OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

Litigation/Settlement Proceeds Policy
Adopted 3/16/2010

Policy Background

It is the Ohio Deferred Compensation Program's policy to distribute litigation or settlement award monies received in an equitable and economic manner in accordance with the circumstances at the time of the award. This may include any requirements imposed by the issuer of the settlement or federal oversight agencies (Securities Exchange Commission, Department of Labor, etc.). The settlement award may be the result of federal or State regulatory, legislative, or judicial actions.

Although this Program policy applies to all litigation/settlement proceeds, regardless of the nature of the underlying event(s), the policy is intended to be generally consistent with the guidance provided in the Department of Labor Field Assistance Bulletin No. 2006-01, The Distribution to Plans of Settlement Proceeds Related to Late Trading and Market Timing. Key provisions of the field bulletin are:

1. Proceeds will constitute plan assets and, as such, will be required to be held in trust and managed in accordance with fiduciary responsibility.
2. If not required to use a specified methodology, the plan will be responsible for developing and implementing a plan for allocating proceeds that is prudent, where the proceeds are allocated, where possible, to the affected account holders in relation to the impact of the improper activities that resulted in the distribution of proceeds, while weighing the cost and benefits of the distribution plan.
3. Any such distribution plan should be reasonable, fair, and objective.
4. A plan may charge for any direct expenses incurred in connection with receipt, allocation and/or distribution of proceeds, but cannot compensate itself beyond direct expenses without violating the prohibited transaction rule of section 406 of ERISA.
5. The plan may properly weigh the competing interests of various participants or classes of plan participants (e.g., affected versus current participants), provided a rational basis exists for the selected method. For example, if the cost to allocate proceeds among affected account holders whose accounts were invested in the fund during the relevant period approximates the amount of proceeds, the proceeds may be allocated to current account holders in the fund.
6. A plan may conclude that certain participant-level allocations that are not cost-effective may be instead be used for other permissible plan purposes, such as payment of expenses of administering the plan.

Policy Principles

Proceeds resulting from SEC settlement distributions and class-action lawsuits will be retained by the Program or distributed to participants in accordance with related orders, distribution guidelines, or other applicable requirements. However, to the extent that discretion is left to the Program to determine the use or distribution of such proceeds, the Program will be guided by the following principles:

Principle 1: The fairest way to apportion among cwaffected current participants/past participants/beneficiaries (account holders), assuming availability of data and reasonable cost to distribute, is on the basis of each affected account holder's relative holdings in the affected fund during the period to which the litigation or related proceeding applied.

Principle 2: The distribution plan should proceed without unnecessary economic waste. Estimated direct expenses of a distribution plan will be recovered by the Program from the gross proceeds before distributing any remaining net proceeds to account holders. De minimus amounts may be retained by the Program for the general benefit of all participants and beneficiaries.

Principle 3: If the amount of the gross proceeds received by the Program is not substantial enough to be distributed in an economical manner according to Principle 2, all proceeds will be deposited into the Program's Administrative account to support the operation of the Program for the general benefit of all participants and beneficiaries.

Policy Guidelines

Based on the above principles, the disposition of proceeds will be determined as follows, unless otherwise required to comply with an order, a mandated distribution methodology, or other applicable requirements:

1. Affected account holders will be identified.
2. The estimated cost to distribute proceeds to all affected account holders will be reasonably determined. Initial cost estimates will assume that the minimum amount to be distributed to an individual will be $10.
3. If the estimated cost to distribute proceeds to all affected account holders is less than 30 percent of the gross proceeds, a plan for distribution will be implemented that is consistent with the policy's principles.
4. If the estimated costs to distribute proceeds to all affected account holders is equal to or exceeds 30 percent of the gross proceeds, other methodologies will be considered to reduce the estimated costs below 30 percent, which may result in the exclusion of some or all of the affected account holders. For example, the minimum amount to be distributed to individuals may be raised above $10, or distributions may be made to current account holders only.
5. If a reasonable, fair, and objective methodology cannot be determined which will result in costs less than 30 percent of the gross proceeds, the gross proceeds will be deposited into the Program's Administrative account to support the operation of the Program for the general benefit of all participants and beneficiaries.

The Board will be informed of the receipt of all litigation or settlement proceeds. Whenever such proceeds exceed $250,000 as a result of a litigation or settlement award, the distribution methodology for such monies shall be approved by the Board. Whenever such proceeds are equal to or less than $250,000 as a result of a litigation or settlement award, staff will proceed to develop and implement a distribution methodology consistent with this policy, and notify the Board of the methodology and timing of the distribution.