

Pennsylvania Public School Employees' Retirement System

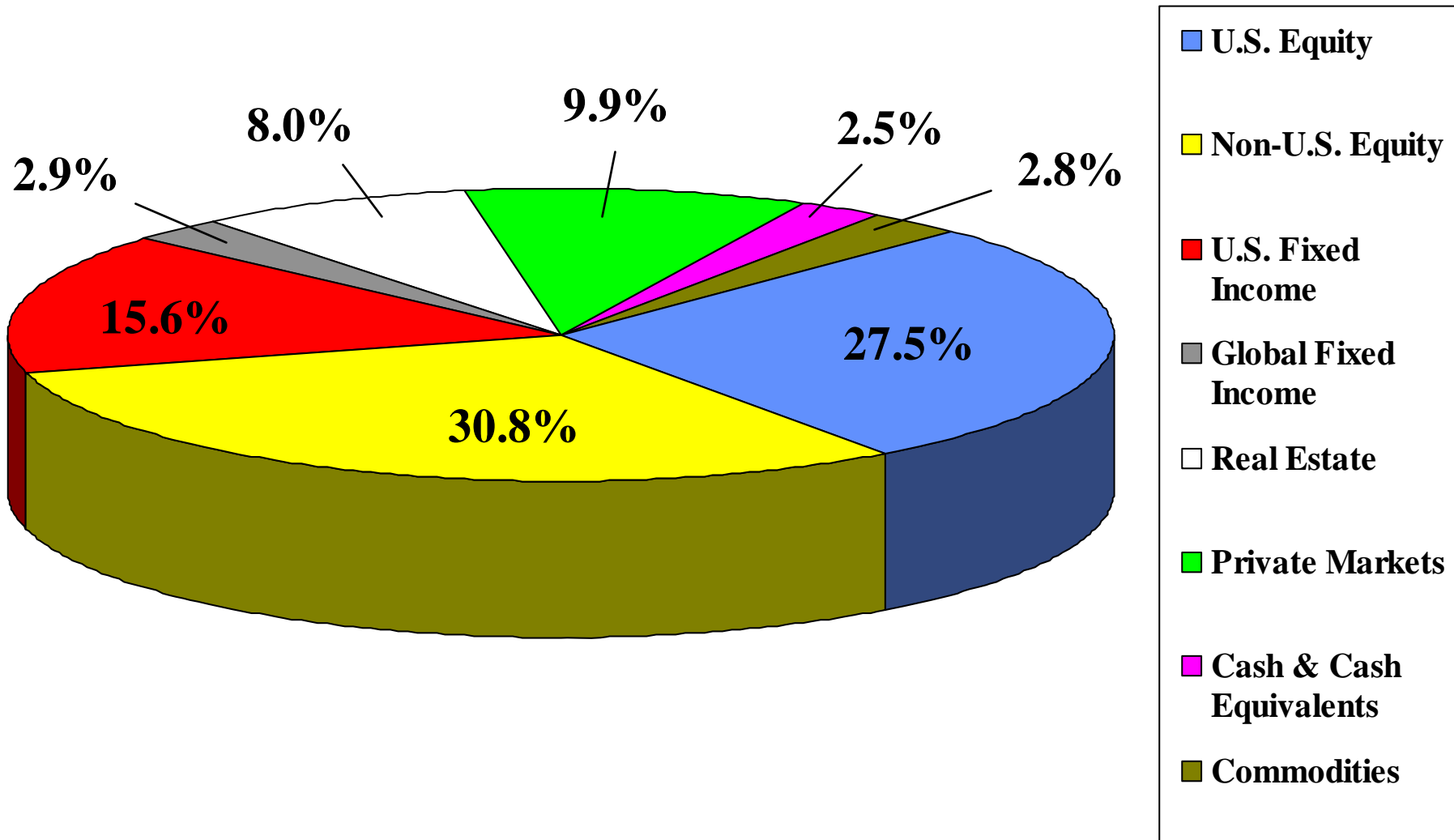


PSERS' Investment Market Values as of September 30, 2007 (Unaudited)

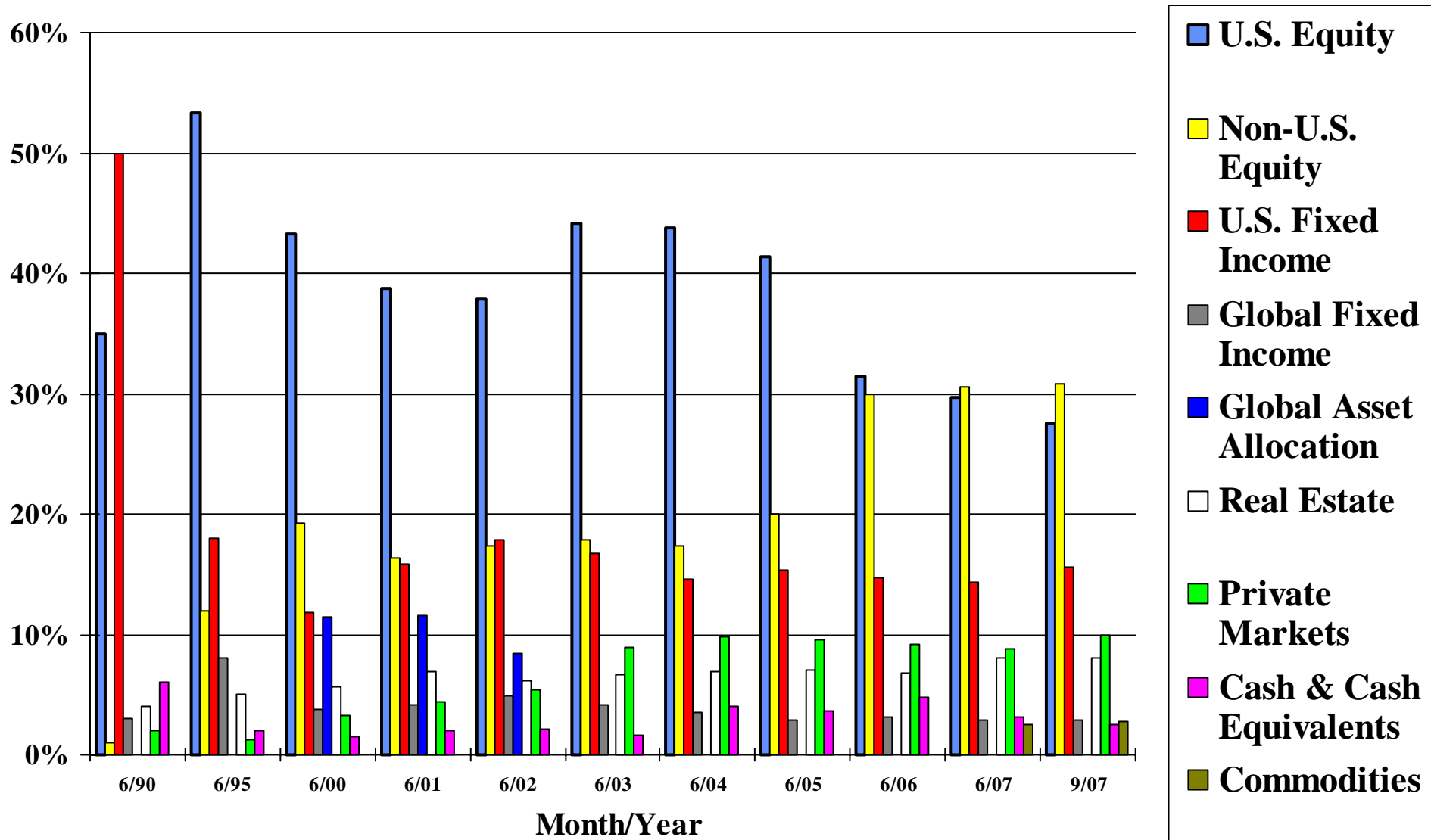
Asset Class	Market Value (in millions)	% of Total	Target Allocation	Policy Ranges
U.S. Equity	\$ 18,871.1	27.5%	28.50%	23.50% - 33.50%
Non-U.S. Equity	21,151.9	30.8%	28.50%	23.00% - 34.00%
Private Equity	4,897.6	7.1%		
Private Debt	1,305.1	1.9%		
Venture Capital	615.7	0.9%		
Subtotal Private Markets	<u>6,818.4</u>	9.9%	10.0%	
Real Estate	<u>5,517.9</u>	8.0%	8.0%	
Total Equity	<u>52,359.3</u>	76.2%	75.0%	69.0% - 81.0%
U.S. Fixed Income	10,727.5	15.6%		
Global Fixed Income	1,981.2	2.9%		
Cash & Cash Equivalents *	<u>1,679.4</u>	2.5%		
Total Fixed Income	14,388.1	21.0%	22.0%	19.2% - 24.8%
Commodities	<u>1,930.6</u>	2.8%	3.0%	3.0% - 6.2%
TOTAL FUND	<u>\$ 68,678.0</u>	100.0%	100.0%	

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

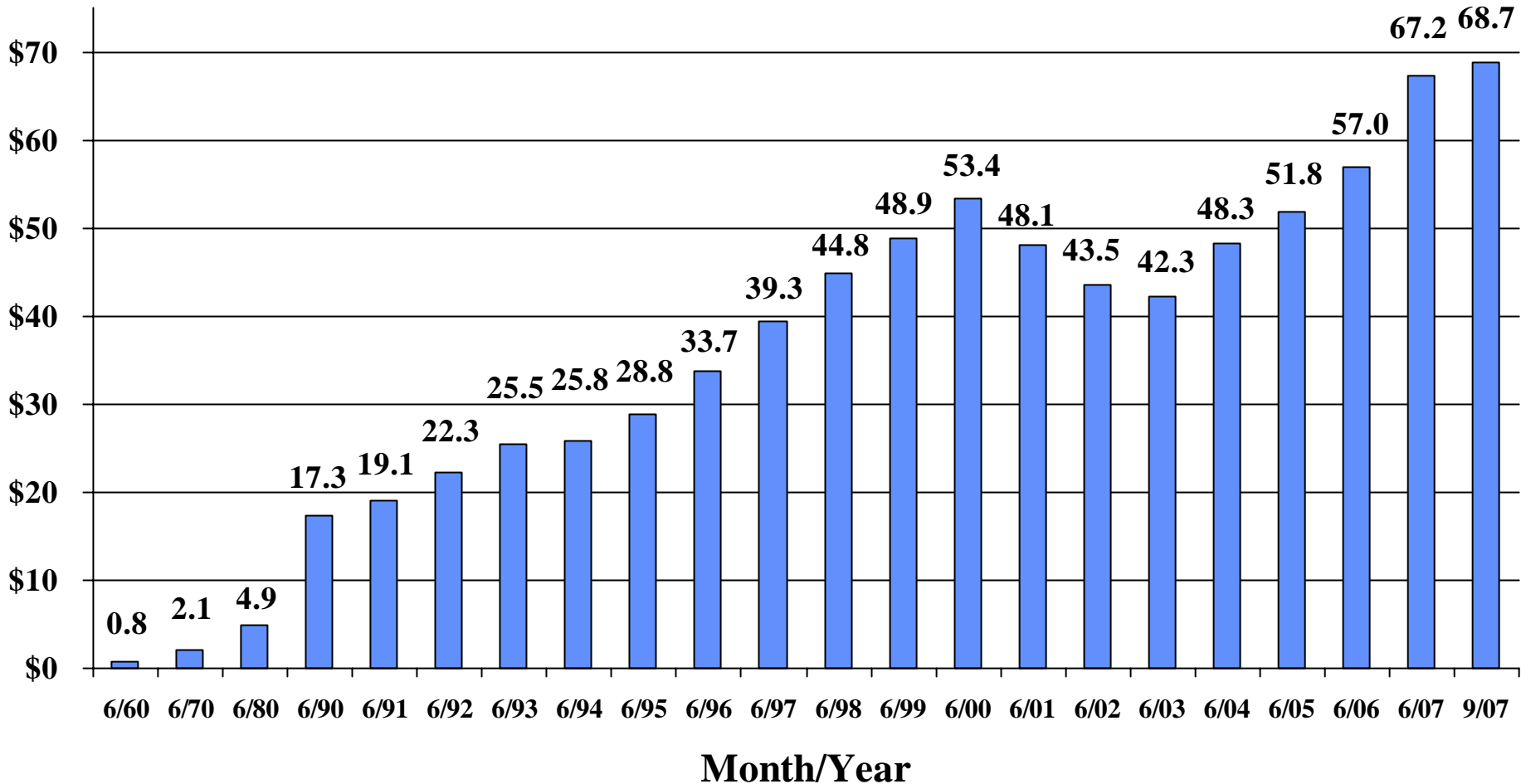
PSERS' Portfolio Distribution as of September 30, 2007 (Unaudited)



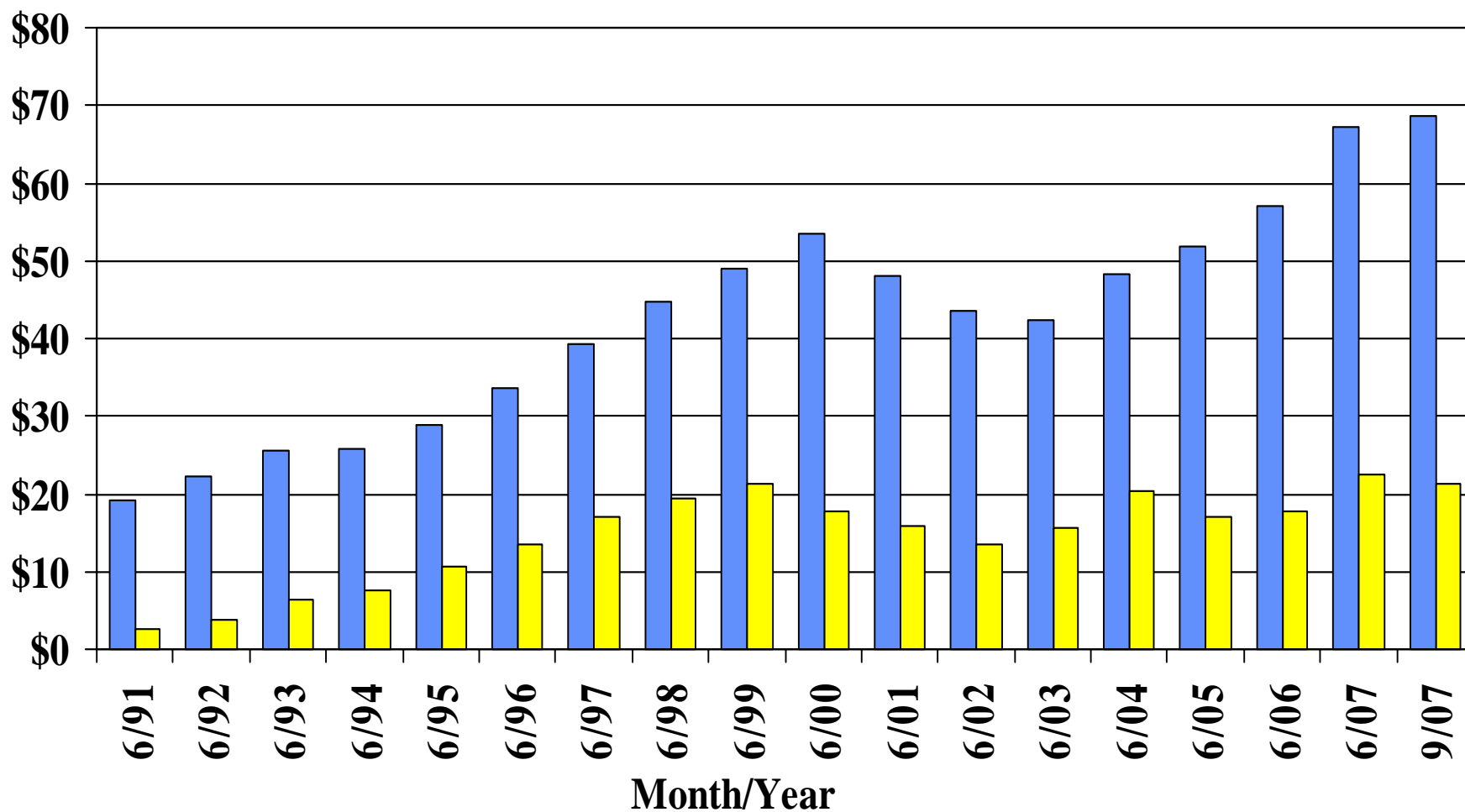
PSERS' Historical Asset Allocation



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

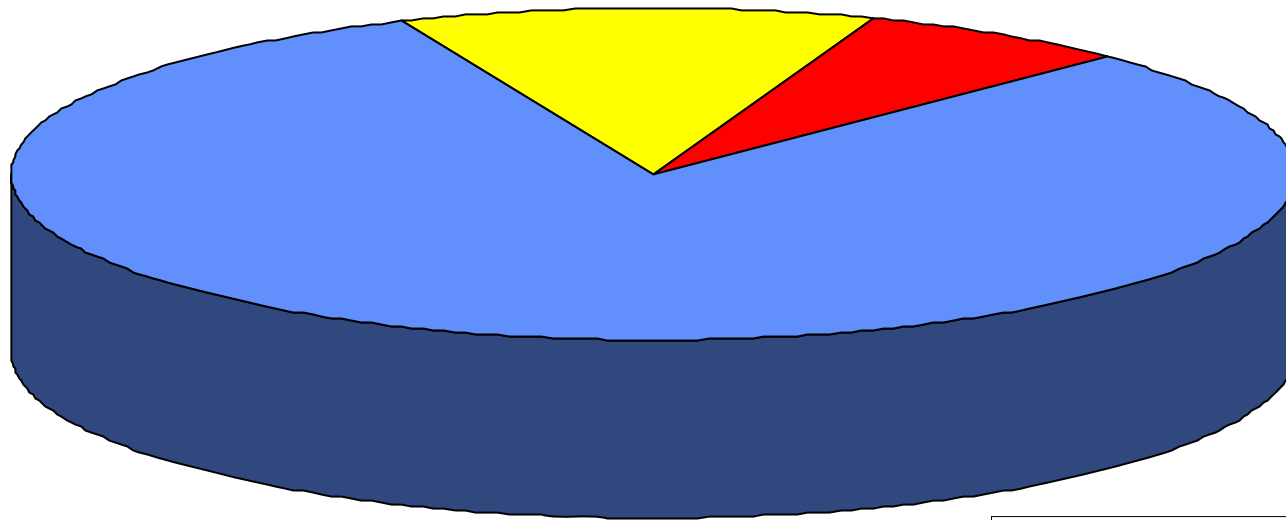
10 Year History (Fiscal Year 1998 to 2007)

Employee Contributions

\$6.8 Billion (12% of Total)

Employer Contributions

\$4.2 Billion (7% of Total)

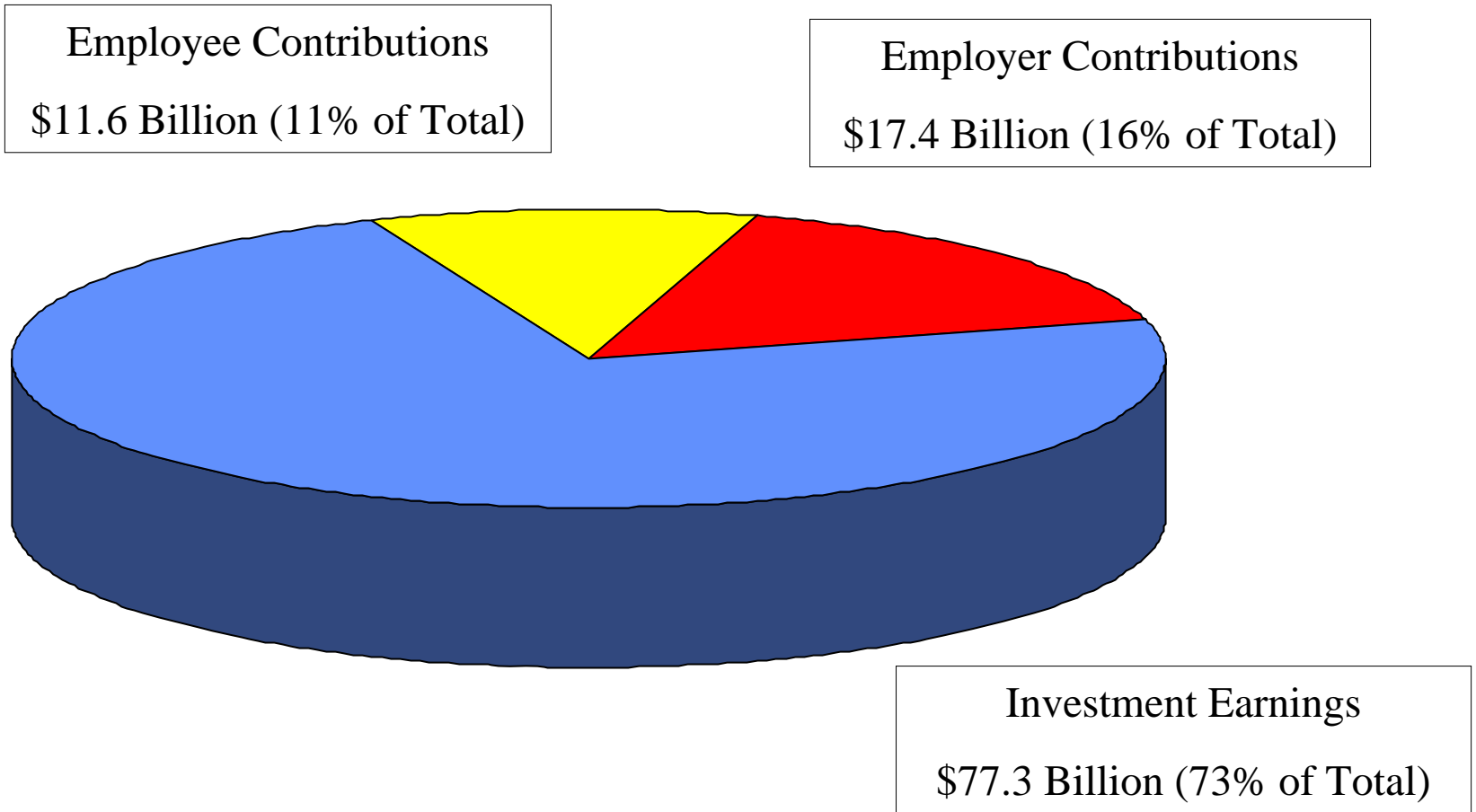


Investment Earnings

\$47.0 Billion (81% of Total)

PERS' Sources of Funding

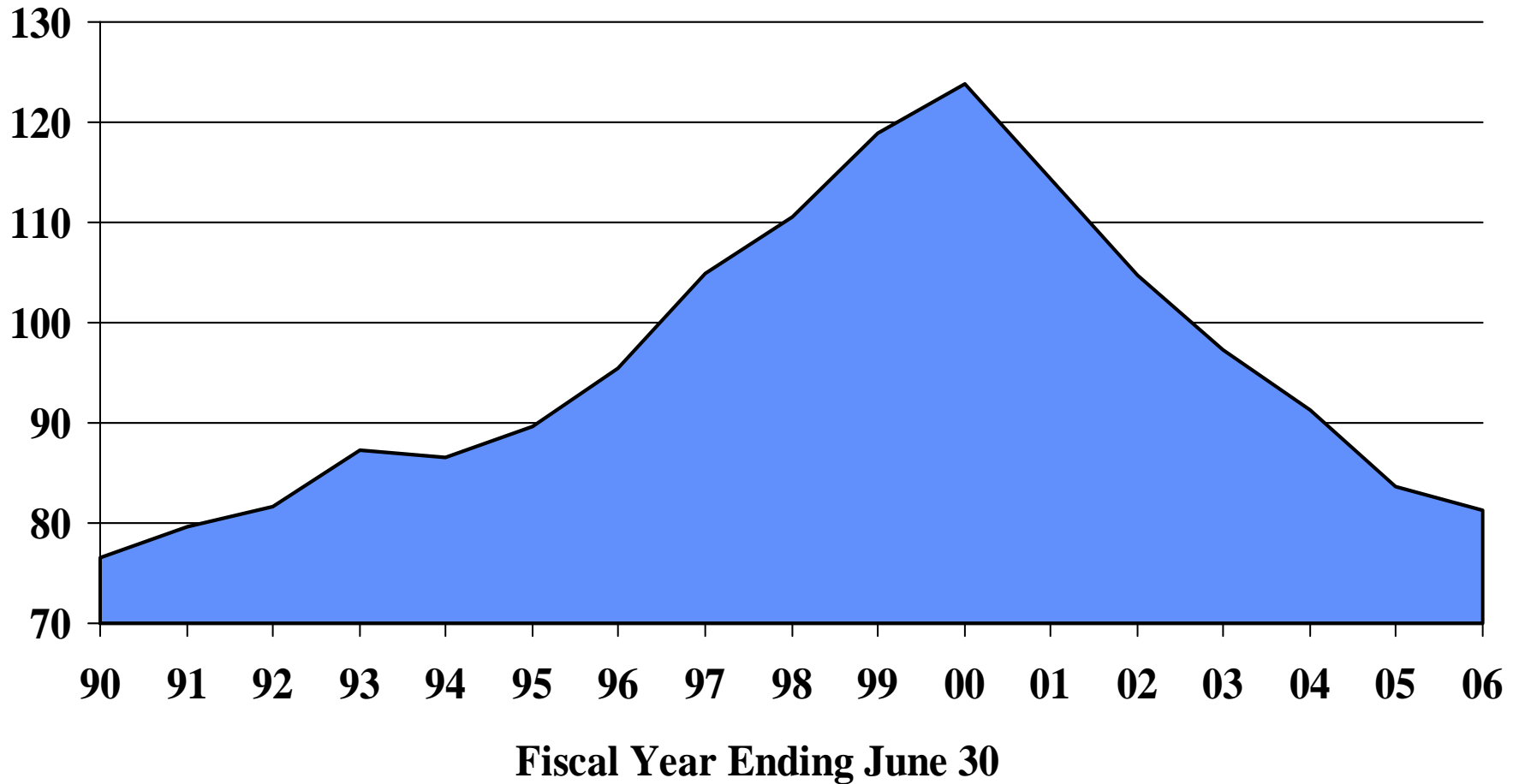
25 Year History (Fiscal Year 1983 to 2007)



PSERS' Funded Ratio – 1990 to 2006 (in millions)

June 30 Date	Accrued Liability	Valuation Assets	Unfunded (Overfunded) Accrued Liability	Funded Ratio (%)
2006	\$ 64,720	\$ 52,558	\$ 12,163	81.2
2005	61,227	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

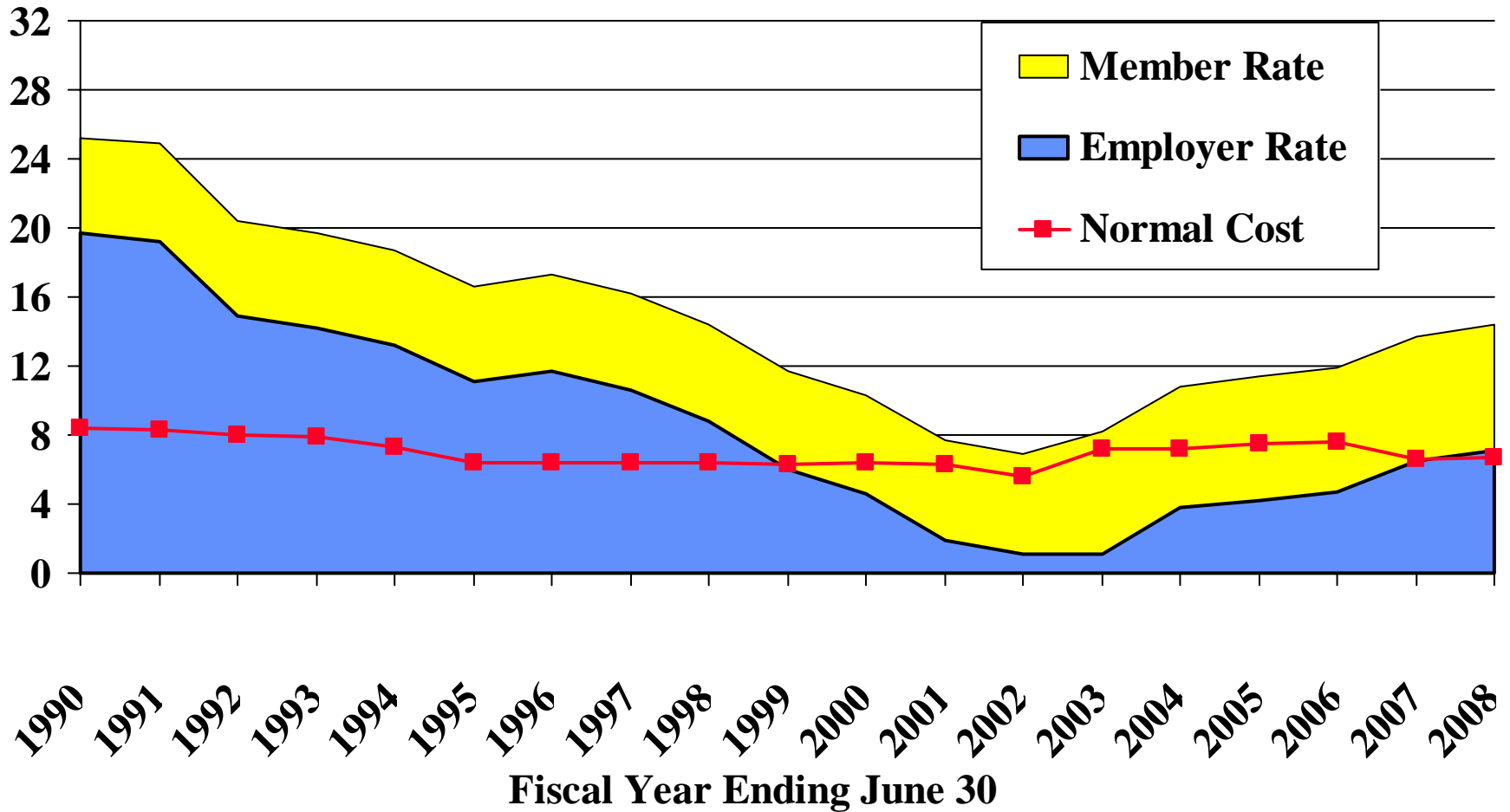
PSERS' Funded Ratio – 1990 to 2006 (percentage)



Total Contribution Rates Since 1989-90

Fiscal Year	Employer Rate	Employee Rate	Total Contribution Rate
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

