



PRESS RELEASE

**For Immediate Release
June 7, 2007**

For More Information Contact:
Evelyn Tatkovski
Press Secretary
Public School Employees' Retirement System
Phone: 717-720-4734
e-mail: etatkovski@state.pa.us

**PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
ANNOUNCES INVESTMENT PERFORMANCE**
Pension fund reports strong investment gains for the timeframe ended March 31, 2007

HARRISBURG, PA – The Pennsylvania Public School Employees' Retirement System (PSERS) today announced its investment performance for the timeframe ended March 31, 2007.

The pension fund generated a total return of 4.52 percent for the quarter and 16.23 percent for the fiscal year to date (nine months) ended March 31, 2007, which placed PSERS in the top 1 percent of the public pension plan database compiled by Wilshire Associates. PSERS exceptional returns outperformed its policy index returns of 3.04 percent for the quarter and 13.54 percent for the fiscal year to date and the Wilshire database's median pension fund return of 1.80 percent for the quarter and 10.70 percent for the fiscal year to date.

In addition, PSERS announced it earned 16.00 percent for the one-year period, 14.98 percent for the three-year period, and 12.13 percent for the five-year period ended March 31, 2007. Returns for all three periods were in excess of the Fund's annual actuarial return assumption of 8.50 percent.

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

"The markets have had an exceptional four and one half year run with the S&P 500 up 97 percent. I am pleased to report that PSERS' fiscal third quarter investment performance reflected that positive trend with another quarter of exceptional investment returns," Van Noord said. "As we get closer to the end of PSERS' fiscal year, I remain cautiously optimistic that the trend will continue." Van Noord said.

(continued)

Pension fund reports strong gains for the period ended March 31, 2007
June 2007
Page 2

PSERS' investment performance benefited from very strong real estate and private equity results. Mr. Van Noord reported that for the one-year period ended March 31, 2007, private real estate returned 34.25 percent, publicly traded real estate securities returned 32.60 percent, and private markets earned 33.68 percent. In addition, the U.S. equity portfolio earned 10.08 percent and the non-U.S. equity portfolio earned 19.41 percent for the one-year period ended March 31, 2007.

PSERS' Chairman Melva S. Vogler applauded the Fund's recent investment performance and commented on its impact on PSERS' employer contribution rate.

“PSERS posted a very strong fiscal year to date return of 16.23 percent, which is already well above our annual actuarial return assumption of 8.50 percent. If PSERS' exceptional investment returns continue through June 30th, the projected employer contribution rate increase in FY 2012/2013 will significantly decrease and every dollar PSERS' investments earn is a dollar less needed from school employers and the Commonwealth.”

The employer contribution rate is set using the investment return and actuarial data as of June 30th, the end of PSERS' fiscal year.

All investment returns are presented net of investment management fees.

About the Pennsylvania Public School Employees' Retirement System

PSERS is the 13th largest public defined benefit pension fund in the nation and the 23rd largest fund among public and corporate pension funds in the nation. As of March 31, 2007, PSERS had an investment portfolio of approximately \$64.1 billion and a membership of more than 263,000 active school employees and 162,000 retirees. For more detailed investment performance information visit PSERS' website at www.psers.state.pa.us.

As of March 31, 2007, PSERS had 29.6 percent of its investments in U.S. equities; 31.5 percent in non-U.S. equities; 16.2 percent in U.S. and non-U.S. fixed income; 9.2 percent in private markets; 8.0 percent in real estate, 4.0 percent in cash and cash equivalents and 1.5 percent in commodities.