

Pennsylvania Public School Employees' Retirement System

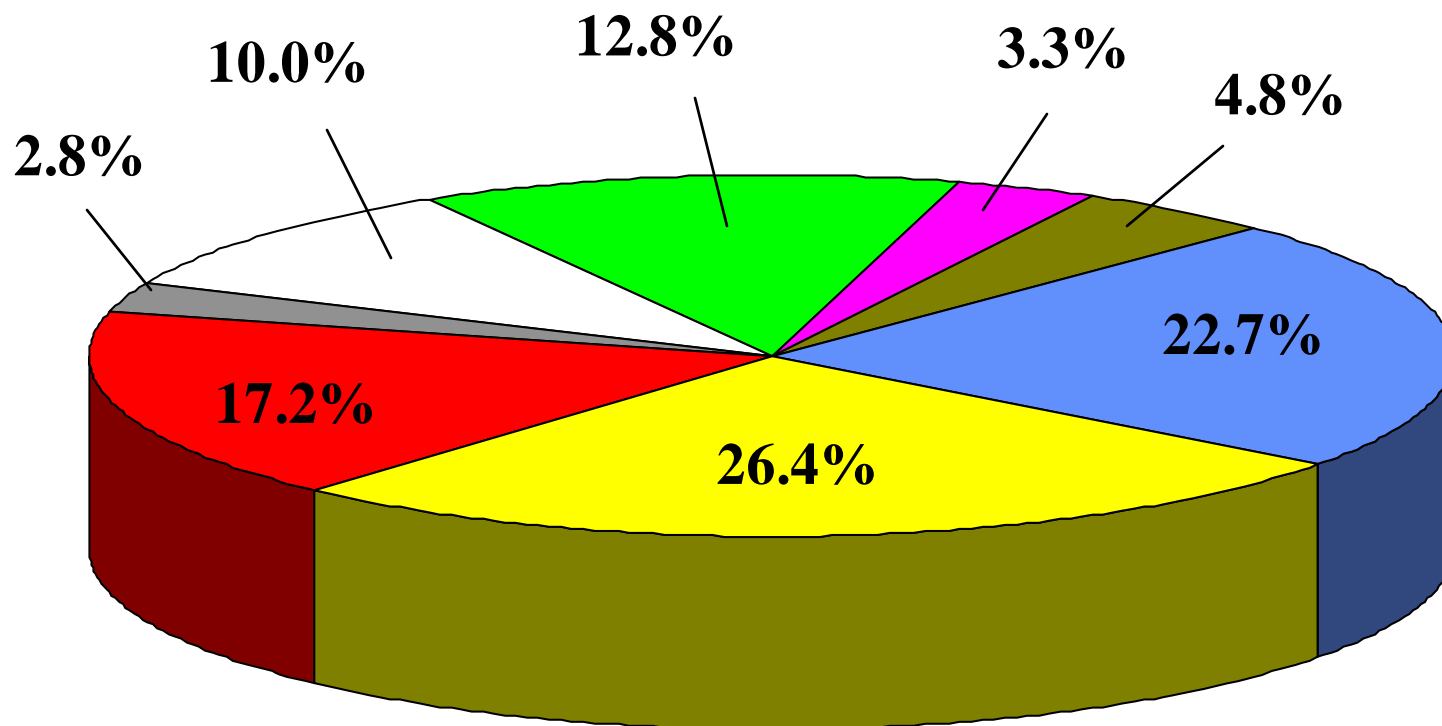


PSERS' Investment Market Values as of June 30, 2008 (Unaudited)

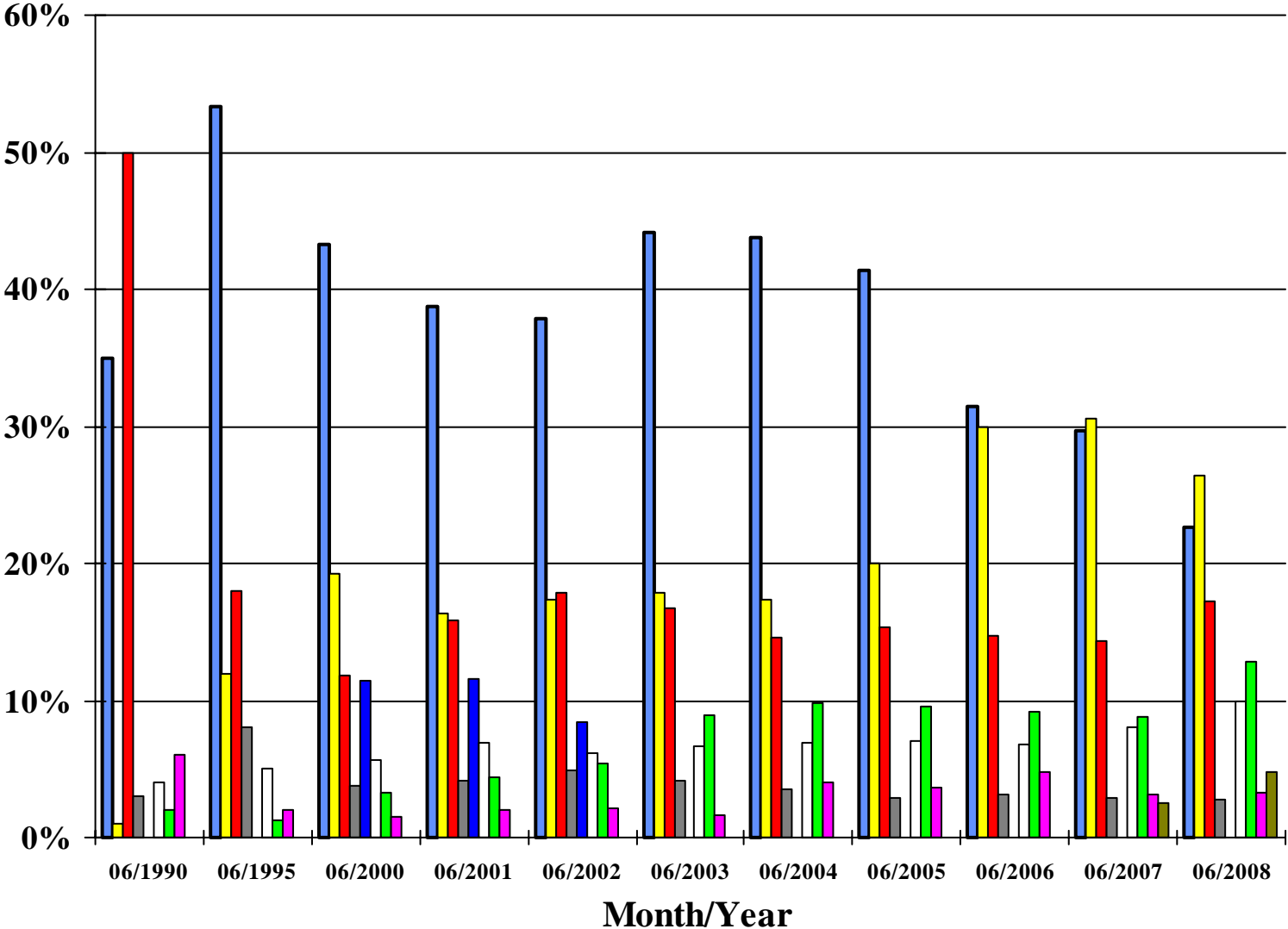
| Asset Class | Market Value (in millions) | % of Total | Target Allocation | Policy Ranges |
|---------------------------|-------------------------------|---------------|----------------------|------------------|
| U.S. Equity | \$ 14,249.9 | 22.7% | 22.5% | 18.9% - 26.1% |
| Non-U.S. Equity | 16,516.0 | 26.4% | 27.5% | 23.0% - 32.0% |
| Private Equity | 5,695.5 | 9.1% | | |
| Private Debt | 1,525.5 | 2.4% | | |
| Venture Capital | 786.1 | 1.3% | | |
| Subtotal Private Markets | <u>8,007.1</u> | 12.8% | 13.0% | |
| Real Estate | <u>6,253.7</u> | 10.0% | 10.0% | |
| Total Equity | <u>45,026.7</u> | 71.9% | 73.0% | 67.5% - 78.5% |
| U.S. Fixed Income | 10,792.9 | 17.2% | | |
| Global Fixed Income | 1,770.4 | 2.8% | | |
| Cash & Cash Equivalents * | <u>2,063.3</u> | 3.3% | | |
| Total Fixed Income | 14,626.6 | 23.3% | 22.0% | 18.9% - 25.1% |
| Commodities | <u>2,997.2</u> | 4.8% | 5.0% | 3.7% - 6.3% |
| TOTAL FUND | <u>\$ 62,650.5</u> | 100.0% | 100.0% | |

* - includes Cash, Cash Equivalents, and net asset value accounting adjustments

PSERS' Portfolio Distribution as of June 30, 2008 (Unaudited)

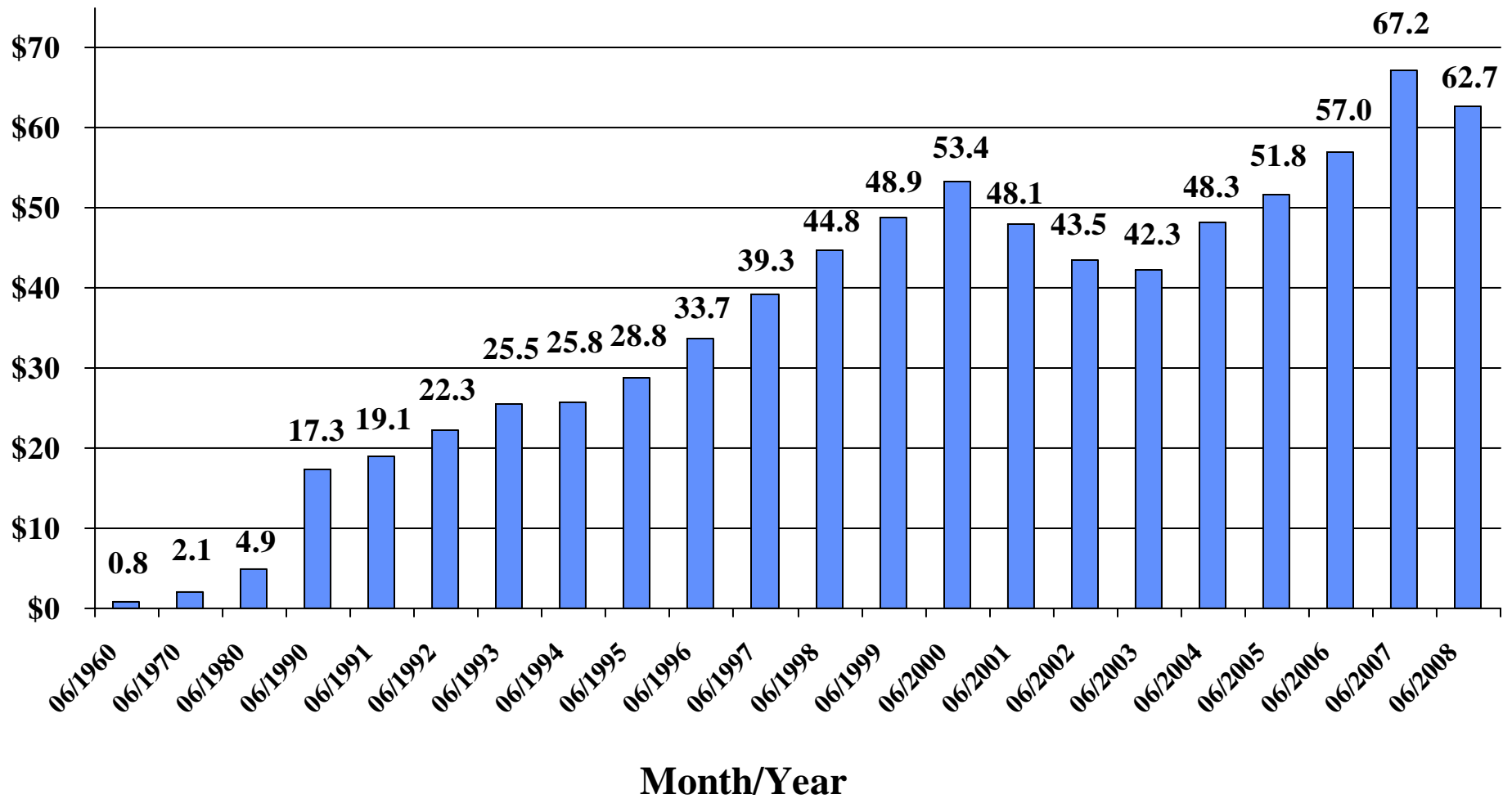


PSERS' Historical Asset Allocation

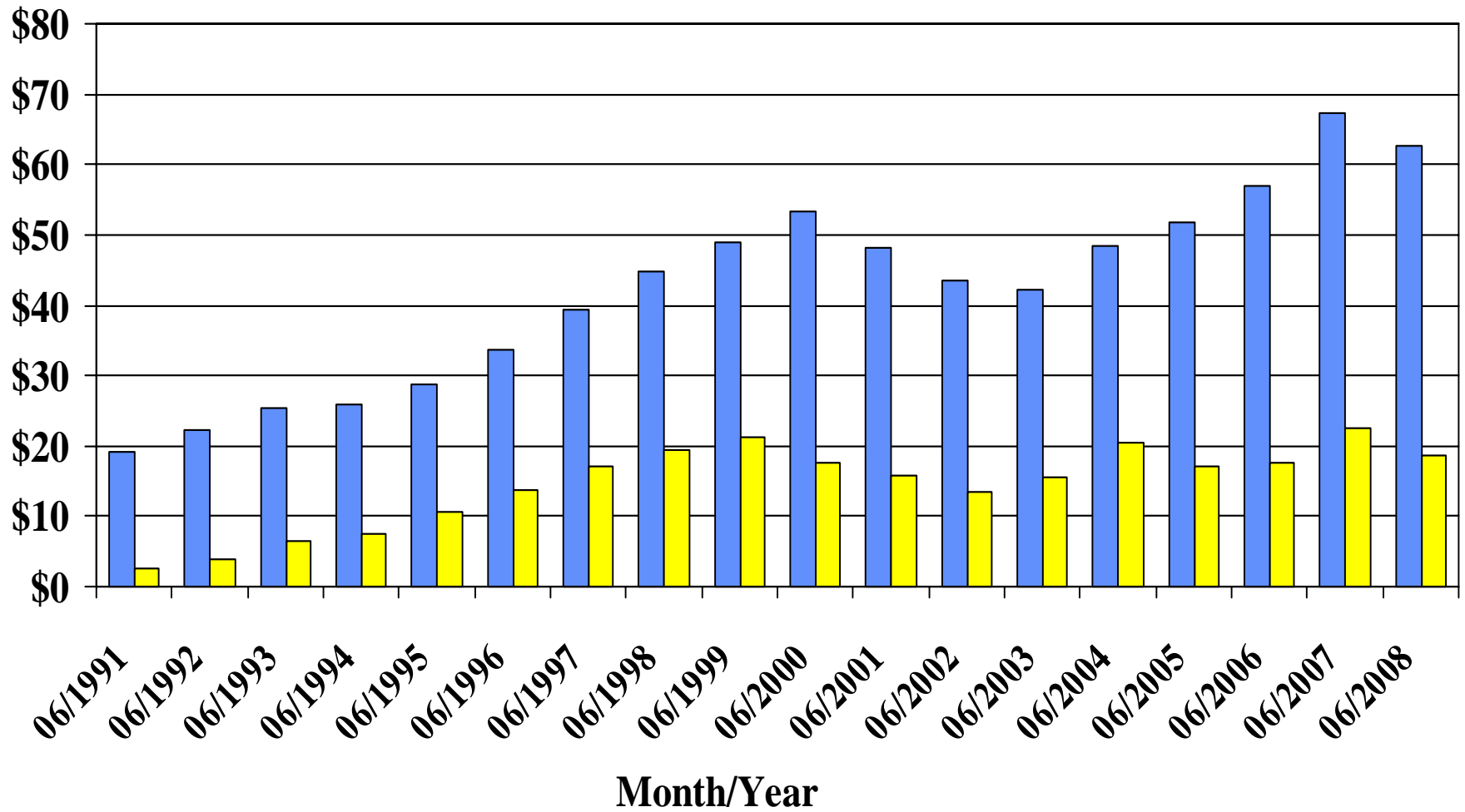


- U.S. Equity
- Non-U.S. Equity
- U.S. Fixed Income
- Global Fixed Income
- Global Asset Allocation
- Real Estate
- Private Markets
- Cash & Cash Equivalents
- Commodities

PSERS' Investment Market Values (in billions)



Internally Managed Assets (in billions)



PSEERS' Average Monthly Additions and Deductions
For the Fiscal Year Ended June 30, 2007

Additions:

- Member Contributions..... \$ 71 Million
- Employer Contributions..... \$ 55 Million
- Net Investment Income..... \$ 1,058 Million
- Total Additions..... \$ 1,184 Million

Deductions:

- Pension Benefits..... \$ 339 Million
- Administrative Expenses \$ 3 Million
- Total Deductions..... \$ 342 Million

PERS' Sources of Funding

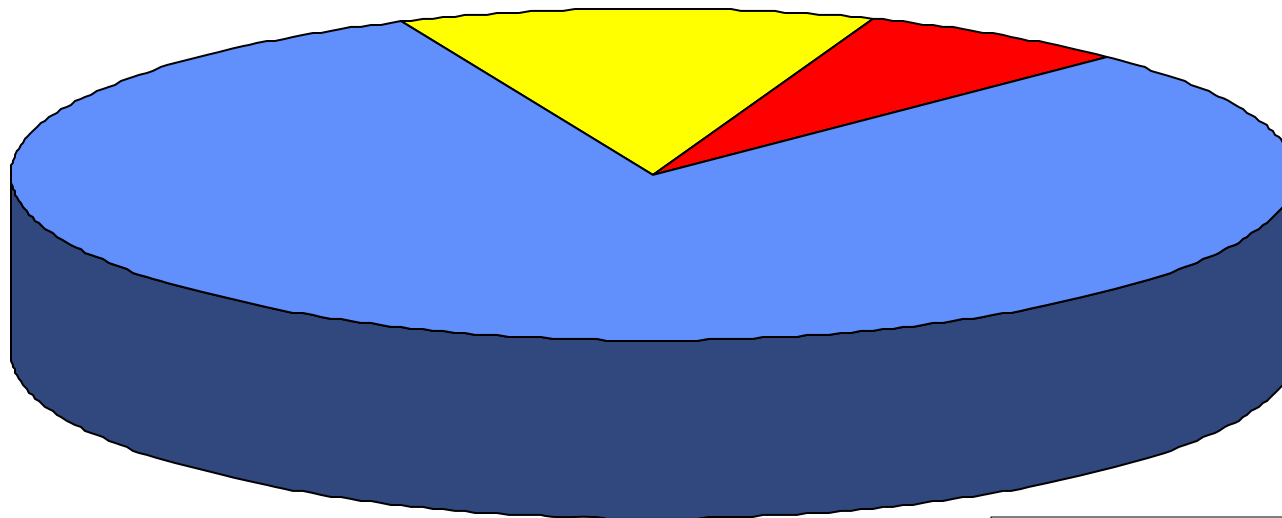
10 Year History (Fiscal Year 1998 to 2007)

Employee Contributions

\$6.8 Billion (12% of Total)

Employer Contributions

\$4.2 Billion (7% of Total)

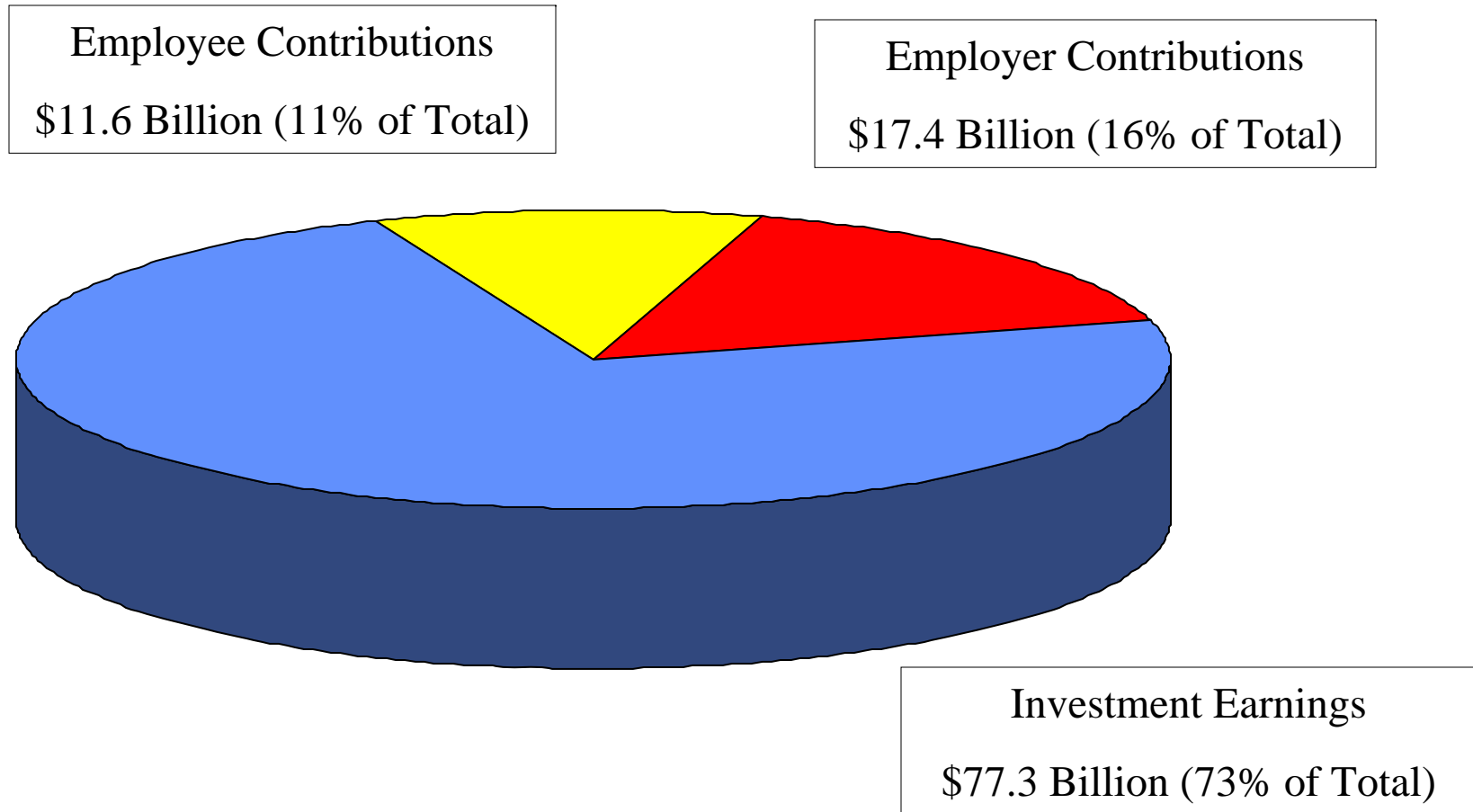


Investment Earnings

\$47.0 Billion (81% of Total)

PERS' Sources of Funding

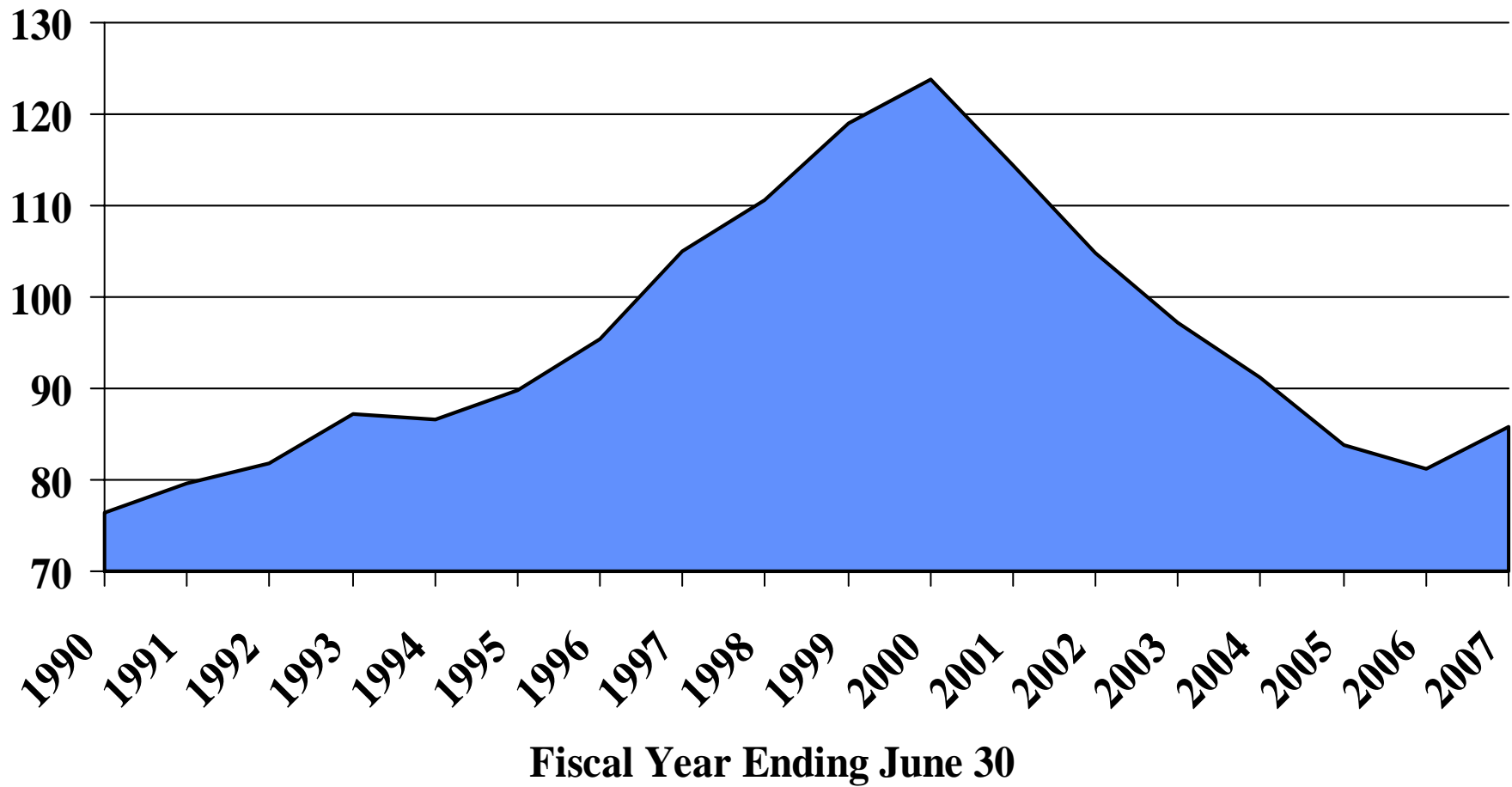
25 Year History (Fiscal Year 1983 to 2007)



PSERS' Funded Ratio – 1990 to 2007 (in millions)

| FY Ending June 30 | Accrued Liability | Valuation Assets | Unfunded (Overfunded) Accrued Liability | Funded Ratio (%) |
|------------------------------|------------------------------|-----------------------------|--|-----------------------------|
| 2007 | \$ 66,593 | \$ 57,155 | \$ 9,438 | 85.8 |
| 2006 | 64,720 | 52,558 | 12,162 | 81.2 |
| 2005 | 61,226 | 51,219 | 10,007 | 83.7 |
| 2004 | 57,124 | 52,095 | 5,029 | 91.2 |
| 2003 | 54,443 | 52,900 | 1,543 | 97.2 |
| 2002 | 51,796 | 54,296 | (2,500) | 104.8 |
| 2001 | 47,917 | 54,830 | (6,913) | 114.4 |
| 2000 | 39,823 | 49,293 | (9,470) | 123.8 |
| 1999 | 37,499 | 44,606 | (7,107) | 119.0 |
| 1998 | 36,136 | 39,969 | (3,833) | 110.6 |
| 1997 | 33,210 | 34,873 | (1,663) | 105.0 |
| 1996 | 31,630 | 30,171 | 1,459 | 95.4 |
| 1995 | 30,073 | 26,971 | 3,102 | 89.7 |
| 1994 | 28,348 | 24,552 | 3,796 | 86.6 |
| 1993 | 25,947 | 22,644 | 3,303 | 87.3 |
| 1992 | 24,570 | 20,068 | 4,502 | 81.7 |
| 1991 | 22,574 | 17,962 | 4,612 | 79.6 |
| 1990 | 20,914 | 15,996 | 4,918 | 76.5 |

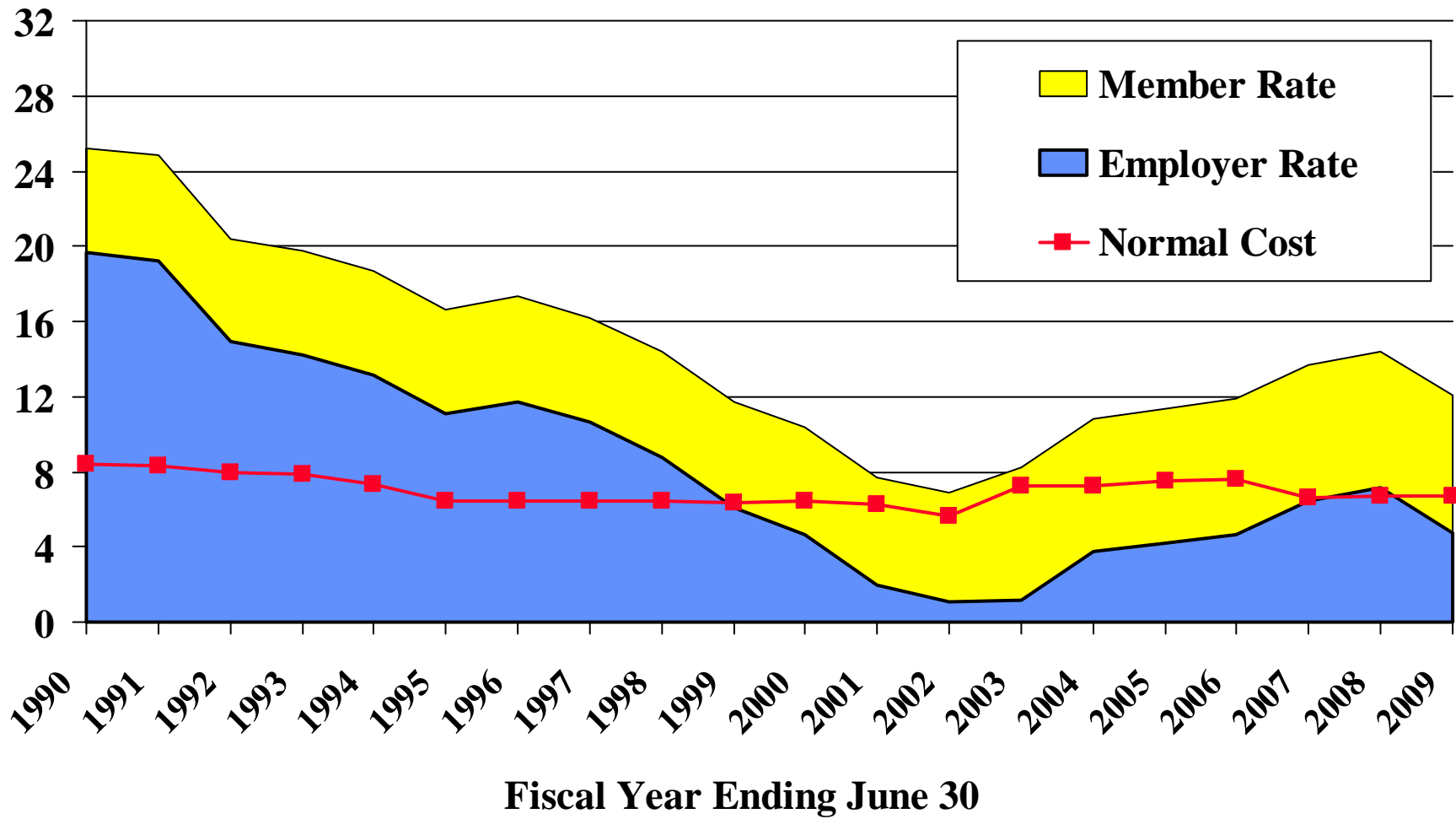
PSERS' Funded Ratio – 1990 to 2007 (percentage)



Total Contribution Rates Since 1989-90

| Fiscal Year | Employer Rate | Employee Rate | Total Contribution Rate |
|--------------------|----------------------|----------------------|--------------------------------|
| 2008-09 | 4.76% | 7.29% | 12.05% |
| 2007-08 | 7.13 | 7.25 | 14.38 |
| 2006-07 | 6.46 | 7.21 | 13.67 |
| 2005-06 | 4.69 | 7.16 | 11.85 |
| 2004-05 | 4.23 | 7.12 | 11.35 |
| 2003-04 | 3.77 | 7.08 | 10.85 |
| 2002-03 | 1.15 | 7.10 | 8.25 |
| 2001-02 | 1.09 | 6.43 | 7.52 |
| 2000-01 | 1.94 | 5.77 | 7.71 |
| 1999-2000 | 4.61 | 5.72 | 10.33 |
| 1998-99 | 6.04 | 5.69 | 11.73 |
| 1997-98 | 8.76 | 5.65 | 14.41 |
| 1996-97 | 10.60 | 5.62 | 16.22 |
| 1995-96 | 11.72 | 5.59 | 17.31 |
| 1994-95 | 11.06 | 5.55 | 16.61 |
| 1993-94 | 13.17 | 5.51 | 18.68 |
| 1992-93 | 14.24 | 5.48 | 19.72 |
| 1991-92 | 14.90 | 5.46 | 20.36 |
| 1990-91 | 19.18 | 5.69 | 24.87 |
| 1989-90 | 19.68 | 5.53 | 25.21 |

History of Member and Employer Contribution Rates Since 1989-90



Projected Member and Employer Contribution Rates

