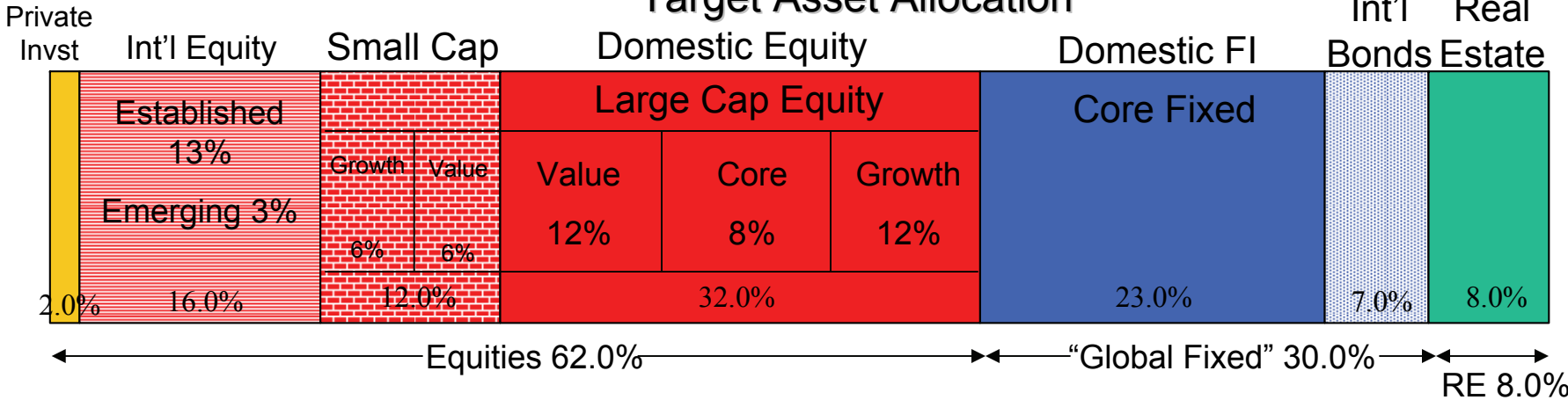


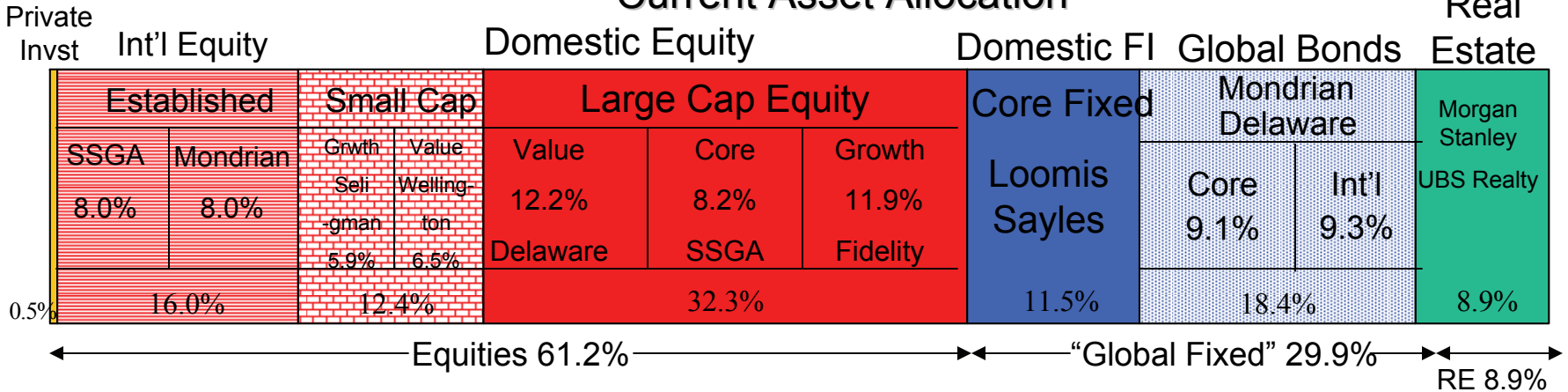
# Plan Asset Allocation

As of June 30, 2005

## Target Asset Allocation



## Current Asset Allocation



# Asset Breakdown

	Domestic Large Core	Domestic Large Value	Domestic Large Growth	Domestic Small Growth	Domestic Small Value	Core Fixed	Int'l Equity	Global Bonds	Real Estate	Private Investment	Cash	Total
<b>Composite</b>	\$108,359	\$160,000	\$158,034	\$78,264	\$82,710	\$150,062	\$211,031	\$241,250	\$118,600	\$5,944	\$11,540	\$1,325,794
<b>SSgA</b>	108,359	0	0	0	0	0	0	0	0	0	78	\$108,437
<b>Delaware</b>	0	160,000	0	0	0	0	0	0	0	0	1,220	\$161,220
<b>Fidelity</b>	0	0	158,034	0	0	0	0	0	0	0	75	\$158,109
<b>J&amp;W Seligman</b>	0	0	0	78,264	0	0	0	0	0	0	0	\$78,264
<b>Wellington</b>	0	0	0	0	82,710	0	0	0	0	0	3,211	\$85,921
<b>Loomis</b>	0	0	0	0	0	150,057	0	0	0	0	2,984	\$153,041
<b>Mondrian IE</b>	0	0	0	0	0	0	105,505	0	0	0	715	\$106,220
<b>Putnam</b>	0	0	0	0	0	0	0	0	0	0	5	\$5
<b>SSgA Daily EAFE</b>	0	0	0	0	0	0	105,526	0	0	0	0	\$105,526
<b>Mondrian GB</b>	0	0	0	0	0	0	0	241,250	0	0	3,012	\$244,262
<b>Morgan Stanley</b>	0	0	0	0	0	0	0	0	69,835	0	0	\$69,835
<b>UBS Realty</b>	0	0	0	0	0	0	0	0	48,765	0	0	\$48,765
<b>Pru &amp; VVC</b>	0	0	0	0	0	0	0	0	0	5,944	0	\$5,944
<b>Vermont Investment</b>	0	0	0	0	0	5	0	0	0	0	240	\$245
(Dollars in 000's)												

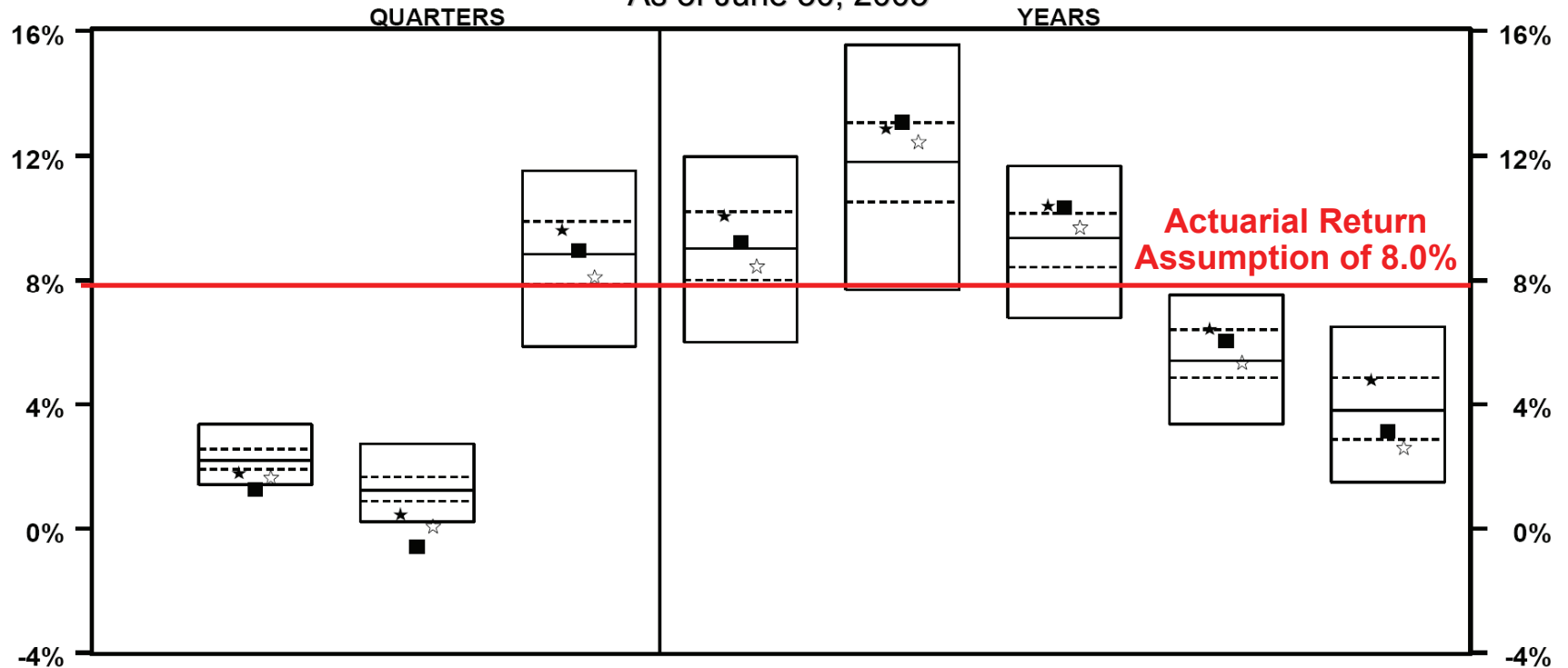
# Total Fund Asset Growth Summary

As of June 30, 2005

	LAST QUARTER	YEAR TO DATE	LAST 12 MONTHS	SINCE INCEPTION 3/01
BEGINNING MARKET VALUE	1, 312, 104	1, 336, 652	1, 237, 648	1, 106, 102
NET EXTERNAL GROWTH	- 9, 373	- 16, 492	- 29, 801	- 109, 463
RETURN ON INVESTMENT	23, 063	5, 634	117, 947	329, 155
INCOME RECEIVED	9, 527	14, 993	30, 991	114, 417
GAIN/LOSS	13, 536	- 9, 359	86, 956	214, 738
ENDING MARKET VALUES	1, 325, 794	1, 325, 794	1, 325, 794	1, 325, 794
Return	+1.8%	+0.5%	+9.7%	

# Total Public Funds – Total Rates of Return

As of June 30, 2005



**Actuarial Return Assumption of 8.0%**

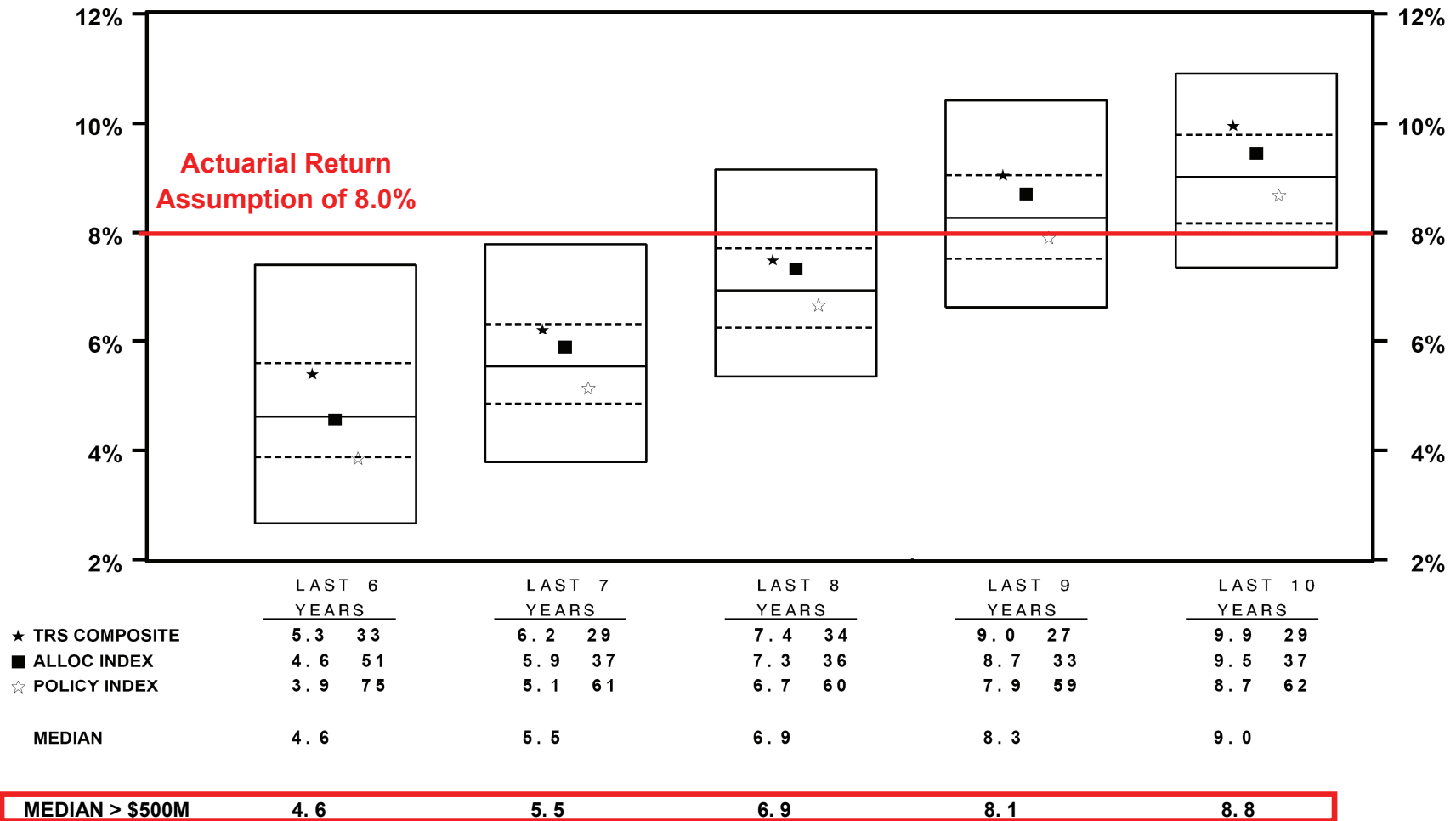
	LAST QTR		LAST 2 QTRS		LAST 3 QTRS		LAST YEAR		LAST 2 YEARS		LAST 3 YEARS		LAST 4 YEARS		LAST 5 YEARS	
★ TRS COMPOSITE	1.8	79	0.5	89	9.2	44	9.7	34	12.7	36	10.3	20	6.3	28	4.7	28
■ ALLOC INDEX	1.3	97	-0.6	97	9.0	45	9.2	44	13.1	23	10.3	21	6.0	31	3.1	67
☆ POLICY INDEX	1.7	85	0.1	95	8.1	71	8.5	64	12.4	34	9.7	34	5.4	50	2.6	82
MEDIAN	2.2		1.2		8.8		9.0		11.8		9.3		5.4		3.8	
<b>MEDIAN &gt; \$500M</b>	<b>2.3</b>		<b>1.4</b>		<b>9.6</b>		<b>9.9</b>		<b>12.6</b>		<b>9.6</b>		<b>5.5</b>		<b>3.5</b>	

- *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, 2005



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

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•*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 6/30/05)

## Vermont State Teachers Pension Plan

	2Q05	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee	
<b>Teachers Composite GROSS</b>	1.8%	79	83	0.5%	89	91	9.7%	34	51	10.3%	22	34	4.7%	28	27	\$1,325,794,062	100.0%	0.39%	
<b>Teachers Composite (NET)</b>	1.8%			0.4%			9.6%			10.2%			N/A						
<b>Median Public Fund</b>	2.2%			1.2%			9.0%			9.3%			3.8%						
<b>Median Public Fund &gt;\$500M</b>	2.3%			1.4%			9.9%			9.6%			3.5%						
<b>Median Large Fund</b>	2.3%			1.6%			9.8%			9.7%			3.6%						
Allocation Index	1.2%			(0.6%)			9.2%			10.3%			3.1%						
Policy Index	1.7%			0.1%			8.5%			9.7%			2.6%						
<b>Large Cap Equity</b>																			
<b>Total Large Cap Equity</b>																\$427,765,993	32.3%		
Delaware	1.3%	62		(0.1%)	83		7.4%	81		8.4%	79		7.3%	55		\$161,219,595	12.2%	0.41%	
Russell 1000 Value	1.7%			1.8%			14.1%			11.0%			6.6%						
Fidelity	2.2%	68		(1.8%)	73		1.7%	77		6.6%	57		(6.3%)	60		\$158,109,258	11.9%	0.46%	
Russell 1000 Growth	2.5%			(1.7%)			1.7%			7.3%			(10.4%)						
SSGA	1.4%	48		(0.9%)	82		6.0%	84		8.2%	80		N/A			\$108,437,140	8.2%	0.04%	
S&P 500	1.4%			(0.8%)			6.3%			8.3%			(2.4%)						
<b>Small Cap Equity</b>																			
<b>Total Small Cap Equity</b>																\$164,185,434	12.5%		
J&W Seligman	1.5%	91		(5.6%)	93		2.5%	86		8.2%	89		(3.3%)	73		\$78,263,772	5.9%	0.50%	
Russell 2000	4.3%			(1.3%)			9.4%			12.8%			5.7%						
Russell 2000 Growth	3.5%			(3.6%)			4.3%			11.4%			(4.5%)						
Wellington	7.6%	1		6.6%	1		21.0%	7		N/A			N/A			\$85,921,662	6.5%	0.79%	
Russell 2000	4.3%			(1.3%)			9.4%			12.8%			5.7%						
Russell 2000 Value	5.1%			0.9%			14.4%			14.2%			16.1%						
<b>Int'l Equity</b>																			
<b>Total Int'l Equity</b>																\$211,751,245	16.0%		
Mondrian	0.3%	28		1.7%	14		19.8%	10		16.1%	16		8.4%	9		\$106,220,198	8.0%	0.42%	
SSgA DAILY EAFE	(0.9%)	69		(1.1%)	70		13.8%	59		N/A			N/A			\$105,526,414	8.0%	0.10%	
Putnam (Cash)	N/A			N/A			N/A			N/A			N/A			\$4,633	0.0%	0.60%	
EAFE (After Taxes)	(1.0%)			(1.2%)			13.7%			12.1%			(0.5%)						
CITI EPAC	(0.6%)			(0.7%)			14.7%			12.5%			0.0%						

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.

Managers are ranked against respective style universe.



# Fixed Income Performance Detail (as of 6/30/05)

	2Q05	Public Rank	Large Rank	YTD	Public Rank	Large Rank	Last Year	Public Rank	Large Rank	Last 3 Years	Public Rank	Large Rank	Last 5 Years	Public Rank	Large Rank	Market Value	% of Total Portfolio	Annual Fee	
<b>Core Fixed</b>																			
<b>Total Core Fixed Income</b>																<b>\$153,040,327</b>	<b>11.5%</b>		
Loomis Sayles	2.6%	81		1.6%	93		6.0%	81		7.4%	10		7.3%	77		\$153,040,327	11.5%	0.16%	
Lehman Aggregate Bond	3.0%			2.5%			6.8%			5.8%			7.4%						
Lehman U.S. Credit	3.6%			2.5%			8.2%			7.8%			8.6%						
<b>Global Bonds</b>																			
<b>Total Global Bonds</b>																<b>\$244,262,541</b>	<b>18.4%</b>		
Mondrian	0.1%	56		(1.8%)	49		8.6%	33		9.7%	56		9.6%	26		\$244,262,541	18.4%	0.33%	
CITI WGBI	(1.4%)			(4.0%)			7.6%			9.8%			7.9%						
Delaware Custom Index*	0.7%			(0.8%)			7.3%			7.5%			7.7%						
<b>Real Estate</b>																			
<b>Total Real Estate</b>																<b>\$118,600,326</b>	<b>8.9%</b>		
Morgan Stanley	3.5%	57		6.5%	60		17.1%	48		13.7%	34		10.3%	47		\$69,835,450	5.3%	0.89%	
UBS Realty	6.5%	26		11.6%	20		20.8%	32		13.7%	32		11.1%	38		\$48,764,876	3.7%	0.90%	
NCREIF Property Index	3.5%			7.1%			14.9%			10.0%			9.2%						
<b>Private Investment</b>																			
<b>Total Private Investment</b>																<b>\$5,943,594</b>	<b>0.4%</b>		
Pru & VVC	0.8%			1.8%			(4.2%)			(3.7%)			(2.2%)			\$5,943,594	0.4%	0.25%	
<b>Cash</b>																			
Vermont Cash	0.5%			2.7%			6.0%			2.8%			3.0%			\$244,602	0.0%		
90 Day U.S. T-Bills	0.7%			1.3%			2.2%			1.6%			2.6%						
<p>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.</p>																			

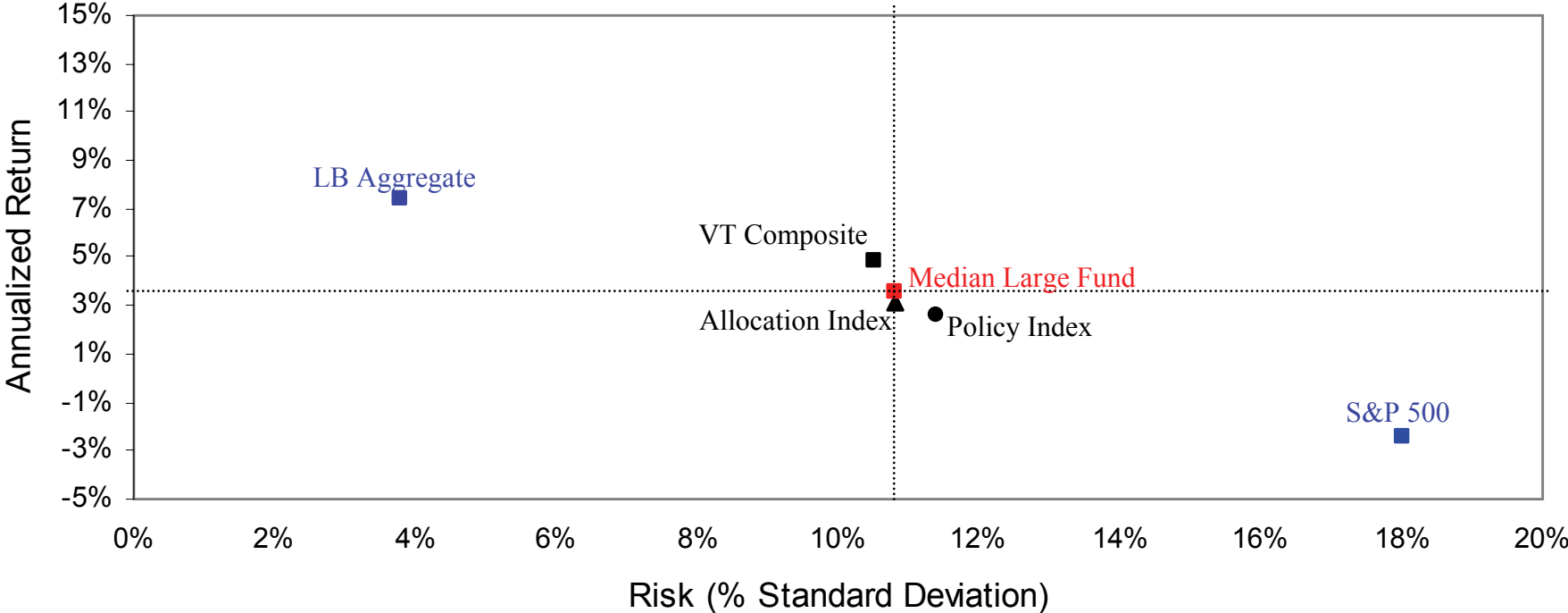
Managers are ranked against respective style universe.

\* 60% Lehman Aggregate / 40% CITI WGBI Ex U.S. In place since 07/2003. Prior to that, the split was 75% Lehman Aggregate / 25% CITI WGBI Ex U.S.



# Total Fund Risk / Return Analysis

Total Large Funds – Total Return vs. Risk - 5 Years Ending 6/30/05



	Annualized Return		Standard Deviation	
	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>
<b>Composite</b>	4.7	28	10.5	60
<b>Allocation Index</b>	3.1	64	10.8	48
<b>Policy Index</b>	2.6	79	11.4	32
<b>S&amp;P 500</b>	<b>-2.4</b>		<b>18.0</b>	
<b>LB Aggregate</b>	<b>7.4</b>		<b>3.8</b>	
<b>Median Large Fund</b>	<b>3.6</b>		<b>10.8</b>	

