

PRESS RELEASE

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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 gains for the one-year period ended December 31, 2007

HARRISBURG, PA –The Pennsylvania Public School Employees' Retirement System (PSERS) today announced its investment performance for the calendar year-end December 31, 2007. The pension fund generated a total return of 13.82 percent for the calendar year ended December 31, 2007. This return placed PSERS in the top 1 percent of the public pension plan database compiled by Wilshire Associates.

PSERS' Chairman Melva S. Vogler commented on the efforts of the Fund's Board and staff.

“It has been a difficult fourth quarter not just for PSERS but also for other private and public pension funds across the country. During these difficult times, it is all the more important for PSERS to remain committed to its long-term investment strategy. This long-term strategy has proved well as PSERS continues to post good long-term results of 14.40 percent for the three-year period and 16.57 percent for the five-year period ended December 31, 2007. Both the three-year and five-year period returns 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 fourth quarter has proved to be very volatile as the impact of the subprime mortgage issues and overall downturn in the economy continue to roll through the investment markets,” Van Noord said. “For the quarter, the Fund reported a –0.74 percent return in spite of strong performance in the fixed income, private markets and commodities asset classes. PSERS remains focused on diversifying its assets and maintaining a long-term focus.”

Mr. Van Noord reported that for the one-year period ended December 31, 2007, the U.S. equity portfolio earned 4.78 percent, the non-U.S. equity portfolio earned 16.26 percent, real estate returned 19.04 percent, and private markets earned 39.96 percent. PSERS' investments rose from \$61.9 billion on December 31, 2006 to over \$67.4 billion on December 31, 2007.

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About the Pennsylvania Public School Employees' Retirement System

PSERS is the 14th largest defined benefit pension fund in the nation. As of December 31, 2007 PSERS had an investment portfolio of approximately \$67.4 billion and a membership of more than 264,000 active school employees and 168,000 retirees. For more information visit PSERS' website at www.psers.state.pa.us.

As of December 31, 2007, PSERS had 29.5 percent of its assets in non-U.S. equities; 26.3 percent in U.S. equities; 20.0 percent in U.S. and Global Fixed Income investments; 10.2 percent in Private Markets; 8.7 percent in Real Estate, 3.2 percent in Commodities, and 2.1 percent in cash and cash equivalents.

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