
Total Public Funds > \$1 Billion Median	-13.8	--	-25.9	--	-25.9	--	-2.6	--	2.1	--	3.2	--	3.3	--

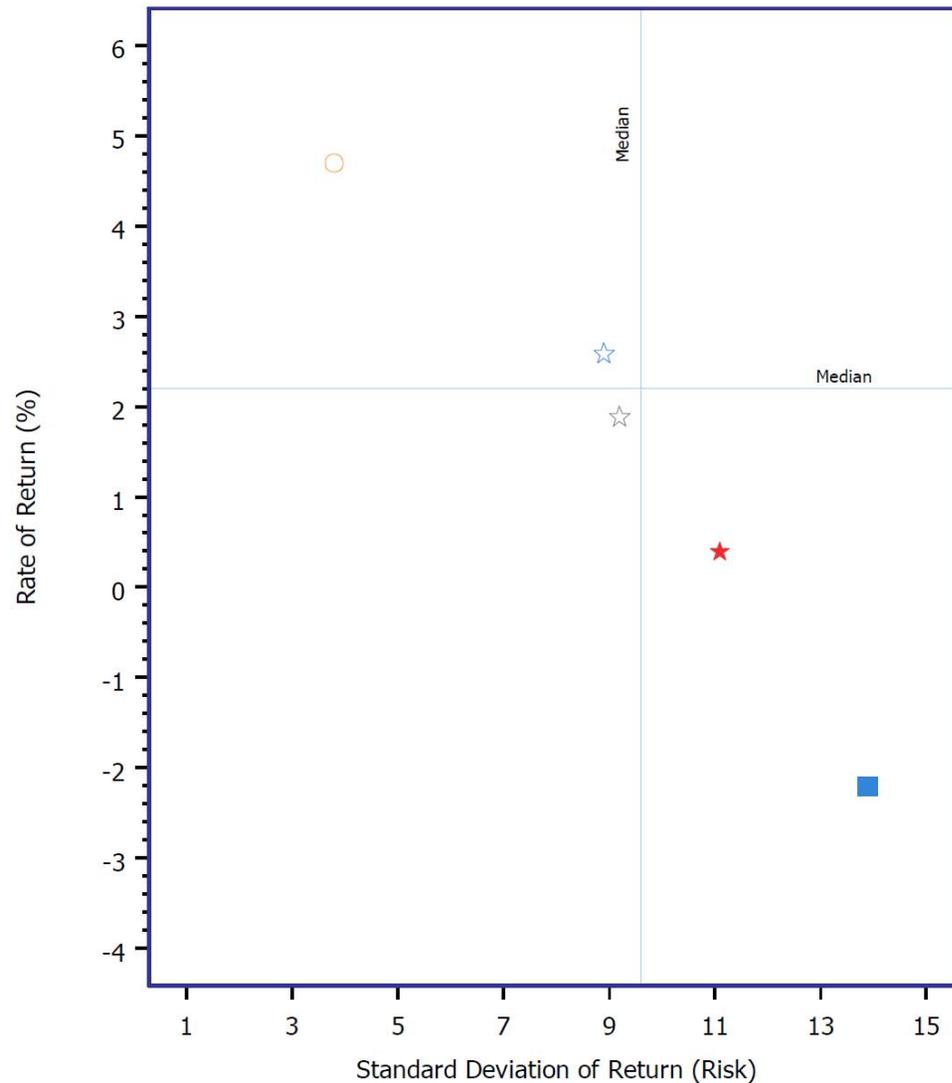
•Policy Index: Measures the effectiveness of Plan Structure. (Target asset class weights X Return of the respective passive benchmark)

•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*



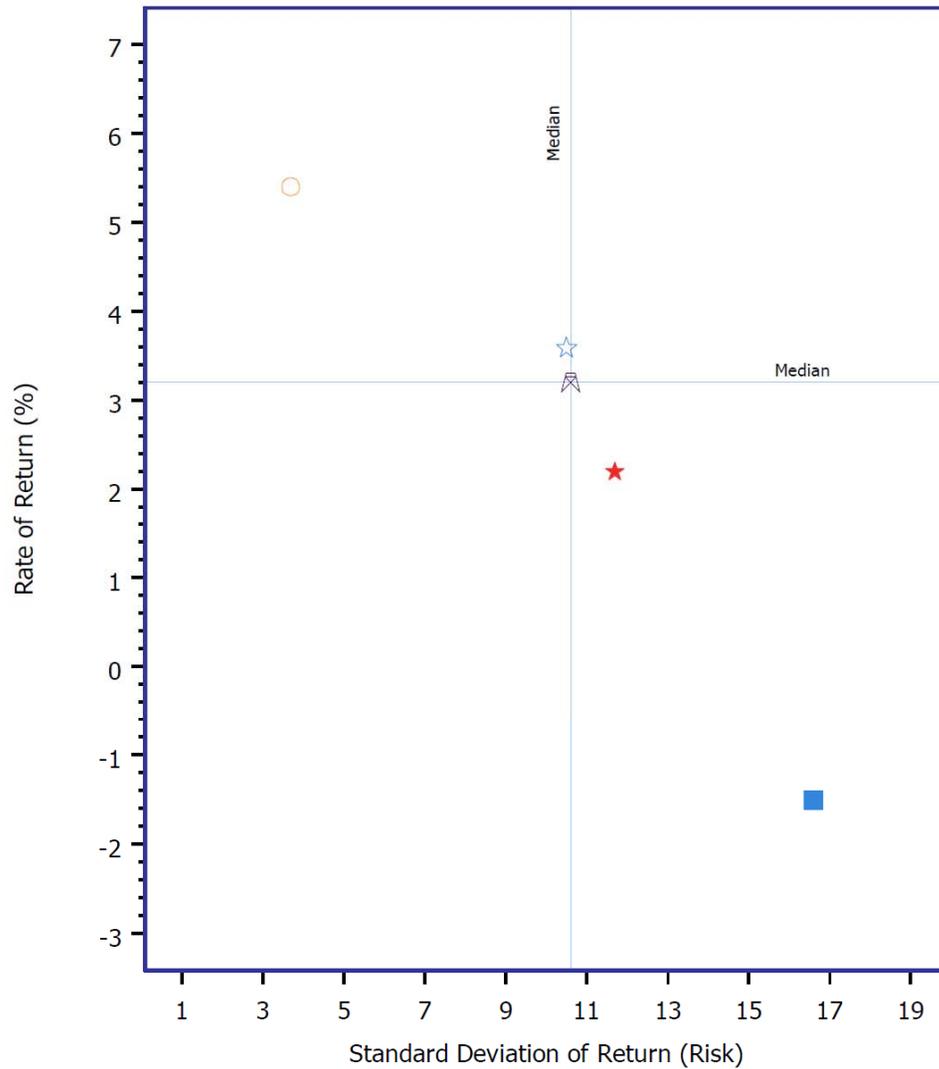
- ★ ERS COMPOSITE
- ☆ ALLOC INDEX
- ☆ POLICY INDEX
- S&P 500
- BC AGGREGATE
- Median

	Return		Standard Deviation		Sharpe Ratio
★ ERS COMPOSITE	0.4	92	11.1	85	-0.2
☆ ALLOC INDEX	1.9	56	9.2	32	-0.1
☆ POLICY INDEX	2.6	31	8.9	29	-0.0
■ S&P 500	-2.2	99	13.9	99	-0.3
○ BC AGGREGATE	4.7	2	3.8	1	0.4
Median	2.2	--	9.6	--	-0.1

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 7 Years*

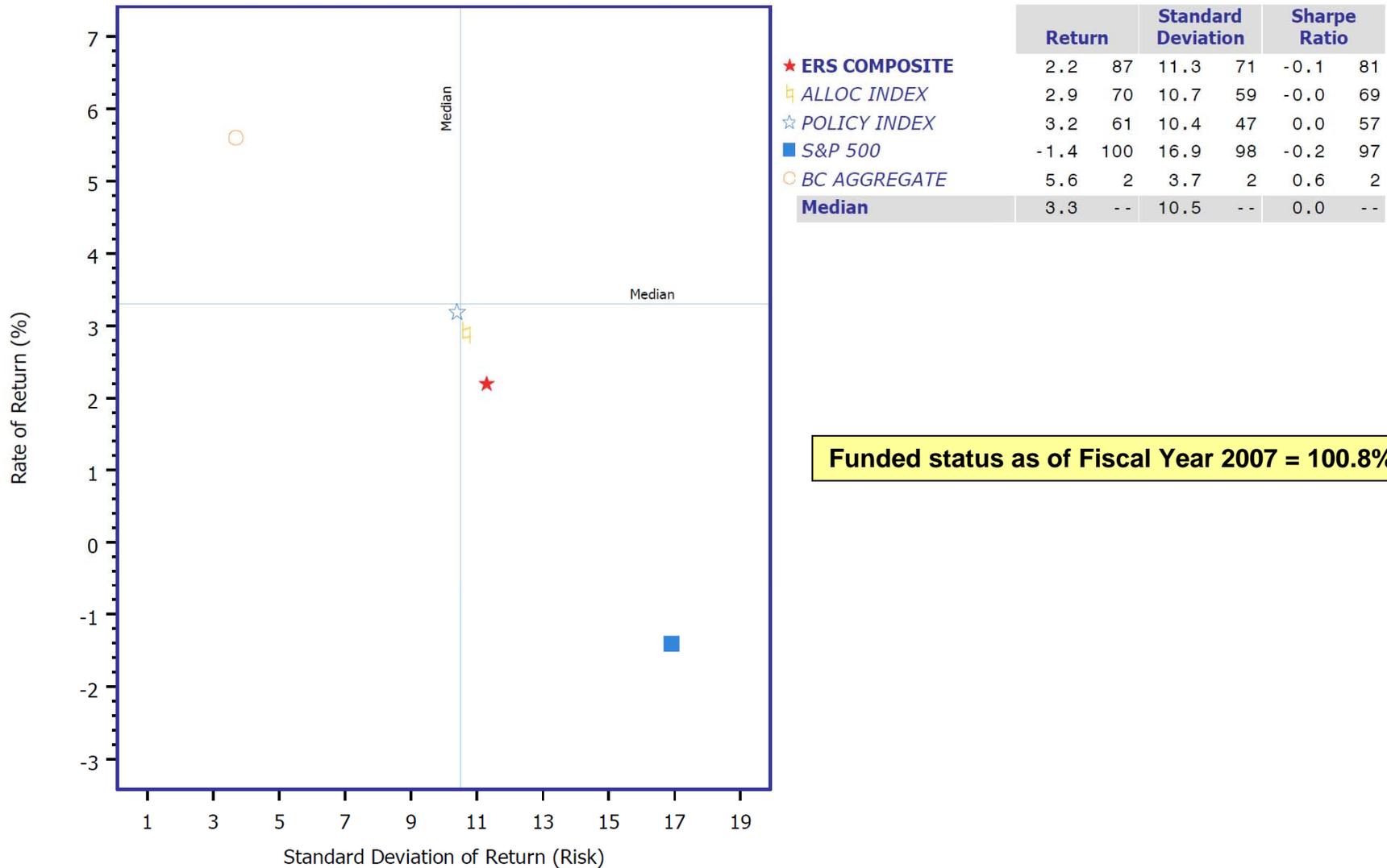


	Return	Standard Deviation	Sharpe Ratio
★ ERS COMPOSITE	2.2	11.7	0.0
⌘ ALLOC INDEX	3.2	10.6	0.1
☆ POLICY INDEX	3.6	10.5	0.1
■ S&P 500	-1.5	16.6	-0.2
○ BC AGGREGATE	5.4	3.7	0.7
Median	3.2	10.6	0.1

Funded status as of Fiscal Year 2007 = 100.8%



Total Fund Risk / Return Analysis – 10 Years*



Funded status as of Fiscal Year 2007 = 100.8%



Equity Style Comparison

