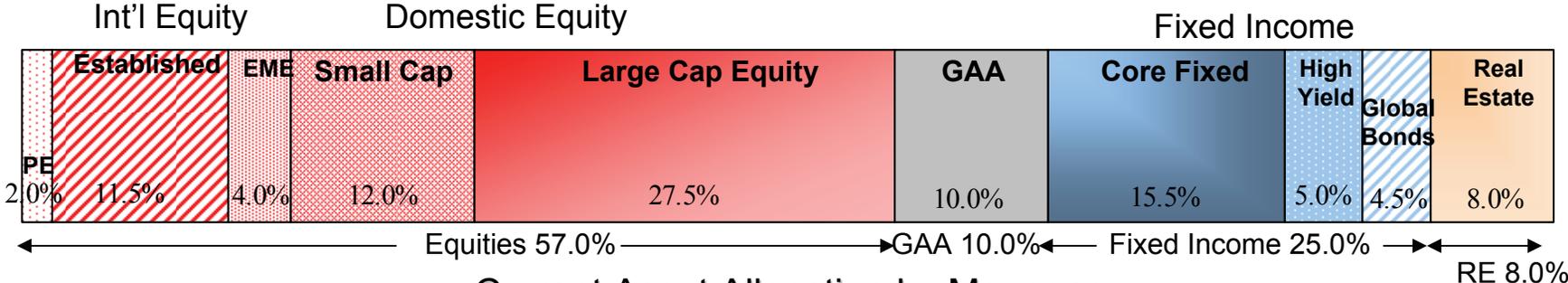


# State Teachers' Retirement System of Vermont

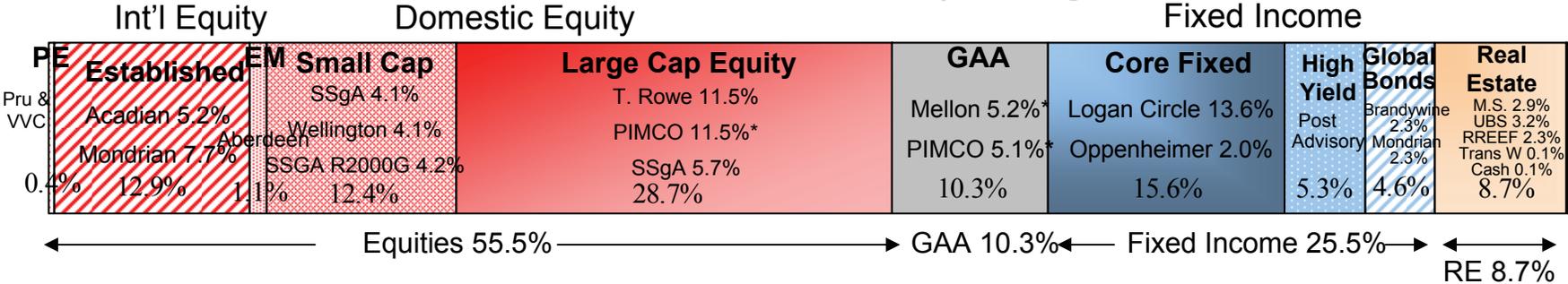


# Plan Asset Allocation

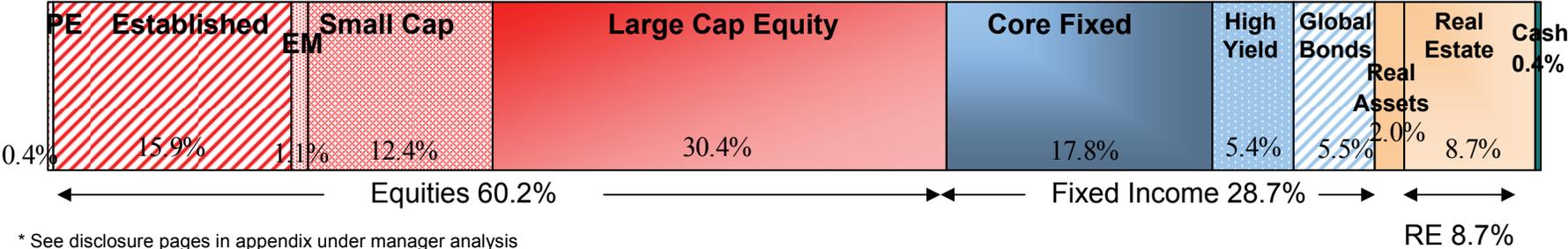
As of June 30, 2008  
Target Asset Allocation



## Current Asset Allocation by Manager



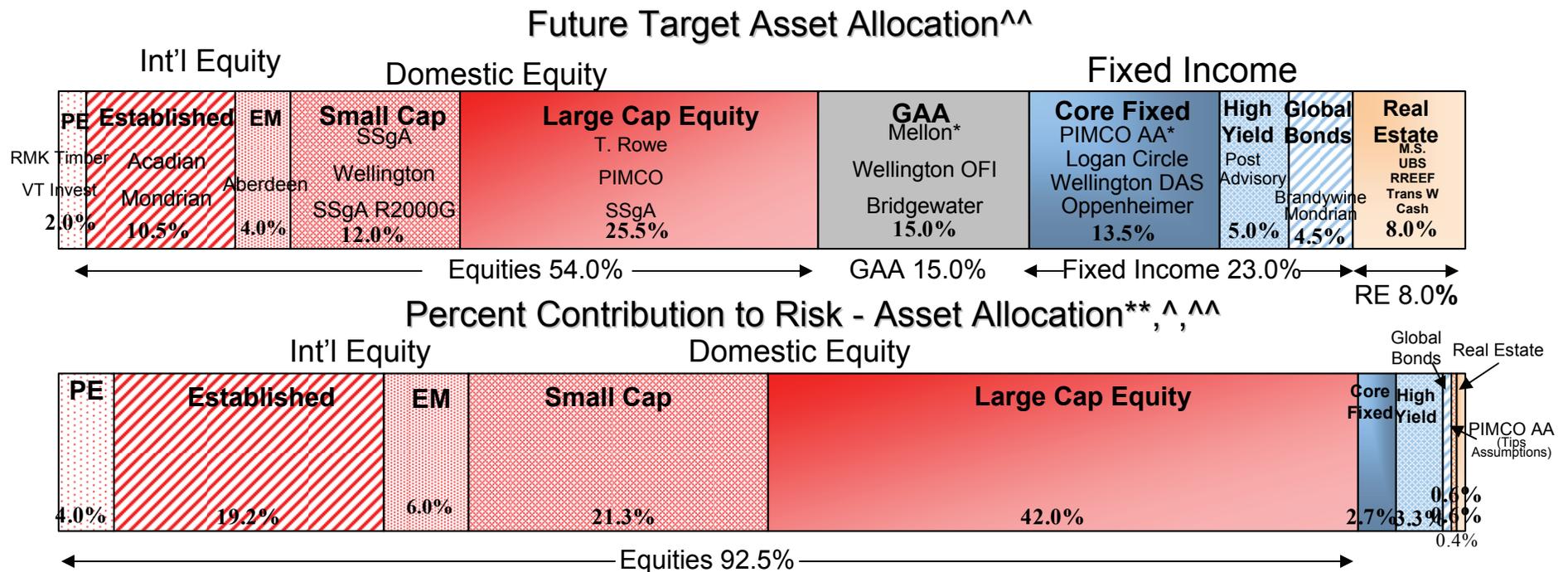
## Current Asset Allocation by Asset Class



\* 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

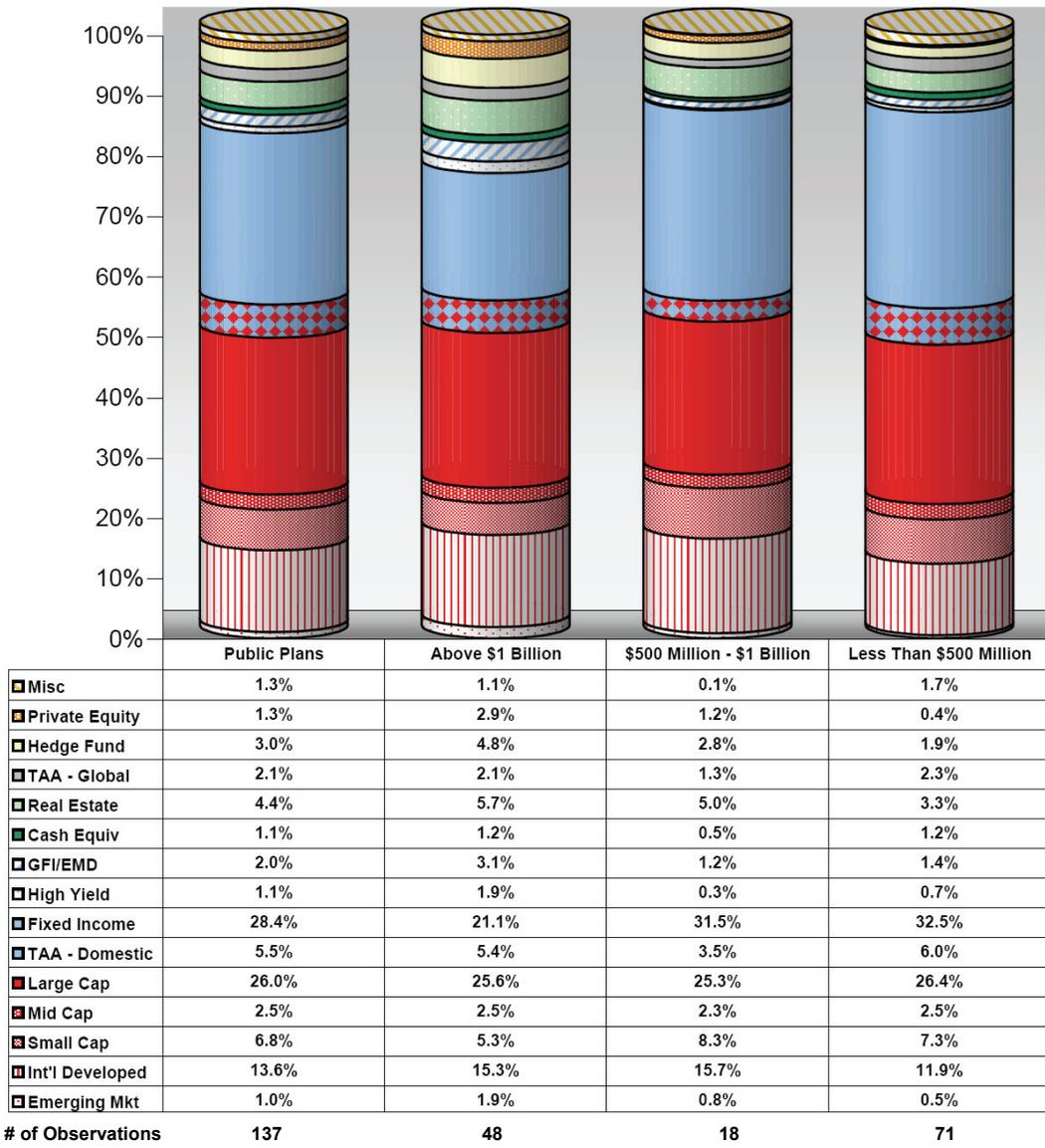
\*\*Mellon GA 1 was modeled using the following asset classes: 30% Large Cap / 30% Int'l Equity / 20% Core Fixed Income / 20% Global Bonds.

<sup>^</sup>PIMCO AA was modeled using our Tips Assumptions.

<sup>^^</sup>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
<b>Composite</b>	\$429,501	\$61,384	\$61,028	\$63,667	\$232,530	\$79,490	\$208,966	\$69,277	\$129,395	\$153,435	\$5,740	\$1,204	\$1,495,614
T. Rowe	172,555	0	0	0	0	0	0	0	0	0	0	0	\$172,555
PIMCO	171,771	0	0	0	0	0	0	0	0	0	0	0	\$171,771
SSgA Equal Wgt	85,176	0	0	0	0	0	0	0	0	0	0	0	\$85,176
SSgA R-2500	0	61,384	0	0	0	0	0	0	0	0	0	0	\$61,384
Wellington	0	0	61,028	0	0	0	0	0	0	0	0	0	\$61,028
SSgA R-2000 Growth	0	0	0	63,667	0	0	0	0	0	0	0	0	\$63,667
Acadian	0	0	0	0	0	0	77,694	0	0	0	0	0	\$77,694
Mondrian	0	0	0	0	0	0	114,864	0	0	0	0	0	\$114,864
Aberdeen	0	0	0	0	0	0	16,409	0	0	0	0	0	\$16,409
Logan Circle	0	0	0	0	203,025	0	0	0	0	0	0	0	\$203,025
Oppenheimer	0	0	0	0	29,500	0	0	0	0	0	0	0	\$29,500
Post Advisory	0	0	0	0	0	79,490	0	0	0	0	0	0	\$79,490
Mondrian	0	0	0	0	0	0	0	34,572	0	0	0	0	\$34,572
Brandywine	0	0	0	0	0	0	0	34,706	0	0	0	0	\$34,706
Morgan Stanely	0	0	0	0	0	0	0	0	43,000	0	0	0	\$43,000
UBS Realty	0	0	0	0	0	0	0	0	47,841	0	0	0	\$47,841
RREEF	0	0	0	0	0	0	0	0	34,767	0	0	0	\$34,767
Transwestern	0	0	0	0	0	0	0	0	2,124	0	0	0	\$2,124
Real Estate Cash	0	0	0	0	0	0	0	0	1,664	0	0	0	\$1,664
Mellon GA 1	0	0	0	0	0	0	0	0	0	76,759	0	0	\$76,759
PIMCO AA	0	0	0	0	0	0	0	0	0	76,676	0	0	\$76,676
Pru & VVC	0	0	0	0	0	0	0	0	0	0	5,740	0	\$5,740
Vermont Investment	0	0	0	0	5	0	0	0	0	0	0	1,204	\$1,209

(Dollars in 000's)



# Total Fund Asset Growth Summary

Periods Ending June 30, 2008

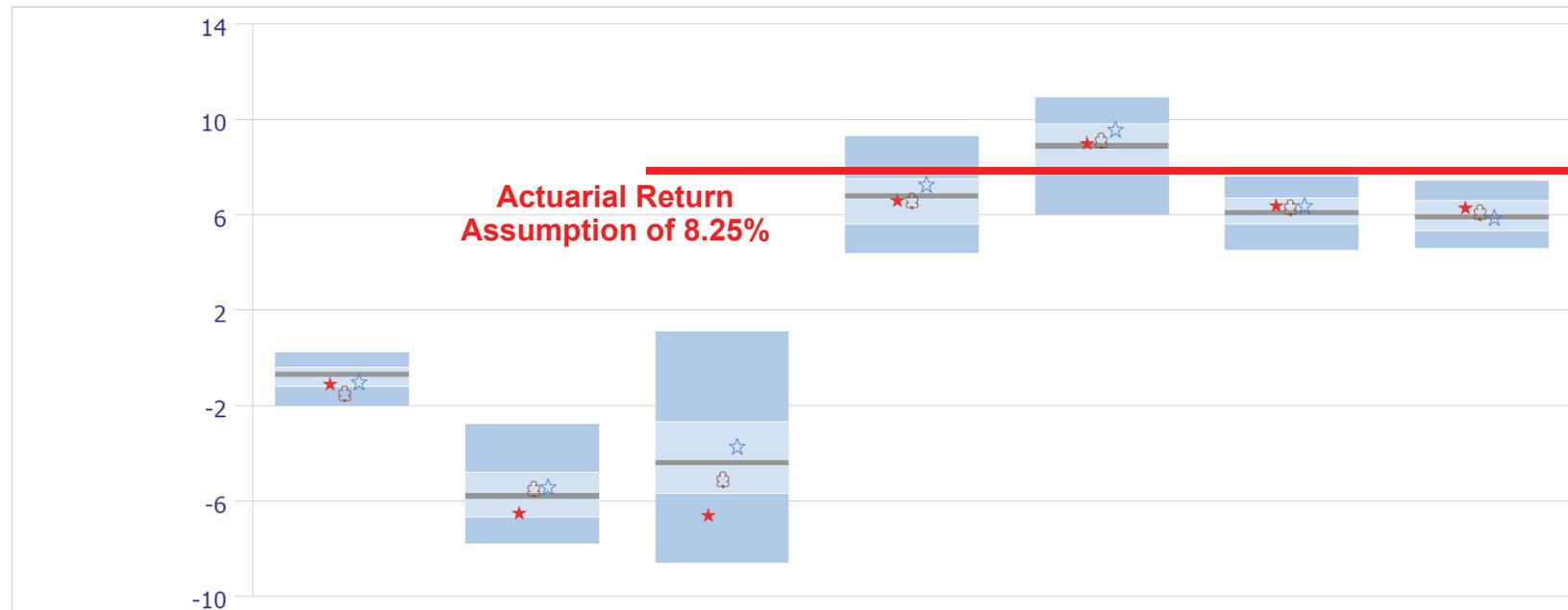
## TEACHERS' RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
<b>Beginning Market Value</b>	1,530,153	1,638,863	1,641,277	1,106,102
<b>Net External Growth</b>	-17,827	-38,015	-39,272	-218,032
<b>Return on Investment</b>	-16,712	-105,233	-106,390	607,544
<b>Income Received</b>	50	252	443	140,561
<b>Gain/Loss</b>	-16,762	-105,485	-106,833	466,984
<b>Ending Market Value</b>	1,495,615	1,495,615	1,495,615	1,495,615

Return -1.1%      -6.5%      -6.6%



# Total Public Funds – Total Rates of Return



	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ TRS COMPOSITE	-1.1	72	-6.5	67	-6.6	81	6.6	52	9.0	49	6.4	35	6.3	36
⊗ ALLOC INDEX	-1.5	83	-5.5	42	-5.1	66	6.6	50	9.1	43	6.3	42	6.1	40
☆ POLICY INDEX	-1.0	67	-5.4	36	-3.7	36	7.3	29	9.6	27	6.4	38	5.9	49
<b>Median</b>	-0.7	--	-5.8	--	-4.4	--	6.8	--	8.9	--	6.1	--	5.9	--
<b>Total Public Funds &gt;\$1 Billion Median</b>	-0.7	--	-5.8	--	-4.1	--	7.4	--	9.7	--	6.4	--	6.1	--

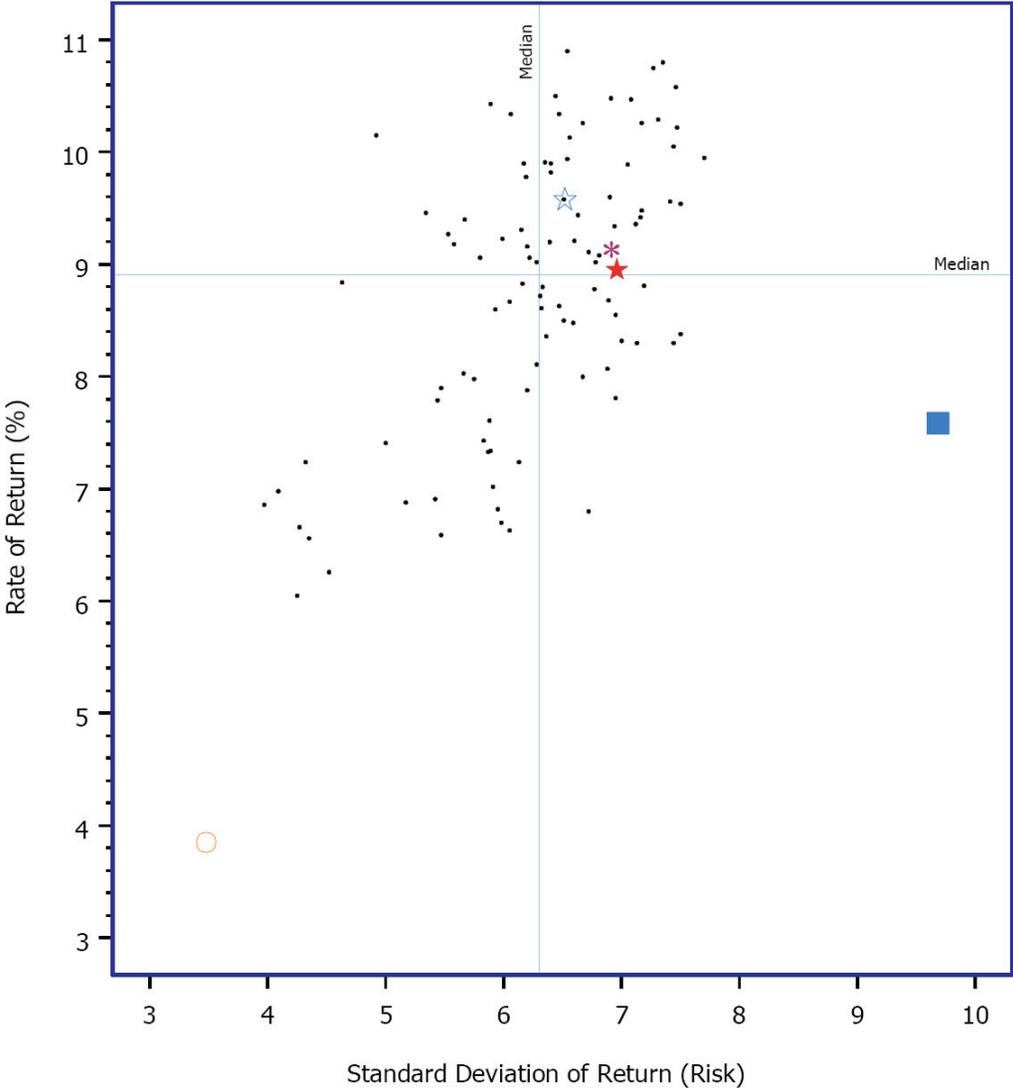
•Policy Index: Measures the effectiveness of Plan Structure. (Target asset class weights X Return of the respective passive benchmark)

•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\*

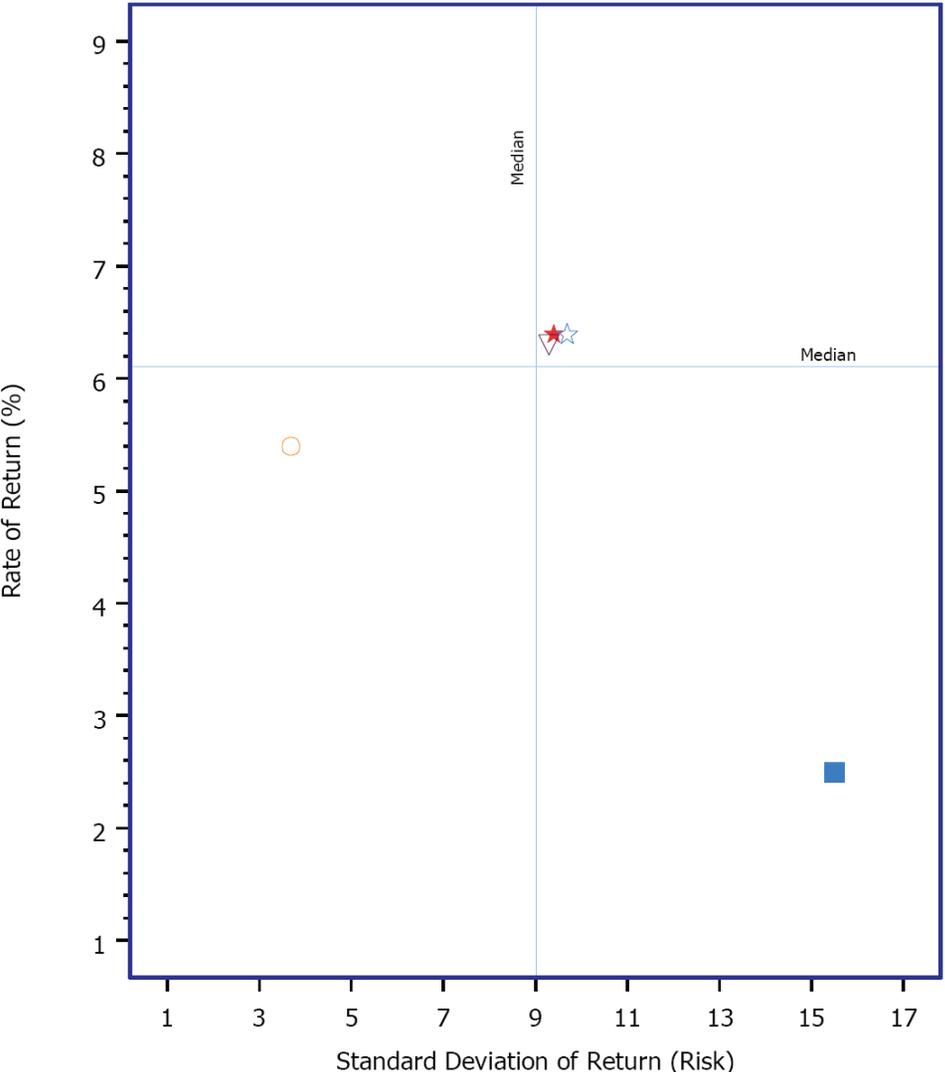


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	9.0	7.0	0.8
* ALLOC INDEX	9.1	6.9	0.9
☆ POLICY INDEX	9.6	6.5	1.0
■ S&P 500	7.6	9.7	0.5
○ LB AGGREGATE	3.9	3.5	0.2
<b>Median</b>	<b>8.9</b>	<b>6.3</b>	<b>0.9</b>

**Funded status as of Fiscal Year 2007 = 84.9%**



# Total Fund Risk / Return Analysis – 7 Years\*

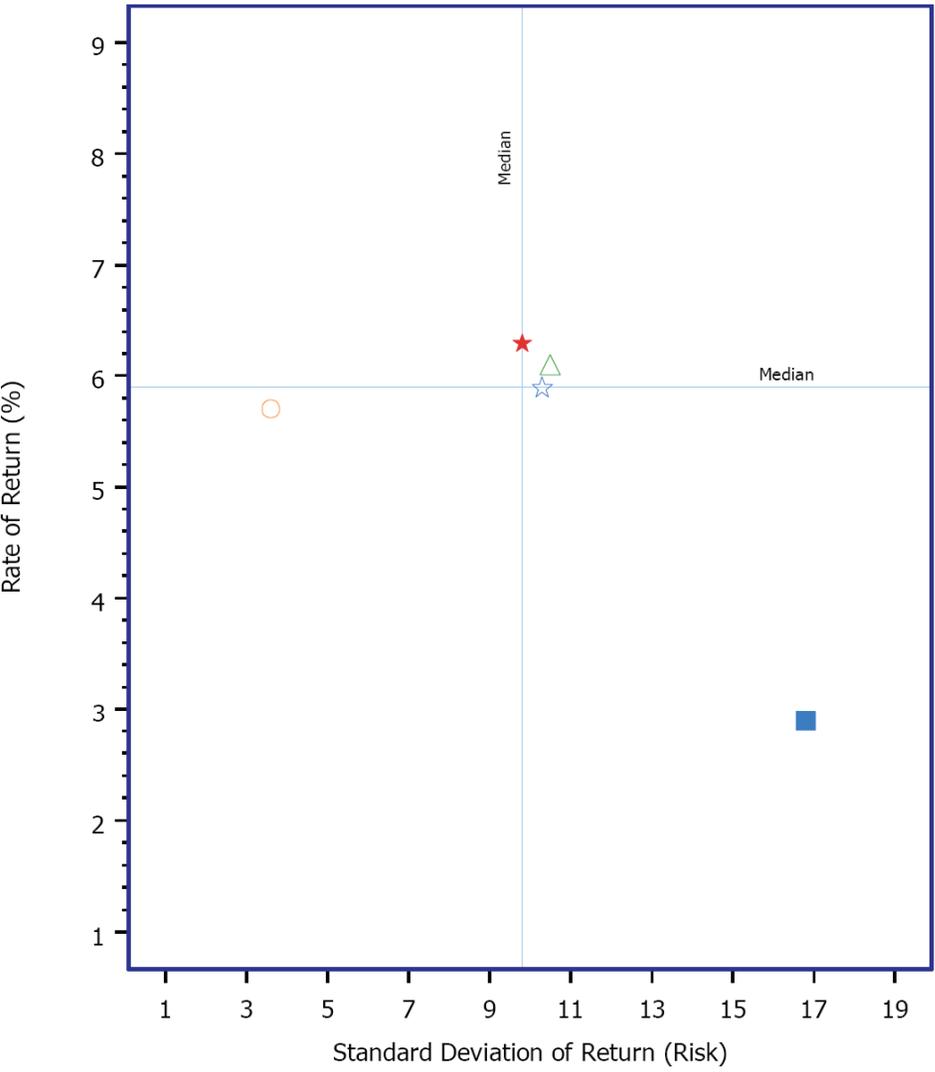


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	6.4	9.4	0.4
▽ ALLOC INDEX	6.3	9.3	0.4
☆ POLICY INDEX	6.4	9.7	0.4
■ S&P 500	2.5	15.5	0.1
○ LB AGGREGATE	5.4	3.7	0.7
<b>Median</b>	6.1	9.0	0.4

**Funded status as of Fiscal Year 2007 = 84.9%**



# Total Fund Risk / Return Analysis – 10 Years\*



	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	6.3	9.8	0.3
△ ALLOC INDEX	6.1	10.5	0.3
☆ POLICY INDEX	5.9	10.3	0.3
■ S&P 500	2.9	16.8	0.0
○ LB AGGREGATE	5.7	3.6	0.6
<b>Median</b>	5.9	9.8	0.3

**Funded status as of Fiscal Year 2007 = 84.9%**



# VPIC Total Performance Summary

Vermont Pension Investment Committee (VPIC)																			
Investment Performance "Flash" Report																			
Periods Ending June 30, 2008																			
	<u>Quarter</u>	<i>Public Rank</i>	<i>Large Rank</i>	<u>YTD</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>
<b>Teachers' Composite</b>																			
<b>Teachers' Composite</b>	(1.1)%	72	75	(6.5)%	67	68	(6.6)%	81	83	6.6%	52	73	9.0%	49	72	(6.6)%	\$1,495,614,639	100%	0.38%
<i>Allocation Index</i>	(1.5)%			(5.5)%			(5.1)%			6.6%			9.1%			(5.1)%			
<i>Policy Index</i>	(1.0)%			(5.4)%			(3.7)%			7.3%			9.6%			(3.7)%			
<b>Employees' Composite</b>																			
<b>Employees' Composite</b>	(1.0)%	65	66	(6.2)%	64	62	(5.9)%	76	77	6.6%	50	73	8.8%	50	73	(5.9)%	\$1,279,301,885	100%	0.37%
<i>Allocation Index</i>	(1.3)%			(5.3)%			(4.7)%			6.6%			8.9%			(4.7)%			
<i>Policy Index</i>	(1.0)%			(4.9)%			(2.9)%			7.2%			9.3%			(2.9)%			
<b>Municipal Composite</b>																			
<b>Municipal Composite</b>	(1.0)%	67		(6.3)%	66		(6.1)%	76		6.8%	45		8.7%	57		(6.1)%	\$313,101,025	100%	0.38%
<i>Allocation Index</i>	(1.3)%			(5.1)%			(4.4)%			6.6%			9.1%			(4.4)%			
<i>Policy Index</i>	(0.9)%			(4.8)%			(2.6)%			7.5%			9.5%			(2.6)%			
<b>Burlington Composite</b>																			
<b>Burlington Composite</b>	(1.2)%	74		(6.5)%	69		(7.7)%	91		6.2%	62		8.1%	67		(7.7)%	\$117,627,258	100%	0.38%
<i>Policy Index</i>	(1.1)%			(5.8)%			(4.4)%			6.1%			8.1%			(4.4)%			

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 June 30, 2008																			
	Quarter	Rank	YTD	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	
<b>Large Cap Equity</b>																			
Large Cap Equity Composite - Employees*	(2.5)%	65	(11.5)%	49	(13.5)%	62	5.1%	51	7.9%	73	(13.5)%	\$321,643,420	25.1%	-	-	-			
Large Cap Equity Composite - Teachers*	(2.5)%	65	(11.3)%	45	(14.1)%	69	4.4%	72	7.3%	91	(14.1)%	\$429,501,885	-	28.7%	-	-			
Large Cap Equity Composite - Municipal	(2.5)%	65	(11.5)%	49	(13.5)%	62	6.0%	37	8.3%	65	(13.5)%	\$76,245,336	-	-	24.4%	-			
Large Cap Equity Composite - Burlington <i>Standard &amp; Poors 500</i>	(2.5)%	65	(11.3)%	45	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$34,725,543	-	-	-	29.5%			
T. Rowe	(1.2)%	35	(10.0)%	30	(11.3)%	37	n/a	n/a	n/a	n/a	(11.3)%	\$347,034,474	10.1%	11.5%	9.9%	12.0%	Dec-05	0.30%	
PIMCO <i>Standard &amp; Poors 500</i>	(3.5)%	82	(13.0)%	84	(13.6)%	64	n/a	n/a	(13.6)%	n/a	(13.6)%	\$343,566,023	10.0%	11.5%	9.7%	11.7%	Dec-05	0.33%	
SSgA <i>S&amp;P 500 Equal Weighted</i>	(3.1)%	80	(11.3)%	45	(18.0)%	93	n/a	n/a	(18.0)%	n/a	(18.0)%	\$171,515,687	5.0%	5.7%	4.8%	5.8%	Dec-05	0.05%	
	(2.5)%		(10.9)%		(16.9)%		4.0%		10.0%		(16.9)%								
<b>Small Cap Equity</b>																			
Small Cap Equity Composite - Employees*	2.5%	34	(7.4)%	53	(13.0)%	36	3.8%	69	9.7%	84	(13.0)%	\$161,745,043	12.6%	-	-	-			
Small Cap Equity Composite - Teachers*	2.4%	34	(7.4)%	53	(13.1)%	37	2.9%	75	9.7%	84	(13.1)%	\$186,078,764	-	12.4%	-	-			
Small Cap Equity Composite - Municipal	2.5%	34	(7.4)%	53	(13.0)%	36	3.7%	69	10.0%	79	(13.0)%	\$33,445,123	-	-	10.7%	-			
Small Cap Equity Composite - Burlington <i>Russell 2000</i>	2.5%	34	(7.4)%	53	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$14,944,765	-	-	-	12.7%			
	0.6%		(9.4)%		(16.2)%		3.8%		10.3%		(16.2)%								
SSgA 2500 <i>Russell 2500</i>	1.6%	42	(7.9)%	56	(14.0)%	40	n/a	n/a	n/a	n/a	(14.0)%	\$130,674,736	4.1%	4.1%	3.6%	4.2%	Dec-05	0.07%	
Wellington <i>Russell 2000 Value</i>	1.2%	10	(5.3)%	16	(14.4)%	17	5.2%	25	n/a	n/a	(14.4)%	\$130,221,443	4.2%	4.1%	3.4%	4.2%	Dec-05	0.49%	
SSgA Russell 2000 Growth <i>Russell 2000 Growth</i>	4.5%	34	(8.9)%	35	(10.8)%	43	n/a	n/a	n/a	n/a	(10.8)%	\$135,317,516	4.3%	4.3%	3.7%	4.3%	Dec-06	0.10%	
	4.5%		(8.9)%		(10.8)%		6.1%		10.4%		(10.8)%								
<b>International Equity</b>																			
<b>International Developed Equity</b>																			
International Equity Composite - Employees*	(2.6)%	67	(11.2)%	62	(11.5)%	69	14.8%	38	17.0%	63	(11.5)%	\$ 169,178,351	13.2%	-	-	-			
International Equity Composite - Teachers*	(2.9)%	70	(11.4)%	68	(11.3)%	68	14.4%	41	17.6%	52	(11.3)%	\$ 192,557,572	-	12.9%	-	-			
International Equity Composite - Municipal	(2.6)%	68	(11.2)%	62	(11.5)%	69	14.3%	38	16.9%	63	(11.5)%	\$ 40,781,479	-	-	13.0%	-			
International Equity Composite - Burlington	(2.9)%	70	(11.4)%	68	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 15,521,458	-	-	-	13.2%			
Acadian	(1.1)%	33	(10.7)%	50	(12.8)%	78	n/a	n/a	n/a	n/a	(12.8)%	\$190,747,069	6.7%	5.2%	6.6%	5.3%	Oct-05	0.48%	
Mondrian <i>EAFE (After Taxes)</i>	(4.0)%	75	(11.9)%	75	(10.4)%	56	13.1%	57	17.7%	50	(10.4)%	\$227,291,791	6.5%	7.7%	6.4%	7.9%	Oct-05	0.36%	
<i>CITIEPAC</i>	(2.3)%		(11.0)%		(10.6)%		12.8%		16.7%		(10.6)%								
	(2.0)%		(11.0)%		(9.8)%		13.4%		17.1%		(9.8)%								
<b>Emerging Market Equity</b>																			
Aberdeen <i>MSCI EM</i>	0.4%	29	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$35,233,092	1.1%	1.1%	1.1%	1.1%	Jan-08	0.85%	
	(0.8)%		(11.7)%		4.6%		27.1%		29.8%		4.6%								
<b>Core Fixed Income</b>																			
Logan Circle**	(0.4)%	19	(2.7)%	97	0.3%	96	2.2%	96	3.2%	93	0.3%	\$515,961,369	17.9%	13.6%	21.9%	13.4%	Apr-06	0.33%	
Oppenheimer <i>LB Aggregate</i>	(0.4)%	20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$74,682,892	2.6%	2.0%	3.1%	2.0%	Mar-08		
	(1.0)%		1.1%		7.1%		4.1%		3.9%		7.1%								
<b>High Yield Fixed Income</b>																			
Post Advisory <i>LB High Yield</i>	3.1%	11	0.4%	4	1.5%	26	5.6%	38	n/a	n/a	1.5%	\$171,295,410	5.4%	5.3%	5.3%	5.2%	Apr-06	0.42%	
	1.8%		(1.3)%		(2.3)%		4.6%		6.9%		(2.3)%								
<b>Global Fixed Income</b>																			
Global FI Composite - Employees*	(2.2)%	61	3.6%	35	14.1%	31	n/a	n/a	n/a	n/a	14.1%	\$ 59,010,860	4.6%	-	-	-			
Global FI Composite - Teachers*	(2.2)%	61	3.6%	35	14.1%	31	n/a	n/a	n/a	n/a	14.1%	\$ 69,277,670	-	4.6%	-	-			
Global FI Composite - Municipal	(2.3)%	62	3.5%	36	14.0%	35	n/a	n/a	n/a	n/a	14.0%	\$ 8,024,974	-	-	2.6%	-			
Global FI Composite - Burlington	(2.3)%	62	3.6%	35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 5,182,617	-	-	-	4.4%			
Brandywine	0.5%	5	2.3%	57	11.0%	49	n/a	n/a	n/a	n/a	11.0%	\$70,745,657	2.3%	2.3%	1.3%	2.2%	May-06	0.42%	
Mondrian** <i>CITI WGBI</i>	(4.9)%	88	4.7%	15	17.4%	8	6.5%	26	6.5%	49	17.4%	\$70,750,464	2.3%	2.3%	1.3%	2.2%	May-06	0.36%	
	(4.2)%		5.0%		17.0%		6.2%		6.4%		17.0%								

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

\*\* 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 June 30, 2008																		
	Quarter	Rank	YTD	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
<b>Real Estate<sup>^</sup></b>																		
<b>Total Real Estate</b>													6.7%	8.7%	7.6%	8.5%		
Morgan Stanley	(1.0)%	77	2.0%	29	6.5%	51	16.5%	21	16.1%	31	6.5%	\$82,692,288	2.2%	2.9%	2.5%	2.8%	Sep-06	0.88%
UBS Realty	(0.6)%	72	0.9%	50	5.3%	64	13.3%	59	14.3%	54	5.3%	\$92,002,336	2.5%	3.2%	2.8%	3.1%	Sep-06	0.90%
RREEF	(7.1)%	93	(7.9)%	91	(1.5)%	83	n/a		n/a		(1.5)%	\$66,860,213	1.8%	2.3%	2.0%	2.3%	Sep-06	
Transwestern / Aslan	0.3%	39	(0.6)%	75	(5.9)%	85	n/a		n/a		(5.9)%	\$4,083,849	0.1%	0.1%	0.1%	0.1%	Sep-06	
Real Estate Cash	0.3%	38	1.2%	46	3.8%	69	n/a		n/a		3.8%	\$3,199,791	0.1%	0.1%	0.1%	0.1%	Sep-06	
NCREIF Property Index <sup>^</sup>	0.6%		2.2%		9.2%		15.0%		14.7%		9.2%							
<b>Private Investment</b>																		
Pru & VVC	(1.1)%		0.4%		9.3%		11.0%		4.5%		9.3%	\$5,739,881	0.0%	0.4%	0.0%	0.0%		
Vermont Investments	30.2%		44.3%		44.6%		(2.8)%		1.3%		44.6%	\$3,269,646	0.3%	0.0%	0.0%	0.0%		
Alternative Investments	0.0%		0.0%		0.0%		n/a		n/a		0.0%	\$767,390	0.0%	0.0%	0.2%	0.0%		
RMK Timber*	2.5%		4.7%		9.6%		21.5%		14.0%		9.6%	\$2,695,072	0.2%	0.0%	0.0%	0.0%		1.00%
NCREIF Timber Index*	4.5%		14.3%		21.5%		18.1%		14.8%		21.5%							
<b>Global Asset Allocation</b>																		
GAA Composite - Employees'	(1.1)%		(4.5)%		(2.3)%		n/a		n/a		(2.3)%	\$ 153,434,707	10.2%	-	-			
GAA Composite - Teachers'	(1.1)%		(4.5)%		(2.3)%		n/a		n/a		(2.3)%	\$ 153,434,707	-	10.3%	-			
GAA Composite - Municipal	(1.1)%		(4.5)%		(2.3)%		n/a		n/a		(2.3)%	\$ 31,747,504	-	-	10.1%			
Pimco All Asset	(0.3)%		0.2%		6.1%		n/a		n/a		6.1%	\$163,984,455	5.1%	5.1%	5.1%	5.0%	May-06	0.83%
T-Bill + 5%	1.6%		3.5%		8.6%		9.4%		8.3%		8.6%							
Mellon Global Alpha	(1.9)%		(9.4)%		(10.5)%		n/a		n/a		(10.5)%	\$163,101,676	5.1%	5.1%	5.1%	4.9%	May-06	0.65%
60%MSCI World / 40% CITI WGBI	(2.0)%		(6.0)%		(3.7)%		6.7%		8.7%		(3.7)%							
<b>Cash</b>																		
Employees' Cash	0.3%		1.2%		4.6%		6.2%		4.7%		4.6%	\$738,807	0.1%	0.0%	0.0%	0.0%		
Teachers' Cash	0.3%		1.2%		4.6%		5.2%		4.6%		4.6%	\$1,204,476	0.0%	0.1%	0.0%	0.0%		
Municipal Cash	0.3%		1.2%		4.5%		4.8%		4.1%		4.5%	\$114,143	0.0%	0.0%	0.0%	0.0%		
Burlington Cash	0.3%		1.3%		n/a		n/a		n/a		n/a	\$153,160	0.0%	0.0%	0.0%	0.1%		
90 Day U.S. T-Bills	0.3%		1.2%		3.6%		4.3%		3.2%		3.6%							

Note: Returns are gross of manager fees. Results for periods longer than one year are annualized.  
<sup>^</sup> Performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.  
\* RMK Timber and NCREIF Timber are reported on the one quarter lag.

