



**Treasurer  
State of California**



**Attorney General  
State of New York**



**Comptroller  
State of New York**

March 6, 2003

Dear Colleague:

The spate of recent corporate scandals that has torn through this nation has wreaked havoc on our economy and our public pension funds – harming pensioners and taxpayers alike. It has forced all of us at the state level to focus on ways we might best achieve effective and lasting reforms in our financial markets.

We are writing today to urge you to keep up your efforts as investors to restore stability and integrity to our financial system, and to continue to search out innovative and aggressive ways to pursue those very goals. We all must remain steadfast in our protection of pension funds, their members and all taxpayers. In that regard, we want to draw your attention to a promising initiative being launched in California.

Treasurer Phil Angelides, who sits on the board of the nation's largest and third largest public pension funds – the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), respectively – has proposed that the two funds work together to create a new joint California Office of Pension Protection and Market Reform.

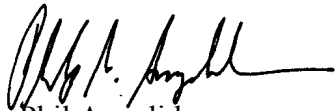
As you will notice in Treasurer Angelides' attached proposal, the Office will take whatever steps are prudent and necessary to protect the two funds' members and their assets. The Office will enhance the funds' ability to seek redress and restitution for harm done and losses caused by corporate malfeasance; help protect pensioners from future misconduct; and pursue corporate and financial market reforms necessary to return and maintain integrity in the marketplace. That, in turn, will help restore the market stability and investor confidence so necessary for long-term economic growth and long-term positive performance of the funds' portfolios.

Across the nation, all investors – including public pension funds – have endured great financial harm, at least in part, because of the trauma inflicted on the markets by the recent run of corporate irresponsibility. The California proposal is only one approach that seeks to heighten the significant market influence of public pension funds throughout the country, and to help restore integrity and accountability to the marketplace. But it is a solid model to consider as you pursue your own respective approaches to take on the challenge.

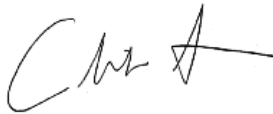
Collectively, state investment officials need to continue to exercise leadership in the cause of corporate reform. To achieve these vital reforms and establish long-term market stability, we as public leaders must sustain our efforts in the months and years ahead. We believe that the California proposal is the kind of bold, deliberate approach that should be considered at this critical time.

Thank you for your continued efforts to promote corporate and marketplace reforms. Please contact Treasurer Angelides' office with any questions you might have about his proposal.

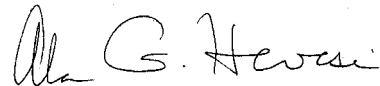
Sincerely,



Phil Angelides  
California State Treasurer



Eliot Spitzer  
New York State Attorney General



Alan G. Hevesi  
New York State Comptroller

Attachment: Policy Statement on California Office of Pension Protection and Market Reform