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March 15, 2007

The Honorable Barney Frank, Chairman
Financial Services Committee
U. S. House of Representatives
2252 Rayburn H.O.B
Washington, DC 20515

Dear Mr. Chairman:

I am writing to you on behalf of the California Public Employees' Retirement System (CalPERS). CalPERS is the largest public pension system in the U.S., with approximately \$223 billion in assets. We manage retirement benefits and health insurance on behalf of nearly 1.5 million members.

CalPERS applauds and endorses your introduction of the Shareholder Vote on Executive Compensation bill to help eliminate excessive compensation paid to corporate executives who fail to produce value for shareowners. Shareowner input on executive compensation exists in markets outside of the United States and has demonstrated that a consultation on executive compensation between the owners of public companies and company directors is a constructive process. Therefore, we strongly agree that the value of US publicly traded companies could be enhanced by adopting a policy requiring shareowner advisory input on executive compensation.

CalPERS also praises the bill's requirement to improve the disclosure and transparency of golden parachute compensation. Empirical evidence demonstrates that the existence of golden parachute compensation detracts from the value of a corporation. Currently, details about golden parachute compensation packages for executives are not fully transparent to the owners of the company which in turn causes a negative reaction by shareowners when a disproportionate amount of economic value is shifted to executives upon a change in control transaction. The Shareholder Vote on Executive Compensation bill and the new requirements under the Securities and Exchange Commission executive compensation disclosure rules will allow the owners of US publicly traded companies to have better transparency and more input into golden parachute compensation packages when a change in control transaction occurs.

California Public Employees' Retirement System
www.calpers.ca.gov

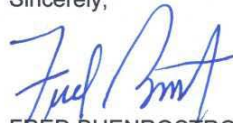
We note the seventh principle in The Business Roundtable's 2005 Principles of Corporate Governance states that it is the responsibility of the board to respond appropriately to shareholders' concerns. Executive compensation is clearly a concern for shareowners today as noted by the significant number of shareowner proposals filed at US companies on executive compensation matters.

We would also add that executive compensation is a major concern for directors as well. In a 2006 Public Company Governance Survey conducted by the National Association of Corporate Directors, directors listed CEO evaluation and compensation as one of the four leading issues for directors at US publicly traded companies. One only need to look at the current problem directors at Blockbuster are having with that company's CEO who has regarded the board's proposed incentive compensation payment to him as too low, to appreciate why executive compensation is a leading issue for directors. Given that executive compensation is a concern for shareowners and a leading issue for directors, it is clear that both shareowners and directors can benefit from an advisory consultation regarding the adequacy of the company's executive compensation policies and practices.

Finally, CalPERS strongly believes allowing shareowners access to the company's proxy material in order to nominate candidates for election to the board of directors is the most effective mechanism for ensuring director accountability, particularly in the area of executive compensation. Responsible shareowner access to the director nomination process is a vital priority for sustaining a system of corporate governance that fosters director accountability and long-term value creation. Allowing shareowners access to the process will place directors on the Board that have an arms length professional relationship with management which should lead to a more objective evaluation of management's performance and the award of compensation commensurate with that performance.

Again, Congressman Frank, we applaud your leadership not only in matters related to executive compensation, but more broadly in the advocacy of shareowner rights in America and the ongoing effort to improve board accountability to shareowners.

Sincerely,



FRED BUENROSTRO
Chief Executive Officer

cc: CalPERS Board of Administration
California Congressional Delegation