

PRESS RELEASE

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PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM POSTS FISCAL YEAR INVESTMENT PERFORMANCE *Pension fund posts gains for the fiscal year period ending June 30, 2005*

HARRISBURG, PA – The Pennsylvania Public School Employees' Retirement System (PSERS) today announced positive investment returns for the fiscal year that ended June 30, 2005.

The pension fund's return on investments was 12.87 percent for the fiscal year. This investment return marked the second year in a row that the Fund earned double digit returns and beat the Fund's actuarial assumption of 8.5 percent.

PSERS also significantly outperformed the preliminary median return of 8.17 percent for other public pension funds in the Wilshire Associates database.

PSERS' Chairman Roger May reported the Fund's fiscal year performance.

"I am extremely pleased to announce that PSERS' has once again outperformed our actuarial assumption and earned a double digit return for the second fiscal year in a row. PSERS' fiscal year return on investments of 12.87 percent places the Fund in the top tier of investment performance when compared to similar large pension funds in the United States. This outstanding performance is due to PSERS' Board and Staff who remained dedicated to PSERS' long-term investment goals and objectives."

PSERS' Chief Investment Officer Alan Van Noord also commented on the pension fund's investment performance.

"PSERS' stellar investment performance resulted primarily from strong growth in our private equity and real estate investments," said Van Noord. "Our private equity and real estate returns of 25.45 percent and 26.14 percent, respectively, placed PSERS among the top performing funds in Wilshire's Database for the fiscal year."

“While I am certainly proud of PSERS’ investment performance, PSERS will continue to remain cautious as we move ahead,” said Van Noord. “PSERS will seek out new investment opportunities and best practices to maximize returns while continually monitoring the volatility in the stock markets.”

PSERS’ real estate portfolio returned 26.14 percent for the fiscal year ended June 30, 2005 and exceeded the NCREIF index, which returned 15.55 percent for the same time frame.

PSERS’ alternative investment returns were 3.94 percent for the fiscal fourth quarter and 25.45 percent for the fiscal year ended June 30, 2005 in comparison to the Venture Economics benchmarks of 0.97 percent and 8.22 percent for the same time frame.

PSERS’ international equity portfolio earned 16.95 percent for the fiscal year ended June 30, 2005.

PSERS’ domestic equity portfolio returns were 8.13 percent for the fiscal year ended June 30, 2005 as compared to the Dow Jones Wilshire 5000, which returned 8.21 percent for the same time frame.

PSERS’ domestic fixed income portfolio returned 8.72 percent for the fiscal year ended June 30, 2005, exceeding the Lehman Aggregate of 6.81 percent.

About the Pennsylvania Public School Employees’ Retirement System

PSERS is the 14th largest public pension fund in the nation and the 21st largest among public and corporate pension funds in the nation. As of June 30, 2005, PSERS had an investment portfolio of approximately \$51.8 billion and a membership of more than 248,000 active school employees and 150,000 retirees. For more detailed investment performance information visit PSERS’ website at www.psers.state.pa.us.

As of June 30, 2005, PSERS had 41.4 percent of its assets in Domestic stocks; 20.0 percent in International stocks; 18.2 percent in Domestic and International Fixed Income investments; 9.6 percent in Alternative Investments; 7.1 percent in Real Estate and 3.7 percent in cash and cash equivalents.

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