



Michael C. Schlachter, CFA
Managing Director & Principal

June 10, 2013

Mr. Michael Bilbrey
Chair, Performance, Compensation, and Talent Management Committee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: 2013-2014 Performance Plans for Chief Executive Officer and Chief Investment Officer

Mr. Bilbrey,

You requested our comments regarding the proposed incentive compensation plan for the Chief Executive Officer and Chief Investment Officer for fiscal year 2014.

Wilshire reviews the quantitative sections of all incentive compensation plans for consistency, accuracy, and fairness prior to approval by the Chief Investment Officer or the Performance, Compensation, and Talent Management Committee. Wilshire does not typically review the qualitative portion of incentive compensation plans.

The two plans presented for approval have quantitative sections that are unchanged from last year. We have reviewed these sections for accuracy and find them both to be free of errors. Given that the Committee approved identical quantitative factors last year for the CEO and CIO, we find no objections to these sections as presented.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read 'Michael Schlachter'.