

**POLICIES AND PROCEDURES APPLICABLE
TO THE TREASURY DIVISION,
DEPARTMENT OF REVENUE,
STATE OF ALASKA**



APPENDIX CB

Securities Lending Income Distribution Procedure

State of Alaska
Securities Lending Income Distribution Procedure
As of February 1, 2003 and until changed by mutual agreement

The Alaska State Pension Investment Board (ASPIB) Retirement funds (excluding SBS and Def. Comp.):

The monthly Global Security Lending (GSL) income will be distributed on or about the 8th business day following the month in which it was earned. The GSL Unit will provide the breakdown of income by "pool". This information will be emailed to the State Street Custody Area (Fund Group) and State of Alaska Accounting Unit no later than noon (EST) the day of distribution. **State Street will include the S/L income in the next day's cash forecast.**

1. With the exception of income earned in AY77, the Alaska Accounting unit will be responsible for calculating the allocation of income between participants/plans. The allocation will be distributed to the State Street Custody Area within 2 hours of receipt of the income information from the GSL Unit.

The income for each pool will be allocated to the participants in that pool based upon their ownership in the pool as of the beginning of the month the income was earned. For example, the February S/L income distributed in March will be allocated based on the January 31 ownership ratios.

2. S/L income earned in AY77 shall remain in AY77 and be automatically allocated by State Street's Plan Accounting System using ownership on the day of receipt. These receipts will be reflected as Stock Loan Income in the AY77 pool (in total) with a pro rata share shown on each participant Plan Accounting report.
3. The cash distribution for all security lending income shall be paid into the Alaska Retirement Fixed Income Pool (AY77, DDA: 00652685). These receipts will appear in two separate entries as follows:

S/L income earned in a pool other than AY77 will be reflected as contributions from the various plan participants in accordance with the allocation determined by the Alaska Accounting Unit.

S/L income earned in AY77 shall be reflected as stock loan income for the pool and allocated by State Street's Plan Accounting System.

4. The fund statements (AY21-24) will reflect stock loan income earned in a pool other than AY77 as Stock Loan Income on the day of distribution with an offsetting entry of "Units Purchased" of the AY77 pool. The units activity will be based on the prior business day's unit price.
5. The Plan Accounting reports for the AY77 pool will show the stock loan income earned as follows:

All S/L income (earned in AY77 as well as earned in other pools) will be reflected as Units Purchased (combined with all other Unit Purchase activity for the month) in addition, S/L income earned in AY77 will be reflected on a separate line as Stock Loan Income.

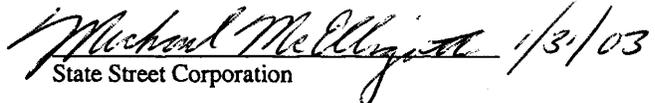
The Non-Retirement (State) funds:

S/L income for non-ASPIB funds is handled in a similar fashion (allocation prepared by Alaska Accounting Unit as outlined in step 1 above). However the S/L income is paid into AY70 instead of AY77. The Participant's fund will reflect their respective S/L income allocation as "Stock Loan Income" with an offsetting buy in AY70. State Street does not need to reflect income transfers between pools within the participant accounting records; instead, just book the income as a contribution (composite entry) directly into AY70.

Exception: S/L income for non-ASPIB funds that do not hold shares in AY70 will be paid into another State internally managed Domestic Fixed Income Pool (AY72 first, then AY73) in which the funds holds shares as a contribution from the participant fund. The Participant fund will reflect "Stock Loan Income" with an offsetting buy in the originating pool.

Note that the S/L income is usually not reinvested in the originating pool.


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State of Alaska


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