



**Andrew Junkin, CFA, CAIA**  
**Managing Director & Principal**

June 6, 2015

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

Re: 2014-2015 Incentive Compensation Plans for CEO and Interim CIO

Dear Mr. Bilbrey,

You requested our comments regarding the quantitative and qualitative portions of the proposed plans for incentive compensation for the Chief Executive Officer (CEO) and Chief Investment Officer (CIO) for the 2015-2016 fiscal year.

The quantitative portion of the proposed plan for the CEO and CIO are consistent with past practice over the last several years. In addition, the details of the calculations, including composite and benchmark identifiers, bonus factor schedule, and other details have been verified via comparison with the plans for other members of Staff and appear to be correct.

The qualitative portions of the plans reflect appropriate Business and Leadership goals and Wilshire supports the use of these components.

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 'Andrew Junkin'.