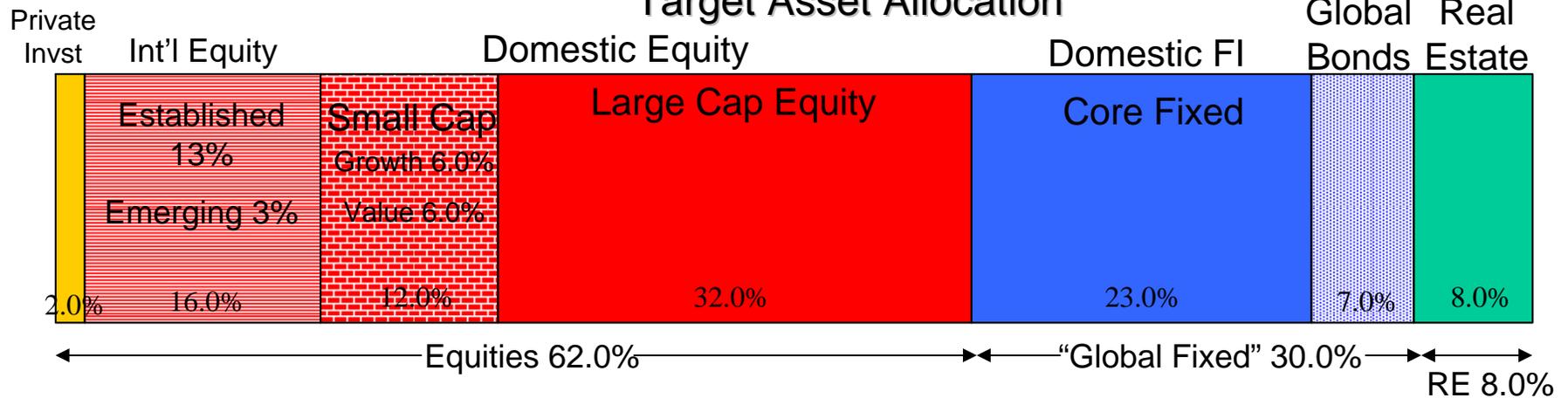


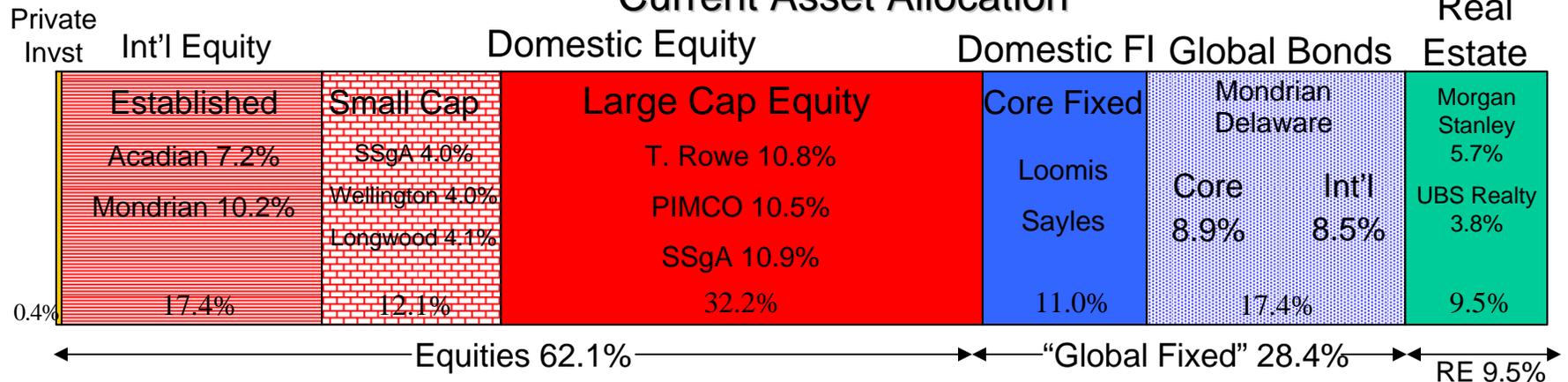
Plan Asset Allocation

As of December 31, 2005

Target Asset Allocation



Current Asset Allocation



Asset Breakdown

	Domestic Large Core	Domestic Small Core	Domestic Small Value	Domestic Small Growth	Core Fixed	Int'l Equity	Global Bonds	Real Estate	Private Investment	Cash	Total
Composite	\$443,541	\$54,869	\$55,287	\$55,875	\$148,958	\$238,662	\$236,034	\$131,304	\$5,998	\$7,837	\$1,378,365
T. Rowe	148,563	0	0	0	0	0	0	0	0	0	\$148,563
PIMCO	145,362	0	0	0	0	0	0	0	0	0	\$145,362
SSgA	149,598	0	0	0	0	0	0	0	0	0	\$149,598
LC Transition Account	18	0	0	0	0	0	0	0	0	394	\$412
SSgA 2500	0	54,869	0	0	0	0	0	0	0	0	\$54,869
Wellington	0	0	55,282	0	0	0	0	0	0	0	\$55,282
Longwood	0	0	0	55,872	0	0	0	0	0	0	\$55,872
SC Transition Account	0	0	5	3	0	0	0	0	0	576	\$584
Acadian	0	0	0	0	0	98,689	0	0	0	0	\$98,689
Mondrian	0	0	0	0	0	139,953	0	0	0	0	\$139,953
IE Transition Account	0	0	0	0	0	20	0	0	0	148	\$168
Loomis	0	0	0	0	148,953	0	0	0	0	3,062	\$152,015
Mondrian GB	0	0	0	0	0	0	236,034	0	0	3,323	\$239,357
Morgan Stanely	0	0	0	0	0	0	0	78,611	0	0	\$78,611
UBS Realty	0	0	0	0	0	0	0	52,693	0	0	\$52,693
Pru & VVC	0	0	0	0	0	0	0	0	5,998	0	\$5,998
Vermont Investment	0	0	0	0	5	0	0	0	0	334	\$339

(Dollars in 000's)

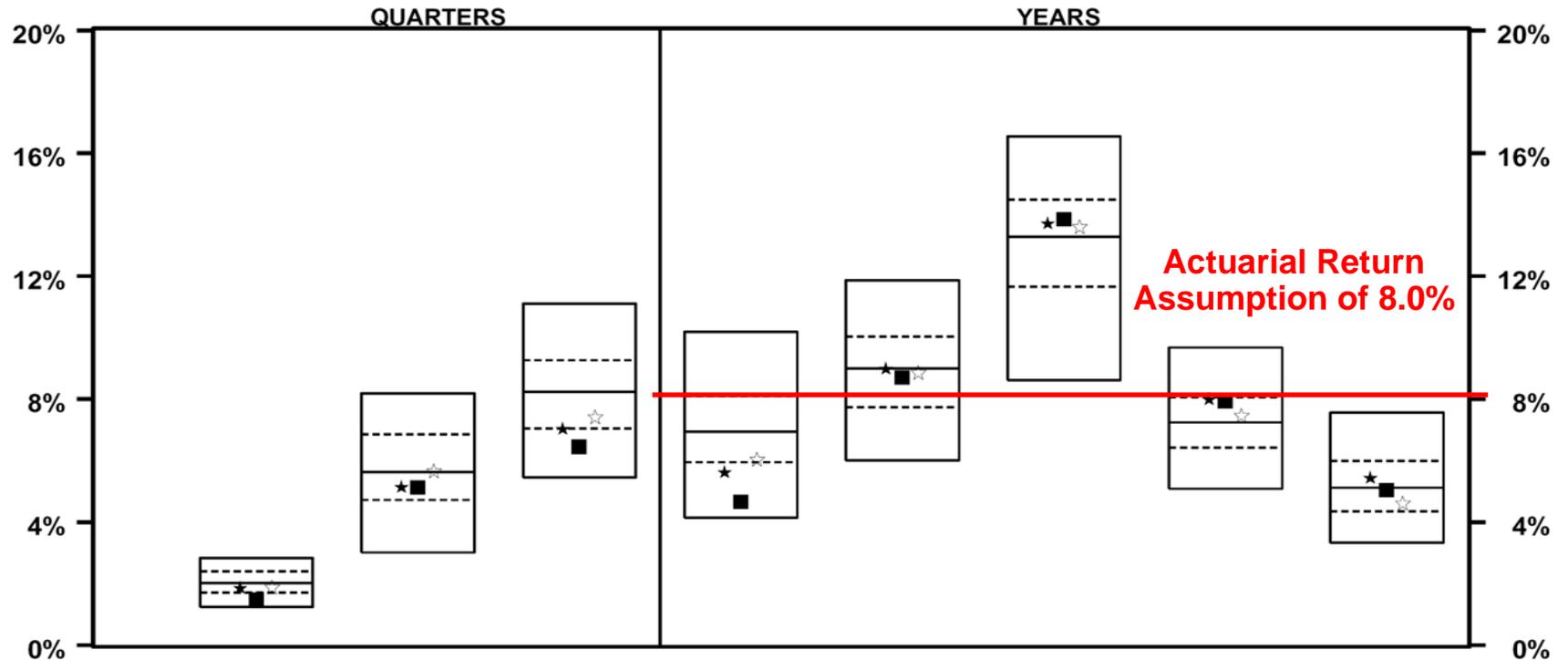
Total Fund Asset Growth Summary

As of December 31, 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, 363, 037	1, 336, 652	1, 336, 652	1, 106, 102
NET EXTERNAL GROWTH	- 10, 257	- 32, 380	- 32, 380	- 125, 350
RETURN ON INVESTMENT	25, 585	74, 093	74, 093	397, 613
INCOME RECEIVED	6, 039	28, 643	28, 643	128, 067
GAIN/LOSS	19, 547	45, 450	45, 450	269, 546
ENDING MARKET VALUES	1, 378, 365	1, 378, 365	1, 378, 365	1, 378, 365
Return	+1.9%	+5.6%	+5.6%	

Total Public Funds – Total Rates of Return

As of December 31, 2005



	LAST QTR		LAST 2 QTRS		LAST 3 QTRS		LAST YEAR		LAST 2 YEARS		LAST 3 YEARS		LAST 4 YEARS		LAST 5 YEARS	
★ TRS COMPOSITE	1.9	65	5.2	64	7.0	74	5.6	80	9.0	51	13.7	38	8.0	27	5.5	43
■ ALLOC INDEX	1.5	85	5.1	64	6.5	81	4.7	89	8.7	57	13.8	36	7.9	28	5.1	51
☆ POLICY INDEX	1.9	62	5.7	49	7.4	68	6.1	74	8.9	55	13.6	38	7.5	44	4.6	63
MEDIAN	2.0		5.6		8.2		6.9		9.0		13.3		7.2		5.1	
MEDIAN > \$500M	2.3		6.5		8.8		7.7		9.6		13.7		7.8		5.3	

• *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)



Performance Detail (as of 12/31/05)

	4Q05	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
Teachers Composite (GROSS)	1.9%	65	75	5.6%	80	89	13.7%	38	60	5.5%	43	47	\$1,378,365,361	100.0%	0.36%
Teachers Composite (NET)	1.9%			5.6%			13.7%			N/A					
Median Public Fund	2.0%			6.9%			13.3%			5.1%					
Median Public Fund >\$500M	2.3%			7.7%			13.7%			5.3%					
Median Large Fund	2.3%			7.9%			14.1%			5.3%					
Allocation Index	1.5%			4.7%			13.8%			5.1%					
Policy Index	1.9%			6.1%			13.6%			4.6%					
Large Cap Equity															
Large Cap Equity Composite	2.3%	29		4.6%	86		13.9%	89		N/A			\$443,935,582	32.2%	
Standard & Poors 500	2.1%			4.9%			14.4%			0.6%					
T. Rowe	N/A			N/A			N/A			N/A			\$148,563,166	10.8%	0.30%
PIMCO	N/A			N/A			N/A			N/A			\$145,362,236	10.5%	0.33%
Standard & Poors 500	2.1%			4.9%			14.4%			0.6%					
SSgA	N/A			N/A			N/A			N/A			\$149,597,620	10.9%	0.05%
S&P 500 Equal Weighted	2.5%			8.1%			21.2%			7.7%					
Large Cap Equity Transition Account*	N/A			N/A			N/A			N/A			\$412,560	0.0%	
Small Cap Equity															
Small Cap Equity Composite	0.7%	66		4.8%	68		20.2%	73		N/A			\$166,606,753	12.1%	
Russell 2000	1.1%			4.6%			22.1%			8.2%					
SSgA 2500	N/A			N/A			N/A			N/A			\$54,869,253	4.0%	0.08%
Russell 2500	1.8%			8.1%			23.0%			9.1%					
Wellington	0.1%	51		11.2%	15		N/A			N/A			\$55,281,669	4.0%	0.46%
Russell 2000 Value	0.7%			4.7%			23.2%			13.6%					
Longwood	N/A			N/A			N/A			N/A			\$55,872,227	4.1%	0.76%
Russell 2000 Growth	1.6%			4.1%			20.9%			2.3%					
Small Cap Equity Transition Account*	N/A			N/A			N/A			N/A			\$583,604	0.0%	
International Equity															
Int'l Equity Composite	3.7%	64		14.2%	57		24.0%	64		N/A			\$238,810,239	17.4%	
EAFE (After Taxes)	4.1%			13.5%			23.7%			4.6%					
CITI EPAC	4.5%			15.2%			24.3%			5.0%					
Acadian	N/A			N/A			N/A			N/A			\$98,689,332	7.2%	0.48%
Mondrian	2.1%	91		13.4%	67		26.3%	26		10.9%	14		\$139,953,303	10.2%	0.36%
Int'l Equity Transition Account*	N/A			N/A			N/A			N/A			\$167,604	0.0%	
EAFE (After Taxes)	4.1%			13.5%			23.7%			4.6%					
CITI EPAC	4.5%			15.2%			24.3%			5.0%					

Note: Results for periods longer than one year are annualized.
 *Transition accounts consist of all cash and securities within the legacy and actual State Street transition account.
 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.



Fixed Income Performance Detail (as of 12/31/05)

	4Q05	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
Core Fixed Income															
Loomis Sayles	0.5%	79		1.6%	96		5.1%	14		5.8%	74		\$152,015,092	11.0%	0.16%
Lehman Aggregate Bond	0.6%			2.4%			3.6%			5.9%					
Lehman U.S. Credit	0.5%			2.0%			4.9%			7.1%					
Global Fixed Income															
Mondrian/Delaware	(1.2%)	80		(3.8%)	49		6.2%	57		8.0%	42		\$239,357,360	17.4%	0.33%
CITI WGBI	(1.9%)			(6.9%)			5.7%			6.9%					
Mondrian/Delaware Custom Index*	(0.7%)			(2.4%)			4.6%			6.4%					
Real Estate															
Real Estate													\$131,303,863	9.5%	
Morgan Stanley	7.4%	8		19.9%	32		16.3%	33		11.3%	41		\$78,610,702	5.7%	0.88%
UBS Realty	4.7%	22		21.1%	27		15.0%	41		11.0%	45		\$52,693,161	3.8%	0.90%
NCREIF Property Index	5.4%			20.1%			14.4%			11.4%					
Private Investment															
Pru & VVC	0.0%			7.0%			(1.4%)			(1.7%)			\$5,997,742	0.4%	0.25%
Cash															
Vermont Cash	1.8%			5.4%			3.5%			2.9%			\$338,730	0.0%	
90 Day U.S. T-Bills	0.9%			3.1%			1.8%			2.3%					
<p>Note: Results for periods longer than one year are annualized</p> <p>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> <p>* 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.</p>															



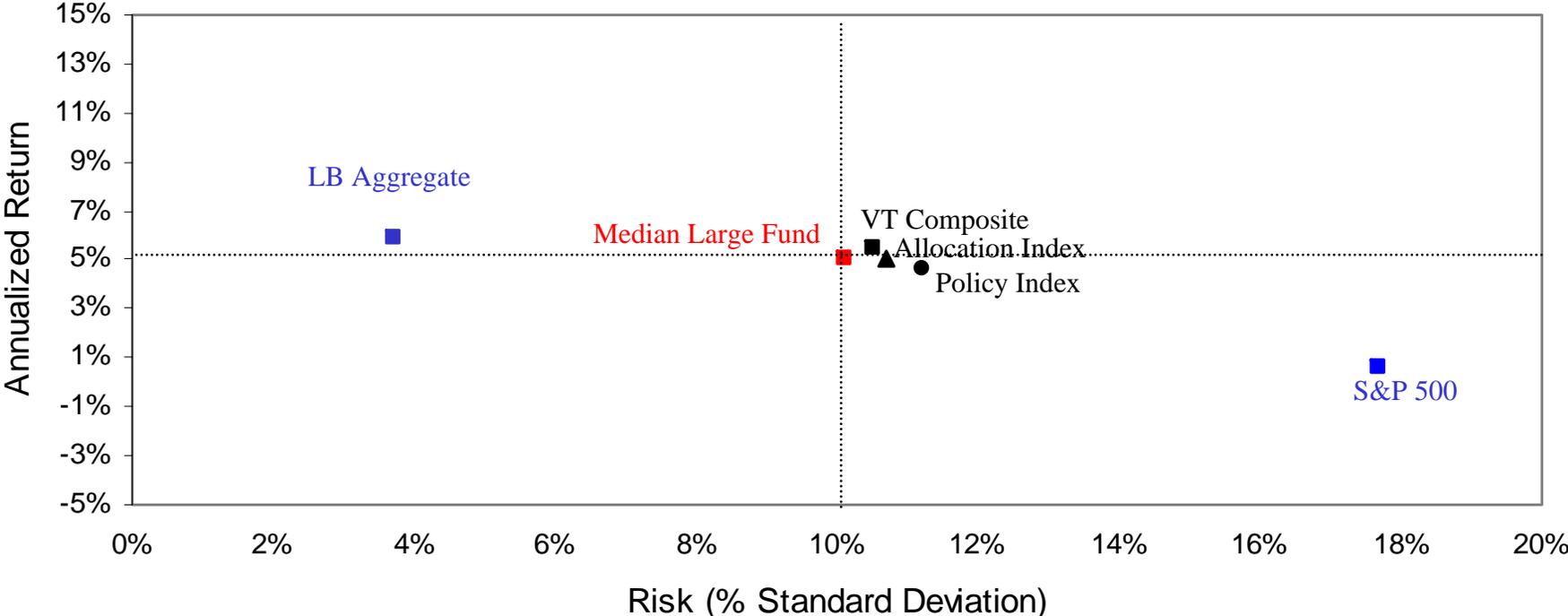
Managers are ranked against respective style universe.

* 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 12/31/05



	Annualized Return		Standard Deviation	
	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Rank</u>
Composite	5.5	43	10.5	37
Allocation Index	5.1	51	10.7	33
Policy Index	4.6	63	11.2	20
S&P 500	0.6		17.7	
LB Aggregate	5.9		3.7	
Median Large Fund	5.1		10.1	

