

Pennsylvania Municipal Retirement Board Policy Statement 07 – 1 (Replaces Rule Number 02-2)	Proxy Voting Policy
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Purpose To establish a proxy voting policy that will be followed by the Pennsylvania Municipal Retirement Board (“the Board”) or its designated proxy-voting agent when voting issues on the proxy ballots that the Board is entitled to cast.

Authority “Pennsylvania Municipal Retirement Law,” Act 15 of 1974, P.L. 34, as amended, 53 P.S. §§881.101-881.502.

General Policy and Procedure The Board’s policy is to cast votes on *all* proxies to serve the best economic interests, and for the exclusive benefit, of the beneficiaries of the retirement plans administered by the Pennsylvania Municipal Retirement System (“the System”).

The Board retains the right to vote all proxies for securities in the portfolios managed by investment managers that are charged with investing primarily in domestic markets. Domestic equity portfolios may include some international securities and American Depository Receipts (ADRs). Investment managers retained to invest in international securities are delegated the responsibility to vote proxies on behalf of the Board with the guiding principle that all votes are to be cast for the exclusive benefit of the beneficiaries of the retirement plans administered by the System.

This Policy is the sole source for proxy-voting decisions in the absence of direct Board action to the contrary. All issues on which a vote is sought, whether routine or not, will be reviewed at least annually by the System’s staff and evaluated in light of the available information pertinent to the questions put to the shareholders.

The Board will discharge its fiduciary responsibility to vote proxies by developing the internal resources and contracting with experts in the field to enable the System to examine, evaluate, and vote on proxy issues. Utilizing the System’s staff to oversee the voting of proxies will insure that this Policy is applied in a timely and responsible manner. The Board, however, recognizes that highly qualified expertise is available to the System and may elect to contract for information and research offered by firms that specialize in proxy voting services.

The Board has currently retained Institutional Shareholder Services, Inc. (“ISS”) to provide information, analyses, and recommendations on the proxy issues on the ballots of all companies in the System’s domestic equity portfolio. The System staff shall direct the casting of all votes in accordance with this Policy.

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General
Policy and
Procedure
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The Board will apply the most current ISS Proxy Voting Guidelines (concise summary available upon request*) to issues that are primarily economic in nature, such as, issues dealing with board of director candidates, anti-takeover defenses, without limitation, mergers and restructurings, capital structures, and executive and director compensation.

The Board recognizes that proxy questions are often raised that also address social concerns which may have positive economic consequences, negative economic consequences, or no appreciable economic consequences on the System's beneficiaries. These issues, generally referred to as social or corporate responsibility issues, require a judgment as to whether the proposal would generally advance beneficiaries' present and future welfare. The Board has decided to exercise their fiduciary responsibility as to these issues with discretion and purpose. As such it is deemed that a case-by-case determination is the only responsible approach.

Absent a specific policy decision on social or corporate responsibility issues, the Board will apply the most current ISS Proxy Voting Guidelines. The Board may, in its discretion, promulgate policy on social or corporate responsibility issues and take positions contrary to or in place of the ISS Guidelines. This Policy shall be amended to conform to any such policies or positions that the Board may adopt.

The Board is committed to operating in a public forum and, as such, all votes are a matter of public record.

- * The Board recognizes that ISS refines and revises its Guidelines from time to time as new issues emerge on proxy ballots and positions on some issues continue to evolve. PMRS staff will look to the most recent ISS Guidelines unless specifically directed to do otherwise by a separate Board action. It is also noted that the ISS does not provide the entire ISS Proxy Voting Manual to non-subscribers of their service. The proxy voting guidelines summary and the proxy voting guidelines concise summary are public documents and are available upon request of the PMRS staff.

Specific
Board
Policies

The following specific policy statements shall provide overriding guidance on the voting of proxies regardless of the position set forth in the ISS standard voting proxy policy statement.

MacBride Principles. The Board will vote FOR resolutions calling for adoption and adherence to the MacBride principles.

Separation of Chairman and CEO Positions. The Board will vote FOR proposals that call for the separation of the positions of Board Chairman and Chief Executive Officer.

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Reincorporation Proposals. The Board will vote FOR reincorporation proposals that are likely to increase shareholder value or promote or protect shareholder rights and AGAINST proposals that would be adverse to shareholder interests. Given the economic benefits to the Commonwealth and the municipalities that participate in the System, the Board will generally vote FOR all reincorporation proposals to reincorporate in Pennsylvania. Conversely, given the likely adverse consequences to the Commonwealth and participating municipalities, the Board will generally vote AGAINST reincorporation proposals to reincorporate Pennsylvania companies outside of Pennsylvania.

Effective
Date:

This policy is to be implemented effective immediately.

Adoption
Date:

Adopted at the January 25, 2007 meeting of the Pennsylvania Municipal Retirement Board.

James B. Allen, Secretary

JBA/jba
2/7/2007