

PRESS RELEASE

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PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ANNOUNCES THIRD QUARTER INVESTMENT PERFORMANCE

Pension fund posts gains of 3.73 percent for quarter ended September 30, 2007; Outperforms median return of 2.02 percent

HARRISBURG, PA – The Pennsylvania Public School Employees' Retirement System (PSERS) today announced strong investment return results for the quarter and one-year period ended September 30, 2007.

The pension fund generated returns of 3.73 percent for the quarter and 22.58 percent for the one-year period ended September 30, 2007. The quarter and one-year period investment returns place PSERS in the top 10 percent of the public pension plan database compiled by Wilshire Associates.

PSERS' Chairman Melva Vogler commended the Fund's recent investment performance stating: "I am pleased to report PSERS' positive third quarter investment performance. PSERS Board and Investment Staff have worked hard to develop a diversified, long-term investment policy, which has proven valuable during the recent market volatility. PSERS continues to produce top decile returns and remains one of the top performing public pension funds in the country."

PSERS' Chief Investment Officer Alan Van Noord commented on the recent investment performance. "I am very pleased with PSERS' third quarter investment results," Van Noord stated. "PSERS was able to earn strong returns during the highly volatile third quarter environment. PSERS' commodities allocation has performed particularly well, returning 21.65 percent for the calendar year to date ended September 30, 2007."

"While PSERS' diversification into many different types of asset classes and sub-asset classes has allowed the fund to continue to perform well during the volatile market conditions; sub prime issues, the weak dollar, and a slowing domestic economy continue to impact the markets and conditions remain challenging in the fourth quarter," Van Noord said.

PSERS' investment returns of 18.04 percent for the 3-year period and 17.88 percent for the 5-year period ended September 30, 2007 ranked in the top 1 percent of the Wilshire Associates' public pension plan database.

PSERS' U.S. equity portfolio earned 1.17 percent for the quarter and 17.39 percent for the one-year period ended September 30, 2007, closely matching the Dow Jones Wilshire 5000 Index returns of 1.46 percent and 16.99 percent for the same periods.

PSERS' non-U.S. equity portfolio earned 3.94 percent for the quarter and 31.13 percent for the one-year period ended September 30, 2007, as compared to the MSCI All-Country World Index ex. U.S. (30 percent hedged to the U.S. dollar), which returned 3.36 percent and 27.74 percent for the same time period.

PSERS' private markets returns, consisting of private debt, private equity and venture capital, returned 9.73 percent for the quarter and 40.67 percent for the one-year period ended September 30, 2007 in comparison to the Venture Economics Median Return, Vintage Year Weighted benchmark returns of 3.08 percent and 15.00 percent for the same time period.

PSERS' real estate portfolio returned 5.72 percent for the quarter and 30.81 percent for the one-year period ended September 30, 2007 compared to PSERS' blended real estate index returns of 4.36 percent and 17.69 percent for the same time period.

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 September 30, 2007 PSERS had an investment portfolio of approximately \$68.7 billion and a membership of more than 263,000 active school employees and 162,000 retirees. For more information visit PSERS' website at www.psers.state.pa.us.

As of September 30, 2007, PSERS had 30.8 percent of its assets in Non-U.S. equities; 27.5 percent in U.S. equities; 18.5 percent in U.S. and Global Fixed Income investments; 9.9 percent in Private Markets; 8.0 percent in Real Estate, 2.8 percent in Commodities, and 2.5 percent in cash and cash equivalents.

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