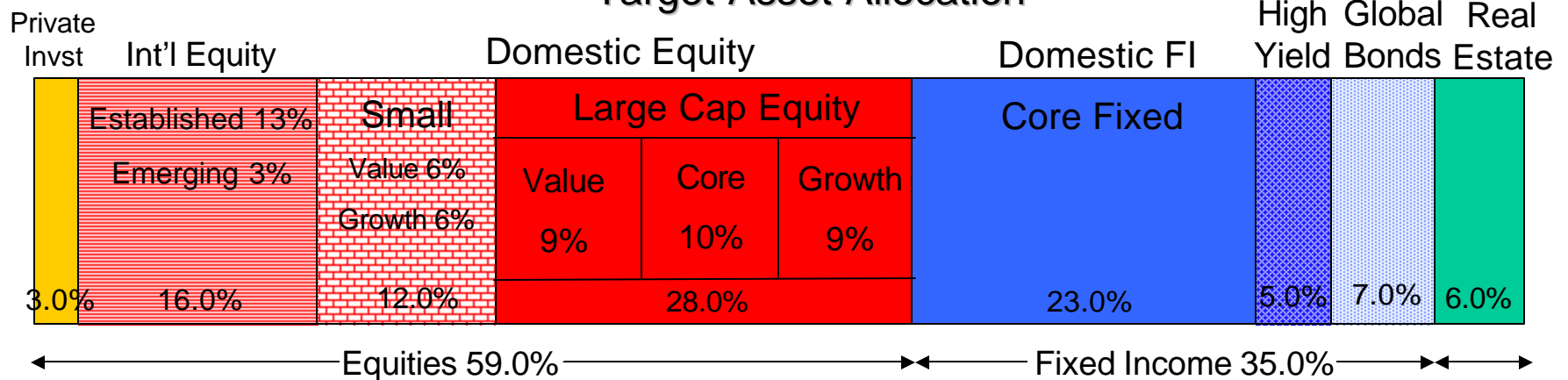


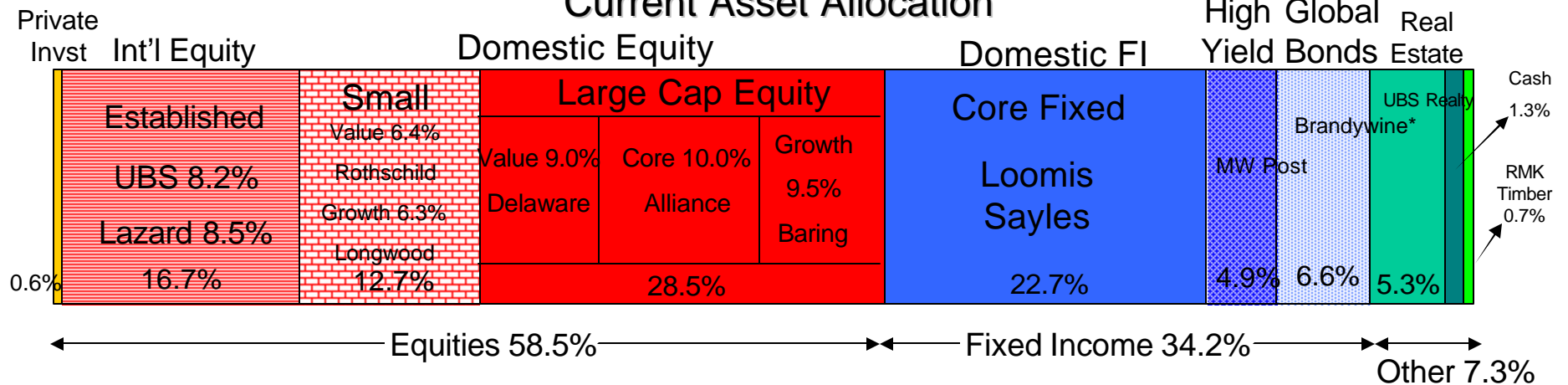
# Plan Asset Allocation

As of September 30, 2005

## Target Asset Allocation



## Current 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
<b>Composite</b>	\$115,111	\$103,980	\$109,650	\$141,853	\$0	\$256,167	\$53,063	\$191,502	\$0	\$60,873	\$5,600	\$8,767	\$107,996	\$1,154,562
<b>Alliance</b>	115,111	0	0	0	0	0	0	0	0	0	0	0	174	\$115,285
<b>Delaware</b>	0	103,980	0	0	0	0	0	0	0	0	0	0	95	\$104,075
<b>Baring</b>	0	0	109,650	0	0	0	0	0	0	0	0	0	0	\$109,650
<b>Rothschild</b>	0	0	0	73,661	0	0	0	0	0	0	0	0	751	\$74,412
<b>Longwood</b>	0	0	0	68,192	0	0	0	0	0	0	0	0	4,166	\$72,358
<b>Loomis</b>	0	0	0	0	0	256,167	0	0	0	0	0	0	5,478	\$261,645
<b>MW Post</b>	0	0	0	0	0	0	53,063	0	0	0	0	0	3,421	\$56,484
<b>UBS</b>	0	0	0	0	0	0	0	93,897	0	0	0	0	1,075	\$94,972
<b>Lazard</b>	0	0	0	0	0	0	0	97,605	0	0	0	0	0	\$97,605
<b>UBS Realty</b>	0	0	0	0	0	0	0	0	0	60,873	0	0	0	\$60,873
<b>Henderson</b>	0	0	0	0	0	0	0	0	0	0	0	0	91,655	\$91,655
<b>Vermont Inv</b>	0	0	0	0	0	0	0	0	0	0	5,600	0	899	\$6,499
<b>RMK Timber</b>	0	0	0	0	0	0	0	0	0	0	0	8,767	0	\$8,767
<b>Cash</b>	0	0	0	0	0	0	0	0	0	0	0	0	282	\$282

(Dollars in 000's)



# Total Fund Asset Growth Summary

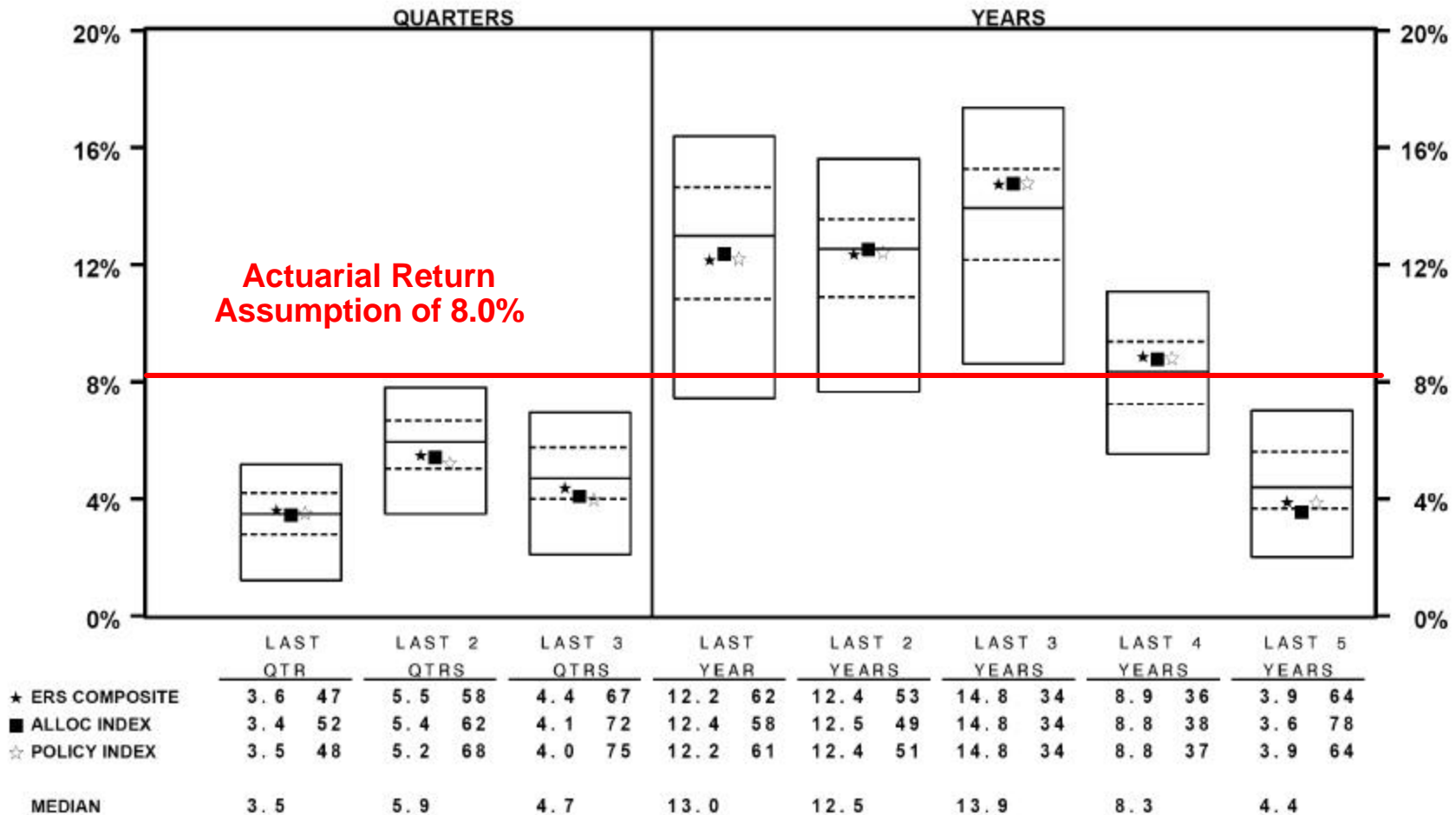
As of September 30, 2005

	<u>LAST QUARTER</u>	<u>YEAR TO DATE</u>	<u>LAST 12 MONTHS</u>	<u>SINCE INCEPTION 3/01</u>
BEGINNING MARKET VALUE	1, 117, 158	1, 118, 630	1, 046, 421	934, 947
NET EXTERNAL GROWTH	- 2, 901	- 12, 278	- 17, 949	- 83, 801
RETURN ON INVESTMENT	40, 304	48, 209	126, 089	303, 415
INCOME RECEIVED	9, 270	24, 699	32, 280	111, 091
GAIN/LOSS	31, 034	23, 510	93, 809	192, 324
ENDING MARKET VALUES	1, 154, 562	1, 154, 562	1, 154, 562	1, 154, 562

Return +3.6%      +4.4%      +12.2%

# Total Public Funds – Total Rates of Return

As of September 30, 2005



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

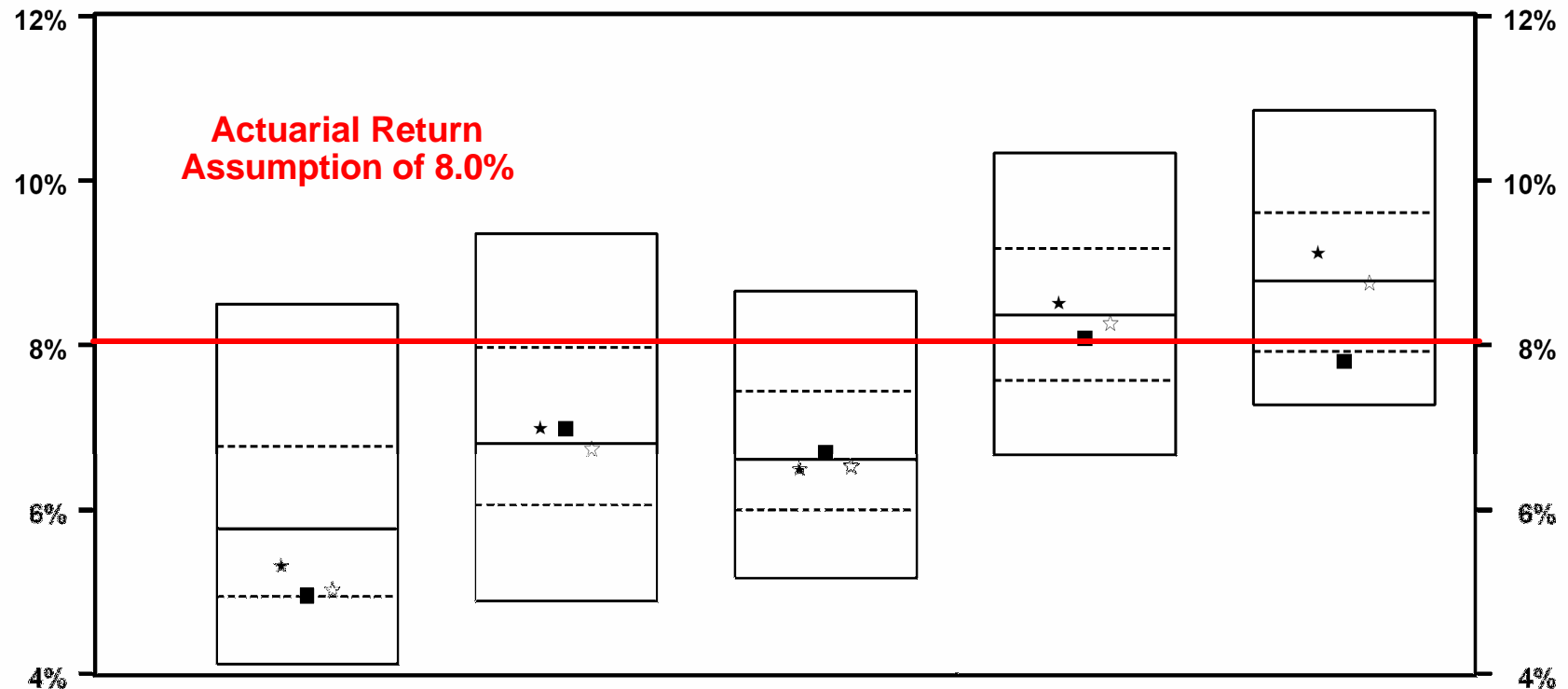
• *Allocation Index*: Measures the effectiveness of *deviating from the target policy weights*. (*Policy Index* - *Allocation Index*) *Allocation Index* = weighted average return of the actual asset class weights and the return of the respective passive benchmark.

• *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 September 30, 2005



	LAST 6 YEARS		LAST 7 YEARS		LAST 8 YEARS		LAST 9 YEARS		LAST 10 YEARS	
★ ERS COMPOSITE	5.3	63	7.0	45	6.5	52	8.5	45	9.1	40
■ ALLOC INDEX	4.9	74	7.0	45	6.7	47	8.1	55	7.8	61
☆ POLICY INDEX	5.0	73	6.7	54	6.5	51	8.3	51	8.8	51
MEDIAN	5.8		6.8		6.6		8.4		8.8	

• **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 9/30/05)

	3Q05	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
<b>Vermont Composite (GROSS)</b>	3.6%	47	70	4.4%	67	82	12.2%	82	82	14.8%	34	59	3.9%	64	65	\$1,154,561,601	100.0%	0.36%
<b>Vermont Composite (NET)</b>	3.6%			4.3%			12.1%			14.7%			N/A					
<b>Median Public Fund</b>	3.5%			4.7%			13.0%			13.9%			4.4%					
<b>Median Large Fund</b>	4.1%			5.5%			14.0%			15.1%			4.4%					
Allocation Index	3.4%			4.1%			12.4%			14.8%			3.6%					
Policy Index	3.5%			4.0%			12.2%			14.8%			3.9%					
<b>Large Cap Equity</b>																		
<b>Total Large Cap Equity</b>																\$329,009,188	28.6%	
Alliance	3.5%	80		2.8%	83		11.8%	87		16.5%	82		(1.6%)	84		\$115,284,629	10.0%	0.08%
Standard & Poors 500	3.6%			2.8%			12.3%			16.7%			(1.5%)					
Delaware	2.9%	78		2.9%	83		11.9%	82		17.2%			6.3%	56		\$104,074,659	9.0%	0.42%
Russell 1000 Value	3.9%			5.7%			16.7%			20.5%			5.8%					
Baring	5.5%	41		5.7%	33		16.6%	29		16.4%	46		(9.3%)	92		\$109,649,900	9.5%	0.38%
Russell 1000 Growth	4.0%			2.2%			11.6%			14.7%			(8.6%)					
<b>Small Cap Equity</b>																		
<b>Total Small Cap Equity</b>																\$146,769,687	12.7%	
Rothschild	5.9%	20		7.8%	26		21.1%	37		22.1%	86		16.9%	63		\$74,411,732	6.4%	0.62%
Russell 2500 Value	3.6%			6.8%			21.3%			25.6%			15.1%					
Longwood	7.0%	34		7.4%	33		15.4%	80		N/A			N/A			\$72,357,955	6.3%	0.80%
Russell 2000 Growth	6.3%			2.5%			18.0%			23.2%			(2.5%)					
Russell 2000	4.7%			3.4%			18.0%			24.1%			6.4%					
<b>Int'l Equity</b>																		
<b>Total Int'l Equity</b>																\$192,577,388	16.6%	
UBS	8.7%	79		7.0%	85		22.7%	78		23.2%	69		6.2%	50		\$84,971,994	8.2%	0.59%
Lazard	11.0%	46		10.1%	55		25.3%	64		23.7%	68		4.5%	67		\$87,605,394	8.5%	0.50%
EAFE (After Taxes)	10.4%			9.1%			25.8%			24.6%			3.2%					
CITI EPAC	11.0%			10.2%			27.3%			25.1%			3.5%					

Note: Results for periods longer than one year are annualized

There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.



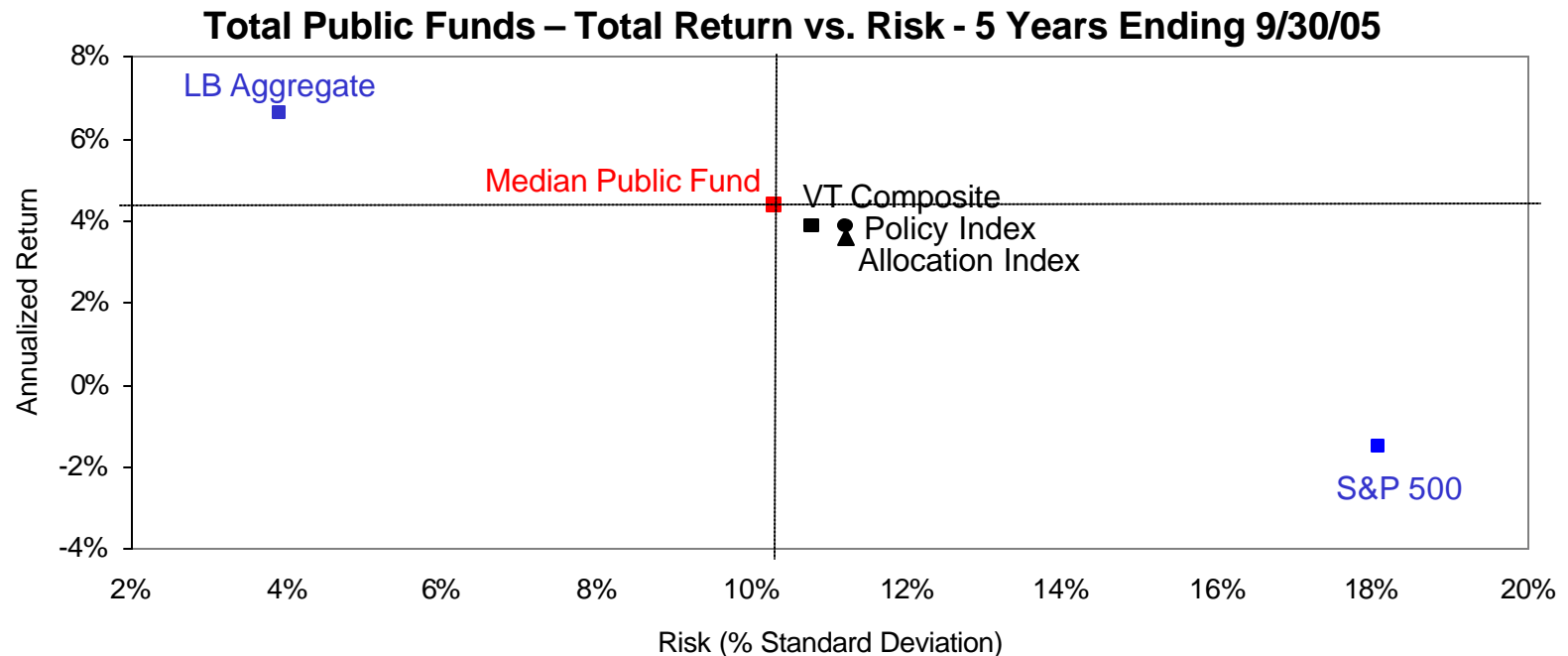
# Performance Detail (as of 9/30/05)

	3Q05	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	
<b>Core Fixed</b>																			
<b>Total Core Fixed Income</b>																\$261,645,094	22.7%		
Loomis, Sayles	(0.5%)	57		1.1%	94		2.2%	87		6.3%	7		6.8%	61		\$261,645,094	22.7%	0.15%	
Lehman Aggregate Bond	(0.7%)			1.8%			2.6%			4.0%			6.6%						
Lehman U.S. Credit	(1.0%)			1.5%			2.7%			5.8%			7.7%						
<b>High Yield Fixed</b>																			
<b>Total High Yield Fixed Income</b>																\$56,483,665	4.9%		
MW Post	1.3%	33		2.8%	23		6.5%	28		N/A			N/A			\$56,483,665	4.9%	0.46%	
Lehman High Yield	0.9%			2.0%			6.7%			16.0%			7.6%						
<b>Global Bonds</b>																			
<b>Total Global Bonds</b>																\$75,859,778	6.6%		
Deutsche	(0.8%)	68		(5.0%)	81		3.9%	66		8.6%	54		8.5%	57		\$75,859,778	6.6%	0.28%	
CITI World Gov't Bond	(1.1%)			(5.0%)			3.0%			8.0%			8.2%						
<b>Real Estate</b>																			
<b>Total Real Estate</b>																\$60,872,652	5.3%		
UBS Realty	3.7%	43		15.7%	25		20.5%	39		13.9%	39		10.8%	41		\$60,872,652	5.3%	0.90%	
NCREIF Property Index	3.5%			10.8%			15.0%			10.8%			9.2%						
<b>Private Investment</b>																			
Vermont Investments	0.1%			4.7%			11.3%			(0.5%)			(1.5%)			\$6,500,175	0.6%		
<b>Miscellaneous</b>																			
RMK Timber	5.3%			9.0%			12.4%			5.7%			5.8%			\$8,767,460	0.8%	1%	
NCREIF Timber Index	3.7%			11.9%			14.1%			8.3%			4.4%						
<b>Cash</b>																			
Vermont Cash	1.1%			3.6%			4.7%			2.4%			3.5%			\$16,076,514	1.4%		
90 Day U.S. T-Bills	0.8%			2.1%			2.6%			1.7%			2.5%						

Note: Results for periods longer than one year are annualized  
There may be a slight or no dispersion between Gross-of-fee and Net-of-fee returns. This is due to management fee's being paid from an account not included in the plan.



# Total Fund Risk / Return Analysis



	Annualized Return		Standard Deviation	
	Value	Rank	Value	Rank
Composite	3.9	64	10.8	35
Allocation Index	3.6	78	11.2	29
Policy Index	3.9	64	11.2	29
<b>S&amp;P 500</b>	<b>-1.5</b>		<b>18.1</b>	
<b>LB Aggregate</b>	<b>6.6</b>		<b>3.9</b>	
<b>Median Public Fund</b>	<b>4.4</b>		<b>10.3</b>	

