2008-2009 PERFORMANCE PLAN – Portfolio Manager, Opportunistic Fixed Income (D. Kiefer)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
5%	CalPERS Life Settlement Program	Time Weighted Return (TWR) of Life Settlement Assets – performance calculation based on receipt of cash proceeds from sale of Life Settlements Assets.	0% TWR = 0 10% TWR = 1.0 15% TWR = 1.5
5%	CalPERS Credit Enhancement Program (CEP)	Revenues, net of losses, on CalPERS CEP program.	$1 MM = 0 $3 MM = 1.0 $4.5 MM = 1.5
30%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess returns in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW 4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
35%	CalPERS Securities Lending Program	Revenue generated from CalPERS securities lending program.	$110 MM = 0 $150 MM = 1.0 $170 MM = 1.5
75%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	*Human Resources staff is working with the Interim Chief Investment Officer to develop the qualitative leadership performance measures which will be presented for second reading.*	From Schedule

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
10%	Unique Idea Generation	By June 30, 2009, Formulate and submit proposals for unique ideas or programs that enhance CalPERS fixed income investment opportunities (including opportunities that intersect with other asset classes). [More specific measurable outcome TBD.]	From Schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	