


Commonwealth of Pennsylvania Public School Employees' Retirement System

DATE: February 22, 2008

SUBJECT: Modifications to the U.S. and Non-U.S. Proxy Voting Policies

TO: Members of the Corporate Governance Committee

FROM: Robert E. Little, CPA
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At the March 6, 2008, Corporate Governance Committee meeting, we will ask the Committee to adopt the U.S. Proxy Voting Policy and the Non-U.S. Proxy Voting Policy. These policies adopt the standard Glass, Lewis & Co., Inc. (Glass Lewis) Domestic and International Proxy Paper Policy Guidelines.

For your reference, I have attached black-lined versions of the following documents:

- the U.S. Proxy Voting Policy;
- the Glass Lewis Domestic Proxy Paper Policy Guidelines;
- the Non-U.S. Proxy Voting Policy; and,
- the Glass Lewis International Proxy Paper Policy Guidelines.

Significant changes to the Glass Lewis Domestic Proxy Paper Policy Guidelines are as follows:

- Glass Lewis will review the Compensation Discussion and Analysis Report (CD&A) in their overall evaluation of the compensation practices of the company as overseen by the compensation committee. This evaluation will impact their vote recommendation in regards to the chair of the compensation committee.
- Glass Lewis will generally support proposals calling for the election of directors by a majority vote in place of a plurality vote.

There have been no changes made to the Glass Lewis International Proxy Paper Policy Guidelines.

If you have any questions or concerns, please contact me at 717-720-4707.