

Pennsylvania Public School Employees' Retirement System



PSERS' Investment Portfolio

Asset Allocation as of December 31, 2010 (Unaudited)

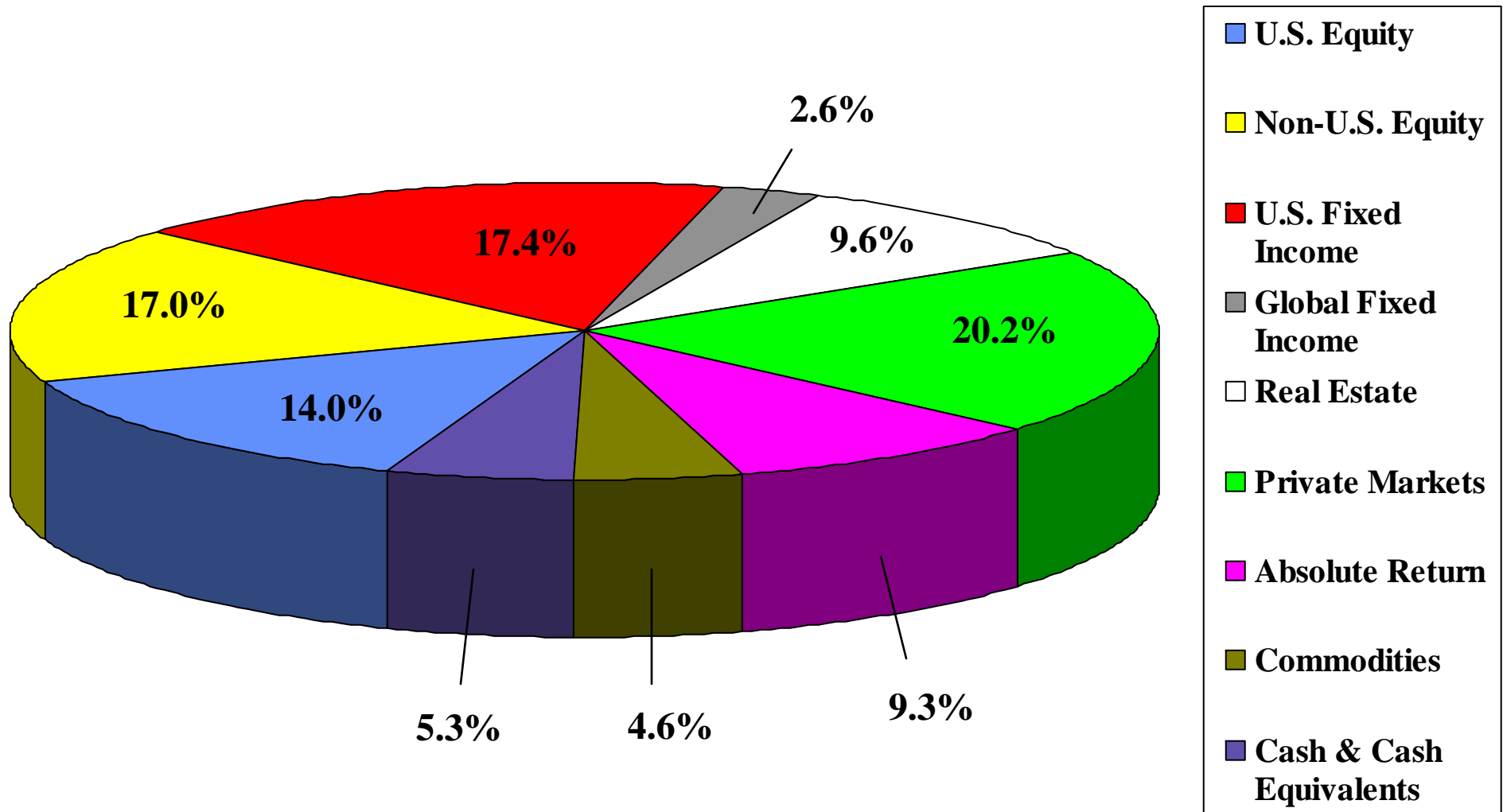
| Asset Class | Market Value (in millions) | % of Total | Target Allocation | Policy Ranges |
|-----------------------------------|-------------------------------|---------------|----------------------|------------------|
| U.S. Equity | \$ 6,886.3 | 14.0% | | |
| Non-U.S. Equity | 8,386.7 | 17.0% | | |
| Subtotal Public Market Equities | <u>15,273.0</u> | 31.0% | 27.60% | +/- 10.0% |
| Private Equity | 6,763.0 | 13.7% | | |
| Private Debt | 2,407.6 | 4.9% | | |
| Venture Capital | 792.4 | 1.6% | | |
| Subtotal Private Markets | <u>9,963.0</u> | 20.2% | 20.50% | |
| Real Estate | <u>4,745.0</u> | 9.6% | 9.00% | |
| Total Equity | <u>29,981.0</u> | 60.8% | 57.10% | +/- 10.0% |
| U.S. Fixed Income | 8,550.3 | 17.4% | | |
| Global Fixed Income | <u>1,283.2</u> | 2.6% | | |
| Total Fixed Income | <u>9,833.5</u> | 20.0% | 22.90% | +/- 10.0% |
| Absolute Return | 4,596.5 | 9.3% | 10.00% | +/- 4.0% |
| Commodities | 2,260.0 | 4.6% | 5.00% | +/- 4.0% |
| Cash & Cash Equivalents * | <u>2,619.0</u> | 5.3% | 5.00% | |
| TOTAL INVESTMENT PORTFOLIO | \$ 49,290.0 | 100.0% | 100.00% | |
| Net Other Assets and Liabilities | <u>508.4</u> | | | |
| PSERS TOTAL ASSETS | <u>\$ 49,798.4</u> | | | |

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

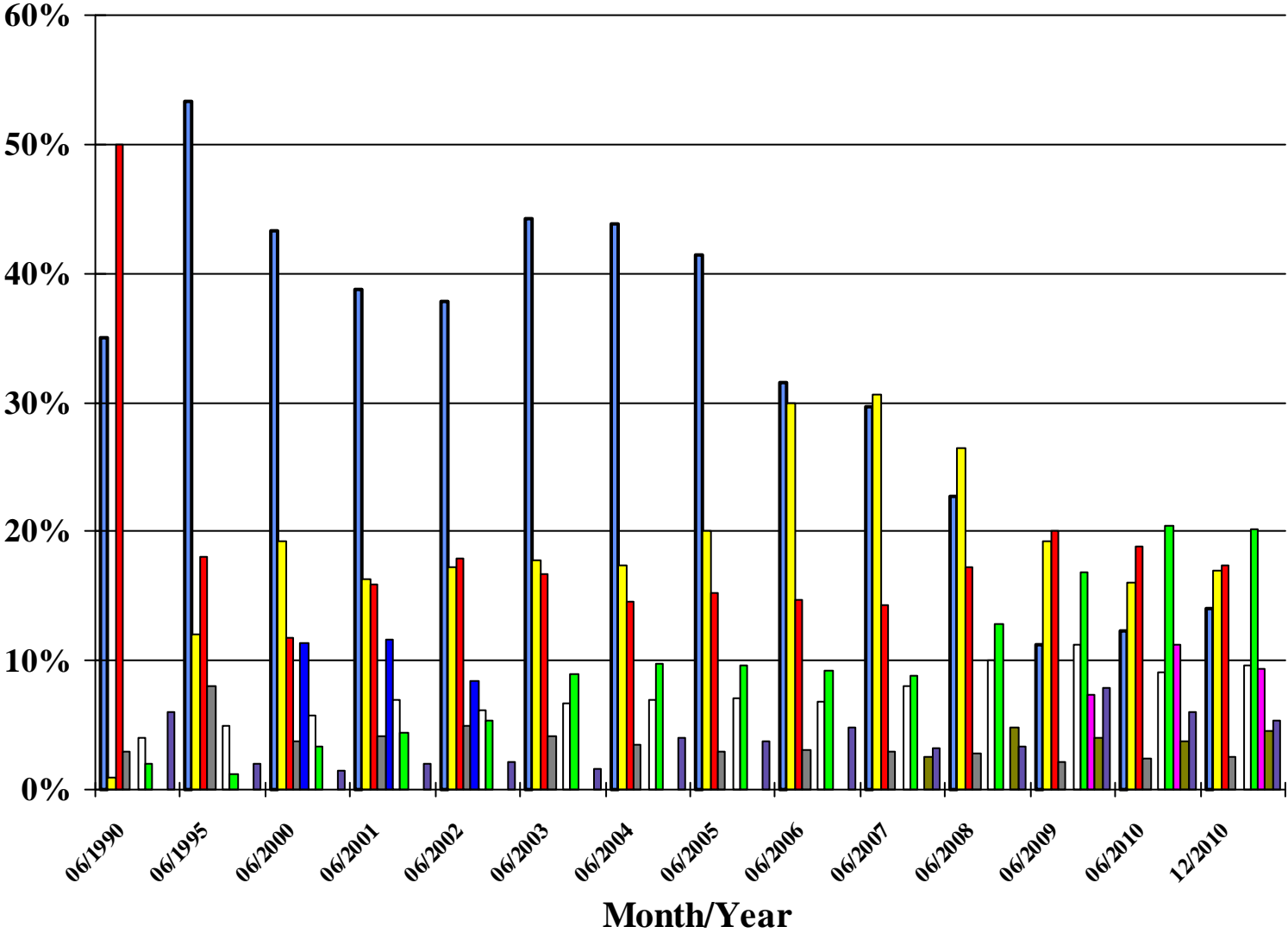
PSEERS' Investment Portfolio

Asset Allocation as of December 31, 2010

(Unaudited)

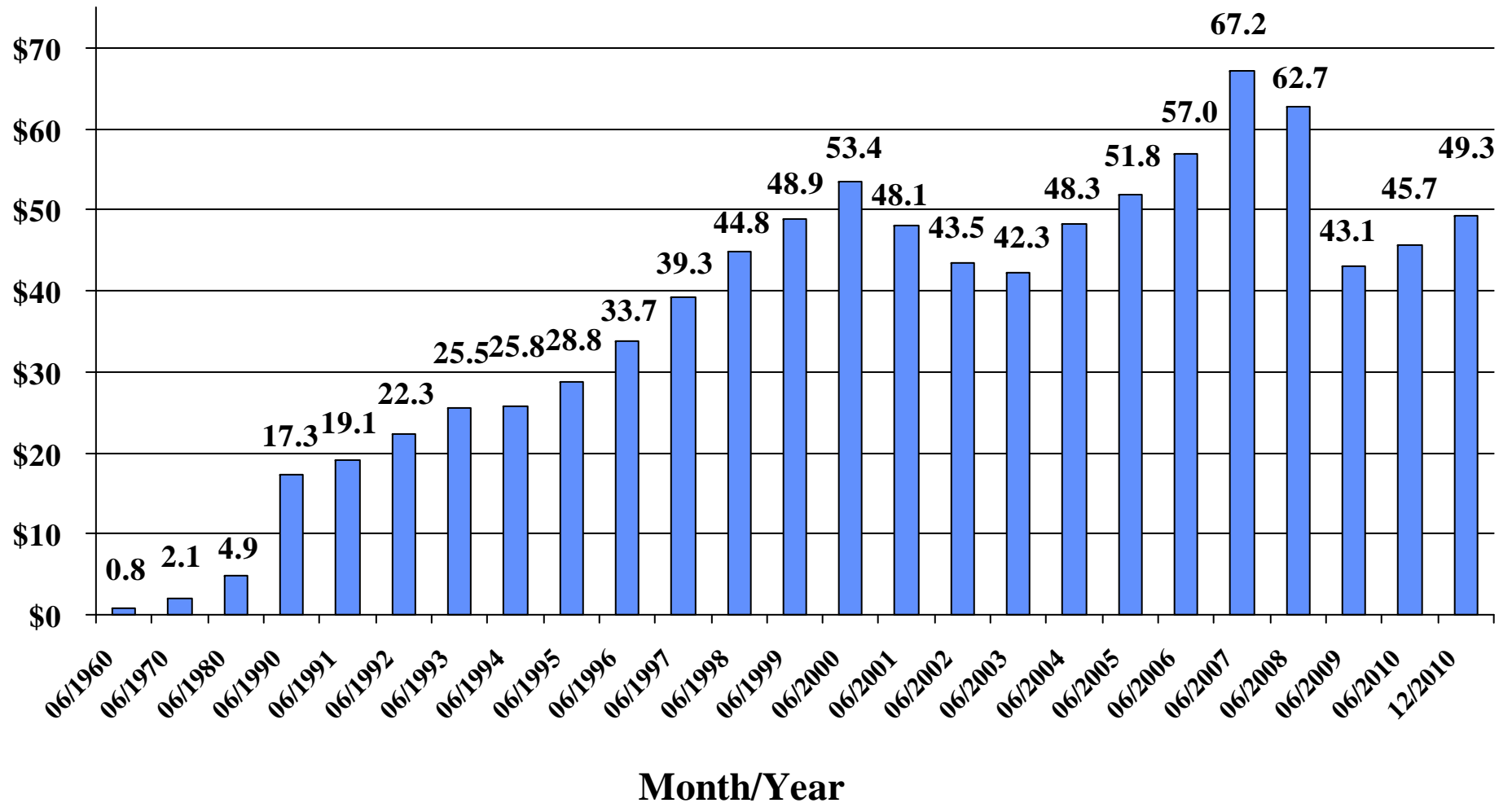


PSERS' Historical Asset Allocation



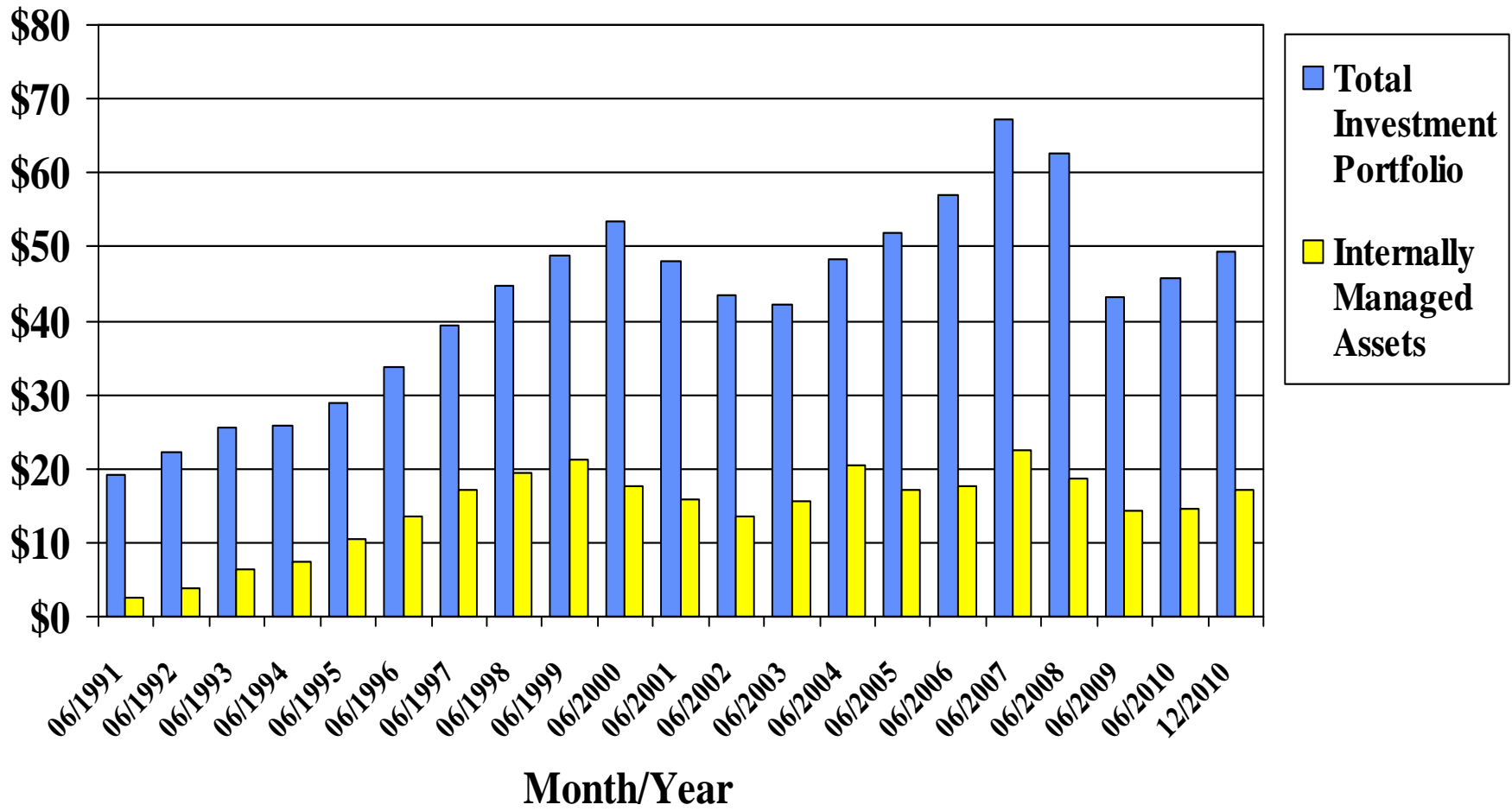
- U.S. Equity
- Non-U.S. Equity
- U.S. Fixed Income
- Global Fixed Income
- Global Asset Allocation
- Real Estate
- Private Markets
- Absolute Return
- Commodities
- Cash & Cash Equivalents

PERS' Investment Portfolio Total Market Value (in billions)



PSERS' Investment Portfolio

Internally Managed Assets (in billions)



PSEERS' Average Monthly Additions and Deductions For the Fiscal Year Ended June 30, 2010

Additions:

| | |
|----------------------------------|----------------|
| • Member Contributions..... | \$ 79 Million |
| • Employer Contributions..... | \$ 45 Million |
| • Net Investment Income (Loss).. | \$ 509 Million |
| Total Additions..... | \$ 633 Million |

Deductions:

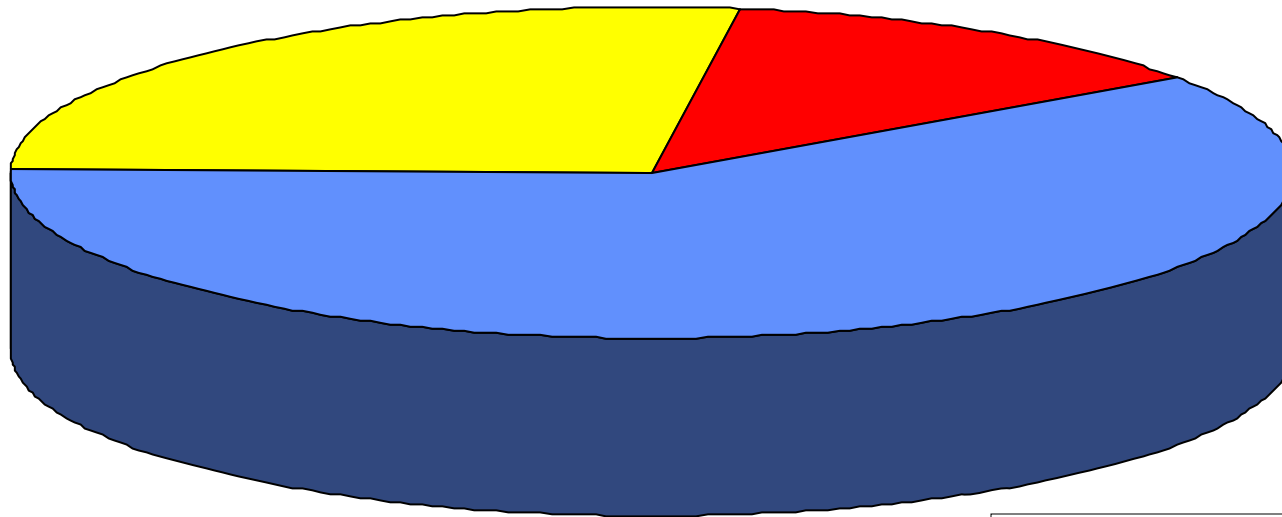
| | |
|---------------------------------|----------------|
| • Pension Benefits..... | \$ 416 Million |
| • Administrative Expenses | \$ 1 Million |
| Total Deductions..... | \$ 417 Million |

PERS' Sources of Funding

10 Year History (Fiscal Year 2001 to 2010)

Employee Contributions
\$8.0 Billion (27.0% of Total)

Employer Contributions
\$3.9 Billion (13.0% of Total)



Investment Earnings
\$17.7 Billion (60.0% of Total)

PERS' Sources of Funding

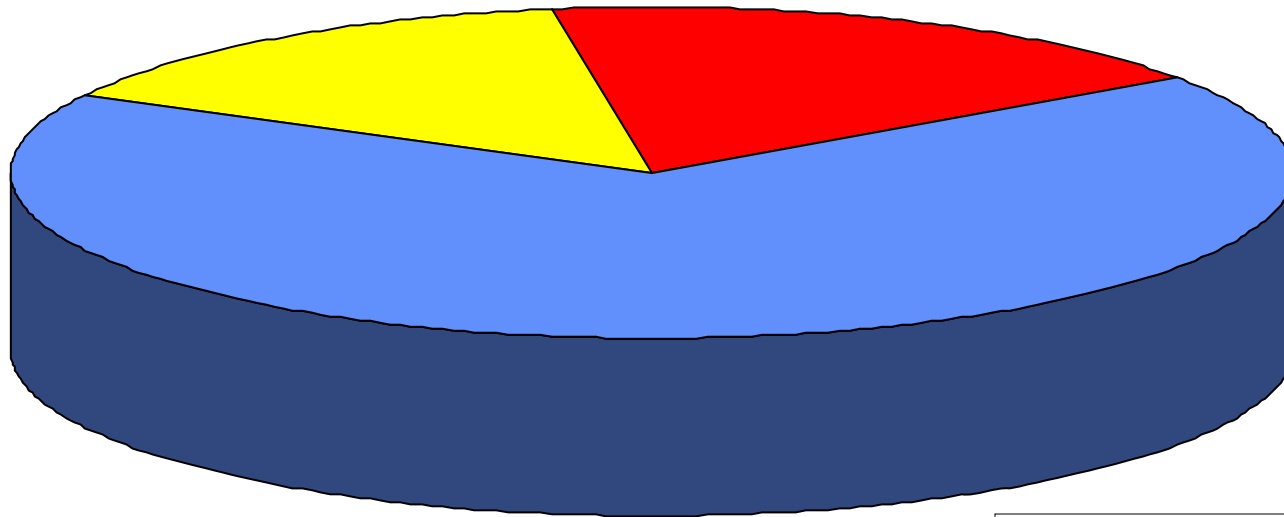
25 Year History (Fiscal Year 1986 to 2010)

Employee Contributions

\$13.8 Billion (14.6% of Total)

Employer Contributions

\$16.8 Billion (17.9% of Total)



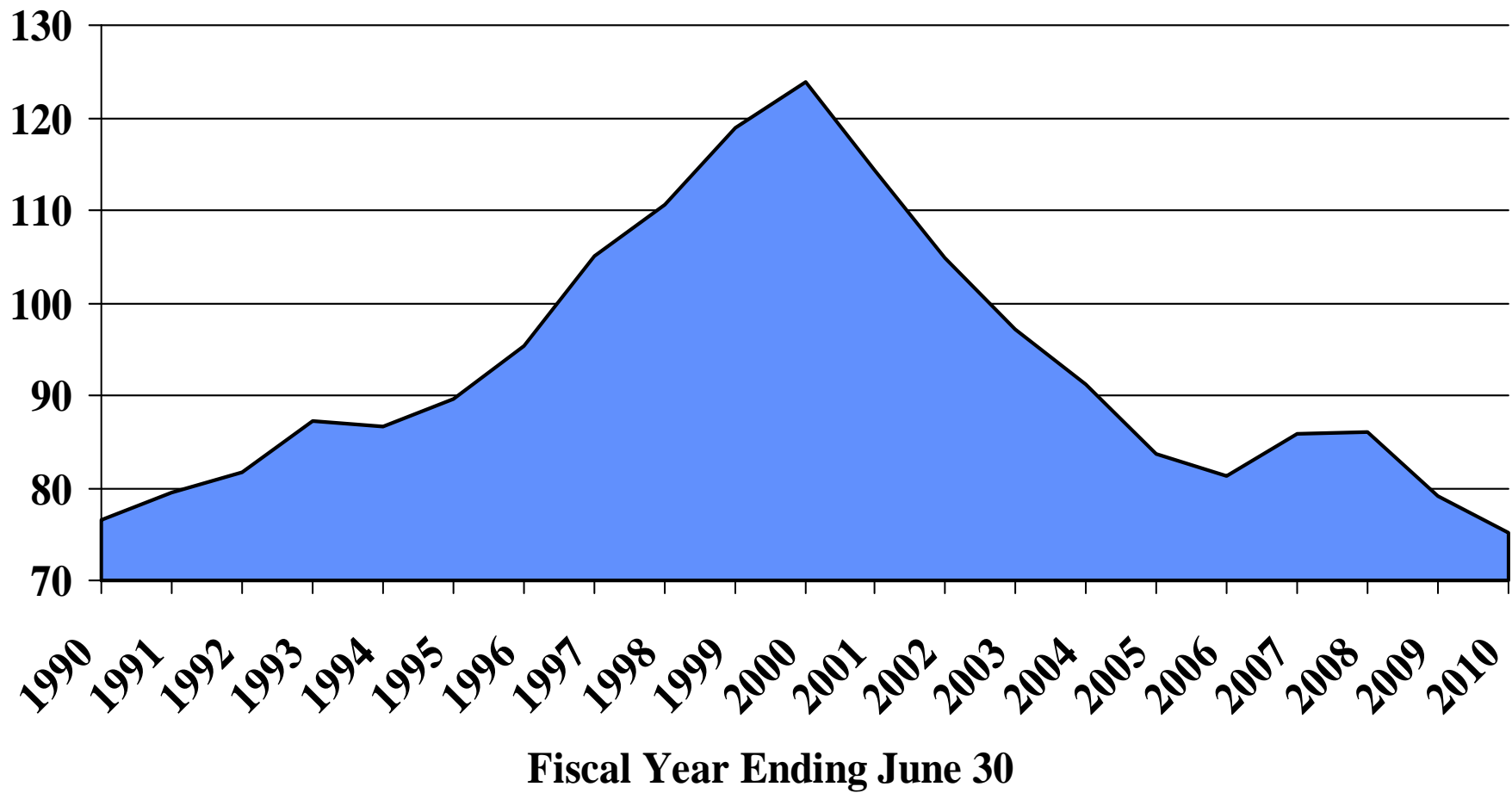
Investment Earnings

\$63.5 Billion (67.5% of Total)

PSERS' Funded Ratio – 1990 to 2010 (in millions)

| FY Ending June 30 | Accrued Liability (\$) | Valuation Assets (\$) | Unfunded (Overfunded) Accrued Liability (\$) | Funded Ratio (%) |
|------------------------------|-----------------------------------|----------------------------------|---|-----------------------------|
| 2010 | 79,122 | 59,424 | 19,698 | 75.1 |
| 2009 | 75,626 | 59,887 | 15,739 | 79.2 |
| 2008 | 70,941 | 61,018 | 9,923 | 86.0 |
| 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 2010 (percentage)

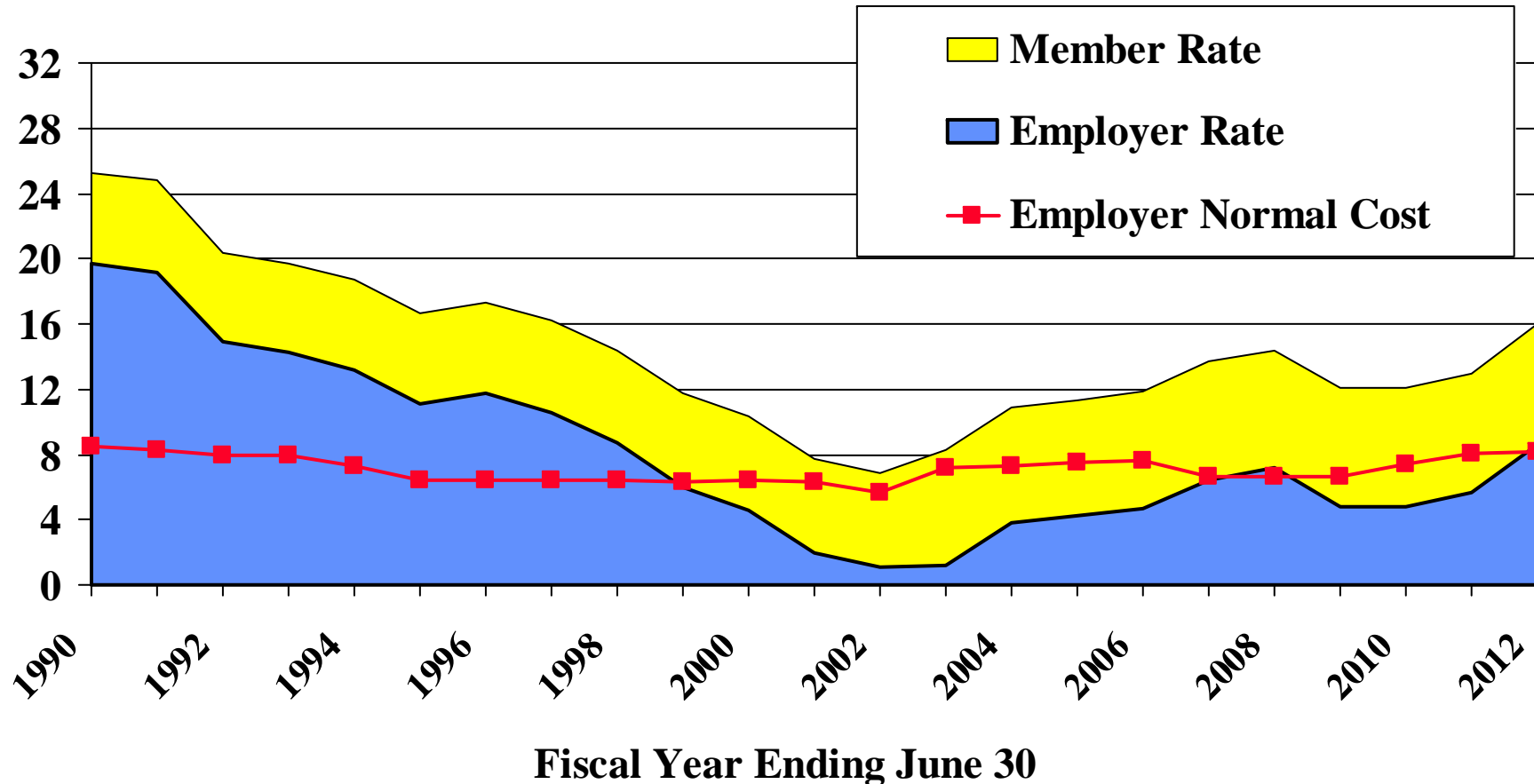


Total Contribution Rates Since 1989-90

| Fiscal Year | Employer Rate | Member Rate | Total Contribution Rate |
|--------------------|----------------------|--------------------|--------------------------------|
| 2011-12 | 8.65% | 7.37% | 16.02% |
| 2010-11 | 5.64 | 7.34 | 12.98 |
| 2009-10 | 4.78 | 7.32 | 12.10 |
| 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 |

* NOTE - The 2010-11 Employer Rate reflects the 5.64% rate prescribed by Act 2010-46 which supercedes the 8.22% rate prescribed in the June 30, 2009 actuarial valuation prepared by Buck Consultants. The 2011-12 Employer Rate reflects the funding provisions of HB 2497.

History of Member and Employer Contribution Rates Since 1989-90



NOTE - The 2010-11 Employer Rate reflects the 5.64% rate prescribed by Act 2010-46 which supercedes the 8.22% rate prescribed in the June 30, 2009 actuarial valuation prepared by Buck Consultants. The 2011-12 Employer Rate reflects the funding provisions of HB 2497.