

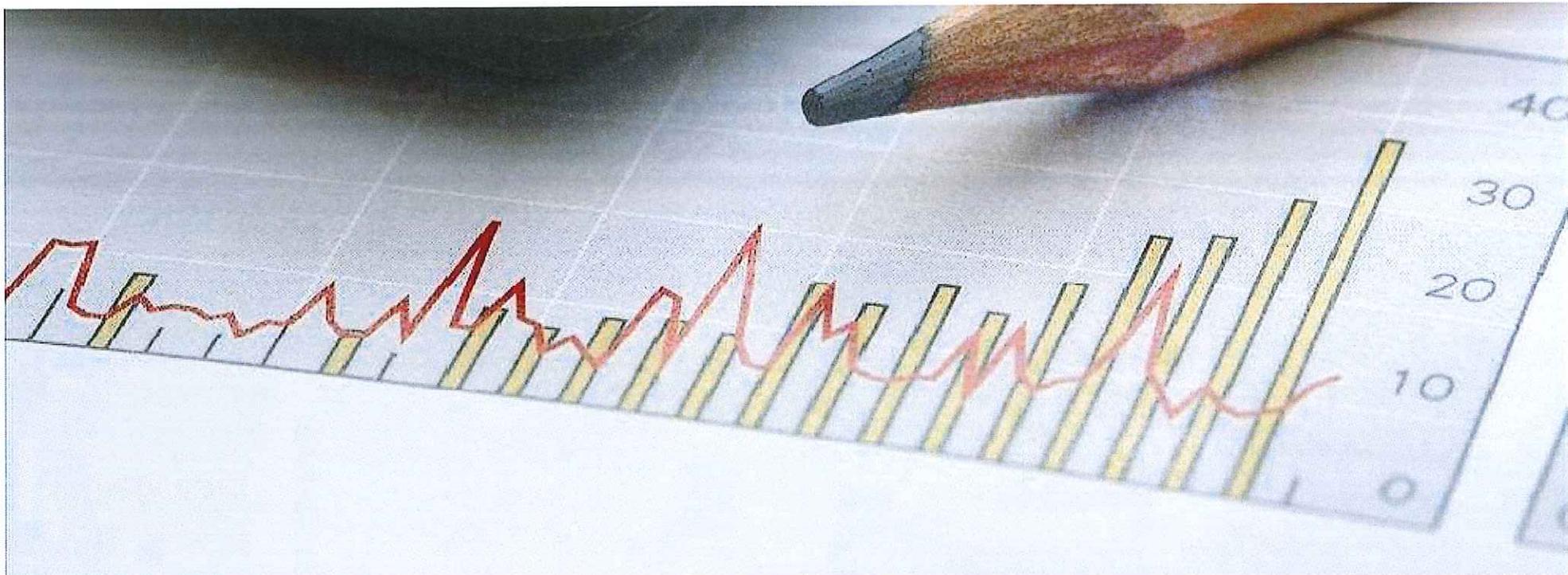
Nebraska Investment Council

Second Quarter 2014 Performance Review

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An Aon Company



Executive Summary

Highlights

As of June 30, 2014

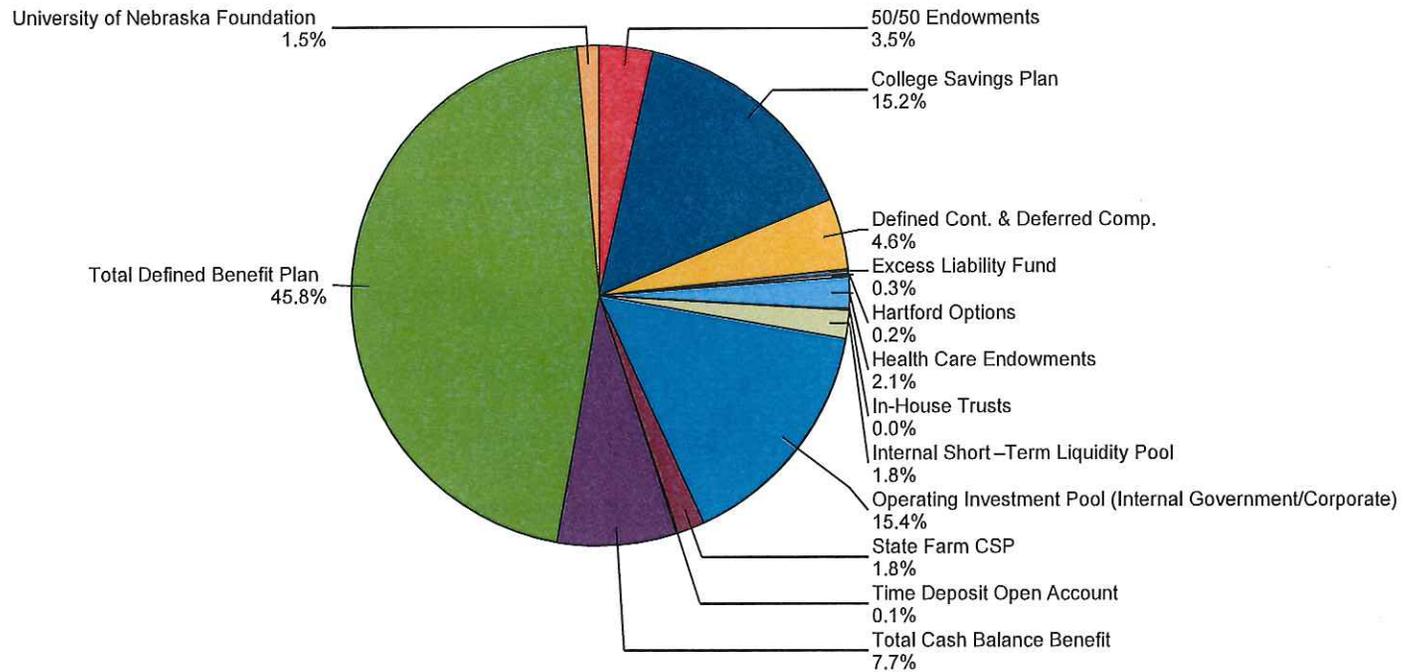
Total Defined Benefit Plan	\$9,909,149,076
Defined Cont. & Deferred Comp.	\$995,233,921
Total Cash Balance Benefit	\$1,668,145,381
Hartford Options	\$39,627,323
College Savings Plan	\$3,300,338,097
State Farm CSP	\$379,955,824
Health Care Endowments	\$448,245,697
50/50 Endowments	\$756,421,006
Excess Liability Fund	\$67,524,012
In-House Trusts	\$9,480,208
Internal Short-Term Liquidity Pool	\$396,087,781
Operating Investment Pool (Internal Government/Corporate)	\$3,322,531,772
Time Deposit Open Account	\$32,300,000
University of Nebraska Foundation	\$318,036,541
Total	\$21,643,076,640

Performance(%)

	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years
Major Capital Markets							
Dow Jones U.S. Total Stock Market Index	4.8	7.0	25.0	25.0	16.4	19.4	8.4
MSCI AC World ex U.S. Index (Net)	5.0	5.6	21.8	21.8	5.7	11.1	7.7
Barclays Universal	2.2	4.2	5.2	5.2	4.2	5.6	5.3
CPI	0.9	2.3	2.1	2.1	1.8	2.0	2.3

Asset Allocation by Plan

June 30, 2014 : \$21,643,076,640



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	36.2%	31.5%	4.7%	26.5% - 36.5%	36.0%	31.5%	4.5%	26.5% - 36.5%
Non-U.S. Equity	11.7%	13.5%	-1.8%	8.5% - 18.5%	11.7%	13.5%	-1.8%	8.5% - 18.5%
Global Equity	16.3%	15.0%	1.3%	10.0% - 20.0%	16.2%	15.0%	1.2%	10.0% - 20.0%
Fixed Income	27.6%	30.0%	-2.4%	25.0% - 35.0%	28.0%	30.0%	-2.0%	25.0% - 35.0%
Real Estate	4.4%	5.0%	-0.6%	0.0% - 10.0%	4.3%	5.0%	-0.7%	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	38.7%	40.0%	-1.3%	35.0% - 45.0%	30.0%	25.0%	5.0%	20.0% - 30.0%
Non-U.S. Equity	14.0%	15.0%	-1.0%	10.0% - 20.0%	10.0%	10.0%	0.0%	5.0% - 15.0%
Global Equity	11.1%	10.0%	1.1%	5.0% - 15.0%	5.2%	5.0%	0.2%	0.0% - 10.0%
Fixed Income	29.3%	25.0%	4.3%	20.0% - 30.0%	48.1%	50.0%	-1.9%	45.0% - 55.0%
Real Estate	3.8%	5.0%	-1.2%	0.0% - 10.0%	3.3%	5.0%	-1.7%	0.0% - 10.0%
Private Equity*	3.1%	5.0%	-1.9%	0.0% - 10.0%	3.4%	5.0%	-1.6%	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 June 30, 2014

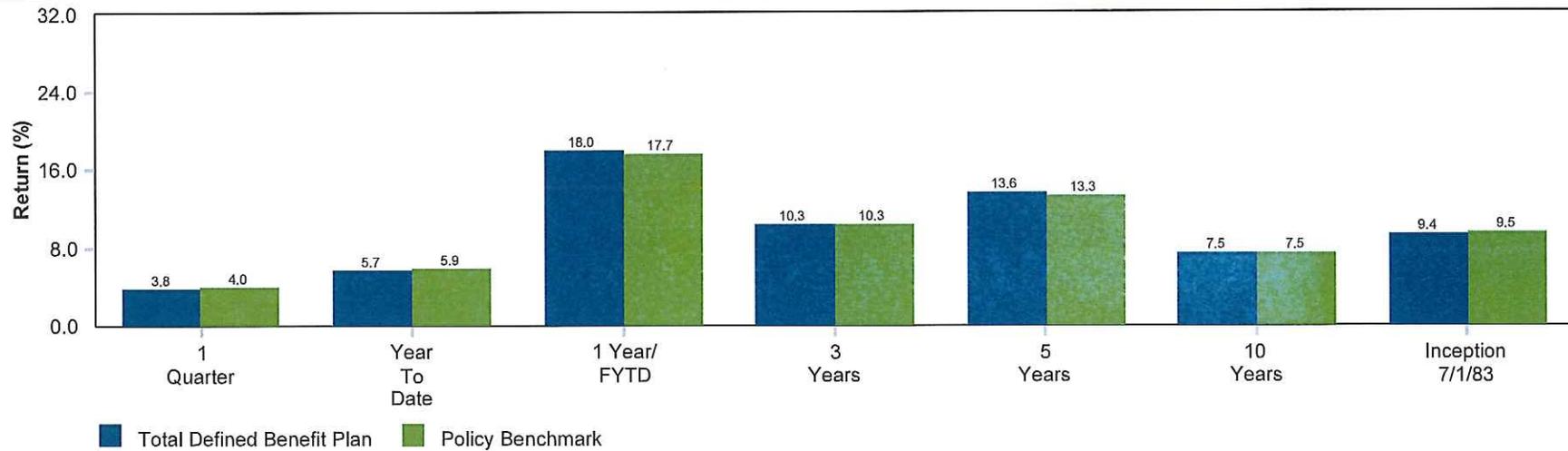
Asset Allocation & Performance

	Allocation	Performance(%)								
	Market Value (\$)	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Defined Benefit Plan	9,909,149,076	3.8	5.7	18.0	18.0	10.3	13.6	7.5	9.4	07/01/1983
Policy Benchmark		4.0	5.9	17.7	17.7	10.3	13.3	7.5	9.5	
Total Cash Balance Benefit Plan	1,668,145,381	3.8	5.7	17.9	17.9	10.3	13.6	7.3	8.3	01/01/2003
Policy Benchmark		4.0	5.9	17.7	17.7	10.3	13.3	7.5	8.4	
Health Care Endowment	448,245,697	3.7	5.2	18.3	18.3	10.7	14.1	7.5	6.8	01/01/2001
Health Care Policy		3.9	5.5	18.7	18.7	10.9	13.9	7.5	5.7	
50/50 Endowments	756,421,006	3.7	5.7	14.4	14.4	8.9	12.0	7.3	7.9	01/01/1996
50/50 Endowment Policy		3.5	5.5	14.6	14.6	9.3	11.7	7.1	7.3	
Excess Liability Fund	67,524,012	2.5	4.4	5.3	5.3	4.0	6.4	5.9	6.2	07/01/1997
Performance Benchmark		2.2	4.2	5.2	5.2	4.2	5.6	5.2	5.9	
Total OIP	3,718,619,553	1.2	2.2	2.4	2.4	1.9	3.0	3.7	4.3	01/01/1997
Policy Benchmark		1.1	1.9	2.4	2.4	2.5	3.6	4.1	4.7	
Aeronautics	6,648,404	1.7	3.3	2.6	2.6	3.3	3.7	4.9	6.7	01/01/1990
Barclays U.S. Treasury Index		1.4	2.7	2.0	2.0	3.1	3.6	4.5	6.2	
Agricultural Development	2,831,805	1.5	3.2	2.6	2.6	3.4	3.9	4.6	7.0	01/01/1989
Barclays U.S. Treasury Index		1.4	2.7	2.0	2.0	3.1	3.6	4.5	6.5	

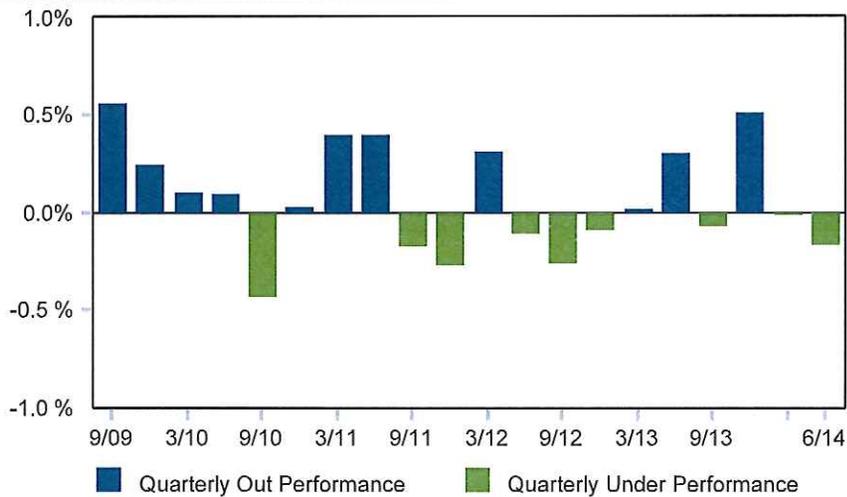
*Only includes Plans that have a total fund return. As such, Defined Contribution, Deferred Compensation, Hartford, College Savings Plans, TDOA, and University Fund N Plan are not shown

Total Plan Performance Summary

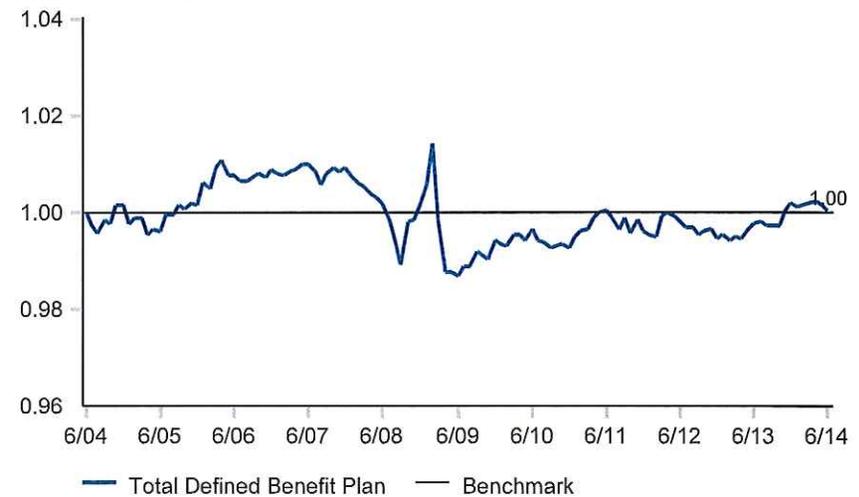
Return Summary



Quarterly Excess Performance

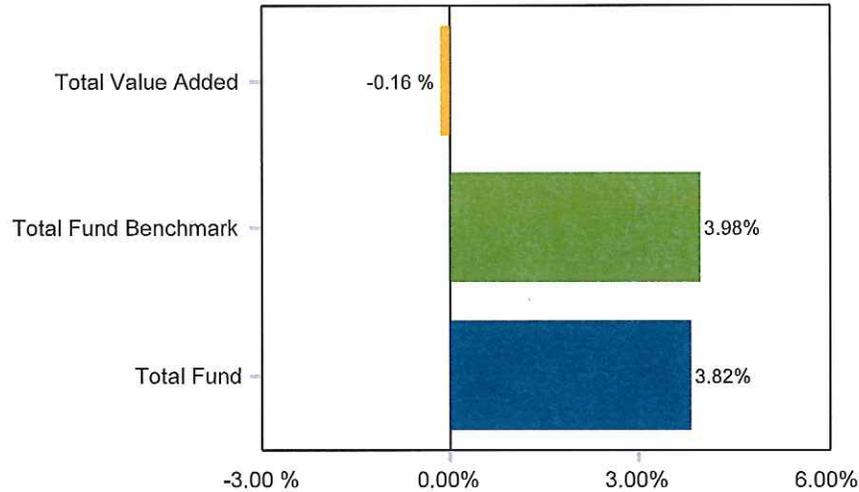


Ratio of Cumulative Wealth - 10 Years

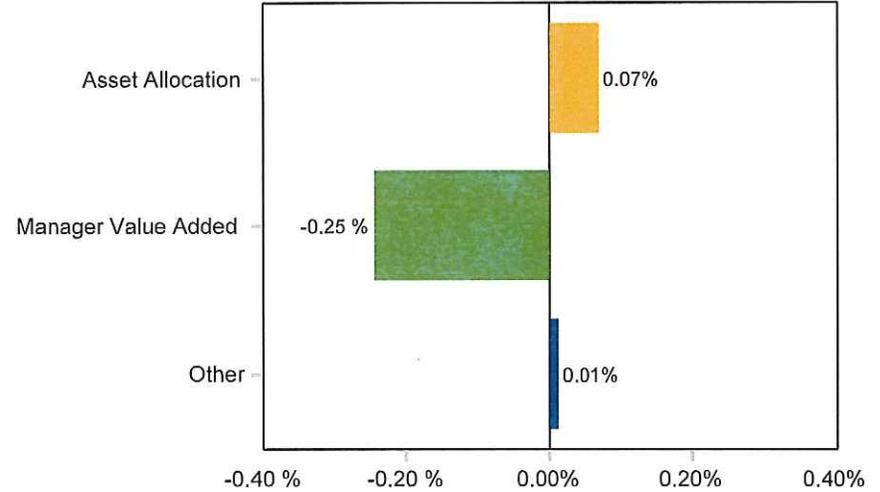


Total Fund Attribution

Total Fund Performance

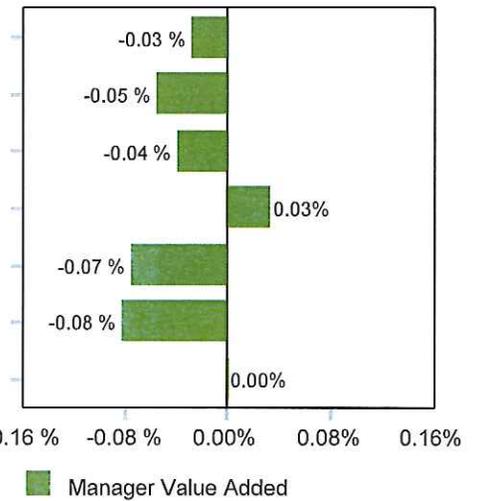
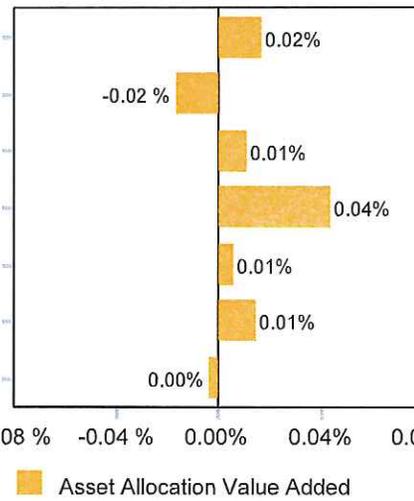
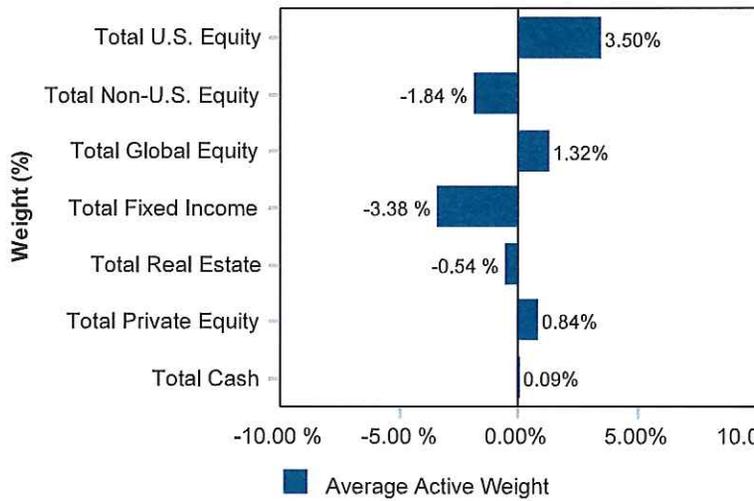


Total Value Added:-0.16 %



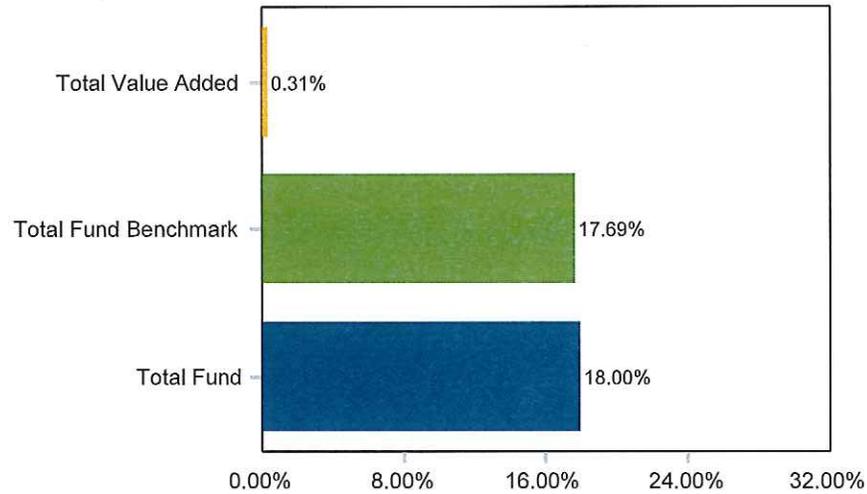
Total Asset Allocation:0.07%

Total Manager Value Added:-0.25 %

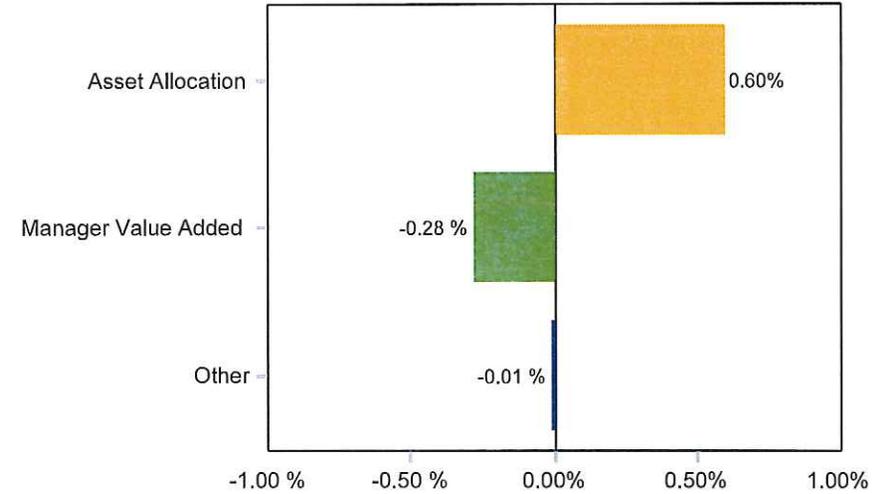


Total Fund Attribution

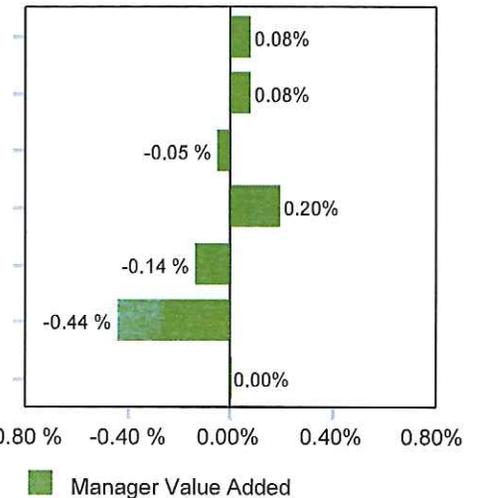
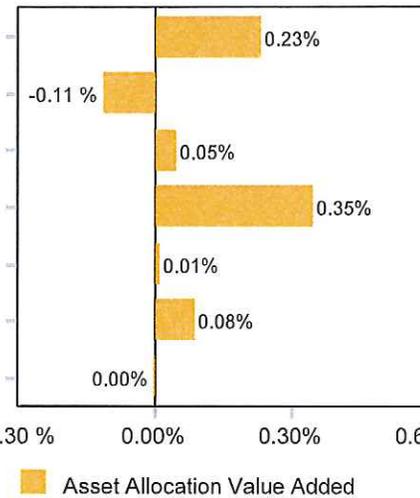
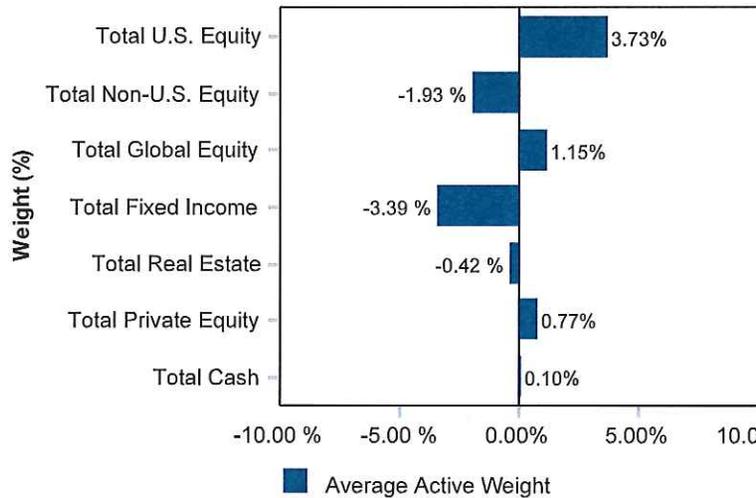
Total Fund Performance



Total Value Added: 0.31%



Total Asset Allocation: 0.60% Total Manager Value Added: -0.28%



Average Active Weight

Asset Allocation Value Added

Manager Value Added

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	\$ 3,584	39.5%	36.4%	0.37%	11.2%	53.5%	
Non US Equity	\$ 1,161	12.8%	14.7%	1.26%	8.7%	-14.5%	
Global Equity	\$ 1,612	17.8%	16.3%	1.46%	1.0%	20.1%	
Fixed Income	\$ 2,707	29.9%	32.6%	1.30%	37.1%	40.9%	
Total Fund	\$ 9,064	100.0%	100.0%	0.83%	58.0%	42.0%	100.0%

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

Defined Benefit & Cash Balance Benefit Plans

As of June 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value \$	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Defined Benefit Plan	\$9,909,149,076	100.0	3.8 (53)	5.7 (52)	18.0 (20)	18.0 (20)	10.3 (20)	13.6 (17)	7.5 (30)	9.4	07/01/1983
<i>Policy Benchmark</i>			4.0 (40)	5.9 (50)	17.7 (23)	17.7 (23)	10.3 (20)	13.3 (24)	7.5 (31)	9.5	
Total U.S. Equity	\$3,584,441,705	36.2	4.8 (29)	6.6 (37)	25.3 (41)	25.3 (41)	16.2 (33)	19.6 (32)	8.1 (56)	9.8	07/01/1983
<i>Dow Jones U.S. Total Stock Market</i>			4.8 (28)	7.0 (17)	25.0 (48)	25.0 (48)	16.4 (27)	19.4 (42)	8.4 (33)	10.7	
Total Non-U.S. Equity	\$1,161,543,343	11.7	4.4 (65)	4.9 (73)	23.0 (25)	23.0 (25)	5.7 (78)	10.6 (92)	6.9 (83)	6.2	10/01/1991
<i>MSCI All Country World ex-U.S. IMI*</i>			4.9 (34)	5.8 (29)	22.3 (38)	22.3 (38)	5.9 (76)	11.4 (77)	8.1 (35)	6.7	
Total Global Equity	\$1,611,632,260	16.3	4.6 (39)	6.1 (42)	23.0 (55)	23.0 (55)	11.6 (51)	15.4 (46)		8.0 (27)	09/01/2005
<i>MSCI All Country World IMI*</i>			4.8 (31)	6.2 (40)	23.4 (52)	23.4 (52)	10.4 (66)	14.5 (61)		6.8 (60)	
Total Fixed Income	\$2,732,545,301	27.6	2.3 (69)	4.3 (76)	5.9 (52)	5.9 (52)	4.5 (73)	7.2 (48)	5.9 (37)	8.6	07/01/1983
<i>Barclays Universal Bond Index*</i>			2.2 (77)	4.2 (78)	5.2 (73)	5.2 (73)	4.2 (79)	5.6 (83)	5.4 (55)	8.5	
Total Real Estate	\$431,353,147	4.4	1.2	5.3	8.4	8.4	9.8	9.1		5.5	12/01/2004
<i>Performance Benchmark</i>			2.9	5.7	11.2	11.2	10.0	11.7		8.4	
Total Private Equity	\$380,207,751	3.8	3.5	8.6	16.7	16.7	11.8	14.4		0.5	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			5.6	8.5	28.7	28.7	19.9	22.9		11.4	
Total Cash	\$7,425,569	0.1									

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Cash Balance Benefit Plan	1,668,145,381	100.0	3.8 (54)	5.7 (54)	17.9 (22)	17.9 (22)	10.3 (20)	13.6 (18)	7.3 (44)	8.3 (50)	01/01/2003
<i>Policy Benchmark</i>			4.0 (40)	5.9 (50)	17.7 (23)	17.7 (23)	10.3 (20)	13.3 (24)	7.5 (31)	8.4 (44)	
Total U.S. Equity	600,471,903	36.0	4.8 (29)	6.6 (37)	25.3 (41)	25.3 (41)	16.2 (33)	19.6 (32)	8.2 (54)	10.0 (50)	01/01/2003
<i>Dow Jones U.S. Total Stock Market</i>			4.8 (28)	7.0 (17)	25.0 (48)	25.0 (48)	16.4 (27)	19.4 (42)	8.4 (33)	10.2 (36)	
Total Non-U.S. Equity	194,583,759	11.7	4.4 (65)	4.9 (73)	23.0 (25)	23.0 (25)	5.7 (78)	10.6 (92)	7.0 (77)	9.7 (78)	01/01/2003
<i>MSCI All Country World ex-U.S. IMI*</i>			4.9 (34)	5.8 (29)	22.3 (38)	22.3 (38)	5.9 (76)	11.4 (77)	8.1 (35)	10.7 (33)	
Total Global Equity	269,983,437	16.2	4.6 (39)	6.1 (42)	23.0 (55)	23.0 (55)	11.6 (51)	15.4 (46)		8.5 (20)	09/01/2005
<i>MSCI All Country World IMI*</i>			4.8 (31)	6.2 (40)	23.4 (52)	23.4 (52)	10.4 (66)	14.5 (61)		6.8 (60)	
Total Fixed Income	467,152,190	28.0	2.3 (72)	4.3 (76)	5.8 (53)	5.8 (53)	4.5 (73)	7.1 (49)	5.6 (44)	5.4 (57)	01/01/2003
<i>Barclays Universal Bond Index*</i>			2.2 (77)	4.2 (78)	5.2 (73)	5.2 (73)	4.2 (79)	5.6 (83)	5.4 (55)	5.1 (64)	
Total Real Estate	72,261,028	4.3	1.2	5.3	8.4	8.4	9.8	9.1		5.6	12/01/2004
<i>Performance Benchmark</i>			2.9	5.7	11.2	11.2	10.0	11.7		8.4	
Total Private Equity	63,693,063	3.8	3.5	8.6	16.7	16.7	11.8	14.4		0.5	09/01/2005
<i>Dow Jones U.S. Total Stock Market + 3%</i>			5.6	8.5	28.7	28.7	19.9	22.9		11.4	

*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 \$37,599

Nebraska Investment Council

Defined Contribution & Deferred Compensation Plans

As of June 30, 2014

Asset Allocation

		Total Fund	
	\$		%
Total Defined Cont. & Deferred Comp.	995,233,921		100.0

		Total Fund	
	\$		%
Total Hartford Options	39,627,323		100.0

Asset Allocation

	\$	Total Fund	%
First National	3,300,338,097		100.0
Direct	1,673,808,995		50.7
TD	743,416,111		22.5
Advisor	883,112,991		26.8
A	547,772,215		16.6
C	335,340,777		10.2

	\$	Total Fund	%
Total State Farm College Savings Plan	379,955,824		100.0
State Farm Fixed Allocation	95,422,069		25.1
State Farm Enrollment Based	279,179,210		73.5
State Farm Individual Portfolios	5,354,545		1.4

Total Endowment

As of June 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Endowment	1,140,976,113	100.0	3.9	5.7	15.5	15.5	8.8	12.2		7.3	01/01/2006
Total U.S. Equity	400,521,062	35.1	4.8	7.3	24.8	24.8	16.4	19.6	7.9	6.6	01/01/2002
<i>Dow Jones U.S. Total Stock Market Index</i>			4.8	7.0	25.0	25.0	16.4	19.4	8.4	7.4	
Total Non-U.S. Equity	138,260,267	12.1	5.3	6.0	22.2	22.2	5.4	9.9	7.3	5.1	01/01/2001
<i>MSCI All Country World ex-U.S. IMI*</i>			4.9	5.8	22.3	22.3	5.9	11.3	7.8	5.7	
Total Global Equity	89,416,876	7.8	4.4	6.0	22.5	22.5	11.9	15.1		9.7	09/01/2005
<i>MSCI All Country World IMI*</i>			4.8	6.2	23.4	23.4	10.4	14.5		6.8	
Total Fixed Income	431,185,154	37.8	2.5	4.4	5.7	5.7	4.2	6.4	6.0	6.3	07/01/1997
<i>Barclays Universal Bond Index*</i>			2.2	4.2	5.2	5.2	4.2	5.6	5.2	5.9	
Total Real Estate	41,949,146	3.7									
Total Private Equity	39,643,607	3.5									

*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 June 30, 2014

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total In-House Plans	9,480,208	100.0									
Aeronautics	6,648,404	70.1	1.7	3.3	2.6	2.6	3.3	3.7	4.9	6.7	01/01/1990
<i>Barclays U.S. Treasury Index</i>			1.4	2.7	2.0	2.0	3.1	3.6	4.5	6.2	
Agricultural Development	2,831,805	29.9	1.5	3.2	2.6	2.6	3.4	3.9	4.6	7.0	01/01/1989
<i>Barclays U.S. Treasury Index</i>			1.4	2.7	2.0	2.0	3.1	3.6	4.5	6.5	

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total OIP	3,718,619,553	100.0	1.2	2.2	2.4	2.4	1.9	3.0	3.7	4.3	01/01/1997
<i>Policy Benchmark</i>			1.1	1.9	2.4	2.4	2.5	3.6	4.1	4.7	
Internal Short-Term Liquidity Pool	396,087,781	10.7	0.0	0.0	0.0	0.0	0.3	1.4	2.8	3.8	01/01/1997
<i>Performance Benchmark</i>			0.0	0.1	0.1	0.1	1.0	2.1	3.2	4.2	
Operating Investment Pool (Internal Government/Corporate)	3,322,531,772	89.3	1.3	2.5	2.7	2.7				1.9	11/01/2011
<i>Barclays Intermediate Government/Credit</i>			1.2	2.3	2.9	2.9				2.2	

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

The Operating Investment Pool (Internal Government/Corporate) includes the DB STIF amount of \$7,425,569. 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.