

State of Alaska
ALASKA STATE PENSION INVESTMENT BOARD
Recommendation to Enter into Litigation

Resolution 2003-05

WHEREAS, the Alaska State Pension Investment Board ("Board") was established by law to provide prudent and productive management and investment of certain trust or other State funds; and

WHEREAS, the fiduciary obligations of the Board may include from time to time making claims or litigating in order to protect the assets of the funds entrusted to it; and

WHEREAS, the Board has been advised of significant losses of funds invested in securities issued by WorldCom, Inc., a bankrupt corporation, as a consequence of actions taken by WorldCom officers and advisors ("WorldCom defendants"), and ASPIB believes an action for recovery of losses, particularly under Section 11 of the Securities Act of 1933 exists; and

WHEREAS, prosecution of action against WorldCom defendants in a state court action pursuant to a methodology advanced by the law firm of Milberg Weiss Bershad Hynes & Lerach, LLP ("Milberg") offers, in the opinion of the Board and its litigation committee, the best prospect of recovery of losses; and

WHEREAS, Milberg's methodology for litigating against WorldCom defendants includes claims not made in existing class action proceedings brought under the Private Securities Litigation Reform Act, including the ability to recover losses from so-called private placement bonds which were purchased for funds entrusted to the Board; and

WHEREAS, the total losses to the funds administered by the Board respecting private placement bond investments are approximately \$7.6 million; losses on other debt-instrument investments exceed \$4.8 million; and losses on equity investments exceed \$26.9 million; and

WHEREAS, while a claim under Milberg's methodology which focuses on losses from investments in bonds would likely result in the Board's foregoing claims on equity investment losses, the Board is satisfied that the proposed strategy offers the best opportunity for a greater overall recovery;

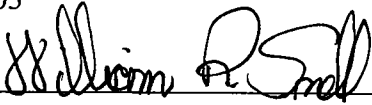
WHEREAS, the Board is authorized pursuant to AS 37.10.220(b) to employ legal counsel subject to the approval of the Attorney General; and

WHEREAS, there is a factual basis and justification to exercise sole procurement authority to enter into a contract with Milberg given (a) the firm's strategy of bringing state action which uniquely includes claims on the Board's private-placement bond losses; (b) its familiarity with the Board's claims in particular; (c) the need to move promptly; and (d) Milberg's agreement to involve the Board to the extent that it desires to be actively involved in disposition of this and related matters;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA STATE PENSION INVESTMENT BOARD adopts the following;

1. The Board recommends to the Attorney General that he authorize and negotiate, on a sole source procurement basis, a contractual relationship with Milberg for the purpose of litigation for the recovery of losses on bond investments against WorldCom defendants;
2. The Board requests that the contract with Milberg provide for terms no less favorable than those offered by Milberg to similarly situated plaintiffs in actions against WorldCom defendants;
3. The Board requests that the contract with Milberg provide that at least the Board's outside counsel be specifically designated as a contact between Milberg and the Board, and that the Board be given assurance that it will be engaged in case disposition decisions respecting the WorldCom defendants.

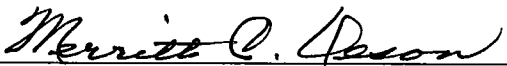
DATED this 6th day of February, 2003



Chair

[S E A L]

ATTEST:



Secretary