



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

March 31, 2015

Sharon Hendricks
Chair, Investment Committee
California State Teachers' Retirement System
100 Waterfront Place
West Sacramento, CA 95605

Dear Ms. Hendricks:

I am writing to you to voice my continued concern with the prolonged efforts of Cerberus Capital Management (Cerberus) to sell its interest in Freedom Group, the manufacturer of the assault weapon used in the tragic killing of 20 children and seven adults at Sandy Hook Elementary. Two years ago, I was proud to support the effort of CalSTRS to divest from assault weapon manufacturers. As a limited partner, CalSTRS has little direct control over investments made by the managing partner, Cerberus. Nonetheless, I was pleased that the efforts of CalSTRS led Cerberus to issue a statement in Dec. 2012 "noting its intent to immediately engage in a formal process to sell its investment holdings in the Freedom Group." I am frustrated that two years have passed and the Freedom Group remains in their portfolio, indirectly financed by the pension contributions of California teachers.

Though CalSTRS has an obligation to pursue investments needed to fund a pension system for 879,329 members and beneficiaries, it must consider how those investments may be used to finance business interests that run counter to the beliefs of CalSTRS and its members. We rightly determined that there is significant risk in investing in the Freedom Group, a business that manufactures weapons that are susceptible to sanctions, regulations, and actions that could be detrimental to the fund.

I respectfully request that the CalSTRS Board of Administration take all the steps necessary to ensure that it fully divests from the Freedom Group. I also ask that Cerberus' leadership attends the Teachers' Retirement Board Friday, April 3, 2015 Investment Committee meeting to explain why the Freedom Group remains in its portfolio despite agreeing to remove it more than two years ago. It is vital that Cerberus understand the strong desire of CalSTRS, its Board, and teachers in California, that that

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none of its funds be used to fund the manufacturing of weapons used to commit such terrible atrocities.

Later this week, I expect to see a clearer picture of progress made to date and when we can expect Cerberus to deliver on its promise and remove the Freedom Group from its portfolio.

Thank you for your consideration.

Sincerely,



JOHN CHIANG
California State Treasurer

Cc: Members, CalSTRS Investment Committee
Jack Ehnes, CEO, CalSTRS
Christopher Ailman, CIO, CalSTRS