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Vermont Pension Investment Committee

Investment Performance Analysis

February 26, 2013

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CAMBRIDGE | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

State Teachers' Retirement System



Vermont State Teachers

Total Fund Performance Summary

| | Market Value | 3 Mo | Rank | Fiscal YTD | Rank | 1 Yr | Rank | 3 Yrs | Rank | 5 Yrs | Rank |
|----------------------------------|------------------------|-------------|-----------|-------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|
| Teachers Composite | \$1,585,026,016 | 2.1% | 20 | 7.3% | 18 | 13.1% | 21 | 9.8% | 11 | 3.2% | 64 |
| <i>Policy Index</i> | | 1.7% | 51 | 6.3% | 53 | 10.9% | 67 | 7.6% | 74 | 2.4% | 80 |
| <i>Allocation Index</i> | | 1.8% | 43 | 6.3% | 52 | 10.8% | 69 | 7.6% | 75 | 2.7% | 75 |
| <i>IF Public DB Gross Median</i> | | 1.7% | | 6.4% | | 11.9% | | 8.4% | | 3.5% | |

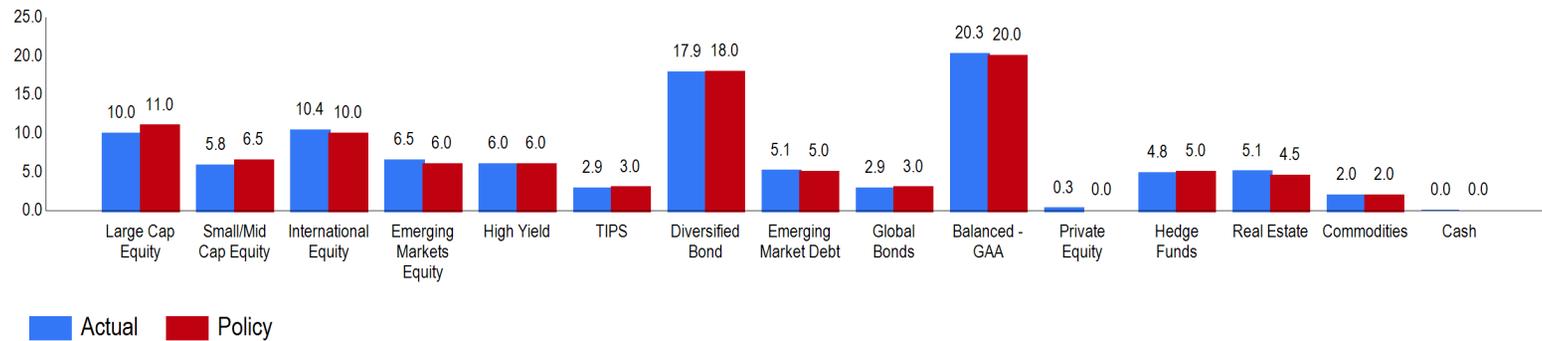
3 Years Ending December 31, 2012

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank |
|--------------------|-----------|------|---------------|------|--------------|------|------------------|------|
| Teachers Composite | 9.83% | 11 | 8.65% | 47 | 1.13 | 16 | 1.64 | 21 |
| Policy Index | 7.63% | 74 | 8.57% | 44 | 0.88 | 65 | 1.39 | 55 |
| Allocation Index | 7.59% | 75 | 8.76% | 48 | 0.86 | 69 | 1.32 | 66 |

5 Years Ending December 31, 2012

| | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank |
|--------------------|-----------|------|---------------|------|--------------|------|------------------|------|
| Teachers Composite | 3.21% | 64 | 13.72% | 85 | 0.21 | 68 | 0.23 | 75 |
| Policy Index | 2.39% | 80 | 12.14% | 55 | 0.17 | 78 | 0.20 | 79 |
| Allocation Index | 2.70% | 75 | 12.59% | 61 | 0.19 | 75 | 0.22 | 77 |

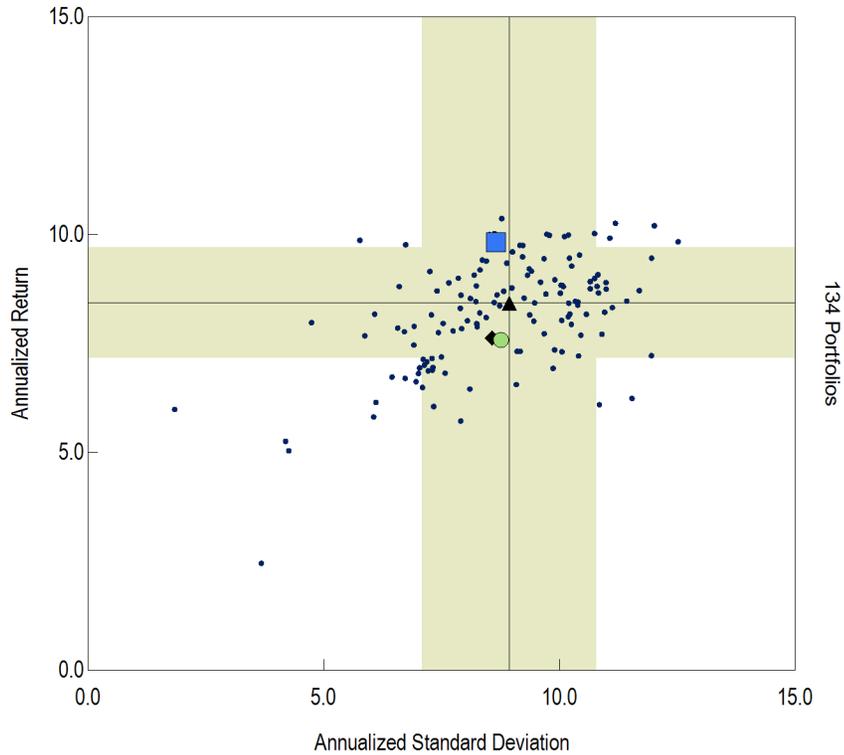
Actual vs Target Allocation (%)



Vermont State Teachers

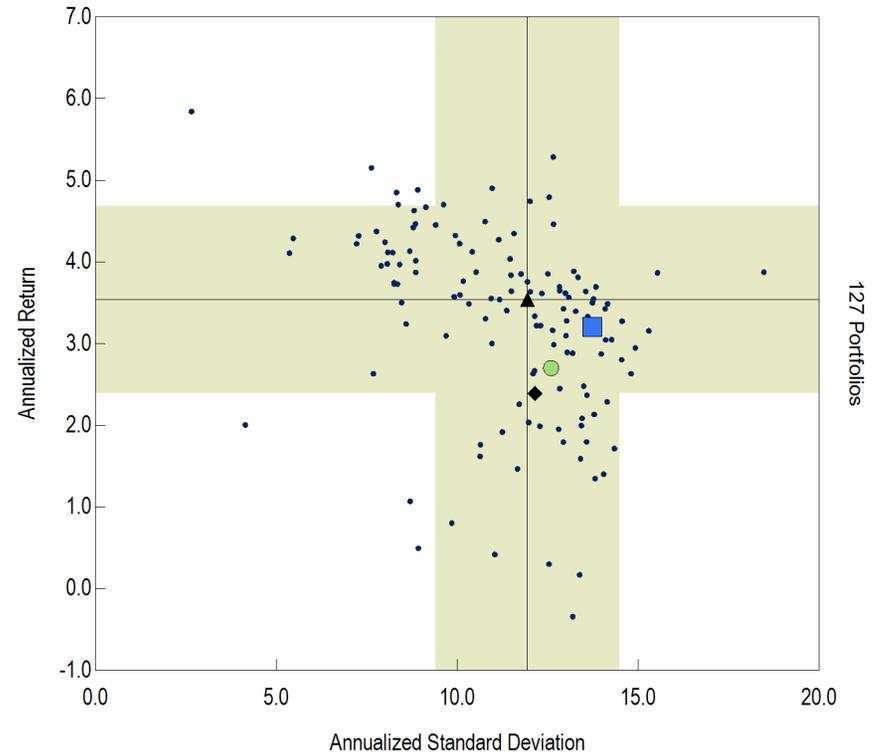
Total Fund Risk/Return

3 Years Ending December 31, 2012



- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross

5 Years Ending December 31, 2012



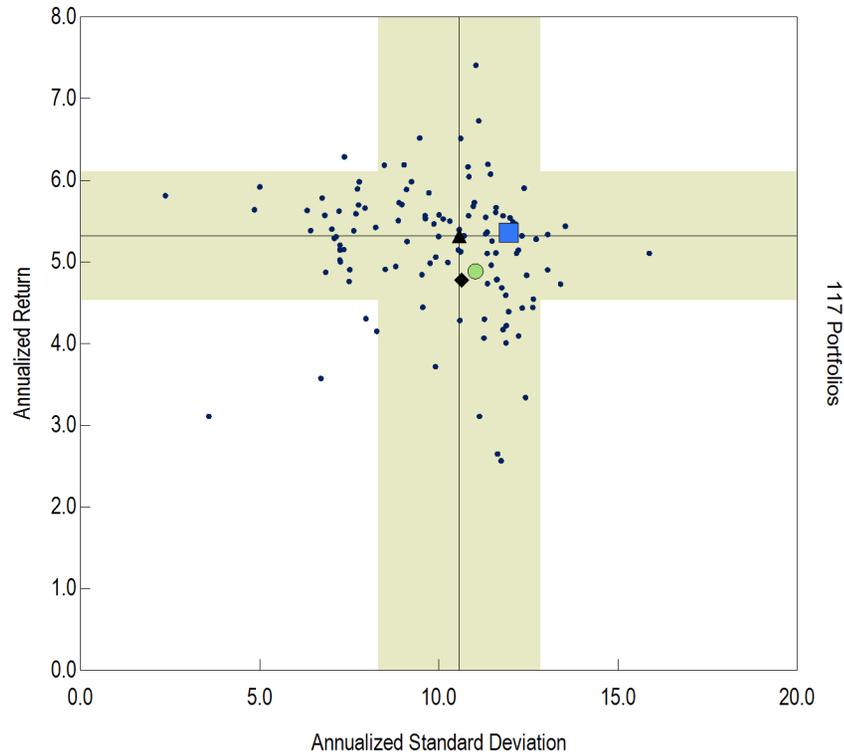
- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross



Vermont State Teachers

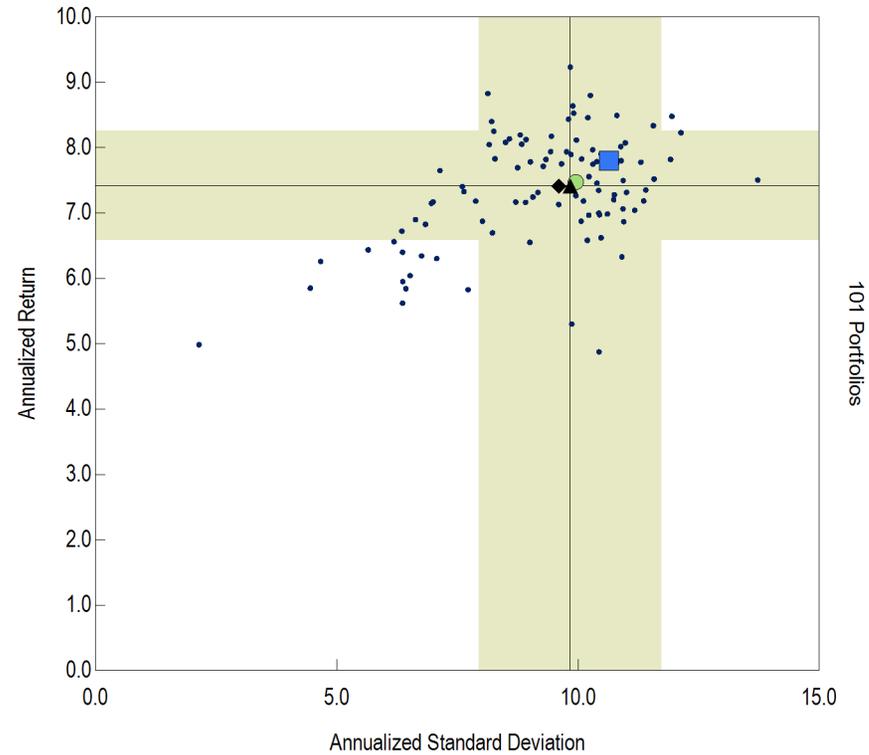
Total Fund Risk/Return

7 Years Ending December 31, 2012



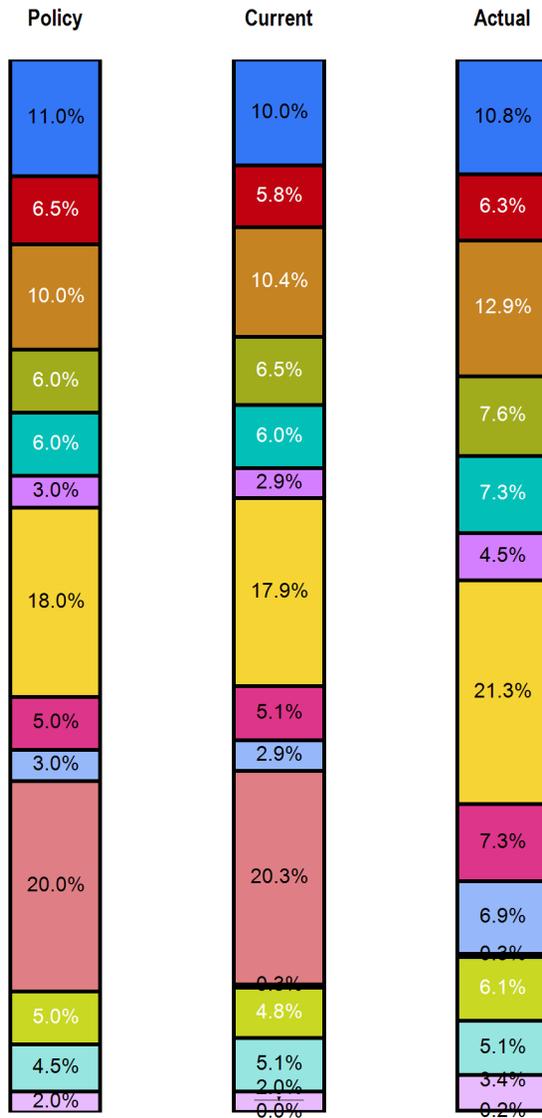
- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross

10 Years Ending December 31, 2012



- Teachers Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- IF Public DB Gross

Total Fund Asset Allocation vs. Policy Targets



Asset Allocation vs. Target

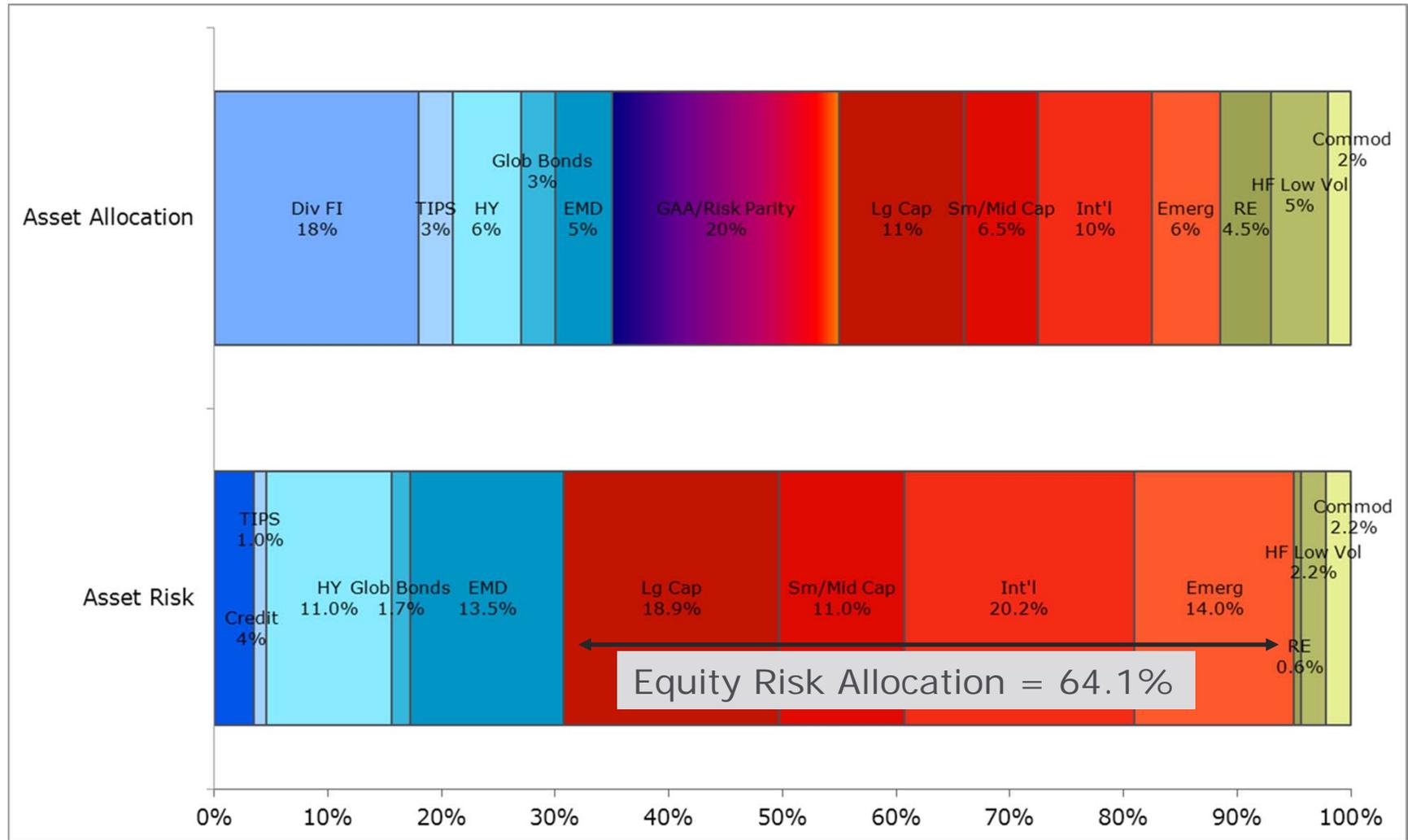
| | Current | Policy | Current | Difference* |
|-------------------------|------------------------|---------------|---------------|-------------|
| Large Cap Equity | \$158,485,091 | 11.0% | 10.0% | -1.0% |
| Small/Mid Cap Equity | \$92,675,857 | 6.5% | 5.8% | -0.7% |
| International Equity | \$164,876,407 | 10.0% | 10.4% | 0.4% |
| Emerging Markets Equity | \$103,156,445 | 6.0% | 6.5% | 0.5% |
| High Yield | \$94,749,640 | 6.0% | 6.0% | 0.0% |
| TIPS | \$45,787,986 | 3.0% | 2.9% | -0.1% |
| Diversified Bond | \$283,058,962 | 18.0% | 17.9% | -0.1% |
| Emerging Market Debt | \$81,557,033 | 5.0% | 5.1% | 0.1% |
| Global Bonds | \$46,062,424 | 3.0% | 2.9% | -0.1% |
| Balanced - GAA | \$321,441,395 | 20.0% | 20.3% | 0.3% |
| Private Equity | \$4,524,166 | -- | 0.3% | 0.3% |
| Hedge Funds | \$76,643,028 | 5.0% | 4.8% | -0.2% |
| Real Estate | \$80,212,402 | 4.5% | 5.1% | 0.6% |
| Commodities | \$31,200,632 | 2.0% | 2.0% | 0.0% |
| Cash | \$594,548 | -- | 0.0% | 0.0% |
| Total | \$1,585,026,016 | 100.0% | 100.0% | |

*Difference between Policy and Current Allocation

'Actual' allocation graph represents look through to the GAA managers.

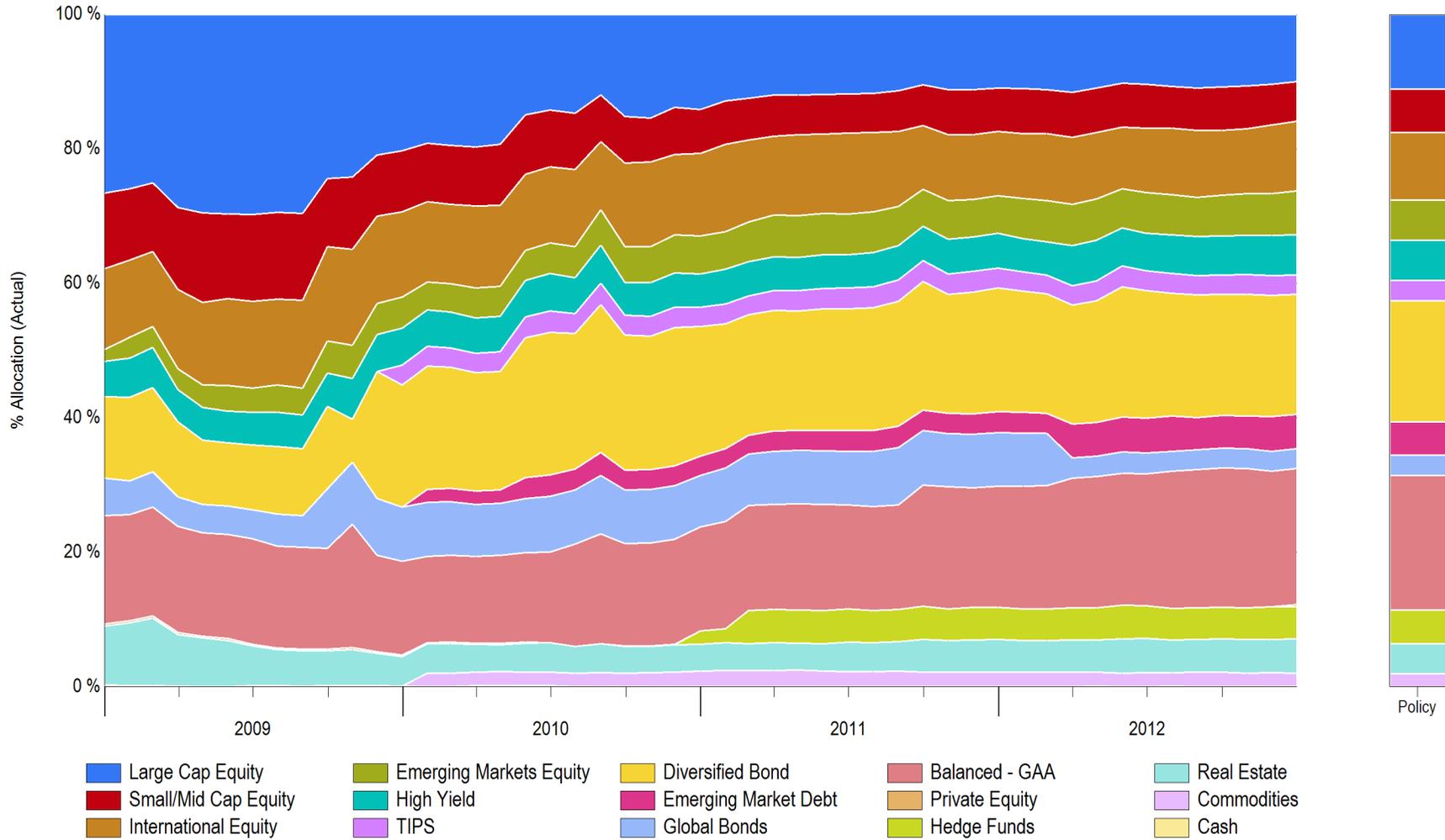
New Policy has been approved to include 3% Private Equity targets and will be reflected beginning January 1, 2013.

Total Plan Performance Analysis



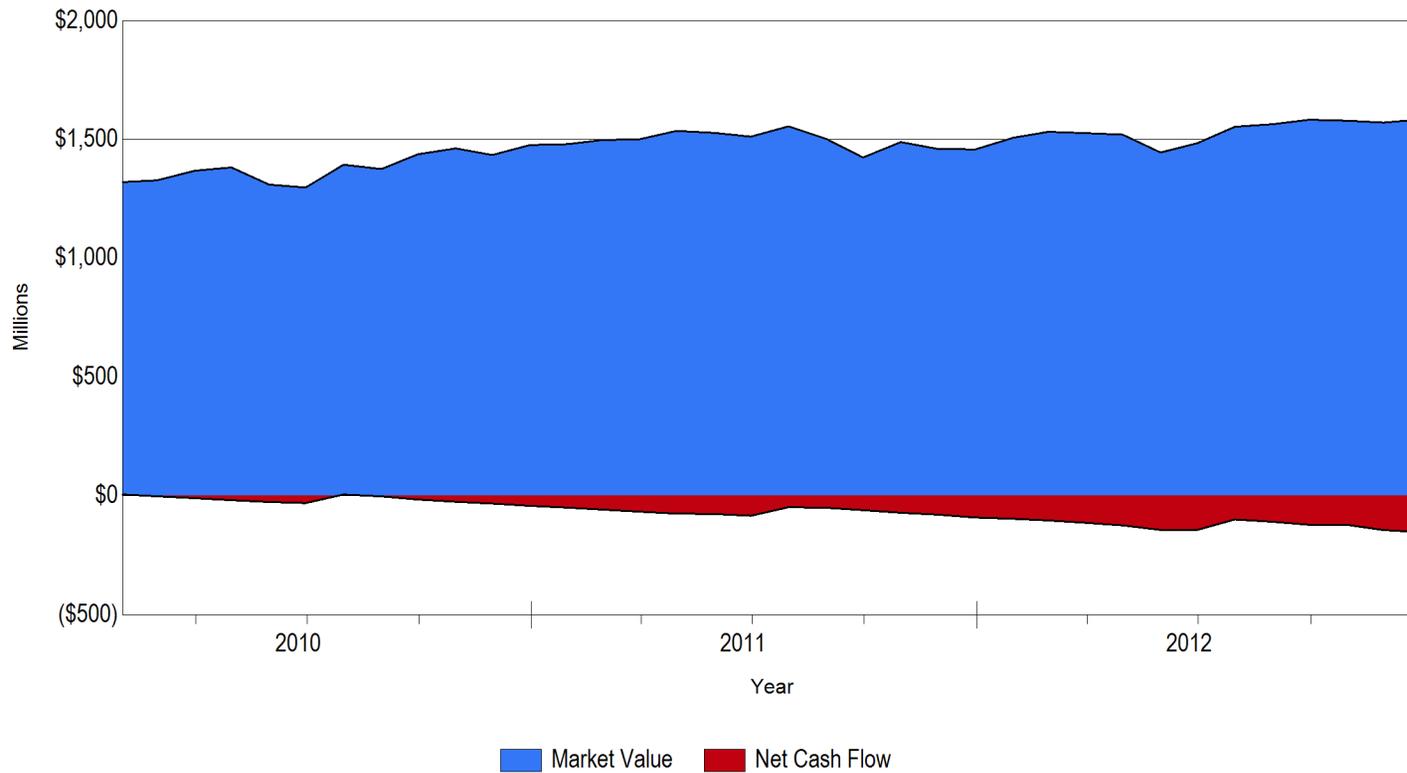
Total Fund Asset Allocation History

Asset Allocation History



Total Fund Asset Growth Summary

3 Years Ending December 31, 2012



| | Last Three Months | Year-To-Date | Fiscal Year-To-Date | One Year | Three Years |
|-------------------------|-------------------|-----------------|---------------------|-----------------|------------------|
| Beginning Market Value | \$1,583,522,081 | \$1,458,453,863 | \$1,484,481,195 | \$1,458,453,863 | \$1,330,496,773 |
| - Withdrawals | -\$41,401,933 | -\$211,058,801 | -\$64,043,156 | -\$211,058,801 | -\$1,368,128,601 |
| + Contributions | \$10,063,435 | \$149,485,510 | \$54,241,582 | \$149,485,510 | \$1,215,435,742 |
| = Net Cash Flow | -\$31,338,498 | -\$62,037,169 | -\$9,801,575 | -\$62,037,169 | -\$153,156,737 |
| + Net Investment Change | \$32,842,433 | \$188,609,321 | \$110,346,395 | \$188,609,321 | \$407,685,979 |
| = Ending Market Value | \$1,585,026,016 | \$1,585,026,016 | \$1,585,026,016 | \$1,585,026,016 | \$1,585,026,016 |

Vermont State Teachers

Total Fund Asset Growth Summary by Manager

| | Quarter Ending December 31, 2012 | | | | | Ending Market Value |
|--|----------------------------------|---------------|---------------|---------------|-----------------------|---------------------|
| | Beginning Market Value | Withdrawals | Contributions | Net Cash Flow | Net Investment Change | |
| Aberdeen | \$96,756,576 | \$0 | \$0 | \$0 | \$6,399,868 | \$103,156,445 |
| Acadian | \$64,726,272 | \$0 | -\$1,500,000 | -\$1,500,000 | \$3,317,515 | \$66,543,787 |
| Allianz Structured Alpha | \$45,602,230 | \$0 | -\$7,200,000 | -\$7,200,000 | \$127,520 | \$38,529,750 |
| AQR Global Risk Premium | \$137,306,309 | -\$10,500,000 | \$0 | -\$10,500,000 | \$2,162,442 | \$128,968,751 |
| BlackRock TIPS | \$45,476,331 | \$0 | \$0 | \$0 | \$311,655 | \$45,787,986 |
| Champlain | \$30,364,521 | \$0 | \$0 | \$0 | \$377,509 | \$30,742,030 |
| GAM | \$15,124,834 | \$0 | \$0 | \$0 | \$345,605 | \$15,470,440 |
| Grosvenor | \$29,614,515 | \$0 | \$0 | \$0 | \$744,693 | \$30,359,208 |
| Harbourvest Dover VIII Fund | -- | \$0 | \$939,686 | \$939,686 | \$787,634 | \$1,727,321 |
| Harbourvest Partners IX Buyout Fund | -- | \$0 | \$1,586,274 | \$1,586,274 | -\$2,635 | \$1,583,638 |
| Harbourvest Partners IX Credit Opportunities | -- | \$0 | \$252,174 | \$252,174 | \$25,092 | \$277,266 |
| Harbourvest Partners IX Venture Fund | -- | \$0 | \$918,757 | \$918,757 | \$17,184 | \$935,941 |
| KDP | \$15,867,589 | \$0 | \$0 | \$0 | \$412,744 | \$16,280,332 |
| Mellon Global Expanded Alpha | \$31,529,297 | \$0 | \$0 | \$0 | \$188,126 | \$31,717,423 |
| Mondrian | \$59,373,267 | \$0 | \$3,500,000 | \$3,500,000 | \$2,195,754 | \$65,069,021 |
| Mondrian GFI | \$47,440,049 | \$0 | \$0 | \$0 | -\$1,377,625 | \$46,062,424 |
| Morgan Stanley Prime Property | \$33,249,345 | -\$71,259 | \$0 | -\$71,259 | \$960,310 | \$34,138,396 |
| Permal | \$29,945,287 | \$0 | \$0 | \$0 | \$868,093 | \$30,813,380 |
| PIMCO All Asset | \$97,339,332 | -\$214,940 | -\$3,000,000 | -\$3,214,940 | \$2,877,490 | \$97,001,883 |
| PIMCO Core Plus | \$99,350,506 | \$0 | \$3,000,000 | \$3,000,000 | \$511,506 | \$102,862,012 |
| PIMCO Unconstrained | \$96,428,428 | -\$663,308 | \$5,950,000 | \$5,286,692 | \$591,707 | \$102,306,826 |
| Post Advisory | \$76,035,601 | \$0 | \$0 | \$0 | \$2,433,706 | \$78,469,307 |
| RREEF America REIT III | \$14,091,285 | -\$22,476 | \$0 | -\$22,476 | \$279,952 | \$14,348,761 |
| Schroder | \$33,136,454 | \$0 | \$0 | \$0 | -\$1,935,822 | \$31,200,632 |
| SSgA ACWI Ex US | \$28,414,238 | \$0 | \$3,000,000 | \$3,000,000 | \$1,849,361 | \$33,263,599 |

Vermont State Teachers

Total Fund Asset Growth Summary by Manager

| | Quarter Ending December 31, 2012 | | | | | Ending Market Value |
|------------------------------|----------------------------------|----------------------|---------------------|----------------------|-----------------------|------------------------|
| | Beginning Market Value | Withdrawals | Contributions | Net Cash Flow | Net Investment Change | |
| SSgA Russell 2000 Growth | \$30,853,537 | -\$11,000,000 | \$0 | -\$11,000,000 | -\$122,172 | \$19,731,365 |
| SSgA S&P 400 | \$8,337,646 | \$0 | \$0 | \$0 | \$301,189 | \$8,638,835 |
| SSgA S&P 500 Cap-Wgt | \$77,438,403 | -\$13,345,437 | \$0 | -\$13,345,437 | -\$345,790 | \$63,747,176 |
| SSgA S&P 500 Equal-Wgt | \$46,343,957 | \$0 | \$0 | \$0 | \$1,390,463 | \$47,734,421 |
| T. Rowe | \$47,105,079 | \$0 | \$0 | \$0 | -\$101,585 | \$47,003,494 |
| Transwestern / Aslan III | \$353,670 | \$0 | \$0 | \$0 | \$0 | \$353,670 |
| UBS Trumbull | \$30,854,149 | -\$84,513 | \$0 | -\$84,513 | \$601,939 | \$31,371,576 |
| Vermont Cash | \$478,004 | \$0 | \$116,544 | \$116,544 | \$0 | \$594,548 |
| Wellington | \$32,273,147 | \$0 | \$0 | \$0 | \$1,290,481 | \$33,563,627 |
| Wellington DAS | \$44,042,190 | -\$5,500,000 | \$0 | -\$5,500,000 | \$818,184 | \$39,360,374 |
| Wellington OIF | \$62,036,078 | \$0 | \$0 | \$0 | \$1,717,262 | \$63,753,340 |
| Wellington Opportunistic EMD | \$76,233,955 | \$0 | \$2,500,000 | \$2,500,000 | \$2,823,078 | \$81,557,033 |
| Total | \$1,583,522,081 | -\$41,401,933 | \$10,063,435 | -\$31,338,498 | \$32,842,433 | \$1,585,026,016 |

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank |
|---|----------------------|----------------|--------------|-------------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|
| Teachers Composite | 1,585,026,016 | 100.0 | 100.0 | 2.1 | 20 | 13.1 | 21 | 9.8 | 11 | 3.2 | 64 |
| <i>Policy Index</i> | | | | 1.7 | 51 | 10.9 | 67 | 7.6 | 74 | 2.4 | 80 |
| <i>Allocation Index</i> | | | | 1.8 | 43 | 10.8 | 69 | 7.6 | 75 | 2.7 | 75 |
| <i>IF Public DB Gross Median</i> | | | | 1.7 | | 11.9 | | 8.4 | | 3.5 | |
| Large Cap Comp | 158,485,091 | 10.0 | 11.0 | 0.6 | 40 | 16.6 | 38 | 11.6 | 28 | 3.1 | 32 |
| <i>S&P 500</i> | | | | -0.4 | 62 | 16.0 | 45 | 10.9 | 42 | 1.7 | 61 |
| <i>eA US Large Cap Equity Gross Median</i> | | | | 0.1 | | 15.6 | | 10.4 | | 2.2 | |
| T. Rowe | 47,003,494 | 3.0 | 3.0 | -0.2 | 58 | 16.8 | 35 | 10.7 | 45 | 2.5 | 44 |
| SSgA S&P 500 Cap-Wgt | 63,747,176 | 4.0 | 5.0 | -0.4 | 62 | 16.1 | 44 | -- | -- | -- | -- |
| <i>S&P 500</i> | | | | -0.4 | 62 | 16.0 | 45 | 10.9 | 42 | 1.7 | 61 |
| SSgA S&P 500 Equal-Wgt | 47,734,421 | 3.0 | 3.0 | 3.0 | 8 | 17.5 | 29 | 12.7 | 13 | 4.5 | 13 |
| <i>S&P 500 Equal Weighted</i> | | | | 2.8 | 9 | 17.7 | 27 | 12.7 | 13 | 4.8 | 11 |
| Small/Mid Cap Comp | 92,675,857 | 5.8 | 6.5 | 2.0 | 67 | 15.1 | 59 | 13.9 | 42 | 5.5 | 41 |
| <i>Russell 2000</i> | | | | 1.9 | 69 | 16.3 | 49 | 12.2 | 69 | 3.6 | 70 |
| <i>eA US Small-Mid Cap Equity Gross Median</i> | | | | 3.0 | | 16.0 | | 13.2 | | 4.9 | |
| SSgA S&P 400 | 8,638,835 | 0.5 | 0.5 | 3.6 | 28 | 18.0 | 30 | -- | -- | -- | -- |
| <i>S&P 400 MidCap</i> | | | | 3.6 | 28 | 17.9 | 31 | 13.6 | 33 | 5.1 | 29 |
| <i>eA US Mid Cap Equity Gross Median</i> | | | | 2.4 | | 16.1 | | 12.8 | | 4.0 | |
| Champlain | 30,742,030 | 1.9 | 2.0 | 1.2 | 73 | 12.9 | 78 | 12.9 | 48 | -- | -- |
| <i>Russell 2500</i> | | | | 3.1 | 37 | 17.9 | 31 | 13.3 | 39 | 4.3 | 43 |
| <i>eA US Mid Cap Equity Gross Median</i> | | | | 2.4 | | 16.1 | | 12.8 | | 4.0 | |
| Wellington | 33,563,627 | 2.1 | 2.0 | 4.0 | 48 | 16.9 | 51 | 15.1 | 20 | 8.3 | 14 |
| <i>Russell 2000 Value</i> | | | | 3.2 | 67 | 18.0 | 43 | 11.6 | 72 | 3.5 | 86 |
| <i>eA US Small Cap Value Equity Gross Median</i> | | | | 4.0 | | 16.9 | | 13.1 | | 5.6 | |
| SSgA Russell 2000 Growth | 19,731,365 | 1.2 | 2.0 | 0.2 | 51 | 14.4 | 50 | 12.8 | 66 | 3.5 | 54 |
| <i>Russell 2000 Growth</i> | | | | 0.4 | 45 | 14.6 | 48 | 12.8 | 66 | 3.5 | 54 |
| <i>eA US Small Cap Growth Equity Gross Median</i> | | | | 0.2 | | 14.3 | | 14.2 | | 3.8 | |

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

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank |
|---|--------------------|----------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Int'l Equity Comp | 164,876,407 | 10.4 | 10.0 | 4.7 | 88 | 14.0 | 92 | 4.2 | 79 | -3.8 | 86 |
| MSCI EAFE | | | | 6.6 | 45 | 17.3 | 77 | 3.6 | 87 | -3.7 | 86 |
| eA All EAFE Equity Gross Median | | | | 6.4 | | 20.4 | | 6.1 | | -1.8 | |
| Acadian | 66,543,787 | 4.2 | 4.0 | 5.2 | 78 | 17.0 | 82 | 5.3 | 65 | -5.4 | 94 |
| Mondrian | 65,069,021 | 4.1 | 4.0 | 3.5 | 95 | 9.8 | 99 | 3.1 | 92 | -3.0 | 74 |
| MSCI EAFE | | | | 6.6 | 45 | 17.3 | 77 | 3.6 | 87 | -3.7 | 86 |
| SSgA ACWI Ex US | 33,263,599 | 2.1 | 2.0 | 6.0 | 58 | 17.2 | 75 | -- | -- | -- | -- |
| MSCI ACWI ex USA | | | | 5.8 | 59 | 16.8 | 77 | 3.9 | 86 | -2.9 | 80 |
| eA ACWI ex-US All Cap Equity Gross Median | | | | 6.1 | | 19.6 | | 7.1 | | -1.0 | |
| Emerging Market Comp | 103,156,445 | 6.5 | 6.0 | 6.6 | 48 | -- | -- | -- | -- | -- | -- |
| Aberdeen | 103,156,445 | 6.5 | 6.0 | 6.6 | 48 | 26.4 | 11 | 13.5 | 4 | -- | -- |
| MSCI Emerging Markets | | | | 5.6 | 70 | 18.2 | 68 | 4.7 | 62 | -0.9 | 64 |
| eA Emg Mkts Equity Gross Median | | | | 6.5 | | 20.9 | | 6.3 | | -0.1 | |
| Diversified Fixed | 283,058,962 | 17.9 | 18.0 | 0.7 | 41 | 7.0 | 42 | 8.4 | 35 | 5.7 | 68 |
| Barclays Aggregate | | | | 0.2 | 76 | 4.2 | 70 | 6.2 | 62 | 5.9 | 63 |
| eA All US Fixed Inc Gross Median | | | | 0.6 | | 6.1 | | 7.0 | | 6.5 | |
| Allianz Structured Alpha | 38,529,750 | 2.4 | 2.0 | 0.4 | 65 | 10.7 | 2 | 10.2 | 2 | -- | -- |
| Citigroup 10 Year Treasury | | | | -0.2 | 99 | 4.2 | 89 | 9.6 | 4 | 7.4 | 21 |
| PIMCO Core Plus | 102,862,012 | 6.5 | 6.5 | 0.5 | 47 | 7.4 | 20 | 8.0 | 15 | -- | -- |
| Barclays Aggregate | | | | 0.2 | 82 | 4.2 | 90 | 6.2 | 84 | 5.9 | 85 |
| PIMCO Unconstrained | 102,306,826 | 6.5 | 6.5 | 0.6 | 36 | 4.6 | 82 | -- | -- | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | | | | 1.8 | 1 | 10.6 | 2 | 9.3 | 4 | 8.4 | 4 |
| 3-Month Libor Total Return USD | | | | 0.1 | 91 | 0.4 | 99 | 0.4 | 99 | 1.0 | 99 |
| Wellington DAS | 39,360,374 | 2.5 | 3.0 | 2.1 | 1 | 8.5 | 8 | 11.5 | 2 | -- | -- |
| Wellington Custom Benchmark | | | | -0.6 | 99 | 3.5 | 96 | 11.5 | 2 | 9.1 | 2 |
| High Yield Comp | 94,749,640 | 6.0 | 6.0 | 3.1 | 50 | 14.9 | 62 | 11.4 | 64 | 9.6 | 52 |
| Barclays High Yield | | | | 3.3 | 41 | 15.8 | 43 | 11.9 | 46 | 10.3 | 28 |
| eA US High Yield Fixed Inc Gross Median | | | | 3.1 | | 15.5 | | 11.7 | | 9.7 | |
| Post Advisory | 78,469,307 | 5.0 | 5.0 | 3.2 | 46 | 15.3 | 53 | 11.6 | 57 | 9.8 | 46 |
| KDP | 16,280,332 | 1.0 | 1.0 | 2.6 | 80 | 12.8 | 83 | 10.2 | 87 | -- | -- |
| Barclays High Yield | | | | 3.3 | 41 | 15.8 | 43 | 11.9 | 46 | 10.3 | 28 |
| BofA Merrill Lynch US High Yield BB-B Rated | | | | 3.1 | 50 | 14.7 | 65 | 11.4 | 64 | 9.1 | 63 |

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank |
|---|-------------------|----------------|------------|-------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| Global Fixed Income Comp | 46,062,424 | 2.9 | 3.0 | -2.9 | 99 | 3.7 | 90 | 7.3 | 47 | 7.5 | 31 |
| <i>Citigroup WGBI</i> | | | | -1.7 | 98 | 1.6 | 98 | 4.4 | 92 | 5.3 | 79 |
| <i>eA All Global Fixed Inc Gross Median</i> | | | | 1.9 | | 9.5 | | 6.9 | | 6.6 | |
| Mondrian GFI | 46,062,424 | 2.9 | 3.0 | -2.9 | 99 | 2.1 | 97 | 5.5 | 81 | 7.1 | 42 |
| <i>Citigroup WGBI</i> | | | | -1.7 | 98 | 1.6 | 98 | 4.4 | 92 | 5.3 | 79 |
| Emerging Market Debt | 81,557,033 | 5.1 | 5.0 | | | | | | | | |
| Wellington Opportunistic EMD | 81,557,033 | 5.1 | 5.0 | 3.6 | 63 | 19.9 | 35 | 13.6 | 24 | -- | -- |
| <i>JP Morgan EMBI Global TR</i> | | | | 3.3 | 73 | 18.5 | 59 | 12.9 | 41 | 10.5 | 50 |
| <i>eA All Emg Mkts Fixed Inc Gross Median</i> | | | | 3.9 | | 19.1 | | 12.3 | | 10.4 | |
| TIPS | 45,787,986 | 2.9 | 3.0 | | | | | | | | |
| BlackRock TIPS | 45,787,986 | 2.9 | 3.0 | 0.7 | -- | 7.0 | -- | 8.9 | -- | -- | -- |
| <i>Barclays US TIPS</i> | | | | 0.7 | -- | 7.0 | -- | 8.9 | -- | 7.0 | -- |
| Total Real Estate | 80,212,402 | 5.1 | 4.5 | | | | | | | | |
| Morgan Stanley Prime Property | 34,138,396 | 2.2 | 2.0 | 2.9 | -- | 12.5 | -- | 15.0 | -- | -0.8 | -- |
| UBS Trumbull | 31,371,576 | 2.0 | 2.0 | 2.0 | -- | 10.2 | -- | 13.4 | -- | 1.0 | -- |
| RREEF America REIT III | 14,348,761 | 0.9 | 0.5 | 2.0 | -- | 23.8 | -- | 28.0 | -- | -15.2 | -- |
| Transwestern / Aslan III | 353,670 | 0.0 | 0.0 | 0.0 | -- | 1.3 | -- | -19.8 | -- | -45.8 | -- |
| <i>NCREIF Property Index</i> | | | | 2.5 | -- | 10.5 | -- | 12.6 | -- | 2.1 | -- |
| <i>NCREIF ODCE</i> | | | | 2.4 | -- | 10.9 | -- | 14.4 | -- | -1.1 | -- |
| Hedge Fund Comp | 76,643,028 | 4.8 | 5.0 | 2.6 | 23 | 9.3 | 24 | -- | -- | -- | -- |
| <i>eA HFN FOF - Multi-Strategy Net Median</i> | | | | 1.8 | | 6.5 | | 2.7 | | 0.9 | |
| Grosvenor | 30,359,208 | 1.9 | 2.0 | 2.5 | 25 | 8.5 | 29 | -- | -- | -- | -- |
| GAM | 15,470,440 | 1.0 | 1.0 | 2.3 | 31 | 8.3 | 31 | -- | -- | -- | -- |
| Permal | 30,813,380 | 1.9 | 2.0 | 2.9 | 19 | 10.5 | 14 | -- | -- | -- | -- |
| <i>HFRI Fund of Funds Composite Index</i> | | | | 1.2 | 65 | 4.7 | 75 | 1.4 | 76 | -1.8 | 80 |

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

Vermont State Teachers

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank |
|--|--------------------|----------------|-------------|-------------|-----------|-------------|----------|-------------|----------|------------|-----------|
| GAA Comp | 321,441,395 | 20.3 | 20.0 | 2.2 | 22 | 15.2 | 4 | 11.0 | 9 | 5.7 | 20 |
| <i>eA Global TAA Gross Median</i> | | | | 1.1 | | 10.6 | | 7.0 | | 3.2 | |
| Mellon Global Expanded Alpha | 31,717,423 | 2.0 | 2.5 | 0.6 | 62 | 11.3 | 40 | 9.2 | 17 | 1.9 | 74 |
| <i>Mellon CF GEA Index</i> | | | | 2.6 | 12 | 11.0 | 46 | 5.1 | 77 | 1.2 | 77 |
| AQR Global Risk Premium | 128,968,751 | 8.1 | 8.0 | 1.8 | 27 | 15.8 | 1 | 15.4 | 2 | -- | -- |
| <i>60% MSCI World / 40% CITI WGBI</i> | | | | 0.9 | 56 | 10.6 | 51 | 6.6 | 59 | 2.2 | 72 |
| PIMCO All Asset | 97,001,883 | 6.1 | 5.0 | 3.0 | 6 | 16.5 | 1 | 11.3 | 8 | 7.9 | 2 |
| <i>PIMCO All Asset Index</i> | | | | 0.8 | 57 | 8.1 | 62 | 8.1 | 29 | 6.5 | 14 |
| <i>CPI + 5%</i> | | | | 1.0 | 53 | 6.8 | 69 | 7.1 | 45 | 6.9 | 10 |
| Wellington OIF | 63,753,340 | 4.0 | 4.5 | 2.8 | 9 | 14.3 | 11 | 5.1 | 78 | -- | -- |
| <i>65% MSCI ACWI (Net) / 35% BC Agg</i> | | | | 1.9 | 26 | 12.1 | 28 | 6.9 | 53 | 1.8 | 75 |
| Commodities | 31,200,632 | 2.0 | 2.0 | | | | | | | | |
| Schroder | 31,200,632 | 2.0 | 2.0 | -5.8 | -- | 0.5 | -- | 3.1 | -- | -- | -- |
| <i>Dow Jones-UBS Commodity Index TR</i> | | | | -6.3 | -- | -1.1 | -- | 0.1 | -- | -5.2 | -- |
| <i>eA Commodities Gross Median</i> | | | | -- | | -- | | -- | | -- | |
| Cash | 594,548 | 0.0 | 0.0 | | | | | | | | |
| Vermont Cash | 594,548 | 0.0 | 0.0 | 0.0 | -- | 0.1 | -- | 0.2 | -- | 0.7 | -- |
| <i>91 Day T-Bills</i> | | | | 0.0 | -- | 0.1 | -- | 0.1 | -- | 0.3 | -- |
| Private Equity | 4,524,166 | 0.3 | -- | | | | | | | | |
| Harbourvest Partners IX Credit Opportunities | 277,266 | 0.0 | | -- | -- | -- | -- | -- | -- | -- | -- |
| Harbourvest Partners IX Venture Fund | 935,941 | 0.1 | | -- | -- | -- | -- | -- | -- | -- | -- |
| Harbourvest Partners IX Buyout Fund | 1,583,638 | 0.1 | | -- | -- | -- | -- | -- | -- | -- | -- |
| Harbourvest Dover VIII Fund | 1,727,321 | 0.1 | | -- | -- | -- | -- | -- | -- | -- | -- |

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

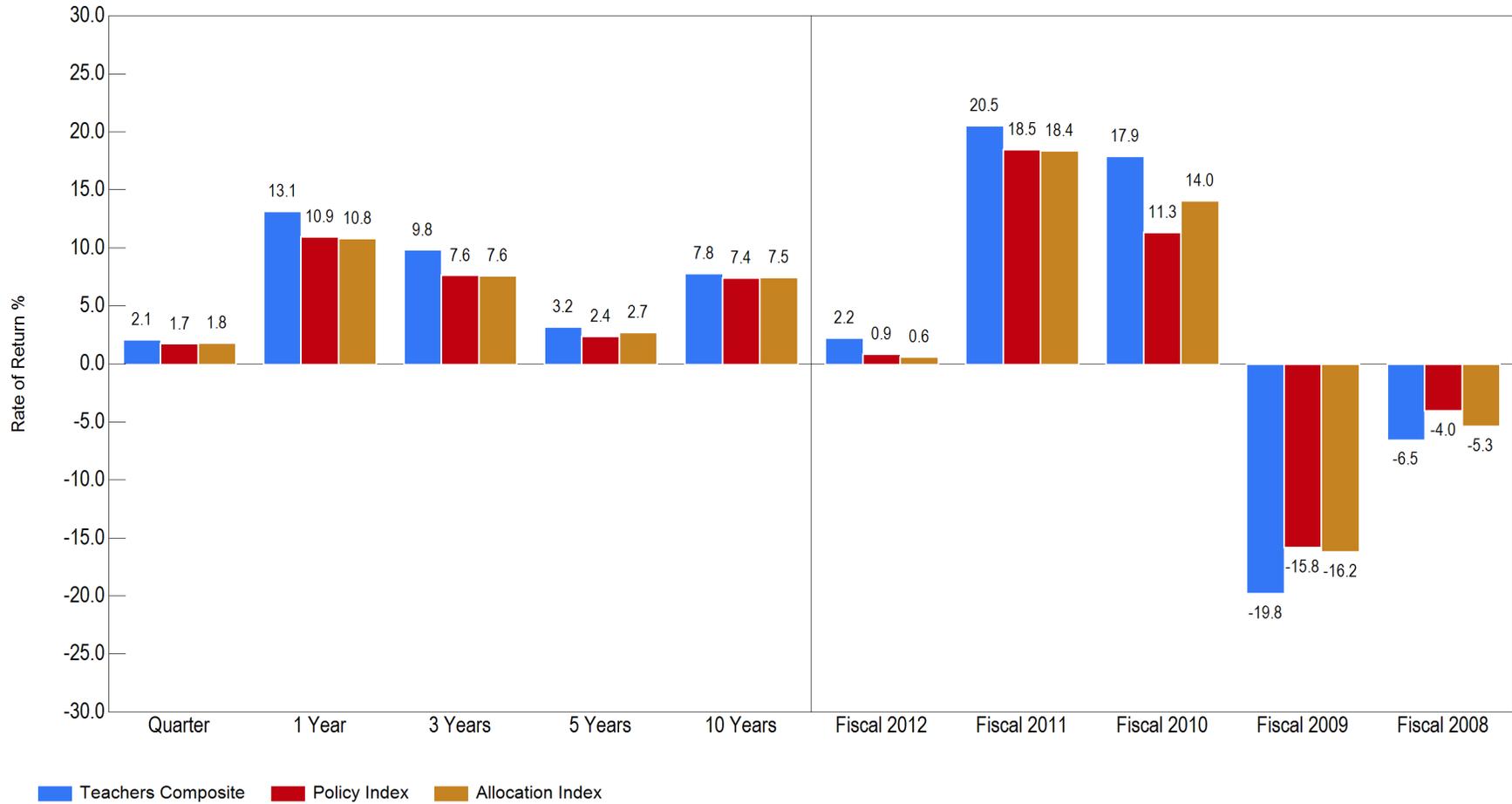
PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

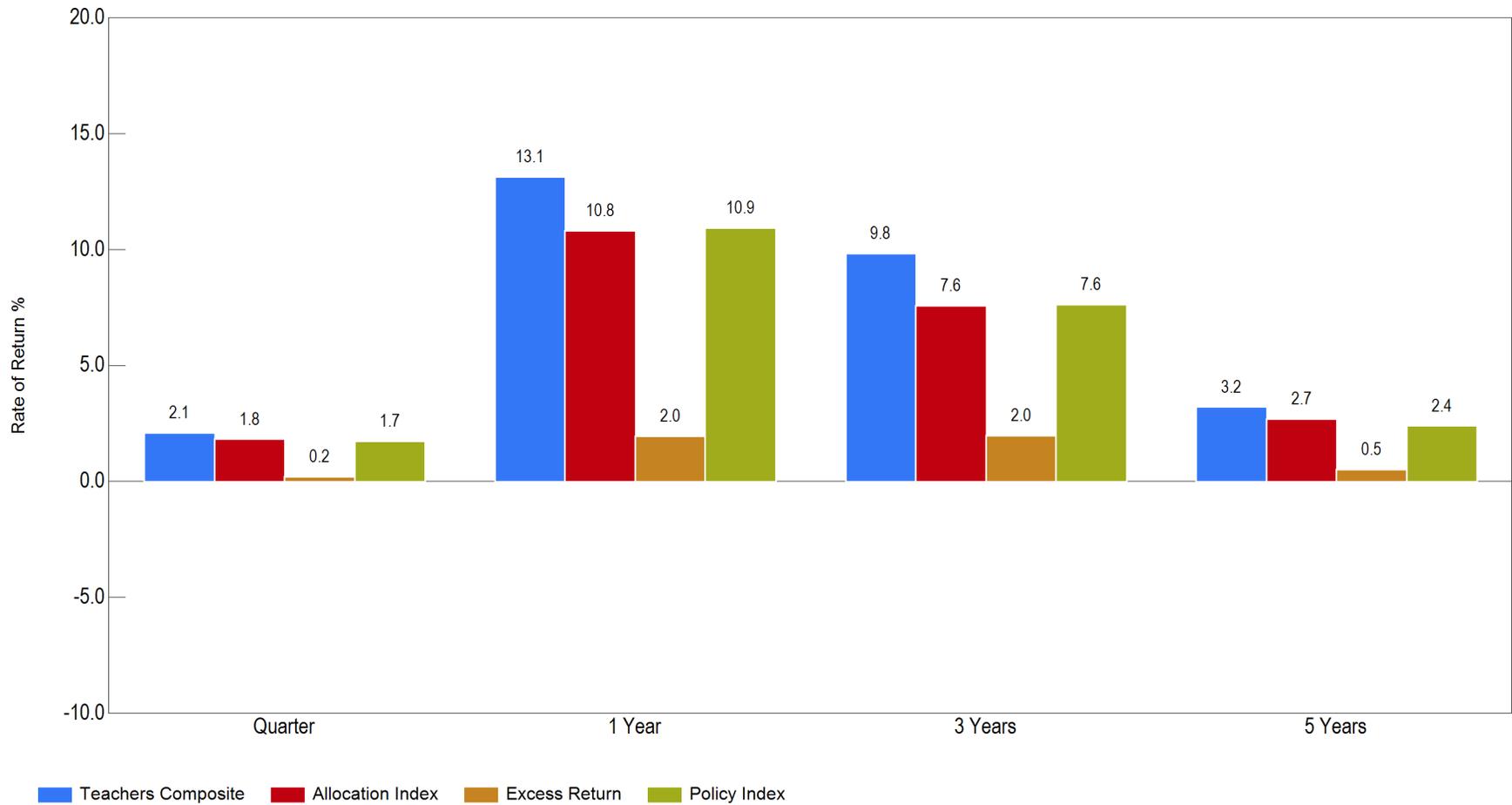
Vermont State Teachers

Teachers Composite

Return Summary Gross

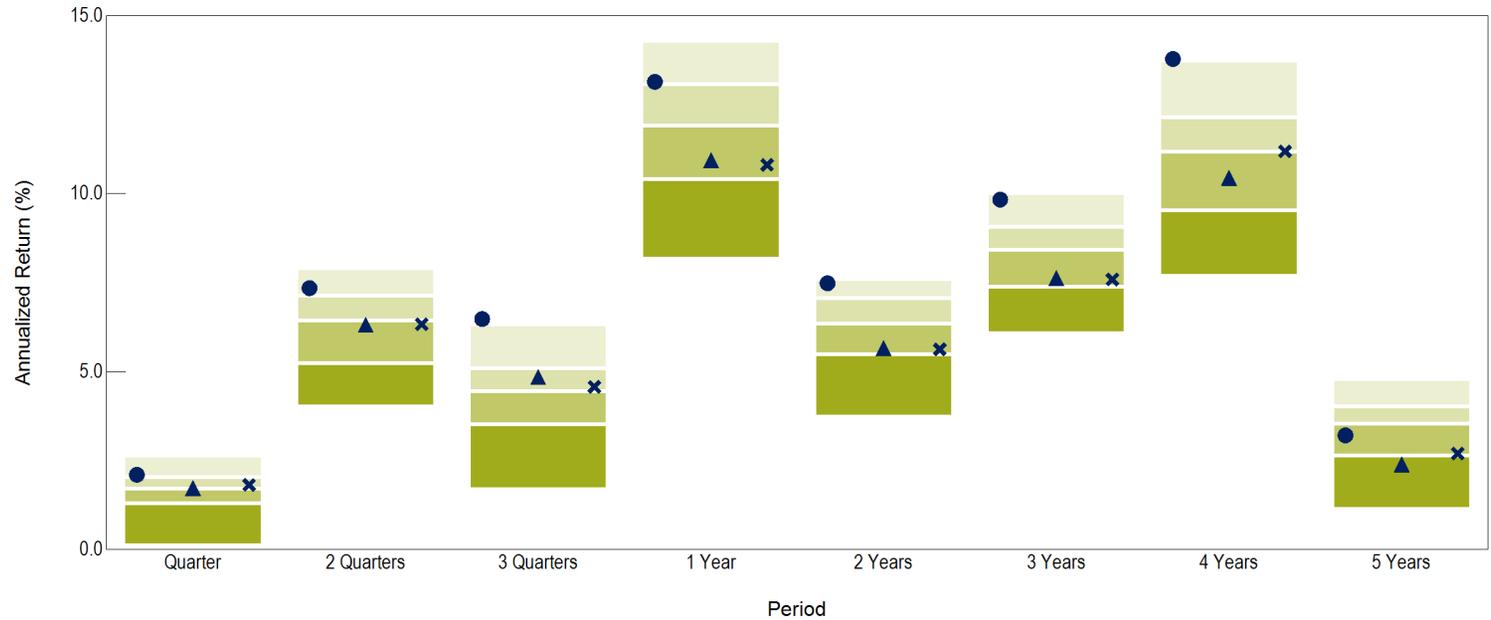


Return Summary Gross



Total Fund Return Summary vs. Peer Universe

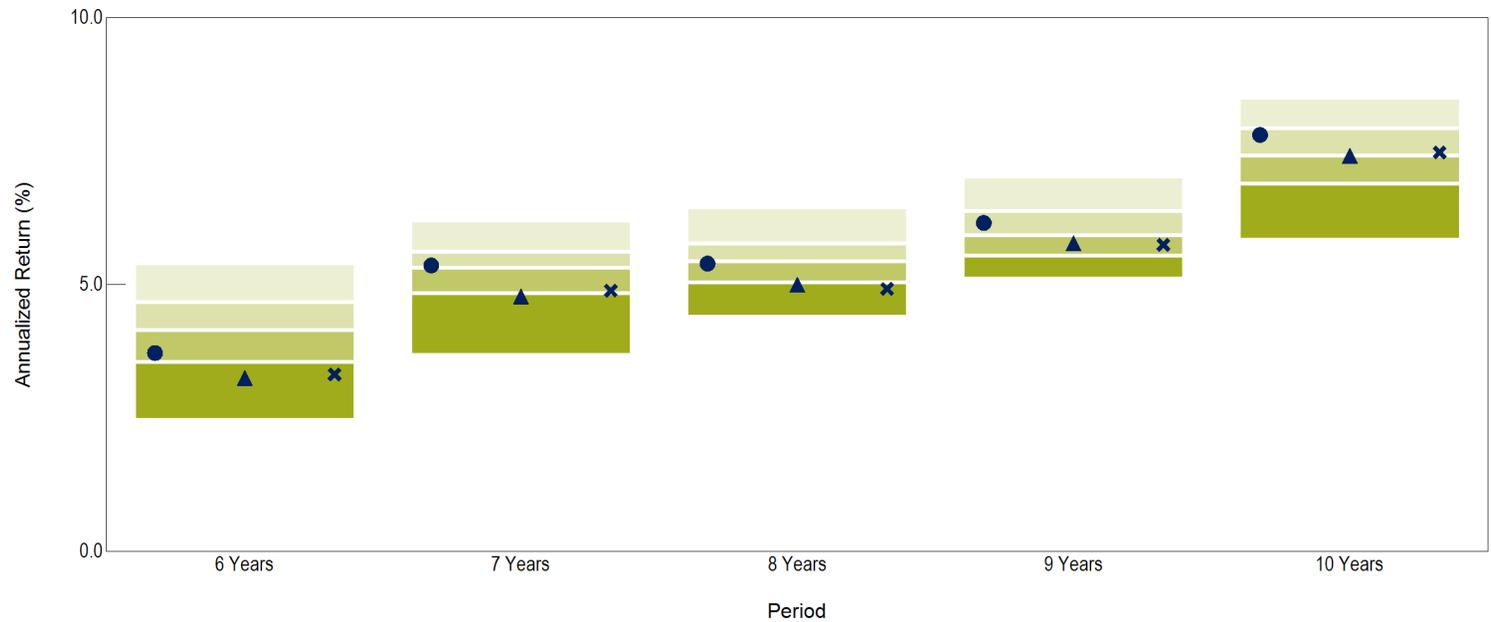
Teachers Composite vs. IF Public DB Gross



| | Return (Rank) | | | | | | | |
|----------------------|---------------|------------|------------|-----------|----------|----------|-----------|----------|
| | Quarter | 2 Quarters | 3 Quarters | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years |
| 5th Percentile | 2.6 | 7.9 | 6.3 | 14.3 | 7.6 | 10.0 | 13.7 | 4.8 |
| 25th Percentile | 2.0 | 7.1 | 5.1 | 13.1 | 7.1 | 9.1 | 12.2 | 4.0 |
| Median | 1.7 | 6.4 | 4.5 | 11.9 | 6.3 | 8.4 | 11.2 | 3.5 |
| 75th Percentile | 1.3 | 5.3 | 3.5 | 10.4 | 5.5 | 7.4 | 9.5 | 2.7 |
| 95th Percentile | 0.1 | 4.0 | 1.7 | 8.2 | 3.7 | 6.1 | 7.7 | 1.2 |
| # of Portfolios | 166 | 164 | 163 | 162 | 143 | 134 | 131 | 127 |
| ● Teachers Composite | 2.1 (20) | 7.3 (18) | 6.5 (2) | 13.1 (21) | 7.5 (8) | 9.8 (11) | 13.8 (4) | 3.2 (64) |
| ▲ Policy Index | 1.7 (51) | 6.3 (53) | 4.8 (35) | 10.9 (67) | 5.7 (73) | 7.6 (74) | 10.4 (65) | 2.4 (80) |
| × Allocation Index | 1.8 (43) | 6.3 (52) | 4.6 (43) | 10.8 (69) | 5.6 (73) | 7.6 (75) | 11.2 (51) | 2.7 (75) |

Total Fund Return Summary vs. Peer Universe

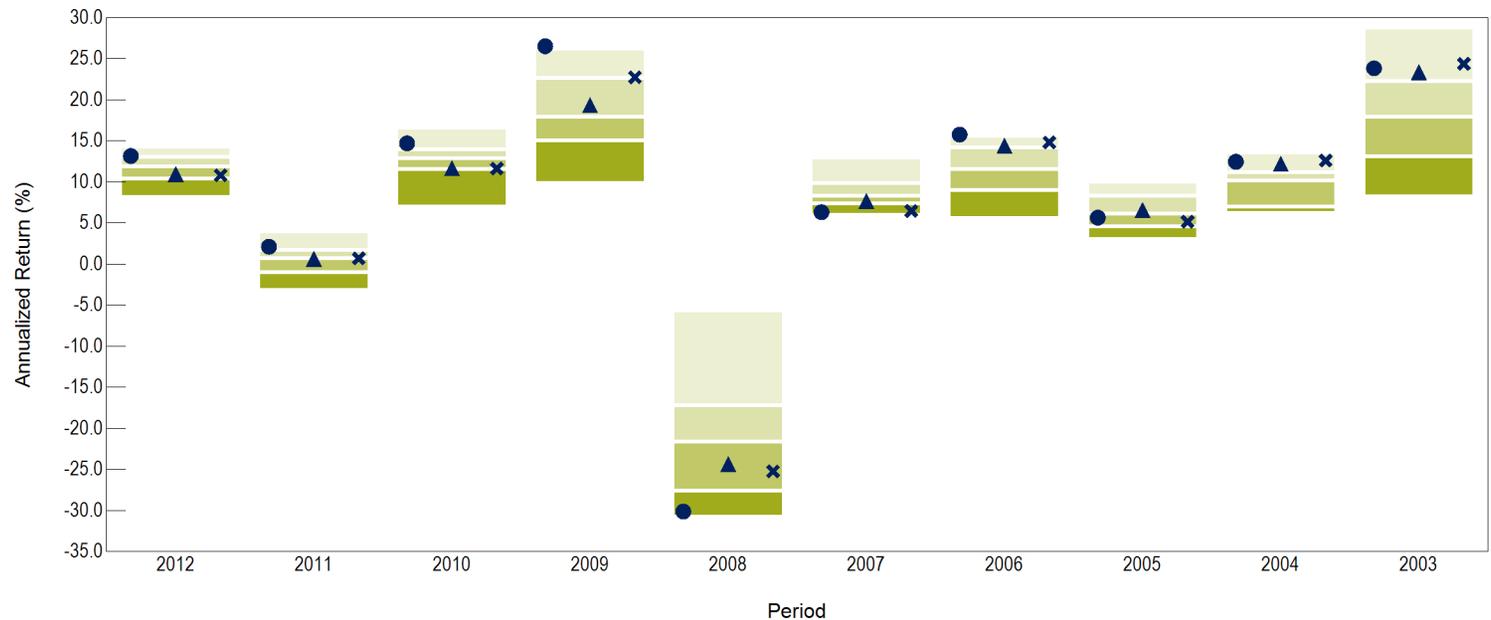
Teachers Composite vs. IF Public DB Gross



| | Return (Rank) | | | | | | | | | |
|----------------------|---------------|------|---------|------|---------|------|---------|------|----------|------|
| | 6 Years | | 7 Years | | 8 Years | | 9 Years | | 10 Years | |
| 5th Percentile | 5.4 | | 6.2 | | 6.4 | | 7.0 | | 8.5 | |
| 25th Percentile | 4.7 | | 5.6 | | 5.8 | | 6.4 | | 7.9 | |
| Median | 4.1 | | 5.3 | | 5.4 | | 5.9 | | 7.4 | |
| 75th Percentile | 3.6 | | 4.8 | | 5.0 | | 5.5 | | 6.9 | |
| 95th Percentile | 2.5 | | 3.7 | | 4.4 | | 5.1 | | 5.8 | |
| # of Portfolios | 123 | | 117 | | 111 | | 107 | | 101 | |
| ● Teachers Composite | 3.7 | (71) | 5.4 | (47) | 5.4 | (56) | 6.2 | (43) | 7.8 | (32) |
| ▲ Policy Index | 3.3 | (83) | 4.8 | (78) | 5.0 | (77) | 5.8 | (63) | 7.4 | (51) |
| × Allocation Index | 3.3 | (83) | 4.9 | (74) | 4.9 | (80) | 5.7 | (66) | 7.5 | (48) |

Total Fund Return Summary vs. Peer Universe

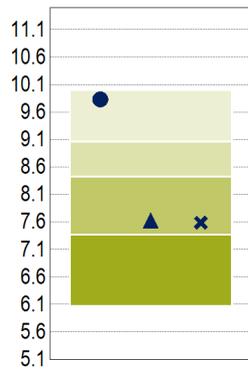
Teachers Composite vs. IF Public DB Gross



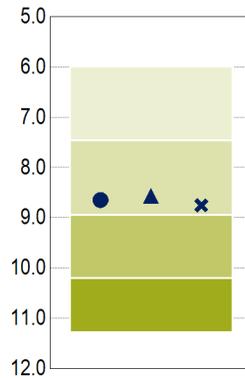
| | Return (Rank) | | | | | | | | | | |
|----------------------|---------------|----------|-----------|-----------|------------|----------|-----------|----------|----------|-----------|--|
| 5th Percentile | 14.3 | 3.9 | 16.6 | 26.2 | -5.7 | 13.0 | 15.6 | 10.0 | 13.6 | 28.7 | |
| 25th Percentile | 13.1 | 1.8 | 14.0 | 22.7 | -17.1 | 9.9 | 14.3 | 8.4 | 11.2 | 22.3 | |
| Median | 11.9 | 0.8 | 13.0 | 17.9 | -21.6 | 8.4 | 11.6 | 6.2 | 10.2 | 18.0 | |
| 75th Percentile | 10.4 | -1.0 | 11.6 | 15.1 | -27.5 | 7.4 | 9.0 | 4.6 | 7.0 | 13.1 | |
| 95th Percentile | 8.2 | -3.1 | 7.0 | 9.9 | -30.7 | 6.0 | 5.7 | 3.0 | 6.2 | 8.3 | |
| # of Portfolios | 162 | 39 | 37 | 34 | 34 | 31 | 28 | 27 | 23 | 19 | |
| ● Teachers Composite | 13.1 (21) | 2.1 (19) | 14.7 (20) | 26.5 (3) | -30.1 (94) | 6.3 (95) | 15.7 (4) | 5.6 (54) | 12.4 (8) | 23.8 (20) | |
| ▲ Policy Index | 10.9 (67) | 0.6 (51) | 11.7 (75) | 19.3 (40) | -24.3 (64) | 7.6 (72) | 14.4 (18) | 6.6 (49) | 12.2 (9) | 23.3 (22) | |
| × Allocation Index | 10.8 (69) | 0.7 (51) | 11.6 (76) | 22.7 (25) | -25.2 (70) | 6.5 (94) | 14.8 (11) | 5.1 (60) | 12.6 (8) | 24.4 (18) | |

Teachers Composite vs. IF Public DB Gross
3 Years

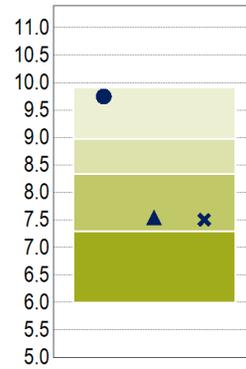
Anlzd Return



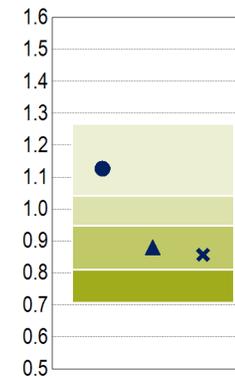
Anlzd Standard Deviation



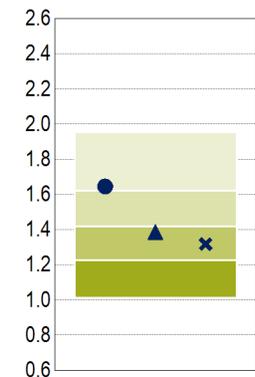
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



| | | |
|----------------------|-------|--|
| ● Teachers Composite | | |
| Value | 9.83 | |
| %tile | 11 | |
| ▲ Policy Index | | |
| Value | 7.63 | |
| %tile | 74 | |
| ✕ Allocation Index | | |
| Value | 7.59 | |
| %tile | 75 | |
| Universe | | |
| 5th %tile | 10.00 | |
| 25th %tile | 9.07 | |
| Median | 8.43 | |
| 75th %tile | 7.38 | |
| 95th %tile | 6.08 | |

| | | |
|----------------------|-------|--|
| ● Teachers Composite | | |
| Value | 8.65 | |
| %tile | 47 | |
| ▲ Policy Index | | |
| Value | 8.57 | |
| %tile | 44 | |
| ✕ Allocation Index | | |
| Value | 8.76 | |
| %tile | 48 | |
| Universe | | |
| 5th %tile | 5.99 | |
| 25th %tile | 7.45 | |
| Median | 8.93 | |
| 75th %tile | 10.19 | |
| 95th %tile | 11.27 | |

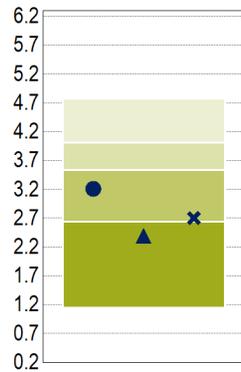
| | | |
|----------------------|------|--|
| ● Teachers Composite | | |
| Value | 9.75 | |
| %tile | 11 | |
| ▲ Policy Index | | |
| Value | 7.54 | |
| %tile | 74 | |
| ✕ Allocation Index | | |
| Value | 7.50 | |
| %tile | 75 | |
| Universe | | |
| 5th %tile | 9.91 | |
| 25th %tile | 8.99 | |
| Median | 8.35 | |
| 75th %tile | 7.30 | |
| 95th %tile | 6.00 | |

| | | |
|----------------------|------|--|
| ● Teachers Composite | | |
| Value | 1.13 | |
| %tile | 16 | |
| ▲ Policy Index | | |
| Value | 0.88 | |
| %tile | 65 | |
| ✕ Allocation Index | | |
| Value | 0.86 | |
| %tile | 69 | |
| Universe | | |
| 5th %tile | 1.27 | |
| 25th %tile | 1.04 | |
| Median | 0.95 | |
| 75th %tile | 0.81 | |
| 95th %tile | 0.71 | |

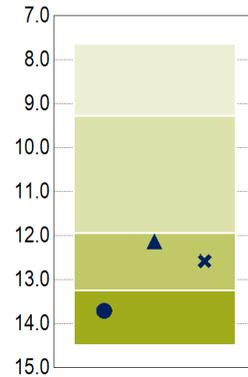
| | | |
|----------------------|------|--|
| ● Teachers Composite | | |
| Value | 1.64 | |
| %tile | 21 | |
| ▲ Policy Index | | |
| Value | 1.39 | |
| %tile | 55 | |
| ✕ Allocation Index | | |
| Value | 1.32 | |
| %tile | 66 | |
| Universe | | |
| 5th %tile | 1.96 | |
| 25th %tile | 1.62 | |
| Median | 1.42 | |
| 75th %tile | 1.23 | |
| 95th %tile | 1.01 | |

Teachers Composite vs. IF Public DB Gross
5 Years

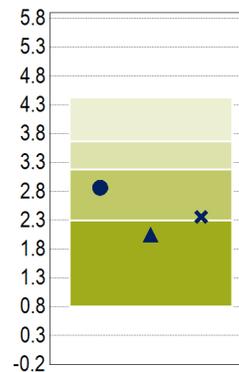
Anlzd Return



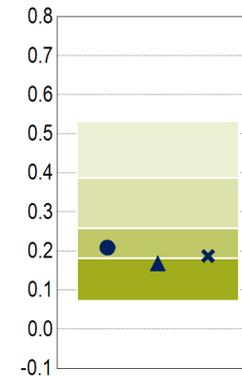
Anlzd Standard Deviation



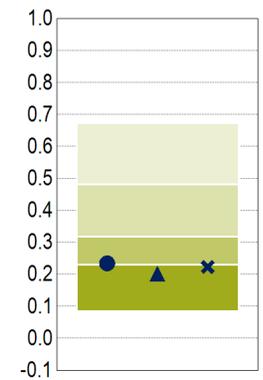
Ann Excess RF Return



Sharpe Ratio



Sortino Ratio RF



● Teachers Composite

| | |
|--------------------|------|
| Value | 3.21 |
| %tile | 64 |
| ▲ Policy Index | |
| Value | 2.39 |
| %tile | 80 |
| ✕ Allocation Index | |
| Value | 2.70 |
| %tile | 75 |

| | |
|------------|------|
| Universe | |
| 5th %tile | 4.78 |
| 25th %tile | 4.03 |
| Median | 3.54 |
| 75th %tile | 2.65 |
| 95th %tile | 1.15 |

● Teachers Composite

| | |
|--------------------|-------|
| Value | 13.72 |
| %tile | 85 |
| ▲ Policy Index | |
| Value | 12.14 |
| %tile | 55 |
| ✕ Allocation Index | |
| Value | 12.59 |
| %tile | 61 |

| | |
|------------|-------|
| Universe | |
| 5th %tile | 7.64 |
| 25th %tile | 9.26 |
| Median | 11.93 |
| 75th %tile | 13.24 |
| 95th %tile | 14.48 |

● Teachers Composite

| | |
|--------------------|------|
| Value | 2.86 |
| %tile | 64 |
| ▲ Policy Index | |
| Value | 2.05 |
| %tile | 80 |
| ✕ Allocation Index | |
| Value | 2.36 |
| %tile | 75 |

| | |
|------------|------|
| Universe | |
| 5th %tile | 4.43 |
| 25th %tile | 3.68 |
| Median | 3.19 |
| 75th %tile | 2.31 |
| 95th %tile | 0.81 |

● Teachers Composite

| | |
|--------------------|------|
| Value | 0.21 |
| %tile | 68 |
| ▲ Policy Index | |
| Value | 0.17 |
| %tile | 78 |
| ✕ Allocation Index | |
| Value | 0.19 |
| %tile | 75 |

| | |
|------------|------|
| Universe | |
| 5th %tile | 0.53 |
| 25th %tile | 0.39 |
| Median | 0.26 |
| 75th %tile | 0.18 |
| 95th %tile | 0.07 |

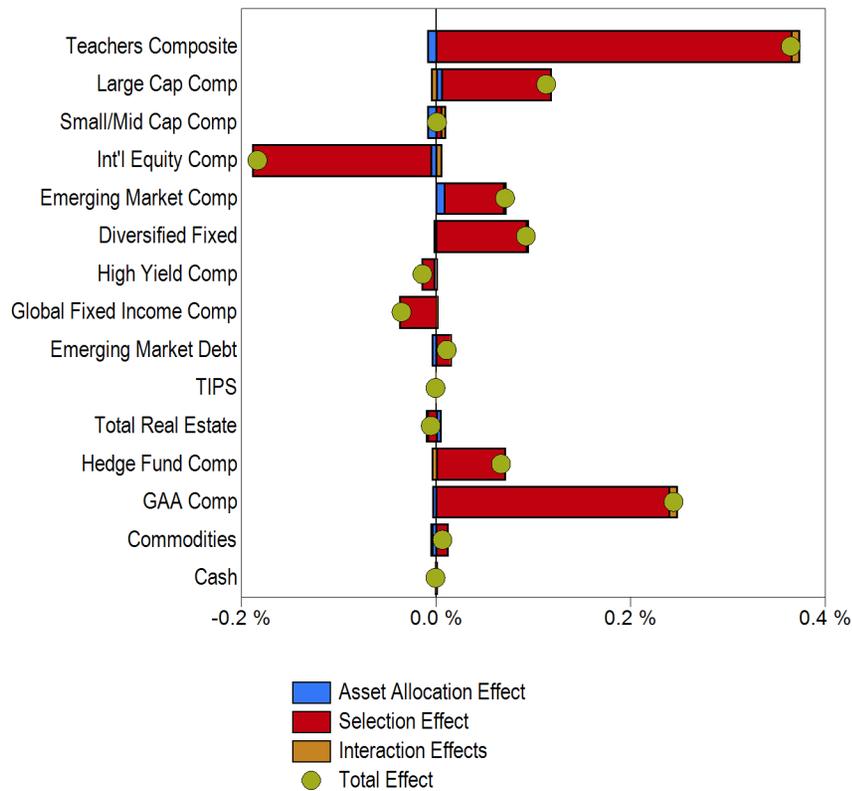
● Teachers Composite

| | |
|--------------------|------|
| Value | 0.23 |
| %tile | 75 |
| ▲ Policy Index | |
| Value | 0.20 |
| %tile | 79 |
| ✕ Allocation Index | |
| Value | 0.22 |
| %tile | 77 |

| | |
|------------|------|
| Universe | |
| 5th %tile | 0.67 |
| 25th %tile | 0.48 |
| Median | 0.32 |
| 75th %tile | 0.23 |
| 95th %tile | 0.09 |

Total Fund Attribution Analysis

**Attribution Effects Relative to Policy Index
3 Months Ending December 31, 2012**



**Attribution Summary
3 Months Ending December 31, 2012**

| | Actual Return | Target Return | Relative Return | Selection Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------------|---------------|---------------|-----------------|------------------|-------------------------|---------------------|---------------|
| Large Cap Comp | 0.6% | -0.4% | 1.0% | 0.1% | 0.0% | 0.0% | 0.1% |
| Small/Mid Cap Comp | 2.0% | 1.9% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Int'l Equity Comp | 4.7% | 6.6% | -1.9% | -0.2% | 0.0% | 0.0% | -0.2% |
| Emerging Market Comp | 6.6% | 5.6% | 1.0% | 0.1% | 0.0% | 0.0% | 0.1% |
| Diversified Fixed | 0.7% | 0.2% | 0.5% | 0.1% | 0.0% | 0.0% | 0.1% |
| High Yield Comp | 3.1% | 3.3% | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Global Fixed Income Comp | -2.9% | -1.7% | -1.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Emerging Market Debt | 3.6% | 3.3% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% |
| TIPS | 0.7% | 0.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Real Estate | 2.3% | 2.5% | -0.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Hedge Fund Comp | 2.6% | 1.2% | 1.4% | 0.1% | 0.0% | 0.0% | 0.1% |
| GAA Comp | 2.2% | 1.0% | 1.2% | 0.2% | 0.0% | 0.0% | 0.2% |
| Commodities | -5.8% | -6.3% | 0.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| Cash | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 2.1% | 1.7% | 0.4% | 0.4% | 0.0% | 0.0% | 0.4% |

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report.

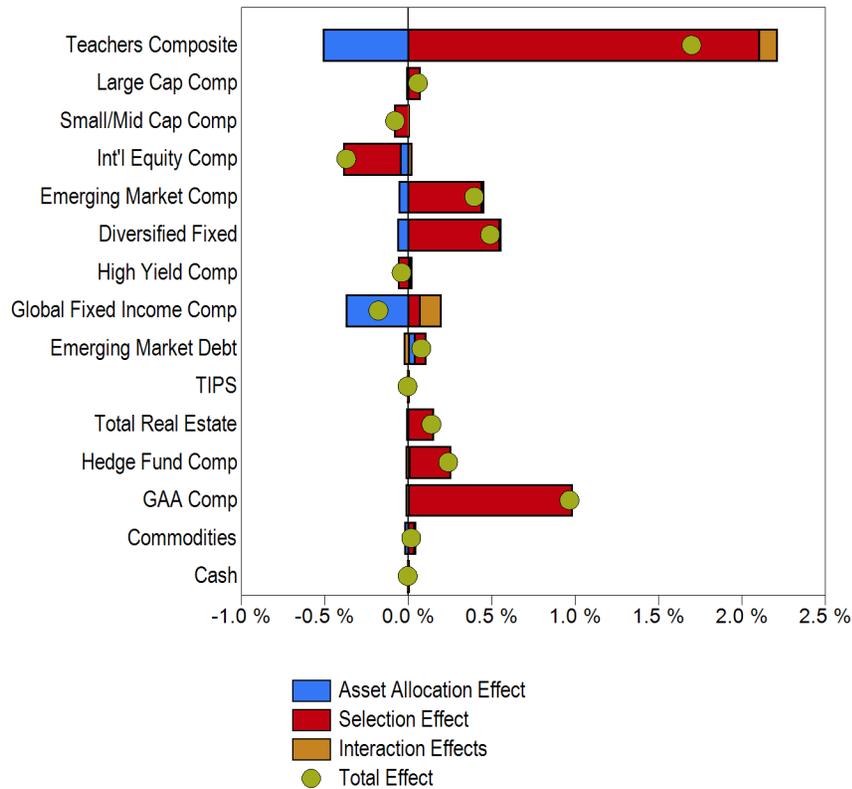
-The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark.

-The allocation, selection, and interaction effects are calculated using the custom index described above alongwith the policy or target weight of each composite.

-May not add up due to rounding.

Total Fund Attribution Analysis

Attribution Effects Relative to Policy Index
1 Year Ending December 31, 2012



Attribution Summary
1 Year Ending December 31, 2012

| | Actual Return | Target Return | Relative Return | Selection Effect | Asset Allocation Effect | Interaction Effects | Total Effects |
|--------------------------|---------------|---------------|-----------------|------------------|-------------------------|---------------------|---------------|
| Large Cap Comp | 16.6% | 16.0% | 0.6% | 0.1% | 0.0% | 0.0% | 0.1% |
| Small/Mid Cap Comp | 15.1% | 16.3% | -1.3% | -0.1% | 0.0% | 0.0% | -0.1% |
| Int'l Equity Comp | 14.0% | 17.3% | -3.3% | -0.3% | 0.0% | 0.0% | -0.4% |
| Emerging Market Comp | 26.4% | 18.2% | 8.2% | 0.4% | -0.1% | 0.0% | 0.4% |
| Diversified Fixed | 7.0% | 4.2% | 2.8% | 0.5% | -0.1% | 0.0% | 0.5% |
| High Yield Comp | 14.9% | 15.8% | -0.9% | -0.1% | 0.0% | 0.0% | 0.0% |
| Global Fixed Income Comp | 3.7% | 1.6% | 2.0% | 0.1% | -0.4% | 0.1% | -0.2% |
| Emerging Market Debt | 19.9% | 18.5% | 1.3% | 0.1% | 0.0% | 0.0% | 0.1% |
| TIPS | 7.0% | 7.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Real Estate | 13.4% | 10.5% | 2.8% | 0.1% | 0.0% | 0.0% | 0.1% |
| Hedge Fund Comp | 9.3% | 4.7% | 4.6% | 0.2% | 0.0% | 0.0% | 0.2% |
| GAA Comp | 15.2% | 10.3% | 4.9% | 1.0% | 0.0% | 0.0% | 1.0% |
| Commodities | 0.5% | -1.1% | 1.5% | 0.0% | 0.0% | 0.0% | 0.0% |
| Cash | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total | 13.1% | 11.4% | 1.7% | 2.1% | -0.5% | 0.1% | 1.7% |

Note: Plan attribution calculations are returns based and the results shown reflect the composites shown. As a result, the total returns shown may vary from the calculated returns shown on the performance report.

-The target return shown for each composite is a custom index, based on aggregated policy indices. This policy index asset weights the underlying policy indices of each option in the plan and the respective benchmark.

-The allocation, selection, and interaction effects are calculated using the custom index described above along with the policy or target weight of each composite.

-May not add up due to rounding.

Vermont State Teachers

Total Fund Risk Statistics

3 Years Ending December 31, 2012

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Anlzd AJ | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank | Tracking Error | Rank |
|------------------------------------|----------|-----------|------|---------------|------|----------|------|--------------|------|------------------|------|----------------|------|
| Teachers Composite | 100.00% | 9.83% | 11 | 8.65% | 47 | 2.16% | 11 | 1.13 | 16 | 1.64 | 21 | 0.78% | 2 |
| Policy Index | -- | 7.63% | 74 | 8.57% | 44 | 0.00% | 67 | 0.88 | 65 | 1.39 | 55 | 0.00% | 1 |
| Large Cap Comp | 10.00% | 11.59% | 28 | 16.14% | 56 | 0.15% | 36 | 0.71 | 34 | 1.19 | 36 | 1.33% | 1 |
| S&P 500 | -- | 10.87% | 42 | 15.30% | 33 | 0.00% | 39 | 0.71 | 36 | 1.21 | 33 | 0.00% | 1 |
| Small/Mid Cap Comp | 5.85% | 13.90% | 42 | 18.03% | 31 | 3.17% | 37 | 0.77 | 36 | 1.33 | 30 | 3.13% | 2 |
| Russell 2000 | -- | 12.25% | 69 | 20.48% | 76 | 0.00% | 79 | 0.59 | 76 | 1.01 | 68 | 0.00% | 1 |
| Int'l Equity Comp | 10.40% | 4.23% | 79 | 18.04% | 17 | 0.97% | 75 | 0.23 | 74 | 0.33 | 76 | 2.37% | 10 |
| MSCI EAFE | -- | 3.56% | 87 | 19.65% | 56 | 0.00% | 87 | 0.18 | 87 | 0.27 | 86 | 0.00% | 1 |
| Emerging Market Comp | 6.51% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI Emerging Markets | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Diversified Fixed | 17.86% | 8.38% | 35 | 2.90% | 63 | 2.64% | 32 | 2.87 | 33 | 7.03 | 24 | 1.85% | 45 |
| Barclays Aggregate | -- | 6.19% | 62 | 2.42% | 47 | 0.00% | 83 | 2.53 | 52 | 4.91 | 52 | 0.00% | 1 |
| High Yield Comp | 5.98% | 11.42% | 64 | 5.88% | 27 | 1.82% | 28 | 1.93 | 29 | 2.95 | 29 | 1.66% | 58 |
| Barclays High Yield | -- | 11.86% | 46 | 7.18% | 70 | 0.00% | 75 | 1.64 | 74 | 2.42 | 62 | 0.00% | 1 |
| Global Fixed Income Comp | 2.91% | 7.25% | 47 | 5.96% | 55 | 2.96% | 63 | 1.20 | 53 | 1.85 | 43 | 2.34% | 16 |
| Citigroup WGBI | -- | 4.37% | 92 | 5.59% | 46 | 0.00% | 94 | 0.77 | 86 | 1.03 | 83 | 0.00% | 1 |
| Emerging Market Debt | 5.15% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| JP Morgan EMBI Global TR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| TIPS | 2.89% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays US TIPS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Real Estate | 5.06% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| NCREIF Property Index | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Hedge Fund Comp | 4.84% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| HFRI Fund of Funds Composite Index | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| GAA Comp | 20.28% | 10.97% | 9 | 8.94% | 37 | 6.42% | 16 | 1.22 | 13 | 1.77 | 21 | 3.95% | 26 |
| 60% MSCI ACWI (Net)/40% CITI WGBI | -- | 6.05% | 63 | 11.37% | 63 | 0.00% | 77 | 0.52 | 68 | 0.78 | 68 | 0.00% | 1 |
| Commodities | 1.97% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Dow Jones-UBS Commodity Index TR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Cash | 0.04% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |



Vermont State Teachers

Vermont State Teachers

5 Years Ending December 31, 2012

| | % of Tot | Anlzd Ret | Rank | Anlzd Std Dev | Rank | Anlzd AJ | Rank | Sharpe Ratio | Rank | Sortino Ratio RF | Rank | Tracking Error | Rank |
|------------------------------------|----------|-----------|------|---------------|------|----------|------|--------------|------|------------------|------|----------------|------|
| Teachers Composite | 100.00% | 3.21% | 64 | 13.72% | 85 | 0.57% | 68 | 0.21 | 68 | 0.23 | 75 | 2.40% | 18 |
| Policy Index | -- | 2.39% | 80 | 12.14% | 55 | 0.00% | 78 | 0.17 | 78 | 0.20 | 79 | 0.00% | 1 |
| Large Cap Comp | 10.00% | 3.11% | 32 | 21.00% | 82 | 1.32% | 35 | 0.13 | 37 | 0.18 | 37 | 2.88% | 9 |
| S&P 500 | -- | 1.66% | 61 | 19.04% | 46 | 0.00% | 61 | 0.07 | 61 | 0.09 | 60 | 0.00% | 1 |
| Small/Mid Cap Comp | 5.85% | 5.45% | 41 | 23.09% | 51 | 2.10% | 43 | 0.22 | 43 | 0.31 | 44 | 3.00% | 1 |
| Russell 2000 | -- | 3.56% | 70 | 24.55% | 73 | 0.00% | 73 | 0.13 | 72 | 0.19 | 70 | 0.00% | 1 |
| Int'l Equity Comp | 10.40% | -3.78% | 86 | 21.94% | 18 | -0.37% | 88 | -0.19 | 88 | -0.25 | 86 | 2.48% | 7 |
| MSCI EAFE | -- | -3.69% | 86 | 23.47% | 45 | 0.00% | 85 | -0.17 | 85 | -0.24 | 86 | 0.00% | 1 |
| Emerging Market Comp | 6.51% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI Emerging Markets | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Diversified Fixed | 17.86% | 5.70% | 68 | 6.72% | 73 | -1.72% | 93 | 0.80 | 90 | 0.74 | 91 | 5.11% | 72 |
| Barclays Aggregate | -- | 5.95% | 63 | 3.53% | 40 | 0.00% | 82 | 1.59 | 45 | 2.50 | 33 | 0.00% | 1 |
| High Yield Comp | 5.98% | 9.60% | 52 | 10.22% | 20 | 2.29% | 21 | 0.91 | 20 | 0.78 | 48 | 5.14% | 69 |
| Barclays High Yield | -- | 10.34% | 28 | 14.06% | 89 | 0.00% | 81 | 0.71 | 77 | 0.71 | 68 | 0.00% | 1 |
| Global Fixed Income Comp | 2.91% | 7.50% | 31 | 8.26% | 50 | 2.63% | 49 | 0.87 | 37 | 1.29 | 30 | 4.26% | 31 |
| Citigroup WGBI | -- | 5.27% | 79 | 7.73% | 40 | 0.00% | 87 | 0.64 | 72 | 0.96 | 54 | 0.00% | 1 |
| Emerging Market Debt | 5.15% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| JP Morgan EMBI Global TR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| TIPS | 2.89% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays US TIPS | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Real Estate | 5.06% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| NCREIF Property Index | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Hedge Fund Comp | 4.84% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| HFRI Fund of Funds Composite Index | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| GAA Comp | 20.28% | 5.71% | 20 | 13.68% | 60 | 3.93% | 32 | 0.39 | 37 | 0.43 | 39 | 4.13% | 17 |
| 60% MSCI ACWI (Net)/40% CITI WGBI | -- | 1.90% | 74 | 14.24% | 66 | 0.00% | 80 | 0.11 | 74 | 0.14 | 74 | 0.00% | 1 |
| Commodities | 1.97% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Dow Jones-UBS Commodity Index TR | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Cash | 0.04% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 91 Day T-Bills | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |



VPIC Composite



VPIC Composite

Total Plan Performance

Ending December 31, 2012

| | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | Market Value (\$) | % of Portfolio |
|----------------------------------|-------------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|----------------------|-------------------|
| Composite | 2.1 | 20 | 13.1 | 22 | 9.9 | 8 | 3.4 | 54 | 3,617,086,194 | 100.0 |
| <i>IF Public DB Gross Median</i> | 1.7 | | 11.9 | | 8.4 | | 3.5 | | | |
| Teachers' Composite | | | | | | | | | | |
| Teachers Composite | 2.1 | 20 | 13.1 | 21 | 9.8 | 11 | 3.2 | 64 | 1,585,026,016 | 100.0 |
| <i>Policy Index</i> | 1.7 | 51 | 10.9 | 67 | 7.6 | 74 | 2.4 | 80 | | |
| <i>Allocation Index</i> | 1.8 | 43 | 10.8 | 69 | 7.6 | 75 | 2.7 | 75 | | |
| Employees' Composite | | | | | | | | | | |
| Employees Composite | 2.1 | 20 | 13.1 | 23 | 10.0 | 3 | 3.6 | 42 | 1,456,333,639 | 100.0 |
| <i>Policy Index</i> | 1.7 | 51 | 10.9 | 67 | 7.6 | 74 | 2.9 | 72 | | |
| <i>Allocation Index</i> | 1.8 | 43 | 10.6 | 71 | 7.6 | 75 | 3.0 | 69 | | |
| Municipal Composite | | | | | | | | | | |
| Municipal Composite | 2.1 | 20 | 13.1 | 23 | 10.0 | 5 | 3.8 | 35 | 441,820,876 | 100.0 |
| <i>Policy Index</i> | 1.7 | 51 | 10.9 | 67 | 7.6 | 74 | 3.0 | 69 | | |
| <i>Allocation Index</i> | 1.8 | 43 | 10.7 | 70 | 7.6 | 75 | 3.2 | 64 | | |
| Burlington Composite | | | | | | | | | | |
| Burlington Composite | 2.1 | 20 | 13.1 | 23 | 10.0 | 4 | 3.5 | 51 | 133,905,663 | 100.0 |
| <i>Policy Index</i> | 1.7 | 51 | 10.9 | 67 | 7.6 | 74 | 2.4 | 80 | | |

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

VPIC Composite

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | Fiscal YTD (%) | Rank |
|---|----------------------|----------------|--------------|-------------|-----------|-------------|-----------|-------------|-----------|------------|-----------|----------------|-----------|
| Composite | 3,617,086,194 | 100.0 | 100.0 | 2.1 | 20 | 13.1 | 22 | 9.9 | 8 | 3.4 | 54 | 7.3 | 18 |
| <i>IF Public DB Gross Median</i> | | | | 1.7 | | 11.9 | | 8.4 | | 3.5 | | 6.4 | |
| Large Cap Comp | 378,017,138 | 10.5 | 11.0 | 0.6 | 39 | 16.6 | 38 | 11.6 | 28 | 3.1 | 32 | 6.9 | 43 |
| <i>S&P 500</i> | | | | -0.4 | 62 | 16.0 | 45 | 10.9 | 42 | 1.7 | 61 | 6.0 | 60 |
| <i>eA US Large Cap Equity Gross Median</i> | | | | 0.1 | | 15.6 | | 10.4 | | 2.2 | | 6.5 | |
| T. Rowe | 109,266,744 | 3.0 | 3.0 | -0.2 | 58 | 16.8 | 35 | 10.7 | 45 | 2.5 | 44 | 6.4 | 52 |
| SSgA S&P 500 Cap-Wgt | 155,962,384 | 4.3 | 5.0 | -0.3 | 61 | 16.1 | 44 | -- | -- | -- | -- | 6.0 | 59 |
| <i>S&P 500</i> | | | | -0.4 | 62 | 16.0 | 45 | 10.9 | 42 | 1.7 | 61 | 6.0 | 60 |
| SSgA S&P 500 Equal-Wgt | 112,788,010 | 3.1 | 3.0 | 3.0 | 8 | 17.5 | 29 | 12.7 | 13 | 4.5 | 13 | 9.0 | 15 |
| <i>S&P 500 Equal Weighted</i> | | | | 2.8 | 9 | 17.7 | 27 | 12.7 | 13 | 4.8 | 11 | 8.9 | 16 |
| Small/Mid Cap Comp | 226,570,045 | 6.3 | 6.5 | 2.0 | 67 | 15.1 | 59 | 13.9 | 42 | 5.5 | 41 | 6.5 | 71 |
| <i>Russell 2000</i> | | | | 1.9 | 69 | 16.3 | 49 | 12.2 | 69 | 3.6 | 70 | 7.2 | 66 |
| <i>eA US Small-Mid Cap Equity Gross Median</i> | | | | 3.0 | | 16.0 | | 13.2 | | 4.9 | | 8.6 | |
| SSgA S&P 400 | 20,271,278 | 0.6 | 0.5 | 3.6 | 28 | 18.0 | 30 | -- | -- | -- | -- | 9.3 | 30 |
| <i>S&P 400 MidCap</i> | | | | 3.6 | 28 | 17.9 | 31 | 13.6 | 33 | 5.1 | 29 | 9.2 | 30 |
| <i>eA US Mid Cap Equity Gross Median</i> | | | | 2.4 | | 16.1 | | 12.8 | | 4.0 | | 7.4 | |
| Champlain | 70,844,595 | 2.0 | 2.0 | 1.2 | 73 | 12.9 | 78 | 12.9 | 49 | -- | -- | 5.0 | 81 |
| <i>Russell 2500</i> | | | | 3.1 | 37 | 17.9 | 31 | 13.3 | 39 | 4.3 | 43 | 8.8 | 34 |
| <i>eA US Mid Cap Equity Gross Median</i> | | | | 2.4 | | 16.1 | | 12.8 | | 4.0 | | 7.4 | |
| Wellington | 75,562,918 | 2.1 | 2.0 | 4.0 | 48 | 16.9 | 51 | 15.1 | 20 | 8.3 | 14 | 8.7 | 62 |
| <i>Russell 2000 Value</i> | | | | 3.2 | 67 | 18.0 | 43 | 11.6 | 72 | 3.5 | 86 | 9.1 | 55 |
| <i>eA US Small Cap Value Equity Gross Median</i> | | | | 4.0 | | 16.9 | | 13.1 | | 5.6 | | 9.6 | |
| SSgA Russell 2000 Growth | 59,891,254 | 1.7 | 2.0 | 0.2 | 51 | 14.4 | 50 | 12.8 | 66 | 3.5 | 54 | 5.0 | 56 |
| <i>Russell 2000 Growth</i> | | | | 0.4 | 45 | 14.6 | 48 | 12.8 | 66 | 3.5 | 54 | 5.3 | 51 |
| <i>eA US Small Cap Growth Equity Gross Median</i> | | | | 0.2 | | 14.3 | | 14.2 | | 3.8 | | 5.4 | |

All sub-composite returns for the total plan are based off TRS returns up to 4/31/2012, and include all plans thereafter.

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

VPIC Composite

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | Fiscal YTD (%) | Rank |
|---|--------------------|----------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|----------------|-----------|
| Int'l Equity Comp | 373,627,043 | 10.3 | 10.0 | 4.7 | 84 | 14.0 | 92 | 4.2 | 82 | -3.8 | 82 | 11.7 | 88 |
| MSCI EAFE | | | | 6.6 | 48 | 17.3 | 77 | 3.6 | 87 | -3.7 | 82 | 13.9 | 56 |
| eA EAFE All Cap Equity Gross Median | | | | 6.5 | | 20.1 | | 5.9 | | -2.1 | | 14.2 | |
| Acadian | 150,455,992 | 4.2 | 4.0 | 5.2 | 78 | 17.0 | 82 | 5.3 | 66 | -5.4 | 94 | 12.6 | 84 |
| Mondrian | 147,641,331 | 4.1 | 4.0 | 3.5 | 95 | 9.8 | 99 | 3.1 | 92 | -3.0 | 74 | 9.7 | 96 |
| MSCI EAFE | | | | 6.6 | 45 | 17.3 | 77 | 3.6 | 87 | -3.7 | 86 | 13.9 | 59 |
| S&P EPAC LargeMidCap | | | | 6.5 | 49 | 18.1 | 70 | 4.4 | 78 | -2.8 | 70 | 14.2 | 54 |
| SSgA ACWI Ex US | 75,529,720 | 2.1 | 2.0 | 6.0 | 58 | 17.2 | 75 | -- | -- | -- | -- | 13.8 | 54 |
| MSCI ACWI ex USA | | | | 5.8 | 59 | 16.8 | 77 | 3.9 | 86 | -2.9 | 80 | 13.7 | 60 |
| eA ACWI ex-US All Cap Equity Gross Median | | | | 6.1 | | 19.6 | | 7.1 | | -1.0 | | 14.0 | |
| Emerging Market Comp | 232,197,295 | 6.4 | 6.0 | | | | | | | | | | |
| Aberdeen | 232,197,295 | 6.4 | 6.0 | 6.6 | 48 | 26.4 | 11 | 13.5 | 4 | -- | -- | 15.1 | 38 |
| MSCI Emerging Markets | | | | 5.6 | 70 | 18.2 | 68 | 4.7 | 62 | -0.9 | 64 | 13.8 | 65 |
| eA Emg Mkts Equity Gross Median | | | | 6.5 | | 20.9 | | 6.3 | | -0.1 | | 14.6 | |
| Diversified Fixed | 642,433,369 | 17.8 | 18.0 | 0.7 | 23 | 7.0 | 26 | 8.4 | 12 | 5.7 | 90 | 2.4 | 62 |
| Barclays Aggregate | | | | 0.2 | 82 | 4.2 | 90 | 6.2 | 84 | 5.9 | 85 | 1.8 | 87 |
| eA US Core Fixed Inc Gross Median | | | | 0.5 | | 5.9 | | 7.1 | | 6.8 | | 2.7 | |
| Allianz Structured Alpha | 87,751,240 | 2.4 | 2.0 | 0.4 | 69 | 10.6 | 2 | 10.2 | 2 | -- | -- | 2.7 | 50 |
| Citigroup 10 Year Treasury | | | | -0.2 | 99 | 4.2 | 89 | 9.6 | 4 | 7.4 | 21 | 0.7 | 99 |
| PIMCO Core Plus | 232,831,660 | 6.4 | 6.5 | 0.5 | 47 | 7.4 | 20 | 8.0 | 15 | -- | -- | 2.8 | 41 |
| Barclays Aggregate | | | | 0.2 | 82 | 4.2 | 90 | 6.2 | 84 | 5.9 | 85 | 1.8 | 87 |
| PIMCO Unconstrained | 232,757,669 | 6.4 | 6.5 | 0.6 | 36 | 4.6 | 82 | -- | -- | -- | -- | 1.7 | 91 |
| 25% HY, 25% EMD, 50% BC Agg | | | | 1.8 | 1 | 10.6 | 2 | 9.3 | 4 | 8.4 | 4 | 5.4 | 1 |
| 3-Month Libor Total Return USD | | | | 0.1 | 91 | 0.4 | 99 | 0.4 | 99 | 1.0 | 99 | 0.2 | 99 |
| Wellington DAS | 89,092,799 | 2.5 | 3.0 | 2.1 | 1 | 8.5 | 8 | 11.5 | 2 | -- | -- | 2.8 | 45 |
| Wellington Custom Benchmark | | | | -0.6 | 99 | 3.5 | 96 | 11.5 | 2 | 9.1 | 2 | -0.3 | 99 |
| High Yield Comp | 220,592,701 | 6.1 | 6.0 | 3.1 | 50 | 14.9 | 62 | 11.4 | 64 | 9.6 | 52 | 7.4 | 63 |
| eA US High Yield Fixed Inc Gross Median | | | | 3.1 | | 15.5 | | 11.7 | | 9.7 | | 7.7 | |
| Post Advisory | 183,704,048 | 5.1 | 5.0 | 3.2 | 46 | 15.3 | 53 | 11.6 | 57 | 9.8 | 46 | 7.6 | 54 |
| KDP | 36,888,653 | 1.0 | 1.0 | 2.6 | 80 | 12.8 | 83 | 10.2 | 87 | -- | -- | 6.6 | 84 |
| Barclays High Yield | | | | 3.3 | 41 | 15.8 | 43 | 11.9 | 46 | 10.3 | 28 | 8.0 | 42 |
| BofA Merrill Lynch US High Yield BB-B Rated | | | | 3.1 | 50 | 14.7 | 65 | 11.4 | 64 | 9.1 | 63 | 7.7 | 50 |

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

VPIC Composite

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | Fiscal YTD (%) | Rank |
|---|----------------------|-------------------|------------|-------------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|----------------------|-----------|
| Global Fixed Income Comp | 104,369,101 | 2.9 | 3.0 | -2.9 | 99 | 3.7 | 90 | 7.3 | 47 | 7.5 | 31 | 0.3 | 99 |
| <i>eA All Global Fixed Inc Gross Median</i> | | | | 1.9 | | 9.5 | | 6.9 | | 6.6 | | 5.6 | |
| Mondrian GFI | 104,369,101 | 2.9 | 3.0 | -2.9 | 99 | 2.1 | 97 | 5.5 | 81 | 7.1 | 42 | 0.3 | 99 |
| <i>Citigroup WGBI</i> | | | | -1.7 | 98 | 1.6 | 98 | 4.4 | 92 | 5.3 | 79 | 1.2 | 96 |
| Emerging Market Debt | 184,375,175 | 5.1 | 5.0 | | | | | | | | | | |
| Wellington Opportunistic EMD | 184,375,175 | 5.1 | 5.0 | 3.6 | 63 | 19.9 | 35 | 13.6 | 24 | -- | -- | 10.9 | 41 |
| <i>JP Morgan EMBI Global TR</i> | | | | 3.3 | 73 | 18.5 | 59 | 12.9 | 41 | 10.5 | 50 | 10.3 | 55 |
| <i>eA All Emg Mkts Fixed Inc Gross Median</i> | | | | 3.9 | | 19.1 | | 12.3 | | 10.4 | | 10.5 | |
| TIPS | 106,180,670 | 2.9 | 3.0 | | | | | | | | | | |
| BlackRock TIPS | 106,180,670 | 2.9 | 3.0 | 0.7 | -- | 7.0 | -- | 8.9 | -- | -- | -- | 2.8 | -- |
| <i>Barclays US TIPS</i> | | | | 0.7 | -- | 7.0 | -- | 8.9 | -- | 7.0 | -- | 2.8 | -- |
| Total Real Estate | 169,292,288 | 4.7 | 4.5 | 2.4 | -- | 13.4 | -- | -- | -- | -- | -- | 6.3 | -- |
| Morgan Stanley Prime Property | 72,050,791 | 2.0 | 2.0 | 3.0 | -- | 12.6 | -- | 15.0 | -- | -0.8 | -- | 6.6 | -- |
| UBS Trumbull | 66,211,280 | 1.8 | 2.0 | 2.0 | -- | 10.2 | -- | 13.4 | -- | 1.0 | -- | 4.5 | -- |
| RREEF America REIT III | 30,283,777 | 0.8 | 0.5 | 2.0 | -- | 23.8 | -- | 28.0 | -- | -15.2 | -- | 9.9 | -- |
| Transwestern / Aslan III | 746,439 | 0.0 | 0.0 | | | | | | | | | | |
| <i>NCREIF Property Index</i> | | | | | | | | | | | | | |
| <i>NCREIF ODCE</i> | | | | | | | | | | | | | |
| Hedge Fund Comp | 171,268,866 | 4.7 | 5.0 | 2.6 | 23 | 9.3 | 24 | -- | -- | -- | -- | 5.9 | 23 |
| <i>eA HFN FOF - Multi-Strategy Net Median</i> | | | | 1.8 | | 6.5 | | 2.7 | | 0.9 | | 4.3 | |
| Grosvenor | 68,148,991 | 1.9 | 2.0 | 2.5 | 25 | 8.5 | 29 | -- | -- | -- | -- | 5.2 | 32 |
| GAM | 34,390,369 | 1.0 | 1.0 | 2.3 | 31 | 8.3 | 31 | -- | -- | -- | -- | 5.4 | 27 |
| Permal | 68,729,506 | 1.9 | 2.0 | 2.9 | 19 | 10.5 | 14 | -- | -- | -- | -- | 6.7 | 15 |
| <i>HFRI Fund of Funds Composite Index</i> | | | | 1.2 | 65 | 4.7 | 74 | 1.4 | 76 | -1.8 | 80 | 3.7 | 64 |

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

VPIC Composite

Total Fund Performance Detail

| | Market Value (\$) | % of Portfolio | Policy % | 2012 Q4 (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank | Fiscal YTD (%) | Rank |
|---|--------------------|----------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|------------|-----------|----------------|-----------|
| GAA Comp | 727,383,952 | 20.1 | 20.0 | 2.2 | 22 | 15.2 | 5 | 11.0 | 9 | 5.7 | 20 | 9.5 | 2 |
| <i>eA Global TAA Gross Median</i> | | | | 1.1 | | 10.6 | | 7.0 | | 3.2 | | 6.1 | |
| Mellon Global Expanded Alpha | 71,734,527 | 2.0 | 2.5 | 0.6 | 62 | 11.3 | 40 | 9.2 | 17 | 1.9 | 74 | 8.0 | 11 |
| <i>Mellon CF GEA Index</i> | | | | 2.6 | 12 | 11.0 | 46 | 5.1 | 77 | 1.2 | 77 | 8.4 | 7 |
| AQR Global Risk Premium | 291,519,300 | 8.1 | 8.0 | 1.8 | 27 | 15.8 | 1 | 15.4 | 2 | -- | -- | 10.1 | 1 |
| <i>60% MSCI World / 40% CITI WGBI</i> | | | | 0.9 | 56 | 10.6 | 51 | 6.6 | 59 | 2.2 | 72 | 6.2 | 43 |
| PIMCO All Asset | 219,803,722 | 6.1 | 5.0 | 3.0 | 6 | 16.5 | 1 | 11.3 | 8 | 7.9 | 2 | 9.9 | 1 |
| <i>PIMCO All Asset Index</i> | | | | 0.8 | 57 | 8.1 | 62 | 8.1 | 29 | 6.5 | 14 | 3.8 | 80 |
| <i>CPI + 5%</i> | | | | 1.0 | 53 | 6.8 | 69 | 7.1 | 45 | 6.9 | 10 | 3.5 | 81 |
| Wellington OIF | 144,326,403 | 4.0 | 4.5 | 2.8 | 9 | 14.3 | 11 | 5.1 | 78 | -- | -- | 8.3 | 8 |
| <i>65% MSCI World (Net) /35% BC Agg</i> | | | | 1.7 | 29 | 11.9 | 29 | 7.1 | 49 | 1.8 | 75 | 6.7 | 41 |
| Commodities | 69,260,903 | 1.9 | 2.0 | | | | | | | | | | |
| Schroder | 69,260,903 | 1.9 | 2.0 | -5.8 | -- | 0.5 | -- | 3.1 | -- | -- | -- | 4.0 | -- |
| <i>Dow Jones-UBS Commodity Index TR</i> | | | | -6.3 | -- | -1.1 | -- | 0.1 | -- | -5.2 | -- | 2.7 | -- |
| <i>eA Commodities Gross Median</i> | | | | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Cash | 1,286,732 | 0.0 | 0.0 | 0.0 | -- | 0.1 | -- | 0.2 | -- | 0.7 | -- | 0.0 | -- |
| Cash | 1,286,732 | 0.0 | 0.0 | 0.0 | -- | 0.1 | -- | -- | -- | -- | -- | 0.0 | -- |
| <i>91 Day T-Bills</i> | | | | 0.0 | -- | 0.1 | -- | 0.1 | -- | 0.3 | -- | 0.0 | -- |
| Private Equity | 10,230,917 | 0.3 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Harbourvest Partners IX Credit Opportunities | 627,007 | 0.0 | -- | | | | | | | | | | |
| Harbourvest Partners IX Venture Fund | 2,116,530 | 0.1 | -- | | | | | | | | | | |
| Harbourvest Partners IX Buyout Fund | 3,581,229 | 0.1 | -- | | | | | | | | | | |
| Harbourvest Dover VIII Fund | 3,906,151 | 0.1 | -- | | | | | | | | | | |

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H /5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.

VPIC Composite

Total Plan Performance

| | 2012 (%) | Rank | 2011 (%) | Rank | 2010 (%) | Rank | 2009 (%) | Rank | 2008 (%) | Rank | 2007 (%) | Rank | 2006 (%) | Rank | 2005 (%) | Rank |
|----------------------------------|-------------|-----------|------------|-----------|-------------|-----------|-------------|----------|--------------|-----------|------------|-----------|-------------|-----------|------------|-----------|
| <i>IF Public DB Gross Median</i> | 11.9 | | 0.8 | | 13.0 | | 17.9 | | -21.6 | | 8.4 | | 11.6 | | 6.2 | |
| Teachers' Composite | | | | | | | | | | | | | | | | |
| Teachers Composite | 13.1 | 21 | 2.1 | 19 | 14.7 | 20 | 26.5 | 3 | -30.1 | 94 | 6.3 | 95 | 15.7 | 4 | 5.6 | 54 |
| <i>Policy Index</i> | 10.9 | 67 | 0.6 | 51 | 11.7 | 75 | 19.3 | 40 | -24.3 | 64 | 7.6 | 72 | 14.4 | 18 | 6.6 | 49 |
| <i>Allocation Index</i> | 10.8 | 69 | 0.7 | 51 | 11.6 | 76 | 22.7 | 25 | -25.2 | 70 | 6.5 | 94 | 14.8 | 11 | 5.1 | 60 |
| Employees' Composite | | | | | | | | | | | | | | | | |
| Employees Composite | 13.1 | 23 | 2.3 | 18 | 15.1 | 17 | 27.4 | 3 | -29.6 | 92 | 6.4 | 94 | 14.9 | 11 | 6.6 | 49 |
| <i>Policy Index</i> | 10.9 | 67 | 0.6 | 51 | 11.7 | 75 | 19.5 | 39 | -22.5 | 60 | 7.6 | 73 | 13.9 | 29 | 6.3 | 50 |
| <i>Allocation Index</i> | 10.6 | 71 | 0.5 | 51 | 11.9 | 72 | 22.6 | 26 | -23.9 | 63 | 6.6 | 94 | 14.1 | 28 | 6.0 | 52 |
| Municipal Composite | | | | | | | | | | | | | | | | |
| Municipal Composite | 13.1 | 23 | 2.4 | 18 | 14.9 | 19 | 28.4 | 2 | -29.4 | 91 | 6.3 | 95 | 14.8 | 11 | 7.8 | 37 |
| <i>Policy Index</i> | 10.9 | 67 | 0.6 | 51 | 11.7 | 75 | 19.3 | 40 | -21.9 | 54 | 7.7 | 72 | 13.7 | 30 | 7.2 | 47 |
| <i>Allocation Index</i> | 10.7 | 70 | 0.6 | 51 | 11.8 | 73 | 22.2 | 28 | -23.0 | 62 | 6.7 | 93 | 13.6 | 31 | 6.5 | 49 |
| Burlington Composite | | | | | | | | | | | | | | | | |
| Burlington Composite | 13.1 | 23 | 2.4 | 18 | 15.0 | 18 | 28.0 | 2 | -30.3 | 95 | 5.5 | 97 | 13.4 | 32 | 7.9 | 35 |
| <i>Policy Index</i> | 10.9 | 67 | 0.6 | 51 | 11.7 | 75 | 19.3 | 40 | -24.3 | 64 | 7.4 | 77 | 12.6 | 36 | 6.1 | 51 |

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

VPIC Composite

Total Fund Performance Detail

| | 2012 (%) | Rank | 2011 (%) | Rank | 2010 (%) | Rank | 2009 (%) | Rank | 2008 (%) | Rank | 2007 (%) | Rank | 2006 (%) | Rank | 2005 (%) | Rank |
|---|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Composite | 13.1 | 22 | 2.2 | 18 | 14.9 | 19 | 27.0 | 3 | -29.8 | 93 | 6.3 | 95 | 15.3 | 7 | 6.2 | 50 |
| <i>IF Public DB Gross Median</i> | 11.9 | | 0.8 | | 13.0 | | 17.9 | | -21.6 | | 8.4 | | 11.6 | | 6.2 | |
| Large Cap Comp | 16.6 | 38 | 1.4 | 41 | 17.6 | 22 | 40.5 | 11 | -40.3 | 81 | 4.6 | 74 | 16.2 | 40 | 4.6 | 79 |
| <i>S&P 500</i> | 16.0 | 45 | 2.1 | 34 | 15.1 | 47 | 26.5 | 56 | -37.0 | 57 | 5.5 | 68 | 15.8 | 43 | 4.9 | 77 |
| <i>eA US Large Cap Equity Gross Median</i> | 15.6 | | 0.4 | | 14.8 | | 28.0 | | -36.3 | | 8.0 | | 14.8 | | 7.7 | |
| T. Rowe | 16.8 | 35 | 1.8 | 37 | 14.0 | 61 | 30.4 | 41 | -36.0 | 49 | 6.2 | 62 | 16.9 | 36 | -- | -- |
| SSgA S&P 500 Cap-Wgt | 16.1 | 44 | 2.2 | 33 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>S&P 500</i> | 16.0 | 45 | 2.1 | 34 | 15.1 | 47 | 26.5 | 56 | -37.0 | 57 | 5.5 | 68 | 15.8 | 43 | 4.9 | 77 |
| SSgA S&P 500 Equal-Wgt | 17.5 | 29 | -0.1 | 56 | 22.0 | 5 | 46.7 | 4 | -40.6 | 83 | 0.5 | 90 | 15.9 | 42 | -- | -- |
| <i>S&P 500 Equal Weighted</i> | 17.7 | 27 | -0.1 | 56 | 21.9 | 5 | 46.3 | 5 | -39.7 | 78 | 1.5 | 87 | 15.8 | 43 | 8.1 | 47 |
| Small/Mid Cap Comp | 15.1 | 59 | 0.8 | 32 | 27.4 | 48 | 33.6 | 58 | -34.0 | 21 | 1.8 | 73 | 10.9 | 71 | 4.8 | 89 |
| <i>Russell 2000</i> | 16.3 | 49 | -4.2 | 70 | 26.9 | 52 | 27.2 | 82 | -33.8 | 21 | -1.6 | 84 | 18.4 | 21 | 4.6 | 90 |
| <i>eA US Small-Mid Cap Equity Gross Median</i> | 16.0 | | -1.5 | | 26.9 | | 35.2 | | -38.1 | | 8.8 | | 13.9 | | 10.4 | |
| SSgA S&P 400 | 18.0 | 30 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>S&P 400 MidCap</i> | 17.9 | 31 | -1.7 | 52 | 26.6 | 33 | 37.4 | 53 | -36.2 | 30 | 8.0 | 59 | 10.3 | 72 | 12.5 | 47 |
| <i>eA US Mid Cap Equity Gross Median</i> | 16.1 | | -1.4 | | 24.5 | | 37.9 | | -40.1 | | 9.7 | | 13.7 | | 12.1 | |
| Champlain | 12.9 | 78 | 3.8 | 14 | 22.8 | 64 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Russell 2500</i> | 17.9 | 31 | -2.5 | 60 | 26.7 | 33 | 34.4 | 66 | -36.8 | 34 | 1.4 | 85 | 16.2 | 31 | 8.1 | 83 |
| <i>eA US Mid Cap Equity Gross Median</i> | 16.1 | | -1.4 | | 24.5 | | 37.9 | | -40.1 | | 9.7 | | 13.7 | | 12.1 | |
| Wellington | 16.9 | 51 | 1.8 | 16 | 28.3 | 39 | 32.6 | 50 | -26.5 | 15 | -2.1 | 45 | 20.5 | 33 | 11.2 | 26 |
| <i>Russell 2000 Value</i> | 18.0 | 43 | -5.5 | 69 | 24.5 | 72 | 20.6 | 85 | -28.9 | 27 | -9.8 | 82 | 23.5 | 14 | 4.7 | 78 |
| <i>eA US Small Cap Value Equity Gross Median</i> | 16.9 | | -3.3 | | 26.9 | | 32.0 | | -32.3 | | -2.9 | | 18.7 | | 8.2 | |
| SSgA Russell 2000 Growth | 14.4 | 50 | -3.0 | 61 | 29.2 | 44 | 34.2 | 60 | -38.4 | 26 | -- | -- | -- | -- | -- | -- |
| <i>Russell 2000 Growth</i> | 14.6 | 48 | -2.9 | 60 | 29.1 | 46 | 34.5 | 59 | -38.5 | 26 | 7.0 | 64 | 13.3 | 40 | 4.2 | 79 |
| <i>eA US Small Cap Growth Equity Gross Median</i> | 14.3 | | -1.5 | | 28.6 | | 36.5 | | -41.5 | | 11.0 | | 12.3 | | 7.6 | |

All sub-composite returns for the total plan are based off TRS returns up to 4/31/2012, and include all plans thereafter.

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

VPIC Composite

Total Fund Performance Detail

| | 2012 (%) | Rank | 2011 (%) | Rank | 2010 (%) | Rank | 2009 (%) | Rank | 2008 (%) | Rank | 2007 (%) | Rank | 2006 (%) | Rank | 2005 (%) | Rank |
|---|-------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Int'l Equity Comp | 14.0 | 92 | -9.2 | 27 | 9.4 | 75 | 25.4 | 88 | -42.0 | 40 | 10.9 | 65 | 33.7 | 7 | 14.2 | 79 |
| MSCI EAFE | 17.3 | 77 | -12.1 | 57 | 7.8 | 86 | 31.8 | 63 | -43.4 | 52 | 11.2 | 63 | 26.3 | 62 | 13.5 | 81 |
| eA EAFE All Cap Equity Gross Median | 20.1 | | -11.4 | | 11.7 | | 34.3 | | -42.9 | | 13.4 | | 27.4 | | 17.7 | |
| Acadian | 17.0 | 82 | -13.0 | 60 | 14.6 | 34 | 27.7 | 85 | -49.0 | 85 | 8.7 | 78 | 37.4 | 3 | -- | -- |
| Mondrian | 9.8 | 99 | -3.5 | 3 | 3.6 | 97 | 24.4 | 94 | -37.1 | 11 | 12.4 | 55 | 31.1 | 22 | 13.4 | 83 |
| MSCI EAFE | 17.3 | 77 | -12.1 | 53 | 7.8 | 83 | 31.8 | 69 | -43.4 | 45 | 11.2 | 62 | 26.3 | 61 | 13.5 | 83 |
| S&P EPAC LargeMidCap | 18.1 | 70 | -11.7 | 47 | 9.2 | 73 | 34.3 | 59 | -43.3 | 44 | 12.9 | 52 | 25.2 | 74 | 15.2 | 70 |
| SSgA ACWI Ex US | 17.2 | 75 | -13.5 | 73 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI ACWI ex USA | 16.8 | 77 | -13.7 | 73 | 11.2 | 75 | 41.4 | 41 | -45.5 | 58 | 16.7 | 63 | 26.7 | 70 | 16.6 | 94 |
| eA ACWI ex-US All Cap Equity Gross Median | 19.6 | | -11.5 | | 15.0 | | 38.7 | | -45.2 | | 17.4 | | 28.6 | | 20.5 | |
| Emerging Market Comp | | | | | | | | | | | | | | | | |
| Aberdeen | 26.4 | 11 | -10.5 | 4 | 29.1 | 6 | 81.6 | 38 | -- | -- | -- | -- | -- | -- | -- | -- |
| MSCI Emerging Markets | 18.2 | 68 | -18.4 | 48 | 18.9 | 64 | 78.5 | 57 | -53.3 | 42 | 39.4 | 60 | 32.2 | 70 | 34.0 | 70 |
| eA Emg Mkts Equity Gross Median | 20.9 | | -18.6 | | 20.1 | | 79.5 | | -54.0 | | 40.5 | | 34.2 | | 36.5 | |
| Diversified Fixed | 7.0 | 26 | 8.7 | 16 | 9.4 | 8 | 21.7 | 2 | -14.9 | 99 | 4.4 | 96 | -- | -- | -- | -- |
| Barclays Aggregate | 4.2 | 90 | 7.8 | 46 | 6.5 | 76 | 5.9 | 80 | 5.2 | 37 | 7.0 | 47 | 4.3 | 69 | 2.4 | 79 |
| eA US Core Fixed Inc Gross Median | 5.9 | | 7.7 | | 7.3 | | 8.9 | | 4.1 | | 6.9 | | 4.5 | | 2.7 | |
| Allianz Structured Alpha | 10.6 | 2 | 7.3 | 67 | 12.7 | 1 | 22.6 | 2 | -- | -- | -- | -- | -- | -- | -- | -- |
| Citigroup 10 Year Treasury | 4.2 | 89 | 17.0 | 1 | 8.1 | 26 | -9.9 | 99 | 20.3 | 1 | 9.8 | 1 | 1.4 | 99 | 2.0 | 93 |
| PIMCO Core Plus | 7.4 | 20 | 7.7 | 52 | 9.1 | 9 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays Aggregate | 4.2 | 90 | 7.8 | 46 | 6.5 | 76 | 5.9 | 80 | 5.2 | 37 | 7.0 | 47 | 4.3 | 69 | 2.4 | 79 |
| PIMCO Unconstrained | 4.6 | 82 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 25% HY, 25% EMD, 50% BC Agg | 10.6 | 2 | 7.4 | 63 | 10.1 | 6 | 23.1 | 2 | -7.1 | 95 | 5.5 | 86 | 7.6 | 1 | 4.6 | 1 |
| 3-Month Libor Total Return USD | 0.4 | 99 | 0.3 | 99 | 0.3 | 99 | 0.8 | 99 | 3.2 | 56 | 5.5 | 87 | 5.4 | 3 | 3.7 | 3 |
| Wellington DAS | 8.5 | 8 | 18.3 | 1 | 7.9 | 29 | 9.8 | 43 | -- | -- | -- | -- | -- | -- | -- | -- |
| Wellington Custom Benchmark | 3.5 | 96 | 25.7 | 1 | 6.5 | 76 | 5.9 | 80 | 5.2 | 37 | 7.0 | 47 | 4.3 | 69 | 2.4 | 79 |
| High Yield Comp | 14.9 | 62 | 5.7 | 37 | 14.0 | 71 | 41.2 | 65 | -19.0 | 29 | 4.7 | 11 | -- | -- | -- | -- |
| eA US High Yield Fixed Inc Gross Median | 15.5 | | 4.9 | | 14.9 | | 45.0 | | -21.2 | | 3.5 | | 10.5 | | 3.7 | |
| Post Advisory | 15.3 | 53 | 5.6 | 40 | 14.3 | 67 | 41.6 | 64 | -19.0 | 29 | 4.7 | 11 | 9.2 | 76 | 4.1 | 35 |
| KDP | 12.8 | 83 | 5.7 | 35 | 12.1 | 91 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Barclays High Yield | 15.8 | 43 | 5.0 | 49 | 15.1 | 45 | 58.2 | 14 | -26.2 | 81 | 1.9 | 89 | 11.8 | 28 | 2.7 | 81 |
| BofA Merrill Lynch US High Yield BB-B Rated | 14.7 | 65 | 5.4 | 45 | 14.5 | 64 | 46.1 | 49 | -23.7 | 70 | 2.7 | 72 | 10.7 | 49 | 3.4 | 64 |

Wellington DAS Custom Benchmark tracked the BC Agg from 5/2002 through 2/2011, and the CG US Treasury STRIPS from 7/11 through present. The benchmark change coincided with the switch in collateral position.

VPIC Composite

Total Fund Performance Detail

| | 2012 (%) | Rank | 2011 (%) | Rank | 2010 (%) | Rank | 2009 (%) | Rank | 2008 (%) | Rank | 2007 (%) | Rank | 2006 (%) | Rank | 2005 (%) | Rank |
|---|-------------|-----------|-------------|-----------|-------------|-----------|--------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Global Fixed Income Comp | 3.7 | 90 | 7.3 | 21 | 10.9 | 21 | 16.0 | 32 | 0.3 | 57 | 11.2 | 15 | -- | -- | -- | -- |
| <i>eA All Global Fixed Inc Gross Median</i> | 9.5 | | 5.0 | | 7.3 | | 10.6 | | 1.4 | | 8.7 | | 6.1 | | -1.2 | |
| Mondrian GFI | 2.1 | 97 | 5.8 | 38 | 8.6 | 33 | 8.8 | 59 | 10.2 | 11 | 11.5 | 13 | 5.5 | 64 | -3.5 | 61 |
| <i>Citigroup WGBI</i> | 1.6 | 98 | 6.4 | 33 | 5.2 | 85 | 2.6 | 97 | 10.9 | 9 | 11.0 | 17 | 6.1 | 51 | -6.9 | 93 |
| Emerging Market Debt | | | | | | | | | | | | | | | | |
| Wellington Opportunistic EMD | 19.9 | 35 | 7.6 | 16 | 13.7 | 70 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>JP Morgan EMBI Global TR</i> | 18.5 | 59 | 8.5 | 7 | 12.0 | 87 | 28.2 | 65 | -10.9 | 52 | 6.3 | 73 | 9.9 | 95 | 10.7 | 74 |
| <i>eA All Emg Mkts Fixed Inc Gross Median</i> | 19.1 | | 2.6 | | 14.5 | | 30.7 | | -10.8 | | 7.7 | | 12.3 | | 12.3 | |
| TIPS | | | | | | | | | | | | | | | | |
| BlackRock TIPS | 7.0 | -- | 13.6 | -- | 6.4 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Barclays US TIPS</i> | 7.0 | -- | 13.6 | -- | 6.3 | -- | 11.4 | -- | -2.4 | -- | 11.6 | -- | 0.4 | -- | 2.8 | -- |
| Total Real Estate | 13.4 | -- | 20.0 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Morgan Stanley Prime Property | 12.6 | -- | 16.8 | -- | 15.8 | -- | -33.7 | -- | -4.7 | -- | 16.2 | -- | 18.4 | -- | 19.9 | -- |
| UBS Trumbull | 10.2 | -- | 13.2 | -- | 16.9 | -- | -22.3 | -- | -7.5 | -- | 13.9 | -- | 16.6 | -- | 21.1 | -- |
| RREEF America REIT III | 23.8 | -- | 55.4 | -- | 9.1 | -- | -64.1 | -- | -41.7 | -- | 18.1 | -- | -- | -- | -- | -- |
| Transwestern / Aslan III | | | | | | | | | | | | | | | | |
| <i>NCREIF Property Index</i> | | | | | | | | | | | | | | | | |
| Hedge Fund Comp | 9.3 | 24 | -3.8 | 46 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>eA HFN FOF - Multi-Strategy Net Median</i> | 6.5 | | -4.0 | | 6.1 | | 13.9 | | -20.2 | | 11.2 | | 10.8 | | 7.6 | |
| Grosvenor | 8.5 | 29 | -3.4 | 42 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| GAM | 8.3 | 31 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Permal | 10.5 | 14 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>HFRI Fund of Funds Composite Index</i> | 4.7 | 74 | -5.7 | 68 | 5.7 | 55 | 11.5 | 62 | -21.4 | 57 | 10.3 | 56 | 10.4 | 56 | 7.5 | 51 |

Wellington Opportunistic EMD was transitioned from Wellington EMD on October 3, 2011. Past performance has been linked to the current account.

VPIC Composite

Total Fund Performance Detail

| | 2012 (%) | Rank | 2011 (%) | Rank | 2010 (%) | Rank | 2009 (%) | Rank | 2008 (%) | Rank | 2007 (%) | Rank | 2006 (%) | Rank | 2005 (%) | Rank |
|---|-------------|-----------|--------------|-----------|-------------|-----------|-------------|-----------|--------------|-----------|------------|-----------|----------|------|----------|------|
| GAA Comp | 15.2 | 5 | 0.6 | 34 | 17.9 | 20 | 31.0 | 21 | -26.3 | 61 | 5.7 | 87 | -- | -- | -- | -- |
| <i>eA Global TAA Gross Median</i> | 10.6 | | -0.8 | | 14.6 | | 23.4 | | -25.5 | | 11.0 | | 14.3 | | 8.4 | |
| Mellon Global Expanded Alpha | 11.3 | 40 | 1.0 | 34 | 16.1 | 29 | 31.4 | 17 | -36.0 | 92 | 1.7 | 95 | -- | -- | -- | -- |
| <i>Mellon CF GEA Index</i> | 11.0 | 46 | -4.9 | 86 | 10.1 | 82 | 25.4 | 37 | -27.0 | 65 | 13.4 | 36 | 16.6 | 34 | 7.5 | 68 |
| AQR Global Risk Premium | 15.8 | 1 | 6.6 | 12 | 24.6 | 7 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>60% MSCI World / 40% CITI WGBI</i> | 10.6 | 51 | -0.3 | 43 | 9.8 | 83 | 19.2 | 78 | -22.7 | 46 | 10.3 | 52 | 14.7 | 47 | 3.1 | 99 |
| PIMCO All Asset | 16.5 | 1 | 3.4 | 17 | 14.7 | 50 | 24.1 | 44 | -14.8 | 24 | 9.6 | 53 | -- | -- | -- | -- |
| <i>PIMCO All Asset Index</i> | 8.1 | 62 | 7.6 | 11 | 8.5 | 87 | 16.5 | 80 | -6.7 | 14 | 7.7 | 61 | 6.0 | 99 | 3.5 | 99 |
| <i>CPI + 5%</i> | 6.8 | 69 | 8.1 | 11 | 6.5 | 94 | 7.9 | 92 | 5.0 | 1 | 9.3 | 53 | 7.6 | 99 | 8.5 | 47 |
| Wellington OIF | 14.3 | 11 | -13.8 | 98 | 17.8 | 20 | 36.8 | 14 | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>65% MSCI World (Net) /35% BC Agg</i> | 11.9 | 29 | -0.7 | 50 | 10.5 | 81 | 21.6 | 62 | -26.9 | 64 | 8.4 | 55 | 14.4 | 48 | 7.1 | 75 |
| Commodities | | | | | | | | | | | | | | | | |
| Schroder | 0.5 | -- | -6.8 | 99 | 17.1 | 53 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Dow Jones-UBS Commodity Index TR</i> | -1.1 | -- | -13.3 | 99 | 16.8 | 55 | 18.9 | 67 | -35.6 | 30 | 16.2 | 94 | 2.1 | 56 | 21.4 | 99 |
| <i>eA Commodities Gross Median</i> | -- | | 0.0 | | 17.6 | | 24.5 | | -40.3 | | 33.4 | | 2.8 | | 27.1 | |
| Cash | 0.1 | -- | 0.2 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>91 Day T-Bills</i> | 0.1 | -- | 0.0 | -- | 0.1 | -- | 0.1 | -- | 1.3 | -- | 4.4 | -- | 5.0 | -- | 3.2 | -- |
| Private Equity | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Harbourvest Partners IX Credit Opportunities | | | | | | | | | | | | | | | | |
| Harbourvest Partners IX Venture Fund | | | | | | | | | | | | | | | | |
| Harbourvest Partners IX Buyout Fund | | | | | | | | | | | | | | | | |
| Harbourvest Dover VIII Fund | | | | | | | | | | | | | | | | |

Real Estate performance reported on a quarterly basis. NCREIF Property is available 25 days after quarter end.

Transwestern market value as of 6/30/2012.

PIMCO All Asset Index: 40% BC Agg / 30% TIPS / 10% S&P500 / 10% BC HY / 10% JPM EMBI+

Mellon CF GEA Index: 50% MSCI ACWI / 25% CITI WGBI H/H / 10% BC Global Inflation Linked H/H / 5% BC US Interm. Credit / 5% DJ-UBS Commodity / 5% R2000.



NEPC, LLC

December 31, 2012

Total Plan Performance Analysis

What helped performance

- Returns were positive for the quarter with global equities posting mixed results and more risky segments of the fixed income market continuing to experience strong gains
- International equities buoyed by positive news flow within the Euro zone, Japanese export-driven stocks and stronger economic data from China, beat domestic and emerging markets in the fourth quarter
 - Small/Mid caps generally outperformed Large caps in the domestic equity space
 - Active generally ahead of passive for the quarter
 - Aberdeen strongly outperformed the MSCI Emerging Market index in the fourth quarter returning 6.6% vs. the index return of 5.6%
- Emerging markets debt and high yield bonds rose the most as yield hungry investors sought higher returns in the low interest rate environment
 - Fixed Income experienced positive absolute returns for the quarter
 - The Diversified Fixed Income managers were mostly ahead of their benchmarks as Allianz Structured Alpha and PIMCO Core Plus outperformed returning 0.4% and 0.5% respectively. PIMCO Unconstrained returned 0.6% slightly underperforming its benchmark, while Wellington DAS returned 2.1%, well ahead of its custom benchmark.
 - High Yield managers each underperformed the index over the quarter with Post Advisory returning 3.2% and KDP returning 2.6% versus the Barclays High Yield Index return of 3.3% Mondrian experienced a negative return of -2.9% trailing the Citigroup WGBI return of -1.7%
 - Wellington Opportunistic EMD slightly outperformed the benchmark returning 3.6% while the JP Morgan EMBI Global TR returned 3.3%
- Active management contributed to relative performance in the fourth quarter
 - Active management contributed 30bps of performance to each plan
- GAA Strategies performed well in the fourth quarter
 - PIMCO All Asset returned 3.0% and Wellington OIF returned 2.8% for the quarter, both benefitting from greater fixed income exposure
 - Mellon and AQR and returned 0.6% and 1.8%

What hurt performance

- Individual manager performance in the international composite trailed benchmarks
 - Acadian returned 5.2%, and Mondrian returned 3.5% both underperforming the MSCI EAFE return of 6.6%
 - The Total International Equity composite returned 4.7% underperforming the MSCI EAFE for the quarter
- PIMCO Unconstrained returned 0.6% for the quarter, underperforming its benchmark return of 1.8%
- Mondrian Global Fixed Income return -2.9% underperforming the Citigroup WBGI return of -1.7%
- High yield as an asset class did well in the fourth quarter, but individual manager performance lagged their benchmarks with Post Advisory returning 3.2% and KDP returning 2.6% versus the Barclays High Yield return of 3.3%
- Commodities struggled in the fourth quarter leaving the 2012 return relatively flat
 - Schroders returned -5.8% outperforming the Dow Jones-UBS Commodity Index TR which returned -6.3%

T. Rowe Price – Large Cap Core

- What Helped: Outperformed slightly for the quarter primarily due to stock selection within the materials sector, especially within the chemicals industry
- What Hurt: Stock selection in financials and energy detracted almost equally from relative return

SSgA S&P 500 Equal Weighted – Large Cap Core

- What Helped: Industrials had the largest contribution to return at 0.83%
- What Hurt: Utilities contributed the least to total return detracting 0.14%

SSgA S&P 500 Cap Weighted – Large Cap Core

- What Helped: Financials had the biggest contribution to return at 0.86%
- What Hurt: Information Technology detracted 1.14%% from total return

SSgA S&P Mid Cap 400 – SMID

- What Helped: Industrials had the biggest contribution to return at 1.68%%
- What Hurt: Health Care detracted the most, detracting 0.16%

Wellington – Small Cap Value Equities

- What Helped: Sector allocation was a significant contributor to outperformance during the quarter, in particular an overweight allocation to the strong-performing industrials sector was additive
- What Hurt: Security selection in materials and information technology detracted from performance

Champlain – Mid Cap Core Equities

- What Helped: Software stock selection was favorable for the quarter, although the sector was a slight drag for relative returns for the quarter
- What Hurt: Holdings in industrials & materials, energy, financials, and consumer staples all detracted from performance as the strategy underperformed by 190bps over the quarter.

SSgA Russell 2000 Growth – Small Cap Growth Equities

- What Helped: Telecommunication Services was the best performing industry returning 5.86% for the quarter
- What Hurt: Consumer Staples returned -1.07%, the only sector with a negative return for the quarter

Acadian – Int'l Developed Equities

- What Helped: Stock selection and an overweight position in Germany and a combination of stock selection and a market underweight to U.K. and an active allocation to Poland
- What Hurt: Portfolio underperformed its benchmark by 120bps with country allocations detracting value while stock selection was neutral

SSgA – MSCI ACWI Ex-US

- What Helped: Financials contributed 2.58% to the quarterly return
- What Hurt: Telecommunication Services detracted 0.16% from the quarter's return

Mondrian – Int’l Developed Equities

- What Helped: Country allocation added modestly to relative returns
- What Hurt: Stock selection within markets held back relative investment returns, in particular holdings in Japan and in the UK failed to match strong absolute returns from those country markets.

Aberdeen – Emerging Market Equities

- What Helped: Stock selection led relative performance, in particular Turkey and Mexico positions drove performance over the quarter.
- What Hurt: Asset allocation was broadly negative, specifically at the country level where an underweight to China detracted most from relative return as the stock market rebounded on signs of improved domestic growth and a smooth leadership transition.

PIMCO – Core Plus Fixed Income

- What Helped: Investment grade and high yield corporate bonds outperformed like-duration Treasuries along with Emerging markets outperforming for the quarter as investor demand for risk assets remained elevated given persistently low Treasury yields.
- What Hurt: Agency MBS underperformed like-duration Treasuries in the fourth quarter, U.S. Treasuries underperformed most other developed sovereign bond markets on a hedged basis for the quarter

Allianz – Core Fixed Income

- What Helped: Delivered positive quarterly outperformance by largely waiting out the exogenous risks posed by arbitrary political deadline.
- What Hurt: Allianz viewed option prices in December as too low to compensate the portfolio for the exogenous risk.

PIMCO - Unconstrained

- What Helped: Contributors to the quarter's outperformance include exposure to non-Agency mortgages amid ongoing strong demand for spread products, an emphasis on U.S. Financials, short-duration payer US dollar swap and swaptions, exposure to emerging market duration, especially in Brazil, as local rates continued to fall.
- What Hurt: Short-credit exposure through credit default swap indexes, which detracted as corporate spreads broadly tightened, and short core European rates, as swap rates were net lower while swap spreads also declined.

Wellington – Diversified Alpha Strategies

- What Helped: Ten of 13 strategies contributed to alpha during the period as the strategy outperformed its benchmark. Select Intrinsic Value, International Contrarian Value, and Government Relative Value were the largest sources of outperformance.
- What Hurt: Negative contributors included Select Quality Equity, Health Care, and Long/Short Country Alpha.

Schroders – Commodities

- What Helped: Despite a negative return of 2.3% on the month, remarkably, gold completed its 12th straight year of positive returns, rising 7.1% during 2012.
- What Hurt: Strategy has struggled to understand whether the fundamentals of supply, demand and inventory which, with few exceptions, have been largely deflationary (as supply has outstripped demand) or the macroeconomic fundamentals, which are inherently inflationary as the money supply expands, have been in the ascendency.

Post Advisory – High Yield Debt

- What Helped: Focused on higher quality businesses in defensive and stable industries
- What Hurt: Holding small amount of cash (approximately 5% for 2012) was a drag on performance over the quarter and year

KDP – High Yield Debt

- What Helped: most significant bond gainers were FMG Resources (+14%), Alpha Natural Resources (+12%) and Ally Financial (+11.5%), while the most significant loan gains came from new issues including Astoria (+7.7%) and Ardent Health (+6.5%).
- What Hurt: The most significant drag on Bond performance was a 9% decline in AMD bonds and a 3% decline in the portfolio's JC Penney bonds.

Mondrian – Global Fixed Income

- What Helped: Strongest performing markets were Poland (up 9.2%) and the Eurozone (up 5.6%). Eurozone performance also benefitted from currency strength and falling yields in Italy and Spain.
- What Hurt: Weakest performing markets were Japan (down 10.1%) and Canada (down 1.2%).

Wellington – Opportunistic Emerging Market Debt

- What Helped: Security selection contributed 69bps to overall performance over the quarter. Positioning in Brazil (+13bps) Russia (+11 bps), and Mexico (+8 bps) were the top contributors to overall performance.
- What Hurt: Underweights to Venezuela (-15 bps) and Turkey (-4 bps), as well as an allocation to South Korea (-4 bps) detracted.

Mellon Global Expanded Alpha I – Global Asset Allocation

- What Helped: Bond Country Allocation added 95bps to performance
- What Hurt: Currency Allocation detracted 191bps from total performance

PIMCO All Asset – Global Asset Allocation

- What Helped: Exposure to emerging market bonds (both local and U.S. dollar-denominated), holdings in high yield and non-Agency MBS credit strategies as spreads narrowed, exposure to non-U.S. equities, as developed non-U.S. and emerging market equities gained on optimism over improving global economy.
- What Hurt: Exposure to commodities as commodity markets posted negative returns

Wellington OIF – Global Asset Allocation

- What Helped: Security selection within alpha managers, absolute return strategies, and the European exposure added value.
- What Hurt: Precious metals equities and commodities were the primary detractors from absolute and relative returns.

AQR Global Risk Premium – Global Asset Allocation

- What Helped: Returns for three of the four risk categories in the Fund were positive for the quarter, with Equities contributing +0.7%, Nominal Interest Rates contributing +0.6%, and Credit contributing +1.0%.
- What Hurt: Inflation risk detracted -0.5% over the quarter

Manager Executive Summary

| Manager | Historical Staff & Organization Changes | Investment Process Changes | Focused Placement List | Watch List History | Latest Meeting with NEPC |
|-------------------------|---|----------------------------|------------------------|--------------------|--|
| T. Rowe Price | No changes | No Changes | Preferred: No Action | n/a | 11/27/2012: Onsite visit and update on firm and product. |
| SSgA S&P 500 Cap-Wght | No changes | No changes | Neutral: No Action | n/a | 12/18/2012: Update on the firm and portfolio management teams. |
| SSgA S&P 500 Equal-Wght | No changes | No changes | Neutral: No Action | n/a | 12/18/2012: Update on the firm and portfolio management teams. |
| SSgA S&P 400 | No changes | No changes | Neutral: No Action | n/a | 12/18/2012: Update on the firm and portfolio management teams. |

Manager Executive Summary

| Manager | Historical Staff & Organization Changes | Investment Process Changes | Focused Placement List | Watch List History | Latest Meeting with NEPC |
|--------------------------|--|---|------------------------|--|---|
| Champlain SMID | No changes | No changes | Preferred: No Action | n/a | 5/4/2012: Firm and product update and current market environment. |
| Wellington Small Value | No changes | No changes | Preferred: No Action | n/a | 11/5/2012: Onsite visit, firm and product update |
| SSgA Russell 2000 Growth | No changes | No changes | Neutral: No Action | n/a | 12/18/2012: Update on the firm and portfolio management teams. |
| Acadian Int'l Equity | <p>6/2/10: James Wylie, Head of Sales, left.</p> <p>6/15/10: Charles Wang, Director of Research, left.</p> <p>7/2/10: Matt Cohen, Portfolio Manager, will depart at yr end.</p> <p>Oct 2010: Joshua White will be joining as a Portfolio Manager</p> <p>March 2011: Terrance Burnham, Director of Portfolio Management, left.</p> <p>Qi Zeng, Client Portfolio Manager, left</p> | Acadian has moved from the Barra risk model to an in house developed model based off of Axioma data. This gives the team the ability to develop their own risk factors. The risk model was implemented on September 1st 2012. | Preferred: No Action | <p>7/28/2010: Watch</p> <p>10/24/2011: Preferred</p> | 10/31/2012: General update. |
| Mondrian Int'l Equity | <p>March 2010: Fiona Barwick, Partner, will depart.</p> <p>Hellman & Friedman, a PE firm with a 27% stake is looking to exit over the next few years.</p> | No Changes | Preferred: No Action | n/a | 10/10/2012: Update with Clive Gilmore at NEPC |



Manager Executive Summary

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|---------------------------|---|----------------------------|------------------------|--------------------|--|
| SSgA ACWI Ex-US | No changes | No changes | Neutral: No Action | n/a | 12/18/2012: Update on the firm and portfolio management teams. |
| Aberdeen Emerging Markets | No changes | No changes | Preferred: No Action | n/a | 9/17/2012: Update meeting |
| Allianz Structured Alpha | No changes | No changes | Neutral: No Action | n/a | 9/1/2011: Review of recent performance. |
| Wellington DAS | No changes | No changes | Neutral: No Action | n/a | 9/11/2012: Update meeting |
| PIMCO Core Plus | No changes | No changes | Preferred: No Action | n/a | 11/13/2012: Update meeting, onsite visit at PIMCO |

Manager Executive Summary

| Manager | Historical Staff & Organization Changes | Investment Process Changes | Focused Placement List | Watch List History | Latest Meeting with NEPC |
|---|---|----------------------------|------------------------|---|--|
| Post Advisory | <p>March 2012: Jeff Lapin research analyst and Ralph Canada, Head of Marketing and Sales left.</p> <p>January 2013: Melinda Newman, Senior Portfolio Manager no longer with firm.</p> | No changes | Preferred: On Hold | <p>3/29/2011: Hold</p> <p>1/9/2012: No Action</p> <p>4/3/2012: Hold</p> | 7/31/2012: Update on product and recent departures |
| KDP | No changes | No changes | Neutral: No Action | n/a | 9/23/2011: Update meeting |
| Mondrian Global Bonds | No changes | No changes | Neutral: No Action | n/a | 6/28/12- Firm and strategy update |
| Wellington Opportunistic Emerging Market Debt | No changes | No changes | Preferred: No Action | n/a | 1/18/2013: Update meeting at Mondrian |

Manager Executive Summary

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|--------------------------------|--|--|------------------------|----------------------|--|
| BlackRock TIPS | No changes | No changes | Preferred:No Action | 4/12/2012: Preferred | 7/29/2011: Annual onsite meeting. |
| Mellon Global Expanded Alpha I | 10/28/2010: Helen Potter, Portfolio Manager March 2011: Michael Ho, CIO, is leaving Lex Hubert is returning to MCM | New, more diversified benchmark adds international and emerging small cap equities, high yield and emerging market debt. Changes to portfolio/benchmarked expected to occur at end of third quarter. | Preferred: Watch | 1/19/2012: Preferred | 5/22/2012: Update |
| AQR Global Risk Premium | No changes | No changes | Preferred: No Action | 4/29/2010: Preferred | 11/27/2012: Update |
| PIMCO All Asset | No changes | No changes | Preferred: No Action | n/a | 5/1/2012: Reviewed recent performance, investment strategy, and market expectations. |
| Wellington OIF | November 2012: Mark Lynch hired as Portfolio Manager | No changes | Preferred: No Action | n/a | 11/16/2012: Update meeting, discuss Mark Lynch as new Portfolio Manager |



Manager Executive Summary

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|-----------|--|--|------------------------|--|---|
| Schroders | No changes | No changes | Preferred: No Action | n/a | 12/20/2012: Update and market outlook |
| Grosvenor | No changes | No changes | Preferred: No Action | n/a | 10/31/2012 : Q3 update |
| GAM | 11/15/2011: Hire Anthony Lawler as a portfolio manager | Changes to build optionality/convexity into portfolio. Moving from singular downside protection/uncorrelated focus to also upside participation. Should be a positive for the strategy | Neutral: No Action | 6/30/2010: Preferred 4/19/2012: Neutral | 4/19/12 – Q4 performance update |
| Permal | 10/1/2012: Mark Fetting, Chairman and Chief Executive Officer, has decided to step down effective October 1st. | No changes | Preferred: No Action | n/a | 10/24/2012: Update, Q3 performance update |