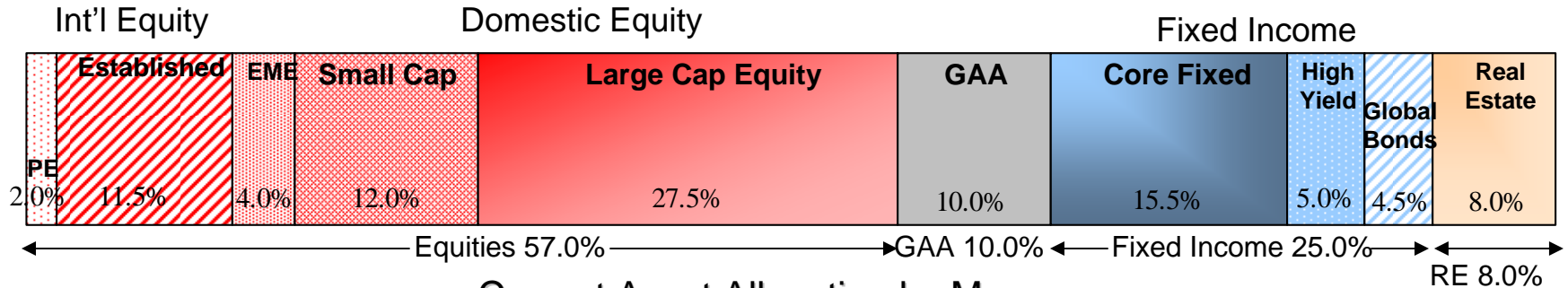


State Teachers' Retirement System of Vermont

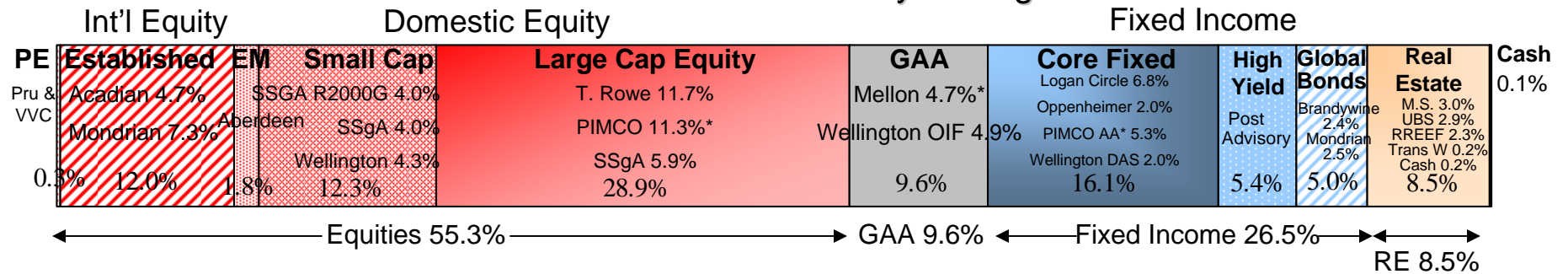


Plan Asset Allocation

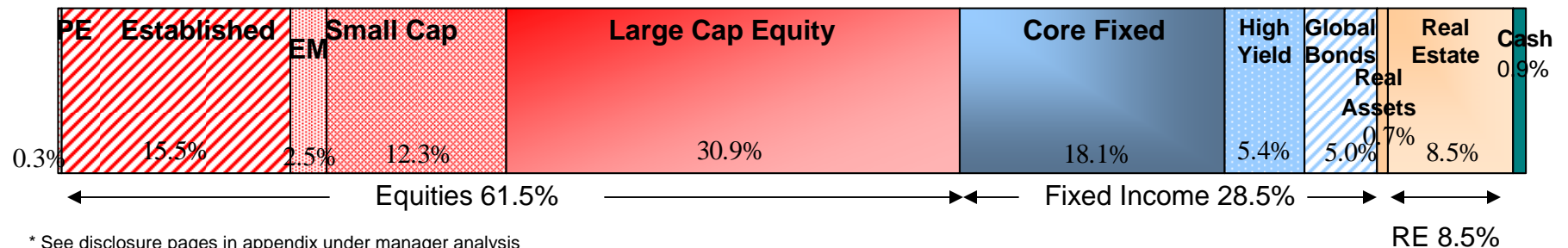
As of September 30, 2008
Target Asset Allocation



Current Asset Allocation by Manager



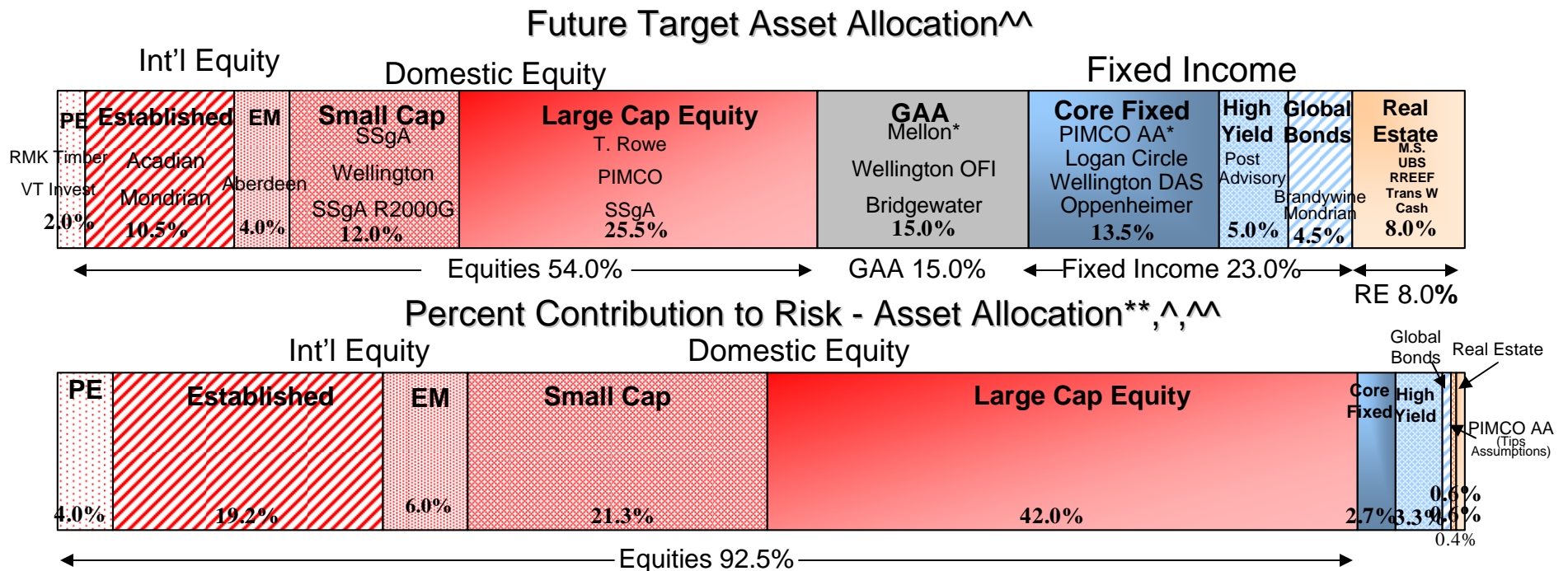
Current Asset Allocation by Asset Class



* 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



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

* See disclosure pages in appendix under manager analysis

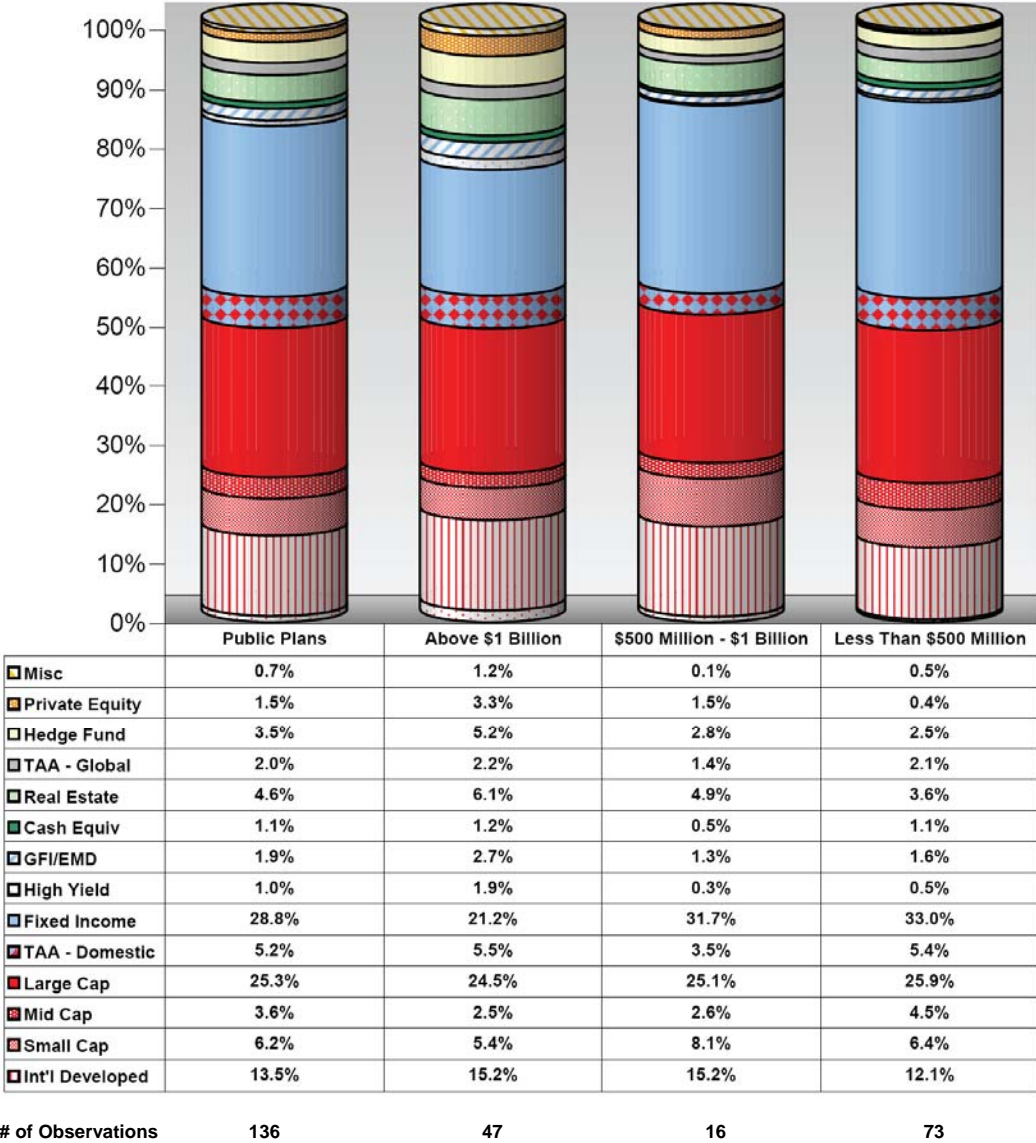
**Mellon GA 1 was modeled using the following asset classes: 30% Large Cap / 30% Int'l Equity / 20% Core Fixed Income / 20% Global Bonds.

[^]PIMCO AA was modeled using our Tips Assumptions.

^{^^}Based on Target Allocation on page 7



ICC Average Asset Allocation – Public Plans



Asset Breakdown

	Domestic Large Core	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	High Yield	Int'l Equity	Global Bonds	Real Estate	Alt Invest	Private Investment	Cash	Total
Composite	\$393,542	\$54,825	\$57,789	\$54,498	\$218,939	\$73,299	\$187,661	\$67,283	\$115,989	\$130,506	\$3,444	\$1,335	\$1,359,110
T. Rowe	159,197	0	0	0	0	0	0	0	0	0	0	0	\$159,197
PIMCO	153,593	0	0	0	0	0	0	0	0	0	0	0	\$153,593
SSgA Equal Wgt	80,752	0	0	0	0	0	0	0	0	0	0	0	\$80,752
SSgA R-2500	0	54,825	0	0	0	0	0	0	0	0	0	0	\$54,825
Wellington	0	0	57,789	0	0	0	0	0	0	0	0	0	\$57,789
SSgA R-2000 Growth	0	0	0	54,498	0	0	0	0	0	0	0	0	\$54,498
Acadian	0	0	0	0	0	0	63,737	0	0	0	0	0	\$63,737
Mondrian	0	0	0	0	0	0	99,275	0	0	0	0	0	\$99,275
Aberdeen	0	0	0	0	0	0	24,648	0	0	0	0	0	\$24,648
Logan Circle	0	0	0	0	92,102	0	0	0	0	0	0	0	\$92,102
Oppenheimer	0	0	0	0	27,366	0	0	0	0	0	0	0	\$27,366
PIMCO AA	0	0	0	0	71,719	0	0	0	0	0	0	0	\$71,719
Wellington DAS	0	0	0	0	27,746	0	0	0	0	0	0	0	\$27,746
Post Advisory	0	0	0	0	0	73,299	0	0	0	0	0	0	\$73,299
Mondrian	0	0	0	0	0	0	0	34,324	0	0	0	0	\$34,324
Brandywine	0	0	0	0	0	0	0	32,959	0	0	0	0	\$32,959
Morgan Stanely	0	0	0	0	0	0	0	0	40,877	0	0	0	\$40,877
UBS Realty	0	0	0	0	0	0	0	0	39,390	0	0	0	\$39,390
RREEF	0	0	0	0	0	0	0	0	31,458	0	0	0	\$31,458
Transwestern	0	0	0	0	0	0	0	0	2,052	0	0	0	\$2,052
Real Estate Cash	0	0	0	0	0	0	0	0	2,212	0	0	0	\$2,212
Mellon GA 1	0	0	0	0	0	0	0	0	0	64,495	0	0	\$64,495
Wellington OIF	0	0	0	0	0	0	0	0	0	66,011	0	0	\$66,011
Pru & VVC	0	0	0	0	0	0	0	0	0	0	3,444	0	\$3,444
Vermont Investment	0	0	0	0	5	0	0	0	0	0	0	1,335	\$1,340

(Dollars in 000's)

Total Fund Asset Growth Summary

Periods Ending September 30, 2008

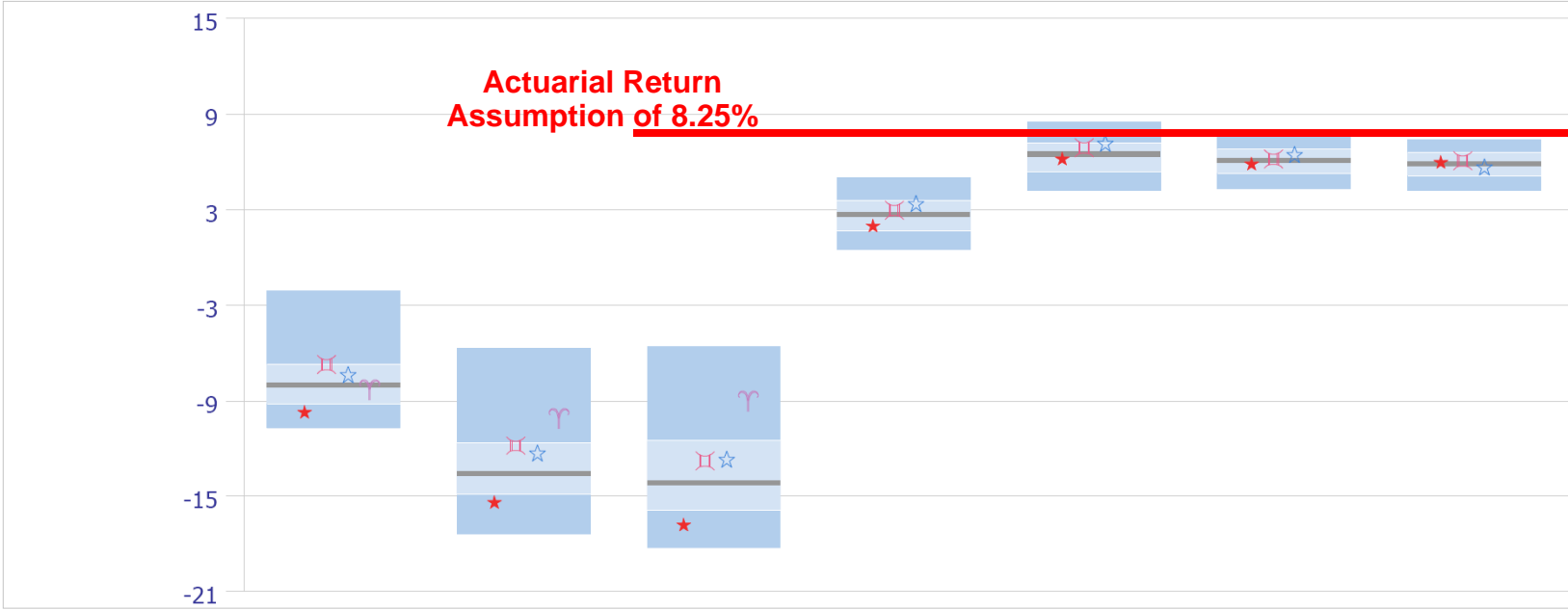
TEACHERS' RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,495,615	1,638,863	1,686,376	1,106,102
Net External Growth	9,736	-29,970	-50,647	-209,986
Return on Investment	-146,240	-249,783	-276,619	462,995
Income Received	132	384	541	140,692
Gain/Loss	-146,372	-250,167	-277,160	322,302
Ending Market Value	1,359,110	1,359,110	1,359,110	1,359,110

Return -9.7% -15.4% -16.8%



Total Public Funds – Total Rates of Return

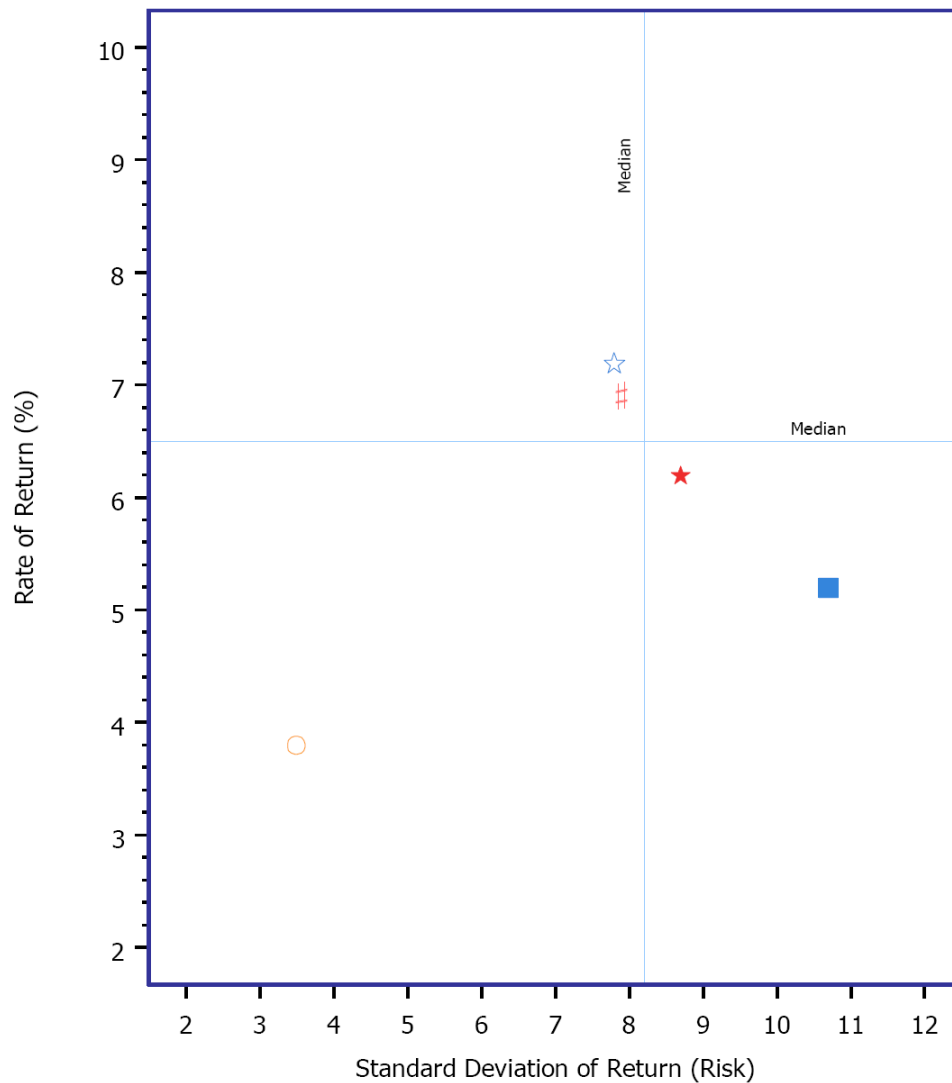


	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ TRS COMPOSITE	-9.7	82	-15.4	82	-16.8	85	2.0	70	6.2	57	5.9	57	6.0	46
⌘ ALLOC INDEX	-6.7	24	-11.8	25	-12.8	33	3.0	38	6.9	34	6.2	42	6.1	43
☆ POLICY INDEX	-7.3	35	-12.3	31	-12.7	32	3.4	29	7.2	25	6.5	29	5.7	57
⌘ TRS CORE FIXED	-8.3	53	-10.1	14	-9.0	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*

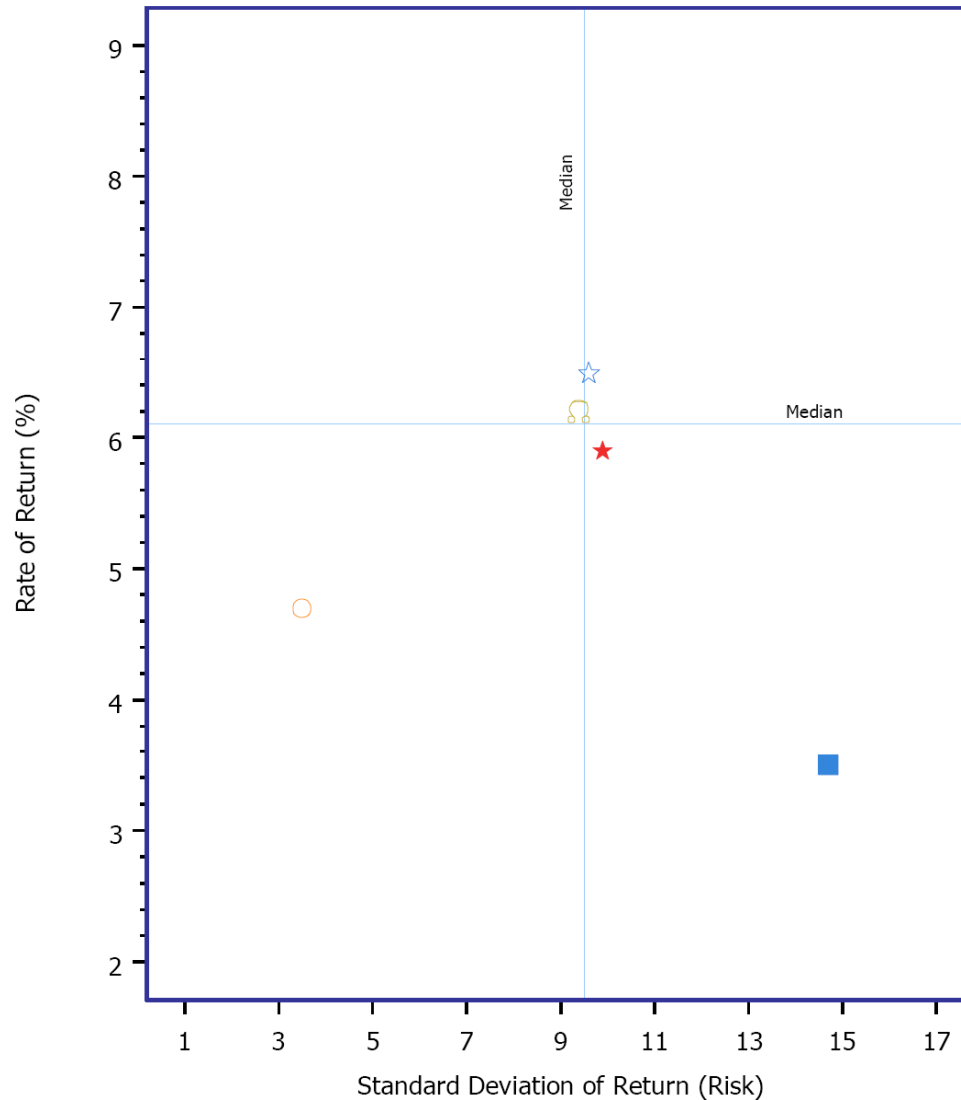


	Return		Standard Deviation		Sharpe Ratio
★ TRS COMPOSITE	6.2	57	8.7	73	0.4 65
# ALLOC INDEX	6.9	34	7.9	43	0.5 31
☆ POLICY INDEX	7.2	25	7.8	40	0.5 20
■ S&P 500	5.2	80	10.7	99	0.2 88
○ LB AGGREGATE	3.8	96	3.5	1	0.2 94
Median	6.5	--	8.2	--	0.4 --

Funded status as of Fiscal Year 2007 = 84.9%



Total Fund Risk / Return Analysis – 7 Years*

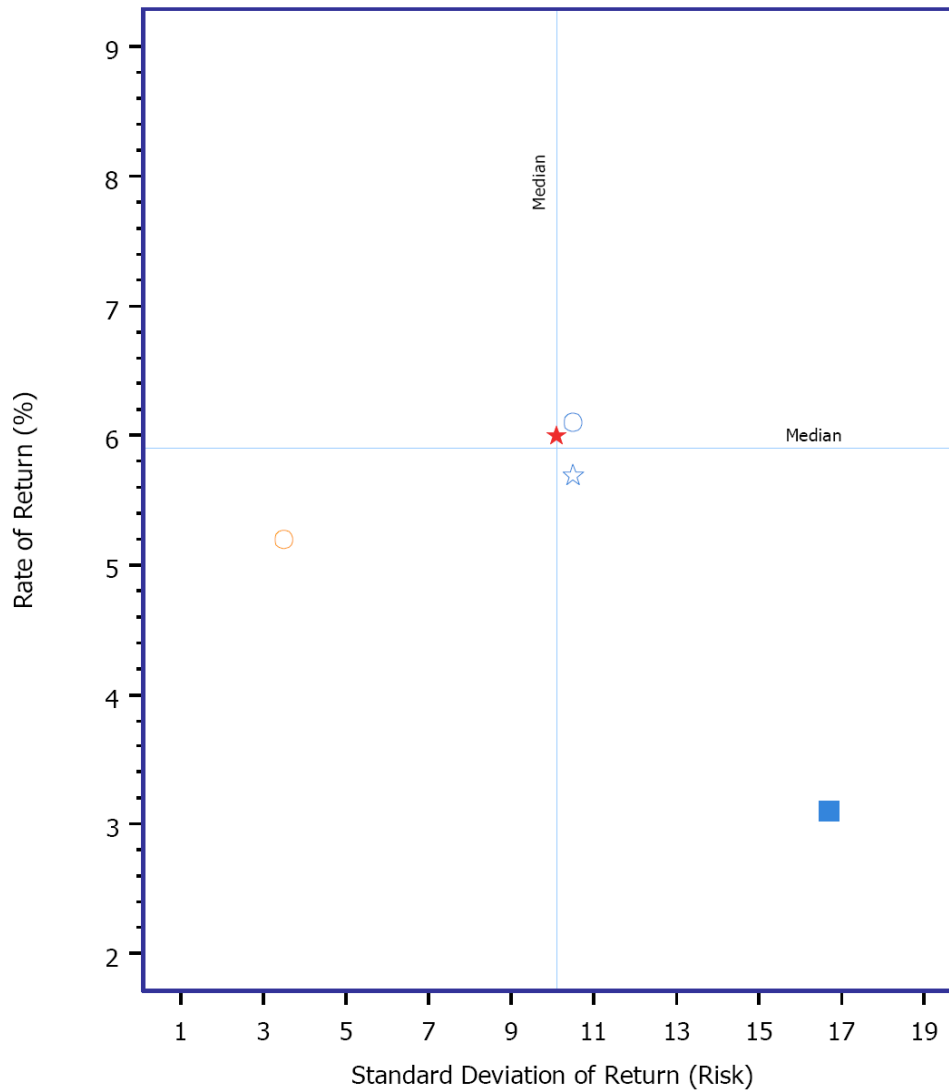


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	5.9	9.9	0.3
⚙️ ALLOC INDEX	6.2	9.4	0.4
☆ POLICY INDEX	6.5	9.6	0.4
■ S&P 500	3.5	14.7	0.1
○ LB AGGREGATE	4.7	3.5	0.5
Median	6.1	9.5	0.4

Funded status as of Fiscal Year 2007 = 84.9%



Total Fund Risk / Return Analysis – 10 Years*

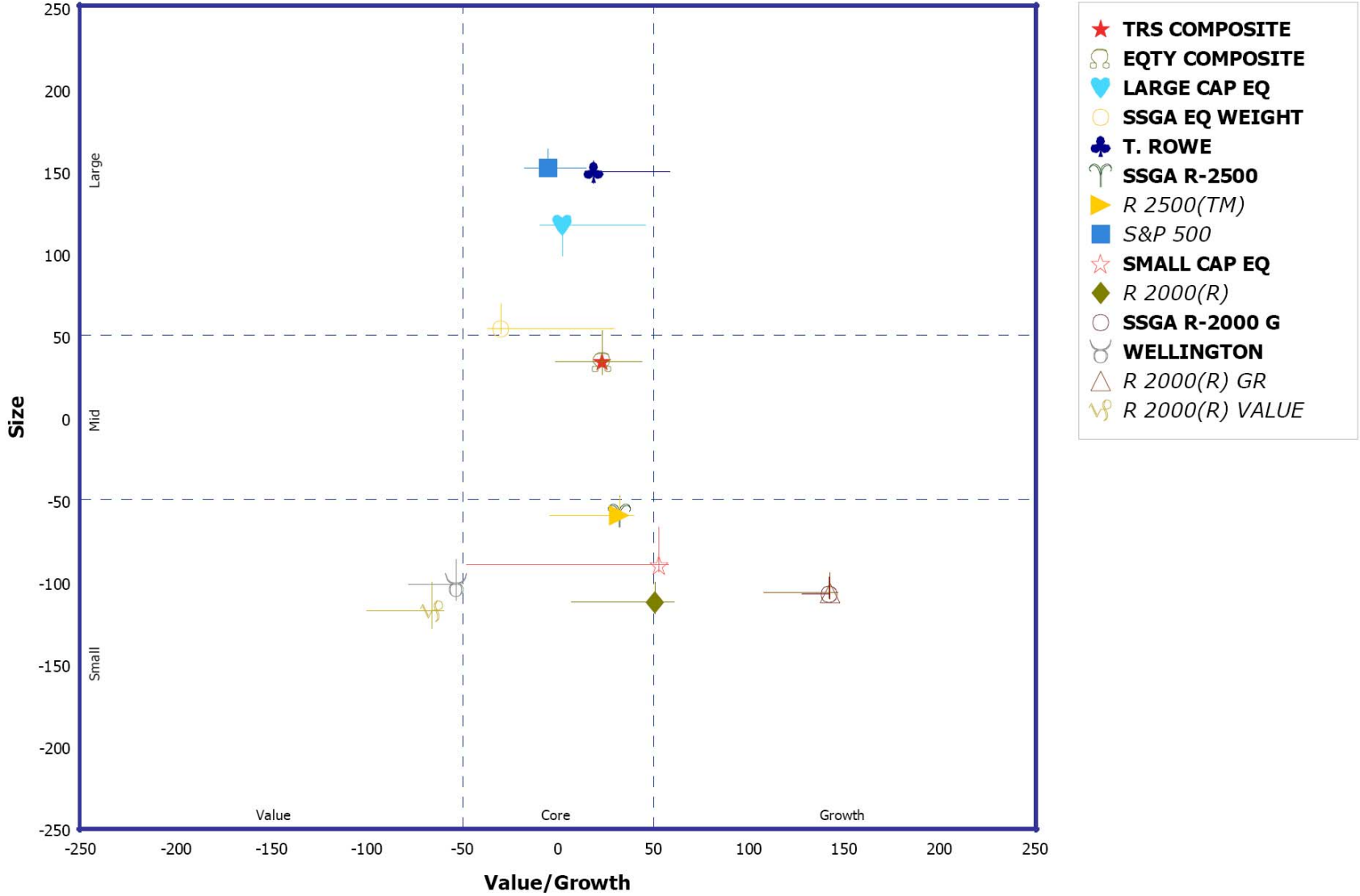


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	6.0	10.1	0.3
○ ALLOC INDEX	6.1	10.5	0.3
☆ POLICY INDEX	5.7	10.5	0.2
■ S&P 500	3.1	16.7	0.1
○ LB AGGREGATE	5.2	3.5	0.5
Median	5.9	10.1	0.3

Funded status as of Fiscal Year 2007 = 84.9%



Equity Style Comparison



*Vermont Pension Investment
Committee*

