

AGREEMENT

This agreement between the State of Alaska ("State") and PricewaterhouseCoopers LLP ("PwC") concerns the apparent loss of certain confidential data in the possession of PwC. The effective date of this Agreement is January 27, 2010.

Whereas, in January 2008, PwC was retained by the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP ("Paul Weiss") to perform expert consulting work for the Alaska Retirement Management Board in pending litigation with Mercer (US), Inc., its former actuary (*Alaska Retirement Mgmt. Bd. v. Mercer (US), Inc.*), No. 1JU-07-974, Alaska Super. Ct.); and

Whereas, Paul Weiss obtained during discovery certain data from Mercer; and

Whereas, that data ("Participant Data") included confidential information of a large number of active and retired members of the Alaska Public Employees' Retirement System and the Alaska Teachers' Retirement System for the years 2003 and 2004 ("Affected Participants"); and

Whereas, PwC advised Paul Weiss that it required the Participant Data in order to perform its consulting work; and

Whereas, in the spring of 2009, Paul Weiss provided to PwC the Participant Data and other materials; and

Whereas, in its contract with Paul Weiss, PwC agreed to not permit anyone other than Paul Weiss or the Alaska Retirement Management Board to "examine, copy, inspect or take possession of" any materials provided to PwC during the engagement; and

Whereas, PwC secured the Participant Data and other materials; and

Whereas, each PwC staff member working on the engagement with Paul Weiss signed an agreement to abide by the terms of the Confidentiality Stipulation and Proposed Protective Order filed in the litigation on May 27, 2008, and ordered by the Court on June 12, 2008; and

Whereas, PwC terminated the engagement with Paul Weiss in September 2009, but retained the Participant Data and other materials for purposes of facilitating transition to another expert; and

Whereas, after such termination, PwC remained subject to the protective order and PwC's contractual obligation to secure the Participant Data and other materials; and

Whereas, PwC discovered in December 2009, that the Participant Data and other materials were missing from the location where PwC had stored it; and

Whereas, PwC advised Paul Weiss on January 18, 2010, that PwC is no longer in possession of the Participant Data and other materials (collectively, the "Missing Materials") and does not know their location; and

Whereas, PwC represented to the State on January 20, 2010, that it has searched diligently for the Missing Materials but has been unable to locate them; and

Whereas, there is no indication as of the date of this Agreement that the Missing Materials, including the Participant Data, have been misused; and

Whereas, PwC is responsible for the loss of the Missing Materials.

Now therefore, the parties agree as follows:

1. The Alaska Department of Administration, Division of Retirement & Benefits shall prepare and send a written notice on its letterhead to all Affected Participants explaining that data containing confidential personal information has been lost by PwC. The notice shall also contain a description of the remedies provided by this Agreement. The Alaska Department of Law will approve the form and content of the notice in consultation with PwC. The Division of Retirement & Benefits shall deliver the notice by first-class mail and electronic mail (if available).

2. PwC shall pay all costs, including personnel time, associated with the State preparing and sending the notices in paragraph 1 of this Agreement, not to exceed \$100,000.

3. PwC shall offer to each Affected Participant the option to elect one of the following:

- (a) two years of identity theft protection and credit monitoring service from a reputable credit monitoring service provider agreed to by the State; or
- (b) a security freeze on the Affected Participant's credit report and adjustments to the security freeze for a period of three years.

PwC shall cause to be established an Affected Participant support center and implement a procedure that allows Affected Participants to obtain information from the Affected Participant support center about the options via phone, email, in writing, or on a website established for this purpose, and to request this service. PwC shall pay all fees and costs associated with the service identified in (a) of this paragraph, and up to \$33 per Affected Participant for the service identified in (b) of this paragraph.

4. (a) In October 2011, PwC and the State will evaluate the extent to which Affected Participants have faced actual or potential incidents of identity theft, and if so, whether there is reason to conclude that PwC's loss of Participant Data is a cause of those incidents. Based on that review, the parties will jointly determine whether to extend the identity theft protection and credit monitoring service for an additional year, and whether to provide additional notice to Affected Participants who have not enrolled in the service. To the extent the parties disagree about whether to extend the identity theft protection and credit monitoring service for an additional year, the issue shall be resolved through binding arbitration.

(b) Should the identity theft protection and credit monitoring service be extended for a third year, in October 2012, PwC and the State will evaluate the need to extend the identity theft protection and credit monitoring service for an additional period of time. Such an extension will be made only if the State and PwC agree that course of action is appropriate.

5. PwC agrees to pay for damages that arise from the identity theft of an Affected Participant occurring within three years from the effective date of this Agreement, and that are attributable to PwC's loss of the Participant Data, as determined under the following arbitration mechanism:

(a) In the event that an Affected Participant believes he has suffered damages arising from identity theft attributable to PwC's loss of Participant Data, the Affected Participant may submit the claim to PwC, together with a description of the Affected Participant's claim and summary of damages; provided, however, that if the Affected Participant is covered by the identity theft protection and credit monitoring service described in paragraph 3(a) above, the Affected Participant shall first inform and seek resolution from the credit monitoring service provider, and then, following consideration and action by the credit monitoring service provider, if there remain any damages, the Affected Participant shall then submit the claim for payment in accordance with the terms of that identity theft protection before submitting any unpaid portion of the claim to PwC. If PwC declines to pay some or all of the claim, the Affected Participant may submit the claim to binding arbitration, and PwC agrees to submit to binding arbitration.

(b) Within 30 days of the effective date of this Agreement, PwC and the State shall agree to the selection of an arbitrator to preside over all arbitrations called for in this Agreement. The State and PwC shall also agree on arbitration procedures, including limited discovery, submission of evidence, and other matters. The arbitration procedures will generally follow the procedures set out in AS 09.43, the Uniform Arbitration Act. The Affected Participant will be advised that binding arbitration is optional.

(c) All arbitration proceedings called for in this Agreement will be conducted in Anchorage, Alaska, with an opportunity for out-of-state Affected

Participants to participate in all proceedings via telephone. PwC will pay the fees of the arbitrator.

(d) Except as provided in subsection (e) below, in the arbitration the parties will bear their usual and respective burdens of persuasion or proof on the claims and defenses asserted, and the Affected Participant and PwC will each bear its own fees and costs, including attorneys' fees.

(e) Notwithstanding subsection (d) above, and except as modified by subsections (f) and (g) below, if the Affected Participant at the time of the identity theft had elected and was currently covered by the identity theft protection and credit monitoring service or the security freeze described in paragraph 3 above, then there shall be a rebuttable presumption in the arbitration that such identity theft was caused by PwC's loss of the Participant Data. If the arbitrator rules in favor of the Affected Participant, in whole or in part, PwC shall pay all of the Affected Participant's reasonable fees and costs associated with the arbitration, including but not limited to attorneys' fees. If the arbitrator does not rule in favor of the Affected Participant, each party shall bear its own fees and costs, including attorneys' fees.

(f) For claims relating to the unauthorized use of an Affected Participant's credit cards, or for fraudulent credit card charges, the Affected Participant must demonstrate that a credit card in the name of the Affected Participant was opened, obtained and used by a third party without the Affected Participant's knowledge and consent.

(g) An Affected Participant who elects coverage of the identity theft protection and credit monitoring service or the security freeze described in paragraph 3 above on or before April 26, 2010 is deemed to be "currently covered" for purposes of subsection (e) if the time of the identity theft is between November 17, 2009 and April 26, 2010.

6. Nothing in this Agreement is meant to modify, affect or limit whatever legal rights an Affected Participant would otherwise have to bring a claim against PwC in Alaska Superior (or some other) court, and nothing in this Agreement is meant to modify, affect or limit the defenses that would otherwise be available to PwC in such court proceeding.

7. PwC will continue its investigation into the loss of the Missing Materials and will continue to consult with the State on the conduct and results of the investigation. PwC agrees to consider recommendations from the State of reasonable additional investigative steps to locate the Missing Materials.

8. In the event that PwC finds the missing Participant Data and can prove to the State's satisfaction that PwC maintained the custody and security of the Participant Data during the time period it was missing, PwC is released from this Agreement. The State's satisfaction will be documented in writing and the State must make a finding that

there is not a reasonable likelihood that harm to the Affected Participants has resulted or will result from the temporary loss of the Participant Data. The State's determination on this issue is final, in its sole discretion, and not subject to arbitration or other review or dispute resolution mechanism.

9. The State, including the Alaska Retirement Management Board, agrees to release PwC from all direct civil claims that the State might have against PwC arising from the loss of the Missing Materials. The State does not waive any claims it might have against PwC for breach of this Agreement. The State does not waive any claims Affected Participants may have against PwC.

10. This Agreement shall be governed by the laws of the State of Alaska.

11. The State and PwC agree to mediate any disputes between the parties that arise concerning the interpretation or implementation of this Agreement.

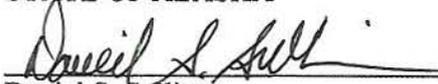
12. All disputes between the State and PwC regarding this Agreement, including a dispute concerning a particular arbitration or a dispute not resolved through mediation, shall be resolved through binding arbitration.

13. Any amendments to this Agreement must be in writing and approved by the parties.

14. Each party represents that the signatories to this Agreement are fully authorized to enter into this Agreement and bind the respective parties to this Agreement.

ATTORNEY GENERAL
STATE OF ALASKA

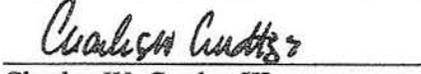
DATE: 1/27/10



Daniel S. Sullivan
Attorney General

PRICEWATERHOUSECOOPERS LLP

DATE: January 27, 2010



Charles W. Gerdtz, III
General Counsel