

PRESS RELEASE

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PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ANNOUNCES INVESTMENT PERFORMANCE

Pension fund reports returns for the fiscal year ended June 30, 2008

HARRISBURG, PA –The Pennsylvania Public School Employees' Retirement System (PSERS) today announced its investment performance for the fiscal year end June 30, 2008. The pension fund generated a total return of -2.82 percent for the fiscal year ended June 30, 2008. For the three-year and five-year periods ended June 30, 2008, PSERS returned 11.25 percent and 13.21 percent, respectively.

PSERS had four outstanding fiscal years of investment returns prior to this year (FY 2003/2004 19.67 percent, FY 2004/2005 12.87 percent, FY 2005/2006 15.26 percent, and FY 2006/2007 22.93 percent).

PSERS' Chairman Melva S. Vogler commented on the fund's fiscal year returns. "This past fiscal year has been a very difficult year for PSERS. The fund was not spared the turmoil in the investment markets and our fiscal year end return shows that impact. Still, PSERS is well managed and financially strong. Diversification has helped PSERS minimize the impact during these volatile times. While PSERS fiscal year return was -2.82 percent, that return is above the median return of -4.56 percent and places the fund in the top third of public pension funds in Wilshire's database."

PSERS' Chief Investment Officer Alan Van Noord also commented on the pension fund's investment performance. "Financial markets have been under pressure since July 2007, coincident with the start of the current credit crisis. In addition, financial markets are adjusting to a worldwide economic downturn," Van Noord said. "PSERS is well diversified and remains focused on long term goals."

Fixed income, private markets, and commodities all had positive returns for the fund. Mr. Van Noord reported that for the one-year period ended June 30, 2008, the U.S. fixed income portfolio earned 7.81 percent, the non-U.S. fixed income portfolio earned 10.02 percent, commodities returned 34.72 percent, and private markets earned 19.14 percent. Contrary to those gains, real estate returned -5.22 percent, U.S. equities returned -13.98 percent, and non-U.S. equities returned -9.81 percent.

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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 June 30, 2008, PSERS had an investment portfolio of approximately \$62.7 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 June 30, 2008 PSERS had 26.4 percent of its assets in non-U.S. equities; 22.7 percent in U.S. equities; 20.0 percent in U.S. and global fixed income investments; 12.8 percent in private markets; 10.0 percent in real estate, 4.8 percent in commodities, and 3.3 percent in cash and cash equivalents.

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