



Important Information

Strategy Change

The investment strategy of the Stable Value Fund (the Fund) will be changing as of August 2, 2010. The Fund will be investing in U.S. government securities and other assets that are permissible investments for a money market fund. Due to the change in strategy, the yield of the Fund is expected to decline, becoming comparable with Short Term Investment Funds (STIF). Currently, the Fund's objective is to preserve principal, while maintaining a rate of return comparable to other fixed income instruments. There is no guarantee that the Fund will achieve its investment objective.

History

State Street Global Advisors (SSgA), the manager of the Fund, has decided to begin the process of exiting its stable value asset management business. CalPERS made every attempt to replace the fund with another Stable Value Fund, but the current economic environment does not allow for a replacement at this time. CalPERS will continue to monitor the stable value business going forward. If the business options improve, CalPERS may add a stable value fund back into its investment lineup if appropriate.

Stable Value Fund Investment Guidelines

Until August 2, 2010, the actively managed Fund is designed to invest in investment contracts issued by insurance companies, banks, and other financial institutions, as well as enhanced short-term investments products. Each issuer must meet the credit quality criteria in order to be approved by the investment manager. The Fund is typically managed to a weighted average maturity of 4 to 6 years and an effective duration of 2 to 4 years and maintains an average AAA credit quality. An investment in the Fund is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation.

Transition

The transition will take place beginning August 2, 2010. No action will be required by participants in the Plan. By transitioning the Fund and converting its investment portfolio as outlined above in the Strategy Change section, SSgA is seeking to both preserve principal and allow any excess market value to accrue to the benefit of plan participants who have an account balance in the Fund.

Consider Investing If

You are an investor looking for an investment that offers a conservative rate of return and want to limit your exposure to market volatility. Notwithstanding, it is possible to lose money when investing in the Fund.

In building a retirement portfolio, it is important to include a mix of equity (stock) and fixed income (bond) funds. Equity funds help build the value of your portfolio over the long term, while fixed income funds provide income and stability of principal. You should carefully consider the investment objective, risks, and expenses of the Fund before investing. As always, you should consult with your financial representative to determine whether an investment fund option is appropriate for you.

Performance

Performance of the Stable Value Fund as of March 31, 2010

Past performance does not indicate future results.	Portfolio Net Return	Portfolio Gross Return	Benchmark Barclays Capital 1-3 Year Government/Credit Index
3 Months	0.65%	0.78%	0.72%
One Year	2.68%	3.21%	1.81%
Three Years	3.30%	3.88%	4.79%
Five Years	3.63%	4.08%	4.38%
Ten Years	4.16%	4.53%	4.59%
Since Inception with SIP (Inception Date 2/1/1995)	4.41%	4.84%	5.15%

Fees of 0.51% are deducted for investment management and administrative expenses. In addition, the Fund may be charged an annual custody fee and such other fees and expenses as are permitted by the Declaration of the Trust. Performance data shown represents past performance and is no guarantee or a reliable indicator of future results. The investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data shown above. For current performance information, including performance to the most recent month-end, please visit our website at <https://calpers.ingplans.com>

Fees

The annual asset management and administrative fee of the Fund is 0.51% will not be changing when the new strategy is implemented. Fees are netted out of the Fund's performance daily. The CalPERS Board of Administration annually reviews the fees and operating expenses, and changes may be made if appropriate.

Portfolio Manager Information

The Stable Value Fund is actively managed by SSgA, global leaders in providing investment management services to clients worldwide.



What You Own

You own units of the Fund's portfolio. You do not have direct ownership of the securities in the portfolio.

Price

The unit value of the Fund changes daily, based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the Fund's unit value changes with market conditions.

Information Accessibility

Since the Fund is not a mutual fund, information is not available from a newspaper source. The Supplemental Income Plans (SIP), record keeper will provide you access to your account information online by visiting our website at <https://calpers.ingplans.com> and/or by calling the Plan toll-free line to speak with a Participant Service Representative at (800) 260-0659.

Expenses

Expenses are an important aspect of investing. To pay for the administration and management of a fund, each investor is charged a fee, which is calculated as a percentage of the amount the investor has in the fund. Even if the fund loses money during a period, the fee is still charged. Although an annual fee may seem relatively small, its effect on performance over time may be substantial. However, fees and expenses are only one of the several factors that participant should consider when making investment decisions.

Frequent Trading Policy

CalPERS enforces a frequent trading policy to secure the investment performance of the Supplemental Income 457 Plan funds for the benefit of all investing in the funds. As the funds are designed to achieve participants' long-term retirement income goals, short-term trading will be limited. Multiple round trip trades into and out of a fund may be subject to these restrictions. For more information on the Supplemental Income Plans' Excessive Short-term Trading restrictions, please see the Supplemental Income Plans Policy at:

<http://www.calpers.ca.gov/index.jsp?bc=/investments/policies/other/home.xml>

Prospectus Information

The Fund consists of assets managed in a commingled fund, specifically for CalPERS 457 Plans. Because it is not a mutual fund, a prospectus is not available. This summary is designed to provide descriptive information. Please read it carefully before you invest. For more detailed information about the Fund, you may contact CalPERS at (800) 696-3907.

Transfer Restriction

Beginning August 2, 2010, the following transfer restrictions will no longer apply to the Fund:

Participants selecting the Stable Value Fund may not transfer assets directly into the Self-Managed Account. This would apply only to agencies and districts that have contracted to offer the Self-Managed Account to employees. Amounts transferred out of Stable Value Fund may be transferred to any other fund in the SIP CalPERS 457 line-up and must remain for not less than three (3) months prior to being transferred into the Self-Managed Account. You may always transfer money from any other fund directly into the Self-Managed Account. The restriction only applies when money is transferred from the Stable Value Fund into the Self-Managed Account. This restriction is not being imposed by CalPERS or the investment managers. This is a provision required by the providers of the investment contracts in which the Fund invests. While this places some limits on the transferability of assets, it does not restrict access needed for emergency withdrawals or distribution from separation of services.

A Note About the Fund's Risk

Investing in this Fund involves a number of risks and it is possible to lose money while investing in this Fund. The current strategy of the Fund's return is generated from the income earned on each of the Fund's investments. The Fund invests only in book value investments so its return is generally not subject to market value fluctuations. Principal should be maintained if the issuers of the investment contracts meet their obligations to pay principal and interest at maturity. The Fund has strict management standards in order to minimize this risk. The new strategy may be sensitive to changes in interest rates, as the Fund will include mortgage and asset-backed securities. The Fund may be subject to early repayment risk, and its value may fluctuate in response to the market's perceptions of issuer creditworthiness.

Risk Level

