

Pennsylvania Public School Employees' Retirement System

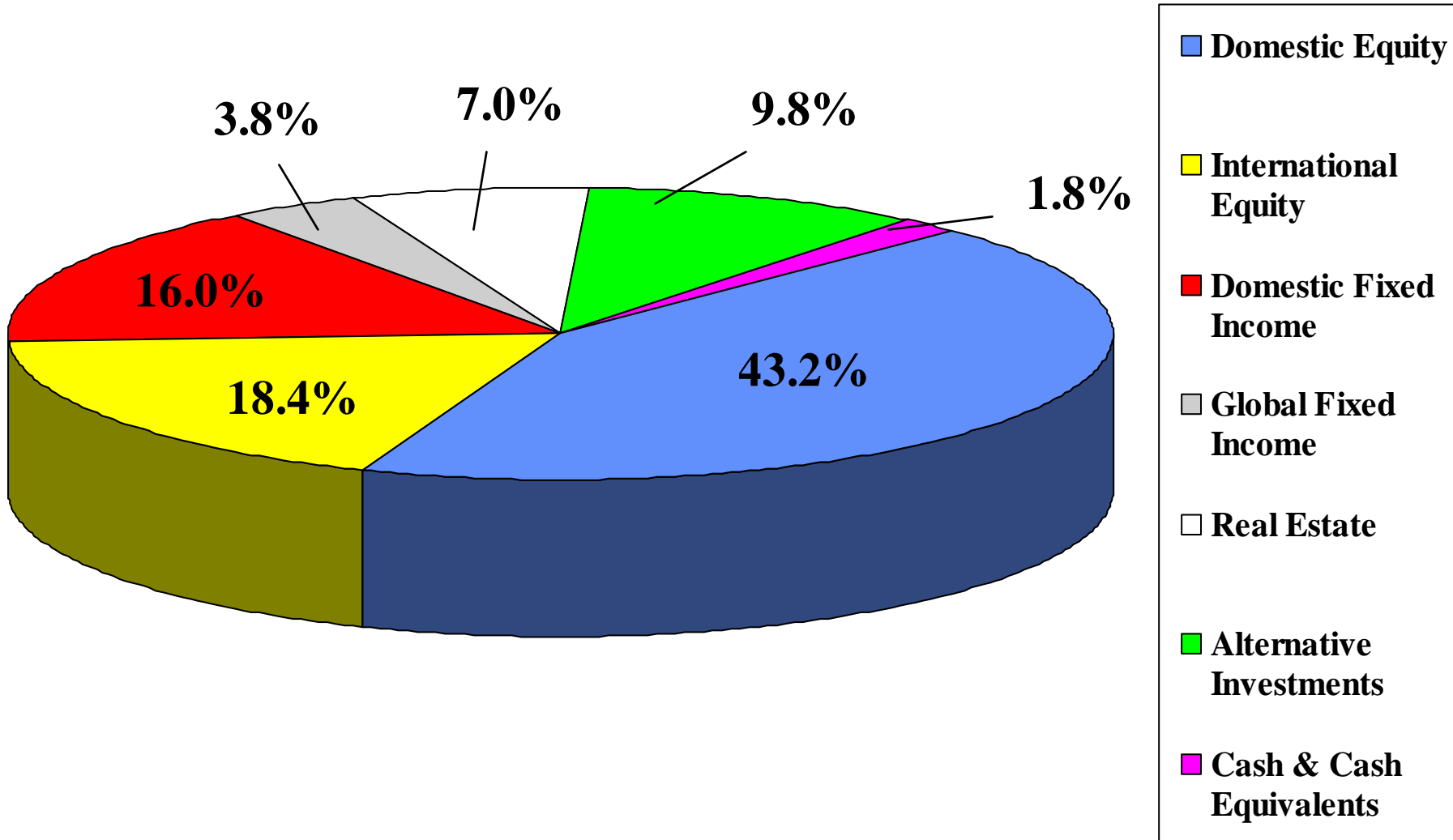


PSERS' Investment Market Values as of September 30, 2004 (Unaudited)

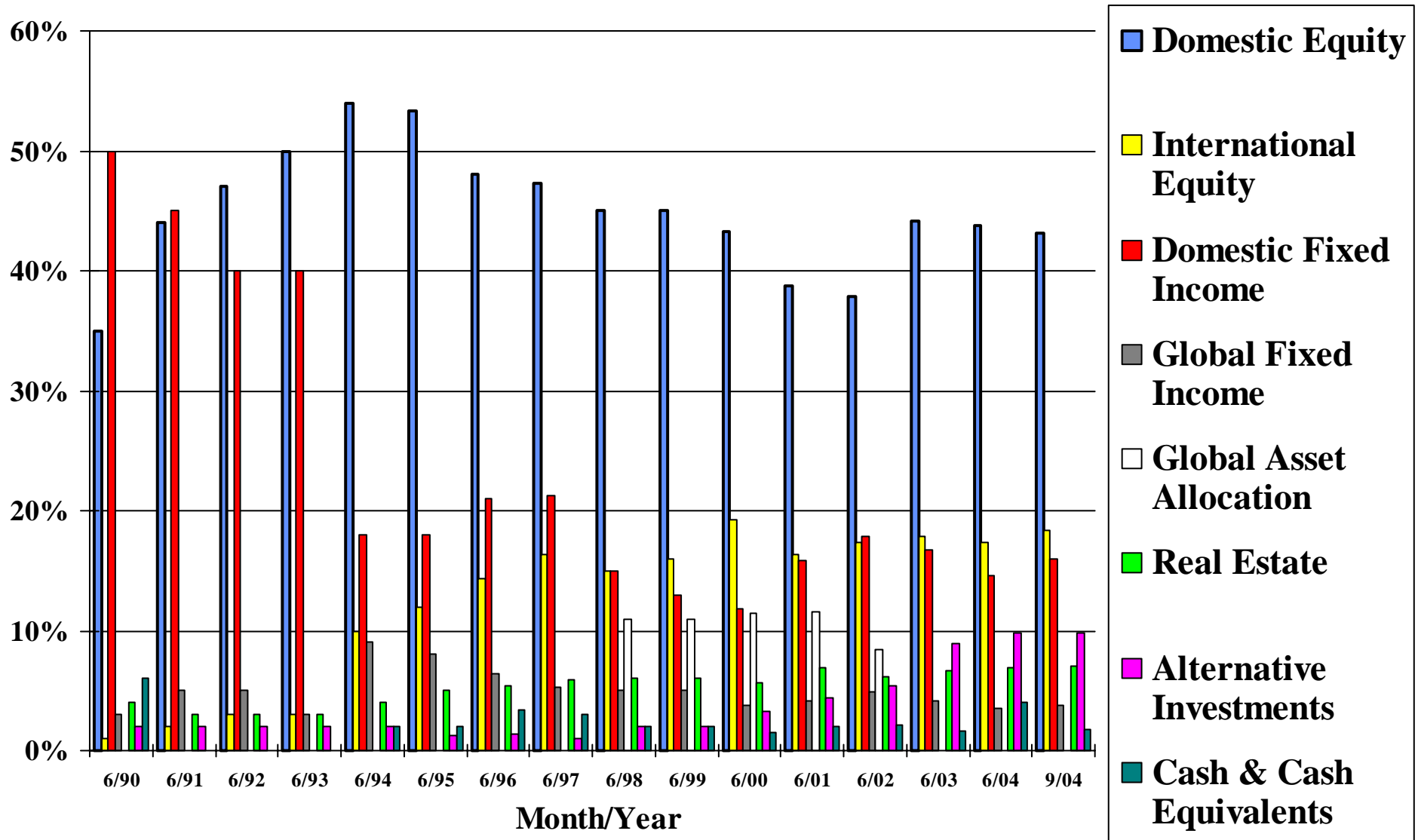
Asset Class	Market Value (in millions)	% of Total	Target Allocation	Policy Ranges
Domestic Equity	\$ 20,672.1	43.2%	42.0%	39.0% - 45.0%
International Equity	8,829.3	18.4%	18.0%	15.0% - 21.0%
Private Equity	3,068.0	6.4%		
Private Debt	1,244.8	2.6%		
Venture Capital	370.7	0.8%		
Subtotal Alt. Investments	<u>4,683.5</u>	<u>9.8%</u>	11.0%	8.0% - 14.0%
Real Estate	<u>3,380.3</u>	<u>7.0%</u>	7.0%	5.0% - 9.0%
Total Equity	<u>37,565.2</u>	<u>78.4%</u>	78.0%	75.0% - 81.0%
Domestic Fixed Income	7,656.8	16.0%		
Global Fixed Income	1,817.1	3.8%		
Cash & Cash Equivalents *	<u>850.4</u>	<u>1.8%</u>		
Total Fixed Income	<u>10,324.3</u>	<u>21.6%</u>	22.0%	19.0% - 25.0%
TOTAL FUND	<u>\$ 47,889.5</u>	100.0%	100.0%	

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

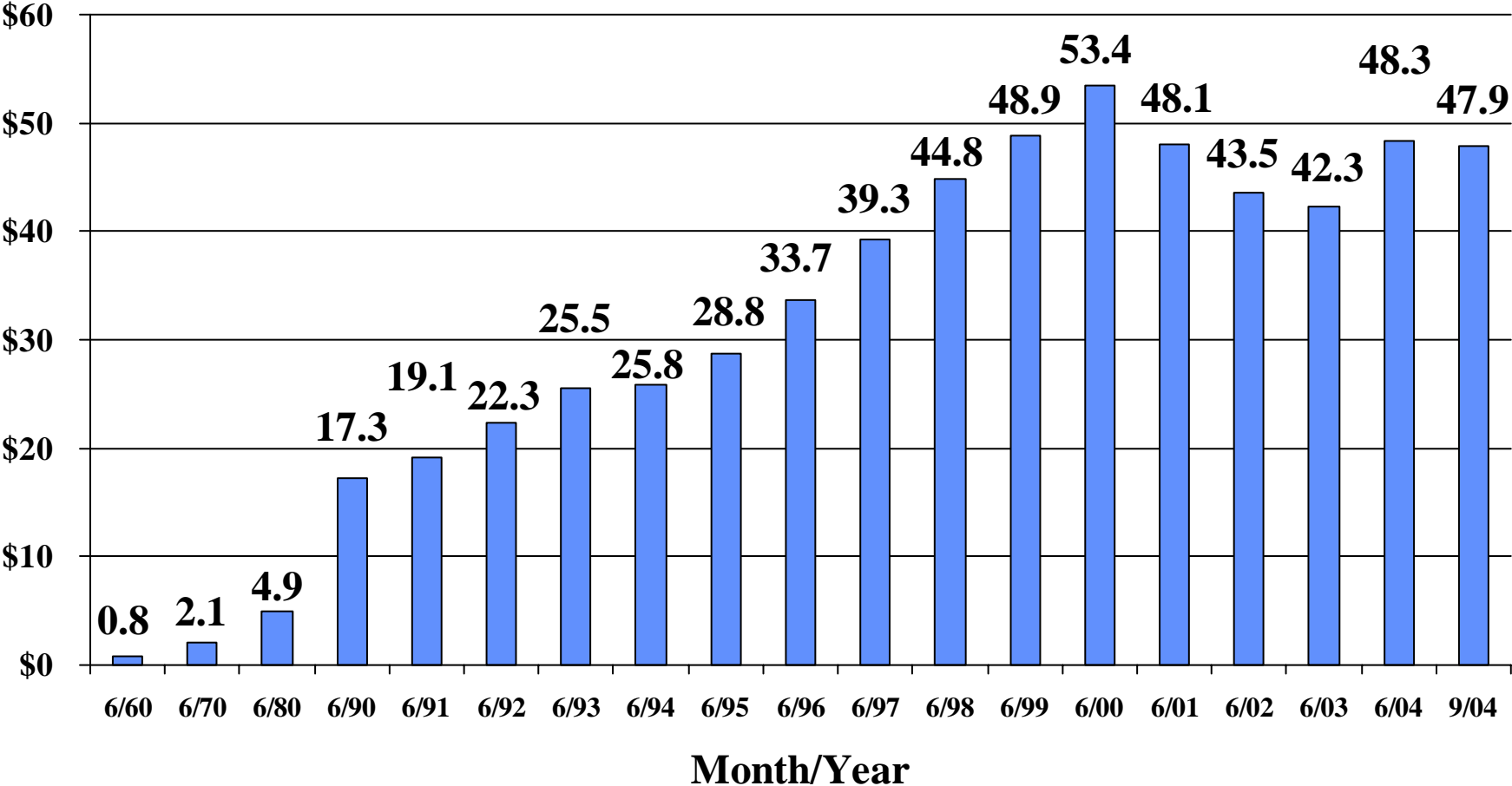
PSERS' Portfolio Distribution as of September 30, 2004 (Unaudited)



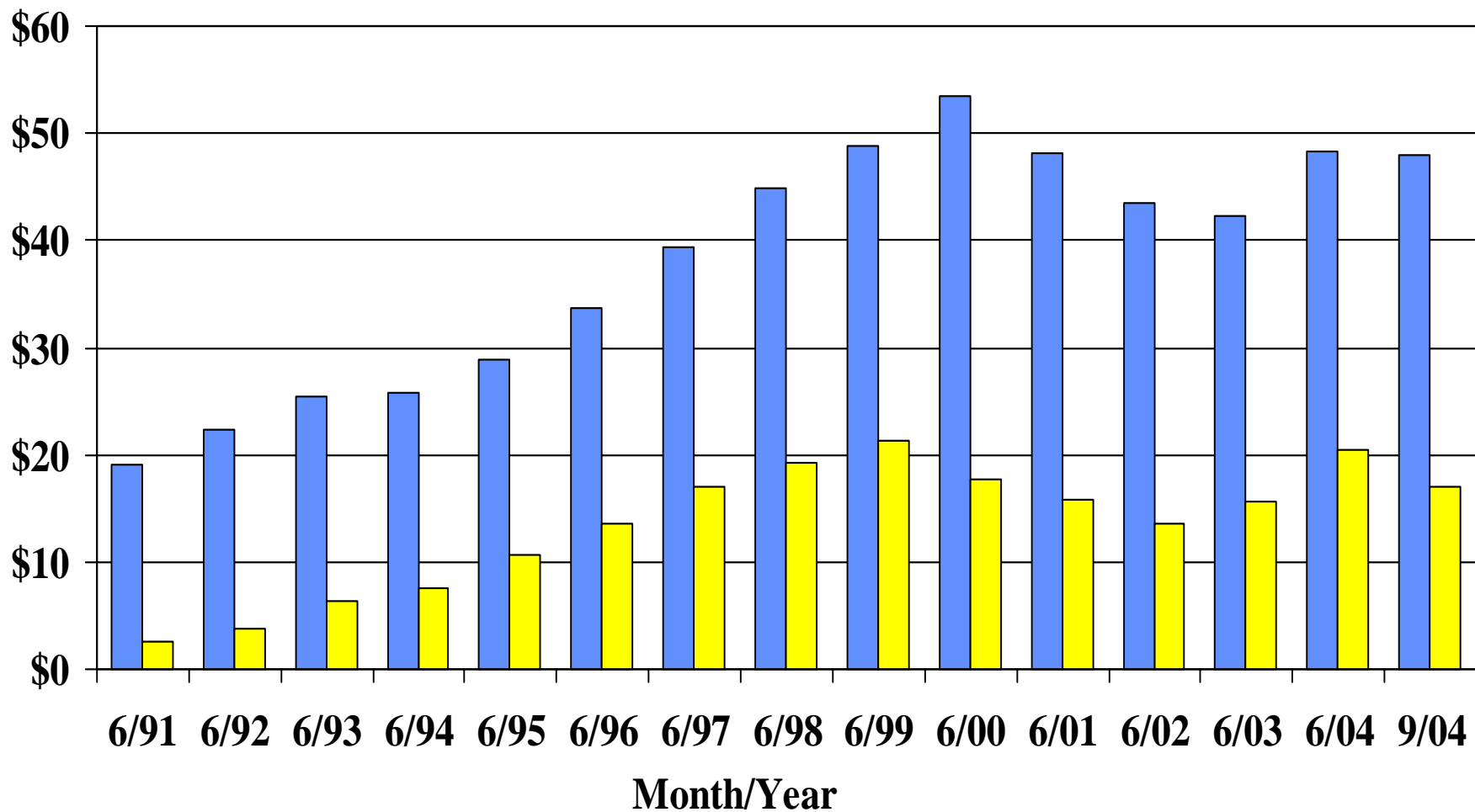
PSERS' Historical Asset Allocation



PSERS' Net Pension Assets (in billions)



Internally Managed Assets (in billions)



PSERS' Average Monthly Contributions & Expenses 2003 - 2004 Fiscal Year

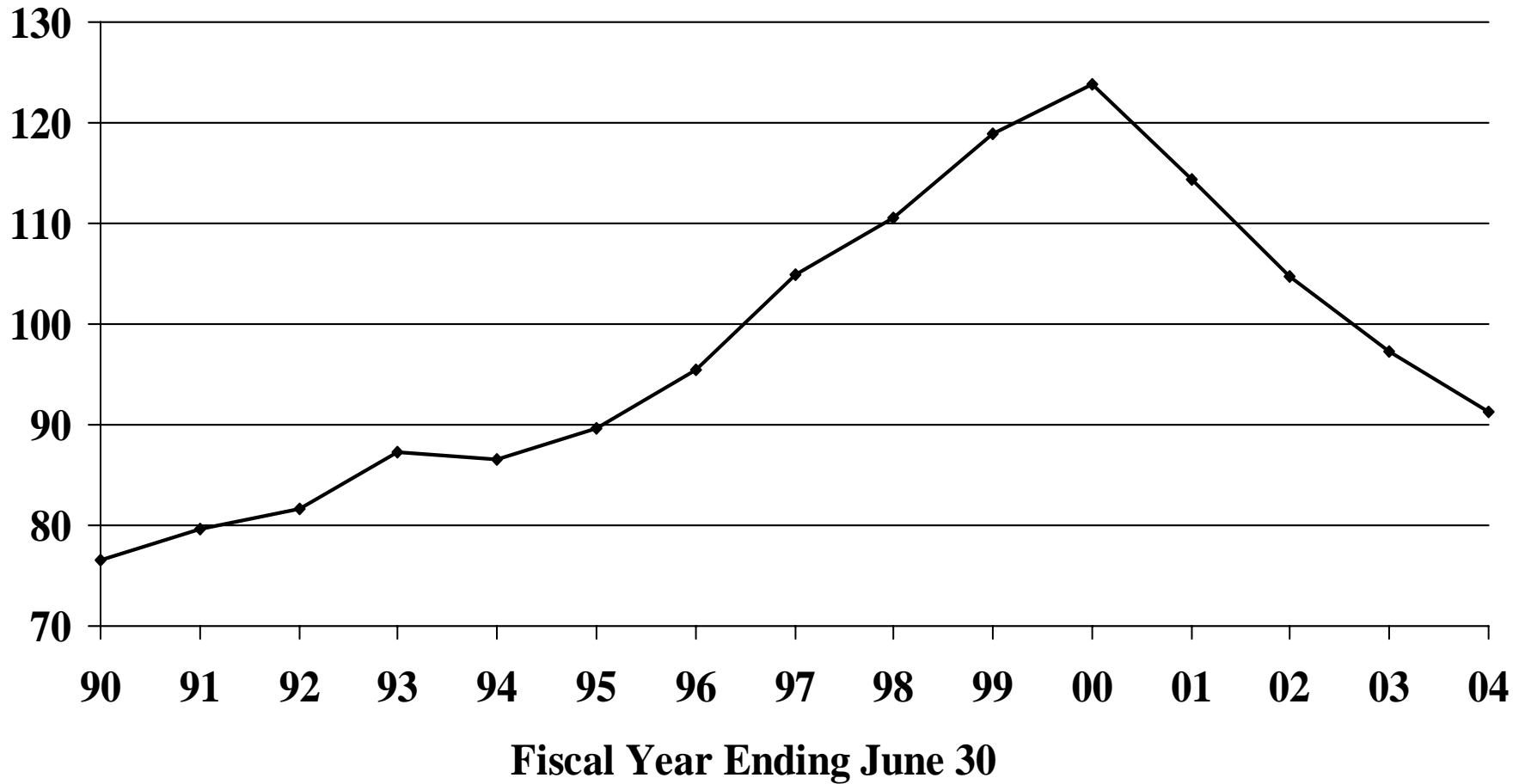
- Member Contributions..... \$ 79 Million
- Employer Contributions..... \$ 34 Million
- Pension Expense..... \$ 291 Million
- Administrative Expense..... \$ 4 Million

PSERS' Funded Ratio: 1990 - 2004 (in millions)

June 30 Date	Accrued Liability	Valuation Assets	Unfunded (Overfunded) Accrued Liability	Funded Ratio (%)
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 – 2004

(percentage)



Total Contribution Rate

Fiscal Year	Employer Rate	Employee Rate	Total Contribution Rate
05-06	4.69%	7.16%	11.85%
04-05	4.23	7.12	11.35
03-04	3.77	7.08	10.85
02-03	1.15	7.10	8.25
01-02	1.09	5.80	6.89
00-01	1.94	5.77	7.71
99-00	4.61	5.72	10.33
98-99	6.04	5.69	11.73
97-98	8.76	5.65	14.41
96-97	10.60	5.62	16.22
95-96	11.72	5.59	17.31
94-95	11.06	5.55	16.61
93-94	13.17	5.51	18.68
92-93	14.24	5.48	19.72
91-92	14.90	5.46	20.36
90-91	19.18	5.69	24.87
89-90	19.68	5.53	25.21

History of Member and Employer Contribution Rates Since 1989-90

