



**COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

Office of Chief Counsel
Facsimile: (717) 783-8010

DATE: September 11, 2007

SUBJECT: Securities Litigation Policy

TO: Corporate Governance Committee

FROM: Gerald Gornish Lenann T. Engler
Chief Counsel Assistant Deputy Chief Counsel

At the upcoming Corporate Governance Committee Meeting scheduled for September 28, 2007, staff will present proposed changes to the Board's Securities Litigation Policy (Policy). A redlined and clean copy of the Policy is attached for your review.

Consistent with the recommendations proposed by Independent Fiduciary Services, Inc. as part of its independent fiduciary review of PSERS' operations, the Policy has been revised to identify the Board's objectives for pursuing an active role in class action lawsuits, to set forth the factors to be considered in deciding whether to seek lead plaintiff status, and to direct the establishment and implementation of procedures that collectively comprise PSERS' securities litigation program.

In accordance with the Policy, the Office of Chief Counsel has revised its internal Securities Litigation Implementation Procedures (Procedures) to more accurately reflect the provisions of the Policy. A copy of the Procedures is available at the request of any Board Member.

Staff will be prepared to answer any questions the Committee may have about the proposed revised Policy. In the interim, if you have any questions or require any further information, please feel free to contact either of us.

cc: All Board Members