LIST OF ADDITIONAL POLICIES TO BE UPDATED THROUGH ADMINISTRATIVE PROCESS

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Inflation Assets	Attachment A (Commodities Program), Section D. 1., and Section E.2.	Strike section D.1. ~~Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A3" as defined by Moody's Investor Service, "A-" by Standard & Poor's and "A-" by Fitch. The use of counterparties holding a split rating with one of the ratings below A3/A- is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that unconditionally guarantees payment and meets the above credit standards.~~ Strike Section E.2. ~~**Legal risk** will be minimized by engaging in over-the-counter (OTC) derivative transactions only where such transactions are enforceable under the laws of the governing jurisdiction and will be governed by an International Swaps and Derivatives Association, Inc. (ISDA) agreement where applicable.~~
Statement of Investment Policy for Inflation Assets	Attachment B (Inflation Linked Bond Program), Section V.A.,	Strike paragraph under Section V.A. ~~Derivatives with risk and return characteristics substantially similar to bonds or bond indices included in the Program benchmark are permitted. Any use of derivatives shall be in compliance with the CalPERS Derivatives Investment Policy as stated in Section IX of the CalPERS Dollar-Denominated Fixed Income Program Policy.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Barclays Aggregate Program	Section VI.A. and VI.C.	Adjust first paragraph under section VI.A. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies~~ Global Derivatives and Counterparty Risk ("Derivatives and Counterparty Risk Policy"). In addition to the restrictions defined in the Derivatives and Counterparty Risk Policy, the following conditions apply: Strike section VI.C. ~~C. **Counterparty Exposure for Options, Swaps and Futures**~~ ~~1.~~ ~~The greater of $500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange-traded derivatives (e.g., swaps, caps, floors, and options).~~ ~~1.~~ ~~Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. who have a short-term debt rating by at least two of the following three rating agencies:~~ ~~A1 (S&P) and P1 (Moody's), or F1 (Fitch Ratings), or rated on a long-term basis A3 (Moody's) A- (S&P), or A- (Fitch Ratings Services). The internal research staff shall actively review these brokers.~~
Statement of Investment Policy for Currency Overlay Program	Attachment B (Externally Managed Currency Overlay Program), Section III.B.2.a	Insert the following in place of the language under Section III.B.2.a: Statement of Investment Policy for Global Derivatives and Counterparty Risk; and,
Statement of Investment Policy for Currency Overlay Program	Attachment B (Externally Managed Currency Overlay Program), Section IV.B.	Strike Section VI.B. of Attachment B ~~B. **Counterparty Exposure for Forwards, Options, and Swaps**~~ ~~1. The greater of $500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.~~ ~~2. Transactions shall be executed with counterparties rated A- (S&P), or A- (Fitch) or A3 (Moody's) or higher by at least 1 of 3 rating agencies.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Currency Overlay Program	Attachment C (Internally Managed Passive Currency Overlay Program), Section II.B.7.a, and Section III.B.	Insert the following in place of the language under Section II.B.7.a: Statement of Investment Policy for Global Derivatives and Counterparty Risk; and, Strike Section III.B. of Attachment C ~~B. **Counterparty Exposure for Forwards, Options, and Swaps**~~ ~~1. The greater of $500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.~~ ~~2. Transactions shall be executed with counterparties rated A- (S&P), or A- (Fitch) or A3 (Moody's) or higher by at least 1 of 3 rating agencies.~~
Statement of Investment Policy for Currency Overlay Program	Attachment D (Internally Managed Active Currency Overlay Program) Section III.B.	Strike Section III.B. of Attachment D ~~B. **Counterparty Exposure for Forwards, Options, and Swaps**~~ ~~1. The greater of $500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.~~ ~~2. Transactions shall be executed with counterparties rated A- (S&P), or A- (Fitch) or A3 (Moody's) or higher by at least 1 of 3 rating agencies~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Low Duration Fixed Income Program	Attachment A1 (High Quality Libor Program), Section II.D.3., Section IV., and Section IV.C.	Strike and insert the following in Section II.D.3. of Attachment A1: 3. Repurchase Agreements and Tri-Party Repurchase Agreements (repos and tri-party repos) collateralized at 102% by debt obligations of the U.S. Government or its agencies (this does not include mortgage-backed securities). Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by A3/A- or higher rated corporate debt or AAA structured securities or commercial paper with a minimum A1/P1 rating. Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by common stock of companies included in one of the following indices: Nasdaq composite, Russell 3000, or the S&P 500. Individual common stock concentration is limited to 5% per issuer. Repurchase agreements and Tri-Party Repurchase agreements must be marked-to-market daily. ~~Repurchase agreements and Tri-Party Repurchase agreements must be with counterparties rated at least A1/P1.~~ Mortgage-backed securities are prohibited. Collateral for Tri-party repurchase agreements must be a minimum of $1 million in size. Guidelines for Eligible Repo Counterparties can be found ~~in Attachment A3~~ in the Statement of Investment Policy for Global Derivatives and Counterparty Risk. Adjust first paragraph Section IV. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies~~ Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program. Strike Section IV.C. ~~Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short-term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long-term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Low Duration Fixed Income Program	Attachment A2 (Short Duration Program), Section II.D.3. , Section IV., and Section IV.C.	Strike and insert the following in Section II.D.3. of Attachment A1: 3. Repurchase Agreements and Tri-Party Repurchase Agreements (repos and tri-party repos) collateralized at 102% by debt obligations of the U.S. Government or its agencies (this does not include mortgage-backed securities). Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by A3/A- or higher rated corporate debt or AAA structured securities or commercial paper with a minimum A1/P1 rating. Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by common stock of companies included in one of the following indices: Nasdaq composite, Russell 3000, or the S&P 500. Individual common stock concentration is limited to 5% per issuer. Repurchase agreements and Tri-Party Repurchase agreements must be marked-to-market daily. ~~Repurchase agreements and Tri-Party Repurchase agreements must be with counterparties rated at least A1/P1.~~ Mortgage-backed securities are prohibited. Collateral for Tri-party repurchase agreements must be a minimum of $1 million in size. Guidelines for Eligible Repo Counterparties can be found ~~in Attachment A3~~ in the Statement of Investment Policy for Global Derivatives and Counterparty Risk. Adjust first paragraph Section IV. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies~~ Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program. Strike Section IV.C. ~~Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short-term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long-term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Low Duration Fixed Income Program	Attachment A3 (Limited Liquidity Enhanced Return Program), Section IV. and Section IV.C.	Adjust first paragraph Section IV. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies~~ Global Derivatives Strategies and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program. Strike Section IV.C. ~~Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short-term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long-term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Low Duration Fixed Income Program	Attachment A4 (Eligible Repo Counterparties)	Strike the entire A4 Attachment:

~~**ELIGIBLE REPO COUNTERPARTIES**~~
~~**Effective September 14, 2006**~~
~~**Repo counterparties may include the following:**~~
~~1. Any bank or broker/dealer explicitly rated A1/P1/F1 by at least two of the three rating agencies. In the case of split ratings, measure against the lowest of the three ratings.~~
~~2. Any bank branch whose parent is rated A1/P1/F1 (by at least two out of the three agencies).~~
~~3. Any subsidiary of a parent entity rated A1/P1/F1 carrying a guarantee of the parent.~~
~~4. If an entity is not explicitly rated, is not a bank branch, and does not carry a parental guaranty, then the entity must be a Primary Government Securities Dealer (as listed on the Federal Reserve Bank of New York's Primary Dealer List located at: http://www.ny.frb.org/markets/pridealers_current.html),~~
~~and~~
~~The parent entity must be rated A1/P1/F1 by two of the three rating agencies.~~
~~In all cases, ratings must be issued by two out of the three agencies; in the case of split ratings, measure against the lowest of the three ratings.~~

~~**SPECIFIC REPO COUNTERPARTIES**~~

~~Eligible Counterparties include the names listed below. These may be amended at any time provided they comply with above guidelines.~~

	~~**Primary Dealer**~~		~~**Parent Rating**~~
~~**Explicit Rating**~~			
~~Banc of America Securities, LLC.~~	~~A1+/P1~~	~~Yes~~	~~A1+/P-1~~
~~Barclays Capital Inc.~~	~~No~~	~~Yes~~	~~A1+/P1~~
~~BNP Paribas Securities Corp.~~	~~No~~	~~Yes~~	~~A1+/P-1~~
~~Citigroup Global Markets Inc.~~	~~A1+/P1~~	~~Yes~~	~~A1+/P-1~~
~~Credit Suisse Securities (USA) LLC~~	~~No~~	~~Yes~~	~~A1+/P1~~
~~Deutsche Bank Securities Inc.~~	~~P1~~	~~Yes~~	~~A1+/P-1~~
~~Dresdner Kleinwort Wasserstein Securities LLC~~	~~No~~	~~Yes~~	~~A-1/P-1~~
~~Goldman, Sachs & Company~~	~~A1+/P-1~~	~~Yes~~	~~A-1+/P1~~
~~HSBC Securities (USA) Inc.~~	~~No~~	~~Yes~~	~~A-1+/P1~~
~~JP Morgan Securities Inc.~~	~~No~~	~~Yes~~	~~A-1+/P1~~
~~Merrill Lynch Government Securities Inc.~~	~~No~~	~~Yes~~	~~A1/P1~~
~~Morgan Stanley & Co. Incorporated~~	~~No~~	~~Yes~~	~~A1+*/P1~~
~~RBS/Greenwich Capital Markets, Inc.~~	~~No~~	~~Yes~~	~~A1+/P-1~~
~~UBS Securities LLC~~	~~A1+~~	~~Yes~~	~~A1+/P-1~~

~~**As of December 15, 2008**~~
~~*Morgan Stanley S&P A-1+ rating is on negative watch~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Global Fixed Income Program	Attachment A (Dollar Denominated Fixed Income Program), Section III.A. and Section III.C.	Adjust the first paragraph in Section III.A. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies or CalPERS Statement of Investment Policy for Derivative-External Money Managers (collectively "Derivatives Policies").~~ Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Global Derivatives ~~Policies~~ and Counterparty Risk Policy, the following conditions apply: Strike Section III.C. ~~C. **Counterparty Exposure for Options, Swaps and Futures**~~ ~~1. The greater of $500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange-traded derivatives (e.g., swaps, caps, floors, and options).~~ ~~2. Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. who have a short-term debt rating by at least two of the following three rating agencies:~~ ~~A1 (S&P) and P1 (Moody's), or F1 (Fitch Ratings), or rated on a long-term basis A3 (Moody's) A- (S&P), or A- (Fitch Ratings Services). The CalPERS internal research staff shall actively review these brokers.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Global Fixed Income Program	Attachment B (International Fixed Income Program), Section III. and Section III.B.	Adjust the first paragraph in Section III. to the following: All transactions involving derivatives managed by both internal and external managers are governed by CalPERS Statement of Investment Policy for ~~Derivatives - External Money Managers~~ Global Derivatives and Counterparty Risk, except that leverage and shorting will be permitted in accordance with this Policy as outlined in Sections II, B and C. Strike Section III.B. ~~B. Counterparty Exposure for Options, Swaps, and Futures~~ ~~1. A maximum 33% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives (e.g., swaps, caps, floors, and options). An exception is allowed if total derivative exposure in the International Program is less that $100 million. Where netting agreements approved by CalPERS Chief Investment Officer or his or her authorized designee are in place with the counterparty, only the net amount applies toward the $100 million limit.~~ ~~2. Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or U.K. who have a short-term debt rating by at least two of the following three rating agencies:~~ ~~A1 (S&P) and P1 (Moody's), or F1 (Fitch), or rated on a long-term basis A- (S&P), A3 (Moody's), or A- (Fitch).~~ ~~3. Counterparty creditworthiness shall equal or exceed "A3" as defined by Moody's or "A-" by S&P. The use of counterparties holding a split rating with one of the ratings below A3/A- is prohibited. External managers shall notify CalPERS if a counterparty is downgraded below A3/A- while an instrument held in the International Program is outstanding with that counterparty. The use of unrated counterparties is prohibited.~~ ~~4. Any entity acting as a counterparty shall be regulated in either the United States or the United Kingdom.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for the Liquidity Program	Attachment A (US Treasury 2-10 Year Program), Section IV. and Section IV.C.	Adjust the first paragraph in Section IV. to the following: All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for ~~Development of Derivatives Strategies~~ Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the UST Program. Strike Section IV.C. ~~C. Counterparty Exposure for Options, Swaps and Futures Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short-term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long-term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.~~
Statement of Investment Policy For Global Equity	Section V.B.2.	Adjust the language in V.B.2. to the following: 2. Investment Opportunity Set – The primary universe of allowable investment assets within Global Equity shall be publicly traded global equity securities and derivatives thereof as described in the Statement of Investment Policy for Global Derivatives and Counterparty Risk ~~Derivatives Policy~~. Any potential investment involving assets identified as being primarily associated with another CalPERS asset class shall only be undertaken upon:

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Asset Allocation Strategy	Section VII.C.3.a.-e. and VII.4.	Strike a.-e. under Section VII.C.3. and adjust the first sentence under section 3. 3. Counterparty risk. Counterparty risk shall be managed ~~by adherence to the following~~ in accordance with the Statement of Investment Policy for Global Derivatives and Counterparty Risk. ~~a. Non-exchange traded derivative agreements shall be made only with counterparties for which CalPERS has an executed International Swaps and Derivatives Association (ISDA) agreement.~~ ~~b. Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A" or equivalent by leading credit rating agencies. The use of counterparties holding a split rating with one of the ratings below A is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that guarantees payment and meets the above credit standards.~~ ~~c. Swaps shall be settled quarterly or more frequently.~~ ~~d. Individual counterparty exposure, for non-exchange traded derivatives, is limited to 33% of the net notional option-adjusted exposure of all Program counterparty exposures at the inception of a new position. An exception is allowed if the Program total non-exchange traded derivatives exposure is less than $1 billion. Maximum notional exposure to a Program counterparty is $1 billion at inception of the position.~~ ~~e. Any entity acting as counterparty shall be regulated in either the United States or the United Kingdom.~~ ~~4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission) or the FSA (Financial Services Authority) of the United Kingdom.~~ Strike section VII.4. ~~4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission), or the FSA (Financial Services Authority) of the United Kingdom.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for the Opportunistic Program	Section VI.C.3.a.-e. and Section VI.C.4.	Strike a.-e. under Section VI.C.3. and adjust the first sentence under section 3. 3. Counterparty risk. Counterparty risk shall be managed ~~by adherence to the following~~ in accordance with the Statement of Investment Policy for Global Derivatives and Counterparty Risk. ~~a. Non-exchange traded derivative agreements shall be made only with counterparties for which CalPERS has an executed International Swaps and Derivatives Association (ISDA) agreement.~~ ~~b. Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A" or equivalent by leading credit rating agencies. The use of counterparties holding a split rating with one of the ratings below A is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that guarantees payment and meets the above credit standards.~~ ~~c. Swaps shall be settled quarterly or more frequently.~~ ~~d. Individual counterparty exposure, for non-exchange traded derivatives, is limited to 33% of the net notional option-adjusted exposure of all Program counterparty exposures at the inception of a new position. An exception is allowed if the Program total non-exchange traded derivatives exposure is less than $1 billion. Maximum notional exposure to a Program counterparty is $1 billion at inception of the position.~~ ~~e. Any entity acting as counterparty shall be regulated in either the United States or the United Kingdom.~~ ~~4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission) or the FSA (Financial Services Authority) of the United Kingdom.~~ Strike section VI.4. ~~4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission), or the FSA (Financial Services Authority) of the United Kingdom.~~

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Securities Lending	Attachment A, Section I.C.1.	Adjust the language under section I.C.1. to the following: 1. All borrowers must be compliant with the counterparty guidelines in the Statement of Investment Policy for Global Derivatives Strategies and Counterparty risk and meet certain other financial criteria as determined by CalPERS.
Statement of Investment Policy for Securities Lending	Attachment B, Section A.2.a.	Adjust the language under section A.2.a. to the following: a. Repurchase agreements and Tri-Party Repurchase agreements must be compliant with the counterparty guidelines in the Statement of Investment Policy for Global Derivatives Strategies and Counterparty Risk and meet certain other financial criteria as determined by CalPERS at the time of purchase.

POLICY	SECTION	LANGUAGE ADJUSTMENT
1. Statement of Investment Policy for Real Assets 2. Statement of Investment Policy For Private Equity 3. Statement of Investment Policy for Absolute Return Strategies 4. Statement of Investment Policy for Multi-Asset Class Partners Program 5. Statement of Investment Policy for The California Employers Retiree Benefit Trust Fund 6. Statement of Investment Policy for The Legislators' Retirement System (LRS) Fund 7. Statement of Investment Policy The Long Term Care (LTC) Fund 8. Statement of Investment Policy for The Judges Retirement System II (JRS II) Fund 9. Statement of Investment Policy for the Supplemental Income Plans, CalPERS Target Retirement Date, and POFF Funds 10. Statement of Investment Policy for Terminated Agency Pool 11. Statement of Investment Policy for Public Employees' Health Care Fund 12. Statement of Investment Policy for Supplemental Income Plans 13. Statement of Investment Policy for Developmental Investment Fund 14. Statement of Investment Policy for Corporate Governance Program 15. Statement of Investment Policy for Emerging Equity Markets Principles	Section TBD	In the appropriate area within each Policy listed to the left insert the following language: All transactions involving derivatives are governed by CalPERS Statement of Investment Policy for Global Derivatives Strategies and Counterparty Risk.