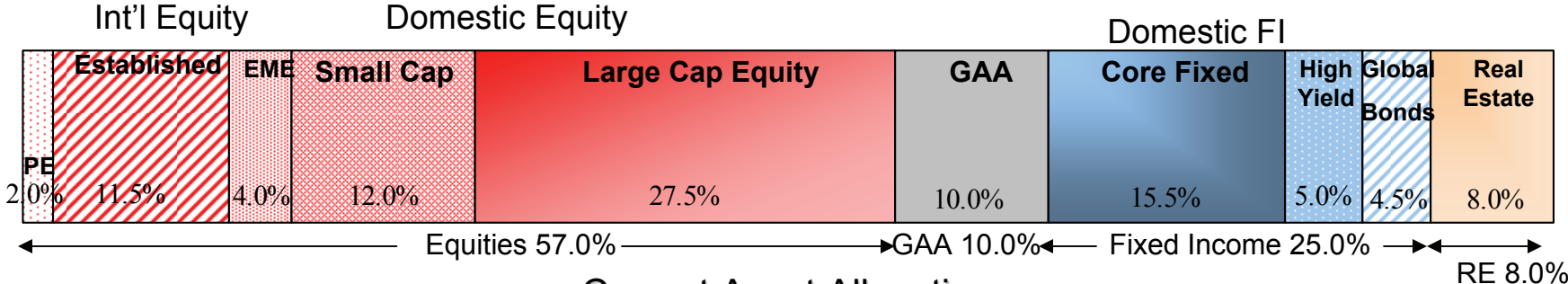


State Teachers' Retirement System of Vermont

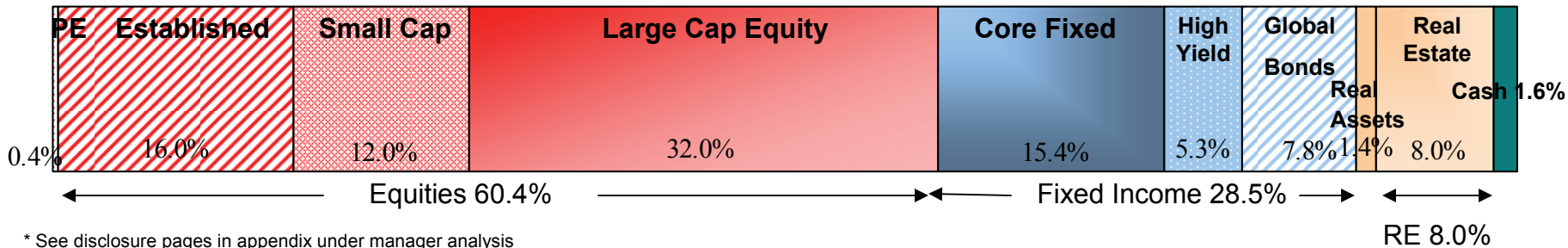
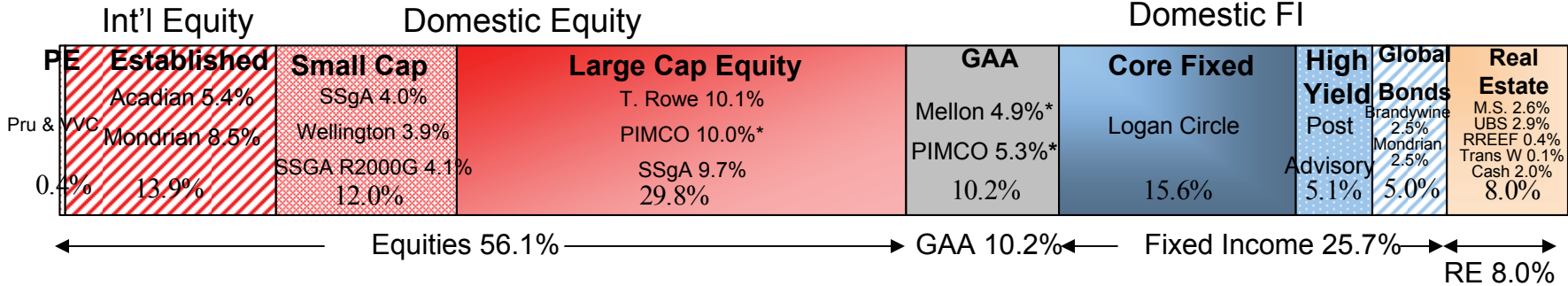


Plan Asset Allocation

As of December 31, 2007
Target Asset Allocation



Current Asset Allocation



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



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	\$488,331	\$65,647	\$63,338	\$67,712	\$256,071	\$84,164	\$228,259	\$80,775	\$130,828	\$167,189	\$5,945	\$604	\$1,638,863
T. Rowe	165,396	0	0	0	0	0	0	0	0	0	0	0	\$165,396
PIMCO	164,656	0	0	0	0	0	0	0	0	0	0	0	\$164,656
SSgA Equal Wgt	158,279	0	0	0	0	0	0	0	0	0	0	0	\$158,279
SSgA R-2500	0	65,647	0	0	0	0	0	0	0	0	0	0	\$65,647
Wellington	0	0	63,338	0	0	0	0	0	0	0	0	0	\$63,338
SSgA R-2000 Growth	0	0	0	67,712	0	0	0	0	0	0	0	0	\$67,712
Acadian	0	0	0	0	0	0	89,181	0	0	0	0	0	\$89,181
Mondrian	0	0	0	0	0	0	139,078	0	0	0	0	0	\$139,078
Logan Circle	0	0	0	0	256,067	0	0	0	0	0	0	0	\$256,067
Post Advisory	0	0	0	0	0	84,164	0	0	0	0	0	0	\$84,164
Mondrian	0	0	0	0	0	0	40,390	0	0	0	0	0	\$40,390
Brandywine	0	0	0	0	0	0	40,385	0	0	0	0	0	\$40,385
Morgan Stanely	0	0	0	0	0	0	0	42,030	0	0	0	0	\$42,030
UBS Realty	0	0	0	0	0	0	0	47,527	0	0	0	0	\$47,527
RREEF	0	0	0	0	0	0	0	6,295	0	0	0	0	\$6,295
Transwestern	0	0	0	0	0	0	0	1,792	0	0	0	0	\$1,792
Real Estate Cash	0	0	0	0	0	0	0	33,184	0	0	0	0	\$33,184
Mellon GA 1	0	0	0	0	0	0	0	0	80,393	0	0	0	\$80,393
PIMCO AA	0	0	0	0	0	0	0	0	86,796	0	0	0	\$86,796
Pru & VVC	0	0	0	0	0	0	0	0	0	5,945	0	0	\$5,945
Vermont Investment	0	0	0	0	4	0	0	0	0	0	0	604	\$608

(Dollars in 000's)

Total Fund Asset Growth Summary

Periods Ending December 31, 2007

TEACHERS' RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
Beginning Market Value	1,686,376	1,576,317	1,576,317	1,106,102
Net External Growth	-20,677	-37,100	-37,100	-180,017
Return on Investment	-26,836	99,646	99,646	712,777
Income Received	157	504	504	140,308
Gain/Loss	-26,993	99,142	99,142	572,469
Ending Market Value	1,638,863	1,638,863	1,638,863	1,638,863

Return -1.6% +6.3% +6.3%



Total Public Funds > \$1 Billion – Total Rates of Return

VERMONT, STATE OF
Periods Ending December 31, 2007

Total Public Funds > \$1 Billion
Total Returns



	One Quarter	Year to Date	One Year	Three Years	Five Years	Seven Years	Ten Years
★ TRS COMPOSITE	-1.6	6.3	6.3	9.1	12.6	7.0	8.2
△ ALLOC INDEX	-1.1	6.4	6.4	8.6	12.4	6.5	7.9
☆ POLICY INDEX	-0.7	7.3	7.3	9.4	12.7	6.5	7.6
Median	-0.6	8.6	8.6	10.1	12.8	6.8	7.6
Total Public Funds Median	-0.6	8.4	8.4	9.6	12.1	6.4	7.4

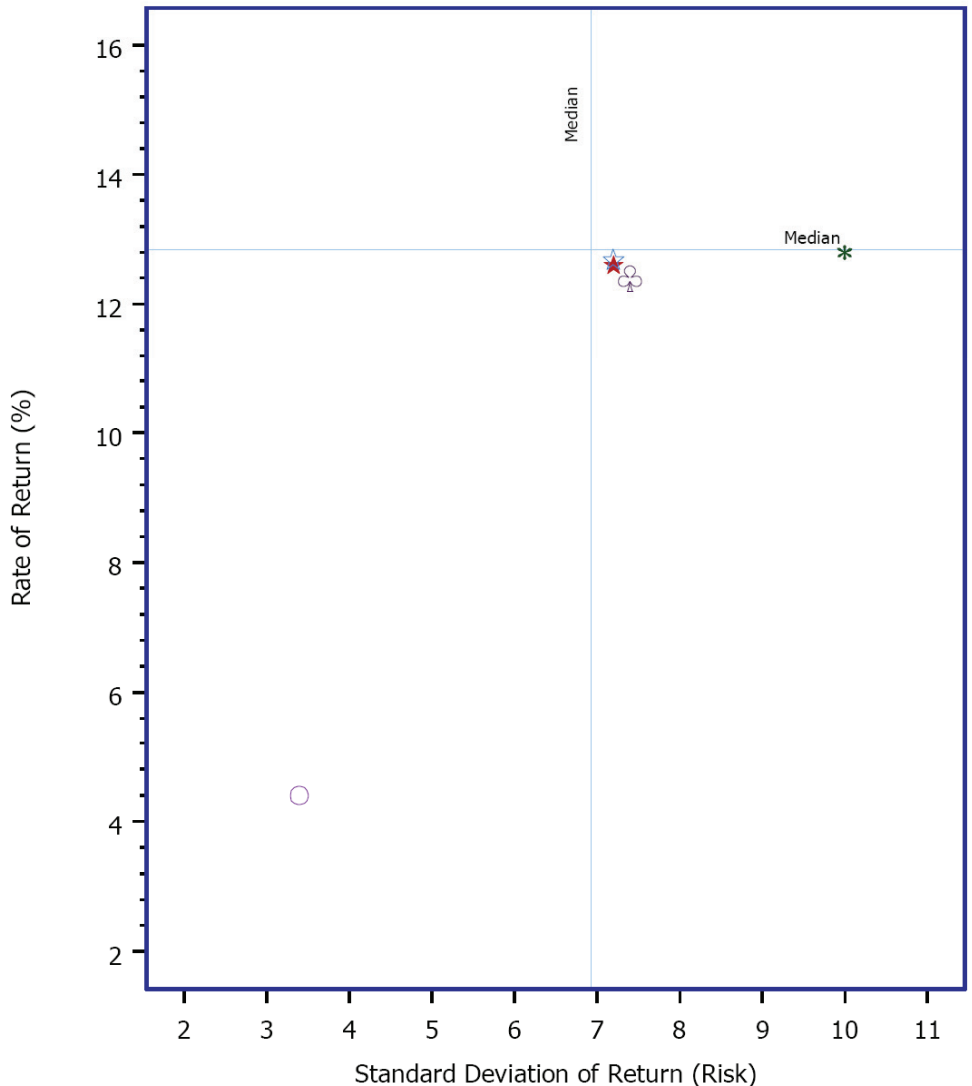
•*Policy Index*: Measures the effectiveness of *Plan Structure*. (Target asset class weights X Return of the respective passive benchmark)

•*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*

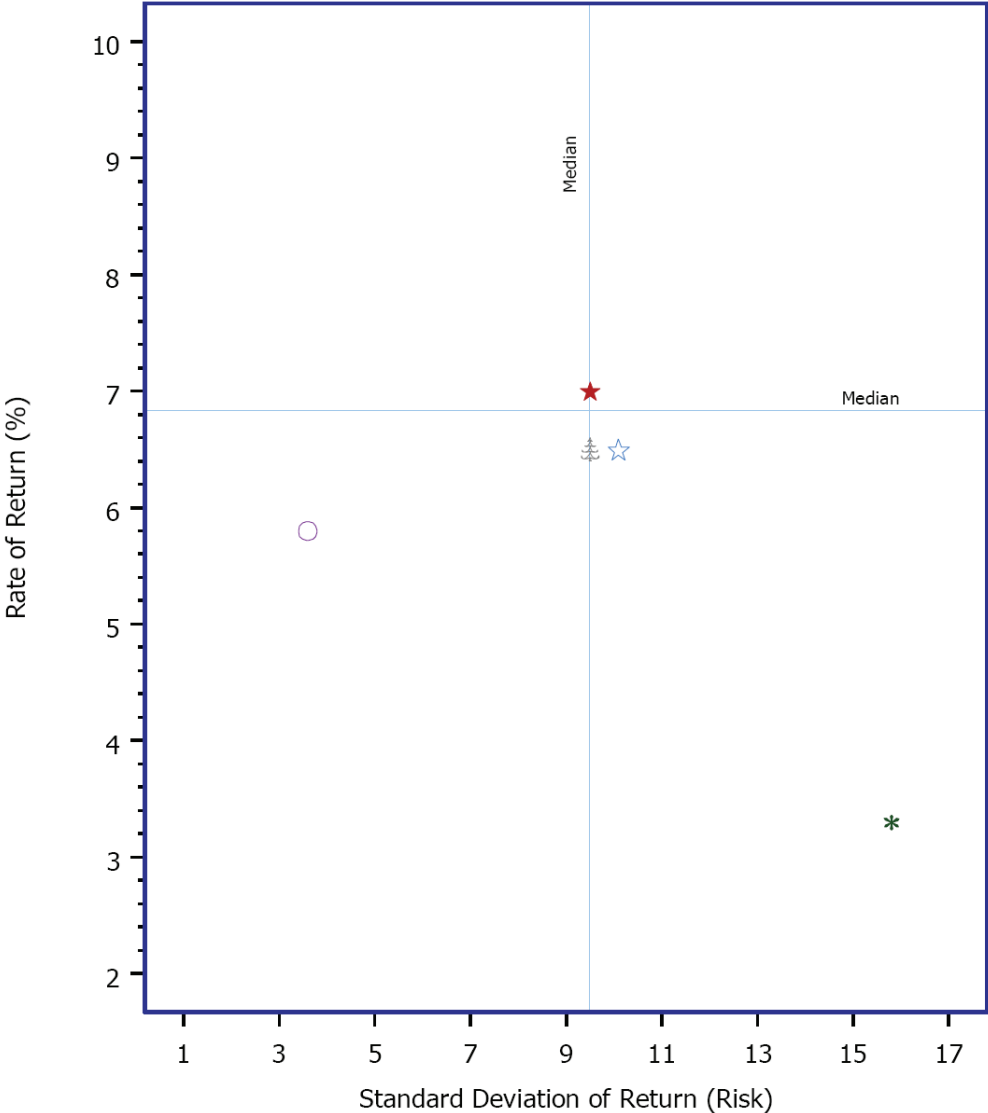


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	12.6	7.2	1.3
⊗ ALLOC INDEX	12.4	7.4	1.2
☆ POLICY INDEX	12.7	7.2	1.3
* S&P 500	12.8	10.0	1.0
○ LB AGGREGATE	4.4	3.4	0.4
Median	12.8	6.9	1.4

Funded status as of Fiscal Year 2007 = 84.9%



Total Fund Risk / Return Analysis – 7 Years*

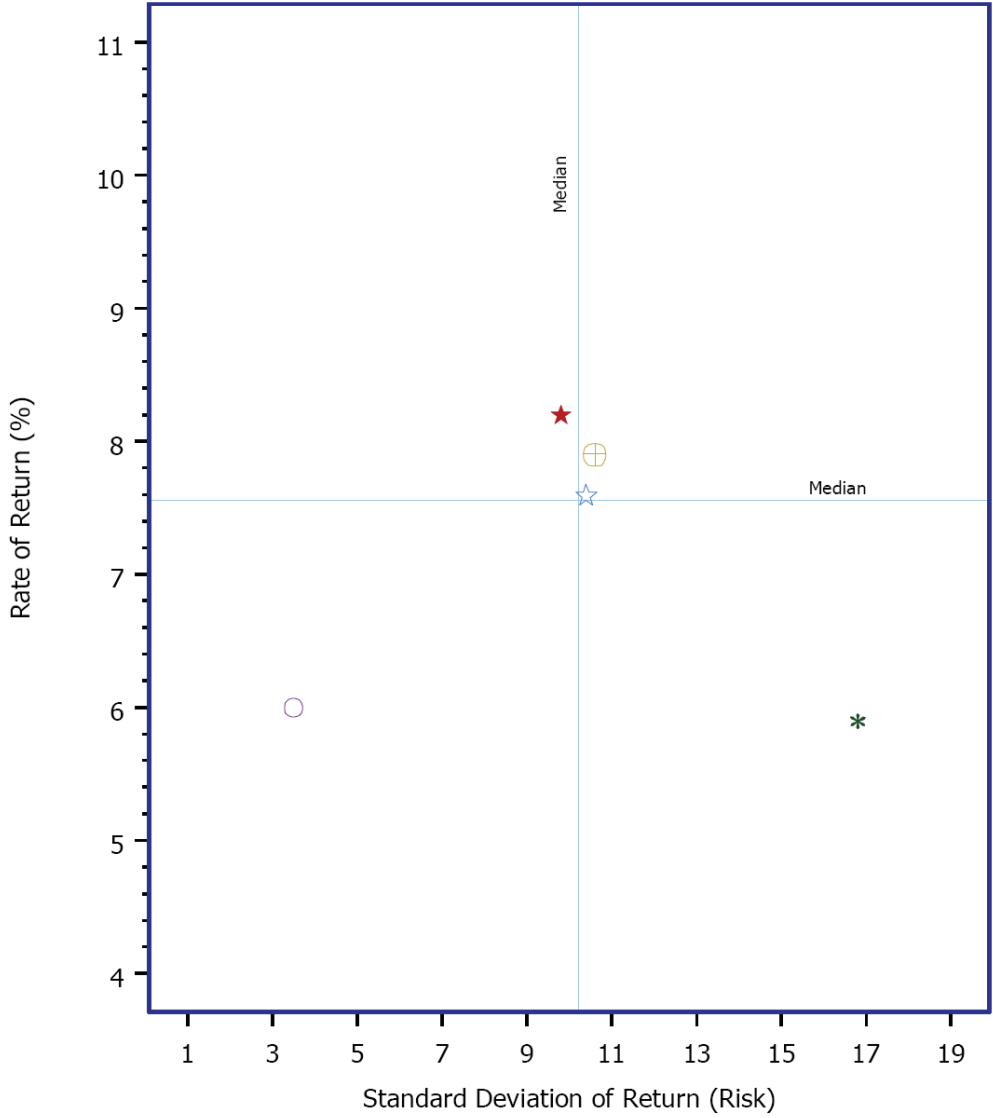


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	7.0 45	9.5 55	0.4 66
🌳 ALLOC INDEX	6.5 67	9.5 55	0.4 66
☆ POLICY INDEX	6.5 67	10.1 75	0.4 66
* S&P 500	3.3 100	15.8 100	0.1 100
○ LB AGGREGATE	5.8 95	3.6 3	0.7 7
Median	6.8 --	9.5 --	0.4 --

Funded status as of Fiscal Year 2007 = 84.9%



Total Fund Risk / Return Analysis – 10 Years*



	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	8.2	9.8	0.5
⊕ ALLOC INDEX	7.9	10.6	0.4
☆ POLICY INDEX	7.6	10.4	0.4
* S&P 500	5.9	16.8	0.2
○ LB AGGREGATE	6.0	3.5	0.6
Median	7.6	10.2	0.4


Funded status as of Fiscal Year 2007 = 84.9%



VPIC Total Performance Summary

Vermont Pension Investment Committee (VPIC)																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	<u>Quarter</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last Year</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last 3 Years</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Last 5 Years</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>Fiscal YTD</u>	<u>Market Value</u>	<u>% of Total Portfolio</u>	<u>Fee</u>
Teachers' Composite																
Teachers' Composite	(1.6)%	91	89	6.3%	87	89	9.1%	63	80	12.6%	39	67	(0.1)%	\$1,638,862,816	100%	0.38%
Allocation Index	(1.1)%			6.4%			8.6%			12.4%			0.4%			
Policy Index	(0.7)%			7.3%			9.4%			12.7%			1.3%			
Employees' Composite																
Employees' Composite	(1.3)%	86	86	6.4%	85	88	9.2%	62	78	12.3%	45	71	0.3%	\$1,378,571,759	100%	0.38%
Allocation Index	(1.0)%			6.2%			8.7%			12.1%			0.6%			
Policy Index	(0.5)%			7.3%			9.0%			12.3%			1.6%			
Municipal Composite																
Municipal Composite	(1.4)%	86		6.3%	87		9.6%	49		11.8%	65		0.3%	\$333,240,355	100%	0.38%
Allocation Index	(0.9)%			6.4%			8.8%			12.1%			0.8%			
Policy Index	(0.4)%			7.4%			9.5%			12.5%			1.7%			
Burlington Composite																
Burlington Composite	(3.1)%	100		5.5%	91		8.9%	66		11.3%	73		(1.3)%	\$125,964,930	100%	0.38%
Policy Index	(0.7)%			7.0%			8.5%			11.2%			1.4%			

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.



VPIC Manager Performance Summary

Vermont Pension Investment Committee (VPIC)																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	Quarter	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Fiscal YTD	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	% of BRS Portfolio	VPIC Inception Date	Annual Fee
Large Cap Equity																
Large Cap Equity Composite - Employees'	(4.0)%	66	5.4%	55	9.3%	48	13.1%	70	(2.3)%	\$360,404,260	26.1%	-	-	-	-	-
Large Cap Equity Composite - Teachers'	(4.2)%	73	4.6%	58	8.3%	80	12.4%	92	(3.1)%	\$488,330,445	-	29.8%	-	-	-	-
Large Cap Equity Composite - Municipal	(4.0)%	66	5.4%	55	10.4%	26	13.4%	66	(2.3)%	\$85,653,859	-	-	25.7%	-	-	-
Standard & Poors 500	(3.3)%		5.5%		8.6%		12.8%		(1.4)%							
T. Rowe	(3.5)%	59	6.2%	40	n/a	n/a	n/a	n/a	(1.4)%	\$357,272,551	10.5%	10.1%	10.2%	10.2%	Dec-05	0.30%
PIMCO	(3.7)%	61	6.8%	34	n/a	n/a	n/a	n/a	(0.7)%	\$357,877,202	10.6%	10.0%	10.3%	10.0%	Dec-05	0.33%
Standard & Poors 500	(3.3)%		5.5%		8.6%		12.8%		(1.4)%							
SSgA	(5.5)%	88	0.5%	89	n/a	n/a	n/a	n/a	(7.6)%	\$257,055,392	5.0%	9.7%	5.2%	9.9%	Dec-05	0.05%
S&P 500 Equal Weighted	(4.9)%		1.5%		8.3%		16.0%		(6.8)%							
Small Cap Equity																
Small Cap Equity Composite - Employees'	(4.0)%	26	1.9%	34	6.9%	69	14.9%	79	(6.1)%	\$163,839,145	11.9%	-	-	-	-	-
Small Cap Equity Composite - Teachers'	(4.1)%	26	1.8%	35	5.8%	80	14.4%	85	(6.1)%	\$196,696,603	-	12.0%	-	-	-	-
Small Cap Equity Composite - Municipal	(4.1)%	26	1.9%	35	6.4%	74	14.4%	85	(6.1)%	\$34,028,691	-	-	10.2%	-	-	-
Russell 2000	(4.6)%		(1.5)%		6.8%		16.2%		(7.5)%							
SSgA 2500	(4.2)%	29	1.5%	38	n/a	n/a	n/a	n/a	(6.6)%	\$136,323,531	3.9%	4.0%	3.4%	4.0%	Dec-05	0.07%
Russell 2500	(4.3)%		1.4%		8.4%		17.0%		(6.7)%							
Wellington	(5.9)%	36	(2.1)%	35	9.5%	11	n/a	n/a	(9.6)%	\$132,000,566	3.8%	3.9%	3.4%	4.0%	Dec-05	0.49%
Russell 2000 Value	(7.3)%		(9.8)%		5.3%		15.8%		(13.1)%							
SSgA Russell 2000 Growth	(2.1)%	34	n/a	n/a	n/a	n/a	n/a	n/a	(2.1)%	\$141,448,740	4.1%	4.1%	3.5%	4.1%	Dec-06	0.10%
Russell 2000 Growth	(2.1)%		7.0%		8.1%		16.5%		(2.1)%							
International Equity																
International Equity Composite - Employees'	(1.7)%	67	10.6%	65	19.0%	43	22.0%	63	(0.3)%	\$ 197,140,160	14.3%	-	-	-	-	-
International Equity Composite - Teachers'	(1.3)%	61	10.9%	63	19.2%	41	23.1%	52	0.0%	\$ 228,259,370	-	13.9%	-	-	-	-
International Equity Composite - Municipal	(1.7)%	68	10.6%	65	18.4%	47	21.7%	67	(0.3)%	\$ 47,810,120	-	-	14.3%	-	-	-
Acadian	(3.7)%	86	8.7%	80	n/a	n/a	n/a	n/a	(2.3)%	\$214,420,331	6.9%	5.4%	7.1%	5.2%	Oct-05	0.48%
Mondrian	0.2%	31	12.4%	51	18.7%	45	24.3%	24	1.7%	\$275,860,708	7.4%	8.5%	7.3%	8.3%	Oct-05	0.36%
EAFE (After Taxes)	(1.8)%		11.2%		16.8%		21.6%		0.4%							
CITI EPAC	(1.4)%		12.9%		17.7%		22.1%		1.3%							
Core Fixed Income																
Logan Circle**	1.0%	95	4.4%	92	4.1%	92	4.9%	35	3.1%	\$642,168,826	20.6%	15.6%	24.6%	15.9%	Apr-06	0.33%
LB Aggregate	3.0%		7.0%		4.6%		4.4%		5.9%							
High Yield Fixed Income																
Post Advisory	(0.1)%	34	4.7%	21	6.0%	45	n/a	n/a	1.1%	\$176,890,734	5.1%	5.1%	5.0%	5.1%	Apr-06	0.42%
LB High Yield	(1.3)%		1.9%		5.4%		10.9%		(1.0)%							
Global Fixed Income																
Brandywine	2.6%	50	10.8%	24	n/a	n/a	n/a	n/a	8.5%	\$81,692,224	2.4%	2.5%	1.4%	2.3%	May-06	0.42%
Mondrian**	4.3%	1	11.5%	9	4.3%	46	7.1%	50	12.1%	\$83,101,341	2.6%	2.5%	1.4%	2.4%	May-06	0.36%
CITI WGBI	3.9%		10.9%		3.1%		6.8%		11.4%							

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.

* Performance results should be consider preliminary.

** Annualized returns includes historic performance from Delaware, which includes the legacy global portfolio.



VPIC Manager Performance Summary

State of Vermont																
Investment Performance "Flash" Report																
Periods Ending December 31, 2007																
	Quarter	Rank	Last Year	Rank	Last 3 Years	Rank	Last 5 Years	Rank	Fiscal YTD	Market Value	% of ERS Portfolio	% of TRS Portfolio	% of MRS Portfolio	% of BRS Portfolio	VPIC Inception Date	Annual Fee
Real Estate[^]																
Total Real Estate											6.3%	8.0%	7.2%	8.5%		
Morgan Stanley	2.2%	24	16.2%	37	18.2%	33	16.7%	39	4.4%	\$81,074,665	2.0%	2.6%	2.3%	2.7%	Sep-06	0.88%
UBS Realty	1.9%	33	13.9%	50	17.2%	39	15.1%	50	4.3%	\$91,677,414	2.3%	2.9%	2.6%	3.1%	Sep-06	0.90%
RREEF	0.1%	57	18.1%	25	n/a		n/a		6.9%	\$12,142,971	0.3%	0.4%	0.3%	0.4%	Sep-06	
Transwestern / Aslan	0.0%	60	3.5%	76	n/a		n/a		-5.3%	\$3,456,130	0.1%	0.1%	0.1%	0.1%	Sep-06	
Real Estate Cash	1.0%	47	5.3%	72	n/a		n/a		2.6%	\$64,010,287	1.6%	2.0%	1.8%	2.2%	Sep-06	
NCREIF Property Index [^]	0.0%		12.2%		16.3%		14.4%		3.6%							
Private Investment																
Pru & VVC	7.3%		13.6%		11.5%		4.4%		8.8%	\$5,944,767	0.0%	0.4%	0.0%	0.0%		
Vermont Investments	0.0%		9.2%		(12.7)%		(8.4)%		0.2%	\$2,266,460	0.2%	0.0%	0.0%	0.0%		
Alternative Investments	0.0%		n/a		n/a		n/a		0.0%	\$474,144	0.0%	0.0%	0.1%	0.0%		
RMK Timber [^]	(0.3)%		(0.0)%		21.1%		13.3%		4.7%	\$2,796,949	0.2%	0.0%	0.0%	0.0%		1.00%
NCREIF Timber Index [^]	3.9%		15.3%		15.9%		12.0%		6.3%							
Global Asset Allocation																
Pimco All Asset	1.7%		9.6%		n/a		n/a		5.9%	\$183,102,632	5.3%	5.3%	5.2%	5.1%	May-06	0.83%
T-Bill + 5%	2.3%		10.2%		9.5%		8.2%		4.9%							
Mellon Global Alpha	(3.8)%		1.7%		n/a		n/a		(1.2)%	\$172,230,783	5.0%	4.9%	4.9%	4.9%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	(0.3)%		7.9%		9.3%		11.7%		2.5%							
Cash																
Employees' Cash	1.4%		6.3%		6.7%		4.6%		3.3%	\$468,946	0.0%	0.0%	0.0%	0.0%		
Teachers' Cash	1.4%		6.4%		5.7%		4.4%		3.3%	\$608,845	0.0%	0.0%	0.0%	0.0%		
Municipal Cash	1.4%		6.3%		5.2%		3.8%		3.2%	\$57,230	0.0%	0.0%	0.0%	0.0%		
Burlington Cash	n/a		n/a		n/a		n/a		n/a	\$215,491	0.0%	0.0%	0.0%	0.2%		
90 Day U.S. T-Bills	1.1%		5.0%		4.3%		3.1%		2.4%							

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.
[^] Performance reported on a quarterly basis. NCREIF is available 45 days after quarter end.

