



ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of December 31, 2008

Projections will extend ten years, and are based on best available information (\$ in millions)

Reserved Fund Balance - Principal									Unreserved Fund Balance								TOTAL FUND			
FY-Begin					Dedicated ⁽²⁾		Unrealized		FY-End	Acct.	Statutory	Distributions of			Realized Earnings					
FY	Contrib.	Appro-	State	Inflation	FY-End	Gain (Loss)		Reserved				Net	Net	Statutory Net Income		Gen. Fund		Net	FY-End	FY
						Balance	Contributions							Change	FY-End					
77-00	0	7,039	6,731	6,244	20,014	3,529	3,529	23,543	25,080	23,433	9,806	6,244	274	2,972	2,972	77-00	26,515			
01	20,014	8	339	686	21,047	(2,146)	1,383	22,430	(924)	1,199	1,113	686	4	(588)	2,384	01	24,814			
02	21,047	(23)	258	602	21,884	(878)		505	(617)	257	926	602	5	(1,248)	1,136	02	23,525			
03	21,884	354 ⁽⁵⁾	398	352	22,988	601	1,106	24,094	963	355	691	352	0	(1,035)	100	03	24,194			
04	22,988	(339) ⁽⁵⁾	353	524	23,526	1,909	3,015	26,541	3,434	1,502	581	170 ⁽⁵⁾	0	759	859	04	27,400			
05	23,526	0	480	641	24,647	859	3,874	28,522	2,640	1,754	532	641	27 ⁽⁴⁾	581	1,440	05	29,962			
06	24,647	0	601	856	26,104	347	4,221	30,325	3,072	2,689	689	856	37	1,145	2,585	06	32,910			
07	26,104	0	532	860	27,497	1,977	6,198	33,694	5,448	3,429	1,022	860	42	1,547	4,132	07	37,826			
08	27,497	0	844	808	29,149	(4,434)	1,763	30,912	(1,463)	2,938	1,293	808	33	837	4,969	08	35,881			
10%	09	29,149	0	705	1,149	(7,706)	(5,943)	25,061	(8,293)	(586)	1,074	1,149	0	(2,809)	2,159	09	27,220	10%		
25%	09	29,149	0	705	1,149	(7,036)	(5,273)	25,731	(7,537)	(500)	1,083	1,149	0	(2,732)	2,236	09	27,967	25%		
Mid	09	29,149 ⁽⁶⁾	0	705 ⁽²⁾	1,149	(5,969)	(4,206)	26,798	(6,376) ⁽⁶⁾	(407)	1,092	1,149	0	(2,649)	2,320	09	29,118	Mid		
25%	09	29,149	0	705	1,149	(5,086)	(3,323)	27,681	(5,381)	(295)	1,104	1,149	0	(2,548)	2,421	09	30,101	25%		
10%	09	29,149	0	705	1,149	(4,099)	(2,336)	28,667	(4,277)	(178)	1,116	1,149	0	(2,444)	2,525	09	31,193	10%		
	10	31,004	0	724	873	899	(3,307)	29,293	2,283	1,363	927	873	21	(436)	1,884	10	31,177			
	11	32,600	0	659	915	961	(2,346)	31,828	2,444	1,462	896	915	21	(349)	1,535	11	33,363			
	12	34,174	0	639	957	1,027	(1,319)	34,452	2,617	1,568	779	957	21	(168)	1,367	12	35,819			
	13	35,771	0	630	1,001	1,102	(217)	37,185	2,811	1,688	596	1,001	21	91	1,458	13	38,642			
	14	37,401	0	619	1,046	1,188	971	40,037	3,035	1,826	830	1,046	21	(49)	1,408	14	41,445			
	15	39,065	0	591	1,091	1,273	2,245	42,991	3,257	1,963	893	1,091	21	(21)	1,388	15	44,379			
	16	40,747	0	618	1,138	1,363	3,608	46,110	3,492	2,107	961	1,138	21	9	1,397	16	47,507			
	17	42,503	0	620	1,186	1,458	5,066	49,374	3,740	2,261	1,034	1,186	21	41	1,438	17	50,812			
	18	44,308	0	620	1,236	1,559	6,625	52,789	4,003	2,423	1,111	1,236	21	76	1,514	18	54,303			
	19	46,164	0	674	1,288	1,667	8,292	56,418	4,284	2,596	1,192	1,288	21	116	1,630	19	58,047			
Cumulative Totals																				
Proj. for 2009-2019									0	7,099	11,878	6,528								
									25,591	18,850	10,311	11,878	212	(3,339)						

Assumptions: Total Return - Inflation=Total Real Return					Statutory Return	
10% FY 2009	-5.08%	3.85%	-8.93%	10%	3.02%	
25% FY 2009	0.10%	3.85%	-3.75%	25%	3.61%	
Mid FY 2009	8.05%	3.85%	4.20%	Mid	4.25%	
25% FY 2009	14.87%	3.85%	11.02%	25%	5.02%	
10% FY 2009	22.43%	3.85%	18.58%	10%	5.82%	
FY 2010-2019 ⁽¹⁾					5.00%	
	8.05%	2.75%	5.30%			

Notes related to financial history and projections FY1977 - FY2019

- Appropriations include special general fund, realized earnings, and other miscellaneous appropriation transfers into principal.
- Dedicated State Revenues in current and future fiscal years is based on the Fall 2008 Department of Revenue forecast.
- Accounting net income is based on United States Generally Accepted Accounting Principles (GAAP). Statutory net income is accounting net income, excluding any unrealized gains and losses on investments.
- FY05 and forward, Amerada Hess, et al. settlement earnings are transferred to Alaska Capital Income Fund per AS 37.13.145(d).
- FY03 Senate Bill 100 transferred \$354 million from realized earnings to principal. FY04 Senate Bill 283 defined that appropriation as pre-FY04 inflation proofing, so it was moved from appropriations to inflation proofing, along with the balance of \$170 necessary to fully inflation proof the Fund. \$15 million in settlement earnings remained in appropriations per AS 37.13.145(d).
- Current year returns are based actuals through December plus 6 months of Callan capital market assumptions (2008). A range of possible returns illustrates potential outcomes across various market scenarios.
- Future returns are based on 2008 Callan capital market assumptions and median expected returns (the mid case). Actual results will vary.

Income year-to-date as of December 31, 2008

FY09 Statutory net income	
Interest, dividends, real estate & other income	\$ 518.1
Realized gains (losses) on the sale of invested assets	(1,465.0)
Less operating exp / Legis. Appropriations	(36.7)
Less AK Capital Inc. Fund committed realized earnings	-
Statutory net income (loss)	\$ (983.6)

FY09 Accounting (GAAP) net income	
Statutory net income (loss)	\$ (983.6)
Unrealized gains (losses) on invested assets	(6,523.9)
AK Capital Income Fund committed realized earnings	-
Accounting (GAAP) net income (loss)	\$ (7,507.5)

PERFORMANCE SUMMARY (preliminary as of December 31, 2008)	Current Month	Last 3 Months	Fiscal Y-T-D	Calendar Y-T-D	Last 12 Months	Last 3 Years	Last 5 Years
Alaska CDS	0.07%	0.33%	0.80%	2.07%	2.07%	3.99%	3.32%
Domestic Fixed Income	3.85%	0.81%	-1.65%	-0.94%	-0.94%	3.34%	3.40%
Non-Domestic Fixed Income	5.16%	6.89%	3.70%	6.48%	6.48%	6.37%	5.41%
Domestic Equities	1.72%	-22.96%	-29.20%	-36.65%	-36.65%	-8.61%	-1.75%
Non-Domestic Equities	6.45%	-22.47%	-39.91%	-45.75%	-45.75%	-6.74%	2.13%
Global Equities	3.90%	-21.30%	-34.65%	-41.43%	-41.43%		
Real Estate	0.99%	-5.16%	-7.23%	-7.76%	-7.76%	5.80%	12.14%
Absolute Return	-0.93%	-8.92%	-17.62%	-18.61%	-18.61%	-0.15%	
Total Fund	2.80%	-12.16%	-20.22%	-24.67%	-24.67%	-2.31%	2.49%
Total Fund Benchmark Return	3.31%	-12.64%	-19.95%	-24.61%	-24.61%	-1.99%	2.53%



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Reserved Fund Balance: The portion of the Fund that may not be spent. Contains all contributions into the Fund and all unrealized gains (losses) as of the date shown.

Fiscal Year (FY): The State of Alaska's fiscal year begins on July 1 of the previous calendar year and ends on June 30.

FY - Begin. Contrib. Balance: The sum of all historical contributions to the Fund's principal on the first day of the fiscal year. This includes constitutionally mandated mineral revenues, inflation proofing transfers from income and other appropriations to principal.

Appropriations: Legislative appropriations to principal for the fiscal year.

Dedicated State Revenues: Constitutionally and statutorily mandated mineral revenues for the fiscal year (currently 25% of the total mineral revenue received by the state).

Inflation Proofing: The inflation proofing transfer from realized earnings to principal for the fiscal year.

FY-End Balance Contributions: The sum of the first four columns at each June 30; fiscal year-end (sum of all dedicated state revenues, other appropriations into the Fund and all inflation proofing transfers).

Unrealized Gain (Loss) Net Change: The change in net unrealized gains (losses) over the previous fiscal year-end value.

Unrealized Gain (Loss) FY-End Balance: The balance of net unrealized gains (losses) on invested assets at the end of the fiscal year.

FY-End Reserved Balance: The sum of the FY-end balance of contributions and net unrealized gains (losses) at the end of the fiscal year. This value represents the protected assets at fiscal year-end.

Unreserved Fund Balance: Also referred to as realized earnings; this represents the portion of the Fund that may be appropriated (spent) by the Legislature.

Acct. Net Income: Income of the Fund as determined using Generally Accepted Accounting Principals, including net unrealized gains (losses).

Statutory Net Income: Income of the Fund as determined using Alaska State Statutes. Statutory net income is only the realized income of the Fund, (with minor adjustments) and is used in determining the annual dividend payment. Realized earnings consist primarily of interest, dividends, real estate income and net gains (losses) on the sale of invested assets. Realized income is reduced by the costs to manage the Fund assets, and other Fund related expenses.

Distributions of Statutory Net Income: The three columns below this heading represent all money appropriated (spent) by the Legislature from the Permanent Fund's earnings.

Dividends: The lump sum recorded for the annual Permanent Fund Dividend for the fiscal year and subsequently transferred to the Permanent Fund Dividend Division.

Inflation Proofing: The inflation proofing transfer made from realized earnings to principal for the fiscal year.

General Fund/Other: Earnings transferred to the State's General Fund and other incidental appropriations from the Fund.

Realized Earnings Net Change: The change in the realized earnings balance over the previous fiscal year-end value.

Realized Earnings FY-End Balance: The balance of realized earnings after accounting for fiscal year end distributions.

Total Fund FY-End Balance: The sum of the FY-End Reserved Fund Balance and the Realized Earnings FY-End Balance at the end of the fiscal year.

FY07 projections: The current fiscal year shows the possible realized and unrealized gains (losses) for the fiscal year based on the assumptions listed in the box to the bottom left of the projection table on the prior page. The median expectation is not the most likely, but rather the mid-point in the array of statistically likely outcomes. For more information see www.apfc.org or AS 37.13.140 and 37.13.145