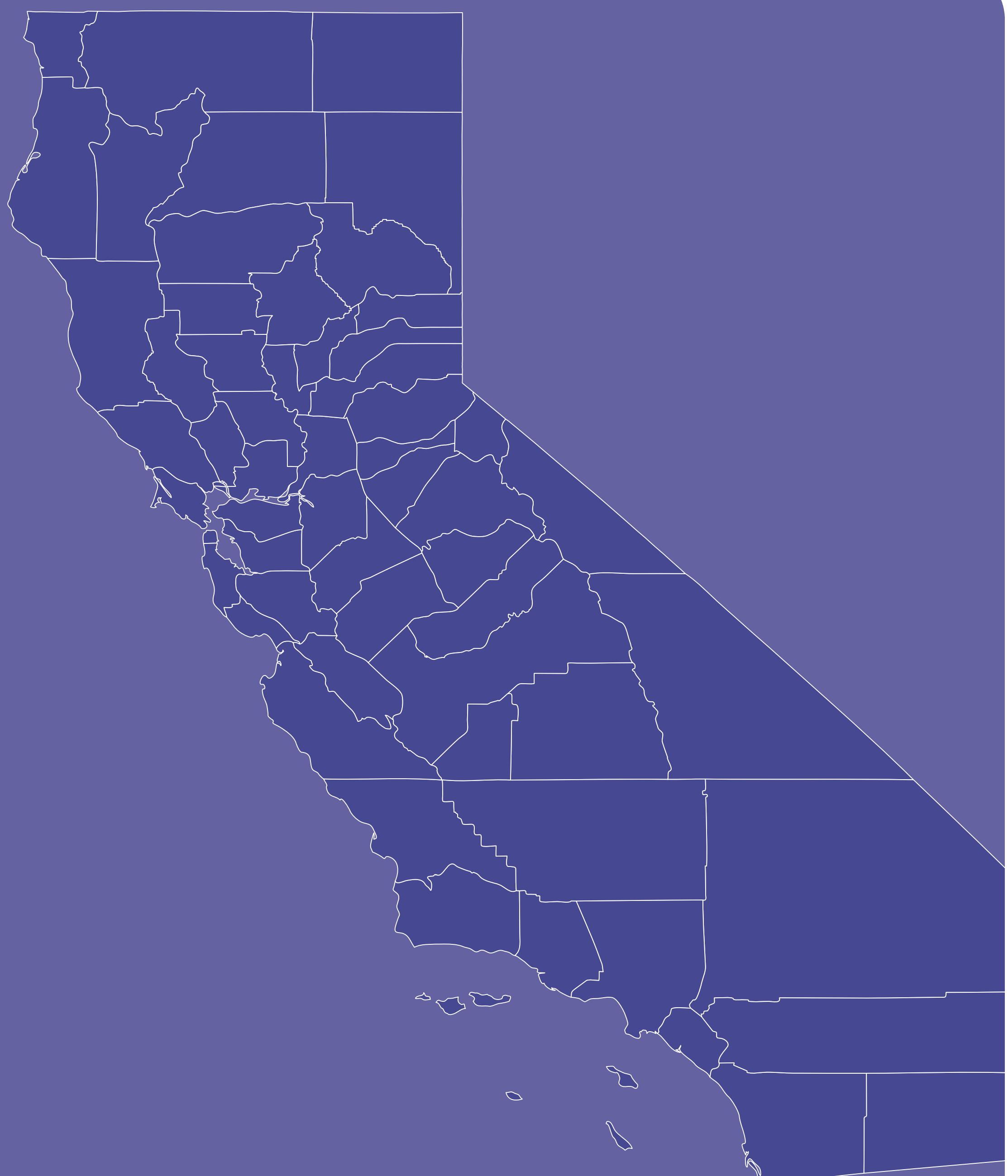
CalPERS for California 2010

Supporting Economic Opportunity in California



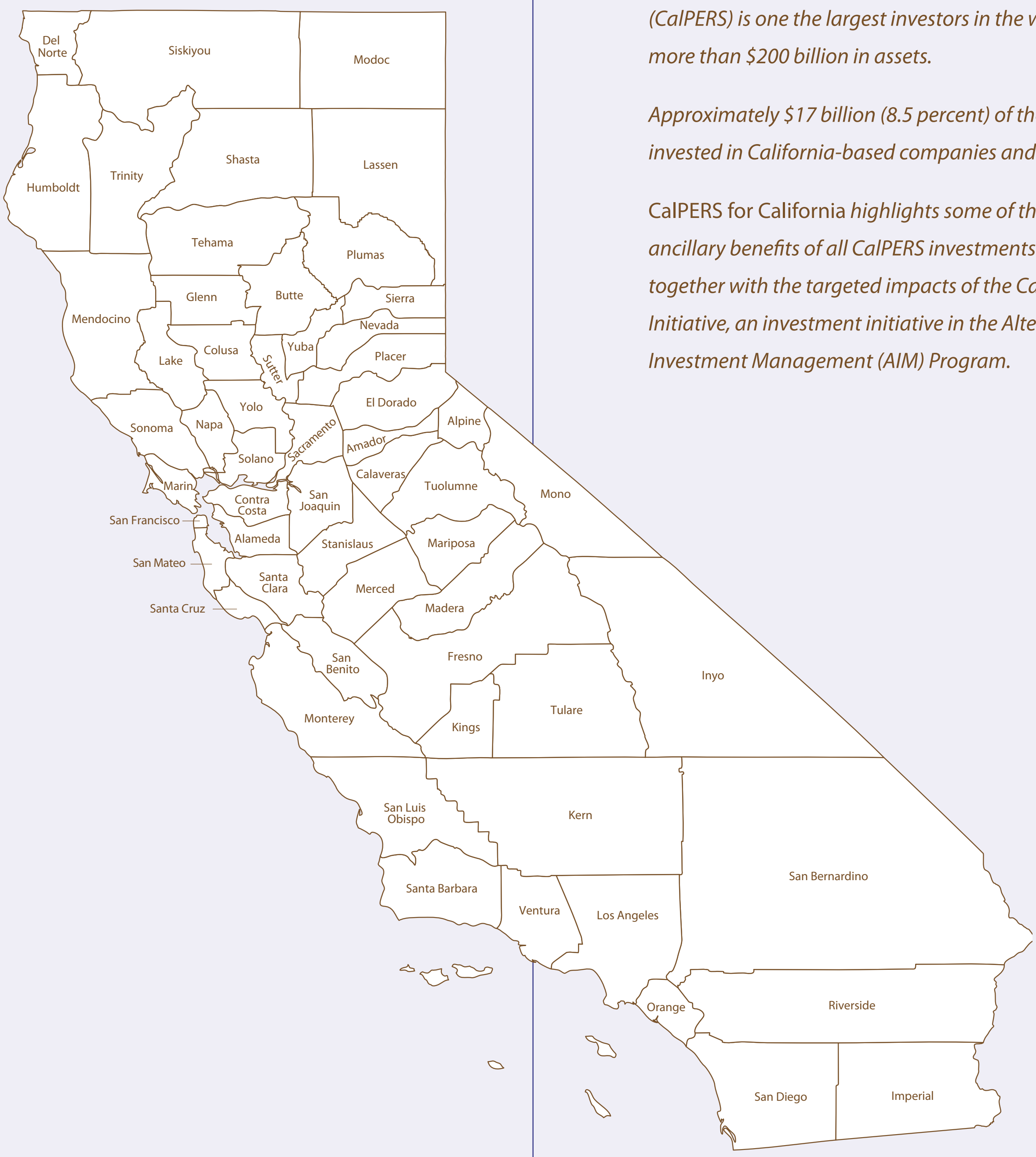
CalPERS

CalPERS for California

The California Public Employees' Retirement System (CalPERS) is one the largest investors in the world, with more than $200 billion in assets.

Approximately $17 billion (8.5 percent) of these funds are invested in California-based companies and projects.

CalPERS for California *highlights some of the broad ancillary benefits of all CalPERS investments in California, together with the targeted impacts of the California Initiative, an investment initiative in the Alternative Investment Management (AIM) Program.*



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CalPERS Investments in California

Introduction

The California Public Employees' Retirement System plays a significant role in California's economy, safeguarding and paying the retirement benefits of more than 1.6 million members, and investing 8.5 percent of a total $200.5 billion in assets in the state as of June 30, 2010.[1]

This report focuses on the broad ancillary benefits from the $17 billion that CalPERS has invested in the state. These ancillary benefits include jobs, business expansion, and infrastructure.

The primary objective of CalPERS investments in California is to achieve appropriate risk-adjusted returns on investment. The decision by CalPERS and the third-party investment managers with which it works to invest locally reflects the competitiveness of the financial returns available from companies, properties and projects located in California.

Specifically:

- At $1.85 trillion,[2] California represents 13 percent of U.S. Gross Domestic Product (GDP) and ranks as the world's eighth largest economy;[3]
- California is home to 57 Fortune 500 companies and 14 of the largest 500 corporations in the world;[4]
- California has received $126 billion of $1 trillion in private equity investments made in the past decade in the United States;[5]
- California exported $120 billion of goods in 2009, representing 11.4 percent of the U.S. total.[6]

CalPERS invests like most other large institutions, diversifying its portfolio among categories of investments, called "asset classes," to reduce its exposure to any one market risk and to maximize its return on investment.

The asset classes included in this report include:

- **Public markets:**
  - Public equities: investments in publicly traded companies both domestic and international;
  - Fixed income: investments in loans provided to governments, companies, and other borrowers;
- **Private markets:**
  - Private equities: investments in private companies that are not publicly traded;
  - Real estate: investments in commercial and residential property;
  - Infrastructure: investments in real assets including bridges, toll roads, utilities, and airports.

California's large and vibrant economy will continue to attract a proportion of CalPERS total investments and will benefit from the impacts that this capital brings to the state. A 2007 study estimated the economic impact of CalPERS investments on California at over $15 billion.[7]

This report uses the geographic characteristics of the companies, properties and projects in which CalPERS invests to describe the breadth of the System's exposure to California.

Scope and Limitations

The capital that CalPERS invests in California is usually not explicitly directed to the state but is the consequence of a process weighing the financial merits of particular companies, properties and projects, regardless of location. The size of CalPERS, and of California's economy, is the primary driver of the System's significant exposure to local communities and the related benefits that this brings, like job creation.

The research methods in this report are fully documented in footnotes. The difficulty of directly attributing ancillary benefits to CalPERS is especially notable and explains why public market and private market investments are discussed separately in Chapter I.

The data in Chapter I offers a snapshot of CalPERS investments used for analysis by Pacific Community Ventures (PCV), a third-party research organization. Data in Chapter II, on the California Initiative, has been collected independently and consistently by PCV for six years and provides additional detail and insight.

Highlights

At June 30, 2010, CalPERS invested:

- $6.1 billion in 644 California-headquartered public companies, which employ over 700,000 people in the state — nearly 5 percent of the total workforce.
- $4.7 billion of fixed income capital in California, $810 million of which is invested in 14 California-headquartered corporate bond issuers employing over 85,000 workers in the state.[8]
- $2.9 billion in 1,331 California-headquartered private companies, which support more than 140,000 local jobs.
- $3.3 billion in 387 California-based real estate projects.
- $80 million in six California-based infrastructure projects.

CalPERS invested approximately $17 billion in companies, properties and projects located in California across five key asset classes — public equities, private equities, fixed income, real estate, and infrastructure.

CalPERS Investments in California by Asset Class

	Total portfolio value (in billions)	Dollars invested in California (in billions)[3]	Percentage of dollars invested in California
Public Equities	$94.5	$6.1	6.5%
Private Equity	$28.8	$2.9	10.1%
Real Estate	$14.9	$3.3	22.0%
Infrastructure[1]	$0.4	$0.1	18.5%
Fixed Income	$49.0	$4.7	9.6%
Other[2]	$12.9	—	—
All CalPERS Total	**$200.5**	**$17.1**	**8.5%**

[1] The values for the infrastructure portfolio have been rounded for this chart. The actual values are $434 million and $80.5 million respectively.

[2] CalPERS total portfolio value was $200.5 billion at 6/30/2010. The five asset classes above do not comprise the entire portfolio. "Other" consists primarily of cash and cash-equivalents.

[3] All data is as of 6/30/2010. Standards used to determine California companies for this analysis may vary from those in other reports and lead to small differences in dollars invested.

CalPERS Investments by Asset Class in California

Public Markets

CalPERS invests the largest volume of its assets in total, and in California, in the public equity and fixed income markets.

The analysis below includes estimates of the number of workers employed in California by the companies in which CalPERS invests. These jobs are not explicitly created or sustained by CalPERS investments, although CalPERS provides an important source of capital that supports all the activities of the public companies and fixed income opportunities in which it invests.

PUBLIC EQUITIES

Public Equities	Total Market Value	$94.5 billion
	Value in CA	$6.1 billion
	Percentage in CA	6.5%

CalPERS invests in public companies primarily as a long-term investor, without trying to time the market. The largest proportion of its public equity portfolio is passively managed by an in-house team of investment professionals. CalPERS maintains some active equity management, where there is potential to add value, using both in-house expertise and by engaging the services of qualified third-party investment management companies.

The 644 California-headquartered public companies in which CalPERS invests employ an estimated 700,000 workers locally—about 5 percent of the State's total workforce.[9] Just over one-fifth of the facilities of California-headquartered companies are located in California.

CalPERS Public Equity Portfolio in California[1]

Total Companies		644
Median Company Size (Employees)		478
Average CalPERS Investment (in millions)		$11.37
Company Size (Employees)	1-100 Employees	20%
	101-500 Employees	32%
	>500 Employees	48%
Company Size (Revenue, in millions)	< $100	21%
	$101 - $500	30%
	Over $500	50%
Median One-Year Employee Growth[2]		–0.13%
Percentage Manufacturing Companies[3]		51%
Estimated Number of Jobs in California[4]		700,000
Facilities in California		35,024

[1] Analysis based on a 25% random sample (n=168). All data was collected from the Hoovers Inc. online database of publicly traded companies. Hoovers Inc. is a Dun & Bradstreet company.

[2] Median employee growth data from Hoovers Inc. is measured as the percentage difference between the most current reported employee numbers, and the numbers reported approximately one year prior.

[3] Percentage of manufacturing companies data from Hoovers Inc. A company is classified as a manufacturer if they produce any kind of physical good.

[4] The number of jobs in California is estimated using the percentage of total company facilities in California. Given that 22% of sample facilities are in CA, and assuming that employment is spread evenly by facility, 700,000=total jobs at California-headquartered companies x 22%

CalPERS makes investments of more than $100 million in 12 separate companies headquartered in California. These companies account for 58 percent of CalPERS public equity investments in California and 26 percent of the California workers employed at public companies in CalPERS portfolio.

CalPERS +$100 Million Public Equity Investments in California

Company Name	CalPERS Investment (in millions)[1]	Total Market Capitalization (in millions)[2]	CalPERS % of Market Value	Facilities in California[3]
Apple Inc	$651.8	$291,731.2	0.22%	20.9%
Chevron Corp	$405.3	$171,398.5	0.24%	20.0%
Wells Fargo & Co	$384.1	$150,009.4	0.26%	15.0%
Oracle Corp	$220.1	$144,227.9	0.15%	15.2%
Cisco Systems Inc	$364.4	$136,783.2	0.27%	12.5%
Google Inc	$280.5	$154,727.8	0.18%	18.4%
Hewlett-Packard Co	$301.4	$100,143.5	0.30%	10.2%
Intel Corp	$292.3	$117,361.1	0.25%	17.5%
Occidental Petroleum Corp	$211.3	$68,744.8	0.31%	14.7%
QUALCOMM Inc	$152.9	$77,132.6	0.20%	17.5%
Walt Disney Co/The	$158.1	$70,747.3	0.22%	21.1%
Amgen Inc	$144.2	$51,681.4	0.28%	9.7%
Total CalPERS Market Value	**$3,566.4**	**$1,534,688.8**	**0.23%**	**15.3%**

[1] CalPERS Investment is market value at 6/30/2010.

[2] Total market capitalization at 6/30/2010. Data from smartmoney.com Stock Quote key stats.

[3] The percent of facilities in California is determined using Hoovers, Inc. data and includes all company facilities with a California address.

CalPERS also invests in approximately 9,000 companies that are not headquartered in California, of which 50 percent have facilities in-state and employ local workers. In-state operations comprise 7 percent of the total number of facilities globally for these companies.[10] While companies headquartered elsewhere likely employ millions of Californians—evidenced by the approximately 280,000 facilities they operate in California compared to 35,000 for the 644 California-headquartered companies that employ 700,000 local workers—a precise jobs estimate was unable to be determined with available data.

Impacts of Global Equity Companies not Headquartered in California on the California Economy[1]

Total Companies	9,265
Number of Companies with Facilities in CA	4,928
Total Number of Facilities at Companies with Facilities in CA	4,289,373
Number of Facilities in CA	283,283
Percentage of Facilities in CA (for Companies with CA Facilities)	7%

[1] Analysis based on a 3% random sample (n=298) of companies not headquartered in California in the CalPERS Global Equity portfolio.

Case study: The Auto Industry

CalPERS invests $272 million in 17 of the largest 20 public companies in the global automotive industry. While none of these companies are headquartered in California, 14 have facilities in the state and employ an estimated 170,000 local workers.[11] American carmakers General Motors and Ford are illustrative. GM has approximately 8 percent of its 51,000 facilities in California, and Ford has 45 facilities in the state, or 5 percent of the company's total number.

FIXED INCOME[12]

Fixed Income	Total Market Value	$49 billion
	Value in CA	$4.7 billion
	Percentage in CA	9.6%

CalPERS has fixed income investments in California — both internally and externally managed — in three primary vehicles:

- **Corporate bonds:** Corporate bonds are debt securities issued by private and public corporations. Companies issue corporate bonds to raise money for a variety of purposes, such as building new plants or purchasing equipment.
- **Credit enhancements:** Credit enhancements for companies or government entities effectively substitute the credit rating and liquidity of the credit enhancement provider for that of the borrower. Credit enhancement thereby lowers the cost of capital for the borrower.
- **Structured securities:** Structured securities are investments in a diverse group of loans and provide risk and return characteristics contingent on a range of underlying indices, interest rates or cash flows.[13]

CalPERS Fixed Income Key Investment Classes in California[1]

	Dollars invested (in millions)	Percentage of dollars invested
Corporate Bond	$810	17%
Credit Enhancement	$655	14%
Structured Securities	$2,852	60%
Other[1]	$383	8%
Total	**$4,700**	—

[1] Other assets are invested in other initiatives, including the Member Home Loan Program.

CalPERS investments include loans to 14 companies headquartered in California. These companies are larger than companies invested in by other asset classes, with a median size of nearly 3,500 employees. Corporate bond issuers support more than 85,000 employees in California and operate approximately 3,700 facilities.

CalPERS Fixed Income Portfolio – Corporate Bonds in California[1]

Total Companies		14
Median Company Size (Employees)		3,455
Average CalPERS Investment (in millions)		$57.9
Company Size (Employees)	1-100 Employees	17%
	101-500 Employees	8%
	>500 Employees	75%
Company Size (Revenue, in millions)	<$100	0%
	$101 - $500	0%
	Over $500	100%
Median One-Year Employee Growth[2]		–5.6%
Percentage Manufacturing Companies[3]		14%
Estimated Number of Jobs in California[4]		85,000
Facilities in California		3,685

[1] Data from corporate bond recipients with headquarters in California, as listed in the Hoovers Inc. database. This includes 14 companies and $810 million of investments.

[2] Median employee growth data from Hoovers Inc. is measured as the percentage difference between the most current reported employee numbers, and the numbers reported approximately one year prior.

[3] Percentage of manufacturing companies data from Hoovers Inc. A company is classified as a manufacturer if they produce any kind of physical good.

[4] CA jobs estimated by multiplying total number of employees by the percentage of facilities in California.

CalPERS also invests in approximately 400 corporate bond issuers that are not headquartered in California, of which 63 percent have facilities in-state and employ local workers. In-state operations comprise 7 percent of the total number of facilities globally for these companies.[14] While companies headquartered elsewhere likely employ as many as over one million Californians — evidenced by the approximately 47,000 facilities they operate in California compared to 3,685 for the 14 California-headquartered companies that employ 85,000 local workers — a precise jobs estimate was unable to be determined with available data.

Impacts of Fixed Income Corporate Bond Recipients not Headquartered in California[1] on the California Economy

Total Companies	370
Number of Companies with Facilities in CA	250
Total Number of Facilities at Companies with Facilities in CA	425,360
Number of Facilities in CA	46,990
Percentage of Facilities in CA (for Companies with CA Facilities)	7%

[1] Analysis based on a 10% random sample (n=40) of companies not headquartered in California in the CalPERS Fixed Income portfolio.

Credit Enhancement Program

The Credit Enhancement Program, approved by the CalPERS Board in February 2003, is designed to assist municipalities nationwide in accessing the bond market more efficiently.[15] In 2008, CalPERS doubled the capacity of the program following significant turmoil in the municipal bond market, which increased demand for credit enhancement facilities and led to an increase in the cost of credit. As of June 30, 2010, $655 million was invested in seven bond issuers.

The Credit Enhancement Program provides notable ancillary benefits to California. Investments include:

- Support for the state government of California for general obligation bonds, to improve the water system, and to provide municipal utility and power systems
- Support for air and marine ports, and for transportation and highway systems
- Increased liquidity for healthcare and educational institutions

Private Markets

CalPERS invests around one-quarter of its total assets in private market strategies. Thirty-six percent of CalPERS assets invested in California are invested in private market strategies. These are investments in companies, properties, and projects that cannot be accessed publicly and fall under the umbrella of three asset classes: private equity; real estate; and infrastructure.

The job creation and other ancillary benefits of private companies, properties and projects that receive investments directly from CalPERS, or through contracted third-party investment managers, can be more directly attributed to the System than investments in public markets.

CalPERS is typically a large investor among a group of other institutions in any given deal, fund or partnership. Moreover, in the case of private equity, the investment managers supported by CalPERS (called General Partners) often join the boards of directors of portfolio companies and provide strategic advice, improved operating guidance, and broad networks that directly enhance the probability of business success.

At times, the investment managers that CalPERS enlists to support its efforts in private markets have also raised additional capital as a result of CalPERS anchor partnership commitment in their funds. While CalPERS cannot be credited with all of these "co-investments" in private California-based companies, properties, and projects, the opportunity to partner with CalPERS and its investment managers has proven to be attractive to other providers of capital.

The private markets section of *CalPERS Investments in California* highlights four areas in which capital is especially socially beneficial.[16] This includes:

- Low- to Moderate-Income (LMI) Areas[17]
- High Unemployment Areas[18]
- High Minority Areas[19]
- Rural Areas[20]

Access to capital is an important factor in economic, business and productivity growth, job and wealth creation, innovation, and sustainable community development. The benefits of access to capital accrue to the direct recipients of investments, and to the areas in which they are located.

The proportion of CalPERS investments in LMI, High Unemployment, Rural, and High Minority Areas reflects the demands for capital in the asset classes in which CalPERS invests, for example from companies and properties located primarily in central business districts and other economic hubs.

Locating investments in California

The analysis in this section uses the demographic and income characteristics of ZIP codes. If the ZIP code in which an investment is located is determined to be an LMI, High Unemployment, High Minority, or Rural Area, the investment itself — and the dollars associated with that investment — are considered to be in the defined community.

In the case of High Unemployment, Rural, and High Minority Areas, the calculations are relatively straightforward. The data used to determine the appropriate status of relevant populations is available by ZIP code.

Calculating the LMI status of a ZIP code is more complex. The following method is applied using 2000 census data for every tract in the United States:

1. The population in a census tract is assumed to be evenly distributed across the entire census tract. This includes the LMI population.
2. The number of census tracts and percentage of each census tract located in every ZIP code is determined using geographic information systems (GIS) data.
3. The percentage of the total population and LMI population from each census tract is attributed to the ZIP code in which it is located.
4. A total population number, and LMI population number, is calculated for every ZIP code by combining partial census tracts.
5. The ZIP code is considered to be an LMI Area If the percentage of LMI population in a ZIP code is greater than 50 percent of the total.

Thirty-four percent of all ZIP codes in the United States are classified as LMI using this analysis. In California, 55 percent of all ZIP codes are classified as LMI, including 73 percent in the "urban core" comprising the Central Business Districts of San Francisco, Oakland, Los Angeles and San Diego.[21]

PRIVATE EQUITY

Private Equity	Total Market Value	$28.8 billion
	Value in CA	$2.9 billion[22]
	Percentage in CA	10.1%

CalPERS is a significant investor in privately held California-based companies in a diverse set of industries. Private companies are generally smaller than public companies and use capital to support rapid growth, whether by commercializing new technologies, expanding operations, or by realizing efficiencies in readiness for an acquisition or public listing.

CalPERS invests in private companies primarily through Limited Partnerships, or funds. These investments are often structured as 10-year agreements with a professional investment manager. The manager, known as the General Partner, is the intermediary between investors with capital and businesses seeking capital.

CalPERS Private Equity Portfolio in California

Total Companies	1,331
CalPERS Investments (in millions)	$2,939
Other Co-invested Dollars (in millions)[1]	$20,854
Estimated Jobs in CA[2]	140,000

[1] Includes all other capital invested alongside CalPERS in the same companies in the same private equity fund, not the total market value of the company. Other co-invested dollars are determined only from $2.2 billion in investments for which information was available.

[2] Estimated jobs in California was determined by multiplying California jobs in the California Initiative portfolio by the proportion of dollars allocated to the California Initiative as a percentage of the total AIM portfolio in California. See Chapter II for more information on the California Initiative.

The companies in CalPERS private equity portfolio that are headquartered in California are estimated to support more than 140,000 jobs in the state. More than $20 billion has been co-invested alongside CalPERS in the same California-based companies by other institutional Limited Partners.

CalPERS has investments in areas that have traditionally had limited access to capital (Limited Capital Access Areas); 41 percent of CalPERS private equity investments in California are directed to ZIP codes that have not received the vast majority (90 percent) of investments by all sources of institutional private equity funding.

Approximately two-thirds of CalPERS private equity investments in California are directed to High Minority Areas. CalPERS also makes significant private equity investments in High Unemployment, LMI, and Rural Areas.

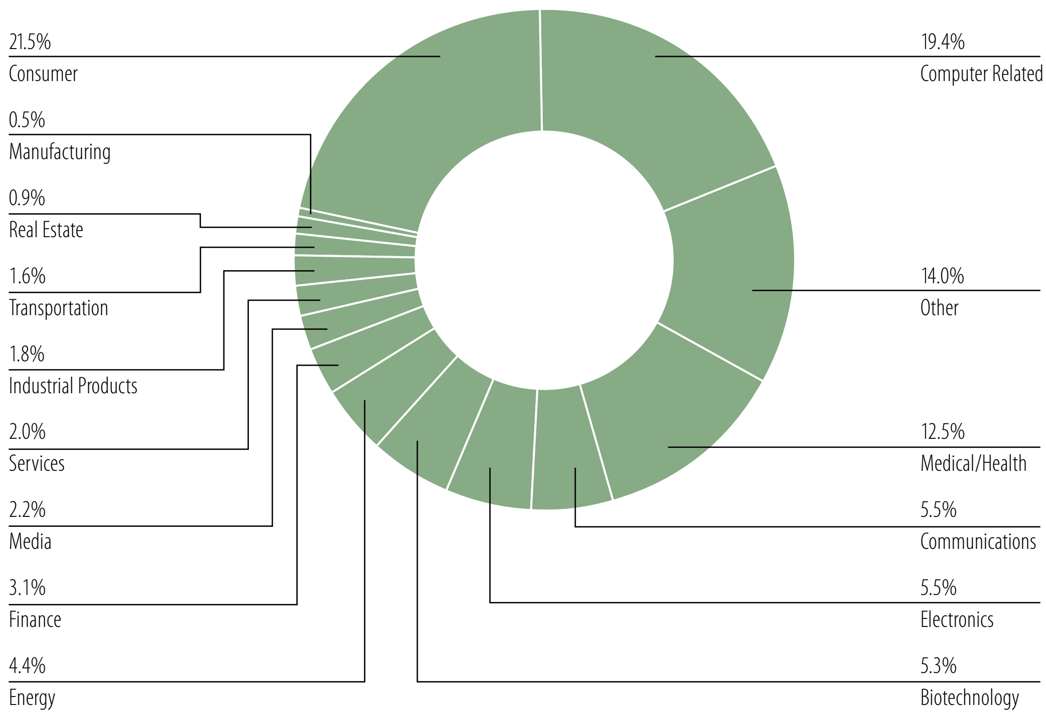
Private Equity Ancillary Benefits in California

	Percentage of investments	Percentage of dollars
High Unemployment Areas	16%	16%
Rural Areas	5%	20%
High Minority Areas	79%	64%
LMI Areas	27%	23%
Limited Capital Access Areas[1]	17%	41%

[1] According to data from Thomson Reuters analyzing all private equity transactions between 2001 and 2007, more than 90 percent of all private equity in California has been committed to 10 percent of California ZIP codes. ZIP codes not included in this 10 percent are considered Limited Capital Access Areas.

CalPERS has a highly diversified private equity portfolio in California, with investments in more than 20 different industries. The following chart shows the distribution of the top 15 sectors, including the heaviest concentrations in consumer goods, computer-related and medical companies.

California Private Equity Investments by Industry



Alternative Investment Management (AIM) Environmental Technology Program

CalPERS has a market value of $134 million invested in external managers in the AIM Environmental Technology Program. Thirty-one percent of this amount ($41 million) is invested in managers headquartered in California. Environmental or clean technologies are defined as solutions that are more efficient and less polluting than existing or legacy products, services, or technologies. Investments include companies focused on alternative and renewable energy, water technologies, advanced materials or nanotechnology, air purification technologies, and transitional infrastructure opportunities. Through these investments, CalPERS is building a "best of breed", diversified portfolio of clean technology-focused investments across stages, strategies, geographies, and structures.[23]

REAL ESTATE

Real Estate	Total Market Value	$14.9 billion
	Value in CA	$3.3 billion
	Percentage in CA	22.0%

CalPERS invests in real estate primarily through the funds and partnerships of third-party investment managers. CalPERS has a "core" portfolio of real estate diversified by property type and geography, emphasizing high occupancy income. The portfolio also includes housing, urban real estate, international investments and natural resources (timber and agriculture).

The real estate asset class is more heavily weighted to California than any other. The portfolio in California includes a diverse group of assets that provide ancillary benefits in the areas in which they are located.

An additional $2.4 billion in capital from other institutions is co-invested alongside CalPERS in California real estate.

CalPERS Real Estate Portfolio in California

CalPERS CA Portfolio Value (in millions)	$3,274
Other Co-invested Dollars (in millions)[1]	$2,433
Number of Investments	387

[1] Value includes all other capital invested alongside CalPERS in the same real estate and infrastructure investments in the same third party funds, partnerships, and real estate investment trusts.

Forty-three percent of CalPERS California real estate investments are located in LMI areas, equal to 34 percent of invested amounts. Real estate investments are often in central business districts and concentrated urban areas, where access to investments in all property types is highest. These urban districts typically include a larger proportion of LMI, High Unemployment, and High Minority Areas.

Real Estate Ancillary Benefits in California[1]

	Percentage of investments	Percentage of dollars
High Unemployment Areas	28%	23%
Rural Areas	17%	6%
High Minority Areas	63%	54%
LMI Areas	43%	34%

[1] Ancillary benefits are based on the 195 California real estate investments for which valid ZIP code data was available.

The ancillary benefits of real estate projects include temporary jobs during construction, permanent jobs managing and servicing property assets, as well as affordable and workforce housing and transit-oriented community development.

CalPERS Real Estate Environmental Investing Strategy

CalPERS engages with its third-party investment managers to seek ancillary benefits through environmental investing strategies. Managers pursue robust financial returns while adopting sustainable building technologies, energy efficiency, water conservation, waste stream management, and indoor air quality. The managers also support green building initiatives and continue to explore investment opportunities with Leadership in Energy & Environmental Design (LEED) and Energy Star certification. In 2010, Real Estate investment managers achieved CalPERS 5-year Energy Efficiency Initiative to reduce energy consumption in the core portfolio by 20 percent.

INFRASTRUCTURE

Infrastructure	Total Market Value	$434 million
	Value in CA	$80.5 million
	Percentage in CA	18.5%

CalPERS searches for infrastructure opportunities in sectors including transportation, energy, natural resources, utilities, water, communications and certain social infrastructure projects, investing both directly and in partnership with third-party managers. CalPERS considers infrastructure investments, by definition, to benefit society as a whole.

CalPERS invests $80.5 million in infrastructure assets in California. More than 86 percent ($73.6 million) of these investments are in projects providing reliable water supplies to drought-prone areas.

Other institutions co-invested $93.7 million alongside CalPERS in California infrastructure projects.

CalPERS Infrastructure Portfolio in California

CalPERS CA Portfolio Value (in millions)	$80.5
Other Co-invested Dollars (in millions)[1]	$93.7
Number of Investments	6

[1] Value includes all other capital invested alongside CalPERS in the same infrastructure projects.

Conclusion

Institutional investors like CalPERS play an important role in sustaining and growing all economies, providing the capital that companies and other investment recipients need to survive and thrive. CalPERS provides significant ancillary benefits to California as a result of the breadth and scale of its investments in the state.

CalPERS invests $17 billion (8.5 percent) of its $200.5 billion in assets in California, including in companies, properties and projects located in the state's underserved communities. The capital provided by CalPERS is an essential support in all the areas in which the fund invests.

Chapter II profiles the ancillary benefits of the CalPERS California Initiative for the sixth year. The California Initiative is a targeted program of private equity investments in companies with limited access to capital.

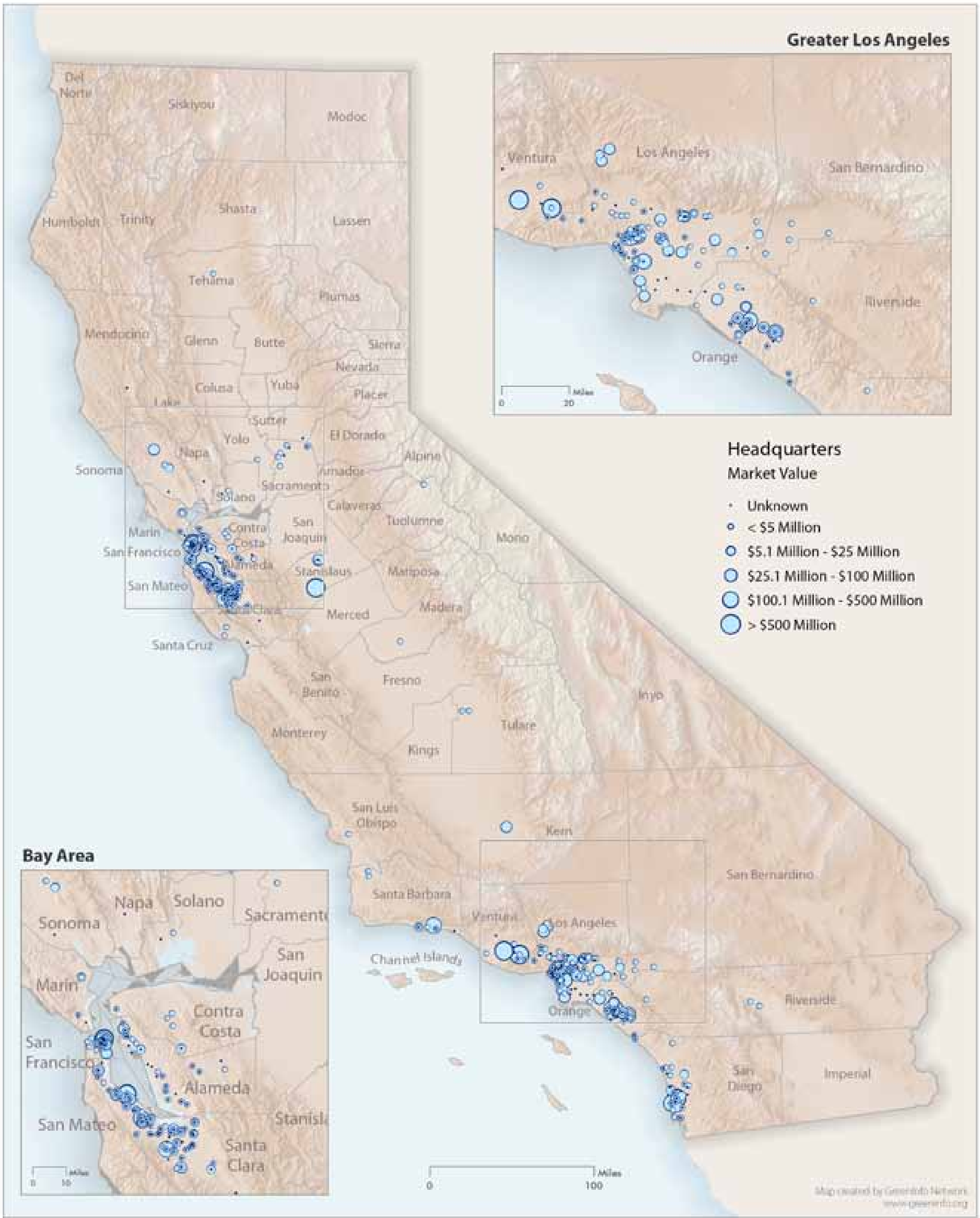
Location of CalPERS Investments in California*

CalPERS Public Equity Investments in California

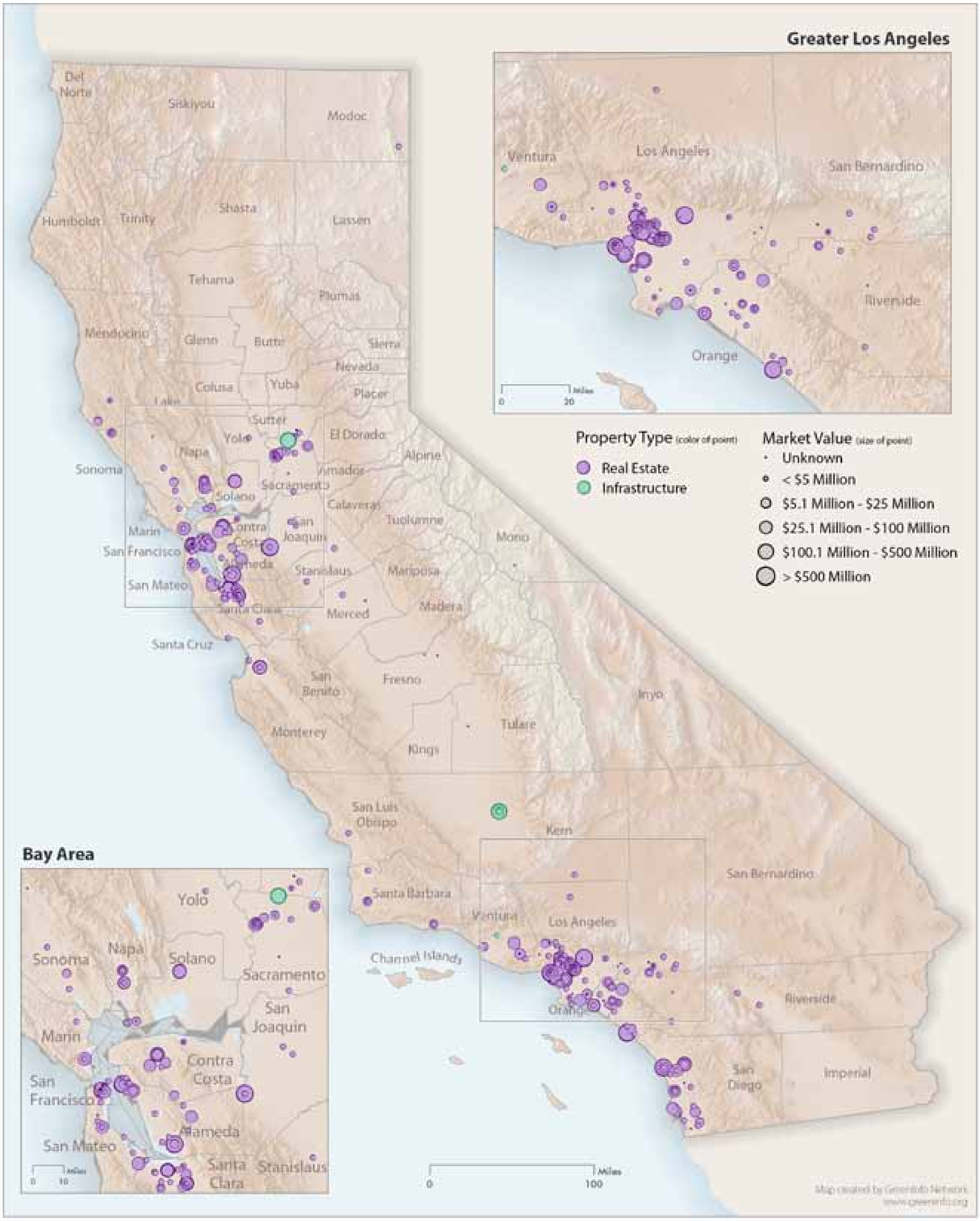
* These maps only contain information on CalPERS investments headquartered in California.

CalPERS Fixed Income Investments in California

CalPERS Private Equity Investments in California



CalPERS Real Estate Investments in California



Endnotes

[1] CalPERS Facts At A Glance, available at www.calpers.ca.gov/eip-docs/about/facts/investme.pdf

[2] Bureau of Economic Analysis, Regional Economic Accounts, available at www.bea.gov/regional/gsp/action.cfm

[3] Cal Facts 2006, California Legislative Analyst's Office, available at www.lao.ca.gov/2006/cal_facts/2006_calfacts_econ.htm#economy

[4] CnnMoney.com, Fortune 500 and Fortune 500 Global, available at http://money.cnn.com/magazines/fortune/fortune500/2010/

[5] Private Equity Growth Council, 'Private equity-backed companies employ more than 6 million Americans, PEC report finds', May 4, 2010, available at www.pegcc.org

[6] U.S. Census Bureau, available at www.census.gov/foreign-trade/statistics/state/data/ca.html

[7] Using an economic multiplier model of analysis, in 'The Economic Impacts of CalPERS Investments on the California Economy', September 2007, prepared by the Applied Research Center of California State University Sacramento and available at www.calpers.ca.gov/eip-docs/about/press/news/economic-engine/eco-study-calpers-inv.pdf

[8] 6 of the 14 companies that received corporate bond investment are also part of CalPERS Public Equity portfolio. Job estimates can not be combined as this would constitute double counting of 6 large companies.

[9] Bureau of Labor Statistics. As of June 30, 2010, California's workforce included 15.9 million workers.

[10] The analysis is based on a 3% sample of all non-California headquartered companies (n=298). Assumptions about the entire portfolio should therefore be considered illustrative, but not conclusive. The employment assumption for California headquartered public companies (that employees are spread evenly at all facilities) likely underestimates the actual number of California employees, since more employees are typically located in facilities at, or closer to, a company's headquarters. The same analysis would likely significantly overestimate the number of California employees of companies headquartered elsewhere – a problem compounded by the smaller sample size and larger number of companies.

[11] The 20 companies in this analysis were the largest in the automotive industry, based on revenues, from the Fortune 500 Global rankings. The number of employees in California is estimated by multiplying the percentage of all 20 companies' facilities in California by the total number of employees at all 20 companies. The calculation assumes that employees are equally distributed at facilities.

[12] The fixed income asset class includes five distinct investment programs. Only publicly available data was used to conduct analysis for this asset class, which was available only for companies that issued corporate bonds. According to the state of domicile obtained from Hoovers Inc., 14 corporate bond issuers (and $810 million in investments) are considered California companies.

[13] The classification of a California-based structured security investment was derived using information from Bloomberg.

[14] The analysis is based on a 10% sample of all non-California headquartered companies (n=40). Assumptions about the entire portfolio should therefore be considered illustrative, but not conclusive. The employment assumption for California headquartered public companies (that employees are spread evenly at all facilities) likely underestimates the actual number of California employees, since more employees are typically located in facilities at, or closer to, a company's headquarters. The same analysis would likely significantly overestimate the number of California employees of companies headquartered elsewhere – a problem compounded by the smaller sample size and larger number of companies.

[15] CalPERS website, at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2007/jan/sp-rating.xml

[16] To determine the dollar amounts invested in these areas, the market value of each investment is attributed to the ZIP code provided for a given company, property or project. Dollars invested in all ZIP codes that match the given criteria are summed and reported as a percentage of the total market value for each asset class invested in California.

[17] Low- to Moderate-Income (LMI) areas are predominantly (50% or more) composed of LMI residents (34% of U.S. ZIP codes fall into this category). A census tract is determined to be LMI based on the following criteria:

- Median income of the tract is at or below 80% of the metropolitan statistical area median or below 80% of the statewide, non-metropolitan area median income
- At least 20% of the population lives in poverty
- The unemployment rate is at least 1.5 times the national average (based on 2000 US Census Data in order to be consistent with research on the California Initiative. 1.5 times the national average in 2000 is 8.7 percent)

See the Milken Institute Center for Capital Access and Job Formation for extensive literature on the lack of access to capital in LMI communities, at www.milken institute.org.

[18] High unemployment areas are defined by the State of California Employment Training Panel as being 15% higher than the California average. At June 30, 2010, the California average unemployment rate was 11.9%; therefore any ZIP code with an unemployment rate above 13.6% is considered a High Unemployment Area.

[19] High minority areas are defined as ZIP codes in which the percentage of the minority population is higher than the median percentage of the minority population in all California ZIP codes (above 25%). See 'MBDA Study Finds Capital Access Remains Major Barrier to Success for Minority-Owned Firms' for more information on access to capital in minority communities. US Department of Commerce Minority Business Development Agency, January 29, 2010, available at www.mbda.gov/pressroom/press-releases/mbdastudy-finds-capital-access-remains-major-barrier-success-minority-owne. According to the MBDA study, minority-owned firms receive fewer loans and smaller equity investments than non-minority owned firms, even when controlling for firm size.

[20] Rural areas are defined as ZIP codes in which the percentage of the rural population is higher than the median percentage of the rural population in all California ZIP codes (above 6%). See 'Advancing Rural America', U.S. Small Business Administration Office of Advocacy, available at www.sba.gov/advo/research/rural_sb.html for more information on access to capital in rural areas. According to the SBA, 'rural businesses access to capital has historically been limited and may be constrained further as bank mergers replace community banks with larger entities that are less interested in noncredit card small-sized loans'.

[21] The boundaries of the Central Business Districts (CBD) of Los Angeles, Oakland, San Diego and San Francisco were determined using GIS technology. All ZIP codes that overlapped the CBD were included in this analysis. There are a total of 22 ZIP codes that overlap the four CBDs. Sixteen (73%) of those ZIP codes are predominantly comprised of LMI census tracts.

[22] This includes CalPERS private equity direct investments, California Emerging Ventures and partnership investments in California. This number may differ from total portfolio numbers in other CalPERS reports due to varying standards for defining a California company.

[23] See www.calpers.ca.gov/index.jsp?bc=/investments/environ-invest/aim-environ-tech-prog/home.xml

Chapter II

CalPERS California Initiative

Introduction

In 1990, the CalPERS Investment Committee established the Alternative Investment Management (AIM) program to specialize in private equity investments, and today CalPERS is one of the largest private equity investors in the world. The goal of the AIM program is to "capitalize on marketplace opportunities in order to achieve superior risk-adjusted returns." Consistent with this goal, in 2001 the CalPERS Investment Committee established, and the AIM team implemented, the California Initiative to invest private equity in "traditionally underserved markets, primarily, but not exclusively in California."[1]

The California Initiative was initially launched with a capital commitment of $475 million to nine private equity funds and one fund-of-funds. This initial allocation is known as Phase I. In October 2006, CalPERS made a second allocation, a $500 million capital commitment managed by Hamilton Lane, a leading private equity investment manager. CalPERS and Hamilton Lane established an investment vehicle known as the Golden State Investment Fund (GSIF), which seeks to invest in both partnerships and direct co-investments primarily in California. CalPERS commitment to GSIF was later increased to a total of $550 million.[2] As of June 30, 2010, through GSIF, Hamilton Lane had invested in 14 private equity funds and made 14 direct co-investments.

The primary objective of the California Initiative — comprising both Phase I and GSIF — is to generate attractive financial returns, meeting or exceeding private equity benchmarks. As an ancillary benefit, the California Initiative was designed to create jobs and promote economic opportunity in California. To determine the extent of the ancillary benefits, CalPERS measures the impact of the program in the following areas:

- Portfolio companies that traditionally have had limited access to institutional equity capital
- Portfolio companies that employ workers living in economically disadvantaged areas
- Portfolio companies that provide employment opportunities to women and minority entrepreneurs and managers

This report focuses on the ancillary benefits derived from the total commitment of Phase I and GSIF allocations of the California Initiative.

CalPERS and Hamilton Lane engaged Pacific Community Ventures (PCV), a leader in measuring and interpreting community outcomes of private equity investments, to collect, analyze, and report on the California Initiative's ancillary benefits. PCV has collected and analyzed data from California Initiative portfolio companies for the last six years, beginning with Phase I in 2005.

Highlights

Since the inception of the California Initiative in 2001, 399 companies have received investment through both Phase I (284 companies) and GSIF (115 companies). Of the 284 companies in Phase I, 162 companies have received funding through a $100 million separate fund-of-funds account, called the Banc of America California Community Venture Fund (BACCVF). BACCVF reports the community benefits derived from its fund-of-funds in a separate document—please see the addendum on page 52. Except where otherwise noted, this report focuses on data provided by 141 active Phase I (43) and GSIF (98) portfolio companies (excluding BACCVF) as of June 30, 2010.[3]

Profile

Since the inception of the California Initiative, 208 companies (89 percent) have provided data in at least one of the annual collection efforts. Net employment growth since investment in the 208 portfolio companies is 9 percent in California and less than one percent overall (in California and throughout the United States). The 141 active portfolio companies that provided data for this assessment show employment growth of 10 percent in California and 3 percent overall since initial investment.

California Initiative portfolio companies are considered "California Companies" if any of the following are true:[4]

- Company headquarters are in California
- More employees reside in California than in any other state
- More facility locations are in California than in any other state

Thirty-three (77 percent)[5] Phase I and 82[6] (84 percent) GSIF portfolio companies are considered "California Companies," representing 74 percent of dollars (39 percent of Phase I dollars and 94 percent of GSIF dollars).

California Initiative Key Milestones[7]
(Excluding BACCVF)

Total Dollars Committed to the California Initiative	$925 million[8]
Total Number of Companies Receiving Investment	237[9]
Percent of Companies Headquartered in California	77%
Net New Jobs[10] Since Investment in California (all companies ever in portfolio)	1,919
Total Employment at Active Portfolio Companies	68,293
Percent of Employees Living in Low and Moderate Income Areas (based on ZIP Code only)[11]	73%
Percent of Portfolio Company Employees Eligible for Medical Coverage[12]	83%

Portfolio Companies That Have Historically Had Limited Access to Equity Capital

Between 2001 and 2007, more than 80 percent of all private equity in the United States and more than 90 percent of all private equity in California was invested in areas comprising 774 United States ZIP codes (2 percent of all U.S. ZIP codes), 153 of which are California ZIP codes (3 percent of all California ZIP codes). California Initiative portfolio companies located outside of this area are considered to be in an area that has historically had limited access to institutional equity capital.

Across California, only 25 percent of all companies receiving private equity investment are in areas that have historically had limited access to institutional equity capital. By contrast, 45 percent of all California Initiative companies — including more than 30 percent of Phase I companies (or 27 percent of invested capital) and more than 50 percent of GSIF companies (or 57 percent of invested capital) — are in areas that have historically had limited access to institutional equity capital, indicating that the initiative's efforts to direct capital to these areas is working.

Portfolio Companies That Employ Workers Living in Economically Disadvantaged Areas

Active California Initiative portfolio companies employ more than 68,000 workers. Many of these workers come from economically disadvantaged areas. Approximately 47 percent of California Initiative portfolio company employees in California live in predominantly low-income areas.[13]

Fifty-two percent of GSIF portfolio company employees are considered low-to-moderate income (LMI) workers, based on an analysis of both employee wage and residence location.[14] Combined, these statistics indicate that the California Initiative is fulfilling its mission to provide employment opportunities to disadvantaged workers.

Portfolio Companies That Provide Employment Opportunities to Women and Minority Entrepreneurs and Managers

When private equity dollars are invested in a company, the ownership often shifts from individuals to a fund, or group of funds. Given that ownership is transferred at the time of investment, the number of current female and minority officers (e.g., Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer) is used as a proxy to better understand the proportion of women and minority entrepreneurs in portfolio companies.

Thirty-three percent of Phase I investment dollars and 47 percent of GSIF dollars are committed to 40 companies where there is at least one female officer, and 49 percent of Phase I investment dollars and 68 percent of GSIF dollars are committed to 45 companies with at least one minority officer. As company officers, these women and minorities have substantial input into the management and growth of these companies.

As a frame of reference, the proportion of women and minority executives at California Initiative companies is greater than the proportion of comparable businesses in the United States that are women or minority-owned. At California Initiative portfolio companies, 13 percent of officers are women and 12 percent are minorities, compared with 10 percent of similar United States businesses that are women-owned, and 6 percent that are minority-owned.[15]

Profile – California Initiative Companies

Since the inception of the California Initiative, 399 companies have received investment through both Phase I (284 companies) and GSIF (115 companies). Of the 284 companies in Phase I, 162 companies have received funding through a $100 million separate fund-of-funds account allocated to the Banc of America California Community Venture Fund (BACCVF). Except where otherwise noted, this report focuses on data provided by 141 active Phase I and GSIF portfolio companies (excluding BACCVF) as of June 30, 2010.[16] BACCVF reports the community benefits derived from its fund-of-funds separately — please see the addendum on page 52.

As of June 30, 2010, private equity funds that received capital through the California Initiative had active investments in 146 companies — 45 in Phase I and 101 in GSIF. Between July 1, 2009 and June 30, 2010, 14 companies that received investment from Phase I partners and four companies that received investment from GSIF partners exited the portfolio, bringing the number of fully realized investments over the life of the California Initiative to 87. Of the 237 companies that have received investment throughout the life of the California Initiative, 208 (88 percent) provided data for this report at some point during investment. One-hundred-forty-one active companies (97 percent) provided data as of June 30, 2010, including 43 Phase I portfolio companies (96 percent) and 98 GSIF portfolio companies (97 percent).

California Initiative Portfolio Investments (Excluding BACCVF)

	Phase I	GSIF	Total California Initiative
Received Investment	122	115	**237**
Active Companies *(as of June 30, 2010)*	45 (37%)	101 (88%)	**146 (62%)**
Fully Realized *(as of June 30, 2010)*	77 (63%)	10 (9%)	**87 (37%)**
Active Companies, Contributed Data 2010	43 (96%)	98 (97%)	**141 (97%)**
All Companies Ever Reporting, Including Fully Realized Investments	104 (85%)	104 (90%)	**208 (88%)**

Employment and Employment Growth

The rate of employment growth at California Initiative companies exceeds the employment growth rate across the United States and California. Since 2005, 104 Phase I and 104 GSIF portfolio companies have contributed data to at least one assessment effort.

At time of investment, these 208 California Initiative portfolio companies employed a total of 110,658 employees, including 21,502 Californians. The most recent data available from these companies shows overall employment holding steady (108 net new jobs) and growth of 9 percent in California (1,919 net new jobs) since investment.

Overall employment at active Phase I companies has decreased 3 percent (418 net job losses); while California employment has increased 80 percent (1,023 net new jobs). By comparison, employment in the United States and California decreased 3 percent and 5 percent, respectively, between 2001 and 2010.[17]

The first GSIF portfolio company investment was made in 2007. By June 30, 2010, GSIF managers had closed investments in 115 companies.[18] At time of investment, the 98 active GSIF portfolio companies that provided data employed 53,862 workers, and as of June 30, 2010, that number had grown 4 percent, to 56,123, far surpassing

Employees, *California Initiative Portfolio Companies*

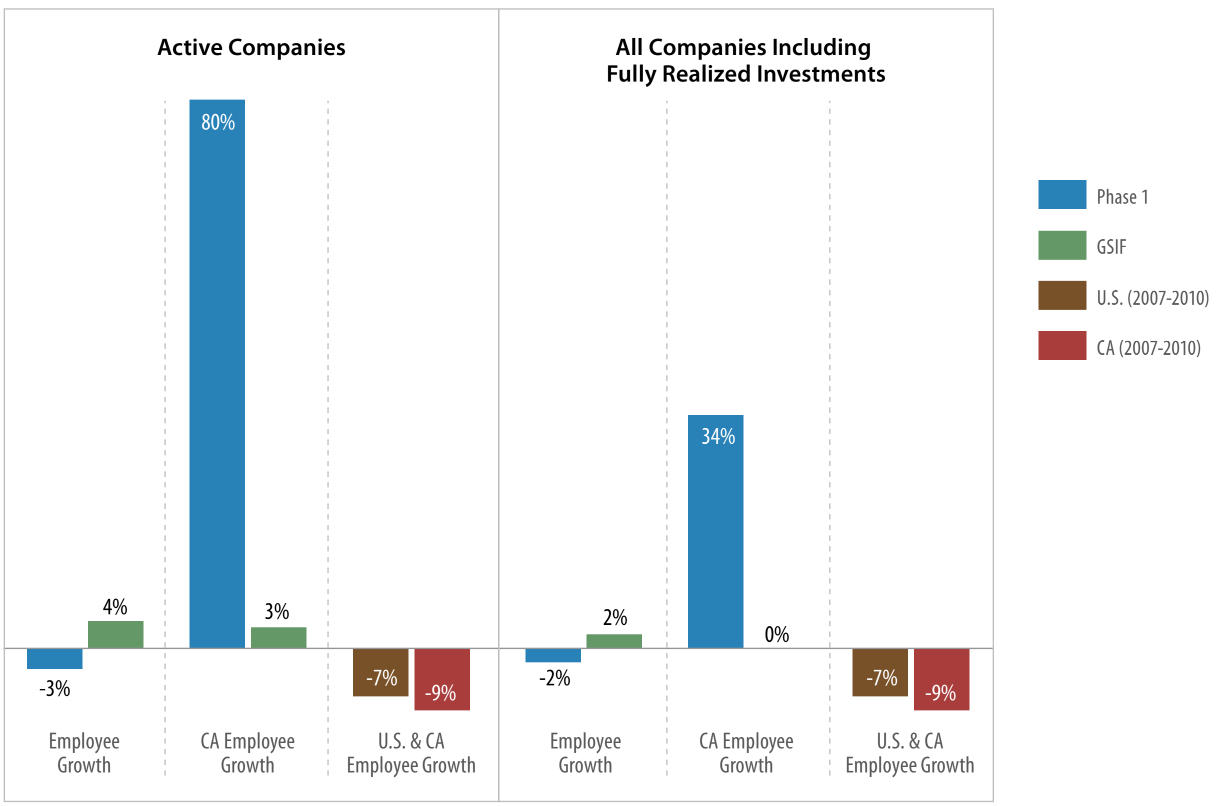
	Employees		CA Employees		Total Employees percent growth22	CA Employees percent growth
	At Investment	At June 30, 2010	At Investment	At June 30, 2010		
Phase I – Active portfolio companies reporting as of June 30, 2010 (n=43)	12,588	12,170	1,276	2,299	-3%	80%
Phase I – All companies reporting, including fully realized investments (n=104)[24]	53,645	52,799	5,510	7,386	-2%	34%
GSIF – Active portfolio companies reporting as of June 30, 2010 (n=98)	53,862	56,123	14,389	14,891	4%	3%
GSIF – All companies reporting, including fully realized investments (n=104)[25]	57,013	57,967	15,992	16,035	2%	0%
Total CA Initiative – Active portfolio companies reporting as of June 30, 2010 (n=141)	66,450	68,293	15,665	17,190	3%	10%
Total CA Initiative – All companies ever reporting, including fully realized investments (n=208)[26]	110,658	110,766	21,502	23,421	< 1%	9%

As a point of reference: Between June 2007 and June 2010 U.S. employment decreased 7 percent and California employment decreased 9 percent. Between June 2001 and June 2010 U.S. employment decreased 3 percent and California employment decreased 7 percent.[27]

the employment growth of the United States and California, where jobs declined 7 percent and 9 percent, respectively, between 2007 and 2010.[19] California employment at GSIF portfolio companies increased 3 percent from 14,389 workers at investment, to 14,891 on June 30, 2010, compared to overall job losses in California of 9 percent between 2007 and 2010.[20]

During the 12 months from June 2009 to June 2010, employment in the United States and California decreased 0.4 percent and 1 percent, respectively.[21] By comparison, at Phase I companies that participated in data collection efforts in both 2009 and 2010 (n=43), total employment decreased 2 percent while California employment increased 2 percent. GSIF companies that reported data in both 2009 and 2010 (n=60) have fared better than the broader economy; total employment increased 2 percent and California employment increased 5 percent.

California Initiative Job Growth Since Investment[28, 29]



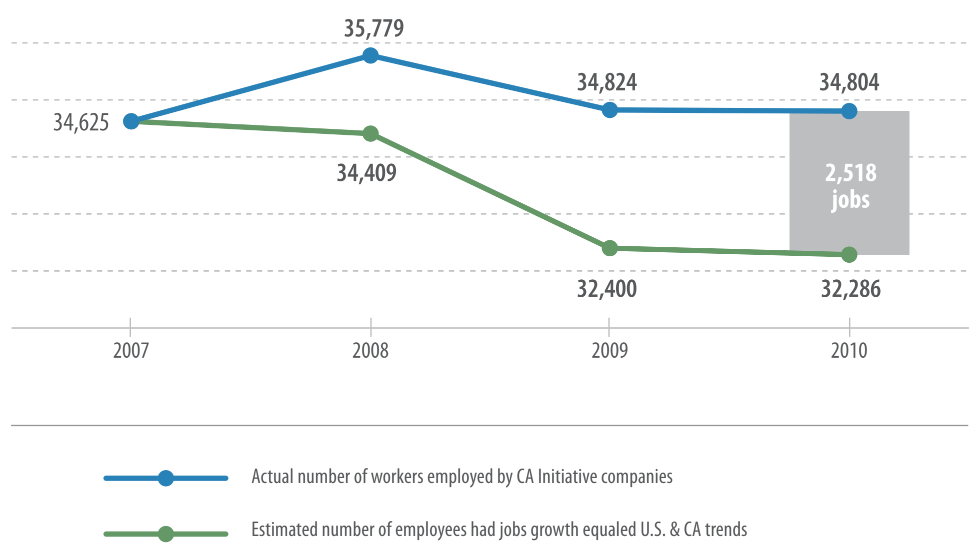
Job Preservation and Growth — California Initiative Employment Growth versus U.S. and California Employment Growth

California Initiative employment growth has significantly exceeded employment growth in the United States and California, with California Initiative companies preserving and creating jobs during the worst of the economic downturn. Forty California Initiative portfolio companies have participated in four consecutive years of data collection from 2007 to 2010.[30] In 2007, these 40 companies had a total of 34,625 employees, including 7,069 in California. In 2010, they had 34,804 employees, including 7,389 in California, representing 1% overall job growth and 5% job growth in California.

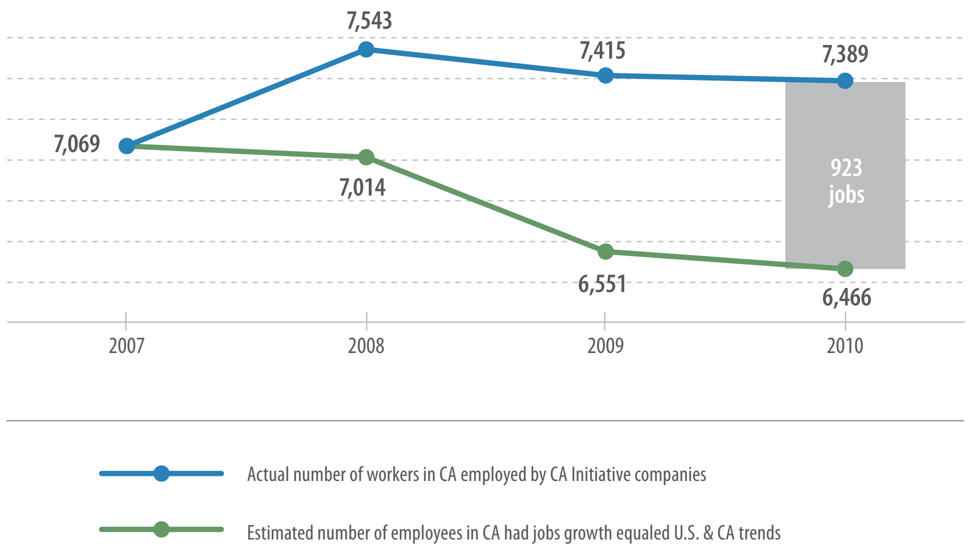
The following charts show:

- Actual job growth of these 40 companies from 2007 to 2010, from 34,625 to 34,804 employees nationwide, and from 7,069 to 7,389 employees in California.
- Employee numbers at these 40 companies, had job growth been equivalent to the annual workforce trends in the overall United States and California private sectors.
- The number of jobs that would have been lost or would never have existed (2,518 nationwide and 923 in California) had these companies experienced the annual job growth rates of the overall U.S. and California private sectors.

California Initiative: Impact on Job Growth, All Employees (n=40)



California Initiative: Impact on Job Growth, California Employees (n=40)



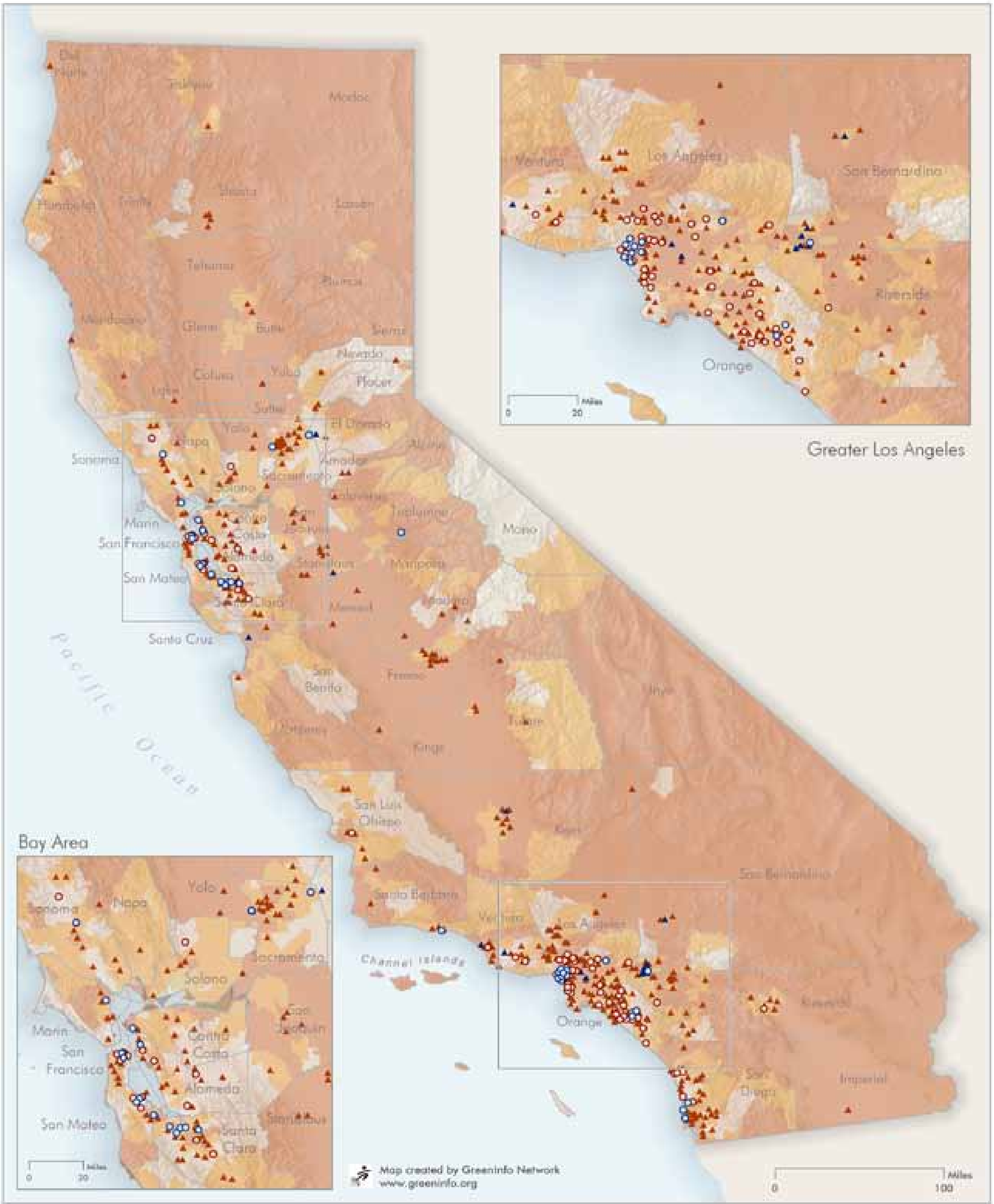
Company Locations

The 141 active California Initiative portfolio companies that contributed data in 2010 operate 2,572 locations, including both headquarters and facilities; 77 percent of these companies are headquartered in California, as are 17 percent of facility locations (excluding headquarters).

Operating Locations, *California Initiative Portfolio Companies*

Active Portfolio Companies	Headquarters	Facilities	Total
Phase I	43	246	289
Phase I in California	**33 (77%)**	20 (8%)	53 (18%)
GSIF	98	2,185	2,283
GSIF in California	**76 (78%)**	398 (18%)	474 (21%)
Total California Initiative	141	2,431	2,572
Total California Initiative in California	**109 (77%)**	418 (17%)	527 (20%)

California Initiative Portfolio Company Locations



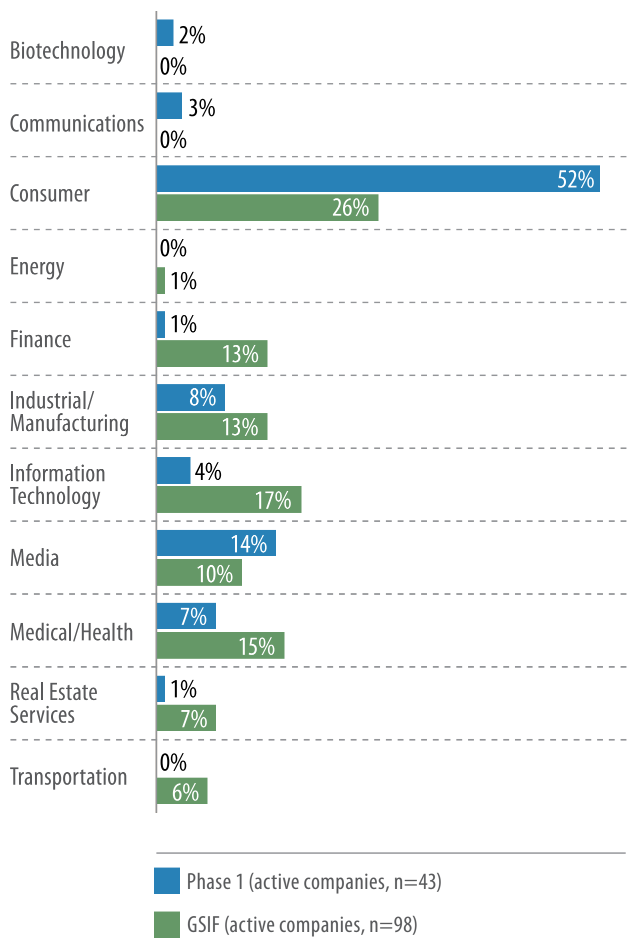
- Phase 1 Facilities
- Phase 1 Headquarters
- Golden State Investment Fund Facilities
- Golden State Investment Fund Headquarters
- Zip codes that are predominantly comprised of low-to-moderate income census tracts
- Zip codes that overlap with low-to-moderate income census tracts

Portfolio Diversification

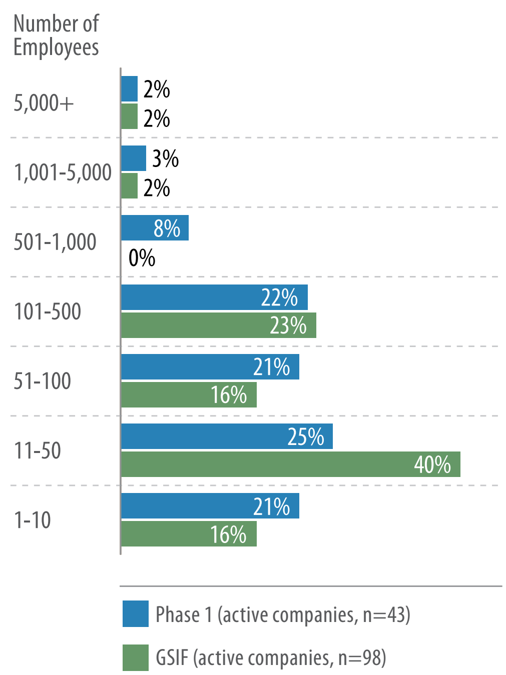
California Initiative portfolio companies operate across a variety of industries.

Portfolio companies range in size from fewer than 10 to more than 20,000 employees. The majority of portfolio companies (56 percent) employ between 11 and 150 workers.

Portfolio Diversification by Industry



California Initiative Active Portfolio Companies by Employee Size



Job Quality

At both Phase I and GSIF portfolio companies, job quality — medical coverage, retirement plans, and paid sick and vacation leave — compares favorably with job quality at companies in California and the United States. A higher percentage of Phase I companies offer employee benefits — including medical insurance, retirement plans, vacation, and sick leave — than comparable companies in the United States and California. One-hundred percent of Phase I companies provide medical insurance to at least some of their employees compared with 62 percent of U.S. companies,[31] and 73 percent of California companies.[32] Eighty-six percent of Phase I companies provide medical insurance to between 76 percent and 100 percent of their employees, whereas 71 percent of U.S.[33] and 78 percent of California employees are eligible for employer-based medical insurance.[34] Ninety-eight percent of Phase I portfolio companies that provide medical insurance have at least some employees enrolled, and 74 percent have enrolled 76 percent to 100 percent of eligible employees.

Phase I companies also compare favorably to U.S companies as a whole in the provision of retirement benefits, sick leave and paid vacation. Phase I companies collect benefits data by category, with each company reporting data in quartile ranges, as demonstrated in the table below.

GSIF portfolio companies report the absolute number of employees eligible for and enrolled in each benefit. The GSIF approach allows for more precise measurement of benefits and better comparisons to state and national data, providing a clearer picture of job quality for portfolio company employees. To more accurately represent job

Employee Benefits, *Phase I Portfolio Companies*

		N/A	1–25%	26–50%	51–75%	76–100%
Percent of Phase I Portfolio companies offering benefits to employees[35]	Eligible for medical insurance	0%	2%	5%	7%	86%
	Eligible employees enrolled in medical insurance	2%	5%	7%	12%	74%
	Eligible for retirement plan	26%	2%	2%	7%	62%
	Eligible for paid sick leave	17%	7%	0%	5%	71%
	Eligible for paid vacation	2%	5%	2%	5%	86%
	Eligible for stock	29%	5%	5%	12%	50%

quality for lower income workers—many of whom are employed in hourly wage jobs—GSIF portfolio companies also report data for salaried and non-salaried employees separately. Benefit eligibility rates of these portfolio companies compare favorably to the rates in both the United States and California. Enrollment rates, while similar for salaried employees, are lower for non-salaried employees in the GSIF portfolio.

Over the last several years, healthcare premium costs in California have continued to rise faster than inflation.[36] It is likely that health insurance enrollment rates for non-salaried employees are low because lower-income employees often cannot afford to pay the share of the premium not covered by the employer.

Job Quality Changes Since Investment

The influx of capital from GSIF investments has allowed many portfolio companies to make changes to employee benefit packages. Of the 104 GSIF companies that have ever reported data, including fully realized investments, 48 (46 percent) have made changes to their benefits packages since the time of investment. The infusion of capital provided by the GSIF investment has allowed companies to increase the benefits packages offered to employees. Twenty-six (54 percent) of the 48 companies improved employee benefits packages, while only eight companies (17 percent) decreased benefits.

Employee Benefits, *GSIF Portfolio Companies*

		GSIF Salaried	GSIF Non-salaried	U.S.[37]	CA[38]
Medical Coverage	Establishments offering	93%	93%	63%	70%
	Employees eligible for	95%	85%	71%	80%
	Employees enrolled in	75%	37%	52%	65%
Retirement Benefits	Establishments offering	78%	78%	47%	n/a
	Employees eligible for	87%	56%	67%	n/a
	Employees enrolled in	48%	14%	51%	n/a
Other Benefits	Employees eligible for disability benefits	83%	49%	n/a	n/a
	Employees eligible for paid vacation time	94%	75%	78%	n/a
	Employees eligible for paid sick leave	64%	28%	61%	n/a

Suppliers

As of June 30, 2010, California Initiative Phase I and GSIF companies had active supplier relationships[39] with more than 76,000 vendors. In addition to the boost to the economy provided directly by California Initiative portfolio companies, 22,000 other California businesses (29 percent of all Phase I and GSIF suppliers) have indirectly benefited from this capital investment.

Patents

The number of patents granted is an indicator of innovation, which often precedes job growth at a company. GSIF portfolio companies report the number of patents granted to them annually. Eight new patents were granted to six portfolio companies between July 1, 2009, and June 30, 2010. GSIF patent rates compare favorably to the rates in both the United States and California, where patent growth rates were 3.3 percent and 5.2 percent, respectively, between 2008 and 2009.[40]

California Focus

To gain a more complete understanding of the impact California Initiative investments have in California, GSIF portfolio companies provide additional data on the approximate annual revenues they generate in California, in the rest of the United States, and outside the United States, as well as any plans to increase business activities in California in the next year.

More than one-third (38 percent) of all GSIF companies reported plans for expansion in California in the coming year. Of the companies that have expansion plans, 41 percent reported plans to open new operating locations in California, 49 percent reported plans to increase employment in California, and 24 percent report operating plans that are expected to result in increased sales in California.

Total revenue generated by GSIF companies is approximately $9.9 billion, with 20 percent or $2 billion generated in California, 78 percent produced in the United States outside of California and 2 percent created internationally.[41]

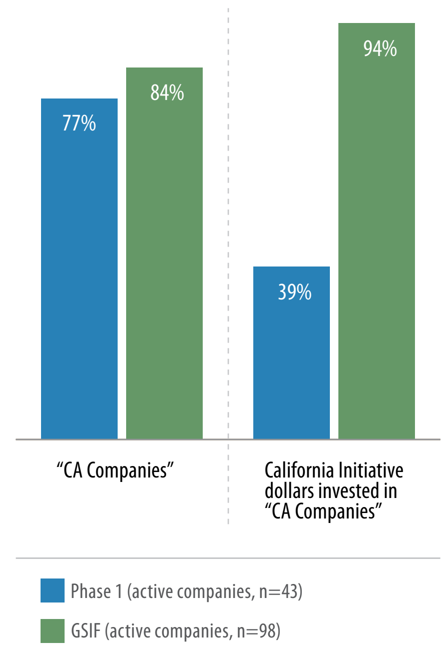
California Initiative portfolio companies are considered "California Companies" if any of the following are true: [42]

- Company headquarters are in California
- More employees reside in California than in any other state
- More facility locations are in California than in any other state

Based on this definition, 33 Phase I (77 percent) and 82 GSIF (84 percent) portfolio companies are considered "California Companies", representing 74 percent of dollars (39 percent of Phase I dollars and 94 percent of GSIF dollars).

The California Initiative currently has close to $361 million invested in 141 companies that provided data in 2010. Approximately $269 million is invested in "California Companies." As California Initiative dollars are part of a larger total investment in most companies, an additional $542 million ($98 million in Phase I and $444 million in GSIF) in private equity capital from other investors is invested in active "California Companies." In total, the California Initiative has facilitated the investment of $812 million in "California Companies." GSIF has committed approximately $188 million to 14 co-investment deals supporting an additional $7.98 billion in equity capital invested in "California Companies" by other investors.[43] In total, GSIF participated in co-investment deals that total approximately $21.8 billion in equity and debt capital investments to date.

California Initiative "California Companies"

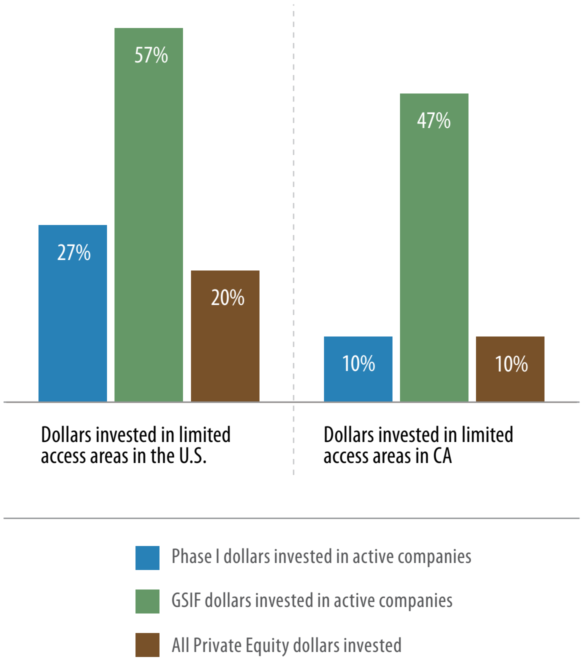


Portfolio Companies That Have Historically Had Limited Access to Equity Capital

To define areas that have historically had limited access to institutional equity capital, PCV analyzed data from Thomson Financial (now Thomson Reuters) that tracked private equity transactions between 2001 and 2007. This data shows that approximately 75 percent of private equity investment dollars were concentrated in 1,000 postal codes worldwide.[44] Most of these 1,000 postal codes (774 or 2 percent of all U.S. ZIP codes) are in the United States. For the purposes of this analysis, any company outside of these 774 United States ZIP codes — where more than 80 percent of all private equity in the United States and more than 90 percent of all private equity in California has been committed — is considered to be in an area that historically has had limited access to institutional equity capital.

Across California, only 25 percent of all companies receiving private equity investment are in areas that have historically had limited access to institutional equity capital. By contrast, 45 percent of all California Initiative companies — including more than 50 percent of GSIF companies — are in areas that have historically had limited access to institutional equity capital, indicating that the initiative's efforts to direct capital to these areas is working. In the Phase I portfolio, 30 percent of all active companies and 21 percent of active California companies are in areas that have historically had limited access to capital. Of the 104 Phase I companies that have contributed data at any point during the initiative, 34 companies (33 percent) are in areas that have historically had limited access to capital. Approximately 48 percent of all GSIF companies with California headquarters are headquartered in areas of the state that have historically had limited access to capital.

Percentage of Dollars Invested in Active California Initiative Companies Located in Areas That Have Historically Had Limited Access to Institutional Equity Capital



Portfolio Companies That Employ Workers Living In Economically Disadvantaged Areas

California Initiative portfolio companies benefit low-income and moderate-income (LMI) workers in two ways. First, these companies provide quality jobs to residents of LMI areas. Second, companies that are headquartered or operate facilities in LMI areas bring economic activity to distressed neighborhoods, indirectly supporting the creation of more jobs.

To assess the extent to which California Initiative companies support employment for residents of LMI areas, PCV examines areas where companies operate as well as where company employees live.[45]

Phase I portfolio companies report the ZIP codes of operating locations in California. GSIF portfolio companies report the ZIP codes of all operating locations, not just those in California. In the Phase I portfolio, 44 percent of company headquarters and operating facilities are located in predominantly LMI areas.[46] GSIF portfolio companies have a total of 2,283 [47] operating locations, including both facilities and headquarters; approximately 30 percent are in predominantly LMI areas.

Forty-eight percent of Phase I, and 47 percent of GSIF portfolio company employees in California live in predominantly low-income areas.[48]

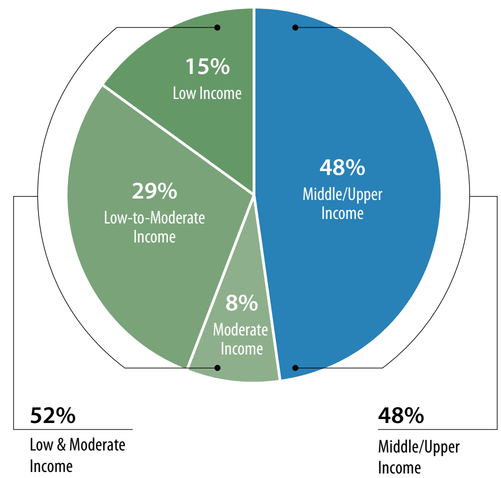
Employees Living, and Companies Located, in Low and Moderate Income Geographies

		Located in a ZIP Code that is **Predominantly** Comprised of LMI Census Tracts	Total LMI[49]
Phase I	Headquarters (n=43)	12 (29%)	40 (93%)
	California Headquarters	9 (21%)	33 (78%)
	California Facilities	16 (80%)	18 (90%)
	California Employees	1,102 (48%)	1,912 (84%)
GSIF	Headquarters (n=98)	25 (26%)	78 (80%)
	California Headquarters	19 (25%)	64 (85%)
	Facilities	636 (30%)	1,608 (76%)
	California Facilities	163 (41%)	340 (85%)
	Employees[50]	17,429 (33%)	39,119 (73%)
	California Employees	6,593 (47%)	11,950 (85%)

Not all low-income workers live in low-income areas, and not all individuals living in low-income areas earn a low-income wage. To precisely measure the economic status of employees at GSIF portfolio companies, PCV collected the wage and ZIP code of every employee.[51] A worker's ZIP code of residence and wage combine to form a more complete picture of an individual's economic status. To assess the number of LMI workers at GSIF portfolio companies, PCV has created a system to classify individual workers:

- **Middle/Upper Income Workers:** GSIF portfolio company employees who earn a middle- or upper-income wage are considered middle/upper income employees. Similarly, employees who earn less than a middle-income wage but live in middle- or upper-income communities are also considered middle/upper-income workers.[52] These workers likely are part of households with other sources of income. Based on the associated ZIP code and wage data collected for each employee, as of June 30, 2010, 48 percent of all GSIF portfolio company employees are classified middle/upper income.
- **Low-to-Moderate Income Workers:** The majority (52 percent) of GSIF portfolio company employees are low-to-moderate income workers for whom the California Initiative is providing economic opportunities. These employees both earn an LMI wage and live in an LMI area.[53] As a frame of reference, 35 percent of all employed individuals in the United States, and 38 percent of working Californians, live in LMI census tracts. [5] For more in-depth analysis, PCV further divides the LMI employees into three categories: low-income, low-to-moderate income, and moderate-income.

Economic Status of GSIF Portfolio Employees



Economic Status of Low and Moderate Income GSIF Portfolio Company Employees[55]

Low Income

- Employee wage is less than 50 percent of the Median Family Income (MFI) in the metropolitan statistical area of residence; and
- Employee residence ZIP Code overlaps with a census tract where the median income is less than 50 percent of the Area Median Income (AMI)

Low-To-Moderate Income: Residence

- Employee wage is between 50 percent and 80 percent of the MFI in the metropolitan statistical area of residence; and
- Employee residence ZIP Code overlaps with a census tract where the median income is less than 50 percent of the AMI

Low-To-Moderate Income: Wage

- Employee wage is less than 50 percent of the MFI in the metropolitan statistical area of residence; and
- Employee residence ZIP Code overlaps with a census tract where the median income is between 50 percent and 80 percent of the AMI

Moderate Income

- Employee wage is between 50 percent and 80 percent of the MFI in the metropolitan statistical area of residence; and
- Employee residence ZIP Code overlaps with a census tract where the median income is between 50 percent and 80 percent of the AMI

Portfolio Companies That Provide Employment Opportunities to Women and Minority Entrepreneurs and Managers

The third ancillary benefit assessed for the California Initiative is the extent to which portfolio companies provide employment opportunities to women and minority entrepreneurs and managers. By tracking the number of women and minority entrepreneurs, CalPERS can better understand the role the California Initiative portfolio companies play in the training, professional development, and advancement of these populations.

When private equity dollars are invested in a company, ownership often shifts from individuals to a fund, or group of funds. Prior to investment, company owners are commonly C-level officers. Accordingly, to better understand the proportion of women and minority entrepreneurs at portfolio companies, PCV uses officers (e.g., Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer) and key managers as a proxy.

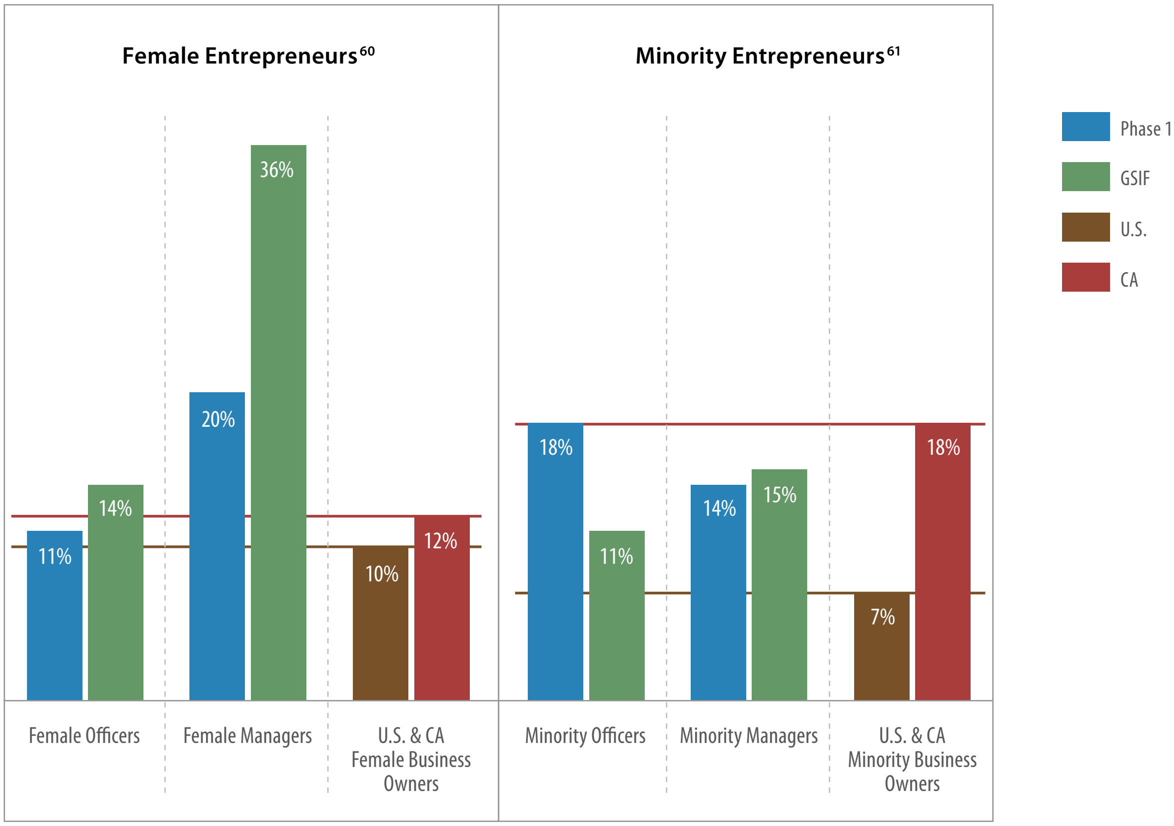
The 141 active California Initiative portfolio companies employ a total of 545 officers (an average of four officers per company), 12 percent of whom are minorities and another 13 percent of whom are female. Forty-two percent of California Initiative investment dollars are committed to 40 companies with at least one female officer, suggesting that women have substantial input into the management and growth of these companies. Similarly, 61 percent of California Initiative investment dollars are committed to 45 companies that have at least one minority officer.

The following table and graphs show a breakdown of California Initiative portfolio company officers by gender and ethnicity, as well as the breakdown of California Initiative investment dollars at these companies. Provided as a frame of reference are ownership diversity statistics for businesses with paid employees and $1 million in revenue in California and the United States. Most portfolio companies receiving investment from the California Initiative met these criteria.

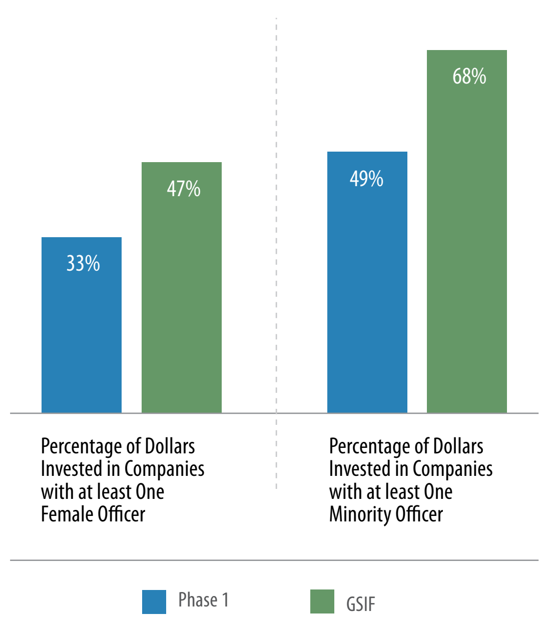
Minority and Female Officers and Key Managers, California Initiative Portfolio Companies

	Phase I		GSIF			
	Officers	Key Managers	Officers[56]	Key Managers[57]	CA Business Owners[58]	U.S. Business Owners[59]
Men	126 (89%)	260 (80%)	348 (86%)	822 (64%)	89%	90%
Women	15 (11%)	65 (20%)	56 (14%)	453 (36%)	11%	10%
Hispanic/Latino	4 (3%)	10 (3%)	8 (2%)	65 (5%)	5%	2%
African American	5 (4%)	10 (3%)	11 (3%)	27 (2%)	1%	1%
Asian/Pacific Islander	10 (7%)	20 (6%)	20 (5%)	77 (6%)	11%	4%
Other Minorities	6 (4%)	7 (2%)	4 (< 1%)	16 (1%)	1%	< 1%
White	116 (82%)	278 (86%)	361 (89%)	1,081 (85%)	95%	98%

Female and Minority Entrepreneurs



California Initiative Investments in Female and Minority Companies



CalPERS California Initiative – Summary Findings

- The California Initiative represents a substantial capital investment in California's economy, generating significant ancillary benefits, with close to 75 percent of capital allocated to "California Companies."

- The California Initiative has created and sustained jobs within California and the nation during one of the most challenging economic environments in U.S. history.

- Companies receiving investment through the California Initiative provide not only jobs but quality jobs to employees, with benefit levels significantly outpacing statewide and national levels.

- Areas that have historically not received institutional equity capital are receiving private equity investment under the California Initiative, with 45 percent of portfolio companies located in these underserved markets.

- Economically disadvantaged communities are significantly impacted by the California Initiative and its portfolio companies. The California Initiative employs a significant number of economically disadvantaged persons, with 52 percent of GSIF employees classified as LMI.

- Females and minorities provide leadership to California Initiative portfolio companies, with both female and minority representation outpacing national levels.

Appendix

California Initiative Summary Data

		Phase I	GSIF	California Initiative	CA	U.S.
Active Reporting Companies in 2010		45	101	146	n/a	n/a
Employment Opportunities	% Employee Growth Since Investment	–3%	4%	3%	–7%	–9%
	% California Employee Growth Since Investment	80%	3%	10%	–7%	n/a
Economically Disadvantaged Areas	% of California Headquarters in Predominately LMI Areas	21%	25%	26%	n/a	n/a
	% of California Facilities in Predominately LMI Areas	80%	41%	43%	n/a	n/a
	% of California Employees Living in Predominately LMI Areas	48%	47%	47%	n/a	n/a
Underserved Markets	% of Dollars Invested in Companies Located in Areas Underserved by Institutional Equity Capital	27%	57%	47%	10%	20%
Opportunities for Women and Minority Entrepreneurs and Managers	% of Dollars Invested in Companies with at least One Female Officer	33%	47%	42%	n/a	n/a
	% of Dollars Invested in Companies with at least One Minority Officer	49%	68%	61%	n/a	n/a

Endnotes

[1] CalPERS press release; February 19, 2008. "CalPERS California Initiative Program Deploys Private Equity Capital to Overlooked Markets."

[2] In addition to CalPERS increasing its commitment to GSIF, Hamilton Lane also committed an additional $15 million in capital to GSIF.

[3] This is a total of 146 (45 Phase I and 101 GSIF) companies and excludes the BACCVF portfolio companies. 141 of these 146 companies contributed data for this report.

[4] Phase I portfolio companies do not report data on employees and facilities outside of California. The criteria for a Phase I portfolio company to be considered a "California Company" is at least one of the following:

1. HQ located in California
2. At least 33 percent of facilities located in California
3. At least 33 percent of employees located in California

[5] This is out of a total of 43 active companies. Five of these companies are within a larger entity receiving investment. To determine each of these five companies invested dollar amounts the following assumption is made. Each company's investment amount is equivalent to the proportion of total employment each company represents of the larger entity receiving investment.

[6] 82 companies represent 84 percent of all 98 GSIF companies that are active in 2010.

[7] As of June 30, 2010; excludes the $100 million committed to the Bank of America California Community Venture Fund.

[8] Ibid.

[9] Ibid.

[10] Net new jobs is the total number of jobs today minus the number of jobs at investment.

[11] GSIF company employees only, residing in the United States, as of June 30, 2010. Includes all employees living in ZIP codes that overlap with low- and moderate- income census tracts. Phase I companies report ZIP codes for California employees only.

[12] GSIF company employees only, as of June 30, 2010. Phase I companies report eligibility by range.

[13] Phase I portfolio companies only report the ZIP codes of California employees, and thus the analysis of LMI workers is limited to California employees. Phase I companies report a total of 2,299 California employees, but provided valid ZIP codes for 2,269 employees, a difference of 30 or 2 percent.

[14] Beginning with GSIF, portfolio companies now provide both a wage and residence ZIP code for each employee, providing a more complete picture of workers' economic status. GSIF companies provided wage and ZIP code data for a total of 47,872 employees. However, only 45,720 of the total 47,872 (95 percent) wage and ZIP code data sets were valid.

[15] U.S. companies used for comparison are those that have employees and at least $1 million in revenues; this is similar to the size and makeup of most California Initiative portfolio companies.

[16] This is a total of 143 (45 Phase I and 98 GSIF) companies and excludes the BACCVF portfolio companies. 141 of these 146 companies contributed data for this report.

[17] Bureau of Labor Statistics. www.bls.gov/ces/ accessed 10.20.2010

[18] 104 portfolio companies have taken part in data collection since the inception of the GSIF.

[19] Bureau of Labor Statistics. www.bls.gov/ces/ accessed 10.20.2010

[20] Ibid.

[21] Ibid.

[22] Percentage growth in this chart is net employee growth.

[23] California employee growth at Phase I companies is noticeably higher than at GSIF companies. This exaggerated percentage is most likely due to two factors.

1. The initial number of Phase I company employees living in California is much lower than that in the GSIF portfolio
2. Phase I companies have had more time to grow and mature as investments with Phase I dollars began in 2005 while GSIF investments began two years later in 2007.

[24] For fully-realized investments, the data used for this analysis is the most recent data available, typically as of the June 30th prior to exit. The data for this analysis does not include all fully realized investments as some companies entered and exited without ever submitting survey data.

[25] Ibid.

[26] Ibid.

[27] Bureau of Labor Statistics. www.bls.gov/ces/ accessed 10.20.2010

[28] California and U.S. employment data from Bureau of Labor Statistics. www.bls.gov/ces/ accessed 10.20.2010. California employee growth at Phase I companies is noticeably higher than at GSIF companies. This exaggerated percentage is most likely due to two factors.

1. The initial number of Phase I company employees living in California is much lower than that in the GSIF portfolio
2. Phase I companies have had more time to grow and mature as investments with Phase I dollars began in 2005 while GSIF investments began two years later in 2007.

[29] Ibid.

[30] Forty companies participated in four consecutive years of data collection from 2007-2010, including 36 Phase I and 4 GSIF companies. By focusing only on these companies in our counterfactual comparison, we are able to directly compare the California Initiative's history of job creation and preservation to companies that have not been recipients of CalPERS capital over the same period. The smaller sample size can be attributed to considerable activity in the California Initiative portfolio, with companies entering and exiting on an annual basis. The 40 companies are relatively representative of the entire portfolio, with job growth characteristics that are similar to those of the entire portfolio–suggesting that survivorship bias is unlikely to have inflated the data. In the table below, we compare annual job growth at the 40 companies to all companies within the portfolio that reported data in consecutive years.

		2007-08	2008-09	2009-10
40 Company Sample	Annual Employee Growth	3%	–3%	0%
	Annual CA Employee Growth	7%	–2%	0%
CA Initiative Portfolio	CA Initiative Portfolio Company Count	n=62	n=80	n=102
	Annual Employee Growth	3%	–4%	1%
	Annual CA Employee Growth	9%	–4%	5%

[31] Bureau of Labor Statistics National Compensation Survey, March 2010. www.bls.gov/ncs/ebs/benefits/2010/

[32] California Health Care Foundation California Employer Health Benefits Survey 2009. www.chcf.org/publications/2009/12/california-employer-health-benefits-survey

[33] Bureau of Labor Statistics National Compensation Survey, March 2010. www.bls.gov/ncs/ebs/benefits/2010/

[34] California Health Care Foundation California Employer Health Benefits Survey 2009. www.chcf.org/publications/2009/12/california-employer-health-benefits-survey

[35] Numbers do not add to 100 percent due to rounding differences.

[36] California Health Care Foundation California Employer Health Benefits Survey 2009. www.chcf.org/publications/2009/12/california-employer-health-benefits-survey

[37] U.S. benchmark data from the Bureau of Labor Statistics National Compensation Survey, March 2010. www.bls.gov/ncs/ebs/benefits/2010/. This data is for all employees, and does not separate out salaried vs. nonsalaried employees.

[38] California benchmarks from California Health Care Foundation California Employer Health Benefits Survey 2009. www.chcf.org/publications/2009/12/california-employer-health-benefits-survey. This data is for all employees, and does not separate out salaried vs. non-salaried employees.

[39] An "active supplier relationship" is defined as one where the company has made a purchase in the past year.

[40] U.S. Patent Office. www.uspto.gov/web/offices/ac/ido/oeip/taf/pat_tr09.htm. GSIF Patents per company grew 188 percent between 2009 and 2010.

[41] The vast majority (83 percent) of companies reported on this metric, however, 17 (17 percent) companies did not report approximate revenue data, six of these companies provided only the percent of revenue generated in California.

[42] Phase I portfolio companies do not report data on employees and facilities outside of California. The criteria for a Phase I portfolio company to be considered a "California Company" is at least one of the following:

1. HQ located in California
2. At least 33 percent of facilities located in California
3. At least 33 percent of employees located in California

[43] There are a total of 14 co-investments but one of the co-investments did not report data in 2010.

[44] Thomson Reuters. www.thomsonreuters.com/business_units/financial/

[45] Portfolio companies provide the ZIP code for each headquarter location and facility, as well as for each employee (In Phase I, portfolio companies reported ZIP codes for California employees and facilities only). While employee and facility locations are defined by ZIP codes, LMI areas are identified by census tracts. ZIP codes can consist of parts of many census tracts and census tracts can contain parts of several ZIP codes. To evaluate the extent to which California Initiative companies are supporting employment for residents of economically underserved areas, PCV made two distinctions:

- ZIP codes that overlap with LMI census tracts. These workers and facilities may or may not be located in a lower-income census tract, but they are likely located near, and in a position to contribute to, the LMI area (20 percent of U.S. ZIP codes fall into this category).
- ZIP codes that are predominantly (50 percent or more) comprised of LMI census tracts. These workers and facilities are likely located in LMI areas (34 percent of U.S. ZIP codes fall into this category).

A census tract is designated LMI if at least one of the following conditions holds true:

- For census tracts within metropolitan areas, the median income of the tract is at or below 80 percent of the metropolitan statistical area median. For census tracts outside of metropolitan areas, the median income of the tract is at or below 80 percent of the statewide, non-metropolitan area median income.
- At least 20 percent of the population lives in poverty
- The unemployment rate is at least 1.5 times the national average.

[46] Phase I companies report a total of 245 facilities, but only California ZIP codes are reported by Phase I companies, of which there are 20. All data referring to the LMI status of Phase I facilities deals only with these 20 locations.

[47] There are 2,185 total operating locations (excluding headquarters) in the GSIF profile, but valid ZIP codes are only available for 2,124 locations, a difference of 61 or 3 percent.

[48] Phase I portfolio companies only report the ZIP codes of California employees, and thus the analysis of LMI workers is limited to California employees. Phase I companies report a total of 2,299 California employees, but provided valid ZIP codes for 2,269 employees, a difference of 30 or 1 percent.

[49] This includes ZIP codes that both overlap with and are predominantly composed of LMI census tracts.

[50] Companies report 56,123 employees but only 53,694 U.S. ZIP codes, Companies report 14,891 employees in CA, but only 14,079 ZIP codes. All analysis has been conducted only on the reported ZIP codes.

[51] To maintain employee confidentiality, PCV collected no identifying information.

[52] These workers earn more than 80 percent of the median family income (MFI) for the metropolitan statistical area (MSA) they live in. Similarly, employees who earn 80 percent or less of the MFI for the MSA, but live in a ZIP code area that consists entirely of middle- and upper-income census tracts also are considered middle/upper-income employees

[53] These workers earn less than 80 percent of the MFI for the MSA of residence AND live in a ZIP code that overlaps a census tract where the median income is less 80 percent of the area median income.

[54] Based on 2000 U.S. census data.

[55] Economic Status of Low and Moderate Income GSIF Portfolio Company Employees percentages do not sum to 52 percent due to rounding differences.

[56] Officer and manager data was not provided by two companies. Percentages and totals are based on data from 96 companies that submitted gender and ethnicity data. Additionally, three companies provided officer data but did not specify gender or ethnicity. For nine managers gender data was reported but not ethnicity data. As such only 1,266 managers are counted for ethnicity, whereas there is a total of 1,275 managers.

[57] Ibid.

[58] CalPERS California Initiative companies report the number of women and minority officers and managers. The comparison set for the United States and California is businesses with $1 million in revenue and paid employees that are at least 51 percent women and/or minority owned. This is the closest comparison possible for the diverse group of California Initiative companies. U.S. Census 2002 data was used because 2007 data will not be available until June 2011. The census allows respondents to identify an ethnicity (Hispanic/Latino) and multiple racial categories, thus, minority categories cannot be combined for an accurate estimate of total minority-owned businesses.

[59] Ibid.

[60] Because of differences in the way CalPERS and the U.S. Census collect race and ethnicity data, PCV has elected to use the most conservative estimates for comparison. Census participants can identify as Hispanic/Latino as well as any other race, whereas CalPERS respondents choose the one category with which they most identify. Based on U.S. Census data, between 7 percent and 18 percent of business owners in California and between 6 percent and 8 percent of U.S. business owners are minority. PCV has elected to use the highest possible percentage for comparison in both categories. This is most likely higher than the actual number.

[61] Ibid.

BAML Capital Access Funds

In addition to investing in nine private equity funds, the California Initiative, working with BAML Capital Access Funds (CAF), has invested in a fund-of-funds, Banc of America California Community Venture Fund (BACCVF). As of June 30, 2010, BACCVF had invested in 15 funds, and these funds had invested in 162 portfolio companies.[1]

Profile of BACCVF Funds and Portfolio Companies

Of the 15 funds that have received an investment from BACCVF, nine have an office in California. The remaining funds are projected to have a strong pipeline of California deals, based on their networks and investing history. As of June 30, 2010, 54 or 33 percent of the 162 companies in BACCVF funds' portfolios are headquartered in California.[2]

Providing capital to areas of California and the United States that have historically had limited access to institutional equity capital

CAF invests in well-run venture capital and private equity funds that invest in companies that are:

- located in or employ residents of low-to-moderate income geographies;
- owned or managed by ethnic minorities;[2]
- owned or managed by women;[2]
- focused on delivering products or services to an ethnically diverse customer base; or
- located in areas — urban or rural — with limited access to investment capital.

As of December 31, 2009, 70 percent of the companies funded by BACCVF met one or more of CAF's definitions of "underserved." Of the 15 funds that have received investment from BACCVF, 11focus on low-to-moderate income areas or individuals. One of the funds is helping to capitalize financial institutions that provide banking services to low-income and/or ethnic minority consumers, and nine of the 15 funds focus on ethnic minority opportunities. Many of the funds also focus on one or more of the other components of CAF's definition of underserved company.

Of the companies in BACCVF funds' portfolios as of December 31, 2009, 17 or 16 percent are located in areas of the United States classified by the Initiative for a Competitive Inner City as Inner City, where venture capital has not traditionally been invested.[3] Three or 3 percent of the companies are located in rural areas of the United States as defined by the U.S. Department of Agriculture.

According to analyses by Pacific Community Ventures, a significant number of companies in BACCVF funds' portfolios as of December 31, 2009, are located in areas that have historically had limited access to institutional equity capital.[4] Eighty-six or over 50 percent of companies are located in areas of the U.S. with limited access to institutional equity capital. Twenty-four or 35 percent of California based companies are located in areas of California with limited access to institutional equity capital.

Employing workers living in economically disadvantaged areas

Of the companies in BACCVF funds' portfolios as of December 31, 2009, 45 or 43 percent of the companies are located in a low-to-moderate income area. Twenty-three or 22 percent are located in census tracts where 20 percent or more of the population lives in households with income below the federal poverty level. Twenty-nine or 28 percent of the companies are located in census tracts where the median income is at or below 80 percent of median income for the surrounding area. BACCVF funds' portfolio company employee residential ZIP codes were not available. As such, no direct analysis on the number of employees living in economically disadvantaged areas could be conducted.

Supporting women and minority entrepreneurs and managers

Nine of the 15 funds receiving investment through BACCVF focus on ethnic minority opportunities. Eleven of the funds have at least one ethnic minority partner; 10 of the funds have two or more ethnic minority partners. Six of the funds have at least one female partner.

Of the companies in BACCVF funds' portfolios as of December 31, 2009, 32 or 31 percent are majority owned or managed by minorities.[1] Forty or 38 percent of the companies are located in census tracts where more than half the population is an ethnic minority. Fifty-four or 52 percent had some minority ownership. Forty-seven or 45 percent of the companies had some women ownership.

Specific gender and ethnic information on the chief executive officer at BACCVF funds' portfolio companies is available for the companies that BACCVF funds had invested in as of year-end 2009. At 27 or 26 percent of these companies, the CEO is a minority, including eight companies where the CEO is African American, seven companies where the CEO is Hispanic, and eight companies where the CEO is Asian. Nine companies had female CEOs. These companies employed a total of 22,153 employees; 6,391 or 29 percent of these employees were ethnic minorities and 10,254 or 46 percent were women.

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[1] Includes companies held by CAF portfolio funds that were subsequently exited; one company held by two funds.

[2] Owned refers to a 50 percent or higher ownership stake; managed refers to the CEO.

[3] Inner Cities are defined as core urban areas that currently have higher unemployment and poverty rates and lower media income levels than surrounding Metropolitan Statistical Areas (MSA). Inner Cities have a 20 percent poverty rate or higher, or meet two of the following three criteria: poverty rate 1.5x or more than that of MSAs; median household income of one-half or less that of their MSAs; unemployment rate of 1.5x times or more than that of their MSAs.

[4] Between 2001 and 2007, more than 80 percent of all private equity in the United States and more than 90 percent of all private equity in California was committed to an area made up of 774 U.S. ZIP codes. Using methodology developed by Pacific Community Ventures, a company is considered to be located in an area with historically limited access to institutional equity capital if it is located outside the top 1,000 U.S. ZIP codes receiving private equity.

CalPERS

California Public Employees' Retirement System
400 Q Street | Sacramento, CA 95811

www.calpers.ca.gov

For more information, please contact:
Pacific Community Ventures | www.pacificcommunityventures.org
Hamilton Lane | www.hamiltonlane.com
Golden State Investment Fund | www.gsif.com

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