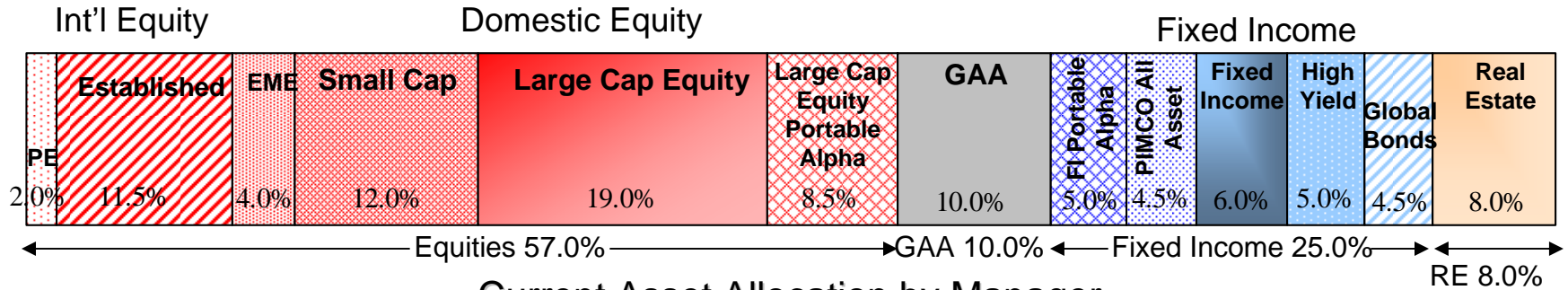


# State Teachers' Retirement System of Vermont

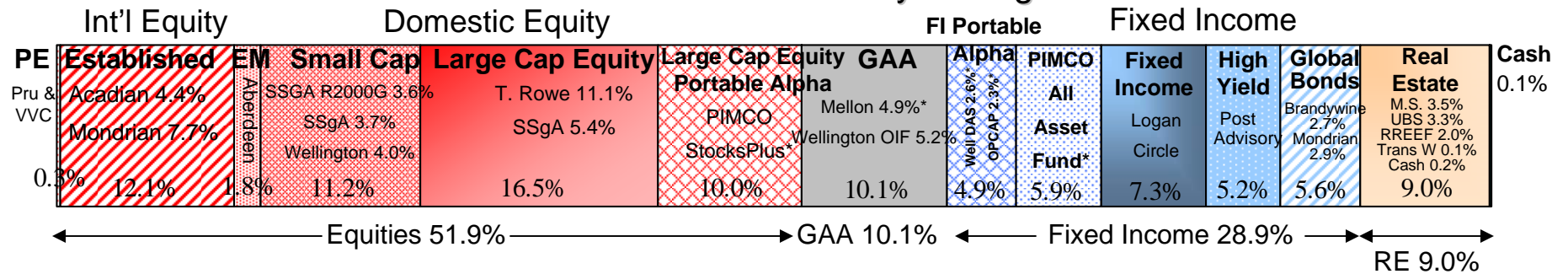


# Plan Asset Allocation

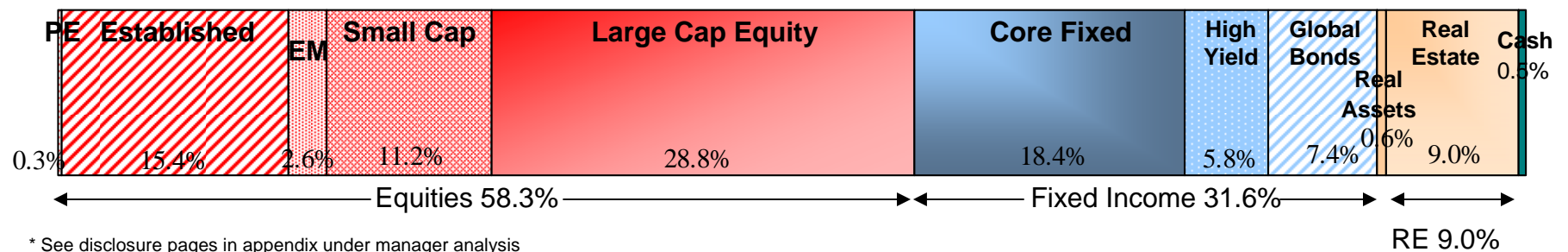
As of December 31, 2008  
Target Asset Allocation



## Current Asset Allocation by Manager



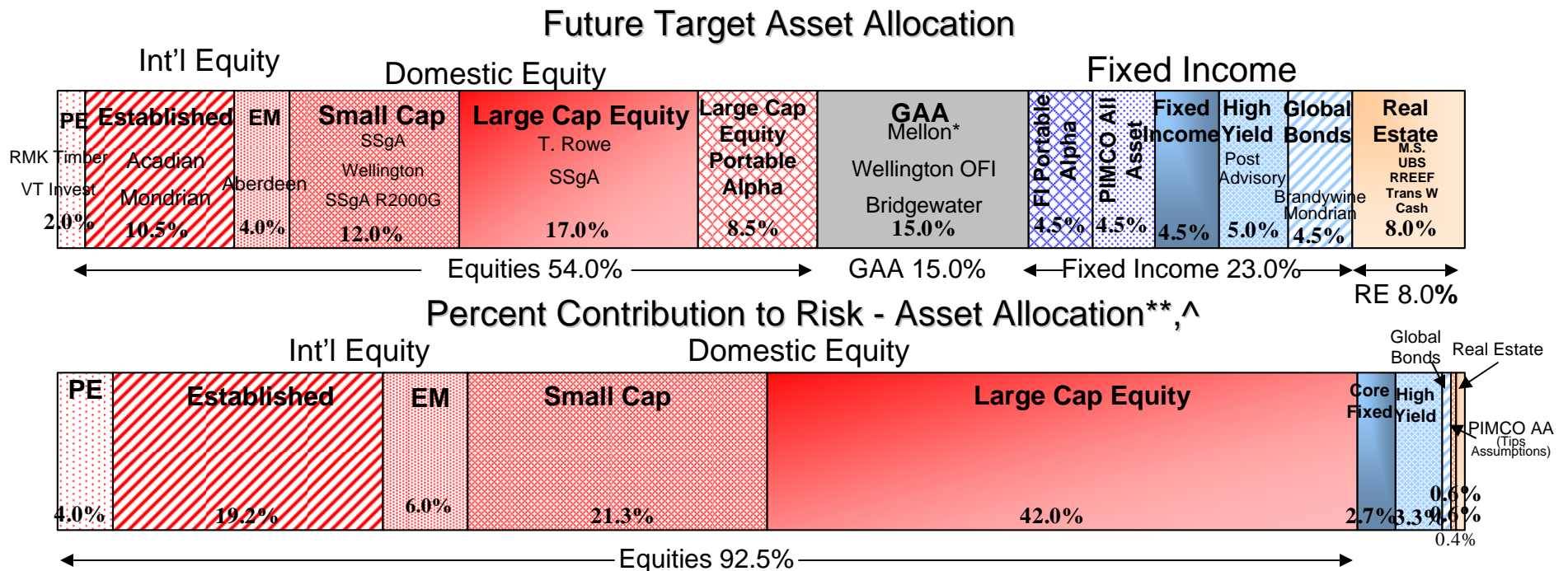
## Current Asset Allocation by Asset Class



\* 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.

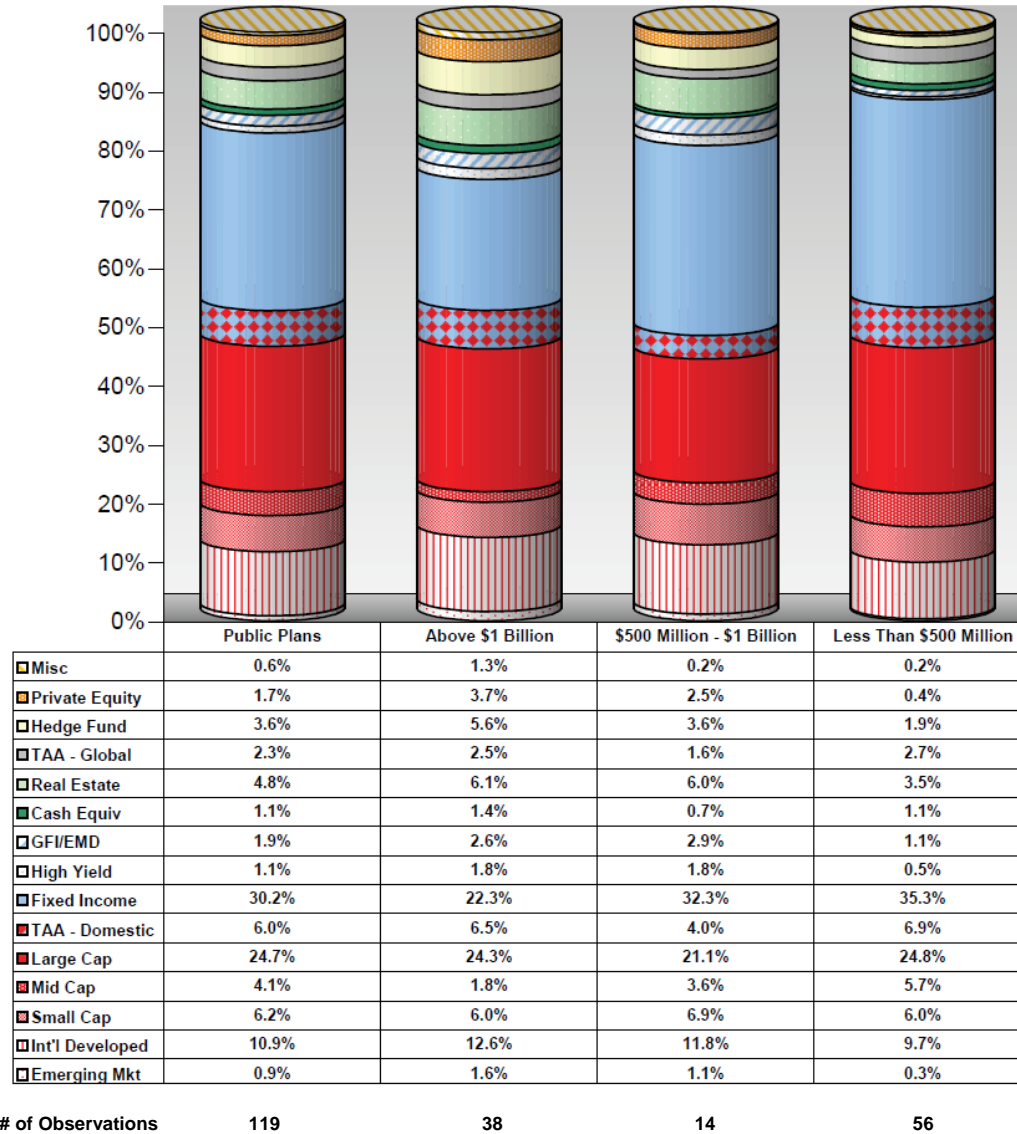
\* See disclosure pages in appendix under manager analysis

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

^PIMCO AA was modeled using our Tips Assumptions.



# 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	GAA	Private Investment	Cash	Total
<b>Composite</b>	\$294,098	\$40,433	\$43,954	\$39,550	\$200,289	\$57,690	\$152,987	\$61,781	\$99,372	\$112,119	\$3,355	\$657	\$1,106,285
T. Rowe	124,416	0	0	0	0	0	0	0	0	0	0	0	\$124,416
PIMCO	110,248	0	0	0	0	0	0	0	0	0	0	0	\$110,248
SSgA Equal Wgt	59,434	0	0	0	0	0	0	0	0	0	0	0	\$59,434
SSgA R-2500	0	40,433	0	0	0	0	0	0	0	0	0	0	\$40,433
Wellington	0	0	43,954	0	0	0	0	0	0	0	0	0	\$43,954
SSgA R-2000 Growth	0	0	0	39,550	0	0	0	0	0	0	0	0	\$39,550
Acadian	0	0	0	0	0	0	48,900	0	0	0	0	0	\$48,900
Mondrian	0	0	0	0	0	0	84,497	0	0	0	0	0	\$84,497
Aberdeen	0	0	0	0	0	0	19,590	0	0	0	0	0	\$19,590
Logan Circle	0	0	0	0	80,559	0	0	0	0	0	0	0	\$80,559
Oppenheimer	0	0	0	0	25,518	0	0	0	0	0	0	0	\$25,518
PIMCO AA	0	0	0	0	65,795	0	0	0	0	0	0	0	\$65,795
Wellington DAS	0	0	0	0	28,412	0	0	0	0	0	0	0	\$28,412
Post Advisory	0	0	0	0	0	57,690	0	0	0	0	0	0	\$57,690
Mondrian	0	0	0	0	0	0	0	32,183	0	0	0	0	\$32,183
Brandywine	0	0	0	0	0	0	0	29,598	0	0	0	0	\$29,598
Morgan Stanley	0	0	0	0	0	0	0	0	38,235	0	0	0	\$38,235
UBS Realty	0	0	0	0	0	0	0	0	35,983	0	0	0	\$35,983
RREEF	0	0	0	0	0	0	0	0	21,798	0	0	0	\$21,798
Transwestern	0	0	0	0	0	0	0	0	1,426	0	0	0	\$1,426
Real Estate Cash	0	0	0	0	0	0	0	0	1,930	0	0	0	\$1,930
Mellon GA 1	0	0	0	0	0	0	0	0	0	54,209	0	0	\$54,209
Wellington OIF	0	0	0	0	0	0	0	0	0	57,910	0	0	\$57,910
Pru & VVC	0	0	0	0	0	0	0	0	0	0	3,355	0	\$3,355
Vermont Investment	0	0	0	0	5	0	0	0	0	0	0	657	\$662

(Dollars in 000's)

# Total Fund Asset Growth Summary

Periods Ending December 31, 2008

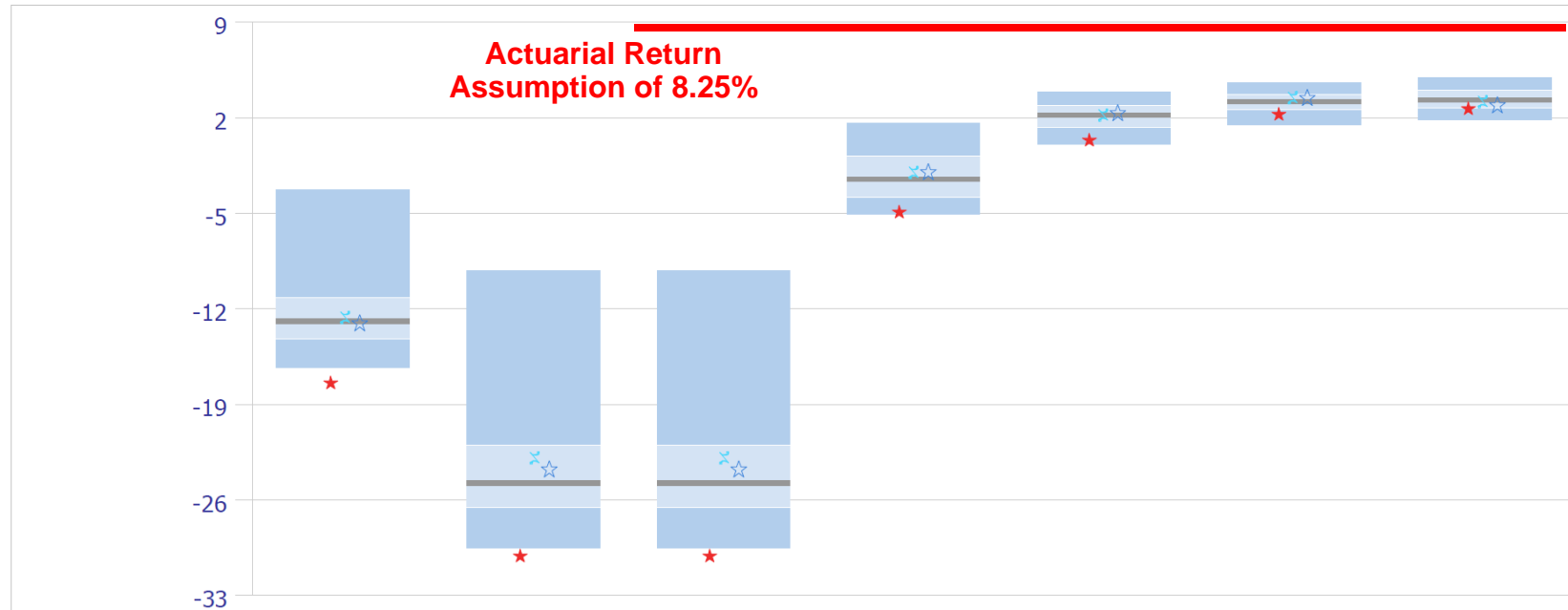
## TEACHERS' RETIREMENT SYSTEM COMPOSITE

	Last Quarter	Year to Date	Last Twelve Months	Since Inception 03/2001
<b>Beginning Market Value</b>	1,358,851	1,638,863	1,638,863	1,106,102
<b>Net External Growth</b>	-15,983	-47,116	-47,116	-227,133
<b>Return on Investment</b>	-236,582	-485,460	-485,460	227,317
<b>Income Received</b>	81	465	465	140,773
<b>Gain/Loss</b>	-236,663	-485,925	-485,925	86,544
<b>Ending Market Value</b>	1,106,286	1,106,286	1,106,286	1,106,286

Return -17.4%      -30.1%      -30.1%



# Total Public Funds – Total Rates of Return



	One Quarter		Year to Date		One Year		Three Years		Five Years		Seven Years		Ten Years	
★ TRS COMPOSITE	-17.4	98	-30.1	98	-30.1	98	-4.9	93	0.4	92	2.3	78	2.7	73
× ALLOC INDEX	-12.6	44	-22.9	31	-22.9	31	-2.0	37	2.2	48	3.5	34	3.2	59
☆ POLICY INDEX	-13.0	52	-23.7	40	-23.7	40	-1.9	36	2.4	35	3.5	37	3.0	66
<b>Median</b>	-12.9	--	-24.8	--	-24.8	--	-2.5	--	2.2	--	3.2	--	3.3	--
<b>Total Public Funds &gt;\$1 Billion Median</b>	-13.8	--	-25.9	--	-25.9	--	-2.6	--	2.1	--	3.2	--	3.3	--

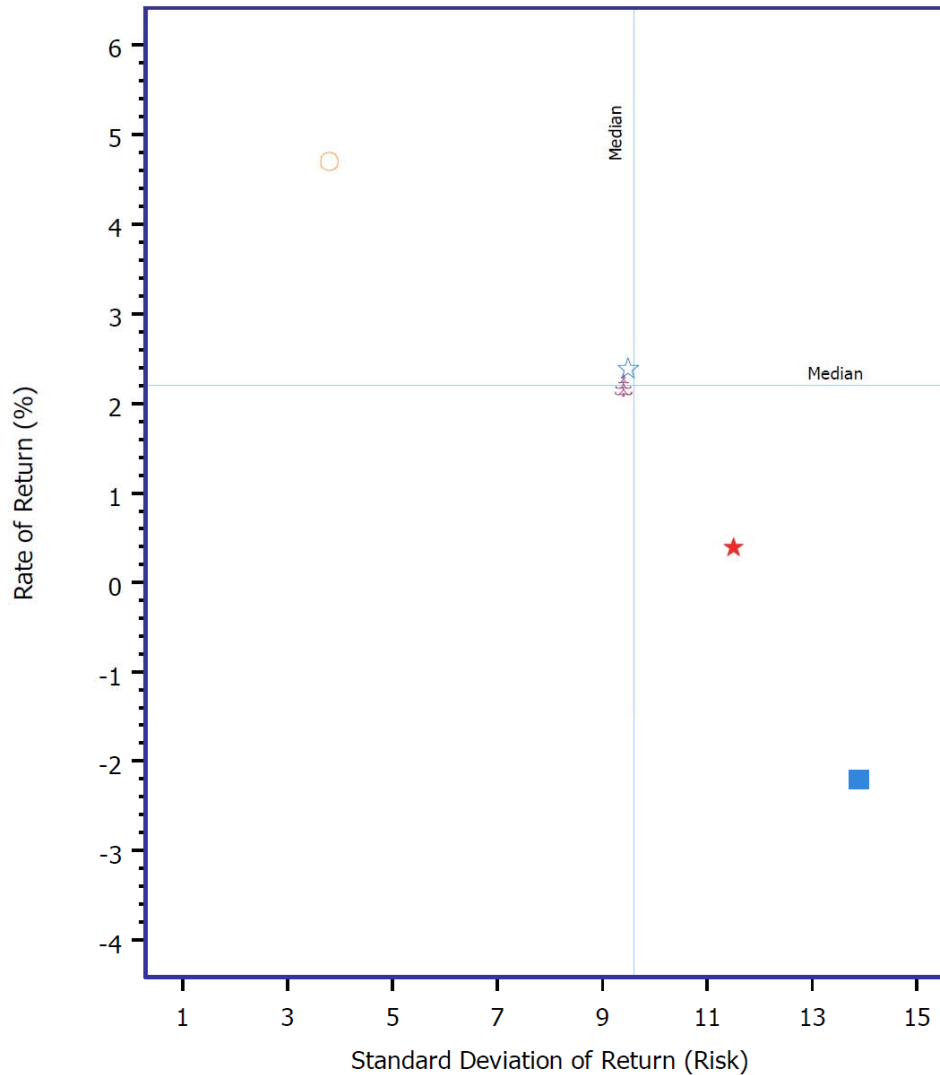
•Policy Index: Measures the effectiveness of Plan Structure. (Target asset class weights X Return of the respective passive benchmark)

•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)



# Total Fund Risk / Return Analysis – 5 Years\*



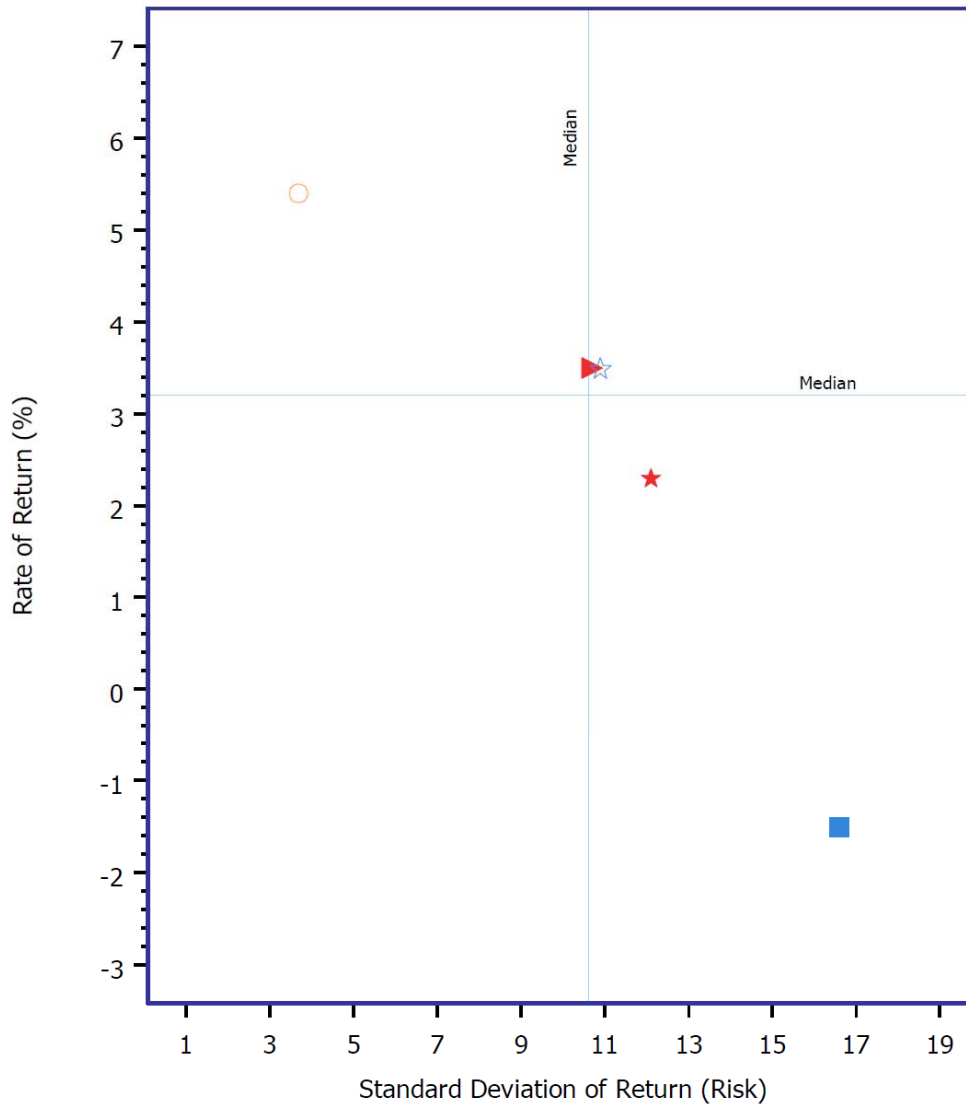
	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	0.4	11.5	95
⚡ ALLOC INDEX	2.2	9.4	38
☆ POLICY INDEX	2.4	9.5	45
■ S&P 500	-2.2	13.9	99
○ BC AGGREGATE	4.7	2	3.8
Median	2.2	--	9.6

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





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

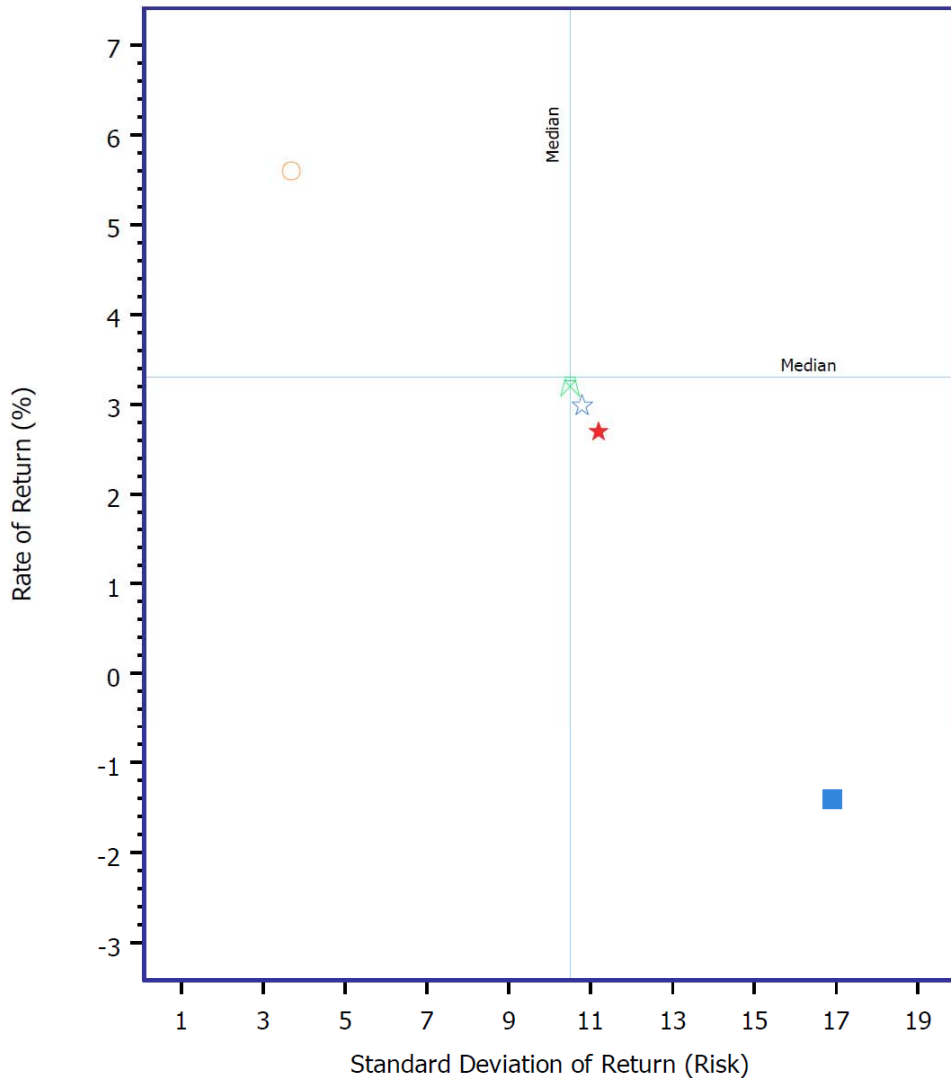


	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	2.3	12.1	0.0
▶ ALLOC INDEX	3.5	10.7	0.1
☆ POLICY INDEX	3.5	10.9	0.1
■ S&P 500	-1.5	16.6	-0.2
○ BC AGGREGATE	5.4	3.7	0.7
<b>Median</b>	3.2	10.6	0.1

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



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



	Return	Standard Deviation	Sharpe Ratio
★ TRS COMPOSITE	2.7 73	11.2 70	-0.0 70
▲ ALLOC INDEX	3.2 59	10.5 50	0.0 56
☆ POLICY INDEX	3.0 66	10.8 60	0.0 63
■ S&P 500	-1.4 100	16.9 98	-0.2 97
○ BC AGGREGATE	5.6 2	3.7 2	0.6 2
<b>Median</b>	3.3 --	10.5 --	0.0 --

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



# Equity Style Comparison

