

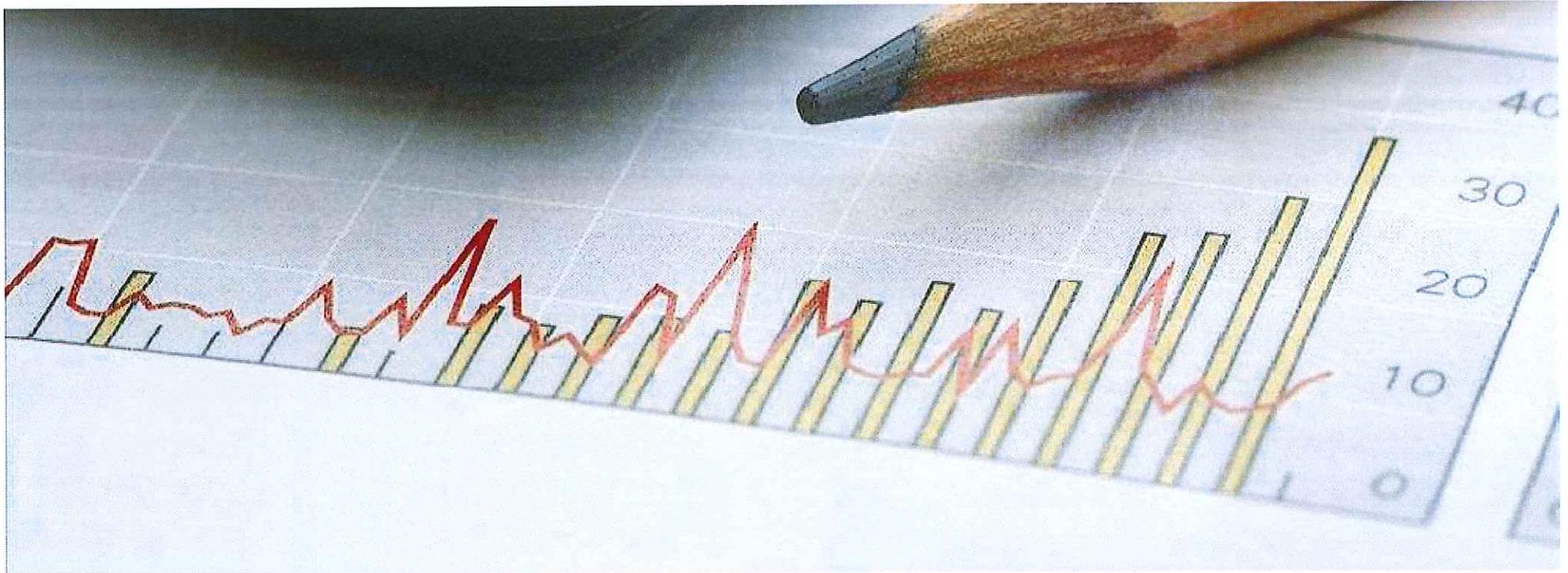
Nebraska Investment Council

First Quarter 2014 Performance Review

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Executive Summary

Highlights

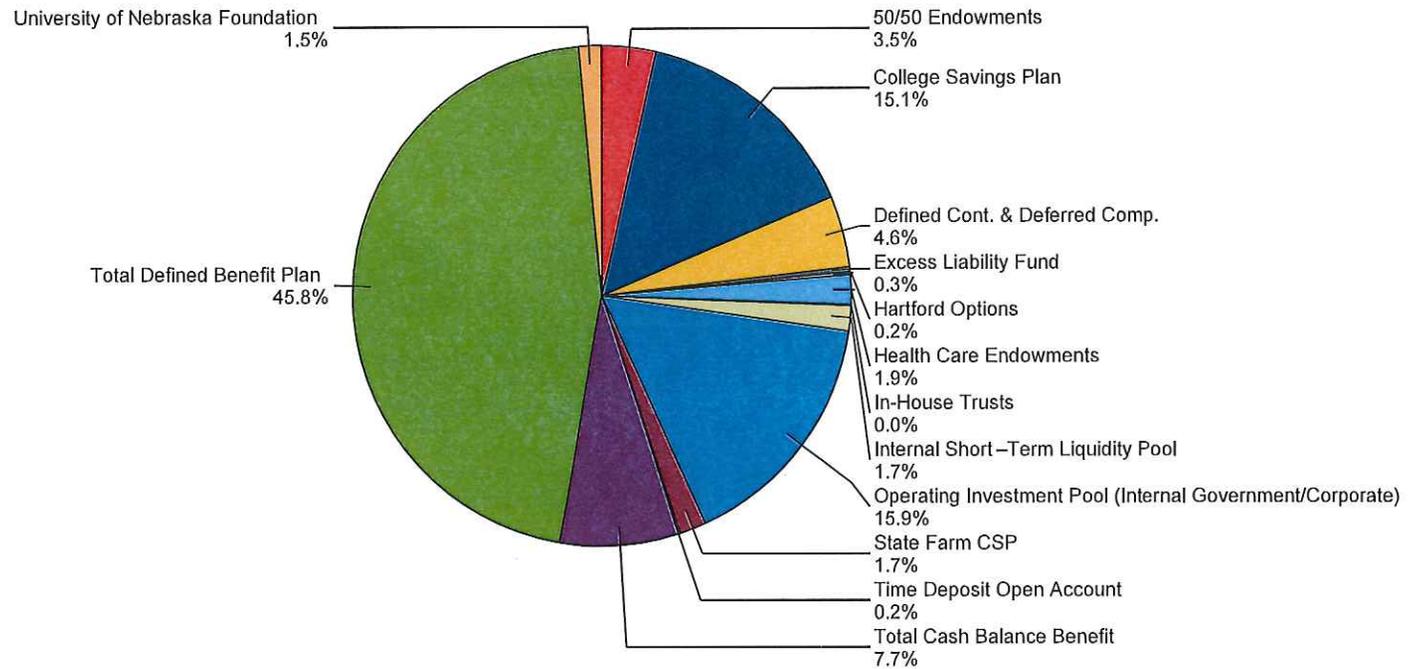
As of March 31, 2014

Total Defined Benefit Plan	\$9,584,673,101
Defined Cont. & Deferred Comp.	\$964,509,081
Total Cash Balance Benefit	\$1,602,573,535
Hartford Options	\$39,022,391
College Savings Plan	\$3,157,103,991
State Farm CSP	\$358,504,265
Health Care Endowments	\$395,611,821
50/50 Endowments	\$731,680,782
Excess Liability Fund	\$66,316,698
In-House Trusts	\$9,390,083
Internal Short-Term Liquidity Pool	\$346,123,435
Operating Investment Pool (Internal Government/Corporate)	\$3,328,624,062
Time Deposit Open Account	\$32,300,000
University of Nebraska Foundation	\$308,720,371
Total	\$20,925,153,615

	Performance(%)				
	1 Quarter	1 Year	3 Years	5 Years	10 Years
Major Capital Markets					
Dow Jones U.S. Total Stock Market Index	2.0	22.6	14.6	22.0	8.0
MSCI AC World ex U.S. Index (Net)	0.5	12.3	4.1	15.5	7.1
Barclays Universal	2.0	0.5	4.2	5.7	4.8
CPI	1.4	1.5	1.9	2.1	2.3

Asset Allocation by Plan

March 31, 2014 : \$20,925,153,615



All Plans – Actual vs. Policy Allocation

	Defined Benefit Plan				Cash Balance Benefit			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
U.S. Equity	37.8%	31.5%	6.3%	26.5% - 36.5%	37.6%	31.5%	6.1%	26.5% - 36.5%
Non-U.S. Equity	11.6%	13.5%	-1.9%	8.5% - 18.5%	11.6%	13.5%	-1.9%	8.5% - 18.5%
Global Equity	16.4%	15.0%	1.4%	10.0% - 20.0%	16.3%	15.0%	1.3%	10.0% - 20.0%
Fixed Income	25.9%	30.0%	-4.1%	25.0% - 35.0%	25.7%	30.0%	-4.3%	25.0% - 35.0%
Real Estate	4.5%	5.0%	-0.5%	0.0% - 10.0%	4.5%	5.0%	-0.5%	0.0% - 10.0%
Private Equity*	3.8%	5.0%	-1.2%	0.0% - 10.0%	3.8%	5.0%	-1.2%	0.0% - 10.0%

	Health Care Endowment				50/50 Endowment			
	Actual	Policy	Difference	Policy Ranges	Actual	Policy	Difference	Policy Ranges
U.S. Equity	41.9%	40.0%	1.9%	35.0% - 45.0%	29.9%	25.0%	4.9%	20.0% - 30.0%
Non-U.S. Equity	15.0%	15.0%	0.0%	10.0% - 20.0%	9.8%	10.0%	-0.2%	5.0% - 15.0%
Global Equity	12.0%	10.0%	2.0%	5.0% - 15.0%	5.2%	5.0%	0.2%	0.0% - 10.0%
Fixed Income	23.5%	25.0%	-1.5%	20.0% - 30.0%	48.5%	50.0%	-1.5%	45.0% - 55.0%
Real Estate	4.5%	5.0%	-0.5%	0.0% - 10.0%	3.6%	5.0%	-1.4%	0.0% - 10.0%
Private Equity*	2.9%	5.0%	-2.1%	0.0% - 10.0%	3.0%	5.0%	-2.0%	0.0% - 10.0%

The intermediate-term Private Equity policy allocation is 3% for the Defined Benefit and Cash Balance Benefit Plans, 2% for the Health Care Endowments, and 2% for the 50/50 Endowments.

Selected* Plans

As of March 31, 2014

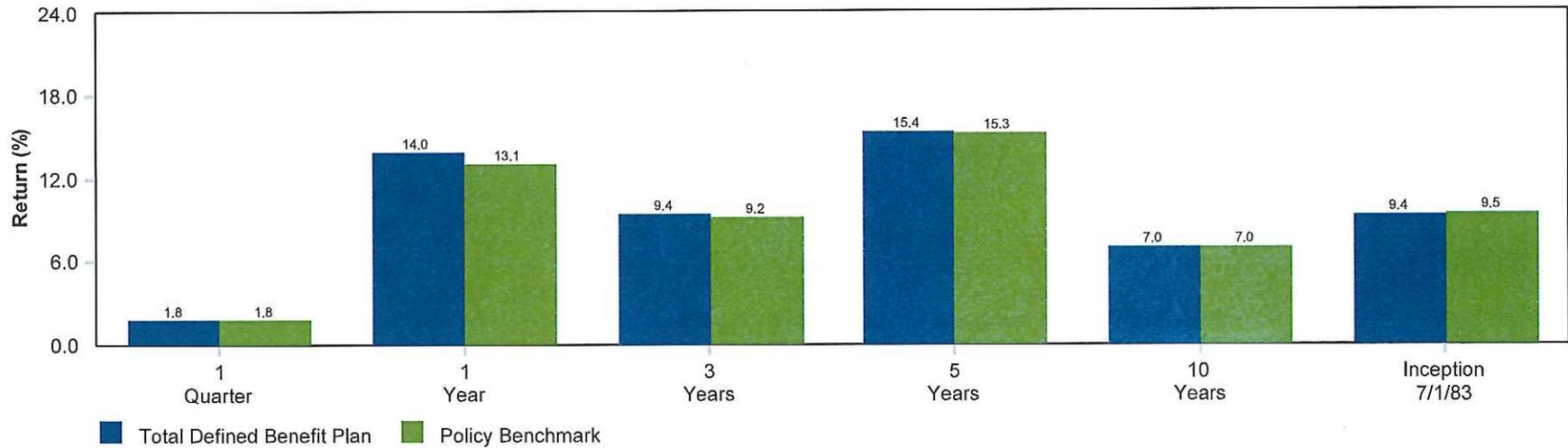
Asset Allocation & Performance

	Allocation	Performance(%)						Inception Date
	Market Value (\$)	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	
Total Defined Benefit Plan	9,584,673,101	1.8	14.0	9.4	15.4	7.0	9.4	07/01/1983
Policy Benchmark		1.8	13.1	9.2	15.3	7.0	9.5	
Total Cash Balance Benefit Plan	1,602,573,535	1.8	13.9	9.5	15.3	6.9	8.1	01/01/2003
Policy Benchmark		1.8	13.1	9.2	15.3	7.0	8.3	
Health Care Endowment	395,611,821	1.4	14.7	9.5	15.9	7.1	6.6	01/01/2001
Health Care Policy		1.5	14.7	9.7	16.2	7.1	5.6	
50/50 Endowments	731,680,782	1.9	9.6	8.1	13.7	6.8	7.8	01/01/1996
50/50 Endowment Policy		1.9	10.2	8.4	13.3	6.6	7.2	
Excess Liability Fund	66,316,698	1.9	0.3	4.0	6.8	5.4	6.2	07/01/1997
Performance Benchmark		2.0	0.5	4.2	5.7	4.7	5.9	
Total OIP	3,674,747,497	1.0	-0.5	1.9	3.1	3.3	4.3	01/01/1997
Policy Benchmark		0.9	-0.1	2.8	3.7	3.7	4.7	
Aeronautics	6,580,981	1.7	-1.2	3.4	2.9	4.5	6.7	01/01/1990
Barclays U.S. Treasury Index		1.3	-1.3	3.4	2.7	4.0	6.3	
Agricultural Development	2,809,102	1.7	-1.1	3.7	3.1	4.2	7.0	01/01/1989
Barclays U.S. Treasury Index		1.3	-1.3	3.4	2.7	4.0	6.6	

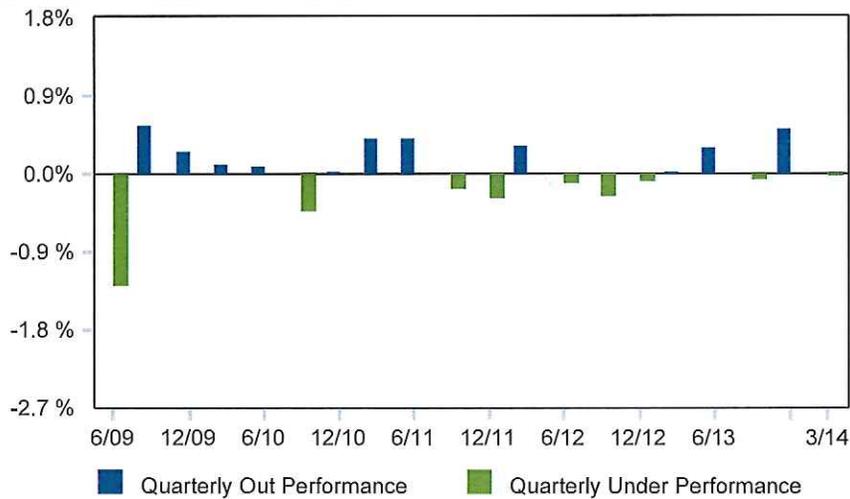
*Only includes Plans that have a total fund return. As such, Defined Contribution, Deferred Compensation, Hartford, College Savings Plans, TDOA, and University Fund N Plan are not shown

Total Plan Performance Summary

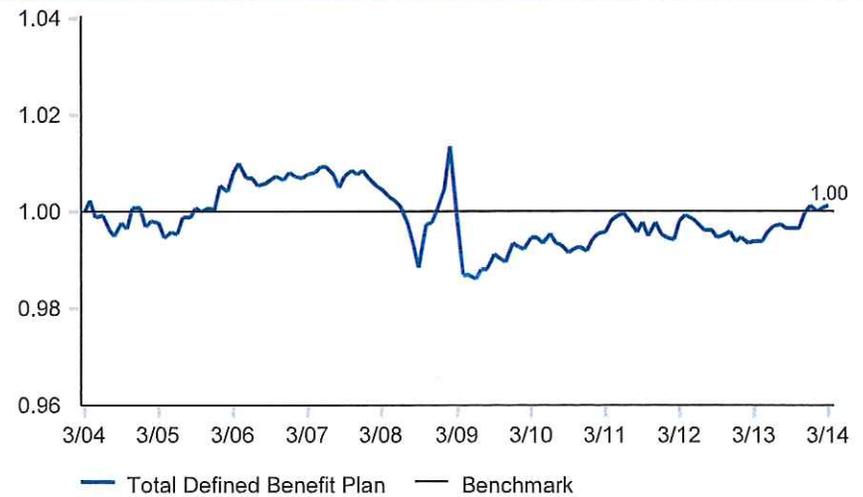
Return Summary



Quarterly Excess Performance

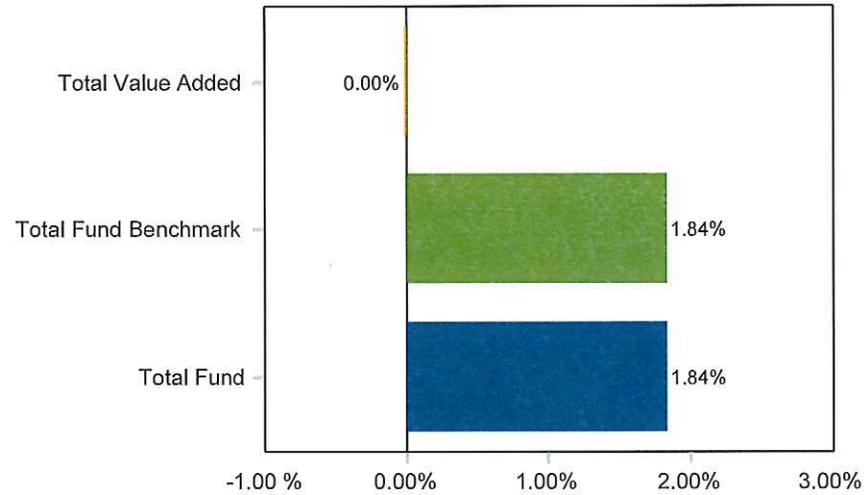


Ratio of Cumulative Wealth - 10 Years

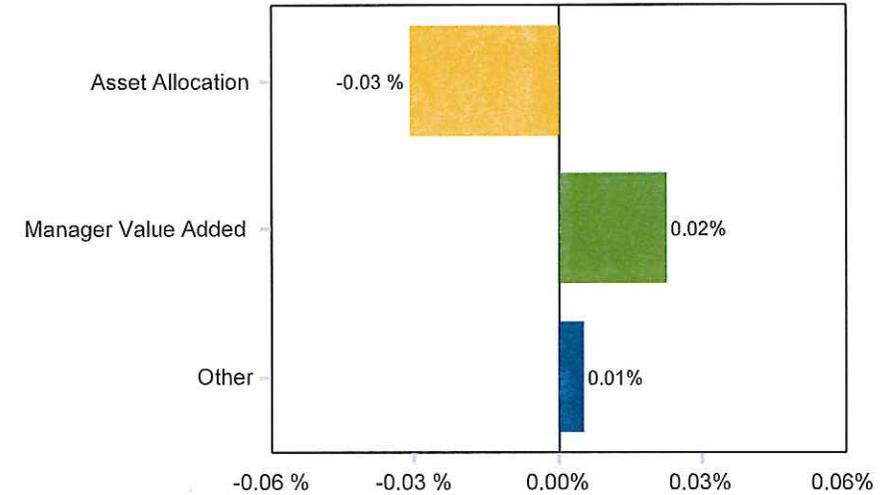


Total Fund Attribution

Total Fund Performance

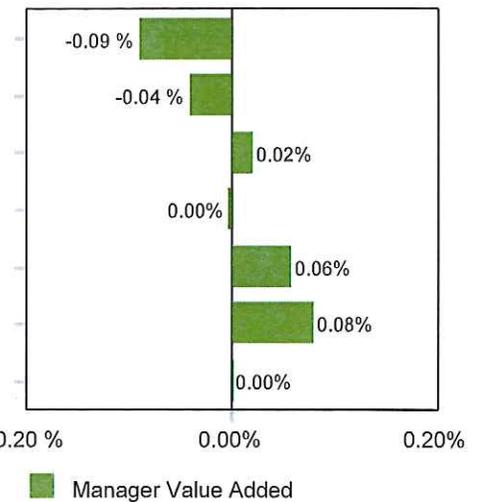
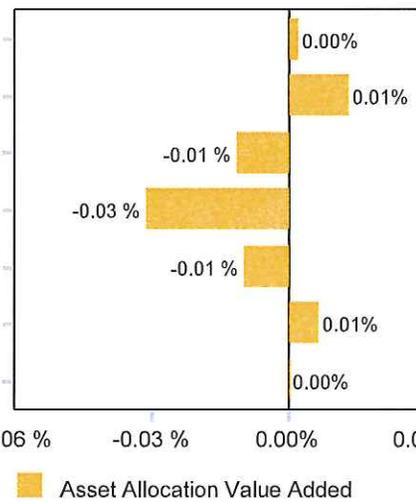
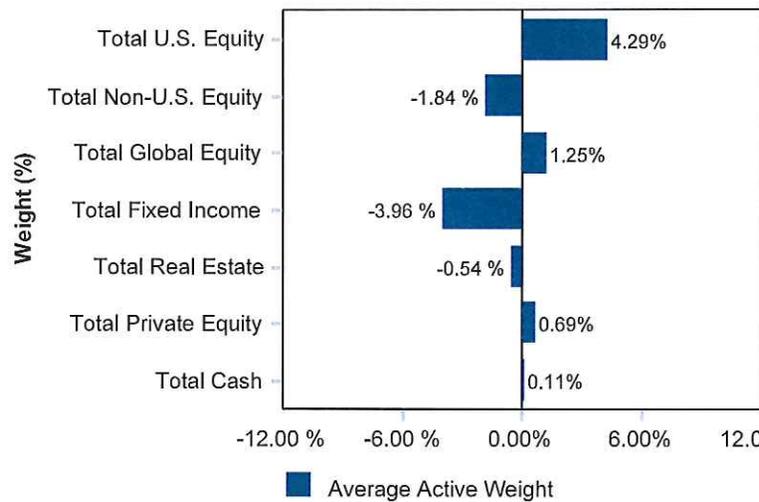


Total Value Added: 0.00%



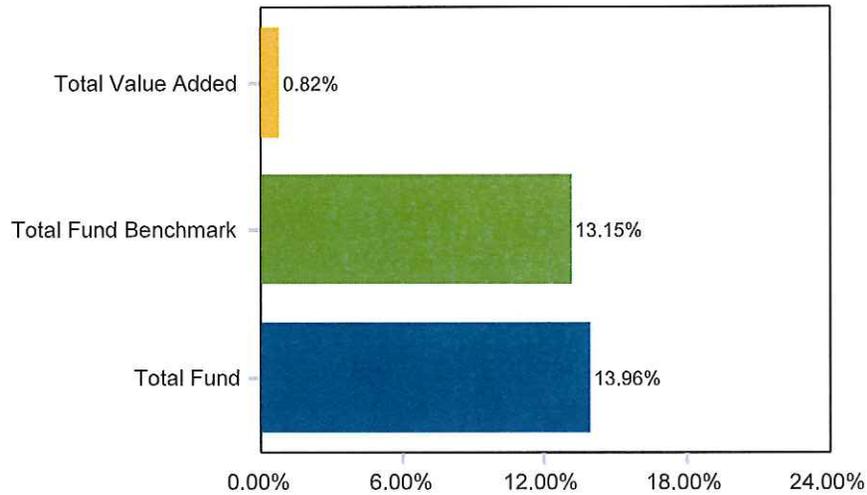
Total Asset Allocation: -0.03%

Total Manager Value Added: 0.02%

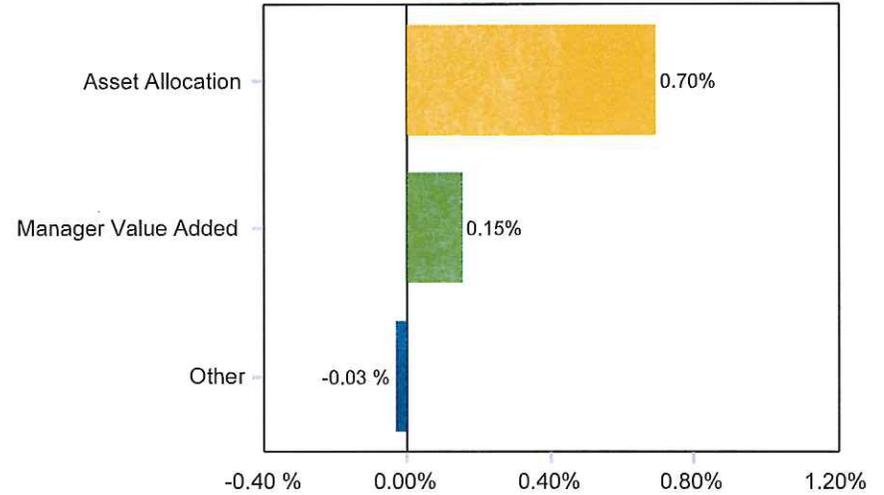


Total Fund Attribution

Total Fund Performance

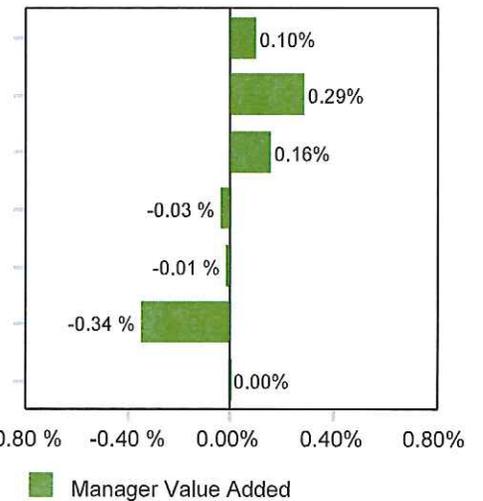
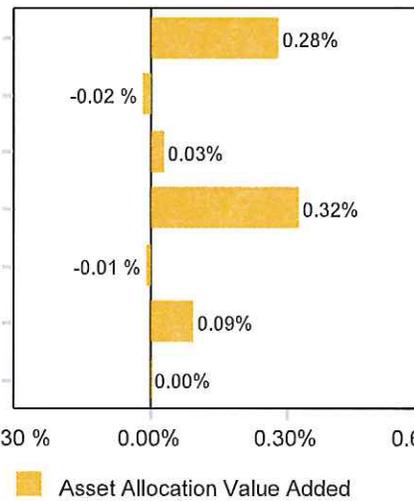


Total Value Added:0.82%



Total Asset Allocation:0.70%

Total Manager Value Added:0.15%



Risk Budgeting Defined Benefit – Total Plan*

Asset Class	Allocation			Benchmark Risk	Benchmark Risk Attribution		
	(\$ millions)	Percent of Total	Policy		Manager Effect	Allocation Effect	Total
US Equity	\$ 3,621	41.3%	36.4%	0.61%	18.1%		81.5%
Non US Equity	\$ 1,114	12.7%	14.7%	1.43%	7.3%		-17.9%
Global Equity	\$ 1,569	17.9%	16.3%	1.94%	-5.4%		15.3%
Fixed Income	\$ 2,457	28.1%	32.6%	1.03%	17.8%		21.2%
Total Fund	\$ 8,760	100.0%	100.0%	1.01%	37.9%	62.1%	100.0%

*Excluding Real Estate, Private Equity, managers with residual balances, and the distressed mortgage managers.

Defined Benefit & Cash Balance Benefit Plans

As of March 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value \$	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Defined Benefit Plan	\$9,584,673,101	100.0	1.8 (56)	14.0 (16)	9.4 (19)	15.4 (17)	7.0 (30)	9.4	07/01/1983
<i>Policy Benchmark</i>			1.8 (56)	13.1 (26)	9.2 (24)	15.3 (21)	7.0 (30)	9.5	
Total U.S. Equity	\$3,620,693,723	37.8	1.8 (58)	22.9 (46)	14.5 (34)	22.4 (40)	7.7 (60)	9.7	07/01/1983
<i>Dow Jones U.S. Total Stock Market</i>			2.0 (24)	22.6 (49)	14.6 (27)	22.0 (46)	8.0 (40)	10.7	
Total Non-U.S. Equity	\$1,113,846,367	11.6	0.5 (57)	15.3 (31)	4.5 (75)	14.6 (88)	6.3 (85)	6.0	10/01/1991
<i>MSCI All Country World ex-U.S. IMI*</i>			0.9 (32)	12.8 (61)	4.3 (75)	15.9 (58)	7.5 (36)	6.5	
Total Global Equity	\$1,568,519,193	16.4	1.4 (48)	18.1 (55)	11.1 (40)	18.6 (47)		7.7 (31)	09/01/2005
<i>MSCI All Country World IMI*</i>			1.3 (50)	17.1 (64)	8.7 (70)	18.1 (53)		6.4 (60)	
Total Fixed Income	\$2,479,248,604	25.9	1.9 (70)	0.4 (45)	4.3 (76)	7.7 (46)	5.3 (38)	8.6	07/01/1983
<i>Barclays Universal Bond Index*</i>			2.0 (69)	0.5 (42)	4.2 (77)	5.7 (86)	4.8 (57)	8.5	
Total Real Estate	\$429,075,669	4.5	4.0	11.0	10.9	7.0		5.5	12/01/2004
<i>Performance Benchmark</i>			2.7	11.2	10.3	11.5		8.3	
Total Private Equity	\$363,345,045	3.8	4.9	16.5	11.1	11.4		0.1	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			2.8	26.2	18.0	25.6		11.1	
Total Cash	\$9,944,500	0.1							

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Cash Balance Benefit Plan	1,602,573,535	100.0	1.8 (56)	13.9 (16)	9.5 (19)	15.3 (22)	6.9 (33)	8.1 (44)	01/01/2003
<i>Policy Benchmark</i>			1.8 (56)	13.1 (26)	9.2 (24)	15.3 (21)	7.0 (30)	8.3 (40)	
Total U.S. Equity	602,447,757	37.6	1.8 (58)	22.9 (46)	14.5 (34)	22.4 (40)	7.8 (58)	9.8 (54)	01/01/2003
<i>Dow Jones U.S. Total Stock Market</i>			2.0 (24)	22.6 (49)	14.6 (27)	22.0 (46)	8.0 (40)	10.0 (42)	
Total Non-U.S. Equity	185,333,060	11.6	0.5 (57)	15.3 (31)	4.5 (75)	14.6 (88)	6.5 (79)	9.5 (81)	01/01/2003
<i>MSCI All Country World ex-U.S. IMI*</i>			0.9 (32)	12.8 (61)	4.3 (75)	15.9 (58)	7.5 (36)	10.5 (35)	
Total Global Equity	260,986,137	16.3	1.4 (48)	18.1 (55)	11.1 (40)	18.6 (47)		8.2 (23)	09/01/2005
<i>MSCI All Country World IMI*</i>			1.3 (50)	17.1 (64)	8.7 (70)	18.1 (53)		6.4 (60)	
Total Fixed Income	412,522,537	25.7	2.0 (69)	0.4 (44)	4.3 (76)	7.6 (47)	5.2 (39)	5.3 (60)	01/01/2003
<i>Barclays Universal Bond Index*</i>			2.0 (69)	0.5 (42)	4.2 (77)	5.7 (86)	4.8 (57)	5.1 (63)	
Total Real Estate	71,393,963	4.5	4.0	11.0	10.9	7.0		5.6	12/01/2004
<i>Performance Benchmark</i>			2.7	11.2	10.3	11.5		8.3	
Total Private Equity	60,457,035	3.8	4.9	16.5	11.1	11.4		0.1	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			2.8	26.2	18.0	25.6		11.1	

*Denotes a performance benchmark that is a splice of more than one index. Descriptions can be found in the appendix of this report.

Note: The Total Fixed Income market value for the Cash Balance Benefit plan includes the CBB-GICS & Money Market.

Note: Defined Benefit and Cash Balance Benefit Plans exclude a Commission Recapture value of \$36,829

Nebraska Investment Council

Defined Contribution & Deferred Compensation Plans

As of March 31, 2014

Asset Allocation

	\$	Total Fund	%
Total Defined Cont. & Deferred Comp.	964,509,081		100.0

	\$	Total Fund	%
Total Hartford Options	39,022,391		100.0

Asset Allocation

	\$	Total Fund	%
First National	3,157,103,991		100.0
Direct	1,607,094,474		50.9
TD	701,457,800		22.2
Advisor	848,551,717		26.9
A	524,966,055		16.6
C	323,585,661		10.2

	\$	Total Fund	%
Total State Farm College Savings Plan	358,504,265		100.0
State Farm Fixed Allocation	90,303,207		25.2
State Farm Enrollment Based	263,055,151		73.4
State Farm Individual Portfolios	5,145,907		1.4

Total Endowment

As of March 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Endowment	1,100,541,523	100.0	1.7	10.5	7.8	14.1		7.1	01/01/2006
Total U.S. Equity	384,542,139	34.9	2.4	22.7	14.6	22.3	7.6	6.4	01/01/2002
<i>Dow Jones U.S. Total Stock Market Index</i>			2.0	22.6	14.6	22.0	8.0	7.1	
Total Non-U.S. Equity	131,332,121	11.9	0.7	12.0	3.7	14.3	6.8	4.8	01/01/2001
<i>MSCI All Country World ex-U.S. IMI*</i>			0.9	12.8	4.3	15.8	7.2	5.5	
Total Global Equity	85,653,401	7.8	1.6	17.6	10.8	18.2		9.5	09/01/2005
<i>MSCI All Country World IMI*</i>			1.3	17.1	8.7	18.1		6.4	
Total Fixed Income	421,296,795	38.3	1.9	0.7	4.1	6.9	5.4	6.2	07/01/1997
<i>Barclays Universal Bond Index*</i>			2.0	0.5	4.2	5.7	4.7	5.9	
Total Real Estate	44,389,745	4.0							
Total Private Equity	33,327,322	3.0							

*Denotes a performance benchmark that is a splice of more than one index. Descriptions can be found in the appendix of this report.

The Total Endowment includes the Health Care Endowment, 50/50 Endowment, and the Excess Liability Fund. It does not include the Health Care Endowment Fixed, as this is internally managed.

Total In House Trusts & OIP

As of March 31, 2014

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total In-House Plans	9,390,083	100.0							
Aeronautics	6,580,981	70.1	1.7	-1.2	3.4	2.9	4.5	6.7	01/01/1990
<i>Barclays U.S. Treasury Index</i>			1.3	-1.3	3.4	2.7	4.0	6.3	
Agricultural Development	2,809,102	29.9	1.7	-1.1	3.7	3.1	4.2	7.0	01/01/1989
<i>Barclays U.S. Treasury Index</i>			1.3	-1.3	3.4	2.7	4.0	6.6	

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total OIP	3,674,747,497	100.0	1.0	-0.5	1.9	3.1	3.3	4.3	01/01/1997
<i>Policy Benchmark</i>			0.9	-0.1	2.8	3.7	3.7	4.7	
Internal Short-Term Liquidity Pool	346,123,435	9.4	0.0	0.0	0.6	1.7	2.6	3.9	01/01/1997
<i>Performance Benchmark</i>			0.0	0.1	1.7	2.3	3.0	4.3	
Operating Investment Pool (Internal Government/Corporate)	3,328,624,062	90.6	1.1	-0.6				1.6	11/01/2011
<i>Barclays Intermediate Government/Credit</i>			1.0	-0.1				1.9	

	Total Fund	
	\$	%
Time Deposit Open Account	32,300,000	100.0

The Operating Investment Pool (Internal Government/Corporate) includes the DB STIF amount of \$9,665,477. When summing the assets of all NIC plans, the DB STIF has been counted in the DB Plan and removed from the In-House Plan to avoid double counting.
Nebraska Investment Council