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December 17, 2007

J. Gordon Seymour
Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street N.W.
Washington, D.C. 20006-2803

RE: Preliminary Staff Views – October 17, 2007 *“An Audit of Internal Control Over Financial Reporting That Is Integrated With An Audit of Financial Statements: Guidance for Auditors of Smaller Public Companies”*

Dear Mr. Seymour:

I am writing to you on behalf of the California Public Employees’ Retirement System (CalPERS). CalPERS is the largest public pension system in the U.S., managing approximately \$250 billion in assets. We manage retirement benefits and health insurance on behalf of nearly 1.5 million members.

As a long-term shareowner, CalPERS has a vested interest in maintaining the integrity and efficiency of the capital markets. CalPERS is a strong supporter of the Sarbanes-Oxley Act of 2002 to ensure the integrity of financial reporting. The application of Section 404 of Sarbanes-Oxley moves all public companies in the direction of implementing and maintaining internal controls that work effectively. Maintaining these internal controls provides greater integrity to the financial reports of companies that trade in the U.S. public markets. The accuracy of financial reports enables investors to have the opportunity to better assess the risks and rewards for their investments.

Through this letter, CalPERS strongly recommends that the Commission and PCAOB not weaken investor protections which are designed to strengthen the integrity of financial reporting and provided for in the Sarbanes-Oxley Act. The Sarbanes-Oxley Act does not make any distinction based on a publicly traded company’s size or complexity. CalPERS believes it would be inappropriate to provide any company, including micro and small capitalization companies, relief from complying with Section 404 of Sarbanes-Oxley. We specifically do not see the need to emphasize the scaling or tailoring of evaluation methods, extension periods, and procedures based solely on company size limits.

Providing relief or exemptions from compliance with Section 404 of Sarbanes-Oxley would undermine the integrity of financial statements on which investors rely. Therefore, we believe one standard is needed for all publicly traded companies in order to maintain investor confidence in the financial reporting framework of the capital markets.

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CalPERS is prepared to provide assistance to the SEC at its request. Please contact Christianna Wood, Senior Investment Officer – CalPERS Global Equity, at (916) 795-0209 if there are any questions or if we can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Reed". The signature is written in a cursive style with a large initial "R".

cc: Fred Buenrostro, Chief Executive Officer, CalPERS
Anne Stausboll, Chief Operating Investment Officer, CalPERS
Christianna Wood, Senior Investment Officer, CalPERS
Peter Mixon, General Counsel, CalPERS
Dennis Johnson, Senior Portfolio Manager, CalPERS