NEBRASKA INVESTMENT COUNCIL ADMINISTRATIVE POLICIES

Placement Agents
Soft Dollar / Brokerage Policy
Proxy Voting Policy
Derivatives Policy
Securities Lending Policy
Securities Litigation Policy

PLACEMENT AGENTS

The Nebraska Investment Council (the Council) relies upon its staff and investment consultant to find appropriate investment opportunities. As a matter of policy, the Council discourages the use of placement agents as part of this process.

Council staff shall avoid the use of placement agents whenever possible. If the involvement of a placement agent is unavoidable in a particular transaction, staff shall use prudence to minimize the financial impact of the placement agent's fee on such investment and to eliminate any conflict of interest.

SOFT DOLLAR / BROKERAGE POLICY

The Council requires all investment managers to seek best execution on all trades in the various portfolios. However, the Council acknowledges that certain investment managers may trade for soft dollars in managing the Nebraska portfolios. In those transactions that are soft dollar trades, the Council requires that those commission rates be reasonable and appropriate and be in accordance with Section 28(e) of the Securities Exchange Act of 1934.

In order to monitor the commission paid by its investment managers, the SIO will obtain a schedule of all commissions paid by each separate account equity manager on a quarterly basis. This schedule will identify all brokerage firms with whom the manager traded, the average cents per share paid to each broker, and the total commissions paid to each firm.

PROXY VOTING POLICY

With respect to the investments managed by the Nebraska Investment Council, the Council recognizes that proxy votes are part of most investments that the Council must manage.

With respect to separate investment accounts (as opposed to comingled and pooled accounts), the state investment officer shall retain a proxy voting advisor (the “Proxy Advisor”) and require the Proxy Advisor to use a proxy voting policy approved by the Council board (the “Proxy Voting Policy”). The Proxy Voting Policy shall contain only those factors that relate to enhancing or protecting the long-term economic value of each investment, and shall not contain factors that are prohibited by state or federal law. In voting the Council's proxies, the Proxy Advisor and separate account managers shall ensure that the proxies are voted in accordance with the Proxy Voting Policy.

With respect to comingled and pooled investments, the state investment officer shall request that the account manager vote a pro rata share of the investment (which share represents the Council's percentage ownership in such investment) in accordance with the Proxy Voting Policy. If the account manager is unable to apply the exact Proxy Voting Policy, but has a policy that is substantially similar, then the state investment officer may request that the account manager utilize the similar policy.

The state investment officer shall provide an annual report to the Council board that summarizes the material proxy issues and the votes cast on behalf of the Council's investments during the past year.

DERIVATIVES POLICY

Manager Responsibilities - Separate Accounts

Qualified managers may, within guideline limits as set forth in their Investment Management Agreement, utilize derivatives for various purposes.

Examples include, but are not limited to:
• Facilitating total fund rebalancings
• Allowing qualified managers discretion to utilize derivatives to implement their investment process provided they have the necessary systems to monitor such exposures
• Aiding in portfolio transitions by maintaining constant market exposures
• Equitizing investment manager cash holdings

Under no circumstances is financial leverage permitted in any derivatives strategy.

In instances where managers utilize derivatives, the SIO shall require the manager to fully collateralize its exposure so as to not introduce leverage into the portfolio. In collateralizing the derivatives exposure, the SIO shall require the manager to set aside the remainder of the purchase price and invest these assets in Treasury Bills or other cash equivalent securities.

The Investment Management Agreement shall require that within 15 business days after each quarter end, all managers who had derivative positions in the preceding quarter must send a written report to the SIO. This report shall include the following information:
• The types of derivatives used (specify whether exchange-traded or over-the-counter)
• The purpose of the derivatives being used
• The percent of the portfolio's value being invested in derivatives
• The manager's assessment of the overall risk
• The manager's assessment of the maximum risk from any one position

This report shall be signed by the portfolio manager and the risk officer. Unless expressly approved in writing by the SIO within 30 days following the date that the quarterly report is received, the portfolio manager shall cease using derivatives by the end of the quarter in which no approval is received.

Manager Responsibilities - Commingled Funds and Mutual Funds

For commingled funds and mutual funds, derivative usage is delineated in each fund's offering memorandum, prospectus or other governing document. The SIO shall obtain, annually within 60 days

after each fund's year-end, a confirmation that each fund's use of derivatives is in compliance with their stated policy on derivatives usage.

State Investment Officer Authorization

The SIO is authorized to instruct an investment manager to equitize cash or rebalance the portfolio using derivatives, as appropriate. Whenever this is done, the SIO will report such usage to the Council at its next meeting.

SECURITIES LENDING POLICY

The Council may, at its discretion, retain one or more lending agents to lend securities held in its separately managed, publicly traded investment portfolios. Pooled investment vehicles remain outside the purview of these guidelines. Borrowers to whom securities are lent must provide collateral in exchange for the right to borrow securities. The securities lending program should generate income from fees on loans and from a limited amount of risk from the cash collateral investment portfolio consistent with the portfolio guidelines.

Lending

The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.

Collateral levels will not be less than 102% of the market value of borrowed securities for domestic securities, or not less than 105% for international borrowed securities. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain over collateralization of securities loans.

Reinvestment Portfolio

The cash collateral portfolio will be managed on an amortized cost basis (maintain a $1 NAV) and have investment guidelines to ensure that only a limited amount of risk is taken on the reinvestment of the cash collateral consistent with the portfolio guidelines. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.

The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

Monitoring

The SIO will be responsible for monitoring the securities lending program on an ongoing basis. Each quarter, the SIO will provide a summary of the securities lending program, which should include revenue earned during the quarter and other relevant information related to counterparties and the cash

reinvestment portfolio. On an annual basis, the SIO will provide a detailed report to the Council on all aspects of the securities lending program.

SECURITIES LITIGATION POLICY

Purpose

The Council has the statutory responsibility for the investment management of the assets of the State of Nebraska. The Council's investment portfolio includes corporate equities and bonds and government-issued securities. The value of the Council's investments is determined by the marketplace. However, there are instances when bad actors, including companies, brokers, agents and others, act outside the law which can adversely affect the value of the Council's investments.

In its role as fiduciary of the State's assets, the Council recognizes that securities laws exist to prevent unlawful manipulation of the securities markets and to protect the market value of investments. In certain situations, securities laws provide a right of action against bad actors who violate the law. Such legal actions are generally referred to as "securities litigation." This policy describes the framework for handling securities litigation matters by the Council and the SIO, and acknowledges the authority of the Nebraska Attorney General with respect to such matters.

Policy

It is the general policy of the Council that it will passively participate in class action lawsuits and other multi-party securities litigation, instead of utilizing Council resources to actively participate in such litigation, subject to the exceptions described herein.

The Council recognizes that the Nebraska Attorney General (the "Attorney General") has the legal authority and discretion to initiate and participate in any securities litigation, including lead plaintiff in class action lawsuits, independent of the position or recommendation of the Council or SIO.

Any proceeds recovered from a securities litigation settlement or judgment will be applied to the affected State fund, unless otherwise required by law. If the fund no longer exists, then the proceeds will be equitably applied in the discretion of the SIO or as required by law.

With respect to separate accounts, the SIO shall have the duty and authority to passively participate in and collect payment of class action settlements and judgments, unless participation in such matters is impracticable or prohibited by law. The SIO may contract with the custodial bank or other third party to assist with the monitoring and participation in such class actions and the collection of settlements, judgments or other payments resulting therefrom.

With respect to commingled accounts, the account manager shall be responsible for monitoring, participating in and collecting amounts due to the commingled account resulting from any securities litigation. This includes, but is not limited to, the accounts of the Nebraska Educational Savings Plan Trust and the Nebraska Achieving a Better Life Experience Program.

The SIO shall have the authority to administer the provisions of this policy without seeking the prior consent of the Council.

The SIO shall report to the Council on securities litigation matters as the SIO deems prudent.

Specific Policies – Separate Accounts

United States.

The most common form of securities litigation in the United States among institutional investors is the class action lawsuit. In a class action suit, a "lead plaintiff" is appointed to represent the group of investors who have suffered similar damages. While a lead plaintiff is entitled to a greater share of the damages, a lead plaintiff must commit significant time and resources to prosecuting the case. The other plaintiffs (the "class") can receive their share of the judgment or settlement by simply providing notice to the lead plaintiff. At the present time, the Council employs its custodial bank to monitor all U.S. class action cases and to deliver the appropriate notices required for the Council to receive payment as a passive class member. As a back-up, the SIO receives periodic reports from outside law firms retained by the Nebraska Attorney General (the "Portfolio Monitoring Firms") to monitor the Council's portfolio. The Council adopts the current practice as its domestic class action litigation policy for separate accounts.

Foreign

In 2010, the U.S. Supreme Court issued a landmark decision with respect to foreign securities litigation. Morrison v. National Australia Bank Ltd. Before the Morrison case, U.S. investors were able to bring securities litigation in U.S. courts against foreign companies. After Morrison, investors cannot sue a foreign company in U.S. courts under U.S. law for securities fraud if the claim involved (i) a foreign security (ii) purchased on a foreign exchange (iii) involving fraud that occurred outside of the U.S. In the wake of the Morrison case, institutional investors, including the Council, revised their securities litigation practices. To assist in monitoring, evaluating and filing foreign claims, the SIO relies upon the Portfolio Monitoring Firms and the Council's attorney. If the SIO determines that the Council or the State should pursue a foreign securities claim, the SIO will consult with the Attorney General to determine the best course of action. The Council recognizes that the Attorney General has the ultimate authority to determine whether to retain outside legal counsel and maintain a lawsuit in the name of the State. The Council adopts the present practice as its foreign securities litigation policy for separate accounts.

Other Securities Litigation

In addition to domestic and foreign class action lawsuits, other securities litigation opportunities may arise from time to time, including "opt-out" strategies and multi-state litigation. Such opportunities will be evaluated on a case-by-case basis by the SIO. The SIO may rely upon advice from the Council's attorney, the Portfolio Monitoring Firms, the Council's investment consultant and other professionals. If the SIO determines that the Council or the State should pursue such opportunity, including legal action, it will consult with the Attorney General to determine to best course of action. The Council recognizes that the Attorney General has the ultimate authority to determine whether to retain outside legal counsel and maintain a lawsuit in the name of the State.