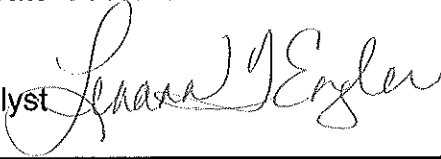


Commonwealth of Pennsylvania Public School Employees' Retirement System

DATE: February 23, 2012

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

TO: Members of the Corporate Governance Committee

FROM: Lenann T. Engler
Senior Investment Analyst 

At the March 8, 2012 Corporate Governance Committee Meeting, we will request that the Committee 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) U.S. 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 U.S. Proxy Paper Policy Guidelines;
- the Non-U.S. Proxy Voting Policy; and,
- the Glass Lewis International Proxy Paper Policy Guidelines.

One significant revision has been made to the Glass Lewis U.S. Proxy Paper Policy Guidelines:

- Glass Lewis supports the ability of shareholders to nominate directors to company boards. To prevent abuse of this right, however, Glass Lewis believes shareholders seeking to nominate a director to a company board should meet minimum ownership thresholds and holding periods. Glass Lewis is inclined to support rational, well-crafted shareholder proposals seeking access to the management proxy.

Significant revisions to the Glass Lewis International Proxy Paper Policy Guidelines are as follows:

- In cases in which a director serves on a board as a representative of an investment firm with greater than 10-20% ownership (expanded to a range from a single percentage threshold of 20%), the director will generally be considered an affiliate, but Glass Lewis will not recommend voting against such director unless (i) the investment firm has disproportionate board representation or (ii) the director serves on the audit committee.
- Compensation reports or policies must be tied to well-defined and appropriate performance metrics.

If questions arise, please contact me at 717-720-4687.

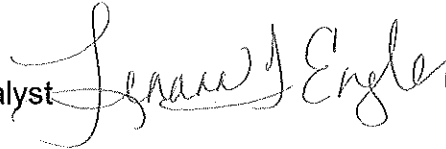
**Commonwealth of Pennsylvania
Public School Employees' Retirement System**

DATE: February 23, 2012

SUBJECT: 2012 Proxy Season Preview

TO: Members of the Corporate Governance Committee

FROM: Lenann T. Engler
Senior Investment Analyst



At the March 8, 2012 Corporate Governance Committee meeting, Glass Lewis will provide a preview of the upcoming proxy season.

If you have any questions, please contact me at 717-720-4687.