

Securities Litigation Policy Revisions approved at the January 14, 2014, NHRS Board meeting.

I. Purpose and Intent

This policy establishes the New Hampshire Retirement System's ("NHRS") policy regarding potential participation in securities class action lawsuits.

II. Policy

A. Background

To fulfill its fiduciary responsibilities to prudently invest and manage the assets of NHRS, NHRS purchases the stock of various public companies or issuers. Periodically, class action lawsuits are brought against the issuers, their directors and/or their officers for alleged violations of federal and state securities laws relating to various disclosure obligations and other breaches of fiduciary or other duties. As a shareholder, NHRS is often a member of the classes. Frequently, NHRS receives solicitations from attorneys who desire to represent NHRS as lead plaintiff in these class action lawsuits.

B. Appointment as Lead Plaintiff

Under the federal Private Securities Litigation Reform Act of 1995, federal courts are required to appoint one or more members of the class to serve as the lead plaintiff(s) in securities class action lawsuits. The Act provides a presumption that the lead plaintiff is to be the investor with the largest financial interest in the relief sought by the lawsuit. Typically, this means that those investors with the largest holdings in the defendant issuer's stock have the right to serve as the lead plaintiffs. Generally, in most class action lawsuits, several other investors with substantially larger assets than NHRS will hold more shares in the defendant issuer than NHRS and therefore have a larger financial interest in the relief sought. Accordingly, in most of these lawsuits, an investor other than NHRS will have the right to serve as the lead plaintiff.

C. Financial Risks of Serving as Lead Plaintiff

There are financial risks that result from serving as a lead plaintiff in a securities class action lawsuit. Serving as lead plaintiff may have financial risks if the litigation is unsuccessful. Unless the lead plaintiff successfully negotiates an allocation of potential financial risk with other named plaintiffs, the lead plaintiff could bear the costs, expenses or, potentially, attorneys' fees of the defendant if the litigation is unsuccessful or the court grants sanctions pursuant to Rule 11 of the *Federal Rules of Civil Procedure*. Regardless of the outcome of the lawsuit, other class members could potentially pursue claims against the lead plaintiff for inadequately representing their interests. In return for accepting these financial

risks, the lead plaintiff does not receive any additional financial benefit from serving as the lead plaintiff, but, instead, shares any final judgment or settlement with all class members on an equal, per share basis. However, the lead plaintiff may also recover its attorneys' fees, costs and expenses if the lawsuit is successful or a settlement is obtained.

D. NHRS Policy

Based on the issues enumerated above, it is the policy of NHRS not to serve as the lead plaintiff in securities class action litigation unless NHRS is among the largest shareholders of the defendant issuer and serving as the lead plaintiff is determined by the Board of Trustees to be in the best interest of NHRS.